

Village of Martin's Additions
Notes on the FY19 Fiscal Year Budget
Arthur Alexander, Treasurer, March 15, 2018

In this report, I will discuss the budget for the upcoming fiscal Year 2019, beginning July 1, 2018. The major change is a proposed reduction in the Village's property tax rate from .0472 dollars per hundred dollars of assessed value to .005 dollars per hundred. To put the proposed reduction into perspective, until fiscal year 2011, the Village's property tax rate was set at the low rate of .008. The intention was to have a tax on the books that could be increased in an emergency. In the last recession, revenues from the Village's share of the state income tax plummeted 60%, which required raising the property tax. As the economy recovered, income tax revenues gradually climbed to pre-recession levels. In the past two years, they have been consistently and significantly above the old peak.

Considering the recovery of income tax revenues, we propose to reduce the Village portion of property taxes to a bit below pre-recession levels. Currently, the Village's portion is only 4% of a property-owner's total tax; the table below shows the various portions.

Property taxes on property with assessed value of \$1,000,000

Taxing authority	Tax rate (\$ per hundred)	Amount (\$)
State	0.1120	1,120
County	1.0129	10,129
Village of Martin's Additions (current)	0.0472	472
Village of Martin's Additions (proposed)	0.0050	50
Other		125

Budget expenditures reflect mainly routine adjustments to ongoing processes. Several apparent budget reductions reflect unusual expenditures in the current fiscal year. For example, a new contract to update the Geographic Information System (GIS), which had been in the budget but deferred for several years, will be spent this year, so next year will see a decline. Similarly, a complete inventory and evaluation of the Village's street signs revealed the necessity to repair or replace many of them at an estimated cost of \$10,000 in the current fiscal year, reflected by a decline next year. We added leaf vacuuming to the autumn cleanup this year, which had the benefit of reducing the number of street cleanings. With the actual cost of the new service in hand, we raised the budgeted amount for leaf vacuuming by \$3,000. Fewer large private construction projects should reduce the cost of construction enforcement and oversight by \$4,000. Finally, we are adding an additional community event in the coming year at a budgeted cost of \$5,000.

In recent fiscal years, we completed several major capital improvement programs paid out of designated funds set aside for such purposes. Completion of these projects is planned for whenever the utility companies finish their projects (this fiscal year or next). These projects will have almost depleted this capital improvement account. We therefore propose to move \$500,000 into the designated funds for possible repaving after utility work, storm cleanups, sidewalks, and other possible contingencies. The designated funds would be moved from the undesignated fund balance, which now amounts to \$2.3 million.