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CITY OF BEAUFORT
1911 BOUNDARY STREET
BEAUFORT MUNICIPAL COMPLEX
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
CITY COUNCIL WORKSESSION AGENDA
January 9, 2024

STATEMENT OF MEDIA NOTIFICATION

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media was duly notified of the time, date, place and agenda of this meeting."

WORKSESSION - City Hall, Planning Conference Room, 1st Floor - 5:00 PM

Please note, this meeting will be broadcasted via zoom and live streamed on Facebook. You can view the meeting at the City's page; City Beaufort SC

I. CALL TO ORDER

A. Philip Cromer, Mayor

II. EMPLOYEE NEW HIRE RECOGNITION

- A. Assistant City Manager - John "JJ" Sauve
- B. Fire Department - Damian Henry, Travis King
- C. Public Works - William Spann Jr

III. PRESENTATION

- A. Beaufort Jasper Housing Trust Update
- B. Beaufort County Proposed Sales Tax Referendum
- C. FY 2023 Annual Comprehensive Financial Report

IV. EXECUTIVE SESSION

- A. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding Personnel - Boards, Commissions and Committees

V. ADJOURN



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 12/20/2023
FROM: Dick Stewart
AGENDA ITEM
TITLE: Beaufort Jasper Housing Trust Update
MEETING
DATE: 1/9/2024
DEPARTMENT: City Managers Office

BACKGROUND INFORMATION:

PLACED ON AGENDA FOR: Discussion

REMARKS:



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 12/20/2023
FROM: Dean Moss
AGENDA ITEM TITLE: Beaufort County Proposed Sales Tax Referendum
MEETING DATE: 1/9/2024
DEPARTMENT: City Managers Office

BACKGROUND INFORMATION:

Beaufort County is proposing a \$0.01 Transportation Sales Tax Referendum to be included on the 2024 General Election ballot. By law, a commission was established to assist in crafting the proposed referendum and the transportation projects that will be included on it. Dean Moss, having been previously selected by the City of Beaufort and the Town of Port Royal as our shared representative, serves on the advisory commission.

PLACED ON AGENDA FOR: Discussion

REMARKS:

Attached is the information that Mr. Moss provided to County Council. This is the same information he is sharing with the City of Beaufort.

ATTACHMENTS:

Description	Type	Upload Date
Background Information from Dean Moss	Backup Material	1/2/2024

Exhibit A

MEMORANDUM

To: Chairman and Members, Beaufort County Council

From: Dean Moss, Chairman, Sales Tax Advisory Committee

Copy to: County Administrator and Members of 2023 Sales Tax Advisory Committee

Subject: Sales Tax Advisory Committee Report and Recommendations

Date: December 11, 2023

1. Introduction

The purpose of this memo is to transmit to the Beaufort County Council the recommendations and observations of the Council appointed Sales Tax Advisory Committee (STAC). These recommendations represent the unanimous position of the 6 members of the Committee.

2. Summary General Recommendations

The Committee recommends that Council prepare a referendum question to be placed upon the ballot in November 2024, which will ask the electorate to approve a one percent (1%) additional sales tax in Beaufort County, beginning in the following year and extending for fifteen years. The proceeds from this tax would be expended by the County for a series of critical transportation and mobility projects and programs vital to the health and safety of the residents and visitors. Further, the Committee recommends that a standing Citizen's Oversight Committee be appointed to assist the County Council and staff in the prioritization and implementation of the projects and activities to be funded by the referendum.

3. Council's Charge to the Committee

County Council created the STAC through a resolution adopted on 12 June 2023. The charge to the Committee reads as follows:

‘The Committee will, by a date to be set by Council in the future, provide Council with information that identifies the need and, where required the specific projects for the various referenda questions.’

4. Committee Process

The Committee consisted of six (6) members, one representing the two municipalities north of the Broad River, one representing the Town of Hilton Head, one representing the Town of Bluffton, two representing the north county unincorporated area, and one representing the south county unincorporated area. Five of the six members had been members of the Transportation Tax Committee established in early 2022 and were familiar with the technologies and concepts being discussed. The Committee met eight times, on Thursday afternoons from 5:30 to between 7:00 and 7:30. At the meeting on November 30, the Committee reached a general consensus, and at the meeting on December 7, formally voted unanimously to approve the projects, amounts, and recommendations that are contained in this memo.

5. Sales Tax Alternatives Considered

The Committee was initially presented with three separate sales tax options based on three separate State statutes: one for Transportation, one for Capital Projects, and one for Education. Two meetings evaluated and discussed these and the opportunities each presented. We watched the 2023 Education Referendum carefully with the thought that, should it not pass, a sales tax might be needed to raise the funds required for the School District. It did pass, and we turned our attention to the Transportation Tax and the Capital Projects Tax. Both offer significant opportunities since a very substantial portion of the taxes collected for either one would be paid by visitors to the County and residents of adjacent counties. After analysis and considerable discussion, we settled on the Transportation Tax and our recommendations for that tax are contained herein. I would note that we recommend that Council consider the addition of a Capital Projects 1% tax in the future.

6. Role of the Staff

Staff involved in this project consisted of Assistant County Administrator of Infrastructure Jared Fralix and Executive Assistant Carol Puryear. Given the

complex nature of this process there was a lot for the Committee members to learn and staff provided many documents and plans that had been completed by the State of SC and other Counties. Staff provided the Committee with a suggested list of projects, transportation program categories and amounts. There were many questions at every meeting, and they were clearly and patiently answered. In sum, the staff support to the STAC was outstanding.

7. Concepts behind the Recommendations

The Committee is recommending that the referendum contain two types of project expenditures.

a. Big Projects - \$650,000,000

These represent the traditional approach to referendum questions. As in the 2018 referendum, specific projects are enumerated with an allocation of money specified. An example might be “Highway 170 Improvements – \$80 million.” A short description of the project is included. As described below, the Committee recommends that eight of these projects be included in the referendum. They are countywide and address problems both on Federally designated highways (278, 46, 170, 21) and on State, County, and local roads, and streets. \$300 million is recommended for projects south of the Broad River, and \$175 million is recommended for projects north of the Broad River. \$175 million is recommended for future “big projects”. It is important to note that none of these projects have been fully designed or bid, and the amounts assigned to them do not represent project budgets.

b. Project Programs \$975,000,000

This category encompasses a large variety of projects which, because they are small (pave a dirt road), or because they may emerge in the future, are not specifically defined. These are projects that are, and will be, undeniably required, but which cannot yet be defined and may cost only a fraction of a “Big Project.” They would address needs that will emerge all over the County; in response, for example, to coastal flooding, new developments in rural areas, or the need to resurface existing streets. Spent correctly, these funds will benefit residents and businesses all over the County. The Committee recommends putting approximately sixty percent (\$975 million) of the total expected revenue into these categories of projects, as described below.

8. Recommendations

a. Amount and Duration of Tax

We recommend that the sales tax be applied at 1% (one penny on the dollar) for a period of fifteen years. We assumed a moderate to high growth rate. Based upon this projection, the tax should raise approximately \$1.625 billion over 15 years. We believe that this amount will enable us to plan, develop, and implement appropriate solutions to meet the current needs caused by an overwhelmed and aging infrastructure system and to accomplish the improvements required to address future demands. In addition, this money can be multiplied several times over by aggressive pursuit of matching federal and state funds and the development of coordinated projects with Jasper County.

b. Big Projects and Amounts

i. The Triangle - \$100,000,000

Capacity and safety improvements on the Beaufort County section of the triangle made by Hwy 170, Hwy 278, and Argent Blvd. This project will be developed jointly with Jasper County. Traffic counts on these roadways have exploded with the development of residential and commercial development along all three corridors.

ii. Ribaut Road Improvements -\$75,000,000

Implementation of the “Reimagine Ribaut Road” Project developed by the County, the City of Beaufort, and the Town of Port Royal to improve safety, interconnectivity, capacity, and attractiveness along the Ribaut Road Corridor between Boundary Street and the Russell Bell Bridge.

iii. Hwy 46 Improvements - \$20,000,000

Capacity and safety improvements along SC 46 from SC 170 to Jasper County. Additional safety improvements (i.e.- turn lanes at intersections) along SC 46 from SC 170 to Buckwalter Parkway. All planned improvements would be designed so as to preserve the South Carolina Scenic Byway designation.

iv. Lady’s Island Corridor Improvements -\$40,000,000

Lady’s Island Corridor Traffic Improvements from the Woods Memorial Bridge to Chowan Creek. These funds would supplement the monies approved in the 2018 referendum.

v. Bluffton Municipal Projects - \$60,000,000

Implementation of any or all Bluffton projects listed as priorities by the Bluffton Town Council.

vi. Hilton Head Island Municipal Projects - \$60,000,000

Intersection improvements to include Sea Pines Circle and adjacent corridors for the safety of motorists, bicyclists and pedestrians.

vii. North of the Broad Transportation System Improvements - \$60,000,000

Intersection improvements, pathways, flood prevention on access roads such as, Warsaw Island Road, and other projects in both incorporated and unincorporated areas developed in coordination with the City of Beaufort and the Town of Port Royal.

viii. Hwy 278 Project Enhancements - \$60,000,000

Additional funding to support the US 278 Corridor Improvement Project.

ix. Future Projects - \$175,000,000

The County and its neighbors will continue to grow into the future, and work must be continued to plan for the transportation improvements going forward. As an example, and while not specifically listed here, a third bridge between Port Royal Island and Lady's Island has been discussed for decades and given the growth on Lady's Island, may become necessary before too long.

c. Project Programs and Amounts

i. Mass Transit – \$100,000,000

Funding multimodal transportation planning and implementation, to include marine transport and commercial airport improvements for a more robust and equitable public transportation system.

ii. Safety and Traffic Flow - \$250,000,000

Safety improvements along roadways and intersections to include pedestrian accommodations.

iii. Emergency Evacuation and Resiliency - \$90,000,000

Improvements to transportation infrastructure to address flooding, rising sea levels, stormwater, and drainage.

- iv. Pavement Resurfacing and Preservation – \$180,000,000**
Road resurfacing and preservation of ALL roadways (State, County, and municipal-owned) throughout the County. The goal is to improve the overall pavement condition of roads across the County. This includes paving county and municipally owned dirt roads throughout the county.
- v. Pathways - \$180,000,000**
Design, right of way acquisition, and construction of bike and pedestrian accommodations throughout the County in accordance with the Beaufort County Connects Bicycle and Pedestrian Plan 2021. We recommend that priority be given to pathways already approved by the voters in the 2018 referendum.
- vi. Transportation Technology/Access Roads - \$90,000,000**
Planning, design, right-of-way acquisition, and construction of access roads for better interconnectivity. Implementation of transportation technologies to support enhancements to capacity and safety of the transportation system.
- vii. Greenbelts (Long-term Demand Reduction) - \$85,000,000**
Acquisition of property to reduce new lots and thereby establish a balance between environmental protection and development growth. *Note: the term “Greenbelt” is used in the enabling legislation as an eligible category of expenditure.*

9. Implementation Recommendations

- a. Citizen’s Oversight Committee (“Committee”)**
 - i.** County Council, with other stakeholders, should create a citizen’s oversight committee similar to the BCSD’s successful Citizen’s Oversight Committee to oversee and prioritize projects for the entire length of the program. It should meet bi-monthly or quarterly. Its membership of seven members should reflect the interests of all citizens of the County.

- ii. The Committee should make a call each year for projects from all stakeholders (County, municipalities, LATS/COG) for general projects.
- iii. The Committee should prioritize all central programs, such as:
 1. **Safety:** intersection Improvements, turn lanes, rural road improvements. Specifics to be developed.
 2. **Dirt Road Paving:** update the existing 5-year plan to include municipal dirt roads.
 3. **Resilience:** priorities should be based on susceptibility to flooding and population or critical functions the road serves.
 4. **Resurfacing:** program to look at improving any and all roads (DOT, County, Municipal) specifics to be developed.
 5. **Pathways:** use approved county-wide pedestrian and bike master plan as a guide. Priorities to projects already approved by voters.
 6. **Transportation Technologies/Access Roads:** focus on access and connecting roads, smart signals, and other advanced transportation technologies.
- b. **Issue Revenue Bonds**
Big projects should be bonded for immediate work.
- c. **Long Term Demand Reduction**
Utilize the new Greenspace Board for priority setting of expenditures related to land or development rights acquisition.
- d. **Mass Transit**
Because no central plan currently exists for a comprehensive mass transit program, this should be the first priority. Utilize the existing transit authority as the lead agency for this effort supported by an advisory committee.

10. Conclusions

As we weaved through the process and reviewed the gravity of the assignment and the critical needs for improvement and new components for our local mobility, it became quite evident that there is much to do. It appears that we are not just behind the "8 ball"; we are under it, and it will take a coordinated public relations effort to move this referendum forward for a better "mobility" future for all of us.

On behalf of the Sales Tax Advisory Committee members, may I say that it has been an honor to be entrusted by Council with preparing these important recommendations. I am available to meet with Council at your discretion to explain and discuss these projects and recommendations.

Sales Tax Advisory Committee:


Dean Moss, Chairman


Untron Solomon


Charlie Wetmore, Vice-Chairman


Morris Campbell


Carol Ruff


Tom Lennox



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 12/21/2023
FROM: Alan Eisenman, Finance Director
AGENDA ITEM TITLE: FY 2023 Annual Comprehensive Financial Report
MEETING DATE: 1/9/2024
DEPARTMENT: Finance

BACKGROUND INFORMATION:

David Irwin, Audit Partner with Mauldin & Jenkins, will present financial and compliance audit from City of Beaufort's FY 2023 Annual Comprehensive Financial Report.

Alan Eisenman, Finance Director, will present financial overview of FY 2023 Annual Comprehensive Report.

PLACED ON AGENDA FOR: Discussion

REMARKS:

ATTACHMENTS:

Description	Type	Upload Date
Financial and Compliance Audit Presentation	Cover Memo	1/3/2024
Annual Comprehensive Financial Report Overview Presentation	Cover Memo	1/3/2024

City of Beaufort, South Carolina



Financial & Compliance Audit – June 30, 2023



Presented by:

David Irwin, CPA

Partner
13



Purpose of Today's Presentation

- **Overview of:**
 - **Independent Auditor's Report**
 - **Compliance Reports**
 - **Financial Statements**
- **Required Communications**
- **Answer Any Questions**

Audit Opinion

- **City: responsible for financial statements.**
- **M&J: to express opinions.**
- **Auditing Standards = *Generally Accepted Auditing Standards and Governmental Auditing Standards***
- **Financial Audit : Unmodified (Clean) Opinion**
 - **Highest level of Assurance**
 - **Financial Statements are fairly presented in all material respects, in accordance with GAAP**

Compliance Reports

Financial Report contains two (2) Compliance Reports:

- **Single Audit Report**
 - **Compliance audit**
 - **Required > \$750k in federal expenditures**
 - **Unmodified (Clean) Opinion**
- **Yellow Book Report**
 - **Report on City's Internal Controls and Compliance**
 - **Not Intended to Provide an Opinion**
 - **No Material Weaknesses or Significant Deficiencies Noted During Our Audit**

Overview of Financial Statements

- **City prepares an Annual Comprehensive Financial Report (ACFR)**
- **ACFR goes above and beyond basic reporting requirements**
- **Submitted annually to Government Finance Officers Association (GFOA)**
- **City awarded CAFR Certificate for 16th year in a row**

Overview of Financial Statements

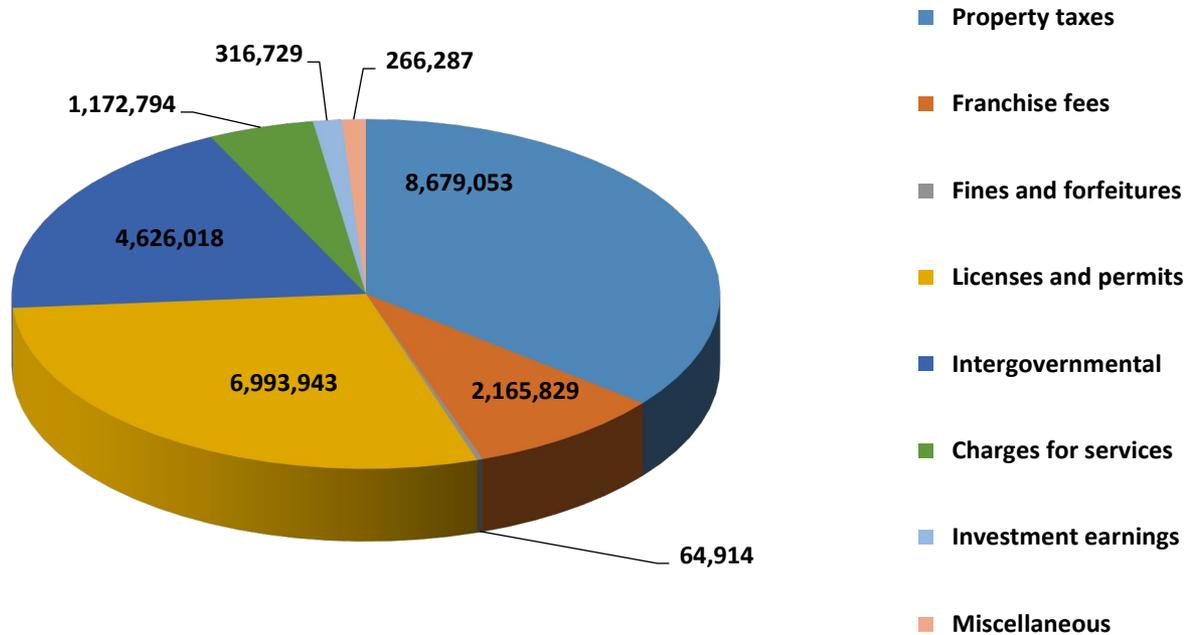
- **Management’s Discussion & Analysis (MD&A)**
 - **Written by Management**
 - **Introduces and Summarizes Basic Financial Statements**
 - **Comparative Information**

- **City’s Financial Statements Include Three (3) Components**
 - **Government-Wide Financial Statements**
 - **Fund Level Financial Statements**
 - **Notes to the Financial Statements**

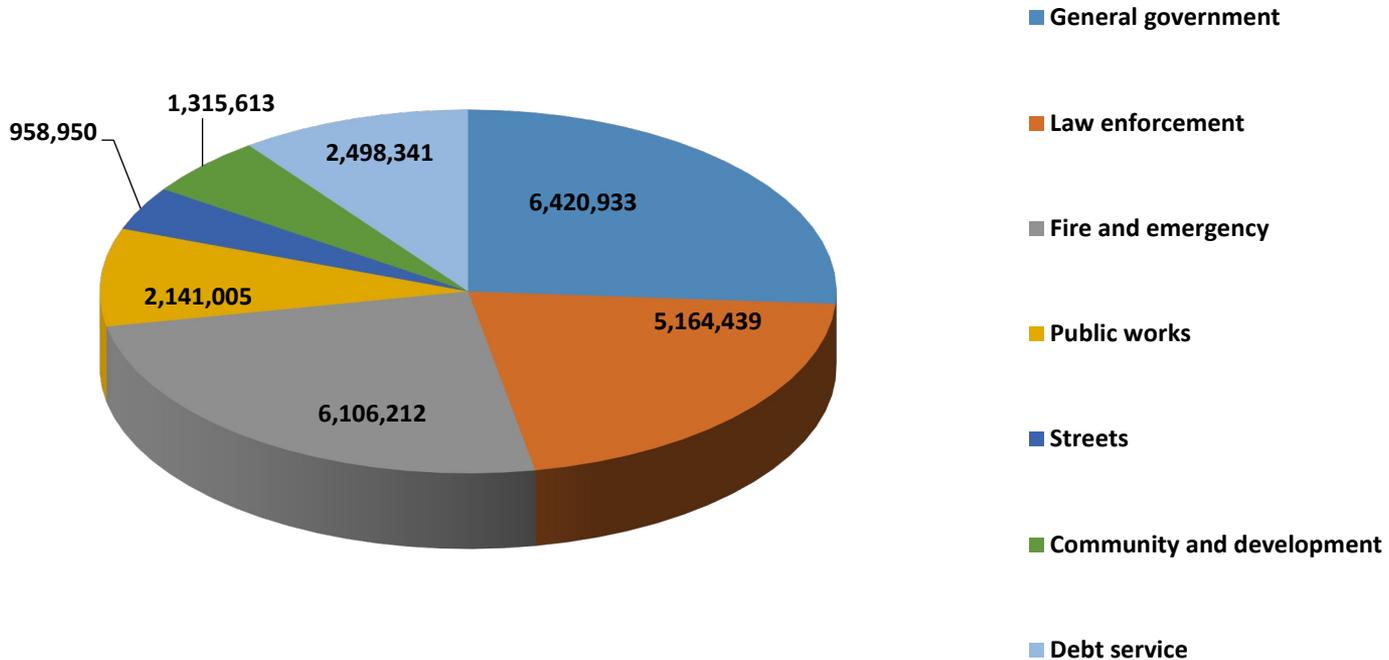
Government-Wide Financial Statements

- **\$106.1 Million = total assets and deferred outflows**
- **\$69.5 Million = capital assets, net of A/D**
- **\$54.3 Million = total liabilities and deferred inflows**
- **\$51.8 Million = net position *(or equity)***
- **\$34.4 Million = revenues (\$30.4M in FY22)**
- **\$31 Million = expenses (\$25.6M in FY22)**
- **Increase in Net Position of \$3.3M vs \$4.8M increase in PY**

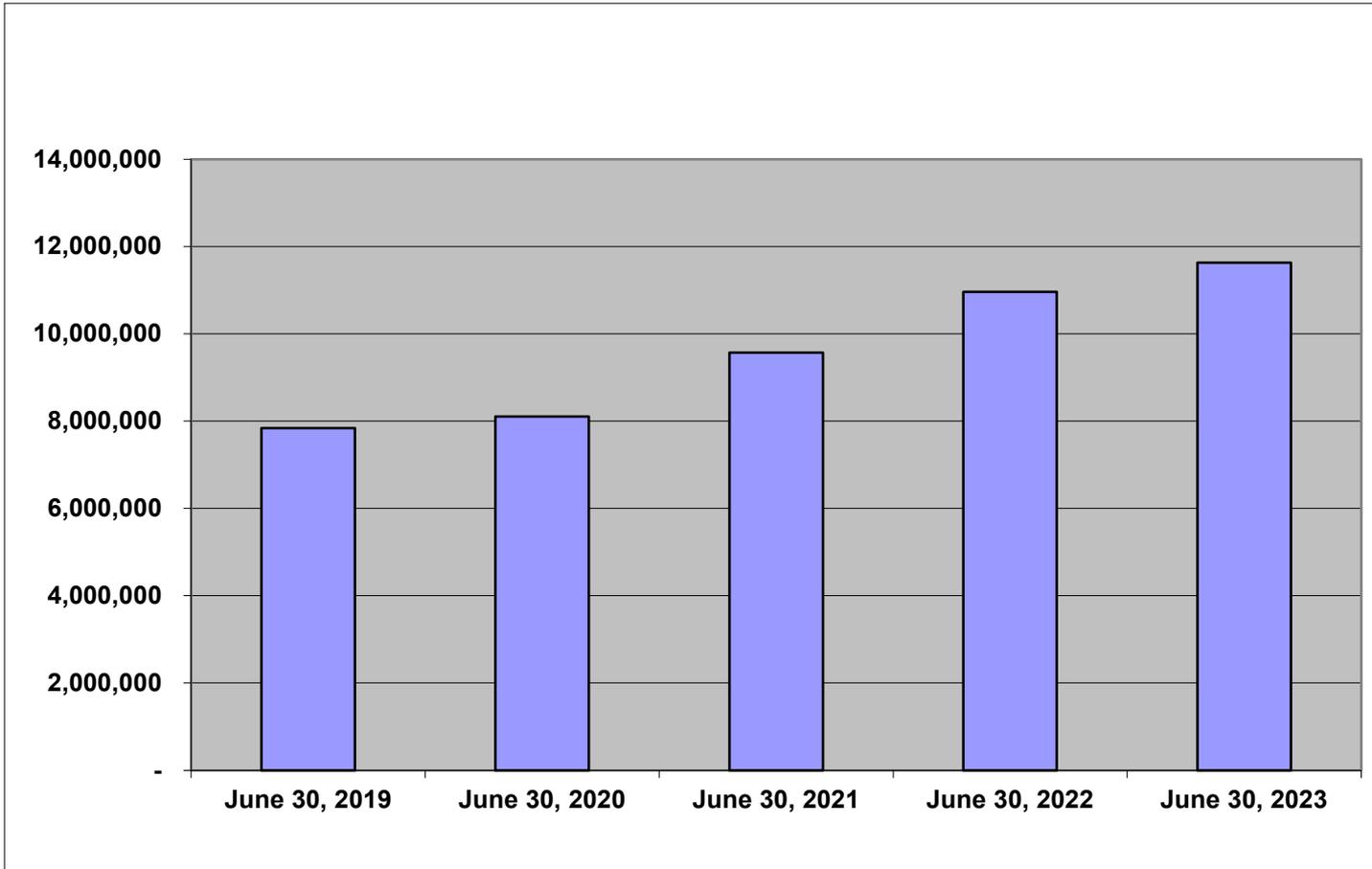
General Fund Revenues



General Fund Expenditures



General Fund - Fund Balance History



Required Communications

- **Clean Opinion and No Audit Findings**
- **We Received Full Cooperation from Management and Staff**
- **No Disagreements with Management**
- **No Significant Issues Discussed with Management**
- **No Uncorrected Misstatements**
- **We are Independent of the City as Required by Government Auditing Standards**

Closing

We appreciate the opportunity to serve the City of Beaufort and look forward to serving the City in the future.



Annual Comprehensive Financial Report Overview

Fiscal Year Ended June 30, 2023



Management Discussion and Analysis

INTRODUCTION

As management of the City of Beaufort, SC, we offer readers of the City of Beaufort's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. Management encourages readers to consider the information presented within this discussion and analysis in conjunction with additional information presented as part of this report. Readers are directed to the transmittal letter, financial statements, notes to the financial statements and statistical information to enhance their understanding of the City's financial performance.

This report presents the financial highlights for the fiscal year ending June 30, 2023 and contains other supplementary information.



The following table presents a summary of the City's Net Position as of June 30, 2023.

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and other assets	\$ 33,609,905	\$ 27,210,096	\$ 6,399,809	23.52%
Capital assets	69,532,509	70,544,945	(1,012,436)	-1.44%
Total assets	<u>103,142,414</u>	<u>97,755,041</u>	<u>5,387,373</u>	<u>5.51%</u>
Deferred outflows of resources:				
Deferred loss on debt refunding	232,715	283,490	(50,775)	-17.91%
Deferred pension charges	2,725,610	3,284,639	(559,029)	-17.02%
Total deferred outflows of resources	<u>2,958,325</u>	<u>3,568,129</u>	<u>(609,804)</u>	<u>-17.09%</u>
Liabilities:				
Long-term liabilities	40,878,483	40,361,834	516,649	1.28%
Other liabilities	12,807,101	8,939,894	3,867,207	43.26%
Total liabilities	<u>53,685,584</u>	<u>49,301,728</u>	<u>4,383,856</u>	<u>8.89%</u>
Deferred inflows of resources:				
Deferred pension credits	618,280	3,661,558	(3,043,278)	-83.11%
Net position:				
Net investment in capital assets	46,522,947	46,595,631	(72,684)	-0.16%
Restricted	12,570,200	9,916,356	2,653,844	26.76%
Unrestricted	(7,296,272)	(8,052,103)	755,831	9.39%
Total net position	<u>\$ 51,796,875</u>	<u>\$ 48,459,884</u>	<u>\$ 3,336,991</u>	<u>6.89%</u>



Government-Wide Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$51,796,875 (net position). Unrestricted net position is reported as (\$7,296,272) due to the effects of reporting net pension liability in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, which is not an accurate representation of the City's financial position to meet the government's ongoing obligations to citizens and creditors. Excluding net pension liability (\$18,582,281) from net position, results in \$11,286,009 unrestricted net position available to meet the City's ongoing obligations to citizens and creditors.
- The City's total cash position at June 30, 2023 was \$31,324,769 compared to \$24,751,527 at June 30, 2022, an increase primarily due to the City's prudent spending while realizing a surge in economic growth.
- As of June 30, 2023, the City's long-term indebtedness, including the liability for accrued vacation and net pension liability, had increased a net of \$405,765 from June 30, 2022. Net pension liability contributed to an increase by \$2,279,025 and a decrease in debt of \$1,873,261 comprised mostly from scheduled debt payments led to the overall net increase.
- The City's bond rating from Standard & Poor's is AA and an Aa2 rating from Moody's Investors Services for general obligation debt.
- Property taxes support 35.3% of the governmental services to citizens and the community in fiscal year 2023.



The following table presents a summary of the City's Statement of Activities as of June 30, 2023.

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues				
Charges for services	\$ 15,409,619	\$ 14,156,310	\$ 1,253,309	8.85%
Operating grants and contributions	2,981,357	1,489,279	1,492,078	100.19%
Capital grants and contributions	33,716	781,756	(748,040)	-95.69%
General Revenues				
Taxes	14,255,727	13,397,247	858,480	6.41%
Other	1,688,307	536,147	1,152,160	214.90%
Total Revenues	<u>34,368,726</u>	<u>30,360,739</u>	<u>4,007,987</u>	<u>13.20%</u>
Expenses:				
General Government	9,015,738	5,542,094	3,473,644	62.68%
Law Enforcement	5,450,867	4,938,927	511,940	10.37%
Fire and emergency	6,827,431	6,033,411	794,020	13.16%
Public works	3,373,369	2,911,197	462,172	15.88%
Culture and recreation	1,918,674	1,784,359	134,315	7.53%
Streets	1,520,327	1,717,467	(197,140)	-11.48%
Community development	2,215,092	2,031,046	184,046	9.06%
Interest	710,237	606,843	103,394	17.04%
Total Expenses	<u>31,031,735</u>	<u>25,565,344</u>	<u>5,466,391</u>	<u>21.38%</u>
Change in net position	3,336,991	4,795,395	(1,458,404)	-30.41%
Net position - beginning of year	48,459,884	43,664,489	4,795,395	10.98%
Net position - end of year	<u>\$ 51,796,875</u>	<u>\$ 48,459,884</u>	<u>\$ 3,336,991</u>	<u>6.89%</u>



Government-Wide Revenue Highlights

Overall revenues increased \$4,007,987 or 13.2% over the preceding year. Key elements of significant changes in governmental activity revenues are as follows:

- Charges for service increased \$1,253,309 or 8.8% primarily as a result of development growth increasing licenses and permit revenues (\$755,168) and fire impact fees (\$410,758).
- Operating grants and contributions increased a net \$1,492,078 or 100% which is mostly due from a state grant for nursing retention and cybersecurity for \$1,748,300.
- Capital grants and contributions decreased by \$748,040 or 95.7% primarily as result of capital grants for infrastructure related to Whitehall Boardwalk project that was completed in prior year.
- Taxes increased a net \$858,480 or 6.4%. Property taxes increased \$359,366 from growth in assessed property values and accommodations and hospitality taxes increased \$452,011 as tourism activity improved and exceeded pre-pandemic levels.
- Other General Revenues increased a net \$1,152,160. The City recognized property sales of \$629,304 along with an increase in investment earnings of \$723,013 due to a rising interest rate market.



Government-Wide Expense Highlights

Overall expenses increased \$5,466,391 or 21.3% over the preceding year. Significant changes in expenses within governmental activities are as follows:

- General government expenses increased \$3,473,644 or 62.6% predominately from a combination of state grant fund distribution of \$1,723,300 for nursing retention and cybersecurity and recording amortization and principal expenses related to the City's implementation of *GASB 96 Subscription-Based Information Technology Arrangements*.
- Fire and emergency expenses increased \$794,020 or 13.1% from a down payment for a future fire truck.
- Public works expenses increased \$462,172 or 15.8% due to lightning strike repairs and janitorial services at City Hall.



The following is Statement of Revenues, Expenditures, and Changes in Fund Balance as of June 30, 2023.

	General Fund	TIF II Fund	Capital Projects Fund	Parks and Tourism Fund	American Rescue Plan Act Fund	Stormwater Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 8,679,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,679,053
Other taxes	-	-	-	4,258,847	-	-	1,030,485	5,289,332
Franchise fees	2,165,829	-	-	-	-	-	-	2,165,829
Fines and forfeitures	64,914	-	-	-	-	-	-	64,914
Licenses and permits	6,993,943	-	-	-	-	-	554,209	7,548,152
Intergovernmental	4,626,018	-	33,716	1,895	957,645	-	185,000	5,804,274
Charges for services	1,172,794	-	-	849,476	-	1,149,232	-	3,171,502
Investment earnings	316,729	132,240	46,637	55,471	161,069	64,023	5,429	781,598
Miscellaneous	266,287	-	629,304	1,680	-	-	9,438	906,709
Total revenues	<u>24,285,567</u>	<u>132,240</u>	<u>709,657</u>	<u>5,167,369</u>	<u>1,118,714</u>	<u>1,213,255</u>	<u>1,784,561</u>	<u>34,411,363</u>
EXPENDITURES								
Current:								
General government	6,420,933	-	-	-	432,091	-	593,231	7,446,255
Law enforcement	5,164,439	-	-	1,137,932	-	-	32,972	6,335,343
Fire and emergency	6,106,212	-	-	-	-	-	-	6,106,212
Public works	2,141,005	32,750	-	-	-	692,090	-	2,865,845
Culture and recreation	-	-	-	1,455,133	-	-	-	1,455,133
Streets	958,950	-	-	-	-	-	-	958,950
Community development	1,315,613	-	-	854,098	-	-	-	2,169,711
Debt Service:								
Principal	1,981,141	-	-	257,255	-	315,000	-	2,553,396
Interest and other charges	517,200	-	-	51,842	-	196,247	-	765,289
Capital Outlay	-	11,049	581,059	107,779	427,593	-	500,000	1,627,480
Total expenditures	<u>24,605,493</u>	<u>43,799</u>	<u>581,059</u>	<u>3,864,039</u>	<u>859,684</u>	<u>1,203,337</u>	<u>1,126,203</u>	<u>32,283,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(319,926)</u>	<u>88,441</u>	<u>128,598</u>	<u>1,303,330</u>	<u>259,030</u>	<u>9,918</u>	<u>658,358</u>	<u>2,127,749</u>
OTHER FINANCING SOURCES (USES)								
Issuance of leases	565,707	-	-	-	-	-	-	565,707
Issuance of subscription arrangements	314,556	-	-	-	-	-	-	314,556
Transfers in	125,274	-	417,323	-	-	-	-	542,597
Transfers out	(13,590)	(25,212)	-	-	(97,961)	(280,560)	(125,274)	(542,597)
Total other financing sources (uses)	<u>991,947</u>	<u>(25,212)</u>	<u>417,323</u>	<u>-</u>	<u>(97,961)</u>	<u>(280,560)</u>	<u>(125,274)</u>	<u>880,263</u>
Net change in fund balances	672,021	63,229	545,921	1,303,330	161,069	(270,642)	533,084	3,008,012
Fund balances - beginning	10,958,530	3,610,781	1,976,350	2,168,387	8,865	2,042,893	748,223	21,514,029
Fund balances - ending	<u>\$ 11,630,551</u>	<u>\$ 3,674,010</u>	<u>\$ 2,522,271</u>	<u>\$ 3,471,717</u>	<u>\$ 169,934</u>	<u>\$ 1,772,251</u>	<u>\$ 1,281,307</u>	<u>\$ 24,522,041</u>



General Fund Revenue Highlights

General fund revenues increased \$2,736,761 or 12.7% from the prior year. The significant changes are primarily attributed to the following:

- Property taxes reported a 5.5% increase totaling \$452,202. This increase is primarily related to a growing tax base as the housing market reached unprecedented levels.
- Licenses and permits increased \$803,141 or 12.9% mostly due to record growth for business licenses as the economy continues to improve post pandemic.
- An increase of \$1,678,288 or 56.1% is reported in intergovernmental revenue as the City received a \$1,748,300 state grant for nursing retention and cybersecurity that was distributed to Beaufort Memorial Hospital and our local higher education partners to fund these important initiatives.
- Charges for services decreased \$505,494 or 30.1% as the City made a change effective January 2022 to charge residential garbage collection fees on their annual property tax bill, rather than on their monthly water bills.
- Interest earnings revenue increased \$293,209 or 1,246% as a result of a rising interest rate market on the City's investments.



General Fund Expenditure Highlights

The General Fund expenditures decreased \$461,593 or 1.8% over fiscal year ended June 30, 2023.

- General Government decreased \$2,382,920 or 27.1% over the prior year. Majority of the decrease is a result of the City's purchase of fire station and cybersecurity building last year, but offset by \$1,746,757 increase in support for nursing retention and cybersecurity initiatives with our local partners.
- Law enforcement saw a \$675,980 increase over the prior year. Net increases in personnel and benefits attributed to \$424,065 of the overall increase and a \$128,075 increase in capital purchases including a virtual training simulator and trained K9 dogs.
- Fire and emergency increased \$502,314 or 8.9% from increases in personnel and benefits of \$411,428 and an additional \$85,621 for fire services support from a local fire district.
- Public Works increased \$314,373 or 17.2% as most of the increase is due to added janitorial services and lightning strike repairs for City Hall along with new garage doors at Public Works facility.
- Streets increased \$235,512 or 32.5% from emergency traffic signal repairs and purchase of streetlights in their approved capital budget.



Other Major Funds Highlights

Tax Increment Financing District II Fund (TIF II)

The TIF II Fund expended \$43,799 or \$28,963 more than fiscal year 2022. This increase is associated with a vacant property demolition to improve scenic views on the Boundary Street corridor. Revenues of \$132,240 were \$119,609 higher than prior year due to a rising interest rate environment in investment earnings.

Capital Projects Fund

The Capital Project Fund expended \$581,059 or \$971,676 less than fiscal year 2022. The decrease is attributable to more capital projects in the design and engineering stage, rather than the construction phase. Most of the current year activity is a result of three projects: upgrades to building located at 500 Carteret Street of \$67k, engineering for Southside Park improvements for \$196k, and costs associated with large stormwater drainage projects in The Point and surrounding areas of the City totaling \$244k. During fiscal year 2023, the City had ten (10) active capital projects that were underway and at various stages of completion.

Parks and Tourism Fund

The Parks & Tourism fund expended \$3,864,039 in the current year which is \$355,737 more than the prior year and revenues of \$5,167,369 were \$521,081 more than FY 2022. The increase in revenue is due to tourism activity exceeding pre-pandemic levels as shown through hospitality and accommodations fees. Some cut back measures were taken last fiscal year by delaying planned activities until the tourism activity resumed back to normal, therefore attributing to an increase in personnel and operating expenditures this fiscal year.



Other Major Funds Highlights

American Rescue Plan Act Fund

The American Rescue Plan Act fund expended \$859,684 in the current year mostly related to purchases for public works and fire equipment, support to our local educational partners for cybersecurity and nursing initiatives, and security enhancements to the City's information technology infrastructure. Revenues were \$1,118,714 from federal and local grants along with interest and unearned revenues of \$5,869,649 are shown as a liability on the balance sheet as grant revenues are not considered earned until they have been expended.

Stormwater Fund

Stormwater operating revenue of \$1,213,255 which is only \$12,437 less than fiscal year 2022 as revenues remain stable in stormwater fees. Stormwater operating expenditures were \$1,203,337 and included \$511,247 for debt service payments. The other financing uses comprises of \$280,560 transfers out to the capital projects fund for drainage projects throughout the City.



Annual Comprehensive Financial Report Overview

Questions/Comments

