

TOWN OF TOLLAND



**Town Council's
Annual Budget Presentation
August 29, 2017 – THS and
August 30, 2017 – Senior Center
FY 2017-2018**

1. The Resource Allocation Plan of the Governor reduced our ECS funding by 76.82% or by \$8,284,670.

The budget adopted by the Town Council reduces our ECS funding by 50% or \$5,435,521.

The lack of a State Budget and the proposed reallocation of ECS greatly impacts Tolland.

2. The budget prepared by the Town Manager in March reduced Town expenditures by \$343,291. This is a 2.89% reduction in overall spending of the Town operating budget. The following expenditure reductions have been approved by the Town Council:

- Adjust the currently weekly collection of recyclables from every week to every other week offering residents either an upgrade to a 95 gallon container or a second 95 gallon container for recyclables. The savings is \$104,832 spread over two fiscal years or a yearly impact of \$52,416. In addition I am recommending we eliminate the Town sponsored bulky waste pickups that is scheduled for May at a savings of approximately \$24,000.
- Reduce by two our current compliment of Resident Troopers from 4 to 2. The Governor's recommended budget places 100% of the cost for Resident Troopers on the Town whereas in previous years the State assumed some of the cost recognizing that at times the Troopers assigned to Tolland are required to perform non-Tolland functions or be available to Tolland due to State mandated training requirements. The additional cost to assume 100% of salary would be \$62,000. Currently we pay between \$155,398 to \$207,683 for a Resident Trooper. The savings is \$256,956. A consulting firm specializing in police services is in the process of being hired to consider future options for providing police services to the Town.

- Eliminate the currently vacant position of Assistant Director of Public Safety at a savings of \$73,392 and an additional savings of \$70,000 in the Capital Budget as a result of the elimination of a vehicle and associated equipment for the position. A portion of the savings has been set aside in this year's budget for administrative changes which will be made in the department following completion of union negotiations.
- Eliminate secretarial assistance for the following Commissions at a savings of \$3,300:
 - Blight Review Committee
 - Conservation Commission
 - Design Advisory Board
 - Economic Development Commission
 - Tolland Green Historic District Commission

- Eliminate Videostreaming of Town Council meetings at a savings of \$1,251. Currently less than an average of 20 people per meeting take advantage of this service.
- Eliminate funds for Celebrate Tolland at a savings of \$6,000. The Department has been able to get corporate funding to allow this program to continue.
- Perform the State mandated revaluation required in 2019 in-house which will save the Town between \$60,000 to \$125,000 depending on final consultant figures. The money we have already budgeted is sufficient to cover the Town's estimated expense of \$132,000. This work, therefore, allows the Town to eliminate a phased in payment of \$41,000. The ability to perform an in-house revaluation, as we did several years ago and are proposing for the next one, is based on the knowledge and experience of our current Assessor and his willingness to dedicate the time to perform this function in addition to his normal requirements.

3. The Town Council budget reduces the BOE by \$993,340 from their 2016/17 expenditure levels. This is a -2.53% decrease. The expenditure level included in the Council budget for the BOE is \$38,340,608.

4. The Town Council budget contains no increase in General Fund dollars for capital improvements. For some projects we are able to use other sources of funds, but some projects such as the painting of the Arts Building and Jail Building repairs shall be deferred.

5. The budget prepared by the Town Manager in March utilized \$250,000 as a revenue source from fund balance.

The Council budget contains \$1,006,660 from fund balance to be used as revenue to offset the mill rate increase. \$393,340 is scheduled to be allocated from general fund fund balance to the BOE 1% reserve fund.

Many have advocated for the use of fund balance to a greater extent. The Government Finance Officers Association Recommended Practice for fund balance reserves is for a municipality to maintain an unassigned fund balance at a minimum of either two months operating revenues or operating expenditures. The Unassigned Fund balance for Tolland at June 30, 2016 was \$7,113,653 or 12% and if based on two months operating expenditures, the amount should be \$9,301,097. A \$1,006,660 use of fund balance reduces our fund balance to \$6,106,993 or 10.4%.

6. Based on this scenario a 7.17% tax increase is required. The mill rate increase is 2.45 mills.

	2014 Assessment	Market Value	Taxes at 34.19 FY 16-17	Taxes at 36.64 FY 17-18	Difference
Low	\$117,093	\$167,276	\$4,003	\$4,290	\$287
Medium	\$188,285	\$268,979	\$6,437	\$6,899	\$462
High	\$360,369	\$514,813	\$12,321	\$13,204	\$883

It is important to point out that the fiscal concerns we are feeling today carryover into the next fiscal year and beyond. One time use of reserve funds and continued erosion of grant sources along with reasonable expenditure increases may cause higher than normal mill rate increases in subsequent fiscal years. Using as an assumption for FY18/19, no further reductions in ECS for the following fiscal year, a return to use of fund balance at the \$200,000 level, a flat Grand List, a known reduction in a bond reimbursement by the State which is expiring and increases of 2.14% for BOE, 2% for the Town and 1% for capital would result in a 6% increase in taxes or 2.20 mills. Potentially over two fiscal years the mill rate could go from the current 34.19 mills to the 38 mill range.

7. If the Council budget is adopted and then the State budget, when approved, provides us with more revenue than anticipated the following is the initial priority order of the Council, which can be amended by future Council action, in utilizing excess funds:

- ✓ The money taken from the General Fund-fund balance shall be replenished.
- ✓ Up to 50% of the remainder shall be set aside as reserved for tax relief in FY 18/19, 19/20, and 20/21 in equal amounts.
- ✓ The remaining additional funds shall be allocated to the BOE and Town on an 80/20% basis capped at the BOE original request amount and the amount of expenditure reductions of the Town as recommended by the Town Manager.

8. If the State budget, when approved, provides us with less revenue than budgeted then the difference would come from decreased BOE and Town expenditures on an 80/20% basis. Again this is the initial position of the Town Council which can be amended by future Town Council action.

9. It is recommended that future Councils consider that:

A. Should the General Fund-fund balance be utilized in any amount greater than \$200,000 and not be replenished by additional State dollars, any expenditure savings of the Town and BOE in future years shall be returned to the General Fund-fund balance and not placed in any other reserve accounts until such time that the funds are replenished.

B. The goal shall be that the funds shall be replenished in no more than five years and a concerted effort will be made on the part of the BOE and Town to have end of the year savings to use for this purpose.

C. Future use of fund balance as a revenue source shall revert back to our normal of between \$150,000-\$200,000.

10. The proposed mill rate increase of 2.45 mills is 4.75 times the average mill rate increase over the last ten years. The average has been 0.58 mills. This increase is understandable in this budget year and perhaps the next. However, it must be recognized that taxes are a major issue to a large number of residents and if we want to remain competitive with other towns in the regions for real estate, both residential and commercial, we must be mindful of our mill rate in addition to the services offered by the Town and Board of Education. We recognize keeping the mill rate to the historic average will be difficult based on possible continued loss of state funds, increased expenditure needs, health insurance trends based on current experience that are in double digit range, committed to collective bargaining agreements and unknowns regarding utilities, but the current and future BOE and Town Councils should consider this as a stated goal.

Comparison of Mill Rates

Vernon – 38.03	Mansfield – 29.87
Bolton – 37.50	Avon – 29.52
Tolland – 34.19	Suffield – 28.20
Coventry – 31.20	Willington – 27.73
Colchester – 30.91	Columbia – 27.44
Ellington – 30.50	Farmington – 25.78

BUDGET SCHEDULE – 2017 – 2018

TARGETED TIMELINES

August 29, 2017 (Tuesday)

ANNUAL BUDGET PRESENTATION – THS Auditorium –
7:30 p.m. – BOE is provided an opportunity to present a
revised adopted budget based on funding approved by
Town Council and other line item updates

August 30, 2017 (Wednesday) Budget Presentation – Senior Center – 12:30 p.m.

September 19, 2017 (Tuesday) Annual Budget Referendum