

TOWN OF TOLLAND



FY 2018-2019 BUDGET PRESENTATION

As Proposed by Town Manager, Steven R. Werbner

March 22, 2018

**TOWN OF TOLLAND
GENERAL FUND BUDGET SUMMARY**

2016-2017 Adopted Budget	2017-2018 Adopted Budget		2018-2019 Manager Proposed Budget	PERCENT CHANGE FROM PRIOR BUDGET
		BUDGET APPROPRIATIONS:		
2,860,647	2,899,678	General Government	2,937,288	
404,211	431,742	Planning and Community Development	415,570	
926,683	910,796	Community Services	918,468	
4,430,159	4,409,792	Public Works and Environmental Maintenance	4,410,043	
2,036,190	1,996,015	Public Safety Services	2,139,104	
1,210,166	1,133,698	Finance and Records	1,095,711	
11,868,056	11,781,721	TOTAL -- TOWN GOVERNMENT	11,916,184	1.14%
39,333,948	39,333,948	Board of Education Operations	39,642,607	
39,333,948	39,333,948	TOTAL -- BOARD OF EDUCATION	39,642,607	0.78%
51,202,004	51,115,669	TOTAL OPERATING TOWN AND BOARD OF EDUCATION	51,558,791	0.87%
4,550,000	4,550,000	Debt Service	4,550,000	0.00%
54,578	54,578	General Fund Contribution for Capital Improvements	61,906	13.43%
4,604,578	4,604,578	TOTAL -- CAPITAL IMPROVEMENTS AND DEBT SERVICE	4,611,906	
55,806,582	55,720,247	TOTAL TOWN APPROPRIATIONS	56,170,697	0.81%
		LESS:		
12,831,896	11,800,694	Estimated Revenues from Non-Tax Sources	10,710,469	
		LESS:		
150,000	400,000	General Fund Balance Applied	690,000	
42,824,686	43,519,553	AMOUNT TO BE RAISED BY CURRENT TAXES	44,770,228	
55,806,582	55,720,247	TOTAL TOWN REVENUES	56,170,697	0.81%
1,265,008,557	1,275,263,617	NET GRAND LIST REAL ESTATE, MOTOR VEHICLE AND PERSONAL PROPERTY	1,278,985,708	
7,600,000	7,300,000	LESS: Senior Tax Relief Program	7,300,000	
6,706,500	8,546,424	LESS: Corrections, and Assessment Appeals	8,546,424	
500,000	500,000	PLUS: New Construction	500,000	
14,000,000	15,000,000	PLUS: Motor Vehicle Supplement	16,000,000	
1,265,202,057	1,274,917,193	NET TAXABLE GRAND LIST	1,279,639,284	
1,252,550,036	1,262,168,021	NET ADJUSTED COLLECTIBLE GRAND LIST @ 99.0%	1,266,842,891	
34.19	34.48	MILL RATE	35.34	2.49%

REVENUE

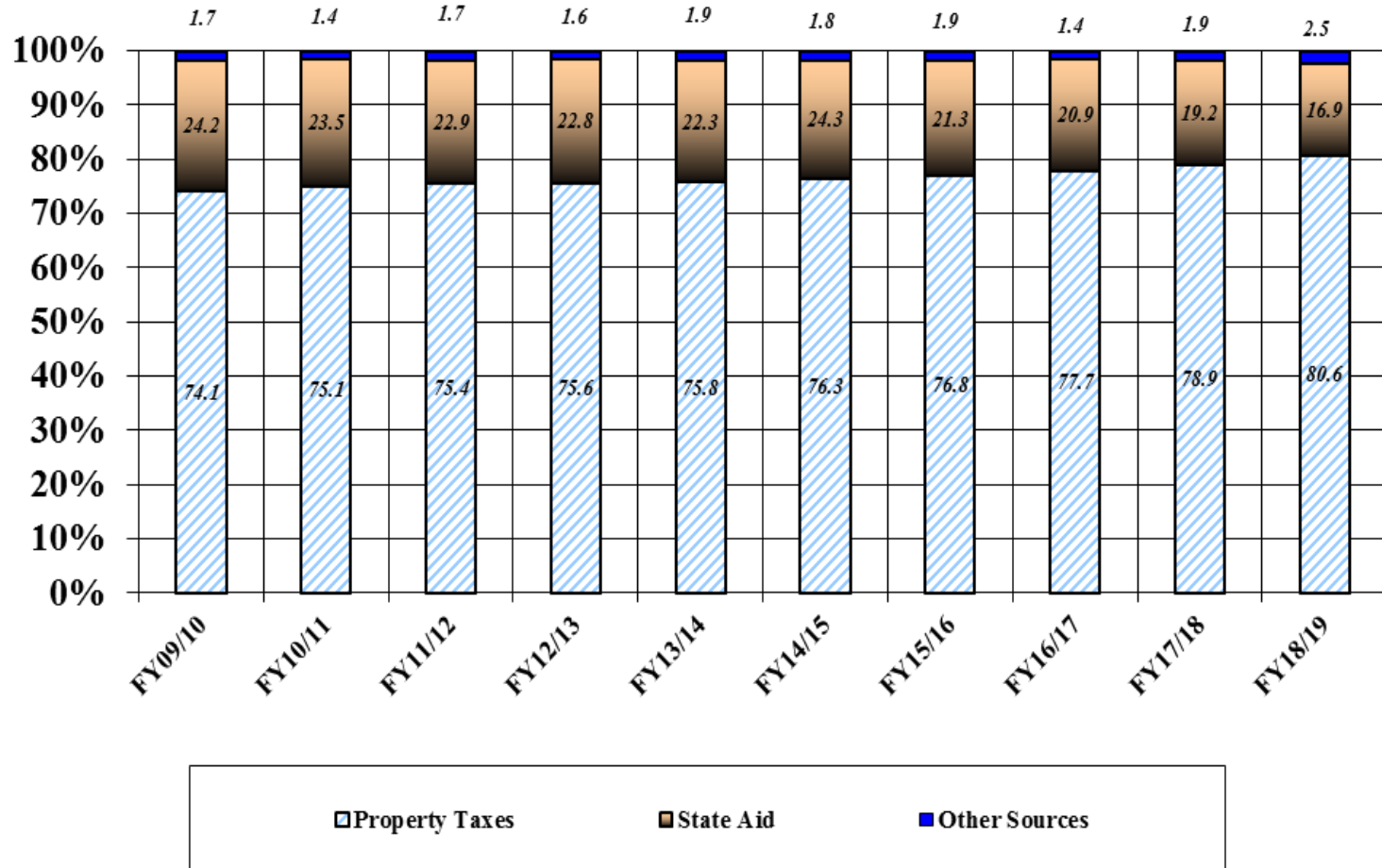
Overview

There are seven major revenue categories: Property Taxes, State and Federal Grants, Licenses, Permits and Fees, Charges for Current Services, Investment Income, Education Grants and Contribution from Fund Balance.

THREE YEARS REVENUE COMPARISON

	2016-2017 Actual	2017-2018 Adopted	2018-2019 Manager	\$ Change 2017/2018 to 2018/2019 Budget	% Change 2017/2018 to 2018/2019 Budget	Percentage of total budget
PROPERTY TAXES	43,606,051	43,982,412	45,282,557	1,300,145	2.96%	80.61%
STATE & FEDERAL GRANTS	884,074	507,541	204,435	(303,106)	-59.72%	0.36%
LICENSES, PERMITS & FEES	280,485	249,800	238,500	(11,300)	-4.52%	0.42%
CHARGES FOR CURRENT SERVICES	401,081	337,840	356,940	19,100	5.65%	0.64%
INVESTMENT INCOME/OTHER	330,139	70,000	90,000	20,000	28.57%	0.17%
EDUCATION GRANTS	10,742,718	10,172,654	9,308,265	(864,389)	-8.50%	16.57%
CONTRIBUTION FROM FUND BALANCE	-	400,000	690,000	290,000	72.50%	1.22%
REVENUE TOTALS	56,244,548	55,720,247	56,170,697	450,450	0.81%	100.00%

TRENDS IN GENERAL FUND REVENUE SOURCES



POTENTIAL ADJUSTMENT IN STATE AID

Grant	FY 17 State Legislature's Adopted Budget	FY 18 State Legislature's Adopted Budget	Impact of Governor's Holdback	FY 19 State Legislature's Adopted Budget	FY 19 Governor's Adjusted Budget
Adult Education	8,984	8,436	8,224	8,436	8,265
ECS Grant	10,699,177	10,164,218	9,298,501	9,828,958	8,778,451
LoCIP	0	210,805	210,805	135,468	134,149
Pequot-Mohegan Grant	34,843	34,843	34,843	0	0
PILOT: Colleges & Hospitals	0	0	0	0	0
PILOT: State-Owned Property	0	0	0	24,569	0
Town Aid Road	338,796	338,796	338,796	338,796	339,335
Grants for Municipal Projects	85,064	85,064	85,064	85,064	85,064
Municipal Transition Grant (Car Tax)	0	0	0	0	0
Municipal Revenue Sharing	303,971	0	0	0	0
MRSF: Supplemental PILOT	0	0	0	0	0
Municipal Stabilization Grant	0	53,057	48,871	322,977	48,871
Total	11,470,835	10,895,219	10,025,104	10,744,268	9,394,135

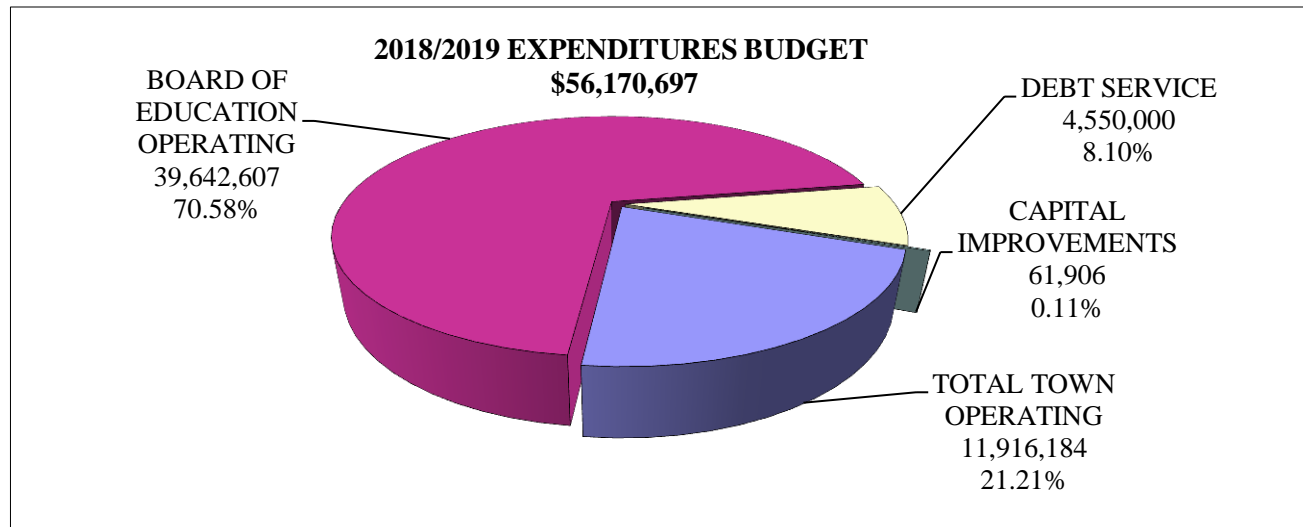
- The impact of the FY 19 Governor's Adjusted Budget with no change to current year Town and Board of Education expenses would be an increase of 1.15 mills or 3.35%.
- I have used a blended figure for ECS in the amount of \$9,308,625.
- My suggestion is should we receive more in revenue after the budget is adopted that the money be held in reserve to address potential mid year revenue adjustments.

OTHER POTENTIAL SIGNIFICANT CHANGES **IN STATE REVENUE**

We have been advised that the second payment this fiscal year for the TAR grant is in jeopardy as well as the full amount (\$339,335) in FY 18-19.

The budget which I am presenting to you retains basic services, both in the Town as well as the Board of Education, and provides for an increase in overall expenditures of 0.81% with Town operation expenses increasing by 1.14% or \$134,463, the Board of Education increasing by 0.78% or \$308,659 and Capital Improvements by \$7,328. The tax increase necessary to support this budget is 0.86 mills or a 2.494% increase in the mill rate. The use of Fund Balance is budgeted at \$690,000 which includes the use of \$290,000 budgeted this fiscal year for Police improvements that will not be spent.

This budget again is heavily impacted by the potential loss of State revenue and the modest growth in the Grand List.



Each year as part of this budget message I show the tax impact to the average low-middle-higher assessed homes. After Revaluation the average assessment for these categories of homes was \$117,093 - \$188,285 - \$360,369.

Property Tax Impact of the Town Managers Proposed Budget for Three Average Assessments				
2014 Assessment	Market Value	Taxes at 34.48	Taxes at 35.34	Difference
\$117,093	\$167,276	\$4,037	\$4,138	\$101
\$188,285	\$268,979	\$6,492	\$6,654	\$162
\$360,369	\$514,813	\$12,426	\$12,735	\$309

TOWN OF TOLLAND											
PERCENTAGES CHANGES OF MILL RATES AND EXPENDITURES											
			Revaluation year					Revaluation year			
Revenues	2008-2009 Budget	2009-2010 Budget	2010-2011 Budget	2011-2012 Budget	2012-2013 Budget	2013-2014 Budget	2014-2015 Budget	2015-2016 Budget	2016-2017 Budget	2017-2018 Budget	2018-2019 Manager Proposed
Mill Rate	29.51	29.49	29.15	29.73	29.99	30.19	31.05	33.36	34.19	34.48	35.34
Expenditures % change from prior year	5.27%	-0.87%	0.96%	2.25%	1.85%	0.94%	2.57%	2.68%	2.21%	-0.15%	0.81%
Mill Rate Increases	1.12	-0.02	-0.34	0.58	0.26	0.20	0.86	2.31	0.83	0.29	0.86
Mill Rate % change from prior year	3.95%	-0.07%	-1.15%	1.99%	0.87%	0.67%	2.85%	7.44%	2.49%	0.85%	2.49%

Average excluding revaluation years is a 0.6 mill rate increase
or a 1.78% increase in the mill rate.

CURRENT MILL RATES IN **SURROUNDING TOWNS**

38.71 – Vernon

30.59 – Avon

34.48 – Tolland

30.09 – Willington

32.00 – Coventry

28.89 – Suffield

31.70 – Ellington

26.68 – Farmington

30.63 – Mansfield

EXPENDITURES

Overview

There are four major expenditure categories budgeted for FY 2019: Town Operating, Board of Education Operating, Debt Service and Capital Improvements.

COMPARISON THREE YEARS EXPENDITURES

	2015-2016 Actual	2016-2017 Actual	2017-2018 Adopted Budget	2018-2019 Manager Proposed	\$ Change 2017/18 to 2018/2019	% Change 2017/18 to 2018/2019	Percentage of total budget
TOWN OPERATING							
General Government	2,808,657	2,866,901	2,899,678	2,937,288	37,610	1.30%	5.23%
Planning and Community Development	348,251	400,986	431,742	415,570	(16,172)	-3.75%	0.74%
Community Services	938,655	941,529	910,796	918,468	7,672	0.84%	1.64%
Public Works	4,330,317	4,428,403	4,409,792	4,410,043	251	0.01%	7.85%
Public Safety Services	1,816,659	1,955,096	1,996,015	2,139,104	143,089	7.17%	3.81%
Finance and Records	967,252	1,148,832	942,764	951,132	8,368	0.89%	1.69%
Contingency	56,341	218,577	190,934	144,579	(46,355)	-24.28%	0.26%
TOTAL TOWN OPERATING	11,266,132	11,960,324	11,781,721	11,916,184	134,463	1.14%	21.21%
BOARD OF EDUCATION OPERATING	38,287,910	38,889,236	39,333,948	39,642,607	308,659	0.78%	70.58%
DEBT SERVICE	4,549,013	4,550,091	4,550,000	4,550,000	-	0.00%	8.10%
CAPITAL IMPROVEMENTS	183,814	54,578	54,578	61,906	7,328	13.43%	0.11%
					-		
EXPENDITURES TOTALS	54,286,869	55,454,229	55,720,247	56,170,697	450,450	0.81%	100.00%

TOTAL OPERATING EXPENDITURE INCREASE

0.87% or \$443,122

Significant Expenditure Increases:

- Increase the Board of Education budget by 0.78% or \$308,659 as requested in their adopted budget.
- Fund option 1 of the Police Study prepared by Municipal Resources Inc. at a total cost of \$449,430. A portion of this expense is offset by funds budgeted this fiscal year which will not be spent (\$290,000).
 - As a future goal I am recommending the Town explore the option of using part time constables to maintain two officers on duty days/evenings.
 - In addition the Town should continue to look at the option of contracting for Police Services with a surrounding Town which may prove more economical in future years.

SIGNIFICANT EXPENDITURE REDUCTIONS

- Reduce the Solid Waste budget by \$23,992 based on savings negotiated in our Solid Waste contract. This includes adding back \$29,711 for one free bulky waste pick-up.
- Reduce the snow & ice materials by \$29,959 based on lower price and less material used.
- Eliminate the use of contractors during snow events as well as a vacant part time custodian for a total savings of \$78,572.
 - Add back a laborer budgeted in FY 18/19 for 10 months as well as add hours to an existing part time custodian at a total cost of \$44,594.
- Reduce the Planning & Zoning budget as well as Contingency account by a combined \$64,855 due to the completion of certain studies or use of other funding sources.

DEPARTMENTS WITH NO SIGNIFICANT CHANGE TO BUDGET

- Agriculture Commission
- Animal Control, Emergency Preparedness, Fire Prevention
- Conservation Commission
- Finance
- Health
- Human Services
- Inland Wetlands
- Library
- Planning and Zoning, Building Inspection
- Probate
- Recreation
- Senior Center
- Town Council
- Town Manager
- Water Pollution Control Authority
- Zoning Board of Appeals

FUND BALANCE

The use of fund balance in the budget process is one that comes up yearly. Some facts:

- Fund balance in Tolland over the last ten years has increased some 2 million dollars or from 10.9% to 12% with the most recent percentage being 11.5%.
- During that same time period our Bond rating has gone from a AA- to AA to AA+ and now to a AAA.
- The AAA rating is the highest attainable rating and assists us in obtaining lower borrowing rates of interest. Factors considered by rating agencies in assigning ratings include the diversity of your tax base, fund balance levels, strong financial discipline in budgeting and financial operations, long term financial planning and debt management. There are few communities in CT with the lack of a diversified tax base such as exists in Tolland that have a AAA rating.
- The Government Finance Officers Association recommended practice for fund balance reserves is to have an unassigned fund balance at a minimum of either 2 months of operating revenues or operating expenditures.

POTENTIAL USE OF FUND BALANCE

• Fund Balance as of 7/1/17:	\$8,153,976
• Programmed use of Fund Balance in 17/18 budget:	- \$ 400,000
• Possible use of Fund Balance to address Governor's Holdback of ECS revenues offset by other revenues:	- \$ 636,864 est.
• Estimated funds not expended in FY 17/18 including \$290,000 for funds from the State Trooper budget	+\$ 339,752 est.
• Programmed use of Fund Balance in 18/19 budget Including the use of the \$290,000 from prior year to fund Police improvements:	- <u>\$ 690,000</u>
	\$6,766,864

POTENTIAL USE OF FUND BALANCE

continued

In future years the Town should be careful in utilizing Fund Balance as a mechanism to offset lost revenue without an established plan to restore Fund Balance to prior levels.

The Town should also consider revising its Fund Balance policy to ensure that the overall Fund Balance stays between 10% and 17% of expenditures and as a further goal to reach a level recommended by the Government Finance Officers Association of at least two months of operating revenue or expenditures. Unassigned Fund Balance should be as a minimum range from 10% - 15% of expenditures.

Should it be necessary at any time to use Fund Balance which results in levels below 10% for either overall or unassigned Fund Balance the Town and BOE will reduce recurring expenditures to eliminate structural deficits or increase revenues or some combination of the two.

In addition any deficiencies shall be replenished in a period not to exceed five years and Fund Balance shall not be used as a revenue source during that period of time.



Remaining Budget Schedule

March 22, 2018 (Thursday)

PUBLIC HEARING on Manager's Recommended Budget – Tolland High School
Auditorium – 7:00 p.m.

March 27, 2018 (Tuesday)

Council Discussion – Budget finalized – Council Chambers – 6:30 p.m.

April 23, 2018 (Monday)

ANNUAL BUDGET PRESENTATION MEETING – Tolland High School
Auditorium – 7:00 p.m.

April 24, 2018 (Tuesday)

Budget Presentation – Senior Center – 12:30 p.m.

May 1, 2018 (Tuesday)

Annual Budget Referendum

By May 8, 2018 (Tuesday)

Council to establish mill rate upon referendum adoption