

# Municipal Budget Proposal

## 2024 Fiscal Year



# **Tonight's Agenda**

- ☞ FY24 Budget Overview**
- ☞ Municipal Operations**
- ☞ Review of Reserves and Unassigned & Restricted Funds**
- ☞ Debt Service**
- ☞ Review of Budget by Department**
- ☞ Questions**

# Town Budget Overview

- Fiscal Year Explanation
  - Fiscal Years are named according to the calendar year in which they end
  - The previous fiscal year was FY22
    - FY22 began on July 1, 2021 and ended on June 30, 2022
  - Currently it is FY23
    - FY23 began on July 1, 2022 and will end on June 30, 2023
  - The budget being voted on is for FY24
    - FY24 will begin on July 1, 2023 and will end on June 30, 2024

# Town Budget Overview

- **Reserve Funds** function like savings accounts and are typically used for larger capital purchases
- **Unassigned and Restricted Funds** are 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

# Town Budget Overview

- Spending down from FY23 by: \$566,276, 11.11%
- By section:
  - General Fund down \$176,645, 6.19%
  - Highway Fund down \$389,631, 17.36%
- While expenses are down, there is a 3.67% increase in the tax rate from FY23

# Town Budget Overview

- While the expense side of the budget is down from FY23 to FY24 there has been a change in the way the use of reserve funds is included in the budget
  - Planned purchases using reserve funds in previous fiscal years were included as an expense and were offset on the revenue side with use of funds from the reserve fund
  - In FY24 this practice was changed and expenses that are offset by reserves were removed from the budget
  - The Capital Reserve Expenditures document for FY24 shows a use of \$234,250 in reserves in FY24
    - \$81,250 in the General Fund
    - \$153,000 in Highway

# Town Budget Overview

- If these expenses were included in the FY24 budget expenses would be
  - \$2,757,276 in General Fund: \$95,395 less than FY23
  - \$2,007,546 in Highway: \$236,631 than FY23
  - \$4,764,821 total combined budget: \$332,026 less than FY23
- Actual FY24 Budget compared to FY23
  - General Fund down \$176,645, 6.19%
  - Highway Fund down \$389,631, 17.36%
  - Combined spending down from FY23 by: \$566,276, 11.11%

# Town Budget Overview

	<b>FY23</b>	<b>FY24</b>	<b>Difference FY24 to FY23</b>
<b>Total Budget Expenses</b>	\$ 5,096,847	\$ 4,530,571	\$ (566,276)
<b>Use of Reserve Funds</b>	\$ (289,250)	\$ -	
<b>Use of Unassigned and Restricted Funds</b>	\$ (919,930)	\$ (500,000)	
<b>Non Tax Revenue</b>	\$ (445,127)	\$ (460,669)	
<b>Tax Revenue</b>	\$ 3,442,540	\$ 3,569,902	\$ 127,363

# Town Budget Overview

- Municipal tax rate increased from \$0.7164 to \$0.7427 for a total increase of \$0.0263 per \$100 of property value
- This is a 3.67% INCREASE in the tax rate from FY23

# Town Budget Overview

- The tax rate presented here, and all estimates that follow, are based on the Grand List value as of July 2022
- Currently the Town is undergoing a reappraisal where the value of all properties will be reappraised
- The final Grand List will be determined this spring based on the reappraisal
- The Selectboard will set the final FY24 tax rate based on the updated Grand List value

# Municipal Tax Rate Increase

- Proposed tax increase of \$0.0263 from \$0.7164 in FY23 to \$0.7427 in FY24
- Amount of tax increase based on property value:
  - » \$100,000 = \$26.29 per year
  - » \$200,000 = \$52.58 per year
  - » \$300,000 = \$78.87 per year
  - » \$400,000 = \$105.15 per year

# Impacts of Budget Proposal

Home Value	Current Tax Rate/Bill	FY2024 increase over FY2023	Total New Tax Bill
	\$0.7164	0.0263	\$0.7164 <u>+\$0.0263</u> \$0.7427
\$100,000	\$716	\$26	<b>\$742</b>
\$200,000	\$1,433	\$53	<b>\$1,486</b>
\$300,000	\$2,149	\$79	<b>\$2,228</b>
\$400,000	\$2,866	\$105	<b>\$2,971</b>

# Conservation Reserve Fund

- 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 FY24

# Conservation Reserve Fund

- The estimated contribution to the Conservation Reserve Fund would be \$48,305 based on the July 2022 grand list value of \$4,830,494
- If this article passes the actual funding for the Conservation Reserve Fund will be based on the new grand list value determined after the reappraisal
- \$48,305 added to the budget will increase estimated the tax rate increase from FY23 to FY24 from 3.67% in the proposed budget to 5.07%

# Municipal Tax Rate Increase

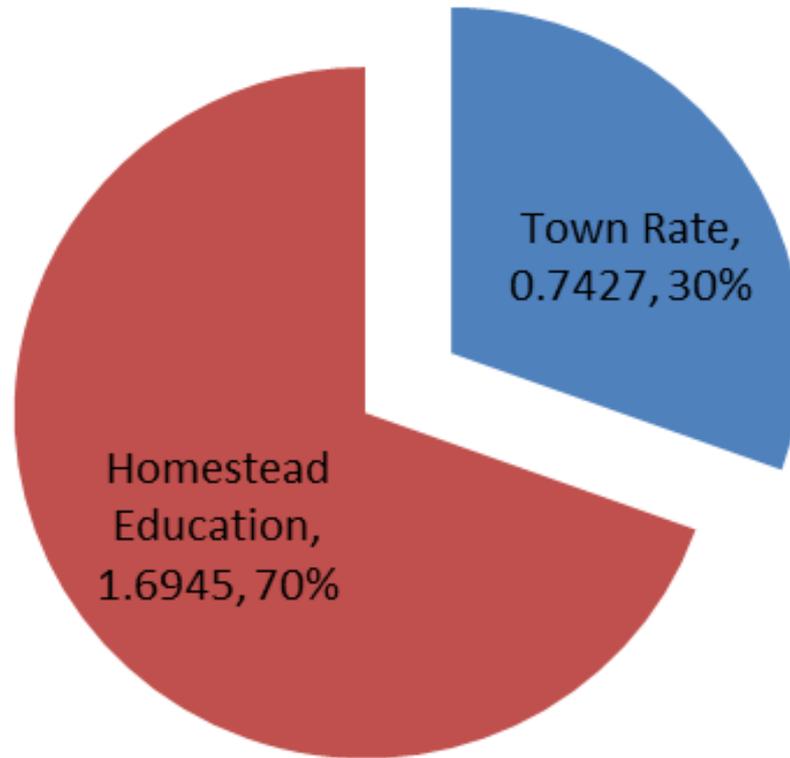
- If the Conservation Reserve Fund question passes it will add \$10 in taxes per year per \$100,000 in property value

Increase Without Conservation Fund	Additional Increase for Conservation Fund	Total Increase Including base budget and Conservation Fund
\$100,000 = \$26.29	+\$10 =	\$36.29
\$200,000 = \$52.58	+\$20 =	\$72.58
\$300,000 = \$78.87	+\$30 =	\$108.87
\$400,000 = \$105.15	+\$40 =	\$145.15

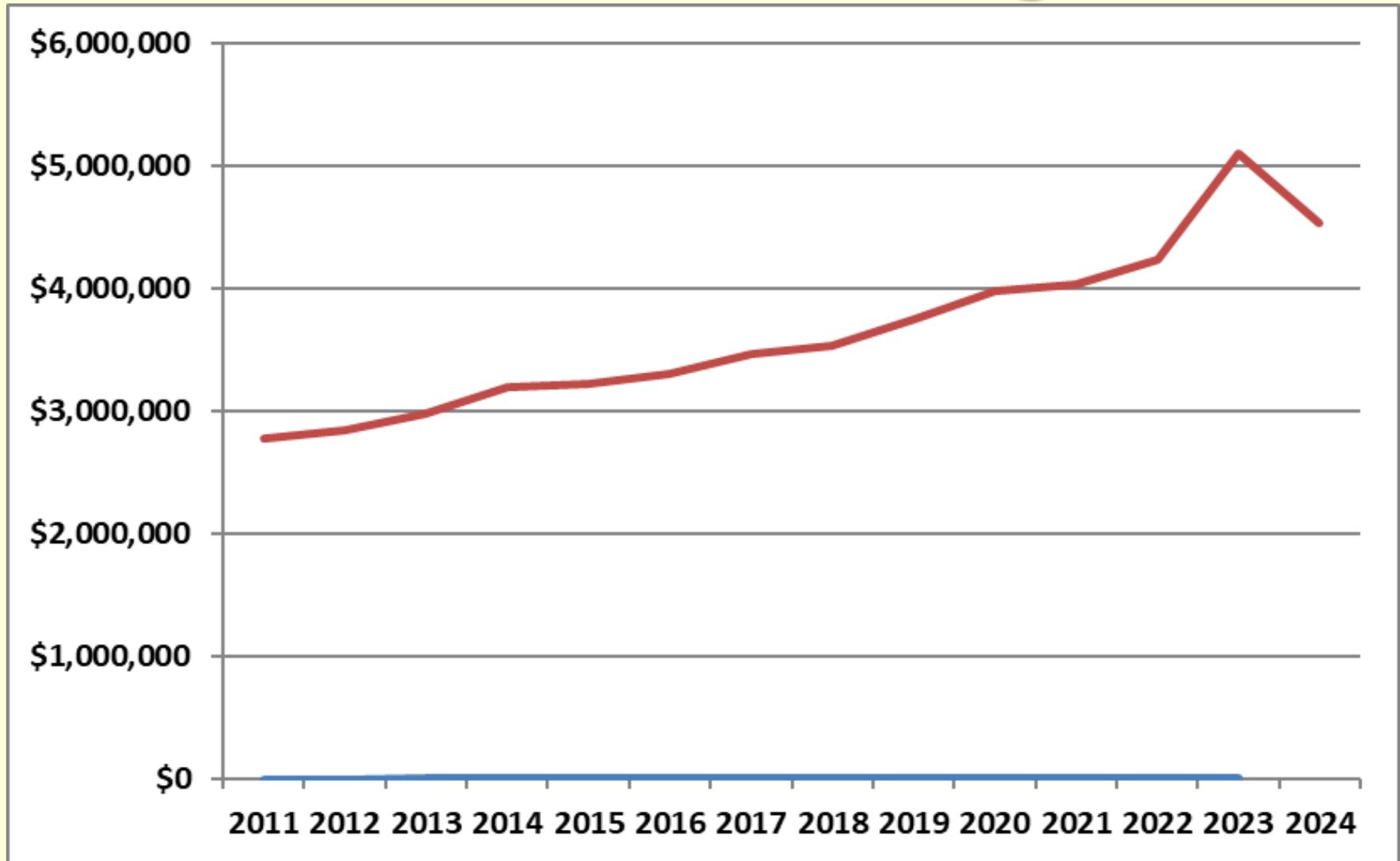
# Impacts of Budget Proposal With Conservation Fund

Home Value	Current Tax Rate/Bill	FY2024 increase over FY2023	Total New Tax Bill
	\$0.7164	\$0.0363	$  \begin{array}{r}  \$0.7164 \\  -\$0.0363 \\  \hline  \$0.7527  \end{array}  $
\$100,000	\$716	\$36	<b>\$753</b>
\$200,000	\$1,433	\$73	<b>\$1,505</b>
\$300,000	\$2,149	\$109	<b>\$2,258</b>
\$400,000	\$2,866	\$145	<b>\$3,011</b>

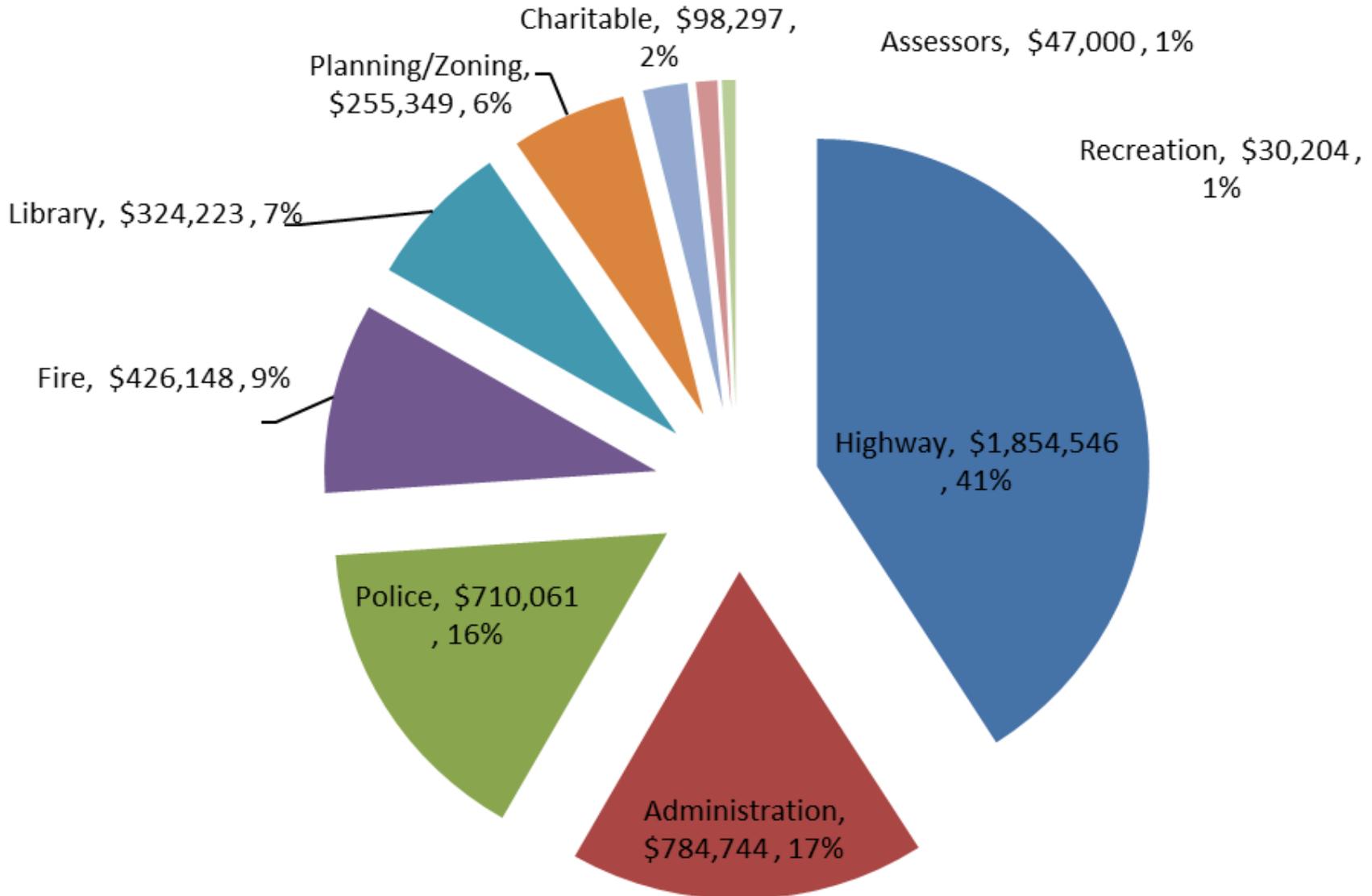
# Projected Town & School Tax Rates FY24



# 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

# Municipal Operations Overview

- **Planning/Zoning:** 1 FT Director of Planning and Zoning 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 500 accounts 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 FY23 Budgets that were approved at the Water and Sewer Annual Meeting on May 17, 2022.
  - The 2023 Water and Sewer Annual Meeting will be held at a date to be determined in May. The FY24 Budgets will be discussed and considered for approval at that meeting.
  - **These budgets are not included in the budget currently being voted on**

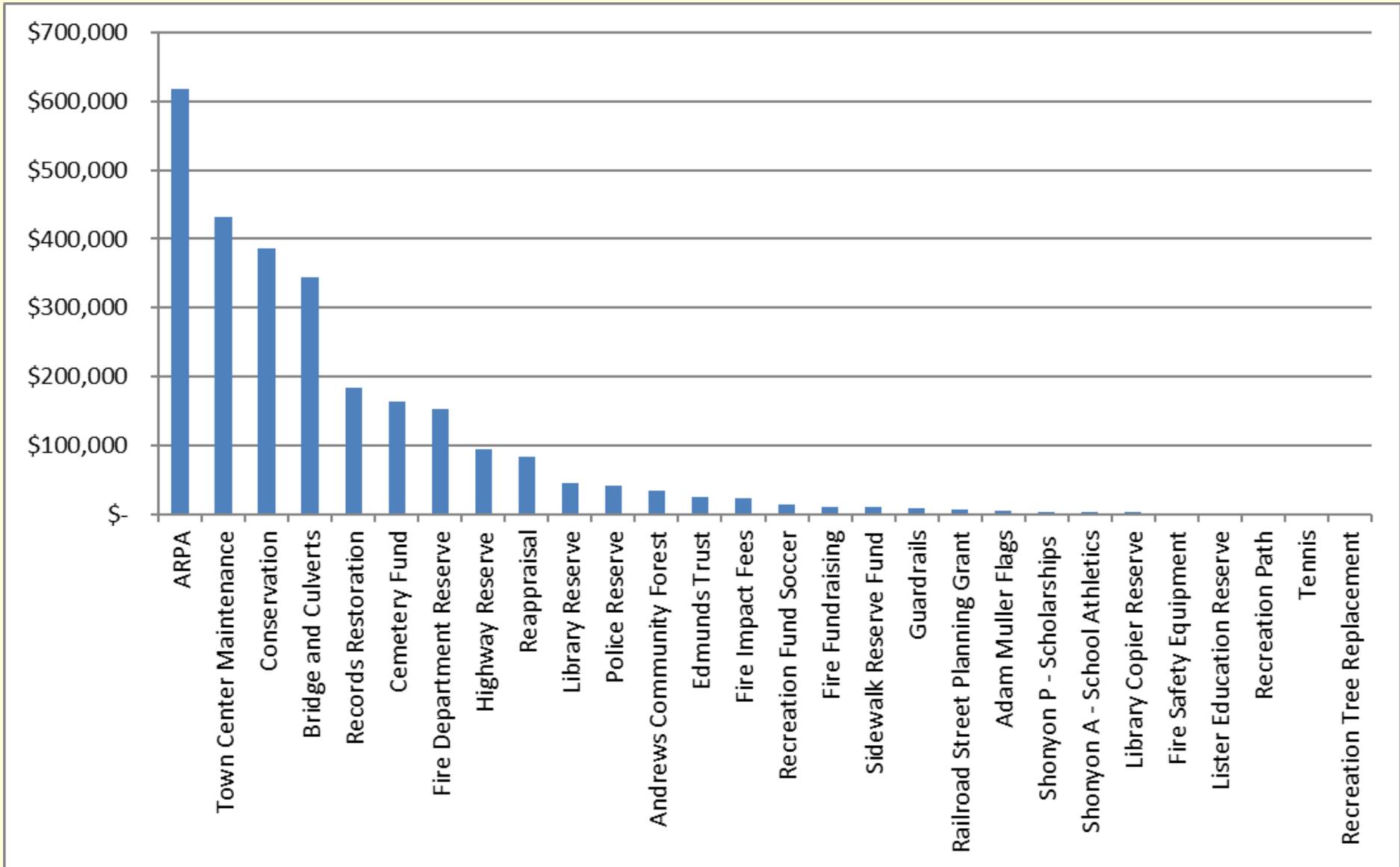
# Reserve Funding

- 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

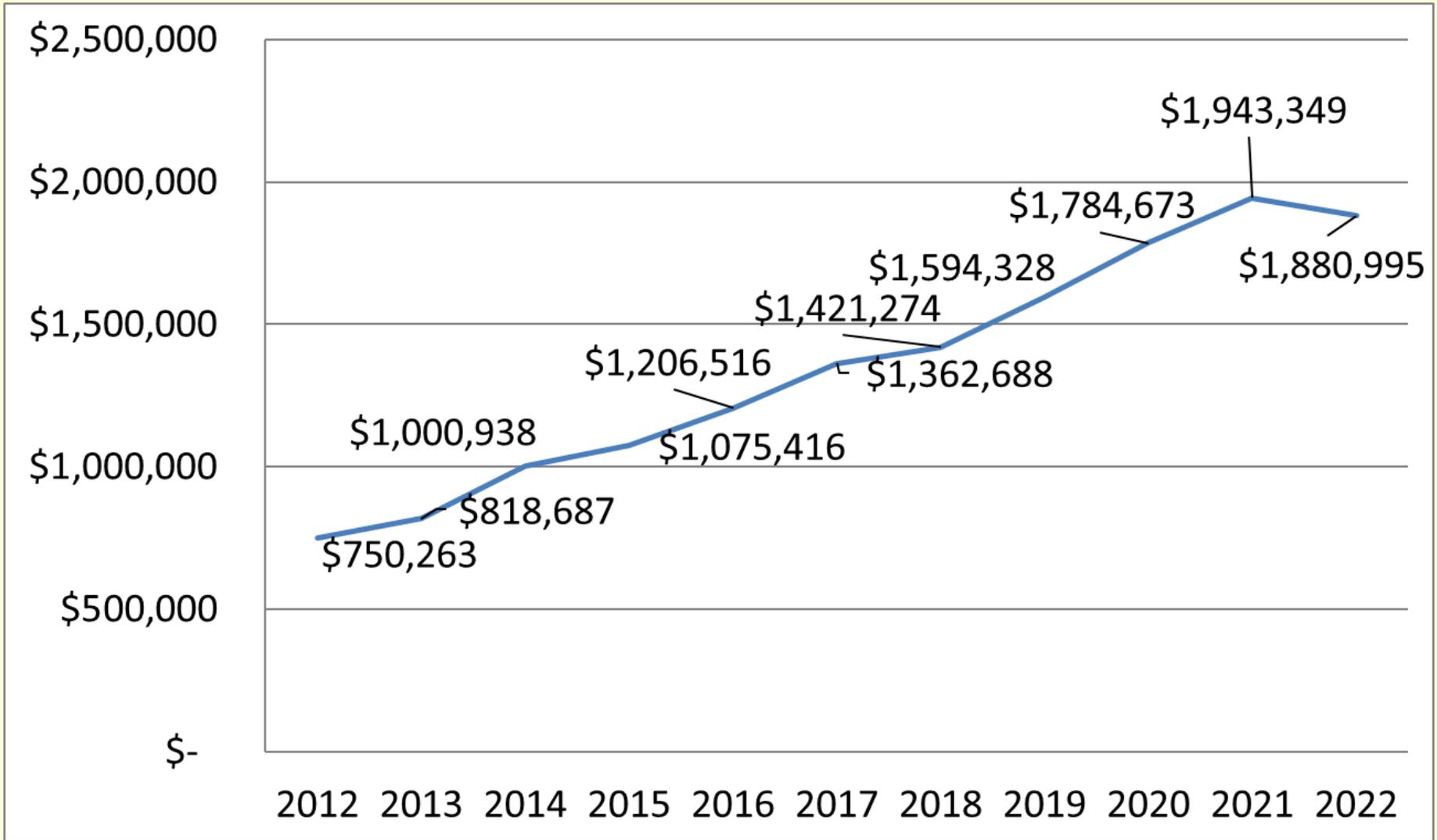
# Reserve Funding

- Reserves are used mostly for large capital purchases
- Actual use of reserves fluctuates based on current yearly goals
- Use of Reserve Funds factor in heavily in the Capital Plan

# Reserve Balances as of 6/30/22



# Total Reserve Growth 2012-2022



Note: Historical data and this chart does not include: ARPA, Cemetery Fund, Edmunds Trust, Shonyon P – Scholarships, Shonyon A - School Athletics

# Largest Reserve Accounts

- 88% of all reserve funds are in just 8 accounts

ARPA	\$ 618,606	23%
Town Center Maintenance	\$ 430,781	16%
Conservation	\$ 385,688	14%
Bridge and Culverts	\$ 344,926	13%
Records Restoration	\$ 184,023	7%
Cemetery Fund	\$ 164,351	6%
Fire Department Reserve	\$ 153,233	6%
Highway Reserve	\$ 93,701	3%
Total	\$ 2,375,309	88%

# FY23 Budgeted Reserve Account Usage

- \$64,500 from Reappraisal Reserve for reappraisal
- Budgeted but not spent in FY23
  - \$200,000 from Fire Department Reserve for brush truck
  - \$24,750 from Police Reserve to pay for police cruiser

# FY24 Budgeted Reserve Account Usage

- Fire Capital Reserve
  - \$25,000 Jaws of Life
  - \$5,000 Replacement of roof shingles
- Fire Safety Equipment Reserve
  - \$18,000 Air Packs
  - \$9,000 Air Tanks
  - \$8,000 Turnout Gear

# FY24 Budgeted Reserve Account Usage

- Highway Capital Reserve
  - \$53,000 Pickup Truck with Plow
  - \$100,000 Tractor
- New Sidewalk Reserve
  - \$16,250 Bridge St. Phase 1 Planning

# 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

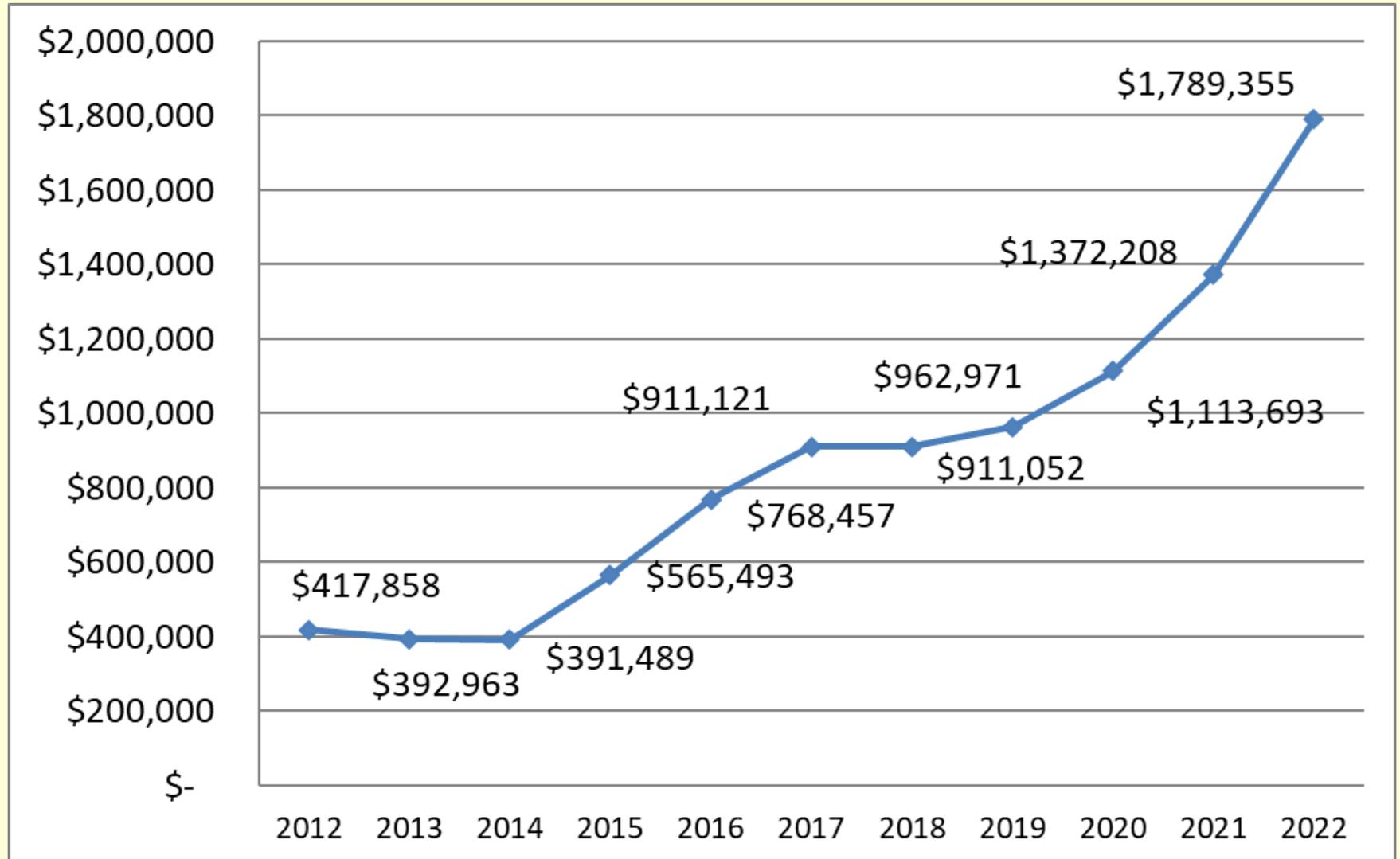
# Unassigned and Restricted Funds

- Auditors have said a combined Unassigned Fund and Restricted Fund balance of about 16% of annual budget is “healthy”
- This savings greatly helps during an unanticipated crisis and when cash flow is needed

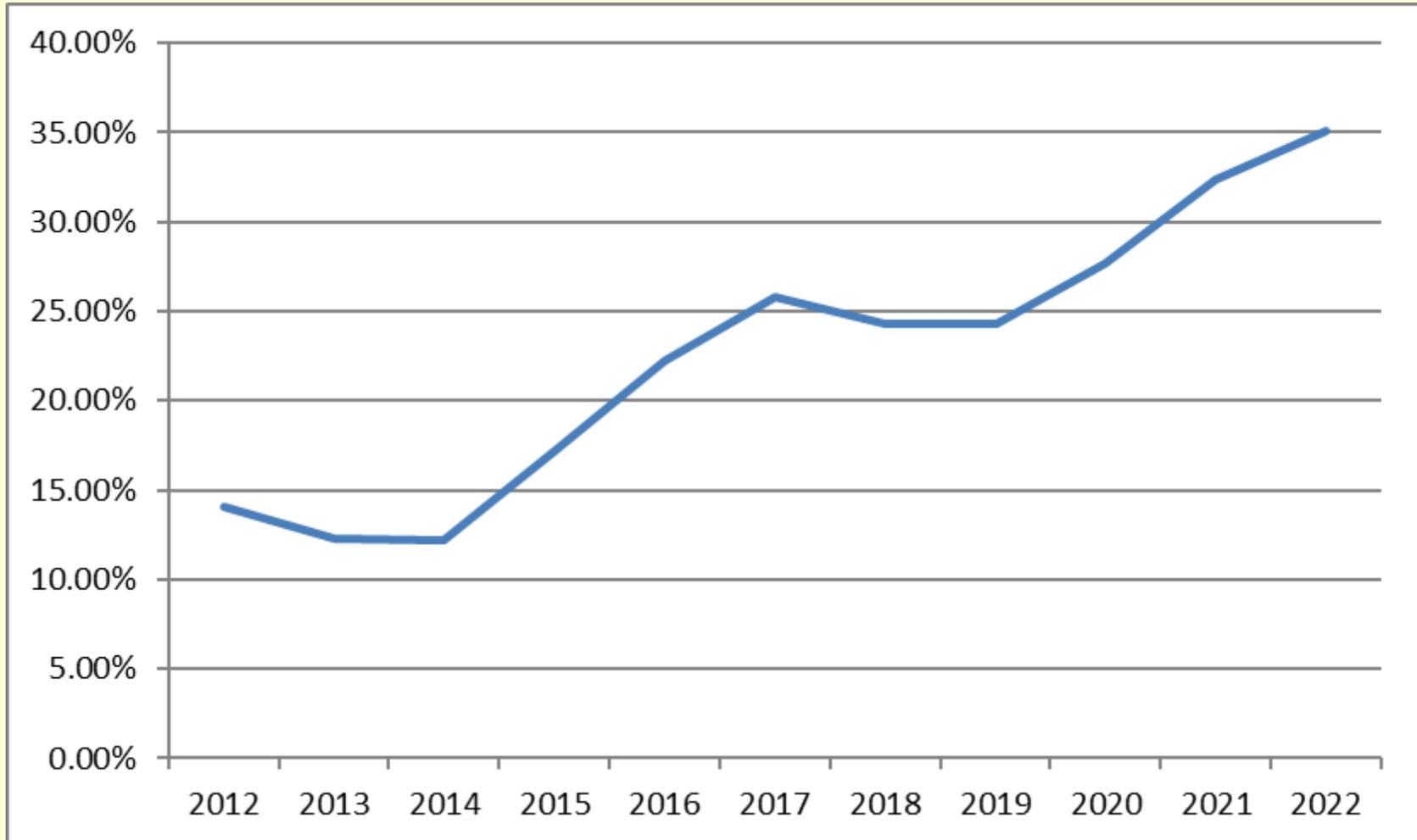
# Unassigned and Restricted Funds

- Fund Balances as of June 30, 2022
  - Unassigned Funds \$848,517
  - Restricted Funds \$940,838
  - Combined Total \$1,789,355
  - Represented 35% of the \$5,096,847 FY23 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 and increases of Unassigned Funds in FY23

Unassigned Funds - General		848,517				
<b>Budgeted</b>						
Compensation Contingency			-50,000			
Grounds Maintenance			-50,180			
Server			-10,000			
Phone System			-10,000			
Legal			-4,000			
General Fund offset			-300,000			
Highway Equipment			-50,750			
<b>Unbudgeted</b>						
Compensation Contingency			-53,000			
Thermal Cameras			-9,000			
Fire Air Compressor			-45,000			
Sub Total		848,517	-581,930			<b>266,587</b>

# Unassigned and Restricted Funds

Projected expenditures and increases of Restricted Funds in FY23:

			FY22	FY23	FY23	FY23
			FY22 Audited	Budgeted & Unbudgeted Approved Uses	Unbudgeted Revenue	Projected Balance for 06/30/23
<b>Restricted - Highway only</b>			940,838			
	<b>Budgeted</b>					
	Compensation Contingency			-30,000		
	Equipment			-415,000		
	<b>Unbudgeted</b>					
	Compensation Contingency			-25,000		
	FEMA 2019 Storm Reimbursement				374,486	
	Sub Total		940,838	-470,000	374,486	<b>845,324</b>

# Unassigned and Restricted Funds

- Projected FY23 year end balances
  - Unassigned Funds \$266,587
  - Restricted Funds \$845,324
  - Projected Combined Total \$1,111,911
  - Projected total is 24.5% of the \$4,530,571 FY24 Budget

# Unassigned and Restricted Funds

- \$500,000 Budgeted use of Restricted Funds in FY24 to offset tax revenue to be raised

# Unassigned and Restricted Funds

- Projected FY24 year end balances after use of \$500,000 in FY24 budget
  - Unassigned Funds \$266,587
  - Restricted Funds \$345,324
  - Projected Combined Total \$611,911
  - Projected total is 13.5% of the \$4,530,571 FY24 Budget

# General Town Debt

Does not include Water System Debt

- 2005 Fire Truck = 2026; \$10,517/yr.
- 2018 Fire Truck = 2026; \$51,681/yr.
- 2019 Dump Truck = 2024; \$24,442/yr.
- 2020 Dump Truck = 2025; \$27,472/yr.
- 2017 Road Grader = 2024; \$30,553/yr.
- Jericho Road = 2032; \$58,961/yr.
- Stormwater ARRA (Millet St.) = 2032; \$7,046/yr.

# Budget by Department

- Changes affecting multiple departments
  - Compensation study called for pay increases to most staff positions.
    - \$50,000 in Unassigned and \$30,000 in Restricted funds were budgeted in the FY23 budget to account for increased compensation
    - The actual increases in FY23 were \$103,000 for non-Highway staff and \$55,000 in Highway.
    - These increases have been carried forward into the FY24 budget including employees moving up one step on the grid and the grid increasing 5% for CPI

# Budget by Department

- Changes affecting multiple departments
  - 10% employee contribution to health insurance

# Budget by Department

- Administration
  - Increased Legal by \$10,000 from \$20,000 to \$30,000
  - Decreased Independent Auditors by \$18,000 from \$28,000 to \$10,000
    - Switched auditing companies
  - Decreased Technology Equipment by \$6,000 from \$12,000 to \$6,000
    - Budgeted to replace server in FY23 with unassigned funds

# Budget by Department

- Assessors
  - Reduced Reappraisal Services by \$64,500 from \$64,500 to \$0
    - Reappraisal will be completed in FY22. The FY22 expense was offset with use of Reappraisal Reserve funds

# Budget by Department

- Police Department
  - FY24 budget does not include the purchase of any police cruisers. This is due to limited use of current fleet due to staffing shortages in the Police Department. This is a reduction of \$99,000 from FY23.

# Budget by Department

- Fire Department
  - Reduction of Brush Truck line by \$200,000 from \$200,000 to \$0. This was budgeted to come from the Fire Department Reserve to go toward the purchase of a brush truck. This is offset by use of the Fire Capital Reserve Fund in FY23. Actual expense will be realized in FY24 due to production delays.

# Budget by Department

- Fire Department
  - Increased Fire Capital Reserve line by \$95,000 from \$55,000 to \$150,000 to save for future truck purchases

# Budget by Department

- Recreation and Trails
  - Reduced Volunteers' Green Parking Lot line by \$5,000 from \$5,000 to \$0. This was for engineering to pave the Volunteers' Green parking lot and the project will be completed in FY23.
  - Added a new line for July 4<sup>th</sup> / Fireworks for a total of \$13,000

# Budget by Department

- Charitable Appropriations
  - Reduced Richmond Rescue by \$19,674 from \$78,012 to \$58,338. Additional call volume from the addition of Hinesburg and St. George has allowed Richmond Rescue to reduce financial reliance on the towns they serve.

# Budget by Department

- Highway
  - Increase of \$12,000 in Diesel Fuel from \$43,000 to \$55,000
  - Increased funding to Crosswalks Illuminated from \$0 in FY23 to \$6,500 in FY24
  - Addition of Traffic Calming Measures line funded at \$10,000

# Budget by Department

- Highway
  - Increase of \$31,000 in Retreatment from \$294,000 to \$325,000
  - Increase of \$20,000 in Stormwater and Sidewalks from \$120,000 to \$140,000

# Budget by Department

- Highway
  - Reduction of \$530,000 in equipment purchases due to purchase of Dump Truck, Bucket Loader, and Excavator in FY23
    - The equipment was purchased with a combination of FY23 tax revenue and restricted funds
  - Increase of \$25,000 in contribution to Highway Capital Reserve Fund from \$25,000 to \$50,000

# Budget by Department

- Highway
  - Increase of \$10,000 in contribution to Guardrail Reserve Fund from \$5,000 to \$15,000
  - Reduction of \$5,000 in contribution to New Sidewalks Reserve Fund from \$30,000 to \$25,000

Questions?

