

# Simsbury Board of Finance Public Hearing

## April 6, 2016

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- Pledge of Allegiance
- Presentations
  - I. Budget Overview – Barbara Petitjean, BOF Chair
  - II. Board of Education Operating Budget – Tara Willerup, BOE Chair
  - III. Town Operating Budget – Lisa Heavner, First Selectman, BOS
  - IV. Capital and CNR Budget Presentation – Jeff Shea, Town Engineer; Burke LaClair, BOE Business Manager & Sean Kimball, Finance Director
- Public Audience on Operating and Capital Budgets
  - 3 Minutes – Focused on merits of the issue
- Closing Remarks – Next Steps

# Board of Finance is a Citizen Oversight Board

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## Responsibilities Include:

- Conducting a public hearing on proposed budgets
- Approving Town and BOE operating and capital budgets and submitting them to Town Referendum
- Establishing the Mill Rate sufficient to pay expenses
- Approving necessary supplemental/emergency appropriations and transfers of unencumbered expenditures
- Providing fiscal oversight of Town pension trusts and Other Post Employment Benefits trust

# Key Board of Finance Criteria for 2017

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- Ensure Long Term Fiscal Discipline
- Maintain Debt Service / Capital Under 7% of Expenditures
- Minimize Mill Rate Increases
- Maintain Aaa Rating
- Manage Reserves to Minimize Surprises and Smooth Taxes
- Promote Collaboration Amongst Boards

# Simsbury Recognized as a Fiscally Strong Community

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## Moody's Aaa Rating:

- Historically stable financial operations
- Healthy reserve levels with a formal policy
- Modest debt service, pension, and OPEB liabilities



## Several Years of Flat/Lowered Taxes:

- FY14 – 37.29
- FY15 – 37.14
- FY16 – 37.12

## Recipient of GFOA Excellence in Financial Reporting Award:

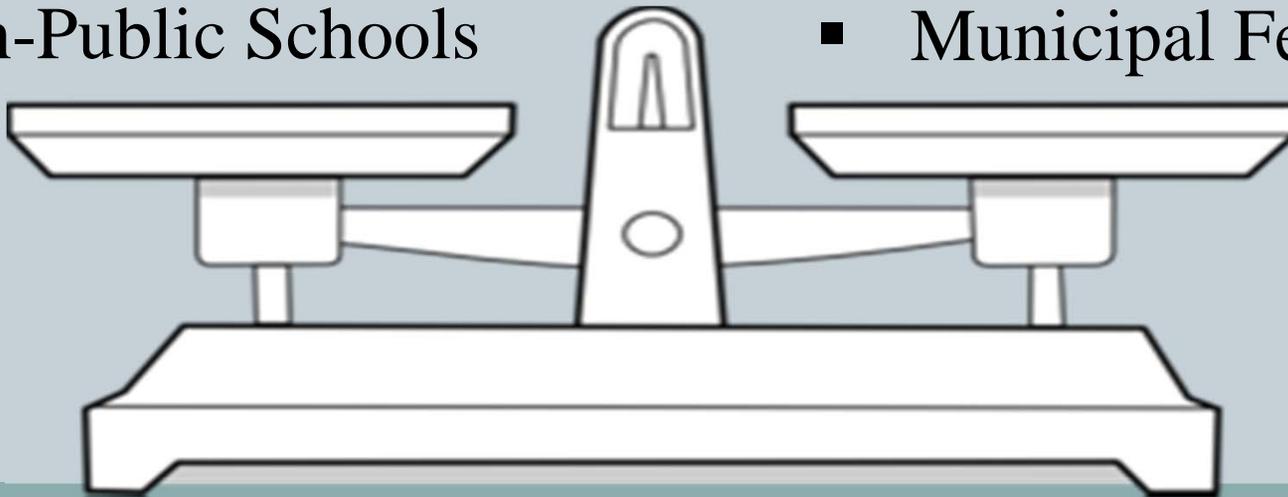
- 16 Consecutive Years Received

# BOF Must Balance Expenditure Needs with Available Revenues

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**Expenditures = Revenues**

- BOE Operating Expenses
- BOS Operating Expenses
- Debt Service/Capital Expenses
- Non-Public Schools
- Property Taxes
- Automobile Taxes
- State and Federal Grants/Aid
- Municipal Fees



# Car Tax Calculation Has Changed

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Simsbury Auto Grand List is **\$182 Million**

Beginning in FY17, the State has capped the mill rate on cars at 32 mills.

Fiscal Year	Auto Grand List	Mill Rate	Tax Revenue
2016	\$182 M	37.12	\$6.8 M
2017	\$182 M	32.00	\$5.8 M
		<b>FY 17 Shortfall =</b>	<b>(\$1.0 M)</b>
2018	\$182 M	29.36	\$5.3 M
		<b>FY 18 Shortfall =</b>	<b>(\$0.5 M)</b>

Residents will save \$44 annually per car based on average car assessment \$8,000.

# CT Cities with Highest Mill Rates Benefited from Car Tax Cap

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Rank	Municipality	FY 16 Mill Rate
1.	Hartford	74.29
2.	Waterbury	58.22
3.	New Britain	49.00
4.	East Hartford	45.86
14.	West Hartford	38.31
<b>18.</b>	<b>Simsbury</b>	<b>37.12</b>
24.	Granby	36.22
51.	51 Towns in CT have Mill Rates higher than 32.00	32.00
84.	Canton	29.19
88.	Avon	28.80
131.	Farmington	25.10

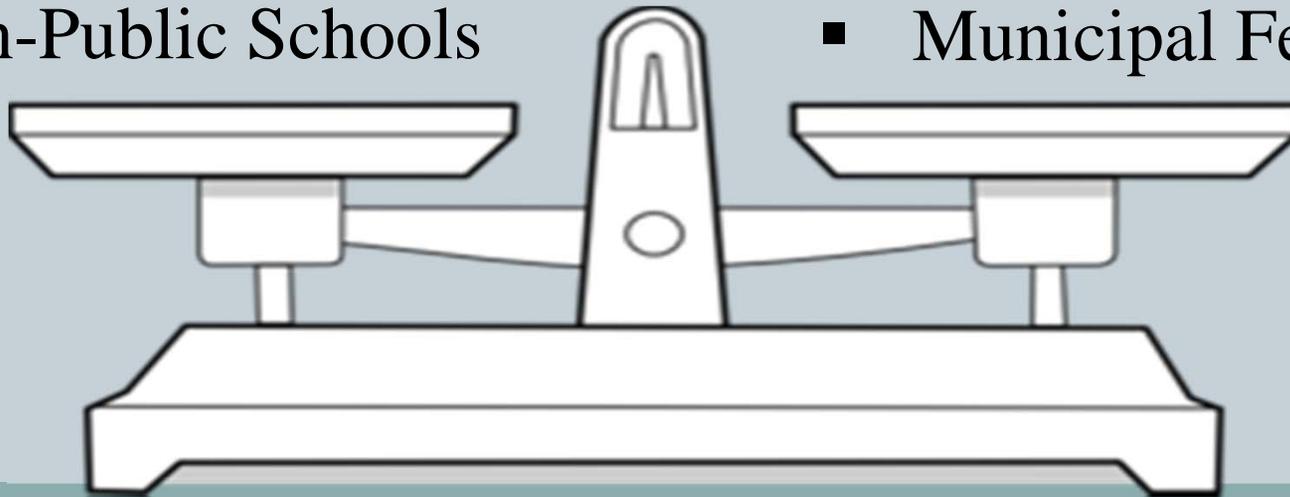
Source: OPM (includes 169 districts +114 non-municipal taxing districts) – Simsbury Fire is #248 at 1.19 mills

# BOF Must Balance Expenditure Needs with Available Revenues

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**Expenditures** = **Revenues**

- BOE Operating Expenses
  - BOS Operating Expenses
  - Debt Service/Capital Expenses
  - Non-Public Schools
- **Property Taxes**
  - Automobile Taxes
  - State and Federal Grants/Aid
  - Municipal Fees



# BOF Sets the Mill Rate Based on Assessed Property Values

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**Mill Rate** Definition: The amount of tax payable per dollar of the assessed value of a property. One **mill** is equivalent to one-tenth of a cent or \$0.001.

**Assessed  
Property  
Values**

**X**

**Mill Rate**

**=**

**Property  
Taxes  
Needed**

**Mill Rate**

**=**

**Property  
Taxes  
Needed**

**÷**

**Assessed  
Property  
Values**

# Estimated 2017 Revenue Changes

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Source	Amount
New State Sales Tax Sharing	\$0.8 M
Increased State ECS Grant	\$0.3 M
Grand List Growth Revenue	\$0.8 M
<b>Total</b>	<b>\$1.9 M</b>

# 2017 BOF Operating Budget Guidelines were 0-2%

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	<b>FY 2016 Adopted</b>	<b>FY 2017 Requested</b>	<b>\$ Change</b>	<b>% Change</b>
Board of Selectmen	\$18.9 M	\$19.5 M	\$ 0.6 M	3.38%
Debt Retirement	\$6.1 M	\$6.1 M *	-	-
Board of Education	\$66.5 M	\$67.8 M	\$ 1.3 M	1.94%
Non-Public School	\$0.5 M	\$0.5 M	-	-
<b>Total</b>	<b>\$92.0 M</b>	<b>\$93.9 M</b>	<b>\$ 1.9 M</b>	<b>2.10%</b>

\* TBD

## Comparable Town Budget Increases

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	<u>Town</u>	<u>BOE</u>
• <b>Simsbury:</b>	<b>3.38%</b>	<b>1.94%</b>
• <b>Avon:</b>	<b>3.96%</b>	<b>3.20%</b>
• <b>Canton:</b>	<b>4.26%</b>	<b>1.47%</b>
• <b>Farmington:</b>	<b>4.01%</b>	<b>3.80%</b>
• <b>Glastonbury:</b>	<b>2.16%</b>	<b>1.91%</b>
• <b>Granby:</b>	<b>3.00%</b>	<b>-1.00%</b>
• <b>West Hartford:</b>	<b>5.30%</b>	<b>3.50%</b>

# Simsbury Has Reduced Taxes Two Consecutive Years

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FY 2014	FY 2015	FY 2016	FY 2017
37.29	37.14	37.12	?



**Taxes**

# Proposed Budgets for the Town and BOE

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## Expenditures

BOE Operating: \$67.7 M

BOS Operating: \$19.5 M

Debt Service: \$6.1-\$6.5 M

Non-Pub Schools: \$0.6 M

**Total: \$93.9-\$94.3 M**

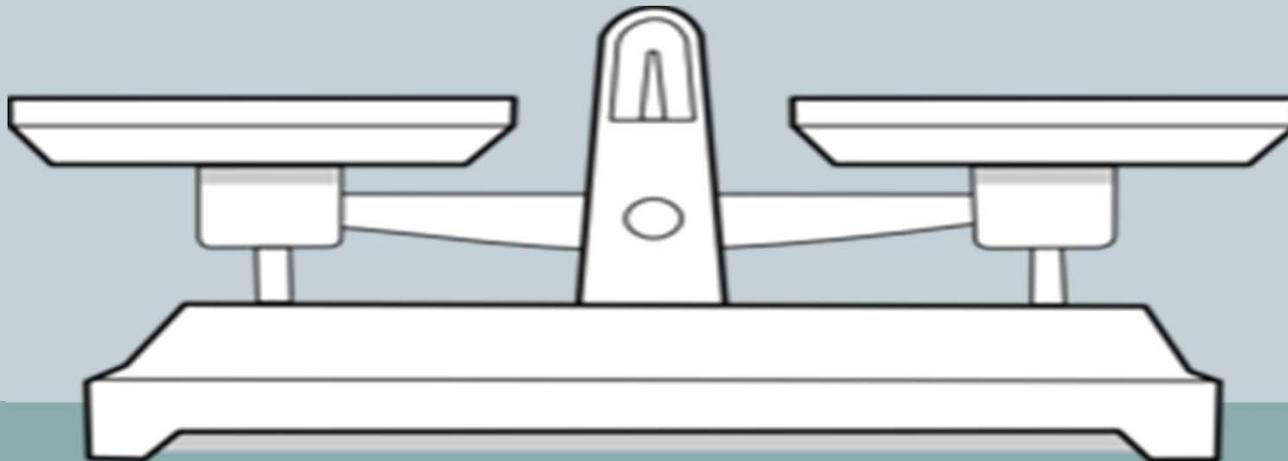
## Revenues

Property Taxes: **TBD**

Non-Tax Revenue: \$10.4 M

Automobile Taxes: \$5.7 M

**Total: \$93.9-\$94.3 M**



# Proposed Capital Projects Will Require Tax Increases

15

	Capital Projects Approved/Requested
2015	\$7.1 Million
2016	\$6.0 Million
2017	\$11.2 Million
2018	\$34.0 Million

	Debt/Capital Dollars	Debt Ratio	Mill Rate Impact
2015	\$6.1 Million	6.77%	N/A
2016	\$6.1 Million	6.70%	N/A
2017	\$6.5 Million	7.00% ?	0.21 Mills

# Mill Rate Needed to Fund Debt Retirement at 7%

16

FY 2014	FY 2015	FY 2016	FY 2017
37.29	37.14	37.12	37.33

## FY14 – FY17

0.04 Mill Increase  
0.1% Tax Increase  
\$8 Avg. per Taxpayer

## FY16 – FY17

0.21 Mill Increase  
0.6% Tax Increase  
\$42 Avg. per Taxpayer\*

\*Offset by average of \$44 per car residents will save with lower auto tax

# Tonight's Presentations

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- **Board of Education Operating Budget**
  - Tara Willerup, BOE Chair
- **Board of Selectmen Operating Budget**
  - Lisa Heavner, First Selectman
- **Capital and Capital/Non-Recurring Budget**
  - Jeff Shea, Town Engineer;
  - Burke LaClair, BOE Business Manager
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# Closing Remarks – Next Steps



- **BOF Meeting tonight following the Public Hearing**
  
- **2<sup>nd</sup> Public Hearing**
  - **Tuesday, April, 19<sup>th</sup> at 5:45 PM**
  - **Followed by Regular Board of Finance Meeting**
  - **Vote on Operating and Capital Budgets**
  
- **Referendum May 10<sup>th</sup> at Henry James**
  - **BOF meeting to follow Referendum to set mill rate**