



FY18 BUDGET - ADOPTED

JULY 01, 2017

JOHN DAY
TOWN MANAGER

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FY18 Budget - Adopted

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The following document is the FY18 Budget for the Town of Beaufort. This document was developed by staff in accordance with the Town's Mission, Strategic Priorities, and Core Values as outlined below.

COMMUNITY OVERVIEW

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 2010 Census, was 4,039 with males making up 1,916 of that count and females totaling 2,123. Ages of the population are the following: under 18 totaled at 651; 20 to 24 counted for 235; 25 to 34 equaled 536; 35 to 49 totaled 715; 50 to 64 was 996; and 65 and over equaled 836. Of the 4,039, 3,191 identify as White alone, 687 identify as Black or African-American alone, 29 as Asian alone, 10 American Indians and Alaska Native alone, two Native Hawaiian and other Pacific native alone, 23 some other race alone and 97 who identified as two or more. The population by Hispanic or Latino Origin of any race is 105 of the 4,039.

The average household income for Beaufort is \$43,628, according to the 2011-2015 American Community Survey 5-Year Estimates (2015 ACS). The per capita income is \$22,334.

Beaufort's population (25 and older), according to the 2015 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 3,060 jobs with an annual payroll of \$52.93 million in 2013. 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 \$5.5 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 5/7/2017)

	COMPOSITE	GROCERY	HOUSING	UTILITIES	TRANSPORT	HEALTH	MISC
BATH	99.2	98.4	104.2	99.4	94.5	96	97.3
BEAUFORT	98.7	98.1	101.2	88.8	96.5	96.9	97.6
EDENTON	n/a	102.6	n/a	92.2	105.6	113.9	105.1
MOREHEAD CITY	101.7	98.1	110.5	99.8	96.5	96.9	97.6
SOUTHPORT	110.8	105.5	129	108.3	99.1	100	101.7
SWANSBORO	98.7	103.9	92.9	104.8	95.2	100.7	103.5

Table 1: Cost of Living Index Comparison

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.

ORGANIZATIONAL OVERVIEW

MISSION STATEMENT

The mission of the Town of Beaufort is to foster a scenic and welcoming coastal community that enhances the well-being and prosperity of our citizens, celebrates our diverse culture and heritage, and preserves our natural and historic resources.

STRATEGIC PRIORITIES

INFRASTRUCTURE

- Provide for the essential service needs of our community by funding and maintaining resilient water, sewer, waste disposal, streets, and storm water systems.
- Continuously evaluate and plan for future infrastructure needs.

PUBLIC SAFETY AND WELFARE

- Maximize the responsiveness capabilities of our police and fire departments by ensuring they have the necessary personnel, training, and equipment to fulfill their missions.
- Enhance the safety of our neighborhoods through consistent community outreach focusing on education and prevention.
- Monitor our roads, pedestrian areas, and public lands and assume a proactive approach to improving walkability, bike-ability, community connectivity, and public safety.

CITIZEN ENGAGEMENT

- Through a citizen-centered approach to communications and recruitment, empower our diverse citizenry to participate in local government activities and decision making.
- Foster a productive and civil discourse between citizens and the Town.
- Maximize the functionality of committees, advisory boards, and other citizen-comprised groups through focused capacity building and dedicated staff support.

PARKS/RECREATION/OUTDOORS

- Continue to champion outdoor recreation and scenic beauty as essential components of Beaufort's healthy lifestyle and tourism economy by preserving and increasing peoples' ability to connect with and enjoy our natural environment.
- Encourage and promote environmental stewardship and preservation.
- Increase the amount of recreational offerings and opportunities in our public spaces.

ECONOMIC DEVELOPMENT

- Increase our tax revenue base and improve citizen employment opportunities by encouraging private enterprise through retention, support of expansion, and recruitment.
- Continue to embrace tourism as our primary economic driver and work to increase visitation by promoting Beaufort as a destination and working to maximize the visitor experience.

SENSE OF PLACE

- Cultivate and protect our "Beaufort-ness", the central element of Beaufort's lifestyle and visitor appeal.

- Uphold and improve Beaufort's appearance and character through careful land-use planning and streetscaping that honors our historic and natural surroundings and preserves our small-town ambiance.
- Foster community stewardship and pride by supporting continued and new neighborhood development, preservation, and/or revitalization efforts.
- Nurture our community's cultural fabric by advancing the appreciation of our diverse histories, new and old traditions, and the arts.

CORE VALUES

LEADERSHIP AT ALL LEVELS

We are an organization that encourages initiative and innovation, and strives for continuous improvement. We are committed to open and transparent communications, both internally and externally. We confront each decision with a solutions-driven approach based on thorough information gathering and openness to diverse ideas and opinions. We believe in leading by example.

EXEMPLARY SERVICE

As public service professionals, we believe it is our duty to provide responsive, friendly, and efficient service to our citizens and visitors. We are dedicated to resolving conflicts, overcoming obstacles, and removing barriers.

EMPLOYEE ENGAGEMENT

We believe in advancing an organizational culture rooted in mutual respect that values our employees' well-being, growth, and development, and encourages their success. We view our employees as essential partners in pursuit of our organizational mission.

FISCAL RESPONSIBILITY

As the financial stewards of the Town, we make well-informed, cost-effective, and responsible financial decisions. When deliberating any expense or project, we identify and secure adequate funding resources, contemplate potential cost-saving measures, and consider the possible impact on future financial stability.

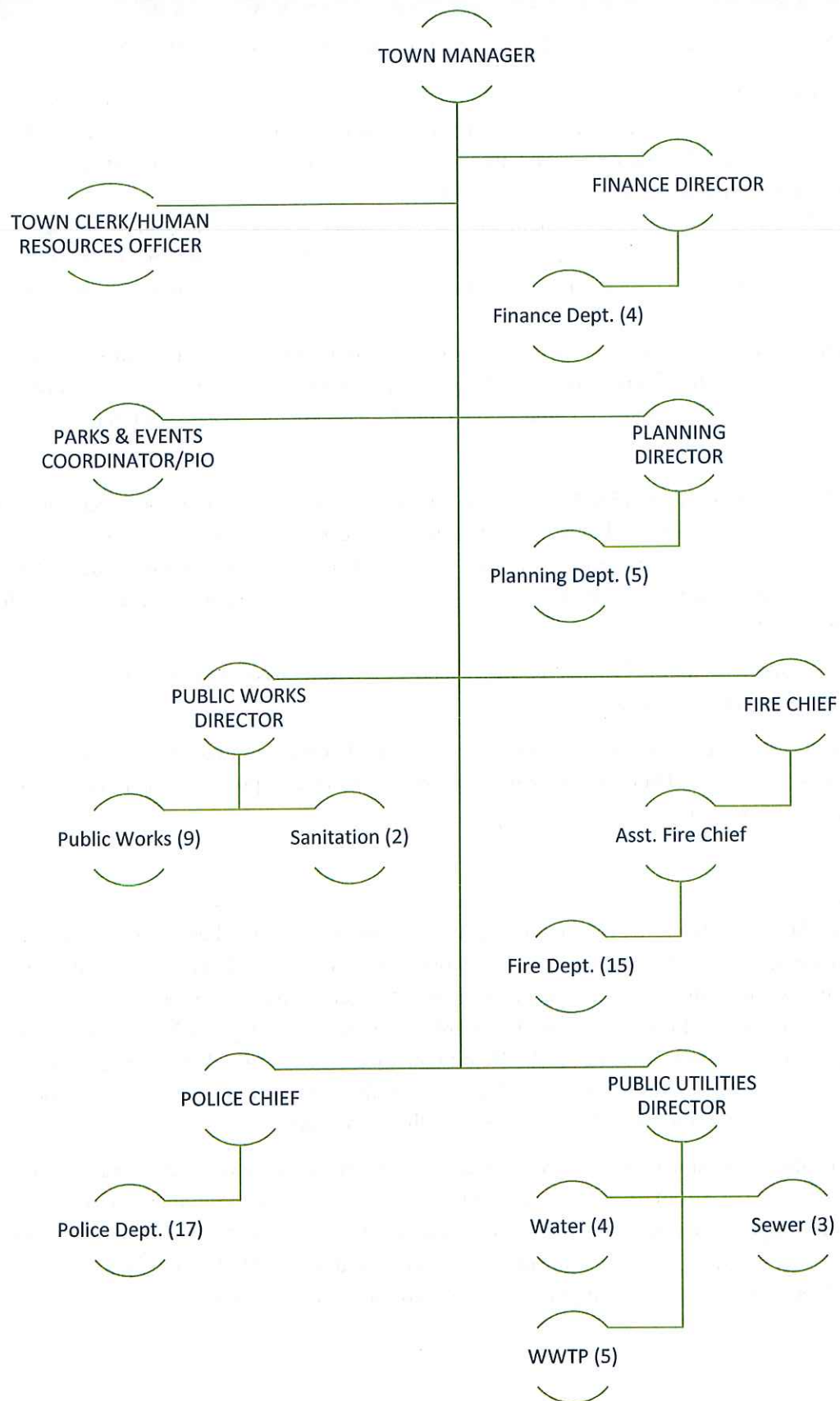
STRONG PARTNERSHIPS

We value our relationships with surrounding government entities--especially the Town of Morehead City and Carteret County--and believe in being a strong collaborative partner. We are committed to communicating openly and often, contributing to joint undertakings, and actively seeking out mutually beneficial opportunities. We also believe in entering into public, institutional, and non-profit partnerships that positively impact our community.

THE VALUE OF DIVERSITY

We regard diversity as an invaluable attribute of our community and our organization. We embrace diversity, as differences in experience, opinion, and background are vital to our decision-making process.

TOWN STAFF ORGANIZATIONAL CHART



BUDGET OVERVIEW

The Town's annual budget consists of three funds, each of which is annually appropriated:

General Fund: The General Fund houses the majority of the Town's operations to include all administrative services, planning, sanitation, streets, stormwater management, facilities, and the police department. It is funded primarily through a combination of tax revenue (property and sales) and funds generated through Town-assessed fees.

Utility Fund: The Town operates and maintains its own water treatment and distribution service, and its own wastewater treatment system. Expenses associated with the operation of these systems are paid out of the Utility Fund. Revenue for the fund is generated through usage fees for services.

Fire Fund: The Beaufort Fire Department provides fire protection for the Town of Beaufort, as well as for two county fire district that extend beyond the town's limits. The department is funded through a separate fund to clearly account for receipt of funds from the county to fund the out-of-town operations.

Each fund has an associated "fund balance," that is, an amount of money that has accumulated over time when revenues exceed expenditures in a fiscal year. A portion of the fund balance is available for appropriation, subject to Budget and Fiscal Control Act and Board-adopted fiscal policies. Year-end balances for the prior fiscal year and the current fiscal year are provided for each of the three funds.

The basis of budgeting for all funds is modified accrual, the same basis of accounting used in the Town's audited financial statements.

In addition to the annually appropriated funds, the Town often uses Capital Project Funds. These funds are also appropriated but are not included in the annual budget process and are closed upon completion of the project.

PROCESS

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.

Throughout the year, situations may arise making it necessary to amend the budget. Actual revenues may exceed or fall short of projections, new projects may emerge that require funding beyond initial appropriations, or, emergency projects may be necessary. Some amendments to the budget may be approved by the Town Manager, as governed by the Budget Ordinance found in Appendix 3; all others require the approval of the Board of Commissioners.

Additionally, the following policies are in place:

- The Town's annual operating budget will be prepared and managed in accordance with the Town's Financial Policy and Generally Accepted Accounting Principles.
- The budget will be balanced (expenditures will not exceed revenues) as required by state law.
- 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 G.S. 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.
- The basis of budgeting for all funds is modified accrual, which provides the reader with a short-term overview of the Town's financial position. This is the same basis of accounting used in the Town's audited financial statements.

BUDGET MESSAGE

Dear Mayor and Board of Commissioners,

The Fiscal Year 2018 recommended budget for the Town of Beaufort, less interfund transfers, totals **\$12,159,480**, divided as follows:

General Fund	\$	6,640,417
Fire Fund	\$	1,644,724
Utility Fund	\$	5,265,818
Subtotal	\$	\$13,550,959
Less Interfund Transfers	\$	1,391,479
Total	\$	12,159,480

Over the last few years staffing levels have declined, capital outlay purchases have all been financed, and maintenance of facilities and infrastructure has been deferred. The result is overburdened staff, neglected work, inadequate internal controls, mounting debt for recurring equipment and vehicle purchases, a hazardous town-owned building (and resulting dangerous working conditions), antiquated facilities, an aging boardwalk in need of major repair or replacement, deteriorating utility lines and roads in poor condition.

This budget addresses these issues: a staff reorganization in FY17 combined with the net addition of two new positions relieves overburdened staff and provides for internal controls; capital outlay expenses are funded with cash and make significant progress toward meeting deferred obligations; and a plan is offered to address upcoming capital needs.

THE GENERAL FUND

But there is a cost. The recommended FY18 General Fund budget is balanced with one-time revenues from a fund balance appropriation of **\$586,322** (the equivalent of about 7.67 cents on the property tax rate) and a **\$350,000** (the equivalent of 4.58 cents on the property tax rate) contribution from the Utility Fund to pay its share of administrative costs borne by the General Fund. The property tax rate remains unchanged at 34.75 cents per \$100 of valuation.

The recommended fund balance appropriation will leave an unrestricted fund balance of **\$1,563,678**, the equivalent of 23.5% of total General Fund expenditures, which is in excess of the Board's Financial Policy's minimum requirement of 20%. Consequently, there will be very little fund balance available for appropriation in FY19, requiring either a property tax increase (in FY18, or FY19, or both) or significant reductions in the proposed General Fund budget.

A list of new expenses found in the recommended FY18 General Fund budget (including tax rate equivalents) follows, should the Board wish to eliminate any of them or raise the tax rate in FY18:

NEW EXPENSE ITEM	COST	TAX RATE EQUIV
COLA 6 MONTHS*	\$33,060	0.43
MERIT AWARDS*	\$89,000	1.16
SALARY ADJUSTMENT TOTAL	\$122,060.00	1.60
ROAD PAVING (NON-POWELL BILL)	\$127,750	1.67
POLICE CARS	\$80,000	1.05
POLICE RADIOS	\$70,000	0.92
BUCKET TRUCK	\$32,000	0.42
CAPITAL OUTLAY TOTAL	\$309,750	4.05
REALLOCATION OF STORM WATER REVENUES FROM SALARY SUBSIDIES	\$67,600	0.88
TRANSPORTATION PLAN	\$164,000	2.15
NEW POSITIONS	\$200,000	2.62
NEW EXPENDITURE TOTAL	\$863,410	11.29

Table 2: New Expenditures for FY18

**Includes Fire Department*

THE UTILITY FUND

The Utility Fund's financial condition is similar to that of the General Fund – the recommended FY18 budget is balanced, but FY19 looks problematic. Several deferred capital outlay projects (totaling **\$564,000**), as well as the annual debt service on the wastewater treatment plant and other projects, are funded by an appropriation of restricted fund balance (Capacity Use Fee revenues) totaling **\$2,014,218**. Another **\$549,989** from restricted fund balance is expected to be available for appropriation in the subsequent year.

The use of restricted fund balance to pay debt service results in a year-end contribution to the unrestricted fund balance of **\$947,636** (raising it to a total of **\$2,432,636**) and also allows for the Utility Fund to pay its fair share of administrative costs housed in the General Fund, totaling **\$350,000** (up from **\$30,000** in FY17).

Without fund balance appropriations in FY19, however, there is an anticipated shortfall of nearly **\$500,000**. This shortfall can be made up by using unrestricted fund balance to pay a portion of the debt service, raising utility fees, reducing the administrative payment to the General Fund, or a combination of these.

THE FIRE FUND

All expenses in the Fire Fund, **\$1,644,724**, are for the operation of the Fire Department and associated debt service. There are no capital outlay expenses in FY18.

The majority of revenues supporting the Fire Fund, 63% (**\$1,041,479**), come from the General Fund. Carteret County contributes **\$505,245**, or 31% of the total, which is **\$245,600** shy of its fair share (see the Fire Fund revenue section for a thorough explanation). Finally, **\$98,000** in fund balance is used to shore up the Fire Fund, the equivalent of 1.2 cents on the Town's property tax

rate – another item that has clear implications for FY19. This shortfall in FY19 can be addressed through cuts, a tax increase, or an increased contribution from Carteret County.

CAPITAL IMPROVEMENTS PLAN (CIP)

The CIP, which recommends capital project expenditures over the next five years, is incorporated into this document. Capital projects or items have a minimum cost of \$100,000 and a useful life of at least ten years.

The CIP identifies the funding sources for each project or item, as well as the impact on the tax rate for each year, where appropriate.

In conclusion, the annual budget is balanced without a property tax increase or higher utility fees. However, significant fund balance appropriations are employed (consistent with the Town's Financial Policy) that will necessitate revenue increases in FY19 or dramatic and crippling reductions in spending.

Detailed descriptions of revenues and expenditures for each of the three annually budgeted funds, as well as accomplishments, goals, and performance and workload measures, are found in the pages following the budget message.

The staff and I stand ready to assist in your review and consideration of the FY18 annual budget – I'm certain you're up to the challenge.

I wish to thank the Town staff for the tremendous assistance and support they've given me since I arrived back in February – it's been invaluable. I also wish to thank the department heads for their work in compiling the information needed to develop their budget requests. Finally, I want to offer special gratitude to Finance Officer Christi Wood, who has worked tirelessly and faithfully on putting all the numbers and much of the narrative together, and to my wife Christy, who put together this document – formatted it, edited it, and just generally made it better.

Respectfully submitted,



John Day
Town Manager
May 8, 2017

ADDENDUM TO BUDGET MESSAGE

On Wednesday, June 7, 2017, the Town of Beaufort Board of Commissioners discussed the proposed budget at a special meeting. They adopted the FY18 recommended budget with the following adjustments.

Overall Budget Increases by \$35,208 from \$6,640,417 to \$6,675,625

General Fund Revenues Increase by \$35,208

1. **Property Tax Revenue Increases by \$419,315 from \$2,734,030 to \$3,153,345**
 - a. **Tax Base Increases Property Tax Revenues by \$175,741**
Updated information from Carteret County on tax base increased anticipated revenues of FY18 ad valorem property taxes by \$175,741.
 - b. **Tax Rate Increases Property Tax Revenues by \$243,574**
A tax rate of \$0.3775 (an increase of \$0.03) was established, increasing ad valorem tax revenue for FY2018 by \$243,574. Of this, proceeds of \$0.02 of the tax rate (\$162,958) are reserved for street resurfacing.
2. **Fund Balance Appropriation Decreases by \$384,107 from \$586,322 to \$202,215**

General Fund Expenditures Increase by \$35,208

1. **Public Works' Budget Increases by \$35,208 from \$2,151,289 to \$2,186,497**
Total allocation for street contracted services increases from \$250,000 to \$285,208. In the recommended FY18 budget, these services were funded by the Powell Bill (\$122,250) and General Fund Balance Appropriation (\$127,750). In the adopted FY18 budget, the Street Contracted Services are funded by the Powell Bill (\$122,250) and proceeds of \$0.02 of the tax rate (\$162,958).

The Town of Beaufort FY18 Adopted Budget (Town of Beaufort FY18 Recommended Budget, including above adjustments) follows.

GENERAL FUND

The General Fund houses the majority of the Town's operations to include all administrative services, planning, sanitation, streets, stormwater management, facilities, and the police department. It is funded primarily through a combination of tax revenue (property and sales) and funds generated through Town-assessed fees.

GENERAL FUND – BUDGET-AT-A-GLANCE

These revenues go into the general fund. Additional revenues are included later in this document in the Utility and Fire Funds, respectively.

REVENUE SOURCES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PROPERTY TAXES	2,715,432	2,722,000	3,153,345
INTERGOVERNMENTAL	1,784,627	1,855,297	1,793,615
PERMITS & FEES	645,942	884,950	895,850
SALES & SERVICE	291,660	272,200	270,500
CONTRIBUTION FROM UTILITY FUND	40,801	30,000	350,000
LOAN PROCEEDS	105,000	285,000	0
OTHER REVENUE	2,015,978	18,200	10,100
APPROPRIATED FUND BALANCE	0	0	202,215
CONTRIBUTION FROM FIRE FUND	27,811	0	0
TOTAL REVENUE	7,627,251	6,067,647	6,675,625

Table 3: General Fund Revenues Over Time

These expenditures come out of the general fund. Additional expenditures are included later in this document in the Utility and Fire Funds, respectively.

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
GOVERNING BODY	249,842	571,250	59,530
ADMINISTRATION	506,097	422,250	441,030
FINANCE	304,964	370,780	460,778
POLICE DEPARTMENT	1,272,044	1,312,900	1,565,138
PLANNING & INSPECTIONS	255,992	325,500	398,858
PUBLIC WORKS	1,847,941	1,831,095	2,186,497
NON-DEPARTMENTAL	795,169	1,010,858	1,563,795
TOTAL EXPENDITURES	5,232,049	5,844,633	6,675,626

Table 4: General Fund Expenditures Over Time

The fund balance is an amount of money that has accumulated over time when revenues exceed expenditures in a fiscal year. A portion of the fund balance is available for appropriation, subject to Budget and Fiscal Control Act and Board-adopted fiscal policies.

FUND BALANCE	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
UNASSIGNED FUND BALANCE	2,014,319	2,150,000	1,947,785
UNASSIGNED FUND BAL AS % OF GF EXP	38.5%	36.8%	29.2%

Table 5: Unassigned General Fund Balance Over Time

GENERAL FUND – REVENUE

The General Fund is the primary depository for several revenue sources which are collected for the general operation of the Town including, ad valorem taxes, state sales taxes, and solid waste collection fees.

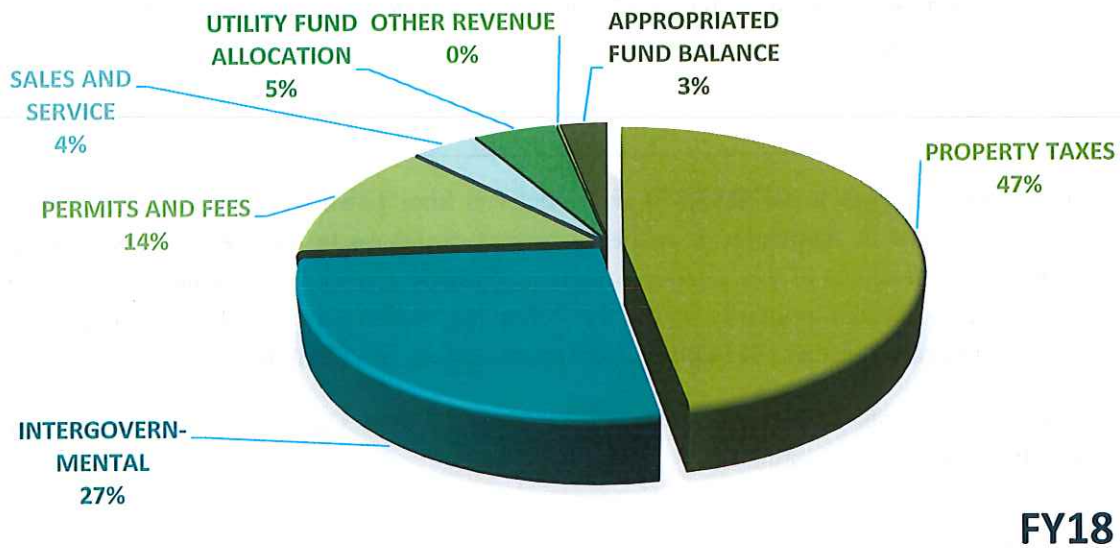


Figure 1: General Fund Revenue by Source

PROPERTY TAXES

The adopted ad valorem tax rate for FY18 is \$0.3775 per \$100 of valuation. This rate is applied to an estimated total valuation of real and personal property of \$797,664,462 and \$39,630,179 for motor vehicles. The estimated rate of collection for real and personal property is 97.2%, and 99.58% for motor vehicles, producing \$3,075,845. Additional revenue for this category includes the collection of prior year taxes, including penalties and interest.

Revenues in this category total **\$3,153,345**, accounting for 47% of total General Fund revenues.

INTERGOVERNMENTAL – UNRESTRICTED & RESTRICTED

Unrestricted Funds come to the Town from several government sources. Local Option Sales Tax is a 2% sales tax on purchases of goods and services. The funds are collected by the State of North Carolina then distributed quarterly to counties and municipalities. The distribution formula is calculated on either a per capita or an ad valorem basis, as determined by the county – in this case it's the latter. This year's revenue from Local Option Sales Tax is estimated to be **\$1,108,365**. Other unrestricted sources include proceeds from the State's Utility Tax program (**\$385,000**) and the county's beer and wine profit distribution (**\$123,500**).

Restricted Funds are comprised mainly of Powell Bill funding (**\$122,250**), the State of North Carolina's means of supplementing municipal budgets to fund street maintenance. The Town receives an annual appropriation based on road miles; these funds can either be spent in the year

received or allowed to accumulate – though not indefinitely – in order to fund a larger future project. Other funds in this category may include state, federal, or county grant programs.

Funding in the intergovernmental category totals **\$1,793,615** for FY18, a decrease of 3% from FY17. This decrease is primarily attributable to the FY17 one-time appropriation of **\$98,000** in Powell Bill funds that were held in reserve and the FY17 contribution of **\$35,000** from Carteret County to assist in the dredging Bulkhead Channel. This category represents roughly one-fourth (27%) of total revenues.

PERMITS & FEES

Permits and Fees revenue totals **\$895,850** and is derived from Town-assessed fees, descriptions of which are located in **Appendix 1** in this document. Solid waste user fees account for the largest portion of revenues in this category, totaling **\$518,850** (58%). The remaining revenue in Permits and Fees comes primarily from the following three sources: 1) building permits (**\$150,000**); 2) stormwater fees (**\$134,000**); and 3) parking fees, at (**\$90,000**).

This category accounts for roughly one-eighth (14%) of total General Fund revenues and increases by 1% over FY17 estimates.

SALES & SERVICE

The Town owns several properties it leases out to private entities. Similarly, utility companies lease space on water towers and other town-owned land for their antennas. The largest source in this category is the lease arrangement for the Beaufort Town Docks, which generates approximately **\$178,000** annually. Sales of plots in Oceanview Cemetery are also included here, as well as surplus property sales.

Sales and Service revenue decreases slightly in FY18 to **\$270,500**, which represents 4% of total General Fund revenues.

CONTRIBUTION FROM UTILITY FUND FOR ADMINISTRATIVE SUPPORT

The Utility Fund pays the General Fund for administrative support for tasks such as monthly billing, accounts payable, and payroll, which are performed by personnel housed in the Finance Department. Other overhead expenses to the Utility Fund include a portion of the costs of the Governing Board and Administration Departments. In previous years the Utility Fund only paid a small fraction of the actual cost of overhead support from the General Fund.

Revenue in this category increases from **\$30,000** in FY17 to **\$350,000** in FY18, representing about 5% of total General Fund Revenues.

LOAN PROCEEDS

Revenues in this category are derived from loans for capital purchases and improvements, such as police cars, work trucks, durable equipment, land, and building construction or improvements. Loan proceeds are offset by a corresponding, equal expense, plus principal and interest payments for the term of the loan. FY17 revenue in this category was **\$285,000**, which will result in annual loan payments of about **\$62,000** for five years, beginning in FY18. There is no revenue in this category in FY18.

OTHER REVENUE

Revenue in this category includes investment earnings, donations, insurance reimbursements and miscellaneous receipts that don't fit into any other category. Total receipts are usually under \$20,000, but can spike from a large donation such as in FY16, when an individual gave the Town \$2 million for community improvements.

FY18 revenues in this category are estimated at **\$10,100**.

APPROPRIATED FUND BALANCE

At the close of FY16, the Town had **\$2,888,284** in total fund balance; **\$2,014,319** of which was unassigned and available for appropriation. The FY17 budget includes a fund balance appropriation of **\$353,414** which is related to the construction of the new fire station. Year-end projections, however, indicate the fund balance appropriation will not be needed. Thus, the projected unrestricted fund balance as of June 30, 2017 is expected to be **\$2,150,000**, or 36.8% of estimated General Fund expenditures.

Consistent with the Town's Financial Policy of maintaining an unrestricted fund balance equal to not less than 20% of General Fund Expenditures, the FY18 Budget includes a fund balance appropriation of **\$202,215**, leaving unassigned fund balance at **\$1,947,785**, or **29.2%** of total General Fund expenditures.

This category represents 3% of total General Fund revenues.

CONTRIBUTION FROM FIRE FUND

In 2012, the Board of Commissioners approved the construction of a second fire station, funded by the county and paid for out of the General Fund, to primarily serve areas of the fire district outside town limits. As this station was funded by the county via a distribution to the Fire Fund, the transfer was enacted to reimburse the General Fund for the expense of the station. The last contribution from the Fire Fund to the General Fund was in FY16, in the amount of **\$27,811**. It is anticipated that the Fire Fund will be eliminated in FY19 (and the Fire Department will be returned to the General Fund),

GENERAL FUND – DEBT

The Town adheres to the following internally adopted policies with respect to assumption of debt.

- 1) The Town will strive to maintain its annual tax-supported (General Fund and Fire Fund) debt service costs at a level no greater than fifteen percent (15%) of total expenditures.
- 2) Net debt for the General Fund shall not exceed 2.5% of assessed property valuation. General obligation debt as defined in G.S. 159-55 is statutorily limited to eight percent of the assessed valuation.

In FY18, debt service as a percentage of total General Fund expenditures (including the fire station, which is in the Fire Fund) is 8%, and total net debt is approximately 0.5% of assessed property valuation. No debt financing is anticipated in FY18.

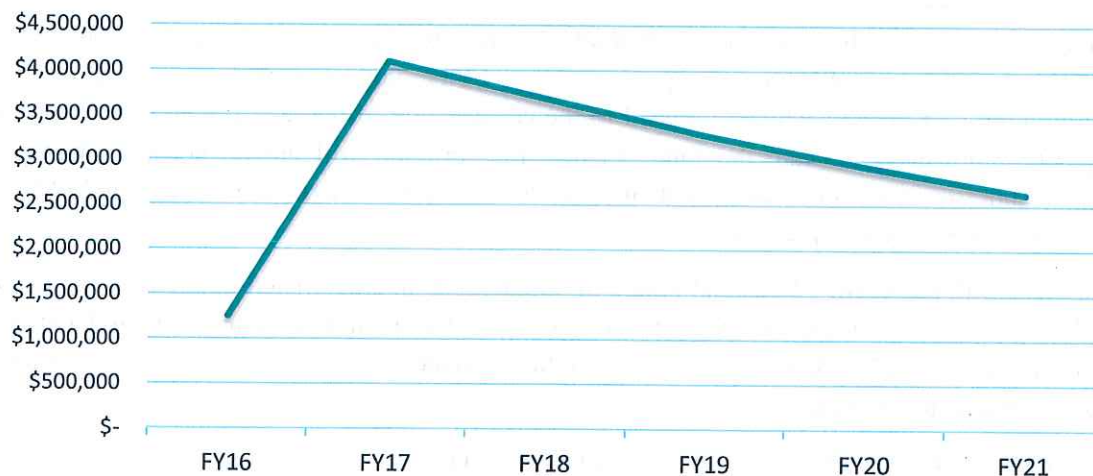
REMAINING YEAR-END BALANCES**YEAR-END OUTSTANDING DEBT**

Figure 2: General Fund Year-End Outstanding Debt

PLANNING & INSP	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
PLANNING VEHICLE	0	23,800	19,200	14,500	9,800	5,000	2021
POLICE DEPT	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
POLICE VEHICLES	105,000	165,500	129,300	92,500	55,000	16,900	2021
PUBLIC WORKS	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
1-TON TRUCK	0	40,800	32,900	24,900	16,750	8,450	2021
PARKING METERS	65,200	43,383	21,010	0	0	0	2019
GRAPPLE TRUCK	0	146,200	117,850	89,200	60,000	30,250	2021
NON-DEPT.	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
TOWN HALL	1,100,000	1,000,000	900,000	800,000	700,000	600,000	2026
FIRE FUND/DEPT	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
FIRE STATION	0	2,800,000	0	0	0	0	2031
TOTAL DEBT	1,165,200	3,989,583	1,038,860	889,200	760,000	630,250	

Table 6: General Fund Debt by Department – Remaining Year End Balances

* Fire Station Debt Service is in the Fire Fund as of FY18

ANNUAL DEBT SERVICE

PLANNING & INSP	FY16	FY17	FY18	FY19	FY20	FY21	FY22
PLANNING VEHICLE	0	0	5,008	5,030	5,025	5,025	5,030
- PRINCIPAL	0	0	4,600	4,670	4,750	4,840	4,930
- INTEREST	0	0	408	360	275	185	100
POLICE DEPT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
POLICE VEHICLES	28,125	27,665	44,415	43,955	17,220	17,220	17,220
- PRINCIPAL	26,265	26,265	42,085	42,255	16,290	16,590	16,900
- INTEREST	1,860	1,400	2,330	1,700	930	630	320
PUBLIC WORKS	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1-TON TRUCK	0	0	8,600	8,600	8,610	8,613	8,610
- PRINCIPAL	0	0	7,900	8,000	8,140	8,300	8,450
- INTEREST	0	0	700	600	470	313	160
PARKING METERS	23,209	23,210	23,202	21,275	0	0	0
- PRINCIPAL	18,389	19,671	21,035	20,574	0	0	0
- INTEREST	4,820	3,539	2,167	701	0	0	0
TRASH TRUCK	52,257	0	0	0	0	0	0
- PRINCIPAL	51,631	0	0	0	0	0	0
- INTEREST	626	0	0	0	0	0	0
GRAPPLE TRUCK	0	0	30,850	30,850	30,860	30,820	30,870
- PRINCIPAL	0	0	28,350	28,650	29,190	29,700	30,300
- INTEREST	0	0	2,500	2,200	1,670	1,120	570
NON-DEPT.	FY16	FY17	FY18	FY19	FY20	FY21	FY22
TOWN HALL	134,384	131,483	128,402	125,411	122,420	119,486	116,438
- PRINCIPAL	100,000	100,000	100,000	100,000	100,000	100,000	100,000
- INTEREST	34,384	31,483	28,402	25,411	22,420	19,486	16,438
FIRE FUND/DEPT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
FIRE STATION*	0	0	0	0	0	0	0
- PRINCIPAL	0	0	0	0	0	0	0
- INTEREST	0	0	0	0	0	0	0
FUND TOTAL	130,669	77,419	106,522	103,110	53,270	50,336	47,288

Table 7: General Fund Annual Debt Service by Department

* Beginning FY18, Fire Station Debt Service is appropriated in the Fire Fund.

GENERAL FUND – PERSONNEL

The net change in the number of positions for FY18 is two, from 41 in FY17 to 43 in FY18. There were, however, a number of changes during FY17, as follows:

- 1) A vacant Administrative Specialist position split between the Public Works and Utilities Departments was converted to an Accountant and moved into the Finance Department.
- 2) The Human Resources Officer position was moved from the Finance Department to the Administration Department and reclassified as Town Clerk/Human Resources Officer.
- 3) The Town Clerk/Public Information Officer position in Administration was reclassified to Parks and Events Coordinator/Public Information Officer.

DEPARTMENT	FY 16 # POSITIONS	FY 17 # POSITIONS	FY 18 ADOPTED # POSITIONS	CHANGE FROM FY17
GOVERNING BOARD	6	6	6	0
ADMINISTRATION	4	4	3	-1
FINANCE DEPARTMENT	4	4	5	1
PLANNING & INSPECTIONS	3	5		1
POLICE DEPARTMENT	16	16	18	2
PUBLIC WORKS	11	13	12	-1
TOTAL	38	42		2

Table 8: General Fund Personnel by Department Over Time

**Elected officials. These positions are not reflected in the total.*

Personnel changes for FY18:

- 1) The Office Manager position in the Administration Department is moved to the Finance Department, which provides a much more accurate match between the position's duties and the department in which it's housed.
- 2) A Code Enforcement Officer position is added in the Planning and Inspections Department to help it better meet demands created by increased building and enforcement activity.
- 3) Net positions in the Police Department increase by two. The Major position, which will become vacant July 1 due to retirement, will be converted into two Patrol Officer positions, which will provide for greater safety of Town officers and citizens by allowing for two Patrol Officers and one Sergeant to be on duty 24/7 (except when leave is taken). Additionally, one Community Outreach Officer position is added to assist at the Beaufort Middle and Elementary Schools, as well as to provide general community outreach services.
- 4) Public Works Department staffing is reduced by one position (or a total of two positions from the originally budgeted 14 positions in FY17). Reduced demand on staff as a result of contracting out most solid waste services is somewhat offset by the elimination of prison labor (as a risk management measure).

Total General Fund personnel costs for FY18 equal **\$2,788,093** which includes a 2% cost of living adjustment in January 2018. Additionally, **\$63,500** is included in the Non-Departmental budget for distribution as merit awards, based on employee performance reviews.

GENERAL FUND – CAPITAL OUTLAY

Capital outlay items normally appear in the Town's annual budget and include such things as furniture, equipment, and vehicles needed to support the operation of the Town's programs. For the Town's purposes, a capital outlay item is valued between \$25,000 and \$100,000 with a usual life expectancy of less than ten (10) years. Items valued above \$100,000 with a life expectancy of ten (10) or more years are addressed in the Capital Improvement Plan.

There are four capital expenditures included in the FY18 Budget. The non-recurring capital purchases in the General Fund for FY18 are as follows:

CAPITAL OUTLAY	FY18 ADOPTED
POLICE DEPARTMENT: TWO (2) POLICE CARS (\$40,000/VEHICLE)	80,000
POLICE DEPARTMENT: 800 MHZ RADIO CONVERSION	70,000
PUBLIC WORKS: ONE (1) REPLACEMENT BUCKET TRUCK, USED	32,000
TOTAL CAPITAL EXPENDITURES	182,000

Table 9: General Fund FY18 Capital Outlay

In a departure from recent practice, all of the FY18 capital purchases will be made with cash, rather than through financing. Relying on debt financing for annual capital outlay only reduces annual expenditures until the combined debt payments reach the original lump-sum capital costs, after which costs and debt compound. The FY18 budget uses a less expensive alternative of annual capital purchases in cash of a roughly equal amount.

GENERAL FUND – EXPENDITURES

The General Fund FY18 budget includes a new program, Non-Departmental, which houses items which relate to General Fund programs as a whole, but not entirely to any particular program or department (e.g. legal services, contingency, interfund transfers).

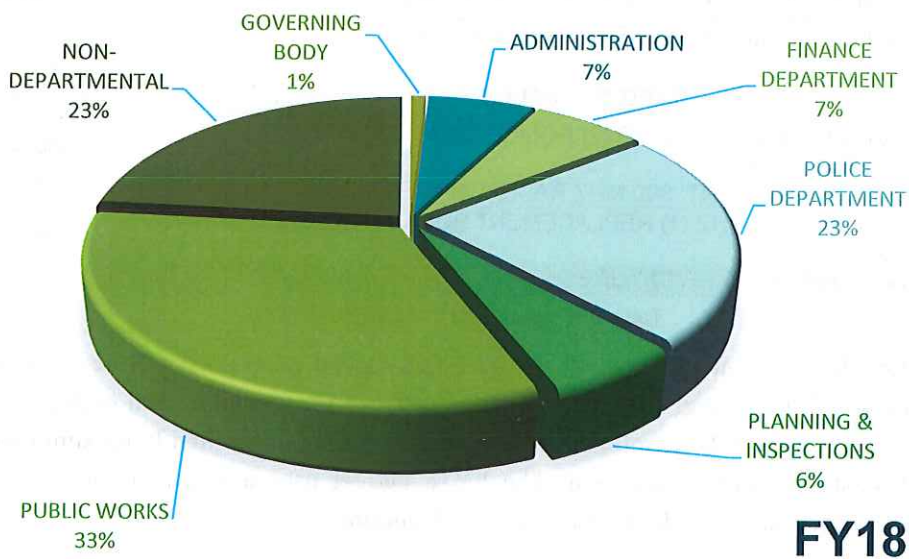


Figure 3: General Fund Expenditures by Department

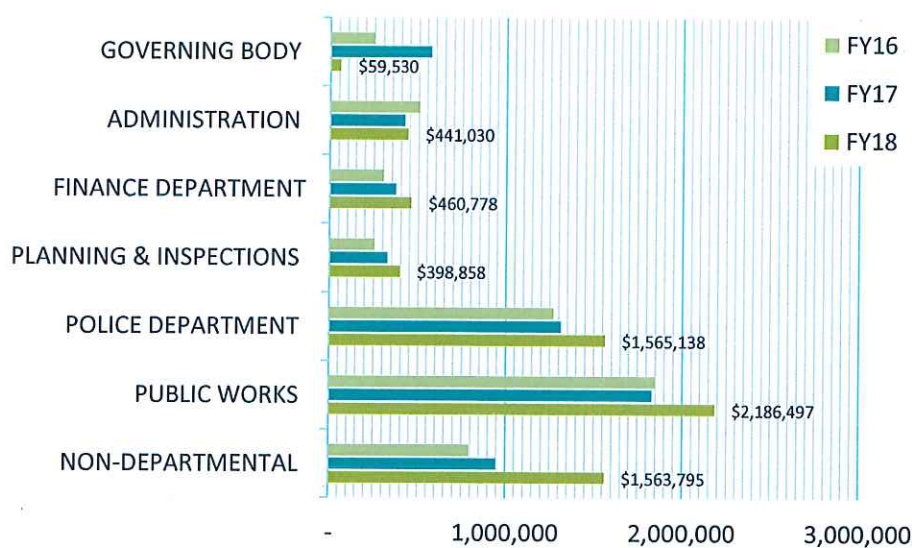


Figure 4: General Fund Expenditures by Department Over Time

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
GOVERNING BOARD			
PERSONNEL	16,794	16,950	16,980
OPERATIONS	98,672	117,850	42,550
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	134,376	436,450	0
SUBTOTAL	249,842	571,250	59,530
ADMINISTRATION			
PERSONNEL	357,157	279,400	303,605
OPERATIONS	148,940	142,850	137,425
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	0	0	0
SUBTOTAL	506,097	422,250	441,030
FINANCE DEPARTMENT			
PERSONNEL	229,026	247,280	328,028
OPERATIONS	75,938	123,500	132,750
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	0	0	0
SUBTOTAL	304,964	370,780	460,778
PLANNING & INSPECTIONS			
PERSONNEL	202,675	249,700	378,758
OPERATIONS	53,317	54,800	14,100
CAPITAL OUTLAY	0	21,000	0
DEBT SERVICE	0	0	6,000
SUBTOTAL	255,992	325,500	398,858
POLICE DEPARTMENT			
PERSONNEL	954,843	1,043,600	1,159,533
OPERATIONS	186,788	144,600	210,105
CAPITAL OUTLAY	102,289	97,000	150,000
DEBT SERVICE	28,124	27,700	45,500
SUBTOTAL	1,272,044	1,312,900	1,565,138
PUBLIC WORKS			
PERSONNEL	499,084	521,525	601,189
OPERATIONS	1,103,987	1,109,720	1,491,608
CAPITAL OUTLAY	169,403	180,500	32,000
DEBT SERVICE	75,467	19,350	61,700
SUBTOTAL	1,847,941	1,831,095	2,186,497
NON-DEPARTMENTAL			
PERSONNEL			63,500
OPERATIONS			330,414
CAPITAL OUTLAY			0
DEBT SERVICE			128,401
TRANSFERS	795,169	947,300	1,041,479
SUBTOTAL	795,169	947,300	1,563,794
TOTAL	5,232,049	5,781,075	6,675,625

Table 10: General Fund - Expenditures by Department



Figure 5: General Fund Expenditures by Category

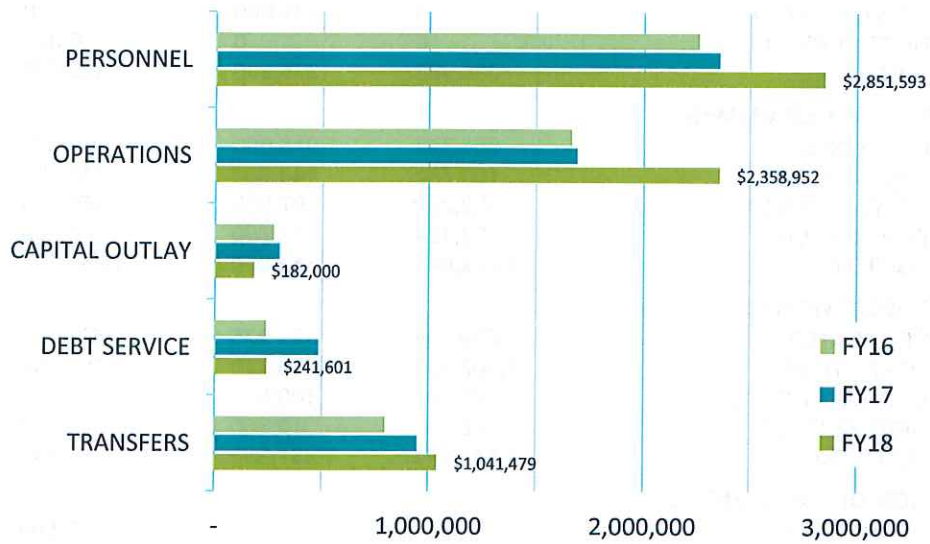


Figure 6: General Fund Expenditures by Category Over Time

GENERAL FUND – DEPARTMENTS

GOVERNING BODY

The Town's governing board is comprised of a Mayor (2-year term) and five (5) Commissioners (4-year staggered terms). They are responsible for the adoption of ordinances, resolutions, and policies. They provide guidance and direction to the Town Manager.



FY17 NOTABLE ACCOMPLISHMENTS – GOVERNING BODY

- Received a clean audit for Fiscal Year 2016
- Hired a firm to design and prepare construction documents for the new Water Tower Park and the remodeling of Randolph Johnson Park
- Hired a firm to prepare a comprehensive, multimodal transportation plan to ensure traffic is safely managed and that appropriate traffic patterns are developed to preserve neighborhoods, enhance aesthetics, and encourage investment
- Obtained designation as an official Tree City USA for a fifth year
- Hired a new Town Manager

FY18 GOALS – GOVERNING BODY

- Adopt new development codes for the “New 70” area
- Review and adopt recommended revisions to the Town’s Code of Ordinances to address current needs and issues
- Adopt a new transportation plan
- Approve designs for Water Tower Park and the remodeling of Randolph Johnson Park
- Refine plans for Cedar Street Park and begin construction if NCDOT scheduling permits

PERSONNEL – GOVERNING BODY

POSITION	FY16	FY17	FY18
MAYOR	1	1	1
COMMISSIONER	5	5	5
TOTAL	6	6	6

Table 11: Governing Body Personnel Over Time

BUDGET – GOVERNING BODY

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	16,794	16,950	16,980
OPERATIONS	98,672	117,850	42,550
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	134,376	436,450	0
TOTAL	249,842	571,250	59,530

Table 12: Governing Body Budget Over Time

NOTABLE BUDGET ITEMS – GOVERNING BODY**OPERATIONS**

- Legal and Professional Services have moved to Non-Departmental, since these expenses are not related to any particular budget.

DEBT SERVICE

- Town Hall debt service was moved to Non-Departmental, since the Town Hall houses more than one department.
- New Fire Station debt service was moved to the Fire Fund to more accurately reflect the cost of the Fire Department.

LINE ITEM DETAIL – GOVERNING BODY

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	15,600	15,600	15,600
FICA	1,194	1,200	1,200
WORKERS COMPENSATION	0	150	180
PUBLIC NOTICES/ADVERTISING	866	2,100	3,000
NEWSLETTER	4,134	4,000	4,000
OFFICE SUPPLIES	1,715	900	1,000
OFFICE EQUIPMENT (NON-CAPITAL)	950	0	0
DUES & SUBSCRIPTIONS	9,733	8,700	9,300
TRAINING- REGISTRATION & CLASS MAT	2,070	4,200	4,500
TRAVEL MILEAGE	291	750	750
MEALS	1,547	2,800	1,500
LODGING	587	2,700	2,000
PROFESSIONAL SERVICES	30,538	35,000	0
CODIFICATION	2,707	1,200	5,000
LEGAL SERVICES	25,227	50,000	0
INSURANCE	10,243	5,500	5,500
CIVIC CONTRIBUTIONS	2,500	0	0
ELECTIONS	5,564	0	6,000
DEBT SERVICE- PRINCIPAL	100,000	300,000	0
DEBT SERVICE- INTEREST	34,376	136,450	0
TOTAL	249,842	571,250	59,530

Table 13: Governing Body Line Item Expenditures Over Time

ADMINISTRATION DEPARTMENT

Under the direction of the Town Manager, the Administration Department is responsible for synthesizing the overall operations of the Town of Beaufort. It is comprised of the Town Manager, Town Clerk/Human Resources Officer, and Parks and Events Coordinator/ PIO, and includes several specific functions including economic development, financial analysis, parks and recreation, communications, information/document management, marketing, and strategic planning. Through the Town Manager, the Administration Department supervises all of the functions of the Town, provides leadership and direction to Department Heads, and ensures the organization is addressing the Town's Strategic Priorities and adhering to its Core Values.

FY17 NOTABLE ACCOMPLISHMENTS – ADMINISTRATION DEPARTMENT

- Reorganized and reclassified three existing positions to better meet the demands and needs of the organization
 - Established an Accountant position for the Finance Department to better meet workload demands and provide for desperately needed internal controls
 - Reconfigured the Town Clerk position by removing the Public Information Officer (PIO) responsibilities and adding the Human Resources Officer (HRO) duties, filling the position with the well qualified and experienced incumbent in the HRO position
 - Created the new classification of Parks and Events Coordinator/PIO to provide proper oversight of special events (of which there are many) and of the development, operation and use of the growing number of Town parks, in addition to carrying out and expanding PIO functions. This will also provide relief to already overburdened staff who have kept the Town parks effort moving forward in the absence of dedicated staff.
- Provided training to all Town employees in an effort to prevent work place harassment
- Established an employee safety program
- Implemented an Employee Assistance Program
- Initiated a purchase card program which will reduce the accounts payable workload and result in up to \$25,000 in cash rebates to the Town
- Year-end implementation of a “flex card” program for employees, allowing pre-tax payroll deduction for medical and childcare expenses

FY18 GOALS – ADMINISTRATION DEPARTMENT

- Prepare and present a revised personnel policy manual to the Board of Commissioners for review and adoption
- Implement an employee performance evaluation/merit award program that includes an employee development plan
- Continue to develop and implement a functioning employee engagement program to improve productivity, morale, and job satisfaction
- Develop and implement an employee recognition program
- Refine and institutionalize the employee safety program
- Identify and compile ordinance changes from the last few years and have them codified
- Begin a systematic review and update of the Town Code
- Develop policies governing the use (including rental) of Town parks and facilities for review and adoption by the Board of Commissioners

- Review and revise the special event application process

PERSONNEL – ADMINISTRATION DEPARTMENT

POSITION	FY16	FY17	FY18
TOWN MANAGER	1	1	1
ASSISTANT TOWN MANAGER	1	0	0
TOWN CLERK/PUBLIC INFORMATION OFFICER	1	0	0
TOWN CLERK/HUMAN RESOURCES OFFICER	0	1	1
PARKS AND EVENTS COORDINATOR/ PIO	0	1	1
OFFICE MANAGER	1	1	0
TOTAL	4	4	3

Table 14: Administration Department Personnel

The Parks and Events Coordinator/ PIO position was added for FY18. Office Manager Position was moved to Finance Department.

BUDGET – ADMINISTRATION DEPARTMENT

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	357,226	279,900	304,105
OPERATIONS	148,871	142,350	136,925
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	0	0	0
TOTAL	506,097	422,250	441,030

Table 15: Administration Department Budget

NOTABLE BUDGET ITEMS – ADMINISTRATION DEPARTMENT

PERSONNEL

- Human Resource Officer was moved from the Finance Department to Administration and serves as the Town Clerk/Human Resources Officer.
- The PIO responsibilities transitioned from the Town Clerk position to the new Parks and Events Coordinator/PIO position.
- The Office Manager position was moved from Administration to the Finance Department, since its duties are more closely aligned with Finance Department functions.

OPERATIONS

- Office Contract Services includes IT and website hosting contracts.
- Insurance line has flood insurance for Town Hall.

LINE ITEM DETAIL – ADMINISTRATION DEPARTMENT

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	275,871	206,000	225,926
OVERTIME	511	2,000	2,000
OTHER SALARIES-PART TIME	9,190	8,500	8,500
FICA EXPENSE	21,744	16,500	18,046
GROUP INSURANCE EXPENSE	20,273	19,200	19,710
RETIREMENT EXPENSE	29,568	26,200	28,423
WORKERS COMPENSATION	0	1,000	1,000
UNEMPLOYMENT INSURANCE EXPENSE	69	500	500
TELEPHONE	1,853	2,000	2,000
INTERNET/CABLE	2,944	3,200	3,500
POSTAGE	3,259	3,000	2,700
MARKETING	2,587	5,000	3,000
OFFICE SUPPLIES	8,857	10,000	10,000
OFFICE EQUIPMENT (NON-CAPITAL)	1,789	1,500	1,500
OFFICE EQUIPMENT LEASES	4,105	7,300	7,100
OFFICE CONTRACT SERVICES	55,944	53,000	54,000
DUES AND SUBSCRIPTIONS	115	2,000	2,000
MISC. ADMIN EXPENSE	14,169	0	0
ELECTRIC	9,633	12,000	11,000
WATER/SEWER/SOLID WASTE	932	1,700	2,000
HUMAN RESOURCES	6,735	9,000	0
OSHA/SAFETY COMPLIANCE	0	0	100
SAFETY SUPPLIES & MATERIALS	67	0	200
TRAINING-REGISTRATION & CLASS MAT'L	106	250	4,275
TRAVEL MILEAGE	0	850	1,000
MEALS	115	200	750
LODGING	481	750	2,500
EMPLOYEE ENGAGEMENT	4,116	2,500	0
EQUIPMENT MAINT. & REPAIRS	0	100	100
AUTO FUEL	0	150	500
VEHICLE MAINT & REPAIRS	873	200	700
CONTRACT SERVICES	16,897	5,000	5,000
INSURANCE	13,294	22,650	23,000
TOTAL	506,097	422,250	441,030

Table 16: Administration Line Item Expenditures Over Time

FINANCE DEPARTMENT

The Finance Department provides for the collection fees from the property owners and businesses in town. The Department provides support to the Utility Fund for the billing and collection of water and sewer fees. Department activities also include accounting, payroll, purchasing, debt administration, contract administration, and budgeting.

FY17 NOTABLE ACCOMPLISHMENTS – FINANCE DEPARTMENT

BUDGET MANAGEMENT

- Continued distribution of monthly YTD expense reports to the Manager and Board of Commissioners

FINANCIAL ACCOUNTING

- Achieved timely monthly balancing and bank reconciliation
- Consistently mailed water and sewer bills in a timely fashion
- Completed the annual audit on time with no material weaknesses or significant deficiencies
- Completed employee cross training to improve department functionality
- Transitioned to AMR meter reading and billing
- Received the GFOA's Distinguished Budget Presentation Award for the annual budget document for fiscal year ended 06-30-16. This was the first year the award was applied for and received.

FY18 GOALS – FINANCE DEPARTMENT

BUDGET MANAGEMENT

- Continue to develop independent departmental management of budget

FINANCIAL ACCOUNTING

- Continue advancement towards NC Government Finance Officers Certification
- Reduce the number of checks written, with transition to the P card program

PERFORMANCE MEASURES – FINANCE DEPARTMENT

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
ACTIVE UTILITY ACCOUNTS MAINTAINED	3230	3250	3325
ACCOUNTS PAYABLE CHECKS ISSUED	1936	1900	900
UNQUALIFIED AUDITS WITH NO FINDINGS	1	1	1
TIMELY MONTHLY FINANCIAL RPTS TO BOARD	12	12	12

Table 17: Finance Department Performance Measures

PERSONNEL – FINANCE DEPARTMENT

POSITION	FY16	FY17	FY18
FINANCE DIRECTOR	0	1	1
DEPUTY FINANCE DIRECTOR	1	0	0
ACCOUNTANT	0	1	1
HUMAN RESOURCE OFFICER	1	0	0
OFFICE MANAGER	0	0	1
BILLING SPECIALIST	1	1	1
CUSTOMER SERVICE REPRESENTATIVE	1	1	1
TOTAL	4	4	5

Table 18: Finance Department Personnel

In FY17, the Deputy Finance Director position was eliminated and an accountant position was added to maintain internal controls. Additionally, the Human Resource Officer position transitioned to the Administration Department and was combined with the Town Clerk position. The Office Manager position is included in the Finance Department for FY18, as the majority of those duties provide financial support to other town departments.

BUDGET – FINANCE DEPARTMENT

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	229,026	247,280	328,028
OPERATIONS	75,938	123,500	132,750
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	0	0	0
TOTAL	304,964	370,780	460,778

Table 19: Finance Department Budget

NOTABLE BUDGET ITEMS – FINANCE DEPARTMENT

OPERATIONS

- Office Contract Services include: Accounting software: \$14,000, Bank Fees: \$6,480
- Professional Services includes: Consulting assistance: \$20,000
- Tax Collection Admin Expenses payable to Carteret County

LINE ITEM DETAIL – FINANCE DEPARTMENT

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	169,564	185,200	244,376
OVERTIME	40	0	0
FICA EXPENSE	12,659	13,880	19,418
GROUP INSURANCE EXPENSE	27,031	24,600	32,850
RETIREMENT EXPENSE	19,732	23,000	30,584
WORKERS COMPENSATION	0	600	800
POSTAGE	24	0	0
OFFICE CONTRACT SERVICES	3,361	23,000	28,000
DUES & SUBSCRIPTIONS	225	200	500
TAX REFUND	1,717	0	2,000
TRAINING-REGISTRATION & CLASS MAT'L	973	1,600	2,500
TRAVEL MILEAGE	34	100	750
MEALS	35	0	1,000
LODGING	292	600	2,500
EQUIPMENT MAINT & REPAIRS	0	0	500
PROFESSIONAL SERVICES	8,520	23,000	20,000
PARKING METER PROCESSING FEES	0	15,000	15,000
TAX COLLECTION ADMIN EXPENSE PROP.	53,704	55,000	55,000
TAX COLLECTION ADMIN EXPENSE MVT	7,053	5,000	5,000
TOTAL	304,964	370,780	460,778

Table 20: Finance Department Line Item Expenditures Over Time

PLANNING & INSPECTIONS DEPARTMENT

Under the direction of the Planning Director, this department provides land use and development information to the public, reviews development plans, issues building permits, and performs building inspections. The Planning Department is also responsible for code enforcement, flood map information, transportation planning, special projects management and grant writing while providing staff support to the Historic Preservation Commission, Planning Board, and Board of Adjustment. The activities of the Planning Department directly further several of the Town's Strategic Priorities, specifically Parks/Recreation/Outdoors, Economic Development, and Sense of Place.

FY17 NOTABLE ACCOMPLISHMENTS – PLANNING & INSPECTIONS

- Notification to over 1,800 property owners within Beaufort planning jurisdiction of potential changes in the FEMA base flood elevation maps (These letters were customized for each individual property owner.)
- Retention of Certified Local Government (CLG) status for Historic Preservation
- Planning Board training in Wilmington
- Adoption of Aircraft Approach Zone for Airport
- Bulkhead Channel Dredging Grant recipient of \$220,000 from the state for dredging cost
- Improved the CRS rating for the Town from a Class 8 to a Class 7 which provides a 15% discount on Flood Policies within the Special Flood Hazard Areas
- Completed draft of the Historic Preservation Guidelines and anticipate approval in the summer of 2017
- Received a \$20,000 grant from the State Historic Preservation Office for the restoration of the masonry wall of the Old Burying Ground/Cemetery
- Received \$59,700 grant from CAMA to install bathrooms at Harborside Park project (partnership with Maritime Museum)
- Received \$25,000 grant reimbursement from NCDOT for the new Fire Station driveways

FY18 GOALS – PLANNING & INSPECTIONS

- Completion of updated Subdivision Ordinance
- Continue to pursue funding for projects within community
- Improve the enforcement of Town Codes & ordinance by use of new software and technology
- Retain or improve Community Rating System (CRS) with FEMA Audit
- Seek training opportunities for the Planning Board, Historic Preservation Commission & Board of Adjustment
- Historic Preservation Certified Local Government (CLG) Retention
- Completion and implementation of Form Based Code within the new Hwy. 101/US 70 Zoning District
- Continuation of RS-5 Zoning for non-conforming properties within Old Town neighborhood
- Adoption of Update/Revision to Historic Preservation Guidelines
- Implementation of Wayfinding Signage
- Rehabilitation of Old Burying Ground Fence and Wall-To be completed in spring/summer of 2017

- Update CAMA Land Use Plan to match LDO- To be accomplished in spring/summer 2017
- Implementation of Entry Corridor Improvement

PERFORMANCE MEASURES – PLANNING & INSPECTIONS

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
NUMBER OF INSPECTIONS PERFORMED	1868	1959	2300
NUMBER OF BUILDING PERMITS ISSUED	496	567	675
CERTIFICATES OF APPROPRIATENESS ISSUED	75	87	80
PRELIMINARY SUBDIVISION PLANS	2	3	4
FINAL PLATS	2	2	3
REQUEST FOR CHANGES TO OFFICIAL ZONING MAP	5	6	5
ZONING/SUBDIVISION TEXT AMENDMENTS	4	5	10
MAJOR SITE PLAN	1	1	2
SPECIAL USE PERMITS	3	5	4
VARIANCE/BOARD OF ADJUSTMENT CASES	8	7	4
ABATED (4) NUISANCE CODE VIOLATIONS	4	8	20

Table 21: Planning & Inspections Performance Measures

PERSONNEL – PLANNING & INSPECTIONS

POSITION	FY16	FY17	FY18
PLANNING DIRECTOR	1	1	1
TOWN PLANNER	0	1	1
BUILDING INSPECTOR / CODE ENFORCEMENT	1	2	3
ADMINISTRATIVE ASSISTANT	1	1	1
TOTAL	3	5	6

Table 22: Planning & Inspections Personnel

Funds included to fund an additional building inspector/ code enforcement position full time and a part-time building inspector, provided construction continues with Preston Development and Front Street Village.

BUDGET – PLANNING & INSPECTIONS

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	202,675	249,700	378,758
OPERATIONS	53,317	54,800	14,100
CAPITAL OUTLAY	0	21,000	0
DEBT SERVICE	0	0	6,000
TOTAL	255,992	325,500	398,858

Table 23: Planning & Inspections Budget

NOTABLE BUDGET ITEMS – PLANNING & INSPECTIONS

OPERATIONS

- Debt Service is for pick-up truck purchased in FY17.

LINE ITEM DETAIL – PLANNING & INSPECTIONS

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	151,186	182,000	284,821
OVERTIME	1,998	5,000	6,500
FICA EXPENSE	11,369	14,200	22,701
GROUP INSURANCE EXPENSE	20,273	22,400	29,565
RETIREMENT EXPENSE	17,849	23,000	31,520
WORKERS COMPENSATION	0	3,100	3,650
TELEPHONE - CELLULAR	952	1,250	1,750
POSTAGE	24	0	0
DUES & SUBSCRIPTIONS	623	400	900
OSHA/SAFETY COMPLIANCE	184	375	300
TRAINING-REGISTRATION & CLASS MATL	1,264	1,300	1,800
TRAVEL MILEAGE	534	900	750
MEALS	386	400	650
LODGING	1,040	1,800	1,200
NON-CAPITAL EQUIPMENT PURCHASE	0	1,900	1,500
AUTO FUEL	1,098	1,100	1,100
VEHICLE MAINT & REPAIRS	2,863	25	1,000
PERMITS & FEES RECURRING	910	500	1,250
HISTORIC COMM.EXPENSE	17	100	100
HISTORIC COMM-TRAVEL	1,764	1,750	1,800
PROFESSIONAL SERVICES	41,658	43,000	0
CAPITAL OUTLAY - VEHICLES	0	21,000	0
DEBT SERVICE - PRINCIPAL	0	0	5,000
DEBT SERVICE - INTEREST	0	0	1,000
TOTAL	255,992	325,500	398,857

Table 24: Planning & Inspections Line Item Expenditures Over Time

POLICE DEPARTMENT

Under the direction of the Police Chief, the Police Department is a full-service public safety agency charged with protecting the lives and property of residents and visitors and reducing the incidence and fear of crime. This charge will be carried out with honor, integrity, and pride at all times while maintaining the highest ethical standards to safeguard the public trust and confidence. The Police Department provides these services with uniformed and plainclothes police officers by way of the Patrol and Criminal Investigations Divisions. The police Department, in working with the Beaufort Fire Department, also assists with emergency medical services within the Town of Beaufort.

Additionally, the Police Department also provides ancillary policing services, to include, but not limited to: school traffic assistance for the three schools inside the town limits, Community Watch Coordinators, special event coordination, and various other police/community relation services.

FY17 NOTABLE ACCOMPLISHMENTS – POLICE DEPARTMENT

- Modernized critical equipment needs. FY 17 saw the adoption and implementation of the Vehicle Replacement Plan. Five new police vehicles were put into service in accordance with the Plan. The mobile data platform was also upgraded in order to support field operations. Internally, the mobile video system and dedicated server platform was also upgraded to enhance evidentiary integrity and to allow for future expansion. Grant funding was secured to equip all BPD officers with individually assigned less-lethal weapons (Tasers and expandable batons) while reinforcing our Active Shooter threat response. Patrol officers received more visible, comfortable uniforms.
- Expanded training to address emerging issues facing law enforcement. Beaufort hosted regional training for a coordinated law enforcement response to an active shooter-type event. Crisis Intervention Training (CIT) was also brought back to Carteret County. This is critical training that equips officers with the skills necessary to effectively communicate with individuals suffering from a mental crisis or substance abuse event. All members of BPD were also certified in CPR with the use of an AED.
- Reinforced transparency in operations, public trust. The Chat with the Chief event was created to address the public quarterly regarding updates and events taking place within the Police Department. We continued our Coffee with a Cop program as well to provide the community a cordial setting to interact with our officers. BPD also stresses the positive interactions we have with our children and are “constant visitors” at the Beaufort Boys & Girls Club and our Beaufort schools.

FY18 GOALS – POLICE DEPARTMENT

- Establish a Community Outreach Officer Position to address the needs of our children in the schools and the community.
- Address “high-liability area” training needs of the Department to include Use of Force De-escalation Techniques, Crisis Intervention Training, and Driver Training.
- Expand our vehicle in-car camera system by purchasing 3 additional units to equip the remaining vehicles in the fleet.
- Purchase 12 AED’s to equip the Police Department Facility and the vehicle fleet, enhancing our response capabilities in medical emergencies.

PERFORMANCE MEASURES – POLICE DEPARTMENT

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
AVG RESPONSE TIME (DISPATCH TO ARRIVAL)	5.28	4.55	4.10
FOOT PATROLS	1740	1827	1918
911 HANG-UP	644	676	710
TRAFFIC STOPS	1410	1480	1554
CITATIONS ISSUED	758	833	916
TRAFFIC CRASHES	193	177	159

Table 25: Police Department Performance Measures

PERSONNEL – POLICE DEPARTMENT

POSITION	FY16	FY17	FY18
POLICE CHIEF	1	1	1
MAJOR	1	1	0
CAPTAIN	1	1	1
SHIFT SUPERVISOR	4	4	4
PATROL OFFICER	6	6	9
INVESTIGATOR	2	2	2
ADMINISTRATIVE ASSISTANT	1	1	1
TOTAL	16	16	18

Table 26: Police Department Personnel

With the retirement of the Major, this position will be eliminated and reclassified as a Patrol Officer. FY 18 includes funding for two new officers, one to serve as a Community Outreach Officer and one additional Patrol Officer. These positions are necessary to address the expressed community concerns, workload, supervisory accountability, officer safety, and community involvement functions expected of the Police Department.

BUDGET – POLICE DEPARTMENT

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	954,843	1,043,600	1,159,533
OPERATIONS	186,788	144,600	210,105
CAPITAL OUTLAY	102,289	97,000	150,000
DEBT SERVICE	28,124	27,700	45,500
TOTAL	1,272,044	1,312,900	1,565,138

Table 27: Police Department Budget

NOTABLE BUDGET ITEMS – POLICE DEPARTMENT**CAPITAL OUTLAY/DEBT SERVICE**

- Capital Outlay funding includes the purchase of two new cars for the two new positions and for the transition to 800MHz radios. Debt Service is for the 5 cars that were financed over the past two fiscal years.

EMPLOYEE WELLNESS

- FY 18 includes implementation of a comprehensive employee wellness policy. This policy includes monthly membership for sworn officers, initial assessment through ECU human performance lab, and incentives for passing the benchmark test.

LINE ITEM DETAIL – POLICE DEPARTMENT

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	673,577	721,000	771,899
OVERTIME	18,000	19,300	18,000
OTHER COMPENSATION	850	0	0
SEPARATION PAY	14,155	15,000	41,344
OTHER SALARIES-PARTTIME	8,883	17,000	15,000
FICA EXPENSE	53,463	57,800	61,376
GROUP INSURANCE EXPENSE	103,090	95,500	118,260
RETIREMENT EXPENSE	82,825	94,000	101,654
WORKERS COMPENSATION	0	24,000	32,000
TELEPHONE	1,815	1,400	1,700
TELEPHONE-CELLULAR	11,364	12,000	12,000
INTERNET/CABLE	1,394	1,400	1,700
POSTAGE	882	1,000	1,000
OFFICE SUPPLIES	2,350	2,200	2,200
OFFICE EQUIPMENT (NON-CAPITAL)	984	0	2,450
OFFICE EQUIPMENT LEASES	2,896	3,400	3,400
OFFICE CONTRACT SERVICES	12,720	14,000	26,455
DUES AND SUBSCRIPTIONS	332	1,000	2,000
MISC. ADMIN. EXPENSE	413	100	650
ELECTRIC	5,016	6,000	6,000
WATER/SEWER/SOLID WASTE	2,437	2,200	2,200
OSHA/SAFETY COMPLIANCE	128	0	250
SAFETY SUPPLIES & MATERIALS	667	600	600
TRAINING-REGISTRATION & CLASS MAT'L	1,228	7,000	7,200
TRAVEL MILEAGE	52	500	500
MEALS	2,887	2,000	3,000
LODGING	527	1,500	1,500
UNIFORMS	9,323	8,000	12,000
EMPLOYEE WELLNESS	3,240	3,500	16,500
NON-CAPITAL EQUIPMENT PURCHASE	29,481	16,000	25,000
EQUIPMENT MAINT. & REPAIRS	1,100	3,000	3,000
AUTO FUEL	28,261	3,200	28,000
VEHICLE MAINT. & REPAIRS	22,370	6,500	15,000
DEPARTMENT SUPPLIES & MATERIALS	4,938	27,000	15,300
INSURANCE	37,880	18,000	18,000
CRIME PREVENTION	2,103	3,100	2,500
CAPITAL OUTLAY	102,289	97,000	150,000
DEBT SERVICE - PRINCIPAL	26,265	26,300	43,000
DEBT SERVICE - INTEREST	1,859	1,400	2,500
TOTAL	1,272,044	1,312,900	1,565,138

Table 28: Police Department Line Item Expenditures Over Time

PUBLIC WORKS

Under the direction of the Public Works Director, the department is responsible for the maintenance of public rights of way, street signage, bike and pedestrian paths, sidewalks, storm water management, oversight of the contractor collecting household and commercial refuse, recyclables, collection yard debris, and the repair of Town owned vehicles. The activities of the Public Works Department advance several of the Town's Strategic Priorities, specifically Infrastructure, Public Safety, and Sense of Place.

The department is also responsible for maintaining Town buildings and grounds. Staff performs routine repairs, supervises construction projects, monitors neighborhoods for cleanliness and safety, and maintains landscaping on all Town property to include parks, streets, and green spaces.

Funding for these activities is divided among four budgets: Public Works, Sanitation, Storm Water, and Facilities and Grounds.

FY17 NOTABLE ACCOMPLISHMENTS – PUBLIC WORKS

- Provided support for several special events within the town
- Scheduled, organized, and assisted with the replacement of street lights on Front Street
- Reworked and replaced the Town gate and landscaping
- Partnered with Precision Safe Sidewalks to identify and repair major trip hazards within town
- Sanded, repaired, and painted the east side and the kitchen of the Train Depot
- Collected refuse and recycling for approximately 2,200 residential and business customers from July-May
- Converted Town Hall first floor access to ADA accessible
- Performed numerous special requests for various businesses, institutions and residents of the town
- Continued in-house systematic road patching, lawn maintenance, ROW maintenance, and shop activities
- Cleaned numerous drainage ditches
- Coordinated and performed the maintenance and upkeep of seven parks, tennis and basketball courts, boardwalk, public right-of-ways, and Oceanview Cemetery
- Continued a strong working relationship with the Beaufort Garden Club to maintain multiple beautification projects throughout town
- Worked with private citizens to improve walkability in Highland Park neighborhood.
- Worked with the Tree Committee to plant 48 trees throughout town
- Reconditioned restrooms at Curtis Perry Park
- Removed concrete and old pavement at Topsail Park and replaced with sod to increase green space
- Worked to restore and protect the shoreline at Curtis Perry Park
- Coordinated burial ground cleanups
- Coordinated two cleanups at Rachel Carson Reserve
- Improved Town water access capabilities at the terminus of Marsh Street

FY18 GOALS – PUBLIC WORKS

- Increase walkability and connectivity within the town and make additional sidewalk repairs
- Implement a trash and recycle program for the Waterfront Business District
- Continue road paving to address the condition of public streets and right of ways
- Smoothly transition to refuse and recycle collection by contractor
- Install check dams to aid in the maintenance and repair of stormwater drains
- Continue working with the Stormwater Advisory committee, consultants, and Coastal Federation to develop a water shed plan and a new storm water management project plan.
- Plan for the relocation of Public Works in order for Water Tower Park development to begin
- Complete exterior renovations to the Train Depot
- Continue to work with the Beaufort Garden Club, the Downtown Beaufort Business Association, and other community groups to maintain and improve Beaufort streetscapes and wayfinding

PERFORMANCE MEASURES – PUBLIC WORKS

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
LINEAR FEET OF ROADWAY RESURFACED	5,550	8,800	TBD**
MILES OF HARD SURFACE ROADWAY MAINTAINED	23.02	23.02	25
MILES OF GRAVEL ROADWAY MAINTAINED	.14	.14	.14
# HOMES SERVED - SOLID WASTE & RECYCLING	2,350	2,350	0***
# BUSINESSES SERVED - SOLID WASTE & RECYCLING	115	115	0
# TOWN VEHICLES MAINTAINED	64	70	73
SQUARE FEET OF SIDEWALK REPLACED	825	1,390	1,500
SQUARE FEET OF SIDEWALK REPAIRED	0	32,161	0
# PARKS MAINTAINED	7	7	8
# PUBLIC RESTROOMS SERVICED	8	8	10
LINEAR FEET OF DOCKS/BOARDWALKS MAINTAINED	1,400	1,400	1,400

Table 29: Public Works Performance Measures

**To be completed in conjunction with NCDOT project*

***Concerns of failing subsurface prompted an exploratory soil evaluation of existing conditions, to determine the recommended and most cost effective method of paving for failing streets North of Cedar and West of Live Oak.*

****Outsourced to contractor*

PERSONNEL – PUBLIC WORKS

POSITION	FY16	FY17	FY18
PUBLIC WORKS DIRECTOR	1	1	1
PUBLIC WORKS SUPERVISOR	1	1	1
CDL TRUCK DRIVER	2	2	2
EXTRA TRASH TRUCK DRIVER	0	0	0
TRASH TRUCK RIDERS	0	2	0
MECHANIC	1	1	1
HEAVY EQUIPMENT OPERATOR	1	1	1
SKILLED CRAFT LABORER	1	2	3
GENERAL LABORER	1	2	3
STORMWATER CREW CHIEF	1	1	0
STORMWATER LABORER	1	0	0
ADMINISTRATIVE SPECIALIST	1	0	0
TOTAL	11	13	12

Table 30: Public Works Personnel

Personnel levels for FY17 included staffing for in-house service collection. Collections for FY18 have been outsourced. To further risk management efforts, use of inmate labor will be eliminated. This requires two additional laborer positions to fulfill these duties. Additionally, the responsibilities of the Administrative Specialist have been moved to the Finance Department.

In FY16, Facilities personnel combined with Public Works Department.

BUDGET – PUBLIC WORKS

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	499,084	521,525	601,189
OPERATIONS	1,103,987	1,109,720	1,491,608
CAPITAL OUTLAY	169,403	180,500	32,000
DEBT SERVICE	75,467	19,350	61,700
TOTAL	1,847,941	1,831,095	2,186,497

Table 31: Public Works Budget

NOTABLE BUDGET ITEMS – PUBLIC WORKS

GENERAL

- As referenced above, beginning in FY17, the stormwater and sanitation functions of Public Works were given their own appropriations. There are two truck drivers dedicated to the Sanitation department. This is a change from last year, due to garbage collection being outsourced. The revenue generated from stormwater fees will be used to work with a consultant on a stormwater management plan. Streetscaping was budgeted in Public Works for FY17, but has been moved to Facilities and Grounds, Waterfront Business District Projects for FY18. This is funded by Parking Meter revenue.
- In FY17, streetscaping projects for Front Street were budgeted in the Public Works department. For FY18 those projects are relocated to the Facilities and Grounds as Waterfront Business District projects.

CAPITAL OUTLAY - VEHICLES

- Funds to purchase a used bucket truck to allow Public Works staff to safely remove tree limbs to enable first responder vehicle to easily access roads with tree canopies, maintain lights at parks and Turner Street bridge, hang Christmas decorations, and various other activities around town.

LINE ITEM DETAIL – PUBLIC WORKS

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	354,384	268,000	341,277
OVERTIME	14,377	7,000	10,000
FICA EXPENSE	27,136	20,675	27,194
GROUP INSURANCE EXPENSE	60,588	41,000	65,700
RETIREMENT EXPENSE	42,599	34,000	42,831
WORKERS COMPENSATION	0	11,300	19,100
TELEPHONE	1,344	1,750	1,750
TELEPHONE - CELLULAR	4,580	5,000	4,200
INTERNET/CABLE	1,682	1,200	2,500
POSTAGE	5,187	4,500	4,500
OFFICE SUPPLIES	2,066	2,000	2,000
OFFICE EQUIPMENT LEASE	1,129	3,100	3,100
OFFICE CONTRACT SERVICES	1,278	2,600	2,000
DUES AND SUBSCRIPTIONS	159	150	500
ELECTRIC	5,190	7,000	6,500
LP GAS	1,570	2,500	2,500
WATER/SEWER/ SOLID WASTE	936	2,300	1,500
OSHA/SAFETY COMPLIANCE	764	1,700	2,000
SAFETY SUPPLIES & MATERIALS	1,230	1,000	2,000
TRAINING /REGISTRATION & CLASS	0	1,856	2,500
MEALS	547	500	500
UNIFORMS	6,730	3,800	7,000
NONCAPITAL EQUIPMENT PURCHASE	20,160	9,500	10,000
EQUIPMENT MAINT. & REPAIRS	6,784	10,000	8,000
AUTO FUEL	32,213	17,000	25,000
VEHICLE MAINT. & REPAIRS	34,611	10,000	10,000
PERMITS & FEES - REOCCURRING	100	0	0
PERMITS & FEES - ONE TIME	472	500	500
DEPARTMENT SUPPLIES & MATERIAL	12,008	10,000	10,000
SIDEWALKS & MULTIMODAL	0	72,884	20,000
STREET CONTRACTED SERVICES	308,403	198,000	285,208
STREET SUPPLIES & MAT'L	26,806	10,000	15,000
PARKING METERS	14,406	10,000	10,000
PARKING METER PROCESSING FEES	12,978	0	0
STREETSCAPING MATERIALS	28,811	35,000	0
STREETLIGHTS	103,676	103,600	120,600
CONTRACT SERVICES	7,379	6,000	6,000
INMATE CONTRACT SERVICES	1,653	1,700	0
MOSQUITO CONTROL	0	1,500	500
DREDGING EXPENSE	149,867	112,420	75,000
INSURANCE	25,791	15,600	14,000
CAPITAL OUTLAY - VEHICLE	0	38,000	32,000
DEBT SERVICES/PRINCIPAL	69,826	16,300	28,600
DEBT SERVICES/INTEREST	5,641	3,050	1,500
TOTAL	1,395,061	1,103,985	1,223,060

Table 32: Public Works Line Item Expenditures Over Time

LINE ITEM DETAIL – PUBLIC WORKS – SANITATION

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	0	72,750	62,394
OVERTIME	0	4,000	2,000
FICA EXPENSE	0	6,500	4,992
GROUP INSURANCE EXPENSE	0	9,000	13,140
RETIREMENT EXPENSE	0	10,000	7,862
WORKERS COMPENSATION	0	13,000	4,700
ELECTRIC	0	0	2,200
AUTO FUEL	0	18,000	15,000
VEHICLE MAINTENANCE	0	6,000	5,000
EQUIPMENT MAINTENANCE	0	5,000	5,000
COLLECTION CONTRACT SERV - WBD	0	0	15,500
COLLECTION CONTRACT SERV – RESIDENTIAL	0	0	264,000
RECYCLING DISPOSAL FEE	42,020	14,000	40,000
SOLID WASTE DISPOSAL FEE - WBD	0	0	25,000
SOLID WASTE DISPOSAL FEE - RESIDENTIAL	104,909	101,500	60,000
YARD DEBRIS DISPOSAL FEE	0	40,000	30,000
CAPITAL OUTLAY	0	142,500	0
DEBT SERVICES-PRINCIPAL	0	0	29,000
DEBT SERVICES-INTEREST	0	0	2,600
TOTAL	146,929	442,250	588,388

Table 33: Public Works – Sanitation Line Item Expenditures Over Time

The Town began contracting with Waste Industries for household garbage and recycling pick up in FY17.

LINE ITEM DETAIL – PUBLIC WORKS – STORMWATER

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	0	15,000	- 0
OVERTIME	0	600	-0
FICA EXPENSE	0	1,200	-0
GROUP INSURANCE EXPENSE	0	2,800	-0
RETIREMENT EXPENSE	0	1,500	-0
WORKERS COMPENSATION	0	3,200	-0
AUTO FUEL	0	2,700	0
DEPARTMENT SUPPLIES & MATERIALS	0	10,200	10,200
NON-CAPITAL EQUIPMENT PURCHASES	0	0	16,800
CAPITAL OUTLAY- EQUIPMENT	169,403	0	0
CONTRACT SERVICES	0	35,000	107,000
DEBT SERVICES-PRINCIPAL	0	- 0	- 0
DEBT SERVICES-INTEREST	0	- 0	- 0
TOTAL	169,403	72,200	134,000

Table 34: Public Works - Stormwater Line Item Expenditures Over Time

Personnel were combined with Public Works. With the Stormwater Management Plan in the works the majority of revenue generated by Stormwater fees will be used for work with our consulting firm.

LINE ITEM DETAIL – PUBLIC WORKS – FACILITIES MANAGEMENT

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
TELEPHONE- CELLULAR	1,565	2,500	1,300
ELECTRIC	873	1,100	1,000
TOWN HALL BLDG MAINT	2,381	7,000	30,000
TOWN HALL GROUND MAINT	94	500	1,000
TOWN HALL JANITORIAL SUPPLIES	1,115	100	1,500
TOWN HALL CONTRACTED SERVICES	16,405	14,000	11,000
TRAIN DEPOT BLDG MAINT	42	1,850	6,000
TRAIN DEPOT JANITORIAL SUPPLIES	78	100	500
TRAIN DEPOT CONTRACTED SERVICES	4,950	1,000	9,500
POLICE DEPT BLDG MAINT	1,450	1,000	5,500
POLICE DEPT JANITORIAL SUPPLIES	275	1,000	1,500
POLICE DEPT CONTRACTED SERVICES	8,141	12,250	16,200
PUBLIC WORKS BLDG MAINT	1,089	5,250	4,000
PUBLIC WORKS GROUND MAINT	0	100	250
PUBLIC WORKS JANITORIAL SUPPLIES	80	300	500
CEMETERY MAINTENANCE	9,572	14,000	17,000
PUBLIC RESTROOM BLDG MAINT	4,439	9,000	5,500
PUBLIC RESTROOM JANITORIAL SUPPLY	4,985	5,500	7,500
PARKS MAINTENANCE	9,146	10,500	10,000
PARKS CONTRACTED SERVICES	25,164	5,000	5,000
DOCKS AND BOARDWALK MAINT	2,201	3,000	3,000
PUBLIC R.O.W. MAINT	8,623	3,200	8,000
TREES	12,303	7,000	7,000
WBD PROJECTS	0	0	60,000
NON CAPITAL EQUIPMENT PURCHASE	2,618	0	3,000
EQUIPMENT MAINT & REPAIRS	2,069	3,200	3,200
PROPERTY LEASES	7,200	8,100	8,100
DEPARTMENTAL SUPPLIES & MATERIALS	3,114	4,000	4,000
CONTRACT SERVICES	281	85,110	5,000
SPECIAL EVENTS	6,295	7,000	5,000
TOTAL	136,548	212,660	241,050

Table 35: Public Works – Facilities Line Item Expenditures Over Time

NON-DEPARTMENTAL

Items in this program are those which relate to General Fund programs as a whole, but not entirely to any particular program or department.

BUDGET—GENERAL FUND NON-DEPARTMENTAL

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
MERIT AWARDS	0	0	63,500
PROFESSIONAL SERVICES	0	0	232,000
HUMAN RESOURCES	0	0	13,000
EMPLOYEE ENGAGEMENT	0	0	5,000
LEGAL SERVICES	0	0	60,000
CONTINGENCY	0	0	20,414
DEBT SERVICE-PRINCIPAL	0	0	100,000
DEBT SERVICE-INTEREST	0	0	28,402
CONTRIBUTIONS TO CAPITAL PROJECTS	0	160,000	0
CONTRIBUTION TO FIRE FUND	795,169	787,300	1,041,479
TOTAL	795,169	947,300	1,563,795

Table 36: General Fund Non-Departmental Line Item Expenditures Over Time

BUDGET DETAILS—GENERAL FUND NON-DEPARTMENTAL

MERIT AWARDS

An employee performance appraisal program will be implemented in FY18. An appropriation of \$63,500, or about 2.5% of total General Fund compensation costs, will be used to distribute merit awards in varying amounts based on employee performance.

PROFESSIONAL SERVICES

A total of \$232,000 is allocated in FY18 to fund four specific professional service items:

- 1) \$155,000 is included to pay for a comprehensive transportation plan to ensure traffic is safely managed and that appropriate traffic patterns are developed to preserve neighborhoods, enhance aesthetics, and encourage investment with the opening of the new bridge.
- 2) \$45,000 for a bicycle and pedestrian plan to coordinate with the comprehensive transportation plan. The cost of this plan is partially offset by a \$36,000 grant from the NC Department of Transportation.
- 3) \$28,000 is set aside for the Comprehensive Annual Financial Report, which is required by state law. This is commonly referred to as the annual audit.
- 4) \$4,000 is included to pay for an actuarial study related to the Town's liability insurance.

HUMAN RESOURCES

This category includes \$13,000 to pay for such services as drug screenings, background checks, and the Employee Assistance Program. This expense was formerly dispersed throughout the various General Fund departments.

EMPLOYEE ENGAGEMENT

Funding in this category is used for employee recognition and engagement efforts. \$5,000 is allocated for FY18.

LEGAL SERVICES

The estimated cost for the Town's legal fees, \$60,000, is budgeted in this item. Legal fees are incurred for a number of services, including code enforcement actions, lease preparation, deed preparation, attending Board of Commissioner meetings, review and advice regarding employee matters, ordinance reviews and representation in lawsuits. These expenses were formerly assigned to the Governing Board budget.

CONTINGENCY

Contingency funds of \$20,414 are budgeted for unanticipated or unbudgeted costs that may occur during the year.

DEBT SERVICE

The principal and interest payments on Town Hall, totaling \$128,402, are budgeted here. These expenses were formerly assigned to the Governing Board budget.

CONTRIBUTION TO CAPITAL PROJECTS

In instances where capital projects are expected to extend over two or more fiscal years, a separate capital projects fund outside of the annually budgeted funds is established. General Fund contributions to such projects are budgeted in this line item.

In FY17 the General Fund contributed \$160,000 to the capital project fund for the new fire station. There are no appropriations in the line item in FY18.

CONTRIBUTION TO FIRE FUND

Most of the expense of operating the fire department, which is housed in a separate fund, is paid through a contribution from the General Fund. This contribution increases by **\$253,749** to **\$1,041,049** in FY18 due primarily to moving the debt service payments for the new fire station from the General Fund to the Fire Fund.

UTILITY FUND

The Utility Fund is a proprietary fund used to account for the Town's water and sewer operations.

Fees for water and sewer service are deposited in the Utility Fund.

REVENUE SOURCES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
INTERGOVERNMENTAL	0	10,000	140,000
PERMITS AND FEES	72,909	146,750	72,400
SALES AND SERVICE	3,017,523	3,122,900	3,034,200
OTHER REVENUE	23,891	26,300	0
LOAN PROCEEDS	0	50,000	0
TRANSFER FROM RESTRICTED FUND BAL (CAPACITY FEES)	0	33,000	2,019,218
TRANSFER FROM UNRESTRICTED FUND BAL	0	21,100	0
TOTAL REVENUE	3,114,323	3,410,050	5,265,818

Table 37: Utility Fund Revenues Comparison Over Time

These expenditures come out of the Utility Fund.

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
WATER DIVISION	592,869	742,459	1,020,308
SEWER DIVISION	853,038	933,920	1,249,727
WASTEWATER TREATMENT DIVISION	956,190	1,684,838	1,675,898
NON-DEPARTMENTAL	877,000	0	1,319,886
TOTAL EXPENDITURES	3,279,097	3,361,217	5,265,819

Table 38: Utility Fund Expenditures Comparison Over Time

There are two components of fund balance in the Utility Fund. The Restricted Fund Balance is comprised of revenue from utility capacity use fees collected over time. The Unassigned, or Unrestricted, Fund Balance is derived from the accumulation of revenues in excess of expenses over time.

FUND BALANCE	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
RESTRICTED FUND BALANCE (CAPACITY FEES)	2,421,207	2,479,207	549,989
UNASSIGNED FUND BALANCE	1,503,454	1,485,000	2,432,636
UNASSIGNED FUND BAL AS % OF UF EXP	46%	44%	46%

Table 39: Utility Fund Balance Comparison Over Time

UTILITY FUND – REVENUE

The Utility Fund is funded by intergovernmental sources, contributions from the general fund, and other revenue.

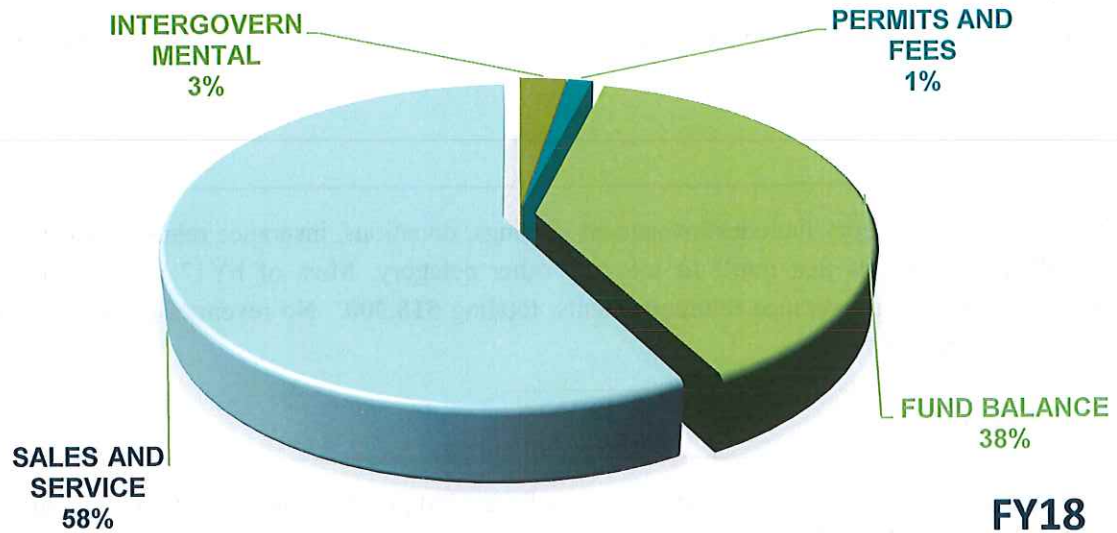


Figure 7: Utility Fund Revenue by Source

INTERGOVERNMENTAL – UNRESTRICTED & RESTRICTED

Revenues in this category are contributed by state, federal, or other local governments. The use of these revenues may be unrestricted, or restricted to certain purposes. In the Utility Fund, items in this category are mostly grant awards.

Funding in this category totals **\$140,000** for FY18, which is derived from a grant from the NC Department of Environmental Quality for a water asset inventory and assessment project. The total amount of this grant is **\$150,000**, **\$10,000** of which is expected to be spent in FY17. This category represents about **3%** of total revenues.

PERMITS & FEES

In FY18, revenue in this category is very conservatively estimated to total **\$72,400**, about half of FY17 collections. This category includes **\$35,000** from *tap fees* (the charge for installing water meters and sewer connections for new service) and **\$35,000** in *late fees* and *service charges*. This category accounts for about 1% of total revenues.

SALES AND SERVICE

The principal operating revenues of the Utility Fund are charges to customers for sales of water and sewer services. There are 3,254 active utility accounts as of April 2017. This category also includes sales of surplus property, which brought in **\$97,300** in FY17.

FY18 revenue projections for water and sewer charges remain flat at **\$3,034,200**, or 58% of total revenues.

OTHER REVENUE

Revenue in this category includes investment earnings, donations, insurance reimbursements and miscellaneous receipts that don't fit into any other category. Most of FY17 revenues in this category come from insurance reimbursements, totaling **\$18,300**. No revenues in this category are projected for FY18.

LOAN PROCEEDS

Revenues in this category are derived from loans for capital purchases and improvements, such as work trucks, durable equipment, land, and building construction or improvements. Loan proceeds are offset by a corresponding, equal expense, plus principal and interest payments for the term of the loan. FY17 revenue in this category was **\$50,000**, which will result in annual loan payments of about **\$10,200** for five years, beginning in FY18. There is no revenue in this category in FY18.

FUND BALANCE

There are two components of fund balance in the Utility Fund. The Restricted Fund Balance is comprised of revenue from utility capacity use fees collected over time. The Unassigned, or Unrestricted Fund Balance is derived from the accumulation of revenues in excess of expenses over time.

The capacity use 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. It is expected that at least **\$90,000** in capacity use fees will be collected in FY18.

For FY18, the appropriation of **\$2,019,218** of Restricted Fund Balance is allocated in order to complete a number of long delayed and much needed repair and maintenance projects, including the identification of inflow and infiltration problems in the sewer system. These funds will also be used for making debt payments on the wastewater treatment plant and other utility capital projects, which will result in an increase in the Unassigned or Unrestricted Fund Balance of **\$947,636**, for a total of **\$2,432,636**.

No Unrestricted Fund Balance appropriation is allocated in FY18. The fund balance category accounts for a little over 38% of total revenues.

UTILITY FUND – DEBT

Relatively recent improvements to the Town's infrastructure include the rehabilitation of part of the sewer collection system, the construction of a new wastewater treatment facility (replacing the original wastewater treatment plant), the construction of two new wells and raw water mains. These projects were all financed. They combine with the FY16 purchase of a new vacuum truck and flush truck, and the FY 17 purchase of two pickup trucks to constitute the debt service obligations of the Utility Fund.

REMAINING YEAR-END BALANCES

YEAR-END OUTSTANDING DEBT

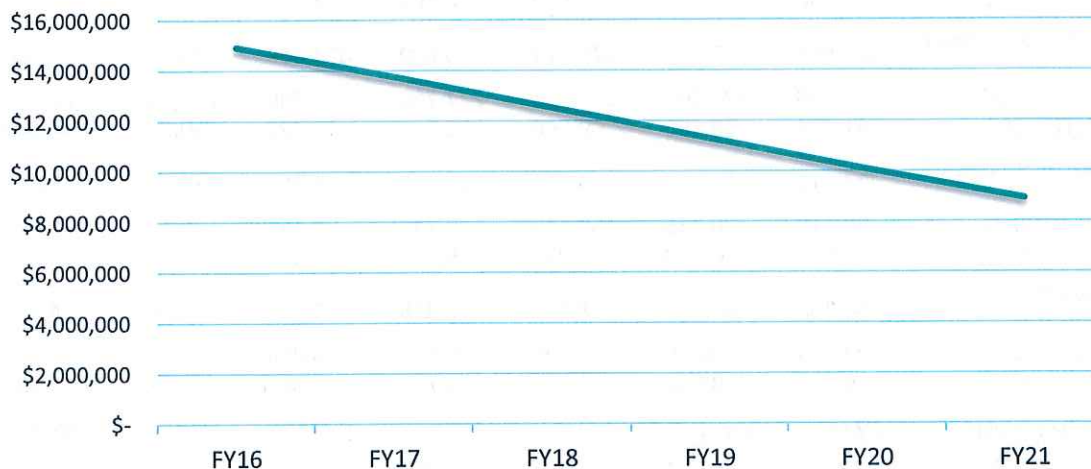


Figure 8: Utility Fund Year-End Outstanding Debt

WATER DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
SYCAMORE WELL	794,750	748,000	701,250	654,500	607,750	561,000	2033
GLENDA WELL	801,500	744,250	687,000	629,750	572,500	515,250	2030
PICK-UP TRUCK	0	23,800	19,185	14,520	9,769	4,929	2022
SEWER DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
VAC/FLUSH TRUCKS	344,472	260,607	175,258	88,397	0	0	2020
SEWER PROJECT #1	3,333,188	3,055,422	2,777,656	2,499,891	2,222,125	1,944,360	2028
SEWER PROJECT #2	301,146	271,031	240,917	210,805	180,688	150,573	2026
SEWER PROJECT #3	355,532	325,905	296,277	266,649	237,021	207,394	2028
WWTP DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
PICK-UP TRUCK	0	23,800	19,185	14,520	9,769	4,929	2022
WASTEWTR PLANT	8,996,217	8,304,200	7,612,183	6,920,166	6,228,150	5,536,133	2029
TOTAL	14,926,805	13,757,015	12,528,911	11,299,198	10,067,772	8,924,568	

Table 40: Utility Fund Debt by Division – Remaining Year End Balances

ANNUAL DEBT SERVICE

WATER DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	FY22
SYCAMORE WELL	67,409	66,261	65,113	63,966	62,818	61,670	60,523
- PRINCIPAL	46,750	46,750	46,750	46,750	46,750	46,750	46,750
- INTEREST	20,659	19,511	18,363	17,216	16,068	14,920	13,773
GLENDIA WELL	78,547	77,227	75,707	74,288	72,868	71,448	70,028
- PRINCIPAL	57,250	57,250	57,250	57,250	57,250	57,250	57,250
- INTEREST	21,297	19,977	18,457	17,038	15,618	14,198	12,778
PICK-UP TRUCK	0	0	5,023	5,023	5,023	5,023	5,023
- PRINCIPAL	0	0	4,615	4,664	4,751	4,840	4,930
- INTEREST	0	0	408	359	272	183	93
SEWER DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	FY22
VAC/FLUSH TRUCKS	89,972	89,962	89,963	89,962	89,963	0	0
- PRINCIPAL	86,482	83,865	85,350	86,860	88,398	0	0
- INTEREST	3,490	6,097	4,613	3,102	1,565	0	0
SEWER PROJECT #1	359,554	353,262	346,972	340,680	334,388	328,098	321,806
- PRINCIPAL	277,766	277,766	277,766	277,766	277,766	277,766	277,766
- INTEREST	81,788	75,496	69,206	62,914	56,622	50,332	44,040
SEWER PROJECT #2	37,419	36,755	36,091	35,427	34,763	34,099	33,435
- PRINCIPAL	30,115	30,115	30,115	30,115	30,115	30,115	30,115
- INTEREST	7,304	6,640	5,976	5,312	4,648	3,984	3,320
SEWER PROJECT #3	38,352	37,680	37,010	36,338	35,668	34,998	34,326
- PRINCIPAL	29,628	29,628	29,628	29,628	29,628	29,628	29,628
- INTEREST	8,724	8,052	7,382	6,710	6,040	5,370	4,698
WWTP DIVISION	FY16	FY17	FY18	FY19	FY20	FY21	FY22
PICK-UP TRUCK	0	0	5,023	5,023	5,023	5,031	5,023
- PRINCIPAL	0	0	4,615	4,664	4,751	4,848	4,930
- INTEREST	0	0	408	359	272	183	93
WASTEWTR PLANT	895,471	880,937	866,405	851,873	837,341	822,809	808,275
- PRINCIPAL	692,017	692,017	692,017	692,017	692,017	692,017	692,017
- INTEREST	203,454	188,920	174,388	159,856	145,324	130,792	116,258
TOTAL	1,220,008	1,217,391	1,228,106	1,229,714	1,231,426	1,143,214	1,143,386

Table 41: Utility Fund Annual Debt Service by Division

UTILITY FUND – PERSONNEL

There are no personnel changes for FY18.

DEPARTMENT	FY 16 # POSITIONS	FY 17 # POSITIONS	FY 18 ADOPTED # POSITIONS	CHANGE FROM FY17
WATER DIVISION	4	4	4	0
SEWER DIVISION	3	3	3	0
WASTEWATER TREATMENT PLANT DIVISION	5	6	6	0
TOTAL	12	13	13	0

Table 42: Utility Fund Personnel by Division Over Time

UTILITY FUND – CAPITAL OUTLAY

Many capital projects in the Utility Fund, because of their size and duration in excess of one fiscal year, are handled by individual capital project funds. In FY16, for example, the Town replaced its analog water meters with digital meters. An appropriation was made for a transfer of funds from the Utility Fund (\$877,000) into a capital project fund.

In FY17, there were three smaller capital purchases included in the budget. The first is for a generator (\$33,000) for one of the sewer lift stations. The others are two general purpose pick-up trucks for the sewer department (\$25,000/truck). These purchases will not have a material effect on the operating budget apart from the debt service obligations.

There are several capital projects slated for FY18, all funded by revenue from utility capacity use fees (Restricted Fund Balance). These projects are also found in the Capital Improvements Plan.

FY18 TOTAL: \$564,000

WATER DIVISION

WATER LINE REPLACEMENTS AND LOOPS: \$186,000

Replacing, upsizing, and looping lines will result in reduced maintenance costs and improved pressure and water quality.

This project consists of replacing the 2" water line with 6" PVC on Ann Street; replacing the 2" water lines with 8" PVC on Campen and Crescent Drives, and looping the existing dead end 8" water line between the 2200 Block of Front Street to the 6" water line on Taylor's Creek Road.

SEWER DIVISION

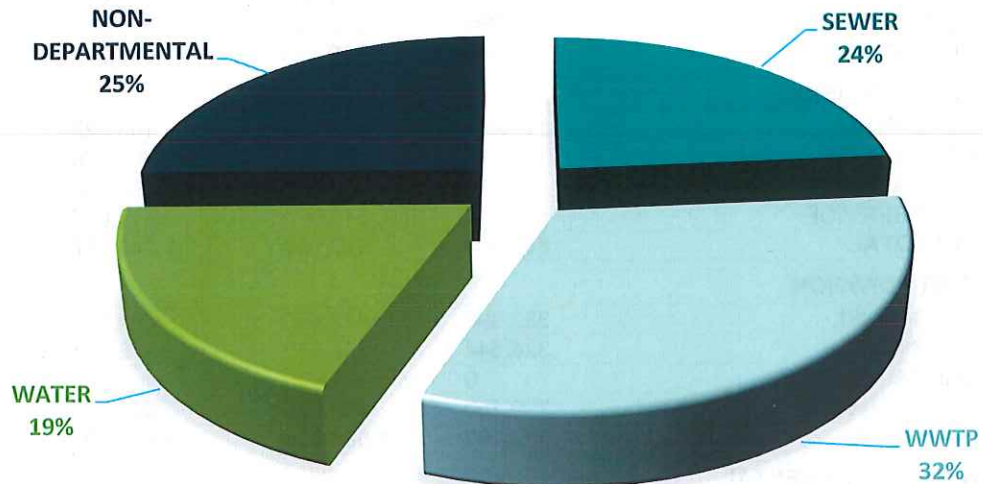
SEWER PUMP STATION GENERATORS: \$198,000

Sewer lift stations require stand-by power in the event of a power outage. Lost power can result in spills and environmental damage. This appropriation will provide for the installation of generators at six pump stations lacking back up power. Two portable generators will be installed at the two remaining lift stations lacking back up power.

INFLOW AND INFILTRATION STUDY: \$180,000

During rain events, the Town's Waste Water Treatment Plant (WWTP) experiences significant increases in volume, an indication that groundwater is infiltrating the sewer system. By identifying the source(s) of infiltration and taking corrective action, the Town can reduce the operational expense associated with treating groundwater, as well as extend the useful life of the WWTP. The evaluation and study of groundwater infiltration into the Town's sewer system will identify causes and solutions.

UTILITY FUND – EXPENDITURES



FY18

Figure 9: Utility Fund Expenditures by Division

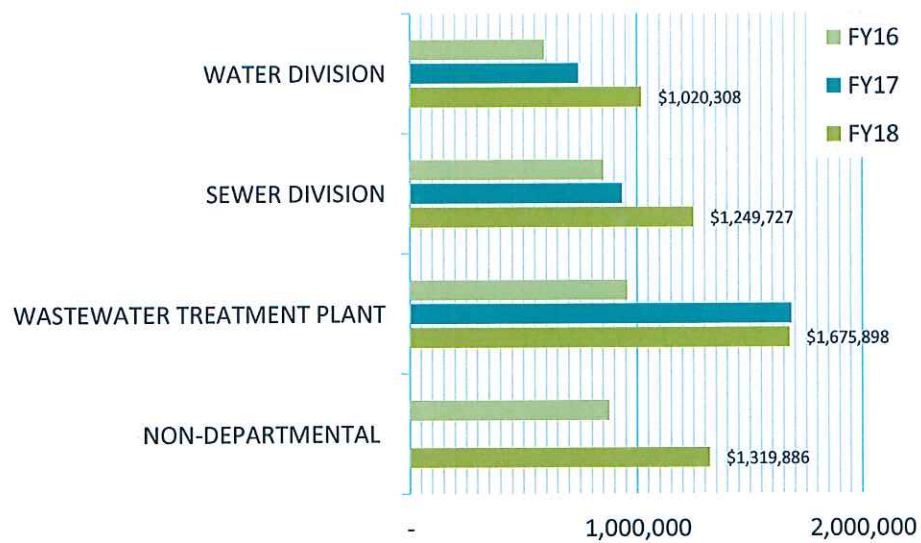


Figure 10: Utility Fund Expenditures by Division Over Time

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
WATER DIVISION			
PERSONNEL	183,592	199,000	230,471
OPERATIONS	269,190	361,018	462,950
CAPITAL OUTLAY	0	44,300	186,000
DEBT SERVICE	140,087	138,141	140,887
SUBTOTAL	592,869	742,459	1,020,308
SEWER DIVISION			
PERSONNEL	173,488	178,200	183,222
OPERATIONS	155,229	204,420	358,470
CAPITAL OUTLAY	0	33,000	198,000
DEBT SERVICE	524,321	518,300	510,035
SUBTOTAL	853,038	933,920	1,249,727
WWTP DIVISION			
PERSONNEL	332,396	412,400	431,818
OPERATIONS	324,644	370,500	372,525
CAPITAL OUTLAY	0	21,000	0
DEBT SERVICE	299,150	880,938	871,555
SUBTOTAL	956,190	1,684,838	1,675,898
NON-DEPARTMENTAL			
PERSONNEL	0	0	22,250
OPERATIONS	0	0	0
CAPITAL OUTLAY	0	0	0
DEBT SERVICE	0	0	0
TRANSFERS	877,000	0	1,297,636
SUBTOTAL	877,000	0	1,319,886
TOTAL	3,279,097	3,361,217	5,265,819

Table 43: Utility Fund Expenditures by Division

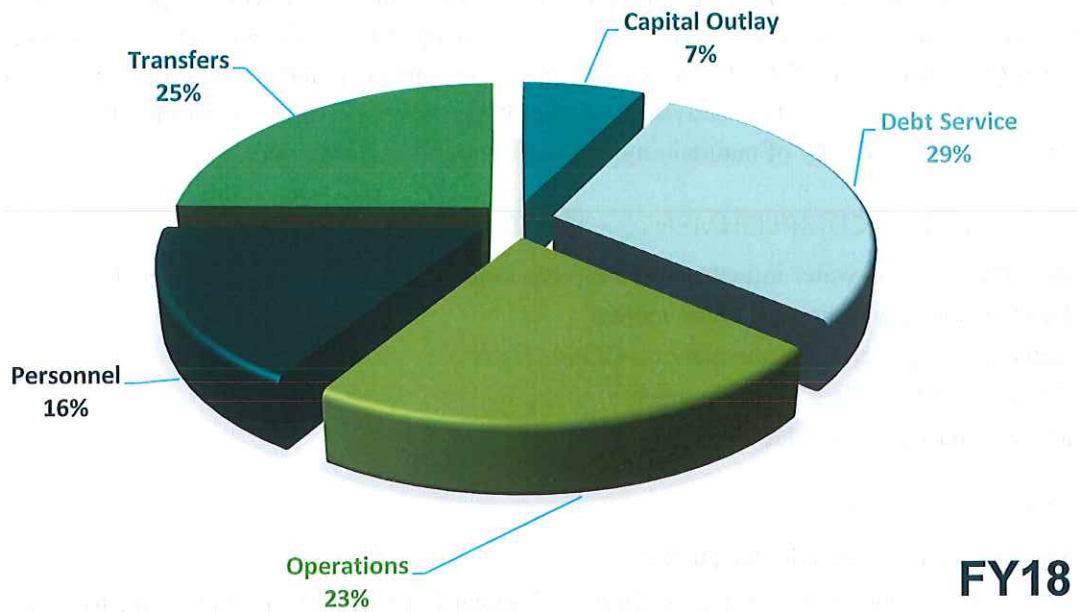


Figure 11: Utility Fund Expenditures by Category



Figure 12: Utility Fund Expenditures by Category Over Time

WATER DIVISION

The Water Division is responsible for the collection, treatment, and delivery of potable water to all the Town's utility customers. The Water Division operates with two (2) water treatment facilities (Pine Street and Glenda Drive) and has a designated potable water flow rate of 1.2 million gallons per day. The activities of the Water Division directly further the Town's expressed Strategic Priority of maintaining and improving its infrastructure.

FY17 NOTABLE ACCOMPLISHMENTS – WATER DIVISION

- Accepted the new water infrastructure between Lennoxville Road and Front Street
- Began using new radio read water meters
- Replaced the generator at the plant on Glenda Drive
- Completed repairs in a timely manner
- Made water taps as needed

FY18 GOALS – WATER DIVISION

- Maintain compliance with NCDENR
- Contract to replace the 2 inch water line on Campen Drive from Carraway Drive to Eastport Apartments
- Continue to make repairs in a timely manner
- Install taps as needed
- Relocate the Water Department offices due to the hazardous condition of the existing building, and repair or demolish that building

PERFORMANCE MEASURES – WATER DIVISION

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
GALLONS OF WATER PUMPED	173 MG	171 MG	173 MG
TONS OF SALT USED FOR SOFTENING	600	600	600
NUMBER OF METERS REPLACED	3322	84	105
NUMBER OF DISCHARGE SAMPLES TAKEN	56	56	56
NUMBER OF DAILY SAMPLES TAKEN	2346	2346	2346
NUMBER OF WATER SAMPLES TAKEN	100	100	100

Table 44: Water Division Performance Measures

**Meter Replacement Project*

PERSONNEL – WATER DIVISION

POSITION	FY16	FY17	FY18
SYSTEM SUPERVISOR	1	1	1
WATER SYSTEM OPERATOR	1	1	1
SENIOR LINE MECHANIC	1	1	1
UTILITY FIELD SERVICE SPECIALIST	1	1	1
TOTAL	4	4	4

Table 45: Water Division Personnel

BUDGET – WATER DIVISION

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	183,592	199,000	230,471
OPERATIONS	269,190	361,018	462,950
CAPITAL OUTLAY	0	44,300	186,000
DEBT SERVICE	140,087	138,141	140,887
TOTAL	592,869	742,459	1,020,308

Table 46: Water Division Budget

NOTABLE BUDGET ITEMS – WATER DIVISION**OPERATIONS**

- Administrative Expense Allocation was moved to Non-Departmental
- Human Resources were combined with Human Resource funding in the General Fund
- Contracted Services includes the expenditures associated with the water asset inventory and analysis. There will be a reimbursement of \$140,000 from North Carolina Department of Environmental Quality.

CAPITAL OUTLAY

- Contracted Services \$186,000 for water line replacements

DEBT SERVICE

- Glenda Drive and Sycamore well projects
- General use puck-up truck

LINE ITEM DETAIL – WATER DIVISION

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	123,663	135,000	152,045
OVERTIME	13,758	14,000	15,000
FICA EXPENSE	10,229	11,500	12,096
GROUP INSURANCE EXPENSE	29,211	15,000	26,280
RETIREMENT EXPENSE	6,731	17,500	19,051
WORKERS COMP	0	6,000	6,000
TELEPHONE	466	800	2,000
TELEPHONE-CELLULAR	1,035	1,500	1,500
POSTAGE	4,632	5,000	4,500
OFFICE SUPPLIES	1,020	1,500	1,500
OFFICE CONTRACT SERVICES	4,065	5,000	3,000
ADMINISTRATION EXPENSE ALLOCATION	25,801	15,000	0
DUES AND SUBSCRIPTIONS	1,063	1,500	1,000
ELECTRIC	32,884	40,000	42,000
LP GAS	491	1,500	1,500
WATER/SEWER/SOLID WASTE	750	750	750
HUMAN RESOURCES	0	500	0
OSHA/SAFETY COMPLIANCE	1,332	1,500	1,000
TRAINING -REGISTRATION&CLASS MAT'L	615	1,500	1,500
TRAVEL MILEAGE	0	100	100
MEALS	30	400	400
EMPLOYEE DEVELOPMENT	0	0	3,000
UNIFORMS	2,222	2,568	2,600
BUILDING MAINT	1,137	900	900
JANITORIAL SUPPLIES	189	500	500
NON-CAPITAL EQUIPMENT PURCHASES	3,219	19,800	5,000
EQUIPMENT MAINT. & REPAIRS	9,506	26,700	26,700
AUTO FUEL	8,227	6,000	9,000
VEHICLE MAINT. & REPAIRS	3,656	3,000	2,500
PERMITS & FEES - REOCCURRING	3,665	5,000	5,000
COMPLIANCE TESTING	12,329	10,000	14,000
DEPARTMENT SUPPLIES & MATERIALS	93,470	100,000	82,500
CONTRACT SERVICES	27,229	67,000	207,000
COUNTY WATER PURCHASE	29,863	30,000	30,000
INSURANCE	294	13,000	13,500
CAPITAL OUTLAY - EQUIPMENT	0	23,300	0
CAPITAL OUTLAY - VEHICLES	0	21,000	0
CAPITAL OUTLAY - CONT. SERVICES	0	0	186,000
DEBT SERVICE - PRINCIPAL	97,310	97,311	10,2011
DEBT SERVICE - INTEREST	42,777	40,830	38,876
TOTAL	592,869	742,459	1,020,309

Table 47: Water Division Line Item Expenditures Over Time

SEWER DIVISION

The Sewer Division is responsible for the maintenance of the sewer transmission system for the Town. There are approximately 25 miles of gravity sewer lines, 28 miles of force main lines, and 20 pump stations comprising the Town sewer collection system. The activities of the Sewer Division directly further the Town's expressed Strategic Priority of maintaining and improving its infrastructure.

FY17 NOTABLE ACCOMPLISHMENTS – SEWER DIVISION

- Replaced pumps in lift station #16 with more efficient non-clog pumps
- Used the vacuum and flush truck to clean and maintain the Town's sewer lines and 20 lift stations
- Made sewer taps as needed
- Remained in compliance with NCDENR throughout the year
- Cleaned stormwater lines as needed

FY18 GOALS – SEWER DIVISION

- Maintain compliance with NCDENR
- Purchase and install 6 generators for lift stations
- Clean 10-15% of sewer lines
- Maintain 20 lift stations
- Inspect and ultimately accept the new infrastructure for Deerfield subdivision
- Install taps as needed

PERFORMANCE MEASURES – SEWER DIVISION

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
FEET OF GRAVITY SEWER LINES CLEANED	28,761	30,698	32,000
SEWER SERVICES INSTALLED	13	4	5
LIFT STATIONS CLEANED	140	180	180
INSPECT HIGH PRIORITY LINES	4	4	4
AIR RELEASE VALVES INSTALLED	3	4	4
SEWER CALLS	60	55	60
NORTH RIVER VALVES INSTALLED	3	4	6

Table 48: Sewer Division Performance Measures

PERSONNEL – SEWER DIVISION

POSITION	FY16	FY17	FY18
SYSTEM SUPERVISOR	1	1	1
SENIOR LINE MECHANIC	1	1	1
LINE MAINTENANCE MECHANIC	1	1	1
TOTAL	3	3	3

Table 49: Sewer Division Personnel

BUDGET – SEWER DIVISION

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	173,488	178,200	183,222
OPERATIONS	155,229	204,420	358,470
CAPITAL OUTLAY	0	33,000	198,000
DEBT SERVICE	524,321	518,300	510,035
TOTAL	853,038	933,920	1,249,727

Table 50: Sewer Division Budget

NOTABLE BUDGET ITEMS – SEWER DIVISION**CAPITAL OUTLAY**

- Six (6) Generators for lift stations

DEBT SERVICE

- Sewer line rehabilitation projects
- Vacuum and flush trucks

LINE ITEM DETAIL – SEWER DIVISION

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	120,234	116,000	119,186
OVERTIME	15,000	14,800	15,000
FICA EXPENSE	9,906	10,000	9,447
GROUP INSURANCE EXPENSE	20,274	17,000	19,710
RETIREMENT EXPENSE	6,614	16,200	14,879
WORKERS COMPENSATION	1,460	4,200	5,000
TELEPHONE	7,149	6,200	5,000
TELEPHONE-CELLULAR	1,228	1,500	2,500
POSTAGE	4,617	4,400	4,100
OFFICE SUPPLIES	844	500	250
OFFICE CONTRACT SERVICES	5,233	2,400	2,000
DUES & SUBSCRIPTIONS	632	900	400
ELECTRIC	38,438	44,000	42,000
WATER/SEWER/SOLID WASTE	0	200	200
HUMAN RESOURCE	35	600	0
OSHA/SAFETY COMPLIANCE	725	800	1,000
SAFETY SUPPLIES & MATERIALS	140	100	1,000
TRAINING - REGISTRA & CLASS MATL	630	1,000	1,000
MEALS	24	0	500
LODGING	0	0	500
EMPLOYEE DEVELOPMENT	0	0	2,500
UNIFORMS	2,494	3,200	3,200
BUILDING MAINT	588	500	1,000
JANITORIAL SUPPLIES	251	300	500
EQUIPMENT LEASE	12,000	13,000	11,000
EQUIPMENT MAINT & REPAIRS	15,455	43,200	43,200
AUTO FUEL	13,763	8,000	16,000
VEHICLE MAINT & REPAIRS	6,127	5,000	5,000
PERMITS & FEES - RECCURING	1,310	2,620	2,620
DEPARTMENT SUPPLIES & MATERIALS	9,127	10,000	10,000
CONTRACT SERVICES	23,986	50,000	197,000
INSURANCE	10,433	6,000	6,000
CAPITAL OUTLAY - EQUIPMENT	0	33,000	198,000
CAPITAL OUTLAY - VEHICLES	0	0	0
DEBT SERVICE-PRINCIPAL	423,981	422,000	422,858
DEBT SERVICE-INTEREST	100,340	96,300	87,177
TOTAL	853,038	933,920	1,249,727

Table 51: Sewer Division Line Item Expenditures Over Time

WASTEWATER TREATMENT PLANT DIVISION

The Wastewater Treatment Plant Division operates a permitted 1.5 million gallons per day facility that treats the collected sewage of the Town. The operation discharge enters into the eastern end of Taylors Creek in compliance with state and federal guidelines. The activities of the WWTP Division directly further the Town's expressed Strategic Priority of maintaining and improving its infrastructure.

FY17 NOTABLE ACCOMPLISHMENTS – WWTP DIVISION

- Maintained the plant through routine maintenance
- Treated over 300,000,000 gallons of wastewater
- The belt press facility processed over 50 dry tons of residual solids
- Remained in compliance with NCDENR throughout the year

FY18 GOALS – WWTP DIVISION

- Maintain compliance with NCDENR
- Perform maintenance on tank mixers
- Perform routine maintenance

PERFORMANCE MEASURES – WWTP DIVISION

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
GALLONS OF EFFLUENT TREATED	321 MG	315 MG	325 MG
DRY TONS OF SOLID PRODUCED	33	40	45
NUMBER OF TIMES CLARIFIERS POWER WASHED	104	104	104
NUMBER OF DAYS THE BELT PRESS OPERATED	24	26	28
POUNDS OF SOLIDS REMOVED	288,000	280,000	290,000
% BIOCHEMICAL OXYGEN DEMAND REMOVED	97.2	97.2	97.5
% OF TOTAL SUSPENDED SOLIDS REMOVED	99	99	99
TAYLOR'S CREEK SAMPLES TAKEN BY BOAT	104	104	104
MLSS SAMPLES TAKEN FROM OXIDATION DITCH	156	156	156

Table 52: Wastewater Treatment Plant Division Performance Measures

PERSONNEL – WWTP DIVISION

POSITION	FY16	FY17	FY18
PUBLIC UTILITIES DIRECTOR	0	1	1
QUALITY ASSURANCE REP/GIS ANALYST	0	1	1
SUPERVISOR	1	0	0
SENIOR PLANT MECHANIC	1	1	1
LAB TECHNICIAN	1	1	1
PLANT MAINTENANCE MECHANIC	2	2	2
TOTAL	5	6	6

Table 53: Wastewater Treatment Plant Division Personnel

BUDGET – WWTP DIVISION

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	332,396	412,400	431,818
OPERATIONS	324,644	370,500	372,525
CAPITAL OUTLAY	0	21,000	0
DEBT SERVICE	299,150	880,938	871,555
TOTAL	956,190	1,684,838	1,675,898

Table 54: Wastewater Treatment Plant Division Budget

NOTABLE BUDGET ITEMS – WWTP DIVISION**OPERATIONS**

- Administrative Expense Allocation moved to Non- Departmental
- Human Resources and Employee Engagement included in General Fund Administrative

DEBT SERVICE

- New treatment plant that began operations in 2008
- General use puck-up truck

LINE ITEM DETAIL – WWTP DIVISION

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES AND WAGES	239,013	281,600	292,293
OVERTIME	26,482	27,000	30,000
FICA EXPENSE	19,955	23,500	23,147
GROUP INSURANCE EXPENSE	33,789	35,000	39,420
RETIREMENT EXPENSE	13,157	38,100	36,457
WORKERS COMP	0	7,200	10,500
TELEPHONE	1,052	1,400	1,000
TELEPHONE - CELLULAR	1,321	1,500	1,500
INTERNET/CABLE	1,199	2,200	2,900
POSTAGE	315	800	500
OFFICE SUPPLIES	1,608	1,300	1,700
ADMIN. EXP. ALLOCATION	15,000	15,000	0
DUES & SUBSCRIPTIONS	774	750	750
ELECTRIC	120,527	135,000	142,000
WATER/SEWER/SOLID WASTE	308	750	750
HUMAN RESOURCE	0	0	0
OSHA/SAFETY COMPLIANCE	947	1,000	1,000
SAFETY SUPPLIES & MATERIALS	0	100	100
TRAINING -REGISTRATION & CLASS MATL	1,495	2,000	2,000
TRAVEL MILEAGE	0	200	200
MEALS	162	400	200
LODGING	0	600	500
EMPLOYEE DEVELOPMENT	0	0	0
UNIFORMS	2,525	1,800	3,125
BUILDING MAINT	1,862	7,000	7,000
JANITORIAL SUPPLIES	135	600	500
NON-CAPITAL EQUIPMENT PURCHASE	1,794	15,500	15,500
EQUIPMENT MAINT & REPAIRS	20,375	42,300	42,300
AUTO FUEL	9,680	6,500	10,000
VEHICLE MAINT & REPAIRS	3,605	4,000	4,000
PERMITS AND FEES - RECURING	7,010	9,000	6,000
COMPLIANCE TESTING	6,682	8,000	12,000
DEPARTMENT SUPPLIES & MATERIALS	40,103	38,000	39,000
PROFESSIONAL SERVICES	598	2,000	2,000
CONTRACT SERVICES	27,244	34,000	36,000
INSURANCE	58,322	38,800	40,000
CAPITAL OUTLAY-VEHICLES	0	21,000	0
DEBT SERVICE - PRINCIPAL	203,453	692,017	696,717
DEBT SERVICE - INTEREST	95,697	188,921	174,838
TOTAL	956,189	1,684,838	1,675,897

Table 55: WWTP Division Line Item Expenditures Over Time

NON-DEPARTMENTAL

In FY18, this category was created to house expenditures that are not specific to any one division but are a part of the overall operations of the Utility Fund. These include allocations for merit awards, contributions to the General Fund for administrative services, and contributions to capital reserve.

BUDGET

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
MERIT AWARDS			22,250
CONTRIBUTION TO GF FOR ADMIN SERVICES			350,000
CONTRIBUTION TO CAPITAL RESERVE			947,635
CONTRIBUTION TO CAPITAL PROJECTS	877,000		
TOTAL	877,000	0	1,319,885

Table 56: Utility Fund Non-Departmental Line Item Expenditures Over Time

DETAILS

MERIT AWARDS

An employee performance appraisal program will be implemented in FY18. An appropriation of \$22,250, or about 2.5% of total Utility Fund compensation costs, will be used to distribute merit awards in varying amounts based on employee performance.

CONTRIBUTION TO GF FOR ADMIN SERVICES

The Utility Fund pays the General Fund for administrative support for tasks such as monthly billing, accounts payable, and payroll, which are performed by personnel housed in the Finance Department. Other overhead expenses to the Utility Fund include a portion of the costs of the Governing Board and Administration Departments. In previous years the Utility Fund only paid a small fraction of the actual cost of overhead support from the General Fund.

This contribution increases from \$30,000 in FY17 to \$350,000 in FY18.

CONTRIBUTION TO CAPITAL RESERVE

The \$947,636 contribution to capital reserve results from the use of Restricted Fund Balance to pay debt service. This money will become a part of the Unrestricted, or Unassigned Fund Balance.

CONTRIBUTION TO CAPITAL PROJECTS

In instances where capital projects are expected to extend over two or more fiscal years, a separate capital projects fund outside of the annually budgeted fund is established. There are no contributions to capital projects in FY18.

FIRE FUND

The Fire Fund accounts for the operation of the Beaufort Fire Department, which provides fire protection for the Town of Beaufort, as well as for the Central Carteret Fire District and a portion of the Harlowe Fire District, which extend beyond the Town's corporate limits.

The Fire Department has traditionally been housed in a separate fund (rather than as part of the General Fund) to more obviously account for receipt and expenditure of funds contributed by Carteret County in exchange for providing service in the unincorporated fire districts. Current plans are to move the Fire Department into the General Fund in FY19 to simplify budgeting and eliminate the interfund transfer.

FIRE FUND – BUDGET-AT-A-GLANCE

In addition to a contribution from the General Fund, the Fire Fund receives a portion of its revenue as an allocation from Carteret County.

REVENUE SOURCES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
INTERGOVERNMENTAL	586,144	520,630	505,245
OTHER REVENUE	6,636	21,231	0
APPROPRIATED FUND BALANCE	0	20,000	98,000
CONTRIBUTION FROM GENERAL FUND	795,169	787,300	1,041,479
TOTAL REVENUE	1,387,949	1,349,161	1,644,724

Table 57: Fire Fund Revenues Comparison Over Time

These expenditures come out of the Fire Fund.

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
FIRE DEPARTMENT	1,370,476	1,332,945	1,644,724
TOTAL EXPENDITURES	1,370,476	1,332,945	1,644,724

Table 58: Fire Fund Expenditures Comparison Over Time

Fund Balance is derived from the accumulation of revenues in excess of expenses over time. It is anticipated that this fund will be eliminated in FY19 (and the Fire Department will be returned to the General Fund).

FUND BALANCE	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
UNASSIGNED FUND BALANCE	118,021	98,000	0

Table 59: Fire Fund Balance Comparison Over Time

FIRE FUND – REVENUE

The Fire Fund is funded by intergovernmental sources, contributions from the general fund, and other revenue.

INTERGOVERNMENTAL – UNRESTRICTED AND RESTRICTED

Revenues in this category are contributed by state, federal, or other local governments. The use of these revenues may be unrestricted, or restricted to certain purposes. In the Fire Fund, items in this category include a contribution from Carteret County and grant awards.

The Carteret County Board of Commissioners levies a property tax in the two fire tax districts: 5.5 cents per hundred dollars of valuation in the Central Carteret Fire District, and 7.5 cents per hundred dollars of valuation in the Harlowe Fire District, producing **\$323,850** and **\$62,365**, respectively. The corresponding sales taxes allocated to these districts (based on property tax levy) are **\$101,000** and **\$18,030**, respectively. Carteret County contributes these funds, totaling **\$505,245** to the Town of Beaufort in exchange for providing fire and first responder services in the two fire districts.

Unfortunately for Town residents, the County Commissioners would need to establish a tax rate of about 9 cents in the two fire districts in order to equalize the tax rates paid for fire service by the residents of the two fire districts and the Town. As it stands, the Town subsidizes the cost of fire service to the two fire district's residents by **\$245,600**. The Town has requested that the County Commissioners increase the fire district tax rates to 8.168 cents in order to be fair and equitable to everyone.

There is no grant funding in this category for FY18, so it is comprised entirely of funding from Carteret County: **\$505,245**, or nearly 31% of total revenues.

OTHER REVENUE

Revenue in this category includes investment earnings, donations, insurance reimbursements and miscellaneous receipts that don't fit into any other category. FY17 revenues, totaling **\$21,231**, were primarily from insurance reimbursements (**\$19,431**). No revenues are projected to this category in FY18.

CONTRIBUTION FROM THE GENERAL FUND

The majority of operational funding for the Fire Fund is contributed by the General Fund, the sources of which are primarily property and sales tax proceeds.

The General Fund Contribution increases from **\$787,300** in FY17 to **\$1,041,479** in FY18, representing about 63% of total Fire Fund revenues. This increase is necessary to cover the cost of debt service for the new fire station, which was moved from the General Fund to the Fire Fund in FY18 to more accurately portray the cost of operating the Fire Department.

APPROPRIATED FUND BALANCE

Fund Balance is derived from the accumulation of revenues in excess of expenses over time. In FY17, a fund balance appropriation of **\$20,000** is anticipated.

As it is anticipated that this fund will be eliminated in FY19 (and the Fire Department will be returned to the General Fund), the appropriation of the remaining fund balance is allocated in FY18, which totals **\$98,000**, or about 6% of total expenditures.

FIRE FUND – DEBT

Current debt service in the Fire Fund has three components:

- 1) **Fire Boat:** In FY15, a fire boat was purchased and financed to improve service delivery when on-water operations are required. The annual debt service for this purchase is \$12,301. The remaining year-end balance for FY18 will be \$21,150, with an expected payoff in FY20.
- 2) **Pierce Saber Truck:** FY18 is the final year for payment on a truck purchased in FY14. The FY18 debt service is \$78,017.
- 3) **Fire Station:** FY16 included groundbreaking for the construction of the new Fire Station. The annual debt service for FY18 is \$292,125. The year-end bond balance for FY18 is \$2,600,000, with an expected payoff in FY31.

ASSET	FY16	FY17	FY18	FY19	FY20	FY21	ENDS
FIRE BOAT	12,301	12,301	12,301	12,301	7,179	0	2020
PIERCE SABER TRUCK	78,017	78,017	78,017	0	0	0	2018
FIRE STATION	0	304,967	292,125	285,425	278,725	272,025	2031
FIRE FUND TOTAL	90,318	395,285	382,443	297,726	285,904	272,025	

Table 60: Fire Fund Debt

FIRE FUND – CAPITAL OUTLAY

Capital outlay for the Fire Fund is used to finance large pieces of equipment and/or vehicles. There are no capital purchases included for the Fire Fund in the FY18 budget.

FIRE FUND – EXPENDITURES

The Fire Department is the only department expending funds from the Fire Fund.

Under the direction of the Fire Chief, the Fire Department is responsible for providing the best quality fire protection for the citizens of Beaufort and the Central Carteret Fire Districts in the most efficient, cost effective and professional manner. In addition to the town limits of Beaufort, the department services adjacent areas, to include providing service to the neighboring Harlowe District. The department also facilitates and hosts community outreach and educational training. The department performs systematic inspections of business operations to assist the locations in minimizing their risk for fire. Working in conjunction with Beaufort Emergency Medical Service as a first responder, the department also enhances the community's medical response capabilities.

FY17 NOTABLE ACCOMPLISHMENTS – FIRE DEPARTMENT

- Completion of the new Main Fire Station
- Responded to a total of 1,151 incidents
- Provided educational and fire prevention programs to schools and daycare centers reaching approximately 500 children, together with providing educational services to NOAA, Duke Marine Lab, day-care centers, and other community organizations and businesses
- Completed 176 commercial fire inspections and 21 tent inspections
- Completed 3,525 training hours for all types of training (both volunteer and career staff)
- Sponsored EMT Recertification Class through Carteret Community College
- The Highway 101 substation is now manned Monday through Friday, 8:00 to 5:00 with two (2) full-time and one (1) part-time personnel.
- Constructed a dock with boat lift in front of Town Hall for the fire boat

FY18 GOALS – FIRE DEPARTMENT

- Continue the expansion of staffing at Station 2
- Continue to prepare for the NC OSFM Rating Inspection requested in November 2015 for our rural district
- Increase efforts to recruit and retain more volunteers and career personnel
- Increase and promote more quality educational and training opportunities for all fire department personnel
- Continue expanding our current fire life safety education/prevention and Community Outreach Programs
- Upgrade and maintain all fire department equipment in proper working order by continuing a program of replacing out-of-date turn out gear and our SCBA's
- Continue to research, identify and pursue possible grant opportunities through various agencies

PERFORMANCE MEASURES – FIRE DEPARTMENT

PERFORMANCE MEASURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
NUMBERS OF INCIDENTS	1151	1230	1200
AVG RESPONSE TIME-MUNICIPAL DISTRICT (MIN)	4.27	n/a	n/a
AVG RESPONSE TIME-CENTRAL CARTERET (MIN)	6.92	n/a	n/a
NUMBER OF INSPECTIONS/RE-INSPECTIONS	176	135	140
NUMBER OF TENT INSPECTIONS	21	20	20
TOTAL STAFF TRAINING HOURS	3525	2780	2800
FIRE PREVENTION PROG.-# OF PEOPLE REACHED	500	500	500

Table 61: Fire Department Performance Measures

PERSONNEL – FIRE DEPARTMENT

POSITION	FY16	FY17	FY18
FIRE CHIEF	1	1	1
ASSISTANT CHIEF	1	1	1
40-HOUR FIREFIGHTER	1	2	2
40-HOUR ENGINEER	1	0	0
CAPTAIN	3	3	3
LIEUTENANT	3	3	3
ENGINEER	3	3	3
FIREFIGHTER	3	3	3
ADMINISTRATIVE SPECIALIST	1	1	1
TOTAL	17	17	17

Table 62: Fire Department Personnel

BUDGET – FIRE DEPARTMENT

BUDGET	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
PERSONNEL	960,144	1,021,432	1,106,557
OPERATIONS	188,282	176,195	155,720
CAPITAL OUTLAY	0	25,000	0
DEBT SERVICE	114,239	90,318	382,447
TRANSFERS	107,811	20,000	0
TOTAL	1,370,476	1,332,945	1,644,724

Table 63: Fire Department Budget

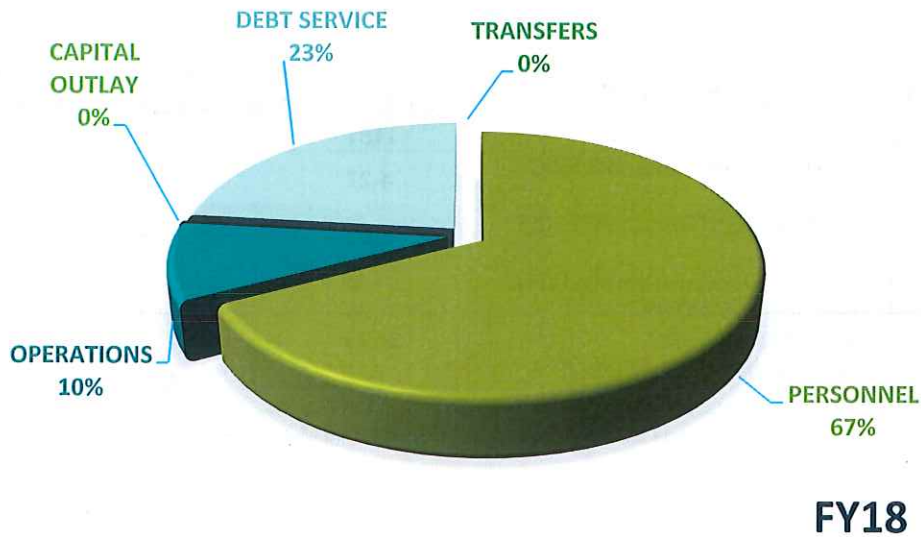


Figure 13: Fire Department Expenditures by Category

NOTABLE BUDGET ITEMS – FIRE DEPARTMENT

2% COLA AND MERIT AWARDS

Funding is included for a 2% cost of living salary adjustment (\$8,714) and for merit awards (about 2.5% of compensation costs - \$25,500) to be distributed in varying amounts based on performance.

NON-CAPITAL EQUIPMENT (\$13,000)

Continuing yearly program that replaces old, obsolete Self-Contained Breath Apparatus equipment that has reached the end of its lifespan with new equipment.

LINE ITEM DETAIL – FIRE DEPARTMENT

EXPENDITURES	FY16 ACTUAL	FY17 PROJECTED	FY18 ADOPTED
SALARIES & WAGES	651,563	673,715	706,185
OVERTIME	16,784	25,000	25,000
SALARIES-PARTIME/PRN	48,547	45,000	50,000
MERIT AWARDS	0	0	25,500
FICA EXPENSE	52,987	57,277	58,590
GROUP INSURANCE	110,543	106,080	116,446
RETIREMENT EXPENSE	78,160	84,330	92,759
WORKERS COMPENSATION	0	28,350	30,397
FIREMAN'S PENSION FUND	1,560	1,680	1,680
TELEPHONE	2,476	3,300	4,320
TELEPHONE - CELLULAR	2,313	3,180	3,000
INTERNET / CABLE	1,563	2,380	2,520
POSTAGE	81	100	200
OFFICE SUPPLIES	642	1,200	1,000
OFFICE EQUIPMENT (NON-CAPITAL)	1,239	1,000	1,000
OFFICE EQUIPMENT LEASES	1,110	2,450	2,280
OFFICE CONTRACT SERVICES	1,349	1,500	1,800
DUES & SUBSCRIPTIONS	1,060	1,100	1,200
MISC ADMIN EXPENSE	0	150	250
ELECTRIC	9,247	16,500	18,100
LP GAS	671	250	500
WATER / SEWER / SOLID WASTE	26,280	3,700	4,250
HUMAN RESOURCE	746	800	1,000
OSHA / SAFETY COMPLIANCE	2,462	3,700	3,700
SAFETY EQUIPMENT	23,891	31,745	17,000
SAFETY SUPPLIES & MATERIALS	327	1,250	1,250
TRAINING - REGIST & CLASS MATERIAL	748	1,000	1,500
TRAVEL MILEAGE	0	0	0
MEALS	285	710	900
LODGING	200	630	750
UNIFORMS	6,382	4,500	6,500
BUILDING MAINTENANCE	1,668	1,500	2,000
GROUND MAINT	31	200	600
JANITORIAL SUPPLIES	1,294	1,400	1,300
FIRE DEPT CONTRACTED SERVICES	400	400	3,000
NON-CAPITAL EQUIPMENT PURCHASE	18,539	10,000	10,000
EQUIPMENT MAINT & REPAIRS	4,733	4,750	4,400
AUTO FUEL	14,579	17,000	20,000
VEHICLE MAINT & REPAIRS	22,259	36,400	15,000
DEPARTMENT SUPPLIES & MATERIALS	2,718	3,000	3,000
INSURANCE & BONDS	38,989	20,400	23,400
CAPITAL OUTLAY - EQUIPMENT	0	25,000	0
DEBT SERVICE - PRINCIPAL	106,929	85,382	287,699
DEBT SERVICE - INTEREST	7,310	4,936	94,748
TRANSFER TO FIRE SUBSTATION (G FUND)	27,811	0	0
TRANSFER TO FIRE STATION CAP PROJ	80,000	10,000	0
TOTAL	1,370,476	1,322,945	1,644,724

Table 64: Fire Department Line Item Expenditures Over Time

CAPITAL IMPROVEMENT PLAN

The Town of Beaufort's Capital Improvement Plan (CIP) is a planning and budgeting tool that describes the capital improvement projects scheduled for funding in next five years (beginning with FY2018), plus any anticipated projects that fall beyond the last year of that period, FY2022. The CIP addresses the repair and replacement of existing infrastructure as well as the construction or acquisition of new facilities and equipment to accommodate current and future demands for service. More specifically, the CIP is intended to accomplish the following objectives:

- To build and maintain the facilities required to support the Town's public service responsibilities
- To improve financial planning by comparing needs with resources, estimating future debt service, and identifying tax rate and fee implications
- To establish priorities among projects so that limited available funds are used most effectively
- To plan public facility construction and major equipment purchases and coordinate timing with the public needs
- To support the physical development objectives contained in approved Town plans

Generally, capital improvements are defined as physical assets constructed or purchased that have a useful life of ten (10) years or longer and have a cost of or exceeding \$100,000. Projects that meet these criteria are included in the CIP, such as:

- New and expanded facilities for the community
- Large scale rehabilitation or replacement of existing facilities
- The cost of engineering or other professional studies and services related to improvement
- Major equipment
- The acquisition of land

The CIP does not typically include items defined as "capital outlay." Capital outlay items normally appear in the Town's operating budget and include such things as furniture, equipment, and vehicles needed to support the operation of the Town's programs. Generally, a capital outlay item may be defined as an item valued at less than \$100,000 with a usual life expectancy of less than ten (10) years.

The projected costs of each capital project are sometimes the result of detailed engineering studies, but are sometimes simply working estimates. The project cost to be funded in the CIP include all costs relating to design, acquisition, construction, project management, equipment, legal expenses, mitigation of damages, title costs and other land-related costs, etc., when such information is available. Each year, the CIP may be adjusted as project costs are refined.

The annual CIP process begins with soliciting funding requests from each Town department. Requests are submitted to the Town Manager and the information is categorized and consolidated. The Town Manager prioritizes the projects with staff input and prepares a recommended Capital Improvement Plan, which is forwarded to the Board of Commissioners along with the Town Manager's recommended annual budget. The Board of Commissioners reviews the CIP and may approve the recommended CIP as presented, or with amendments. The CIP is adopted by the Board of Commissioners along with the annual budget.

Each project in the CIP is coupled with one or more funding sources. Revenues the Town utilizes come from several sources, including federal and state governments, dedicated taxes and fees, and monies from the fund balances of the General, Fire or Utility Funds. The level of debt the Town can incur is governed by the financial policies legislated by the North Carolina General Statutes and by its internally adopted financial policy.

The CIP represents the mutual effort of Town departments to meet the infrastructure needs of Town residents, businesses, and visitors. The Town usually cannot fund all the capital project requests and the projects are carefully scrutinized and prioritized to provide for the maximum benefit. Citizen input, the Town's adopted Comprehensive Plan, and the total funding available, all contribute to the decision-making process regarding the allocation of limited resources.

CAPITAL IMPROVEMENT PLAN

The total 5-year CIP is **\$10,181,208**, with an additional **\$18,493,478** (which includes an \$18M future water plant) identified as needed beyond FY22.

The impact on the FY18 annual budget is **\$1,356,208**.

POLICE DEPT	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
POLICE BUILDING	GF			2,500,000			2,500,000
PUBLIC WORKS	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
STREET REPAVING	GF SF	285,208	286,828	288,473	290,135	291,803	1,442,447
STORM WATER PLAN	GF	107,000					107,000
WATER TOWER PARK	PIF	100,000		900,000			1,000,000
CEDAR STREET PARK	PIF	100,000	900,000				1,000,000
RELOCATE PUB WRKS	GF			1,100,000			1,100,000
BOARDWALK REPAIR	GF		300,000				300,000
NON-DEPT	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
TRANSPORT PLAN	GF	200,000					200,000
GEN FUND TOTAL		792,208	1,485,208	5,035,208	285,208	285,208	7,742,208
SEWER DIVISION	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
SEWER GENERATORS	UCF	198,000					198,000
I & I STUDY	UF	180,000					180,000
SEWER LINE REHAB	UF UCF		1,000,000				1,000,000
WATER DIVISION	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
WATER LINE LOOPS	UCF	186,000					186,000
WATER PLANT	UF						0
UTIL FUND TOTAL		564,000	1,000,000	0	0	0	1,564,000
FIRE DEPARTMENT	SRC	FY18	FY19	FY20	FY21	FY22	5YR COST
SUBSTATION PHS II	FF CF						0
FIRE TRK PUMPER	FF				375,000		375,000
AERIAL PLATFORM	FF					750,000	750,000
FIRE FUND TOTAL		0	0	0	375,000	750,000	1,125,000
GRAND TOTAL		1,356,208	2,485,208	4,785,208	660,208	1,035,208	10,181,208

Table 65: Capital Improvement Plan

CF - County Funds GF - General Fund PIF - Park Improvements Fund UF - Utility Fund
 FF - Fire Fund GR - Grant Funds SF - State Funds UCF - Utility Capacity Fees

PROJECT: WATER TOWER/RANDOLF JOHNSON PARK

DEPARTMENT: Parks Capital Project Fund**PROJECT TYPE:** Planning and Construction**USEFUL LIFE:** 50+ years**TOTAL PROJECT COST:** \$1,000,000**NEW POSITIONS:** 0**DESCRIPTION**

This project includes the redesign of the Randolph Johnson Park in coordination with the design of a new, adjacent park at the current Public Works Department location. Construction cannot be completed until a new public works facility is built elsewhere.

JUSTIFICATION

Conversion of the Public Works property will connect and expand the current parks and recreational facilities- tennis/basketball courts and Randolph Johnson Park. It will also improve stormwater management in an area of town prone to flooding.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CONTRACTED SVCS	100,000	0	900,000	0	0	0	1,000,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
PARK CAP PROJ FND	100,000		900,000				1,000,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LANDSCAPE MAINT		5,000	5,000	5,000	5,000	5,000/yr	20,000
UTILITIES				3,000	3,000	3,000/yr	6,000

PROJECT: CEDAR STREET PARK

DEPARTMENT: Parks Capital Project Fund**PROJECT TYPE:** Design and Construction**USEFUL LIFE:** 50+ years**TOTAL PROJECT COST:** \$1,000,000**NEW POSITIONS:** 0**DESCRIPTION**

This project consists of the design and construction of a park at the Gallant's Channel drawbridge landing area. NC DOT has agreed to lease the property to the town after the new high rise bridge is complete and the drawbridge has been removed. A concept plan for the park has been completed.

JUSTIFICATION

The property is ideally suited for recreation. It already serves as a popular fishing spot and accommodations can be made for additional recreational activities. Further, this will be a highly visible piece of property from the new high rise bridge.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/CNSTRCT	100,000	900,000					1,000,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
PARK CAP PROJ FND	100,000	900,000					1,000,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LANDSCAPE MAINT			5,000	5,000	5,000	5,000/yr.	15,000

PROJECT: PUBLIC WORKS FACILITY

DEPARTMENT: Public Works

PROJECT TYPE: Design and Construction

USEFUL LIFE: 25+ years

TOTAL PROJECT COST: \$1,100,000

NEW POSITIONS: 0

DESCRIPTION

This project involves the relocation of the existing Public Works facility to the property owned by the Town on Live Oak Street near the Food Lion.

JUSTIFICATION

The current facilities/functions need to be consolidated and placed in an alternative location so as to allow for better public utilization of this centrally located property. The proposed relocation would allow for the expansion of the park/recreation facilities on a portion of the existing property.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/CNSTRCT			1,100,000				1,100,000
DEBT SVC, 20 YRS 4%			40,000	80,000	80,000	1,400,000	1,600,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LOAN PROCEEDS			1,100,000				1,100,000
GENERAL FUND			40,000	80,000	80,000	1,400,000	200,000
TAX RATE IMPACT			0.5	1	1	n/a	n/a

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: BOARDWALK REPAIR/RECONSTRUCTION

DEPARTMENT: Public Works, Facilities**PROJECT TYPE:** Design and Construction**USEFUL LIFE:** 20+ years**TOTAL PROJECT COST:** \$300,000**NEW POSITIONS:** 0**DESCRIPTION**

The boardwalk and a portion of the bulkhead along Front Street is in need of repair and replacement. This project includes engineering, design, bulkhead repair, and boardwalk replacement.

JUSTIFICATION

The boardwalk is one of Beaufort's most important assets. The Town cannot let it fall into such disrepair that it becomes a safety hazard.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/CNSTRCT		300,000					300,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
GENERAL FUNDS		300,000					300,000
TAX RATE IMPACT		3.8				n/a	n/a

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: TRANSPORTATION PLAN

DEPARTMENT: Non-Departmental
PROJECT TYPE: Planning and Design
TOTAL PROJECT COST: \$200,000

USEFUL LIFE: 10+ years
NEW POSITIONS: 0

DESCRIPTION

The closing of the Gallants Channel Bridge and opening of the new high-rise bridge and the US Highway 70 bypass will result in considerable changes in traffic patterns and needs in Beaufort. This planning and design effort will include extensive public input and result in a comprehensive, multimodal transportation plan for much of Beaufort, including street and intersection designs for Turner, Cedar and Live Oak Streets for use by NCDOT for improvements.

JUSTIFICATION

Failure to plan and manage the flow of traffic after the opening of the new high-rise bridge will likely cause irreparable damage to some neighborhoods and result in safety hazards.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/CNSTRCT	200,000						200,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
GENERAL FUND	164,000						164,000
NC DOT GRANT	36,000						36,000
TAX RATE IMPACT	2.15					n/a	n/a

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: POLICE DEPARTMENT BUILDING

DEPARTMENT: Police**PROJECT TYPE:** Design and Construction**USEFUL LIFE:** 10+ years**TOTAL PROJECT COST:** \$2,500,000**NEW POSITIONS:** 0**DESCRIPTION**

This project includes the design and construction of a building to house the Police Department.

JUSTIFICATION

The current building housing the Police Department is antiquated and inadequate in size and function.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/CONSTRUCTION			2,500,000				2,500,000
DEBT SERVICE, 20 YRS 4%			90,900	181,800	181,800	3,181,500	454,500

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LOAN PROCEEDS			2,500,000				2,500,000
GENERAL FUND			90,900	181,800	181,800	3,181,500	454,500
TAX RATE IMPACT			1.15	2.3	2.3	n/a	n/a

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: STREET REPAVING PROGRAM

DEPARTMENT: Public Works**PROJECT TYPE:** Contracted Services**USEFUL LIFE:** 20 years**TOTAL PROJECT COST:** \$1,442,447 (5 year total)**NEW POSITIONS:** 0

DESCRIPTION

The systematic improvement and restoration of a prioritized list of town roads; includes paving, curbs, gutters, and drainage.

JUSTIFICATION

Through this project, we are able to meet the Town's obligation to maintain the road system within Town limits. The Repaving Program will be funded through currently retained, as well as future-collected, Powell Bill funds.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
STREETS - CONTRACT SVCS	285,208	286,828	288,473	290,135	291,803	293,478	1,442,447

FUNDING SOURCES

The Board of Commissioners has dedicated the revenue from 2 cents of the property tax levy toward road resurfacing.

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
POWELL BILL FUNDS	122,250	122,250	122,250	122,250	122,250	122,250/yr	611,250
GENERAL FUND	162,958	164,578	166,223	167,885	169,553	171,228/yr*	831,197
TAX RATE IMPACT	2.00	2.00	2.00	2.00	2.00		

* Increases annually by growth in tax base

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: STORM WATER MANAGEMENT PROJECT PLAN

DEPARTMENT: Public Works**PROJECT TYPE:** Design and Engineering**USEFUL LIFE:** 10+ years**TOTAL PROJECT COST:** \$107,000**NEW POSITIONS:** 0**DESCRIPTION**

The NC Coastal Federation has assisted the Town's Storm Water Advisory Committee in drafting a Watershed Management Plan. Once adopted, the Town will be qualified to apply for grants from the US EPA to fund storm water management projects. The Storm Water Management Project Plan will identify and scope a number of discrete storm water management projects which the Town may undertake to improve storm water management, reduce flooding and improve water quality.

JUSTIFICATION

Implementation of the Storm Water Management Plan will improve safety, water quality and reduce damage due to flooding.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
DESIGN/ENGINEER	107,000						107,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
STORM WATER FEE	107,000						107,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: SEWER PUMP STATION GENERATORS

DEPARTMENT: Sewer Department**PROJECT TYPE:** Capital Equipment Purchase**USEFUL LIFE:** 20 years**TOTAL PROJECT COST:** \$198,000**NEW POSITIONS:** 0**DESCRIPTION**

To provide back-up power to six pump stations not currently equipped with generators

JUSTIFICATION

Sewer lift stations require stand-by power in the event of a power outage. NCDEQ does not consider the lack of power to be an excuse for having a spill, so it is wise to outfit sewer lift stations with permanent backup power.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CAP OUTLAY - EQUIP	198,000						198,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
UTLTY CPCTY FEE	198,000						198,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
MAINT COST	1,000	1,000	1,000	1,000	1,000	1,000/yr	5,000

PROJECT: INFLOW & INFILTRATION (I&I) STUDY

DEPARTMENT: Sewer Department
PROJECT TYPE: Contracted Services
TOTAL PROJECT COST: \$180,000

USEFUL LIFE: 10 years
NEW POSITIONS: 0

DESCRIPTION

Contracted evaluation and study of groundwater infiltration into the Town's sewer system to identify causes and solutions.

JUSTIFICATION

During rain events, the Town's Waste Water Treatment Plant (WWTP) experiences significant spiking, an indication that groundwater is infiltrating the sewer system. By identifying the source(s) of infiltration and taking corrective action, the Town can reduce the operational expense associated with treating groundwater, as well as extend the useful life of the WWTP.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CONTRACTED SVCS	180,000						180,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
UTLTY CPCTY FEE	180,000						180,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: SEWER COLLECTION SYSTEM REHABILITATION

DEPARTMENT: Sewer Department
PROJECT TYPE: Contracted Services
TOTAL PROJECT COST: \$1,000,000

USEFUL LIFE: 20 years
NEW POSITIONS: 0

DESCRIPTION

A systematic approach to repair failing sections of the sewer system as identified by the I&I Study.

JUSTIFICATION

Eliminating groundwater intrusion increases the efficiency and extends the life of the Town's Wastewater Treatment Plant.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CONTRACTED SVCS		1,000,00 0					1,000,00 0

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
UTLTY CPCTY FEE / U FND		1,000,00 0					1,000,00 0

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: WATER LINE IMPROVEMENTS

DEPARTMENT: Water Department**PROJECT TYPE:** Contracted Services**USEFUL LIFE:** 20 years**TOTAL PROJECT COST:** \$186,000**NEW POSITIONS:** 0**DESCRIPTION**

Replace 2" water line with 6" PVC on Ann Street; replace 2" water line with 8" PVC on Campen and Crescent Drives, and loop the existing dead end 8" water line between the 2200 Block of Front Street to the 6" water line on Taylor's Creek Road.

JUSTIFICATION

Replacing, upsizing, and looping lines will result in reduced maintenance costs and improved pressure and water quality.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CONTRACTED SVCS	186,000						186,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
UTLTY CPCTY FEE	186,000						186,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
N/A							

PROJECT: SUBSTATION PHASE II

DEPARTMENT: Fire Department
PROJECT TYPE: Design and Construction **USEFUL LIFE:** 30+ years
TOTAL PROJECT COST: \$200,000 **NEW POSITIONS:** 0

DESCRIPTION

Construction of addition for living quarters at substation.

JUSTIFICATION

Unable to man substation 24 hours/7 days week without living quarters.

EXPENDITURES

TYPE	FY17	FY18	FY19	FY20	FY21	BEYOND	5 YR TOTAL
CAPITAL OUTLAY - BLDG						200,000	200,000

FUNDING SOURCES

TYPE	FY17	FY18	FY19	FY20	FY21	BEYOND	5 YR TOTAL
CARTERET COUNTY FIRE DISTRICT RESERVE FUNDS						200,000	200,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
MAINT COST			1,000	1,000	1,000	1,000/yr	3,000

PROJECT: FIRE TRUCK PUMPER

DEPARTMENT: Fire Department**PROJECT TYPE:** Capital Equipment Purchase **USEFUL LIFE:** 20+ years**TOTAL PROJECT COST:** \$375,000**NEW POSITIONS:** 0**DESCRIPTION**

Fire truck pumper to replace 1985 pumper #9 at the substation.

JUSTIFICATION

Pumper #9 is in poor condition and requires frequent maintenance. In order to maintain departmental capabilities to fight structure fires, dependable replacement apparatus is needed.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CAP OUTLAY – EQUIPMENT				375,000			375,000
LEASE/PUR; 5 YRS IN ARREARS				45,000	85,000	295,000	130,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LOAN PROCEEDS				375,000			375,000
COUNTY FIRE DIST TAX				45,000	85,000	295,000	130,000

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
MAINT COST					2,000	2,000/yr	2,000

PROJECT: AERIAL PLATFORM**DEPARTMENT:** Fire Department**PROJECT TYPE:** Capital Equipment Purchase **USEFUL LIFE:** 20+ years**TOTAL PROJECT COST:** \$750,000**NEW POSITIONS:** 0**DESCRIPTION**

NFPA 1901/1999 Compliant Aerial Platform

JUSTIFICATION

The Town's 2004 Hazard Mitigation Plan analyzed and identified the Town's high vulnerability to natural and man-made disasters. This Plan identified fifteen (15) public buildings within the Town limits that are critical to maintaining functional order of Town and County governments. Risk assessment conducted by our organization, with recommendations from the NC Office of the State Fire Marshall, concluded that not having an aerial apparatus as part of our fire suppression efforts not only greatly reduces our ability to adequately protect these critical facilities, but also waterfront properties and the Town's Historic District. As the closest aerial apparatuses are located in Morehead City and Atlantic Beach, the 10+ minute delay in response time hinders our ability to effectively mount an aggressive offensive operation. The requested aerial platform will respond as a first due company on emergencies in our District and will assist our neighboring mutual aid departments.

EXPENDITURES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
CAP OUTLAY - EQUIPMT				750,000			750,000
LEASE/PURCHASE; 7 YRS				70,000	130,000	710,000	200,000

FUNDING SOURCES

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
LOAN PROCEEDS				750,000			750,000
GENERAL FUND				70,000	130,000	710,000	200,000
TAX RATE IMPACT				0.875	1.625		

OPERATING BUDGET IMPACT

TYPE	FY18	FY19	FY20	FY21	FY22	BEYOND	5 YR TOTAL
MAINT COST					2,000	2,000/yr	2,000

APPENDIX 1: TOWN OF BEAUFORT FY18 FEE SCHEDULE – EFFECTIVE SEP 11, 2017**PLANNING & INSPECTIONS****RESIDENTIAL PERMITTING FEES**

Residential permits are required for all work involving the following:

- Work performed to residential and/or farm structures costing \$15,000 or more
- Work involving changes to load-bearing features
- Additions, repairs, replacements, changes, and/or redesign of plumbing, heating, air conditioning and electrical systems
- Any new structure larger than 12' in length, height, or width

NEW RESIDENTIAL STRUCTURES & ADDITIONS

BUILDING & INSULATION (HEATED/UNHEATED SPACE)	\$.15/sq. ft. for first 1,000 sq. ft. then \$.08/sq. ft. thereafter + \$50 base fee
ELECTRICAL (HEATED/UNHEATED SPACE)	\$.08/sq. ft. + \$50 base fee
MECHANICAL (HEATED SPACE ONLY)	\$.08/sq. ft. + \$50 base fee
PLUMBING (HEATED SPACE ONLY)	\$.08/sq. ft. + \$50 base fee
HOMEOWNER'S RECOVERY FEE	\$10/structure
100% of the Homeowner's Recovery Fee is sent quarterly to the General Contracting Board; fee is only assessed to contractors with a current NC General Contracting License.	

**NEW RESIDENTIAL PORCHES, DECKS, SHEDS,
DOCKS, PIERS, BULKHEADS, RETAINING WALLS, ETC.**

BUILDING & INSULATION	\$.10/sq. ft. + \$50 base fee
ELECTRICAL	\$.08/sq. ft. + \$50 base fee
MECHANICAL	\$.08/sq. ft. + \$50 base fee
PLUMBING	\$.08/sq. ft. + \$50 base fee
HOMEOWNER'S RECOVERY FEE	\$10/structure
100% of the Homeowner's Recovery Fee is sent quarterly to the General Contracting Board; fee is only assessed to contractors with a current NC General Contracting License.	

RENOVATIONS AND ALTERATIONS TO EXISTING RESIDENTIAL STRUCTURES

RENOVATIONS & REPAIRS	\$10 per \$1,000 construction value
For projects valued in excess of \$5,000, the fee assessed for Renovations & Repairs is inclusive of fees listed below.	
ELECTRICAL ADDITIONS/CHANGES	\$50/system
HVAC ADDITIONS/CHANGES	\$50/unit
PLUMBING ADDITIONS/CHANGES	\$50

MISCELLANEOUS RESIDENTIAL PERMITTING FEES	
RE-INSPECTION FEE (APPLIES TO THIRD ATTEMPT AND BEYOND)	\$50/visit
MINIMUM PERMIT FEE	\$50
STRUCTURE MOVING	Same as new construction
DEMOLITION	\$50/structure
GAS PUMPS/STORAGE TANKS	\$20/unit + \$50
SIGNS (ONE SIDE ONLY)	\$1.75/sq. ft. + \$50
FIRE SPRINKLER/ALARM SYSTEMS	\$.08/sq. ft. + \$50
RE-ACTIVATE EXPIRED PERMIT	\$50
SWIMMING POOLS	\$250 + Fees for pool house
WORKING WITHOUT A PERMIT	Double permit fee unless waived by Inspector

COMMERCIAL PERMITTING FEES

NEW COMMERCIAL STRUCTURES & ADDITIONS	
BUILDING & INSULATION (HEATED/UNHEATED SPACE)	\$0.25/sq. ft. for first 1,000 sq. ft., then \$.15/sq. ft. thereafter + \$50 base fee
ELECTRICAL (HEATED/UNHEATED SPACE)	\$0.10/sq. ft. + \$50 base fee
MECHANICAL (HEATED SPACE ONLY)	\$0.10/sq. ft. + \$50 base fee
PLUMBING (HEATED SPACE ONLY)	\$0.10/sq. ft. + \$50 base fee

COMMERCIAL PIERS, BULKHEADS, JETTIES, DOCKS, RETAINING WALLS, DECKS, ETC.	
BUILDING & INSULATION	\$0.15/sq. ft. + \$50
ELECTRICAL	\$0.10/sq. ft. + \$50
MECHANICAL	\$0.10/sq. ft. + \$50
PLUMBING	\$0.10/sq. ft. + \$50

COMMERCIAL OUTBUILDINGS	
Includes airport storage structures (except hangars), and warehouse buildings, but does not include shell buildings or multiple storage structures.	
BUILDING & INSULATION	\$0.15/sq. ft. + \$50
ELECTRICAL	\$0.08/sq. ft. + \$50
MECHANICAL	\$0.08/sq. ft. + \$50
PLUMBING	\$0.08/sq. ft. + \$50

RENOVATIONS AND ALTERATIONS TO EXISTING COMMERCIAL STRUCTURES	
RENOVATIONS & REPAIRS	\$10 per \$1,000 construction value
ELECTRICAL ADDITIONS/CHANGES	\$50/system
HVAC ADDITIONS/CHANGES	\$50/unit
PLUMBING ADDITIONS/CHANGES	\$50

MISCELLANEOUS COMMERCIAL PERMITTING FEES	
RE-INSPECTION FEE (APPLIES TO THIRD ATTEMPT AND BEYOND)	\$50/visit
MINIMUM PERMIT FEE	\$50
STRUCTURE MOVING	Same as new construction
DEMOLITION	\$50/structure
GAS PUMPS/STORAGE TANKS	\$20/unit + \$50
SIGNS (ONE SIDE ONLY)	\$1.75/sq. ft. + \$50
FIRE SPRINKLER/ALARM SYSTEMS	\$0.08/sq. ft. + \$50
RE-ACTIVATE EXPIRES PERMIT	\$50
SWIMMING POOLS	\$250 + Fees for pool house
WORKING WITHOUT A PERMIT	Double permit fee unless waived by Inspector

OTHER PLANNING APPLICATION FEES

OTHER PLANNING APPLICATION FEES	
CERTIFICATE OF APPROPRIATENESS (HPC)	\$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

BUSINESS REGISTRATION FEE

A registration fee of \$25.00 for all new businesses beginning operation within the Town limits.

FIRE SAFETY

FIRE SAFETY INSPECTION PROGRAM FEES	
1 ST INSPECTION (INITIAL)	No charge
2 ND INSPECTION (AFTER 30 DAYS)	No charge
After the 2nd inspection, a request for an extension and waiver of fees can be submitted for approval.	
3 RD INSPECTION	\$25 + \$25 fine per violation per day until corrected
4 TH INSPECTION	\$50 + \$25 fine per violation per day until corrected
After 4th inspection, the inspection fee increases incrementally by \$25 for each inspection with a fine of \$25 per violation per day until corrected.	

LIFE SAFETY VIOLATIONS FINES AND FEES	
1 ST OFFENSE	Must be corrected immediately; verbal warning with a written letter sent within 72 hours
2 ND OFFENSE IN 6 MONTHS	Must be corrected immediately; \$150+ \$20 per violation; warning letter sent within 72 hours
3 RD OFFENSE IN 6 MONTHS	Business is closed for 24 hours; \$250 + \$40 per violation.

DEFINITIONS

- *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 Detection, Extinguishment and 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 will be closed.

GENERAL VIOLATION FEES	
PARKING IN A FIRE LANE OR IN FRONT OF A FIRE HYDRANT	\$100 per violation
ASSAULT ON A FIRE CODE OFFICIAL	\$100 per violation
NUISANCE FIRE ALARMS	\$100 after 4 th nuisance alarm in a single calendar year \$200 5 th and any subsequent nuisance alarm in a single calendar year
If a business owner/occupant can show documentation that 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.	
FIRE DETECTION & SUPPRESSION SYSTEM WORK AND/OR MODIFICATION WITHOUT PLAN SUBMITTAL AND APPROVAL	\$150

WATER, SEWER, SOLID WASTE COLLECTION, & STORMWATER

WATER AND SEWER SERVICE CHARGES	
NEW WATER ACCOUNT SERVICE FEE (WAIVED IF SET UP ON BANK DRAFT)	\$25
NEW ACCOUNT SERVICE DEPOSIT (3/4" METER) (BASED ON CREDIT SCORE)	\$75-\$300
NEW ACCOUNT SERVICE DEPOSIT (1" METER)	\$100
NEW ACCOUNT SERVICE DEPOSIT (1 1/2" METER)	\$140
NEW ACCOUNT SERVICE DEPOSIT (2" METER)	\$275
TRANSFER ACCOUNT	\$25
CLEANING/RENOVATION/INSPECTION (AVAILABLE FOR A 2 WEEK PERIOD PLUS WATER AND SEWER USAGE)	\$25
FIRE HYDRANT METERS (INCLUDES MOBILIZATION, ON SITE EMPLOYEE AND 5,000 GALLONS OF WATER, ADDITIONAL GALLONS \$.01 EACH)	\$75
RECONNECT FEE	\$25
AFTER HOURS RECONNECT FEE	\$75
WEEK END CALL OUT	\$75
METER ONLY INSTALL (NO NEW TAP)	\$400
METER TAMPERING	\$100
METER TESTING	\$30
IRRIGATION/DOCK METER- TAP FEE	\$700
RETURNED CHECK FEE	\$25
LATE FEES - ADDED TO LATE PORTION	10%

SOLID WASTE SERVICE CHARGES - RESIDENTIAL	
SOLID WASTE USER FEE (MONTHLY)	\$17
ADDITIONAL SOLID WASTE CART (MONTHLY)	\$10
ADDITIONAL RECYCLE CART (MONTHLY)	\$4
SOLID WASTE VIOLATION FEE (ASSESSED ON 3RD VIOLATION)	\$150

SOLID WASTE SERVICE CHARGES – WATERFRONT BUSINESS DISTRICT	
HIGH VOLUME GENERATOR (MONTHLY)	\$150
MEDIUM VOLUME GENERATOR (MONTHLY)	\$65
LOW VOLUME GENERATOR (MONTHLY)	\$20
RESIDENTIAL IN THE WATERFRONT DISTRICT (MONTHLY)	\$17
RECYCLING ROLL-OUT –ONCE PER WEEK PICK UP, 96 GAL CONTAINER (MONTHLY)	\$16
ADDITIONAL CONTAINER – ONCE PER WEEK PICK UP (MONTHLY)	\$14
RECYCLING ROLL-OUT –TWICE PER WEEK PICK UP, 96 GAL CONTAINER (MONTHLY)	\$33.35
ADDITIONAL CONTAINER – TWICE PER WEEK PICK UP (MONTHLY)	\$31.35
SOLID WASTE ROLL-OUT – ONCE PER WEEK PICK UP, 96 GAL CONTAINER	\$23
CARDBOARD RECYCLING ONLY (MONTHLY)	\$10
SOLID WASTE VIOLATION FEE (ASSESSED ON 3RD AND ANY SUBSEQUENT VIOLATION)	\$150

CAPACITY & TAP FEES

- All taps larger than 2" shall be installed at the developer's cost in accordance with the Town of Beaufort standards and developers shall pay a tap-on fee applicable to the schedule below.
- All water and sewer taps made outside the Town limits will be double the in-town rates shown above. Water or Sewer capacity fees outside Town limits are negotiable but will not exceed 2X rates shown below.

- Upgrades in service, i.e. changing from a ¾" meter to a 1" meter, will be subject to a difference in the water tap, water capacity, and sewer capacity fees.

METER SIZE	WATER TAP FEE	SEWER TAP FEE	WATER CAPACITY FEE	SEWER CAPACITY FEE
¾"	\$700	\$750	\$3,000	\$3,000
1"	\$800	\$750	\$3,500	\$3,500
1 ½"	\$1,075	\$750	\$4,300	\$4,300
2"	\$1,375	\$750	\$5,300	\$5,300
3"	\$575	\$750	\$7,600	\$7,600
4"	\$625	\$750	\$11,900	\$11,900
6"	\$850	\$750	\$19,200	\$19,200
8"	\$1175	\$750	\$25,800	\$25,800

USAGE RATES

WATER	IN-TOWN MONTHLY RATE	OUT- OF TOWN MONTHLY RATE
¾"	\$11 + \$2.80/1,000 GALLONS	\$22 + \$4.20/1,000 GALLONS
1"	\$18.20 + \$2.80/1,000 GALLONS	\$36.40 + \$4.20/1,000 GALLONS
1 ½"	\$38 + \$2.80/1,000 GALLONS	\$76 + \$4.20/1,000 GALLONS
2"	\$65.90 + \$2.80/1,000 GALLONS	\$131.80 + \$4.20/1,000 GALLONS
3"	\$146.90 + \$2.80/1,000 GALLONS	\$293.80 + \$4.20/1,000 GALLONS
4"	\$259.40 + \$2.80/1,000 GALLONS	\$518.80 + \$4.20/1,000 GALLONS
6"	\$578 + \$2.80/1,000 GALLONS	\$1,156 + \$4.20/1,000 GALLONS

SEWER	IN-TOWN MONTHLY RATE	OUT- OF TOWN MONTHLY RATE
¾"	\$19+ \$11.85/1,000 GALLONS	\$38 + Var Rate/1,000 GALLONS
1"	\$29.80 + \$11.85/1,000 GALLONS	\$59.60 + Var Rate/1,000 GALLONS
1 ½"	\$59.50 + \$11.85/1,000 GALLONS	\$119.00 + Var Rate/1,000 GALLONS
2"	\$101.35 + \$11.85/1,000 GALLONS	\$202.70 + Var Rate/1,000 GALLONS
3"	\$222.85 + \$11.85/1,000 GALLONS	\$445.70 + Var Rate/1,000 GALLONS
4"	\$391.60 + \$11.85/1,000 GALLONS	\$783.20 + Var Rate/1,000 GALLONS
6"	\$869.50 + \$11.85/1,000 GALLONS	\$1,739 + Var Rate/1,000 GALLONS
		ETJ Variable Rate \$17.78
		NGB Variable Rate \$20.74
		Beyond NGB Variable Rate \$23.70

STORMWATER FEES

Residential Unit	\$4.00/month
Commercial: Equivalent Residential Unit (ERU)	\$4.00/month
ERU = 1708 (sq.ft.) of Effective Impervious Area (EIA)	
EIA= Impervious Area (sq.ft.) + 15% Pervious Area (sq.ft.)	

MISCELLANEOUS FEES

MISCELLANEOUS FEES	
TENT PERMIT / INSPECTION	\$50
PUBLIC RECORDS REQUEST (PAPER COPIES)	\$.15/page
PUBLIC RECORDS REQUEST (RECORDING OF MEETING)	\$1/CD
OFF DUTY OFFICER REQUEST	\$32.50/hour
PARKING TICKET	\$20
PARKING TICKET IN HANDICAP SPACE	\$100
GOLF CART REGISTRATION	\$75
CEMETERY ADMINISTRATION FEE	\$25
FIRE WORKS DISPLAY	\$50
TAXI PERMITTING FEE	\$68
USED OIL DISPOSAL	\$.30/gallon
USED OIL DISPOSAL SERVICE FEE	\$30
USED OIL FILTER DISPOSAL	\$45/drum
NUISANCE SECURITY ALARMS	\$100 after 4 th nuisance alarm in a single calendar year \$200 5 th and any subsequent nuisance alarm in a single calendar year
If a business owner/occupant can show documentation that the 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.	

APPENDIX 2: ADOPTED FINANCIAL POLICY

The following Financial Policy for the Town of Beaufort was adopted February 8, 2016.

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:

1. Contributes significantly to the Town's ability to insulate itself from fiscal crisis,
2. Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible,
3. Promotes long-term financial stability by establishing clear and consistent guidelines,
4. Directs attention to the total financial picture of the Town rather than single issue areas,
5. Promotes the view of linking long-run financial planning with day to day operations, and
6. 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.

1. Capital projects included in the CIP will specifically advance one or more of the Board of Commissioners' adopted Strategic Priorities.
2. The CIP will generally address those capital assets with a value of more than \$100,000 and a useful life of over ten years.
3. The Town will identify the estimated costs and potential funding sources for each capital project.
4. 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.
5. The Town will use the CIP as the foundation for capital expenditures identified in the annual operating budget.
6. In addition to debt obligations, future operating and maintenance costs associated with new capital improvements will be projected and included in operating budget forecasts.
7. 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.

8. 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.
9. 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:

1. Assessed valuation will be estimated based on historical trends, growth patterns, and anticipated construction.
2. 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.
3. 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:

1. User charges are paid by all users, including those exempt from property taxes.
2. User charges avoid subsidization in instances where the service is not being provided to the general public.
3. 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. All grants pursued by the staff of the Town of Beaufort that require a local match will be presented to the Board of Commissioners for consideration before formal application is made. Any awarded funds will be accepted only after Board review and action.

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.

1. The Town's annual operating budget will be prepared in accordance with Article 3 of the Local Government Budget and Fiscal Control Act.
2. Current expenditures will not exceed current revenues.
3. The annual budget document will serve as a policy document, an operations guide, a financial plan, and a communications tool.
4. Department budgets are reviewed by staff, the Town Manager, and Board of Commissioners prior to adoption and are continually monitored throughout the budget year.
5. Budgeted funds will only be spent for categorical purposes for which they were intended.
6. The annual operating budget ordinance defines staff authorization for operating budget adjustments.

7. No appropriations of the proceeds of a debt instrument will be made except for the purpose for which such debt instrument was issued.
8. For continuing contracts, funds will be appropriated in the annual budget ordinance to meet current year obligations arising under the contract, in accordance with G.S. 160A-17.
9. 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:

1. Enhances the quality of decisions by imposing order and discipline
2. Promotes consistency and continuity in decision making,
3. Rationalizes the decision making process,
4. Identifies objectives for staff to implement,
5. Demonstrates a commitment to long-term planning objectives, and
6. Is regarded positively by the rating agencies in reviewing credit quality.

USES OF DEBT

1. Debt will be used to finance capital projects or for purchases of equipment that provide value to current and future citizens.
2. Debt will not be used for operational needs.

TERMS AND STRUCTURE

1. Capital projects will be financed for a period not to exceed the expected useful life of the project.
2. Non-utility debt will normally have a term of 20 years or less.
3. Utility debt will normally have a term of 30 years or less.
4. 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.
5. Cash financing (pay-as-you-go) is a component of the capital program that contributes to the financial integrity of the Town.

DEBT CAPACITY

1. The Town will strive to maintain its annual tax-supported (General Fund and Fire Fund) debt service costs at a level no greater than fifteen percent (15%) of total expenditures.
2. Net debt for the General Fund shall not exceed 2.5% of assessed property valuation. General obligation debt as defined in G.S. 159-55 is statutorily limited to eight percent of the assessed valuation.
3. 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:

- a. $\text{Operating Revenues} - \text{Expenses (less depreciation)} = \text{Net Revenue Available for Debt Service}$
 - b. $\text{Net Revenue/Debt Service (P+I)} = \text{Debt Service Coverage Ratio}$
4. These ratios will be monitored and reported annually in the Comprehensive Annual Financial Report.

RESERVES

1. 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.
2. 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 global 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 period without severe hardship to the Town, then the Board will establish a different but appropriate time period.
3. 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.
4. The Utility Fund will maintain a minimum of 50% of Unrestricted Cash as a percentage of Operating Expenditures.
5. Utility Capacity Use Fees: The Town will collect Utility Capacity Use Fees from new water and sewer customers. The Capacity Use 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

1. 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.
2. All records and reporting will be in accordance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board (GASB) pronouncements.

3. 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.
4. An annual audit (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.
5. Full disclosure will be provided in all regulatory reports, financial statements, and bond representations.
6. 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

1. 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.
2. 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

1. 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.
2. 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.
3. 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.
4. Disbursements will be made using the method(s) deemed most efficient at the discretion of the Finance Officer or designee.
5. 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.
6. The Town will follow escheat rules and regulations as directed by NC General Statutes.

BANKING RELATIONS

1. Banking service providers will be evaluated on a regular basis to ensure the Town is receiving the best services at a competitive rate.
2. The Town will maintain a minimum number of bank accounts to facilitate the movement and investment of funds.
3. Collateralization for deposits will be in accordance with the North Carolina Administrative Code.
4. 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

1. The Town will pursue collection on delinquent customer accounts using any prudent manner available, including the North Carolina Debt Set-off 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.
2. Delinquent fees are established annually through the budget process.
3. 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

1. 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.
2. Finance, 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.
3. 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.
4. 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.

1. 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.
2. 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.
3. The Town will make every effort to maintain a diversified investment portfolio according to security type and institution.
4. The Town's investments will remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated through the use of structured maturities and marketable securities.
5. 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.
6. 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.

APPENDIX 3: ADOPTED BUDGET ORDINANCE



**TOWN OF BEAUFORT
FY 2018 BUDGET ORDINANCE**

BE IT ORDAINED by the Board of Commissioners of the Town of Beaufort, North Carolina:

SECTION I: 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, 2017, and ending June 30, 2018:

AD VALOREM TAXES	\$3,153,345
INTERGOVERNMENTAL	1,793,615
PERMITS & FEES	895,850
SALES & SERVICE	270,500
UTILITY ADMIN	350,000
OTHER	10,100
FUND BALANCE APPROPRIATED	202,215
TOTAL	\$6,675,625

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, 2017, and ending June 30, 2018:

GOVERNING BODY	\$ 59,530
ADMINISTRATION	441,030
FINANCE	460,778
POLICE	1,565,138
PLANNING & INSPECTIONS	398,857
PUBLIC WORKS	2,186,497
NON-DEPARTMENTAL	1,563,795
TOTAL	\$6,675,625

SECTION II: UTILITY FUND**A. REVENUE**

It is estimated that the following revenues will be available in the Utility Fund for the fiscal year beginning July 1, 2017, and ending June 30, 2018

INTERGOVERNMENTAL	\$140,000
PERMITS AND FEES	72,400
SALES AND SERVICE	3,034,200
RESTRICTED FUND BALANCE	2,019,218
TOTAL	\$5,265,818

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, 2017, and ending June 30, 2018:

WATER DIVISION	\$1,020,308
SEWER DIVISION	1,249,727
WASTEWATER TREATMENT DIVISION	1,675,898
NON-DEPARTMENTAL	1,319,885
TOTAL	\$5,265,818

SECTION III: FIRE FUND**A. REVENUE**

It is estimated that the following revenues will be available in the Fire Fund for the fiscal year beginning July 1, 2017, and ending June 30, 2018:

INTERGOVERNMENTAL	\$ 505,245
APPROPRIATED FUND BALANCE	98,000
GENERAL FUND CONTRIBUTION	1,041,479
TOTAL	\$1,644,724

B. EXPENDITURES AUTHORIZED BY DEPARTMENT

The following amounts are hereby appropriated in the Fire Fund for the operation of the Town of Beaufort's Fire Department for the fiscal year beginning July 1, 2017, and ending June 30, 2018:

TOTAL	\$1,644,724
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SECTION IV: AD VALOREM TAX

There is hereby levied a tax at the rate of thirty-seven-and-three-quarter cents (\$0.3775) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2016, in the General Fund in Section I of this ordinance. This rate is applied to an estimated total valuation of real and personal property for the purpose of taxation of \$797,664,462 and \$39,630,179 for motor vehicles. In accordance with the NC General Statutes 159-13, the estimated rate of collection for property taxes for the FY18 fiscal year beginning July 1, 2016 is 97.2% for real and personal property and 99.58% for motor vehicles, producing \$3,075,845. The proceeds from two cents (\$0.02) of the aforementioned tax rate shall be used only for the purpose of resurfacing streets.

SECTION V: AMENDMENTS AND CONTRACTS

- a. Pursuant to General Statutes 159-15, this budget may be amended by submission of proposed changes to the Board of Commissioners
- b. 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.
- c. Funds may not be transferred between funds without prior approval from the Board of Commissioners.
- d. 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.
- e. 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.
- f. 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 VI: 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 12th day of June, 2017

ATTEST:

Michele Davis

Michele Davis
Town Clerk



Richard Stanley
Mayor

