

FY 2022 BUDGET PRESENTATION

May 10, 2021



Town of Beaufort FY 21-22 Budget in Brief

General Fund Budget
\$11,448,232

Utility Fund Budget
\$4,639,657

Where the Money's From



Where the Money Goes

Critical Issues in FY 2022 and Beyond

1

The need for a Human Resources Officer

2

Understanding the reasons for Utility Fund Growth

3

Potentially Insufficient Fund Balance for Utility Fund in the Future

4

Sales Tax Revenue Growth Strong, but in Jeopardy

Guiding Themes

Strategic Budget Items for 2021-2022

Culture

Nurture thriving families, create excellent educational opportunities, and cultivate a caring coastal community

Leadership

Engage, identify goals, develop plans and take action

Beaufort Harbor & Waterways Master Plan, Boardwalk/Bulkhead

A master plan will be developed in FY22 to coordinate several harbor-related initiatives.



Cedar Street Park

Receive property from NC DOT, complete construction documents, and build.



Street and Pedestrian Improvements

The street resurfacing portion of this project was completed in FY21. In FY22 3 miles of sidewalk will be completed to enhance safe, pedestrian access.



Utilities, Stormwater, and Street Improvements

Complete water, sewer, and storm water line design, permitting, and bidding for \$23.6M infrastructure project.



Water Treatment Plant

Begin pre-design work, test and secure well sites, test and secure plant site.



Environment

Protect and enhance the coastal environment; prepare for natural disasters and climate change

Economic Development

Support visitor and maritime sectors, expand marine sciences, and foster entrepreneurship

Infrastructure

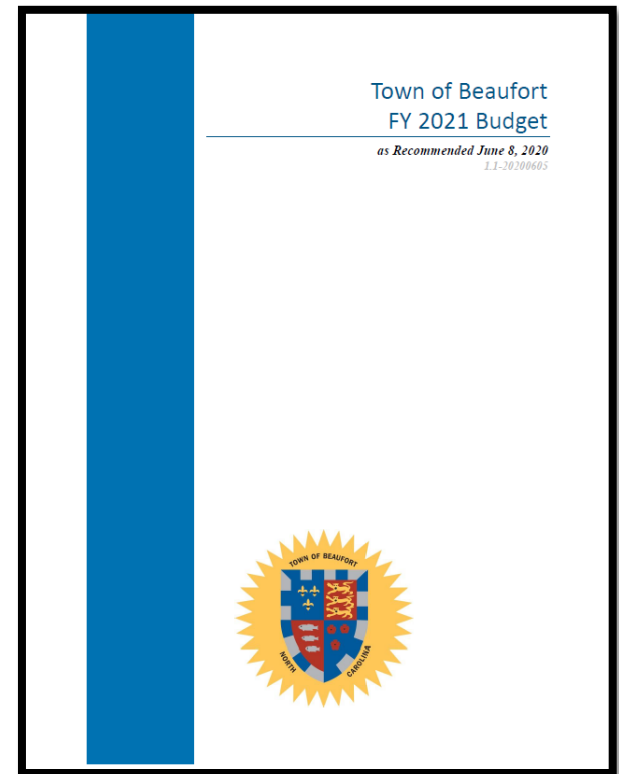
Secure our future by maintaining Town roads, buildings, parks, waterways, and utilities

Want More Info?

To learn more about the budget, please visit www.beaufortnc.org

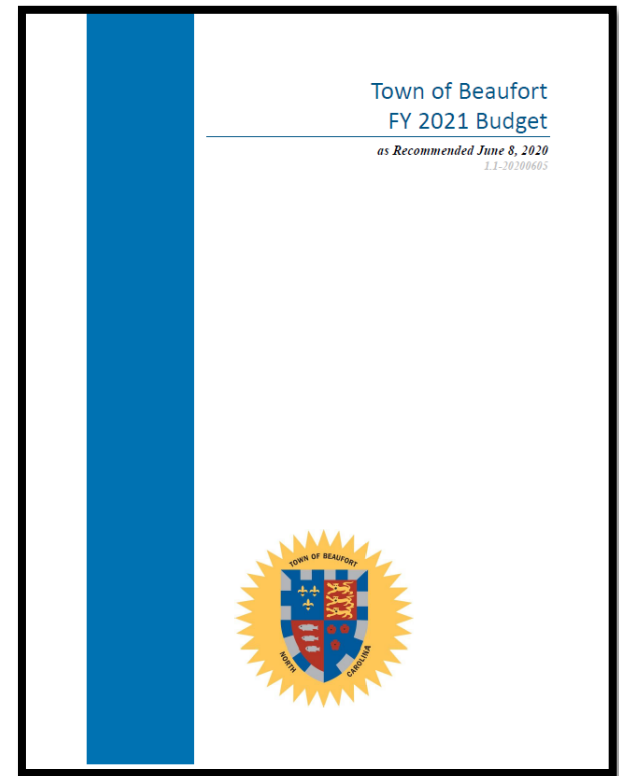
Factors Influencing the Budget

1. **Dedicated Funding Supports Debt Service for the \$30.7 Million Utilities, Storm Water & Streets Improvement Project**
2. **Additional Funding Availability in the General Fund Alleviates Critical Shortfalls Identified Last Year**



Financial Policy Considerations

1. Keep cash reserves in General and Utility Funds at defined levels.
2. Keep water and sewer rates at proper levels for Utility Fund to be self-supporting.
3. Ensure debt service does not exceed debt limits as defined for each fund.



FY 2022 Budget Informs the Five-Year Financial Plan

FIVE YEAR FINANCIAL PLAN

FY 2022

GENERAL FUND

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$ 11,448,232	\$ 10,652,063	\$ 11,512,011	\$ 11,435,038	\$ 11,576,792
Expenditures	11,448,232	10,652,063	11,504,080	11,435,038	11,564,269
Net Gain (Loss)	-	-	7,931	-	12,523
Unassigned Fund Balance	3,384,915	3,384,915	3,384,915	3,384,915	3,384,915
Unassigned as % of Expenditures	30.53%	31.78%	31.11%	29.60%	29.27%

UTILITY FUND

Revenues	\$ 4,639,657	\$ 4,654,850	\$ 4,772,573	\$ 4,892,061	\$ 4,963,342
Expenditures	4,639,657	4,644,459	4,746,855	4,866,188	4,894,637
Net Gain (Loss)	-	10,392	25,718	25,873	68,705
Unassigned Fund Balance	2,381,284	2,381,284	2,381,284	2,381,284	2,381,284
Unassigned as % of Expenditures	51.32%	51.27%	50.17%	48.94%	48.65%

FY 2022 5-Year \$38.9-Million Capital Improvement Plan

CAPITAL IMPROVEMENTS PLAN SUMMARY

Updated for FY 2022

	FY 2022 Budget	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	Projected Beyond
1410 Front Street Stormwater Culvert	\$ 28,000	\$ 181,000	\$ -	\$ -	\$ -	\$ -
Boardwalk/Bulkhead Improvements	-	35,000	1,222,000	-	-	-
Cedar Street Park	542,000	-	-	-	-	-
Cedar Street Utility Line Improvements	-	-	-	-	-	-
Fire Station 1 - Pumper Truck	-	-	622,000	-	-	-
Fire Station 2 - Living Quarters & Staffing	-	220,000	-	-	-	-
Fire Station 2 - Pumper Truck	560,000	-	-	-	-	-
Fire Watercraft	-	-	-	200,000	-	-
Police Department Building	-	-	-	-	-	4,050,000
Police Department Communications Upgrade	180,000	-	-	-	-	-
Public Works Facility	-	-	-	-	-	2,077,000
Public Works Sweeper Truck	-	200,000	-	-	-	-
Randolph Johnson Park	-	-	-	-	-	3,005,000
Sewer Pump Station 1 Replacement	-	-	-	120,000	915,000	-
Sewer Pump Station 7 Replacement	90,000	650,000	-	-	-	-
Street and Pedestrian Improvements	-	-	-	-	-	-
Utility Line, Stormwater, & Street Improvements	1,602,070	11,034,390	11,228,590	6,782,800	-	-
Vehicle Replacement Program	385,348	200,000	350,000	200,000	60,000	-
Water Treatment Plant	505,000	765,000	-	-	-	26,155,000
Total Capital Improvements	\$ 3,892,418	\$ 13,285,390	\$ 13,422,590	\$ 7,302,800	\$ 975,000	\$ 35,287,000

\$38,878,198

Critical Issue 1

The Need for a Human Resources Officer

- A Full-time, professional Human Resources (HR) Officer position was approved for FY 2022 in last year's Five Year Financial Plan
- Previously HR was a part-time, non-professional position combined with the Town Clerk, resulting in numerous shortcomings described in the Budget Message
- The organization has experienced unprecedented growth in complexity, scope and levels of service, and project initiatives in the last 4 years, increasing the needs of employees struggling to keep pace with heightened organizational demands
- **Filling this full-time position with a capable professional is paramount, and the most critical issue facing the organization**

Water and Sewer Use Revenue Expectations

- FY 2020 each exceeded the previous year's by about 5%
- FY 2021 water projected to exceed previous year by about 10% (\$120,200)
- FY 2021 sewer projected to exceed previous year by about 9% (\$265,841)

Critical Issue 2

Understanding the Reasons for Utility Fund Revenue Growth

Why the Big Increase?

1. New Development (120 residential units, 2 commercial units over FY20-FY21)
 - 24% to 33% of increase in water use
 - 33% to 44% of increase in sewer use
2. Increased Utilization
 - More visitors due to pandemic travel pattern changes
 - Longer occupancy by second homeowners

Critical Issue 2

Understanding the Reasons for Utility Fund Revenue Growth

Will new development continue at this rate?

- We can't know, but as long as the economic outlook is good, then it's not unlikely

Will high utilization continue, or even grow, after the pandemic subsides?

- We can't know and only time will tell

What are the implications?

- Budget conservatively, see what happens next year
- If trends continue, a future rate decrease may be possible

Critical Issue 3

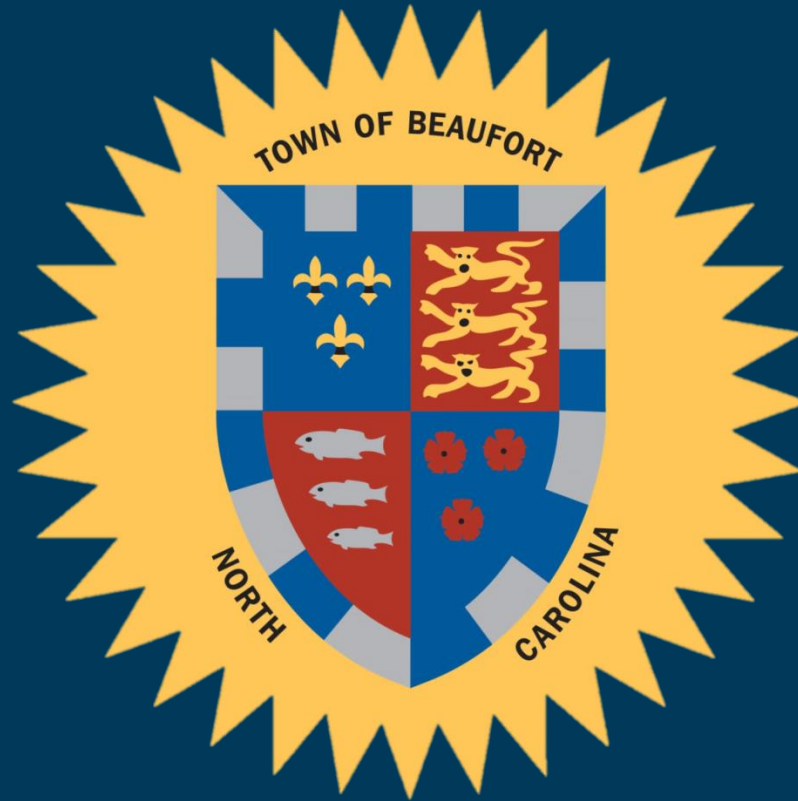
Potentially Insufficient Fund Balance for Utility Fund in the Future

- Town policy has goal of Utility Fund maintaining a fund balance equal to 50% or more of annual budget
- Fund balance has been below 50% for years
- Fund balance increased to 51% for FY22 due to \$500,000 from sale of property
- May need that money for purchase of property for new water plant, returning fund balance to previous levels below 50%

Critical Issue 4

Sales Tax Revenue Strong, But in Jeopardy

- Record growth in FY 2020 and FY 2021 – nearly 16% each year
- Appears to be pandemic-driven (change in travel patterns)
- What will happen post-pandemic? No one knows, so we budgeted conservatively
- County Commissioners may change distribution formula in FY 2023 – Town could lose \$600K per year (over 5 cents on property tax rate)



**BUDGET WORK SESSION
MONDAY, MAY 17 – 4 PM
ZOOM VIDEO CONFERENCE**