



Town of Hebron

**TOWN OFFICE BUILDING
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HEBRON, CONNECTICUT 06248
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ANDREW J. TIERNEY
TOWN MANAGER

DANIEL LARSON
CHAIRMAN

GAIL B. RICHMOND
VICE CHAIRMAN

MARK F. STUART
SELECTMAN

BRIAN D. O'CONNELL
SELECTMAN

CLARA O'BRIEN
SELECTMAN

August 14, 2017

Secretary Benjamin Barnes
State of Connecticut
Office of Policy & Management
450 Capitol Ave.
Hartford, CT 06106

Dear Secretary Barnes:

I am in receipt of your letter dated August 7, 2017 requesting information regarding Hebron's fiscal stability and fund balance. Hebron Officials and Town Administration have always done everything budgetary to maintain sound fiscal responsibility while continuing to meet the needs of our community. With each passing fiscal year this process becomes more and more of a challenge as several components define difficult decisions. Our biggest challenge is that of a Regional High School district that consists of three towns, Andover, Hebron and Marlborough with Hebron incurring more than 50% of RHAM's budget levy. Our second challenge is the recognition of an increasing elderly population and an increase in usage of tax abatement programs which significantly affect our Municipal tax revenue collection. Expenses for the Town Government portion of our overall Town budget have remained relatively flat since 2008 while retaining as many town services as possible. To achieve this goal, Hebron has regionalized many services such as joining the Chatham Health District, regionalized, shared Building Official and Animal Control Services. Additionally, Hebron has made difficult staff reductions doing more with less.

While our General Fund Balance is healthy, there are several components to why Hebron has grown and maintained this fund balance. First and foremost, Administration has a General Fund Balance Policy in place governing the maintenance of at least one and one half month's operating expense or approximately 12 – 15% which is the recommendation of Moody's and Standard and Poors. Hebron also has a major construction project in the works for a new Department of Public Work's Facility that will need to be bonded. As you are aware, this will define what type of interest rate would be ascertained for said project. Administration also strives diligently to adhere to GAAP and GASB requirements and statements.

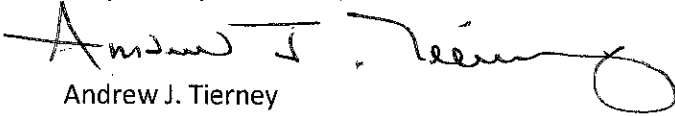
With the influx of the State Budget and possible revenue reductions to ECS and possible expense increase with the Teacher's Retirement we chose to budget for the 2017-2018 budget utilizing the Governor's budget figures as first outlined with his February 8th, budget disclosure with the exception of the Teacher's Retirement. If this budget were to pass and come to fruition, it was with the intent to utilize funds from our Fund Balance to cover the budget shortage. If further reductions to Municipal Aid

are made and further funds necessary from our Fund Balance, it will greatly affect our compliance with our Town General Fund Balance Policy.

While the State's budgetary problems are well understood, balancing these problems on the backs of Municipalities that have made continued difficult budget decisions year after year will only further convolute issues at the local Municipal levels.

Attached please find Hebron's estimated Fund Balance disclosure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew J. Tierney", with a large, stylized flourish at the end.

Andrew J. Tierney
Town Manager
Town of Hebron
15 Gilead Street
Hebron, CT 06248
(860) 228-5971



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

August 7, 2017

Dear Mr. Tierney,

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.

HEBRON

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	6,334,774	5,809,658
FY 16 Actual	7,022,518	6,650,032
FY 17 Estimated	7,643,010	7,480,903
FY 18 Projected (based on adopted municipal budget)	5,218,290	5,056,183

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,

Handwritten signature of Benjamin Barnes

Benjamin Barnes
Secretary

Cc: Elaine M. Griffin, Finance Director
Michael Izadi, Office of Policy and Management
Kerry Kelley, Office of Policy and Management