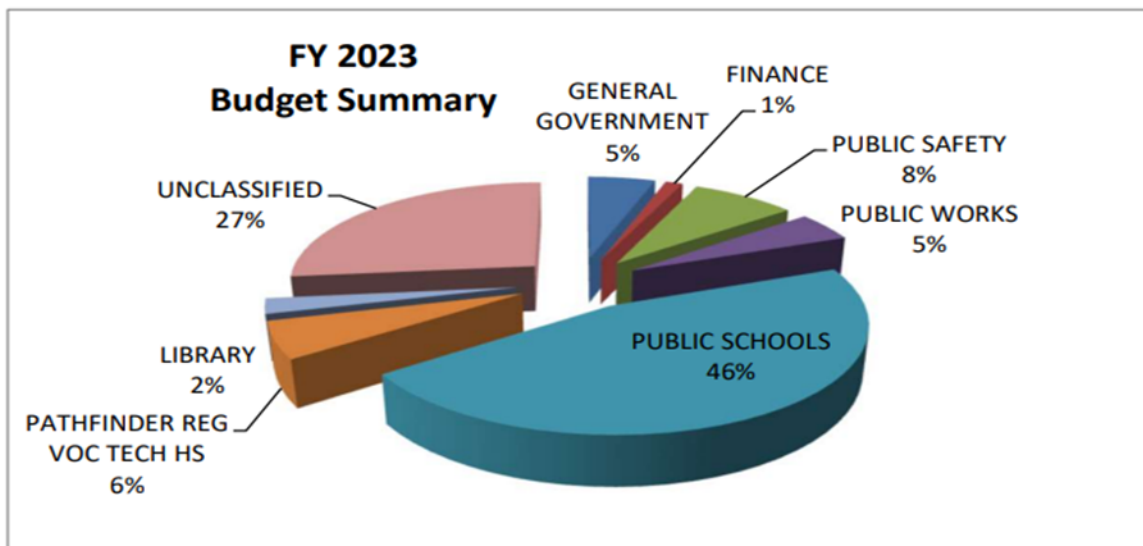




March 14, 2022

The Honorable Town Council Members,

I am hereby submitting the Town Manager's Fiscal Year 2023 Proposed Budget and Capital Plan.



<b>GENERAL GOVERNMENT</b>	<b>\$ 1,940,676.00</b>
<b>FINANCE</b>	<b>501,937.00</b>
<b>PUBLIC SAFETY</b>	<b>2,987,572.00</b>
<b>PUBLIC WORKS</b>	<b>1,716,423.00</b>
<b>PUBLIC SCHOOLS</b>	<b>17,112,183.00</b>
<b>PATHFINDER REG VOC TECH HS</b>	<b>2,112,357.00</b>
<b>LIBRARY</b>	<b>881,785.00</b>
<b>UNCLASSIFIED</b>	<b>9,911,675.00</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 37,164,608.00</b>



**Proposed Operating Budget Overview:** The Fiscal Year 2023 recommended budget for Municipal Departments, Unclassified expenses, and the two proposed School Department budgets' totals \$37,175,018 which is a \$838,674 or a 2.3 percent increase over the Fiscal Year 2022 appropriated budget. Municipal operations are budgeted at \$8,028,393. Unclassified expenditures are budgeted at \$9,911,675.

The budget funds \$1.1 million in additional school expenses including capital. Palmer Public Schools with 1,250 students increase by 1.8 percent or an additional \$302,573 if capital is excluded. Pathfinder's regional budget will decrease the assessment to Palmer by 1.8 percent or \$40,000. Palmer sends about 183 students to Pathfinder. The two school systems are 52 percent of the total town budget.

**Proposed Revenue vs. Projected Expenses:** Property taxes are the largest single revenue source for the Town and provide roughly 49.8 percent of total General Fund operating revenues. Property taxes are levied on real property (land and buildings) and personal property. In accordance with State Law, the Town's Board of Assessors determines the fair market value of all taxable real property. The Town is heavily reliant upon residential taxes as a main source of the Town's tax revenues; usually in the 82 percent range. This highlights the need for addition commercial and industrial ventures in the community. As the Town's primary revenue source, the Fiscal Year 2023 property tax levy limit is expected to be \$20,943,308 which is an increase of \$523,583 or a 2.5 percent increase over FY2022. We have certified that the total available for appropriation to be \$41,976,324 which is comprised of property taxes, state aid, local receipts, other revenue. After all Fiscal Year 2023 expenditures are projected; the total General Fund together with the retained earnings in Wastewater Fiscal Year 2023 will show a budgeted surplus of \$31,951 in Wastewater.

**Exempt Debt Service:** Exempt debt service is principal and interest payments on bonds issued for projects that have previously been voted by the Town to be excluded from the limits of proposition 2½. Fiscal Year 2023 net exempt debt service is projected to be \$527,325 a decrease of \$11,250, or two percent less than in Fiscal Year 2022.

**FY2023 Budget Initiatives:** Every year there are additions to level service proposed because of increased demand for services, and Fiscal Year 2023 is no exception. Two of the main priorities for the budget this year include expanding Public Works staffing to meet the needs of the schools and parks. Addition of a full-time Recreation Department.

- ❖ Recreation Department (\$90,000)  
Reorganization of a full-time recreation department. This will fund a full-time Recreation Director, fringe benefits, and provide Departmental expenses.
- ❖ Public Works (\$99,955)  
Investments in personnel, equipment, and town infrastructure will result in improvements in Public Works Departmental productivity and to resident quality of life. We are in process of seeking a new Public Works Director and increased the salary to remain competitive (\$115-125,000).  
We are adding (1) additional full-time laborer position to the Parks Division. We are increasing the seasonal worker budget by \$16,000 to allow for (2) additional workers in the spring and summer and adding funds to expand seasonal workers during the winter to focus on the school campus.
- ❖ Palmer Police and Public Safety (\$32,167)  
Filling (2) previously vacant positions will bring the Palmer Police Department to full authorized staffing (22 personnel). Funding additional training required by police reform, funding for body cameras. New police cruisers (2) in Capital Plan.
- ❖ Stabilization (\$2,000,000)  
From Free Cash to increase Stabilization to \$5,679,101. In FY2023 no subsidy to the General Fund is necessary.

**The FY2023 Capital Plan:** is proposed at \$2,817,850 in expenditures. The Town has this fiscal year certified Free Cash in the amount of \$5,113,600 as well as the use of \$1,478,721 in available American Recovery Plan Act (ARPA) funds. These one-time funding sources will allow the Town to transfer \$2,000,000 dollars of Free Cash to the Stabilization Account. Wastewater's surplus amounts to \$2,327,248.

**Acknowledgments:** Preparing a budget document with this level of detail is a significant undertaking. I would like to express my appreciation to all the Town's department heads and employees who contributed to the development of this budget. I would like to offer special thanks to Town Accountant Gabriela Potter for coordinating the budget process. FY2023 was her first budget as Town Accountant in the wake of John Kuzmiski's retirement.

The administrations of the Palmer and Pathfinder Schools were invaluable during this process in estimating and refining the assessments for the education systems.

**Conclusions:** The budget being presented is a conservative budget. The Town is in a better place in terms of revenue. Fiscal Year 2022 required the assumption that local and state revenues could decline by as much as 10 percent. Fiscal Year 2023 is a return to more "normal" revenue projections. In addition, the Town received a

\$1,828,114 allocation of American Recovery Plan Act (ARPA) funds from the U.S. Government. Palmer has already allocated \$360,000 of these funds towards Covid test kits, a school capital project, and sorely needed heating assistance to struggling Palmer residents. These one-time funds as well as a healthy certified Free Cash amount will allow investment in the Town's rainy day fund (Stabilization) as well as serious Capital investments in the schools and Town Departments.

Because of the budgeting principals and good reserves, the Town has a current credit rating of A1 assigned by Moody's Investors Service. The A1 rating is vital for keeping the long-term costs of voter-approved bond issues as low as possible. Property tax bills, in Palmer, are substantial and we must plan and budget the most efficient and cost-effective way possible to repair deficient infrastructure, invest in economic development opportunities, and continue to provide excellent services.

Palmer Forward!

Ryan McNutt  
Town Manager, Palmer