

Craig Bloszinsky
Mayor

Joseph Whitley
Commissioner

Allen Oliver
Commissioner



David Heglar
Mayor Pro Tem

John Ellen
Commissioner

Mandy Sanders
Town Clerk

TOWN OF KURE BEACH

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May 18, 2020

**RE: TOWN OF KURE BEACH, NORTH CAROLINA
FISCAL YEAR 2021 BUDGET MESSAGE**

The Honorable Mayor Bloszinsky and Town Council:

In accordance with Section 159-11 of the NC General Statutes (N.C.G.S.), I am pleased to present the proposed fiscal year 2021 budget for the Town of Kure Beach for your review and consideration. The budget is a sound financial plan and has been prepared with the Council's priorities and objectives adopted from their annual retreat and budget work sessions. All sections of the proposed budget are in conformance with the Local Government Budget and Fiscal Control Act as amended. A balanced budget for the next fiscal year, or an interim budget, must be adopted by July 1, 2020. Pursuant to N.C.G.S. 159-12, a public hearing on the proposed budget must be held before adoption. With the submittal of the budget proposal to Council, copies will be available for public inspection on the Town's website and in the Office of the Town Clerk. The public hearing has been tentatively scheduled for June 8, 2020 at 6:00 pm.

As the development of the fiscal year 2021 budget progressed, the ultimate impact of the COVID-19 pandemic on future Town revenues and expenses remained unknown. Several significant General Fund revenues, such as Sales Tax and Tourism Development Authority funds (Room Occupancy Tax) are very likely to be negatively impacted. In the Water and Sewer Fund, the impact of businesses and short-term rentals not operating normally will likely negatively affect revenues in that fund. Additionally, the collection of water and sewer revenues may be affected by the employment status of Kure Beach property owners. Regarding expenses, it is difficult to estimate what new or above

average expenses could be incurred due to the pandemic. This proposed budget incorporates our best estimates of the pandemic’s impact on the Town’s revenues and expenses. However, these are only estimates as of this point in time. The duration and severity of the pandemic could have further adverse effects on revenue and expenses as we move forward.

The proposed fiscal year 2021 Town of Kure Beach budget is balanced and totals \$9,023,897 for all operations. This total budget is comprised of the following seven funds: General Fund \$5,696,717; Water and Sewer Fund \$2,616,095; Storm Water Fund \$532,330; Powell Bill Fund \$110,000; Federal Asset Forfeiture Fund \$50,000; Sewer Expansion Reserve Fund (SERF) \$10,380 and Beach Protection Fund \$8,375.

Comparison of the proposed fiscal year 2021 budget for each fund to the original and, if applicable, amended fiscal year 2020 budgets is as follows:

FUND	2020 ORIGINAL BUDGET	2020 AMENDED BUDGET	PROPOSED 2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHANGE	DIFF. 2021 & AMENDED 2020	% CHANGE
General	\$5,559,748	\$5,711,276	\$5,696,717	\$136,969	2.5%	(\$14,559)	-0.3%
Water/Sewer	\$2,424,390	\$2,429,149	\$2,616,095	\$191,705	7.9%	\$186,946	7.7%
Storm Water	\$335,225	\$396,365	\$532,330	\$197,105	58.8%	\$135,965	34.3%
Powell Bill	\$66,450	\$66,450	\$110,000	\$43,550	65.5%	\$43,550	65.5%
Federal Asset Forfeiture	\$50,000	\$50,000	\$50,000	\$0	0.0%	\$0	0.0%
Sewer Expansion Reserve	\$17,420	\$17,420	\$10,380	(\$7,040)	-40.4%	(\$7,040)	-40.4%
Beach Protection	\$24,500	\$24,500	\$8,375	(\$16,125)	-65.8%	(\$16,125)	-65.8%
TOTAL - ALL FUNDS	\$8,477,733	\$8,695,160	\$9,023,897	\$546,164	6.4%	\$328,737	3.8%

BUDGET HIGHLIGHTS

PROPOSED TAX RATE FOR FISCAL YEAR 2021

The tax rate being proposed for fiscal year 2021 is 34 cents (\$0.34) per \$100 of valuation, which is unchanged from fiscal year 2020. Property taxes are the Town’s largest single source of revenue. Fiscal year 2021 property tax revenue is estimated at \$3,104,950. This includes both current tax year and prior tax year’s collections and represents 54.5% of the General Fund revenue.

The estimated Kure Beach tax base, as provided by the New Hanover County Tax Department, is \$924,100,000. This is an increase of \$20,650,300 (2.3%) over the prior year estimated tax base. Kure Beach property taxes are billed and collected by the New Hanover County Tax Department and remitted to Kure Beach. Based on historical data, the property tax collection rate is estimated at 99%.

GENERAL FUND FEES

There are no General Fund fee increases included in the proposed fiscal year 2021 budget.

WATER AND SEWER RATES

The water and sewer fees being paid by system users must provide funds for the day-to-day operating costs of the Town’s water and sewer systems and provide for some additions to the water and sewer reserve funds for future infrastructure repairs and replacement. The costs necessary to properly operate the Town’s water and sewer systems continue to increase, as does the need to increase our reserves for future capital projects as our infrastructure and equipment ages. To continue to provide for sufficient funding for our water and sewer operations, this budget includes proposed changes to the water and sewer rate structure.

The proposed changes to the water and sewer rate structure are to increase the rate tiers, for usage above the minimum, by 10%. This increase applies to all customer types (Residential, Commercial and Out of Jurisdiction). **Customers using 2,000 gallons or less in a month will see no change to their bill.**

Residential Customers

The following is the proposed rate structure for Residential customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum (0 - 2,000 gals.)	\$13.50	\$13.50	\$23.50	\$23.50	No change
2,001 to 7,000 gals. (rate per 100 gals.)	\$0.495	\$0.5445	\$0.638	\$0.7018	10% Increase
7,001 to 12,000 gals. (rate per 100 gals.)	\$0.7425	\$0.8168	\$0.957	\$1.0527	10% Increase
Over 12,000 gals. (rate per 100 gals.)	\$1.11375	\$1.2251	\$1.4355	\$1.5791	10% Increase

Based on historical data, the 10% rate tier increase is estimated to affect approximately 52% of the Residential billings.

The following table demonstrates the impact of the proposed rate changes on a Residential account at four usage levels. These examples show usage levels of 2,000 gallons, 5,000 gallons, 12,000 gallons and 18,000 gallons and indicate the amount and percentage increase that result from the proposed rate changes.

	EXISTING RATES	PROPOSED RATES
Monthly Usage of 2,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	<u>\$37.00</u>	<u>\$37.00</u>
Increase Amount		\$0.00
% Change		0.0%
Monthly Usage of 5,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$37.00	\$37.00
2,001 to 5,000 gallons	<u>\$33.99</u>	<u>\$37.39</u>
Total	<u>\$70.99</u>	<u>\$74.39</u>
Increase Amount		\$3.40
% Change		4.8%
Monthly Usage of 12,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$37.00	\$37.00
2,001 to 7,000 gallons	\$56.65	\$62.32
7,001 to 12,000 gallons	<u>\$84.98</u>	<u>\$93.48</u>
Total	<u>\$178.63</u>	<u>\$192.80</u>
Increase Amount		\$14.17
% Change		7.9%
Monthly Usage of 18,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$37.00	\$37.00
2,001 to 7,000 gallons	\$56.65	\$62.32
7,001 to 12,000 gallons	\$84.98	\$93.48
Over 12,000 gallons	<u>\$152.96</u>	<u>\$168.26</u>
Total	<u>\$331.59</u>	<u>\$361.06</u>
Increase Amount		\$29.47
% Change		8.9%

Commercial Customers

The following is the proposed rate structure for Commercial customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum (0 - 2,000 gals.)	\$18.50	\$18.50	\$25.50	\$25.50	No change
2,001 to 70,000 gals. (rate per 100 gals.)	\$0.7634	\$0.8397	\$0.78375	\$0.8621	10% Increase
Over 70,000 gals. (rate per 100 gals.)	\$0.95425	\$1.0497	\$0.9797	\$1.0777	10% Increase

The table below shows the impact of the rate changes on a Commercial account at two usage levels:

	EXISTING RATES	PROPOSED RATES
Monthly Usage of 20,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$44.00	\$44.00
2,001 to 20,000 gallons	<u>\$278.49</u>	<u>\$306.33</u>
Total	<u>\$322.49</u>	<u>\$350.33</u>
Increase Amount		\$27.84
% Change		8.6%
Monthly Usage of 118,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$44.00	\$44.00
2,001 to 70,000 gallons	\$1,052.06	\$1,157.23
Over 70,000 gallons	<u>\$928.30</u>	<u>\$1,021.16</u>
Total	<u>\$2,024.36</u>	<u>\$2,222.39</u>
Increase Amount		\$198.03
% Change		9.8%

Out of Jurisdiction Customers

The following is the proposed rate structure for Out of Jurisdiction customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum (0 - 2,000 gals.)	\$23.00	\$23.00	\$40.50	\$40.50	No change
2,001 to 70,000 gals. (rate per 100 gals.)	\$0.86625	\$0.9529	\$1.11375	\$1.2251	10% Increase
Over 70,000 gals. (rate per 100 gals.)	\$1.08282	\$1.1911	\$1.39219	\$1.5314	10% Increase

The table below shows the impact of the rate changes on an Out of Jurisdiction account at two usage levels:

	EXISTING RATES	PROPOSED RATES
Monthly Usage of 20,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$63.50	\$63.50
2,001 to 20,000 gallons	\$356.41	\$392.04
Total	<u>\$419.91</u>	<u>\$455.54</u>
Increase Amount		\$35.63
% Change		8.5%
Monthly Usage of 350,000 Gallons		
Minimum up to 2,000 gallons (Water & Sewer)	\$63.50	\$63.50
2,001 to 70,000 gallons	\$1,346.40	\$1,481.04
Over 70,000 gallons	<u>\$6,930.03</u>	<u>\$7,623.00</u>
Total	<u>\$8,339.93</u>	<u>\$9,167.54</u>
Increase Amount		\$827.61
% Change		9.9%

An added benefit to the rate structure changes for Residential, Commercial and Out of Jurisdiction customers is that it hopefully will encourage further water conservation.

STORM WATER FEES

The proposed fiscal year 2021 Storm Water Fund budget includes a 14.8% increase in monthly storm water fees. This fee increase is necessary to provide funds for on-going system maintenance costs and to strengthen reserves for future infrastructure projects. The storm water fees have not changed since fiscal year 2012, a period of nine years. The proposed changes are as follows:

DESCRIPTION	CURRENT MONTHLY RATE	PROPOSED MONTHLY RATE	MONTHLY INCREASE	% INCREASE
Residential Unit	\$8.71	\$10.00	\$1.29	14.8%
Commercial (a)	\$5.42 to \$88.71	\$6.22 to \$101.84	\$0.80 to \$13.13	14.8%
(a) - Commercial rates vary based on size of property.				

Additionally, beginning in fiscal year 2021, duplexes will be considered Residential Units and be charged the Residential rate.

STAFFING AND COMPENSATION

The fiscal year 2021 budget includes the addition of a full-time employee in the Fire Department, increasing the Town’s full-time personnel to 49. As both the Town’s year-round population and tourism increase, this position is necessary to ensure that adequate staffing levels are maintained at all times. The position is expected to be filled at the beginning of the fiscal year and is included in the General Fund budget. The estimated fiscal year 2021 cost (salary, taxes, benefits, insurance, etc.) of adding this full-time employee to the Fire Department is \$52,455. Including the proposed additional employee, the full-time personnel are allocated to Town funds based on the type of work performed, as follows:

<u>FUND</u>	<u>NO. OF EMPLOYEES</u>
General	37
Water and Sewer	10
Storm Water	<u>2</u>
Total	<u>49</u>

This budget includes a proposed merit increase of 2.75% to reward those employees who are performing above expectations. Also, a 1.6% cost of living adjustment (COLA) for all full-time employees is included in the fiscal year 2021 budget. The employee benefits are consistent with prior years.

GOVERNING BODY

The budget for Town Council related expenses includes annual compensation for Council members (Mayor - \$3,600, Mayor Pro Tem - \$2,700, and Commissioners - \$2,400), cell phone and/or internet service allowance of \$3,782, vehicle allowances of \$4,500, travel/training of \$5,000 and dues/subscriptions of \$9,074. The aforementioned expenses will be divided equally amongst the General Fund and Water and Sewer Fund.

In addition, the General Fund Governing Body budget includes funding for the Pleasure Island Chamber of Commerce concert series (\$9,800), The Help Center of Federal Point (\$1,500), Federal Point Historic Preservation Society (\$1,500), Friends of Fort Fisher (\$1,500) and the Island of Lights (\$1,200). Finally, the General Fund Governing Body budget also includes \$9,875 for the Town's portion of the Carolina Beach Inlet dredging project as requested by New Hanover County.

DEBT SERVICE

General Fund

General Fund debt service totals \$713,800 and includes payments on existing loans for the following:

Equipment & Vehicles	\$142,890
Land & Renovations	69,250
Ocean Front Park	115,610
Fire Station & Town Hall	<u>386,050</u>
General Fund Total	<u>\$713,800</u>

This is a decrease of \$3,125 (0.4%) over fiscal year 2020.

Water and Sewer Fund

The Water and Sewer Fund debt service totals \$423,029 and includes payments on existing loans for the following:

Equipment & Vehicles	\$ 57,995
Water/Sewer Infrastructure	312,392
Town Hall	<u>52,642</u>
Water/Sewer Fund Total	<u>\$423,029</u>

This is a decrease of \$3,320 (0.8%) over fiscal year 2020.

Storm Water Fund

Finally, the Storm Water Fund debt service totals \$45,520 relating to the financing of equipment. This is a decrease of \$80,130 (63.8%) over fiscal year 2020. The decrease in the Storm Water Fund pertains to the final payment of the Cutter Court infrastructure loan during FY 2020.

Debt service for each fund, as a percentage of the applicable fund's proposed fiscal year 2021 total budget is as follows:

General Fund	12.5%
Water and Sewer Fund	16.2%
Storm Water Fund	8.6%

The Town's total outstanding debt (all funds) is estimated to be \$7,642,970 at July 1, 2020. The Local Government Commission (LGC) uses 8% of the assessed value of property subject to taxation as the maximum debt level. The Town's outstanding debt at July 1 will be approximately 0.83% of the assessed value of property, well within LGC guidelines.

OPERATING EXPENSES

General Fund

The budget for General Fund operating expenses (excluding capital outlay, debt service and transfer to the Beach Protection Fund) is 5.5% greater than the original fiscal year 2020 budget for operating expenses. The primary factors contributing to the increase in relation to the original fiscal year 2020 budget include:

- An addition to full-time staff in the Fire Department.
- General price increases for purchased services and materials.
- Previously mentioned employee compensation actions.

Water and Sewer Fund

The fiscal year 2021 operating budget (excluding capital outlay and debt service) for the Water and Sewer Fund is 0.7% greater than the original fiscal year 2020 budget. The primary reason for the increase in relation to the 2020 budget is general price increases for purchased services and materials.

Storm Water Fund

The fiscal year 2021 Storm Water Fund operating budget (excluding capital outlay and debt service) is 25.4% greater than the original fiscal year 2020 budget, but 6.4% less than the 2020 amended budget. The increase in relation to the 2020 original budget is due to increased maintenance costs.

CAPITAL OUTLAY

General Fund

The General Fund capital outlay for fiscal year 2021 totals \$90,050, which includes the following:

- \$40,000 – Replacement of a Police vehicle (will be purchased using financing)
- \$40,000 – Replacement of a Public Works truck (will be purchased using financing)
- \$10,050 – Replacement of equipment

The fiscal year 2021 budgeted capital outlay for the General Fund is \$80,000 (47%) less than the original fiscal year 2020 budget. The amount of capital outlay varies from year-to-year and is contingent on the useful life of previously purchased capital items.

Water and Sewer Fund

The Water and Sewer Fund capital outlay totals \$382,780 for fiscal year 2021 and includes the following:

- \$200,000 – Vac.Truck (total of \$400,000 split with Storm Water Fund) (will be purchased using financing)
- \$40,000 – Replacement of a Water/Sewer truck (will be purchased using financing)
- \$40,000 – Replacement of a generator (will be purchased using financing)
- \$20,000 – Replacement of equipment
- \$82,780 – Infrastructure projects

The Water and Sewer Fund fiscal year 2021 budgeted capital outlay is \$179,973 (88.7%) greater than the fiscal year 2020 budget.

Storm Water Fund

The fiscal year 2021 Storm Water Fund capital outlay totals \$260,975 and includes:

- \$200,000 – Vac.Truck (total of \$400,000 split with Water/Sewer Fund) (will be purchased using financing)
- \$60,975 – Infrastructure projects

The Storm Water Fund fiscal year 2021 budgeted capital outlay is \$231,475 (785%) greater than the fiscal year 2020 original budget.

FUND TRANSFERS

The General Fund budget includes a \$5,000 transfer to the Beach Protection Fund. The Beach Protection Fund is a reserve fund for beach related expenditures. Refer to page 23 for more information regarding the Beach Protection Fund.

There are no other transfers proposed in the fiscal year 2021 budget for the remaining funds.

GENERAL FUND SUMMARY

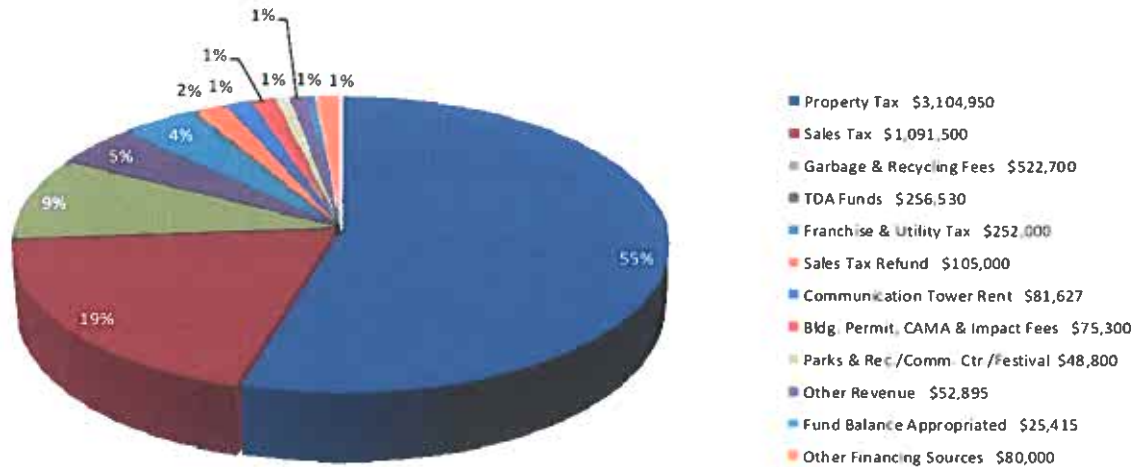
The budget preparation for the General Fund has, as in the past, been the most difficult of all of our funds. The number of non-utility services provided by the Town, as well as the general expenses of operating the government, makes the process of developing and balancing this budget challenging. Issues, including, but not limited to the following have made the allocation of finite General Fund resources difficult:

- 1) The desire to maintain the types and levels of service provided to Town residents and property owners as both the year-round population and number of tourists increase.
- 2) The need to build reserves in anticipation of future beach nourishment costs.
- 3) General price increases for purchased services and materials.
- 4) The need for improvements to, and maintenance of, Town infrastructure and facilities.

When comparing the total fiscal year 2021 General Fund budget to the fiscal year 2020 original budget and amended budget as of May 18, 2020, the total 2021 budget has increased by 2.5% in relation to the original budget, however in relation to the amended budget it has decreased by 0.3%. In comparison to the fiscal year 2020 original budget, operating expenses have increased 5.5%, capital outlay decreased 47%, debt service decreased 0.4%, fund transfers have decreased 72% and the contingency decreased 100%.

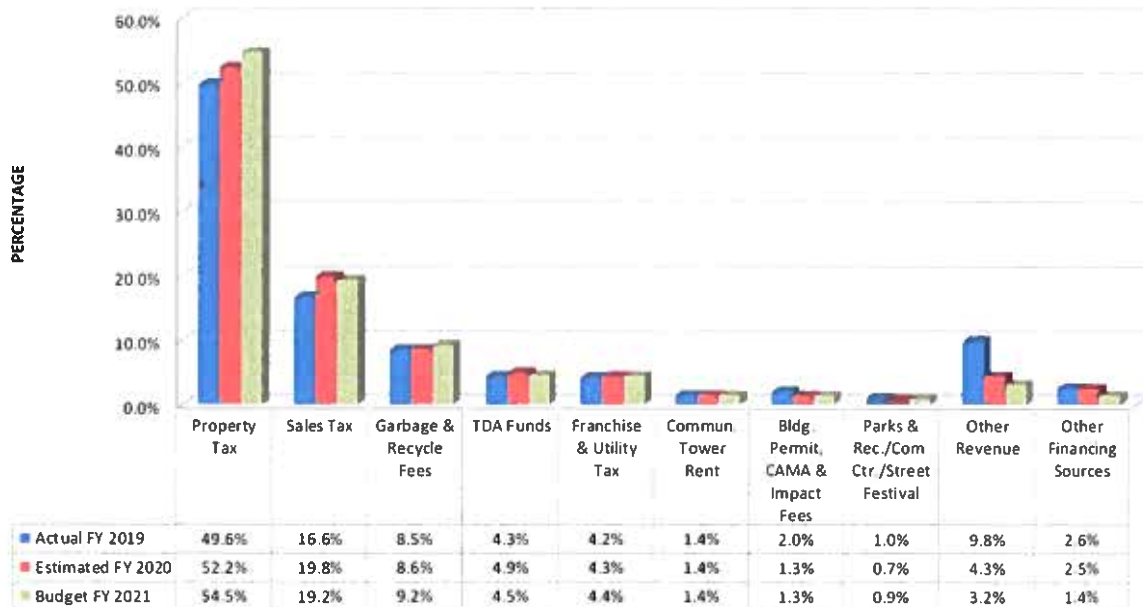
The breakdown of budgeted revenue, by major source, for fiscal year 2021 is presented on the next page. The top five revenue sources are property taxes (\$3,104,950), sales tax (\$1,091,500), garbage/recycle fees (\$522,700), TDA funds (\$256,530) and franchise/utility taxes (\$252,000). These five revenue sources account for approximately 92% (\$5,227,680) of the total General Fund revenue.

**GENERAL FUND
FISCAL YEAR 2021 REVENUE BUDGET**



For comparative purposes, the following charts present the percentage of revenue by source and revenue by source budgeted for fiscal year 2021 in relation to the estimated revenue for fiscal year 2020 and the actual revenue for fiscal year 2019.

**GENERAL FUND
PERCENTAGE OF REVENUE BY SOURCE
FISCAL YEAR 2019 TO 2021**



**GENERAL FUND
REVENUE BY SOURCE
FISCAL YEAR 2019 TO 2021**

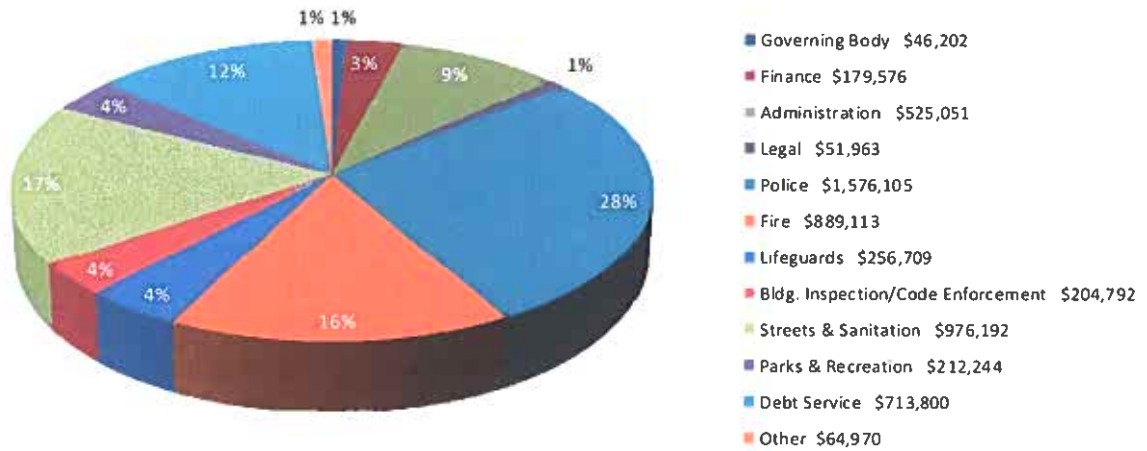


As the previous charts depict, revenue from property taxes consistently approximates 50% of the General Fund’s total revenue. The other categories have remained consistent from year-to-year with the exception of “Other Revenue”. “Other Revenue” is significantly higher in fiscal year 2019 due to FEMA reimbursements relating to Hurricane Florence. Finally, “Other Financing Sources” are installment loans and vary based on the level of capital outlay.

Refer to [Exhibit A](#) (on pages 24 to 26) for a summary of the changes, by General Fund revenue source, between the budgets for fiscal year 2021 and 2020.

The breakdown of budgeted General Fund expenses, by department/function, for fiscal year 2021 is presented on the following page. The five largest components of the General Fund expense budget are Police (\$1,576,105), Public Works – Streets & Sanitation (\$976,192), Fire (\$889,113), Debt Service (\$713,800) and Administration (\$525,051). These five departments/functions account for \$4,680,261, or 82%, of the General Fund budget.

**GENERAL FUND
FISCAL YEAR 2021 EXPENSE BUDGET**

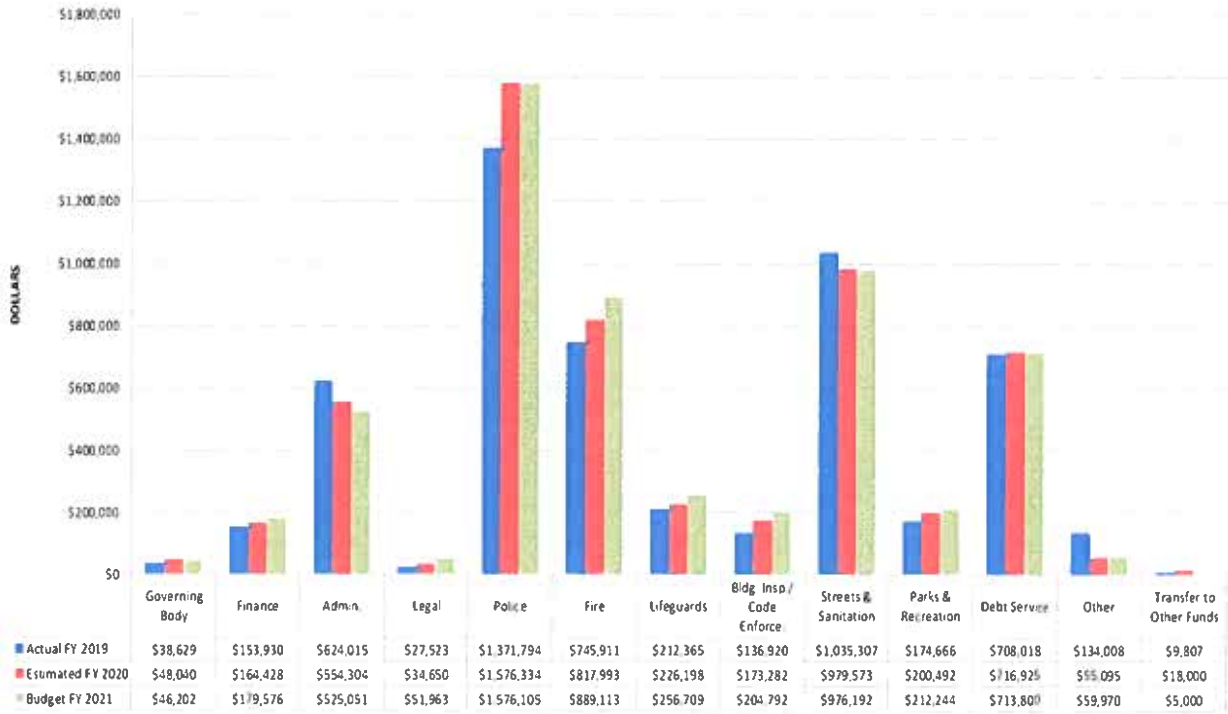


The charts on the next page present the expenses by department/function and the percentage of expenses by department/function budgeted for fiscal year 2021 in relation to the estimated expenses for fiscal year 2020 and the actual expenses for fiscal 2019.

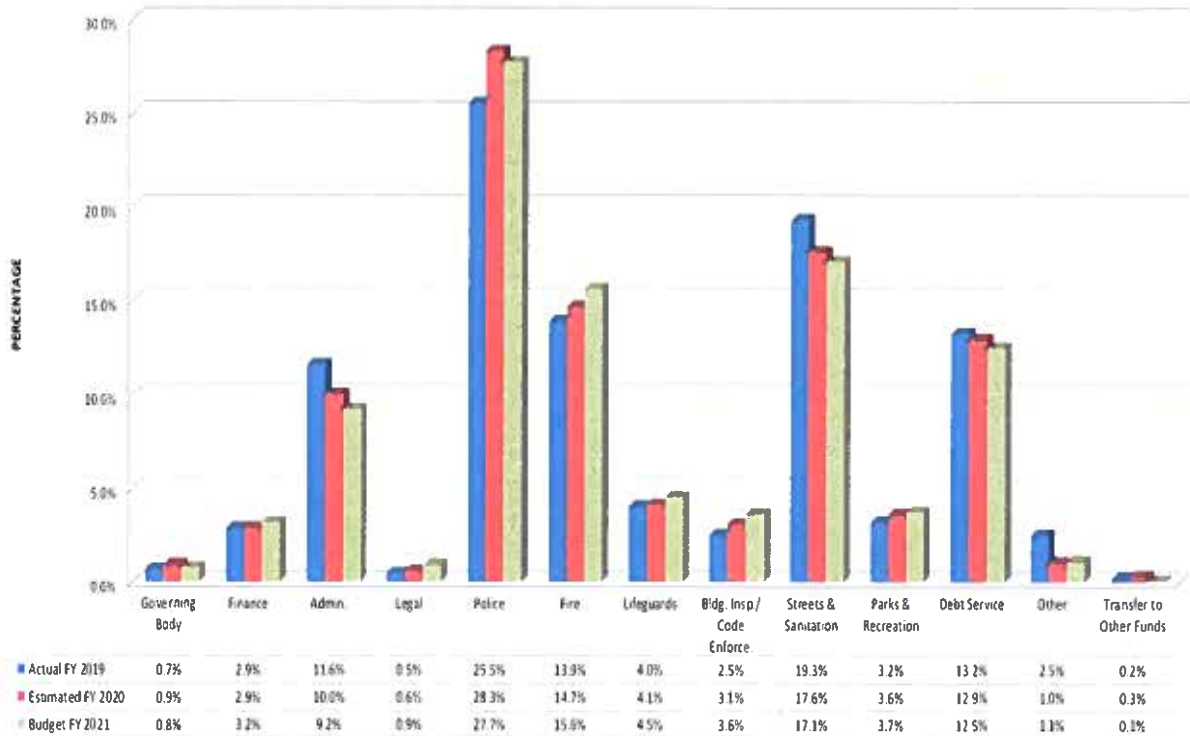
As indicated on the charts on the next page, the General Fund expenses by department/function, both dollars and percentage, have remained relatively consistent. Regarding “Administration”, expenses were higher in fiscal year 2019 due to relocation costs associated with the Fire Station and Town Hall capital projects. “Police” expenses for 2020 were higher due to the cost of an additional Police Officer, as well as a capital expenditure relating to a Town fuel tank. “Fire” expenses are increasing in fiscal year 2021 as a result of an addition to full-time headcount. “Streets & Sanitation” was higher in fiscal year 2019 due to the purchase of a dump truck and street sweeper. Finally, “Other” expenses were higher for fiscal year 2019 due to capital projects at the E and I Avenue beach accesses.

Refer to Exhibit B (on pages 27 to 31) for a summary of the changes, by General Fund department/function, between the budgets for fiscal year 2021 and 2020.

**GENERAL FUND
EXPENSES BY DEPARTMENT
FISCAL YEAR 2019 TO 2021**



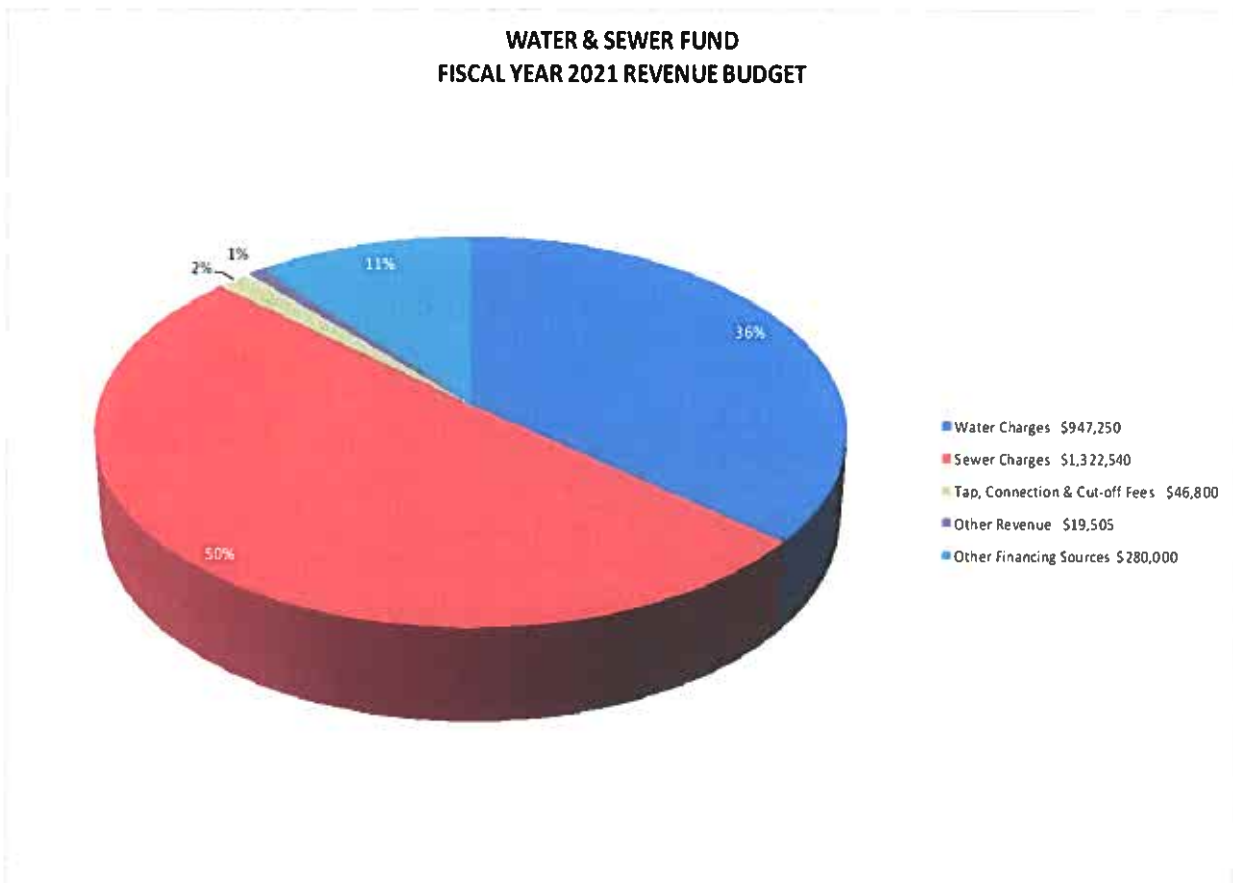
**GENERAL FUND
PERCENTAGE OF EXPENSES BY DEPARTMENT
FISCAL YEAR 2019 TO 2021**



WATER AND SEWER FUND SUMMARY

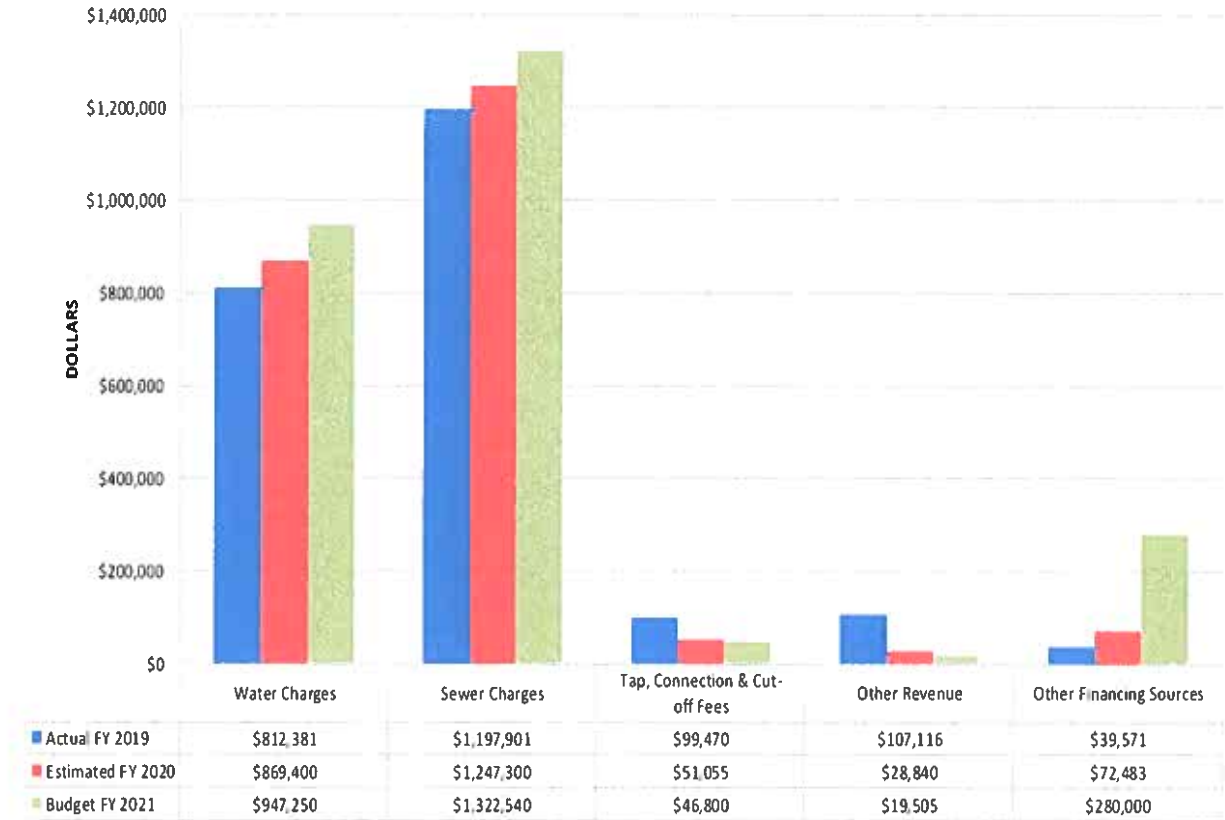
Overall, the fiscal year 2021 Water and Sewer Fund budget is 7.9% greater than the fiscal year 2020 original budget. In relation to the fiscal year 2020 original budget, operating expenses have increased 0.7%, capital outlay has increased by 88.7% and debt service has decreased by 0.8%.

The breakdown of Water and Sewer Fund budgeted revenue, by major source, for fiscal year 2021 is as follows:



The chart on the next page shows the Water and Sewer Fund revenue by source budgeted for fiscal year 2021 compared to the estimated revenue for fiscal year 2020 and the actual revenue for fiscal year 2019.

**WATER & SEWER FUND
REVENUE BY SOURCE
FISCAL YEAR 2019 TO 2021**

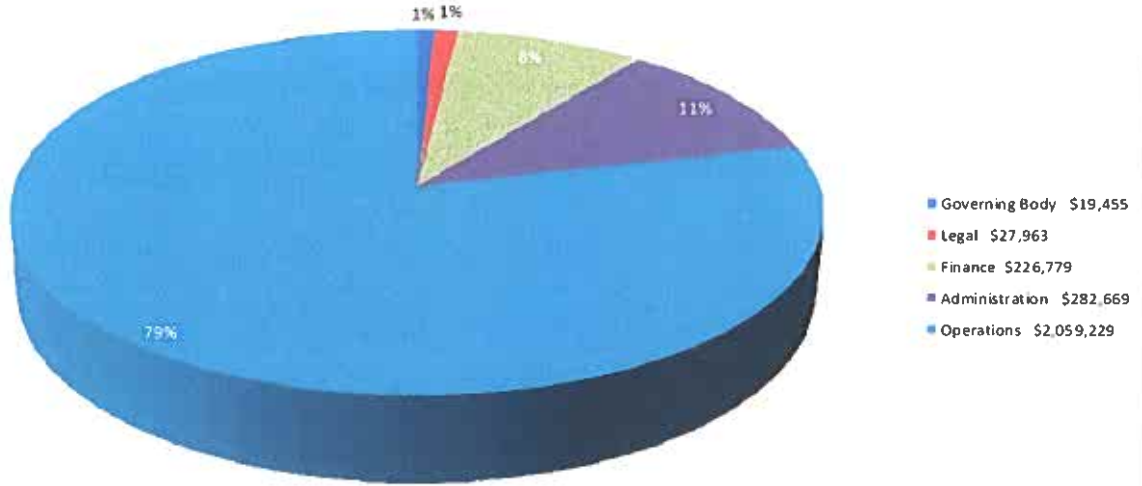


The most significant revenue sources, “Water and Sewer Charges”, are projected to increase in fiscal year 2021 as a result of the previously discussed changes to the water and sewer rate structure. “Other Revenue” is significantly higher in fiscal year 2019 due to FEMA reimbursements relating to Hurricane Florence. Finally, “Other Financing Sources” are higher in fiscal year 2021 due to planned financing of equipment and trucks.

Refer to Exhibit C (on pages 32 and 33) for a summary of the changes, by Water and Sewer Fund revenue source, between the budgets for fiscal year 2021 and 2020.

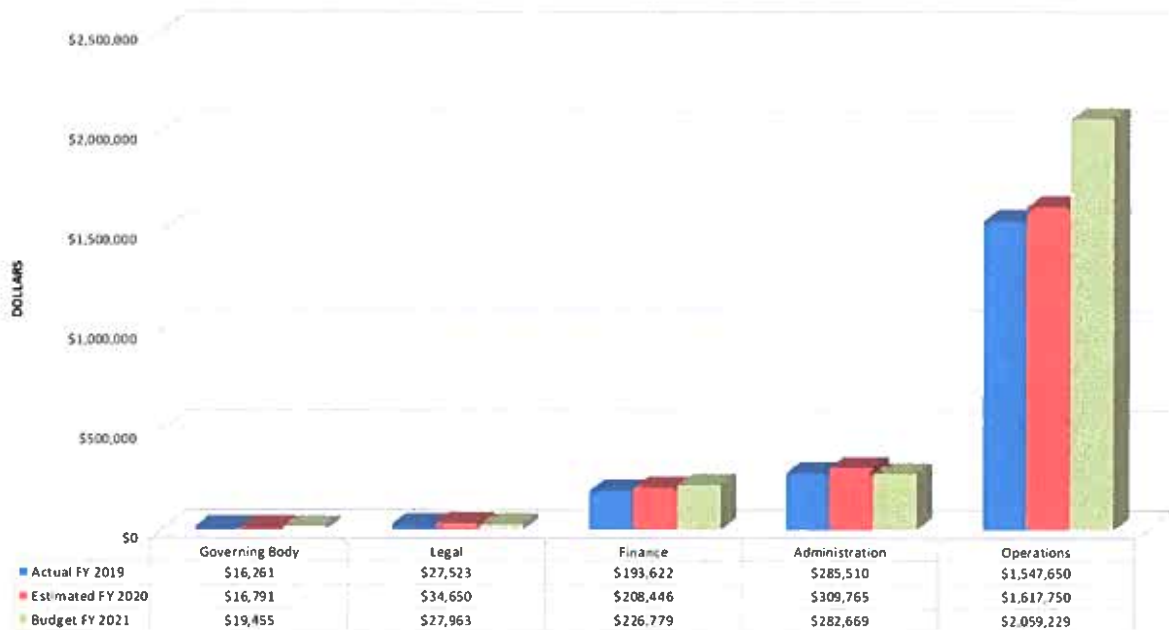
The breakdown of budgeted Water and Sewer Fund expenses, by department/function, for fiscal year 2021 is on the following page. As expected, the Water/Sewer Operations Department accounts for the majority of the Water and Sewer Fund expense budget at 79% of the total.

**WATER & SEWER FUND
FISCAL YEAR 2021 EXPENSE BUDGET**



The chart below shows the expenses by department/function for the Water and Sewer Fund budgeted for fiscal year 2021 in comparison to the estimated expenses for fiscal year 2020 and the actual expenses for fiscal year 2019.

**WATER & SEWER FUND
EXPENSES BY DEPARTMENT
FISCAL YEAR 2019 - 2021**



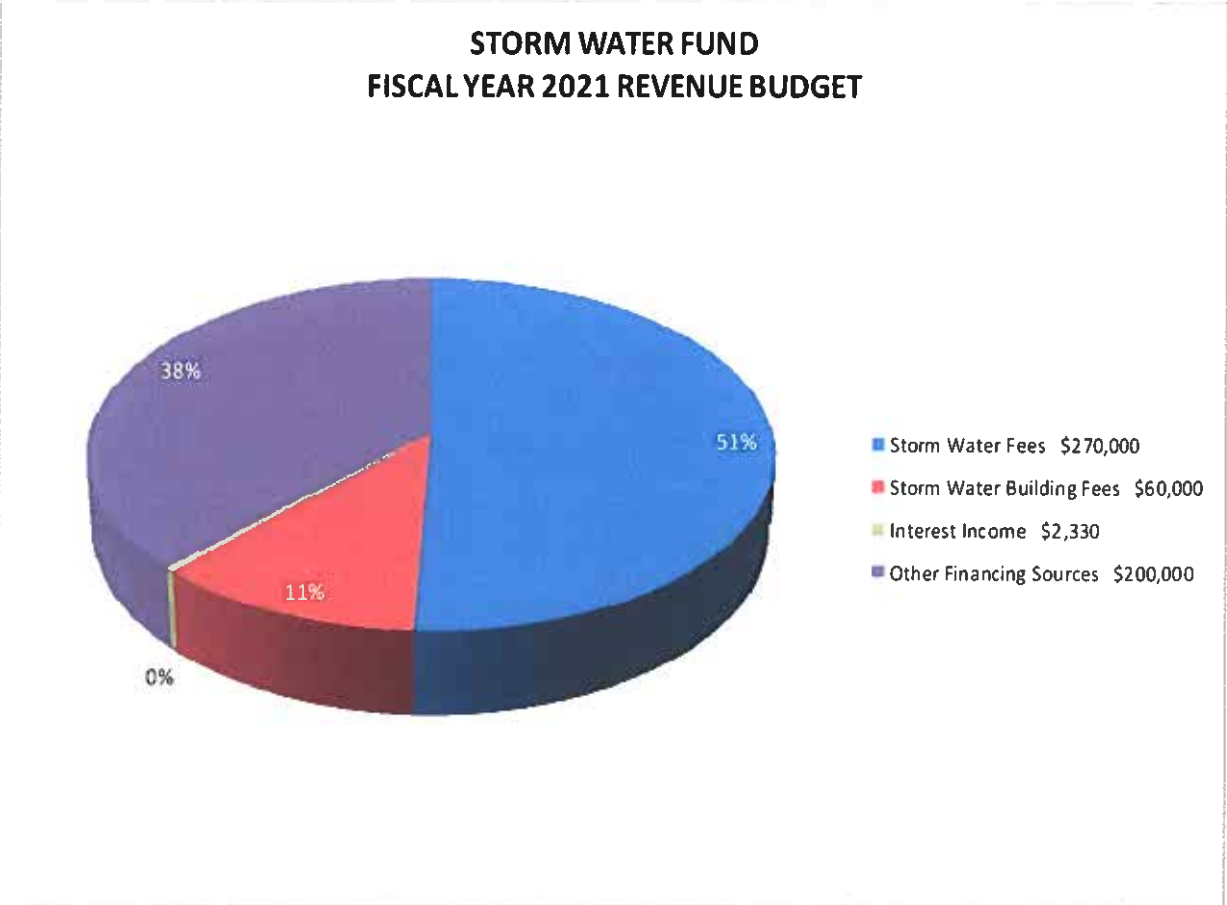
In reference to the chart on the previous page, the variations in “Operations” expenses primarily relate to the amount of capital outlay for the given year and increasing costs for water and sewer system maintenance.

Refer to Exhibit D (on pages 34 and 35) for a summary of the changes, by Water and Sewer Fund department/function, between the budgets for fiscal year 2021 and 2020.

STORM WATER FUND SUMMARY

When comparing the total fiscal year 2021 Storm Water Fund budget to the fiscal year 2020 original budget and amended budget as of May 18, 2020, the total 2021 budget has increased by 58.8% in relation to the original budget and 34.3% in relation to the amended budget. In comparison to the fiscal year 2020 original budget, operating expenses have increased 25.4%, capital outlay increased 785% and debt service decreased 63.8%. The primary reason for the increase in operating expenses is the need for additional on-going maintenance and the significant increase in capital outlay is for the purchase of equipment needed for storm water system maintenance.

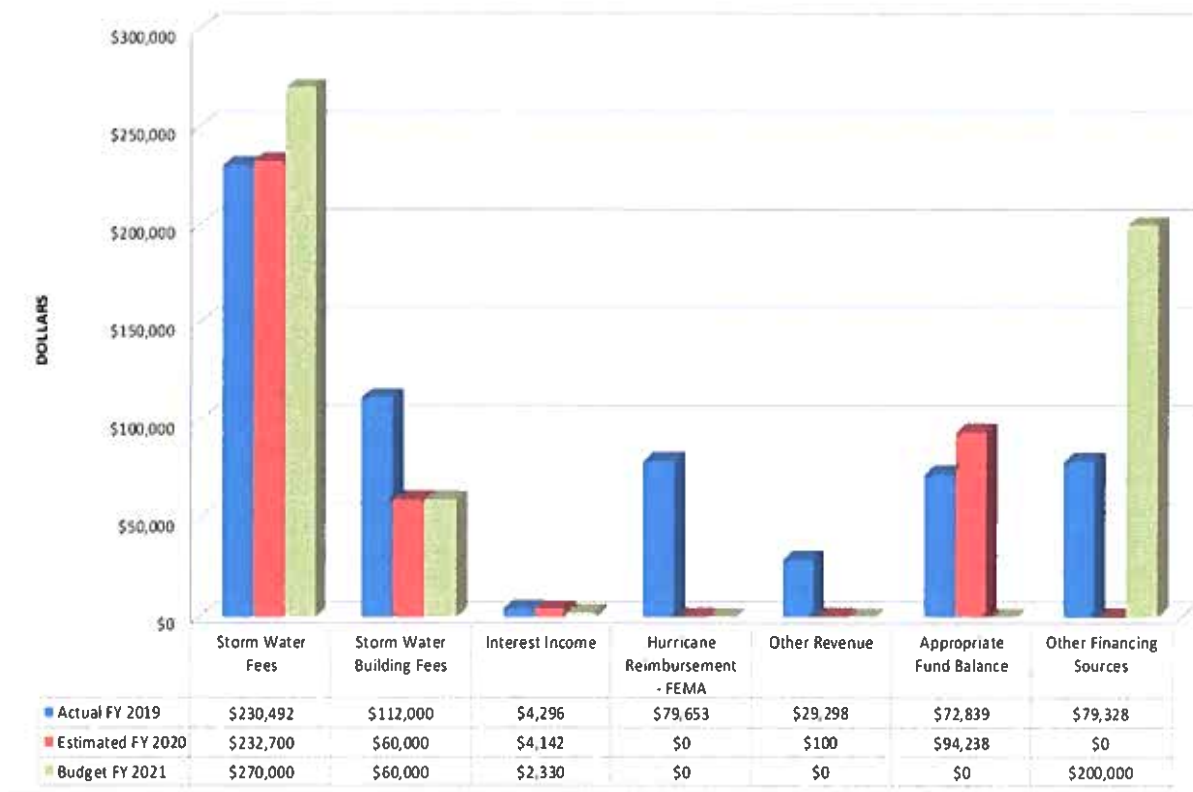
The breakdown of Storm Water Fund budgeted revenue, by major source, for fiscal year 2021 is as follows:



Refer to Exhibit E (on page 36) for a summary of the changes, by Storm Water Fund revenue source, between the budgets for fiscal year 2021 and 2020.

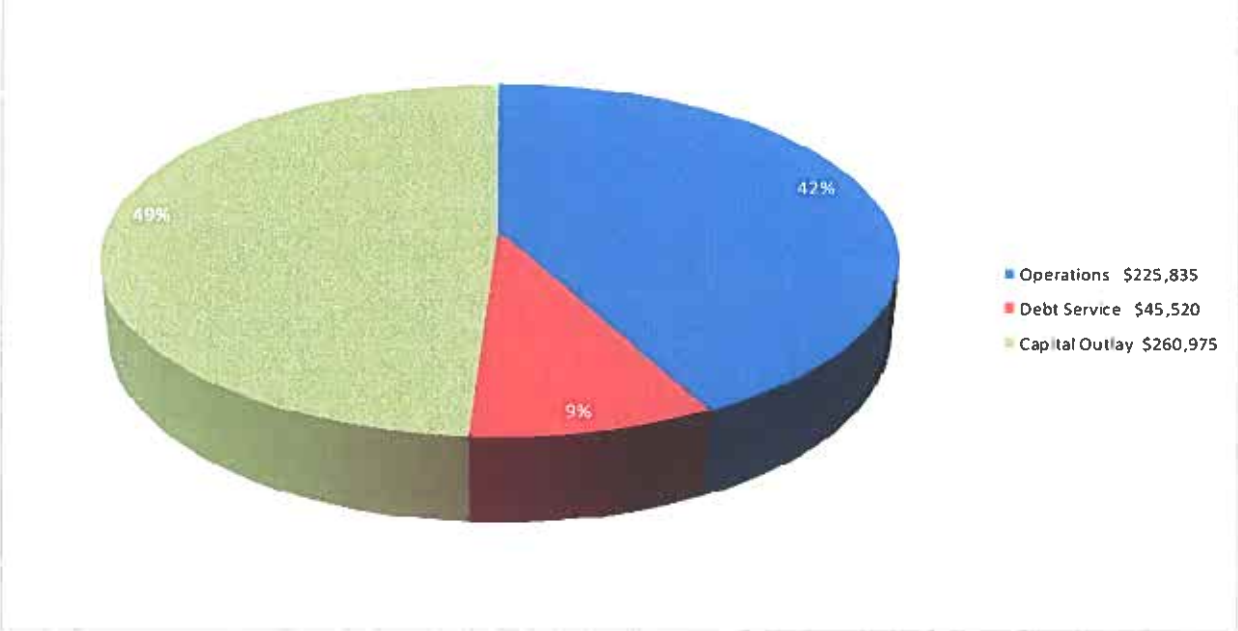
The chart below compares the budgeted fiscal year 2021 revenue to the estimated revenue for fiscal year 2020 and the actual revenue for 2019. As depicted by the chart, the major revenue source, “Storm Water Fees”, is projected to increase for fiscal year 2021 as a result of the previously discussed 14.8% storm water fee increase. “Storm Water Building Fees” fluctuate based on the amount of building activity. Additionally, fiscal year 2019 included reimbursements from FEMA for Hurricane Florence related damages to storm water infrastructure. Also, for both fiscal years 2019 and 2020 an appropriation of the Storm Water Fund balance was used for part of the maintenance and capital projects. Finally, “Other Financing Sources” is higher in fiscal year 2021 due to the financing of equipment.

**STORM WATER FUND
REVENUE BY SOURCE
FISCAL YEAR 2019 - 2021**



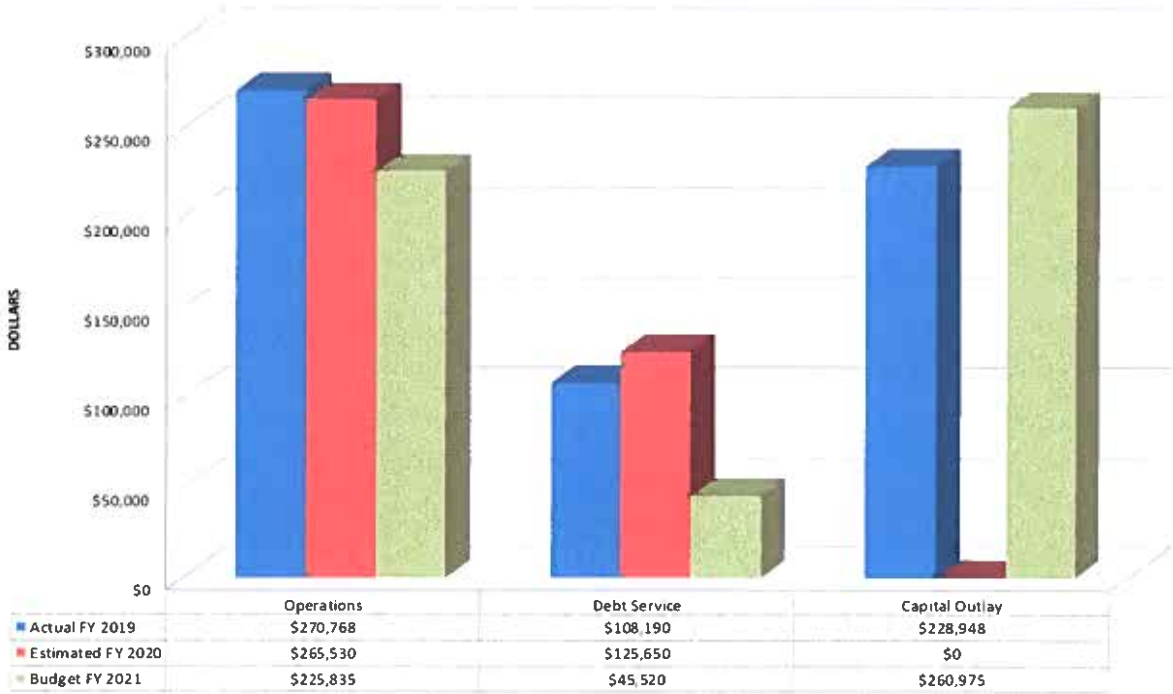
The breakdown of budgeted Storm Water Fund expenses, by type, for fiscal year 2021 is as follows:

**STORM WATER FUND
FISCAL YEAR 2021 EXPENSE BUDGET**



The following chart shows the budgeted fiscal year 2021 expenses by type in relation to the estimated fiscal year 2020 and actual 2019 Storm Water Fund expenses.

**STORM WATER FUND
EXPENSES BY TYPE
FISCAL YEAR 2019 - 2021**



As indicated by the chart on the previous page, the budgeted expenses for fiscal year 2021 relating to “Operations” are expected to be less than in fiscal years 2019 and 2020. Additional repair and maintenance costs were incurred in 2019 as a result of Hurricane Florence and 2020 includes repair costs associated with Hurricane Dorian. Fluctuations in “Capital Outlay” relate to the number and size of projects to be performed in a given year. Fiscal year 2019 included significant storm water infrastructure projects and fiscal year 2021 includes a significant equipment purchase.

Refer to Exhibit F (on page 37) for a summary of the changes, by Storm Water Fund expense type, between the budgets for fiscal year 2021 and 2020.

POWELL BILL FUND SUMMARY

Funds received through the Powell Bill may only be used for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curbs and gutters and other necessary appurtenances within the corporate limits. Beginning in fiscal year 2016, the General Statutes relating to Powell Bill funding were changed. The General Assembly may now appropriate funds to the Department of Transportation for State aid to municipalities rather than linking it to fuel tax collections. The total amount allocated to each qualifying municipality is 75% on the basis of relative population and 25% on the basis of relative non-State System local street mileage. The total budgeted allocation to Kure Beach for fiscal year 2021 is estimated at \$64,950 and interest income is estimated at \$1,140. Additionally, an appropriation of fund balance totaling \$43,910 is included in the fiscal year 2021 budget as part of the revenue source for street paving projects. Finally, budgeted Powell Bill eligible expenditures (street maintenance and paving) total \$110,000.

FEDERAL ASSET FORFEITURE FUND SUMMARY

On an as needed basis, the Kure Beach Police Department participates in investigations conducted by several federal agencies. The Police Department shares in the assets that are forfeited based on the outcome of the investigations and the level of resources provided. The funds received may only be used for Police related activities that are beyond the Police Department operating budget (which is a portion of the total General Fund budget). Under no circumstances, can the Police Department operating budget be funded with forfeiture proceeds. For fiscal year 2021, the use of asset forfeiture funds will be appropriated from the fund’s balance and is estimated at \$50,000.

SEWER EXPANSION RESERVE FUND (SERF) SUMMARY

The Sewer Expansion Reserve Fund (SERF) is for future expansion, construction, repairs or alterations to the sewer system. For fiscal year 2021, revenue from system development fees is estimated at \$8,880 and interest income from Fund investments is budgeted at \$1,500. The primary revenue source for this fund, system development fees, is dependent on the level of construction activity within the Town.

BEACH PROTECTION FUND SUMMARY

The Beach Protection Fund was established in fiscal year 2014 as a reserve fund for future beach nourishment expenses, as well as other beach related expenditures including, but not limited to, beach access improvements/repairs, dune maintenance, dune plantings, beach protection signage, dune infiltration systems, etc. The uncertainties surrounding state and federal funding of future beach nourishment projects was the driving force behind the establishment of this fund. For fiscal year 2021, the revenue source for this Fund will be a transfer of \$5,000 from the General Fund and interest from Fund investments of \$3,375.

SUMMARY

The fiscal year 2021 Town of Kure Beach budget reflects a thorough review of Town expenditures and conservative, but reasonable, estimation of revenues.

The continuing upward trends in tourism and full-time population growth have placed increased demands on Town personnel and the corresponding Town-provided services. These trends are expected to continue thereby creating an ongoing challenge to manage and control the costs to provide these services, while ensuring sufficient revenue sources exist to fund the services. Additionally, investment in Town infrastructure, including, but not limited to water, sewer, storm water, streets and facilities, continues as needed to ensure Town systems function properly and efficiently. The proposed fiscal year 2021 budget addresses these challenges. This budget also includes a process to continue to build reserves for potential future beach nourishment needs.

In conclusion, I believe the proposed fiscal year 2021 Kure Beach budget supports the priorities established by Town Council and Department Heads, reflects the Council's commitment to providing exceptional services to residents and visitors and is responsive to the overall needs of the Town. However, as noted at the beginning of this Budget Message, the COVID-19 pandemic has made the fiscal year 2021 budget process more challenging and uncertain than prior years. Projections and estimates provided by various organizations and agencies, such as the NC League of Municipalities, were used to aid in estimating the pandemic's impact on the Town's revenue sources. We will continue to monitor any updated guidance provided by these organizations and, if necessary, further refine the proposed budget before the final approval by Town Council.

I would like to express my appreciation to all Department Heads, as well as all Town employees, who participated in the development of the fiscal year 2021 budget.

Respectfully submitted,

Arlen Copenhaver

Arlen Copenhaver
Finance and Budget Officer

EXHIBIT A

**GENERAL FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Property Taxes	\$3,044,300	\$3,044,300	\$3,104,950	\$60,650	2.0%	\$60,650	2.0%	Estimated increase in tax base provided by New Hanover County Tax Dept.
Sales Tax	\$960,500	\$960,500	\$1,091,500	\$131,000	13.6%	\$131,000	13.6%	Actual growth in FY 2020 greater than budgeted. FY 2021 estimated to be decrease over FY 2020 forecast, but increase over FY 2020 budget, due to impact of COVID-19.
Garbage & Recycle Fees	\$488,000	\$488,000	\$522,700	\$34,700	7.1%	\$34,700	7.1%	Increase in recycling rate during FY 2020.
TDA	\$260,000	\$260,000	\$256,530	(\$3,470)	(1.3%)	(\$3,470)	(1.3%)	FY 2021 budget is for lifeguards. Estimated decrease in TDA funds available due to COVID-19.
Franchise & Utility Taxes	\$240,000	\$240,000	\$252,000	\$12,000	5.0%	\$12,000	5.0%	State-wide forecasts are for an increase in electricity sales tax.
Communication Tower Rent	\$84,348	\$84,348	\$81,627	(\$2,721)	(3.2%)	(\$2,721)	(3.2%)	One Comspeco lease was terminated in FY 2020.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$99,350	\$99,350	\$75,300	(\$24,050)	(24.2%)	(\$24,050)	(24.2%)	Downward trend in building related fees.

EXHIBIT A

**GENERAL FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Sales Tax Refund	\$135,000	\$135,000	\$105,000	(\$30,000)	(22.2%)	(\$30,000)	(22.2%)	Estimated sales tax refund based on sales tax paid in prior fiscal year. Higher in FY 2020 due to Town Hall/Fire Station capital project.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$28,500	\$28,500	\$29,800	\$1,300	4.6%	\$1,300	4.6%	
Town Facility Rentals	\$19,000	\$19,000	\$19,000	\$0	0.0%	\$0	0.0%	
ABC Revenue	\$19,175	\$19,175	\$19,875	\$700	3.7%	\$700	3.7%	
Motor Vehicle License Tax	\$10,000	\$10,000	\$10,500	\$500	5.0%	\$500	5.0%	
Beer & Wine Tax	\$9,600	\$9,600	\$9,600	\$0	0.0%	\$0	0.0%	
Re-Entry Decal Sales	\$2,500	\$2,500	\$1,400	(\$1,100)	(44.0%)	(\$1,100)	(44.0%)	FY 2021 estimated to be lower due to property owners being provided with 2 free decals.

EXHIBIT A

**GENERAL FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Interest & Investment Earnings	\$7,450	\$7,450	\$4,395	(\$3,055)	(41.0%)	(\$3,055)	(41.0%)	Decrease in CD interest rates & NCCMT earnings.
All Other Revenue	\$7,025	\$109,289	\$7,125	\$100	1.4%	(\$102,164)	(93.5%)	Largest components are surplus property sales (\$3,500) and fines/citations (\$2,600). Amended FY 2020 includes CAMA grant of \$100,866 for beach access.
Appropriation of Fund Balance	\$0	\$49,264	\$25,415	\$25,415		(\$23,846)	(48.4%)	
Other Financing Sources	\$145,000	\$145,000	\$80,000	(\$65,000)	(44.8%)	(\$65,000)	(44.8%)	Financing for Police vehicle (\$40,000) and Public Works truck (\$40,000).
TOTAL GENERAL FUND	\$5,559,748	\$5,711,276	\$5,696,717	\$136,969	2.5%	(\$14,559)	(0.3%)	

EXHIBIT B

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Governing Body	410	\$38,290	\$50,290	\$46,202	\$7,912	20.7%	(\$4,088)	(8.1%)	<u>Increases:</u> Governmental Relations: \$7,500 / 167% Dues & Subscriptions: \$412 / 10%
Committees	412	\$5,005	\$5,005	\$4,370	(\$635)	(12.7%)	(\$635)	(12.7%)	
Finance	415	\$166,660	\$166,660	\$179,576	\$12,916	7.7%	\$12,916	7.7%	<u>Increases:</u> F/T personnel-related costs: \$8,772 / 9.9% Payroll processing fees: \$4,700 / 72% <u>Decreases:</u> Unemployment Insurance: \$950 / 29%
Community Center	421	\$23,300	\$23,300	\$23,000	(\$300)	(1.3%)	(\$300)	(1.3%)	
Elections	430	\$3,300	\$3,300	\$0	(\$3,300)	(100%)	(\$3,300)	(100%)	No local election in FY 2021.

EXHIBIT B

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Administration	420	\$549,763	\$549,763	\$525,051	(\$24,712)	(4.5%)	(\$24,712)	(4.5%)	<p><u>Increases:</u> Recycling: \$13,826 / 7% Professional/Consulting: \$2,400 / new Meetings/Events Expense: \$2,100 / new Utilities: \$1,915 / 33% Telephone: \$1,005 / 7% Codification: \$1,000 / 50%</p> <p><u>Decreases:</u> F/T Personnel-related Costs: \$39,121/25.4% Retiree Medical Ins.: \$5,460 / 16% Building Maintenance: \$1,250 / 7% Supplies: \$1,000 / 8%</p>
Emergency Mgmt.	446	\$2,500	\$2,500	\$2,500	\$0	0.0%	\$0	0.0%	
Tax Collection	460	\$28,800	\$28,800	\$30,100	\$1,300	4.5%	\$1,300	4.5%	
Legal	470	\$34,679	\$34,679	\$51,963	\$17,284	49.8%	\$17,284	49.8%	<p><u>Increases:</u> Professional legal service: \$17,000 / 113%</p>
Debt Service	560	\$716,925	\$716,925	\$713,800	(\$3,125)	(0.4%)	(\$3,125)	(0.4%)	

EXHIBIT B

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Police Dept.	510	\$1,630,215	\$1,642,682	\$1,576,105	(\$54,110)	(3.3%)	(\$66,577)	(4.1%)	<p>Increases: F/T personnel-related costs: \$68,759 / 5.7% Contracts: \$8,000 / 35% Capital Outlay - Vehicles: \$5,000 / 14% Utilities: \$3,015 / 36% Supplies: \$3,000 / 120% K-9 Maintenance: \$2,500 / new</p> <p>Decreases: P/T personnel-related costs: \$12,918 / 40% Capital Outlay – Equip.: \$110,000 / 100% Exams & Screenings: \$7,500 / 88% Workers Comp. Ins.: \$5,156 / 18% Travel & Training: \$5,000 / 33% Telephone & Postage: \$4,000 / 20% Vehicle Maintenance: \$2,000 / 17%</p>
Fire Dept.	530	\$805,218	\$789,233	\$889,113	\$83,895	10.4%	\$99,880	12.7%	<p>Increases: F/T personnel-related costs (includes 1 new F/T position): \$56,211 / 10.5% P/T personnel-related costs: \$18,102 / 19.4% Minor Equipment: \$7,700 / 22% Truck Maintenance: \$3,000 / 43% Building Maintenance: \$2,735 / 121%</p> <p>Decreases: Workers Comp. Ins.: \$2,602 / 14% Safety Program: \$1,000 / 50%</p>

EXHIBIT B

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Lifeguards	531	\$207,174	\$235,732	\$256,709	\$49,535	23.9%	\$20,977	8.9%	<p>Increases: Personnel-related costs: \$50,815 / 29.6%</p> <p>Decreases: Travel & Training: \$1,000 / 50% ATV – Gas, Oil, Tires: \$1,000 / 25%</p>
Parks & Rec.	532	\$212,474	\$212,474	\$212,244	(\$230)	(0.1%)	(\$230)	(0.1%)	<p>Increases: F/T personnel-related costs: \$7,321 / 5.1%</p> <p>Decreases: P&R activity Expenses: \$4,500 / 69% Island Day Expenses: \$1,500 / 100% Other Town Events: \$1,700 / 46% Advertising: \$500 / 25%</p>
Bldg. Inspection	540	\$199,788	\$199,788	\$204,792	\$5,004	2.5%	\$5,004	2.5%	<p>Increases: F/T personnel-related costs: \$2,275 / 1.4% PZ/BOA/HPC Expenses: \$4,500 / 225% Computer Service/Support: \$3,000 / 100% Bldg. Insp. Gas Allowance: \$2,600 / 33%</p> <p>Decreases: Beach Renourishment: \$2,400 / 29% Supplies: \$2,000 / 67% Building Maintenance: \$1,000 / 100%</p>

EXHIBIT B

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Streets & Sanitation	550	\$897,657	\$1,032,145	\$976,192	\$78,535	8.7%	(\$55,953)	(5.4%)	<p>Increases:</p> <p>F/T personnel-related costs: \$4,711 / 1.0%</p> <p>Capital Outlay – Truck: \$40,000 / new</p> <p>Boardwalk Repairs: \$20,000 / 100%</p> <p>Landfill Expense: \$8,000 / 7%</p> <p>Landscaping: \$7,000 / 39%</p> <p>Computer Service/Support: \$6,900 / 690%</p> <p>Christmas Decorations: \$3,000 / 30%</p> <p>Travel & Training: \$2,000 / 400%</p> <p>Uniforms: \$2,000 / 40%</p> <p>OFP Maintenance: \$2,000 / 25%</p> <p>Decreases:</p> <p>Capital Outlay - Equipment: \$15,000 / 100%</p> <p>Workers Comp. Ins.: \$2,276 / 15%</p>
Transfers	580	\$18,000	\$18,000	\$5,000	(\$13,000)	(72.2%)	(\$13,000)	(72.2%)	Transfer to the Beach Protection Fund.
Contingency	490	\$20,000	\$0	\$0	(\$20,000)	(100%)	\$0		
TOTAL GENERAL FUND		\$5,559,748	\$5,711,276	\$5,696,717	\$136,969	2.5%	(\$14,559)	(0.3%)	

EXHIBIT C

**WATER/SEWER FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Water Charges	\$917,050	\$917,050	\$947,250	\$30,200	3.3%	\$30,200	3.3%	Proposed changes to the water rate structure for residential, commercial and out of jurisdiction customers: ➤ 10% increase to usage-based rate tiers for usage above the minimum
Sewer Charges	\$1,301,100	\$1,301,100	\$1,322,540	\$21,440	1.6%	\$21,440	1.6%	Proposed changes to the sewer rate structure for residential, commercial and out of jurisdiction customers: ➤ 10% increase to usage-based rate tiers for usage above the minimum
Water & Sewer Tap Fees	\$90,000	\$90,000	\$45,000	(\$45,000)	(50.0%)	(\$45,000)	(50.0%)	Estimated decrease in building activity.
Cutoff & Reconnection Fees	\$1,800	\$1,800	\$1,800	\$0	0.0%	\$0	0.0%	
Account Past Due Fees	\$6,300	\$6,300	\$6,300	\$0	0.0%	\$0	0.0%	

EXHIBIT C

**WATER/SEWER FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
New Account Setup Fees	\$5,100	\$5,100	\$6,200	\$1,100	21.6%	\$1,100	21.6%	Based on historical level of property sales.
Other Revenue/ Fees	\$290	\$5,049	\$390	\$100	34.5%	(\$4,659)	(92.3%)	
Interest & Investment Earnings	\$12,750	\$12,750	\$6,615	(\$6,135)	(48.1%)	(\$6,135)	(48.1%)	Decrease in CD interest rates & NCCMT earnings.
Other Financing Sources	\$90,000	\$90,000	\$280,000	\$190,000	211.1%	\$190,000	211.1%	Financing for ½ of vac. truck (\$200,000), service truck (\$40,000) and generator (40,000).
TOTAL WATER/ SEWER FUND	\$2,424,390	\$2,429,149	\$2,616,095	\$191,705	7.9%	\$186,946	7.7%	

EXHIBIT D

**WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Governing Body	410	\$19,040	\$19,040	\$19,455	\$415	2.2%	\$415	2.2%	<u>Increases:</u> Dues & Subscriptions: \$412 / 10%
Legal	470	\$34,679	\$34,679	\$27,963	(\$6,716)	(19.4%)	(\$6,716)	(19.4%)	<u>Decreases:</u> Professional Legal Service: \$7,000 / 47%
Administration	720	\$312,913	\$312,913	\$284,584	(\$28,329)	(9.1%)	(\$28,329)	(9.1%)	<u>Increases:</u> Building Maintenance: \$3,750 / 27% Professional/Consulting: \$2,400 / new Utilities: \$1,915 / 33% Retiree Medical Insurance: \$1,850 / 11% Telephone: \$1,005 / 7% Codification: \$1,000 / 50% <u>Decreases:</u> F/T Personnel-related Costs: \$39,122/25.4% Supplies: \$1,000 / 13%

EXHIBIT D

**WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Finance	715	\$208,446	\$208,446	\$226,779	\$18,333	8.8%	\$18,333	8.8%	<p><u>Increases:</u> F/T personnel-related costs: \$12,334/7.6% Computer Services/Support: \$9,460 /149%</p> <p><u>Decreases:</u> Payroll Processing Fees: \$3,700 / 57%</p>
Water/Sewer Operations	810	\$1,849,312	\$1,854,071	\$2,057,314	\$208,002	11.2%	\$203,243	11.0%	<p><u>Increases:</u> F/T personnel-related costs: \$12,919/3.3% Capital Outlay – Equip.: \$210,000 / 233% Capital Outlay-Sewer Rehab: \$60,000 / new Computer Services/Support: \$27,100/542% Utilities: \$2,000 / 4% Travel & Training: \$1,000 / 14%</p> <p><u>Decreases:</u> Capital Outlay-Improve.: \$90,027 / 80% Telephone: \$6,800 / 38% Dues & Permit Fees: \$3,000 / 8% Workers Comp. Ins.: \$1,670 / 15%</p>
TOTAL WATER/SEWER FUND		\$2,424,390	\$2,429,149	\$2,616,095	\$191,705	7.9%	\$186,946	7.7%	

EXHIBIT E

**STORM WATER FUND REVENUE BUDGET
FY 2021 VS. FY 2020
(as of 5/18/2020)**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Storm Water Charges	\$230,000	\$230,000	\$270,000	\$40,000	17.4%	\$40,000	17.4%	Includes a proposed 14.8% increase in monthly storm water fees.
Storm Water Building Fees	\$100,000	\$100,000	\$60,000	(\$40,000)	(40.0%)	(\$40,000)	(40.0%)	Based on estimated building activity.
Interest & Investment Income	\$5,225	\$5,225	\$2,330	(\$2,895)	(55.4%)	(\$2,895)	(55.4%)	Decrease in CD interest rates & NCCMT earnings.
Hurricane Reimbursement	\$0	\$20,000	\$0	\$0		(\$20,000)	(100%)	
Other Financing	\$0	\$0	\$200,000	\$200,000		\$200,000		Financing for ½ of vac. truck.
Appropriate Fund Balance	\$0	\$41,140	\$0	\$0		(\$41,140)	(100%)	
TOTAL STORM WATER FUND	\$335,225	\$396,365	\$532,330	\$197,105	58.8%	\$135,965	34.3%	

EXHIBIT F

**STORM WATER FUND BUDGET BY EXPENSE TYPE
FY 2021 VS. FY 2020
(as of 5/18/2020)**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	PROPOSED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
SW Operations	610	\$180,075	\$241,215	\$225,835	\$45,760	25.4%	(\$15,380)	(6.4%)	<p>Increases: Maintenance: \$40,000 / 267% Professional Fees: \$23,000 / 1150%</p> <p>Decreases: F/T personnel-related costs: \$16,552/12.7% Workers Comp. Ins.: \$1,448 / 29%</p>
Debt Service	610	\$125,650	\$125,650	\$45,520	(\$80,130)	(63.8%)	(\$80,130)	(63.8%)	Cutter Court infrastructure loan paid off in FY 2020.
Capital Outlay	610	\$29,500	\$29,500	\$260,975	\$231,475	784.7%	\$231,475	784.7%	<p>Increases: Capital outlay – equipment: \$200,000 / new Capital - improvements: \$31,475 / 107%</p>
TOTAL STORM WATER FUND		\$335,225	\$396,365	\$532,330	\$197,105	58.8%	\$135,965	34.3%	