

**Village of Martin's Additions
Financial Report for April 2021
Arthur Alexander, Treasurer
May 13, 2021**

The Village charter requires that an annual meeting of residents be held each year before May 15 that includes “a proposed budget for the following year, and notice of any proposed change in the tax rate.” The budget for Fiscal year 2022 beginning July 1 was introduced at the March meeting and will be adopted today; the property tax rates remain unchanged. The proposed budget (below) is similar to the current year’s, with only minor adjustments. However, since residents have suggested several additions or reductions from the proposed budget, I want to consider the broader circumstances of the Village’s budget situation.

To set the stage, the Village of Martin’s Additions is among the richest municipalities in the nation, with an average household income of \$385,000; in this area, only Chevy Chase Village, the Town of Chevy Chase, and Somerset are somewhat more affluent. One implication is that the Village’s 17% share of the state income tax paid by residents (three-quarters of total revenues) is both high and variable, fluctuating with financial markets and the fate of a few individual taxpayers who account for significant portions of the tax base.

These fluctuations hit home a decade ago when revenues collapsed in the wake of the great financial recession. Since then, the Village’s budgetary stance has been frugal, paring services and keeping a sharp eye on costs. However, in recent years, revenues have crept back to and beyond previous levels and the Village has run a surplus, accumulating sufficient funds to finance future capital investments (roads, sidewalks, lights) and to put aside an emergency fund for a possible future revenue decline.

In light of this evolving situation, residents have suggested such service improvements as Village-wide compost collection, increased police patrols, sidewalk snow shoveling, more frequent recycling collection, and more parties. At the same time, other residents have requested rebates of excess funds to residents.

The proposed budget maintains the frugal stance; nevertheless, we will be seeking residents’ views for changes. In the annual survey, please take a moment to consider service improvements, additions, or deletions. And at future town hall meetings, we look forward to your thoughtful views on our budgetary policy and specific program ideas. We can make considered changes to the budget throughout the year and in future plans.

April 2021

	<u>Actual</u>	<u>Budgeted</u>
Revenues	\$ 573,780	683,467
Expenses (excluding capital projects)	618,081	636,335
Net Income (revenues minus expenses)	-44,300	47,132
Capital investment expenses	\$ 43,830	
Investment reserves (less expenditures)	1,456,170	
Emergency reserves	1,000,000	

Current assets less designated reserves: \$ 606,556

During April 2021, we transferred \$55,000, as planned, from the Village's savings account in the Maryland Local Government Investment Pool (MLGIP) to the checking account to cover projected expenses. We expect to transfer the same amount in May 2021.

Proposed Fiscal Year 2022 Budget, Village of Martin's Additions

	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