

FY 2020 PROPOSED BUDGET PRESENTATION
Tuesday, March 19, 2019
7:00 P.M.

TO: Town Council
FROM: Diane Barnes, Town Manager
DATE: March 19, 2019

RE: First draft of fiscal 2020 Proposed Municipal Operational Budget

Presented tonight is the first draft of the FY 2020 Municipal and Waste Water expenditure budgets for your review and consideration. We propose a budget for municipal services with the goal to fund our operational needs and begin a capital improvement reserve for future expenditures. This budget maintains the level of service currently provided to the citizens of Lisbon. I want to thank the Department Heads and Staff for their assistance in preparing the proposal before you.

The FY 2020 estimated revenues are not part of the budget document but will be presented at a later date. (The FY 19 expenditures listed are as of 3/15/2019.)

2018-2019 was an extremely demanding and busy year. The Town Council and Department Heads worked diligently together ensuring the smooth operation of municipal government and assisting me with valuable advice and guidance. These efforts in turn enabled us to see that services were provided to the best of our ability at the most reasonable cost to the taxpayers. With so many uncertainties in the future direction of the economy at the state and national level, we will continue to find ways to be more resourceful in delivering quality services to our community. Although our municipal services are used to their maximum, non-controllable costs, some goods and services continue to escalate, causing our budget requests to react in-kind. Increases are proposed only if absolutely necessary to keep pace with those non-controllable cost items that are critical to our service delivery. This budget also includes additional personnel critical to the needs of some departments.

The economy has a major impact on revenue available to fund municipal services. Considering the growing economy of the area, Lisbon has been fortunate to benefit from a steady increase in motor vehicle excise taxes; a trend that I see ending during FY 2020. Excise tax is our major revenue source after property tax revenue. The revenues for FY 2020 are expected to increase slightly due to a forecasted increase in State Municipal Revenue Sharing. It is too soon to tell if there will be a continuing growth in excise taxes. By our June budget meetings, I will have better estimates of our final revenues and expenditures for this fiscal year, as well as, a more refined estimate of next year's revenue.

The Budget-Initial Request

The Municipal Budget Initial FY 2020 department requests total \$9,751,201.00 for an increase of \$873,397.00, or 9.84%, over the current FY budget of approximately \$8,877,804.00. Of this increase, 39% is comprised of wages and benefits. These budgetary numbers exclude the County Tax, the local contribution to the School Department, and TIF and Overlay amounts, totals which will be verified later in the budget process.

The Town's FY 2020 share of the County budget will increase \$41,633.00 over the current budget.

Wages and benefits total \$5,369,737.00, comprising 55% of the budget. This represents a wage and benefit increase of \$338,613.00, or 6.73%. The total wage increase is \$246,903.00 and the total benefit increase is \$91,810.00. Proposed new positions and increases in hours for part-time employees make up \$190,572.00. The remaining increase of \$148,041.00, or 2.94% over FY 2019, includes a 1.5% cost of living adjustment, and minimum wage increases. A 9% cost increase in the health insurance premiums has been factored into the assumptions beginning January 1, 2020.

Included in this year's budget are capital requests for operational needs and planning for the future by funding capital improvement reserve accounts. This will enable Council to see what the budget would entail if we raised through taxation the needs of all the departments.

The Budget-Manager Request

The Municipal Budget Town Manager requests, total \$9,421,201.00 for an increase of \$543,397.00 or 6.12% over the current budget. These amounts again exclude the County Tax, the local contribution to the School Department, TIF and Overlay amounts.

Wages and benefits total \$5,369,737.00, comprising 57% of the budget.

New Positions or Increased Hours:

Finance:	Finance Assistant Full-time	\$ 54,975.00
Clerk:	Additional Cost Assistant Clerk	\$ 7,084.00
Public Works:	Additional Cost 50/50 to Full-time PW	\$ 34,130.00
Transfer Station:	Full-time Transfer Station Driver-Attendant	\$ 68,997.00
Library:	Additional Cost Library 35 to 40 Hours	\$ 4,193.00
	Additional Cost Library 28 to 40 Hours	\$ 21,195.00
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Position Requests:		<hr/>
		\$190,572.00

Some of the significant Manager's request for non salary and wage increases include the following:

Worker's Compensation	\$41,642
Legal	\$10,000
Police-Replacement Wages	\$24,306
Cruisers	\$22,000
LES Stipend	\$21,288
Public Works-Professional Svs.	\$10,000
Paving	\$50,000
Public Works Winter- Supplies Other	\$10,000
Solid Waste-Waste Disposal	\$10,000

There are a few unknown cost drivers we are working on to bring to resolution. We have estimated a 5% increase to the Town general insurance accounts as a placeholder. I will make the necessary adjustments to those line items once I hear back from the underwriter.

Lisbon's unassigned fund balance of \$2,427,745 is lower than the previous year that is due to a portion being designated for capital projects. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risks that can occur from unforeseen revenue fluctuations and unanticipated expenditures. The fund balance also provides cash flow for the Town's general operations which will reduce the Town's need for a Tax Anticipation Note and the interest and borrowing costs associated with the note. The Council strives to maintain an appropriate level of unassigned fund balance. However, if the Council chooses to use a portion of the unassigned, I would recommend its use for non-recurring capital costs.