



Town of Riverdale Park, Maryland

Office of Finance Services

TO: John N. Lestitian, Town Manager
Paul Smith, Director of Finance and Employee Services

FROM: Gentry Jones, Finance Program Manager

DATE: January 22, 2020

RE: FY2021 Budget Assumptions – Building a Balanced Budget

Action Requested: No formal action is requested. Staff seek an opportunity to provide high-level information to and to receive input from the Mayor and Council and the public on the FY2021 Budget Assumptions.

Background: The staff budget committee and the staff Leadership Team are working on the FY2021 Proposed Operating and Capital Improvement Budget. Budget assumptions are informed by the current 5-year projections, overall approach, guiding principles, values, vision and commitment statements, fund balance goals and debt service responsibilities. Developing budget assumptions includes identifying key variables and projecting when those variables will likely solidify. As the staff budget committee and staff leadership team build the proposed budget, these budget assumptions may have to be adjusted.

The presentation on January 27, 2020 will include information on the following:

FY2021 Building Blocks for Budget Assumptions

- 5-Year Projections
- Conservative Approach
- Guiding Principles
- Fund Balance Goals
- Values
- Vision and Commitment Statements
- Debt Service Goals
- Best Practices

FY2021 Budget Assumptions

Operating Revenue & Key Variables

- Local Taxes
- Fee Schedules
- Intergovernmental Revenues
- Automated Enforcement Revenues

Operating Expenses & Key Variables

- Salary and Wages
- Health Care Benefit
- Contractual Services
- Workers Compensation

FY2021 Capital Improvement

Capital Projects & Key Variables

- Restricted-Use Revenues

Non-Project Capital Acquisitions & Key Variables

- Pay-go Revenues

c. Leadership Team



Budget Assumptions Town of Riverdale Park





Building Blocks for Budget Assumptions

- ▶ 5-year Projections
- ▶ Conservative Approach
- ▶ Guiding Principles
- ▶ Fund Balance Goals
- ▶ Values
- ▶ Vision and Commitment Statements
- ▶ Debt Service Goals
- ▶ Best Practices



5-year Projections

- ▶ **High-level**
- ▶ **Strategic Decision-making**
- ▶ **Long-view**



Riverdale Park Values

- ▶ Diversity and Inclusion
- ▶ Ethics and Character
- ▶ Transparency
- ▶ Fiscal Accountability
- ▶ Housing and Neighborhoods
- ▶ Sustainability
- ▶ Community Engagement
- ▶ Economic and Community Development
- ▶ Professional and Well-trained Employees



Conservative Approach

- ▶ Fund services in the most efficient and effective manner
- ▶ Develop reasonable and defensible financial projections
- ▶ Streamline process, be smart – then fund
- ▶ Fund for the future
- ▶ Invest in infrastructure



Vision Statement:

The Town of Riverdale Park will be the location of choice for residents, businesses, visitors, and employees.



Guiding Principles

- ▶ Listen, study, and be focused
- ▶ E⁵ = Excellence in Service
- ▶ Budget Committee, Leadership Team and Staff Team collaboration
- ▶ Balance more than the numbers



Debt Service Goals

- ▶ Leverage Existing Debt
- ▶ Reduce Debt Service Payments
- ▶ Increase Pay-go / No new Debt
- ▶ Draw down existing loan balances



Fund Balance Goals

- ▶ General Fund Reserve
- ▶ OPEB Fund
- ▶ Economic Development Fund
- ▶ Community Development Fund
- ▶ Health and Wellness Fund
- ▶ Special Revenue Fund (TIF)
- ▶ Debt Service Reserve Fund
- ▶ Capital Improvement Fund



Best Practices

- ▶ Government Finance Officials Association (GFOA)
 - ▶ Distinguish Budget Presentation Guidelines
- ▶ MD Department of Legislative Affairs; Local Government Finances
- ▶ Government Accounting Standards Board (GASB)
- ▶ Generally Accepted Accounting Principles (GAAP)
- ▶ Maryland Municipal League provided sample policies



FY2020 Budget Assumptions



Operating Revenue



Operating Revenue – Key Variables

- ▶ Local Taxes
- ▶ Fee Schedules
- ▶ Intergovernmental Revenues
- ▶ Automated Enforcement Revenues



Operating Expenses



Operating Expenses – Key Variables

- ▶ Staffing Schedule
- ▶ Salary and Wages
- ▶ Health Care Benefits
- ▶ Contractual Services
- ▶ Workers Compensation



Capital Improvement



Capital Improvement – Key Variables

- ▶ Vehicle and equipment assessment
- ▶ Infrastructure assessment
- ▶ Alternative project delivery
- ▶ Alternative funding options



Budget Assumption Summary

Operating Revenues:

- ▶ No changes to the real property tax rate
- ▶ No changes to the business personal property tax rate
- ▶ No changes to the operating (public utility) property tax rate
- ▶ No changes to the admissions and amusement tax rate
- ▶ Modest changes in fee schedules may be proposed



Budget Assumption Summary

Operating Expenses:

- ▶ Staffing Schedule - fund 2 positions that in FY2020 are unfunded
- ▶ Salary and Wages - fund merit/step and COLA increases
- ▶ Health Care Benefits - expect increases; maintain cost-sharing
- ▶ Contractual Services - anticipate increase in legal fees for various activities and acquisitions
- ▶ Workers Compensation - anticipate significant increase



Budget Assumption Summary

Capital Improvement:

- ▶ Updated vehicle, equipment and infrastructure assessments required
- ▶ Multi-year alternative funding plan needed
- ▶ Alternative project delivery required
- ▶ Pay-go needs to be increased



Questions / Comments