

# 2023 BUDGET PLANNING STUDY SESSION

---

**Presenters:**

**Malcolm Fleming, Town Administrator**

**Cassie Bethune, Finance Manager**

**Stefanie Furman, Finance Director**

July 19, 2022



# AGENDA

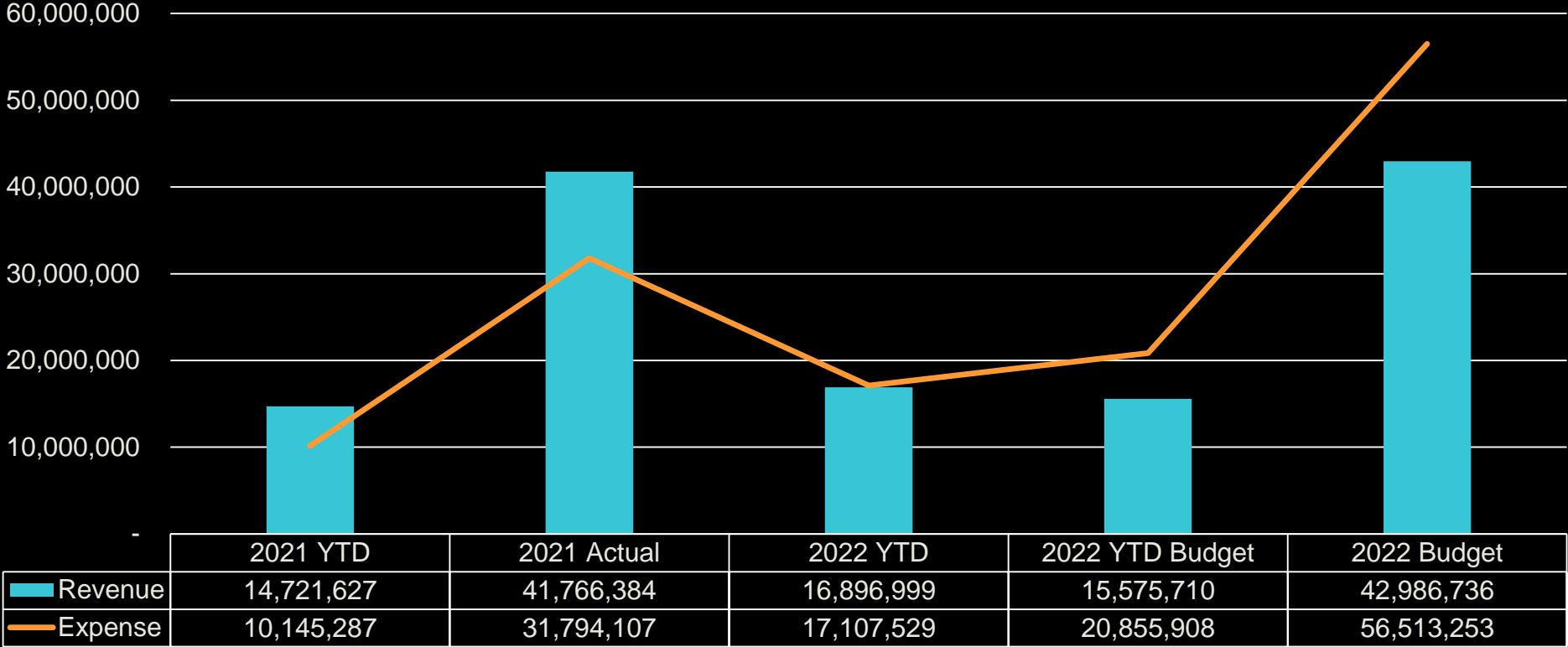
- 2022 Financial Information (as of May 31, 2022)
- 5 Year Revenue & Expenditure Forecast – General Fund
- ARPA Discussion
- Facilities Master Plan Funding Discussion
- Board Strategic Priorities
- 2023 Board Budget Priorities?

# **2022 FINANCIAL INFORMATION**

---

Revenue and Expenditure  
Data as of May 31, 2022

# GENERAL FUND REVENUES & EXPENDITURES AS OF MAY 31, 2022



# GENERAL FUND – PROPERTY TAXES AS OF MAY 31, 2022

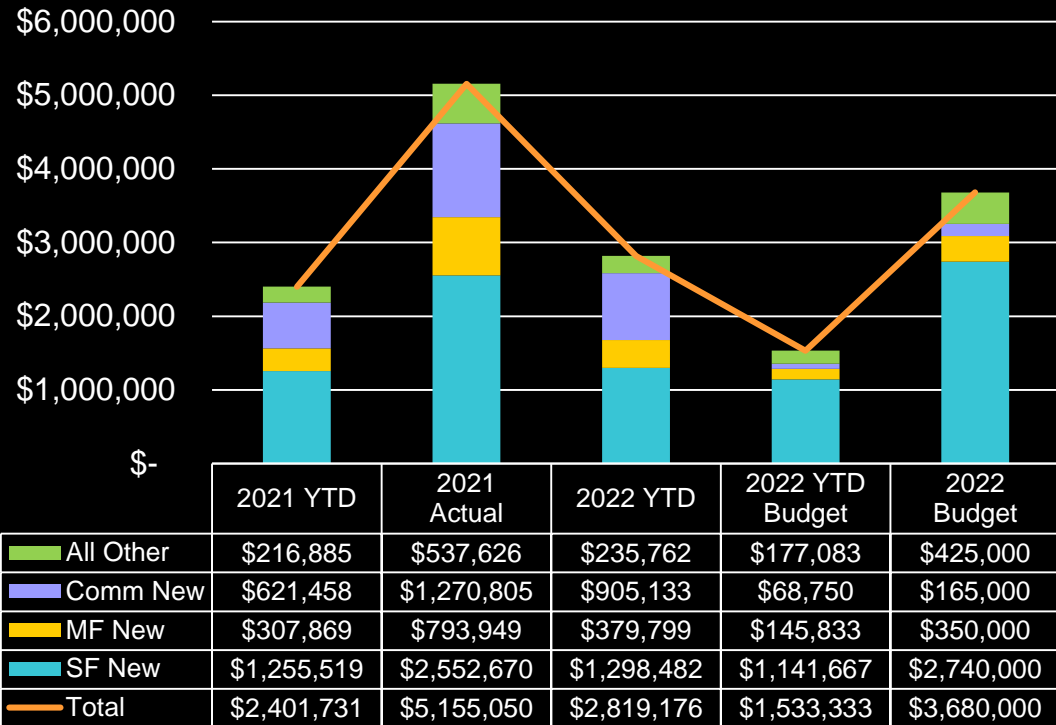


# GENERAL FUND - SALES TAX AS OF MAY 31, 2022

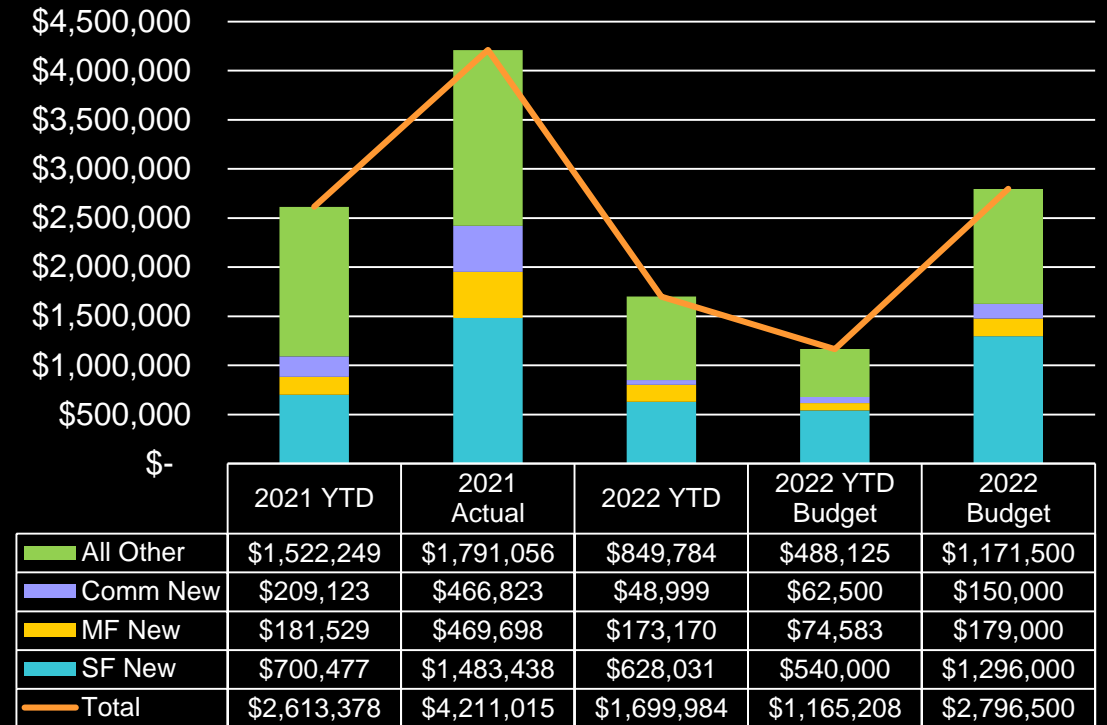


# GENERAL FUND - USE TAX & PERMIT REVENUES AS OF MAY 31, 2022

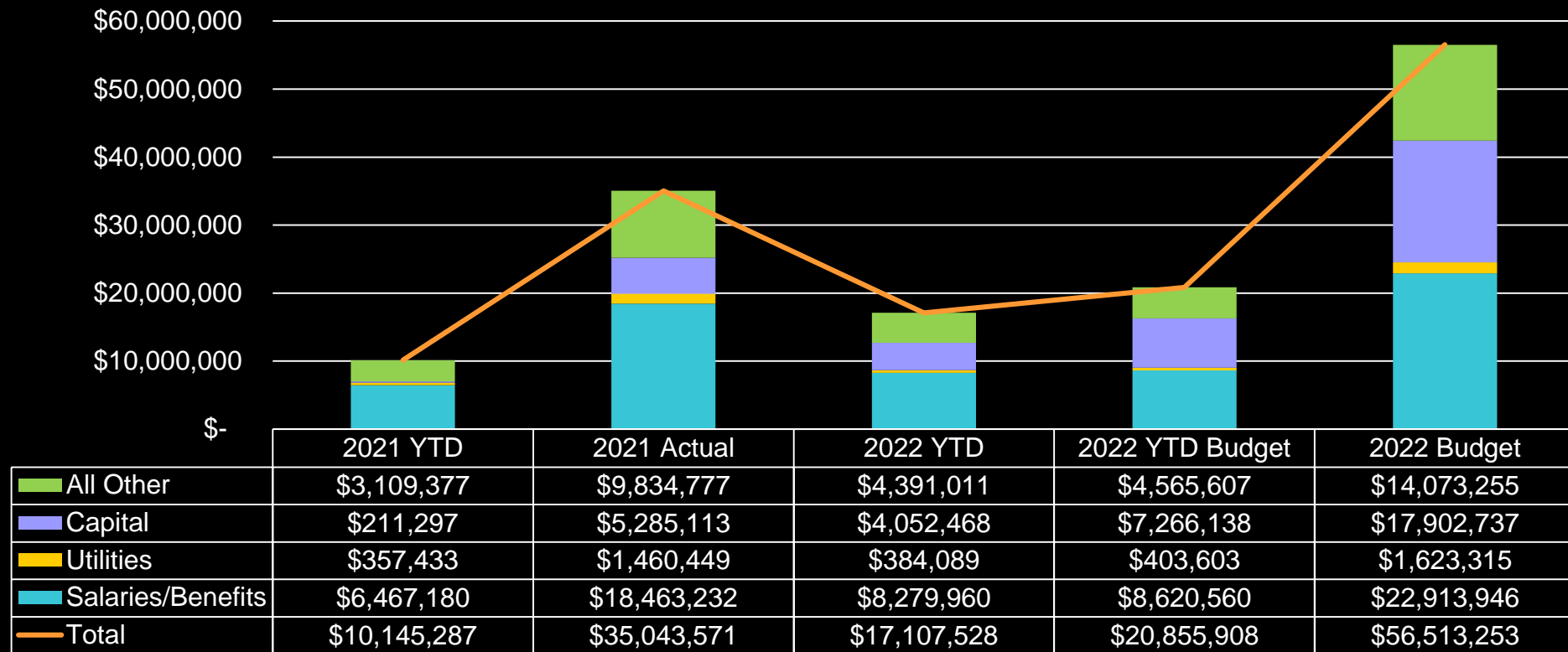
## Use Tax



## Building Permits



# GENERAL FUND EXPENDITURES AS OF MAY 31, 2022





# **FINANCIAL FORECAST**



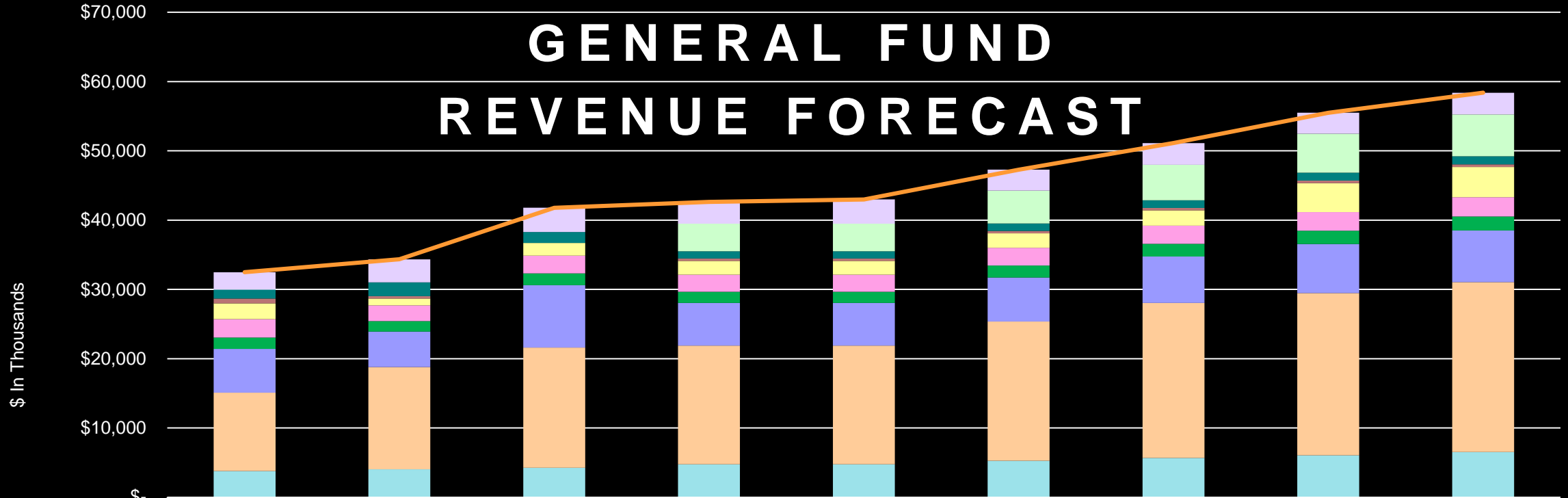
Focus on the General Fund

# GENERAL FUND FUND BALANCE FORECAST



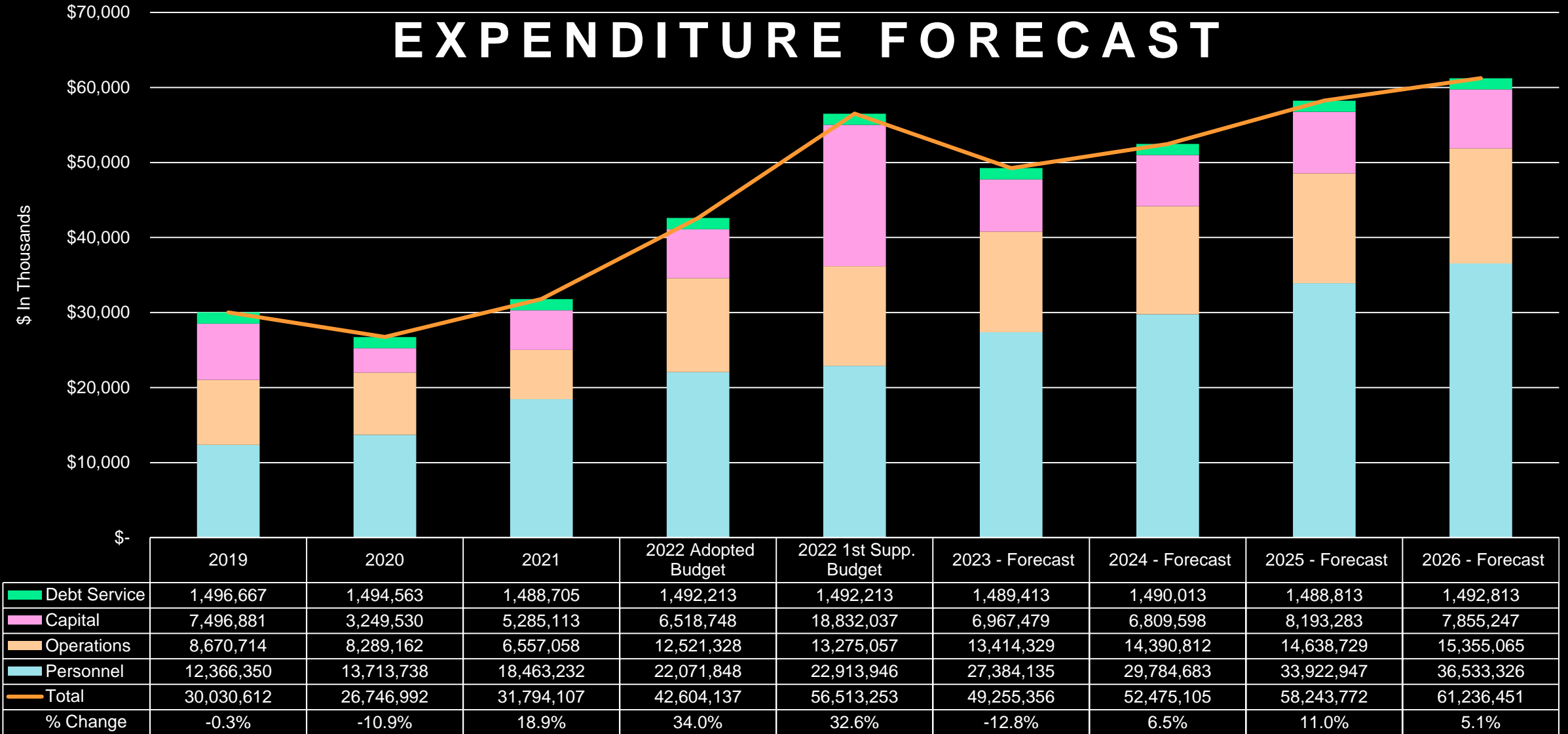
|  | 2019       | 2020       | 2021       | 2022<br>Adopted<br>Budget | 2022 (1st<br>supp.) | 2023 - Forecast | 2024 - Forecast | 2025 - Forecast | 2026 - Forecast |
|--|------------|------------|------------|---------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|
| Revenues   | 32,732,731 | 34,350,504 | 41,766,384 | 42,614,136                | 42,986,736          | 47,280,002      | 51,113,498      | 55,497,794      | 58,389,542      |
| Debt   | 1,495,947  | 1,494,563  | 1,488,705  | 1,492,213                 | 1,492,213           | 1,489,413       | 1,490,013       | 1,488,813       | 1,492,813       |
| Operating Expenditures                           | 25,552,782 | 22,002,899 | 25,020,290 | 34,593,176                | 36,189,003          | 40,798,464      | 44,175,494      | 48,561,676      | 51,888,392      |
| Capital  | 3,231,881  | 3,249,530  | 5,285,113  | 6,518,748                 | 18,832,037          | 6,967,479       | 6,809,598       | 8,193,283       | 7,855,247       |
| Ending Spendable FB                              | 21,842,179 | 29,013,060 | 40,190,864 | 22,080,287                | 26,892,269          | 24,516,460      | 23,721,593      | 20,673,256      | 17,574,193      |
| Minimum FB needed                                | 13,888,196 | 13,000,725 | 13,755,072 | 16,148,294                | 16,547,251          | 17,699,616      | 18,543,874      | 19,640,419      | 20,472,098      |
| FB as % of Non-capital/<br>non-debt expenditures |            | 132%       | 161%       | 64%                       | 74%                 | 60%             | 54%             | 43%             | 34%             |

# GENERAL FUND REVENUE FORECAST

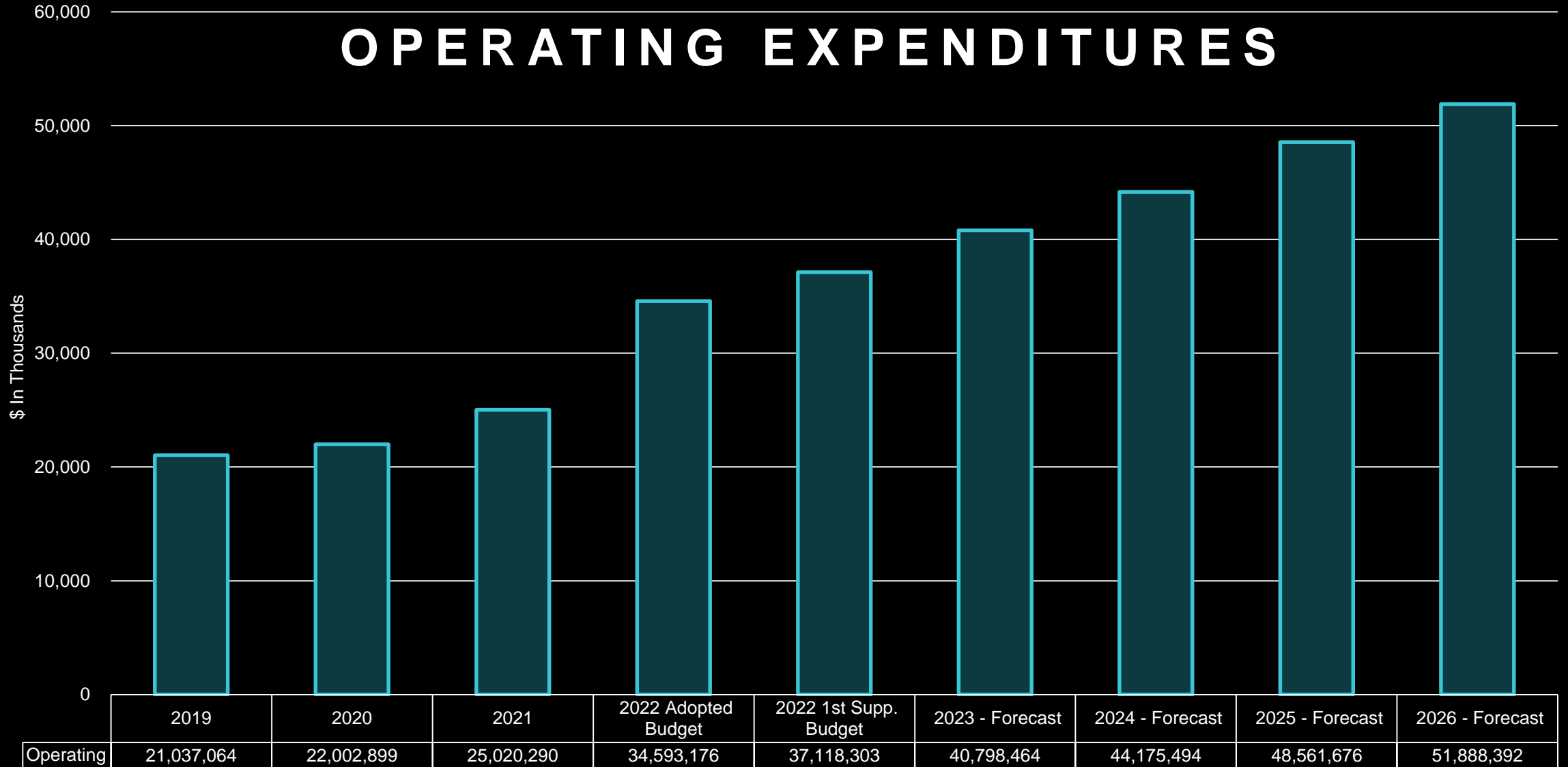


|                     | 2019            | 2020            | 2021            | 2022 - Adopted Budget | 2022 - 1st Supp. | 2023 Forecast   | 2024 Forecast   | 2025 Forecast   | 2026 Forecast   |
|---------------------|-----------------|-----------------|-----------------|-----------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| All other           | \$2,511         | \$3,325         | \$3,493         | \$3,123               | \$3,496          | \$3,008         | \$3,115         | \$3,025         | \$3,130         |
| Administrative Fee  | 0               | \$0             | \$0             | \$3,992               | \$3,992          | \$4,750         | \$5,130         | \$5,640         | \$6,050         |
| O&G-related         | \$1,304         | \$1,985         | \$1,586         | \$1,050               | \$1,050          | \$1,078         | \$1,107         | \$1,138         | \$1,169         |
| Investment income   | \$694           | \$366           | -\$18           | \$325                 | \$325            | \$335           | \$345           | \$355           | \$366           |
| Recreation fees     | \$2,264         | \$970           | \$1,820         | \$2,000               | \$2,000          | \$2,100         | \$2,205         | \$4,167         | \$4,376         |
| Landfill fees       | \$2,663         | \$2,267         | \$2,584         | \$2,475               | \$2,475          | \$2,549         | \$2,624         | \$2,702         | \$2,783         |
| Misc. taxes         | \$1,643         | \$1,519         | \$1,693         | \$1,594               | \$1,594          | \$1,757         | \$1,838         | \$1,923         | \$2,012         |
| Development-related | \$6,307         | \$5,124         | \$9,006         | \$6,156               | \$6,156          | \$6,333         | \$6,712         | \$7,077         | \$7,442         |
| Sales tax           | \$11,317        | \$14,759        | \$17,335        | \$17,125              | \$17,125         | \$20,081        | \$22,352        | \$23,406        | \$24,522        |
| Property taxes      | \$3,781         | \$4,035         | \$4,267         | \$4,774               | \$4,774          | \$5,289         | \$5,685         | \$6,063         | \$6,539         |
| <b>Total</b>        | <b>\$32,483</b> | <b>\$34,351</b> | <b>\$41,766</b> | <b>\$42,614</b>       | <b>\$42,987</b>  | <b>\$47,280</b> | <b>\$51,113</b> | <b>\$55,498</b> | <b>\$58,390</b> |
| % Change            | 6%              | 6%              | 22%             | 2%                    | 1%               | 10%             | 8%              | 9%              | 5%              |

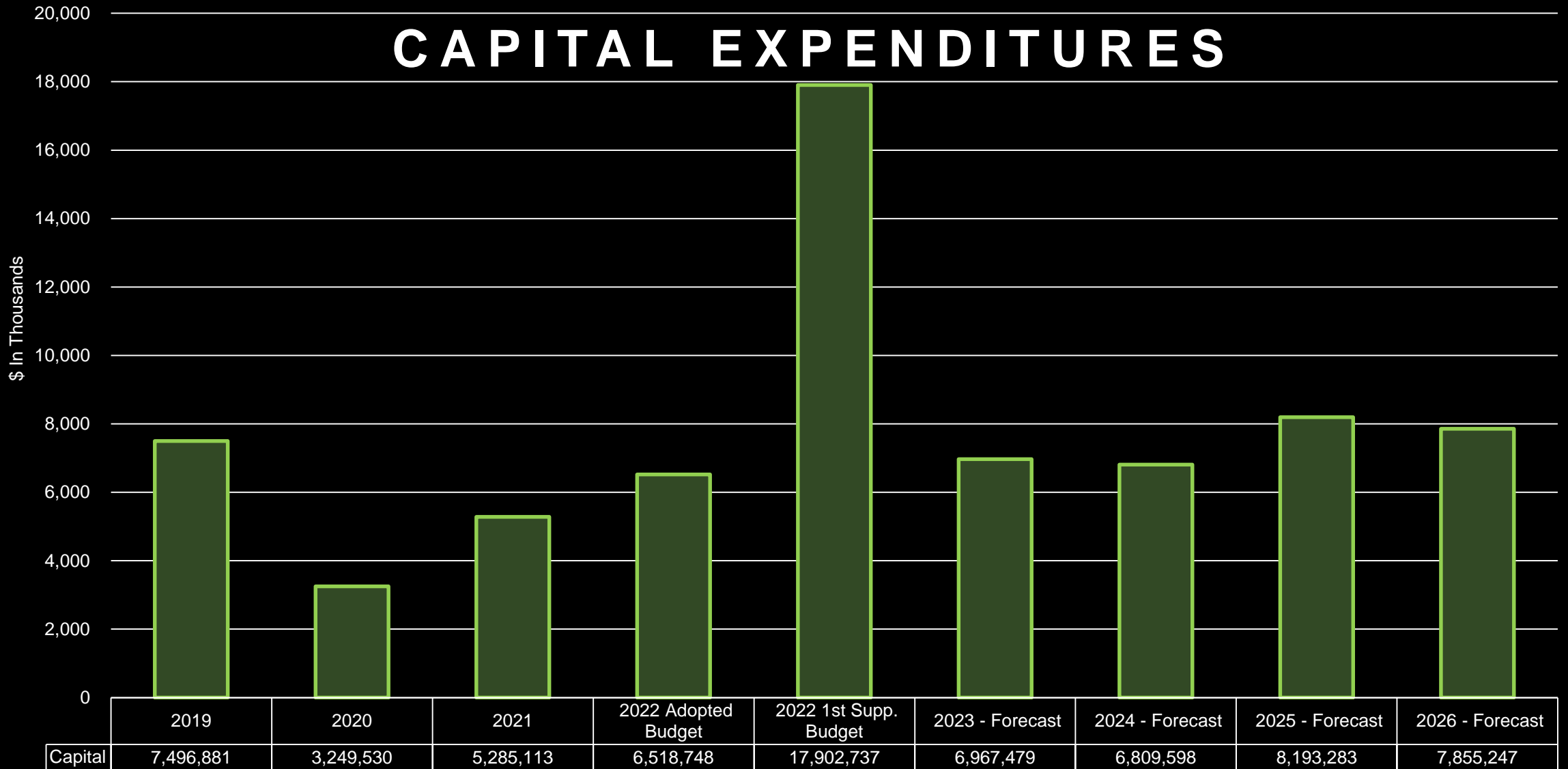
# GENERAL FUND EXPENDITURE FORECAST



# GENERAL FUND OPERATING EXPENDITURES



# GENERAL FUND CAPITAL EXPENDITURES





# AMERICAN RESCUE PLAN ACT (ARPA)

## 4 Main Categories of Allowable Use

- To respond to the public health emergency or its negative economic impacts
  - Includes promoting long-term housing security (affordable housing)
- To respond to workers performing essential work by providing premium pay to eligible workers
- For the provision of government services to the extent of the reduction in revenue
- To make necessary investments in water, sewer, or broadband infrastructure

# ARPA GUIDANCE

- GFOA Guiding Principles
  - Temporary Nature – Transformational, Non-Recurring Expenditure
  - Partnering Efforts – Get involved; Understand state & county level ARPA efforts.  
Consider regional initiatives
  - Take time & careful considering – unique opportunity to make strategic investments in long-lived assets
  - Target inequities wherever possible – the pandemic disproportionately impacted some demographic groups and exacerbated health inequities along racial ethnic, and socioeconomic lines



# ARPA FUNDS STATUS

|  |               |
|--|---------------|
| <b>Total Town Allocation</b>                                   | <b>\$6.8m</b> |
| Appropriated, Spent – 2021-2022<br>Staff COVID Testing Program | \$46k         |
| Appropriated, Unspent – 2022<br>Staff COVID Testing Program    | \$290k        |
| Affordable Housing Personnel                                   | \$135k        |
| Affordable Housing Consultation                                | \$40k         |
| <b>Remaining Unspent,<br/>Unappropriated</b>                   | <b>\$6.3m</b> |

# AMERICAN RESCUE PLAN ACT (ARPA)

## Affordable Housing

- \$40k approved in 1<sup>st</sup> Supplemental for Affordable Housing Consultant
- 2 affordable projects in discussion
- Purchase land for future affordable project





# FACILITIES FUNDING PLAN

- Facilities Master Plan was adopted by the BOT in August of 2021
- Identified Following Needs
  - **Town Hall Expansion**
  - **PD/Court Expansion**
  - **Leon A Wurl Service Center Expansion**
  - **ECC Expansion**
  - **2<sup>nd</sup> Recreation Center**
- What is missing from this list?

# FACILITIES FUNDING GAP

| <b>Facility</b>     | <b>Cost Estimate<br/>(w Inflation)</b> | <b>Available Funding<br/>Estimate</b> | <b>Funding Gap</b>     |
|---------------------|--|---------------------------------------|------------------------|
| Town Hall           | \$13m                                  | \$13m                                 | \$0                    |
| PD                  | \$22m                                  | \$6m                                  | (\$16m)                |
| LAWS                | \$41m                                  | \$10m                                 | (\$31m)                |
| Current ECC         | \$18m                                  | \$0                                   | (\$18m)                |
| 2 <sup>nd</sup> ECC | \$90m                                  | \$0                                   | (\$90m)                |
| <b><u>TOTAL</u></b> | <b><u>\$184m</u></b>                   | <b><u>\$29m</u></b>                   | <b><u>(\$155m)</u></b> |

# POTENTIAL FUNDING OPTIONS

| Type                                 | Revenue Source              | Notes   |
|--------------------------------------|-----------------------------|---|
| General Obligation Bonds             | Property Tax                | <ul style="list-style-type: none"><li>- Requires vote to establish dedicated property tax revenue source</li><li>- Lowest interest rates</li></ul>  |
| Special Tax Bonds                    | Sales Tax                   | <ul style="list-style-type: none"><li>- Requires vote to establish dedicated sales tax revenue source</li><li>- Interest rates generally higher than GO Bonds but lower than COPs</li></ul> |
| Certificates of Participation (COPs) | Existing Operating Revenues | <ul style="list-style-type: none"><li>- No new dedicated revenue source</li><li>- Higher interest rates than bonds</li></ul>  |

# BOARD STRATEGIC PRIORITIES

**Attractive  
Community  
Amenities**

**Engaged &  
Diverse  
Communitie  
s**

**Effective  
Governance**

**Environment  
al  
Sustainabilit  
y**

**Fiscal  
Responsibilit  
y**

**Prosperous  
Economy**

**Safe &  
Healthy  
Community**

**Small  
Town Feel**

**Strong  
Transportati  
on  
Infrastructur  
e**



**2023 BUDGET  
PRIORITIES**

---

Affordable Housing Program?

---

Town Center?

---

Expanding DEI Events &  
Programs?

---

Cultural Arts Center Plan?

---

Other?



---

# 2023 BUDGET CALENDAR



