



Town of Huntersville

FY 2021

Manager's Recommended Budget

May 4, 2020

Anthony Roberts

Town Manager



Summary (the Numbers)

- Budget Proposal complies with NC General Statutes (in balance) and Board adopted financial policies
- General Fund (including Restricted) \$51,338,987 increase of 0.2% over FY 2020
- Enterprise funds (Electric: 22,836,657 and HFFA \$3,740,059)
- Special Revenue Funds: \$2,339,545 (Transportation Reserve, Commerce Station and Land Development)
- Town's Total Annual Funds \$80,255,248



Property Values

- Current year Town Assessed Value \$9,593,674,032
- FY 21 value per the County Assessor's Office estimated at \$9,914,836,935
- FY 21 Property tax collections represent \$22,832,300 or 44% of the total General Fund
- Tax rate recommended at 24 cents, same as last year's revenue neutral rate
- One penny on the tax rate generates appx \$950,000



Budget & COVID 19 Recession

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- Property Tax
 - Vehicle values are harder to predict in economic recession (7% of total value)
 - Recession also frequently results in slower tax collection, but still 95%+
 - Sales Tax
 - Our distributions share will drop some; will know in October by how much
 - Consumer spending is down; what's the pace of the return?
 - We've budgeted a decline of 20% from FY 2019
 - Tourism
 - Prepared Food & Beverage, Occupancy, and Car Rental budgeted down appx 20% from FY 2020 Budget
 - Will there be FEMA or other Federal and State assistance for local governments?



General Fund Major Revenues

- Property Tax, Sales Tax and Utility Sales Tax comprise 87% of the General Fund Revenue
- No change to solid waste fee of \$84 annually (should bring in \$1.6 million)
- No change to stormwater fees (Fund budget of \$ 1,432,700, including fund balance of \$472,700)
- No change in \$20 vehicle fee
- Utility Sales Tax distribution is weather dependent, no change to budget from prior year



Personnel Expenditures

- New Positions

 - Staff Attorney in Administration
 - Engineering Staff Engineer
 - Public Works Crew Leader
 - Senior Parks Repair Technician
 - Convert from contract positions:
 - IT Help Desk
 - IT Network Administrator
 - Police Crime Analyst



Personnel – Pay Proposal

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- Fund staff increase of 4%
 - Area agencies approximately 4% average
 - CPI previous calendar year 2.09%
 - In FY 20, funded a 3.5% average merit with no COLA (when CPI increased 1.36%)
 - CPI adjustments minimize need for large increases when pay studies occur each 3-5 years
 - Next budget year, FY 22 and future, propose a COLA & Merit each year



Operating & Debt Expenditures

- Operating
 - Fire department contribution increase (\$382,867) related to pay adjustment and half the shift coverage request
 - Solid Waste additional cost (\$144,825)
 - In Powell Bill spending, the street maintenance budget has increased (\$125,000)
 - Police property and evidence room expansion (\$50,000)
- Debt
 - Since the issuance of bonds in February 2020, our debt service payments will increase \$1,091,435
 - There is \$650,000 to pay a debt service payment on a new Town Hall between January – June 2021; if not used, will drop into fund balance at year end
 - Total debt service in FY 21: \$5,651,225 (increase of \$1,741,435)



General Fund Minor Capital

- Twelve Police vehicles, live scan printer/signature capture (\$415,540)
- Parks & Recreation North Meck Park footbridge, dump truck, pickup replacement, excavator, gator replacement, golf cart, outdoor movie system & lighting, and Town Hall roof repair (\$325,000 total)
- IT (storage, servers, firewall replacement & backup solutions \$325,000)



General Fund Balance Major Capital

- (\$1.35 million) Ranson Rosedale Park Development
- (\$300,000) Holbrook Park tennis court rebuild
- (\$300,000) Waymer & Abernethy athletic lighting
- (\$280,000) Various sidewalk connections
- (\$1,150,000) Engineering and design for future road improvements (Stumptown Road extension, McCoy at Hambright and McCoy at McIlwaine)
- **If all projects complete at current estimates, General Fund Balance declines by \$6,263,189, including use of debt service reserve**



Transportation Reserve: More Capital

- Fund previously issued debt service on Hwy 73 (\$233,320 – down \$71k after this year refunding)
- Transportation Reserve improvements:
 - Vance Road (\$300,000)
 - Ranson Road (\$150,000)
 - Beatties Ford/Hambright Rd intersection (\$300,000)
 - Seagle Street / 4th Street (\$525,000)
 - At FY 21 revenue budget levels and with these projects complete, the reserve fund balance would be less than \$100,000 at year end



Other Funds

- **Tourism fund** fund balance would decline by \$105,650 due to severe recession revenue declines
- **Commerce Station** at near break even generating \$40,965 in fund balance
- **Powell Bill** expenditures increase by \$46,000, mostly street maintenance and funding part of water trailer with Stormwater & snow removal equipment; fund balance reduced by \$381,000
- **Land Development**
 - Self-supporting with fees/no General Fund, but development is volatile, especially in recession
 - No contribution or use of fund balance; break even



Electric Fund

- **REVENUE**

- The cost to serve study indicates rates should increase in several customer classes
- Board action can increase rates at anytime; no residential rate increase in this budget
- There are additional charges for service revenue in this budget of \$361,580 associated with an increase to industrial rates expected during the year

- **EXPENSES**

- Purchased Power cost comprises 79% of total expense budget
- FY 2021 capital funded at \$3,323,300 mostly system expansion related
- Capital needs over the next three years average \$3.8 million per year which will provide much needed system reliability enhancements as well as additional customer buildout



HFFA

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- REVENUE
 - COVID 19 will have an undetermined impact on operations
 - Membership revenue is budgeted to decline 7%
 - The overall budget is expected to decrease 3%
 - EXPENSES
 - Total annual budget \$3,740,059
 - Capital of \$50,000 (boiler, HVAC control, diving equip)
 - Post COVID 19, FY 22 & FY 23 capital return to more typical \$180,000 & \$175,000
 - No use of Tourism Funds; second budget year where fund is self supporting
 - Debt service is covered by operations and has dropped to \$35,894 for the year



FY 2020 Budget - Next Steps

- Coordinate calendars for budget workshop
 - Submit questions
- Budget document
 - 175+ pages; Manager's Message is a thorough summary
- Will be posted on our website by Wednesday, May 6
- Budget Public Hearing (May 18 or June 1)
- Adopt Budget June 1