

Town of Wethersfield
505 SILAS DEANE HIGHWAY
WETHERSFIELD, CONNECTICUT 06109



August 16, 2017

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

Re: Governor's request for fund balance information.

Dear Mr. Barnes

Included is the completed form with the Town of Wethersfield's fund balances as published in the adopted 2017-2018 Wethersfield Town Budget.

Like all municipalities Wethersfield is extremely apprehensive that the enormous challenges of the state budget are going to slowly shift its way onto the shoulders of towns. In Wethersfield's case, what is deeply concerning is we have managed our fund balance: we will be an easy target for draining and impacting our fiscal health. Towns such as Wethersfield, who have taken an aggressive approach to reducing short and long term costs, will now be punished for the effective stewardship and community leadership local officials have provided to their Towns. This is all very troubling based on how late these decisions are being made and the failure of the state to pass a budget. For us to adjust this late into the fiscal year is particularly worrisome.

Existing in an atmosphere of fiscal constraint is not a new experience for Wethersfield. For many years Wethersfield has taken the approach of fiscal conservatism and has worked to soften the increases to the taxpayers; increases in part due to stagnant state aid, unfunded mandates, and a collective bargaining – binding arbitration process that removes local elected leaders from the decision making equation.

Notwithstanding, progress has been made. Progress that the State should take note of and not punish us for. For instance the Town of Wethersfield has:

- Eliminated the defined benefit pension for newly hired employees (except police officers who pay a substantial amount in the form of pension contributions).

- Eliminated retiree health benefits for newly hired employees (except for police officers who contribute a substantial amount towards a modest benefit).
- Moved employees to a high deductible health plan.
- With each open collective bargaining agreement negotiated or arbitrated increased contributions to defined benefit pensions for those employees eligible.
- With each open collective bargaining agreement negotiated or arbitrated increased contributions to retiree health benefits for those employees eligible.
- Consolidated positions to reduce costs.
- Work regionally through many organizations such as CT Prime, Mid-State Collaborative, CRCOG, The South Central Connecticut Solid Waste Authority, the Central Connecticut Health District, The Metropolitan District, and others.
- We maintain the oldest volunteer fire department in New England which saves the tax payer millions in annual costs versus a full time paid department.

Moreover, the simple amount of a fund balance does not provide a true picture of the financial resources or obligations of a community. The Town of Wethersfield does have a comfortable fund balance, used to maintain a AA+ bond rating, however, that is balanced and measured against significant obligations such as:

- An unfunded pension liability of \$21,096,316.
- An unfunded retiree health liability of \$37,928,058.
- 50% of the Town's roads need to be resurfaced.
- With the capping of the car taxes and with reimbursement of less than 100% of what would have been raised by taxes, significant tax liability is shifted to real property taxes.
- School buildings in need of renovation.
- On average we receive only 16% of our education budget in Education Cost Sharing grants. Not quite the commitment to education our taxpayers expect from their state. Nevertheless we continue to fund a quality education program.
- A collective bargaining – binding arbitration process that removes the local elected official entirely out of the decision making process in terms of employee wages, benefits, and working conditions.
- Constant unknowns due to the states continuing financial crisis.

So within that environment local leaders across the state adopt budgets and set mill rates, some by Governing Body, some by referendum or Town Meeting, but all with full disclosure of what these fund balances are and their purpose.

As we listen to the comments about how local municipalities are a burden on the state, let us not forget that the people that live in towns pay taxes to the state, sales, income, use or otherwise, with the expectation that those taxes paid would be used to support their own communities, particularly in the form of support for education. That is the covenant the state has with the

people. You cannot simply break this covenant. Moreover, the state constitution obligates the state to provide a free public education to all students in Connecticut.

Thank you for your consideration of these comments. I am sure they will be part of your decision making process.

Sincerely



Jeff Bridges
Town Manager

Enclosure

Cc. Mayor Montinieri and Wethersfield Town Council Members
Rep. Russ Morin
Rep. Tony Guerrero
Sen. Paul Doyle
Sen. John Fonfara
Michael O'Neil, Finance Director



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

August 7, 2017

Dear Mr. Bridges,

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.

WETHERSFIELD

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	11,631,678	10,725,165
FY 16 Actual	11,832,881	10,910,168
FY 17 Estimated	11,429,054	10,906,341
FY 18 Projected (based on adopted municipal budget)	11,429,054	10,906,341

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: Michael J. O'Neill, Finance Director
 Michael Izadi, Office of Policy and Management
 Kerry Kelley, Office of Policy and Management