



**Town of East Hartford**  
**Finance Department FY19**  
**Town Council Budget Presentation**



# Recent Finance Department Highlights

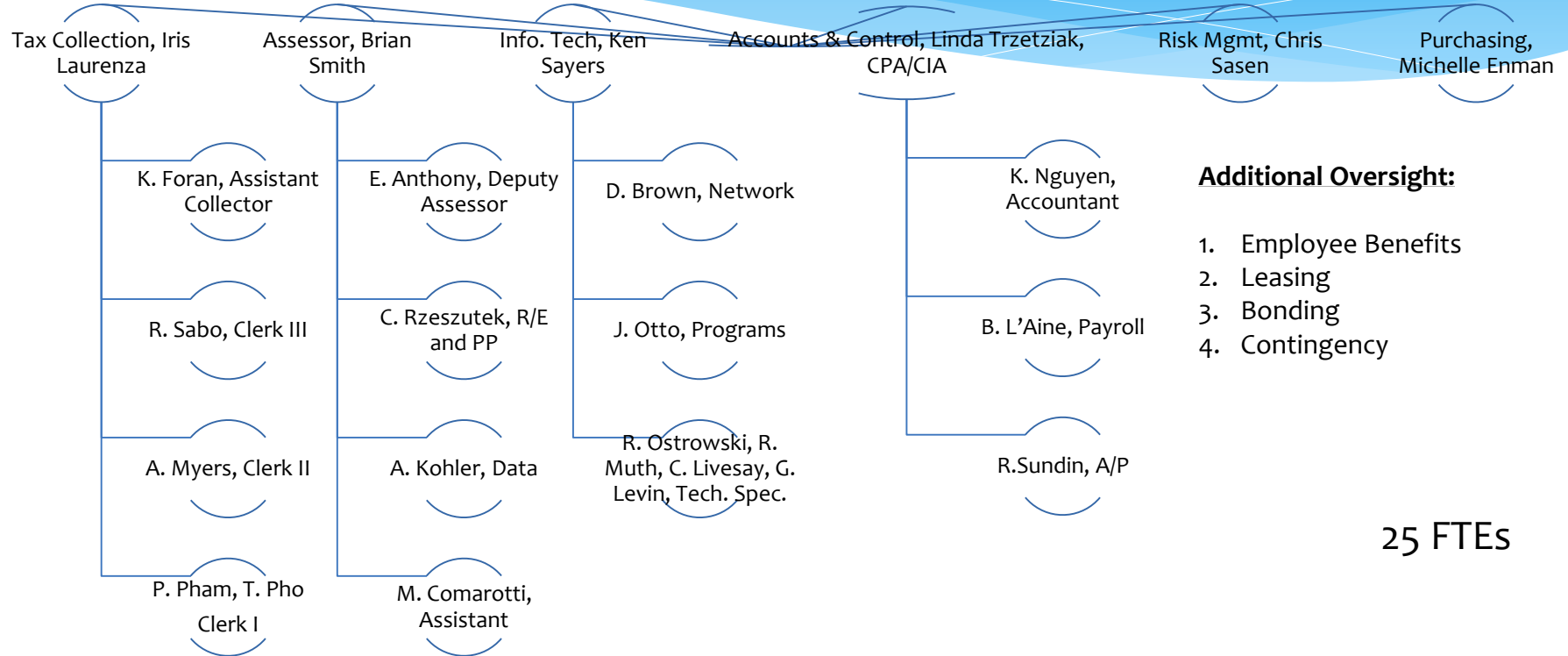
- Production of the Mayor's Recommended Budget and CIP
- React to State Budget impasse; ripples from Hartford & MDC
- Labor negotiations – 1174, 818, Fire, Police, Disp, and CSEAU
- Arbitration for Fire Pension (award) and Labor (settlement)
- Clean audit; RFP for Auditor
- SiFi Fiber Agreements
- 7 mill MV Tax bill; Tax Office Counter renovations
- The placement of one capital leases - \$861,700
- Pension & OPEB valuations





# Organizational Chart

Mike Walsh, Finance Administration



## Additional Oversight:

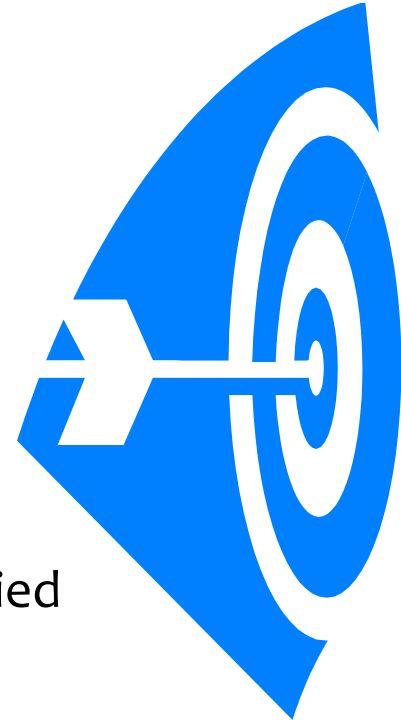
1. Employee Benefits
2. Leasing
3. Bonding
4. Contingency

25 FTEs



# The Town's Financial Strengths

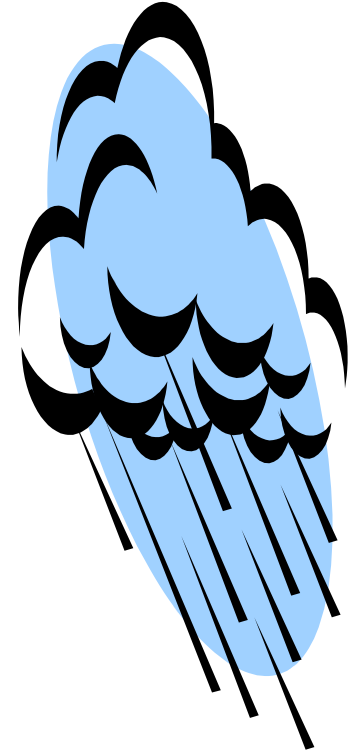
- Fund Balance is at 10% (competitively weak)
- We bond over 10 years and have manageable debt
- We hit our budget targets annually
- We fund the pension based on the ARC
- We have an OPEB Trust
- Our Medical Reserve is appropriately funded
- Our Other Reserve Funds are adequately funded
- Our tax base is concentrated yet becoming diversified





# The Town's Financial Weaknesses

- We fund our pension using a 7.9% discount rate
- Our wealth and other indices are below average
- We have a \$183 million unfunded pension obligation
- We have a \$146 million unfunded OPEB obligation





# The Town's Budget in Brief

## Revenues Increases (Decreases)

MVMR Grant		(\$ 1.8M)
Urban Stabilization Grant		(\$ 1.1M)
Misc. Revenue (EHGEMS)		(\$ 1.0 M)
Elderly Circuit Breaker/Renters Rebate		(\$ 610k)
Building Permit Fees		(\$ 500k)
Pequot Grant		(\$ 134k)
<b>Net Revenue Decreases</b>		<b>(\$ 5.1M)</b>





# Pratt & Whitney over the years

Year	\$ Net Assess	\$ Exempt	\$ Taxes	\$ M M & E	\$ Total Taxes
1992	395.8M	53.2M	17.3M	3.1M	20.4M
2002	351.2M	61.5M	13.6M	2.3M	15.9M
2015	141.7M	194.7M	6.3M	0.0M	6.3M
\$ Change	(254.1M)	141.5M	(11.0M)	(3.1M)	(14.1M)
% Change	(64%)	266%	(64%)	(100%)	(69%)



# The Town's Budget in Brief

## Expenditure Increases (Decreases)

Pension

+\$1.7M

Town Contractual Wages

+\$727k

Debt

+\$490k

MDC

+\$478k

Contingency - Contracts

(\$430k)

**Expenditure Increases**

**\$2.9M**







# The Town's Budget in Brief

Revenue Shortfalls

\$5.1M

Expenditure Increases

\$2.9M

Tax Increase

\$8.0M



- RE/PP Mill rate +0.61 mills to 47.66 or 1.3% higher
- MV Mill rate +6.00 mills to 45.00 or 15.4% higher
- The average taxpayer with a modest home and two cars will see a \$151 or 2.9% tax increase



# The Town's Budget in Brief

## \$,000 omitted

Budget Drivers	FY 19	FY 18	FY 17	FY 16	Totals
State Revenue Shortfalls	3.7	2.6	0.0	0.0	6.3
Pension	1.7	0.9	0.9	1.2	4.7
BOE	0.0	1.2	1.0	1.0	3.2
Wages	0.7	0.7	0.7	0.7	2.8
Debt	0.5	0.5	0.0	(0.4)	0.6
MDC	0.5	0.3	0.3	0.3	1.4
Totals	7.1	6.2	2.9	2.8	19.0



# The Town's Budget in Brief

Fiscal Year	Spending Increase %	Tax Increase (Decrease) % (Actual)	Tax Increase (Decrease) % (If State aid remained the same)
2019	1.6	2.9	0.4
2018	1.9	2.9	0.4
2017	1.2	(2.5)	(2.5)
2016	<u>1.6</u>	<u>1.0</u>	<u>1.0</u>
Averages	1.6	1.1	(0.2)