

TOWN OF POMFRET

August 16, 2017

Secretary Benjamin Barnes
State of Connecticut
Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Dear Secretary Barnes,

I have received your request for information regarding our general and unassigned fund balances. The requested information is attached. The projected funds balance for FY18 are predicated on 1) projected State revenues in the Governor's May 15, 2017 revised recommended budget for FY 2018 – FY 2019, 2) approved FY 2018 Town and Board of Education budgets and 3) a 10% tax increase for FY 18.

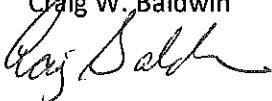
Pomfret is a rural town with a population of 4,197 located in the Last Green Valley National Heritage Corridor in Eastern Connecticut. Within its borders are two internationally recognized private boarding schools, agriculture and limited manufacturing enterprises, scenic bi-ways, equestrian riding trails and State Forests. The Town establishes land use policies that align with State land preservation and conservation goals. In keeping with these goals the Town has limited the growth of the heavy and light industry sectors. By State statute the town's tax revenue based on its grand list is reduced due to tax abatements for private schools, businesses and other mandated abatements totaling \$2,346,455 or 18% of the town's budget. Each of these factors influences the level of diversity in tax revenue sources with 77% of town revenues coming from taxation and reserves and 22% from State education and grants.

Pomfret has been proactive in constraining operational costs. The Town's approved operational budget decreased for the second consecutive year. The Board of Education's Pre-K through 8 approved operational budgets is also a decrease for the second consecutive year. The only increase is for high school tuition which is the result of increased enrollment.

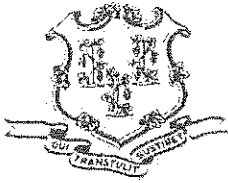
The Town has purposefully built an unassigned fund balance that is within auditor recommended amounts (12% projected in FY18). We have used this fund to soften the tax implications to our residents and businesses due to a dramatic reduction in State revenues. The bottom line is that Pomfret might have to expend 60% of its unassigned fund balance in one year. Should financial circumstances remain about the same for FY 19 then the town would be required to increase taxes by 20% in two years or expend the remainder of its fund balance or a combination of the two.

Pomfret's future is being negatively influenced by factors outside of our control. We understand the State is in crisis and we will need to be part of the solution. But we should not be penalized for following prudent financial strategies, exercising operational restraint over several years. The small town culture and the richness it contributes to making this State a place to live and work is at risk.

Sincerely,
Craig W. Baldwin



5 Haven Road
Pomfret Center, CT 06259
www.pomfretct.gov



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

August 7, 2017

Dear Selectman Baldwin,

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.

POMFRET

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	1,828,067	1,520,517
FY 16 Actual	2,111,987	1,773,437
FY 17 Estimated	2,091,803	1,715,253
FY 18 Projected (based on adopted municipal budget)	1,825,565	1,582,134

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: Cheryl Grist, Treasurer
Michael Izadi, Office of Policy and Management
Kerry Kelley, Office of Policy and Management