

Mayor Owen and Town Council  
Beech Mountain, North Carolina

### Budget Message

Dear Mayor Owen and Town Council Members,

Presented for your consideration is the recommended Administration Budget for the Town of Beech Mountain for Fiscal Year 2009-2010. This budget has been prepared in accordance with the provisions of the Local Government Budget and Fiscal Control Act and attempts to keep the tax rate, water, sewer, and sanitation rates as low as possible while at the same time addressing some of the Town's more pressing needs. Fund balance is used to balance the General Fund and Water/Sewer Funds. Revenues are projected to meet the expenditures in the Sanitation and E-911 Funds.

#### **General Fund**

The proposed tax rate for fiscal year 2009-2010 is \$.64 per \$100 of valuation. This is the same rate as last fiscal year. This rate is based on a tax valuation of \$564,837,728 and a 93% tax collection rate. Each penny on the tax rate generates \$56,400.

The total General Fund expenditures are projected to be \$4,288,343, a decrease of approximately \$445,800 less than last year's projected expenditures. Each department has reduced spending expenditures for the remaining fiscal year, while reducing request for the 2009-2010 budget. This was done in order to balance the current and future General Fund. The overall expenses have been held within budget for the current fiscal year and the projections are the same for next year.

General Fund revenues are projected to be reduced from previous years. There is a reduction in the revenues that we expect to receive from occupancy tax; this matches the trend from recent years. There is a reduction in local sales tax due to the current economy. There is also a proposed reduction in fees generated related to development.

#### **Water and Sewer Fund**

Water and sewer expenditures are projected to be \$1,633,558, a decrease of 5.5% over last year's budget. This year I recommend the town council adopt the budget using Fund Balance until the new water sewer rates can be further analyzed. The staff will

begin analysis immediately and report to council at the July Town Council meeting to adopt the new rates. The current amount that we project to be used from Fund Balance is \$354,114. This will be placed back into Fund Balance once the new rates are put into place and collected.

### **Sanitation Fund**

Sanitation expenditures are expected to decrease by 8.3%. This is because the debt service on the older of the two garbage trucks has now been satisfied.

### **E-911 Fund**

The budget for 911 monies will remain the same, due to the Bill that passed in the General Assembly in 2007. There is now a .70 tax on all phone lines, including land lines and wireless. The state disburses this revenue and guarantees the Town to receive the same amount of revenue as the previous year.

### **Salaries and Benefits**

The proposed budget includes no cost of living increase for any employees. The Consumer Price Index (CPI), a nationally recognized indicator of inflation published by the U.S. Bureau of Labor Statistics, increased .47% from March 2008 to March 2009.

There are also no recommended funds proposed for merit increases. The budget does request the continuation of a \$300 Christmas bonus for all permanent employees.

In 1998 the Town Council adopted a longevity pay system to reward extended service to the Town. Currently there are 17 employees eligible for longevity. Those with ten years of service will receive a yearly bonus of 3% of their annual salary. Those with 15 years of service will receive 4%, and for those with 20 years of service there is a 5% annual bonus. There are no proposed changes for this system. This program is funded and projected to cost \$31,000.

The Town provides major medical insurance to employees, and pays a portion of the family coverage. It is recommended that the Council make no changes to the Town's health insurance coverage. It is recommended that the council continue to pay the same amounts with employees paying the same amounts for family coverage. The increases in health insurance average less than 1%.

### **Capital Outlay**

The following amounts are included in the departmental recommendations;

Administration: \$7,000 for the purchase of tools for building maintenance.

Road Maintenance: \$80,000 for a new dump truck.

Police: \$26,000 for the purchase of a new police vehicle.

Total Capital Outlay in General Fund Recommended: \$113,000.

**Capital Projects**

The capital projects that are underway will continue. We will begin looking at new capital projects that are needed in water and sewer. We are consulting with an engineer in order to pursue the best options for these major projects.

I look forward to your input and public participation in shaping the proposed spending plan for FY 2009-2010. Please do not hesitate to contact me with any questions that you may have. My goal is to continue the high level of service that we provide to the taxpayers and visitors of Beech Mountain.

Sincerely,

Randy E Feierabend, AICP  
Town Manager

Tabitha Estep  
Finance Officer