

“Getting our Heads out of the Sand”
Scott F. Dadson, City Manager
City of Beaufort, SC
072009

The capital structure of local government is going in one direction: south. The recent negative growth trajectory following an unprecedented rise in revenue streams, caused by growth in housing and consumption, has created a far reaching, downward trending effect on the receipts of local and state governments.

For the past ten years, local governments have watched state legislatures cap property tax, levy limits, limit assessed values and invoke other growth restrictions. The result is a changed balance of a locality’s capital structures from dependable streams of income to economically sensitive revenue streams. The weak property tax revenue coupled with slowed or stalled growth of economically sensitive taxes and fees, such as business licenses, hospitality taxes, sales taxes, and permits, has reached the point where we are in a perfect storm of fiscal shortfalls. The extent of the duration of this downturn in the business cycle has the makings of a long and deep trough.

While local leaders discuss lack of revenues from the State, these same leaders rarely focus on what they do control: costs. We are not taking the cost structure, or expense and liability side, of our financials seriously enough. And until we do, no one will—or should—take us seriously. The only way out of this fiscal meltdown is not, as suggested in the movie “Jaws,” to get a bigger boat. Rather, the way out it is to recognize that our capital structure (revenues) is out of balance and in need of overhaul *and* that our response must be the prioritization of the cost of public services. Those services need full examination and response.

Any other response, such as recommendations to increase partnerships, decrease capital, eliminate travel, focus on strategic plans, institute furloughs, enact pay reductions, and the similar recommendations we’ve heard or read from other local leaders are, at best, short term fixes or, at worst, simply forestalling the inevitable. Short term fixes mask the real problems and the real solutions.

These solutions may work in a very limited sense, make us feel as if we are in this together, but, they ignore the extent and depth of this current crisis.

Local government cannot deficit spend (the effect of balanced budget rules), nor can they issue debt to maintain revenue flows, nor do they have options in raising revenues. What we do have, instead, is an opportunity to turn the crisis into opportunity. “Local leaders can use hard times to pursue organizational change or shed outmoded business practices.”¹ As Rahm Emmanuel said, “Don’t waste a good crisis.” Let’s not.

¹ “Navigating the Fiscal Crisis: Tested Strategies for Local Leaders,” Gerald J. Miller and James H. Svara Editors, Arizona State University, Alliance for Innovation, Jan 2009

In listening to local leaders try to problem-solve their way out of our current crisis, I listened for, but didn't hear, any discussion regarding the need to look at our services and ask ourselves the tough questions such as "do we need to do this service?" "If we do, does it need to cost what it does?" "What happens if we deliver the service differently?" "What happens if we eliminate it altogether?"

It is time for a "true-ing up" and prioritization of our public services that will garnish the attention we need from the electorate and our legislators in the Statehouse. It is time to improve government, now.

Our current problems, as cities and states, began before the current economic crisis. The "growth at all costs" outlook has now served us an unpleasant surprise on this side of the business cycle. Ken Miller's book entitled "We don't make widgets" puts our past and current situation as local governments in perspective: "Government is a bunch of hardworking people, trapped in dysfunctional systems, who produce invisible things for people who do not want them, on behalf of others who do, for reasons we rarely articulate and can hardly measure. The key to improving government is to improve its factories (its systems)"² We have, during this downturn in the business cycle, an opportunity to prioritize and shift resources where they do the most good.

What we shouldn't be doing:

We shouldn't rely short-run actions such as furloughs, pay cuts, capital and o/m hold outs. These are short-term. We may have to use them, but they won't fix the fundamental problem.

We shouldn't run to the State or Federal government for assistance. Though one could argue that their policies and laws helped get us in the current chaotic state, the truth is that local government is going to have to lead the way to show how good government can happen.

We shouldn't rely on Strategic Planning in its most mis-used sense to "plan us out of the problem." Simply put, planning doesn't work well "with unstable, unpredictable situations or quantum change in the organization."³

If short-run solutions and strategic planning are the local leaders "go to" position, then, like the stimulus package, we will get a time inconsistency problem that will have little impact and cost much.

² "We don't Make Widgets; Overcoming the Myths that keep government from radically improving," Ken Miller, 2006, Governing Books

³ "The pitfalls of Strategic Planning," Henry Mintzberg, California Management Review; Fall 1993; 36,1

What we should be doing:

Utilize Strategic Perspective. The strategic perspective for cities is to see the systems and radically improve. The strategic perspective focuses on two objectives: 1) to remain credit-worthy and profitable; and, 2) to identify the widgets and systems and improve same for our customers (users of the widget) for the benefit of our investors (taxpayers). Strategic perspective and learning on these two (2) objectives is required to deal with what Moody's US Public Finance calls "significant credit quality deterioration." More specifically, "those localities that have gone into this cycle with narrow financial reserves, limited revenue raising flexibility, structurally imbalanced budgets, economically volatile revenue streams, and/or weak management"⁴ face an uncertain future.

So, what are the strategic perspective and their tactical objectives? With regard to protecting credit quality of our cities, management must:

1. Protect the cash. "The most straight-forward and yet the most overlooked objective for achieving fiscal health is establishing an appropriate level of reserves and then monitoring those reserves to ensure they are maintained."⁵
2. Lower our cost structures beyond one fiscal year into a three (3) year program
3. Be transparent with our financials so that our investors (taxpayers) and creditors know the score
4. Use this downturn to fix our work systems
5. Establish alignment between ongoing sources and ongoing issues⁶
6. Create investment strategies for the upturn in the business cycle

Our management teams and elected leaders need to ask themselves and their staff's "five (5) important questions" in the strategic learning process:

1. What results are we trying to achieve?
2. How would we know if we were achieving them?
3. What Strategies are we using to achieve the results?
4. Are these strategies working?
5. What do we need to do differently to achieve our results?⁷

Of Silos, Fiefdoms, and Neighbors:

⁴ "Impact of the Credit Crisis and Recession on Local Governments," Moody's U.S. Public Finance, Special Comment, December 2008

⁵ "Leading the way to fiscal health," Jon Johnson and Chris Fabian, Government Finance Review, December 2008

⁶ "Leading the way to fiscal health," Jon Johnson and Chris Fabian, Government Finance Review, December 2008

⁷ "We don't Make Widgets; Overcoming the Myths that keep government from radically improving," Ken Miller, 2006, Governing Books

In order to achieve this strategic perspective, management and elected leaders need to tie their efforts together, communicate on them, and be vigilant over them. More importantly, do not as managers and elected leaders be lured into doing what has always been done. Stop for a moment; listen for those who are not assisting in finding the way forward. You'll hear them.

They are, usually department heads or managers, who would rather see efforts for change fail. They would rather protect the status quo. They fear change as a loss of turf. They are used to using crises as opportunity to gain ground to benefit their own silo or fiefdom. The influence of the few (we all have them, in every city, large and small) should not deflect us from what is right. These groups keep us from dealing with the issues at hand. You may find, as other leaders have found, that in times of change, organizations cannot afford to retain those whose work is targeted at weakening the overall organization. A decision to terminate these individuals, after working diligently and failing to educate them, is painful; however, one must protect the organization's viability from those individuals who concern themselves only with their individual or department's success at the expense of the whole. Termination is hard—you often run into former employees and managers at the grocery store; however, failure to make these tough decisions dilutes actions designed to strengthen the organization.

Back to the Big Questions:

Do we need to do this service?

How do we know?

How are the results measured?

What does it cost?

Are there alternative ways to deliver the service?

What would happen if the service disappeared?

If you did "it" differently, could you reduce the cost and improve the service?

I'm reminded of a sign in a local print shop. Three words appeared in alphabetical order: "Cheap," "Fast," "Quality." The remaining print directs the customer to choose any two. But, those currently succeeding in business looked at the three words differently and rephrased the option to: "how can an organization achieve "cheap, fast, and quality." Think amazon.com.

How we're working Through the Questions, the Beaufort Perspective:

The City of Beaufort began the process of "getting its financial house in order" after reviewing its 2006 Audit process. After cleaning up our chart of accounts, we created a very clean set of books that we could manage from. This allowed us to fine tune the budget process and lower our overall operating costs by 10%. More importantly however, we created 5 year financial policies, Fund Balance Reserve and other cash management policies.

During the summer of the 2008 Fuel Crisis, the executive staff for the City began a process of prioritizing our services in order to save money on energy. Energy savings were a good excuse to drill down on costs throughout the whole of the organization as to how they matched inflows with outflows.⁸ The report at that time began the process of asking about the necessity of what we do and how we do what we do, as well as, what we can do without. “While this is a request for a report on fuel usage, it is really a report on the types of (and the way in which) public services are provided and their prioritization. While much has been done and will continue to be done to put the City’s financial house in order, our costs controlled, and our financial planning managed, the heart of the issue of dealing with the current cost of fuel is a shift in our way in which we deliver essential governmental services.”⁹ This started the process of understanding our costs and prioritization of our service levels.

Albeit far from a perfect process, the City of Beaufort has been attempting to engage in a strategic perspective and learning process. The addition of an excellent senior staff (made up of the CFO, HR Director and City Comptroller) allowed us to hone in on this learning process with department heads and outside agencies to lower our cost structure and thus keep the City credit-worthy and profitable. At the beginning of the FY 10 Budget Process, City Council began the process of prioritizing public services and asking the “Five Questions.”

The Cost Structure of the City of Beaufort is similar to most Cities in South Carolina and Certainly within our region. It is heavily people and benefit oriented, and longevity driven. While individually this may not appear to be very costly (some folks make very little for their very hard work), in the aggregate it is very costly. During our review of energy usage this past summer, the price shock did not last long enough for the behaviors of our organizations to change.

This all changed in September 2008, when we were given a new, different reality in the economy when the Worlds’ Financial markets collapsed. This collage and the continued fallout affect on our economy, provides us all the opportunity to look at our service delivery priorities and the cost structures of our organizations.

After the first quarter, Management took actions including hiring freezes, capital expenditure freezes, and line by line reviews to find redundancies and eliminate some waste. While this worked, we recognized the need to go further. Management asked departmental managers to review their service delivery priorities and find an additional 5% in cost savings. Further, these savings needed to be in people and needed to be tied to the essentiality of providing their primary services. Management developed a dashboard to articulate the priorities and to measure the results (www.cityofbeaufort.org/finance).

⁸ “Energy Crisis is not really a crisis. It is the new paradigm shift in the delivery of essential governmental services.” Directive to Staff, Scott Dadson, City Manager, City of Beaufort, June 13, 2008

⁹ *ibid*

FY 2008 GENERAL & PARK FUNDS EXPENDITURE MIX

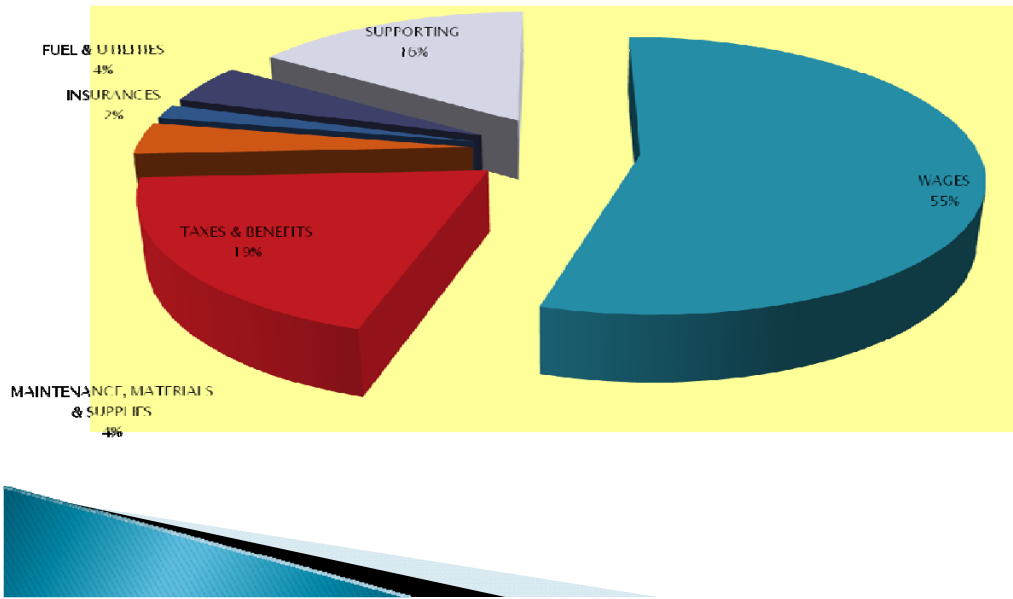


Figure 1. Cost Structure for City of Beaufort, FY 09FQ

THE DATA BASE

CIP FOCUS ON LEVERAGING CAPITAL ASSETS IN RELATION TO OPTIMUM STAFF LEVEL AND LOWEST POSSIBLE OPERATING COSTS

PRIORITIES OF SERVICE COSTS	OPTIMUM STAFF LEVEL		CURRENT STAFFING LEVELS			
	OPTIMUM STAFF LEVEL	CURRENT	BUDGET REDUCTIONS	CURRENT		
PUBLIC SAFETY	100.00					
RISK MANAGEMENT EXPOSURE		149.75				
SANITATION AND HEALTH						
MARKETING AND VISIBILITY						
	TARGETED ADJUSTMENT	49.75				
			CITY-WIDE TOTALS	165.00	(15.25)	149.75
			VARIANCE FROM BUDGET			
			POLICE	60.00	(4.00)	56.00
			FIRE	39.00	(3.00)	36.00
			PLANNING	10.00	(4.00)	6.00
			FINANCE	7.00	(1.00)	6.00
			COURTS	7.00		7.00
			PUBLIC WORKS	36.00	(3.00)	33.00
			CITY MANAGER	6.00	(0.25)	5.75
			TOTAL VARIANCE	0.00	(15.25)	0.00

PRIORITIES OF OUTCOMES	AVENUES TO OPTIMUM STAFFING LEVELS	
PROTECT CASH POSITION	OUTSOURCING	
FRONT LINE ESSENTIAL SERVICES	FRANCHISING	
REDUCE RISK EXPOSURE	JOINT SERVICE DELIVERY	
DELIVER CORE SERVICES AT LOWEST PER RESIDENT COST	ELIMINATION OF SERVICES	

Figure 2. Managers Financial Crisis Dashboard FY 09

The City of Beaufort has a Capital Structure where the non-residential property owner, business license payer, and visitor pay the freight of public services. Because of this structure, we applied fixed cost against economically sensitive revenues such as business income, A-Taxes and Hospitality taxes. Also, because of caps on property taxes, when these other revenue streams trend downward, local governments have very little in the way of options regarding their Capital Structure except to look at their own service delivery priorities. This is not necessarily a bad thing.

FY 2008 GENERAL & PARK FUNDS REVENUE MIX

Beaufort, Port Royal, Bluffton & Hilton Head Combined Revenue Mix

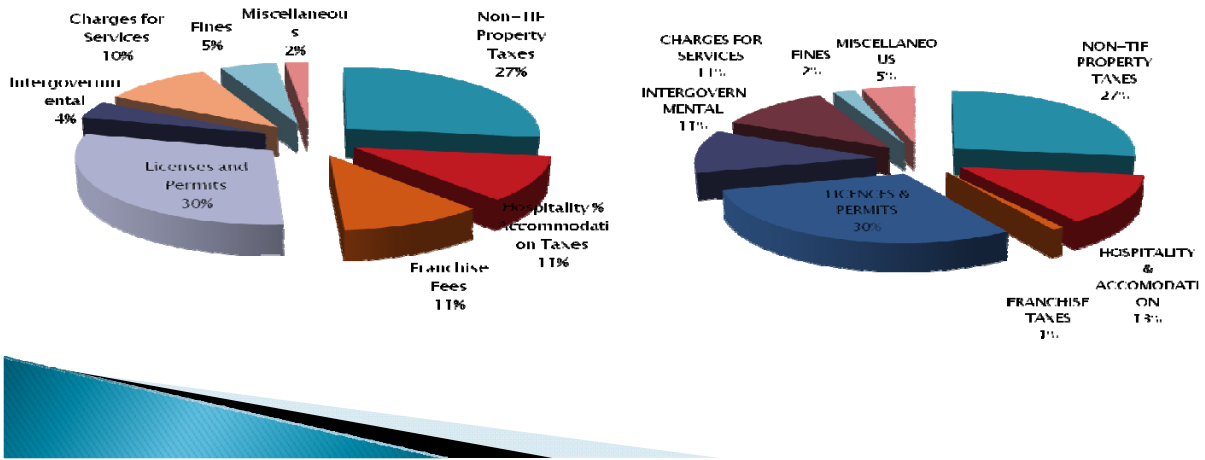


Figure 3. 2008 Revenue Mix compared to region mix

By the end of the second quarter, we had begun to see the need to look at planning and inspections department. There was simply no business walking in the door. Through attrition and layoffs we lowered the cost structure moving forward. Secondly, Management froze, for the balance of the current fiscal year all current and any new position openings. Management also “encumbered” spending line items to ensure control on spending for necessary expenditures only, which resulted in @\$500,000 in real savings.

At the beginning of the third quarter, we announced that we would further efforts to reduce staff and increase outsourcing as well as creating other partnerships to reduce cost and redundancies. The City offered a retirement buyout program to qualifying employees as a way to lower cost while still keeping some flexibility in filling needs at a later time. The end of the third quarter discussions were around what moves would need to be done in the fourth quarter, which might result in further staff reductions as well as non-essential service elimination in the current fiscal year to keep our budget afloat, our cash position protected and essential services funded. The Management team also concentrated on controlling risk-exposures in Workers Comp for an additional \$120,000 in savings.

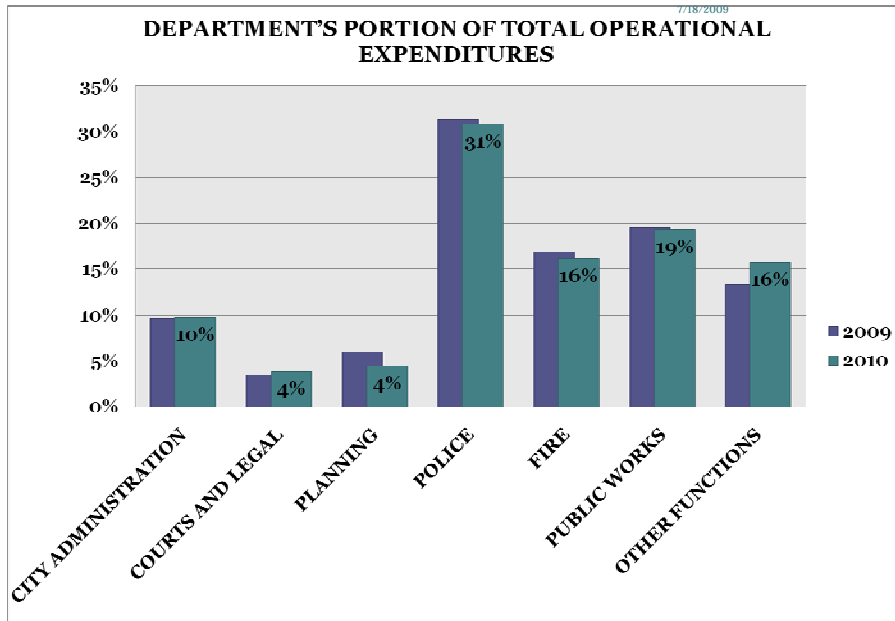


Figure 4. Current Cost Structure, City of Beaufort FY 2009 v. 2010

BALANCING SOLID WASTE FUND

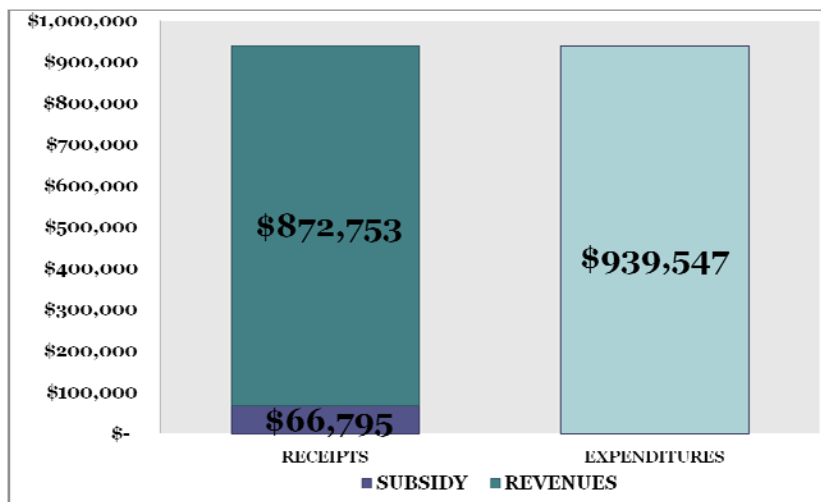


Figure 5. Cost Structure of Solid Waste Prior to Outsourcing

As we move forward:

City Council met in March to discuss prioritization of service delivery to include some service elimination. The strategic intent of this retreat was to identify our service prioritization. The Drivers for City Council, focused on Creditworthiness, Profitability, Stewardship, and Quality of Living. While it is easy to get our head around Stewardship and Quality of living, it is not so easy to understand Creditworthiness and Profitability.

Creditworthiness, or the viability of the organization, can best be framed by what causes its quality deterioration. A local government's creditworthiness can deteriorate because of narrow financial reserves; limited revenue raising flexibility; structurally imbalanced budgets; economically volatile revenue streams; and, weak management.¹⁰ In the City of Beaufort, we maintain a 41% Fund Balance and have a strong management.¹¹ The adoption of policies for fund balance, account management, and a strong financial management team has focused City Council on their cash flows and other budget administration issues. The City Council regularly amends the budget to current conditions, creating an actual budget that eliminates some variances. Items out of City's Council control are those issues related to their inability to raise revenues (either because of state imposed caps and the City is at the maximum it can tax in business licenses) and economically volatile revenue streams such as Accommodations and Hospitality Taxes.

Profitability is a foreign and somewhat misunderstood concept in government. "To say we're not here to achieve a profit is akin to saying we're not here to achieve results... Profits (our outcomes) are the reason we exist- period. When we are not focused on results, we get bogged down with how we do things (our policies, procedures, and processes) and forget to ask why we are doing them in the first place."¹² For us in local government results or more specifically, desired results are the profit. Profitability therefore is a built-in incentive to improve. The Beaufort City Comptroller puts this in perspective when he states that "without a profit there is no mission." For local government therefore, this built-in incentive to improve is under girded by a mission for results.

Mr. Millers take on this, in this current economic climate however, falls short on understanding how ones creditworthiness plays into it. Peter Drucker helps us to understand profit and its role in our mission when he explains that "profit is not the explanation, cause, or rationale of business behavior and business decisions, but rather a test of their validity."¹³ But more to the point, Drucker calls profit "the cost of the future." When we understand that profit in the public sector is more about desired results, and just stop there, we fall short. When we think of profit as the cost of the

¹⁰ "Impact of the Credit Crisis and Recession on Local Governments," Moody's U.S. Public Finance, Special Comment, December 2008

¹¹ "Management Discussion and Analysis; Comprehensive Annual Financial Report," June 30, 2008, City of Beaufort

¹² "We don't Make Widgets; Overcoming the Myths that keep government from radically improving," Ken Miller, 2006, Governing Books

¹³ "The Essential Drucker," Peter F. Drucker, Collins Business Essentials, 2001, p.18

future, we can take profit and considers its implications with creditworthiness. (For more on the issue of profitability, please see Appendix A to this report)

To help the City Council focus on their public service priorities, we helped them to focus on what it means to be Creditworthy and Profitable. In order to do this within a narrowly defined area of “core and investment services”, we prepared a series of Decision Standards (Appendix B). City Council honed in on Public Safety to include police, fire, codes, and streetlights; those things that give us a distinctiveness such as our parks, arts and culture, our environment; and Public Services such as sanitation, development services, streets; as their top priorities.

Council had been working on issues of cost and revenues for over a year. In addition, they were engaged in the comprehensive planning process for the City as well as more regional approach to planning in the Northern Area Plan¹⁴, City Council was able to move forward on several projects and studies focused on their priorities. With regards to Cost Structure, Council engaged in an ICMA (International City Managers Association) study on Police/Fire/EMS services; Outsourcing Residential Solid Waste and Mowing Services; and an City Operations plan (FY 2010 Budget) that leans forward into the headwinds that are 25% less than the previous year’s budget.

FIVE YEAR OUTLOOK 2011-2015

- EXPIRATION OF THE TIF I TAXING DISTRICT
- NO GROWTH IN ASSESSED REAL ESTATE VALUES
- CONTINUING DOWNWARD PRESSURE OF BUSINESS LICENSE REVENUE
- SLIGHT REBOUND IN VEHICLE PROPERTY TAXES
- NO RESTORATION OF STATE SHARED REVENUES
- UPWARD PRESSURE ON WAGES, TAXES AND BENEFITS
- INCREASING PRESSURE TO REPLACE AGING FLEET
- SLIGHT INCREASE IN THE PER-ROOM ACCOMODATION TAX REVENUES
- SLIGHT GROWTH IN HOSPITALITY TAX REVENUES

Figure 6. Five Year Outlook for the City of Beaufort

¹⁴ <http://www.bcgov.net/Planning/documents/NorthernBeaufortCountyPlan6-28-07.pdf>

In reviewing our Capital Structure, the City Council is focusing on how to engage those opportunities for investment in our future. Outcomes of their spring retreat are an effort to review the components of our business license program to see where we can incentivize and grow, where we can better regulate, where can best deregulate, and as such encourage investment. We have asked our redevelopment and housing organizations to find ways to improve housing conditions, business conditions, and where they can work better together within a “...a coherent and supportive physical framework” (CNU, Charter) of the public good.

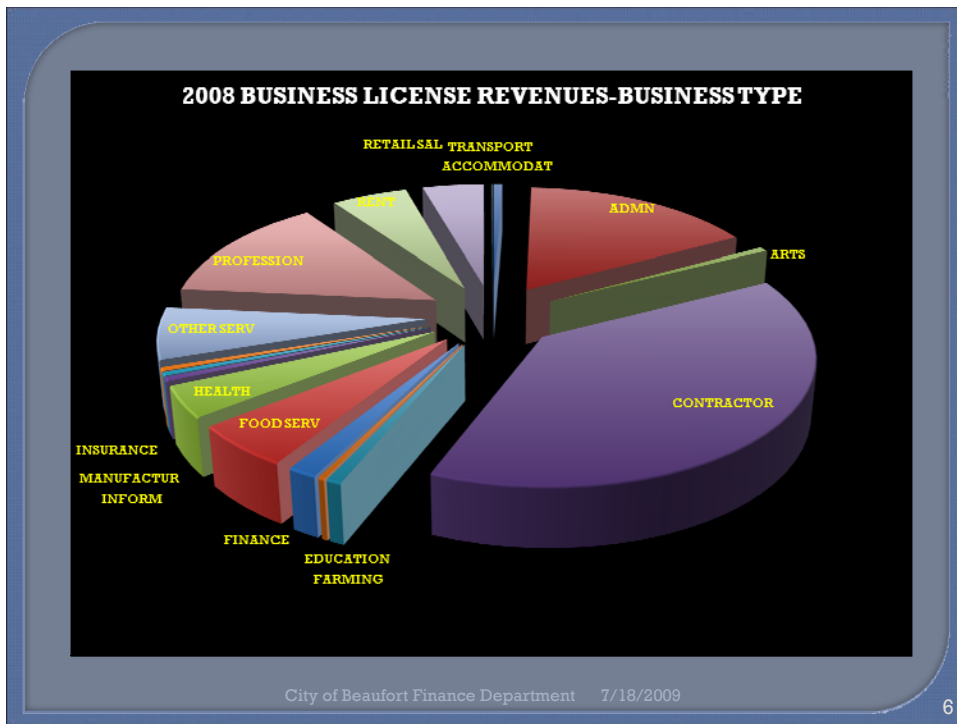


Figure 7. Breakdown of Business Categories as they relate to Business License Tax. Source City of Beaufort

While this exercise has been far from perfect, it has been necessary to lower our costs in the short run and start the strategic learning process that Ken Miller so eloquently states as the need in government to be less outcome measurement and more outcome thinking oriented, less strategic planning oriented and more strategic thinking oriented.¹⁵ When profit (our outcomes) becomes our mission, management can work to improve the systems of work and City Council can then shift resources where they do the most good. Both groups can accomplish this because of the incentive of results and questioning why we do what we do.

Our ability to show fiscal restraint, service prioritization, and understanding of our cost structure, is imperative in showing our citizens and our legislature that we are indeed

¹⁵ “We don’t Make Widgets; Overcoming the Myths that keep government from radically improving,” Ken Miller, 2006, Governing Books

competent enough to control our own revenues. The baby sitting that our legislature provides for us (much to the chagrin of what is supposed to be a home rule state), while short sighted and immature, can only be challenged by our understanding of cost. We need to work hard to have a strategic perspective, to remain credit-worthy and profitable; and, to identify the widgets and systems and improve same for our customers (users of the widget) for the benefit of our investors (taxpayers), which together make up our cities.

Scott Dadson, City Manager
City of Beaufort, SC

Credits: The charts found in this presentation were made by Mack Cook, Finance Director for the City of Beaufort. Many thanks to him, his amazing quarterly reports, as well as Shirley Hughes, Assistant City Manager and CFO and to Dr. Kim Foxworth, Director of Human Resources for the City for helping to make the strategy of creditworthiness and profitability a possibility for the City.

Disclaimer: This paper represents the views of its writer only. It does not intend to represent the views of the City of Beaufort, its employees, elected officials, officials, or citizens.

Appendix A.

Net Present Value in Local Government.

Scott Dadson, 2009

In finance, there is the process of making decisions today based upon the futurity of cash flows (inflows and outflows) called the net present value (NPV). The net present value compares the value of a dollar today to the value of the same value of dollar in the future, taking inflation and returns into account. More importantly, it considers the cost of the future on decisions we make today. It is with this linkage, that we need to better define our definition of profitability especially as it relates to creditworthiness. Cost is inherent in both risk and in un-risky situations.

I am using the following definition of profit:

Profit = desired results = the net present value of a decision (cost of the future)

In business as in government, there are projects. Capital Budgeting is the affect of the cost of doing something like building a park, a city hall, or a fire station. In business however, a project may take place, have a positive NPV, and be fungible, but, during the process, market conditions may change, acquisitions may be made, or management may elect to change course. In this process of decision, businesses go beyond the NPV into real options. They do this because normal capital budgeting does not account for what happens once the project is in place and what conditions may cause future cash flows to increase or decrease. Business finance categorizes these options (Real Options) as Investment Timing Options; Growth Options; Abandonment Options; and, Flexibility Options.

Local governments rarely think about the increase or decrease in cash flows as a result of a project or increase in public services (we are mainly concerned with costs here). How many times has a building been built and much to the surprise of the elected officials, they find out they need to maintain the assets, pay for upkeep of utilities, or even staff it (for a funny story, see how Jasper County built fire stations in some growth areas but didn't consider how to staff them). Using a net present value in a decision process is one step towards profitability. It also ties our creditworthiness to profitability. Real Options simply give us a decision process in which to consider the cost of our decisions and to further challenge the notion of why we do what we do, with regards to public services

When business makes a financial decision as to the value of taking on a project, venture, acquisition, it considers the net present value of its decision. Further, using decision tree analysis and options modeling, we can make better decision regarding our investments in public services. In other words, it uses a discounted cash flow model, options, and a discount rate to see if the decision made today and its futurity has a positive net value for our taxpayers. Why don't we do this in government?

Appendix B.

From City Councils 2009 Retreat as facilitated by Dr. Camille Miller

1. Economic Sense?
2. Who does this serve?
3. Who is paying for it?
4. Are we (am I) willing to take the heat for this b/c it is right?
5. Is now the time to change it?
Is it only because of today's crisis?
Or does it apply to 2, 3, 4 etc
6. 13K city residents sponsoring services for 40 K people outside of our jurisdiction.

Council further developed “drivers” to influence their decision making process. They are as follows:

1. Creditworthiness
2. Profitability
3. Stewardship
4. Quality of Life
5. Public Trust
6. Accountability

The Possible Outcomes of this process of prioritization are:

1. Contract out
2. County or State Responsibility
3. Abandon
4. Pass it over to the private sector
5. Other?
6. Must do ourselves

Police/Fire

Street Lights

Parks

Marina

Arts/History/Culture

Special Events

Planning/Zoning

Public Works

Appendix C. (Cost of Public Services per Resident. Prepared by Mack Cook, City of Beaufort Finance Director)

CITY OF BEAUFORT
2008 Financial Statement Analysis

Beaufort County Cities

	Port Royal, Beaufort, Bluffton, Hilton Head Island (COMBINED)							City of Beaufort (ONLY)	
	Fiscal Year							Fiscal Year	
	2001	2002	2003	2004	2005	2006	2007	2008	2008 Percentages
Revenue from Local Sources									
Current Property Taxes									
Current Real & Personal Property Tax	\$ 9,318,816	\$12,735,699	\$13,488,938	\$15,073,349	\$18,675,029	\$14,982,800	\$16,150,228	\$ 4,635,169	31%
Fee in Lieu of Property Taxes	\$ 62,135	\$ 6,819		\$ 10,246	\$ 3,864	\$ 10,478	\$ 10,550	\$ 25,657	0%
All Other	\$ 496,565	\$ 379,786	\$ 197,949	\$ 232,294	\$ 311,016	\$ 344,367	\$ 260,354	\$ 1,591,321	11%
Local Hospitality Tax	\$ 2,032,542	\$ 3,154,528	\$ 3,688,310	\$ 3,617,424	\$ 4,468,318	\$ 6,734,183	\$ 7,492,366	\$ 1,188,349	8%
Local Accommodation Tax	\$ 2,090,686	\$ 2,142,875	\$ 2,115,557	\$ 2,268,696	\$ 2,414,812	\$ 2,781,883	\$ 2,869,515	\$ 393,924	3%
Licenses, fees, Charges, Bonds, etc									
Licenses & Permits	\$11,525,443	\$12,574,436	\$14,139,651	\$15,613,780	\$17,734,169	\$18,406,221	\$20,342,744	\$ 4,221,588	28%
Service Revenue & Charges	\$ 5,242,559	\$ 4,495,094	\$ 4,439,267	\$ 4,783,587	\$ 5,520,390	\$ 7,429,862	\$ 8,963,137	\$ 2,225,467	15%
Miscellaneous	\$ 1,090,315	\$ 894,879	\$ 921,392	\$ 1,422,893	\$ 2,519,784	\$ 7,079,146	\$ 4,307,679	\$ 553,826	4%
Total Revenue from Local Sources	\$31,859,061	\$36,384,116	\$39,001,064	\$43,022,269	\$51,647,382	\$57,768,940	\$60,396,573	\$14,835,301	85%
					Per Resident Revenue		\$ 1,004.38		
Revenue from State Sources									
State-Shared Taxes	\$ 1,958,510	\$ 5,345,163	\$ 4,986,176	\$ 4,951,604	\$ 5,422,089	\$ 5,770,156	\$ 5,559,258	\$ 422,846	48%
Homestead Exemption	\$ 217,905	\$ 260,275	\$ 295,628	\$ 309,395	\$ 255,281	\$ 226,137	\$ 269,999	\$ 126,258	14%
State Grants	\$ 824,593	\$ 298,572	\$ 221,254	\$ 175,876	\$ 103,962	\$ 62,464	\$ 985,622	\$ 337,275	38%
					Per Resident Revenue		\$ 113.33		
Revenue from Federal Sources									
	\$ 438,952	\$ 979,494	\$ 149,018	\$ 205,681	\$ 221,597	\$ 897,280	\$ 1,505,388	\$ 998,354	6%
					Per Resident Revenue		\$ 25.03		
Revenues from Other Local Sources									
	\$ 304,294	\$ 701,727	\$ 983,053	\$ 872,540	\$ 1,079,038	\$ 1,278,248	\$ 2,542,548	\$ 741,467	4%
					Per Resident Revenue		\$ 42.28		
Total Revenue	\$36,603,315	\$43,969,347	\$45,646,193	\$49,537,365	\$58,726,349	\$66,003,225	\$71,260,531	\$17,461,501	100%
Expenditures									
General Government	\$10,264,554	\$11,563,238	\$14,275,905	\$14,923,429	\$14,987,374	\$17,812,611	\$19,089,210	\$ 3,460,543	16%
Public Safety	\$11,696,074	\$14,022,482	\$19,459,506	\$20,017,356	\$22,826,910	\$25,039,339	\$28,075,148	\$ 7,342,514	33%
Transportation	\$ 2,174,692	\$ 2,050,665	\$ 2,245,076	\$ 2,471,622	\$ 2,833,418	\$ 572,911	\$ 624,133		0%
Public Works	\$ 1,556,650	\$ 1,689,366	\$ 2,152,541	\$ 2,434,823	\$ 2,755,239	\$ 4,090,193	\$ 5,891,500	\$ 3,108,721	14%
Recreation and Cultural	\$ 3,050,031	\$ 1,872,791	\$ 1,695,269	\$ 1,291,505	\$ 2,376,734	\$ 671,004	\$ 1,041,343	\$ 101,360	0%
Debt Service/Interest on Debt	\$ 233,902	\$ 295,394	\$ 408,423	\$ 391,683	\$ 192,857	\$ 2,696,295	\$ 2,388,638	\$ 1,869,641	8%
Purchase of land & Facility Construction	\$ -	\$ 2,256,839	\$ 2,679,962	\$ 2,014,476	\$ 1,810,949	\$ 7,688,532	\$20,960,689	\$ 5,323,092	24%
All other (Beaufort--Recycling)	\$ -	\$ -	\$ -	\$ -	\$ 16,844	\$ 923,574	\$ 1,802,411	\$ 1,034,216	5%
TOTAL EXPENDITURES	\$28,975,903	\$33,740,775	\$42,916,682	\$43,544,894	\$47,800,325	\$59,494,459	\$79,873,072	\$22,240,087	100%
					Per Resident Expenditure		\$ 1,328.27		
SURPLUS/DEFICIT	\$ 6,627,412	\$10,228,572	\$ 2,729,511	\$ 5,992,471	\$10,923,024	\$ 6,508,766	\$ (8,612,541)	\$ (4,778,586)	-21%
	19%	23%	6%	12%	19%	10%	-12%		
					PERCENTAGE				