



**TO: HONORABLE MAYOR AND TOWN COUNCIL**

**THROUGH: JOHN KROSS, TOWN MANAGER**

**FROM: SCOTT MCCARTY, FINANCE DIRECTOR**

**RE: FY 2022-23 BUDGET OVERVIEW**

**DATE: FEBRUARY 26, 2022**

---

### **Introduction/Summary**

This item provides the first look at the FY 22-23 budget, with emphasis on the Operating Budget. It provides information on the economy, revenue and expense projections, goals and objectives, and identifies two policy decisions related to the FY 22-23 Town Manager's Recommended Budget. It also provides an overview of the Town's historical strategy for funding Emergency Services (police and fire/medical) and the options for determining the amount of revenue to be received from the Town's primary property tax in FY 22-23.

### **Relevant Council Goal(s):**



Effective Government: KRA Financial Management, Internal Services & Sustainability

### **Discussion:**

Our financial outlook remains very good. Revenues are expected to be able to support expected expenses. The focus of the presentation is on what has changed, or will change. For example, we are adding debt and operating costs for the implementation of Phase 1 of the Parks Master Plan.

The presentation also identifies two policy decisions required from the Town Council to build the FY 22-23 Town Manager's Recommended Budget.

The two Town Council policy issues are:

1. The amount to be received from property taxes; and
2. The decision to start providing ambulance services.

The establishment of a primary property tax dedicated to funding Emergency Services was approved by voters in 2007. At the time of consideration for calling the election, the Council developed a financial program that established primarily three funding sources for Emergency Services. The attached presentation, specifically slides 41-44, provides

some additional context to inform how the entire program is currently funded. The EMS program is not exclusively funded with the primary property tax nor was it intended to do so. Assuming current costs of the entire program (police and fire/medical), and anticipated growth, the original EMS financial program was designed to identify a diversity of sources of funding so that these critical emergency programs were not disproportionately reliant on a single funding stream. For example, the Council at the time was concerned about the volatility of sales taxes as a sole funding source for core emergency services and wanted to devise a financial strategy that could absorb fluctuations in the economy with as little as possible impact to emergency services. Of the sources of funding we currently use for the entire program, the primary property tax and the utility's return on investment are the two most stable sources that meet the original Council goal of program stability.

The information from slide 67 of the presentation below identifies four possible options for setting the primary property tax levy.

	<b>Annual Revenue</b>	<b>Total Increase from FY 21-22</b>	<b>Increase From New Properties</b>	<b>Change from Existing Properties</b>	<b>Levy Rate</b>	<b>% of EMS Funded</b>
FY 21-22 Amount	\$11.0M				\$1.83	28%
<b>FY 22-23 Options</b>						
A. Same <u>Revenue</u> as Current Year	<b>\$11.0M</b>	\$0	+\$0.7M	-\$0.7M	\$1.62	30%
B. Same <u>Revenue</u> as Current Year from Existing Properties and Additional Revenue from New Properties Only	<b>\$11.8M</b>	+\$0.8M	+\$0.8M	\$0	\$1.73	32%
C. Same Levy Rate as FY 21-22	<b>\$12.5M</b>	+\$1.5M	+\$0.8M	+\$0.7M	\$1.83	34%
D. Maximum Revenue Amount	<b>\$13.3M</b>	+\$2.3M	+\$0.9M	+\$1.4M	\$1.95	36%

Town staff is also proud to provide some additional information in the attached presentation which shows the impact to a homeowner of the various levy options.

Policy item #2 has a separate presentation that provides background information and identifies possible options.

**Alternative**

None

**Attachments**

Presentation