

Notes on the Fiscal Year 2018 Budget for the Village of Martin's Additions
Arthur Alexander, Treasurer
March 16, 2017

Fiscal year 2018 for the Village of Martin's Additions begins July 1, 2017. The Village charter requires that a budget be approved by May 15, which authorizes Village expenditures over the following year. At this Council meeting and over the period until May 15, we want to give residents an opportunity to review the budget, discuss changes from last year, and generate response.

Revenues: The current fiscal year saw an unexpected increase of our revenues from the Village share of residents' state income taxes. We had originally planned for \$600,000; the actual amount will be closer to \$820,000. Discussions with state officials indicate that part of this jump was idiosyncratic, but that much of it represents the state's and Village's improved economic situation. Consequently, we have planned on an increase to \$700,000, an amount based on prudent optimism. Since this source represents 70% of our total income, it places our fiscal situation on solid ground.

The next largest source, at about 17%, is the property tax. Every year, the state calculates a so-called constant-yield tax rate based on property value forecasts. This rate maintains total revenues at the same amount from year to year but, given the various assumptions, the actual rate would rise a small amount. The Council recommends maintaining the current rate, which should keep the Village portion of your property tax at close to last year's level. Residents may recall that the property tax rate was raised in calendar year 2010 to make up for the shortfall arising from the great recession. We plan to hold the rate at this higher level until we complete our two main capital projects of road repaving and new streetlights. At that time, perhaps next year, we could contemplate lowering the rates to the former low level.

In the current year budget (FY2017), we did not include compensation from utility companies to repair the Village streets that were torn up to install new water, sewer, and gas lines. The reimbursement process requires that projects be completed in order to assess damages and repairs. With the completion of several projects, we received \$288,000 from these sources and are likely to collect additional payments next year; however, since the timing and amounts are unpredictable, they are not included in the forecasts.

Excluding such payments from utility companies, we are projecting FY2018 income to be roughly 10% less than actually received in the current year, for a total of \$959,000.

Expenditures: We project several items to incur greater outlays compared to the current period.

- As part of our review of sidewalks in the northern part of the Village, analysis of traffic and roads will require greater use of our traffic engineer.
- For many years, we have included plans to renew the furnishings of the Village office, but have made few acquisitions. Last year, we purchased a new table to seat the Council during meetings. We are now planning to purchase desks, chairs, and other office equipment to replace items that are falling apart.
- Preconstruction meetings between residents and builders will be required under a new ordinance. These will necessitate the attendance of our building review contractor, entailing greater budgetary outlays.
- The Village's Internet site management has been transferred to a new company, which requires additional investment and maintenance costs. Much of the added expense will occur in the current fiscal year, but some will continue into the future.
- In the coming year, we will add autumn curbside leaf vacuuming to the regular bagged pickups to test the concept and evaluate the costs.
- The large capital project of street renewal is in process; however, continuing work by utilities replacing the underlying infrastructure is proceeding as well, making completion of the street work unpredictable.
- Streetlight replacement will begin in the spring. Funds reserved for this project should cover the bulk of the costs, although it may be necessary to draw from our unallocated reserves.
- Operating expenditures will rise 10% to \$741,500, allowing some \$200,000 to be added to the reserve accounts for future capital spending or other contingencies.

Overall, the Village's finances are in good order with unallocated reserves equaling 150% of annual spending to cover emergencies.