

MINUTES OF THE MEETING OF THE TOWN BOARD
TOWN OF RICHLAND
1 BRIDGE STREET, PULASKI, NY

DATE: September 17, 2024

KIND OF MEETING: Budget Meeting

PLACE: Grand Jury Room, H. Douglas Barclay Courthouse Pulaski, NY

BOARD MEMBERS PRESENT: Supervisor Robert North
Councilwoman Donna Gilson
Councilman Larry Atkinson
Councilwoman Sue Haynes
Councilman Eric Pappa

OTHERS IN ATTENDANCE: Highway Superintendent Kevin Balcom, Budget Office Tammie Whaley, Financial Consultant, Laird Petrie, and Town Cker Millie Newcomb

CALL TO ORDER: The meeting was called to order at 2:05pm, with Supervisor North leading in the Pledge of Allegiance.

BLESSING: Done by Councilman Atkinson

The first meeting with the Union will be on Monday, September 23, at 4:00pm here at the Courthouse in the Grand Jury Room

Budget Officer Tammie Whaley opened the Budget meeting with the first version of the excel spreadsheet from 1 yr ago. The only changes are the employee raises that the Board agreed on at the last Budget meeting. The Teamsters Insurance has also been updated. Also in the packet that Mrs. Whaley provided is the Ringgold Fire Budget that was received. It went up \$59,000. The last thing is Mrs Whaley would like the Board to consider doing a letter and raising Brennan's Beach up to \$4.00 per thousand. Councilman Atkinson wants the Board to remember they are wasting water with all the leaks they have going on. Councilman Pappa agrees. They know about the leaks and haven't really done anything to fix them. Councilwoman Gilson agrees

with a letter to address all the leaks. Mrs. Whaley thinks the letter better get done quickly because they have already quoted the campers the rates for 2025.

The last time the Board met for the Budget, they spoke about a consolidation option and we were hoping to have everyone the same EDU. But because we have to maintain separate fund equities, we had to make sure that each fund shows paying their own respective share of debt. The only way that Laird could see to make budgeting and accounting work was to treat the district like one for almost all expenditures and revenue. But metered water has to stay within its own district. And debt has to stay within its own district. Every other revenue and expense can be allocated based upon the percentage of EDU's. Which is currently with the new EDU's charge : 29.3% for water district 1, 39.2 % for water district 2, 18.96% for water district 3 and 12.47% for water district 5. All of these expenditures are being allocated under these expenditures with the exception of for debt principal. These are the only expenditures allocated based on EDU's; all the other expenses for operating water districts are being allocated based on percentages. On the revenue side of it, there is only 1 revenue that is not allocated and that is metered water, because that is what each district is paying for their metered water. You will see a change in EDU charges for 3&5 and district 1&2 based on this. Looking at Water District 1. Total assessment of \$ 111,918 whereas last year it was \$17,000 because we were not allocating other revenue to other districts in total and were also providing a portion of 3 & 5 that were paying a portion of WD1 debt. That was a few years ago when the previous administration thought it was fair for the districts of 3&5 to supplement WD1&2 debt. But they were not allocating any revenues at that point. We started allocating a couple of the revenues last year but never allocated the rest of them. This will at least even the board. Water District 1 will have \$111,000 water district 139,000. What this computes out to edu charge is, WD 1 will be \$214 WD2 will be \$199 WD3 will be \$189 and WD 5 will be \$317. Laird showed the Board the history of the EDU's over the years. In 2022 in WD 1 it was \$339. The years before that you were hovering right around \$300. You had 2 years that things were done differently. Now we are around \$214 which is still less than what that district has paid over the years. In WD 2 it's the same thing. It was around \$300 per edu for many years up until 2023 2024 now they are back to \$199. With WD3 you can see they were in the \$400-\$500's The last few years. Now it's at \$189. Water District #5 sees the most significant change. Before we started giving a lot of their taxes to WD 1 & 2 they were around the \$700's. But before that they were \$300 and \$400 before they had many expenses. This current situation brings them down to \$317 per edu. This current system should make WD 3 and 5 very happy. WD 1 and 2 shouldn't be unhappy because they benefited for 2 years of less edu. Councilman Pappa asked if this will be their EDU going forward? Mrs. Whaley answered "yes". When district 1 in 10 years, that debt is done, what happens then? Laird answered that their EDU's will go down.. Because their debt will not be allocated. When their debt goes away, their EDU's go down significantly. The same with all the other districts. As metered water goes up, that drops the EDU's too. Every year you will have an EDU change based upon debt and metered water but all revenues and expenditures across the board are evenly in proportion to their EDU's. Remember, this does not change the water rate. It could next year though if things get better. This is unknown at this

point. Mrs Whaley reminded the Board that we will also have some income coming in from Orwell. Mr Pappa said he would love to get excited about that but it's not going to be a lot. But it is something. The Board needs to consider if they go this route, they should be resolved to keep it this way. Per Laird, people will not tolerate flip flopping. Councilman Pappa explained that he is ok with this method because the figures he figured are pretty close to what Laird has. The only argument customers in WD 1 and 2 will have is why the difference in charges over the past few years?. Councilman Atkinson explained that we had the other districts pay for 1 & 2's EDU's the last few years and it's not fair to them. This is a more equitable way of figuring. In water district 5, Mrs Whaley hopes that the debt goes down a little bit compared to what it was last year. Until we have set figures, of total EDU's she wants to make sure she and Pam's figures are the same and not have an issue like last year. Mrs Whaley feels that the last few years are definitely better than the way we had figured in the prior years. It was better, it benefited some more than others but she isn't sure there is any way to make things perfect with 5 districts. Councilman Pappa agreed and the bigger we get the more confusing it gets. The way Laird has it figured now is pretty darn good. Accounting wise it will be a nightmare for the whole year. At the end of the year, we take the revenues minus the expenditures and whatever is left gets distributed between the 4 districts, edu's per district. Every district is going to have its own operating deficit or surplus based upon the accounting, we have to account for the way we budgeting. The dilemma was that we couldn't allocate total debt for all 5 districts and allocate according to that percentage because you would never be able to show in your accounting that each district was taking care of its own debt. We had to separate that out. When you do that, then you have to allocate total expenditures based upon that percentage because that is how it's being budgeted. Each fund will have an operating surplus or deficit that year, because they have their own water revenues. Maybe their metered water will come in higher than what we budgeted, and maybe that will give them a bigger surplus instead of a bigger fund balance. The figures the Board is looking at for EDU's is based on the budget as it is today. Things are still changing but not too bad. If you average WD#1 EDU's over the last 5 yrs, it averages \$188. It's not that different to what we are doing in 2025. WD#2 average is \$198. Councilwoman Gilson asked if they had to explain it to people and how the EDU's work, she guessed the explanation when the edu's were figured, it was based on debt. Mrs Whaley explains the last 2 yrs, You didn't want to call and ask why your taxes went down, we can send it to them and say look. This is what it's been for the last few years and then 2 really good years and now we are bringing you back to par. People do not understand how the percentage allocation was figured out. That is the piece that has to be made clear and how we figured it out. Mrs Whaley said when you look at the users in WD 1 & 2 compared to 3 & 5. One and two are bigger. Councilman Pappa explained in District 5, we carried 30% of the debt while Sandy Creek carried 70% and probably 75% of the 30% debt went to fix 1 & 2 to make them stronger. The Board has to decide if this is what they want to do. Moving forward, Councilman Atkinson thinks this way of figuring is more equitable all the way across the board. Councilman Pappa agreed that District 1's payment is going up because their mortgage payment is going up. Mrs Whaley agreed that this is a great point because it will increase in both districts for 2025. One went up

\$10,000 and the other \$12,000. It's a good way to move forward. The Board is in agreement that this is the way forward figuring EDU's moving forward. What we haven't done in any of these Funds, is that we haven't appropriated any fund balance and talked about transfers from A to DA or B over to DB like we have in previous years. Budget Office Whaley wanted the Board to look at this before Fund Balance and without transfers. She wanted all of this "raw" before we started to play with it. The tax cap this year is \$2,539,351. Currently it's 2.6 million. Right now we are \$91,000 over the tax cap. Last year we were at \$2,429,000 which was an increase of \$200,000. Last year we appropriated some fund balance in a few of the water areas and we also added some to B fund. The interfund transfers between A and DA and B and DB are not going to make a difference in the tax levy; it's a wash. It's just going to change the tax levy from A and make it less for DA. It's really the appropriation of fund balance and appropriation fund balance if you want to use any of it. That is what's going to shrink the \$91,000. Right now taxes to be raised in the B fund is \$71295. We usually use fund balance for this. We usually never raise taxes in this fund, so if we use fund balance we are just \$20,000 over the tax cap. We have an unrestricted fund balance in the B fund of \$238,000. Ideally you would like to keep your fund balance around 20-25% range. We are looking at \$208,000 in appropriations, We are wanting to keep about \$50,000 in the unrestricted fund balance in the B fund. Right now that gives us about \$180,000 to play with to reduce some taxes. We can get rid of the whole \$70,000 just by appropriating. Keep in mind, as you diminish that fund balance and as you continue to want to spend that, it will eventually that balance will not be available. You have to have a plan in mind of what you want to do. We haven't transferred any money from B over to DB which we have done in the past. Again none of this will affect the total taxes. Mrs Whaley told the Board that she thinks that the Town is doing really good with the Budget this year. Highway is level but everything else, she thinks we are going to have more fund balance than what she has written down.. Mr Petrie told the Board if they could get away from the interfund transfer, which doesn't make any difference with the tax levy, it gives you the opportunity to look at each fund's real revenues and not let 1 fund be dependent upon another one. In the DA fund right now, we have \$859,000 tax. Last year it was \$824,000 with \$100,000 transfer. Without the transfer we are pretty close to where we are. His recommendation is to forget about the transfers and just concentrate on the appropriated fund balance and maybe, cut expenditures or maybe increase reserves to get down below the tax cap. We can go over the tax cap but you have to have a Local Law to override it. The Board doesn't like that as an option. If we go back to the B fund, to the revenue side of it, maybe we decide to appropriate an unreserved fund balance of \$71295. If we move it then we are only \$19,000 over the tax cap. There is money in the unrestricted accounts for water district 1 but it was decided not to touch that and perhaps put that into reserves. We already have money in reserves but until we come up with a 3-5 year plan on how much should be in there, we would be guessing on how much more we should fund those reserves. We should not have any problem getting under the tax cap if we want to appropriate any of those other funds.

Discussion went to focus on the line items. Go over every line item and make a decision there and leave the fund balance to the end. The Board started with the A fund because that is the hardest of the funds. It funds most everything.

Discussion continued with the funds with no motions made.

This Budget meeting ended at 4:05pm.

NEXT REGULAR TOWN BOARD MEETING: October 8, 2024

MEETING ADJOURNED: 4:05PM

Respectfully submitted by

Millie Newcomb

Town Clerk