



TOWN OF ROXBURY CONNECTICUT

Barbara Henry
First Selectman

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August 16, 2017

SENT VIA EMAIL, WITH MAILED ORIGINAL

Mr. Benjamin Barnes, Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Re: Request from OPM Regarding Municipal Fund Balances

Dear Mr. Barnes:

Our unassigned fund balance is an indicator to Bond raters as to how healthy our Town's finances are and the ability to fund payback of bonds issued to the Town. Even though we have no debt of our own at this point in time, we have debt indirectly from our membership in Regional 12 School District and are looking to increase it substantially with the AgSTEM project, which is still going forward up at the state at this point in time.

The adequacy of our unassigned fund balance is recommended to be at 5% - 8% of our annual budgeted expenditures, although some feel it should be equal to no less than one month's operating expenses, which in FY 2018 will be approximately \$897K per month. I estimate our unassigned fund balance to be approximately \$2,300,000 for FY17 which represents 2.5 months of operating expenses going forward, a policy our Board of Finance has had for quite some time. We recognize that being a small town, we will be required to fend for ourselves if disaster strikes, realizing that the larger towns and cities would be served first. It is hard to estimate accurately at this point in time what our unassigned Fund Balance would be at the end of FY 18 when our Municipal Aid is further in jeopardy, coupled with a threat of additional increased costs being imposed on the municipalities (i.e., teacher's pension). My very rough estimate given a number of variables for FY 18 at this point in time is \$1,986,000.

Our Municipal Aid from the State of CT over the past five years that helps fund the General Fund operating Budget was projected as high as \$242,802 for FY 10/11 down to \$87,869 for FY 17/18 – a \$154K decrease. At present our state aid is less than 1% of our budget. I do not know how the Governor can say that we have been shielded from the difficult choices when our aid – the little that we now receive – has decreased over the past five years. The grant funding for ECS is the largest piece that helps fund the general fund, as it defrays the cost of the education budget; right now that stands at \$67 at the last look.

The state, by not adopting a budget, has also endangered our Town Aid Road Grant and LOCIP Funding for FY 18 which is all bonded, so as long as there is no state budget adopted, we receive zero dollars under these programs. As you recall, the LOCIP Program was suspended in

FY 17 for all new and current unused entitlements under the LOCIP Program due to overfunding by the State, which was to be rectified in the FY18 state budget. Again due to all the uncertainty, we assume this is all in jeopardy as well.

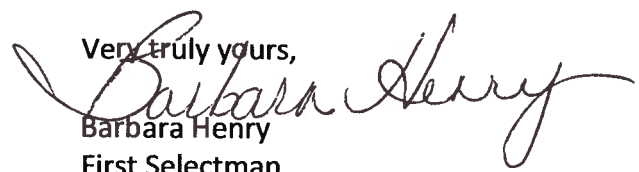
Most of the costs in our Budget are “built-in”, meaning they are either costs that are statutory, contracted, or membership in organizations that directly benefit the Town. Typically this amounts to roughly 80-85% of our Town’s expenses and are already decided for us before we even formulate our budget – these costs can either increase or stay flat in a good year, but they never go down. In addition, we contribute to the state a number a number of statutory fees from Vital Statistics, Land Recordings, Building Permits, Land Use Applications, Traffic Tickets and Dog Licensing, which can range from \$10,000 – \$20,000 annually, depending on the activity in these areas.

We have gone the route of regionalizing where we can in a number of ways and have done so for many years, not because the state has forced our hand but because we deemed it in the best interests of our community. It has been a necessity for us due to our size, but it has also been a positive, efficient way of conducting the Town’s business while providing services for the Town’s residents. Being part of a bigger regional concern does have its cost benefits, while still keeping the services somewhat local:

- Member Town - Regional School District #12
- Member Town - Newtown Regional Health District
- Member Town - Southbury Probate Court
- Member Town – E911 Regional Dispatch – Northwest Public Safety
- Member Town - Regional Animal Control
- Member Town - Regional Paramedic Services
- Member Town – Hazardous Waste Disposal and MIRA (MSW/Recycling)
- Member Town – Shared Resident Trooper Program – along with the Town of Bridgewater, the only Towns in the State that share a Resident Trooper

None of my thoughts even address the impact on our Town and State long term – another bleak outlook which has no upside at the moment. How you make the Towns and cities all relevant and vital again? You need a reason for people to move to our state or desire to stay here.

I have to ask what the end game is by requesting this information. Is it to justify what hopefully won’t be the inevitable, unsustainable teacher’s pension debt forced onto the towns and cities? I guess what disturbs me most is that we strive to run as efficiently as we can and not pass unnecessary projects and debt onto our taxpayers. And because we have been able to accomplish this goal, we will be penalized by the State for the long run. I hope this is not the case and I look forward to hearing from you.

Very truly yours,

Barbara Henry
First Selectman

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Enclosure

cc: Russ Dirienzo, Selectman
James Conway, Selectman
Andy Engel, Chairman Board of Finance
Kimberlee Baron, Finance Director



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

August 7, 2017

Dear Selectman Henry,

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.

ROXBURY

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	2,216,449	1,808,780
FY 16 Actual	2,432,390	2,095,092
FY 17 Estimated	<u>2,800,000</u>	<u>2,300,000</u>
FY 18 Projected (based on adopted municipal budget)	<u>2,649,000</u>	<u>1,986,000</u>

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: Kimberlee C. Baron, Treasurer & Financial Administrator
 Michael Izadi, Office of Policy and Management
 Kerry Kelley, Office of Policy and Management