

FINANCIAL CONDITION OF THE VILLAGE OF RHINEBECK

June 1,2021- May 31, 2022

Crazy times we are living in from inflation, cost of goods and services to the availability of important parts to run our facilities and departments. With so many variables and moving parts, one thing needs to remain constant and that is stability.

Stability is gained through good solid information which in turn affords the Mayor, Village Board, and all of you (the residents) to make decisions that support, sustain, and promote the Village of Rhinebeck.

My part as the Treasurer and Chief Financial Officer, outside of paying bills, payroll and budgeting is to maintain accurate accounting records of all financial activity. The finance office plays an important role in stability and in public service. The finance office has stewardship over citizens' shared financial resources. These resources make possible the services that are essential to the safety, livability, and vitality of our communities.

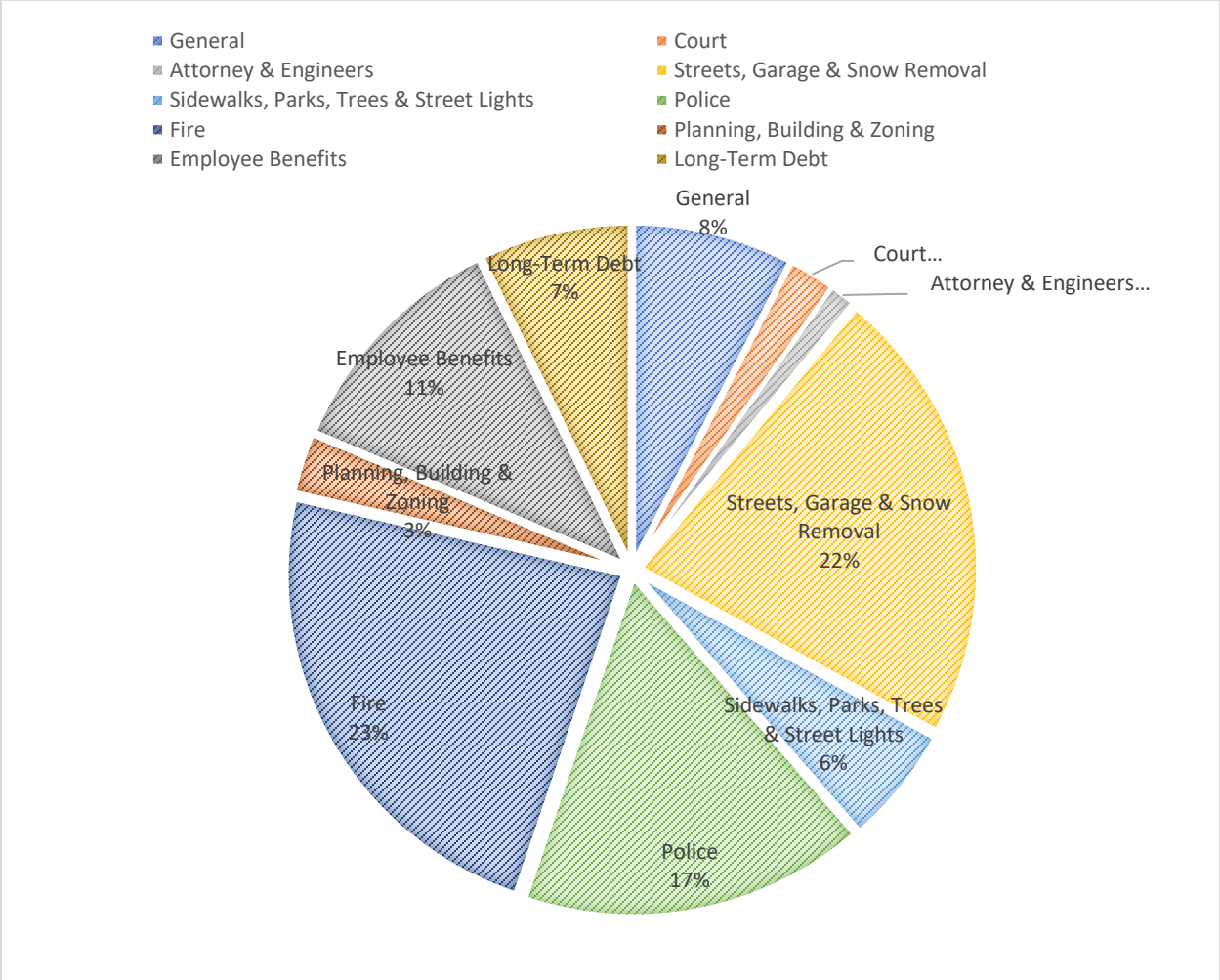
Stability requires the input, coordination and efforts of the board, department heads and all the village employees.

How have we performed this past year?

EXPENSES:

2021-2022 Expenses

General	\$258,768
Court	\$73,964
Attorney & Engineers	\$40,587
Streets, Garage & Snow Removal	\$744,997
Sidewalks, Parks, Trees & Street Lights	\$191,124
Police	\$560,958
Fire	\$792,233
Planning, Building & Zoning	\$95,323
Employee Benefits	\$387,287
Long-Term Debt	\$243,344
	\$3,388,585

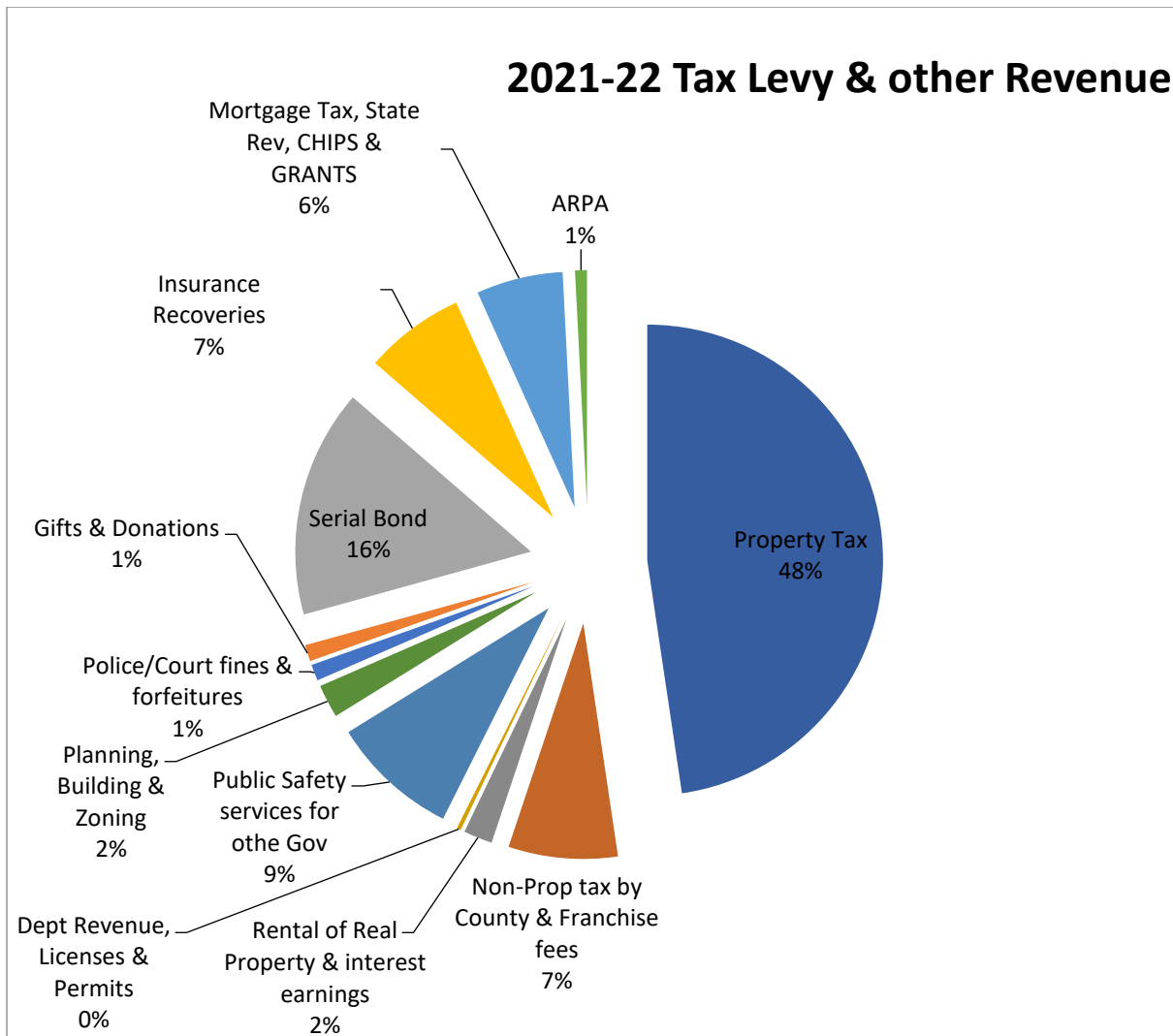


The departments have done a great job keeping their expenses within their budgets. A few points:

- The fire department includes the purchase of a Fire/Rescue Truck \$580,000
- Increase in legal activity caused the Attorney line item to go over-budget by \$5,500
- The Village purchased our previously leased Street lights from Central Hudson \$88,000
- Unanticipated increase of cost for fuel, diesel, and gas
- New vehicle 5-year Lease/Purchases: 2021 Police Command vehicle, 2021 Utility Truck for the Water Department, 2021 Police fleet vehicle
- This was the last year payment for the 2019 Vac Truck

REVENUE:

Property Tax	\$1,764,294
Non-Prop tax by County & Franchise fees	\$277,350
Rental of Real Property & interest earnings	\$73,236
Dept Revenue, Licenses & Permits	\$10,526
Public Safety services for other Governments	\$325,059
Planning, Building & Zoning	\$84,633
Police/Court fines & forfeitures	\$41,196
Gifts & Donations	\$41,590
Serial Bond	\$580,000
Insurance Recoveries	\$254,929
Mortgage Tax, State Rev, CHIPS & GRANTS	\$219,882
ARPA	\$30,098
	\$3,702,793



Property tax remained under the 2% NYS Tax Cap. The tax rate for 21-22 was \$3.14 per 1000 assessed value, down \$1.02 from last year.

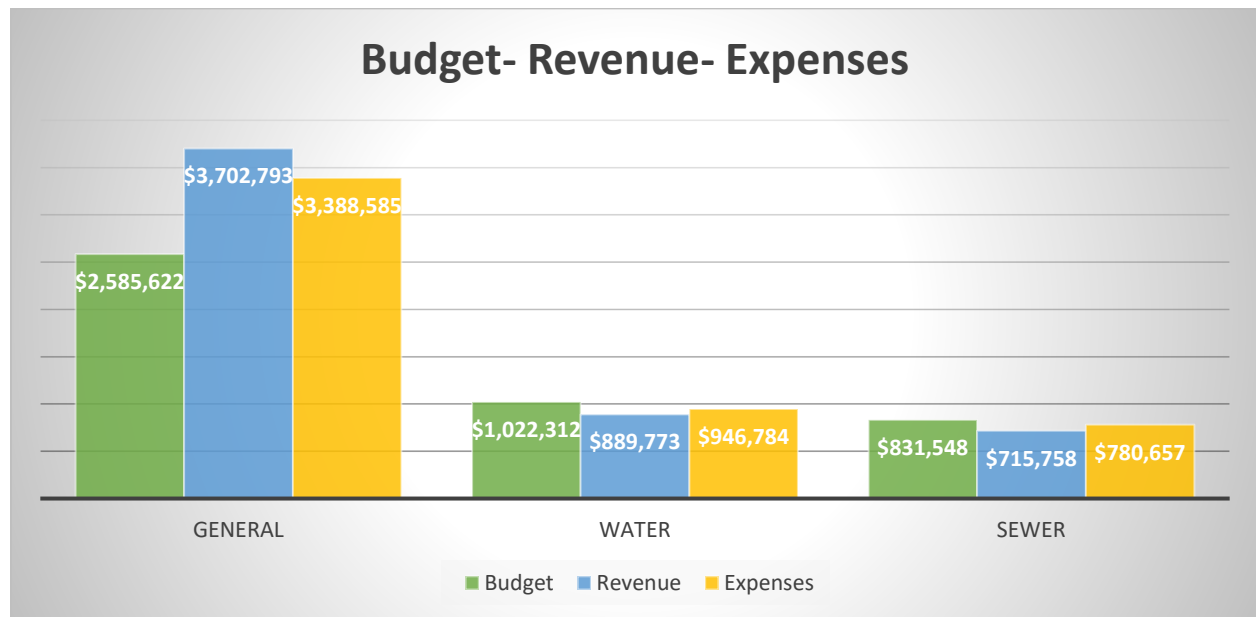
The Planning, Building and Zoning departments remained active with increased revenues.

We received half \$103,901 of ARPA funds and spent \$20,098 on a SMART VMS police road display for emergency notifications and \$10,000 to assist local food banks. The balance is in an Assigned Fund Balance account until the board authorized the next amount and use.

State aid remained constant and there was a substantial increase in the Mortgage tax distribution from Dutchess County.

We received a grant for \$30,000 for tree removal and replacement, as well as a grant for \$10,000 for the village comprehensive plan.

BUDGET – REVENUE – EXPENSES:



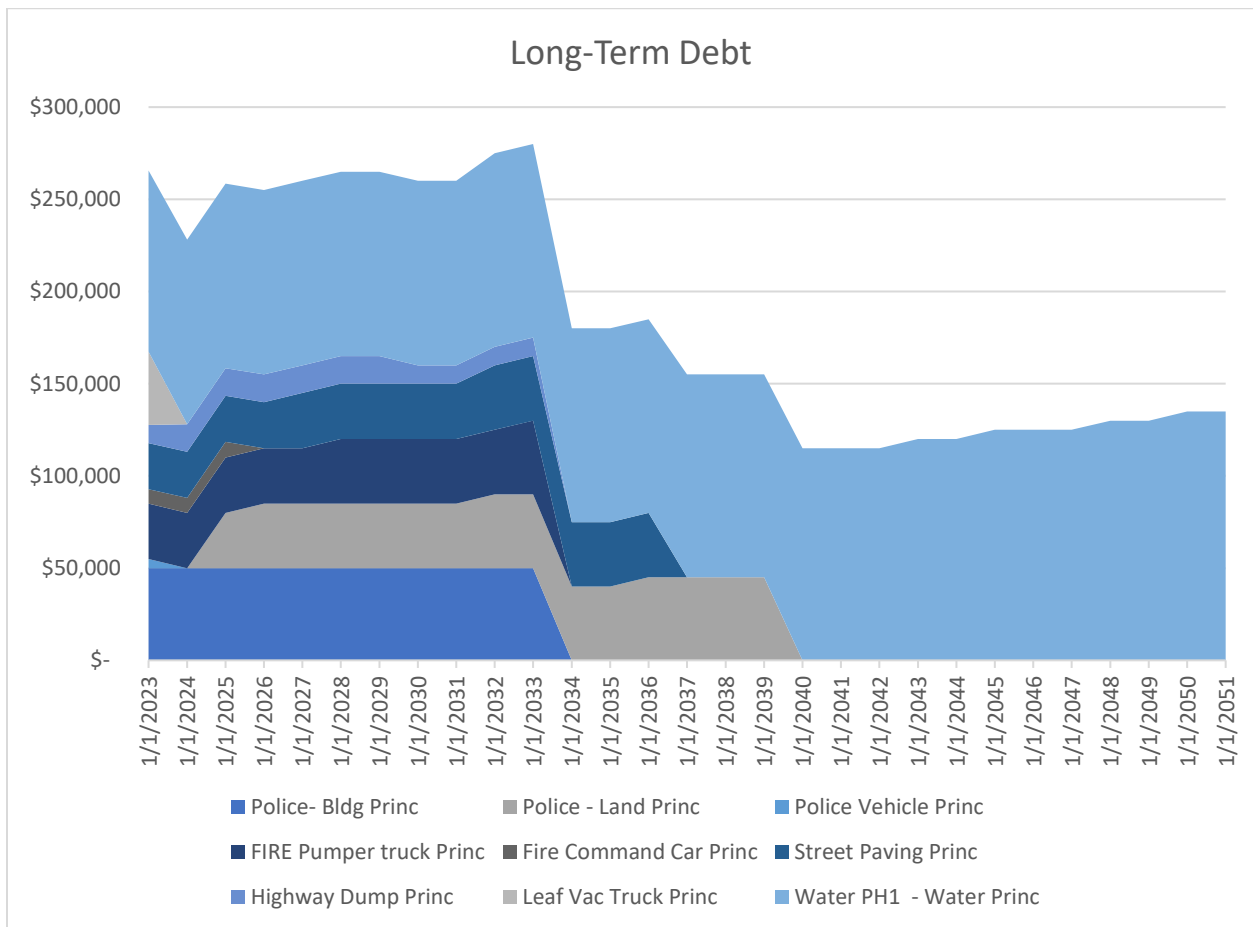
This chart illustrates the relationship between the Budget, Revenue and Expenses.

The increase in the General fund was explained above.

The Water Fund increased rates from \$6.00 per 1000 gallons used to \$7.00 per 1000 gallons used. A water rate study being completed by engineering firm Tighe & Bond is in progress.

As the Sewer Fund revenue lagged behind expenses, \$65,000 has been allocated from Fund Balance for the 22/23 fiscal year as an analysis of capital projects and annual operating expenses are performed.

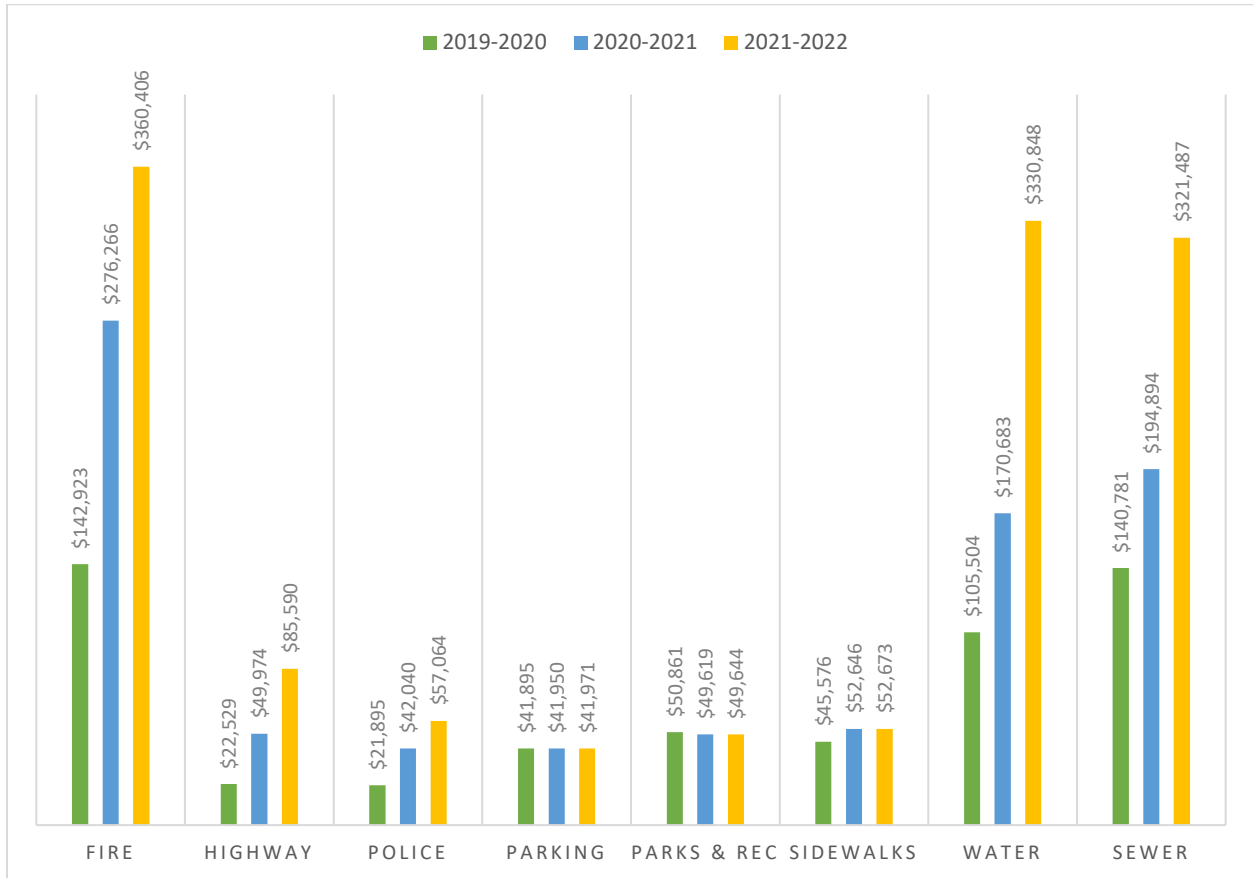
LONG-TERM DEBT:



This graph shows the long-term picture of the village’s long-term debt and is a good tool for future planning. Many of these bonds mature around 2033. The large one at the top is the recently completed Water Main Project.

Current and future Grants and Capital projects being considered include sidewalk work, fire/rescue equipment, a water system upgrade, wastewater treatment plant and collection system upgrades and a water, drainage, and paving project here on Center Street.

CAPITAL ACCOUNTS:

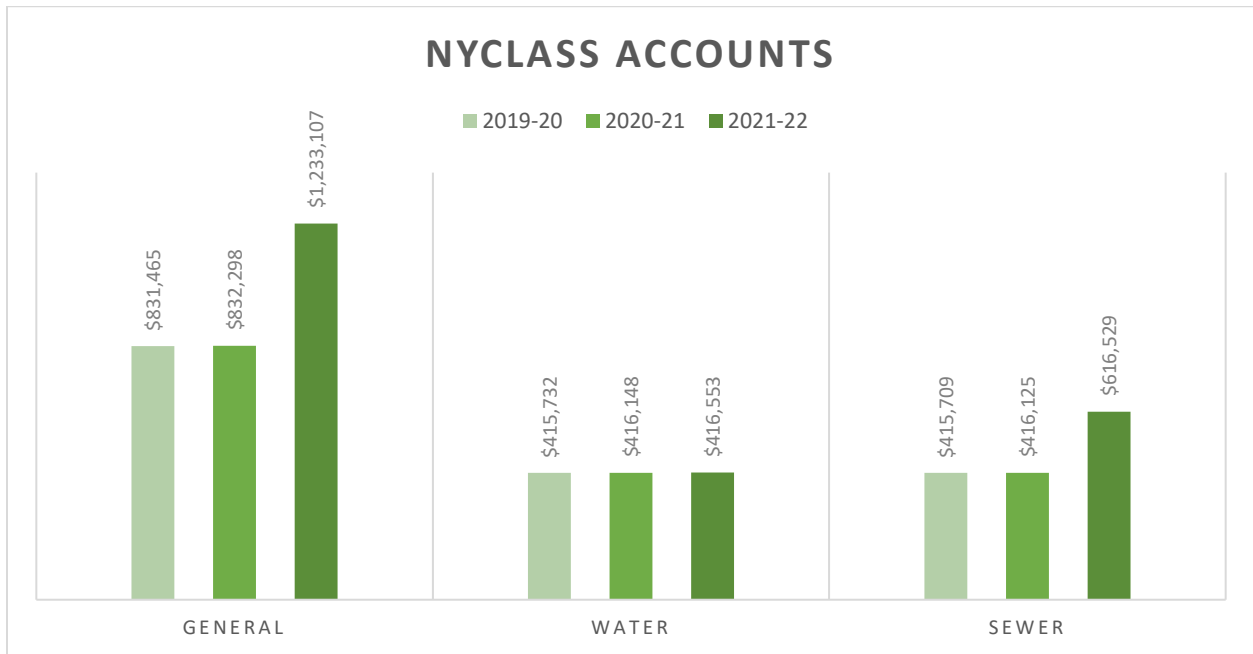


Part of stability and responsible planning is maintaining Capital accounts. The village has the above established accounts.

As per the Fire Contract with the Town of Rhinebeck, the town's share (percentage) of the unspent annual fire budget is transferred the capital account as well as a budgeted amount from the village budget, which this year was \$70,000.

Recent increases to the transfer from annual operating fund to capitol accounts in the Water and Sewer funds are in anticipation of large upgrade projects with EFC that are part grants, loans, and current funds.

NYCLASS INVESTMENT ACCOUNTS:



An essential part of stability and responsible planning are our investments in securities. The village has partnered with New York Cooperative Liquid Assets Security System. (NYCLASS)

With rates continuing to rise, local government investment pools like NYCLASS continue to be an excellent investment option for cash management needs. Interest compounds daily, they are self-collateralized and offer convenient liquidity.

This year, the fund balances in the General fund and Sewer fund allowed for additional funds to be transferred and invested.

FUND BALANCE HISTORY & ANALYSIS:

Analysis of the Village of Rhinebeck's Fund Balance as of 5/31/2022

GENERAL

Actual as of 5/31/2021

20/21 Fund Balance	1,546,702		
Less assigned Fund Balance	-658,225		
Less 25% Investments in Securities	-308,276		
Unassigned Fund Balance	580,201		
add YTD Revenue	3,702,793		
deduct YTD expenditures	-3,388,586	Threshold	Above
Fund Balance as of 5/31/22	894,408	\$	
		677,594	216,814

WATER

Actual as of 5/31/2021

20/21 Fund Balance	1,032,804
Less 50% Investments in Securities	-208,276
Unassigned Fund Balance	824,528
add YTD Revenue	889,773
deduct YTD expenditures	-946,784
Fund Balance as of 5/31/22	767,517

SEWER

Actual as of 5/31/2021

20/21 Fund Balance	1,256,173
Less 50% Investments in Securities	-308,265
Unassigned Fund Balance	947,908
add YTD Revenue	715,758
deduct YTD expenditures	-780,657

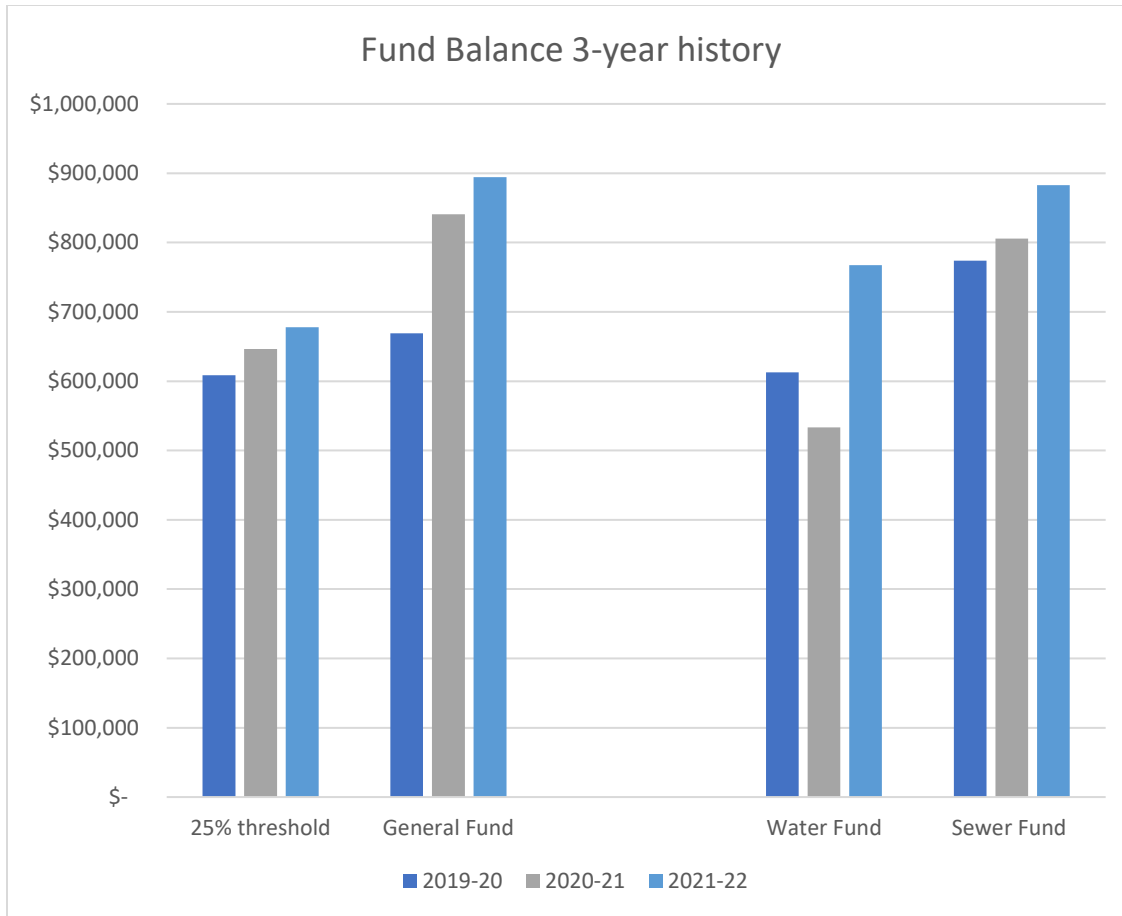
Fund Balance as of 5/31/22

883,009

At fiscal year-end May 31, 2022, fund balances were as follows (with the above assumptions of retaining a portion of investments in securities and maintaining the Capital Account balances): GENERAL FUND: \$894,408 (of which \$216,814 is above the Fund Balance policy recommendation of 25% of the subsequent budget), WATER FUND: \$767,517, SEWER FUND: \$883,009.

It is important to note that Fund Balance is a net-position and considers cash, receivables, payables and due to/due from amounts, pending grants and transfers to Capital Projects. Maintaining a healthy fund balance provides stability.

	2019-20	2020-21	2021-22
25% threshold	\$608,759	\$646,405	\$677,594
General Fund	\$669,246	\$840,813	\$894,408
Water Fund	\$612,495	\$533,483	\$767,517
Sewer Fund	\$773,911	\$805,668	\$883,009



As you can see from the graph, there was a decrease in the Water Fund balance. This was the result of additional funding needed for the Water Main Project which has been completed.

Being proactive in the budget process can help the village be prepared for inflation's anticipated strains on the purchasing power of future revenues combined with the challenge of increasing costs. This is the opportunity to be proactive in sharing the board's (and you the residents) expectations for the next fiscal year and identifying coming needs and challenges of your entity's departments.

In conclusion, although the village's finances are in good shape at this time, there are challenges to consider:

- The labor force is changing. Finding and retaining good employees has been and will be a challenge.
- Aging infrastructure and equipment.
- Cost and availability of supplies, equipment, and services.

We have maintained adequate fund balances; we continue to monitor expenses and budget responsibly; and we are always looking for safe, viable sources of revenue, that in turn stabilizes the village tax rate. Please feel free to contact me with any questions, comments, or an explanation of any of the above.

Respectfully,

Karen P. McLaughlin

Treasurer

Village of Rhinebeck