

Town of Monroe



Budget Referendum Reduction Discussion 2008-09 Fiscal Year

***Tom Buzi
First Selectman
April 8th, 2008***



Town Financial Plan as of 4/1/08

	<u>Budget 2007-08</u>	<u>Recommended 2008-09</u>	<u>Dollar Change</u>	<u>% Change</u>
Town Revenue	\$3,473,307	\$3,486,696	\$13,389	0.39%
B.O.E. Revenue	<u>\$10,147,627</u>	<u>\$9,633,189</u>	<u>-\$514,438</u>	-5.07%
Total Revenue	\$13,620,934	\$13,119,885	-\$501,049	-3.68%
Town Operating Expense	\$15,236,785	\$16,025,332	\$788,547	5.18%
Debt Service	\$5,330,823	\$5,418,151	\$87,328	1.64%
Education Totals	\$50,097,464	\$52,312,119	\$2,214,655	4.42%
Other Expenditures	<u>\$85,000</u>	<u>\$120,000</u>	<u>\$35,000</u>	41.18%
Total Expenditures	\$70,750,072	\$73,875,602	\$3,125,530	4.42%
Excess Expenditures Over Revenue	\$57,129,138	\$60,755,717	\$3,626,579	6.35%
<u>Funding Sources</u>				
Undesignated Fund Balance	\$370,000	\$370,000	\$0	0.00%
Supplemental Taxes	\$415,000	\$425,000	\$10,000	2.41%
Operating Transfers		\$186,858	\$186,858	N/A
Prior Years Taxes	\$200,000	\$200,000	\$0	0.00%
Current Years Taxes	<u>\$56,144,138</u>	<u>\$59,573,859</u>	<u>\$3,429,721</u>	6.11%
Total Sources of Funding	\$57,129,138	\$60,755,717	\$3,626,579	6.35%
<u>Estimated Grand List</u>				
@ 98.5% Collection Rate	\$2,047,566,716	\$2,064,459,214	\$16,892,498	0.83%
Mill Rate	27.42	28.87	1.45	5.29%



Thoughts to ponder

- **81% of Americans think country is on wrong track**
 - **Fear of recession**
 - **Rising oil & food prices**
 - **Some people are over leveraged**
 - **Voter skepticism**
 - **Some of Monroe's voters wait for 2+ referendums to complete before they vote**
 - **Budget issues not completely understood**
- **4.4 % unemployment rate for Monroe**
 - **Monroe is 40th wealthiest community in Connecticut**
 - **Monroe exhibits fiscal discipline**
 - **Monroe has documented asset & infrastructure needs**
 - **159 out of 169 Towns in CT. in per pupil spending**
 - **20 out of 21 in per pupil spending in our DRG**

Town leaders need to come together



Random Education Facts

- *The Board of Education's financial transactions are audited by an external auditor every year*
- *Monroe is 14th out of 21 Towns in our DRG in Teachers per Administrator & above the State level*
- *The temperature in Monroe's schools is set at 68 degrees per OSHA*
- *While Monroe does well in comparison to the State on Mastery Test Scores we fare less well in our Reference Group*
 - *Test performance in our 3rd & 4th grades is good compared to our DRG; it drops in the 5th & 6th grades*
 - *Reading support has not been funded in the 5th & 6th grades due to budget reductions*
- *Masuk sports parents pay the highest "pay to play" fees in the state*

Decide your vote on facts, not rumors



Budget Reduction Methodology

- ***Components***
 - ***Mill Rate increase history***
 - ***Comparative data***
 - ***Voter turnout***
 - ***Vote margin***
 - ***First Selectman Adjustment***
 - ***Apportionment of reduction***

No perfect way to reduce services



Methodology Components

- **Mill Rate History**
 - *Compares current proposal with others in our budget history*
- **Comparative Data**
 - *What are other Town's doing?*
- **Voter Turnout**
 - *Voter turnout (31%) – voters who stayed home (69%)*
- **Vote Margin**
 - *Amount referendum is defeated by*
- **First Selectman's Adjustment**
 - *First Selectman's reduction*
- **Apportionment of Reduction**
 - *Mathematical calculation based on current budget – excludes Debt Service & Reserves*

Using facts & judgment



Reduction Example

Budget Starting Point	5.29%
Voter Turnout	31.1%
Vote Margin	917
First Selectman's Adjustment	\$400,000
Per Vote Reduction	\$436
% Municipal	24.4%
% Education	75.6%

No perfect answer



Equalizing the Mill Rate

<u>Fiscal Year</u>	<u>% Expense Increase</u>	<u>% Mill Rate Increase</u>	<u>Fund Balance Used</u>	<u>% Mill Rate Increase</u>	<u>Fund Balance Used</u>	<u># of Budget Referendums</u>
2008 - 2009	3.85%	4.60%	\$370K	4.60%	\$370K	1
2007 - 2008	3.29%	5.14%	\$370K	5.14%	\$370K	6
2006 - 2007	6.05%	8.44%	\$370K	8.44%	\$370K	4
2005 - 2006	6.97%	5.11%	\$1.710K	9.10%	\$370K	4
2004 - 2005*	5.40%	5.60%	\$1.895K	8.10%	\$370K	2
2003 - 2004	5.22%	4.23%	\$970K	5.70%	\$370K	4
2002 - 2003	4.27%	4.97%	\$970K	6.30%	\$370K	4
2001 - 2002	4.84%	5.37%	\$995K	8.30%	\$370K	3
2000 - 2001	2.30%	4.66%	\$995K	7.59%	\$370K	5
1999 - 2000	8.44%	5.76%	\$970K	9.32%	\$370K	3

* Revaluation Year

Lowest increase in past 10 years



Area Town Comparison

<u>Town</u>	<u>Per Cent Expense Increase</u>	<u>Mill Rate Per Cent Increase</u>	<u>Grand List Per Cent Increase</u>	<u>UDFB Utilized</u>
Monroe	3.85%	4.60%	0.94%	\$370K
Shelton	5.05%	6.52%	2.22%	
Easton	4.76%	4.29%	0.29%	\$408K
Trumbull	6.88%	11.90%	0.13%	\$2.0M
Fairfield	6.77%	6.62%	0.98%	\$500K
Newtown*	5.60%	7.06%	28.88%	\$2.6M

*Revaluation

Monroe exhibits fiscal discipline



Median Household Increase

Sale Period	May, 2006
Median Sale Value	\$472,000
Assessment	\$264,880
Taxes @ Current Mill Rate	\$7,263
Taxes @ Proposed Mill Rate	\$7,597
% Increase - Proposed	4.60%
Difference	\$334
Weekly Cost of Increase	\$6.39
Tax Increase w/ Senior Tax Relief @ \$500	-\$166

Balanced, reasonable & affordable



Apportion Reduction Example

Total Reduction	\$400,000
Municipal Budget	\$16,025,332
Education Budget	\$49,550,000
Percent Municipal	24.4%
Percent Education	75.6%
Reduction Municipal (Rounded)	\$100,000
Reduction Education (Rounded)	\$300,000

Services will be cut



Town Financial Plan - Example

	<u>Budget 2007-08</u>	<u>Recommended 2008-09</u>	<u>Dollar Change</u>	<u>% Change</u>
Total Revenue	\$13,620,934	\$13,119,885	-\$501,049	-3.68%
Town/Debt Service/Other	\$20,652,608	\$21,463,483	\$810,875	3.93%
Education	<u>\$50,097,464</u>	<u>\$52,012,119</u>	<u>\$1,914,655</u>	3.82%
Total Expenditures	\$70,750,072	\$73,475,602	\$2,725,530	3.85%
Excess Expenditures Over Revenue	\$57,129,138	\$60,355,717	\$3,226,579	5.65%
Total Sources of Funding	\$57,129,138	\$60,355,717	\$3,226,579	5.65%
Estimated Grand List @ 98.5% Collection Rate	\$2,047,566,716	\$2,064,349,467	\$16,782,751	0.82%
Mill Rate	27.42	28.68	1.26	4.60%

Northeast inflation @ 3.95%



Potential Reduction Areas

- ***Municipal***

- *Tipping Fees*
- *Road Maintenance*
- *Library hours of operation*
- *Great Hollow hours of operation*
- *Senior Center Services*
- *Police Services*
- *Fire House Operations*

- ***Education***

- *Developmental reading @Fawn Hollow & Jockey Hollow*
- *Biology labs @ Masuk*
- *High School Athletic Program (9th grade)*
- *Increased class size*
- *Close buildings for after school & P&R activities*
- *High School Technology teacher*

Reductions will impact quality of life



Summary

- ***Economy & consumer confidence levels impact the budget process***
- ***Difficult choices will be made***
 - ***Education***
 - ***Municipal***
- ***Current service levels for all constituents in jeopardy***
- ***Potential reductions move Monroe back***
- ***Further cuts will cause major service issues***

Voters decide the budget

