

# CAPITAL RESERVES/CONTRIBUTIONS #1075

## HIGHLIGHTS & GOALS

**The overall increase in this budget is \$348,600 or 12.8%.**

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 2015)
Proposed Budget	\$ 125,618,072	
50% of General Fund	\$ 62,809,036	
Total Fund Balance	----->	\$ 4,374,623
12% of General Fund	\$ 15,074,169	
Unappropriated Fund Balance	----->	\$ 1,388,272

### Cost Center 0 – Capital Reserve Fund

Represents the contribution amount to fund proposed capital projects.

### Cost Center 2 – Capital Reserve Contribution

After several years of no increase in appropriation beyond the total of the adopted projects, the fund balance is at a minimum. The FYE 2017 budget includes a new cost center which represents an additional contribution to the Capital Reserve Fund in an effort to increase the fund balance.

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
-----					
APPROPRIATION					
-----					
Operating Expenses	1,700,000	2,723,400	2,723,400	3,072,000	3,072,000
Total Appropriation	\$1,700,000	\$2,723,400	\$2,723,400	\$3,072,000	\$3,072,000
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COST CENTERS					
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10750 CAPITAL RESERVE FUND	1,700,000	2,723,400	2,723,400	2,872,000	2,872,000
10752 CAP RES CONTRIBUTION	0	0	0	200,000	200,000
Total Cost Centers	\$1,700,000	\$2,723,400	\$2,723,400	\$3,072,000	\$3,072,000
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FINANCING PLAN					
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GENERAL FUND	1,700,000	2,723,400	2,723,400	3,072,000	3,072,000
Total Financing Plan	\$1,700,000	\$2,723,400	\$2,723,400	\$3,072,000	\$3,072,000

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
-----					
OPERATING EXPENSES					
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5230 PYMNTS/CONTRIBUTIONS	1,700,000	2,723,400	2,723,400	3,072,000	3,072,000
Total Operating Expenses	\$1,700,000	\$2,723,400	\$2,723,400	\$3,072,000	\$3,072,000
GRAND TOTAL	\$1,700,000	\$2,723,400	\$2,723,400	\$3,072,000	\$3,072,000

# CAPITAL RESERVE #5010

## HIGHLIGHTS & GOALS

This function includes funds to be appropriated for capital improvements.

Payments From Other Fund – represents the contribution from:

General Fund (#10750)	\$2,872,000
General Fund (#10752)	\$ 200,000
Sewer Operating (#2020)	<u>\$1,151,000</u>
	\$4,223,000

As indicated below the Estimated Fund Balance for FYE 2017 is \$1,437,295 and represents unexpended appropriations from the Sewer Operating Fund of \$825,313 and the General Fund of \$611,982.

Audit Fund Balance as of 6/30/2015	\$2,856,890
Estimated Fund Balance as of 6/30/16	\$1,217,595
Estimated Fund Balance as of 6/30/17	\$1,437,295
Fund Balance as a % of 2017 Expenditures	35.73%

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
-----					
APPROPRIATION					
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Operating Expenses	2,910,000	4,452,400	4,452,400	4,023,000	4,023,000
Total Appropriation	\$2,910,000	\$4,452,400	\$4,452,400	\$4,023,000	\$4,023,000
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COST CENTERS					
-----					
50106 FYE 2017 CIP	2,910,000	4,452,400	4,452,400	4,023,000	4,023,000
Total Cost Centers	\$2,910,000	\$4,452,400	\$4,452,400	\$4,023,000	\$4,023,000
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FINANCING PLAN					
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INTEREST INCOME	7,141	7,800	7,280	7,500	7,500
INTEREST INCOME-WPCF	2,840	3,150	3,495	3,200	3,200
SCHOOL BLDG GRANTS	122,567	0	0	0	0
RECORDING INSTRUMENTS	11,193	10,000	10,000	9,000	9,000
PAYMENTS FROM OTHER FUNDS	2,074,000	3,392,400	3,392,400	4,223,000	4,223,000
FUND BALANCE APPLIED	692,259	1,039,050	1,039,225	0	0
Total Financing Plan	\$2,910,000	\$4,452,400	\$4,452,400	\$4,242,700	\$4,242,700

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
-----					
OPERATING EXPENSES					
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5460 RESERVE FUND/EQUIPME	2,910,000	4,452,400	4,452,400	4,023,000	4,023,000
Total Operating Expenses	\$2,910,000	\$4,452,400	\$4,452,400	\$4,023,000	\$4,023,000
GRAND TOTAL	\$2,910,000	\$4,452,400	\$4,452,400	\$4,023,000	\$4,023,000

**TOWN OF GROTON, CT  
FYE 2017 BUDGET**

**CAPITAL RESERVE FUND REVENUES: #5010**

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

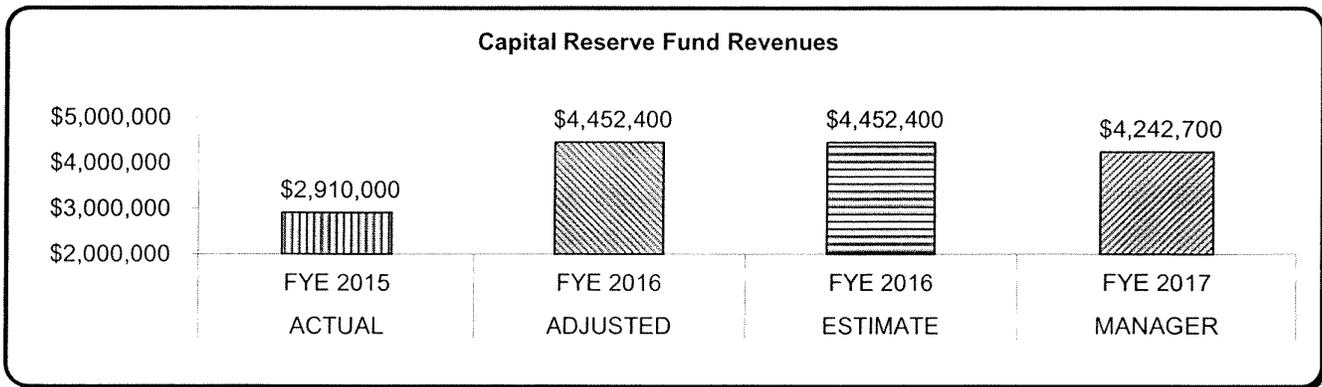
School Building Grants - represents the amount of reimbursement from the State on the principal of non-bonded school projects.

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 FYE 2015</u>	<u>ADJUSTED FYE 2016</u>	<u>ESTIMATE FYE 2016</u>	<u>MANAGER FYE 2017</u>
4412 Interest Income	\$ 7,141	\$ 7,800	\$ 7,280	\$ 7,500
4412A Interest Income - WPCF	\$ 2,840	\$ 3,150	\$ 3,495	\$ 3,200
4540 School Bldg. Grants	\$ 122,567	\$ 0	\$ 0	\$ 0
4610 Recording Instruments	\$ 11,193	\$ 10,000	\$ 10,000	\$ 9,000
4766 Payments from Other Funds	\$ 2,074,000	\$ 3,392,400	\$ 3,392,400	\$ 4,223,000
4999 Fund Balance Applied	\$ 692,259	\$ 1,039,050	\$ 1,039,225	\$ 0
<b>Total</b>	<b>\$ 2,910,000</b>	<b>\$ 4,452,400</b>	<b>\$ 4,452,400</b>	<b>\$ 4,242,700</b>



# Debt Service #1076

## HIGHLIGHTS & GOALS

The overall decrease in this budget is \$215,718 or 4.2%.

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

The FYE2016 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 FYE2017.

Fiscal Year	General Fund Debt per Capita				
	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 FYE2014

- 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

#### Town Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/15	FYE 2016 Principal Payment	FYE 2016 Interest Payment	FYE 2017 Principal Payment	FYE 2017 Interest Payment
2025	5,675,000.00	12/13/2011	14	General Purpose (Dec. 2011 refunding)	3,855,000.00	789,000.00	130,810.00	777,000.00	103,435.00
2030	6,752,000.00	3/12/2013	18	General Purpose (Mar. 2013 refunding)	6,752,000.00	455,000.00	237,025.00	437,000.00	223,645.00
2019	375,000.00	4/16/2014	5	General Purpose (B) Senior Center	300,000.00	75,000.00	6,375.00	75,000.00	4,875.00
2034	8,945,000.00	4/16/2014	20/10	General Purpose (A)	8,315,000.00	635,000.00	235,893.76	635,000.00	216,843.76
Totals					19,222,000.00	1,954,000.00	610,103.76	1,924,000.00	548,798.76

### Cost Center 1 – Education

#### Education Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/15	FYE 2016 Principal Payment	FYE 2016 Interest Payment	FYE 2017 Principal Payment	FYE 2017 Interest Payment
2029	10,630,000.00	12/31/2011	18	Schools (refunding)	9,560,000.00	971,000.00	347,202.50	968,000.00	313,277.50
2030	12,308,000.00	3/12/2013	18	Schools (refunding)	12,308,000.00	775,000.00	449,075.00	788,000.00	425,630.00
Totals					21,868,000.00	1,746,000.00	796,277.50	1,756,000.00	738,907.50

Debt Service Payment FYE 2017 through FYE 2034

**Function #10760-General Government**

<b>FYE</b>	<b>Principal</b>	<b>Interest</b>	<b>FYE Total</b>
2017	1,924,000.00	548,798.76	2,472,798.76
2018	1,547,000.00	491,545.00	2,038,545.00
2019	1,542,000.00	437,786.25	1,979,786.25
2020	1,343,000.00	385,435.00	1,728,435.00
2021	1,327,000.00	345,881.25	1,672,881.25
2022	1,332,000.00	305,401.25	1,637,401.25
2023	1,335,000.00	263,833.75	1,598,833.75
2024	1,331,000.00	222,792.50	1,553,792.50
2025	949,000.00	181,203.75	1,130,203.75
2026	766,000.00	151,165.00	917,165.00
2027	766,000.00	123,775.00	889,775.00
2028	687,000.00	99,450.00	786,450.00
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 2017 through FYE 2030**

**Function #10810-Board of Education  
FYE 2004 10761**

<b>FYE</b>	<b>Principal</b>	<b>Interest</b>	<b>FYE Total</b>
2017	1,756,000.00	738,907.50	2,494,907.50
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 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
-----					
APPROPRIATION					
-----					
Operating Expenses	5,251,249	5,183,475	5,106,432	4,967,757	4,967,757
Total Appropriation	\$5,251,249	\$5,183,475	\$5,106,432	\$4,967,757	\$4,967,757
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COST CENTERS					
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10760 GENERAL GOVERNMENT	2,622,556	2,641,195	2,564,154	2,472,849	2,472,849
10761 EDUCATION	2,628,693	2,542,280	2,542,278	2,494,908	2,494,908
Total Cost Centers	\$5,251,249	\$5,183,475	\$5,106,432	\$4,967,757	\$4,967,757
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FINANCING PLAN					
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GENERAL FUND	5,251,249	5,183,475	5,106,432	4,967,757	4,967,757
Total Financing Plan	\$5,251,249	\$5,183,475	\$5,106,432	\$4,967,757	\$4,967,757

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2017 PROPOSED BUDGET

2-Mar-2016

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

	ACTUAL FYE 2015	ADJUSTED FYE 2016	ESTIMATE FYE 2016	REQUEST FYE 2017	MANAGER FYE 2017
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OPERATING EXPENSES					
-----					
5290 PROFESS/TECHNICAL SE	0	50	50	50	50
5450 DEBT SERVICE	5,251,249	5,183,425	5,106,382	4,967,707	4,967,707
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Total Operating Expenses	\$5,251,249	\$5,183,475	\$5,106,432	\$4,967,757	\$4,967,757
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GRAND TOTAL	\$5,251,249	\$5,183,475	\$5,106,432	\$4,967,757	\$4,967,757

TOWN OF GROTON, CT

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)	\$78,555,039
Total Tax Collections (including interest and lien fees) of coterminous municipalities	\$14,101,698
Reimbursement for Revenue Loss from Tax Relief for the elderly	<u>\$2,000</u>
Base for Establishing Debt Limit (per State Statute)	<u>\$92,658,737</u>

Debt Limits (per State Statute):	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension	Total Debt
General Purpose (2.25 times base)	\$208,482,157					
Schools (4.50 times base)		\$416,964,314				
Sewers (3.75 times base)			\$347,470,262			
Urban Renewal (3.25 times base)				\$301,140,893		
Unfunded Pension (3.00 times base)					\$277,976,209	
Total Debt (7.0 times base)						\$648,611,155
Less Indebtedness:						
Bonds	\$19,222,000	\$21,868,000	\$4,520,000	\$0	\$0	\$45,610,000
Serial Notes	\$0	\$0	\$0	\$0	\$0	\$0
Authorized & Unissued	\$10,610,755	\$0	\$0	\$0	\$0	\$10,610,755
Underlying Debt:						
Bonds & Serial Notes	\$5,957,070	\$0	\$515,000	\$0	\$0	\$6,472,070
Authorized & Unissued	\$250,000	\$0	\$0	\$0	\$0	\$250,000
School Buildings Grants		\$0			\$0	\$0
Total Indebtedness	\$36,039,825	\$21,868,000	\$5,035,000	\$0	\$0	\$62,942,825
Excess of State Limit Over Outstanding and Amortized Debt	\$172,442,332	\$395,096,314	\$342,435,262	\$301,140,893	\$277,976,209	\$585,668,330
	17.3%	5.2%	1.4%	0.0%	0.0%	9.7%

\*\* 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 9.7% 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 adopted budget, the Town's debt service payment for FYE 2017 will be at **4.0%** of expenditures.

**TOWN OF GROTON**

FYE 2017

**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.

<b>A) CALCULATION OF 4% AND 2% FIGURES</b>		FYE 2017 Proposed
Total General Fund Budget (GFB)		\$125,618,072
Calculate 4% of GFB		\$5,024,723
<b>B) DEBT &amp; CAPITAL % CALCULATION</b>		FYE 2017 Proposed
<b>B1) Outstanding Debt Payments:</b>		
Total Debt Payments (#1076)		\$4,967,757
<b>Total Debt payments</b>		<b>\$4,967,757</b>
<b>B2) Capital Reserve Contribution:</b>		
Capital Reserve (#10750)		\$3,072,000
<b>Total Capital Reserve</b>		<b>\$3,072,000</b>
<b>Total Debt &amp; Capital</b>		<b>\$8,039,757</b>
% of Debt Payments & Contribution to Capital Reserve to GFB		6.4%
	\$ Amount over 4% allocation	\$ 3,015,034
<b>C) CONTINGENCY &amp; % CALCULATION</b>		FYE 2017 Proposed
<b>Contingency (#10741)</b>		\$550,000
% of Contingency to GFB (= or < 2%)		0.4%