

# Municipal Budget Proposal

## 2023 Fiscal Year



# Tonight's Agenda

- ❧ FY23 Budget Overview
- ❧ Municipal Operations
- ❧ Review of Reserves and Unassigned & Restricted Funds
- ❧ Debt Service
- ❧ Review of Budget by Department
- ❧ Questions

# Town Budget Overview

- Spending up from FY22 by: \$809,968, 19.11%
- By section:
  - General Fund up \$313,201, 12.57%
  - Highway Fund up \$496,767, 28.43%
- Non-tax revenues, unassigned fund, & reserve fund usage up by \$975,993
- Total decrease of \$166,113 in tax revenue
- Municipal tax rate **decreased** from \$0.7486 to \$0.7090 for a total decrease of \$0.0397 per \$100 of property value.
- **This is a 5.30% DECREASE in the tax rate from FY22.**

# Town Budget Overview

- FY23 Budget includes a combined total use of \$1,209,180 of Unassigned, Restricted, and Reserve Funds
  - \$474,930 in Unassigned Funds
  - \$445,000 in Restricted Funds
  - \$289,250 in Reserve Funds

# Municipal Tax Rate Decrease

- Proposed tax decrease of (\$0.0397) from \$0.7486 in FY22 to \$0.7090 in FY23
- Amount of tax decrease based on property value:
  - » \$150,000 = (\$59.55) per year
  - » \$200,000 = (\$79.40) per year
  - » \$300,000 = (\$119.10) per year
  - » \$400,000 = (\$158.80) per year

# Impacts of Budget Proposal

Home Value	Current Tax Rate/Bill	FY2023 decrease from FY2022	Total New Tax Bill
	\$0.7486	(\$0.0397)	$  \begin{array}{r}  \$0.7486 \\  -\$0.0397 \\  \hline  \$0.7090  \end{array}  $
\$150,000	\$1,123	(\$60)	<b>\$1,063</b>
\$200,000	\$1,497	(\$79)	<b>\$1,418</b>
\$300,000	\$2,246	(\$119)	<b>\$2,127</b>
\$400,000	\$2,995	(\$159)	<b>\$2,836</b>

# Conservation Reserve Fund

- Starting with the FY21 budget, this item is voted on each year by Australian Ballot
- The question on the ballot is to approve funding the Conservation Reserve Fund by adding one cent to the municipal tax rate in FY23
- This is estimated to be \$48,128 based on an estimated grand list value of \$4,812,808
- \$48,128 added to the budget will decrease the percentage tax rate decrease from FY22 to FY23 from -5.30% in the proposed budget to -3.97%.

# Municipal Tax Rate Increase

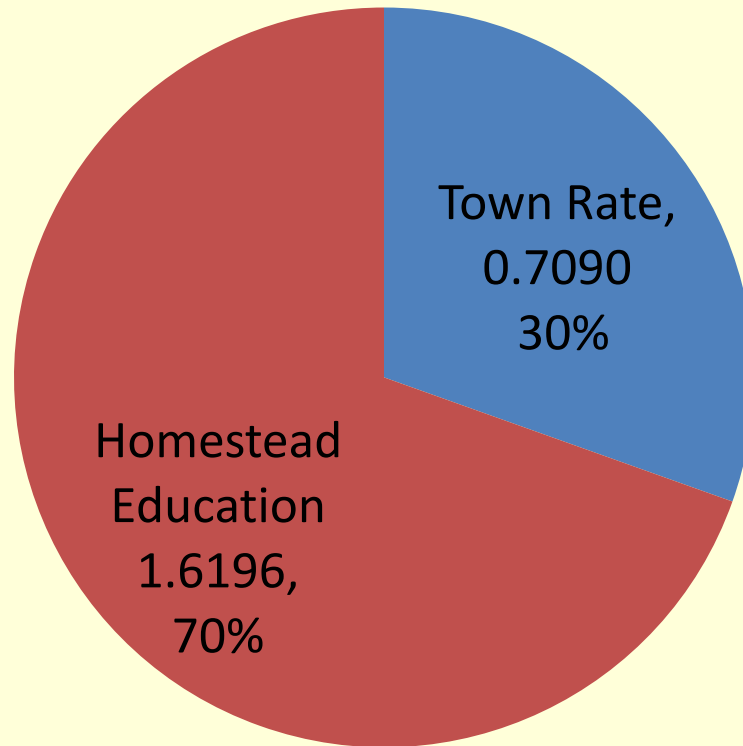
- If the Conservation Reserve Fund question passes it will add \$10 in taxes per year per \$100,000 in property value
- If the Conservation Reserve Fund question passes the following will be the total decrease in taxes based on property value (includes budget as presented and Conservation Reserve Fund):
  - » \$150,000 = (\$44.55) per year
  - » \$200,000 = (\$59.40) per year
  - » \$300,000 = (\$89.10) per year
  - » \$400,000 = (\$118.80) per year



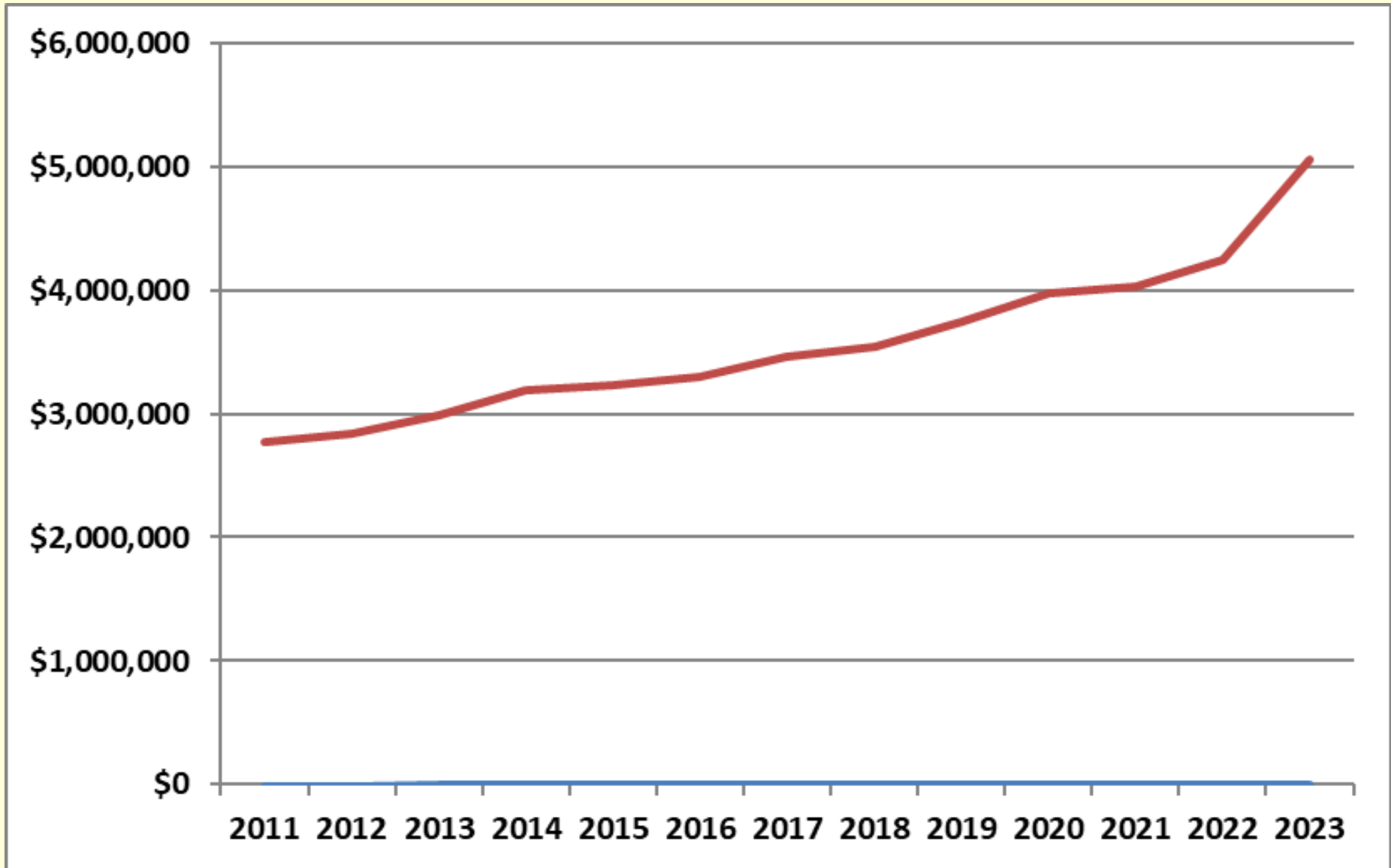
# Impacts of Budget Proposal With Conservation Fund

Home Value	Current Tax Rate/Bill	FY2023 decrease from FY2022	Total New Tax Bill
	\$0.7486	\$0.0297	$  \begin{array}{r}  \$0.7486 \\  -\$0.0297 \\  \hline  \$0.7190  \end{array}  $
\$150,000	\$1,123	(\$45)	<b>\$1,078</b>
\$200,000	\$1,497	(\$60)	<b>\$1,437</b>
\$300,000	\$2,246	(\$89)	<b>\$2,157</b>
\$400,000	\$2,995	(\$119)	<b>\$2,876</b>

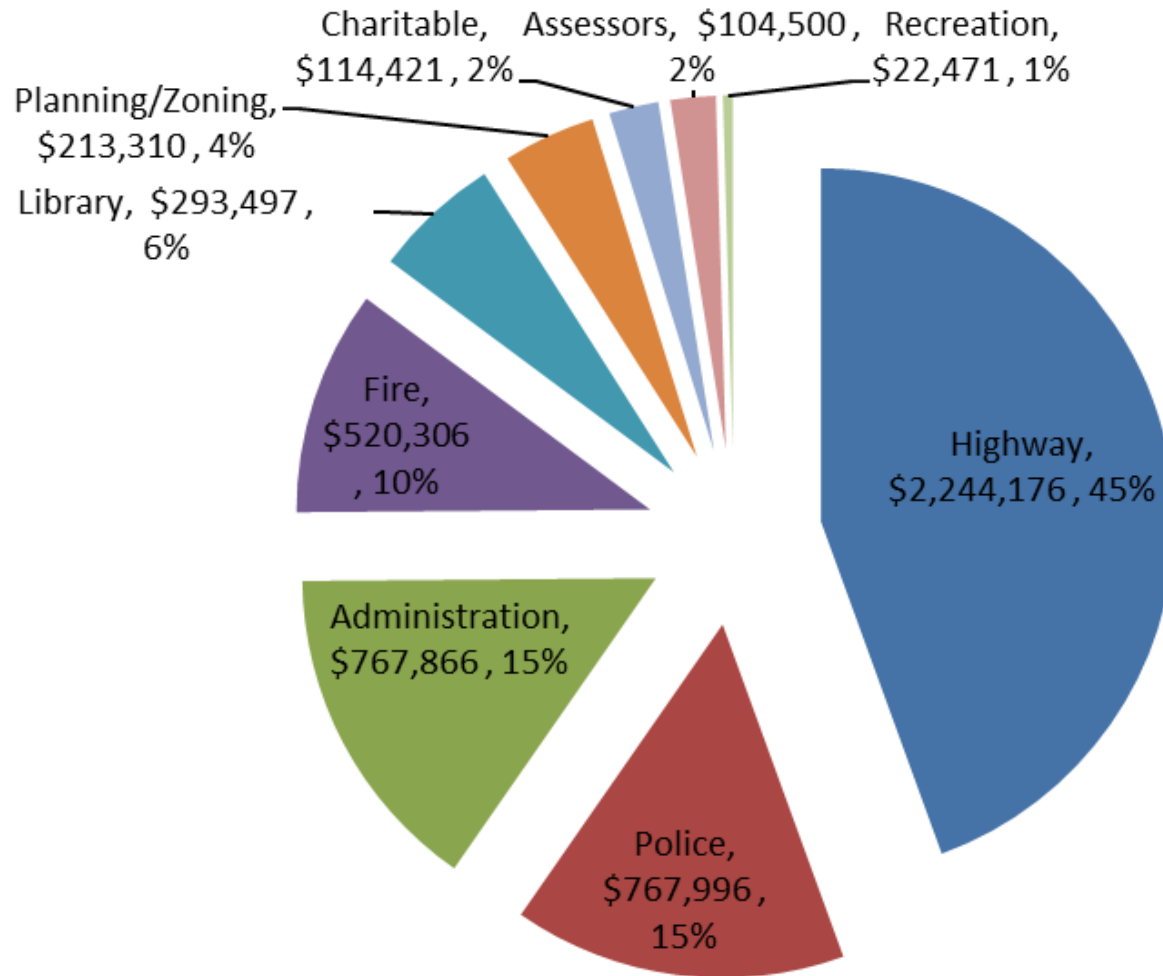
# Projected Town & School Tax Rates FY23



# Richmond Town Budgets



# Allocations by Department FY23



# Municipal Operations Overview

- **Clerk/Administration/Finance:** 1 FT Town Manager, 1 FT Finance Director, 1 FT Town Clerk, 1 PT Asst. Town Clerk, 1 FT (30 hours per week) Assistant to the Town Manager
  - Operate very closely to manage revenue, payments, payroll, policies, and projects

# Municipal Operations Overview

- **Police:** 1 FT Chief, 1 FT Sergeant, 3 FT officers, 3 per diem officers, 1 PT admin assistant
  - Both the Chief and Sergeant are also working shifts as officers
  - The 3 per diem officers work on average 2 – 4 shifts per month

# Municipal Operations Overview

- **Fire Department:** 1 Chief, 1 Assistant Chief, 3 Captains, 1 Lieutenant, 12 Firefighters.
  - All-volunteer department; get paid for hours worked
- **Planning/Zoning:** 1 FT Planner and 1 FT Zoning Administrator
  - Issuing permits, reviewing and re-writing Zoning Regulations, staff for Planning Commission and Development Review Board. Staff and assist other committees related to planning

# Municipal Operations Overview

- **Highway/Recreation:** 1 FT Foreman, 1 FT Assistant Foreman, 4 FT drivers/operators;
  - Winter: plow highways, maintain equipment, and plan summer work
  - Summer: gravel road maintenance, maintain equipment, highway drainage work, maintain recreational facilities, larger sidewalk and storm water projects



# Municipal Operations Overview

- **Richmond Free Library:** 1 FT Director and 1 FT Assistant Director (each work 32 hours per week) plus 6 PT employees.
  - Governed by the Board of Trustees; voters approve budget

# Other Town Departments

- **Water Resources Department:**

- Services approximately 300 customers mostly located in the village of Richmond
- The department consists of a full time Superintendent and three full time staff members
- The Water budget and Wastewater budget contained in the Town Report show the FY22 Budgets that were approved at the Water and Sewer Annual Meeting on May 18, 2021.
- The 2022 Water and Sewer Annual Meeting will be held at a date to be determined in May. The FY23 Budgets will be discussed and considered for approval at that meeting.
- **These budgets are not included in the budget currently being voted on**

# Reserve Funding

- Reserve Funds function like savings accounts
- Funds can be added to the reserves yearly from tax revenue and that amount is decided by you, the voters
- Reserves can also be funded with non-tax revenue such as:
  - Town Center Maintenance Fund is funded by rent payments of tenants in the Town Center
  - Reappraisal Fund is funded by the State's Act 60 reappraisal grant

# Reserve Funding

- Use of reserves can be included in the budget or they can be spent outside of the budget with Selectboard approval at any time
- Reserves are used mostly for large capital purchases
- Actual use of reserves fluctuates based on current yearly goals

# Reserve Fund Categories

- **Assigned:** Reflecting the Selectboard's intended use of the resources. These funds should be used for the specified use, but can be used for another use if the Selectboard votes to do so.
  - Includes: Reappraisal, Soccer

# Reserve Fund Categories

- **Committed by Voters:** Constraints on the use of resources are imposed by formal action of the voters. These funds must be used for the specified use, but may be used for another use if the voters vote to do so.
  - Includes: Police Reserve, Library Reserve, Fire Department Reserve, Railroad Street Planning Grant, Town Center Fund, Conservation Fund

# Reserve Fund Categories

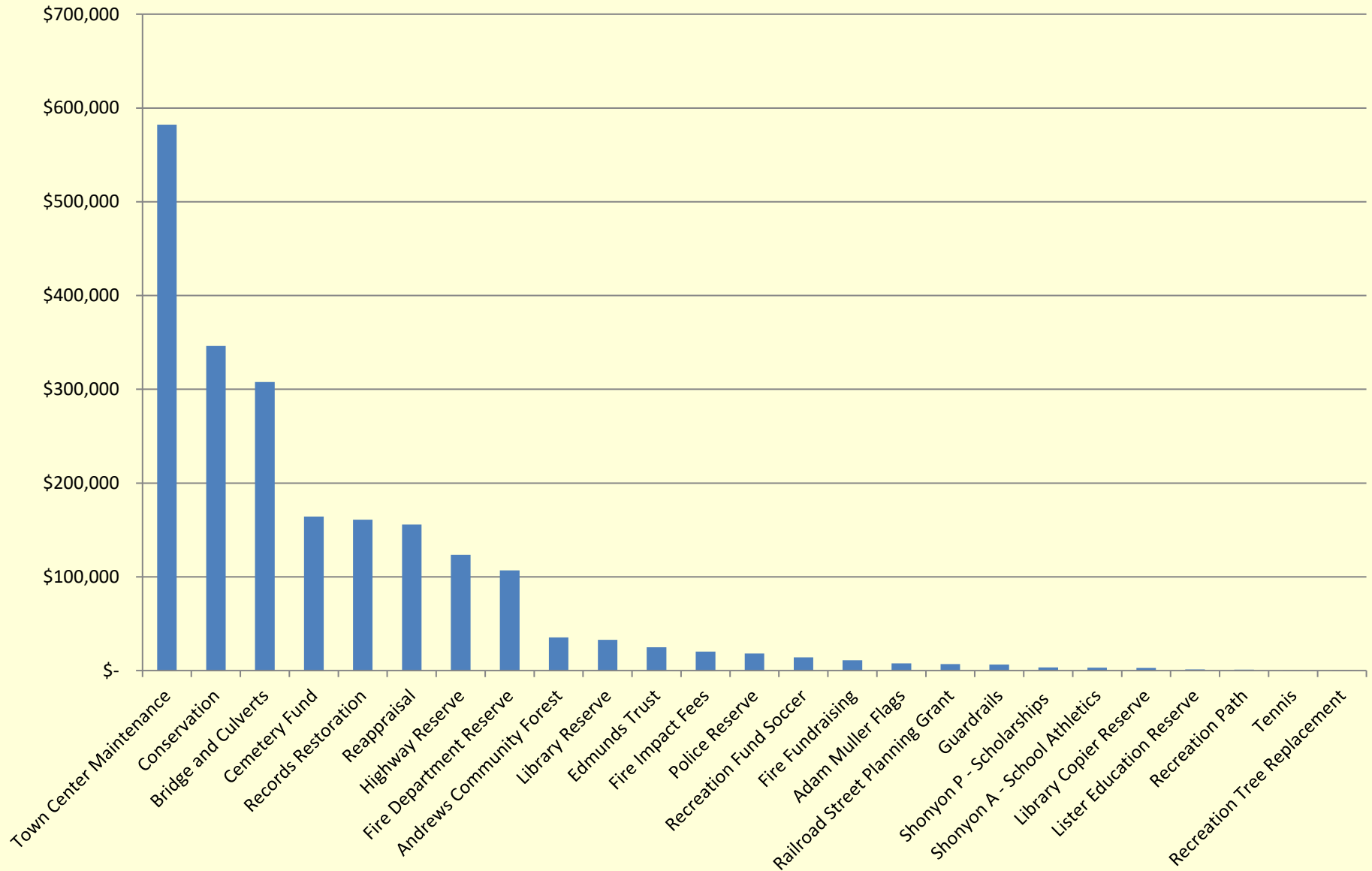
- **Restricted:** Constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation. These funds have to be used for the specified use and cannot be changed by the voters or the Selectboard.
  - Includes: Highway Reserve, Bridge and Culverts, Copy and Fax Donations Library, Fire Fundraising, Fire Impact Fees, Lister Education Reserve, Records Restoration, Adam Muller Flags, Recreation Path, Tennis, Recreation Tree Replacement, Andrews Community Forest, Cemetery Fund, Guardrails

# Reserve Fund Categories

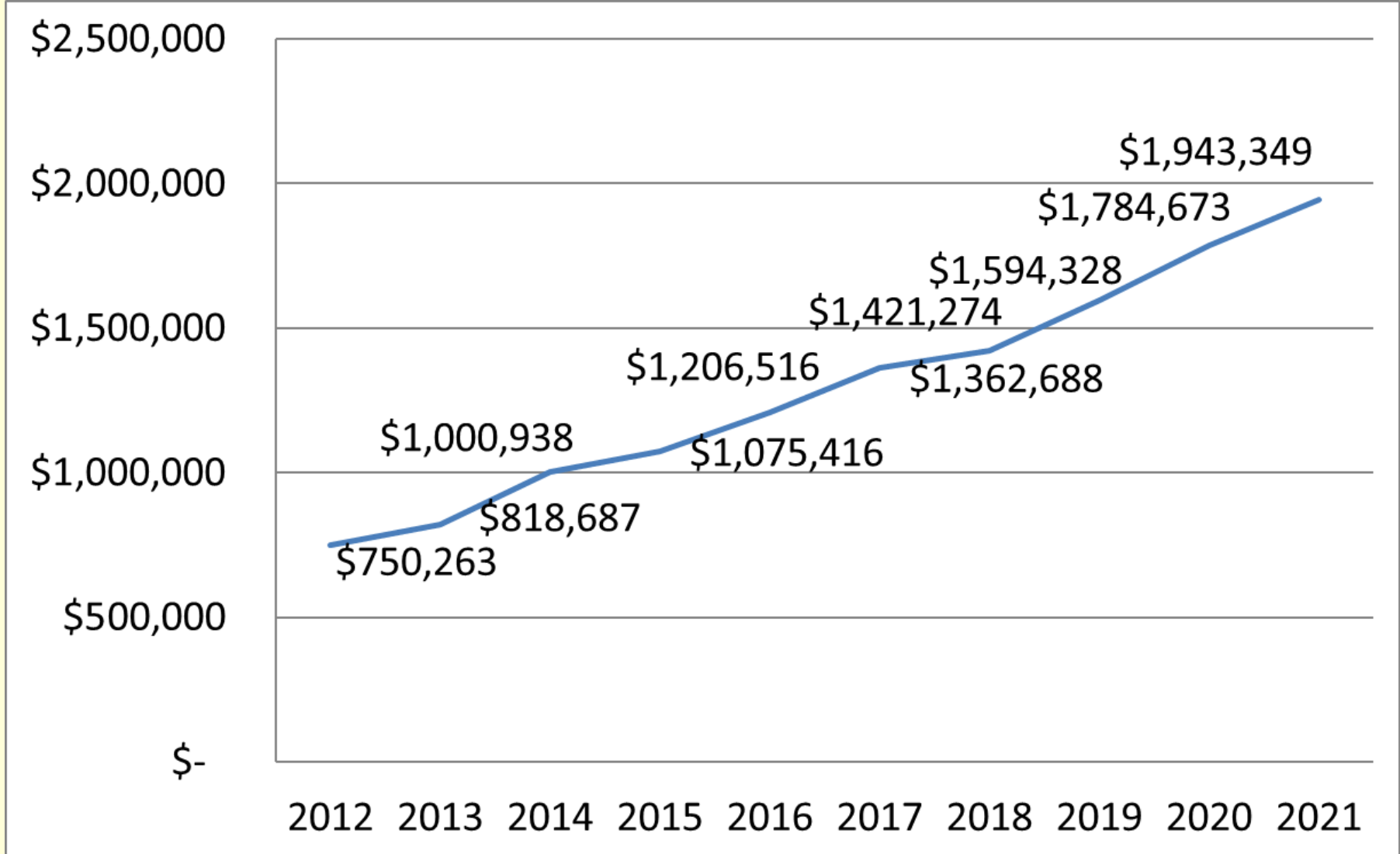
- **Private Purpose Trust Funds:** These are funds that the Town has but are tied to a legal document created by the donor. Use of these funds are bound to what the document related to each fund stipulates.
  - Includes: Edmunds Trust, Shonyon A - School Athletics, Shonyon P – Scholarships (Prize)



# Reserve Balances as of 7/30/21



# Total Reserve Growth 2012-2021



Note: Historical data and this chart do not include: Cemetery Fund, Jericho Road Improvement, Edmunds Trust, Shonyon P – Scholarships, Shonyon A - School Athletics

# Largest Reserve Accounts

- 70% of all reserve funds are in just 6 accounts
  - Town Center Maintenance (\$582,217)
  - Conservation Reserve (\$346,181)
  - Bridge & Culvert (\$307,926)
  - Records Restoration (\$161,095)
  - Reappraisal Reserve (\$155,860)

# Recent Budgeted Reserve Account Usage

- FY22:
  - \$87,480 from Reappraisal Reserve for reappraisal
  - \$55,000 from Highway Reserve for purchase of pickup truck
- FY23:
  - \$200,000 from Fire Department Reserve for brush truck
  - \$24,750 from Police Reserve to pay for police cruiser
  - \$64,500 from Reappraisal Reserve for reappraisal

# Unassigned and Restricted Funds

- A combination of underspending and good revenue – i.e., “Surplus,” reverts to the unassigned funds and restricted funds
- Restricted funds are designated specifically to the Highway Department and may not be used for expenses in any other department
- Unassigned funds may be used for any Town expense, including Highway expenses

# Unassigned and Restricted Funds

- The balance can increase in the following ways:
  - Reimbursements from FEMA that are received for expenses that were incurred in a prior fiscal year
  - Underspending on budgeted expenses such as when a department has vacancy savings due to being short staffed
  - Grants received to reduce budgeted spending

# Unassigned and Restricted Funds

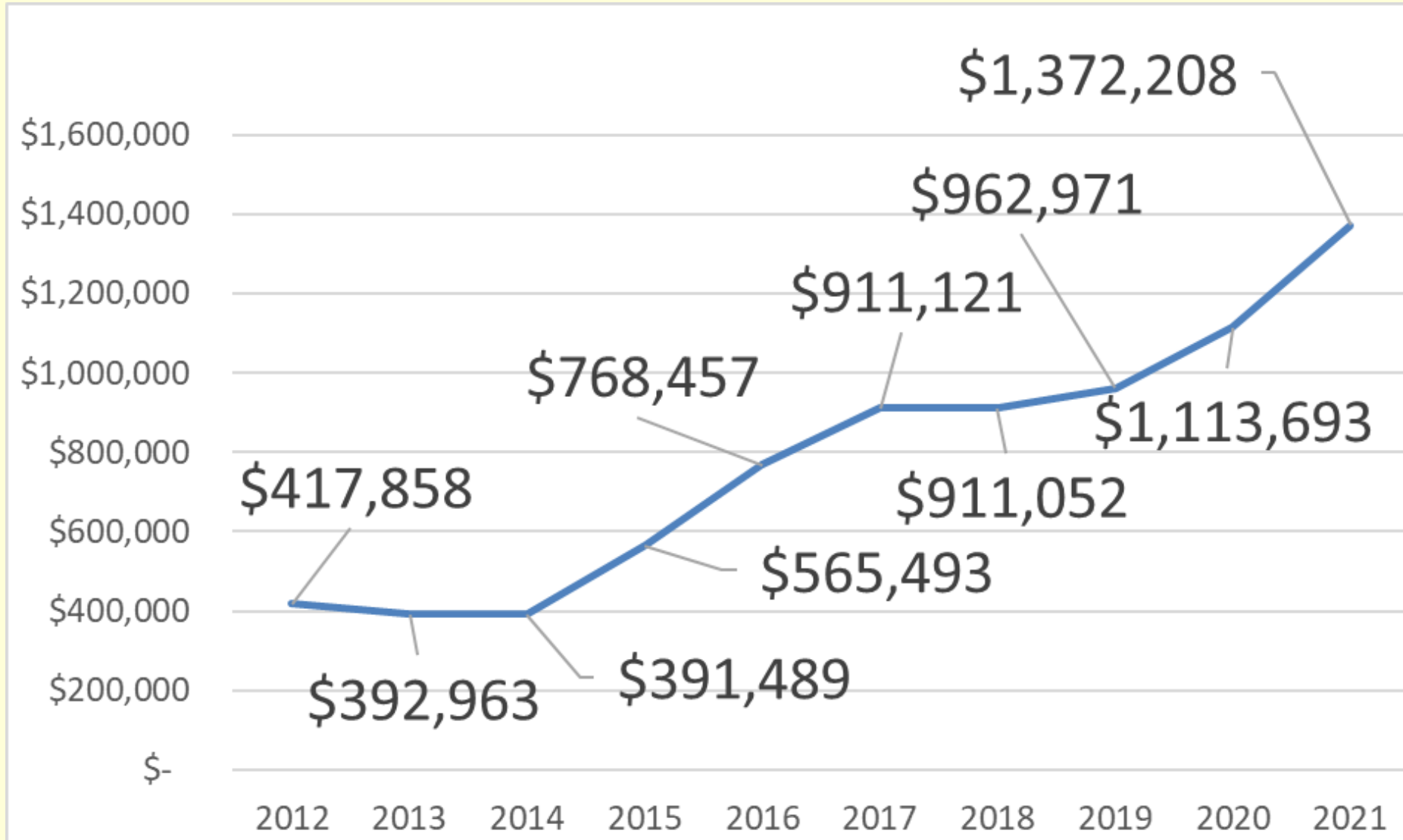
- Auditors have said a combined Unassigned Fund and Restricted Fund balance of 15% to 25% of annual budget is “healthy”
- This savings greatly helps during an unanticipated crisis and when cash flow is needed

# Unassigned and Restricted Funds

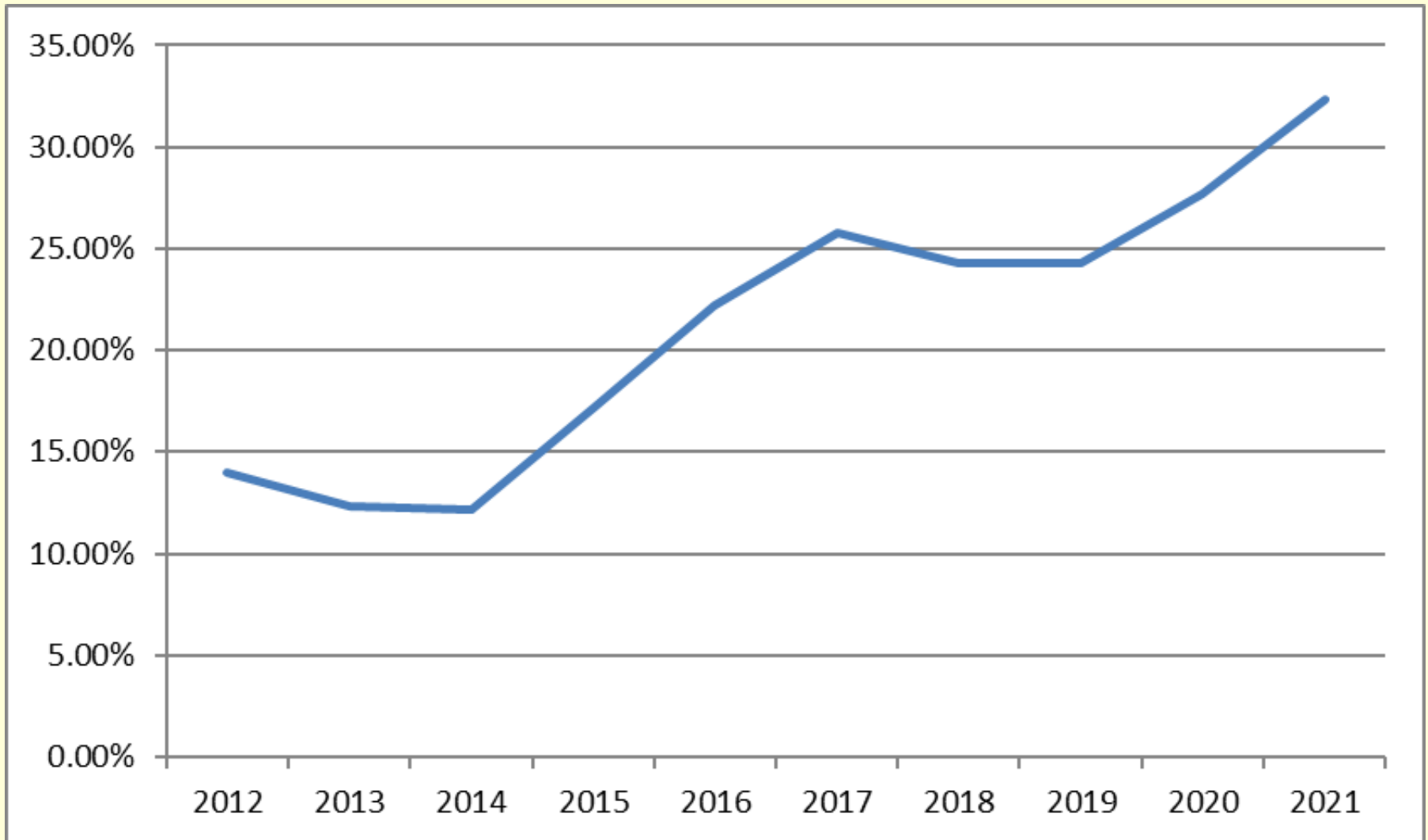
- Fund Balances as of June 30, 2021:
  - Unassigned Funds \$711,023
    - \$91,000 of Unassigned Funds Balance as stated above is committed to be used in the FY22 Budget
  - Restricted Funds \$661,185
  - Combined Total \$1,372,208
  - Represented 32.37% of the \$4,238,574 FY22 Budget



# Change in Combined Unassigned & Restricted Fund Balance



# Change in Combined Unassigned & Restricted Fund Balance as a Percentage of Budget Expenditures



# Unassigned and Restricted Funds

- Projected expenditures of Unassigned and Restricted Funds in FY22:
  - Use of \$211,500 in Unassigned Funds for planned budget offset of \$91,000, and unbudgeted expenses including a police cruiser purchase (to account for a purchase not completed in FY21), compensation study, contracted grounds maintenance, hours increase for Zoning Administrative Officer, and staff bonuses.
  - Use of \$350,000 in Restricted Funds including: repair of Thompson Rd. Culvert and purchase of a dump truck (In lieu of taking a loan)

# Unassigned and Restricted Funds

- Projected gains in Unassigned and Restricted Funds in FY22:
  - Gains of \$135,000 in Unassigned Funds due to vacancy savings.
  - Gains of \$335,830 in Restricted Funds due to anticipated reimbursement from FEMA and vacancy savings

# Unassigned and Restricted Funds

- Projected FY22 year end balances
  - Unassigned Funds \$634,523
  - Restricted Funds \$647,015
  - Projected Combined Total \$1,281,538
  - Projected total is 25% of the \$5,048,542 FY23 Budget

# Unassigned and Restricted Funds

- Budgeted expenditures of Unassigned and Restricted Funds in FY23:
  - Use of \$474,930 in Unassigned Funds including: planned use of \$300,000 to reduce revenue to be raised by taxes, new computer server, new phone system, contribution to Planning and Zoning Legal Reserve Fund, compensation contingency, grounds maintenance, Highway equipment
  - Use of \$445,000 in Restricted Funds including: compensation contingency for Highway, Highway equipment

# Unassigned and Restricted Funds

- Projected FY23 year end balances
  - Unassigned Funds \$159,593
  - Restricted Funds \$202,015
  - Projected Combined Total \$361,608
  - Projected total is 7% of the \$5,048,542 FY23 Budget

# General Town Debt

Does not include Water System Debt

- 2005 Fire Truck = 2026; \$10,965/yr.
- 2018 Fire Truck = 2026; \$52,710/yr.
- 2019 Dump Truck = 2024; \$27,429/yr.
- 2020 Dump Truck = 2025; \$27,985/yr.
- 2017 Road Grader = 2024; \$30,553/yr.
- Jericho Road = 2032; \$60,587/yr.
- Stormwater ARRA (Millet St.) = 2032; \$7,046/yr.



# Budget by Department

- Changes affecting multiple departments:
  - Included \$50,000 in the Administration budget for potential adjustments to staff pay rates. Could apply to staff in any department except Highway. Offset by use of Unassigned Funds.
  - Cost of Town property, casualty, liability and workers compensation insurance decreased by \$48,032, from \$136,850 in FY22 to \$88,818 in FY23. This savings is spread across the insurance lines in several departments.

# Budget by Department

- Administration
  - Wages increased due to annual wage increases and reclassification of Administrative Assistant to Assistant to Town Manager
  - \$10,000 for a new phone system, offset with use of Unassigned Funds
  - \$10,000 increase in Legal from \$10,000 in FY22 to \$20,000 in FY23
  - \$9,700 decrease in auditors from \$37,700 in FY22 to \$28,000 in FY23

# Budget by Department

- Administration
  - \$50,180 included for Contracted Grounds Maintenance offset with use of Unassigned Funds
  - \$10,000 included for a new server offset with use of Unassigned Funds

# Budget by Department

- Assessors
  - Reduced Reappraisal Services by \$22,980 from \$87,480 in FY22 to \$64,500 in FY23.
    - This line mistakenly included Listing Services in FY22
    - This line was offset by the Reappraisal Reserve Fund in FY22 and again in FY23 so there is no affect to taxes

# Budget by Department

- Planning and Zoning
  - Salaries increased by \$16,385 due to budgeted annual wage increases and to allow for Zoning Administrative Officer hours to increase from 30 hours per week to 40 hours per week to meet increasing demands including management of zoning records, provide more leeway to hold more meetings with the public, and conduct more thorough inspections.

# Budget by Department

- Planning and Zoning
  - Created a Legal Reserve Fund to allow for better budgeting of legal expenses which can fluctuate from year to year. \$4,000 of this line is offset by use of Unassigned Funds

# Budget by Department

- Police Department
  - \$16,287 increase to Salaries mostly due to increases negotiated in the new agreement with the Police Union
  - \$11,474 decrease in Health Insurance due to officers paying 10% of premiums as agreed to in the new agreement with the Police Union
  - \$15,750 decrease in Dispatch from \$15,750 in FY22 to \$0 in FY23 due to charges for dispatch being further delayed

# Budget by Department

- Police Cruisers are now on a cycle where purchases alternate between one cruiser and two cruisers every other year.
  - To flatten the cost impacts on the budget an estimated cost of 1.5 cruisers is raised each year in taxes
  - In years where one cruiser is purchased the additional revenue is put into a reserve. This reserve revenue is then used in the following year when two cruisers are purchased.



# Budget by Department

- Fire Department
  - \$200,000 is budgeted for a brush truck. This is offset by use of the Fire Department Reserve Fund

# Budget by Department

- Recreation and Trails
  - \$5,000 budgeted for engineering in preparation to pave the Volunteers' Green parking lot.

# Budget by Department

- Highway
  - Adjusted staffing levels to remove a part time position and remove grounds maintenance from duties of the department
    - The part time position was vacant and has been continually challenging to fill
    - Grounds maintenance will be contracted for each year
    - This change will allow for the Highway department to complete larger projects such as sidewalks and stormwater resulting in hundreds of thousands of dollars in savings to the Town over the cost of hiring contractors for this work

# Budget by Department

- Highway
  - Included \$30,000 for potential adjustments to staff pay rates this is offset by the use of Restricted Funds.
  - \$48,334 increase in Health Insurance due to an employee opting into health insurance and budgeting for coverage for a vacant position.  
\$50,844 in FY22, \$99,179 in FY23
  - \$7,250 decrease in Health Insurance Opt out.  
\$12,250 in FY22, \$5,000 in FY23

# Budget by Department

- Highway
  - Budgeted to purchase a dump truck, bucket loader, and excavator by using mostly unassigned funds, restricted funds, and tax revenue instead of taking loans
    - FY23 Tax Revenue is used for a 10% – 15% deposit on each piece of equipment
    - Remaining cost is paid for with unassigned and restricted funds

# Budget by Department

- Highway
  - Used Restricted funds in FY22 to fully pay for the dump truck purchase in lieu of taking a loan
  - Highway is structured to use reserve funds going forward for capital equipment purchases in place of taking out loans

Questions?

