CITY OF BEAUFORT, SC

FISCAL YEAR 2020
CITY MANAGER'S

RECOMMENDED BUDGET

PRESENTED APRIL 23, 2019

CITY OF BEAUFORT

FOUNDED 1711

SOUTH CAROLINA

City Manager's Message

WHERE HISTORY, CHARM, AND BUSINESS THRIVE

April 23, 2019

Mayor Keyserling and members of the Beaufort City Council:

As we prepare this budget, we are fortunate to have many residents and visitors appreciate Beaufort's character, as demonstrated by ongoing accolades from popular, national publications, as well as the engagement displayed by many citizens. This budget will follow the many interesting goals and initiatives we have underway that aim to usher in fresh dialogue and protect what makes this community special.

The Beaufort 2030 Futures Lab and the Council Retreat have helped us look at trends, good and bad, and they will create larger, ongoing conversations and call to action for residents, businesses, non-profits, and other government agencies to become part of our community and to find their identity with the City of Beaufort, by working alongside each other to help us grow and develop our City in a healthy way.

"the distinction between the past, present and future is only a stubbornly persistent illusion"

ALBERT EINSTEIN

Einstein's famous quote has other more relevant applications to local governments like us. Several of these are particularly applicable to the FY 2019/2020 budget, including 1) Are we still in the midst of a long recovery or are we nearer to the next big downturn; 2) Is the City of Beaufort rural, suburban, or urban -what do we want it to be: 3) Are we preparing for the future, protecting the past or creating the present (recognizing that some of our goals and trends span the gamut).

In order to execute any of these goals and new initiatives, we must execute smart financial planning that allows a stable and predictable tax rate, while maintaining a high level of services to our citizens. Each year, this includes both predictable and new challenges.

The primary challenge facing FY 2020 comes from the investment we must make in infrastructure, especially stormwater management and developing plans for addressing rising sea levels. Although the City has experienced significant new growth, this growth has been absorbed by our required investment in our many infrastructure needs.

We are continuing to work with the county and our legislature to stop the downshifting of cost and to identify additional revenue opportunities, like supporting a Local Option Sales Tax (LOST) for cities and towns.

Maintaining infrastructure in good condition and planning for future environmental affects is critical to economic development, public safety, and high quality of life, and is identified as a priority in our Strategic Plan along with the need to provide housing that is affordable for our workforce.

I submit the proposed budget for the fiscal year 2019/2020 (FY 2020). This balanced budget is designed to focus on results and addresses the seven major goals in our Strategic Plan. Our overriding goal with this budget is to address the needs of our citizens today, while preparing the community for a more balanced and prosperous future.

Specifically, the proposed FY 2020 annual operating budget of $23,645,812, across all funds is $669,889 more that last years original budget of $22,975,923 an increase of 2.9%. For the General Fund in particular, the proposed budget is $18,055,390, an increase of 2% over the original adopted budget for the current fiscal year. The only proposed increase to revenues is a 2.2% CPI increase to the property tax millage rate in accordance with Council's direction to apply this increase annually. Our staff has worked hard to provide strategies to fund what is needed today, what is desired for tomorrow, and appropriately plan for what the future may bring to the best of their ability.

Beaufort is a growing city that is becoming more and more popular and services a population of over 60,000 people. Our residents receive a full array of quality municipal services, ranging from public safety to solid waste. This budget provides for the continuation of all municipal services at substantially the same if not better service levels as FY 2019. This budget does make modifications to several areas, largely stormwater management, economic development, and programs to achieve our goals to provide housing that is affordable.

In addition, this budget also supports the City Council's strategic goals in the following ways:

- Our Fund Balance Policy to ensure a unrestricted unassigned fund balance of 28%.
- Our investment in Economic Development will equate to approximately 10% of the Business License revenue.
- We will be investing over $6.0 million in storm water projects in nine locations throughout the City and develop a plan to provide long-term resiliency.
- We will allocate significant funding to create housing that is affordable.
- We have allocated funding to support our work with community partners to solve issues that go beyond the city's sole responsibility.
- We have allocated funding to improve our use of technology, especially artificial Intelligence, throughout our departments.

This proposed budget focuses on maintaining a solid base of core services, advancing the City Council's strategic goals, and aligning our organizational structure in a more streamlined and responsive way. This budget allows the resources that we believe are necessary for us to stay on our current and ambitious course of completing our projects on time, on budget, and to provide excellent customer service to all our citizens and visitors.

I thank our entire City staff for their continued service to our community and assistance in the development of this recommended budget. I also, want to extend a special thank you to Rebecca Ryan, our Futurist Consultant, who made us look “outside our comfort zone” and to recognize some trends and facts that we are going to have to deal with. I thank our Finance Director, Kathy Todd and her staff for helping us put all the parts of this puzzle together in a very clearly presented document.

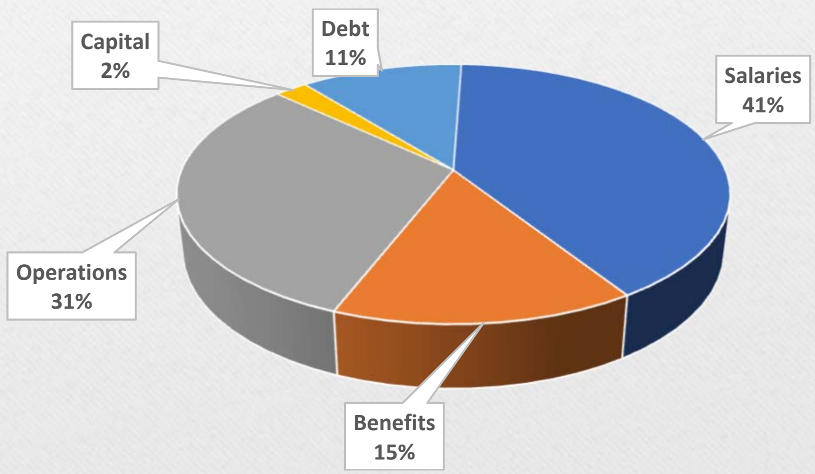
Finally, I would like to thank the City Council for this opportunity and for providing open, transparent, and clear expectations throughout the Strategic Plan and budget development process.

Respectfully submitted,

William A. Prokop, City Manager

Consolidated FY 2020 Recommended Budget

	General Fund	TIF II Fund	Parks & Tourism Fund	Stormwater Fund	State Accommodations Fund	Redevelopment Fund	Total
Revenues	$ 17,850,389	$ 90,000	$ 3,554,826	$ 1,100,000	$ 555,000	$ 12,400	$ 23,162,615
Salaries	$ 7,708,821	$ -	$ 1,434,478	$ 347,349	$ 16,618	$ -	$ 9,507,266
Benefits	2,831,434	-	536,403	136,791	7,952	-	3,512,580
Operating	5,519,363	-	1,129,777	294,147	328,930	12,400	7,284,617
Capital	165,000	-	40,000	182,000	150,000	-	537,000
Debt	1,830,772	-	309,098	507,909	-	-	2,647,779
Transfers Out	-	-	105,070	-	51,500	-	156,570
Total Expenditures	$ 18,055,390	$ -	$ 3,554,826	$ 1,468,196	$ 555,000	$ 12,400	$ 23,645,812
Net (Deficit) Surplus	$ (205,001)	$ 90,000	$ -	$ (368,196)	$ -	$ -	$ (483,197)

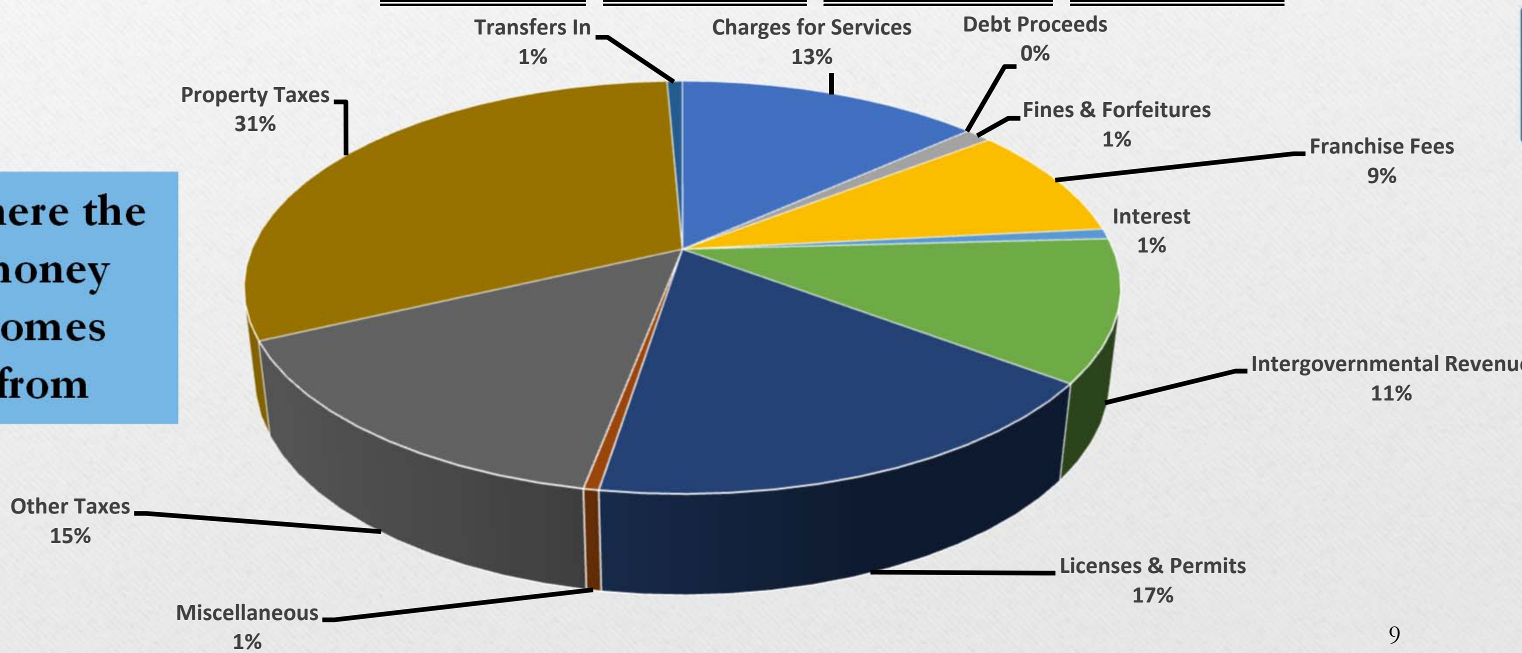


Percentage of Expenditures covered by Revenues.

Consolidated Revenue Budget Summary

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
General Fund	$ 17,760,884	$ 17,660,321	$ 17,850,389	$ 156,068	0.88%
Special Revenue Funds					
Parks and Tourism Fund	3,349,375	3,504,985	3,554,826	49,841	1.42%
State Accommodations Fund	551,453	549,311	555,000	5,689	1.04%
Stormwater Fund	850,119	1,065,306	1,100,000	34,694	3.26%
TIF II Fund	179,425	-	90,000	90,000	100.00%
Redevelopment Fund	12,126	12,300	12,400	100	0.81%
	$ 22,703,381	$ 22,792,223	$ 23,162,615	$ 336,392	1.48%

Where the money comes from



FY 2020 Consolidated Revenue Budget Highlights

- Property Tax estimates:
  - ➢ Taxable Assessed Value (TY 2019 estimated) = $94,844,003
  - ➢ This represents an overall projected growth of $1,911,703 or 2.1%
  - ➢ Real property taxable assessed value is projected to grow 4.5% over TY 2017, but personal property taxable assessed value is projected to decrease 12% and vehicle property tax is projected to decrease 9.7%.
  - ➢ Value of a Mil for TY 2018 is $92,932 and $94,844 for TY 2019.
- Property Tax in the General Fund includes an estimated growth and CPI increase in the operating mil of 2.2%, or 1.18 mils, no change to the debt mil over the previous year and a continuation of the reserve mils at 2 mils to fund future infrastructure repairs.
  - ➢ Growth adds an estimated $163,117 and the mil adjustment for CPI adds $111,881, for a total $274,998 increase to the City's property tax revenues.
  - ➢ The recommended budget contains no increase to the debt mils and no increase to the reserve mil.
- Reimbursement of the SAFER grant for the Fire Department personnel adds $484,000 to the General Fund intergovernmental revenues. This is a 27% decrease over the previous year as we move half way during FY 2020 into the 3rd year of the grant.
  - ➢ Reimbursement rate for first half of FY 2020 is 75% and 35% for the later half of the same fiscal year.

FY 2020 Consolidated Revenue Budget Highlights (cont'd)

- Overall revenue growth of the General Fund is estimated at 0.9% over FY 2019 or $156,068.
- Local hospitality and accommodations taxes reported in the Park & Tourism fund is estimated to increase by 1.4%, or $49,841 over FY 2019.
- Stormwater Utility Fund revenues are estimated to increase 3.3% or $34,694.

Consolidated Expenditure Budget Summary

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
General Fund					
Salaries	$ 7,927,187	$ 7,602,976	$ 7,708,821	$ 105,845	1.39%
Benefits	2,685,124	2,750,950	2,831,434	80,484	2.93%
Operations	4,895,335	5,392,988	5,519,363	126,375	2.34%
Capital	3,013,047	295,745	165,000	(130,745)	-44.21%
Debt	1,356,050	1,826,651	1,830,772	4,121	0.23%
Transfers Out	159,193	732,000	-	(732,000)	-100.00%
Total General Fund	$ 20,035,936	$ 18,601,310	$ 18,055,390	$ (545,920)	-2.93%
Parks and Tourism Fund					
Salaries	$ 252,194	$ 1,429,722	$ 1,434,478	$ 4,756	0.33%
Benefits	86,248	530,404	536,403	5,999	1.13%
Operations	723,492	1,157,749	1,129,777	(27,972)	-2.42%
Capital	347,334	94,800	40,000	(54,800)	-57.81%
Debt	309,098	309,109	309,098	(11)	0.00%
Transfers Out	-	-	105,070	105,070	100.00%
Total Parks and Tourism Fund	$ 1,718,366	$ 3,521,784	$ 3,554,826	$ 33,042	0.94%
Stormwater Fund					
Salaries	$ 104,898	$ 291,953	$ 347,349	$ 55,396	18.97%
Benefits	33,068	128,490	136,791	8,301	6.46%
Operations	438,668	289,557	294,147	4,590	1.59%
Capital	55,000	-	182,000	182,000	100.00%
Debt	-	546,420	507,909	(38,511)	-7.05%
Transfers Out	129,198	-	-	-	0.00%
Total Stormwater Fund	$ 760,832	$ 1,256,420	$ 1,468,196	$ 211,776	16.86%

Consolidated Expenditure Budget Summary (Cont'd)

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
State Accommodations Fund					
Salaries	$ 76,552	$ 35,704	$ 16,618	$ (19,086)	-53.46%
Benefits	21,132	16,376	7,952	(8,424)	-51.44%
Operations	431,182	446,016	328,930	(117,086)	-26.25%
Capital	-	-	150,000	150,000	100.00%
Transfers Out	51,323	51,216	51,500	284	0.55%
Total State Accommodations Fund	$ 580,189	$ 549,312	$ 555,000	$ 5,688	1.04%
TIF II Fund					
Operations	$ 79,452	$ 15,701	$ -	$ (14,000)	-100.00%
Capital	46,331	170,000	-	(170,000)	-100.00%
Transfers Out	4,226,184	2,387,423	-	-	0.00%
Total TIF II Fund	$ 4,351,967	$ 2,573,124	$ -	$ (184,000)	-100.00%
Redevelopment Fund					
Salaries	$ 69,510	$ -	$ -	$ -	0.00%
Benefits	24,047	-	-	-	0.00%
Operations	406,488	18,371	12,400	(5,971)	-32.50%
Capital	29,895	-	-	-	0.00%
Total Redevelopment Fund	$ 529,940	$ 18,371	$ 12,400	$ (5,971)	-32.50%
Total All Funds	$ 27,977,230	$ 26,520,321	$ 23,645,812	$ (485,385)	-1.83%

FY 2020 Consolidated Expenditure Budget Highlights

Salaries and Benefits

- Two and a half (2.5) new FTE's: Communications Coordinator in the City Manager's department, an additional Business License Inspector in the Finance Department and a part-time administrative assistant in the Fire Department.
- Increase in Retirement Contribution by PEBA of 1%.
- General Fund salaries and benefits increased 1.8%, Parks & Tourism salaries and benefits increased 0.55% and Stormwater salaries and benefits increased 18.97%.

Operations

- Overall decrease of 2.55%: General Fund decreased 3.95% due to decrease in General Fund Revenues; Parks & Tourism increased a modest 1%; Stormwater increased 16.86%

Capital

- Decrease of 4.2%, from $560,545 in FY 2019 to $537,000 in FY 2020.
- Stormwater Fund includes cost of an excavator and the State Accommodations fund proposed the use of $150,000 toward the renovations of the Arsenal windows and bathroom.

Debt

- The only increase in debt is from normal debt payments required for FY 2020. There is no new debt included in the recommended budget.

For an overview of the City's Consolidated Budget, please go to the City website – **www.cityofbeaufort.org**, and go to the Finance Department section, Financial Transparency and click on OpenGov.

Budget Process

- Strategic planning sessions precede the official budget process. During these sessions, Council and staff discuss goals and set priorities.
- The budget process begins in February and the budget calendar is reviewed and established. The City Manager meets with all departments to discuss the current and future trends, needs and goals of the City.
- Departments are then responsible for preparing requests for programs, projects and initiatives they would like to have considered for the upcoming budget year.
- Each department meets individually with the City Manager to review department budget requests. Requests are evaluated to determine their alignment with the strategic goals and the fiscal resources necessary to fund the requests.
- Following these meeting, the City Manager's Office and the Finance Office meet to prepare the draft budget for submission to City Council. This draft budget is submitted to the Mayor and City Council at formal budget workshops held in April and May.
- The public has an opportunity to comment on the budget during the Public Hearing and again during first and second reading of the ordinance to adopt the budget.
- State law requires the City Council to adopt a balanced budget prior to June 30. Budget amendments are allowed under South Carolina law and are made throughout the year as necessary.

Budget Calendar

January 2019:	Begin planning for City Council retreat, establishing agenda
January 17 & February 13, 2019:	Beaufort 2030 – Planning for the future
March 4, 2019:	Budget Entry at Level 1 available for departmental budget requests
March 11, 2019:	City Manager/Finance presentation at City Council Retreat on FY 2020 goals and revenue projections.
March 29, 2019:	All departmental Budget Requests completed by close of business
April 23, 2019:	City Manager presents FY 2020 Recommended Budget to City Council
May 7, 2019:	Fire Department & Municipal Court Department Budget Presentations in Worksession
May 14, 2019:	Public Works Department and Downtown Operations Department Budget Presentation in Worksession
May 21, 2019:	Police Department, Community & Economic Development Department & Administrative Departments Budget Presentations in Worksession
May 28, 2019:	Publication date of Public Notice of Public Hearing for FY 2020 Budget
June 11, 2019:	Public Hearing on FY 2020 Budget in City Council meeting
	First Reading on FY 2020 Budget Ordinance in City Council meeting
June 25, 2019:	Second Reading on FY 2019 Budget Ordinance in City Council meeting

Financial Policies

The City of Beaufort's financial policies are governed by South Carolina state law, the City Charter, and generally accepted accounting principles. These laws, principles and policies describe ways to amend the budget after adoption, provide for budget controls and budget reporting, and identify appropriate methods for budgeting, accounting and reporting.

The City Manager is authorized to transfer any sum from one budget line item to another, or from one department or org to another department or org; provided, however, that no such transfer shall:

1. Be made from one fund to another fund,
2. Conflict with any existing Bond Ordinance, or
3. Conflict with any previously adopted policy of the City Council.

Any change in the budget which would increase or decrease the total of all authorized expenditures must be approved by City Council.

The accounting policies of the City of Beaufort conform to generally accepted accounting principles (GAAP) as applicable for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting principles.

The accounts of the City are organized on the basis of funds. Each is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

FINANCIAL POLICIES (CONT'D)

The operations of each fund are accounting for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

General Fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principle sources of revenue are property taxes, licenses and permits, intergovernmental revenues, and various charges for services such as refuse collection fees. A few of the primary expenditures in the General Fund are public safety (including police and fire services), general government, public works, and debt service.

Special Revenue Funds are to report the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose other than debt service or capital projects. The Parks & Tourism, Stormwater Utility, State Accommodations and the Redevelopment Fund, are Special Revenue funds budgeted through the City's Budget process. The TIF II Fund will be included in the budget process, but only to the extent of capital equipment and other direct operating costs. All capital infrastructure will be incorporated through the adoption of the Capital Improvement Plan now that the Incremental Tax revenue is no longer being collected as of June 30, 2017 and all associated debt of the TIF II Fund has been repaid.

The purpose of each of these Special Revenue funds is as follows:

- The **Parks & Tourism Fund accounts** for the local hospitality and local accommodations taxes and other revenues that support parks and tourism activities and the related costs.

Financial Policies (Cont'd)

- The **Stormwater Utility Fund** accounts for the Stormwater Utility charge to properties within the City and all associated costs used for all stormwater utility activities.

- **State Accommodations Tax Fund** accounts for the 2% State Accommodations sales tax from transient room rentals. The expenditures are restricted to tourist related activities as stipulated by State Law.

- **Redevelopment Fund** accounts for the activity in support of Redevelopment initiatives.

- The **Capital Projects Fund** accounts for activity related to capital projects of the City.

BUDGET FORMAT

The Operational Budgets are presented in accordance with State Law and the City's fiscal policies for the General Fund, Parks & Tourism Fund, Stormwater Fund, State Accommodations Fund and Redevelopment Fund.

The Budget Summary for each fund is broken into segments:

- Revenues
- Expenditures
  - Salaries & Benefits
  - Operations which includes: Workers Compensation insurance, consulting services, professional services, utilities, property, vehicle and tort liability insurances, supplies, leased equipment, postage, printing, telephone, travel, and maintenance.
  - Capital Rolling Stock and Stormwater includes vehicles, equipment and stormwater projects funded by the Stormwater fees.
  - Transfers represents Transfers out of one fund and into another for approved projects.
  - Debt Service represents the payments of principle and interest on the City's Revenue bond, general obligation bond funding and capital leases.

The Capital Project Budget is presented in accordance with City Council's Capital Improvement Plan. The Capital Project Budget is an inception to date budget with projects added and removed based on City Council priorities, availability of funding and completion.

Goal 1: **Encourage sustainable economic growth through new businesses and expansions to achieve tax base diversification and career paths into middle income (defined as $50,000 annually) through targeted recruitment of businesses in technology, knowledge management, advanced manufacturing and emerging sectors.**

<u>**Rationale:**</u> *Increasing the focus on economic development by encouraging sustainable economic growth and partnerships through business workforce development and diversification will create jobs that enable and encourage the private sector to create well-paid, career oriented positions. Using strategies for infrastructure, maximizing use of appropriate city-owned properties, focusing on promising growth sectors, and expanding desired economic activity will positively impact our tax base and improve revenue for the City.*

Goal 2: **Create a long range plan and identify available revenue streams to address the City's infrastructure and development needs.**

<u>**Rational:**</u> *The public and the political leadership deserve to know what is needed to practice exemplary stewardship of City resources. Detailed analysis must be conducted that informs budget decisions regarding the City infrastructure. Finally the detailed analysis will assist in making decisions regarding the needs for improved stormwater, flooding, sidewalk, street and facility improvement plan and construction needs for the short and long-term needs of the City.*

Strategic Plan 2019 to 2021 (Cont'd)

Where History, Charm and Business Thrive

Goal 3: **Create and coordinate programs and opportunities for the development of housing that is affordable, for different segments of our populace, to be constructed in the City to provide the needed housing for our workforce.**

Rationale: *By 2027, if not sooner, the supply of affordable housing is expected to fall short for many income groups but especially for relatively lower income renters and higher income homebuyers, even taking into account new units in the development pipeline. The recent study on housing completed by Beaufort County shows the need very clearly. If we are going to be successful with our economic development plans, affordable housing must be made available. There is a need now, and by 2027 the need is expected to peak.*

Goal 4: **Through tourism, and an active vibrant downtown, attract those who wish to relocate their offices and businesses here to live, work, and play by capitalizing on that which gives Beaufort unmatched quality of life opportunities.**

Rationale: *The City of Beaufort is one of South Carolina's most historic and iconic cities, with a vibrant Lowcountry character, well-preserved historic buildings, and a natural beauty and lifestyle that attracts visitors and inspires devotion in residents. The City has worked to maintain the vibrancy and economic viability of the Downtown Commercial Core and our historic sites. Our downtown, a strong anchor for the community and a prime destination for visitors, requires ongoing attention to ensure sustainability.*

The Waterfront Park is broadly enjoyed by our residents and our guests as they take in the beauty of Beaufort River. The playground is frequented by children as their parents watch nearby. We consider our Marina and the Waterfront Park to be jewels, which must be polished from time to time. Now is such a time.

Goal 5: Initiate a plan to accommodate balanced growth through infill and community development within targeted areas of the City.

<u>**Rationale:**</u> *We welcome opportunities to expand our population and to expand the revenue streams that accompany new development. Expansion within relatively fixed borders calls on us to look inward for opportunities. Through thoughtful infill we can stabilize, enhance, and promote preservation in select neighborhoods. Increasing occupation of once struggling properties creates broad, deep communities of individuals who value the beauty of Beaufort. We put a street-by-street plan to an overall 5 year project context*

Goal 6: Create and coordinate an environmental sustainability Task Force to address and mitigate the effects of storm water, flooding, rising sea levels and other natural disasters.

Goal 7: **Coordinate and collaborate with community stakeholders to identify the overall educational needs within the City, resulting in a sound educational needs and workforce development plan.**

Rationale: *The effects of not having the skills that are needed by high tech industry will have continuing impacts on the City. These are real and are being felt. The need for a better educated and trained workforce is a national problem. We must better understand the impact and how we can plan, prepare, fund, and safeguard the development of our workforce. These challenges will be one of the greatest our community has ever faced and will require the assistance of a multitude of agencies.*

GENERAL FUND

During FY 2018, in preparation of the FY 2019 Budget, City Council approved the creation of two (2) additional Special Revenue Funds: The Parks & Tourism Fund and the Stormwater Utility Fund. Activity for these two new funds was previously included in the General Fund prior to FY 2018.

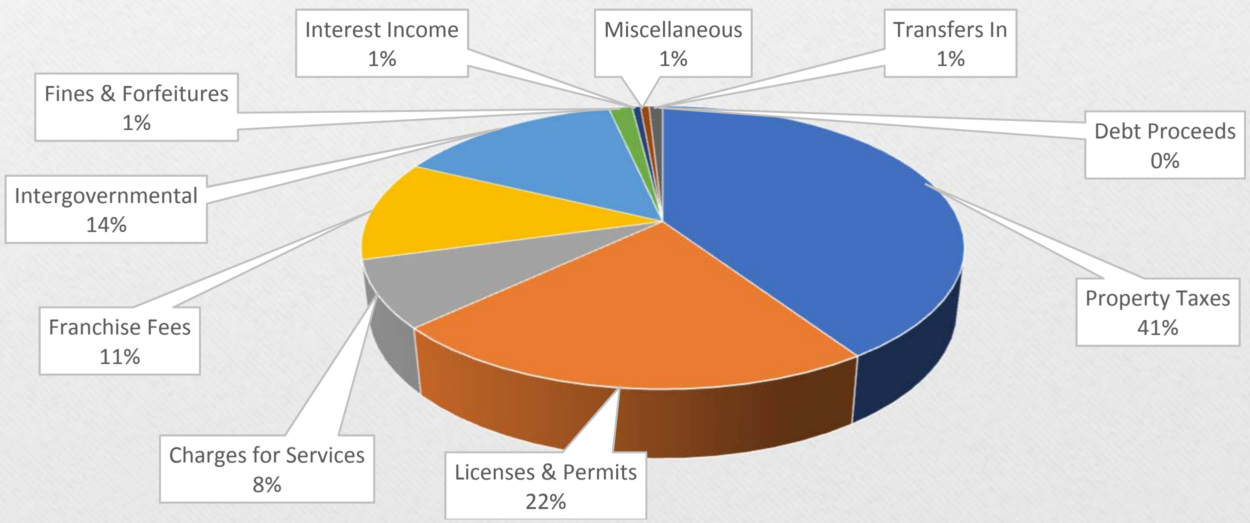
In order to assist in evaluating the FY 2020 recommended budget, all activity from these functions for FY 2018 were excluded from the General Fund presented herein and included in the respective FY 2020 budgeted fund.

The General Fund is the main operating fund of the City. The primary sources of revenue are property taxes, licenses & permit revenues, franchise fees, intergovernmental revenues and general charges for services.

The General Fund accounts for the activity of the City Council, City Manager, Finance & Information Technology, Human Resources, Municipal Court, Planning & Building Inspections, Police, Fire, and Public Works.

Budget Summary - Revenues

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
Property Taxes	$ 6,465,632	$ 7,028,088	$ 7,251,964	$ 223,876
Licenses & Permits	4,153,137	3,973,150	4,005,150	32,000
Charges for Services	1,233,286	1,346,133	1,365,947	19,814
Franchise Fees	2,147,811	2,230,243	2,041,468	(188,775)
Intergovernmental	2,195,643	2,564,222	2,569,073	4,851
Fines & Forfeitures	251,583	313,000	267,500	(45,500)
Interest Income	36,827	20,000	95,000	75,000
Miscellaneous	410,206	134,269	97,717	(36,552)
Transfers In	51,323	51,216	156,570	105,354
Debt Proceeds	656,244	-	-	-
	$ 17,601,691	$ 17,660,321	$ 17,850,389	$ 190,068

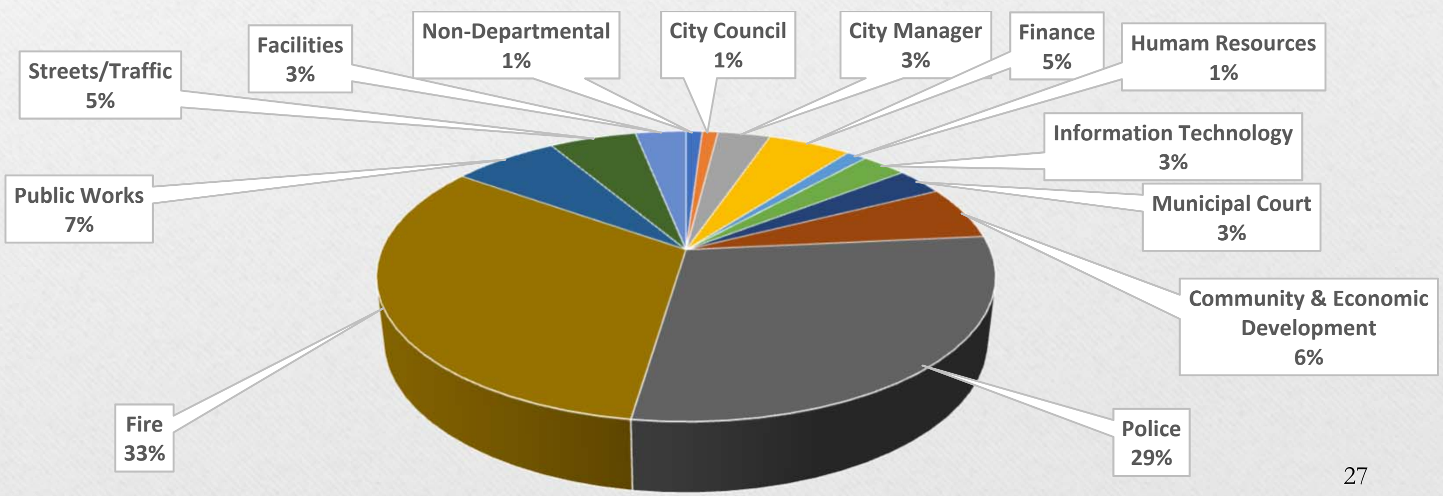


Property Taxes

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget
Current Property Taxes	$ 3,966,067	$ 4,523,759	$ 4,798,757
Property Taxes - Debt Mil	1,501,812	1,717,054	1,762,835
Delinquent Property Tax	375,747	211,088	136,088
Penalties & Interest	31,426	33,196	33,196
Vehicle Property Taxes	356,123	330,620	294,696
Homestead Exemption	177,916	179,871	183,338
Motor Carrier	29,852	7,500	11,000
Payment in Lieu	26,690	25,000	32,054
Total Property Taxes	$ 6,465,633	$ 7,028,088	$ 7,251,964
Taxable Assessed Value[1]	$ 86,768,288	$ 92,527,110	$ 94,844,003
Value of Mil	$ 86,768	$ 92,527	$ 94,844

[1] TY 2019 estimated taxable assessed value presented in FY 2020 Recommended budget is based on County estimates

Percentage of Property Tax Revenue to Net Department expenditures



Property Taxes

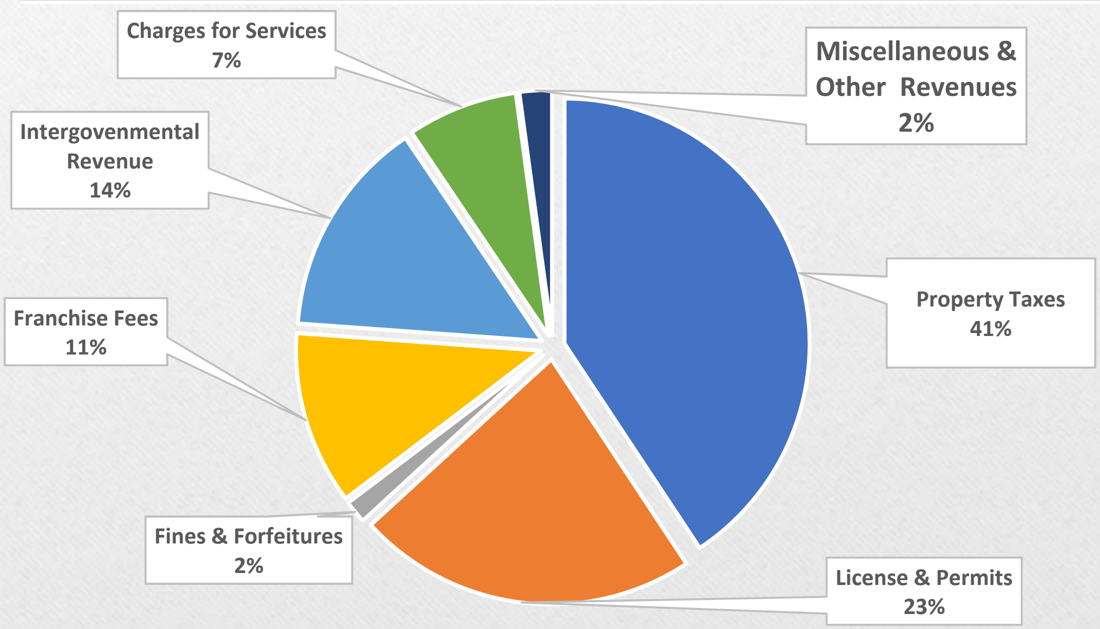
- Represents the largest revenue source of the City, or approximately 41% of the total revenues.
- Taxable assessed value of real property for tax year 2019 is estimated to be $81,907,360, a 3% growth over tax year 2018.
- Taxable assessed value of personal property is estimated for tax year 2019 to be $7,449,173, a 7% decrease from tax year 2018, due to adjustments made to more conservatively assess tax on delinquent filers.
- Vehicle taxable assessed value is estimated for tax year 2019 of $5,487,470, a 12.9% decrease over tax year 2018.
- Total Taxable Assessed Value is estimated at $94,844,003.
- The growth in taxable assessed value is 3.0% higher than the prior tax year and CPI is estimated at 2.2% for a total allowed recommended increase to the millage of 2.2% or 1.18 mils.
    - Operating Mil of 54.80. FY 2019 Operating Mil is 53.62. This is an increase in property tax from the millage increase of $111,881.
    - Debt mil will remain at 18.97 mils.
    - Recommend maintaining the 2% reserve mil to continue to fund for aging infrastructure.
    - Total recommended millage rate of 75.77 mils.

Other Significant Revenues

- Licenses and permits is budgeted for a modest increase of $32,000 more than FY 2019.
- Charges for Services is budgeted for $56,108 more than FY 2019 primarily as a result of the capital lease payment on Commerce Park.
- Intergovernmental Revenues decreased net $188,775 primarily due to increases to the Fire Services charged to the Town of Port Royal and the decrease in the amount reimbursed under the SAFER grant.
- All other General Fund revenues are anticipated to remain flat with the exception of Miscellaneous revenue which is unexpected throughout the year and no new debt issued that is supported by General Fund revenues.

Budget Summary - Expenditures

	General Fund			
	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended	Change
Salaries	$ 7,927,187	$ 7,602,976	$ 7,708,821	$ 71,845
Benefits	2,685,124	2,750,950	2,831,434	80,484
Operations	4,895,335	5,480,385	5,519,363	38,978
Capital	3,013,047	295,745	165,000	(130,745)
Debt	1,356,050	1,739,254	1,830,772	91,518
Transfers out	159,193	732,000	-	(732,000)
Total Expenditures	$ 20,035,936	$ 18,601,310	$ 18,021,390	$ (579,920)



Where your General Fund monies go

General Fund Budget By Department

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
Non Departmental					
Salaries	$ -	$ 15,000	$ 34,000	$ 19,000	126.67%
Benefits	-	-	-	-	0.00%
Operations	78,556	123,279	129,572	6,293	5.10%
Capital	327,397	-	-	-	0.00%
Transfers Out	159,193	732,000	-	(732,000)	-100.00%
Total NonDepartmental	$ 565,146	$ 870,279	$ 163,572	$ (706,707)	-85.11%
City Council					
Salaries	$ 30,777	$ 31,151	$ 29,751	$ (1,400)	-4.49%
Benefits	9,542	9,343	9,180	(163)	-1.74%
Operations	137,970	118,507	120,356	1,849	1.56%
Total City Council	$ 178,289	$ 159,001	$ 159,287	$ 286	0.18%
City Manager					
Salaries	$ 291,159	$ 274,501	$ 312,352	$ 37,851	13.79%
Benefits	101,683	100,061	132,409	32,348	32.33%
Operations	96,901	124,411	87,015	(37,396)	-30.06%
Total City Manager	$ 489,743	$ 498,973	$ 531,776	$ 32,803	6.57%
Finance & Information Technology					
Salaries	$ 411,090	$ 454,886	$ 494,840	$ 39,954	8.78%
Benefits	114,057	144,256	153,971	9,715	6.73%
Operations	642,912	663,670	652,515	(11,155)	-1.68%
Total Finance and IT	$ 1,168,059	$ 1,262,812	$ 1,301,326	$ 38,514	3.05%

General Fund Budget By Department (cont'd)

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
Human Resources					
Salaries	$ 71,283	$ 71,416	$ 86,433	$ 15,017	21.03%
Benefits	24,203	25,256	24,714	(542)	-2.15%
Operations	80,519	80,768	91,921	11,153	13.81%
Total Human Resources	$ 176,005	$ 177,440	$ 203,068	$ 25,628	14.44%
Municipal Court					
Salaries	$ 306,697	$ 317,657	$ 294,285	$ (23,372)	-7.36%
Benefits	97,417	99,442	96,266	(3,176)	-3.19%
Operations	71,824	109,707	98,844	(10,863)	-9.90%
Total Municipal Court	$ 475,938	$ 526,806	$ 489,395	$ (37,411)	-7.10%
Planning					
Salaries	$ 353,929	$ 494,183	$ 489,395	$ (4,788)	-0.97%
Benefits	131,213	193,915	175,720	(18,195)	-9.38%
Operations	335,231	288,234	294,357	6,123	2.12%
Total Planning	$ 820,373	$ 976,332	$ 959,472	$ (16,860)	-1.73%
Police					
Salaries	$ 3,209,292	$ 2,500,718	$ 2,651,208	$ 150,490	6.02%
Benefits	1,077,018	898,928	962,706	63,779	7.10%
Operations	688,805	977,164	998,159	20,995	2.15%
Capital Outlay	438,646	56,575	76,000	19,425	34.33%
Total Police	$ 5,413,761	$ 4,433,385	$ 4,688,073	$ 254,689	5.74%

General Fund Budget By Department (cont'd)

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
Fire					
Salaries	$ 2,612,067	$ 2,910,786	$ 2,852,115	$ (58,671)	-2.02%
Benefits	925,580	1,096,595	1,114,251	17,656	1.61%
Operations	1,071,812	974,247	1,210,446	148,801	14.02%
Capital Outlay	281,199	82,000	89,000	7,000	8.54%
Debt	-	87,398	-	-	0.00%
Total Fire	$ 4,890,658	$ 5,151,026	$ 2,265,812	$ 114,786	2.23%
Public Works					
Salaries	$ 640,893	$ 532,678	$ 464,442	$ (68,236)	-12.81%
Benefits	204,411	183,154	162,217	(20,937)	-11.43%
Operations	1,690,805	1,933,001	1,836,178	(96,823)	-5.01%
Capital Outlay	1,965,805	157,170	-	(157,170)	-100.00%
Transfer Out	-	-	-	-	0.00%
Total Public Works	$ 4,501,914	$ 2,806,003	$ 2,462,837	$ (343,166)	-12.23%
General Obligation Debt					
Principal	$ 960,000	$ 1,276,800	$ 1,416,022	$ 139,221	10.90%
Interest	396,050	462,453	414,750	(47,703)	-10.32%
Total General Obligation Debt	$ 1,356,050	$ 1,739,253	$ 1,830,772	$ 91,518	5.26%
Total General Fund Expenditures	$ 20,035,936	$ 18,601,310	$ 18,055,390	$ (545,920)	-3.12%

General Fund Expenditure Summary

- Each department will present their detail Goals and Initiatives, as well as their current year accomplishments and barriers to achieving them to City Council. These goals and initiatives are linked to the adopted Strategic Plan of City Council in order to achieve the goals established. Please consult those presentations for the detail supporting the recommended budget of each department.

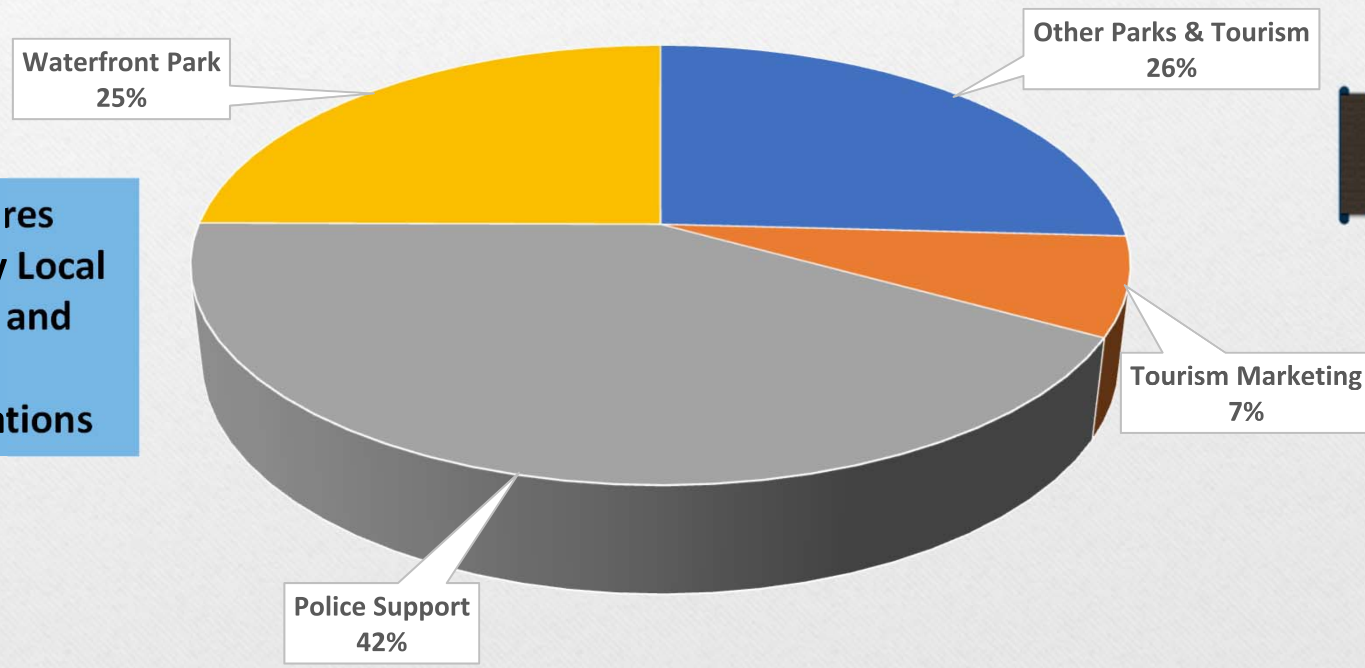
Parks and Tourism Fund

Established to account for the revenues and expenditure activities of the City that are dedicated toward support of tourism related activities, tourism development and the facilities that support those activities.

Budget Summary - Revenues

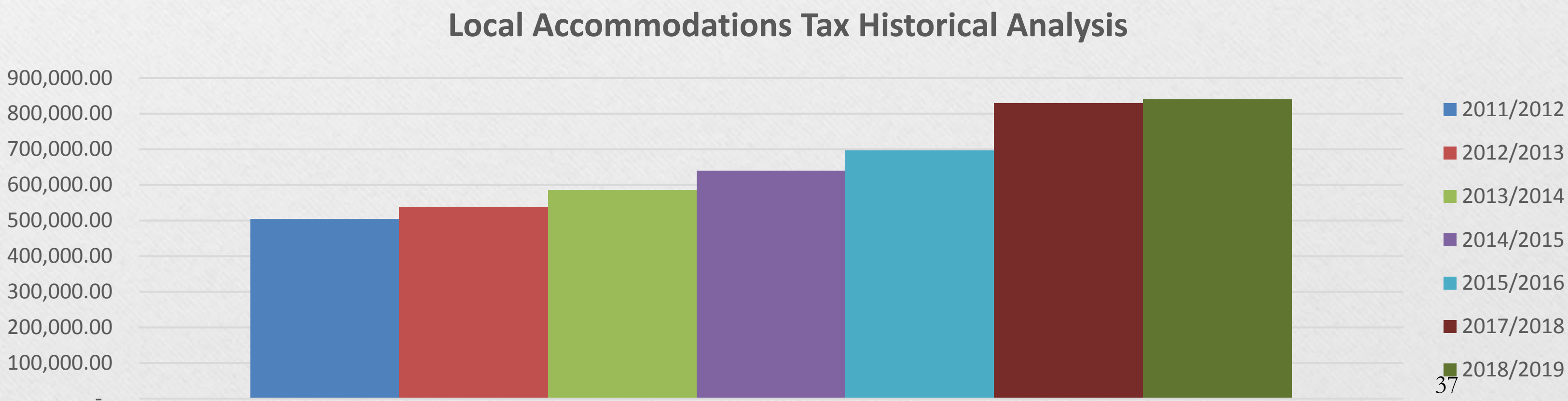
	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
Other Taxes	$ 2,850,059	$ 2,916,159	$ 2,920,976	$ 4,817
Charges for Services	248,557	588,826	633,850	45,024
Intergovernmental	100,000	-	-	-
Total Parks & Tourism Revenues	$ 3,198,616	$ 3,504,985	$ 3,554,826	$ 49,841

Expenditures supported by Local Hospitality and Local Accommodations



Local Hospitality and Local Accommodations

- Both Local Hospitality and Local Accommodations growth is slowing with a modest increase anticipated for FY 2020 (graphs below for FY 2019 are projected for the last quarter of the fiscal year based on historical growth).



Budget Summary - Expenditures

	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
Other Parks & Tourism			
Salaries	$ 369,668	$ 335,244	$ (34,424)
Benefits	148,361	123,120	(25,241)
Operations	393,061	345,907	(47,154)
Capital	25,000	15,000	(10,000)
Total Other Parks & Tourism	$ 936,090	$ 819,271	$ (116,819)
Police Support			
Salaries	$ 930,526	$ 931,265	$ 739
Benefits	337,262	361,047	23,785
Operations	-	37,268	37,268
Total Police Support	$ 1,267,788	$ 1,329,580	$ 61,792
Tourism Marketing			
Operations	$ 123,585	$ 123,585	$ -
Transfers	-	105,070	105,070
Total Tourism Marketing	$ 123,585	$ 228,655	$ 105,070
Marina			
Operations	$ 30,974	$ 20,374	$ (10,600)
Waterfront Park			
Operations	$ 476,135	$ 479,421	$ 3,286
Debt	309,109	309,098	(11)
Total Waterfront Park	$ 785,244	$ 788,519	$ 3,275

	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
Other Downtown Operations			
Salaries	$ 129,528	$ 167,969	$ 38,441
Benefits	44,782	52,236	7,454
Operations	109,894	113,822	3,928
Capital	28,000	-	(28,000)
Total Other Downtown Operations	$ 312,204	$ 334,027	$ 21,823
Parking			
Operations	$ 24,100	$ 9,400	$ (14,700)
Capital	25,000	25,000	-
Total Parking	$ 49,100	$ 34,400	$ (14,700)
Total Parking & Tourism Fund Expenditures	$ 3,504,985	$ 3,554,826	$ 49,841

Parks & Tourism is a new fund. Previous year activity was reported in the General Fund.

Tourism Marketing includes allocations of Local Hospitality Fees of $101,299(5%) for the CVB and $22,286 (1.1%) for other non-profit organizations.

STORMWATER FUND

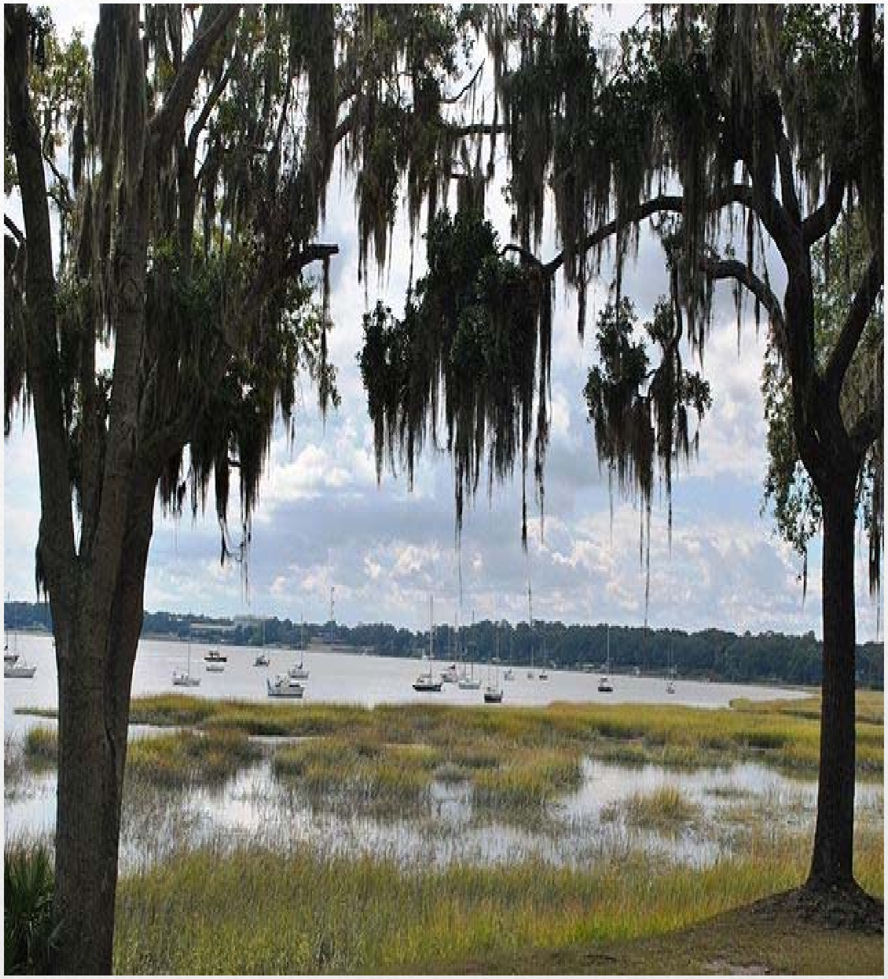
To account for the collections of Stormwater Utility fees and the associated costs of maintaining the City's Stormwater Management activities.

BUDGET SUMMARY

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
Stormwater Utility Fees	$ 850,119	$ 1,065,306	$ 1,100,000	$ 34,694
Salaries	$ 104,898	$ 291,953	347,349	$ 55,396
Benefits	33,068	128,490	136,791	8,301
Operations	438,668	289,557	294,147	4,590
Capital	55,000	-	182,000	182,000
Debt	-	546,420	507,909	(38,511)
Transfers out	129,198	-	-	-
Total Stormwater Expenditures	$ 760,832	$ 1,256,420	$ 1,468,196	$ 211,776

Budget Highlights:

- Reasons for the increase in Salaries and Benefits in the newly created fund, include the direct salaries and benefits of employees dedicated to Stormwater maintenance, and the salaries and benefits of the Public Works department Administration that have been allocated to the Fund based on level of effort in support of services.
- Capital is for an excavator.
- Excess expenditures over revenues are to be funded by bond proceeds and excess restricted fund balance from prior years.



State Accommodations Tax Fund

This fund accounts for the 2% State Accommodations sales tax from transient room rentals and the associated expenditures that are restricted to tourist related expenditures as stipulated by State Law.

Budget Summary

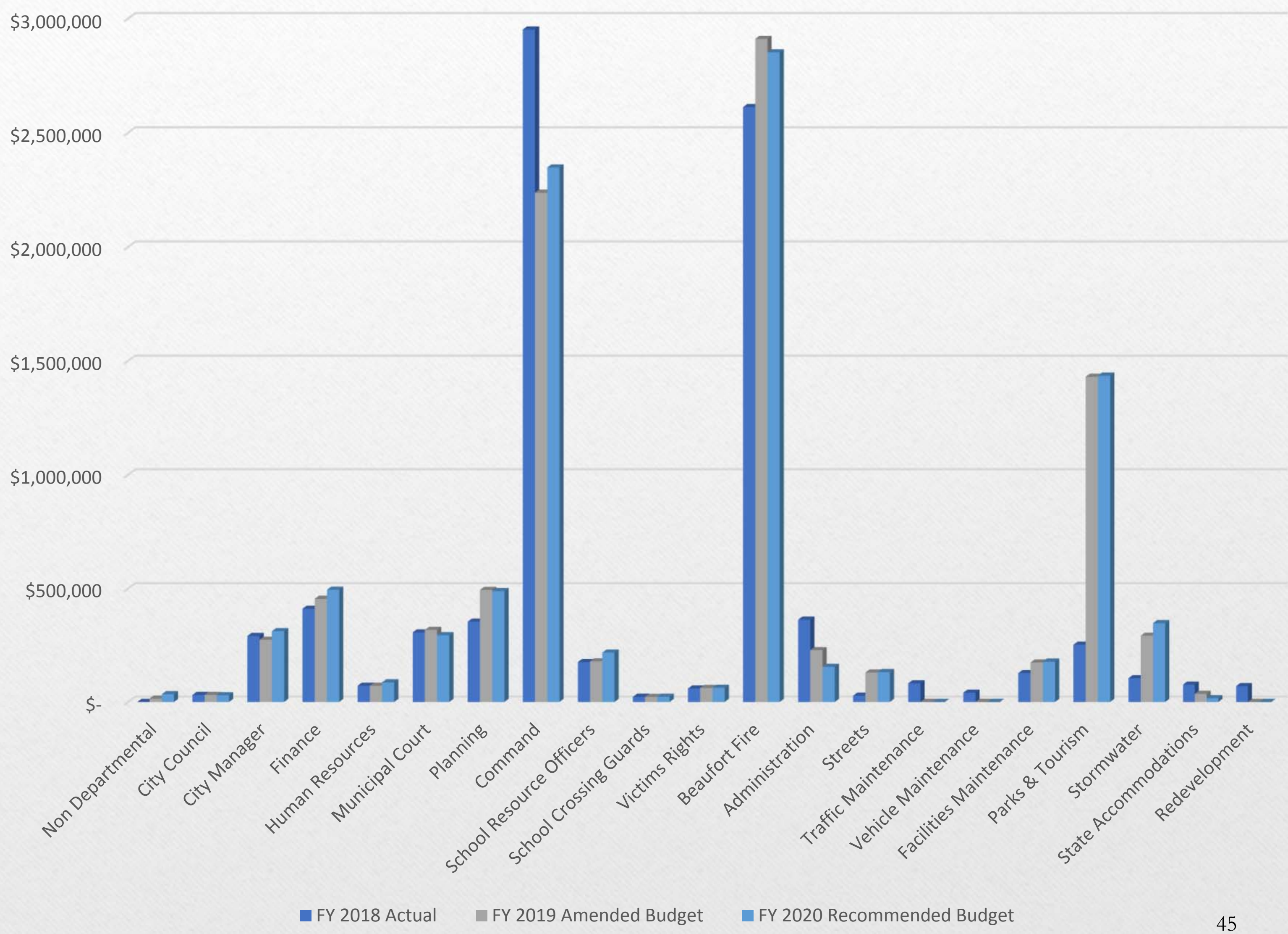
	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year
State Accommodations Tax	$ 551,453	$ 549,311	$ 555,000	$ 5,689
Salaries	$ 76,552	$ 35,704	$ 16,618	$ (19,086)
Benefits	21,132	16,376	7,952	(8,424)
Operations				
Designated Marketing Organization	157,936	157,293	166,500	9,207
Tourism Grants to Qualified NPO's	273,246	288,723	162,430	(126,293)
Capital	-	-	150,000	150,000
Transfers out to General Fund	51,323	51,216	51,500	284
Total Expenditures	$ 580,189	$ 549,312	$ 555,000	$ 5,688

- State Accommodations budget includes $150,000 of capital designated for the repairs to the Arsenal building windows and renovation of the bathroom.
- The balance of the project costs are funded by grant revenues.

SALARIES AND BENEFITS – ALL FUNDS

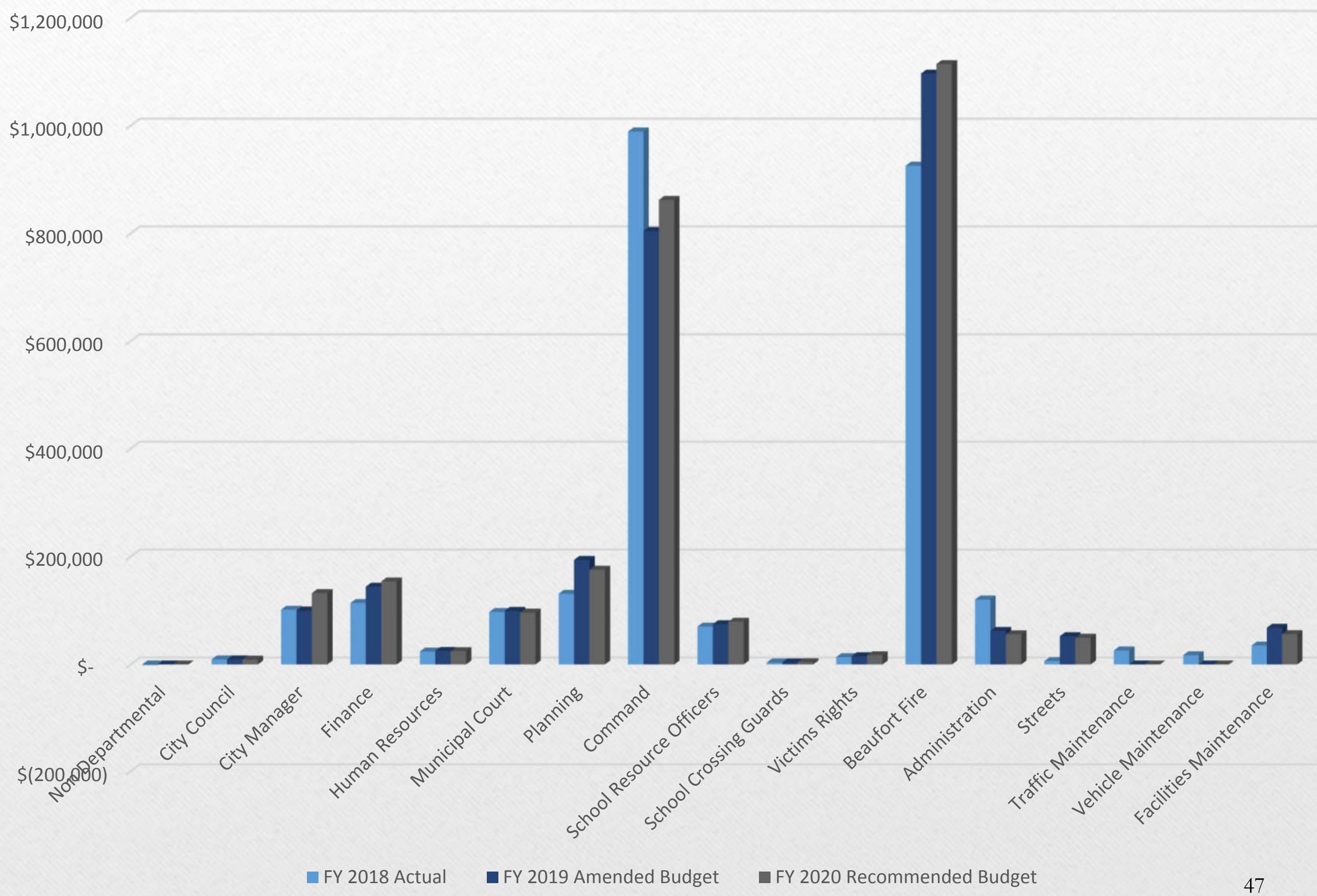
Salaries By Department

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Increase (Decrease) from Prior Year	% Change
General Fund					
Non Departmental	$ -	$ 15,000	$ 34,000	$ 19,000	126.67%
City Council	30,778	31,151	29,751	(1,400)	-4.49%
City Manager	291,159	274,501	312,352	37,851	13.79%
Finance	411,090	454,886	494,840	39,954	8.78%
Human Resources	71,283	71,416	86,433	15,017	21.03%
Municipal Court	306,697	317,657	294,285	(23,372)	-7.36%
Planning	353,929	494,183	489,395	(4,788)	-0.97%
Police				-	
Command	2,951,734	2,237,363	2,348,052	110,689	4.95%
School Resource Officers	175,931	179,072	217,441	38,369	21.43%
School Crossing Guards	22,603	22,444	22,900	456	2.03%
Victims Rights	59,024	61,839	62,815	976	1.58%
Beaufort Fire	2,612,067	2,910,786	2,852,115	(58,671)	-2.02%
Public Works				-	
Administration	362,852	228,479	155,016	(73,463)	-32.15%
Streets	27,747	129,978	131,684	1,706	1.31%
Traffic Maintenance	82,157	-	-	-	0.00%
Vehicle Maintenance	40,873	-	-	-	0.00%
Facilities Maintenance	127,265	174,222	177,742	3,520	2.02%
Total General Fund Salaries	$ 7,927,189	$ 7,602,977	$ 7,708,821	$ 105,844	0.94%
Parks & Tourism Fund					
Parks & Tourism	$ 252,194	$ 1,429,722	$ 1,434,478	$ 4,756	0.33%
Stormwater Fund					
Stormwater	$ 104,898	$ 291,953	$ 347,349	$ 55,396	18.97%
State Accommodations Fund					
State Accommodations	$ 76,552	$ 35,704	$ 16,618	$ (19,086)	-53.46%
Redevelopment Fund					
Redevelopment	$ 69,510	$ -	$ -	$ -	0.00%
Total Salaries	$ 8,430,343	$ 9,360,356	$ 9,507,266	$ 146,910	1.57%


$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
Non Departmental
City Council
City Manager
Finance
Human Resources
Municipal Court
Planning
Command
School Resource Officers
School Crossing Guards
Victims Rights
Beaufort Fire
Administration
Streets
Traffic Maintenance
Vehicle Maintenance
Facilities Maintenance
Parks & Tourism
Stormwater
State Accommodations
Redevelopment
FY 2018 Actual
FY 2019 Amended Budget
FY 2020 Recommended Budget

Benefits By Department

	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Recommended Budget	Change	% Change
Non Departmental	$ (1,255)	$ -	$ -	$ -	0.00%
City Council	9,542	9,343	9,180	(163)	-1.74%
City Manager	101,683	100,061	132,409	32,348	32.33%
Finance	114,057	144,256	153,971	9,715	6.73%
Human Resources	24,203	25,256	24,714	(542)	-2.15%
Municipal Court	97,417	99,442	96,266	(3,176)	-3.19%
Planning	131,213	193,915	175,720	(18,195)	-9.38%
Police				-	
Command	989,063	804,548	862,142	57,594	7.16%
School Resource Officers	70,442	74,829	79,313	4,484	5.99%
School Crossing Guards	3,714	3,932	4,133	201	5.11%
Victims Rights	13,799	15,619	17,118	1,499	9.60%
Beaufort Fire	925,580	1,096,595	1,114,251	17,656	1.61%
Public Works				-	
Administration	120,494	62,468	56,052	(6,416)	-10.27%
Streets	6,333	52,500	49,727	(2,773)	-5.28%
Traffic Maintenance	26,148	-	-	-	0.00%
Vehicle Maintenance	17,358	-	-	-	0.00%
Facilities Maintenance	35,332	68,186	56,438	(11,748)	-17.23%
Total General Fund Benefits	$ 2,685,123	$ 2,750,950	$ 2,831,434	$ 80,484	2.93%
Parks & Tourism Fund					
Parks & Tourism	$ 86,248	$ 530,404	536,403	$ 5,999	1.13%
Stormwater Fund					
Stormwater	$ 33,068	$ 128,490	136,791	$ 8,301	6.46%
State Accommodations Fund					
State Accommodations	$ 21,132	$ 16,376	7,952	$ (8,424)	-51.44%
Redevelopment Fund					
Redevelopment	$ 24,047	$ -	-	$ -	0.00%
Total Benefits	$ 2,849,618	$ 3,426,220	$ 3,512,580	$ 86,360	2.52%



$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-
$(200,000)
Non-Departmental
City Council
City Manager
Finance
Human Resources
Municipal Court
Planning
Command
School Resource Officers
School Crossing Guards
Victims Rights
Beaufort Fire
Administration
Streets
Traffic Maintenance
Vehicle Maintenance
Facilities Maintenance
FY 2018 Actual
FY 2019 Amended Budget
FY 2020 Recommended Budget

Full-Time Equivalents per Fund with Comparisons

General Fund	FY 2018 Actual FTE's	FY 2019 Adopted FTE's	FY 2020 Recommended FTE's	Change
City Council	5.00	5.00	5.00	-
City Manager [1]	3.60	3.00	4.00	1.00
Finance [1]	7.00	7.00	8.00	1.00
Human Resources	1.17	1.50	2.00	0.50
Municipal Court	7.20	7.00	6.00	(1.00)
Planning	6.00	8.00	8.00	-
Police				-
Command	55.00	60.00	60.00	-
School Resource Officer	3.00	3.00	4.00	1.00
School Crossing Guards	4.00	4.00	3.00	(1.00)
Victims Rights	1.00	1.00	1.00	-
Beaufort Fire [1]	56.00	56.00	56.50	0.50
Public Works				-
Administration	6.40	6.00	6.00	-
Streets & Traffic Maintenance	3.00	4.00	3.00	(1.00)
Facilities Maintenance	3.50	4.50	4.00	(0.50)
Total General Fund Salaries	161.87	170.00	170.50	0.50

Full-Time Equivalents per Fund with Comparisons (cont'd)

	FY 2018 Actual FTE's	FY 2019 Adopted FTE's	FY 2020 Recommended FTE's	Change
Parks & Tourism Fund				
Parks & Tourism	8.00	10.00	8.00	(2.00)
Stormwater Fund				
Stormwater	5.00	5.00	6.00	1.00
State Accommodations Fund				
State Accommodations	1.00	1.00	1.00	-
Redevelopment Fund				
Redevelopment	1.00	-	-	-
Total FTE's	176.87	186.00	185.50	(0.50)

[1] Represents a true vacancy for recommended additional personnel in the following departments: City Manager (1) Communications Coordinator, Finance department (1) Business License Inspector, Fire Department (.5) Part Time Administrative Assistant.


CITY OF BEAUFORT
FOUNDED 1711
SOUTH CAROLINA

Capital Projects and Capital Improvement Plan

Capital Projects Fund and Recommended Capital Improvement Plan

Stormwater Projects are included in the Capital Projects Fund if the project spans longer than one year to complete.

- With the Stormwater Revenue Bond issuance during the 1st Quarter 2019, and the engineering analysis completed Mossy Oaks Basin I and Basin II along with several other smaller areas that are more highly affected by flooding will begin to be addressed.
- Funding from prior years stormwater monies were included in prior year Public Works Stormwater Recommended Expenditure Budgets and moved into the Capital Projects Fund.

Recommended FY 2020 Capital Projects

- The City has four active grant awards that impact City Infrastructure. These projects are included in the active Capital Projects list.
  - A Community Development Block Grant to address the Stormwater Infrastructure needs related to the Mossy Oaks Basin 2 area.
    - $1M grant has been awarded, and a portion of the $6M GO Bonds that was secured in FY 2019 will be used to fund the Mossy Oaks Basin 2.

- A Land and Water Conservation Fund Grant for infrastructure renovations at Waterfront Park (relieving platform) and other Park needs.
    - Grant award of $500K has been secured and matching funds fom Fund Balance committed for those purposes was secured in prior year.
- An Undiscovered Grant of South Carolina was awarded for $100K for the repairs to the Arsenal windows and renovation of the bathroom. Matching funds are included in the State Accommodations Fund budget of $150K to complete the project.
- A Community Development Block Grant was awarded in FY 2017 for $500K for the Greenlawn Streetscape project. The TIF II fund resources have been allocated in prior years to support the project budget.

Active Capital Projects for FY 2020

Description	BUDGET			FUNDING						
Description	Estimated Original Budget	Modified Budget	Active Capital Project and Fully Funded	Prior Year Stormwater Funding	Grant Funding	Prior Year General Fund	Bond Funds	Committed Fund Balance	TIF II	Unfunded
City Facilities										
Arsenal Windows and Bathrooms	$ 200,000	$ 220,108	**Yes**	$ -	$ 100,000	$ 120,108	$ -	$ -	$ -	$ -
Stormwater										
Twin Lakes Drainage	$ 45,452	$ 45,452	Yes	45,452						-
Battery Shores Drainage	85,043	85,043	Yes	85,043						
Cottage Farm Drainage	29,550	30,000	Yes	30,000						-
Mossy Oaks Basin I	1,709,255	1,709,255	Yes		750,000		959,255			
Streets										
Greenlawn Drive	1,350,000	2,759,364	Yes		500,000				2,259,364	-
Marina & Parks										
Waterfront Park Foundation and Playground Equipment	$ 620,000	1,000,000	Yes		500,000			500,000		
	$ 3,839,300	$ 5,629,114		$ 160,495	$ 1,750,000	$ -	$ 959,255	$ 500,000	$ 2,259,364	$ -