Town of Monroe

2016-2017

PROPOSED ANNUAL BUDGET

BUDGET OVERVIEW

Town of Monroe

STEPHEN J. VAVREK
First Selectman

OFFICE OF THE FIRST SELECTMAN
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Monroe's 2016/2017 Municipal Budget Process

The proposed 2016/2017 Budget will focus on providing for the health, safety and welfare of all the citizens of Monroe. This budget will focus on Town needs - the increased maintenance of roads, buildings and our public safety needs, culture and recreation, health and welfare, and our wonderful educational system. Over the next few months our elected officials – the Board of Education, Town Council, Board of Finance and I will work together to provide a budget that drives value in the services provided for our citizens.

Government is the art of discussion, compromise and working towards a common ground. During my years in office, we have all worked hard to get the input of all of Monroe's citizens in order to incorporate everyone's thinking into the budget process. I have also worked with our Town department heads and the Board of Education to assure fiscal discipline in every action we take. We urge everyone to be involved in the budget process and look forward to hearing your opinions throughout the deliberations. However, we ask that the rhetoric be restrained and respectful. While we may disagree about the budget, we can all agree that our democratic process should be enhanced, not diminished, during our budget conversation.

Preliminary budget estimates

All departments, offices, agencies, boards, commissions, committees and authorities except as provided in the Town Charter, shall submit to the Director of Finance and the First Selectman, by **December 1, 2015** an estimate of proposed revenue and expenditures relating to their respective departments, offices and public bodies for the fiscal year to commence on July 1, 2016. The Board of Education shall submit to the First Selectman and Director of Finance its proposed budget not later than **January 9th** of each year.

Preparation of First Selectman's budget

The budget as proposed by the First Selectman shall consist of:

1. An expense budget for all town expenditures, including expenditures of the Board of Education.
2. A capital expense budget.
3. A financial plan for the fiscal year.
4. An explanation by the First Selectman of the proposed budget and the fiscal policy proposed by the First Selectman.

5. Recommendations of the First Selectman concerning all proposed town expenditures and capital projects.

The budget as proposed by the First Selectman shall be delivered to the Town Council not later than **February 8th** of each year.

Duties of the Council on Budget

The Town Council, except as otherwise provided by the Town Charter, has such powers and duties relating to the Town Budget and the Board of Education budget as are set forth in the Connecticut General Statutes. The Council shall review the Town Budget and shall make such revisions, as it deems desirable consistent with the welfare and the resources of the town. During its review of the budget, the Council shall hold one public hearing, at which time any elector or taxpayer may have an opportunity to be heard regarding the Town Budget as proposed by the First Selectman. Not later than **February 28th** of each year the Council shall forward the budget as proposed by the Town Council to the Board of Finance.

Duties of the Board of Finance on Budget

The Board of Finance, except as otherwise provided by the Town Charter, has such powers and duties relating to the Town Budget and the Board of Education budget as are set forth in the Connecticut General Statutes for Boards of Finance. Upon receipt of the budget as proposed by the Town Council, the Board of Finance shall review the same and shall make such revisions, as it deems desirable consistent with the welfare and resources of the town. During its review process of the budget, the Board of Finance shall hold one public hearing, at which such time the electors and taxpayers of the town shall have an opportunity to be heard regarding the budget as proposed by the Town Council. After such meetings and hearing, the Board shall prepare its final proposed Annual Budget and shall deliver the same to the First Selectman not later than **March 21st** of each year.

Publication and referendum

The First Selectman shall, upon receipt of the budget as proposed by the Board of Finance, prepare the final proposed Annual Town Budget to be submitted to the Annual Budget Referendum. The First Selectman shall cause to be published in a newspaper having a general circulation in the Town of Monroe a summary of the final proposed Annual Budget at least five (5) days prior to the date of the Annual Budget Referendum.

The Town Clerk shall place notice of the Annual Budget Referendum in a newspaper having a substantial circulation in the Town of Monroe, at least five days before the date of the Referendum. The Town Clerk shall prepare the ballots, and the question shall be worded in accordance with the requirements of Sec. 9-369, Connecticut General Statutes.

The Annual Budget Referendum shall be held on the first Tuesday in April of each year. Copies of the final proposed Annual Budget shall be made available to the public at the Town Library and the Town

Clerk's office at least five (5) days prior to the date of the Annual Budget Referendum. The Annual Town Budget shall be deemed approved and shall become effective when approved by a majority of those voting at the Annual Budget Referendum.

Key Dates

January 9, 2016	Board of Education submits budget to the First Selectman
February 8, 2016	First Selectman's Budget due to the Town Council
February 8, 2016	First Selectman's Budget Presentation: Public Hearing
February 10, 2016	Town Council/Board of Finance Joint Budget Workshop Session
February 17, 2016	Town Council/Board of Finance Joint Budget Workshop Session
February 22, 2016	Town Council Budget Workshop Session
February 24, 2016	Town Council Budget Workshop Session (if necessary)
February 25, 2016	Town Council/Board of Finance Joint Budget Workshop Session
February 25, 2016	Town Council Budget Workshop Session (if necessary)
February 28, 2016	Town Council's Budget due to the Board of Finance
March 7, 2016	Board of Finance Public Hearing
March 7, 2016	Board of Finance Budget Workshop Session
March 8, 2016	Board of Finance Budget Workshop Session
March 14, 2016	Board of Finance Budget Workshop Session
March 15, 2016	Board of Finance Budget Workshop Session (if necessary)
March 21, 2016	Board of Finance's Budget due to the First Selectman
April 5, 2016	**Annual Budget Referendum**
July 1, 2016	New Fiscal Year begins

Town of Monroe

STEPHEN J. VAVREK
First Selectman

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February 28, 2016

First Selectman's 2016 – 2017 Budget Discussion

To the Taxpayers of Monroe,

Introduction

Welcome to the second year of our newly formatted Monroe budget presentation. As I discussed last year, this budget has been designed to bring you step by step through the process. This format will show you the actual department needs as presented by our Department Heads, which are then adjusted through the budget review process by your elected officials. The budget has already made it's initial pass through my office and is now being delivered to the Town Council. After it's review, the Town Council will then deliver it to the Board of Finance by February 28th. The Board of Finance will then perform it's budget review and ultimately deliver it back to my office no later than March 21st. Once I have completed my final review, this proposed Annual Town Budget will be submitted to the Annual Budget Referendum to be voted on by you. **The referendum will be held on Tuesday, April 5th**. From start to finish, this entire budget process takes approximately 3 months to complete.

Revenue

Revenue is anticipated to be relatively flat year over year. A notable exception to this is the Education Cost Sharing Grant (ECS) we receive from the State of Connecticut, which is anticipated to decline by $103,120. This is the result of the budget cuts which have been taking place in Hartford and are impacting every community in Connecticut. This ECS Grant accounts for approximately 62% of the Town's non-tax revenue on an annual basis.

This budget includes projected revenue from the collection of prior year taxes, and interest on these delinquent taxes, of $650,000. We have also projected revenue of $500,000 for the collection of supplemental motor vehicle taxes. The total of these projected amounts are $100,000 above what was budgeted in the prior year, which we based upon historical data and how current collections are trending. These amounts will be reviewed in greater detail with the Tax Collector once the budget is delivered to the Board of Finance.

This budget requires the collection of $73,663,583 of current year taxes, which represents a 2.65% increase over the current fiscal year's operating budget.

Expenditures

The Town's operating budget as proposed has a total increase in expenditures of $700,255, which represents a 3.29% increase over the current fiscal years approved budget. The Board of Education operating budget as proposed has an increase of $1,053,012, which represents a 1.96% increase.

The increase in expenditures on the Town portion of the budget is driven by the following:

1. The projected costs to keep Chalk Hill open for the year	$ 150,000
2. An increase in funding of the Town's OPEB Liability	$ 79,000
3. The projected increase in Insurance (Health, W/C & LAP)	$ 58,090
4. The projected budget impact of all salary increases	$ 322,649
5. An increase in funding Emergency Medical Services (EMS)	$ 164,992

The Board of Education increase is driven by a projected increase in salaries and benefits of $812,664.

See Exhibit I for the distribution of expenditures by department.

Debt Service and Bonding

Total Debt Service is projected to decline slightly ($17,457) from last year. This includes an increase in principal payments on existing debt of $460,000, which will be largely offset by excess bond proceeds left over from the Masuk and Fawn Hollow Roof Projects of $409,400. These excess proceeds have been assigned to debt service by the Board of Finance.

By June 30, 2016, the Town will have made principal payments on existing bonded debt of $4,585,000 for the current fiscal year. It is anticipated that we will issue approximately $2,700,000 in new bonds for various projects later this spring. It has been the practice of both the Town Council and the Board of Finance not to approve any new debt in excess of what has rolled off in the prior fiscal year. This has been done in recent years in an effort to keep the total outstanding debt of the Town relatively flat at current levels. The projects, which will be bonded for later this spring, will be vetted by both the Town Council and the Board of Finance through their budget review. Details of the proposed projects can be found in the Capital Section of this budget.

See Exhibits II and III which follow. Exhibit II provides the total long-term debt of the Town at the end of the past 10 fiscal years and what it is projected to be outstanding at the end of this fiscal year. This exhibit displays how the Town's debt has remained relatively flat over this period of time. **Exhibit III** shows how the Town's General Fund Balance (both Unassigned and Total) has steadily improved over time, which has helped the Town maintain it's Aa2 Bond Rating with Moody's.

Conclusion

My proposed budget will keep us on track of **providing a safe community**, **improving our roads, educating our children**, **maintaining our buildings and parks**, and **continuing to offer the many programs and services we currently provide to the citizens of Monroe.** I feel this has been accomplished while continuing to maintain the current fiscal health of the Town. The Department Heads are to be commended for their budget submissions, which addressed the many needs of the community. After meeting with each Department Head, I have attempted to bring this budget to a fiscally responsible level without compromising any services or obligations of the Town.

Thank you,

Stephen J. Vavrek

Stephen J. Vavrek
First Selectman

TOWN OF MONROE

FINANCIAL PLAN FOR THE FISCAL YEAR

	2015-2016	2016-2017	$ Change	%
REVENUE				
Non-Tax Revenue				
General Government	$ 2,166,866	$ 2,041,571	$ (125,295)	-5.78%
Education Cost Sharing Grant	$ 6,613,738	$ 6,510,618	$ (103,120)	-1.56%
Total	**$ 8,780,604**	**$ 8,552,189**	**$ (228,415)**	**-2.60%**
Tax Revenue				
Current Year Taxes	$ 71,759,358	$ 73,663,583	$ 1,904,225	2.65%
Supplemental Taxes	$ 450,000	$ 500,000	$ 50,000	11.11%
Prior Years' Taxes	$ 450,000	$ 500,000	$ 50,000	11.11%
Total	**$ 72,659,358**	**$ 74,663,583**	**$ 2,004,225**	2.76%
Total Operating Revenue	**$ 81,439,962**	**$ 83,215,772**	**$ 1,775,810**	2.18%
Other Revenue				
Estate of Lillian Wilton Parks & Recreation Revenue	$ 403,645	$ -	$ (403,645)	-100.00%
Operating Transfer In Parks & Recreation Programs	$ 40,000	$ -	$ (40,000)	-100.00%
Board of Education - Grant Revenue	$ 1,644,933	$ 1,649,901	$ 4,968	0.30%
Board of Education - Program Revenue	$ 523,510	$ 516,702	$ (6,808)	-1.30%
Total Other Revenue	**$ 2,612,088**	**$ 2,166,603**	**$ (445,485)**	-17.05%
TOTAL REVENUE	**$ 84,052,050**	**$ 85,382,375**	$ 1,330,325	1.58%
			$ -	
EXPENDITURES			$ -	
Municipal	**2015-2016**	**2016-2017**		
Operating Expenditures	$ 21,266,867	$ 21,967,122	$ 700,255	3.29%
Debt Service	$ 6,009,340	$ 5,991,883	$ (17,457)	-0.29%
Equipment Replacement	$ 200,000	$ 200,000	$ -	0.00%
Total	**$ 27,476,207**	**$ 28,159,005**	$ 682,798	2.49%
Board of Education				
Operating Expenditures	$ 53,808,755	$ 54,861,767	$ 1,053,012	1.96%
Total	**$ 53,808,755**	**$ 54,861,767**	$ 1,053,012	1.96%
Reserve Appropriations				
EMS Vehicle	$ 75,000	$ 75,000	$ -	0.00%
Plan of Conservation & Development	$ 30,000	$ 30,000	$ -	0.00%
Revaluation	$ 70,000	$ 70,000	$ -	0.00%
Internal Service	$ 20,000	$ 20,000	$ -	0.00%
Total	**$ 195,000**	**$ 195,000**	$ -	0.00%
Total Expenditures Funded From Operating Revenue	**$ 81,479,962**	**$ 83,215,772**	$ 1,735,810	2.13%
Appropriations from Revenue				
Capital Projects - Parks & Recreation	$ 403,645	$ -	$ (403,645)	-100.00%
Board of Education - Grant Revenue Expended	$ 1,644,933	$ 1,649,901	$ 4,968	0.30%
Board of Education - Program Revenue Expended	$ 523,510	$ 516,702	$ (6,808)	-1.30%
Total	**$ 2,572,088**	**$ 2,166,603**	$ (405,485)	-15.76%
TOTAL EXPENDITURES	**$ 84,052,050**	**$ 85,382,375**	$ 1,330,325	1.58%
MILL RATE ON MOTOR VEHICLES - MAXIMUM SET BY THE STATE	**34.35**	**32.00**	**(2.35)**	**-6.84%**
MILL RATE ON REAL ESTATE & PERSONAL PROPERTY	**34.35**	**35.54**	**1.19**	**3.46%**

TOWN OF MONROE
CALCULATION OF MILLAGE (MILL) RATE - 2016/2017
PROJECTED AS OF 2/28/2016

PROPERTY:		
REAL ESTATE	$ 2,045,863,989	
PERSONAL PROPERTY	93,877,047	
GROSS GRAND LIST		**$ 2,139,741,036**
PROPERTY EXEMPTIONS:		
REAL ESTATE	(133,533,340)	
PERSONAL PROPERTY	(14,074,740)	
TOTAL EXEMPTIONS		**(147,608,080)**
NET TAXABLE GRAND LIST **(NET OF MOTOR VEHICLES)** BEFORE ADJUSTMENTS		1,992,132,956
ESTIMATED VALUATION ADJUSTMENT - REAL ESTATE & PERSONAL PROPERTY		(8,124,663)
EFFECTIVE ASSESSMENT ON COMBINED TOWN & STATE TAX BENEFITS		(16,169,854)
NET TAXABLE GRAND LIST AFTER VALUATION ADJUSTMENTS & EFFECT OF TAX BENEFITS (A)		**1,967,838,439**
TOTAL COLLECTIONS REQUIRED FROM TAX COLLECTOR TO BALANCE BUDGET		**$ 73,663,583**
LESS: PROJECTED MOTOR VEHICLE TAXES TO BE COLLECTED @ 32 MILLS		**(4,888,890)**
ADD: CREDIT OF 2014 TAX PAYMENTS TO 2015 GRAND LIST		**113,072**
REAL ESTATE & PERSONAL PROPERTY TAX COLLECTIONS REQUIRED TO BALANCE BUDGET		**68,887,765**
PROJECTED COLLECTION RATE FOR REAL ESTATE & PERSONAL PROPERTY TAXES ON THE 2015 GRAND LIST		**98.50%**
TOTAL TAX LEVY REQUIRED ON REAL ESTATE & PERSONAL PROPERTY AT PROJECTED COLLECTION RATE (B)		**$ 69,936,817**
MILL RATE ON REAL ESTATE & PERSONAL PROPERTY AS OF 2/28/2016 (B/AX1000)		**35.54**

TOWN OF MONROE
CALCULATION OF MOTOR VEHICLE TAXES TO BE COLLECTED
BASED UPON MAXIMUM MILL RATE OF 32

NET ASSESSED VALUE OF MOTOR VEHICLE GRAND LIST BEFORE ADJUSTMENTS	$ 166,529,582
ESTIMATED VALUATION ADJUSTMENT PER ASSESSOR'S OFFICE	(4,000,000)
NET ASSESSED VALUE OF MOTOR VEHICLE GRAND LIST AFTER ADJUSTMENTS	$ 162,529,582
MAXIMUM MOTOR VEHICLE MILL RATE SET BY THE STATE FOR FY2017	32.00
GROSS TAX LEVY ON MOTOR VEHICLE GRAND LIST	$ 5,200,947
PROJECTED COLLECTION RATE ON MOTOR VEHICLE TAX LEVY	94.00%
PROJECTED MOTOR VEHICLE TAX TO BE COLLECTED	**$ 4,888,890**

TOWN OF MONROE
SCHEDULE OF LONG-TERM BONDED DEBT AND CAPITAL LEASE OBLIGATIONS
BY FISCAL YEAR

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	PROJECTED FY2016
GENERAL OBLIGATION BONDS												
BEGINNING BALANCE	$ 34,480,000	$ 43,905,000	$ 50,125,000	$ 47,485,000	$ 44,500,000	$ 45,065,000	$ 42,610,000	$ 45,035,000	$ 45,885,000	$ 42,195,000	$ 41,445,000	$ 43,550,000
ADDITIONS	11,280,000	8,385,000	-	-	23,830,000	-	16,130,000	12,850,000	-	3,275,000	6,220,000	2,700,000
REDUCTIONS	(1,855,000)	(2,165,000)	(2,640,000)	(2,985,000)	(23,265,000)	(2,455,000)	(13,705,000)	(12,000,000)	(3,690,000)	(4,025,000)	(4,115,000)	(4,585,000)
ENDING BALANCE	43,905,000	50,125,000	47,485,000	44,500,000	45,065,000	42,610,000	45,035,000	45,885,000	42,195,000	41,445,000	43,550,000	41,665,000
UNAMORTIZED PREMIUM	-	67,858	64,422	60,986	1,843,654	1,719,807	2,026,726	2,325,633	2,138,428	2,045,559	1,994,061	1,793,261
DEFERRED AMOUNT ON REFUNDING	(817,000)	(770,314)	(723,628)	(676,942)	(988,212)	(917,394)	(684,658)	(1,020,652)	-	-		-
TOTAL BONDS PAYABLE	**$ 43,088,000**	**$ 49,422,544**	**$ 46,825,794**	**$ 43,884,044**	**$ 45,920,442**	**$ 43,412,413**	**$ 46,377,068**	**$ 47,189,981**	**$ 44,333,428**	**$ 43,490,559**	**$ 45,544,061**	**$ 43,458,261**
BOND ANTICIPATION NOTES (BANS)												
BEGINNING BALANCE	$ 8,525,000	$ 6,760,000	$ 756,510	$ 750,000	$ 450,000	$ 225,000	$ 3,000,000	$ -	$ -	$ -	$ 2,950,000	
ADDITIONS	12,030,000	756,510	300,000	450,000	225,000	3,000,000	-	-	-	2,950,000		-
REDUCTIONS	(13,795,000)	(6,760,000)	(306,510)	(750,000)	(450,000)	(225,000)	(3,000,000)	-	-	-	(2,950,000)	
TOTAL BANS PAYABLE	**$ 6,760,000**	**$ 756,510**	**$ 750,000**	**$ 450,000**	**$ 225,000**	**$ 3,000,000**	**$ -**	**$ -**	**$ -**	**$ 2,950,000**	**$ -**	**$ -**
CAPITAL LEASE OBLIGATIONS												
BEGINNING BALANCE	$ 800,461	$ 2,266,619	$ 1,986,510	$ 1,868,793	$ 2,095,026	$ 1,866,456	$ 1,407,692	$ 860,344	$ 584,674	$ 334,628	$ 3,148,006	$ 2,475,297
ADDITIONS	1,794,566	231,099	378,443	780,904	481,205	83,591	17,041	22,043	25,355	3,408,461		-
REDUCTIONS	(328,408)	(511,208)	(496,160)	(554,671)	(709,775)	(542,355)	(564,389)	(297,713)	(275,401)	(595,083)	(672,709)	(412,917)
TOTAL CAPITAL LEASE OBLIGATIONS	**$ 2,266,619**	**$ 1,986,510**	**$ 1,868,793**	**$ 2,095,026**	**$ 1,866,456**	**$ 1,407,692**	**$ 860,344**	**$ 584,674**	**$ 334,628**	**$ 3,148,006**	**$ 2,475,297**	**$ 2,062,380**
TOTAL LONG-TERM DEBT	**$ 52,114,619**	**$ 52,165,564**	**$ 49,444,587**	**$ 46,429,070**	**$ 48,011,898**	**$ 47,820,105**	**$ 47,237,412**	**$ 47,774,655**	**$ 44,668,056**	**$ 49,588,565**	**$ 48,019,358**	**$ 45,520,641**

SUMMARY

FISCAL YEAR	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
GENERAL OBLIGATION BONDS	$ 43,088,000	$ 49,422,544	$ 46,825,794	$ 43,884,044	$ 45,920,442	$ 43,412,413	$ 46,377,068	$ 47,189,981	$ 44,333,428	$ 43,490,559	$ 45,544,061	$ 43,458,261
BOND ANTICIPATION NOTES	$ 6,760,000	$ 756,510	$ 750,000	$ 450,000	$ 225,000	$ 3,000,000	$ -	$ -	$ -	$ 2,950,000	$ -	$ -
CAPITAL LEASE OBLIGATIONS	$ 2,266,619	$ 1,986,510	$ 1,868,793	$ 2,095,026	$ 1,866,456	$ 1,407,692	$ 860,344	$ 584,674	$ 334,628	$ 3,148,006	$ 2,475,297	$ 2,062,380
TOTAL LONG-TERM DEBT	$ 52,114,619	$ 52,165,564	$ 49,444,587	$ 46,429,070	$ 48,011,898	$ 47,820,105	$ 47,237,412	$ 47,774,655	$ 44,668,056	$ 49,588,565	$ 48,019,358	$ 45,520,641

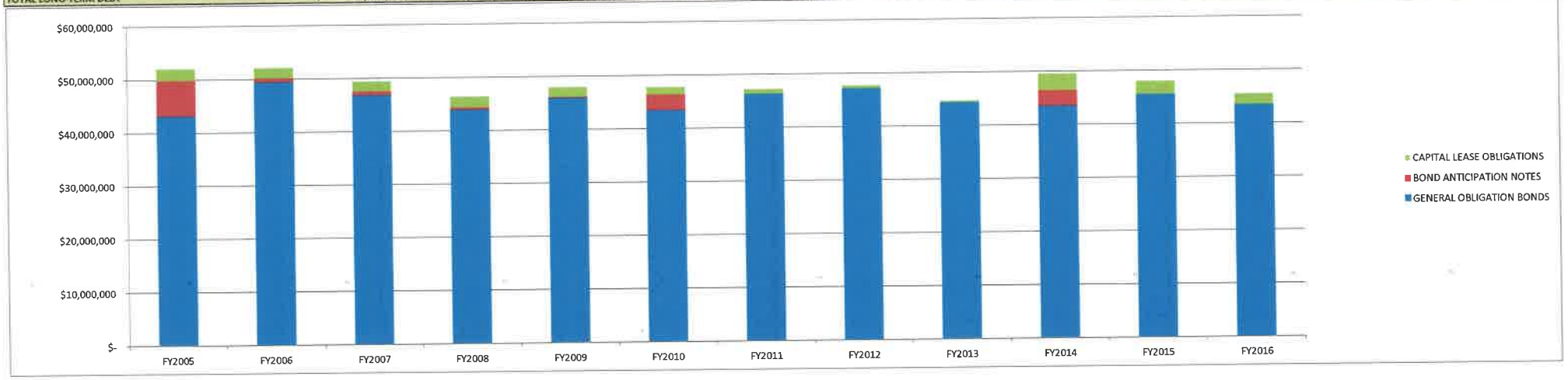

EXHIBIT I

Town of Monroe
Distribution of Expenditures by Function

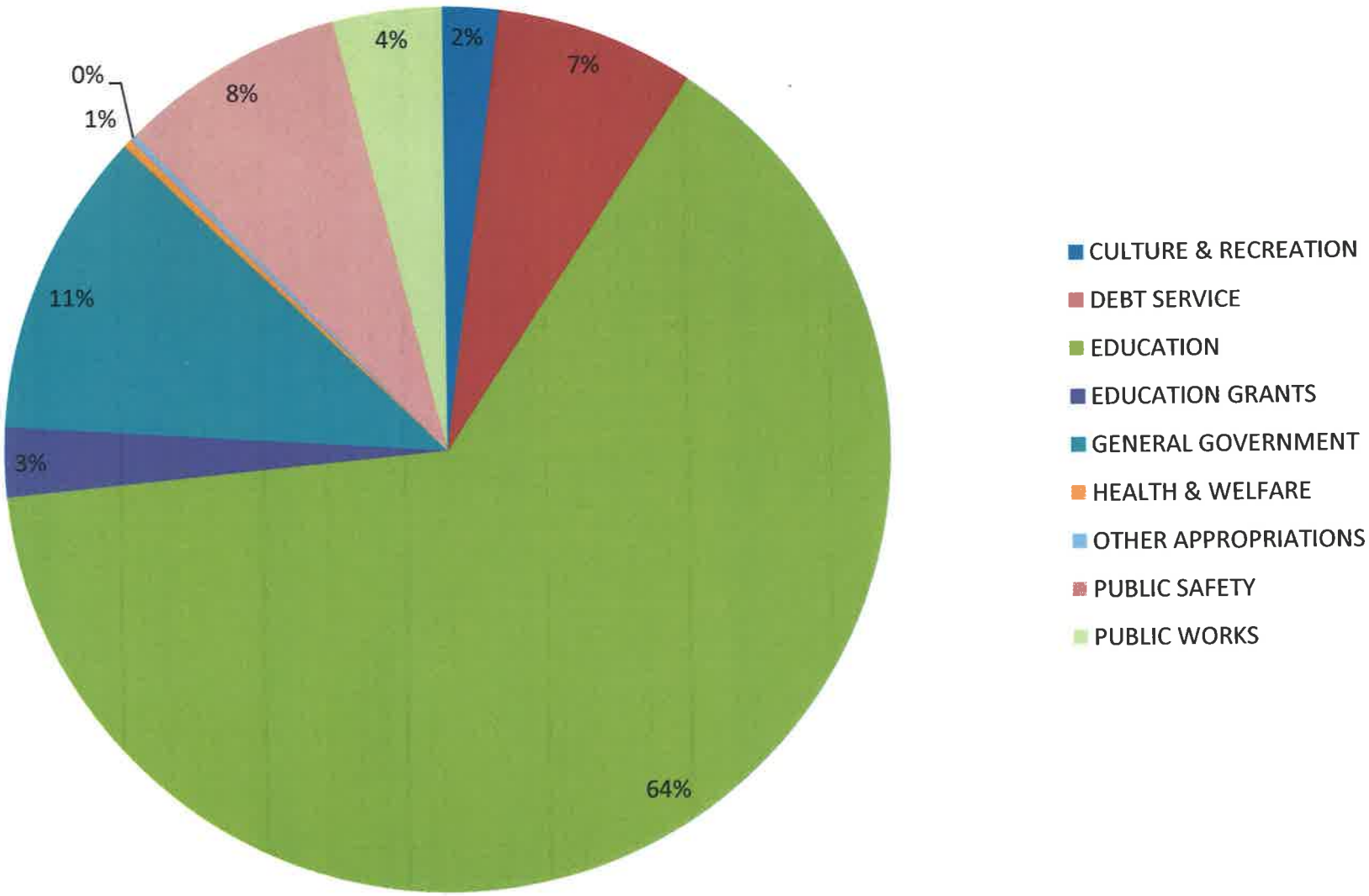

Exhibit II

TOWN OF MONROE
GENERAL FUND BALANCE
BY FISCAL YEAR

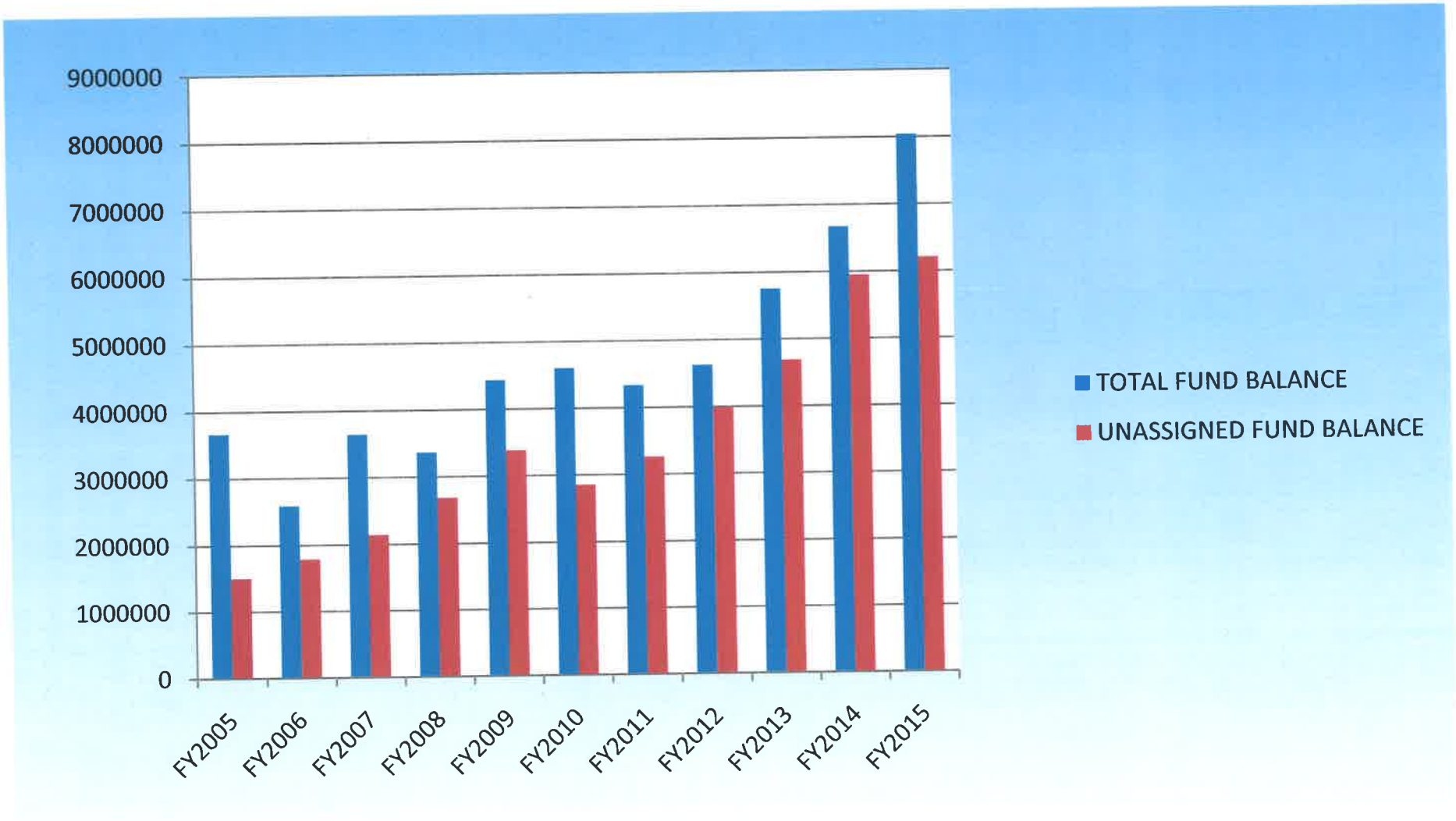

EXHIBIT III