

## **Budget Message and Manager's Budget for FY 16-17**

TO: Mayor and Board of Commissioners  
DATE: May 9, 2016  
FROM: Hazen Blodgett, Town Manager

Attached is the proposed budget for the Town of Matthews Fiscal Year (FY) 2016-17. The presented budget is \$20.7 million, representing a .2% or \$50,000 increase over last year's budget, which is basically flat.

Based on the evaluation figures from the Mecklenburg County Tax Department, property and vehicle taxes are projected to go down by \$75,000 over current year projections. Property and vehicle taxes are a major source of the Town's revenue, representing 58% of total revenue. Sales tax is projecting a 5.6% increase, or \$150,000 in additional revenues. Unrestricted Intergovernmental revenues are projecting a 4.9% increase, or \$100,000 in additional funds. The main source of increases to intergovernmental revenues is Utility Sales Tax, due largely to a shift in the funding model that benefits localities. Revenues from restricted funds, miscellaneous, and other financing sources have all declined.

As one would expect, the Town continues to receive pressures on operations as the cost of doing business continues to increase. This budget includes a 3% salary increase pool for full-time, non-probationary employees.

How did staff provide a balanced budget without recommending a property tax increase?

1. Department heads were tasked with submitting conservative budgets while maintaining current service levels, which they accomplished.
2. Utilizing the state health plan for medical insurance coverage and a significant reduction in costs for contracted solid waste services amounted to approximately \$700,000 in savings.

This budget also includes:

- \$452,250 to fund capital needs
- \$116,000 in debt service payments for the Levine Senior Center
- Eight replacement police vehicles for the police department at \$221,687
- Proposed \$5 increase in the vehicle tag fee. Approval of this fee increase will raise the tag fee to \$30 total and increase revenue by \$114,000 annually. This increase in revenue has been directed to the street department budget.
- Proposed increase in storm water fees and amendment to the billing format, which is expected to generate an additional \$200,000 in annual revenue. This increase in revenue has been directed to the storm water division.
- No money is budgeted from the General Fund Balance (Town's savings account) to balance the budget.

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 Finance Director Chris Tucker.