

Town of Warsaw

Budget Presentation
Fiscal Year 2023

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Town Manager

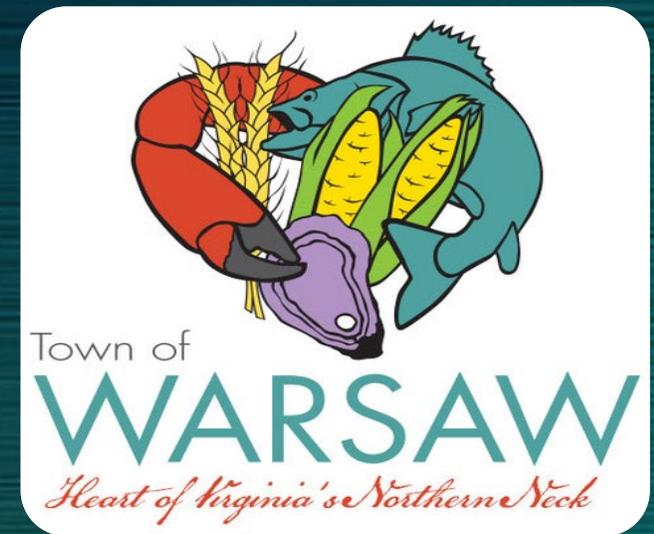


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Fiscal Year 2023 – Proposed Budget

- The proposed FY 2023 Budget totals \$4,286,123 – This reflects the General Fund, Water, and Wastewater Budgets (*Enterprise Funds*).
- This is a large increase from last year's budget, reflecting both awarded and projected grant funds for various projects, such as the Industrial Revitalization Fund (IRF), the Community Market (USDA), etc., as well as increased revenues from the lowest periods of the COVID-19 virus.
- During the presentation, please feel free to ask questions and request discussion concerning amendments.



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 Program, Chamber, Fire Department, etc.

- The American Rescue Act was passed in 2021 and designated funding to state and local governments for infrastructure upgrades and to offset the impacts of COVID-19.
- The Town of Warsaw was allocated \$1,541,750 in funds.
- These funds have been designated by Town Council for the following uses: VDOT Sidewalk Project, Well Replacement, Remote Water Meter Reading System, Community Market, and other projects.
- To date, \$353,009.74 has been expended. All funds must be used and/or in use by 2024.

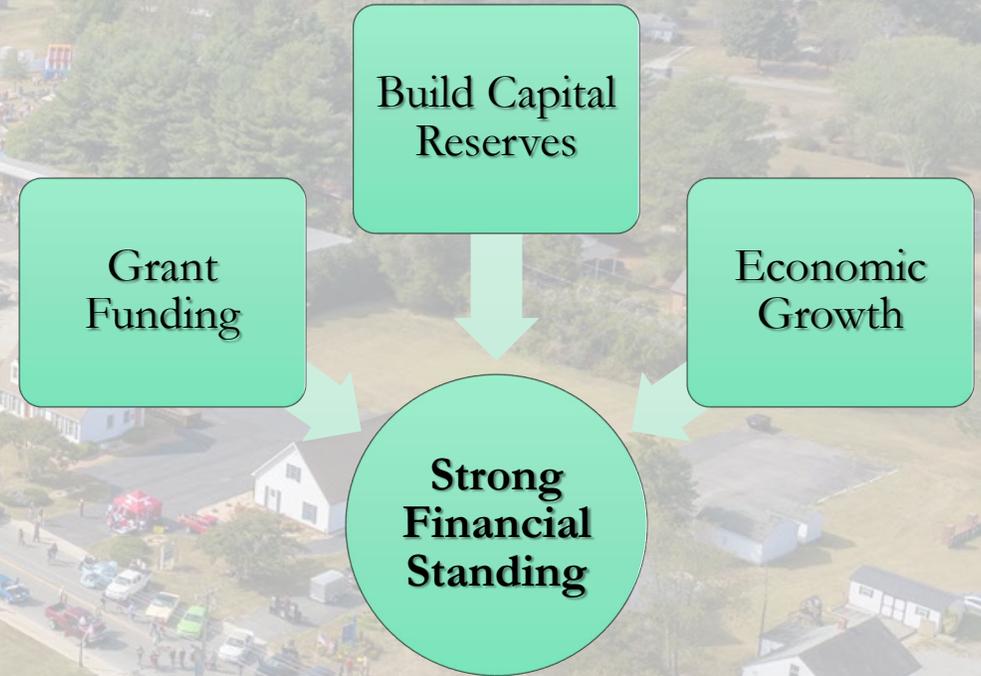
ARPA

American Rescue Plan Act Funding



Core Objectives for Continued Strength

- Continue to pursue grant funding opportunities for current or future projects.
- Build Capital Reserves through reduced spending and increased revenue collections.
- Work with Department Heads to understand their budgets and monitor spending.
- Continue to pursue an aggressive economic development strategy to attract new businesses and new income.



How do we achieve these objectives?

- **With many of our large-scale projects coming to completion, and with all new or proposed projects being funded largely by grant funds, a renewed focus continues to be placed on building Capital Reserves.**
- **The unforeseen outbreak of COVID-19 placed the Town in a difficult financial situation for the current fiscal year. Although General Fund Revenues have largely rebounded, revenue losses have had a negative impact on our ability to build capital Reserves. The upcoming fiscal year is forecasted to increase reserves by \$64,413, helping to offset a loss of apr. \$130,000 from the current fiscal year.**
- **The proposed budget freezes all capital improvement projects within the General Fund, and only allows for the purchase of a replacement vehicle within the Enterprise Fund budget. All large projects/purchases currently underway fall within ARPA funding. In tandem with this, it includes the aforementioned \$64,413 infusion of capital into General Fund Reserves.**
- **With these conservative measures, we anticipate our reserve balance to either maintain current levels or slightly increase within FY23.**

Our Budget Process

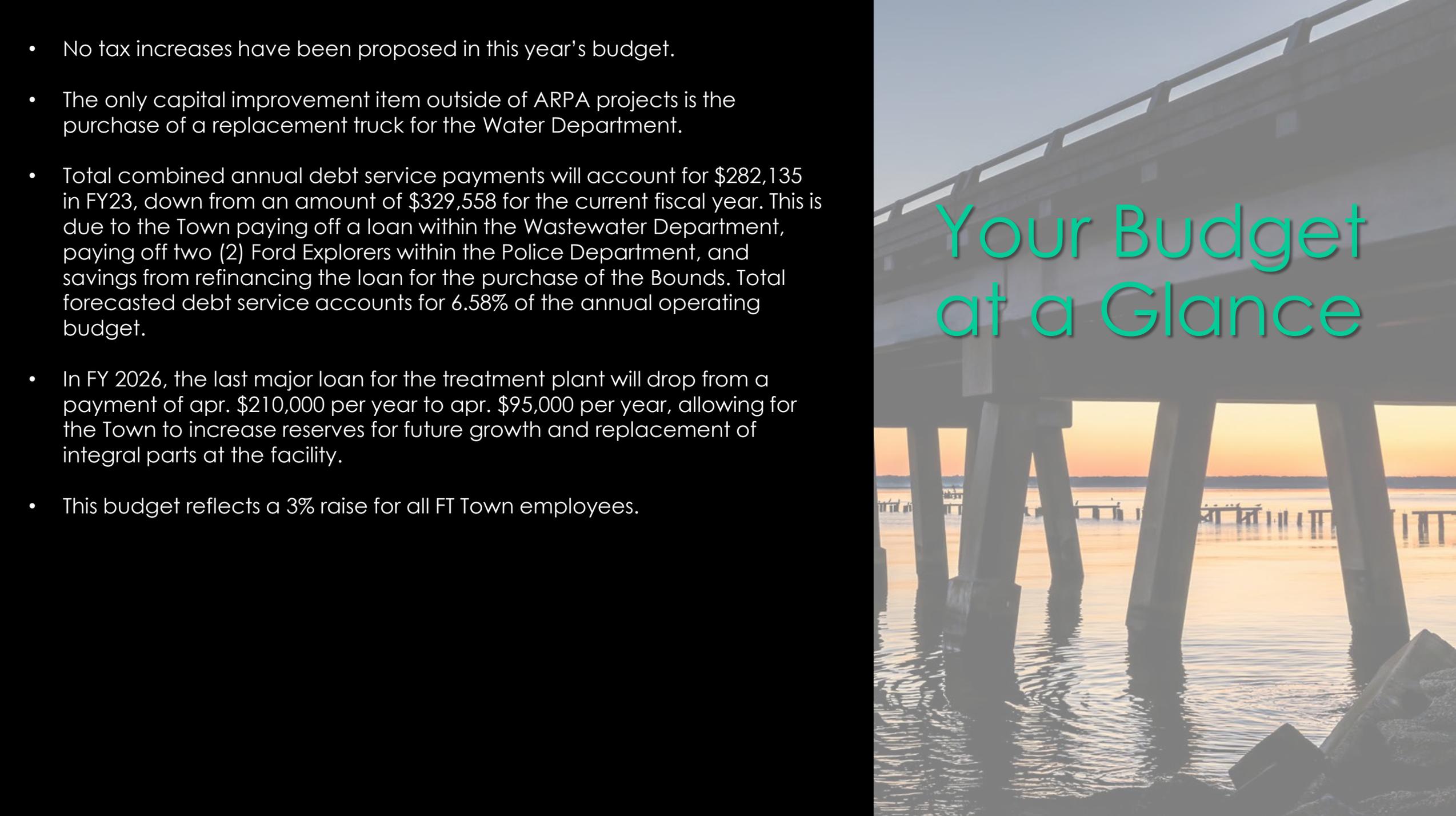
Capital Improvement Plan

- 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

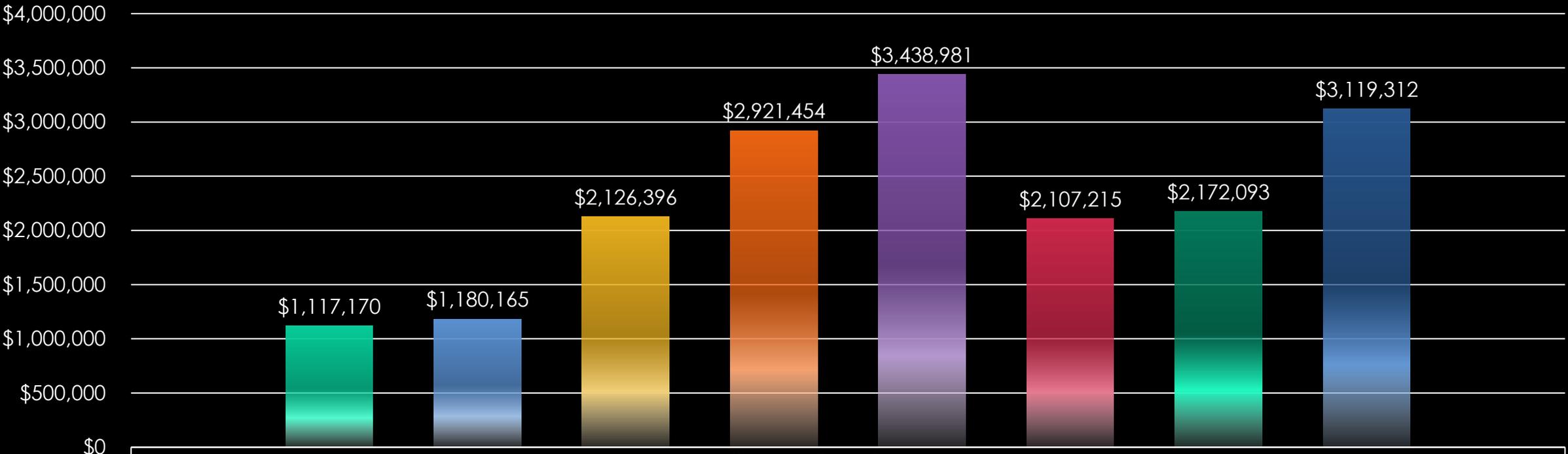
- This serves as the Town's operating budget for the next fiscal year (July 1 – June 30).
- Budget must be balanced and needs to include contributions to capital reserves.
- Two funds are featured in the budget: General Funds (Tax Revenue) and Enterprise Funds (Fees from Services).
- Council works through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

- No tax increases have been proposed in this year's budget.
- The only capital improvement item outside of ARPA projects is the purchase of a replacement truck for the Water Department.
- Total combined annual debt service payments will account for \$282,135 in FY23, down from an amount of \$329,558 for the current fiscal year. This is due to the Town paying off a loan within the Wastewater Department, paying off two (2) Ford Explorers within the Police Department, and savings from refinancing the loan for the purchase of the Bounds. Total forecasted debt service accounts for 6.58% of the annual operating budget.
- In FY 2026, the last major loan for the treatment plant will drop from a payment of apr. \$210,000 per year to apr. \$95,000 per year, allowing for the Town to increase reserves for future growth and replacement of integral parts at the facility.
- This budget reflects a 3% raise for all FT Town employees.



Your Budget at a Glance

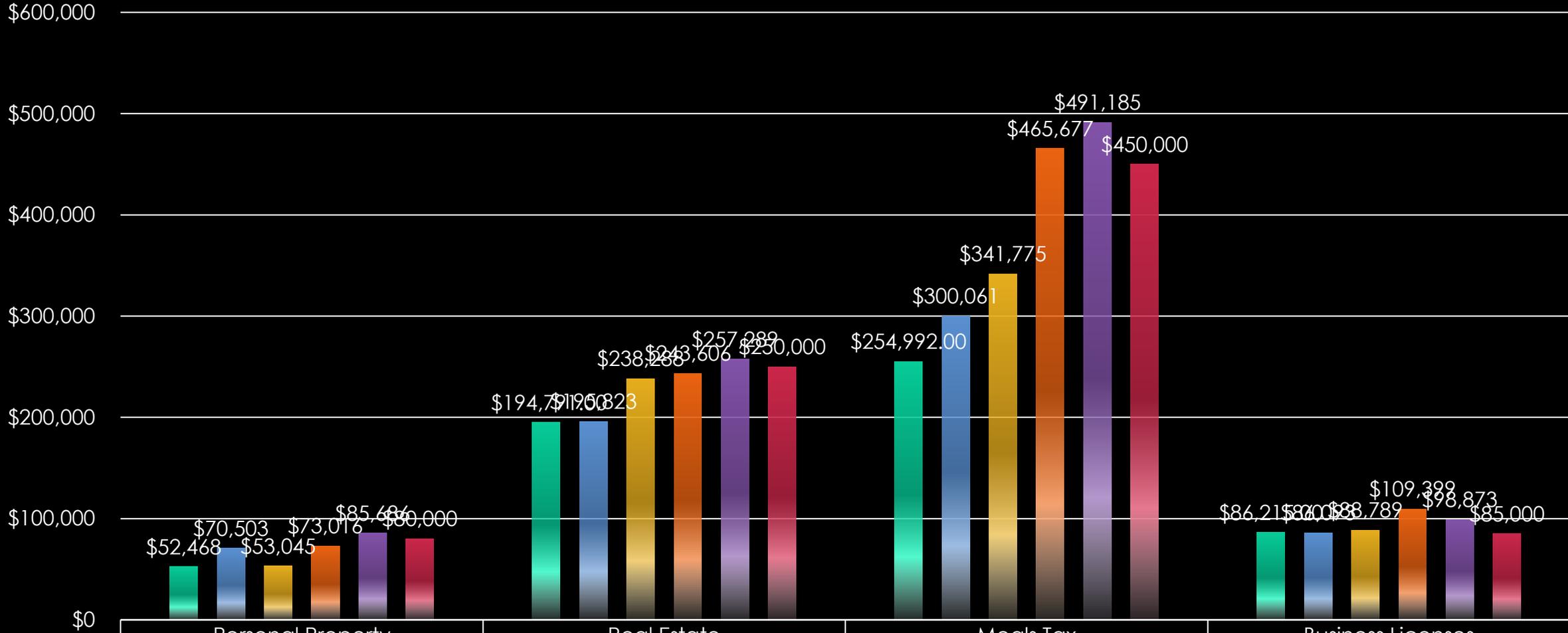
General Fund Budget - Trends



General Fund Revenues	
FY 2016	\$1,117,170
FY 2017	\$1,180,165
FY 2018	\$2,126,396
FY 2019	\$2,921,454
FY 2020	\$3,438,981
FY 2021	\$2,107,215
FY 2022	\$2,172,093
FY 2023 (Proposed)	\$3,119,312

■ FY 2016
 ■ FY 2017
 ■ FY 2018
 ■ FY 2019
 ■ FY 2020
 ■ FY 2021
 ■ FY 2022
 ■ FY 2023 (Proposed)

Anticipated Revenue Trends By Source



	Personal Property	Real Estate	Meals Tax	Business Licenses
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	\$53,045	\$238,288	\$341,775	\$88,789
FY 2021	\$73,016	\$243,606	\$465,677	\$109,399
FY 2022 (Anticipated)	\$85,686	\$257,289	\$491,185	\$98,873
FY 2023 (Proposed)	\$80,000	\$250,000	\$450,000	\$85,000

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.

Department	Department Budget	% of Total Operating Budget
Administration	\$565,011	18.27%
Police	\$396,312	12.81%
Public Service	\$395,427	12.78%
Contributions	\$47,200	1.52%
Debt Service	\$73,485	2.37%
Capital Outlays (<i>Non-ARPA \$64,413</i>)	\$835,288	27.01%
Grants	\$806,770	26.08%
Total Budget	\$3,092,493	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 – The Water Department will purchase a replacement vehicle.

Wastewater	
Operating Budget	\$529,739
Capital Expense <i>(Transfer)</i>	\$72,261
Debt Service	\$208,650
Total	\$810,650

Water	
Operating Budget	\$356,161
Capital Expense	\$0
Debt Service	\$0
Total	\$356,161

FY 2022 Budget VS. Proposed FY 2023 Budget

Department	2022	2023	Over/(Under) Previous Year
Administration	\$469,615	\$565,011	\$95,396 <i>(20.3% Increase)</i>
Police	\$395,612	\$396,312	\$700 <i>(.17% Increase)</i>
Public Service	\$338,710	\$395,427	\$56,717 <i>(16.74% Increase)</i>
Water	\$295,886	\$356,161	\$60,275 <i>(20.37% Increase)</i>
Wastewater	\$700,643	\$810,650	\$110,007 <i>(15.7% Increase)</i>
TOTAL BUDGET	\$3,327,829	\$4,286,123	\$958,296 <i>(28.79% Increase)</i>

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 apr. \$2,633,290, or 62.7% of our annual operating budget for this upcoming year.
- Cash Reserves - \$2,633,290
- Capital Assets - \$4,600,000



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, with debris and dust visible. The background shows a clear sky and some distant structures.

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

Due to declining revenues in the Enterprise Fund, no capital improvements have been budgeted in this fiscal year.

Moving Forward



Questions?

