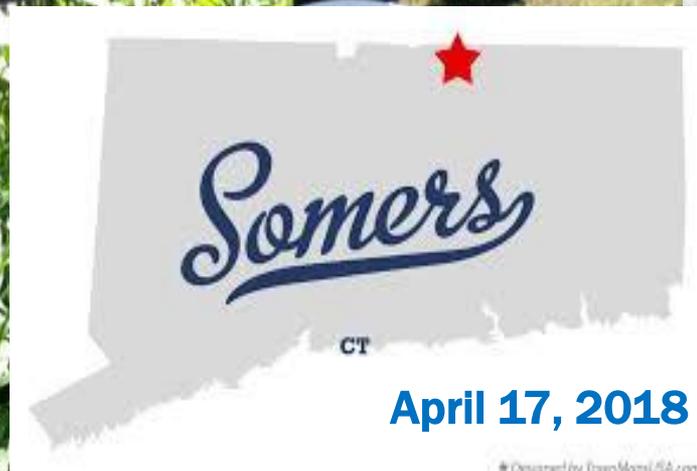
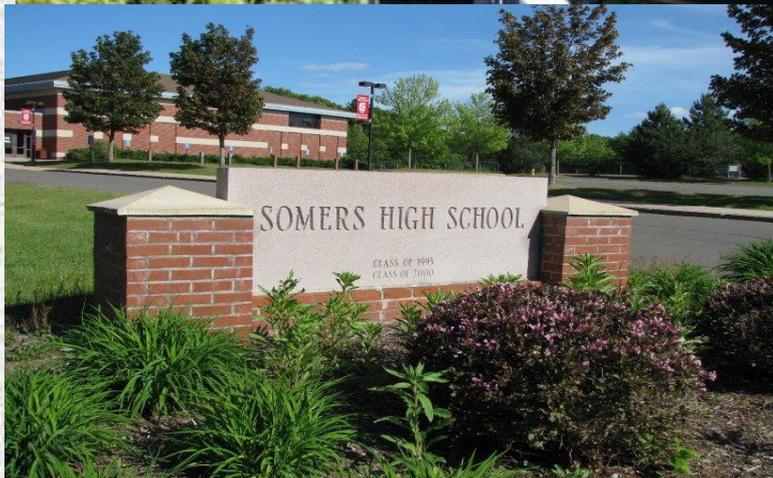


PUBLIC HEARING

PROPOSED BUDGET - FY 2018-2019





Jim Persano

Chairman, Board of Finance

WELCOME

WELCOME

- The Board of Finance would like to welcome and thank you, the citizens, for attending our budget public hearing
- Good, responsive, government depends on your interest and involvement
- Would like to acknowledge and thank the staff at the Somers Public Schools, the Board of Education, and the Superintendent of Schools for their efforts in the preparation of the Board of Education's Budget
- Would also like to extend a thank you to the Town Department Heads, the Board of Selectmen, Finance Department, and Chief Financial Officer for their help in preparing the Selectmen's Budget

PROPOSED 2018-2019 BUDGET PUBLIC HEARING

This evening's program will include the following:

AGENDA

Welcome	Board of Finance, Chairman	James Persano
Budget Overview	First Selectman	Bud Knorr
Proposed Budget	Chief Financial Officer	Michael Marinaccio
Board of Education	Superintendent of Schools	Brian Czapla
Public Comments	Audience	Michael Parker
Wrap Up	First Selectman	Bud Knorr



Bud Knorr

First Selectman

BUDGET OVERVIEW

FY 2018-2019 BUDGET CHALLENGES

STATE ISSUES

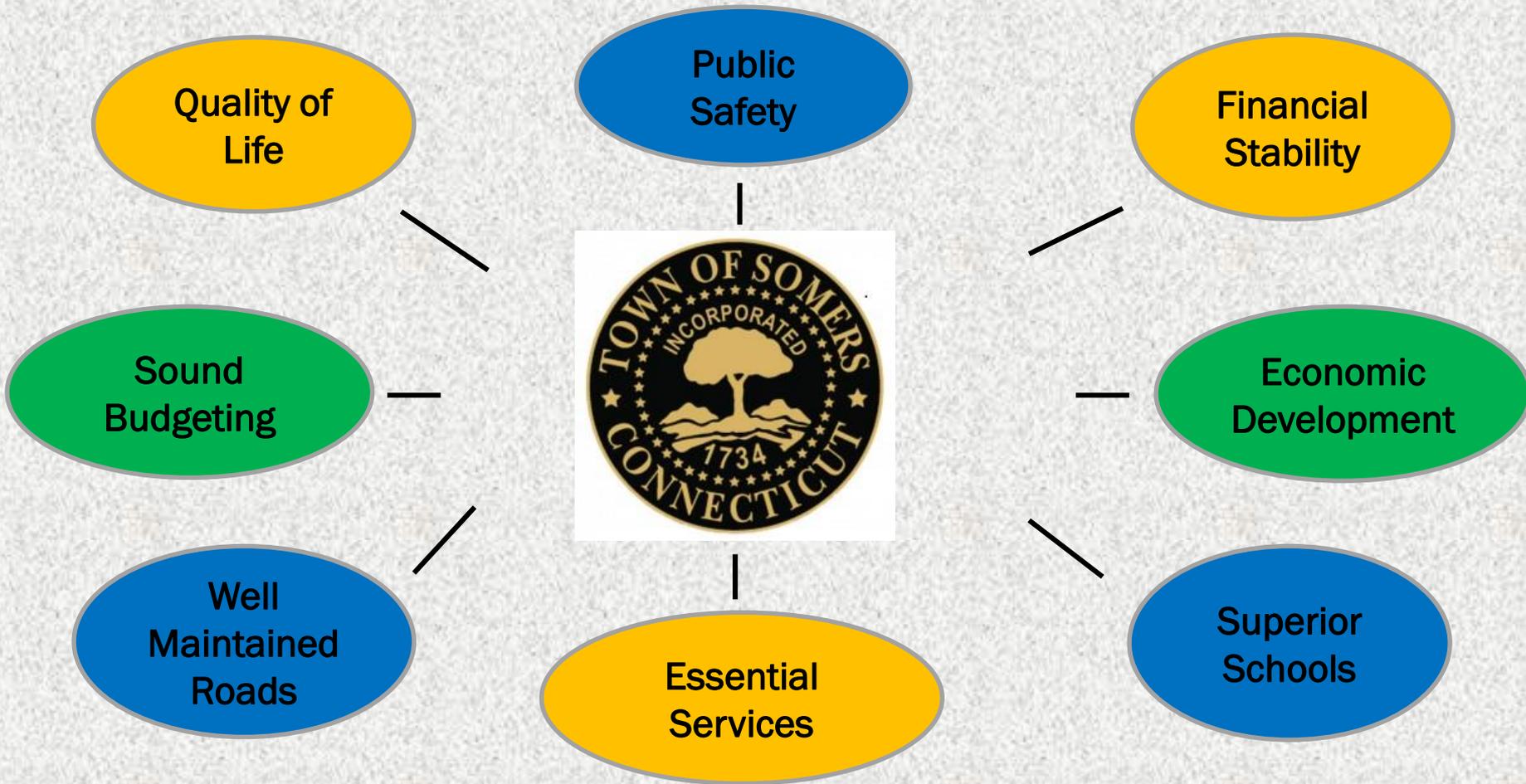
- **State revenue deterioration remains a growing concern – Connecticut's money is moving out**
- **State has shifted their difficult financial burden to the cities and towns**
- **Hartford bailout means less aid for small towns**
- **Raises concerns for further state funding cuts to the Town – both in the second half of the current year, fiscal 2018 and in the next fiscal year 2019**
- **Many towns have had their bond ratings negatively affected because of uncertainty regarding State municipal aid levels**
- **Message is clear: Need to reduce reliance on state funding, and expand the Town's revenue base**

FY 2018-2019 BUDGET CHALLENGES

TOWN CHALLENGES

- **This year's budget is heavily impacted by the loss of State revenue and the modest growth in the Grand List**
- **Both the Boards of Selectmen and Education have strived to maintain current level of essential services while demonstrating their resolve to hold the line on budget growth**
- **The Board of Finance has strived to maintain a balance between sound fiscal health without negatively impacting our community needs**
- **Only with fiscal stability and economic growth will the Town be able to weather the storm**

FY 2019 TOWN VISION



“A Healthy Community”



Michael Marinaccio

Chief Financial Officer

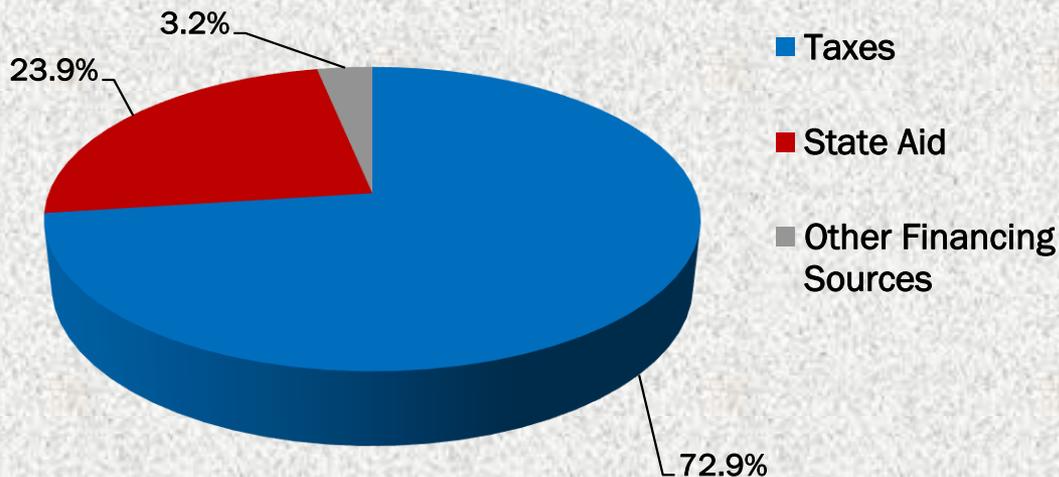
PROPOSED BUDGET

SUMMARY

- **Revenue budget**
 - Property Tax
 - Use of fund balance
 - Debt Service and Capital Projects
- **Selectmen's Budget**
- **Staffing**
- **Town Budget Summary**
- **Peer comparisons**
- **Mill rate growth**
- **Tax increase impact**

REVENUE BUDGET

	<u>2017-18 Adopted</u>	<u>2018-19 Proposed</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Property Taxes	\$21,453,004	\$23,530,333	\$2,077,329	9.68%
State/Federal Grants	9,180,900	7,696,138	(1,484,762)	(16.17%)
Use of Fund Balance	803,174	0	(803,174)	(100%)
Other Financing Sources	795,915	1,032,106	236,191	29.67%
Totals	\$32,232,993	\$32,258,577	\$ 25,584	0.08%



PROPERTY TAXES

TOTAL BUDGET \$23,530,333

- Increase of \$2,077,329 or 9.68% over last year's budget
- Property Taxes account for 73% of the FY 2019 revenue in the budget
- State OPM database shows that out of 169 Towns, Somers ranks as 157th in property tax revenue per capita (Low)
- Based on prior collection history we have assumed a 98.5% budgeted tax collection rate
- Continue to expect modest increases in delinquent tax revenue collections
- Grand List increased approximately \$10 million or 1.1% higher than last year (\$862 million vs. \$852 million); results in additional tax revenue of about \$254k

STATE AID – DEEPER DIVE

GRANT ESTIMATES

FY 2017 - 2018

- State adopted FY2018 Budget in October 2017 (biennial budget for Fiscal Years 2017-18 and 2018 -19)
- OPM announced Post - Holdback Budget in November 2017 (Amounts after the Governor's holdbacks and lapses) – affects Town FY 2017-18
- Reduction in town aid in State budget plus additional OPM “holdbacks” resulted in a combined State revenue shortfall of \$1.1 million or 1.31 mill equivalent in Town's 2018 fiscal year vs the Town's adopted budget

FY 2018 - 2019

- Town initially developed its FY 2018 -19 Revenue Budget based on year two of State's adopted FY 2018 -19 biennial budget
- Governor announced proposed adjustments to the States adopted Fiscal Year 2018 -19 budget in February 2018. Town modified state aid estimates based on Governor's proposed cuts.
- His cuts reduced our projected FY 2019 aid by \$731,387
- Aid in Town's FY 2019 Budget based on Governor's proposed amounts

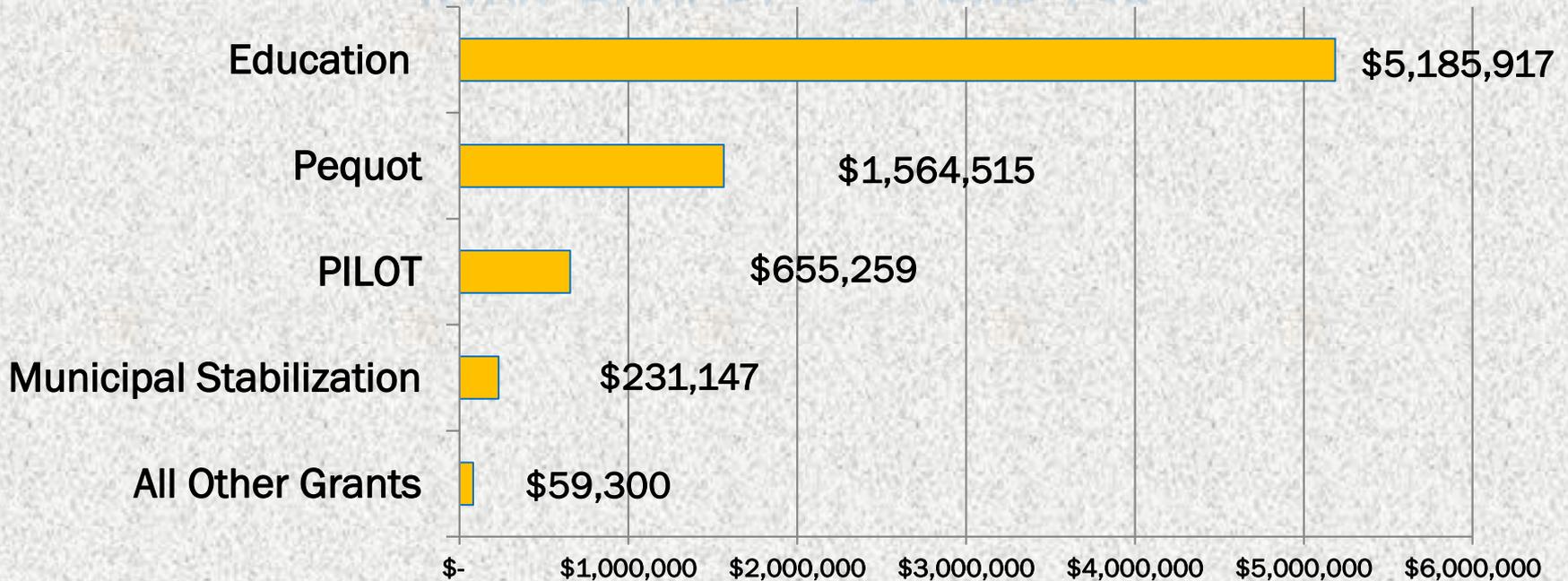
STATE AID – COMMON MYTHS

GRANT ESTIMATES

- You are going to receive Grant estimates that have been voted on and passed by lawmakers
- The Governor can't unilaterally reduce or holdback aid passed by lawmakers
- Year over year aid comparisons provided by the state OPM are accurate
 - only take into consideration the adopted amounts
 - they don't not make comparisons to actual funds after cuts and holdbacks
 - They can't be accurately compared to the Town's adopted budget
- All grant funding is the same
- All state funding is earmarked for the Town's general fund
 - Operating Grants or Statutory Formula Grants (PILOT, Mohegan Pequot, ECS, Municipal Stabilization) included
 - Capital or Bond Funded Grants (Town Aid Road, Municipal Projects, LoCIP) not included
- Local officials are not held accountable
 - Must certify and send copy of Town's adopted budget to state
 - Must certify that capital and bond funded grants are used in accordance with state statute and for eligible projects
 - Grant accounting must be accurate and in accordance Governmental Accounting Standards
 - Must undergo scrutiny of annual State Single Audit

STATE AID

TOTAL BUDGET \$7,696,138



- State aid to municipalities continues to decline; previously awarded amounts get adjusted downward each year or budgeted grants are “frozen”
- Budget state aid reduction from FY2018 of about \$1.485 million, (16.17%) or 1.77 mill equivalent
- State aid as a percent of total revenue is 23.9%

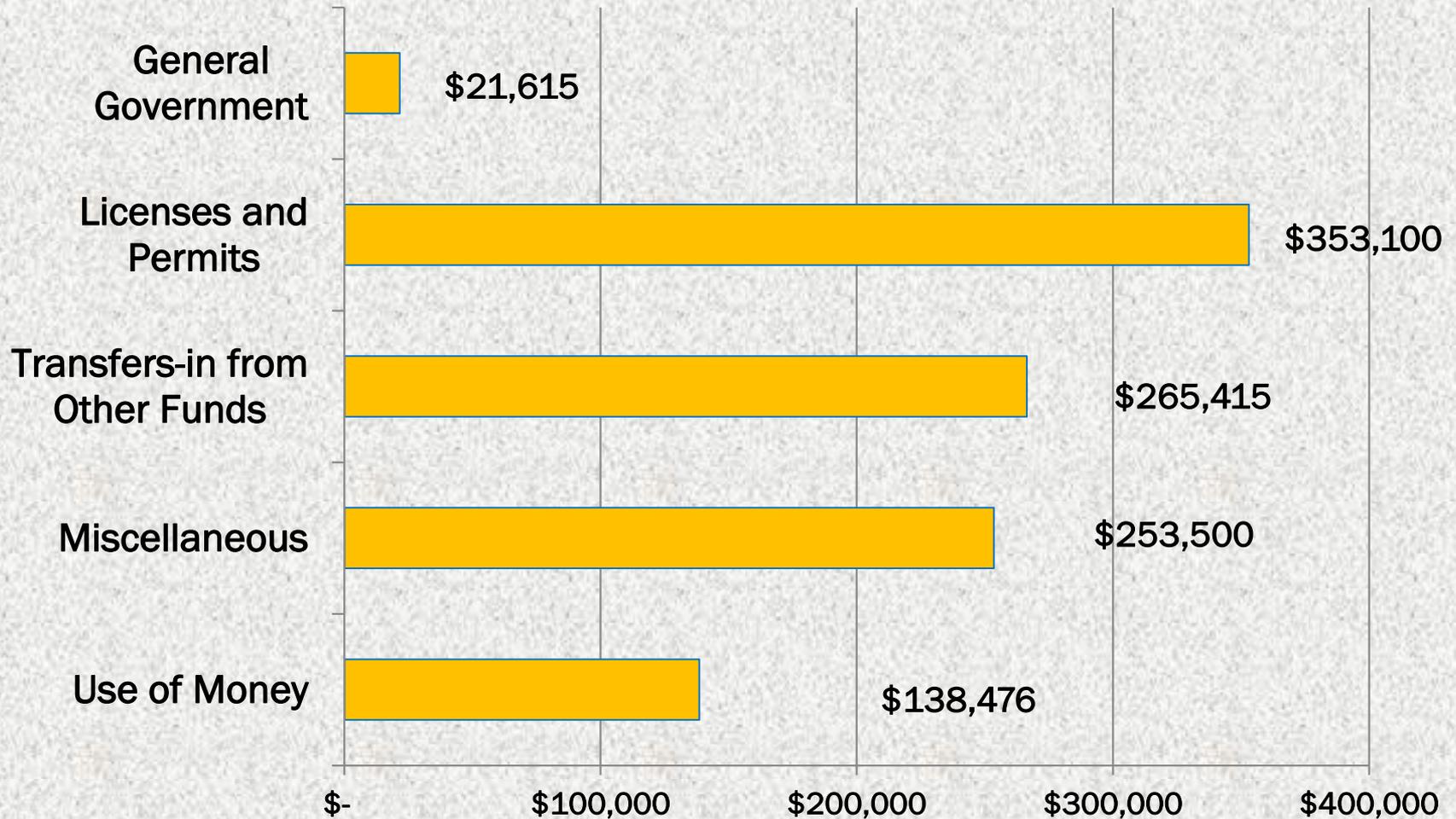
SUPPLEMENTAL TAX INCREASE

25.47 to 26.47 MILLS

- Town Budget adopted in May 2017; State Budget passed in October 2017; State Holdbacks announced in November 2017
- Reduction in town aid in State budget plus additional OPM “holdbacks” resulted in a combined State revenue shortfall of \$1.1 million or 1.31 mill equivalent
- The budget implementer bill passed by lawmakers along with the State’s FY2018 budget allowed Towns receiving less State aid than anticipated in their adopted budgets to issue supplemental tax bills
- The implementer bill references CGS 7-567 which permits the Board of Finance without further authority to issue supplemental tax bills to cover the shortfall in State aid
- Board of Finance voted to adjust the tax levy by 1.00 mill to cover a portion of the shortfall; one mill \$839,490. Town’s adopted budget did not change
- Prior to adopting the additional tax levy, consulted Town Attorney and received favorable opinion on proposed actions
- Issued supplemental bills by February 1, 2018

OTHER FINANCING SOURCES

TOTAL BUDGET \$1,032,106



USE OF FUND BALANCE

FY2019 General Fund Contribution	\$	-0-
FY2018 General Fund Contribution	\$	803,174
FY2017 General Fund Contribution	\$	559,257

Total fund use for last 3 years	\$	1,362,431
Mill equivalent		1.6 Mills

No use of unassigned fund balance; presently at 14% of budgeted FY 2019 expenses. Normally 15% is maintained in reserve. Presently, unrestricted fund reserves total \$4,483,915

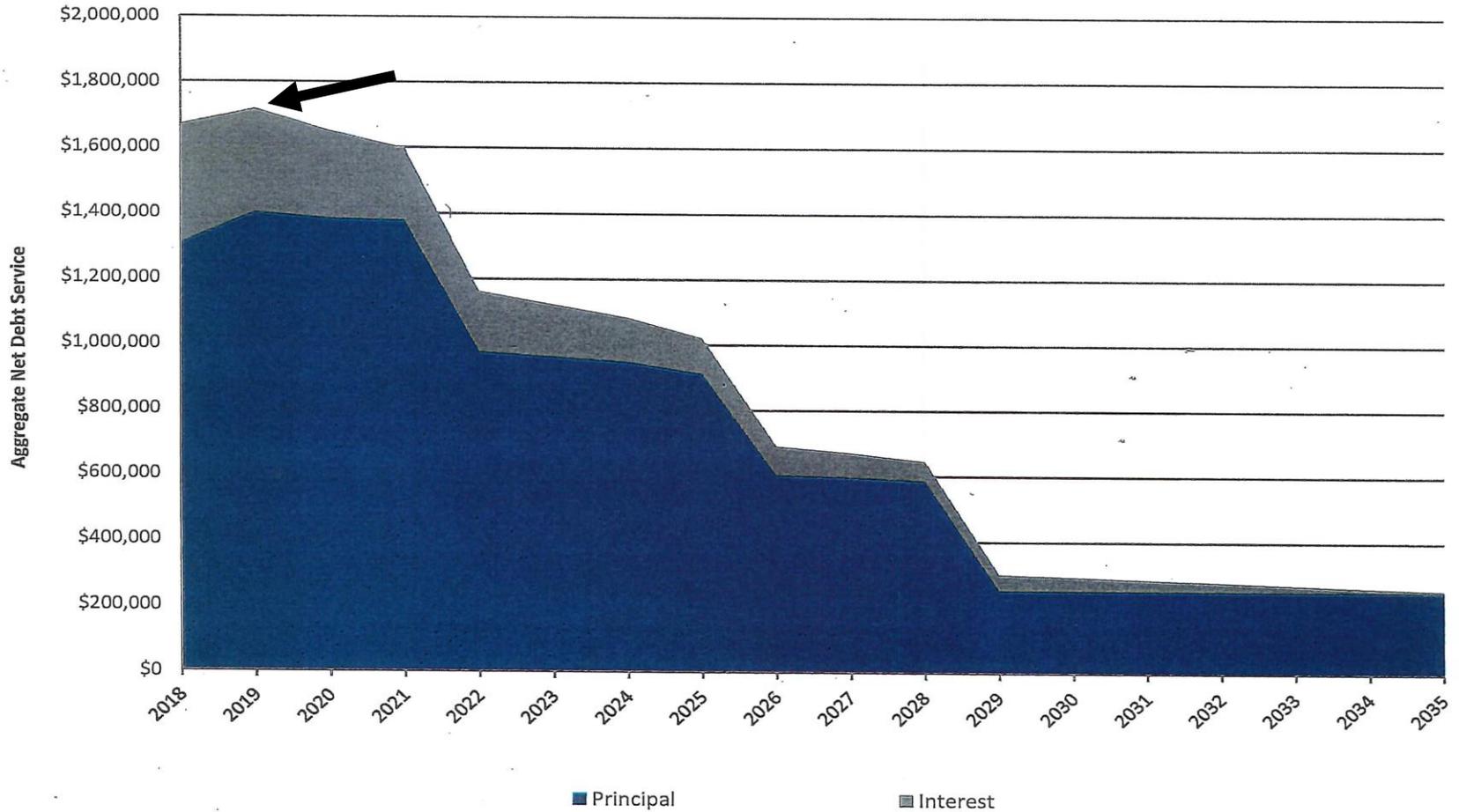
DEBT SERVICE

Principal	\$ 1,400,000
Net Interest	\$ 316,421
FY2019 Debt Service	\$ 1,716,421
FY2018 Debt Service	\$ 1,667,945
Increase	\$ 48,476

*Increase to be funded by remaining amounts in
2014 General Obligation Bond and not by
property tax dollars*

DEBT SERVICE

Town of Somers, Connecticut
All Outstanding General Obligation Debt
As of June 30, 2017



CAPITAL PROJECTS

FY2019 General Fund Contribution	\$ 250,000
FY2018 General Fund Contribution	\$ 250,000
Increase	\$ 0

Represents the general fund contribution to the capital fund and not the cost of the proposed capital items

SELECTMEN'S BUDGET

HIGHLIGHTS

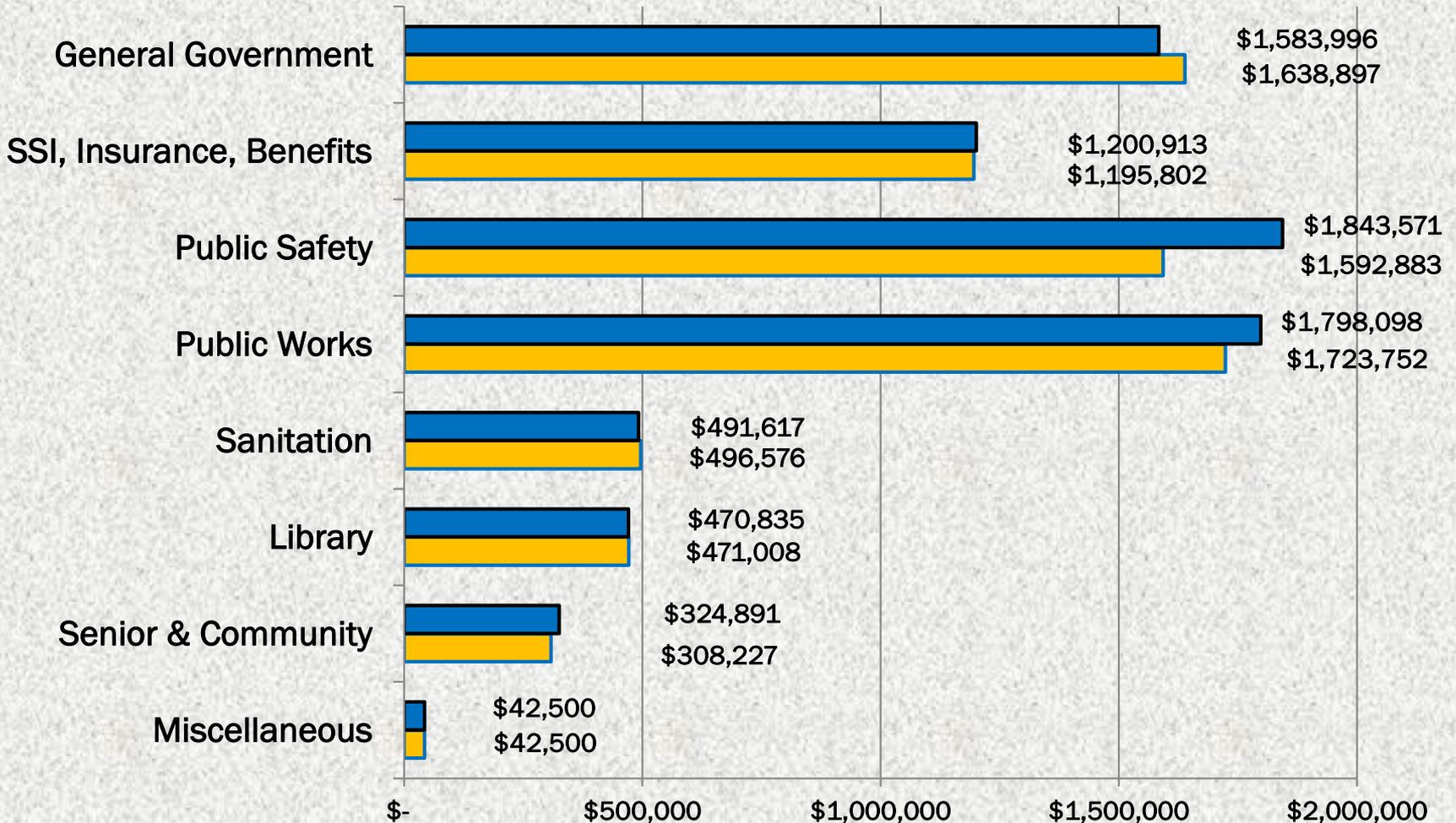
- Budget reduced \$(286,776) or (3.70%) decrease from last year (FY2018 - \$7,756,421; FY2019 - \$7,469,645)
- Back 3 years to 2015-2016 levels - \$7,410,849
- Decrease cost drivers include reduction in health insurance premiums (new carrier) and cost of policing (reorganization)
- 1.5 FTE increase in employee count (from 57.5 to 59)
- Full funding of the actuarially determined employer contribution to the Town's Pension and the Volunteer Firefighter's Pension Plans
- Approved FY2019 level funded capital improvement plan
- Resurfacing of Town roads suspended due to frozen State town aid road funding

TOWN GOVERNMENT

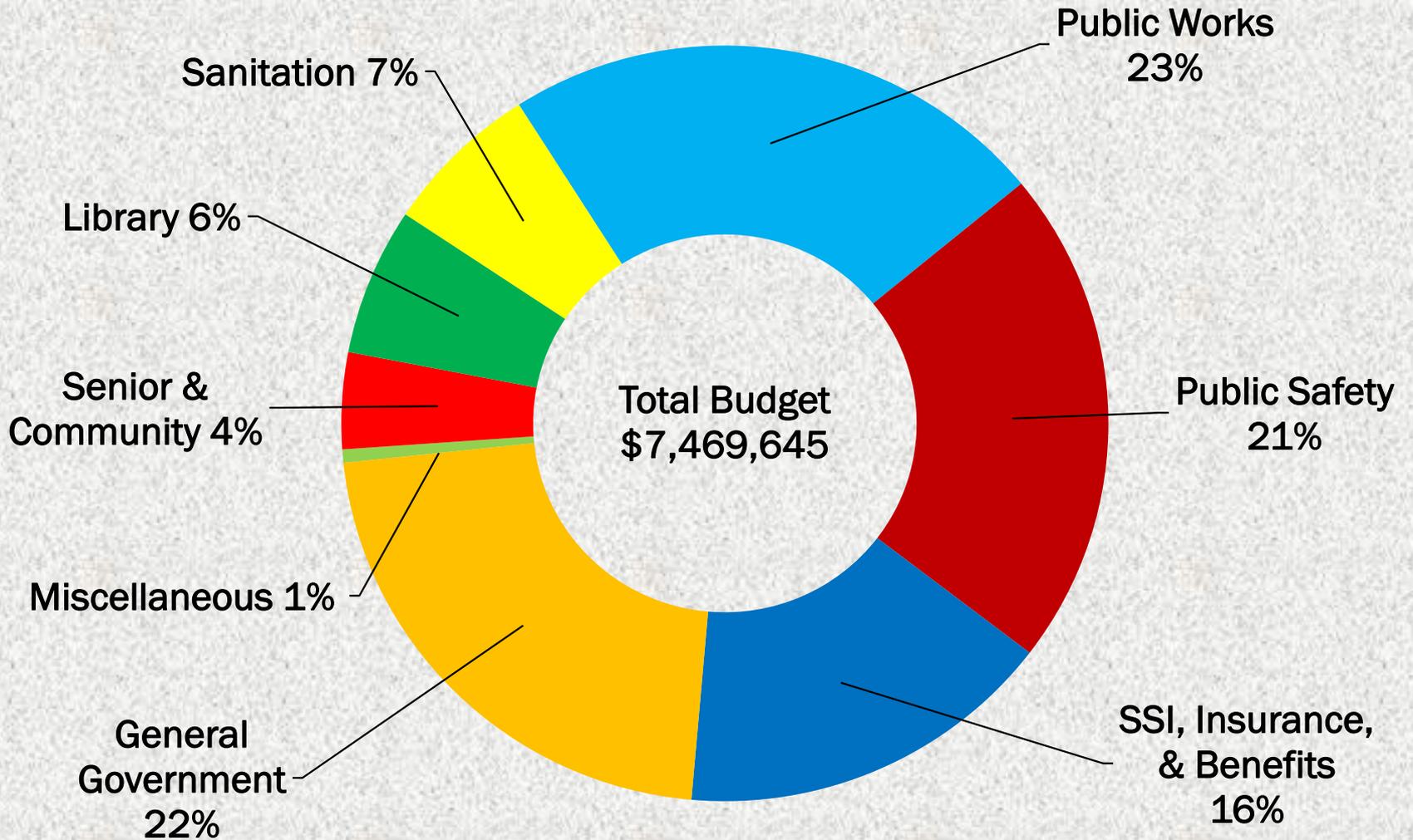
**FY 2018 BUDGET \$7,756,421 - FY 2019 BUDGET \$7,469,645
(3.70%) DECREASE**

2018

2019



TOWN GOVERNMENT



STAFFING

Actual Staff FY 2018	(FTE's)	57.5
Full-time employees	44.0	
Part-time employees	27.0 (13.5 FTE's)	

Proposed Staff FY 2019	(FTE's)	59.0
Increase *	2.0	
Decrease (Building Official)	(0.5)	
Net Change		1.5

Total FY 2019 Salaries		\$2,966,798
Exempt	\$1,570,388	
Non-Exempt	\$1,396,410	

** In Q4 of fiscal 2019 the Town will be required to provide Advanced Life Support (ALS) ambulance service. These two positions will be hired to meet this mandate and the positions funded by the Ambulance Fund*

CHANGES IN POLICE STAFFING BUDGET

Budgeted Staff FY 2018*		8.5 FTE's
State Police		3.0
Lieutenant		1.0
Administrator		0.5
Full-time officers	2.0	
Part-time officers		4.0 (2.0 FTE's)

Proposed Staff FY 2019**		8.0 FTE's
State Police		1.0
Administrator		1.0
Full-time officers	4.0	
Part-time officers		4.0 (2.0 FTE's)

Net Change		(0.5) FTE
Budget reduction from FY 2018		\$288,041

* Proposed by both former First Selectman and Police Lieutenant as essential for public safety

** Reorganization initiated, studied, and adopted by current First Selectman in FY 2018

TOWN BUDGET SUMMARY

<u>EXPENDITURES</u>	<u>2017-18 Adopted</u>	<u>2018-19 Proposed</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Town Government	\$ 7,756,421	\$ 7,469,645	(\$286,776)	(3.70%)
Board of Education	22,558,627	22,822,511	263,884	1.17%
Debt Service	1,667,945	1,716,421	48,476	2.91%
Capital Improvements	<u>250,000</u>	<u>250,000</u>	0	0.0%
Totals	\$ 32,232,993	\$ 32,258,577	\$ 25,584	0.08%

<u>REVENUES</u>				
Property Taxes	\$21,453,004	\$23,530,333	\$2,077,329	9.68%
State/Federal Grants	9,180,900	7,696,138	(1,484,762)	(16.17%)
Use of Fund Balance	803,174	-0-	(803,174)	(100%)
Other Financing Sources	<u>795,915</u>	<u>1,032,106</u>	<u>236,191</u>	<u>29.67%</u>
Totals	\$ 32,232,993	\$ 32,258,577	\$25,584	0.08%

TOWN BUDGET SUMMARY

- Proposed Town budget is \$32,258,577, a slight increase of 0.08% over last year
- General Government (Selectmen's budget) decreased (3.70%) from last year
- Board of Education budget increased 1.17%
- No use of fund balance
- No increase in Capital Improvement funding
- Debt Service increase of \$48,476 to be funded by amounts remaining in 2014 GO Bond
- Proposed 0.90 mill tax increase

PEER COMPARISONS - PROPERTY TAX

- Somers continues to maintain a low tax rate
- Other towns are also experiencing loss of state funding and mill rate increases
- Somers still maintains its place among its peers as the town with the lowest mill rate
- State views Somers as very capable of increasing local taxes and relying less on grants to fund its operations
- State OPM database shows that out of 169 cities and Towns in the State, Somers ranks as follows:
 - Unusually low property tax revenue per capita – 157th
 - Equalized Mill rate – 143rd

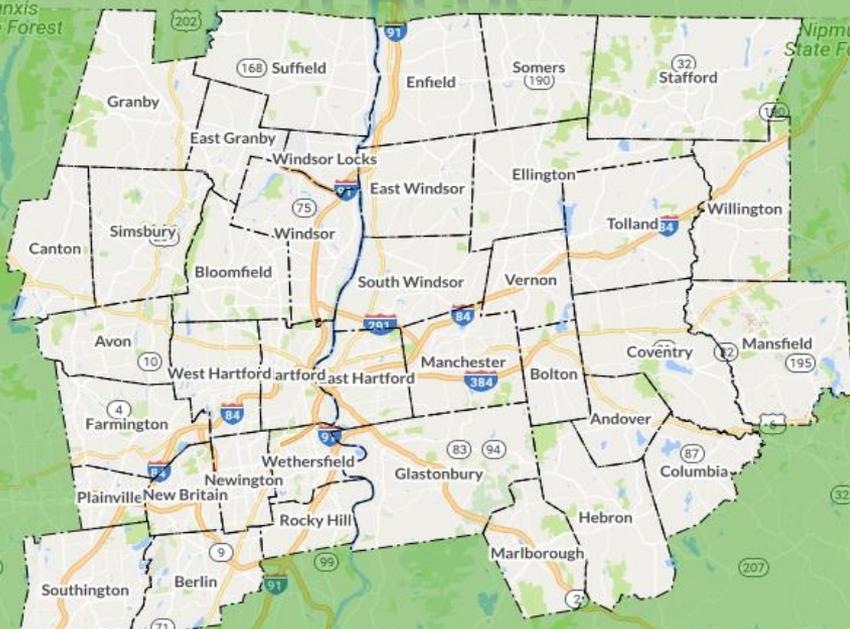
PEER COMPARISONS – MILL RATES

Somers continues to have significantly lower property taxes than its neighbors

<u>Town</u>	<u>Mill Rate FY 2018</u>	<u>Proposed Mill Rate FY 2019*</u>	<u>Equalized Mill Rate</u>	<u>\$200,000 Assessed Value FY 2019</u>
Tolland	34.48	35.34	23.40	\$7,068
Stafford	34.49	unknown	23.14	\$6,898
Ellington	31.70	33.40	21.48	\$6,680
E. Windsor	32.77	unknown	20.94	\$6,554
Suffield	28.89	unknown	19.11	\$5,778
Enfield	31.43	32.50	20.69	\$6,500
Union	30.84	31.10	22.53	\$6,220
Somers	26.47	27.37	16.23	\$5,474

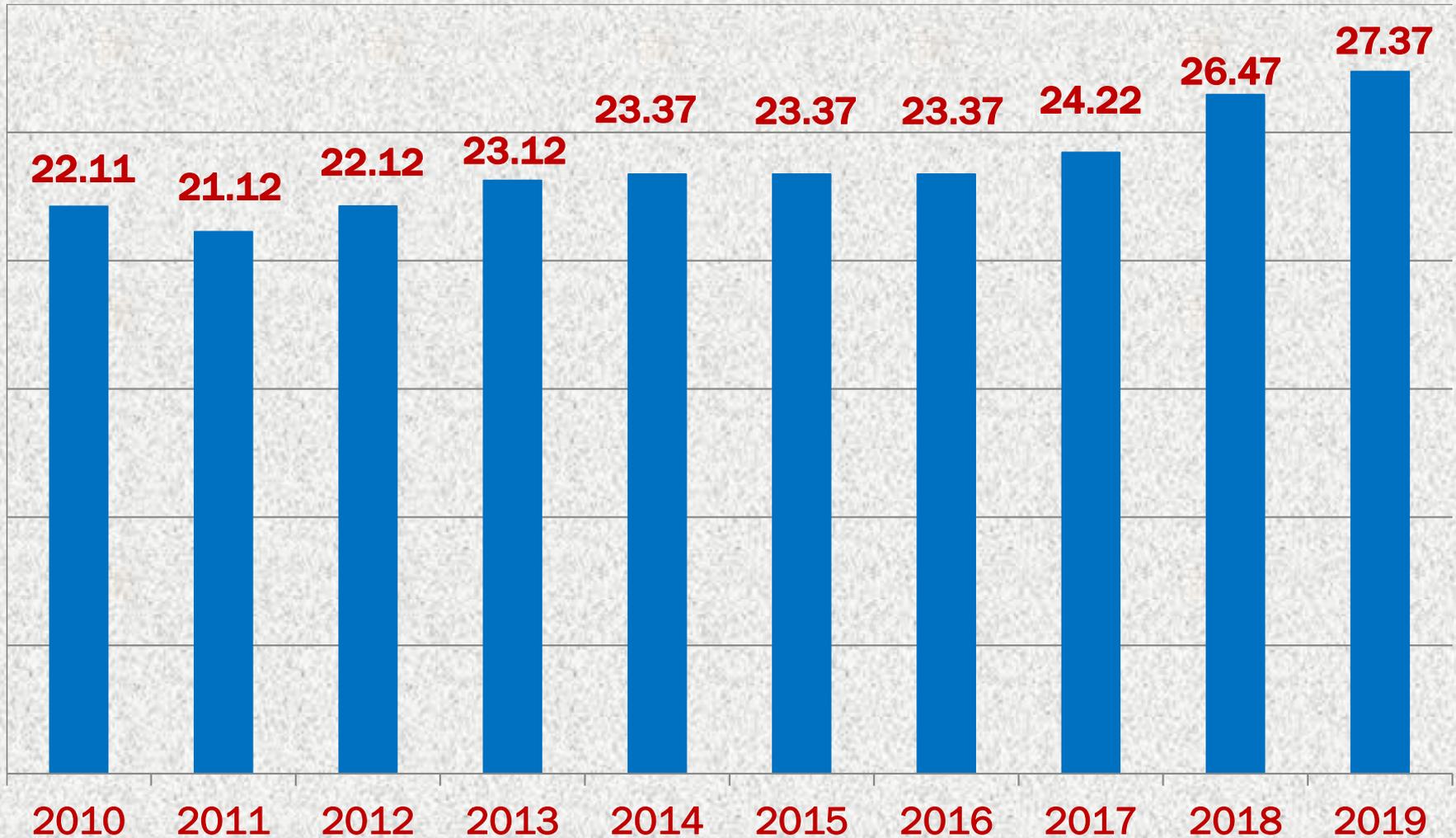
** Most towns are currently in the process of drafting their FY2019 budgets. For some, it is too early to determine their proposed FY2019 mill rates.*

PEER COMPARISONS CAPITAL REGION COUNCIL OF GOVERNMENTS (CRCOG)



- Somers' equalized mill rate of 16.23 is the lowest of all Towns in the CRCOG
- Average equalized mill in the 38 Town CRCOG is 23.10
- Equalized mill rate used by the State as an indicator of a Town's financial health and ability to bear a greater local tax burden
- "Wealth Adjustment Factor" component in ECS Formula since 2017
- Considered in determining of State Aid (Statutory Formula Grants)

SOMERS HISTORICAL MILL RATE



4.0 mill increase over 5 years

TAX INCREASE IMPACT

Assessed Value	Tax with Mill Rate 26.47 Current	Tax with Mill Rate 27.37 .90 Increase	Annual Tax Increase	Monthly Equivalent
\$100,000	\$2,647	\$2,737	\$90	\$7.50
\$188,700*	\$4,995	\$5,165	\$170	\$14.17
\$200,000	\$5,294	\$5,474	\$180	\$15.00
\$250,000	\$6,618	\$6,843	\$225	\$18.75
\$300,000	\$7,941	\$8,211	\$270	\$22.50

*** Median assessed value**



Brian Czapla

Superintendent of Schools

BOARD OF EDUCATION



Michael Parker
Board of Finance

PUBLIC COMMENT SESSION

PUBLIC COMMENT SESSION

GUIDELINES

- **Microphones are stationed in each aisle. Please speak directly into them**
- **Only one person to speak at a time**
- **State your name and address prior to presenting your comments**
- **Limit comments to 5 minutes. Once everyone has been heard you will have the opportunity to speak again**
- **Please be respectful - everyone has the right to be heard**
- **All comments and questions will be recorded**
- **Answers to questions will be provided and posted on the Town's website**
- **Thank you for your cooperation**



Bud Knorr
First Selectman

WRAP UP

WRAP UP

**Budget Booklet and Documents
This Evening's Presentation
Questions and Answers will all
be available Online at:**

www.somersct.gov

***Hard copies are also available at the
Town Clerk's Office, Senior Center, and
Library***

WRAP UP

Remaining Budget Schedule

*Annual Town Meeting
Town Hall Auditorium
May 1, 2018, 7:00 p.m.*

*Budget Referendum Vote
Town Hall Auditorium
May 8, 2018, 6:00 a.m. to 8:00 p.m.*