



TOWN OF LEWISVILLE

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April 13, 2017

To: Mayor Mike Horn
Mayor Pro Tempore Sandra Mock
Council Member Kenneth Sadler
Council Member Robert Greene
Council Member Jeff Zenger
Council Member Ed Smith
Council Member Fred Franklin

Subject: FY 17-18 Budget Message

Honorable Mayor and Town Council:

Budget Message

Executive Summary

As Town Manager, I am pleased to present the proposed General Fund budget of \$4,399,818 for fiscal year 2017-2018. The budget as proposed includes maintaining the current tax rate of 17.7 cents per \$100 of valuation. This budget shows an increase in the General Fund budget from the previous year budget, as adopted for July 1st, 2016, of \$198,778 or 4.73%. This budget as proposed is balanced with \$55,508 in fund balance from the General Fund. This fund balance appropriation represents the costs associated with projects that are not recurring operational costs.

Forsyth County has completed and released new valuation numbers as part of a four year cycle. Tax values for fiscal year 2016-2017 were \$1,241,202,587. According to the Forsyth County Tax Appraisers, the total tax value for the Town of Lewisville for the upcoming fiscal year is estimated at \$1,332,118,415. This is a gain of approximately 7.32% or approximately \$146,400 in ad valorem revenue. The estimated Ad Valorem tax revenue is \$2,287,120 with one cent of the tax rate equaling approximately \$129,216.

For fiscal years when there is a property revaluation, the Town produces a revenue neutral rate calculation. This calculation represents the tax rate required for the Town to collect the same amount of property tax revenue as it did in the prior year, using the values determined under the revaluation process.

The resulting revenue neutral rate for fiscal year 2017-2018 is 16.6 cents per \$100 of valuation for the General Fund. The current tax rate for the General Fund is 17.7 cents per \$100 of valuation.

The Town of Lewisville also collects a levy for a municipal service district. The current tax rate is 4.5 cents per

\$100 of valuation. The revenue neutral rate for the municipal service district is 4.4 cents per \$100 of valuation. The proposed tax rate for the municipal service district for fiscal year 2017-2018 is unchanged at 4.5 cents per \$100 valuation.

Once again, in the face of a challenging economic environment, the Town Council has been diligent and used sound financial planning to continue its commitment to the citizens of Lewisville to provide the highest standard of services. They have done this while maintaining a level of fund balance to secure future funding opportunities. The unassigned fund balance was \$3,887,471 as of June 30th, 2016. This represents a fund balance at approximately 88.36% based on the projected upcoming fiscal year budget for 2017-2018.

As for another notable point for the economic outlook of the Town, the North Carolina League of Municipalities is predicting increases in sales tax revenue in the State as the construction sector appears to have shown strong growth in recent months. They report that near-term economic projections are generally positive, and consumer confidence in the economy is high. Based on current analysis, we are projecting a 3.25% increase in sales tax for the Town.

Town Services

The Town of Lewisville stays committed to the continuation of all of its existing services for the upcoming fiscal year to include, parks and recreation, finance, administration, planning and zoning, public works, residential garbage and recycling, storm water management, community policing, and beautification. All services are proposed to continue at current service delivery levels for the upcoming fiscal year.

Utilities

As a continuation of our formal relationship with Winston-Salem/Forsyth County Utilities, we have completed work on a new sewer master plan for the Town. This plan is necessary for sewer services to grow in the Town corporate boundaries. Over the upcoming fiscal year, we will be engaging in planning activities related to anticipated sewer expansion in the basin of Tomahawk Creek. This sewer expansion is being driven in support of a new middle school project near the vicinity of Robinhood Road and Lewisville-Vienna Road. This school project was made possible by the approval of the Winston-Salem/Forsyth County School system bonds that were on the ballot in November's election.

Capital Reserve Funds

As we all know, the Town has a number of capital reserve funds. Historically, annual appropriations to all of these funds have totaled \$275,000 per year.

As previously discussed, Lewisville's proposed increase to our ad valorem taxes from Forsyth County's property tax base revaluation is anticipated to be approximately \$146,400. At the Town Council retreat, recently held on March 25th, Council re-affirmed its desire to proactively support the funding of a future regional storm water facility for the downtown area as well as its desire to develop future capital facilities such as a new community center.

In this budget, I am proposing increases to funding for two of the Town's capital reserve funds. This budget proposes to commit the gains from increases to our proposed ad valorem tax revenues by adding \$70,000 respectively to both the Storm Water Capital Reserve and the Municipal Buildings/Land Capital Reserve for a combined increase of \$140,000. This will allow Lewisville to accelerate the growth of the Town's equity for investment for both of these areas of capital need. If in the future, the Town seeks and acquires new debt for future

buildings, land or storm water facility construction, these reserves can be used to minimize the future amount of debt to be incurred and all or portions of our capital reserve contributions could be re-directed to meet future debt service needs.

Funding for all of the capital reserves is proposed to be changed as follows:

| | <u>Current</u> | <u>Proposed</u> | <u>Change</u> |
|---|------------------|------------------|---------------|
| Storm Water Capital Reserve | \$25,000 | \$95,000 | (+ \$70,000) |
| Great Wagon Road ROW/Construction Capital Reserve | \$125,000 | \$125,000 | |
| Sidewalks/Bike Paths/Greenways Capital Reserve | \$25,000 | \$25,000 | |
| Municipal Buildings/Land Capital Reserve | \$100,000 | \$170,000 | (+ \$70,000) |
| Total | <u>\$275,000</u> | <u>\$415,000</u> | |

Capital Projects

The Capital Projects that remain in the budget during Fiscal Year 2017-2018 are as follows.

Active Projects: Shallowford Road Roundabout Grant
 Great Wagon Road ROW/Construction
 Stormwater Repairs

Non-Active Projects: JWP Maintenance Facility/Playground Expansion
 Lewisville-Vienna Road Sidewalk Extension Grant
 Harper Road Lift Station

Transportation Projects:

The Town will continue its transportation planning for the Great Wagon Road (GWR). The GWR represents a commitment by the Town to invest in its own future by providing for areas of planned commercial expansion as well as mitigation for future traffic increases through the core of the Town in the future. In the past, the Town has invested in this endeavor by engaging in right of way acquisition and planning activities.

Additionally, the Town is expected to begin design work on the "Gateway Project" in the coming fiscal year with right of way and construction work planned in future years. This project is a roadway project to make improvements from the Highway 421 Interchange on Williams Road with improvements continuing on Williams Road between the interchange and the newly constructed roundabout at Shallowford Road and Williams Road. This is a project utilizing federal STP-DA funds. This project has an estimated cost of approximately \$1.5 million. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town. The Town's contribution is expected to be approximately \$298,936.

Conclusion

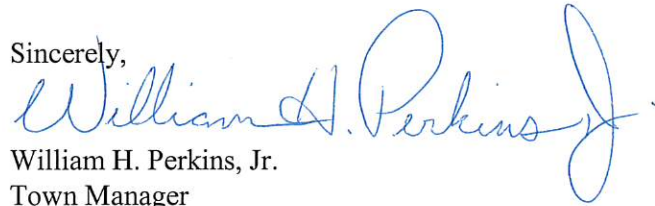
In conclusion, this budget reflects the desire of Council to address the needs of the Town, while being cognizant of economic conditions. Choices made in expenditures were done to meet the priorities and goals of the Council established during the year with the assistance of numerous advisory boards and committees. During the next few weeks, the Council will meet to deliberate the proposal set forth, and make adjustments as needed.

I would like to thank the staff for their assistance with the development of this budget and the Town Council for

their continued guidance and support. Final adoption of the budget will be scheduled for the Council meeting in June.

If I may be of any assistance, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "William H. Perkins, Jr." The signature is written in a cursive style with a large, prominent initial "W".

William H. Perkins, Jr.
Town Manager