

Mayor
David Phillips

Mayor Pro Tem
Ed Samaha

Town Manager
Ryan Spitzer



Town Council
Chris McDonough
Amelia Stinson-Wesley
Danielle Moore

Town Clerk
Lisa Snyder

BUDGET MEETING #1

MARCH 5, 2024

The Town Council of the Town of Pineville, NC, met in a Budget Workshop on Tuesday, March 5, 2024 @ 6:00 p.m. The meeting was held at the Town Hall Council Chambers.

ATTENDANCE

Mayor: David Phillips
Mayor Pro-Tem: Ed Samaha
Council Members: Amelia Stinson-Wesley, Chris McDonough, Danielle Moore
Town Manager: Ryan Spitzer
Town Clerk: Lisa Snyder
Finance Director: Chris Tucker

Mayor David Phillips called the meeting to order at 6:02 pm. Chris Tucker, Finance Director, began the meeting. Mr. Tucker introduced Mitch Brigulio, Senior Vice President with Davenport Financial Advisors, to do our presentation. He will present a robust, detailed roadmap for how the Town will navigate any future debt issuance and leverage the fund balance. Some questions for council to consider: How much fund balance should we keep on hand? How much cash should we be using for investments? The General Fund was the focus at this meeting.

Mr. Brigulio began by saying that this could be a long-term plan. When funding larger capital projects that need to be funded, particularly the larger capital projects bring some form of debt funding. It's important to understand the Town's credit as far as they start the planning process. Not all municipalities have or need credit ratings. The only time you need a credit rating is if you're issuing bonds. The Town has not needed a credit rating since we do not have any outstanding public debt.

In North Carolina, most cities and towns are rated AAA and about 60% are in the AA category. This is very positive for North Carolina. It's difficult to get to AAA status out of the gate. It is also hard to lose the AAA rating.

Historically, the Town's operating revenues have exceeded operating and debt service expenditures, resulting in a structurally balanced budget and annual operating surpluses. We have done a really nice job of managing our fund. The majority of the Town's General Fund is unassigned. A portion of the fund balance is committed for tourism and storm water-related expenses.

With regard to reviewing a Fund Balance Policy, Mr. Brigulio recommends visiting this each year, and suggested looking at a comprehensive group of policies that all fit together, perhaps when reviewing the annual budget. The Town's current Fund Balance policy was adopted many years ago. They suggest that you maintain unrestricted fund balance in the general fund not less than two months. This is a bare minimum. A policy summary of 25% to 40% is a

good range to be in. A key consideration is to establish a minimum reserve level that provides ample liquidity based on historical expenditures and cash flows and that provides for an allowance for unforeseen one-time events. He recommends matching recurring revenues with recurring expenditures. He feels it's important to set an expectation for the spending of fund balance. When you spend it, it's gone. It's not a recurring revenue. They suggest spending for one-time expenditures, which typically are capital projects.

The typical policy range is in the 15% to 20% range, and we are at less than 12%. We are below typical policy ranges, and we have debt capacity to consider additional debt for capital projects. Debt is 30% of the overall rating.

We looked at three capital projects: the Fire Station, the radio system and in FY28 the Parks project and their respective terms. Mr. Brigulio discussed monthly payments, he considered the perspective of a penny, assuming pennies will grow with the assessed values. Currently, one penny equals \$365,000.00.

Mr. Brigulio reviewed with council, the Debt Affordability Analysis and then summarized the scenarios discussed. He noted that the Town's unassigned Fund Balance of \$14,806.886 equates to 76.4% of net adjusted General Fund Expenditures. He went further to compare Key Debt Ratios. A one-time tax impact was also discussed for FY25 and FY28. Finance Director Tucker reminded council that we have other revenues, which are assets that we're going to sell in order to create millions of dollars of cash coming back to us and we want to move it into these projects. This is very important.

Council Member Danielle Moore moved to adjourn followed by a second made by Council Member Chris McDonough. All ayes.

ADJOURNMENT: At 8:20 p.m. the meeting adjourned.

David Phillips, Mayor

ATTEST:

Lisa Snyder, Town Clerk