Budget Message and Manager’s Recommended FY 22-23 Budget

TO: Mayor and Board of Commissioners
FROM: Town Manager Becky Hawke
DATE: May 23, 2022

Attached is the recommended budget for the Town of Matthews Fiscal Year (FY) 2022-23. This balanced budget sets a strong foundation for the upcoming fiscal year as we continue to meet the operational needs of the organization and provide high quality services to the Matthews community.

The Recommended FY 23 Annual Budget totals $28,541,985, which reflects a 7.3% increase over the FY 22 Original Budget. The FY 23 Proposed Budget is also 6.5% lower than the FY 22 Amended Budget, which is predominantly due to the $1.5 million property acquisition (Devore property) that was completed during the current fiscal year.

The recommended budget maintains our 179 full time employees and adds three additional full-time positions (two part-time positions that will transition to full-time, and one new position added to keep up with emerging human resources needs).

Taxes and Fees

The property tax rate remains unchanged at .295-cents per hundred.

The Fee Schedule remains largely unchanged, with minor adjustments proposed to facility rentals.

Revenues

Property tax revenue is projected to increase by 3.5% when compared to F.Y. 22’s Original Budget, and represents 58% of all revenues.

Sales tax revenue in F.Y. 22 is projected to be at least 18% higher than F.Y. 21. Sales tax growth is expected to continue in F.Y. 23, with an additional increase of 5% over F.Y. 22’s totals expected. Sales tax is projected to account for 23% of total revenue.

Unrestricted Intergovernmental revenue is projecting an overall increase of 4.3%, and represents 10% of total revenue.

Other revenue sources including Powell Bill funding and Storm Water Fees, as well as various permits, fees, grants, etc., account for the remaining 9% of revenue.

Expenditures:

This Recommended Budget absorbs significant health insurance premium increases ($340,000), as well as required increases in our retirement contribution rates ($83,197).

The Recommended Budget also includes a 7% Cost of Living (COL) increase for all employees that, if
approved, will go into effect in July 2022. In addition to helping counteract rising inflation, this increase will also increase our pay plan – including starting pay – to help make us more competitive in recruiting new employees. While it won’t completely achieve our desired market placement, it is a good first step toward that goal.

Three new positions are also proposed, including an Assistant Human Resources Director to help ensure the Human Resources Department has the capacity to take on more formal recruitment efforts, as well as a number of organizational development initiatives, among other needs. The two other positions are reclassifications of existing part-time positions to full-time and include the Communications Coordinator, as well as the Special Events Assistant (the latter of which is funded through the Tourism Fund).

Certified Matthews Fire & EMS volunteer firefighters will transition to part-time employees and receive $13/hour, while uncertified volunteers will continue to be welcomed and will receive a small stipend. All other part-time employees will also move to a minimum of $13/hour.

This budget also makes investments in public safety equipment including body cameras, in-car dash cameras and new crash reconstruction software for the Matthews Police Department. Additionally, the budget includes purchases of new software or continued funding for software that will assist the Finance and Human Resources Departments in being more efficient.

**Fund Balance**

No funds are budgeted from the unassigned General Fund - Fund Balance (Town’s savings account) to balance the budget. The $322,860 listed as General Fund - Fund Balance Appropriated includes $192,860 in Assigned Fund Balance for annual vehicle lease payments, $30,000 in Restricted Fund Balance for Recreation Fees in Lieu payments to partially fund the Irvins Creek Greenway payment, and $100,000 in previously-appropriated Fund Balance for the Town’s 20% match for engineering/design work on the NC-51 multi-use path (EB-5969).

The Fund Balance in the FY 21 Audit shows a total Fund Balance of 52.4%, and an unassigned Fund Balance of 35.5%.

Thanks to the department heads and staff for their hard work, with special thanks to Finance Director Teresa Fulk and the entire Finance Department for their assistance in the budget process.