



Fiscal Review and Analysis
Town Council Annual Fiscal Retreat
February 25, 2023

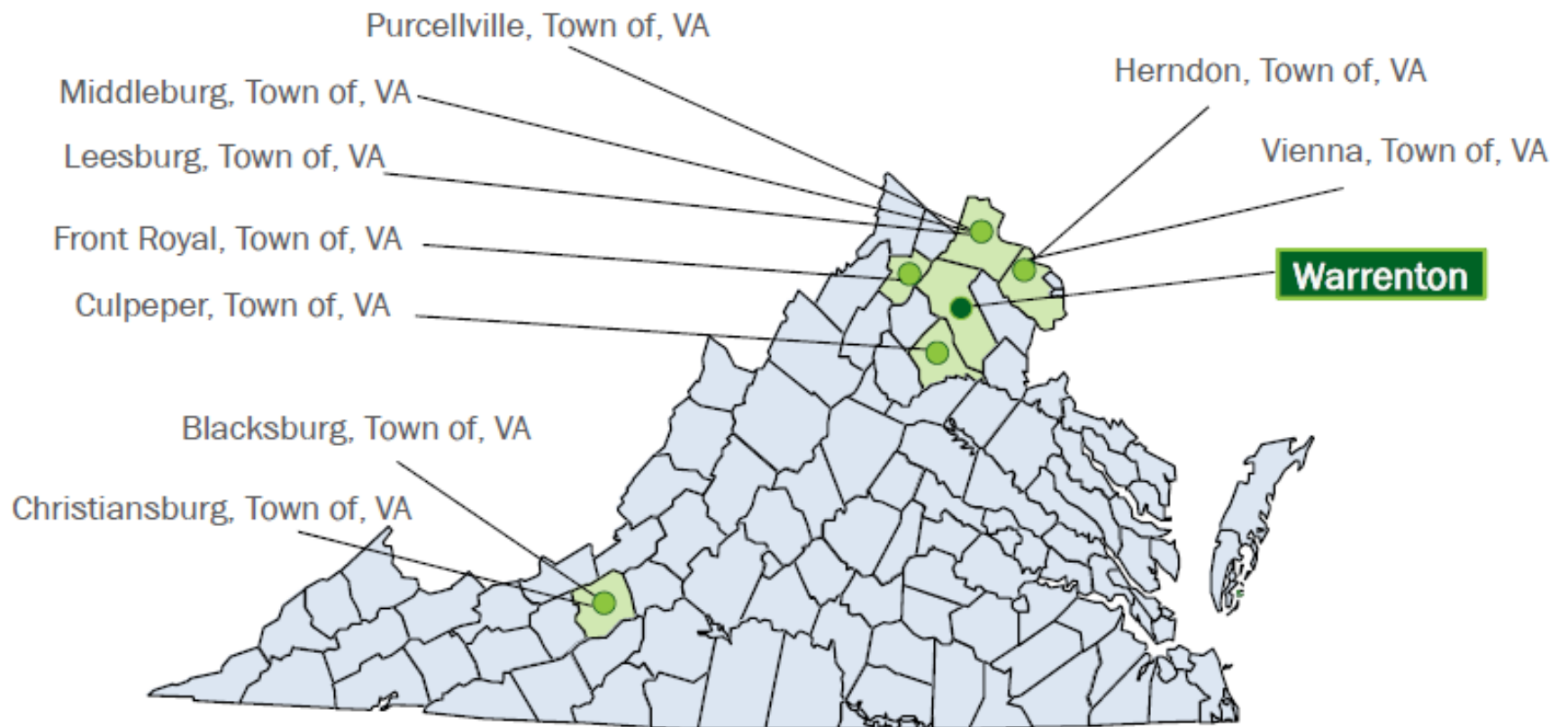
Agenda

- General Fund Overview
 - Peer Comparisons
 - Fund Balance History and Trends
 - Review Historical Revenue and Expenditure Trends
 - Debt Management and Capacity
- Enterprise Fund Overview
 - Water and Sewer
 - Stormwater Management
- Human Capital Overview
- Capital Improvements & Capital Asset Replacement
- 5-Year Financial Projection



Peer Comparisons

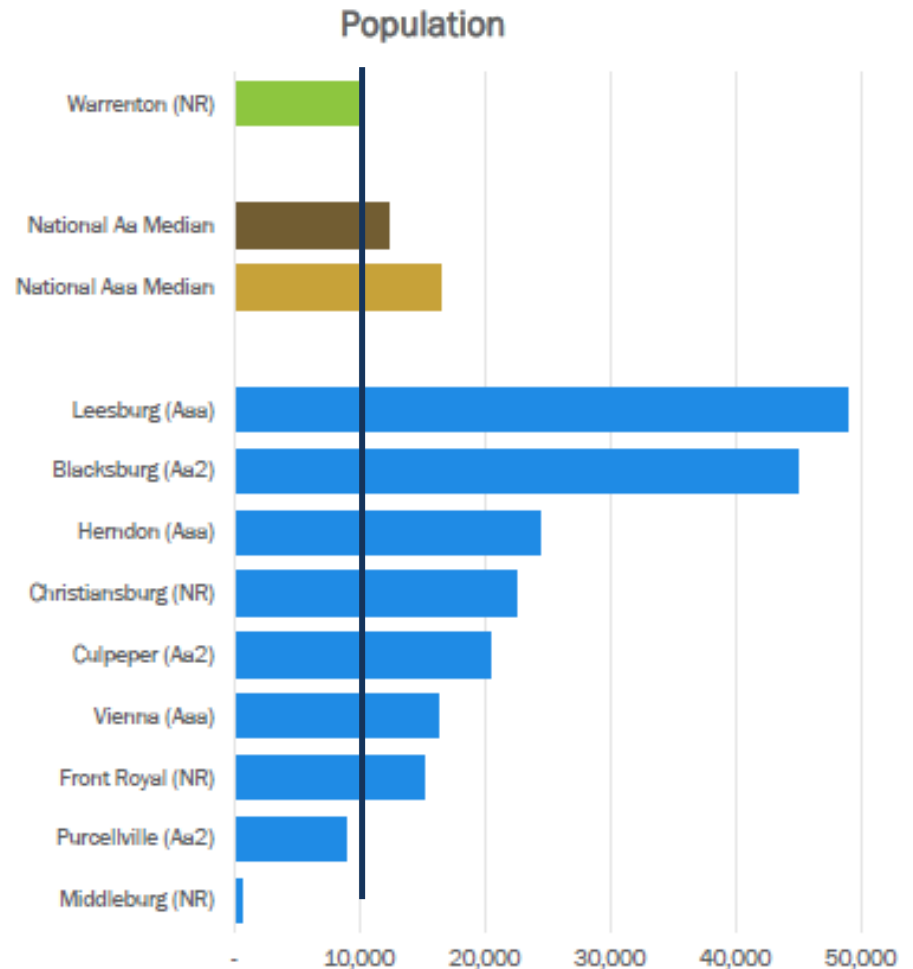




Population Comparison

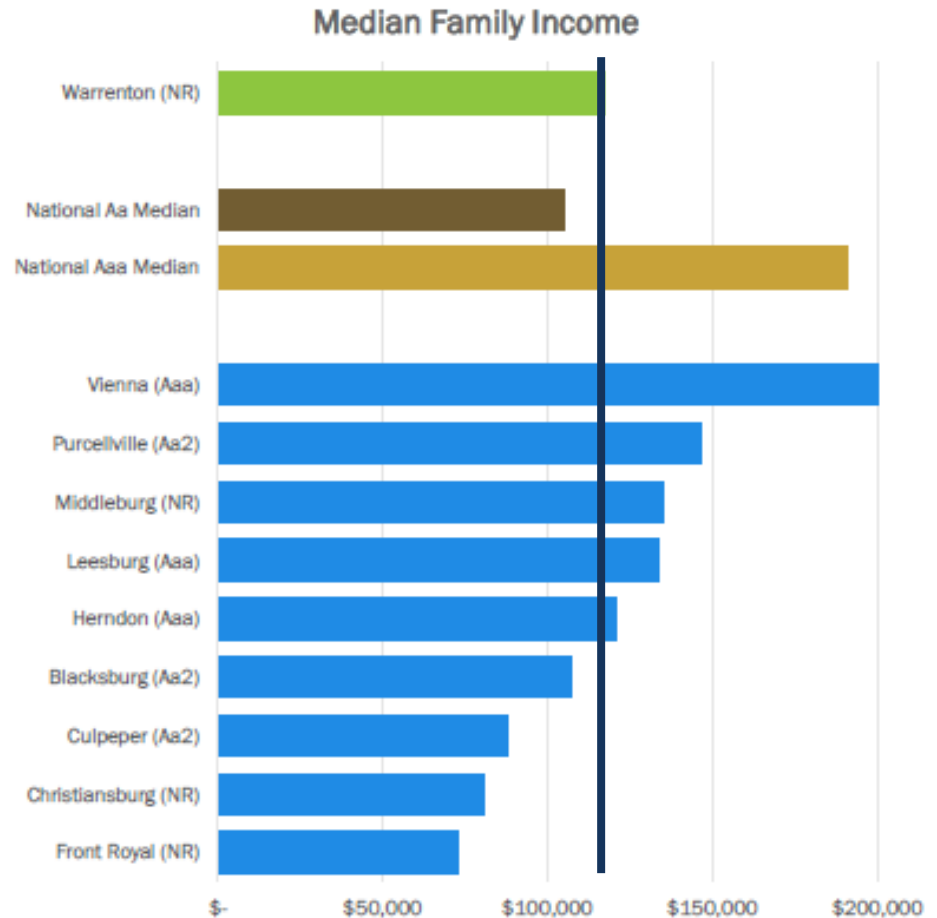
Locality	Population
Warrenton (NR)	10,109
National Aa Median ⁽¹⁾	12,364
National Aaa Median ⁽¹⁾	16,534
Leesburg (Aaa)	48,908
Blacksburg (Aa2)	44,949
Herndon (Aaa)	24,339
Christiansburg (NR)	22,615
Culpeper (Aa2)	20,493
Vienna (Aaa)	16,329
Front Royal (NR)	15,155
Purcellville (Aa2)	9,040
Middleburg (NR)	669

Note: NR = Not Rated



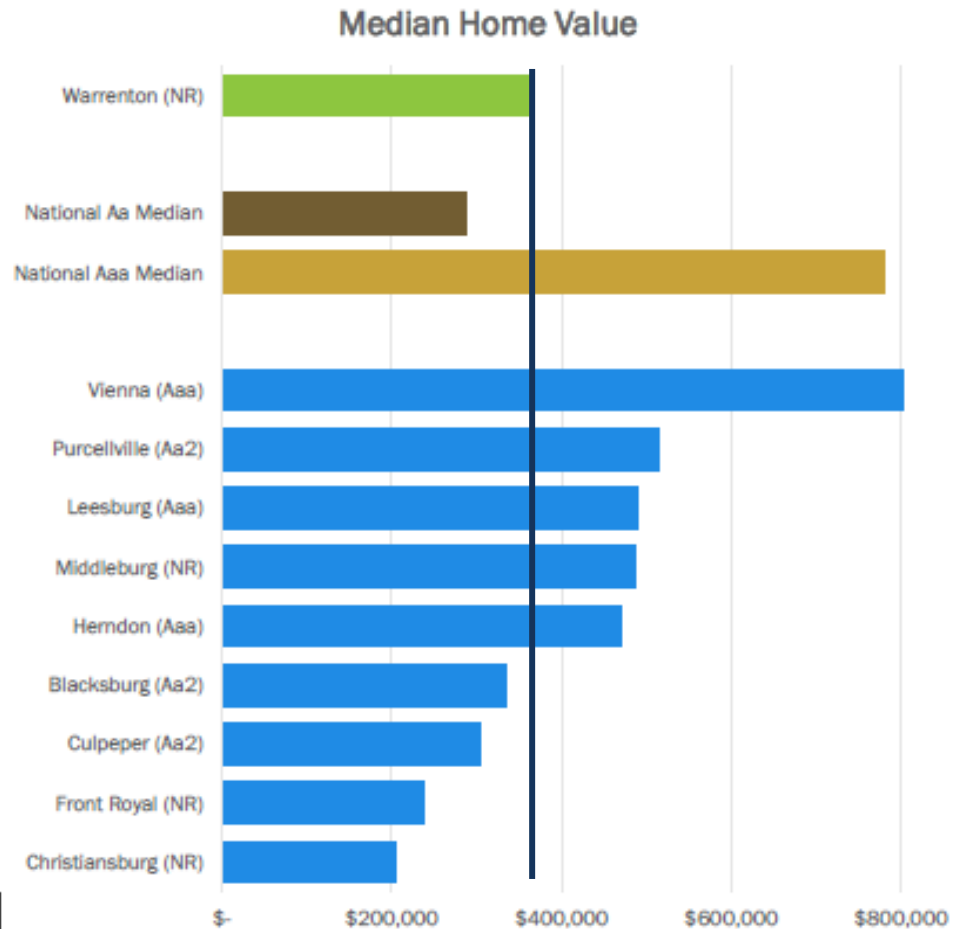
Median Family Income Comparison

Locality	Median Family Income
Warrenton (NR)	\$117,162
National Aa Median ⁽¹⁾	105,315
National Aaa Median ⁽¹⁾	190,806
Vienna (Aaa)	233,355
Purcellville (Aa2)	146,464
Middleburg (NR)	135,250
Leesburg (Aaa)	133,660
Herndon (Aaa)	120,786
Blacksburg (Aa2)	107,279
Culpeper (Aa2)	87,572
Christiansburg (NR)	80,855
Front Royal (NR)	72,982



Median Home Value Comparison

Locality	Median Home Value
Warrenton (NR)	\$363,000
National Aa Median ⁽¹⁾	288,500
National Aaa Median ⁽¹⁾	779,350
Vienna (Aaa)	827,800
Purcellville (Aa2)	514,900
Leesburg (Aaa)	490,500
Middleburg (NR)	488,200
Herndon (Aaa)	470,200
Blacksburg (Aa2)	335,200
Culpeper (Aa2)	304,100
Front Royal (NR)	237,800
Christiansburg (NR)	205,000



Median Home Value	Tax Rate	Tax Bill	Median Family Income	Tax Burden
\$363,000	0.0401	\$145.56	\$117,162	0.124%



General Fund Balance

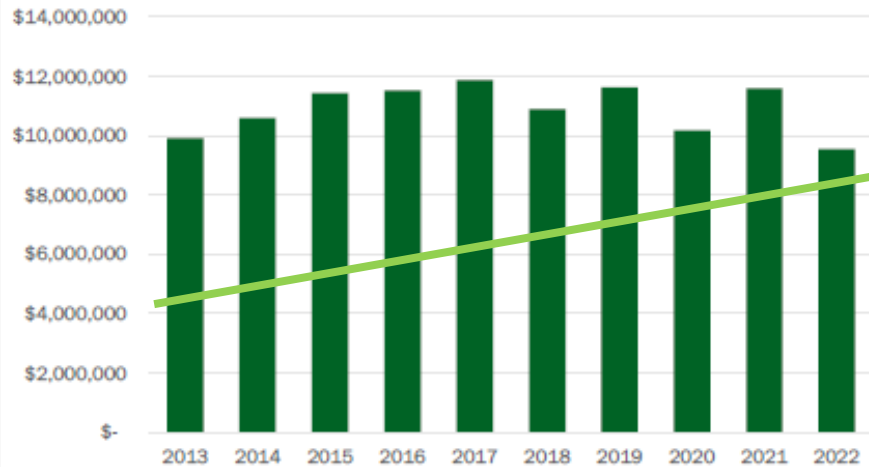


Points to Consider

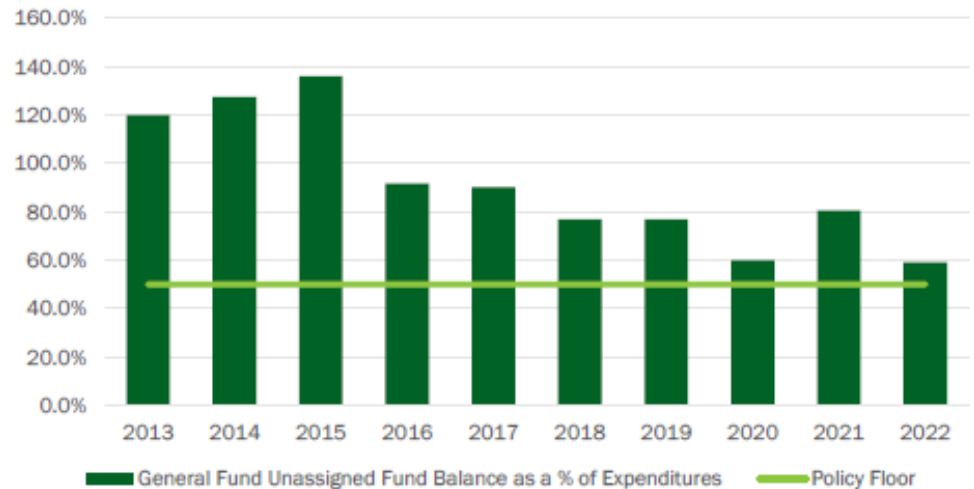
- The Town is in a very strong and stable financial position.
- The Town compares favorably to our benchmarks and highly rated national medians with respect to key demographic and economic indicators.
- Cash funding over the last 5 years for:
 - capital projects totals \$5.2 million.
 - asset replacements totals \$7.1 million.
- The Town is heavily reliant on business and consumer related taxes that can be more volatile in an economic downturn or slowdown.
- The Town has a healthy unassigned fund balance and a conservative fund balance policy.
 - Provides a buffer against revenue volatility, economic downturns.
- The Town has very low General Fund debt levels relative to best practices.

Unassigned Fund Balance Policy

General Fund Unassigned Fund Balance



Unassigned Fund Balance as a % of Expenditures

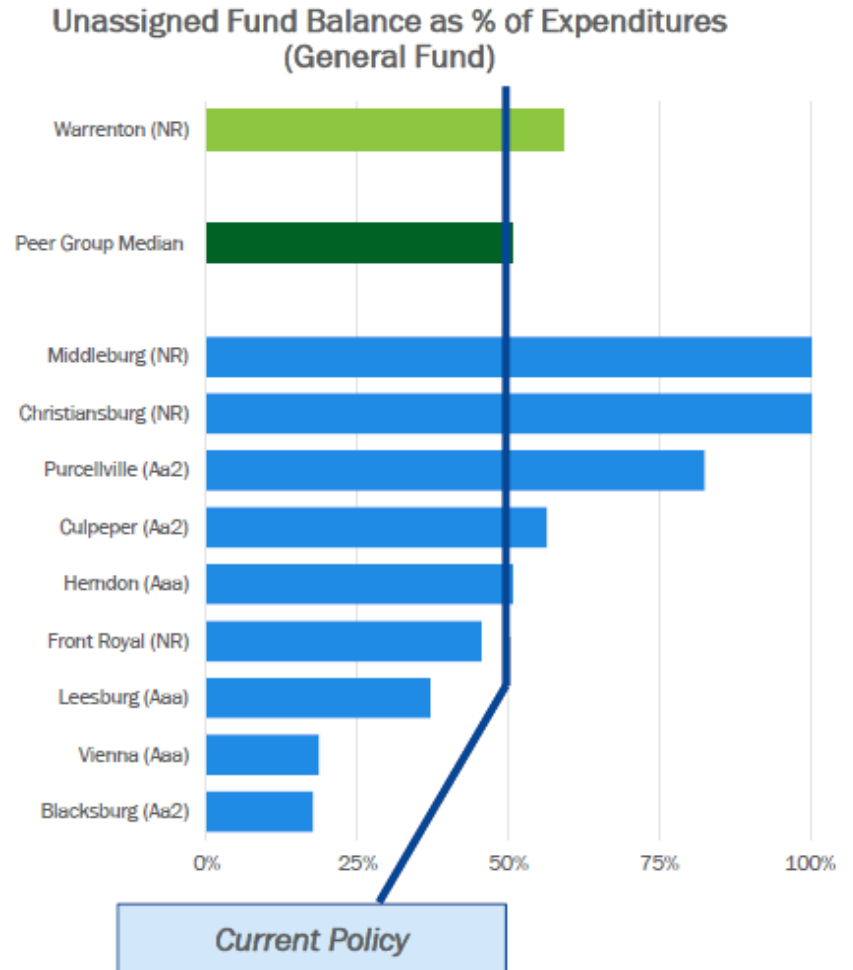


Fiscal Year	General Fund Unassigned Fund Balance		General Fund Expenditures	General Fund Unassigned Fund Balance as a % of Expenditures	Policy Floor	
2013	\$	9,909,063	\$	8,264,710	119.9%	50.0%
2014		10,593,545		8,311,001	127.5%	50.0%
2015		11,431,690		8,405,083	136.0%	50.0%
2016		11,521,316		12,572,684	91.6%	50.0%
2017		11,871,309		13,177,504	90.1%	50.0%
2018		10,894,756		14,174,381	76.9%	50.0%
2019		11,611,907		15,104,029	76.9%	50.0%
2020		10,178,740		16,968,273	60.0%	50.0%
2021		11,575,773		14,387,844	80.5%	50.0%
2022		9,542,190		16,129,651	59.2%	50.0%

Current Policy: "The Town of Warrenton will maintain a minimum unassigned fund balance in the General Fund equal to 50% of the current annual operating expenditure budget."

Peer Comparison – UFB as % of expenditures

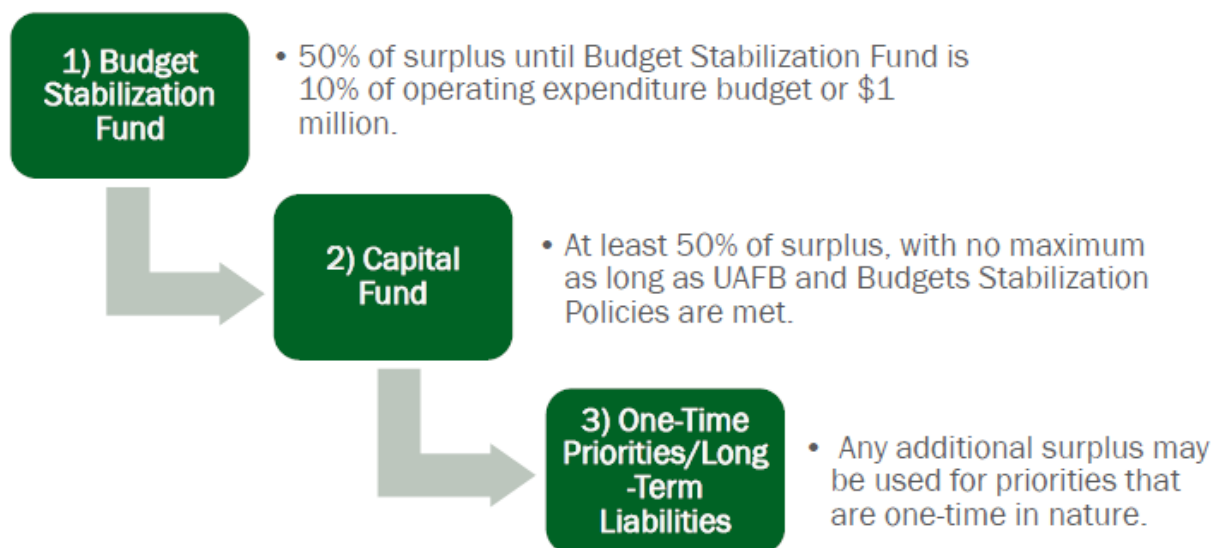
Locality	Unassigned Fund Balance compared to Expenditure (General Fund)	
	%	\$
Warrenton (NR)	59.2%	\$ 9,542,190
Peer Group Median	50.8%	\$ 8,863,651
Middleburg (NR)	236.7%	\$ 27,265,079
Christiansburg (NR)	110.3%	\$ 22,336,003
Purcellville (Aa2)	82.6%	\$ 16,999,208
Culpeper (Aa2)	56.4%	\$ 12,466,186
Herndon (Aaa)	50.8%	\$ 8,863,651
Front Royal (NR)	45.6%	\$ 6,662,229
Leesburg (Aaa)	37.1%	\$ 5,867,423
Vienna (Aaa)	18.6%	\$ 5,039,513
Blacksburg (Aa2)	17.6%	\$ 4,778,490



General Fund Balance – Waterfall Provision

Maintenance of Minimum Unassigned General Fund Balance Level/Use of Year-end Operating Surplus:

- a. Annual surplus revenues will be allocated to the Unassigned Fund Balance (“UAFB”) until the 50% minimum policy target is met;
- b. If the 50% Unassigned Fund Balance minimum policy is met, the remaining annual surplus funds will be allocated as follows:



Recommendation: consider allocating any existing balance over the 50% under this provision rather than just the net change for a given fiscal year.

Current Unassigned Fund Balance

60% 9,542,190

50% 8,206,542

Policy level

Balance above policy = 1,335,648

50%

Budget
Stabilization

249,909

current balance

667,824

917,733

50%

Capital

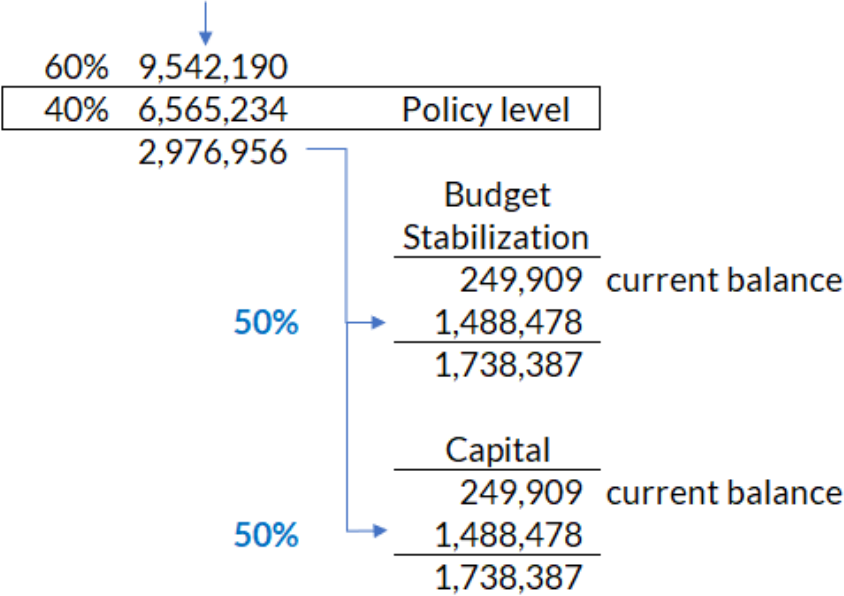
249,909

current balance

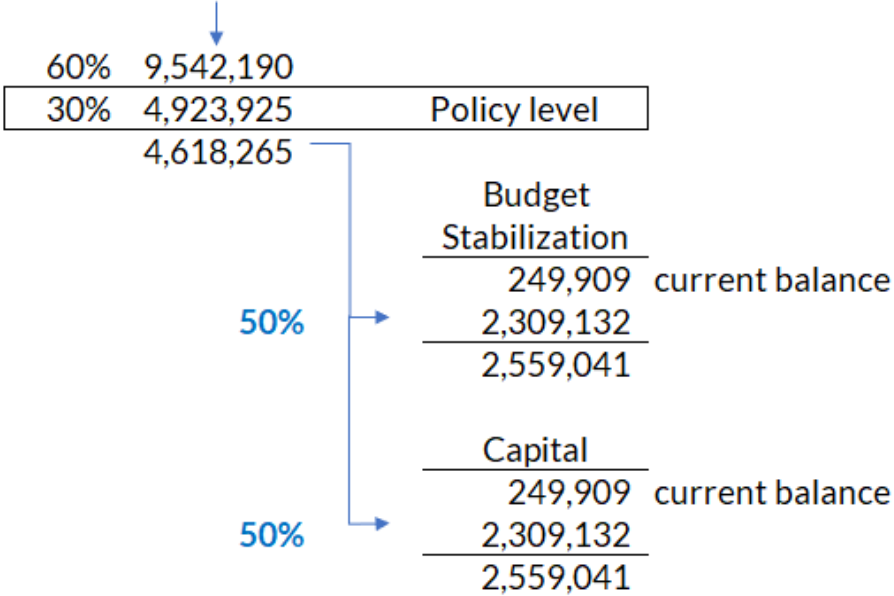
667,824

917,733

Current Unassigned Fund Balance



Current Unassigned Fund Balance



Fund Balance Policy Recommendations

- As of Fiscal Year 2022, the Town's Unassigned Fund Balance levels remain above its policy floor at roughly 60% of Expenditures.
- As shown below, Moody's Criteria for General Obligation Credits defines categories for Unassigned Fund Balance as a Percentage of Revenues. Moody's defines the "Very Strong" threshold for Aaa credits as those with fund balance levels exceeding 30%.
- It would be prudent for the Town to continue to maintain its Fund Balance Policy at such a strong level given the magnitude of capital projects it is contemplating and the potential for economic uncertainty.

– Very Strong (Aaa):	> 30%
– Strong (Aa):	30% - 15%
– Moderate (A):	15% - 5%
– Weak/Very Poor (Baa & below):	5% - 0%

Targeted minimum threshold range





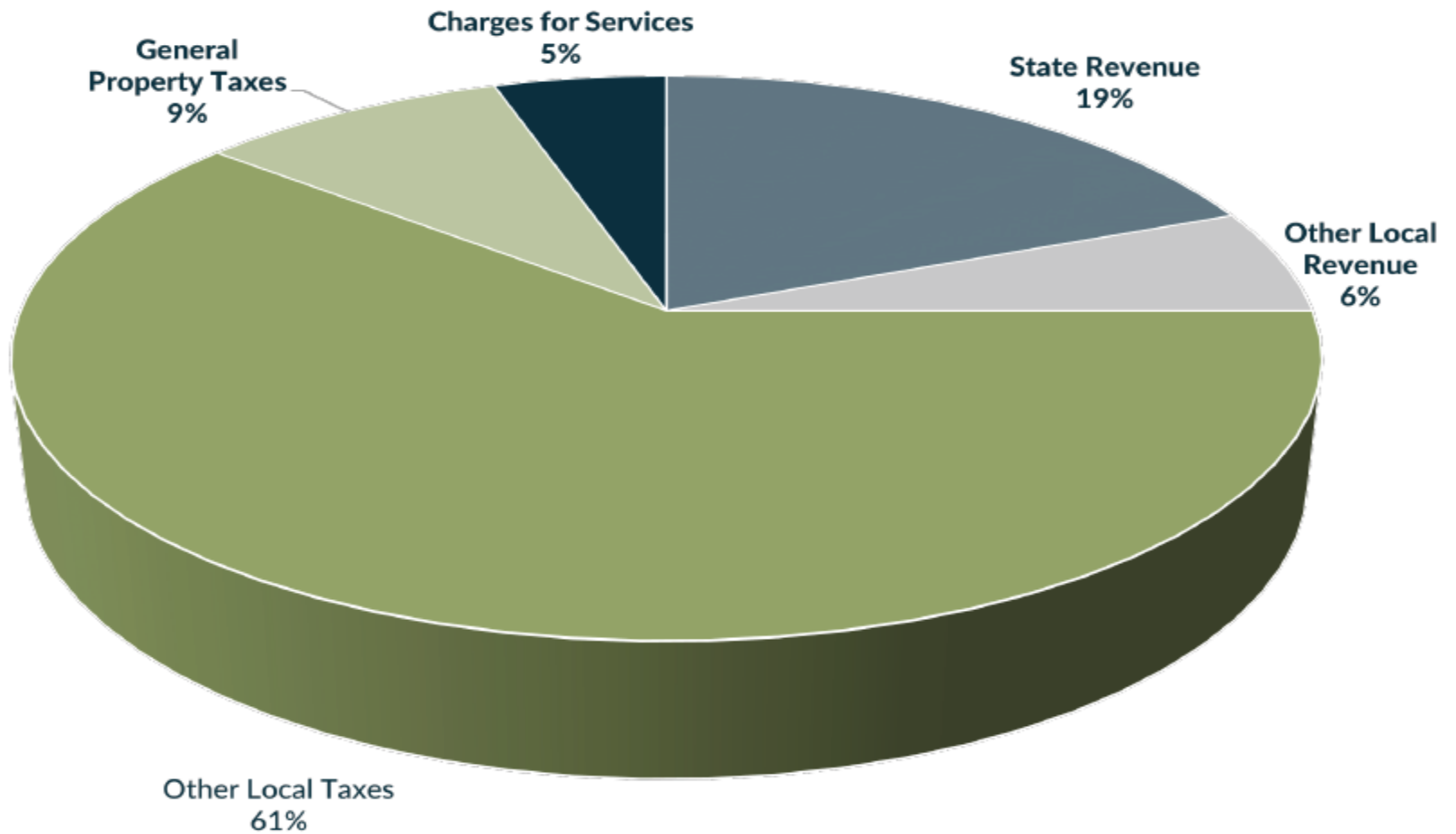
Historical General Fund Financials



Highlights

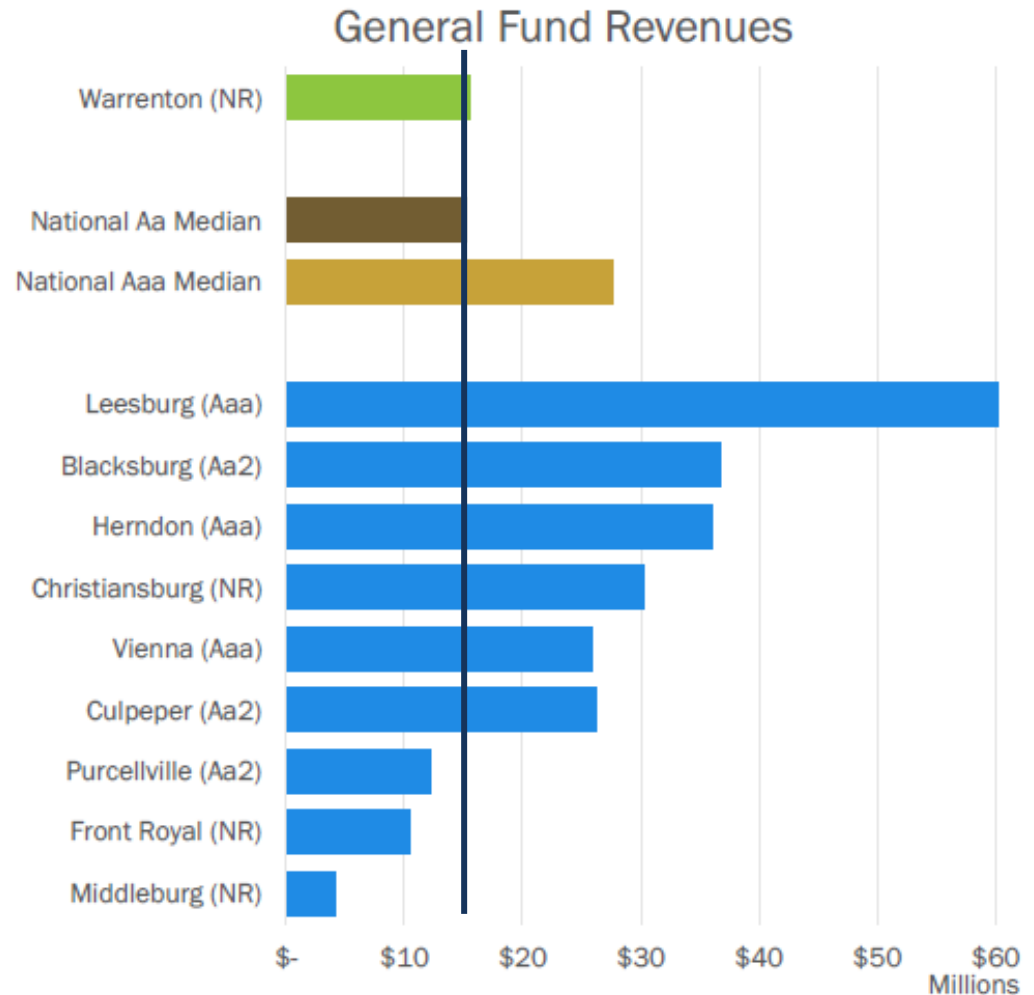
- General Fund **expenditures have exceeded revenues** in 3 of the past 5 years.
- General Property Taxes (real estate and personal property) per capita **have not kept pace with inflation.**
- **Other local taxes comprise over 50%** of General Fund revenues.
- While our revenue streams are diverse, the Town is heavily weighted towards **economically sensitive business and consumption related taxes.**
- **Significant increase in Assessed Value** of Taxable Property due to real estate reassessment in 2022.

FY23 REVENUE BY SOURCE

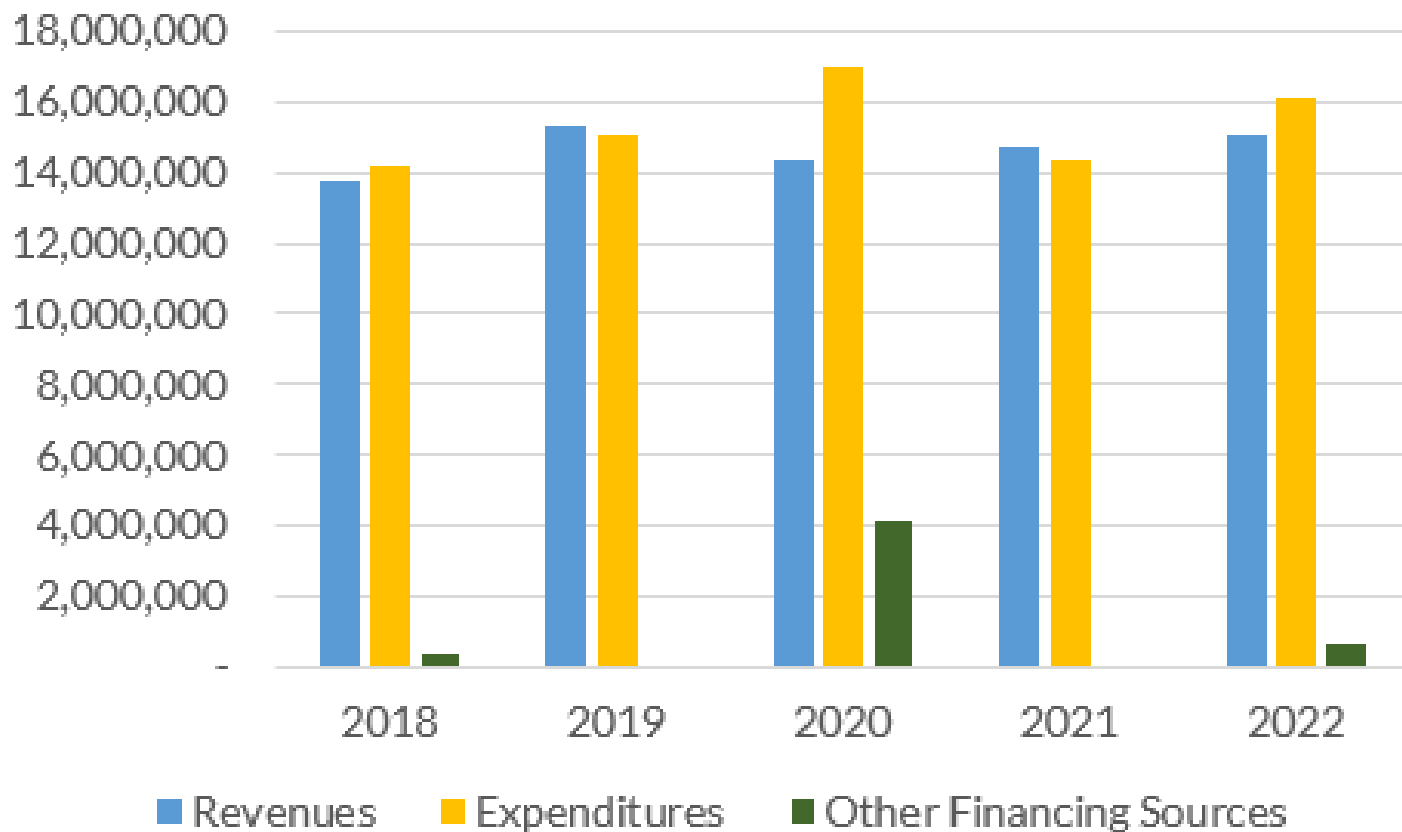


General Fund Revenues Comparison

Locality	General Fund Revenues
Warrenton (NR)	\$15,588,490
National Aa Median ⁽¹⁾	15,172,000
National Aaa Median ⁽¹⁾	27,600,500
Leesburg (Aaa)	65,727,940
Blacksburg (Aa2)	36,765,400
Herndon (Aaa)	36,100,427
Christiansburg (NR)	30,201,297
Vienna (Aaa)	25,798,375
Culpeper (Aa2)	26,239,828
Purcellville (Aa2)	12,258,071
Front Royal (NR)	10,479,885
Middleburg (NR)	4,199,729



Revenues and Expenditures



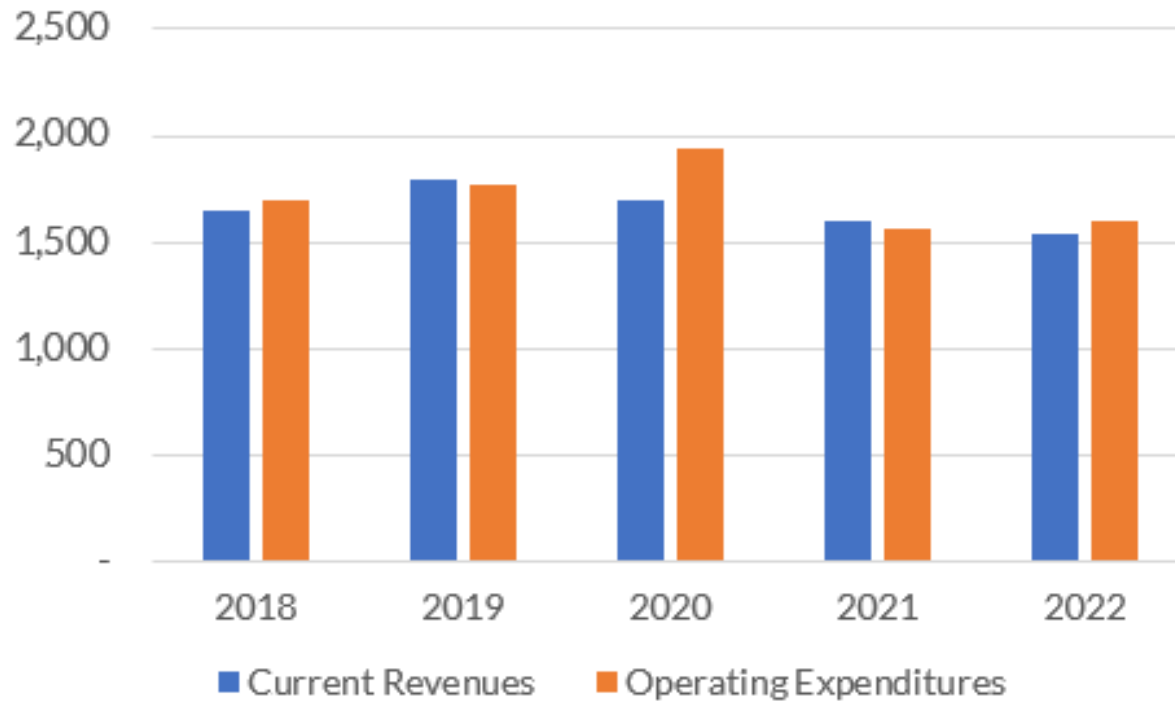
Fiscal Year	2018	2019	2020	2021	2022
Revenues	13,731,060	15,358,784	14,351,864	14,713,735	15,107,471
Expenditures	14,174,381	15,104,029	16,968,273	14,387,844	16,129,651
Other Financing Sources	326,709	-	4,100,000	-	659,171
Net change in fund balance	(116,612)	254,755	1,483,591	325,891	(363,009)

Average increase in revenues 2.62%
 Average increase in expenditures 3.95%

Notes:

CRF funding used for public safety salaries removed.

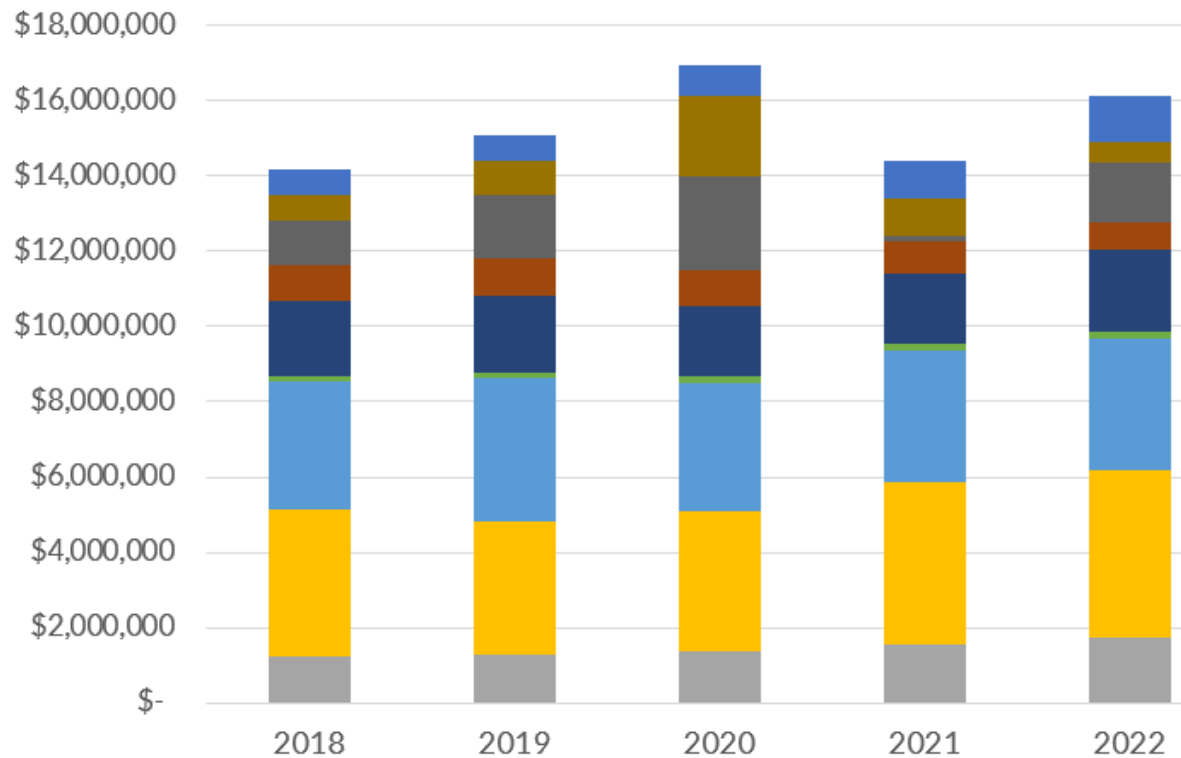
Revenues and Expenditures Per Capita



Revenues and Expenditures Per Capita and Inflation Adjusted

Fiscal Year	2018	2019	2020	2021	2022
Population	9,875	9,937	10,065	10,057	10,109
Inflation Multiplier	1.18x	1.16x	1.15x	1.09x	1.00x
Current Revenues	1,641	1,793	1,698	1,601	1,542
Operating Expenditures	1,694	1,763	1,939	1,559	1,596
Surplus/(Deficit)	(53)	30	(241)	42	(54)

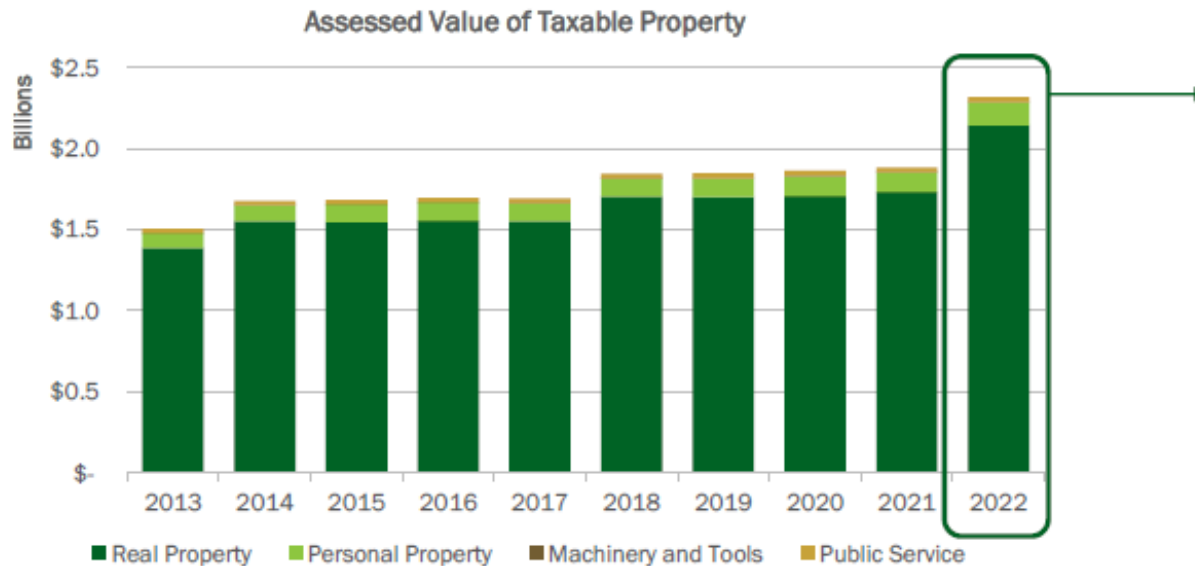
Expenditures by Function



Expenditures by Function

	Fiscal Year	2018	2019	2020	2021	2022
General Government Administration	\$	1,242,131	\$ 1,292,870	\$ 1,346,561	\$ 1,543,266	\$ 1,716,121
Public Safety		3,912,693	3,536,374	3,731,363	4,316,166	4,488,739
Public Works		3,370,708	3,796,095	3,443,271	3,498,257	3,466,980
Health and Welfare		133,891	161,934	177,910	183,554	173,361
Parks, Recreation and Cultural		2,042,098	2,040,281	1,855,164	1,851,122	2,216,458
Community Development		941,537	998,655	956,701	893,149	714,724
Capital Outlay		1,185,992	1,689,813	2,469,442	141,058	1,595,088
Capital Projects		676,987	870,375	2,170,295	993,676	529,010
Debt Service		668,344	717,632	817,566	967,596	1,229,170
Total	\$	14,174,381	\$ 15,104,029	\$ 16,968,273	\$ 14,387,844	\$ 16,129,651

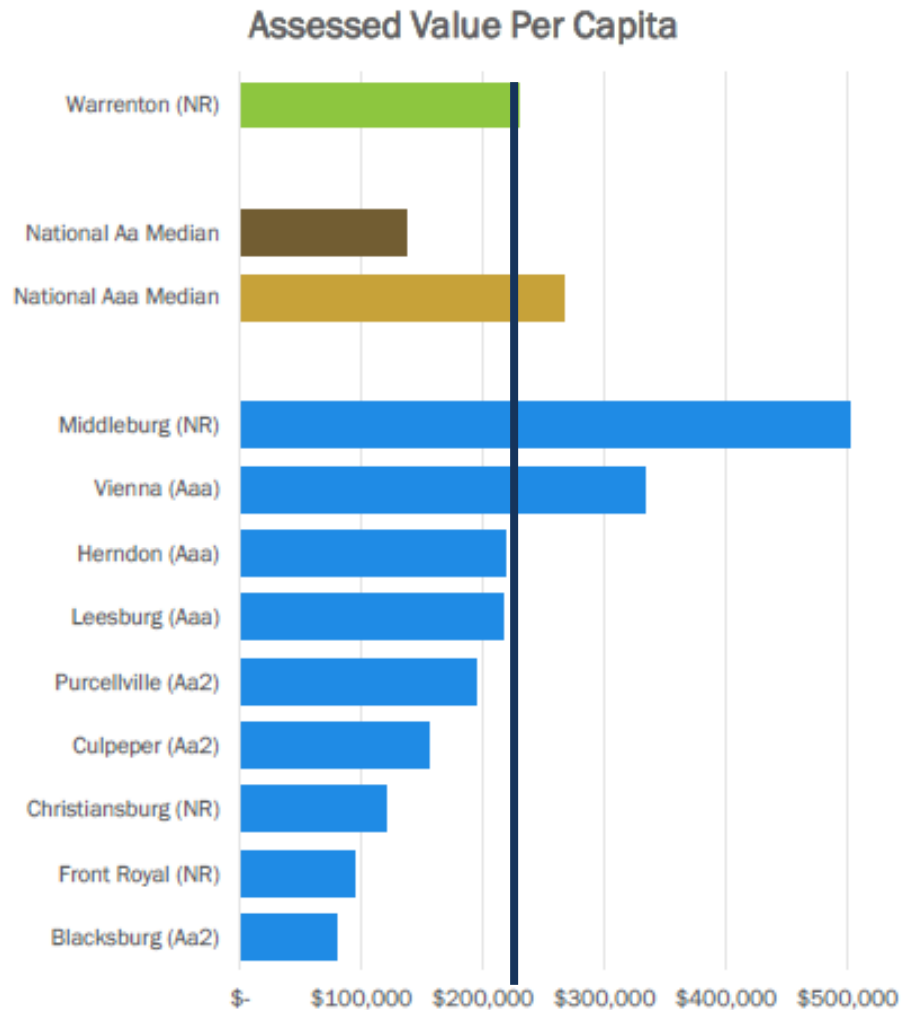
Assessed Value



Assessed Value of Taxable Property									
Fiscal Year	Real Property	%	Personal Property	%	Machinery and Tools	%	Public Service	%	Total Taxable Assessed Value
2013	1,388,763,400	N/A	93,279,002	N/A	366,978	N/A	26,002,462	N/A	1,508,411,842
2014	1,554,110,600	12%	99,076,256	6%	362,438	-1%	26,004,347	0%	1,679,553,641
2015	1,548,458,500	0%	110,060,306	11%	379,240	5%	26,169,523	1%	1,685,067,569
2016	1,559,784,700	1%	110,382,101	0%	362,252	-4%	26,233,712	0%	1,696,762,765
2017	1,555,378,500	0%	111,836,351	1%	350,166	-3%	26,222,252	0%	1,693,787,269
2018	1,707,497,200	10%	111,426,844	0%	381,478	9%	26,933,972	3%	1,846,239,494
2019	1,704,181,500	0%	112,782,292	1%	358,690	-6%	30,080,458	12%	1,847,402,940
2020	1,711,588,500	0%	121,035,613	7%	314,281	-12%	32,388,996	8%	1,865,327,390
2021	1,735,031,400	1%	119,184,134	-2%	511,075	63%	30,341,699	-6%	1,885,068,308
2022	2,146,350,500	24%	141,771,009	19%	452,805	-11%	30,915,674	2%	2,319,489,988

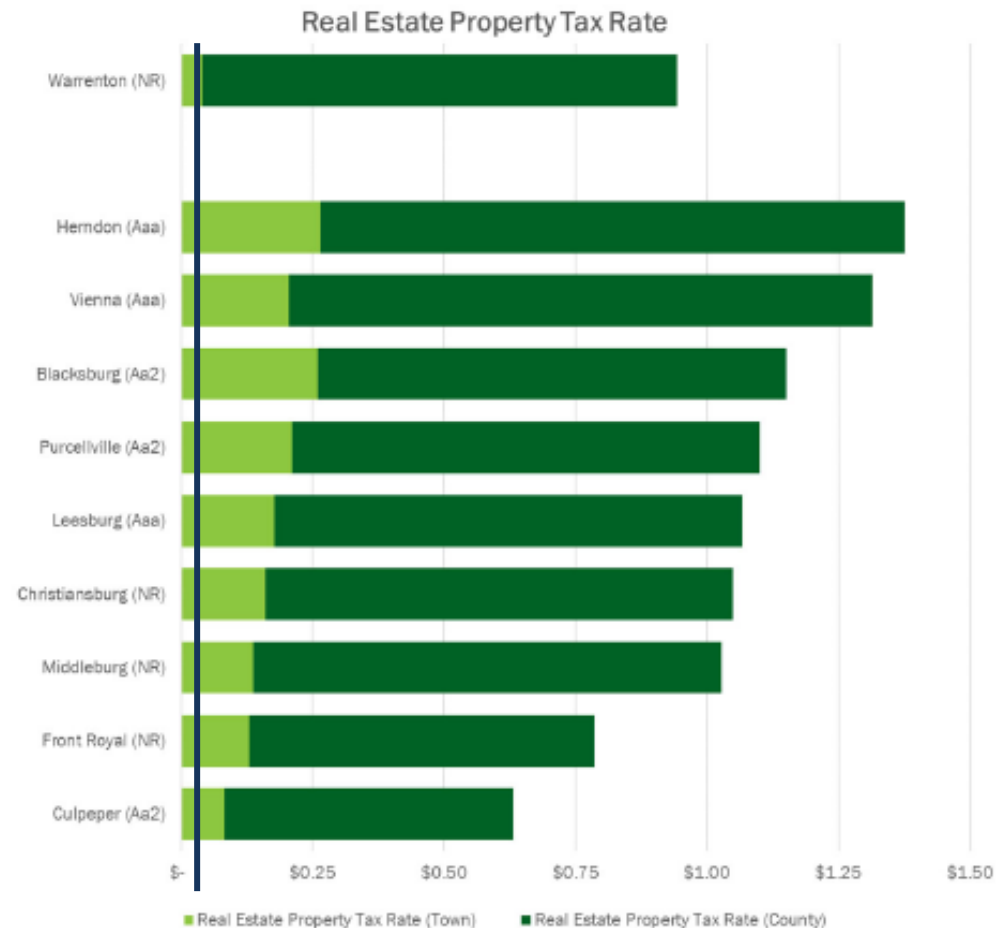
Assessed Value Per Capita

Locality	Assessed Value Per Capita
Warrenton (NR)	\$229,448
National Aa Median ⁽¹⁾	136,881
National Aaa Median ⁽¹⁾	267,080
Middleburg (NR)	528,187
Vienna (Aaa)	333,802
Herndon (Aaa)	217,560
Leesburg (Aaa)	216,051
Purcellville (Aa2)	193,667
Culpeper (Aa2)	154,800
Christiansburg (NR)	120,633
Front Royal (NR)	94,506
Blacksburg (Aa2)	79,567

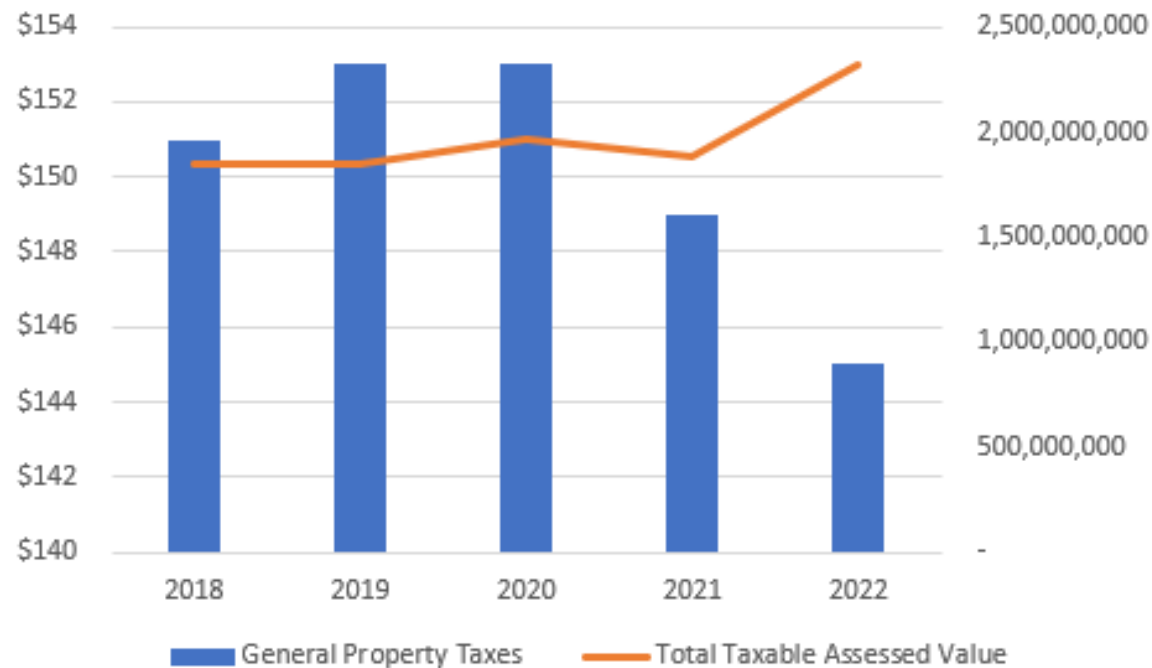


Real Estate Tax Rate Comparison

Locality	Real Estate Property Tax Rate (Town)	Real Estate Property Tax Rate (County)
Warrenton (NR)	\$0.0401	\$0.903
Herndon (Aaa)	0.265	1.110
Vienna (Aaa)	0.205	1.110
Blacksburg (Aa2)	0.260	0.890
Purcellville (Aa2)	0.210	0.890
Leesburg (Aaa)	0.1774	0.890
Christiansburg (NR)	0.160	0.890
Middleburg (NR)	0.1369	0.890
Front Royal (NR)	0.130	0.655
Culpeper (Aa2)	0.082	0.550



General Property Taxes Per Capita

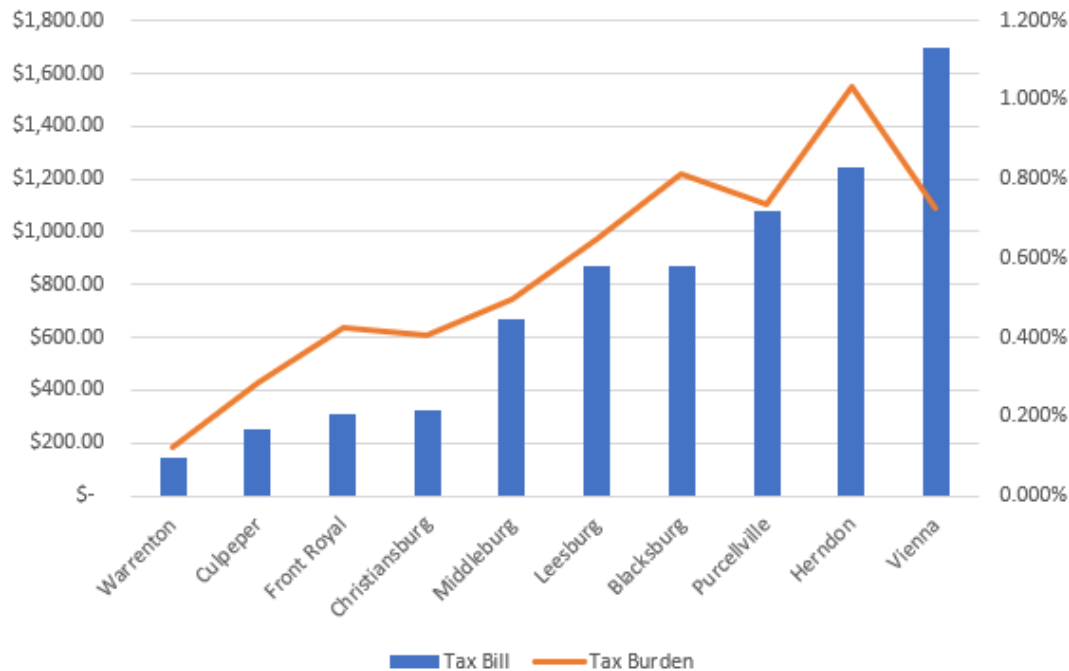


Property Taxes Per Capita & Inflation Adjusted

Fiscal Year	2018	2019	2020	2021	2022
Population	9,875	9,937	10,065	10,057	10,109
Inflation Multiplier	1.18x	1.16x	1.15x	1.09x	1.00x
General Property Taxes	\$ 151	\$ 153	\$ 153	\$ 149	\$ 145
Total Taxable Assessed Value	\$ 1,846,239,494	\$ 1,847,402,940	\$ 1,965,327,390	\$ 1,885,068,308	\$ 2,319,489,988

This chart shows that property taxes per capita adjusted for inflation have not kept pace with the taxable assessed value.

Tax Burden Comparison

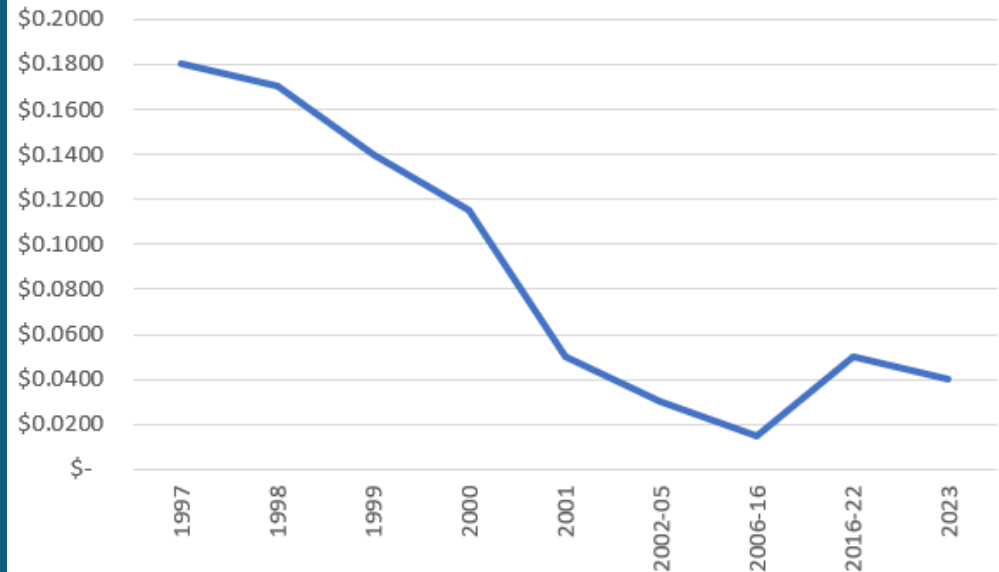


Locality	Median Home Value	Tax Rate	Tax Bill	Median Family Income	Tax Burden
Warrenton	\$ 363,000	\$ 0.0401	\$ 145.56	\$ 117,162	0.124%
Culpeper	\$ 304,100	\$ 0.0820	\$ 249.36	\$ 87,572	0.285%
Christiansburg	\$ 205,000	\$ 0.1600	\$ 328.00	\$ 80,855	0.406%
Front Royal	\$ 237,800	\$ 0.1300	\$ 309.14	\$ 72,982	0.424%
Middleburg	\$ 488,200	\$ 0.1369	\$ 668.35	\$ 135,250	0.494%
Leesburg	\$ 490,500	\$ 0.1774	\$ 870.15	\$ 133,660	0.651%
Vienna	\$ 827,800	\$ 0.2050	\$ 1,696.99	\$ 233,355	0.727%
Purcellville	\$ 514,900	\$ 0.2100	\$ 1,081.29	\$ 146,464	0.738%
Blacksburg	\$ 335,200	\$ 0.2600	\$ 871.52	\$ 107,279	0.812%
Herndon	\$ 470,200	\$ 0.2650	\$ 1,246.03	\$ 120,786	1.032%

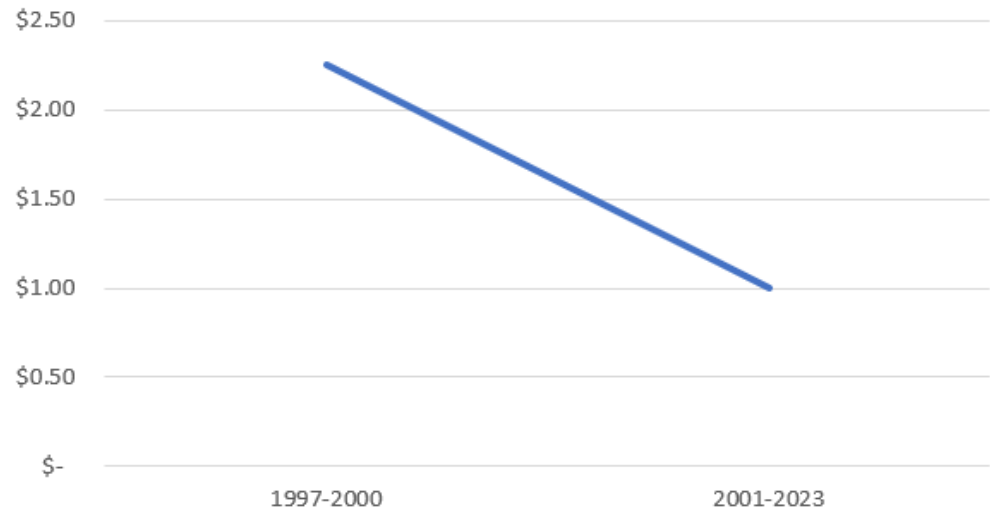
Tax Rate History

Fiscal Year(s)	Real Estate	Personal Property
1997	\$0.1800	\$ 2.25
1998	\$0.1700	\$ 2.25
1999	\$0.1400	\$ 2.25
2000	\$0.1150	\$ 2.25
2001	\$0.0500	\$ 1.00
2002-05	\$0.0300	\$ 1.00
2006-16	\$0.0150	\$ 1.00
2016-22	\$0.0500	\$ 1.00
2023	\$0.0401	\$ 1.00

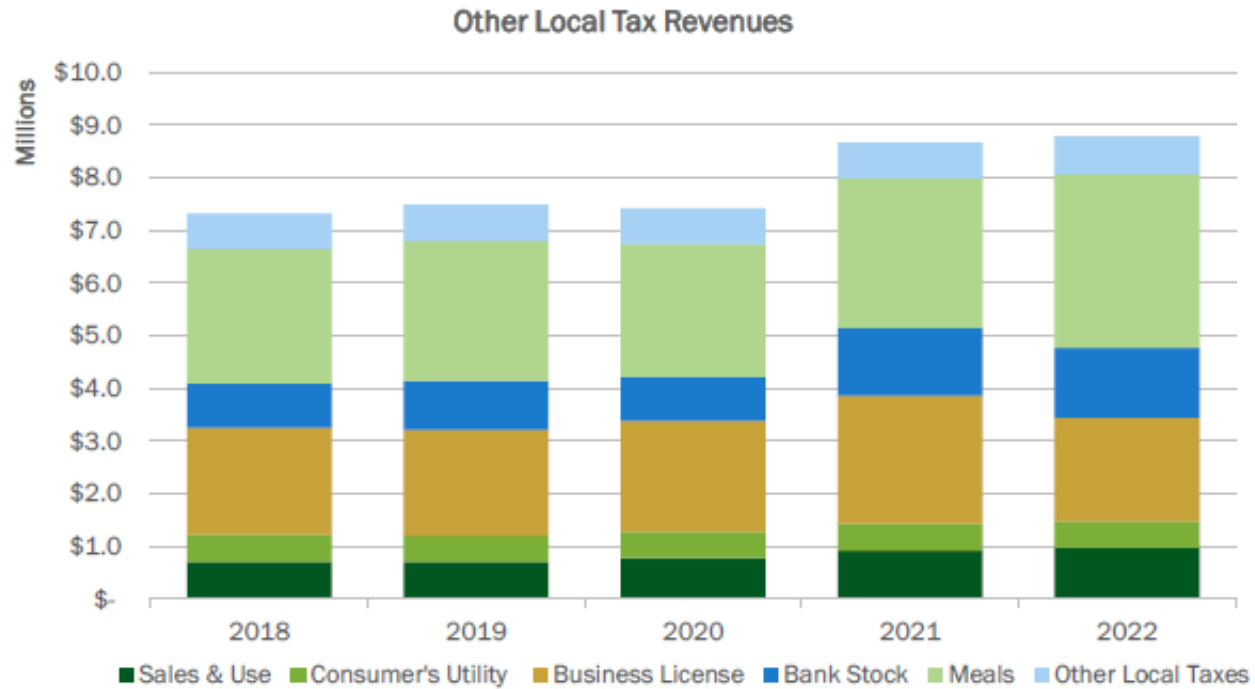
Real Estate Tax Rate History



Personal Property Tax Rate History

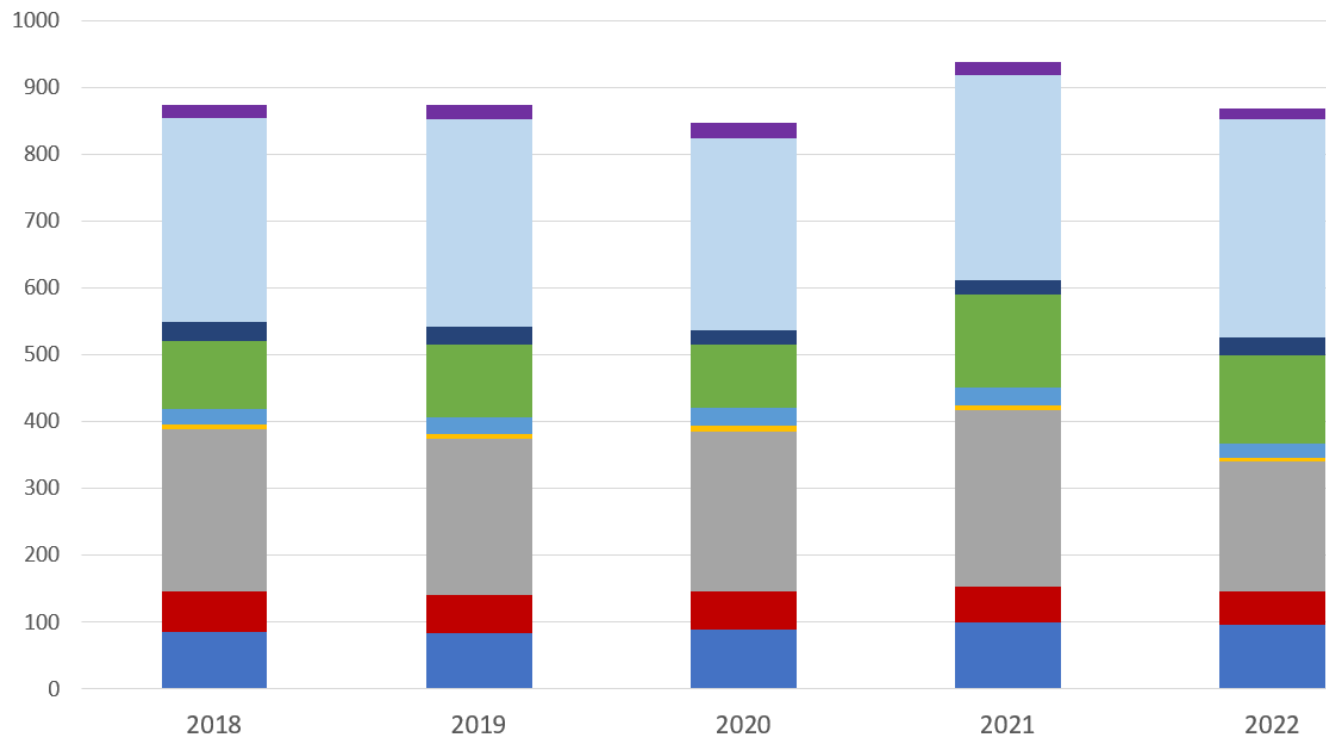


Other Local Tax Revenues



Summary of Other Local Tax Revenues					
Other Local Taxes	2018	2019	2020	2021	2022
Sales & Use	\$ 709,036	\$ 709,173	\$ 781,649	\$ 925,159	\$ 978,837
Consumer's Utility	510,053	498,267	501,059	495,402	499,103
Business License	2,026,990	1,998,815	2,103,568	2,438,043	1,964,786
Consumption	64,166	70,212	68,131	61,994	60,354
Motor Vehicle	195,750	216,600	237,353	239,788	219,887
Bank Stock	849,887	932,498	830,298	1,292,086	1,330,962
Hotel and Motel	236,175	220,994	182,606	197,050	261,215
Meals	2,550,799	2,659,254	2,515,018	2,828,431	3,296,859
Cigarette	171,699	184,943	202,138	180,436	173,866
Total	\$ 7,314,555	\$ 7,490,756	\$ 7,421,820	\$ 8,658,389	\$ 8,785,869

Other Local Taxes Per Capita

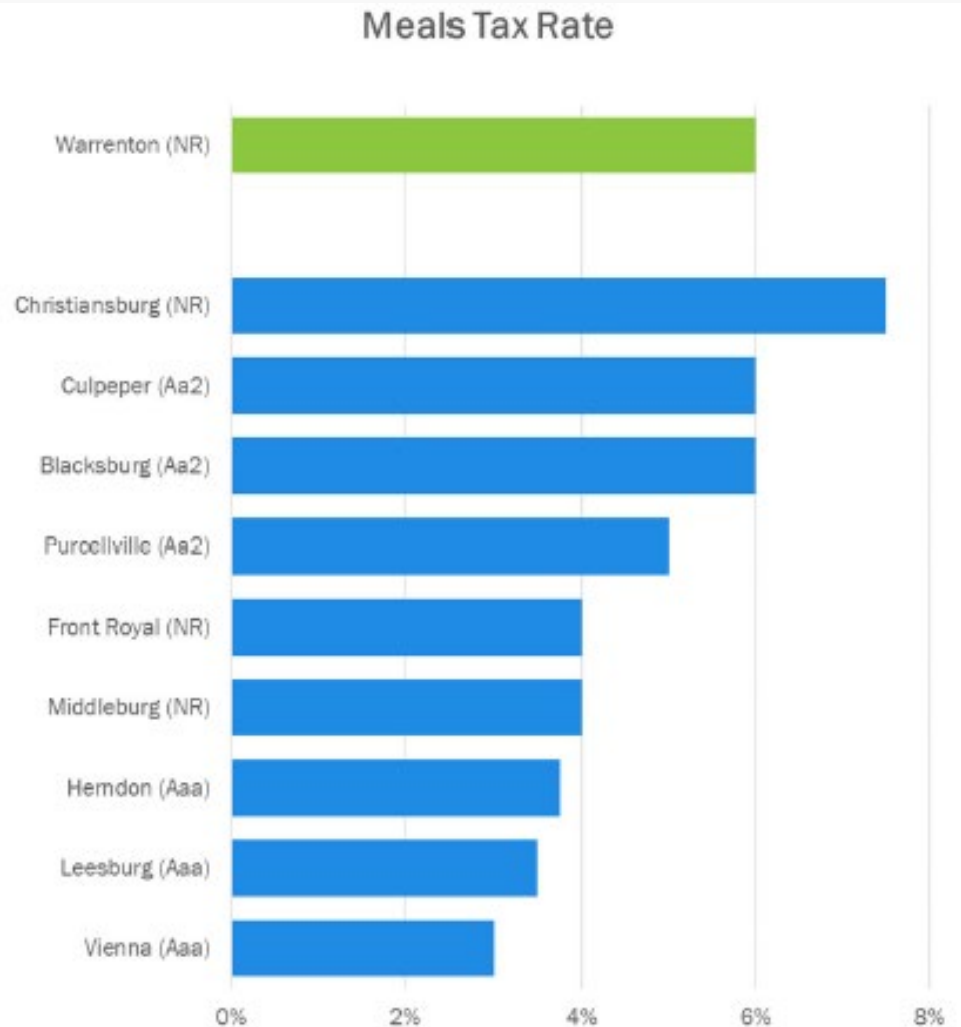


Other Local Tax Revenues Per Capita and Inflation Adjusted

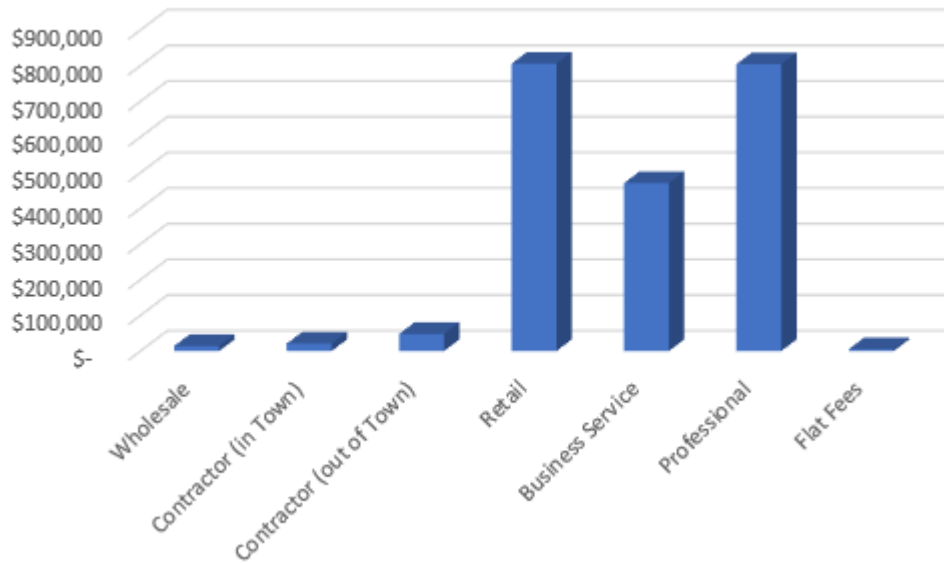
Fiscal Year	2018	2019	2020	2021	2022
Population	9,875	9,937	10,065	10,057	10,109
Inflation Multiplier	1.18x	1.16x	1.15x	1.09x	1.00x
Sales & Use	\$ 85	\$ 83	\$ 89	\$ 100	\$ 97
Consumer's Utility	61	58	57	54	49
Business License	242	233	240	264	194
Consumption	8	8	8	7	6
Motor Vehicle	23	25	27	26	22
Bank Stock	102	109	95	140	132
Lodging	28	26	21	21	26
Meals	305	310	287	307	326
Cigarette	21	22	23	20	17
Total	\$ 875	\$ 874	\$ 847	\$ 939	\$ 869

Meals Tax Rate Comparison

Locality	Meals Tax Rate (Town)
Warrenton (NR)	6.00%
Christiansburg (NR)	7.50%
Culpeper (Aa2)	6.00%
Blacksburg (Aa2)	6.00%
Purcellville (Aa2)	5.00%
Front Royal (NR)	4.00%
Middleburg (NR)	4.00%
Herndon (Aaa)	3.75%
Leesburg (Aaa)	3.50%
Vienna (Aaa)	3.00%



Business License (BPOL)

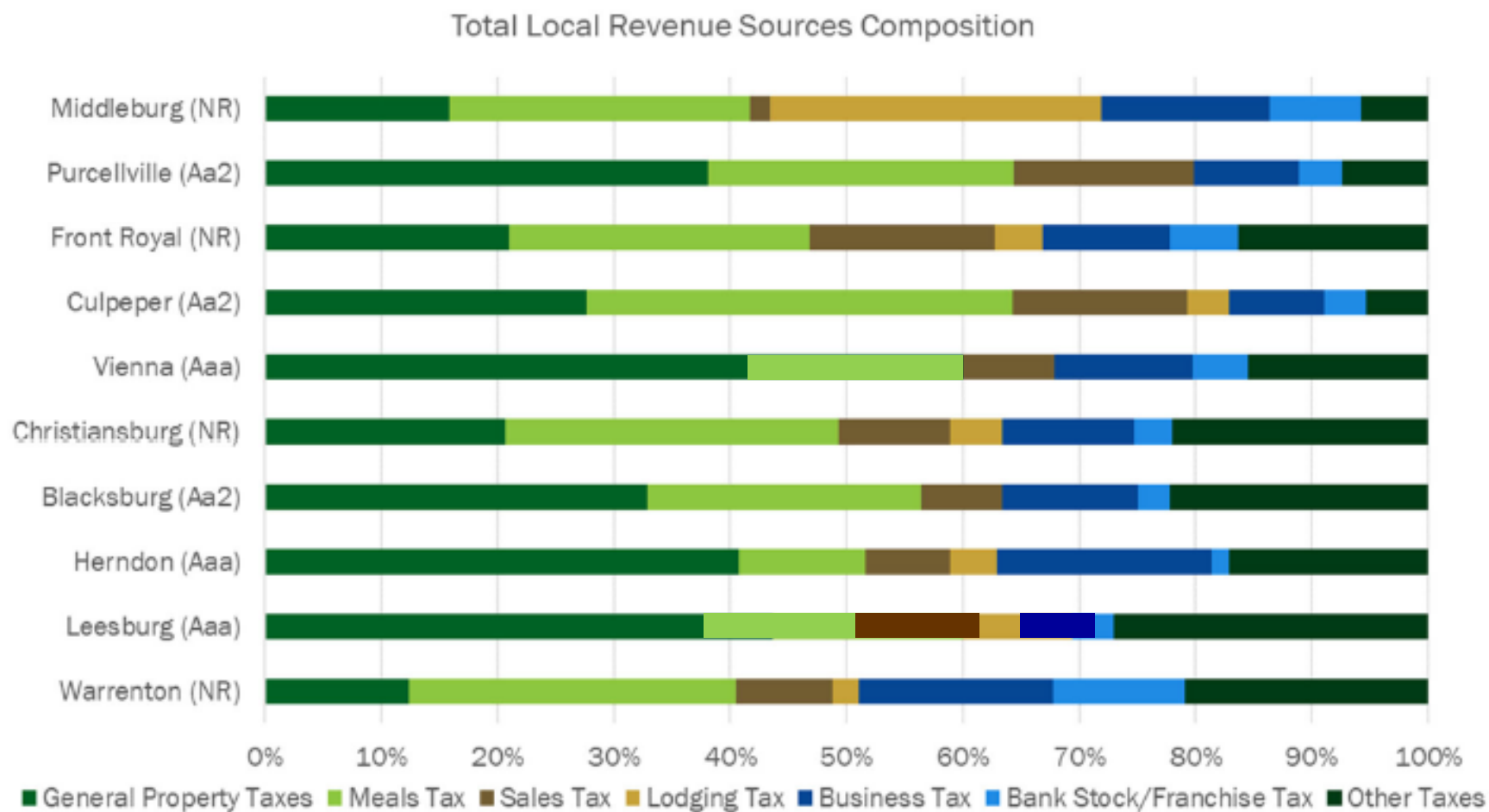


- Various rate categories depending on nature of business
- Data shown in table and chart is for license year 2023
- Top 3 categories are retail, business/personal services, and professional services

Business License Year 2023

Category	Tax Amount	Percentage
Wholesale	\$ 14,193	0.7%
Contractor (in Town)	20,588	0.9%
Contractor (out of Town)	47,804	2.2%
Retail	805,627	37.2%
Business Service	470,579	21.7%
Professional Services	804,222	37.1%
Flat Fees	5,330	0.2%
Total	\$ 2,168,343	

Other Local Taxes Comparison



Suggested Modification

- Consider elimination of motor vehicle license fee to be offset by slight increase in personal property tax rate
- Annual license fee revenue = \$225,000



Debt Management and Capacity



Existing Debt

Summary of Outstanding Tax-Supported Debt

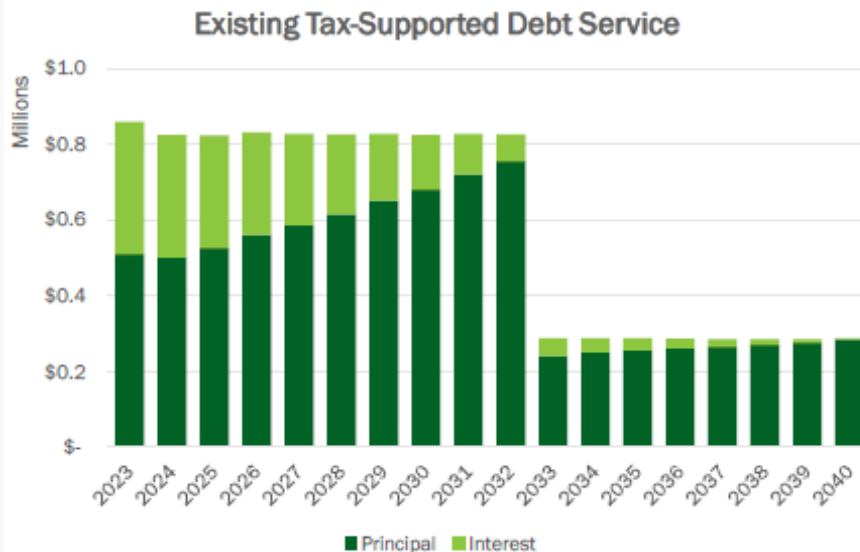
Series	Original Par	Par Outstanding 6/30/22	Interest Rate	Final Maturity (FY)
2017 Equipment Lease	\$330,209	\$34,545	2.040%	7/28/2022
G.O. Refunding Bond, Series 2021B	\$8,720,000	8,165,000	5.125% - 2.125%	10/1/2039
Total		\$8,199,545		

Summary of Outstanding Utility-Supported Debt

Series	Original Par	Par Outstanding 6/30/22	Interest Rate	Final Maturity (FY)
G.O. Refunding Bond, Series 2021A	\$6,935,000	6,728,000	2.750%	1/15/2038
G.O. Refunding Bond, Series 2021B	\$3,975,000	3,855,000	5.125% - 2.125%	10/1/2039
G.O. Bond - Water & Sewer Financing 2022	\$5,150,000	5,150,000	2.900%	10/1/2039
Total		\$15,733,000		

Debt refinanced in 2022 to achieve net present value savings of \$1.7 million

Existing Tax-Supported Debt Service



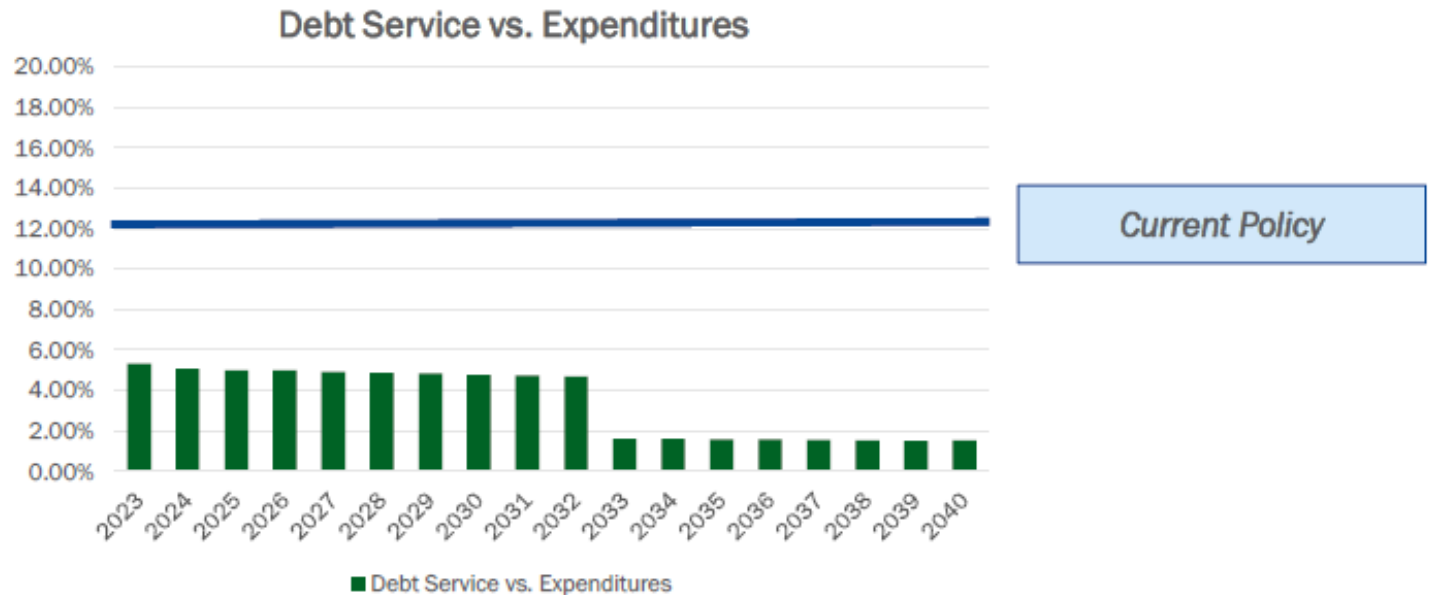
Existing Tax-Supported Debt Service				
Fiscal Year	Principal	Interest	Total	Payout Ratio
2023	509,545	349,573	859,119	6.2%
2024	500,000	324,238	824,238	12.3%
2025	525,000	297,972	822,972	18.7%
2026	560,000	270,169	830,169	25.5%
2027	585,000	240,828	825,828	32.7%
2028	615,000	210,078	825,078	40.2%
2029	650,000	177,663	827,663	48.1%
2030	680,000	143,581	823,581	56.4%
2031	720,000	107,706	827,706	65.2%
2032	755,000	69,909	824,909	74.4%
2033	240,000	46,063	286,063	77.3%
2034	250,000	37,656	287,656	80.4%
2035	255,000	31,041	286,041	83.5%
2036	260,000	25,569	285,569	86.6%
2037	265,000	20,106	285,106	89.9%
2038	270,000	14,653	284,653	93.2%
2039	275,000	8,978	283,978	96.5%
2040	285,000	3,028	288,028	100.0%
Total	\$8,199,545	\$2,378,811	\$ 10,578,356	

Debt Management Policies

- The Town **will not fund current operations from the proceeds of borrowed funds** and will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current financial resources.
- The Town will, when financing capital improvements or other projects or equipment by issuing bonds or entering into capital leases, **repay the debt within a period not to exceed the expected useful life of the project or equipment**. Debt related to equipment ancillary to a construction project may be amortized over a period less than that of the primary project.
- The Town will **annually calculate target debt ratios for direct, non-revenue based debt (“Tax Supported Debt”)** that is dependent on the general fund for the payment of debt service. So long as payments from the general fund to the enterprise fund are not necessary to make up shortfalls in the enterprise fund, enterprise fund debt will not be included in the calculation of the debt ratios. The debt ratios are outlined on the following slides.
- **Suggested policy addition: Rates for Water and Sewer services and Stormwater Management shall be set to ensure all enterprise fund debt service is paid by the respective enterprise fund.**

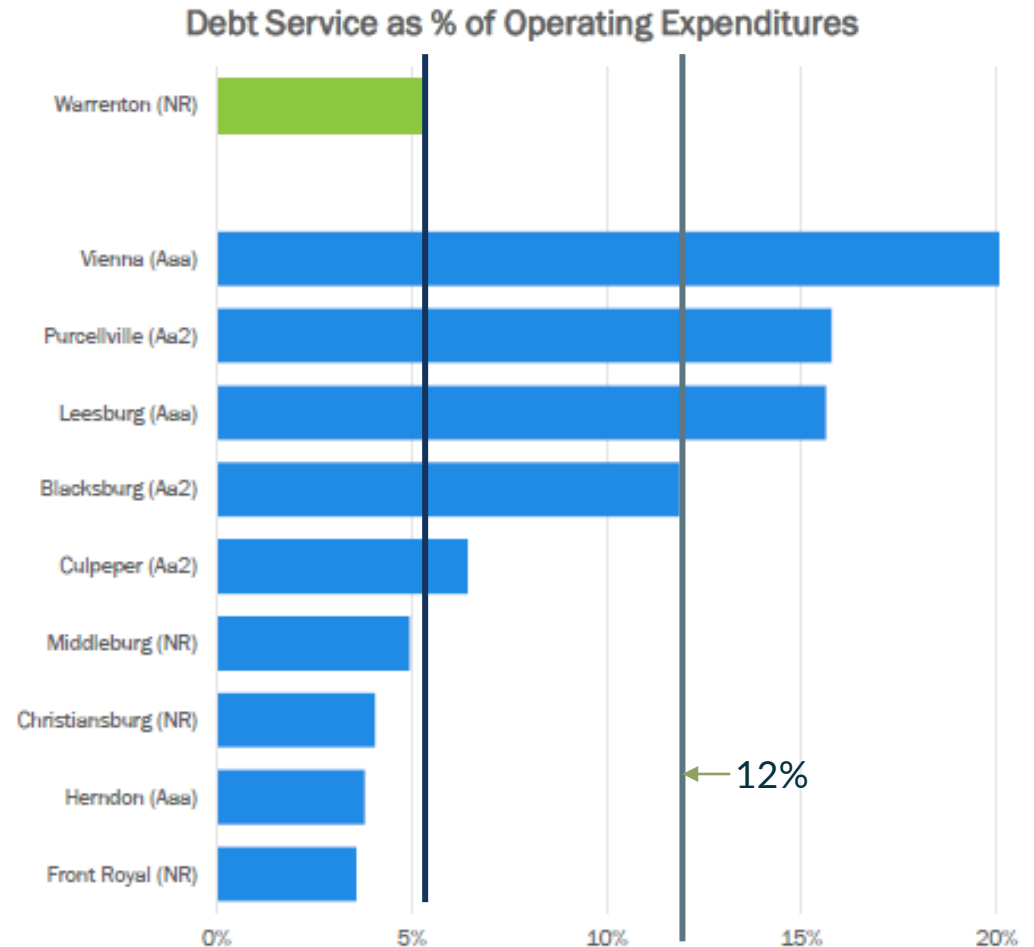
Debt Service vs. Expenditures

Tax Supported debt service expenditures as a percentage of general fund expenditures should not exceed 12%.



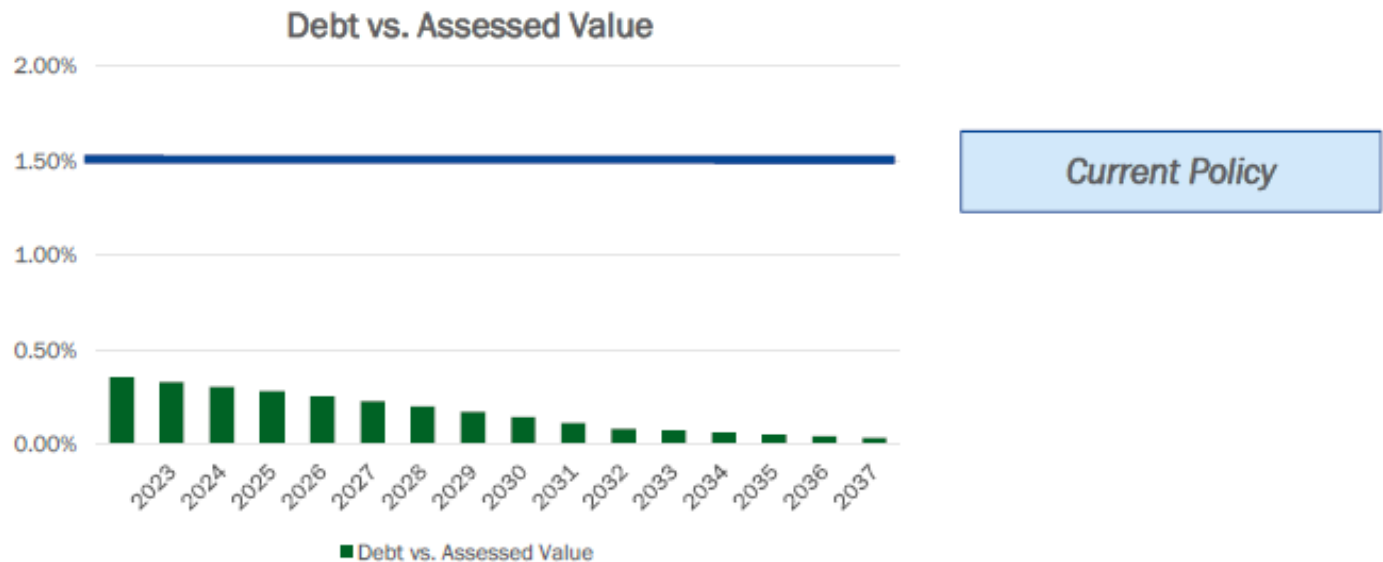
Debt Service vs. Expenditure Comparison

Locality	Debt Service as % of Operating Expenditures
Warrenton (NR)	5.3%
Vienna (Aaa)	20.9%
Purcellville (Aa2)	15.8%
Leesburg (Aaa)	15.6%
Blacksburg (Aa2)	11.9%
Culpeper (Aa2)	6.4%
Middleburg (NR)	5.0%
Christiansburg (NR)	4.1%
Herndon (Aaa)	3.8%
Front Royal (NR)	3.6%



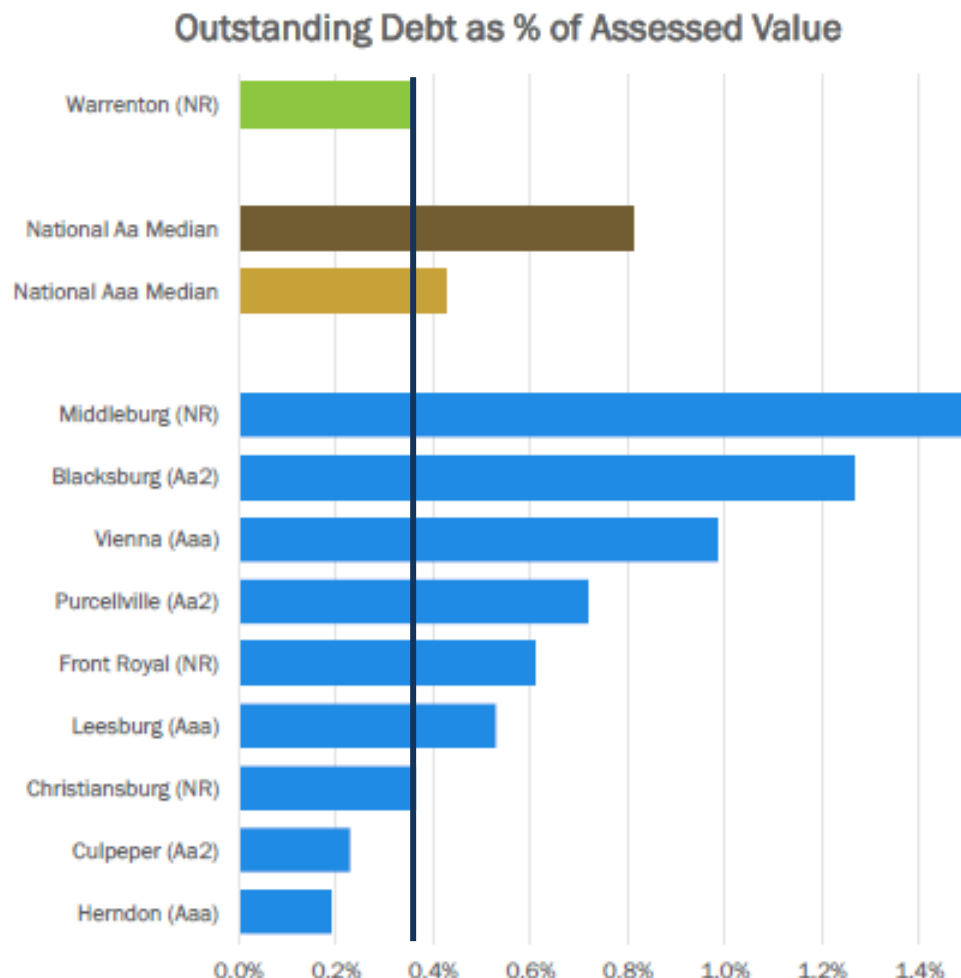
Debt vs. Assessed Value

Tax Supported debt of the town shall not exceed 1.5% of the total assessed value of taxable property in the Town.



Debt vs. Assessed Value Comparison

Locality	Outstanding Debt as % of Assessed Value
Warrenton (NR)	0.4%
National Aa Median ⁽¹⁾	0.8%
National Aaa Median ⁽¹⁾	0.4%
Middleburg (NR)	2.3%
Blacksburg (Aa2)	1.3%
Vienna (Aaa)	1.0%
Purcellville (Aa2)	0.7%
Front Royal (NR)	0.6%
Leesburg (Aaa)	0.5%
Christiansburg (NR)	0.4%
Culpeper (Aa2)	0.2%
Herndon (Aaa)	0.2%





Enterprise Funds

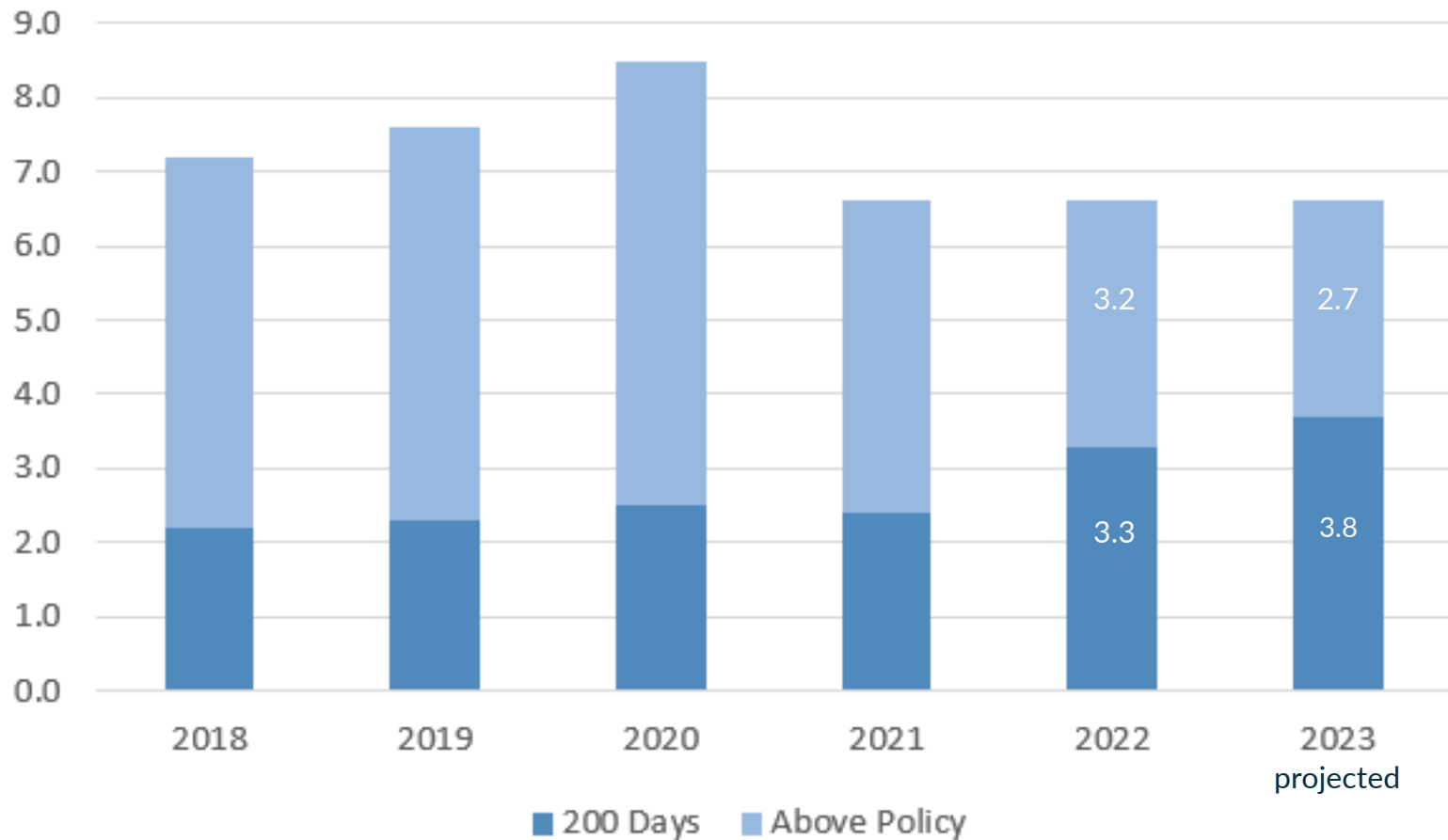


Water and Sewer Fund

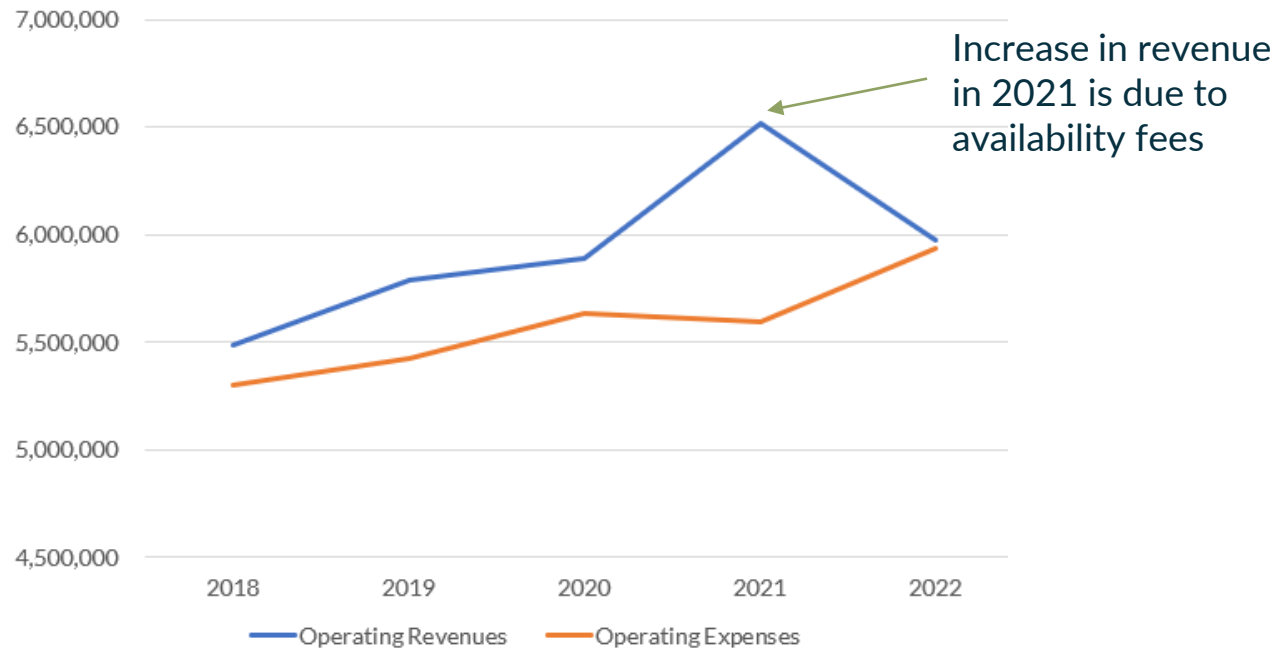
- Separate fund, supported by the fee structure – *not tax-supported*
- “Mini” Water and Sewer Rate study underway
 - Will have separate work session to review results
 - New factors:
 - Realignment/update of Capital Improvement Program
 - Earlier issuance of debt
 - ARPA funded positions to transition
 - Classification and compensation adjustments
 - Contingency payment for WWTP

Cash Balance Policy

Provides that the Town maintain a minimum unrestricted cash balance equal to 200 days of operating expenses.



Historical Financials

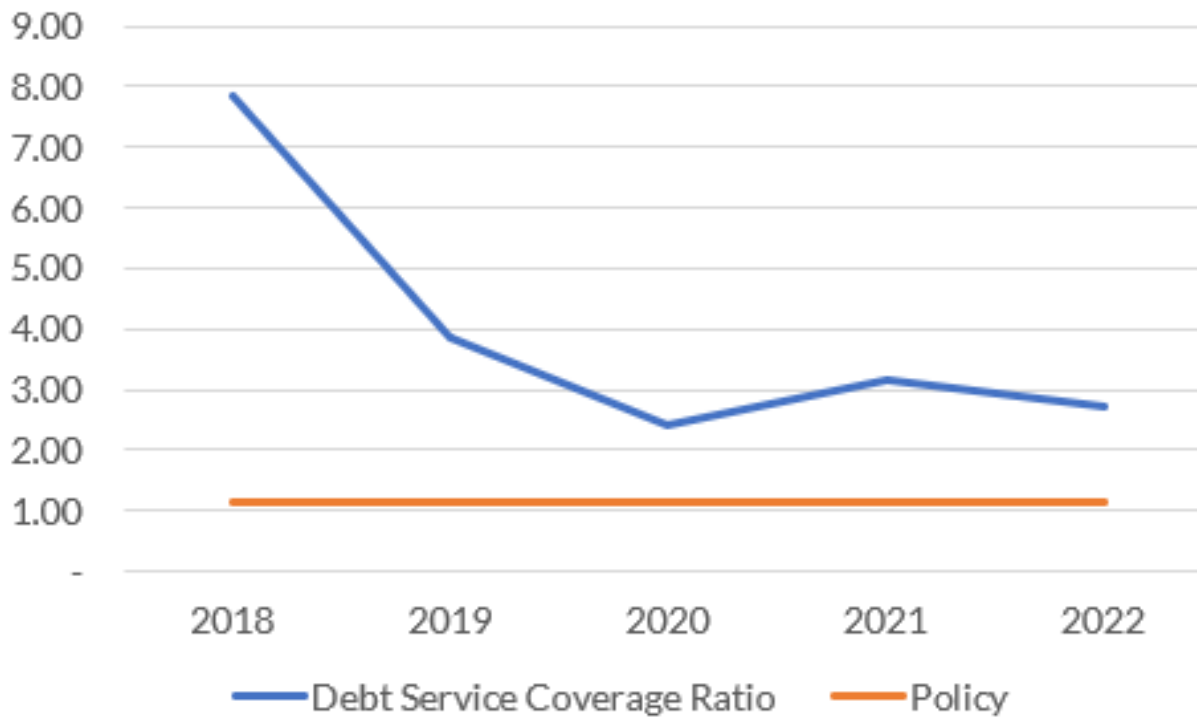


Fiscal Year	2018	2019	2020	2021	2022
Operating Revenues	5,485,203	5,785,979	5,887,602	6,512,552	5,970,588
Operating Expenses	5,302,082	5,426,353	5,634,644	5,597,855	5,931,527
Non-operating revenues(expenses)	(19,700)	92,370	(45,983)	(148,747)	(159,169)
Change in net position	163,421	451,996	206,975	765,950	(120,108)

Net position

Beginning	24,012,637	24,176,058	24,628,054	24,835,029	25,600,979
Ending	24,176,058	24,628,054	24,835,029	25,600,979	25,480,871
Net investment in capital assets	17,336,839	18,259,451	17,364,417	19,595,398	19,194,441

Debt Service Coverage



Fiscal Year	2018	2019	2020	2021	2022
Operating Revenues	5,788,574	6,278,422	6,234,707	6,746,686	6,249,509
Operating Expenses	4,107,213	4,266,934	4,504,090	4,467,687	4,798,238
Net operating income	1,681,361	2,011,488	1,730,617	2,278,999	1,451,271
Debt Service	213,995	519,516	718,683	720,657	528,978
Debt Service Coverage Ratio	7.86	3.87	2.41	3.16	2.74

Stormwater Fund

- Discharges from municipal separate storm sewer systems (MS4) are regulated under
 - **Virginia Stormwater Management Act**
 - **Virginia Stormwater Management Program** permit regulations
 - **Clean Water Act** as point source discharges
- Separate fund established in FY22
- Self-supporting, fee-based program
- Billed twice a year on the real estate tax bill
- Operating costs covered, generates surplus to partially cash fund some of the necessary projects to meet the permit requirements



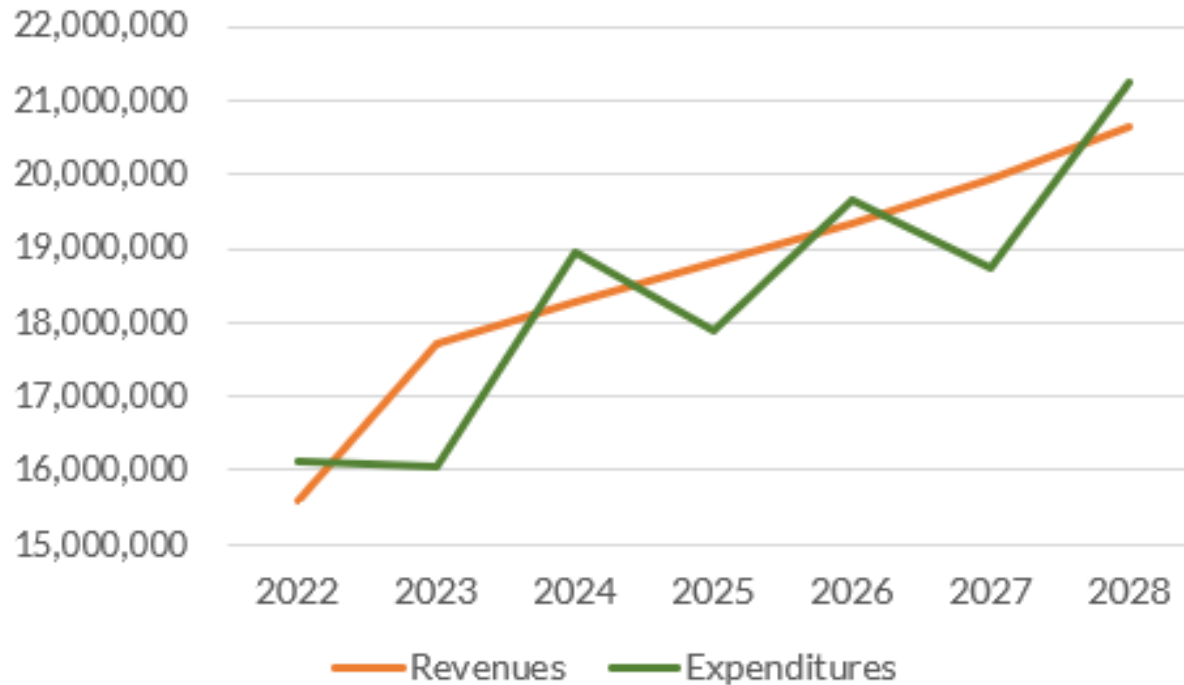
5 Year Financial Projection



Assumptions

- Annual revenue and expenditure growth averaging 3%
 - Historical review showed average of 2.6% for revenue and 4.0% for expenditures
- Implementation of Capital Improvement Program and commitment to asset replacement schedule (cash-funded)
- Debt issued to fund major transportation projects to manage cash flow needs
 - Transportation projects are generational projects that will benefit residents of the Town long-term
 - Borrowing for those projects will ease the cash-flow burden on the General Fund
 - Would maintain compliance with debt-related policies

5-Year Projection (including capital and debt service)

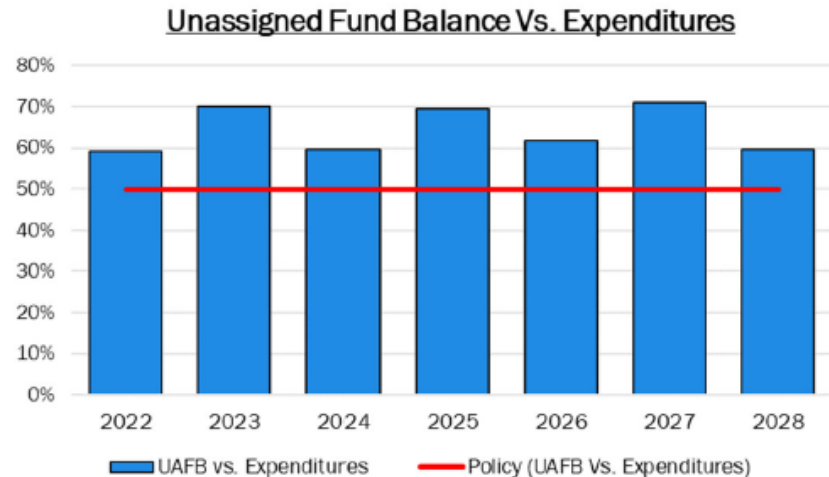
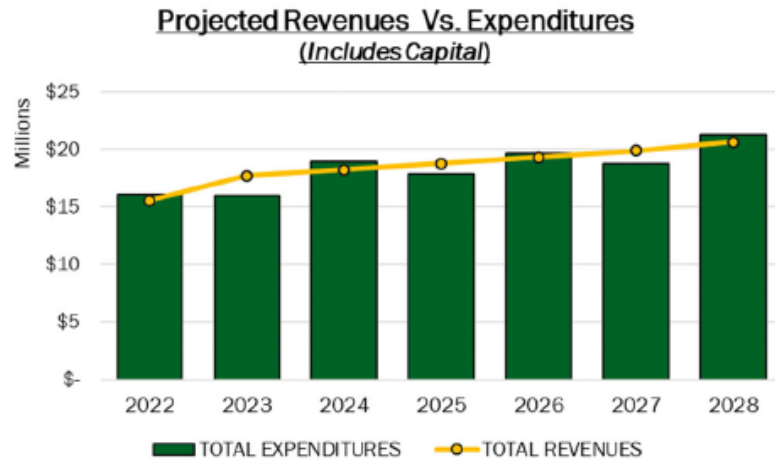


All expenditures

Fiscal Year	2022	2023	2024	2025	2026	2027	2028
Revenues	15,588,490	17,727,497	18,278,254	18,790,166	19,351,162	19,923,130	20,655,295
Expenditure	16,129,651	16,036,206	18,945,035	17,876,569	19,656,813	18,742,422	21,253,789
Net change	(541,161)	1,691,291	(666,781)	913,597	(305,651)	1,180,708	(598,494)

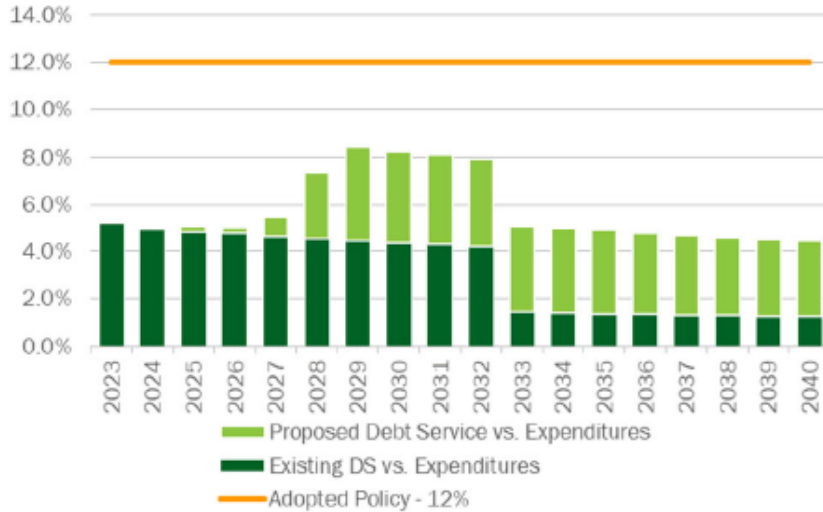
Strategic Debt Issuance to Support Cash Flow

- Strategically issuing debt provides the Town with additional cash-flow which maintains reserve levels above the Policy Level.



	2022 Audited	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
A Total Revenues	\$ 15,588,490	\$ 17,727,497	\$ 18,278,254	\$ 18,790,166	\$ 19,351,162	\$ 19,923,130	\$ 20,655,295
B Total Expenditures	16,129,651	16,036,206	18,945,035	17,876,569	19,656,813	18,742,422	21,253,789
C = A - B Net Operating Result	(541,161)	1,691,291	(666,781)	913,597	(305,651)	1,180,708	(598,494)
D Unassigned Fund Balance	9,542,190	11,233,481	11,273,721	12,402,590	12,119,887	13,300,594	12,702,100
E = D / B Unassigned Fund Balance vs. Expenditures	59%	70%	60%	69%	62%	71%	60%

Debt Service vs. Expenditures



Debt vs. Assessed Value



	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Existing Debt						
Principal	\$ 509,545	\$ 500,000	\$ 525,000	\$ 560,000	\$ 585,000	\$ 615,000
Interest	349,573	324,238	297,972	270,169	240,828	210,078
Proposed Debt						
Principal	-	-	17,288	21,343	57,971	197,948
Interest	-	-	28,582	32,993	90,717	314,451
Total	\$ 859,119	\$ 824,238	\$ 868,842	\$ 884,506	\$ 974,516	\$ 1,337,476
Debt Service vs. Expenditures ⁽¹⁾	5.22%	4.91%	5.08%	5.07%	5.47%	7.36%
Debt vs. Assessed Value ⁽²⁾	0.33%	0.33%	0.31%	0.33%	0.49%	0.57%

Note: Preliminary results are estimates, and subject to change. Actual results may vary substantially from these estimates.

(1) For planning/conservative purposes, Expenditures are based upon FY 2022 Actuals (\$16,129,651) and projected to grow 1% annually.

(2) Assessed Values are based upon FY 2022 Actual Assessed Value (\$2,319,489,988) and projected to grow 1% annually.

General Fund Summary

- The general fund has the capacity to provide some cash funding for CIP and CARP
 - Recommend capital investment policy of 10% of annual revenues to maintain a balance of some cash funding
- Sufficient funding available to address Human Capital needs
 - The Town provides services, requires investment in personnel
 - Personnel expenses made up 55% of the total FY23 budget
 - Typical split 80/20 between General Fund and Water and Sewer
 - Classification and compensation adjustments have not been made since 2015
- The Town's main challenge will be increasing revenues to match inflationary growth in recurring operating expenditures.

FY23 EXPENDITURES BY CATEGORY

