Town of Beaufort FY 2021 Budget

as Adopted June 25, 2020

2.0-20200918



Budget Message

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Town of Beaufort 701 Front Street Beaufort, NC 28516

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www.beaufortnc.org

June 1, 2020

Honorable Mayor and Commissioners,

The FY 2021 recommended budget for the Town of Beaufort, less interfund operating budget transfers, is \$13,215,978. It is divided as follows:



General Fund \$ 9,161,380

Utility Fund 4,654,598

Less Interfund Transfers (600,000)

Total \$ 13,215,978

The General Fund is balanced using a 40.68-cent property tax rate, and a fund balance appropriation of \$122,500. A countywide property revaluation becomes effective in FY 2021, resulting in a revenue-neutral tax rate of 39.21 cents for Beaufort.

The Utility Fund is balanced using current water and sewer rates and a capital reserve fund contribution of \$194,000.

This budget document provides a funding plan for both operations and capital improvements for the next five years. A thorough explanation of strategic budget items, influencing factors, and budget issues and decisions is found in Section 1: Introduction to the Budget.

I wish to thank the Mayor and Commissioners for the support and resources they provide, enabling the tremendous progress that has been made in the last three years.

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

I especially want to thank Finance Director Christi Wood for her untiring dedication to all things fiscal, including preparation of this budget.

Respectfully submitted,

John Day

Town Manager

July 1, 2020

ADDENDUM to BUDGET MESSAGE

The FY 2021 budget for the Town of Beaufort was adopted by the Board of Commissioners on June 25, 2020 after three work sessions. Several changes were made from the budget previously recommended on June 8, 2020. These changes only affect the General Fund, and include:



- 1) Tax rate is set to remain 46 cents, allowing the Town to address five of the eight critical issues identified in *Budget Issues and Decisions*, *Section 1: Introduction to the Budget.*
- 2) No fund balance is appropriated (down from \$122,000).
- 3) A new appropriation of \$336,572 was made for the vehicle replacement program, significantly reducing the backlog of needed replacements.
- 4) An additional \$82,500 was added to complete funding for a Unified Development Ordinance in FY 2021 (originally funding was provided over a two-year period).
- 5) Contingency funding was increased by \$19,448.

With these changes, the FY 2021 annual budget as adopted on June 25, 2020 is \$13,654,498, less interfund transfers. It is divided as follows:

General Fund	\$ 9,599,900
Utility Fund	4,654,598
Less Interfund Transfers	(600,000)
Total	\$ 13,654,498

Introduction to the Budget

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

In this section you will find:

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Introduction to the Budget

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

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

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

Uses of the Budget

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

The budget document serves four main purposes.

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

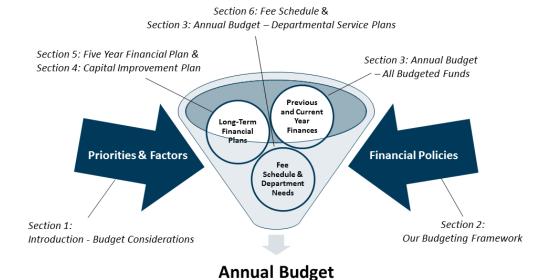
► Sections of the Budget Document

The budget document contains the following sections:

- Section 1: Introduction to the Budget
 Strategic priorities, as well as current conditions, inform budgetary choices regarding services provided, projects initiated, and the financial health of the Town.
- Section 2: Our Budgeting Framework
 Financial policies set the rules that the budget must follow.

- Section 3: Annual Budget & Departmental Service Plans
 Revenue and expenditure analyses support budget numbers.
 Departmental service plans outline service delivery in the budget year. Debt summaries explain how the Town's current liabilities affect its ability to fund projects.
- Section 4: Capital Improvement Plan &
 Section 5: Five Year Financial Plan
 Anticipate future needs and funding sources over multiple
 budget cycles, plus provide stability by projecting future
 tax and fee rates.
- Section 6: Fee Schedule
 Sets cost of fees and permits for services in the budget year.
- Section 7: Budget Ordinance
 Provides legal means to enact the budget, making it law.
- Section 8: Financial Policy
 The policies set by Town Board which govern the budget.
- Section 9: Glossary & Appendices

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



Section 7: Annual Budget Ordinance

Budget Considerations

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

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



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

► Guiding Themes

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



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



Leadership

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

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



Infrastructure

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



Economic Development

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



Culture

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



Environment

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

Shared Vision and Strategic Plan

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

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

► Strategic Budget Items

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



Beaufort Harbor Master Plan, Boardwalk/Bulkhead

At the Town Board 2020 annual retreat, waterfront issues were discussed:

- an aging boardwalk and deteriorating bulkhead
- interest in establishing a mooring field for transient vessels across from the Beaufort Docks
- the 2024 expiration of the Beaufort Docks lease of the waterfront from the Town
- marine debris, abandoned and derelict vessels, and environmental quality

There was consensus that a Beaufort Harbor Master Plan should be prepared in order to adequately address these and other related issues. Therefore, this budget includes funding to develop such a plan.

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



Cedar Street Park

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

An updated concept plan for the park was completed in FY 2020. Construction documents will be prepared in early FY 2021, and after the property is secured from NC DOT, construction will follow.

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



Cedar Street Utility Line Improvements

In FY 2020, NC DOT planned to replace stormwater lines under Cedar Street. In FY 2021 they planned to install stormwater devices in planted bump-outs to filter out impurities and provide for limited stormwater retention and then resurface the entire street. NCDOT budget shortfalls have delayed this project and it is not now known when it will begin.

Since Cedar Street utility lines have exceeded their useful service life, the Town will replace them in FY 2021 (prior to NC DOT beginning its work).

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





Street and Pedestrian Improvements

This project provides for the resurfacing of those Town streets in need of repair for which the underlying utilities are in good condition, and for the paving of two unpaved streets on Town rights-of-way, totaling 3.2 centerline miles.

This project also includes a number of pedestrian improvements to promote safety and accessibility, including 3.4 miles of new sidewalk construction to enhance safe, pedestrian access to Randolph Johnson Park, the Carteret County Library, and to many of the residences and businesses located along Live Oak Street. It also includes expanding the sidewalk on the west side of the 100 block of Turner Street, enhancing safety and aesthetics.

Construction will begin in late FY 2020, to be completed by the end of FY 2021. This project is being financed and debt service payments begin in FY 2021.

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



🌈 🦢 Stormwater Improvements Program

In FY 2020, Town staff began the effort to evaluate and prioritize the specific projects from the Stormwater Management Plan, develop an ongoing maintenance program and budget, and prepare a modified stormwater fee schedule necessary to provide adequate funding. This effort will be completed in FY 2021 and recommendations will be presented to the Board of Commissioners.

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



Utility Line, Stormwater, & Street Improvements

The FY 2020 Five Year Financial Plan and Capital Improvements Plan included the replacement/rehabilitation of utilities and resurfacing of affected streets in three-block segments on an annual, pay-as-you-go basis beginning in FY 2021. This was recognized as being inadequate, given the breadth of the needs.

During FY 2020 a plan was devised to address these utility needs through a combination of USDA Rural Development grants and loans, using existing, earmarked funds to service the associated debt.

Assuming grants in the maximum available amount are awarded, this project totals just over \$30.4 million, including associated stormwater and street improvements. Design work will be completed in FY 2021 and construction will begin in FY 2022. A portion of the annual debt service requirements are anticipated to begin in FY 2022, with the full amount realized in FY 2023, all paid with previously earmarked funds.

■ Refer to *Utility Line*, *Stormwater*, & *Street Improvements* in Section 4: Capital Improvement Plan for more information.

Influencing Factors

The following factors influenced the development of this budget. They are listed in alphabetical order.

County Property Revaluation

The Carteret County property revaluation for tax purposes is effective in FY 2021. The combined valuation of real property, personal property, private utilities, and motor vehicles increased by 22.7%.

The Town's property tax rate for FY 2020 is 46 cents. The revenue neutral property tax rate (i.e., the tax rate, accounting for normal growth, that produces the same amount of revenue in FY 2021 that 46 cents produced in FY 2020) is 39.21 cents.

COVID-19

Protective measures aimed at slowing the spread of COVID-19 closed down or slowed much of the nation's economy and changed the way people live and work. The number of people unemployed is the highest since the Great Depression.

In late May 2020, many of the restrictions on travel and business openings in North Carolina were relaxed and activity is beginning to resume.

At this point it is impossible to accurately predict the economic impact on Beaufort's residents and businesses. However, it is certain there will be a negative impact on sales tax revenue in FY 2020, and most likely in FY 2021, also. Accordingly, anticipated sales tax revenue in FY 2021 is reduced by \$100,000 and replaced with a fund balance contribution.

Dedicated Funding for Utility Line, Stormwater, & Streets

Property tax increases in FY 2018 and FY 2019 were made to provide sufficient funds to service debt on \$6 million in street improvements.

Financing was secured in FY 2020 for a \$3.8 million street and pedestrian improvement project. The balance continues to be set aside in the streets capital reserve fund, until needed to service a \$6.6 million loan in FY 2022 for resurfacing associated with the Utilities, Stormwater, and Street Improvements project.

■ Refer to Street and Pedestrian Improvements and Utilities, Stormwater, and Street Improvements projects in Section 4: Capital Improvement Plan for more information.

Similarly, after a rate adjustment in FY 2019, utility fees raised sufficient revenue to begin funding contributions to a capital reserve fund. These funds will be available to service the debt for utility line repairs and replacements associated with the Utilities, Stormwater, and Street Improvements project.

Refer to *Utilities, Stormwater, and Street Improvements* project in *Section 4: Capital Improvement Plan* for more information.

Fire Department Ladder Truck

A major structure fire in downtown Beaufort in December 2019 demonstrated the importance of the Town's Fire Department having a reliable ladder truck.

The Town Board endorsed the purchase of a new ladder truck at the annual retreat in February 2020 and it was delivered in May at a cost of nearly \$1 million. The purchase was financed and the annual debt service of \$79,202 begins in FY 2021, requiring a property tax rate increase of .075 cents.

Retirement System Contributions

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

In FY 2022, the cumulative effect of these mandatory increases in the General Fund represents a 1.32-cent tax rate equivalent (based on FY 2021 values).

Budget Issues and Decisions

The objectives of this budget are to:

- comply with Town policies and state statutes,
- ensure service levels are able to match demand.
- use Board-dedicated funding to address critical infrastructure improvements identified in inventories and assessments, and
- continue preparing for the Town's long-range plans.

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

Critical Issue 1–Revenue Shortfall in the General Fund

Revenue shortfall in the General Fund is addressed through a fund balance appropriation and a property tax rate adjustment.

The FY 2021 budget includes a \$122,500 fund balance appropriation, bringing the unassigned fund balance to 29.42% of General Fund expenses. Here's what it covers:

- Budgeting FY 2021 sales tax revenue \$100,000 less than the revenue forecast in the FY 2020 Five-Year Financial Plan, due to the potential economic impact of COVID-19.
- Underestimation in FY 2020 Five-Year Financial Plan of the cost of the new CAMA Land Use Plan and Unified Development Ordinance by \$22,500.

The FY 2021 budget also adjusts the property tax rate. The FY 2020 Five-Year Financial Plan held the tax rate at 46 cents. The proposed FY 2021 tax rate is 40.68 cents, which is 1.47 cents above the revenue-neutral tax rate of 39.21 cents. It includes:

- 0.75 cents to cover debt service for the May 2020 purchase of the Fire Department ladder truck.
- 0.72 cents needed to make FY 2021 tax revenues match the budgeted amount in the FY 2020 Five-Year Financial Plan.

Addendum: The property tax rate was set at 46 cents, eliminating the need for a fund balance appropriation.

Critical Issue 2–Revenue Shortfall in the Utility Fund

While the utility rate increase instituted in FY 2019 has returned the Utility Fund to solvency, fees still do not produce sufficient funding to meet all of the small capital needs encountered on an annual basis. That has resulted in the need for a contribution of \$194,000 from the capital reserve fund for a number of small capital items.

There is, however, adequate funding to make an annual \$350,000 contribution to the capital reserve for large capital expenses. This funding will later be used to service debt on the utility portion of the Utilities, Stormwater, and Street Improvements project.

Addendum: No additional action taken.

Critical Issue 3–Insufficient Fund Balance for Utility Fund

Per the Town's financial policy, the Utility Fund will seek to maintain an amount of unrestricted fund balance equal to 50% or more of annual net expenditures.

Insufficient revenue from water and sewer use fees and reliance on fund balance over the years to meet spending requirements reduced the amount of unrestricted fund balance well below the 50% goal.

The increase in utility use fee rates in FY 2019 has put the utility fund on a trajectory of increasing the fund balance amounts.

Barring unforeseen capital outlay and one-time operation needs, the net gains throughout the five-year planning period will be used to bring Utility Fund fund balances up from 33.89% in FY 2021 to nearly 45% in FY 2025.

Addendum: No additional action taken.

Critical Issue 4–New Positions Delayed Beyond FY 2021

Three new positions were not recommended in the FY 2021 budget due to lack of available funds.

Deputy Fire Chief

The Fire Department has experienced a tremendous change in operational capability and functionality, and this new level of operation would greatly benefit from the addition of a Deputy Chief, as the existing command staff members are overburdened. Additionally, this position is an important element in succession planning.

The FY 2021 Five-Year Financial Plan funds the new Deputy Fire Chief position and associated vehicle and equipment in FY 2023.

Human Resources Officer

Currently, the Town Clerk performs both clerk and human resource functions while also serving the Town Manager in an administrative capacity. The organization has grown in its complexity and level of service, the number of Board meetings, and the number of major initiatives undertaken, as well as the needs of employees trying to keep pace with the organizational growth. Having one position shoulder the clerk and human resources responsibilities in this environment creates an insurmountable overburdening, resulting in inadequate resources to meet the organization's needs.

The FY 2021 Five-Year Financial Plan funds the Human Resources Officer position in FY 2022.

Parks Maintenance position

The additional work load resulting from the expanded Randolph Johnson Park and new Cedar Street Park requires this new Public Works position, or a diminished service level is anticipated.

The FY 2021 Five-Year Financial Plan funds the Parks Maintenance position in FY 2022.

Addendum: No additional action taken.

Critical Issue 5-Heavy Fund Balance Appropriation in Future Years

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

The proposed FY 2021 Five-Year Financial Plan keeps the same or equivalent tax rate adjustments (1.47 cents in FY 2021 and 3 cents in FY 2023) approved by the Town Board in the FY 2020 budget.

This judicial use of property tax rate increases leads to a heavy reliance on annual fund balance appropriations in FY 2022, FY 2023, and FY 2024 to meet expenditure requirements in the General Fund.

Even so, the unrestricted fund balance never dips below the minimum level of 20% of General Fund expenditures, as required by the Town's financial policy.

Addendum: Maintaining the property tax rate at 46 cents in FY 2021 eliminated the need for fund balance appropriation in FY 2021 and FY 2022. There are still significant fund balance appropriations in FY 2023 and FY 2024 to service debt on street resurfacing, but fund balance as a percentage of General Fund expenditures remains well above the minimum at 25.65% and 23.60%, respectively.

Critical Issue 6–Street Resurfacing Shortfall in Future Years

The Town Board has raised and earmarked annual funds sufficient to service \$6 million of debt for street projects. In late FY 2020, \$3.8 million of these funds were dedicated to the Street and Pedestrian Improvements project, with construction beginning in June 2020.

That leaves annual funding available to service debt on about \$2.2 million. This residual funding is sufficient to resurface the streets in the Utilities, Stormwater, and Street Improvements project in which both water and sewer lines have been replaced or rehabilitated.

However, an additional \$4.4 million is needed to resurface those roads which require replacement of only water or sewer lines. This shortfall can be overcome with a property tax rate increase of 1.69 cents in FY 2022 and an additional 1.32 cents in FY 2023 (on top of the 3 cents already approved for that year in the FY 2020 Five-Year Financial Plan).

Addendum: Maintaining the property tax rate at 46 cents in FY 2021 and throughout the five-year planning period provides sufficient funding (along with the use of fund balance appropriations in FY 2023 and FY 2024) to service the additional \$4.4 million of debt for street resurfacing.

If the maximum amount of grant funds is not received from USDA for the USSI Project, then some or all of the additional \$4.4 million for street resurfacing may not be needed. In that case, the additional funds will be used to finance another CIP project.

Critical Issue 7–Vehicle Replacement Shortfall in Future Years

Town staff developed a vehicle replacement policy in FY 2020. Based on this policy, there is a backlog of \$467,777, excluding fire apparatus, and a total cost over the five-year planning period of \$1,195,533 for 40 vehicles (including heavy equipment such as backhoes). The Five-Year Financial Plan only includes \$200,000 per year beginning in FY 2022 for non-fire apparatus vehicle purchases, leaving a shortfall of \$395,533.

Addendum: Maintaining the property tax rate at 46 cents produces \$336,572 in FY 2021 and an additional \$58,961 in FY 2022 to eliminate the funding shortfall for the vehicle replacement program over the five-year planning program.

Critical Issue 8–General Fund Options in FY 2025

Per the FY 2021 Five-Year Financial Plan, if the tax rate is maintained at 43.68 cents in FY 2025, the next revaluation year, a \$250,000± surplus is projected. This surplus is sufficient to service about \$4 million of debt, enabling the Town to move forward on long-delayed projects such as a new Public Works Facility or Police Department Building. And once Public Works is relocated, the second phase of Randolph Johnson Park can begin.

Addendum: Maintaining the property tax rate at 46 cents throughout the five-year planning period leaves \$160,000 to service additional debt for unfunded CIP projects. The amount available was reduced due to the need to service debt on an additional \$4.4 million for street resurfacing associated with the USSI project.

Our Budgeting Framework

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

In this section you will find:

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Our Budgeted Funds

To effectively serve the public, towns need organization.

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

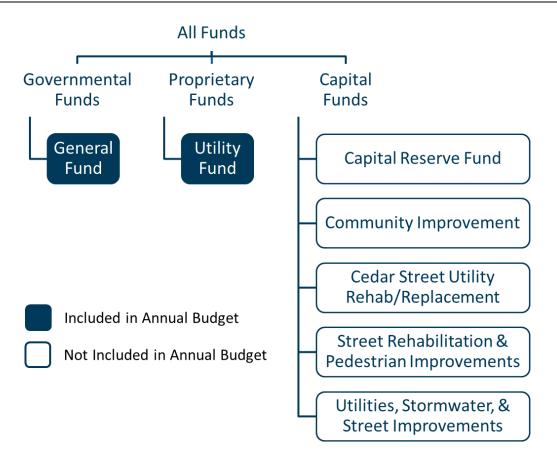
The Town of Beaufort organizes its employees based on their functions. These groups of employees are called departments. Some departments then group their employees into divisions.

▶ Our Fund Structure

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

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

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



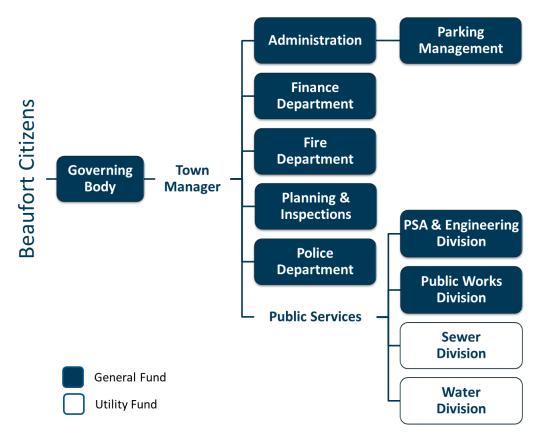
In addition to the annual budget funds, we also use funds to save for or manage large projects. The Capital Reserve Fund was created in FY 2019 as a place to hold money earmarked for infrastructure projects such as the boardwalk, streets, and utility lines. Money appropriated for future capital projects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

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

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

► How Departments Relate to Funds

The following diagram shows which departments reside in which funds, as well as the organizational structure.



Distinct department-level budgets are maintained for each of the boxes.

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

In FY 2020, the Town changed its organizational structure. The Town Engineer and engineering intern left Administration to form the Public Services Administration (PSA) & Engineering Division. Taken together with Public Works, Sewer, and Water, these divisions comprise Public Services for the Town.

Rules Guiding the Budget

North Carolina laws govern how towns budget and spend money.

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

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

■ Refer to Section 8: Town of Beaufort Financial Policy.

► General Budget Rules

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

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

Revenue Rules

Per state and local rules, the Town must:

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

Spending Rules

Per state and local rules, the Town must:

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

▶ Our Budgeting Practices

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

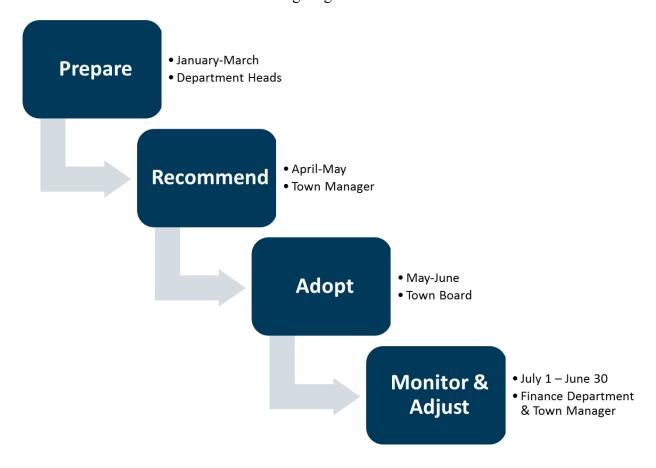
- Line-Item Budgeting
 Helps to prevent misuse of public money and foster frugality in using public funds.
- Incremental Budgeting
 Starts with what we need to keep the Town operating at existing service levels.
- Budgetary Accounting
 Allows us to check whether our expected money raised covers our expected spending, and that our spending is within approved limits.
- Basis of Budgeting
 Follows our basis of accounting: modified accrual, where monies and assets are recorded once they are available to be spent.

The Budget Process

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

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

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



► Preparing the Recommended Budget

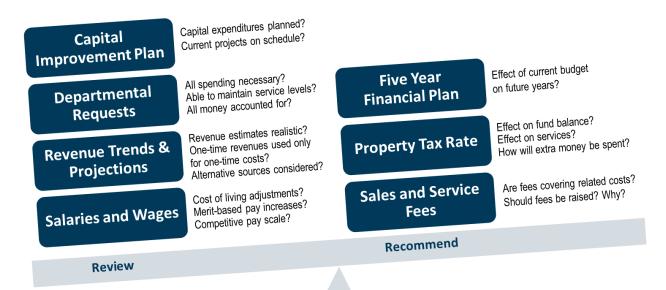
The annual budget process begins in January when Town staff gathers information for the Town Manager.

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

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

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

The following diagram shows how factors weigh on budget recommendations.



► Submitting the Recommended Budget

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

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

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

A print copy is normally made available for public review at Town Hall, but due to COVID-19 concerns, it is not the case this year.

A digital copy is posted on the Town website.

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

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

► Adopting the Budget

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

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

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

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

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

► Monitoring & Adjusting the Adopted Budget

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

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

These changes include:

• Moving money within a department

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

Amending the budget ordinance

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

The Budget Calendar

The COVID-19 pandemic delayed and compressed this year's budget schedule, as indicated below.

▶ Original Schedule

Budget Document Presented

Town Board Meeting May 11, 2020–6 PM Train Depot

Budget Work Sessions

May 18, 2020–4 PM Town Hall Conference Room May 20, 2020–4 PM Town Hall Conference Room May 26, 2020–4 PM Town Hall Conference Room June 1, 2020–4 PM Town Hall Conference Room

Public Comment & FY 2021 Budget Adoption

Town Board Meeting June 8, 2020–6 PM Train Depot

► Revised Schedule

Budget Document Presented

Town Board Meeting
June 8, 2020 6 PM – Video Conferencing

Budget Work Session

June 15, 2020 4 PM – Video Conferencing

Budget Work Session, Budget Public Hearing

Town Board Regular Work Session June 22, 2020 4 PM – Video Conferencing

Budget Work Session and Adoption

June 25, 2020 4 PM – Video Conferencing



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

The Annual Budget

This section provides a detailed explanation of the money the Town expects to receive in FY 2021 and how it expects to spend it. It summarizes debt obligations and includes a service plan for each department showing previous accomplishments and upcoming goals.

In this section you will find:

► Annual Budget Guide	30
■ Sources, Uses, and Fund Balance	32
► All Budgeted Funds	39
■ General Fund Budget	55
■ Utility Fund Budget	73
■ Department Service Plans	87
Governing Body	88
Administration	92
Finance Department	96
Fire Department	100
Parking Management	104
Planning & Inspections	108
Police Department	112
Public Services Administration & Engineering	116
Public Works Division	120
Sewer Division	124
Water Division	128
Non-Departmental	132

Annual Budget Guide

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

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

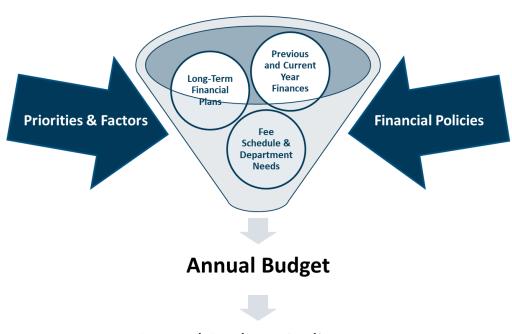
- Money raised and spent in prior years
- Fees departments expect to collect and spending requests
- Planned expenses from long-term financial plans

The Town Manager reviews the numbers, taking into account:

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

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

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



► Parts of the Annual Budget

The annual budget is comprised of several sections.

Sources, Uses, and Fund Balance

Describes the major types of revenue and expenditure. Defines fund balance and limitations on its use.

All Budgeted Funds

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

Fund Budgets

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

Department Service Plans

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

Sources, Uses, and Fund Balance

Each budgeted fund provides a way to monitor:

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

▶ Revenue Sources

The Town defines its major sources of revenue as follows.

Property Taxes

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

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

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

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

SAMPLE CALCULATION - NOT ACTUAL NUMBERS

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

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

Intergovernmental Revenues-Unrestricted

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

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

Intergovernmental Revenues-Restricted

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

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

Permits and Fees

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

■ Refer to Section 6: Fee Schedule for more information.

Sales and Service Revenues

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

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

Other Revenues

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

Loan Proceeds

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

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

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

Transfers In

Transfers in accounts for money moved between funds. The fund receiving the money records it as revenue in this category. The fund sending the money records it as an expense in the transfers out category.

Fund Balance Appropriation

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

► Expenditure Categories

The Town categorizes its budgeted expenses as follows.

Personnel

Personnel expenditures cover all aspects of paying employees:

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

Operations

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

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

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

Capital Outlay

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

- Items originating in departmental requests which are valued between \$25,000 and \$100,000. Examples include furniture, equipment, vehicles, major plans, etc.
- Items originating in the capital improvement plan which are valued above \$100,000. Examples include land, buildings, street resurfacing, etc.

Debt Service

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

Transfers Out

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

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

► Fund Balance

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

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

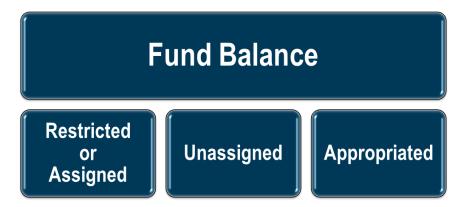
Fund balance can be used as a source of revenue, provided enough is held back to:

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

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

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

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



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

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

All Budgeted Funds

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

All Budgeted Funds At-a-Glance for FY 2021

The following table lists FY 2021 revenues and expenditures for the Town's two annually budgeted funds: General Fund and Utility Fund.

The table has five groupings of rows.

The first grouping, REVENUES, lists major funding sources for each fund in FY 2021. Major funding sources include:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Transfers in, and
- Appropriated fund balance.

The second grouping, EXPENDITURES—by Category, lists major types of spending for each fund in FY 2021. Categories include:

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

The third grouping, EXPENDITURES—by Department, provides another way to look at spending. It shows how money is distributed across departments for each fund in FY 2021.

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

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

OVERVIEW of ALL BUDGETED FUNDS FY 2021	FY 2021	FY 2021
REVENUES	General Fund	Utility Fund
Property Taxes	\$ 4,962,917	NA
Intergovernmental	2,600,732	_
Permits and Fees	1,116,750	104,000
Sales and Service	281,801	4,266,598
Other Revenues	37,700	-
Loan Proceeds	-	90,000
Transfers In	600,000	194,000
Fund Balance Appropriation		
Total Revenues	\$ 9,599,900	\$ 4,654,598
EXPENDITURES - by Category		
Personnel	\$ 5,362,842	\$ 988,467
Operations	2,567,122	1,053,902
Capital Outlay	629,522	284,000
Debt Service	855,414	1,378,228
Transfers Out	185,000	950,000
Total Expenditures - by Category	\$ 9,599,900	\$ 4,654,598
EXPENDITURES - by Department		
Governing Body	\$ 88,736	NA
Administration	469,986	NA
Finance	521,119	NA
Fire	2,027,741	NA
Parking	142,916	NA
Planning & Inspections	631,653	NA
Police	1,840,232	NA
PSA & Engineering	288,215	NA
Public Works	2,437,634	NA
Sewer	NA	2,858,277
Water Non Departmental	NA 1 151 669	830,321
Non-Departmental Total Expenditures - by Department	1,151,668 \$ 9,599,900	966,000 \$ 4,654,598
Total Experiences - by Department	φ 9,399,900	\$ 4,034,390
FUND BALANCE - RESTRICTED or ASSIGNED		
Beginning Restricted/Assigned	\$ -	\$ 150,698
(Appropriated) or Contributed Restricted/Assigned		-
Ending Restricted/Assigned	\$ -	\$ 150,698
FUND BALANCE - UNASSIGNED		
Beginning Unassigned	\$ 2,432,807	\$ 1,545,384
(Appropriated) Unassigned	385,266	1,700
Ending Unassigned	\$ 2,818,073	\$ 1,547,084
Unassigned as % of Expenditures	29.36%	33.89%

Revenues by Source for All Budgeted Funds

The following table breaks out FY 2021 revenues by major source across all budgeted funds. The first row labels each of four columns.

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

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

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

The third and fourth columns show the anticipated total for each funding source in FY 2021 for all budgeted funds combined—as both a dollar amount and a proportion of total Town revenues.

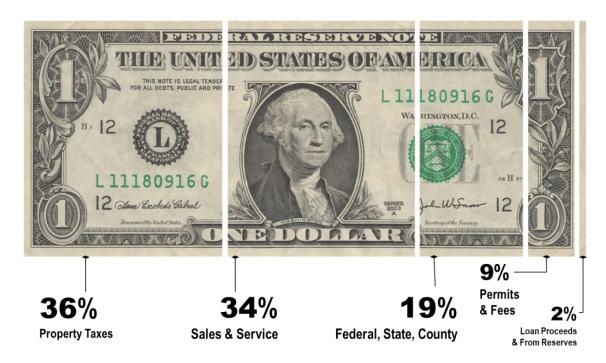
To avoid double-counting revenues, contributions from other funds are presented separately from all other revenue sources.

REVENUES by SOURCE for ALL FUNDS

FY 2021

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2021	
Property Taxes	vehicles	\$ 4,962,917	36.3%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,600,732	19.0%
Permits and Fees	Town fees (trash collection, water & sewer, building permits, etc.)	1,220,750	8.9%
Sales and Service	Water sales, sewer services, property leases, cemetery lots, etc.	4,548,399	33.3%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	37,700	0.3%
Loan Proceeds	Loans for construction projects and large equipment purchases	90,000	0.7%
Transfers In	From capital reserves or other funds	194,000	1.4%
Appropriated Fund Balance	Accumulated reserves within budgeted funds	-	0.0%
SUBTOTAL REVENUES		\$ 13,654,498	100%
	Contribution from UF to GF	600,000	
TOTAL REVENUES		\$ 14,254,498	

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



Revenues by Source over Time

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

- FY 2019 Actual,
- FY 2020 Budget,
- FY 2021 Budget,
- Amt Change from FY 2020, and
- % Change.

The table has three groupings of rows.

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

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

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

REVENUES by SOURCE OVER TIME						
FY 2021 Amt Change						
	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	from FY 2020	Change	
GENERAL FUND REVENUES						
Property Taxes	\$ 3,467,166	\$ 3,974,190	\$ 4,962,917	\$ 988,727	25%	
Intergovernmental	3,737,577	2,550,351	2,600,732	50,381	2%	
Permits and Fees	1,063,230	1,097,582	1,116,750	19,168	2%	
Sales and Service	307,216	277,694	281,801	4,107	1%	
Other Revenues	227,025	81,854	37,700	(44,154)	-54%	
Loan Proceeds	-	1,369,724	-	(1,369,724)	-100%	
Transfers In	350,000	511,000	600,000	89,000	17%	
Fund Balance Appropriation		2,433,630	-	(2,433,630)	-100%	
Subtotal General Fund Revenues	9,152,214	12,296,025	9,599,900	(2,696,125)	-22%	
UTILITY FUND REVENUES						
Intergovernmental	59,674	-	-	-	NA	
Permits and Fees	136,031	127,625	104,000	(23,625)	-19%	
Sales and Service	4,078,942	4,182,939	4,266,598	83,659	2%	
Other Revenues	1,189,271	-	-	-	NA	
Loan Proceeds	-	-	90,000	90,000	NA	
Transfers In	-	117,000	194,000	77,000	66%	
Fund Balance Appropriation		313,119	-	(313,119)	-100%	
Subtotal Utility Fund Revenues	5,463,918	4,740,683	4,654,598	(86,085)	-2%	
ALL REVENUES						
Total Property Taxes	3,467,166	3,974,190	4,962,917	988,727	25%	
Total Intergovernmental	3,797,251	2,550,351	2,600,732	50,381	2%	
Total Permits and Fees	1,199,261	1,225,207	1,220,750	(4,457)	0%	
Total Sales and Service	4,386,158	4,460,633	4,548,399	87,766	2%	
Total Other Revenues	1,416,296	81,854	37,700	(44,154)	-54%	
Total Loan Proceeds	-	1,369,724	90,000	(1,279,724)	-93%	
Total Transfers In	350,000	628,000	794,000	166,000	26%	
Fund Balance Appropriation	-	2,746,749	-	(2,746,749)	-100%	
Less Contribution from UF to GF	(350,000)	(511,000)	(600,000)	(89,000)	17%	
Total All Revenues	\$14,266,131	\$16,525,708	\$13,654,498	\$ (3,905,861)	-24%	

Spending by Category for All Budgeted Funds

The following table breaks out FY 2021 expenditures by major category across all budgeted funds. The first row labels each of four columns.

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

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

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

The third and fourth columns show the anticipated total for each major spending category in FY 2021 for all budgeted funds combined—as both a dollar amount and a proportion of total Town expenditures.

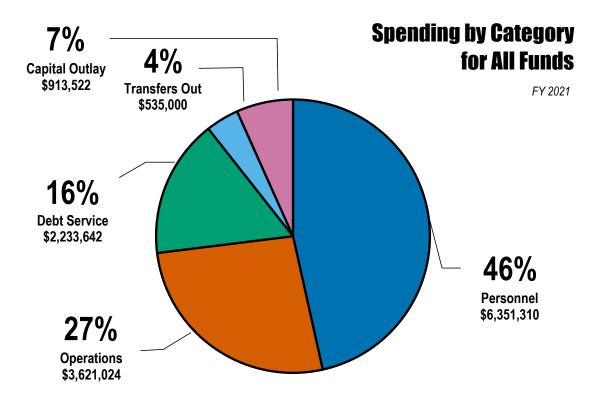
To avoid double-counting expenditures, transfers between budgeted funds are presented separately from all other expenditure categories.

EXPENDITURES by CATEGORY for ALL FUNDS

FY 2021

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2021	
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 6,351,310	46.5%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	3,621,024	26.5%
Capital Outlay	Durable equipment, construction projects, capital reserves	913,522	6.7%
Debt Service	Loan payments	2,233,642	16.4%
Transfers Out	Transfers to other funds	535,000	3.9%
SUBTOTAL EXPENDITURES		\$ 13,654,498	100%
	Contribution from UF to GF	600,000	
TOTAL EXPENDITURES		\$ 14,254,498	
(Including transfers)			

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



Expenditures by Category over Time

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

- FY 2019 Actual,
- FY 2020 Budget,
- FY 2021 Budget,
- Amt Change from FY 2020, and
- % Change.

The table has three groupings of rows.

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

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

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

EXPENDITURES by CATEGORY OVE	RTIME				
FY 2021				Amt Change	%
	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	from FY 2020	Change
GENERAL FUND EXPENDITURES					
Personnel	\$ 4,219,271	\$ 5,183,637	\$ 5,362,842	\$ 179,205	3%
Operations	3,493,377	3,536,783	2,567,122	(969,662)	-27%
Capital Outlay	201,482	1,553,942	629,522	(924,420)	-59%
Debt Service	536,975	1,549,448	855,414	(694,034)	-45%
Transfers Out	764,102	460,433	185,000	(275,433)	-60%
Subtotal General Fund Expenditures	9,215,208	12,284,243	9,599,900	(2,684,343)	-22%
UTILITY FUND EXPENDITURES					
Personnel	887,446	961,314	988,467	27,153	3%
Operations	930,254	1,343,173	1,053,902	(289,271)	-22%
Capital Outlay	1,008,022	227,216	284,000	56,784	25%
Debt Service	1,497,659	1,473,098	1,378,228	(94,870)	-6%
Transfers Out	612,573	844,930	950,000	105,070	12%
Subtotal Utility Fund Expenditures	4,935,954	4,849,731	4,654,598	(195,133)	-4%
ALL EXPENDITURES					
Total Personnel	5,106,717	6,144,951	6,351,310	206,359	3%
Total Operations	4,423,631	4,879,956	3,621,024	(1,258,933)	-26%
Total Capital Outlay	1,209,505	1,781,158	913,522	(867,636)	-49%
Total Debt Service	2,034,634	3,022,546	2,233,642	(788,904)	-26%
Transfers Out	1,376,675	1,305,363	1,135,000	(170,363)	-13%
Less Contribution from UF to GF	(350,000)	(511,000)	(600,000)	(89,000)	17%
Total All Fund Expenditures	\$13,801,162	\$16,622,974	\$13,654,498	\$(2,968,477)	-18%

Spending by Department for All Budgeted Funds

The following table breaks out FY 2021 expenditures by department across both budgeted funds. The first row labels each of four columns.

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

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

The third and fourth columns show the department's anticipated spending in FY 2021 for all budgeted funds combined—as both a dollar amount and a proportion of total Town expenditures.

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

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

EXPENDITURES by DEPARTMENT for ALL FUNDS

FY 2021

EXPENDITURE DEPARTMENT	EXPENDITURE DESCRIPTION	FY 2021	
Governing Body	Mayor and board of commissioners, maintain code of ordinances	\$ 88,736	0.7%
Administration	Town manager, human resources, engineer, clerk and information	469,986	3.9%
Finance	Accounting, billing, purchasing, payroll, etc.	521,119	4.3%
Fire	Fire prevention and suppression; first responder services	2,027,741	16.7%
Parking	Fire prevention and suppression; first responder services	142,916	1.2%
Planning & Inspections	Planning and regulating of construction and development	631,653	5.2%
Police	Police patrol, investigation, and school resources officer programs	1,840,232	15.2%
PSA & Engineering		288,215	2.4%
Public Works	Maintain Town streets, buildings, vehicles, and stormwater facilities	2,437,634	20.1%
Sewer	Sewer collection system; waste water treatment plant	2,858,277	23.6%
Water	Water distribution system, wells, water treatment plants	830,321	6.8%
Non-Departmental	Costs not associated with any single department	1,517,668	NA
Subtotal All Departments		\$ 13,654,498	100%
	Contribution from UF to GF	600,000	
TOTAL EXPENDITURES (Including transfers)		\$ 14,254,498	

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



Expenditures by Department over Time

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

- FY 2019 Actual,
- FY 2020 Budget,
- FY 2021 Budget,
- Amt Change from FY 2020, and
- % Change.

The table has three groupings of rows.

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

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

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

EXPENDITURES by DEPARTMENT OVER TIME					
FY 2021				Amt Change	%
	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	from FY 2020	Change
GENERAL FUND EXPENDITURES					
Governing Body	\$ 42,730	\$ 95,400	\$ 88,736	\$ (6,664)	-7%
Administration	569,259	745,892	469,986	(275,906)	-37%
Finance	468,723	490,336	521,119	30,783	6%
Fire	1,681,634	3,468,472	2,027,741	(1,440,731)	-42%
Parking	34,416	200,316	142,916	(57,400)	-29%
Planning & Inspections	389,847	487,103	631,653	144,550	30%
Police	1,682,464	1,815,227	1,840,232	25,005	1%
PSA & Engineering	-	-	288,215	288,215	NA
Public Works	3,081,476	2,904,269	2,437,634	(466,635)	-16%
Non-Departmental	1,264,658	2,077,228	1,151,668	(925,560)	-45%
Subtotal General Fund Expenditures	9,215,208	12,284,243	9,599,900	(2,684,343)	-22%
UTILITY FUND EXPENDITURES					
Sewer	3,528,881	2,934,925	2,858,277	(76,648)	-3%
Water	794,501	1,053,876	830,321	(223,555)	-21%
Non-Departmental	612,573	860,930	966,000	105,070	12%
Subtotal Utility Fund Expenditures	4,935,954	4,849,731	4,654,598	(195,133)	-4%
ALL EXPENDITURES					
Less Contribution from UF to GF	(350,000)	(511,000)	(600,000)	(89,000)	17%
Total All Expenditures	\$13,801,162	\$ 16,622,974	\$ 13,654,498	\$ (2,968,476)	-18%

Fund Balance Changes for All Budgeted Funds

Fund balances for each fund change as follows.

▶ General Fund Fund Balance

The following table shows how the FY 2021 budget will change the fund balances in the General Fund.

CHANGE IN FUND BALANCE - GENERAL FUND

FY 2021			(Ap	propriated)		
	Anticipated June 30, 2020		or Contributed FY 2021		Anticipated June 30, 2021	
Restricted / Assigned Fund Balance	\$	-	\$	-	\$	-
Unassigned Fund Balance	2,	432,807		385,266	2	,818,073
Unassigned as % of Expenditures		26.65%		NA		29.36%

The FY 2021 contribution is the from FEMA reimbursements for Hurricane Dorian and COVID-19 expenses.

■ Refer to Fund Balance Changes for General Fund in FY 2021 later in this section for more information.

► Utility Fund Fund Balance

The following table shows how the FY 2021 budget will change the fund balances in the Utility Fund.

CHANGE IN FUND BALANCE - UTILITY FUND

FY 2021	Anticipated June 30, 2020		or Co	ropriated) ontributed Y 2021	Anticipated ine 30, 2021
Restricted / Assigned Fund Balance	\$	150,698	\$	-	\$ 150,698
Unassigned Fund Balance		1,545,384		1,700	1,547,084
Unassigned as % of Expenditures		32.16%		NA	33.89%

The FY 2021 contribution is from FEMA reimbursement for Hurricane Dorian expenses.

Refer to Fund Balance Changes for Utility Fund in FY 2021 later in this section for more information.

General Fund Budget

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

General Fund At-a-Glance for FY 2021

The General Fund houses all Town government functions except for enterprise (utility) operations, housed in the Utility Fund.

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

- FY 2019 Actual,
- FY 2020 Budget,
- FY 2021 Budget,
- Amt Change from FY 2020, and
- % Change.

The table displays information in five groupings of rows.

The first grouping, REVENUES, lists major funding sources for the General Fund in FY 2021. Each revenue source is listed on a separate row; the last line in this grouping provides a total of General Fund revenues.

The second grouping, EXPENDITURES—by Category, lists major types of spending for the General Fund in FY 2021. Each spending category is listed on a separate row; the last line in this grouping provides a total of General Fund expenditures.

The third grouping, EXPENDITURES—by Department, provides another way to look at spending. It shows how money is distributed across departments within the General Fund in FY 2021.

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

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

In FY 2019 expenditures falsely appear to exceed revenues due to the way in which Fire Fund and General Fund were combined.

GENERAL FUND - REVENUES and E	XPENDITURES						
FY 2021	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	Amt Change from FY 2020	% Change		
REVENUES		. 					
Property Taxes	\$ 3,467,166	\$ 3,974,190	\$ 4,962,917	\$ 988,727	25%		
Intergovernmental	3,737,577	2,550,351	2,600,732	50,381	2%		
Permits and Fees	1,063,230	1,097,582	1,116,750	19,168	2%		
Sales and Service	307,216	277,694	281,801	4,107	1%		
Other Revenues	227,025	81,854	37,700	(44,154)	-54%		
Loan Proceeds	-	1,369,724	-	(1,369,724)	-100%		
Transfers In	350,000	511,000	600,000	89,000	17%		
Fund Balance Appropriation		2,433,630	-	(2,433,630)	-100%		
Total Revenues	\$ 9,152,214	\$12,296,025	\$ 9,599,900	\$(2,696,125)	-22%		
EXPENDITURES - by Category							
Personnel	\$ 4,219,271	\$ 5,183,637	\$ 5,362,842	\$ 179,205	3%		
Operations	3,493,377	3,536,783	2,567,122	(969,662)	-27%		
Capital Outlay	201,482	1,553,942	629,522	(924,420)	-59%		
Debt Service	536,975	1,549,448	855,414	(694,034)	-45%		
Transfers Out	764,102	460,433	185,000	(275,433)	-60%		
Total Expenditures - by Category	\$ 9,215,208	\$12,284,243	\$ 9,599,900	\$(2,684,343)	-22%		
EXPENDITURES - by Department							
Governing Body	\$ 42,730	\$ 95,400	\$ 88,736	\$ (6,664)	-7%		
Administration	569,259	745,892	469,986	(275,906)	-37%		
Finance	468,723	490,336	521,119	30,783	6%		
Fire	1,681,634	3,468,472	2,027,741	(1,440,731)	-42%		
Parking	34,416	200,316	142,916	(57,400)	-29%		
Planning & Inspections	389,847	487,103	631,653	144,550	30%		
Police	1,682,464	1,815,227	1,840,232	25,005	1%		
PSA & Engineering	-	-	288,215	288,215	NA		
Public Works	3,081,476	2,904,269	2,437,634	(466,635)	-16%		
Non-Departmental	1,264,658	2,077,228	1,151,668	(925,560)	-45%		
Total Expenditures - by Department	\$ 9,215,208	\$12,284,243	\$ 9,599,900	\$(2,684,343)	-22%		
FUND BALANCE - RESTRICTED or A	ASSIGNED						
	Beginning R	estricted/Assigned	\$ -				
(Appropriated	• •	estricted/Assigned	· _				
		estricted/Assigned	\$ -				
FUND BALANCE - UNASSIGNED	_	-					
	Beginning Unassigned						
	385,266						
	\$ 2,818,073						
	Unassigned as	% of Expenditures	29.36%				

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

General Fund Revenues for FY 2021

The following table breaks out FY 2021 revenues by major source for the General Fund. The first row labels each of four columns.

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

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Transfers in,
- Appropriated fund balance, and
- Contribution from Utility Fund.

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

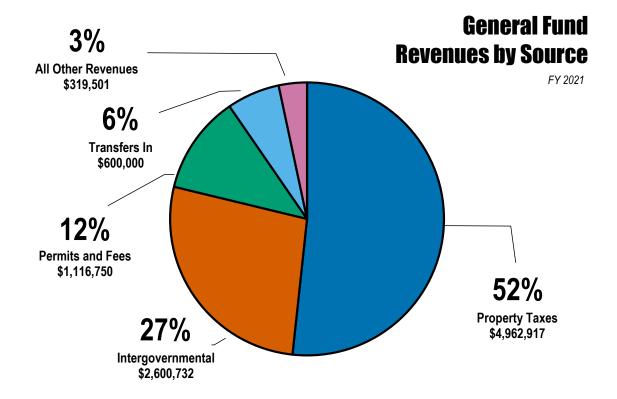
The third column and fourth columns show the anticipated General Fund total for each funding source in FY 2021 as both a dollar amount and a proportion of total General Fund revenues.

REVENUES by SOURCE for GENERAL FUND

FY 2021

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2021	
Property Taxes	Levy of taxes on real and personal property, and motor vehicles	\$ 4,962,917	51.7%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,600,732	27.1%
Permits and Fees	Town fees (trash collection, building permits, etc.)	1,116,750	11.6%
Sales and Service	Property leases, cemetery lots, etc.	281,801	2.9%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	37,700	0.4%
Loan Proceeds	Loans for construction projects and large equipment purchases	-	0.0%
Transfers In	From capital reserve fund or other funds	600,000	6.3%
Appropriated Fund Balance	Accumulated reserves		0.0%
TOTAL REVENUES		\$ 9,599,900	100%

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



► General Fund Revenues—Property Taxes

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

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

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

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

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

GENERAL FUND REVENUE DETAIL - PROPERTY TAXES

FY 2021

	FY 2019	FY 2019 FY 2020 FY 2021		Amt Change	%
PROPERTY TAXES	Actual	Budget	Budget	from FY 2020	Change
Real and Personal Property Tax	\$ 3,257,153	\$ 3,782,101	\$ 4,762,759	\$ 980,658	26%
Tax Base	797,664,462	800,264,000	1,045,058,001	244,794,001	31%
Tax Rate per \$100 Valuation	0.3775	0.4135	0.4600	0.0465	11%
Collection Rate	95.54%	95.54%	97.41%	1.87%	2%
Prior Year, Penalties, and Interest	82,022	74,000	80,000		
Motor Vehicle Tax	167,578	151,159	168,158	16,999	11%
Tax Base		39,630,179	39,630,179	-	0%
Tax Rate per \$100 Valuation		0.3775	0.4325	0.0550	15%
Collection Rate		99.58%	99.58%	-	0%
Other Property Tax	42,436	40,930	32,000	(8,930)	-22%
Total Property Tax Revenues	\$ 3,467,166	\$ 3,974,190	\$ 4,962,917	\$ 988,727	25%

The increase in FY 2021 real and personal property tax revenues over FY 2020 results from keeping the FY 2020 tax rate when the FY 2021 property revaluation takes effect.

■ Refer to Budget Issues and Decisions, Critical Issue 1 in Section 1: Introduction to the Budget.

The decrease in other property tax is due to a shift to actual property taxes rather than payment in lieu of tax on the Inlet Inn.

► General Fund Revenues-Intergovernmental

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

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

GENERAL FUND REVENUE DETAIL - INTERGOVERNMENTALFY 2021

INTEROOVERNMENTAL III. () ()	FY 2019		FY 2020	FY 2021		t Change	%
INTERGOVERNMENTAL - Unrestricted	Actual		Budget	 Budget	Tror	n FY 2020	Change
Local Option Sales Tax	\$ 1,396,489	\$	1,300,000	\$ 1,239,000	\$	(61,000)	-5%
Utilities Franchise Tax	376,203		385,000	385,000		-	0%
Beer and Wine Tax	18,174		18,685	18,872		187	1%
County ABC Profit Distribution	155,779		130,181	170,000		39,819	31%
Other Intergovernmental	983,930			-		-	NA
Subtotal Intergovernmental - Unrestricted	\$ 2,930,576	\$	1,833,866	\$ 1,812,872	\$	(20,994)	-1%
INTERGOVERNMENTAL - Restricted							
Powell Bill	\$ 119,202	\$	120,000	\$ 120,000	\$	-	0%
Fire District Tax	518,681		518,680	527,210		8,530	2%
County Dredging Contribution	-		-	-		-	NA
FEMA Grant	-		-	-		-	NA
Other Grants	169,117	-	77,805	140,650		62,845	81%
Subtotal Intergovernmental - Restricted	\$ 807,001	\$	716,485	\$ 787,860	\$	71,375	10%
TOTAL INTERGOVERNMENTAL	\$ 3,737,577	\$	2,550,351	\$ 2,600,732	\$	50,381	2%

The decrease in Local Options Sales Tax is in anticipation of the impact on sales from COVID-19.

The increase in County ABC Profit Distribution is based on actual receipts in FY 2020.

In FY 2021, Other Grants includes funding for the School Resource Officer in the Police Department, Federal Emergency Management Association (FEMA) Hazard Mitigation, and Police Department radio communication improvements (CAD).

► General Fund Revenues-Permits and Fees

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

GENERAL FUND REVENUE DETAIL - PERMITS and FEES

FY 2021

		FY 2019		FY 2020		FY 2021		Amt Change		%
PERMITS and FEES	_	Actual		Budget		Budget		from FY 2020		Change
Solid Waste	Fees	\$	528,944	\$	578,740	\$	603,500	\$	24,760	4%
Building Pe	ermits		124,656		153,000		175,000		22,000	14%
Stormwater	Fees		135,546		134,000		136,000		2,000	1%
Parking	Fees		273,345		230,842		200,000		(30,842)	-13%
Other Permits and	Fees		739		1,000		2,250		1,250	125%
Total Permits and Fees Reve	nues	\$	1,063,230	\$	1,097,582	\$	1,116,750	\$	19,168	2%

Solid waste fees budgeted revenue for FY 2021 is based on actual FY 2020 monthly averages, and includes a 2.1% CPI adjustment.

Actual building fees in FY 2020 will not meet budgeted revenues correlated with Hurricane Dorian and COVID-19 impacts. FY 2021 anticipates permitting of a 105-room hotel, but is conservatively budgeted in case of additional COVID-19 impact.

Parking fees decrease to reflect actual in-house experience.

Other Permits and Fees increase based on actual receipts, reduced in anticipation of COVID-19 impacts.

► General Fund Revenues-Sales and Service Revenues

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

GENERAL FUND REVENUE DETAIL - SALES and SERVICE

FY 2021

	FY 2019		FY 2020		FY 2021		Amt Change		%
SALES and SERVICE	Actual		Budget		Budget		from FY 2020		Change
Property Leases	\$	239,373	\$	220,194	\$	224,301	\$	4,107	2%
Antenna Contract		59,893		54,000		54,000		-	0%
Cemetery Lot Sales		7,950		3,500		3,500		-	0%
Sale of Fixed Assets		-		-		-		-	NA
Other Sales and Service		-				-		-	NA
Total Sales and Service Revenues	\$	307,216	\$	277,694	\$	281,801	\$	4,107	1%

Property lease revenue is based on existing lease payment schedules, with a 2% CPI increase.

► General Fund Revenues-Other Revenues

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

GENERAL FUND REVENUE DETAIL - OTHER REVENUES

FY 2021

FY 2019		FY 2020		FY 2021		Amt Change		%
Actual		Budget		Budget		from FY 2020		Change
\$	5,325	\$	-	\$	-	\$	-	NA
	79,591		24,000		35,000		11,000	46%
	10,496		14,354		-		(14,354)	-100%
	126,463		43,500		2,700		(40,800)	-94%
\$	221,876	\$	81,854	\$	37,700	\$	(44,154)	-54%
		\$ 5,325 79,591 10,496 126,463	* 5,325 \$ 79,591 10,496 126,463	Actual Budget \$ 5,325 \$ - 79,591 24,000 10,496 14,354 126,463 43,500	Actual Budget \$ 5,325 \$ - 79,591 24,000 10,496 14,354 126,463 43,500	Actual Budget Budget \$ 5,325 \$ - \$ - 79,591 24,000 35,000 10,496 14,354 - 126,463 43,500 2,700	Actual Budget Budget from \$ 5,325 \$ - \$ - \$ 79,591 24,000 35,000 35,000 10,496 14,354 - 2,700 126,463 43,500 2,700 -	Actual Budget Budget from FY 2020 \$ 5,325 \$ - \$ - 79,591 24,000 35,000 11,000 10,496 14,354 - (14,354) 126,463 43,500 2,700 (40,800)

Investment Earnings increase based on actual receipts, reduced in anticipation of COVID-19 impacts.

► General Fund Revenues-Loan Proceeds

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

GENERAL FUND REVENUE DETAIL - LOAN PROCEEDS

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
LOAN PROCEEDS	Actual	Budget	Budget	from FY 2020	Change
Loan Proceeds	_	1,369,724	\$ -	(1,369,724)	-100%
Total Loan Proceed Revenues	\$ -	\$ 1,369,724	\$ -	\$(1,369,724)	-100%

No loan proceeds are anticipated in the General Fund for FY 2021.

► General Fund Revenues—Fund Balance Appropriation

Money from this source comes from accumulated reserves.

GENERAL FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION

FY 2021

		FY 2019		FY 2020		FY 2021		t Change	%
FUND BALANCE APPROPRIATION	Actual		Budget		Budget		from FY 2020		Change
Restricted or Assigned Fund Balance	\$	-	\$	78,421	\$	-	\$	(78,421)	-100%
Unassigned Fund Balance		-		2,355,209		-	(2	,355,209)	-100%
Total Fund Balance Appropriation	\$	-	\$	2,433,630	\$	-	\$(2	,433,630)	-100%

FY 2020 appropriation covers an original appropriation to cover revenue shortfalls, money for unfinished FY 2019 projects or purchases that were carried forward, Hurricane Dorian expenses, repayment of a state loan for Hurricane Florence, COVID-19 related expenses, and contingency.

No fund balance appropriations are anticipated in the General Fund for FY 2021.

► General Fund Revenues-Transfers In

This is money transferred from one fund to another.

GENERAL FUND REVENUE DETAIL - TRANSFERS IN

FY 2021

	ı	FY 2019	FY 2020	FY 2021	Am	t Change	%
TRANSFERS IN		Actual	Budget	Budget	fron	n FY 2020	Change
From Capital Reserve Fund		NA	NA			NA	NA
From Utility Fund for Admin Expense		350,000	511,000	600,000		89,000	17%
Total Transfers In	\$	350,000	\$ 511,000	\$ 600,000	\$	89,000	17%

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

The FY 2021 contribution from the Utility Fund increased based on actual costs of services provided by General Fund departments.

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

General Fund Expenditures for FY 2021

The following table breaks out General Fund expenditures in FY 2021 by major category. The first row labels each of the four columns.

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

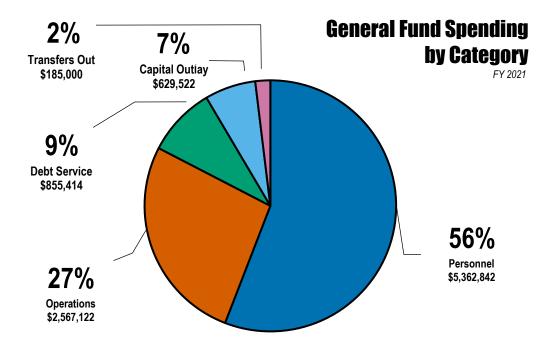
The third and fourth columns show the anticipated General Fund total for each major spending category in FY 2021 as both a dollar amount and a proportion of total General Fund expenditures.

EXPENDITURES by CATEGORY for GENERAL FUND

FY 2021

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2021		
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 5,362,842	55.9%	
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	2,567,122	26.7%	
Capital Outlay	Durable equipment, construction projects, major plans	629,522	6.6%	
Debt Service	Loan payments	855,414	8.9%	
Transfers Out	Money moved from one fund to another	185,000	1.9%	
TOTAL EXPENDITURES		\$ 9,599,900	100%	

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



► General Fund Expenditures-Personnel

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

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

GENERAL FUND EXPENDITURE DETAIL - PERSONNEL

FY 2021	FY 2019	FY 2020	FY 2021	Amt Change	%
	Actual	Budget	Budget	from FY 2020	Change
PERSONNEL					
Governing Body	\$ 16,890	\$ 50,154	\$ 51,146	\$ 992	2%
Administration	393,271	560,347	352,657	(207,690)	-37%
Finance	328,076	354,190	368,574	14,384	4%
Fire	1,173,793	1,480,493	1,433,627	(46,866)	-3%
Parking	21,443	70,424	72,719	2,295	3%
Planning & Inspections	372,606	410,592	428,630	18,038	4%
Police	1,255,719	1,449,912	1,542,248	92,336	6%
PSA & Engineering	-	-	261,605	261,605	
Public Works	657,473	747,187	796,637	49,450	7%
Non-Departmental		60,338	55,000	(5,338)	-9%
Total Personnel Expenditures	\$4,219,271	\$5,183,637	\$5,362,843	\$ 179,206	3%

Generally, personnel costs increase over FY 2021 due to cost of living and merit pay adjustments. Also, a big portion comes from changes in retirement system employer contribution requirements.

Non-departmental personnel funds are for merit pay increases. The amount budgeted in FY 2020 was more than was needed, so the FY 2021 appropriation is reduced.

There are no personnel changes in FY 2021.

► General Fund Expenditures-Operations

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

GENERAL FUND EXPENDITURE DETAIL - OPERATIONS

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
OPERATIONS	Actual	Budget	Budget	from FY 2020	Change
Governing Body	\$ 25,840	\$ 45,246	\$ 37,590	\$ (7,656)	-17%
Administration	175,988	166,045	117,330	(48,715)	-29%
Finance	140,647	136,146	152,544	16,398	12%
Fire	210,094	292,304	242,888	(49,416)	-17%
Parking	12,973	121,089	61,394	(59,695)	-49%
Planning & Inspections	12,219	48,338	18,000	(30,338)	-63%
Police	244,531	292,745	280,764	(11,981)	-4%
PSA & Engineering	-	-	26,610	26,610	NA
Public Works	2,295,940	2,000,834	1,174,392	(826,442)	-41%
Non-Departmental	375,146	434,037	455,610	21,573	5%
Total Operations Expenditures	\$3,493,377	\$3,536,783	\$2,567,122	\$ (969,662)	-27%

[■] Refer to *Department Service Plans* later in this section for more information.

► General Fund Expenditures—Capital Outlay

Cost of durable equipment and construction projects.

GENERAL FUND EXPENDITURE DETAIL - CAPITAL OUTLAY *FY 2021*

CAPITAL OUTLAY		Y 2019 Actual		/ 2020 udget	FY 2021 Budget	Amt Change from FY 2020		% Change
Governing Body	\$	-	\$	-	\$ -	\$	-	NA
Administration		-		19,500	-		(19,500)	-100%
Finance		-		-	-		-	NA
Fire		-	1,4	107,724	-	(1,407,724)	-100%
Parking		NA		NA			NA	NA
Planning & Inspections		-		23,150	180,000		156,850	678%
Police	•	142,961		55,350	-		(55,350)	-100%
PSA & Engineering		NA		NA			NA	NA
Public Works		58,521		48,218	112,950		64,732	134%
Non-Departmental		-			336,572		336,572	NA
Total Capital Outlay Expenditures	\$ 2	201,482	\$1,5	553,942	\$ 629,522	\$	(924,420)	-59%

Capital outlay for FY 2021 includes:

- Emergency generators in public works
- Funding for a new land use plan and unified development ordinance in Planning and Inspections
- Funding for vehicle replacement program in Non-Departmental.

► General Fund Expenditures—Debt Service

Cost of repaying loans, both principal and interest.

GENERAL FUND EXPENDITURE DETAIL - DEBT SERVICE

FY 2021

	l	FY 2019		Y 2020	FY 2021		t Change	%
DEBT SERVICE		Actual		Budget	Budget	tron	n FY 2020	Change
Governing Body	\$	-	\$	-	\$ -		-	NA
Administration		-		-	-		-	NA
Finance		NA		NA			NA	NA
Fire		297,746		287,951	351,227		63,276	22%
Parking		-		8,803	8,803		-	0%
Planning & Inspections		5,023		5,023	5,023		-	0%
Police		39,253		17,220	17,220		(0)	0%
PSA & Engineering		NA		NA			NA	NA
Public Works		69,542		108,030	353,655		245,625	227%
Non-Departmental		125,411	1	,122,420	119,486	(1	,002,934)	-89%
Total Debt Service Expenditures	\$	536,975	\$1	,549,448	\$ 855,414	\$	(694,034)	-45%

Public Works debt service increases in FY 2021 with the first payment on a new \$3.8-million loan for Street and Pedestrian Improvements, and an additional \$79,202 for a new ladder truck in the Fire Department.

■ Refer to *Debt Summary Five-Year Forecast* in *Section 5: Five Year Financial Plan* for more information.

► General Fund Expenditures—Transfers Out

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

GENERAL FUND EXPENDITURE DETAIL - TRANSFERS OUT FY 2021

	FY 2019	FY 2020	FY 2021	Ar	nt Change	%
TRANSFERS OUT	Actual	 Budget	Budget	fro	m FY 2020	Change
Transfers to Capital Funds	\$ 764,102	\$ 460,433	\$ 185,000	\$	(275,433)	-60%
Total Transfers Expenditures	\$ 764,102	\$ 460,433	\$ 185,000	\$	(275,433)	-60%

Refer to Overall Five-Year Budget Forecast and Capital Reserve Fund Five-Year Forecast in Section 5: Five Year Financial Plan for more information.

Fund Balance Changes for General Fund in FY 2021

The following table shows how the FY 2021 budget will change the fund balances in the General Fund.

CHANGE IN FUND BALANCE - GENERAL FUND

FY 2021			(Ap	propriated)		
	Anticipated or June 30, 2020			Contributed FY 2021	Anticipated June 30, 2021	
Restricted / Assigned Fund Balance	\$	-	\$	-	\$	-
Unassigned Fund Balance	2,	432,807		385,266	2,	,818,073
Unassigned as % of Expenditures		26.65%		NA		29.36%

The FY 2021 contribution is the from FEMA reimbursements for Dorian and COVID-19 expenses.

Available Fund Balance—General Fund

Town policy requires the General Fund to retain an unassigned fund balance equal to 20% of net expenditures. The following calculation shows this "rainy day" amount for FY 2021.

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

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

Utility Fund Budget

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

Utility Fund At-a-Glance for FY 2021

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

Utility Fund Overview

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

- FY 2019 Actual,
- FY 2020 Budget,
- FY 2021 Budget,
- Amt Change from FY 2020, and
- % Change.

The table displays information in five groupings of rows.

The first grouping, REVENUES, lists major funding sources for the Utility Fund in FY 2021. Each revenue source is listed on a separate row; the last line in this grouping provides a total of Utility Fund revenues.

The second grouping, EXPENDITURES—by Category, lists major types of spending for the Utility Fund in FY 2021. Each spending category is listed on a separate row; the last line in this grouping provides a total of Utility Fund expenditures.

The third grouping, EXPENDITURES—by Division, provides another way to look at spending. It shows how money is distributed across departments within the Utility Fund in FY 2021.

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

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

UTILITY FUND - REVENUES and EXPENDITURES

FY 2021

FY 2021					
	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	Amt Change from FY 2020	% Change
REVENUES					
Intergovernmental	\$ 59,674	\$ 109,048	\$ -	\$ (109,048)	-100%
Permits and Fees	136,031	127,625	104,000	(23,625)	-19%
Sales and Service	4,078,942	4,182,939	4,266,598	83,659	2%
Other Revenues	1,189,271	-	-	-	NA
Loan Proceeds	-	-	90,000	90,000	NA
Transfers In	-	117,000	194,000	77,000	66%
Fund Balance Appropriation	-	313,119	-	(313,119)	-100%
Total Revenues	\$ 5,463,918	\$ 4,849,731	\$ 4,654,598	\$ (195,133)	-4%
EXPENDITURES - by Category					
Personnel	887,446	961,314	988,469	27,155	3%
Operations	930,254	1,343,173	1,053,900	(289,273)	-22%
Capital Outlay	1,008,022	227,216	284,000	56,784	25%
Debt Service	1,497,659	1,473,098	1,378,229	(94,869)	-6%
Transfers Out	612,573	844,930	950,000	105,070	12%
Total Expenditures - by Category	\$ 4,935,954	\$ 4,849,731	\$ 4,654,598	\$ (195,133)	-4%
EXPENDITURES - by Division	0.500.004	0.004.005	0.050.055	(70.040)	201
Sewer	3,528,881	2,934,925	2,858,277	(76,648)	-3%
Water	794,501	1,053,876	830,321	(223,555)	-21%
Non-Departmental	612,573	860,930	966,000	105,070	12%
Total Expenditures - by Divison	\$ 4,935,954	\$ 4,849,731	\$ 4,654,598	\$ (195,133)	-4%
FUND BALANCE - RESTRICTED or AS	SSIGNED				
	Beginning Res	stricted/Assigned	\$ 150,698		
(Appropriated) of	or Contributed Res	stricted/Assigned	-		
	Ending Res	stricted/Assigned	\$ 150,698		
FUND BALANCE - UNASSIGNED					
	Begin	ning Unassigned	\$ 1,545,384		
	Appropri	ated Unassigned	1,700		
	En	ding Unassigned	\$ 1,547,084		
	Unassigned as %	of Expenditures	33.89%		

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

Utility Fund Revenues for FY 2021

The following table breaks out FY 2021 revenues by major source for the Utility Fund. The first row labels each of four columns.

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

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

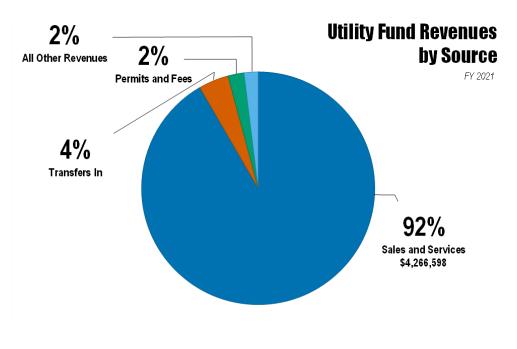
The third column and fourth columns show the anticipated Utility Fund total for each funding source in FY 2021 as both a dollar amount and a proportion of total Utility Fund revenues.

REVENUES by SOURCE for UTILITY FUND

FY 2021

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2021	
Intergovernmental Revenues	From other governments (grants, sales tax, ABC store profits, etc.)	\$ -	0.0%
Permits and Fees	Town fees (water & sewer taps, etc.)	104,000	2.2%
Sales and Services	Water sales and sewer treatment services	4,266,598	91.7%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	-	0.0%
Loan Proceeds	Loans for construction projects and large equipment purchases	90,000	1.9%
Transfers In	From capital reserve fund or other funds	194,000	4.2%
Appropriated Fund Balance	Accumulated reserves		0.0%
TOTAL REVENUES		\$ 4,654,598	100%

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



► Utility Fund Revenues-Intergovernmental Revenue

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

UTILITY FUND REVENUE DETAIL - INTERGOVERNMENTAL FY 2021

	FY 2019		FY 2020	FY	/ 2021	Aı	mt Change	%
INTERGOVERNMENTAL - Restricted	 Actual	Budget		Budget		from FY 2020		Change
Other Intergovernmental	\$ 59,674	\$	109,048	\$	-	\$	(109,048)	-100%
Total Intergovernmental - Restricted	\$ 59,674	\$	109,048	\$	-	\$	(109,048)	-100%

In FY 2019 one-time funding from the State was provided to perform an asset inventory assessment in the Water Division. There are no one-time funding revenues in FY 2021.

▶ Utility Fund Revenues-Permits and Fees

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

UTILITY FUND REVENUE DETAIL - PERMITS and FEES

FY 2021

	FY 2019	FY 2020	FY 2021	An	nt Change	%
PERMITS and FEES	Actual	 Budget	Budget	from FY 2020		Change
Sewer Permits and Fees	\$ 14,250	\$ 26,250	\$ 15,000	\$	(11,250)	-43%
Water Permits and Fees	95,694	79,375	75,000		(4,375)	-6%
Other Permits and Fees	 26,087	22,000	14,000		(8,000)	-36%
Total Permits and Fees Revenues	\$ 136,031	\$ 127,625	\$ 104,000	\$	(23,625)	-19%

Estimated revenue in FY 2021 is more conservatively budgeted to account for potential impacts from COVID-19.

▶ Utility Fund Revenues-Sales and Service Revenues

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

UTILITY FUND REVENUE DETAIL - SALES and SERVICE

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change		%
SALES and SERVICE	Actual	Budget	Budget	from FY 2020		Change
Sewer Sales and Service	\$2,938,994	\$3,012,033	\$3,072,274	\$	60,241	2%
Water Sales and Service	1,139,948	1,170,906	1,194,324		23,418	2%
Sale of Fixed Assets	-	-	-		-	NA
Other Sales and Service	NA	NA	NA		NA	NA
Total Sales and Service Revenues	\$4,078,942	\$4,182,939	\$4,266,598	\$	83,659	2%

Estimated revenue in FY 2021 increases based on growth and development trends.

▶ Utility Fund Revenues-Other Revenues

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

UTILITY FUND REVENUE DETAIL - OTHER REVENUES

FY 2021

OTHER REVENUES	FY 2019 Actual	Y 2020 Budget		' 2021 udget	Amt Change from FY 2020		% Change
OTHER REVENUES	Actual	 buugei	D	uugei	- 110111	1 2020	Change
Donations	\$1,133,667	\$ -	\$	-	\$	-	NA
Investment Earnings	19,226	-		-		-	NA
Insurance Reimbursements	28,114	-		-		-	NA
Other Miscellaneous Revenue	8,263	-		-		-	NA
Total Other Revenues	\$1,189,271	\$ _	\$	-	\$	-	NA

In FY 2019 one-time insurance reimbursements were received for a vehicle damaged during Hurricane Florence. There is no anticipated revenue in this category for FY 2021.

► Utility Fund Revenues-Loan Proceeds

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

UTILITY FUND REVENUE DETAIL - LOAN PROCEEDS

FY 2021

LOAN PROCEEDS	 Actual	 Y 2020 Budget	Y 2021 Budget	nt Change n FY 2020	% Change
Loan Proceeds	-	-	90,000	90,000	NA
Total Loan Proceed Revenues	\$ -	\$ -	\$ 90,000	\$ 90,000	NA

Loan proceeds in FY 2021 are for the purchase of a dump truck.

► Utility Fund Revenues-Transfers In

This is money from other funds.

UTILITY FUND REVENUE DETAIL - TRANSFERS IN

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
TRANSFERS IN	Actual	Budget	Budget	from FY 2020	Change
From Capital Reserve Fund	-	117,000	194,000	77,000	66%
Total Loan Proceed Revenues	\$ -	\$ 117,000	\$ 194,000	\$ 77,000	66%

The transfer from Capital Reserve in FY 2021 is to pay for a pump, a mini excavator, and two lift station generators.

▶ Utility Fund Revenues—Fund Balance Appropriation

This is money from accumulated reserves and capacity fee payments.

UTILITY FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION *FY* 2021

FUND BALANCE APPROPRIATION	FY 2019 Actual	FY 2020 Budget	FY 2021 Budget	Amt Change from FY 2020	% Change
Restricted or Assigned Fund Balance	-	-	-		NA
Unassigned Fund Balance	-	313,119	-	(313,119)	-100%
Total Fund Balance Appropriation	\$ -	\$ 313,119	\$ -	\$ (313,119)	-100%

There is no anticipated revenue in this category for FY 2021.

Fund balance was used in FY 2019 for rehabilitation of the water plant building and to replace storm-damaged pumps.

Utility Fund Expenditures for FY 2021

The following table breaks out Utility Fund expenditures in FY 2021 by major category. The first row labels each of the four columns.

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

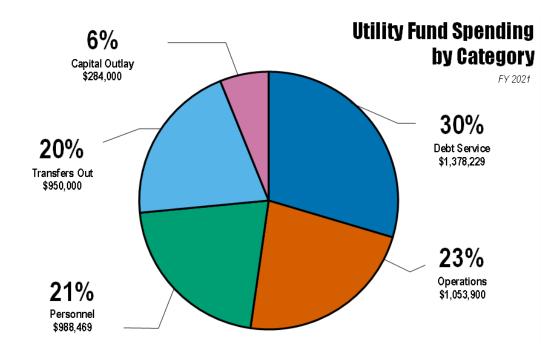
The third column and fourth columns show the anticipated Utility Fund total for each major spending category in FY 2021 as both a dollar amount and a proportion of total Utility Fund expenditures.

EXPENDITURES by CATEGORY for UTILITY FUND

FY 2021

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	 FY 2021	<u>!1 </u>	
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 988,469	21.2%	
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	1,053,900	22.6%	
Capital Outlay	Durable equipment, construction projects, capital reserves	284,000	6.1%	
Debt Service	Loan payments	1,378,229	29.6%	
Transfers Out	Money moved from one fund to another	950,000	20.4%	
TOTAL EXPENDITURES		\$ 4,654,598	100%	

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



▶ Utility Fund Expenditures—Personnel

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

UTILITY FUND EXPENDITURE DETAIL - PERSONNEL

FY 2021		FY 2019 Actual		FY 2020 Budget		FY 2021 Budget		t Change n FY 2020	% Change
PERSONNEL									
Sewer	\$	606,970	\$	653,416	\$	667,610	\$	14,194	2%
Water		280,477		291,898		304,857		12,959	4%
Non-Departmental				16,000		16,000		-	0%
Total Personnel Expenditures	\$	887,446	\$	961,314	\$	988,467	\$	27,153	3%

Generally, personnel costs increase over FY 2021 due to cost of living and merit pay adjustments. Also, a portion comes from changes in retirement system employer contribution policy.

Non-departmental personnel funds are for merit pay increases.

▶ Utility Fund Expenditures—Operations

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

UTILITY FUND EXPENDITURE DETAIL - OPERATIONS

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
OPERATIONS	Actual	Budget	Budget	from FY 2020	Change
Sewer	\$ 546,587	\$ 763,750	\$ 671,991	\$ (91,759)	-12%
Water	383,667	579,423	381,909	(197,514)	-34%
Non-Departmental	NA	NA	NA	NA	NA
Total Operations Expenditures	\$ 930,254	\$1,343,173	\$1,053,900	\$ (289,273)	-22%

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

► Utility Fund Expenditures—Capital Outlay

Cost of durable equipment and construction projects.

UTILITY FUND EXPENDITURE DETAIL - CAPITAL OUTLAY

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
CAPITAL OUTLAY	Actual	Budget	Budget	from FY 2020	Change
Sewer	\$1,016,022	\$ 180,616	\$ 274,000	\$ 93,384	52%
Water	(8,000)	46,600	10,000	(36,600)	-79%
Non-Departmental	NA	NA	NA	NA	NA
Total Capital Outlay Expenditures	\$1,008,022	\$ 227,216	\$ 284,000	\$ 56,784	25%

Cost of dump truck, a pump, a mini excavator, and two lift station generators and new piping.

► Utility Fund Expenditures—Debt Service

Cost of repaying loans, including principal and interest.

UTILITY FUND EXPENDITURE DETAIL - DEBT SERVICE

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
DEBT SERVICE	Actual	Budget	Budget	from FY 2020	Change
Sewer	\$1,359,302	\$1,337,143	\$1,244,675	\$ (92,468)	-7%
Water	138,357	135,955	133,554	(2,401)	-2%
Non-Departmental	NA	NA	NA	NA	NA
Total Debt Service Expenditures	\$1,497,659	\$1,473,098	\$1,378,229	\$ (94,869)	-6%

[■] Refer to *Debt Summary Five-Year Forecast* in *Section 5: Five Year Financial Plan* for more information.

► Utility Fund Expenditures—Transfers Out

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

UTILITY FUND EXPENDITURE DETAIL - TRANSFERS OUT

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
TRANSFERS OUT	Actual	Budget	Budget	from FY 2020	Change
Contribution from UF to GF	\$ 350,000	\$ 511,000	\$ 600,000	\$ 89,000	17%
Transfers to Capital Funds	262,573	333,930	350,000	16,070	5%
Total Transfers Expenditures	\$ 612,573	\$ 844,930	\$ 950,000	\$ 105,070	12%

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

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

Fund Balance Changes for Utility Fund in FY 2021

The following table shows how the FY 2021 budget will change the fund balances in the Utility Fund.

CHANGE IN FUND BALANCE - UTILITY FUND

FY 2021			(App	ropriated)		
		nticipated ne 30, 2020		ontributed Y 2021	Anticipated June 30, 2021	
Restricted / Assigned Fund Balance	\$	150,698	\$	-	\$	150,698
Unassigned Fund Balance		1,545,384		1,700		1,547,084
Unassigned as % of Expenditures		32.16%		NA		33.89%

Restricted fund balance comes from anticipated FY 2019 system development fees, which transfer to Capital Reserve Fund–Utilities in FY 2020. The unassigned fund balance contribution in FY 2021 comes from FEMA reimbursement for Hurricane Dorian expenses.

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

Available Fund Balance-Utility Fund

Town policy requires the Utility Fund to retain an unassigned fund balance equal to 50% of operating expenditures. The following calculation shows this "rainy day" amount for FY 2021.

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

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

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



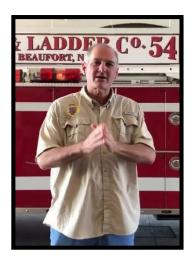
Department Service Plans

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

In this section you will find summaries for:

	Governing Body	88
-	Administration	92
-	Finance Department	96
-	Fire Department	100
-	Parking Management	104
-	Planning & Inspections	108
-	Police Department	112
-	Public Services Administration & Engineering	116
-	Public Works Division	120
-	Sewer Division	124
-	Water Division	128
-	Non-Departmental	132

Governing Body



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

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

► FY 2021 Goal Updates-Governing Body





Adopt Cedar Street Mixed Use Zoning District

Adopt a new zoning district to protect, enhance, and guide the redevelopment of the Cedar Street corridor toward a more pedestrian-focused orientation through the implementation of commercial design and materials standards that improve aesthetics and traffic congestion and provide for a solid and vibrant tax base. This was adopted in FY 2020.





Approve Stormwater Improvements Program

Approve an ongoing program to improve stormwater conveyance and adopt a modified stormwater fee schedule to fund those improvements. This program was not completed in FY 2020, and will be brought to the Board in FY 2021.

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



Adopt Live Oak Corridor Overlay Zoning District

Adopt a zoning overlay along sections of Live Oak Street to enhance the quality of future redevelopment efforts. This was adopted in FY 2020.

Modify Sign Ordinance Update

Modify the sign ordinance to improve aesthetics and reduce visual clutter. This was approved in FY 2020.

► FY 2021 Goals-Governing Body





COVID-19 Response

Continue monitoring COVID-19 positive cases in and around Carteret County and, when necessary, take active measures to protect our community.





Reduce Drug Abuse and Addiction

Track Carteret County overdoses and solicit expert analysis of data and work with medical and law enforcement authorities to decrease impact on our community and surrounding area.



T Attend to Infrastructure

Continue analysis and take active measures to repair our crumbling infrastructure and improve our parks capacity beyond existing initiatives, such as improvements to Highway 101 in anticipation of increased traffic resulting from completion of Interstate 42.



Improve Water Quality of Beaufort Waterways

Use the North Carolina Marine Debris Action Plan to guide efforts to reduce consumer debris in our waterways; work with local scientists to better understand the magnitude and source of toxins in our waterways; and use derived data to mitigate sources of toxins (e.g., fixing collapsed storm water systems).





Prepare for Effects of Climate Change

Analyze historical flooding areas in Town and, where feasible, take active measures to mitigate flooding; using lessons learned from previous storms, ensure citizens, businesses, and Town staff are provided essential information to prepare for storms; and ensure Town staff has preliminary FEMA training and solid waste contracts in place in advance of storms.





Increase Overall Community Resilience

Work with governmental and non-governmental organizations to analyze and understand the expanding socio-economic divide in Beaufort and surrounding areas, and take active measures to reverse negative trends, in particular, drug abuse, job distribution, property values, storm resilience, hunger, arrests and recidivism, and school data.

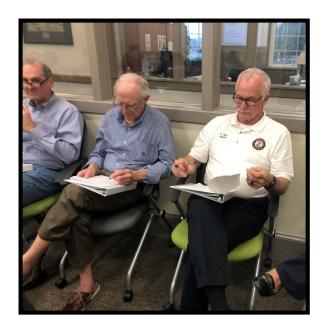
► Budget-Governing Body

GOVERNING BODY BUDGET

FY 2021

	F	FY 2019		Y 2020	FY 2021		Amt Change		%
GOVERNING BODY EXPENDITURES		Actual		Budget		Budget		from FY 2020	
Personnel	\$	16,890	\$	50,154	\$	51,146	\$	992	2%
Positions		6		6		6		-	0%
Operations		25,840		45,246		37,590		(7,656)	-17%
Capital Outlay		-		-		-		-	NA
Debt Service		-		-		-		-	NA
Total Governing Body Expenditures	\$	42,730	\$	95,400	\$	88,736	\$	(6,664)	-7%

Operations expenditures decrease in FY 2021 as it is not an election year.



Administration



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

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

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

Town engineering staff, formerly housed in the Administration department, moved to the newly created Public Services Administration & Engineering division in FY 2021.

► FY 2020 Work Summary to Date-Administration

In the first three quarters of FY 2020 we:

- Participated in Carteret Community College Career Fair
- On-boarded 5 new employees organization-wide
- Provided employees financial planning and wellness resources
- Responded to 5 records requests, each within three days
- Sent 5 staff members to Effective Supervisory Management Program and one to the City/County Administration Course at the UNC School of Government (UNC SOG)
- Held 3 employee gatherings recognizing birthdays and service milestones
- Employees participated in the UNC SOG Workplace Climate Survey for the second time and statistically significant improvements in every single survey category was demonstrated, and all "hotspot" survey areas from the first survey in 2017 were overcome.

► FY 2020 Goal Undates-Administration



Complete Randolph Johnson Park Renovation

Plan and execute community events to celebrate the successful completion of the park renovation. Design delays and rebidding of project delayed completing of construction until July 2020.

Elevate Technology Training for Employees

Formed two cross-organization technology groups: a technology learning cohort and a technology committee. The learning cohort is currently identifying minimum technology skills required for Town employees. The technology committee is designing and preparing for an internal technology assessment. This process was suspended due to COVID -19 and will resume at a date to be determined.



Create Citizen's Academy

A Citizen's Academy began in March 2020, but was suspended soon after due to COVID-19. Classes will resume when in-person meetings are reestablished.

Host Employee Wellness Fair

Host a second annual employee wellness fair providing employees with resources for healthy living, financial wellness, and mental well-being. Wellness Fair was held in 2019.

Recodify Code of Ordinances

Recodified ordinances with Municode and changed over to Municode Agenda Software, which is compatible with the Town website. Remaining ordinances that are not hosted on the Municode website will be identified and added.

Re-Write Town Code of Ordinances

Continue to review each ordinance for clarification and changes needed and provide updated ordinances for codification. This effort is not yet completed.

► FY 2021 Goals-Administration

Leverage Information Technology Organization-wide

The Technology Committee will conduct an internal technology assessment to identify information pain points within and across departments. A subsequent IT strategy will lay out a plan for addressing these through policies, training, and by making better use of existing technology.



Design and Implement a Community-Based Visioning Process

The Z Smith Reynolds Foundation began funding an Eastern Carteret County collaboration effort in July 2019. As a partner in this collaboration effort, the Town is building capacity for sustained community engagement, both internally and with neighboring communities, to address complex issues facing our region (e.g., opioid crisis, sea level rise, economic development, affordable housing, etc.).



Initiate a Beaufort Harbor Master Planning Effort

Design and initiate an inclusive process to develop a master plan for the Beaufort Harbor, addressing the future disposition of the Beaufort Docks, the rebuilding of the Front Street bulkhead and boardwalk, the feasibility of a mooring field, marine debris, environmental quality, policing, National Park Service, and other related issues.

▶ Budget–Administration

ADMINISTRATION BUDGET

FY 2021

	FY 2019		FY 2020		FY 2021		Amt Change		%
ADMINISTRATION EXPENDITURES	Actual		Budget		Budget		from FY 2020		Change
Personnel	\$	393,271	\$	560,347	\$	352,657	\$	(207,690)	-37%
Positions		4		5		3		(2)	-40%
Operations		175,988		166,045		117,330		(48,715)	-29%
Capital Outlay		-		19,500		-		(19,500)	-100%
Debt Service		-				-			NA
Total Administration Expenditures	\$	569,259	\$	745,892	\$	469,987	\$	(275,905)	-37%

Overall expenditures in this department decrease as some expenses are now housed in the new PSA & Engineering department. These include two engineering positions and associated operations costs.

Personnel expenditures for remaining Administration staff increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type.

There are no capital outlay expenses for this year.

Finance Department



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

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

► FY 2020 Work Summary to Date-Finance Department

In the first three quarters of FY 2020 we:

- Maintained 3,376 utility accounts
- Issued 1,480 accounts payable checks
- Delivered 9 monthly financial reports to the Town Board
- Received the highest marks on our annual audit (unqualified with no findings)
- Worked with FEMA Public Assistance to submit more than \$200,000 of reimbursable damages from Hurricane Dorian and prepared to submit \$100,000 of reimbursable expenditure for COVID-19.

► FY 2020 Goal Updates-Finance Department

Create Fleet Inventory System

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

Expand Purchasing Card Program

Implemented a new Purchasing Card Program that offers rewards/points for town purchases.

Research and Review Automated Time Tracking Options

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

Develop a Financial Dashboard on the Town Website

Staff is currently working with the software vendor and information technology consultant to determine if the current platform can provide the financial dashboard on the Town's website. The dashboard would link in real time to the Town's finance system. This is another step in making the Town's business as transparent as possible.

Offer Utility Bills Electronically

Citizens are now able to check balances and pay bills through our Web Inquiry and Payment Portal (WIPP). They can also see their last three bills, and by selecting to view a copy of the bill, they have access to a graph showing their usage for the past twelve months. Building permits and other invoices may be paid through the portal as well. We are also now able to send customers their bill by email.

► FY 2021 Goals—Finance Department

Expand Use of Technology

Expand the use of technology in daily operations through additional use of modules available in the current software program.

Automate Additional Accounts Payable TransactionsAutomate additional accounts payable transactions through EFT/ACH processes.

▶ Budget-Finance Department

FINANCE BUDGET

FY 2021

	FY 2019		FY 2020	FY 2021		Amt Change		%
FINANCE EXPENDITURES	Actual		 Budget	Budget		from FY 2020		Change
Personnel	\$	328,076	\$ 354,190	\$	368,574	\$	14,384	4%
Positions		5	5		5		-	0%
Operations		140,647	136,146		152,544		16,398	12%
Capital Outlay		-	-		-		-	NA
Debt Service		NA	NA		NA		NA	NA
Total Finance Expenditures	\$	468,723	\$ 490,336	\$	521,118	\$	30,782	6%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.

Operation expenditures include collection fees paid to Carteret County on Ad Valorem taxes collected on the Town's behalf, which account for the FY 2021 increase in operations. In FY 2020 parking processing fees moved to Parking Management. FY 2019 included one-time computer purchases.

There are no capital outlay expenses for this year.



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

Fire Department



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

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

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

► FY 2020 Work Summary to Date-Fire Department

In the first three quarters of FY 2020 we:

- Responded to ~1000 incidents
- Completed ~175 fire inspections of businesses
- Completed training hours totaling ~3000 for career and volunteer staff

► FY 2020 Goal Updates-Fire Department

Expand Outreach and Education Programs

We reclassified the Assistant Chief's position to full-time Fire Marshal and increased the resources available to the Department in order to expand our Fire and Life-Safety, Prevention and Education Programs. We were able to participate again in the Statewide Fire Alarm Canvassing Day and received 54 smoke detectors which were given out and installed.

Replace 1984 Tanker/Pumper

We received partial funding from Carteret County to replace the 1984 Tanker/Pumper. We completed specifications for a replacement pumper/tanker and anticipate having County capital reserve funding for a down payment in the FY 2021 budget cycle.

Train for Swift Water Rescue

Our staff completed the NC Technical Rescue Water Rescue (Surface/Swift Water) training in December 2019. Additionally, our Department received a donated Highwater Rescue Vehicle for use during major weather events.

Update & Implement Emergency Preparation/Response Plan

The Fire Chief continued to update the Town's readiness, and during Hurricane Dorian, the updated plan was utilized.

► FY 2021 Goals—Fire Department

Expand Outreach and Education Programs

Continue to increase our Fire and Life-Safety, Prevention and Education programs for both adults and children beyond Fire Prevention Week, in addition to a Community Risk Reduction program. We expect to again participate in the Statewide Fire Alarm Canvassing Day. We will also seek training and NC certification for Fire and Live-Safety Educators.

Additionally, we will collaborate with neighboring Eastern Carteret communities to advance regional all hazards preparedness.

Replacement of 1984 Tanker/Pumper

Specifications for a replacement tanker/pumper at Station 2 are complete. We anticipate County capital reserve funding for the down payment in FY 2021, allowing us to place the order and receive the new Tanker/Pumper. NFPA Guidelines for first-line apparatus recommend that apparatus over 25 years should be replaced, and our goal is to place the new Tanker/Pumper in service by the end of FY 2021.

Surface Water Rescue Training

Continue training with the Highwater Rescue Vehicle for use during major weather events.

Update & Implement Emergency Preparation/Response Plan

During Hurricane Dorian, we implemented the new emergency response plan. We will continue to update and revise the plan, and will collaborate with neighboring Eastern Carteret communities to incorporate plans for regional preparedness and response.

▶ Budget–Fire Department

FIRE BUDGET

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
FIRE EXPENDITURES	Actual	Budget	Budget	from FY 2020	Change
Personnel	\$ 1,173,793	\$ 1,480,493	\$ 1,433,627	\$ (46,866)	-3%
Positions	18	18	18	-	0%
Operations	210,094	292,304	242,888	(49,416)	-17%
Capital Outlay	-	1,407,724	-	(1,407,724)	-100%
Debt Service	297,746	287,951	351,227	63,276	22%
Total Fire Expenditures	\$ 1,681,634	\$ 3,468,472	\$ 2,027,742	\$ (1,440,730)	-42%

Personnel expenditures include increases and decreases which net to no significant increase. Increases are the result of cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. Decreases result from adjusting back down after Hurricane Dorian and COVID-19 inflations in FY 2020. There are no new positions.

Operations expenditures in FY 2020 used money from Fire Fund restricted fund balance to upgrade systems in Station 1 reducing ongoing operations expenses with strategic building and equipment improvements. In FY 2021 expenditures increase to expand training and professional development opportunities to address past deficits, allowing us to increase our level of service.

There are no capital outlay expenses for this year.

Debt service includes principal and interest payments for the FY 2016 Fire Station loan and the FY 2020 Ladder Truck loan.

Parking Management



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

Parking Management became a staff-run program in FY 2020. This service was previously provided by Lanier Parking Solutions.

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

► FY 2020 Work Summary to Date – Parking Department

In the 2020 parking season, we:

- Issued 1,137 citations
- Monitored 323 parking spaces
- Received gross revenues of \$198,000

► FY 2020 Goal Updates-Parking Management

Downtown Parking Advisory Meetings

No advisory meetings were held, but the parking manager frequently engaged with customers and business owners to assess satisfaction and concerns.

Pay-by-Phone Promotions

Representatives of the paybyphone parking smartphone application offered to promote the use of their product by hosting giveaway promotions to those who download their application, and also holding information sessions for merchants and providing promotional and informational materials. Logistics for promotions and meetings were never successfully achieved.

Prepare and Distribute Useful Parking Information

Updated parking information was maintained on the Town's website and informational rack cards were distributed to assist downtown visitors in locating parking spaces and navigating the various payment methods

► FY 2021 Goals—Parking Management

Develop Plan for 2020 with Stakeholders

The Board of Commissioners suspended the 2020 paid parking season prior to its planned beginning on May 18, 2020. This was done to remove any barriers that might discourage people from visiting shops and restaurants that reopened after being closed due to COVID-19 restrictions.

The Beaufort Business Development Association recognizes that paid parking creates critical parking space turn-over, and it desires to work with the Town to develop other strategies for the 2020 season to achieve the same end.

► Budget-Parking Management

PARKING BUDGET

FY 2021

	FY 2019		FY 2020		FY 2021	Amt Change		%
PARKING EXPENDITURES	 Actual	Budget		Budget		from FY 2020		Change
Personnel	\$ 21,443	\$	70,424	\$	72,719	\$	2,295	3%
Positions	-		1.45		1.45		-	0%
Operations	12,973		121,089		61,394		(59,695)	-49%
Capital Outlay	NA		NA				NA	NA
Debt Service	 -		8,803		8,803			0%
Total Parking Expenditures	\$ 34,416	\$	200,316	\$	142,916	\$	(57,400)	-29%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.

There are no capital outlay expenses for this year.

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

Revenue from parking fees pays the costs of managing the parking program. In FY 2021, net parking revenue moves to non-departmental, and will be used by Public Works for routine maintenance and improvements in the waterfront business district (WBD) during the year. If there are remaining funds available after the end of the fiscal year, the Town Board appropriates for specific projects in the waterfront business district in FY 2022.

Additional parking-related costs incurred by Administration, Finance Department, and Public Works staff are rolled into their respective budgets and are not explicitly accounted for within the Parking Management budget.



Planning & Inspections



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

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

We are responsible for code enforcement, flood map information, transportation planning, special projects management, and grant writing. We also provide staff support to the Historic Preservation Commission, Planning Board, Board of Adjustment, and participate in local advisory groups such as the Rural Transportation Organization (RTO) and Carteret County Transportation Committee.

► FY 2020 Work Summary to Date-Planning & Inspections

In the first three quarters of FY 2020 we:

- Issued 405 building permits, 41 certificates of appropriateness
- Performed 1601 inspections
- Reviewed 3 preliminary plat and 3 final plats
- Processed 10 rezonings, 3 zoning text amendments and 2 major site plans.
- Staffed 3 Board of Adjustment cases
- Abated 47 nuisance code violations, with 4 substandard structures demolished

► FY 2020 Goal Updates-Planning & Inspections

Debris Removal of Olde Burying Ground

This project was unanticipated when developing the budget for last year however after working with FEMA, State Historic Preservation and an excellent contractor the Olde Burying Ground was once again open for business for residents and visitors alike.

Grant to Develop a Mooring Field

Deferred until after completion of Harbor Management Plan to increase likelihood of receiving the grant.

Grant to Replace Boardwalk and Bulkhead

Due to the complexity of issues surrounding this project, a grant application was not made and the Board of Commissioners called for the creation of a Beaufort Harbor Master Plan first..



Grant to Update Historic District Guidelines

The State Historic Preservation Office awarded a \$15,000 grant to match the Town's contribution of \$15,000 for the development of new historic guidelines. Last updated in 2008, the new guidelines will include a section which addresses damage to structures caused by storm damage and provides mitigation options. The new guidelines will be completed in FY 2021.

Improve the Community Rating System for Flood Insurance

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



Incorporate Watershed Restoration Plan

In collaboration with the NC Wildlife Resources Commissions, NC Coastal Federation, and NC Division of Soil and Water Conservation, we incorporated a new stormwater design along with permeable parking areas into the redevelopment of the Lennoxville Road Wildlife Boat Ramp. Stormwater improvements are also underway along Cedar Street.

► FY 2021 Goals-Planning & Inspections

Complete Harbor Master Plan

The Harbor Master Plan includes various aspects of our waterway management such as dredging, moorings, water quality, and navigation.

Reapply for Grant to Replace Boardwalk and Bulkhead

Work with a consultant to make our application stronger and reapply to the US Fish & Wildlife Service for \$600,000 to replace the existing seawall and boardwalk along the waterfront. Also, a request for a funding for a mooring field might be included.

Update CAMA Land Use Plan & Land Development Ordinance

These documents are vital tools in shaping and directing Beaufort's future development, covering topics such as land use, development policies, and recommendations to protect our coastal environment. Updating these plans will be completed in late FY2021 or early FY 2022.



Budget-Planning & Inspections

PLANNING & INSPECTIONS BUDGET

FY 2021

	FY 2019		FY 2020		FY 2021		Amt Change		%
PLANNING EXPENDITURES		Actual	Budget		Budget		from FY 2020		Change
Personnel	\$	372,606	\$	410,592	\$	428,630	\$	18,038	4%
Positions		5		5		5		-	0%
Operations		12,219		48,338		18,000		(30,338)	-63%
Capital Outlay		-		23,150		180,000		156,850	678%
Debt Service		5,023		5,023		5,023		-	0%
Total Planning Expenditures	\$	389,847	\$	487,103	\$	631,653	\$	144,550	30%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.

Operations expenditures decrease in FY 2021 due to one-time FY 2020 costs to update Historic Commission Design Guidelines.

Capital outlay in FY 2021 accounts for contracted services to create a new CAMA Land Use Plan and a new Unified Development Ordinance.

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

Police Department



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

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

► FY 2020 Work Summary to Date-Police Department

In the first three quarters of FY 2020 we:

- Responded to over 6,800 calls for service, investigating over 1,400 traffic complaints, crashes, and vehicle stops.
- Attended over 2,800 hours of advanced law enforcement training.
- Successfully applied for and was awarded over \$36,000.00 in grant funds which supported our school safety plan and Narcan program.

► FY 2020 Goal Updates-Police Department

Law Enforcement Risk Review Process

We continue to evaluate our policies and practices to ensure our agency is operating according to best practices.



Law Enforcement Presence In Our Waterways

We increased both proactive and reactive patrols in Taylors Creek, Town Creek, and the Rachel Carson Reserve. We became a collaborative partner in the Reserve's new "Pony Patrol," an educational and enforcement campaign to protect our horses.

Professional Development

We continue to develop professional skills with a focus on organizational leadership and supervisor accountability. Mental health and de-escalation training continue to be a priority as we address the issues surrounding the opioid crisis.

► FY 2021 Goals—Police Department

Expand Our Narcotics Investigations and Enforcement

Utilize our expertise and local knowledge to partner with neighboring agencies to attack the sale of dangerous drugs that continue to invade our community.

Prioritize Professional Development

Maintain our continued focus on the professional development of our officers and staff. Leadership, organizational accountability, and de-escalation techniques will continue to be a priority.

Enhance Employee Health and Safety

We will transition to an external vest carrier that will reduce the amount and weight of the equipment currently on the duty belt.

We will also establish an interface with the Carteret Emergency Communications Center that will provide real-time information to officers responding to emergency calls for service.

Finally, we will begin expanded operations in our annex which will provide an in-house training area, a safe place to process dangerous evidence, and an area for our staff to eat and take care of their personal needs.

▶ Budget-Police Department

POLICE BUDGET

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change		%
POLICE EXPENDITURES	Actual	Budget	Budget	fro	m FY 2020	Change
Personnel	\$ 1,255,719	\$ 1,449,912	\$ 1,542,248	\$	92,336	6%
Positions	18	19	19		-	0%
Operations	244,531	292,745	280,764		(11,981)	-4%
Capital Outlay	142,961	55,350	-		(55,350)	-100%
Debt Service	39,253	17,220	17,220			0%
Total Police Expenditures	\$ 1,682,464	\$ 1,815,227	\$ 1,840,232	\$	25,005	1%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. In the past, the Town relied on lapsed salary money to cover holiday pay, however, lower turnover and faster hiring times leave less lapsed salary monies. As a result, personnel costs are increased to cover actual costs. There are no new positions.

Operations expenditures expand in FY 2022 to cover ongoing information and software services, abandoned and derelict vessel removal, and marine operations. One-time costs include gas masks and filters, equipment replacement, CAD implementation, and triennial staff wellness testing.

There are no capital outlay expenses for this year.

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



Public Services Administration & Engineering



The Public Services Administration & Engineering division, within the Public Services Department, was created in FY 2020 to provide leadership, fiscal responsibility, and strategic planning for other Public Services divisions: Public Works, Sewer, and Water.

The engineering component of this division provides technical knowledge and leadership necessary to ensure successful completion of Town-funded infrastructure projects.

► FY 2020 Work Summary to Date-Public Services Admin & Engineering

Although the division was not launched until January 2020, several projects either designed or managed by the Town's engineering staff were advertised for bidding prior to the close of 3Q FY 2020:

- Randolph Johnson Park Renovation
- Professional Park sewer repair
- FY 2020 Street Improvements
- Turner Street 100 Block Pedestrian Improvements

► FY 2020 Goal Updates-Public Services Admin & Engineering





Begin Pedestrian Improvements

Complete design and engineering, award contract, and provide oversight of project contractor and monitoring of work for compliance with specifications. This project was modified and became the Pedestrian and Street Improvement Project. Contracts were approved in March 2020, and construction will begin in June 2020.

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



Begin Street Improvement

Complete design and engineering, award contract, and provide oversight of project contractor and monitoring of work for compliance with specifications. See Pedestrian Improvements above. This project was modified and became the Pedestrian and Street Improvement Project. Contracts were approved in March 2020, and construction will begin in June 2020.

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

Begin Utility Line & Street Improvements Combined Program This annual program was replaced by a much larger, comprehensive project.

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



Develop Stormwater Improvements Program

Develop an ongoing program for maintenance and improvements to the stormwater system, and a draft modified stormwater fee schedule, informed by the recently received stormwater system analysis performed by The Wooten Company. This program was not developed in FY 2020, and will be completed in FY 2021.

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

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

begin after Labor Day, 2020.

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

► FY 2021 Goals—Public Services Administration & Engineering

Replace Street, Water, and Wastewater Design Manual

Replace the current "Manual for Design and Construction of Streets, Water, and Wastewater Systems" with one that includes more detailed specifications organized according to the 2016 Construction Specifications and 2016 MasterFormatTM guidance document, along with drawing details.

Develop Sewer Allocation Policy for Town Board Approval

The Town does not currently have a policy for allocating sewer treatment capacity to new development. Such a policy will ensure complete recordkeeping of developments expecting to discharge to the Town's sewer system and amounts they intend to discharge.

Establish List of On-Call Engineering and Architectural Firms

Conduct request for qualifications (RFQs) and selection process for on-call engineering and architectural services, and execute Town-developed on-call contract with those firms selected.

Adopt Standard Uniforms for Field Staff in Public Services

Establish consistency between uniforms worn by Public Works, Sewer, and Water divisions so that all staff members can easily be recognized as Town employees.

Budget–Public Services Administration & Engineering

PSA & ENGINEERING BUDGET

FY 2021

	FY 2019		FY 2020		FY 2021		Amt Change		%
PSA & ENGINEERING EXPENDITURES	A	ctual	Budget		Budget		from FY 2020		Change
Personnel	\$	-	\$	-	\$	261,605	\$	261,605	NA
Positions		-		-		2		2	NA
Operations		-		-		26,610		26,610	NA
Capital Outlay		NA		NA				NA	NA
Debt Service		NA		NA		NA		NA	NA
Total PSA & Engineering Expenditures	\$		\$		\$	288,215	\$	288,215	NA

This department was included in the Administration Department budget in FY 2020. Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.



Public Works Division



The Public Works division, within the Public Services Department, strives to make everyday life as safe and convenient as possible for Beaufort residents and visitors while providing outstanding customer service.

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

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

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

► FY 2020 Work Summary to Date-Public Works Division

In the first three quarters of FY 2020 we:

- Spent several weeks clearing roadways and sidewalks, and hauling away over 10,000 cubic yards of Hurricane Dorian debris. We also spent several months performing minor repairs on buildings necessitated by storm damage, and cleaned and repaired numerous drainage outfalls and ditches.
- Installed 8,400 sq ft of new or replaced sidewalk
- Planted 30 live oaks
- Performed almost 200 routine services or repairs on Town vehicles
- Provided janitorial service to 8 buildings and 8 public restrooms
- Maintained 6 docks and boardwalks, 3 kayak racks, and 9 parks

► FY 2020 Goals Undate-Public Works Division



Pedestrian Improvements

Completed Campen Road sidewalk extension, working with Carteret County public schools to construct a sidewalk that connects Beaufort Middle School and Beaufort Elementary School to the Professional Park housing area.

Completed Front Street 500 block improvements, working with Duke Energy to increase pedestrian safety by repairing bad streetlight wiring and replace overgrown shrubbery and broken concrete with permeable pavers and tree grates.

Police Station Annex Renovation

Renovated interior of former police station (annex) to add training, evidence, interview, and storage rooms. Exterior renovations scheduled for completion May 2020. This project was completed mostly with in-house labor, and some subcontractor supervision.



Randolph Johnson Park Renovation

Completed demolition of project in January and then moved forward with the closure and removal of Pine Street. We have received the splash pad and playground equipment and accessories. The storm water piping has been installed. Project was bid, the contract awarded, and notice to proceed issued, and construction is well under way and expected to open July 2020.



Stormwater Improvements Program

In collaboration with the NC Wildlife Resources Commissions, NC Coastal Federation, and NC Division of Soil and Water Conservation, we incorporated a new stormwater design along with permeable parking areas and larger planting beds into the redevelopment of the Lennoxville Road Wildlife Boat Ramp.

Street Improvements

Assist town engineering staff in oversight of project contractor and monitoring of work for compliance with specifications. This project will take place in FY 2021.

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

Town Hall Renovation

Converted storage room of Town Hall into office and storage. This project was completed mostly with in-house labor some subcontractor work.

► FY 2021 Goals—Public Works Division



Cedar Street Park

Assist in construction oversight when construction begins.

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

Employee Development

Conduct employee safety training and specialized certifications.





Pedestrian and Street Improvements

Assist in construction oversight of new sidewalks connecting other parts of Town to the new Randolph Johnson Park and creating connectivity between sections of town that are currently cut off. Also assist in construction oversight of Turner Street 100 block streetscape project and street resurfacing.

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





Randolph Johnson Park Renovation

Ensure completion and opening to include the splash pad, playground, bathroom and shelter facility, covered seating areas, and connecting sidewalks between activities. Design and integrate routine park and bathroom maintenance into existing workflows.





Stormwater Improvements Program

Continue working with NC Coastal Federation and Carteret Soil and Water Conservation on various projects throughout Town to improve water quality.

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

Budget-Public Works Division

PUBLIC WORKS BUDGET

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
PUBLIC WORKS EXPENDITURES	Actual	Budget	Budget	from FY 2020	Change
Personnel	\$ 657,473	\$ 747,187	\$ 796,637	\$ 49,450	7%
Positions	13.30	13.30	13.30	0	0%
Operations	2,295,940	2,000,834	1,174,392	(826,442)	-41%
Capital Outlay	58,521	48,218	112,950	64,732	134%
Debt Service	69,542	108,030	353,655	245,625	227%
Total Public Works Expenditures	\$ 3,081,476	\$ 2,904,269	\$ 2,437,634	\$ (466,635)	16%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type.

Also, in the past the Town relied on lapsed salary money to cover part-time seasonal labor, however, lower turnover leaves less lapsed salary monies. As a result, personnel costs are increased to cover actual costs.

In addition, in FY 2020 an on-call program was instituted in Public Works to provide equity with a similar long-standing program in Utilities. There are no new positions.

Operations expand in FY 2021 to include operating cost of street lights added in late FY 2020 for safety reasons at intersections and in new areas of a subdivision.

One-time expenses in FY 2021 include second-half repair and maintenance project at Train Depot.

Overall a decrease in FY 2021 operations is due to greater onetime expenses in FY 2020 for sidewalk improvements, marine debris removal, stormwater plan, Town Hall improvements, Police Department Annex upfit, privacy screen on back of Public Works yard, and wildlife grant for boat ramp.

Capital outlay is for FEMA hazard mitigation grant generators.

Debt service includes principal and interest payments for FY 2017 loan toward a one-ton truck and a grapple truck, and increase to include payments on the Street / Pedestrian Improvements loan originated in FY 2020.

Sewer Division



The Sewer division, within the Public Services Department, is responsible for the maintenance of the sewer collection system as well as the operation and maintenance of the Wastewater Treatment Facility.

The sewer collection system is comprised of approximately 25 miles of gravity lines, 28 miles of force mains, 23 pump stations, and approximately 3,300 sewer service connections.

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

► FY 2020 Work Summary to Date-Sewer Division

In the first three quarters of FY 2020 we:

- Responded to 31 sewer calls
- Cleaned 16,979 feet of sewer mains
- Installed 2 new generators at lift stations
- Installed 13 vacuum pods in Beaufort Club
- Collected and treated over 126 million gallons of wastewater
- Removed annual residual solids haul as scheduled
- Maintained compliance with NC Department of Environmental Quality standards through thorough recordkeeping and system performance

► FY 2020 Goal Updates-Sewer Division

Preventative Maintenance and Repairs

Two new generators were received and installed at sewer lift stations #4 and #11 to will help boost system functionality during power outages.

► FY 2021 Goals-Sewer Division



Cedar Street Utility Line Improvements

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

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

Clean 10% Gravity of Sewer Lines

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

Clean and Maintain 23 Lift Stations

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

Maintain Compliance

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

▶ Budget-Sewer

SEWER BUDGET

FY 2021

	FY 2019	FY 2020 FY 202		Amt Change	%
SEWER EXPENDITURES	Actual	Budget	Budget	from FY 2020	Change
Personnel	\$ 606,970	\$ 653,416	\$ 667,611	\$ 14,195	2%
Positions	9	8	8	-	0%
Operations	546,587	763,750	671,991	(91,759)	-12%
Capital Outlay	1,016,022	180,616	274,000	93,384	52%
Debt Service	1,359,302	1,337,143	1,244,675	(92,468)	-7%
Total Sewer Expenditures	\$3,528,881	\$2,934,925	\$2,858,277	\$ (76,648)	-3%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.

Operations include a one-time cost in FY 2021 for a high-rate infiltration basin permit application, and the decrease in FY 2021 is due to reductions based on actual expenses and elimination of one-time non-capital equipment purchases in FY 2020.

Capital outlay in FY 2021 includes a dump truck funded by a loan. Additional equipment: RAS pump, mini excavator, and 2 lift station generators funded through a contribution from CRF

Debt service includes principal and interest payments for the FY 2006, FY 2008, FY 2009 Sewer loans, the FY 2010 Sewer Plant loan, and an FY 2017 WWTP pickup truck loan, and for a loan to purchase dump truck in FY 2021.

➡ DID YOU KNOW?

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

Water Division



The Water division, within the Public Services Department, is responsible for the treatment and distribution of potable water to all the Town's utility customers.

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

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

► FY 2020 Work Summary to Date–Water Division

In the first three quarters of FY 2020 we:

- Installed over 56 new meters
- Changed out 38 old meters to new meters
- Repaired over 27 major water main leaks
- Completed an average of 5 work orders per day
- Completed an average of 31 water utility locates per week
- Pumped an average of .4530 MGD to the distribution system
- Directed Pine Street discharge into sewer to prevent violations of the Clean Water Act
- Maintained compliance through daily, weekly, monthly, quarterly, and yearly testing as required by NC Department of Environmental Quality

► FY 2020 Goal Undates-Water Division

Glenda Drive Softener Room

Completed the sanding and repainting of the Glenda Drive water treatment plant's softeners.

High Service Room Pine Street Water Treatment Plant

Completed the replacement of all high service piping within the high service pump room at Pine Street water treatment plant.

Oversee the Completion of Beau Coast Phase 2

Are currently ensuring all related water mains and metered connections are built to compliance with the Town of Beaufort Water, Sewer, and Wastewater Standards.

Pressure Wash Facilities

Completed the pressure washing of all brine tanks and storage tanks of Glenda Drive and Pine Street water treatment plants.

► FY 2021 Goals-Water Division

Outfit New F-250 with Necessary Tools & Equipment

A new F-250 work truck was purchased and needs to be supplied with the necessary equipment and tools for the job.

Repaint Fire Hydrants

Many of the Town's fire hydrants are in need of new paint, which not only enhances the appearance, but also helps extend the life of the hydrants.

Replace Water Service for the Ferry Docks

The water service line for the ferry docks consists of galvanized pipe and has had several leaks where it crosses Front Street. This work is scheduled for mid-winter, during the off-season.



Cedar Street Utility Line Improvements

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

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

▶ Budget-Water

WATER BUDGET

FY 2021

	FY 2019	FY 2020		FY 2021		Amt Change		%
WATER EXPENDITURES	Actual	Budget		Budget		from FY 2020		Change
Personnel	\$ 280,477	\$	291,898	\$	304,858	\$	12,960	4%
Positions	4		4		4		-	0%
Operations	383,667		579,423		381,909		(197,514)	-34%
Capital Outlay	(8,000)		46,600		10,000		(36,600)	-79%
Debt Service	138,357		135,955		133,554		(2,401)	-2%
Total Water Expenditures	\$ 794,501	\$1	1,053,876	\$	830,321	\$	(223,555)	-21%

Personnel expenditures increase due to cost of living and merit pay adjustments, as well as a substantial increase in mandatory contribution to the retirement system. This is the second of three anticipated annual increases of this type. There are no new positions.

Operations decreases in FY 2020 are attributed to a decrease in contract services. In FY 2021 one-time purchase of a replacement utility trailer and there are increases in recurring vehicle maintenance costs due to aging vehicles. FY 2021 reductions are based on based on historical costs and the completion of one-time costs in contract services from the 2020 NCDOT Hwy 101 water line project.

Capital outlay in FY 2021 is for a chlorine piping rework project.

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



Non-Departmental

Items in this program span multiple departments within a fund.

► Budget-Non-Departmental General Fund

NON-DEPARTMENTAL - GF BUDGET

FY 2021

	FY 2019	FY 2020	FY 2021	Amt Change	%
NON-DEPT GF EXPENDITURES	Actual	Budget	Budget	from FY 2020	Change
Personnel	\$ -	\$ 60,338	\$ 55,000	\$ (5,338)	-9%
Positions	-	-	-	-	NA
Operations	375,146	434,037	455,610	21,573	5%
Capital Outlay	-	-	336,572	336,572	NA
Debt Service	125,411	1,122,420	119,486	(1,002,934)	-89%
Transfers to Capital Funds	764,102	460,433	185,000	(275,433)	-60%
Total Non-Dept GF Expenditures	\$1,264,658	\$2,077,228	\$1,151,668	\$ (925,560)	-45%

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

Operations includes:

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

In FY 2021, operations include one-time set-up costs associated with transitioning phones to VoIP.

In FY 2021, capital outlay includes funding for a vehicle replacement program.

Debt service includes principal and interest payments for the Town Hall loan. In FY 2020, debt service included a one-time payment for the Hurricane Florence gap loan.

The contribution to capital reserve is reduced in order to pay the debt service on the loan for the Pedestrian and Street Improvement project. The remainder will become debt service for the street portion of the Utility, Stormwater, and Street Improvement Project in FY 2022.

Refer to *Utilities, Stormwater, and Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

▶ Budget-Non-Departmental Utility Fund

NON-DEPARTMENTAL - UF BUDGET FY 2021

NON-DEPT UF EXPENDITURES	FY 2019 Actual		FY 2020 Budget		FY 2021 Budget		Amt Change from FY 2020		% Change
Personnel	\$	-	\$	16,000	\$	16,000	\$	-	0%
Positions		-		-		-		-	NA
Operations		NA		NA				NA	NA
Capital Outlay		NA		NA				NA	NA
Debt Service		NA		NA				NA	NA
Transfers to Capital Funds		262,573		333,930		350,000		16,070	5%
Contribution from UF to GF		350,000		511,000		600,000		89,000	17%
Total Non-Dept UF Expenditures	\$	612,573	\$	860,930	\$	966,000	\$	105,070	12%

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

Transfers include money contributed from the Utility Fund to the General Fund for administrative and engineering services. This contribution is calculated each year - adjustments made this year are related to increases from the new salary plan.

Contribution to capital reserve will transition to debt service payments for the utility portion of the Utility, Stormwater, and Street Improvement Project in FY 2023.

■ Refer to *Utilities, Stormwater, and Street Improvements* in *Section 4: Capital Improvement Plan* for more information.



Capital Improvement Plan

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

In this section you will find:

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-	CIP Schedule	140
-	Capital Project Profiles	141
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	Fire Station 1 Pumper Truck	148
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Capital Improvement Plan Guide

The Town of Beaufort defines capital improvements as:

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

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

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

Build New or Expanded Facilities

- New Fire Station
- New Police Station
- Expand Randolph Johnson Park
- Build Cedar St Park

Replace or Rebuild Existing Facilities

- Repair Water & Sewer Lines
- Repave Streets
- Repair Bulkhead
- Replace Boardwalk

Hire Professional Studies & Services

- Stormwater Assessment
- Street Design
- Small Area Plans

Purchase Major Equipment or Land

- Fire Trucks
- Park land
- Easements

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

The CIP allows the Town to:

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

Project Criteria for Inclusion in CIP

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

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

Preserve or Enhance Town Assets

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

Increase Efficiency and Effectiveness

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

Be a Good Steward of Public Resources

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

Consider Impacts on the Operating Budget

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

► CIP as a Financial Planning Tool

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

- Costs to complete the project or to purchase and put equipment into service
- Subsequent operating and maintenance costs after the project is complete or the item is in service
- Potential funding sources for initial and subsequent costs

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

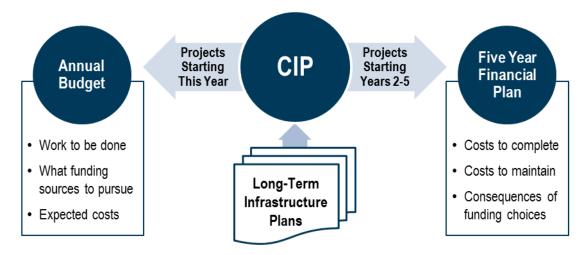
► Relationship to Budget Document

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

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

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

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



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

Improvement costs and funding sources outlined for subsequent years are not authorized until the annual budget for those years or a capital project budget is legally adopted. The out years serve as a guide for future planning and are subject to further review and modification.

► Parts of the Capital Improvement Plan

The capital improvement plan contains a brief summary of all improvements, followed by a detailed profile for each.

CIP Schedule

Presents improvement cost and anticipated timeline for recently completed, current, and future capital improvements.

Capital Improvement Profiles

Provides an overview of each upcoming or future capital improvement. Each profile is defined as follows:

- Description of the improvement
- Background and justification

As more information is known over time, the following sections of the profile are updated.

- Status and updates
- Costs to plan, design, implement, or equip
- Anticipated timing and funding for costs, as well as how the funds will be tracked (such as a capital project fund)
- Subsequent budget impacts once improvement is in place
- Financial implications of capital improvements sometimes extend beyond implementation. For example, some projects will be funded through loans. Future budgets will then need to cover the loan payments (debt service).
- In some cases, specific revenue sources can offset expenditures. For example, Carteret County Fire District Tax might cover debt service payments for fire trucks and stations, while Powell Bill funds can help cover debt service payments for road works.

CIP Schedule

Beaufort's five-year capital improvement program is approximately \$34 million, the bulk of which (85%) is directed towards street resurfacing and underlying utility line and stormwater improvements.

The following table shows likely costs and scheduling for each improvement for the next five years and beyond. One improvement is listed per row, with six columns, one for each period. The final row totals the cost of all capital improvements for each column.

The first column, FY 2021 Budget, shows amounts included in the FY 2021 annual budget or a capital project fund for each project. Subsequent columns show amounts for planning purposes for the periods FY 2022, FY 2023, FY 2024, FY 2025, and Beyond.

CAPITAL IMPROVEMENTS PLAN SUMMARY

Updated for FY 2021	FY 2021 Budget	FY 2022 Projected	Y 2023 ojected	FY 2024 Projected	2025 jected	Projected Beyond
Boardwalk/Bulkhead Improvements	\$ -	\$ -	\$ 35,000	\$ 1,222,000	\$ -	\$ -
Cedar Street Park	485,500	-	-	-	-	-
Cedar Street Utility Line Improvements	1,215,800	-	-	-	-	-
Fire Station 1 - Pumper Truck	-	-	-	622,000	-	-
Fire Station 2 - Living Quarters & Staffing	-	200,000	-	-	-	-
Fire Station 2 - Pumper Truck	-	520,000	-	-	-	-
Pedstrian and Street Improvements	3,553,554	-	-	-	-	-
Pollock Street Stormwater Improvements	-	-	-	-	-	-
Police Department Building	-	-	-	-	-	2,500,000
Public Works Facility	-	-	-	-	-	1,400,000
Randolph Johnson Park	350,000	-	-	-	-	-
Stormwater Improvements Program	-	-	-	-	-	-
Utility Line, Stormwater, & Street Improvements	1,792,258	24,076,734			-	
Total Capital Improvements	\$ 7,397,112	\$24,796,734	\$ 35,000	\$ 1,844,000	\$ -	\$ 3,900,000

With an engineering staff in place, a number of deficiencies are being identified and new projects developed to address them will appear in the FY 2022 CIP.

The overwhelming challenge will be the development of a funding plan. Sewer rates are already among the highest in the state, and while Beaufort is experiencing some growth, it is not of the magnitude that will increase revenue significantly enough to address the backlog of needs.

Capital Project Profiles

This section provides an overview of each existing, upcoming, or future capital improvements. Currently, the Capital Improvement Plan includes these items:

-	Boardwalk / Bulkhead Improvements	142
-	Cedar Street Park	144
-	Cedar Street Utility Line Improvements	146
-	Fire Station 1 Pumper Truck	148
-	Fire Station 2 Living Quarters and Staffing	150
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Boardwalk / Bulkhead Improvements





TYPE Capital Project
CATEGORY Culture & Recreation
STATUS Deferred
IDENTIFIED FY 2019
PROJECT COST \$1,257,000

CONTACT Greg Meshaw
DEPARTMENT PSA & Engineering

LIFE 30+ Years

This project includes extensive repairs to the concrete bulkhead along Front Street between Turner and Queen Streets, as well as removal of the existing boardwalk and construction of a new one.

Background and Justification

The boardwalk is one of Beaufort's most important assets, and lies atop a bulkhead constructed in 1975. Structural engineers assessed the bulkhead's condition in 2018 and found it to be failing. The boardwalk, which is in need of replacement, must be removed to repair the bulkhead.

Status and Updates

In FY 2019, staff applied for a US Fish and Wildlife Service Boating Infrastructure Grant (BIG) which would have paid for about 50% of the project; it was not awarded.

As discussed at the February 2020 Town Board retreat, a comprehensive Harbor Management Plan is needed to address the expiration of the current Beaufort Docks lease in 2024, the development of a mooring field, and how such items impact the timing of this project.

► Schedule, Cost, and Funding Estimates

The FY 2021 Harbor Management Plan will affect timing and design of this project, which could also have funding implications. The following cost estimates were developed in FY 2019, based on cost estimate provided by a consulting engineer who was preparing the structural design for the project.

BOARDWALK/BULKHEAD IMPROVEMENTS

Updated for FY 2021

	COS	STESTIMATES
Design, Permit & Bid	\$	35,000
Construction		1,222,000
Total Project Cost	\$	1,257,000

The following schedule is one option, which shows construction coinciding with the expiration of the Beaufort Docks lease in 2024.

BOARDWALK/BULKHEAD IMPROVEMENTS - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	FY 2021	F	Y 2022	F	Y 2023	FY 2024	FY	FY 2025		yond
[CPF] Design, Permit & Bid	-		-		35,000	-		-	-	-
[CPF] Construction	-		-		-	1,222,000		-		-
Total Project Cost	\$ -	\$	-	\$	35,000	\$1,222,000	\$	-	\$	
PROJECT FUNDING										
[CRF] Contribution	-		-		35,000	565,000		-		-
[CRF] Intergovernmental	-		-			600,000		-		-
[GF] Property Taxes	-		-		-	57,000		-		-
Total Project Funding	\$ -	\$	-	\$	35,000	\$1,222,000	\$	-	\$	-

Once this project is activated, a Boardwalk/Bulkhead Improvements capital project fund will be created to track all money associated with the project.

Money coming into the capital project fund includes:

- Transfer from Capital Reserve, contributed from General Fund in FY 2018 and FY 2019
- Possible US Fish and Wildlife Service BIG grant
- Property taxes and other General Fund revenues

If the grant is not awarded, remaining funding may be provided through loan proceeds.

► Subsequent Impacts

There are no additional operating costs anticipated for this project once it is completed.

Cedar Street Park





TYPE Capital Project

CATEGORY Culture & Recreation

STATUS In Process

IDENTIFIED FY 2018

 $\begin{array}{c} \textbf{PROJECT COST} & \$490,\!000 \\ \textbf{LIFE} & 50 + Years \end{array}$

CONTACT Rachel Johnson

DEPARTMENT Administration

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

Background and Justification

A popular fishing spot, where accommodations can be made for additional passive recreational activities, this is a highly visible piece of property from the high-rise bridge and anchors the end of one of the Town's more prominent streets.

Prior to 2017, NC DOT agreed to provide the Town use of this property. NC DOT will resurface the road before turning the right-of-way over to the Town. This resurfaced road will serve as the entrance and parking area.

Status and Updates

In FY 2017, a concept plan for the park was completed.

In FY 2020,

- A more refined concept plan was completed with construction drawings to follow
- NC DOT suspended a number of projects indefinitely until they overcome financial shortfalls, which may delay resurfacing of the road prior to transfer of right-of-way
- an adjacent property owner asked to receive ownership of the right-of-way in front of his property in exchange for him contributing restroom facilities at the park

In FY 2021, construction documents will be prepared, and once property is secured from NC DOT, construction will follow.

► Schedule, Cost, and Funding Estimates

Preliminary cost estimates were developed in FY 2019, and should be updated once project designs are complete.

CEDAR STREET PARK

Updated for FY 2021

COS	TESTIMATES
\$	10,000
	480,000
\$	490,000
	\$

The following schedule assumes NC DOT is able to resurface the road and turn over right-of-way to the Town in FY 2021.

CEDAR STREET PARK - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	Prior	Years	FY 2021	FY	2022	FY	2023	FY	2024	FY	2025
[CPF] Design, Permit & Bid		4,500	5,500		-		-		-		-
[CPF] Construction		-	480,000				-		-		-
Total Project Cost	\$	4,500	\$ 485,500	\$	-	\$	-	\$	-	\$	-
PROJECT FUNDING											
Capital Project Fund		4,500	485,500				-		-		-
Total Project Funding	\$	4,500	\$ 485,500	\$	-	\$	-	\$		\$	-

In FY 2016, the Community Improvement Capital Project Fund was created with an anonymous \$2 million donation. All money associated with the Cedar Street Park project is tracked through this fund, as are expenses for the Randolph Johnson Park project.

It is anticipated Town staff will also apply for grants to supplement existing funding, once the park plan and construction drawings are complete.

► Subsequent Impacts

Once the park is open, the Town will incur on-going maintenance costs which will impact the Public Works budget.

CEDAR STREET PARK - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	F	Y 2022	F	Y 2023	F	Y 2024	F'	Y 2025	Beyond
[GF] Personnel	-		4,750		4,845		4,942		5,041	+CPI / year
[GF] Operations	-		3,000		3,060		3,121		3,184	+CPI / year
Total Subsequent Expenditures	\$ -	\$	7,750	\$	7,905	\$	8,063	\$	8,224	
SUBSEQUENT FUNDING										
[GF] Property Taxes	-		7,750		7,905		8,063		8,224	+CPI / year
Total Subsequent Funding	\$ -	\$	7,750	\$	7,905	\$	8,063	\$	8,224	

Recurring maintenance costs will increase over time to account for inflation.

Property tax funding represents a 0.08-cent tax rate in FY 2022 based on FY 2021 estimates of FY 2022 valuation and collection rates.

Cedar Street Utility Line Improvements





TYPE Capital Project
CATEGORY Utilities
STATUS In Process
IDENTIFIED FY 2020
PROJECT COST \$1,287,800
LIFE 30+ Years

CONTACT Greg Meshaw

DEPARTMENT PSA & Engineering

This project will:

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

Background and Justification

NC DOT plans to replace stormwater lines under Cedar Street, and then install stormwater devices in planted bump-outs to filter out impurities and provide for limited stormwater retention, before resurfacing the entire street.

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

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

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

Status and Updates

In FY 2019 utility design began and was completed in FY 2020.

In early FY 2020, NC DOT suspended a number of projects indefinitely until financial shortfalls are overcome, including their portion of this project.

Utility line replacements and repairs will be performed by the Town after Labor Day 2020, before the NC DOT portion of the project begins, whenever that may be.

► Schedule, Cost, and Funding Estimates

Cost estimates were revised in FY 2020 based upon an updated opinion of cost from the design engineer subsequent to final design.

CEDAR STREET UTILITY LINE IMPROVEMENTS

Updated for FY 2021

	COS	T ESTIMATES
Design, Permit & Bid	\$	75,800
Construction		1,200,000
Contingency		12,000
Total Project Cost	\$	1,287,800

The following schedule assumes NC DOT picks this project back up sometime in FY 2021.

CEDAR STREET UTILITY LINE IMPROVEMENTS - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	Pri	or Years	FY 2021	FY 2022		FY	2023	FY 2024		FY	2025
[UF] Capital Outlay		72,000	-	_			-	-			-
[CPF] Construction		-	1,215,800		-		-		-		-
Total Project Cost	\$	72,000	\$ 1,215,800	\$	-	\$	-	\$	-	\$	
PROJECT FUNDING											
[UF] Fund Balance		72,000	-		-		-		-		-
[CRF] Contribution		-	1,215,800		-		-		-		-
Total Project Funding	\$	72,000	\$1,215,800	\$	-	\$	-	\$	-	\$	

Initial project work was tracked through the Utility Fund, with funding coming out of fund balance.

The Cedar Street Utility Line Capital Project Fund was created in late FY 2020 to track all money associated with this project from that point forward. Funding comes from contributions to the Capital Reserve Fund, which originated as revenues in the Utility Fund.

► Subsequent Impacts

There are no additional operating costs anticipated for this project once it is completed.

Fire Station 1 Pumper Truck



TYPE Equipment Purchase **CATEGORY** Public Protection

STATUS Deferred

IDENTIFIED FY 2020 **PROJECT COST** \$622,000

LIFE 20+ Years

CONTACT Tony Ray **DEPARTMENT** Fire Department

Purchase of a new fire pumper truck to replace the 1994 pumper truck located at Fire Station 1 on Live Oak Street.

Background and Justification

National Fire Protection Association guidelines for first-line apparatus recommend that apparatus over 25 years old should be replaced. This truck reached that age in 2019.

Status and Undates

This project has not yet been activated. There are no updates.

► Schedule, Cost, and Funding Estimates

The following cost estimates were developed in FY 2020 based on current pricing, adjusted to account for inflation through FY 2024. The cost includes not only the vehicle but also the additional gear needed (hose, appliances, fans, rescue equipment, nozzles, etc.) to properly outfit it.

FIRE PUMPER TRUCK - STATION 1

Updated for FY 2021

	COS	T ESTIMATES
Equipment	\$	550,000
Additional Apparatus		72,000
Total Project Cost	\$	622,000

The existing truck will be 30 years old at the time of replacement.

FIRE STATION 1 - PUMPER TRUCK - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025		Beyond	
[GF] Capital Outlay		-	-				622,000		_			-
Total Project Cost	\$	-	\$	-	\$		\$	622,000	\$	-	\$	
PROJECT FUNDING												
[GF] Loan Proceeds		-		-		-		622,000		-		
Total Project Funding	\$	-	\$	-	\$	-	\$	622,000	\$	-	\$	-

This purchase will be funded by a loan. The initial capital outlay will impact the Fire Department budget.

► Subsequent Impacts

Debt service costs will impact the Fire Department budget. Funding comes from property tax revenues in the General Fund.

This truck will not have new maintenance impacts as it replaces an existing truck which is already in the maintenance budget.

FIRE STATION 1 - PUMPER TRUCK - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021		FY 2022		FY 2023		FY 2024		F	Y 2025	Beyond		
[GF] Debt Service		-		<u> </u>				-	76,687			621,903	
Total Subsequent Expenditures	\$	-	\$	-	\$	-	\$	-	\$	76,687	\$	621,903	
SUBSEQUENT FUNDING													
[GF] Property Taxes		-				-		-		76,687		621,903	
Total Subsequent Funding	\$	-	\$		\$	-	\$	-	\$	76,687	\$	621,903	

Debt service payments assume a 10-year loan at 4%. These figures assume the truck will be purchased late in FY 2024, so debt service will take effect in FY 2025.

Property tax funding represents a 0.67-cent tax rate in FY 2025 based on FY 2021 estimates of FY 2025 valuation and collection rates.

Fire Station 2 Living Quarters and Staffing





TYPE Capital Project **CATEGORY** Public Protection **STATUS** Deferred **IDENTIFIED** FY 2018 PROJECT COST \$200,000 LIFE 30+ Years

CONTACT Tony Ray **DEPARTMENT** Fire Department This project adds living quarters to Fire Station 2 on NC 101, along with subsequent dedicated 24/7 staffing at the same location.

Background and Justification

This substation serves areas outside of the Town limits, but does not have 24/7 permanent staffing due to insufficient personnel funding and the absence of living quarters. Response times would improve considerably if this substation were staffed 24/7.

The cost of fire services in this area are partially supported through a fire district property tax levied by Carteret County. Currently, the fire tax proceeds are insufficient to support permanent staffing at the substation.

However, even without dedicated staff at the substation there are occasions, such as during disaster recovery, when availability of the living quarters would be valuable for housing rescue workers.

This project will only be implemented if the Carteret County Board of Commissioners contributes the necessary funding for both the project and the on-going building maintenance costs. Permanent staffing would require additional County funding.

Status and Undates

As of FY 2021, Carteret County has not agreed to fund this project.

Schedule, Cost, and Funding Estimates

The following cost estimates were developed in FY 2020, and include design, construction (including a sprinkler system), furnishings, and contingency.

FIRE STATION 2 - LIVING QUARTERS & STAFFING

Updated for FY 2021

	cos	T ESTIMATES
Design, Permit & Bid	\$	10,000
Construction		145,000
Furnishings		20,000
Contingency		25,000
Total Project Cost	\$	200,000

The following schedule assumes the County would be ready to fund the project with a one-time contribution in FY 2022.

FIRE STATION 2 - LIVING QUARTERS & STAFFING - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	Prior Years	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Beyond
[GF] Capital Outlay	-	-	200,000	-	-	-	-
Total Project Cost	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -
PROJECT FUNDING [GF] Intergovernmental	_	-	200,000	-	_	_	_
Total Project Funding	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -

The initial capital outlay will impact the Fire Department budget. Funding comes from Carteret County as Intergovernmental Revenues in the General Fund.

► Subsequent Impacts

Once the living quarters are complete, operation costs to maintain the space will be added to the Fire Department budget.

When Carteret County agrees to fund dedicated 24/7 staffing at this substation, personnel costs will be added to the Fire Department budget.

Funding for these budget impacts comes via an increase in Carteret County Fire District Tax Intergovernmental Revenues in the General Fund.

FIRE STATION 2 - LIVING QUARTERS & STAFFING - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Beyond
[GF] Personnel	-	185,226	377,860	385,417	393,126	+CPI / YR
[GF] Operations	-	3,672	7,491	7,641	7,794	+CPI / YR
Total Subsequent Expenditures	\$ -	\$ 188,898	\$ 385,351	\$ 393,058	\$ 400,919	
SUBSEQUENT FUNDING						
[GF] Intergovernmental	-	188,898	385,351	393,058	400,919	+CPI / YR
Total Subsequent Funding	\$ -	\$ 188,898	\$ 385,351	\$ 393,058	\$ 400,919	

The above figures assume renovations occur early in the fiscal year. Maintenance and staffing costs begin midway through the year and will increase over time to account for inflation.

Personnel costs assume six full-time firefighters to cover three 24-hour shifts. The figures used include base pay, holiday and training hours, FICA, retirement, and health insurance.

Fire Station 2 Pumper Truck



TYPE Equipment Purchase
CATEGORY Public Protection
STATUS In Process
IDENTIFIED FY 2018

PROJECT COST \$520,000 LIFE 20+ Years

CONTACT Tony Ray

DEPARTMENT Fire Department

This item includes the purchase of a new fire pumper truck and associated equipment to replace the 1985 pumper located at the fire substation on NC 101 in a rural fire district outside Town limits.

Background and Justification

The National Fire Protection Association guidelines for first-line apparatus recommend that apparatus over 25 years should be replaced. This truck reached that age in 2010.

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

This purchase will only be made if the Carteret County Board of Commissioners contributes the necessary funding for both the purchase and on-going maintenance of the pumper truck.

Status and Updates

In FY 2020, this purchase was taken before the Carteret County Board of Commissioners to ask for 1.5 cent increase. A 0.75 cent increase was granted, directed into a County capital reserve fund for the truck along with an initial \$100K contribution.

In FY 2021, the Town will request an additional 0.75 cent increase to service the debt and ensure funds to pay for equipment.

► Schedule, Cost, and Funding Estimates

The following cost estimates were developed in FY 2020 and include the additional gear needed (hose, appliances, fans, rescue equipment, nozzles, etc.) to properly outfit the truck.

FIRE PUMPER TRUCK - STATION 2

Updated for FY 2021

	COS	ST ESTIMATES
Equipment	\$	460,000
Additional Apparatus		60,000
Total Project Cost	\$	520,000

The existing truck will be 37 years old at the time of replacement.

FIRE STATION 2 - PUMPER TRUCK - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	FY 2021		FY 2021 FY 2022		F	FY 2023		FY 2024		FY 2025		yond
[GF] Capital Outlay	-		520,000		-		-		-		-	
Total Project Cost	\$ -		\$ 520,000	\$	-	\$	-	\$	-	\$	-	
PROJECT FUNDING												
[GF] Intergovernmental	-		200,000		-		-		-		-	
[GF] Loan Proceeds	-		320,000		-		-		-		-	
Total Project Funding	\$ -		\$ 520,000	\$	-	\$	-	\$	-	\$	-	

The initial capital outlay will impact the Fire Department budget. Funding comes a loan, with a down-payment provided by Carteret County from a capital reserve fund set aside for this truck.

► Subsequent Impacts

Debt service costs will impact the Fire Department budget each year. Funding comes from Carteret County Fire District Tax, in Intergovernmental Revenues in the General Fund.

This truck will not have new maintenance impacts as it replaces an existing truck which is already in the maintenance budget.

FIRE PUMPER TRUCK - STATION 2 - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	FY 2022		FY 2023		FY 2024		F	Y 2025	Beyond	
[GF] Debt Service	-		-		71,881		71,881		71,881		143,761
Total Subsequent Expenditures	\$ -	\$	-	\$	71,881	\$	71,881	\$	71,881	\$	143,761
SUBSEQUENT FUNDING											
[GF] Intergovernmental	-		-		71,881		71,881		71,881		143,761
Total Subsequent Funding	\$ -	\$		\$	71,881	\$	71,881	\$	71,881	\$	143,761

Debt service payments assume a 5-year loan at 4%. These figures assume the truck will be purchased late in FY 2022, so debt service will take effect in FY 2023.

In FY 2020, Carteret County agreed to earmark 0.75-cents from the Carteret County Fire District Tax to a capital reserve in order to build up the down-payment. In FY 2021, an additional 0.75-cents will be requested so that the combined 1.5-cents provides sufficient funding for debt service.

Police Department Building





TYPE Capital Project

CATEGORY Public Protection STATUS Deferred

IDENTIFIED FY 2018 **PROJECT COST** \$2,500,000

LIFE 30+ Years

CONTACT Paul Burdette **DEPARTMENT** Police Department This project includes land, design, and construction of a building to house the Police Department at a new location to be determined.

Background and Justification

The current building housing the Police Department is inadequate in size and function. A 2016 space needs analysis estimated space requirements for the Police Department at 6,500 square feet, based on a staff of 20.

The 2016 analysis indicated no further expansion would be possible to accommodate growth at the existing site. A future site would need to accommodate an 8,000 square foot building.

Status and Updates

As of FY 2020, there were 19 staff, but major infrastructure projects precluded funding a new building. Instead, the current and former Police Department buildings were reconfigured and renovated to improve departmental function. This renovation was not a substitute for this project, but a stop-gap measure until this project is activated.

Schedule, Cost, and Funding Estimates

The following estimates for land and construction were created in FY 2018. These numbers will be revisited and refined in FY 2021.

POLICE DEPARTMENT BUILDING

Updated for FY 2021

	COS	DI ESTIMATES
Land & Right-of-way	\$	500,000
Construction		2,000,000
Total Project Cost	\$	2,500,000

As of FY 2021, this project is not on the five-year schedule.

POLICE DEPARTMENT BUILDING - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	FY 2	021	FY	2022	FY	2023	FY	2024	FY	2025	Beyond
[CPF] Land & Right-of-way		-		-		-		-		-	500,000
[CPF] Construction		-		-		-		-			2,000,000
Total Project Cost	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 2,500,000
PROJECT FUNDING											
[GF] Loan Proceeds		-		-		-		-		-	2,500,000
Total Project Funding	\$	-	\$	-	\$	-	\$	-	\$		\$2,500,000

Once this project is activated, a Police Department Building capital project fund will be created to track all money associated with this project, including proceeds from a 20-year loan to be taken out for this project.

► Subsequent Impacts

Once the project is complete, the Police Department budget will incur costs of debt service, with funding from property tax revenues in the General Fund.

POLICE DEPARTMENT BUILDING - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021		FY 2021 FY 2022		FY	2023	FY	2024	FY	2025	Beyond
[GF] Debt Service		-		-		-		-			3,679,088
Total Subsequent Expenditures	\$	-	\$	-	\$	-	\$		\$		\$ 3,679,088
SUBSEQUENT FUNDING											
[GF] Property Taxes		-		-		-		-			3,679,088
Total Subsequent Funding	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 3,679,088

Debt service payments assume a 20-year loan at 4%

Pollock Street Stormwater Improvements





TYPE Capital Project CATEGORY Stormwater

STATUS On Hold

IDENTIFIED FY 2018
PROJECT COST Unknown

LIFE 30+ Years

CONTACT Greg Meshaw

DEPARTMENT PSA & Engineering

This project will improve the stormwater collection system at Pollock Street between Broad and Cedar Streets to mitigate flooding that typically occurs in this block during heavy rain.

Background and Justification

Heavy rainfalls have historically caused significant street and yard flooding in the 300 block of Pollock Street. In 2018 Small Area Plan identified mitigating this flooding as a potential project.

This project will only be undertaken if the Town is successful at obtaining Clean Water Act Section 319(h) grant funding. Proceeding with the project will also be dependent upon work with the NC DOT related to stormwater.

Status and Undates

In FY 2018, a preliminary schematic was provided to the Town, suggesting an outflow for the water which later turned out to be unworkable. As a result, the Town redirected funds from a Clean Water Act grant to other stormwater projects in Town.

As of FY 2020, this project is on hold until such time as alternate outlet for the flow can be determined and funding is available.

In FY 2021, this project will roll into the Stormwater Management Program.



Public Works Facility





TYPE Capital Project
CATEGORY General Services
STATUS Deferred
IDENTIFIED FY 2018
PROJECT COST \$1,400,000
LIFE 25+ Years

CONTACT Mark Eakes

DEPARTMENT Public Works

This project includes land, design, and construction of a building to house the Public Works Department at a location to be determined.

Background and Justification

The garage and shop buildings at Public Works are antiquated and inadequate. Additionally, the Randolph Johnson Park master plan calls for two buildings at the current Public Works facility to be repurposed and renovated and all the land to be used to expand the adjacent park facilities.

Status and Updates

This project has not yet been activated. There are no updates.

Schedule, Cost, and Funding Estimates

The following estimates for land and construction were created in FY 2018. These numbers will be revisited and refined in FY 2021.

PUBLIC WORKS FACILITY

Updated for FY 2021

	COS	ST ESTIMATES
Land & Right-of-way	\$	300,000
Construction		1,100,000
Total Project Cost	\$	1,400,000

As of FY 2021, this project is not on the five-year schedule.

PUBLIC WORKS FACILITY - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	FY 20	021	FY	2022	FY	2023	FY	2024	FY	2025	Beyond
[CPF] Land & Right-of-way		-		-		-		-		-	300,000
[CPF] Construction		-		-		-		-		-	1,100,000
Total Project Cost	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 1,400,000
PROJECT FUNDING											
[GF] Loan Proceeds		-		-		-		-		-	1,400,000
Total Project Funding	\$	-	\$	-	\$	-	\$	-	\$	-	\$1,400,000

Once this project is activated, a Public Works Facility capital project fund will be created to track all money associated with this

project, including proceeds from a 20-year loan to be taken out for this project.

► Subsequent Impacts

Once the project is complete, the Public Works budget will incur costs of debt service, with funding from property tax revenues in the General Fund.

PUBLIC WORKS FACILITY - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021		FY 2021 FY 2022		FY	2023	FY	2024	FY	2025	Beyond
[GF] Debt Service		-		-		-		-		-	2,060,289
Total Subsequent Expenditures	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 2,060,289
SUBSEQUENT FUNDING											
[GF] Property Taxes		-		-		-		-		-	2,060,289
Total Subsequent Funding	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 2,060,289

Debt service payments assume a 20-year loan at 4%.

Randolph Johnson Park







TYPE Capital Project

CATEGORY Culture & Recreation

STATUS In Process

IDENTIFIED FY 2018

PROJECT COST \$1,500,000

LIFE 50+ Years

CONTACT Rachel Johnson
DEPARTMENT Administration

This project includes the redesign and construction of Randolph Johnson Park in two phases.

Phase 1 includes: closing part of Pine Street to expand the park area; relocating fencing; redeveloping the park to include a splash pad, playground, and new restrooms; and a sidewalk to connect existing tennis and basketball courts.

Phase 2 includes: conversion of the existing Public Works facility to expand the park, connecting with existing sports courts.

Background and Justification

This is a long-standing project endorsed by the Parks and Recreation Advisory Board and the Town Board. It provides a more appropriate use of Town property in a residential area, while improving stormwater management in an area prone to flooding.

Status and Updates

In FY 2016, an anonymous \$2 million donation provided funding for community improvements. In FY 2018, the Town Board adopted a master plan for this park. In FY 2019, Phase 1 planning and site preparation occurred. In FY 2020, Phase 1 construction began and is expected to be completed early FY 2021.

Phase 2 cannot begin until a new Public Works facility is built elsewhere.

■ Refer to *Public Works Facility* earlier in this section for more information.

► Schedule, Cost, and Funding Estimates

The following information applies to Phase 1 only.

RANDOLPH JOHNSON PARK

Updated for FY 2021

	COS	TESTIMATES
Design, Permit & Bid	\$	130,000
Construction		1,370,000
Total Project Cost	\$	1,500,000

Project cost estimates include design, construction, and contingency for Phase 1.

RANDOLPH JOHNSON PARK - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	Prior Years	FY 2021	FY	2022	FY	2023	FY	2024	FY	2025
[CPF] Design, Permit & Bid	130,000	-		-		-		-		-
[CPF] Construction	1,150,000	350,000		-		-		-		-
Total Project Cost	\$ 1,280,000	\$ 350,000	\$	-	\$	-	\$	-	\$	
PROJECT FUNDING										
Capital Project Fund	1,280,000	350,000		-		-		-		-
Total Project Funding	\$ 1,280,000	\$ 350,000	\$	-	\$	-	\$	-	\$	-

In FY 2016, the Community Improvement Capital Project Fund was created with an anonymous \$2 million donation. All money associated with the Randolph Johnson Park project is tracked through this fund, along with the Cedar Street Park project.

► Subsequent Impacts

Once the project is complete, the Town will incur on-going maintenance costs which will impact the Public Works personnel and operations budget. Funding for these costs will come from General Fund property tax revenue.

RANDOLPH JOHNSON PARK - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	F	Y 2022	F	Y 2023	F	Y 2024	F	Y 2025	Beyond
[GF] Personnel	19,000		19,380		19,768		20,163		20,566	+CPI / year
[GF] Operations	12,500		12,750		13,005		13,265		13,530	+CPI / year
Total Subsequent Expenditures	\$ 31,500	\$	32,130	\$	32,773	\$	33,428	\$	34,097	
SUBSEQUENT FUNDING										
[GF] Property Taxes	31,500		32,130		32,773		33,428		34,097	+CPI / year
Total Subsequent Funding	\$ 31,500	\$	32,130	\$	32,773	\$	33,428	\$	34,097	

Recurring maintenance costs increase over time to account for inflation.

Property tax funding represents a 0.31-cent tax rate in FY 2021 based on FY 2021 estimates of FY 2022 valuation and collection rates.

Stormwater Improvements Program





TYPE Capital Project
CATEGORY Stormwater
STATUS Deferred
IDENTIFIED FY 2019
PROJECT COST Unknown
LIFE 20+ Years

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CONTACT Greg Mesham

DEPARTMENT PSA & Engineering

This program will identify, prepare plans, and embark on construction projects to alleviate issues associated with existing stormwater collection and transmission infrastructure. It will also help mitigate possible future issues that could be caused by stormwater runoff from new developments. The program includes:

- Inspecting existing lines through the use of video cameras
- Determining lines that need to be upsized through the use of hydraulic modeling
- Replacing existing lines, catch basins, drop inlets, etc.
- Performing maintenance at certain pipe outlets, catch basins, and drop inlets

Background and Justification

The FY 2019 Stormwater Management Plan compiled an inventory of the Town's stormwater facilities and proposed a program for upgrading, repairing, and sustaining stormwater infrastructure.

Implementation of an ongoing stormwater improvements program will improve safety, water quality, and reduce damage due to flooding.

Status and Updates

In FY 2020, Town staff began evaluation of the program costs and determined that existing framework for funding is insufficient and additional resources will be needed. Current stormwater fee revenue is only sufficient to service debt for stormwater projects in the Utilities, Stormwater and Street Improvements project beginning in FY 2023.

In FY 2021, refinement of the Utilities, Stormwater, and Street Improvements project will make clearer which stormwater projects still need funding. Town staff will then:

- Prioritize remaining stormwater-only projects, seeking to address worst conditions first, with actions in future years addressing assets characterized as fair and better
- Determine actual costs and revenues needed to complete these projects and explore possible funding sources, such as FEMA's Pre-Disaster Mitigation Grant Program



Street and Pedestrian Improvements







TYPE Capital Project **CATEGORY** Transportation **STATUS** In Process **IDENTIFIED** FY 2019 **PROJECT COST** \$3,802,156 LIFE 15+ Years

CONTACT Greg Meshaw **DEPARTMENT** PSA & Engineering This project incorporates elements from two previous CIP projects, redefined to include:

- 3.4 miles of new sidewalk construction to enhance pedestrian safety in various locations throughout Town
- Resurfacing a number of street segments and paving of two unpaved Town roads totaling 3.2 centerline miles in length

Background and Justification

Many Town streets are in poor condition and continue to deteriorate, and many areas are unsafe for pedestrians and bicyclists. Implementation of this plan will improve road conditions and safety for vehicles, pedestrians, and cyclists.

The 2018 Bike/Pedestrian Plan called for identified pedestrian improvements to promote safety and accessibility throughout Town.

A 2018 assessment of street conditions, conducted by an engineering firm using ground-penetrating radar, resulted in a report recommended work programs to rehabilitate and preserve Town streets based upon the findings.

The report found many street segments to be in fair to poor condition, and some were found to be failing. Improving conditions on many of these street segments is complicated by the presence of deteriorating utility and stormwater lines beneath them. The ground disturbance associated with resurfacing streets often leads to breaks in deteriorating utility lines below.

Therefore, this project provides for the resurfacing of only those streets in need of repair for which the underlying utilities are in good condition, and the paving of two unpaved streets on Town rights-of-way, totaling 3.2 centerline miles of street surfaces.

Streets with underlying utilities in need of repair or replacement will be addressed in under a separate CIP item: Utility Line, Stormwater, & Street Improvements.

■ Refer to *Utility Line, Stormwater, & Street Improvements* later in this section for more information.

► Status and Updates

In FY 2018, the Town Board dedicated the revenue from 2 cents of the property tax levy toward road resurfacing.

In FY 2019, the Town Board committed additional property tax revenues to service the debt on \$6 million in loans for street improvements.

Also in FY 2019, engineering work for street resurfacing was completed.

In FY 2020, a 15-year loan was procured to fund \$3.8-million in Street and Pedestrian improvements, and contracts were awarded.

In late FY 2020, work will begin, to be completed in FY 2021.

► Schedule, Cost, and Funding Estimates

This project is underway, with financing available to cover the following costs.

STREET AND PEDESTRIAN IMPROVEMENTS

 Updated for FY 2021
 COST ESTIMATES

 Design, Permit & Bid
 \$ 142,156

 Legal, Fiscal & Admin
 \$ 106,446

 Contingency
 276,277

 Construction
 3,277,277

 Total Project Cost
 \$ 3,802,156

These estimates include surveying, bidding, construction, and contingency. Town engineering staff provide in-house design on most aspects of the project.

STREET AND PEDESTRIAN IMPROVEMENTS - PROJECT BUDGET

Updated for FY 2021

PROJECT EXPENDITURES	Prior Years		Prior Years		Prior Years		Prior Years		FY 2021	FY	2022	FY	2023	FY	2024	FY	2025
[GF] Operations	\$	142,156			-		-		-		-						
[CPF] Legal, Fiscal & Admin		106,446	-		-		-		-		-						
[CPF] Contingency		-	276,277		-		-		-		-						
[CPF] Construction		-	3,277,277		-		-		-		-						
Total Project Cost	\$	248,602	\$ 3,553,554	\$	-	\$	-	\$	-	\$	-						
PROJECT FUNDING																	
[GF] Property Taxes		142,156	-		-		-		-		-						
Capital Project Fund		106,446	3,553,554		-		-		-		-						
Total Project Funding	\$	248,602	\$ 3,553,554	\$	-	\$	-	\$	-	\$	-						

A Street Rehabilitation & Pedestrian Improvements capital project fund tracks all money associated with this project. Proceeds from a \$3.675-million, 15-year loan at 2.44% funds this project.

► Subsequent Impacts

Once the project is complete, the Town will incur on-going debt service costs which will impact the Public Works budget. Funding comes from previously earmarked property tax revenues in the General Fund as well as Powell Bill funds.

STREET AND PEDESTRIAN IMPROVEMENTS - SUBSEQUENT BUDGET IMPACTS

Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	FY 2022	FY 2023		FY 2024	FY 2025		Beyond
[GF] Debt Service	314,190	 334,058	327,958	321,858 310,758		310,758		2,193,334
Total Subsequent Expenditures	\$ 314,190	\$ 334,058	\$ 327,958	\$	321,858	\$	310,758	\$ 2,193,334
SUBSEQUENT FUNDING								
[GF] Property Taxes	194,190	214,058	207,958		201,858		190,758	993,334
[GF] Intergovernmental	120,000	 120,000	 120,000		120,000		120,000	1,200,000
Total Subsequent Funding	\$ 314,190	\$ 334,058	\$ 327,958	\$	321,858	\$	310,758	\$ 2,193,334

Debt service payments are calculated on a 2.44% 15-year loan for \$3.75M.



Utility Line, Stormwater, & Street Improvements





Based upon assessments of road and utility line conditions, this program provides for the replacement of water and sewer utility lines, stormwater lines (if needed), and road rehabilitation and resurfacing by street segment, with worst conditions repaired first.

TYPE Capital Project
CATEGORY Infrastructure
STATUS In Process
IDENTIFIED FY 2019
PROJECT COST \$30,400,992

LIFE 15 + /50 + years

CONTACT Greg Meshaw

DEPARTMENT PSA & Engineering

Background and Justification

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

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

Status and Updates

In FY 2020, staff, supported by consulting engineers, will submit preliminary engineering reports, environmental assessments, and applications to secure a combination of grants and loans from USDA Rural Development in June/August 2020. If awarded, the Town will move to the design phase, which will take about a year, with about a year of construction to follow.

Schedule, Cost, and Funding Estimates

The following estimates are developed in conjunction with consultants helping to prepare the application for USDA funding.

UTILITY LINE, STORMWATER, & STREET IMPROVEMENTS

Updated for FY 2021

	COS	ST ESTIMATES
Planning	\$	132,000
Design, Permit & Bid		1,792,258
Oversight		901,000
Legal, Fiscal & Admin		180,000
Contingency		1,895,929
Construction		23,129,835
Interim Financing		2,369,970
Total Project Cost	\$	30,400,992

The costs assume project design starts mid-FY 2021, with construction following in FY 2022, to be complete in FY 2023.

Funding for this project is complicated. In FY 2021, design costs will be funded either through capital reserve funds or an interim loan, or some combination of the two. In FY 2022, a construction loan for the bulk of the project will be required as bridge funding. There will be no debt service on these two interim loans, which will be capitalized and rolled into two 40-year USDA loans in FY 2023, one for stormwater and one for utilities.

The amount being funded by loan proceeds assume USDA awards grants in the maximum amounts available: 10% of water project costs and 75% of sewer project costs.

Conventional loans are better suited for the street resurfacing portion of this project due to the shorter service life of asphalt and better loan terms. Debt service is anticipated in FY 2022 to cover that part of the project.

${\tt UTILITY\,LINE,\,STORMWATER,\,\&\,STREET\,IMPROVEMENTS-PROJECT\,BUDGET}$

Updated for FY 2021

PROJECT EXPENDITURES	Pı	rior Years	FY 2021	FY 2022	FY 2023	F	Y 2024	FY	2025
[CPF] Planning	\$	132,000	-	-	-		-		-
[CPF] Design, Permit & Bid		-	1,792,258	-	-		-		-
[CPF] Oversight		-	-	901,000	-		-		-
[CPF] Legal, Fiscal & Admin		-	-	180,000	-		-		-
[CPF] Contingency		-	-	1,895,929	-		-		-
[CPF] Construction		-	-	23,129,835	-		-		-
[CPF] Interim Financing		-	-	2,369,970			-		-
Total Project Cost	\$	132,000	\$ 1,792,258	\$ 28,476,734	\$ -	\$	-	\$	-
PROJECT FUNDING									
[GF] Property Taxes		45,000	-	-	-		-		-
[UF] Fund Balance		87,000	-	-	-		-		-
[CRF] Streets		-	350,000	-	(350,000)		-		-
[CRF] Utilities		-	1,442,258	-	(1,442,258)		-		-
[CPF] Interim Loan		-	-	21,786,179	(21,786,179)		-		-
[CPF] Intergovernmental		-	-	-	9,721,219		-		-
[CPF] Loan Proceeds		-	-		79,857,218		-		-
Total Project Funding	\$	132,000	\$ 1,792,258	\$ 21,786,179	\$ 66,000,000	\$		\$	-

In prior years, planning costs were funded through both the General Fund and Utility Fund. In late FY 2020, a Utilities, Stormwater, and Street Improvements capital project fund was created to track all expenditures and funding moving forward.

► Subsequent Impacts

Debt service will impact the General Fund for the street and stormwater portions of the project. Utility line debt service will impact the Utility Fund.

UTILITY LINE, STORMWATER, & STREET IMPROVEMENTS - SUBSEQUENT BUDGET IMPACTS Updated for FY 2021

SUBSEQUENT EXPENDITURES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Beyond
[GF] Debt Service	-	-	139,427	139,427	139,427	7,933,799
[UF] Debt Service	-		361,060	361,060	361,060	13,359,220
Total Subsequent Expenditures	\$ -	\$ -	\$ 500,487	\$ 500,487	\$ 500,487	\$ 21,293,019
SUBSEQUENT FUNDING						
[GF] Property Taxes	-	268,500	537,000	537,000	537,000	6,175,500
[GF] Permits and Fees	-	-	139,427	139,427	139,427	5,158,799
[UF] Sales and Service	-		361,060	361,060	361,060	13,359,220
Total Subsequent Funding	\$ -	\$ 268,500	\$ 1,037,487	\$ 1,037,487	\$ 1,037,487	\$ 24,693,519

Debt service calculations assume:

- FY 2022 USSI Streets loan conventional, 15-year, 2.5% interest loan on \$6.6M begin paying mid-FY 2022
- FY 2023 USSI Stormwater loan USDA, 40-year, 2.5% interest loan on \$3.5M with first payment in FY 2023
- FY 2023 USSI Utilities loan USDA, 40-year, 1.75% interest loan on \$10.3M with first payment in FY 2023

Funding to offset debt service comes from:

- General Fund property taxes to cover the FY 2022 USSI Streets loan, with 2 cents earmarked by the Town Board in FY 2018 and expanded in FY 2019 and FY 2021 to service debt for road improvements
- General Fund stormwater fees to cover the FY 2023 USSI Stormwater loan, based on FY 2021 forecast, no anticipated fee increases are required
- Utility Fund sales and service to cover FY 2023 USSI Utilities loan, based on FY 2021 forecast, no anticipated fee increases are required

Vehicle Replacement Program

This plan includes the scheduled replacement of all vehicles and heavy equipment in the General Fund based on years of service, mileage/hours, and condition.

► Background and Justification

Prior to FY 2021 there had not been a vehicle replacement policy in place, nor adequate funding for timely vehicle replacement. This has led to costly repairs and diminished productivity due to unreliable vehicles and equipment.

Status and Updates

FY 2021 is the first year of this program, which is funded in each year of the five-year planning period and meets the requirements of the vehicle replacement policy.

► Schedule, Cost, and Funding Estimates

Cost estimates for the replacement of all vehicles and heavy equipment over time were developed in FY 2021, based on the vehicle replacement policy, which was created the same year.

Subsequent Impacts

As vehicles and heavy equipment are replaced, maintenance costs will decline - to what extent is not known.

Five-Year Financial Plan

This section serves as a planning tool, showing how budgeted funds might change in future years.

In this section you will find:

► Five Year Financial Plan Guide	174
Overall Five-Year Plan	177
■ General Fund Five-Year Plan	189
■ Utility Fund Five-Year Plan	203

Five Year Financial Plan Guide

The five-year financial plan is a forecast of revenues and expenditures for each budgeted fund over a five-year period.

By using a five-year planning window, the Town ensures that commitments, obligations, and anticipated needs are met in a fiscally sound manner.

As shown in the following diagram, the five-year financial plan pulls from many sources.



Sources include:

- FY 2021 annual budget, which serves as the starting point for all subsequent years
- Capital improvement plan
- Department requests for personnel, one-time operating expenditures, or capital outlay in future years
- Debt repayment schedules
- Internal knowledge of upcoming projects that might affect property tax revenue
- External estimates, such as the consumer price index

In future years, the five-year financial plan becomes the starting point for developing the annual budget.

▶ Parts of the Five-Year Financial Plan

The five-year financial plan is comprised of several sections.

Overall Five-Year Forecast

Provides a high-level view of the five-year budget forecast for General and Utility Funds and the impact on fund balances. Also includes Capital Reserve Fund five-year forecast and Debt Summaries.

General Fund Five Year Forecast

Shows how General Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

Utility Fund Five-Year Forecast

Shows how Utility Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

Overall Five-Year Plan

The five-year financial plan forecasts the fund balance and budget for each fund over five years. It starts with numbers from the annual budget and projects how they will change over time. It includes balances for capital reserve funds, as well as summaries of debt.

The five-year financial plan shows how Beaufort can budget for its personnel, operations, capital, and infrastructure needs, while ensuring fund balances at healthy levels.

Overall Five-Year Budget Forecast

The following table displays the five-year forecast of General Fund revenues and expenditures.

The table has two groupings of rows.

The first grouping shows the overall GENERAL FUND forecast. It contains three rows: revenues, expenditures, and the net gain or (loss) of revenues over expenditures.

The second grouping, UTILITY FUND, follows the same pattern.

FIVE YEAR FINANCIAL PLAN

FY 2021

1 1 2021							
GENERAL FUND	FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
Revenues	\$	9,599,900	\$ 10,656,417	\$	10,682,706	\$ 11,411,454	\$11,047,763
Expenditures		9,599,900	10,574,825		10,682,706	11,411,454	11,047,763
Net Gain (Loss)		-	81,591	_	-	-	
Unassigned Fund Balance		2,818,073	2,959,664		2,739,653	2,545,980	2,615,980
Unassigned as % of Expenditures		29.36%	28.86%		25.65%	23.60%	23.68%
UTILITY FUND							
Revenues	\$	4,654,598	\$ 4,454,254	\$	4,558,556	\$ 4,675,374	\$ 4,793,944
Expenditures		4,654,598	4,454,254		4,461,593	4,468,255	4,590,495
Net Gain (Loss)		-			96,963	207,119	203,449
Unassigned Fund Balance		1,547,084	1,527,427		1,624,390	1,831,509	2,034,958
Unassigned as % of Expenditures		33.89%	34.29%		36.41%	40.99%	44.33%

As shown above, the General Fund budget is balanced throughout the five-year period except for FY 2022 in which net gains are used to bolster the unassigned fund balance. The Utility Fund is balanced in FY 2021 and FY 2022, but in FY 2023 Utility Fund revenues begin to exceed expenditures. These net gains are used to rebuild unassigned fund balance to levels consistent with adopted financial policies.

Overall Fund Balance Forecast

The following table shows how the projected budgets affect fund balance for the next five years.

The table has two groupings of rows.

The first grouping shows the GENERAL FUND forecast for its fund balance at the end of each year. It contains three rows:

- Restricted/assigned fund balance,
- Unassigned fund balance, and
- Unassigned fund balance as a % of expenditures.

The second grouping, UTILITY FUND, follows the same pattern.

FIVE YEAR FUND BALANCES at END of each year FY 2021

GENERAL FUND
Restricted / Assigned Fund Balance
Unassigned Fund Balance
Unassigned as % of Expenditures
UTILITY FUND
UTILITY FUND Restricted / Assigned Fund Balance
· · · · · · · · · · · · · · · · · · ·

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
е	\$ -	\$ -	\$ -	\$ -	\$ -
е	2,818,073	2,959,664	2,739,653	2,545,980	2,615,980
S	29.36%	28.86%	25.65%	23.60%	23.68%
е	150,698	150,698	150,698	150,698	150,698
е	1,547,084	1,527,427	1,624,390	1,831,509	2,034,958
S	33.89%	34.29%	36.41%	40.99%	44.33%

Town financial policy requires the General Fund to keep unassigned funds equal to 20% of its anticipated expenses for the fiscal year. The Utility Fund is required to set aside 50% of its anticipated expenses.

Percentages are calculated by dividing the fund balance by fund expenditures for the given year (excluding expenditures paid for with loan proceeds).

As shown in the table above, the five-year forecast shows the fund balance in the General Fund hovering around the required minimum each year after FY 2021. Fund balance in Utility Fund shows net revenue replenishing fund balance toward the 50% goal.

There are many assumptions that lie beneath these numbers. The General Fund five-year plan and Utility Fund five-year plan dig into these numbers and how they might change over time.

Capital Reserve Fund Five-Year Forecast

The Capital Reserve Fund was created in FY 2019 as a place to hold money earmarked for infrastructure projects such as the boardwalk, streets, and utility lines. This fund is not budgeted annually, and acts more like a savings account.

Money appropriated for capital projects in the General and Utility Funds goes into the Capital Reserve Fund until it is needed. The five-year plan lists these as Transfers Out expenditures.

When it is needed, the capital reserves are moved into the fund incurring the expense. The five-year plan lists these transactions as Transfers In revenue.

The following table shows how the balance of the capital reserve fund changes over time. Five columns appear, one for each period. The first column, FY 2021 Budget, shows amounts included in the FY 2021 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods FY 2022, FY 2023, FY 2024, and FY 2025.

The table has three groups of rows. Each group represents an intended capital purpose. Each group has four rows relating to the capital use: its balance at the beginning of a fiscal year, revenues added during that year, expenditures made during that year, and the resulting balance at the end of that fiscal year.

CAPITAL RESERVE FUND OVER TIME

FY 2021	FY 2021 Budget		FY 2022 Planning		FY 2023 Planning		FY 2024 Planning		FY 2025 Planning	
BOARDWALK		-								
Beginning Balance	\$	600,000	\$	600,000	\$	600,000	\$	565,000	\$	-
Revenues		-		-		-		657,000		-
Expenditures		-		_		35,000		1,222,000		
Ending Balance	\$	600,000	\$	600,000	\$	565,000	\$	-	\$	
STREETS										
Beginning Balance	\$	693,101	\$	528,101	\$	528,101	\$	878,101	\$	878,101
Revenues		185,000		-		350,000		-		-
Expenditures		350,000		-		-		-		-
Ending Balance	\$	528,101	\$	528,101	\$	878,101	\$	878,101	\$	878,101
UTILITIES										
Beginning Balance	\$:	3,000,078	\$	498,020	\$	848,020	\$ 2	2,290,278	\$ 2	2,290,278
Revenues		350,000		350,000		1,442,258		-		-
Expenditures	;	2,852,058		-		-		-		
Ending Balance	\$	498,020	\$	848,020	\$ 2	2,290,278	\$ 2	2,290,278	\$ 2	2,290,278



Capital Reserve Fund-Boardwalk

The Boardwalk beginning balance reflects money originally earmarked in the General Fund during FY 2018 and FY 2019 for this purpose. Revenues in FY 2024 assume receipt of a grant and an additional General Fund contribution. Project completion in FY 2024 will empty this reserve.



Capital Reserve Fund-Streets

The Streets initial balance reflected General Fund prior net revenues assigned for street work: Powell Bill funds and 2-cent property tax dedicated in FY 2018 by the Town Board.

In FY 2019 the Town Board committed additional money to that dedicated in FY 2018 in order to fund the debt service on a \$6 million loan for street improvements. In FY 2020 a loan was secured for \$3.675 million to fund the Pedestrian and Street Improvement Capital Improvement Project. The FY 2021 revenue in the Streets Capital Reserve Fund is the balance of the dedicated funding after debt service is paid in the General Fund on that \$3.675 million loan.

In FY 2022 a loan will be secured for an additional \$6.6 million for street improvements as part of the Utility Line, Stormwater, and Street Improvement (USSI) Project. The debt service requirements in the General Fund on this new loan eliminate revenue coming into the Streets Capital Reserve Fund beginning in FY 2022.

In FY 2021 funds will be used for USSI project stormwater design; these will be replenished in FY 2023 when project costs are rolled into a USDA loan for stormwater.



Capital Reserve Fund-Utilities

The Utilities beginning balance reflects money originally earmarked in the Utility Fund for capital improvements. Annual appropriations are budgeted as transfers out of the Utility Fund. In addition, restricted funds collected as system development fees may be transferred to capital reserve at the end of each fiscal year. As these amounts are unknown, they are not shown in the budget.

Beginning in FY 2023, the annual Utility Fund capital reserve appropriation is redirected to pay debt service for the utility portion the USSI Project.

In FY 2021, capital reserves will fund the Cedar Street Utility Line Improvements project.

Debt Summary Five-Year Forecast

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

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

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

- Debt is used for capital projects or equipment purchases and not for operational needs.
- Debt repayment periods are less than the expected useful life of the item. General Fund terms are 20 years or less; Utility Fund terms are 30 years or less.
- Refer to Section 8: Town of Beaufort Financial Policy for more information.

Current Debts by Fund

The following table lists all Town debts anticipated at the end of FY 2021. The first row labels each of four columns:

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

The table is grouped into two sets of rows.

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

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

OVERVIEW of DEBTS

FY 2021

	Amount	Issued	Rate	Matures
GENERAL FUND DEBTS				
FY 2012 Town Hall	\$ 1,500,000	02/2012	2.950%	08/2026
FY 2016 Fire Station	3,000,000	12/2015	3.350%	06/2031
FY 2017 Planning Truck	23,800	09/2017	1.870%	09/2021
FY 2017 Police Cars	81,600	09/2017	1.870%	09/2021
FY 2017 Public Works 1-Ton Truck	40,800	09/2017	1.870%	09/2021
FY 2017 Public Works Grapple Truck	146,200	09/2017	1.870%	09/2021
FY 2018 Parking Pay Stations	39,568	06/2018	3.610%	06/2023
FY 2020 Ladder Truck	1,001,687	04/2020	2.190%	04/2035
FY 2020 Street/Pedestrian Improvements	3,675,000	06/2020	2.440%	04/2035
UTILITY FUND DEBTS				
FY 2006 Sewer	\$ 602,293	12/2005	2.205%	05/2026
FY 2008 Sewer	592,554	07/2007	2.265%	05/2028
FY 2009 Sewer	5,557,814	07/2008	2.265%	05/2028
FY 2010 Sewer Plant	14,023,600	04/2010	2.100%	05/2029
FY 2013 Water - Glenda	1,011,208	11/2012	2.480%	05/2033
FY 2013 Water - Sycamore	935,000	04/2013	2.455%	05/2033
FY 2017 Water Pickup Truck	23,800	09/2017	1.870%	09/2021
FY 2017 WWTP Pickup Truck	23,800	09/2017	1.870%	09/2021
FY 2021 Dump Truck	90,000	07/2020	3.000%	07/2025

► Current Debt Service by Fund

The following table shows outstanding debt service for all Town debts anticipated at the end of FY 2021. Four columns make up the table:

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

The table is grouped into three sets of rows.

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

- FY 2021,
- FY 2022,
- FY 2023,
- FY 2024,
- FY 2025.
- The Next Five Years (FY 2026–FY 2030), and
- To Maturity (FY 2031–latest maturity date).

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

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

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

DEBT SERVICE TO MATURITY by FUND

FY 2021

GENERAL FUND DEBT SERVICE	Principal	Interest	Total Pmts
FY 2021	\$ 652,803	\$ 202,611	\$ 855,414
FY 2022	677,246	188,287	865,533
FY 2023	618,253	169,783	788,036
FY 2024	611,069	152,373	763,442
FY 2025	607,406	135,269	742,675
Next Five Years	2,758,141	433,573	3,191,714
To Maturity	1,152,910	96,054	1,248,964
Subtotal General Fund Debt Service	\$ 7,077,828	\$ 1,377,950	\$ 8,455,778
UTILITY FUND DEBT SERVICE	Principal	Interest	Total Pmts
FY 2021	\$ 1,153,467	\$ 224,761	\$ 1,378,228
FY 2022	1,154,157	199,512	1,353,669
FY 2023	1,144,820	174,243	1,319,063
FY 2024	1,145,359	149,144	1,294,503
FY 2025	1,145,913	124,027	1,269,940
Next Five Years	4,206,913	259,811	4,466,724
To Maturity	291,931	14,410	306,341
Subtotal Utility Fund Debt Service	\$ 10,242,560	\$ 1,145,908	\$ 11,388,468
ALL DEBT SERVICE	Principal	Interest	Total Pmts
FY 2021	\$ 1,806,270	\$ 427,372	\$ 2,233,642
FY 2022	1,831,403	387,799	2,219,202
FY 2023	1,763,073	344,026	2,107,099
FY 2024	1,756,428	301,517	2,057,945
FY 2025	1,753,319	259,296	2,012,615
Next Five Years	6,965,054	693,384	7,658,438
To Maturity	1,444,841	110,464	1,555,305
GRAND TOTAL ALL DEBT SERVICE	\$ 17,320,388	\$ 2,523,858	\$ 19,844,246

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

▶ Debt Limits—General Fund

Town policy limits General Fund debt service costs to 15% of total expenditures. The following calculation shows the debt service limit for FY 2021.

The following calculation shows how General Fund debt service changes in FY 2021, and that it remains within set limits.

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

The General Fund debt limit is calculated as follows.

The following calculation shows how General Fund debt changes in FY 2021, and that it remains within set limits.

▶ Debt Limits-Utility Fund

Town policy requires Utility Fund rates and fees to cover debt service costs at a ratio of 1.2 to 1. The following calculations show the debt service coverage ratio for the Utility Fund, based on the audit for the year ending June 30, 2019.

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

► Anticipated New Debts by Fund

The five-year plan anticipates the following new debts in the General Fund:

- FY 2022 USSI Streets loan conventional, 15-year, 2.5% interest loan on \$6.6M begin paying mid-FY 2022
- FY 2022 Fire Station 2 Pumper Truck conventional,
 5-year, 4% interest loan on \$320,000 with first payment in
 FY 2023
- FY 2023 USSI Stormwater loan USDA, 40-year, 2.5% interest loan on \$3.5M with first payment in FY 2023
- FY 2024 Fire Station 1 Pumper Truck conventional, 10-year, 4% interest loan on \$622,000 with first payment in FY 2025

The five-year plan anticipates the following new debts in the Utility Fund:

• FY 2023 USSI Utilities loan – USDA, 40-year, 1.75% interest loan on \$10.3M with first payment in FY 2023

General Fund Five-Year Plan

The five-year financial plan forecasts the fund balance and budget for the General Fund over five years. It starts with numbers from the annual budget and projects how they will change over time.

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

General Fund Five-Year Budget Forecast

The following table displays the five-year forecast of General Fund revenues and expenditures. The first row labels each of five columns:

- FY 2021,
- FY 2022,
- FY 2023,
- FY 2024, and
- FY 2025.

The table has three groupings of rows.

The first grouping shows REVENUES by major source. Each General Fund revenue source is listed on a separate row:

- Property taxes,
- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Transfers in, and
- Appropriated fund balance.

The last line in this grouping provides a total of revenues.

The second grouping shows EXPENDITURES by major category. Each expenditure category appears on a separate row:

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

The last line in this grouping totals all General Fund expenditures.

The third and final grouping, Net Gain or (Loss), is a single row showing the difference between General Fund revenues and expenditures in each year.

GENERAL FUND - 5 YEAR PLAN

FY 2021

REVENUES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Property Taxes	\$ 4,962,917	\$ 5,003,244	\$ 5,146,632	\$ 5,164,555	\$ 5,573,231
Intergovernmental	2,600,732	3,247,413	3,171,160	3,235,796	3,302,146
Permits and Fees	1,116,750	1,138,070	1,102,981	1,118,191	1,133,705
Sales and Service	281,801	285,990	290,262	294,620	299,066
Other Revenues	37,700	37,700	37,700	37,700	37,700
Loan Proceeds	-	320,000	-	622,000	-
Transfers In	600,000	624,000	648,960	674,918	701,915
Appropriated Fund Balance	-		285,011	263,673	
Total Revenues	\$ 9,599,900	\$10,656,417	\$10,682,706	\$11,411,454	\$11,047,763
EXPENDITURES					
Personnel	5,362,843	5,883,031	6,377,448	6,578,202	6,790,291
Operations	2,567,121	2,578,800	2,542,905	2,442,502	2,329,311
Capital Outlay	629,522	978,961	226,010	822,000	200,000
Debt Service	855,414	1,134,033	1,536,343	1,511,749	1,567,670
Transfers Out	185,000			57,000	160,490
Total Expenditures	\$ 9,599,900	\$10,574,825	\$10,682,706	\$11,411,454	\$11,047,763
Net Gain (Loss)	\$ -	\$ 81,591	\$ -	\$ -	\$ -
Unassigned Fund Balance	2,818,073	2,959,664	2,739,653	2,545,980	2,615,980
Unassigned as % of Expenditures	29.36%	28.86%	25.65%	23.60%	23.68%

The following pages describe the underlying assumptions in detail.

General Fund Five-Year Revenue Forecast

Detailed revenue forecasts for each major revenue category are as follows.

► General Fund Revenue Forecast-Property Taxes

The following table provides underlying detail for the forecasted General Fund property tax revenue.

GENERAL FUND 5 YEAR REVENUE DETAIL - PROPERTY TAX

FY 2021

PROPERTY TAXES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Real and Personal Property Tax	\$ 4,762,759	\$ 4,803,086	\$ 4,946,474	\$ 4,964,397	\$ 5,373,073
Tax Base Valuation	1,045,058,001	1,054,058,001	1,086,058,001	1,090,058,001	1, 181, 262, 641
Tax Rate per \$100 Valuation	0.46	0.46	0.46	0.46	0.46
Collection Rate	97.41%	97.41%	97.41%	97.41%	97.41%
Prior Year, Penalties and Interest	80,000	80,000	80,000	80,000	80,000
Motor Vehicle Tax	168,158	168,158	168,158	168,158	168,158
Other Property Tax	32,000	32,000	32,000	32,000	32,000
TOTAL PROPERTY TAXES	\$ 4,962,917	\$ 5,003,244	\$ 5,146,632	\$ 5,164,555	\$ 5,573,231

Real and Personal Property Tax revenues go up each year due to changes in tax base valuation. This increase assumes that the tax base:

- Increases each year by \$4 million from new construction
- Increases 8.00% in FY 2025 due to revaluation
- Increases in FY 2022 and FY 2023 with hotel opening
- Increases in FY 2023 with the completion of an anticipated healthcare facility

► General Fund Revenue Forecast-Intergovernmental

The following table provides underlying detail for the forecasted General Fund intergovernmental revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTALFY 2021

INTERGOVERNMENTAL	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Recurring Revenues					
Local Option Sales Tax	\$ 1,239,000	\$ 1,425,000	\$ 1,467,750	\$ 1,511,783	\$ 1,557,136
Utilities Franchise Tax	385,000	385,000	385,000	385,000	385,000
Beer and Wine Tax	18,872	19,061	19,251	19,444	19,638
County ABC Profit Distribution	170,000	171,700	173,417	175,151	176,903
Powell Bill	120,000	120,000	120,000	120,000	120,000
Fire District Tax	527,210	726,652	1,005,741	1,024,418	1,043,469
Subtotal Recurring Revenues	\$ 2,460,082	\$ 2,847,413	\$ 3,171,160	\$ 3,235,796	\$ 3,302,146
One-Time Revenues					
FEMA Hazard Mitigation Grant	84,650	-	-	-	-
Police CAD Implementation Grant	23,000	-	-	-	-
Fire District Tax -Station 2 Pumper Truck	-	200,000	-	-	-
Fire District Tax -Station 2 Living Quarters	-	200,000	-	-	-
School Resource Officer Grant	33,000				
Subtotal One-Time Revenues	140,650	400,000			
TOTAL INTERGOVERNMENTAL	\$ 2,600,732	\$ 3,247,413	\$ 3,171,160	\$ 3,235,796	\$ 3,302,146

Local Option Sales Tax assumes economic recovery from COVID-19 in FY 2022 which is based on pre-COVID-19 actuals. In subsequent years, a 3% increase applies, based on historical state revenue projections.

Beer and Wine Tax and County ABC Profit Distribution assume a 1% increase each year.

Fire District Tax assumes Carteret County agrees to pay for replacing Station 2 fire pumper truck down-payment in FY 2022 and debt service beginning in FY 2023 and the expansion of Station 2 (construction, staffing, and ongoing maintenance) beginning in FY 2022.

FY 2021 includes a grant for the School Resource Officer position in the Police Department which is not guaranteed in future years.

► General Fund Revenue Forecast-Permits and Fees

The following table provides underlying detail for the forecasted General Fund permits and fees revenue.

GENERAL FUND 5 YEAR REVENUE DETAIL - PERMITS & FEESFY 2021

PERMITS & FEES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Recurring Revenues					
Solid Waste Fees	\$ 603,500	\$ 615,570	\$ 627,881	\$ 640,439	\$ 653,248
Building Permits	120,000	130,000	132,600	135,252	137,957
Stormwater Fees	136,000	136,000	136,000	136,000	136,000
Parking Fees	200,000	200,000	200,000	200,000	200,000
Other Permits and Fees	2,250	6,500	6,500	6,500	6,500
Subtotal Recurring Revenues	\$ 1,061,750	\$ 1,088,070	\$ 1,102,981	\$ 1,118,191	\$ 1,133,705
One-Time Revenues					
Nursing Home Building Fees	-	50,000	-	-	-
Hotel Building Fees	55,000				
Subtotal Recurring Revenues	55,000	50,000			
TOTAL PERMITS & FEES	\$ 1,116,750	\$ 1,138,070	\$ 1,102,981	\$ 1,118,191	\$ 1,133,705

Solid waste user fees and building permits follow the Consumer Price Index and assume 2% increase each year.

Permits for a hotel are included in FY 2021. Building permit revenue assumes economic recovery from COVID-19 in FY 2022, and a 2% increase each subsequent year based on historical state revenue projections. Building permits also increase in FY 2022 with the anticipated construction of a healthcare facility. Other anticipated projects are not included in the forecast due to uncertainty of their timing and/or projected impact.

Future stormwater fees may increase once the Town Board approves a commercial stormwater fee and establishes a stormwater capital budget.

Other Permits and Fees assumes economic recovery from COVID-19 in FY 2022.

► General Fund Revenue Forecast-Sales and Service Revenues

The following table provides underlying detail for forecasted General Fund sales and service revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE

FY 2021

SALES & SERVICE	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025	
Recurring Revenues										
Property Leases	\$	224,301	\$	228,490	\$	232,762	\$	237,120	\$	241,566
Antenna Contract		54,000		54,000		54,000		54,000		54,000
Cemetery Lot Sales		3,500		3,500		3,500		3,500		3,500
Other Sales and Service		-						_		
Subtotal Recurring Revenues	\$	281,801		285,990		290,262		294,620		299,066
One-Time Revenues										
Sale of Fixed Assets		-								-
Subtotal Recurring Revenues		-								
TOTAL SALES & SERVICE	\$	281,801	\$	285,990	\$	290,262	\$	294,620	\$	299,066

Property leases with CPI increase clauses go up 2% each year.

► General Fund Revenue Forecast-Other Revenues

The following table provides underlying detail for forecasted General Fund other revenues.

GENERAL FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE FY 2021

OTHER REVENUE	FY 2021		FY 2022		FY 2023		F	Y 2024	FY 2025	
Recurring Revenues										
Investment Earnings	\$	35,000	\$	35,000	\$	35,000	\$	35,000	\$	35,000
Insurance Reimbursements		-		-		-		-		-
Other Miscellaneous Revenues		2,700		2,700		2,700		2,700		2,700
Subtotal Recurring Revenues	\$	37,700		37,700		37,700		37,700		37,700
One-Time Revenues										
Donations		-						_		-
Subtotal Recurring Revenues		-								
TOTAL OTHER REVENUE	\$	37,700	\$	37,700	\$	37,700	\$	37,700	\$	37,700

These revenues are conservatively forecast as remaining flat.

► General Fund Revenue Forecast-Loan Proceeds

The following table provides underlying detail for forecasted General Fund revenue from loan proceeds.

GENERAL FUND 5 YEAR REVENUE DETAIL - LOAN PROCEEDS

FY 2021

LOAN PROCEEDS	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Loan Proceeds	-	320,000		622,000	
TOTAL LOAN PROCEEDS	\$ -	\$ 320,000	\$ -	\$ 622,000	\$ -

The loan in FY 2022 covers the balance of purchase and equipping a replacement fire pumper truck for Station 2, provided Carteret County agrees to cover the down payment and debt service for the loan. The loan in FY 2024 will replace the Station 1 fire pumper truck.

► General Fund Revenue Forecast-Transfers In

The following table provides underlying detail for the forecasted General Fund revenue from other funds.

GENERAL FUND 5 YEAR REVENUE DETAIL - TRANSFERS IN FY 2021

TRANSFERS IN	FY 2021		FY 2022		FY 2023		FY 2024	FY 2025
From Capital Reserve Fund	-		-		-		-	-
From Utility Fund for Admin Expense	600,000		624,000		648,960		674,918	701,915
TOTAL TRANSFERS IN	\$ 600,000	\$	624,000	\$	648,960	\$	674,918	\$ 701,915

No revenues are anticipated from the Capital Reserve Fund.

Annual transfers from the Utility Fund cover administrative expenses incurred in the General Fund for the Utilities enterprise.

■ Refer to the *Utility Fund Spending Forecast—Transfers Out* later in this section for more information.

► General Fund Revenue Forecast—Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of General Fund fund balance.

GENERAL FUND 5 YEAR REVENUE DETAIL - FUND BALANCE APPROPRIATION FY 2021

FUND BALANCE APPROPRIATION	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	_
Restricted or Assigned Fund Balance	-	-	-	-	-	-
Unassigned Fund Balance	-		285,011	263,673	_	
TOTAL APPROPRIATION	\$ -	\$ -	\$ 285,011	\$ 263,673	\$ -	

In FY 2023 and FY 2024, fund balance appropriations cover revenue shortfalls, while ensuring fund balance remains at minimum required levels.

General Fund Spending Forecast

Detailed spending forecasts for each major expenditure category are as follows.

► General Fund Spending Forecast-Personnel

The following table provides underlying detail for forecasted personnel spending in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL FY 2021

PERSONNEL	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Recurring Costs					
Salary	\$ 3,775,889	\$ 3,893,482	\$ 4,256,990	\$ 4,598,857	\$ 4,746,836
Benefits	1,531,954	1,616,165	1,784,866	1,906,139	1,962,929
Merit Pay Raises	55,000	60,500	66,550	73,205	80,526
Future New Positions - Administration		90,000	-	-	-
Future New Positions - Fire		185,226	269,041	-	-
Future New Positions - Public Works	N/A	37,658			
Subtotal Recurring Costs	5,362,843	5,883,031	6,377,448	6,578,202	6,790,291
One-Time Costs					
No One-Time Costs		-	-	-	-
Subtotal One-Time Costs	-		-		

TOTAL PERSONNEL \$ 5,362,843 \$ 5,883,031

Personnel costs increase 2% each year for cost of living.

In FY 2021 and FY 2022 benefit costs increase substantially due to changes on the Local Government Employees Retirement System employer contribution requirements.

\$ 6,377,448

\$ 6,578,202

\$ 6,790,291

In FY 2022, new positions include a Human Resources Officer in Administration, a Park Maintenance Technician in Public Works, and if Carteret County agrees to pay for staffing at Fire Station 2, six new firefighter positions (to start half-way through the year).

In FY 2023, new positions include the balance of the cost for the new FY 2022 firefighter positions as well as a Deputy Fire Chief.

► General Fund Spending Forecast–Operations

The following table provides underlying detail for forecasted operations spending in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS *FY* 2021

OPERATIONS	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Recurring Costs					
Budget Year Recurring Costs	\$ 2,331,077	\$ 2,401,009	\$ 2,350,080	\$ 2,292,372	\$ 2,209,200
Police Info/Communication Services	-	8,000	-	-	-
Fire Station 2 Living Qtrs Maintenance		3,672	3,746		
Public Works Cedar St Park Maintenace	-	-	3,000	-	-
Public Works Crack Sealing	-	8,000	-	-	-
Public Works Backhoe Lease	-	-	12,000	-	-
Subtotal Recurring Costs	\$ 2,331,077	2,420,681	2,368,826	2,292,372	2,209,200
One-Time Costs					
Governing Body Elections	\$ -	\$ 7,057	\$ -	\$ 7,342	\$ -
Finance Tax Collection Fees	87,144	96,062	98,929	99,288	107,461
Fire Deputy Chief Gear	-	-	7,400	-	-
Fire Eng 1 Appl & Nozzle Replacement		12,000			
Fire Dress Uniforms	3,600	5,600	-	-	-
Fire Keiser Sled & Acessories		3,500			
Police Ammunition	-	11,000	-	12,000	-
Police Bullet Proof Vest Replacement	800	2,400	10,800	900	900
Police CAD Implementation	23,000	-	-	-	-
Police Computer - New Position	-	-	1,000	1,000	-
Police Crime Sceen Evidence Supplies		-	2,000	-	2,000
Police Gas Mask and Filters	5,800	-	-	-	-
Police Human Performance Evaluations	6,300	-	-	8,000	-
Police MDT (x15)	-	-	27,750	-	-
Police Mobile Sign Trailer	-	-	15,000	-	-
Police Rifle Optics	-	7,000	-	-	-
Police Taser Replacement Program	-	13,500	3,200	13,600	1,750
Pubic Works Train Depot Improvements	12,000	-	-	-	-
Pubic Works Shop Conditioning	10,700	-	-	-	-
Public Works Tractor Jackhammer	10,000	-	-	-	-
Public Works Zero Turn Mower	8,500	-	-	-	-
Non-Departmental VOIP Phone Upgrade	10,200	-	-	-	-
Non-Departmental Harbor Mgmt Plan	40,000	-	-	-	-
Non-Departmental ADA Transition Plan	18,000	-	-	-	-
Non-Departmental Tech Replacements	-		8,000	8,000	8,000
Subtotal One-Time Costs	236,044	158,119	174,079	150,130	120,111
TOTAL OPERATIONS	\$ 2,567,121	\$ 2,578,800	\$ 2,542,905	\$ 2,442,502	\$ 2,329,311

The forecast assumes recurring operating costs from FY 2021 increase by 3% each year, corresponding with inflation, based on CPI, as well as demand-based costs beyond Town control.

One-time costs are based on department-level planning.

General Fund Spending Forecast–Capital Outlay

The following table provides underlying detail for forecasted capital outlay in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - CAPITAL OUTLAYFY 2021

CAPITAL OUTLAY	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Fire Station 2 Living Quarters	-	200,000	-	-	-
Fire Station 2 Pumper Truck	-	520,000	-	-	-
Fire Station 1 Pumper Truck	-	-	-	622,000	-
Fire Deputy Chief Vehicle	-	-	26,010	-	-
Planning Update CAMA Land Use Plan	70,000	-	-	-	-
Planning New Unified Development Ord	110,000	-	-	-	-
Public Works FEMA generators	112,950	-	-	-	-
Non-Departmental Vehicle Replacements	336,572	258,961	200,000	200,000	200,000
TOTAL CAPITAL OUTLAY	\$ 629,522	\$ 978,961	\$ 226,010	\$ 822,000	\$ 200,000

Fire Station 2 Living Quarters, Fire Station 2 Pumper Truck, and Fire Station 1 Pumper Truck are pulled from the Capital Improvements Plan.

■ Refer to Fire Station 2 Living Quarters, Fire Station 2 Pumper Truck and Fire Station 1 Pumper Truck profiles in Section 4: Capital Improvement Plan for more information.

In FY 2021, a vehicle replacements budget sets aside funds to replace non-fire apparatus vehicles across departments, based on the FY 2020 vehicle replacement policy.

All other requests are based on department-level planning.

► General Fund Spending Forecast—Debt Service

The following table provides underlying detail for forecasted debt service in the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - DEBT SERVICE FY 2021

DEBT SERVICE	FY 2021	FY 2022	FY 2023	FY 2024		FY 2025
Existing Debt Service						
FY 2012 Town Hall	\$ 119,486	\$ 116,438	\$ 113,447	\$ 110,456	\$	107,490
FY 2016 Fire Station	272,025	265,325	258,625	251,925		245,225
FY 2017 Planning Truck	5,023	5,023	-	-		-
FY 2017 Police Cars	17,220	17,220	-	-		-
FY 2017 Public Works 1-Ton Truck	8,610	8,610	-	-		-
FY 2017 Public Works Grapple Truck	30,853	30,853	-	-		-
FY 2018 Parking Pay Stations	8,803	 8,803	8,803	 -		-
Subtotal Existing Debt Service	\$ 462,021	\$ 452,273	\$ 380,875	\$ 362,381	\$	352,715
New Debt Service						
FY 2020 Fire Ladder Truck	79,202	79,202	79,202	79,202		79,202
FY 2020 Street Management	314,190	334,058	327,958	321,858		310,758
FY 2022 Fire Station 2 Pumper Truck	-	-	71,881	71,881		71,881
FY 2022 USSI Streets	-	268,500	537,000	537,000		537,000
FY 2023 USSI Stormwater	-	-	139,427	139,427		139,427
FY 2024 Fire Station 1 Pumper Truck	-		 _	 		76,687
Subtotal New Debt Service	393,393	681,760	1,155,468	1,149,368		1,214,955
TOTAL DEBT SERVICE	\$ 855,414	\$ 1,134,033	\$ 1,536,343	\$ 1,511,749	\$	1,567,670

Existing debt service numbers come from actual payment schedules. New debt service numbers are estimates for planning purposes.

■ Refer to *Debt Summary Five-Year Forecast* earlier in this section for more information.

FY 2022 Fire Station 2 Pumper Truck and FY 2024 Fire Station 1 Pumper Truck purchases are described in the CIP.

■ Refer to Fire Station 2 Pumper Truck and Fire Station 1
Pumper Truck profiles in Section 4: Capital Improvement Plan
for more information.

FY 2022 USSI Streets and FY 2023 USSI Stormwater loans fund the USSI project. If maximum grant amounts are not received from USDA, then the scope of the project will be reduced.

■ Refer to *Utilities, Stormwater, and Street Improvements* profile in *Section 4: Capital Improvement Plan* for more information.

► General Fund Spending Forecast—Transfers Out

The following table provides underlying detail for forecasted transfers from the General Fund.

GENERAL FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS OUT *FY* 2021

TRANSFERS OUT	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025
Transfers to Capital Funds		185,000		_				57,000	160,490
TOTAL TRANSFERS OUT	\$	185,000	\$	-	\$		\$	57,000	\$ 160,490

In FY 2022, contributions set aside in the capital reserve fund for street improvements stop, in order to pay street improvement debt service.

In FY 2024, contributions are set aside for the Boardwalk project.

In FY 2025, contributions are set aside for a future capital project, such as the Police Department Building or Public Works Facility.

■ Refer to Boardwalk / Bulkhead Improvements, Police Department Building, and Public Works Facility profiles in Section 4: Capital Improvement Plan for more information.

Utility Fund Five-Year Plan

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

Utility Fund Five-Year Budget Forecast

The following table displays the five-year forecast of Utility Fund revenues and expenditures. The first-row labels each of five columns:

- FY 2021,
- FY 2022,
- FY 2023,
- FY 2024, and
- FY 2025.

The table has three groupings of rows.

The first grouping shows REVENUES by major source. Each Utility Fund revenue source is listed on a separate row:

- Intergovernmental,
- Permits and fees,
- Sales and service,
- Other revenues,
- Loan proceeds,
- Transfers in, and
- Appropriated fund balance.

The last line in this grouping provides a total of revenues.

The second grouping shows EXPENDITURES by major category. Each expenditure category appears on a separate row:

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

The last line in this grouping totals all Utility Fund expenditures.

The third and final grouping, Net Gain or (Loss), is a single row showing the difference between Utility Fund revenue and expenditure in each year.

UTILITY FUND - 5 YEAR PLAN FY 2021

REVENUES	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Permits and Fees	104,000	104,000	104,000	104,000	104,000
Sales and Service	4,266,598	4,330,597	4,454,556	4,571,374	4,689,944
Other Revenues	-	-	-	-	-
Loan Proceeds	90,000	-	-	-	-
Transfers In	194,000	-	-	-	-
Appropriated Fund Balance	-	19,657			
Total Revenues	\$ 4,654,598	\$ 4,454,254	\$ 4,558,556	\$ 4,675,374	\$ 4,793,944
EXPENDITURES					
Personnel	988,469	1,036,230	1,087,454	1,130,499	1,176,535
Operations	1,053,900	958,754	995,938	1,007,276	1,055,494
Capital Outlay	284,000	131,601	49,118	-	25,551
Debt Service	1,378,229	1,353,669	1,680,123	1,655,563	1,631,000
Transfers Out	950,000	974,000	648,960	674,918	701,915
Total Expenditures	\$ 4,654,598	\$ 4,454,254	\$ 4,461,593	\$ 4,468,255	\$ 4,590,495
Net Gain (Loss)	\$ -	\$ -	\$ 96,963	\$ 207,119	\$ 203,449
Unassigned Fund Balance Unassigned as % of Expenditures	1,547,084 33.89%	1,527,427 34.29%	1,624,390 36.41%	1,831,509 40.99%	2,034,958 44.33%

Barring unforeseen capital outlay and one-time operation needs, the net gain beginning in FY 2023 will be used to bring Utility Fund fund balances up to healthy levels, as required by the adopted financial policies.

The following pages describe the underlying assumptions in detail.

Utility Fund Revenue Forecast

Detailed revenue forecasts for each major revenue category are as follows.

▶ Utility Fund Revenue Forecast-Intergovernmental

The following table provides underlying detail for the forecasted Utility Fund intergovernmental revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTAL FY 2021

INTERGOVERNMENTAL	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
One-Time Intergovernmental	-	-			
TOTAL INTERGOVERNMENTAL	\$ -	\$ -	\$ -	\$ -	\$ -

The five-year forecast has no anticipated intergovernmental revenues.

▶ Utility Fund Revenue Forecast–Permits and Fees

The following table provides underlying detail for the forecasted Utility Fund permits and fees revenue.

UTILITY FUND 5 YEAR REVENUE DETAIL - PERMITS & FEES FY 2021

PERMITS & FEES	FY 2021	FY 2022	FY 2023	FY 2024	ı	Y 2025
Sewer Permits and Fees	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$	15,000
Water Permits and Fees	75,000	75,000	75,000	75,000		75,000
Other Permits and Fees	14,000	 14,000	14,000	14,000		14,000
TOTAL PERMITS & FEES	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$	104,000

This conservative forecast shows no anticipated change in sewer and water permits and fees.

► Utility Fund Revenue Forecast—Sales and Service Revenues

The following table provides underlying detail for forecasted Utility Fund sales and service revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE FY 2021

SALES & SERVICE	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sewer Sales and Service	\$ 3,072,274	\$ 3,118,358	\$ 3,210,133	\$ 3,296,285	\$ 3,383,729
Water Sales and Service	1,194,324	1,212,239	1,244,423	1,275,089	1,306,215
Sale of Fixed Asset	-	-	-	-	-
Other Sales and Service	-				
TOTAL SALES & SERVICE	\$ 4,266,598	\$ 4,330,597	\$ 4,454,556	\$ 4,571,374	\$ 4,689,944

Water and sewer sales and service revenue show a 1.5% increase each year.

FY 2022 includes increases tied to new hotel. FY 2024 and FY 2025 include increases tied to healthcare facility.

► Utility Fund Revenue Forecast—Other Revenues

The following table provides underlying detail for forecasted Utility Fund other revenues.

UTILITY FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE FY 2021

OTHER REVENUE	FY	2021	FY	FY 2022		FY 2023		2024	FY	2025
Recurring Revenues										
Investment Earnings	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance Reimbursements		-		-		-		-		-
Other Miscellaneous Revenues		-		-		-		-	_	-
Subtotal Recurring Revenues	\$	-		-		-		-		
One-Time Revenues										
Donations		-				-		-		-
Subtotal One-Time Revenues		-		-		-		-		-
TOTAL OTHER REVENUE	\$	-	\$	-	\$	-	\$	-	\$	

The forecast assumes no other revenue for the Utility Fund.

▶ Utility Fund Revenue Forecast-Loan Proceeds

The following table provides underlying detail for the forecasted Utility Fund revenue from loan proceeds.

UTILITY FUND 5 YEAR REVENUE DETAIL - LOAN PROCEEDS FY 2021

LOAN PROCEEDS		Y 2021	FY 2022		FY 2023		FY 2024		FY 2025	
Loan Proceeds		90,000		-			<u>-</u>			
TOTAL LOAN PROCEEDS	\$	90,000	\$		\$		\$	-	\$	

Loan proceeds in FY 2021 are for a dump truck. No additional Utility Fund loan proceeds are anticipated in future years.

► Utility Fund Revenue Forecast-Transfers In

The following table provides underlying detail for money transferred in from other funds.

UTILITY FUND 5 YEAR REVENUE DETAIL - TRANSFERS IN FY 2021

TRANSFERS IN		FY 2021		F	Y 2022	FY	2023	FY	2024	FY	2025
	From Capital Reserve Fund	194,0	000		-		-		-		_
	TOTAL TRANSFERS IN	\$ 194,0	000	\$		\$	-	\$		\$	

In FY 2021, transfers in are used to pay for capital outlay items.

► Utility Fund Revenue Forecast—Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of Utility Fund fund balance.

UTILITY FUND 5 YEAR REVENUE DETAIL - FUND BALANCE APPROPRIATION FY 2021

FUND BALANCE APPROPRIATION	FY 2021	F	Y 2022	FY	/ 2023	FY	2024	FY	2025
Restricted or Assigned Fund Balance	-		-		-		-		-
Unassigned Fund Balance	-		19,657		-				
TOTAL APPROPRIATION	\$ -	\$	19,657	\$	_	\$	-	\$	-

Fund balance in FY 2022 is used to make up the difference between revenues and expenditures.

Utility Fund Spending Forecast

Detailed spending forecasts for each major expenditure category are as follows.

▶ Utility Fund Spending Forecast–Personnel

The following table provides underlying detail for forecasted personnel spending in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL FY 2021

PERSONNEL	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025
Recurring Costs								
Salary	\$ 695,302	\$ 721,448	\$	749,341	\$	779,138	\$	811,012
Benefits	277,167	297,182		318,753		330,065		342,097
Merit Pay Raises	16,000	17,600		19,360		21,296		23,426
Future New Positions - Sewer		-		-		-		-
Future New Positions - Water	N/A	 -		-		-		-
Subtotal Recurring Costs	988,469	 1,036,230		1,087,454		1,130,499		1,176,535
One-Time Costs								
No One-Time Costs	-	 -		-		-		-
Subtotal One-Time Costs	-	 -						-
TOTAL PERSONNEL	\$ 988,469	\$ 1,036,230	\$	1,087,454	\$	1,130,499	\$	1,176,535

Personnel costs increase 2% each year for cost of living.

In FY 2021 and FY 2022 benefits substantially increase due to changes in the Local Government Employees Retirement System employer contribution policy.

Five-year forecast shows no new positions.

▶ Utility Fund Spending Forecast–Operations

The following table provides underlying detail for forecasted operations spending in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS FY 2021

OPERATIONS	FY 2021	FY 2022	l	FY 2023	FY 2024	FY 2025
Recurring Costs						
Budget Year Recurring Costs	\$ 921,800	949,454		977,938	1,007,276	1,037,494
No new recurring costs	N/A	 				
Subtotal Recurring Costs	\$ 921,800	949,454		977,938	1,007,276	1,037,494
One-Time Costs						
HRIB Permit	\$ 100,000	-		-	-	-
Maint - Water Softeners	13,100	-		18,000	-	18,000
Replacement Utility Trailer	4,000	-		-	-	-
Maint - Sandblast/Repaint Sludge Facility	15,000	-		-	-	-
Equip - Sewer Gorman Rupp Controller	-	2,300		-	-	-
Equip - Sewer Lift Station Pumps	-	 7,000		-		
Subtotal One-Time Costs	132,100	9,300		18,000		18,000
TOTAL OPERATIONS	\$ 1,053,900	\$ 958,754	\$	995,938	\$ 1,007,276	\$ 1,055,494

The forecast assumes recurring operating costs from FY 2021 increase by 3% each year, corresponding with the consumer price index as well as demand-based costs beyond Town control.

One-time costs are based on department-level planning.

► Utility Fund Spending Forecast—Capital Outlay

The following table provides underlying detail for forecasted capital outlay in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - CAPITAL OUTLAY FY 2021

CAPITAL OUTLAY	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sewer - Replacement Vehicle	-	77,846	49,118	-	-
Sewer - RAS Pump	25,000	-	-	-	-
Sewer - Mini Excavator	95,000	-	-	-	-
Sewer - 2 Generators for Lift Stations	64,000	-	-	-	-
Maint - Rework pipe in chlorine room	10,000				
Water - Replacement Vehicle	-	53,755	-	-	25,551
New Dump Truck (Short Body)	90,000				_
TOTAL CAPITAL OUTLAY	\$ 284,000	\$ 131,601	\$ 49,118	\$ -	\$ 25,551

Requests are based on department-level planning.

▶ Utility Fund Spending Forecast–Debt Service

The following table provides underlying detail for forecasted debt service in the Utility Fund.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - DEBT SERVICE FY 2021

DEBT SERVICE	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Existing Debt Service					
FY 2006 Sewer	\$ 34,099	\$ 33,435	\$ 32,771	\$ 32,107	\$ 31,443
FY 2008 Sewer	34,996	34,325	33,654	32,983	32,312
FY 2009 Sewer	328,097	321,805	315,514	309,223	302,931
FY 2010 Sewer Plant	822,808	808,275	793,743	779,211	764,678
FY 2013 Water - Glenda	66,861	65,607	64,353	63,099	61,845
FY 2013 Water - Sycamore	61,670	60,523	59,375	58,227	57,079
FY 2017 Water Pickup Truck	5,023	5,023	-	-	-
FY 2017 WWTP Pickup Truck	5,023	5,023	-	-	-
FY 2021 Dump Truck	19,652	19,653	19,653	19,653	19,651
Subtotal Existing Debt Service	\$ 1,378,229	\$ 1,353,669	\$ 1,319,063	\$ 1,294,503	\$ 1,269,940
New Debt Service					
FY 2023 USSI Utilities	-		361,060	361,060	361,060
Subtotal New Debt Service	-		361,060	361,060	361,060
TOTAL DEBT SERVICE	\$ 1,378,229	\$ 1,353,669	\$ 1,680,123	\$ 1,655,563	\$ 1,631,000

Existing debt service numbers come from actual payment schedules. New debt service numbers are estimates for planning purposes.

■ Refer to *Debt Summary Five-Year Forecast* earlier in this section for more information.

New debt service includes a 40-year loan in FY 2023 to pay for the utilities portion of the Utility, Stormwater, & Street Improvements project.

■ Refer to *Utility Line, Stormwater, & Street Improvements* profile in *Section 4: Capital Improvement Plan* for more information.

Utility Fund Spending Forecast-Transfers Out

The following table provides underlying detail for forecasted transfers from the Utility Fund to other funds.

UTILITY FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS OUT FY 2021

TRANSFERS OUT		FY 2021	2021 FY 2022		FY 2023		FY 2024		FY 2025	
Contribution from UF to GF	\$	600,000	\$	624,000	\$	648,960	\$	674,918	\$	701,915
Transfers to Capital Funds	350,000			350,000						-
TOTAL TRANSFERS OUT	\$	950,000	\$	974,000	\$	648,960	\$	674,918	\$	701,915

The Utility Fund contributes to the General Fund for administrative, engineering, and maintenance services. The actual amount is calculated each year based on use. For planning purposes, the estimated contribution increases by 4% each year.

In FY 2021 and FY 2022, contributions are set aside in the capital reserve fund for utility line maintenance and repairs. Starting in FY 2023, these contributions are reallocated to pay utility line improvement debt service.

■ Refer to *Utility Line, Stormwater, & Street Improvements* in *Section 4: Capital Improvement Plan* for more information.

Fee Schedule

EFFECTIVE DATE: July 1, 2020

Events & Rentals	214
► Fire Safety Fees	216
► Planning & Inspections Fees	218
■ Solid Waste Collection Fees	224
■ Water & Sewer Rates & Fees	225
► Stormwater Fees	228
■ Parking & Vehicle Fees	229
■ Other Fees	230

Events & Rentals

SPECIAL EVENT FEES

Special Event Application Fee \$ 25.00

Tent Permit/Inspection 50.00

Fireworks Display Permit 50.00

RESERVING SEASONAL PARKING SPACES

East & West Front Street Lots 18.00 /space/day

All Other Town Parking Spaces 9.00 /space/day

TOWN-PROVIDED SERVICES & SUPPLIES

Electrician Fees subject to amount billed by contractor

Electricity per Event 50.00

Off Duty Public Safety 35.00 /hr

Public Works Service Fee (includes 2 employees) 68.00 /hr

Solid Waste or Recycling Cart 10.00 /cart

Additional Town-Provided Supplies As Required actual cost

Fire Boat or Police Boat 62.55 /hr

TRAIN DEPOT RENTAL FEES

Security Deposit \$ 50

Labor Fee 15

HALF-DAY RENTAL

Resident Free plus labor fee and deposit

Non-Resident 75 plus labor fee and deposit

FULL-DAY RENTAL

Resident Free plus labor fee and deposit

Non-Resident 150 plus labor fee and deposit

KAYAK RACK RENTAL

Kayak Rack Fee \$ 75

REMOVAL / STORAGE FEE

1st Offense 50

2nd Offense 75

3rd Offense 100

Fire Safety Fees

► Fire Inspection Fines & Fees

FIRE INSPECTION FINES & FEES

1st Inspection (initial) No charge

2nd Inspection No charge; Afterward, a request for extension and waiver of

(after 30 days) fees can be submitted

3rd Inspection \$25 base fee, plus \$25 fine per violation per day until

4th Inspection and beyond Base fee increases incrementally by \$25 for each inspection,

plus \$25 fine per violation per day until corrected

Life Safety Violations Fines and Fees

Life safety violations may result in fines and fees. Types of violations include:

Over Occupant Limit/Overcrowding

A condition that exists when either there are more people in a building, structure or portion thereof than have been authorized or posted by the fire code official, or when the fire code official determines that a threat exists to the safety of the occupants due to persons sitting and/or standing in locations that may obstruct or impede the use of aisles, passages, corridors, stairways, exits or other components of the means of egress. Each person over occupancy is considered a violation.

Locked/Blocked/Impeded Means of Egress

Any obstruction in the required width of a means of egress. ("Means of Egress" is the continuous and unobstructed path of vertical and horizontal egress travel from any point in a building or structure to a public way, consisting of three separate and distinct parts: the exit access, the exit, and the exit discharge.)

Impairment of Fire-Related Equipment

Failure to have required testing and maintenance conducted of fire alarm system(s), fire sprinkler systems and/or alternative automatic fire extinguishing systems (includes commercial hood and duct systems, wet-chemical, dry-chemical, foam, carbon dioxide systems, halon systems and clean agent systems) and to have required documentation of test(s).

Assemblies with Impaired Fire Detection/Extinguishment Equipment must provide a Fire Watch person while the building is occupied or it will be closed.

LIFE SAFETY VIOLATION FINES & FEES

1st Offense Must be corrected immediately;

Verbal warning with a written letter sent within 72 hours

2nd Offense in 6 months Must be corrected immediately;

\$150 + \$20 per violation; warning letter sent within 72 hours

3rd Offense in 6 months Business is closed for 24 hours; \$250 + \$40 per violation

▶ General Fire Safety Violation Fees

GENERAL FIRE SAFETY VIOLATION FINES & FEES

Parking in a fire lane or in front of a fire hydrant	\$ 100 / violation
Assault on a Fire Code Official	100 / violation
NUISANCE FIRE ALARMS	
4th nuisance alarm in a calendar year	100
Subsequent nuisance alarm in a calendar year	200
Fire Detection & Suppression System work and/or modification without plan submittal and approval	150

If a business owner/occupant provides documentation the system has been serviced by an Alarm System Technician since the 3rd nuisance alarm, then the fee will be waived. The alarm count will start new for the calendar year after the system has been serviced.

Planning & Inspections Fees

Building permits are required for all work that meets any of the following criteria.

- Work performed to structures costing \$15,000 or more
- Work involving changes to load-bearing features
- Additions, repairs, replacements, changes, or redesign of plumbing, heating, air conditioning and electrical systems
- Any new structure larger than 12' in length, height, or width
- Work performed to commercial structures. This includes any residential structure with more than 2 dwelling units. It also includes any residential structure housing a commercial operation.

Other Structures include porches, decks, sheds, piers, bulkheads, retaining walls, etc.

Commercial Outbuildings include airport storage structures (except hangars), and warehouse buildings, but does not include shell buildings or multiple storage structures.

A permit expires in 6 months if no activity has taken place or an inspection hasn't been scheduled.

Residential Construction Fees

RESIDENTIAL CONSTRUCTION FEES

NEW BUILDINGS & ADDITIONS

Building & Insulation Permit \$ 50 heated & unheated space

+ \$0.20 / sq ft, 0 - 1000 ft

+ \$0.10 / sq ft, >1000 ft

Electrical Permit 50 + 0.10 / sq ft, heated & unheated space

Mechanical Permit 50 + 0.10 / sq ft, heated space

Plumbing Permit 50 + 0.10 / sq ft, heated space

Homeowner's Recover Fee 10 / structure

NEW OTHER STRUCTURES

Building & Insulation Permit \$ 50 + \$0.10 / sq ft

Electrical Permit 50 + 0.10 / sq ft

Mechanical Permit 50 + 0.10 / sq ft

Plumbing Permit 50 + 0.10 / sq ft

Homeowner's Recover Fee 10 / structure

CHANGING EXISTING STRUCTURES

Renovation & Repair Permit \$ 50 + \$10 / \$1,000 value, over \$5,000

Electrical Permit 50 / system

Mechanical Permit 50 / unit

Plumbing Permit 50

For projects valued over \$5,000,

the renovation & repair fee includes electrical, mechanical, and plumbing

The Homeowner's Recovery Fee is only assessed for contractors with a current NC General Contracting License.

Proceeds are sent quarterly to the General Contracting Board.

RESIDENTIAL CONSTRUCTION FEES

MISCELLANEOUS PERMITTING

Demolition \$ 50

Blasting 50

Structure Moving 300

Single-Wide Manufactured Home 100

Double-Wide Manufactured Home 200

Modular Home 400

Construction Trailer 100

Gas pumps/Storage tanks 50 + \$20.00 / unit

Signs 50 + \$1.75 / sq ft

Fire Sprinkler / Alarm Systems 50 + \$0.10 / sq ft

Restore Power 50

Solar Panels 75 + \$3.00 per panel

Swimming Pools 50 + Fees for pool house

Hot Tubs 50

Change in Contractor 50

Re-Inspection - 3rd Attempt 50

Re-Inspection - 4th Attempt and Beyond 100

After Hours / Emergency Inspection 250

Re-Activate Expired Permit Full cost of the permit

Working Without a Permit Double permit fee

Commercial Construction Fees

COMMERCIAL CONSTRUCTION FEES

NEW BUILDINGS & ADDITIONS

Building & Insulation Permit \$ 50 heated & unheated space

+ \$0.25 / sq ft, 0 - 1000 ft + \$0.15 / sq ft, >1000 ft

Electrical Permit 50 + 0.12 / sq ft, heated and unheated space

Mechanical Permit 50 + 0.12 / sq ft, heated space Plumbing Permit 50 + 0.12 / sq ft, heated space

NEW OTHER STRUCTURES

Building & Insulation Permit \$ 50 + \$0.15 / sq ft

Electrical Permit 50 + 0.10 / sq ft

Mechanical Permit 50 + 0.10 / sq ft

Plumbing Permit 50 + 0.10 / sq ft

CHANGING EXISTING STRUCTURES

Renovation & Repair Permit \$ 50 + \$10 / \$1,000 value, over \$5,000

Electrical Permit 50 / system
Mechanical Permit 50 / unit

Plumbing Permit 50

For projects valued over \$5,000, the renovation & repair fee includes electrical, mechanical, and plumbing

COMMERCIAL OUTBUILDINGS

Building & Insulation Permit \$ 50 + \$0.15 / sq ft

Electrical Permit 50 + 0.10 / sq ftMechanical Permit 50 + 0.10 / sq ftPlumbing Permit 50 + 0.10 / sq ft

COMMERCIAL CONSTRUCTION FEES

MISCELLANEOUS PERMITTING

Demolition \$ 50

Blasting 50

Structure Moving Same as new construction

Construction Trailer 100

Gas pumps/Storage tanks 50 + \$50.00 / unit

Signs 50 + \$1.75 / sq ft

New Business Inspection 50

Hood Suppression 150

Fire Sprinkler / Alarm Systems 50 + \$0.10 / sq ft

Restore Power 50

Solar Panels 75 + \$5.00 per panel

Swimming Pools 250 + Fees for pool house

Hot Tubs 75

Change in Contractor 50

Re-Inspection - 3rd Attempt 50

Re-Inspection - 4th Attempt and Beyond 100

After Hours / Emergency Inspection 250

Re-Activate Expired Permit Full cost of the permit

Working Without a Permit Double permit fee

► Planning-Related Application Fees

PLANNING APPLICATION FEES

/ application	\$ 50	Certificate of Appropriateness Historic District
/ application	300	Rezoning Request with no Land Use Plan change
/ application	400	Rezoning Request with Land Use Plan change
/ application	300	Variance Request
/ application	250	Preliminary Plat Approval
/ application	250	Final Plat/Subdivision Approval
/ application	400	Special Use Permission
/ application	300	Site Plan Review (includes 2 Technical Review Meetings)
/ meeting	100	Each additional Technical Review Meeting
/ certificate	25	Elevation Certificate Review

Solid Waste Collection Fees

► Residential Solid Waste Collection

SOLID WASTE MONTHLY FEES RESIDENTIAL

Solid Waste User Fee	\$ 19.17	
Additional Solid Waste Cart	10.56	
Additional Recycle Cart	4.24	
Violations - 3rd and subsequent	150.00	/ violation

► Commercial Solid Waste Collection

The twice-weekly WBD recycling program runs May-September. Rates assume 30 carts participate. If fewer, collection fees will be distributed among the number of carts participating.

SOLID WASTE MONTHLY FEES COMMERCIAL (Waterfront Business District)

SERVICE TYPE	<u>USAGE</u>	MONTHLY FEE		
Compactor Solid Waste User Fee	High Volume	\$	158.04	
	Medium		68.57	
	Low Volume		21.10	
Solid Waste Roll-Out – 96 Gallon	Once / Week		24.28	
Recycling Roll-Out – 96 Gallon	Once / Week		16.88	
Additional Container			14.77	
Recycling Roll-Out – 96 Gallon	Twice / Week		35.18	
Additional Container			41.37	
Cardboard Recycling User Fee			10.41	
Violations - 3rd and subsequent			150.00	/ violation

Water & Sewer Rates & Fees

All water and sewer taps made outside Town limits are double intown rates shown below. Water or sewer system development fees outside Town limits are negotiable but will not exceed 2X rates shown below.

Upgrades in service, i.e., changing from a 3/4" meter to a 1" meter, are subject to a difference in the water tap, water system development, and sewer system development fees.

All taps larger than 2" shall be installed at developer's cost in accordance with Town of Beaufort standards and developers shall pay a tap-on fee as shown below.

► Tap & System Development Fees

	TAP F	EES	SYSTEM DE	VELOP	MENT FEES
SIZE	<u>WATER</u>	<u>SEWER</u>	SIZE	WATER	<u>SEWER</u>
3/4"	\$ 700	\$ 750	3/4" \$	476	\$ 5,524
1"	800	750	1"	793	6,207
1 ½"	1,075	750	1 ½"	1,585	7,015
2"	1,375	750	2"	2,536	8,064
3"	575	750	3"	4,755	10,445
4"	625	750	4"	7,925	15,875
6"	850	750	6"	15,850	22,550
8"	1,175	750	8"	25,360	26,240

► Water & Sewer Usage Rates

WATER USAGE RATES

TYPE	SIZE	<u>II</u>	N TOWN	<u>OUTSIDE</u>
BASE	3/"	\$	10.37	\$ 20.74
	1"		17.32	37.33
	1 ½"		34.53	82.96
	2"		55.27	147.25
	3"		110.65	333.91
	4"		172.87	NA
	6"		345.63	1,327.36
VARIABLE	1000 gal		5.07	7.61

SEWER USAGE RATES

<u>TYPE</u>	SIZE	IN TOWN		<u>OUTSIDE</u>
BASE	3/4"	\$	21.17	\$ 42.34
	1"		35.85	70.01
	1 ½"		70.50	140.99
	2"		112.20	225.67
	3"		225.88	451.77
	4"		352.90	705.81
	6"		705.60	1,411.19
VARIABLE	1000 gal		16.80	33.60

▶ Water & Sewer Service Charges

WATER & SEWER SERVICE CHARGES

New Account Service Fee \$20 Waived with bank draft

Application Fee 5

SECURITY DEPOSITS

3/4" meter \$75-225, based on credit score

1" meter 100 1 1/2" meter 140

2" meter 275

Transfer Account 25

Returned Check Fee 25

Late Fees 10% added to late portion

Reconnect Fee - Business Hours 25

Reconnect Fee - After Hours 75

After Hours Service Calls 75

Temporary Connection 25 available for a 2-week period,

(for cleaning, renovation inspection, etc.) plus water and sewer usage charges

Fire Hydrant Meters 75 mobilization, on site-employee, and

5,000 gal of water; additional \$.01/gal

Irrigation/Dock Meter 700 tap fee

Meter-Only Install 400 no new tap fee

Meter Testing 30

Meter Tampering 100

Stormwater Fees

Stormwater fees for residential and commercial are \$4.00 / Month per Residential Unit or Equivalent Residential Unit.

Equivalent Residential Unit (ERU) = 1708 sq ft Effective Impervious Area (EIA),

where

EIA = 100% of Impervious Area (sq ft) + 15% of Pervious Area (sq ft)

Parking & Vehicle Fees

PARKING & VEHICLE FEES

Golf Cart Registration	\$ 75	
PARKING TICKETS		
Regular Space	20	
Handicap Space	100	
Late Fee	30	on day 30
PARKING PASSES		
Weekly	25	
Monthly	100	
Seasonal	200	
WBD Resident Premium Seasonal	800	

Other Fees

MISCELLANEOUS FEES

PUBLIC RECORDS REQUESTS

- paper copies \$0.15 /page

- meeting recording 1.00 /CD

NUISANCE SECURITY ALARMS

4th nuisance alarm in a calendar year 100.00

Subsequent nuisance alarm in a calendar year 200.00

Cemetery Internment Permit Fee 25.00

Cemetery Plot Fee - Resident 500.00

Cemetery Plot Fee - Non Resident 700.00

Business Registration Fee 25.00 – any new business started in Town limits

Taxi Permitting Fee 68.00

Off Duty Officer Request 35.00 /hour

Annual Budget Ordinance

EFFECTIVE DATE: July 1, 2020

In this section you will find a concise summary of the FY 2021 Annual Budget. Once adopted by the Town Board, this ordinance becomes the legal budget for the year, and must be followed by law.

TOWN OF BEAUFORT FY 2021 BUDGET ORDINANCE



by the Board of Commissioners of the Town of Beaufort, North Carolina:



SECTION 1: GENERAL FUND

A. Revenues

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2010, and ending June 30, 2021:

GENERAL FUND REVENUES	
Property Taxes	\$4,962,917
Intergovernmental	2,600,732
Permits and Fees	1,116,750
Sales and Service	281,801
Other Revenues	37,700
Loan Proceeds	-
Transfers In	600,000
Fund Balance Appropriation	-
TOTAL	\$9,599,900

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, 2020, and ending June 30, 2021:

GENERAL FUND EXPENDITURES						
Governing Body	\$ 88,736)				
Administration	469,986)				
Finance	521,119					
Fire	2,027,741					
Parking	142,916)				
Planning & Inspections	631,653)				
Police	1,840,232					
PSA & Engineering	288,215)				
Public Works	2,437,634					
Non-Departmental	1,151,668	,				
TOTAL	\$9,599,900					

SECTION 2: UTILITY FUND

A. Revenues

It is estimated that the following revenues will be available in the Utility Fund for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

UTILITY FUND REVENUES		
Intergovernmental	\$	-
Permits and Fees	10	04,000
Sales and Service	4,2	66,598
Other Revenues		-
Loan Proceeds	,	90,000
Transfers In	19	94,000
Fund Balance Appropriation		-
TOTAL	\$ 4,6	54,598

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, 2020, and ending June 30, 2021:

UTILITY FUND EXPENDITURES	
Sewer	\$ 2,858,277
Water	830,321
Non-Departmental	966,000
TOTAL	\$ 4,654,598

SECTION 3: AD VALOREM TAX

There is hereby levied a tax as calculated below in the General Fund in Section I of this ordinance.

	Real & Personal			tor Vehicles	Total Revenue
Valuation of property as listed January 1, 2020	\$	1,045,058,001	\$3	86,710,252	
Rate \$0.4600 per \$100 value		4,807,267		168,867	
Rate of collection		97.41%		99.58%	
	\$	4,682,759	\$	168,158	
					\$ 4,850,917

In accordance with NC General Statute 159-13, the estimated rate of collection for property and motor vehicle taxes for the 2021 fiscal year beginning July 1, 2020 is as shown in the calculation above.

The proceeds from two cents (\$0.02) of the aforementioned tax rate shall be used only for resurfacing streets.

SECTION 4: AMENDMENTS AND CONTRACTS

Pursuant to NC General Statute 159-15, this budget may be amended by submission of proposed changes to the Board of Commissioners.

Notwithstanding the above subsection (a) above, the Town Manager is authorized to transfer funds from one appropriation to another within the same fund without limitation.

Funds may not be transferred between funds without prior approval from the Board of Commissioners.

The Town Manager may enter into and execute change orders or amendments to construction contracts in amounts less than \$50,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.

The Town Manager may execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.

Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Town Manager may adjust budgets to match, including grants that require a match for which funds are available.

SECTION 5: DISTRIBUTION

Copies of this ordinance shall be furnished to the Town Manager and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this 25th day of June, 2020

ATTEST:

Michele Davis Everette S. Newton

Town Clerk Mayor

Town of Beaufort Financial Policy

EFFECTIVE DATE: July 1, 2020

In this section you will find the financial policy as adopted for FY 2021.

OBJECTIVES

This financial policy is a statement of the guidelines and goals that will influence and guide the financial management practice of the Town of Beaufort, North Carolina. A financial policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management.

Effective fiscal policy:

- Contributes significantly to the Town's ability to insulate itself from fiscal crisis
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible
- Promotes long-term financial stability by establishing clear and consistent guidelines
- Directs attention to the total financial picture of the Town rather than single issue areas
- Promotes the view of linking long-term financial planning with day to day operations
- Provides the Board of Commissioners, citizens and the Town's professional management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines

To these ends, the following financial policies are presented.

CAPITAL IMPROVEMENT PLANNING

The Town will develop a five-year Capital Improvement Plan (CIP) and review and update the plan annually during its budget process.

Capital projects included in the CIP will specifically advance one or more of the Board of Commissioners' adopted Strategic Priorities.

The CIP will generally address those capital assets with a value of more than \$100,000 and a useful life of over ten years.

The Town will identify the estimated costs and potential funding sources for each capital project.

This CIP will incorporate existing needs as well as projections for future capital expenditures necessitated by changes in population, changes in real estate development, or changes in economic base.

The Town will use the CIP as the foundation for capital expenditures identified in the annual operating budget.

In addition to debt obligations, future operating and maintenance costs associated with new capital improvements will be projected and included in operating budget forecasts.

The Town will maintain all its assets at a level adequate to protect the Town's capital investment, to preserve the asset's ability to perform its intended purpose, and to minimize future maintenance and replacement costs.

The Town will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.

The Town will determine the least costly and most flexible financing method for all new projects.

REVENUE

Revenue Projections

Revenue management includes within its focus an ongoing process for reviewing and analyzing each revenue source to ensure that proceeds from each source are at an optimum level. Every attempt will be made to project revenues within 5% of final actual results, and the projections will be based on historical trends, growth patterns, and the economy.

Ad Valorem Tax

As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:

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

The estimated percentage of collection will not exceed the percentage of the levy actually realized in cash as of June 30 during the preceding fiscal year, in accordance with state law.

The tax rate will be set each year based on the cost of providing general governmental services and paying debt service. Consideration will be given to future net revenue requirements for capital improvement project operational expenditure impacts and programmed debt service.

User Fees

The Town sets fees that will utilize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service. This objective is in keeping with the Commissioner's goal that growth should pay for itself, and not place a burden on current residents who may not benefit directly from the service. Emphasis of user charges over Ad Valorem Taxes results in the following benefits:

User charges are paid by all users, including those exempt from property taxes.

User charges avoid subsidization in instances where the service is not being provided to the general public.

User charges for certain services will be justified on the basis of equity and efficiency, by producing information on the demand level for services, and by helping to make the connection between the amount paid and the service received.

Grant Funding

Grant funding may be used for a variety of purposes to include funding current Town operations, departmental long-range plans, capital projects identified in the Capital Improvement Plan, or other projects or activities that address the mission and goals of the Town. Staff will pursue opportunities for grant funding. Application will be made after a grant is evaluated for consistency with Board of Commissioner goals and compatibility with Town programs and objectives.

Donations

Donations will be spent only toward the intent for which they were given.

One-Time Revenues

One-time or other special revenues will not be used to finance continuing Town operations but instead will be used for funding special projects.

Utility Fees

Water and sewer rates will be established at the appropriate level to enable the Utility Fund to be self-supporting.

BUDGETING & EXPENDITURES

The annual budget process begins in January when department heads begin working on their budget requests. Starting in February, budget work sessions are scheduled between the Town Manager and department heads. The proposed annual budget is prepared by the Town Manager and Finance Director and is presented to the Board at the regular meeting in May. It is reviewed in subsequent budget work sessions by the Board and a public hearing is held during the regular Board meeting in June. The budget, including any modifications from the review sessions, is adopted by the Board before June 30, the last day of the fiscal year.

The Town's annual operating budget will be prepared in accordance with Article 3 of the Local Government Budget and Fiscal Control Act.

Current expenditures will not exceed current revenues.

The annual budget document will serve as a policy document, an operations guide, a financial plan, and a communications tool.

Department budgets are reviewed by staff, the Town Manager, and Board of Commissioners prior to adoption and are continually monitored throughout the budget year.

Budgeted funds will only be spent for categorical purposes for which they were intended.

The annual operating budget ordinance defines staff authorization for operating budget adjustments.

No appropriations of the proceeds of a debt instrument will be made except for the purpose for which such debt instrument was issued.

For continuing contracts, funds will be appropriated in the annual budget ordinance to meet current year obligations arising under the contract, in accordance with NC General Statute 160A-17.

Town staff will make regular monthly reports to the Board of Commissioners on the status of actual revenues and expenditures as compared to the adopted budget.

DEBT

The Town of Beaufort recognizes the foundation of any well-managed debt program is a comprehensive debt policy. Advantages of a debt policy are as follows:

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

Uses of Debt

Debt will be used to finance capital projects or for purchases of equipment that provide value to current and future citizens.

Debt will not be used for operational needs.

Terms and Structure

Capital projects will be financed for a period not to exceed the expected useful life of the project.

Non-utility debt will normally have a term of 20 years or less.

Utility debt will normally have a term of 30 years or less.

The Town will seek the best financing type, debt structure and timeframe for each financing need based on the flexibility to meet the project needs, timing, tax or rate payer equity and lowest interest cost.

Cash financing (pay-as-you-go) is a component of the capital program that contributes to the financial integrity of the Town.

Debt Capacity

The Town will strive to maintain its annual tax-supported debt service costs at a level no greater than fifteen percent (15%) of total expenditures.

Net debt for the General Fund shall not exceed 2.5% of assessed property valuation. General obligation debt as defined in NC General Statute 159-55 is limited to 8% of the assessed valuation.

The Town will set rates and charges for the Utility Fund with the intent to achieve a debt service coverage ratio of 1.20 times or greater for all indebtedness. All indebtedness includes both parity and subordinate debt obligations of each fund. In the absence of a specific debt ratio calculation required by a debt covenant, the debt coverage ratio will be calculated in accordance with the following example:

Operating Revenues–Expenses (less depreciation) = Net Revenue Available for Debt Service

Net Revenue/Debt Service (P+I) = Debt Service Coverage Ratio

These ratios will be monitored and reported annually in the Comprehensive Annual Financial Report.

RESERVES

General Fund Unassigned Fund Balance at the close of each fiscal year shall not be less than 20% of actual General Fund net expenditures without prior Board of Commissioners' authorization.

The Town Board of Commissioners may, from time-to-time, utilize fund balances that will reduce the unassigned fund balance below the 20% policy for the purposes of a declared fiscal emergency, financial opportunity to enhance the wellbeing of the Town of Beaufort, or other such purpose as to protect the long-term fiscal security of the Town of Beaufort.

In such circumstances, after unassigned fund balance has been calculated as part of closing-out a fiscal year, the Board of Commissioners will adopt a plan as part of the following year's budget process to restore the assigned fund balance to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time without severe hardship to the Town, then the Board will establish a different but appropriate period.

Monies in excess of a 20% unassigned fund balance will be available for appropriation, as deemed necessary and approved by the Town Board of Commissioners.

The Utility Fund will seek to maintain an amount of Unrestricted Cash equal to 50% or more of annual net expenditures.

System Development Fees: The Town will collect System Development Fees from new water and sewer customers. The System Development Fee recoups from new customers an equitable share for the contemporaneous use of the Town's previous capital investments in the water and sewer system, and helps enable the Town to provide for the proper maintenance and operation of its water and sewer systems. Revenue from this fee may not be used for utility system expansions, but rather must be used only to maintain, repair, replace, or pay debt on the existing system.

FINANCIAL OPERATIONS AND REPORTING

Accounting/Financial Reporting

The Town will establish and maintain its accounting systems according to the North Carolina Local Budget and Fiscal Control Act. Financial systems will be maintained to monitor expenditures and revenues.

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

The Town will place emphasis on maintenance of an accounting system which provides strong internal budgetary and accounting controls designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and reports, such as the budget and the Comprehensive Annual Financial Report (CAFR), as well as maintenance of accountability of assets.

A comprehensive annual financial review (CAFR) will be performed by an independent certified public accounting firm which will issue an opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Auditing services will be evaluated and selected through a competitive proposal process every five years at a minimum.

Full disclosure will be provided in all regulatory reports, financial statements, and bond representations.

The Town will maintain the least number of funds and accounts necessary for proper and accurate records. The Town may maintain sub-funds, in addition to legally mandated funds, for accounting and management purposes.

Operational Cash Management

Receipts

Cash receipts will be collected and deposited as expediently as reasonably possible to provide secure handling of incoming cash and to move these moneys into interest earning accounts and investments.

All incoming funds will be deposited daily as required by law and are allowed to be received in the most efficient means possible.

Cash Disbursements

Disbursements will be made shortly in advance of or on the agreed-upon contractual date of payment unless earlier payment provides a greater economic benefit to the Town.

Payroll disbursements will be in accordance with the requirements of all state and federal regulatory laws, rules, and regulations. Overtime and benefit payments will be made in accordance with the Town's Personnel Policy.

All checks require two signatures. Checks will be signed by the Finance Officer or his/her designee, as well as the Mayor, a Town Commissioner, or the Town Manager.

Disbursements will be made using the method(s) deemed most efficient at the discretion of the Finance Officer or designee.

Proper documentation will be maintained to meet all audit, general governmental accounting standards, and Town policies.

Accounting and purchasing has the right to request additional documentation from departments as needed.

The Town will follow escheat rules and regulations as directed by NC General Statutes.

Banking Relations

Banking service providers will be evaluated on a regular basis to ensure the Town is receiving the best services at a competitive rate.

The Town will maintain a minimum number of bank accounts to facilitate the movement and investment of funds.

Collateralization for deposits will be in accordance with the North Carolina Administrative Code.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of North Carolina General Statutes when designating official depositories and verifying that deposits are properly secured.

Collections

The Town will pursue collection on delinquent customer accounts using any prudent manner available, including the North Carolina Debt Setoff Program and the use of a third-party collection agency. After exhausting collection efforts and after considering legal time limits for all collection methods, delinquent balances may be written off at the discretion of the Finance Officer.

Delinquent fees are established annually through the budget process.

Town staff has the authority to suspend related services in connection with the unpaid customer account. Service may be resumed once the outstanding balance is paid in full. With the approval of the Finance Officer, additional unrelated Town services may be suspended for the past due customer.

Internal Control and Compliance

The Town will maintain a system of internal controls that ensures complete, accurate, and timely financial records by working with Departments to create business systems that properly capture and report financial related information.

Finance staff, in coordination with the Town's technology services provider, will establish Town-wide standard procedures and policies for the security, handling, and maintenance of sensitive information, which departments will be responsible for reviewing and incorporating into their daily activities.

Finance staff will provide training periodically in order to provide system information to users, as well as provide clarification on Town financial-related policies and procedures and other regulatory and statutory requirements.

Background checks, which may include criminal and credit checks, will be conducted on positions deemed as critical for financial purposes according to procedures established by the Finance Department in conjunction with Human Resources.

Investments

It is the policy of the Town to preserve capital and invest public funds in a manner which provides the highest investment return with the maximum security, while meeting the daily cash flow demands of the Town and conforming to all state statutes governing the investment of public funds. This investment policy applies to all financial assets in the Town's investment portfolio, including debt proceeds.

The standard of prudence to be used by staff will be the "prudent person" rule. The "prudent person" concept discourages speculative transactions. It attaches primary significance to the preservation of capital and secondary importance to the generation of income and capital gains. Authorized staff, if acting in accordance with written procedures and state statutes and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately and action is taken to control adverse developments.

Safety of principal is the foremost objective of the investment program. Investments of the Town will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Town will make every effort to maintain a diversified investment portfolio according to security type and institution.

The Town's investments will remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated using structured maturities and marketable securities. The Finance Officer will maintain a list of financial institutions authorized to provide investment services. Authorized financial institutions include banks maintaining an office in the State of North Carolina and securities brokers/dealers classified by the New York Federal Reserve as primary dealers.

The Finance Officer is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse.

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the Finance Officer any material financial interests in financial institutions that conduct business within this jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio.

Glossary & Appendices

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Glossary

ABC

Alcoholic Beverage Commission, responsible for regulating sales of alcohol in North Carolina.

ADA

Americans with Disabilities Act

amendment

see budget amendment.

annual budget

proposed financial plan for raising and spending money during the fiscal year, created by the Town Manager with input from department heads.

appropriated fund balance

any fund balance (restricted, assigned, or available unassigned) approved by the Town Board for spending in a given fiscal year. also fund balance

appropriation

money allowed to be spent, as authorized in the budget ordinance or an amendment thereof.

assigned fund balance

reserves which can only be used as approved by the Town Board. e.g., setting aside money for future utility line improvements, etc. also *fund balance*

available unassigned fund balance

see unassigned fund balance.

balloon payment

a large payment due at the end of a loan.

basis of budgeting

rule governing the time at which various financial transactions are recorded (i.e. when a bill is received or when it is paid).

benefits

in addition to salaries and wages, personnel expenditures include benefits such as contributions to Social Security, health insurance, worker's compensation, etc.

Board of Commissioners

see Town Board.

budget

see annual budget.

budget amendment

changes to an adopted budget ordinance, passed by the Town Board.

budget message

executive summary of the recommended budget prepared by the Town Manager, found at the beginning of the budget document.

budget ordinance

law approving all financial transactions for the Town in the upcoming financial period, including: revenue estimates, appropriations for spending, and the property tax levy.

budgetary accounting

presentation of finances comparing anticipated (budgeted) revenue and expenditure with actual revenues and expenditures.

CAMA

see NC CAMA.

capital expenditure

see capital outlay.

capital improvement

physical asset built or bought, with a useful life of ten or more years, costing \$100,000 or more, e.g., police station, Cedar St park, repaving streets, small area plans, easements, fire truck, etc.

capital improvement plan

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

capital outlay

spending related to capital assets or improvements, i.e., departmental requests valued between \$25,000 and \$100,000 expected to last at least 5 years (e.g. furniture, equipment, vehicles, etc.) or capital improvements valued above \$100,000 expected to last at least 10 years (e.g. land, buildings, etc.).

capital project

see capital improvement.

capital project fund

special fund, not annually-budgeted, set up to house money received and spent for a large project spanning more than one fiscal year and closed at the end of the project.

capital project profile

outlines assumptions for each upcoming and future capital improvement, including: description, rationale, potential start, possible cost, and funding options.

capital reserve fund

created in FY 2019 as a place to hold money earmarked for infrastructure projects such as the boardwalk, streets, and utility lines. Money appropriated for capital projects in the General and Utility Funds goes into the Capital Reserve Fund until it is needed.

capital reserves

see capital reserve fund.

cash flow

money moving in and out within the course of a month.

cash reserves

see fund balance.

centerline miles

total length of a given road from its starting point to its end point.

CIP

see capital improvement plan.

collection rate

see estimated collection rate.

contributions from other funds

money moved between Town funds, recorded as revenue in the receiving fund. also transfers

cost of living adjustments (COLA)

salary and wage changes for employees to reflect changes in the cost of living.

CPI

consumer price index, which measures changes in the average price of goods and services.

debt

money owed by the Town to outside sources, usually in the form of a loan, used to pay for capital projects or equipment purchases.

debt limits

financial policies restricting the amount of debt the Town can incur, so that it fosters financial stability.

debt service

payments to repay loan principal and interest.

department

group of employees based on a shared function—e.g., finance, planning, police, etc. also *division*

department head

manager, director, or chief of a department or division responsible for making budget requests and revenue estimates for their department.

department service plans

overview of services and activities each department will undertake in the upcoming budget year.

division

group of employees based on a shared function, e.g., water, sewer also *department*

estimated collection rate

percentage of property taxes levied which are actually collected in a given year, used to calculate how much money to expect in the form of property tax revenue in the budget fiscal year.

expenditure

money spent by the Town, e.g., personnel, debt service, capital outlay, etc.

fee schedule

list of authorized amounts charged by the Town for various services, e.g., building permits, water rates, trash collection, parking, etc.

FEMA

Federal Emergency Management Agency

Finance Director

head of the Finance Department, responsible for overseeing Town finances and assisting Town Manager with budget development.

financial policy

locally-adopted laws governing and guiding how the Town budgets and spends money.

fiscal year

twelve months used for calculating and assessing financial activity; Town of Beaufort runs from July 1-June 30.

Fire Fund

annually-budgeted fund containing money collected and spent for Fire Department, which was rolled into the General Fund and eliminated as of FY 2019.

five year financial plan

long-range plan showing how annual budget and capital improvement plan might affect Town finances over a five year horizon.

fund

a "bucket" into which money is organized for legal and management purposes.

fund balance

difference between actual revenue and actual expenditure that accumulates over time. If actual revenues are more than actual expenditures, the fund balance goes up. If actual revenues are less than actual expenditures, the fund balance goes down. Fund balance can be appropriated or set aside for specific purpose by the Town Board, provided minimum balances remain. also restricted fund balance, assigned fund balance, unassigned fund balance, appropriated fund balance

fund balance appropriation

money budgeted from Town reserves to pay for one-time or capital expenditures.

GCC

Governor's Crime Commission

General Fund

main annually-budgeted fund which includes all Town departments except the Utility Department. All money received or spent by the Town goes into the General Fund unless there is a legal or management need for it to go elsewhere.

governing body

see Town Board.

grant

money awarded to the Town through a competitive process, usually with specific conditions for its use.

incremental budgeting

preparing new budget based on previous budget or actual performance, with incremental amounts added for the new period.

inflation

a sustained increase in the price of goods and services over a period of time.

intergovernmental revenues

money coming to the Town from other government sources with or without specific conditions for its use. also unrestricted intergovernmental revenues and restricted governmental revenues

lane miles

the total length and lane count of a given street, calculated by multiplying the centerline mileage of a street by the number of lanes it has.

levy

see property tax levy.

LGBFCA

Local Government Budget and Fiscal Control Act, North Carolina state law governing how towns budget and spend money.

LGERS

North Carolina Local Government Employees Retirement System

line item budgeting

presentation of budget expenses by department, basing future budget on previous needs.

loan proceeds

money lent to the Town, typically for capital purchases or improvements, which it must repay with interest. also *debt service*

long-term financial plans

tools used for projecting and planning for future financial situations, e.g., capital improvement plan and the five year financial plan.

merit-based pay

increase in salary or wages based on an individual employee's performance.

modified accrual

basis of accounting and budgeting where money and assets are recorded once they are available to be spent.

motor vehicles

cars, trucks, motorcycles, boat trailers, travel trailers, RVs, etc., which are taxable by the Town.

NC CAMA

Coastal Area Management Act, part of NC DEQ.

NC DEQ

North Carolina Department of Environmental Quality, responsible for preserving air and water quality.

NC DOT

North Carolina Department of Transportation.

NOAA

National Oceanic and Atmospheric Administration, agency within US Department of Commerce focused on conditions of oceans, major waterways, and the atmosphere.

non-departmental

account which houses money used across departments, not any single department.

operations

spending on all supplies, materials, and small equipment needed to conduct day-to-day activities, e.g., fuel, uniforms, contracted services, etc.

operating impact

how the completion of a capital project may affect ongoing expenses afterward, e.g., creation of a new park results in future maintenance costs, or adding staff quarters at a fire substation results in hiring additional firefighters.

other revenues

money received by the Town from investment earnings, donations, reimbursements, etc.

pay-as-you-go funding

using appropriated fund balance or other annual revenue to pay for lower cost infrastructure, rather than taking out a loan.

permits and fees

money collected by the Town for building permits, stormwater fees, parking fees, etc. .

personnel

spending which covers all aspects of paying employees, e.g., salaries and wages, health insurance, workers compensation, etc.

PILOT

payment-in-lieu-of-taxes, money collected on properties leased from the Town, which would otherwise be considered tax-exempt.

Powell Bill funds

money from state of North Carolina for use by the Town for maintaining roads and related structures.

property taxes

revenue from taxes on real and personal property, as well as motor vehicles.

property tax levy

amount of money imposed as a tax on property (real, personal, and motor vehicles), which is collected by the County on behalf of the Town.

revaluation

the updating of property values for purposes of taxation to reflect actual market values.

revenue neutral property tax rate

the tax rate, accounting for normal growth, that produces the same amount of revenue in a revaluation year that the tax rate from the previous year produced.

real and personal property

land, houses, boats, airplanes, etc., which are taxable by the Town.

recommended budget

initial budget prepared by the Town Manager and Finance Director, presented to the Town Board for review and the general public for comment.

reserves

see fund balance.

restricted fund balance

reserves which can only be used under certain conditions associated with the original underlying revenue. e.g., unspent Powell Bill funds are fund balance restricted to road maintenance. also fund balance

restricted intergovernmental revenues

revenue coming to the Town from other government sources, with specific conditions regarding how the money is spent. e.g., fire tax, Powell Bill, etc.

revenue

money received by the Town, e.g., property taxes, sales and service fees, grants, etc.

sales and service revenues

money collected by the Town for things it sells (e.g. surplus property, cemetery plots, etc.) or services it provides (e.g. water, sewer, etc.).

service plan

see department service plans.

tax levy

see property tax levy.

tax rate

amount charged by the Town for real and personal property and motor vehicles described in cents per \$100 of value, set via the budget ordinance in June for the upcoming fiscal year.

Town Board

governing body for the Town, comprised of elected officials (five commissioners plus the mayor), responsible for making local laws and oversight of the Town Manager. The mayor does not have an official vote, except in case of tie. also Board of Commissioners, Town Board of Commissioners

Town Manager

public administrator, essentially the chief executive officer for the Town, hired by the Town Board, responsible for developing the annual budget and directing and overseeing the business of the Town.

transfers

Money moved from one Town fund to another, where it will then be spent on goods or services, recorded as expenditure in the originating fund. also contributions from other funds

unassigned fund balance

reserves which are available for any purpose, provided General Fund retains a minimum 20% of its anticipated expenses for the year and the Utility Fund retains 50% of its anticipated expenses. The amount above these thresholds is considered available. also *fund balance*

UNC SOG

University of North Carolina School of Government

unrestricted intergovernmental revenues

money coming to the Town from other government sources without specific conditions on how it is spent. e.g., sales tax, beer and wine profits, etc.

Utility Fund

annually-budgeted fund housing all money collected and spent by the water and sewer divisions.

variable rate

a loan where the interest rate fluctuates over time.

WWTP

wastewater treatment plant

Beaufort by the Numbers

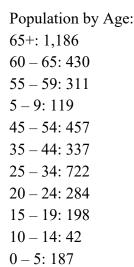
Established in 1709, Beaufort, North Carolina, is located on Beaufort Inlet, a channel leading south to the Atlantic Ocean. The third oldest town in the state and seat of Carteret County, Beaufort has a residential population of about 4,400 with a high influx of visitor traffic during the warmer months. 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.

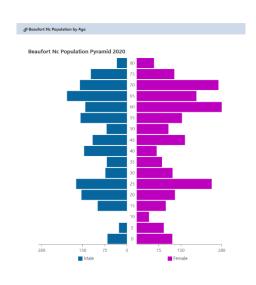
The early economy of Beaufort relied on the use of the area's natural resources; fishing, whaling, the production of lumber and naval stores, shipbuilding, and farming were the chief economic activities. Though Beaufort had the safest and most navigable harbor of any of the ports of North Carolina, extensive 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

Beaufort has a total area of approximately 7.78 square miles; 5.13 square miles of land (66%) and 2.65 square miles (34%) of water (Land area calculations were calculated using GIS).

The total population for Beaufort, according to the 2020 US Census City/Town population estimates is 4,403 with 49.6% male and 53.7% female.





According to the most recent American Community Survey, of the estimated 4,403 residents, 83.12% are White, 11.89% are Black or African-American, 0.58% are American Indians and Alaska Native, and 0.37% are Asian.

The mean household income for Beaufort is \$53,129, according to the 2018 ACS. The median household income is \$42,549.

According to the ACS, there are 2,849 occupied housing units in Beaufort: 1,391 (48.8%) owner-occupied and 1,458 (51.2%) renter-occupied. The average household size is 1.82. The median value of the owner-occupied units in Carteret County is \$207,900.

Beaufort's population (25 and older), according to the 2016 ACS, includes 11.9 percent with Graduate or Professional degrees, 17.8 percent with bachelor's degrees, 41.8 percent with some college or an associates degree, and high school graduates at 19.6 percent.

Economy

Tourism is a major component of the county's economy creating more than 3,400 jobs with an annual payroll of \$65 million in 2017. Fleet Readiness Center East and Marine Corps Air Station Cherry Point are the leading employers of Carteret County residents with 1,257 civilian employees and 479 active duty military employees. The boatbuilding industry alone has an annual payroll of over \$9.9 million in the county, with more than 27 boat builders and manufacturers plus 80 marinas and docks. (Source: Carteret County Economic Development Council)

The Duke University Marine Lab and the National Oceanic and Atmospheric Administration (NOAA) Center for Coastal Fisheries and Habitat Research, both located in Beaufort, and the UNC Institute of Marine Sciences and the NC State University Center for Marine Science and Technology (CMAST) located in Morehead City anchor the marine science cluster in Carteret County. The four institutions have 162,645 square feet of marine research facilities and 40 individual laboratories.

According to the Carteret County Marine Science Economic Impact Study (2018, Carteret County ED), Marine science directly employs 542 residents with a collective annual budget of \$54 million. The total economic impact of marine science in the county includes \$83 million in economic activity, \$64 million in salary and investment income, and supports the employment of over 1,000 county residents.

The unemployment rate for Carteret County is 4.6 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 5/29/2020)

Table 1: Cost of Living Index Comparison

	Composite	Grocery	Housing	Utilities	Transport	Health	Misc
Bath	99	98.4	115.2	100.2	74.2	115.8	96.5
Beaufort	99	100.6	94.3	93.4	70.4	115.1	100.6
Edenton	82.2	95.4	60.5	99	72.5	112.7	95.2
Morehead	92	100.4	95.8	95	58.1	115.1	101.8
Southport	100.4	102.5	100.4	99.9	89	120.6	100.5
Swansboro	95.6	101.2	91	95.6	78.6	122.8	102.6

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 111 physicians, or 15.7 per 10,000 population, 4.4 dentists per 10,000 population, and or 87.1 registered nurses per 10,000 population. There are 37 Physical Therapists, 135 General Hospital Beds and 424 Nursing Facility Beds.

Utilities

Duke Energy supplies electric power to Carteret County, including the Town of Beaufort. Several companies provide a range of telecommunications-related business services in Carteret County including computer, voice, wireless, networking, cloud-hosting, and security applications. The Town of Beaufort provides water and sewer to its residents, as well as several customers in the surrounding area.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morrill

Executive Director