



BALANCING THE BUDGET

Budget Preparation & Enactment

UNC – School of Government



November 8, 2019

Eric J. Peterson, Hillsborough Town Manager

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Annual Budgetary Planning Retreat - Traditional



- Priorities
- Operational challenges
- Gaps/issues (needs, concerns, skills, service, resources, staffing, equipment, etc.)
- Clear direction needed from governing board
- Mission, Vision, & Strategic Reviews (Strategy Map)
- Does resource allocation = governing body expectations?
- Any noteworthy changes?
- What does success look like?
- What accomplishments, priorities, & strategies do they want to see?
- Are rate increases and/or new fees an option?
- Other


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HOW TO GET EFFECTIVE & CLEAR DIRECTION?

- **“Reality checks”**
 - Show resource limitations & availability
 - Show the bottom-line!
 - Critical decision points
- **Continuation budget** – how do things look with nothing new?
- **Unfunded list**
- **Options, strategy, & board feedback**

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FY20-22 Budget

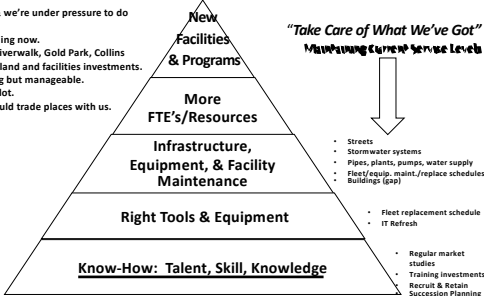
Background, Key Challenges, & Options

To Consider in Developing the Town's Financial Plan

March 11, 2019

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What's Our Foundation?



- Budget is tight & we're under pressure to do more.
- Can't do everything now.
- Still paying for Riverwalk, Gold Park, Collins property, other land and facilities investments.
- It's disappointing but manageable.
- Already doing a lot.
- Many others would trade places with us.

- Streets
- Stormwater systems
- Pipes, plants, pumps, water supply
- Fleet/equip. maint./replace schedules
- Buildings (gap)
- Fleet replacement schedule
- IT Refresh
- Regular market studies
- Training Investments
- Recruit & Retain
- Succession Planning

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"Bottom Line"

Continuation Budget – General Fund

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Surplus/ (Deficit)	(941,000)	(339,000)	(68,000)	127,000
Fund Balance	37%	35%	38%	36%

Property tax revenue trending to be \$162,000 less than budgeted.

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***General Fund – Unfunded Personnel**

Position	FY20	FY21	FY22	Funds Split
Budget Tech.	64,620	62,620	62,620	✓
PIO - PT to FT	30,000	30,000	30,000	✓
Facilities Repair Coordinator	97,334	70,134	70,134	✓
Asst. Police Chief/Major	150,000	115,000	115,000	
Patrol Officers (4)		479,533	257,533	
Fire Inspector	78,783	50,783	50,783	
Streets - Equipment Operator		51,539	51,539	
TOTAL	420,737	859,609	637,609	

*Manager will try to provide prioritized rankings, with a brief rationale for the retreat.

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General Fund FY20-22 – Unfunded Capital

- Murray Street Park – Access. Path (\$17,500) No debt needed 
- Public Works/Fleet Facility (\$2.9 million) \$222,000 / 20 years 
- Fire & Police Station (\$6.8 million) \$517,000 / 20 years 
- Fiber Conx Town Facilities (\$2.0 million) \$260,000 / 10 years 
- ERP System - Accounting, HR, Budget + (\$1.2M) \$270,000 / 5 years 

TOTAL: \$12.9 million

Organizational bandwidth limits # of projects staff can handle at one time. Annual Debt: \$1.27 million

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Unfunded Connectivity & Parks

Priority	Project	Estimate
1	Bellevue Mill crossing enhancements	\$25,000
1	Exchange Park - acquire & upgrade	\$350,000
1	Exchange Park Trestle	\$2,000,000
1	North Campus enhancements	\$65,000
1	Sidewalk US 70 A - Eno Haven to Sportsplex	\$50,000
1	Train Station connectivity	\$750,000
1	US 70 A intersection improvements	
2	Cates Creek Park enhancements	\$100,000
2	Eno Mountain/Mayo realignment	\$3,000,000
2	N Churton crosswalks	\$300,000
2	Childsle Drive extension east	\$3,000,000
2	Orange Grove Ext sidewalk match	\$60,000
2	S Churton sidewalk match	\$140,000
2	Sidewalk Meadowland Drive - fill gaps	
2	Sidewalk North Churton Street (Corbin - US 70)	\$150,000
3	Bike/Wed bridge over I-85	\$4,000,000
3	Eno Mountain Road sidewalk	\$75,000
3	Latimer Street Boardwalk	\$150,000
3	Reconfigure Corbin intersection w/Churton	
3	Shared use path NS US 70 (Lakeshore-NC 86)	\$1,000,000

* Others are certain to emerge (e.g., parking)

\$13+ million

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What Other Under or Unfunded Priorities?

- 2030/2050 Renewable Energy Goals
- Emergency, weather, disaster readiness
- What others?

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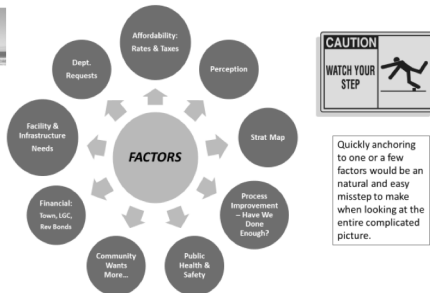
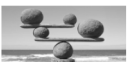
FY24 Opportunity:
What to do with pending debt retirements?

✓ FY23: Gold Park/Riverwalk	\$82,000
✓ FY24: Collins Property	\$44,000
✓ FY24: NC86 North/Fleet Facility	\$80,000
✓ FY24: Riverwalk Phases 2 & 3	\$150,000
TOTAL	\$356,000

Could finance \$3.8 million in capital needs over 15 years @ 4.5%

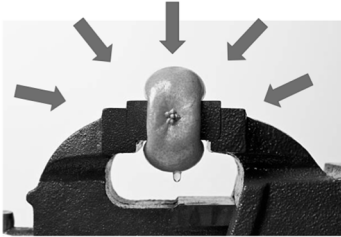
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Town Board's Budgetary Balancing Challenge



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Pressures on the Town of Hillsborough Ops & Services
Same as the Issues the Board Must Balance



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Priority #1: A Strong Foundation



Sounds obvious, but what does that mean in terms of serving the community?

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Cost of Typical FTE

	FY20	FY21	FY22	FY23	FY24	TOTAL
Salary + Annual Raise	43,300	45,465	46,943	48,468	50,043	234,219
FICA (7.65%)	3,312	3,478	3,591	3,708	3,828	17,918
401(K)	2,165	2,273	2,347	2,423	2,502	11,711
LGERS	3,875	4,615	5,328	6,034	6,230	26,083
Health Ins.	10,000	10,500	11,000	11,500	12,000	55,000
Dental	400	400	400	500	500	2,200
Life/Disab/Vision	550	550	550	600	600	2,850
Equipment & Uniform	8,000	500	1,000	1,000	1,000	11,500
Vehicle	47,500	-	-	-	-	47,500
Vehicle Fuel & Maint	3,000	3,500	4,000	4,500	5,000	20,000
Training	500	500	500	600	600	2,700
Workers Comp	1,500	1,500	1,600	1,600	1,600	7,800
TOTAL	124,103	73,281	77,259	80,934	83,904	439,481

Note: Salary comprises only about half of total FTE costs!

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***Significant Retirement Contribution Increases Mandated
Annual Cost For a \$43,300 Salary***

- FY19 (7.75%) = \$3,356
- FY20 (8.95%) = \$3,875
- FY21 (10.15%) = \$4,395
- FY22 (11.35%) = \$4,915
- FY23 (12.45%) = \$5,391

Annual cost will increase \$200,000 in the next four years!

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****How much new growth to pay for 1.0 FTE?***

General Fund: \$13 million = \$80,600 or about 47 units

Water/Sewer Fund: Avg. Customer Bill = \$1,049 (70 - 80 units)

Stormwater Fund: \$75 per unit or about 1,000 units

✓ These don't include vehicle costs.

✓ Annual raises and market rate adjustments = 104 new residential units per year or \$28.6 million.

✓ Benchmarks: revenues, salaries & wages, departments

* This doesn't factor unfunded needs and trying to avoid/minimize rate increases.

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Biggest Decision-Making Errors Come From Failure To...

1. **Widen Your Options** (counters tunnel vision)
 - More options = higher batting average!
 - What's the opportunity cost?
 - We must do better in this area!
2. **"Reality Test"** - Verify info, data, & assumptions (counters confirmation bias)
3. **"Let it bake"** via time & thought (counters short-term emotion)
4. **Consider "what if you're wrong"** (counters overconfidence)
 - Unintended consequences
 - Overly cautious or optimistic about the worst-case scenario
 - No Plan B or C?

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Strategic Bridges & Band-aids – Focus Area 1A

Buying Time via Spreading Out Costs

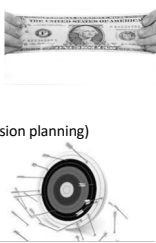


All financial forecasts have what in common? Therefore, we must be ready with options and plans.

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Triage & Prioritization – Focus Area 1B


- ✓ Biggest impact for least cost
- ✓ Leverages funds or documented payback/ROI
- ✓ Pacing, spread out projects due to limited org capacity
- ✓ Streamline & waste elimination
- ✓ Re-orgs & delegate more responsibility (also helps w/ succession planning)
- ✓ 20% and 80% rules
- ✓ How do we do this?
 - ✓ Continually ask: Is it worth it, is it going to make a difference
 - ✓ Free up time for critical thinking and analysis – working on too many things, always rushed.



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What's Our FTE Strategy Going Forward?

- ✓ Minimize FTE's: expensive long-term commitment, & constraint, & inhibits ability to take care of employees?
- ✓ Can't hire our way out of these challenges, so how do we stop spreading ourselves too thin? Too much "just in time delivery" risks.
- ✓ How to address retirements + mobile workforce + growth demands?
- ✓ What takes priority: facilities, equipment, or FTE's? School example.



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Process Improvement & Succession Planning

- **Top priority** but constant issues block progress.
- **Most important & often overlooked positions:** technical, customer-facing, and field assigned
- **Unintended consequences to guard against:**
- **If done well & blended with other initiatives:**
 - ✓ Decentralize to push more responsibility to employees, increases involvement and ownership
 - ✓ Attack waste, find efficiencies
 - ✓ Re-orgs, especially with pending retirements
 - ✓ Build stronger culture of process improvement
 - ✓ Complicated and no easy task!
- **Temporary new FTE freeze to develop more options?**
 - Buy time to dig for why's and root causes.
 - Risk loss of understanding w/o a freeze?

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What's Next?

- Good news – it's March 11
- After retreat
 - Management team strategy development
 - Start work on May recommended budget
- June adoption
- Next year +

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FY18 BUDGET PLANNING – TOWN BOARD FEEDBACK FORMS					
GENERAL FUND & STORMWATER FUND					
#	Issue/Proposal	Cost	Support	Don't Support	Not Sure: Want Alternatives or Additional Information
Projects/Facilities/Equipment					
1	Street Resurfacing – Paving keeps streets on 20-year or 3% cycle	\$180,000			
2	Paving newly annexed Odele Street page 2-14	\$32,500			
3	North Campus Project – Move Town Hall Annex & Town Barn expansion/retrofit and Town Hall Campus improvements including recreation & appearance. Design underway, construction start later in 2017. Annual debt service: \$500,000, page 4-2-17	\$1,300,000			
3	Fiber Loop – Connect all town facilities, create backbone that can serve as next step in bringing high-speed internet to Milborough. Partnering with Orange County to save costs. 10-year loan with annual payments estimated at \$184,936. page 3-30	\$1,500,000			
4	Police vehicles 1102 – Replace aging vehicles and implement individually assigned vehicle program, needed to remain competitive with surrounding agencies in recruitment/retention of officers in total compensation/benefits, ensures there are enough vehicles during large public events and emergencies. Improves officer familiarity with vehicle for safety reasons, officer accountability/pride, visibility, response times at the beginning of shifts since no equipment transfers are needed, and many other benefits. Finance through a 5-year loan. page 2-12-17	\$480,000			
5	Public Works Facility Relocation to ACORN Property – Current facility is in flood plain, small, old, in poor condition, and there are no shelters for equipment. \$211,200 is the placeholder cost figure until engineer estimates become available. Getting close to design now. \$33,121 is allocated in FY18. Payment increases to \$66,242 in Year 2. page 2-12-17	\$511,500			
6	Police Radio Replacements – Completes the second half year of replacing the 10-year old radios in the department and purchasing some additional units for back-up and reserve officers. The current models are discontinued, starting experience failures, and requiring repair on a regular basis. The handheld radios are one of the officers most critical pieces of equipment. They are relied on for every aspect of the job and officer safety. page 2-12-17	\$70,000			

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Subtotal	Fiscal Year 2016		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2013	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Compensation	\$1,000,000	\$1,000,000	\$950,000	\$950,000	\$900,000	\$900,000	\$850,000	\$850,000
Benefits	\$150,000	\$150,000	\$140,000	\$140,000	\$130,000	\$130,000	\$120,000	\$120,000
Travel	\$20,000	\$20,000	\$18,000	\$18,000	\$16,000	\$16,000	\$14,000	\$14,000
Supplies	\$10,000	\$10,000	\$9,000	\$9,000	\$8,000	\$8,000	\$7,000	\$7,000
Contractual Services (2016)	\$50,000	\$50,000	\$45,000	\$45,000	\$40,000	\$40,000	\$35,000	\$35,000
Contractual Services (2015)	\$50,000	\$50,000	\$45,000	\$45,000	\$40,000	\$40,000	\$35,000	\$35,000
Contractual Services (2014)	\$50,000	\$50,000	\$45,000	\$45,000	\$40,000	\$40,000	\$35,000	\$35,000
Contractual Services (2013)	\$50,000	\$50,000	\$45,000	\$45,000	\$40,000	\$40,000	\$35,000	\$35,000
Public Safety	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Public Safety (2016)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Public Safety (2015)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Public Safety (2014)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Public Safety (2013)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2016)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2015)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2014)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2013)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2012)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2011)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2010)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2009)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2008)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2007)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2006)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2005)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2004)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2003)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2002)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2001)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (2000)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (1999)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000	\$85,000	\$85,000
Police & Fire Management (1998)	\$100,000	\$100,000	\$95,000	\$95,000	\$90,000	\$90,000		

[illegible]

	2021	2020	2019	2018	2017
TOTAL EXPENDITURES		10,424,375	10,819,264	10,511,827	10,563,506
N Change		23.5%		-2.4%	0.5%
Surplus / (Deficit) at Current Tax Rate		\$67,473	(345,000)	(178,000)	128,133
Surplus / (Deficit) w/ ta Rate Increase		\$67,473	(345,000)	(178,000)	128,133
Rate 10 ²		0.02	0.02	0.02	0.02
Fund Balance Appropriation needed to Balance Budget		\$67,473	\$455,000	\$178,000	\$73,786
Available Fund Balance Remaining		4,976,000	4,080,781	3,652,118	3,906,995
Fund Balance Appropriation needed to meet 10% of Operating Expenditures		488	273	253	3,771

* The Town's Fund Balance Policy recommends maintaining an undersigned fund balance of between 20-60% of annual operational expenditures and a "target" of 33%

¹ Property Tax Revaluations are scheduled for FYs 2017 and 2021, which will likely result in a downward adjustment of the tax rate.

[illegible]

1. Project revenue (without rate increases)
2. Total expenditure requests
3. Determine the “bottom line” (i.e., size of deficit)
4. Budget meetings to learn more about requests
5. Establish expenditure limit or “cost of government”
(Multi-step process and fluid)
6. Refinement via cuts, deferments, phased implementation, creative solutions, etc.

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Financial Parameters For Responsible Budgeting

- ☒ Fund Balance/Cash Flow
- ☒ Taxes & User Charges (how high?)
- ☒ Debt levels
- ☒ Multi-year impact
- ☒ Others (financial dashboard)

When do expansions occur without key operational and financial foundations being satisfied? Why?



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Deficit Reduction Strategies Traditional

- ☒ Debt financing
- ☒ Delay initial debt payment
- ☒ Triage: defer lower priorities
- ☒ Reduce employee pay/benefits
- ☒ Hiring "freeze" or position reductions
- ☒ Eliminate or reduce services/operations
- ☒ Provide "cut/deferment" list to the governing board so they can make adjustments
- ☒ Lean or similar processes



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Increasing Flexibility & Options



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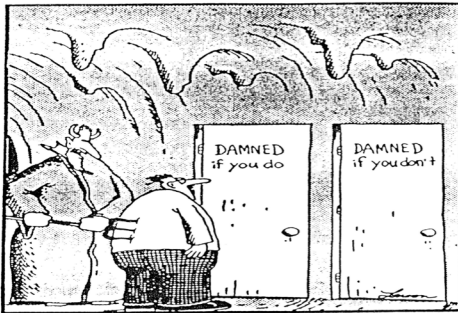
Budget Presentation

Annual Budget Preparation & Enactment Course
 UNC-School of Government
 Eric J. Peterson, Hillsborough Town Manager



1

BUDGETING 101



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A Budget Presentation Should...

1. Help Governing Body with Decision Making
2. Serve as Work Plan & Information Resource
3. Be Easy for the Media & Public to Understand
4. Build Credibility & Trust
5. Help the Manager & Staff Serve the Community (Focus)
6. Change & Adapt with the Times
7. Tie into a Multi-year Forecast

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6

FY2017-2018

Top Police Priority

Selecting/Maintaining/Supporting Highest Quality Staff

Our departmental top priority is to secure the best quality employees we can for the department, and then to ensure that we are taking steps to ensure we retain the employees we have invested in bringing into our agency. We want to Hillsborough to be seen as the best Law Enforcement employer in the region so we can have a stable workforce and a line of applicants waiting for their chance.

Improve Recruiting

- More focused effort
- Advertising
- Branding—creating the "Why HPU"
- Recruiting video
- Offer more and different benefits to stay competitive
- Assigned car program
- Training opportunities

Improve Equipment

- Individually Assigned Vehicle Program
- Replace aging personal equipment
- Uniform items
- Handguns
- Tasers
- Body Worn Cameras

Training

- In-Car Driving Evaluation program
- Cognitive Command/Handfulness training
- Supervisory training
- Use of force/role evaluation training
- Develop a "Training squad" approach to allow for more continuity training
- Develop more departmental instructors

Improve employee wellness

- Fitness Standard
- Mindfulness training
- Examine shift schedules

Top Threats

- Costs — unfortunately much of what we need to do is going to add costs. We will work to keep these costs as low as possible.
- Employee Turnover — some employees may not support fitness and mindfulness efforts. We will work to help them see benefits
- Turnover — Continue to recruit and find candidates. Over time when good candidates are located to ensure we have staff when

Resources Requested in Budget

- Individually Assigned Vehicle Program
- Increased recruiting budget
- Management Analyst and COP Officer Positions
- Updated equipment in many areas

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Departmental Action Plans

Administration

Town-wide Objective	Initiative	Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY13 Target	Status/Results	
Develop Know-How	Develop a Skilled & Diverse Workforce	Maintain a dedicated, productive, and diverse workforce	Town Turnover Rate	8.7%	12.8%	8.0%	<8.0%	Includes voluntary and non-voluntary terminations of employment.
			Police	23.9%	17.9%	11.1%	<15.0%	
			Non-Police	4.9%	10.4%	6.6%	<5.0%	
			# of employee appeals and grievances per 100 FTE	1.08	1.15	1.78	<2	1 grievance.
Sick leave hours used per FTE	78.8	47.6	54.5	<50	4,621.40 hours were used in FY13.			
Median # of sick leave hours used per employee	N/A	32	32.5	30				

Planning

Town-wide Objective	Initiative	Measure	FY11 Actual	FY12 Actual	FY13 Actual	FY13 Target	Status/Results	
Serve the Community	Improve Satisfaction with Services	Provide timely response to complaints and violations	Average # of business days from receipt of complaint to site inspection	1.22	0.53	<5	<5	Range from same day to 10 days. Much harder to track with contracted code enforcement
			% of violations brought into voluntary compliance	83%	82%	80%	80%	Sixty cases were confirmed this year. Twelve remained open.

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BUDGET MESSAGE

FY13 BUDGET HIGHLIGHTS

Revenue: \$1.1M, 1.1% increase over FY12 (1.1% increase over FY11)

Expenditure: \$1.1M, 1.1% increase over FY12 (1.1% increase over FY11)

Surplus: \$1.1M, 1.1% increase over FY12 (1.1% increase over FY11)

GENERAL FUND

The general fund is the largest revenue source for the town. It is used to fund most of the town's operations. The general fund is also used to fund the town's capital projects. The general fund is also used to fund the town's debt service.

The general fund is also used to fund the town's operations. The general fund is also used to fund the town's capital projects. The general fund is also used to fund the town's debt service.

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Design Interview

- Take care of what we already have
- Invest in infrastructure
- Minimize rate impacts on the citizen

3. Take care of what we already have (infrastructure, equipment, employees, and organizational structure) is the first mission, vision, strategy and objectives can't be implemented if these basic tools of service delivery are not in working order. The longer a municipality waits to address repair or replace these assets (streets, bridges and interchanges), the more expensive it becomes in the long term. Federal, state and local governments are notorious for building capital assets and not adequately maintaining them. For example, in place to maintain highways, states and counties are building the parks themselves. Hence, construction of new assets can be balanced with the need to repair, replace, and organization to operate and maintain them, which is critical in avoiding the overexpenditure of resources.

Most of us have seen reports assigning grades to how well infrastructure is maintained. It's rare when governments receive higher than "C" grades. In fact, the most important and expensive assets in their communities, in fact, the American Society of Civil Engineers, in its 2013 report, rates the country's infrastructure an overall rating of a "D+." Utilities are done even four years. The chart below shows the grades for several areas of infrastructure.

State	Good (%)
New York	10
New Jersey	15
Pennsylvania	20
Maryland	25
Virginia	30
North Carolina	10
South Carolina	15
Georgia	20
Florida	25
Alabama	30
Mississippi	10
Louisiana	15
Texas	20
Oklahoma	25
Kansas	30
Nebraska	10
Iowa	15
Missouri	20
Arkansas	25
Louisiana	30
Mississippi	10
Alabama	15
Georgia	20
Florida	25
Texas	30

In the past several years, articles have appeared about the state of our major infrastructure assets and the need for infrastructure maintenance. The growing cry for stress on infrastructure maintenance is not new. In fact, the New York City project is a reflection about 0.5 to 1% of its water lines are in poor condition. The New York City Department of Environmental Protection is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition.

Percentage Maintained New Analysis

State	Good (%)
New York	10
New Jersey	15
Pennsylvania	20
Maryland	25
Virginia	30
North Carolina	10
South Carolina	15
Georgia	20
Florida	25
Alabama	30
Mississippi	10
Louisiana	15
Texas	20
Oklahoma	25
Kansas	30
Nebraska	10
Iowa	15
Missouri	20
Arkansas	25
Louisiana	30
Mississippi	10
Alabama	15
Georgia	20
Florida	25
Texas	30

The Town Engineer/Utilities Director is working on a program to maintain the overall condition of Hillsborough's water lines and sewer lines, as well as the condition of the water lines, water lines, generators, etc.). While an exact figure is not available at this time, the Town of Hillsborough is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition.

Citizens certainly don't need hilltopping to fill into the same pipe in most other communities and governments. The same thing. Therefore, committing to ongoing *lifeline* care avoided for any assets and maintaining them. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition.

A few other examples of "taking care of what we already have" that is included in the budget and the state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition. The state of Illinois is releasing, Hillsborough is concerned in achieving 100% of its water lines are in good condition.

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Water/Sewer Fund Debt
The recent CAFR/audit references the ratio of long-term debt to operational expenses at about 30%. The graph below, using data from Moody's rating agency (compiled by the UNC Environmental Finance Center and Rattells Financial Consulting), shows the debt percentages for the middle 50% of a sampling of systems. While 30% is definitely high, it's still well within standard practice. Other data recently reviewed found over 600 utility systems showing a large number operating in the 35% - 55% range.

Finance and/or budget staff will provide a more detailed analysis of this and other financial metrics over the next year. This will be done via the benchmarking and dashboard reports comparing Hillsborough to similar jurisdictions that state over 20 years. There is a wide variance on debt levels carried by water and sewer systems in the United States. While lower is definitely better, assuming that a system is being properly maintained, there are many fiscally healthy systems where a high percentage of the budget is allocated to long-term debt.

Year	Ratio (%)
2003	28
2004	25
2005	28
2006	30
2007	32
2008	28
2009	25
2010	28
2011	30
2012	32

- ✓ Makes needed imp
- ✓ Financing an asset of the loan helps accurately reflect similar to the Gen earlier about prote lower priority items tank is about 80 % nowhere near the i 20 years to pay off when compared to
- ✓ Spreading the cost citizens of Hillsboro they will use, where parks, police and fi
- ✓ Limits the burden c

STORMWATER FUND
A separate Stormwater fund approximately \$1 with Stage I of the Fall North Carolina, over the restore the lake's water town Stormwater and c

What Does Stormwater
Stormwater utility fee other municipalities in jurisdictions cited the an er. The following are Hillsborough's surroun


Debt is an important financial factor to monitor and consider when making budgetary decisions. Like many factors in operating an enterprise or governmental fund, there is no one right answer or set of standards to follow. Hillsborough's utility

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<div>  </div>			
<div> FALSA EQUIPMENT & IMPROVEMENTS INVENTORY EXPENSES 2007 </div>			
<div> Final Year 2009 </div>	<div> Project/Initiative </div>	<div> Approved Cost </div>	<div> Tax Rate Equivalent </div>
<div> 2009 </div>	<div> Grid Path Riverview Phase 1 - Debt Payments </div>	<div> \$1,316,701 </div>	<div> 1.7 cents </div>
	<div> Grid Path Riverview Phases 1 through 4 (Debtless) </div>	<div> \$247,000 </div>	<div> 1.7 cents </div>
	<div> City of Fresno Maintenance and Storm Collection </div>	<div> \$1,000,000 </div>	<div> 1.7 cents </div>
	<div> East River Building for Watershed Parks </div>	<div> \$80,000 </div>	<div> 0.6 cents </div>
	<div> Grid Path Maintenance (includes \$30,000 in Operating Costs for Arvin Park) </div>	<div> \$1,000,000 </div>	<div> 1.7 cents </div>
	<div> Grid Path Infrastructure for future operational needs - Debt Payments </div>	<div> \$577,805 </div>	<div> 1.0 cents </div>
	<div> Grid Path Sewer (includes a share of capital cost) </div>	<div> \$125,000 </div>	<div> 1.7 cents </div>
	<div> TOTAL FY09 </div>	<div> \$666,496 </div>	<div> 15.0 cents </div>
<div> Final Year 2010 & 2011 </div>			
<div> 2010 </div>	<div> Grid Path Riverview Phase 1 - Debt Payments </div>	<div> \$1,316,652 </div>	<div> 2.1 cents </div>
	<div> Grid Path Maintenance (includes \$300,000 in Operating Costs for Arvin Park) </div>	<div> \$1,000,000 </div>	<div> 1.8 cents </div>
	<div> Property Acquisition (for future operations/needs) - Debt Payments </div>	<div> \$975,000 </div>	<div> 1.8 cents </div>
	<div> Grid Path Infrastructure maintenance (includes Arvin & Ingot) </div>	<div> \$571,414 </div>	<div> 0.6 cents </div>
	<div> Grid Path Sewer (includes a share of capital cost) </div>	<div> \$110,000 </div>	<div> 1.8 cents </div>
	<div> East River Lodge Garage - Debt Payments </div>	<div> \$334,446 </div>	<div> 0.6 cents </div>
	<div> Grid Path Maintenance (includes \$30,000 in Operating Costs for Arvin Park) </div>	<div> \$1,000,000 </div>	<div> 1.8 cents </div>
	<div> Grid Path Infrastructure for future operational needs - Debt Payments </div>	<div> \$584,367 </div>	<div> 1.0 cents </div>
	<div> Grid Path Sewer - Debt Payments (share in FY11) </div>	<div> \$266,496 </div>	<div> 2.1 cents </div>
	<div> TOTAL FY10 </div>	<div> \$7,016,428 </div>	<div> 15.0 cents </div>
<div> Final Year 2011 </div>			
<div> 2011 </div>	<div> Grid Path Riverview Phase 1 - Debt Payments </div>	<div> \$1,316,652 </div>	<div> 2.1 cents </div>
	<div> Grid Path Maintenance (includes \$300,000 in Operating Costs for Arvin Park) </div>	<div> \$1,000,000 </div>	<div> 1.8 cents </div>
	<div> Property Acquisition (for future operations/needs) - Debt Payments </div>	<div> \$975,000 </div>	<div> 1.8 cents </div>
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	<div> TOTAL FY11 </div>	<div> \$7,016,428 </div>	<div> 15.0 cents </div>

15

TOWN OF HILLSBOROUGH

Strategy Map

Vision for Hillsborough
We envision Hillsborough as a prosperous town, filled with vitality, fostering a strong sense of community, which celebrates its unique heritage and small-town character.

Mission of Town Government
We are stewards of the public trust who exist to make the Vision for Hillsborough a reality. We manage and provide the infrastructure, resources, and services that enhance the quality of life for the living beings and land within our town.

Town Board
Strategic Priorities
Quality of Life
Superior Services
Community Safety
Strategic Growth
Economic Development

We Value
High quality services and high quality customer service
Hillsborough's small town nature and sense of community
Serving as a catalyst for change
Sustaining Hillsborough's unique "sense of place" including its history, architecture, citizens, trees, and mountains
Maintaining and celebrating our community's diversity
Inclusion of all neighborhoods and areas of our town—Hillsborough is for everyone
Affordability — keeping the cost of services and living within reach of people who live and work here
Vitality — fostering a "Happening Hillsborough" that is alive, growing, and filled with positive energy.

STRATEGIC OBJECTIVES

↑ ↓

Serve the Community

Strengthen Citizen Engagement

Conserve Cultural and Natural Resources

Increase Citizen and Community Safety

Enhance Economic Vitality

Expand Recreation, Walkability and Connectivity

↑ ↓

Run the Operations

Enhance Emergency Preparedness

Provide Responsive and Dependable Services

Manage Projects Effectively

Improve Communication and Collaboration

Excel at Staff and Logistical Support

↑ ↓

Manage Resources

Maintain Fiscal Strength

Invest in Infrastructure

Develop Long Term Financial Plans

Deliver Services Efficiently

↑ ↓

Develop a Thrive-Now

Develop a Thrive and Diverse Workforce

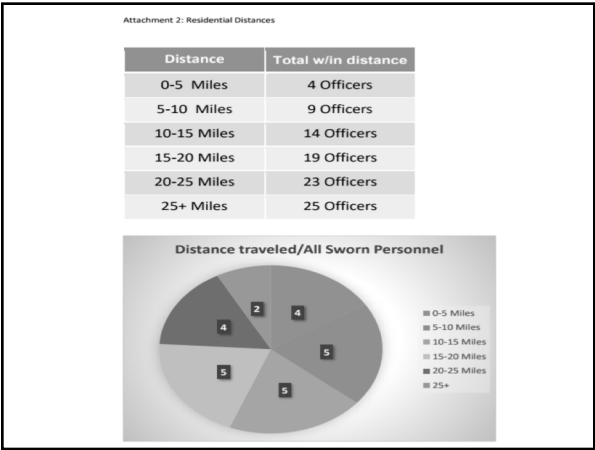
Support Development of Citizen Volunteers

Enhance Relations with Other Entities

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A Budget Presentation Should.....

- 1. Help the Governing Body with Decision Making
- 2. Serve as a Work Plan & Information Resource
- 3. Be Easy for the Media & Public to Understand
- 4. Build Credibility & Trust
- 5. Help the Manager & Staff Excel
- 6. Change & Adapt with the Times
- 7. Tie into a Multi-year Forecast

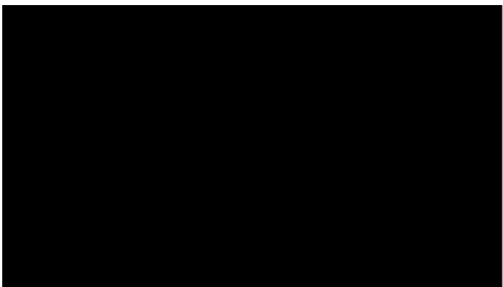
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Multi-year Forecasting Enhances a Local Government's Emergency Response Capabilities



23

Multi-Year Budgeting:
An Elected Official's View



24

Have a Nice Weekend
After a Week of Budgeting Classes – You’ve Earned It!!

