
FY 2016/17 Adopted Budget Town of Manchester, Connecticut

April 12, 2016

FY 2016/17 Adopted Budget

■ Summary

- Total General Fund budget \$183,568,801
 - Expense increase of 2.12%
 - Minor use of reserves to assist with addressing capital projects
 - Results in mill rate increase of 0.50% for real estate; motor vehicle mill rate down 7.73% per statute
 - Sewer rates increase by 6%; water rates increase 2%
 - Fire Fund: 2.2% tax increase; no fire district taxes to be applied to motor vehicles henceforth
-

FY 2016/17 Adopted Budget

■ FY 2016/17 Financial Highlights

- Includes Town operations increase of 1.0%, or \$469,521
 - \$259,987 attributed to increase in defined benefit pension contributions
 - Savings were achieved in health insurance and fuel costs
 - Negotiated contract pay adjustments

2

FY 2016/17 Adopted Budget

■ FY 2016/17 Financial Highlights

- Non-operating budget increase of \$1.65M, or 8.1%
 - Planned debt service increases \$1,097,856
 - Capital increases \$54,500
 - Re-assessment of Information Systems cost share increases General Fund Town department contribution by \$217,962

3

FY 2016/17 Adopted Budget

■ FY 2016/17 Financial Highlights

- Board of Education increases 1.60% or \$1.75 million
 - Reduction of \$350,000 to Board of Education recommended
- In addition to Adopted Education budget of \$111 million, Alliance Grant funding of \$4.25 million expected as direct payment to BOE
 - Same as current year
 - Alliance Grant funding restricted to Alliance Grant programming – not for core Education program

4

FY 2016/17 Adopted Budget

■ Motor Vehicle Tax Cap

- Statute caps combined motor vehicle mill rate for all Town taxing districts at 32.0 mills
- Since General Fund mill rate exceeds minimum, special taxing districts will not be able to levy taxes on motor vehicles
- A State Grant for \$2,816,162 is included in the Governor's proposed budget to compensate for lost revenue
- Grant in Proposed budget allocates \$1,328,751 to General Fund, \$1,118,960 to Fire Fund, and \$368,451 to Eighth Utilities District based on 10/1/13 grand list, per state law

5

FY 2016/17 Adopted Budget

■ General Fund Summary

- Adopted budget requires mill rate increase of 0.50%
 - Utilizes \$1,180,000 use of fund balance
 - FY17 State Aid also shows additional \$1.9M in sales tax revenue sharing
 - Grand List growth of about 0.65%
 - Generates about \$900K in new revenue at the current mill rate
 - Local sources relatively stable
 - Town Clerk fees and Building Permits trending upwards

6

FY 2016/17 Adopted Budget

■ FY 2016/17 Financial Highlights

- State Aid increases by 7.86% compared to FY 2015/16 Adopted Budget, mainly due to new sales tax revenue sharing and grant for motor vehicle tax cap to offset loss of revenue
- In FY 2006/07, interest earnings = \$1.5M
In FY 2014/15, interest earnings = \$63,000

7

FY 2016/17 Adopted Budget

■ Tax Impact

- Resulting mill rate of 34.85 (currently 34.68)
- Increase of \$20 on median home (\$170,000 assessed at \$118,300)
- \$250,000 home, assessed at \$175,000, would see an increase of \$30

Example: home-owner with \$170,000 home and 2 vehicles assessed at \$12,000 each

- Tax on real estate increases by \$20
- Tax on motor vehicles goes down by \$64
- Net decrease of \$44

8

FY 2016/17 Adopted Budget

■ Fire Fund

- Expenditure increase of 1.79%
- Adopted mill rate of 4.83
 - Increase of 2.2% compared to current mill rate
 - Only applies to real estate & personal property; no tax will be levied on motor vehicles
 - Total levy decreases by 6.6% as a result
- Use of \$75,000 Fire Fund balance to offset mill rate increase-replace School Street storage with new storage at Station 1
- Capital Budget includes third year of apparatus set-aside per Board policy and fourth year of funding for pumpers authorized in 2011

9

FY 2016/17 Adopted Budget

- Water Fund
 - Total expenditure decrease of -4.1%
 - Operations increase by 0.3%
 - Non-operating expenses decrease by 10.2%
 - Decrease in debt service of \$303,608
 - Proposed rate increase of 2.0%

10

FY 2016/17 Adopted Budget

- Sewer Fund
 - Total expenditure increase of \$7,940, or 0.0%
 - Operations decrease by -6.4% based on review of actual electrical consumption data following plant reconstruction, and switching electricity providers
 - Debt Service requirements increase by \$377K
 - Proposed rate increase of 6.0% consistent with multi-year plan

11

FY 2016/17 Adopted Budget

- Sanitation Fund
 - Total expenditure increase of 2.4%
 - Operating expenses increase by 3.6%
 - Non operating decreases by 11.3%, primarily due to lower share of Information Systems costs after re-assessment of distribution
 - Tip fee revenues increase by \$602,500 based on actual collections in recent years
 - No Use of Net Assets included in 2016/17

12

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- Summary
 - Total General Fund budget \$183,568,801
 - Expense increase of 2.12%
 - Use of reserves \$1,180,000
 - Results in mill rate increase of 0.50% for real estate & personal property; motor vehicle mill rate of 32.0 due to statutory cap
 - 6% increase in Sewer rate reflect operating costs and debt service associated with plant rebuild; Water Fund shows decrease in debt costs, 2% rate increase
 - Fire Fund: 2.2% tax increase; levy decreases by -6.6% due to motor vehicle tax cap

13

FY 2016/17 Adopted Budget

Thank you.