

Town of Pomfret FY2019 Budget Narrative

General Fund

The proposed FY2019 Town General Fund budget is 4.2% lower than the FY2018 budget (\$436,764 vs. \$455,958) and below the five-year average of \$445,599. For the last three fiscal years, since FY2016, we have generally run level-funded budgets. The last few fiscal years signal a reprioritization of spending. The Town now spends less on capital investments and more on operating costs. While we invest less in some areas of capital funding, we are shifting our focus toward Town buildings. Last year, we accomplished a number of projects for Town Hall (see the Capital Planning Committee report). This year, the focus will be on the Pomfret Historical Society building ("Old Town Clerk's" building) as well as potential changes that may result from a scoping study for the "Municipal Building Complex" (Town Hall, The Town offices, the carriage shed and the Historical Society building).

Since FY2015, operating expenses have gone up by approximately \$57,000. We now spend more across a variety of areas: Treasurer's Assistant and accounting support, Listers' payroll, Selectboard Assistant, Delinquent Tax Collector, Town Offices maintenance, property records management, and increased costs associated with shifting to police coverage by the Vermont State Police. At the same time, we have also increased revenues, mainly through greater success with delinquent tax collection and obtaining grant funding.

The FY2019 budget provides an opportunity for the board to return a substantial amount of unspent money to Town voters while maintaining stable tax rates. FY2017 resulted in a positive fund balance of \$73,492. We propose half of the surplus to be used to pay down FY2019 taxes and the other half to be used for future Town building projects contained in the capital plan. With the creation of the "Rainy Day Fund" for the General Fund (to cover the first two months of the fiscal year and unplanned expenses), the board is better able to budget closer to actual expenditures. Much of the decrease in the FY2019 budget is attributable to tighter budget controls.

Highway Fund

The proposed FY2019 Highway Fund budget is 2.3% higher than the FY2018 budget (\$927,900 vs. \$906,500) and below the five-year average of \$942,749. Different from the General Fund, the Highway budget is susceptible to greater variability due to commodity costs and special projects. As with the General Fund, the board is able to budget more closely to actuals with the newly created Highway "Rainy Day Fund." The Highway Fund has consistent run surpluses, including an FY2017 surplus of \$200,033, which will be used to pay down remaining FY2018 expenses.

It's too soon to tell whether we will have a surplus for FY2018. The Town incurred extraordinary expenses to recover from FEMA disaster 4330 in June, as well as restoring roads and drainage to better conditions. During FY2019, the focus will continue to be on culverts, drainage and grading, as well as paving the Pomfret side of Howe Hill Rd., which we expect will be more extensive than normal paving. We also expect commodity/material costs to continue to rise. For FY2019 and as a result of the capital planning process, we are investing over \$30,000 less in the Vehicle Reserve Fund. This change is largely due to an expected change in dump truck specification, as well as a change in funding strategy for high-dollar, long-life equipment (e.g., buying a new motor grader in FY2027).

Conclusion

The Selectboard believes the FY2019 budget balances the right priority choices along with fiscal restraint. We are trying our best to limit the creation of surpluses, a pattern that has existed for the last several years. The board will continue to refine its budgeting process while focusing on those areas of the budget that warrant the greatest attention and need.

Frank Perron, Chair
Michael Reese, Vice-Chair
Emily Grube, Member
John Peters, Jr., Member
Scott Woodward, Member