

TOWN OF TOLLAND



FY 2014-2015 BUDGET PRESENTATION

As Proposed by Town Manager, Steven R. Werbner

March 26, 2014

FY 2013-2014 Significant Achievements

Achievements (Town Only)

- **Received from Standard & Poors, Financial Rating Institution, the designation of “AAA” which is the highest municipal rating possible. This rating places us in a category with Towns such as Greenwich, Ridgefield, Glastonbury and Avon and is based on our strong financial management capabilities, solid fund balance and other financial rating criteria.**
- **The Town and Board of Education are proceeding with the construction phase of performance contracting to upgrade the HVAC systems at school and town facilities through energy cost savings.**
- **The concession building and ADA accessible bathrooms at Cross Farms in the vicinity of the proposed Adam’s Adventure Playground are complete, as well as the installation of lights and artificial turf at the high school stadium field.**
- **Work being done on the HVAC system at Town Hall, installation of an elevator for handicap accessibility and replacement of the roof and skylight over the library is complete and within budget.**

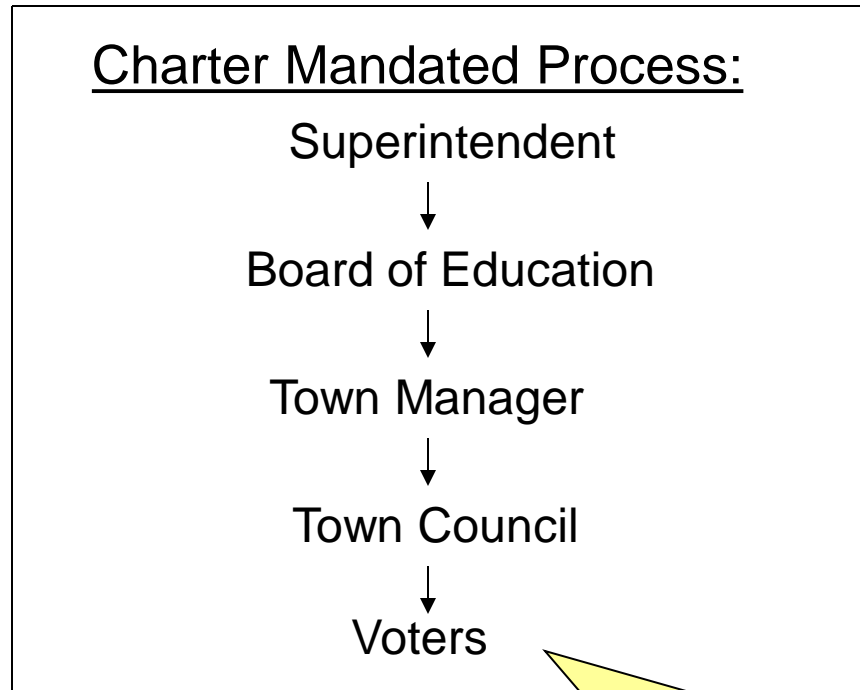
FY 2013-2014 Significant Achievements

Achievements (Town Only)

- **The expansion of the Library into the Hicks Gymnasium was approved by the voters at referendum and RFPs are out for design services.**
- **Planning & Zoning has completed the Tolland Village regulations as well as regulations for the Technology Corridor in the area of NERAC on Route 195 and we are actively investigating ways to encourage development in that area.**
- **We are looking to take advantage of any reasonable growth opportunities coming from investments made at UConn for the development of a research park.**
- **The Town and Board of Education have established a combined Utility Account and are working together to form a combined Facility Unit.**

BUDGET PROCESS

Development of the budget begins in October with the preparation of the Board of Education request and culminates in May with the Town Referendum.



Referendum is May 6, 2014 and, if the budget is defeated, votes are every two weeks until a budget is passed.

Public Meetings to Date on Budget

Capital Budget Public Hearing – February 20, 2014

Community Conversation on Budget – February 19, 2014

Joint Meeting of Town Council/Board of Education – March 4, 2014

Budget Review Sessions with Town Council – March 12, 19 & 20, 2014

Public Hearing on Manager's Proposed Budget – March 26, 2014

Upcoming Meetings

Town Council finalizes Budget – April 1, 2014

Annual Budget Presentation Meeting – April 23, 2014

Budget Presentations at Senior Center – April 24, 2014 @ 12:30 p.m.

Budget Referendum -- May 6, 2014

What is a Budget?

- A **financial plan** with sets of priorities and direction that the Town Officials, Town Council and residents believe accurately reflects the most important needs of the Town operations.
- In terms of the Board of Education, the Town Manager and Town Council, by State law, can only determine a bottom line number. The allocation of resources is the sole prerogative of the Board of Education.

TOWN MANAGER'S BUDGET GOAL FOR FY2014-15

Produce a budget that takes into consideration the expenses of all Town Departments and available revenues and is realistic in light of the economic times and can be sustainable in the future

- Town and Board of Education Services are of the highest quality, yet our cost for such services are in most cases lower than other comparable municipalities.

Tolland compared to State Averages for the 66 Towns with Populations between 10,000-30,000 as of 6/30/11

Source of Information – State Office of Policy & Management

Category	Tolland	State Average
Population	15,031	18,696
Equalized Net Grand List	\$1,819,491,626	\$3,185,618,286
Equalized Mill Rate	20.35	15.97
Education Expenditures	\$37,744,919	\$42,825,074
Town Expenditures	\$13,247,702	\$23,274,052
Total Expenditures	\$50,992,621	\$66,099,127
Annual Debt Service	\$4,872,870	\$5,221,713
Per Capita Income	\$42,762	\$37,627
Median Household Income	\$102,370	\$69,243

BUDGET PARAMETERS

How did I arrive at the financial plan I am proposing?

- Analyzed revenues based on end of last year results as well as the first six months of this fiscal year.
- Analyzed revenue projections for the next fiscal year in particular the Grand List growth.
- Analyzed past budget approvals.
- Monitored actions taken at the State level to primarily keep municipal aid flat.
- Assessed the absolute needs of the Town as well as the Board of Education.

LOCAL FINANCIAL CONCERNS GOING FORWARD

- Local government is limited by State law in regard to its ability to raise funds. Therefore, we are heavily dependent on property taxes and State revenues as sources of revenue to fund local programs.
- The level of State aid to municipalities is insufficient to meet the growing cost to towns and cities and places an unacceptable burden on the local property tax, in particular education.
- Local governments cannot continue to provide the same or an improved level of service unless property taxes increase for a sustained period of time.

Revenues

	2011/12	2012/13	2013/14	2014/15
State/Federal Grants	\$ 665,899	\$ 720,747	\$631,167	\$624,942
Investment Income	109,345	48,632	46,000	65,000
Licenses, Permits & Fees	148,500	224,800	214,926	229,100
Charges for Current Services	343,710	366,902	383,839	381,480
Education Grants	10,907,445	10,976,694	10,927,736	11,038,424
Total	\$12,174,899	\$12,337,775	\$12,203,668	\$12,338,946

Expenditures

	2011/12	2012/13	2013/14	2014/15
Town	1.36%	.74%	.58%	3.11%
BOE	2.53%	3.0%	1.0%	3.440%

Grand List Growth

2011/12	2012/13	2013/14	2014/15
1.10%	.89%	.20%	.39%
\$406,355	\$336,785	\$78,363	\$154,672

Percentage Tax Increases

2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
-0.07%	-1.15%*	1.99%	.87%	.67%	2.849%

*Revaluation year.

Town Revenues 2014 - 2015

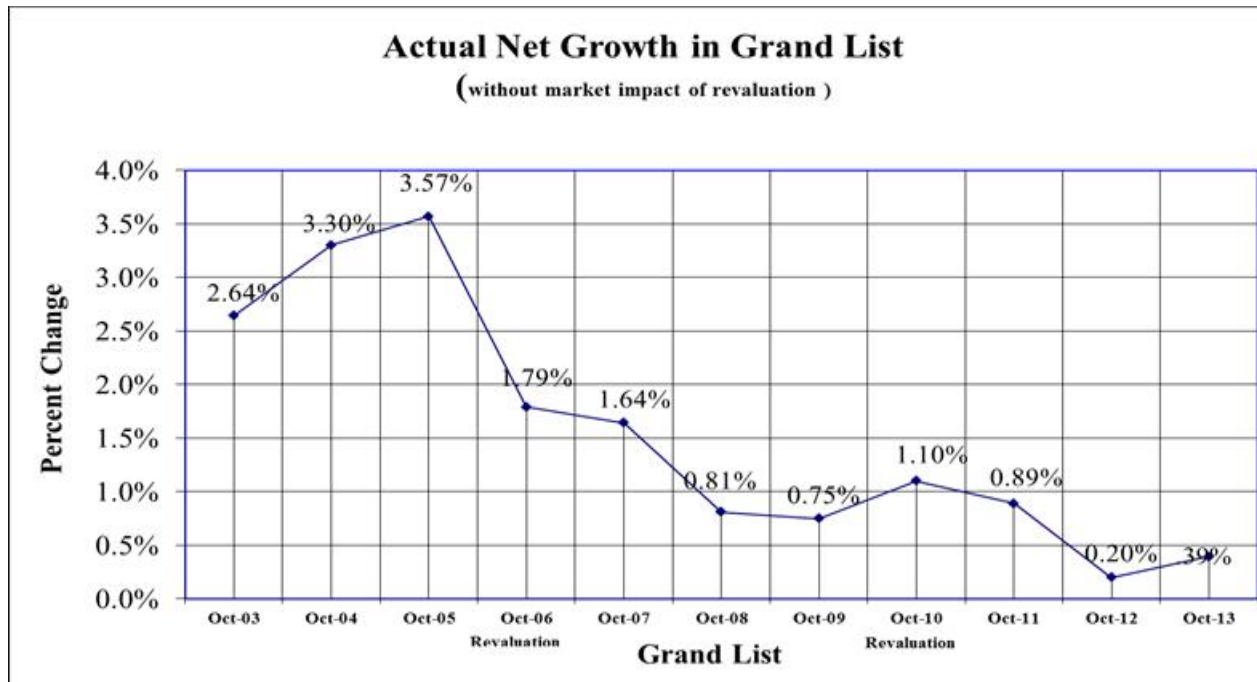
**PROJECTED DECREASES/INCREASES FOR 2014/2015
FROM NON-TAX REVENUE SOURCES**

(DECREASES)/INCREASES:

State Aid for Education		110,688
• ECS	(15,485)	
• Transportation	126,784	
• Adult Education	(611)	
Non-Education State and Federal Grants		(5,725)
• Mashantucket Pequot	40,904	
• Property Tax Relief Grant	(81,563)	
• PILOT State – Owned Property	43,637	
• Bond and Interest Subsidy	(10,440)	
• Miscellaneous Grants	1,737	
Interest Income/Other Revenue		19,000
Licenses, Permits & Fees		14,174
Charges for Current Services		<u>(2,359)</u>
NET REVENUE INCREASE		\$135,778

**Grand List Growth at .391%
after adjustments for new construction,
elderly exemptions, MVS and
slight decline in the mill rate and excluding
the impact of the State mandated
revaluation= \$153,004**

History of Grand List Growth Percentage:



NEW DWELLING START CHART

[illegible]

Fund Balance

An amount of \$259,000 from Fund Balance is recommended to be used as a revenue.

Rating agencies recommend that Fund Balance percentage for towns with a AA credit rating be in a range of 10%-15% of operating expenditures. We are currently at approximately 12%.

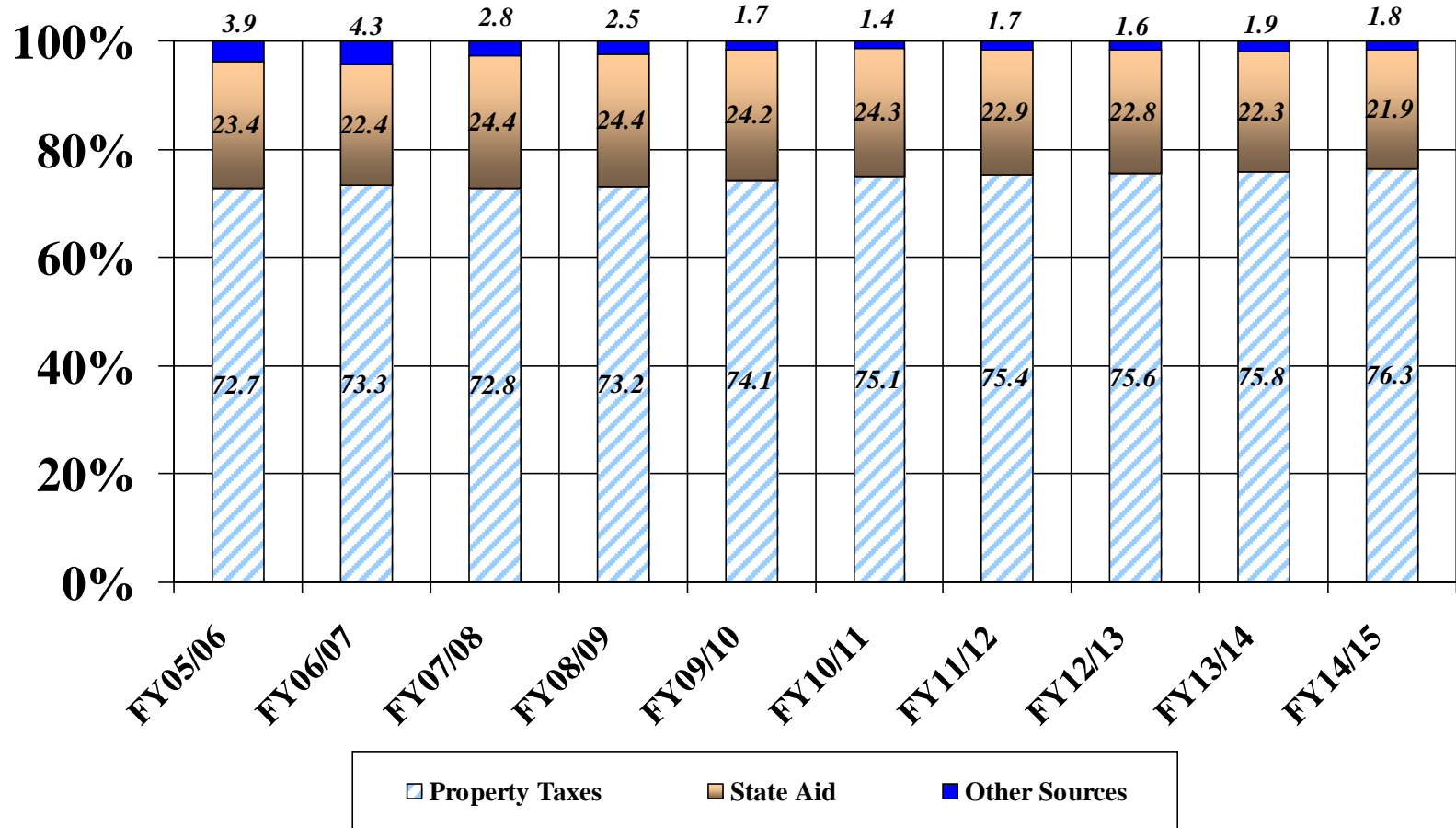
This is not a “revenue source” that should be relied upon in the future. This is a one time use of funds that may not be able to be duplicated in future years.

UNASSIGNED FUND BALANCE

2014 estimated*	\$6,495,020	11.53%
2013	\$6,649,387	11.77%
2012	\$6,588,695	11.82%
2011	\$6,209,332	12.09%
2010	\$5,884,614	11.60%
2009	\$5,755,314	11.40%
2008	\$5,175,165	10.9%
2007	\$4,386,381	9.1%
2006	\$4,336,381	9.7%
2005	\$3,906,752	9.3%
2004	\$3,516,564	9.0%
2003	\$3,082,745	8.2%

* Includes assumption of use budgeted Fund balance

TRENDS IN GENERAL FUND REVENUE SOURCES

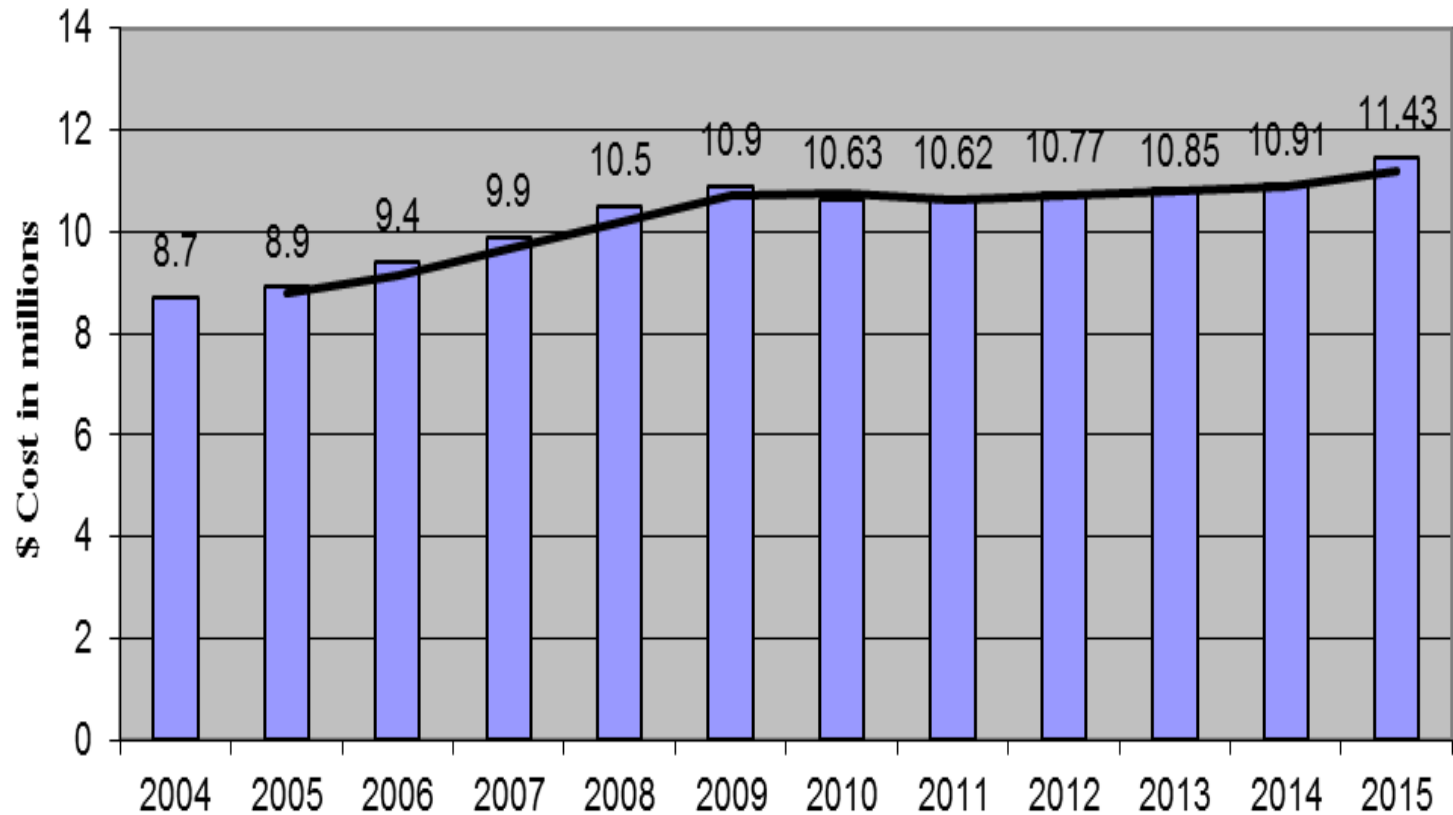


Expenditures

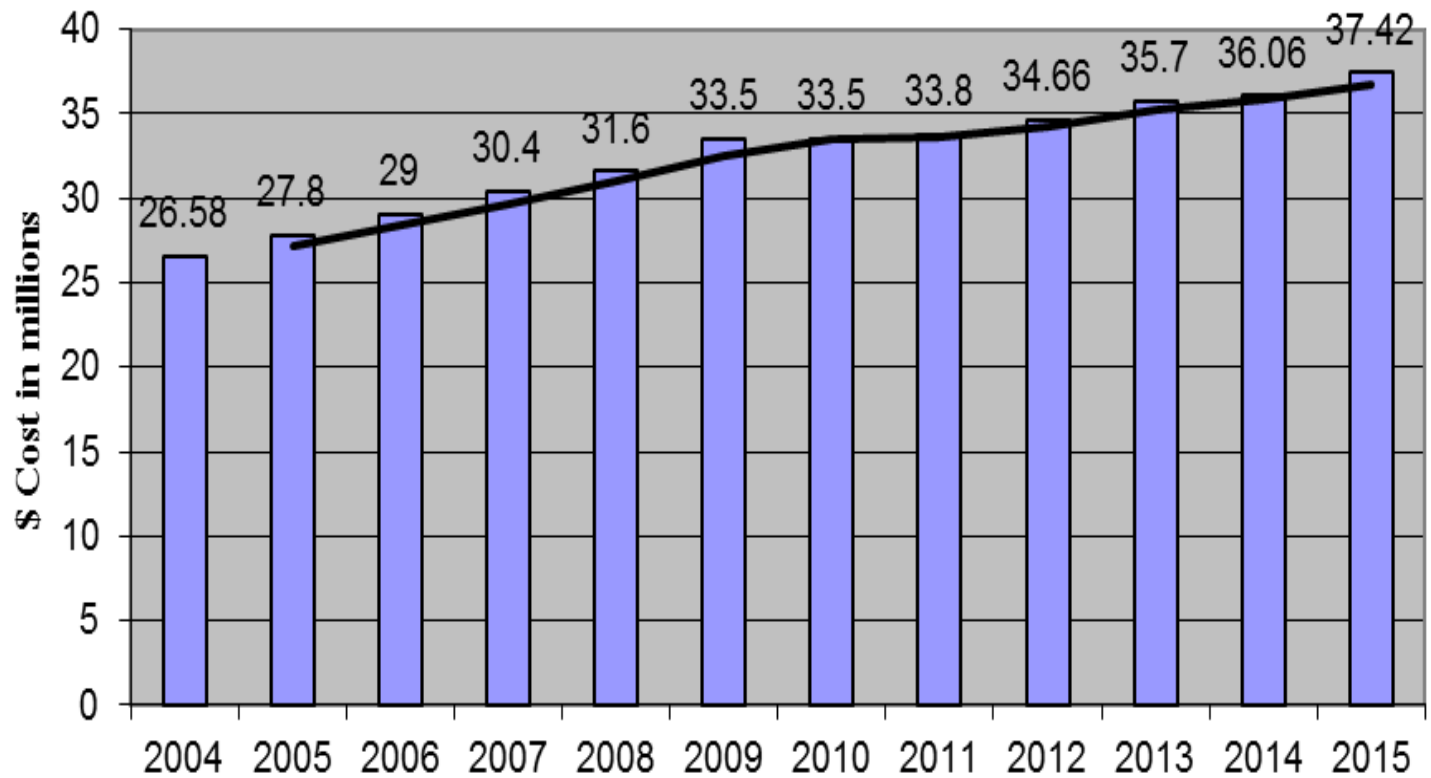
EXPENDITURE SUMMARY

Category	Adopted 13/14	Recommended 14/15	Dollar Change	Percentage Change
Town Depts.	10,907,859	11,247,511	339,652	3.11%
Capital Expenditures	141,991	86,456	(55,535)	(39.11%)
Debt Service	4,735,625	4,542,176	(193,449)	(4.08%)
Board of Education	36,059,250	37,299,689	1,240,439	3.44%
Grand Total	\$51,844,725	\$53,175,832	\$1,331,107	2.57%

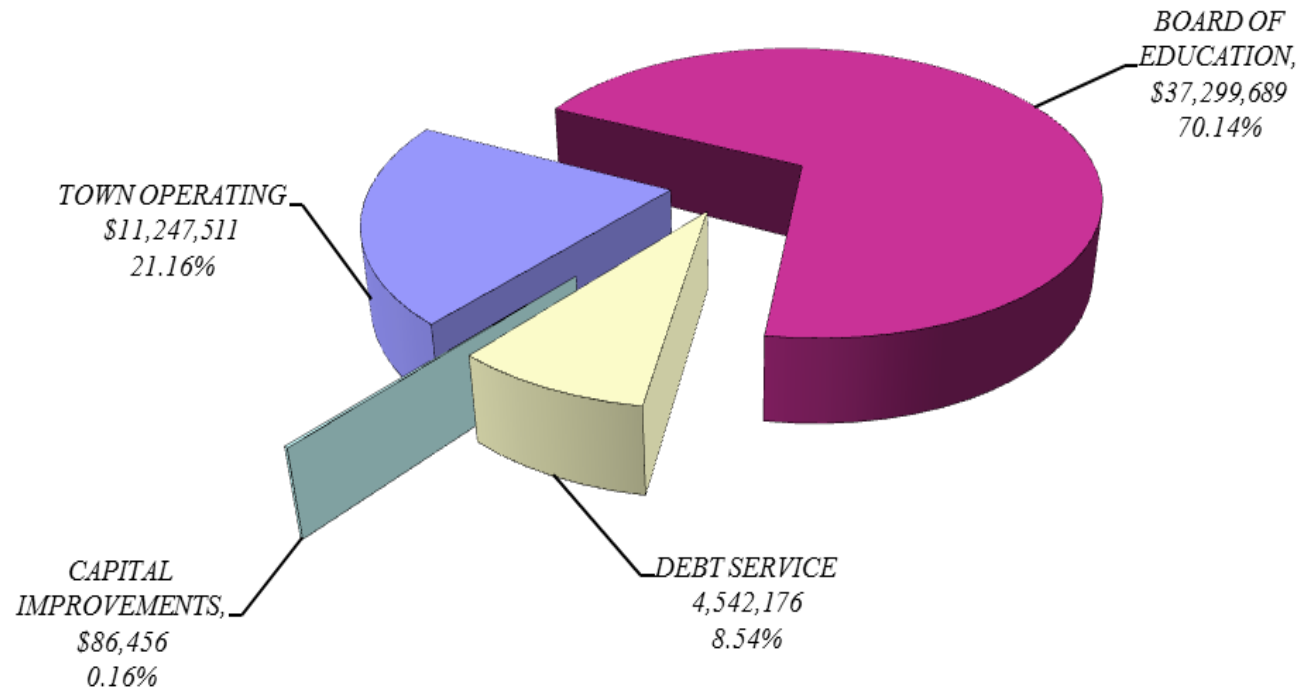
Town Operational \$ Cost in millions 2004-2015



BOE Operational \$ Cost in millions 2004-2015



2014/2015 EXPENDITURES BUDGET
\$53,175,832



Town Expenditure Drivers

- Insurances - \$105,320
- Salaries - \$103,663
- Fuel - \$75,000
- Fire/Ambulance - \$65,918

Expenditure Revisions

- Eliminate contractual Street Sweeping - \$23,000, to be performed with Town Staff
- Extend Solid Waste Contract for four years to 2019 - \$40,000 savings in each of next four years
- Perform Revaluation in house - \$60,000 savings which is applied to cost of next revaluation saving \$12,000 per year for next five years
- Transfer one State Trooper to BOE for School Resource Program – Cost is \$110,108 for BOE and \$27,526 for Town
- Reduce the amount budgeted for health insurance by 2% or approximately \$127,000 by using health insurance reserves

Possible Expenditure Revisions

Have residents pay the cost for monthly
Bulky Waste Pickup – Savings \$117,000

Cost to residents - \$32.00 per pickup

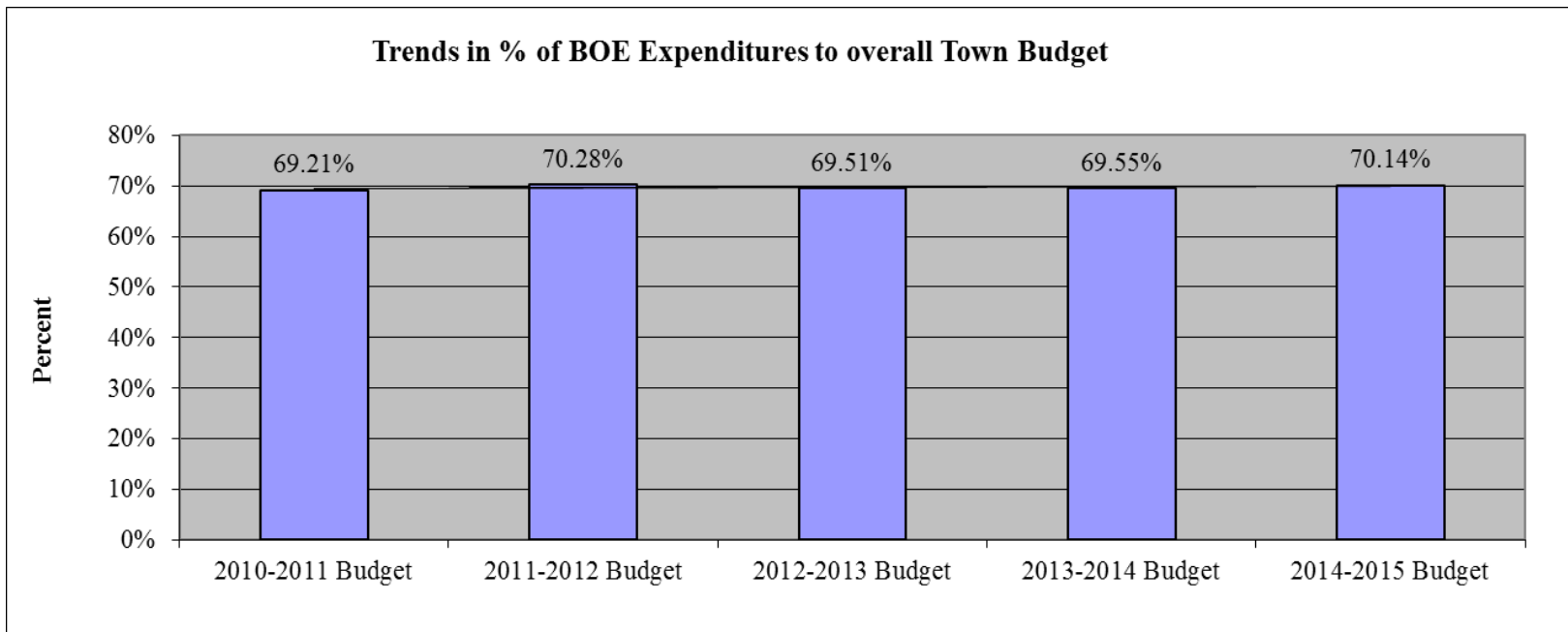
Board of Education Request

- Board of Education request is as requested at 3.44% or an increase of \$1,240,439.

Town's Commitment to Education

The Town has a strong ongoing
Commitment to Education

69.55% of every tax dollar spent goes toward funding education. More of our limited dollars are each year spent for education.



Recommendations

- Use the recommended increase to fund top priority improvements such as possibly All-Day Kindergarten and School Resource Officer.
- Use designated Capital Funds to address some facility improvements along with volunteer efforts.

CAPITAL BUDGET

Everything the Town does, from providing services to its residents and citizens, to equipping employees to effectively perform their jobs, requires the existence of certain basic physical assets.

Assets include:

- Streets
- School Facilities
- Parks
- Large Equipment
- Buildings
- Technology

Assets must be purchased, maintained and replaced on a timely basis or their usefulness in providing public services will diminish.

The Town's Five Year Capital Improvement Program is developed to ensure adequate capital investment in the Town's assets and to provide an orderly method for funding these assets.



FY14-15: SIGNIFICANT CAPITAL PROJECTS
FUNDED BY THE GENERAL FUND
Total Amount: \$86,456

Town Administration:

- Phase II of the WPCA state mandated Facility Plan – \$11,900

Public Facilities:

- Pollution abatement funding for work previously performed at Highway Garage pursuant to a State Consent Order – \$24,056
- Continued phase in of funds necessary to pay for the Town's share of pollution abatement costs at the Highway Garage



TOLLAND DEBT MANAGEMENT PLAN

SCHEDULE

2014-15 THROUGH 2023-24

		<u>% change</u>
FY 14/15 -	\$4,474,584	-3.24%
FY 15/16 -	\$4,520,753	1.03%
FY 16/17 -	\$4,560,908	.89%
FY 17/18 -	\$4,603,134	.93%
FY 18/19 -	\$4,648,898	.99%
FY 19/20 -	\$4,590,178	-1.26%
FY 20/21 -	\$4,475,267	-2.50%
FY 21/22 -	\$4,395,260	-1.79%
FY 22/23 -	\$4,060,914	-7.61%
FY 23/24 -	\$3,961,931	-2.44%

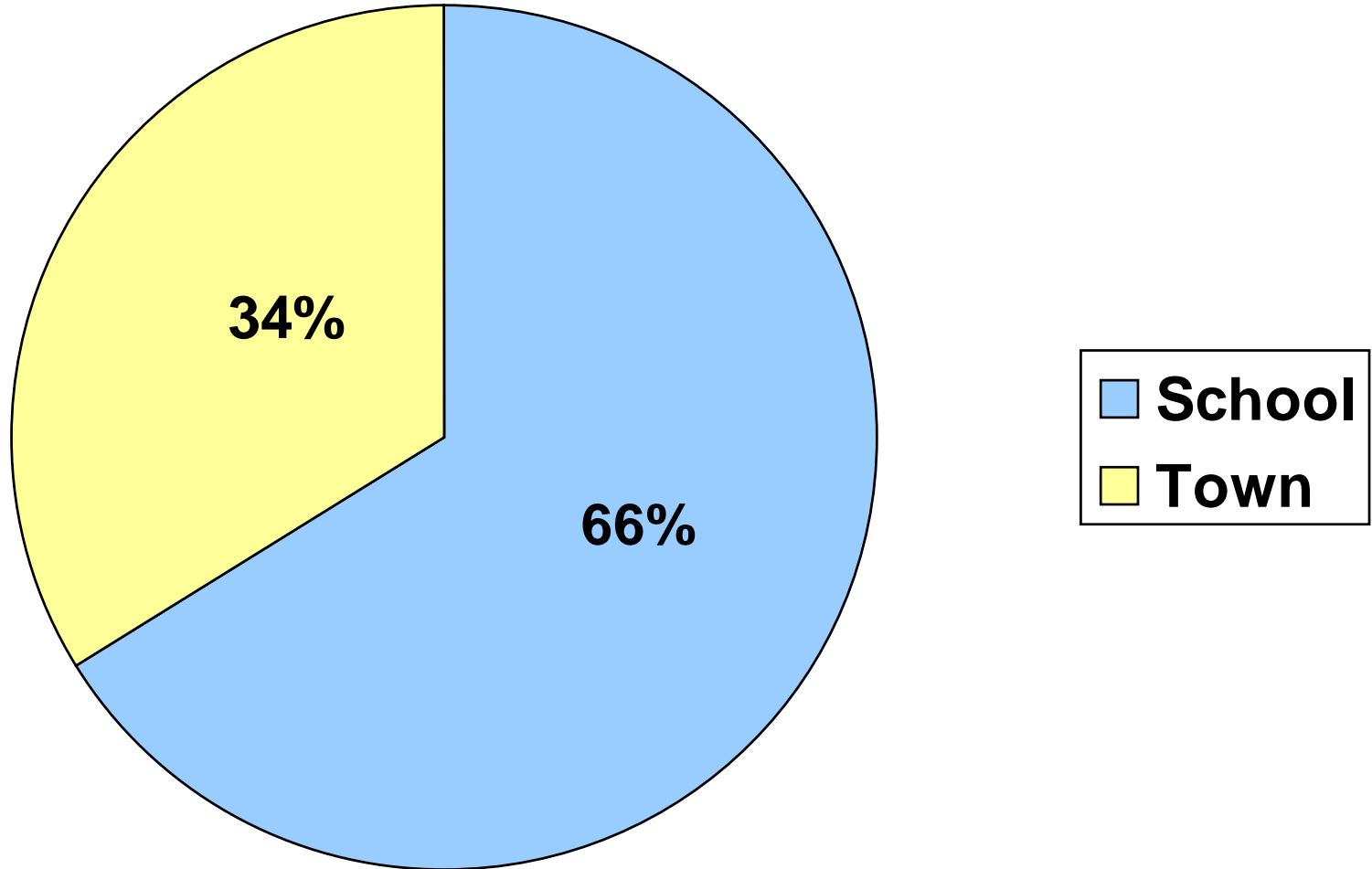


DEBT SERVICE FOR BUDGET YEAR:

\$4,474,584*

*(Net of use of bond premium)

Debt Service Breakdown:



MILL RATE IMPACT OF THE FINANCIAL PLAN

Mill rate = 31.05

An increase of 0.86 mills compared to the current mill rate of 30.19.

TAX IMPACT

Property Tax Impact of the Town Manager's Recommended Budget for Three Average Assessments				
2009 Assessment	Market Value	Taxes at 30.19	Taxes at 31.05	Difference
\$121,972	\$174,246	\$3,682	\$3,787	\$105
\$196,130	\$280,186	\$5,921	\$6,090	\$169
\$375,384	\$536,262	\$11,333	\$11,656	\$323

Formula to determine tax impact:

Current assessment x current year mill rate (30.19)

Compared against

Current assessment x Town Manager's proposed mill rate (31.05)

Difference equals tax impact

APPROVED TAX INCREASE/DECREASE OVER THE PAST 6 YEARS FOR THE AVERAGE RESIDENTIAL HOME

FISCAL YEAR		MILL RATE	MILL RATE INCREASE	AVG ASSESS OF HOME	TAX BASED ASSESSMENT	TAX \$ INC/DEC
2009/2010		29.49	-0.02	\$206,500	\$6,089.69	(\$4.13)
2010/2011	*	29.15	-0.34	\$217,692	\$6,345.72	\$256.04
2011/2012		29.73	0.58	\$217,692	\$6,472.98	\$126.26
2012/2013		29.99	0.26	\$217,692	\$6,528.58	\$55.60
2013/2014		30.19	0.2	\$217,692	\$6,572.12	\$43.54
2014/2015	**	31.05	0.86	\$217,692	\$6,759.34	\$187.22
	* REVALUATION YEAR					
	** PROPOSED					
			6 year average household increase in taxes - \$110.76			

CONCLUSION

Sustainability, Proper Planning and being prepared for opportunities is the key to any financial plan – Can the investments we make today be sustained over time knowing what we know about the current and upcoming financial concerns? Do we have plans in place in sufficient detail for maintaining and improving for not only our capital assets but also our on-going operations. It is not just “I can absorb a tax increase this year to improve a desired program”, it is “can you absorb a tax increase, in an increasing amount, over a prolonged period of time, to maintain/improve a program and can you justify to our customers, i.e. taxpayers, the benefits associated with the increased investment?” That is the budget realities of our economic times, made only more of a reality by current actions at the State and Federal levels.

Tax Calculation Form

FY2014/2015 Council Proposed Budget

This calculator reflects the proposed Council Budget which can be seen in its entirety on the Town's web page.

The final mill rate for the Town's budget will be determined after a budget is approved at referendum which is held on May 6, 2014. Should the budget be defeated, additional referendums are held every other Tuesday until a budget is adopted.

Known: Old Mil Rate **30.19**

Known: New Mil Rate **31.05**

Input the Following: (numbers ONLY, no commas or \$)

(B) Your Home's Assessed Value

121972

Your new assessed value can be located by clicking here [2009 Revaluation Data](#). Hard copies of your assessment information including assessment prior to revaluation are at the Town Assessor's Office.

Click to Calculate
(Results Appear Below)

Results: (Do not enter any information below this box)

Tax Information

Description of Taxes	\$ Annual	\$ Monthly
Old Taxes Due Your Assessment multiplied by 30.19, then divided by 1,000.	3682.34	306.87
Proposed Taxes Due multiplied by 31.05 then divided by 1,000.	3787.24	315.61

Tax Change:

Description of Change	\$ Annual	\$ Monthly
Additional Taxes due to Budget Increase	105	9

Budget Schedule: Important Upcoming Dates

February 20, 2014 (Thursday)	Capital Budget Public Hearing – Council Room – 7:30 p.m.
March 4, 2014 (Tuesday)	Manager convenes joint meeting between Council and Board of Education (by April 11 per Charter requirement) – Council Room – 7:00 p.m.
March 11, 2014 (Tuesday)	Manager submits Budget to Council (by March 27 per Charter requirement)
March 13, 2014 (Thursday)	Advertise Public Hearing
March 12, 2014 (Wednesday)	Mgr. discusses Budget w/Council–Council Room – 7:00 p.m.
March 19, 2014 (Wednesday)	Mgr. discusses Budget w/Council–Council Room – 7:00 p.m.
March 20, 2014 (Thursday)	Mgr. discusses Budget w/Council–Council Room – 7:00 p.m.
March 26, 2014 (Wednesday)	<u>PUBLIC HEARING</u> on Manager's Recommended Budget: Board of Education, Town Government, Capital Improvement Plan – Tolland High School Auditorium – 7:30 p.m.
April 1, 2014 (Tuesday)	Council Discussion – Budget finalized – Council Room – 7:30 p.m.
April 10, 2014 (Thursday)	Advertise Budget
April 23, 2014 (Wednesday)	<u>ANNUAL BUDGET PRESENTATION MEETING</u> – Tolland High School Auditorium – 7:30 p.m.
April 24, 2014 (Thursday)	Budget Presentation – Senior Center – 12:30 p.m.
May 6, 2014 (Tuesday)	Annual Budget Referendum
By May 13, 2014 (Tuesday)	Council to establish mill rate upon referendum adoption

