



FY2019 FIRST DRAFT BUDGET

REVENUE ASSUMPTIONS AND PROJECTIONS

FY2018 Projections

- Income tax revenues for the current fiscal year are above budget by \$100,000 or 4.5%. Other sources of revenue are currently up approximately 10%.
- Operation expenses in the current year are currently running below budget.
- While many of the capital projects have not yet been presented for Board authorization, we expect to complete much of the FY2018 planned capital projects by the end of the current fiscal year. These projects include the redevelopment of the Brookville Road Park (scheduled for Board action in March), street maintenance (completed last summer), Buffer Area and Village Hall sidewalk replacement (scheduled for Board action in March) and replacement of the Public Works yard fence and wall enclosure (tentatively scheduled for Board action in April). The planned purchase of an additional snow blower will not be pursued and initial planning for a possible municipal storm drain system has been delayed.

FY2019 Revenue Estimates

- **Income Tax**—in consultation with Board Treasurer Mr. Gary Crockett and Village Finance Director Mr. Demetri Protos, we have maintained the income tax revenue estimate—the Village’s primary source of income—at \$2.2 million.

As Mr. Crockett advised the Board during his Treasurer’s Report earlier this month, income tax revenues remain extremely difficult to forecast. Although recent income tax revenue declines at the county and state level have not directly impacted the Village, the factors that contributed to these declines are believed to be related to federal tax law changes, which leaves room for uncertainty at the municipal level.

An additional factor at play in FY2019, will be the first “hold-back” or repayment for reimbursement to the State associated with the Wynne case. We expect \$97,000 to be withheld from our May and June 2019 distributions, after which the State will withhold a portion of our income tax receipts in each of the subsequent 19 quarters for a total estimated at \$973,477. There is currently a bill pending before the Maryland legislature to delay repayments until FY2021. It is too soon to know whether this bill will be successful.

- **Property Tax**—the State of Maryland has reported that the constant yield real property tax rate for FY2019 is \$.0813, which is based upon the Village’s 2018 net assessable real property base of \$1,077,884,455. If the Board adopts this rate, it will

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yield approximately \$876,167 in revenue in FY2019 (see Tab 2).

I have held the personal property tax rate at the current \$.66 per \$100 of assessed value, for a yield of approximately \$95,000.

- **SafeSpeed Program**—during the first six months of the current fiscal year, new citation issuance was down about 16%. There are no attributable factors for this continued decline other than increasing driver awareness of the State-wide use of speed cameras. While we saw a slight increase in the month of January, we have no confidence that increases will continue, therefore the revenue projection for new citations has been decreased in the draft FY2019 budget by \$150,000 to \$950,000.
- **Montgomery County Property Tax Duplication**—at the annual meet-and-confer with municipal officials last week, County Executive Isiah Leggett said that he intends to hold the budgeted amount for tax duplication at the FY2018 level. While this is positive news in that the Executive is not proposing a reduction, during the past several years, the County Council has increased the amount initially proposed by the Executive. The Village received just over \$100,000 in FY2018, which is less than 50% of the amount established under the county’s formula for transportation (roadway maintenance), board of appeals and zoning for the Village.

As the Board is aware, the Montgomery Chapter of the Maryland Municipal League—of which we are a member—recently sent a letter to the County Council via Councilmember and former Gaithersburg City Mayor Mr. Sidney Katz asking the council to fund the roadway maintenance portion of the municipal tax duplication formula (which the county has not fully funded since FY2012). This would yield the Village a total of \$221,642. The letter further asked that if the county refuses to pay the roadway maintenance portion, it should at least hold the municipalities harmless by maintaining the FY2018 payment level in FY2019, which would total just over \$100,000 for the Village.

We have not yet received a response from the County Council, however, we have our annual meeting with members of the Council next month, at which time we will have a better sense as to where the council stands on this issue. For now, we have maintained the revenue projection for FY2019 at \$100,000.

- **Other Revenues**—discussions regarding formulas for restoration of the highway user and police aid grants at the state level are ongoing. Both the county and state budgets remain pending, and despite early indications of increases, we have maintained revenue projections in these areas. All other revenue areas remain flat.
- **Reserves**—the draft FY2019 operating and capital budget presented herein will generate an approximate \$135,325 draw on reserves; however, reserve balances as

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of June 30, 2019 are still estimated to total \$7,898,430 (pending additional budget amendments authorized by the Board in the current and next fiscal years). Reserves are estimated to be \$8,033,755 at June 30, 2018.

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Revenue Summary	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15	FY '16	FY '17	FY '18
<i>Base Operations</i>	<i>Actual</i>	<i>projected</i>							
Income Tax:	\$1,557,096	\$1,414,503	\$1,949,829	\$2,466,517	\$2,668,924	\$2,135,739	\$2,681,733	\$2,744,170	\$2,300,000
Property Tax:									
Personal Property	\$4	1,894	\$59	\$0	0				
Corporate Property	110,538	3,458	173,073	94,588	96,714	116,289	122,719	123,950	105,206
Corporate Utilities	13,722	18,896	17,127	17,246	12,376	4,823	17,414	19,152	7,407
Real Estate	961,676	972,057	968,623	984,403	996,069	876,804	865,608	861,114	850,000
Prior Years Collections	823	5,802	753	202	1,360	0	0	0	500
Subtotal	\$1,086,763	\$1,002,107	\$1,159,635	\$1,096,439	\$1,106,519	\$997,916	\$1,005,741	\$1,004,216	\$963,113
WSSC/Wash Gas Reimbursement				\$170,506	\$306,639	\$1,101,637		\$23,142	
W.Newlands Repaving Reimbursement							\$28,042		
One Time Income Tax Adjustment							\$161,741		
Investment & Misc. Income:									
Cable TV Franchise Fee	\$10,151	\$16,956	\$21,667	\$24,431	\$26,305	\$26,907	\$25,363	\$33,423	\$26,000
Interest Income	63,257	23,914	19,259	23,417	23,201	19,234	83,064	38,344	35,000
Sale of Property	850	0	6,220	425	80	10,144	22,368	15,360	0
Misc.	4,636	2,570	3,309	4,538	4,311	5,488	3,742	2,723	3,000
Subtotal	\$78,894	\$43,440	\$50,465	\$52,811	\$53,897	\$61,773	\$134,537	\$87,850	\$64,000
Cost Recoveries/Grants:									
County Tax Duplication	\$105,837	\$89,961	\$89,961	\$100,524	\$100,524	\$100,524	\$100,524	\$100,524	\$100,524
Martin's Addition-PCS	37,450	3,400	0	0	0	0	0	0	0
llage of Chevy Chase Sec 3-PCS	9,775	500	0	0	0	0	0	0	0
llage of Chevy Chase Sec 5-PCS	8,650	875	0	0	0	0	0	0	0
Chevy Chase View-PCS	20,325	1,500	0	0	0	0	0	0	0
Other/Trials/Section 5		0	0	0	0	0	0	0	0
Grants/Reimbursements	13,023	28,895	13,338	39,267	776	868	0	22,508	1,600
Recycling Revenue	1,327	532	700	859	551	1,284	518	710	700
State Police Grant	106,352	108,352	108,356	108,401	109,484	110,831	98,230	101,142	110,308
Fines-Parking	4,511	6,409	3,008	4,616	3,836	8,656	5,051	3,649	5,200
Fines-Ordinance	625	460	350	150	2,600	50	650	650	250
Fingerprinting	8,322	6,085	1,775	2,268	1,325	475	125	0	250
Licenses-Other/R-O-Way	550	6,215	3,300	6,030	1,350	2,885	1,635	2,480	2,000
Permits-Building	27,715	24,880	18,321	23,905	16,513	24,425	26,775	18,255	18,000
Tree Removal Permit	8,650	12,820	9,143	12,261	9,650	5,480	8,610	5,555	7,000
Permits-Sign	228	190	267	222	226	130	85	180	100
Permits-Other	340	0	450	350	0	0	0	0	0
Belmont Buffer Stipend	18,586	18,962	19,639	19,974	20,246	20,677	20,669	20,880	21,271
Reimbursements-Post Office	3,937	0	0	0	0	6,117	0	0	8,000
Rental Income-Post Office	84,562	71,444	71,552	71,552	78,057	78,057	78,207	84,562	78,057
Rental Income-Hall	9,135	10,925	9,120	17,335	14,612	9,936	13,576	16,427	12,500
Highway User Fees	11,698	8,354	21,505	\$18,816	54,902	60,538	66,853	66,227	66,000
Subtotal	\$485,081	\$402,129	\$371,952	\$427,580	\$414,652	\$433,733	\$421,508	\$443,729	\$431,760
Total Revenue	\$3,207,834	\$2,862,179	\$3,531,871	\$4,213,853	\$4,550,631	\$4,730,798	\$4,433,302	\$4,303,107	\$3,758,873

Revenue Summary

Safe Speed

Speed Camera Citations	\$2,569,428	\$2,083,703	\$1,751,390	\$1,354,136	\$1,231,542	\$1,416,212	\$1,231,825	\$1,019,075	\$925,000
Citations-Collections			\$101,727	\$229,840	\$113,945	\$89,080	\$94,780	\$63,380	\$50,000
Speed Camera Interest	\$11,900	\$8,431	\$4,270	\$4,091	\$1,215	\$1,043	\$2,952	\$1,093	\$1,000
Total Revenue	\$2,581,328	\$2,092,134	\$1,857,387	\$1,588,067	\$1,346,702	\$1,506,335	\$1,329,557	\$1,083,548	\$976,000
Total Combined Revenue	\$5,789,162	\$4,954,313	\$5,389,258	\$5,801,920	\$5,897,333	\$6,237,133	\$5,762,859	\$5,386,655	\$4,734,873