

Discussion of Fiscal Year 2022 Budget for the Village of Martin's Additions
Arthur Alexander, Treasurer
March 18, 2021

Fiscal year (FY) 2022 for the Village of Martin's Additions begins July 1, 2021. The Village charter requires that a budget be approved by May 15 authorizing Village expenditures over the following year. At this Council meeting and through May when the final budget will be adopted, we offer residents an opportunity to review the proposals, discuss changes, and generate an informed response. Overall, changes to estimated revenues and expenditures are minor, including consolidating or splitting some accounts.

Revenues: The Village share of residents' state income taxes is the largest source of Village revenues, 80% of total projected revenues. The nationwide pandemic-caused recession has not harmed the overall revenues of Maryland, Montgomery county, or the Village. Based on the tax and income information we have received so far, we are projecting the same revenue from this source for the coming year as for the current one. Nevertheless, if there is an unexpected revenue decline, we have a reserve account designed to cover more than a year's expenditures. Over the longer run, we would have to consider selectively cutting expenditures and raising the Village property tax, now the lowest in the state at .005 per hundred dollars of assessed value (\$50 on a house assessed at \$1 million). For FY2022, Village property tax rates will remain unchanged.

One possible new development is the funding available to state and local governments under the recently enacted American Rescue Plan Act. The amounts are uncertain at the moment, but could be substantial. However, these funds must be spent on functions in which the Village typically does not engage, for example child care support, broadband connectivity, or vaccine deployment. We shall await more detailed guidance.

Expenditures: Several items in the FY 2022 budget will be below FY 2021 levels reflecting the ending of larger projects. For example, the geographic information system (GIS) data that records property lines and similar data has been largely completed; spending henceforth will be for maintenance. One-time projects to upgrade the information system and financial procedures are complete. A review of the Village's cyber security has also been completed; improved procedures were implemented. We should now be immune to the kinds of attacks mounted against several municipalities in Maryland and around the country, which have had their systems corrupted or held up by ransom-ware attacks.

Expected income exceeds planned spending by \$36,700 for FY 2022.

Reserves: Our auditors recommend that we formally set aside reserves to cover ordinary expenses in case of an unplanned loss of revenues such as we experienced during the last recession. Consequently, we have introduced a "rainy day" fund of \$1,000,000, equal to approximately 120% of planned annual spending (not including capital expenditures). In addition, we have set aside specified reserves amounting to \$1,500,000 to cover the capital costs of future street paving, improvements to enhance residents' pedestrian experience, and other future capital needs.

	FY2021 (amended)	FY2022 (proposed)	Change
Revenues			
4010 · Permit Fees	12,000	12,000	0
4020 · Cable TV Franchise Fees	12,500	11,000	-1,500
4040 · County Revenue Sharing	26,800	26,800	0
4050 · Highway Users Fees	30,000	30,000	0
4060 · Income Tax	650,000	650,000	0
4080 · Personal Property Tax	4,500	4,500	0
4090 · Real Property Tax	15,000	15,000	0
4095 · Utility Property Tax	15,000	15,000	0
4100 · Holiday Fund	9,000	9,000	0
4110 · Interest	40,000	20,000	-20,000
Total Revenue	814,800	793,300	-21,500
Expenditures			
5010 · Office Expenses	12,000	12,000	0
5025 · Office Furniture & Equipment	2,000	2,000	0
5030 · Insurance	8,000	8,000	0
5040 · Printing & Mailing	5,000	4,500	-500
5050 · Dues & Subscriptions/Conference	10,000	10,000	0
5055 · Storage Rental	4,500	4,500	0
5060 · Office Lease	32,000	32,000	0
5065 · Telephone	3,000	3,000	0
5071 · Website	0	2,050	2,050
5070 · IT - Other	16,000	16,000	0
5080 · Holiday Fund	9,000	9,000	0
5110 · Managerial & Office Salaries	111,200	115,000	3,800
5120 · Payroll Taxes & Benefits	16,000	16,500	500
5130 · Police salaries	41,802	41,802	0
5135 · Police Payroll taxes	3,198	3,262	64
5206 · Audit - Financial Process	0	5,680	5,680
5210 · Accounting & Auditing	17,000	17,000	0
5222 · Building Review & Permits	50,000	50,000	0
5224 · Enforcement & Oversight	18,000	18,000	0
5226 · Municipal Operations	18,000	18,000	0
5230 · Legal	55,000	55,000	0
5244 · Traffic Engineering	7,000	10,000	3,000
5247 · GIS Update	10,000	5,000	-5,000
5310 · Street Lighting - PEPCO	3,000	4,800	1,800
5322 · Street Cleaning - Fall/Spring	35,000	35,000	0
5324 · Street Maintenance - Other	7,500	7,500	0
5351 · Snow Removal - Plowing	30,000	30,000	0
5410 · Waste Collection & Recycling	130,000	130,000	0
5420 · Leaf Bags	8,000	8,000	0
5425 · Recycling Bins	1,000	1,000	0
5510 · Tree Maintenance	30,000	30,000	0
5516 · Tree Planting Initiatives Prog.	7,000	7,000	0
5518 · Right-of-Way Landscaping	18,247	10,000	-8,247
5521 · Community Events (Elections)	0	5,000	5,000
5520 · Community Events - Other	35,000	30,000	-5,000
Total current expenses	753,447	756,594	3,147
Net (revenues – current expenses)	61,353	36,706	
Designated Reserves			
5805 · Walkability	500,000	500,000	0
5810 · Streets	500,000	500,000	0
5814 · Other Capital Projects	500,000	500,000	0
5820 · Auditor Recommended Reserve	1,000,000	1,000,000	0
Total Reserves	2,500,000	2,500,000	0