

CITY OF BEAUFORT, SC



FISCAL YEAR 2022

**CITY MANAGER'S
RECOMMENDED BUDGET**

PRESENTED MAY 18, 2021



CITY MANAGER'S MESSAGE

WHERE HISTORY, CHARM, AND BUSINESS THRIVE

May 18, 2021

Dear Mayor Murray and Members of City Council:

I am pleased to present the proposed 2021/2022 Operating Budget as the springtime flowers and tourist begin to return. The budget proposed is the best balancing of ideas and requirements possible and positions the City to follow the Strategic Plan that has been adopted by City Council.

We use our Strategic Plan as the backbone for establishing department goals, priorities, and funding allocations. This year all Department Heads were instructed to develop a flat budget for their departments, and the only increases would be known cost of doing business. We are adding no new positions and will only be filling positions that were placed on hold during last year's budget or replacements for employees who left employment.

The COVID-19 pandemic will have a long-lasting impact on our community, the county, the state, and the world. However, this summer, with vaccines readily available, hospitalizations down, and our most vulnerable fully vaccinated – we are optimistic that we will see a strong rebound of our local economy. Currently, we see increased tourism and the Marine graduations returning to Parris Island. Both will have positive effects on our local economy. In addition, we have strong development activities going on in our City; in our retail, commercial, and residential sections of our economy. This past year has proven just how resilient our community and our municipal team is. We have shown time and time again, over a very long and arduous year, what a caring, dedicated, staff and council we have.

The recommended FY 2022 Operating Budget is estimated to increase by \$746,937 or a 3.24% increase and our milage will reduce overall from 79.3 to 78.2. as we continue to maintain strong financial controls.

The fund balance of the General Fund is a critical focus of every council and manager and the unassigned fund balance is the true bellwether of a municipality's health and decision making. This is particularly true when your location is subject to hurricanes or flooding on a regular basis. We have done a good job in the past in adhering to our fund balance policy and maintaining an unassigned fund balance of 28%, which includes a 3% reserve for emergencies. Our goal this year is to hold to the 28% or slightly higher. The budget utilizes savings from postponed and delayed capital expenses and flat department expenses. While we continue to respond to the current crisis, over the next few months, we will receive FEMA, Cares Act, and expected federal stimulus funds from the American Rescue Plan in a total amount that will exceed \$5.0 million dollars.

The American Rescue dollars will be paid in two installments, one half by the end of the fiscal year and the second half by about the same time next year. Interim Final guidance has just been released by the Federal Treasury Office regarding the use of funds. Additional guidance will be coming out in the next several weeks as we approach fiscal year 2022. They have made it clear that offsetting lost revenues is allowed. Currently, the recommended budget is only reporting the use of (\$80,000) of those funds. When the funds are received staff will make recommendations to council as to the best use of the remaining funds.

We are fortunate to have a council and staff that is dedicated and caring about our City. Because of our strong culture we can maintain our focus and do the best we can with what we have for the betterment of the community. We have proven to the public that we are interested in wise spending, not just spending what is budgeted. At times some people have criticized us for spending money to insure or prevent losses that may never arise, however, if measures are not taken and losses occur, the City would be criticized for not taking preventative measures and opening the door for more claims and scrutiny. In times like this and the political pressure that we are all under, the goal of the City is to find the alternative that is the most effective, efficient, and economical.

Just like we did last year we have taken all the input that we have gotten regarding our preliminary budget proposals and combined that input with changes we have seen in revenue and expense projections. We have reviewed each department's request and reviewed, line by line the expenses and projected revenue. This budget is balanced by having a 2 mil decrease in our Debt Mil, and the elimination of the 1 mil emergency mil. and a 1.9 mil increase in our operating mil. for a net milage decrease of 1.1 mils.

As stated previously this budget provides our basic and known needs and carries no extra funding for unplanned grant matches, or projects that various individuals or groups may be asking for during the year. Specifically, the proposed budget FY22 annual operating budget of \$ 23,769,178 across all funds which is \$746,937 more than last year's original budget of \$23,022,240 an increase of 3.24%.

The key to this budget is going to be the planning and discussions we will have on how it will be best to spend the one-time federal money that we will be receiving. This is where our strategic plan and forward thinking will really matter.

I am grateful to the City staff who believes in planning, cooperation and rises to meet challenges. They have all worked diligently throughout this very difficult time. Many employees, whether working from home or on site, continue to serve our citizens in the best manner possible. As a City we have shared our implemented safety protocols, policies for virtual meetings, and technological solutions we have proven that the City of Beaufort is ready for any challenge as we face the changes of the future.

We look forward to answering all your questions as we finalize the FY22 Budget.

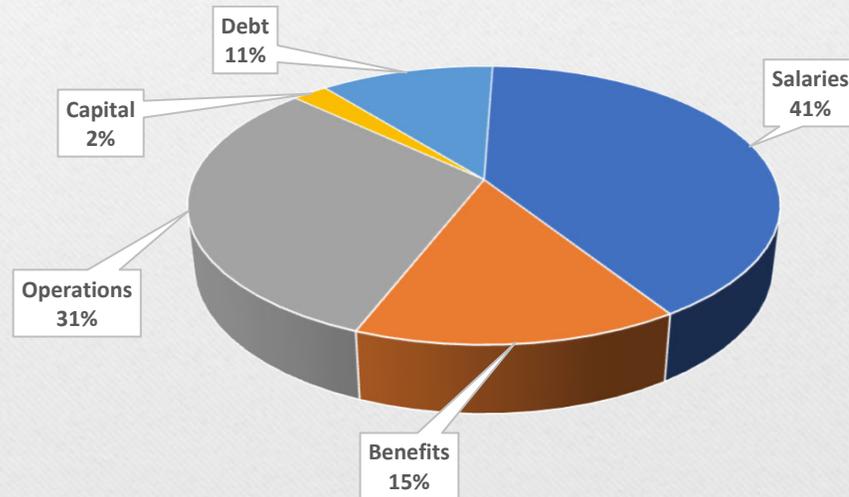
A handwritten signature in black ink, appearing to read 'William Prokop', written in a cursive style.

William Prokop
City Manager

Consolidated FY 2022 Recommended Budget

| | <u>General Fund</u> | <u>TIF II Fund</u> | <u>Parks & Tourism Fund</u> | <u>Stormwater Fund</u> | <u>State Accommodations Fund</u> | <u>Fire Impact Fund</u> | <u>Total</u> |
|-----------------------|---------------------|--------------------|---------------------------------|------------------------|----------------------------------|-------------------------|---------------|
| Revenues | \$ 18,392,559 | \$ 35,000 | \$ 3,348,631 | \$ 1,129,000 | \$ 491,686 | \$ 119,363 | \$ 23,516,239 |
| Salaries | \$ 8,012,052 | \$ - | \$ 1,402,610 | \$ 314,771 | \$ 17,914 | \$ - | \$ 9,747,347 |
| Benefits | 3,002,487 | - | 544,068 | 125,172 | 8,502 | - | 3,680,229 |
| Operating | 5,815,180 | - | 1,015,911 | 177,618 | 366,936 | - | 7,375,645 |
| Capital | 100,787 | - | 76,801 | - | 50,000 | 70,400 | 297,988 |
| Debt | 1,761,537 | - | 309,098 | 507,500 | - | - | 2,578,135 |
| Transfers Out | 41,500 | - | - | - | 48,334 | - | 89,834 |
| Total Expenditures | \$ 18,733,544 | \$ - | \$ 3,348,487 | \$ 1,125,061 | \$ 491,686 | \$ 70,400 | \$ 23,769,178 |
| Net (Deficit) Surplus | \$ (340,985) | \$ 35,000 | \$ 144 | \$ 3,939 | \$ - | \$ 48,963 | \$ (252,939) |

To bring into balance the General Fund recommended budget, \$212,594 of capital costs will be funded using Committed Fund Balance for Vehicles and Equipment and \$128,392 of costs will be funded through the use is Committed Fund Balance for Redevelopment.

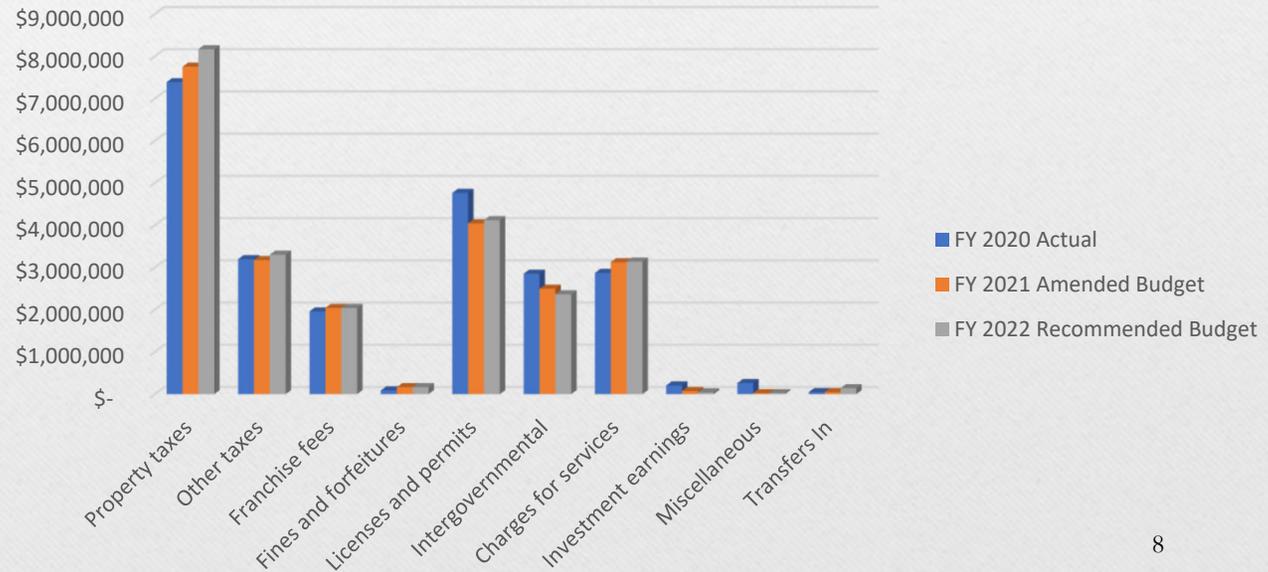


Percentage of Expenditures covered by Revenues.

Consolidated Revenue Budget Summary

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Change | % Change |
|---------------------------|----------------------|------------------------|----------------------------|-------------------|--------------|
| General Fund | \$ 18,739,083 | \$ 18,014,415 | \$ 18,392,559 | \$ 378,144 | 2.10% |
| Special Revenue Funds | | | | | |
| Parks and Tourism Fund | 3,130,216 | 3,201,100 | 3,348,631 | 147,531 | 4.61% |
| State Accommodations Fund | 493,092 | 471,750 | 491,686 | 19,936 | 4.23% |
| Fire Impact Fund | - | 119,363 | 119,363 | - | 0.00% |
| Stormwater Fund | 1,169,725 | 1,100,000 | 1,129,000 | 29,000 | 2.64% |
| TIF II Fund | 100,077 | 35,000 | 35,000 | - | 0.00% |
| Redevelopment Fund | 12,628 | 12,400 | - | (12,400) | -100.00% |
| | <u>\$ 23,644,822</u> | <u>\$ 22,954,028</u> | <u>\$ 23,516,239</u> | <u>\$ 562,211</u> | <u>2.45%</u> |

Where the money comes from



FY 2021 Consolidated Revenue Budget Highlights

- Property Tax estimates:
 - Taxable Assessed Value (TY 21 estimated) = \$104,667,117
 - Estimates from the County were unavailable because of delays in tax bills being released for TY 2020. Therefore, the estimate was based on historical assessed values in December of each year and known growth from new construction and annexations.
 - This represents an overall projected growth of \$8,568,692 or 9% as a result of new construction and annexations.
 - Real property taxable assessed value is projected to grow 8.0% over TY 2020, and personal property taxable assessed value is expected to see growth of 27%. Vehicle property tax is projected to increase 2% over FY 2020.
 - Value of a Mil for TY 2019 is \$96,098 and \$104,667 for TY 2021.
- Property Tax in the General Fund includes an estimated growth and CPI increase in the operating mil along with the carryforward from the prior year of 3.5%, or 1.9 mils, a decrease in the debt mil of 2 mils to cover debt payments of the general fund and a continuation of the reserve mils at 2 mils to fund future infrastructure repairs.
 - Growth adds an estimated \$102,824 and the mil adjustment for CPI adds \$59,981, for a total \$162,805 increase to the City's property tax revenues.
 - The recommended budget includes the total millage of 78.2 mils or an overall decrease of 1.1mils from fiscal year 2021.

FY 2021 Consolidated Revenue Budget Highlights (cont'd)

- Overall revenue growth of the General Fund is estimated at 2.1% over FY 2021 or \$378,144.
- The General Fund budget includes an increase in residential refuse collection fees from \$16.20 per month to \$20 per month due to increases in the collection charge by the refuse collection provider. The last increase was in fiscal year 2014. The net to the City remains the same as in prior years, estimated at 7%.
- City Council's approved the Fire Impact Fee in FY 2021 along with the creation of the Fire Impact Fund.
 - Fees went into affect on January 1, 2021, and generated revenues of \$7,900 through April 2021. Active development projects in the City are estimated to generate \$119,363 in Fire Impact Fees during FY 2022. These fees will be used to offset Fire Department Capital infrastructure in accordance with the approved Ordinance.
- Though the impacts of COVID 19 affected the City's Local hospitality and accommodations taxes reported in the Park & Tourism during FY 2021. The City is beginning to experience recovery as businesses return to normal operations. During FY 2022, the budget includes estimated increases of 3.9%, or \$106,031 over FY 2021.
- Stormwater revenues are estimated to increase 2.64% over FY 2021.

Consolidated Expenditure Budget Summary

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Change | % Change |
|-------------------------------------|----------------------|------------------------|----------------------------|--------------------|---------------|
| General Fund | | | | | |
| Salaries | \$ 7,606,092 | \$ 7,846,997 | \$ 8,012,052 | \$ 165,055 | 2.10% |
| Benefits | 2,661,430 | 2,883,949 | 3,002,487 | 118,539 | 4.11% |
| Operations | 5,336,908 | 5,538,624 | 5,815,180 | 276,556 | 4.99% |
| Capital | 675,717 | 53,430 | 100,787 | 47,357 | 88.63% |
| Debt | 1,830,772 | 1,755,057 | 1,761,537 | 6,480 | 0.37% |
| Transfers Out | 362,930 | - | 41,500 | 41,500 | 0.00% |
| Total General Fund | \$ 18,473,849 | \$ 18,078,057 | \$ 18,733,544 | \$ 655,487 | 3.63% |
| Parks and Tourism Fund | | | | | |
| Salaries | \$ 1,468,227 | \$ 1,341,030 | \$ 1,402,610 | \$ 61,580 | 4.59% |
| Benefits | 539,883 | 510,967 | 544,068 | 33,100 | 6.48% |
| Operations | 924,579 | 1,022,740 | 1,015,911 | (6,829) | -0.67% |
| Capital | 61,847 | 45,301 | 76,801 | 31,500 | 69.53% |
| Debt | 309,098 | 309,098 | 309,098 | - | 0.00% |
| Total Parks and Tourism Fund | \$ 3,303,633 | \$ 3,229,136 | \$ 3,348,487 | \$ 119,351 | 3.70% |
| Stormwater Fund | | | | | |
| Salaries | \$ 302,283 | \$ 302,083 | \$ 314,771 | \$ 12,688 | 4.20% |
| Benefits | 105,511 | 111,771 | 125,172 | 13,401 | 11.99% |
| Operations | 187,098 | 186,917 | 177,618 | (9,299) | -4.98% |
| Capital | 150,528 | 64,000 | - | (64,000) | -100.00% |
| Debt | 507,792 | 508,126 | 507,500 | (626) | -0.12% |
| Transfers Out | 531,044 | - | - | - | 0.00% |
| Total Stormwater Fund | \$ 1,784,257 | \$ 1,172,897 | \$ 1,125,061 | \$ (47,836) | -4.08% |

Consolidated Expenditure Budget Summary (Cont'd)

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Change</u> | <u>% Change</u> |
|---------------------------------|-----------------------|-------------------------------|-----------------------------------|-------------------|-----------------|
| State Accommodations Fund | | | | | |
| Salaries | \$ 16,618 | \$ 17,723 | \$ 17,914 | \$ 192 | 1.08% |
| Benefits | 7,952 | 6,203 | 8,502 | 2,299 | 37.06% |
| Operations | 368,955 | 350,524 | 366,936 | 16,412 | 4.68% |
| Capital | - | 50,000 | 50,000 | - | 0.00% |
| Transfers Out | 48,334 | 47,300 | 48,334 | 1,034 | 2.19% |
| Total State Accommodations Fund | <u>\$ 441,859</u> | <u>\$ 471,750</u> | <u>\$ 491,686</u> | <u>\$ 19,936</u> | 4.23% |
| Fire Impact Fund | | | | | |
| Capital | \$ - | \$ 70,400 | \$ 70,400 | \$ - | 100.00% |
| Total Fire Impact Fund | <u>\$ -</u> | <u>\$ 70,400</u> | <u>\$ 70,400</u> | <u>\$ -</u> | 100.00% |
| TIF II Fund | | | | | |
| Operations | \$ 6,759 | \$ - | \$ - | \$ - | 0.00% |
| Capital | 443,113 | - | - | - | 0.00% |
| Transfers Out | 478,285 | - | - | - | 0.00% |
| Total TIF II Fund | <u>\$ 928,158</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | 0.00% |
| Redevelopment Fund | | | | | |
| Operations | 1,170 | - | - | - | 0.00% |
| Total Redevelopment Fund | <u>\$ 1,170</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | 0.00% |
| Total All Funds | <u>\$ 24,932,926</u> | <u>\$ 23,022,240</u> | <u>\$ 23,769,177</u> | <u>\$ 746,937</u> | 3.24% |

FY 2022 Consolidated Expenditure Budget Highlights

Salaries and Benefits

- No new positions other than law enforcement positions and a planner position that were frozen in FY 2021 are included in the FY 2022 Budget.
- The budget includes a merit pool of 2% for each department. The estimate is based on actual payroll costs for FY 2021 totaling \$225,943.
- Increase in Retirement Contribution by PEBA of 1%.
- Increase of 2% in Health and Dental premiums.
- General Fund salaries and benefits increased 2.64%, Parks & Tourism salaries and benefits increased 5.11% and Stormwater salaries and benefits increased 6.3%.
 - Increases in Parks and Tourism and Stormwater are due to allocations of personnel costs of the Police Department and Public Works to multiple funds.
- Overall increase in salaries & benefits of \$406,853 or 3.12%.

Operations

- Overall increase of 3.9% in operations across the funds of the City
 - General Fund increased 4.99%; Parks & Tourism decreased .67%; Stormwater decreased 4.98%; and State Accommodations Tax increased 4.68%.
 - More detail of these increases are explained in the Fund section.

Capital

- The Capital replacement program that was frozen for FY 2021 is resumed, with resources coming from Committed Fund Balances held in reserve for such purchases.

Debt

- Includes only normal debt payments required for FY 2022. There is no new debt included in the recommended budget.

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.
- The next step in the normal budget process each departments preparing requests for programs, projects and initiatives they would like to have considered for the upcoming budget year. As the City slowly recovers from the affects of COVID, this year's budget preparation process began with rolling the FY 2021 approved budget forward and making only those adjustments that were necessary.
- Each department meets individually with the City Manager to review department budget requests and senior management team meet collectively to evaluate budget it total and modify where needed to bring expenditures in line with anticipated revenues. 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. Due to COVID 19 impacting much of the budget preparation period and its affects on the economy and future revenue planning, the draft budget is submitted to the Mayor and City Council at formal budget workshops held in May.

BUDGET PROCESS (CONT'D)

- 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

FY 2022 BUDGET CALENDAR

- March 22-23, 2021: City Council Retreat on FY 2020-2022 Strategic Plan and shaping the direction for the upcoming year.
- March 31, 2021: All departmental Budget Requests completed by close of business.
- May 18, 2021: City Manager presents FY 2022 Recommended Budget to City Council
- May 21, 2021: Publication date of Public Notice of Public Hearing for FY 2022 Budget
- May 25, 2021: City Council Worksession to address questions on the Recommended Budget.
- June 8, 2021: Public Hearing on FY 2022 Budget in City Council meeting
First Reading on FY 2022 Budget Ordinance in City Council meeting
- June 22, 2021: Second Reading on FY 2022 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.
- The **Fire Impact Fund**, a new fund adopted in FY 2021, accounts for the collections of the Fire Impact fee and the related capital expenditures in accordance with the Capital Improvement Plan.
- **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. This fund is not budgeted for FY 2022 as resources are no longer received by the City.
- 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.

STRATEGIC PLAN 2020 TO 2022

WHERE HISTORY, CHARM AND BUSINESS THRIVE

Key Focus Areas

A Safe and
Vibrant City

To continue to build an authentic, safe, and equitable city, the city will pursue affordable housing opportunities for all segments of the population, will provide responsive public safety, and will improve public spaces.

Economic
Development
and Innovation

The City will strengthen and diversify its economy, and build employment opportunities, through partnerships and innovation. We will support existing businesses and recruit new businesses as we promote balanced land use, support diverse tourism, and remain an authentic hometown.

STRATEGIC PLAN 2020 TO 2022

WHERE HISTORY, CHARM AND BUSINESS THRIVE

Key Focus Areas

Growth and Natural Resources

To maintain the city's authenticity and attractiveness while accommodating future growth and preparing for climate-related challenges, the city will evaluate environmental, municipal, and private constraints on growth; will identify commercial and residential areas requiring immediate attention; and will promote balanced growth through infill.

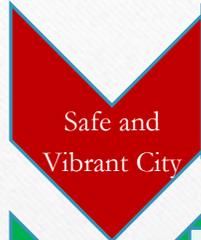
Organizational Excellence

To provide a transparent, efficient organization, the city will engage its citizens and community and business stakeholders, will integrate technologies which enhance the execution of city functions, will staff the organization with highly qualified personnel, and will provide municipal education opportunities for boards, commissions and citizens.

STRATEGIC PLAN 2020 TO 2022

WHERE HISTORY, CHARM AND BUSINESS THRIVE

Objectives



1. Pursue opportunities for affordable and workforce housing
2. Provide accessible public facilities and spaces
3. Provide strong public safety support
4. Facilitate unified and coordinated transportation planning



5. Promote business prosperity and sustainable development
6. Increase median incomes as we recruit new businesses and industry that are a good fit for Beaufort.
7. Preserve our authenticity



8. Manage growth boundaries
9. Manage and encourage infill development
10. Manage annexations
11. Plan for sea level rise



12. Engage community stakeholders
13. Transparency in City operations
14. Provide responsive, efficient, and innovative services
15. Financial, infrastructure and planning sustainability

STRATEGIC PLAN 2019 TO 2021 (CONT'D)

WHERE HISTORY, CHARM AND BUSINESS THRIVE

Key Focus Areas and Objectives

| | City Council | City Manager | Asst City Manager | Finance | Human Resources | Communications | Community & Economic Development | Municipal Court | Police | Fire | Public Works | Downtown Operations |
|-------------------------------------|--------------|--------------|-------------------|---------|-----------------|----------------|----------------------------------|-----------------|--------|------|--------------|---------------------|
| Safe and Vibrant City | | | | | | | | | | | | |
| Objective 1 | | | | | | X | | | | | | |
| Objective 2 | X | | X | | | X | | | | X | X | |
| Objective 3 | | X | | | X | | | X | X | X | | |
| Objective 4 | | | X | | | X | | | | | | X |
| Economic Development | | | | | | | | | | | | |
| Objective 5 | X | X | X | X | | X | X | | | | | |
| Objective 6 | | X | | | | X | | | | | | X |
| Objective 7 | X | X | X | X | | X | | | | | | X |
| Growth and Natural Resources | | | | | | | | | | | | |
| Objective 8 | X | | | | | X | | | | | | |
| Objective 9 | | | X | | | | | X | X | X | X | |
| Objective 10 | | | X | | X | X | | | | | | |
| Objective 11 | X | X | X | | X | X | | | | | | |
| Organizational Excellence | | | | | | | | | | | | |
| Objective 12 | | | X | X | | X | X | | | | | |
| Objective 13 | X | X | X | X | X | X | X | X | X | X | X | X |
| Objective 14 | | X | X | | X | | | | | | | |
| Objective 15 | X | X | X | X | | | | | | | | |

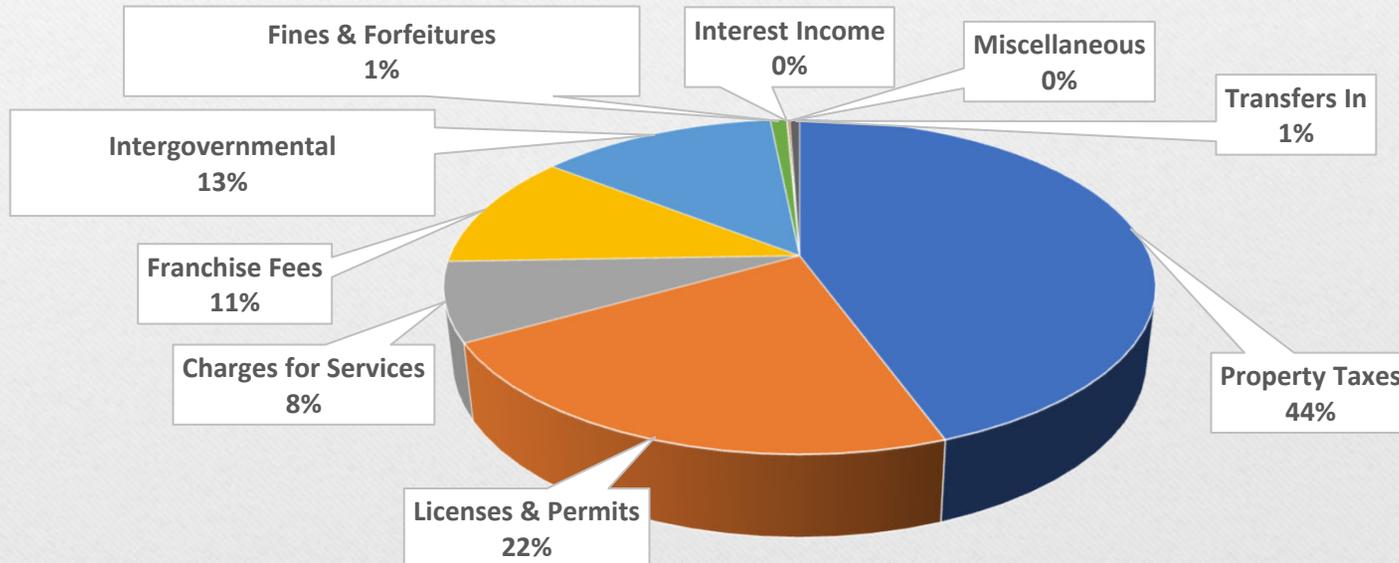
General Fund

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, Community & Economic Development & Building Inspections, Police, Fire, and Public Works.

BUDGET SUMMARY - REVENUES

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|------------------------------------|----------------------|------------------------|----------------------------|-------------------------------------|
| Property Taxes | \$ 7,389,653 | \$ 7,754,527 | \$ 8,169,741 | \$ 415,214 |
| Licenses & Permits | 4,766,145 | 4,045,000 | 4,120,000 | 75,000 |
| Charges for Services | 1,304,727 | 1,404,771 | 1,403,571 | (1,200) |
| Franchise Fees | 1,960,627 | 2,041,468 | 2,041,468 | - |
| Intergovernmental | 2,849,811 | 2,495,899 | 2,365,446 | (130,453) |
| Fines & Forfeitures | 89,625 | 164,000 | 164,000 | - |
| Interest Income | 71,267 | 40,000 | 10,000 | (30,000) |
| Miscellaneous | 258,893 | 20,000 | 20,000 | - |
| Transfers In | 48,334 | 48,750 | 98,334 | 49,584 |
| Debt Proceeds | - | - | - | - |
| Total General Fund Revenues | \$ 18,739,083 | \$ 18,014,415 | \$ 18,392,559 | \$ 378,144 |

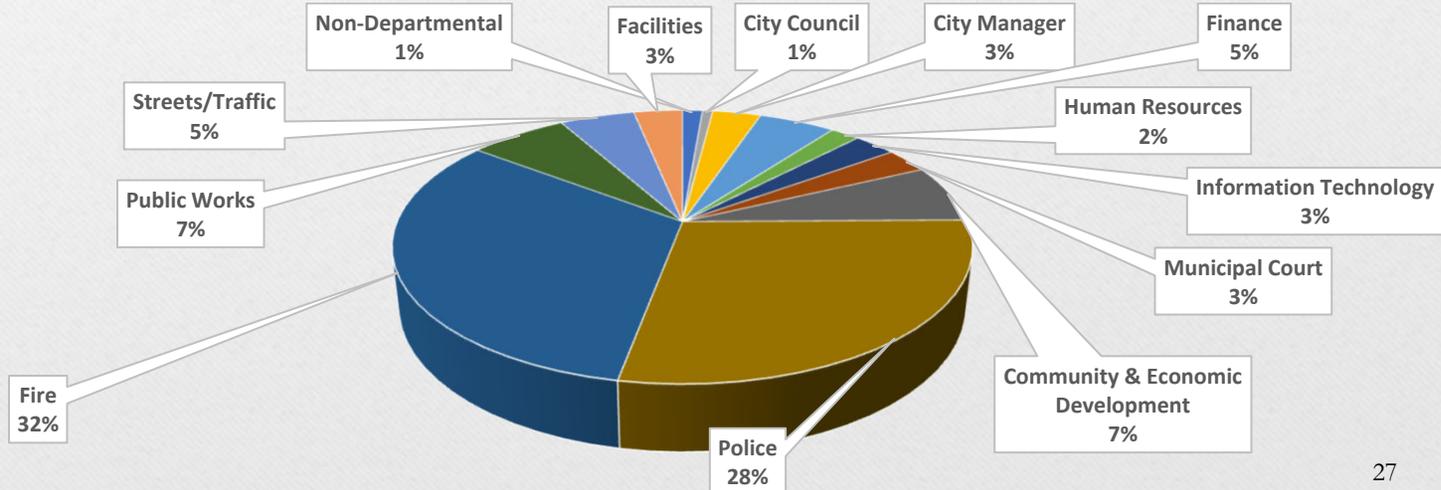


Property Taxes

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> |
|-------------------------------------|-----------------------|-------------------------------|-----------------------------------|
| Current Property Taxes | \$ 4,801,229 | \$ 5,149,560 | \$ 5,631,920 |
| Property Taxes - Debt Mil | 1,603,826 | 1,864,309 | 1,789,808 |
| Delinquent Property Tax | 264,301 | 136,088 | 136,088 |
| Penalties & Interest | 41,846 | 33,196 | 33,196 |
| Vehicle Property Taxes | 417,573 | 337,500 | 344,855 |
| Homestead Exemption | 191,963 | 191,447 | 191,447 |
| Motor Carrier | 7,640 | 10,373 | 10,373 |
| Payment in Lieu | 61,276 | 32,054 | 32,054 |
| Total Property Taxes | \$ 7,389,653 | \$ 7,754,527 | \$ 8,169,741 |
| | | | |
| Taxable Assessed Value ¹ | \$ 94,844,003 | \$ 96,098,425 | \$ 104,667,117 |
| Value of Mil | \$ 94,844 | \$ 96,098 | \$ 104,667 |

¹ TY 2021 estimated taxable assessed value presented in FY 2022 Recommended budget is estimated based on historical and known growth

Percentage of Property Tax Revenue to Net Department expenditures



Property Taxes

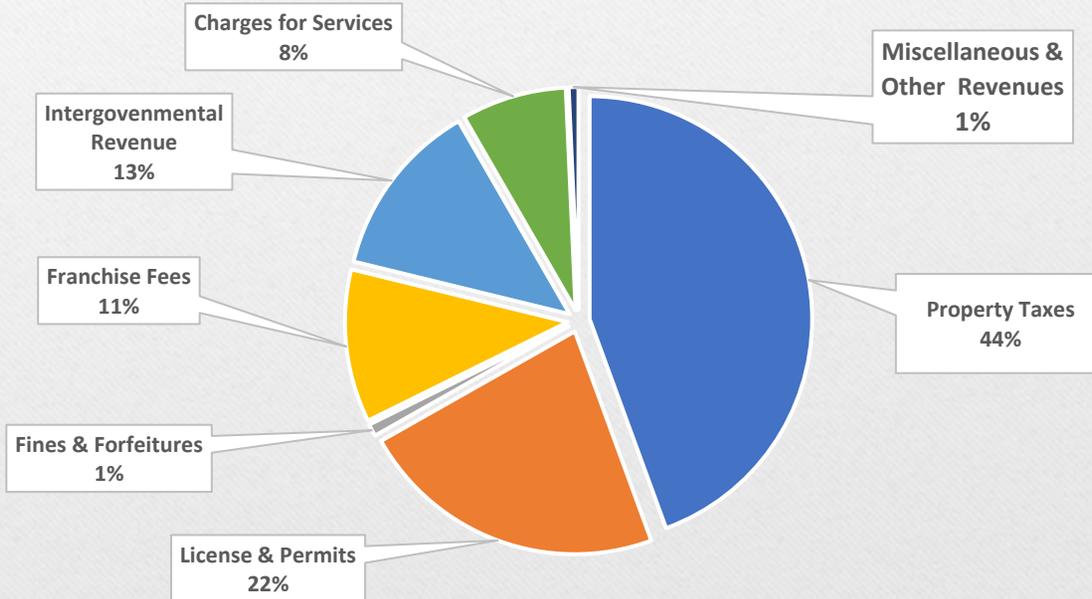
- Represents the largest revenue source of the City, or approximately 44.4% of the total revenues.
- Taxable assessed value of real property for tax year 2021 is estimated to be \$88,275,348, a 7.7% growth over the actual ending values for tax year 2020.
- Taxable assessed value of personal property is estimated for tax year 2021 to be \$10,154,561, a 26.8% growth over the actual ending values for tax year 2020. It is estimated that the personal property tax will be most impacted by the COVID 19 pandemic as business sustainability is strained.
- Vehicle taxable assessed value is estimated for tax year 2021 of \$6,237,208, a 2% increase over tax year 2020.
- Total Taxable Assessed Value is estimated at \$104,667,117, an overall increased of \$8,568,692 from FY 2021.
- The growth in taxable assessed value is 8.9% higher than the prior tax year. The estimated millage cap is 3.52% based on CPI and growth in population. The recommended budget includes 3.5% increase in the operating millage and a decrease in the debt millage as follows:
 - Operating Mil of 58.2. FY 2021 Operating Mil is 56.3. An increase in property tax operating millage of 1.9 mils or an increase of property tax for operations of \$162,805.15.
 - Debt mil is decreased from 20 mils in FY 2021 to 18 mils, for a total of 2 mils and sufficient to cover the debt service payments.
 - Recommend maintaining the 2% reserve mil to continue to fund for aging infrastructure.
 - Total recommended millage rate of 78.2 mils.

Other Significant Revenues

- Licenses and permits is budgeted for an estimated increase of \$75,000 more than FY 2021, which is due to continuing development within the City and the associated permits issued.
- Charges for Services is budgeted for \$1,200 less than FY 2021.
 - The FY 2022 budget includes an increase in residential refuse collection fee from \$16.20 per month to \$20 per month to cover the increase in the cost of providing the service to our residents.
 - ✓ The last rate increase occurred in FY 2014.
- Intergovernmental revenues decreased \$130,453 due to the close out of the SAFER grant.
 - Includes \$1,956,089 for fire services, \$10,000 for court services and \$55,000 for building inspection services provided to the Town of Port Royal.
- All other General Fund revenues: Interest income, miscellaneous and transfers in are budgeted for a total of \$19,584 more than FY 2021. All other revenue sources are estimated to remain at the FY 2021 levels as the recovery from COVID begins.

BUDGET SUMMARY - EXPENDITURES

| | General Fund | | | |
|---------------------------|----------------------|----------------------|----------------------|-------------------|
| | | FY 2021 Amended | FY 2022 | |
| | FY 2020 Actual | Budget | Recommended | Change |
| Salaries | \$ 7,606,092 | \$ 7,846,997 | \$ 8,012,052 | \$ 165,055 |
| Benefits | 2,661,430 | 2,883,949 | 3,002,487 | 118,539 |
| Operations | 5,336,908 | 5,538,624 | 5,815,180 | 276,556 |
| Capital | 675,717 | 53,430 | 100,787 | 47,357 |
| Debt | 1,830,772 | 1,755,057 | 1,761,537 | 6,480 |
| Transfers out | 362,930 | - | 41,500 | 41,500 |
| Total Expenditures | \$ 18,473,849 | \$ 18,078,057 | \$ 18,733,544 | \$ 655,487 |



General Fund expenditures are supported by

General Fund Budget By Department

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Change</u> | <u>% Change</u> |
|--|-----------------------|-------------------------------|-----------------------------------|-------------------|-----------------|
| <u>Non Departmental</u> | | | | | |
| Salaries | \$ 1,150 | \$ - | \$ - | \$ - | 0.00% |
| Benefits | 2,455 | - | - | - | 0.00% |
| Operations | 237,989 | 183,610 | 183,610 | - | 0.00% |
| Capital | 471,512 | - | - | - | 0.00% |
| Transfers Out | 362,930 | - | 41,500 | 41,500 | 100.00% |
| Total NonDepartmental | \$ 1,076,036 | \$ 183,610 | \$ 225,110 | \$ 41,500 | 22.60% |
| <u>City Council</u> | | | | | |
| Salaries | \$ 30,557 | \$ 29,751 | \$ 29,751 | \$ - | 0.00% |
| Benefits | 9,338 | 10,413 | 7,607 | (2,806) | -26.95% |
| Operations | 214,191 | 78,951 | 78,951 | - | 0.00% |
| Total City Council | \$ 254,086 | \$ 119,115 | \$ 116,309 | \$ (2,806) | -2.36% |
| <u>City Manager</u> | | | | | |
| Salaries | \$ 289,886 | \$ 296,876 | \$ 330,991 | \$ 34,116 | 11.49% |
| Benefits | 116,837 | 103,907 | 124,465 | 20,557 | 19.78% |
| Operations | 104,345 | 68,546 | 88,546 | 20,000 | 29.18% |
| Total City Manager | \$ 511,068 | \$ 469,329 | \$ 544,002 | \$ 74,673 | 15.91% |
| <u>Finance & Information Technology</u> | | | | | |
| Salaries | \$ 479,665 | \$ 524,519 | \$ 484,851 | \$ (39,668) | -7.56% |
| Benefits | 149,526 | 183,582 | 174,032 | (9,550) | -5.20% |
| Operations | 667,235 | 599,397 | 607,768 | 8,371 | 1.40% |
| Capital | 47,973 | 28,500 | 75,857 | 47,357 | 166.16% |
| Total Finance and IT | \$ 1,344,399 | \$ 1,335,998 | \$ 1,342,508 | \$ 6,510 | 0.49% |

General Fund Budget By Department (cont'd)

| | | FY 2021 | FY 2022 | | |
|--|---------------------|---------------------|---------------------|-------------------|---------------|
| | FY 2020 Actual | Amended Budget | Recommended Budget | Change | % Change |
| <u>Human Resources</u> | | | | | |
| Salaries | \$ 106,942 | \$ 127,201 | \$ 180,312 | \$ 53,110 | 41.75% |
| Benefits | 33,173 | 44,520 | 64,073 | 19,553 | 43.92% |
| Operations | 110,032 | 86,837 | 86,837 | - | 0.00% |
| Total Human Resources | \$ 250,147 | \$ 258,558 | \$ 331,222 | \$ 72,664 | 28.10% |
| <u>Municipal Court</u> | | | | | |
| Salaries | \$ 268,833 | \$ 293,226 | \$ 251,667 | \$ (41,559) | -14.17% |
| Benefits | 86,402 | 108,199 | 98,680 | (9,518) | -8.80% |
| Operations | 111,139 | 92,339 | 145,642 | 53,303 | 57.73% |
| Total Municipal Court | \$ 466,375 | \$ 493,764 | \$ 495,989 | \$ 2,225 | 0.45% |
| <u>Community & Economic Development</u> | | | | | |
| Salaries | \$ 470,409 | \$ 523,294 | \$ 560,879 | \$ 37,586 | 7.18% |
| Benefits | 150,078 | 193,619 | 199,525 | 5,906 | 3.05% |
| Operations | 268,650 | 274,830 | 391,299 | 116,469 | 42.38% |
| Total Community & Economic Development | \$ 889,138 | \$ 991,743 | \$ 1,151,703 | \$ 159,961 | 16.13% |
| <u>Police</u> | | | | | |
| Salaries | \$ 2,352,574 | \$ 2,485,874 | \$ 2,612,079 | \$ 126,205 | 5.08% |
| Benefits | 798,593 | 884,532 | 972,381 | 87,850 | 9.93% |
| Operations | 782,999 | 1,113,542 | 1,174,423 | 60,881 | 5.47% |
| Capital Outlay | 70,121 | 24,930 | 24,930 | - | 0.00% |
| Total Police | \$ 4,004,288 | \$ 4,508,877 | \$ 4,783,813 | \$ 274,936 | 6.10% |

General Fund Budget By Department (cont'd)

| | <u>FY 2020 actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Change</u> | <u>% Change</u> |
|--|-----------------------|---------------------------------------|---|-------------------|-----------------|
| <u>Fire</u> | | | | | |
| Salaries | \$ 3,120,767 | \$ 3,116,967 | \$ 3,111,950 | \$ (5,017) | -0.16% |
| Benefits | 1,144,559 | 1,184,447 | 1,201,596 | 17,148 | 1.45% |
| Operations | 1,073,726 | 1,167,462 | 1,167,462 | - | 0.00% |
| Capital Outlay | 86,111 | - | - | - | 0.00% |
| Debt | 83,616 | - | - | - | 0.00% |
| Total Fire | \$ 5,508,778 | \$ 5,468,876 | \$ 5,481,008 | \$ 12,132 | 0.22% |
| <u>Public Works</u> | | | | | |
| Salaries | \$ 485,309 | \$ 449,290 | \$ 449,573 | \$ 283 | 0.06% |
| Benefits | 170,467 | 170,730 | 160,129 | (10,601) | -6.21% |
| Operations | 1,766,601 | 1,873,111 | 1,890,643 | 17,532 | 0.94% |
| Total Public Works | \$ 2,422,377 | \$ 2,493,131 | \$ 2,500,344 | \$ 7,213 | 0.29% |
| <u>General Obligation Debt</u> | | | | | |
| Principal | \$ 1,333,771 | \$ 1,369,499 | \$ 1,413,128 | \$ 43,629 | 3.19% |
| Interest | 413,385 | 385,558 | 348,409 | (37,149) | -9.64% |
| Total General Obligation Debt | \$ 1,747,156 | \$ 1,755,057 | \$ 1,761,537 | \$ 6,480 | 0.37% |
| Total General Fund Expenditures | \$ 18,473,849 | \$ 18,078,057 | \$ 18,733,544 | \$ 655,488 | 3.63% |

GENERAL FUND EXPENDITURE SUMMARY

- Salaries in the general fund increased \$165,055 which is primarily a result of the inclusion of a 2% merit allocation for each department to support performance evaluations of personnel. The total increase in salaries for merit allocations totals \$225,943.
- Benefits in the general fund increased \$118,539 which is primarily a result of a 1% increase in State Retirement and changes to benefit selections of personnel.
- Operations increased by \$276,556 or 5% and are highlighted as follows:
 - \$20K increase in City Manager operations to cover the cost of the consultant responsible for developing the Local Option Sales Tax educational campaign.
 - \$53K increase in Municipal Court to cover cost of public defender increases and contractual service for judicial services.
 - Community & Economic Development increase of \$116,469 to cover costs of Historic Review Board and Development Review Board outsourced contract and the Comprehensive Plan update.
 - Police operations increased \$60,881 to cover additional leased vehicles as older police vehicles are retired from service of \$54,947 and additional contractual services totaling \$5,934 for the transport service of mental health patients.
 - Public Works increased \$17,532 to cover the cost of vehicles replaced through the leasing program.
- Capital increased by \$47,357 to cover the Information Technology upgrades to non supported equipment in order to maintain the existing technology infrastructure.
- Transfers out increased by \$41,500 to cover the cost of updates to the parking meters in the Downtown area. There is a corresponding transfer to the Parks and Tourism Fund where the cost will be reported.
- Planned use of committed fund balance for vehicles and equipment totaling \$212,594 for the vehicles under capital lease, the technology upgrades and the upgrades to the parking meters and planned use of committed fund balance for redevelopment to cover the lease payment of the Fire Station on SC 170 totaling \$128,392.

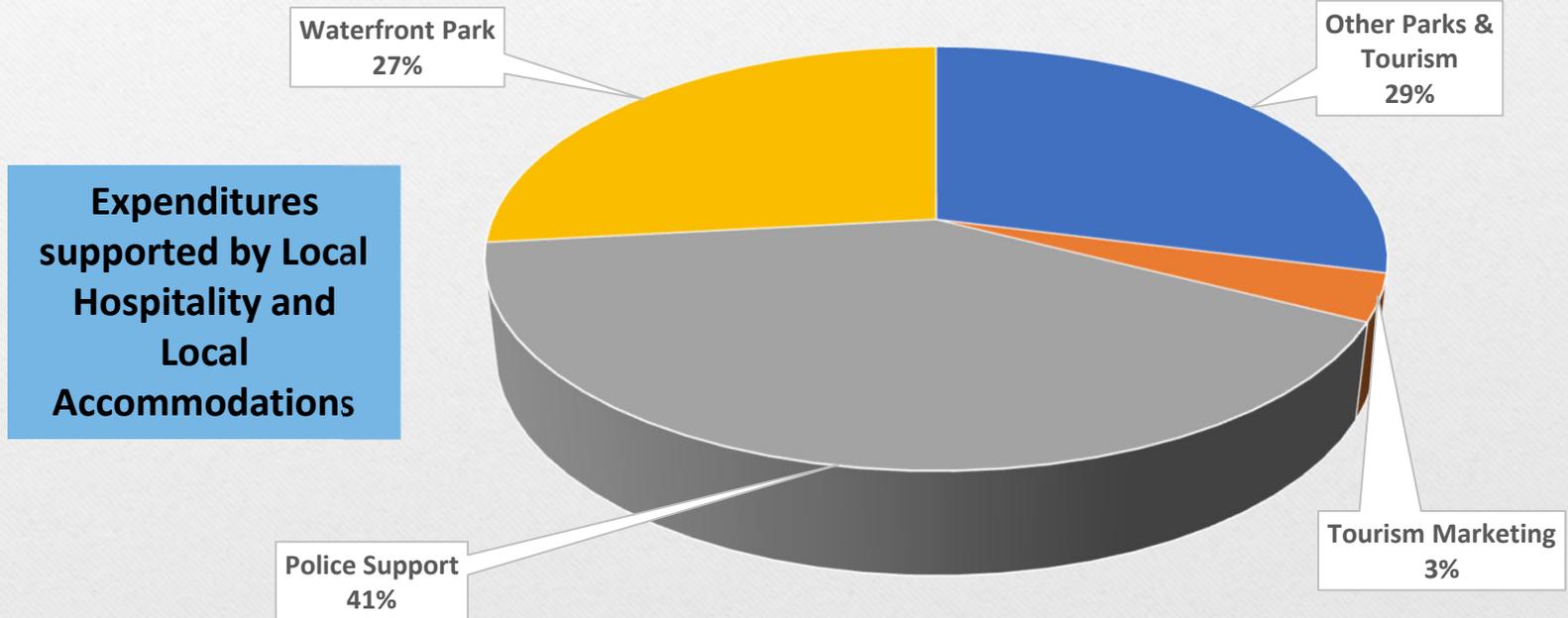
Parks & Tourism Fund

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.

The Parks & Tourism Fund accounts for the activity of the Parks Department, Police activity in support of Parks and Tourism, Marina operations, Waterfront Park operations, Parking operations, and Downtown operations.

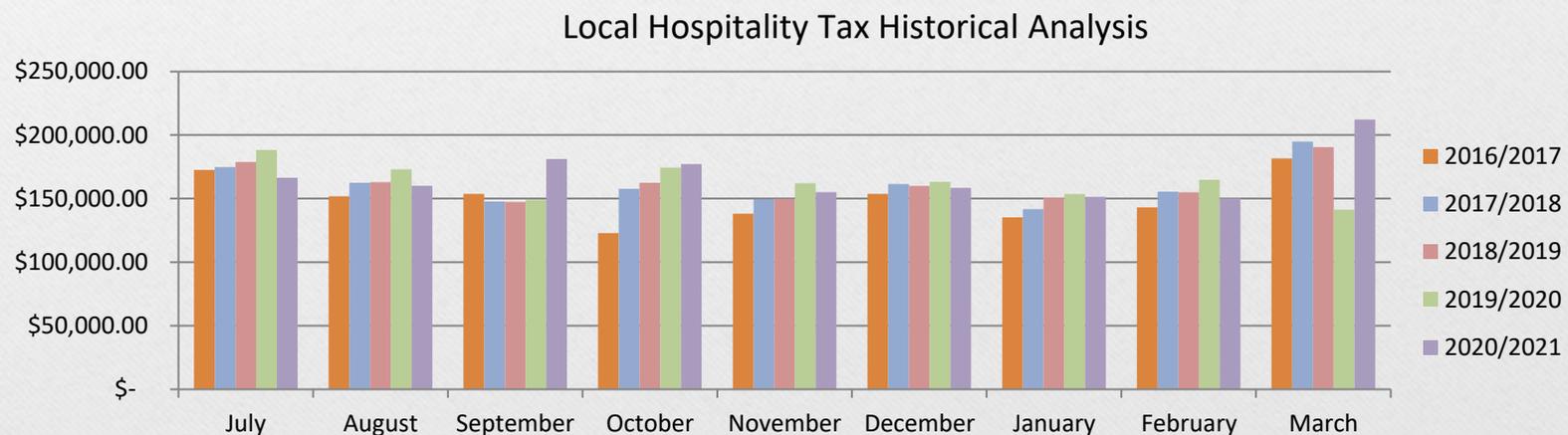
BUDGET SUMMARY - REVENUES

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|---|---------------------|------------------------|----------------------------|-------------------------------------|
| Other Taxes | \$ 2,704,579 | \$ 2,706,000 | \$ 2,812,031 | \$ 106,031 |
| Charges for Services | 423,627 | 490,100 | 490,100 | - |
| Miscellaneous | 2,010 | 5,000 | 5,000 | - |
| Transfers In | - | - | 41,500 | 41,500 |
| Total Parks & Tourism Revenues | \$ 3,130,216 | \$ 3,201,100 | \$ 3,348,631 | \$ 147,531 |



Local Hospitality and Local Accommodations

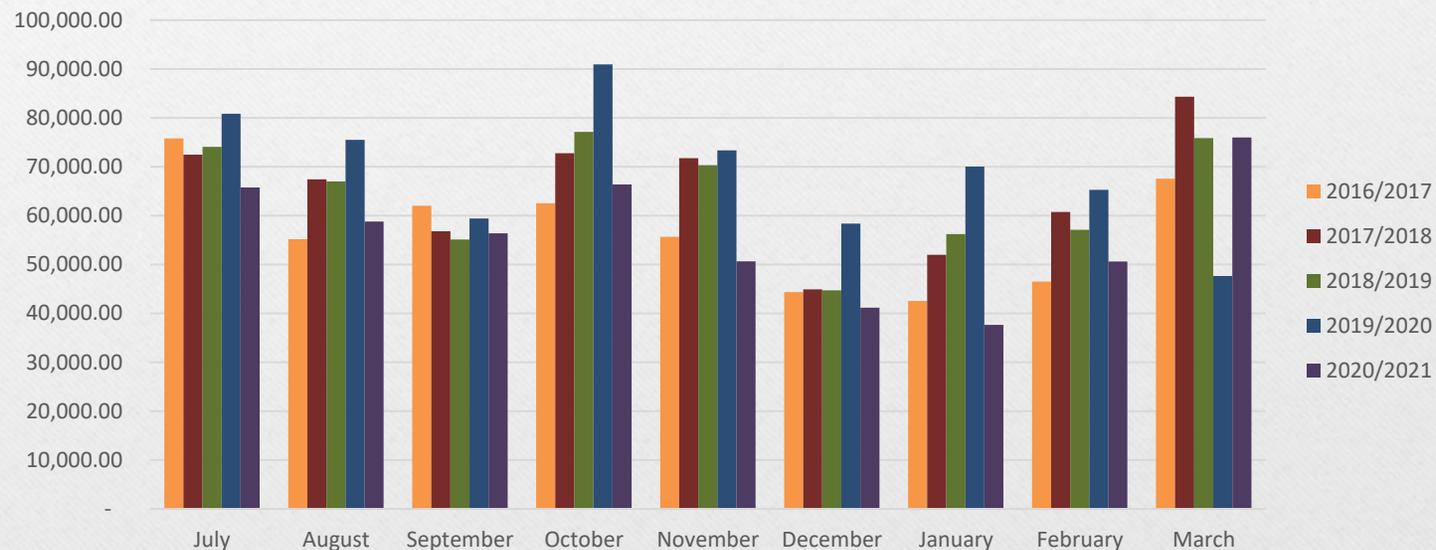
- The two largest revenue contributors to the Parks & Tourism Fund are the Local Hospitality and Local Accommodations taxes. Both had been significantly impacted by COVID 19 in the later half of fiscal year 2020 and most of fiscal year 2021. The local hospitality industry is expected to grow quicker than the accommodations revenue primarily a result of the fast-food industry which has continued to be productive. But both are indicating a return toward normal levels moving into fiscal year 2022.
- Since September 2020, the Hospitality industry has been showing signs supporting the return to normalcy as shown in the following chart for the period covering July through March of each fiscal year.



Local Hospitality and Local Accommodations (Cont'd)

- The Accommodations industry is demonstrating a slower economic indications in support of the return to normalcy as shown in the following chart for the period covering July through March of each fiscal year.
- As a result, the budget anticipates a 3.8% growth in hospitality and accommodations revenues.

Local Accommodations Tax Historical Analysis



BUDGET SUMMARY - EXPENDITURES

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|---|----------------|------------------------|----------------------------|-------------------------------------|
| <u>Other Parks & Tourism</u> | | | | |
| Salaries | \$ 367,875 | \$ 344,304 | \$ 421,426 | \$ 77,122 |
| Benefits | 127,195 | 150,823 | 159,209 | 8,386 |
| Operations | 235,776 | 260,155 | 250,155 | (10,000) |
| Capital | 8,318 | 10,000 | 0 | (10,000) |
| Total Other Parks & Tourism | \$ 739,165 | \$ 765,282 | \$ 830,791 | \$ 65,509 |
| <u>Police Support</u> | | | | |
| Salaries | \$ 931,265 | \$ 825,144 | \$ 809,162 | \$ (15,982) |
| Benefits | 361,047 | 294,943 | 317,418 | 22,475 |
| Operations | 37,268 | 37,369 | 37,369 | - |
| Total Police Support | \$ 1,329,581 | \$ 1,157,456 | \$ 1,163,949 | \$ 6,493 |
| <u>Tourism Marketing</u> | | | | |
| Operations | \$ 113,219 | \$ 99,144 | \$ 102,315 | \$ 3,171 |
| Total Tourism Marketing | \$ 113,219 | \$ 99,144 | \$ 102,315 | \$ 3,171 |
| <u>Marina</u> | | | | |
| Operations | \$ 28,618 | \$ 81,220 | \$ 81,220 | \$ - |
| Total Marina | \$ 28,618 | \$ 81,220 | \$ 81,220 | \$ - |
| <u>Waterfront Park</u> | | | | |
| Operations | \$ 432,502 | \$ 449,148 | \$ 449,148 | \$ - |
| Capital | 13,482 | 7,500 | 7,500 | - |
| Debt | 309,098 | 309,098 | 309,098 | - |
| Total Waterfront Park | \$ 755,082 | \$ 765,746 | \$ 765,746 | \$ - |

Tourism Marketing includes allocations of Local Hospitality Fees of \$80,247 (5%) for the CVB and \$22,068 (1.1%) for other non-profit organizations.

BUDGET SUMMARY – EXPENDITURES (CONT'D)

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Increase (Decrease) from Prior Year</u> |
|---|-----------------------|-------------------------------|-----------------------------------|--|
| <u>Other Downtown Operations</u> | | | | |
| Salaries | \$ 169,086 | \$ 171,582 | \$ 172,021 | \$ 440 |
| Benefits | 51,640 | 65,201 | 67,440 | 2,239 |
| Operations | 70,335 | 86,404 | 86,404 | - |
| Capital | - | 15,301 | 15,301 | - |
| Total Other Downtown Operations | <u>\$ 291,061</u> | <u>\$ 338,488</u> | <u>\$ 341,166</u> | <u>\$ 2,678</u> |
| <u>Parking</u> | | | | |
| Operations | \$ 6,861 | \$ 9,300 | \$ 9,300 | \$ - |
| Capital | 40,046 | 12,500 | 54,000 | 41,500 |
| Total Parking | <u>\$ 46,908</u> | <u>\$ 21,800</u> | <u>\$ 63,300</u> | <u>\$ 41,500</u> |
| Total Parking & Tourism Fund Expenditures | <u>\$ 3,303,633</u> | <u>\$ 3,229,136</u> | <u>\$ 3,348,487</u> | <u>\$ 119,351</u> |



STORMWATER FUND

- Stormwater division of Public Works focuses on the stormwater issues facing our City.
- This fund accounts for the collections of Stormwater Utility fees and the associated costs of maintaining the City's Stormwater Management activities.
- Much of the long-term stormwater projects are reported in the Capital Projects Fund. Day to day operations and short-term projects, expected to be completed within the fiscal year, are reported in the Stormwater fund.

BUDGET SUMMARY

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|-------------------------------|---------------------|------------------------|----------------------------|-------------------------------------|
| Stormwater Utility Fees | \$ 1,129,623 | \$ 1,100,000 | \$ 1,129,000 | \$ 29,000 |
| Other revenues | 40,102 | - | - | - |
| | <u>\$ 1,169,725</u> | <u>\$ 1,100,000</u> | <u>\$ 1,129,000</u> | <u>\$ 29,000</u> |
| Salaries | \$ 302,283 | \$ 302,083 | \$ 314,771 | \$ 12,688 |
| Benefits | 105,511 | 111,771 | 125,172 | 13,401 |
| Operations | 187,098 | 186,917 | 177,618 | (9,299) |
| Capital | 150,528 | 64,000 | - | (64,000) |
| Debt | 507,792 | 508,126 | 507,500 | (626) |
| Transfers out | 531,044 | - | - | - |
| Total Stormwater Expenditures | <u>\$ 1,784,257</u> | <u>\$ 1,172,897</u> | <u>\$ 1,125,061</u> | <u>\$ (47,836)</u> |

Budget Highlights:

- Salaries and Benefits increased \$26,089 in comparison with the prior year due to full staffing of the division dedicated to stormwater maintenance.
- Operations decreased by a minimal \$9,299 as well as a reduction in capital needs moving into fiscal year 2022.
- The restructuring a debt from a general obligation bond to a stormwater revenue bond to fund the City's major stormwater system issues resulted in a minimal savings in the debt payment moving into fiscal year 2022.



FIRE IMPACT FUND

This fund accounts for the fire impact fees collected on new development beginning January 1, 2021. Use of these funds is restricted by City Ordinance for Capital Improvements related Fire services.

BUDGET SUMMARY

| | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|--------------------|----------------|------------------------|----------------------------|-------------------------------------|
| Fire Impact Fees | \$ - | \$ 119,363 | \$ 119,363 | \$ - |
| Total Revenues | \$ - | \$ 119,363 | \$ 119,363 | \$ - |
| Capital | - | 70,400 | 70,400 | - |
| Total Expenditures | \$ - | \$ 70,400 | \$ 70,400 | \$ - |

Budget Highlights:

- One fire truck costing \$110K annually is budgeted out of the Fire Impact Fund in accordance with the Capital Improvement Plan. The difference between the total cost of the fire truck and the \$70,400 budget represents the Town of Port Royal portion that is billed under Intergovernmental Revenues within the General Fund.
- Fiscal year 2022 is budgeted as fiscal year 2021 as anticipated fire impact fees in 2021 did not realize and therefore the budget is carried forward into the new fiscal year.



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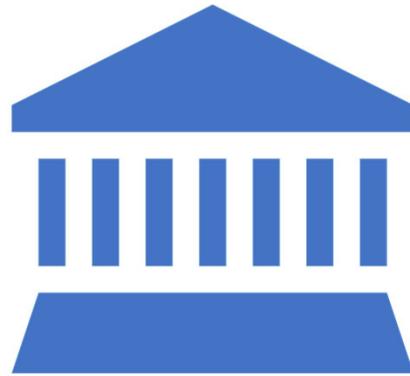
STATE ACCOMMODATIONS TAX FUND

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 2020 Actual | FY 2021 Amended Budget | FY 2022 Recommended Budget | Increase (Decrease) from Prior Year |
|-----------------------------------|----------------|------------------------|----------------------------|-------------------------------------|
| State Accommodations Tax | \$ 493,092 | \$ 471,750 | \$ 491,686 | \$ 19,936 |
| Salaries | \$ 16,618 | \$ 17,723 | \$ 17,914 | \$ 192 |
| Benefits | 7,952 | 6,203 | 8,502 | 2,299 |
| Operations | | | | |
| Designated Marketing Organization | 149,850 | 183,800 | 183,800 | - |
| Tourism Grants to Qualified NPO's | 219,105 | 166,724 | 183,136 | 16,412 |
| Capital | - | 50,000 | 50,000 | - |
| Transfers out to General Fund | 48,334 | 47,300 | 48,334 | 1,034 |
| Total Expenditures | \$ 441,859 | \$ 471,750 | \$ 491,686 | \$ 19,936 |

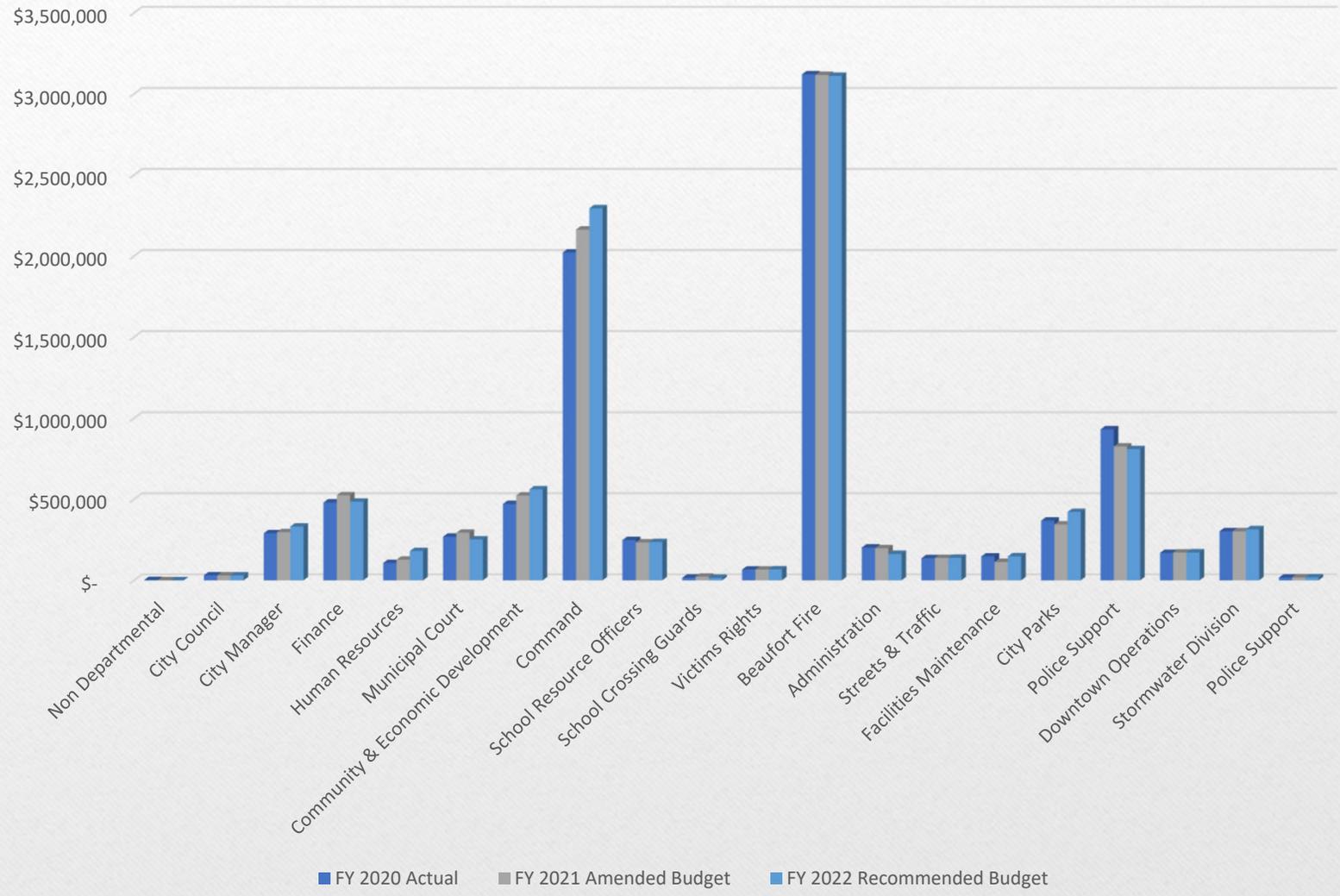
- The FY 2020 State Accommodations budget included \$150,000 for capital designated for the repairs to the Arsenal building windows and renovation of the bathroom under a grant funded project. The project was completed, but because of revenue shortfalls in the State Accommodations tax collections resulting from COVID 19, the \$150,000 grant match was instead funded by the General Fund's committed fund balance for capital projects. Council's intent was to replenish the general fund's committed fund balance over the course of the next three (3) fiscal years. The FY 2021 adopted budget included \$50,000 toward the replenish the committed fund balance for capital projects as originally intended in the FY 2020 adopted budget along with \$50,000 recommended in the fiscal year 2022 budget. The remaining balance of \$50,000 will be funded with excess actual revenues or subsequent year budgets.
 - Once guidance from the US Treasury is fully understood, the shortfall in revenues may be replaced with American Recovery Plan dollars, thereby providing additional resources for tourism related expenditures.



Salaries and Benefits – All Funds

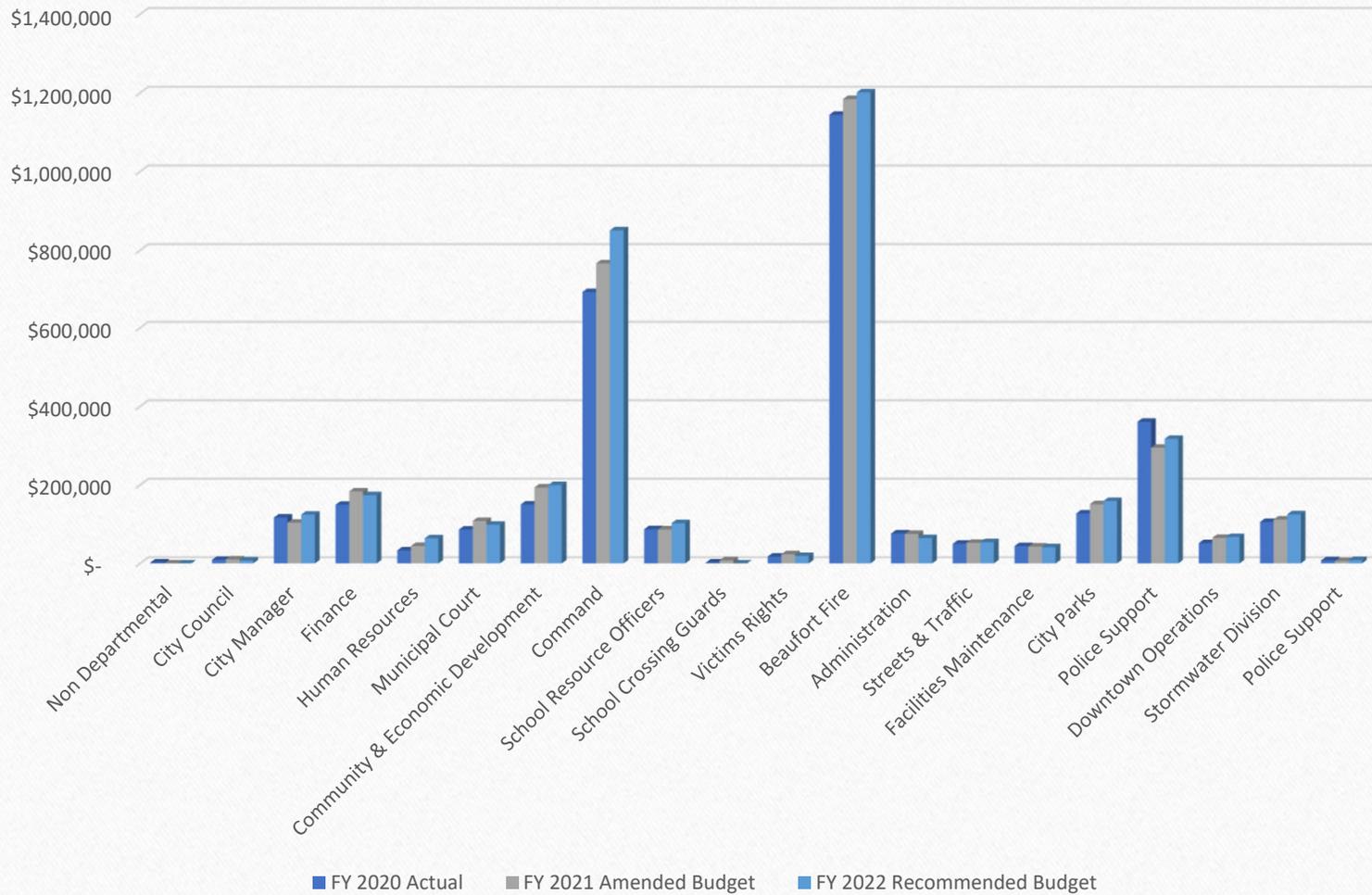
Salaries By Department

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Increase (Decrease) from Prior Year</u> | <u>% Change</u> |
|---|-----------------------|-------------------------------|-----------------------------------|--|-----------------|
| <u>General Fund</u> | | | | | |
| Non Departmental | \$ 1,150 | \$ - | \$ - | \$ - | 0.00% |
| City Council | 30,557 | 29,751 | 29,751 | - | 0.00% |
| City Manager | 289,886 | 296,876 | 330,991 | 34,116 | 11.49% |
| Finance | 479,665 | 524,519 | 484,851 | (39,668) | -7.56% |
| Human Resources | 106,942 | 127,201 | 180,312 | 53,110 | 41.75% |
| Municipal Court | 268,833 | 293,226 | 251,667 | (41,559) | -14.17% |
| Community & Economic Development | 470,409 | 523,294 | 560,879 | 37,586 | 7.18% |
| Police | | | | | |
| Command | 2,021,923 | 2,163,002 | 2,294,343 | 131,341 | 6.07% |
| School Resource Officers | 248,286 | 233,786 | 235,602 | 1,816 | 0.78% |
| School Crossing Guards | 16,086 | 22,500 | 15,000 | (7,500) | -33.33% |
| Victims Rights | 66,279 | 66,585 | 67,134 | 549 | 0.82% |
| Beaufort Fire | 3,120,767 | 3,116,967 | 3,111,950 | (5,017) | -0.16% |
| Public Works | | | | | |
| Administration | 201,758 | 197,961 | 162,751 | (35,210) | -17.79% |
| Streets & Traffic | 136,336 | 138,139 | 139,046 | 908 | 0.66% |
| Facilities Maintenance | 147,214 | 113,190 | 147,776 | 34,585 | 30.56% |
| Total General Fund Salaries | <u>\$ 7,606,092</u> | <u>\$ 7,846,997</u> | <u>\$ 8,012,052</u> | <u>\$ 165,055</u> | <u>2.10%</u> |
| <u>Parks & Tourism Fund</u> | | | | | |
| City Parks | \$ 367,875 | \$ 344,304 | \$ 421,426 | \$ 77,122 | 22.4% |
| Police Support | 931,265 | 825,144 | 809,162 | (15,982) | -1.9% |
| Downtown Operations | 169,086 | 171,582 | 172,021 | 440 | 0.3% |
| Total Parks & Tourims | <u>\$ 1,468,227</u> | <u>\$ 1,341,030</u> | <u>\$ 1,402,610</u> | <u>\$ 61,580</u> | <u>4.6%</u> |
| <u>Stormwater Fund</u> | | | | | |
| Stormwater Division | \$ 302,283 | \$ 302,083 | \$ 314,771 | \$ 12,688 | 4.2% |
| <u>State Accommodations Fund</u> | | | | | |
| Police Support | \$ 16,618 | \$ 17,723 | \$ 17,914 | \$ 192 | 1.1% |
| Total Salaries | <u>\$ 9,393,220</u> | <u>\$ 9,507,833</u> | <u>\$ 9,747,347</u> | <u>\$ 239,515</u> | <u>2.5%</u> |



Benefits By Department

| | <u>FY 2020 Actual</u> | <u>FY 2021 Amended Budget</u> | <u>FY 2022 Recommended Budget</u> | <u>Increase (Decrease) from Prior Year</u> | <u>% Change</u> |
|---|-----------------------|-------------------------------|-----------------------------------|--|-----------------|
| <u>General Fund</u> | | | | | |
| Non Departmental | \$ 2,455 | \$ - | \$ - | \$ - | 0.00% |
| City Council | 9,338 | 10,413 | 7,607 | (2,806) | -26.95% |
| City Manager | 116,837 | 103,907 | 124,465 | 20,557 | 19.78% |
| Finance | 149,526 | 183,582 | 174,032 | (9,550) | -5.20% |
| Human Resources | 33,173 | 44,520 | 64,073 | 19,553 | 43.92% |
| Municipal Court | 86,402 | 108,199 | 98,680 | (9,518) | -8.80% |
| Community & Economic Development | 150,078 | 193,619 | 199,525 | 5,906 | 3.05% |
| Police | | | | | |
| Command | 691,794 | 766,851 | 850,798 | 83,947 | 10.95% |
| School Resource Officers | 87,120 | 86,501 | 102,467 | 15,966 | 18.46% |
| School Crossing Guards | 2,283 | 7,875 | - | (7,875) | -100.00% |
| Victims Rights | 17,397 | 23,305 | 19,116 | (4,189) | -17.97% |
| Beaufort Fire | 1,144,559 | 1,184,447 | 1,201,596 | 17,148 | 1.45% |
| Public Works | | | | | |
| Administration | 76,219 | 75,225 | 64,673 | (10,552) | -14.03% |
| Streets & Traffic | 50,013 | 52,493 | 54,100 | 1,607 | 3.06% |
| Facilities Maintenance | 44,236 | 43,012 | 41,356 | (1,656) | -3.85% |
| Total General Fund Salaries | \$ 2,661,430 | \$ 2,883,949 | 3,002,487 | \$ 118,539 | 4.11% |
| <u>Parks & Tourism Fund</u> | | | | | |
| City Parks | \$ 127,195 | \$ 150,823 | \$ 159,209 | \$ 8,386 | 5.6% |
| Police Support | 361,047 | 294,943 | 317,418 | 22,475 | 7.6% |
| Downtown Operations | 51,640 | 65,201 | 67,440 | 2,239 | 3.4% |
| Total Parks & Tourims | \$ 539,883 | \$ 510,967 | \$ 544,068 | \$ 33,100 | 6.5% |
| <u>Stormwater Fund</u> | | | | | |
| Stormwater Division | \$ 105,511 | \$ 111,771 | \$ 125,172 | \$ 13,401 | 12.0% |
| <u>State Accommodations Fund</u> | | | | | |
| Police Support | \$ 7,952 | \$ 6,203 | \$ 8,502 | \$ 2,299 | 37.1% |
| Total Benefits | \$ 3,314,776 | \$ 3,512,890 | \$ 3,680,229 | \$ 167,338 | 4.8% |



Full-Time Equivalents per Fund with Comparisons

| | <u>FY 2020 Actual FTE's</u> | <u>FY 2021 Adopted FTE's</u> | <u>FY 2022 Recommended FTE's</u> | <u>Increase (Decrease) in FTE's from Prior Year</u> |
|---|---------------------------------|----------------------------------|--|---|
| <u>General Fund</u> | | | | |
| City Council | 5.0 | 5.0 | 5.0 | - |
| City Manager | 4.0 | 2.5 | 3.0 | 0.5 |
| Finance | 8.0 | 8.0 | 8.0 | - |
| Human Resources | 2.0 | 2.5 | 3.0 | 0.5 |
| Municipal Court | 6.0 | 6.0 | 5.0 | (1.0) |
| Community & Economic Development | 8.0 | 9.0 | 9.0 | - |
| Police | | | | |
| Command | 39.0 | 39.0 | 41.7 | 2.7 |
| School Resource Officers | 4.0 | 4.0 | 4.0 | - |
| School Crossing Guards | 3.0 | 3.0 | 2.0 | (1.0) |
| Victims Rights | 1.0 | 1.0 | 1.0 | - |
| Beaufort Fire | 56.5 | 56.5 | 56.5 | - |
| Public Works | | | | |
| Administration | 6.0 | 5.0 | 5.0 | - |
| Streets & Traffic | 3.0 | 3.0 | 3.0 | - |
| Facilities Maintenance | 4.0 | 4.0 | 3.5 | (0.5) |
| Total General Fund Salaries | <u>149.5</u> | <u>148.5</u> | <u>149.7</u> | <u>1.2</u> |
| <u>Parks & Tourism Fund</u> | | | | |
| City Parks | 8.0 | 9.0 | 8.0 | (1.0) |
| Police Support | 21.7 | 13.0 | 16.0 | 3.0 |
| Downtown Operations | 2.0 | 3.0 | 3.0 | - |
| Total Parks & Tourism | <u>31.7</u> | <u>25.0</u> | <u>27.0</u> | <u>2.0</u> |
| <u>Stormwater Fund</u> | | | | |
| Stormwater Division | 6.0 | 6.0 | 6.0 | - |
| <u>State Accommodations Fund</u> | | | | |
| Police Support | 0.3 | 0.3 | 0.3 | - |
| Total Full-Time Equivalent Positions | <u>187.5</u> | <u>179.8</u> | <u>183.0</u> | <u>3.2</u> |

The net increase in personnel are dedicated to police positions that were eliminated in the FY 2021 budget because of COVID 19 restraints.



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 are being addressed within the Capital Projects Fund.

RECOMMENDED FY 2022 CAPITAL PROJECTS

- The City has three active grant awards that impact City Infrastructure. These projects are included in the active Capital Projects list.
 - The Carnegie building window renovation project funded in total by a Historic Preservation grant through the South Carolina Department of Archives and History.
 - The Allison Road project is partially funded by two federal transportation alternative funding grants (TAP) through the South Carolina Department of Transportation totaling \$1M.

- In addition, other stormwater projects are underway that are being funded by the bond funding secured in FY 2019.
 - ✓ Johnny Morrall Pipe Outfall
 - ✓ Lafayette Street Outfall
 - ✓ The Point (Engineering only)
 - ✓ Calhoun Street

Active Capital Projects for FY 2022

| Description | BUDGET | | Active Capital Project and Fully Funded | FUNDING | | | | | |
|--|------------------------------|---------------------|---|---------------------|---------------------|---------------------|---------------------------|-------------------|-------------|
| | Estimated Original Budget | Modified Budget | | Grant Funding | Bond Funds | Partners | Committed Fund Balance | TIF II | Unfunded |
| City Facilities | | | | | | | | | |
| Carnegie Building | \$ 188,500 | \$ 188,500 | Yes | \$ 188,500 | | | | | \$ - |
| 500 Carteret Street - upfit | 250,000 | 221,035 | Yes | | | \$ 221,035 | | | |
| Municipal Complex Parking | | | | | | | \$ 300,000 | | |
| Stormwater | | | | | | | | | |
| Lafayette Street Outfall - Engineering Only | 16,714 | 16,714 | Yes | | \$ 16,714 | | | | - |
| Calhoun Street Drainage | 192,751 | 787,500 | Yes | | 787,500 | | | | - |
| Johnny Morral | 156,000 | 300,000 | Yes | | 300,000 | | | | - |
| The Point (Engineering Only) | 224,533 | 224,533 | Yes | | 224,533 | | | | - |
| Kings Ridge Outfall - Engineering Only | 19,061 | 19,061 | Yes | | 19,061 | | | | - |
| Hay Street Outfall - Engineering Only | 39,415 | 39,415 | Yes | | 39,415 | | | | - |
| Marina | | | | | | | | | |
| Gas line replacement | 75,000 | 75,000 | Yes | | | | \$ 75,000 | | |
| Streets | | | | | | | | | |
| SC 170 Sidewalk Extension - Engineering Only | 25,169 | 225,169 | Yes | | | | | 225,169 | - |
| Commerce Park - Schwartz Road | | | | | | 148,583 | | | |
| Commerce Park - Shork Road | | | | | | 192,138 | | | |
| Whitehall Boardwalk | 300,000 | 650,000 | Yes | | | 650,000 | | | - |
| Allison Road | 1,930,536 | 1,940,088 | Yes | 1,000,000 | 765,088 | 175,000 | | | - |
| | \$ 3,417,679 | \$ 4,687,015 | | \$ 1,188,500 | \$ 2,152,311 | \$ 1,386,756 | \$ 75,000 | \$ 525,169 | \$ - |

Capital Improvement Plan

The Capital Improvement Plan contains projects that the City would like to complete within the next three (3) to five (5) years depending on funding. The City policy is to keep projects on the Capital Improvement Plan until the project is fully funded.

Capital Improvement Plan: FY 2022 through FY 2025

| Item | Description | Modified Budget | Priority Tier Level | | | | Comments |
|------------------------------------|---|-----------------|------------------------|------------------------|------------------------|---------------------|--|
| | | | Tier 1: 1 - 2 years | Tier 2: 2 - 3 years | Tier 3: 3 - 4 years | Tier 4: 4+ years | |
| City Facility Projects | | | | | | | |
| 1 | Carteret Street Facility Improvements ¹ | \$ 300,000 | \$ 221,035 | | | | Partner funding secured, \$79K unfunded |
| 2 | Upfit to 2nd Floor Police Department - pending tenant | \$ 400,000 | | | | \$ 400,000 | Contingent on Tenant funding |
| 3 | Arsenal Walls Major Repair - can be phased ⁶ | \$ 670,000 | | \$ 670,000 | | | Contingent on Grant Funding |
| 4 | Land Purchase for Parking at Municipal Complex | \$ 300,000 | \$ 300,000 | | | | TIF II Funding |
| Street Resurfacing Projects | | | | | | | |
| FY 2019 CTC funded Projects | | | | | | | |
| 5 | Twin Lakes ² | \$ 50,000 | \$ 50,000 | | | | Secured by CTC Funding |
| 6 | Commerce Park - Schwatz Rd ⁷ | \$ 148,583 | \$ 148,583 | | | | Secured through Economic Development grant and Beaufort County |
| 7 | Commerce Park - Schork Rd ⁷ | \$ 192,138 | \$ 192,138 | | | | Secured through Economic Development grant and Beaufort County |
| Drainage Projects | | | | | | | |
| 8 | Cottage Farm Drainage | \$ 28,000 | \$ 28,000 | | | | In house funding |
| 9 | Kings Ridge Outfall | \$ 25,000 | | \$ 25,000 | | | Secured through Bond funding |
| 10 | LaFayette Drainage | \$ 450,000 | | | \$ 450,000 | | funding. CDBG grant opportunity in the future |
| 11 | Johnny Morral Pipe Outfall | \$ 300,000 | \$ 300,000 | | | | Secured through Bond funding |
| 12 | Hay Street Outfall | \$ 515,241 | | | | \$ 515,241 | Will need to explore future grant funding |

Capital Improvement Plan: FY 2022 through FY 2025 (cont'd)

| Item | Description | Modified Budget | Priority Tier Level | | | | |
|---|---|-----------------|------------------------------|------------------------|------------------------|---------------------|--|
| | | | Tier 1: 1 - 2 years | Tier 2: 2 - 3 years | Tier 3: 3 - 4 years | Tier 4: 4+ years | |
| Other Projects | | | | | | | |
| 13 | The Point | \$ 3,969,156 | \$ 224,533 | | \$ 3,744,623 | | Initial engineering funded through bond proceeds. Will need to explore future grant funding. |
| 14 | Calhoun Streetscape & Drainage ⁸ | \$ 1,287,500 | \$ 787,500 | \$ 500,000 | | | Bond funding leveraged against potential future grant |
| 15 | Parallel Road Ext to Hogarth ⁸ | \$ 2,900,000 | | | | \$ 2,900,000 | |
| 16 | Duke Street - Phase III ⁸ | \$ 450,000 | | \$ 450,000 | | | Contingent on Grant Funding |
| 17 | Allison Road ⁴ | \$ 1,940,088 | \$ 1,940,088 | | | | Funding complete |
| 18 | Green Street Streetscape - Phase I ⁶ | \$ 650,000 | | | \$ 650,000 | | Contingent on Grant Funding |
| 19 | Green Street Streetscape - Phase II ⁶ | \$ 650,000 | | | | \$ 650,000 | Contingent on Grant Funding |
| 20 | Green Street Streetscape - Phase III ⁶ | \$ 650,000 | | | | \$ 650,000 | Contingent on Grant Funding |
| 21 | Whitehall Boardwalk | \$ 650,000 | \$ 650,000 | | | | Funding complete |
| 22 | Marina Bathrooms and Store | \$ 500,000 | | \$ 500,000 | | | |
| 23 | Parking Garage | \$ 8,000,000 | Study and evaluation of need | | | \$ 8,000,000 | |
| 24 | Marina Gas Tanks replacement | \$ 525,000 | \$ 75,000 | \$ 450,000 | | | |
| 25 | Waterfront Park Seawall & Bulkhead Analysis | \$ 1,500,000 | \$ 1,500,000 | | | | Potential funding through US Corp of Engineers |
| Total Capital Improvement Plan Projects | | \$ 26,971,741 | \$ 6,416,877 | \$ 2,595,000 | \$ 4,844,623 | \$ 13,115,241 | |