Town of Beaufort
FY 2020 Budget

as Recommended May 13, 2019

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Town of Beaufort
701 Front Street
Beaufort, NC 28516

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www.beaufortnc.org

May 13, 2019

Honorable Mayor and Commissioners,

The FY 2020 recommended budget for the Town of Beaufort, less interfund transfers, is $12,428,810. It is divided as follows:

General Fund	$ 8,652,871
Utility Fund	4,286,939
Less Transfers	(511,000)
Total	$ 12,428,810

The General Fund is balanced using the current 41.35-cent property tax rate, and a fund balance appropriation of $260,000. The Utility Fund is balanced using current water and sewer rates.

FY 2020 PRIORITIES–INFRASTRUCTURE!

At the Town's annual retreat in March 2019, staff presented updates on a number of projects that have been in some stage of planning since FY 2018. Based on direction from the Mayor and Commissioners, and strategic funding decisions made in FY 2019, FY 2020 includes the following major projects (listed in alphabetical order).

Boardwalk/Bulkhead Improvements

Engineering and construction documents for the repair of the Front Street bulkhead and replacement of the boardwalk will be completed in FY 2020. Staff will reapply for a Federal Boating Infrastructure Grant in FY 2020, and if awarded, construction will begin in FY 2021.

Cedar Street Park

A concept plan for this park at the former drawbridge landing was completed in FY 2017. Construction documents will be prepared in FY 2020 after the property is secured, with construction to follow. This park is expected to be well used, and will help spur the redevelopment of Cedar Street. $600,000 is earmarked for this project in the Community Improvement Fund.

Cedar Street Utility Line Improvements

In conjunction with NC DOT's stormwater improvement and resurfacing project on Cedar Street, the Town will replace aging utilities there in late 2019/early 2020 at a cost of nearly $1 million.

Pedestrian Improvements

This $557,000 project involves sidewalk construction to enhance pedestrian safety. Its four parts include new sidewalk access to Randolph Johnson Park, Beaufort Middle School, and the Carteret County Library, and sidewalk expansion on Turner Street

(100 block, west side). This project will be financed in a package with Street Improvements, with funds for debt service already established by the Town Board.

Stormwater Improvements Program

In FY 2020, Town staff will evaluate and prioritize the projects from the Stormwater Management Plan (with an estimated cost of $9.9 million), develop an ongoing maintenance program and budget, and prepare a modified stormwater fee schedule necessary to fund these efforts, all subject to Town Board review and approval. This program will be ready for implementation in FY 2021.

Street Improvements

This nearly $3.1-million project provides for resurfacing streets in need of repair for which underlying utilities are in good condition. It also involves paving two unpaved streets on Town rights-of-way. Totaling nearly 6 miles, work is expected to begin in Fall 2019. This project will be financed, with funds for debt service already established by the Town Board.

Utility Line & Street Combined Improvement Program

This ongoing program includes the replacement of water and sewer utility lines, stormwater lines (as needed), and road rehabilitation and resurfacing in three-block segments at a cost of about $1 million per year.

In FY 2020, engineering for the first project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2021. In FY 2021, engineering for the second project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2022, and so on.

CRITICAL BUDGET ISSUES

While strategic funding decisions over the last two years have positioned the Town to embark on important infrastructure projects and programs described above, financial difficulties lie ahead.

Issue 1: Revenue Shortfall in the General Fund

Annual increases in budgetary expenses are outstripping annual increases in revenue outside of property tax increases. The largest area of annual budgetary growth is in personnel costs, driven primarily by COLAs, merit salary increases, and increases in our mandatory contributions to the Local Government Employees Retirement System.

The FY 2020 budget is balanced using a fund balance appropriation of $260,000. Had the property revaluation taken effect in FY 2020 as expected, and the property tax rate remained at 41.35 cents, fund balance appropriation would likely not be necessary.

The postponed revaluation in FY 2021, at the current 41.35-cent property tax rate, shrinks the shortfall. However, FY 2021 will still require a fund balance appropriation

of about $35,000. A projected $125,000 shortfall in FY 2022 can also be addressed by fund balance appropriation while still abiding by the fund balance policy. However, a 4.15-cent tax increase is needed in FY 2023 to overcome shortfalls beyond FY 2022.

Issue 2: Funding for Utility Line & Street Combined Improvements Program Runs Out

The starting reserve fund balances from FY 2019 and subsequent dedicated annual contributions to capital reserve can only fully fund this program through FY 2024.

With 20% of the Town's streets in poor to failed condition, and around $40 million in utility line replacements needed beneath those streets, there is clearly a need to identify funding to continue and expand this program beyond FY 2024.

Issue 3: No Funding Available for Employee Compensation Market Adjustment

Any organization's most important resource is its employees. The Town has an effective workforce comprised of good people dedicated to succeeding and making a positive difference in the lives of residents and visitors alike. To recruit and retain such a workforce, competitive compensation is required.

In FY 2019, staff reviewed the Town's pay scales, comparing against those of similar North Carolina coastal towns. Moving Town pay scales to an ideal position would cost about $380,000 in the first year, increasing annually with added COLAs and merit pay.

Almost three-quarters of the cost, $274,000, is in Fire and Police Departments. Raising the Town's minimum wage to $15 per hour (as the State of North Carolina did last year for its employees) is the primary factor leading to an implementation cost of $42,000 in Public Works, which was the third highest cost, behind the Police Department.

Issue 4: Five Year Financial Plan Excludes or Delays Many Important Items

Using a five-year financial planning window helps ensure that commitments, obligations, and anticipated needs are met in a fiscally sound manner. It's understood, however, that raising funds needed to meet community and organizational needs is tempered by the willingness of property owners to pay higher taxes.

The following important items have been excluded from the Five Year Financial Plan due to concerns about including tax increases that would be necessary to fund them.

- Deputy Town Clerk position, needed as the Town Clerk currently performs all Human Resources tasks while also serving the Town Manager in an administrative capacity
- Public Works position to allow for proper maintenance of the new Randolph Johnson and Cedar Street Parks
- Three Fire Department positions to more adequately staff the ladder truck
- Update and compile ordinances into a Unified Development Ordinance
- Training tower for the Fire Department

In addition, several items were delayed due to inadequate funding in near years. The delayed items include:

- Replacement of three Police Department vehicles
- Replacement of two Public Works trucks

CONCLUSION

The Town Board has taken decisive action over the last two years to position the Town to begin addressing long-neglected infrastructure problems. Road resurfacing and pedestrian improvements begin in FY 2020, followed by utility line replacement and road resurfacing combination projects in FY 2021 through FY 2024. It is critically important, however, that additional funding is identified so this work will continue beyond FY 2024, and so other important initiatives can move forward.

A funding approach that can offset the need for tax and rate increases is adding to the tax base and increasing utility revenues through new development. To this end, the formulation of a robust economic development strategy is recommended.

Great progress has been made over the last two years to identify the issues facing the Town and develop plans to address them, particularly with regard to infrastructure. Now, as construction begins, we must find a way to see these plans to their conclusions.

ACKNOWLEDGEMENTS

I wish to thank the Mayor and Commissioners for the support and encouragement they provide to me and the Town staff–the sincerity of their dedication is humbling.

I also wish to thank all the Town employees for the important services they provide to residents and visitors to the Town every day, as well as the key staff members for ensuring these services are delivered effectively and efficiently.

I especially want to thank Finance Director Christi Wood for her untiring dedication to all things fiscal, including preparation of this budget. I also want extend my unending gratitude, admiration, and respect to Christy Shi Day, who again selflessly donated weeks of work toward the preparation of this document; it reflects her insight and skill.

Respectfully submitted,

John Day
Town Manager

Introduction to the Budget

This section explains the overall structure of the budget document and its purpose. More importantly, it explains underlying assumptions and critical issues discovered during this year's budgeting process.

In this section you will find:

- Introduction to the Budget 2
- Budget Considerations 4
- Shared Vision and Strategic Plan 6
- Budget Issues and Decisions 12

Introduction to the Budget

North Carolina law says a town's governing board must approve a balanced budget for the next fiscal year by June 30.

Budgeting is one of the most important elements of sound government. It isn't just about numbers; it's about how we create, nurture, and sustain the community in which we live and work.

Each year, the budget process brings local officials together to review upcoming activities. Such focus helps ensure these services and projects line up with the Town's strategic aims.

► Uses of the Budget

This document, referred to as "the budget," is a collection of plans and policies which guide us as we collect and spend money in the coming fiscal year.

The budget document serves four main purposes.

- As a policy document, it tells what the Town will provide next fiscal year, per our financial goals and guiding policies.
- As a financial plan, it shows the cost of Town services and suggests how to fund them, both now and in the future.
- As an operations guide, it outlines how services will be delivered to the community. Goals and targets are a way to hold each department accountable.
- As a communications device, it shares the Town's challenges, priorities, and what it aims to do.

► Sections of the Budget Document

The budget document contains the following sections:

- *Section 1: Introduction to the Budget*

  Strategic priorities, as well as current conditions, inform budgetary choices regarding services provided, projects initiated, and the financial health of the Town.

- *Section 2: Our Budgeting Framework*

  Financial policies set the rules that the budget must follow.

- *Section 3: Annual Budget & Departmental Service Plans*

  Revenue and expenditure analyses support budget numbers. Departmental service plans outline service delivery in the budget year. Debt summaries explain how the Town's current liabilities affect its ability to fund projects.

- *Section 4: Capital Improvement Plan &*
  Section 5: Five Year Financial Plan

  Anticipate future needs and funding sources over multiple budget cycles, plus provide stability by projecting future tax and fee rates.

- *Section 6: Fee Schedule*

  Sets the cost of fees and permits for services in the budget year.

- *Section 7: Budget Ordinance*

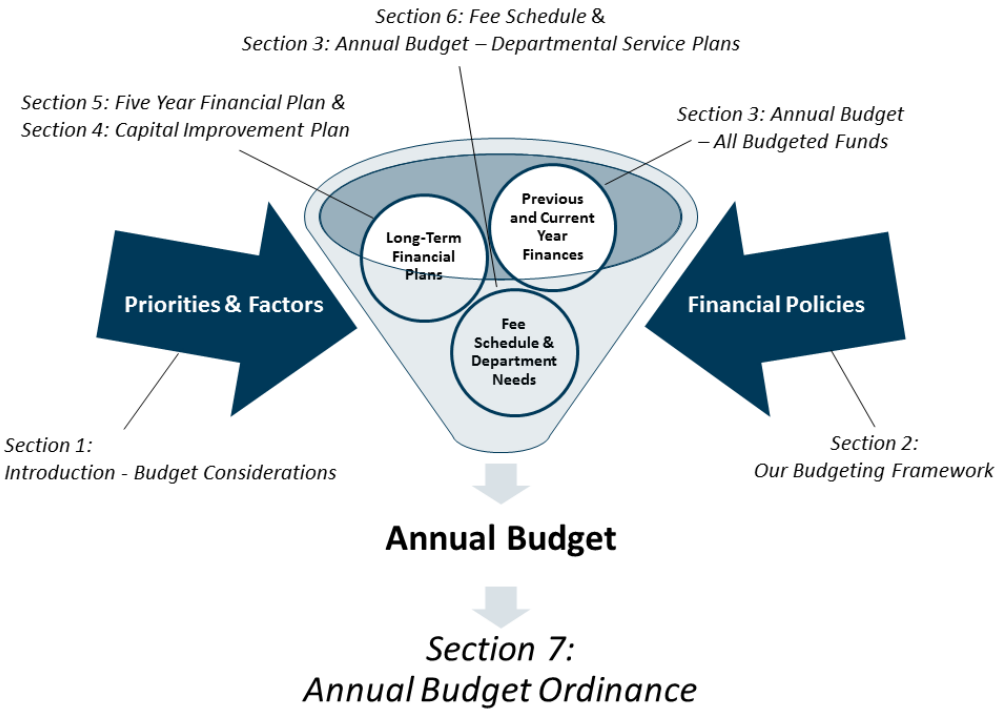
  Provides the legal means to enact the budget, making it law.

- *Section 8: Financial Policy*

  The policies set by the Town Board which govern the budget.

- *Section 9: Glossary & Appendices*

The following diagram shows the document's inter-related parts:



Budget Considerations

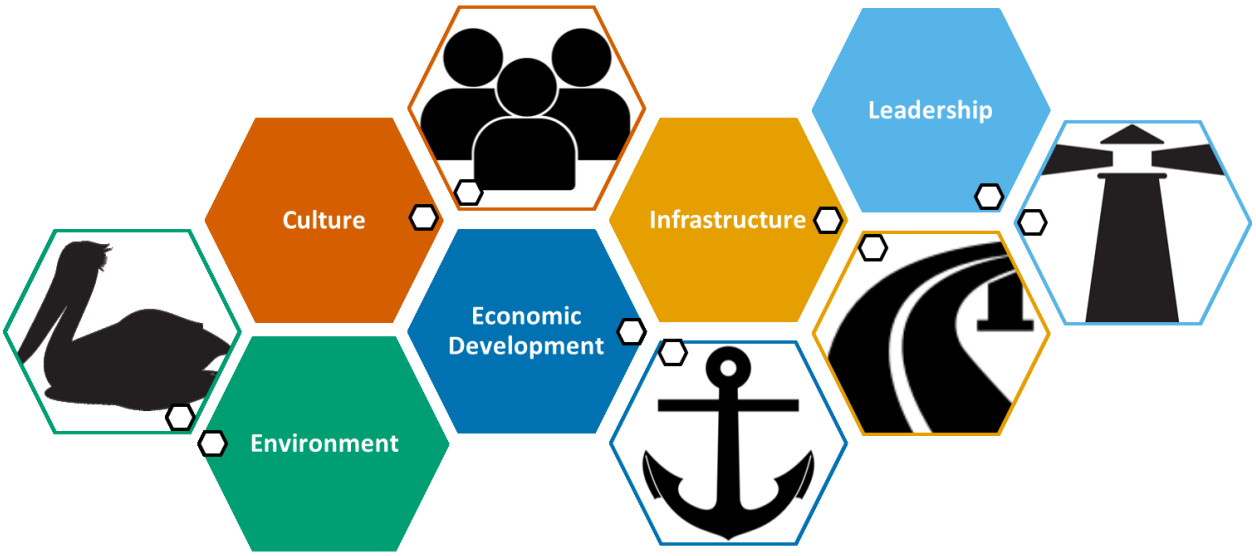
Budgets are about more than numbers. Where we choose to spend money as a Town reflects what's most important to us–and what factors influence our decisions.

Ideally, a town government bases its financial plans and budgets on a strategic plan, which is based on a shared community vision.

The Town of Beaufort does not currently have a shared vision or strategic plan. So what guides our decisions in this budget?

► Guiding Themes

In FY 2018, the Mayor and Town Board, along with key staff members, identified five themes to guide us as we move toward developing a shared vision and strategic plan.



The icon to the left of each theme symbolizes the theme. Throughout the budget document these icons show which themes are supported by projects, initiatives, accomplishments, and goals.

Leadership
The Town Board and key staff engage and collaborate with each other and with the community to identify goals and successfully achieve them through the formulation and execution of action plans.

These plans will respect Beaufort's rich history and sense of place, improve the quality of life and safety of its residents and visitors, support families, and celebrate the diverse cultures of our population.

Infrastructure
The Town Board will help secure the Town's future through making the investments necessary to maintain the town's facilities, utilities, roads, streetscapes, stormwater systems, sidewalks, bicycle paths, parks, boardwalk, and harbors.

Economic Development
Beaufort will enjoy prosperity and economic vitality by supporting its thriving visitor economy, expanding the marine science sector, encouraging emerging technologies and entrepreneurs, and supporting the traditional marine-based sectors of seafood and boat building.

Culture
Beaufort will be vibrant and inspirational, a town where families thrive and prosper, where children have excellent educational opportunities, and where people care about each other and enjoy life at the coast.

Environment
Beaufort will protect and enhance its beautiful coastal environment and be prepared to cope with natural disasters and the effects of climate change.

Shared Vision and Strategic Plan

We intend to broadly involve the community in problem solving and developing an overall vision for the Town. A strategic plan will follow, to support the community's vision. Once a strategic plan is in place, future financial plans and budgets will look to it for guidance and direction.

The guiding themes provided above serve as a placeholder until a formal vision and strategic plan can be developed.

► Strategic Budget Items

Using the guiding themes, the following items have been prioritized in the coming budget year. They are listed in alphabetical order. Icons to the left show which guiding theme the project most closely addresses.

Boardwalk/Bulkhead Improvements

This project includes extensive repairs to the bulkhead along Front Street between Turner and Queen Streets, and the removal of the existing boardwalk and construction of a new one. The condition of the bulkhead has been assessed by structural engineers and has been found to be failing. The original boardwalk is in need of replacement and must be removed to repair the bulkhead.

In FY 2020, staff will reapply for a federal boat infrastructure grant, which will provide nearly 50% of the project funding, if awarded. This will be combined with $600,000 that is already in a reserve fund, and a subsequent appropriation of $57,000, to complete the project funding.

In FY 2020, staff will oversee finalization of the engineering and construction documents, and construction is projected to begin in FY 2021, provided the grant is awarded.

➨ Refer to *Boardwalk / Bulkhead Improvements* in *Section 4: Capital Improvement Plan* for more information.

Cedar Street Park

This project consists of design and construction of a passive park at the site of former Gallant's Channel drawbridge landing area.

NCDOT has agreed to make the property available to the town, which will occur in late FY 2019/early FY 2020.

A concept plan for the park was completed in FY 2017. Construction documents will be prepared in FY 2020, after the property is secured, with construction to follow. This park is expected to be well used, and will help spur the redevelopment of Cedar Street.

➨ Refer to *Cedar Street Park* in *Section 4: Capital Improvement Plan* for more information.

Cedar Street Utility Line Improvements

In FY 2020, NC DOT will begin replacing stormwater lines under Cedar Street. In early FY 2021, they will begin installing stormwater devices in planted bump-outs to filter out impurities and provide for limited stormwater retention. Next, the street will be resurfaced by Memorial Day 2021.

Since Cedar Street utility lines have exceeded their useful service life, the Town will replace them in conjunction with this NC DOT project in FY 2020 at an estimated cost of nearly $1 million.

➨ Refer to *Cedar Street Utility Line Improvements*, in *Section 4: Capital Improvement Plan* for more information.

Pedestrian Improvements

A number of pedestrian improvements to promote safety and accessibility have been identified. This four-element project includes new sidewalk construction to enhance safe, pedestrian access to Randolph Johnson Park, Beaufort Middle School, and the Carteret County Library. It also includes expanding the sidewalk on the west side of the 100 block of Turner Street, enhancing safety and aesthetics.

Design is expected to begin in late FY 2019, and construction contracts awarded in conjunction with those of the Street Improvements project in FY 2020. This project will be financed in a package with Street Improvements, with funds for debt service already established by the Town Board.

➨ Refer to *Pedestrian Improvements* in *Section 4: Capital Improvement Plan* for more information.

Stormwater Improvements Program

The Stormwater Management Plan, presented in FY 2019, compiled an inventory of the Town's stormwater facilities and proposed a program for upgrading, repairing, and sustaining stormwater infrastructure. The intent of the program is to alleviate issues associated with existing collection and transmission infrastructure. It will also help mitigate possible issues that could be caused by stormwater runoff from future development.

The Stormwater Improvements Program prioritizes actions so that poor conditions are addressed first, with actions in future years addressing assets characterized as fair.

In FY 2020, Town staff will evaluate and prioritize the specific projects from the Stormwater Management Plan, develop an ongoing maintenance program and budget, and prepare a modified stormwater fee schedule necessary to fund these efforts, all subject to review and approval by the Town Board.

➨ Refer to *Stormwater Improvements Program* in *Section 4: Capital Improvement Plan* for more information.

Street Improvements

During 2018, the condition of all Town streets was measured and assessed by an engineering firm. In early 2019, a report was prepared presenting assessment findings as well as recommended work programs to rehabilitate and preserve Town streets based upon the findings.

This assessment found many street segments to be in fair to poor condition, and some were found to be failing. The improvement of many of these street segments is complicated by the presence of deteriorating utility and stormwater lines beneath them–the ground disturbance associated with resurfacing often leads to breaks in deteriorating utility lines.

This project provides for the resurfacing of those streets in need of repair for which the underlying utilities are in good condition, and the paving of two unpaved streets on Town rights-of-way, totaling nearly 6 miles, and is expected to begin in the fall of 2019. This project will be financed, with funds for debt service already established by the Town Board.

➨ Refer to *Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

Utility Line & Street Improvements Combined Program
In FY 2019, a Water Asset and Inventory Analysis identified over $19 million in needed water line replacements. A 2010 sewer inflow and infiltration analysis revealed extensive work needed to repair and replace sewer lines, estimated by staff to equal a similar amount.

The lines in the worst conditions, as one would expect, are in the oldest parts of Beaufort. The roads in this area, generally, have also been identified in the 2019 street assessment as being in poor to failed condition.

In FY 2020, engineering for the first project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2021. In FY 2021, engineering for the second project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2022, and so on.

Expenses for consulting engineers are included in projects costs, however, Town engineering staff will seek to defray or eliminate these costs by preparing engineering documents internally; any savings will be used for construction costs.

➨ Refer to *Utility Line & Street Improvements Combined Program* in *Section 4: Capital Improvement Plan* for more information.

► Influencing Factors

The following factors influenced the development of this budget.

County Property Revaluation Delayed
The Carteret County property revaluation for tax purposes was scheduled to become effective in FY 2020. Due to significant property damage from Hurricane Florence, the County Commissioners have delayed the revaluation until FY 2021.

The Town's FY 2019 Five Year Financial Plan called for maintaining the Town's 41.35-cent tax rate with the anticipated increased valuation in FY 2020. However, the delayed revaluation results in the loss of a projected increase in property tax revenues of 7.25%.

Dedicated Funding for Infrastructure

In FY 2018, the Town Board dedicated the revenue from 2 cents of the tax rate to be used for street improvements, and in FY 2019, the Board dedicated the revenue from 3.6 cents of the tax rate to be used to provide matching funds for a Federal Boating Infrastructure Grant. In FY 2020, those dedicated funds, along with Powell Bill funds from the state, totaling $529,000, are available for street (and related infrastructure) improvements.

Similarly, after a rate adjustment in FY 2019, utility fees raised sufficient revenue to begin funding contributions to a capital reserve fund, which continues in FY 2020 and throughout the five-year planning period at $333,930 per year.

Infrastructure Inventory and Analysis

Streets: An assessment of street conditions by an engineering firm begun in FY 2018 and completed in FY 2019 showed that 20% of the Town's streets are in poor to failed condition, and that 32% are in fair condition.

Utility Lines: In FY 2019, an inventory and analysis of the Town's water system was completed, indicating the need for the replacement of aging water lines at a cost of nearly $20 million. Staff estimates the costs to replace aging sewer line at a similar amount.

Stormwater System: A report providing an inventory of all the components of the Town's stormwater system was completed in FY 2019, identifying 12 projects aimed at providing relief from relatively routine flooding from stormwater at a cost of $9.9 million.

Retirement System Contributions

In 2016, the NC Local Government Employees Retirement System (LGERS) was reported to be 95.2% funded, ranking it among the very top in the nation. Because investment returns have not been sufficient to close the 4.8% funding gap, the LGERS Board of Trustees has raised the employer contribution rate in each of the next three years.

The cost of the increases is shown in the table below:

RETIREMENT SYSTEM EMPLOYER MANDATORY CONTRIBUTION INCREASES	FY 2020	FY 2021	FY 2022	Total
General Fund	$ 37,852	$ 39,547	$ 41,165	$ 118,564
Utility Fund	6,652	6,999	7,301	20,952
Total Contribution Increases	$ 44,504	$ 46,546	$ 48,466	$ 139,516

In FY 2022, the cumulative effect of these increases in the General Fund represents a 1.25-cent tax rate equivalent.

Employee Compensation Market Analysis

Any organization's most important resource is its employees. The Town has an effective workforce comprised of good people dedicated to succeeding and making a positive difference in the lives of residents and visitors alike. To retain and recruit such a workforce, a competitive compensation package is required.

In FY 2019, staff reviewed the Town's pay scales, compared to comparable municipalities in North Carolina's coastal areas. This review showed that moving the Town's pay scales to an ideal position would cost about $380,000 in the first year, and would increase annually with added COLAs and merit pay.

Almost three-quarters of the cost, $274,000, is in the Police and Fire Departments. Raising the Town's minimum wage to $15 per hour (as the State of North Carolina did last year for State employees) is the primary factor leading to an implementation cost of $42,000 in Public Works, which has the third highest cost.

Budget Issues and Decisions

The objectives of this budget are to:

- ensure service levels are able to match demand,
- implement needed market adjustments in employee pay scale,
- use Board-dedicated funding to address critical infrastructure improvements identified in inventories and assessments, and
- continue preparing for the Town's long-range plans.

While developing this budget, we encountered the following issues in trying to meet these objectives.

Critical Issue 1–Revenue Shortfall in the General Fund

In FY 2020, there is a shortfall of $260,000 in the General Fund, followed by approximate shortfalls of $35,000 in FY 2021, $125,000 in FY 2022, $330,000 in FY 2023, and $325,000 in FY 2024.

The FY 2020 budget is balanced using a fund balance appropriation of $260,000, bringing the unassigned fund balance down to 23.59% of General Fund expenses. Had the property revaluation taken effect in FY 2020 as originally planned, and the property tax rate remained at 41.35, the fund balance appropriation would likely not be necessary.

Additional revenue resulting from the revaluation in FY 2021 makes up for most of the revenue shortfall from FY 2020, but still requires a fund balance appropriation that year of approximately $35,000, bringing the unassigned fund balance down to 22.79% of General Fund expenses.

There is still sufficient fund balance available for appropriation in FY 2022 to overcome a $125,000 shortfall and meet the requirements of the 20% minimum fund balance policy. However, a tax increase of 4.15 cents is required to overcome shortfalls in FY 2023 and FY 2024.

For budgeting purposes, we assume actual revenues and expenses will equal budgeted revenues and expenses.

Experience tells us that actual revenues usually exceed actual expenditures in any given year. Because these surplus amounts are unpredictable so far in advance, we do not show them in the five year financial plan, resulting in conservative estimates of unassigned fund balance.

In FY 2019, the Town appropriated $665,000 from fund balance for Hurricane Florence-related costs, to be reimbursed by FEMA.

To fill in the gap in the fund balance created by reimbursable hurricane expenses, the State of North Carolina provided an interest-free loan of $1 million, allowing the continuing use of fund balance while we await FEMA reimbursement.

Critical Issue 2–Funding for Utility Line & Street Combined Improvements Runs Out

The starting capital reserve fund balances from FY 2019 and subsequent dedicated annual contributions to capital reserve are sufficient to fully fund this program through FY 2024.

Accumulated funds of $2.8 million from capacity and system development fees, combined with annual capital reserve contributions from the Utility Fund, as well as contributions from street capital reserves, enable an ongoing program of utility line replacements and road resurfacing in 3-block increments at a cost of around $1 million per year. FY 2020 includes funding for the engineering of the first segment, followed by construction in FY 2021 and engineering work for the next segment, and so on in following years through FY 2024.

With 20% of the Town's streets in poor to failed condition, and around $40 million in necessary utility line replacements needed underneath those streets, there is clearly a need to identify funding to continue (and expand) this program beyond FY 2024.

Critical Issue 3–No Funding for Employee Compensation Market Adjustment

There is no funding available to implement the market adjustment needed to make employee salaries competitive, even with the additional revenues produced by the revaluation in FY 2021 and the 4.15 cents tax increase in FY 2023.

FY 2020 budgets and beyond continue the practice begun in FY 2018 of providing funding for COLAs and merit pay increases.

Any market adjustments above COLAs will require additional tax revenue. The longer we wait to address this issue, the greater the cost.

Critical Issue 4–Five Year Financial Plan Excludes or Delays Many Important Items

Using a five-year financial planning window helps ensure that commitments, obligations, and anticipated needs are met in a fiscally sound manner. It's understood, however, that raising funds to meet community and organizational needs is tempered by the willingness of property owners to pay higher taxes.

The following important items have been excluded from the Five Year Financial Plan due to concerns about including the tax increases necessary to fund them.

- A Deputy Town Clerk position, needed as the Town Clerk currently performs all Human Resources tasks while also serving the Town Manager in an administrative capacity
- A Public Works position to allow for proper maintenance of the new Randolph Johnson and Cedar Street Parks
- Three Fire Department positions to more adequately staff the ladder truck on any given shift
- An update to various development ordinances, compiled into a Unified Development Ordinance
- A training tower for the Fire Department

In addition, several items were delayed due to inadequate funding in near years. The delayed items include:

- Replacement of three Police Department vehicles
- Replacement of two Public Works trucks

Our Budgeting Framework

Before we dive into the budget numbers, it's helpful to explore our financial structure, policy, and process. A town approach to budgeting differs from the approach a business or non-profit organization might take. And not all towns set up their finances the same way. The following section outlines the Town of Beaufort's budgeting context.

In this section you will find:

- Our Budgeted Funds 16
- Rules Guiding the Budget 19
- The Budget Process 21
- The Budget Calendar 25

Our Budgeted Funds

To effectively serve the public, towns need organization.

The Town of Beaufort organizes its money into "buckets" for legal and management purposes. We call these "buckets" *funds*.

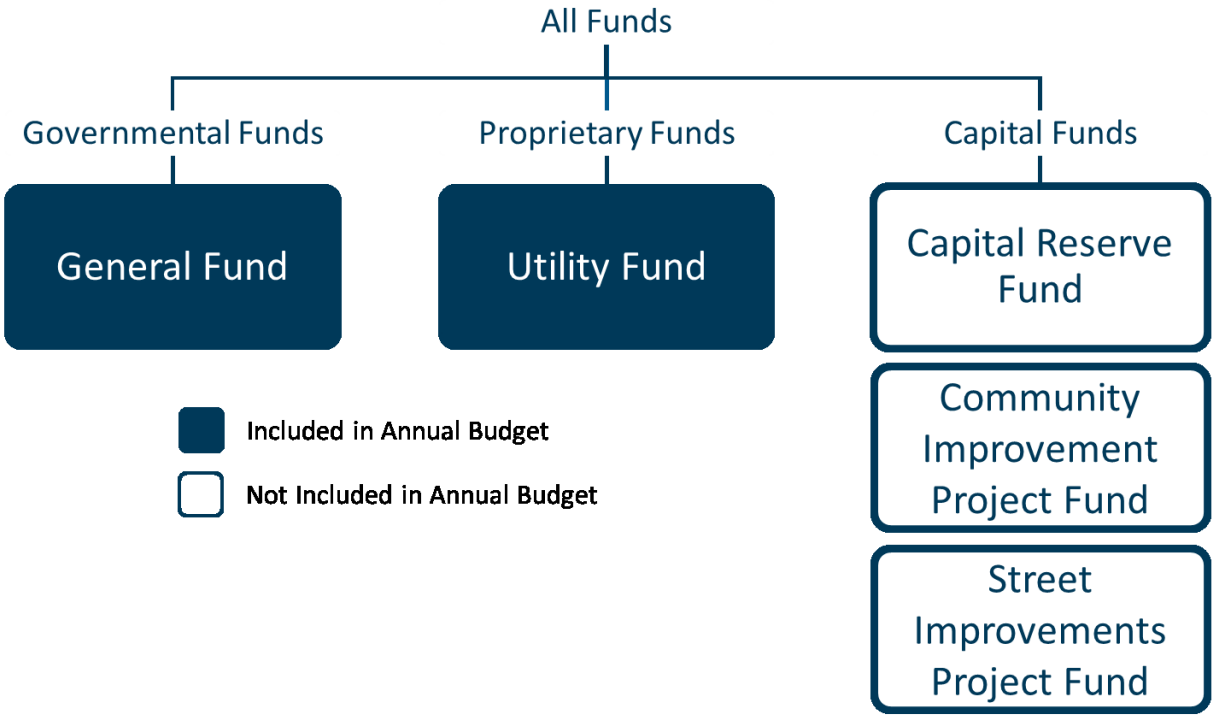
The Town of Beaufort organizes its employees based on their functions. These groups of employees are called *departments*. Some departments then group their employees into *divisions*.

► Our Fund Structure

The *General Fund* is our main fund and includes all Town departments except the Utility Department. All money received or spent goes into the General Fund unless there is a legal or management need for it to go elsewhere.

For example, state law requires us to track money collected and spent by a utility in its own fund. Therefore, we have a *Utility Fund* in which only the water and sewer monies live.

The General Fund and the Utility Fund are included in the annual operating budget.



In addition to the annual budget funds, we also use funds to save for or manage large projects. The *Capital Reserve Fund* was created in FY 2019 as a place to hold money earmarked for infrastructure projects such as the boardwalk, streets, and utility lines. Money appropriated for capital projects in the General and Utility Funds goes into the Capital Reserve Fund until it is needed.

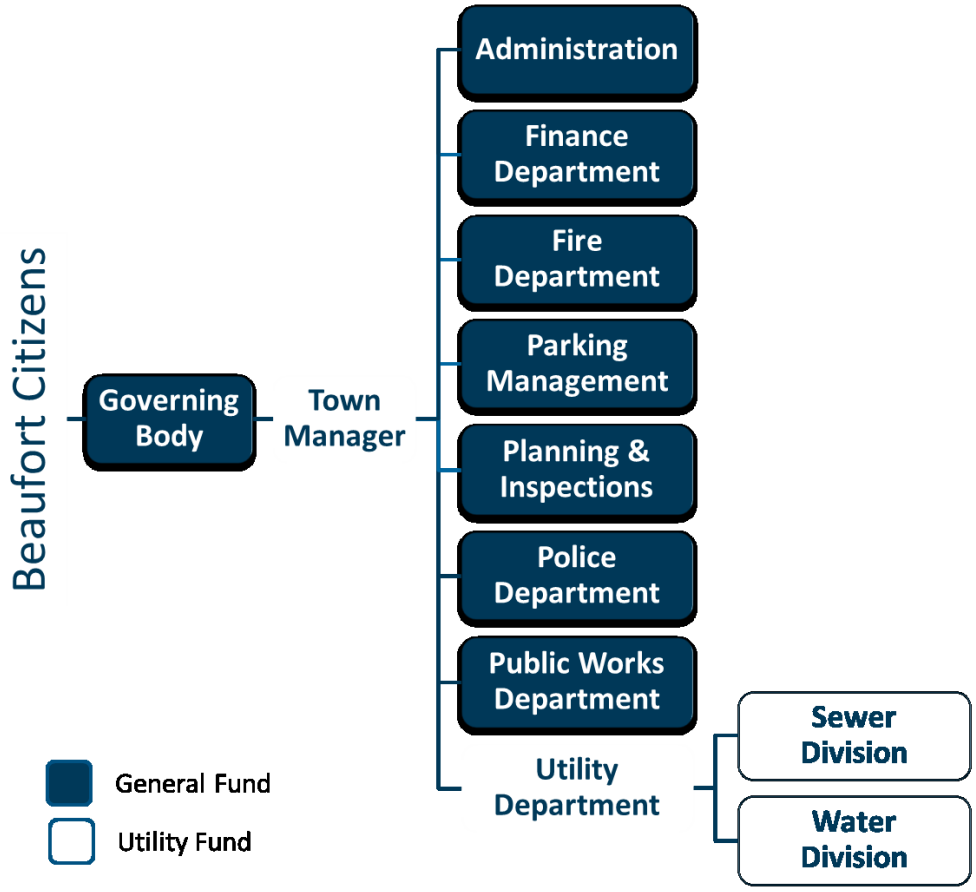
When it is needed, the capital reserves are moved into either the General Fund or Utility Fund (for projects lasting less than a year) or into a separate *capital project fund* (for projects spanning multiple years).

The annual operating budget does not include capital project funds because they span multiple fiscal years. The Town Board approves budgets for capital project funds as they are created. When the project ends, we close its fund.

In prior years, we also used a Fire Fund.
As of FY 2019, the General Fund includes the Fire Fund
to simplify accounting and reporting.

► How Departments Relate to Funds

The following diagram shows which departments reside in which funds.



Departmental budgets are maintained for each of the boxes.

Sewer and Water Division budgets live in the Utility Fund. All other departmental budgets live in the General Fund.

Rules Guiding the Budget

North Carolina laws govern how towns budget and spend money.

➨ Search online for the *Local Government Budget and Fiscal Control Act (LGBFCA), Article 3, Part 1*.

The budget also follows policies set by Beaufort's Town Board.

➨ Refer to *Section 8*: *Town of Beaufort Financial Policy*.

► General Budget Rules

State and local rules require the Town's budget to:

- Cover a fiscal year beginning July 1 and ending June 30;
- Include all moneys received or spent; and
- Be balanced by fund. No shortfalls or surpluses are allowed.

► Revenue Rules

Per state and local rules, the Town must:

- Set the tax rate by June 30 based on the cost of providing general government services and paying debt service;
- Keep water and sewer rates at the proper level to allow the Utility Fund to be self-supporting;
- Pursue opportunities for grants to fund Town operations or other projects that address the Town's goals; and
- Use one-time or other special money to pay for special projects and one-time expenses, not on-going operations.

► Spending Rules

Per state and local rules, the Town must:

- Ensure all spending has been budgeted, and that current spending does not exceed budgeted amounts;
- Pay debt service and continuing contracts;
- Only spend money for public purposes;
- Follow any restrictions made on the money when received (i.e. donations, grants, Powell Bill funds, etc.);
- Not use debt for operational needs or for equipment or construction projects when Town's revenues or cash reserves are sufficient to avoid costs of debt; and
- Keep cash reserves in the General and Utility Funds for unforeseen fiscal emergencies.

► Our Budgeting Practices

Every organization makes choices about how it budgets. The Town of Beaufort follows these budgeting practices:

- *Line-Item Budgeting*

  Helps to prevent misuse of public money and foster frugality in using public funds.

- *Incremental Budgeting*

  Starts with what we need to keep the Town operating at existing service levels.

- *Budgetary Accounting*

  Allows us to check whether our expected money raised covers our expected spending, and that our spending is within approved limits.

- *Basis of Budgeting*

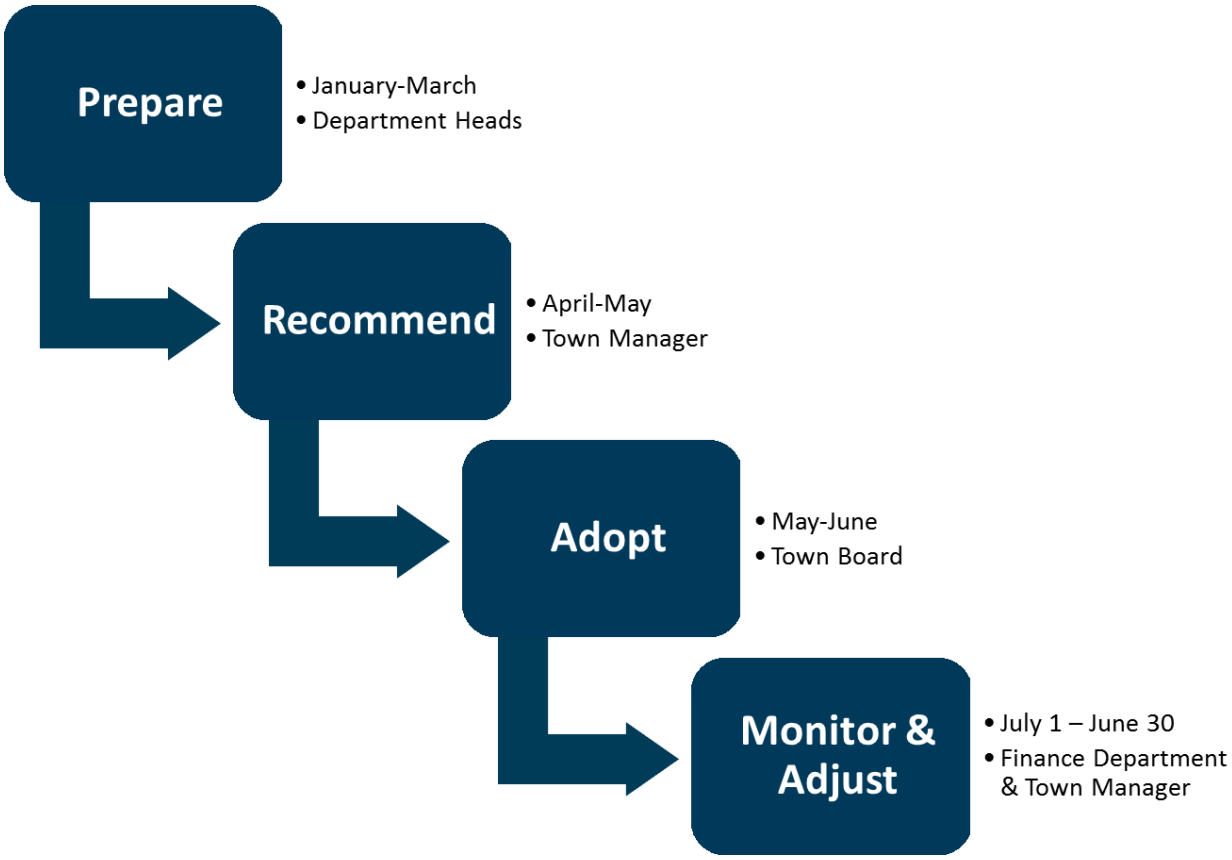
  Follows our basis of accounting: modified accrual, where monies and assets are recorded once they are available to be spent.

The Budget Process

The Town of Beaufort prepares, recommends, adopts, monitors, and adjusts its budget in accordance with state and local law.

- Search online for the *Local Government Budget and Fiscal Control Act (LGBFCA), Article 3, Part 1*.
- Refer to *Section 8: Town of Beaufort Financial Policy*.

The Town's budgeting process consists of four stages, as shown in the following diagram.



► Preparing the Recommended Budget

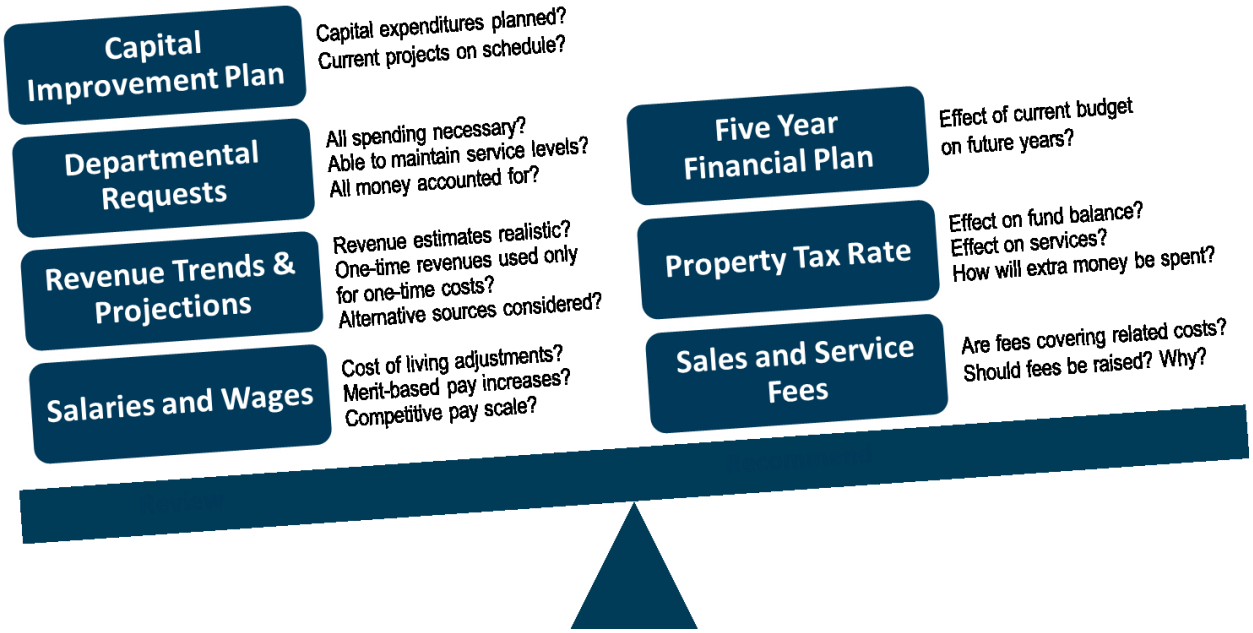
The annual budget process begins in January when Town staff gathers information for the Town Manager.

Each department head makes budget requests and revenue estimates for the budget year.

The Finance Director gives a complete statement of prior and current revenues and spending.

The Town Manager, assisted by the Finance Director, prepares a recommended budget by considering many factors.

The following diagram shows how factors weigh on budget recommendations.



► Submitting the Recommended Budget

The Town Manager drafts a budget message which introduces and summarizes the recommended budget.

The Town Board receives this recommended budget and message at their April work session or their regular board meeting in May.

On the day the Town Board receives the recommended budget, the Town Clerk invites the public to review and comment.

A print copy is made available for public review at Town Hall.

A digital copy is posted on the Town website.

A public hearing is announced, typically scheduled for the next regular board meeting.

A press release is sent to all news media outlets in the county.

► Adopting the Budget

During special work sessions, the Town Board reviews the recommended budget. The Town Manager and Finance Director brief the Town Board on each part of the budget at these sessions.

Citizens are invited to comment on the entire budget at a public hearing before the Town Board adopts the budget.

Changes to the recommended budget are included in the ordinance, which the Town Board adopts at its regular June meeting.

This budget ordinance approves all financial transactions for the Town. It must include:

- Revenue estimates,
- Appropriations for expenditure, and
- The property tax levy.

► Monitoring & Adjusting the Adopted Budget

The Town Manager and the Finance Director keep an eye on money received and spent during the year. They give monthly reports to the Town Board on how actual receipts and spending compare to the adopted budget.

Because budgets are based on estimates, changes are made during the year to ensure the budget remains balanced.

These changes include:

- Moving money within a department

  The ordinance sets spending limits by department. Money can be moved within a department, as long as the total spending for the department does not exceed the amount allowed by the budget ordinance. However, the Town Manager can also move money between departments in the same fund without limitation, changing departmental totals if needed.

- Amending the budget ordinance

  With a budget amendment, the Town Board can change the budget ordinance at any time to limit spending or allow use of more cash reserves. However, the property tax rate can't be changed once adopted in June.

The Budget Calendar

Budget Document Presented
Town Board Meeting
May 13, 2019–6 PM Train Depot

Budget Work Session
May 20, 2019–4 PM Town Hall Conference Room

Budget Work Session
May 23, 2019–4 PM Town Hall Conference Room

Budget Work Session
June 3, 2019–4 PM Town Hall Conference Room

Public Comment & FY 2020 Budget Adoption
Town Board Meeting
June 10, 2019–6 PM Train Depot

DID YOU KNOW?

The Town's website receives the most visits from users in Raleigh.

The Annual Budget

This section provides a detailed explanation of the money the Town expects to receive in FY 2020 and how it expects to spend it. It summarizes debt obligations and includes a service plan for each department showing previous accomplishments and upcoming goals.

In this section you will find:

- Annual Budget Guide 28
- Sources, Uses, and Fund Balance 30
- All Budgeted Funds 37
- General Fund Budget 53
- Utility Fund Budget 69
- Debt Summaries 81
- Department Service Plans 89
  - Governing Body 90
  - Administration 92
  - Finance Department 96
  - Fire Department 98
  - Parking Management 102
  - Planning & Inspections 104
  - Police Department 108
  - Public Works Department 110
  - Sewer Division 114
  - Water Division 118
  - Non-Departmental 121

Annual Budget Guide

The annual budget is a proposed financial plan for raising and spending money during the fiscal year. The Town Manager creates the annual budget based on input from the Finance Officer and department heads.

The Town Manager looks at various types of information when creating the annual budget, such as:

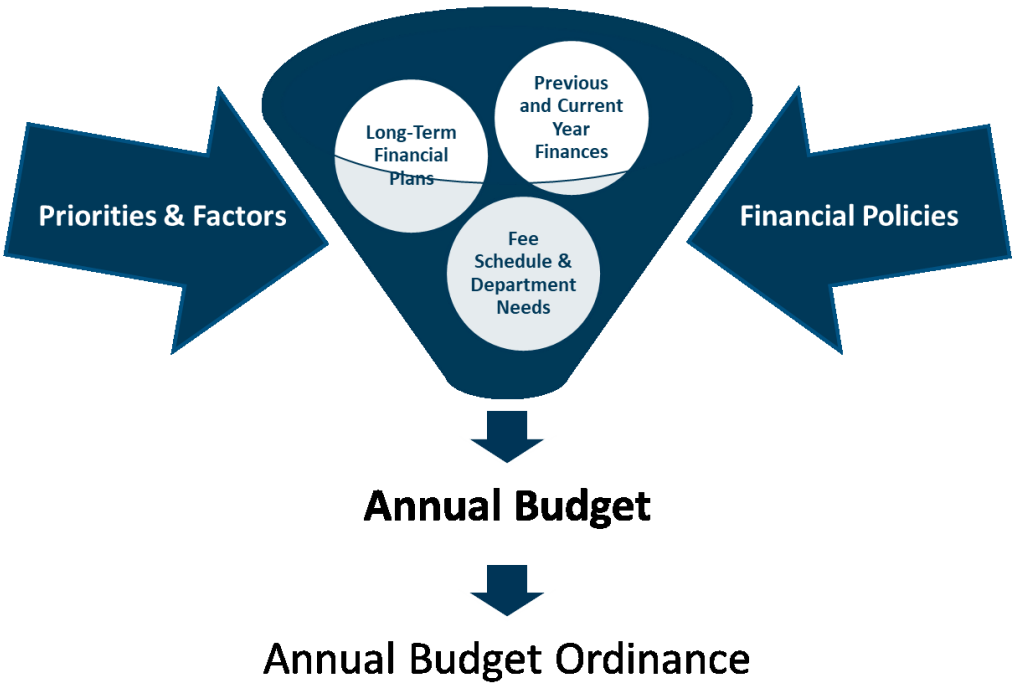
- Money raised and spent in prior years
- Fees departments expect to collect and spending requests
- Planned expenses from long-term financial plans

The Town Manager reviews the numbers, taking into account:

- The Town's strategic priorities (e.g. guiding themes)
- Influencing factors (i.e. changes in economy or policy)

The annual budget explains and provides context for the numbers used in the annual budget ordinance (which enacts the budget as law).

The following diagram shows the types of information that go into creating the annual budget, which then informs the budget ordinance.



► Parts of the Annual Budget

The annual budget is comprised of several sections.

Sources, Uses, and Fund Balance
Describes the major types of revenue and expenditure. Defines fund balance and limitations on its use.

All Budgeted Funds
Provides an overview of revenue, expenditure, and fund balance across all budgeted funds.

Fund Budgets
Provides an overview of revenue, expenditure, and fund balance for each of the two annually budgeted funds: General and Utility.

Debt Summaries
Summarizes the Town's current debt, as well as anticipated debt and debt limit calculations.

Department Service Plans
Provides an overview of services and activities each department will undertake in the upcoming budget year.

Sources, Uses, and Fund Balance

Each budgeted fund provides a way to monitor:

- *Revenue* (money coming in),
- *Expenditure* (money going out), and
- *Fund balance* (money saved in previous years).

► Revenue Sources

The Town defines its major sources of revenue as follows.

Property Taxes

Property tax revenue comes from taxes assessed on real and personal property, as well as motor vehicles. This category includes collection of prior taxes, including penalties and interest.

The amount of property tax revenue is based on: the value of property within the Town, the tax rate set by the annual budget ordinance, and the estimated collection rate.

The value of property within the Town is calculated by Carteret County.

The North Carolina Local Government Budget and Fiscal Control Act does not allow the Town to budget a higher property tax collection rate than the actual collection rate for the current year. This requires some estimating, as the current collection cycle is not complete at the time the budget is crafted.

SAMPLE CALCULATION - NOT ACTUAL NUMBERS

Value of Property in Town		$1,000,000
Multiply by Tax Rate	$0.004325	4,325
Multiply by Collection rate	95.54%	4,132
County Collection Fee Expense	2%	(83)
	Town Nets	$ 4,215

Carteret County charges a collection fee to the Town based on the amount of property tax collected. This fee shows up in operational expenditures.

Intergovernmental Revenues–Unrestricted

Unrestricted intergovernmental revenues come to the Town from other government sources, without specific conditions regarding how the Town spends the money. The following table lists key sources of unrestricted intergovernmental revenue.

Name	Gov't Source	Description
Local Option Sales Tax	State of North Carolina	Portion of 2% Sales Tax allocated by Carteret County for Beaufort
Utility Tax	State of North Carolina	Essentially a property tax from utility companies (such as electricity providers)
Beer and Wine Profit Distribution	State of North Carolina	Annual distribution of the State Beer and Wine Excise Tax
ABC Profit Sharing	ABC Commission	Distribution of a portion of the liquor revenue generated in Carteret County

Intergovernmental Revenues–Restricted

Restricted intergovernmental revenues come to the Town from other government sources, along with specific conditions regarding how the Town spends the money. The following table lists key sources of restricted intergovernmental revenue.

Name	Gov't Source	Description
Fire Tax	Carteret County	County assessed tax paid to Beaufort in exchange for providing fire and first responder services in the Harlowe and Beaufort Rural fire districts. Restricted to use in the Fire Department.
Powell Bill	State of North Carolina	Supplements local budgets to fund street maintenance based on road miles. These funds are restricted to street maintenance. They can be spent in the year received or saved up to fund a larger future project.
Various Grants	State, Federal, or County	Examples might include: Carteret County granting money to help dredge Bulkhead Channel, NC DEQ granting money for a water asset inventory, or NOAA granting money to help clean up Taylor's Creek.

Permits and Fees

Permits and fees revenues include Town-assessed fees such as solid waste user fees, building permits, stormwater fees, parking fees, fees for installing water meters and sewer connections, and late fees.

➨ Refer to *Section 6: Fee Schedule* for more information.

Sales and Service Revenues

Sales and service revenues are received by the Town in exchange for goods or services it provides. Examples include:

- Sales of water and sewer treatment services
- Leasing several Town-owned properties to private entities (e.g. Beaufort Docks)
- Leasing space on water towers and other Town-owned land for utility antennas
- Sales of plots in Oceanview Cemetery
- Sales of surplus property

Other Revenues

Other revenues include investment earnings, donations, insurance reimbursements, and miscellaneous receipts that don't fit into any other category.

Loan Proceeds

Revenue from *loan proceeds* is money lent to the Town, which it must repay with interest. Loans are used for capital purchases and improvements, such as:

- Vehicles (work trucks, police cars, etc.)
- Land
- Building construction or improvements, such as road resurfacing

Loan proceeds are offset by a corresponding, equal capital outlay expense in the year the loan is made. Loan payments (to repay principal and interest) appear as debt service expenses for the term of the loan. The debt service may or may not begin in the year the loan is made, and extends into future budget years.

Fund Balance Appropriation

Fund balance appropriation accounts for money the Town takes out of its saved reserves.

Contributions from Other Funds

Contributions from other funds accounts for money moved between funds. The fund receiving the money records it as revenue in this category. The fund sending the money records it as an expense in the transfer category.

► Expenditure Categories

The Town categorizes its budgeted expenses as follows.

Personnel

Personnel expenditures cover all aspects of paying employees:

- Salaries and hourly wages, overtime, merit pay, etc.
- Benefits, such as contributions to Social Security, health insurance, unemployment insurance, retirement benefits, worker's compensation, etc.
- Each departmental budget contains personnel expenditures based on existing conditions.
- Funding for merit-based pay adjustments resides in the non-departmental account.

Operations

Operations expenditures include all supplies, materials, and small equipment needed to conduct operations in the budget year. Things such as fuel, uniforms, etc. fall into this category.

Operations expenditures also include payments made to outside organizations to perform services under a contract. For example, the Town contracts with Waste Industries to collect trash and recycling for the Town.

Inflation must be taken into account when calculating these costs– the same services or materials purchased this year may cost more next year.

Capital Outlay

Capital outlay expenditures relate to capital assets or improvements (items held or used for more than one year that are of significant value). The Town considers the following expenses as capital outlay.

- Items originating in departmental requests which are valued between $25,000 and $100,000 that are expected to last at least 5 years. Examples include furniture, equipment, vehicles, etc.
- Items originating in the capital improvement plan which are valued above $100,000 and are expected to last at least 10 years. Examples include land, buildings, street resurfacing, etc.

Debt Service

Debt service expenditures include repayment of various sorts of loans. By state law, an annual budget must include debt service expenditures if the Town has any loan payments due in the budget year.

Transfer

Transfer expenditures reflect money moved between funds. The fund sending the money records it as an expense in this category. The fund receiving the money records it as revenue in the form of a contribution.

For example, water and sewer operations in a Utility Fund usually rely on departments in a General Fund to: process billing and collections, pay bills, process payroll, and maintain vehicles and facilities. To pay for those services, the Utility Fund transfers money (an expense) to the General Fund, where it is recorded as revenue.

► Fund Balance

The budget is amended throughout the year to keep spending in line with actual revenue. Only after the fiscal year is over do we know how much money was actually collected and spent.

The fund balance (often referred to as reserves) is the difference between actual revenue and actual expenditure that accumulates over time. If actual revenues are more than actual expenditures, the fund balance goes up. If actual revenues are less than actual expenditures, the fund balance goes down.

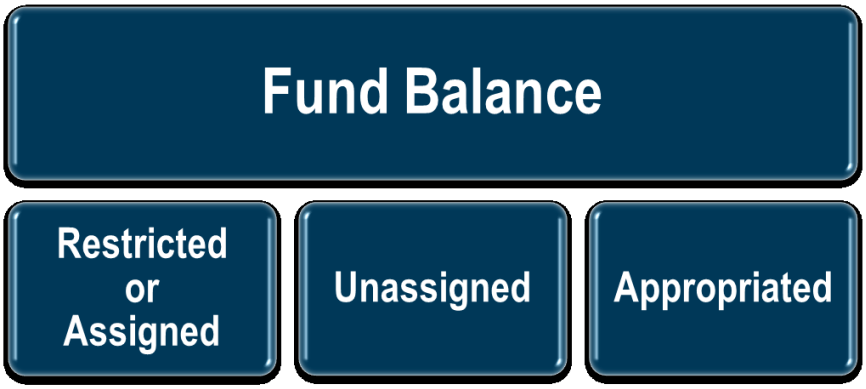
Fund balance can be used as a source of revenue, provided enough is held back to:

- comply with limits set in the Town's financial policies,
- pay vendors and payroll in a timely manner (often referred to as cash flow),
- address emergency or unforeseen needs, and
- take advantage of unexpected opportunities which require money.

The fund balance is categorized by spending constraints attached to the funds.

Some types of fund balance can never be spent, according to North Carolina statute. These non-spendable funds are not relevant to the budget, and are omitted from this discussion.

The following diagram shows the categories of fund balance which the Town includes in its budgeting process.



The following list defines types of fund balance used in budgeting.

- *Restricted fund balance* can only be used under certain conditions associated with the original underlying revenue. For example, NC gives the Town money through the Powell Bill with a restriction that the money only be used for road maintenance. If extra Powell Bill money is left at the end of the year, it becomes part of the General Fund restricted fund balance.
- *Assigned fund balance* can only be used as approved by the Town Board. For example, in FY 2018 the Town Board designated 2 cents of property taxes for use in street repairs. If some of this money were left over at the end of the year, it would be considered assigned fund balance. Designations can be removed or added by the Town Board as needed.
- *Unassigned fund balance* amounts are available for any purpose. Town financial policy requires the General Fund to keep unassigned funds equal to 20% of its anticipated expenses for the fiscal year. The Utility Fund is required to set aside 50% of its anticipated operating expenses. Any amount above these "rainy day" funds is called available unassigned fund balance, and can be used as revenue in the annual budget.
- *Appropriated fund balance* is the amount of restricted, assigned, or available unassigned funds that are approved by the Town Board for spending in a given year.

All Budgeted Funds

The Town budgets its money in two funds: the General Fund and the Utility Fund. This section shows what money the Town expects to receive and spend in the coming budget year across both of these funds.

In FY 2019 the now defunct Fire Fund was combined with the General Fund. All FY 2018 data combines historic data from the Fire Fund and General Fund.

All Budgeted Funds At-a-Glance for FY 2020

The following table lists FY 2020 revenues and expenditures for the Town's two annually budgeted funds: General Fund and Utility Fund.

The table has five groupings of rows.

The first grouping, REVENUES, lists major funding sources for each fund in FY 2020. Major funding sources include:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Appropriated fund balance, and
- Contribution from other funds.

The second grouping, EXPENDITURES–by Category, lists major types of spending for each fund in FY 2020. Categories include:

- Personnel,
- Operations,
- Capital outlay,
- Debt service, and
- Transfers to other funds.

The third grouping, EXPENDITURES–by Department, provides another way to look at spending. It shows how money is distributed across departments for each fund in FY 2020.

The fourth grouping, FUND BALANCE–RESTRICTED or ASSIGNED, shows changes in the restricted or assigned fund balance resulting from setting aside or using restricted reserves.

The fifth and final grouping, FUND BALANCE–UNASSIGNED, shows impact of using unrestricted reserve funds. Town policy requires minimum reserves equal to 20% of expenditures for General Fund and 50% for the Utility Fund.

OVERVIEW of ALL BUDGETED FUNDS

FY 2020 Recommended May 13, 2019

	FY 2020 General Fund	FY 2020 Utility Fund
REVENUES		
Property Taxes	$ 3,599,349	NA
Intergovernmental	2,505,546	-
Permits and Fees	1,097,582	104,000
Sales and Service	277,694	4,182,939
Other Revenues	26,700	-
Loan Proceeds	375,000	-
Fund Balance Appropriation	260,000	-
Contributions from Other Funds	511,000	NA
Total Revenues	$ 8,652,871	$ 4,286,939
EXPENDITURES - by Category		
Personnel	$ 4,640,851	$ 886,136
Operations	2,501,640	1,004,774
Capital Outlay	960,933	411,930
Debt Service	549,447	1,473,099
Transfers to Other Funds	-	511,000
Total Expenditures - by Category	$ 8,652,871	$ 4,286,939
EXPENDITURES - by Department		
Governing Body	$ 61,038	NA
Administration	726,411	NA
Finance	476,386	NA
Fire	2,124,811	NA
Parking	195,442	NA
Planning & Inspections	451,463	NA
Police	1,636,157	NA
Public Works	2,061,419	NA
Sewer	NA	2,627,789
Water	NA	798,220
Non-Departmental	919,744	860,930
Total Expenditures - by Department	$ 8,652,871	$ 4,286,939
FUND BALANCE - RESTRICTED or ASSIGNED		
Beginning Restricted/Assigned	$ 100,326	$ 80,548
(Appropriated) or Contributed Restricted/Assigned	-	(80,548)
Ending Restricted/Assigned	$ 100,326	$ -
FUND BALANCE - UNASSIGNED		
Beginning Unassigned	$ 2,300,986	$ 1,246,756
(Appropriated) Unassigned	(260,000)	-
Ending Unassigned	$ 2,040,986	$ 1,246,756
Unassigned as % of Expenditures	23.59%	29.08%

Revenues by Source for All Budgeted Funds

The following table breaks out FY 2020 revenues by major source across all budgeted funds. The first row labels each of four columns.

The first column, REVENUE SOURCE, identifies each major revenue source:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Appropriated fund balance, and
- Contribution from other funds.

The second column, REVENUE DESCRIPTION, describes each major funding source.

The third and fourth columns show the anticipated total for each funding source in FY 2020 for all budgeted funds combined–as both a dollar amount and a proportion of total Town revenues.

To avoid double-counting revenues, contributions from other funds are presented separately from all other revenue sources.

REVENUES by SOURCE for ALL FUNDS
FY 2020 Recommended May 13, 2019

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2020	
Property Taxes	Levy of taxes on real and personal property, and on motor vehicles	$ 3,599,349	29.0%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,505,546	20.2%
Permits and Fees	Town fees (trash collection, water & sewer, building permits, etc.)	1,201,582	9.7%
Sales and Service	Water sales, sewer services, property leases, cemetery lots, etc.	4,460,633	35.9%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	26,700	0.2%
Loan Proceeds	Loans for construction projects and large equipment purchases	375,000	3.0%
Appropriated Fund Balance	Accumulated reserves	260,000	2.1%
TOTAL REVENUES		**$ 12,428,810**	**100%**
Contributions from Other Funds	Revenues transferred from one fund to another	511,000	
TOTAL REVENUES (including transfers)		**$ 12,939,810**	

The following chart provides a graphic view of the preceding table.

Revenues by Source over Time

The following table displays revenues by source, over time, for each fund and for both funds combined. The first row labels each of five columns:

- FY 2018 Actual,
- FY 2019 Budget,
- FY 2020 Budget,
- Amt Change from FY 2019, and
- % Change.

The table has three groupings of rows.

The first grouping shows GENERAL FUND REVENUES by major source. Each General Fund revenue source is listed on a separate row; the last line in this grouping provides a subtotal of all General Fund revenues.

The second grouping shows UTILITY FUND REVENUES by major source. Each Utility Fund revenue source is listed on a separate row; the last line in this grouping provides a subtotal of all Utility Fund revenues.

The third and final grouping shows ALL FUND REVENUES by major source. Each row displays a major revenue source, adding together General Fund and Utility Fund revenues for that source. To avoid double-counting revenues, contributions from other funds are subtracted. The last line in this grouping provides a total of all revenues for the General Fund and Utility Fund combined.

REVENUES by SOURCE OVER TIME
FY 2020 Recommended May 13, 2019

	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
GENERAL FUND REVENUES					
Property Taxes	$ 3,140,762	$ 3,420,665	$ 3,599,349	$ 178,684	5%
Intergovernmental	2,515,195	2,509,274	2,505,546	(3,728)	0%
Permits and Fees	940,694	1,232,565	1,097,582	(134,983)	-11%
Sales and Service	512,203	270,500	277,694	7,194	3%
Other Revenues	123,013	113,367	26,700	(86,667)	-76%
Loan Proceeds	39,568	-	375,000	375,000	NA
Fund Balance Appropriation	-	1,332,400	260,000	(1,072,400)	-80%
Contributions from Other Funds	350,000	350,000	511,000	161,000	46%
Subtotal General Fund Revenues	7,621,435	9,228,771	8,652,871	(575,900)	-6%
UTILITY FUND REVENUES					
Intergovernmental	46,400	66,800	-	(66,800)	-100%
Permits and Fees	123,132	35,000	104,000	69,000	197%
Sales and Service	3,268,240	4,085,389	4,182,939	97,550	2%
Other Revenues	35,324	16,800	-	(16,800)	-100%
Loan Proceeds	-	-	-	-	NA
Fund Balance Appropriation	-	265,000	-	(265,000)	-100%
Subtotal Utility Fund Revenues	3,473,096	4,468,989	4,286,939	(182,050)	-4%
ALL REVENUES					
Total Property Taxes	3,140,762	3,420,665	3,599,349	178,684	5%
Total Intergovernmental	2,561,595	2,576,074	2,505,546	(70,528)	-3%
Total Permits and Fees	1,063,826	1,267,565	1,201,582	(65,983)	-5%
Total Sales and Service	3,780,443	4,355,889	4,460,633	104,744	2%
Total Other Revenues	158,337	130,167	26,700	(103,467)	-79%
Total Loan Proceeds	39,568	-	375,000	375,000	NA
Fund Balance Appropriation	350,000	615,000	260,000	(355,000)	-58%
Total Contributions from Other Funds	350,000	350,000	511,000	161,000	46%
Less Contributions from Other Funds	(350,000)	(350,000)	(511,000)	(161,000)	46%
Total All Revenues	$ 11,094,531	$ 12,365,360	$ 12,428,810	$ 21,277	0%

Spending by Category for All Budgeted Funds

The following table breaks out FY 2020 expenditures by major category across all budgeted funds. The first row labels each of four columns.

The first column, EXPENDITURE CATEGORY, identifies each major spending category:

- Personnel,
- Operations,
- Capital outlay,
- Debt service, and
- Transfers.

The second column, EXPENDITURE DESCRIPTION, describes each major spending category.

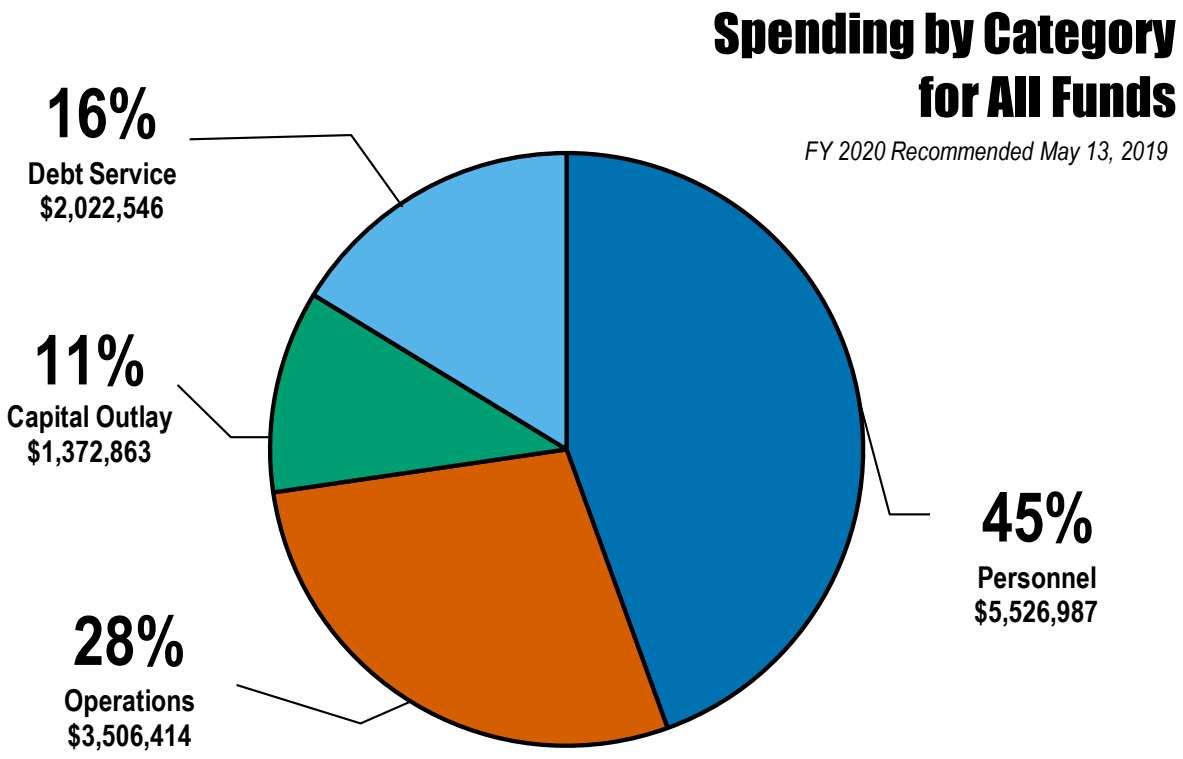
The third and fourth columns show the anticipated total for each major spending category in FY 2020 for all budgeted funds combined–as both a dollar amount and a proportion of total Town expenditures.

To avoid double-counting expenditures, transfers between budgeted funds are presented separately from all other expenditure categories.

EXPENDITURES by CATEGORY for ALL FUNDS
FY 2020 Recommended May 13, 2019

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2020	
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	$ 5,526,987	44.5%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	3,506,414	28.2%
Capital Outlay	Durable equipment, construction projects, capital reserves	1,372,863	11.0%
Debt Service	Loan payments	2,022,546	16.3%
TOTAL EXPENDITURES		**$ 12,428,810**	**100%**
Transfers	Money moved from one budgeted fund to another	511,000	
TOTAL EXPENDITURES (including transfers)		**$ 12,939,810**	

The following chart provides a graphic view of the preceding table.



Expenditures by Category over Time

The following table displays expenditures by category, over time, for each fund and for both funds combined. The first row labels each of five columns:

- FY 2018 Actual,
- FY 2019 Budget,
- FY 2020 Budget,
- Amt Change from FY 2019, and
- % Change.

The table has three groupings of rows.

The first grouping shows GENERAL FUND EXPENDITURES by category. Each General Fund spending category is listed on a separate row; the last line in this grouping provides a subtotal of all General Fund expenditures.

The second grouping shows UTILITY FUND EXPENDITURES by category. Each Utility Fund spending category is listed on a separate row; the last line in this grouping provides a subtotal of all Utility Fund expenditures.

The third and final grouping shows ALL FUND EXPENDITURES by category. Each spending category is listed on a separate row; the last line in this grouping provides a total of all expenditures for the General Fund and Utility Fund combined.

EXPENDITURES by CATEGORY OVER TIME

FY 2020 Recommended May 13, 2019

	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
GENERAL FUND EXPENDITURES					
Personnel	$ 3,562,749	$ 4,257,999	$ 4,640,851	$ 382,852	9%
Operations	2,446,812	3,936,046	2,501,640	(1,434,406)	-36%
Capital Outlay	259,246	501,880	960,933	459,053	91%
Debt Service	622,959	532,846	549,447	16,601	3%
Transfers	-	-	-	-	NA
Subtotal General Fund Expenditures	6,891,766	9,228,771	8,652,871	(575,900)	-6%
UTILITY FUND EXPENDITURES					
Personnel	813,898	849,608	886,136	36,528	4%
Operations	844,547	1,005,549	1,004,774	(775)	0%
Capital Outlay	139,983	766,173	411,930	(354,243)	-46%
Debt Service	1,518,896	1,497,660	1,473,099	(24,561)	-2%
Transfers	350,000	350,000	511,000	161,000	46%
Subtotal Utility Fund Expenditures	3,667,324	4,468,990	4,286,939	(182,051)	-4%
ALL EXPENDITURES					
Total Personnel	4,376,647	5,107,607	5,526,987	419,380	8%
Total Operations	3,291,359	4,941,595	3,506,414	(1,435,181)	-29%
Total Capital Outlay	399,229	1,268,053	1,372,863	104,810	8%
Total Debt Service	2,141,855	2,030,506	2,022,546	(7,960)	0%
Transfers	350,000	350,000	511,000	161,000	46%
Less Transfers	(350,000)	(350,000)	(511,000)	(161,000)	46%
Total All Fund Expenditures	$ 10,209,090	$ 13,347,761	$ 12,428,810	$ (918,951)	-7%

Spending by Department for All Budgeted Funds

The following table breaks out FY 2020 expenditures by department across both budgeted funds. The first row labels each of four columns.

The first column, EXPENDITURE DEPARTMENT, identifies the department. Costs distributed across departments appear in the non-departmental line.

The second column, EXPENDITURE DESCRIPTION, describes the department in terms of its services.

The third and fourth columns show the department's anticipated spending in FY 2020 for all budgeted funds combined–as both a dollar amount and a proportion of total Town expenditures.

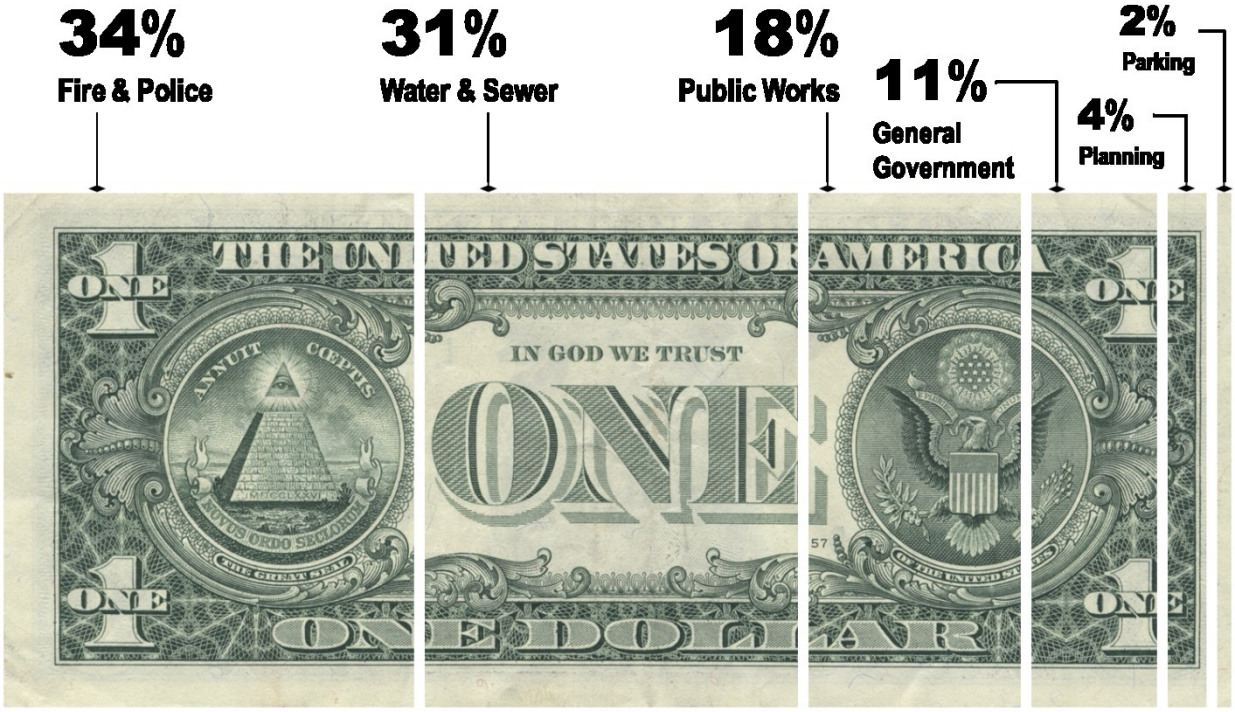
Non-departmental percentage is excluded from this column as this spending is distributed across departments.

To avoid double-counting expenditures, transfers between budgeted funds are presented separately from all other expenditure categories.

EXPENDITURES by DEPARTMENT for ALL FUNDS
FY 2020 Recommended May 13, 2019

EXPENDITURE DEPARTMENT	EXPENDITURE DESCRIPTION	FY 2020	
Governing Body	Mayor and board of commissioners, maintain code of ordinances	$ 61,038	0.5%
Administration	Town manager, human resources, engineer, clerk and information	726,411	6.5%
Finance	Accounting, billing, purchasing, payroll, etc.	476,386	4.3%
Fire	Fire prevention and suppression; first responder services	2,124,811	19.0%
Parking	Fire prevention and suppression; first responder services	195,442	1.8%
Planning & Inspections	Planning and regulating of construction and development	451,463	4.0%
Police	Police patrol, investigation, and school resources officer programs	1,636,157	14.7%
Public Works	Maintain Town streets, buildings, vehicles, and stormwater facilities	2,061,419	18.5%
Sewer	Sewer collection system; waste water treatment plant	2,627,789	23.5%
Water	Water distribution system, wells, water treatment plants	798,220	7.2%
Non-Departmental	Costs not associated with any single department	1,269,674	NA
Total All Departments		**$ 12,428,810**	**100%**
Transfers	Money moved from one fund to another	511,000	
TOTAL EXPENDITURES (including transfers)		**$ 12,939,810**	

The following chart provides a graphic view of the table above.



Expenditures by Department over Time

The following table displays expenditures by department, over time, for each fund and for both funds combined. The first row labels each of five columns:

- FY 2018 Actual,
- FY 2019 Budget,
- FY 2020 Budget,
- Amt Change from FY 2019, and
- % Change.

The table has three groupings of rows.

The first grouping shows GENERAL FUND EXPENDITURES by department. Each row contains a department housed within the General Fund. General Fund expenses spanning more than one department appear in the non-departmental line. The last line in this grouping provides a subtotal of all General Fund expenditures.

The second grouping shows UTILITY FUND EXPENDITURES by department. Each row contains a department housed within the Utility Fund. Utility Fund expenses spanning more than one department appear in the non-departmental line. The last line in this grouping provides a subtotal of all Utility Fund expenditures.

The third and final grouping is a single line, ALL FUND EXPENDITURES, which totals all expenditures for the General Fund and Utility Fund combined.

EXPENDITURES by DEPARTMENT OVER TIME

FY 2020 Recommended May 13, 2019

	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
GENERAL FUND EXPENDITURES					
Governing Body	$ 63,811	$ 57,530	$ 61,038	$ 3,508	6%
Administration	440,883	566,980	726,411	159,431	28%
Finance	443,215	497,103	476,386	(20,717)	-4%
Fire	1,758,210	1,672,946	2,124,811	451,865	27%
Parking	-	-	195,442	195,442	NA
Planning & Inspections	359,466	392,153	451,463	59,310	15%
Police	1,469,764	1,670,180	1,636,157	(34,023)	-2%
Public Works	1,888,993	3,757,086	2,061,419	(1,695,667)	-45%
Non-Departmental	467,424	614,793	919,744	304,951	50%
Subtotal General Fund Expenditures	6,891,766	9,228,771	8,652,871	(575,900)	-6%
UTILITY FUND EXPENDITURES					
Sewer	2,438,961	2,873,481	2,627,789	(245,692)	-9%
Water	878,363	1,230,509	798,220	(432,289)	-35%
Non-Departmental	350,000	365,000	860,930	495,930	136%
Subtotal Utility Fund Expenditures	3,667,324	4,468,990	4,286,939	(182,051)	-4%
ALL EXPENDITURES					
Less Transfers	(350,000)	(350,000)	(511,000)	(161,000)	46%
Total All Expenditures	$10,209,090	$ 13,347,761	$ 12,428,810	$ (918,951)	-7%

Fund Balance Changes for All Budgeted Funds

Fund balances for each fund change as follows.

► General Fund Fund Balance

The following table shows how the FY 2020 budget will change the fund balances in the General Fund.

CHANGE IN FUND BALANCE - GENERAL FUND
FY 2020 Recommended May 13, 2019

	Anticipated June 30, 2019	(Appropriated) or Contributed FY 2020	Anticipated June 30, 2020
Restricted / Assigned Fund Balance	$ 100,326	$ -	$ 100,326
Unassigned Fund Balance	2,300,986	(260,000)	2,040,986
Unassigned as % of Expenditures	24.93%	NA	23.59%

➨ Refer to *Fund Balance Changes for General Fund in FY 2020* later in this section for more information.

► Utility Fund Fund Balance

The following table shows how the FY 2020 budget will change the fund balances in the Utility Fund.

CHANGE IN FUND BALANCE - UTILITY FUND
FY 2020 Recommended May 13, 2019

	Anticipated June 30, 2019	(Appropriated) or Contributed FY 2020	Anticipated June 30, 2020
Restricted / Assigned Fund Balance	$ 80,548	$ (80,548)	$ -
Unassigned Fund Balance	1,246,756	-	1,246,756
Unassigned as % of Expenditures	29.08%	NA	29.08%

➨ Refer to *Fund Balance Changes for Utility Fund in FY 2020* later in this section for more information.

General Fund Budget

The General Fund is one of two budgeted funds. It houses all Town government functions with the exception of its enterprise (utility) operations, which are housed in the Utility Fund.

In FY 2019 the now defunct Fire Fund was combined with the General Fund. All FY 2018 data combines historic data from the Fire Fund and General Fund.

General Fund At-a-Glance for FY 2020

The General Fund houses all Town government functions with the exception of enterprise (utility) operations, housed in the Utility Fund.

General Fund Overview

The following table shows revenues and expenditures for the General Fund over time. The first row labels each of five columns:

- FY 2018 Actual,
- FY 2019 Budget,
- FY 2020 Budget,
- Amt Change from FY 2019, and
- % Change.

The table displays information in five groupings of rows.

The first grouping, REVENUES, lists major funding sources for the General Fund in FY 2020. Each revenue source is listed on a separate row; the last line in this grouping provides a total of General Fund revenues.

The second grouping, EXPENDITURES–by Category, lists major types of spending for the General Fund in FY 2020. Each spending category is listed on a separate row; the last line in this grouping provides a total of General Fund expenditures.

The third grouping, EXPENDITURES–by Department, provides another way to look at spending. It shows how money is distributed across departments within the General Fund in FY 2020.

The fourth grouping, FUND BALANCE–RESTRICTED or ASSIGNED, shows changes in the restricted or assigned fund balance resulting from setting aside or using restricted reserves.

The fifth and final grouping, FUND BALANCE–UNASSIGNED, shows impact of using unrestricted reserve funds. Town policy requires minimum reserves equal to 20% of expenditures for General Fund.

GENERAL FUND - REVENUES and EXPENDITURES
FY 2020 Recommended May 13, 2019

	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
REVENUES					
Property Taxes	$ 3,140,762	$ 3,420,665	$ 3,599,349	$ 178,684	5%
Intergovernmental	2,515,195	2,509,274	2,505,546	(3,728)	0%
Permits and Fees	940,694	1,232,565	1,097,582	(134,983)	-11%
Sales and Service	512,203	270,500	277,694	7,194	3%
Other Revenues	123,013	113,367	26,700	(86,667)	-76%
Loan Proceeds	39,568	-	375,000	375,000	NA
Fund Balance Appropriation	-	1,332,400	260,000	(1,072,400)	-80%
Contributions from Other Funds	350,000	350,000	511,000	161,000	46%
Total Revenues	$ 7,621,435	$ 9,228,771	$ 8,652,871	$ (736,900)	-8%
EXPENDITURES - by Category					
Personnel	$ 3,562,749	$ 4,257,999	$ 4,640,851	$ 382,852	9%
Operations	2,446,812	3,936,046	2,501,640	(1,434,406)	-36%
Capital Outlay	259,246	501,880	960,933	459,053	91%
Debt Service	622,959	532,846	549,447	16,601	3%
Transfers	-	-	-	-	NA
Total Expenditures - by Category	$ 6,891,766	$ 9,228,771	$ 8,652,871	$ (575,900)	-6%
EXPENDITURES - by Department					
Governing Body	$ 63,811	$ 57,530	$ 61,038	$ 3,508	6%
Administration	440,883	566,980	726,411	159,431	28%
Finance	443,215	497,103	476,386	(20,717)	-4%
Fire	1,758,210	1,672,946	2,124,811	451,865	27%
Parking	-	-	195,442	195,442	NA
Planning & Inspections	359,466	392,153	451,463	59,310	15%
Police	1,469,764	1,670,180	1,636,157	(34,023)	-2%
Public Works	1,888,993	3,757,086	2,061,419	(1,695,667)	-45%
Non-Departmental	467,424	614,793	919,744	304,951	50%
Total Expenditures - by Department	$ 6,891,766	$ 9,228,771	$ 8,652,871	$ (575,900)	-6%

FUND BALANCE - RESTRICTED or ASSIGNED	
Beginning Restricted/Assigned	$ 100,326
(Appropriated) or Contributed Restricted/Assigned	-
Ending Restricted/Assigned	$ 100,326
FUND BALANCE - UNASSIGNED	
Beginning Unassigned	$ 2,300,986
(Appropriated) Unassigned	(260,000)
Ending Unassigned	$ 2,040,986
Unassigned as % of Expenditures	23.59%

The following sections provide detail for General Fund revenues, expenditures, and fund balance.

General Fund Revenues for FY 2020

The following table breaks out FY 2020 revenues by major source for the General Fund. The first row labels each of four columns.

The first column, REVENUE SOURCE, identifies each major revenue source:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Appropriated fund balance, and
- Contribution from other funds.

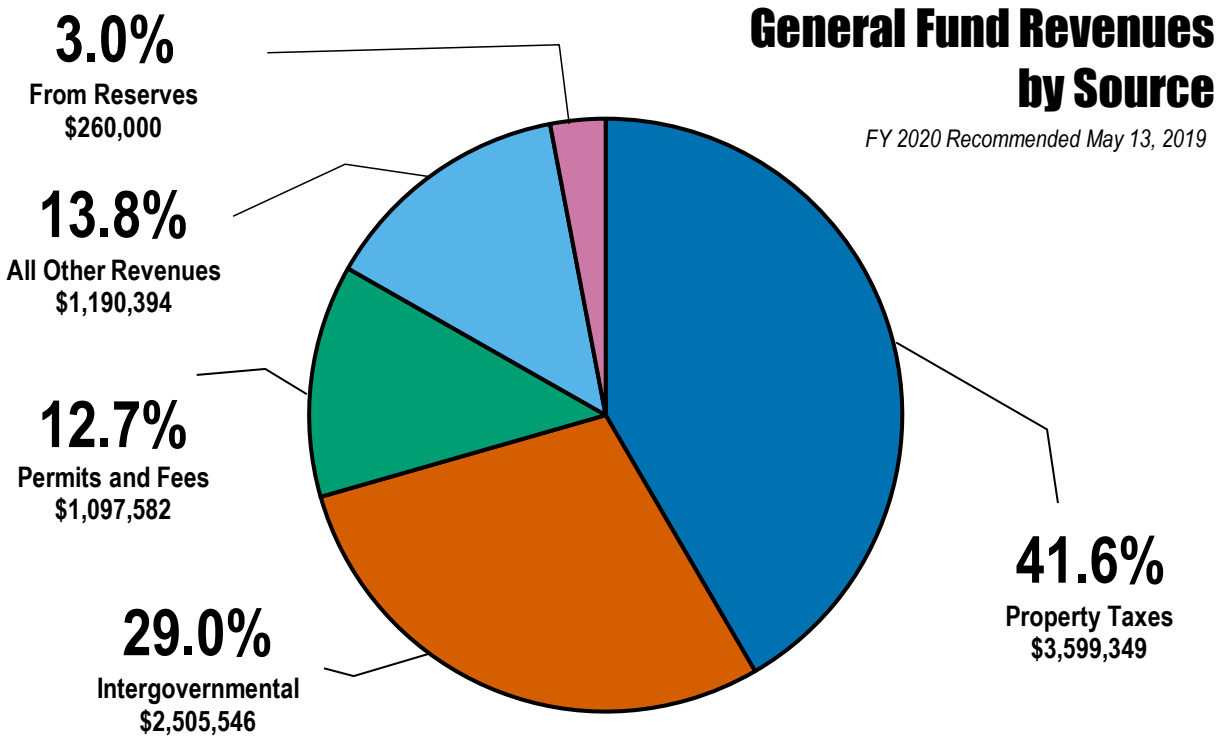
The second column, REVENUE DESCRIPTION, describes each major funding source.

The third column and fourth columns show the anticipated General Fund total for each funding source in FY 2020 as both a dollar amount and a proportion of total General Fund revenues.

REVENUES by SOURCE for GENERAL FUND
FY 2020 Recommended May 13, 2019

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2020	
Property Taxes	Levy of taxes on real and personal property, and on motor vehicles	$ 3,599,349	41.6%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,505,546	29.0%
Permits and Fees	Town fees (trash collection, building permits, etc.)	1,097,582	12.7%
Sales and Service	Property leases, cemetery lots, etc.	277,694	3.2%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	26,700	0.3%
Loan Proceeds	Loans for construction projects and large equipment purchases	375,000	4.3%
Appropriated Fund Balance	Accumulated reserves	260,000	3.0%
Contribution from Utility Fund	Utility Fund pays the General Fund for administrative support	511,000	5.9%
TOTAL REVENUES		**$ 8,652,871**	**100%**

The following chart provides a graphic view of the preceding table.



► General Fund Revenues–Property Taxes

Property tax revenue consists of the levy of taxes on real and personal property, and on motor vehicles.

Real and personal property taxes are collected by the Carteret County Tax Office. Revenue is projected based on tax base values provided by the County Tax Office, the tax rate, and the prior year's tax collection rate, and in accordance with state law.

Real and Personal Property Tax is calculated by multiplying tax base by tax rate by collection rate. It also includes penalties and interest from past due collections.

Motor vehicle taxes are collected by the state at the time vehicle registration fees are paid. Projected revenues are based on historical trends in tax rates.

Other Property Tax includes payment in lieu of taxes (PILOT) situations. This is a means of collecting taxes on properties leased from the Town (which would otherwise be tax-exempt as they are Town-owned).

GENERAL FUND REVENUE DETAIL - PROPERTY TAXES
FY 2020 Recommended May 13, 2019

PROPERTY TAXES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Real and Personal Property Tax	$ 2,960,994	$ 3,234,506	$ 3,407,260	$ 172,754	5%
Tax Base	*797,664,462*	*800,264,000*	*834,049,552*	*33,785,552*	4%
Tax Rate per $100 Valuation	*0.3775*	*0.4135*	*0.4135*	-	0%
Collection Rate	*95.54%*	*95.54%*	*96.65%*	*1.11%*	1%
Prior Year, Penalties, and Interest	*120,703*	*73,000*	*74,000*		
Motor Vehicle Tax	142,827	151,159	151,159	-	0%
Other Property Tax	36,941	35,000	40,930	5,930	17%
Total Property Tax Revenues	$ 3,140,762	$ 3,420,665	$ 3,599,349	$ 178,684	5%

The increase in FY 2020 real and personal property tax revenues over FY 2019 comes from an increase in the tax base.

The increase in other property tax is due largely to a 10% increase in the Beaufort Housing Authority's payment in lieu of tax.

► General Fund Revenues–Intergovernmental

This is money provided by other governments in the form of sales taxes, grants, county ABC (alcoholic beverage control) store profits, etc. Some types are unrestricted, and others are restricted in their use.

Sales tax revenue is estimated primarily on projections made by the NC League of Municipalities. Most other categories are based on historical data or expected grant awards.

GENERAL FUND REVENUE DETAIL - INTERGOVERNMENTAL
FY 2020 Recommended May 13, 2019

INTERGOVERNMENTAL - Unrestricted	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Local Option Sales Tax	$ 1,151,689	$ 1,155,000	$ 1,300,000	$ 145,000	13%
Utilities Franchise Tax	357,485	385,000	385,000	-	0%
Beer and Wine Tax	18,321	18,500	18,685	185	1%
County ABC Profit Distribution	127,113	123,500	130,181	6,681	5%
Other Intergovernmental	1,500	8,339	-	(8,339)	-100%
Subtotal Intergovernmental - Unrestricted	$ 1,656,108	$ 1,690,339	$ 1,833,866	$ 143,527	8%
INTERGOVERNMENTAL - Restricted					
Powell Bill	$ 121,510	$ 122,250	$ 120,000	$ (2,250)	-2%
Fire District Tax	475,487	518,680	518,680	-	0%
County Dredging Contribution	-	-	-	-	NA
FEMA Grant	193,490	-	-	-	NA
Other Grants	68,600	178,005	33,000	(145,005)	-81%
Subtotal Intergovernmental - Restricted	$ 859,087	$ 818,935	$ 671,680	$ (147,255)	-18%
TOTAL INTERGOVERNMENTAL	$ 2,515,195	$ 2,509,274	$ 2,505,546	$ (3,728)	0%

Much of the increase in Local Options Sales Tax is due to the property tax rate increase from FY 2019, since Carteret County distributes sales tax revenue to towns based on the size of the property tax levies.

In FY 2020, Other Grants includes funding for the School Resource Officer in the Police Department. The decrease in Other Grants restricted revenue is from grant closeouts from Federal Emergency Management Association (FEMA), National Oceanic Atmospheric Association (NOAA), and the Governor's Crime Commission (GCC).

► General Fund Revenues–Permits and Fees

This is money from Town-assessed fees, such as trash collection, building permit fees, etc. Estimates are based on historical data and fee rates.

GENERAL FUND REVENUE DETAIL - PERMITS and FEES
FY 2020 Recommended May 13, 2019

PERMITS and FEES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Solid Waste Fees	$ 521,398	$ 588,700	$ 578,740	$ (9,960)	-2%
Building Permits	135,352	150,000	153,000	3,000	2%
Stormwater Fees	134,782	134,000	134,000	-	0%
Parking Fees	148,416	358,865	230,842	(128,023)	-36%
Other Permits and Fees	746	1,000	1,000	-	0%
Total Permits and Fees Revenues	$ 940,694	$ 1,232,565	$ 1,097,582	$ (134,983)	-11%

Solid waste fees budgeted revenue for FY 2020 is based on actual FY 2019 monthly averages, and includes a 1.5% CPI adjustment.

Actual building fees in FY 2019 will not meet budgeted revenues due to Hurricane Florence impacts. Due to anticipated projects such as a 105-room hotel and 48-unit apartment complex, FY 2020 building fees will likely exceed the amount budgeted, offsetting the FY 2019 shortfall.

Parking fees decrease due to a shorter season and shortened daily hours of operation.

► General Fund Revenues–Sales and Service Revenues

This money comes primarily from leases on Town-owned property and the sale of cemetery lots and surplus property. Estimates are based on historical data and existing leases.

GENERAL FUND REVENUE DETAIL - SALES and SERVICE
FY 2020 Recommended May 13, 2019

SALES and SERVICE	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Property Leases	$ 184,935	$ 213,000	$ 220,194	$ 7,194	3%
Antenna Contract	59,893	54,000	54,000	-	0%
Cemetery Lot Sales	2,200	3,500	3,500	-	0%
Sale of Fixed Assets	265,175	-	-	-	NA
Other Sales and Service	-	-	-	-	NA
Total Sales and Service Revenues	$ 512,203	$ 270,500	$ 277,694	$ 7,194	3%

Property lease revenue is based on existing lease payment schedules, with a 1.5% CPI increase.

► General Fund Revenues–Other Revenues

This money comes from investments, insurance reimbursements for losses, and other miscellaneous sources. Estimates are based on historical data.

GENERAL FUND REVENUE DETAIL - OTHER REVENUES
FY 2020 Recommended May 13, 2019

OTHER REVENUES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Donations	$ 18,100	$ -	$ -	$ -	NA
Investment Earnings	46,212	12,000	24,000	12,000	100%
Insurance Reimbursements	5,506	-	-	-	NA
Other Miscellaneous Revenue	53,195	101,367	2,700	(98,667)	-97%
Total Other Revenues	$ 123,013	$ 113,367	$ 26,700	$ (86,667)	-76%

The increase in investment earnings comes from higher interest rates being paid.

The decrease in other miscellaneous revenue is primarily from one-time revenue used to fund a stormwater project on Professional Park Drive.

► General Fund Revenues–Loan Proceeds

This is money received from loans for construction projects and large equipment purchases. Estimates are based on planned loan financings.

GENERAL FUND REVENUE DETAIL - LOAN PROCEEDS
FY 2020 Recommended May 13, 2019

LOAN PROCEEDS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Loan Proceeds	$ 39,568	$ -	$ 375,000	$ 375,000	NA
Total Loan Proceed Revenues	$ 39,568	$ -	$ 375,000	$ 375,000	NA

Loan Proceeds are anticipated in FY 2020 for a replacement Fire Pumper Truck in the rural fire district.

➨ Refer to *Fire Pumper Truck–FY 2020* in *Section 4: Capital Improvement Plan*.

► General Fund Revenues–Fund Balance Appropriation

Money from this source comes from accumulated reserves.

GENERAL FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION
FY 2020 Recommended May 13, 2019

FUND BALANCE APPROPRIATION	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Appropriated Fund Balance	$ -	$ 1,332,400	$ 260,000	$(1,072,400)	-80%
Total Fund Balance Appropriation	$ -	$ 1,332,400	$ 260,000	$(1,072,400)	-80%

FY 2019 appropriate fund balance was elevated due to Hurricane Florence clean-up expenses, which will be reimbursed by FEMA.

FY 2020 appropriation covers the cost of nearly $200,000 in one-time operating expenses and capital outlay. The remainder represents a revenue shortfall, largely due to Carteret County delaying its planned property revaluation until FY 2021.

► General Fund Revenues–Contributions from Other Funds

This is money transferred from one fund to another.

GENERAL FUND REVENUE DETAIL - CONTRIBUTIONS FROM OTHER FUNDS
FY 2020 Recommended May 13, 2019

CONTRIBUTIONS FROM OTHER FUNDS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Utility Fund Admin Expense	$ 350,000	$ 350,000	$ 511,000	$ 161,000	46%
Total Contributions from Other Funds	$ 350,000	$ 350,000	$ 511,000	$ 161,000	46%

The Utility Fund pays the General Fund for administrative support. This includes all water- and sewer-related tasks performed by the Finance department. Other overhead expenses to the Utility Fund include a portion of the costs of the Governing Body, Administration, and Public Works departments.

The FY 2020 contribution from the Utility Fund increased dramatically due to partial funding for the Town Engineer position and the Engineer Intern position. These positions are housed in the Administration department but provide significant support to the Utility Fund.

While the General Fund records these contributions as revenue, the Utility Fund lists these as expenditure.

General Fund Expenditures for FY 2020

The following table breaks out General Fund expenditures in FY 2020 by major category. The first row labels each of the four columns.

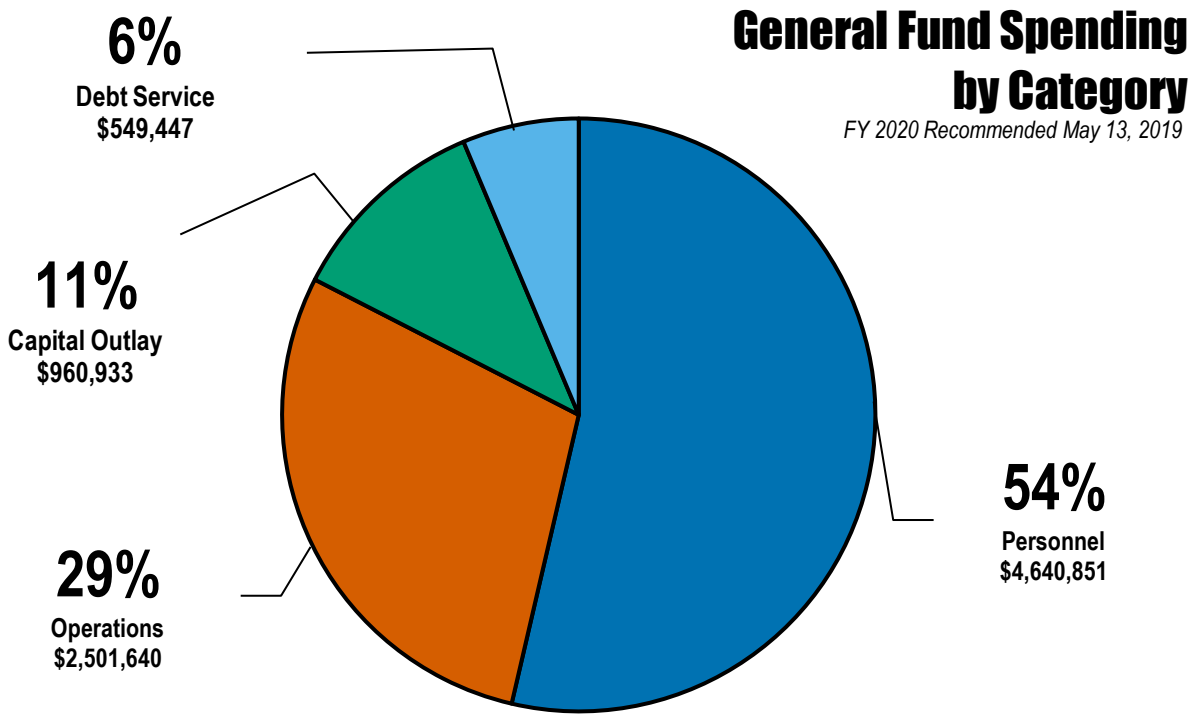
The first column, EXPENDITURE CATEGORY, identifies each major spending category. The second column, EXPENDITURE DESCRIPTION, describes each major spending category.

The third and fourth columns show the anticipated General Fund total for each major spending category in FY 2020 as both a dollar amount and a proportion of total General Fund expenditures.

EXPENDITURES by CATEGORY for GENERAL FUND
FY 2020 Recommended May 13, 2019

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2020	
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	$ 4,640,851	53.6%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	2,501,640	28.9%
Capital Outlay	Durable equipment, construction projects, capital reserves	960,933	11.1%
Debt Service	Loan payments	549,447	6.3%
Transfers	Money moved from one fund to another	-	0.0%
TOTAL EXPENDITURES		**$ 8,652,871**	**100%**

The following chart provides a graphic view of the preceding table.



► General Fund Expenditures–Personnel

Cost of employee salaries and wages, payroll taxes, health insurance, and other benefits.

The following table shows the personnel costs for each department, along with the number of positions the money covers.

GENERAL FUND EXPENDITURE DETAIL - PERSONNEL
FY 2020 Recommended May 13, 2019

PERSONNEL	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Governing Body	$ 16,901	$ 16,980	$ 16,905	$ (75)	0%
Positions	*6*	*6*	*6*	-	0%
Administration	299,662	394,980	542,866	147,886	37%
Positions	*3*	*4*	*5*	*1*	25%
Finance	312,320	330,760	339,800	9,040	3%
Positions	*5*	*5*	*5*	-	0%
Fire	1,060,505	1,162,811	1,211,280	48,469	4%
Positions	*17*	*18*	*18*	-	0%
Parking	-	-	72,750	72,750	NA
Positions	-	-	*4*	*4*	NA
Planning & Inspections	339,708	370,580	388,665	18,085	5%
Positions	*6*	*5*	*5*	-	0%
Police	1,079,016	1,230,500	1,317,767	87,267	7%
Positions	*18*	*18*	*19*	*1*	6%
Public Works	454,637	674,388	693,264	18,876	3%
Positions	*13*	*13*	*13*	-	0%
Non-Departmental	-	77,000	57,554	(19,446)	-25%
Positions	-	-	-	-	NA
Total Personnel Expenditures	$ 3,562,749	$ 4,257,999	$ 4,640,851	$ 382,852	9%
Total Positions	*68*	*69*	*71*	*2*	*3%*

Generally, personnel costs increase over FY 2020 due to cost of living and merit pay adjustments. Also, a big portion comes from changes in retirement system employer contribution policy.

Non-departmental personnel funds are for merit pay increases. The amount budgeted in FY 2019 was more than was needed, so the FY 2020 appropriation is reduced.

Administration adds a position for an Engineer Intern in FY 2020. In FY 2019 an Engineer position was added.

Police Department adds a position for administrative support. This position will supervise marine operations, community involvement, special events, and equipment.

► General Fund Expenditures–Operations

Cost of day-to-day activities and purchases, including utilities, fuel, maintenance and repair, etc.

GENERAL FUND EXPENDITURE DETAIL - OPERATIONS
FY 2020 Recommended May 13, 2019

OPERATIONS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Governing Body	$ 46,910	$ 40,550	$ 44,133	$ 3,583	9%
Administration	141,221	172,000	164,045	(7,955)	-5%
Finance	130,895	166,343	136,586	(29,757)	-18%
Fire	297,161	212,409	215,580	3,171	1%
Parking	-	-	113,889	113,889	NA
Planning & Inspections	14,735	16,550	32,775	16,225	98%
Police	228,085	249,483	255,170	5,687	2%
Public Works	1,248,783	2,666,329	1,260,125	(1,406,204)	-53%
Non-Departmental	339,022	412,382	279,337	(133,045)	-32%
Total Operations Expenditures	$ 2,446,812	$ 3,936,046	$ 2,501,640	$(1,434,406)	-36%

Governing Body costs increase in FY 2020 to pay for 2019 elections in Beaufort.

Finance Department costs associated with processing parking payments in FY 2019 are housed in Parking Management in FY 2020.

Planning & Inspections costs in FY 2020 include an update to the Historic Commission Design Guidelines.

Public Works costs drop in FY 2020 due to one-time storm-related costs in FY 2019. Additionally, money for street improvements is now accounted for as a contribution to capital reserve in non-departmental capital outlay.

Non-Departmental costs decline due to the completion of a small area plan in FY 2019 and moving parking operations in-house.

➨ Refer to *Department Service Plans* later in this section for more information.

► General Fund Expenditures–Capital Outlay

Cost of durable equipment and construction projects.

GENERAL FUND EXPENDITURE DETAIL - CAPITAL OUTLAY
FY 2020 Recommended May 13, 2019

CAPITAL OUTLAY	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Governing Body	NA	NA	NA	NA	NA
Administration	-	-	19,500	19,500	NA
Finance	NA	NA	NA	NA	NA
Fire	18,100	-	410,000	410,000	NA
Parking	NA	NA	NA	NA	NA
Planning & Inspections	-	-	25,000	25,000	NA
Police	118,245	146,250	46,000	(100,250)	-69%
Public Works	122,901	355,630	-	(355,630)	-100%
Non-Departmental	-	-	460,433	460,433	NA
Total Capital Outlay Expenditures	$ 259,246	$ 501,880	$ 960,933	$ 459,053	91%

Capital outlay for FY 2020 includes:

- New Administration vehicle for Town engineer
- Replacement fire pumper truck for rural fire district
- Replacement Planning & Inspections vehicle
- New Police Department vehicle for new position
- Contribution to Capital Reserve–Streets

In FY 2019, a Capital Reserve Fund (CRF) was set up to house revenue earmarked for specific capital projects. Transfers are made from Non-Departmental to the CRF. When the projects begin, money will be transferred to a Capital Project Fund or back to the annual budget depending on the project and estimated time to complete.

➨ Refer to *Capital Reserve Fund Five Year Forecast* in *Section 5: Five Year Financial Plan* for more information.

► General Fund Expenditures–Debt Service

Cost of repaying loans, both principal and interest.

GENERAL FUND EXPENDITURE DETAIL - DEBT SERVICE
FY 2020 Recommended May 13, 2019

DEBT SERVICE	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Governing Body	NA	NA	NA	NA	NA
Administration	NA	NA	NA	NA	NA
Finance	NA	NA	NA	NA	NA
Fire	382,444	297,726	287,951	(9,775)	-3%
Parking	-	-	8,803	8,803	NA
Planning & Inspections	5,023	5,023	5,023	-	0%
Police	44,418	43,947	17,220	(26,727)	-61%
Public Works	62,672	60,739	108,030	47,291	78%
Non-Departmental	128,402	125,411	122,420	(2,991)	-2%
Total Debt Service Expenditures	$ 622,959	$ 532,846	$ 549,447	$ 16,601	3%

Police Department debt service decreases in FY 2020 with maturity of an FY 2016 Police Department car loan.

Public Works debt service increases in FY 2020 with the first interest-only payment on a new $3.6-million loan for Street and Pedestrian Improvements, offset by FY 2019 completion of an FY 2014 parking meter loan.

➨ Refer to *Debt Summaries* later in this section for more information.

► General Fund Expenditures–Transfers

Money moved from one fund to another, where it will then be spent on goods or services.

GENERAL FUND EXPENDITURE DETAIL - TRANSFERS
FY 2020 Recommended May 13, 2019

TRANSFERS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Transfers	NA	NA	NA	NA	NA
Total Transfers Expenditures	$ -	$ -	$ -	$ -	NA

Fund Balance Changes for General Fund in FY 2020

The following table shows how the FY 2020 budget will change the fund balances in the General Fund.

CHANGE IN FUND BALANCE - GENERAL FUND
FY 2020 Recommended May 13, 2019

	Anticipated June 30, 2019	(Appropriated) or Contributed FY 2020	Anticipated June 30, 2020
Restricted / Assigned Fund Balance	$ 100,326	$ -	$ 100,326
Unassigned Fund Balance	2,300,986	(260,000)	2,040,986
Unassigned as % of Expenditures	24.93%	NA	23.59%

Restricted fund balance is comprised of funds left over from the now defunct Fire Fund. This money is not budgeted for FY 2020.

Also in FY 2020, $260,000 is used from unassigned fund balance for one-time expenses and to bridge the funding gap created by a delay in property revaluation by the County.

► Available Fund Balance–General Fund

Town policy requires the General Fund to retain an unassigned fund balance equal to 20% of net expenditures. The following calculation shows this "rainy day" amount for FY 2020.

$8,652,871	* 20% =	$1,730,574
FY 2020 GF Expenditures		FY 2020 GF Unassigned Unavailable

The following calculation shows how much unassigned fund balance remains in the General Fund after the budgeted FY 2020 fund balance appropriation and the rainy day amounts are withheld. The result is the amount of unassigned fund balance that can still be appropriated.

$2,040,986	-	$1,730,574	=	$310,412
FY 2020 GF Total Unassigned		FY 2020 GF Unassigned Unavailable		FY 2020 GF Unassigned Available to Appropriate

➨ Refer to *Overall Fund Balance Forecast* in *Section 5: Five Year Financial Plan* for more information.

Utility Fund Budget

The Utility Fund is one of two budgeted funds. It houses the Town's enterprise operations–the Water and Sewer Divisions of the Utility Department.

Utility Fund At-a-Glance for FY 2020

The Utility Fund houses the Town's enterprise operations–the Water and Sewer Divisions of the Utility Department.

Utility Fund Overview

The following table shows revenues and expenditures for the Utility Fund over time. The first row labels each of five columns:

- FY 2018 Actual,
- FY 2019 Budget,
- FY 2020 Budget,
- Amt Change from FY 2019, and
- % Change.

The table displays information in five groupings of rows.

The first grouping, REVENUES, lists major funding sources for the Utility Fund in FY 2020. Each revenue source is listed on a separate row; the last line in this grouping provides a total of Utility Fund revenues.

The second grouping, EXPENDITURES–by Category, lists major types of spending for the Utility Fund in FY 2020. Each spending category is listed on a separate row; the last line in this grouping provides a total of Utility Fund expenditures.

The third grouping, EXPENDITURES–by Division, provides another way to look at spending. It shows how money is distributed across departments within the Utility Fund in FY 2020.

The fourth grouping, FUND BALANCE–RESTRICTED or ASSIGNED, shows changes in the restricted or assigned fund balance resulting from setting aside or using restricted reserves.

The fifth and final grouping, FUND BALANCE–UNASSIGNED, shows impact of using unrestricted reserve funds. Town policy requires minimum reserves equal to 50% of expenditures for Utility Fund.

UTILITY FUND - REVENUES and EXPENDITURES

FY 2020 Recommended May 13, 2019

	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
REVENUES					
Intergovernmental	$ 46,400	$ 66,800	$ -	$ (66,800)	-100%
Permits and Fees	123,132	35,000	104,000	69,000	197%
Sales and Service	3,268,240	4,085,389	4,182,939	97,550	2%
Other Revenues	35,324	16,800	-	(16,800)	-100%
Loan Proceeds	-	-	-	-	NA
Fund Balance Appropriation	-	265,000	-	(265,000)	-100%
Total Revenues	$ 3,473,096	$ 4,468,989	$ 4,286,939	$ (182,050)	-4%
EXPENDITURES - by Category					
Personnel	813,898	849,608	886,136	36,528	4%
Operations	844,547	1,005,549	1,004,774	(775)	0%
Capital Outlay	139,983	766,173	411,930	(354,243)	-46%
Debt Service	1,518,896	1,497,660	1,473,099	(24,561)	-2%
Transfers	350,000	350,000	511,000	161,000	46%
Total Expenditures - by Category	$ 3,667,324	$ 4,468,990	$ 4,286,939	$ (182,051)	-4%
EXPENDITURES - by Division					
Sewer	2,438,961	2,873,481	2,627,789	(245,692)	-9%
Water	878,363	1,230,509	798,220	(432,289)	-35%
Non-Departmental	350,000	365,000	860,930	495,930	136%
Total Expenditures - by Divison	$ 3,667,324	$ 4,468,990	$ 4,286,939	$ (182,051)	-4%
FUND BALANCE - RESTRICTED or ASSIGNED					
Beginning Restricted/Assigned			$ 80,548		
(Appropriated) or Contributed Restricted/Assigned			(80,548)		
Ending Restricted/Assigned			$ -		
FUND BALANCE - UNASSIGNED					
Beginning Unassigned			$ 1,246,756		
Appropriated Unassigned			-		
Ending Unassigned			$ 1,246,756		
Unassigned as % of Expenditures			29.08%		

The following sections provide detail for Utility Fund revenues, expenditures, and fund balance.

Utility Fund Revenues for FY 2020

The following table breaks out FY 2020 revenues by major source for the Utility Fund. The first row labels each of four columns.

The first column, REVENUE SOURCE, identifies each major revenue source.

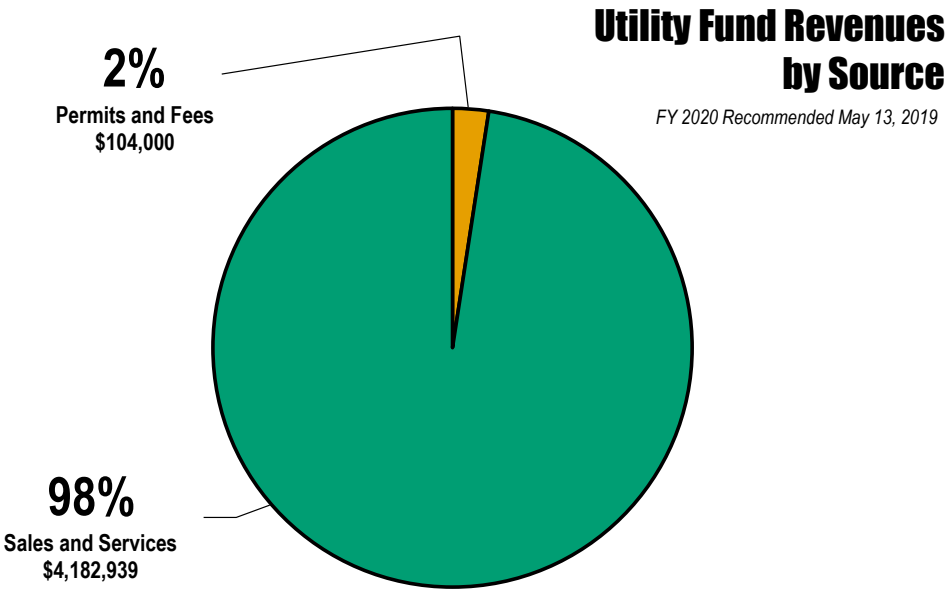
The second column, REVENUE DESCRIPTION, describes each major funding source.

The third column and fourth columns show the anticipated Utility Fund total for each funding source in FY 2020 as both a dollar amount and a proportion of total Utility Fund revenues.

REVENUES by SOURCE for UTILITY FUND
FY 2020 Recommended May 13, 2019

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2020	
Intergovernmental Revenues	From other governments (grants, sales tax, ABC store profits, etc.)	$ -	0.0%
Permits and Fees	Town fees (water & sewer taps, etc.)	104,000	2.4%
Sales and Services	Water sales and sewer treatment services	4,182,939	97.6%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	-	0.0%
Loan Proceeds	Loans for construction projects and large equipment purchases	-	0.0%
Appropriated Fund Balance	Accumulated reserves	-	0.0%
TOTAL REVENUES		**$ 4,286,939**	**100%**

The following chart provides a graphic view of the preceding table.



► Utility Fund Revenues–Intergovernmental Revenue

This is money from other governments, most often from grants.

UTILITY FUND REVENUE DETAIL - INTERGOVERNMENTAL
FY 2020 Recommended May 13, 2019

INTERGOVERNMENTAL - Restricted	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Other Intergovernmental	$ 46,400	$ 66,800	$ -	$ (66,800)	-100%
Total Intergovernmental - Restricted	$ 46,400	$ 66,800	$ -	$ (66,800)	-100%

In FY 2019 one-time funding from the State was provided to perform an asset inventory assessment in the Water Division.

► Utility Fund Revenues–Permits and Fees

This is money from Town-assessed fees for installation of water and sewer taps and late payment fees. Estimates are based on historical data and rates.

UTILITY FUND REVENUE DETAIL - PERMITS and FEES
FY 2020 Recommended May 13, 2019

PERMITS and FEES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer Permits and Fees	$ 9,000	$ 10,000	$ 12,000	$ 2,000	20%
Water Permits and Fees	87,000	25,000	70,000	45,000	180%
Other Permits and Fees	27,132	-	22,000	22,000	NA
Total Permits and Fees Revenues	$ 123,132	$ 35,000	$ 104,000	$ 69,000	197%

Estimated revenue in FY 2020 increases based on actual numbers in FY 2018 and changes in fees implemented in FY 2019.

► Utility Fund Revenues–Sales and Service Revenues

This is money collected for monthly water and sewer usage. Estimates are based on historical data and rates.

UTILITY FUND REVENUE DETAIL - SALES and SERVICE
FY 2020 Recommended May 13, 2019

SALES and SERVICE	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer Sales and Service	$ 2,390,381	$ 2,937,005	$ 3,012,033	$ 75,028	3%
Water Sales and Service	877,859	1,148,384	1,170,906	22,522	2%
Sale of Fixed Assets	-	-	-	-	NA
Other Sales and Service	NA	NA	NA	NA	NA
Total Sales and Service Revenues	$ 3,268,240	$ 4,085,389	$ 4,182,939	$ 97,550	2%

In FY 2020, sewer sales and service amounts increase due to additional users, including a new hotel and café in FY 2019.

► Utility Fund Revenues–Other Revenues

This is money from donations, investments, insurance reimbursements, and other miscellaneous sources.

UTILITY FUND REVENUE DETAIL - OTHER REVENUES
FY 2020 Recommended May 13, 2019

OTHER REVENUES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Donations	$ -	$ -	$ -	$ -	NA
Investment Earnings	7,251	-	-	-	NA
Insurance Reimbursements	1,883	16,800	-	(16,800)	-100%
Other Miscellaneous Revenues	26,190	-	-	-	NA
Total Other Revenues	$ 35,324	$ 16,800	$ -	$ (16,800)	-100%

In FY 2019 one-time insurance reimbursements were received for a vehicle damaged during Hurricane Florence. There is no anticipated revenue in this category for FY 2020.

The FY 2019 number reflected above does not include Golden Leaf grant money for the vehicle damaged during Hurricane Florence.

► Utility Fund Revenues–Loan Proceeds

This is money received from loans for construction projects and large equipment purchases. Estimates are based on planned loan financings.

UTILITY FUND REVENUE DETAIL - LOAN PROCEEDS
FY 2020 Recommended May 13, 2019

LOAN PROCEEDS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
	-	-	-	-	NA
Total Loan Proceed Revenues	$ -	$ -	$ -	$ -	NA

There is no anticipated revenue in this category for FY 2019.

► Utility Fund Revenues–Fund Balance Appropriation

This is money from accumulated reserves and capacity fee payments.

UTILITY FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION
FY 2020 Recommended May 13, 2019

FUND BALANCE APPROPRIATION	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Appropriated Fund Balance	-	265,000	-	(265,000)	-100%
Total Fund Balance Appropriation	$ -	$ 265,000	$ -	$ (265,000)	-100%

There is no anticipated revenue in this category for FY 2020.

Fund balance was used in FY 2019 to complete rehabilitation of the water plant building. This capital improvement began in FY 2018 and funding was carried forward to complete work in FY 2019.

Additional fund balance was used for replacing pumps at the lift stations and Wastewater Treatment Plant that were damaged during Hurricane Florence. These expenses will be reimbursed by FEMA.

Utility Fund Expenditures for FY 2020

The following table breaks out Utility Fund expenditures in FY 2020 by major category. The first row labels each of the four columns.

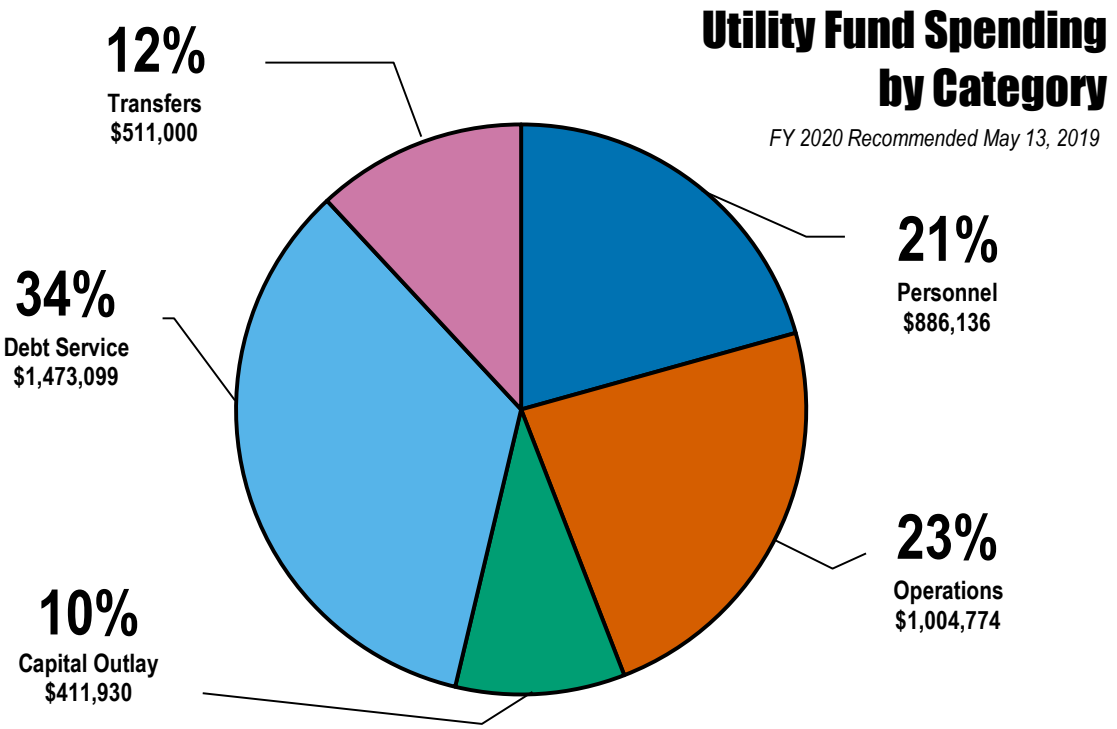
The first column, EXPENDITURE CATEGORY, identifies each major spending category. The second column, EXPENDITURE DESCRIPTION, describes each major spending category.

The third column and fourth columns show the anticipated Utility Fund total for each major spending category in FY 2020 as both a dollar amount and a proportion of total Utility Fund expenditures.

EXPENDITURES by CATEGORY for UTILITY FUND
FY 2020 Recommended May 13, 2019

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2020	
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	$ 886,136	20.7%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	1,004,774	23.4%
Capital Outlay	Durable equipment, construction projects, capital reserves	411,930	9.6%
Debt Service	Loan payments	1,473,099	34.4%
Transfers	Money moved from one fund to another	511,000	11.9%
TOTAL EXPENDITURES		**$ 4,286,939**	**100%**

The following chart provides a graphic view of the preceding table.



► Utility Fund Expenditures–Personnel

Cost of employee salaries, payroll taxes, health insurance, and other benefits.

UTILITY FUND EXPENDITURE DETAIL - PERSONNEL
FY 2020 Recommended May 13, 2019

PERSONNEL	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer	$ 607,886	$ 574,708	$ 596,096	$ 21,388	4%
Positions	*9*	*8*	*8*	-	0%
Water	206,012	259,900	274,040	14,140	5%
Positions	*4*	*4*	*4*	-	0%
Non-Departmental	-	15,000	16,000	1,000	7%
Positions	-	-	-	-	NA
Total Personnel Expenditures	$ 813,898	$ 849,608	$ 886,136	$ 36,528	4%
Total Positions	*13*	*12*	*12*	-	*0%*

Generally, personnel costs increase over FY 2020 due to cost of living and merit pay adjustments. Also, a big portion comes from changes in retirement system employer contribution policy.

Non-departmental personnel funds are for merit pay increases.

► Utility Fund Expenditures–Operations

Cost of day-to-day activities and purchases, including utility expenses, fuel, maintenance and repair, etc.

UTILITY FUND EXPENDITURE DETAIL - OPERATIONS
FY 2020 Recommended May 13, 2019

OPERATIONS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer	$ 452,149	$ 622,870	$ 666,550	$ 43,680	7%
Water	392,398	382,679	338,224	(44,455)	-12%
Non-Departmental	NA	NA	NA	NA	NA
Total Operations Expenditures	$ 844,547	$ 1,005,549	$ 1,004,774	$ (775)	0%

Increase in Sewer operations is for non-capital equipment purchases in FY 2020. Additionally, funds are appropriated for street patching repairs needed because of utility line repairs. Decrease in Water operations is due to the Asset Inventory grant project being completed in FY 2019.

► Utility Fund Expenditures–Capital Outlay

Cost of durable equipment and construction projects.

UTILITY FUND EXPENDITURE DETAIL - CAPITAL OUTLAY
FY 2020 Recommended May 13, 2019

CAPITAL OUTLAY	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer	$ -	$ 316,600	$ 28,000	$ (288,600)	-91%
Water	139,983	449,573	50,000	(399,573)	-89%
Non-Departmental	-	-	333,930	333,930	NA
Total Capital Outlay Expenditures	$ 139,983	$ 766,173	$ 411,930	$ (354,243)	-46%

Capital outlay for FY 2020 includes:

- Replace a 2003 Pickup Truck in Sewer
- Replace a 2000 GMC Service Truck in Water Division
- Contribution to Capital Reserve–Utilities

In FY 2019, a Capital Reserve Fund (CRF) was set up to house revenue earmarked for specific capital projects. Transfers are made from the Utility Fund to the CRF and held in this fund. When the projects begin money will be transferred to a Capital Project Fund or back to the annual budget depending on the project and estimated time to complete.

➨ Refer to *Capital Reserve Fund Five Year Forecast* in *Section 5: Five Year Financial Plan* for more information.

► Utility Fund Expenditures–Debt Service

Cost of repaying loans, including principal and interest.

UTILITY FUND EXPENDITURE DETAIL - DEBT SERVICE
FY 2020 Recommended May 13, 2019

DEBT SERVICE	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Sewer	$ 1,378,926	$ 1,359,303	$ 1,337,143	$ (22,160)	-2%
Water	139,970	138,357	135,956	(2,401)	-2%
Non-Departmental	NA	NA	NA	NA	NA
Total Debt Service Expenditures	$ 1,518,896	$ 1,497,660	$ 1,473,099	$ (24,561)	-2%

➨ Refer to *Debt Summaries* later in this section for more information.

► Utility Fund Expenditures–Transfers to Other Funds

Money moved from one fund to another, where it will be spent on goods or services.

UTILITY FUND EXPENDITURE DETAIL - TRANSFERS
FY 2020 Recommended May 13, 2019

TRANSFERS	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Transfers to Other Funds	350,000	350,000	511,000	161,000	46%
Total Transfers Expenditures	$ 350,000	$ 350,000	$ 511,000	$ 161,000	46%

The Utility Fund pays the General Fund for administrative support. This includes all water and sewer-related tasks performed by the Finance Department. Other overhead expenses to the Utility Fund include a portion of the costs of the Governing Body, Administration, and Public Works departments.

In FY 2018 the contribution from the Utility Fund increased dramatically after examination of the costs incurred by the General Fund on behalf of the Utility Department. The increase in FY 2020 reflects the addition of an engineer and engineer intern.

While the General Fund records these as revenue, the Utility Fund lists these as a transfer.

Fund Balance Changes for Utility Fund in FY 2020

The following table shows how the FY 2020 budget will change the fund balances in the Utility Fund.

CHANGE IN FUND BALANCE - UTILITY FUND

FY 2020 Recommended May 13, 2019

	Anticipated June 30, 2019	(Appropriated) or Contributed FY 2020	Anticipated June 30, 2020
Restricted / Assigned Fund Balance	$ 80,548	$ (80,548)	$ -
Unassigned Fund Balance	1,246,756	-	1,246,756
Unassigned as % of Expenditures	29.08%	NA	29.08%

Restricted fund balance comes from anticipated FY 2019 system development fees, which transfer to Capital Reserve Fund–Utilities in FY 2020.

➨ Refer to *Capital Reserve Fund Five Year Forecast* in *Section 5: Five Year Financial Plan*.

Available Fund Balance–Utility Fund

Town policy requires the Utility Fund to retain an unassigned fund balance equal to 50% of operating expenditures. The following calculation shows this "rainy day" amount for FY 2020.

$4,286,939	* 50% =	$2,143,470
FY 2020 UF Expenditures		FY 2020 UF Unassigned Unavailable

The following calculation shows how much unassigned fund balance remains in the Utility Fund after rainy day amounts are withheld.

$1,246,756	-	$2,143,470	=	($896,714)
FY 2020 UF Total Unassigned		FY 2020 UF Unassigned Unavailable		FY 2020 UF Unassigned Available to Appropriate

As shown, the Utility Fund unassigned fund balance falls below the required threshold, despite no appropriations made this year.

➨ Refer to *Overall Fund Balance Forecast* in *Section 5: Five Year Financial Plan* for more information.

Debt Summaries

Within this section you will find a summary of current debt obligations, the relationship between current debt levels and legal debt limits, and the effects of existing debt levels on current operations.

Debt Summary for FY 2020

Some lower cost infrastructure may be funded through appropriated fund balance or other annual revenues. We call this pay-as-you-go funding. More expensive infrastructure investment requires financing over multiple years, or acquiring debt.

When the Town acquires more debt, it has less revenue to pay for services. How much the Town owes, combined with its ability to repay the debt, affects the interest rate the Town must pay.

The Town adheres to the following internally adopted policies with respect to taking on debt.

- Debt is used for capital projects or equipment purchases and not for operational needs.
- Debt repayment periods are less than the expected useful life of the item. General Fund terms are 20 years or less; Utility Fund terms are 30 years or less.

➨ Refer to *Debt* in *Section 8: Town of Beaufort Financial Policy* for more information.

► Current Debts by Fund

The following table lists all Town debts anticipated at the end of FY 2019. The first row labels each of four columns:

- Amount of the loan,
- Date the loan was Issued,
- Loan interest Rate, and
- The date the loan Matures.

The table is grouped into two sets of rows.

The first grouping shows GENERAL FUND DEBTS; each loan is listed on a separate row.

The second grouping shows UTILITY FUND DEBTS; each loan is listed on a separate row.

OVERVIEW of DEBTS

FY 2020 Recommended May 13, 2019

	Amount	Issued	Rate	Matures
GENERAL FUND DEBTS				
FY 2012 Town Hall	$1,500,000	02/2012	2.950%	08/2026
FY 2014 Parking Meters	98,800	06/2014	0.000%	05/2019
FY 2015 Fire Boat	58,573	03/2015	1.940%	03/2020
FY 2016 Fire Station	3,000,000	12/2015	3.350%	06/2031
FY 2016 Police Cars	105,056	06/2016	1.770%	06/2019
FY 2017 Planning Truck	23,800	09/2017	1.870%	09/2021
FY 2017 Police Cars	81,600	09/2017	1.870%	09/2021
FY 2017 Public Works 1-Ton Truck	40,800	09/2017	1.870%	09/2021
FY 2017 Public Works Grapple Truck	146,200	09/2017	1.870%	09/2021
FY 2018 Parking Pay Stations	39,568	06/2018	3.610%	06/2023
FY 2020 Street/Pedestrian Improvements	3,640,000	08/2019	2.750%	04/2035
UTILITY FUND DEBTS				
FY 2006 Sewer	$ 602,293	12/2005	2.205%	05/2026
FY 2008 Sewer	592,554	07/2007	2.265%	05/2028
FY 2009 Sewer	5,557,814	07/2008	2.265%	05/2028
FY 2010 Sewer Plant	14,023,600	04/2010	2.100%	05/2029
FY 2013 Water - Glenda	1,011,208	11/2012	2.480%	05/2033
FY 2013 Water - Sycamore	935,000	04/2013	2.455%	05/2033
FY 2016 Sewer Trucks	430,944	06/2016	1.770%	06/2019
FY 2017 Water Pickup Truck	23,800	09/2017	1.870%	09/2021
FY 2017 WWTP Pickup Truck	23,800	09/2017	1.870%	09/2021

► Current Debt Service by Fund

The following table shows outstanding debt service for all Town debts anticipated at the end of FY 2019. Four columns make up the table:

- The period for the debt service calculation,
- The principal due,
- The interest due, and
- Total Pmts (Principal + Interest).

The table is grouped into three sets of rows.

The first grouping shows GENERAL FUND DEBT SERVICE. Each row shows debt service calculations for a specific period:

- FY 2020,
- FY 2021,
- FY 2022,
- FY 2023,
- FY 2024,
- The Next Five Years (FY 2025–FY 2029), and
- To Maturity (FY 2030–latest maturity date).

The last line in this grouping provides a subtotal of all General Fund debt service.

The second grouping displays the same information as the first grouping, but for UTILITY FUND DEBT SERVICE instead of General Fund.

The third and final grouping adds together the first and second grouping, providing ALL DEBT SERVICE.

DEBT SERVICE TO MATURITY by FUND

FY 2020 Recommended May 13, 2019

GENERAL FUND DEBT SERVICE	Principal	Interest	Total Pmts
FY 2020	$ 375,147	$ 174,301	$ 549,448
FY 2021	617,365	197,506	814,871
FY 2022	618,767	179,481	798,248
FY 2023	558,493	161,483	719,976
FY 2024	550,000	144,606	694,606
Next Five Years	2,550,000	480,572	3,030,572
To Maturity	1,400,000	139,195	1,539,195
Subtotal General Fund Debt Service	$ 6,669,772	$ 1,477,144	$ 8,146,916

UTILITY FUND DEBT SERVICE	Principal	Interest	Total Pmts
FY 2020	$ 1,224,735	$ 248,364	$ 1,473,099
FY 2021	1,136,515	222,061	1,358,576
FY 2022	1,136,696	197,320	1,334,016
FY 2023	1,126,835	172,575	1,299,410
FY 2024	1,126,835	148,015	1,274,850
Next Five Years	5,236,438	373,658	5,610,096
To Maturity	389,242	24,016	413,258
Subtotal Utility Fund Debt Service	$ 11,377,296	$ 1,386,009	$ 12,763,305

ALL DEBT SERVICE	Principal	Interest	Total Pmts
FY 2020	$ 1,599,882	$ 422,665	$ 2,022,547
FY 2021	1,753,880	419,567	2,173,447
FY 2022	1,755,463	376,801	2,132,264
FY 2023	1,685,328	334,058	2,019,386
FY 2024	1,676,835	292,621	1,969,456
Next Five Years	7,786,438	854,230	8,640,668
To Maturity	1,789,242	163,211	1,952,453
GRAND TOTAL ALL DEBT SERVICE	$ 18,047,068	$ 2,863,153	$ 20,910,221

The Town's current debts do not use variable rates, balloon payments, or any other financing structures that could significantly alter debt levels in the future.

Anticipated Debt and Debt Limits

In early FY 2020, the Town will incur a $3.6-million debt to pay for street repairs and renovations and bike and pedestrian transportation improvements. The debt service payments for this loan will take effect in FY 2020 and are reflected in the FY 2020 budget.

➨ Refer to *Pedestrian Improvements* and *Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

In FY 2020, the Capital Improvement Plan anticipates a $375,000 loan to pay for a fire pumper truck. The Town will only take out this loan if Carteret County commissioners agree to pay the debt service and maintenance costs for this equipment. Debt service on this loan will not begin until FY 2021, and is not reflected in the FY 2020 budget.

➨ Refer to the *Fire Pumper Truck–2020* in *Section 4: Capital Improvement Plan* for more information.

► Debt Limits–General Fund

Town policy limits General Fund debt service costs to 15% of total expenditures. The following calculation shows the debt service limit for FY 2020.

$8,652,871	*	15%	=	$1,297,931
FY20 GF expenditures				GF debt service limit

The following calculation shows how General Fund debt service changes in FY 2020, and that it remains within set limits.

$480,881	+	$68,567	=	$549,448
existing GF debt svc		new GF debt svc		FY20 GF debt svc

$549,448	<	$1,297,931	=	OK
FY20 GF debt svc		GF debt service limit		GF debt svc is within limit

In addition to limiting the amount of debt service, Town policy limits total debt for the General Fund to 2.5% of assessed property values. (State law sets the limit at 8% of the assessed valuation.)

The General Fund debt limit is calculated as follows.

$834,049,552	* 2.5% =	$20,851,239
FY20 valuation estimate		GF debt limit

The following calculation shows how General Fund debt changes in FY 2020, and that it remains within set limits. However, new GF debt does not include the $375,000 loan needed for the fire pumper truck, as the specific debt service amounts are not yet known.

$3,517,337	+	$4,629,579	=	$8,146,916
current GF debt		new GF debt		FY19 GF debt

$8,146,916	<	$20,851,239	=	OK
FY19 GF debt		GF debt limit		GF debt is within limit

► Debt Limits–Utility Fund

Town policy requires Utility Fund rates and fees to cover debt service costs at a ratio of 1.2 to 1. The following calculations show the debt service coverage ratio for the Utility Fund, based on the audit for the year ending June 30, 2018.

$3,419,856	-	$2,940,367	+	$934,368	=	$1,413,857
Prior FY UF operating revenues		Prior FY UF operating expenses		Prior FY UF depreciation		UF net revenue available for debt service

$1,413,857	/	$1,522,220	=	0.93
UF net revenue available for debt service		Prior FY UF debt service		Prior Year UF debt service coverage ratio

0.93	<	1.2	=	ISSUE
Prior Year UF debt service coverage ratio		minimum required UF debt svc ratio		UF debt svc exceeds limits

As shown, rates and fees are not providing the 1.2 coverage ratio required by Town policy. The Town Board raised utility rates in FY 2019 to begin addressing this issue.

DID YOU KNOW?

A single social media post
can reach more than
20,000 people
in a matter of hours.

Department Service Plans

Whereas fund summaries portray an overall financial plan, department summaries translate the budget into an operations guide for the budget year. This section provides a summary for each functional unit in the Town organization.

In this section you will find summaries for:

- Governing Body 90
- Administration 92
- Finance Department 96
- Fire Department 98
- Parking Management 102
- Planning & Inspections 104
- Police Department 108
- Public Works Department 110
- Sewer Division 114
- Water Division 118
- Non-Departmental 121

Governing Body

The governing body consists of a mayor and five commissioners, all elected at-large. The mayor, who serves a two-year term and only votes in the case of a tie, is the presiding officer at meetings of the Town Board. The commissioners serve four-year staggered terms. The Town operates under the council-manager form of government, where the Board serves as the legislative body and the town manager serves as the chief executive officer, responsible for administering the town government.

The Town Board is responsible for deciding which services the Town provides and at what level, approves ordinances (local laws), adopts a budget, sets the property tax rate, establishes fees, enters into contracts, awards bids for construction or purchases, and buys and sells property.

► FY 2019 Goal Updates–Governing Body

Adopt Navigable Waters Ordinance
This ordinance was adopted in September 2018. With funding from a NOAA Marine Debris Removal Grant, it enabled removal of 140,000 pounds of debris, including 7 derelict vessels. The Police Department provides enforcement, and began operating its own patrol boat (funded primarily by a FEMA grant) in early 2019.

Implement Street Management Plan
This plan resulted in two major CIP items, Street Improvements and the Utility Line & Street Combined Improvement Program.

Facilitate a Community-Based Visioning Process
Efforts were redirected to apply for a Collaborative Problem Solving Grant from the Z Smith Reynolds Foundation (ZSR). ZSR selected the Town as a finalist, and made a site visit on March 28, 2019. Grant awards will be made in May 2019. The path forward will depend on whether the grant is awarded.

► FY 2020 Goals–Governing Body

Adopt Cedar Street Mixed Use Zoning District
Adopt a new zoning district to protect, enhance, and guide the redevelopment of the Cedar Street corridor toward a more pedestrian-focused orientation through the implementation of commercial design and materials standards that improve aesthetics and traffic congestion and provide for a solid and vibrant tax base.

Approve Stormwater Improvements Program
Approve an ongoing program to improve stormwater conveyance and adopt a modified stormwater fee schedule to fund those improvements.

➨ Refer to *Stormwater Improvements Program* in *Section 4: Capital Improvement Plan* for more information.

Adopt Live Oak Corridor Overlay Zoning District
Adopt a zoning overlay along sections of Live Oak Street to enhance the quality of future redevelopment efforts.

ModiFY Sign Ordinance Update
Modify the sign ordinance to improve aesthetics and reduce visual clutter.

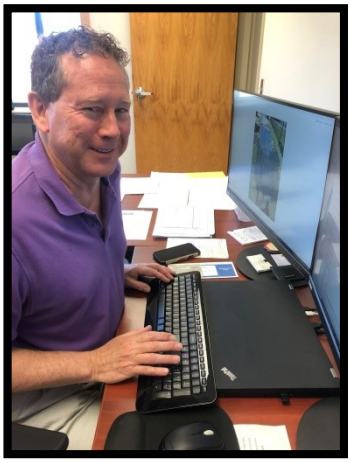
► Budget–Governing Body

GOVERNING BODY BUDGET
FY 2020 Recommended May 13, 2019

GOVERNING BODY EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 16,901	$ 16,980	$ 16,905	$ (75)	0%
Positions	*6*	*6*	*6*	*-*	*0%*
Operations	46,910	40,550	44,133	3,583	9%
Capital Outlay	NA	NA	NA	NA	NA
Debt Service	NA	NA	NA	NA	NA
Total Governing Body Expenditures	$ 63,811	$ 57,530	$ 61,038	$ 3,508	6%

Operations expenditures increase in FY 2020 to pay for 2019 elections in Beaufort.

Administration



The Administration department provides oversight of all Town departments and activities through the Town Manager, who serves as the Town's chief executive officer. The Town Manager develops the strategic direction for the Town through the annual budget and five year financial plans, and is responsible for implementing policies and enforcing ordinances enacted by the Town Board.

The Town Clerk/Human Resources Officer maintains official records, including agendas and minutes of Town Board meetings, and performs the human resource management functions.

The Parks and Events Coordinator/Public Information Officer administers parks and events policies and procedures, and disseminates information to the public through social media, the Town website, media releases, and a monthly newsletter.

The Town Engineer, with the help of an Engineering Intern, provides professional engineering, planning, designing, estimating, management, and administration services associated with multiple, concurrent infrastructure projects.

► FY 2019 Work Summary to Date–Administration

In the first three quarters of FY 2019 we:

- Prepared street resurfacing and utility line replacement strategies and began planning and engineering for projects scheduled to begin in late FY 2019
- Implemented a new Town website
- Implemented the use of live streaming for the Town Board through a new recording system in the Train Depot
- Participated in Carteret Community College Career Fair
- Trained three volunteer boards how to utilize the Novus Agenda automated software and prepared meeting agendas and minutes for all Town Board meetings and work sessions
- On-boarded 9 new employees organization-wide
- Provided employees financial planning and wellness resources
- Responded to 10 records requests, each within three days

► FY 2019 Goal Updates–Administration

RecodiFY Code of Ordinances
Information has been provided to Municode as a host for our Code of Ordinances. The next searchable format should be ready prior to the end of the current fiscal year and linked with the website.

Conduct Employee and Supervisor Training
Four staff members attended the Effective Supervisory Management Program offered through the UNC School of Government (UNC SOG). Key Staff members were involved in Leadership Practices Inventory training. All employees began training through Carteret Community College for topics ranging from customer service, organizational trust, balancing priorities and taking initiative.

Host Employee Wellness Fair
The Employment Engagement Committee expects to hold the Employee Wellness Fair in late May or early June. We are reviewing healthy living, mental well-being, and financial wellness resources for inclusion in the fair.

Create Citizen's Academy
A Citizen's Academy curriculum is being designed through collaboration with the UNC SOG. The goal is to graduate the first class by early FY 2020.

Redevelop Town's Website
The Town launched a new website in mid-February. The new site is designed to be user-friendly while providing the Town an average savings of $7,000 annually.

Design and Implement a Community-Based Visioning Process
Efforts were redirected to apply for a Collaborative Problem Solving Grant from the Z Smith Reynolds Foundation (ZSR). ZSR selected the Town as a finalist, and made a site visit in March 2019. Grant awards will be made in May 2019.

► FY 2020 Goals–Administration

Begin Pedestrian Improvements
Complete design and engineering, award contract, and provide oversight of project contractor and monitoring of work for compliance with specifications.

➨ Refer to *Pedestrian Improvements* in *Section 4: Capital Improvement Plan* for more information.

Begin Street Improvements
Complete design and engineering, award contract, and provide oversight of project contractor and monitoring of work for compliance with specifications.

➨ Refer to *Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

Begin Utility Line & Street Improvements Combined Program
This ongoing program includes annual phases which replace utility lines and resurface streets in three block increments. The engineering performed in FY 2020 will be used for construction in FY 2021.

➨ Refer to *Utility Line & Street Improvements Combined Program* in *Section 4: Capital Improvement Plan* for more information.

Complete Randolph Johnson Park Renovation
Plan and execute community events to celebrate the successful completion of the park renovation.

Develop Stormwater Improvements Program
Develop an ongoing program for maintenance and improvements to the stormwater system, and a draft modified stormwater fee schedule, informed by the recently received stormwater system analysis performed by The Wooten Company.

➨ Refer to *Stormwater Improvements Program* in *Section 4: Capital Improvement Plan* for more information.

Elevate Technology Training for Employees
Implement technology training sessions for employees ranging from basic understanding on how to use a computer to higher level processes to promote increased confidence with the digital age.

Graduate Two Sessions of the Citizen's Academy
After the initial class is complete, the goal is to host and graduate an additional class of the Citizen's Academy in FY 2019-FY 2020.

Host Employee Wellness Fair
Host a second annual employee wellness fair providing employees with resources for healthy living, financial wellness, and mental well-being.

Prepare for Cedar Street Utility Line Improvements
In conjunction with the NCDOT Cedar Street Improvement Project, the Town will prepare engineering drawings and hire and oversee a contractor to replace utility lines in Cedar Street prior to resurfacing.

➡ Refer to *Cedar Street Utility Line Improvements* in *Section 4: Capital Improvement Plan* for more information.

Re-Write Town Code of Ordinances
Continue to review each ordinance for clarification and changes needed and provide updated ordinances for codification.

► Budget–Administration

ADMINISTRATION BUDGET
FY 2020 Recommended May 13, 2019

ADMINISTRATION EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 299,662	$ 394,980	$ 542,866	$ 147,886	37%
Positions	*3*	*4*	*5*	*1*	*25%*
Operations	141,221	172,000	164,045	(7,955)	-5%
Capital Outlay	-	-	19,500	19,500	NA
Debt Service	NA	NA	NA	NA	NA
Total Administration Expenditures	$ 440,883	$ 566,980	$ 726,411	$ 159,431	28%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. Additional increase comes from new engineering staff in FY 2019 and FY 2020 who will plan, design, and monitor construction of small- to medium-sized capital projects.

Capital outlay in FY 2020 is the purchase of a vehicle for engineering staff.

Finance Department

The Finance Department is responsible for maintaining the Town's accounting and reporting system in accordance with generally accepted accounting principles (GAAP). The department also records receipts and disbursements of Town funds as prescribed by North Carolina General Statue 159.

Department activities include accounts receivable, accounts payable, payroll, property and liability insurance, purchasing, debt administration, budgeting, and oversight of the Town's parking program.

► FY 2019 Work Summary to Date–Finance Department

In the first three quarters of FY 2019 we:

- Maintained 3,237 utility accounts
- Issued 1,410 accounts payable checks
- Delivered 9 monthly financial reports to the Town Board
- Received the highest marks on our annual audit (unqualified with no findings) and made a transition to a new audit firm
- Worked with FEMA Public Assistance to submit more than $800,000 of reimbursable damages from Hurricane Florence
- Executed an agreement with Spectrum to install fiber to all Town facilities, establishing a wide area network

► FY 2019 Goal Updates–Finance Department

Conduct Customer Service Training
Department staff completed two rounds of customer service and organizational training.

Create Fleet Inventory System
Staff has reviewed several demonstrations of programs available and will continue to research programs that will meet the needs of managing Town vehicle maintenance.

Expand Purchasing Card Program
Staff researched and determined which vendors will accept credit card payments. Annual spending is less than the required amount to receive any benefit from the current P-Card program. Currently, other programs are being explored that will offer rewards/points for Town purchases.

► FY 2020 Goals–Finance Department

Develop a Financial Dashboard on the Town Website
Add a financial dashboard to the Town's website, linked in real time to the Town's finance system. This is another step in making the Town's business as transparent as possible.

Offer Utility Bills Electronically
Currently citizens only have two options for obtaining their utility bill amounts. All bills are mailed and balances are available by calling Town Hall. Staff will seek a means of offering bills via email or making them available online through a portal.

Research and Review Automated Time Tracking Options
Most departments record daily work time manually, creating additional work to be completed in totaling the time sheets at the end of the pay period. Staff will seek an automated process for better accuracy and efficiency.

► Budget–Finance Department

FINANCE BUDGET
FY 2020 Recommended May 13, 2019

FINANCE EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 312,320	$ 330,760	$ 339,800	$ 9,040	3%
Positions	*5*	*5*	*5*	*-*	*0%*
Operations	130,895	166,343	136,586	(29,757)	-18%
Capital Outlay	NA	NA	NA	NA	NA
Debt Service	NA	NA	NA	NA	NA
Total Finance Expenditures	$ 443,215	$ 497,103	$ 476,386	$ (20,717)	-4%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Operations in FY 2019 included one-time computer purchases. Additionally parking meter credit card processing fees have been moved from Finance to the newly created Parking Management.

Fire Department

The Beaufort Fire Department is a combination career/volunteer emergency service that provides 24-hour, 7 days a week fire protection and rescue. Our members are dedicated to providing public safety services to our citizens that maintain quality of life and peace of mind for our community.

As a team, the department members strive to minimize losses and suffering through emergency service delivery, public education, public information, along with community service activities.

The members and staff provide service and treat those served in a manner that is honest, fair, and unbiased. We honor our heritage, actively participate in our community, and serve with integrity. The Fire Department supports the individual development, pride, honor of all members and endeavors to uphold the unique camaraderie and trust that is the Fire Service.

► FY 2019 Work Summary to Date–Fire Department

In the first three quarters of FY 2019 we:

- Responded to 912 incidents
- Completed 77 fire inspections of businesses
- Completed training hours totaling 2,872 for career and volunteer staff

► FY 2019 Goal Updates–Fire Department

Acquire Child Safety Seat Certifications
Certification classes have not been scheduled locally. However, in June 2019, there will be classes held in Jacksonville, and we expect to send one person per shift.

Expand Outreach and Education Programs
Due to Hurricane Florence, we have not met our goal of expanding our outreach and public education programs. We were able to participate in the Statewide Fire Alarm Canvassing Day and received 60 smoke detectors which were given out and installed.

Prepare for Rating Inspection
We continue to prepare for the Rating Inspection. We have placed the ladder truck in service and scheduled several live burn

trainings. Our Department will be hosting a Fire Investigator Technician class in May 2019. Additionally, we continue our pre-plan program and business inspections.

Put 100' Aerial Ladder Truck into Service
The aerial truck was placed in service in February 2019, and we are in the process of completing the North Carolina Aerial Operations Certification classes.

► FY 2020 Goals–Fire Department

Expand Outreach and Education Programs
Increase our Fire and Life-Safety, Prevention and Education programs for both adults and children beyond Fire Prevention Week. We also expect to participate in the Statewide Fire Alarm Canvassing Day again this upcoming year.

Replace 1984 Tanker/Pumper
Complete the specifications, place the order, and receive the new Tanker/Pumper. NFPA Guidelines for first-line apparatus recommend that apparatus over 25 years should be replaced, and our goal is to place the new Tanker/Pumper in service by the end of the fiscal year.

Train for Swift Water Rescue
Hurricane Florence showed us the need for swift water rescue training, and we will send several staff member for the NC Technical Rescue Water Rescue (Surface/Swift Water) training.

Update & Implement Emergency Preparation/Response Plan
The Fire Chief is responsible for providing readiness training to Town staff for the updated plan. In an actual hurricane or emergency, the Fire Chief serves as the Town's Emergency Manager.

► Budget–Fire Department

FIRE BUDGET
FY 2020 Recommended May 13, 2019

FIRE EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 1,060,505	$ 1,162,811	$ 1,211,280	$ 48,469	4%
Positions	*17*	*18*	*18*	-	*0%*
Operations	297,161	212,409	215,580	3,171	1%
Capital Outlay	18,100	-	410,000	410,000	*NA*
Debt Service	382,444	297,726	287,951	(9,775)	-3%
Total Fire Expenditures	$ 1,758,210	$ 1,672,946	$ 2,124,811	$ 451,865	27%

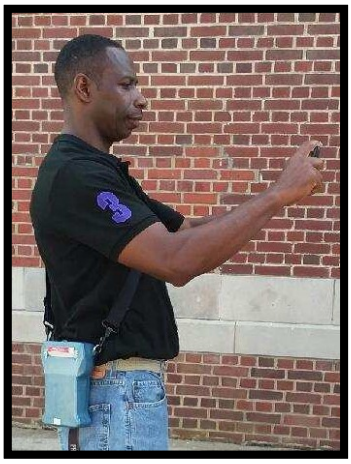
Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Capital outlay in FY 2020 is the purchase of 1) a replacement vehicle for the assistant chief and 2) a replacement pumper truck for the substation in the rural fire district, assuming Carteret County agrees to pay for it.

Debt service includes principal and interest payments for a FY 2015 Fire Boat loan and the FY 2016 Fire Station loan.

In the early 1960s, the Fire Department's first ladder truck
was a homemade Dodge Ladder truck with a 50' hand-cranked ladder.

Parking Management



Parking fees and enforcement of parking regulations have proven to be an effective means of allocating access to the limited resource of parking spaces during the summer vacation season. This program is responsible for management of Beaufort's parking spaces in the waterfront business district.

Parking Management is a new, staff-run program beginning May 2019. This service was previously provided by Lanier Parking Solutions.

Parking Management includes a Parking Manager, assisted by seasonal Parking Ambassadors. The Parking Manager also helps with public events coordination and the Town's parks program.

► FY 2020 Goals–Parking Management

Host Downtown Parking Advisory Meetings
Host periodic meetings to promote engagement and communications on downtown parking matters.

Schedule paybyphone Promotions
Parking fee payments can be made using the paybyphone smartphone application, which provides parking patrons a much more convenient method of payment, compared to using the pay stations. Representatives of paybyphone have offered to promote the use of their product by offering giveaways to those who download their application, and also holding information sessions for merchants and providing promotional and informational materials.

Prepare and Distribute Useful Parking Information
Provide updated materials, digitally and in print, to assist downtown visitors in locating parking spaces and navigating the various payment methods.

► Budget–Parking Management

PARKING BUDGET
FY 2020 Recommended May 13, 2019

PARKING EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ -	$ -	$ 72,750	$ 72,750	NA
Positions	-	-	*4*	*4*	NA
Operations	-	-	113,889	113,889	NA
Capital Outlay	NA	NA	NA	NA	NA
Debt Service	-	-	8,803	8,803	NA
Total Parking Expenditures	$ -	$ -	$ 195,442	$ 195,442	NA

Personnel expenditures include one full-time parking manager and three seasonal parking ambassadors.

Debt service pays principal and interest on the FY 2018 Parking Pay Station loan.

Revenue from parking fees pays the costs of managing the parking program. Net parking revenue from FY 2020 will be used for beautification and infrastructure projects in the waterfront business district in FY 2021.

Additional parking-related costs incurred by Administration, Finance Department, and Public Works staff are rolled into their respective budgets and are not explicitly accounted for within the Parking Management budget. These expenses must be taken into account when calculating net parking revenue for waterfront business district projects.

Planning & Inspections

The Planning & Inspections department protects and promotes Beaufort's aesthetics, health, safety, welfare, and property values by providing professional planning, building inspections, and code compliance services.

We provide professional services to the public which include: land use and development information, coordinated review of development proposals, issuance of building permits and performing subsequent inspections.

We are responsible for code enforcement, flood map information, transportation planning, special projects management, and grant writing. We also provide staff support to the Historic Preservation Commission, Planning Board, Board of Adjustment, and local advisory groups.

► FY 2019 Work Summary to Date–Planning & Inspections

In the first three quarters of FY 2019 we:

- Issued 470 building permits, 39 certificates of appropriateness, and 2 special use permits
- Performed 1626 inspections
- Reviewed 4 preliminary plats and 2 final plats
- Processed 2 rezoning requests
- Staffed 3 Board of Adjustment cases
- Abated 40 nuisance code violations, with 20 substandard structures demolished

► FY 2019 Goal Updates–Planning & Inspections

Develop and Implement Code Enforcement Program
This past year 40 nuisance code violations were abated and 20 substandard residential structures were demolished. Also, there was a stronger enforcement presence in the local historic district.

Grant to Replace Boardwalk and Bulkhead
The application to the US Fish & Wildlife Service in 2018 requesting $600,000 to assist in replacing the existing bulkhead and boardwalk along the waterfront was not granted.

Incorporate Watershed Restoration Plan
Town ordinances do not yet incorporate the Watershed Restoration Plan. However, the Stormwater Improvements Program includes items brought forth in this plan. Also, Town projects such as Cedar Street Utility Line Improvements and Lennoxville Road Wildlife Boat Ramp Project incorporate elements of the plan.

► FY 2020 Goals–Planning & Inspections

Apply for Grant to Develop a Mooring Field
A Boating Infrastructure Grant from the NC Marine Fisheries would allow for plan development for implementing a mooring field within the eastern portion of Taylors Creek.

Apply for Grant to Update Historic District Guidelines
The existing Historic Design Guidelines were last updated in 2008 and did not address damage to structures caused by storms and potential mitigation options. Also, an update would address new materials and techniques since 2008 which will be of benefit.

Improve the Community Rating System for Flood Insurance
Continue to work with federal, state, and local agencies to implement hazard mitigation and other flood mitigation strategies to improve the flood insurance rating from 7 to 6, which would result in an extra 5% discount on flood insurance for properties in special flood hazard areas.

Reapply for Grant to Replace Boardwalk and Bulkhead
Reapply to the US Fish & Wildlife Service for $600,000 to replace the existing seawall and replace the boardwalk along the waterfront.

► Budget–Planning & Inspections

PLANNING & INSPECTIONS BUDGET
FY 2020 Recommended May 13, 2019

PLANNING EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 339,708	$ 370,580	$ 388,665	$ 18,085	5%
Positions	*6*	*5*	*5*	*-*	*0%*
Operations	14,735	16,550	32,775	16,225	98%
Capital Outlay	-	-	25,000	25,000	*NA*
Debt Service	5,023	5,023	5,023	-	0%
Total Planning Expenditures	$ 359,466	$ 392,153	$ 451,463	$ 59,310	15%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Operations expenditures expand in FY 2020 to cover continuing education and professional development. One-time costs include an update to the Historic Commission Design Guidelines.

Capital outlay in FY 2020 is the purchase of a truck for code enforcement.

Debt service includes principal and interest payments for a FY 2017 Planning & Inspections truck loan.

It costs about $150,000 per year for the US Army Corp of Engineers
to keep Bulkhead Channel dredged to a safe depth
so vessels can safely navigate Beaufort Harbor.

Police Department

The Beaufort Police Department is a full-service public safety agency charged with protecting the lives and property of residents and visitors while reducing the incidence and fear of crime. This charge is carried out with honor, integrity, and pride at all times while maintaining the highest ethical standards to safeguard the public's trust and confidence.

The Police Department provides various services with both uniformed and plain-clothed officers by way of the Patrol and Criminal Investigations Divisions. The Patrol Division is made up of four patrol squads working 12-hour shifts, 6:00am-6:00pm each day and night. Each shift is staffed by one Patrol Sergeant and two Police Officers. The Criminal Investigations Division is staffed by one Detective Sergeant and one Detective.

► FY 2019 Work Summary to Date–Police Department

In the first three quarters of FY 2019 we:

- Responded to over 6,400 calls for service, investigating over 1,100 traffic complaints, crashes, and vehicle stops
- Attended over 1,500 hours of law enforcement training
- Successfully applied for and were awarded over $95,000 in grant funds which supported our new vessel and AED deployment

► FY 2019 Goal Updates–Police Department

Develop Skills
All sworn personnel completed safety and agility skills driver training, completed their annual recertification for both lethal and non-lethal weapon systems, and participated in regional active shooter training alongside our partner agencies in Carteret County.

Implement Harbor Management Plan
67 vessels have been tagged and or removed because of the Navigable Waters Ordinance recently enacted.

Initiate Law Enforcement Risk Review Process
This NC League of Municipalities program provides comprehensive policy review and on-site evaluation designed to ensure policies and practices meet recommended best practices.

► FY 2020 Goals–Police Department

Complete Law Enforcement Risk Review Process
Host a successful on-site review of our policies and practices validating our agency meets recommended best practices.

Increase Law Enforcement Presence In Our Waterways
Deploy our vessel to increase both proactive and reactive patrols in Taylors Creek, Town Creek, and the Rachel Carson Reserve.

Prioritize Professional Development
Continue to develop professional skills with a focus on organizational leadership and supervisor accountability.

► Budget–Police Department

POLICE BUDGET
FY 2020 Recommended May 13, 2019

POLICE EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 1,079,016	$ 1,230,500	$ 1,317,767	$ 87,267	7%
Positions	*18*	*18*	*19*	*1*	*6%*
Operations	228,085	249,483	255,170	5,687	2%
Capital Outlay	118,245	146,250	46,000	(100,250)	-69%
Debt Service	44,418	43,947	17,220	(26,727)	-61%
Total Police Expenditures	$ 1,469,764	$ 1,670,180	$ 1,636,157	$ (34,023)	-2%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. Additional increase comes from an administrative support position to supervise marine operations, community involvement, special events, and equipment.

Operations expenditures expand in FY 2020 to cover ongoing bullet proof vest replacements, boat fuel and maintenance, and insurance rate increases. One-time costs include office furniture and surveillance equipment.

Capital outlay in FY 2019 included purchase of two police vehicles as well as Taser and ammunition purchases per their respective replacement cycles. FY 2020 includes purchase of a new police vehicle for the new position.

Debt service includes principal and interest payments for FY 2017 Police Cars loan.

Public Works Department

The Public Works department strives to make everyday life as safe and convenient as possible for Beaufort residents and visitors while providing outstanding customer service.

Specifically, Public Works maintains public rights of way, streets, signage, bike and pedestrian paths, sidewalks, stormwater management, parks, and the boardwalk. Staff performs routine repairs, monitors roads and rights-of-ways for cleanliness and safety hazards, and maintains landscaping on all Town-owned property.

The department also maintains and repairs Town-owned vehicles and equipment, as well as Town-owned buildings and grounds.

Public Works also collects yard debris and bulky waste, and oversees the trash and recycling collection contract with Waste Industries. Staff also provides oversight and works closely with contractors on public projects.

► FY 2019 Work Summary to Date–Public Works Department

In the first three quarters of FY 2019 we:

- Cleared roadways and sidewalks, and oversaw the hauling of over 47,000 cubic yards of hurricane debris. We also performed minor repairs on buildings necessitated by storm damage, and cleaned and repaired numerous drainage outfalls and ditches.
- Oversaw completion of contractor's work to provide extensive exterior and minor interior renovations, as well as structural improvements to the Water Department building on Pine Street.
- Oversaw extension of Professional Park Drive to Campen Road to 90% completion with sidewalk, curbing, stone, utilities, stormwater, and grading.
- Oversaw painting and installation of new flooring inside the existing police station. Began renovating interior of former police station to add training, evidence, interview, and storage rooms.

▶ FY 2020 Goals Update–Public Works Department

Randolph Johnson Park Renovation
Removed the existing equipment from the park, installed all new fencing at the current Public Works facility, and took the old fencing and re-installed it at the park site to prevent anyone from entering into a construction zone and risking injury. Grading and installation of splash pad and playground equipment, and construction of the restroom/picnic facilities will begin after engineering and construction documents are complete and appropriate permits are received.

▶ FY 2020 Goals–Public Works Department

Pedestrian Improvements
Assist town engineering staff in oversight of project contractor and monitoring of work for compliance with specifications.

➨ Refer to *Pedestrian Improvements* in *Section 4: Capital Improvement Plan* for more information.

Randolph Johnson Park Renovation
Oversee the work of various contractors engaged in the park renovation project.

Street Improvements
Assist town engineering staff in oversight of project contractor and monitoring of work for compliance with specifications.

➨ Refer to *Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

Stormwater Improvements Program
Assist town engineering staff in developing an ongoing program for maintenance and improvements to the stormwater system, informed by the recently received stormwater system analysis performed by The Wooten Company.

➨ Refer to *Stormwater Improvements Program* in *Section 4: Capital Improvement Plan* for more information.

► Budget–Public Works Department

PUBLIC WORKS BUDGET
FY 2020 Recommended May 13, 2019

PUBLIC WORKS EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 454,637	$ 674,388	$ 693,264	$ 18,876	3%
Positions	*13*	*13*	*13*	*-*	*0%*
Operations	1,248,783	2,666,329	1,260,125	(1,406,204)	-53%
Capital Outlay	122,901	355,630	-	(355,630)	-100%
Debt Service	62,672	60,739	108,030	47,291	78%
Total Public Works Expenditures	$ 1,888,993	$ 3,757,086	$ 2,061,419	$(1,695,667)	-45%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Operations decrease in FY 2020 due to one-time expenses related to hurricane clean-up and Police building renovations. In addition, operating expenses for parking were shifted to the newly established Parking Management, and street contracted services expenses have been removed from Public Works in deference to a Street Improvements capital project fund to be created in FY 2020.

Capital outlay in FY 2019 included contribution to capital reserve for boardwalk/bulkhead improvements. It also included one-time purchases of a vehicle and sound equipment for the Train Depot. There are no Public Works capital expenditures for FY 2020 originating in the General Fund.

Debt service includes principal and interest payments for FY 2017 loans toward a one-ton truck and a grapple truck, as well as interest payment toward a Street / Pedestrian Improvements loan originating in FY 2020.

All sewer equipment must be oversized to account for higher volume during heavy rain events, when the sewer system may pump 3-4 times the average flow of water in the system.

Sewer Division

The Sewer Division is responsible for the maintenance of the sewer collection system as well as the operation and maintenance of the Wastewater Treatment Facility.

The sewer collection system is comprised of approximately 25 miles of gravity lines, 28 miles of force mains, 22 pump stations, and approximately 3,300 sewer service connections.

The Wastewater Treatment Plant (WWTP) is a permitted 1.5 million gallon per day facility that treats the collected sewage of the Town and discharges the treated effluent into the eastern end of Taylor's Creek in accordance with state and federal regulations.

► FY 2019 Work Summary to Date–Sewer Division

In the first three quarters of FY 2019 we:

- Responded to 23 sewer calls
- Completed 6 force main repairs
- Cleaned 28,623 feet of sewer mains
- Replaced or installed 4 motors and 4 pump assemblies in lift stations on Front Street
- Replaced 2 pumps at the Wastewater Treatment Plant
- Installed 18 vacuum pods in Beaufort Club
- Collected and treated over 245 million gallons of wastewater

► FY 2019 Goal Updates–Sewer Division

Maintain Compliance
Through thorough record keeping and system performance, the Sewer Division has not received any notice of violations during FY 2019. All reports to and communications with NC DEQ have been well received.

Preventative Maintenance and Repairs
Two new generators have been ordered and will be installed prior to July 2019. They will be installed at sewer lift stations #4 and #11 to will help boost system functionality during power outages.

Remove Suspended Solids
Over the past year, approximately 99% of total suspended solids from the wastewater treatment process have been removed by managing the microorganisms in place and maintaining the plant's deep bed filter to a high level. Maintaining the Wastewater Treatment Plant equipment and frequent operational samples are required to achieve numbers in this range.

► FY 2020 Goals–Sewer Division

Cedar Street Utility Line Improvements
Assist the Town engineering staff in oversight of the contractor replacing utility lines in Cedar Street.

➨ Refer to *Cedar Street Utility Line Improvements* in *Section 4: Capital Improvement Plan* for more information.

Clean 10% Gravity of Sewer Lines
The Sewer Division is responsible for cleaning 10% of its total gravity sewer lines per year.

Clean and Maintain 22 Lift Stations
Lift stations are responsible for pumping sewer to the Wastewater Treatment Plant. These stations require frequent cleaning and maintenance.

Maintain Compliance
Perform all testing and reporting required to stay in compliance with NC DEQ.

► Budget–Sewer

SEWER BUDGET
FY 2020 Recommended May 13, 2019

SEWER EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 607,886	$ 574,708	$ 596,096	$ 21,388	4%
Positions	*9*	*8*	*8*	*-*	*0%*
Operations	452,149	622,870	666,550	43,680	7%
Capital Outlay	-	316,600	28,000	(288,600)	-91%
Debt Service	1,378,926	1,359,303	1,337,143	(22,160)	-2%
Total Sewer Expenditures	$ 2,438,961	$ 2,873,481	$ 2,627,789	$ (245,692)	-9%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Operations increase in FY 2020 due to one-time non-capital equipment purchases and growing sewer repairs.

Capital outlay in FY 2020 covers replacement of a 2003 pickup truck which had been approved in FY 2019. Capital outlay expenses in FY 2019 were significantly greater than FY 2020 because of hurricane-related damage. In addition, the contribution to capital reserve is now accounted for under Non-Departmental.

Debt service includes principal and interest payments for the FY 2006, FY 2008, FY 2009 Sewer loans, the FY 2010 Sewer Plant loan, the FY 2016 Sewer Trucks loan, and an FY 2017 WWTP pickup truck loan.

DID YOU KNOW?

The Town of Beaufort has over 47 miles of underground main water lines.

Water Division

The Water Division is responsible for the treatment and distribution of potable water to all the Town's utility customers.

The Water Division operates two water treatment plants (one on Hedrick Street and one on Glenda Drive) and has a designed permitted flow rate of 1.2 million gallons per day.

The Water Division is also responsible for over 3,500 service connections throughout its distribution system.

► FY 2019 Work Summary to Date–Water Division

In the first three quarters of FY 2019 we:

- Installed over 75 new meters
- Changed out 57 old meters to new meters
- Repaired over 20 major water main leaks
- Completed an average of 7 work orders per day
- Completed an average of 38 water utility locates per week
- Pumped an average of .4426 MGD to the distribution system
- Directed Glenda Drive discharge into sewer to prevent violations of the Clean Water Act
- Completed routine maintenance on Pine Street Water Tower and placed it back into service

► FY 2019 Goal Updates–Water Division

Complete Routine Work Orders in One Day
All routine work orders have been processed in one day's time, helping to ensure customer satisfaction and keep operations running in an efficient manner.

Maintain Compliance
The Town's water distribution system received no violation notices during FY 2019.

In March 2018, the Town's two water plants received new discharge permits, requiring a new sampling plan. This new sampling plan caused the Glenda Drive plant to exceed its limit for total suspended solids on several different occasions resulting in two violation notices.

We resolved this issue by re-routing the discharge water into the Town's sewer collection system. The discharge water will continue to be monitored on a regular basis so an engineering evaluation can determine if alternative forms of treatment are needed.

Perform Maintenance on High Service Pumps
The Town's two water plants have high service pumps that pump treated water to the elevated water tanks. All routine maintenance has been performed on these pumps to ensure optimal performance.

► FY 2020 Goals–Water Division

Cedar Street Utility Line Improvements
Assist the Town engineering staff in oversight of the contractor replacing utility lines in Cedar Street.

➨ Refer to *Cedar Street Utility Line Improvements* in *Section 4: Capital Improvement Plan* for more information.

Glenda Drive Softener Room
Complete the sanding and repainting of the Glenda Drive water treatment plant's softeners.

High Service Room Pine Street Water Treatment Plant
Complete the replacement of all high service piping within the high service pump room at Pine Street water treatment plant.

Oversee the Completion of Beau Coast Phase 2
Ensure that all related water mains and metered connections are built to compliance with the Town of Beaufort Water, Sewer, and Wastewater Standards.

Pressure Wash Facilities
Complete the pressure washing of all brine tanks and storage tanks of Glenda Drive and Pine Street water treatment plants.

► Budget–Water

WATER BUDGET
FY 2020 Recommended May 13, 2019

WATER EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ 206,012	$ 259,900	$ 274,040	$ 14,140	5%
Positions	*4*	*4*	*4*	*-*	*0%*
Operations	392,398	382,679	338,224	(44,455)	-12%
Capital Outlay	139,983	449,573	50,000	(399,573)	-89%
Debt Service	139,970	138,357	135,956	(2,401)	-2%
Total Water Expenditures	$ 878,363	$ 1,230,509	$ 798,220	$ (432,289)	-35%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system; there are no new positions.

Operations decreases in FY 2020 are attributed to a decrease in contract services.

Capital outlay in FY 2020 covers replacement of a 2000 GMC service truck which had been approved in FY 2019. Capital outlay expenses in FY 2019 were significantly greater than FY 2020 because the contribution to capital reserve is now accounted for under Non-Departmental.

Debt service includes principal and interest payments for the FY 2013 Glenda and Sycamore water treatment plant loans and an FY 2017 pickup truck loan.

Non-Departmental

Items in this program span multiple departments within a fund.

► Budget–Non-Departmental

NON-DEPARTMENTAL BUDGET
FY 2020 Recommended May 13, 2019

NON-DEPARTMENTAL EXPENDITURES	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Amt Change from FY 2019	% Change
Personnel	$ -	$ 92,000	$ 73,554	$ (18,446)	-20%
Positions	-	-	-	-	NA
Operations	339,022	412,382	279,337	*(133,045)*	-32%
Capital Outlay	-	-	794,363	*794,363*	NA
Debt Service	128,402	125,411	122,420	*(2,991)*	-2%
Transfer	350,000	350,000	511,000	*161,000*	46%
Total Non-Departmental Expenditures	$ 817,424	$ 979,793	$ 1,780,674	$ 800,881	82%

Personnel includes 2% of salaries for merit-based raises.

Operations includes:

- Legal services.
- Annual Audit.
- Human resources services such as drug screenings, background checks, and the Employee Assistance Program.
- Employee engagement efforts, including employee recognition, a wellness fair, an awards program, and training programs offered by the UNC School of Government. A new training program to enhance employees' use of technology is also included this year.

In FY 2020, capital outlay includes contributions to capital reserve from the General Fund and the Utility Fund.

Debt service includes principal and interest payments for the Town Hall loan.

Transfers include money transferred from the Utility Fund to the General Fund for administrative and engineering services.

100% of Beaufort's sworn police officers passed the FY 2018 Police Officer Physical Assessment Test - with 88% passing at or above State standards.

Capital Improvement Plan

The following plan shows how the Town can pay for large-scale projects such as parks, roads, buildings, and other facilities. It includes a schedule of when the projects might begin and a detailed profile for each project.

In this section you will find:

- Capital Improvement Plan Guide 124
- Current Capital Projects Update 128
- CIP Schedules 130
- Capital Project Profiles 135
  - Boardwalk / Bulkhead Improvements 136
  - Cedar Street Park 137
  - Cedar Street Utility Line Improvements 138
  - Fire Pumper Truck–2020 139
  - Fire Pumper Truck–2024 140
  - Fire Substation Phase 2–Staffing and Living Quarters 141
  - Pedestrian Improvements 142
  - Police Department Building 143
  - Pollock Street Stormwater Improvements 144
  - Public Works Facility 145
  - Stormwater Improvements Program 146
  - Street Improvements 147
  - Utility Line & Street Improvements Combined Program 148

Capital Improvement Plan Guide

The Town of Beaufort defines capital improvements as:

- Physical assets built or bought,
- Having a useful life of ten (10) years or more, and
- Costing $100,000 or more.

Capital improvements do not typically include items defined as "capital outlay." *Capital outlay* includes smaller-scale items, such as furniture, equipment, and vehicles.

The following diagram shows types and examples of capital improvement projects.

Build New or Expanded Facilities	Replace or Rebuild Existing Facilities	Hire Professional Studies & Services	Purchase Major Equipment or Land
• New Fire Station • New Police Station • Expand Randolph Johnson Park • Build Cedar St Park	• Repair Water & Sewer Lines • Repave Streets • Repair Bulkhead • Replace Boardwalk	• Stormwater Assessment • Street Design • Small Area Plans	• Fire Trucks • Park land • Easements

The Town of Beaufort's *capital improvement plan* (CIP) describes capital improvements slated for funding in the next five years. It also includes any expected projects beyond five years.

The CIP allows the Town to:

- Build and maintain facilities needed for the Town's public services
- Address physical development goals from approved Town plans
- Improve financial planning: compare needs with funds, estimate future debt, and see effects on tax rate and fees
- Prioritize projects to best use limited funds
- Align timing of construction and major equipment purchases with public needs
- Pre-plan projects to seize chances for partnerships and grants

► Project Criteria for Inclusion in CIP

The Town reviews and updates its CIP as part of the annual budget process. It can, and does, change in future years. As a rolling document, older projects drop off and new ones are added each year.

Projects in the CIP must advance one or more of the Town's strategic priorities. Often they come from infrastructure or long-term strategic plans that the Town has developed. The following diagram shows additional factors considered when projects get added to the CIP.

Preserve or Enhance Town Assets

- Will the project maintain or improve an existing facility?
- What is its anticipated useful life?
- Does it replace a piece of equipment needed to provide public services? Is the current asset beyond its reasonable life?
- Is the expense part of a scheduled plan to keep facilities or equipment operational and preclude major repair costs?

Increase Efficiency and Effectiveness

- Does the project reduce operating costs (e.g., eliminate costly repairs) or increase effectiveness?
- Does it reduce potential legal liability (e.g., repair a broken sidewalk) or threats to service continuity (e.g., replace an old water truck before it breaks down completely)?
- Does it improve customer service or provide a new, needed service?

Be a Good Steward of Public Resources

- Does the project increase revenues?
- Are grant funds available to cover a portion or all of the cost?

Consider Impacts on the Operating Budget

- What types of ongoing savings might be realized from the project?
- Does it increase operating costs?

► CIP as a Financial Planning Tool

As a financial planning tool, the CIP provides the following information for each capital project.

- Estimated costs to complete the project
- Operating and maintenance costs once the project is complete
- Potential funding sources, including any related debt incurred

The Town Manager determines the least costly and most flexible way to pay for each project. Funding sources include: federal and state grants, dedicated taxes and fees, and monies from fund balances. In addition, the Town actively seeks donations of funds, property, services, and materials to offset the cost of capital improvements.

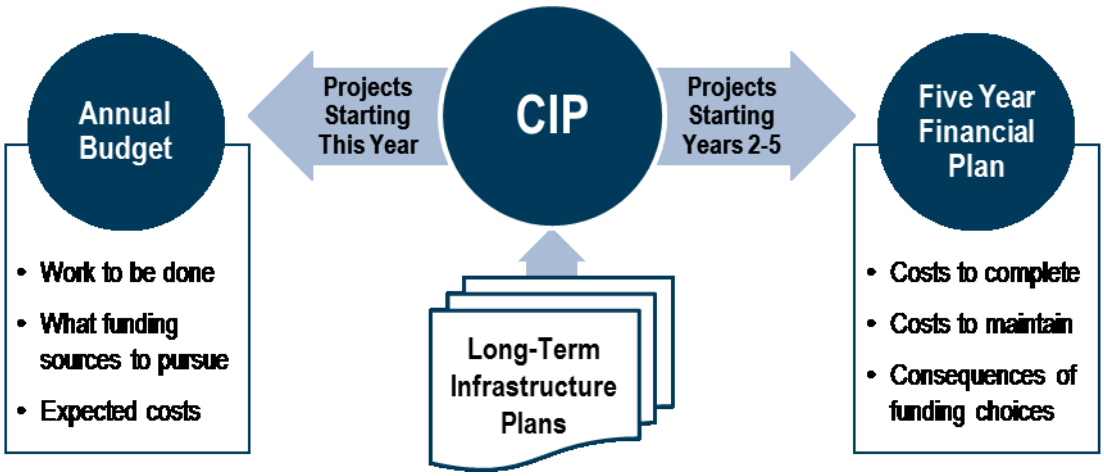
► Relationship to Budget Document

The CIP provides the critical link between long-term infrastructure plans and financial planning and budgeting needed to implement them.

For example, the Infiltration and Inflow Study (a long-term infrastructure plan) recommends sewer line improvements to better transport and treat wastewater. A project is added to the CIP for Utility Line Improvements, with a start date in the future.

The five year financial plan includes funding amounts in the start date indicated by the CIP. When the start year arrives, the funding sources and amounts in the CIP inform the annual budget.

The following diagram shows how the CIP feeds information from long-range infrastructure plans to both the annual budget and the five year financial plan.



The CIP is adopted by the Town Board along with the annual budget. Only projects and financing sources outlined in the first year of the CIP are considered part of the adopted annual budget.

Projects and financing sources outlined for subsequent years are not authorized until the annual budget for those years or a capital

project budget is legally adopted. The out years serve as a guide for future planning and are subject to further review and modification.

► Parts of the Capital Improvement Plan

The capital improvement plan contains several sections.

Current Capital Projects Update

Provides a brief update on projects already underway and identifies next actions for each project.

CIP Schedules

Presents financial and timeline schedules for upcoming and future capital projects. Includes two summaries:

- Schedule of expected cost to complete the projects
- Schedule of annual budget impacts after completion

Capital Project Profiles

Provides an overview of each upcoming or future capital project. Each profile states project assumptions, including:

- Description of the project
- Reason for the project
- When it might start
- What it might cost and options for funding it

Current Capital Projects Update

The following provides a status update on current capital projects.

Boardwalk / Bulkhead Improvements

A grant requested from the US Fish & Wildlife Service in 2018 for $600,000 to assist in replacing the existing bulkhead and boardwalk along the waterfront was not awarded.

In FY 2020 we will reapply for a Boating Infrastructure Grant and complete design engineering.

➨ Refer to *Boardwalk / Bulkhead Improvements* profile later in this section for more information.

Cedar Street Park

Design and construction of a park at the Gallants Channel drawbridge site is a year behind schedule due to delays in construction of the new high rise replacement bridge and demolition of the drawbridge.

In FY 2020 we expect to complete transfer of property from NCDOT to the Town, prepare construction plans, and begin construction.

➨ Refer to *Cedar Street Park* profile later in this section for more information.

Randolph Johnson Park

Site preparation began in February 2019, and construction documents are expected to be completed in late FY 2019. Bidding and construction will immediately follow.

In FY 2020 we will complete Phase 1 construction.

Stormwater Management Plan

The draft Stormwater Management Plan, an analysis and inventory of the Town's existing stormwater system and several suggested improvement projects, was presented in FY 2019 and is being used to develop a Stormwater Improvements Program.

In FY 2020 we will revise the stormwater fee structure and match funding to design and construction costs of identified stormwater capital projects in the Stormwater Management Plan.

➨ Refer to *Stormwater Improvements Program* profile later in this section for more information.

Street Management Program & Utility Line Improvements

Completion of a street management plan (an assessment of the condition of town streets with recommended repair methods and probable costs) and an inventory and assessment of the Town's water system in FY 2019 combined with a Sewer Inflow and Infiltration Report from 2010, resulted in the establishment of a Street Improvements Project and Utility Line & Street Combined Improvements Program.

➨ Refer to *Cedar Street Utility Line Improvements*, *Pollock Street Stormwater Improvements*, *Street Improvements*, and *Utility Line & Street Improvements Combined Program* profiles later in this section for more information.

CIP Schedules

Beaufort's five-year capital improvement program is approximately $12 million, with debt increasing 4.35% over the five-year period.

► CIP Project Costs and Timeline

The following table shows likely project costs and possible funding sources, over time. For each project or funding source, six columns appear, one for each period.

The first column, FY 2020 Budget, shows amounts included in the FY 2020 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods FY 2021, FY 2022, FY 2023, FY 2024, and Beyond.

The table has two groups of rows.

The first grouping, CAPITAL IMPROVEMENTS, lists each of the projects in the CIP, and totals the cost of all capital improvement projects for each column.

The second grouping, FUNDING SOURCES, lists major funding sources for capital improvements. Major funding sources include: property taxes, intergovernmental, permits and fees, loan proceeds, general fund balance, utility fund balance, and capital project fund. The final row in this grouping shows total amount of all funding sources.

CIP PROJECT COST SUMMARY
FY 2020 Recommended May 13, 2019

	FY 2020 Budget	FY 2021 Planning	FY 2022 Planning	FY 2023 Planning	FY 2024 Planning	Planning Beyond
CAPITAL IMPROVEMENTS						
Boardwalk / Bulkhead Improvements	$ 35,000	$ 1,222,000	$ -	$ -	$ -	$ -
Cedar Street Utility Line Improvements	965,000	-	-	-	-	-
Cedar Street Park	600,000	-	-	-	-	-
Fire Pumper Truck - 2020	375,000	-	-	-	-	-
Fire Pumper Truck - 2024	-	-	-	-	450,000	-
Fire Substation Phase 2	-	200,000	-	-	-	-
Pedestrian Improvements	556,550	-	-	-	-	-
Police Department Building	-	-	-	-	-	2,500,000
Pollock Street Stormwater Improvements	15,000	145,200	-	-	-	-
Public Works Facility	-	-	-	-	-	1,600,000
Stormwater Improvements Program	-	-	-	-	-	-
Street Improvements	3,080,000	-	-	-	-	-
Utility Line & Street Combined Improvements	144,000	980,880	1,000,498	1,020,508	1,040,918	-
Total Capital Improvements	$ 5,770,550	$ 2,548,080	$ 1,000,498	$ 1,020,508	$ 1,490,918	$ 4,100,000
FUNDING SOURCES						
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	15,000	881,120	-	-	-	-
Permits & Fees	-	-	-	-	-	-
Loan Proceeds	4,011,550	-	-	-	450,000	4,100,000
General Fund Balance	-	-	-	-	-	-
Utility Fund Balance	-	-	-	-	-	-
Cap Proj Fund - Community Improvements	600,000	-	-	-	-	-
Capital Reserve Fund - Boardwalk	35,000	622,000	-	-	-	-
Capital Reserve Fund - Streets	54,000	343,860	285,376	291,083	296,905	-
Capital Reserve Fund - Utilities	1,055,000	701,100	715,122	729,425	744,013	-
Total Funding Sources	$ 5,770,550	$ 2,548,080	$ 1,000,498	$ 1,020,508	$ 1,490,918	$ 4,100,000

► Operational Impacts

Financial implications of capital projects sometimes extend beyond completion of the project. For example, some projects will be funded through loans. Future budgets will need to cover the loan payments (debt service).

In some cases, specific revenue sources can offset expenditures. For example, Carteret County Fire District Tax can cover debt service payments for fire trucks and stations, while Powell Bill funds can help cover debt service payments for road works.

Finally, portions of the property tax rate may be assigned for specific capital improvements. For example, in FY 2018 the Town Board dedicated 2 cents of the property tax rate to street improvements. In future years, this 2 cent impact will partially offset the debt service incurred by the Street Improvements Project.

The following table shows likely operating impacts (both expenditures and offsets) for completed projects, over time. For each project or funding source, six columns appear, one for each period.

The first column, FY 2020 Budget, shows amounts included in the FY 2020 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods FY 2021, FY 2022, FY 2023, FY 2024, and Beyond.

The table has three groups of rows.

The first grouping, EXPENDITURES, shows operational impacts for: personnel, operations, capital outlay, and debt service. The final row in this grouping totals the operating cost.

The second grouping, OFFSETS, identifies ways capital improvement operational expenditures can be offset by different revenues. These sources include: property taxes, Powell Bill, and Carteret County Fire District Tax. The final row in this grouping shows total offsets.

CIP OPERATING IMPACTS

FY 2020 Recommended May 13, 2019

	FY 2020 Budget	FY 2021 Planning	FY 2022 Planning	FY 2023 Planning	FY 2024 Planning	Planning Beyond
OPERATING COSTS						
Personnel	$ -	$ 112,500	$ 229,500	$ 234,090	$ 238,772	$ -
Operations	8,000	18,000	18,000	19,000	19,000	-
Capital Outlay	-	-	-	-	-	-
Debt Service	68,567	414,850	407,975	401,100	394,225	9,688,048
Total Operating Costs	$ 76,567	$ 545,350	$ 655,475	$ 654,190	$ 651,997	$ 9,688,048
FUNDING SOURCES						
Property Taxes	$ 18,285	$ 243,850	$ 236,975	$ 231,100	$ 224,225	$ 8,240,330
Powell Bill	58,282	120,000	120,000	120,000	120,000	1,261,718
Carteret County Fire District Tax	-	181,500	298,500	303,090	307,772	186,000
Total Funding Sources	$ 76,567	$ 545,350	$ 655,475	$ 654,190	$ 651,997	$ 9,688,048

DID YOU KNOW?

The 1866
Oceanic Hook & Ladder Co.
is the earliest recorded
organized fire department
in the Town of Beaufort.

Capital Project Profiles

This section provides an overview of each upcoming or future capital project. Projects in the Capital Improvement Plan include:

- Boardwalk / Bulkhead Improvements 136
- Cedar Street Park 137
- Cedar Street Utility Line Improvements 138
- Fire Pumper Truck–2020 139
- Fire Pumper Truck–2024 140
- Fire Substation Phase 2–Staffing and Living Quarters 141
- Pedestrian Improvements 142
- Police Department Building 143
- Pollock Street Stormwater Improvements 144
- Public Works Facility 145
- Stormwater Improvements Program 146
- Street Improvements 147
- Utility Line & Street Improvements Combined Program 148

Boardwalk / Bulkhead Improvements

Added to CIP in FY 2019

Public Works

Design and Construction

Total Cost: $1,257,000

Useful Life: 30+ Years

This project includes extensive repairs to the concrete bulkhead (which was constructed in 1975) along Front Street between Turner and Queen Streets, and the removal of the existing boardwalk and construction of a new one.

Staff applied for a US Fish and Wildlife Service Boating Infrastructure Grant (BIG) in 2018, which would have paid for about 50% of the project. The grant was not awarded, so the Town will reapply. The remaining funding is provided through property tax and other revenues in the General Fund. If the grant is not awarded again, then the remaining funding may be provided through loan proceeds.

Background and Justification

The boardwalk is one of Beaufort's most important assets. The condition of the bulkhead has been assessed by structural engineers and has been found to be failing. The boardwalk, which is in need of replacement, must be removed to repair the bulkhead.

Schedule and Funding

Design of the project is expected to be completed in FY 2020, and a construction contract awarded by late FY 2020 / early FY 2021.

Funding sources include capital reserves of $600,000 (set aside over the last two years), $600,000 from a federal grant (or a loan if the grant doesn't come through), and an additional $57,000 from FY 2021 General Fund revenues.

There are no anticipated operational impacts.

	2020	2021	2022	2023	2024	Beyond
Boardwalk / Bulkhead Improvements						
Project Cost	35,000	1,222,000	-	-	-	-
Project Funding						
Intergovernmental	-	600,000	-	-	-	-
Capital Reserve Fund - Boardwalk	35,000	622,000	-	-	-	-

Cedar Street Park

Added to CIP in FY 2018

Parks

Design and Construction

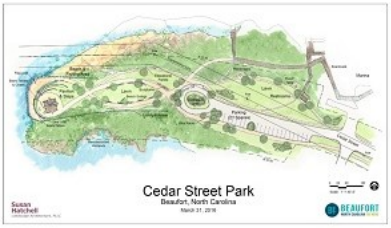
Total Cost: $600,000

Useful Life: 50+ Years

This project consists of the design and construction of a passive park at the site of the former Gallant's Channel drawbridge landing area.

NC DOT has agreed to make the property available to the Town, which will occur in late FY 2019/early FY 2020.

A concept plan for the park was completed in FY 2017. Construction documents will be prepared in FY 2020 after the property is secured, with construction to follow.



Background and Justification

The property is ideally suited for use as a park. It already serves as a popular fishing spot and accommodations can be made for additional passive recreational activities. Further, this is a highly visible piece of property from the new high rise bridge and it will anchor the end of one of the Town's more prominent streets.

Schedule and Funding

Design is expected to begin in late FY 2019 / early FY 2020, with construction to immediately follow.

Funding of $600,000 comes from the Community Improvement Capital Project Fund.

The project has no tax rate impact.

Anticipated maintenance costs include $3,000 in FY 2021, $3,000 in FY 2022, $4,000 in FY 2023 and for each year beyond.

	2020	2021	2022	2023	2024	Beyond
Cedar Street Park						
Project Cost	600,000	-	-	-	-	-
Project Funding						
Cap Proj Fund - Community Improvements	600,000	-	-	-	-	-
Operational Cost						
Operations	-	3,000	3,000	4,000	4,000	-
Operational Funding						
Property Taxes	-	3,000	3,000	4,000	4,000	-

Cedar Street Utility Line Improvements

NEW in FY 2020

Utilities

Design and Construction

Total Cost: $1,037,000

Useful Life: 50+ Years

The impetus for this project is the planned stormwater improvements and resurfacing of Cedar Street by NC DOT. This project will:

- Replace older 6-inch cast iron pipe with new 6-inch ductile iron pipe from Pollock Street to Moore Street before planned repaving of Cedar Street by NC DOT
- Repair or replace at least eight sanitary sewer manholes
- Examine at least four runs of previously lined runs of sanitary sewer and correct any deficiencies found

Background and Justification

The 6-inch cast iron pipe water lines beneath Cedar Street have exceeded their service life and are routinely in need of repairs. These repairs typically require removal of pavement followed by placement of a pavement patch. Accordingly, replacement of these lines is recommended prior to the repaving of Cedar Street by NC DOT.

Additionally, repair of sanitary sewer manholes that are known to leak is recommended ahead of the paving so that this new pavement will not have to be removed and then patched to facilitate repair of the manholes.

Likewise, investigation of approximately 1,600 linear feet of suspect segments of sanitary sewer is proposed so that any deficiencies can be identified and corrected ahead of the NC DOT paving.

Schedule and Funding

Design began in FY 2019 and is expected to be complete around first quarter of FY 2020. Construction is expected to be completed by Memorial Day 2021.

Funding of $72,000 in FY 2019 came from the Utility Fund fund balance. Funding in FY 2020 of $965,000 comes from monies set aside in the Utility Capital Reserve Fund.

	2020	2021	2022	2023	2024	Beyond
Cedar Street Utility Line Improvements						
Project Cost	965,000	-	-	-	-	-
Project Funding						
Capital Reserve Fund - Utilities	965,000	-	-	-	-	-

Fire Pumper Truck–2020

Purchase of a new fire pumper truck to replace the 1985 pumper located at the fire substation on NC 101 in a rural fire district outside Town limits.

This purchase will be funded by a loan, with funding for debt service payments coming from the Carteret County Fire District Tax, in Intergovernmental Revenues in the General Fund. This purchase will only be made if the Carteret County Board of Commissioners contributes the necessary funding.

Added to CIP in FY 2018

Fire Department

Capital Equipment Purchase

Total Cost: $375,000

Useful Life: 20+ years

Background and Justification

The pumper currently in use is in poor condition and requires frequent maintenance. In order to maintain departmental capabilities to fight structure fires in the county fire districts, dependable replacement apparatus is needed.

Schedule and Funding

In FY 2020 project costs total $375,000.

Funding of $375,000 comes from loan proceeds.

Debt service payments assume a 7 year loan at 4%. Debt service begins in FY 2020 at $62,000 per year. Anticipated maintenance costs include $2,000 per year beginning in FY 2020. Corresponding revenues each year to offset these costs come from Carteret County at $64,000.

	2020	2021	2022	2023	2024	Beyond
Fire Pumper Truck - 2020						
Project Cost	$ 375,000	$ -	$ -	$ -	$ -	$ -
Project Funding						
Loan Proceeds	$ 375,000	$ -	$ -	$ -	$ -	$ -
Operational Cost						
Operations	$ -	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ -
Debt Service	$ -	$ 62,000	$ 62,000	$ 62,000	$ 62,000	$ 186,000
Operational Funding						
Carteret County Fire District Tax	$ -	$ 64,000	$ 64,000	$ 64,000	$ 64,000	$ 186,000

Fire Pumper Truck–2024

Purchase of a new fire pumper truck to replace current 1994 engine/pumper.

NEW in FY 2020

Fire Department

Capital Equipment Purchase

Total Cost: $450,000

Useful Life: 20+ years

Background and Justification

The new pumper truck will replace a 1994 engine/pumper that will be 30+ years old in 2024 and will have exhausted its useful life.

NFPA Guidelines for first-line apparatus recommend that apparatus over 25 years should be replaced. In order to maintain departmental capabilities to fight structure fires, dependable replacement apparatus is needed.

Schedule and Funding

In FY 2024 project costs total $450,000.

Funding of $450,000 comes from loan proceeds.

Debt service payments assume a 7 year loan at 4%. Debt service begins in FY 2025 at an estimated cost of $73,800 per year. Anticipated maintenance costs include $2,000 per year beginning in FY 2025.

	2020	2021	2022	2023	2024	Beyond
Fire Pumper Truck - 2024						
Project Cost	$ -	$ -	$ -	$ -	$ 450,000	$ -
Project Funding						
Loan Proceeds	$ -	$ -	$ -	$ -	$ 450,000	$ -
Operational Cost						
Operations	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service	$ -	$ -	$ -	$ -	$ -	$ 516,600
Operational Funding						
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 516,600

Fire Substation Phase 2–Staffing and Living Quarters

Added to CIP in FY 2018

Fire Department

Design and Construction

Total Cost: $200,000

Useful Life: 30+ years

Construction of an addition for living quarters at the fire substation on NC 101.

This substation serves areas outside of the Town limits. The cost of fire services in this area are partially supported through a fire district property tax levied by Carteret County.

Currently, the fire tax proceeds are insufficient to support permanent staffing at the substation, so the living quarters are not necessarily needed until additional funding for staffing is provided.

However, even without dedicated staff at the substation there are occasions, such as during disaster recovery, when availability of the living quarters would be valuable.

The assumption is that staffing would commence midway through FY 2021. This project will only be implemented if the Carteret County Board of Commissioners contributes the necessary funding.

Background and Justification

Response times will improve considerably if funding is provided through the county fire tax for this substation addition and 24/7 staffing. Even without staffing, the addition could serve an important role in disaster recovery by housing rescue workers.

Schedule and Funding

In FY 2021 project costs total $200,000. Funding of $200,000 comes from Carteret County Fire District Tax, in Intergovernmental Revenues in the General Fund. Operational impacts include maintenance ($5,000 per year beginning in FY 2021) and personnel ($112,500 for six months in FY 2021, $229,500 for FY 2022 increasing by 2% for each following year). These operational impacts will occur only if Carteret County agrees to cover them.

	2020	2021	2022	2023	2024	Beyond
Fire Substation Phase 2						
Project Cost	-	200,000	-	-	-	-
Project Funding						
Intergovernmental	-	200,000	-	-	-	-
Operational Cost						
Personnel	-	112,500	229,500	234,090	238,772	-
Operations	-	5,000	5,000	5,000	5,000	-
Operational Funding						
Carteret County Fire District Tax	-	117,500	234,500	239,090	243,772	-

Pedestrian Improvements

NEW in FY 2020

Public Works/Admin

Design and Construction

Total Cost: $556,550

Useful Life: 25+ Years

This project includes new sidewalk construction to enhance pedestrian safety in four places: Randolph Johnson Park, Beaufort Middle School, Carteret County Library, and west side of the 100 block of Turner Street.

Background and Justification

Phase 1 of the renovation and expansion of Randolph Johnson Park, which includes installation of a splash pad, new playground equipment, restrooms, and a picnic pavilion, is in progress. The Bike/Pedestrian Plan calls for improvements in pedestrian access to the park, some of which will be accomplished by this project, as discussed at the March 2019 Town Board retreat. The estimated project cost is $410,000.

This project includes the construction of a sidewalk from Professional Park Drive at Eastport Apartments to Beaufort Middle School at Carroway Drive. The estimated project cost is $42,550.

This project includes the construction of a sidewalk on Campen Road from a crosswalk across Live Oak (to be constructed by NCDOT) to the Carteret County Library. The estimated project cost is $56,000.

The final element of this project, sidewalk improvements on the 100 block of Turner Street, was also discussed at the Town Board's retreat. Grade separations between the street and sidewalk in that block led to the construction of crosstie retaining walls adjacent to the sidewalks. The crossties are deteriorating and new retaining walls are required. This project will replace the crossties with block and brick retaining walls, allowing for the expansion of the sidewalk. The estimated project cost is $48,000.

Schedule and Funding

Design is expected to begin in late FY 2019, and construction contracts awarded in conjunction with those of the Street Improvements project in FY 2020. This project will be financed along with the Street Improvements project.

	2020	2021	2022	2023	2024	Beyond
Pedestrian Improvements						
Project Cost	556,550	-	-	-	-	-
Project Funding						
Loan Proceeds	556,550	-	-	-	-	-
Operational Cost						
Debt Service	10,285	52,928	51,896	50,865	49,834	478,629
Operational Funding						
Property Taxes	10,285	52,928	51,896	50,865	49,834	478,629

Police Department Building

This project includes land, design, and construction of a building to house the Police Department.

Added to CIP in FY 2018

Police Department

Design and Construction

Total Cost: $2,500,000

Useful Life: 30+ Years

Background and Justification

The current building housing the Police Department is inadequate in size and function. A space needs analysis performed in 2016 estimated space requirements at 6,500 square feet, based on department staffing of 20. The analysis also assumed renovation and expansion of the existing building, utilizing all the land available.

Current staffing has expanded to 19, severely limiting the value of expanding the current building, considering no further expansion would be possible to accommodate growth. The new building is estimated at 8,000 square feet.

Because major infrastructure projects are recommended for funding beginning in FY 2020, construction of a new police station is pushed out beyond 5 years.

Schedule and Funding

Future project cost (beyond FY 2024) totals $2,500,000, which will be funded through loan proceeds.

The project will have a tax rate impact of 2.02 cents for annual debt service at the time of construction.

Future (beyond FY 2024) debt service payments assume a 20 year loan at 4%. Total debt service will have a $3,636,000 impact.

Pollock Street Stormwater Improvements

NEW in FY 2020

Public Works

Design and Construction

Total Cost: $160,200

Useful Life: 25 years

This project will result in improvements to the stormwater collection system at Pollock Street between Broad and Cedar Street to mitigate flooding that typically occurs in this block during heavy rain.

Background and Justification

Heavy rainfalls have historically caused significant street and yard flooding in the 300 block of Pollock Street. The proposed project is intended to mitigate this flooding.

Schedule and Funding

This project will only be undertaken if the Town is successful at obtaining Clean Water Act Section 319(h) grant funding. Proceeding with the project will also be dependent upon work with the NCDOT related to stormwater.

In FY 2020, expected design costs total $15,000. In FY 2021, construction costs are forecast at $145,200.

Funding of $96,120 comes from Clean Water Act Section 319(h) grant funding, which reimburses the Town for 60% of all eligible costs. Remaining funding of $64,080 comes through the Capital Reserve Fund–Streets.

	2020	2021	2022	2023	2024	Beyond
Pollock Street Stormwater Improvements						
Project Cost	15,000	145,200	-	-	-	-
Project Funding						
Intergovernmental	15,000	81,120	-	-	-	-
Capital Reserve Fund - Streets	-	64,080	-	-	-	-

Public Works Facility

Added to CIP in FY 2018

Public Works

Design and Construction

Total Cost: $1,400,000

Useful Life: 25+ Years

This project involves the design and construction of a new public works facility at a new location to be determined.

Background and Justification

The Randolph Johnson Park master plan calls for two buildings at the current public works facility to be repurposed and renovated and all the land to be used to expand the adjacent park facilities.

Schedule and Funding

Future project cost (beyond FY 2024) totals $1,400,000, which will be funded through loan proceeds.

The project will have a tax rate impact of 1.13 cents in the future (beyond FY 2024).

Future (beyond FY 2024) debt service payments assume a 20 year loan at 4%. Total debt service will have a $2,037,000 impact.

Stormwater Improvements Program

Added in FY 2019

Public Works

Contracted Services

Total Cost: $9,882,000±

Useful Life: 20+ years

The Stormwater Management Plan, presented in FY 2019, compiled an inventory of the Town's stormwater facilities and proposed a program for upgrading, repairing, and sustaining stormwater infrastructure. The intent of the program is to alleviate issues associated with existing collection and transmission infrastructure as well as to help mitigate possible future issues that could be caused by stormwater runoff from new developments. The program includes:

- Inspecting existing lines through the use of video cameras
- Determining lines that need to be upsized through the use of hydraulic modeling
- Replacing existing lines, catch basins, drop inlets, etc.
- Performing maintenance at certain pipe outlets, catch basins, and drop inlets

The Stormwater Improvements Program prioritizes actions so that poor conditions are addressed first, with actions in future years addressing assets characterized as fair and better.

Background and Justification

Implementation of an ongoing stormwater improvements program will improve safety, water quality, and reduce damage due to flooding.

Schedule and Funding

In FY 2020, Town staff will evaluate and prioritize the specific projects from the Stormwater Management Plan, develop an ongoing maintenance program and budget, and prepare a modified stormwater fee schedule necessary to fund these efforts, all subject to review and approval by the Town Board.

Additional funding may be available through FEMA's Pre-Disaster Mitigation Grant Program.

Street Improvements

Added in FY 2019

Public Works

Contracted Services

Total Cost: $3,080,000

Useful Life: 20+ years

During 2018, the condition of all Town streets was measured and assessed by an engineering firm. In early 2019, a report was prepared presenting assessment findings as well as recommended work programs to rehabilitate and preserve Town streets based upon the findings.

This project includes resurfacing a number of street segments and paving of two previously unpaved Town roads totaling nearly 6 miles in length.

Background and Justification

The assessment of Town streets found many segments to be in fair to poor condition, and some were found to be failing. The improvement of many of these street segments is complicated by the presence of deteriorating utility and stormwater lines beneath them–the ground disturbance associated with resurfacing often leads to breaks in deteriorating utility lines.

This project provides for the resurfacing of those streets in need of repair for which the underlying utilities are in good condition, and the paving of two unpaved streets on Town rights-of-way.

Streets with underlying utilities in need of repair or replacement will be addressed in the Utility Line and Street Combined Improvements Program.

Schedule and Funding

Engineering work is expected to be completed by late FY 2019/early FY 2020, with bidding and contract award to immediately follow. In FY 2020 project costs are estimated to total $3,080,000. Funding of $3,080,000 comes from loan proceeds. Debt service payments assume a 15 year loan at 2.75%. Operational impacts are shown below.

	2020	2021	2022	2023	2024	Beyond
Street Improvements						
Project Cost	3,080,000	-	-	-	-	-
Project Funding						
Loan Proceeds	3,080,000	-	-	-	-	-
Operational Cost						
Debt Service	58,282	299,923	294,079	288,235	282,391	2,712,233
Operational Funding						
Property Taxes	-	179,923	174,079	168,235	162,391	1,450,515
Powell Bill	58,282	120,000	120,000	120,000	120,000	1,261,718

Utility Line & Street Improvements Combined Program

Added in FY 2019

Utility Department

Contracted Services

Total Cost: $1M± per year

Useful Life: 30+ years

Based upon assessments of road and utility line conditions, this program provides for the replacement of water and sewer utility lines, stormwater lines (if needed), and road rehabilitation and resurfacing in three block segments.

Background and Justification

In FY 2019, a Water Asset and Inventory Analysis identified over $19 million in needed water line replacements. A 2010 sewer inflow and infiltration analysis revealed extensive work needed to repair and replace sewer lines, estimated by staff to equal a similar amount.

The lines in the worst conditions are in the oldest parts of Beaufort. The roads in this area, generally, have also been identified as being in poor to failed condition.

Schedule and Funding

In FY 2020, engineering for the first project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2021. In FY 2021, engineering for the second project segment will be completed, bids will be taken, and a contract will be awarded for construction in FY 2022, and so on. Expenses for consulting engineers are included in projects costs, however, Town engineering staff will seek to defray or eliminate these costs by preparing engineering documents internally; any savings will be used for construction costs.

	2020	2021	2022	2023	2024	Beyond
Utility Line & Street Combined Improvements						
Project Cost	144,000	980,880	1,000,498	1,020,508	1,040,918	-
Project Funding						
Capital Reserve Fund - Streets	54,000	279,780	285,376	291,083	296,905	-
Capital Reserve Fund - Utilities	90,000	701,100	715,122	729,425	744,013	-

Five Year Financial Plan

This section serves as a planning tool, showing how budgeted funds might change in future years.

In this section you will find:

- Five Year Financial Plan Guide 150
- Overall Five Year Plan 153
- General Fund Five Year Plan 159
- Utility Fund Five Year Plan 173

Five Year Financial Plan Guide

The five year financial plan is a forecast of revenues and expenditures for each budgeted fund over a five year period.

By using a five-year planning window, the Town ensures that commitments, obligations, and anticipated needs are met in a fiscally sound manner.

As shown in the following diagram, the five year financial plan pulls from many sources.

Sources include:

- FY 2020 annual budget, which serves as the starting point for all subsequent years
- Capital improvement plan
- Department requests for personnel, one-time operating expenditures, or capital outlay in future years
- Debt repayment schedules
- Internal knowledge of upcoming projects that might affect property tax revenue
- External estimates, such as the consumer price index

In future years, the five year financial plan becomes the starting point for developing the annual budget.

► Parts of the Five Year Financial Plan

The five year financial plan is comprised of several sections.

Overall Five Year Forecast

Provides a high-level view of the five year budget forecast for General and Utility Funds and the impact on fund balances. Also includes Capital Reserve Fund five year forecast.

General Fund Five Year Forecast

Shows how General Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

Utility Fund Five Year Forecast

Shows how Utility Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

Overall Five Year Plan

The five year financial plan forecasts the fund balance and budget for each fund over five years. It starts with numbers from the annual budget and projects how they will change over time.

The five year financial plan shows how Beaufort can budget for its personnel, operations, capital, and infrastructure needs, while ensuring fund balances at healthy levels.

Overall Five Year Budget Forecast

The following table displays the five year forecast of General Fund revenues and expenditures.

The table has two groupings of rows.

The first grouping shows the overall GENERAL FUND forecast. It contains three rows: revenues, expenditures, and the net gain or (loss) of revenues over expenditures.

The second grouping, UTILITY FUND, follows the same pattern.

FIVE YEAR FINANCIAL PLAN
FY 2020 Recommended May 13, 2019

GENERAL FUND	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	$ 8,652,871	$ 8,804,135	$ 8,929,256	$ 9,324,510	$ 9,866,985
Expenditures	8,652,871	8,804,135	8,929,256	9,279,561	9,813,105
Net Gain (Loss)	-	-	-	44,949	53,880
Unassigned Fund Balance	2,040,986	2,006,598	1,881,218	1,926,167	1,980,047
Unassigned as % of Expenditures	23.59%	22.79%	21.07%	20.76%	20.18%
UTILITY FUND					
Revenues	$ 4,286,939	$ 4,318,311	$ 4,349,919	$ 4,381,763	$ 4,413,846
Expenditures	4,286,939	4,242,877	4,198,269	4,218,899	4,260,737
Net Gain (Loss)	-	75,434	151,650	162,864	153,109
Unassigned Fund Balance	1,246,756	1,322,190	1,473,840	1,636,704	1,789,813
Unassigned as % of Expenditures	29.08%	31.16%	35.11%	38.79%	42.01%

As shown above, the budget is balanced for FY 2020. In FY 2021 Utility Fund revenues begin to exceed expenditures, and in the General Fund starting in FY 2023 (due to a FY 2023 tax rate increase). These net gains are used to rebuild unassigned fund balance to levels consistent with adopted financial policies.

Overall Fund Balance Forecast

The following table shows how the projected budgets affect fund balance for the next five years.

The table has two groupings of rows.

The first grouping shows the GENERAL FUND forecast for its fund balance at the end of each year. It contains three rows:

- Restricted/assigned fund balance,
- Unassigned fund balance, and
- Unassigned fund balance as a % of expenditures.

The second grouping, UTILITY FUND, follows the same pattern.

FIVE YEAR FUND BALANCES at END of each year
FY 2020 Recommended May 13, 2019

GENERAL FUND	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Restricted / Assigned Fund Balance	$ 100,326	$ 100,326	$ 100,326	$ 100,326	$ 100,326
Unassigned Fund Balance	2,040,986	2,006,598	1,881,219	1,926,169	1,980,050
Unassigned as % of Expenditures	23.59%	22.79%	21.07%	20.76%	20.18%
UTILITY FUND					
Restricted / Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	1,246,756	1,322,189	1,473,836	1,636,698	1,789,806
Unassigned as % of Expenditures	29.08%	31.16%	35.11%	38.79%	42.01%

Town financial policy requires the General Fund to keep unassigned funds equal to 20% of its anticipated expenses for the fiscal year. The Utility Fund is required to set aside 50% of its anticipated expenses.

As shown in the table above, the five year forecast shows the fund balance in the General Fund hovering around the required minimum each year. The fund balance in the Utility Fund shows net revenue replenishing fund balance toward the 50% goal.

There are many assumptions that lie beneath these numbers. The following pages dig into these numbers and how they might change over time.

Capital Reserve Fund Five Year Forecast

The Town maintains a capital reserve fund, established in FY 2019, to hold funds set aside for capital projects.

The following table shows how the balance of this fund changes over time for each of its capital uses. Five columns appear, one for each period. The first column, FY 2020 Budget, shows amounts included in the FY 2020 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods FY 2021, FY 2022, FY 2023, and FY 2024.

The table has three groups of rows. Each group represents an intended capital purpose. Each group has four rows relating to the capital use: its balance at the beginning of a fiscal year, revenues added during that year, expenditures made during that year, and the resulting balance at the end of that fiscal year.

CAPITAL RESERVE FUND OVER TIME
FY 2020 Recommended May 13, 2019

		FY 2020 Budget	FY 2021 Planning	FY 2022 Planning	FY 2023 Planning	FY 2024 Planning
BOARDWALK						
	Beginning Balance	$ 600,000	$ 565,000	$ -	$ -	$ -
	Revenues	-	657,000	-	-	-
	Expenditures	35,000	1,222,000	-	-	-
	Ending Balance	$ 565,000	$ -	$ -	$ -	$ -
STREETS						
	Beginning Balance	$ 164,102	$ 570,535	$ 402,825	$ 300,474	$ 199,291
	Revenues	460,433	176,150	183,025	189,900	196,775
	Expenditures	54,000	343,860	285,376	291,083	296,905
	Ending Balance	$ 570,535	$ 402,825	$ 300,474	$ 199,291	$ 99,161
UTILITIES						
	Beginning Balance	$ 2,874,516	$ 2,153,446	$ 1,786,276	$ 1,405,084	$ 1,009,589
	Revenues	333,930	333,930	333,930	333,930	333,930
	Expenditures	1,055,000	701,100	715,122	729,425	744,013
	Ending Balance	$ 2,153,446	$ 1,786,276	$ 1,405,084	$ 1,009,589	$ 599,506

Capital Reserve Fund–Boardwalk

The boardwalk's beginning balance reflects money originally earmarked in the General Fund during FY 2018 and FY 2019 for this purpose. Revenues in FY 2021 assume receipt of a $600,000 grant and an additional General Fund contribution of $57,000. Project completion in FY 2021 will empty this reserve.

Capital Reserve Fund–Streets

The Streets' beginning balance reflects General Fund prior net revenues assigned for street work: Powell Bill funds and 2 cent property tax dedicated in FY 2018 by the Town Board.

Revenues in FY 2020 and beyond are General Fund contributions calculated off a $529,000 annual commitment to roadwork made in FY 2019 by the Town Board. The amount shown as revenue to the capital reserve fund is the balance of the dedicated $529,000 after debt service is paid on a $3.6-million loan taken out in FY 2020 for Pedestrian & Street Improvements. The amount shown for FY 2020 is substantially higher because the debt service doesn't begin until late in the year, and is therefore substantially lower.

Expenditures in FY 2020 and beyond reflect the street costs of Utility Line & Street Combined Improvements. Once construction begins in FY 2021, the annual Streets impact on capital reserves is about $300,000 per year.

With Streets annual expenditures outpacing annual revenues, by FY 2025 the money in Streets capital reserves will run out.

Capital Reserve Fund–Utilities

The Utilities' beginning balance reflects money originally earmarked in the Utility Fund for capital improvements. Annual appropriations of over $300K are budgeted for capital reserve as part of Utility Fund capital outlay.

In FY 2020, capital reserves will fund the Cedar Street Utility Line Improvements project, totaling $965,000. Additional expenditures in FY 2020 and beyond reflect the utility line costs of Utility Line & Street Combined Improvements. Once construction begins in FY 2021, the annual Utilities impact on capital reserves is about $700,000 per year.

With Utilities annual expenditures outpacing annual revenues, by FY 2025 the money in Utilities capital reserves will run out.

The Sewer Division consists of 8 people who work together to resolve emergencies when they arise within the system.

General Fund Five Year Plan

The five year financial plan forecasts the fund balance and budget for the General Fund over five years. It starts with numbers from the annual budget and projects how they will change over time.

The General Fund houses all Town government functions with the exception of its enterprise (utility) operations, which are housed in the Utility Fund.

General Fund Five Year Budget Forecast

The following table displays the five year forecast of General Fund revenues and expenditures. The first row labels each of five columns:

- FY 2020,
- FY 2021,
- FY 2022,
- FY 2023, and
- FY 2024.

The table has three groupings of rows.

The first grouping shows REVENUES by major source. Each General Fund revenue source is listed on a separate row:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Appropriated fund balance, and
- Contributions from other funds.

The last line in this grouping provides a total of revenues.

The second grouping shows EXPENDITURES by major category. Each expenditure category appears on a separate row:

- Personnel,
- Operations,
- Capital outlay,
- Debt service, and
- Transfers.

The last line in this grouping totals all General Fund expenditures.

The third and final grouping, Net Gain or (Loss), is a single row showing the difference between General Fund revenues and expenditures in each year.

GENERAL FUND - 5 YEAR PLAN
FY 2020 Recommended May 13, 2019

REVENUES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Property Taxes	$ 3,599,349	$ 3,883,275	$ 3,979,190	$ 4,422,209	$ 4,439,799
Intergovernmental	2,505,546	2,894,535	2,853,208	2,900,692	2,944,842
Permits and Fees	1,097,582	1,162,217	1,127,144	1,142,370	1,157,901
Sales and Service	277,694	281,801	285,989	290,262	294,620
Other Revenues	26,700	26,700	26,700	26,700	26,700
Loan Proceeds	375,000	-	-	-	450,000
Appropriated Fund Balance	260,000	34,388	125,380	-	-
Contributions from Other Funds	511,000	521,220	531,644	542,277	553,123
Total Revenues	$ 8,652,871	$ 8,804,136	$ 8,929,256	$ 9,324,510	$ 9,866,984
EXPENDITURES					
Personnel	4,640,851	4,953,331	5,280,244	5,462,302	5,651,089
Operations	2,501,640	2,540,784	2,560,740	2,643,384	2,680,634
Capital Outlay	960,933	433,150	228,025	391,900	724,775
Debt Service	549,447	876,870	860,247	781,975	756,606
Transfers	-	-	-	-	-
Total Expenditures	$ 8,652,871	$ 8,804,136	$ 8,929,256	$ 9,279,561	$ 9,813,104
Net Gain (Loss)	$ -	$ -	$ -	$ 44,949	$ 53,880

The following pages describe the underlying assumptions in detail.

General Fund Five Year Revenue Forecast

Detailed revenue forecasts for each major revenue category are as follows.

► General Fund Revenue Forecast–Property Taxes

The following table provides underlying detail for the forecasted General Fund property tax revenue.

GENERAL FUND 5 YEAR REVENUE DETAIL - PROPERTY TAX
FY 2020 Recommended May 13, 2019

PROPERTY TAXES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Real and Personal Property Tax	$ 3,407,260	$ 3,691,186	$ 3,787,101	$ 4,230,120	$ 4,247,710
Tax Base Valuation	834,049,552	905,093,516	929,093,516	945,093,516	949,093,516
Tax Rate per $100 Valuation	0.4135	0.4135	0.4135	0.455	0.455
Collection Rate	96.65%	96.65%	96.65%	96.65%	96.65%
Prior Year, Penalties and Interest	74,000	74,000	74,000	74,000	74,000
Motor Vehicle Tax	151,159	151,159	151,159	151,159	151,159
Other Property Tax	40,930	40,930	40,930	40,930	40,930
TOTAL PROPERTY TAXES	$ 3,599,349	$ 3,883,275	$ 3,979,190	$ 4,422,209	$ 4,439,799

Real and Personal Property Tax revenues go up each year due to changes in tax base valuation. This increase assumes that the tax base:

- Increases each year by $4 million from new construction
- Increases 8.00% in FY 2021 due to revaluation
- Increases in FY 2022 with the completion of an anticipated healthcare facility
- Increases in FY 2022 and FY 2023 a with hotel and restaurant openings
- Increases in FY 2023 from a 4.15-cent tax increase in FY 2023

► General Fund Revenue Forecast–Intergovernmental

The following table provides underlying detail for the forecasted General Fund intergovernmental revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTAL
FY 2020 Recommended May 13, 2019

INTERGOVERNMENTAL	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Revenues					
Local Option Sales Tax	$ 1,300,000	$ 1,339,000	$ 1,379,170	$ 1,420,545	$ 1,463,161
Utilities Franchise Tax	385,000	385,000	385,000	385,000	385,000
Beer and Wine Tax	18,685	18,872	19,061	19,251	19,444
County ABC Profit Distribution	130,181	131,483	132,798	134,126	135,467
Powell Bill	120,000	120,000	120,000	120,000	120,000
Fire District Tax	518,680	900,180	817,180	821,770	821,770
Subtotal Recurring Revenues	$ 2,472,546	$ 2,894,535	$ 2,853,208	$ 2,900,692	$ 2,944,842
One-Time Revenues					
School Resource Officer Grant	33,000	-	-	-	-
Subtotal Recurring Revenues	33,000	-	-	-	-
TOTAL INTERGOVERNMENTAL	$ 2,505,546	$ 2,894,535	$ 2,853,208	$ 2,900,692	$ 2,944,842

Local Option Sales Tax assumes a 3% increase each year based on historical state revenue projections.

Beer and Wine Tax and County ABC Profit Distribution assume a 1% increase each year.

Fire District Tax assumes Carteret County agrees to pay for fire pumper truck (debt service and ongoing maintenance) beginning in FY 2021 and the expansion of Substation 2 (construction, staffing, and ongoing maintenance) beginning in FY 2021.

► General Fund Revenue Forecast–Permits and Fees

The following table provides underlying detail for the forecasted General Fund permits and fees revenue.

GENERAL FUND 5 YEAR REVENUE DETAIL - PERMITS & FEES
FY 2020 Recommended May 13, 2019

PERMITS & FEES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Revenues					
Solid Waste Fees	$ 578,740	$ 590,315	$ 602,121	$ 614,164	$ 626,447
Building Permits	153,000	156,060	159,181	162,365	165,612
Stormwater Fees	134,000	134,000	134,000	134,000	134,000
Parking Fees	230,842	230,842	230,842	230,842	230,842
Other Permits and Fees	1,000	1,000	1,000	1,000	1,000
Subtotal Recurring Revenues	$ 1,097,582	$ 1,112,217	$ 1,127,144	$ 1,142,370	$ 1,157,901
One-Time Revenues					
Nursing Home Building Fees	-	50,000	-	-	-
Subtotal Recurring Revenues	-	50,000	-	-	-
TOTAL PERMITS & FEES	$ 1,097,582	$ 1,162,217	$ 1,127,144	$ 1,142,370	$ 1,157,901

Solid waste user fees and building permits follow the Consumer Price Index and assume 2% increase each year.

The stormwater fees will increase once the Town Board approves a commercial stormwater fee and establishes a stormwater capital budget.

Building permits also increase in FY 2021 with the anticipated construction of a healthcare facility. Permits for a hotel and apartment complex are included in FY 2020 to offset a FY 2019 shortfall in this category due to Hurricane Florence. Other anticipated projects are not included in the forecast due to uncertainty of their timing and/or projected impact.

► General Fund Revenue Forecast–Sales and Service Revenues

The following table provides underlying detail for forecasted General Fund sales and service revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE
FY 2020 Recommended May 13, 2019

SALES & SERVICE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Revenues					
Property Leases	$ 220,194	$ 224,301	$ 228,489	$ 232,762	$ 237,120
Antenna Contract	54,000	54,000	54,000	54,000	54,000
Cemetery Lot Sales	3,500	3,500	3,500	3,500	3,500
Other Sales and Service	-	-	-	-	-
Subtotal Recurring Revenues	$ 277,694	281,801	285,989	290,262	294,620
One-Time Revenues					
Sale of Fixed Assets	-	-	-	-	-
Subtotal Recurring Revenues	-	-	-	-	-
TOTAL SALES & SERVICE	$ 277,694	$ 281,801	$ 285,989	$ 290,262	$ 294,620

Property leases with CPI increase clauses go up 2% each year.

► General Fund Revenue Forecast–Other Revenues

The following table provides underlying detail for forecasted General Fund other revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE
FY 2020 Recommended May 13, 2019

OTHER REVENUE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Revenues					
Investment Earnings	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
Insurance Reimbursements	-	-	-	-	-
Other Miscellaneous Revenues	2,700	2,700	2,700	2,700	2,700
Subtotal Recurring Revenues	$ 26,700	26,700	26,700	26,700	26,700
One-Time Revenues					
Donations	-	-	-	-	-
Subtotal Recurring Revenues	-	-	-	-	-
TOTAL OTHER REVENUE	$ 26,700	$ 26,700	$ 26,700	$ 26,700	$ 26,700

FY 2020 includes a grant for the School Resource Officer position in the Police Department which is not guaranteed in future years.

General Fund Revenue Forecast–Loan Proceeds

The following table provides underlying detail for forecasted General Fund revenue from loan proceeds.

GENERAL FUND 5 YEAR REVENUE DETAIL - LOAN PROCEEDS
FY 2020 Recommended May 13, 2019

LOAN PROCEEDS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Loan Proceeds	375,000	-	-	-	450,000
TOTAL LOAN PROCEEDS	$ 375,000	$ -	$ -	$ -	$ 450,000

The loan in FY 2020 will pay for a fire pumper truck, provided Carteret County agrees to cover the debt service for the loan. The loan in FY 2024 will replace another fire pumper truck.

► General Fund Revenue Forecast–Contributions from Other Funds

The following table provides underlying detail for the forecasted General Fund revenue from Utility Fund contributions.

GENERAL FUND 5 YEAR REVENUE DETAIL - CONTRIBUTIONS
FY 2020 Recommended May 13, 2019

CONTRIBUTIONS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Contributions from Utility Fund	511,000	521,220	531,644	542,277	553,123
TOTAL CONTRIBUTIONS	$ 511,000	$ 521,220	$ 531,644	$ 542,277	$ 553,123

➨ Refer to the *Utility Fund Spending–Transfers* later in this section for more information.

► General Fund Revenue Forecast–Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of General Fund reserves (fund balance).

GENERAL FUND 5 YEAR REVENUE DETAIL - FROM RESERVES
FY 2020 Recommended May 13, 2019

FROM RESERVES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Appropriated Fund Balance	260,000	34,388	125,379	-	-
TOTAL FROM RESERVES	$ 260,000	$ 34,388	$ 125,379	$ -	$ -

In FY 2020 $260,000 is appropriated to bridge the gap created by Carteret County delaying the property tax reappraisal to FY 2021. In FY 2021 and FY 2022, fund balance is appropriated as increases in revenues are not keeping up with increases in expenditures.

General Fund Spending Forecast

Detailed spending forecasts for each major expenditure category are as follows.

► General Fund Spending Forecast–Personnel

The following table provides underlying detail for forecasted personnel spending in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL
FY 2020 Recommended May 13, 2019

PERSONNEL	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Costs					
Salary	$ 3,256,967	$ 3,380,811	$ 3,596,574	$ 3,822,636	$ 3,977,071
Benefits	1,326,330	1,392,404	1,496,989	1,563,213	1,594,477
Merit Pay Raises	57,554	67,616	71,931	76,453	79,541
Pay Plan Market Adjustment	N/A	-	-	-	-
Future New Positions - Administration	N/A	-	-	-	-
Future New Positions - Fire	N/A	112,500	114,750	-	-
Future New Positions - Public Works	N/A	-	-	-	-
Subtotal Recurring Costs	4,640,851	4,953,331	5,280,244	5,462,302	5,651,089
One-Time Costs					
No One-Time Costs	N/A	-	-	-	-
Subtotal One-Time Costs	-	-	-	-	-
TOTAL PERSONNEL	$ 4,640,851	$ 4,953,331	$ 5,280,244	$ 5,462,302	$ 5,651,089

Personnel costs increase 2% each year for cost of living.

In FY 2020, FY 2021, and FY 2022 benefits increase substantially due to changes in the Local Government Employees Retirement System employer contribution policy.

If Carteret County agrees to pay for staffing at Substation 2, six new firefighter positions will start half-way through FY 2021. The next year shows the balance of the cost for those new positions.

There is insufficient revenue to fund a pay plan market adjustment.

There is insufficient revenue to fund new positions for:

- Deputy Clerk in Administration
- Park Maintenance Technician in Public Works
- 3 Firefighters in Fire Department to better staff ladder truck

► General Fund Spending Forecast–Operations

The following table provides underlying detail for forecasted operations spending in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS
FY 2020 Recommended May 13, 2019

OPERATIONS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Costs					
Budget Year Recurring Costs	$ 2,428,856	$ 2,477,433	$ 2,532,081	$ 2,590,883	$ 2,654,941
New - Fire Substation II Maintenance	-	5,000	-	-	-
New - Public Works Crack Sealing	-	-	8,000	-	-
New - Public Works Backhoe Lease	-	-	-	12,000	-
Subtotal Recurring Costs	$ 2,428,856	2,482,433	2,540,081	2,602,883	2,654,941
One-Time Costs					
Governing Body Elections	6,783	-	7,057	-	7,343
Administration GIS Plotter/Scanner	8,000	-	-	-	-
Administration Software	10,000	-	-	-	-
Planning Hazard Mitigation Plan	-	5,000	-	-	-
Planning HPC Update Design Guidelines	15,000	-	-	-	-
Police Ammunition	-	-	11,000	-	11,000
Police Bicycles & Training	-	14,000	-	-	-
Police Computer	-	1,000	-	-	-
Police Human Performance Evaluations	-	7,350	-	-	7,350
Police MDT (x15)	-	-	-	25,500	-
Police Mobile Sign Trailer	-	-	-	15,000	-
Police Office Furniture	15,000	-	-	-	-
Police Taser Replacement Program	-	13,000	2,600	-	-
Non-Departmental ADA Transition Plan	18,000	18,000	-	-	-
Subtotal One-Time Costs	72,783	58,350	20,657	40,500	25,693
TOTAL OPERATIONS	$ 2,501,639	$ 2,540,783	$ 2,560,739	$ 2,643,383	$ 2,680,633

The forecast assumes recurring operating costs from FY 2020 increase by 2% each year, corresponding with inflation, based on CPI.

Assuming Carteret County agrees to cover costs, FY 2021 adds recurring maintenance costs for Substation 2.

One-time costs are based on department-level planning.

► General Fund Spending Forecast–Capital Outlay

The following table provides underlying detail for forecasted capital outlay in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - CAPITAL OUTLAY
FY 2020 Recommended May 13, 2019

CAPITAL OUTLAY	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Administration - New Vehicle	19,500	-	-	-	-
Fire - Expand Substation II	-	200,000	-	-	-
Fire - New Drill Tower	-	-	-	-	-
Fire - New Pumper Truck	375,000	-	-	-	-
Fire - Replace Pumper Truck	-	-	-	-	450,000
Fire - Replace Vehicles	35,000	-	-	-	-
Planning - Replace Vehicles	25,000	-	-	-	-
Planning - Update CAMA Land Use Plan	-	-	-	-	50,000
Planning - New Unified Development Ord	-	-	-	-	-
Police - Replace Vehicles	46,000	-	45,000	180,000	-
Public Works - Replace Vehicles	-	-	-	22,000	28,000
Contribution to Capital Reserve Boardwalk	-	57,000	-	-	-
Contribution to Capital Reserve Streets	460,433	176,150	183,025	189,900	196,775
TOTAL CAPITAL OUTLAY	$ 960,933	$ 433,150	$ 228,025	$ 391,900	$ 724,775

In FY 2021, Fire Substation 2 assumes Carteret County agrees to pay for this item and its associated operational costs.

➨ Refer to *Fire Substation 2–Staffing and Living Quarters* in *Section 4: Capital Improvement Plan* for more information.

Fire Pumper Truck for FY 2024 replaces our current 1994 engine/pumper.

➨ Refer to *Fire Pumper Truck–2024* in *Section 4: Capital Improvement Plan* for more information.

Each year, contributions are made to the capital reserve to pay for street improvements. In FY 2021 contributions are also made to the capital reserve to pay for boardwalk improvements.

➨ Refer to *Utility Line & Street Improvements Combined Program* and *Boardwalk / Bulkhead Improvement*s in *Section 4: Capital Improvement Plan* for more information.

All other FY 2021 and beyond requests are based on department-level and capital improvement planning.

► General Fund Spending Forecast–Debt Service

The following table provides underlying detail for forecasted debt service in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - DEBT SERVICE
FY 2020 Recommended May 13, 2019

DEBT SERVICE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Existing Debt Service					
FY 2012 Town Hall	$ 122,420	$ 119,486	$ 116,438	$ 113,447	$ 110,456
FY 2015 Fire Boat	9,226	-	-	-	-
FY 2016 Fire Station	278,725	272,025	265,325	258,625	251,925
FY 2017 Planning Truck	5,023	5,023	5,023	-	-
FY 2017 Police Cars	17,220	17,220	17,220	-	-
FY 2017 Public Works 1-Ton Truck	8,610	8,610	8,610	-	-
FY 2017 Public Works Grapple Truck	30,853	30,853	30,853	-	-
FY 2018 Parking Pay Stations	8,803	8,803	8,803	8,803	-
Subtotal Existing Debt Service	$ 480,881	$ 462,021	$ 452,273	$ 380,875	$ 362,381
New Debt Service					
FY 2020 Fire Pumper Truck	-	62,000	62,000	62,000	62,000
FY 2020 Street Management	68,567	352,850	345,975	339,100	332,225
FY 2024 Fire Pumper Truck	-	-	-	-	-
Subtotal New Debt Service	68,567	414,850	407,975	401,100	394,225
TOTAL DEBT SERVICE	$ 549,448	$ 876,871	$ 860,248	$ 781,975	$ 756,606

Existing debt service numbers come from actual payment schedules.

➨ Refer to *Debt Summaries* in *Section 3: The Annual Budget* for more information.

Assuming Carteret County agrees to pay for the fire pumper truck, new debt service will begin for that loan in FY 2021. Debt service will begin in FY 2025 for a replacement pumper truck purchased in FY 2024.

➨ Refer to *Fire Pumper Truck–2020* and *Fire Pumper Truck–2024* in *Section 4: Capital Improvement Plan* for more information.

New debt service is anticipated for a $3.6-million loan taken out in FY 2020 for road resurfacing, repairs, and pedestrian improvements.

➨ Refer to *Pedestrian Improvements* and *Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

► General Fund Spending Forecast–Transfers

The following table provides underlying detail for forecasted transfers from the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS
FY 2020 Recommended May 13, 2019

TRANSFERS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
No transfers anticipated	-		-	-	-
TOTAL TRANSFERS	$ -	$ -	$ -	$ -	$ -

Utility Fund Five Year Plan

The Utility Fund houses the Town's enterprise operations–the Water and Sewer Divisions of the Utility Department.

Utility Fund Five Year Budget Forecast

The following table displays the five year forecast of Utility Fund revenues and expenditures. The first row labels each of five columns:

- FY 2020,
- FY 2021,
- FY 2022,
- FY 2023, and
- FY 2024.

The table has three groupings of rows.

The first grouping shows REVENUES by major source. Each Utility Fund revenue source is listed on a separate row:

- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds, and
- Appropriated fund balance.

The last line in this grouping provides a total of revenues.

The second grouping shows EXPENDITURES by major category. Each expenditure category appears on a separate row:

- Personnel,
- Operations,
- Capital outlay,
- Debt service, and
- Transfers.

The last line in this grouping totals all Utility Fund expenditures.

The third and final grouping, Net Gain or (Loss), is a single row showing the difference between Utility Fund revenue and expenditure in each year.

UTILITY FUND - 5 YEAR PLAN
FY 2020 Recommended May 13, 2019

REVENUES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Permits and Fees	104,000	104,000	104,000	104,000	104,000
Sales and Service	4,182,939	4,214,311	4,245,919	4,277,763	4,309,846
Other Revenues	-	-	-	-	-
Loan Proceeds	-	-	-	-	-
Appropriated Fund Balance	-	-	-	-	-
Total Revenues	$ 4,286,939	$ 4,318,311	$ 4,349,919	$ 4,381,763	$ 4,413,846
EXPENDITURES					
Personnel	886,136	927,291	970,543	1,004,069	1,038,837
Operations	1,004,774	1,031,859	1,028,136	1,039,213	1,059,997
Capital Outlay	411,930	403,930	333,930	333,930	333,930
Debt Service	1,473,099	1,358,577	1,334,016	1,299,410	1,274,850
Transfers	511,000	521,220	531,644	542,277	553,123
Total Expenditures	$ 4,286,939	$ 4,242,877	$ 4,198,269	$ 4,218,899	$ 4,260,737
Net Gain (Loss)	$ -	$ 75,434	$ 151,650	$ 162,864	$ 153,109

Barring unforeseen capital outlay and one-time operation needs the net gain beginning in FY 2021 will be used to bring Utility Fund fund balances up to healthy levels, as required by the adopted financial policies.

The following pages describe the underlying assumptions in detail.

Utility Fund Revenue Forecast

Detailed revenue forecasts for each major revenue category are as follows.

► Utility Fund Revenue Forecast–Intergovernmental

The following table provides underlying detail for the forecasted Utility Fund intergovernmental revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTAL
FY 2020 Recommended May 13, 2019

INTERGOVERNMENTAL	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
One-Time Intergovernmental	-	-	-	-	
TOTAL INTERGOVERNMENTAL	$ -	$ -	$ -	$ -	$ -

The five-year forecast has no anticipated intergovernmental revenues.

► Utility Fund Revenue Forecast–Permits and Fees

The following table provides underlying detail for the forecasted Utility Fund permits and fees revenue.

UTILITY FUND 5 YEAR REVENUE DETAIL - PERMITS & FEES
FY 2020 Recommended May 13, 2019

PERMITS & FEES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Sewer Permits and Fees	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000
Water Permits and Fees	70,000	70,000	70,000	70,000	70,000
Other Permits and Fees	22,000	22,000	22,000	22,000	22,000
TOTAL PERMITS & FEES	$ 104,000	$ 104,000	$ 104,000	$ 104,000	$ 104,000

The forecast shows no anticipated change in sewer and water permits and fees.

► Utility Fund Revenue Forecast–Sales and Service Revenues

The following table provides underlying detail for forecasted Utility Fund sales and service revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE
FY 2020 Recommended May 13, 2019

SALES & SERVICE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Sewer Sales and Service	$ 3,012,033	$ 3,034,623	$ 3,057,383	$ 3,080,313	$ 3,103,416
Water Sales and Service	1,170,906	1,179,688	1,188,535	1,197,449	1,206,430
Sale of Fixed Assets	-	-	-	-	-
Other Sales and Service	-	-	-	-	
TOTAL SALES & SERVICE	$ 4,182,939	$ 4,214,311	$ 4,245,918	$ 4,277,763	$ 4,309,846

Water and sewer sales and service revenue show a 0.75% increase each year.

FY 2020 includes increases tied to FY 2019 hotel and café openings. Future new developments are *not* included in the forecast due to insufficient information regarding timing and utility usage of these projects.

► Utility Fund Revenue Forecast–Other Revenues

The following table provides underlying detail for forecasted Utility Fund other revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE
FY 2020 Recommended May 13, 2019

OTHER REVENUE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Revenues					
Investment Earnings	$ -	$ -	$ -	$ -	$ -
Insurance Reimbursements	-	-	-	-	-
Other Miscellaneous Revenues	-	-	-	-	-
Subtotal Recurring Revenues	$ -	-	-	-	-
One-Time Revenues					
Donations	-	-	-	-	-
Subtotal Recurring Revenues	-	-	-	-	-
TOTAL OTHER REVENUE	$ -	$ -	$ -	$ -	$ -

The forecast assumes no other revenue for the Utility Fund.

► Utility Fund Revenue Forecast–Loan Proceeds

The following table provides underlying detail for the forecasted Utility Fund revenue from loan proceeds.

UTILITY FUND 5 YEAR REVENUE DETAIL - LOAN PROCEEDS
FY 2020 Recommended May 13, 2019

LOAN PROCEEDS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Loan Proceeds	-	-	-	-	-
TOTAL LOAN PROCEEDS	$ -	$ -	$ -	$ -	$ -

The forecast assumes no loan proceeds in the Utility Fund.

► Utility Fund Revenue Forecast–Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of Utility Fund reserves (fund balance).

UTILITY FUND 5 YEAR REVENUE DETAIL - FROM RESERVES
FY 2020 Recommended May 13, 2019

FROM RESERVES	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Appropriated Unrestricted Fund Balance	-	-	-	-	-
Appropriated Restricted Sewer Fund Balance	-	-	-	-	-
Appropriated Restricted Water Fund Balance	-	-	-	-	-
TOTAL FROM RESERVES	$ -	$ -	$ -	$ -	$ -

The forecast assumes no appropriated fund balance in the Utility Fund.

Utility Fund Spending Forecast

Detailed spending forecasts for each major expenditure category are as follows.

► Utility Fund Spending Forecast–Personnel

The following table provides underlying detail for forecasted personnel spending in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL
FY 2020 Recommended May 13, 2019

PERSONNEL	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Costs					
Salary	$ 623,236	$ 652,021	$ 678,362	$ 705,768	$ 734,281
Benefits	246,900	262,230	278,614	284,186	289,870
Merit Pay Raises	16,000	13,040	13,567	14,115	14,686
Pay Plan Market Adjustment	N/A	-	-	-	-
Future New Positions - Sewer	N/A	-	-	-	-
Future New Positions - Water	N/A	-	-	-	-
Subtotal Recurring Costs	886,136	927,291	970,543	1,004,069	1,038,836
One-Time Costs					
No One-Time Costs	-	-	-	-	-
Subtotal One-Time Costs	-	-	-	-	-
TOTAL PERSONNEL	$ 886,136	$ 927,291	$ 970,543	$ 1,004,069	$ 1,038,836

Personnel costs increase 2% each year for cost of living.

In FY 2020, FY 2021, and FY 2022 benefits substantially increase due to changes in the Local Government Employees Retirement System employer contribution policy.

Five-year forecast shows no new positions.

► Utility Fund Spending Forecast–Operations

The following table provides underlying detail for forecasted operations spending in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS
FY 2020 Recommended May 13, 2019

OPERATIONS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Recurring Costs					
Budget Year Recurring Costs	$ 979,274	998,859	1,018,836	1,039,213	1,059,997
No new items	N/A	-	-	-	-
Subtotal Recurring Costs	$ 979,274	998,859	1,018,836	1,039,213	1,059,997
One-Time Costs					
Equip - Replacement Hustler Mower	$ 7,500	-	-	-	-
Equip - Spare Influent Pump	18,000	-	-	-	-
Maint - Water Softeners	N/A	18,000	-	-	-
Maint - Sandblast/Repaint Sludge Facility	N/A	15,000	-	-	-
Equip - Sewer Gorman Rupp Controller	N/A	-	2,300	-	-
Equip - Sewer Lift Station Pumps	N/A	-	7,000	-	-
Subtotal One-Time Costs	25,500	33,000	9,300	-	-
TOTAL OPERATIONS	$ 1,004,774	$ 1,031,859	$ 1,028,136	$ 1,039,213	$ 1,059,997

The forecast assumes recurring operating costs from FY 2020 increase by 2% each year, corresponding with the consumer price index.

One-time costs are based on department-level planning.

► Utility Fund Spending Forecast–Capital Outlay

The following table provides underlying detail for forecasted capital outlay in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - CAPITAL OUTLAY
FY 2020 Recommended May 13, 2019

CAPITAL OUTLAY	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Sewer - Replacement Vehicle	28,000	-	-	-	-
Water - Replacement Vehicle	50,000	-	-	-	-
New Dump Truck (Short Body)	-	70,000	-	-	-
Capital Reserve for Utility Line Improvements	333,930	333,930	333,930	333,930	333,930
TOTAL CAPITAL OUTLAY	$ 411,930	$ 403,930	$ 333,930	$ 333,930	$ 333,930

Requests are based on department-level planning.

Contributions are made to the capital reserve to pay for utility line maintenance and repairs.

➨ Refer to *Utility Line & Street Improvements Combined Program* in *Section 4: Capital Improvement Plan* for more information.

► Utility Fund Spending Forecast–Debt Service

The following table provides underlying detail for forecasted debt service in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - DEBT SERVICE
FY 2020 Recommended May 13, 2019

DEBT SERVICE	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Existing Debt Service					
FY 2006 Sewer	$ 34,763	$ 34,099	$ 33,435	$ 32,771	$ 32,107
FY 2008 Sewer	35,667	34,996	34,325	33,654	32,983
FY 2009 Sewer	334,388	328,097	321,805	315,514	309,223
FY 2010 Sewer Plant	837,340	822,808	808,275	793,743	779,211
FY 2013 Water - Glenda	68,115	66,861	65,607	64,353	63,099
FY 2013 Water - Sycamore	62,818	61,670	60,523	59,375	58,227
FY 2016 Sewer Trucks	89,962	-	-	-	-
FY 2017 Water Pickup Truck	5,023	5,023	5,023	-	-
FY 2017 WWTP Pickup Truck	5,023	5,023	5,023	-	-
Subtotal Existing Debt Service	$ 1,473,098	$ 1,358,576	$ 1,334,016	$ 1,299,410	$ 1,274,850
New Debt Service					
	N/A	N/A	N/A	N/A	N/A
Subtotal New Debt Service	-	-	-	-	-
TOTAL DEBT SERVICE	$ 1,473,098	$ 1,358,576	$ 1,334,016	$ 1,299,410	$ 1,274,850

Existing debt service numbers come from actual payment schedules.

No new debt service is expected.

➨ Refer to *Debt Summaries* in *Section 3: The Annual Budget* for more information.

► Utility Fund Spending Forecast–Transfers

The following table provides underlying detail for forecasted transfers from the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS
FY 2020 Recommended May 13, 2019

TRANSFERS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
To General Fund for Admin Services	$ 511,000	$ 521,220	$ 531,644	$ 542,277	$ 553,123
TOTAL TRANSFERS	$ 511,000	$ 521,220	$ 531,644	$ 542,277	$ 553,123

The Utility Fund contributes to the General Fund for administrative, engineering, and maintenance services. The amount contributed increases by 2% each year.

Providing clean water involves many costs, such as: electricity for high horsepower pumps, high maintenance costs, manpower for operations, contract laboratory testing of samples, and chemical and water softening costs.

Fee Schedule

EFFECTIVE DATE: July 1, 2019

- Events & Rentals 186
- Fire Safety Fees 187
- Planning & Inspections Fees 189
- Solid Waste Collection Fees 195
- Water & Sewer Rates & Fees 196
- Stormwater Fees 199
- Parking & Vehicle Fees 200
- Other Fees 201

Events & Rentals

SPECIAL EVENT FEES

Special Event Application Fee	$ 25.00	
Tent Permit/Inspection	50.00	
Fireworks Display Permit	50.00	
RESERVING SEASONAL PARKING SPACES		
East & West Front Street Lots	18.00	/space/day
All Other Town Parking Spaces	9.00	/space/day
TOWN-PROVIDED SERVICES & SUPPLIES		
Electrician Fees	subject to amount billed by contractor	
Electricity per Event	50.00	
Off Duty Public Safety	32.50	/hr
Public Works Service Fee (includes 2 employees)	68.00	/hr
Solid Waste or Recycling Cart	10.00	/cart
Additional Town-Provided Supplies As Required	actual cost	

TRAIN DEPOT RENTAL FEES

Security Deposit	$ 50	
Labor Fee	15	
HALF-DAY RENTAL		
Resident	Free	plus labor fee and deposit
Non-Resident	75	plus labor fee and deposit
FULL-DAY RENTAL		
Resident	Free	plus labor fee and deposit
Non-Resident	150	plus labor fee and deposit

KAYAK RACK RENTAL

Kayak Rack Fee	$ 75
REMOVAL / STORAGE FEE	
1st Offense	50
2nd Offense	75
3rd Offense	100

Fire Safety Fees

► Fire Inspection Fines & Fees

FIRE INSPECTION FINES & FEES	
1st Inspection (initial)	No charge
2nd Inspection (after 30 days)	No charge; Afterward, a request for extension and waiver of fees can be submitted
3rd Inspection	$25 base fee, plus $25 fine per violation per day until corrected
4th Inspection and beyond	Base fee increases incrementally by $25 for each inspection, plus $25 fine per violation per day until corrected

► Life Safety Violations Fines and Fees

Life safety violations may result in fines and fees. Types of violations include:

Over Occupant Limit/Overcrowding

A condition that exists when either there are more people in a building, structure or portion thereof than have been authorized or posted by the fire code official, or when the fire code official determines that a threat exists to the safety of the occupants due to persons sitting and/or standing in locations that may obstruct or impede the use of aisles, passages, corridors, stairways, exits or other components of the means of egress. Each person over occupancy is considered a violation.

Locked/Blocked/Impeded Means of Egress

Any obstruction in the required width of a means of egress. ("Means of Egress" is the continuous and unobstructed path of vertical and horizontal egress travel from any point in a building or structure to a public way, consisting of three separate and distinct parts: the exit access, the exit, and the exit discharge.)

Impairment of Fire-Related Equipment

Failure to have required testing and maintenance conducted of fire alarm system(s), fire sprinkler systems and/or alternative automatic

fire extinguishing systems (includes commercial hood and duct systems, wet-chemical, dry-chemical, foam, carbon dioxide systems, halon systems and clean agent systems) and to have required documentation of test(s).

Assemblies with Impaired Fire Detection/Extinguishment Equipment must provide a Fire Watch person while the building is occupied or it will be closed.

LIFE SAFETY VIOLATION FINES & FEES

1st Offense	Must be corrected immediately; Verbal warning with a written letter sent within 72 hours
2nd Offense in 6 months	Must be corrected immediately; $150 + $20 per violation; warning letter sent within 72 hours
3rd Offense in 6 months	Business is closed for 24 hours; $250 + $40 per violation

► General Fire Safety Violation Fees

GENERAL FIRE SAFETY VIOLATION FINES & FEES

Parking in a fire lane or in front of a fire hydrant	$ 100	/ violation
Assault on a Fire Code Official	100	/ violation
NUISANCE FIRE ALARMS		
4th nuisance alarm in a calendar year	100	
Subsequent nuisance alarm in a calendar year	200	
Fire Detection & Suppression System work and/or modification without plan submittal and approval	150	

If a business owner/occupant provides documentation the system has been serviced by an Alarm System Technician since the 3rd nuisance alarm, then the fee will be waived. The alarm count will start new for the calendar year after the system has been serviced.

Planning & Inspections Fees

Building permits are required for all work that meets any of the following criteria.

- Work performed to structures costing $15,000 or more
- Work involving changes to load-bearing features
- Additions, repairs, replacements, changes, or redesign of plumbing, heating, air conditioning and electrical systems
- Any new structure larger than 12' in length, height, or width

Other Structures include porches, decks, sheds, piers, bulkheads, retaining walls, etc.

Commercial Outbuildings include airport storage structures (except hangars), and warehouse buildings, but does not include shell buildings or multiple storage structures.

A permit expires in 6 months if no activity has taken place or an inspection hasn't been scheduled.

► Residential Construction Fees

RESIDENTIAL CONSTRUCTION FEES

NEW BUILDINGS & ADDITIONS

Building & Insulation Permit	$	50	heated & unheated space + $0.20 / sq ft, 0 - 1000 ft + $0.10 / sq ft, >1000 ft
Electrical Permit		50	+ 0.10 / sq ft, heated & unheated space
Mechanical Permit		50	+ 0.10 / sq ft, heated space
Plumbing Permit		50	+ 0.10 / sq ft, heated space
Homeowner's Recover Fee		10	/ structure

NEW OTHER STRUCTURES

Building & Insulation Permit	$	50	+ $0.10 / sq ft
Electrical Permit		50	+ 0.10 / sq ft
Mechanical Permit		50	+ 0.10 / sq ft
Plumbing Permit		50	+ 0.10 / sq ft
Homeowner's Recover Fee		10	/ structure

CHANGING EXISTING STRUCTURES

Renovation & Repair Permit	$	50	+ $10 / $1,000 value, over $5,000
Electrical Permit		50	/ system
Mechanical Permit		50	/ unit
Plumbing Permit		50	

For projects valued over $5,000,
the renovation & repair fee includes electrical, mechanical, and plumbing

The Homeowner's Recovery Fee is only assessed for contractors with a current NC General Contracting License. Proceeds are sent quarterly to the General Contracting Board.

RESIDENTIAL CONSTRUCTION FEES

MISCELLANEOUS PERMITTING

Demolition	$ 50	
Blasting	50	
Structure Moving	300	
Single-Wide Manufactured Home	100	
Double-Wide Manufactured Home	200	
Modular Home	400	
Construction Trailer	100	
Gas pumps/Storage tanks	50	+ $20.00 / unit
Signs	50	+ $1.75 /sq ft
Fire Sprinkler / Alarm Systems	50	+ $0.10 / sq ft
Restore Power	50	
Solar Panels	75	+ $3.00 per panel
Swimming Pools	50	+ Fees for pool house
Hot Tubs	50	
Change in Contractor	50	
Re-Inspection - 3rd Attempt	50	
Re-Inspection - 4th Attempt and Beyond	100	
After Hours / Emergency Inspection	250	
Re-Activate Expired Permit	Full cost of the permit	
Working Without a Permit	Double permit fee	

► Commercial Construction Fees

COMMERCIAL CONSTRUCTION FEES

NEW BUILDINGS & ADDITIONS

Building & Insulation Permit	$	50	heated & unheated space + $0.25 / sq ft, 0 - 1000 ft + $0.15 / sq ft, >1000 ft
Electrical Permit		50	+ 0.12 / sq ft, heated and unheated space
Mechanical Permit		50	+ 0.12 / sq ft, heated space
Plumbing Permit		50	+ 0.12 / sq ft, heated space

NEW OTHER STRUCTURES

Building & Insulation Permit	$	50	+ $0.15 / sq ft
Electrical Permit		50	+ 0.10 / sq ft
Mechanical Permit		50	+ 0.10 / sq ft
Plumbing Permit		50	+ 0.10 / sq ft

CHANGING EXISTING STRUCTURES

Renovation & Repair Permit	$	50	+ $10 / $1,000 value, over $5,000
Electrical Permit		50	/ system
Mechanical Permit		50	/ unit
Plumbing Permit		50	

For projects valued over $5,000, the renovation & repair fee includes electrical, mechanical, and plumbing

COMMERCIAL OUTBUILDINGS

Building & Insulation Permit	$	50	+ $0.15 / sq ft
Electrical Permit		50	+ 0.10 / sq ft
Mechanical Permit		50	+ 0.10 / sq ft
Plumbing Permit		50	+ 0.10 / sq ft

COMMERCIAL CONSTRUCTION FEES

MISCELLANEOUS PERMITTING

Demolition	$ 50	
Blasting	50	
Structure Moving	Same as new construction	
Construction Trailer	100	
Gas pumps/Storage tanks	50	+ $50.00 / unit
Signs	50	+ $1.75 /sq ft
New Business Inspection	50	
Hood Suppression	150	
Fire Sprinkler / Alarm Systems	50	+ $0.10 / sq ft
Restore Power	50	
Solar Panels	75	+ $5.00 per panel
Swimming Pools	250	+ Fees for pool house
Hot Tubs	75	
Change in Contractor	50	
Re-Inspection - 3rd Attempt	50	
Re-Inspection - 4th Attempt and Beyond	100	
After Hours / Emergency Inspection	250	
Re-Activate Expired Permit	Full cost of the permit	
Working Without a Permit	Double permit fee	

► Planning-Related Application Fees

PLANNING APPLICATION FEES

Certificate of Appropriateness Historic District	$	50	/ application
Rezoning Request		200	/ application
Variance Request		200	/ application
Preliminary Plat Approval		200	/ application
Final Plat/Subdivision Approval		200	/ application
Special Use Permission		200	/ application
Site Plan Review		200	/ application

Solid Waste Collection Fees

► Residential Solid Waste Collection

SOLID WASTE MONTHLY FEES
RESIDENTIAL

Solid Waste User Fee	$	18.78	
Additional Solid Waste Cart		10.34	
Additional Recycle Cart		4.15	
Violations - 3rd and subsequent		150.00	/ violation

► Commercial Solid Waste Collection

The twice-weekly WBD recycling program runs May-September. Rates assume 30 carts participate. If fewer, collection fees will be distributed among the number of carts participating.

SOLID WASTE MONTHLY FEES
COMMERCIAL (Waterfront Business District)

SERVICE TYPE	USAGE	MONTHLY FEE		
Compactor Solid Waste User Fee	High Volume	$	154.79	
	Medium		67.16	
	Low Volume		20.67	
Solid Waste Roll-Out – 96 Gallon	Once / Week		23.77	
Recycling Roll-Out – 96 Gallon	Once / Week		16.53	
Additional Container			14.47	
Recycling Roll-Out – 96 Gallon	Twice / Week		34.46	
Additional Container			40.52	
Cardboard Recycling User Fee			10.20	
Violations - 3rd and subsequent			150.00	/ violation

Water & Sewer Rates & Fees

All water and sewer taps made outside Town limits are double in-town rates shown above. Water or sewer capacity fees outside Town limits are negotiable but will not exceed 2X rates shown above.

Upgrades in service, i.e., changing from a 3/4" meter to a 1" meter, are subject to a difference in the water tap, water capacity, and sewer capacity fees.

All taps larger than 2" shall be installed at developer's cost in accordance with Town of Beaufort standards and developers shall pay a tap-on fee as shown above.

► Tap & System Development Fees

TAP FEES

SIZE	WATER	SEWER
¾"	$ 700	$ 750
1"	800	750
1 ½"	1,075	750
2"	1,375	750
3"	575	750
4"	625	750
6"	850	750
8"	1,175	750

SYSTEM DEVELOPMENT FEES

SIZE	WATER	SEWER
¾"	$ 476	$ 5,524
1"	793	6,207
1 ½"	1,585	7,015
2"	2,536	8,064
3"	4,755	10,445
4"	7,925	15,875
6"	15,850	22,550
8"	25,360	26,240

► Water & Sewer Usage Rates

WATER USAGE RATES

TYPE	SIZE	IN TOWN	OUTSIDE
BASE	¾"	$ 10.37	$ 20.74
	1"	17.32	37.33
	1 ½"	34.53	82.96
	2"	55.27	147.25
	3"	110.65	333.91
	4"	172.87	NA
	6"	345.63	1,327.36
VARIABLE	1000 gal	5.07	7.61

SEWER USAGE RATES

TYPE	SIZE	IN TOWN	OUTSIDE
BASE	¾"	$ 21.17	$ 42.34
	1"	35.85	70.01
	1 ½"	70.50	140.99
	2"	112.20	225.67
	3"	225.88	451.77
	4"	352.90	705.81
	6"	705.60	1,411.19
VARIABLE	1000 gal	16.80	33.60

► Water & Sewer Service Charges

WATER & SEWER SERVICE CHARGES

New Account Service Fee	$20	Waived with bank draft
Application Fee	5	
SECURITY DEPOSITS		
3/4" meter	$75-225, based on credit score	
1" meter	100	
1 1/2" meter	140	
2" meter	275	
Transfer Account	25	
Returned Check Fee	25	
Late Fees	10%	added to late portion
Reconnect Fee - Business Hours	25	
Reconnect Fee - After Hours	75	
After Hours Service Calls	75	
Temporary Connection (for cleaning, renovation inspection, etc.)	25	available for a 2-week period, plus water and sewer usage charges
Fire Hydrant Meters	75	mobilization, on site-employee, and 5,000 gal of water; additional $.01/gal
Irrigation/Dock Meter	700	tap fee
Meter-Only Install	400	no new tap fee
Meter Testing	30	
Meter Tampering	100	

Stormwater Fees

Stormwater fees for residential and commercial are $4.00 / Month per Residential Unit or Equivalent Residential Unit.

1Equivalent Residential Unit (ERU) = 1708 sq ft Effective Impervious Area (EIA),

where

EIA = 100% of Impervious Area (sq ft) + 15% of Pervious Area (sq ft)

Parking & Vehicle Fees

PARKING & VEHICLE FEES

Golf Cart Registration	$	75	
PARKING TICKETS			
Regular Space		20	
Handicap Space		100	
Late Fee		30	on day 30
PARKING PASSES			
Weekly		25	
Monthly		100	
Seasonal		200	
WBD Resident Premium Seasonal		800	

Other Fees

MISCELLANEOUS FEES

PUBLIC RECORDS REQUESTS		
- paper copies	$0.15	/page
- meeting recording	1.00	/CD
NUISANCE SECURITY ALARMS		
4th nuisance alarm in a calendar year	100.00	
Subsequent nuisance alarm in a calendar year	200.00	
Cemetery Internment Permit Fee	25.00	
Business Registration Fee	25.00	– any new business started in Town limits
Taxi Permitting Fee	68.00	
Off Duty Officer Request	32.50	/hour

If a business owner/occupant provides documentation that system has been serviced by a Security System Technician since the 3rd nuisance alarm, then the fee will be waived. The alarm count will start new for the calendar year after the system has been serviced.

DID YOU KNOW?	**The Town Board may only take action as a collective body. Individual members have no authority unless it is expressly given to them by the Board in the course of a legally called meeting.**

Annual Budget Ordinance

EFFECTIVE DATE: July 1, 2019

In this section you will find a concise summary of the FY 2020 Annual Budget. Once adopted by the Town Board, this ordinance becomes the legal budget for the year, and must be followed by law.

TOWN OF BEAUFORT
FY 2020 BUDGET ORDINANCE
BE IT ORDAINED
by the Board of Commissioners of the Town of Beaufort, North Carolina:

SECTION 1: GENERAL FUND

A. Revenues

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020:

GENERAL FUND REVENUES	
Property Taxes	$3,599,349
Intergovernmental	2,472,546
Permits and Fees	1,097,582
Sales and Service	277,694
Other Revenues	59,700
Loan Proceeds	375,000
Contributions from Other Funds	511,000
Fund Balance Appropriation	260,000
TOTAL	$ 8,652,871

B. Expenditures Authorized by Department

The following amounts are hereby appropriated to each department in the General Fund for the operation of the Town government and its activities for the fiscal year beginning July 1, 2019, and ending June 30, 2020:

GENERAL FUND EXPENDITURES	
Governing Body	$ 61,038
Administration	726,411
Finance	476,386
Fire	2,124,811
Parking	195,442
Planning & Inspections	451,463
Police	1,636,157
Public Works	2,061,419
Non-Departmental	919,744
TOTAL	$ 8,652,871

SECTION 2: UTILITY FUND

A. Revenues

It is estimated that the following revenues will be available in the Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020:

UTILITY FUND REVENUES	
Intergovernmental	$ -
Permits and Fees	104,000
Sales and Service	4,182,939
Fund Balance Appropriation	-
TOTAL	$ 4,286,939

B. Expenditures Authorized by Department

The following amounts are hereby appropriated to each department or division in the Utility Fund for the operation of the Town government and its activities for the fiscal year beginning July 1, 2019, and ending June 30, 2020:

UTILITY FUND EXPENDITURES	
Sewer	$2,627,789
Water	798,220
Non-Departmental	860,930
TOTAL	$ 4,286,939

SECTION 3: AD VALOREM TAX

There is hereby levied a tax as calculated below in the General Fund in Section I of this ordinance.

	Real & Personal	Motor Vehicles	Total Revenue
Valuation of property as listed January 1, 2019	$ 834,049,552	$ 36,710,252	
Rate $0.4135 per $100 value	3,448,795	151,797	
Rate of collection	96.65%	99.58%	
	$ 3,333,260	$ 151,159	
			$ 3,484,420

In accordance with NC General Statute 159-13, the estimated rate of collection for property and motor vehicle taxes for the 2020 fiscal year beginning July 1, 2019 is as shown in the calculation above.

The proceeds from two cents ($0.02) of the aforementioned tax rate shall be used only for resurfacing streets.

SECTION 4: AMENDMENTS AND CONTRACTS

Pursuant to NC General Statute 159-15, this budget may be amended by submission of proposed changes to the Board of Commissioners.

Notwithstanding the above subsection (a) above, the Town Manager is authorized to transfer funds from one appropriation to another within the same fund without limitation.

Funds may not be transferred between funds without prior approval from the Board of Commissioners.

The Town Manager may enter into and execute change orders or amendments to construction contracts in amounts less than $50,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.

The Town Manager may execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.

Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Town Manager may adjust budgets to match, including grants that require a match for which funds are available.

SECTION 5: DISTRIBUTION

Copies of this ordinance shall be furnished to the Town Manager and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this 10th day of June, 2019

ATTEST:

Michele Davis	Everette S. Newton
Town Clerk	Mayor

Town of Beaufort Financial Policy

EFFECTIVE DATE: July 1, 2019

In this section you will find the financial policy as adopted for FY 2020.

OBJECTIVES

This financial policy is a statement of the guidelines and goals that will influence and guide the financial management practice of the Town of Beaufort, North Carolina. A financial policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management.

Effective fiscal policy:

- Contributes significantly to the Town's ability to insulate itself from fiscal crisis
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible
- Promotes long-term financial stability by establishing clear and consistent guidelines
- Directs attention to the total financial picture of the Town rather than single issue areas
- Promotes the view of linking long-term financial planning with day to day operations
- Provides the Board of Commissioners, citizens and the Town's professional management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines

To these ends, the following financial policies are presented.

CAPITAL IMPROVEMENT PLANNING

The Town will develop a five-year Capital Improvement Plan (CIP) and review and update the plan annually during its budget process.

Capital projects included in the CIP will specifically advance one or more of the Board of Commissioners' adopted Strategic Priorities.

The CIP will generally address those capital assets with a value of more than $100,000 and a useful life of over ten years.

The Town will identify the estimated costs and potential funding sources for each capital project.

This CIP will incorporate existing needs as well as projections for future capital expenditures necessitated by changes in population, changes in real estate development, or changes in economic base.

The Town will use the CIP as the foundation for capital expenditures identified in the annual operating budget.

In addition to debt obligations, future operating and maintenance costs associated with new capital improvements will be projected and included in operating budget forecasts.

The Town will maintain all its assets at a level adequate to protect the Town's capital investment, to preserve the asset's ability to perform its intended purpose, and to minimize future maintenance and replacement costs.

The Town will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.

The Town will determine the least costly and most flexible financing method for all new projects.

REVENUE

Revenue Projections

Revenue management includes within its focus an ongoing process for reviewing and analyzing each revenue source to ensure that proceeds from each source are at an optimum level. Every attempt will be made to project revenues within 5% of final actual results, and the projections will be based on historical trends, growth patterns, and the economy.

Ad Valorem Tax

As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:

Assessed valuation will be estimated based on historical trends, growth patterns, and anticipated construction.

The estimated percentage of collection will not exceed the percentage of the levy actually realized in cash as of June 30 during the preceding fiscal year, in accordance with state law.

The tax rate will be set each year based on the cost of providing general governmental services and paying debt service. Consideration will be given to future net revenue requirements for capital improvement project operational expenditure impacts and programmed debt service.

User Fees

The Town sets fees that will utilize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service. This objective is in keeping with the Commissioner's goal that growth should pay for itself, and not place a burden on current residents who may not benefit directly from the service. Emphasis of user charges over Ad Valorem Taxes results in the following benefits:

User charges are paid by all users, including those exempt from property taxes.

User charges avoid subsidization in instances where the service is not being provided to the general public.

User charges for certain services will be justified on the basis of equity and efficiency, by producing information on the demand level for services, and by helping to make the connection between the amount paid and the service received.

Grant Funding

Grant funding may be used for a variety of purposes to include funding current Town operations, departmental long-range plans, capital projects identified in the Capital Improvement Plan, or other projects or activities that address the mission and goals of the Town. Staff will pursue opportunities for grant funding. Application will be made after a grant is evaluated for consistency with Board of Commissioner goals and compatibility with Town programs and objectives.

Donations

Donations will be spent only toward the intent for which they were given.

One-Time Revenues

One-time or other special revenues will not be used to finance continuing Town operations but instead will be used for funding special projects.

Utility Fees

Water and sewer rates will be established at the appropriate level to enable the Utility Fund to be self-supporting.

BUDGETING & EXPENDITURES

The annual budget process begins in January when department heads begin working on their budget requests. Starting in February, budget work sessions are scheduled between the Town Manager and department heads. The proposed annual budget is prepared by the Town Manager and Finance Director and is presented to the Board at the regular meeting in May. It is reviewed in subsequent budget work sessions by the Board and a public hearing is held during the regular Board meeting in June. The budget, including any modifications from the review sessions, is adopted by the Board before June 30, the last day of the fiscal year.

The Town's annual operating budget will be prepared in accordance with Article 3 of the Local Government Budget and Fiscal Control Act.

Current expenditures will not exceed current revenues.

The annual budget document will serve as a policy document, an operations guide, a financial plan, and a communications tool.

Department budgets are reviewed by staff, the Town Manager, and Board of Commissioners prior to adoption and are continually monitored throughout the budget year.

Budgeted funds will only be spent for categorical purposes for which they were intended.

The annual operating budget ordinance defines staff authorization for operating budget adjustments.

No appropriations of the proceeds of a debt instrument will be made except for the purpose for which such debt instrument was issued.

For continuing contracts, funds will be appropriated in the annual budget ordinance to meet current year obligations arising under the contract, in accordance with NC General Statute 160A-17.

Town staff will make regular monthly reports to the Board of Commissioners on the status of actual revenues and expenditures as compared to the adopted budget.

DEBT

The Town of Beaufort recognizes the foundation of any well-managed debt program is a comprehensive debt policy. Advantages of a debt policy are as follows:

- Enhances the quality of decisions by imposing order and discipline
- Promotes consistency and continuity in decision making
- Rationalizes the decision making process
- Identifies objectives for staff to implement
- Demonstrates a commitment to long-term planning objectives
- Is regarded positively by the rating agencies in reviewing credit quality

Uses of Debt

Debt will be used to finance capital projects or for purchases of equipment that provide value to current and future citizens.

Debt will not be used for operational needs.

Terms and Structure

Capital projects will be financed for a period not to exceed the expected useful life of the project.

Non-utility debt will normally have a term of 20 years or less.

Utility debt will normally have a term of 30 years or less.

The Town will seek the best financing type, debt structure and timeframe for each financing need based on the flexibility to meet the project needs, timing, tax or rate payer equity and lowest interest cost.

Cash financing (pay-as-you-go) is a component of the capital program that contributes to the financial integrity of the Town.

Debt Capacity

The Town will strive to maintain its annual tax-supported debt service costs at a level no greater than fifteen percent (15%) of total expenditures.

Net debt for the General Fund shall not exceed 2.5% of assessed property valuation. General obligation debt as defined in NC General Statute 159-55 is limited to 8% of the assessed valuation.

The Town will set rates and charges for the Utility Fund with the intent to achieve a debt service coverage ratio of 1.20 times or greater for all indebtedness. All indebtedness includes both parity and subordinate debt obligations of each fund. In the absence of a specific debt ratio calculation required by a debt covenant, the debt coverage ratio will be calculated in accordance with the following example:

Operating Revenues–Expenses (less depreciation) = Net Revenue Available for Debt Service

Net Revenue/Debt Service (P+I) = Debt Service Coverage Ratio

These ratios will be monitored and reported annually in the Comprehensive Annual Financial Report.

RESERVES

General Fund Unassigned Fund Balance at the close of each fiscal year shall not be less than 20% of actual General Fund net expenditures without prior Board of Commissioners' authorization.

The Town Board of Commissioners may, from time-to-time, utilize fund balances that will reduce the unassigned fund balance below the 20% policy for the purposes of a declared fiscal emergency, financial opportunity to enhance the wellbeing of the Town of Beaufort, or other such purpose as to protect the long-term fiscal security of the Town of Beaufort.

In such circumstances, after unassigned fund balance has been calculated as part of closing-out a fiscal year, the Board of Commissioners will adopt a plan as part of the following year's budget process to restore the assigned fund balance to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time without severe hardship to the Town, then the Board will establish a different but appropriate period.

Monies in excess of a 20% unassigned fund balance will be available for appropriation, as deemed necessary and approved by the Town Board of Commissioners.

The Utility Fund will seek to maintain an amount of Unrestricted Cash equal to 50% or more of annual net expenditures.

System Development Fees: The Town will collect System Development Fees from new water and sewer customers. The System Development Fee recoups from new customers an equitable share for the contemporaneous use of the Town's previous capital investments in the water and sewer system, and helps enable the Town to provide for the proper maintenance and operation of its water and sewer systems. Revenue from this fee may not be used for utility system expansions, but rather must be used only to maintain, repair, replace, or pay debt on the existing system.

FINANCIAL OPERATIONS AND REPORTING

Accounting/Financial Reporting

The Town will establish and maintain its accounting systems according to the North Carolina Local Budget and Fiscal Control Act. Financial systems will be maintained to monitor expenditures and revenues.

All records and reporting will be in accordance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board (GASB) pronouncements.

The Town will place emphasis on maintenance of an accounting system which provides strong internal budgetary and accounting controls designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and reports, such as the budget and the Comprehensive Annual Financial Report (CAFR), as well as maintenance of accountability of assets.

A comprehensive annual financial review (CAFR) will be performed by an independent certified public accounting firm which will issue an opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Auditing services will be evaluated and selected through a competitive proposal process every five years at a minimum.

Full disclosure will be provided in all regulatory reports, financial statements, and bond representations.

The Town will maintain the least number of funds and accounts necessary for proper and accurate records. The Town may maintain sub-funds, in addition to legally mandated funds, for accounting and management purposes.

Operational Cash Management

Receipts

Cash receipts will be collected and deposited as expediently as reasonably possible to provide secure handling of incoming cash and to move these moneys into interest earning accounts and investments.

All incoming funds will be deposited daily as required by law and are allowed to be received in the most efficient means possible.

Cash Disbursements

Disbursements will be made shortly in advance of or on the agreed-upon contractual date of payment unless earlier payment provides a greater economic benefit to the Town.

Payroll disbursements will be in accordance with the requirements of all state and federal regulatory laws, rules, and regulations. Overtime and benefit payments will be made in accordance with the Town's Personnel Policy.

All checks require two signatures. Checks will be signed by the Finance Officer or his/her designee, as well as the Mayor, a Town Commissioner, or the Town Manager.

Disbursements will be made using the method(s) deemed most efficient at the discretion of the Finance Officer or designee.

Proper documentation will be maintained to meet all audit, general governmental accounting standards, and Town policies. Accounting and purchasing has the right to request additional documentation from departments as needed.

The Town will follow escheat rules and regulations as directed by NC General Statutes.

Banking Relations

Banking service providers will be evaluated on a regular basis to ensure the Town is receiving the best services at a competitive rate.

The Town will maintain a minimum number of bank accounts to facilitate the movement and investment of funds.

Collateralization for deposits will be in accordance with the North Carolina Administrative Code.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of North Carolina General Statutes when designating official depositories and verifying that deposits are properly secured.

Collections

The Town will pursue collection on delinquent customer accounts using any prudent manner available, including the North Carolina Debt Setoff Program and the use of a third-party collection agency. After exhausting collection efforts and after considering legal time limits for all collection methods, delinquent balances may be written off at the discretion of the Finance Officer.

Delinquent fees are established annually through the budget process.

Town staff has the authority to suspend related services in connection with the unpaid customer account. Service may be resumed once the outstanding balance is paid in full. With the approval of the Finance Officer, additional unrelated Town services may be suspended for the past due customer.

Internal Control and Compliance

The Town will maintain a system of internal controls that ensures complete, accurate, and timely financial records by working with Departments to create business systems that properly capture and report financial related information.

Finance staff, in coordination with the Town's technology services provider, will establish Town-wide standard procedures and policies for the security, handling, and maintenance of sensitive information, which departments will be responsible for reviewing and incorporating into their daily activities.

Finance staff will provide training periodically in order to provide system information to users, as well as provide clarification on Town financial-related policies and procedures and other regulatory and statutory requirements.

Background checks, which may include criminal and credit checks, will be conducted on positions deemed as critical for financial purposes according to procedures established by the Finance Department in conjunction with Human Resources.

Investments

It is the policy of the Town to preserve capital and invest public funds in a manner which provides the highest investment return with the maximum security, while meeting the daily cash flow demands of the Town and conforming to all state statutes governing the investment of public funds. This investment policy applies to all financial assets in the Town's investment portfolio, including debt proceeds.

The standard of prudence to be used by staff will be the "prudent person" rule. The "prudent person" concept discourages speculative transactions. It attaches primary significance to the preservation of capital and secondary importance to the generation of income and capital gains. Authorized staff, if acting in accordance with written procedures and state statutes and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately and action is taken to control adverse developments.

Safety of principal is the foremost objective of the investment program. Investments of the Town will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Town will make every effort to maintain a diversified investment portfolio according to security type and institution.

The Town's investments will remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated using structured maturities and marketable securities.

The Finance Officer will maintain a list of financial institutions authorized to provide investment services. Authorized financial institutions include banks maintaining an office in the State of North Carolina and securities brokers/dealers classified by the New York Federal Reserve as primary dealers.

The Finance Officer is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse.

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the Finance Officer any material financial interests in financial institutions that conduct business within this jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio.

Glossary & Appendices

In this section you will find:

- Glossary 220
- Beaufort by the Numbers 227

Glossary

ABC
Alcoholic Beverage Commission, responsible for regulating sales of alcohol in North Carolina.

ADA
Americans with Disabilities Act

amendment
see *budget amendment*.

annual budget
proposed financial plan for raising and spending money during the fiscal year, created by the Town Manager with input from department heads.

appropriated fund balance
any fund balance (restricted, assigned, or available unassigned) approved by the Town Board for spending in a given fiscal year. *also fund balance*

appropriation
money allowed to be spent, as authorized in the budget ordinance or an amendment thereof.

assigned fund balance
reserves which can only be used as approved by the Town Board. e.g., setting aside money for future utility line improvements, etc. also *fund balance*

available unassigned fund balance
see *unassigned fund balance.*

balloon payment
a large payment due at the end of a loan.

basis of budgeting
rule governing the time at which various financial transactions are recorded (i.e. when a bill is received or when it is paid).

benefits
in addition to salaries and wages, personnel expenditures include benefits such as contributions to Social Security, health insurance, worker's compensation, etc.

Board of Commissioners
see *Town Board*.

budget
see *annual budget*.

budget amendment
changes to an adopted budget ordinance, passed by the Town Board.

budget message
executive summary of the recommended budget prepared by the Town Manager, found at the beginning of the budget document.

budget ordinance
law approving all financial transactions for the Town in the upcoming financial period, including: revenue estimates, appropriations for spending, and the property tax levy.

budgetary accounting
presentation of finances comparing anticipated (budgeted) revenue and expenditure with actual revenues and expenditures.

CAMA
see *NC CAMA*.

capital expenditure
see *capital outlay*.

capital improvement
physical asset built or bought, with a useful life of ten or more years, costing $100,000 or more, e.g., police station, Cedar St park, repaving streets, small area plans, easements, fire truck, etc.

capital improvement plan
shows how Town can pay for large-scale projects such as parks, roads, buildings, and other facilities. It includes a schedule of when the projects might begin and a detailed profile for each project.

capital outlay
spending related to capital assets or improvements, i.e., departmental requests valued between $25,000 and $100,000 expected to last at least 5 years (e.g. furniture, equipment, vehicles, etc.) or capital improvements valued above $100,000 expected to last at least 10 years (e.g. land, buildings, etc.).

capital project
see *capital improvement*.

capital project fund
special fund, not annually-budgeted, set up to house money received and spent for a large project spanning more than one fiscal year and closed at the end of the project.

capital project profile
outlines assumptions for each upcoming and future capital improvement, including: description, rationale, potential start, possible cost, and funding options.

capital reserve fund
created in FY 2019 as a place to hold money earmarked for infrastructure projects such as the boardwalk, streets, and utility lines. Money appropriated for capital projects in the General and Utility Funds goes into the Capital Reserve Fund until it is needed.

capital reserves
see *capital reserve fund*.

cash flow
money moving in and out within the course of a month.

cash reserves
see *fund balance*.

CIP
see *capital improvement plan*.

collection rate
see *estimated collection rate*.

contributions from other funds
money moved between Town funds, recorded as revenue in the receiving fund. also *transfers*

cost of living adjustments (COLA)
salary and wage changes for employees to reflect changes in the cost of living.

CPI
consumer price index, which measures changes in the average price of goods and services.

debt
money owed by the Town to outside sources, usually in the form of a loan, used to pay for capital projects or equipment purchases.

debt limits
financial policies restricting the amount of debt the Town can incur, so that it fosters financial stability.

debt service
payments to repay loan principal and interest.

department
group of employees based on a shared function– e.g., finance, planning, police, etc. also *division*

department head
manager, director, or chief of a department or division responsible for making budget requests and revenue estimates for their department.

department service plans
overview of services and activities each department will undertake in the upcoming budget year.

division
group of employees based on a shared function, e.g., water, sewer also *department*.

estimated collection rate
percentage of property taxes levied which are actually collected in a given year, used to calculate how much money to expect in the form of property tax revenue in the budget fiscal year.

expenditure
money spent by the Town, e.g., personnel, debt service, capital outlay, etc.

fee schedule
list of authorized amounts charged by the Town for various services, e.g., building permits, water rates, trash collection, parking, etc.

FEMA
Federal Emergency Management Agency

Finance Director
head of the Finance Department, responsible for overseeing Town finances and assisting Town Manager with budget development.

financial policy
locally-adopted laws governing and guiding how the Town budgets and spends money.

fiscal year
twelve months used for calculating and assessing financial activity; Town of Beaufort runs from July 1-June 30.

Fire Fund
annually-budgeted fund containing money collected and spent for Fire Department, which was rolled into the General Fund and eliminated as of FY 2019.

five year financial plan
long-range plan showing how annual budget and capital improvement plan might affect Town finances over a five year horizon.

fund
a "bucket" into which money is organized for legal and management purposes.

fund balance
difference between actual revenue and actual expenditure that accumulates over time. If actual revenues are more than actual expenditures, the fund balance goes up. If actual revenues are less than actual expenditures, the fund balance goes down. Fund balance can be appropriated or set aside for specific purpose by the Town Board, provided minimum balances remain. also *restricted fund balance, assigned fund balance, unassigned fund balance, appropriated fund balance*

fund balance appropriation
money budgeted from Town reserves to pay for one-time or capital expenditures.

GCC
Governor's Crime Commission

General Fund
main annually-budgeted fund which includes all Town departments except the Utility Department. All money received or spent by the Town goes into the General Fund unless there is a legal or management need for it to go elsewhere.

governing body
see *Town Board*.

grant
money awarded to the Town through a competitive process, usually with specific conditions for its use.

incremental budgeting
preparing new budget based on previous budget or actual performance, with incremental amounts added for the new period.

inflation
a sustained increase in the price of goods and services over a period of time.

intergovernmental revenues
money coming to the Town from other government sources with or without specific conditions for its use. also *unrestricted intergovernmental revenues and restricted governmental revenues*

levy
see *property tax levy*.

LGBFCA
Local Government Budget and Fiscal Control Act, North Carolina state law governing how towns budget and spend money.

LGERS
North Carolina Local Government Employees Retirement System

line item budgeting
presentation of budget expenses by department, basing future budget on previous needs.

loan proceeds
money lent to the Town, typically for capital purchases or improvements, which it must repay with interest. also *debt service*

long-term financial plans
tools used for projecting and planning for future financial situations, e.g., capital improvement plan and the five year financial plan.

merit-based pay
increase in salary or wages based on an individual employee's performance.

modified accrual
basis of accounting and budgeting where money and assets are recorded once they are available to be spent.

motor vehicles
cars, trucks, motorcycles, boat trailers, travel trailers, RVs, etc., which are taxable by the Town.

NC CAMA
Coastal Area Management Act, part of NC DEQ.

NC DEQ
North Carolina Department of Environmental Quality, responsible for preserving air and water quality.

NC DOT
North Carolina Department of Transportation.

NOAA
National Oceanic and Atmospheric Administration, agency within US Department of Commerce focused on conditions of oceans, major waterways, and the atmosphere.

non-departmental
account which houses money used across departments, not any single department.

operations
spending on all supplies, materials, and small equipment needed to conduct day-to-day activities, e.g., fuel, uniforms, contracted services, etc.

operating impact
how the completion of a capital project may affect ongoing expenses afterward, e.g., creation of a new park results in future maintenance costs, or adding staff quarters at a fire substation results in hiring additional firefighters.

other revenues
money received by the Town from investment earnings, donations, reimbursements, etc.

pay-as-you-go funding
using appropriated fund balance or other annual revenue to pay for lower cost infrastructure, rather than taking out a loan.

permits and fees
money collected by the Town for building permits, stormwater fees, parking fees, etc. .

personnel
spending which covers all aspects of paying employees, e.g., salaries and wages, health insurance, workers compensation, etc.

PILOT
payment-in-lieu-of-taxes, money collected on properties leased from the Town, which would otherwise be considered tax-exempt.

Powell Bill funds
money from state of North Carolina for use by the Town for maintaining roads and related structures.

property taxes
revenue from taxes on real and personal property, as well as motor vehicles.

property tax levy
amount of money imposed as a tax on property (real, personal, and motor vehicles), which is collected by the County on behalf of the Town.

real and personal property
land, houses, boats, airplanes, etc., which are taxable by the Town.

recommended budget
initial budget prepared by the Town Manager and Finance Director, presented to the Town Board for review and the general public for comment.

reserves
see *fund balance*.

restricted fund balance
reserves which can only be used under certain conditions associated with the original underlying revenue. e.g., unspent Powell Bill funds are fund balance restricted to road maintenance. also *fund balance*

restricted intergovernmental revenues
revenue coming to the Town from other government sources, with specific conditions regarding how the money is spent. e.g., fire tax, Powell Bill, etc.

revenue
money received by the Town, e.g., property taxes, sales and service fees, grants, etc.

sales and service revenues
money collected by the Town for things it sells (e.g. surplus property, cemetery plots, etc.) or services it provides (e.g. water, sewer, etc.).

service plan
see *department service plans*.

tax levy
see *property tax levy*.

tax rate
amount charged by the Town for real and personal property and motor vehicles described in cents per $100 of value, set via the budget ordinance in June for the upcoming fiscal year.

Town Board
governing body for the Town, comprised of elected officials (five commissioners plus the mayor), responsible for making local laws and oversight of the Town Manager. The mayor does not have an official vote, except in case of tie. also *Board of Commissioners, Town Board of Commissioners*

Town Manager
public administrator, essentially the chief executive officer for the Town, hired by the Town Board, responsible for developing the annual budget and directing and overseeing the business of the Town.

transfers
Money moved from one Town fund to another, where it will then be spent on goods or services, recorded as expenditure in the originating fund. also *contributions from other funds*

unassigned fund balance
reserves which are available for any purpose, provided General Fund retains a minimum 20% of its anticipated expenses for the year and the Utility Fund retains 50% of its anticipated expenses. The amount above these thresholds is considered available. also fund balance.

UNC SOG
University of North Carolina School of Government

unrestricted intergovernmental revenues
money coming to the Town from other government sources without specific conditions on how it is spent. e.g., sales tax, beer and wine profits, etc.

Utility Fund
annually-budgeted fund housing all money collected and spent by the water and sewer divisions.

variable rate
a loan where the interest rate fluctuates over time.

WWTP
wastewater treatment plant

Beaufort by the Numbers

Established in 1709, Beaufort, North Carolina, is located on Beaufort Inlet, a channel leading south to the Atlantic Ocean. The third oldest town in the state and seat of Carteret County, Beaufort has a residential population of about 4,200 with a high influx of visitor traffic during the warmer months. The Plan of Beaufort Towne, laid out in 1713, survives in a 12-block area, and is listed on the National Register of Historic Places.

The early economy of Beaufort relied on the use of the area's natural resources; fishing, whaling, the production of lumber and naval stores, shipbuilding, and farming were the chief economic activities. Though Beaufort had the safest and most navigable harbor of any of the ports of North Carolina, extensive commercial activities failed to develop, owing to the fact that the Town was almost completely isolated from the interior. Now, Beaufort's economy depends heavily on tourism, supplemented by a regional boat-building industry. Marine science research also figures prominently.

Demographics

According to the United States Census Bureau, Beaufort has a total area of 5.6 square miles (14.5 km2), of which 4.6 square miles (12.0 km2) is land and 1.0 square mile (2.6 km2), or 17.75 percent, is water.

The total population for Beaufort, according to the 2016 American Community Survey (ACS) by the Census Bureau, is 4,181 with males making up 1,937 of that count and females totaling 2,244. Ages of the population are the following: under 5 totaled 194; 5 to 9 totaled 121; 10 to 14 totaled 126; 15 to 19 totaled 238; 20 to 24 counted for 351; 25 to 34 equaled 613; 35 to 44 totaled 442; 45 to 54 totaled 435; 55 to 59 was 270; 60 to 65 totals 420; and 65 and over equals 971.

Of the 4,181 residents, 3,472 (83%) are White, 536 (12.8%) are Black or African-American, 25 (0.6%) are American Indians and Alaska Native, 18 (0.4%) are Asian; 5 (0.1) are some other race; and 134 who are two or more races.

The mean household income for Beaufort is $50,739, according to the 2016 ACS. The median income is $38,825.

According to the 2016 ACS, there are 2,057 occupied housing units in Beaufort: 1,048 (50.9%) owner-occupied and 1,009 (49.1%) renter-occupied. The average household size for the two categories is 1.89 and 1.93, respectively. The median value of the owner-occupied units is $203,700.

Beaufort's population (25 and older), according to the 2016 ACS, includes 11 percent with Graduate or Professional degrees, 14.1 percent with bachelor's degrees, 40.9 percent with some college or associate's degree, and high school graduates at 21.6 percent.

Economy

Tourism is a major component of the county's economy creating more than 3,400 jobs with an annual payroll of $65 million in 2017. Fleet Readiness Center East and Marine Corps Air Station Cherry Point are the leading employers of Carteret County residents with 1,257 civilian employees and 479 active duty military employees. The boatbuilding industry alone has an annual payroll of over $9.9 million in the county, with more than 27 boat builders and manufacturers plus 80 marinas and docks. (Source: Carteret County Economic Development Council)

The Duke University Marine Lab and the National Oceanic and Atmospheric Administration (NOAA) Center for Coastal Fisheries and Habitat Research, both located in Beaufort, and the UNC Institute of Marine Sciences and the NC State University Center for Marine Science and Technology (CMAST) located in Morehead City anchor the marine science cluster in Carteret County. The four institutions have 162,645 square feet of marine research facilities and 40 individual laboratories. Marine science in Carteret County accounts for over $58 million in revenue and over 500 employees.

The unemployment rate for Carteret County is 5.5 percent, according to the NC Department of Commerce.

Cost of Living

Beaufort's cost of living index ranks within the range of small coastal North Carolina communities of Bath, Elizabeth City, Morehead City, Southport, and Swansboro and lower than the national average (100 equals national average). (http://www.bestplaces.net/cost-of-living/ accessed 4/29/2018)

Table 1: Cost of Living Index Comparison

	Composite	Grocery	Housing	Utilities	Transport	Health	Misc
Bath	99	98.4	104	99	95	96	97
Beaufort	99	98.1	101	100	97	97	98
Edenton	76	102.6	16	92	106	114	105
Morehead	102	98.1	111	100	97	97	98
Southport	111	105.5	129	108	99	100	102
Swansboro	99	103.9	93	105	95	101	104

Government

The Town of Beaufort operates under a council/manager form of government. The Town Board consists of five commissioners and the mayor. The mayor is elected for a two-year term, and only casts a vote in the event of a tie. The commissioners are elected for alternating four-year terms.

Healthcare

The breakdown of healthcare providers includes 120 physicians, or 1.64 per 10,000 population, 47 dentists or 6.1 per 10,000 population, and 542 RN Nurses or 80.7 per 10,000 population. There are 37 Physical Therapists, 135 General Hospital Beds and 424 Nursing Facility Beds.

Utilities

Duke Energy supplies electric power to Carteret County, including the Town of Beaufort. Several companies provide a range of telecommunications related business services in Carteret County including computer, voice, wireless, networking, cloud, hosting, and security applications. The Town of Beaufort provides water and sewer to its residents, as well as several customers in the surrounding area.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of Beaufort

North Carolina

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrill

Executive Director