

CITY OF BEAUFORT
1911 BOUNDARY STREET
BEAUFORT MUNICIPAL COMPLEX
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070

CITY COUNCIL SPECIAL WORKSESSION AGENDA
May 20, 2025

STATEMENT OF MEDIA NOTIFICATION

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

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

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

I. CALL TO ORDER

A. Philip Cromer, Mayor

II. DISCUSSION ITEMS

A. Proposed Fiscal Year 2026 Budget discussion

III. EXECUTIVE SESSION

A. Pursuant to Title 30, Chapter 4, Section (70) (a) (2) of the South Carolina Code of Law: Discussion of negotiations incident to proposed contractual arrangements with strategic partners

IV. ADJOURN

City of Beaufort, South Carolina



**FISCAL YEAR 2026
RECOMMENDED CONSOLIDATED BUDGET
FIRST READING
PRESENTED MAY 13, 2025**



City Manager's Message

May 13, 2025

Dear Honorable Mayor, Members of City Council and Citizens of Beaufort:

I am pleased to present for your consideration the Fiscal Year 2026 Consolidated Operations Budget for the City of Beaufort. This proposed budget totals \$73,132,037 across eight funds—General Fund, Parks & Tourism, State Accommodations Tax, Fire Impact Fees, Stormwater, Capital Projects, TIF II, and ARPA—and is guided by the City's adopted Strategic Plan. It supports all five of Council's strategic focus areas: A Safe & Vibrant City, Managing Growth and Protecting Natural Resources, Economic Development & Innovation, Fiscal Sustainability, and Organizational Excellence.



City Manager's Message

This budget represents a nearly \$7.5 million increase from the FY 2025 Budget as originally adopted and a \$2.8 million increase over the Revised FY 2025 Budget. However, it's important to note that a significant portion of this increase—approximately \$28.5 million—is attributable to unspent but previously authorized capital funds, including grant-funded projects. A key enhancement this year is the improved budget presentation format, which now fully and transparently accounts for all revenues and expenditures, including internal fund transfers.

The overall millage rate remains flat at 73.9 mills. The value of a mill in FY 2026 is \$131,885—an increase of \$5,432 over FY 2025—reflecting both growth in the number and value of properties that have been added or improved since FY 2025.

Despite increasing operating costs, projected revenue increases help offset impacts. In the General Fund alone, business license revenue is projected to increase by \$1.15 million and property tax revenue by \$370,500.



City Manager's Message

Though our solid waste contract cost will rise by \$75,000 due to CPI escalation, residents will see no increase in their \$270 annual solid waste fee, which has we been absorbed through existing revenue projections. This supports our previously stated goal of incrementally absorbing the cost of managing sold waste under our annual millage with the goal of eventually eliminating a separate line-item fee on residents' tax bills.

To help remain competitive in the labor market and support our employees, the budget includes the following employee compensation features:

- A 3% Cost of Living Adjustment (COLA) effective July 1, based on the CPI increase from January 2024 to January 2025.
- One-time merit bonuses of up to 2.5%, in lieu of recurring merit increases, recognizing that additional permanent compensation adjustments will be considered following the study.
- A set-aside reserve equal to a 2.7% increase to support implementation of recommendations from the ongoing Classification and Compensation Study.

Additionally, the City will absorb a projected 9% increase in health insurance premiums, without passing the cost on to the employees.



City Manager's Message

Several new initiatives and changes are proposed in this budget:

- Conversion of a vacant Community Development position into a Fire Inspector position (prorated for 6 months).
- For the first time, we are budgeting for vacation and retirement payouts to more accurately reflect true operating costs.
- Modest increases to the off-duty personnel rates: Police from \$60 to \$65 per hour; Fire from \$38 to \$50 per hour. These rates are more reflective of actual costs of providing this type of support for events.
- Creation of a \$50,000 contingency fund for boat removal and disaster mitigation.
- Allocation of TIF II fund balance toward capital needs within the TIF district.
- Continuation of the Housing Repair Assistance Program, in partnership with the Beaufort Jasper Housing Trust, with a \$100,000 allocation.
- Inclusion of an Unfunded Requirements List to identify validated, yet currently unaffordable, needs.



City Manager's Message

This year's budget also continues the City's commitment to the support of some of our strategic partners. To continue our effort toward attracting and retaining jobs, we have allocated \$42,000 to the Beaufort Economic Development Corporation. Palmetto Breeze has been allocated \$28,139 as the city's share of a grant match for the Northern Beaufort County Transit Master Plan Study. The Beaufort Digital Corridor will receive \$100,000 to help offset their operating expenses as they continue to be the primary business incubator north of the Broad River.

Recognizing the importance and value of our relationship to our local military community, we have allocated \$15,000 to the Beaufort Area Chamber of Commerce's Military Enhancement Committee. The Beaufort Convention and Visitor's Bureau, as our Designated Marketing Organization, will receive \$417,500 which is the statutorily mandated 30% of expected state accommodations tax revenues. As the catalyst for cyber security awareness, education and initiatives, the South Coast Cyber Center will receive \$45,000 to continue their advocacy efforts which have directly contributed to sustained growth in cyber security programs at the Technical College of the Lowcountry and the University of South Carolina Beaufort. And, to help turn the tide on the critical shortage of nurses in the region, the budget contains a contribution of \$5,000 to the South Carolina Nurse Retention Initiative.



City Manager's Message

Recognizing that no budget is perfect, this budget presented for consideration advances the City's priorities, maintains and improves service delivery during a trying and uncertain economic period, helps to keep us competitive in the labor market and absorbs increased operating costs—all without increasing the tax burden on the individual taxpayer.

I want to extend my deepest gratitude to the City's Senior Staff and especially the Finance Team, led by its Director Alan Eisenman, for their diligence in crafting this budget. I also thank the Mayor and City Council for their leadership and input throughout the budget development process. It remains an honor to serve the residents, business owners, and visitors of the City of Beaufort—the Best Part of the Lowcountry.

Respectfully submitted,

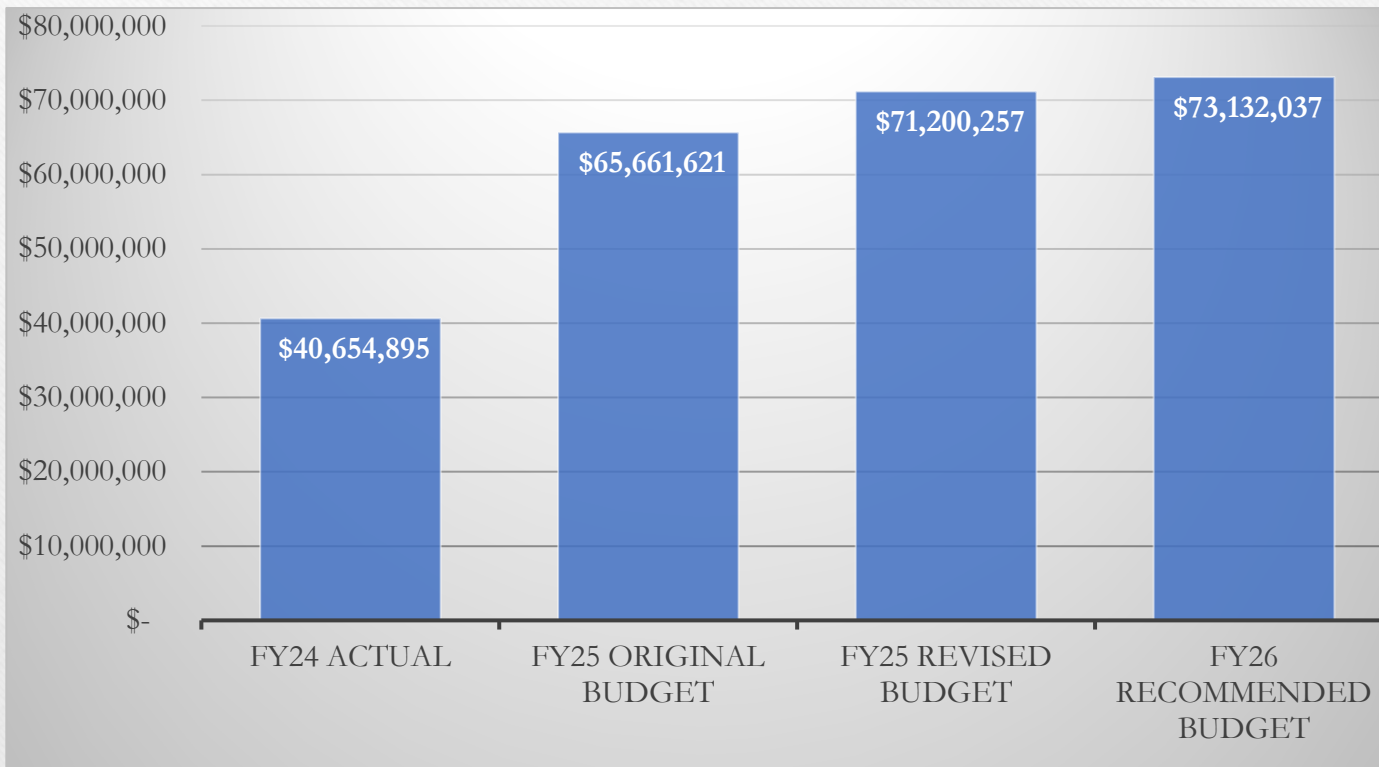
Scott M. Marshall

City Manager

FY26 Recommended Consolidated Budget

\$73,132,037

**Includes \$28.4M in Capital Project Fund*



City Manager Highlights

- Overall millage rate remains flat at 73.9
- Value of a mill = \$131,885
- Operating expense increases mostly offset by revenue increases
 - \$1,150,000 increase in business license revenue
 - \$370,540 increase in property tax revenue
- Solid Waste contract increase absorbed by millage
- Capital Projects Budget = \$28.4M
- \$100K for Housing Repair Assistance

City Manager Highlights

- 3% COLA for City Employees
- Up to 2.5% one-time merit bonus
- Additional funds equal to 2.7% pay increase budgeted for implementation of compensation study results
- 9% increase in health care coverage is absorbed in the budget with no burden to employees

Strategic Partner Assistance



\$42,000



\$28,139



\$100,000



\$15,000



\$417,500



\$5,000



\$45,000

What's New for FY26?

- Improved format for budget presentation
- One new position
 - Fire Inspector (FTE transfer from Community Development)
- Budgeted for vacation and retirement payouts
- Off-duty rate increases for Fire and Police personnel
- \$50K for contingency boat removal / disaster mitigation
- Release of TIF II funds for eligible capital needs
- Unfunded Requirements List

Next Steps

June 10

Second and Final Reading of FY26 Recommended Consolidated Budget

Budget Changes Since April Council Worksessions

- Removed Vehicle Tag Fee Revenue of \$231,804
 - PD Utility Task Vehicle for \$18,567 moved from General Fund to State Accommodations Tax Fund.
 - The \$13,000 General Fund Portion of PD Mobile Command Travel Trailer moved to State Accommodations Tax Fund.
 - City's Housing Repair Program for \$100,000 was moved from General Fund to ARPA Fund. The City will use remaining balance of \$95,329 Beaufort County's ARPA portion that was assigned to affordable housing needs and the remaining portion of \$4,671 from ARPA interest.
 - The remaining funding of \$100,237 will come from release of committed fund balance for vehicles and equipment.

Budget Changes Since April Council Worksessions

- Police Department purchase of 9 additional radios for \$75,000 that were originally included in their leased vehicle request.
 - \$37,500 funded through General Fund from release of committed fund balance for vehicles and equipment and \$37,500 funded through release of fund balance through Parks and Tourism Fund.
- Police Department requested to replace one patrol vehicle (Ford Interceptor) with one admin vehicle truck. Cost savings of \$971.
- The City's health insurance premium increased changed from 12% to 9%. Cost savings of \$49,282 for the City.
- Removed new FTE for Emergency/Risk Manager position from budget. The salary and benefits of \$90,695 was reallocated to support the implementation of the City's compensation study for \$90,695 within the General Fund.
- Added Freedom of Information Act (FOIA) Fee Schedule

Improved FY26 Budget Format Presentation

- Simplified presentation for easier to understand budget.
- Improved format includes transfers in and release of fund balance under revenues.
- Improved format includes transfers out and contribution to fund balance under expenditures.
- For comparison purposes, the FY25 adopted budget is shown on the next slide in the improved budget presentation format that details total revenues and total expenditures of \$65,661,621, which agrees to the City's FY25 approved budget ordinance.

Consolidated FY 2025 Adopted Budget- As Presented in FY 2025

	State								Total
	General Fund	ARPA Fund	Parks & Tourism Fund	Stormwater Fund	Accommodations Fund	TIF II Fund	Fire Impact Fund	Capital Projects Fund	
Revenues	\$ 25,361,478	\$ 302,306	\$ 5,480,500	\$ 1,368,717	\$ 969,333	\$ 180,000	\$ 105,000	\$ 11,162,332	\$ 44,929,666
Transfers In	70,416	-	-	-	-	-	-	9,787,457	9,857,873
Total Other Financing Sources	70,416	-	-	-	-	-	-	9,787,457	9,857,873
Release of Committed Fund Balance	-	-	-	-	-	-	-	-	-
Release of Fund Balance	213,293	2,693,960	5,927,349	1,310,480	-	29,000	-	700,000	10,874,082
Salaries	10,478,363	100,000	1,908,435	413,681	16,728	-	-	-	12,917,207
Benefits	4,384,300	43,972	846,815	208,751	6,752	-	-	-	5,490,590
Operating	8,299,933	65,000	1,711,049	232,685	875,437	-	-	-	11,184,104
Capital	492,443	143,333	238,933	-	-	109,000	-	21,649,789	22,633,498
Debt	1,990,148	-	969,601	513,600	-	-	63,654	-	3,537,003
Total Expenditures	25,645,187	352,306	5,674,833	1,368,717	898,917	109,000	63,654	21,649,789	\$ 55,762,403
Transfers Out	-	2,643,960	5,733,016	1,310,480	70,416	100,000	-	-	9,857,872
Total Other Financing Uses	-	2,643,960	5,733,016	1,310,480	70,416	100,000	-	-	\$ 9,857,872
Contribution to Fund Balance	-	-	-	-	-	-	41,346	-	41,346
Net (Deficit) Surplus	\$ (0)	\$ 0	\$ -	\$ (0)	\$ (0)	\$ -	\$ 0	\$ -	\$ 0

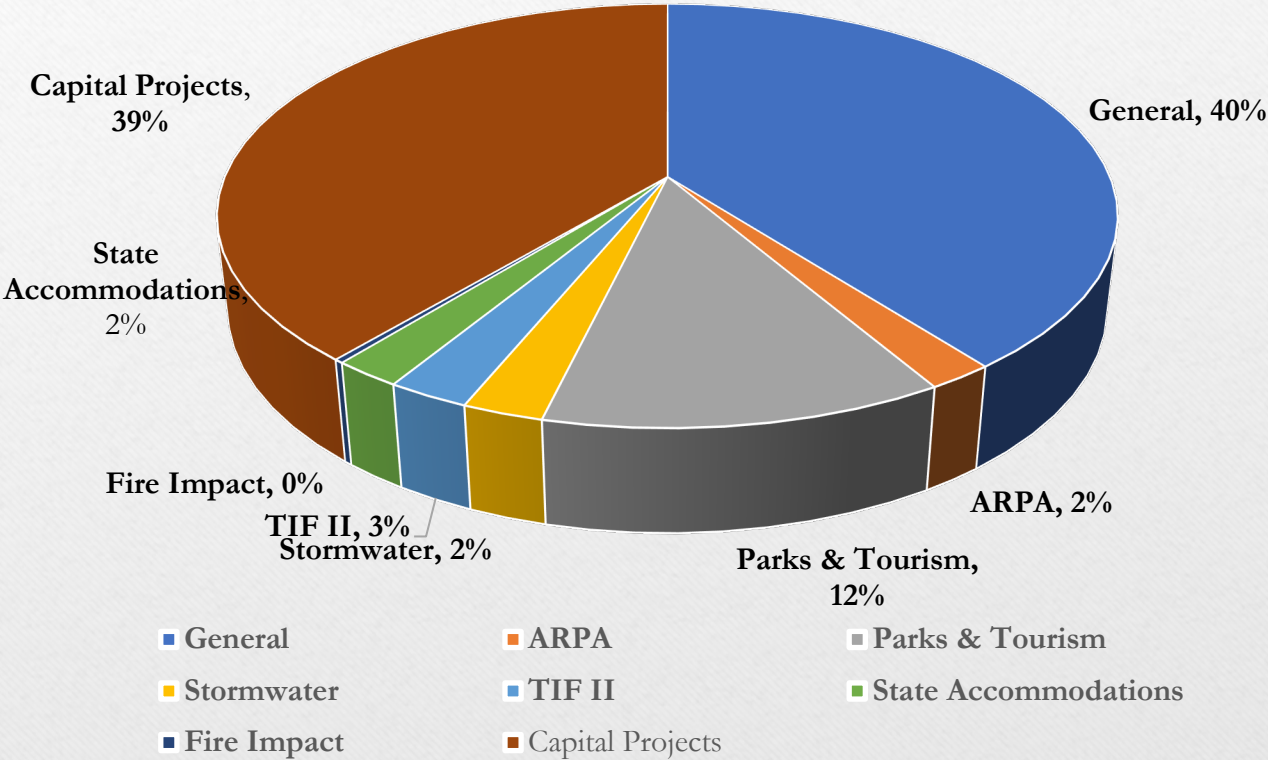
Consolidated FY 2025 Adopted Budget- Improved Budget Presentation Format

	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Parks & Tourism Fund</u>	<u>Stormwater Fund</u>	<u>State Accommodations Fund</u>	<u>TIF II Fund</u>	<u>Fire Impact Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues									
Revenues	\$ 25,361,479	\$ 302,306	\$ 5,480,500	\$ 1,368,717	\$ 969,333	\$ 180,000	\$ 105,000	\$ 11,162,332	\$ 44,929,667
Transfers In	70,416	-	-	-	-	-	-	9,787,457	9,857,873
Release of Committed Fund Balance-									
Vehicles and Equipment	213,293	-	-	-	-	-	-	-	213,293
Release of Fund Balance	-	2,693,959	5,927,349	1,310,480	-	29,000	-	700,000	10,660,788
Total Revenues	<u>25,645,188</u>	<u>2,996,265</u>	<u>11,407,849</u>	<u>2,679,197</u>	<u>969,333</u>	<u>209,000</u>	<u>105,000</u>	<u>21,649,789</u>	<u>65,661,621</u>
Expenditures									
Salaries	10,478,364	100,000	1,908,435	413,681	16,728	-	-	-	12,917,208
Benefits	4,384,300	43,972	846,815	208,751	6,752	-	-	-	5,490,590
Operating	8,299,933	65,000	1,711,049	232,685	875,437	-	-	-	11,184,104
Capital	492,443	143,333	238,933	-	-	109,000	-	21,649,789	22,633,498
Debt	1,990,148	-	969,601	513,600	-	-	63,654	-	3,537,003
Transfers Out	-	2,643,960	5,733,016	1,310,480	70,416	100,000	-	-	9,857,872
Contribution to Fund Balance	-	-	-	-	-	-	41,346	-	41,346
Total Expenditures	<u>25,645,188</u>	<u>2,996,265</u>	<u>11,407,849</u>	<u>2,679,197</u>	<u>969,333</u>	<u>209,000</u>	<u>105,000</u>	<u>21,649,789</u>	<u>65,661,621</u>
Net (Deficit) Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

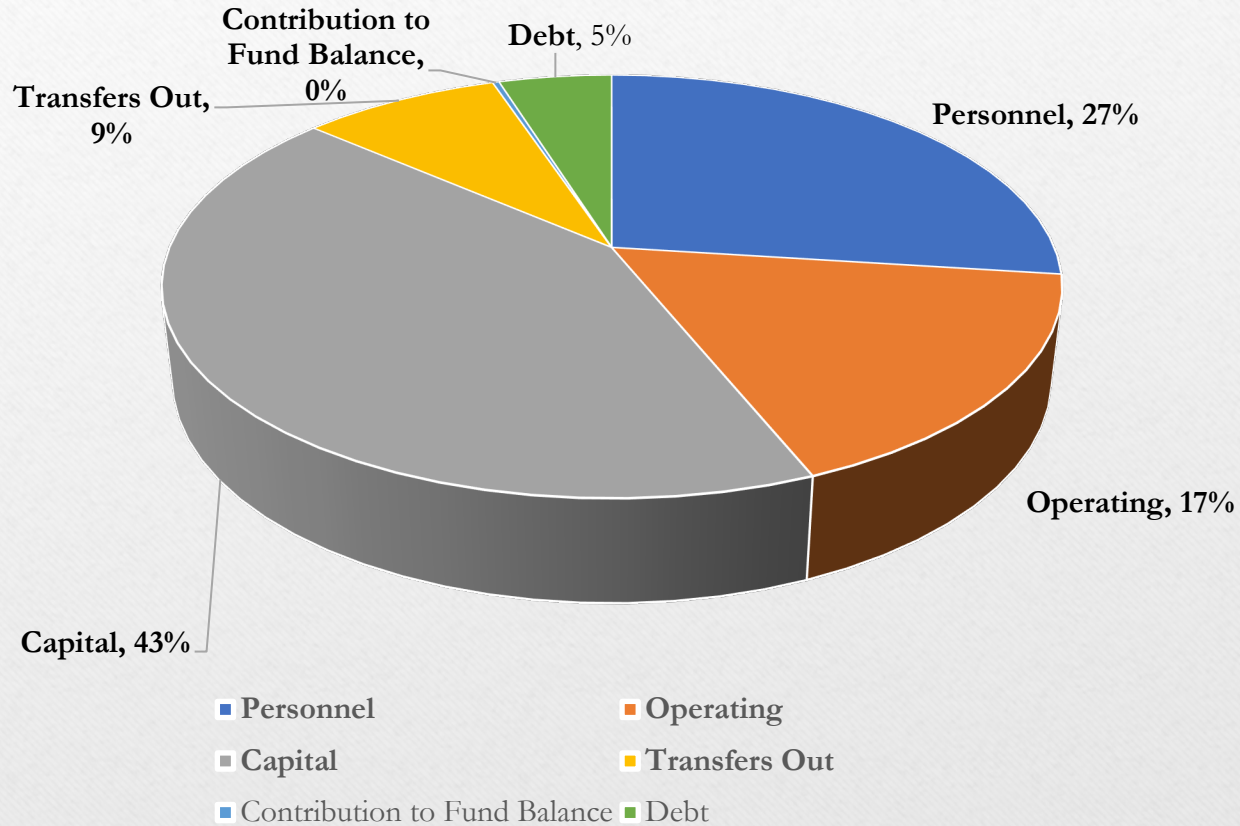
Consolidated FY 2026 Recommended Budget

	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Parks & Tourism Fund</u>	<u>Stormwater Fund</u>	<u>State Accommodations Fund</u>	<u>TIF II Fund</u>	<u>Fire Impact Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues									
Revenues	\$ 26,848,037	\$ 133,871	\$ 5,512,500	\$ 1,403,346	\$ 946,667	\$ 120,000	\$ 205,000	\$ 21,593,759	\$ 56,763,180
Transfers In	69,584	-	-	-	-	-	-	6,155,712	6,225,296
Issuance of Capital Lease	833,472	-	-	-	-	-	-	-	833,472
Release of Committed Fund Balance- Vehicles and Equipment	544,327	-	-	-	-	-	-	-	544,327
Release of Committed Fund Balance- Redevelopment	375,000	-	-	-	-	-	-	-	375,000
Release of Committed Fund Balance- Capital Projects	-	1,352,827	2,561,185	398,061	368,639	1,100,000	-	-	5,780,712
Release of Fund Balance	105,551	100,000	860,136	-	224,363	620,000	-	700,000	2,610,050
Total Revenues	<u>28,775,971</u>	<u>1,586,698</u>	<u>8,933,821</u>	<u>1,801,407</u>	<u>1,539,669</u>	<u>1,840,000</u>	<u>205,000</u>	<u>28,449,471</u>	<u>73,132,037</u>
Expenditures									
Salaries	11,232,170	94,500	2,082,992	466,621	18,366	-	-	-	13,894,649
Benefits	4,660,301	39,371	922,817	200,336	7,363	-	-	-	5,830,188
Operating	8,859,089	100,000	2,052,032	217,490	1,044,150	-	-	-	12,272,760
Capital	1,593,162	-	345,300	-	31,567	740,000	-	28,449,471	31,159,500
Debt	2,056,248	-	969,496	518,900	-	-	-	-	3,544,644
Transfers Out	375,000	1,352,827	2,561,185	398,061	438,223	1,100,000	-	-	6,225,296
Contribution to Fund Balance	-	-	-	-	-	-	205,000	-	205,000
Total Expenditures	<u>28,775,971</u>	<u>1,586,698</u>	<u>8,933,821</u>	<u>1,801,407</u>	<u>1,539,669</u>	<u>1,840,000</u>	<u>205,000</u>	<u>28,449,471</u>	<u>73,132,037</u>
Net (Deficit) Surplus	<u>(0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>

FY 26 Projected Revenue Sources

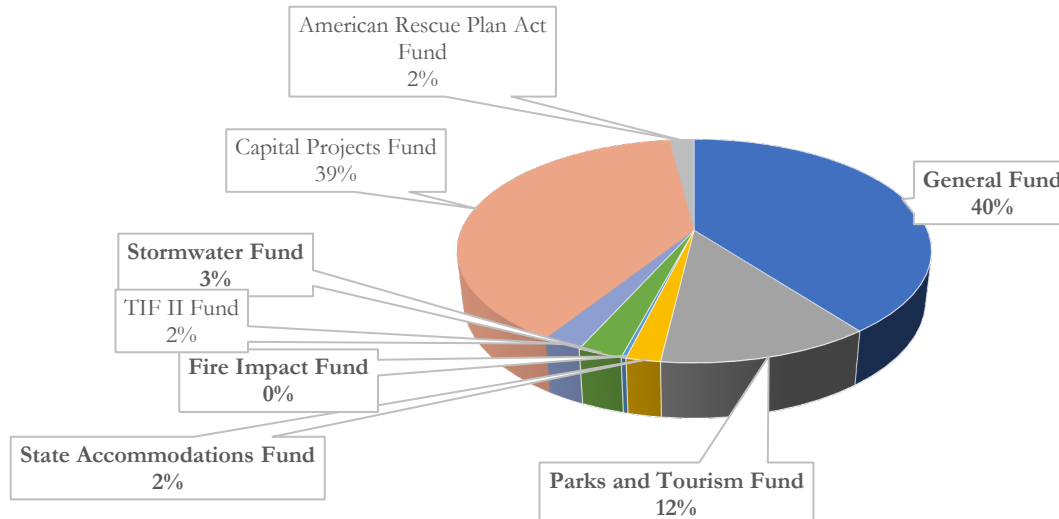


FY 26 Projected Expenses



Consolidated Revenue Budget Summary

	FY 2024 Actual	FY 2025	FY 2025	FY 2026	Change from	% Change
		Original Budget	Revised Budget	Recommended Budget	Prior Year Original Budget	
General Fund	\$ 28,980,538	\$ 25,645,187	\$ 25,691,395	\$ 28,775,971	\$ 3,130,784	12.2%
Special Revenue Funds						
Parks and Tourism Fund	12,588,099	11,407,849	11,407,849	8,933,821	(2,474,028)	-21.7%
State Accommodations Fund	1,248,536	969,333	969,333	1,539,669	570,336	58.8%
Fire Impact Fund	86,440	105,000	105,000	205,000	100,000	95.2%
Stormwater Fund	1,383,591	2,679,197	2,679,197	1,801,407	(877,790)	-32.8%
TIF II Fund	185,888	209,000	309,000	1,840,000	1,631,000	527.8%
Capital Projects Fund	3,142,878	21,649,789	23,677,663	28,449,471	6,799,682	28.7%
American Rescue Plan Act Fund	1,740,392	2,996,266	4,231,326	1,586,698	(1,409,568)	-33.3%
	<u>\$ 49,356,364</u>	<u>\$ 65,661,621</u>	<u>\$ 69,070,763</u>	<u>\$ 73,132,037</u>	<u>\$ 7,470,416</u>	<u>10.8%</u>



FY 2026 Consolidated Revenue Budget Highlights

- The recommended millage rate remains flat at 73.9 mils for General Fund property taxes.
- The City has experienced business growth from a strong economy for an anticipated \$1,150,000 increase in business licenses in the General Fund.
- The remaining amount due on a new fire truck purchase of \$1,115,062 will be financed through a capital lease for \$833,472 and release of committed fund balance for vehicles and equipment of \$281,590.
- The police department off duty rate increases from \$60/HR to \$65/HR and fire department off duty rate increases from \$38/HR to \$50/HR to cover City personnel costs.

Consolidated Expenditure Budget Summary

	<u>FY 2024 Actual</u>	<u>FY 2025 Original Budget</u>	<u>FY 2025 Revised Budget</u>	<u>FY 2026 Recommended Budget</u>	<u>\$ Change from Prior Year Original Budget</u>	<u>% Change</u>
General Fund						
Salaries	\$ 9,792,715	\$ 10,494,482	\$ 10,494,482	\$ 11,232,170	\$ 737,688	7.03%
Benefits	3,913,554	4,368,181	4,368,181	4,660,301	292,121	6.69%
Operations	9,689,275	8,299,932	8,383,804	8,859,089	559,157	6.74%
Capital	691,987	492,443	674,930	1,593,162	1,100,719	223.52%
Debt	1,922,443	1,990,149	1,990,149	2,056,248	66,099	3.32%
Transfers out	-	-	255,645	375,000	375,000	100.00%
Total General Fund	\$ 26,009,973	\$ 25,645,187	\$ 26,167,190	\$ 28,775,971	\$ 3,130,784	11.96%
Parks and Tourism Fund						
Salaries	\$ 1,729,083	\$ 1,908,436	\$ 1,908,436	\$ 2,082,992	\$ 174,556	9.15%
Benefits	670,377	833,714	833,714	922,817	89,103	10.69%
Operations	1,551,952	1,724,150	1,749,884	2,052,032	327,882	19.02%
Capital	93,910	238,933	238,933	345,300	106,367	44.52%
Debt	401,980	969,601	969,601	969,496	(104)	-0.01%
Transfers out	1,324,644	5,733,016	5,833,016	2,561,185	(3,171,831)	-55.33%
Total Parks and Tourism Fund	\$ 5,771,946	\$ 11,407,849	\$ 11,533,583	\$ 8,933,821	\$ (2,474,028)	-21.45%
Stormwater Fund						
Salaries	\$ 377,097	\$ 413,681	\$ 413,681	\$ 466,621	\$ 52,940	12.80%
Benefits	159,597	217,457	217,457	200,336	(17,122)	-7.87%
Operations	141,505	223,979	236,500	217,490	(6,489)	-2.90%
Debt	513,955	513,600	513,600	518,900	5,300	1.03%
Transfers out	232,575	1,310,480	1,364,480	398,061	(912,419)	-69.62%
Total Stormwater Fund	\$ 1,424,729	\$ 2,679,197	\$ 2,745,718	\$ 1,801,407	\$ (877,790)	-31.97%

Consolidated Expenditure Budget Summary (Cont'd)

	<u>FY 2024 Actual</u>	<u>FY 2025 Original Budget</u>	<u>FY 2025 Revised Budget</u>	<u>FY 2026 Recommended Budget</u>	<u>\$ Change from Prior Year Original Budget</u>	<u>% Change</u>
State Accommodations Fund						
Salaries	\$ 17,226	\$ 16,728	\$ 16,728	\$ 18,366	\$ 1,638	9.79%
Benefits	6,675	6,752	6,752	7,363	611	9.05%
Operations	669,911	875,437	875,437	1,044,150	168,713	19.27%
Capital	-	-	-	31,567	31,567	100.00%
Transfers out	84,446	70,416	70,416	438,223	367,807	522.33%
Total State Accommodations Fund	<u>\$ 778,258</u>	<u>\$ 969,333</u>	<u>\$ 969,333</u>	<u>\$ 1,539,669</u>	<u>\$ 570,336</u>	58.84%
Fire Impact Fund						
Debt	\$ 129,239	\$ 63,654	\$ 63,654	\$ -	(63,654)	-100.00%
Contribution to Fund Balance	-	41,346	41,346	205,000	163,654	395.82%
Total Fire Impact Fund	<u>\$ 129,239</u>	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 205,000</u>	<u>\$ 100,000</u>	95.24%
TIF II Fund						
Capital	\$ 21,562	\$ 109,000	\$ 209,000	\$ 740,000	\$ 631,000	578.90%
Transfers out	5,492	100,000	100,000	1,100,000	1,000,000	1000.00%
Total TIF II Fund	<u>\$ 27,054</u>	<u>\$ 209,000</u>	<u>\$ 309,000</u>	<u>\$ 1,840,000</u>	<u>\$ 1,631,000</u>	780.38%
ARPA Fund						
Salaries	\$ -	\$ 100,001	\$ 100,001	\$ 94,500	\$ (5,501)	-5.50%
Benefits	-	43,972	43,972	39,371	(4,601)	-10.46%
Operations	221,448	65,000	165,000	100,000	35,000	53.85%
Capital	669,669	143,333	506,593	-	(143,333)	-100.00%
Transfers out	535,238	2,643,960	3,929,020	1,352,827	(1,291,133)	-48.83%
Total ARPA Fund	<u>\$ 1,426,354</u>	<u>\$ 2,996,266</u>	<u>\$ 4,744,586</u>	<u>\$ 1,586,698</u>	<u>\$ (1,409,568)</u>	-29.71%
Capital Projects Fund						
Capital	\$ 4,259,755	\$ 21,649,789	\$ 23,677,663	\$ 28,449,471	\$ 6,799,682	31.41%
Total Capital Projects Fund	<u>\$ 4,259,755</u>	<u>\$ 21,649,789</u>	<u>\$ 23,677,663</u>	<u>\$ 28,449,471</u>	<u>\$ 6,799,682</u>	31.41%
Total All Funds	<u>\$ 39,827,309</u>	<u>\$ 65,661,621</u>	<u>\$ 70,252,073</u>	<u>\$ 73,132,037</u>	<u>\$ 7,470,417</u>	11.38%

FY 2026 Consolidated Expenditure Budget Highlights

Salaries and Benefits

- There are one new position (Fire Inspector) included in the FY 2026 Recommended Budget.
- The budget includes a 3% COLA increase and a planning factor of 2.7% increase as the City awaits results of the Employee and Workforce Compensation Study and merit pool bonus of up to 2.5% for each department.
- Increase of 9% in Health insurance premiums absorbed by the City.
- Includes employee retention programs.
- Overall increase in salaries & benefits of \$1,321,434 or 7.2%.

Operations

- Overall operations is \$12,272,760 across the funds of the City
 - General Fund increased 6.7%; Parks & Tourism increased 19.0%; State Accommodations Tax increased 19.2% and ARPA increased by 53.8%.
 - More detail of these changes are explained in the Fund section.

Capital

- The Capital replacement program is funded with resources partially coming from Committed Fund Balances held in reserve for General Fund purchases.

Debt

- Includes only normal debt payments required for FY 2026 on general obligation bonds, revenue bonds, and capital leases. The new fire truck capital lease debt payments will begin in FY27.

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 2024	FY 2025 Original	FY 2025 Revised	FY 2026	Increase
	Actual	Budget	Budget	Recommended	(Decrease) from
				Budget	Prior Year
					Original Budget
Property Taxes	\$ 9,595,224	\$ 9,598,632	\$ 9,598,632	\$ 9,969,172	\$ 370,540
Licenses & Permits	7,860,404	6,870,000	6,870,000	7,817,000	947,000
Charges for Services	1,538,565	1,682,165	1,682,165	1,720,245	38,080
Franchise Fees	2,328,308	2,258,000	2,258,000	2,384,440	126,440
Intergovernmental	5,854,209	4,228,681	4,274,889	4,230,180	1,499
Fines & Forfeitures	63,142	64,000	64,000	67,000	3,000
Interest	703,260	550,000	550,000	600,000	50,000
Miscellaneous	952,979	110,000	110,000	60,000	(50,000)
Transfers In	84,446	70,416	70,416	69,584	(832)
Issuance of Capital Lease	-	-	-	833,472	833,472
Release of Committed Fund Balance- Vehicles and Equipment	-	213,293	213,293	544,327	331,034
Release of Committed Fund Balance- Redevelopment	-	-	-	375,000	375,000
Release of Fund Balance	-	-	-	105,551	105,551
Total Revenues	\$28,980,538	\$ 25,645,187	\$ 25,691,395	\$ 28,775,971	\$ 3,130,784

Property Taxes

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget
Current Property Taxes	\$ 6,733,875	\$ 6,972,437	\$ 6,972,437	\$ 7,450,043
Property Taxes - Debt Mil	1,924,668	1,668,172	1,668,172	1,611,897
Delinquent Property Tax	184,839	258,634	258,634	232,147
Penalties & Interest	39,756	35,508	35,508	36,203
Vehicle Property Taxes	458,953	415,204	415,204	383,882
Homestead Exemption	202,001	197,677	197,677	202,000
Motor Carrier	13,590	14,000	14,000	14,000
Payment in Lieu	37,542	37,000	37,000	39,000
Total Property Taxes	\$ 9,595,224	\$ 9,598,632	\$ 9,598,632	\$ 9,969,172
Taxable Assessed Value ¹	\$ 122,069,477	\$ 126,453,357	\$ 126,453,357	\$ 131,884,905
Value of Mil	\$ 122,069	\$ 126,453	\$ 126,453	\$ 131,885

¹ TY 2025 estimated taxable assessed value presented in FY 2026 Recommended budget is estimated based on historical and known growth.

Property Taxes

- Represents the largest revenue source of the City, or approximately 34.3% of the total revenues.
- Taxable assessed value of real property for tax year 2025 is estimated to be \$112,936,964, a 5.3% growth over the actual ending values for tax year 2024.
- Taxable assessed value of personal property is estimated for tax year 2025 to be \$12,133,667, a 3.2% growth over the actual ending values for tax year 2024.
- Vehicle taxable assessed value is estimated for tax year 2025 of \$6,814,274, a 9.1% decrease over tax year 2024.
- Total Taxable Assessed Value is estimated at \$131,884,905, an overall increased of \$5,431,548 from FY 2025.
- The millage cap is 2.95% based on CPI. The recommended budget includes the operating and debt millage as follows for:
 - The operating mil was 58.3 in FY25. The City's millage cap (1.7%) is applied to for FY 2026 Operating Mil is 59.3. An increase in property tax operating millage of 1.0 mils.
 - Debt mil is decreased from 13.6 mils in FY 2025 to 12.6 mils, for a total of 1.0 mil and sufficient to cover the debt service payments.
 - Recommend maintaining the 2 reserve mil and include in operating mil to continue to fund for aging infrastructure.
 - Total recommended millage rate of 73.9 mils remains the same to the overall millage.

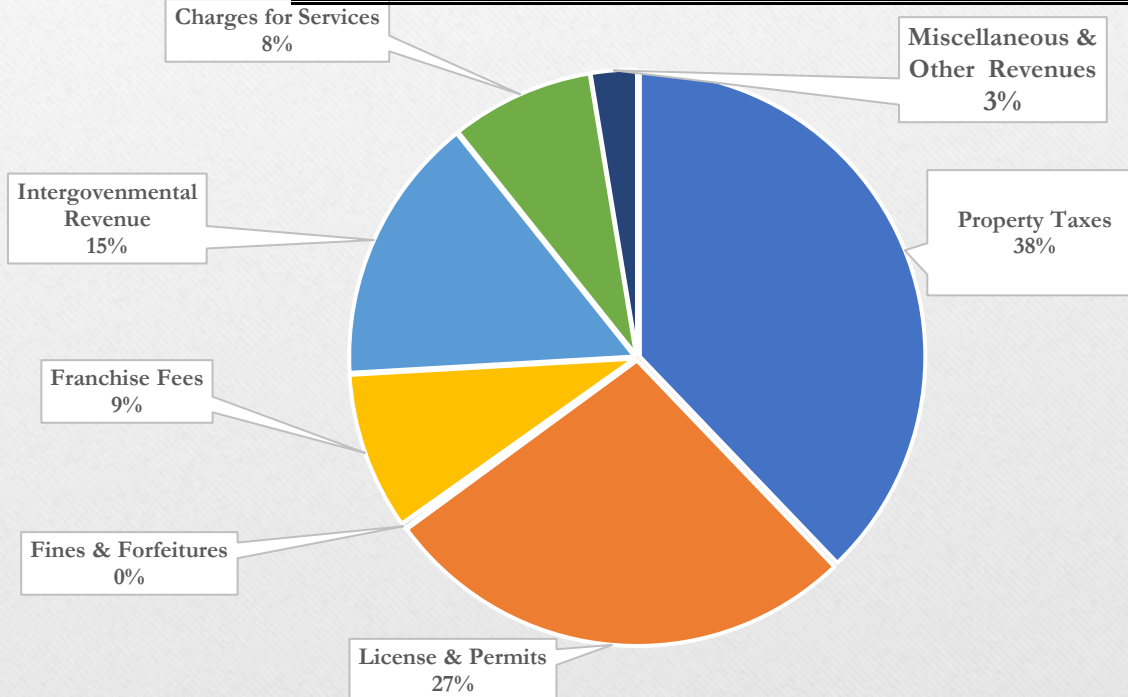
Other Significant Revenues

- Licenses and permits is budgeted for an estimated increase of \$947,000 more than FY 2025 adopted budget, which is comprised of a \$1,150,000 increase in business licenses due to a strong business economy within the City and offset by a decrease of \$200,000 for associated building permits for larger commercial and residential development that has mostly occurred in previous fiscal years.
- The issuance of capital lease for \$833,472 is to finance the remaining amount owed on the new fire truck.

BUDGET SUMMARY - EXPENDITURES

General Fund

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended	Change from Prior Year Original Budget
Salaries	\$ 9,792,715	\$ 10,494,482	\$ 10,494,482	\$ 11,232,170	\$ 737,688
Benefits	3,913,554	4,368,181	4,368,181	4,660,301	292,121
Operations	9,689,275	8,299,932	8,383,804	8,859,089	559,157
Capital	691,987	492,443	674,930	1,593,162	1,100,719
Debt	1,922,443	1,990,149	1,990,149	2,056,248	66,099
Transfers Out	-	-	255,645	375,000	375,000
Total Expenditures	\$ 26,009,973	\$ 25,645,187	\$ 26,167,190	\$ 28,775,971	\$ 3,130,784



General Fund expenditures are supported by

General Fund Budget By Department

	FY 2024	FY 2025	FY 2025	FY 2026	\$ Change	%
	Actual	Original	Revised	Recommended	from Prior	Change
		Budget	Budget	Budget	Year Original	
					Budget	
<u>Non Departmental</u>						
Operations	\$ 2,649,958	\$ 822,823	\$ 822,823	\$ 815,171	\$ (7,652)	-0.93%
Capital	231,268	-	-	-	-	0.00%
Transfers Out	-	-	255,645	375,000	375,000	0.00%
Total NonDepartmental	\$ 2,881,226	\$ 822,823	\$ 1,078,468	\$ 1,190,171	\$ 367,348	34.06%
<u>City Council</u>						
Salaries	\$ 65,060	\$ 67,550	\$ 67,550	\$ 67,550	\$ 0	0.00%
Benefits	20,414	24,171	24,171	24,699	528	2.18%
Operations	243,051	253,600	253,600	226,000	(27,600)	-10.88%
Total City Council	\$ 328,525	\$ 345,321	\$ 345,321	\$ 318,249	\$ (27,072)	-7.84%
<u>City Manager</u>						
Salaries	\$ 464,271	\$ 575,864	\$ 575,864	\$ 621,586	\$ 45,722	7.94%
Benefits	152,802	193,059	193,059	201,548	8,489	4.40%
Operations	137,978	183,238	183,238	183,711	473	0.26%
Total City Manager	\$ 755,050	\$ 952,161	\$ 952,161	\$ 1,006,844	\$ 54,683	5.74%
<u>Finance</u>						
Salaries	\$ 529,882	\$ 570,233	\$ 570,233	\$ 628,631	\$ 58,398	10.24%
Benefits	180,371	198,494	198,494	235,761	37,267	18.78%
Operations	196,873	232,123	232,123	239,162	7,039	3.03%
Total Finance	\$ 907,126	\$ 1,000,850	\$ 1,000,850	\$ 1,103,555	\$ 102,704	10.26%
<u>Information Technology</u>						
Operations	\$ 784,389	\$ 865,621	\$ 918,529	\$ 929,137	\$ 63,516	7.34%
Capital Outlay	65,102	160,000	160,000	10,000	(150,000)	-93.75%
Total Information Technology	\$ 849,491	\$ 1,025,621	\$ 1,078,529	\$ 939,137	\$ (86,484)	-8.02%

General Fund Budget By Department (cont'd)

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	\$ Change from Prior Year Original Budget	% Change
<u>Human Resources</u>						
Salaries	\$ 218,913	\$ 243,236	\$ 243,236	\$ 255,804	\$ 12,568	5.17%
Benefits	86,886	95,424	95,424	101,802	6,378	6.68%
Operations	116,256	215,708	215,708	156,999	(58,709)	-27.22%
Total Human Resources	\$ 422,055	\$ 554,368	\$ 554,368	\$ 514,604	\$ (39,764)	-7.17%
<u>Municipal Court</u>						
Salaries	\$ 254,183	\$ 272,075	\$ 272,075	\$ 302,855	\$ 30,780	11.31%
Benefits	111,530	124,968	124,968	138,143	13,175	10.54%
Operations	182,158	240,007	260,942	249,914	9,906	4.13%
Total Municipal Court	\$ 547,871	\$ 637,050	\$ 657,985	\$ 690,911	\$ 53,861	8.19%
<u>Community Development</u>						
Salaries	\$ 596,773	\$ 758,358	\$ 758,358	\$ 732,239	\$ (26,119)	-3.44%
Benefits	219,722	289,438	289,438	284,706	(4,732)	-1.63%
Operations	395,974	408,050	411,287	339,225	(68,825)	-16.87%
Total Community Development	\$ 1,212,469	\$ 1,455,846	\$ 1,459,083	\$ 1,356,171	\$ (99,675)	-6.83%
<u>Police</u>						
Salaries	\$ 3,200,531	\$ 3,399,893	\$ 3,399,893	\$ 3,701,614	\$ 301,722	8.87%
Benefits	1,330,935	1,468,734	1,468,734	1,591,767	123,033	8.38%
Operations	1,228,785	1,418,341	1,418,974	1,723,280	304,939	21.50%
Capital Outlay	217,498	177,443	177,443	139,100	(38,343)	-21.61%
Total Police	\$ 5,977,748	\$ 6,464,411	\$ 6,465,044	\$ 7,155,762	\$ 691,351	10.69%

General Fund Budget By Department (cont'd)

	FY 2024	FY 2025	FY 2025	FY 2026	\$ Change	
	Actual	Original	Revised	Recommended	from Prior	%
		Budget	Budget	Budget	Year Original	Change
					Budget	
<u>Fire</u>						
Salaries	\$ 4,139,324	\$ 4,182,546	\$ 4,182,546	\$ 4,515,014	\$ 332,468	7.95%
Benefits	1,653,835	1,765,800	1,765,800	1,892,848	127,048	7.19%
Operations	1,102,312	679,886	679,886	861,253	181,367	26.68%
Capital Outlay	45,585	-	-	1,219,062	1,219,062	100.00%
Debt	79,211	144,796	144,796	208,450	63,654	43.96%
Total Fire	\$ 7,020,267	\$ 6,773,028	\$ 6,773,028	\$ 8,696,627	\$ 1,923,599	28.40%
<u>Public Works</u>						
Salaries	\$ 323,778	\$ 424,727	\$ 424,727	\$ 406,877	\$ (17,850)	-4.20%
Benefits	157,059	208,094	208,094	189,028	(19,065)	-9.16%
Operations	2,652,016	2,980,535	2,986,694	3,135,237	154,702	5.19%
Capital Outlay	132,059	155,000	337,486	225,000	70,000	45.16%
Total Public Works	\$ 3,264,912	\$ 3,768,355	\$ 3,957,000	\$ 3,956,142	\$ 187,787	4.75%
<u>General Obligation and Capital Lease Debt</u>						
Principal	\$ 1,482,497	\$ 1,541,915	\$ 1,541,915	\$ 1,604,230	\$ 62,315	4.04%
Interest	360,736	303,438	303,438	243,567	(59,871)	-19.73%
Total General Obligation Debt	\$ 1,843,232	\$ 1,845,353	\$ 1,845,353	\$ 1,847,798	\$ 2,445	0.13%
Total General Fund Expenditures	\$ 26,009,973	\$ 25,645,187	\$ 26,167,190	\$ 28,775,971	\$ 3,130,783	12.21%

GENERAL FUND EXPENDITURE SUMMARY

- Salaries in the general fund increased \$737,688 which is primarily a planning factor of 2.7% for compensation study, a 3% COLA increase, inclusion of up to a 2.5% merit bonus for each department to support performance evaluations of personnel, one new full-time position for fire inspector, and including for the first time budgeting for vacation payouts for planned retirements and employees leaving the City's workforce.
- Benefits in the general fund increased \$292,121 which is primarily a result of a 9% increase in health insurance and changes to benefit selections of personnel.
- Operations increased by \$559,157 or 6.7% and are highlighted as follows:
 - Police Department increased \$135,000 compared to FY25 original budget mostly attributable to replacement of 6 police vehicles through City's lease program.
 - Public Works increased \$75,000 to cover the increased cost of residential garbage collection.
- Planned use of committed fund balance for capital equipment totaling \$544,327.

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.

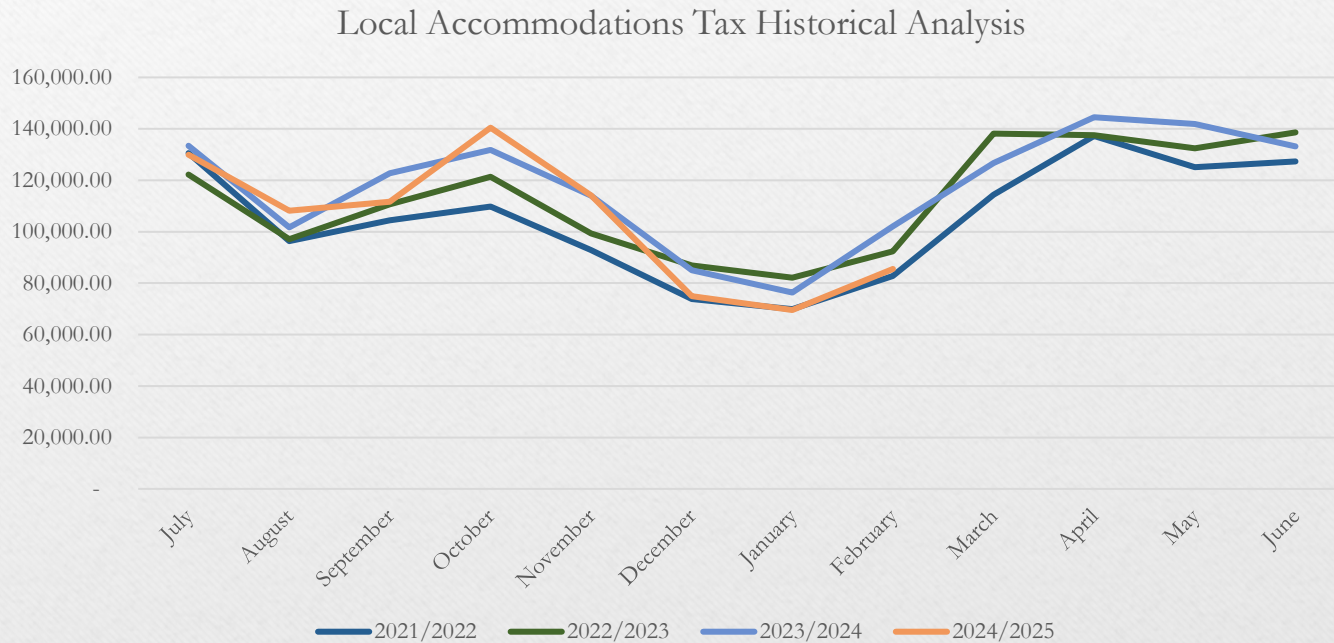
The Parks & Tourism Fund accounts for the activity of the Parks Department, Police activity in support of Parks and Tourism, Marina operations, Waterfront Park operations, Parking operations, and Downtown operations.

BUDGET SUMMARY – REVENUES- PARKS AND TOURISM FUND

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Increase (Decrease) from Prior Year Original Budget
Other Taxes	\$ 4,439,573	\$ 4,375,000	\$ 4,375,000	\$ 4,445,000	\$ 70,000
Charges for Services	724,950	855,500	855,500	717,500	(138,000)
Interest	323,577	250,000	250,000	350,000	100,000
Issuance of Revenue Bonds	7,100,000	-	-	-	-
Release of Committed Fund Balance- Capital Projects	-	5,733,016	5,733,016	2,561,185	(3,171,831)
Release of Fund Balance	-	194,333	194,333	860,136	665,803
Total Revenues	\$ 12,588,099	\$ 11,407,849	\$ 11,407,849	\$ 8,933,821	\$ (2,474,028)

Local Hospitality and Local Accommodations

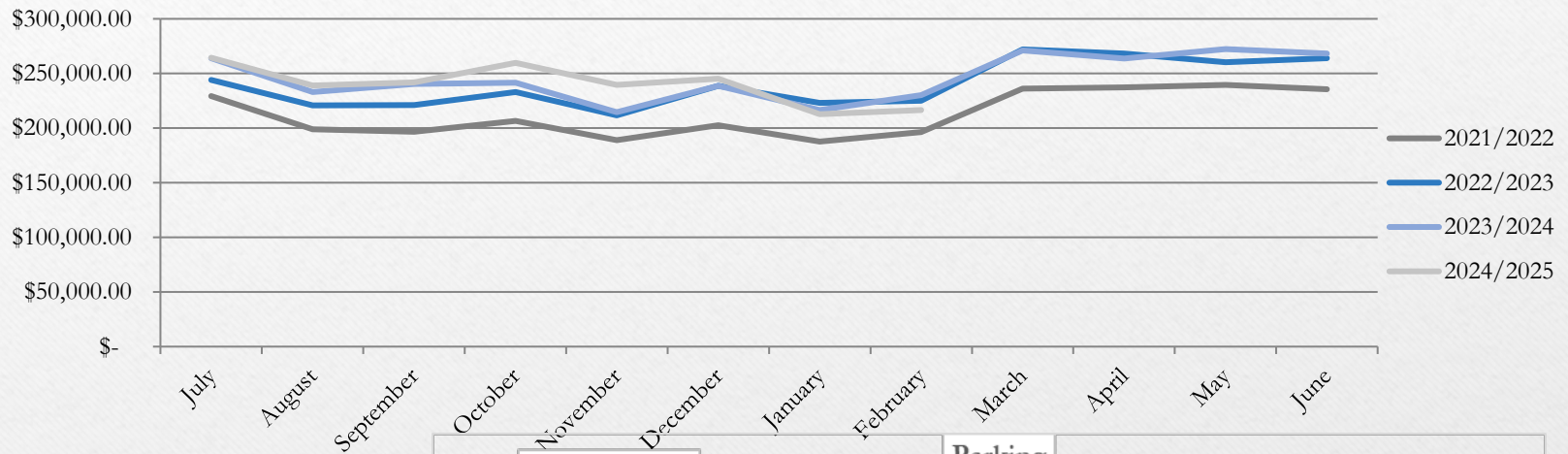
- The two largest revenue contributors to the Parks & Tourism Fund are the Local Hospitality and Local Accommodations taxes.



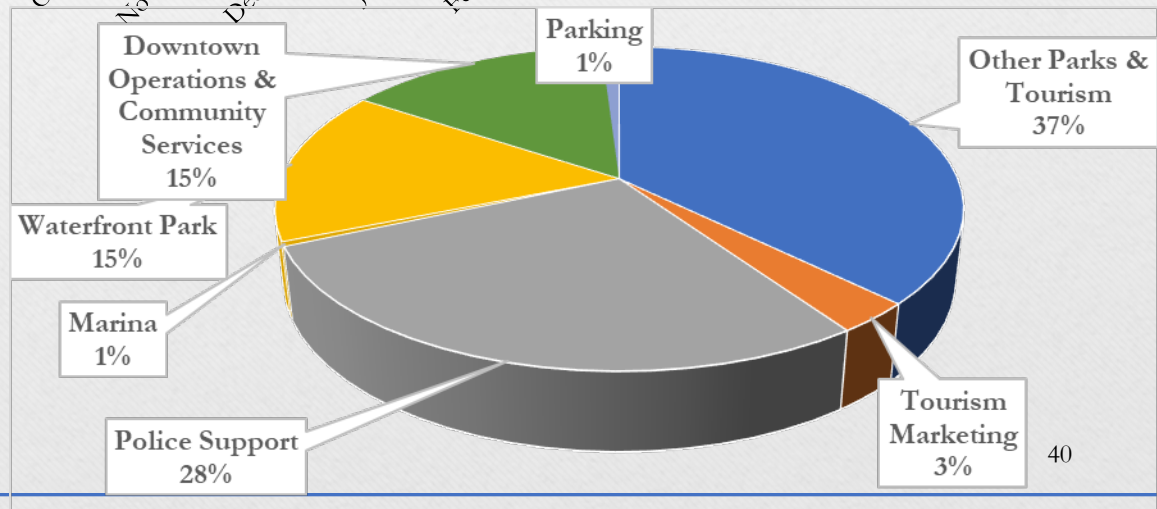
Local Hospitality and Local Accommodations (Cont'd)

- As a result, the budget anticipates a 1.6% growth in hospitality and accommodations revenues in FY26.

Local Hospitality Tax Historical Analysis



Expenditures supported by Local Hospitality and Local Accommodations



BUDGET SUMMARY – EXPENDITURES- PARKS AND TOURISM FUND

			FY 2025	FY 2026	Increase (Decrease) from Prior Year Original
	FY 2024 Actual	FY 2025 Original	Revised	Recommended	from Prior Year Original
		Budget	Budget	Budget	Budget
<u>Public Works Parks Department</u>					
Salaries	\$ 499,685	\$ 580,320	\$ 580,320	\$ 698,612	\$ 118,292
Benefits	196,113	252,976	252,976	316,136	63,159
Operations	422,950	492,070	501,720	663,827	171,757
Debt	-	660,503	660,503	660,399	(104)
Capital	43,163	89,500	89,500	125,000	35,500
Total Public Works Parks Department	\$ 1,161,910	\$ 2,075,369	\$ 2,085,019	\$ 2,463,974	\$ 388,605
<u>Police Support</u>					
Salaries	\$ 989,736	\$ 1,067,940	\$ 1,067,940	\$ 1,109,428	\$ 41,488
Benefits	401,821	500,181	500,181	506,982	6,800
Capital	-	43,333	43,333	115,500	72,167
Total Police Support	\$ 1,391,557	\$ 1,611,454	\$ 1,611,454	\$ 1,731,909	\$ 120,455
<u>Tourism Marketing</u>					
Operations	\$ 177,665	\$ 176,900	\$ 176,900	\$ 183,000	\$ 6,100
Total Tourism Marketing	\$ 177,665	\$ 176,900	\$ 176,900	\$ 183,000	\$ 6,100
<u>Marina</u>					
Operations	\$ 20,527	\$ 25,969	\$ 25,969	\$ 79,432	\$ 53,463
Total Marina	\$ 20,527	\$ 25,969	\$ 25,969	\$ 79,432	\$ 53,463
<u>Waterfront Park</u>					
Operations	\$ 492,403	\$ 529,852	\$ 535,988	\$ 546,207	\$ 16,355
Capital	-	46,100	46,100	24,800	(21,300)
Debt	309,098	309,098	309,098	309,098	-
Total Waterfront Park	\$ 801,501	\$ 885,050	\$ 891,185	\$ 880,105	\$ (4,945)

Tourism Marketing includes allocations of Local Hospitality Fees of \$150,000 (5%) for the CVB and \$33,000 (1.1%) for other non- profit organizations. 41

BUDGET SUMMARY – EXPENDITURES- PARKS AND TOURISM FUND (CONT'D)

				FY 2026	Increase (Decrease)
		FY 2025 Original	FY 2025 Revised	Recommended	from Prior Year
	FY 2024 Actual	Budget	Budget	Budget	Original
					Budget
<u>Other Downtown Operations</u>					
Salaries	\$ 239,662	\$ 260,176	\$ 260,176	\$ 274,952	\$ 14,776
Benefits	72,443	80,557	80,557	99,700	19,143
Operations	430,731	466,359	476,308	541,264	74,906
Capital	27,002	35,000	35,000	55,000	20,000
Total Other Downtown Operations	\$ 769,839	\$ 842,091	\$ 852,040	\$ 970,915	\$ 128,824
<u>Parking</u>					
Operations	\$ 7,676	\$ 33,000	\$ 33,000	\$ 38,300	\$ 5,300
Capital	23,744	25,000	25,000	25,000	-
Total Parking	\$ 31,420	\$ 58,000	\$ 58,000	\$ 63,300	\$ 5,300
Transfers Out- Capital Projects	1,324,644	5,733,016	5,833,016	2,561,185	(3,171,831)
Total Expenditures	5,679,063	11,407,849	11,533,583	8,933,821	(2,474,028)

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- STORMWATER FUND

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	(Decrease) from Prior Year Original Budget
Revenues					
Stormwater Utility Fees	\$ 1,299,926	\$ 1,288,717	\$ 1,288,717	\$ 1,375,000	\$ 86,283
Interest	83,666	80,000	80,000	28,346	(51,654)
Release of Committed Fund Balance- Capital Projects	-	1,310,480	1,310,480	398,061	(912,419)
Total Revenues	<u>1,383,591</u>	<u>2,679,197</u>	<u>2,679,197</u>	<u>1,801,407</u>	<u>(877,790)</u>
Expenditures					
Salaries	377,097	413,681	413,681	466,621	52,940
Benefits	159,597	217,457	217,457	200,336	(17,122)
Operations	141,505	223,979	236,500	217,490	(6,489)
Debt	513,955	513,600	513,600	518,900	5,300
Transfers out	232,575	1,310,480	1,364,480	398,061	(912,419)
Total Expenditures	<u>1,424,729</u>	<u>2,679,197</u>	<u>2,745,718</u>	<u>1,801,407</u>	<u>(877,790)</u>
Net (Deficit) Surplus	<u>\$ (41,137)</u>	<u>\$ -</u>	<u>\$ (66,521)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>

Budget Highlights:

- Stormwater utility fees rate remain the same.
- Transfers out of Stormwater Bond monies to Capital Projects Fund for the following projects:
 - Bayard Street Drainage- \$398,061



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- FIRE IMPACT FUND

		FY 2025 Original	FY 2025 Revised	FY 2026	Increase (Decrease)
	FY 2024 Actual	Budget	Budget	Recommended	from Prior Year
Revenues				Budget	Original
					Budget
Fire Impact Fees	\$ 86,440	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000
Interest	-	5,000	5,000	5,000	-
Total Revenues	86,440	105,000	105,000	205,000	100,000
Expenditures					
Debt	129,239	63,654	63,654	-	(63,654)
Contribution to Fund Balance	-	41,346	41,346	205,000	163,654
Total Expenditures	129,239	105,000	105,000	205,000	100,000
Net (Deficit) Surplus	\$ (42,799)	\$ 0	\$ 0	\$ -	\$ (0)

Budget Highlights:

- Fire impact fees are expected to slightly increase with new residential and commercial developments.
- The revenues received will be contributed to the Fire Impact Fees fund balance.



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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- STATE ACCOMMODATIONS TAX FUND

					Increase (Decrease) from Prior Year
	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Original Budget
Revenues					
State Accommodations Tax	\$1,213,924	\$ 933,333	\$ 933,333	\$ 916,667	\$ (16,666)
Interest	34,612	36,000	36,000	30,000	(6,000)
Release of Committed Fund Balance- Capital Projects	-	-	-	368,639	368,639
Release of Fund Balance	-	-	-	224,363	224,363
Total Revenues	<u>1,248,536</u>	<u>969,333</u>	<u>969,333</u>	<u>1,539,669</u>	<u>570,336</u>
Expenditures					
Salaries	17,226	16,728	16,728	18,366	1,638
Benefits	6,675	6,752	6,752	7,363	611
Operations					
Designated Marketing Organization	356,677	272,500	272,500	267,500	(5,000)
Downtown Twilight Hours Initiative	263	100,000	100,000	95,000	(5,000)
Tourism Grants to Qualified NPO's	312,971	471,663	471,663	649,420	177,757
Affordable Housing Trust	-	31,274	31,274	32,230	956
Capital	-	-	-	31,567	31,567
Transfers out	84,446	70,416	70,416	438,223	367,807
Total Expenditures	<u>778,258</u>	<u>969,333</u>	<u>969,333</u>	<u>1,539,669</u>	<u>570,336</u>
Net (Deficit) Surplus	<u>\$ 470,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ (0)</u>

- Release of committed fund balance for capital projects include:
 - Arsenal Walls Rehabilitation Project Phase 1 and 2 for \$268,639
 - Arsenal Windows Project for \$100,000

AMERICAN RESCUE PLAN ACT (ARPA) FUND



The American Rescue Plan Act (ARPA) Fund, a new fund adopted in FY 2022, accounts for the collection of ARPA funds and the related expenditures in accordance with the Federal Treasury Department's guidance.

BUDGET SUMMARY- ARPA FUND

	FY 2024	FY 2025 Original	FY 2025 Revised	FY 2026	Increase (Decrease)
	Actual	Budget	Budget	Recommended	from Prior Year
				Budget	Original
					Budget
Revenues					
Intergovernmental	\$1,426,354	\$ -	\$ -	\$ -	\$ -
Interest	314,038	302,306	302,306	133,871	(168,435)
Release of Committed Fund Balance- Capital Projects	-	2,693,960	3,929,020	1,352,827	(1,341,133)
Release of Fund Balance	-	-	513,260	100,000	100,000
Total Revenues	1,740,392	2,996,266	4,744,586	1,586,698	(1,409,568)
Expenditures					
Salaries	-	100,001	100,001	94,500	(5,501)
Benefits	-	43,972	43,972	39,371	(4,601)
Operations	221,448	65,000	165,000	100,000	35,000
Capital	669,669	143,333	506,593	-	(143,333)
Transfers Out	535,238	2,643,960	3,929,020	1,352,827	(1,291,133)
Total Expenditures	1,426,354	2,996,266	4,744,586	1,586,698	(1,409,568)
Net (Deficit) Surplus	\$ 314,038	\$ -	\$ -	\$ (0)	\$ (0)

The budgeted expenditures are highlighted by the follow items:

- \$133,871 in salaries and benefits for capital projects director position.
- \$100,000 for Housing Repair Program
- \$1,352,827 transfers out to capital projects fund for the following projects:
 - King Street and Port Republic/Carteret Street Drainage- \$727,827
 - Duke Street Streetscape and Drainage Construction- \$625,000

TAX INCREMENT FINANCING DISTRICT II (TIF II) FUND



The Tax Increment Financing District II Fund (TIF II) is used to account for property tax proceeds generated in the TIF II district. These funds are restricted for expenditures and capital improvement projects that benefit the TIF district.

BUDGET SUMMARY- TIF II FUND

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Increase (Decrease) from Prior Year Original Budget
Revenues					
Interest	\$ 185,888	\$ 180,000	\$ 180,000	\$ 120,000	\$ (60,000)
Release of Committed Fund Balance- Capital Projects	-	29,000	129,000	1,100,000	1,071,000
Release of Fund Balance	-	-	-	620,000	620,000
Total Revenues	<u>185,888</u>	<u>209,000</u>	<u>309,000</u>	<u>1,840,000</u>	<u>1,631,000</u>
Expenditures					
Capital	21,562	109,000	209,000	740,000	631,000
Transfers Out	5,492	100,000	100,000	1,100,000	1,000,000
Total Expenditures	<u>27,054</u>	<u>209,000</u>	<u>309,000</u>	<u>1,840,000</u>	<u>1,631,000</u>
Net (Deficit) Surplus	<u>\$ 158,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgeted expenditures are highlighted by the follow items:

- \$500,000 capital for City Hall Parking Expansion.
- \$100,000 capital for Hwy 170/21 intersection camera system
- \$150,000 transfers out to capital projects fund for Police Department Building Upfit.
- \$250,000 transfers out to capital projects fund for SC 1st Volunteers Park project
- \$700,000 transfers out to capital projects fund for City Hall/PD/Court Roof project



Salaries and Benefits – All Funds

Salaries By Department

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Increase (Decrease) from Prior Year Original Budget	% Change
General Fund						
City Council	\$ 65,060	\$ 67,550	\$ 67,550	\$ 67,550	\$ 0	0.00%
City Manager	464,271	575,864	575,864	621,586	45,722	7.94%
Finance	529,882	570,233	570,233	628,631	58,398	10.24%
Human Resources	218,913	243,236	243,236	255,804	12,568	5.17%
Municipal Court	254,183	272,075	272,075	302,855	30,780	11.31%
Community Development	596,773	758,358	758,358	732,239	(26,119)	-3.44%
Police						
Police Staffing	2,762,430	2,888,047	2,888,047	3,125,645	237,597	8.23%
School Resource Officers	349,213	414,437	414,437	469,805	55,368	13.36%
School Crossing Guards	18,167	19,169	19,169	20,295	1,126	5.88%
Victims Rights	70,721	78,239	78,239	85,869	7,630	9.75%
Beaufort Fire	4,139,324	4,182,546	4,182,546	4,515,014	332,468	7.95%
Public Works						
Administration	179,093	219,462	219,462	226,209	6,747	3.07%
Streets & Traffic	100,023	121,151	121,151	136,914	15,763	13.01%
Facilities Maintenance	44,662	84,113	84,113	43,753	(40,360)	-47.98%
Total General Fund Salaries	\$ 9,792,715	\$ 10,494,482	\$ 10,494,482	\$ 11,232,170	\$ 737,688	7.03%
Parks & Tourism Fund						
City Parks	\$ 499,685	\$ 580,320	\$ 580,320	\$ 698,612	\$ 118,292	20.38%
Police Support	989,736	1,067,940	1,067,940	1,109,428	41,488	3.9%
Downtown Operations	239,662	260,176	260,176	274,952	14,776	5.7%
Total Parks & Tourism	\$ 1,729,083	\$ 1,908,436	\$ 1,908,436	\$ 2,082,992	\$ 174,556	9.1%
ARPA Fund						
ARPA	\$ -	\$ 100,001	\$ 100,001	\$ 94,500	\$ (5,501)	100.0%
Stormwater Fund						
Stormwater Division	\$ 377,097	\$ 413,681	\$ 413,681	\$ 466,621	\$ 52,940	12.8%
State Accommodations Fund						
Police Support	\$ 17,226	\$ 16,728	\$ 16,728	\$ 18,366	\$ 1,638	9.8%
Total Salaries	\$ 11,916,120	\$ 12,933,327	\$ 12,933,327	\$ 13,894,649	\$ 961,322	7.4%

Benefits By Department

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Increase (Decrease) from Prior Year Original Budget	% Change
General Fund						
City Council	\$ 20,414	\$ 24,171	\$ 24,171	\$ 24,699	\$ 528	2.18%
City Manager	152,802	193,059	193,059	201,548	8,489	4.40%
Finance	180,371	198,494	198,494	235,761	37,267	18.78%
Human Resources	86,886	95,424	95,424	101,802	6,378	6.68%
Municipal Court	111,530	124,968	124,968	138,143	13,175	10.54%
Community Development	219,722	289,438	289,438	284,706	(4,732)	-1.63%
Police						
Police Staffing	1,140,927	1,260,195	1,260,195	1,329,720	69,524	5.52%
School Resource Officers	157,557	172,231	172,231	223,237	51,006	29.62%
School Crossing Guards	3,519	4,301	4,301	4,649	349	8.10%
Victims Rights	28,932	32,007	32,007	34,161	2,154	6.73%
Beaufort Fire	1,653,835	1,765,800	1,765,800	1,892,848	127,048	7.19%
Public Works						
Administration	76,399	82,840	82,840	103,098	20,258	24.45%
Streets & Traffic	44,682	63,386	63,386	64,862	1,476	2.33%
Facilities Maintenance	35,978	61,868	61,868	21,068	(40,800)	-65.95%
Total General Fund Benefits	\$ 3,913,554	\$ 4,368,181	\$ 4,368,181	4,660,301	\$ 292,121	6.69%
Parks & Tourism Fund						
City Parks	\$ 196,113	\$ 252,976	\$ 252,976	\$ 316,136	\$ 63,159	25.0%
Police Support	401,821	500,181	500,181	506,982	6,800	1.4%
Downtown Operations	72,443	80,557	80,557	99,700	19,143	23.8%
Total Parks & Tourism	\$ 670,377	\$ 833,714	\$ 833,714	\$ 922,817	\$ 89,103	10.7%
ARPA Fund						
ARPA	\$ -	\$ 43,972	\$ 43,972	\$ 39,371	\$ (4,601)	100.0%
Stormwater Fund						
Stormwater Division	\$ 159,597	\$ 217,457	\$ 217,457	\$ 200,336	\$ (17,122)	-7.9%
State Accommodations Fund						
Police Support	\$ 6,675	\$ 6,752	\$ 6,752	\$ 7,363	\$ 611	9.0%
Total Benefits	\$ 4,750,203	\$ 5,470,076	\$ 5,470,076	\$ 5,830,188	\$ 360,112	55 6.6%

Full-Time Equivalents per Fund with Comparisons

	<u>FY 2024</u> <u>Actual FTE's</u>	<u>FY 2025</u> <u>Adopted</u> <u>FTE's</u>	<u>FY 2026</u> <u>Recommended</u> <u>FTE's</u>	<u>Increase</u> <u>(Decrease)</u> <u>in FTE's from</u> <u>Prior Year</u>
<u>General Fund</u>				
City Council	5.0	5.0	5.0	-
City Manager	5.0	5.0	5.0	-
Finance	7.0	7.0	7.0	-
Information Technology	1.0	-	-	-
Human Resources	3.0	3.0	3.0	-
Municipal Court	5.0	5.0	5.0	-
Community & Economic Development	9.0	10.0	9.0	(1.0)
Police				
Police Staffing	44.0	44.0	44.0	-
School Resource Officers	7.0	7.0	7.0	-
School Crossing Guards	2.0	2.0	2.0	-
Victims Rights	1.0	1.0	1.0	-
Beaufort Fire	59.5	59.5	60.5	1.0
Public Works				
Administration	4.0	4.0	4.0	-
Streets & Traffic	3.0	3.0	3.0	-
Facilities Maintenance	4.0	4.0	4.0	-
Total General Fund Salaries	<u>159.5</u>	<u>159.5</u>	<u>159.5</u>	<u>-</u>
<u>Parks & Tourism Fund</u>				
City Parks	8.0	8.0	8.0	-
Police Support	14.2	14.2	14.2	-
Downtown Operations	3.0	3.0	3.0	-
Total Parks & Tourism	<u>25.2</u>	<u>25.2</u>	<u>25.2</u>	<u>-</u>
<u>ARPA Fund</u>				
ARPA	-	1.0	1.0	-
<u>Stormwater Fund</u>				
Stormwater Division	7.0	7.0	7.0	-
<u>State Accommodations Fund</u>				
Police Support	0.3	0.3	0.3	-
Total Full-Time Equivalent Positions	<u>192.0</u>	<u>193.0</u>	<u>193.0</u>	<u>-</u>

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.

RECOMMENDED FY 2026 CAPITAL PROJECTS

- The City has four active grant awards that impact City Infrastructure. These projects are included in the active Capital Projects list.
 - The Charles/Craven drainage project is fully funded by a SC Office of Resilience grant for \$11,962,093.
 - The King Street and Port Republic/Carteret Street drainage project is partially funded by a Rural Infrastructure Authority grant for \$9,460,299.
 - The Bayard Street drainage project is partially funded by a FEMA grant for \$800,000.
 - The Depot Road Spanish Moss Trail Extension project is fully funded by a \$200,000 CDBG grant and partnership with Beaufort County.

BUDGET SUMMARY- CAPITAL PROJECTS FUND

	FY 2024 Actual	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2026 Recommended Budget	Increase (Decrease) from Prior Year Original Budget
Revenues					
Grants	\$ 949,262	\$ 10,384,040	\$ 9,265,135	\$ 21,064,812	\$ 10,680,772
Partnerships	-	778,292	778,292	528,947	(249,345)
Transfers In	2,097,948	9,787,457	12,821,036	6,155,712	(3,631,745)
Interest	95,668	-	-	-	-
Release of Fund Balance	-	700,000	813,200	700,000	-
Total Revenues	3,142,878	21,649,789	23,677,663	28,449,471	6,799,682
Expenditures					
Capital	4,259,755	21,649,789	23,677,663	28,449,471	6,799,682
Total Expenditures	\$ 4,259,755	\$ 21,649,789	\$ 23,677,663	\$ 28,449,471	\$ 6,799,682
Net (Deficit) Surplus	\$ (1,116,877)	\$ -	\$ -	\$ -	\$ -

Budget Highlights:

- 15 active capital projects on parks, stormwater, and streets improvements throughout the City for a total of \$28,449,471.

FY26 Recommended Capital Projects Funding Sources

Funding Sources	FY 2026 Recommended Budget
Category	
Grants	\$ 21,064,812
Transfers In	6,155,712
Partnerships	528,947
Release of Fund Balance	700,000
Total	\$ 28,449,471

FY26 Recommended Capital Projects Funding Sources Detail - Grants

Grant	Project	FY 2026 Recommended Budget
SCOR Grant	Charles/Craven Street Drainage	\$ 10,708,149
SCIIP Grant	King Street and Port Republic/Carteret Street Drainage	9,460,299
STAG Grant	Bayard Street Drainage	707,664
CDBG Grant	Depot Road Trail Extension	188,700
	Grant Total	\$ 21,064,812

FY26 Recommended Capital Projects Funding Sources Detail – Transfers In

Fund Providing Transfer In	Category	Project	FY 2026 Recommended Budget
General	Fund Balance	Duke Street Streetscape and Drainage	375,000
Stormwater	Stormwater Bond Funds	Bayard Street	398,061
TIF II	Fund Balance	Police Department Building Upfit	150,000
TIF II	Fund Balance	City Hall/PD/Court Roof	700,000
TIF II	Fund Balance	SC 1 st Volunteers Park	250,000
ARPA	Fund Balance	King Street and Port Republic/Carteret Street Drainage	727,827
ARPA	Fund Balance	Duke Street Streetscape and Drainage	625,000

FY26 Recommended Capital Projects Funding Sources Detail – Transfers In

Fund Providing Transfer In	Category	Project	FY 2026 Recommended Budget
Parks and Tourism	P&T Revenue Bond	Washington Street Park- Phase II Construction	\$ 36,683
Parks and Tourism	Fund Balance	Washington Street Park- Phase II Construction	491,317
Parks and Tourism	P&T Revenue Bond	Southside Park- Phase II Construction	1,583,185
Parks and Tourism	Fund Balance	Waterfront Park Relieving Platform	250,000
Parks and Tourism	Fund Balance	Carnegie Building Interior	200,000
State Accommodation Tax	Fund Balance	Arsenal Walls Rehabilitation	268,639
State Accommodation Tax	Fund Balance	Arsenal Windows	100,000
		Transfers In Total	\$6,155,712 ⁶³

FY26 Recommended Capital Projects Funding Sources Detail – Partnerships

Partnerships	Category	Project	FY 2026 Recommended Budget
Beaufort County	County Portion	Depot Road Spanish Moss Trail Extension	\$ 528,947
		Partnerships Total	\$ 528,947

FY26 Recommended Capital Projects Funding Sources Detail – Release of Fund Balance

Source of Capital Project Fund Balance	Project	FY 2026 Recommended Budget
Capital Project Fund Balance	Marina Fuel Tanks	\$ 700,000
	Release of Fund Balance Total	\$ 700,000

FY26 Recommended Capital Projects Expenditure Detail

Projects	FY 2026 Recommended Budget
Washington Street Park- Phase II Construction	\$ 528,000
Southside Park- Phase II Construction	1,583,185
1 st SC Volunteer Park	250,000
Waterfront Park Relieving Platform Phase II Engineering	250,000
Charles/Craven Street Drainage	10,708,149
King Street and Port Republic/Carteret Street Drainage	10,188,126
Bayard Street Drainage	1,105,725
Marina Fuel Tank	700,000
Police Department Building Upfit	150,000

FY26 Recommended Capital Projects Expenditure Detail

Projects	FY 2026 Recommended Budget
Carnegie Building Interior	\$ 200,000
Arsenal Walls Rehabilitation	268,639
Arsenal Windows	100,000
City Hall/PD/Court Roof Replacement	700,000
Depot Road Spanish Moss Trail Extension	717,647
Duke Street Streetscape and Drainage Construction	1,000,000
Total	\$ 28,449,471

Capital Project Fund Detail

FY 26 Recommended Funding

Description	Parks and Tourism		State	Capital	Stormwater			General Fund	Total FY26	
	Revenue	Parks and Tourism	Accommodations	Project Fund	Bond Funds	Bond Funds	Balance	ARPA	Recommended	
	Bond Funds	Fund Balance	Tax Fund Balance	Balance	Partners	TIF II	Grant Funding			
City Facilities										
Carnegie Building Roof and Interior		200,000								\$ 200,000
Arsenal Walls Rehabilitation			268,639							268,639
Arsenal Windows			100,000							100,000
Police Department Building Upfit						150,000				150,000
City Hall/PD/Court Roof Replacement						700,000				700,000
Parks										
Washington Street Park	36,683	491,317								528,000
Southside Park	1,583,185									1,583,185
Waterfront Park Relieving Platform Engineering		250,000								250,000
1st South Carolina Volunteer Park						250,000				250,000
Stormwater										
Charles/Craven Street Drainage							10,708,149			10,708,149
King Street and Port Republic/Carteret Street Drainage							9,460,299		727,827	10,188,126
Bayard Street							707,664	398,061		1,105,725
Marina										
Marina Fuel Tank Replacement				700,000						700,000
Boat Landing										
Pigeon Point Boat Landing										-
Streets										
Duke Street Streetscape and Drainage								375,000	625,000	1,000,000
Depot Road Spanish Moss Trail Extension					528,947		188,700			717,647
	\$ 1,619,868	\$ 941,317	\$ 368,639	\$ 700,000	\$ 528,947	\$ 1,100,000	\$ 21,064,812	\$ 398,061	\$ 375,000	\$ 1,352,827
										\$ 28,449,471

Funding Sources by Funds

Description	State								Total FY26 Recommended	
	TIF II Fund	Parks and Tourism Fund	Accommodations Tax Fund	Stormwater Fund	ARPA Fund	Capital Project Fund	General Fund	Partners		Grants
City Facilities										
Carnegie Building Roof and Interior		\$ 200,000								\$ 200,000
Arsenal Walls Rehabilitation			268,639							268,639
Arsenal Windows			100,000							100,000
Police Department Building Upfit	150,000									150,000
City Hall/PD/Court Roof Replacement	700,000									700,000
Parks										
Southside Park		1,583,185								1,583,185
Washington Street Park		528,000								528,000
Waterfront Park Relieving Platform Engineering		250,000								250,000
1st South Carolina Volunteer Park	250,000									250,000
Stormwater										
Charles/Craven Street Drainage								10,708,149		10,708,149
King Street and Port Republic/Carteret Street Drainage					727,827			9,460,299		10,188,126
Bayard Street				398,061				707,664		1,105,725
Marina										
Marina Fuel Tank Replacement						700,000				700,000
Streets										
Duke Street Streetscape and Drainage					625,000		375,000			1,000,000
Depot Road Spanish Moss Trail								528,947	188,700	717,647
	\$ 1,100,000	\$ 2,561,185	\$ 368,639	\$ 398,061	\$ 1,352,827	\$ 700,000	\$ 375,000	\$ 528,947	\$ 21,064,812	\$ 28,449,471

Unfunded Requirements List- Personnel

Prioritization	Description	Cost
1	Emergency and Risk Manager Position- Salary and Benefits	\$90,695
2	Police Sergeant- Salary and Benefits for Community Response Team	\$104,328
3	Patrolman III- Salary and Benefits for Community Response Team	\$97,866
4	Patrolman III- Salary and Benefits for Community Response Team	\$97,866
5	Downtown Operations- Administrative Assistant- Salary and Benefits	\$70,888
	Total Personnel Cost	\$461,643

Unfunded Requirements List- Capital Equipment

Prioritization	Description	Cost
1	Fire Department Lifepak Monitor	\$60,500
2	Police Chevy Tahoe with Equipment	\$80,000
3	Police Ford Interceptor with Equipment	\$75,000
4	Police Ford Interceptor with Equipment	\$75,000
5	Police Ford Interceptor with Equipment	\$75,000
6	Police Admin Truck with Equipment	\$66,700

Unfunded Requirements List- Capital Equipment- Continued

Prioritization	Description	Cost
7	Police Admin Truck with Equipment	\$66,700
8	Police SUV Admin Vehicle with Equipment	\$61,000
9	Police SUV Admin Vehicle with Equipment	\$61,000
10	Police Boat	\$47,000
	Total Capital Equipment Cost	\$667,900

Unfunded Requirements List- Capital Projects

Prioritization	Description	Cost
1	Pigeon Point Drainage Study	\$216,000
2	Calhoun Street Drainage Project- Construction	\$3,947,000
	Total Capital Projects Cost	\$4,163,000