

CITY OF WARWICK
FINANCE DEPARTMENT
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To: Joanne Cournoyer, Council Liaison
Stephen McAllister, Council President
Warwick City Council

From: Peder Schaefer, Finance Director

Subject: Executive Communication – FY 23 Budget Projection

Date: January 31, 2023

The projections are generally favorable.

Revenues:

- Property taxes are estimated at \$222.9 million compared to a budget of \$231.3. This is because the car tax was eliminated after the Council acted on the budget and tax levy resolution in late May. The loss in property tax revenue of \$8.4 million is more than made up by greater state aid associated with the car tax elimination.
- There are various ups and downs in other revenue areas.
- Recording fees and realty transfer taxes are down \$1 million as mortgage refinancings and closing transactions have declined. Past due interest on taxes is also down by \$800,000 as much of this was associated with past due car taxes.
- Increased hospitality revenues, short term investment earnings, and rescue service fees have offset these losses. We are comfortable that we will meet our \$4 million sale of city property estimate.

Expenses:

- A \$1.3 million deficit in the Fire Department is offset by a \$1 million surplus in the police department. The retirement of 9 firefighters over the summer and fall prevented reductions in fire overtime that were expected.
- Public Works is projecting a \$1 million surplus as staffing levels remain below budget.
- There will be a slight deficit in energy costs citywide of around \$300,000 on a spending base of \$3.8 million as most of the price increase were incorporated in the approved FY 23 budget.

ARPA (American Rescue Plan)

The approved FY 23 budget relied on the use \$10.8 million of revenue loss qualified ARPA funding for general purposes. It now appears only \$7.5 million will be needed. This reduced reliance in FY 23 as well as limited ARPA use in FY 22 will allow for reallocations in FY 24.

In summary, with the use of \$7.5 million in ARPA funds, a balanced budget in FY 23 is projected and the undesignated fund balance of over \$30 million will be maintained.

Fiscal Year 2022-2023 Projection City of Warwick Budget (In Millions of Dollars) Monday, January 31, 2022	FY 21 Actual	FY 22 Preliminary	FY 23 Budget	FY 23 Project	Over (Under)
Recurring Revenues					
Property Taxes	\$240.2	\$237.0	\$231.3	\$222.9	-\$8.4
State and Federal	\$54.4	\$59.0	\$66.4	\$75.3	\$8.9
Licenses and Fees	\$8.5	\$10.1	\$10.0	\$9.4	-\$0.6
Other Revenue	\$15.6	\$16.6	\$20.0	\$21.0	\$1.0
Enterprise Funds	\$2.6	\$2.7	\$2.6	\$2.6	\$0.0
Recurring Revenues	\$321.3	\$325.4	\$330.3	\$331.2	\$0.9
One-Time Revenues					
American Rescue	\$0.0	\$1.4	\$10.8	\$7.5	-\$3.3
Fund Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
One time Revenues	\$0.0	\$1.4	\$10.8	\$7.5	-\$3.3
Total Revenues	\$321.3	\$326.8	\$341.1	\$338.7	-\$2.4
Expenses					
Administration					
General	\$5.8	\$6.1	\$7.0	\$6.6	-\$0.4
Debt Service	\$8.8	\$9.1	\$10.1	\$10.0	-\$0.1
Public Safety	\$47.8	\$49.9	\$49.2	\$49.3	\$0.1
Social Services	\$5.4	\$4.7	\$5.0	\$4.9	-\$0.1
Physical Resources	\$12.1	\$14.9	\$19.4	\$18.0	-\$1.4
Benefits and Capital					
Other	\$3.0	\$3.6	\$3.0	\$3.2	\$0.2
Benefits	\$28.9	\$28.4	\$29.3	\$28.3	-\$1.0
Pension	<u>\$36.4</u>	<u>\$37.7</u>	<u>\$39.3</u>	<u>\$39.6</u>	<u>\$0.3</u>
Municipal	\$148.1	\$154.4	\$162.3	\$159.9	-\$2.4
School	\$172.1	\$172.4	\$178.8	\$178.8	\$0.0
Total Expenses	\$320.2	\$326.8	\$341.1	\$338.7	-\$2.4
Surplus - (Deficit)	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0