



Town of LAUREL DELAWARE

EXECUTIVE SUMMARY

FY 2017 Budget

June 6, 2016

On behalf of the Department Heads, I am proud to present the Town's proposed FY2017 Budget. The Department Heads have worked hard to achieve a budget that balances estimated true revenues with anticipated expenses, provides for fair and effective provision of public services, and minimizes our existing residents' expenses while maintaining high quality of service for them. In order to do this, municipal spending has been minimized across all departments within the town government and only necessary increases in budgeted expenses have been proposed.

The Department Heads have worked diligently to draft a budget with a decreased amount of transfer from our only reserve fund, the realty transfer tax. The difficulty with this budget lies with the town being at a point in which our only reserve fund that has funds in it, is at an amount that there will NOT be enough money to transfer to balance next year's budget. The town cannot keep relying on the transfer of funds to balance our budget. It is important that the town begin working to build up our reserve funds in water, wastewater and realty transfer tax. The purpose of building up our reserve funds allows the town to have funds set aside to make necessary repairs, upgrades, maintenance, etc. to our infrastructure such as water lines, water towers, sewer lines, pumps, pump stations, treatment plant maintenance, etc.

In order to balance our budget without transferring from the three reserve funds, the town would have to increase tax revenue by 27%. We have two ways of increasing tax revenue and that is an increase in tax base i.e., development of new buildings/homes or the annexation of properties. Due to the fact new development is unforeseen in the near future, this budget does include an increase in our real estate taxes in the amount of 8%. What this means for our citizens, is, based on the average assessment of residential dwellings located within the town, the average property owner will see an increase of \$40 a year in real estate taxes. The proposed 8% tax increase will allow the town to reduce the amount necessary to transfer to balance the budget from our realty transfer tax reserves from \$85,000 to approximately \$60,000.

The budget also includes an increase in the water usage fee. The increase proposed is \$1.00 per 1,000 gallons of water used. \$0.50 of the increase will be used to balance the short fall in the Water Department, the additional \$0.50 will be set aside in a sludge reserve fund to allow us to