

City of Trenton 2023 Operating Budget

*PERSONNEL BUDGET SUBJECT TO CHANGE DUE TO
COLLECTIVE BARGAINING AND INSURANCE RATE

Municipal Budgets



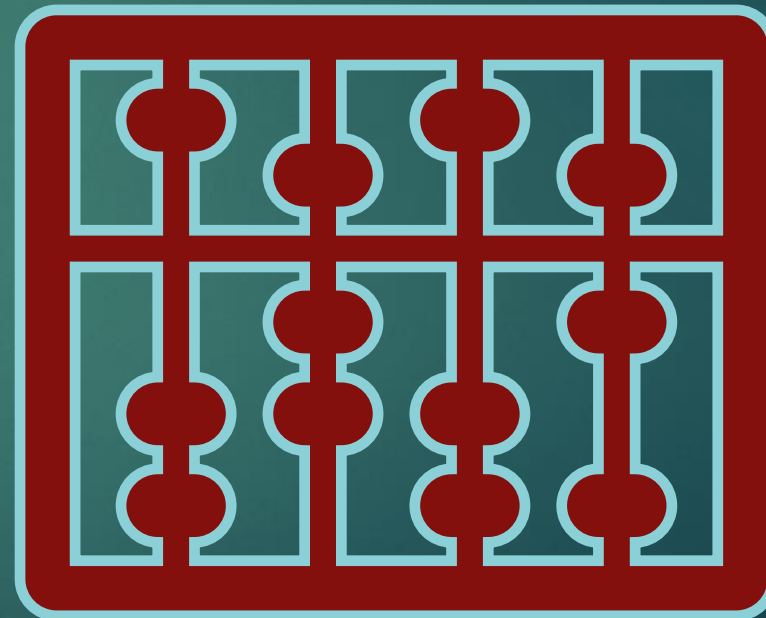
Guideline of spending and estimate of revenues for the calendar year



Policy document to show the City's priorities and projects

Fund Accounting

- ▶ The City has 42 different funds where various revenues are deposited
- ▶ Each fund has limited uses, set by law.
- ▶ Trenton's major Fund categories are:
 - ▶ Water
 - ▶ Sewer
 - ▶ Streets
 - ▶ Police Levy
 - ▶ Fire Levy
 - ▶ General



Budget Approval Process



Staff drafts budget for each fund by line-item expenditures



Management reviews with department heads and presents to committees of council



Revised budget is presented to Council at-large for approval by fund and expense category



Budget is entered into accounting software serves as the city's plan of spending for the next year

Budget Policies

Funds must end the year within their fund reserve balance policy

The City Budget must balance – that is, revenues must be equal to or greater than recurring expenditures in each operating fund

Non-recurring project expenses in excess of revenues may be charged to capital reserve balances

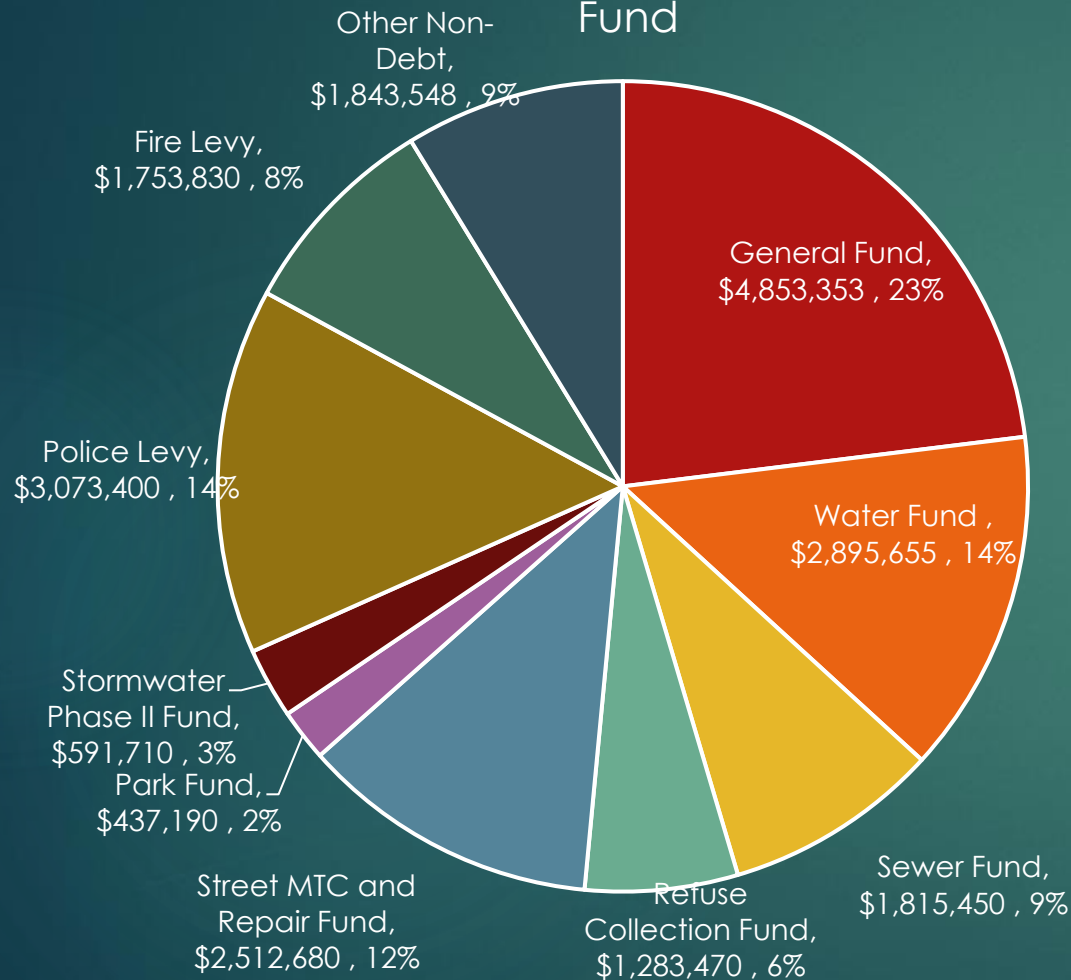
Any unbudgeted expense each year must be approved by Council

Signed ordinance must be provided to County Auditor, along with supplemental budgets throughout the year

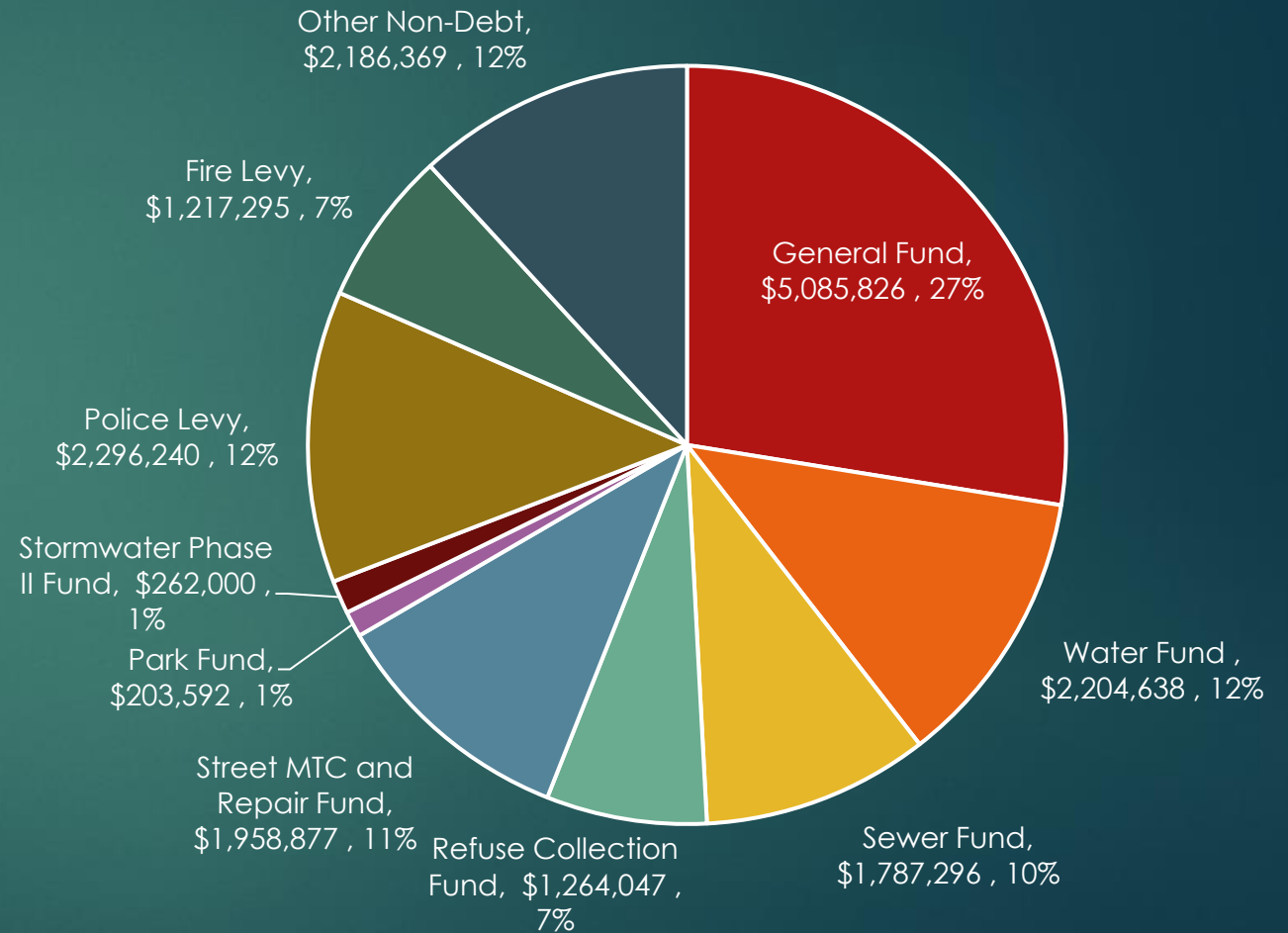


Revenues By Fund

2022 All Funds Expected \$21.1M Breakdown by Fund



2023 All Funds \$18.5M Breakdown by Fund



Revenues - Major Changes



- ▶ \$4.6m decrease in financing revenues
 - ▶ \$450k elimination of Fire engine Note
 - ▶ \$250k elimination of Park equipment Note
 - ▶ \$2.2m decrease in Water Note
 - ▶ \$1.75m elimination of Street Fund note
 - ▶ \$350k elimination of Stormwater debt



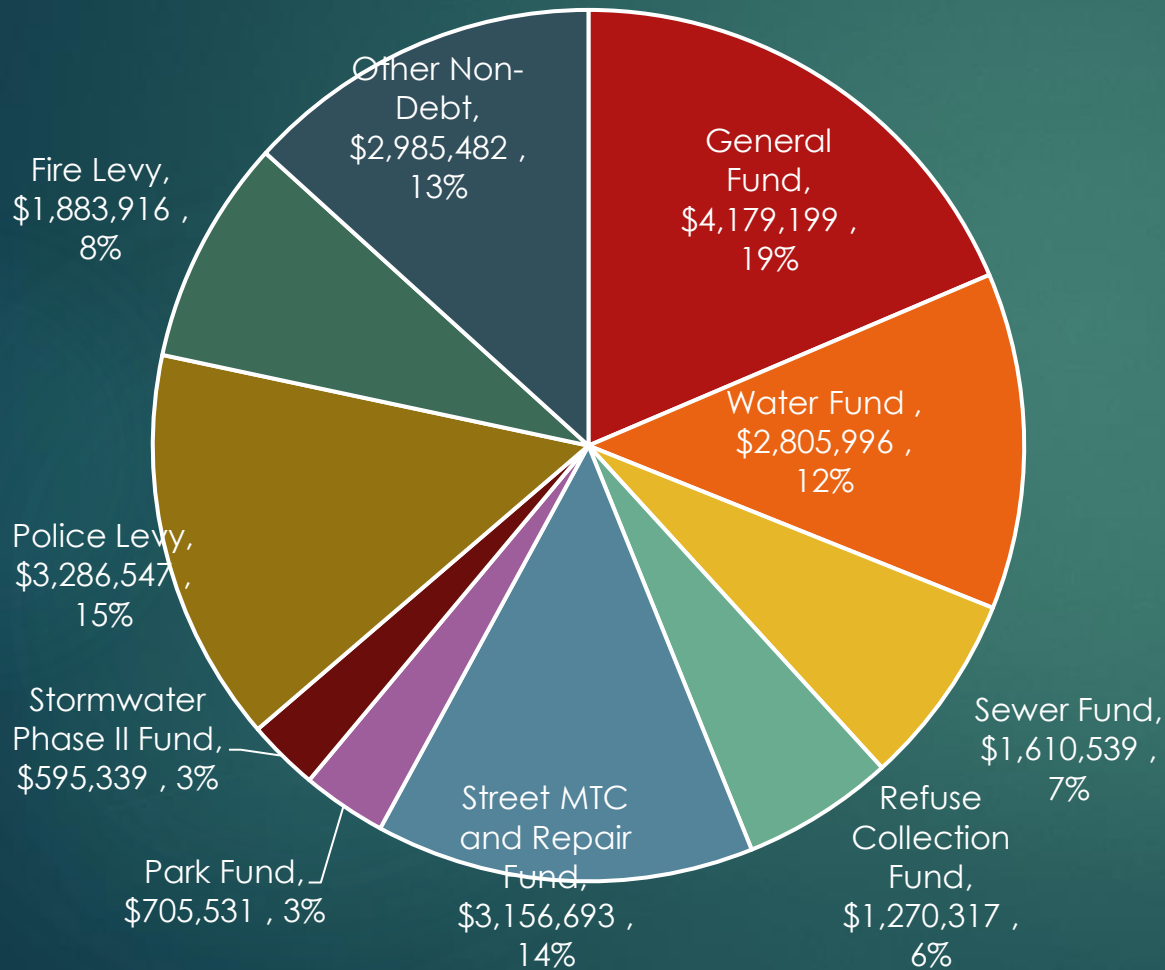
- ▶ Industrial Park and RID Funds budgeted to earn an additional \$930k in 2023



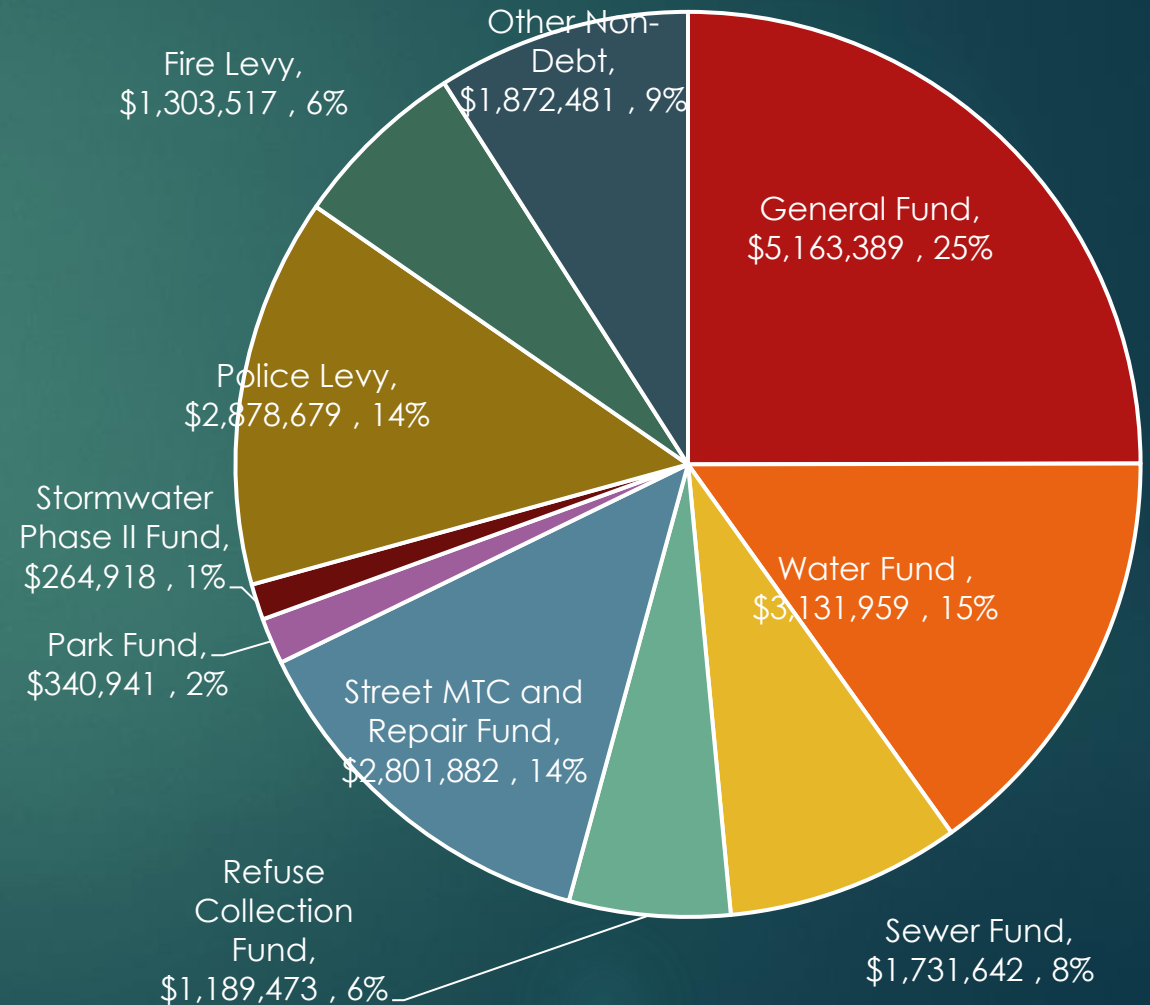
- ▶ \$410k increase in Investment Interest earnings
- ▶ Elimination of \$688k ARPA Grant
- ▶ Reduction of PD Transfer by \$700k to offset ARPA spending plan revenue

Expenses By Fund

2022 All Funds \$22.5M Breakdown by Fund



2023 All Funds \$21.1M Breakdown by Fund



Expenses – Major Changes



▶ General Fund

- ▶ 1 additional City Dispatcher
- ▶ Overhaul of Code Enforcement, including Full-Time Employee
- ▶ 3 previous Part-time positions budgeted as full-time
- ▶ New \$1.2m internal loan plan to pay off Street Fund debt
- ▶ Facilities study



▶ Fire Levy

- ▶ Payment for new \$252k Ambulance
- ▶ \$250k reduction in Fire Engine note
- ▶ Budget for 4 on-duty staff at all times



▶ RID/TIF/Park Funds

- ▶ Budgeted \$2.5m in allowable expenditures
- ▶ \$250k elimination of Playground note

Utilities – Fund Health at Current Rates

Utility Funds – 2023 Resources vs Expenses



Inflation Jan 2022: 7.5%
2022 Rate Increase: 0.5%

Est. Inflation 2023: 7.8%
2023 Rate Increase: 0.0%

Garbage/Refuse Fund is now spending 14% more for Rumpke contract. Expenses reduced and reallocated to prevent 2023 rate increase

*Cash On-Hand Denotes October 31, 2022 Balances

Utilities Expenses – Major Changes



- ▶ Water Fund - \$230k increase
 - ▶ \$1m Well #5 Development
 - ▶ \$770k Decrease for 2023 budget due to 2022 vehicle purchase, equipment upgrades, fee elimination, and lower debt cost



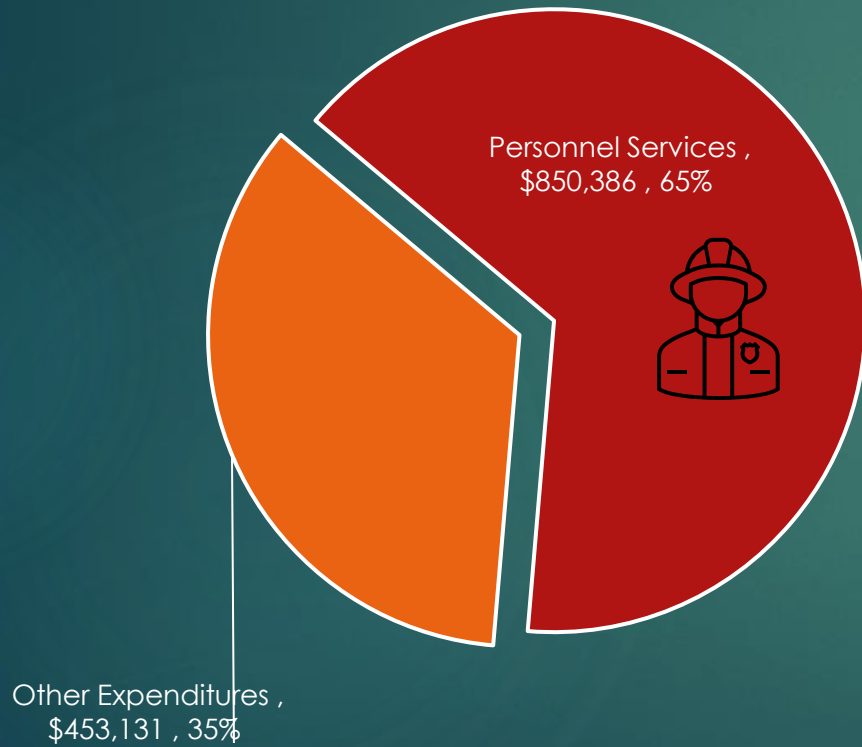
- ▶ Sewer Fund - \$6k Decrease
 - ▶ \$218k increase in treatment contract costs
 - ▶ \$130k decrease in Sewer to Capital transfer
 - ▶ \$100k decrease, vehicle purchase 2022



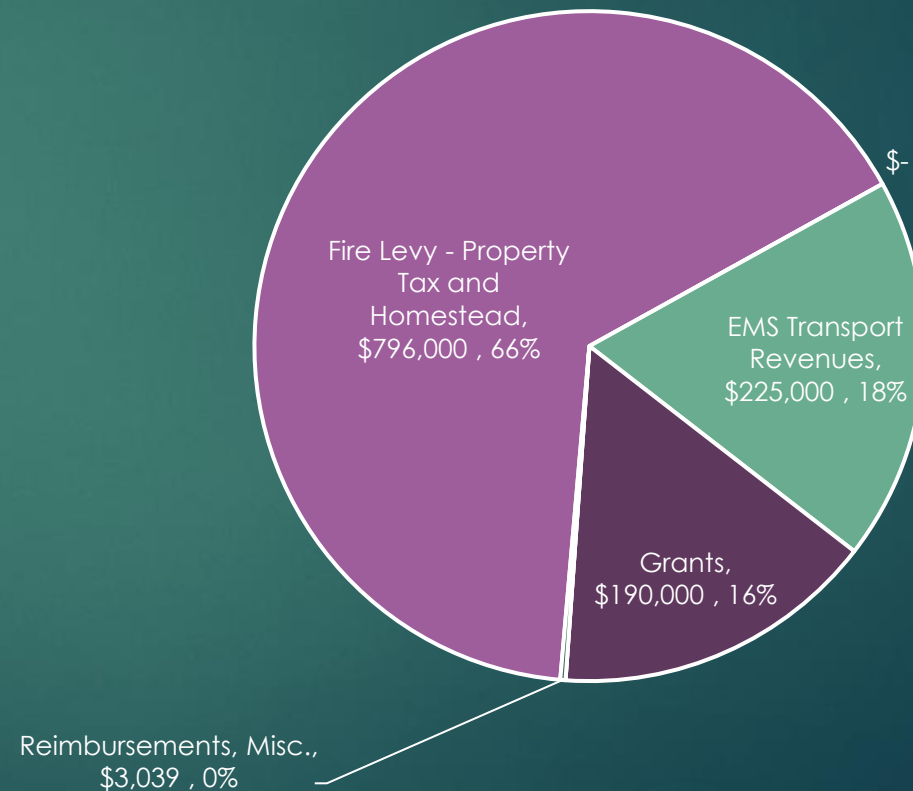
- ▶ Refuse Collection - \$93k Decrease
 - ▶ \$194k Employee and admin expenses reallocated to other funds
 - ▶ \$101k increase due to Rumpke Contract

Fire Levy – Slight Operational Deficit

2023 Fire Levy Non-Capital Budget - \$1.30M



2023 Fire Levy Funding - \$1.21M

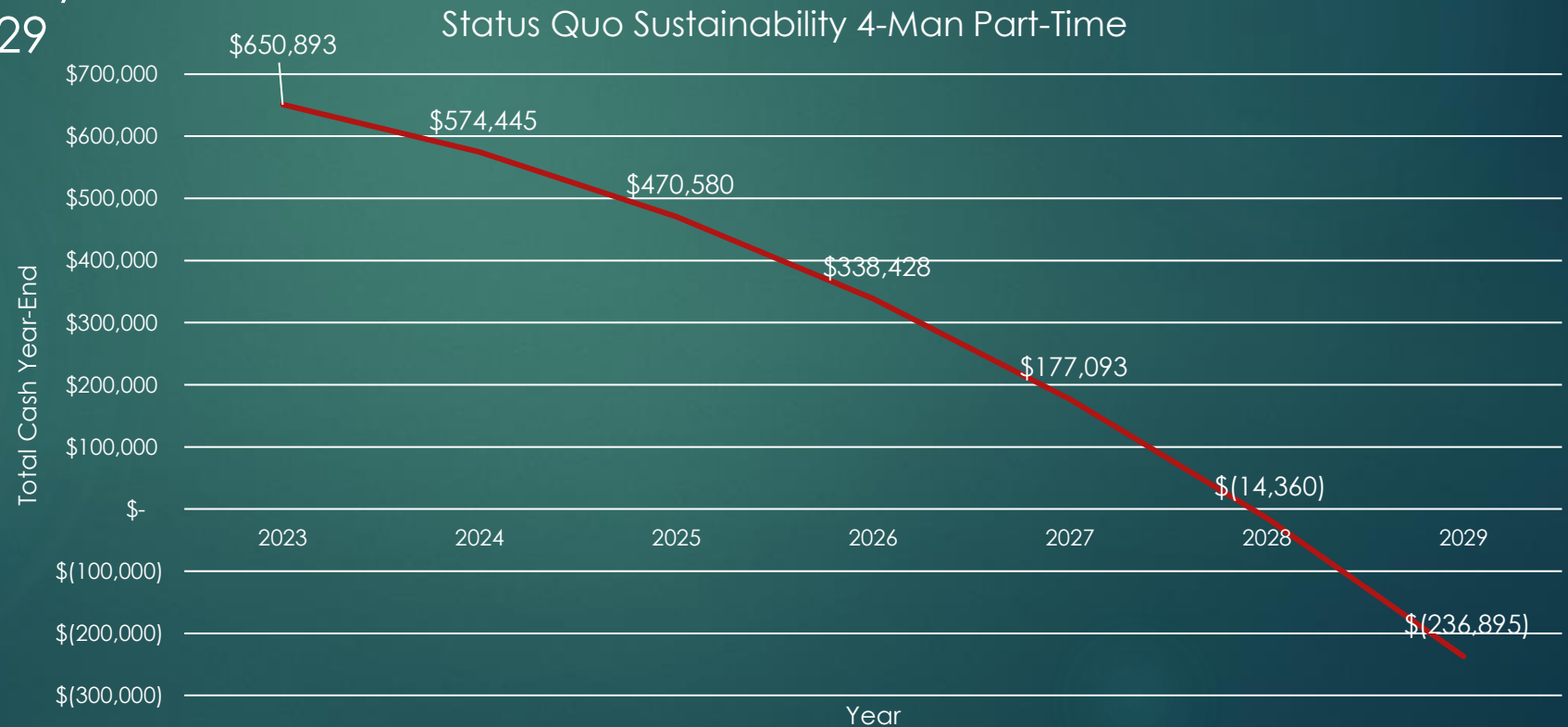


Fire Levy Operations: Major Changes

- ▶ Budget for 4-person shifts at all times
 - ▶ Officers incentivized to work more shifts with new pay structure
 - ▶ \$1 across-the-board raise already in effect, with 3% COL increase
 - ▶ Total Personnel Budget Increase: \$193k (29%)
- ▶ Elimination of Levy to Capital Reserve Transfer \$90k
- ▶ \$165k 45-Minute SCBA Tanks, Funded by expected \$155k Grant
- ▶ Reduction of Quail Crossing Property Tax Revenue \$35k (5%)
- ▶ Net Budgetary Deficit: \$86,222
- ▶ Proposed Fund Balance Elimination results in \$650k Available Resources at year-end 2023. This fund balance will be drawn down over the next several years. Projected to run out in 2028.

Levy vs Funding – Status Quo

- ▶ The Current Fire Levy was passed in 2012 at 4.5 Mills. It is now effectively 3.46 mills.
- ▶ Millage is automatically reduced on Voted Levies when home values increase
- ▶ Fire Department continues to apply for grants to maintain strong service. Up to \$550k reimbursable grant award just authorized by the state will further stretch funding, until likely 2029

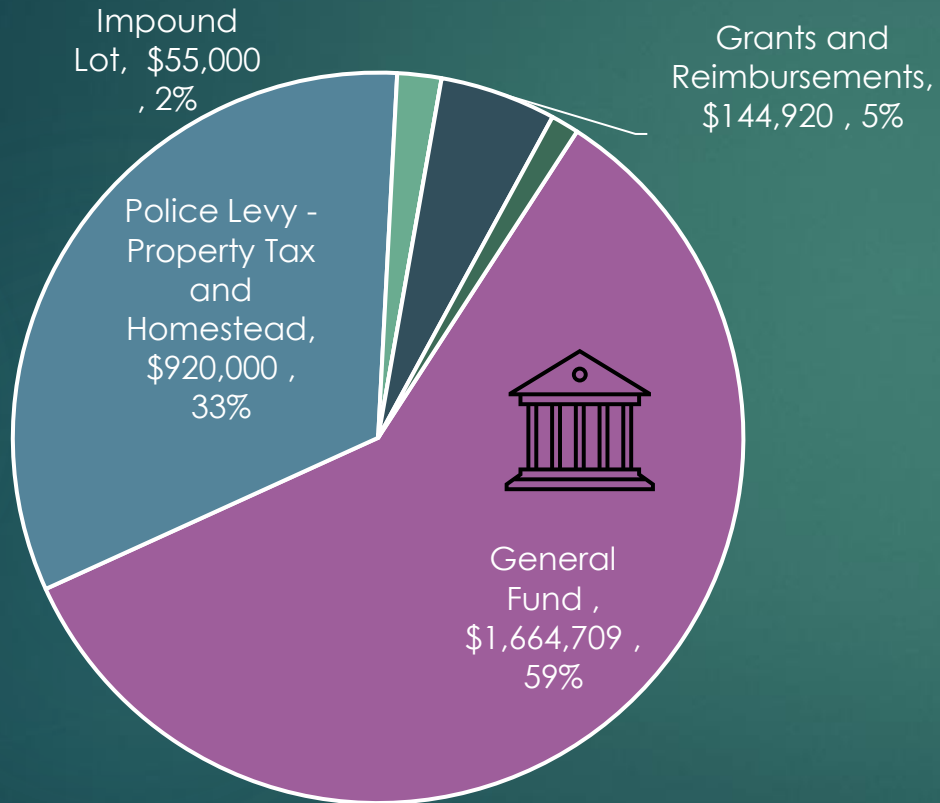


Fire Levy – Capital Fund

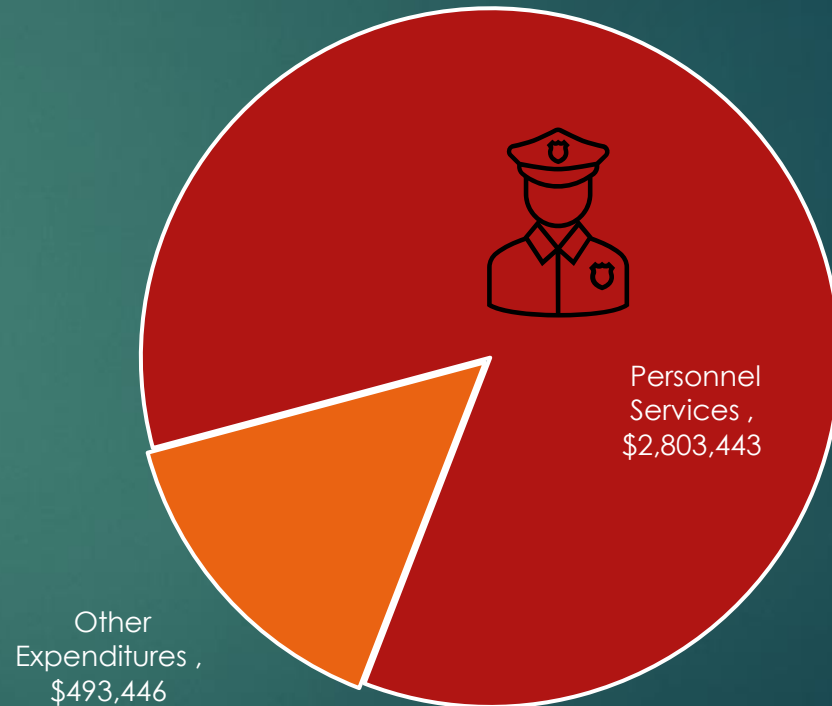
- ▶ 2023 Starting Balance: \$876,945
- ▶ 2023 Expenses:
 - ▶ \$210k Fire Engine Note Payoff
 - ▶ \$252k Ambulance Purchase
 - ▶ This fund will pay for the Ambulance when it arrives, to be reimbursed in CY 2026 by the Fire Levy or General Fund
 - ▶ \$128k Fire Station Bond payment
- ▶ 2023 Final Balance = \$288,945
 - ▶ Recurring Future Expense: \$127k Fire Station Bond Payment
 - ▶ Bond Matures: 2049
- ▶ After CY 2023, this fund will cease to be a Capital Fund and transition to a debt service fund, whose only obligation is the Fire Station Bond.

Police Department - Balanced Through General Fund

2023 Estimated Funding – \$2.8m



2023 Police and Dispatch Budget – \$3.3m



2023 Funding difference is made up by ARPA allocation policy from CY 2022

Police Department – Fund Balances

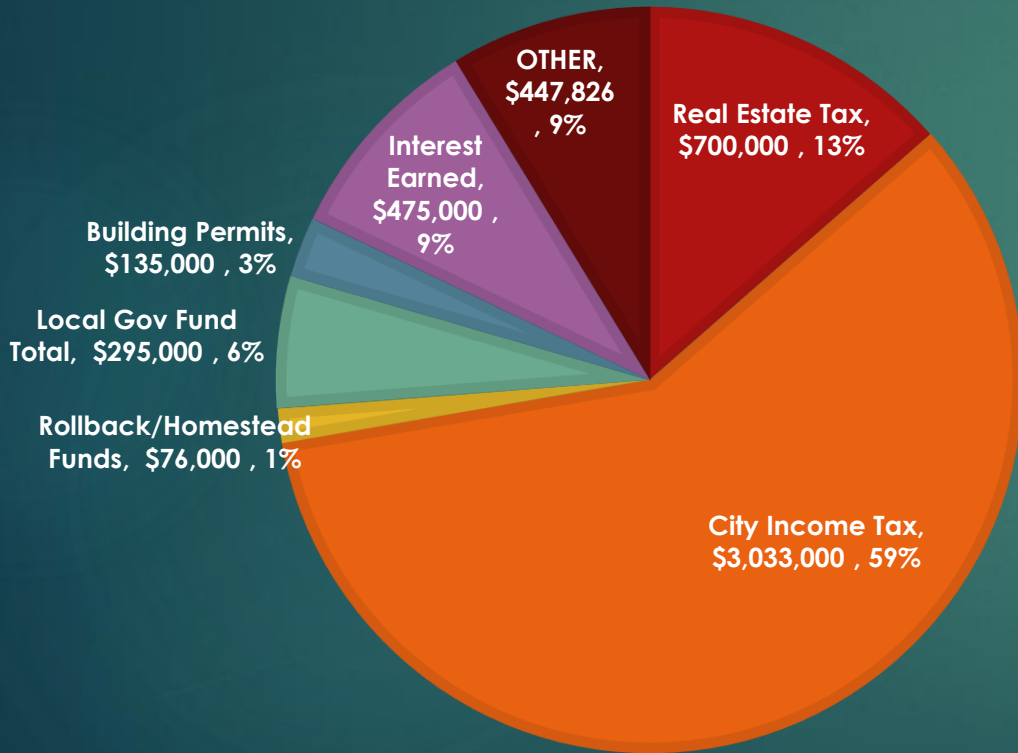
- ▶ Current Fund Balance: **\$2,899,064**
- ▶ Proposed Elimination of Fund Balance Policy results in \$986k of funds which can be drawn on in lieu of the General Fund Subsidy
- ▶ 2021 GF Subsidy: **\$1,775,000** – Operational Need
- ▶ 2022 GF Subsidy Budget: **\$1,800,000** – Operational Need
- ▶ 2022 GF Subsidy Actual: \$900,000 – ARPA Strategy
- ▶ 2023 GF Subsidy Budget: \$1,100,000 – ARPA Strategy
- ▶ 2023 GF Subsidy Potential: \$300,000 – Fund Balance Elimination
- ▶ 2024 GF Subsidy Potential: **\$1,850,000** – Future Operational Need

Police Department – Major Changes

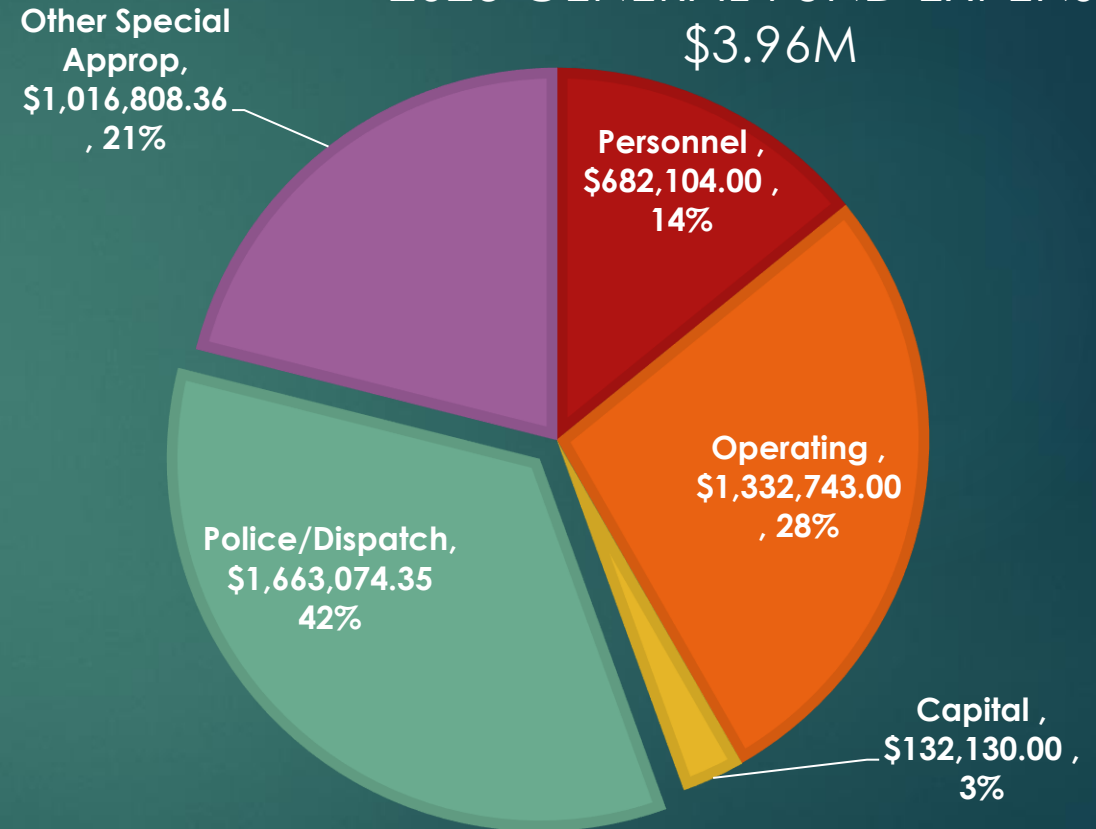
- ▶ 1 additional Full-Time Dispatcher
- ▶ \$200k note paid off 2022
- ▶ Only 1 Vehicle purchase 2023: \$147k decrease
- ▶ Gasoline \$10k increase
- ▶ Middletown Prisoner Boarding Contract: \$15k decrease
- ▶ Lexipol Implementation: \$10k decrease in upkeep cost
- ▶ Total Budget decrease 2022 - 2023: \$300,075
- ▶ \$13,000 Basement Reconfiguration and Detective Office

General Fund Health – Structurally Balanced

2023 GENERAL FUND REVENUES
\$5.09M



2023 GENERAL FUND EXPENSES
\$3.96M



Not included: \$1,200,000 Street Fund Loan 2023
 2023 Police Fund Transfer = \$1,100,000.
 Future demand will be \$1,900,000

All-Funds Total Budget

- ▶ Expected Revenues: \$ 21,637,166
- ▶ Budgeted Expenses: \$ 26,778,320
- ▶ Difference: -\$5,186,534

- ▶ One-time Debt Reduction: \$4,602,355
- ▶ Other Debt Reduction: \$1,035,960
- ▶ Year-End 2023 All Funds Balance: \$19,642,629.38