

Town Manager's Proposed Budget



FISCAL YEAR 2020-2021

PROPOSED BY TOWN MANAGER AND BOARD OF EDUCATION

Issue of Balance

- The Budget is more than numbers
- It sets priorities and has to find a balance to address competing needs
- It has to respond to pressures both external and internal to Clinton



Budget Process

- The budget process sets priorities by allocating scarce resources
 - Scarce resources imply competition...
 - ...and choice
- The Proposed Budget offers one set of priorities and service levels for Council consideration
- Contains best information available at this time.

Sustainability

- Decision-making process in the budget revolved around sustainability
- Budget sustainability not likely to be solved in the short term, especially with head winds from the state.
 - Address those areas under local control
 - Address themes from prior budgets
- Sustainable services with predictable budgeting, transparency and fiscal discipline
 - Long-term horizon

Difficult Decisions

Difficult decisions went into the Proposed Budget to balance our fiscal reality with budget requests.

Difficult decisions lay ahead for the Town Council in its deliberations to develop a fair budget and tax rate.

Budget Highlights

- Total budget expenditures are proposed to increase by 3.78%
- Tax rate increase to support the Proposed Budget totals 1.92%
- The difference between the budget increase and the tax rate is due to one-time adjustment in State Grants-in-Aid (ECS), appropriation of Fund Balance and growth in the Grand List.

Proposed Budget

	Adopted FY20	Proposed FY21	Increase (Decrease)	
Town Government	\$15,899,117	\$16,589,042	\$689,925	4.34%
Board of Education	32,961,486	33,572,391	610,905	1.85%
Debt Service				
Town	1,951,913	2,142,442	190,529	9.76%
Education	3,149,499	3,097,758	(51,741)	(1.64%)
Capital Improvements				
Town	755,280	1,366,975	611,695	80.99%
Education	398,971	433,126	34,155	8.56%
TOTAL	\$55,116,266	\$57,201,733	\$2,085,467	3.78%

Proposed Revenues

FINANCING THE BUDGET

Financing the Budget: Changes in the Grand List

- State law limits the sources of revenue available to local governments
 - The property tax remains the Town's main source of revenue
- Grand List growth higher than recent years.

■ October 1, 2019	1.08% growth (before BAA)
■ October 1, 2018	0.71% growth
■ October 1, 2017	0.56% growth
■ October 1, 2016	0.15% growth
- Growth generates over \$500,000 in additional revenue at the current mill rate.

Financing the Budget: State Aid

- State aid is used to limit property tax increases
- Governor's Budget Adjustment for last year of biennium
 - No Cuts to Municipal Aid
 - No New Cuts to Municipal Aid
 - Aid formulas result in a reduction to Clinton by the State last fiscal year and is budgeted to decrease again for FY20-21.

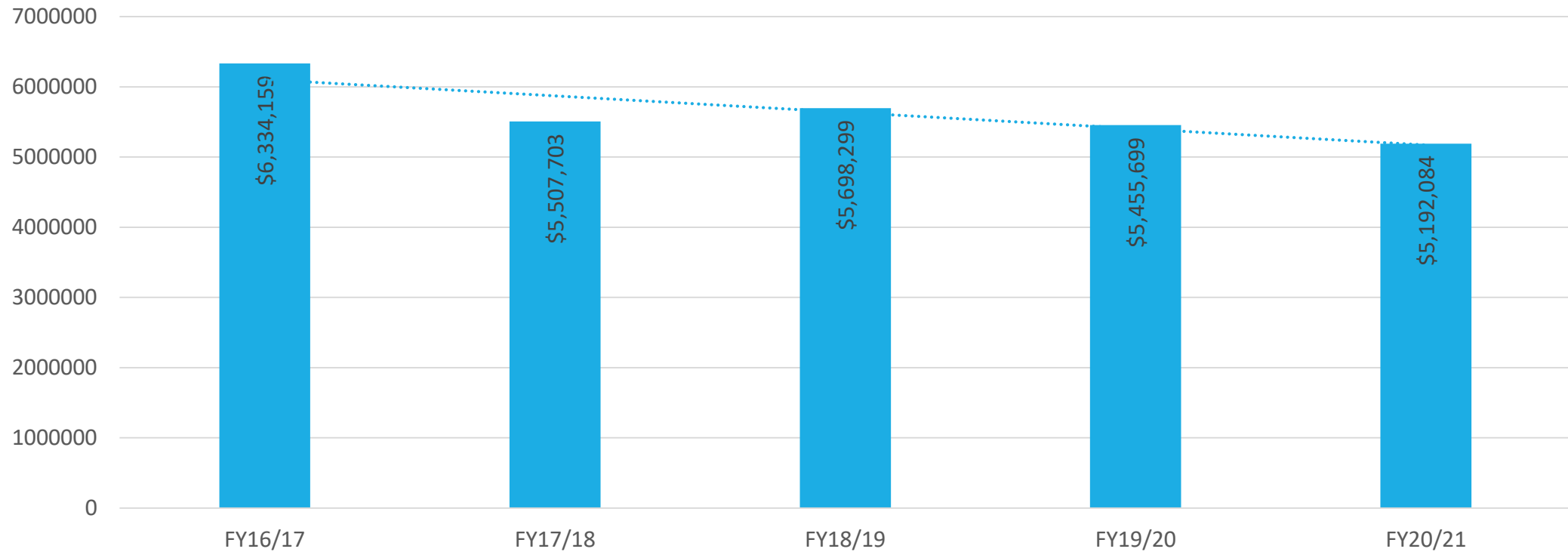
Financing the Budget: State Aid

Grant-in-Aid Program	State FY20	Town FY20	Governor FY21	Town FY21	Town to Town Change
ECS	\$5,455,699	\$4,933,814	\$5,192,084	\$5,192,084	\$258,270
LOCIP	84,033	84,033	84,033	84,033	0
State PILOT	16,949	16,949	16,949	16,949	0
Town Aid Road	267,626	267,626	267,253	267,253	(373)
Municipal Projects	191,674	191,674	191,674	191,674	0
Muni Stabilization Grant	288,473	288,473	288,473	288,473	0
TOTAL	\$6,304,454	\$5,782,569	\$6,040,466	\$6,040,466	\$257,897

One-time adjustment to ECS in the Town budget. ECS reduction in State Budget +\$263,000.

Financing the Budget: State Aid

Education Cost Sharing Grant Funding Levels



Financing the Budget: Fund Balance

- The use of Fund Balance traditionally provides a degree of tax relief
 - Proposed budget assumes continued use to reduce the mill rate
- Proposed to be accounted for as a revenue to finance capital improvements
 - Also reduced the mill rate
- Anticipate the need to use Fund Balance to cushion the effects of revaluation being implemented with the FY21/22 budget.

CAUTION:

Fund Balance is a measure of fiscal flexibility in bond rating reviews. Need to keep a long-term focus for use of fund balance.

Financing the Budget: Other Revenue

- Interest income is expected to remain weak given the continued low interest rate environment.
- Permit and Fee income follows historical trends. It was not increased in anticipation of large redevelopment project which are one-time in nature.
- Real Estate Conveyance Tax projected to be flat from prior year.

Town Government Expenditures

Expenditure Summary: Town Government

- Town Government budget proposed to be funded at \$16,589,042 – an increase of \$689,925 or 4.34%
 - Department operating requests were cut \$426,153 by the Town Manager
- Influences on the Budget:
 - Increase in MSW Tip Fee from \$83/ton to \$93/ton
 - Union Negotiations, Part 1 – Budget for Settlement
 - Union Negotiations, Part 2 – Prepare for New Negotiations

Expenditure Summary: Town Government

Activity	FY2019-20 Budget	FY2020-21 Proposed Budget	Percent Change
Govt. Administration	\$2,020,362	\$2,129,614	5.41%
Land Use & Development	367,436	330,955	(9.93%)
Protection & Emergency	4,178,482	4,278,579	2.40%
Public Works & Facilities	3,047,590	3,223,737	5.78%
Recreation & Human Services	648,244	654,013	0.89%
Library	759,820	769,246	1.24%
Insurance & Benefits	4,877,183	5,202,898	6.68%

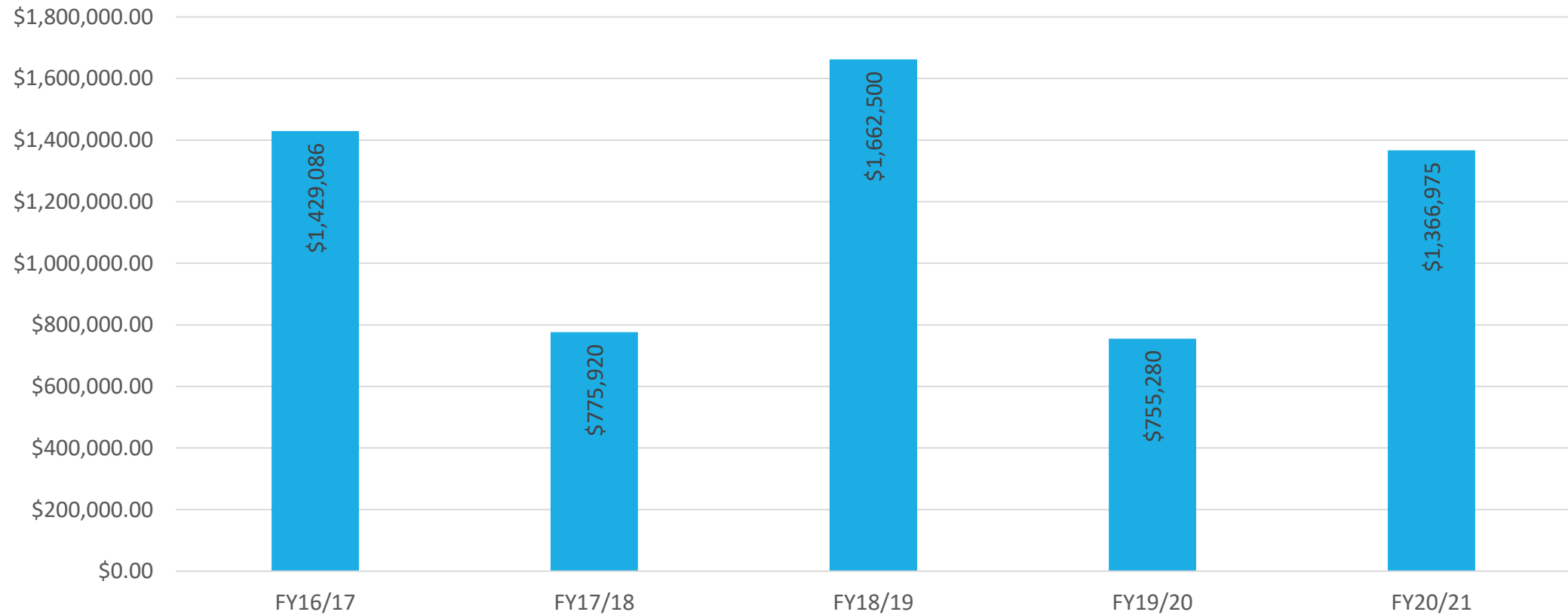
Expenditure Summary: Town Government

Category	FY2020-21 Proposed Budget	% of Total
Personnel Expenses	\$11,370,240	68.54%
Repair and Maintenance	829,675	5.00%
Operating Supplies	363,286	2.19%
Software and IT	134,121	0.81%
Professional Services	1,931,489	11.64%
Utilities and Fuel	1,286,481	7.76%
Risk Management	400,000	2.41%
Contingency and Miscellaneous	273,750	1.65%

As a service organization, direct delivery of service is 80% of expenses between personnel and professional services

Capital Improvements

Town Capital Funding



Town Capital Funding

- On-going need for critical investments
- High priority items included in the Capital Plan for FY2020-21
 - Establish Fire Apparatus Reserve
 - Smooth out funding spikes to finance new equipment
 - Funding for Paving
 - Make part of the budget instead of bonding.

SUSTAINABILITY:

Both of these requests look toward long-term planning and reward.

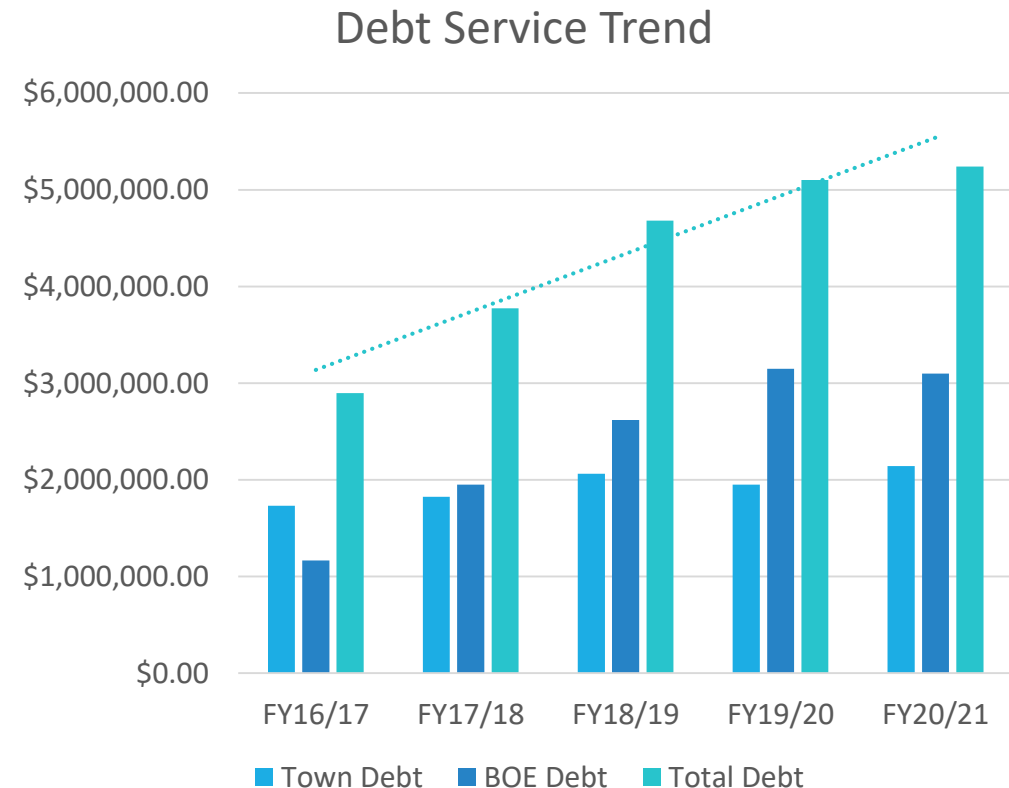
Debt Service

Debt Service

- Debt Service payments repay debt issued and capital leases which have been used to finance projects and equipment purchases
 - Total Debt Service requires \$5,240,199 – an increase of \$138,787 or 2.72%

CAUTION:

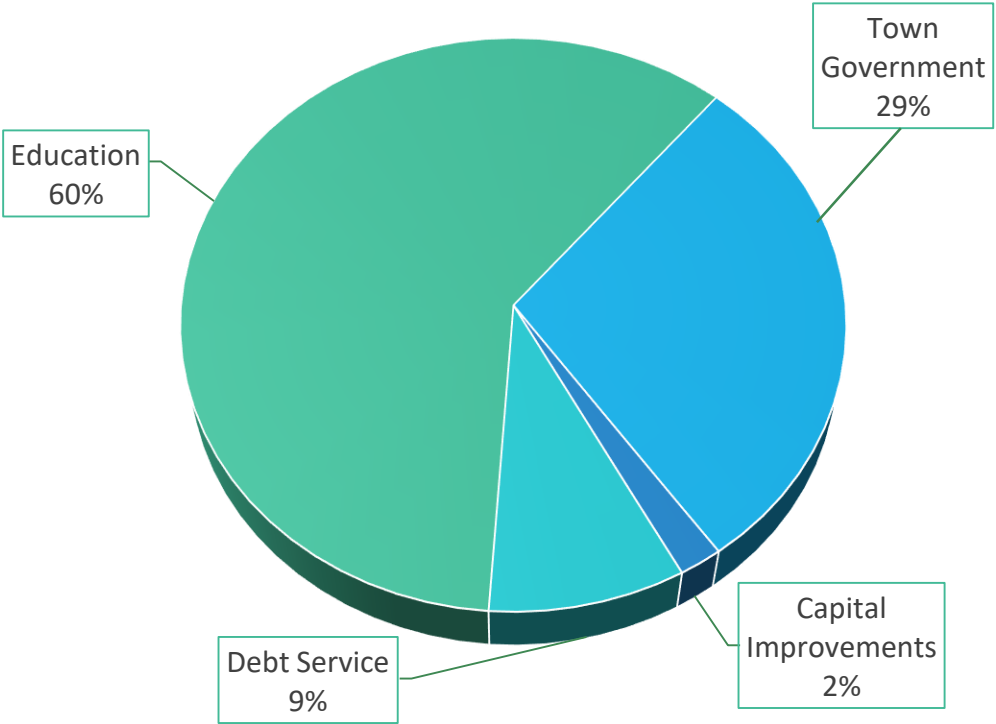
Debt Service growth reduces budget flexibility



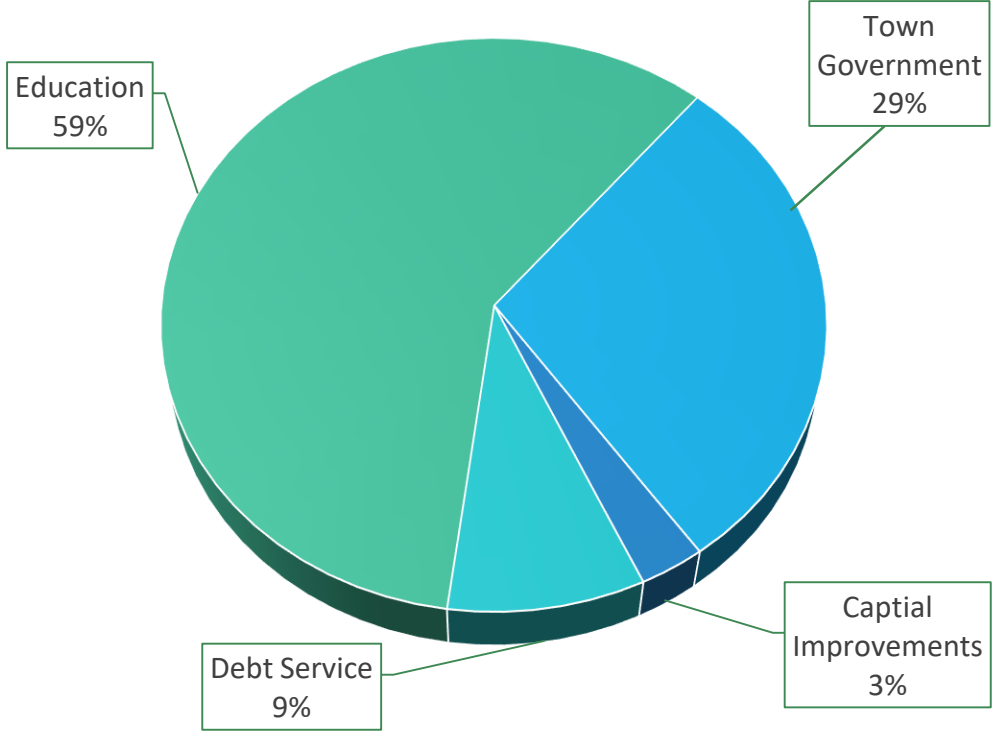
Budget Comparison

Expenditure Comparison

ADOPTED BUDGET FY2019-20

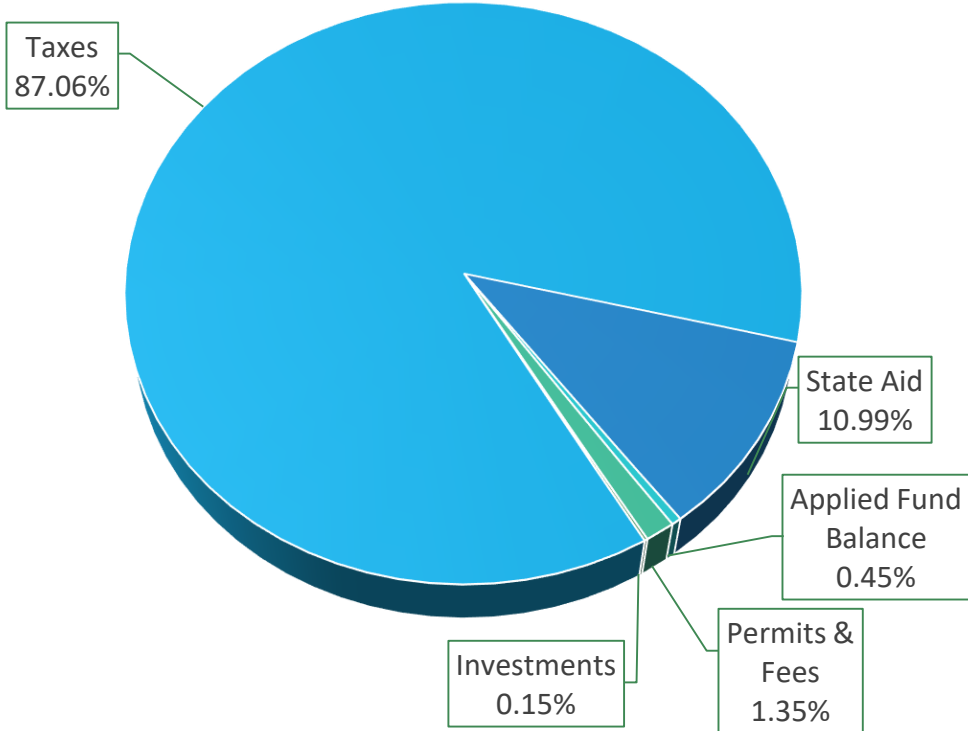


PROPOSED BUDGET FY2020-21

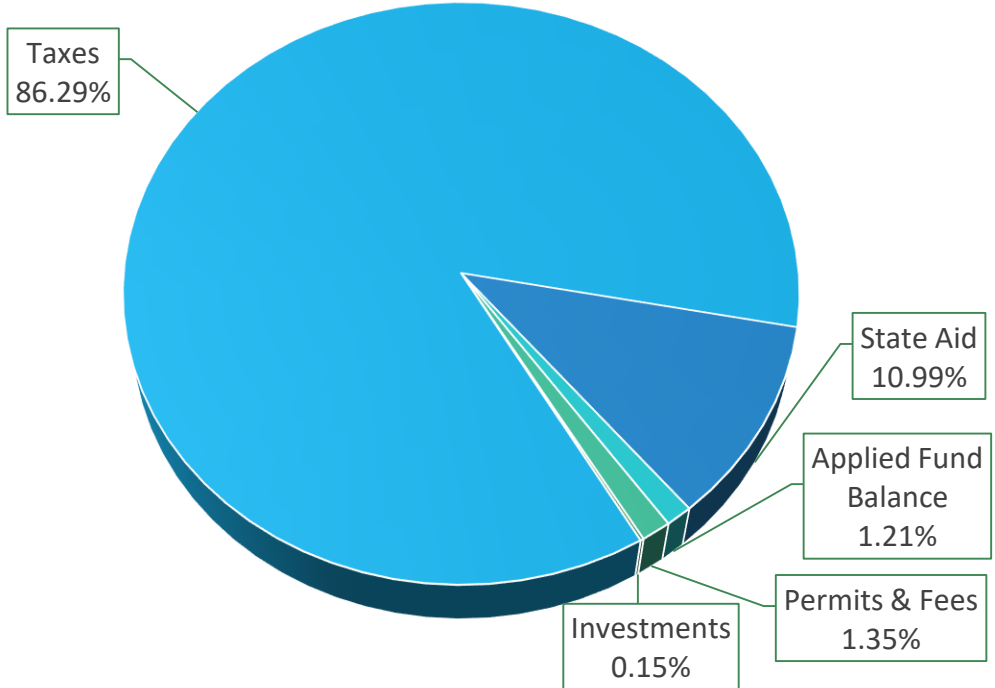


Revenue Comparison

ADOPTED BUDGET FY2019-20



PROPOSED BUDGET FY2020-21



Proposed Mill Rate

Proposed Mill Rate

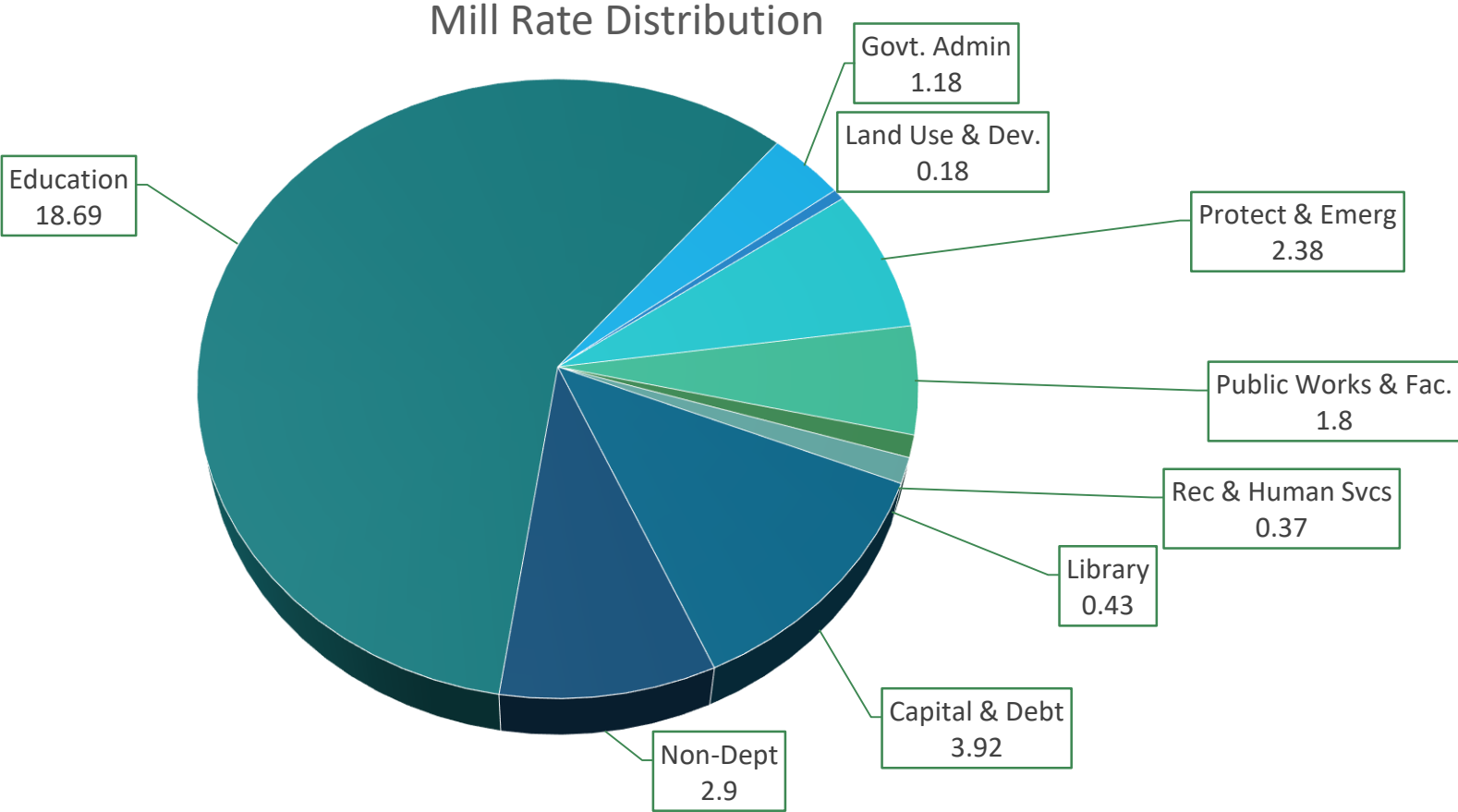
The Proposed Budget requires a 31.85 mill rate.

Proposed increase of 0.60 mills or 1.92% over FY2019-20 rate of 31.25 mills.

Proposed Mill Rate

Fiscal Year	Mill Rate	% Change
2020-21	31.85 (Proposed)	1.92%
2019-20	31.25	2.32%
2018-19	30.54	2.11%
2017-18	29.91	10.21%
2016-17	27.14	

Proposed Mill Rate



Impact on the Taxpayer

Average Market Value	\$300,000
Assessment (70% of market value)	\$210,000
Current Tax Bill (31.25 mills)	\$6,562.50
Proposed Tax Bill (31.85 mills)	\$6,688.50
Increase in Taxes (amount)	\$126.00
Increase in Taxes (percentage)	1.92%

Value of a Mill

- One Mill = \$1,561,262
- To impact the Mill Rate:
 - \$15,613 in cuts reduces the mill rate by 0.01 mills
 - For Average Taxpayer, 0.01 mill reduction will result in \$2.10 relief

How Average Tax Bill Revenue is Spent

Service	Amount	Percentage
Govt. Administration	\$248.81	3.72%
Land Use & Development	38.79	0.58%
Protection & Emergency	500.30	7.48%
Public Works & Facilities	377.24	5.64%
Recreation & Human Services	76.92	1.15%
Library	89.63	1.34%
Capital and Debt Financing	823.35	12.31%
Non-Departmental	607.98	9.09%
Education	3,925.48	58.69%
TOTAL	\$6,688.50	100.00%

Good budgets...

...Give the Town Council an opportunity to set the priorities and direction for the Town.

Board of Education

PROPOSED BUDGET REVIEW