

## Budget Message and Manager's Budget for FY 19-20

**TO:** Mayor and Board of Commissioners

**FROM:** Town Manager Hazen Blodgett

**DATE:** May 13, 2019

Attached is the proposed budget for the Town of Matthews Fiscal Year (FY) 2019-2020. The presented budget is \$25,640,229 - representing a 2.95% or \$756,757 increase over the FY18-19 amended budget of \$24,883,472.

This year's budget presents many challenges. The Town is facing increase costs in several areas, including retirement contributions, solid waste fees and insurance. Those additional costs, plus the proposal to add four new positions to the Police Department, totals \$913,250.

The Mecklenburg County 2019 Property Revaluation increased property values in Matthews by 38.3%. The revenue neutral tax rate is .2613. The manager's proposed budget includes a 1.87-cent property tax increase to a .28 tax rate. A .28 tax rate would raise an additional \$965,500 in revenue.

### Revenues:

- Based on projected revenues:
  - A 1.87-cent property tax increase will increase projected property and vehicle tax revenue by \$965,500 (7.3%). Property and vehicle taxes represent 55% of total revenue.
  - Sales tax is projected to increase by \$372,000 (11.3%), accounting for 14% of total revenue.
  - Unrestricted Intergovernmental revenues are projecting a slight increase of \$22,000 (.09%). The Unrestricted Intergovernmental revenues account for 9% of the total revenue.
  - Other (Powell bill, storm water, permits, fees, grants, etc.) account for 22% of revenue.

**Expenditures:**

- The budget includes four new positions in the Police Department. These positions were among the recommendations from the workload analysis study.
- This budget fully funds the change to a Fire & EMS 24-hour staffing model.
- This budget includes a 3% salary increase pool for full-time, non-probationary employees.
- No money is budgeted from the General Fund Balance (Town's savings account) to balance the budget.
- Costs have increased significantly in several areas, including retirement contributions, solid waste fees and insurance.

The Fund Balance in the FY 19 audit was 45.5%, 34.5% unassigned.

The Town's strategic framework with its seven goals and the department's strategic plans are the guiding principles for developing the budget.

Thanks to the department heads and staff for their hard work, with special thanks to Assistant Manager Becky Hawke and Senior Finance Specialist Lindsay Wiggs.