

**Finance Department
2022 Public Budget Hearing Minutes
April 15, 2021**

ATTENDANCE:

Mayor:	Robert Ashby
Commissioners:	Robert Taylor
	Tim Snelling
	Michelle Linkey
	Christina Aldridge
Asst. Town Administrator:	Cathy McCardell
Finance Director:	Debbie Laubach
Sr. Accounting Clerk:	Deb Gilbert (recording minutes).

REMOTE PUBLIC ATTENDANCE: no public attendance

Hearing called to order at 6:30 p.m.

Mayor Ashby:

- Called to order the 2022 Public Budget Hearing
- Requested approval of the 2022 Public Budget Hearing Agenda
 - Commissioner Taylor made motion, Commissioner Aldridge seconded.

2022 Budget Hearing Presentation:

- Finance Director Debbie Laubach gave a review statement of the budget presentation
- Finance Director Debbie Laubach presented the 2022 Budget to the board and the public.
 - ***FY22 Budget Presentation (see attached)***
 - ***FY22 Budget Summary Report***

**Town of Perryville
FY 2022 Budget Summary
Revenues and Expenditures**

RE Tax Rate	Fiscal Year 2021:		Fiscal Year 2022
	.3597/100 Original As of 07/01/2020	.3597/100 Amended As of 03/17/2021	.3597/100 Original As of 04/02/2021
Fund:			
General	\$ 5,133,020	\$ 5,244,694	\$ 5,535,511
Water	1,728,020	1,728,020	1,623,823
Sewer	9,628,569	9,651,569	9,397,767
Forest	3,932	3,932	3,932
TOTALS:	\$ 16,493,541	\$ 16,628,215	\$ 16,561,033

FY22:	Revenue	Expenditures	Surplus (Deficit)	Notes
General	\$ 5,535,511	\$ 5,535,511	\$ -	Surplus recorded in Mayor and Commissioners Contingency
Water	\$ 1,623,823	1,623,823	-	Surplus recorded in the Water Contingency
Sewer	\$ 9,397,767	9,397,767	-	Surplus recorded in the Sewer Contingency
Forest	3,932	3,932	-	Water Sewer
TOTALS:	\$ 16,561,033	\$ 16,561,033	\$ -	

- Mayor and Commissioners had open discussion on the FY22 Budget that was presented:
 - Commissioner Linkey questioned for clarification the contingency for the three funds:
 - Mayor & Commissioners- \$42,897.00
 - Water- \$12,398.00
 - Sewer- \$14,120.00
 - Commissioners Linkey and Aldridge made statement that the Town saves residents money by not charging for trash services and that its an extra perk for residents.

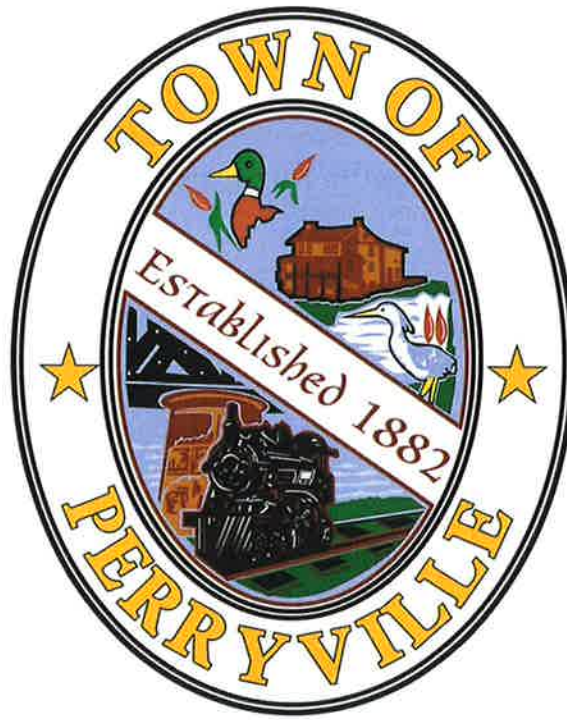
Public Input

- Mayor Ashby welcomed input and discussion from the public
 - Since there were no public attendees, no public input was made.

Adjournment

- Commissioner Taylor made a motion to adjourn the FY22 Public Hearing and to go into a Special Meeting to introduce Resolution 2021-03- Local Impact and to introduce Ordinance 2021-05- Fiscal Year 2022 Budget, Tax Rates and Fiscal Plan and Commission Aldridge seconded.
- Hearing Adjourned at 6:56pm

NOTE: The Board will vote on the Constant Yield and FY 22 Budget at the May 4, 2021 Town Hall Meeting.



FY 2022

Budget Hearing Presentation

April 15, 2021

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 six funds: the General Fund, the Water Fund, the Sewer Fund, the Forest Conservation Trust Fund, the Capital Projects Fund and the Local Impact Fund. The Capital Projects Funds is budgeted whenever outside debt is to be incurred in a project. As there is no anticipation of new debt in FY22, this Fund was not budgeted. Local Impact Revenue and Expenditures are currently incorporated in the budgets of the General, Water & Sewer Funds and are not shown separately.

	<u>Amended Budget</u>	<u>Proposed</u>	
	<u>Fiscal Year</u>	<u>Budget</u>	
	<u>2021**:</u>	<u>Fiscal Year</u>	<u>%</u>
<u>Fund:</u>		<u>2022:</u>	<u>Change</u>
General	\$5,243,148	\$5,535,511	5.58%
Water	1,728,021	1,623,823	-6.03%
Sewer	9,651,569	9,397,768	-2.63%
Forest	3,932	3,932	0.00%
TOTALS:	\$16,626,670	\$16,561,034	-.39%

*Please note that all funds represent balanced budgets

** Amended as of April 12, 2021.

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 2022, there will be fifteen (15) active categories within the General Fund and their budgets are as follows:

BUDGET SUMMARY

<i>Fiscal Year 2022</i>		
Mayor & Commissioners	\$ 117,264	2.1%
Administration	345,549	6.2%
Finance	179,848	3.2%
Accounting & Legal	53,235	1.0%
Planning & Zoning	281,963	5.1%
Economic Development	76,132	1.4%
General Services	682,015	12.3%
Engineer	40,661	.7%
Police	1,658,408	30.0%
Outreach	248,283	4.5%
Public Works	957,219	17.3%
Sanitation	311,500	5.6%
Parks & Recreation	269,962	4.9%
Rodgers Tavern	91,484	1.7%
Debt Services	221,988	4.0 %
Total	\$5,535,511	100%

For the fiscal year ending June 30, 2022 (FY 2022), expenditures budgeted from governmental activities total \$5,535,511 of which Local Impact spending represent approximately only 17.3 % or \$957,000.

The largest expenditures of the general fund are as follows:

- Public Safety which includes Police and Outreach - (34.5%)
- General Government which includes M&C, Admin, Finance, Accounting & Legal, Economic Development, Engineer – (14.6%).
- General Government-General Services (12.3%)
- Public Works which includes highway, streets and sanitation - (22.9%)
- Parks and Recreations which includes Rodgers Tavern (6.6%)
- Planning and Zoning - (5.1%)
- Debt - (4.0%)

Some of the recurring General Fund expenses that will be incurred in FY 2022 are as follows:

- Salary and benefits for 45 Town employees (4 P/T) which excludes the eight (8) employees assigned to Water and Sewer Fund
- A salary adjustment-allocation to be determined by department heads based on merit - according to the recently implemented salary procedures. Additional salary increases awarded to licensed employees.

- \$311,500 budgeted for Town trash removal service. The Town entered into a three-year contract in FY2021 with Trash Tech for trash and recyclables removal.
- Interest of \$2,784 and Principal of \$20,000 on the 2004 Series B infrastructure bond. (Roads and Sidewalks)
- Interest of \$38,426, Bond Fee of \$778 and Principal of \$160,000 on the 2016 Series A infrastructure bond. (Police Dept.)

In FY 2022, 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

Further detail of the Local Impact budget as amended is appended to this presentation.

In FY 2022, 8.6 % of the General Fund budget is being used for the following Capital Outlay:

Town of Perryville – FY 2022 Capital Outlay General				
1500	Police	GF	2 Digital Speed Sign	8,000.00
1500	Police	GF	Leasing for (7) Police Vehicles	87,237.00
1600	DPW	GF	Leasing of 4 H/D Utility Trucks and Van	45,072.00
1600	DPW	GF	Sidewalk & Street Improvements	181,204.00
1600	DPW	GF	Mini-Excavator and 2 Salt Spreaders	64,000.00
1700	Parks	GF	Outdoor Exercise Equip	10,000.00
Total:				\$395,513.00

Governmental Fund Revenues:

The following FY 2022 budget revenue ordinance will be adopted at the Town Meeting on May 4, 2021:

- Set the Real Estate tax rate at \$0.3597 per \$100 of assessable real property with no increase of the rate over FY21.
- 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 increased by 5.58% over the current FY21 budget as amended. and includes a balance of \$42,897 in the Mayor and Commissioners-Contingency account.

The anticipated budgeted revenue for FY 2022 is \$5,535,511. This is approximately 5.56% more than the current amended FY 2021 budget. Normal inflation along with expenditures for replacement of several of the Town's aging vehicles account for this slight increase.

For the fiscal year ending June 30, 2022 (FY 2022), revenues budgeted from governmental activities total \$5,535,511. Real Property and Personal Property Taxes represent the largest revenue source (58.4%), followed by the Town's share of Local Impact Taxes (17.2%), the Town's share of local taxes collected by the state (8.6%), the Town's share of the State and County shared revenue (8.5%), Loan repayment from Sewer Fund (1.9%), and Grant revenue (1.5%). Other miscellaneous revenue makes up the balance (3.9%).

To date, we have received \$13,911,839. from the County for our share of the Local Impact Grant funds thru January 31, 2021 payouts and an additional \$350,000 distribution directly from the State of Maryland (per state legislation) once the MGM National Harbor Casino had opened for a total received of \$14,261,839. 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 took a “loan” from the sewer fund of \$600,000 to increase the unrestricted net position of the water fund, bringing the fund balance above the minimum required level. Payback of that loan began in 2018 with an initial payment of \$10,000. At the end of FY18, the Mayor and Commissioners decided to forgive the remaining loan balance and convert it into a capital investment. This was done with the approval of the Town’s auditors.

The Board had 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 increased 13% in FY 2018, 9% in FY 2019 and was further increased 9% in FY 2020.

The Town is currently having a new Water/Sewer Rate Study done. At this time, no additional rate increase has been budgeted.

Water Fund Expenditures:

The Water Expenditures budget is as follows:

<i>BUDGET SUMMARY</i>		
<i>Fiscal Year 2022</i>		
Water Operating	\$ 904,006	55.7%
Water Debt Service	497,419	30.6%
Water Capital Outlay	210,000	13.0%
Water Contingency	12,398	.7%
Total	1,623,823	100%

For the fiscal year ending June 30, 2022 (FY 2022), expenditures budgeted for the Water Fund total \$1,623,823 of which Local Impact spending represents approximately only 3% or \$43,961. In FY20, the Water Fund appropriated \$2,600,000 as a Loan to the Sewer Fund to help finance the sewer expansion improvements budgeted in for that year. The project was pushed back to start in late FY21. In the interim Water and Sewer Connection Fees were renegotiated with the Great Wolf Lodge reducing the amount of Loan required from the Water Fund to help finance the project. Anticipated loan repayments from the Sewer Fund for this loan are budgeted revenue in FY22.

Some of the recurring expenses that will be incurred in FY 2022 are as follows:

- Salary and benefits for 3 Town employees and 50% of the WTP/WWTP superintendent and 2 WTP/WWTP operators.

- A salary increase (allocation to be determined by department head based on merit - according to the recently implemented salary procedures) and increases for licenses.
- Interest of \$26,858 and Principal of \$412,078 on the bond issue for the Water Plant Upgrades and annual bond administration fees of \$21,111.
- Interest of \$1,871 and Principal of \$35,500 on the bond issue, DHCD 02A-8. This loan will be paid off in FY22.

In FY 2022, 12.9 % of the Water Fund budget is being used for the following Capital Outlay:

Town of Perryville – FY 2022 Capital Outlay Water				
2000	Water	WF	Reserve to Paint Water Towers	50,000.00
2000	Water	WF	Reserve to Replace Membranes	85,000.00
2100	Water Dist.	WF	Replace Meters for AMR Process	60,000.00
2100	Water Dist.	WF	Replace Water main valves	15,000.00
Total				\$210,000.00

Overall, the Water Fund decreased by 6.03% which includes a balance of \$12,398 in the Water-Contingency account.

Water Fund Revenues:

The anticipated budgeted revenue for FY 2022 is \$1,623,823 (or 6.03%) less than the current amended FY 2021 budget. The decrease is mainly a result of a lower percentage of the Local Impact Funds being allocated to the Water Fund

For the fiscal year ending June 30, 2022 (FY 2022), revenues budgeted for the Water Fund total \$1,623,823. Water service charges represent the largest revenue source (71.4%), Water Connection Charges for new housing units (9.5%), the loan repayment from the Sewer Dept. (8.0%) and finally rental / lease income (7.8%). Other miscellaneous revenue makes up the balance (3.3%).

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 had 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 increased 8% in FY 2018, 8% in FY 2019 and were further increased 8% in FY 2020.

The Town is currently having a new Water/Sewer Rate Study done. At this time, no additional rate increase has been budgeted.

Sewer Fund Expenditures:

The Sewer Expenditures budget is as follows:

<i>BUDGET SUMMARY</i>		
<i>Fiscal Year 2022</i>		
Sewer Operating	1,351,166	14.4%
Sewer Capital Outlay	7,379,656	78.5%
Sewer Debt Service	652,826	7.0%
Sewer Contingency	14,120	.1%
Total	9,397,768	100%

For the fiscal year ending June 30, 2022 (FY 2022), expenditures budgeted for the Sewer Fund total \$9,397,768, of which Local Impact spending only represented approximately 4.51% or \$424,039.

Some of the recurring expenses that will be incurred in FY 2022 are as follows:

- Salary and benefits for 2 Town employees and 50% of the WTP/WWTP superintendent and 2 WTP/WWTP operators.
- A salary adjustment (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures) and increases for licenses.
- Interest of \$28,848 and Principal of \$320,120 for the BNR/ENR Waste Water Plant Upgrades and annual bond administration fees of \$16,526.
- Interest of \$6,296 and Principal of \$44,302 for the FMHA 1984 Bonds.
- Loan repayment to the General Fund of \$106,644, all principal-no interest.
- Loan repayment to the Water Fund of \$130,000, all principal-no interest

- \$100,000 of the Local Impact funds is requested to pay down the debt for the Waste Water Plant Upgrades.

In FY 2022, 78.4% of the Sewer Fund budget is being used for the following Capital Outlay:

Town of Perryville – FY 2022 Capital Outlay Sewer				
3000	Sewer	SF	Denitrification System Improvement	727,725
3100	WP Stations	SF	Expansion Sewer Line- future develop	6,644,211
Total				\$7,371,936

Sewer Fund Revenues:

Overall, the Sewer Fund decreased by 2.63%. The Budget includes \$14,120 which is included in the Sewer-Contingency account.

The anticipated budgeted revenue for FY 2022 is approximately \$9,397,768. This is 2.63% less than the current amended FY 2021 budget. The revenue included \$6,644,211 for the Sewer expansion project of Chesapeake Outlook. These funds were rolled over from FY21. In addition, the Town received a \$1,000,000 grant in FY20 from Maryland for improvements to its denitrification process. The Town received \$272,300 of this grant in FY20 and FY21. The balance of \$727,700 is being budgeted as FY22 Revenue.

For the fiscal year ending June 30, 2022 (FY 2022), revenues budgeted for the Sewer Fund total \$9,397,768. The largest revenue source was from a “Decrease to Retained Earnings” of \$6,644,211 (70.7%). Service charges represent \$925,000 (9.8%) of the total revenue, Grants make up \$787,707, (8.4%), The VA sewer revenue is \$425,000, (4.5%), Local Impact Taxes are \$424,039 (4.5%) of the revenues. Other miscellaneous revenue makes up the balance (2.1%).

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 2022 Budget is scheduled to be adopted at the Tuesday, May 4th town meeting.

