



FY 2018

Budget Hearing
Presentation

April 25, 2017

Introduction

The Town of Perryville has an important responsibility to its citizens to carefully account for public funds, manage municipal resources wisely, manage growth, and plan the adequate funding of services desired by the public, including the provision and maintenance of public safety and public facilities.

The Town utilizes fund accounting for both budgetary and financial reporting. There are four funds: the General Fund, the Water Fund, the Sewer Fund, and the Forest Conservation Trust Fund.

| <u>Fund:</u> | <u>Amended Budget Fiscal Year 2017**:</u> | <u>Proposed Budget Fiscal Year 2018:</u> | <u>% Change</u> |
|---------------------|--|---|----------------------------|
| General | \$ 10,750,578 | \$ 6,010,083 | -44.1% |
| Water | 1,524,271 | 1,675,617 | 10% |
| Sewer | 2,129,232 | 1,835,907 | -13.8% |
| Forest | 3,932 | 3,932 | 0% |
| TOTALS: | \$ 14,408,013 | \$ 9,525,539 | -34% |

*Please note that all funds represent balanced budgets

** Amended as of March 31, 2017

General Fund

Governmental Fund Type – General Fund

The General Fund is the main operating fund and is used to account for the resources devoted to funding services traditionally associated with local government.

Governmental Fund Expenditures:

In FY 2018, there will be fifteen (15) active categories within the General Fund and their budgets are as follows:

| <i>BUDGET SUMMARY Fiscal Year 2018</i> | | |
|---|------------|------|
| Mayor & Commissioners | \$ 114,606 | 1.9% |
| Administration | 314,570 | 5.2% |
| Finance | 160,541 | 2.7% |
| Accounting & Legal | 54,300 | .9% |
| Planning & Zoning | 311,892 | 5.2% |
| Economic Development | 100,212 | 1.7% |
| General Services | 424,398 | 7.1% |

| | | |
|--------------------|--------------------|-------------|
| Engineer | 38,956 | .6% |
| Police | 2,669,882 | 44.4% |
| Outreach | 180,805 | 3% |
| Public Works | 811,450 | 13.5% |
| Sanitation | 286,172 | 4.8% |
| Parks & Recreation | 260,354 | 4.3% |
| Rodgers Tavern | 61,434 | 1% |
| Debt Services | 220,511 | 3.7% |
| Total | \$6,010,083 | 100% |

For the fiscal year ending June 30, 2018 (FY 2018), expenditures budgeted from governmental activities total \$6,010,083 which Local Impact spending represent approximately 10 % or \$596,840.

The largest expenditures of the general fund are as follows:

- Public Safety which includes Police and Outreach - (47.4%)
- General Government which includes M&C, Admin, Finance, Accounting & Legal, Economic Development, Engineer and General Services – (20.1%).
- Public Works which includes highway, streets and sanitation - (18.3%)
- Parks and Recreations which includes Rodgers Tavern - (5.3%)
- Planning and Zoning - (5.2%)
- Debt - (3.7%)

Some of the recurring General Fund expenses that will be incurred in FY 2018 are as follows:

- Salary and benefits for 43 Town employees (4 P/T) which excludes the eight (8) employees assigned to Water and Sewer Fund
- A cost of living adjustment (COLA) of 1.7%; the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures)
- \$279,022 budgeted for Town trash removal service. FY 2018 is the second year of a 3-year contract with Waste Management for trash and recyclables removal
- Interest of \$5,480 and Principal of \$15,000 on the 2004 Series B infrastructure bond.
- Interest of \$44,254, Bond Fee of \$777 and Principal of \$155,000 on the 2016 Series A infrastructure bond.

In FY 2018, we are continuing to budget for the Local Impact Grant due to the operation of the Hollywood Casino, Perryville. This money is being used for the following purposes:

- Infrastructure Improvements
- Facilities
- Public Safety
- Sanitation
- Economic & Community Development, Including Housing
- Other Public Services and Improvements

In FY 2018, 26 % of the General Fund budget is being used for the following Capital Outlay:

| Town of Perryville – FY 2018 Capital Outlay General | | | | |
|---|--------|----|---------------------------------------|----------------|
| 1500 | Police | GF | Funds for (2) Police Cars | 64,000.00 |
| 1500 | Police | GF | Funds for Police Department | 1,250,000.00 |
| 1500 | Police | GF | Misc Furniture for New Police Station | 7,000.00 |
| 1600 | DPW | GF | F-550 4x4 SD Reg Cab Truck | 65,000.00 |
| 1600 | DPW | GF | Sidewalk & Street Improvements | 160,000.00 |
| 1600 | DPW | GF | Funds for Otsego St. Project | 20,000.00 |
| Total | | | | \$1,566,000.00 |

Governmental Fund Revenues:

The following FY 2018 budget revenue ordinance will be adopted at the Town Meeting on May 2, 2017:

- Set the Real Estate tax rate at \$0.3097 per \$100 of assessable real property which is the same as FY 2017
- Providing for 2% discount upon payment in full of a Town real property bill and on the first semi-annual installment payment in the month of July.
- Set the Homestead property tax credit at 110%.
- Set the Personal Property tax rate of \$0.94 per \$100 of personal property assessment.

Overall, the General Fund has decreased by 44.1% and has a surplus of \$57,751 which is included in the Mayor and Commissioners-Contingency account.

The anticipated budgeted revenue for FY 2018 is approximately \$6,010,083 (or 44.1%) less than the current amended FY 2017 budget. The difference is due mainly to funds that were included in FY 2017 to fund the following projects:

- Lower Ferry Park
- Elm Street Reconstruction
- Police Station (note that the Police Station is construction in progress and this budget still includes \$1,250,000 toward this project)

For the fiscal year ending June 30, 2018 (FY 2018), revenues budgeted from governmental activities total \$6,010,083. Real Property and Personal Property Taxes represent the largest revenue source (50.6%), followed by Reserved Fund Balance revenue (22%) that was dedicated to 2 projects (\$1,250,000 for the PD), the Town's share of the Local Impact Fund (10%), the Town's share of local taxes (primarily income tax) collected by the state (6.7%), the State and County shared revenue (6.4%), and finally Grant revenue (1%). Other miscellaneous revenue makes up the balance (3.3%).

To date, we have received \$9,125,537.13 from the County for our share of the Local Impact Grant funds thru February 28, 2017 and an additional \$70,000 distribution directly from the State of Maryland (per state legislation) once the MGM National Harbor Casino opened for a total received of \$9,195,537.13. The Local Impact funds have been spent according to the categories outlined through legislation.

Proprietary Fund Type – Water and Sewer Enterprise Fund

The Water and the Sewer Fund records revenues and expenses pertaining to the Town's management of the processing of water and solid waste. These funds are intended to be self-sustaining by service charge revenues that are invoiced on a quarterly basis.

Water Fund

In 2014 Resolution 2014-06 was approved by the Mayor and Commissioners allowing the Water and Sewer Rates to be increased by 4% a year for 3 consecutive years. Those rate increases were put into effect, but unfortunately the rate increases were not enough to keep up with the increases in costs, and the Water Fund fell below its minimum Fund Balance. The water fund will be taking a "loan" from the sewer fund of \$600,000 (yet to occur in FY 2017) to increase the unrestricted net position of the water fund, bringing the fund balance above the minimum required level. Payback of that loan begins in 2018 with an initial payment of \$10,000, \$50,000 annually thereafter, and a final payment of \$40,000.

The Board has agreed to have a Water / Sewer Rate Study done in FY 2017. That rate study was done; the consultant reviewed the Town's operating and capital costs in order to develop a financial plan and rates for both the Water and Sewer systems. The water rates will increase 13% in FY 2018, 9% in FY 2019 and FY 2020.

Water Fund Expenditures:

The Water Expenditures budget is as follows:

| <i>BUDGET SUMMARY</i> | | |
|--------------------------------|----|-------------------------|
| <i>Fiscal Year 2018</i> | | |
| Water Operating | \$ | 846,330 50.5% |
| Water Debt Service | | 501,502 30% |
| Water Capital Outlay | | 316,000 18.8% |
| Water Contingency | | 11,785 .7% |
| Total | | \$1,675,617 100% |

For the fiscal year ending June 30, 2018 (FY 2018), expenditures budgeted for the Water Fund total \$1,675,617 which Local Impact spending represent approximately 31% or \$522,218.

Some of the recurring expenses that will be incurred in FY 2018 are as follows:

- Salary and benefits for 3 Town employees and 50% of the WTP/WWTP superintendent and WTP/WWTP operator.
- A cost of living adjustment (COLA) of 1.7%; the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures)
- Interest of \$33,386 and Principal of \$405,550 on the bond issue for the Water Plant Upgrades and annual bond administration fees of \$21,111.
- \$220,000 of the Local Impact funds is requested to pay down the debt for the Water Plant Upgrades.

In FY 2018, 18.9 % of the Water Fund budget is being used for the following Capital Outlay:

| Town of Perryville – FY 2018 Capital Outlay Water | | | | |
|--|-------------|----|-----------------------------------|---------------------|
| 2000 | Water | WF | Replacement membranes for the WTP | 260,000.00 |
| 2100 | Water Dist. | WF | Replace 3 main valves | 16,000.00 |
| 2100 | Water Dist. | WF | Water Meters | 40,000.00 |
| Total | | | | \$316,000.00 |

Water Fund Revenues:

Overall, the Water Fund increased by 10% and has a surplus of \$11,785 which is included in the Water-Contingency account.

The anticipated budgeted revenue for FY 2018 is approximately \$151,346 (or 10%) more than the current amended FY 2017 budget. The difference is due mainly to the Local Impact funds allocated to water, with \$260,000 of that being to replace filtration membranes at the water plant.

For the fiscal year ending June 30, 2018 (FY 2018), revenues budgeted for the Water Fund total \$1,675,617. Water service charges represent the largest revenue source (63%), the Town’s share of the Local Impact fund (31%) and finally rental / lease income (5%). Other miscellaneous revenue makes up the balance (1%).

Sewer Fund

In 2014 Resolution 2014-06 was approved by the Mayor and Commissioners allowing the Water and Sewer Rates to be increased by 4% a year for 3 consecutive years. Those rate increases were put into effect, but unfortunately the rate increases were not enough to keep up with the increases in costs.

The Board has agreed to have a Water / Sewer Rate Study done in FY 2017. That rate study was done; the consultant reviewed the Town’s operating and capital costs in order to develop a financial plan and rates for both the Water and Sewer systems. The sewer rates will increase 8% in FY 2018, 8% in FY 2019 and FY 2020.

Sewer Fund Expenditures:

The Sewer Expenditures budget is as follows:

| <i>BUDGET SUMMARY</i> | | |
|--------------------------------|--------------------|-------------|
| <i>Fiscal Year 2018</i> | | |
| Sewer Operating | \$ 1,246,107 | 68% |
| Sewer Capital Outlay | 30,000 | 1.6% |
| Sewer Debt Service | 416,183 | 22.6% |
| Sewer Contingency | 143,617 | 7.8% |
| Total | \$1,835,907 | 100% |

Note that we anticipate that much of the sewer fund contingency will go back into the unrestricted net position of the sewer fund to replenish some of the Fund Balance that was loaned to the water fund. For the fiscal year ending June 30, 2018 (FY 2018),

expenditures budgeted for the Sewer Fund total \$1,835,907 which Local Impact spending represent approximately 28.7% or \$526,436.

Some of the recurring expenses that will be incurred in FY 2018 are as follows:

- Salary and benefits for 4 Town employees and 50% of the WTP/WWTP superintendent and WTP/WWTP operator.
- A cost of living adjustment (COLA) of 1.7%; the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures)
- Interest of \$42,558 and Principal of \$306,500 for the BNR/ENR Waste Water Plant Upgrades and annual bond administration fees of \$16,526.
- \$265,000 of the Local Impact funds is requested to pay down the debt for the Waste Water Plant Upgrades.

In FY 2018, only 1.6% of the Sewer Fund budget is being used for the following Capital Outlay:

| Town of Perryville – FY 2018 Capital Outlay Sewer | | | | |
|---|-------|----|--|-------------|
| 3000 | Sewer | SF | Installation of fabric filters at the WWTP | 30,000.00 |
| Total | | | | \$30,000.00 |

Sewer Fund Revenues:

Overall, the Sewer Fund decreased by 13.8% and has a surplus of \$143,617 (which is included in the Sewer-Contingency account).

The anticipated budgeted revenue for FY 2018 is approximately \$293,325 (or 13.8%) less than the current amended FY 2017 budget. The difference is due mainly to the Local Impact funds allocated to sewer which in the prior year included almost \$500,000 for the replacement of the belt filter press.

For the fiscal year ending June 30, 2018 (FY 2018), revenues budgeted for the Sewer Fund total \$1,835,907. The Sewer service charges represent the largest revenue source (43.4%), followed by the Town’s share of the Local Impact fund (28.7%), and the VA sewer revenue (21%). Other miscellaneous revenue makes up the balance (6.9%).

Forest Conservation Fund

Fiduciary Fund Type- An expendable trust fund, the activity in this fund is limited to the receipt, temporary investment, and remittance of resources related to a forest

conservation program. The current balance in this fund is \$3,932. \$4,635 was spent in FY 2012 to plant trees near the Public Works facility.

Save the Date:

The FY 2018 Budget is scheduled to be adopted at the Tuesday, May 2nd town meeting.