



Town of River Bend Fiscal Year 2023-24



January 19, 2023

Town of River Bend

Fiscal Year 2023-2024

Budget Kick-Off

AGENDA

1. Opening Remarks from Mayor
2. Remarks from Manager/Budget Officer
3. Discussion of Vision Statement-Priorities
4. Discussion of Budget Workshop Schedule & Budget Calendar
5. Preview Proposed Workshop Agendas
6. Preview Budget Brochure
7. Comments from Council

Note- this presentation has been updated to reflect the changes approved by Council during its presentation on 1-20-23.



Comments From Mayor- John Kirkland



The Council's work in developing the annual budget is the most important work that the Council performs on an annual basis. The development of the budget under the Council-Manager form of government has specific direction in General Statute. In that direction the Manager is designated as the Budget Officer. In that role he prepares a proposed budget and presents it to the Council for consideration and revision as they may direct.

The Council holds a public hearing on the agreed to budget. This hearing is scheduled for the June work session and public comments are received. The schedule then is to vote on the adoption of the FY 2023-2024 budget at the June Council Meeting. This approach meets all the mandates of General Statutes. This process has worked well for a number of years and should be followed again this year.

John Kirkland, Mayor

Comments from Manager/Budget Officer



Budgets are predictions and are subject to change especially as long as the General Assembly is in session.

All of these are components of our budget process

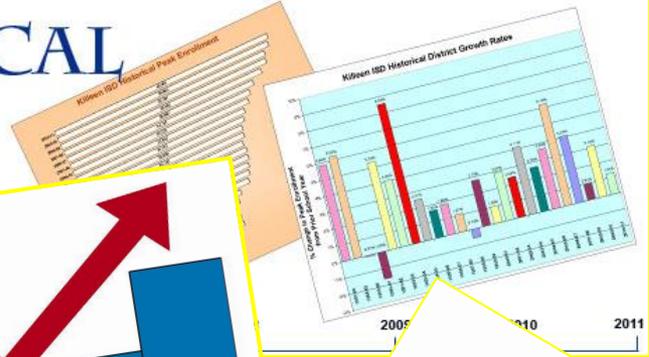


AVERAGE

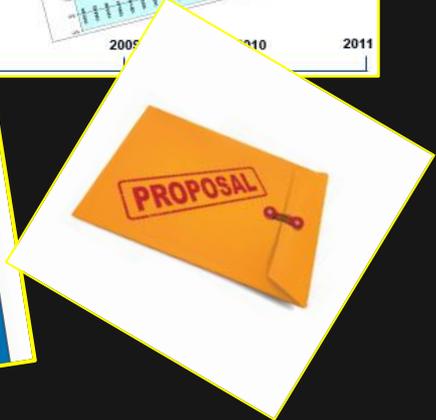
ESTIMATE

Predictions

HISTORICAL DATA



Forecast



INDUCTIVE REASONING
AND CONJECTURE

Comments from Federal Reserve Chair, Jerome Powell

The screenshot shows the top of the Federal Reserve System website. At the top, it reads "Board of Governors of the Federal Reserve System" with the tagline "The Federal Reserve, the central bank of the United States, provides the nation with a safe, flexible, and stable monetary and financial system." Below this is a navigation menu with links for "About the Fed", "News & Events", "Monetary Policy", "Supervision & Regulation", "Financial Stability", "Payment Systems", "Economic Research", "Data", and "Consumers & Communities". The "News & Events" link is highlighted. Below the menu, the breadcrumb trail reads "Home > News & Events > Speeches". The main heading is "Speech" with a PDF download icon to its right. The date "November 30, 2022" is displayed below the heading, followed by the title "Inflation and the Labor Market" and the author "Chair Jerome H. Powell".

For purposes of this discussion, I will focus my comments on core Personal Consumption Expenditures (PCE) inflation, which omits the food and energy inflation components, which have been lower recently but are quite volatile. Our inflation goal is for total inflation, of course, as food and energy prices matter a great deal for household budgets. But core inflation often gives a more accurate indicator of where overall inflation is headed. Twelve-month core PCE inflation stands at 5.0 percent in our October estimate, approximately where it stood last December when policy tightening was in its early stages. Over 2022, core inflation rose a few tenths above 5 percent and fell a few tenths below, but it mainly moved sideways. So when will inflation come down?

I could answer this question by pointing to the inflation forecasts of private-sector forecasters or of Federal Open Market's Committee (FOMC) participants, which broadly show a significant decline over the next year. But forecasts have been predicting just such a decline for more than a year, while inflation has moved stubbornly sideways. **The truth is that the path ahead for inflation remains highly uncertain. For now, let's put aside the forecasts** and look instead to the macroeconomic conditions we think we need to see to bring inflation down to 2 percent over time.

IMF cuts global growth forecast for next year, warns 'the worst is yet to come'

PUBLISHED TUE, OCT 11 2022·9:00 AM EDT | UPDATED TUE, OCT 11 2022·2:47 PM EDT



Hannah Ward-Glenton
@HANNAHSWG

SHARE    

The International Monetary Fund [predicts global growth will slow to 2.7%](#) next year, 0.2 percentage point lower [than its July forecast](#), and anticipates 2023 will feel like a recession for millions around the world.

Aside from the global financial crisis and the peak of the [Covid-19 pandemic](#), this is “the weakest growth profile since 2001,” the IMF said in its World Economic Outlook published Tuesday. Its GDP estimate for this year remained steady at 3.2%, which was down from the 6% seen in 2021.

“The worst is yet to come, and for many people 2023 will feel like a recession,” the report said, echoing [warnings from the United Nations](#), the [World Bank](#) and [many global CEOs](#).

Craven County Re-appraisal

One of the major components that will impact this year's budget process and subsequent budgets is the reappraisal of real property in Craven County. In general, due to an increase in the housing market, property values are expected to increase since the last reappraisal, which was conducted in 2016.

By N.C. law, Counties are responsible for setting the tax value of real property. They must reappraise that value at least once every 8 years. It can be done more frequently but it cannot be done less frequently. In 2011 Craven County decided to transition from an 8-year schedule to a 6-year schedule with a reappraisal in 2016, then move to a 4-year schedule thereafter. That would have resulted in a reappraisal in 2020. However, following Hurricane Florence in 2018, the County decided to delay the reappraisal until 2021. Then they delayed it until 2022. Then they delayed it until 2023. Now, 2023 has arrived and the reappraisal is in progress.

To understand the property valuation process you must recognize that our overall property value includes 3 types of property. They are basically:

1. Real Property- Buildings, homes and land (88%)
2. Personal Property- Automobiles, boats, RV's and business equipment (11%)
3. Public Services Companies- Equipment/system of utilities (1%)

While it can fluctuate from year-to-year, the percentage following each type of property represents the percentage of the overall tax base that property currently represents.

Craven County Re-appraisal

Following the 2023 reappraisal, the next reappraisal will occur in 5 years in 2028. Then it will convert to a 4-year schedule with the next one taking place in 2032. It is important to remember that once the value of a particular real property is determined, it is locked-in for the entirety of the reappraisal schedule, except for adjustments due to a change in the condition of the property. For example, a new addition, which may increase the value, or storm damage, which may lower the value, as happened to many homes in River Bend following Hurricane Florence.

An increase or decrease in the market value of a particular property between appraisals does not effect the tax value of the property. That means for tax purposes, the value does not fluctuate from year-to-year. It is locked-in except for reappraisal years or as described above due to changes or due to a little-known, state-mandated reappraisal statute.

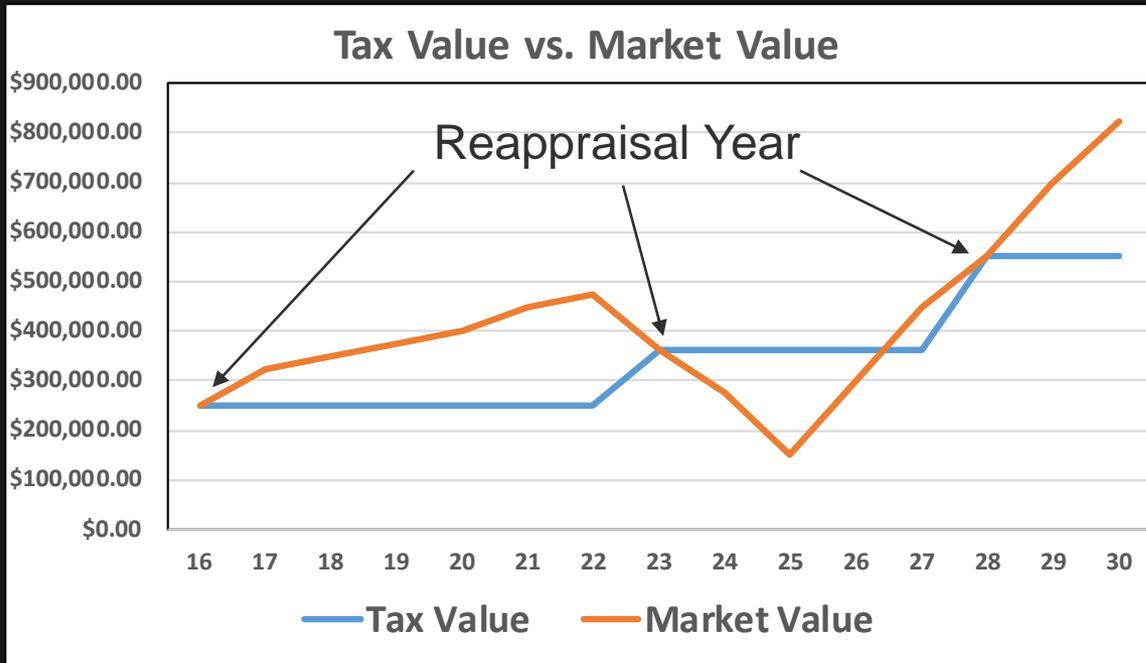
The comments above refer to a particular property. For the overall value of property in either of the three categories, it is subject to change based on new construction/demolition of real property or sales/purchases of personal property. For example, any new home constructed in town adds to the overall value of our real property. Likewise, as new boats, campers or vehicles are purchased and others are sold, their overall value may increase. (Since 10/14:N21- D11=10+D&R6=+16)(Avg. 2/yr. If V=\$2,000,000 then TR= \$5,200/yr.)

Craven County plans to publish the new property values on February 27, 2023

For the current year the values for each of the 3 property value categories in River Bend are:

1. Real Property	\$ 279,561,921
2. Personal Property	\$ 36,395,601
3. Public Service	\$ 2,234,560
TOTAL	\$ 318,192,082

In 2014 , the total was \$ 341,425,554 (-\$23,233,472)

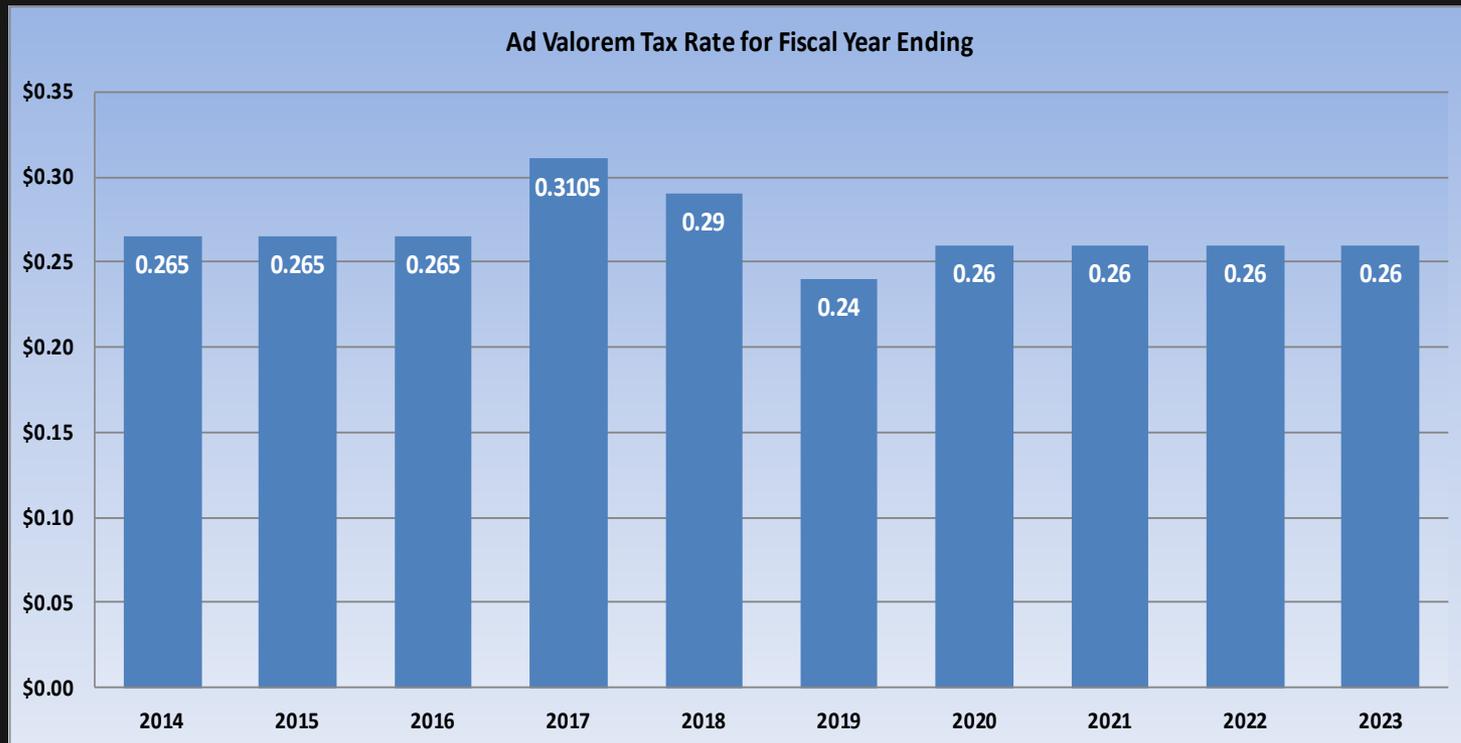


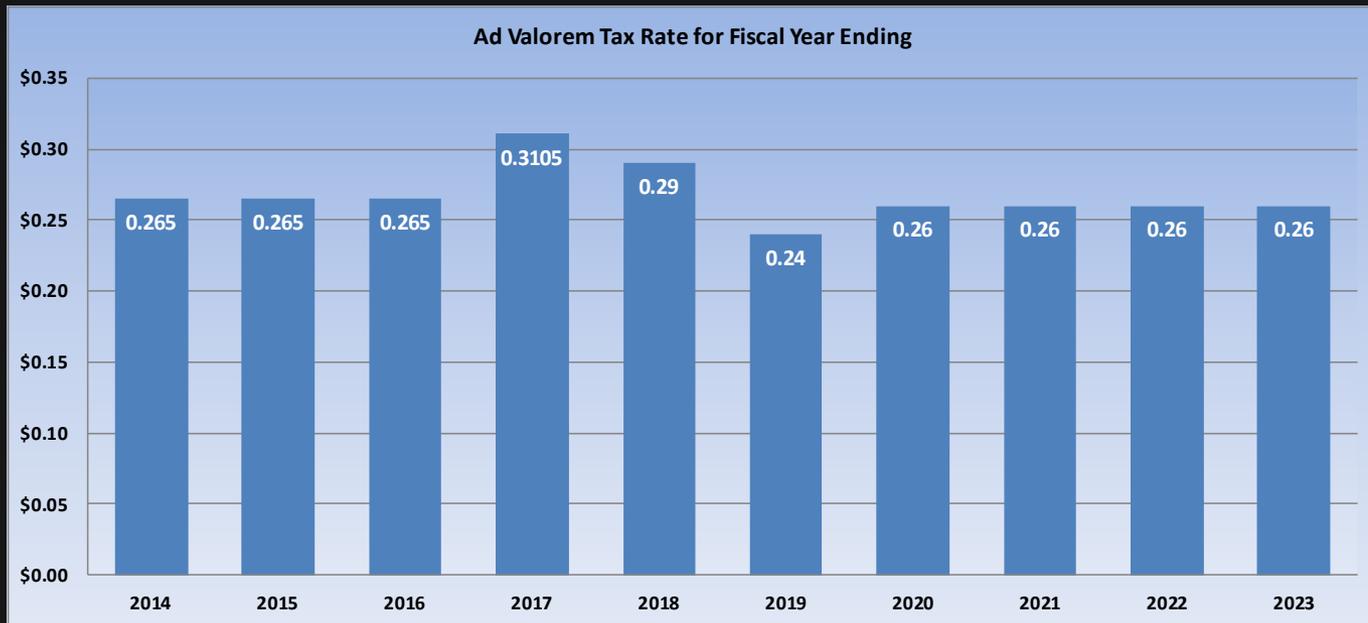
This graph depicts a hypothetical home with no improvements or damages during the reappraisal process (on Craven’s actual reappraisal schedule). A reappraisal occurred in 2016. The lines intersect there with the same value. The lines intersect again in 2023 and 2028 with the same Tax value. Otherwise, the tax value line (blue) stays at the same level regardless of what the orange line does during the reappraisal process. Without other growth, the blue line being consistent will limit our revenue stream. The orange line being inconsistent could raise our expenditures during those growth periods. Summary- We are stuck with property values for multiple years while the costs of other things are subject to change during those same years.

Our last reappraisal occurred in 2016. In N.C., taxing units are required to ***publish*** a revenue-neutral tax rate following a reappraisal. For FY2016-2017, we adopted a tax rate of 31.05¢, which was slightly less than revenue-neutral. That year, our tax rate went from 26.5¢ to 31.05¢.

The following year, the rate was reduced to 29¢. Then it dropped to 24¢ in 2019. Then it was raised to 26¢ in 2020, where it has remained for FY's 2021, 2022 and 2023 (current).

The years depicted on this chart are for fiscal years, not calendar years



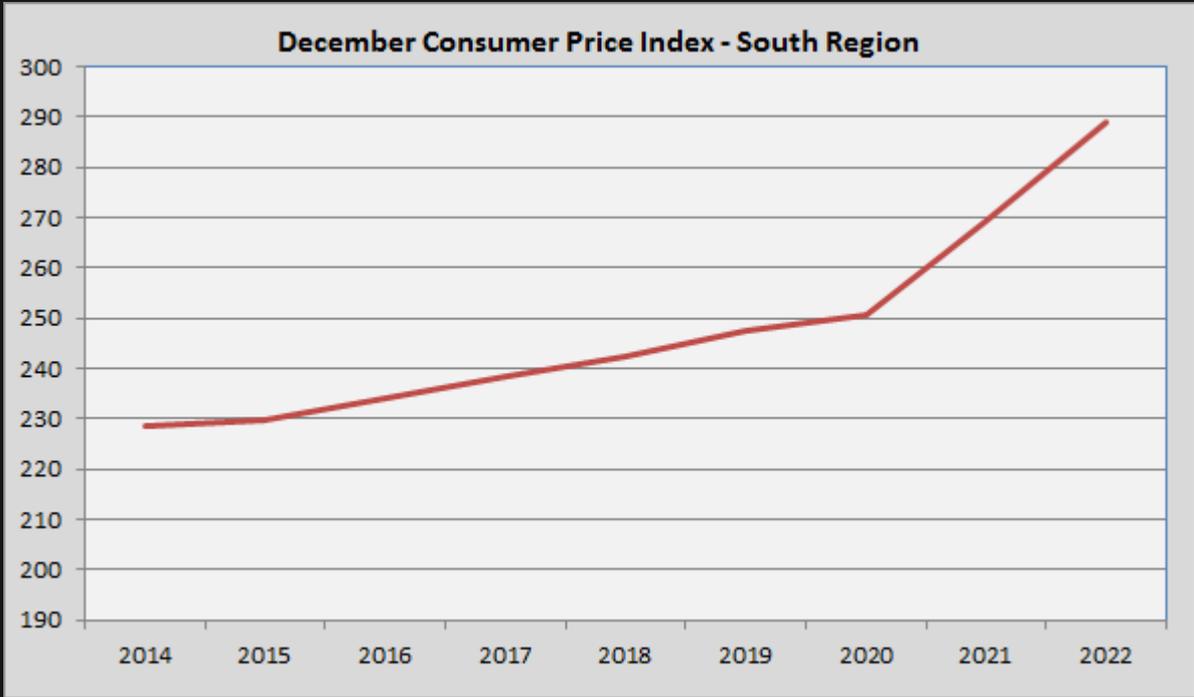


The increase in the tax rate in 2017 was revenue-neutral (Actually, a little less than revenue neutral, so technically it was a decrease in levy). Then the rate was reduced below the revenue-neutral rate for the next 2 years. Then it increased in 2020 but still at a rate below the rate for 2014. We all know what has happened to prices for almost everything since 2014. Our costs for personnel, gas, insurance, paper, asphalt, pipe, electricity, automobiles, equipment, IT service, L&L service, tires, etc. have gone up. The consumer price index* for that period alone (July, 2013- November, 2022) has increased 27.45%. For that same period, our tax rate has remained basically unchanged. During this time period, our tax collection rate averaged slightly over 99%. Yes, nearly 100%!

* source- inflationdata.com

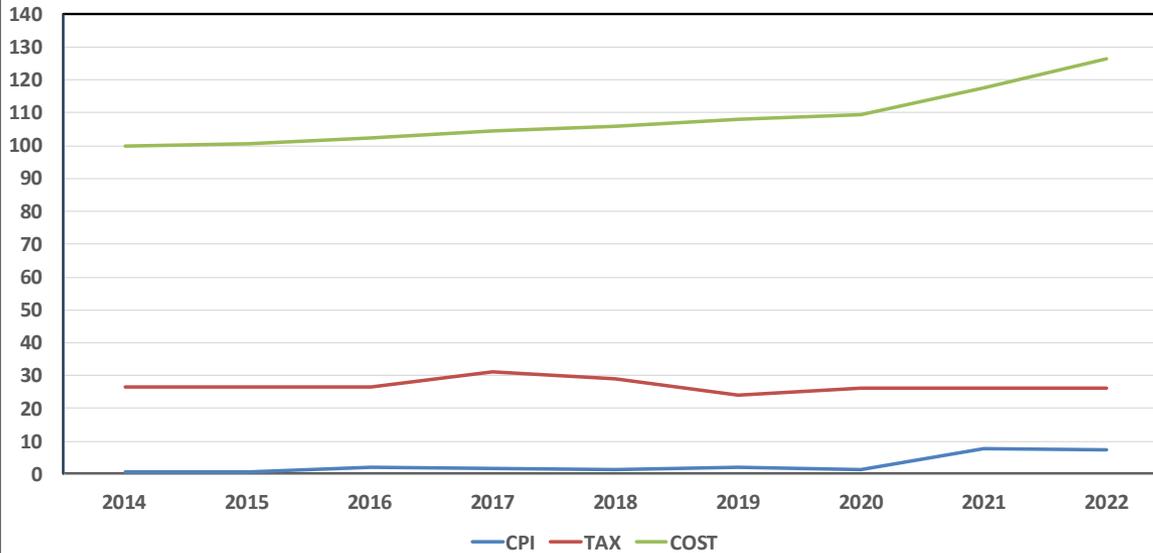
Year	Annual	Change
2002	174.60	2.5%
2003	177.50	1.7%
2004	183.30	3.3%
2005	190.10	3.7%
2006	194.80	2.5%
2007	203.46	4.4%
2008	203.50	0.0%
2009	209.48	2.9%
2010	212.49	1.4%
2011	219.47	3.3%
2012	223.11	1.7%
2013	227.08	1.8%
2014	228.45	0.6%
2015	229.58	0.5%
2016	234.20	2.0%
2017	238.51	1.8%
2018	242.15	1.5%
2019	247.29	2.1%
2020	250.69	1.4%
2021	269.26	7.4%
*2022	288.99	7.3%

South Region
 Not seasonally Adjusted
 All Items
 * December except for 2022



The charts shows the CPI data since 2002. The graph shows the change in CPI since 2014. All years except 2022 are December values. 2022 reflects the November data, which was the latest data when this chart was created. Our COLA is tied to CPI. Since 2014 CPI alone has increased 17.3%, exclusive of 2022. When you include the YTD total for 2022, that increase is 24.6% and we still have another month to go.

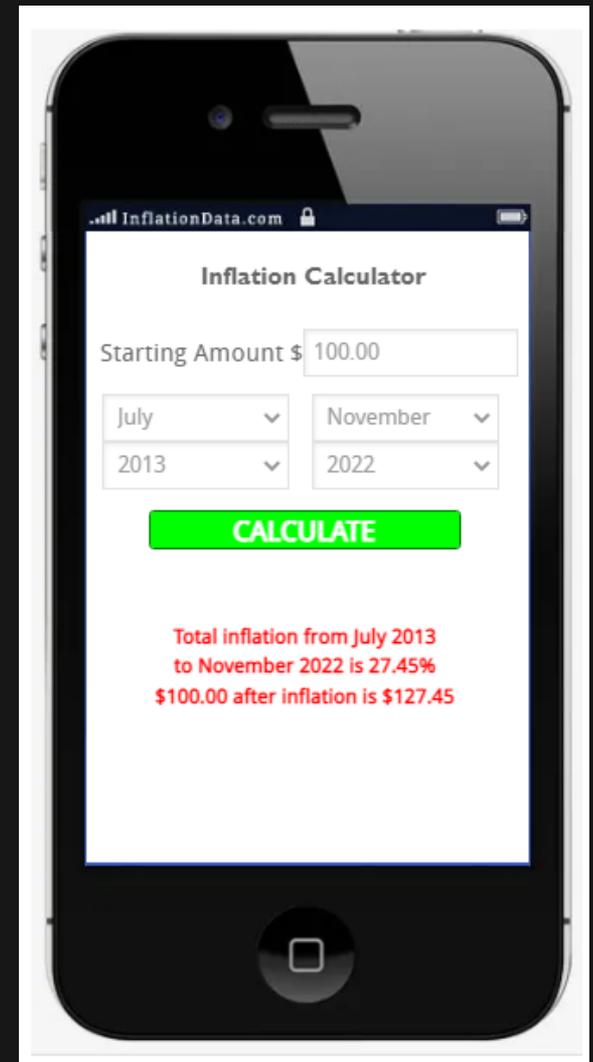
Inflation vs. Tax Rate vs. Cost

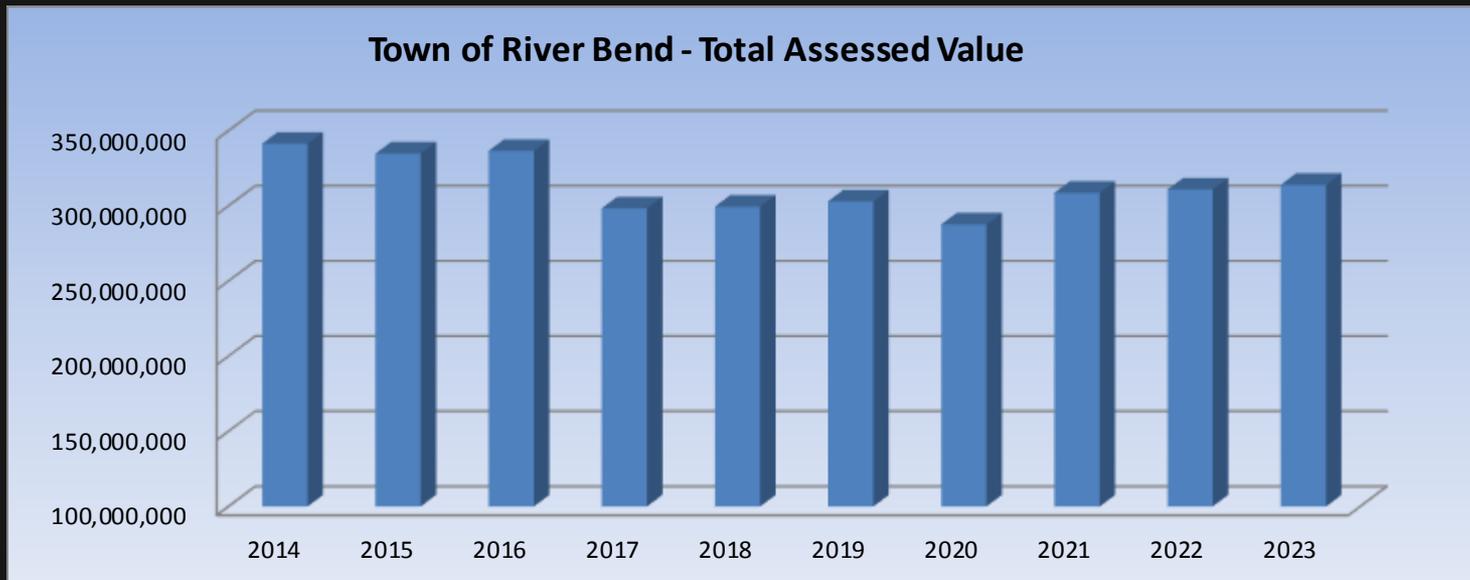


This graph depicts the three variables: CPI rate, tax rate and costs. The green lines reflects the change in an item that cost \$100.00 in 2014. Today, that same item would cost \$127.45.

A previous graph shows that the tax rate (red line) in 2014 was 26.5¢ and in 2022 it is 26.0¢, which is a reduction of 1.89%

The CPI (blue line) remained relatively flat until 2021.





One of the 3 main components in determining our tax revenue is tax base or the value of all taxable property. The others are tax rate, which we have discussed and tax levy, which is the total amount we bill as property tax.

As previously discussed, during the same time frame, the property value has decreased by over \$23,000,000 or -6.8%. In 2014 it was \$341,425,554. Currently it is \$318,192,082.

That means, we would have to realize a \$23,000,000+ increase in property value during reappraisal just to get back to the tax base we had in 2014.

Cash Balances	FY14-15	July	Aug	Sept	Oct
General Fund		1,255,286	1,191,894	1,116,475	1,139,190
Powell Bill*		0	0	45,759	45,759
Capital Reserve*		257,552	257,555	257,557	257,559
Law Enforcement Separation Allowance*		94,397	94,398	94,398	86,203
Water Fund		554,137	599,906	604,576	637,225
Water Capital Reserve Fund (CIF)*		87,478	87,479	87,480	87,481
Sewer Fund		479,545	488,747	471,281	484,973
Sewer Capital Reserve Fund (CIF)*		6,875	6,875	6,875	6,875
Total Cash and Investments		2,735,270	2,726,854	2,684,401	2,745,265

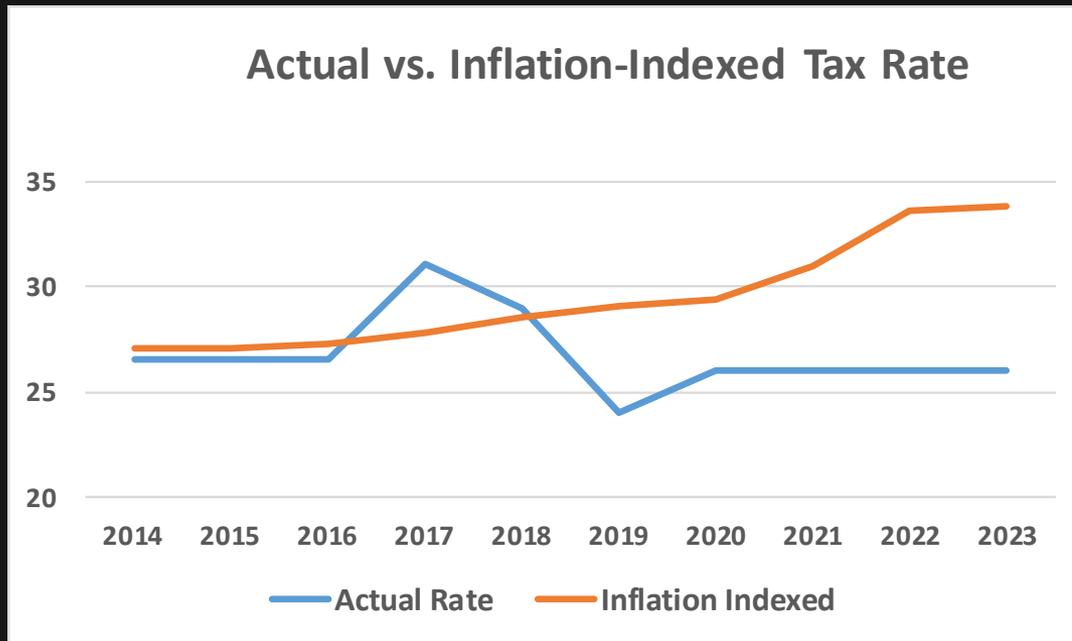
We have been looking at the time frame of 2014-2022. When I was hired in October, 2014 the C&I total was \$2,745,265. As of November, 2022 the C&I total was \$4,203,937.

Cash Balances	FY22-23	July	Aug	Sept	Oct	Nov
1 General Fund*		1,106,249	975,227	982,837	1,011,384	959,557
2 Powell Bill		-	-	45,742	45,742	45,743
3 General Capital Reserve		120,893	121,112	121,354	100,154	100,444
4 ARPA Grant Fund*		482,297	108	108	108	109
5 ASADRA Capital Projects		-	-	-	-	3,600
6 Public Works Capital Projects Fund		407,086	851,709	1,885,324	1,890,030	1,889,464
7 Law Enforcement Separation Allowance*		35,526	35,590	35,661	35,750	35,854
8 Water Fund*		711,452	757,072	491,466	531,521	521,614
9 Water Capital Reserve Fund (CIF)		245,404	245,849	1,213	1,216	1,220
10 Sewer Fund*		1,092,813	1,125,729	631,562	655,272	646,276
11 Sewer Capital Reserve Fund (CIF)		11,280	11,301	57	57	57
Total Cash and Investments		4,212,999	4,123,697	4,195,324	4,271,235	4,203,937

That is an increase of \$1,458,672. Note that almost \$1,000,000 of that 2022 amount is ARPA grant money.

Deduct that, and we have a \$458,672 increase.

During this same time frame we have funded several projects and currently have several in the works. We have been able to realize a growth in the C&I due to operational efficiencies, surpluses, grants and other factors. It is not prudent to expect that to be a long-term, sustainable business model.



This chart shows the difference in our actual tax rate compared to what the tax rate would have to be to keep pace with inflation over the course of a fiscal year. In FY 2014 our actual rate was 26.5¢. During that same year, the inflation rate was 1.99%. Therefore to keep pace with inflation, our tax rate would have to be 27.03¢. Between the fiscal years of 2014 and 2023 (up to November data) our tax rate would have needed to increase to 33.77¢ to simply keep pace with inflation during that same time period. However, in order for this system to work, the property value would have to remain the same through that time period. As previously discussed, the value has decreased 6.8%, which means the tax rate would have to increase even more to keep pace with inflation in order to make up for the reduction in tax value. In 2017 the rate increased to a revenue-neutral rate based on a 11.34% reduction in property value.

Why am I telling you all of this? There are 5 main reasons:

1. Since 2014, we have been tightening our budget belts and holding the line on taxes, while the price for basically everything that is necessary for us to operate has increased. We cannot continue to operate in FY23-24 on FY13-14 tax rates, unless we make substantial changes in our services. We have literally been doing more with less.

2. The property value for FY 2023-2024 will be in place for the next 5 years until 2028. It will not change again until FY 2028-2029, except as discussed previously. It could also increase due to growth.

3. As stated earlier, we are required by law to publish a revenue-neutral tax rate. We are not required to adopt a revenue-neutral tax rate.

4. I have already heard speculation about a lowering of the property tax rate in FY22-23. Since our population has remained basically unchanged since 2010 and there has been no substantial new development in town to increase the total assessed value for all of town, I do not anticipate presenting a budget with a lower or even a revenue-neutral tax rate. Revenue-neutral does not allow funding to cover increased costs already incurred.

5. Since 2014, we have dipped into fund balance to fund major projects. We have also changed our policy and raised our fund balance target amount. Without growth in the overall tax value, or a reduction in our costs, we cannot lower taxes, provide the same services and increase fund balance simultaneously.

Town of River Bend, NC Financial and Budgetary Policies



Effective May 17, 2018

Financial and Budgetary Policies

I. Introduction

The Town of River Bend maintains comprehensive financial policies covering a broad range of the elements of the Town's financial plans and financial systems that underlay the management of overall financial resources. These policies have major objectives to be achieved that include:

1. To link long-term financial planning with short-term daily operations and decision-making.
2. To maintain and improve the Town's financial position.
3. To maintain and improve the Town's credit ratings by meeting or exceeding the requirements of rating agencies through sound financial policies.
4. To maintain and increase investor confidence in the Town and to provide credibility to the citizens of the Town regarding financial operations.
5. To comply with the North Carolina Budget and Fiscal Control Act and the policies of the North Carolina Local Government Commission (the "LGC").
6. To effectively conduct asset-liability management of the Town's balance sheet.

II. Operating Budget

1. The Town's Annual Budget Ordinance will be balanced in accordance with the Local Government Budget and Fiscal Control Act (G.S. 159-8(a)).
2. The Town's Annual Budget Ordinance will be adopted, by fund and department, by each July 1 (G.S. 159-13(a)).
3. In order to force a higher level of planning throughout all levels of Town government, the annual budget process will focus on future needs through a Capital Improvements Plan, as discussed later in this document.
4. The annual budget process will consist of a series of public meetings where Council and staff discuss needs in relation to the Town's mission statement, and Council's adopted priorities.

III. Revenue Policy

1. Ad Valorem Tax – As provided by the North Carolina Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:

Assessed valuation will be provided by the Craven County Tax Assessor

Some North Carolina Law Concerning Budget Preparation

NCGS 160A-148 Powers and Duties of Manager

(5) He shall prepare and submit the annual budget and capital program to the Council

Manager's
Role

159.11 Budget and Fiscal Control Act

- (a)..... the budget shall be balanced.
- (b) The budget, together with a budget message, shall be submitted to the governing board no later than June 1.

Council's
Role

159-13

- (a) Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper, whether greater or less than the sums recommended in the budget.

Town of River Bend

Mayor and Town Council Priorities as approved for Fiscal Year 2022-23



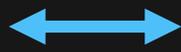
Proposed Budget Workshop Calendar

2023 APRIL

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

2023 MAY

SUN	MON	TUE	WED	THU	FRI	SAT
	1 ✗	2	3	4 ✗	5	6
7	8	9 ✗	10	11 ✗	12	13
14	15	16 ✔	17	18 ✗	19	20
21	22	23	24	25	26	27
28	29	30	31			

 = NCLM Conference in Concord

 = scheduled workshop date

 = extra workshop date if necessary

Other Important Proposed Budget Dates

2023 MAY

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

www.free-printable-calendar.com

May 26- Budget Message &
Proposed Budget Released

June 8 - Budget Public Hearing

These dates are subject to change but the budget must be adopted by July 1

2023 JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

www.free-printable-calendar.com

June 15- Budget Adoption

Proposed Agenda Items

MAY 1, 2023

EMPLOYEE COMPENSATION AND BENEFITS

- Pay Plan Review
- Retirement / 401K / LESA
- Cost of Living Adjustment (COLA)

LABOR ALLOCATIONS AMONG DEPARTMENTS & FUNDS

- Staffing Projections
- Allocation Table

CAPITAL IMPROVEMENT PLANS

- General Fund
- Vehicle Replacement Plan
- Information Technology Replacement Plan

ELECTRIC UTILITIES AND FUEL PRICES

GENERAL FUND DEPARTMENTS

GOVERNING BODY

- Association Dues, Training, Contributions

ADMINISTRATION

- Property and Liability Insurance, Training, Association Dues

FINANCE

- Information Technology

TAX LISTING

- County Provided Services, Collection Projections, Fees

LEGAL SERVICES

- Attorney

ELECTIONS

STREET MAINTENANCE

- Roadway Improvement Plan

STORM WATER MAINTENANCE

- Prioritized Drainage Concerns
- Scheduled Maintenance

PUBLIC WORKS

- Capital Outlay

PUBLIC BUILDINGS

- Mowing and Landscaping Contract
- Building Maintenance

MAY 4, 2023

GENERAL FUND DEPARTMENTS CONTINUED

POLICE

- Community Watch, Fuel, LESA, Capital Outlay

RECREATION AND SPECIAL EVENTS

- July 4th Plans, Recreation Programs

PARKS AND CAC

- Parks, Community Appearance Commission Projects, Community Organic Garden

EMERGENCY SERVICES

- Contingency Funding
- Community Emergency Response Team (CERT)

ANIMAL CONTROL

WETLANDS & WATERWAYS

- Pond and Canal Maintenance
- Environment and Waterways Advisory Board

LEAF & LIMB AND SOLID WASTE

- Contract Costs

PLANNING AND ZONING

GENERAL FUND—REVENUE/ EXPENSE

GENERAL FUND—FUND BALANCE

MAY 9, 2023

ENTERPRISE FUND DEPARTMENTS

WATER AND SEWER FUND CASH LEVELS

- Debt Service
- Capital Reserve Funds
- Capital Improvement Plan/ Water and Sewer

continued

WATER FUND DEPARTMENTS

- Administration
- Water Supply & Treatment
- Water Distribution

SEWER FUND DEPARTMENTS

- Administration
- Sewer Collection
- Sewer Treatment

UTILITY FINANCIAL MODEL

- Rate History
- Consumption Trends
- Revenue & Expense—Cash Balances
- Rate Scenarios

WATER AND SEWER— REVENUE/EXPENSE

MAY 11, 2023

TAX RATES, UTILITY RATES AND OTHER FEES

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

MAY 16, 2023

MEET IF NECESSARY

MAY 18, 2023

OVERVIEW

DRAFT-BUDGET MESSAGE, ORDINANCE and SCHEDULE OF FEES



Proposed Budget Brochure

Our Budget Preparation Process

The Town of River Bend employs a progressive and transparent budget development process that allows for significant participation from elected officials, advisory boards, staff, and the public. This tentative schedule of budget workshops outlines the dates of these sessions and the proposed topics to be discussed during each session.

While the Town Council and staff do their best to adhere to the printed schedule, there are times when deviation is necessary in order to accommodate adequate discussion of items scheduled for consideration. So, if time or information does not allow for complete discussion of a scheduled item, that item may be taken up at the beginning of the next session.

The Fiscal Year 2023-24 Budget Public Hearing is Tentatively set for Thursday, June 15, 2023 at 7:00 p.m. in the Town Hall Meeting Room.

Documents pertaining to the Fiscal Year 2023-24 budget preparation will be posted on the Town's webpage prior to each budget workshop. All budget related documents shall remain as draft and subject to change until the Budget Ordinance is officially adopted by the Town Council.

Mayor and Town Council

Priorities for Fiscal Year 2023-24

"It's all about resources"

Continue to provide a safe, dynamic, and attractive community for people of all ages, and continue to address the changing demographic composition of the Town.

Continue to provide safe drinking water and quality treatment of wastewater through maintenance of the current systems and continued prudent fiscal management of the utilities.

Continue to operate wastewater treatment facilities to maintain regulatory compliance and serve the current and future needs of the Town.

Continue to work with advisory boards as a means to encourage citizen participation in Town government.

Continue to be good stewards of the natural environment through planned stormwater and floodplain management efforts.

Continue to cooperate regionally and with other municipalities and, where appropriate, share ideas and resources.

Maintain a commitment to the Council—Manager form of government, and to support an adequate and well-trained staff to serve the current and future needs of the community.

Continue to employ sound fiscal management practices to ensure the long-term financial viability of the Town.

Maintain a visionary posture, acknowledging that change is inevitable.

Town of River Bend



Fiscal Year 2023-24 Budget Preparation Workshops

All Budget Workshops will begin at 4:00 p.m. in the Town Hall Meeting Room.

Dates & times are tentative and may change if necessary.

Town of River Bend
45 Shoreline Drive
River Bend, NC 28562
252-638-3870

On the Internet at: www.riverbendnc.org

Public Comments



Mayor & Council Comments



Town of River Bend

Fiscal Year 2022-2023 Budget Kick Off



All budget work sessions are open to the public and allow opportunity for public input. Come join us!

