

FY 2021 FINAL PROPOSED BUDGET PRESENTATION

Tuesday, June 23, 2020

7:00 P.M.

TO: Town Council
FROM: Diane Barnes, Town Manager
DATE: June 23, 2020

RE: Final draft of fiscal 2021 Proposed Municipal Operational Budget

Presented tonight is the final draft of the FY 2021 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. This budget maintains the level of service currently provided to the citizens of Lisbon. I want to thank the Department Heads for working with me to present a revised budget due to the economic downturn and uncertainty of projected revenues in the upcoming fiscal year as a result of COVID-19.

2019-2020 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 impact that COVID-19 has had on the State's economy, I anticipate that revenues will decrease from previous years. This budget has a decrease of \$202,322.00 in estimated revenues.

The Budget-Manager Request

The Municipal Budget FY 2021 department requests total \$8,923,285.00 for a decrease of \$323,939.00, or 3.5% under the current FY budget of approximately \$9,247,224.00. Of this decrease, 47.4% 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.

The proposal before you is a decrease in spending of \$505,836 from the initial budget presented in March. This represents an estimated decrease of \$.50 in the mil rate.

The Town's FY 2021 share of the County budget will increase \$45,913.00 over the current budget.

The estimated impact to the tax rate is an increase of \$.08.

Wages and benefits total \$5,097,785, comprising 57.1% of the budget. This represents a wage and benefit decrease of \$153,386.00, or 2.9%. This represents a total wage decrease of \$44,445.00 and total benefit decrease of \$108,941.00. Proposed postponement of filling open personnel positions is represented in the decrease, along with a shift in the unemployment liability. A 9% cost increase in the health insurance premiums has been factored into the assumptions beginning January 1, 2021.

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.

Personnel Changes:

Two personnel changes are requested in this year's budget. The Recreation Department has requested a restructuring to allow for the creation of an Assistant Recreation Director position. The Clerk's Office has requested that the part-time Assistant Clerk be made a full-time position. Explanations of the needs for both departments are included in the department explanations and the costs of the proposed position changes are included in the wage and benefit spreadsheet.

This budget removes wages and benefits for a vacant position in the PD and PW departments that will not be filled during FY 21. With the restructuring of the Recreation Department, we will not be filling a full-time position that will become vacant in September until April. However, between April and September, we will be filling the vacancy with a part-time employee.

Some of the significant Manager's request for increases and decreases include the following:

Increases

Worker's Compensation	\$18,958.00
Buildings Expense	\$50,000.00
LES Stipend	\$50,073.00
Hydrant Rental	\$55,500.00

Decreases

Fire Department (Wages & Benefits)	\$ 11,904.00
(Other Line Items)	\$ 18,468.00
Planning Dept. (Contracted Services)	\$ 11,250.00
Insurance (HRA)	\$ 7,000.00
Legal	\$ 10,000.00

Technology	(Software)	\$ 4,230.00
Clerk	(Misc.)	\$ 7,187.00
Police	(Personnel)	\$ 92,569.00
	(Other)	\$ 25,241.00
Library	(Personnel)	\$ 2,273.00
	(Other)	\$ 10,418.00
Misc PW	(Street Lights)	\$ 17,000.00
	(Hydrant Rental)	\$ 18,500.00
Public Works	(Personnel)	\$ 82,552.00
	(Other)	\$ 65,000.00
Tax Abate	(Abatement)	\$ 10,000.00
Parks & Rec	(Personnel)	\$ 23,407.00
	(Other)	\$ 26,493.00
Debt Service		\$ 15,500.00
WWTP	(Other)	\$ 21,334.00

Lisbon's use of unassigned fund balance is estimated to be lower than the previous year that is due to a portion being designated for capital projects and higher Municipal, County, and School budgets. 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. However, 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.