



Funding the FY25 Budget Continuation

May 28, 2024 Council Meeting

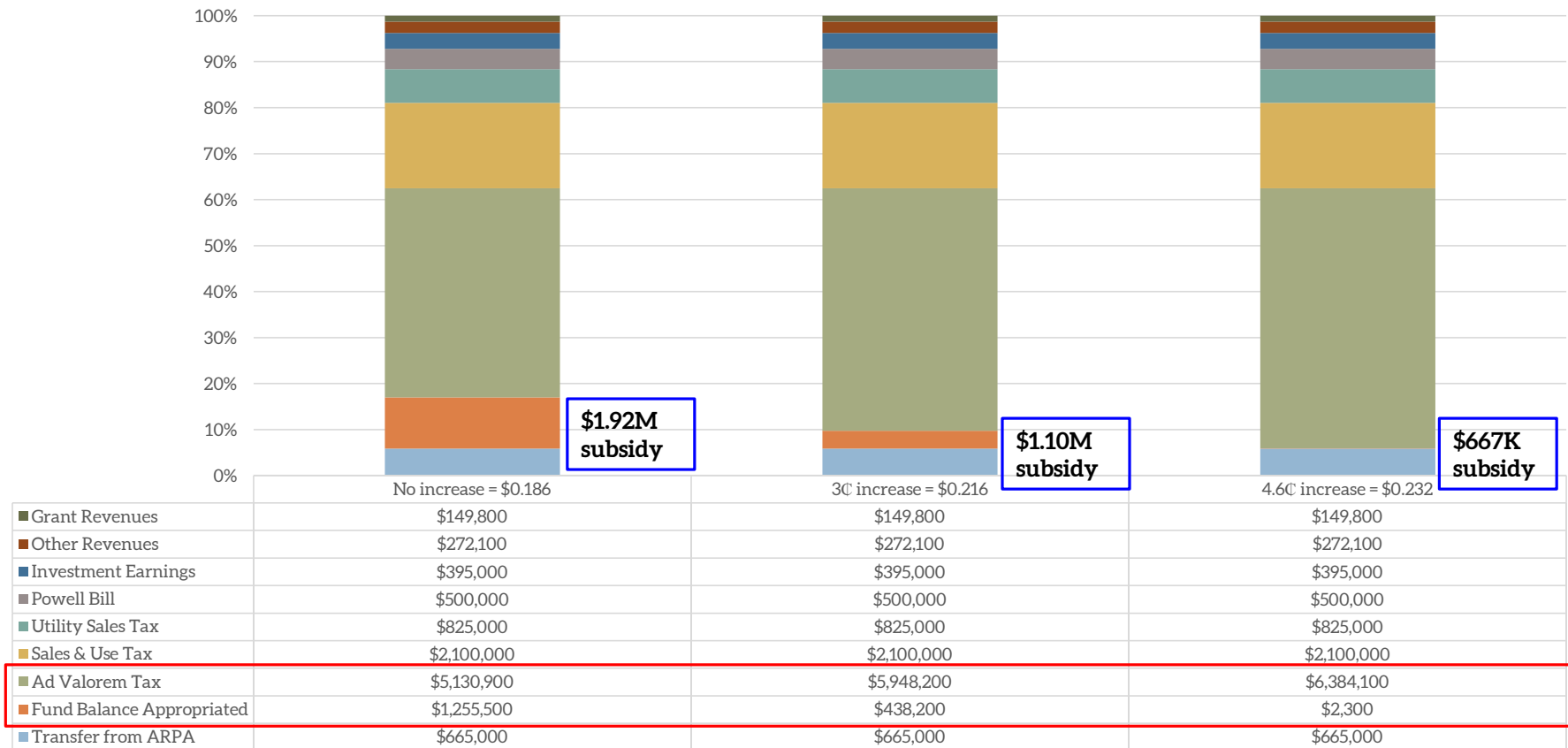
Budget Recap



- No suggested changes to FY25 Proposed Budget expenditures
 - ▣ BUT what is the best way to fund these?
 - Tax increase
 - Fund balance appropriation
 - Combination



Tax Rate Scenarios



FY 2025 Proposed Budget is currently balanced with 3C tax increase

General Fund Forecast – Revenue Neutral



	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$9,372,800	\$9,389,615	\$9,531,822	\$9,699,276
Tax Increase	\$0	\$0	\$0	\$0
ARPA	\$665,000	\$0	\$0	\$0
Total Revenues	\$10,037,800	\$9,389,615	\$9,531,822	\$9,699,276
Expenditures	\$9,105,544	\$9,814,144	\$10,601,161	\$11,447,463
Routine CIP	\$2,187,756	\$1,830,827	\$1,675,515	\$1,708,857
Total Expenditures	\$11,293,300	\$11,644,971	\$12,276,676	\$13,156,320
Net	(\$1,255,500)	(\$2,255,356)	(\$2,744,854)	(\$3,457,044)
Enhanced CIP	\$0	\$675,125	\$562,428	\$2,503,007
NET WITH ALL CIP	(\$1,255,500)	(\$2,930,481)	(\$3,307,282)	(\$5,960,051)

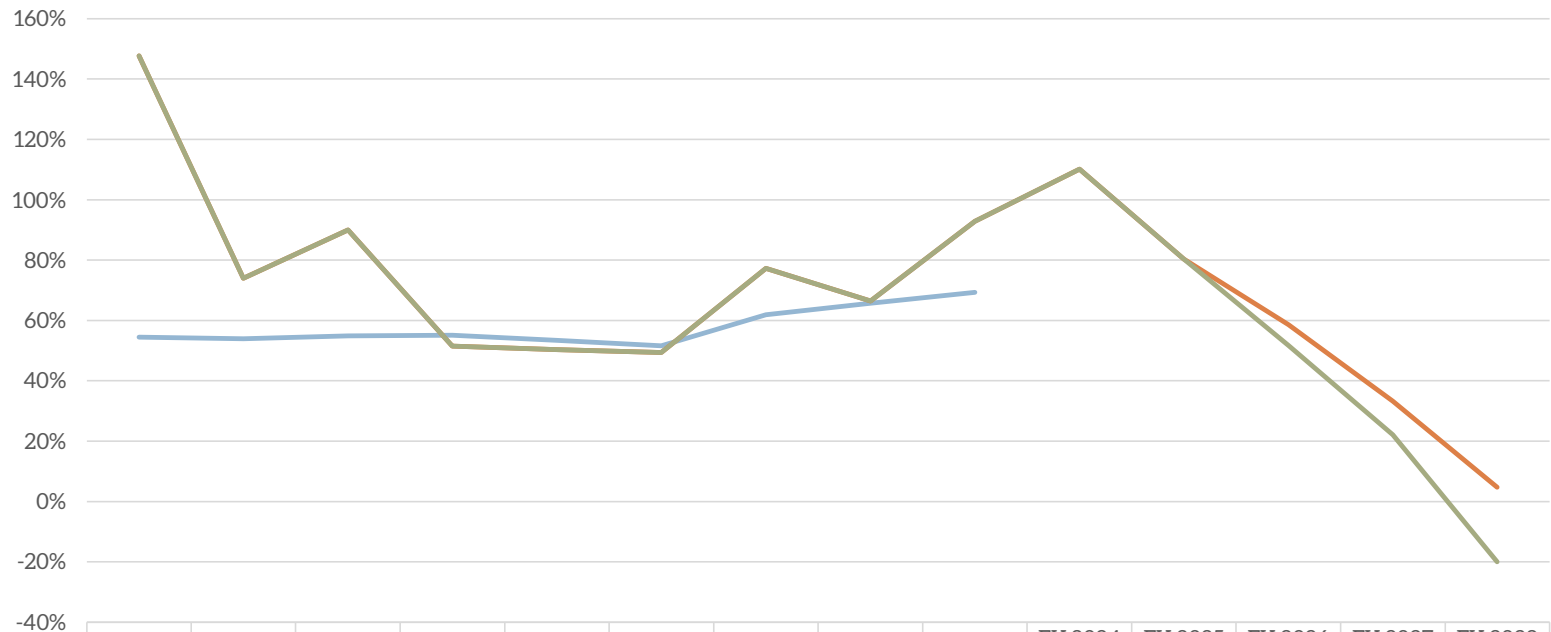
Assumes 50% increase in assessed real property values and no additional tax revenues due to revenue neutral rate

General Fund Future Deficit



	Revenue Neutral Tax Rate	
	Routine CIP services only	All CIP items (includes enhanced)
FY25	(\$1,255,500)	(\$1,255,500)
FY26	(\$2,255,357)	(\$2,930,482)
FY27	(\$2,744,854)	(\$3,307,282)
FY28	(\$3,457,044)	(\$5,960,051)
Total Deficit	(\$9,712,755)	(\$13,453,315)

General Fund Fund Balance Comparison



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Est	FY 2025 Est	FY 2026 Est	FY 2027 Est	FY 2028 Est
Other Municipalities	54.43%	53.95%	54.92%	55.08%	53.45%	51.57%	61.84%	65.70%	69.34%					
Stallings (w/ routine CIP only)	147.68%	74.01%	89.99%	51.44%	50.27%	49.33%	77.24%	66.45%	92.83%	110.19%	80.38%	58.58%	33.21%	4.71%
Stallings (w/ enhanced CIP)	147.68%	74.01%	89.99%	51.44%	50.27%	49.33%	77.24%	66.45%	92.83%	110.19%	80.38%	51.68%	22.12%	-19.93%

Other Municipalities Stallings (w/ routine CIP only) Stallings (w/ enhanced CIP)

Source: LGC Financial Reports and Analysis Tools, Five Year Comparison of Financial Data by Population Group for Municipalities without Electric Systems and Populations of 10,000 - 49,999

General Fund Forecast - Current Tax Rate



	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$9,372,800	\$9,389,615	\$9,531,822	\$9,699,276
Tax Increase	\$0	\$2,145,700	\$2,179,173	\$2,213,168
ARPA	\$665,000	\$0	\$0	\$0
Total Revenues	\$10,037,800	\$11,535,315	\$11,710,995	\$11,912,444
Expenditures	\$9,105,544	\$9,814,144	\$10,601,161	\$11,447,463
Routine CIP	\$2,187,756	\$1,830,827	\$1,675,515	\$1,708,857
Total Expenditures	\$11,293,300	\$11,644,971	\$12,276,676	\$13,156,320
Net	(\$1,255,500)	(\$109,656)	(\$565,681)	(\$1,243,876)
Enhanced CIP	\$0	\$675,125	\$562,428	\$2,503,007
NET WITH ALL CIP	(\$1,255,500)	(\$784,781)	(\$1,128,109)	(\$3,746,883)

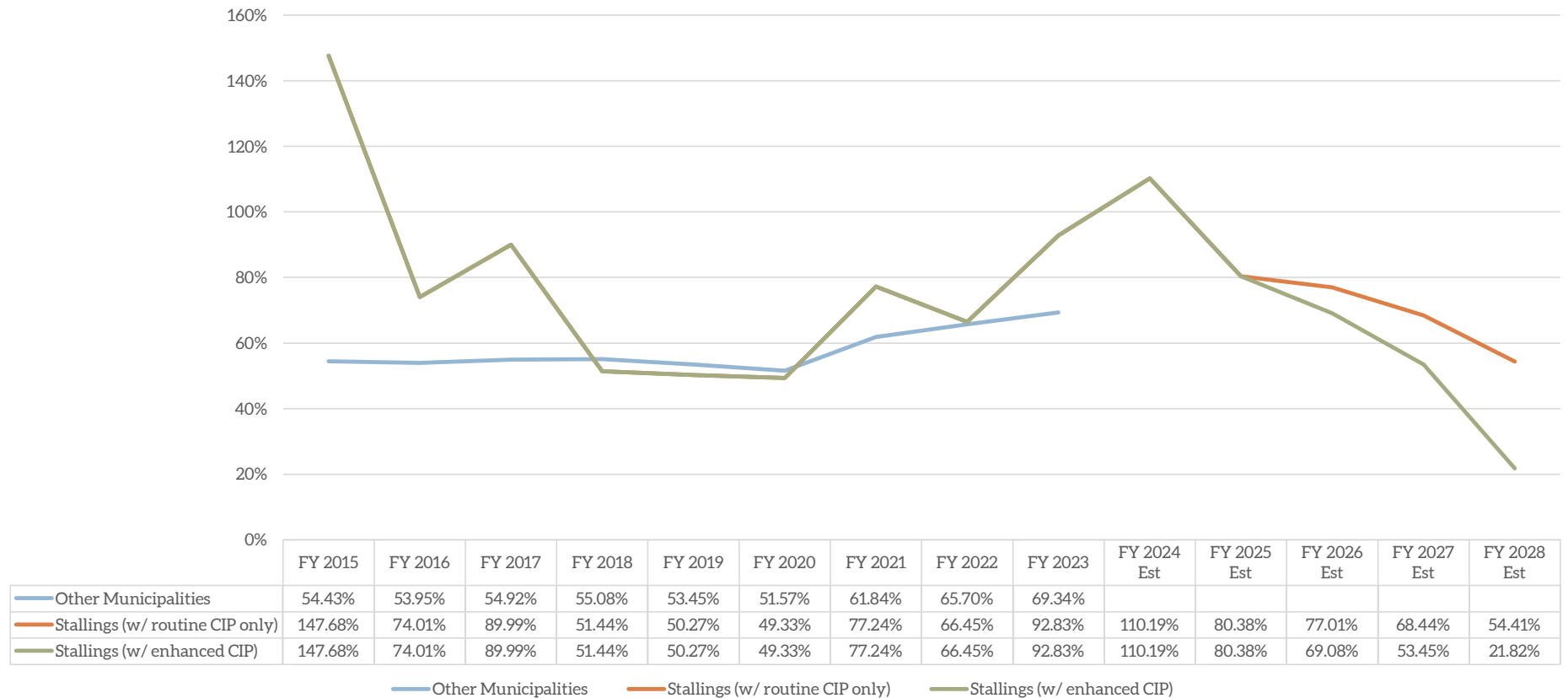
Assumes 50% increase in assessed real property values and constant tax rate of 18.6¢

General Fund Future Deficit Comparison



	Current Tax Rate = 18.6	
	Routine CIP services only	All CIP items (includes enhanced)
FY25	(\$1,255,500)	(\$1,255,500)
FY26	(\$109,657)	(\$784,782)
FY27	(\$565,681)	(\$1,128,109)
FY28	(\$1,243,876)	(\$3,746,883)
Total Deficit	(\$3,174,714)	(\$6,915,274)

General Fund Fund Balance Comparison



Source: LGC Financial Reports and Analysis Tools, Five Year Comparison of Financial Data by Population Group for Municipalities without Electric Systems and Populations of 10,000 – 49,999

General Fund Future Deficit Comparison



	Revenue Neutral Tax Rate		Current Tax Rate = 18.6	
	Routine CIP services only	All CIP items (includes enhanced)	Routine CIP services only	All CIP items (includes enhanced)
FY25	(\$1,255,500)	(\$1,255,500)	(\$1,255,500)	(\$1,255,500)
FY26	(\$2,255,357)	(\$2,930,482)	(\$109,657)	(\$784,782)
FY27	(\$2,744,854)	(\$3,307,282)	(\$565,681)	(\$1,128,109)
FY28	(\$3,457,044)	(\$5,960,051)	(\$1,243,876)	(\$3,746,883)
Total Deficit	(\$9,712,755)	(\$13,453,315)	(\$3,174,714)	(\$6,915,274)

FY26 Tax Increase Impact



- Current average tax value = \$296,860

- Estimated average tax value after reval= \$445,290

No Change, Tax Rate = 18.6¢	
Annual Tax	\$552.16
Monthly Cost	\$46.01

No Change, Tax Rate = 18.6¢	
Annual Tax	\$828.24
Annual Increase	\$276.08
Monthly Increase	\$23.01

*Assumes 50% tax value increase
Accounts for Town of Stallings taxes only, Union County taxes are not factored into these amounts*

Staff Recommendation



- Adopt the FY25 Proposed Budget as is with 3.0¢ tax rate increase
 - ▣ Funds the budget with \$438K fund balance appropriation
 - ▣ FY26 starting budget deficit will be \$1.1M
- OR consider a 4.6¢ tax rate increase
 - ▣ Funds the budget with only \$2,300 fund balance appropriation
 - ▣ FY26 starting budget deficit will be \$667K

Curt's Recommendation for FY25



- Adopt the FY25 budget using \$160K+ in expenditure reductions already made and appropriate \$1.255M from unrestricted fund balance
- BUT a plan should be put in place to address future years

Curt's Recommendation for FY26 and Beyond



- Establish budget and financial policies by December 31, 2024 to:
 - End (by July 1, 2027) the use of unrestricted fund balance to fund recurring expenses
 - Target unrestricted fund balance at 75% of General Fund expenditures by July 1, 2027
 - Develop a budget plan to:
 - Calibrate the draw-down of unrestricted fund balance and corresponding increases in the property tax rate to implement the policies fully by FY28
 - Ensure desired service levels are maintained
 - Manage the financial impact to the Town's citizens
 - Keep the Town of Stallings within the budgeting and financial parameters expected by the NC Local Government Commission (LGC)

Questions and Discussion

