



Village of Swanton: Budgetary Basics

Prepared by Fiscal Officer Holden Benfield

Topics Covered:

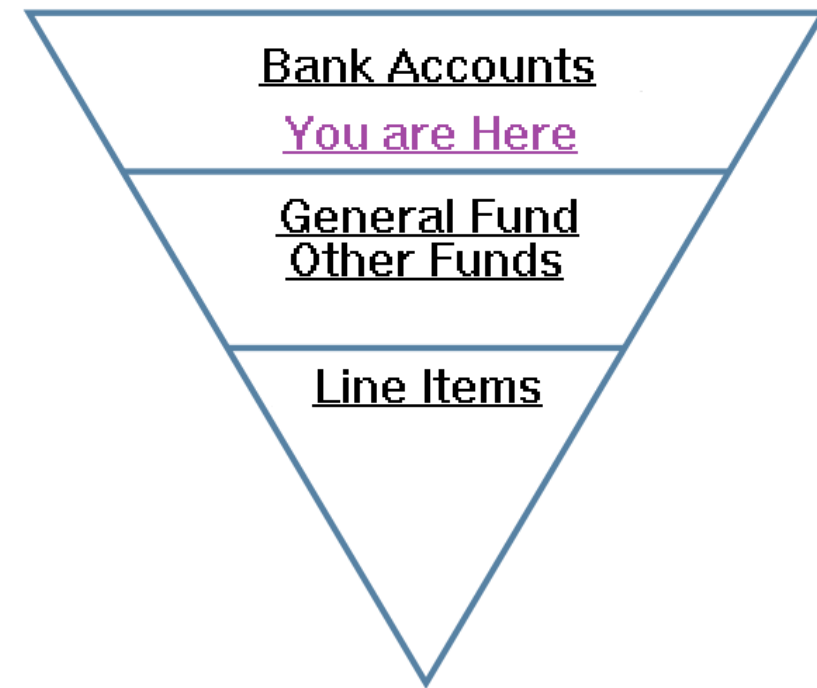
- How the budget breaks down from top to bottom
 - How the budget is restrained
 - Where our largest expenses and revenues come from.
 - What our current debt looks like.
 - The shifts we're currently making regarding investments, and potential investment avenues.
- My expectations and concerns for the next few years.

How the Budget Breaks Down (1)

(All Numbers from 12/31/2023)

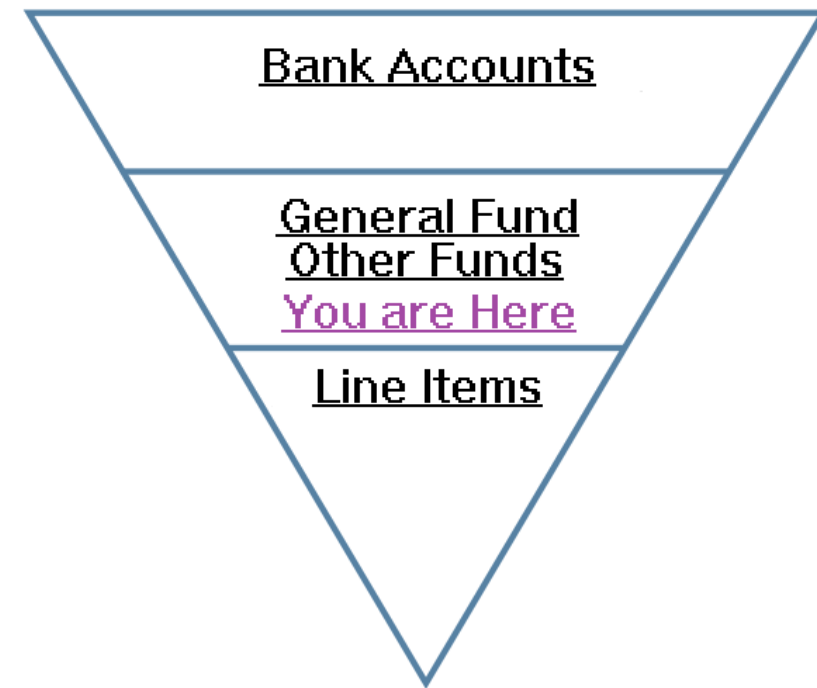
- ▶ The top layer of the budget is the bank account. We currently have two ‘primary’ accounts, one transitional account, and one investment account.
- ▶ Primary: 5/3rd Account - \$1,481,070.73
F&M Account - \$6,014,738.14
- ▶ Transitional Account - \$1,000.00
- ▶ Investment Account (Star Ohio) - \$124,885.95

- ▶ Total Amount of “Real” Cash as of 12/31/2023: \$7,621,694.82
- ▶ All of this is considered “Real” cash value. To differentiate, when I refer to “Cash” that is a real amount that would actually change a bank account’s balance. When I refer to “money”, that is a recording process and not an actual movement of cash.



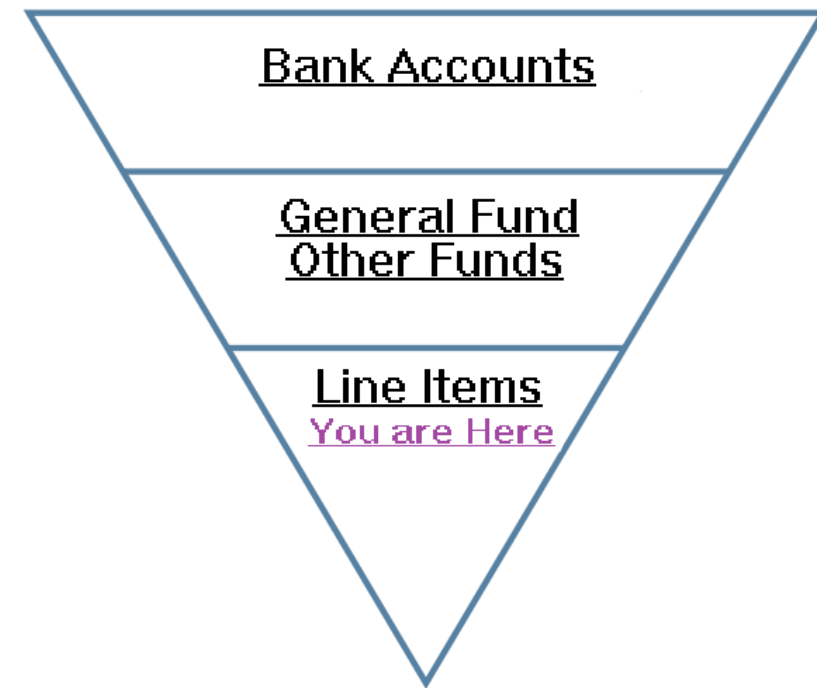
How the Budget Breaks Down (2)

- ▶ All layers lower than the bank accounts are considered “conceptual” cash value, which will be referred to as “money”. Or put simply, they are meant to track our breakdown of the cash in our accounts.
- ▶ The layer below the bank accounts are the funds. The funds take the full amount of cash, and distribute it as money by department or intent for use.
- ▶ The “General” fund is the origin, and it holds all money that is *not* distributed to other funds.
- ▶ All other funds are reliant on the General Fund (GF), some to lesser degrees, some more so. For example: The Police Fund is 100% reliant on the GF, the Water and Wastewater funds are nearly non-reliant on the GF. The difference being that Water and Wastewater produce their own revenues.



How the Budget Breaks Down (3)

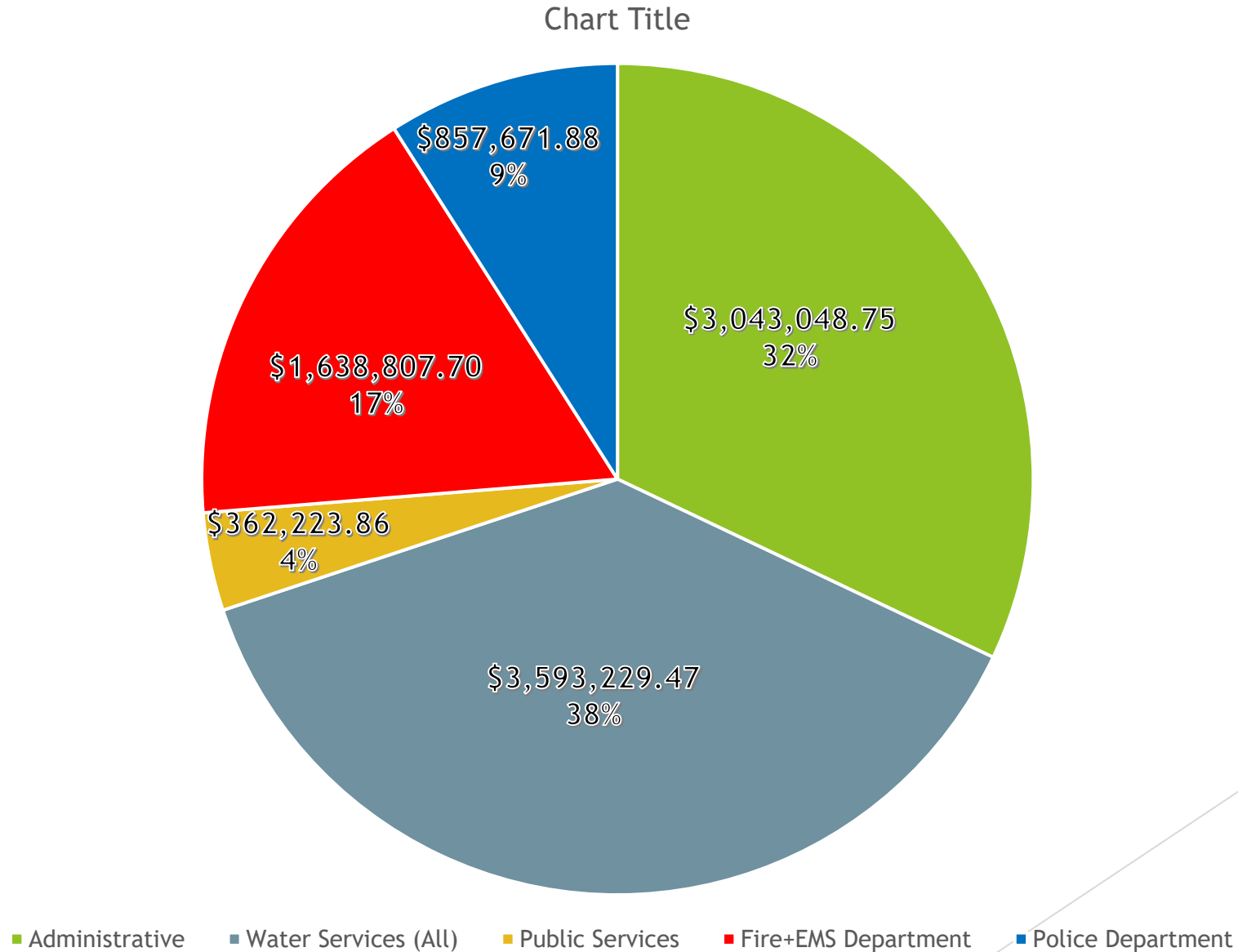
- ▶ The Funds break down further into individual “line” items. These items are the lowest category of organization of money.
- ▶ The lines are what ultimately are used by the departments to perform their duties and to purchase necessary resources.
- ▶ The line’s number, category, and purpose are determined by the State Auditor.
- ▶ Lines are organized within their categories.
The categories are: [Fund]-[Program]-[Object]-Breakout
Example: Line - [1000]-[710]-[340]-0000
Is: [General Fund]-[Administration]-[Prof & Tech Services]
With the “-0000” being a breakdown we can assign if needed.
- ▶ Objects can be listed in 3 categories:
0→199 = Payroll Objects
200→299 = Fringe Benefit Objects
300+ = Operating Objects



Restraints on the Budget

- ▶ The budget is made by distributing the money allocated to a fund, and the revenues that are expected for the year, and slating that money to be expended.
- ▶ Simply: [Money from Last Year] + [Expected Revenues this Year] = [Limitation]
- ▶ We cannot spend more than we have, or expect to take in. So in all cases, if we want to perform a task/project, we have to have the revenue to back it up.
- ▶ If we ever want to undertake a project that we don't have the money for, we must increase revenues, or save a prior balance to allow for it.

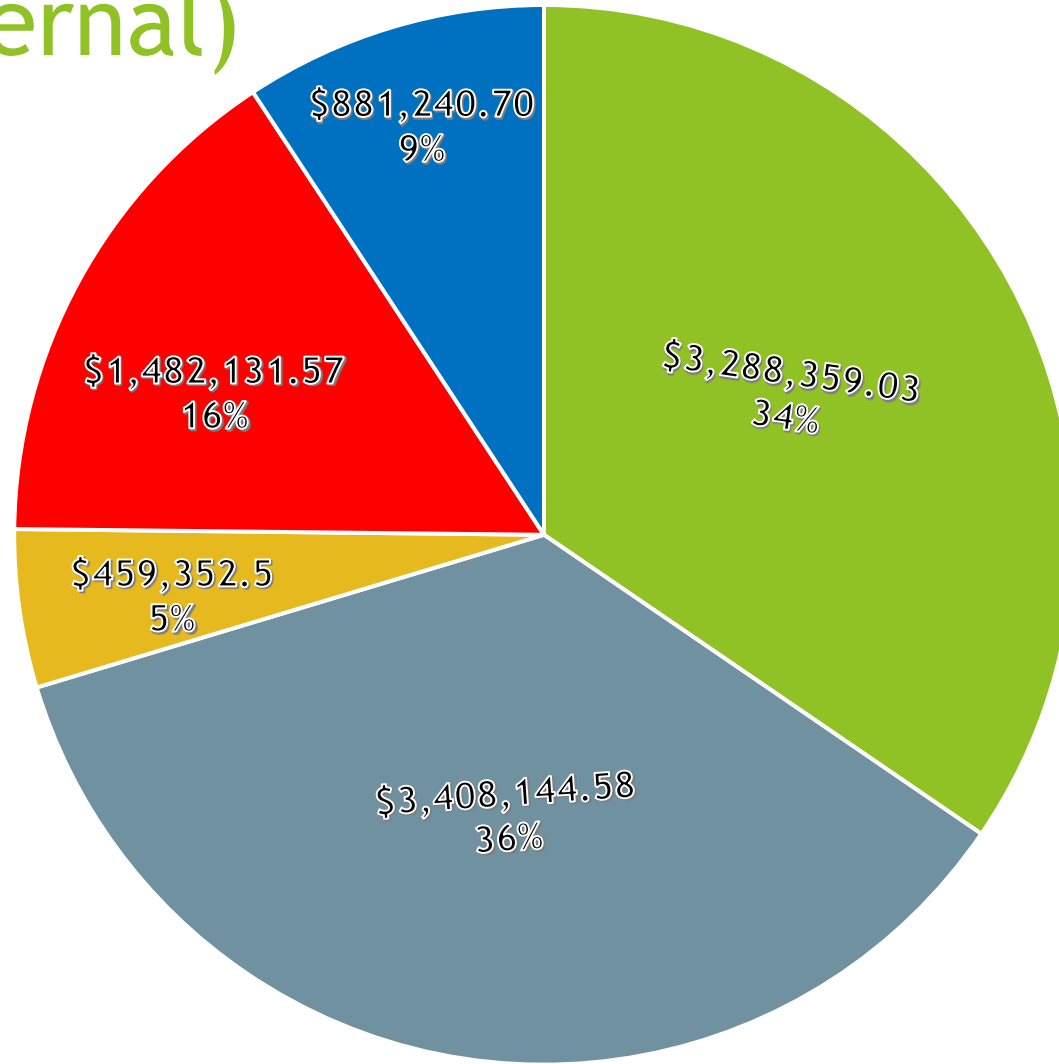
Chart of All Department Expenditures (Including Internal)



Largest Expenses

- ▶ Payroll: In total, our current payroll volume as of 12/31/2023 constitutes about \$2,200,000 in expenditure. This includes all taxes and withholdings. The vast majority of this is skewed to Public Safety. With the Fire Department making about \$800,000, and the Police Department making about \$500,000.
- ▶ Health Insurance: In 2023, our contract was for around \$400,000 per year. Having changed companies, our current contract is for around \$330,000 per year, 10% of which is paid by the employees in their withholdings.
- ▶ Loan Repayments: We currently have around \$600,000 in annual loan repayments. All of which is between Water and Wastewater, out of which around \$500,000 is Wastewater. This will be increasing over the next 3 years up to \$800,000, and then will decay over time. This will be talked more about in the debt section.
- ▶ Operating Processes: Though difficult to accurately calculate, we spend large volumes in the process of general operations. As an example, just the chemical supplies for the Water and Wastewater Plants make up almost \$200,000. There are many similar considerations broken out throughout the lines, which constitutes the majority of the budget's expenditures.

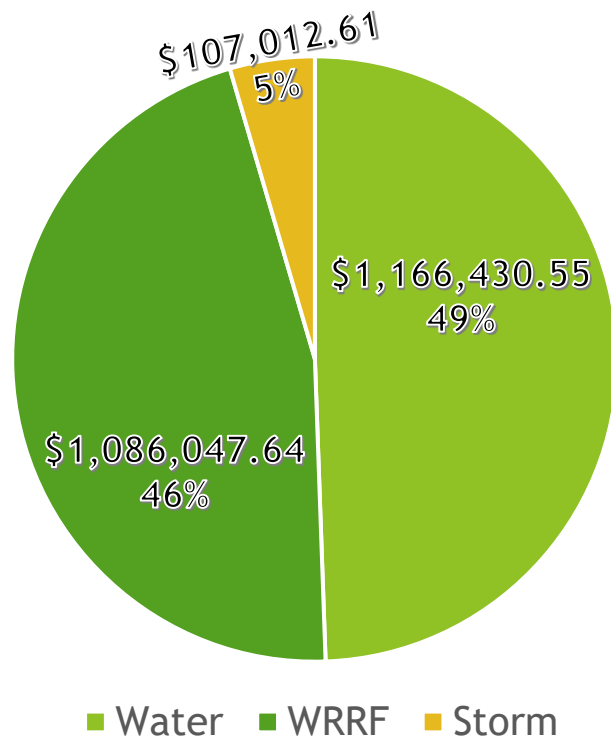
Chart of All Fund Revenues (Including Internal)



■ Administrative ■ Water Services (All) ■ Public Services ■ Fire+EMS Department ■ Police Department

Largest Revenues (Water) + Chart

- ▶ Storm Water gained \$107,012.61 in storm water charges over the course of 2023. This is a charge of \$3 to each individual residence in the village per month, and a variable amount for businesses dependent on the amount of impermeable surface area they have.
- ▶ The Water Department gained \$1,166,430.55 in Water charges over the course of 2023. This is a charge based on water consumption, and occasional charges and fees for various services as performed.
- ▶ The Wastewater Department gained \$1,086,047.64 in Sewer charges over the course of 2023. This is on the same basis as the Water Department.



Largest Revenues (Taxes)

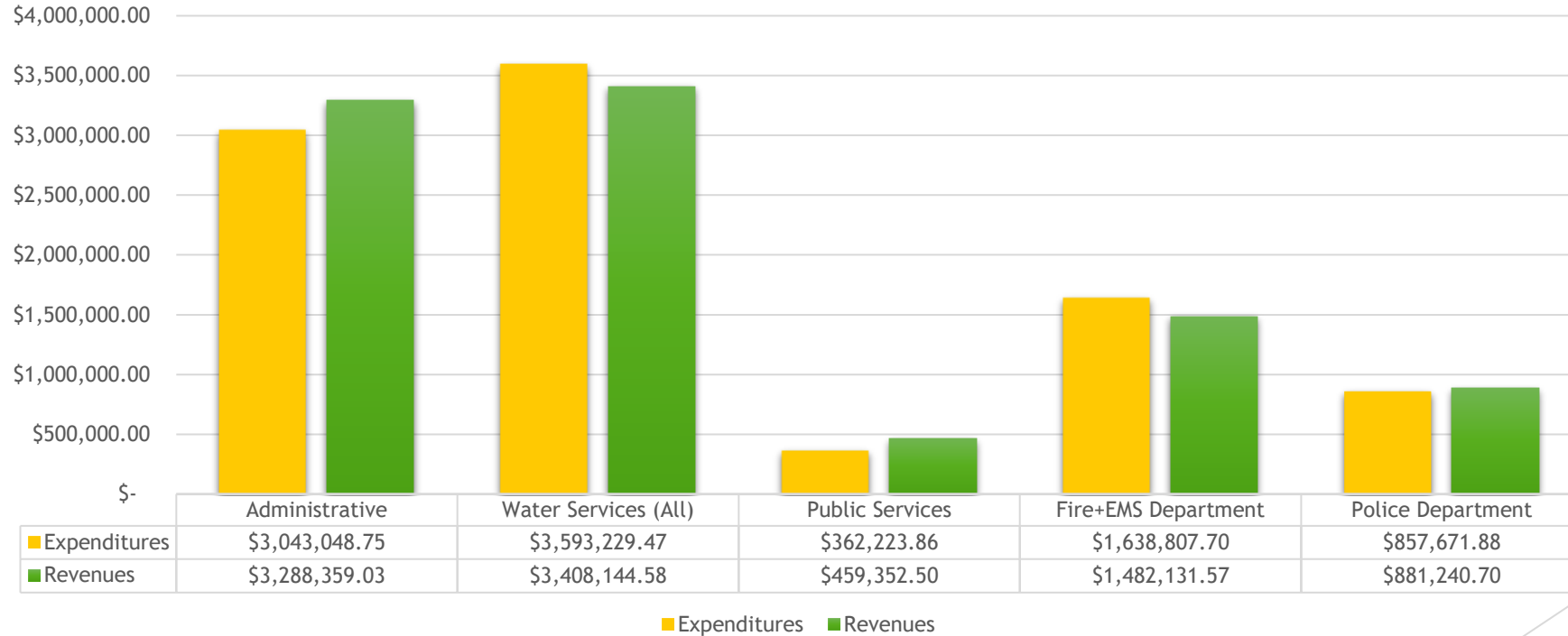
- ▶ The Village levies a 1.5% tax on income for all those who live or work within the boundaries. We process all taxes and tax information through the Regional Income Tax Agency (R.I.T.A).
In 2023, we took in \$2,448,029.03 in tax revenue from R.I.T.A, and this service cost the Village \$74,271.71.
- ▶ State of Ohio Taxes are given to us by disbursement from the State of Ohio Treasurer's Office. We receive various taxes from this such as Municipal Income Tax (State Tax), Vehicle Registration Taxes, Local Government Fund Distributions, Gasoline Taxes, Etc. In total we received \$359,128.06 from the State of Ohio in 2023.
- ▶ Fulton and Lucas County disbursed to us their relevant tax collections, totaling to \$440,920.42 in 2023. Around 90% of this is from Fulton County.

Largest Revenues (Other)

- ▶ The Fire/EMS Department has contracts for servicing other municipalities in our area. Those municipalities pay us for the service. There are a number of primary contracts, the largest being Fulton County which supplies \$750,000 to the Fire/EMS Department annually. Swancreek Township also does the same, and amounted to \$258,760.08 in 2023.
- ▶ Interest in 2023 we received \$118,435.12 in total for the amount of cash we held in restriction for the purpose of interest accrual. This has since been overhauled and we are anticipating nearly \$300,000 in 2024. Expected to be around \$25,000 a month, with all of the cash being actively available at any time. This will be discussed more in the Interest section.

Comparison of Revenues and Expenditures

Revenues vs Expenditures (Including Transfers)



Current Debt: OWDA

OWDA Loan	Bi-Annual Prin+Int	Annual	Total Remaining	End Year	First Payment
10649	?	?	?	NO AMORTIZATION	Incomplete
10500	?	?	?	NO AMORTIZATION	Incomplete
9684	\$ 47,606.88	\$ 95,213.76	\$ 1,802,193.88	NO AMORTIZATION	1/1/2024
9468	\$ 58,279.88	\$ 116,559.76	\$ 1,338,699.94	NO AMORTIZATION	7/1/2023
8734	\$ 26,830.72	\$ 53,661.44	\$ 890,189.14	Last Half in Jan 2041	1/1/2024
8145	\$ 27,038.23	\$ 54,076.46	\$ 736,919.81	2039	1/1/2022
7413	\$ 19,065.52	\$ 38,131.04	\$ 477,804.33	2037	7/1/2020
6619	\$ 31,885.30	\$ 63,770.60	\$ 1,078,588.99	2044	7/1/2018
6272	\$ 18,906.25	\$ 37,812.50	\$ 309,463.71	Last Half in Jan 2033	1/1/2021
5944	\$ 19,485.31	\$ 38,970.62	\$ 277,809.74	Last Half in Jan 2032	7/1/2015
5406	\$ 12,353.94	\$ 24,707.88	\$ 156,354.26	Last Half in Jan 2031	7/1/2013
4640	\$ 17,169.19	\$ 34,338.38	\$ 98,233.87	Last Half in Jan 2027	7/1/2013
2023	2024	2025	2026	2027	2028
\$ 557,242.44	\$ 557,242.44	\$ 557,242.44	\$ 557,242.44	\$ 540,073.25	\$ 522,904.06
2029	2030	2031	2032	2033	2034
\$ 522,904.06	\$ 522,904.06	\$ 510,550.12	\$ 478,710.87	\$ 440,319.31	\$ 421,413.06
2035	2036	2037	2038	2039	2040
\$ 421,413.06	\$ 421,413.06	\$ 421,413.06	\$ 383,282.02	\$ 383,282.02	\$ 329,205.56
2041	2042	2043	2044
\$ 302,374.84	\$ 275,544.12	\$ 275,544.12	\$ 275,544.12		

All loans by OPWC are public knowledge and can be found on this site:

<https://loans.owda.org/lgaprojects.html?LGAID=950>

This link takes you directly to the Swanton page of loans.

Current Debt: OPWC

OPWC Loan	Bi-Annual	Annual	Total Remaining	Number of Years
CE06Y-0	\$ 2,187.50	\$ 4,375.00	\$ 83,125.00	19
CE41P-0	\$ 2,000.00	\$ 4,000.00	\$ 40,000.00	10
CT12S-0	\$ 2,187.50	\$ 4,375.00	\$ 59,062.50	13.5
CE43W-0	\$ 2,500.00	\$ 5,000.00	\$ 85,000.00	17
CE34R-0	\$ 3,562.50	\$ 7,125.00	\$ 24,937.50	3.5
CE28M-0	\$ 1,071.64	\$ 2,143.28	\$ 40,722.57	19.0
CE29V-0	\$ 2,150.17	\$ 4,300.34	\$ 66,655.29	15.5
CE29R-0	\$ 4,375.00	\$ 8,750.00	\$ 105,000.00	12
2023	2024	2025	2026	2027
\$ 40,068.62	\$ 40,068.62	\$ 40,068.62	\$ 36,506.12	\$ 32,943.62
2028	2029	2030	2031	2032
\$ 32,943.62	\$ 32,943.62	\$ 32,943.62	\$ 32,943.62	\$ 32,943.62
2033	2034	2035	2036	2037
\$ 28,943.62	\$ 28,943.62	\$ 20,193.62	\$ 18,006.12	\$ 15,818.62
2038	2039	2040	2041	2042
\$ 13,668.45	\$ 11,518.28	\$ 6,518.28	\$ 6,518.28	\$ -

All loans by OPWC are public knowledge and can be found on this site:

<https://ohiodas.my.site.com/pwc/s/active-loans>

On the page, use CTRL+F and type “Swanton” to find our loan listing.

Investment and Potential Avenues

- ▶ In 2022, our Investment Structure we believe to have been set up incorrectly.
- ▶ In 2023, the current Fiscal Officer performed an overhaul of existing interest and bank structures to allow for greater interest gain, while still holding the incorrectly accrued interest to await audit review. (From an expected \$98,000 to \$300,000 annually)
- ▶ In 2024, the planned action regarding interest is to maintain an account with Farmers and Merchants as has been currently established, and allow the 2022-2023 audit to pass through. Then further plans may be discussed.
- ▶ Beyond 2024: There are many routes regarding investment, most of which require a certification held by the Fiscal Officer in order to pursue.
- ▶ Some options include:
 - Increasing the scale of the Star Ohio account already held.
 - Opening CDARS and Notes of Deposit with high interest locations.
 - Pursuing certification, and finding non-FDIC Investments to be performed.

Expectation for the Future (Cash)

- ▶ We are as of this year going to be about even between incoming cash and expenditures through debt, operations, and non-operating expenses. In case something dramatic occurs, it is best practice to ensure our revenues continue to meet our expenditures.
- ▶ The RCAP Study brought to us in December by Matthew Kline highlighted that our water/sewer system is in exceptional standing by their considerations. They recommended changes to the payment structure that were to be examined by council for 2024 and onwards.
- ▶ The cost of all resources, competitive labor rates, and projects continues to increase by the year. Allowing stagnation would likely cause us to begin expending reserves. Growth is a priority for the current administration.

Expectations for the Future (Debt)

- ▶ We are approaching what I would determine as our reasonable growth limit for debt. Taking on additional debt would begin to eat into our standing reserve.
- ▶ There are priority projects that are likely to come up within the next few years at maximum. Annual loan repayment mitigation will become important as we progress forward with our current debt portfolio.
- ▶ If the RCAP's recommended changes are implemented by Council either in part or full, this may change our standing regarding our debt as it will counter the WRRF Improvement Loan.

Expectations for the Future (Audit)

- ▶ We are anticipating an audit within 2024 for the years 2022-2023.
- ▶ This audit will cover the entirety of the period of the previous Fiscal Officer, and all addenda that result from that period.
- ▶ There is an expectation that the audit will hopefully discover where the \$10,512.41 difference stems from in the reconciliation from 2022. This was the recommended process by the Uniform Accounting Network.
- ▶ With knowing that January-December of 2023 are reconciled to \$0, the year of 2022 should be the primary point of contention regarding compliance.
- ▶ Once corrections are issued by the auditor's office, we should have a clearer picture of the March-2022→Feb-2023 period and should know if anything exceptional has occurred.