

KRAMER'S O A monthly Report R by Town Manager N Brian Kramer E on events R in town.

Here is a snapshot of some of the things going on in town.

1. Arrest Made- December 30, 2007 Robberies- Some outstanding police work by our own Officer Sidney Lemay has resulted in an arrest in the robberies conducted last December 30. A suspect from Beaufort was taken into custody as a direct result of Officer Lemay's investigation.

2. Town Finances- I wish to correct an error on my part from last month's *Shoreline*, clarify some numbers published in a local paper, and provide some

information regarding the town's debt financing.

• I erroneously reported that there was no legal requirement for the town to transfer half of the Sales & Use Tax to the Beach Account. This was not the case. On October 16, 2003, the board of commissioners voted to implement this policy in a resolution.

• A local media outlet misquoted the years and amounts that the town's reserves were affected by the error that was discussed at the Town Hall Meeting March 6. The figures below represent the change to our Unreserved/Undesignated Fund Balance after allocation of the Sales and Use Tax to the Beach Account.

2003,	+\$150,000
2004,	-\$588,000
2005,	-\$125,000
2006,	-\$114,000
2007,	-\$528,000

• The town's debt is outlined below:

Debt	Loan Amount	Balance Remaining
Beach	\$8 million	\$5.7 million as of 3/11
Fire Truck – Ladder	\$525 thousand	\$384.5 thousand after 06/08 payment
Fire Truck – Pumper	\$272 thousand	\$249.6 thousand
Public Safety Building & Renovations	\$1.9 million	\$1.65 million as of 3/3
Land Lot C next to Public Safety Building	\$255 thousand	\$214.9 thousand

3. Visit by the State Treasurer's Office- The Local Government Commission (LGC), the arm of the State Treasurer's office that has oversight of municipalities' finances, spent a full day at town hall the week of March 17. Initial indications are that we are on solid ground for the remainder of this fiscal year, which ends June 30, 2008. The LGC will discuss the results of their visit with me, two of our commissioners, and the Citizens Review Committee in early April.

4. Donation of Wheelchair- Mrs. Elaine Temple of the Mayor's Committee on Disabilities acquired a wheelchair for beach access and donated it to the town on February 19. It will be housed at the Public Safety Building.

5. Army Corps of Engineers Dredging Project- Cottrell Contracting Co. completed dredging operations in the PKS area of the Intracoastal Waterway and began to demobilize the week of March 17. Wind and wave action has already taken a major toll on the accumulated sand. Hopefully the sand that is no longer on the beach itself is off shore and providing some protection to our shoreline.

6. Mimosa Blvd. Bridge Project - We have hit a potentially major obstacle on the bridge replacement project. State and federal agencies are in discussions concerning the rating of the bridge. There is disagreement regarding the necessity for replacement, which would have the affect of removing federal funding for the project.

7. Bike Time Trials- On September 27, 2008, USA Cycling will hold their time trials here on Bogue Banks. A resident of PKS, Brian Grenier, is organizing this. Brian has approached PKS to request that a turn-around point be established here in town. The race will be entirely on Route 58. There will be a detour off of 58 at Arborvitae for approximately five hours as the athletes pass through town.

8. Construction at the Aquarium- The aquarium will soon be adding 50 parking spots on the south side (inside the gate) of the road into the aquarium. Expect to see some construction trucks.

Financial Reserves

Continued from Page 1

the sales and use taxes were transferred each year into the Beach Escrow Account that sum was not deducted from the town's general fund, leading officials to believe there was more revenue available than there actually was. Simply put, a substantial amount of money was being treated as if the same money was in two different pots.

Kramer is quick to note that to his knowledge there is not a penny missing anywhere and that the financial situation the town now finds itself in is purely a product of procedural problems that masked the actual state of affairs and permitted a problem to remain undetected for too long.

Accordingly, one of the town's prime priorities at the moment is to put into place procedural practices that will preclude any future financial upheaval. Town officials will continue to keep in close touch with state financial representatives. The director of the Fiscal Management Section, State and Local Government Finance Division, North Carolina Department of the State Treasurer was scheduled to meet with town representatives as *The Shoreline* was going to press. The town is exploring hiring an interim director of finance with a view to making that position a permanent one, and a Citizens Review Committee for Finance was also being organized to provide another level of expertise and advice.

Three PKS residents have agreed to serve on that group. They are Andy Chused

of Chused & Associates CPA'S; Joseph Murphy, who worked as a federal budget analyst, and Larry Starling, who worked for 20 years in finance with IBM.

What is the status of the town's financial reserves? The state stipulates that eight percent of anticipated annual operating expenses, enough to pay a typical month's worth of bills should the need arise, should be kept in reserve. When the PKS financial dilemma was first identified there were reports that the reserves had fallen to as low as two percent. That was eventually upgraded to five percent, still a significant shortfall especially in view of the fact that the reserves could be reduced still further if all of the revenue anticipated in this fiscal year was not realized.

To make ends meet, without further reducing reserves, belt-tightening measures have been instituted and the town this year will not transfer half of the sales and use tax monies – some \$450,000 – into the Beach Escrow Account. That should not materially affect plans to retire the beach bonds early, but taking that approach again during the coming year could delay their retirement. There is no indication that that approach will be embraced.

Kramer emphasizes that the town still has a serious problem on its hands and is confronted with the task of identifying those services that the town and its citizens want, at what level, and at what cost. He has been charged by elected officials to explore every means of providing efficient services in the most cost-efficient manner possible. That, he says, could require some hard choices. One of the primary goals in charting a course to fiscal health will be restoration of the town's financial reserves to the appropriate level.

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