**Dear Members of the Town Council:**

Pursuant to Chapter VII, Section 4 of the Plainville Town Charter, we are pleased to present the Annual Budget for Fiscal Year 2011 - 2012. This budget outlines the priorities and plans to provide services to the citizens and taxpayers of Plainville. The budget expenditures are separated into four main sections - Town General Government, Board of Education, Debt Service, and Capital Projects and Equipment.

## Summary of Expenditures

| | Appropriated FY 2011 | Requested FY 2012 | Proposed Budget Increase/(Decrease) | |
|---|---|---|---|---|
| Town General Government | $ 14,790,061 | $ 15,062,338 | $ 272,277 | 1.84% |
| Board of Education | 32,689,795 | 33,508,282 | 818,487 | 2.50% |
| Debt Service | 4,464,033 | 4,541,346 | 77,313 | 1.73% |
| Capital Projects & Equipment | 747,000 | 699,634 | (47,366) | (6.34%) |
| **Total** | **$ 52,690,889** | **$ 53,811,600** | **$ 1,120,711** | **2.13%** |

The budget totals $53,811,600. This is an increase of $1,120,711 or 2.13%. If adopted as presented the mill rate would be 29.69 or 1.68 mills (5.98%) higher than the current mill rate of 28.01, assuming the revenues as currently estimated remain the same. The mill rate is calculated as follows:

| Expenditure Change | | Revenue Change | |
|---|---|---|---|
| Town General Government | $ 272,277 | Prior Taxes/Interest, Liens | $ (200,000) |
| Board of Education | 818,487 | Licenses & Permits | (55,700) |
| Debt Service – Principal | (340,000) | Fines & Fees | (11,550) |
| Debt Service – Interest | 417,313 | Investment Income | (175,000) |
| Capital Projects & Equipment | (47,366) | Federal & State Grants | (954,427) |
| | | Other Revenues | (50,500) |
| | | Interfund Transfers In | 5,650 |
| | | Grand List Revenues (new) | 223,963 |
| | | Tax Rate Increase | 2,338,275 |
| **Total** | **$ 1,120,711** | **Total** | **$ 1,120,711** |

The amount of tax that needs to be raised is $2,338,275. The value of one mill is $1,400,782 (97.4% collection rate). Dividing the amount of tax that needs to be raised ($2,338,275) by the value of a mill ($1,400,782) results in a mill increase of 1.68. This is an increase of 5.98% based upon the current rate of 28.01 mills.

## REVENUES

The growth in the grand list (.0072%) will result in additional revenue of $223,963 for FY 2012.

The Federal and State revenue estimates are based upon the Governor's proposed budget. That budget would result in a decrease of revenue of ($954,427) from what was budgeted in the current year.

The amount of fund balance recommended this year is $-0-, the same as last year. This recommendation is being made to ensure that the total undesignated fund balance gets back to and stays above 5% of the total Town Budget.

**Major Revenue Changes {Increase/(Decrease) Over $5,000}**

| | FY 2011 | FY 2012 | Difference |
|---|---|---|---|
| Retail sales | $ - | $ 114,397 | $ 114,397 |
| Miscellaneous - other | 74,000 | 85,000 | 11,000 |
| Interfund transfers in | 282,300 | 287,950 | 5,650 |
| PILOT – elderly circuit breaker | 158,000 | 150,000 | (8,000) |
| Police fees | 40,000 | 32,000 | (8,000) |
| Education services for the blind | 10,000 | - | (10,000) |
| School construction grant – interest | 19,125 | 5,000 | (14,125) |
| Conveyance tax | 150,000 | 135,000 | (15,000) |
| Housing Authority | 20,000 | - | (20,000) |
| Miscellaneous - BOE | 175,000 | 150,000 | (25,000) |
| Building permits | 225,000 | 170,000 | (55,000) |
| Special education excess cost grant | 100,000 | - | (100,000) |
| School construction grant – principal | 308,242 | 144,000 | (164,242) |
| School transportation grant | 344,713 | 175,573 | (169,140) |
| Investment income | 200,000 | 25,000 | (175,000) |
| Prior taxes/interest, lien fees | 1,025,000 | 825,000 | (200,000) |
| PILOT – machinery & equipment | 600,000 | - | (600,000) |
| **Total** | **$ 3,731,380** | **$ 2,298,920** | **$ (1,432,460)** |

## TOWN GENERAL GOVERNMENT & DEBT SERVICE EXPENDITURES

**(Operating, Personnel Services, & Debt Service)**

The Town General Government operating budget is recommended in the amount of $15,062,338. This is an increase of $272,277 or 1.84% from the current fiscal year 2011. The major changes to the Town General Government budget are as follows:

- Payroll costs, only full-time, are budgeted at a 2% increase. Through attrition, the Town has reduced positions netting payroll increases in total dollars of $86,936 or 1.33% in this budget request.

- Employee benefits increased by $85,715 or 3.07%. This reflects increases in healthcare and payroll related items such as pension.

- The cost to provide property/liability insurance and workers compensation is estimated to increase by $21,700 or 4.91% over the current year, primarily due to higher workers' compensation claims and an expiring fixed rate contract for liability insurance.

- Most individual line items and departments in total have been kept to the FY 2011 budget level.

- Debt – Principal has decreased $340,000, net, primarily due to using $640,000 of a bond premium the Town received when refunding the 2002 General Obligation Bonds (GENOB) for the Library Expansion and Police Station in FY 2011. A 1990 GENOB for the Middle School also comes off the books while the 2002 GENOB $3.515M refunded debt and $10.7M of new debt for the High and Toffolon Schools comes onto the books.

- Debt – Interest has increased $407,313, net, due to the above mentioned items and an interest payment of $89,750 for the Town's Bond Anticipation Note (BAN) coming due in October 2011. This BAN will be rolled over for another year. The Town will save approximately $124,000 in future debt interest payments while not extending the life of the debt due to this refunding. There is also a $10,000 cost budgeted here to cover the estimated cost of legal fees associated with the BAN rollover.

The items listed above have a total proposed increase of $271,664. *The sum of all the other changes in the proposed budget (plus and minus) total $77,926.*

**Summary of Expenditures (By Budget Function Except BOE)**

| | Appropriated FY 2011 | Proposed FY 2012 | Proposed Budget Increase/(Decrease) | |
|---|---|---|---|---|
| General Government | $ 1,899,682 | $ 1,922,158 | $ 22,476 | 1.18% |
| Public Safety | 3,553,501 | 3,658,803 | 105,302 | 2.96% |
| Public Works | 3,803,263 | 3,888,074 | 84,811 | 2.23% |
| Health & Human Services | 1,899,817 | 1,860,498 | (39,319) | (2.07%) |
| Civic & Cultural | 812,698 | 137,177 | (675,521) | (83.12%) |
| Other (incl. employee benefits) | 2,821,100 | 2,906,815 | 85,715 | 3.04% |
| Interfund Transfers Out | - | 688,813 | 688,813 | 100.00% |
| Debt Service | 4,464,033 | 4,541,346 | 77,313 | 1.73% |
| Capital | 747,000 | 199,634 | (547,366) | (73.28%) |
| Capital Return to Fund Balance | - | 500,000 | 500,000 | 100.00% |
| **Total** | **$ 20,001,094** | **$ 20,303,318** | **$ 302,224** | **1.51%** |

## CAPITAL IMPROVEMENT PROGRAM

Each year the Town sets aside funds for capital and non-recurring expenditures in the Five Year Capital Plan all departments for including the Board of Education. Any expenditure item with an aggregate cost of more than $50,000, or a project life greater than a year, is budgeted in the Capital Budget. Also included is any recurring equipment replacement that will cost more than $5,000. A summary of the capital and equipment recommendations for next year are as follows:

| Projects and Major Equipment | | Manager Proposed |
|---|---|---|
| 1. **Fire Department:** Equipment Replacement (Radios, PPE, Pagers, Etc.) | $ | 21,500 |
| 2. **Police Department:** 2 Patrol Cruisers Requested | | 46,000 |
| Equipment (CAD/RMS Upgrade) | | 15,000 |
| Computer replacement | | 16,000 |
| 3. **Finance:** New Tax/Assessor Software ($40,000 in FY2011) | | 30,634 |
| 4. **Data Processing:** Upgrades & Equipment | | 25,000 |
| 5. **Public Works:** 12" Wood chipper | | 38,000 |
| Flail Mower | | 7,500 |
| **Subtotal Capital Projects** | | **199,634** |
| 6. **Return to Fund Balance** | | 500,000 |
| **Subtotal Capital Projects Return to Fund Balance** | | **500,000** |
| **Total Capital Projects** | **$** | **699,634** |

In the past ten years, the Capital Improvement Plan has not kept pace with the growth in the community. Consequently, many capital projects and equipment purchases have been backlogged. Less than 50% of the requested projects can be accomplished in the next five years.

## BOARD OF EDUCATION

The FY 2012 Board of Education operating budget is recommended at $33,508,282. This is an increase of $818,487 or 2.50% from the current year amount. The Board of Education requested $2,151,400 in capital expenditures for next year. Unfortunately, $-0- is being requested for funding for FY 2012. Under the Town Charter, the Town Manager is required to include the Board of Education's proposed budget as recommended by the Board of Education.

## CONCLUSION

The Town Government budget is recommended with some decreases in the current levels of service to the citizens in Plainville. The Capital Improvement Plan recommendation is supposed to address the long-term needs of the community in an orderly and planned fashion. However, the current plan is only partially meeting this goal. The Board of Education budget is proposed according to the Charter requirements.

The budget process still has a long way to go before it is finalized. I look forward to working with the Town Council to put forth a budget that will be acceptable to the citizens of Plainville.

I would like to thank all of the staff members who have assisted in putting together this budget document.

**Respectfully Submitted,**

**Robert E. Lee**
**Town Manager**