



Town of River Bend

Fiscal Year
2019-2020
Budget Workshop

Session IV



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This presentation and all of the previous presentations for the FY19-20 budget workshops are available on the Town's webpage at:

<http://www.riverbendnc.org/budget-preparation---fy2019-20.html>

Town of River Bend

Mayor and Town Council Priorities for Fiscal Year 2019-20



Town of River Bend

Fiscal Year 2019-2020 Budget Workshop

April 9, 2019

30. Five-Year Forecast

- General Fund

31. Tax Rates, Utility Rates, and Other Fees

- Ad Valorem Tax Rate
- Utility Rates and Fees
- Schedule of Rates and Fees

Changes Since Last Meeting

Key Parts to Ad Valorem Tax Equation

1. Tax Base = the value of taxable property (i.e. property value)
2. Tax Rate= the amount of tax that is assessed for every \$100 of property value
3. Tax Levy= the dollar amount for payment of taxes (i.e. tax bill)
Levy= Base /100 x Rate.

These 3 parts to the tax equation are very closely connected. Changes to the base and/or rate will impact the levy.

Individual Homeowner Example:

Tax value	=	\$175,000
Tax rate	=	26¢
$\$175,000 / 100 = 1750 \times .26 =$		
Tax bill of		\$455

Tax Equation Comparison FY2019 vs FY2020

Our tax base for the town last year was \$ 301,796,826

Our tax rate last year was 24.0¢

Our tax levy last year (before collection fees) was \$ 724,312

Our estimated tax base for the town for FY 19-20 is \$ 286,796,826

Our proposed tax rate next year is 26.0¢

Our proposed tax levy (before collection fees) next year is \$ 745,672

With the new rate, our revenue is \$21,360 more than last year. If the tax rate remains unchanged, our proposed tax levy for next year will be \$36,000 less than last year.

EFFECT OF RATE CHANGE

Property Value	Bill at 0.24	Bill at \$0.2600	Change in bill
\$85,000	\$204.00	\$221.00	\$17.00
\$100,000	\$240.00	\$260.00	\$20.00
\$115,000	\$276.00	\$299.00	\$23.00
\$150,000	\$360.00	\$390.00	\$30.00
\$200,000	\$480.00	\$520.00	\$40.00
\$500,000	\$1,200.00	\$1,300.00	\$100.00
\$1,000,000	\$2,400.00	\$2,600.00	\$200.00

General Fund Five-Year Forecast

Revenue Assumptions

Revenue

Real Property:	5% decrease in FY20, 5% increase in FY21, 10% increase in FY22, then 1% increase thereafter 99.64% FY20 collection rate, 99.5% collection rate thereafter. Tax rate of \$.26 per hundred dollars of valuation.
Motor Vehicle:	1% per year increase in tax base. 100% collection rate this year and 100% thereafter. Tax rate of \$.26 per hundred dollars of valuation.
Sales Taxes:	4.5% increase in FY 20 from FY 19 year-end level and 1% growth per year thereafter.
Powell Bill:	Level funding per year in the amount of \$86,000.
Beer and Wine Tax:	No increase in FY 20 from FY 19 year-end level and 1% increase per year thereafter.
Video Programming Sales Tax:	6% per year decrease from FY 19 budgeted. No change in FY 20 from FY19 year-end level and thereafter.
Utilities Franchise Tax:	No change in FY 20 from FY 19 year-end level and thereafter.
Telecommunication Sales Tax:	No change in FY 20 from FY 19 year-end level and thereafter.
Sale of Fixed Assets:	Tracks with years new vehicles are purchased.
Wildwood Storage Rental	86% Occupancy Rate this year and no rate changes, 96% Occupancy Rate thereafter.

These are reviewed and updated every year. **One factor that is hard to forecast, and is considered in these assumptions, is the next property revaluation, which will become effective on January 1, 2021.**

General Fund Five-Year Forecast

General Fund Revenue Summary									
	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	23-24
	Actual	Actual	Proj	Prop					
Ad Valorem Taxes	926,035	870,529	720,856	743,555	780,279	850,666	859,173	867,765	876,442
Animal Licenses & Zoning Permits	8,061	7,178	12,400	7,400	5,400	5,400	5,400	5,400	5,400
Interest	6,932	20,777	35,226	35,050	23,266	18,789	14,554	9,696	3,925
Wildwood Rents & Cable Franchise	43,850	30,728	19,170	18,120	18,120	18,120	18,120	18,120	18,120
Other Revenue & Rents	43,724	33,157	66,600	29,000	28,100	31,800	28,100	31,800	28,100
Contributions	1,232	1,125	1,200	1,200	1,000	1,000	1,000	1,000	1,000
Powell Bill (includes appropriation)	88,873	89,226	86,040	86,000	86,000	86,000	86,000	86,000	86,000
State Revenue (other than sales tax)	208,106	204,647	203,440	203,440	204,335	204,471	204,609	204,748	204,889
Sales Tax Revenue	417,859	438,300	449,855	443,295	447,615	451,978	456,385	460,836	465,331
Government Grants (Fed, State & County)	17,636	0	6,830	0	0	0	0	0	0
Fees (court refund)	612	410	500	500	500	500	500	500	500
Charges to Other Funds	0	0	0	0	0	0	0	0	0
Transfer from Capital Reserve	99,000	60,693	59,142	5,800	37,300	60,000	30,000	65,862	61,500
Transfer from LESA Fund									
Transfer from Fund Balance		-		73,860	199,005	188,180	215,936	256,479	279,562
TOTAL	1,861,921	1,756,770	1,661,259	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
<i>Change from previous year</i>	-2.70%	-5.65%	-5.44%	-0.85%	11.15%	4.70%	0.15%	4.61%	1.12%

These are the forecast amounts after applying the variables discussed in the previous slide to the proposed amounts. This is no rocket science. These are projections. They are not to be considered exact outcomes.

General Fund Five-Year Forecast Expenditure Assumptions

Expenditures

- 1.8% COLA for FY2019 and 2% per year thereafter.
- Other compensation changes per the approved Pay Plan.
- No increase in staffing level from FY 2018 levels.
- Local Government Employees Retirement System as shown in slide #11, first session then steady at 2022 rate.
- 5% per year increase in medical insurance premiums.
- 1% per year increase in Workers' Compensation Insurance.
- 5% increase per year in Property & Liability Insurance after a 4% increase this year.
- 2% increase per year in Electric expenditures.
- 2% per year in Telephone and Postage expenditures.
- 3% per year increase in motor fuel expenditures.
- 3% increase per year in many other routine expenditures.
- Includes all vehicle and IT replacement per plans after modifications this year.
- \$30,000 per year expenditure for stormwater CIP after modifications this year.
- LESA funding at \$13,500 this year. For FY 20 and beyond, the assumed contribution is \$13,500.
- Does not include any funding for major capital expenditures for building additions or modifications.
- Fully funds CIP contribution for building construction or renovation in an amount equal to prior debt service payments of \$52,000 after \$0 this year.
- 5% annual increase for Springbrook financial software maintenance.
- 3% annual increase for VC3 IT contract.

These are reviewed and updated every year

General Fund Five-Year Forecast

General Fund Expenditure Summary		*								
		16-17 Actual	17-18 Actual	18-19 Proj	19-20 Proposed	20-21	21-22	22-23	23-24	24-25
4110	Governing Body	20,576	24,112	24,599	31,500	29,419	35,074	30,304	36,299	31,243
4120	Administration	229,914	231,314	247,414	254,706	261,056	266,744	270,584	274,538	281,451
4130	Finance	99,724	100,871	107,690	117,617	118,846	120,945	122,875	127,264	128,333
4140	Tax Listing	12,084	11,191	10,246	10,898	11,274	12,008	12,123	12,239	12,356
4150	Legal Services	9,335	28,710	24,000	24,000	24,720	25,462	26,225	27,012	27,823
4170	Elections	-	4,631	-	6,500	-	6,825	-	7,166	-
4310	Police	474,712	432,336	543,097	545,596	563,323	610,387	600,297	642,181	654,837
4190	Public Buildings	64,251	151,306	168,773	80,000	79,174	81,306	83,490	85,734	88,041
4330	Emergency Services	3,596	3,363	1,004,507	4,181	4,311	4,444	4,582	4,724	4,870
4380	Animal Control	11,446	11,638	13,162	13,991	14,565	15,060	15,670	15,799	16,154
4510	Street Maintenance	163,465	145,711	181,215	182,152	187,998	193,928	199,453	205,141	210,998
4560	Public Works	159,988	162,845	156,198	164,913	170,489	176,387	180,650	185,025	189,421
4710	Leaf & Limb and Solid Waste	48,670	31,325	42,345	43,200	44,496	45,831	47,206	48,622	50,081
4730	Stormwater Management	51,042	24,346	62,159	45,791	65,034	66,259	67,171	68,108	68,588
4760	Wetlands & Waterways	434	11,577	22,500	4,500	9,135	4,774	4,917	9,565	5,217
4910	Planning & Zoning	43,804	33,949	46,331	48,005	48,267	49,804	50,726	51,668	52,633
6120	Recreation & Special Events	5,576	4,921	7,495	7,700	7,931	8,169	8,414	8,666	8,926
6130	Parks & CAC	34,413	40,964	45,697	45,660	47,044	48,413	49,475	50,566	51,688
	Contingency (1% expend. per policy)*	13,300	10,379	16,639	16,309	36,840	38,086	38,616	39,888	40,111
	Transfer to Capital Reserve	175,052	114,110	124,000	-	107,000	107,000	107,000	108,000	108,000
	TOTAL	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
	<i>Change from previous year</i>	-8.13%	-2.58%	80.30%	-42.16%	11.15%	4.70%	0.15%	4.61%	1.12%

* Starting in FY20, the Merit Bonuses are budgeted in respective departments.

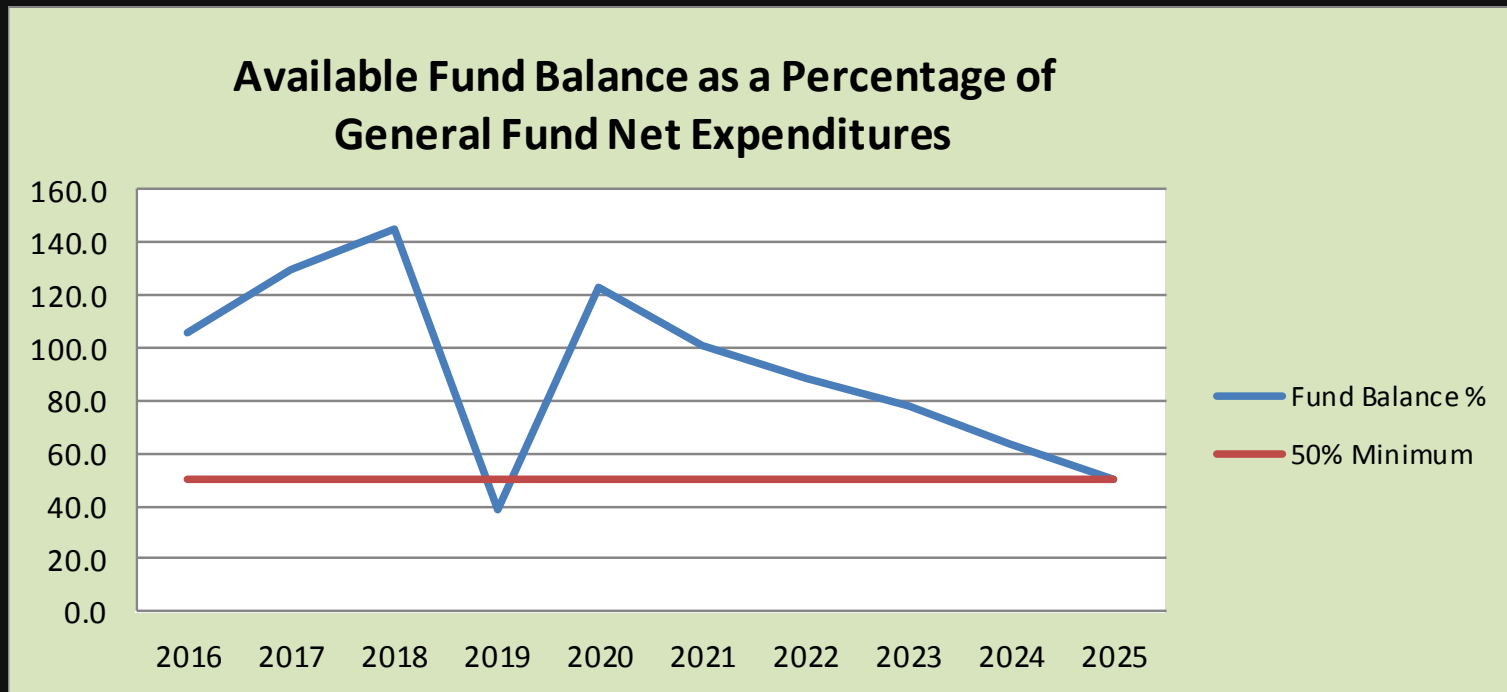
*

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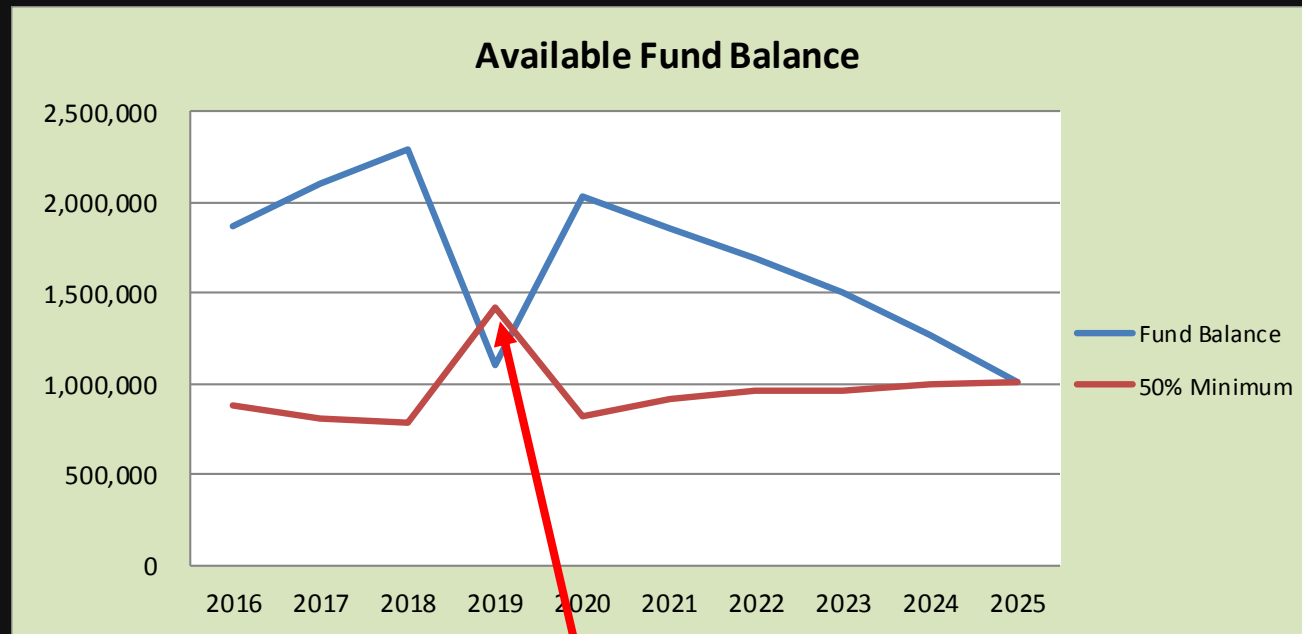
General Fund Five-Year Forecast at 26¢ Tax Rate

Proforma Of General Fund Balance (less Capital Reserve)										
	.2650 tax rate	.3105 tax rate	.29 tax rate	.24 tax rate	.26 tax rate					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available Fund Balance \$	1,863,336	2,106,518	2,294,498	1,107,690	2,033,829	1,857,324	1,692,150	1,499,738	1,267,313	1,012,345
(annual financial report data)				Projected	Proposed					
Available Fund Balance %	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	105.6	129.9	145.3	38.9	123.5	101.4	88.3	78.1	63.1	49.9

With the \$1,000,000 loan, Fund Balance essentially stays above our 50% Fund Balance Policy through FY2025.



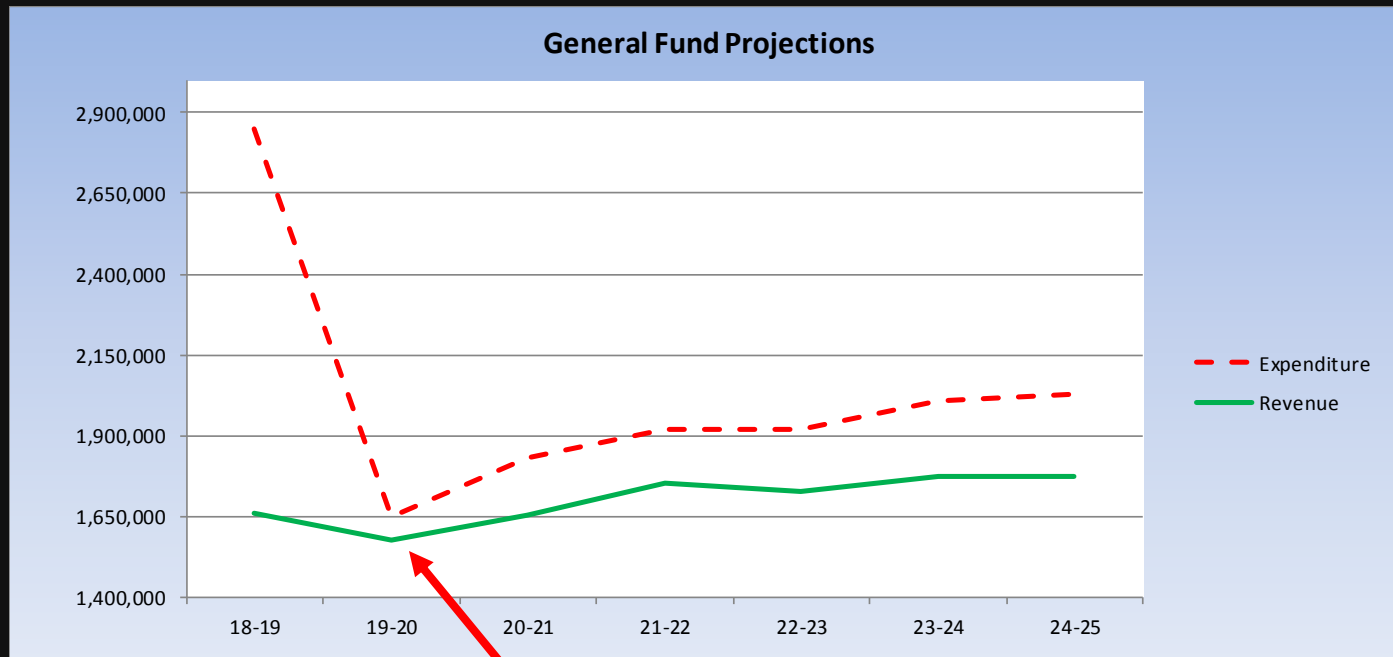
General Fund Five-Year Forecast



With \$1,000,000 Fund Balance stays at/above 50% through 2025:

Available Fund Balance \$	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available Fund Balance \$	1,863,336	2,106,518	2,294,498	1,107,690	2,033,829	1,857,324	1,692,150	1,499,738	1,267,313	1,012,345
(annual financial report data)				Projected	Proposed					
Available Fund Balance %	105.6	129.9	145.3	38.9	123.5	101.4	88.3	78.1	63.1	49.9
GF Expenditures	1,764,770	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
50% of Expense	882,385	810,689	789,799	1,424,034	823,610	915,460	958,452	959,889	1,004,103	1,015,384
% Fund Balance Goal	50	50	50	50	50	50	50	50	50	50
Ad Valorem Revenue	891,338	926,035	870,529	720,856	743,555	780,279	850,666	859,173	867,765	876,442
All Other Revenue	1,022,307	935,886	886,242	940,403	829,805	874,136	901,064	868,192	908,015	899,359
Revenue	1,913,646	1,861,921	1,756,770	1,661,259	1,573,360	1,654,415	1,751,731	1,727,365	1,775,780	1,775,802
Revenue-Expense	148,874	240,542	177,172	-1,186,808	-73,860	-176,505	-165,174	-192,412	-232,426	-254,967

General Fund Five-Year Forecast



A deficit between Revenue & Expenditures requires use of Fund Balance:

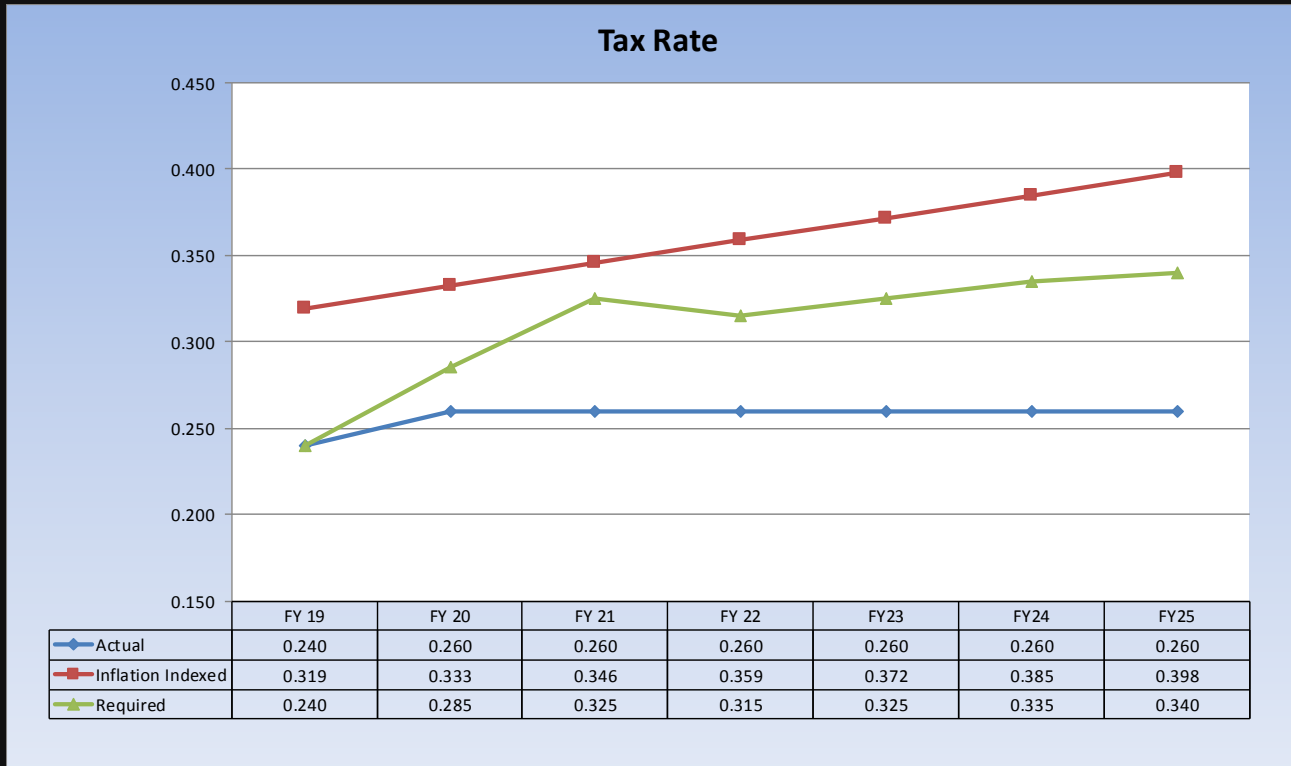
General Fund	If tax rate remains at 26.0¢								
	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Total Revenue	1,861,921	1,756,770	1,661,239	1,573,360	1,654,415	1,751,731	1,727,365	1,775,780	1,775,802
Total Expenditure	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
Revenue - Expenditures =	240,542	177,172	-1,186,807	-73,860	-176,505	-165,174	-192,412	-232,426	-254,967

General Fund Five-Year Forecast Using 26¢ Tax Rate in FY20

Proforma Of General Fund Balance (less Capital Reserve)										
	.2650 tax rate	.3105 tax rate	.29 tax rate	.24 tax rate	.26 tax rate					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available Fund Balance \$	1,863,336	2,106,518	2,294,498	1,107,690	2,033,829	1,857,324	1,692,150	1,499,738	1,267,313	1,012,345
(annual financial report data)				Projected	Proposed					
Available Fund Balance %	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	105.6	129.9	145.3	38.9	123.5	101.4	88.3	78.1	63.1	49.9
GF Expenditures	1,764,770	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
50% of Expense	882,385	810,689	789,799	1,424,034	823,610	915,460	958,452	959,889	1,004,103	1,015,384
% Fund Balance Goal	50	50	50	50	50	50	50	50	50	50
Ad Valorem Revenue	891,338	926,035	870,529	720,856	743,555	780,279	850,666	859,173	867,765	876,442
All Other Revenue	1,022,307	935,886	886,242	940,403	829,805	874,136	901,064	868,192	908,015	899,359
Revenue	1,913,646	1,861,921	1,756,770	1,661,259	1,573,360	1,654,415	1,751,731	1,727,365	1,775,780	1,775,802
Revenue-Expense	148,874	240,542	177,172	-1,186,808	-73,860	-176,505	-165,174	-192,412	-232,426	-254,967

With the \$1,000,000 loan, our Fund Balance percentage projections remain above our LGC Peer Group level (pop. 2500-9999) as of June 30, 2017, which is the latest data, at 76.65% through 2023.

Tax Rate Comparisons



Blue Line= current and proposed rate

Green Line= no more than \$5,100 deficit of revenue vs. expenditures

Red Line=rate necessary to keep pace with projected inflation

Proposed Rate vs. Inflation Rate vs. Required Rate

If tax rate remains at 26.0¢									
General Fund	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Total Revenue	1,861,921	1,756,770	1,661,259	1,573,360	1,654,415	1,751,731	1,727,365	1,775,780	1,775,802
Total Expenditure	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
Revenue - Expenditures =	240,542	177,172	-1,186,807	-73,860	-176,505	-165,174	-192,412	-232,426	-254,967

If tax rate increases at inflation rate									
General Fund	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Total Revenue	1,861,921	1,773,781	1,661,259	1,782,127	1,894,653	2,063,108	2,091,847	2,195,438	2,196,096
Total Expenditure	1,643,379	1,658,484	2,848,067	1,649,509	1,834,519	1,921,330	1,924,834	2,013,905	1,906,734
Revenue - Expenditures =	218,542	115,298	-1,186,808	132,617	60,134	141,778	167,013	181,533	289,362

If tax rate remains at required rate*									
General Fund	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Total Revenue	1,861,921	1,773,781	1,661,259	1,644,855	1,828,585	1,914,638	1,928,727	2,017,129	2,041,863
Total Expenditure	1,643,379	1,658,484	2,848,067	1,647,574	1,833,640	1,919,363	1,922,712	2,011,625	2,034,454
Revenue - Expenditures =	218,542	115,298	-1,186,808	-2,719	-5,055	-4,726	6,015	5,504	7,409

* Required= no more than \$5100 deficit of Revenue vs. Expenditures

These are the figures associated with the previous graph

Effects of 26¢ Tax Rate on Fund Balance without the \$1,000,000 loan

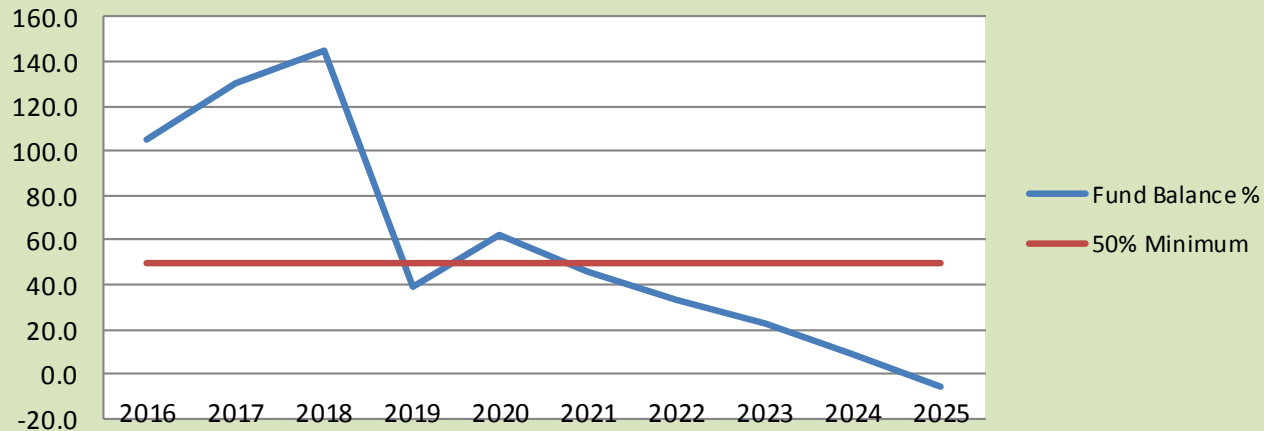
Proforma Of General Fund Balance (less Capital Reserve)										
	.2650 tax rate	.3105 tax rate	.29 tax rate	.24 tax rate	.26 tax rate					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Available										
Fund Balance \$	1,863,336	2,106,518	2,294,498	1,107,690	1,033,829	834,824	646,644	430,708	174,229	(105,332)
(annual financial report data)				Projected	Proposed					
Available	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fund Balance %	105.6	129.9	145.3	38.9	62.8	45.6	33.7	22.4	8.7	-5.2
GF Expenditures	1,764,770	1,621,379	1,579,598	2,848,067	1,647,220	1,830,920	1,916,904	1,919,778	2,008,205	2,030,769
50% of Expense	882,385	810,689	789,799	1,424,034	823,610	915,460	958,452	959,889	1,004,103	1,015,384
% Fund Balance Goal	50	50	50	50	50	50	50	50	50	50
Ad Valorem Revenue	891,338	926,035	870,529	720,856	743,555	780,279	850,666	859,173	867,765	876,442
All Other Revenue	1,022,307	935,886	886,242	940,403	829,805	851,636	878,058	844,668	883,962	874,765
Revenue	1,913,646	1,861,921	1,756,770	1,661,259	1,573,360	1,631,915	1,728,724	1,703,841	1,751,727	1,751,207
Revenue-Expense	148,874	240,542	177,172	-1,186,808	-73,860	-199,005	-188,180	-215,936	-256,479	-279,562

The figure in 2021 would likely change due to anticipated loan and/or FEMA reimbursement. That would also change the graphs on the next page in 2021.

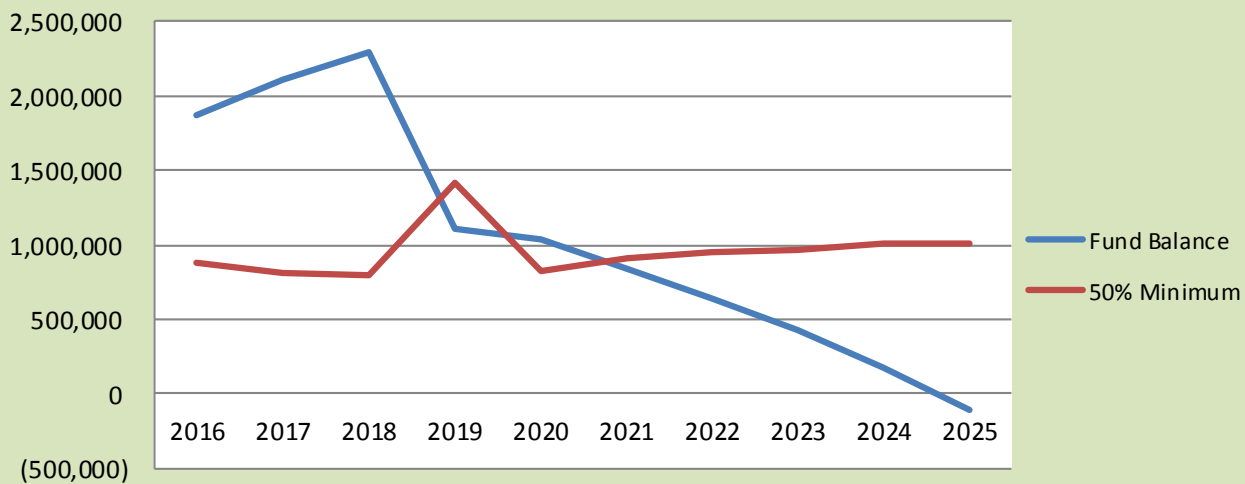
Effects of 26¢ Tax Rate on Fund Balance without loan



Available Fund Balance as a Percentage of General Fund Net Expenditures



Available Fund Balance



Schedule of Fees

See attached handout for list of fees

No increases recommended for FY19-20

Utility Rates for FY 19-20

		Current Rate
Water		
	Customer	\$4.80
	Demand	\$5.44
	Use	\$4.02
Sewer		
	Customer	\$7.35
	Demand	\$16.83
	Use	\$9.08

Town of River Bend

Fiscal Year 2019-2020 Budget Workshop

April 23, 2019

32. Overview

- **Draft Budget Message**