

Town of Warsaw

Budget Presentation
Fiscal Year 2021

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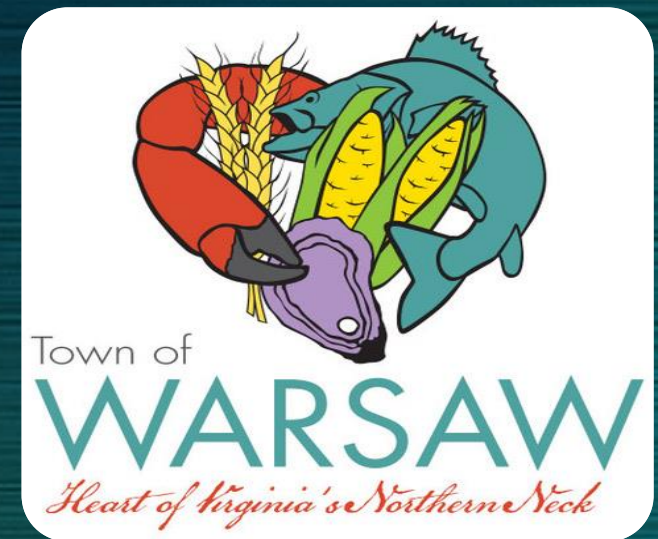


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Fiscal Year 2021 – Proposed Budget

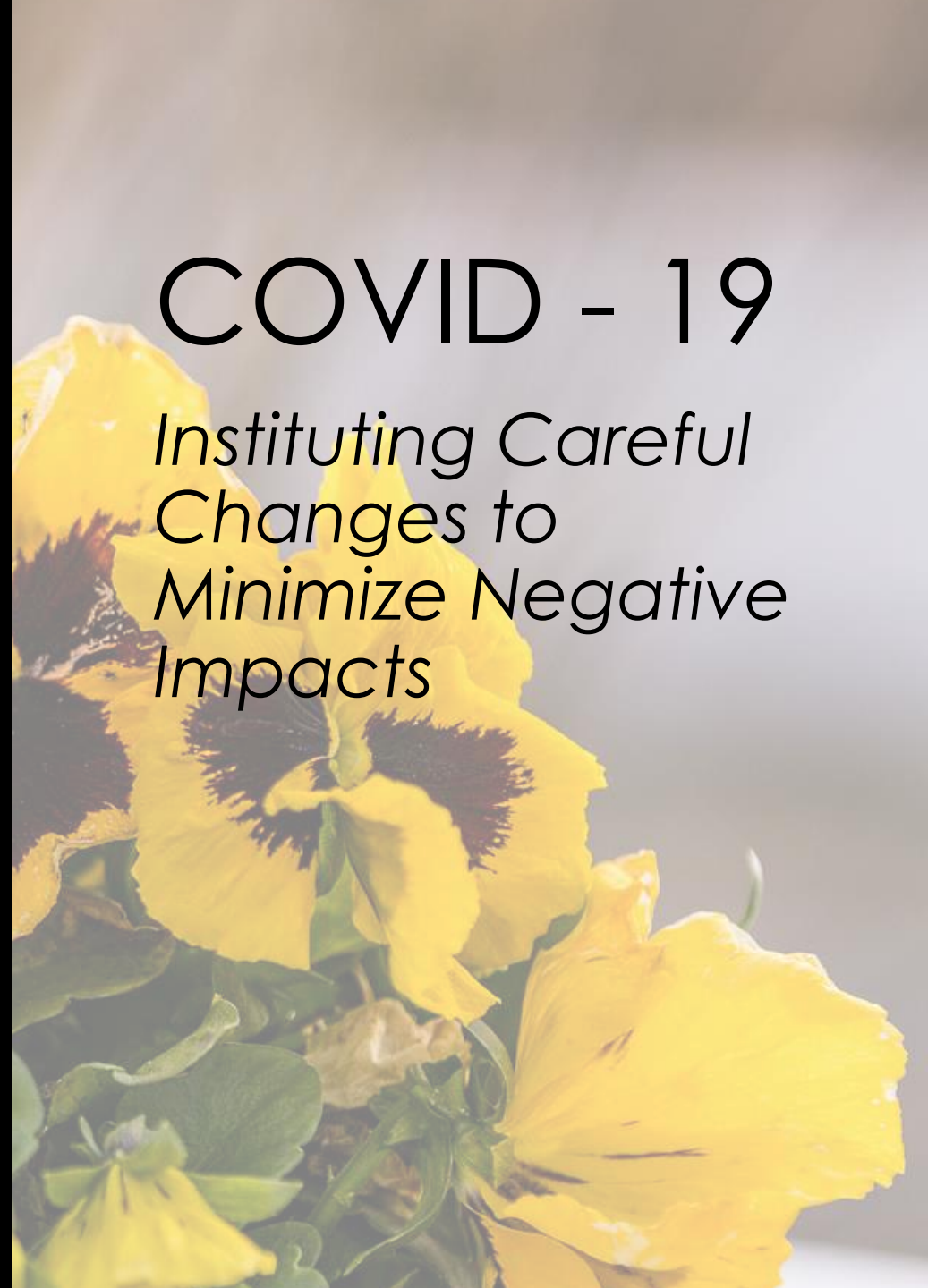
- The proposed FY 2021 Budget totals \$3,202,818 – This reflects the General Fund, Water, and Wastewater Budgets.
- This is a large decrease from last year's budget, partly from the cessation of project and construction activity, along with necessary cuts to the budget due to potential COVID-19 shortfalls.
- During the presentation, please feel free to ask questions and request discussion concerning amendments.



- Although budget preparation was well underway during the earlier part of the year, Town staff deferred a final draft until fiscal impacts from COVID-19 could be seen.
- The proposed budget now includes nearly \$100,000 in cuts, offsetting for potential losses.
- Employee raises (proposed at 2%) have now been reduced to 1%.
- Capital Improvements and Expenditures have been cut from the General Fund Budget, and mostly cut from the Water and Wastewater Funds.
- Taxes rates are set to maintain the same levels as the previous fiscal year.

COVID - 19

*Instituting Careful
Changes to
Minimize Negative
Impacts*

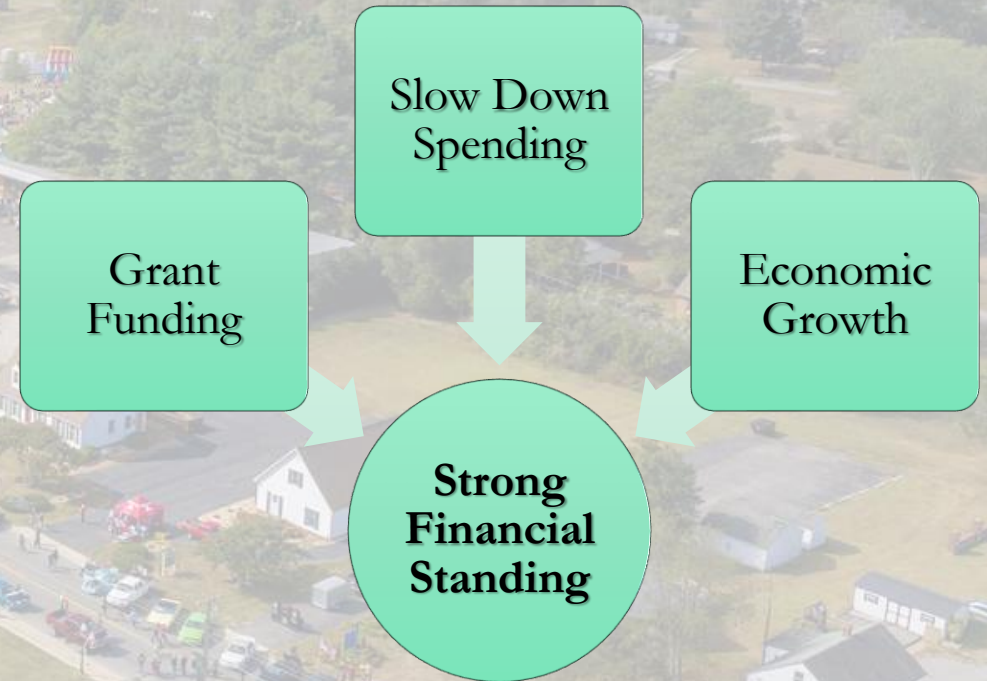


What does the Town fund?

- **Police** – Staff, Vehicles, Equipment, Building Expenses
- **Wastewater** – Staff, Vehicles, Equipment, Testing, Potential Upgrades or Repairs
- **Public Service** – Staff, Vehicles, Garbage Truck & Collection, Beautification
- **Water** – Staff, Vehicles, Equipment, Testing, Potential Upgrades or Repairs
- **Administration** – Staff, Vehicles, I.T., Budget Preparation, Legal, Day to Day Operations
- **Economic Development** – Incentives, Attracting and Retaining Businesses
- **Tourism** – Advertising, Billboards, Gear and Apparel, N.N. Tourism
- **Parks and Recreation** – Town Park, Dog Park, and the Bounds
- **Revitalization Efforts** – Town-wide Improvements and Upgrades
- **Charities and Organizations** – Main Street, Chamber, Fire Department, etc.

Core Objectives for Continued Strength

- Continue to pursue grant funding opportunities for future projects
- Slow down spending over the next 2-3 fiscal years
- Work with Department Heads to understand their budgets and monitor spending
- Pursue an aggressive economic development strategy to attract new businesses



How do we achieve these objectives?

- With many of our large-scale projects coming to completion, spending needs to slow and cash reserves need to be replenished to previous levels.
- The unforeseen outbreak of COVID-19 has placed the Town in a difficult financial situation. Banking on future successes from our investments in economic development, collection of meals tax and other revenue sources will decrease rather than increase.
- The current proposed budget freezes most capital projects and large purchases, reduces raises, places a freeze on hiring, and cuts revenue forecasts by approximately \$100,000.
- With these conservative measures, we anticipate our reserve balance to maintain current levels. If the economy recovers within the fiscal year, revenue collections will exponentially increase, partially replenishing reserves.

Our Budget Process

Capital Improvement Plan

- Serves as an outline for large-scale capital expenditures.
- Department Heads submit requests and answer questions asked by the Planning Commission and Council.
- This serves as a PLAN. No expenditures are guaranteed to occur if we are unable to pay for them within the general operating budget.

General Operating Budget

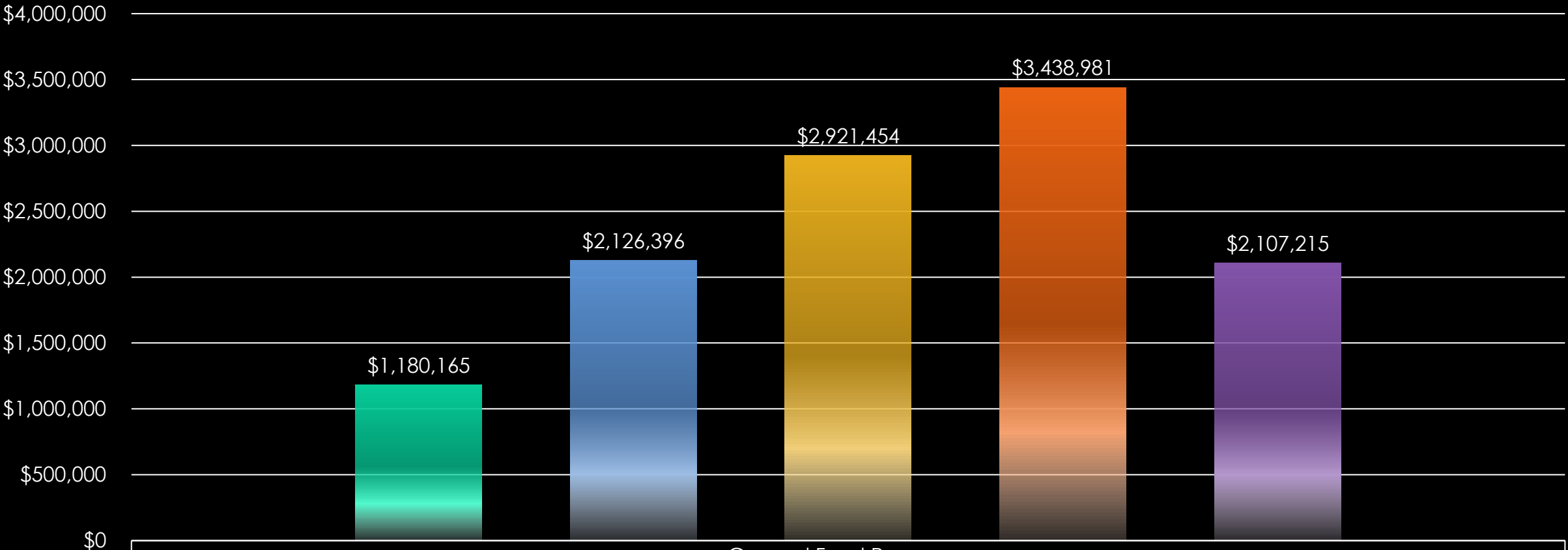
- This serves as the Town's operating budget for the next fiscal year (July 1 – June 30).
- Budget must be balanced and needs to include contributions to capital reserves.
- Two funds are featured in the budget: General Funds (Tax Revenue) and Enterprise Funds (Fees from Services).
- Council works through the Budget, holds a Public Hearing, and is allowed to adopt the Budget 14 days subsequent to the Public Hearing.

- This budget proposes no new tax increases.
- New debt obligations will be incurred due to the purchase of a new Garbage Truck for approximately \$200,000. This is mostly funded through a USDA loan of \$175,000 with a 5-year term. Annual payments are estimated at \$37,501.
- Our current General Fund account is low (~\$250,000). However, grant reimbursements and other collections will place the fund balance back to around \$600,000-700,000. This amount does not reflect our healthy cash reserves.
- Proposed salary increase of 1% for all full-time Town Staff, cut from an original amount of 2%. Health insurance rates increased by \$456 per person per year. The rates had not increased for 2 consecutive years prior to this increase.
- Meals Tax forecasted revenues have been decreased by \$37,000 from the previous fiscal year. With two (2) new restaurants on the way, we hope this amount will far exceed our estimations.
- All General Fund Debt Service obligations total \$97,011 annually, or 6% of our proposed operating budget (excluding grant funded projects). This includes police vehicles, the Gannon redevelopment, and the new garbage truck.
- With our budget reduction of approximately \$100,000, we cut the annual budget by approximately 6.2% in preparation for potential shortfalls.



Your Budget at a Glance

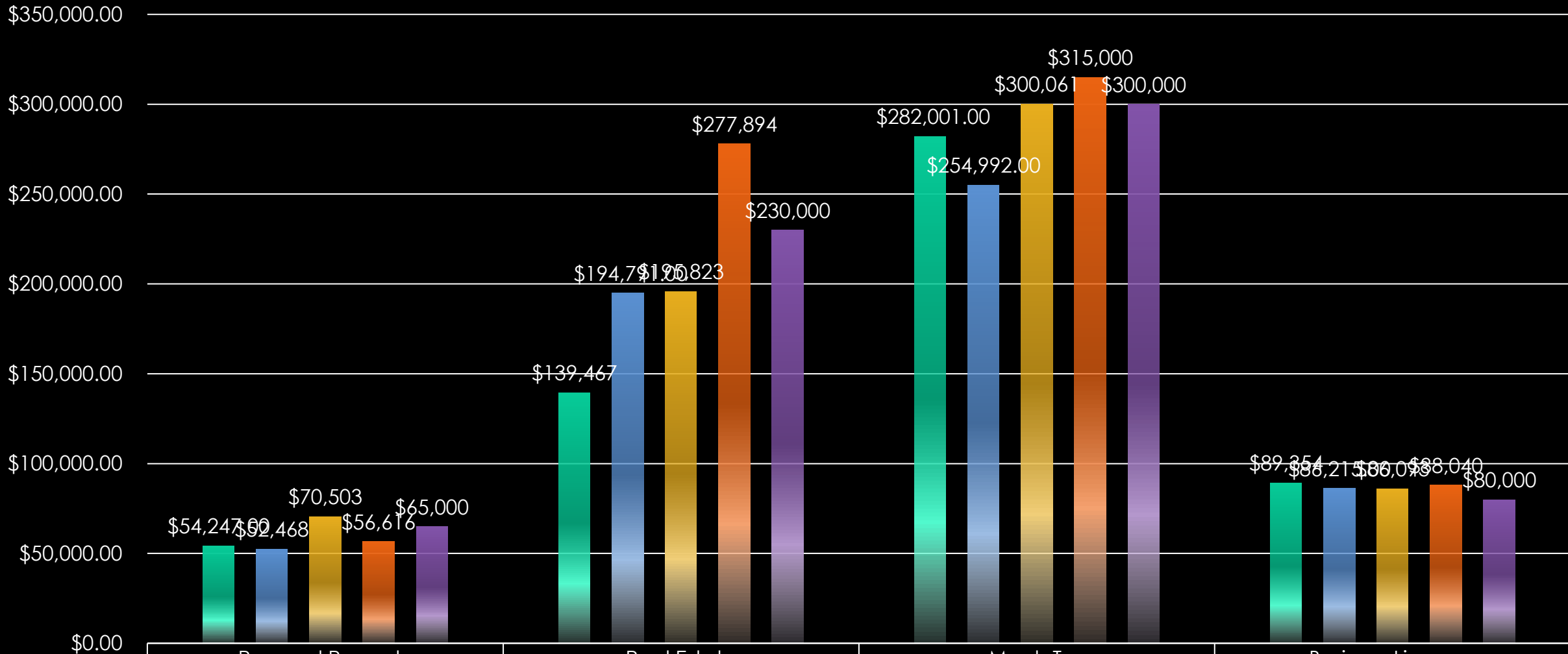
General Fund Budget - Trends



General Fund Revenues	
FY 2017	\$1,180,165
FY 2018	\$2,126,396
FY 2019	\$2,921,454
FY 2020	\$3,438,981
FY 2021 (Proposed)	\$2,107,215

FY 2017 FY 2018 FY 2019 FY 2020 FY 2021 (Proposed)

Anticipated Revenue Trends By Source



	Personal Property	Real Estate	Meals Tax	Business Licenses
FY 2017	\$54,247.00	\$139,467	\$282,001.00	\$89,354
FY 2018	\$52,468	\$194,791.00	\$254,992.00	\$86,215.00
FY 2019	\$70,503	\$195,823	\$300,061	\$86,093
FY 2020 (Forecasted)	\$56,616	\$277,894	\$315,000	\$88,040
FY 2021 (Budgeted)	\$65,000	\$230,000	\$300,000	\$80,000

Budget Breakdown by Department

- The **General Fund Operating Budget** consists of all Departments except Water and Wastewater (*Enterprise Funds*).
- The General Fund Operating Budget is funded predominantly through real estate, personal property, and excise taxes (Real Estate, Personal Property, Meals, etc.).

Department	Department Budget	% of Total Operating Budget
Administration	\$468,505	22.2%
Police	\$374,961	17.8%
Public Service	\$484,109	23%
Contributions	\$43,900	2.1%
Debt Service	\$97,011	4.6%
Capital Outlays	\$638,729	30.3%
Total Budget	\$2,107,215	100%

Enterprise Funds – Water and Wastewater

Enterprise Funds are collected through recurring monthly payments by Town customers. These include your water, sewer and garbage bills.

Capital Outlay Items included in the Wastewater Budget Include:

\$27,000 – *Truck Purchase*

\$32,000 – *Jetter*

\$4,285 – *Polymer Feed System*

Wastewater	
Operating Budget	\$392, 912
Capital Expense	\$119,388
Debt Service	\$249,200
Total	\$761,500

Water	
Operating Budget	\$334,103
Capital Expense	\$0
Debt Service	\$0
Total	\$334,103

FY 2020 Budget VS. Proposed FY 2021 Budget

Department	2020	2021	Over/(Under) Previous Year
Administration	\$504,045	\$468,505	(\$35,540) <i>7.1% Decrease</i>
Police	\$428,377	\$374,961	(\$53,416) <i>12.5% Decrease</i>
Public Service	\$244,176	\$484,109	\$239,933 <i>98% Increase</i>
Water	\$472,840	\$334,103	(\$138,737) <i>29.3% Decrease</i>
Wastewater	\$749,570	\$761,500	\$11,930 <i>1.6% Increase</i>
<u>TOTAL BUDGET</u>	<u>\$4,824,691</u>	<u>\$3,202,818</u>	<u>\$1,621,873</u> <u>33.7% Decrease</u>

Warsaw's Cash Reserves Remain Strong

- Common practice within larger Virginia localities is to maintain a cash reserve balance that equals at least 20% of annual operating expenses.
- Smaller towns, with smaller budgets and large expenditures, should maintain a minimum reserve balance of 50% of operating expenses.
- Warsaw's designated and undesignated cash reserves amount to the nearly \$4,000,000, or 125% of our annual operating budget for this upcoming year.
- This is a decrease of over \$400,000 from the preceding fiscal year; however, this is due to incentives, construction, and engineering work.
- These one-time expenses are not recurring, nor are they budgeted for next year. Due to our proposed fiscal conservatism, we anticipate adding at least \$100,000 - \$150,000 back to cash reserves in this budget.



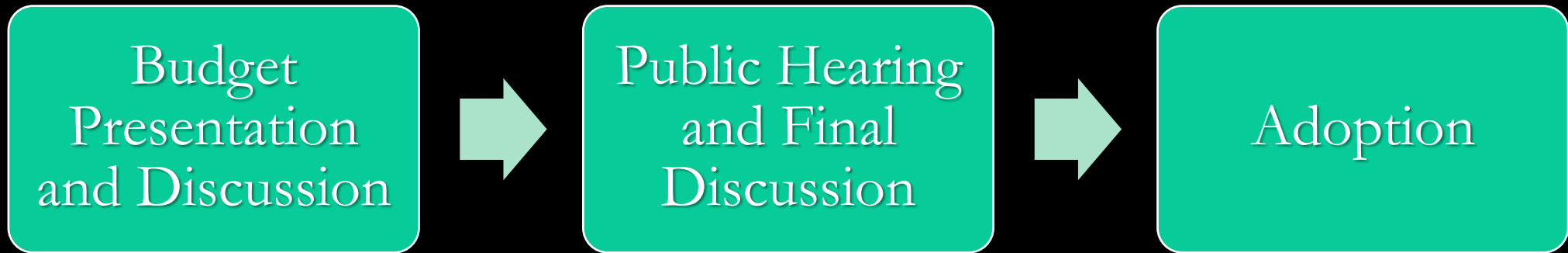
Capital Improvement Plan

A yellow excavator is shown in the process of demolishing a multi-story building. The excavator's arm is extended, and it is tearing down the structure. Debris is visible in the foreground. The background shows a clear sky and some distant structures.

Items to be funded in this Fiscal Year include the following:

The only items to be funded this year have been referenced in the Wastewater Budget portion of the presentation.

Moving Forward



Questions?

