

# TOWN OF RIVERDALE PARK

## Office of Finance Services

TO: John N. Lestitian, Town Manager

FROM: Gentry Jones, Finance Manager CPA

CC: Paul Smith, Director of Finance and Employee Services

DATE: December 31, 2020

RE: FY2022 Budget – Assumptions, Priorities, Guidelines, Challenges, and Opportunities

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**Action Requested:** Staff seek an opportunity present information at the January 4<sup>th</sup> Legislative Meeting. Specifically, staff seek to present information on the FY2022 Budget Assumptions, Priorities, Guidelines, Challenges, and Opportunities. No formal action is requested.

**Background:** The staff budget committee and the staff leadership team are working on the FY2022 Proposed Operating and Capital Improvement Budget. Budget assumptions are informed by the current 5-year projections, conservative 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. With COVID-19, these budget assumptions may have to be adjusted later in the budget process.

In addition to the Budget Assumption review, staff will discuss priorities, guidelines, challenges, and opportunities. The economic impact of the COVID-19 pandemic will inform priorities and be central to the challenges ahead.

The presentation on January 4, 2021 will include information on the following:

### **FY2022 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

## FY2022 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

## FY2022 Capital Improvement

### Capital Projects & Key Variables

- Restricted-Use Revenues

### Non-Project Capital Acquisitions & Key Variables

- Pay-go Revenues

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- **Budget Priorities:** Determining foundational funding priorities is essential to building a balanced budget. The staff team will present a short list of priorities and seek input for additional priorities at this stage in the budget development process.
  - **Budget Guidelines:** The staff team utilizes the Government Finance Officers Association Distinguish Budget Presentation Award guidelines. The staff team will provide a brief on the guidelines.
  - **Budget Challenges:** It is important to have a solid understanding of the challenges the Town faces. Staff will present information on challenges that include the planning for Capital Improvement Projects, Capital Acquisitions, and Debt Service (current and future).
  - **Budget Opportunities:** The Town has and continues to explore opportunities to reposition the Town's operations and the corresponding finances. Staff will present high-level information on potential opportunities.

Members of the budget committee will be present to respond to questions.

- c. Leadership Team  
Keith Robinson, Program Specialist II  
File

# 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
- ▶ Fund for the future



## **Vision Statement** *(Working draft):*

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





# Vision, Commitment, and Policy Statements

- ▶ Diversity and Inclusion
- ▶ Housing and Neighborhoods
- ▶ Sustainability
- ▶ Business and Economic Development
- ▶ Infrastructure
- ▶ Arts and Recreation
- ▶ Transportation
- ▶ Ethical Governance
- ▶ Data Driven Decision Making



# Guiding Principles

- ▶ Listen, study, and be focused
- ▶ E<sup>5</sup> = Excellence in Service
- ▶ Budget Committee, Leadership Team and Staff Team collaboration
- ▶ Balance more than the numbers



## Debt Service Goals

- ▶ Leverage Existing Debt
- ▶ 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



# **FY2022 Budget Assumptions**



# Operating Revenue



# Operating Revenue – Key Variables

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





# Operating Expenses



# Operating Expenses – Key Variables

- ▶ **Salary and Wages**
- ▶ **Health Care Benefits**
- ▶ **Contractual Services**
- ▶ **Workers Compensation**
- ▶ **Defined Benefit Retirement Plan**



# Capital Improvement



# Capital Improvement – Key Variables

- ▶ Restricted-Use Revenues
- ▶ Pay-Go Revenues
- ▶ Vehicle and equipment assessment



# 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
- ▶ No changes in fee schedules



# Budget Assumption Summary

## Operating Expenses:

- ▶ Salary and Wages - fund merit/step and COLA increases
- ▶ Health Care Benefits - expect increases; maintain cost-sharing
- ▶ Contractual Services - anticipate increase related to COVID-19 response
- ▶ Workers Compensation - anticipate significant increase
- ▶ Defined Benefits – anticipate additional contribution



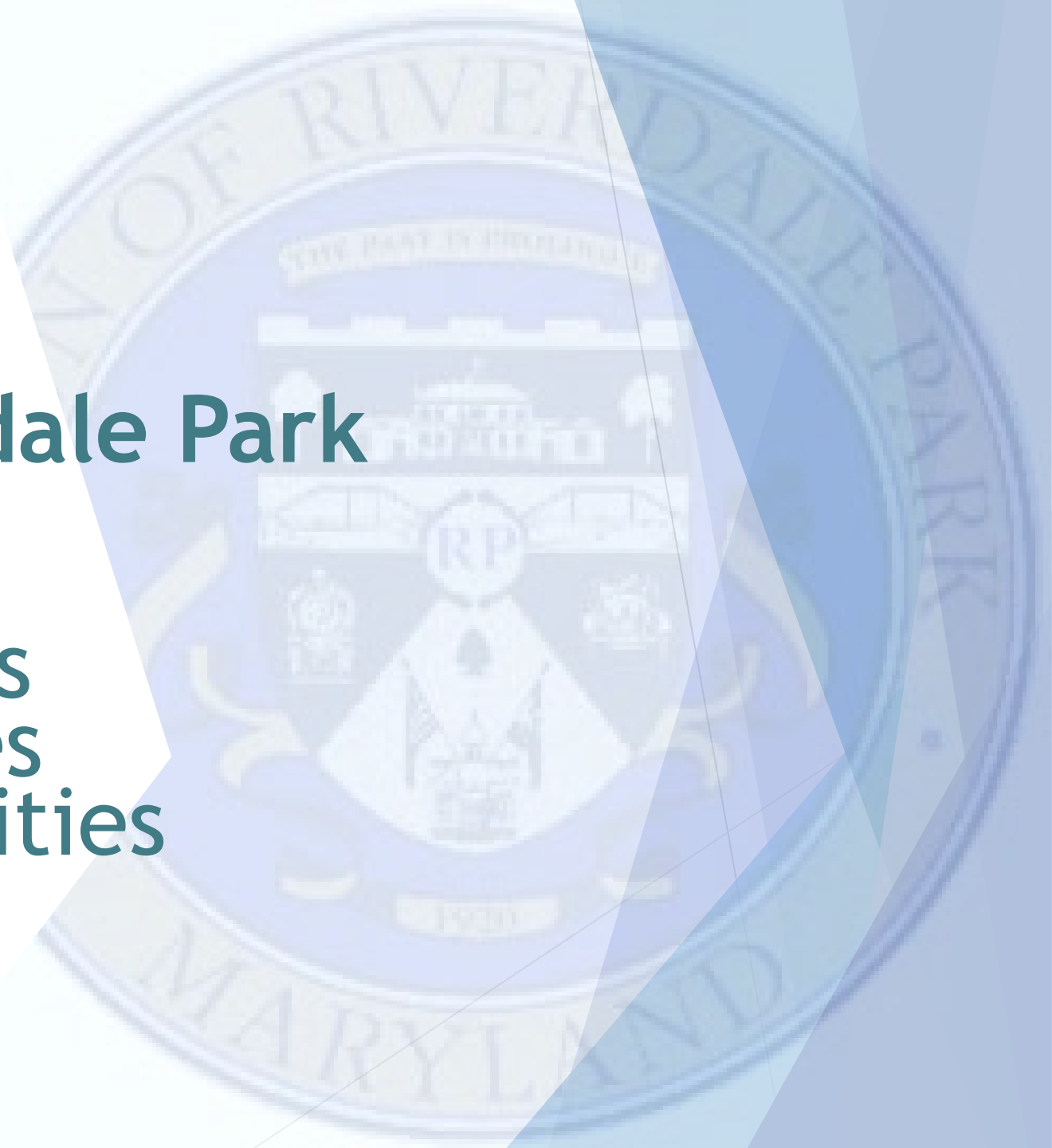
# Budget Assumption Summary

## 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

# Town of Riverdale Park

- Budget Priorities
- Budget Guidelines
- Budget Challenges
- Budget Opportunities







# FY2022 Budget

## Discussion Points

- Budget Priorities
- Budget Guidelines
- Budget Challenges
- Budget Opportunities



# Budget Priorities

FY2022

## Staff Budget Priorities

- Delivery of Services to Town Residents
- Community and Economic Development
- Retirement Plan
- Equipment Purchases/Upgrades
- Vehicle Replacements
- Future funding for CIP



# Budget Guidelines

FY2022

- Staff utilizes the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award Guidelines
- Main criteria includes:
  - Financial Structure, Policy and Process
  - Financial Summaries
  - Capital and Debt
  - Departmental Information
  - Document-wide Criteria



# Budget Challenges

FY2022

- COVID-19 Uncertainty
- Funding and Planning for CIP expenditures
- Funding Capital Acquisitions
- Funding New Projects
- Debt Service



# Budget Opportunities

## FY2022

- Real Property Tax
- Speed Camera Revenue



# Questions / Comments