

Town Manager's FY 2018/19 Proposed Budget



March 12, 2018

FY18/19 General Fund: Proposed (Restated)

Summary of Revenues

	FY 2018 Adopted	FY 2018 Restated*	FY 2019 Proposed	Variance from Restated	% Change
Current Year Property Taxes	\$ 246,073,015	\$ 246,073,015	\$ 255,262,866	\$ 9,189,851	3.73%
Other Property Taxes	3,850,000	3,850,000	4,550,000	700,000	18.18%
Intergovernmental*	28,531,029	21,479,870	21,142,491	(337,379)	-1.57%
Charges for Services	5,953,085	5,953,085	5,546,521	(406,564)	-6.83%
Miscellaneous Revenue	755,200	755,200	1,386,425	631,225	83.58%
Transfers from Other Funds	485,003	485,003	431,033	(53,970)	-11.13%
Total Revenues	\$ 285,647,332	\$ 278,596,173	\$ 288,319,336	\$ 9,723,163	3.49%

Summary of Expenditures

	FY 2018 Adopted	FY 2018 Restated*	FY 2019 Proposed	Variance from Restated	% Change
Town Services					
Wages & Salaries	\$ 40,710,704	\$ 40,710,704	\$ 40,471,710	\$ (238,994)	-0.59%
Operating Expense	24,297,447	24,297,447	24,301,111	3,664	0.02%
Fringe Benefits & Insurance*	43,406,675	36,355,516	41,432,954	5,077,438	13.97%
Total Town Services	\$ 108,414,826	\$ 101,363,667	\$ 106,205,775	\$ 4,842,108	4.78%
Board of Education	\$ 159,857,754	\$ 159,857,754	\$ 164,551,527	4,693,773	2.94%
Capital Financing	\$ 17,374,752	\$ 17,374,752	\$ 17,562,034	187,282	1.08%
Total Expenditures	\$ 285,647,332	\$ 278,596,173	\$ 288,319,336	\$ 9,723,163	3.49%

* Intergovernmental Revenue and Fringe Benefits are restated for State Aid contingency.



Budget Summary

- FY 2018/19 Proposed Budget
 - 3.49% overall increase in General Fund expenditures
 - ✓ 4.78% Increase in Town Services
 - ✓ 2.94% Increase in Education
 - ✓ 1.08% Increase in Capital Financing
 - Uniform mill rate of 41.54 mills
 - ✓ Increase of .50 mills for real and personal property
 - ✓ Increase of 9.54 mills for motor vehicles



FY18/19 Budget Overview

•General Fund:	\$288,319,336
<i>Town</i>	\$ 106,205,775
<i>BOE</i>	\$ 164,551,527
<i>Capital Financing</i>	\$ 17,562,034
•Capital Improvement Program:	\$197,621,000



Town Budget Policy Objectives

Responsible budget

- Strike right balance between spending and tax increases
- Maintain current services and programs
 - ✓ All core services remain intact; no new programs
- Increase undesignated fund balance
 - ✓ Long-term plan to reach 10% target. Increase fund balance from 8.1% to 9% by 06/30/18. Increase fund balance to 9.1% by 06/30/19.

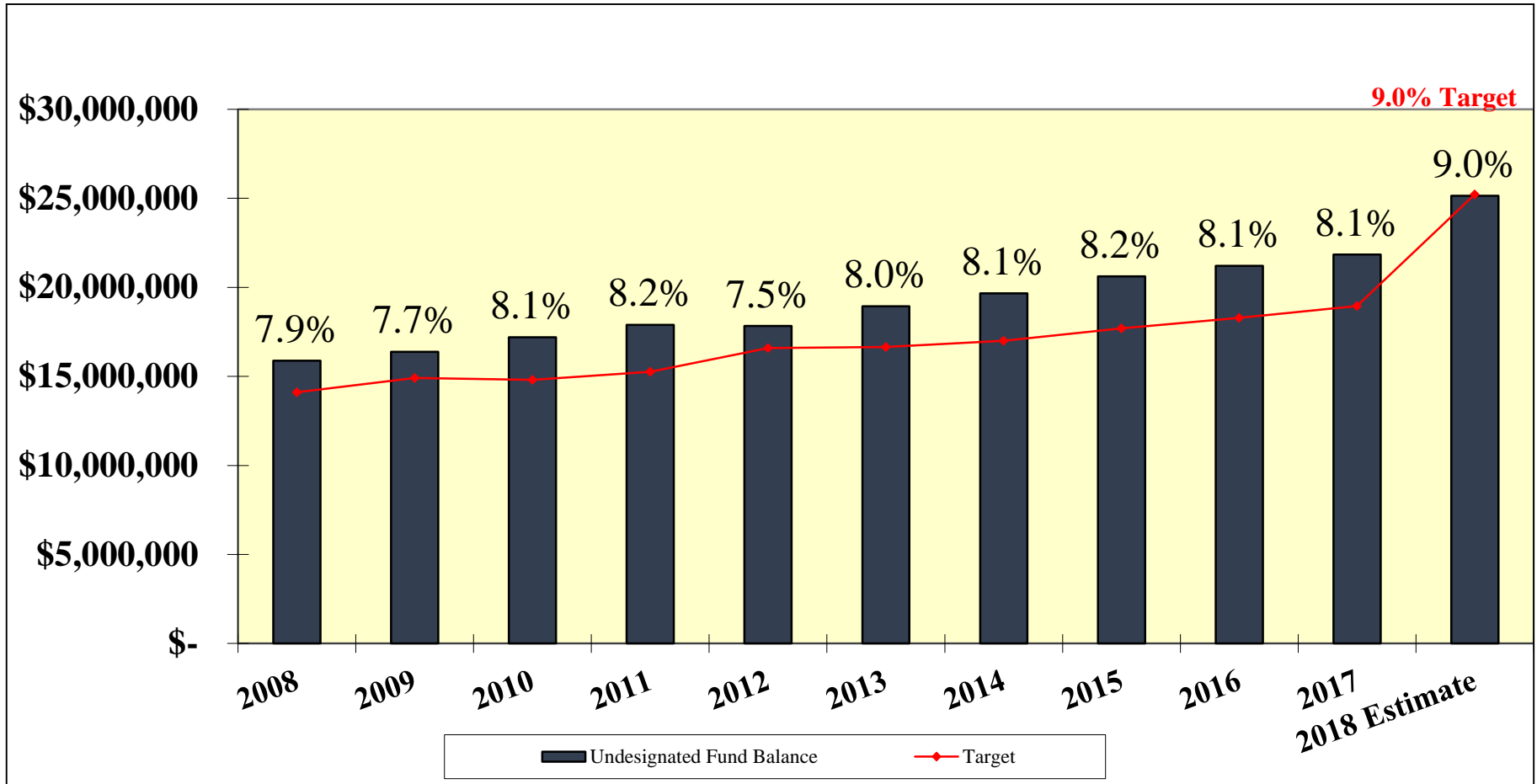


Budget Policy Objectives (cont'd)

- **Unfunded Pension Liabilities**
 - ✓ Reduced discount rate from 7.5% to 7.25% to better reflect projected asset growth
- **Other Post Employment Benefits (OPEB)**
 - ✓ Increased funding to cover Actuarially Determined Employer Contribution (ADEC) in accordance with Town's ten year plan
- **Prudent Recommended Use of Surplus**
 - ✓ Recommend targeted use of FY 2018 projected surplus to reduce 2019 liabilities.



FY18/19 Fund Balance



- As of June 30, 2018, estimated undesignated fund balance will increase to 9%. The FY18/19 budget proposal includes funding to increase that percentage to 9.1%.

Proposed Transfer of Funds

Based on Estimated FY 2018 Surplus

Debt Service Fund:	\$500,000
Utility Services Fund:	\$300,000
Capital Non Recurring (CNRE):	\$1,400,000
Risk Management Fund:	<u>\$1,500,000</u>
Total:	\$3,700,000



FY18/19 Revenue Outlook – Grand List

- Grand List increased by .778% from \$6,240,412,461 to \$6,288,939,631
- Real estate increased .48% primarily from new commercial-residential projects
- Personal property increased by 8%, due to new businesses (70), capital investments and personal property audits
- Motor vehicle increased by 0.29%: 105 additional vehicles (47,139)



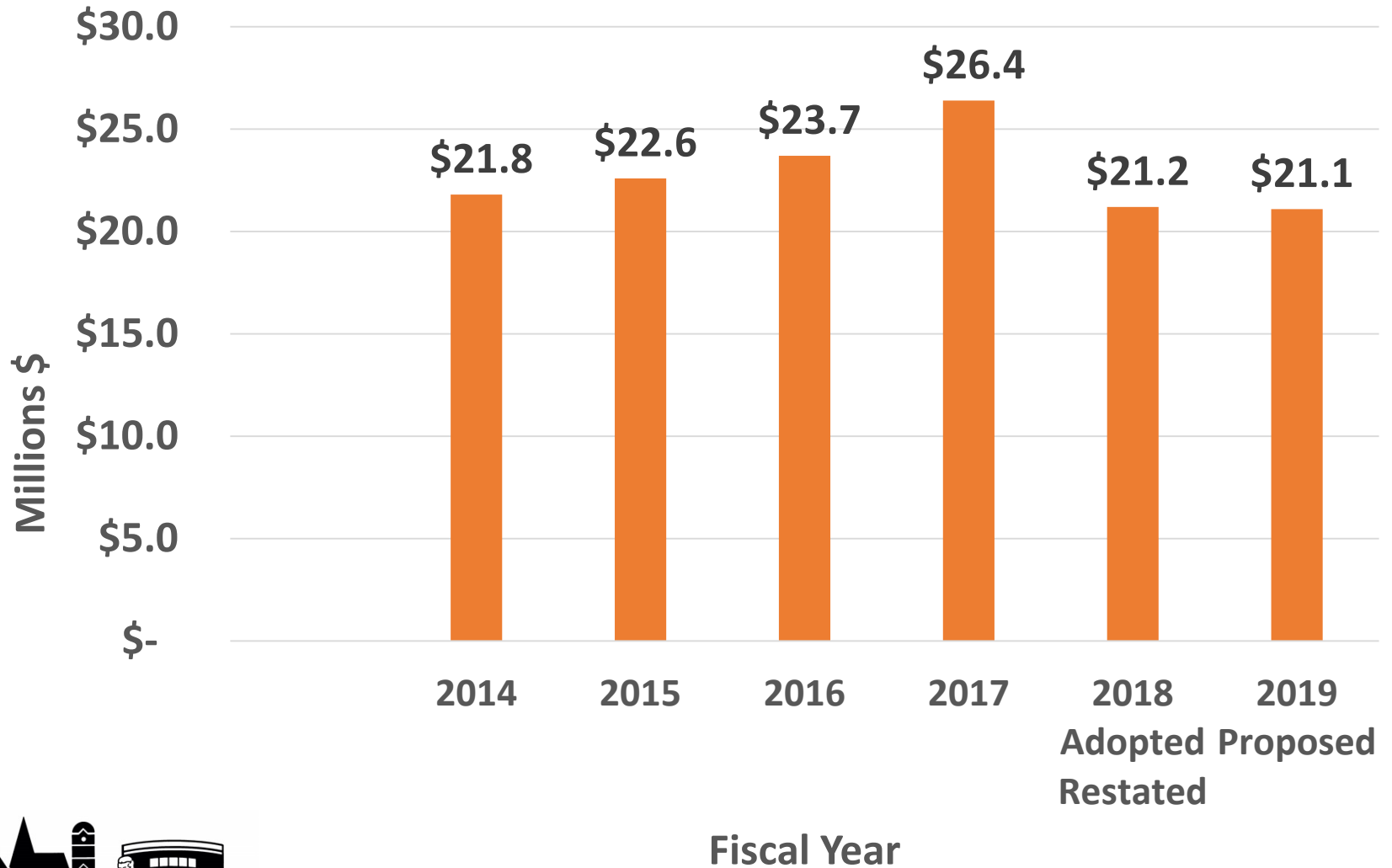
FY18/19 Revenue Outlook: Municipal State Aid

- Governor's Proposed Budget reflects **decrease** of \$85,587 or -0.4% from Restated Adopted:
 - ECS Grant: (\$2,353,843)
 - Municipal Revenue Sharing Grant: (\$2,075,223)
 - Motor Vehicle Mill Rate Grant: \$(2,506,040)
 - Municipal Grant for Projects: \$805,784
 - Pequot/Mohegan Fund: (\$166,682)
 - Pilot/State Property: (\$645,269)
 - Misc. Grants: (\$195,473)

Eliminate Contingency for State Aid: \$7,051,159

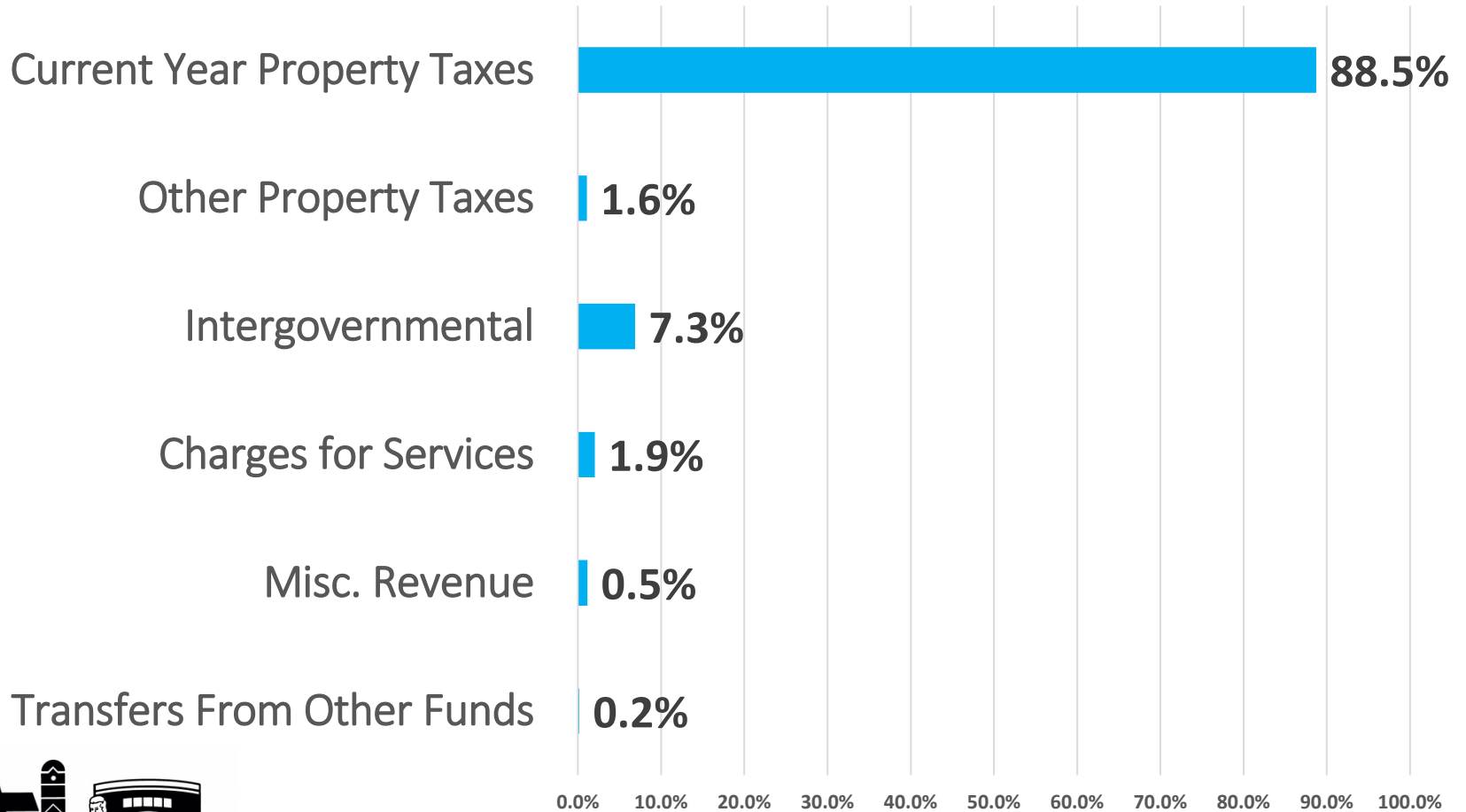


Net State Aid Received/Proposed



FY18/19 General Fund Revenues

\$288,319,336



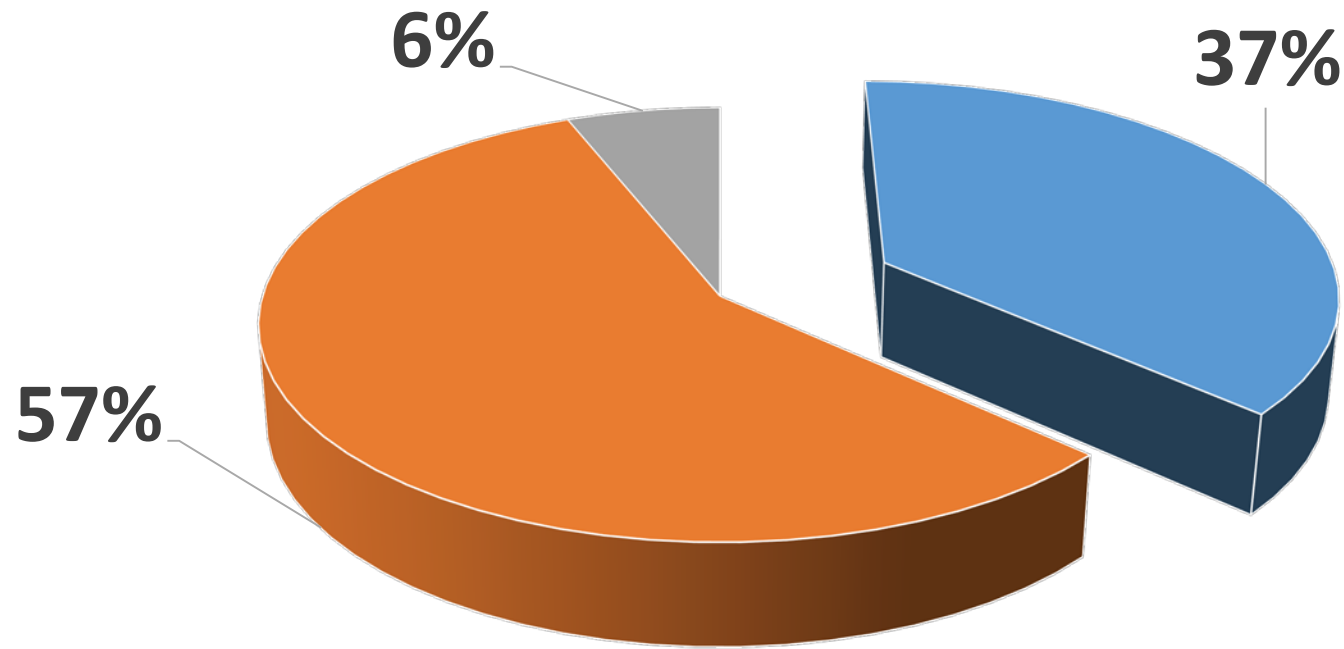
FY18/19 General Fund Expenditures

General Fund	FY 2017/2018	FY 2018/2019	\$ Amt. Dec/Inc	% Dec/Inc
Town	\$101,363,667	\$106,205,775	\$4,842,108	4.78%
BOE	\$159,857,754	\$164,551,527	\$4,693,773	2.94%
Capital Financing	<u>\$ 17,374,752</u>	<u>\$ 17,562,034</u>	<u>\$ 187,282</u>	<u>1.08%</u>
General Fund Total	\$278,596,173	\$288,319,336	\$9,723,163	3.49%

FY 2017/2018 has been adjusted for the Contingency Reserve to offset the loss of State Aid



FY18/19 General Fund Expenditures

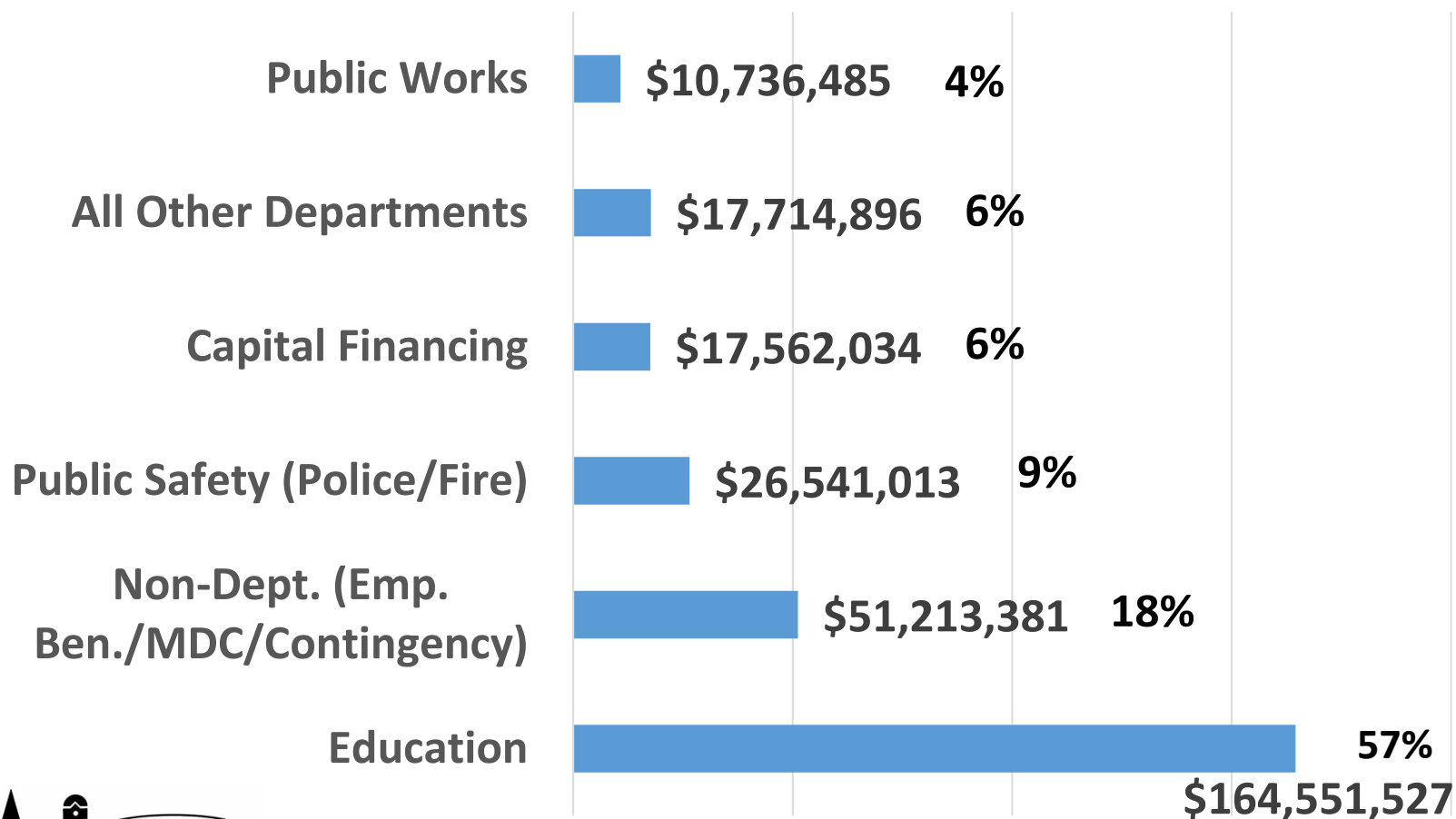


- Town Services
- Board of Education
- Capital Financing

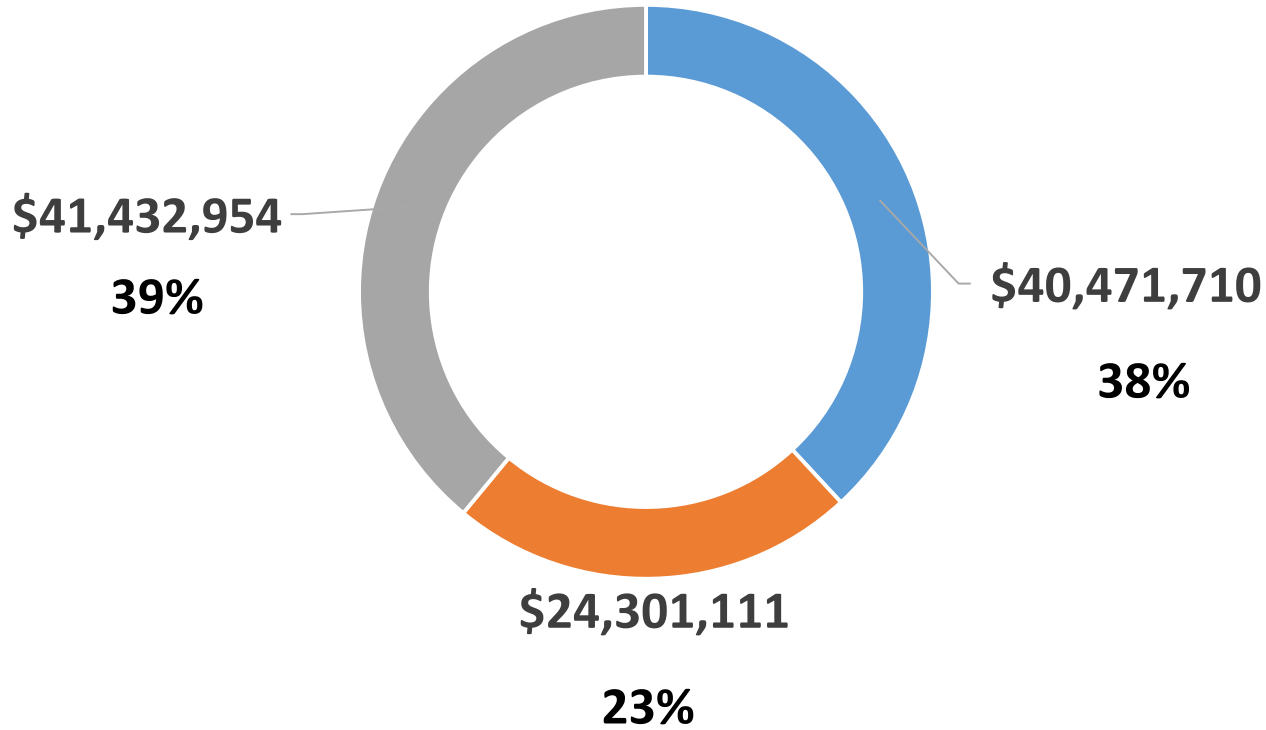


FY18/19 General Fund Expenditures

\$288,319,336



Town Main Expenditure Categories



■ Wages & Salaries

■ Operating Expenses

■ Fringe Benefits & Insurance



FY18/19 Primary BOE Budget Drivers

- \$4,693,773 or 2.94% increase
 - Salaries increasing \$3.06 million or 3%
 - Medical insurance costs rising nominally
 - Contribution to pension fund has decreased due to a recalculation of Town/BOE pension obligations. BOE share has declined from 25% to 21.3% of total ADEC resulting in \$876K of cost moving to Town Budget.
 - All other expenses (special ed., tuition, transportation) increase \$1.78 million



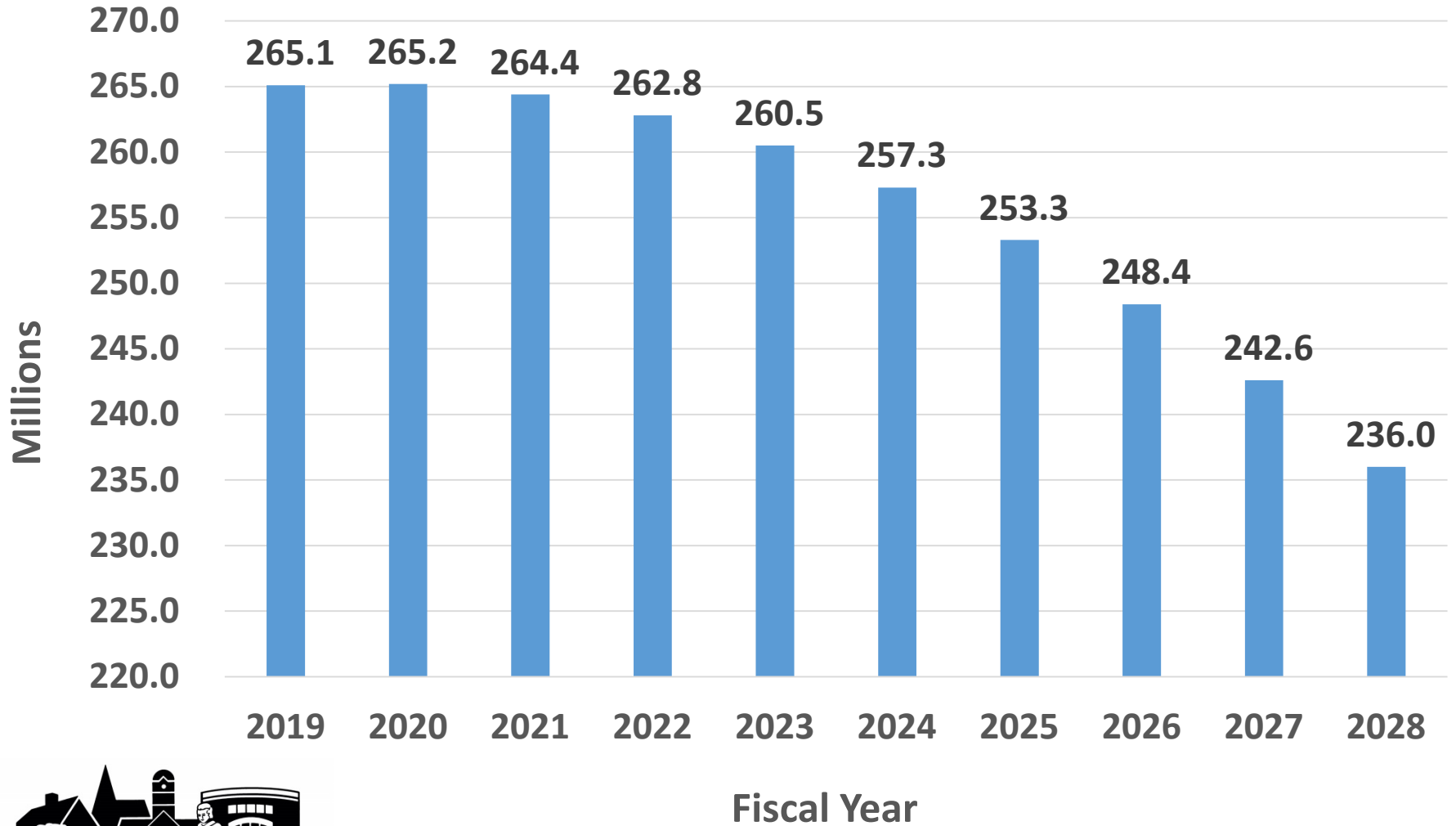
FY18/19 Primary Town Budget Drivers

- **\$4,842,109 or 4.78% increase**
 - MDC: Increase of \$1,033,800 or 10.8%
 - Refuse hauling: Savings of \$1,134,700 due to new contract terms
 - Pension: Actuarially Determined Employer Contribution (ADEC) increase of \$2,404,606*
 - Town Health Program: Increase of \$967,577 due to claims experience
 - Contingency: Increase of \$1,732,862 due to unsettled labor contract accruals

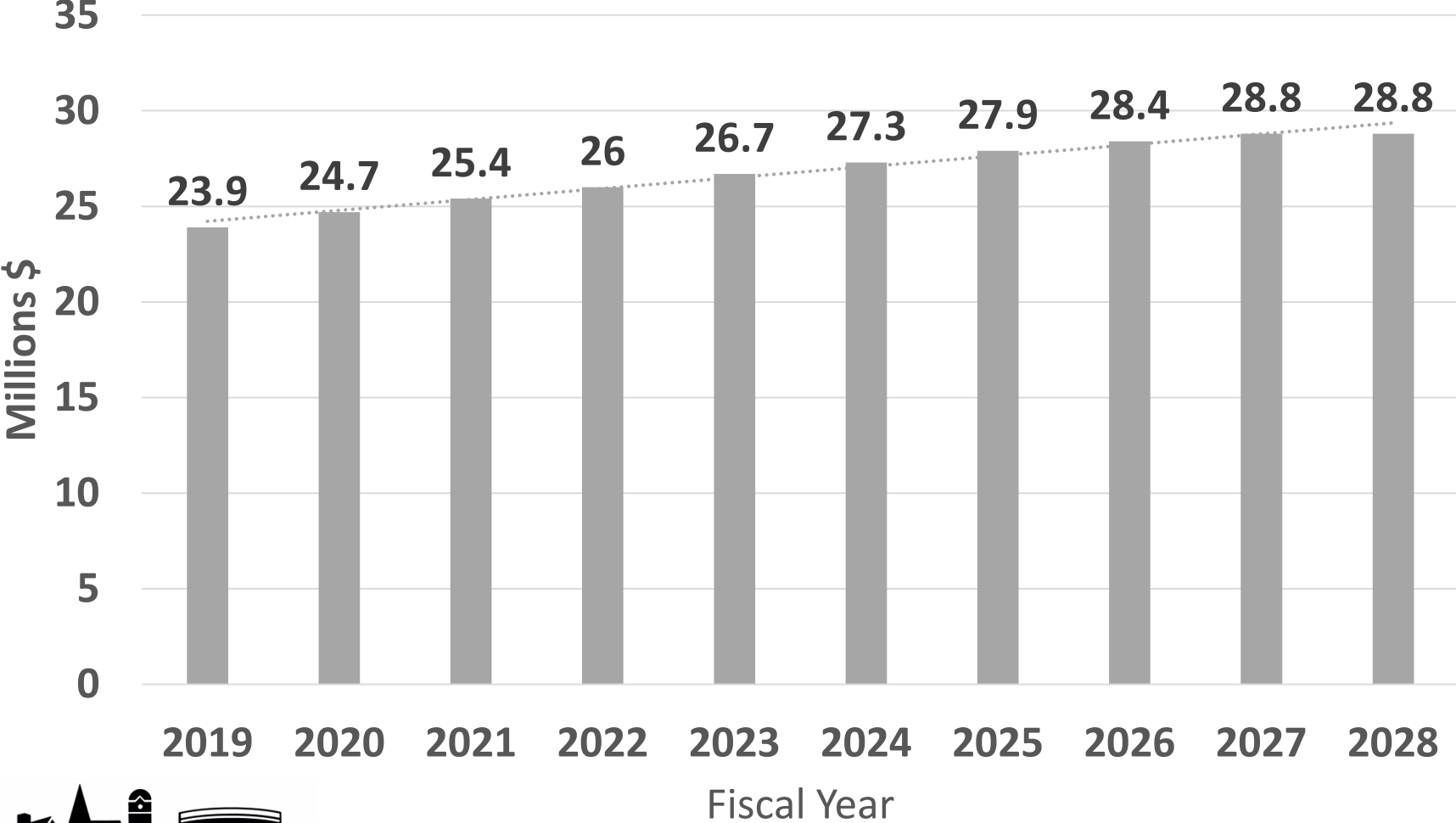
** The overall Town ADEC of \$23,880,000 increased by \$2,265,000 from FY 2018, however the allocation of costs to the BOE decreased from 25% of the ADEC to 21.3%, resulting in a greater allocation of overall cost to the Town portion of the Budget.*



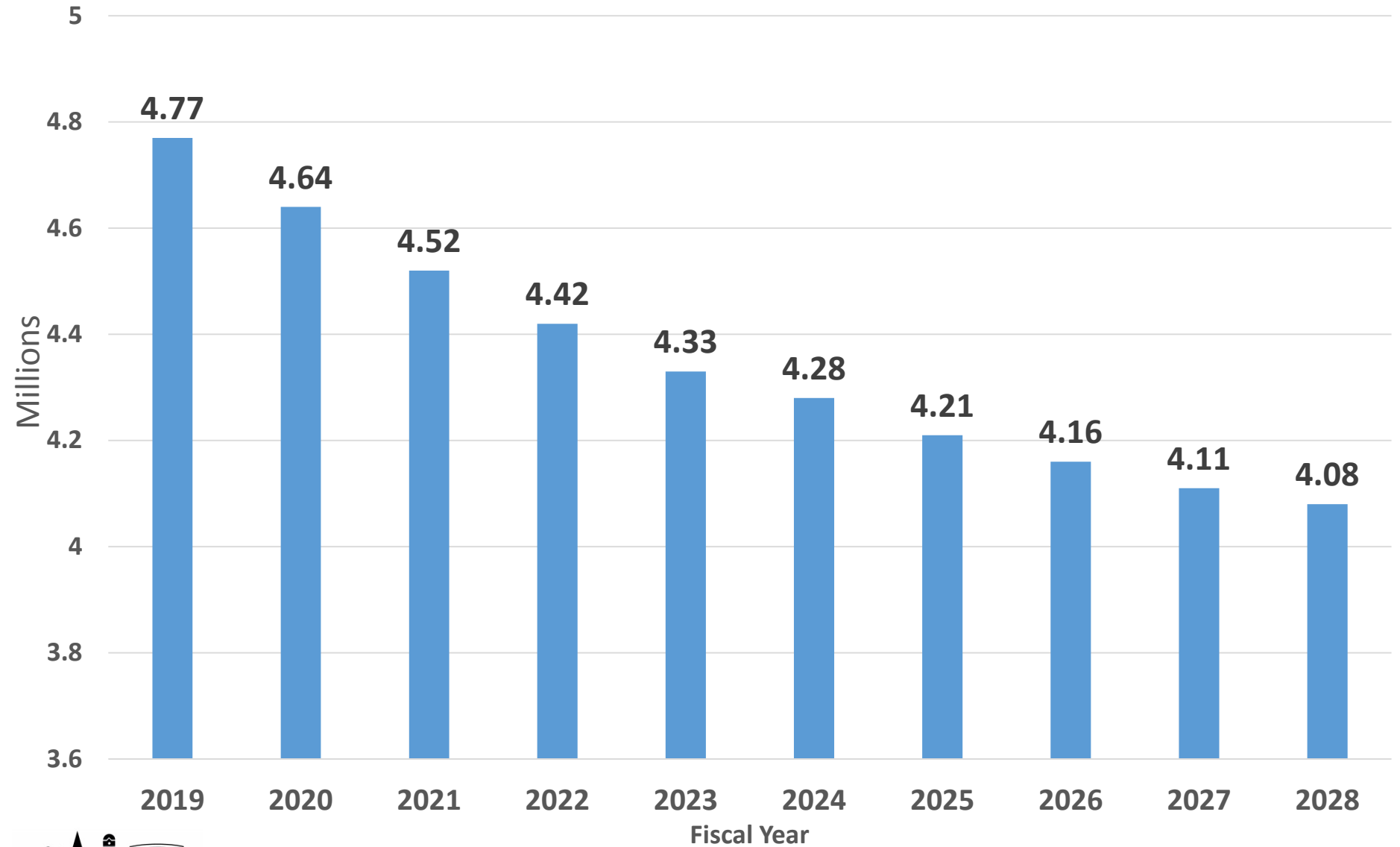
Pension Unfunded Accrued Liability



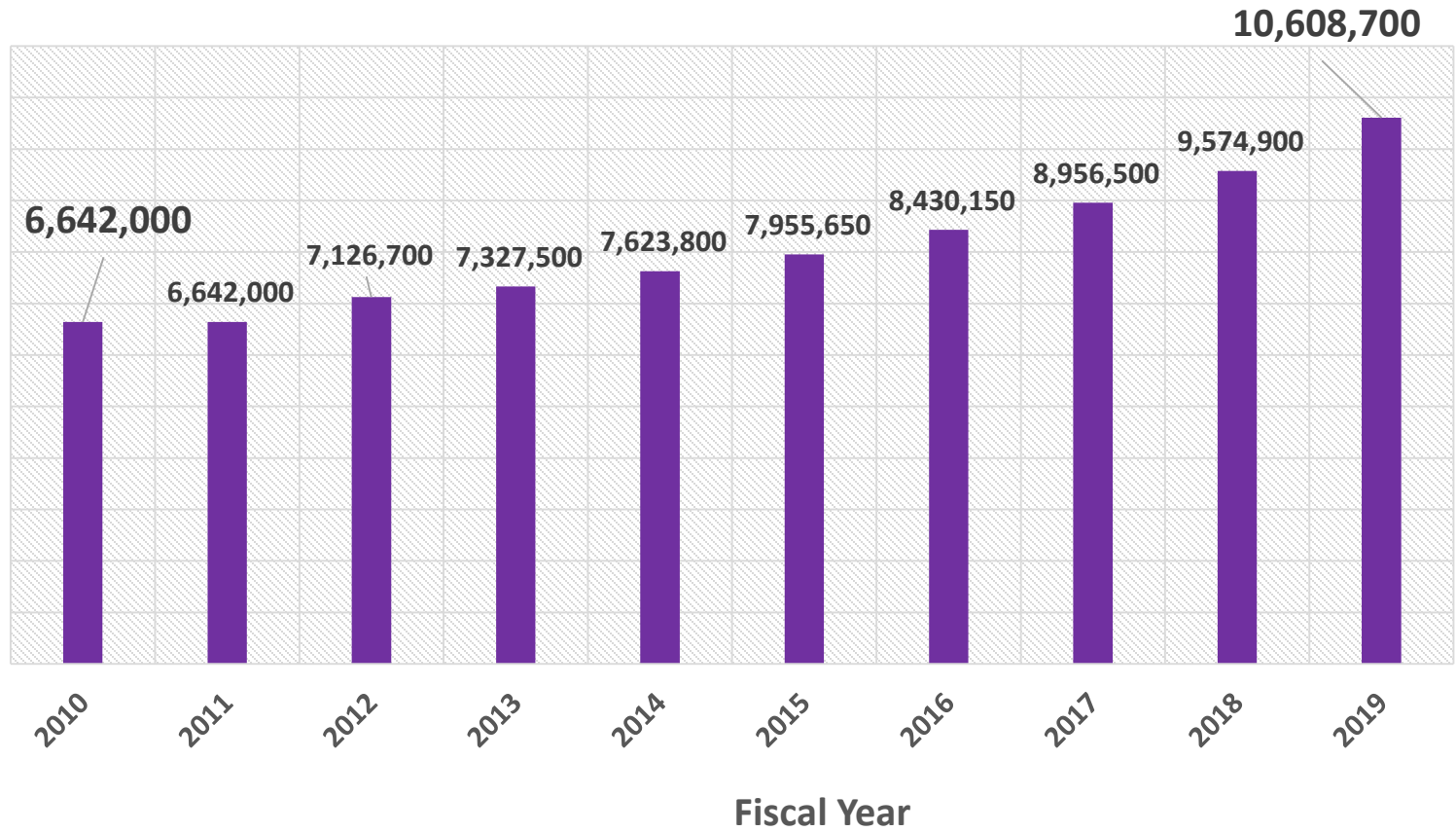
Actuarially Determined Employer Contribution (ADEC)



Pension Normal Cost



MDC Ad Valorem Tax



FY18/19 – 29/30 Capital Improvement Fund Revenues Sources

Capital Budget Revenues		
CNRE	\$25,406,000	12.9%
Bonds	\$148,084,000	74.9%
Federal & State Grants	\$22,531,000	11.4%
Other	<u>\$1,600,000</u>	<u>.8%</u>
<i>TOTAL</i>	<i>\$197,621,000</i>	<i>100%</i>



FY18/19 – 29/30 Capital Improvement Fund Expenditures Sources

Capital Budget Expenditures		
Transportation & Infrastructure	\$77,120,000	39.0%
Education	\$66,077,000	33.4%
Parks and Recreation	\$9,366,000	4.8%
Town Buildings	\$25,232,000	12.8%
Miscellaneous	<u>\$19,826,000</u>	<u>10.0%</u>
TOTAL	\$197,621,000	100%



Capital Fund Major Non-Recurring Projects

- **Transportation and Circulation:**
 - ✓ Fern Street Bridge over Trout Brook: Estimated Cost: \$4.2 million; \$3 million financed by grants, \$1.2 million by Bonds
- **Parks and Recreation:**
 - ✓ Wolcott Park Improvement (\$500,000 over two years) to upgrade electrical system and renovation of six tennis courts
 - ✓ Kennedy Bath House (\$290,000) refurbish to address accessibility issues



Capital Fund Major Non- Recurring Projects

- **Miscellaneous**
 - ✓ Migration of Town's Financial System (\$900,000)
 - ✓ Replacement of Fire Apparatus (\$770,000)



Impact on Taxpayer

Where do the Tax Dollars Go?

Community Development	\$ 2,453,346	1%
Plant & Facilities	\$ 2,553,055	1%
Leisure & Social Services	\$ 3,130,602	1%
Library Services	\$ 3,431,206	1%
General Government/Administration	\$ 6,146,687	2%
Public Works	\$ 10,736,485	4%
Capital Financing	\$ 17,562,034	6%
Public Safety (Police/Fire)	\$ 26,541,013	9%
Non-Dept. (Emp. Benefits/MDC/Other)	\$ 51,213,381	18%
Education	\$ 164,551,527	57%
Total	\$ 288,319,336	100%



Change in Total Single Family Home/Motor Vehicle Taxes

	<u>Adopted FY 2018</u>	<u>Proposed FY 2019</u>	<u>Difference</u>
Real Property Mill Rate:	41.04	41.54	.50
Motor Vehicle Mill Rate*:	32.00	41.54	9.54
Average Single Family Home Assessed Value of \$224,000*:	\$9,193	\$ 9,305	\$112
Average Motor Vehicle #1 Assessed Value of \$9,000:	\$288	\$374	\$86
Average Motor Vehicle #2 Assessed Value of \$9,000:	\$288	\$374	\$86
Total Taxes for Avg. Homeowner:	\$9,769	\$10,053	\$284
Percentage Adjustment:			
Real Property:	1.2 %		
Motor Vehicle:	29.9 %		
Overall Percentage Change:	2.9 %		

**Assessed Value equals 70% of Market Value*



How a Tax Bill is Allocated

Community Development	\$ 85.54	1%
Plant & Facilities	\$ 89.02	1%
Leisure & Social Services	\$ 109.16	1%
Library Services	\$ 119.64	1%
General Government/Administration	\$ 214.32	2%
Public Works	\$ 374.36	4%
Capital Financing	\$ 612.35	6%
Public Safety (Police/Fire)	\$ 925.42	9%
Non-Dept. (Emp. Benefits/MDC/Other)	\$ 1,785.69	18%
Education	\$ 5,737.51	57%
Total	\$ 10,053.00	100%



Long-term Budget Strategy

- Town has been working for several years to build grand list and control and manage expenditures
- Recommend that Council consolidate current initiatives with new ideas into cohesive long-term budget strategy



Long-term Budget Strategy (cont'd)

- Strategies to promote sustainable grand list growth and revenue diversity
 - Business retention & recruitment programs
 - Redevelopment of key commercial areas
 - Explore options to diversify local revenues
(Transport for Advanced Life Support/paramedic service)



Long-term Budget Strategy (cont'd)

- Strategies to control and reduce growth in expenditures
 - Explore options for service sharing with other municipalities
 - Convert utility costs to user fees (MDC ad valorem tax for sewer)
 - Gradually increase unrestricted fund balance to maintain bond rating



Long-term Budget Strategy (cont'd)

- Strategies to control and reduce growth in expenditures
 - Lower debt service costs by funding smaller capital projects through CNRE
 - Continued modification to employee benefit programs (pension, health insurance) to lower costs
 - Periodically rebid contracts for good and services



Long-term Budget Strategy (cont'd)

- Strategies to control and reduce growth in expenditures
 - Continued adjustment to pension discount rate; increase funding ratios to lower future pension and OPEB liabilities
 - Explore options to restructure pension and OPEB liabilities
 - Conduct best practice assessments of operations



Budget Dates

- Town Council Budget Review - March 13 - April 23, 2018
(Various Dates and Times By Council Committees)*
- Town Council Public Hearing: April 4, Town Hall @ 6:00 PM
- Town Council Public Hearing: April 11, Town Hall @ 2:00 PM
- BOE Budget Workshop #1: March 14, Town Hall @ 7:00 PM
- BOE Public Hearing: March 28, Town Hall @ 7:00 PM
- BOE Budget Workshop #2: March 28, After Public Hearing
- BOE Budget Adoption: April 3, Town Hall, @ 7:00 PM
- Town Council Adoption: April 24, Town Hall @ 7:30 PM

*Please check the Town Website for dates and times:

https://www.westhartfordct.gov/gov/town_council/meetingsagenda/default.asp

