



2nd Quarter Financial and Mid-Year Budget Report

The following report provides information on the current mid-year position of Fiscal Year 2024. This report includes the 2nd Quarter Financials and Preliminary Budget Key Factors that will serve as a useful resource during Retreat. The report is based on high level information as of December 2023 unless otherwise noted.

The Mid-Year Report does not constitute a budget forecast, rather an early glimpse into current position with some assumption for future capacity above projected base budget. Staff will begin more comprehensive analysis of trends and patterns to develop budget forecast during the months of February and March that allows for better assessment of contributory factors for forecasting.

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2ND QUARTER FINANCIALS

Consolidated General Fund Statement of Revenues & Expenditures (Unaudited) as of December 31, 2023 (6 months). The consolidated statement includes the General Fund, Debt Fund, & Healthcare Premium Fund. The Stormwater Fund is reported separately as a Proprietary Fund.

Fund Summary

| | ORIGINAL BUDGET | AMENDED BUDGET | YEAR-TO-DATE ACTUAL | ENCUMBRANCES | BUDGET BALANCE | COLLECTED/ COMMITTED |
|--|--------------------|-------------------|------------------------|--------------|-------------------|-------------------------|
| GENERAL FUND (Only) | | | | | | |
| Total Revenues | \$ 48,200,000 | \$ 50,009,203 | \$ 26,215,116 | \$ - | \$ 23,794,087 | 52.4% |
| Total Expenditures | \$ 48,200,000 | \$ 50,009,203 | \$ 28,237,951 | \$ 3,957,565 | \$ 17,813,687 | 64.4% |
| HEALTHCARE SUB-FUND | | | | | | |
| Total Revenues | \$ 2,553,600 | \$ 2,553,600 | \$ 2,602,894 | \$ - | \$ (49,294) | 101.9% |
| Total Expenditures | \$ 2,553,600 | \$ 2,553,600 | \$ 1,143,906 | \$ - | \$ 1,409,694 | 44.8% |
| DEBT SUB-FUND | | | | | | |
| Total Revenues | \$ 5,555,000 | \$ 5,555,000 | \$ 5,668,750 | \$ - | \$ (113,750) | 102.0% |
| Total Expenditures | \$ 5,555,000 | \$ 5,555,000 | \$ 2,197,368 | \$ - | \$ 3,357,632 | 39.6% |
| TOTAL CONSOLIDATED GENERAL FUND | | | | | | |
| Total Revenues | \$ 56,308,600 | \$ 58,117,803 | \$ 34,486,760 | \$ - | \$ 23,631,043 | 59.3% |
| Total Expenditures | \$ 56,308,600 | \$ 58,117,803 | \$ 31,579,225 | \$ 3,957,565 | \$ 22,581,013 | 61.1% |
| TOTAL STORMWATER FUND | | | | | | |
| Total Revenues | \$ 1,290,000 | \$ 1,332,898 | \$ 875,386 | \$ - | \$ 457,512 | 65.7% |
| Total Expenditures | \$ 1,290,000 | \$ 1,332,898 | \$ 386,380 | \$ 103,910 | \$ 842,608 | 36.8% |

Fund Details

| General Fund Detail | ORIGINAL BUDGET | AMENDED BUDGET | YEAR-TO-DATE ACTUAL | ENCUMBRANCES | BUDGET BALANCE | COLLECTED/ COMMITTED |
|--------------------------------|----------------------|----------------------|------------------------|--------------|----------------------|-------------------------|
| REVENUES: | | | | | | |
| Ad Valorem Taxes | \$ 26,941,400 | \$ 26,941,400 | \$ 18,580,267 | \$ - | \$ 8,361,133 | 69.0% |
| Other Taxes and Licenses | 635,000 | 635,000 | 282,210 | - | 352,790 | 44.4% |
| Unrestricted Intergovernmental | 13,648,160 | 13,648,160 | 3,781,247 | - | 9,866,913 | 27.7% |
| Restricted Intergovernmental | 1,223,400 | 1,304,867 | 1,019,021 | - | 285,847 | 78.1% |
| Permits and Fees | 1,552,000 | 1,552,000 | 609,226 | - | 942,774 | 39.3% |
| Sales and Services | 1,359,600 | 1,359,600 | 627,195 | - | 732,405 | 46.1% |
| Rentals | 138,300 | 138,300 | 61,064 | - | 77,236 | 44.2% |
| Investment Earnings | 297,900 | 297,900 | 280,360 | - | 17,540 | 94.1% |
| Miscellaneous | 402,340 | 449,635 | 211,426 | - | 238,209 | 47.0% |
| Transfer from other funds | 763,100 | 763,100 | 763,100 | - | - | 100.0% |
| Appropriated Fund Balance | 1,238,800 | 2,919,240 | - | - | 2,919,240 | 0.0% |
| TOTAL REVENUES | \$ 48,200,000 | \$ 50,009,203 | \$ 26,215,116 | \$ - | \$ 23,794,087 | 52.4% |

| | ORIGINAL BUDGET | AMENDED BUDGET | YEAR-TO-DATE ACTUAL | ENCUMBRANCES | BUDGET BALANCE | COLLECTED/ COMMITTED |
|-------------------------------|--------------------|-------------------|------------------------|--------------|-------------------|-------------------------|
| EXPENDITURES: | | | | | | |
| Governing Body | | | | | | |
| Personnel Cost | \$ 89,700 | \$ 89,700 | \$ 45,686 | \$ - | \$ 44,014 | 50.9% |
| Operating Cost | 453,500 | 471,349 | 202,969 | 189,341 | 79,039 | 83.2% |
| Transfer to Healthcare Fund | 47,800 | 47,800 | 47,800 | - | - | 100.0% |
| Interfund Transfers | 7,885,000 | 7,885,000 | 7,885,000 | - | - | 100.0% |
| Subtotal | 8,476,000 | 8,493,849 | 8,181,455 | 189,341 | 123,053 | 98.6% |
| Administration | | | | | | |
| Personnel Cost | 940,260 | 940,260 | 434,235 | - | 506,025 | 46.2% |
| Operating Cost | 905,040 | 909,027 | 866,951 | - | 42,076 | 95.4% |
| Transfer to Healthcare Fund | 45,200 | 45,200 | 45,200 | - | - | 100.0% |
| Subtotal | 1,890,500 | 1,894,487 | 1,346,386 | - | 548,101 | 71.1% |
| Budget & Strategic Management | | | | | | |
| Personnel Cost | 571,880 | 610,602 | 264,590 | - | 346,012 | 43.3% |
| Operating Cost | 63,820 | 302,237 | 243,724 | 34,855 | 23,658 | 92.2% |
| Transfer to Healthcare Fund | 45,200 | 45,200 | 45,200 | - | - | 100.0% |
| Subtotal | 680,900 | 958,039 | 553,514 | 34,855 | 369,670 | 61.4% |
| Communications | | | | | | |
| Personnel Cost | 529,800 | 529,800 | 241,452 | - | 288,348 | 45.6% |
| Operating Cost | 322,400 | 292,008 | 157,119 | 42,982 | 91,908 | 68.5% |
| Transfer to Healthcare Fund | 57,100 | 57,100 | 57,100 | - | - | 100.0% |
| Subtotal | 909,300 | 878,908 | 455,671 | 42,982 | 380,256 | 56.7% |
| Finance | | | | | | |
| Personnel Cost | 660,700 | 660,700 | 315,272 | - | 345,428 | 47.7% |
| Operating Cost | 342,300 | 361,507 | 227,761 | 28,945 | 104,801 | 71.0% |
| Transfer to Healthcare Fund | 68,600 | 68,600 | 68,600 | - | - | 100.0% |
| Subtotal | 1,071,600 | 1,090,807 | 611,633 | 28,945 | 450,229 | 58.7% |
| Information Technology | | | | | | |
| Personnel Cost | 1,086,340 | 1,086,340 | 524,075 | - | 562,265 | 48.2% |
| Operating Cost | 1,677,060 | 1,746,053 | 783,273 | 288,812 | 673,968 | 61.4% |
| Transfer to Healthcare Fund | 91,400 | 91,400 | 91,400 | - | - | 100.0% |
| Subtotal | 2,854,800 | 2,923,793 | 1,398,748 | 288,812 | 1,236,233 | 57.7% |
| Human Resources | | | | | | |
| Personnel Cost | 534,800 | 534,800 | 240,906 | - | 293,894 | 45.0% |
| Operating Cost | 88,600 | 93,572 | 47,976 | 39,395 | 6,201 | 93.4% |
| Transfer to Healthcare Fund | 45,700 | 45,700 | 45,700 | - | - | 100.0% |
| Subtotal | 669,100 | 674,072 | 334,582 | 39,395 | 300,095 | 55.5% |
| Planning | | | | | | |
| Personnel Cost | 1,279,500 | 1,279,500 | 577,117 | - | 702,383 | 45.1% |
| Operating Cost | 995,100 | 1,247,669 | 291,159 | 773,074 | 183,437 | 85.3% |
| Capital Outlay | 37,600 | 37,600 | - | - | 37,600 | 0.0% |
| Transfer to Healthcare Fund | 137,200 | 137,200 | 137,200 | - | - | 100.0% |
| Subtotal | 2,449,400 | 2,701,969 | 1,005,476 | 773,074 | 923,420 | 65.8% |
| Inspections | | | | | | |
| Personnel Cost | 1,095,400 | 1,095,400 | 529,732 | - | 565,668 | 48.4% |
| Operating Cost | 73,500 | 73,500 | 35,615 | - | 37,885 | 48.5% |
| Transfer to Healthcare Fund | 114,300 | 114,300 | 114,300 | - | - | 100.0% |
| Subtotal | 1,283,200 | 1,283,200 | 679,647 | - | 603,553 | 53.0% |

| | ORIGINAL BUDGET | AMENDED BUDGET | YEAR-TO-DATE ACTUAL | ENCUMBRANCES | BUDGET BALANCE | COLLECTED/ COMMITTED |
|-----------------------------------|--------------------|-------------------|------------------------|------------------|-------------------|-------------------------|
| Engineering | | | | | | |
| Personnel Cost | 1,141,400 | 1,141,400 | 492,560 | - | 648,840 | 43.2% |
| Operating Cost | 105,900 | 125,900 | 49,104 | 64,285 | 12,511 | 90.1% |
| Capital Outlay | - | - | - | - | - | 0.0% |
| Transfer to Healthcare Fund | 114,100 | 114,100 | 114,100 | - | - | 100.0% |
| Subtotal | 1,361,400 | 1,381,400 | 655,764 | 64,285 | 661,351 | 52.1% |
| Police | | | | | | |
| Personnel Cost | 5,405,525 | 5,405,525 | 2,467,314 | - | 2,938,211 | 45.6% |
| Operating Cost | 696,475 | 763,110 | 283,733 | 165,698 | 313,679 | 58.9% |
| Capital Outlay | - | - | - | - | - | 0.0% |
| Transfer to Healthcare Fund | 560,100 | 560,100 | 560,100 | - | - | 100.0% |
| Subtotal | 6,662,100 | 6,728,735 | 3,311,147 | 165,698 | 3,251,890 | 51.7% |
| Fire | | | | | | |
| Personnel Cost | 6,649,900 | 6,649,900 | 3,206,454 | - | 3,443,446 | 48.2% |
| Operating Cost | 926,700 | 956,657 | 544,773 | 53,116 | 358,768 | 62.5% |
| Capital Outlay | - | - | - | - | - | 0.0% |
| Transfer to Healthcare Fund | 695,400 | 695,400 | 695,400 | - | - | 100.0% |
| Subtotal | 8,272,000 | 8,301,957 | 4,446,627 | 53,116 | 3,802,214 | 54.2% |
| Public Works | | | | | | |
| Personnel Cost | 2,093,580 | 2,093,580 | 932,493 | - | 1,161,087 | 44.5% |
| Operating Cost | 4,676,420 | 4,971,263 | 1,805,639 | 1,620,303 | 1,545,321 | 68.9% |
| Capital Outlay | 208,000 | 443,300 | 60,935 | 174,365 | 208,000 | 53.1% |
| Transfer to Healthcare Fund | 297,900 | 297,900 | 297,900 | - | - | 100.0% |
| Subtotal | 7,275,900 | 7,806,043 | 3,096,967 | 1,794,668 | 2,914,408 | 62.7% |
| Fleet | | | | | | |
| Capital Outlay | 500,000 | 1,008,302 | - | 278,275 | 730,027 | 27.6% |
| Powell Bill | | | | | | |
| Operating Cost | 750,000 | 750,000 | 431,369 | 22,704 | 295,928 | 60.5% |
| Parks and Recreation | | | | | | |
| Personnel Cost | 2,088,485 | 2,069,780 | 1,065,531 | - | 1,004,249 | 51.5% |
| Operating Cost | 820,020 | 875,860 | 475,434 | 181,415 | 219,011 | 75.0% |
| Capital Outlay | - | - | - | - | - | 0.0% |
| Transfer to Healthcare Fund | 185,295 | 188,000 | 188,000 | - | - | 100.0% |
| Subtotal | 3,093,800 | 3,133,640 | 1,728,965 | 181,415 | 1,223,260 | 61.0% |
| TOTAL EXPENDITURES | 48,200,000 | 50,009,203 | 28,237,951 | 3,957,565 | 17,813,687 | 64.4% |
| HEALTHCARE SUB-FUND DETAIL | | | | | | |
| REVENUES: | | | | | | |
| Transfer to Healthcare Fund | 2,553,600 | 2,553,600 | 2,553,600 | - | - | 100.0% |
| Investment Earnings | - | - | 49,294 | - | (49,294) | -100.0% |
| TOTAL REVENUES | 2,553,600 | 2,553,600 | 2,602,894 | - | (49,294) | 101.9% |
| EXPENDITURES: | | | | | | |
| Health Care Premium Fund | 2,553,600 | 2,553,600 | 1,143,906 | - | 1,409,694 | 44.8% |
| Benefits Health & Dental | 2,553,600 | 2,553,600 | 1,143,906 | - | 1,409,694 | 44.8% |
| DEBT SUB-FUND DETAIL | | | | | | |
| REVENUES: | | | | | | |
| Transfer to Debt Fund | 5,555,000 | 5,555,000 | 5,555,000 | - | - | 100.0% |
| Investment Earnings | - | - | 113,750 | - | (113,750) | -100.0% |
| TOTAL REVENUES | 5,555,000 | 5,555,000 | 5,668,750 | - | (113,750) | 0.0% |
| EXPENDITURES: | | | | | | |
| Debt Service Fund | | | | | | |
| Principal | 2,720,000 | 2,720,000 | 1,395,000 | - | 1,325,000 | 51.3% |
| Interest | 1,496,300 | 1,496,300 | 802,368 | - | 693,932 | 53.6% |
| Bond Issuance Cost | - | - | - | - | - | 0.0% |
| Debt Reserve | 1,338,700 | 1,338,700 | - | - | 1,338,700 | 0.0% |
| TOTAL EXPENDITURES | 5,555,000 | 5,555,000 | 2,197,368 | - | 3,357,632 | 39.6% |

STORMWATER FUND DETAIL

| | ORIGINAL BUDGET | AMENDED BUDGET | YEAR-TO-DATE ACTUAL | ENCUMBRANCES | BUDGET BALANCE | COLLECTED/ COMMITTED |
|-----------------------------------|---------------------|---------------------|------------------------|-------------------|-------------------|-------------------------|
| REVENUES: | | | | | | |
| Permits and Fees | \$ 87,800 | \$ 87,800 | \$ 4,817 | \$ - | \$ 82,983 | 5.5% |
| Sales and Services | 1,185,000 | 1,185,000 | 817,562 | - | 367,438 | 69.0% |
| Investment Earnings | 17,200 | 17,200 | 53,007 | - | (35,807) | 308.2% |
| Appropriated Fund Balance | - | 42,898 | - | - | - | 0.0% |
| TOTAL REVENUES | \$ 1,290,000 | \$ 1,332,898 | \$ 875,386 | \$ - | \$ 414,614 | 65.7% |
| EXPENDITURES: | | | | | | |
| Personnel Cost | \$ 463,650 | \$ 463,650 | \$ 218,223 | \$ - | \$ 245,427 | 47.1% |
| Operating Cost | 253,650 | 264,971 | 91,668 | 103,910 | 69,393 | 73.8% |
| Capital Outlay | - | 31,577 | 30,889 | - | 687 | 97.8% |
| Transfer to Healthcare Fund | 45,600 | 45,600 | 45,600 | - | - | 100.0% |
| Transfer to Capital Project Funds | 527,100 | 527,100 | 527,100 | - | - | 100.0% |
| TOTAL EXPENDITURES | \$ 1,290,000 | \$ 1,332,898 | \$ 913,480 | \$ 103,910 | \$ 315,507 | 76.3% |

Note: The statement consolidates the General Fund with the Healthcare and Debt Service Sub-Funds as required by year-end reporting. The Stormwater Fund is reported separately as a Proprietary Fund.

MID-YEAR ASSESSMENT

Current Outlook

The following outlook provides a high-level mid-year assessment of General and Stormwater Fund revenues and expenditures as of December 2023. Revenue collections and expenditures do not occur uniformly throughout a fiscal year in the public sector as compared to the private sector due to the varying nature of revenue distributions/collection trends and the nature of expenses. For example, ad valorem represents 55.9% of the Town's revenue resources in the general fund (unconsolidated) and primarily is received during the 2nd & 3rd quarter annually. As a result, local governments will cash flow the first quarter and much of the 2nd quarter expenditures from reserves until revenues catch-up in the 2nd or 3rd quarters. The Original Budget is what was originally adopted by Council at the beginning of the fiscal year. The Revised Budget is representative of the current level of budget authority as the Original Budget has been amended by Council actions approving various Budget Ordinance Amendments that occur throughout the year as necessary.

Budget Performance Highlights:

- Revenues over Expenditures are trending similarly to historic data, but slightly behind the prior year at same point of measure. This is primarily due to the timing of revenues received in the prior fiscal year. Projections for revenues were based on conservative forecasting strategy. The budget does incorporate some use of fund balance by fiscal year end. This will continue to be analyzed as major revenues materialize through 3rd quarter.
- Major Revenues - Ad Valorem is steady at 69% of collected projection to date and is on track to meet budget expectations. Sales Tax reflects continued growth in current receipts currently 2% over FY23 despite concerns with economic factors and is mostly because of continued inflationary pressure on the price of goods and services. The three-month lag in the state's distribution schedule for this source can hinder mid-year forecasting efforts. If early identified trends remain and consumer confidence holds, the source is currently anticipated to outperform intentional conservative budget strategy. Development User Fees overall are below the mid-year total from the prior year, mostly due to Commercial Permits stemming from activity along the McCrimmon corridor in FY23. Residential Permits continue to lag even conservative projections. This is reflective of shrinking land opportunities for future developments and will need to continue to be monitored into next budget cycle. Overall, the revenue sources combined in this category remain strong, with some expectation that revenues projected to exceed budget at year-end will offset some underperforming sources.
- Parks & Recreation Revenues (Sales & Services) – Parks and Recreation revenues look to have finally recovered from pre-pandemic levels, with revenues currently projected to meet the revenue target set for FY24. Youth programs are still suffering from space limitations, staffing, and competition with other before/after school programs, causing this revenue source to continue to struggle amid the increases in the remaining Parks and Recreation revenue sources. Fitness programs and MAFC daily passes have shown positive expansion due to the renovated facility and improved offering options. Overall, the combined Parks fees are trending ahead of prior year.
- Investment Earnings – Investment earnings continue to increase due to rising interest rates from inflationary pressures. However, while this

revenue source is projects to exceed budget in the current fiscal year, a shift in economic conditions can affect investment earnings in future years.

- Overall Economic Snapshot – Economic recovery post pandemic continues. The current level of goods and services production and total employment now exceed pre-pandemic levels but is not consistent across all sectors. Current planned expenditures town-wide are also being affected by supply chain issues, with vehicle inventory still scarce. While Inflation has decreased from the 8% seen at the end of 2022 and continues to slow, it is still a concern at 3.4% and the possibility of a recession is still looming. The real estate market has slowed while development interest in Morrisville has not faded. Labor markets continue to recovery. The Raleigh-Durham regional area tends to be a resilient metro-area.
- Overall expenditures are within range of historic trends.

Lapse Salary Update

In accordance with the Adopted Budget Ordinance, special authorizations are granted to the Town Manager in the usage of accrued personnel budgets resulting from newly authorized positions until the initial hire and vacant positions through operational turnover. The Town Manager is allowed flexible use of these available budgeted resources within the year to mitigate unforeseen circumstances or effectively advance priorities operationally. Accrued lapse salaries are trending similarly to recent prior years. The table illustrates a comparison of recorded actuals as compared to current year actuals to date. Staff speculates that by year end lapse salary will be similar to prior year actuals due to continued turnover and recruitment issues.

Historical Lapse Salary

| FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 YTD |
|-------------|-------------|-----------|-----------|-----------|-----------------|
| \$1,764,395 | \$1,167,612 | \$709,684 | \$635,314 | \$297,671 | \$200,000 Est.* |

**Data Source: ACFR, Munis Accounting System. FY24 lapse salary projection includes uses funded in the first half of the fiscal year.*

Staff Report: As of December 31, 2023, staff anticipates the use of lapse salary by the end of the fiscal year for items such as mid-year approval of new Parks

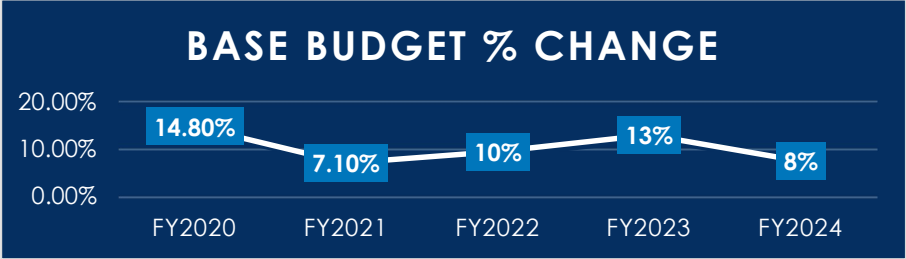
positions, other recruitment and retention needs, miscellaneous inflationary costs, and other unforeseen personnel expenses. Staff will continue to monitor throughout the fiscal year, with the next reporting planned at year-end.

Base Budget

A base budget is defined as routine expenditures that typically recur in an annual budget year over year that provide for core services. Base budgets are impacted by inflation, retirement of debt, and operational changes that are added to the annual budget to meet growing demands which are routine in nature (i.e., workforce, service improvements, maintenance, new debt, etc.) One-time items such as capital projects, non-recurring projects or initiatives, major equipment replacements or other outlays are not considered part of a base budget analysis.

The base budget approach allows Council and staff to focus on new initiatives and interests when developing budgets. Staff will analyze resources as compared to needs to identify potential capacity to address these initiatives without impacting basic core services represented by a base budget. Staff reassesses base budgets annually to manage arbitrary inflation.

The following charts are comparisons of historical base budgets and how they have changed. They represent the combined operational base budgets for the General Fund and Stormwater Fund combined.



Base budgets have grown over the past years. Demand on existing resources is catching up with steady growth in base revenue resources. This is directly related to new debt associated with planned bond projects, operational changes to meet growing and emerging community interests, and resources needed to accomplish desired strategic goals. Operational changes include expanded staff (especially Police and Fire), program delivery, and the growing network of infrastructure (property and facilities) essential to a growing town.

Revaluation years tend to be opportunities to right size operational budgets in alignment with market conditions that contribute to the Town's primary revenue sources driving core services – Ad Valorem Taxes. The next revaluation process will occur in the coming months and will influence planning for the fiscal year 2025 budget.

| FY20 Base Budget Beginning \$28.3M | FY21 Base Budget Beginning \$32.5M | FY22 Base Budget Beginning \$34.8M | FY23 Base Budget Beginning \$38.1M | FY24 Base Budget Beginning \$42.8M |
|--|---|--|---|--|
| <ul style="list-style-type: none"> •Debt Morrisville Carpenter & McCrimmon Phase II - Full •Debt MAFC •Technology Enhancements •12 Positions •Merit/Healthcare •Inflation <p style="text-align: center;">Ending \$32.5M</p> | <ul style="list-style-type: none"> •Smart Shuttle •Sustainability •Smart City Technology •Added Debt Reserve Fund •6 Positions •Merit/Healthcare •Inflation <p style="text-align: center;">Ending \$34.8M</p> | <ul style="list-style-type: none"> •New Parks Capital Reserve •Smart Shuttle Additions •Technology Enhancements •Increased Funds - Fire Apparatus CRF •13 Positions •Merit/Healthcare •Inflation <p style="text-align: center;">Ending \$38.1M</p> | <ul style="list-style-type: none"> •Debt Bond Projects - 1st Issue •Sustainability •Additional Space Lease •Smart Shuttle Increase •Technology Increases •Stormwater projects •2 Positions •Merit/Healthcare •Inflation <p style="text-align: center;">Ending \$42.8M</p> | <ul style="list-style-type: none"> •Competitive Compensation •Sustainability •Parkland Lease •Smart Shuttle Increase •Operational Increases •Solid Waste Services •Increased Town Events •Inflation <p style="text-align: center;">Ending \$46.0M</p> |

Looking Ahead to FY2025

FY 2025 brings potential new funding opportunities through continued increases in revenues, including additional ad-valorem funding resources through revaluation. Possible areas of budget requests looking ahead may include, but are not limited to, additional staffing needs for the organization, continuation of commitment to building reserves for future capital projects, needed and planned equipment & vehicle replacements, expanded facility and landscape needs, consulting services for project planning & execution, expanding services, economic development opportunities, planning for future bond issuances and installment financing with growing debt obligation, embracing diversity, equity & inclusion responsibilities, and overall furthering of core strategic initiatives.

FUND BALANCE

Fund Balance Summary

The Town's Fund Balance Policy states that the General Fund shall be no less than three months operating expenditures or 25% of the total operating expenditures. Funds more than 45% at year-end may be appropriated or designated for one-time capital expenditures, economic development or transferred to capital reserves.

| General Fund | June 30, 2021 | June 30, 2022 | June 30, 2023 |
|---|---------------|---------------|---------------------|
| Expenditures (less transfers & fund appropriations) | \$32,833,788 | \$37,730,100 | \$40,099,250 |
| Total Fund Balance | \$32,554,766 | \$31,119,593 | \$38,390,970 |
| Unassigned Fund Balance | \$13,784,522 | \$13,711,989 | \$16,566,070 |
| Unassigned Fund Balance % of Expenditures | 41.98% | 36.34% | 41.31% |

Note: The calculation for the Unassigned Fund Balance shown above accounts for Fund Balance appropriation, committed funds to capital reserves and the state statute requirement to include in the calculation any prior year purchase order rollovers. Included within the current required unassigned fund balance total are accumulated reserves for MSD Fund and the Healthcare Premium Fund totaling approximately \$903K that are restricted for those purposes. The remaining balance of \$15.7M is considered unrestricted.

| Other Reserve Type Funds | Parkland PIL | Fire Apparatus | CIP | Roadway & Transportation | Parks & Recreation |
|---|---------------|----------------|-----------|--------------------------|--------------------|
| Beginning Balance | \$ 3,919,509 | \$ 765,519 | \$ 89,057 | \$ 1,628,808 | \$ 12 |
| Net Change | \$ 1,363,754 | \$ 29,151 | 1,779 | \$ 1,455,642 | \$ 11,948 |
| FY2023 Appropriation (Transfers In/Out) to Date | \$(2,306,600) | \$ 750,000 | \$188,924 | \$(617,200) | \$ 650,000 |
| FY2023 PIL Restricted Revenue | \$1,262,033 | - | - | - | - |
| Current Balance | \$2,976,663 | \$1,544,670 | \$279,760 | \$2,467,250 | \$661,960 |

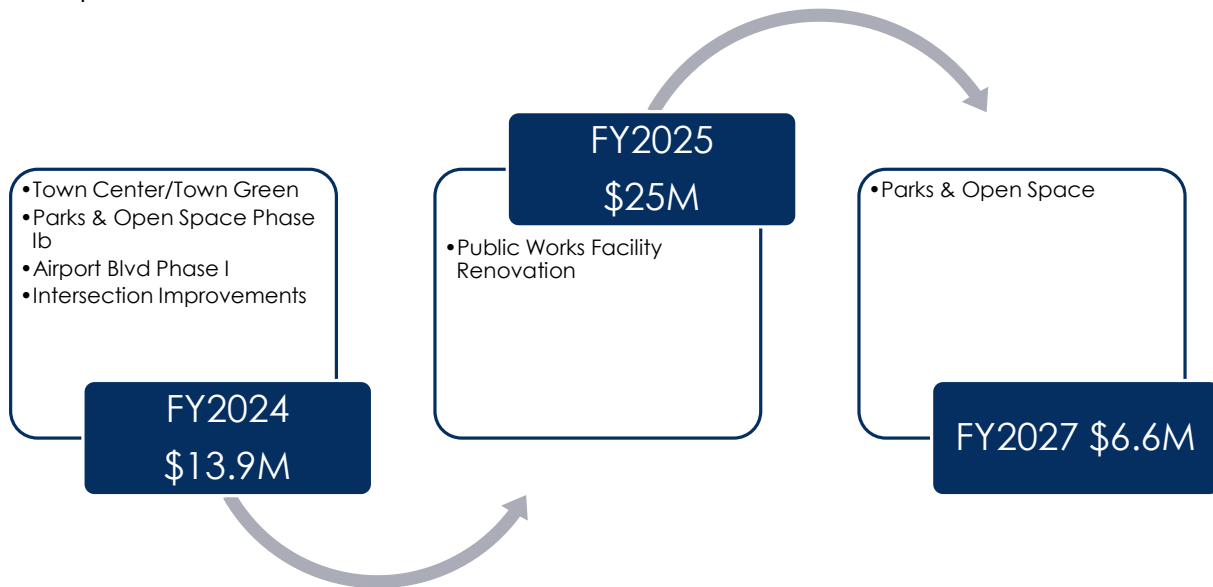
Note: Does not include interest earned to date.

FUTURE DEBT FY2024 AND BEYOND

Current debt service for FY24 totals \$4.2M, \$200k higher than the previous fiscal year's debt service requirements. Following the approved Bond Referendum providing for future capital projects totaling up to \$37M, Staff has initiated working with financial advisors and bond counsel to plan for the second round of issuance that is estimated at \$13.9M. The guiding debt model used as the basis for Bond Referendum planning provides for three bond issuances within the

next five to six years and will include one anticipated installment financing for the Public Works facility renovation. The tax rate was increased in FY23 by 3 cents which is dedicated and allocated out to the Debt Reserve Fund. It is not used for operational cost.

The debt plan that includes GO bonds and installment financing was originally anticipated as follows:



Annually, Staff will reassess debt position and tolerance to potentially shift any projects forward without impacting the Town’s debt ratio policy greater than anticipated by original debt model. Evaluation discussions are underway with our financial advisors. An update and any recommended changes will be discussed during retreat.

BUDGET CALENDAR

FY2025 Budget Process

During retreat, staff will explore budget engagement strategies with Council to develop a more robust outreach plan. The process outlined below illustrates the basic budget elements of a typical calendar as a starting point of the conversation. There are several work sessions approved by Council to allow for flexible use throughout Council’s deliberations.



CURRENT KEY FACTS

Tax Base Components = 56% Commercial / 44% Residential

Median Home Value = \$370,000

Current Tax Rate = \$0.39 per \$100 Assessed Value

One Cent on Tax Rate = \$685,000

Vehicle Decal Fee = \$30 Annually

Stormwater ERU Fee = \$40 (Expected Second Tier Rate Increase)

Solid Waste = Currently No Fee – Absorbed in Tax Rate

Increased Debt Service = 2024 (Second Bond Issuance Planned in June 2024)

Current Population Estimate = 32,272 – In-house estimate