

TOWN OF COLUMBIA

323 Jonathan Trumbull Highway, Columbia, CT 06237
(860) 228-0110 FAX: (860) 228-1952

OFFICE OF THE TOWN ADMINISTRATOR

TO: Benjamin Barnes
Secretary
State of Connecticut Office of Policy and Management

FROM: Mark B. Walter
Town Administrator
Town of Columbia

DATE: August 16, 2017

RE: Town of Columbia's Fund Balance

The Town of Columbia is projecting a reduction in the fund balance in the upcoming fiscal year due to the use of this fund to keep the Town of Columbia's Mill Rate steady for town residents as well as to keep town services to a level that residents expect.

The budget plan included using the fund balance to help cover the cost of needed capital infrastructure requirements to bring the Town of Columbia's public works facility into DEEP compliance as well as to address beach erosion and bridge repairs. As the 2017-2018 budget was being prepared, the Board of Education received notification of an increase in special education costs which further impacted the funding requirements for the Town of Columbia.

If the state requires municipalities to fund the teacher's pensions in 2017-2018, the town plans on using the fund balance to cover any teacher pension costs placed on the town over what it had anticipated in the 2017-2018 town operating budget.

Without an approved State budget, the Town of Columbia cannot definitively answer how we will get thru the fiscal year. The Town's General Fund will be stressed without state municipal aid and there will be major property tax increases in the upcoming budgets. This hurts Columbia's senior citizens the most due to their fixed incomes. Our advancing population age is reflected in 54% being over 45 years old with nearly 20% already over 65.

However, if state municipal aid cuts do come, the Town of Columbia will first hold spending wherever possible and look for funding of critical areas within its approved town budget. This would include putting a freeze on capital projects and other spending by town departments. The town will then consider using the undesignated fund balance. Finally and as a last resort, if the Town projects a shortfall after the above, the Town will have to consider a supplemental tax bill for all town residents.



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

August 7, 2017

Dear Selectman Vance,

On August 2nd, the Governor directed the Office of Policy and Management to produce a series of reports on the fiscal health of municipalities (please see attached).

To that end, I am requesting updated information on your municipality's fund balance. We have historic data already reported to our office, which we have included below. We are looking for estimates of your General Fund's total fund balance and unassigned fund balance for as of June 30, 2017. In addition, we are requesting projections of your municipality's General Fund total fund balance and unassigned fund balance as of June 30, 2018, based on the assumptions from your adopted FY 18 budget.

COLUMBIA

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	3,718,544	3,467,432
FY 16 Actual	3,609,955	3,172,799
FY 17 Estimated	3,808,614	3,376,097
FY 18 Projected (based on adopted municipal budget)	3,264,097	2,832,098

Finally, please provide any supplemental information about the potential impact of a continuing state budget impasse on your community's finances, such as contingency plans to utilize fund balance, issue supplemental taxes or reduce spending.

Please email the requested information to Michael Izadi on my staff at michael.izadi@ct.gov by August 16, 2017.

Sincerely,

Benjamin Barnes
Secretary

- Cc: Beverly Ciurylo, Finance Director
Michael Izadi, Office of Policy and Management
Kerry Kelley, Office of Policy and Management