

CAPITAL RESERVES/CONTRIBUTIONS #1075

HIGHLIGHTS & GOALS

The overall increase in this budget is \$1,244,000 or 167.2%.

Final FYE 17 Budget Result: During budget deliberations, the Town Council reduced this function by \$1,726,000 and the RTM reduced it further by \$602,000 for a total reduction of \$2,328,000.

This function represents the General Fund Contribution to the Capital Reserve Fund (5010).

The Groton Town Code Article I. Section 2.1(b) requires that: "The town manager shall include in the proposed budget to the town council an allocation of funds to the reserve fund based on the following formula: Calculate the amount of not less than four percent of the general fund budget, subtract the sum necessary to defray general fund obligated annual debt service, the remainder amount to be allocated to the reserve fund for capital and nonrecurring expenditures . . . No appropriation shall be made to such fund so that the total fund balance exceeds 50 percent of the total general fund budget, or the unappropriated portion of the fund exceeds 12 percent of the total general fund budget."

	General Fund	Capital Reserve (FYE 2016)
Proposed Budget	\$ 125,137,469	
50% of General Fund	\$ 62,568,735	
Total Fund Balance	----->	\$5,183,935
12% of General Fund	\$ 15,016,496	
Unappropriated Fund Balance	----->	\$1,497,515

Cost Center 0 – Capital Reserve Fund

Represents the contribution amount to fund proposed capital projects.

Cost Center 2 – Capital Reserve Contribution

The FYE 2017 budget included a new cost center which represented an additional contribution to the Capital Reserve Fund of \$100,000 in an effort to increase the fund balance. We are not proposing a contribution in FYE 2018 due to using a portion of the fund balance this year to fund projects. We do hope to be able to propose a contribution to this once again in 2019.

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

9-Mar-2017

AREA OF SERVICE: CAPITAL/DEBT SERVICE
DEPARTMENT: CAPITAL RESERVE
FUNCTION: CAPITAL RESERVE 1075

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018

APPROPRIATION					

Operating Expenses	2,723,400	744,000	744,000	1,988,000	1,988,000
Total Appropriation	\$2,723,400	\$744,000	\$744,000	\$1,988,000	\$1,988,000

COST CENTERS					

10750 CAPITAL RESERVE FUND	2,723,400	644,000	644,000	1,988,000	1,988,000
10752 CAP RES CONTRIBUTION	0	100,000	100,000	0	0
Total Cost Centers	\$2,723,400	\$744,000	\$744,000	\$1,988,000	\$1,988,000

FINANCING PLAN					

GENERAL FUND	2,723,400	744,000	744,000	1,988,000	1,988,000
Total Financing Plan	\$2,723,400	\$744,000	\$744,000	\$1,988,000	\$1,988,000

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

9-Mar-2017

AREA OF SERVICE: CAPITAL/DEBT SERVICE
DEPARTMENT: CAPITAL RESERVE
FUNCTION: CAPITAL RESERVE 1075

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018

OPERATING EXPENSES					

5230 PYMNTS/CONTRIBUTIONS	2,723,400	744,000	744,000	1,988,000	1,988,000
Total Operating Expenses	\$2,723,400	\$744,000	\$744,000	\$1,988,000	\$1,988,000
GRAND TOTAL	\$2,723,400	\$744,000	\$744,000	\$1,988,000	\$1,988,000

CAPITAL RESERVE #5010

HIGHLIGHTS & GOALS

This function includes funds to be appropriated for capital improvements.

Payments From Other Funds – represents the contribution from:

General Fund (#10750)	\$1,988,000
General Fund (#10752)	\$ 0
Sewer Operating (#2020)	<u>\$1,369,000</u>
	\$3,357,000

The Estimated General Fund Balance for FYE 2017 is \$1,669,857 and represents an unexpended appropriation from the Sewer Operating Fund of \$181,504 and the General Fund of \$1,488,353.

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

6-Mar-2017

AREA OF SERVICE: OTHER FUNDS
DEPARTMENT: PLANNING & DEVELOPMENT
FUNCTION: CAPITAL RESERVE PROJECTS 5010

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018
APPROPRIATION					
Operating Expenses	4,452,400	1,795,000	1,924,500	4,357,000	4,357,000
Total Appropriation	\$4,452,400	\$1,795,000	\$1,924,500	\$4,357,000	\$4,357,000
COST CENTERS					
50107 FYE 2008 CIP	4,452,400	1,795,000	1,924,500	4,357,000	4,357,000
Total Cost Centers	\$4,452,400	\$1,795,000	\$1,924,500	\$4,357,000	\$4,357,000
FINANCING PLAN					
INTEREST INCOME	8,566	7,500	9,850	12,000	12,000
INTEREST INCOME-WPCF	4,005	3,200	4,800	5,000	5,000
STATE GRANTS	17,280	0	0	0	0
SCHOOL BLDG GRANTS	291,144	0	0	0	0
MISC STATE REVENUE	0	0	488	0	0
RECORDING INSTRUMENTS	12,072	9,000	10,000	10,000	10,000
PAYMENTS FROM OTHER FUNDS	3,397,490	1,245,433	1,245,433	3,357,000	3,357,000
FUND BALANCE APPLIED	721,843	529,867	653,929	973,000	973,000
Total Financing Plan	\$4,452,400	\$1,795,000	\$1,924,500	\$4,357,000	\$4,357,000

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

6-Mar-2017

AREA OF SERVICE: OTHER FUNDS
DEPARTMENT: TOWN MANAGER
FUNCTION: CAPITAL RESERVE PROJECTS 5010

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018

OPERATING EXPENSES					

5460 RESERVE FUND/EQUIPME	4,452,400	1,795,000	1,924,500	4,357,000	4,357,000
Total Operating Expenses	\$4,452,400	\$1,795,000	\$1,924,500	\$4,357,000	\$4,357,000
GRAND TOTAL	\$4,452,400	\$1,795,000	\$1,924,500	\$4,357,000	\$4,357,000

**TOWN OF GROTON, CT
FYE 2018 BUDGET**

CAPITAL RESERVE FUND REVENUES: #5010

Interest Income - represents income earned on the short-term investment of funds not required for immediate expenses.

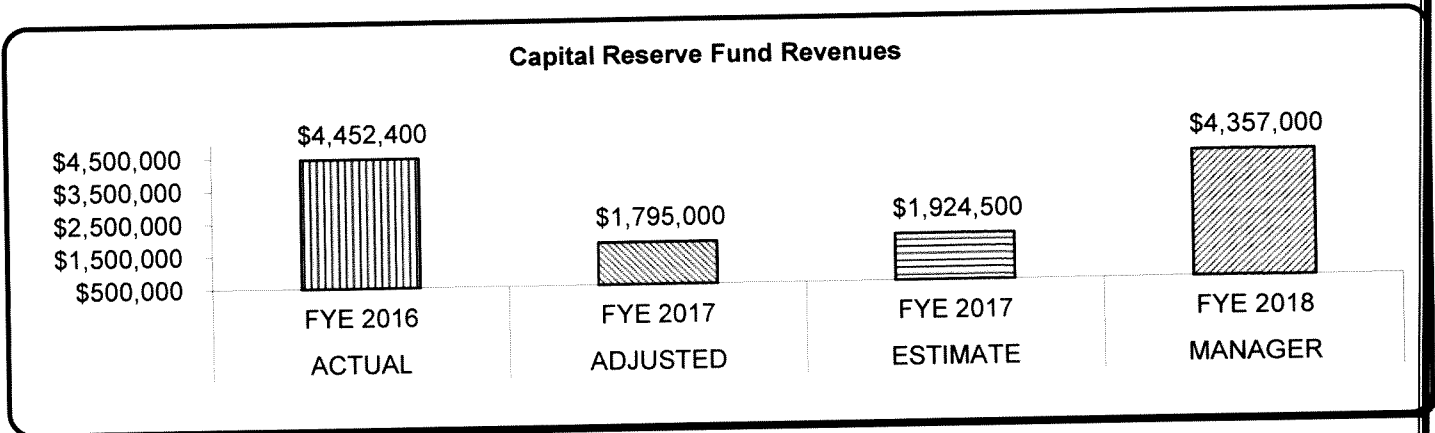
School Building Grants - represents the amount of reimbursement from the State on the principal of non-bonded school projects.

Recording Instruments - PA 05-228 instituted a new \$30.00 fee for document recording effective 7/1/05. The Clerk retains \$4.00 of this, \$3.00 of which is to be used for local capital improvement projects.

Payments From Other Funds - represents the amount that Other Funds will contribute to the operation of this fund.

Fund Balance Applied - represents the amount of unassigned fund balance in the Capital Reserve Fund to be used to fund the budget for the fiscal year.

	<u>ACTUAL</u> FYE 2016	<u>ADJUSTED</u> FYE 2017	<u>ESTIMATE</u> FYE 2017	<u>MANAGER</u> FYE 2018
4412 Interest Income	\$ 8,566	\$ 7,500	\$ 9,850	\$ 12,000
4412A Interest Income - WPCF	\$ 4,005	\$ 3,200	\$ 4,800	\$ 5,000
4556 Misc. State Revenue	\$ 0	\$ 0	\$ 488	\$ 0
4507 State Grants	\$ 17,280	\$ 0	\$ 0	\$ 0
4540 School Bldg. Grants	\$ 291,144	\$ 0	\$ 0	\$ 0
4610 Recording Instruments	\$ 12,072	\$ 9,000	\$ 10,000	\$ 10,000
4766 Payments from Other Funds	\$ 3,397,490	\$ 1,245,433	\$ 1,245,433	\$ 3,357,000
4999 Fund Balance Applied	\$ 721,843	\$ 529,867	\$ 653,929	\$ 973,000
Total	\$ 4,452,400	\$ 1,795,000	\$ 1,924,500	\$ 4,357,000



Audit Fund Balance as of 6/30/2016	\$ 2,323,787
Estimated Fund Balance as of 6/30/17	\$ 1,669,858
Estimated Fund Balance as of 6/30/18	\$ 696,858
Fund Balance as a % of 2018 Expenditures	15.99%

Debt Service #1076

HIGHLIGHTS & GOALS

The overall decrease in this budget is \$457,219 or 9.2%.

Principal and interest payments for long term financing for general obligation and school bond.

The FYE 2016 debt service budget had included an estimated interest payment for a potential June 2015 bond sale which did not occur. This is the primary reason for the decrease in Long Term Debt for FYE 2017.

General Fund Debt per Capita

Fiscal Year	2013	2014	2015	2016	2017
Long Term Debt	\$38,580,000	\$44,835,000	\$41,090,000	\$37,390,000	\$33,710,000
Population **	39,896	40,176	40,167	40,167	40,167
Debt Per Capita	\$967	\$1,116	\$1,023	\$931	\$839
% Change from PY	-8.6%	-7.9%	14.9%	-9.0%	-9.8%

** Population provided by State of CT Dept. of Public Health

State of CT Municipal Fiscal Indicators Data as of FYE 2014

- Groton total debt (General obligation and Sewer debt) per capita - \$1,476
- Groton is ranked #94 out of 169 municipalities
- New Canaan is #1 at \$6,314 debt per capita
- 3 municipalities have \$0 debt per capita – Putnam, Hampton & Voluntown

Cost Center 0 – General Government

FYE 2018

Town Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/16	FYE 2017 Principal Payment	FYE 2017 Interest Payment	FYE 2018 Principal Payment	FYE 2018 Interest Payment
2025	5,675,000.00	12/13/2011	14	General Purpose (Dec. 2011 refunding)	3,066,000.00	777,000.00	103,435.00	392,000.00	80,055.00
2030	6,752,000.00	3/12/2013	18	General Purpose (Mar. 2013 refunding)	6,297,000.00	437,000.00	223,645.00	445,000.00	210,415.00
2019	375,000.00	4/16/2014	5	General Purpose (B) Senior Center	225,000.00	75,000.00	4,875.00	75,000.00	3,281.26
2034	8,945,000.00	4/16/2014	20/10	General Purpose (A)	7,680,000.00	635,000.00	216,843.76	635,000.00	197,793.76
2034	2,820,000.00	TBD	TBD	TBD	0.00	0.00	0.00	0.00	50,200.00
Totals					17,268,000.00	1,924,000.00	548,798.76	1,547,000.00	541,745.02

Cost Center 1 – Education

FYE 2018

Education Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/16	FYE 2017 Principal Payment	FYE 2017 Interest Payment	FYE 2018 Principal Payment	FYE 2018 Interest Payment
2029	10,630,000.00	12/31/2011	18	Schools (refunding)	8,589,000.00	968,000.00	313,277.50	968,000.00	274,557.50
2030	12,308,000.00	3/12/2013	18	Schools (refunding)	11,533,000.00	788,000.00	425,630.00	775,000.00	402,185.00
Totals					20,122,000.00	1,756,000.00	738,907.50	1,743,000.00	676,742.50

Debt Service Payment FYE 2018 through FYE 2034

Function #10760-General Government			
FYE	Principal	Interest	FYE Total
2018	1,547,000.00	541,745.00	2,088,745.00
2019	1,827,000.00	531,061.25	2,358,061.25
2020	1,628,000.00	464,460.00	2,092,460.00
2021	1,612,000.00	410,656.25	2,022,656.25
2022	1,617,000.00	355,926.25	1,972,926.25
2023	1,615,000.00	304,433.75	1,919,433.75
2024	1,611,000.00	257,442.50	1,868,442.50
2025	1,229,000.00	209,203.75	1,438,203.75
2026	1,046,000.00	171,815.00	1,217,815.00
2027	1,046,000.00	136,375.00	1,182,375.00
2028	967,000.00	103,650.00	1,070,650.00
2029	692,000.00	78,115.00	770,115.00
2030	687,000.00	56,455.00	743,455.00
2031	260,000.00	40,950.00	300,950.00
2032	260,000.00	31,200.00	291,200.00
2033	260,000.00	20,800.00	280,800.00
2034	260,000.00	10,400.00	270,400.00

Debt Service Payment FYE 2018 through FYE 2030

Function #10810-Board of Education			
FYE 2004 10761			
FYE	Principal	Interest	FYE Total
2018	1,743,000.00	676,742.50	2,419,742.50
2019	1,743,000.00	606,032.50	2,349,032.50
2020	1,747,000.00	532,433.75	2,279,433.75
2021	1,743,000.00	463,700.00	2,206,700.00
2022	1,738,000.00	394,080.00	2,132,080.00
2023	1,725,000.00	327,222.50	2,052,222.50
2024	1,719,000.00	265,520.00	1,984,520.00
2025	1,731,000.00	202,108.75	1,933,108.75
2026	1,709,000.00	134,853.75	1,843,853.75
2027	1,659,000.00	68,406.25	1,727,406.25
2028	903,000.00	21,318.75	924,318.75
2029	173,000.00	4,110.00	177,110.00
2030	33,000.00	495.00	33,495.00

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

1-Mar-2017

AREA OF SERVICE: CAPITAL/DEBT SERVICE
DEPARTMENT: DEBT SERVICE
FUNCTION: DEBT SERVICE 1076

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018
----- APPROPRIATION -----					
Operating Expenses	5,106,382	4,967,757	4,967,707	4,510,538	4,510,538
Total Appropriation	\$5,106,382	\$4,967,757	\$4,967,707	\$4,510,538	\$4,510,538

COST CENTERS -----					
10760 GENERAL GOVERNMENT	2,564,104	2,472,849	2,472,799	2,090,795	2,090,795
10761 EDUCATION	2,542,278	2,494,908	2,494,908	2,419,743	2,419,743
Total Cost Centers	\$5,106,382	\$4,967,757	\$4,967,707	\$4,510,538	\$4,510,538

FINANCING PLAN -----					
GENERAL FUND	5,106,382	4,967,757	4,967,707	4,510,538	4,510,538
Total Financing Plan	\$5,106,382	\$4,967,757	\$4,967,707	\$4,510,538	\$4,510,538

TOWN OF GROTON
SUMMARY COST CENTER
FYE 2018 PROPOSED BUDGET

1-Mar-2017

AREA OF SERVICE: CAPITAL/DEBT SERVICE
DEPARTMENT: DEBT SERVICE
FUNCTION: DEBT SERVICE 1076

	ACTUAL FYE 2016	ADJUSTED FYE 2017	ESTIMATE FYE 2017	REQUEST FYE 2018	MANAGER FYE 2018

OPERATING EXPENSES					

5290 PROFESS/TECHNICAL SE	0	50	0	2,050	2,050
5450 DEBT SERVICE	5,106,382	4,967,707	4,967,707	4,508,488	4,508,488

Total Operating Expenses	\$5,106,382	\$4,967,757	\$4,967,707	\$4,510,538	\$4,510,538

GRAND TOTAL	\$5,106,382	\$4,967,757	\$4,967,707	\$4,510,538	\$4,510,538

TOWN OF GROTON, CT
JUNE 30, 2016
STATUTORY DEBT LIMITS & TOWN INDEBTEDNESS

Purpose: To describe the Town's current indebtedness level and to demonstrate its relationship to statutory limits and Town Council Policy.

Total Tax Collections (including interest & lien fees)	\$80,220,537
Total Tax Collections (including interest and lien fees) of coterminous municipalities	\$15,231,957
Reimbursement for Revenue Loss from Tax Relief for the elderly	<u>\$2,000</u>
Base for Establishing Debt Limit (per State Statute)	\$95,454,494

Debt Limits	General			Urban	Unfunded	Total
(per State Statute):	Purpose	Schools	Sewers	Renewal	Pension	Debt
General Purpose						
(2.25 times base)	\$214,772,612					
Schools						
(4.50 times base)		\$429,545,223				
Sewers						
(3.75 times base)			\$357,954,353			
Urban Renewal						
(3.25 times base)				\$310,227,106		
Unfunded Pension						
(3.00 times base)					\$286,363,482	
Total Debt						
(7.0 times base)						\$668,181,458
Less Indebtedness:						
Bonds	\$17,268,000	\$20,122,000	\$4,150,000	\$0	\$0	\$41,540,000
Serial Notes	\$0	\$0	\$0	\$0	\$0	\$0
Authorized & Unissued	\$10,600,505	\$0	\$0	\$0	\$0	\$10,600,505
Underlying Debt:						
Bonds & Serial Notes	\$5,400,937	\$0	\$385,000	\$0	\$0	\$5,785,937
Authorized & Unissued	\$0	\$0	\$2,750,000	\$0	\$0	\$2,750,000
School Buildings Grants		\$0			\$0	\$0
Total Indebtedness	\$33,269,442	\$20,122,000	\$7,285,000	\$0	\$0	\$60,676,442
Excess of State Limit Over Outstanding and Amortized Debt	\$181,503,170	\$409,423,223	\$350,669,353	\$310,227,106	\$286,363,482	\$607,505,016
	15.5%	4.7%	2.0%	0.0%	0.0%	9.08%

** Underlying debt is the debt of smaller municipal units within a government's jurisdiction. In the event of a default, the community may have a moral or political obligation to assume the debt and provide the special services of the defaulting unit.

Town Council Policy:

In September, 1993 the Town Council adopted a Debt Policy & Management/Fiscal Practices Policy, as revised in February 2014, that sets the limits on debt issuance which are more stringent than those imposed by the State of Connecticut.

The Council's policy provides the following guidelines, which excludes underlying debt:

- 1) The Town shall not exceed fifty (50) percent of its statutory debt limit. The Town is well below the statutory debt limits at its current 9.08% of Town debt to statutory debt limit.
- 2) Total debt service shall not exceed ten (10) percent of the Total General Fund expenditures. Based on the proposed budget, the Town's debt service payment for FYE 2018 will be at 3.6% of expenditures.

TOWN OF GROTON
FYE 2018

**Calculation of Debt Payments, Capital and Contingency Reserves
(as a percent of the General Fund Budget)**

As per the Town Council Policy adopted/revised on February 4, 2014 entitled:
"Debt Policy and Management/Fiscal Practices"

- 1) Calculation of Capital Reserve & Debt Reserve Allocation to be not less than 4% of General Fund Budget.
2) Contingency Reserve is not to be more than 2% of the General Fund Operating Budget.

A) CALCULATION OF 4% AND 2% FIGURES		FYE 2018 Proposed
Total General Fund Budget (GFB)		\$125,137,469
Calculate 4% of GFB		\$5,005,499
B) DEBT & CAPITAL % CALCULATION		FYE 2018 Proposed
B1) Outstanding Debt Payments:		
Total Debt Payments (#1076)		\$4,510,538
Total Debt payments		\$4,510,538
B2) Capital Reserve Contribution:		
Capital Reserve (#10750)		\$1,988,000
Total Capital Reserve		\$1,988,000
Total Debt & Capital		\$6,498,538
% of Debt Payments & Contribution to Capital Reserve to GFB		5.2%
	\$ Amount over 4% allocation	\$ 1,493,039
C) CONTINGENCY & % CALCULATION		FYE 2018 Proposed
Contingency (#10741)		\$650,000
% of Contingency to GFB (= or < 2%)		0.5%