

FY 2018 Town Council Budget Development Questions Packet #3

Councilmember Campbell's Questions- March 6, 2017

- 1.) **The budget information generally only covers the years 2015 -2017 and then only 2015 and 2016 are actual performance numbers but no relationship to adopted budget. It would help me to have a budget spreadsheet that covers the past five years 2011 - 2016 with the adopted budget in one column and then the actual performance numbers in the next column for General Fund, Economic Development, Finance, Police, Parks and Rec, Airport, Thomas Balch, Utilities, General Obligation Bond, Planning and Zoning and CARR just in two categories, the total revenue and total expenses. I don't need the line item breakdown that is in the budget book.**

A five-year history of the budget and actual expenditures and revenues are displayed in ATTACHMENT 1. The expenditure table includes columns for the Adopted Budget, Revised Budget, and Actual Expenditures. The Revised Budget differs from the Adopted Budget as it includes carry-over encumbrances and supplemental appropriations that occur throughout the year. Carry-over encumbrances are contractual purchase orders from the previous year or years. They represent goods or services under contract that have not been delivered or invoiced. Since many expenditures in a year are for previous year purchase orders, comparing the Revised Budget, rather than the Adopted Budget, is a helpful comparison.

- 2.) **I want to better understand the Utilities fund asset transfer and the trends in the same departments as listed above for the historical contributions received for the same five year period. I also want to see the five year Utilities Fund performance that supports these contributions as I am assuming that they are critical to sustain operations beyond what comes from the general fund revenues. There is an obvious tax revenue gap between what we collect and what we need to sustain town services and staff. Is there a Town financial policy that governs the amount that can be used each year?**

There is not a Town financial policy that establishes the amount of the Utilities inter-fund transfer. The transfer from the Utilities Fund to the General Fund is for general administrative services overhead performed by the general government (such as processing payroll and purchasing). It is currently calculated by using a staff time-allocation formula for each Town position and operating expense. For example, if an employee spends 50% of their time working on Utilities Fund work, then Utilities fund pays the General Fund for 50% of their cost via an inter-fund transfer.

Utilities Inter-fund Transfer

	FY 2016 Transfer	FY 2015 Transfer	FY 2014 Transfer	FY 2013 Transfer	FY 2012 Transfer	FY 2011 Transfer
Transfer to the General Fund	\$ 1,506,865	\$ 1,471,342	\$ 1,462,612	\$ 1,873,943	\$ 1,703,651	\$ 1,709,286

Please note that the inter-fund transfer began to be allocated at the department level beginning in Fiscal Year 2016. Previously it was transferred as a lump sum at the fund level. The Fiscal Year 2016 Inter-Fund Transfer was allocated to the following departments:

Town Council	\$6,847
Town Manager’s Office	\$51,747
Town Attorney’s Office	\$31,609
Clerk to the Council	\$5,806
Finance & Administrative Services	\$761,262
Police	\$118,370
Public Works & Capital Projects	\$431,165
Planning & Zoning	\$16,506
Plan Review	\$83,553

3.) What contributions have been made to the Utilities Fund covering the past five years and I would like the adopted budget number and then actual performance numbers.

The Utilities Fund transfers funds to both the General Fund and Capital Projects Fund. The transfer from the Utilities Fund to the General Fund and Capital Projects Fund is for general administrative services overhead and project management administrative services, respectively. Please note that all Capital Projects personnel were transferred to the General Fund in Fiscal Year 2016; there the overhead expenses associated with the Capital Projects personnel is included in the transfer to the General Fund.

Total Utilities Fund Inter-fund Transfer Breakdown

	FY 2016 Transfer	FY 2015 Transfer	FY 2014 Transfer	FY 2013 Transfer	FY 2012 Transfer	FY 2011 Transfer
General Fund	\$ 1,506,865	\$ 1,471,342	\$ 1,462,612	\$ 1,873,943	\$ 1,703,651	\$ 1,709,286
Capital Projects Fund	\$ -	\$ 30,320	\$ 30,238	\$ 33,553	\$ 46,866	\$ 51,689
Total	\$ 1,506,865	\$ 1,501,662	\$ 1,492,850	\$ 1,907,496	\$ 1,750,517	\$ 1,760,975

The Utilities Fund is comprised of the Utilities Department operations budget, the Utilities 3R Reserve (Repair, Replacement, and Rehabilitation), and the Utilities capital projects included in the Capital Improvement Program (CIP). The following table illustrates the total budget and actuals for the Utilities Fund.

Utilities Department (Operating): 5-Year History

Utilities Department						
Expenditures:	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Adopted Budget	\$15,109,495	\$13,821,080	\$13,468,493	\$12,872,217	\$12,293,710	\$12,720,644
Revised Budget	\$15,635,791	\$14,019,019	\$13,791,900	\$12,690,044	\$12,690,044	\$13,188,716
Actuals	\$17,966,723	\$17,559,745	\$17,918,917	\$16,827,722	\$10,121,275	\$12,825,497
Revenue:						
Adopted	\$15,109,495	\$13,821,080	\$13,468,493	\$15,128,973	\$14,363,111	\$14,944,573
Actual Revenue	\$19,064,068	\$16,433,919	\$16,168,844	\$15,636,548	\$15,404,639	\$15,120,919

Councilmember Reid’s Question- March 8, 2017

- 4.) **What is the Town’s current debt capacity?** The Town’s Fiscal Policy limits debt service to 15% of General Fund expenditures. Based on the Adopted Fiscal Year 2017 General Fund budget of \$54,787,022, and the debt service requirements of the current debt totaling \$8,029,173, the Town’s current debt service percentage is 14.66%. The remaining 0.34% of capacity is equivalent to approximately \$189,000; which equates to approximately \$2.3 million of available debt financing.

The following chart includes the projected debt service as a percentage of General Fund expenditures based on the FY 2018 Proposed Budget, the Long Term Sustainability Plan and the proposed Fiscal Year 2018-2023 Capital Improvement Program. Debt service averages 14.10% of General Expenditures over this six year period.

FY 2018 Proposed	FY 2019 Projected	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
14.66%	13.88%	13.99%	14.02%	14.19%	13.90%

It is important to note that the capacity to issue additional debt is directly tied to the General Fund expenditures, and any issuance based on available debt capacity in one year can result in debt service exceeding the fiscal policy limit in the later years. For example, the FY 2019 debt service is projected to be 13.88% of General Fund expenditures allowing for potential issuance additional debt of \$8.02 million; however the resulting debt service in addition to the existing debt service levels would be in excess of 15% of General Fund expenditures beginning in FY 2020 per the Long Term Sustainability (LTS) Plan. The LTS Plan assumes a 2% annual increase in General Fund operating expenditures.

Councilmember Fox’s Questions- March 1, 2017 (CORRECTION/UPDATE FROM PACKET #1)

- 5.) **With Leegate, Crescent Parke, and Meadowbrook (Leesburg South) all coming online, could you tell me how many new dwellings are to be built.** A total of 1,212 dwellings are to be built with Leegate, Crescent Parke, and Meadowbrook (Leesburg South) all coming online. The following highlighted sections are corrections to the categories previously reported in Packet #1.

Development	Single Family Detached	Single Family Attached	Townhouses	Multi-Family	Total
Crescent Parke	-	178	96 (i.e. 2/2’s)	70 (age restricted)	344
Leegate	-	152	174 (stacked)	142	468
Meadowbrook (Leesburg South)	400	-	-	-	400
Total	400	330	270	212	1,212

Expenditures: 5-Year History

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
General Fund						
Adopted Budget	\$ 53,236,140	\$ 50,631,011	\$ 47,823,955	\$ 47,604,501	\$ 46,268,605	\$ 46,315,106
Revised Budget	\$ 57,086,549	\$ 52,094,241	\$ 50,716,967	\$ 50,654,048	\$ 48,277,591	\$ 48,815,653
Actuals	\$ 52,912,989	\$ 49,514,193	\$ 48,507,451	\$ 48,531,009	\$ 52,280,518	\$ 46,261,115
GF Debt Service						
Adopted Budget	\$ 5,617,192	\$ 4,762,733	\$ 4,411,059	\$ 5,724,778	\$ 6,214,699	\$ 5,401,538
Revised Budget	\$ 5,617,192	\$ 4,762,733	\$ 4,411,059	\$ 5,724,778	\$ 6,214,699	\$ 5,541,038
Actuals	\$ 5,502,383	\$ 4,978,082	\$ 4,411,059	\$ 5,724,783	\$ 10,504,165	\$ 5,710,435
Capital Asset Replacement (CAR) Fund						
Adopted Budget	\$ 1,316,800	\$ 1,492,739	\$ -	\$ -	\$ -	\$ -
Revised Budget		\$ 1,558,009	\$ -	\$ -	\$ -	\$ -
Actuals	\$ 1,483,680	\$ 981,285	\$ -	\$ -	\$ -	\$ -

*The Capital Asset Replacement (CAR) reserve was put into its own fund beginning in FY 2015 for more transparency

**Bond anticipation note issued with Council approval in FY 2012

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Economic Development						
Adopted Budget	\$ 770,982	\$ 765,636	\$ 657,473	\$ 622,908	\$ 300,801	\$ 346,556
Revised Budget	\$ 785,418	\$ 705,111	\$ 651,920	\$ 602,009	\$ 620,427	\$ 480,809
Actuals	\$ 758,730	\$ 682,237	\$ 637,092	\$ 548,715	\$ 540,652	\$ 391,635
Finance Division- Department of Finance & Administrative Services						
Adopted Budget	\$ 2,469,006	\$ 2,029,618	\$ 1,959,819	\$ 2,263,253	\$ 2,118,063	\$ 2,257,712
Revised Budget	\$ 2,662,248	\$ 2,247,254	\$ 2,024,873	\$ 2,273,471	\$ 2,140,259	\$ 2,308,234
Actuals	\$ 2,484,920	\$ 2,208,176	\$ 1,985,483	\$ 2,196,207	\$ 2,073,242	\$ 2,252,013
Police						
Adopted Budget	\$ 13,947,031	\$ 14,284,055	\$ 12,499,672	\$ 12,253,847	\$ 11,698,404	\$ 11,520,445
Revised Budget	\$ 13,526,735	\$ 14,126,006	\$ 12,815,356	\$ 12,968,156	\$ 11,916,665	\$ 11,522,941
Actuals	\$ 13,242,169	\$ 13,488,315	\$ 12,507,687	\$ 12,551,566	\$ 11,262,769	\$ 10,883,307
Parks and Recreation						
Adopted Budget	\$ 8,100,544	\$ 8,084,523	\$ 7,550,824	\$ 7,355,068	\$ 6,982,028	\$ 7,226,475

ATTACHMENT 1

Revised Budget	\$ 8,349,923	\$ 8,365,493	\$ 8,262,297	\$ 7,873,543	\$ 7,141,678	\$ 7,639,991
Actuals	\$ 7,825,129	\$ 8,041,899	\$ 7,816,503	\$ 7,453,442	\$ 6,912,649	\$ 7,317,560
Airport						
Adopted Budget	\$ 759,715	\$ 699,108	\$ 606,929	\$ 560,509	\$ 1,040,878	\$ 1,009,562
Revised Budget	\$ 806,493	\$ 723,091	\$ 738,442	\$ 789,187	\$ -	\$ -
Actuals	\$ 709,841	\$ 656,888	\$ 688,607	\$ 706,939	\$ 586,072	\$ 946,324
Thomas Balch Library						
Adopted Budget	\$ 478,320	\$ 447,795	\$ 439,632	\$ 428,434	\$ 429,395	\$ 471,557
Revised Budget	\$ 511,551	\$ 452,175	\$ 454,803	\$ 438,566	\$ 464,117	\$ 459,940
Actuals	\$ 480,043	\$ 451,131	\$ 451,250	\$ 435,125	\$ 450,043	\$ 444,535
Utilities Department						
Adopted Budget	\$ 15,109,495	\$ 13,821,080	\$ 13,468,493	\$ 12,872,217	\$ 12,293,710	\$ 12,720,644
Revised Budget	\$ 15,635,791	\$ 14,019,019	\$ 13,791,900	\$ 12,690,044	\$ 12,690,044	\$ 13,188,716
Actuals	\$ 17,966,723	\$ 17,559,745	\$ 17,918,917	\$ 16,827,722	\$ 10,121,275	\$ 12,825,497
Planning & Zoning						
Adopted Budget	\$ 1,587,028	\$ 1,509,571	\$ 1,535,667	\$ 1,427,963	\$ 1,343,154	\$ 1,776,537
Revised Budget	\$ 1,633,018	\$ 1,525,146	\$ 1,502,272	\$ 1,442,445	\$ 1,368,363	\$ 1,958,692
Actuals	\$ 1,598,740	\$ 1,522,891	\$ 1,496,948	\$ 1,435,305	\$ 1,327,256	\$ 1,880,516

Revenue: 5-Year History

	FY 2016 Adopted	FY 2015 Adopted	FY 2014 Adopted	FY 2013 Adopted	FY 2012 Adopted	FY 2011 Adopted
General Fund						
Adopted	\$ 53,252,199	\$ 50,783,986	\$ 49,414,511	\$ 47,648,293	\$ 46,650,511	\$ 46,235,606
Actual Revenue	\$ 54,653,739	\$ 51,454,943	\$ 51,162,123	\$ 49,551,574	\$ 51,978,989	\$ 46,943,929

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Economic Development						
Adopted	\$ 257,566	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Actual Revenue	\$ 257,566	\$ 250,250	\$ 137,400	\$ -	\$ -	\$ -
Finance Division- Department of Finance & Administrative Services						
Adopted	\$ 1,568,414	\$ 674,310	\$ 385,000	\$ 330,000	\$ 370,000	\$ 395,000
Actual Revenue	\$ 1,012,445	\$ -	\$ 774,451	\$ 861,730	\$ 534,411	\$ 544,314

Police												
Adopted	\$	2,297,262	\$	1,847,138	\$	1,792,983	\$	1,810,658	\$	1,898,584	\$	1,638,079
Actual Revenue	\$	2,081,209	\$	1,771,729	\$	1,965,586	\$	2,025,995	\$	1,736,848	\$	1,766,801
Parks and Recreation												
Adopted	\$	4,963,121	\$	4,913,870	\$	4,940,620	\$	4,903,620	\$	5,019,112	\$	4,929,112
Actual Revenue	\$	5,035,443	\$	4,963,121	\$	4,805,672	\$	4,662,952	\$	4,679,023	\$	4,772,871
Airport												
Adopted	\$	1,309,300	\$	1,359,800	\$	606,929	\$	557,509	\$	1,045,398	\$	1,589,835
Actual Revenue	\$	1,293,830	\$	1,316,417	\$	1,339,202	\$	1,810,370	\$	586,072	\$	1,157,172
Thomas Balch Library												
Adopted	\$	16,000	\$	16,000	\$	16,000	\$	16,000	\$	16,000	\$	16,000
Actual Revenue	\$	28,308	\$	17,645	\$	12,330	\$	12,764	\$	13,823	\$	16,371
Utilities Department												
Adopted	\$	15,109,495	\$	13,821,080	\$	13,468,493	\$	15,128,973	\$	14,363,111	\$	14,944,573
Actual Revenue	\$	19,064,068	\$	16,433,919	\$	16,168,844	\$	15,636,548	\$	15,404,639	\$	15,120,919
Planning & Zoning												
Adopted	\$	456,681	\$	259,700	\$	438,100	\$	600,000	\$	600,000	\$	450,000
Actual Revenue	\$	329,542	\$	251,158	\$	336,895	\$	79,545	\$	431,387	\$	438,099

Utilities Department												
Expenditures:	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011						
Adopted Budget	\$	15,109,495	\$	13,821,080	\$	13,468,493	\$	12,872,217	\$	12,293,710	\$	12,720,644
Revised Budget	\$	15,635,791	\$	14,019,019	\$	13,791,900	\$	12,690,044	\$	12,690,044	\$	13,188,716
Actuals	\$	17,966,723	\$	17,559,745	\$	17,918,917	\$	16,827,722	\$	10,121,275	\$	12,825,497
Revenue:												
Adopted	\$	15,109,495	\$	13,821,080	\$	13,468,493	\$	15,128,973	\$	14,363,111	\$	14,944,573
Actual Revenue	\$	19,064,068	\$	16,433,919	\$	16,168,844	\$	15,636,548	\$	15,404,639	\$	15,120,919