

# Town Manager's Proposed Budget



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FISCAL YEAR 2020-2021

PROPOSED BY TOWN MANAGER AND BOARD OF EDUCATION

# Issue of Balance

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- 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

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- 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

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- 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

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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

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- 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

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	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%
<b>TOTAL</b>	<b>\$55,116,266</b>	<b>\$57,201,733</b>	<b>\$2,085,467</b>	<b>3.78%</b>

# Proposed Revenues

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FINANCING THE BUDGET

# Financing the Budget: Changes in the Grand List

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- 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

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- 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

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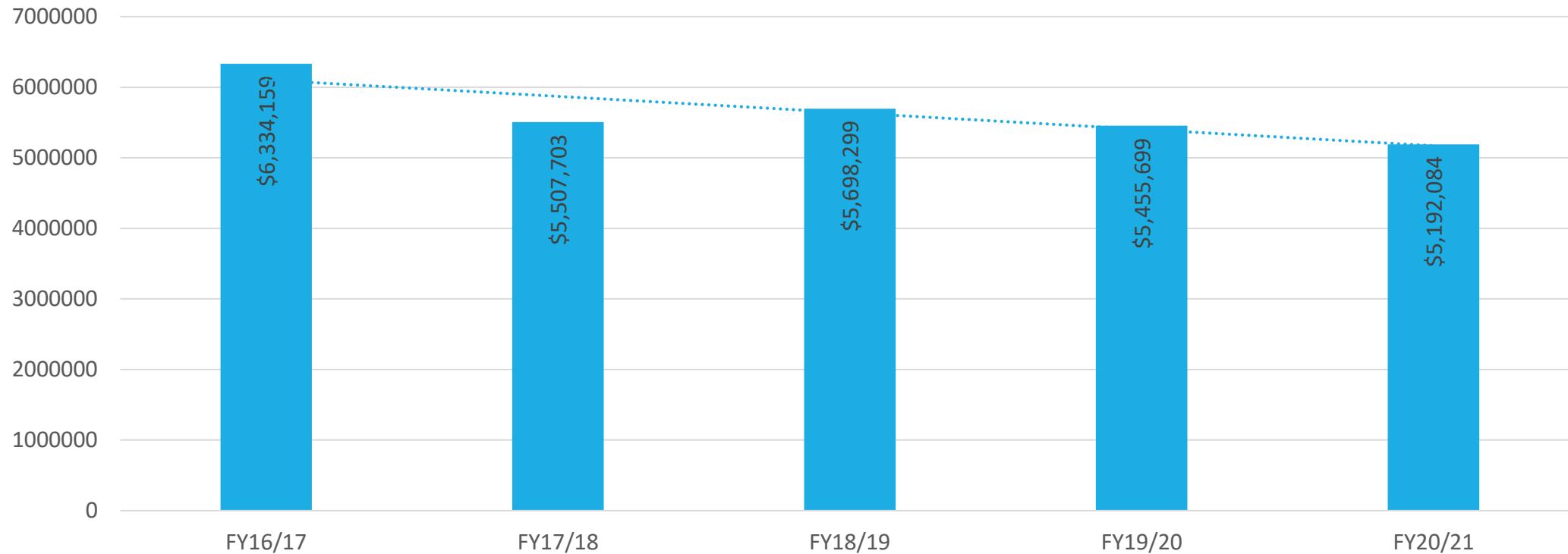
Grant-in-Aid Program	State FY20	Town FY20	Governor FY21	Town FY21	Town to Town Change
ECS	\$5,455,699	\$4,933,814	\$5,192,084	\$5,192,084	\$258,270
LOCIP	84,033	84,033	84,033	84,033	0
State PILOT	16,949	16,949	16,949	16,949	0
Town Aid Road	267,626	267,626	267,253	267,253	(373)
Municipal Projects	191,674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

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

# Financing the Budget: State Aid

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Education Cost Sharing Grant Funding Levels



# Financing the Budget: Fund Balance

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- 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

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- 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

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# Expenditure Summary: Town Government

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- 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

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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

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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%

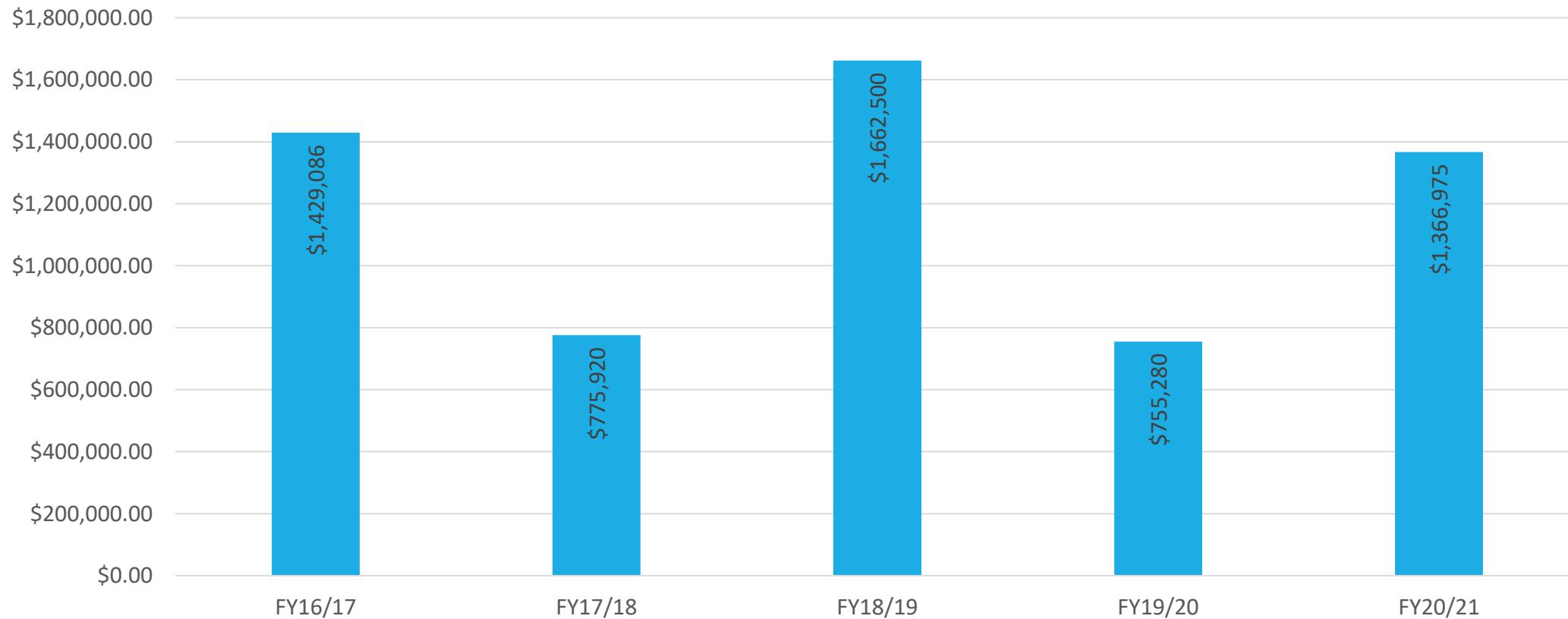
As a service organization, direct delivery of service is 80% of expenses between personnel and professional services

# Capital Improvements

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# Town Capital Funding

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# Town Capital Funding

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- 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

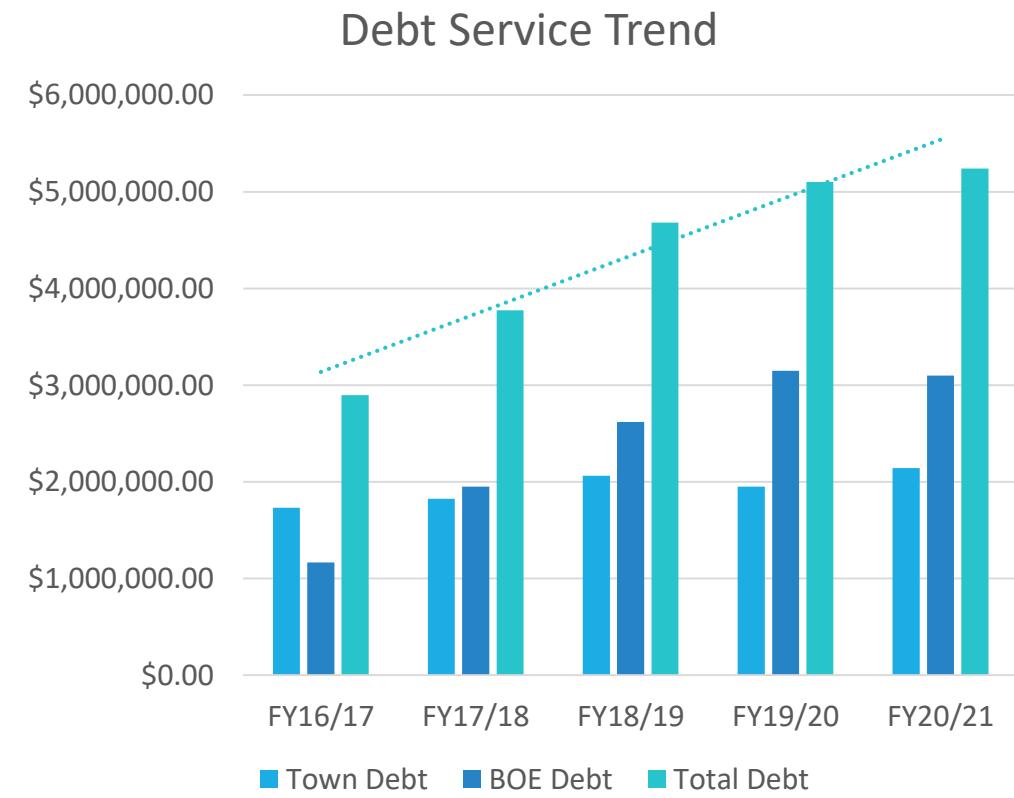
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# Debt Service

- 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



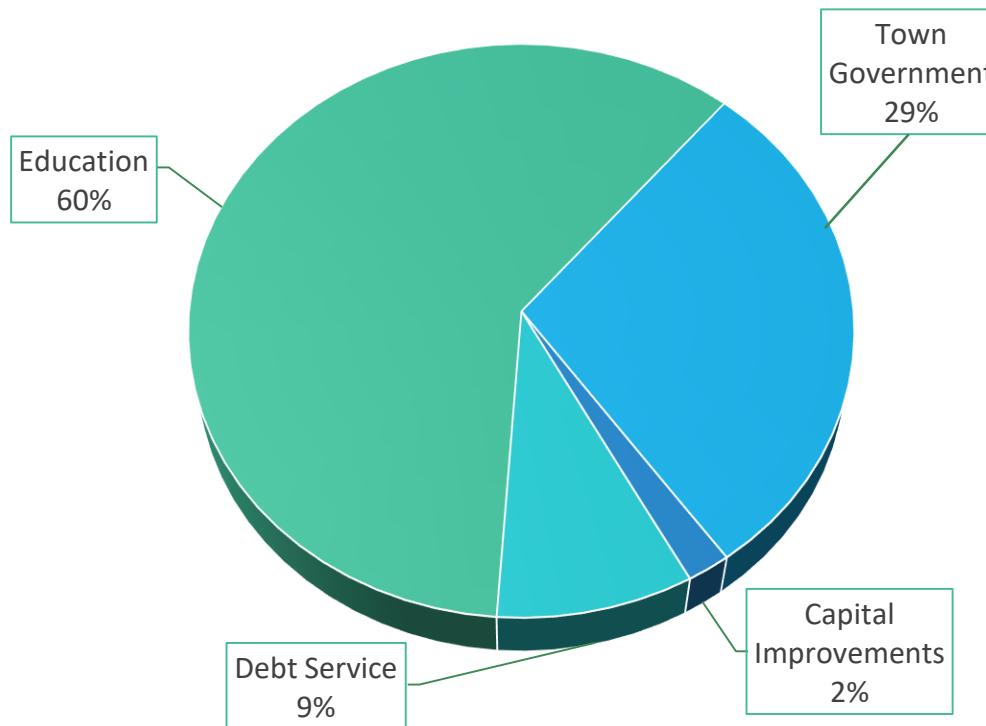
# Budget Comparison

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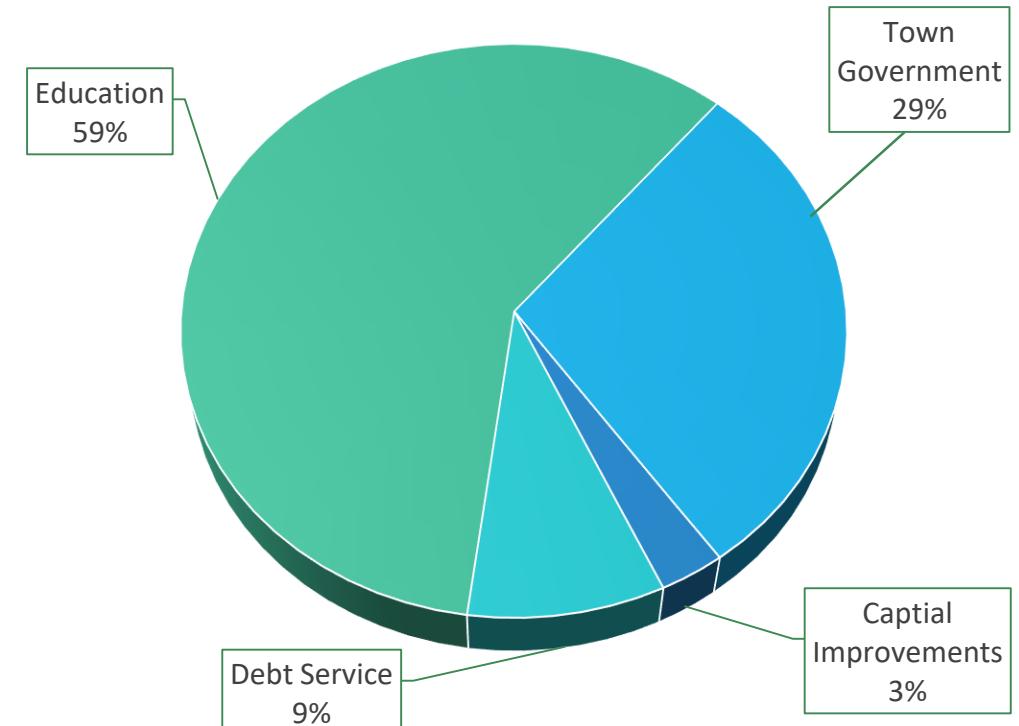
# Expenditure Comparison

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ADOPTED BUDGET FY2019-20



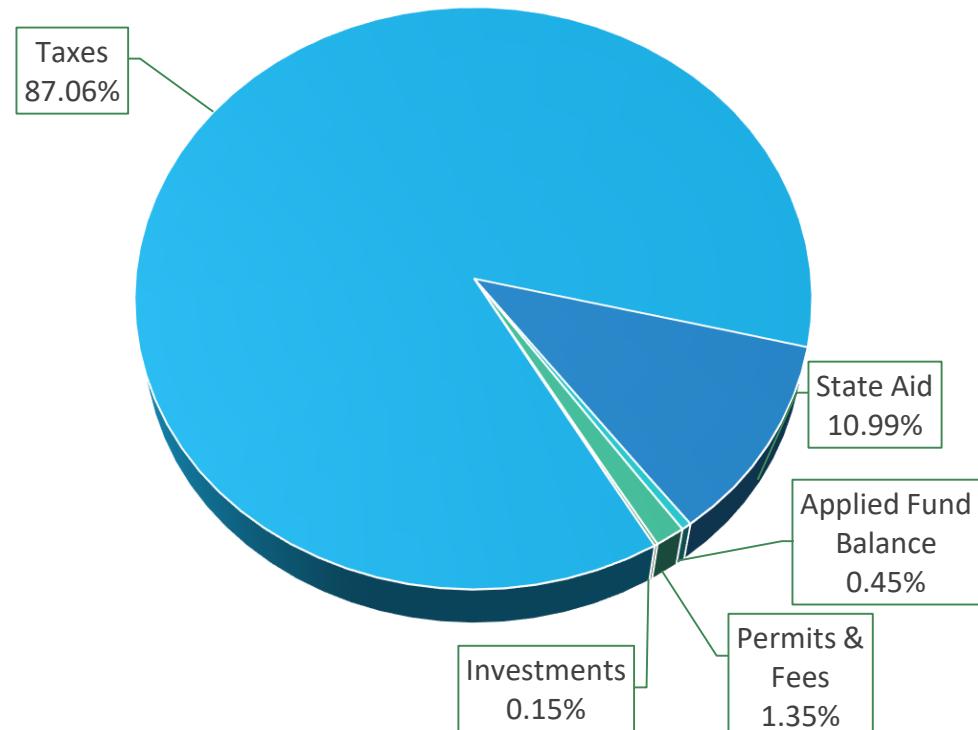
PROPOSED BUDGET FY2020-21



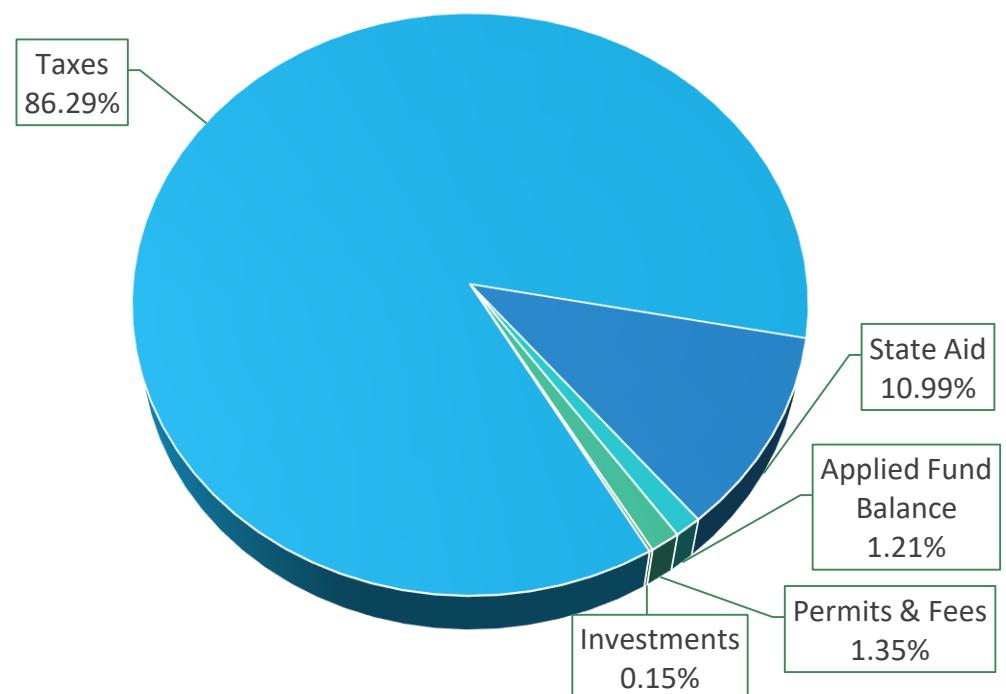
# Revenue Comparison

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ADOPTED BUDGET FY2019-20



PROPOSED BUDGET FY2020-21



# Proposed Mill Rate

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# Proposed Mill Rate

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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.

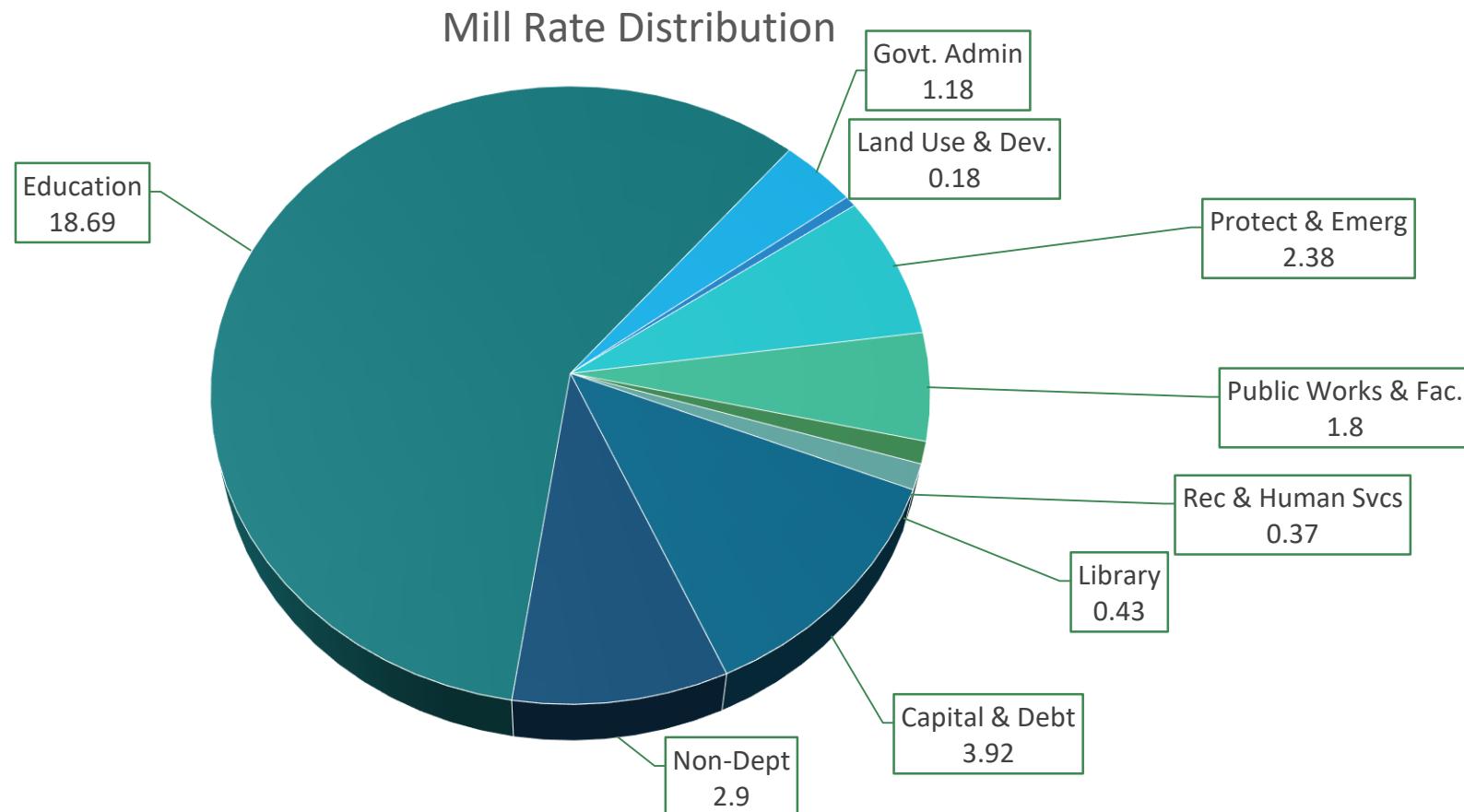
# Proposed Mill Rate

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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

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# Impact on the Taxpayer

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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

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- 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

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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%
<b>TOTAL</b>	<b>\$6,688.50</b>	<b>100.00%</b>

# Good budgets...

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

# Board of Education

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PROPOSED BUDGET REVIEW