

# Town of Beaufort FY 2019 Budget

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*as Adopted June 11, 2018*



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Town of Beaufort  
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[www.beaufortnc.org](http://www.beaufortnc.org)

April 30, 2018

Honorable Mayor and Commissioners,

The FY 2019 recommended budget for the Town of Beaufort, less interfund transfers, is ***\$11,680,768***. It is divided as follows:



General Fund	\$ 7,913,575
Utility Fund	3,967,193
Less Transfers	<u>(200,000)</u>
Total	<u><b>\$ 11,680,768</b></u>

In FY 2019, the Fire Department appears in the General Fund, and the Fire Fund is eliminated.

The General Fund is balanced with: 1) a tax increase of 5.5 cents, 2) a small solid waste fee increase, and 3) a fund balance appropriation of \$300,000 (for equipment and capital outlay).

The Utility Fund is balanced by a significant rate increase, to overcome a deficit exceeding \$800,000.

These items will be discussed below, in the Budget Issues section.

### ***Budget Priorities - Infrastructure Projects Drive the Budget in FY 2019***

At the annual retreat in January 2018 we identified five themes to guide us as we move toward developing a shared vision and strategic plan. Those themes, described in *Section 1: Introduction to the Budget*, guided the development of this budget proposal.

Two of the five themes, *Leadership* and *Infrastructure*, are particularly important in this budget. The *Leadership* theme relates to engaging around the identification of goals and achieving them through the development and execution of action plans. The *Infrastructure* theme has to do with securing the Town's future by making the investments necessary to maintain the Town's infrastructure.

In FY 2018 we began a concerted effort to plan for the restoration of long-neglected infrastructure, and for improvements to meet the current and future needs of our community. Much of the work we've done involved assessing and planning - steps needed to responsibly and effectively take action. Plans completed in FY 2018 include:

- Small Area Plan/Bike and Pedestrian Plan
- Street Management Plan
- Randolph Johnson/Water Tower Park Master Plan
- Watershed Restoration Plan
- Boardwalk/Bulkhead Repair Plan

Also, preparation of the Stormwater Master Plan began in late FY 2018, and will be completed in FY 2019. This plan will include a new stormwater fee proposal to account for impervious structures on commercial property as a means to assist in financing stormwater system improvements.

In the coming budget year these plans will be put into action. Activities will include:

- Prepare engineering and bid documents for implementation of the Small Area Plan/Bike and Pedestrian Plan and Street Management Program.
- Secure \$6 million in Q3 through a financing instrument to pay for implementation of the Small Area Plan/Bike and Pedestrian Plan and Street Management Program.
- Award a construction contract for implementation of the Small Area Plan/Bike and Pedestrian Plan and Street Management Plan in Q4.
- Complete Phase I construction of the Randolph Johnson/Water Tower Park Master Plan.
- Apply for matching grant funds to rebuild the boardwalk and repair the underlying bulkhead, and awarding construction contract by Q4. This project is estimated to cost \$1.2 million.

Actual construction for the Small Area Plan/Bike and Pedestrian Plan, the Street Management Program, and the boardwalk replacement and bulkhead repair projects will begin in late 2019. Additionally, utility line repair and replacement will be performed in conjunction with Street Management Program work and will be funded by reserves.

### ***Budget Issues***

#### ***Issue 1: Insufficient Funding to Maintain Infrastructure***

Maintaining infrastructure (roads, utilities, boardwalk, bulkheads, parks, stormwater facilities) in good condition is critical to economic development, health, safety, and high quality of life, and was identified as a priority in the Town's annual retreat. The current tax rate of 37.75 cents does not produce sufficient funding to implement the infrastructure plans described in the previous section.

Accordingly, this budget recommends a tax increase of 3.6 cents (out of a total increase of 5.5 cents) to raise \$285,000. This money will be combined with \$315,000 reserved in FY 2018 and \$600,000 from an anticipated grant award to pay for replacement of the boardwalk and repair of the bulkhead under it, with construction anticipated to begin in late 2019.

In FY 2020, revenue from this tax increase will be used toward paying debt service on a \$6 million loan used to fund implementation of the Small Area Plan/Bike and Pedestrian Plan and the Street Management Program.

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*Issue 2: Revenue Shortfall in the General Fund*

The FY 2019 fund balance appropriation in the General Fund is \$300,000 (used to pay for equipment and capital expenses), leaving a revenue shortfall of about \$150,000. The \$150,000 shortfall results from a reduction in the payment for administrative services to the General Fund from the Utility Fund - the current year's payment was higher to make up for previous payments that were inadequate.

The remaining unassigned fund balance after this appropriation is very conservatively projected to equal about 24% of General Fund expenditures, totaling \$1,888,330, a decrease of 13.7% over the FY 2018 ending balance. The Town's financial policies require that unassigned fund balance in the General Fund should not fall below an amount equal to 20% of General Fund expenditures, and that amounts above that threshold are available for appropriation.

While there is still \$305,000 from fund balance available for appropriation under the Town's fund balance policy, using one-time revenue for continuing operational expenses is neither prudent nor sustainable.

Consequently, the shortfall is met through additional property tax revenues produced through a 1.9 cent (out of total increase of 5.5 cents) property tax increase.

*Issue 3: Deficits in Solid Waste and Sewer*

The Town's financial policies require that fee based services generate enough revenue to pay for the cost of those services. Unfortunately, neither solid waste fees nor sewer service fees produce enough revenue to pay their way.

As a result, residential solid waste fees should be raised from \$17.31 per month to \$18.50 per month to overcome a \$51,000 deficit.

The Utility Fund deficit is about \$827,000 for sewer operations in FY 2019, including essential capital reserve funding. The deficit for FY 2018 is expected to be \$731,761, and the deficits for FY 2017 and 2016 were \$256,182 and \$734,442, respectively.

The Town's consulting engineers are updating a previously prepared rate calculation methodology to determine the new sewer rate necessary to overcome the deficit. The update will be completed by early May 2018.

### ***Beyond the Budget: Long-Range Financial Planning***

This year a Five Year Financial plan has been included in the budget document. The Five Year Financial Plan is a forecast of revenues and expenditures beginning with the proposed FY 2019 budget and extending through FY 2023. Using a five-year planning window helps ensure that commitments, obligations, and anticipated needs are met in a fiscally sound manner. The plan includes both the General and the Utility Funds, and incorporates projects from the Capital Improvement Plan.

In this budget document, *Section 5: Five Year Financial Plan* provides high level overviews as well as details of the assumptions used in making revenue and expenditure projections, and lists capital purchases and personnel changes.

Also included in the plan are the impacts on fund balance and the tax rate.

The General Fund projections rely on a property tax rate of 43.25 cents throughout the five year period and maintain the fund balance above the minimum requirement of 20% of General Fund expenditures each year except FY 2020, where it drops to 19.7%.

The Utility Fund relies on a single rate adjustment in FY 2019, which allows the unassigned reserves to build up to the level required by the Town's financial policies (50% of operating costs) by FY 2023.

The Five Year Financial Plan provides a path of stability and success: it rebuilds the Town's infrastructure, makes the Town's streets and sidewalks safe for cyclists and pedestrians, improves the management and quality of stormwater runoff, makes the Town's navigable waters safer, cleaner, and more attractive, and provides for the adequate professional development and compensation of Town employees.

### ***Conclusion***

The infrastructure challenges facing the Town are significant and costly. The Mayor and Board of Commissioners have risen to meet those challenges during FY 2018 through the preparation of a number of infrastructure improvement plans.

The challenge for FY 2019 is the execution of those plans. The recommended budget for FY 2019, and the spending plan for the subsequent four years, meets that challenge.

The format of the budget document has changed considerably this year – it is better organized and easier to read and understand. It includes seven sections, which are described in *Section I: Introduction to the Budget*.

The staff and I look forward to assisting in your review and consideration of the FY 2019 budget and associated spending plans.

I wish to thank the dedicated employees of the Town for all they do to make Beaufort a great place to work, live, and visit. I also wish to thank my key staff for their commitment and support, and for their significant contributions in the development of this budget. And I especially want to thank Finance Officer Christi Wood, who has been indispensable, and Parks and Events Coordinator/Public Information Officer Rachel Johnson, who helped translate “budget language” into English.

Important recognition, and tremendous gratitude, admiration and awe, are extended to Christy Shi Day, who selflessly donated weeks of work in the preparation of this document – it reflects her insight and skills and she deserves much credit for it.

Finally, I wish to thank the Mayor and Board of Commissioners for their support and encouragement, and for the opportunity to serve them and the citizens of Beaufort.

Respectfully submitted,

A handwritten signature in black ink that reads "John Day". The signature is written in a cursive, flowing style with a large initial 'J' and 'D'.

John Day

Town Manager

July 1, 2018

ADDENDUM to BUDGET MESSAGE

The FY 2019 budget for the Town of Beaufort was adopted by the Board of Commissioners on June 12, 2018 after weeks of careful consideration. Several critical changes were made from the budget previously recommended on April 30, 2018. These include:



- Reducing property tax rate increase from 5.5¢ to 3.6¢.
- Increasing Utility Fund contribution to General Fund to \$350,000.
- Increasing utility rates to cover cost of providing these services.
- Increasing cost of living adjustments from 2% to 2.5%.

After including these changes, the FY 2019 budget as adopted on June 12, 2018, less interfund transfers, is *\$11,679,674*. It is divided as follows:

General Fund	\$ 7,911,360
Utility Fund	4,118,314
Less Transfers	<u>(350,000)</u>
Total	<u>\$11,679,674</u>

# Introduction to the Budget

This year we've made a special effort to make the budget easier to read and understand.

Most of what's included here is second-nature for those of us working with budgets on a regular basis. But we understand that a document this big (and this important!) really needs plain and clear explanation about what's included in it and why.

We want everyone to understand how town government works and the role the budget plays in its operation.

In this section you will find:

➤ Introduction to the Budget	2
➤ Budget Considerations	4
➤ Budget Issues and Decisions	9

## 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. Capital and debt summaries explain how the Town's capital assets and current liabilities affect its ability to fund projects.

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

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

- *Section 6: Fee Schedule*

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

- *Section 7: Budget Ordinance*

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

- *Section 8: Financial Policy*

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

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



## Budget Considerations

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

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



The Town of Beaufort does not currently have a shared vision or strategic plan. So what do we use to guide decisions in this budget?

### ► Guiding Themes

At its annual retreat in January 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 is used as a symbol to represent that theme. Throughout the budget document these icons will be used to identity which themes are supported by projects, initiatives, accomplishments, and goals.



### **Leadership**

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

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



### **Infrastructure**

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



### **Economic Development**

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



### **Culture**

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



### **Environment**

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

## ► **Shared Vision and Strategic Plan**

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

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

## ► **Strategic Budget Items**

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



### **Boardwalk/Bulkhead Repair and Reconstruction**

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

In FY 2018, staff will apply for a federal boat infrastructure grant. The FY 2019 budget calls for a tax rate increase to raise 50% of the matching portion of the grant (the other 50% has already been secured). If the grant is awarded, in FY 2019 staff will oversee finalization of the design and creation of a construction plan to minimize disruption to the public docks and boardwalk.

► Refer to *Boardwalk / Bulkhead Repair and Reconstruction* in *Section 4: Capital Improvement Plan* for more information.



### **Harbor Management Plan**

Town staff, informed by public engagement and best practices, will develop an ordinance and policies related to harbor management for consideration by the Town Board. Enabling legislation from the General Assembly places responsibility for enforcement of harbor management rules with the Police Department.



### **Randolph Johnson Park Expansion**

In FY 2018, the Town completed and approved a phased master plan for the Randolph Johnson/Water Tower Park. In FY 2019, the Town will:

- Close the portion of Pine Street adjacent to the existing Randolph Johnson Park and expand the park into that former roadbed
- Redevelop the Randolph Johnson Park
- Construct sidewalk from park to extant tennis and basketball courts

➤ Refer to *Randolph Johnson Park – Phase 1* in *Section 4: Capital Improvement Plan* for more information.



### **Strategic Visioning Process**

Town staff will develop a plan for community engagement. The purpose is to develop a Town vision and a subsequent strategic plan.



### **Street Management Program**

Street management involves resurfacing of roads, repairing related stormwater drains, etc. The repair process will be coupled with bike and pedestrian transportation upgrades and new street layouts.

In FY 2018, consulting engineers developed the Small Area Transportation Plan outlining bike and pedestrian upgrades and new street layouts. In FY 2019, with the approval of the Town Board, staff will develop plans for implementation and financing so that street upgrades can begin in FY 2020.

➤ Refer to *Street Management Program* in *Section 4: Capital Improvement Plan* for more information.



### **Stormwater Management Plan**

Stormwater increases flooding and degrades water quality. Effective stormwater management lessens its impact.

In FY 2018, consulting engineers began mapping the Town's stormwater management system. In FY 2019, they will complete a master plan that includes specific projects to mitigate stormwater issues.

Additionally they will prepare a methodology for revising stormwater fees to account for the amount of impermeable surface on commercial properties, creating additional revenue to help remedy the problems.

➤ Refer to *Stormwater Management Plan* in *Section 4: Capital Improvement Plan* for more information.

## ► **Influencing Factors**

The following factors influenced the development of this budget.

### **Long-Neglected Infrastructure**

The pressing need to address crumbling infrastructure has driven FY 2018 spending and will do so to an even greater degree in FY 2019. Road quality continues to degrade, stormwater management is inadequate (and in some cases broken), and the bulkhead underlying the Town's boardwalk is failing.

We will soon have completed plans to guide us through fixing these issues, showing the steps needed to affect the change.

### **Grant Funding Opportunity**

In FY 2019, the US Fish and Wildlife Service will distribute grant funds through its Boating Infrastructure Grant Program (BIG). Funds are available to construct, renovate, and maintain tie-up facilities with features for transient boaters in vessels 26 feet or more in length.

In late FY 2018, Town staff will apply for these funds to pay for repair and reconstruction of the bulkhead and boardwalk. If our proposal is selected, the Town must provide matching funds to receive the grant.

### **Historical Staffing Inadequacies**

The Town organization must adapt to meet the demands of a growing and changing community, while also satisfying regulatory and statutory requirements.

Staffing inadequacies have made it difficult to meet those demands and requirements and has resulted in the needed addition of new positions in FY 2018 and FY 2019. These new positions add pressure on the budget.

In addition, concerted effort has been made to fill vacancies with highly qualified people, rather than those with entry level qualifications. This also increases personnel costs.

## Budget Issues and Decisions

The objectives of this budget are to:

- match service levels with demand
- provide a funding plan to repair or replace crumbling infrastructure, and
- make progress towards implementing the Town's long range plans.

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

### **Critical Issue 1– Insufficient Funding to Maintain Infrastructure**

**Issue:** Maintaining infrastructure (roads, utilities, boardwalk, bulkheads, parks, stormwater facilities) in good condition is critical to economic development, health, safety, and high quality of life, and was identified as a priority in the Town's annual retreat. Much of Beaufort's infrastructure is failing and in need of repair or replacement.

Planning and preparation to repair and replace infrastructure is nearing completion. However, the current tax rate of 37.75 cents does not produce sufficient funding to implement these infrastructure plans.

#### ***Recommended Budget:***

This budget recommends a tax increase of 3.6 cents (out of a total increase of 5.5 cents) to raise \$285,000. This money will be combined with \$315,000 (reserved in FY 2018) and \$600,000 (from an anticipated grant award) to pay for replacement of the boardwalk and repair of the bulkhead under it, with construction anticipated to begin in late 2019.

In FY 2020, revenue from this tax increase will be used to pay debt service on a \$6 million loan used to fund implementation of the Small Area Plan/Bike and Pedestrian Plan and the Street Management Program.

#### ***Adopted Budget:***

The adopted budget followed the recommended budget on this issue.

## **Critical Issue 2 – Revenue Shortfall in the General Fund**

**Issue:** The FY 2019 fund balance appropriation in the General Fund is \$300,000 (used to pay for equipment and capital expenses), leaving a revenue shortfall of about \$150,000. The \$150,000 shortfall results from a reduction in the payment for administrative services to the General Fund from the Utility Fund - FY 2018's payment was higher to make up for previous payments that were inadequate.

The remaining unassigned fund balance after this appropriation is very conservatively projected to equal about 24% of General Fund expenditures, totaling \$1,888,330, a decrease of 13.7% over the FY 2018 ending balance. The Town's financial policies require that unassigned fund balance in the General Fund should not fall below an amount equal to 20% of General Fund expenditures, and that amounts above that threshold are available for appropriation.

### ***Recommended Budget:***

While there is still \$305,000 from fund balance available for appropriation under the Town's fund balance policy, using one-time revenue for continuing operational expenses is neither prudent nor sustainable.

Consequently, the shortfall is met through additional property tax revenues produced through a 1.9 cents (out of total increase of 5.5 cents) property tax increase.

### ***Adopted Budget:***

The Town Board decided not to raise taxes 1.9 cents as recommended. Instead, the cost of General Fund services provided to the Utility Fund was further studied. The analysis showed that the Utility Fund gets over \$350,000 in services from the General Fund. Increasing the Utility Fund contribution from \$200,000 to \$350,000 resolved the \$150,000 shortfall in the General Fund.

### **Critical Issue 3 – Deficits in Solid Waste and Sewer**

**Issue:** The Town's financial policies require that fee based services generate enough revenue to pay for the cost of those services. Unfortunately, neither solid waste fees nor sewer service fees produce enough revenue to pay their way.

Solid waste deficit is about \$51,000 in FY 2019. The Utility Fund deficit is about \$827,000 for sewer operations in FY 2019, including essential capital reserve funding. The deficit for FY 2018 is expected to be \$731,761, and the deficits for FY 2017 and 2016 were \$ 256,182 and \$734,442, respectively.

#### ***Recommended Budget:***

Residential solid waste fees should be raised from \$17.31 per month to \$18.50 per month to overcome the \$51,000 deficit.

Exact fee changes for sewer service are not yet known. The Town's consulting engineers are updating a previously prepared rate calculation methodology to determine the new sewer rate necessary to overcome the deficit. The update will be completed by early May 2018.

#### ***Adopted Budget:***

Using the recently completed rate analysis, both water and sewer rates changed so that the Utility Fund is self-supporting. These increases took into account both the operating deficit and the increased contribution from the Utility Fund to the General Fund (as described in *Critical Issue 2* above). Solid waste fees were raised as recommended. These adjusted rates are reflected in *Section 6: Fee Schedule FY 2019*.

A special information session was held to educate the public on these substantial rate increases before the budget was adopted.

**DID YOU  
KNOW?**

**The Town Board may only take action as a collective body.  
Individual members have no authority unless it is expressly given to them  
by the Board in the course of a legally called meeting.**

# Our Budgeting Framework

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

In this section you will find:

➤ Our Budgeted Funds	14
➤ Rules Guiding the Budget	16
➤ The Budget Process	18
➤ The Budget Calendar	22

## Our Budgeted Funds

To effectively serve the public, towns need organization.

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

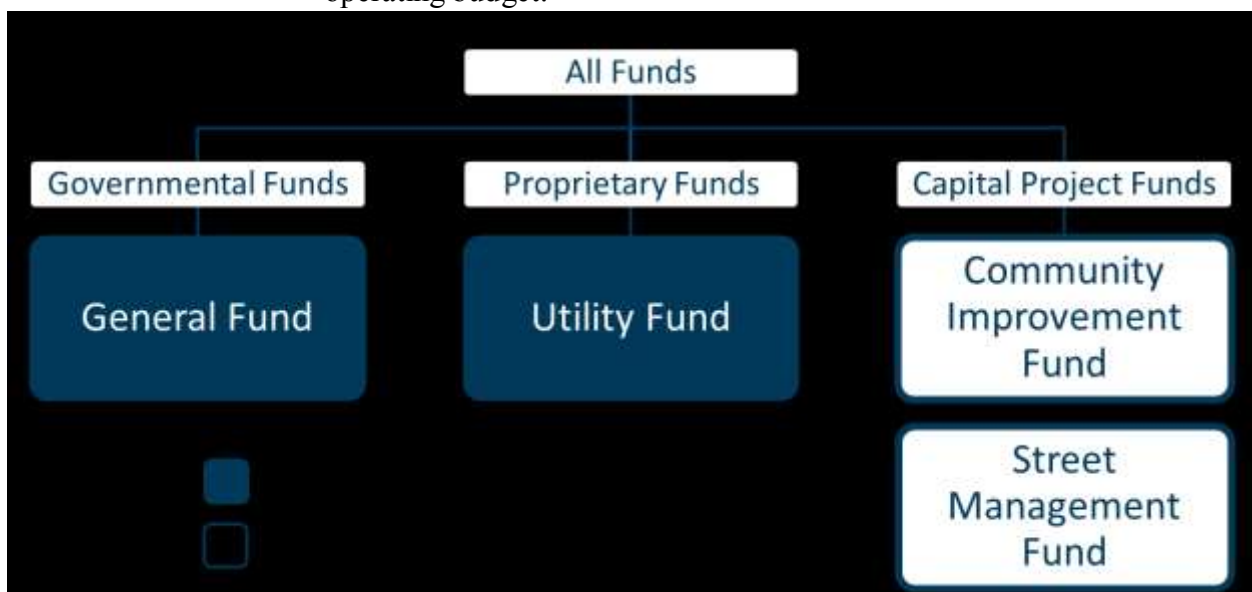
The Town of Beaufort organizes its employees based on their functions. These groups of employees are called departments. Some departments then group their employees into divisions.

### ► Our Fund Structure

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

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

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



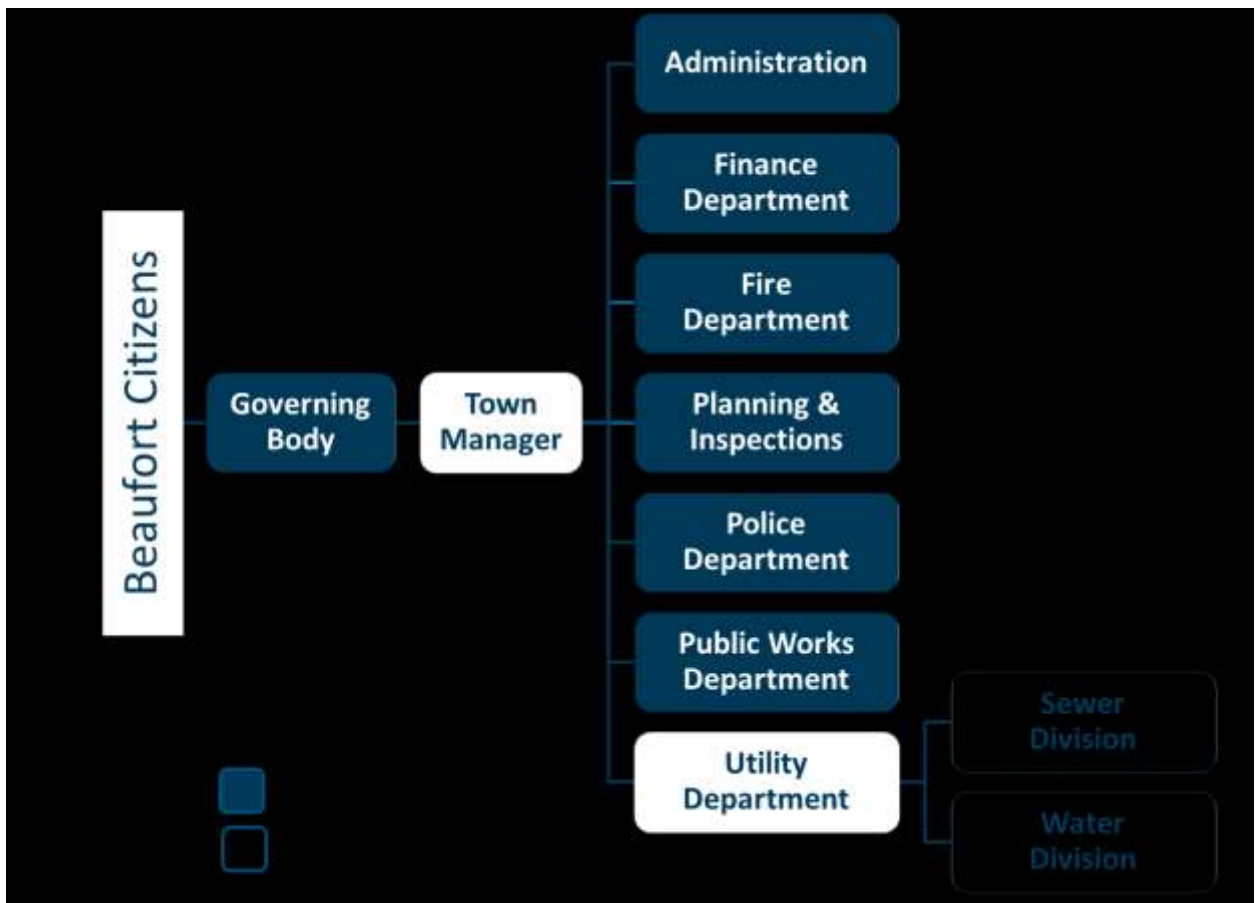
Sometimes, we have a large project, such as constructing a fire station or park, which spans more than one fiscal year. When this happens, we create a *Capital Project fund* for the specific project or initiative. When the project ends, we close its fund.

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.

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

## ► How Departments Relate to Funds

The following diagram shows which departments reside in which funds.



Departmental budgets are maintained for each of the boxes.

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

## Rules Guiding the Budget

North Carolina laws govern how towns budget and spend money.

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

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

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

### ► General Budget Rules

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

- Cover a fiscal year beginning July 1 and ending June 30.
- Include all moneys received or spent.
- 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 current Town operations or other projects that address the Town's goals.
- Use one-time or other special money like reserves 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 the Town's revenues or cash reserves are sufficient to allow us to avoid costs of debt.
- 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:

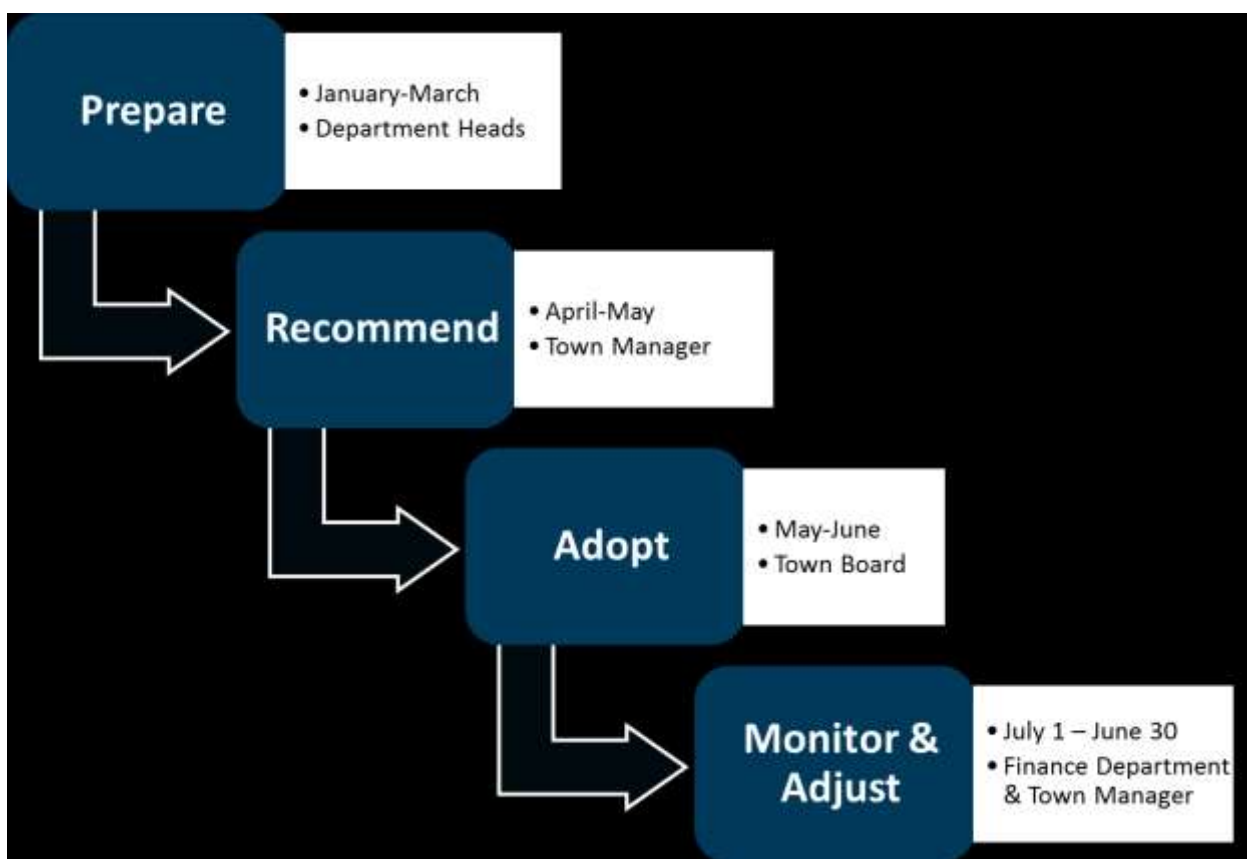
- *Line-Item Budgeting*  
Helps to prevent misuse of public money and foster frugality in using public funds.
- *Incremental Budgeting*  
Our budget starts with what we need to keep the Town operating at existing service levels.
- *Budgetary Accounting*  
Tracking the budget in our accounting system allows us to check whether our expected money raised covers our expected spending, and that our spending is within approved limits.
- *Basis of Budgeting*  
We use the same basis of accounting as our basis of budgeting: modified accrual. Under this method, monies and assets are recorded once they are available to be spent.

## The Budget Process

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

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

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



## ► Preparing the Recommended Budget

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

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

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

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

The following diagram shows how factors weigh on budget recommendations.



## ► **Submitting the Recommended Budget**

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

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

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

- A print copy is made available for public review at Town Hall.
- A digital copy is posted on the Town website.
- A public hearing is announced, typically scheduled for the next regular board meeting.
- A press release is sent to all news media outlets in the county.

## ► **Adopting the Budget**

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

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

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

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

- revenue estimates,
- appropriations for expenditure, and
- the property tax levy.

► **Monitoring & Adjusting  
the Adopted Budget**

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

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

These changes include:

- Moving money within a department

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

- Amending the budget ordinance

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**

On *April 30, 2018*, the budget document was presented at the 4 PM Town Board Work Session.

On *May 10, 2018*, the budget document was reviewed at a 4 PM Town Board Budget Work Session.

On *May 14, 2018*, the public was invited to speak on the proposed budget at the 6 PM Regular Town Board Meeting.

On *May 21, 2018*, review of the budget document continued at the 4 PM Town Board Budget Work Session.

On *June 6, 2018*, a special public meeting was held at 6 PM to provide additional detail regarding budgetary impacts.

On *June 11, 2018*, the budget was adopted at the 6 PM Regular Town Board Meeting.

# The Annual Budget

This section provides a detailed explanation of the money the Town expects to receive in FY 2019 and how it expects to spend it. It summarizes capital spending and debt obligations and includes a service plan for each department showing previous accomplishments, upcoming goals, and measures of performance.

In this section you will find:

➤ Annual Budget Guide	24
➤ Sources, Uses, and Fund Balance	26
➤ All Budgeted Funds	33
➤ General Fund Budget	49
➤ Utility Fund Budget	65
➤ Capital and Debt Summaries	77
➤ Department Service Plans	87

## 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:

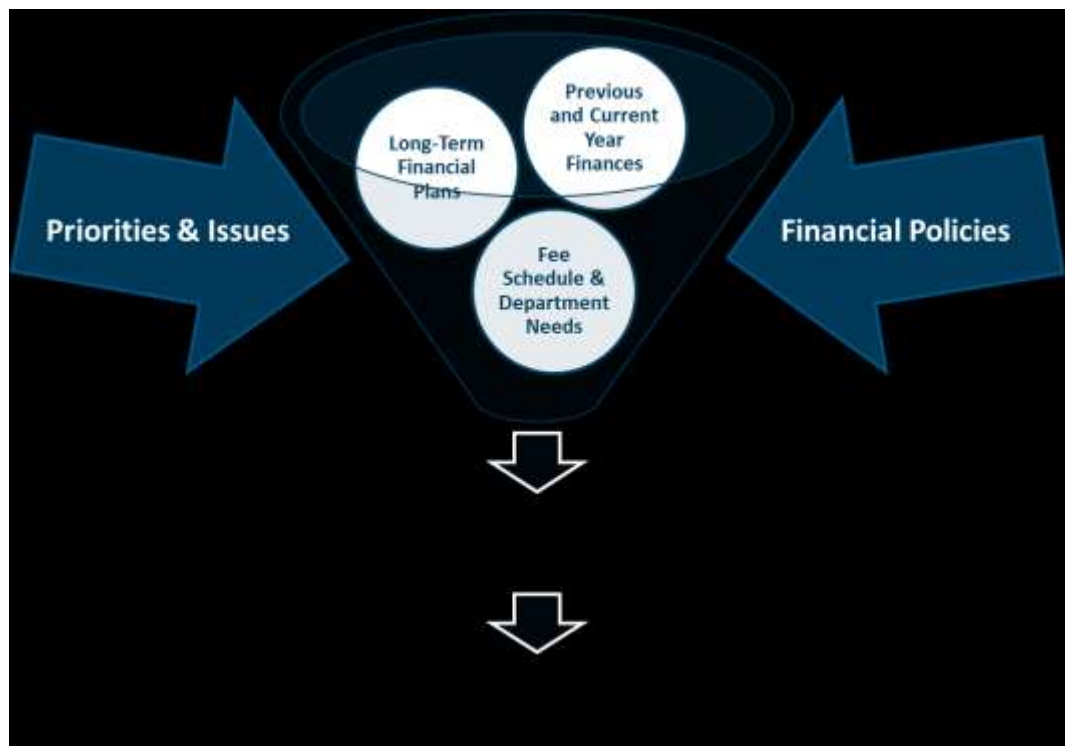
- Money raised and spent in prior years
- Fees departments anticipate collecting and their spending requests
- Planned expenses from long-term financial plans

The Town Manager reviews the numbers, taking into account:

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

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 and Uses**

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.

### **Capital and Debt Summaries**

Outlines the Town's capital expenditure for the budget year and summarizes the Town's current debt.

### **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		<u>\$ 4,215</u>

☞ 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 revenue comes 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 revenue comes 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 revenue includes 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**

Sales and service revenue is 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 (i.e., 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.

**Contributions from Other Funds**

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

**Fund Balance Appropriation**

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

➤ Refer to *Fund Balance* on page 31.

**► 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.
- Fringe benefits, such as contributions to Social Security, health insurance, unemployment insurance, retirement benefits, worker's compensation, etc.

Each departmental budget contains personnel expenditures based on existing conditions.

Funding for merit-based pay adjustments resides in the non-departmental account.

**Operations**

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

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

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

### **Capital Outlay**

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

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

### **Debt Service**

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

### **Transfer**

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

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

## ► Fund Balance

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

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

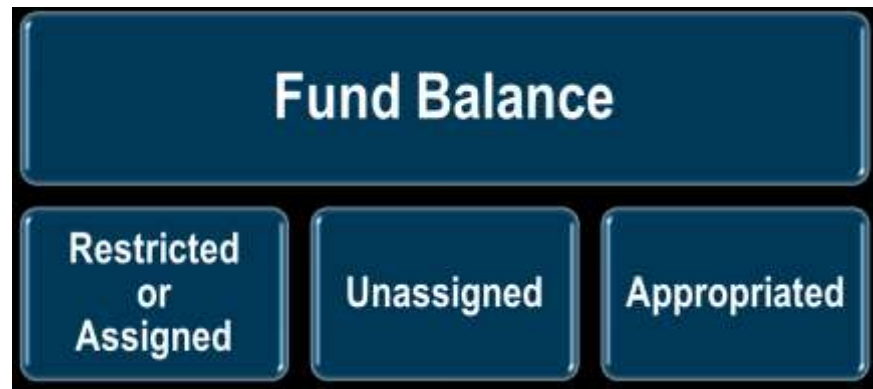
Fund balance can be used as a source of revenue, provided enough is held back to:

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

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

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

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



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

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

# All Budgeted Funds

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

☞ Prior to FY 2019, there was also a Fire Fund, which only accounted for the Fire Department. The Fire Fund received the vast majority of its revenues from a General Fund transfer.

Beginning in FY 2019 the Fire Department was moved into the General Fund for the sake of simplicity.

For ease of comparison, historic data from the Fire Fund has been combined with historic data for the General Fund for FY 2017 and FY 2018.

## All Budgeted Funds At-a-Glance for FY 2019

The following table lists FY 2019 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 2019. Major funding sources include:

- property taxes,
- intergovernmental,
- permits and fees,
- sales and service,
- other revenues,
- loan proceeds,
- appropriated fund balance, and
- contribution from other funds.

The second grouping, *EXPENDITURES – by Category*, lists major types of spending for each fund in FY 2019. Categories include:

- personnel,
- operations,
- capital outlay,
- debt service, and
- transfers to other funds.

The third grouping, *EXPENDITURES – by Department*, provides another way to look at spending. It shows how money is distributed across departments for each fund in FY 2019.

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 2019 as Adopted June 11, 2018

	<b>FY 2019 General Fund</b>	<b>FY 2019 Utility Fund</b>
<b>REVENUES</b>		
Property Taxes	\$ 3,420,665	NA
Intergovernmental	2,322,930	-
Permits and Fees	1,232,565	35,000
Sales and Service	270,500	4,083,314
Other Revenues	14,700	-
Loan Proceeds	-	-
Appropriated Fund Balance	300,000	-
Contributions from Other Funds	350,000	NA
<b>Total Revenues</b>	<b>\$ 7,911,360</b>	<b>\$ 4,118,314</b>
<b>EXPENDITURES - by Category</b>		
Personnel	\$ 4,184,499	\$ 849,608
Operations	2,302,907	936,674
Capital Outlay	891,108	484,373
Debt Service	532,846	1,497,659
Transfers to Other Funds	NA	350,000
<b>Total Expenditures - by Category</b>	<b>\$ 7,911,360</b>	<b>\$ 4,118,314</b>
<b>EXPENDITURES - by Department</b>		
Governing Body	\$ 57,530	NA
Administration	493,480	NA
Finance	482,946	NA
Fire	1,672,946	NA
Planning & Inspections	392,153	NA
Police	1,560,397	NA
Public Works	2,706,771	NA
Sewer	NA	2,760,680
Water	NA	992,634
Non-Departmental	545,137	365,000
<b>Total Expenditures - by Department</b>	<b>\$ 7,911,360</b>	<b>\$ 4,118,314</b>
<b>FUND BALANCE - RESTRICTED or ASSIGNED</b>		
Beginning Restricted/Assigned	\$ 499,353	\$ 1,259,036
(Appropriated) or Contributed Restricted/Assigned	285,000	334,573
Ending Restricted/Assigned	<b>\$ 784,353</b>	<b>\$ 1,593,609</b>
<b>FUND BALANCE - UNASSIGNED</b>		
Beginning Unassigned	\$ 2,188,330	\$ 1,567,917
(Appropriated) Unassigned	(300,000)	-
Ending Unassigned	<b>\$ 1,888,330</b>	<b>\$ 1,567,917</b>
Unassigned as % of Expenditures	<b>23.87%</b>	<b>43.15%</b>

## Revenues by Source for All Budgeted Funds

The following table breaks out FY 2019 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 column, *FY 2019*, shows the anticipated total for each funding source in FY 2019 for all budgeted funds combined.

The fourth and final column, *%FY 2019*, shows each major funding source as 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 2019 as Adopted June 11, 2018

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2019	% FY 2019
Property Taxes	Levy of taxes on real and personal property, and on motor vehicles	\$ 3,420,665	29.3%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,322,930	19.9%
Permits and Fees	Town fees (trash collection, water & sewer, building permits, etc.)	1,267,565	10.9%
Sales and Service	Water sales, sewer services, property leases, cemetery lots, etc.	4,353,814	37.3%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	14,700	0.1%
Loan Proceeds	Loans for construction projects and large equipment purchases	-	0.0%
Appropriated Fund Balance	Accumulated reserves	300,000	2.6%
<b>TOTAL REVENUES</b>		<b>\$ 11,679,674</b>	<b>100%</b>
Contributions from Other Funds	Revenues transferred from one fund to another	350,000	
<b>TOTAL REVENUES (including transfers)</b>		<b>\$ 12,029,674</b>	

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 2017 Actual,
- FY 2018 Budget,
- FY 2019 Budget,
- Amt Change from FY 2018, and
- % Change from FY 2018.

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 2019 as Adopted June 11, 2018

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>GENERAL FUND REVENUES</b>					
Property Taxes	\$ 2,703,890	\$ 3,153,345	\$ 3,420,665	\$ 267,320	8%
Intergovernmental	2,394,801	2,540,950	2,322,930	(218,020)	-9%
Permits and Fees	955,608	895,850	1,232,565	336,715	38%
Sales and Service	343,005	540,375	270,500	(269,875)	-50%
Other Revenues	58,979	21,387	14,700	(6,687)	-31%
Loan Proceeds	290,000	39,568	-	(39,568)	-100%
Appropriated Fund Balance	-	710,151	300,000	(410,151)	-58%
Contributions from Other Funds	30,000	350,000	350,000	-	0%
<b>Subtotal General Fund Revenues</b>	<b>6,776,284</b>	<b>8,251,626</b>	<b>7,911,360</b>	<b>(340,266)</b>	<b>-4%</b>
<b>UTILITY FUND REVENUES</b>					
Intergovernmental	-	140,000	-	(140,000)	-100%
Permits and Fees	161,291	80,000	35,000	(45,000)	-56%
Sales and Service	3,174,601	3,026,600	4,083,314	1,056,714	35%
Other Revenues	50,821	-	-	-	NA
Loan Proceeds	-	-	-	-	NA
Appropriated Fund Balance	-	1,271,582	-	(1,271,582)	-100%
<b>Subtotal Utility Fund Revenues</b>	<b>3,386,712</b>	<b>4,518,182</b>	<b>4,118,314</b>	<b>(399,868)</b>	<b>-9%</b>
<b>ALL REVENUES</b>					
Total Property Taxes	2,703,890	3,153,345	3,420,665	267,320	8%
Total Intergovernmental	2,394,801	2,680,950	2,322,930	(358,020)	-13%
Total Permits and Fees	1,116,899	975,850	1,267,565	291,715	30%
Total Sales and Service	3,517,606	3,566,975	4,353,814	786,839	22%
Total Other Revenues	109,800	21,387	14,700	(6,687)	-31%
Total Loan Proceeds	290,000	39,568	-	(39,568)	-100%
Appropriated Fund Balance	30,000	1,621,582	300,000	(1,321,582)	-81%
Total Contributions from Other Funds	30,000	350,000	350,000	-	0%
Less Contributions from Other Funds	(30,000)	(350,000)	(350,000)	-	0%
<b>Total All Revenues</b>	<b>\$ 10,162,996</b>	<b>\$ 12,059,657</b>	<b>\$ 11,679,674</b>	<b>\$ (379,983)</b>	<b>-3%</b>

## Spending by Category for All Budgeted Funds

The following table breaks out FY 2019 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 column, *FY 2019*, shows the anticipated total for each major spending category in FY 2019 for all budgeted funds combined.

The fourth and final column, *%FY 2019*, shows each major spending category as a proportion of total Town expenditures.

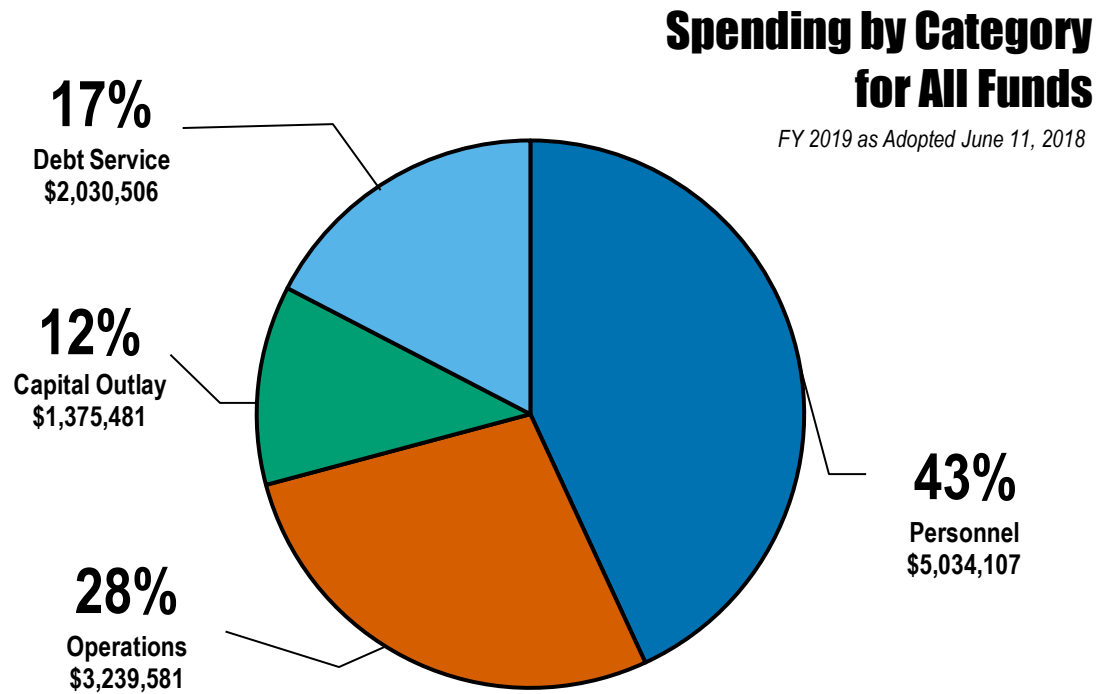
➤ To avoid double-counting expenditures, transfers between budgeted funds are presented separately from all other expenditure categories.

**EXPENDITURES by CATEGORY for ALL FUNDS**

FY 2019 as Adopted June 11, 2018

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2019	% of FY 2019
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 5,034,107	43.1%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	3,239,581	27.7%
Capital Outlay	Durable equipment, construction projects, capital reserves	1,375,481	11.8%
Debt Service	Loan payments	2,030,506	17.4%
<b>TOTAL EXPENDITURES</b>		<b>\$ 11,679,674</b>	<b>100%</b>
Transfers	Money moved from one fund to another	350,000	
<b>TOTAL EXPENDITURES (including transfers)</b>		<b>\$ 12,029,674</b>	

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 2017 Actual,
- FY 2018 Budget,
- FY 2019 Budget,
- Amt Change from FY 2018, and
- % Change from FY 2018.

The table has three groupings of rows.

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

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

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

**EXPENDITURES by CATEGORY OVER TIME***FY 2019 as Adopted June 11, 2018*

	<b>FY 2017 Actual</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>	<b>Amt Change from FY 2018</b>	<b>% Change</b>
<b>GENERAL FUND EXPENDITURES</b>					
Personnel	\$ 3,425,871	\$ 3,869,442	\$ 4,184,499	\$ 315,057	8%
Operations	1,738,099	2,882,547	2,302,907	(579,640)	-20%
Capital Outlay	317,265	874,220	891,108	16,888	2%
Debt Service	577,640	625,419	532,846	(92,573)	-15%
Transfers	NA	NA	NA	NA	NA
<b>Subtotal General Fund Expenditures</b>	<b>6,058,875</b>	<b>8,251,628</b>	<b>7,911,360</b>	<b>(340,268)</b>	<b>-4%</b>
<b>UTILITY FUND EXPENDITURES</b>					
Personnel	786,256	867,961	849,608	(18,353)	-2%
Operations	849,643	1,228,595	936,674	(291,921)	-24%
Capital Outlay	1,500	584,000	484,373	(99,627)	-17%
Debt Service	1,526,815	1,522,627	1,497,659	(24,968)	-2%
Transfers	30,000	350,000	350,000	-	0%
<b>Subtotal Utility Fund Expenditures</b>	<b>3,194,214</b>	<b>4,553,183</b>	<b>4,118,314</b>	<b>(434,869)</b>	<b>-10%</b>
<b>ALL EXPENDITURES</b>					
Total Personnel	4,212,127	4,737,403	5,034,107	296,704	6%
Total Operations	2,587,742	4,111,142	3,239,581	(871,562)	-21%
Total Capital Outlay	318,765	1,458,220	1,375,481	(82,739)	-6%
Total Debt Service	2,104,455	2,148,046	2,030,506	(117,540)	-5%
Transfers	30,000	350,000	350,000	-	0%
Less Transfers	(30,000)	(350,000)	(350,000)	-	0%
<b>Total All Fund Expenditures</b>	<b>\$ 9,223,088</b>	<b>\$ 12,454,811</b>	<b>\$ 11,679,674</b>	<b>\$ (775,137)</b>	<b>-6%</b>

## Spending by Department for All Budgeted Funds

The following table breaks out FY 2019 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 column, *FY 2019*, shows the department's anticipated spending in FY 2019 for all budgeted funds combined.

The fourth and final column, *%FY 2019*, shows each department's spending as a proportion of total Town expenditures. Non-departmental are excluded from this column as they 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 2019 as Adopted June 11, 2018*

EXPENDITURE DEPARTMENT	EXPENDITURE DESCRIPTION	FY 2019	% FY 2019
Governing Body	Mayor and board of commissioners, maintain code of ordinances	\$ 57,530	0.5%
Administration	Town manager, human resources, Town clerk and public information	493,480	4.4%
Finance	Accounting, billing, purchasing, payroll, etc.	482,946	4.3%
Fire	Fire prevention and suppression; first responder services	1,672,946	15.0%
Planning & Inspections	Planning and regulating of construction and development	392,153	3.5%
Police	Police patrol, investigation, and school resources officer programs	1,560,397	14.0%
Public Works	Maintain Town streets, buildings, vehicles, and stormwater facilities	2,706,771	24.3%
Sewer	Sewer collection system; waste water treatment plant	2,760,680	24.8%
Water	Water distribution system, wells, water treatment plants	992,634	8.9%
Non-Departmental	Costs not associated with any single department	560,137	NA
<b>Total All Departments</b>		<b>\$ 11,679,674</b>	<b>100%</b>
Transfers	Money moved from one fund to another	350,000	
<b>TOTAL EXPENDITURES (including transfers)</b>		<b>\$ 12,029,674</b>	

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 2017 Actual,
- FY 2018 Budget,
- FY 2019 Budget,
- Amt Change from FY 2018, and
- % Change from FY 2018.

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 2019 as Adopted June 11, 2018*

	<b>FY 2017 Actual</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>	<b>Amt Change from FY 2018</b>	<b>% Change</b>
<b>GENERAL FUND EXPENDITURES</b>					
Governing Body	\$ 569,831	\$ 89,730	\$ 57,530	\$ (32,200)	-36%
Administration	410,140	468,183	493,480	25,297	5%
Finance	392,443	472,044	482,946	10,902	2%
Fire	1,315,182	1,857,501	1,672,946	(184,555)	-10%
Planning & Inspections	340,825	403,858	392,153	(11,705)	-3%
Police	1,340,648	1,573,564	1,560,397	(13,167)	-1%
Public Works	1,689,806	2,801,432	2,706,771	(94,661)	-3%
Non-Departmental	-	585,316	545,137	(40,179)	-7%
<b>Subtotal General Fund Expenditures</b>	<b>6,058,875</b>	<b>8,251,628</b>	<b>7,911,360</b>	<b>(340,268)</b>	<b>-4%</b>
<b>UTILITY FUND EXPENDITURES</b>					
Sewer	2,490,802	2,955,461	2,760,680	(194,781)	-7%
Water	703,411	1,230,572	992,634	(237,938)	-19%
Non-Departmental	-	367,150	365,000	(2,150)	-1%
<b>Subtotal Utility Fund Expenditures</b>	<b>3,194,214</b>	<b>4,553,183</b>	<b>4,118,314</b>	<b>(434,869)</b>	<b>-10%</b>
<b>ALL EXPENDITURES</b>					
<b>Total All Expenditures</b>	<b>\$ 9,253,088</b>	<b>\$ 12,804,811</b>	<b>\$ 12,029,674</b>	<b>(775,137)</b>	<b>-6%</b>

## 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 2019 budget will change the fund balances in the General Fund.

#### CHANGE IN FUND BALANCE - GENERAL FUND

*FY 2019 as Adopted June 11, 2018*

	Anticipated June 30, 2018	(Appropriated) or Contributed FY 2019	Anticipated June 30, 2019
Restricted / Assigned Fund Balance	\$ 809,555	\$ 285,000	\$ 1,094,555
Unassigned Fund Balance	2,188,330	(300,000)	1,888,330
Unassigned as % of Expenditures	27.03%	NA	23.87%

► Refer to *Fund Balance Changes for General Fund in FY 2019* for more information.

### ► Utility Fund Fund Balance

The following table shows how the FY 2019 budget will change the fund balances in the Utility Fund.

#### CHANGE IN FUND BALANCE - UTILITY FUND

*FY 2019 as Adopted June 11, 2018*

	Anticipated June 30, 2018	(Appropriated) or Contributed FY 2019	Anticipated June 30, 2019
Restricted / Assigned Fund Balance	\$ 1,459,036	\$ 334,573	\$ 1,793,609
Unassigned Fund Balance	1,567,917	-	1,567,917
Unassigned as % of Expenditures	39.85%	NA	43.15%

► Refer to *Fund Balance Changes for Utility Fund in FY 2019* 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.

☞ Prior to FY 2019, there was also a Fire Fund, which only accounted for the Fire Department. The Fire Fund received the vast majority of its revenues from a General Fund transfer.

Beginning in FY 2019 the Fire Department was moved into the General Fund for the sake of simplicity.

For ease of comparison, historic data from the Fire Fund has been combined with historic data for the General Fund for FY 2017 and FY 2018.

## General Fund At-a-Glance for FY 2019

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

### General Fund Overview

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

- FY 2017 Actual,
- FY 2018 Budget,
- FY 2019 Budget,
- Amt Change from FY 2018, and
- % Change from FY 2018.

The table displays information in five groupings of rows.

The first grouping, *REVENUES*, lists major funding sources for the General Fund in FY 2019. 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 2019. 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 2019.

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

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

**GENERAL FUND - REVENUES and EXPENDITURES**

FY 2019 as Adopted June 11, 2018

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>REVENUES</b>					
Property Taxes	\$ 2,703,890	\$ 3,153,345	\$ 3,420,665	\$ 267,320	8%
Intergovernmental	2,394,801	2,540,950	2,322,930	(218,020)	-9%
Permits and Fees	955,608	895,850	1,232,565	336,715	38%
Sales and Service	343,005	540,375	270,500	(269,875)	-50%
Other Revenues	58,979	21,387	14,700	(6,687)	-31%
Loan Proceeds	290,000	39,568	-	(39,568)	-100%
Contributions from Other Funds	30,000	350,000	350,000	-	0%
Appropriated Fund Balance	-	710,151	300,000	(410,151)	-58%
<b>Total Revenues</b>	<b>\$ 6,776,284</b>	<b>\$ 8,251,626</b>	<b>\$ 7,911,360</b>	<b>\$ (340,266)</b>	<b>-4%</b>
<b>EXPENDITURES - by Category</b>					
Personnel	3,425,871	\$ 3,869,442	\$ 4,184,499	\$ 315,057	8%
Operations	1,738,099	2,882,547	2,302,907	(579,640)	-20%
Capital Outlay	317,265	874,220	891,108	16,888	2%
Debt Service	577,640	625,419	532,846	(92,573)	-15%
Transfers	NA	NA	NA	NA	NA
<b>Total Expenditures - by Category</b>	<b>\$ 6,058,875</b>	<b>\$ 8,251,628</b>	<b>\$ 7,911,360</b>	<b>\$ (340,268)</b>	<b>-4%</b>
<b>EXPENDITURES - by Department</b>					
Governing Body	\$ 569,831	\$ 89,730	\$ 57,530	\$ (32,200)	-36%
Administration	410,140	468,183	493,480	25,297	5%
Finance	392,443	472,044	482,946	10,902	2%
Fire	1,315,182	1,857,501	1,672,946	(184,555)	-10%
Planning & Inspections	340,825	403,858	392,153	(11,705)	-3%
Police	1,340,648	1,573,564	1,560,397	(13,167)	-1%
Public Works	1,689,806	2,801,432	2,706,771	(94,661)	-3%
Non-Departmental	-	585,316	545,137	(40,179)	-7%
<b>Total Expenditures - by Department</b>	<b>\$ 6,058,875</b>	<b>\$ 8,251,628</b>	<b>\$ 7,911,360</b>	<b>\$ (340,268)</b>	<b>-4%</b>
<b>FUND BALANCE - RESTRICTED or ASSIGNED</b>					
Beginning Restricted/Assigned			\$ 499,353		
(Appropriated) or Contributed Restricted/Assigned			285,000		
Ending Restricted/Assigned			<b>\$ 784,353</b>		
<b>FUND BALANCE - UNASSIGNED</b>					
Beginning Unassigned			\$ 2,188,330		
(Appropriated) Unassigned			(300,000)		
Ending Unassigned			<b>\$ 1,888,330</b>		
Unassigned as % of Expenditures			<b>23.87%</b>		

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

## General Fund Revenues for FY 2019

The following table breaks out FY 2019 revenues by major source for the General Fund. The first row labels each of four columns.

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

- property taxes,
- intergovernmental,
- permits and fees,
- sales and service,
- other revenues,
- loan proceeds,
- appropriated fund balance, and
- contribution from other funds.

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

The third column, *FY 2019*, shows the anticipated General Fund total for each funding source in FY 2019.

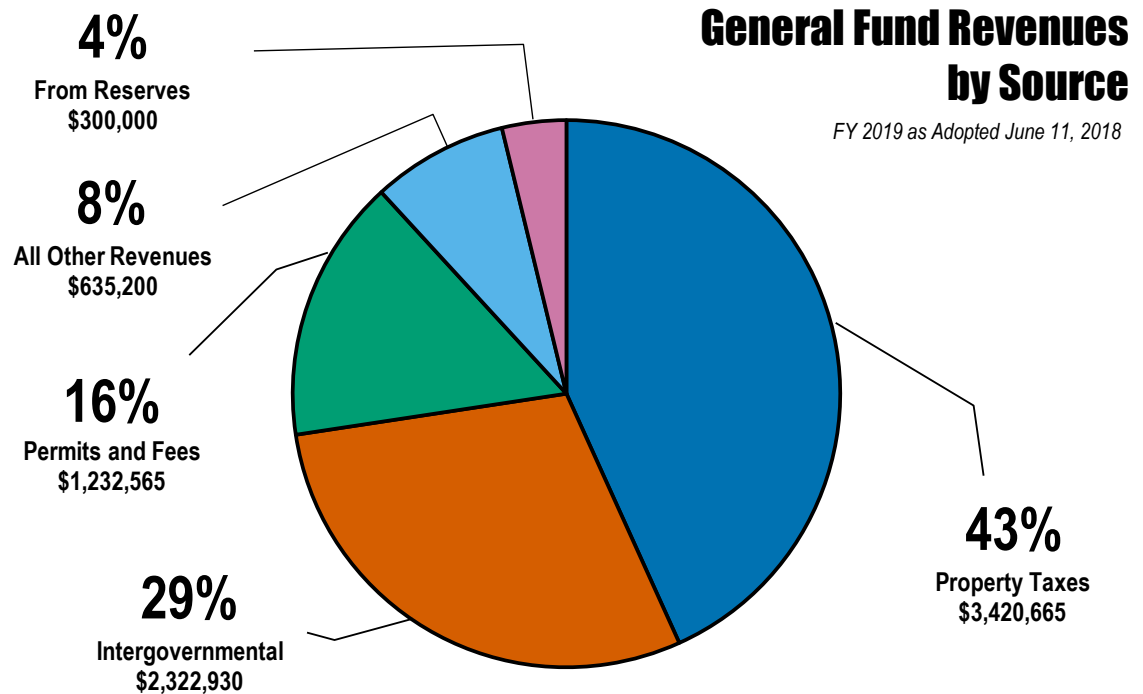
The fourth and final column, *%FY 2019*, shows each major funding source as a proportion of total General Fund revenues.

**REVENUES by SOURCE for GENERAL FUND**

*FY 2019 as Adopted June 11, 2018*

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2019	% FY 2019
Property Taxes	Levy of taxes on real and personal property, and on motor vehicles	\$ 3,420,665	43.2%
Intergovernmental	From other governments (grants, sales tax, ABC store profits, etc.)	2,322,930	29.4%
Permits and Fees	Town fees (trash collection, building permits, etc.)	1,232,565	15.6%
Sales and Service	Property leases, cemetery lots, etc.	270,500	3.4%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	14,700	0.2%
Loan Proceeds	Loans for construction projects and large equipment purchases	-	0.0%
Contribution from Utility Fund	Utility Fund pays the General Fund for administrative support	350,000	4.4%
Appropriated Fund Balance	Accumulated reserves	300,000	3.8%
<b>TOTAL REVENUES</b>		<b>\$ 7,911,360</b>	<b>100.0%</b>

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 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>PROPERTY TAXES</b>					
Real and Personal Property Tax	\$ 2,567,689	\$ 2,984,370	\$ 3,234,506	\$ 250,136	8%
Tax Base	757,473,957	797,664,462	800,264,000	2,599,538	0%
Tax Rate per \$100 Valuation	0.3475	0.3775	0.4135	0.0360	9.5%
Collection Rate	94.88%	97.20%	95.54%	-1.66%	-2%
Motor Vehicle Tax	115,935	148,975	151,159	2,184	1%
Other Property Tax	20,267	20,000	35,000	15,000	75%
<b>Total Property Tax Revenues</b>	<b>\$ 2,703,890</b>	<b>\$ 3,153,345</b>	<b>\$ 3,420,665</b>	<b>\$ 267,321</b>	<b>8%</b>

The increase in FY 2019 tax revenues over FY 2018 comes from a proposed 5.5 cent tax rate increase.

## ► 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 revenues are estimated primarily on projections made by the NC League of Municipalities. Most other categories are based on historical data or expected grant awards.

### GENERAL FUND REVENUE DETAIL - INTERGOVERNMENTAL

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>INTERGOVERNMENTAL - Unrestricted</b>					
Local Option Sales Tax	\$ 1,109,874	\$ 1,108,365	\$ 1,155,000	\$ 46,635	4%
Utilities Franchise Tax	360,439	385,000	385,000	-	0%
Beer and Wine Tax	18,879	18,500	18,500	-	0%
County ABC Profit Distribution	133,587	123,500	123,500	-	0%
Other Intergovernmental	500	-	-	-	NA
<b>Subtotal Intergovernmental - Unrestricted</b>	<b>1,623,279</b>	<b>1,635,365</b>	<b>1,682,000</b>	<b>46,635</b>	<b>3%</b>
<b>INTERGOVERNMENTAL - Restricted</b>					
Powell Bill	121,382	122,250	122,250	-	0%
Fire District Tax	493,714	505,245	518,680	13,435	3%
County Dredging Contribution	35,000	-	-	-	NA
Other Intergovernmental	121,426	278,090	-	(278,090)	-100%
<b>Subtotal Intergovernmental - Restricted</b>	<b>771,522</b>	<b>905,585</b>	<b>640,930</b>	<b>(264,655)</b>	<b>-29%</b>
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 2,394,801</b>	<b>\$ 2,540,950</b>	<b>\$ 2,322,930</b>	<b>(218,020)</b>	<b>-9%</b>

The large decline in Other Intergovernmental revenue comes from a loss of grants. Grants in FY 2018 from FEMA (Federal Emergency Management Agency), NC CAMA (Coastal Area Management Act, part of NC Department of Environmental Quality), and NC DOT (Department of Transportation) were one-time revenues.

## ► 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 2019 as Adopted June 11, 2018

PERMITS and FEES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Solid Waste Fees	\$ 478,609	\$ 518,850	\$ 588,700	\$ 69,850	13%
Building Permits	238,747	150,000	150,000	-	0%
Stormwater Fees	133,286	134,000	134,000	-	0%
Parking Fees	103,391	92,000	358,865	266,865	290%
Other Permits and Fees	1,575	1,000	1,000	-	0%
<b>Total Permits and Fees Revenues</b>	<b>\$ 955,608</b>	<b>\$ 895,850</b>	<b>\$ 1,232,565</b>	<b>\$ 336,715</b>	<b>38%</b>

Residential solid waste fees increase in order to cover trash collection costs.

Parking fees increase due to the Lanier Parking contract entered into in late FY 2018.

## ► General Fund Revenues – Sales and Service

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 2019 as Adopted June 11, 2018

SALES and SERVICE	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Property Leases	\$ 233,042	\$ 213,000	\$ 213,000	\$ -	0%
Antenna Contract	59,893	54,000	54,000	-	0%
Cemetery Lot Sales	1,475	3,500	3,500	-	0%
Sale of Fixed Assets	3,256	269,875	-	(269,875)	-100%
Other Sales and Service	45,339	-	-	-	NA
<b>Total Sales and Service Revenues</b>	<b>\$ 343,005</b>	<b>\$ 540,375</b>	<b>\$ 270,500</b>	<b>\$ (269,875)</b>	<b>-50%</b>

The reduction in revenue in FY 2019 is accounted for by the one-time revenues from the sale of the former Fire Department building in FY 2018.

## ► 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 2019 as Adopted June 11, 2018*

OTHER REVENUES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Donations	\$ -	\$ -	\$ -	\$ -	NA
Investment Earnings	17,021	7,400	12,000	4,600	62%
Insurance Reimbursements	32,587	11,287	-	(11,287)	-100%
Other Miscellaneous Revenues	9,372	2,700	2,700	-	0%
<b>Total Other Revenues</b>	<b>\$ 58,979</b>	<b>\$ 21,387</b>	<b>\$ 14,700</b>	<b>\$ (6,687)</b>	<b>-31%</b>

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

The reduction in revenue in FY 2019 is due to the receipt of insurance reimbursement in FY 2018 for a damaged vehicle.

## ► 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 2019 as Adopted June 11, 2018*

LOAN PROCEEDS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Loan Proceeds	290,000	39,568	-	(39,568)	-100%
<b>Total Loan Proceed Revenues</b>	<b>\$ 290,000</b>	<b>\$ 39,568</b>	<b>\$ -</b>	<b>\$ (39,568)</b>	<b>-100%</b>

There are no anticipated revenues in this category for FY 2019.

## ► General Fund Revenues – Fund Balance Appropriation

Money from this source comes from accumulated reserves.

### GENERAL FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION

*FY 2019 as Adopted June 11, 2018*

FUND BALANCE APPROPRIATION	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Restricted or Assigned Fund Balance	\$ -	\$ -	\$ -	\$ -	NA
Unassigned Fund Balance	-	710,151	300,000	(410,151)	-58%
<b>Total Fund Balance Appropriation</b>	<b>\$ -</b>	<b>\$ 710,151</b>	<b>\$ 300,000</b>	<b>\$ (410,151)</b>	<b>-58%</b>

This appropriation covers the cost of capital expenditures (Police building retrofit, replacement Police vehicles, replacement Public Works truck) and smaller one-time equipment purchases in FY 2019.

## ► General Fund Revenues – Contributions from Other Funds

This is money transferred from one fund to another.

### GENERAL FUND REVENUE DETAIL - CONTRIBUTIONS FROM OTHER FUNDS

*FY 2019 as Adopted June 11, 2018*

CONTRIBUTIONS FROM OTHER FUNDS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Contributions from Other Funds	30,000	350,000	350,000	-	0%
<b>Total Contributions from Other Funds</b>	<b>\$ 30,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>0%</b>

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 expenditure.

The FY 2018 contribution from the Utility Fund increased dramatically due to insufficient contributions in prior years. The FY 2019 Utility Fund contribution to the General Fund decreases to reflect a stabilized payment for support services.

## General Fund Expenditures for FY 2019

The following table breaks out General Fund expenditures in FY 2019 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, *FY 2019*, shows the anticipated General Fund total for each major spending category in FY 2019.

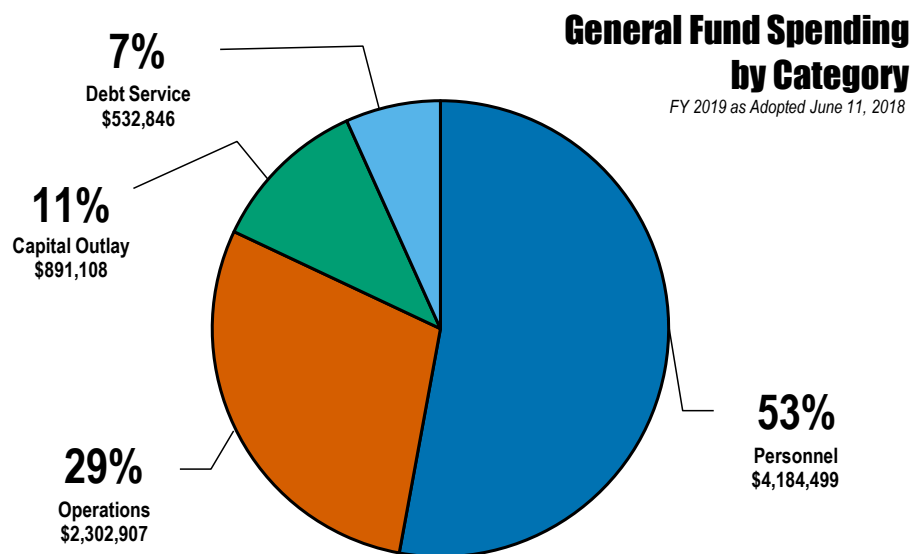
The fourth and final column, *%FY 2019*, shows each major spending category as a proportion of total General Fund expenditures.

### EXPENDITURES by CATEGORY for GENERAL FUND

*FY 2019 as Adopted June 11, 2018*

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2019	% FY 2019
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 4,184,499	52.9%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	2,302,907	29.1%
Capital Outlay	Durable equipment, construction projects, capital reserves	891,108	11.3%
Debt Service	Loan payments	532,846	6.7%
Transfers	Money moved from one fund to another	NA	NA
<b>TOTAL EXPENDITURES</b>		<b>\$ 7,911,360</b>	<b>100%</b>

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 2019 as Adopted June 11, 2018

PERSONNEL	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Governing Body	\$ 16,901	\$ 16,980	\$ 16,980	\$ -	0%
<i>Positions</i>	6	6	6	-	0%
Administration	275,747	306,258	321,480	15,222	5%
<i>Positions</i>	4	3	3	-	0%
Finance	261,266	314,794	330,760	15,966	5%
<i>Positions</i>	4	5	5	-	0%
Fire	1,033,111	1,099,917	1,162,811	62,894	6%
<i>Positions</i>	17	17	18	1	6%
Planning & Inspections	261,195	375,258	370,580	(4,678)	-1%
<i>Positions</i>	5	6	5	(1)	-17%
Police	1,076,337	1,136,559	1,230,500	93,941	8%
<i>Positions</i>	16	18	18	-	0%
Public Works	501,313	559,020	674,388	115,368	21%
<i>Positions</i>	13	13	13	-	0%
Non-Departmental	-	60,656	77,000	16,344	27%
<i>Positions</i>	-	-	-	-	-
<b>Total Personnel Expenditures</b>	<b>\$ 3,425,871</b>	<b>\$ 3,869,442</b>	<b>\$ 4,184,499</b>	<b>\$ 315,057</b>	<b>8%</b>
<b>Total Positions</b>	<b>65</b>	<b>68</b>	<b>68</b>	<b>0</b>	<b>0%</b>

Generally, personnel costs increase over FY 2018 due to cost of living and merit pay adjustments. The Non-Departmental expenses include a 2.5% increase for merit-based pay raises.

Planning & Inspections: Number of positions decrease due to elimination of a part-time position in building inspections.

Fire: In order to meet minimum staffing levels required at the main station, two 40 hour/week positions staffing the substation were converted to two 24 hour positions, each assigned to one of the three 24 hour shifts at the main station. A new 24 hour position is added in FY 2019 to reach the minimum staffing level required for the third remaining shift.

Public Works: Custodial services, which had been provided by a contractor, were brought in-house in late FY 2018 to achieve better service and provide relief to other employees trying to meet the demands of special services downtown. Full funding for this position appears in FY 2018. Other increases result from filling several previously vacant positions with more experienced and skilled people at correspondingly higher salaries.

## ► 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 2019 as Adopted June 11, 2018

OPERATIONS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Governing Body	\$ 116,480	\$ 72,750	\$ 40,550	\$ (32,200)	-44%
Administration	134,393	161,925	172,000	10,075	6%
Finance	131,177	157,250	152,186	(5,064)	-3%
Fire	166,060	375,137	212,409	(162,728)	-43%
Planning & Inspections	58,919	22,600	16,550	(6,050)	-27%
Police	169,302	239,905	195,950	(43,955)	-18%
Public Works	961,768	1,456,722	1,170,536	(286,186)	-20%
Non-Departmental	-	396,258	342,726	(53,532)	-14%
<b>Total Operations Expenditures</b>	<b>\$ 1,738,099</b>	<b>\$ 2,882,547</b>	<b>\$ 2,302,907</b>	<b>\$ (579,640)</b>	<b>-20%</b>

The reduction in expenditures in this category results primarily from one-time costs in FY 2018 for Fire Department grant-funded purchases and Non-Departmental Small Area Plan/Transportation Plan.

► Refer to *Department Service Plans* later in this section.

## ► General Fund Expenditures – Capital Outlay

Cost of durable equipment and construction projects.

### GENERAL FUND EXPENDITURE DETAIL - CAPITAL OUTLAY

*FY 2019 as Adopted June 11, 2018*

CAPITAL OUTLAY	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Governing Body	\$ -	\$ -	\$ -	\$ -	NA
Administration	-	-	-	-	NA
Finance	-	-	-	-	NA
Fire	25,692	-	-	-	NA
Planning & Inspections	20,711	-	-	-	NA
Police	67,346	151,600	90,000	(61,600)	-41%
Public Works	203,515	722,620	801,108	78,488	11%
Non-Departmental	-	-	-	-	NA
<b>Total Capital Outlay Expenditures</b>	<b>\$ 317,265</b>	<b>\$ 874,220</b>	<b>\$ 891,108</b>	<b>\$ 16,888</b>	<b>2%</b>

Capital outlay for FY 2019 includes:

- Police replacement vehicles
- Public Works replacement vehicle
- Police investigations building retrofit
- Stormwater management plan
- Road works

Set aside partial funding for boardwalk and bulkhead replacement

- Refer to *Capital Expenditure Summary for FY 2019* later in this section for more information.

## ► General Fund Expenditures – Debt Service

Cost of repaying loans, both principal and interest.

### GENERAL FUND EXPENDITURE DETAIL - DEBT SERVICE

FY 2019 as Adopted June 11, 2018

DEBT SERVICE	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Governing Body	\$ 436,450	\$ -	\$ -	\$ -	NA
Administration	-	-	-	-	NA
Finance	-	-	-	-	NA
Fire	90,318	382,447	297,726	(84,721)	-22%
Planning & Inspections	-	6,000	5,023	(977)	-16%
Police	27,663	45,500	43,947	(1,553)	-3%
Public Works	23,209	63,070	60,739	(2,331)	-4%
Non-Departmental	-	128,402	125,411	(2,991)	-2%
<b>Total Debt Service Expenditures</b>	<b>\$ 577,640</b>	<b>\$ 625,419</b>	<b>\$ 532,846</b>	<b>\$ (92,573)</b>	<b>-15%</b>

► Refer to *Debt Summary for FY 2019* later in this section for more information.

## ► General Fund Expenditures – Transfers

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

### GENERAL FUND EXPENDITURE DETAIL - TRANSFERS

FY 2019 as Adopted June 11, 2018

TRANSFERS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Non-Departmental	NA	NA	NA	NA	NA
<b>Total Transfers Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NA</b>

Prior to FY 2019, the Fire Department was housed in a separate fund which was dependent on transfers from the General Fund for the majority of its expenses. The Fire Department is now housed in the General Fund, so the transfer is no longer needed. The actual transfers from FY 2017 and FY 2018 are not shown since the two funds are combined.

## Fund Balance Changes for General Fund in FY 2019

The following table shows how the FY 2019 budget will change the fund balances in the General Fund.

### CHANGE IN FUND BALANCE - GENERAL FUND

*FY 2019 as Adopted June 11, 2018*

	Anticipated June 30, 2018	(Appropriated) or Contributed FY 2019	Anticipated June 30, 2019
Restricted / Assigned Fund Balance	\$ 809,555	\$ 285,000	\$ 1,094,555
Unassigned Fund Balance	2,188,330	(300,000)	1,888,330
Unassigned as % of Expenditures	27.03%	NA	23.87%

In FY 2019, \$285,000 is assigned for upcoming Bulkhead/Boardwalk Repair and Replacement project.

Also in FY 2019, \$300,000 is used from unassigned reserves for one-time expenses.

► Refer to *Capital Expenditure Summary for FY 2019* later in this section for more information on FY 2019 capital expenses.

### ► Available Fund Balance – General Fund

Town policy requires General Fund to retain unassigned fund balance equal to 20% of net expenditures. The following calculation shows this “rainy day” amount for FY 2019.

$$\begin{array}{rcl}
 \$7,911,360 & * & 20\% = \$1,582,272 \\
 \text{FY19 GF} & & \text{GF Unassigned} \\
 \text{expenditures} & & \text{Unavailable}
 \end{array}$$

The following calculation shows how much unassigned fund balance remains in the General Fund after the budgeted FY 2019 fund balance appropriation and the rainy day amounts are withheld. The result is the amount of unassigned fund balance that can still be appropriated.

$$\begin{array}{rcl}
 \$1,888,330 & - & \$1,582,272 = \$306,058 \\
 \text{GF Total} & & \text{GF Unassigned} & & \text{GF Unassigned} \\
 \text{Unassigned} & & \text{Unavailable} & & \text{Available to Appropriate}
 \end{array}$$

# Utility Fund Budget

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

## Utility Fund At-a-Glance for FY 2019

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 2017 Actual,
- FY 2018 Budget,
- FY 2019 Budget,
- Amt Change from FY 2018, and
- % Change from FY 2018.

The table displays information in five groupings of rows.

The first grouping, *REVENUES*, lists major funding sources for the Utility Fund in FY 2019. 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 2019. 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 Department*, provides another way to look at spending. It shows how money is distributed across departments within the Utility Fund in FY 2019.

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 2019 as Adopted June 11, 2018

	<b>FY 2017 Actual</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>	<b>Amt Change from FY 2018</b>	<b>% Change</b>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 140,000	\$ -	\$ (140,000)	-100%
Permits and Fees	161,291	80,000	35,000	(45,000)	-56%
Sales and Service	3,174,601	3,026,600	4,083,314	1,056,714	35%
Other Revenues	50,821	-	-	-	NA
Loan Proceeds	-	-	-	-	NA
Appropriated Fund Balance	-	1,271,582	-	(1,271,582)	-100%
<b>Total Revenues</b>	<b>\$ 3,386,712</b>	<b>\$ 4,518,182</b>	<b>\$ 4,118,314</b>	<b>\$ (399,868)</b>	<b>-9%</b>
<b>EXPENDITURES - by Category</b>					
Personnel	786,256	867,961	849,608	(18,353)	-2%
Operations	849,643	1,228,595	936,674	(291,921)	-24%
Capital Outlay	1,500	584,000	484,373	(99,627)	-17%
Debt Service	1,526,815	1,522,627	1,497,659	(24,968)	-2%
Transfers	30,000	350,000	350,000	-	0%
<b>Total Expenditures - by Category</b>	<b>\$ 3,194,214</b>	<b>\$ 4,553,183</b>	<b>\$ 4,118,314</b>	<b>\$ (434,869)</b>	<b>-10%</b>
<b>EXPENDITURES - by Division</b>					
Sewer	2,490,802	2,955,461	2,760,680	(194,781)	-7%
Water	703,411	1,230,572	992,634	(237,938)	-19%
Non-Departmental	-	367,150	365,000	(2,150)	-1%
<b>Total Expenditures - by Division</b>	<b>\$ 3,194,214</b>	<b>\$ 4,553,183</b>	<b>\$ 4,118,314</b>	<b>\$ (434,869)</b>	<b>-10%</b>
<b>FUND BALANCE - RESTRICTED or ASSIGNED</b>					
Beginning Restricted/Assigned			\$ 1,259,036		
Appropriated or (Contributed) Restricted/Assigned			(334,573)		
Ending Restricted/Assigned			<u>\$ 1,593,609</u>		
<b>FUND BALANCE - UNASSIGNED</b>					
Beginning Unassigned			\$ 1,567,917		
Appropriated Unassigned			-		
Ending Unassigned			<u>\$ 1,567,917</u>		
Unassigned as % of Expenditures			<u>43.15%</u>		

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

## Utility Fund Revenues for FY 2019

The following table breaks out FY 2019 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, *FY 2019*, shows the anticipated Utility Fund total for each funding source in FY 2019.

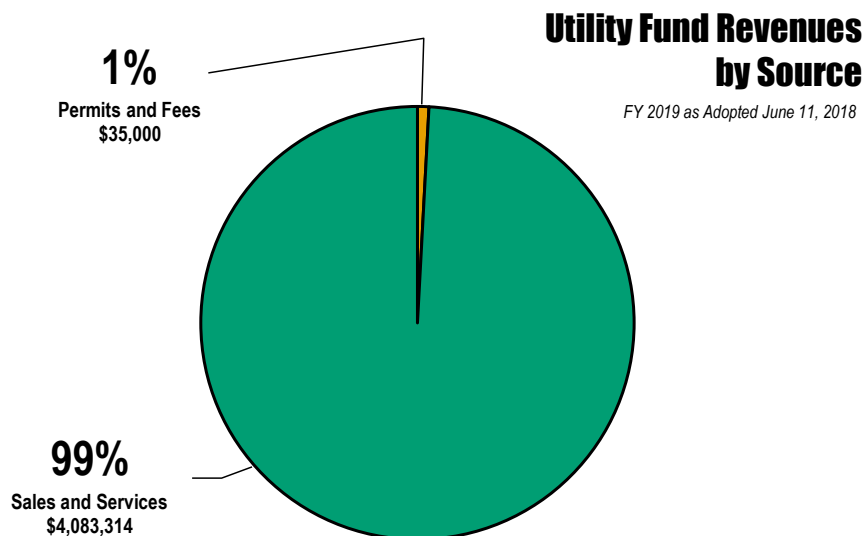
The fourth and final column, *%FY 2019*, shows each major funding source as a proportion of total Utility Fund revenues.

### REVENUES by SOURCE for UTILITY FUND

*FY 2019 as Adopted June 11, 2018*

REVENUE SOURCE	REVENUE DESCRIPTION	FY 2019	% FY 2019
Intergovernmental Revenues	From other governments (grants, sales tax, ABC store profits, etc.)	\$ -	0.0%
Permits and Fees	Town fees (water & sewer taps, etc.)	35,000	0.8%
Sales and Services	Water sales and sewer treatment services	4,083,314	99.2%
Other Revenues	Investments, insurance reimbursements, and other misc. sources	-	0.0%
Loan Proceeds	Loans for construction projects and large equipment purchases	-	0.0%
Appropriated Fund Balance	Accumulated reserves	-	0.0%
<b>TOTAL REVENUES</b>		<b>\$ 4,118,314</b>	<b>100%</b>

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



## ► Utility Fund Revenues – Intergovernmental

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

### UTILITY FUND REVENUE DETAIL - INTERGOVERNMENTAL

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>INTERGOVERNMENTAL - Restricted</b>					
Other Intergovernmental	\$ -	\$ 140,000	\$ -	\$ (140,000)	-100%
<b>Total Intergovernmental - Restricted</b>	<b>\$ -</b>	<b>\$ 140,000</b>	<b>\$ -</b>	<b>\$ (140,000)</b>	<b>-100%</b>

In FY 2018 one-time funding from the state was provided to perform an asset inventory assessment in the Water Division.

## ► Utility Fund Revenues – Permits and Fees

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

### UTILITY FUND REVENUE DETAIL - PERMITS and FEES

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>PERMITS and FEES</b>					
Sewer Permits and Fees	\$ 40,500	\$ 10,000	\$ 10,000	\$ -	0%
Water Permits and Fees	98,166	43,000	25,000	(18,000)	-42%
Other Permits and Fees	22,625	27,000	-	(27,000)	-100%
<b>Total Permits and Fees Revenues</b>	<b>\$ 161,291</b>	<b>\$ 80,000</b>	<b>\$ 35,000</b>	<b>\$ (45,000)</b>	<b>-56%</b>

Other Permits and Fees revenues are from late payment fees. Due to significant variation in this revenue, funds are not budgeted in FY 2019.

## ► Utility Fund Revenues – Sales and Service

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 2019 as Adopted June 11, 2018*

SALES and SERVICE	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Sewer Sales and Service	\$ 2,214,831	\$ 2,180,600	\$ 2,937,005	\$ 756,405	35%
Water Sales and Service	862,465	846,000	1,146,309	300,309	35%
Sale of Fixed Assets	97,305	-	-	-	NA
Other Sales and Service	-	-	-	-	NA
<b>Total Sales and Service Revenues</b>	<b>\$ 3,174,601</b>	<b>\$ 3,026,600</b>	<b>\$ 4,083,314</b>	<b>\$ 1,056,714</b>	<b>35%</b>

In FY 2019, sewer sales and service amounts increase slightly due to additional users. The more significant increase comes from a rate increase intended to cover costs of providing sewer service and ensure adequate contributions to capital reserves.

## ► Utility Fund Revenues – Other Revenues

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

### UTILITY FUND REVENUE DETAIL - OTHER REVENUES

*FY 2019 as Adopted June 11, 2018*

OTHER REVENUES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Donations	\$ -	\$ -	\$ -	\$ -	NA
Investment Earnings	4,716	-	-	-	NA
Insurance Reimbursements	18,738	-	-	-	NA
Other Miscellaneous Revenues	27,366	-	-	-	NA
<b>Total Other Revenues</b>	<b>\$ 50,821</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NA</b>

There are no anticipated revenues in this category for FY 2019.

## ► 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 2019 as Adopted June 11, 2018*

LOAN PROCEEDS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
	-	-	-	-	NA
<b>Total Loan Proceed Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NA</b>

There are no anticipated revenues in this category for FY 2019.

## ► Utility Fund Revenues – Fund Balance Appropriation

This is money from accumulated reserves and capacity fee payments.

### UTILITY FUND REVENUE DETAIL - FUND BALANCE APPROPRIATION

*FY 2019 as Adopted June 11, 2018*

FUND BALANCE APPROPRIATION	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Restricted or Assigned Fund Balance	\$ -	\$ 1,271,582	\$ -	\$ (1,271,582)	-100%
Unassigned Fund Balance	-	-	-	-	NA
<b>Total Fund Balance Appropriation</b>	<b>\$ -</b>	<b>\$ 1,271,582</b>	<b>\$ -</b>	<b>\$ (1,271,582)</b>	<b>-100%</b>

There are no anticipated revenues in this category for FY 2019.  
Restricted Fund Balance was used in FY 2018 for debt service payments and capital projects.

## Utility Fund Expenditures for FY 2019

The following table breaks out Utility Fund expenditures in FY 2019 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, *FY 2019*, shows the anticipated Utility Fund total for each major spending category in FY 2019.

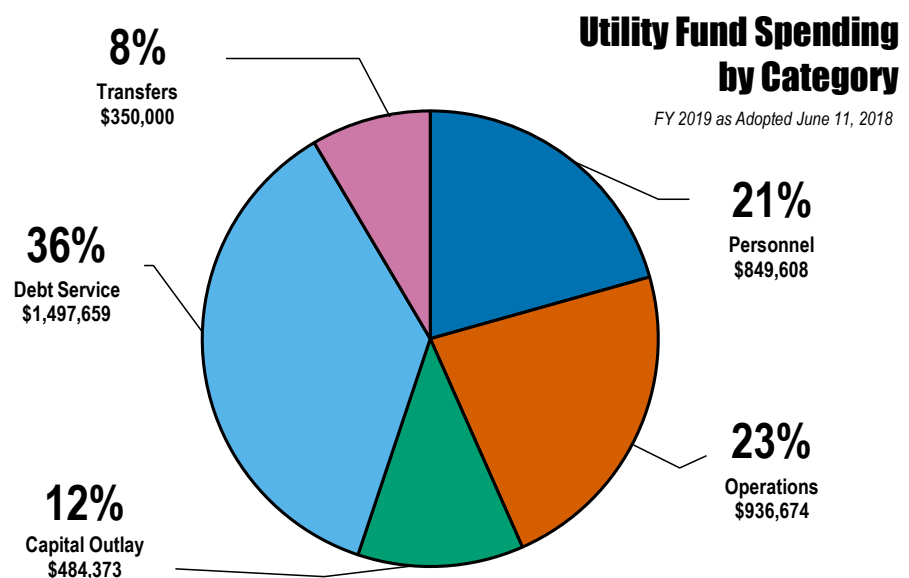
The fourth and final column, *% FY 2019*, shows each major spending category as a proportion of total Utility Fund expenditures.

### EXPENDITURES by CATEGORY for UTILITY FUND

*FY 2019 as Adopted June 11, 2018*

EXPENDITURE CATEGORY	EXPENDITURE DESCRIPTION	FY 2019	% FY 2019
Personnel	Employee salaries wages, payroll taxes, health insurance, etc.	\$ 849,608	20.6%
Operations	Day-to-day purchases, including utilities, fuel, repairs, etc.	936,674	22.7%
Capital Outlay	Durable equipment, construction projects, capital reserves	484,373	11.8%
Debt Service	Loan payments	1,497,659	36.4%
Transfers	Money moved from one fund to another	350,000	8.5%
<b>TOTAL EXPENDITURES</b>		<b>\$ 4,118,314</b>	<b>100%</b>

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 2019 as Adopted June 11, 2018

PERSONNEL	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Changed from FY 2018	% Change
Sewer	\$ 565,262	\$ 619,976	\$ 574,708	\$ (45,268)	-7%
Positions	9	9	8	(1)	-11%
Water	220,993	230,835	259,900	29,065	13%
Positions	4	4	4	-	0%
Non-Departmental	-	17,150	15,000	(2,150)	-13%
Positions	-	-	-	-	NA
<b>Total Personnel Expenditures</b>	<b>\$ 786,256</b>	<b>\$ 867,961</b>	<b>\$ 849,608</b>	<b>\$ (18,353)</b>	<b>-2%</b>
<b>Total Positions</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>(1)</b>	<b>-8%</b>

One position was eliminated through attrition in the Sewer Division.

## ► 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 2019 as Adopted June 11, 2018

OPERATIONS	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Sewer	\$ 519,968	\$ 755,745	\$ 626,870	\$ (128,875)	-17%
Water	329,675	472,850	309,804	(163,046)	-34%
Non-Departmental	-	-	-	-	NA
<b>Total Operations Expenditures</b>	<b>\$ 849,643</b>	<b>\$ 1,228,595</b>	<b>\$ 936,674</b>	<b>\$ (291,921)</b>	<b>-24%</b>

The reduction in spending in FY 2019 is primarily due to the completion of a grant-funded asset inventory project.

## ► Utility Fund Expenditures – Capital Outlay

Cost of durable equipment and construction projects.

### UTILITY FUND EXPENDITURE DETAIL - CAPITAL OUTLAY

FY 2019 as Adopted June 11, 2018

CAPITAL OUTLAY		FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Sewer	\$	1,500	\$ 198,000	\$ 199,800	\$ 1,800	1%
Water		-	386,000	284,573	(101,427)	-26%
Non-Departmental		-	-	-	-	NA
<b>Total Capital Outlay Expenditures</b>	<b>\$</b>	<b>1,500</b>	<b>\$ 584,000</b>	<b>\$ 484,373</b>	<b>\$ (99,627)</b>	<b>-17%</b>

Capital outlay for FY 2019 includes:

- Replace a 2003 Pickup Truck in Sewer.
- Replace 40 hp Pump for Lift Station #9.
- Replace 2000 GMC Service Truck in Water Division.
- Assign \$100,000 as reserved for future capital projects in Sewer.
- Assign \$234,573 as reserved for future capital projects in Water.

► Refer to *Capital Expenditure Summary for FY 2019* later in this section for more information.

## ► Utility Fund Expenditures – Debt Service

Cost of repaying loans, including principal and interest.

### UTILITY FUND EXPENDITURE DETAIL - DEBT SERVICE

FY 2019 as Adopted June 11, 2018

DEBT SERVICE		FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Sewer	\$	1,389,072	\$ 1,381,740	\$ 1,359,302	\$ (22,438)	-2%
Water		137,743	140,887	138,357	(2,530)	-2%
Non-Departmental		-	-	-	-	NA
<b>Total Debt Service Expenditures</b>	<b>\$</b>	<b>1,526,815</b>	<b>\$ 1,522,627</b>	<b>\$ 1,497,659</b>	<b>\$ (24,968)</b>	<b>-2%</b>

► Refer to *Debt Summary for FY 2019* later in this section for more information.

## ► Utility Fund Expenditures – Transfers to Other Funds

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

### UTILITY FUND EXPENDITURE DETAIL - TRANSFERS

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>TRANSFERS</b>					
Non-Departmental	30,000	350,000	350,000	-	0%
<b>Total Transfers Expenditures</b>	<b>\$ 30,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>0%</b>

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 revenues, the Utility Fund lists these as a transfer.

In FY 2018 the contribution from the Utility Fund increased dramatically after examination of the costs incurred by the General Fund on behalf of the Utility Department.

## Fund Balance Changes for Utility Fund in FY 2019

The following table shows how the FY 2019 budget will change the fund balances in the Utility Fund.

### CHANGE IN FUND BALANCE - UTILITY FUND

*FY 2019 as Adopted June 11, 2018*

	Anticipated June 30, 2018	(Appropriated) or Contributed FY 2019	Anticipated June 30, 2019
Restricted / Assigned Fund Balance	\$ 1,459,036	\$ 334,573	\$ 1,793,609
Unassigned Fund Balance	1,567,917	-	1,567,917
Unassigned as % of Expenditures	39.85%	NA	43.15%

In FY 2019, \$100,000 is assigned for future capital projects in Sewer. An additional \$234,573 is assigned for future capital projects in Water.

### Available Fund Balance – Utility Fund

Town policy requires Utility Fund to retain unassigned fund balance equal to 50% of operating expenditures. We define operating expenditures as all expenditures except capital outlay. The following calculation shows this “rainy day” amount for FY 2019.

$$\begin{array}{rclclcl}
 \$4,118,314 & - & \$484,373 & = & \$3,633,941 & * & 50\% & = & \$1,816,971 \\
 \text{FY19 UF} & & \text{FY19 UF} & & \text{FY19 UF} & & & & \text{UF Unassigned} \\
 \text{total expenditures} & & \text{capital outlay} & & \text{operating expenses} & & & & \text{Unavailable}
 \end{array}$$

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

$$\begin{array}{rclcl}
 \$1,567,917 & - & \$1,816,971 & = & -\$249,054 \\
 \text{UF Total} & & \text{UF Unassigned} & & \text{UF Unassigned} \\
 \text{Unassigned} & & \text{Unavailable} & & \text{Available to Appropriate}
 \end{array}$$

As shown, the Utility Fund unassigned fund balance falls below the required threshold, despite no appropriations being made this year. An increase in fees in FY 2019 will address this issue for future years.

# Capital and Debt Summaries

Within this section you will find a summary of budgeted capital outlay and its impact on current and future operating budgets. It also includes financial data on current debt obligations, the relationship between current debt levels and legal debt limits, and the effects of existing debt levels on current operations.

## **Capital Expenditure Summary for FY 2019**

The Town defines capital expenditure as one of the following:

- Items originating in departmental requests for the coming budget year. These items, valued between \$25,000 and \$100,000, are expected to last at least 5 years. Examples include equipment, vehicles, etc.
- Items originating in the capital improvement plan valued above \$100,000 and are expected to last at least 10 years. Examples include land, buildings, street resurfacing, etc.

The following table lists all capital expenditures included in the FY 2019 annual budget.

**CAPITAL EXPENDITURES SUMMARY**

FY 2019 as Adopted June 11, 2018

	Source	Type	Funding Sources	FY 2019 Budget
<b>CAPITAL PROJECT FUND EXPENDITURES</b>				
Randolph Johnson Park Phase 1	CIP	Infrastructure	Community Improvements Fund	\$1,200,000
Cedar Street Park	CIP	Infrastructure	Community Improvements Fund	50,000
Street Management Program	CIP	Infrastructure	Street Management Fund - NEW	6,000,000
<b>Subtotal Capital Project Funds</b>				<b>7,250,000</b>
<b>GENERAL FUND CAPITAL EXPENDITURES</b>				
Street Management Program	CIP	Infrastructure	Powell Bill, Property Taxes	282,478
Stormwater Management Plan	CIP	Infrastructure	Permits and Fees	103,000
Update Police Investigations Building	FY 19	Infrastructure	Appropriated Fund Balance	100,000
Replace Police Vehicles (2)	FY 19	Vehicles	Appropriated Fund Balance	90,000
Replace Public Works 1997 Pickup Truck	FY 19	Vehicles	Appropriated Fund Balance	30,630
Assigned for Boardwalk / Bulkhead	CIP	Infrastructure	Property Taxes	285,000
<b>Subtotal General Fund</b>				<b>891,108</b>
<b>UTILITY FUND CAPITAL EXPENDITURES</b>				
Replace 40 hp Pump for Lift Station #9	FY 19	Equipment	Sales and Service	71,800
Replace 2000 Water Service Truck	FY 19	Vehicles	Sales and Service	50,000
Replace 2003 Sewer Pickup Truck	FY 19	Vehicles	Sales and Service	28,000
Assigned for future Capital Projects	5 YR	Reserves	Sales and Service	334,573
<b>Subtotal Utility Fund</b>				<b>484,373</b>
<b>TOTAL CAPITAL EXPENDITURES</b>				<b>\$8,625,481</b>

The \$6,000,000 loan for Street Management Program work will occur in late FY 2019. This way, the funds will be in place once we are ready with plans and preparations, and not before. A capital project fund for Street Management will be created to manage the money. Implementing street plans begins in full force in FY 2020.

- Refer to *Section Four: Capital Improvement Plan* for more information on current, upcoming, and future capital projects.

## Debt Summary for FY 2019

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 on policies governing debt.

### ► Current Debts by Fund

The following table lists all Town debts anticipated at the end of FY 2018. 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 2019 as Adopted June 11, 2018*

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

## ► **Current Debt Service by Fund**

The following table shows outstanding debt service for all Town debts anticipated at the end of FY 2018. Four columns make up the table:

- the period for the debt service calculation,
- the *Principal* due,
- the *Interest* due, and
- the *Total* (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 time period:

- FY 2019,
- FY 2020,
- FY 2021,
- FY 2022,
- FY 2023,
- the Next Five Years (FY 2024 – FY 2028), and
- to Maturity (FY 2029 – 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 2019 as Adopted June 11, 2018*

<b>GENERAL FUND DEBT SERVICE</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Pmts</b>
FY 2019	\$ 423,486	\$ 118,163	\$ 541,650
FY 2020	375,147	105,734	480,881
FY 2021	367,365	94,656	462,021
FY 2022	368,767	83,506	452,273
FY 2023	308,493	72,383	380,875
Next Five Years	1,400,000	216,528	1,616,528
To Maturity	600,000	34,970	634,970
<b>Subtotal General Fund Debt Service</b>	<b>\$ 3,843,258</b>	<b>\$ 725,941</b>	<b>\$ 4,569,199</b>
<b>UTILITY FUND DEBT SERVICE</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Pmts</b>
FY 2019	\$ 1,223,023	\$ 274,636	\$ 1,497,659
FY 2020	1,224,735	248,364	1,473,099
FY 2021	1,136,515	222,061	1,358,576
FY 2022	1,136,696	197,320	1,334,016
FY 2023	1,126,835	172,575	1,299,410
Next Five Years	5,573,946	495,133	6,069,079
To Maturity	1,178,569	50,557	1,229,125
<b>Subtotal Utility Fund Debt Service</b>	<b>\$ 12,600,318</b>	<b>\$ 1,660,646</b>	<b>\$ 14,260,964</b>
<b>ALL DEBT SERVICE</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Pmts</b>
FY 2019	\$ 1,646,509	\$ 392,800	\$ 2,039,309
FY 2020	1,599,882	354,098	1,953,980
FY 2021	1,503,880	316,717	1,820,598
FY 2022	1,505,463	280,826	1,786,289
FY 2023	1,435,328	244,958	1,680,286
Next Five Years	6,973,946	711,661	7,685,607
To Maturity	1,778,569	85,527	1,864,095
<b>GRAND TOTAL ALL DEBT SERVICE</b>	<b>\$ 16,443,576</b>	<b>\$ 2,386,587</b>	<b>\$ 18,830,163</b>

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

## ► Anticipated Debt

In late FY 2019, the Town will incur a \$6,000,000 debt to pay for street repairs and renovations and bike and pedestrian transportation improvements. The debt service payments for this loan will take effect in FY 2020.

► Refer to the *Street Management Program* profile in *Section 4: Capital Improvement Plan* for more information on this loan.

In FY 2020, the Capital Improvement Plan anticipates a \$375,000 loan to pay for a Fire Pumper Truck. The Town will only take out this loan if Carteret County commissioners agree to pay the debt service and maintenance costs for this equipment.

► Refer to the *Fire Pumper Truck* profile in *Section 4: Capital Improvement Plan* for more information on this loan.

## ► 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 2019.

$$\begin{array}{rcl} \$7,911,360 & * & 15\% = \$1,186,704 \\ \text{FY19 GF expenditures} & & \text{GF debt service limit} \end{array}$$

As the new \$6,000,000 loan will occur at the end of FY 2019, debt service will not begin until FY 2020. The following calculation shows how General Fund debt service changes in FY 2019, and that it remains within set limits.

$$\begin{array}{rcl} \$541,650 & + & \$0 = \$541,650 \\ \text{current GF debt svc} & & \text{new GF debt svc} \quad \text{FY19 GF debt svc} \end{array}$$

$$\begin{array}{rcl} \$541,650 & < & \$1,186,704 = \text{OK} \\ \text{FY19 GF debt svc} & & \text{GF debt service limit} \quad \text{GF debt svc} \\ & & \text{is within limit} \end{array}$$

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 following calculation shows the debt limit for the General Fund.

$$\begin{array}{rcl} \$800,264,000 & * & 2.5\% = \$20,006,600 \\ \text{FY19 valuation estimate} & & \text{GF debt limit} \end{array}$$

The following calculation shows how General Fund debt changes in FY 2019, and that it remains within set limits.

$$\begin{array}{rcl} \$4,569,199 & + & \$0 = \$4,569,199 \\ \text{current GF debt} & & \text{new GF debt} \quad \text{FY19 GF debt} \end{array}$$

$$\begin{array}{rcl} \$4,569,199 & < & \$20,006,600 = \text{OK} \\ \text{FY19 GF debt} & & \text{GF debt limit} \quad \text{GF debt} \\ & & \text{is within limit} \end{array}$$

## ► Debt Limits – Utility Fund

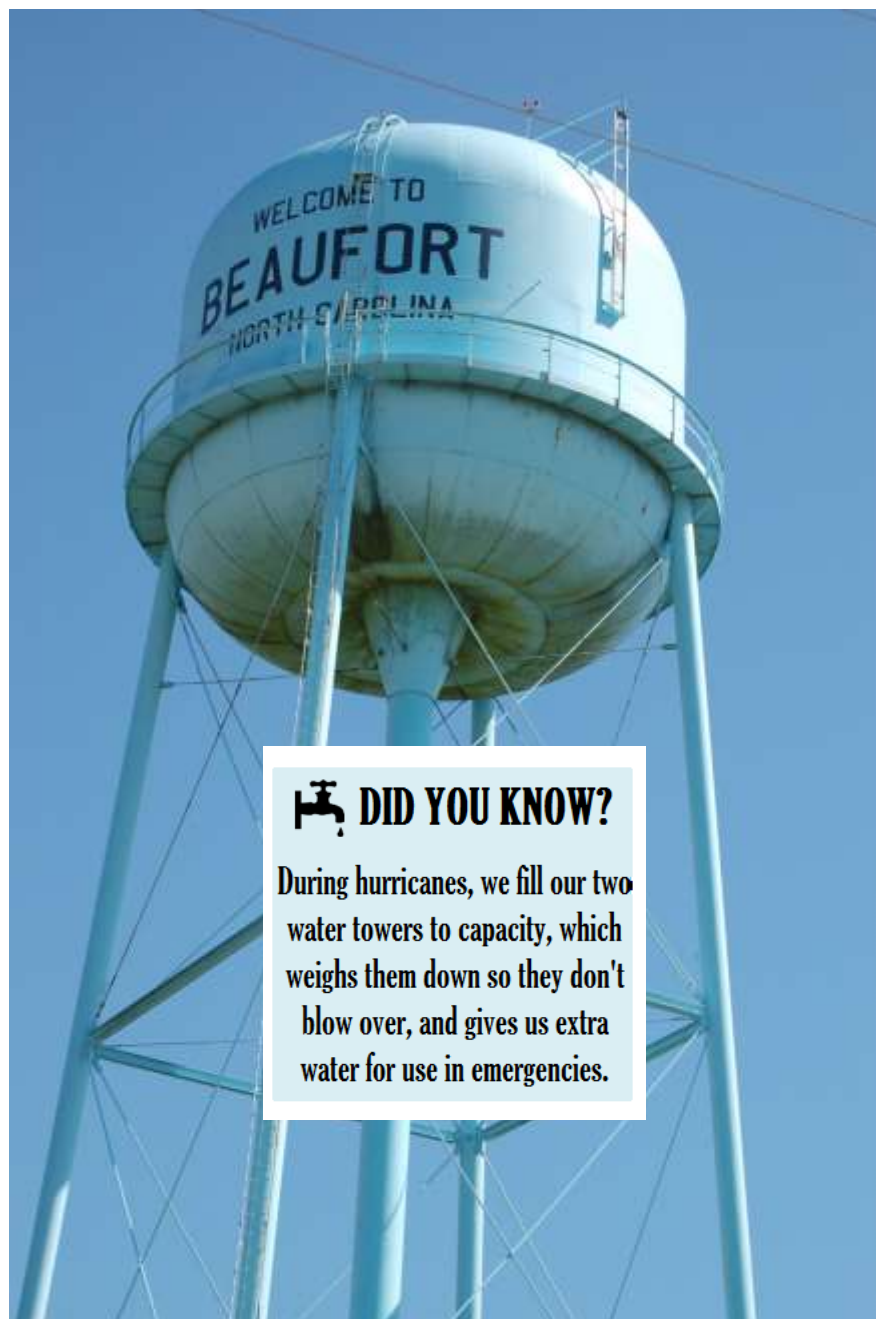
Town policy requires Utility Fund rates and fees to cover debt service costs at a ratio of 1.20 to 1. The following calculations show the debt service coverage ratio for the Utility Fund, based on the audit for the year ending June 30, 2017.

$$\begin{array}{rclcl} \$3,244,335 & - & \$2,630,933 & + & \$904,972 = \$1,518,374 \\ \text{Prior FY} & & \text{Prior FY} & & \text{Prior FY} & \text{UF net revenue} \\ \text{UF operating revenues} & & \text{UF operating expenses} & & \text{UF depreciation} & \text{available for} \\ & & & & & \text{debt service} \end{array}$$

$$\begin{array}{rclcl} \$1,518,374 & / & \$1,532,912 & = & 0.99 \\ \text{UF net revenue} & & \text{Prior FY} & & \text{Prior Year} \\ \text{available for} & & \text{UF debt service} & & \text{UF debt service} \\ \text{debt service} & & & & \text{coverage ratio} \end{array}$$

$$\begin{array}{rclcl} 0.99 & < & 1.2 & = & \text{ISSUE} \\ \text{Prior Year} & & \text{minimum required} & & \text{UF debt svc} \\ \text{UF debt service} & & \text{UF debt svc ratio} & & \text{exceeds limits} \\ \text{coverage ratio} & & & & \end{array}$$

As shown, rates and fees are not providing the 1.2 coverage ratio required by Town policy. A fee study is underway to determine how to address this issue in FY 2019.



 **DID YOU KNOW?**

During hurricanes, we fill our two water towers to capacity, which weighs them down so they don't blow over, and gives us extra water for use in emergencies.

# 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:

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➤ Finance Department	94
➤ Fire Department	96
➤ Planning & Inspections	100
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➤ Public Works Department	108
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➤ Water Division	114
➤ Non-Departmental	116

## 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 4-year staggered terms. The Town operates under the council-manager form of government, where the Town 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, 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 2018 Notable Accomplishments – Governing Body



#### ***Randolph Johnson/Water Tower Park Master Plan***

Approved a master plan for Randolph Johnson /Water Tower Park and initiated construction of Phase 1 - the renovation and expansion of Randolph Johnson Park to better meet the recreational needs of Beaufort residents and visitors.

#### **Ordinance and Policy Updates**

Updated and improved numerous ordinances and policies to better meet the needs of the Town and its residents, including those related to community events held on public property, public kayak storage, solid waste collection and metered parking.

#### **Parking Management Plan**

Addressed downtown parking needs by implementing a parking management plan developed by Lanier Parking which was informed by extensive public input.



#### **Watershed Restoration Plan**

Approved a Watershed Restoration Plan which identifies innovative stormwater management practices that can be employed throughout the Town to improve stormwater quality and reduce flooding.

## ► FY 2019 Goals – Governing Body



### Adopt Harbor Management Ordinance

Actively protect the quality and improve the safety of the Town's navigable waters by adopting a harbor management ordinance informed by best practices and local engagement.



### Implement Street Management Program

Address the Town's transportation infrastructure needs by implementing the Street Management Program and Small Area Plan/Bike and Pedestrian Plan that will be completed by the end of FY 2018.



### Facilitate a Community-Based Visioning Process

We intend to broadly involve the community in developing an overall vision for the Town. A strategic plan will follow, to support the community's vision, by shaping future policies and funding.

## ► Budget – Governing Body

### GOVERNING BODY BUDGET

*FY 2019 as Adopted June 11, 2018*

GOVERNING BODY EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ 16,901	\$ 16,980	\$ 16,980	\$ -	0%
Positions	6	6	6	-	0%
Operations	116,480	72,750	40,550	(32,200)	-44%
Capital Outlay	-	-	-	-	NA
Debt Service	436,450	-	-	-	NA
<b>Total Governing Body Expenditures</b>	<b>\$ 569,831</b>	<b>\$ 89,730</b>	<b>\$ 57,530</b>	<b>\$ (32,200)</b>	<b>-36%</b>

The FY 2018 budget included a one-time land purchase of \$25,200 and \$6,520 for elections. The FY 2019 budget excludes these items.

### Codification – operations, increase by \$4,000

Recodify Town ordinances using Municode codification services.

## 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 is also responsible for implementing the policies and enforcing the ordinances enacted by the Town Board.

The Town Clerk/Human Resources Officer maintains official records, including agendas and minutes of Board of Commissioner 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.

### ► FY 2018 Notable Accomplishments – Administration

#### **Web-Based Agenda Preparation Program**

Implemented a web-based agenda preparation program to increase efficiency and better provide information to elected officials and the public.

#### **Performance Evaluation Program**

Implemented a performance evaluation program to support professional development and achieve organizational goals, supplemented by merit raises based on performance to reward success.

#### **Employee Opinion Survey**

Participated in an employee opinion survey administered by the UNC School of Government to learn about employee concerns and develop plans to address them. Surveys will be conducted annually to monitor success.



#### **Randolph Johnson/Water Tower Park Master Plan**

Facilitated the completion of a master plan for Randolph Johnson/Water Tower Park, making it possible for Phase 1 construction plans to be implemented.

#### **Event Policies and Procedures**

Developed and implemented event policies and procedures to ensure public safety, reduce costs to the taxpayers and to set clear expectations and guidelines for event organizers.

## ► Performance Measures – Administration

### ADMINISTRATION PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Create and disburse board meeting agendas	# of agendas	NA	NA	24
Create and disburse board meeting minutes	# sets of minutes	NA	NA	24
Response time to Public Records requests	# workdays	NA	NA	3
Response time to onboard new employees	# workdays	NA	NA	7
Response time for employee exit process	# workdays	NA	NA	7
Post timely social media updates	# weeks	NA	NA	52
Make timely updates to the Town website	# weeks	NA	NA	52
Response time for media inquiries (reg hrs)	# hours	NA	NA	1

## ► FY 2019 Goals – Administration

### Re-codify Code of Ordinances

Deploy the Town of Beaufort Code of Ordinances through Municode so there will be an accurate, up-to-date compilation of Town codes both in print and on the Town website. Expect 75% complete by January 2019.

### Conduct Employee and Supervisor Training

Hold two training opportunities for all employees and one training opportunity for supervisors and department heads addressing issues such as: customer service, productive work habits, supervisory skills,, etc. to improve organizational effectiveness and employee satisfaction.

### Host Employee Wellness Fair

Hold a wellness fair during Spring 2019 to encourage improved health for employees.



### Create Citizen's Academy

Create and implement a Citizen's Academy based on the UNC School of Government's recommendations to increase understanding and transparency of the functions of government among Beaufort's citizens.

### Redevelop Town's Website

Redevelopment of the Town's website to include updated and relevant information that is user friendly to both the public and staff.



### Design and Implement a Community-Based Visioning Process

Engage community around developing a vision for the Town and a subsequent strategic plan.

## ► Budget – Administration

### ADMINISTRATION BUDGET

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>ADMINISTRATION EXPENDITURES</b>					
Personnel	\$ 275,747	\$ 306,258	\$ 321,480	\$ 15,222	5%
Positions	4	3	3	-	0%
Operations	134,393	161,925	172,000	10,075	6%
Capital Outlay	-	-	-	-	NA
Debt Service	-	-	-	-	NA
<b>Total Administration Expenditures</b>	<b>\$ 410,140</b>	<b>\$ 468,183</b>	<b>\$ 493,480</b>	<b>\$ 25,297</b>	<b>5%</b>

#### **Website – operations, \$5000**

Included to develop a new and more user friendly Town website.

Savings of \$5,000 per year is anticipated.

#### **Community Engagement – operations, \$15,000**

Included to support a community engagement effort to develop a vision for the Town's future, which will inform preparation of a strategic plan.



**Did you know that your water bill is billed a month behind?**  
**For example, the bill you receive the first of July is for water usage in May.**

## 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 Statute 159.

Department activities include payroll, property and liability insurance, purchasing, debt administration, and budgeting.

### ► FY 2018 Notable Accomplishments – Finance Department

#### **Employee Self-Service Portal**

Implemented an Employee Self-Service (ESS) portal for employees to access earnings records providing more efficiency and a higher level of service to employees.

#### **Annual Audit; GFOA Budget Award**

Completed the annual audit with no material weaknesses or significant deficiencies. Received the Government Finance Officer Association (GFOA) Distinguished Budget Presentation Award for the second year.

#### **Purchasing Card Program**

Transitioned to town-wide purchasing card (P-Card) program, reducing the number of manual checks written.

#### **Budget Preparation**

Initiated electronic budget preparation by departments in order eliminate duplicate data entry and lessen the chance for errors. Overhauled budget document to make it easier to use.

## ► Performance Measures – Finance Department

### FINANCE PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Maintain active utility accounts	# accounts	3,192	3,325	3,300
Issue accounts payable checks	# checks	1,934	900	1,500
Receive unqualified audit with no findings	Yes/No	Yes	Yes	Yes
Deliver monthly financial reports to board	# reports	12	12	12

## ► FY 2019 Goals – Finance Department

### Expand Purchasing Card Program

Shift more manual check payments to P-Card transactions, so that we lower transaction processing costs, reduce paperwork and manual check issuance, and achieve an annual refund on spending.

### Create Fleet Inventory System

Create and maintain a fleet inventory system to allow better planning of maintenance and replacement cost of vehicles.

### Conduct Customer Service Training

Provide customer service training to department staff to ensure interactions between citizens and staff are as positive as possible.

## ► Budget – Finance Department

### FINANCE BUDGET

*FY 2019 as Adopted June 11, 2018*

FINANCE EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ 261,266	\$ 314,794	\$ 330,760	\$ 15,966	5%
Positions	4	5	5	-	0%
Operations	131,177	157,250	152,186	(5,064)	-3%
Capital Outlay	-	-	-	-	NA
Debt Service	NA	NA	NA	NA	NA
<b>Total Finance Expenditures</b>	<b>\$ 392,443</b>	<b>\$ 472,044</b>	<b>\$ 482,946</b>	<b>\$ 10,902</b>	<b>2%</b>

### Tax Collection Admin Expense – operations increase, \$12,000

The County charges the Town a fee for its role in collecting property tax. As property taxes go up, so do these administrative expenses.

### Update Computers – operations, \$7,000

Some computers in Finance were purchased in 2011. In FY 2019 we will begin replacing and updating outdated machines.

## Fire Department



The Beaufort Fire Department is a combination career/volunteer fire service that provides 24 hour, 7 days a week fire protection, dedicated to providing public safety services to our citizens that result in improved quality of life and peace of mind.

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

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

### ► FY 2018 Notable Accomplishments – Fire Department

#### **Firefighter Safety Equipment**

Received a Federal Emergency Management Agency (FEMA) Assistance for Firefighters Grant and purchased 22 self-contained breathing apparatus with voice amplified face pieces and tracking/accountability system, 18 portable radios with accessories, and 18 pagers with chargers. The new equipment will enhance firefighter safety, in addition to lessening the financial burden for the Town.

#### **100' Aerial Ladder Device**

Received a donation of a 1997 Seagrave tractor-drawn aerial device featuring a 100' aerial ladder. The main benefits are improved safety for our firefighters, an elevated reach for rescues, and an elevated waterway for master stream operations giving our Department the ability to fight fires safely. In addition it will lessen the financial burden of buying a new apparatus for the Town.

#### **Training and Certification**

Increased the level of certifications for officers, including the North Carolina Fire Inspector Level III and NC Officer Level I, II & III Certifications. Overall training hours increased to 3,026 staff/volunteer hours.

## ► Performance Measures – Fire Department

### FIRE PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

		FY 2017	FY 2018	FY 2019
Service Performed	Unit of Measure	Actual	Budget	Budget
Respond to incidents	# incidents	1,200	1,200	1,200
Respond to incidents - Municipal District	avg # minutes	5	5	N/A
Respond to incidents - Central Carteret	avg # minutes	8	9	N/A
Conduct building inspections	# inspections	119	130	130
Conduct tent inspections	# inspections	23	20	20
Maintain and develop staff skills	# training hours	3,122	3,000	3,000
Deliver fire prevention program	# citizens reached	560	500	500

## ► FY 2019 Goals – Fire Department

### Put 100' Aerial Ladder Device into Service

Complete repairs to the donated Seagrave Tractor Draw Aerial Device by August 2018 and place it in service. Complete North Carolina Driver Operations Aerial Certification for all staff.

### Acquire Child Safety Seat Certifications

Send several staff members to the North Carolina National Child Safety Seat Technician Certification training course. Citizens continuously stop at the Fire Department for help in placing child safety seats in their vehicles, but without certification, assistance cannot be provided. Currently, the Department does not have any certified Child Safety Seat Technicians and we are seeing an increasing request for this service.

### Prepare for Rating Inspection

We await the North Carolina Office of State Fire Marshal's Rating Inspection, requested in November 2015. Preparation includes: continuation of required training (including live burns and mutual aid tanker shuttles), getting the ladder truck into service, and certifying an in-house fire investigator. A high rating could translate into lower insurance rates for Beaufort residents.

### Expand Outreach and Education Programs

Increase Fire and Life-Safety, Prevention, and Education Programs for both children and adults. Expand the program for children beyond Fire Prevention Week, which currently reaches about 500 students. Expand the Community Outreach program to provide additional local businesses with fire extinguisher training and other fire prevention programs.

## ► Budget – Fire Department

### FIRE BUDGET

FY 2019 as Adopted June 11, 2018

FIRE EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ 1,033,111	\$ 1,099,917	\$ 1,162,811	\$ 62,894	6%
Positions	17	17	18	1	6%
Operations	166,060	375,137	212,409	(162,728)	-43%
Capital Outlay	25,692	-	-	-	NA
Debt Service	90,318	382,447	297,726	(84,721)	-22%
<b>Total Fire Expenditures</b>	<b>\$ 1,315,182</b>	<b>\$ 1,857,501</b>	<b>\$ 1,672,946</b>	<b>\$ (184,555)</b>	<b>-10%</b>

In FY 2018, a FEMA Assistance for Firefighters Grant allowed the one-time purchase of safety equipment, inflating the amount spent on operations. This accounts for the significant drop in operations spending in FY 2019.

#### **24-Hour Firefighter Position – personnel net increase, \$37,000**

The third shift at Station currently has four full time staff and one 24 hour PRN (work as needed) employee. However, PRN's are not always available to fill the fifth position on the third shift, thus requiring costly mandatory overtime. Therefore, one additional 24 hour firefighter position is requested to replace the use of PRN personnel.

#### **Increased Fire Station Costs – operations increase, \$6,360**

Operational costs, such as electric service and maintenance contracts, have increased over prior years due to the opening of the new station.

#### **Ladder Truck Equipment & Repairs – capital outlay, \$22,215**

The donated aerial truck requires about \$12,215 in repairs, including: new tires, emergency lighting repairs, aerial ladder repairs, and rebuilding the generator. To meet Office of State Fire Marshal's requirements and National Fire Protection Association (NFPA) standards, it also needs \$10,000 in equipment, including: radios, headsets, ladder safety belts, wheel chocks, AED (automated external defibrillators), etc.



**The Fire Department doesn't just respond to fires.  
We respond to EMS and motor vehicle accidents, and we provide fire prevention  
and life-safety education for many community groups and children.**

## 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, Stormwater Committee and Board of Adjustment.

### ► **FY 2018 Notable Accomplishments – Planning & Inspections**

#### **Old Burying Ground Wall Restoration**

Repaired and white-washed the exterior masonry wall of this iconic and historic site. Installed new metal fencing and gates to aid in its protection and preservation. Cost of project offset by \$20,000 Certified Local Government grant from the State Historic Preservation Office.

#### **Bulkhead Channel Dredging**

In partnership with the Army Corps of Engineers, dredged Bulkhead Channel to allow recreation and commercial marine traffic safe navigation to and from the Beaufort waterfront. Costs offset by over \$600,000 from the State Inlet and Waterway grant program.

#### **Flood Maps - Community Rating System**

Retained the Community Rating System (CRS) at a Class 7, providing a 15% discount on Flood Policies in Special Flood Hazard Areas, which saves policy holders in these areas an average of \$118 per year.



#### **Harborside Park**

In partnership with the Maritime Museum, completed Harborside Park, providing public water access and Americans with Disabilities Act (ADA) compliant restrooms on Front Street, using a \$59,700 grant from NC Division of Coastal Management.

### Code Compliance Officer

Added a Code Compliance Officer responsible for enforcement and compliance of minimum housing, public nuisance and Certificates of Appropriateness. Enforcement of Town Codes enhances community aesthetics by removal of blight, improving property values and safety.

## ► Performance Measures – Planning & Inspections

### PLANNING & INSPECTIONS PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Perform inspections	# inspections	2,386	2,300	2,500
Issue building permits	# permits	586	675	525
Issue certificates of appropriateness	# certificates	71	80	72
Review subdivision and major site plans	# plans	4	9	6
Address change requests for zoning map	# requests	3	5	7
Make zoning/subdivision text amendments	# amendments	6	10	6
Issue special use permits	# permits	2	4	2
Handle variance/board of adjustment cases	# cases	7	4	7
Abate nuisance code violations	# cases	8	20	60

## ► FY 2019 Goals – Planning & Inspections



### Apply for Grant to Replace Boardwalk and Bulkhead

Apply for a Boating and Infrastructure Grant (BIG) to help offset cost of repairs to the existing bulkhead and boardwalk along the waterfront.



### Incorporate Watershed Restoration Plan

Incorporate recommendations of the Watershed Restoration Plan into ordinances and Town regulations to reduce stormwater flooding while improving the water quality that drains into our local watersheds.

### Develop and Implement Code Enforcement Program

A streamlined code enforcement program benefits the community as a whole by improving aesthetics and property values. This program will focus on derelict properties and those with public safety implications.

## ► Budget – Planning & Inspections

### PLANNING & INSPECTIONS BUDGET

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>PLANNING EXPENDITURES</b>					
Personnel	\$ 261,195	\$ 375,258	\$ 370,580	\$ (4,678)	-1%
Positions	5	6	5	(1)	-17%
Operations	58,919	22,600	16,550	(6,050)	-27%
Capital Outlay	20,711	-	-	-	NA
Debt Service	-	6,000	5,023	(977)	-16%
<b>Total Planning Expenditures</b>	<b>\$ 340,825</b>	<b>\$ 403,858</b>	<b>\$ 392,153</b>	<b>\$ (11,705)</b>	<b>-3%</b>

A part-time code enforcement officer budgeted for FY 2018 was not used and is removed from the budget for FY 2019. New employees were hired in at a higher rate than initial budget due to experience and skills.



**Not all historic district work needs Historic Preservation Commission approval.**  
**A simple, no-fee approval process covers minor works such as storm doors, windows, window air conditioners, gutters, side and rear fences, etc.**

## 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, 6:00-6:00 each day and night. Each shift is staffed by one Patrol Sergeant and two Police Officers. The Criminal Investigations Division is staffed by one Detective Sergeant and one Detective.

### ► FY 2018 Notable Accomplishments – Police Department

#### **School Resource Officer Program**

Established the School Resource Officer Program, assigning a dedicated officer to service our two schools. This program provides a resource for students, parents, and school staff to address school-related concerns.

#### **Naloxone (Narcan) Program**

Trained and equipped all sworn members of the Department with naloxone, an opioid antagonist that can be used to counter the effects of an opiate overdose. As first responders, our police officers are often the first to arrive on scene and can immediately administer Naloxone, reducing the risk of injury or death from an opioid overdose.

#### **Supervisory Leadership Training**

Expanded advanced supervisory leadership training. Courses attended included the FBI Command College, Administrative Officers Management Program via NC State University, as well as operational leadership courses at the NC Justice Academy. These courses provide exposure to leadership principles embraced in the law enforcement community to better serve our community and staff.

#### **Response to Scheduled Demonstration**

Developed a multi-jurisdictional action plan to provide security and a structured response for a scheduled demonstration within the Town of Beaufort. The demonstration was one of several occurring across the country surrounding socially sensitive issues. Successful deployment of resources resulted in no arrests or property damage.

**Critical Equipment Upgrades**

Two new police vehicles were put into service and three additional vehicles were equipped with mobile video systems. All marked police vehicles are now equipped with mobile video systems.

**► Performance Measures – Police Department****POLICE PERFORMANCE MEASURES**

*FY 2019 as Adopted June 11, 2018*

<b>Service Performed</b>	<b>Unit of Measure</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>
Respond to incidents	avg # minutes	-	4	-
Patrol on foot	# patrols	-	1,918	-
Respond to 911 hang-ups	# calls	-	710	-
Conduct traffic stops	# stops	-	1,554	-
Issue citations	# citations	-	916	-
Respond to traffic crashes	# incidents	-	159	-
Render assistance	# incidents	232	244	248
Conduct residential/business safety checks	# checks	25,989	14,681	19,000
Deliver safety/education talks	# talks	14	24	25
	# crimes per 100,000			
Index crime rate	people per year	2,445	N/A	N/A
	# crimes per 100,000			
Violent crime rate	people per year	239	N/A	N/A
Clear cases	% cases cleared	61%	61%	65%

## ► FY 2019 Goals – Police Department



### Implement Harbor Management Plan

Implement an operational policy, informed by successful policies elsewhere, outlining the enforcement of a newly created harbor management plan to provide a safe environment for residents, visitors, and commercial businesses that operate in our waters.

### Conduct Law Enforcement Risk Review

Initiate Law Enforcement Risk Review with the NC League of Municipalities to ensure our policies and practices meet recommended best practices. This process is a comprehensive review of the 40 High-Risk categories in law enforcement, measuring our adherence to best practices and policies as they relate to these categories.

### Develop Skills

Conduct "high-liability" subject-matter training including use of force de-escalation techniques, Crisis Intervention Training, and driver training to ensure our officers are equipped with the skills necessary to effectively respond to emergencies.

## ► Budget – Police Department

### POLICE BUDGET

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>POLICE EXPENDITURES</b>					
Personnel	\$ 1,076,337	\$ 1,136,559	\$ 1,230,500	\$ 93,941	8%
Positions	16	18	18	-	0%
Operations	169,302	239,905	195,950	(43,955)	-18%
Capital Outlay	67,346	151,600	90,000	(61,600)	-41%
Debt Service	27,663	45,500	43,947	(1,553)	-3%
<b>Total Police Expenditures</b>	<b>\$ 1,340,648</b>	<b>\$ 1,573,564</b>	<b>\$ 1,560,397</b>	<b>\$ (13,167)</b>	<b>-1%</b>

### Software and Equipment - \$15,000

Purchase software and equipment to integrate mobile data terminals into the Carteret Emergency Communications Center's live CAD (computer-aided-dispatch) system.

### Police Vehicles - \$90,000

Purchase two new police vehicles to replace one 13 year old vehicle and rotate an aging marked vehicle to spare status.



**Each officer in the Patrol Division has been assigned to one of nine residential "zones" to provide citizens a single point of contact for general questions or concerns.**

## Public Works Department



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

Public Works maintains and repairs Town-owned vehicles and equipment, as well as Town-owned buildings and grounds.

The department also collects yard debris and bulky waste, and oversees the trash and recycling collection contract with Waste Industries. Public Works staff also provide oversight and work closely with contractors on public projects.

### ► FY 2018 Notable Accomplishments – Public Works Department

#### **Downtown Trash Compactor**

Implemented a commercial compactor waste disposal system for the Water Front Business District. This reduced the frequency of unsightly trash truck pickups and disruption in the district, improved aesthetics, and eliminated odors and other problems associated with multiple trash dumpsters and curbside collection of restaurant waste. Removing the dumpsters freed up five additional parking spaces.

#### **Town Hall Building Updates**

Completed several improvements to Town Hall: installed energy efficient windows, dehumidifiers, and LED lighting; replaced worn and stained carpet; replaced wood flooring in lobby restrooms with tile; and modified entries for accessibility.

#### **Train Depot Exterior Renovation**

Completed exterior renovation of train depot: replaced rotted siding on rear of building and sanded and painted exterior walls and trim.



#### **Stormwater Line Repairs**

Collaborated with NC Coastal Federation to incorporate innovative stormwater facilities into storm water line repairs and resurfacing on the 100 block of Orange Street planned for late FY 2018.

#### **Stormwater Maintenance**

Completed several stormwater projects: cleared and reconfigured ditches, gained easement access for outfall points, and replaced culverts to reduce flooding damage to property and hazardous road conditions.

## ► Performance Measures – Public Works Department

### PUBLIC WORKS PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Resurface roadway	linear feet	-	TBD**	-
Maintain hard surface roadway	# miles	23	25	25
Maintain gravel roadway	# miles	0	0	0
Collect solid waste and recycling	# residences	2,350	-	-
Collect solid waste and recycling	# businesses	115	-	-
Maintain town vehicles and equipment	# vehicles.equip	71	73	75
Replace sidewalk	# sq ft of sidewalk	1,420	1,500	1,650
Repair sidewalk	# sq ft of sidewalk	-	-	-
Maintain parks	# parks	8	8	8
Service public restrooms	# restrooms	8	10	10
Maintain docks/boardwalks	# linear feet	1,400	1,400	1,400

## ► FY 2019 Goals – Public Works Department



### Implement Street Management Program

Implement the road management plan being prepared by the consulting engineering firm Stantec based on field-collected data.



### Oversee Randolph Johnson Park Renovation

Oversee construction for the renovation the Randolph Johnson Park consistent with Phase 1 on the approved master plan. Public Works will coordinate with specialty contractors, engineers, and architects, and perform some site preparation work.



### Develop Stormwater Management Plan

Collaborate with the Wooten Company in a review all surveys of existing stormwater features and in the preparation of a 10-year stormwater management plan.



### Construct Stormwater Efficient Boat Launch and Parking Area

Work with NC Wildlife Commission to create and construct a new stormwater-efficient boat launch and parking area, implementing new stormwater measures consistent with the adopted watershed plan.



### Oversee Boardwalk / Bulkhead Repair and Replacement

Oversee construction if Town receives requested funding from the Boating Infrastructure Grant program.

## ► Budget – Public Works Department

### PUBLIC WORKS BUDGET

FY 2019 as Adopted June 11, 2018

PUBLIC WORKS EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ 501,313	\$ 559,020	\$ 674,388	\$ 115,368	21%
Positions	13	12	13	1	8%
Operations	914,587	1,349,222	1,170,536	(178,686)	-13%
Capital Outlay	250,696	830,120	801,108	(29,012)	-3%
Debt Service	23,209	63,070	60,739	(2,331)	-4%
<b>Total Public Works Expenditures</b>	<b>\$ 1,689,806</b>	<b>\$ 2,801,432</b>	<b>\$ 2,706,771</b>	<b>\$ (94,661)</b>	<b>-3%</b>

#### **Bulkhead / Boardwalk Replacement – capital outlay, \$285,000**

Partial amount of Town's match for the Boating Infrastructure Grant, to be set aside in FY 2019 for construction beginning in FY 2020.

#### **Street repaving – capital outlay, \$282,478**

Minor projects, and engineering and preparation of bid documents for the street management project are funded at \$282,478 in FY 2019.

#### **Stormwater Management Plan – capital outlay, \$103,000**

Wooten Company to review all surveys of existing stormwater features and prepare a 10-year stormwater management plan.

#### **Police Department Building Maintenance – capital outlay, \$100,000**

Replace carpet, repaint, and retrofit the investigations building.

#### **Vehicle – capital outlay, \$30,630**

Purchase replacement for a 1997 pickup truck in Public Works.

#### **Solid Waste Collections – operations, increase to \$415,300**

Outsourced collection of solid waste for residential, waterfront business district, compactor, and cardboard recycling.

#### **Street lights – operations, increase to \$125,000**

Cost to operate streetlights increases by \$4,400 with addition of lights on the Turner Street bridge.

#### **Dredging expense – operations, increase to \$85,000**

Cost to dredge channels increases by \$10,000.

#### **Maintenance Technician / Janitorial Position - \$21,944**

A position was added in late FY 2018 to replace previously contracted services for custodial services in Town buildings. Position will assist with maintaining public restrooms and general cleanliness downtown.



Many people think Public Works is responsible for cleaning all drainage ditches in Town, including those that are on private property - it's actually only responsible for those ditches on Town-owned rights-of-ways and easements.

## Sewer Division



The Sewer Division is responsible for the maintenance of the sewer collection system as well as the operation and maintenance of the Wastewater Treatment Plant (WWTP).

The sewer collection system is comprised of approximately 25 miles of gravity lines, 28 miles of force mains, 21 pump stations, and approximately 3,300 sewer service connections.

The 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 2018 Notable Accomplishments – Sewer Division

#### Preventative Maintenance and Repairs

Cleaned over 20,000 ft. of gravity sewer, which helps prevent sanitary sewer overflows. Replaced a sewer manhole and made several line repairs, which keeps sewage from spilling and prevents sinkholes from forming.

### ► Performance Measures – Sewer Division

#### SEWER PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Install sewer services	# services	2	5	2
Respond to sewer calls	# calls	34	60	60
Inspect high priority lines	# inspections	4	4	4
Clean gravity sewer lines	# feet	33,841	32,000	25,000
Clean lift stations	# stations	120	180	132
Install valves	# valves	14	10	14
Treat effluent	# gallons	250 MG	325 MG	247 MG
Power wash clarifiers	# times	100	104	104
Operate belt press	# days	24	28	24
Remove biochemical oxygen demand	% removed	97	98	97
Remove total suspended solids	# pounds	252,000	290,000	248,000
	% removed	99	99	99
Monitor Taylor's Creek water (by boat)	# samples taken	104	104	104
Monitor MLSS in oxidation ditch	# samples taken	156	156	156

## ► FY 2019 Goals – Sewer Division

### Maintain Compliance

Maintain compliance with NC Department of Environmental Quality requirements by continuing to follow state and federal guidelines, thus avoiding costly fines, environmental harm and protect health and safety.

### Preventative Maintenance and Repairs

Clean 20,000 ft. of sewer lines and 21 lift stations using the vacuum truck and flush truck. Preventive maintenance helps avoid sanitary sewer overflows.

### Remove Suspended Solids

Remove approximately 99% of total suspended solids from the wastewater treatment process by managing the microorganisms in place and maintaining the plant's deep bed filter to a high level.

## ► Budget – Sewer Division

### SEWER BUDGET

FY 2019 as Adopted June 11, 2018

SEWER EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ 565,262	\$ 619,976	\$ 574,708	\$ (45,268)	-7%
Positions	9	9	8	(1)	-11%
Operations	519,968	755,745	626,870	(128,875)	-17%
Capital Outlay	1,500	198,000	199,800	1,800	1%
Debt Service	275,682	1,381,740	1,359,302	(22,438)	-2%
<b>Total Sewer Expenditures</b>	<b>\$ 1,362,412</b>	<b>\$ 2,955,461</b>	<b>\$ 2,760,680</b>	<b>\$ (194,781)</b>	<b>-7%</b>

### Equipment – capital outlay, \$71,800

Replace 40 hp Pump for Lift Station #9.

### Vehicle – capital outlay, \$28,000

Replace a 2003 Pickup Truck in Sewer.

## Water Division



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

The Water Division operates two water treatment plants (one on Hedric 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 3,200 service connections throughout its distribution system.

### ► FY 2018 Notable Accomplishments – Water Division

#### Asset Inventory Assessment

Completed an Asset Inventory Assessment (AIA) project which serves as a planning tool for future maintenance and operation of the water system. This work was done with a water infrastructure grant from NC Department of Environmental Quality.

#### Valve Replacement

Replaced two broken valves on the water softeners at Glenda Drive water plant. This enabled our operators to continue to distribute high quality softened water to the distribution system.

### ► Performance Measures – Water Division

#### WATER PERFORMANCE MEASURES

*FY 2019 as Adopted June 11, 2018*

Service Performed	Unit of Measure	FY 2017	FY 2018	FY 2019
		Actual	Budget	Budget
Pump water	# gallons	174 MG	173 MG	179 MG
Soften water	# tons salt	370	600	384
Replace water meters	# meters	173	105	120
Monitor discharge	# samples taken	56	56	56
Monitor water quality	# daily samples taken	2,346	2,346	2,346
Monitor water quality	# samples taken	100	100	100

## ► FY 2019 Goals – Water Division

### Maintain Compliance

Maintain compliance with NC Department of Environmental Quality requirements by continuing to follow state and federal guidelines, thus avoiding costly fines, environmental harm and protect health and safety.

### Complete Routine Work Orders in One Day

To ensure customer satisfaction, complete routine work orders within one business day, excluding new meter requests.

### Perform Maintenance on High Service Pumps

Maintain the high service pumps at Pine Street and Glenda Drive plants. This is important to prevent premature failure. These pumps are very costly to replace.

## ► Budget – Water Division

### WATER BUDGET

*FY 2019 as Adopted June 11, 2018*

	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
<b>WATER EXPENDITURES</b>					
Personnel	\$ 220,993	\$ 230,835	\$ 259,900	\$ 29,065	13%
Positions	4	4	4	-	0%
Operations	329,675	472,850	309,804	(163,046)	-34%
Capital Outlay	-	386,000	284,573	(101,427)	-26%
Debt Service	40,433	140,887	138,357	(2,530)	-2%
<b>Total Water Expenditures</b>	<b>\$ 591,101</b>	<b>\$ 1,230,572</b>	<b>\$ 992,634</b>	<b>\$ (237,938)</b>	<b>-19%</b>

### Vehicle - \$50,000

Replace 2000 GMC Service Truck.

## Non-Departmental

Items in this program span multiple departments within a fund.

### ► Budget – Non-Departmental

#### NON-DEPARTMENTAL BUDGET

*FY 2019 as Adopted June 11, 2018*

NON-DEPARTMENTAL EXPENDITURES	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget	Amt Change from FY 2018	% Change
Personnel	\$ -	\$ 77,806	\$ 92,000	\$ 14,194	18%
Positions	-	-	-	-	NA
Operations	-	396,258	342,726	(53,532)	-14%
Capital Outlay	NA	NA	NA	NA	NA
Debt Service	-	128,402	125,411	(2,991)	-2%
Transfer	NA	NA	NA	NA	NA
<b>Total Non-Departmental Expenditures</b>	<b>\$ -</b>	<b>\$ 602,466</b>	<b>\$ 560,137</b>	<b>\$ (42,329)</b>	<b>-7%</b>

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

Operations includes:

- Legal services
- Lanier Parking services
- Human resources services such as drug screenings, background checks, and the Employee Assistance Program.
- Employee engagement, used for employee recognition and engagement efforts such as the wellness fair and training at Carteret Community College.

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

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

# Capital Improvement Plan

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

In this section you will find:

➤ Capital Improvement Plan Guide	118
➤ Current Capital Projects Update	122
➤ CIP Schedules	126
➤ Capital Project Profiles	131

## Capital Improvement Plan Guide

The Town of Beaufort defines capital improvements as:

- physical assets built or bought,
- that have a useful life of ten years or more, and
- have a cost of \$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.



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

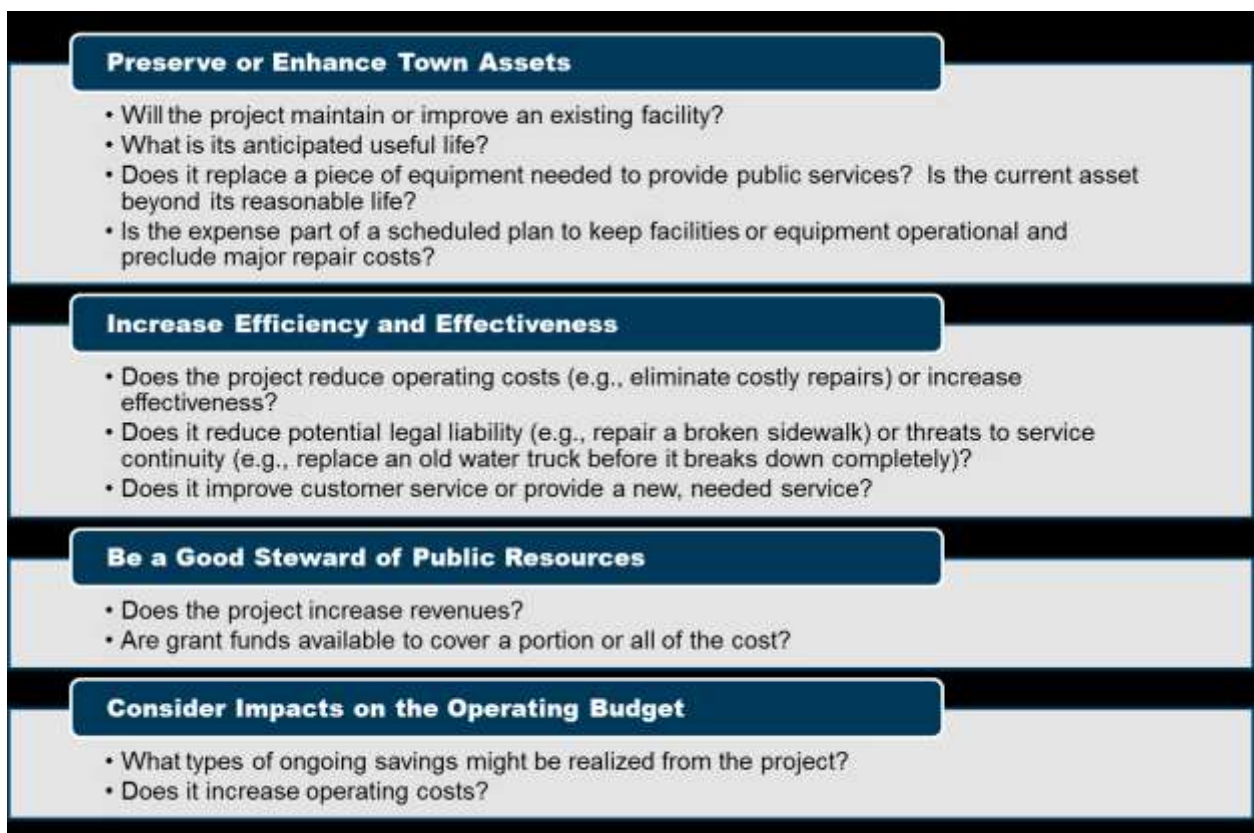
The CIP allows the Town to:

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

## ► Project Criteria for Inclusion in CIP

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

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



## ► CIP as a Financial Planning Tool

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

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

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

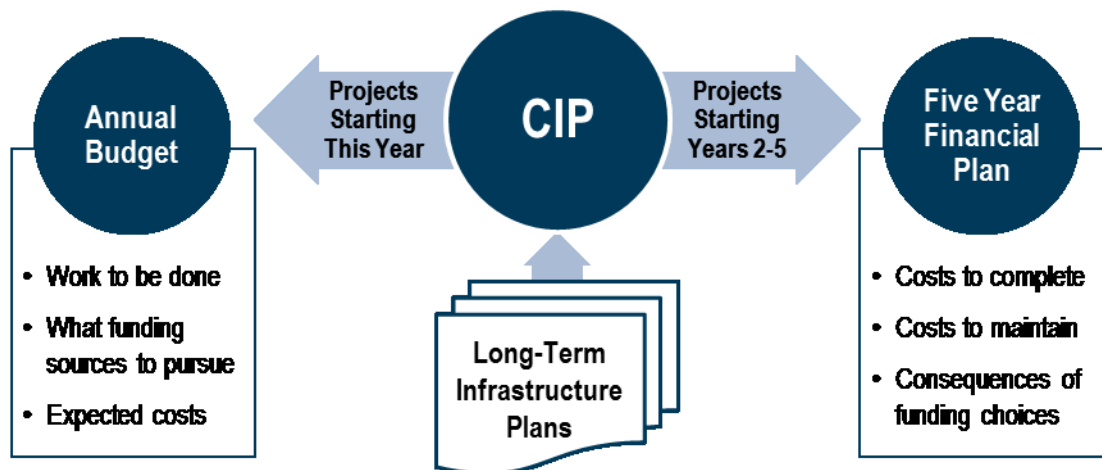
## ► Relationship to Budget Document

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

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

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

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



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

Projects and financing sources outlined for subsequent years are not authorized until the annual budget for those years is legally adopted.

The out years serve as a guide for future planning and are subject to further review and modification.

## ► **Parts of the Capital Improvement Plan**

The capital improvement plan contains several sections.

### **Current Capital Projects Update**

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

### **CIP Schedules**

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

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

### **Capital Project Profiles**

Provides a profile for each upcoming or future capital project. Each profile states project assumptions, including:

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

### **Capital Assets / Completed Projects Inventory**

Once the Town buys capital assets or builds projects, these items drop off the CIP. An inventory of these items helps predict when to replace or renovate these items in the future.

The Town is compiling a robust inventory of past capital projects and assets. When complete, this inventory will inform future budgets.

## Current Capital Projects Update

The following provides a status update on current capital projects.

### **Cedar Street Park**

**Status:** Design and construction of a park at the Gallant's drawbridge landing area was budgeted in FY 2018. Construction delays with the Turner Street bridge delayed closing of the drawbridge. As a result, this project has been delayed until FY 2019.

**Next Steps:** Prepare construction plans in FY 2019.

➤ Refer to *Cedar Street Park* profile for more information.

### **Inflow and Infiltration Study**

**Status:** The FY 2018 budget called for contracted evaluation and study of groundwater infiltration into the Town's sewer system. It was determined the previous Inflow and Infiltration Study was sufficient. We will redirect funding for the study to invest in actual line repairs.

**Next Steps:** Repair and replace lines in conjunction with implementation of Street Management Plan.

➤ Refer to *Utility Line Improvements* and *Street Management Program* profiles for more information.

### **Randolph Johnson Park**

**Status:** The Town Board approved a master plan for the park in April 2018. Completed construction plans for Phase 1 are expected by mid-2018.

**Next Steps:** Complete Phase 1 construction in FY 2019.

➤ Refer to *Randolph Johnson Park* profile for more information.

### **Sewer Pump Station Generators**

**Status:** The FY 2018 budget made provisions for providing back-up power to sewer pump stations not currently equipped with generators. Two of six planned generators have been installed.

**Next Steps:** Timing of the installation of the remaining generators is being reevaluated.

### **Stormwater Management Plan**

**Status:** The Stormwater Management Plan was funded in FY 2018 to identify and scope a number of discrete stormwater management projects. Field work for the plan began in March 2018.

**Next Steps:** Complete remainder of project in FY 2019.

- Refer to *Stormwater Management Plan* profile for more information.

### **Street Repaving Program**

**Status:** The first steps toward systematic improvement and restoration of a prioritized list of Town roads was budgeted for FY 2018. Two projects will begin in late FY 2018:

- New storm drain and resurfacing for 100 block of Orange Street, using permeable pavement in parking area along the west side. We will replace water and sewer lines as a part of this project.
- Extend Professional Park Drive to intersection at Campen Road.

**Next Steps:** Transition to Street Management Program.

- Refer to *Street Management Program* profile for more information.

### **Small Area Plan / Bike and Pedestrian Plan**

**Status:** In response to the closing of the Gallants Channel Bridge, opening of the new high-rise bridge, and the US Highway 70 bypass, a multimodal transportation plan was budgeted in FY 2018. The plan will be completed by June 2018.

**Next Steps:** Conduct engineering, bid documents, and line up financing in FY 2019 as part of the Street Management Program.

➤ Refer to *Street Management Program* profile for more information.

### **Waterline Improvements**

**Status:** The FY 2018 budget provided for several waterline replacements and a connecting loop. This project was delayed in order to coordinate with road resurfacing projects in Street Management Program, thus saving money on road patching costs.

**Next Steps:** Roll into the Utility Line Improvements project, and construct in conjunction with implementation of Street Management Program.

➤ Refer to *Utility Line Improvements* and *Street Management Program* profiles for more information.



# CIP Schedules

Beaufort’s five-year capital improvement program is \$12 million, with debt increasing by 34% over the five-year period.

► **Project Costs and  
Timeline**

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

The first column, *FY 2019 Budget*, shows amounts included in the FY 2019 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods *FY 2020*, *FY 2021*, *FY 2022*, *FY 2023*, and *Beyond*.

The table has two groups of rows.

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

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

**CIP PROJECT COST SUMMARY***Updated for FY 2019*

	<b>FY 2019 Budget</b>	<b>FY 2020 Planning</b>	<b>FY 2021 Planning</b>	<b>FY 2022 Planning</b>	<b>FY 2023 Planning</b>	<b>Planning Beyond</b>
<b>CAPITAL IMPROVEMENTS</b>						
Boardwalk / Bulkhead Reconstruction	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Cedar Street Park	50,000	650,000	-	-	-	-
Fire Pumper Truck	-	375,000	-	-	-	-
Police Department Building	-	-	-	-	-	2,500,000
Public Works Facility	-	-	-	-	-	1,400,000
Randolph Johnson Park Phase 1	1,200,000	-	-	-	-	-
Storm Water Management Plan	103,000	-	-	-	-	-
Street Management Program	6,282,478	-	-	-	-	-
Substation Phase 2	-	-	200,000	-	-	-
Utility Line Improvements	-	1,000,000	1,000,000	-	-	-
<b>Total Capital Improvements</b>	<b>\$ 7,635,478</b>	<b>\$ 3,225,000</b>	<b>\$ 1,200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,900,000</b>
<b>FUNDING SOURCES</b>						
Property Taxes	\$ 160,228	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,250	600,000	200,000	-	-	-
Permits & Fees	103,000	-	-	-	-	-
Loan Proceeds	6,000,000	375,000	-	-	-	3,900,000
General Fund Balance	-	600,000	-	-	-	-
Utility Fund Balance	-	1,000,000	1,000,000	-	-	-
Capital Project Fund	1,250,000	650,000	-	-	-	-
<b>Total Funding Sources</b>	<b>\$ 7,635,478</b>	<b>\$ 3,225,000</b>	<b>\$ 1,200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,900,000</b>

## ► Operational Impacts

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

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

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

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

The first column, *FY 2019 Budget*, shows amounts included in the FY 2019 annual budget for each project or funding source. Subsequent columns show amounts for planning purposes for the periods *FY 2020*, *FY 2021*, *FY 2022*, *FY 2023*, and *Beyond*.

The table has three groups of rows.

The first grouping, *EXPENDITURES*, shows operational impacts on: personnel, operations, capital outlay, and debt service. The final row in this grouping totals the operational impact on spending.

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

**CIP OPERATING IMPACTS***Updated for FY 2019*

	<b>FY 2019 Budget</b>	<b>FY 2020 Planning</b>	<b>FY 2021 Planning</b>	<b>FY 2022 Planning</b>	<b>FY 2023 Planning</b>	<b>Planning Beyond</b>
<b>EXPENDITURES</b>						
Personnel	\$ -	\$ -	\$ 112,500	\$ 229,500	\$ 234,090	\$ -
Operations	2,000	10,000	18,000	18,000	19,000	19,000/yr
Capital Outlay	100,000	-	-	-	-	-
Debt Service	-	591,000	591,000	591,000	591,000	14,320,000
<b>Total Expenditures</b>	<b>\$ 102,000</b>	<b>\$ 601,000</b>	<b>\$ 721,500</b>	<b>\$ 838,500</b>	<b>\$ 844,090</b>	<i>NA</i>
<b>OFFSETS</b>						
Property Taxes	\$ -	\$ 406,750	\$ 406,750	\$ 406,750	\$ 406,750	\$ -
Powell Bill	-	135,777	135,777	135,777	135,777	-
Carteret County Fire District Tax	-	64,000	381,500	298,500	303,500	64,000
<b>Total Offsets</b>	<b>\$ -</b>	<b>\$ 606,527</b>	<b>\$ 924,027</b>	<b>\$ 841,027</b>	<b>\$ 846,027</b>	<b>\$ 64,000</b>



### **DID YOU KNOW?**

**It is not unusual for  
information from the Town  
to reach 1,000-10,000+  
people in several hours.**

# Capital Project Profiles

Projects in the Capital Improvement Plan include:

■ Boardwalk / Bulkhead	
Repair and Reconstruction	132
■ Cedar Street Park	133
■ Fire Pumper Truck	134
■ Police Department Building	135
■ Public Works Facility	136
■ Randolph Johnson Park Phase 1	137
■ Stormwater Management Plan	138
■ Street Management Program (NEW)	139
■ Fire Substation Phase 2 –	
Staffing and Living Quarters	140
■ Utility Line Improvements (NEW)	141

## Boardwalk / Bulkhead Repair and Reconstruction



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

Staff will apply for a US Fish and Wildlife Service Boating Infrastructure Grant, which will pay for 50% of the project. The remaining funding is provided through property tax revenues in the General Fund. If the grant is not awarded, then the remaining funding will be provided through loan proceeds.

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

### **Schedule and Funding:**

In FY 2020 project costs total \$1,200,000.

Funding sources include \$600,000 from fund balance and \$600,000 from a federal grant (or a loan if the grant doesn't come through).

The project has a tax rate impact of 3.5 cents in FY 2019.

There are no anticipated operational impacts.

**Department:** Public Works

**Type:** Design and Construction

**Total Cost:** \$1,200,000

**Useful Life:** 30+ Years



## Cedar Street Park



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

NC Department of Transportation has agreed to make the property available to the Town after the new high rise bridge is complete and the drawbridge has been removed.

A concept plan for the park has been completed. Construction documents will be prepared in FY 2019 after the property is secured.

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

### ***Schedule and Funding:***

In FY 2019 project costs total \$50,000. In FY 2020 project costs total \$650,000.

Funding of \$700,000 comes from the Community Improvement Capital Project Fund.

The project has no tax rate impact.

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

**Department:** Parks

**Type:** Design and Construction

**Total Cost:** \$700,000

**Useful Life:** 50+ Years



## Fire Pumper Truck

**Description:** Purchase of a new fire pumper truck to replace the 1985 pumper located at the fire substation on NC Hwy 101.

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

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

### ***Schedule and Funding:***

In FY 2020 project costs total \$375,000.

Funding of \$375,000 comes from loan proceeds.

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

**Department:** Fire Department

**Type:** Capital Equipment Purchase

**Total Cost:** \$375,000

**Useful Life:** 20+ years



## Police Department Building



**Description:** This project includes land, design, and construction of a building to house the Police Department.

**Background and Justification:** The current building housing the Police Department is inadequate in size and function. A space needs analysis performed in 2016 estimated space requirements at 6,500 square feet, based on department staffing of 20. The analysis also assumed renovation and expansion of the existing building, utilizing all the land available.

Current staffing has expanded to 18, severely limiting the value of expanding the current building, considering no further expansion would be possible to accommodate growth. The new building is assumed to be 8,000 square feet.

Because major infrastructure projects are recommended for funding beginning in FY 2019, construction of a new police station is pushed out beyond 5 years. Due to the current conditions of the existing police station, \$100,000 is included in the budget for needed upgrades and minor renovations.

### ***Schedule and Funding:***

Future project cost (beyond FY 2023) totals \$2,500,000, which will be funded through loan proceeds.

The project will have a tax rate impact of 2.02 cents for annual debt service at the time of construction.

Operational impacts include \$100,000 in FY 2019 for minor renovations to the two existing buildings. Future (beyond FY 2023) debt service payments assume a 20 year loan at 4%. Total debt service will have a \$3,636,000 impact.

**Department:** Police Department

**Type:** Design and Construction

**Total Cost:** \$2,500,000

**Useful Life:** 30+ Years



## Public Works Facility



**Description:** This project involves the design and construction of a new public works facility at a new location to be determined.

**Background and Justification:** The Randolph Johnson/Water Tower 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.

**Department:** Public Works

**Type:** Design and Construction

**Total Cost:** \$1,400,000

**Useful Life:** 25+ Years



### ***Schedule and Funding:***

Future project cost (beyond FY 2023) totals \$1,400,000, which will be funded through loan proceeds.

The project will have a tax rate impact of 1.13 cents in the future (beyond FY 2023).

Future (beyond FY 2023) debt service payments assume a 20 year loan at 4%. Total debt service will have a \$2,037,000 impact.

## Randolph Johnson Park Phase 1



**Description:** The master plan for the Randolph Johnson Park was completed and approved in FY 2018. Construction of Phase 1 will be completed in FY 2019. Phase 1 includes: closure of the portion of Pine Street adjacent to the existing Randolph Johnson Park, expansion of the park into the former Pine Street roadbed, relocation of fencing, redevelopment of the park, and construction of a sidewalk from the park to the existing tennis and basketball courts.

**Background and Justification:** This is a long-standing project endorsed by the Parks and Recreation Advisory Board and the Town Board.

**Department:** Parks

**Type:** Construction

**Total Cost:** \$1,200,000

**Useful Life:** 50+ Years



### **Schedule and Funding:**

In FY 2019 project costs total \$1,200,000.

Funding of \$1,200,000 comes from the Community Improvement Capital Project Fund.

The project has no tax rate impact.

Anticipated maintenance costs include \$2,000 in FY 2019 and \$8,000 for each following year.

## Stormwater Management Plan



**Description:** This plan includes mapping and assessment, and will identify and scope a number of discrete stormwater projects which the Town may undertake to improve stormwater management, reduce flooding, and improve water quality.

This project also includes development of a methodology for assessing commercial stormwater fees based on the amount of impermeable surface – this will provide an additional revenue stream to fund stormwater system improvements. A residential stormwater fee is already in place.

**Background and Justification:** Implementation of the Stormwater Management Plan will improve safety, water quality and reduce damage due to flooding.

**Status Update:** Preparation of a Stormwater Management Plan began in late FY 2018.

### **Schedule and Funding:**

In FY 2019 project costs total \$103,000.

Funding of \$103,000 comes from Permits and Fees.

The project has no tax rate impact.

This project has no operational impact.

**Department:** Public Works

**Type:** Design and Engineering

**Total Cost:** \$103,000

**Useful Life:** 10+ years



## Street Management Program (NEW)



**Description:** In early 2018, the condition of all town streets was assessed using a surface distress and roughness survey, along with ground penetrating radar. A prioritized street management/resurfacing program will be prepared and completed by June 2018.

Additionally a community-driven small area plan and bicycle and pedestrian plan were begun in the fall of 2017. That plan will also be completed in June 2018.

In the absence of the completed plans, a “place holder” cost of \$6 million is being projected to repair, resurface, and modify and complete town roads and pedestrian paths and bike ways.

Minor projects and engineering and preparation of bid documents for the street management project are funded at \$282,478 in FY 2019.

**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.

**Status Update:** In FY 2018 the Town Board dedicated the revenue from 2 cents of the property tax levy toward road resurfacing. This project requires an additional 3 cents in FY 2020 to pay the debt service on \$6 million.

### **Schedule and Funding:**

In FY 2019 project costs total \$282,478, which comes from \$160,238 in property tax revenues and \$122,250 in Powell Bill funds. In late FY 2019 \$6,000,000 in loan proceeds will be set aside in a capital project fund for work beginning in FY 2020.

The project has a tax rate impact of 2 cents starting in FY 2018. An additional 3.6 cents are added to the tax rate in FY 2019.

Debt service payments assume a 15 year loan at 3.9%. Debt service begins in FY 2020 at \$529,000 per year. Debt service each year will be offset by \$135,777 in Powell Bill funds and \$406,750 from property tax revenue.

**Department:** Public Works

**Type:** Contracted Services

**Total Cost:** \$6,000,000

**Useful Life:** 20+ years



## Fire Substation Phase 2 – Staffing and Living Quarters



**Description:** Construction of an addition for living quarters at the fire substation on NC Hwy 101.

**Department:** Fire Department

**Type:** Design and Construction

**Total Cost:** \$200,000

**Useful Life:** 30+ years

This substation serves areas outside of the Town limits. The cost of fire services in this area are partially supported through a fire district property tax levied by Carteret County.

Currently, the fire tax proceeds are insufficient to support permanent staffing at the substation, so the living quarters are not necessarily needed until additional funding for staffing is provided.

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

The assumption is that staffing would commence midway through FY 2021. This project will only be implemented if the Carteret County Board of Commissioners contributes the necessary funding.



**Background and Justification:** Response times will improve considerably if funding is provided through the county fire tax for this substation addition and 24/7 staffing. Even without staffing, the addition could serve an important role in disaster recovery by housing rescue workers.

### ***Schedule and Funding:***

In FY 2021 project costs total \$200,000.

Funding of \$200,000 comes from Carteret County Fire District Tax, in Intergovernmental Revenues in the General Fund.

Operational impacts include maintenance (\$5,000 per year beginning in FY 2021) and personnel (\$112,500 for six months in FY 2021, \$229,500 for FY 2022 increasing by 2% for each following year). These operational impacts will occur only if Carteret County agrees to cover them.

## Utility Line Improvements (NEW)



**Description:** Implementation of the Town's Street Management Program will offer the opportunity to repair and replace old and failing utility lines immediately prior to street resurfacing, thereby reducing the cost of utility upgrades by eliminating the typical cost of asphalt repair.

Not all streets would require utility improvements, and the cost of utility improvements will vary by conditions found, so annual costs are difficult to estimate. For planning purposes, \$1,000,000 is budgeted in FY 2020 and FY 2021 from fund balance.

**Background and Justification:** Many of the Town's utility lines are very old and failing, and must be replaced.

### ***Schedule and Funding:***

In FY 2020 project costs total \$1,000,000 and in FY 2021 they total \$1,000,000.

Funding comes from restricted and unassigned fund balance.

The project has no tax rate impact.

There are no anticipated maintenance costs.

**Department:** Utility Department

**Type:** Contracted Services

**Total Cost:** \$2,000,000

**Useful Life:** 30+ years





### **DID YOU KNOW?**

The Town Hall lobby houses  
four very large paintings  
of local scenes and events. They were  
commissioned by the  
Works Progress Administration in the  
aftermath of the Great Depression.

# 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	144
► Overall Five Year Plan	147
► General Fund Five Year Plan	151
► Utility Fund Five Year Plan	165

## 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 2019 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 outlays in future years
- Debt repayment schedules
- Internal knowledge of upcoming projects that might affect property tax revenues
- 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.

### **General Fund Five Year Forecast**

Shows how General Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

### **Utility Fund Five Year Forecast**

Shows how Utility Fund revenues (money coming in) and expenditures (money going out) are expected to change over the next five years. Includes underlying assumptions for each major revenue source and spending category.

# Overall Five Year Plan

The five year financial plan forecasts the fund balance and budget for each fund over five years. It starts with numbers from the annual budget and projects how they will change over time.

The five year financial plan shows how Beaufort can budget for infrastructure needs, while raising its fund balances to 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 2019 as Adopted June 11, 2018

GENERAL FUND	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$ 7,911,360	\$ 9,643,121	\$ 8,467,038	\$ 8,610,996	\$ 8,662,953
Expenditures	7,911,360	9,642,955	8,466,454	8,539,548	8,587,871
Net Gain (Loss)	-	166	584	71,448	75,082
Unassigned Fund Balance	1,888,330	1,885,496	1,874,080	1,945,529	2,020,610
Unassigned as % of Expenditures	23.87%	19.55%	22.14%	22.78%	23.53%
UTILITY FUND					
Revenues	\$ 4,118,314	\$ 5,097,939	\$ 5,030,793	\$ 4,210,879	\$ 4,242,198
Expenditures	4,118,314	5,096,595	5,028,117	4,003,555	4,026,892
Net Gain (Loss)	-	1,344	2,676	207,324	215,306
Unassigned Fund Balance	1,567,917	1,569,261	1,571,937	1,779,262	1,994,568
Unassigned as % of Expenditures	43.15%	42.50%	43.38%	48.49%	54.02%

As shown above, the budget is balanced for FY 2019, with small gains the next two years. In FY 2022 revenues begin to significantly exceed expenditures (particularly in the Utility Fund). These balances are added to unassigned fund balance and necessary to achieve or maintain 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 2019 as Adopted June 11, 2018*

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>GENERAL FUND</b>					
Restricted / Assigned Fund Balance	\$ 784,353	\$ 184,353	\$ 184,353	\$ 184,353	\$ 184,353
Unassigned Fund Balance	1,888,330	1,885,496	1,874,080	1,945,529	2,020,610
Unassigned as % of Expenditures	23.87%	19.55%	22.14%	22.78%	23.53%
<b>UTILITY FUND</b>					
Restricted / Assigned Fund Balance	1,593,609	979,182	462,755	797,328	1,131,901
Unassigned Fund Balance	1,567,917	1,569,261	1,571,937	1,779,262	1,994,568
Unassigned as % of Expenditures	43.15%	42.50%	43.38%	48.49%	54.02%

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.

As shown in the table above, the five year forecast is for both funds to have healthy fund balances restored by FY 2023.

There are many assumptions that lie beneath these numbers. The following pages dig into these numbers and how they might change over time.



# 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 2019,
- FY 2020,
- FY 2021,
- FY 2022, and
- FY 2023.

The table has three groupings of rows.

The first grouping shows *REVENUES* by major source. Each General Fund revenue source is listed on a separate row:

- property taxes,
- intergovernmental,
- permits and fees,
- sales and service,
- other revenues,
- loan proceeds,
- appropriated fund balance, and
- contributions from other funds.

The last line in this grouping provides a total of revenues.

The second grouping shows *EXPENDITURES* by major category. Each expenditure category appears on a separate row:

- personnel,
- operations,
- capital outlay,
- debt service, and
- transfers.

The last line in this grouping totals all General Fund expenditures.

The third and final grouping, *Net Gain or (Loss)*, is a single row showing the difference between General Fund revenues and expenditures in each year.

**GENERAL FUND - 5 YEAR PLAN***FY 2019 as Adopted June 11, 2018*

<b>REVENUES</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Property Taxes	\$ 3,420,666	\$ 3,730,257	\$ 3,746,059	\$ 3,821,120	\$ 3,836,922
Intergovernmental	2,322,930	3,036,527	2,791,151	2,746,359	2,790,275
Permits and Fees	1,232,565	1,254,516	1,276,907	1,349,745	1,323,040
Sales and Service	270,500	279,121	282,222	285,370	288,565
Other Revenues	14,700	14,700	14,700	14,700	14,700
Loan Proceeds	-	375,000	-	-	-
Appropriated Fund Balance	300,000	603,000	6,000	-	-
Contributions from Other Funds	350,000	350,000	350,000	393,702	409,450
<b>Total Revenues</b>	<b>\$ 7,911,360</b>	<b>\$ 9,643,121</b>	<b>\$ 8,467,038</b>	<b>\$ 8,610,996</b>	<b>\$ 8,662,953</b>
<b>EXPENDITURES</b>					
Personnel	4,184,499	4,382,547	4,645,229	4,919,524	5,088,862
Operations	2,302,907	2,412,329	2,402,007	2,450,554	2,507,937
Capital Outlay	891,108	1,785,000	375,000	135,000	28,000
Debt Service	532,846	1,063,078	1,044,218	1,034,470	963,072
Transfers	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 7,911,360</b>	<b>\$ 9,642,955</b>	<b>\$ 8,466,454</b>	<b>\$ 8,539,548</b>	<b>\$ 8,587,871</b>
<b>Net Gain (Loss)</b>	<b>\$ -</b>	<b>\$ 166</b>	<b>\$ 584</b>	<b>\$ 71,448</b>	<b>\$ 75,082</b>

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 - 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 2019 as Adopted June 11, 2018*

PROPERTY TAXES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Real and Personal Property Tax	\$ 3,234,506	\$ 3,541,897	\$ 3,557,700	\$ 3,632,761	\$ 3,648,563
Tax Base Valuation	800,264,000	878,073,140	882,073,140	901,073,140	905,073,140
Tax Rate per \$100 Valuation	0.4135	0.4135	0.4135	0.4135	0.4135
Collection Rate	95.54%	95.54%	95.54%	95.54%	95.54%
Motor Vehicle Tax	151,159	151,159	151,159	151,159	151,159
Other Property Tax	35,000	37,200	37,200	37,200	37,200
<b>TOTAL PROPERTY TAXES</b>	<b>\$ 3,420,666</b>	<b>\$ 3,730,257</b>	<b>\$ 3,746,059</b>	<b>\$ 3,821,120</b>	<b>\$ 3,836,922</b>

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 (0.5%) from new construction.
- Increases 7.25% in FY 2020 due to revaluation.
- Increases in FY 2020 with hotel and restaurant openings.
- Increases in FY 2022 with the completion of an anticipated healthcare facility.

Other Property Tax revenues go up in FY 2020 due to an increase in payment in lieu of taxes for Town-owned property leases.

## ► General Fund Revenue - Intergovernmental

The following table provides underlying detail for the forecasted General Fund intergovernmental revenue.

### GENERAL FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTAL

FY 2019 as Adopted June 11, 2018

INTERGOVERNMENTAL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Revenues</b>					
Local Option Sales Tax	\$ 1,155,000	\$ 1,189,650	\$ 1,225,340	\$ 1,262,100	\$ 1,299,963
Utilities Franchise Tax	385,000	385,000	385,000	385,000	385,000
Beer and Wine Tax	18,500	18,685	18,872	19,061	19,251
County ABC Profit Distribution	123,500	124,735	125,982	127,242	128,515
Powell Bill	122,250	135,777	135,777	135,777	135,777
Fire District Tax	518,680	582,680	900,180	817,180	821,770
<b>Subtotal Recurring Revenues</b>	<b>\$ 2,322,930</b>	<b>\$ 2,436,527</b>	<b>\$ 2,791,151</b>	<b>\$ 2,746,359</b>	<b>\$ 2,790,275</b>
<b>One-Time Revenues</b>					
Boating Infrastructure Grant - Boardwalk	-	600,000	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>-</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 2,322,930</b>	<b>\$ 3,036,527</b>	<b>\$ 2,791,151</b>	<b>\$ 2,746,359</b>	<b>\$ 2,790,275</b>

Local Option Sales Tax assumes a 3% increase each year based on historical state revenue projections.

Beer and Wine Tax and County ABC Profit Distribution assume a 1% increase each year.

Powell Bill increases due to an additional 8.35 lane miles on Cedar and Live Oak Streets reverting from NC Department of Transportation to Town roads.

Fire District Tax assumes Carteret County agrees to pay for Fire Pumper Truck (debt service and ongoing maintenance) beginning in FY 2020 and the expansion of Substation 2 (construction, staffing, and ongoing maintenance) beginning in FY 2021.

One-Time Revenues assume US Fish and Wildlife Service awards Town \$600,000 Boating Infrastructure Grant, applied for in late FY 2018.

## ► General Fund Revenue - Permits and Fees

The following table provides underlying detail for the forecasted General Fund permits and fees revenue.

### GENERAL FUND 5 YEAR REVENUE DETAIL - PERMITS & FEES

*FY 2019 as Adopted June 11, 2018*

PERMITS & FEES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Revenues</b>					
Solid Waste Fees	\$ 588,700	\$ 600,474	\$ 612,483	\$ 624,733	\$ 637,228
Building Permits	150,000	153,000	156,060	159,181	162,365
Stormwater Fees	134,000	134,000	134,000	134,000	134,000
Parking Fees	358,865	366,042	373,363	380,830	388,447
Other Permits and Fees	1,000	1,000	1,000	1,000	1,000
<b>Subtotal Recurring Revenues</b>	<b>\$ 1,232,565</b>	<b>\$ 1,254,516</b>	<b>\$ 1,276,907</b>	<b>\$ 1,299,745</b>	<b>\$ 1,323,040</b>
<b>One-Time Revenues</b>					
Nursing Home Building Fees	-	-	-	50,000	-
<b>Subtotal Recurring Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>TOTAL PERMITS &amp; FEES</b>	<b>\$ 1,232,565</b>	<b>\$ 1,254,516</b>	<b>\$ 1,276,907</b>	<b>\$ 1,349,745</b>	<b>\$ 1,323,040</b>

Solid waste user fees, building permits, and parking fees follow the Consumer Price Index and assume 2% increase each year.

The stormwater fees will increase once the consultant recommends a commercial stormwater fee.

Building permits also increase in FY 2022 with the anticipated construction of a healthcare facility.

## ► General Fund Revenue - Sales and Service

The following table provides underlying detail for the forecasted General Fund sales and service revenue.

### GENERAL FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE

FY 2019 as Adopted June 11, 2018

SALES & SERVICE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Revenues</b>					
Property Leases	\$ 213,000	\$ 221,621	\$ 224,722	\$ 227,870	\$ 231,065
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	-	-	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>\$ 270,500</b>	<b>279,121</b>	<b>282,222</b>	<b>285,370</b>	<b>288,565</b>
<b>One-Time Revenues</b>					
Sale of Fixed Assets	-	-	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALES &amp; SERVICE</b>	<b>\$ 270,500</b>	<b>\$ 279,121</b>	<b>\$ 282,222</b>	<b>\$ 285,370</b>	<b>\$ 288,565</b>

Property leases with CPI increase clauses go up 1.5% each year. FY 2020 reflects forthcoming settlement with Beaufort House.

## ► General Fund Revenue - Other Revenue

The following table provides underlying detail for the forecasted General Fund other revenue.

### GENERAL FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE

FY 2019 as Adopted June 11, 2018

OTHER REVENUE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Revenues</b>					
Investment Earnings	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Insurance Reimbursements	-	-	-	-	-
Other Miscellaneous Revenues	2,700	2,700	2,700	2,700	2,700
<b>Subtotal Recurring Revenues</b>	<b>\$ 14,700</b>	<b>14,700</b>	<b>14,700</b>	<b>14,700</b>	<b>14,700</b>
<b>One-Time Revenues</b>					
Donations	-	-	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER REVENUE</b>	<b>\$ 14,700</b>	<b>\$ 14,700</b>	<b>\$ 14,700</b>	<b>\$ 14,700</b>	<b>\$ 14,700</b>

The forecast assumes no changes in other revenue.

## ► General Fund Revenue - 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 2019 as Adopted June 11, 2018*

LOAN PROCEEDS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Loan Proceeds	-	375,000	-	-	-
<b>TOTAL LOAN PROCEEDS</b>	<b>\$ -</b>	<b>\$ 375,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The loan in FY 2020 assumes Carteret County agrees to pay debt service for a Fire Pumper Truck.

## ► General Fund Revenue - Contributions from Other Funds

The following table provides underlying detail for the forecasted General Fund revenue from Utility Fund contributions.

### GENERAL FUND 5 YEAR REVENUE DETAIL - CONTRIBUTIONS

*FY 2019 as Adopted June 11, 2018*

CONTRIBUTIONS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Contributions from Utility Fund	350,000	350,000	350,000	393,702	409,450
<b>TOTAL CONTRIBUTIONS</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 393,702</b>	<b>\$ 409,450</b>

➤ Refer to assumptions in the Utility Fund Spending Forecast.

## ► General Fund Revenue - Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of General Fund reserves (fund balance).

### GENERAL FUND 5 YEAR REVENUE DETAIL - FROM RESERVES

*FY 2019 as Adopted June 11, 2018*

FROM RESERVES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Appropriated Fund Balance	300,000	603,000	6,000		
<b>TOTAL FROM RESERVES</b>	<b>\$ 300,000</b>	<b>\$ 603,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ -</b>

FY 2019 \$300,000 is appropriated for equipment and capital purchases and improvements. In FY 2020, an anticipated \$600,000 will be appropriated for reconstruction of the boardwalk / bulkhead.

## General Fund Spending Forecast

Detailed revenue forecasts for each major expenditure category are as follows.

### ► General Fund Spending - Personnel

The following table provides underlying detail for forecasted personnel spending in the General Fund.

#### GENERAL FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL

*FY 2019 as Adopted June 11, 2018*

PERSONNEL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Costs</b>					
Salary	\$ 2,799,000	\$ 2,909,721	\$ 3,065,224	\$ 3,266,684	\$ 3,477,836
Fringe	1,274,778	1,300,274	1,343,670	1,406,116	1,470,522
Cost of Living Adjustment	33,721	58,194	61,304	65,334	69,557
Merit Pay Raises	77,000	59,358	62,531	66,640	70,948
Future New Positions - Police	N/A	55,000	-	-	-
Future New Positions - Fire	N/A	-	112,500	114,750	-
<b>Subtotal Recurring Costs</b>	<b>4,184,499</b>	<b>4,382,547</b>	<b>4,645,229</b>	<b>4,919,524</b>	<b>5,088,862</b>
<b>One-Time Costs</b>					
No One-Time Costs	N/A	-	-	-	-
<b>Subtotal One-Time Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PERSONNEL</b>	<b>\$ 4,184,499</b>	<b>\$ 4,382,547</b>	<b>\$ 4,645,229</b>	<b>\$ 4,919,524</b>	<b>\$ 5,088,862</b>

Personnel costs increase 2% each year for cost of living.

Forecast assumes salary plus fringe benefits for one new police officer position beginning in FY 2020. If Carteret County agrees to pay for staffing at Substation 2, six new firefighter positions will start half-way through FY 2021. The next year shows the balance of the cost for those new positions.

## ► General Fund Spending - Operations

The following table provides underlying detail for forecasted operations spending in the General Fund.

### GENERAL FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS

FY 2019 as Adopted June 11, 2018

OPERATIONS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Costs</b>					
Budget Year Recurring Costs	\$ 2,262,692	N/A	N/A	N/A	N/A
Prev Fiscal Year Recurring Costs	N/A	\$ 2,267,692	\$ 2,323,046	\$ 2,374,507	\$ 2,421,997
2% Inflation Adjustment	N/A	45,354	46,461	47,490	48,440
New - Randolph Johnson Park Maintenance		8,000	-	-	-
New - Fire Pumper Truck Maintenance	N/A	2,000	-	-	-
New - Fire Substation II Maintenance	N/A	-	5,000	-	-
<b>Subtotal Recurring Costs</b>	<b>\$ 2,262,692</b>	<b>2,323,046</b>	<b>2,374,507</b>	<b>2,421,997</b>	<b>2,470,437</b>
<b>One-Time Costs</b>					
Elections	N/A	6,783	-	7,057	-
Equip - Planning GIS Plotter/Scanner	N/A	8,000	-	-	-
Heavy Equip - Public Works Backhoe	N/A	-	12,000	12,000	12,000
Maintenance - Public Works Building	11,000	-	-	-	-
New Equip - Administration Software	N/A	10,000	-	-	-
New Equip - Upfit Fire Ladder Truck	22,215	-	-	-	-
New Equip - Police Mobile Sign Trailer	N/A	15,000	-	-	-
Prof Serv - Planning Hazard Mitigation Plan	N/A	-	5,000	-	-
Prof Serv - Planning HPC Update Survey	N/A	15,000	-	-	-
Prof Serv - Police CAD Integration	N/A	1,500	1,500	1,500	-
Prof Serv - Police Lexipol Integration	N/A	8,000	8,000	8,000	-
Replace Equip - Administration Servers	N/A	15,000	-	-	-
Replace Equip - Finance Computers	7,000	-	-	-	-
Replace Equip - Police Computers	N/A	-	1,000	-	-
Replace Equip - Police MDT (x15)	N/A	-	-	-	25,500
Replace Equip - Police Shotguns	N/A	10,000	-	-	-
<b>Subtotal One-Time Costs</b>	<b>40,215</b>	<b>89,283</b>	<b>27,500</b>	<b>28,557</b>	<b>37,500</b>
<b>TOTAL OPERATIONS</b>	<b>\$ 2,302,907</b>	<b>\$ 2,412,329</b>	<b>\$ 2,402,007</b>	<b>\$ 2,450,554</b>	<b>\$ 2,507,937</b>

The forecast assumes recurring operating costs from FY 2019 increase by 2% each year, corresponding with inflation, based on CPI.

FY 2020 adds recurring costs for Randolph Johnson Park maintenance.

Assuming Carteret County agrees to cover costs, FY 2020 adds recurring costs for Fire Pumper Truck maintenance. FY 2021 adds recurring maintenance costs for Substation 2.

One-time costs are based on department-level planning.

## ► General Fund Spending - Capital Outlay

The following table provides underlying detail for forecasted capital outlay in the General Fund.

### GENERAL FUND 5 YEAR EXPENDITURE DETAIL - CAPITAL OUTLAY

FY 2019 as Adopted June 11, 2018

CAPITAL OUTLAY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Expand Facility - Fire Substation II	N/A	-	200,000	-	-
Heavy Equip - Fire Pumper Truck	N/A	375,000	-	-	-
New Facility - Fire Drill Tower	N/A	-	60,000	-	-
New Vehicle - Police Boat	N/A	50,000	-	-	-
Prof Serv - Planning CAMA Land Use Plan	N/A	50,000	-	-	-
Prof Serv - Planning Tech Spec Manual	N/A	50,000	-	-	-
Prof Serv - Stormwater Mgmt Plan	103,000	-	-	-	-
Repairs - Boardwalk	N/A	1,200,000	-	-	-
Repairs - Police Building	100,000	-	-	-	-
Replace Vehicles - Fire Vehicle	N/A	35,000	-	-	-
Replace Vehicles - Planning Trucks	N/A	25,000	-	-	-
Replace Vehicles - Police Patrol Cars	90,000	-	90,000	135,000	-
Replace Vehicles - Public Works Trucks	30,630	-	25,000	-	28,000
Roads - Paving	282,478	-	-	-	-
Assigned for Boardwalk / Bulkhead	285,000	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>\$ 891,108</b>	<b>\$ 1,785,000</b>	<b>\$ 375,000</b>	<b>\$ 135,000</b>	<b>\$ 28,000</b>

Fire Substation 2 and Fire Pumper Truck assume Carteret County agrees to pay for these items and their associated operational costs.

► Refer to *Substation 2* and *Fire Pumper Truck* profiles in *Section 4: Capital Improvement Plan* for more information.

The Boardwalk repairs assume \$600,000 from appropriated fund balance and the \$600,000 Boating Infrastructure Grant. Loan financing has been identified as an option if the grant does not come through.

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

All other FY 2020 and beyond requests are based on department-level planning.

► Refer to *Capital Expenditure Summary for FY 2019* in *Section 3: Annual Budget* for more information on FY 2019 capital outlay.

## ► General Fund Spending - 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 2019 as Adopted June 11, 2018

DEBT SERVICE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Existing Debt Service</b>					
FY 2012 Town Hall	\$ 125,411	\$ 122,420	\$ 119,486	\$ 116,438	\$ 113,447
FY 2014 Parking Meters	21,275	-	-	-	-
FY 2015 Fire Boat	12,301	9,226	-	-	-
FY 2016 Fire Station	285,425	278,725	272,025	265,325	258,625
FY 2016 Police Cars	26,727	-	-	-	-
FY 2017 Planning Truck	5,023	5,023	5,023	5,023	-
FY 2017 Police Cars	17,220	17,220	17,220	17,220	-
FY 2017 Public Works 1-Ton Truck	8,610	8,610	8,610	8,610	-
FY 2017 Public Works Grapple Truck	30,853	30,853	30,853	30,853	-
<b>Subtotal Existing Debt Service</b>	<b>\$ 532,846</b>	<b>\$ 472,078</b>	<b>\$ 453,218</b>	<b>\$ 443,470</b>	<b>\$ 372,072</b>
<b>New Debt Service</b>					
FY 2019 Street Management	N/A	529,000	529,000	529,000	529,000
FY 2020 Fire Pumper Truck	N/A	62,000	62,000	62,000	62,000
<b>Subtotal New Debt Service</b>	<b>-</b>	<b>591,000</b>	<b>591,000</b>	<b>591,000</b>	<b>591,000</b>
<b>TOTAL DEBT SERVICE</b>	<b>\$ 532,846</b>	<b>\$ 1,063,078</b>	<b>\$ 1,044,218</b>	<b>\$ 1,034,470</b>	<b>\$ 963,072</b>

Existing debt service numbers come from actual payment schedules.

► Refer to *Debt Summary for FY 2019* in *Section 3: Annual Budget* for more information.

New debt service is anticipated for a \$6 million loan taken out in late FY 2019 for road resurfacing and repairs.

► Refer to *Street Management Program* profile in *Section 4: Capital Improvement Plan* for more information.

Assuming Carteret County agrees to pay for the Fire Pumper Truck, new debt service will begin for that loan in FY 2020.

► Refer to *Substation 2* and *Fire Pumper Truck* profiles in *Section 4: Capital Improvement Plan* for more information.

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**► General Fund Spending - Transfers**

The following table provides underlying detail for forecasted transfers from the General Fund.

**GENERAL FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS***FY 2019 as Adopted June 11, 2018*

TRANSFERS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
None this year	-	-	-	-	-
<b>TOTAL TRANSFERS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

There are no forecasted transfers to other funds.



Providing clean water involves many costs, such as: electricity for high horsepower pumps, high maintenance costs, manpower for operations, contract laboratory testing of samples, and chemical and water softening costs.

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# Utility Fund Five Year Plan

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

The following table displays the five year forecast of Utility Fund revenues and expenditures. The first row labels each of five columns:

- *FY 2019*,
- *FY 2020*,
- *FY 2021*,
- *FY 2022*, and
- *FY 2023*.

The table has three groupings of rows.

The first grouping shows *REVENUES* by major source. Each Utility Fund revenue source is listed on a separate row:

- intergovernmental,
- permits and fees,
- sales and service,
- other revenues,
- loan proceeds, and
- appropriated fund balance.

The last line in this grouping provides a total of revenues.

The second grouping shows *EXPENDITURES* by major category. Each expenditure category appears on a separate row:

- personnel,
- operations,
- capital outlay,
- debt service, and
- transfers.

The last line in this grouping totals all Utility Fund expenditures.

The third and final grouping, *Net Gain or (Loss)*, is a single row showing the difference between Utility Fund revenue and expenditure in each year.

**UTILITY FUND - 5 YEAR PLAN***FY 2019 as Adopted June 11, 2018*

<b>REVENUES</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Permits and Fees	35,000	35,000	35,000	35,000	35,000
Sales and Service	4,083,314	4,113,939	4,144,793	4,175,879	4,207,198
Other Revenues	-	-	-	-	-
Loan Proceeds	-	-	-	-	-
Appropriated Fund Balance	-	949,000	851,000	-	-
<b>Total Revenues</b>	<b>\$ 4,118,314</b>	<b>\$ 5,097,939</b>	<b>\$ 5,030,793</b>	<b>\$ 4,210,879</b>	<b>\$ 4,242,198</b>
<b>EXPENDITURES</b>					
Personnel	849,608	878,016	907,452	937,958	969,572
Operations	936,674	990,907	1,007,516	1,003,306	1,013,886
Capital Outlay	484,373	1,404,573	1,404,573	334,573	334,573
Debt Service	1,497,659	1,473,099	1,358,576	1,334,016	1,299,410
Transfers	350,000	350,000	350,000	393,702	409,450
<b>Total Expenditures</b>	<b>\$ 4,118,314</b>	<b>\$ 5,096,595</b>	<b>\$ 5,028,117</b>	<b>\$ 4,003,555</b>	<b>\$ 4,026,892</b>
<b>Net Gain (Loss)</b>	<b>\$ -</b>	<b>\$ 1,344</b>	<b>\$ 2,676</b>	<b>\$ 207,324</b>	<b>\$ 215,306</b>

The net gain beginning in FY 2022 corresponds with a decrease in capital outlay expenditures and one-time operations costs. It is likely that unforeseen capital outlay and one-time operation needs will arise, and reduce the net gain. Any additional net gain could then 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 - Intergovernmental

The following table provides underlying detail for the forecasted Utility Fund intergovernmental revenue.

#### UTILITY FUND 5 YEAR REVENUE DETAIL - INTERGOVERNMENTAL

*FY 2019 as Adopted June 11, 2018*

INTERGOVERNMENTAL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
One-Time Intergovernmental	-	-	-	-	-
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The five-year forecast has no anticipated intergovernmental revenues.

### ► Utility Fund Revenue - 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 2019 as Adopted June 11, 2018*

PERMITS & FEES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Sewer Permits and Fees	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Water Permits and Fees	25,000	25,000	25,000	25,000	25,000
Other Permits and Fees	-	-	-	-	-
<b>TOTAL PERMITS &amp; FEES</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>

The forecast shows no anticipated change in sewer and water permits and fees.

## ► Utility Fund Revenue - Sales and Service

The following table provides underlying detail for the forecasted Utility Fund sales and service revenue.

### UTILITY FUND 5 YEAR REVENUE DETAIL - SALES & SERVICE

FY 2019 as Adopted June 11, 2018

SALES & SERVICE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Sewer Sales and Service	\$ 2,937,005	\$ 2,959,033	\$ 2,981,226	\$ 3,003,585	\$ 3,026,112
Water Sales and Service	1,146,309	1,154,906	1,163,568	1,172,294	1,181,087
Sale of Fixed Assets	-	-	-	-	-
Other Sales and Service	-	-	-	-	-
<b>TOTAL SALES &amp; SERVICE</b>	<b>\$ 4,083,314</b>	<b>\$ 4,113,939</b>	<b>\$ 4,144,793</b>	<b>\$ 4,175,879</b>	<b>\$ 4,207,198</b>

Water and sewer sales and service revenue show a 0.75% increase each year. The sewer forecast will change with the fee study results expected in late FY 2018.

## ► Utility Fund Revenue - Other Revenue

The following table provides underlying detail for the forecasted Utility Fund other revenue.

### UTILITY FUND 5 YEAR REVENUE DETAIL - OTHER REVENUE

FY 2019 as Adopted June 11, 2018

OTHER REVENUE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Revenues</b>					
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Reimbursements	-	-	-	-	-
Other Miscellaneous Revenues	-	-	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>One-Time Revenues</b>					
Donations	-	-	-	-	-
<b>Subtotal Recurring Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The forecast assumes no other revenue for the Utility Fund.

## ► Utility Fund Revenue - 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 2019 as Adopted June 11, 2018

LOAN PROCEEDS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Loan Proceeds	-	-	-	-	-
<b>TOTAL LOAN PROCEEDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The forecast assumes no loan proceeds in the Utility Fund.

## ► Utility Fund Revenue - Appropriated Fund Balance

The following table provides underlying detail for the forecasted use of Utility Fund reserves (fund balance).

### UTILITY FUND 5 YEAR REVENUE DETAIL - FROM RESERVES

FY 2019 as Adopted June 11, 2018

FROM RESERVES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Appropriated Unrestricted Fund Balance	-	-	251,000	-	-
Appropriated Restricted Sewer Fund Balance	-	449,000	-	-	-
Appropriated Restricted Water Fund Balance	-	500,000	600,000	-	-
<b>TOTAL FROM RESERVES</b>	<b>\$ -</b>	<b>\$ 949,000</b>	<b>\$ 851,000</b>	<b>\$ -</b>	<b>\$ -</b>

Forecast for FY 2020 and FY 2021 include fund balance appropriations for utility line repairs.

► Refer to *Utility Line Improvements* profile in *Section 4: Capital Improvement Plan* for more information.

## Utility Fund Spending Forecast

Detailed revenue forecasts for each major expenditure category are as follows.

### ► Utility Fund Spending - Personnel

The following table provides underlying detail for forecasted personnel spending in the Utility Fund.

#### UTILITY FUND 5 YEAR EXPENDITURE DETAIL - PERSONNEL

*FY 2019 as Adopted June 11, 2018*

PERSONNEL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Costs</b>					
Salary	\$ 538,200	\$ 559,576	\$ 582,183	\$ 605,703	\$ 630,173
Fringe	290,032	295,833	301,749	307,784	313,940
Cost of Living Adjustment	6,376	11,192	11,644	12,114	12,603
Merit Pay Raises	15,000	11,415	11,877	12,356	12,856
Future New Positions - Sewer	N/A	-	-	-	-
Future New Positions - Water	N/A	-	-	-	-
<b>Subtotal Recurring Costs</b>	<b>849,608</b>	<b>878,016</b>	<b>907,452</b>	<b>937,958</b>	<b>969,572</b>
<b>One-Time Costs</b>					
No One-Time Costs	N/A	-	-	-	-
<b>Subtotal One-Time Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PERSONNEL</b>	<b>\$ 849,608</b>	<b>\$ 878,016</b>	<b>\$ 907,452</b>	<b>\$ 937,958</b>	<b>\$ 969,572</b>

Personnel costs increase 2% each year for cost of living.

Five-year forecast shows no new positions.

## ► Utility Fund Spending - Operations

The following table provides underlying detail for forecasted operations spending in the Utility Fund.

### UTILITY FUND 5 YEAR EXPENDITURE DETAIL - OPERATIONS

*FY 2019 as Adopted June 11, 2018*

OPERATIONS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Recurring Costs</b>					
Budget Year Recurring Costs	\$ 936,674	N/A	N/A	N/A	N/A
Prev Fiscal Year Recurring Costs	N/A	\$ 936,674	\$ 955,407	\$ 974,516	\$ 994,006
2% Inflation Adjustment	N/A	18,733	19,108	19,490	19,880
<b>Subtotal Recurring Costs</b>	<b>\$ 936,674</b>	<b>955,407</b>	<b>974,516</b>	<b>994,006</b>	<b>1,013,886</b>
<b>One-Time Costs</b>					
Equip - Replacement Hustler Mower	N/A	7,500	-	-	-
Equip - Spare Influent Pump	N/A	18,000	-	-	-
Maint - Water High Service Room	N/A	10,000	-	-	-
Maint - Water Softeners	N/A	-	18,000	-	-
Maint - Sandblast/Repaint Sludge Facility	N/A	-	15,000	-	-
Equip - Sewer Gorman Rupp Controller	N/A	-	-	2,300	-
Equip - Sewer Lift Station Pumps	N/A	-	-	7,000	-
<b>Subtotal One-Time Costs</b>	<b>-</b>	<b>35,500</b>	<b>33,000</b>	<b>9,300</b>	<b>-</b>
<b>TOTAL OPERATIONS</b>	<b>\$ 936,674</b>	<b>\$ 990,907</b>	<b>\$ 1,007,516</b>	<b>\$ 1,003,306</b>	<b>\$ 1,013,886</b>

The forecast assumes recurring operating costs from FY 2019 increase by 2% each year, corresponding with the consumer price index.

Each year, contributions are made to the fund balance (contributions to capital reserve) to meet the fund balance levels required by the adopted financial policies and to begin saving money for needed maintenance and repairs.

One-time costs are based on department-level planning.

## ► Utility Fund Spending - 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 2019 as Adopted June 11, 2018

CAPITAL OUTLAY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Utility Line Repairs	N/A	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Replace Sewer Pump Generators	71,800	-	-	-	-
Replace Sewer Pickup Truck	28,000	-	-	-	-
Replace Water Service Truck	50,000	-	-	-	-
Sewer Heavy Duty Boom Truck	N/A	70,000	-	-	-
Dump Truck (Short Body)	N/A	-	70,000	-	-
Assigned for future Capital Projects - Sewer	100,000	100,000	100,000	100,000	100,000
Assigned for future Capital Projects - Water	234,573	234,573	234,573	234,573	234,573
<b>TOTAL CAPITAL OUTLAY</b>	<b>\$ 484,373</b>	<b>\$ 1,404,573</b>	<b>\$ 1,404,573</b>	<b>\$ 334,573</b>	<b>\$ 334,573</b>

Forecast shows capital expenditures in FY 2020 and FY 2021 for utility line repairs as part of the capital improvement plan.

- Refer to *Utility Line Improvements* profile in *Section 4: Capital Improvement Plan* for more information.

All other FY 2020 and beyond requests are based on department-level planning.

- Refer to *Capital Expenditure Summary for FY 2019* in *Section 3: Annual Budget* for more information on FY 2019 capital outlay.

## ► Utility Fund Spending - 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 2019 as Adopted June 11, 2018

DEBT SERVICE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Existing Debt Service</b>					
FY 2006 Sewer	\$ 35,427	\$ 34,763	\$ 34,099	\$ 33,435	\$ 32,771
FY 2008 Sewer	36,338	35,667	34,996	34,325	33,654
FY 2009 Sewer	340,680	334,388	328,097	321,805	315,514
FY 2010 Sewer Plant	851,873	837,340	822,808	808,275	793,743
FY 2013 Water - Glenda	69,369	68,115	66,861	65,607	64,353
FY 2013 Water - Sycamore	63,966	62,818	61,670	60,523	59,375
FY 2016 Sewer Trucks	89,962	89,962	-	-	-
FY 2017 Water Pickup Truck	5,023	5,023	5,023	5,023	-
FY 2017 WWTP Pickup Truck	5,023	5,023	5,023	5,023	-
<b>Subtotal Existing Debt Service</b>	<b>\$ 1,497,659</b>	<b>\$ 1,473,099</b>	<b>\$ 1,358,576</b>	<b>\$ 1,334,016</b>	<b>\$ 1,299,410</b>
<b>New Debt Service</b>					
	N/A	N/A	N/A	N/A	N/A
<b>Subtotal New Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL DEBT SERVICE</b>	<b>\$ 1,497,659</b>	<b>\$ 1,473,099</b>	<b>\$ 1,358,576</b>	<b>\$ 1,334,016</b>	<b>\$ 1,299,410</b>

Existing debt service numbers come from actual payment schedules.

No new debt service is expected.

- Refer to *Debt Summary for FY 2019* in *Section 3: Annual Budget* for more information on existing debt.

## ► Utility Fund Spending - Transfers

The following table provides underlying detail for forecasted transfers from the Utility Fund.

### UTILITY FUND 5 YEAR EXPENDITURE DETAIL - TRANSFERS

*FY 2019 as Adopted June 11, 2018*

TRANSFERS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
To General Fund for Admin Services	350,000	350,000	350,000	393,702	409,450
<b>TOTAL TRANSFERS</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 393,702</b>	<b>\$ 409,450</b>

The Utility Fund contributes to the General Fund for Human Resources, Finance, and Public Works for administrative and maintenance services.

For FY 2020 and FY 2021, the amount contributed holds steady to keep the Utility Fund balanced.

In FY 2022, the Utility Fund will have begun to recover, so the contribution increases to make up for skipped increases in FY 2020 and FY 2021.

In FY 2023 and beyond, the contribution increases by 4% each year.

# Fee Schedule FY 2019

EFFECTIVE DATE: August 13, 2018

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## Planning & Inspections Fees

### Building New Structures & Additions

Fee Type	Residential Fee	Commercial Fee
Building & Insulation (heated/unheated space)	\$50.00 base fee, plus \$.15/sq. ft. for first 1,000 sq. ft. and \$.08/sq. ft. thereafter	\$50.00 base fee, plus \$.25/sq. ft. for first 1,000 sq. ft. and \$.15/sq. ft. thereafter
Electrical (heated/unheated)	\$.08/sq. ft. + \$50.00 base fee	\$.10/sq. ft. + \$50.00 base fee
Mechanical (heated space only)	\$.08/sq. ft. + \$50.00 base fee	\$.10/sq. ft. + \$50.00 base fee
Plumbing (heated space only)	\$.08/sq. ft. + \$50.00 base fee	\$.10/sq. ft. + \$50.00 base fee
Homeowner's Recovery Fee*	\$10.00/structure	NA

Residential permits are required for all work involving the following:

- Work performed to residential or farm 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

\*100% of the Homeowner's Recovery Fee is sent quarterly to the General Contracting Board; fee is only assessed to contractors with a current NC General Contracting License.

### Building New Other Structures

Other structures include porches, decks, sheds, piers, bulkheads, retaining walls, etc.

Fee Type	Residential Fee	Commercial Fee
Building & Insulation	\$.10/sq. ft. + \$50.00 base fee	\$0.15/sq. ft. + \$50.00
Electrical	\$.08/sq. ft. + \$50.00 base fee	\$0.10/sq. ft. + \$50.00
Mechanical	\$.08/sq. ft. + \$50.00 base fee	\$0.10/sq. ft. + \$50.00
Plumbing	\$.08/sq. ft. + \$50.00 base fee	\$0.10/sq. ft. + \$50.00
Homeowner's Recovery Fee*	\$10.00/structure	NA

\*100% of the Homeowner's Recovery Fee is sent quarterly to the General Contracting Board; fee is only assessed to contractors with a current NC General Contracting License.

## Changing Existing Structures

Fee Type	Residential Fee	Commercial Fee
Renovations & Repairs**	\$10.00 per \$1,000.00 construction value	\$10.00 per \$1,000.00 construction value
Electrical additions/changes	\$50.00/system	\$50.00/system
HVAC additions/changes	\$50.00/unit	\$50.00/unit
Plumbing additions/changes	\$50.00	\$50.00

\*\*For projects valued in excess of \$5,000, the fee assessed for Renovations & Repairs is inclusive of electrical, HVAC, and plumbing fees.

## Commercial Outbuildings

Commercial Outbuildings includes airport storage structures (except hangars), and warehouse buildings, but does not include shell buildings or multiple storage structures.

Fee Type	Residential Fee	Commercial Fee
Building & Insulation		\$0.15/sq. ft. + \$50.00
Electrical		\$0.08/sq. ft. + \$50.00
Mechanical		\$0.08/sq. ft. + \$50.00
Plumbing		\$0.08/sq. ft. + \$50.00

## Miscellaneous Permitting Fees

Fee Type	Residential Fee	Commercial Fee
Re-inspection fee (applies to third attempt and beyond)	\$50.00/visit	\$50.00/visit
Minimum permit fee	\$50.00	\$50.00
Structure moving	Same as new construction	Same as new construction
Demolition	\$50.00/structure	\$50.00/structure
Gas pumps/Storage tanks	\$20.00/unit + \$50.00	\$20.00/unit + \$50.00
Signs	\$1.75/sq. ft. + \$50.00	\$1.75/sq. ft. + \$50.00
Fire sprinkler/Alarm systems	\$.08/sq. ft. + \$50.00	\$.08/sq. ft. + \$50.00
Re-Activate Expired Permit	\$50.00	\$50.00
Swimming Pools	\$250.00 + Fees for pool house	\$250.00 + Fees for pool house
Working without a permit	Double the permit fee unless waived by Inspector	Double the permit fee unless waived by Inspector

**Planning-Related Application Fees**

<b>Fee Type</b>	<b>Residential Fee</b>	<b>Commercial Fee</b>
Certificate of Appropriateness – Historic District	\$50.00/application	\$50.00/application
Rezoning Request	\$200.00/application	\$200.00/application
Variance Request	\$200.00/application	\$200.00/application
Preliminary Plat Approval	\$200.00/application	\$200.00/application
Final Plat/Subdivision Approval	\$200.00/application	\$200.00/application
Special Use Permission	\$200.00/application	\$200.00/application
Site Plan Review	\$200.00/application	\$200.00/application

# Fire Safety Fees

## Fire Inspection Program

Inspection Type	Fines and Fees
1st Inspection (initial)	No charge
2nd Inspection (after 30 days)	No charge*
3rd Inspection	\$25.00 base fee, plus \$25.00 fine per violation per day until corrected
4th Inspection and beyond	Base fee increases incrementally by \$25 for each inspection, plus \$25.00 fine per violation per day until corrected

\* After 2nd inspection, a request for an extension and waiver of fees can be submitted.

## 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 Detection, Extinguishment and Related Equipment:** Failure to have required testing and maintenance conducted of fire alarm system(s), fire sprinkler systems and/or alternative automatic fire extinguishing systems (includes commercial hood and duct systems, wet-chemical, dry-chemical, foam, carbon dioxide systems, halon systems and clean agent systems) and to have required documentation of test(s).

Assemblies with Impaired Fire Detection/Extinguishment Equipment must provide a Fire Watch person while the building is occupied or it will be closed.

Violation Type	Fines and 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; \$150.00 + \$20.00 per violation; warning letter sent within 72 hours
3rd Offense in 6 months	Business is closed for 24 hours; \$250.00 + \$40.00 per violation

**General Fire Safety Violation Fees**

<b>Violation Type</b>	<b>Fines and Fees</b>
Parking in a fire lane or in front of a fire hydrant	\$100.00 per violation
Assault on a Fire Code Official	\$100.00 per violation
Nuisance Fire Alarms	
After 4th nuisance alarm in a single calendar year*	\$100.00
5th and subsequent nuisance alarm in a single calendar year	\$200.00
Fire Detection & Suppression System work and/or modification without plan submittal and approval	\$150.00

\* 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.

## Solid Waste Collection, Water, and Sewer

### Solid Waste Residential, Outside Waterfront Business District

Service Type	Monthly Fee
Solid Waste User Fee	\$18.50
Additional Solid Waste Cart	\$10.18
Additional Recycle Cart	\$4.08
Solid Waste / Recycling Violation Fee – 3rd and subsequent violation	\$150.00 per violation

### Solid Waste Waterfront Business District

Service Type	Volume/Frequency	Monthly Fee
Commercial Solid Waste User Fee	High Volume	\$152.70
	Medium Volume	\$66.17
	Low Volume	\$20.36
Residential Solid Waste User Fee		\$18.50
Solid Waste Roll-Out – 96 Gallon	Once per Week	\$23.42
Recycling Roll-Out – 96 Gallon	Once per Week	\$16.29
Additional Container		\$14.26
Recycling Roll-Out – 96 Gallon	Twice per Week*	\$33.95
Additional Container		\$39.92
Cardboard Recycling User Fee		\$10.18
Solid Waste / Recycling Violation Fee	3rd and subsequent violation	\$150.00 per violation

\* Twice per week recycle services for the WBD is provided at this rate based on 30 carts participating in the program. If there are less than 30 carts the collection fees will be distributed among the number of carts participating. This service is offered during the season from May-September.

### Water & Sewer Capacity & Tap Fees

Meter Size	Water Tap Fee	Sewer Tap Fee	Water System Development Fee	Sewer System Development Fee
3/4"	\$700.00	\$750.00		
1"	\$800.00	\$750.00		
1 1/2"	\$1,075.00	\$750.00		
2"	\$1,375.00	\$750.00		
3"	\$575.00*	\$750.00		
4"	\$625.00*	\$750.00		
6"	\$850.00*	\$750.00		
8"	\$1175.00*	\$750.00		

\* All taps larger than 2" shall be installed at developer's cost in accordance with Town of Beaufort standards and developers shall pay a tap-on fee as shown above.

All water and sewer taps made outside Town limits are double in-town rates shown above. Water or sewer capacity fees outside Town limits are negotiable but will not exceed 2X rates shown above.

Upgrades in service, i.e. changing from a 3/4" meter to a 1" meter, are subject to a difference in the water tap, water capacity, and sewer capacity fees.

### Water & Sewer Usage Rates

Connection Size	In-Town Monthly Rate	Out-of-Town Monthly Rate
3/4" base rate for water	\$10.37	\$20.74
1" base rate for water	\$17.32	\$37.33
1 1/2" base rate for water	\$34.53	\$82.96
2" base rate for water	\$55.27	\$147.25
3" base rate for water	\$110.65	\$333.91
4" base rate for water	\$172.87	N/A
6" base rate for water	\$345.63	\$1,327.36
Variable rate for water	\$5.07 per 1000 gallons	\$7.61 per 1000 gallons
3/4" base rate for sewer	\$21.17	\$42.34
1" base rate for sewer	\$35.85	\$70.01
1 1/2" base rate for sewer	\$70.50	\$140.99
2" base rate for sewer	\$112.20	\$225.67
3" base rate for sewer	\$225.88	\$451.77
4" base rate for sewer	\$352.90	\$705.81
6" base rate for sewer	\$705.60	\$1,411.19
Variable rate for sewer	\$16.80 per 1000 gallons	\$33.60 per 1000 gallons

## Water & Sewer Service Charges

Type	Amount
New Account Service Fee – set up with/without bank draft	NA/\$20.00
Application Fee	\$5.00
Security Deposit      3/4" meter, based on credit score	\$75.00-\$300.00
1" meter	\$100.00
1 1/2" meter	\$140.00
2" meter	\$275.00
Transfer Account	\$25.00
Returned Check Fee	\$25.00
Late Fees - added to late portion	10%
Cleaning/Renovation/Inspection (available for a 2 week period plus water and sewer usage)	\$25.00
Fire Hydrant Meters (includes mobilization, on site employee and 5,000 gallons of water, additional gallons \$.01 each)	\$75.00
Reconnect Fee/After Hours Reconnect Fee	\$25.00/\$75.00
Weekend Call Out	\$75.00
Meter-Only Install (no new tap)	\$400.00
Meter Tampering	\$100.00
Meter Testing	\$30.00
Irrigation/Dock Meter - Tap Fee	\$700.00

## Stormwater Fees

	Residential Monthly Fee	Commercial Monthly Fee
Residential Unit or Equivalent Residential Unit*	\$4.00	\$4.00

\* One Equivalent Residential Unit (ERU) = 1708 sq. ft. of Effective Impervious Area (EIA) where  
EIA = 100% of Impervious Area (sq. ft.) + 15% of Pervious Area (sq. ft.)

## Special Events & Facility Rental

### Facility Rental Fees

Type	Amount
Train Depot Deposit	\$50.00
Train Depot Labor/Key Fee	\$15.00
Train Depot Half Day Rental Resident/Non-Resident	Free/\$75.00
Train Depot Full Day Rental Resident/Non-Resident	Free/\$150.00

### Special Event Fees

Type	Amount
Application Fee	\$25.00
Electricity per Event	\$50.00
Town Parking Spaces during Pay-to-Park Season	\$10.00/space/day
Off Duty Public Safety	\$32.50/hr.
Public Works Service Fee (includes 2 employees)	\$68.00/hr.
Solid Waste or Recycle Cart	\$10.00/cart
Electrician Fees	subject to amount billed by contractor
Additional Town-Provided Supplies As Required	Actual Cost

## Miscellaneous Fees

### Miscellaneous Fees

Type	Amount
Public Records Request - paper copies/meeting recording	\$.15/page   \$1.00/CD
Tent Permit/Inspection	\$50.00
Fire Works Display	\$50.00
Off Duty Officer Request	\$32.50/hr.
Golf Cart Registration	\$75.00
Parking Ticket/Handicap Space	\$20.00 / \$100.00
Parking Ticket Late Fee on day 30	\$30.00
Monthly Parking Pass	\$100.00
Season Parking Pass	\$200.00
WBD Resident Premium Season Pass	\$800.00
Kayak Rack Fee	\$75.00
Kayak Removal/Storage Fee 1st Offense	\$50.00
Kayak Removal/Storage Fee 2nd Offense	\$75.00
Kayak Removal/Storage Fee 3rd Offense	\$100.00
Cemetery Administration Fee	\$25.00
Business Registration Fee – all new businesses beginning in Town limits	\$25.00
Taxi Permitting Fee	\$68.00
Used Oil Service Fee	\$.30/gal
Used Oil Disposal Service Fee	\$30.00
Used Oil Filter Disposal	\$45.00/drum
Nuisance Security Alarms – after 4th nuisance alarm in a single calendar year*	\$100.00
5th and any subsequent nuisance alarm in a single calendar year	\$200.00

\* If a business owner/occupant provides documentation that system has been serviced by a Security System Technician since the 3rd nuisance alarm, then the fee will be waived. The alarm count will start new for the calendar year after the system has been serviced.



# **FY 2019 Annual Budget Ordinance**

EFFECTIVE DATE: July 1, 2018

In this section you will find a concise summary of the FY 2019 Annual Budget. Once adopted by the Board of Commissioners, this ordinance becomes the legal budget for the year and must be followed by law.



***TOWN OF BEAUFORT***  
***FY 2019 BUDGET ORDINANCE***

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

**Section 1: General Fund**

**A. Revenues**

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2018 and ending June 30, 2019:

Property Taxes	\$3,420,666
Intergovernmental	2,322,930
Permits and Fees	1,232,565
Sales and Service	270,500
Other Revenues	14,700
Loan Proceeds	-
Contributions from Other Funds	350,000
Fund Balance Appropriated	300,000
<b>TOTAL</b>	<b>\$7,911,361</b>

**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, 2018 and ending June 30, 2019:

Governing Body	\$ 57,530
Administration	493,480
Finance	482,946
Fire	1,672,946
Planning & Inspections	392,153
Police	1,560,397
Public Works	2,706,771
Non-Departmental	545,137
<b>TOTAL</b>	<b>\$7,911,360</b>

**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, 2018, and ending June 30, 2019:

Intergovernmental	\$ -
Permits and Fees	35,000
Sales and Service	4,083,314
Fund Balance Appropriated	-
<b>TOTAL</b>	<b>\$4,118,314</b>

## 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, 2018, and ending June 30, 2019:

Sewer	\$2,760,680
Water	992,634
Non-Departmental	365,000
<b>TOTAL</b>	<b>\$4,118,314</b>

## Section 3: Ad Valorem Tax

There is hereby levied a tax as calculated below in the General Fund in Section I of this ordinance.

	<b>Real &amp; Personal</b>	<b>Motor Vehicles</b>	<b>Total Revenue</b>
Valuation of property as listed January 1, 2018	\$ 800,264,000	\$ 36,710,252	
Rate \$0.4135 per \$100 value	3,309,092	151,797	
Rate of collection	95.54%	99.58%	
	<u>\$ 3,161,506</u>	<u>\$ 151,159</u>	
			<u><u>\$ 3,312,665</u></u>

In accordance with the NC General Statutes 159-13, the estimated rate of collection for property and motor vehicle taxes for the 2019 fiscal year beginning July 1, 2018 is as shown in the calculation above.

The proceeds from two cents (\$0.02) of the aforementioned tax rate shall be used only for the purpose of resurfacing streets.

## Section 4: Amendments and Contracts

Pursuant to General Statutes 159-15, this budget may be amended by submission of proposed changes to the Board of Commissioners.

Funds may not be transferred between funds without prior approval from the Board of Commissioners. The Town Manager is authorized to transfer funds from one appropriation to another within the same fund without limitation.

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 General Statutes 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 12th day of June, 2018

ATTEST:

Michele Davis

Town Clerk

Everette S. Newton

Mayor

# **Town of Beaufort Financial Policy**

EFFECTIVE DATE: July 1, 2018

In this section you will find the financial policy as adopted for FY 2019.

## **Adopted Financial Policy**

### **Objectives**

This financial policy is a statement of the guidelines and goals that will influence and guide the financial management practice of the Town of Beaufort, North Carolina. A financial policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management.

Effective fiscal policy:

1. Contributes significantly to the Town's ability to insulate itself from fiscal crisis,
2. Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible,
3. Promotes long-term financial stability by establishing clear and consistent guidelines,
4. Directs attention to the total financial picture of the Town rather than single issue areas,
5. Promotes the view of linking long-run financial planning with day to day operations, and
6. Provides the Board of Commissioners, citizens and the Town's professional management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following financial policies are presented.

### **Capital Improvement Planning**

The Town will develop a five-year Capital Improvement Plan (CIP) and review and update the plan annually during its budget process.

1. Capital projects included in the CIP will specifically advance one or more of the Board of Commissioners' adopted Strategic Priorities.
2. The CIP will generally address those capital assets with a value of more than \$100,000 and a useful life of over ten years.
3. The Town will identify the estimated costs and potential funding sources for each capital project.
4. This CIP will incorporate existing needs as well as projections for future capital expenditures necessitated by changes in population, changes in real estate development, or changes in economic base.
5. The Town will use the CIP as the foundation for capital expenditures identified in the annual operating budget.

6. In addition to debt obligations, future operating and maintenance costs associated with new capital improvements will be projected and included in operating budget forecasts.
7. The Town will maintain all its assets at a level adequate to protect the Town's capital investment, to preserve the asset's ability to perform its intended purpose, and to minimize future maintenance and replacement costs.
8. The Town will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
9. The Town will determine the least costly and most flexible financing method for all new projects.

## **Revenue**

### **Revenue Projections**

Revenue management includes within its focus, an ongoing process for reviewing and analyzing each revenue source to ensure that proceeds from each source are at an optimum level. Every attempt will be made to project revenues within 5% of final actual results, and the projections will be based on historical trends, growth patterns, and the economy.

### **Ad Valorem Tax**

As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:

1. Assessed valuation will be estimated based on historical trends, growth patterns, and anticipated construction.
2. The estimated percentage of collection will not exceed the percentage of the levy actually realized in cash as of June 30 during the preceding fiscal year, in accordance with state law.
3. The tax rate will be set each year based on the cost of providing general governmental services and paying debt service. Consideration will be given to future net revenue requirements for capital improvement project operational expenditure impacts and programmed debt service.

### **User Fees**

The Town sets fees that will utilize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service. This objective is in keeping with the Commissioner's goal that growth should pay for itself, and not place a burden on current residents who may not benefit directly from the service. Emphasis of user charges over Ad Valorem Taxes results in the following benefits:

1. User charges are paid by all users, including those exempt from property taxes.

2. User charges avoid subsidization in instances where the service is not being provided to the general public.
3. User charges for certain services will be justified on the basis of equity and efficiency, by producing information on the demand level for services, and by helping to make the connection between the amount paid and the service received.

### **Grant Funding**

Grant funding may be used for a variety of purposes to include funding current Town operations, departmental long-range plans, capital projects identified in the Capital Improvement Plan, or other projects or activities that address the mission and goals of the Town. Staff will pursue opportunities for grant funding. Application will be made after a grant is evaluated for consistency with Board of Commissioner goals and compatibility with Town programs and objectives. All grants pursued by the staff of the Town of Beaufort that require a local match will be presented to the Board of Commissioners for consideration before formal application is made. Any awarded funds will be accepted only after Board review and action.

### **Donations**

Donations will be spent only toward the intent for which they were given.

### **One-Time Revenues**

One-time or other special revenues will not be used to finance continuing Town operations but instead will be used for funding special projects.

### **Utility Fees**

Water and sewer rates will be established at the appropriate level to enable the Utility Fund to be self-supporting.

### **Budgeting & Expenditures**

The annual budget process begins in January when department heads begin working on their budget requests. Starting in February, budget work sessions are scheduled between the Town Manager and department heads. The proposed annual budget is prepared by the Town Manager and Finance Director and is presented to the Board at the regular meeting in May. It is reviewed in subsequent budget work sessions by the Board and a public hearing is held during the regular Board meeting in June. The budget, including any modifications from the review sessions, is adopted by the Board before June 30, the last day of the fiscal year.

1. The Town's annual operating budget will be prepared in accordance with Article 3 of the Local Government Budget and Fiscal Control Act.
2. Current expenditures will not exceed current revenues.
3. The annual budget document will serve as a policy document, an operations guide, a financial plan, and a communications tool.

4. Department budgets are reviewed by staff, the Town Manager, and Board of Commissioners prior to adoption and are continually monitored throughout the budget year.
5. Budgeted funds will only be spent for categorical purposes for which they were intended.
6. The annual operating budget ordinance defines staff authorization for operating budget adjustments.
7. No appropriations of the proceeds of a debt instrument will be made except for the purpose for which such debt instrument was issued.
8. For continuing contracts, funds will be appropriated in the annual budget ordinance to meet current year obligations arising under the contract, in accordance with G.S. 160A-17.
9. Town staff will make regular monthly reports to the Board of Commissioners on the status of actual revenues and expenditures as compared to the adopted budget.

### **Debt**

The Town of Beaufort recognizes the foundation of any well-managed debt program is a comprehensive debt policy. Advantages of a debt policy are as follows:

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

### **Uses of Debt**

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

### **Terms and Structure**

1. Capital projects will be financed for a period not to exceed the expected useful life of the project.
2. Non-utility debt will normally have a term of 20 years or less.

3. Utility debt will normally have a term of 30 years or less.
4. The Town will seek the best financing type, debt structure and timeframe for each financing need based on the flexibility to meet the project needs, timing, tax or rate payer equity and lowest interest cost.
5. Cash financing (pay-as-you-go) is a component of the capital program that contributes to the financial integrity of the Town.

### **Debt Capacity**

1. The Town will strive to maintain its annual tax-supported (General Fund and Fire Fund) debt service costs at a level no greater than fifteen percent (15%) of total expenditures.
2. Net debt for the General Fund shall not exceed 2.5% of assessed property valuation. General obligation debt as defined in G.S. 159-55 is statutorily limited to eight percent of the assessed valuation.
3. The Town will set rates and charges for the Utility Fund with the intent to achieve a debt service coverage ratio of 1.20 times or greater for all indebtedness. All indebtedness includes both parity and subordinate debt obligations of each fund. In the absence of a specific debt ratio calculation required by a debt covenant, the debt coverage ratio will be calculated in accordance with the following example:

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**

1. General Fund Unassigned Fund Balance at the close of each fiscal year shall not be less than 20% of actual General Fund net expenditures without prior Board of Commissioners' authorization.
2. The Town Board of Commissioners may, from time-to-time, utilize fund balances that will reduce the unassigned fund balance below the 20% policy for the purposes of a declared fiscal emergency, financial opportunity to enhance the wellbeing of the Town of Beaufort, or other such global purpose as to protect the long-term fiscal security of the Town of Beaufort. In such circumstances, after unassigned fund balance has been calculated as part of closing-out a fiscal year, the Board of Commissioners will adopt a plan as part of the following year's budget process to restore the assigned fund balance to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time period without severe hardship to the Town, then the Board will establish a different but appropriate time period.

3. Monies in excess of a 20% unassigned fund balance will be available for Appropriation, as deemed necessary and approved by the Town Board of Commissioners.
4. The Utility Fund will maintain a minimum of 50% of Unrestricted Cash as a percentage of Operating Expenditures which includes personnel, operations, and debt service.
5. Utility Capacity Use Fees: The Town will collect Utility Capacity Use Fees from new water and sewer customers. The Capacity Use Fee recoups from new customers an equitable share for the contemporaneous use of the Town's previous capital investments in the water and sewer system, and helps enable the Town to provide for the proper maintenance and operation of its water and sewer systems. Revenue from this fee may not be used for utility system expansions, but rather must be used only to maintain, repair, replace, or pay debt on the existing system.

## **Financial Operations and Reporting**

### **Accounting/Financial Reporting**

1. The Town will establish and maintain its accounting systems according to the North Carolina Local Budget and Fiscal Control Act. Financial systems will be maintained to monitor expenditures and revenues.
2. All records and reporting will be in accordance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board (GASB) pronouncements.
3. The Town will place emphasis on maintenance of an accounting system which provides strong internal budgetary and accounting controls designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and reports, such as the budget and the Comprehensive Annual Financial Report (CAFR), as well as maintenance of accountability of assets.
4. An annual audit (CAFR) will be performed by an independent certified public accounting firm which will issue an opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Auditing services will be evaluated and selected through a competitive proposal process every five years at a minimum.
5. Full disclosure will be provided in all regulatory reports, financial statements, and bond representations.
6. The Town will maintain the least number of funds and accounts necessary for proper and accurate records. The Town may maintain sub-funds, in addition to legally mandated funds, for accounting and management purposes.

### **Operational Cash Management**

***Receipts***

1. Cash receipts will be collected and deposited as expediently as reasonably possible to provide secure handling of incoming cash and to move these moneys into interest earning accounts and investments.
2. All incoming funds will be deposited daily as required by law and are allowed to be received in the most efficient means possible.

***Cash Disbursements***

1. Disbursements will be made shortly in advance of or on the agreed-upon contractual date of payment unless earlier payment provides a greater economic benefit to the Town.
2. Payroll disbursements will be in accordance with the requirements of all state and federal regulatory laws, rules and regulations. Overtime and benefit payments will be made in accordance with the Town's Personnel Policy.
3. All checks require two signatures. Checks will be signed by the Finance Officer or his/her designee, as well as the Mayor, a Town Commissioner, or the Town Manager.
4. Disbursements will be made using the method(s) deemed most efficient at the discretion of the Finance Officer or designee.
5. Proper documentation will be maintained to meet all audit, general governmental accounting standards and Town policies. Accounting and purchasing has the right to request additional documentation from departments as needed.
6. The Town will follow escheat rules and regulations as directed by NC General Statutes.

***Banking Relations***

1. Banking service providers will be evaluated on a regular basis to ensure the Town is receiving the best services at a competitive rate.
2. The Town will maintain a minimum number of bank accounts to facilitate the movement and investment of funds.
3. Collateralization for deposits will be in accordance with the North Carolina Administrative Code.
4. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Town relies on the State Treasurer to monitor those financial institutions. The Town analyzes the financial soundness of any other financial institution used by the Town. The Town complies with the provisions of North Carolina General Statutes when designating official depositories and verifying that deposits are properly secured.

### ***Collections***

1. The Town will pursue collection on delinquent customer accounts using any prudent manner available, including the North Carolina Debt 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.
2. Delinquent fees are established annually through the budget process.
3. Town staff has the authority to suspend related services in connection with the unpaid customer account. Service may be resumed once the outstanding balance is paid in full. With the approval of the Finance Officer, additional unrelated Town services may be suspended for the past due customer.

### ***Internal Control and Compliance***

1. The Town will maintain a system of internal controls that ensures complete, accurate and timely financial records by working with Departments to create business systems that properly capture and report financial related information.
2. Finance, in coordination with the Town's technology services provider, will establish Town-wide standard procedures and policies for the security, handling and maintenance of sensitive information, which departments will be responsible for reviewing and incorporating into their daily activities.
3. Finance staff will provide training periodically in order to provide system information to users, as well as provide clarification on Town financial-related policies and procedures and other regulatory and statutory requirements.
4. Background checks, which may include criminal and credit checks, will be conducted on positions deemed as critical for financial purposes according to procedures established by the Finance Department in conjunction with Human Resources.

### **Investments**

It is the policy of the Town to preserve capital and invest public funds in a manner which provides the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all state statutes governing the investment of public funds. This investment policy applies to all financial assets in the Town's investment portfolio, including debt proceeds.

1. The standard of prudence to be used by staff will be the "prudent person" rule. The "prudent person" concept discourages speculative transactions. It attaches primary significance to the

preservation of capital and secondary importance to the generation of income and capital gains. Authorized staff, if acting in accordance with written procedures and state statutes and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately and action is taken to control adverse developments.

2. Safety of principal is the foremost objective of the investment program. Investments of the Town will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
3. The Town will make every effort to maintain a diversified investment portfolio according to security type and institution.
4. The Town's investments will remain sufficiently liquid to enable the Town to meet all operating requirements which might be reasonably anticipated through the use of structured maturities and marketable securities.
5. The Finance Officer will maintain a list of financial institutions authorized to provide investment services. Authorized financial institutions include banks maintaining an office in the State of North Carolina and securities brokers/dealers classified by the New York Federal Reserve as primary dealers.
6. The Finance Officer is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse.

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the Finance Officer any material financial interests in financial institutions that conduct business within this jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio.

# Glossary & Appendices

In this section you will find:

- Glossary 202
- Beaufort by the Numbers 207

## 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).

### **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.

**cash flow**

money moving in and out within the course of a month.

**cash reserves**

see fund balance

**CIP**

see capital improvement plan.

**collection rate**

see estimated collection rate.

**contributions from other funds**

money moved between Town funds, recorded as revenue in the receiving fund. also *transfers*.

**cost of living adjustments (COLA)**

salary and wage changes for employees to reflect changes in the cost of living.

**CPI**

consumer price index, which measures changes in the average price of goods and services.

**debt**

money owed by the Town to outside sources, usually in the form of a loan, used to pay for capital projects or equipment purchases.

**debt limits**

financial policies restricting the amount of debt the Town can incur, so that it fosters financial stability.

**debt service**

payments to repay loan principal and interest.

**department**

group of employees based on a shared function – e.g. finance, planning, police, etc. also *division*.

**department head**

manager, director, or chief of a department or division responsible for making budget requests and revenue estimates for their department.

**department service plans**

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

**division**

group of employees based on a shared function – e.g. water, sewer also *department*.

**estimated collection rate**

percentage of property taxes levied which are actually collected in a given year, used to calculate how much money to expect in the form of property tax revenue in the budget fiscal year.

**expenditure**

money spent by the Town, e.g. personnel, debt service, capital outlay, etc.

**fee schedule**

list of authorized amounts charged by the Town for various services, e.g. building permits, water rates, trash collection, parking, etc.

**FEMA**

Federal Emergency Management Agency

**Finance Director**

head of the Finance department, responsible for overseeing Town finances and assisting Town Manager with budget development.

**financial policy**

locally-adopted laws governing and guiding how the Town budgets and spends money.

**fiscal year**

twelve months used for calculating and assessing financial activity; Town of Beaufort runs from July 1 - June 30

**fringe benefits**

in addition to salaries and wages, personnel expenditures include benefits such as contributions to Social Security, health insurance, worker's compensation, etc.

**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.

**General Fund**

main annually-budgeted fund and 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 revenue**

money coming to the Town from other government sources with or without specific conditions for its use. also *unrestricted intergovernmental revenue* and *restricted governmental revenue*.

**levy**

see property tax levy.

**LGBFCA**

Local Government Budget and Fiscal Control Act, North Carolina state law governing how towns budget and spend money.

**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 improvements 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.

**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.

**motor vehicles**

cars, trucks, motorcycles, boat trailers, travel trailers, RVs, etc. which are taxable by the Town.

**pay-as-you-go funding**

using appropriated fund balance or other annual revenues 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**

law which sets the tax rate for the County to collect on behalf of the Town.

**real and personal property**

land, houses, boats, airplanes, etc. which are taxable by the Town.

**recommended budget**

initial budget prepared by the Town Manager and Finance Director, presented to the Town Board for review and the general public for comment.

**reserves**

see fund balance.

**restricted fund balance**

reserves which can only be used under certain conditions associated with the original underlying revenue. e.g. unspent Powell Bill funds are fund balance restricted to road maintenance. also *fund balance*.

**restricted intergovernmental revenue**

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**

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.

**Town Manager**

public administrator, essentially the chief executive officer for the Town, hired by the Town Board, responsible for developing the annual budget.

**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 of 20% of its anticipated expenses for the year and the Utility Fund retains 50% of its anticipated operating expenses. The amount above these thresholds is considered *available*. also *fund balance*.

**unrestricted intergovernmental revenue**

money coming to the Town from other government sources without specific conditions on how it is spent. e.g. sales tax, beer and wine profits, etc.

**Utility Fund**

annually-budgeted fund housing all money collected and spent by the water and sewer divisions.

**variable rate**

a loan where the interest rate fluctuates over time.

**WWTP**

wastewater treatment plant

## Beaufort by the Numbers

Established in 1709, Beaufort, North Carolina, is located on Beaufort Inlet, a channel leading south to the Atlantic Ocean. The third oldest town in the state and seat of Carteret County, Beaufort has a residential population of about 4,200 with a high influx of visitor traffic during the warmer months. The Plan of Beaufort Towne, laid out in 1713, survives in a 12-block area, and is listed on the National Register of Historic Places.

The early economy of Beaufort relied on the use of the area's natural resources; fishing, whaling, the production of lumber and naval stores, shipbuilding, and farming were the chief economic activities. Though Beaufort had the safest and most navigable harbor of any of the ports of North Carolina, extensive commercial activities failed to develop, owing to the fact that the town was almost completely isolated from the interior. Now, Beaufort's economy depends heavily on tourism, supplemented by a regional boat-building industry. Marine science research also figures prominently.

### ► Demographics

According to the United States Census Bureau, Beaufort has a total area of 5.6 square miles (14.5 km<sup>2</sup>), of which 4.6 square miles (12.0 km<sup>2</sup>) is land and 1.0 square mile (2.6 km<sup>2</sup>), or 17.75 percent, is water.

The total population for Beaufort, according to the 2016 American Community Survey (ACS) by the Census Bureau, is 4,181 with males making up 1,937 of that count and females totaling 2,244. Ages of the population are the following: under 5 totaled 194; 5 to 9 totaled 121; 10 to 14 totaled 126; 15 to 19 totaled 238; 20 to 24 counted for 351; 25 to 34 equaled 613; 35 to 44 totaled 442; 45 to 54 totaled 435; 55 to 59 was 270; 60 to 65 totals 420; and 65 and over equals 971.

Of the 4,181 residents, 3,472 (83%) are White, 536 (12.8%) are Black or African-American, 25 (0.6%) are American Indians and Alaska Native, 18 (0.4%) are Asian; 5 (0.1) are some other race; and 134 who are two or more races.

The mean household income for Beaufort is \$50,739, according to the 2016 ACS. The median income is \$38,825.

According to the 2016 ACS, there are 2,057 occupied housing units in Beaufort - 1,048 (50.9%) owner-occupied, and 1,009 (49.1%) renter-

occupied. The average household size for the two categories is 1.89 and 1.93, respectively. The median value of the owner-occupied units is \$203,700.

Beaufort's population (25 and older), according to the 2016 ACS, includes 11 percent with Graduate or Professional degrees, 14.1 percent with bachelor's degrees, 40.9 percent with some college or associate's degree, and high school graduates at 21.6 percent.

## ► **Economy**

Tourism is a major component of the county's economy creating more than 3,400 jobs with an annual payroll of \$65 million in 2017. Fleet Readiness Center East and Marine Corps Air Station Cherry Point are the leading employers of Carteret County residents with 1,257 civilian employees and 479 active duty military employees. The boatbuilding industry alone has an annual payroll of over \$9.9 million in the county, with more than 27 boat builders and manufacturers plus 80 marinas and docks. (Source- Carteret County Economic Development Council)

The Duke University Marine Lab and the National Oceanic and Atmospheric Administration (NOAA) Center for Coastal Fisheries and Habitat Research, both located in Beaufort, and the UNC Institute of Marine Sciences and the NC State University Center for Marine Science and Technology (CMAST) located in Morehead City anchor the marine science cluster in Carteret County. The four institutions have 162,645 square feet of marine research facilities and 40 individual laboratories. Marine science in Carteret County accounts for over \$58 million in revenue and over 500 employees.

The unemployment rate for Carteret County is 5.5 percent, according to the NC Department of Commerce.

## ► Cost of Living

Beaufort's cost of living index ranks within the range of small coastal North Carolina communities of Bath, Elizabeth City, Morehead City, Southport, and Swansboro and lower than the national average (100 equals national average). (<http://www.bestplaces.net/cost-of-living/> accessed 4/29/2018)

**Table 1: Cost of Living Index Comparison**

	<b>Composite</b>	<b>Grocery</b>	<b>Housing</b>	<b>Utilities</b>	<b>Transport</b>	<b>Health</b>	<b>Misc</b>
Bath	99	98.4	104	99	95	96	97
Beaufort	99	98.1	101	100	97	97	98
Edenton	76	102.6	16	92	106	114	105
Morehead	102	98.1	111	100	97	97	98
Southport	111	105.5	129	108	99	100	102
Swansboro	99	103.9	93	105	95	101	104

## ► Government

The Town of Beaufort operates under a council/manager form of government. The Town Board consists of five commissioners and the mayor. The mayor is elected for a two-year term, and only casts a vote in the event of a tie. The commissioners are elected for alternating four-year terms.

## ► Healthcare

The breakdown of healthcare providers includes 120 physicians, or 1.64 per 10,000 population, 47 dentists or 6.1 per 10,000 population and 542 RN Nurses or 80.7 per 10,000 population. There are 37 Physical Therapists, 135 General Hospital Beds and 424 Nursing Facility Beds.

## ► Utilities

Duke Energy supplies electric power to Carteret County, including the Town of Beaufort. Several companies provide a range of telecommunications related business services in Carteret County including computer, voice, wireless, networking, cloud, hosting, and security applications. The Town of Beaufort provides water and sewer to its residents, as well as several customers in the surrounding area.

