

FY 2022 BUDGET WORK SESSION 1

May 17, 2021

The Local Government Budget and Fiscal Control Act NC General Statutes - Chapter 159 Article 3

- “The budget officer (manager) shall prepare a budget for consideration by the governing board”
- Submitted to governing board by June 1
- Must be balanced
- “Estimated revenues shall include only those revenues reasonably expected to be realized”
- Must be adopted by June 30

Budgeting on a Five-Year Horizon



- Town organization has shifted to a five-year horizon for financial planning
- Tax and utility rates are unchanged in FY 2022, as called for in prior Five Year Financial Plan
- Gaps identified in FY 2021 Five Year Financial Plan as originally presented were eliminated by retaining 46 cent tax rate last year

Five-Year Financial Plan

The FY 2022 budget is balanced, and using its revenues and expenditures as a baseline, the Five-Year Financial Plan is also balanced, or generates some excess revenue which strengthens fund balance. Throughout the period there are no tax or utility rate changes, and the General Fund unassigned fund balance remains above the minimum requirements, while the Utility Fund dips slightly below beginning in FY 2025. (Utility Fund subject to change – Critical Issue 3)

FIVE YEAR FINANCIAL PLAN

FY 2022

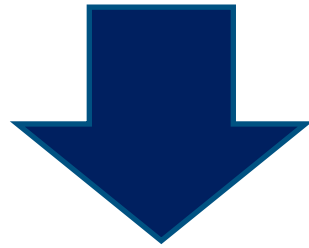
GENERAL FUND		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$	11,448,232	\$ 10,652,063	\$ 11,512,011	\$ 11,435,038	\$ 11,576,792
Expenditures		11,448,232	10,652,063	11,504,080	11,435,038	11,564,269
Net Gain (Loss)		-	-	7,931	-	12,523
Unassigned Fund Balance		3,384,915	3,384,915	3,384,915	3,384,915	3,384,915
Unassigned as % of Expenditures		30.53%	31.78%	31.11%	29.60%	29.27%
UTILITY FUND						
Revenues	\$	4,639,657	\$ 4,654,850	\$ 4,772,573	\$ 4,892,061	\$ 4,963,342
Expenditures		4,639,657	4,644,459	4,746,855	4,866,188	4,894,637
Net Gain (Loss)		-	10,392	25,718	25,873	68,705
Unassigned Fund Balance		2,381,284	2,381,284	2,381,284	2,381,284	2,381,284
Unassigned as % of Expenditures		51.32%	51.27%	50.17%	48.94%	48.65%

Critical Issue 3

Potentially Insufficient Fund Balance for Utility Fund in the Future

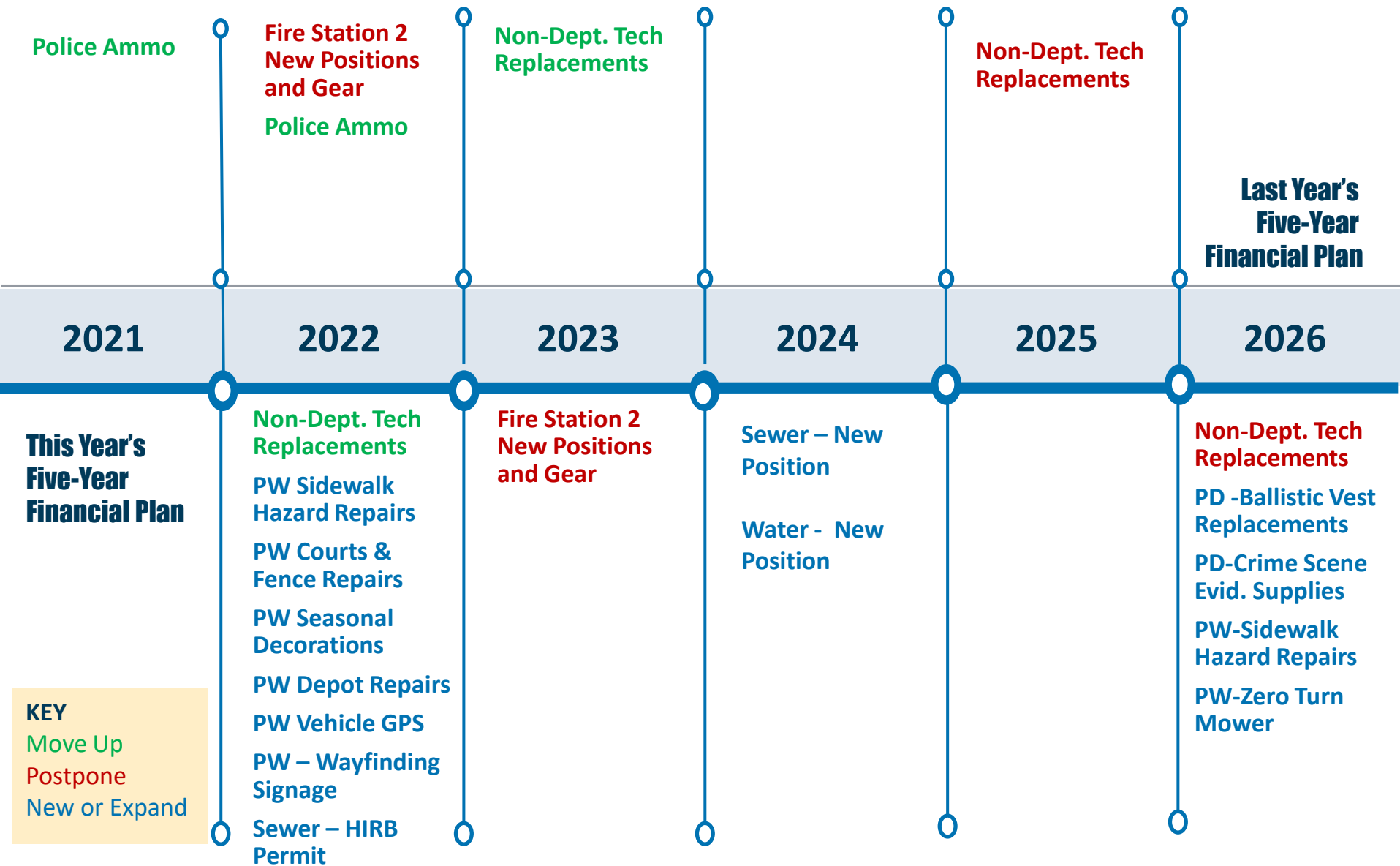
- Town policy has goal of Utility Fund maintaining a fund balance equal to 50% or more of annual budget
- Fund balance has been below 50% for years
- Fund balance increased to 51% for FY22 due to \$500,000 from sale of property
- May need that money for purchase of property for new water plant, returning fund balance to previous levels below 50%

FY 2021
Five Year Financial Plan

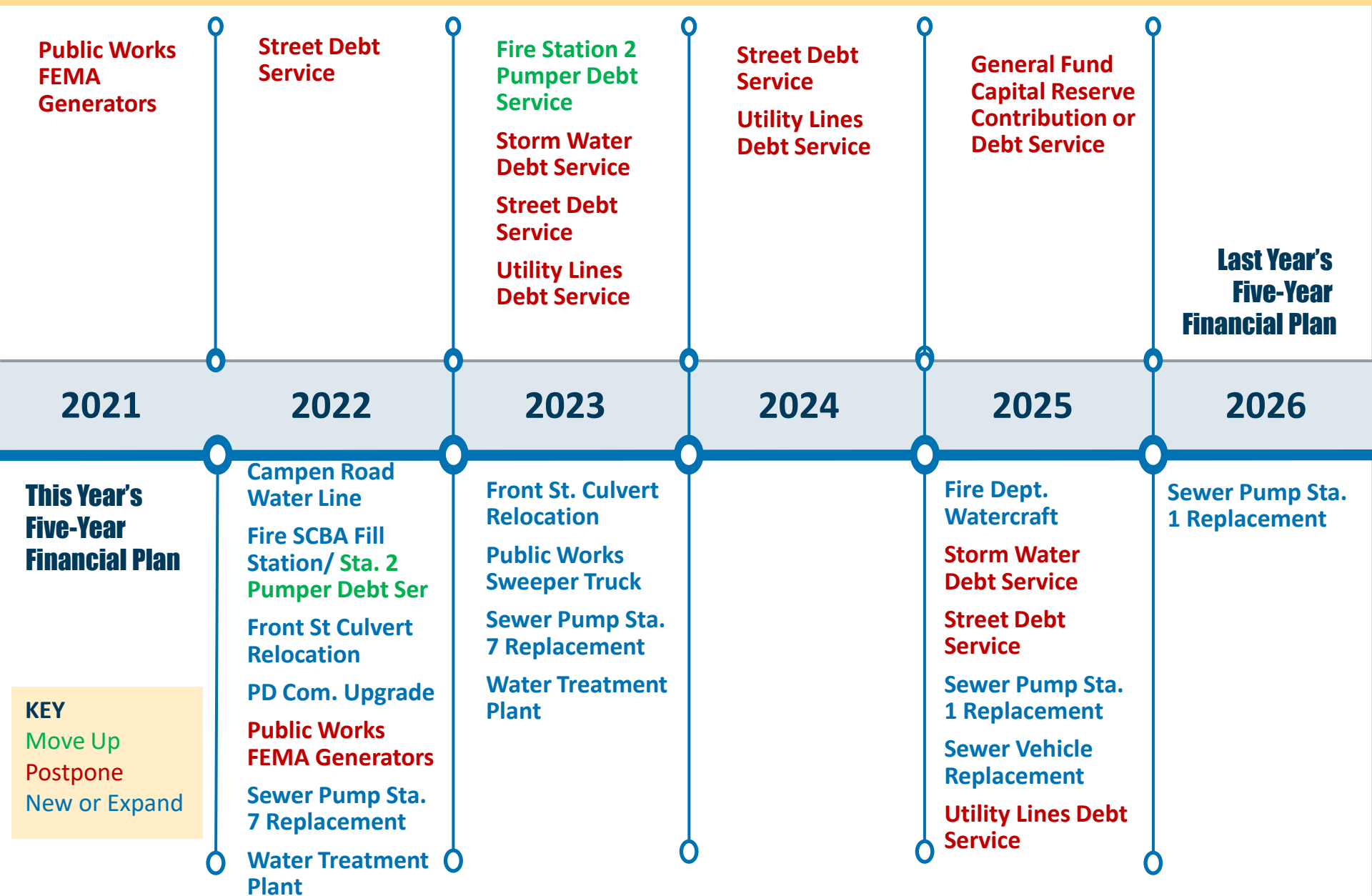


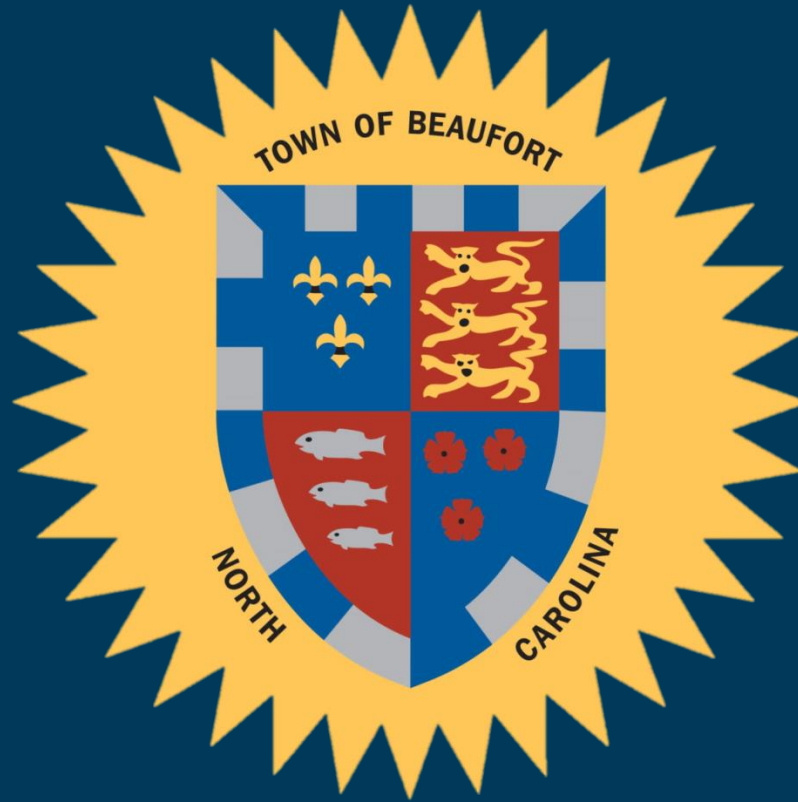
Focus on Changes

Changes in Personnel and Operations in Five-Year Financial Plans: FY 2021 to FY 2022

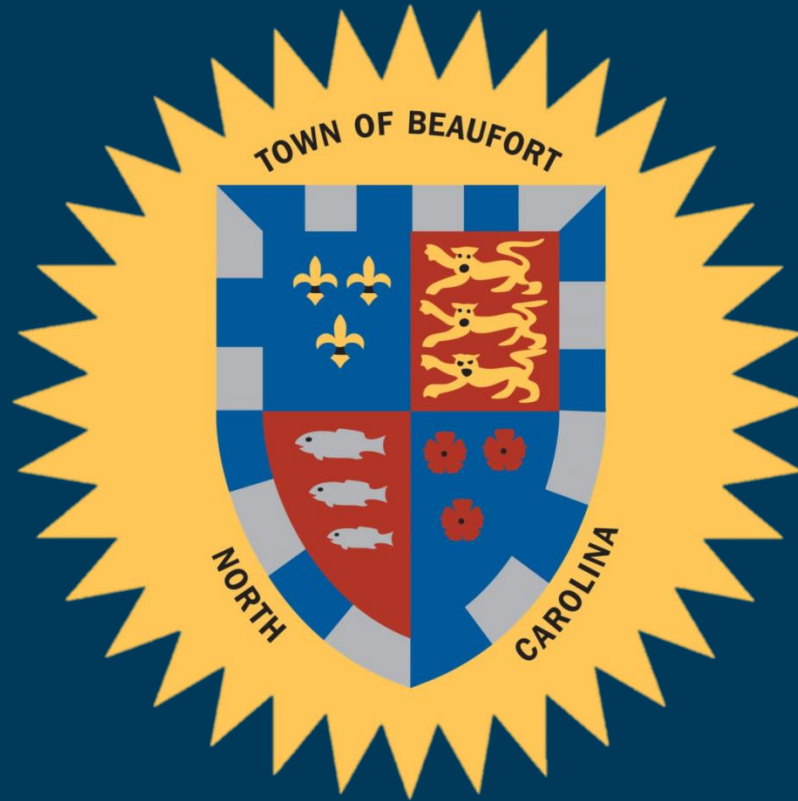


Changes in Capital Improvements in Five-Year Financial Plans: FY 2021 to FY 2022





QUESTIONS?



BUDGET WORK SESSION 2
THURSDAY, MAY 20 – 4 PM