

OPM Review of City of West Haven Resubmitted FY 2023 Budget

Background

The City submitted a Recommended FY 2023 Budget on March 18, 2022 which was subsequently adjusted and adopted by the City Council on May 16, 2022.

Around this time, the City was designated a Tier IV municipality. The budget approval process for a Tier IV municipality is detailed in C.G.S. Section 7-576e(a)(3)(i). In the event that the MARB disapproves a Tier IV municipality's budget, the process requires the MARB to provide its reasons for disapproval no later than May 21.

At its May 17 meeting, the MARB disapproved the City's FY 2023 Budget as adopted by the City Council. The reasons for disapproval of the budget were identified in a letter from the Secretary of OPM dated May 18, 2022 (attached).

The reasons for disapproval identified in the letter were:

- Absence of a 5-Year Plan
- Unfunded Contractual Provisions (Police union contract)
- Insufficient Progress on Fund Balance
- Unsupported Departmental Expenditure Increases

As a Tier IV municipality, the City has until June 15th to adopt a resubmitted budget for FY 2023. If a resubmitted budget is not adopted by City Council by June 15th, or if the MARB does not approve the resubmitted budget, the MARB adopts an interim budget which takes effect July 1st.

The City administration has prepared a proposed Resubmitted FY 2023 Budget that is expected to be considered by the City Council on either June 7 or June 13. A 5-Year Plan for FY 2023-2027 has also been developed in conjunction with the Resubmitted FY 2023 Budget.

Status of Items Identified as Reasons for Disapproval

- Absence of a 5-Year Plan:

A 5-Year Plan has been submitted. Analysis of specific elements of the Plan is provided in this review document.

- Unfunded Contractual Provisions:

The salary and pension provisions of the Police contract are addressed in the sections of this review discussing the Resubmitted Budget and the 5-Year Plan.

- Insufficient Progress on Fund Balance:

Fund Balance is discussed in the sections of this review discussing the Resubmitted Budget and the 5-Year Plan.

- Unsupported Departmental Expenditure Increases:

A number of unsupported or unexplained expenditure increases were outlined in a list of questions provided to the City on April 18. Responses provided by the City thus far are included in the attached *Questions/Comments from OPM re: City of West Haven Recommended FY 2023 Budget as of 6/8/22*.

OPM Review of City of West Haven Resubmitted FY 2023 Budget

Adjustments In Proposed Resubmitted Budget

The tables on the following pages summarize the adjustments made in each version of the budget submitted to the MARB for review. The Resubmitted Budget distributed on June 7 reflects the following adjustments to the previously submitted budget as adopted by the City Council (May 16). The adjustments in the Resubmitted Budget are itemized below:

Revenues and Mill Rates

- The only adjustment to revenues is a reduction of \$64,000 to the Current Tax Levy matching the overall net reduction in expenditures.
- The reduction in the Current Levy equates to a 0.15 reduction in the Motor Vehicle mill rate compared to the MV mill rate included in the City Council's May 16 adopted budget.

Expenditures

- The pension contribution is reduced by \$1,232,000 in the Resubmitted Budget. This adjustment is based on a recalculation of the FY 2023 ADEC by the City's actuarial firm. The change is explained in a memo from the actuarial firm (included in the meeting materials related to the Police Union contract). In the memo, the actuary notes that previous baseline projections of the ADEC assumed a July 1, 2021 salary increase of 3.5% for Police on July 1, 2021. The actual salary increase was 1% and is built into the revised ADEC calculation.
- A Grants Accountant position, previously budgeted in the Finance Department has been shifted to the Grants division within the Planning and Development Department.
- Funding for software licensing in the amount of \$6,000 was added to the Information Technology division with Finance.

Fund Balance Set-Aside

- The Resubmitted Budget adds \$1,162,000 to the budgeted set-aside for Fund Balance resulting in a total Fund Balance set-aside of \$1,952,000 in FY 2023. Of this amount, \$150,000 is restricted for costs related to the Police Union contract and \$500,000 is restricted as pension contribution contingency.

OPM Review of City of West Haven Resubmitted FY 2023 Budget

Mill Rate Summary

Mill Rates	FY 2022 Budget	Mayor's Recommended 3/17/22			City Council 5/16/22				Proposed Resubmitted 6/7/22			
		FY 2023 Recommended	Change vs FY 2022	Percent Change	Council Adjustments	FY 2023 Council	Change vs FY 2022	Percent Change	Adjustments	FY 2023 Resubmitted	Change vs FY 2022	Percent Change
General Fund: Real Estate/Personal Property	33.87	33.85	(0.02)	-0.1%	0.00	33.85	(0.02)	-0.1%	0.00	33.85	(0.02)	-0.1%
General Fund: Motor Vehicles	36.87	25.85	(11.02)	-29.9%	3.46	29.31	(7.56)	-20.5%	(0.15)	29.16	(7.71)	-20.9%
Capital Fund: Real Estate/Personal Property	0.13	0.15	0.02	15.4%	0.00	0.15	0.02	15.4%	0.00	0.15	0.02	15.4%
Capital Fund: Motor Vehicles	0.13	0.15	0.02	15.4%	0.00	0.15	0.02	15.4%	0.00	0.15	0.02	15.4%
Combined: Real Estate/Personal Property	34.00	34.00	0.00	0.0%	0.00	34.00	0.00	0.0%	0.00	34.00	0.00	0.0%
Combined: Motor Vehicles	37.00	26.00	(11.00)	-29.7%	3.46	29.46	(7.54)	-20.4%	(0.15)	29.31	(7.69)	-20.8%

Revenue Summary

Category	FY 2022 Budget	Mayor's Recommended 3/17/22			City Council 5/16/22				Proposed Resubmitted 6/7/22			
		FY 2023 Recommended	Change vs FY 2022	Percent Change	Council Adjustments	FY 2023 Council	Change vs FY 2022	Percent Change	Adjustments	FY 2023 Resubmitted	Change vs FY 2022	Percent Change
Property Taxes	\$104,494,040	\$103,818,631	(\$675,409)	-0.6%	\$1,265,395	\$105,084,026	\$589,986	0.6%	(\$64,000)	\$105,020,026	\$525,986	0.5%
Intergovernmental	\$54,310,954	\$57,582,530	\$3,271,576	6.0%	(\$1,310,621)	\$56,271,909	\$1,960,955	3.6%	\$0	\$56,271,909	\$1,960,955	3.6%
Licenses & Permits	\$1,761,396	\$1,732,107	(\$29,289)	-1.7%	\$0	\$1,732,107	(\$29,289)	-1.7%	\$0	\$1,732,107	(\$29,289)	-1.7%
Fines, Forfeits, Penalties	\$276,847	\$246,491	(\$30,356)	-11.0%	\$15,000	\$261,491	(\$15,356)	-5.5%	\$0	\$261,491	(\$15,356)	-5.5%
Use of Money/Property	\$67,700	\$80,611	\$12,911	19.1%	\$0	\$80,611	\$12,911	19.1%	\$0	\$80,611	\$12,911	19.1%
Charges for Services	\$1,600,400	\$1,980,400	\$380,000	23.7%	\$0	\$1,980,400	\$380,000	23.7%	\$0	\$1,980,400	\$380,000	23.7%
Other Revenue	\$2,282,577	\$2,274,435	(\$8,142)	-0.4%	\$7,133	\$2,281,568	(\$1,009)	0.0%	\$0	\$2,281,568	(\$1,009)	0.0%
Other Financing Sources	\$748,785	\$624,004	(\$124,781)	-16.7%	\$0	\$624,004	(\$124,781)	-16.7%	\$0	\$624,004	(\$124,781)	-16.7%
Total Revenue	\$165,542,699	\$168,339,209	\$2,796,510	1.7%	(\$23,093)	\$168,316,116	\$2,773,417	1.7%	(\$64,000)	\$168,252,116	\$2,709,417	1.6%

OPM Review of City of West Haven Resubmitted FY 2023 Budget

Expenditure Summary

Category	FY 2022 Budget	Mayor's Recommended 3/17/22			City Council 5/16/22				Proposed Resubmitted 6/7/22			
		FY 2023 Recommended	Change vs FY 2022	Percent Change	Council Adjustments	FY 2023 Council	Change vs FY 2022	Percent Change	Adjustments	FY 2023 Resubmitted	Change vs FY 2022	Percent Change
General Government	\$2,230,036	\$2,535,651	\$305,615	13.7%	\$45,937	\$2,581,588	\$351,552	15.8%	\$0	\$2,581,588	\$351,552	15.8%
Planning & Development	\$1,126,953	\$1,311,885	\$184,932	16.4%	\$0	\$1,311,885	\$184,932	16.4%	\$64,464	\$1,376,349	\$249,396	22.1%
Finance	\$2,664,389	\$2,961,124	\$296,735	11.1%	\$117,633	\$3,078,757	\$414,368	15.6%	(\$58,464)	\$3,020,293	\$355,904	13.4%
Public Safety	\$16,307,767	\$17,275,915	\$968,148	5.9%	\$36,076	\$17,311,991	\$1,004,224	6.2%	\$0	\$17,311,991	\$1,004,224	6.2%
Public Works	\$11,367,762	\$12,601,134	\$1,233,372	10.8%	(\$42,000)	\$12,559,134	\$1,191,372	10.5%	\$0	\$12,559,134	\$1,191,372	10.5%
Human Resources (Human Services)	\$2,260,778	\$2,465,623	\$204,845	9.1%	(\$1,567)	\$2,464,056	\$203,278	9.0%	\$0	\$2,464,056	\$203,278	9.0%
Library	\$1,521,544	\$1,575,374	\$53,830	3.5%	\$0	\$1,575,374	\$53,830	3.5%	\$0	\$1,575,374	\$53,830	3.5%
Board of Education	\$89,960,421	\$89,960,421	\$0	0.0%	\$0	\$89,960,421	\$0	0.0%	\$0	\$89,960,421	\$0	0.0%
Insurances and Employee Benefits	\$18,714,103	\$21,456,887	\$2,742,784	14.7%	(\$569,173)	\$20,887,714	\$2,173,611	11.6%	(\$1,232,000)	\$19,655,714	\$941,611	5.0%
Debt Service	\$17,900,579	\$14,628,695	-\$3,271,884	-18.3%	\$0	\$14,628,695	-\$3,271,884	-18.3%	\$0	\$14,628,695	(\$3,271,884)	-18.3%
Contingency	\$1,188,367	\$1,416,500	\$228,133	19.2%	-\$250,000	\$1,166,500	-\$21,867	-1.8%	\$0	\$1,166,500	(\$21,867)	-1.8%
Total Expenditures	\$165,242,699	\$168,189,209	\$2,946,510	1.8%	(\$663,094)	\$167,526,115	\$2,283,416	1.4%	(\$1,226,000)	\$166,300,115	\$1,057,416	0.6%
<i>Set-aside for Fund Balance adjustment</i>	<i>\$300,000</i>	<i>\$150,000</i>	<i>-\$150,000</i>	<i>-50.0%</i>	<i>\$640,000</i>	<i>\$790,000</i>	<i>\$490,000</i>	<i>163.3%</i>	<i>\$1,162,000</i>	<i>\$1,952,000</i>	<i>\$1,652,000</i>	<i>550.7%</i>
Expenditures with Fund Balance Adjustment	\$165,542,699	\$168,339,209	\$2,796,510	1.7%	(\$23,094)	\$168,316,115	\$2,773,416	1.7%	(\$64,000)	\$168,252,115	\$2,709,416	1.6%

OPM Review of City of West Haven Resubmitted FY 2023 Budget

5-Year Plan FY 2023 – FY 2027

Revenues

Projected General Fund revenues in the first year of the plan (FY 2023) correspond to the revenues in the proposed Resubmitted FY 2023 Budget. Total General Fund revenues increase modestly over the five-year period with FY 2027 revenues projected to be 7.0% higher than budgeted revenues for FY 2022. The 5-Year Plan does not include any Municipal Restructuring Funds or ARPA funding.

Property Tax Revenues

Property Tax revenues reflect increases in the mill rate plus modest changes in the grand list. Grand list estimates are based on modest growth projections augmented by known development projects. The baseline for the Motor Vehicle (MV) portion of the grand list is adjusted to reflect the significant increase in valuations over the last one to two years, and then uses a 1% growth factor looking forward, consistent with prior versions of the 5-Year Plan.

The Real Estate and Personal Property (RE/PP) portions of the grand list also use a growth factor that is consistent with prior plans at .05%. However, several known additions to the RE/PP grand list, including the Havens Project and redevelopment of 3 former school properties have been pushed out by one year when compared to the previous 5-Year Plan (with most of the additional value reflected in FY 2026).

	FY 2022 Budget	FY 2023 Recommended	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Property Taxes						
Current Levy	101,896,440	102,414,474	104,665,183	108,866,244	110,027,158	111,730,424
Non-Current Levy, Interest and Lien Fees	2,597,600	2,605,552	2,704,615	2,720,435	2,736,731	2,753,515
Total Property Taxes	104,494,040	105,020,026	107,369,798	111,586,679	112,763,889	114,483,939
\$ Change vs Prior Year		525,986	2,349,772	4,216,881	1,177,210	1,720,050
% Change vs Prior Year		0.5%	2.2%	3.9%	1.1%	1.5%

State Aid

State Aid to the City is held constant at \$56.27 million throughout the 5-Year Plan.

Other Sources

All Other Sources of revenue combined make up about 4% of total projected General Fund revenues. While many of these sources fluctuate considerably over the 5-year projections, in the aggregate they decline by more than 10% in the FY 2024 projection followed by modest increases in the final three years of the Plan. Among the more significant sources showing decreases in FY 2024 are Real Estate Conveyance fees, building and related permit fees, and the fire departments' contribution for the cost of the Emergency Reporting System (ERS) department.

Expenditures

Projected General Fund expenditures in the first year of the plan (FY 2023) correspond to the revenues in the proposed Resubmitted FY 2023 Budget. Annual increases in total General Fund expenditures range from 0.7% to 2.5% over the five years with declining Debt Service projections offsetting some significant increases in other categories. Overall expenditures in FY 2027 are projected to be 7% higher than FY 2022 budgeted expenditures.

OPM Review of City of West Haven Resubmitted FY 2023 Budget

General Fund Expenditures	FY 2022 Budget	FY 2023 Recommended	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
City Operating Departments	37,479,229	40,888,785	41,297,771	43,377,066	44,267,023	45,178,288
Insurances and Employee Benefits	18,714,103	19,655,714	22,121,413	23,263,456	24,071,829	24,515,751
Board of Education	89,960,421	89,960,421	89,960,421	91,460,421	93,110,421	94,910,421
Debt Service	17,900,579	14,628,695	15,018,339	14,822,961	11,747,206	9,394,263
Contingency (not including Fund Balance Adjust)	1,188,367	1,316,500	997,570	1,049,821	1,112,117	1,179,460
Total Expenditures	165,242,699	166,450,115	169,395,514	173,973,725	174,308,596	175,178,183
Fund Balance Adjustment ¹	300,000	1,802,000	500,000	250,000	1,100,000	2,000,000
Total Expenditures Plus Fund Balance Adjustment	165,542,699	168,252,115	169,895,514	174,223,725	175,408,596	177,178,183
Total Change vs. Prior Year		1.6%	1.0%	2.5%	0.7%	1.0%
City Operating Departments Change vs. Prior Year		9.1%	1.0%	5.0%	2.1%	2.1%

1. The City Budget and 5-Year Plan depict the Fund Balance Adjustment as an expenditure within the Contingency group of accounts. Fund Balance Adjustment represents the planned surplus for each fiscal year. In the above table, it is broken out from other Expenditure types.

Education

Previous 5-Year Plans have level funded Education at \$89.96 million throughout the five-year period. Following discussions with the Subcommittee regarding the reliability of future grant funding and the sustainability of level funding General Fund contributions to Education, the Board of Education was advised to develop a 5-year projection of all funding sources and expenditures. While that analysis has not yet been provided to the MARB, the City has built increases to Education funding in years 3 through 5 of the updated Plan as shown below.

Education Funding in Five-Year Plan	FY 2022 Budget	FY 2023 Recommended	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Board of Education	89,960,421	89,960,421	89,960,421	91,460,421	93,110,421	94,910,421
Change vs. Prior Year		-	-	1,500,000	1,650,000	1,800,000
Percent Change		0.0%	0.0%	1.7%	1.8%	1.9%

Debt Service

Debt Service projections in the updated 5-Year Plan are based on the amortization schedules for existing debt plus a planned bond issuance in September 2022. The planned issuance in September 2022 will permanently finance \$6.5 million of school related BANs maturing at that time plus approximately \$14.9 million of new money for additional school and City capital expenditures. The September 2022 issuance is also expected to be structured such that the first principal and interest payments fall within FY 2023.

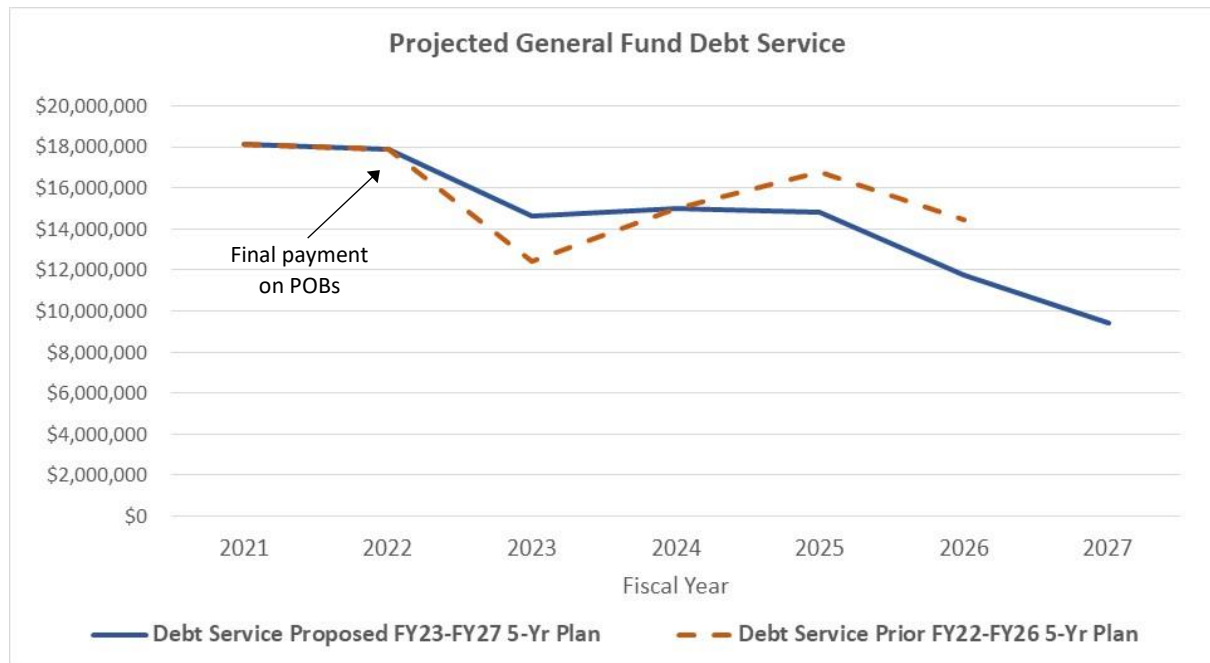
The Debt Service projections in the updated 5-Year Plan differ from previous versions of the Plan in two significant ways:

1. In prior Plans, new borrowing was not anticipated to impact FY 2023. While continuous capital investment was built into previous versions of the Plan, no bond issues were anticipated to be structured with payments due in FY 2023. As a result, prior Plans re-allocated the majority of the Debt Service savings to Fund Balance. The more aggressive repayment schedule of the planned September 2022 bonds reduces the funding available to contribute to Fund Balance.
2. In the updated 5-Year Plan, no future bonding for capital investment is built into the Debt Service projections other than the September 2022 issuance. Previous Plans assumed some level

OPM Review of City of West Haven Resubmitted FY 2023 Budget

of ongoing bonding for capital investment. As a result, Debt Service projections in the out-years of the Plan may be artificially low if additional borrowing is needed in the 2024-2026 timeframe for public infrastructure, schools, and other capital needs. This in turn may be resulting in overstated surpluses in the final years of the Plan.

The following graph compares Debt Service projections in the previous 5-Year Plan to the Debt Service projected in the updated Plan. The graph shows the decline in required Debt Service following the final payment on the POBs in FY 2022.



Contractual Obligations Related to Police Union Contract

The salary increase resulting from the proposed Police Union contract appears to be incorporated into the Plan in FY 2025 after two years of planned reliance on ARPA funds to support the proposal. The third-year cost of the salary provisions as reflected in FY 2025 of the Plan approximates the cost as shown in previous analyses of the contract. A detailed exhibit has been requested from the City to fully illustrate the cost of supporting the salary increase and how that cost is funded between General Fund and ARPA funds over the course of the five-year period.

The additional ADEC payments required as a result of the contract (as recalculated by the City's actuary firm) have been incorporated into the Plan. These increases are reflected in the Plan beginning in FY 2024 and are based on projections provided by the City's actuarial firm. A detailed explanation of the pension calculations is included in the materials related to the Police contract.

Fund Balance

The table on the following page depicts the year-to-year projected changes in Fund Balance in each of the prior 5-Year Plans and the updated Plan for FY 2023 – FY 2027.

OPM Review of City of West Haven Resubmitted FY 2023 Budget

General Fund Balance Projections in \$\$

FY Ending	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027
	Actual	Actual	Preliminary Unaudited	Projected	5-Year Plan	5-Year Plan	5-Year Plan	5-Year Plan	5-Year Plan
Actual Fund Balance	\$1,358,918	\$3,575,671	\$6,207,638						
Proposed Updated Plan FY23-FY27				\$6,207,638	\$8,009,638	\$8,509,638	\$8,759,638	\$9,859,638	\$11,859,638
Updated 5-Yr Plan FY22-FY26			\$4,300,947	\$4,600,947	\$8,549,486	\$9,891,823	\$10,130,316	\$10,517,578	
Updated 5-Yr Plan FY21-FY25		\$1,616,079	\$2,232,291	\$2,530,191	\$8,487,708	\$10,768,842	\$11,100,702		
Updated 5-Yr Plan FY20-FY24	\$3,613,646	\$3,613,646	\$3,675,808	\$3,792,912	\$8,565,513	\$10,027,115			
Original 5-Yr Plan FY19-FY23	\$1,234,080	\$1,653,556	\$2,705,210	\$4,590,772	\$8,625,568				

General Fund Balance Projections as % of Expenditures

FY Ending	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027
Actual Fund Balance	0.8%	2.2%	3.9%						
Proposed Updated Plan FY23-FY27				3.7%	4.8%	5.0%	5.0%	5.6%	6.7%
Updated 5-Yr Plan FY22-FY26			2.6%	2.8%	5.3%	6.0%	6.0%	6.2%	
Updated 5-Yr Plan FY21-FY25		1.0%	1.4%	1.5%	5.2%	6.5%	6.6%		
Updated 5-Yr Plan FY20-FY24	2.3%	2.2%	2.2%	2.3%	5.2%	6.0%			
Original 5-Yr Plan FY19-FY23	0.8%	1.0%	1.6%	2.7%	5.2%				



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT



Jeffrey R. Beckham
Acting Secretary

May 18, 2022

Nancy R. Rossi
Mayor
City Hall, 3rd Floor
355 Main Street
West Haven, CT 06516

Re: FY 2023 Budget

Dear Mayor Rossi,

Thank you for your and your staff's continued work in developing the City's budget. As you know, the City's designation as a Tier IV municipality requires that the budget be approved by the Municipal Accountability Review Board (MARB). At its May 17, 2022 meeting, the MARB disapproved the FY 2023 Budget as submitted by the City on March 18, 2022 and modified by the City Council on May 5, 2022 and May 16, 2022.

The following reasons for disapproval were discussed and tracked at the meeting and are being provided in accordance with C.G.S. Section 7-576e(a)(3)(i):

- Absence of a 5-Year Plan – The City must submit, in conjunction with its budget, a viable 5-Year Plan that adequately funds its expenses in a sustainable manner.
- Unfunded Contractual Provisions – If the City intends to proceed with a contract that impacts salaries, or any benefits, for the Police union, the related costs must be incorporated into the budget and the 5-Year Plan.
- Insufficient Progress on Fund Balance – The FY 2023 Budget and the updated 5-Year Plan must demonstrate a commitment to growing fund balance that is consistent with previously approved 5-Year Plans.
- Unsupported Departmental Expenditure Increases – Numerous unexplained expenditure increases are included in the FY 2023 Budget. The budget must justify significant expenditure increases and any new expenditures.

The City has until June 15, 2022 to resubmit a budget that has been approved by the City Council.

Please contact OPM staff to report on the City's progress in meeting this requirement for resubmitting the budget or if you have any questions.

Sincerely,

Jeffrey R. Beckham
Secretary

CC: Municipal Accountability Review Board

Questions/Comments from OPM re: City of West Haven FY 2023 Recommended Budget as of 6/8/22

1. The Recommended Budget does not include year-to-date actuals or projected revenues for the current fiscal year as required by City Charter.

The city will endeavor to include such information in future budget presentations.

2. The Recommended Budget does not include year-to-date actuals or projected expenditures for the current fiscal year as required by City Charter.

The city will endeavor to include such information in future budget presentations.

3. What is the \$250,000 expense in the Contingency section identified as “Uncashed Check Reserve” (page 97)?

The \$250K was meant to replenish the reserve for the portion paid out to deceased former employee’s family. It has been determined that this is not necessary and has been eliminated from the plan.

4. What is the reference to “WHPD Restricted” in the Fund Balance Adjustment line within the Contingency section (p. 97)? This is restricted for use for WHPD retention

5. The Sewer Use Fee calculation has been based on an estimated 26,500 households for at least the last four years (p.23). What has been the actual number of housing units billed in each of the last four years? There are 26,500 units connected to the system. Fees collected since 2017 have been constant at \$55,166/year.

6. Describe what comprises the \$122,000 budgeted revenue from Miscellaneous State/Fed Grants (p.4) and how the budgeted amount was determined. This is where the city posts the ERS grant. It was budgeted based on historical data.

7. The amended formula and grant amount for PILOT includes both state owned property as well as private colleges and hospitals. It appears the amount of \$181,198 in account 45237 (p. 4) may be double-counted (i.e. already reflected in the 45231 account).

The amount was corrected on May 5, 2022.

8. Based on the City’s 5-Year Plan for FY22-FY26, and taking into consideration the September 2021 bond issuance, General Fund debt service was expected to total \$12.44 million. The FY 2023 budget recommends \$14.63 million. What is the difference attributable to?

Debt Service includes \$21M proposed bond that will primarily provide permanent financing of improvements at WHHS.

9. Explain the level of programming and other assumptions that are the basis for the amount of FY 2023 revenues budgeted for Misc – Parks & Recreation charges (p. 4).

10120046-46956 Misc. - Parks & Recreation represents the sum of fees collected for registration-based Recreation programming. We have some events and programming, generally a specific event like a candy hunt or concert, where people can participate without fee or registration. Other programs, like Day Camps, Karate, guitar and swim lessons are fee based, require registration, and their revenue is reflected in 10120046-46956 Misc. - Parks & Recreation.

Those program fees are determined by approximating the programs' cost and dividing by the number of anticipated participants. The line item does not include fees for field reservations that money is turned over to Public Works to help defray their costs and overtime expenses. Our FY 22 charges will continue to increase as we currently are going through our registrations for this summer's programming. The low outlier revenue for FY 21 is due to both reduced participation during the Covid-19 pandemic, including no winter swim team, as well as holding free summer camps and playgrounds sites during July and August 2021.

10. Explain the assumptions used for budgeting Telephone Access Grant (p. 4).

This was held flat the FY 2022 budget.

11. The scheduled Transfers In to the General Fund from the Sewer Fund as reimbursement for Sewer-related Debt Service is \$548,785 in FY 2022 and \$424,004 in FY 2023 (p. 5). The related Transfers Out from the Sewer Fund appear to be split between the Clean Water P&I account (54640 on p. 107) and the Miscellaneous account (56990 on p. 107). Confirm that this is the case and indicate what other expenses are budgeted in this account.

Yes, it is confirmed the amounts are split. Future city improvement plans are considered in debt service payments in account 56990.

12. How is the Residual Equity Transfer (p. 5) calculated and what have been the last 5 years of actuals?

These are the fees collected for the Police Special Duty program.

Historically:

2021 - \$169K, 2020 - \$175K, 2019 - \$308K, 2018 - \$172K, 2017 - \$416K

13. Why are Parking Tags revenues reduced in FY 2023 (p. 4)?

Estimates are based on average of multiple years. The pandemic had a negative effect on the calculation.

14. What assumptions were used in budgeting for Telephone Administration (p.34)? The amount budgeted for FY 2023 is more than 15% higher than either of the actual expenditures for FY 2020 or FY 2021 as shown.

This is based on an analysis of what the city is currently using for telephone services plus anticipated additional administrative lines. The city has employed a consultant and assigned monitoring of the system to the IT Director.

For planning purposes in F24-27, this item is tied to the inflation rate.

15. What are the assumptions for Election Day Expenses (p. 36) which exceeds the amount for both FY 2020 and FY 2021?

Election Day expenses were more than previous years because of the following reasons:
We went over budget by 8,000 last year and we had to use the contingency fund. The year 2020 we went over budget even more. The State asked all the City Clerks to request enough in our budget this year due to having a large primary and expected larger than normal voter turnout in November.

Between the primary and general election, the city intends to order 20,000-25,000 ballots at .40 cent a ballot that adds up to 10,000.

The city anticipates needs for added supplies and extra help.

16. What is the status of the Economic Development Consultant budgeted in FY 2022 (p. 42)? What is driving the doubling of the expense in FY 2023?

The FY 22 budget reflects one half of the year and FY 23 anticipates 100K for the full year.

17. As of the last monthly financial report, the City had expended \$0 on Engineering Cost Plan & Dev (p. 42). What is included in this expense and what is driving the need for a 33% increase in FY 2023 over the FY 2022 budgeted amount?

The city is seeking sufficient funds to move forward with a Strategic Climate Resilience Assessment. The goal is to be able to identify near term recommendations that would help the City move towards greater climate resiliency. This would create a roadmap that would outline next steps and milestones for the City to work towards. This would complement our Coastal Resilience Plan and other plans that contain resiliency goals.

18. Itemize the expenses included in Financial Services (p. 46) with a year over year comparison.

See Below:

Row Labels	Sum of 2020	Sum of 2021	YTD 2022	2022	2023
Armored Car	7,433		16,337	17,000	17,000
BRINKS ARMORED INC	7,433		16,337		
Audit	145,650	149,500	48,000	150,000	150,000
BLUMSHAPIRO		149,500			
CLIFTON LARSON ALLEN LLP			48,000		
PKF O'CONNOR DAVIES , LLP	145,650				
Beach Parking Service and Maintenance	18,299	9,479	9,441	10,000	10,000
WESCOR PARKING CONTROLS	18,299	9,479	9,441		
Bond Counsel/Advising	19,053	21,699	6,250	22,000	22,000
HILLTOP SECURITIES INC	18,750	12,500			
MUNISTAT SERVICES INC.		9,199	6,250		
PULLMAN & COMLEY LLC	303				
Medical Attestation	5,000	5,000	5,000	5,000	5,000
SEGAL WATERS CONSULTING	5,000	5,000	5,000		
Misc.	371	655		23,500	23,500
WEBSTER BANK	371	655			
Munis Training			10,340	10,000	10,000
TYLER TECHNOLOGIES, INC			10,340		
(blank)			-		
CITY OF WEST HAVEN			0		
CUSTOMER			(0)		
Grand Total	195,807	186,333	95,368	237,500	237,500

19. What is included in the Other Repairs & Main/Upgrade account (p. 46)? Budget documents show that a total of \$0 has been expended from this account over the past three fiscal years.

This money is intended for financial system upgrades, specifically upgrades to the Munis software platform.

20. Why are Software Licenses (p. 50) budgeted at \$0? Current budget and 5-year plan now reflect \$6K/year.

21. What expenses are included in Tax Assessment Other Professional Services (p. 54)? Current and prior year actuals indicate minimal expenditures from this account. What is driving the need for the increase in this account?

Other professional Services:

450-Dept of Motor Vehicles software

200-On line personal property

7,000-for 7-10 personal property audits. Audits paid for regardless of the outcome and the collections. There are a few new business and non-filers that should be audited.

22. What expenses are included in ERS Computer Software (p. 58)? As of the last monthly report, year to date expenditures were below \$1,000. What is driving this account above either of the two prior year actuals?

As part of the Norcom update that was done to the radio system, money was saved on security patching and crashes due to being without a contract for preventive maintenance for the computers that drive the fire and police radio software. Also, due to the constant threat of cyber-attack, the city continues to monitor and update the firmware through the computer consultant firm.

23. What expenses are included in Town Clerk Other Professional Services (p. 36)?

The Town Clerk Professional Services

The city orders vital paper, vital books and land records books through Adkins. They also repair the city's vital books that are old and damaged.

One ream of paper is \$75. The city will use one ream every 6 weeks.

24. Explain the proposed changes in the Grants Administration division. The existing position for Grants Coordinator increases by 23%. Does this reflect changes in the duties of the position and, if so, do the new duties include grants compliance and monitoring? How are grants compliance and monitoring addressed in the proposed budget for Grants Administration? Who will the two positions in the Grants Administration division report to?

The City seeks to build capacity in the Grants Department to apply for new grant opportunities, and help manage grant income and reporting requirements.

By Charter, the Grants in Aid department is placed in the Planning Department by organizational chart.

The Grants Coordinator position is the head of the "Grants Department", and by Charter answers to the Commissioner of Economic Development. As the Mayor has chosen not to fill that post, but instead fill the Director of Planning position. The Grants Coordinator has been assigned to answer to

the Director of Planning, (Chapter XIV, Section 3: Director of Planning and Zoning), however, he also works closely with the Mayor, Commissioner of Public Works, and the Finance Director, and the Grants Office is physically adjacent to the Finance Department. Any new positions in the Grants Department will answer through this chain of command. We see this chain of command being separate from the Finance Department as part of our checks and balances going forward.

The Grants Coordinator job description includes the management, compliance documentation, reporting, and obtaining reimbursement for all incoming grants including State and Federal aid. As we have not filled the Grant Writer position, the Grants Coordinator is presently covering that work as well, and is writing all of our grant applications himself.

There is one person presently working under the Grants Coordinator that has the title "Assistant Grants Writer" who performs grant accounting work, and assists with reconciling and documenting applications for reimbursement. This position is funded through the Finance Department budget.

The request for a new position builds upon the recent success of this newly invigorated department. We will hire an Assistant Grant Writer to enhance our ability to apply for additional funding. At present, the City obtains about 32% of its annual income from non-tax sources, and is mostly reliant upon outside funding for most major capital improvements. The City desires to expand our grant income substantially by building capacity in this department.

The City has a list of substantial capital improvement projects totaling over 200 Million Dollars that require intense and purposeful grant applications. We intend to find a person with formal education or substantial experience in grant writing to pursue this work. This position will also help us to sustain the applications for smaller grants, which tend to be the quality of life enhancements--eg 10,000 in tree planting funds--that make the City livable.

Further, this department is charged by Charter in managing the ARPA funds. The city seeks to create an environment where the Grants Coordinator will have the time and attention to devote to the particulars of this task. The City has also empaneled a Citizens Oversight Board to review and approve all ARPA paperwork and decisions. The City will also be engaging a third party accounting firm to provide person-power to the Grants Department to manage the ARPA paperwork and accounting funded through the ARPA itself.

Our Grants Coordinator is paid 41.25 cents per hour, and was previously budgeted at only 35 hours per week. Due to the work load, and to avoid accumulating a large compensatory time liability, the City expanded this role to a 40 hour work week. This action resulted in an 8.75% line item increase.

Further, the current Grants Coordinator also performs the function of Flood Plain Manager, as he is uniquely credentialed and experienced with this role, and no other staff member has this credential. For this extra duty the City pays \$2.75 per hour. This activity was funded from the Planning Department budget surplus from vacant positions in prior years. The line item increase results in an additional 6 1/2%, totaling a line item increase of 15.25%

The balance of the line item adjustment reflects the previous year's budgets only funding a Grant Writer, not a Grant Coordinator, who has a higher hourly rate.

25. What expenses are included in Other Contractual Services in Police Administration (p. 60) and what is causing this account to exceed the current year budget (based on the latest monthly report)?

Other Contractual Services encumbers all I.T. projects which deal with the implementation of the Body Cameras/Dash Cameras and their connectivity to the PD. The line item also is responsible testing of recruits as well as sworn officers including Polygraph and Drug Testing as required by POST.

26. What are the last five years' actuals for Workers Comp Pay and Separation Pay in Police Operations (p. 62)?

Separation Pay:

2017	\$156,722.25
2018	\$148,144.67
2019	\$351,244.23
2020	\$136,228.55
2021	\$255,977.29
2022	\$60,698.56

27. Why does the Salary account in the Animal Control Division increase by more than 16% over the prior year actual (p. 64)?

This now reflects an increase of 2.5%.

28. What is the Bag Pickup budgeted in Solid Waste (p. 74)? Is this leaf bags and yard waste? Is this a new program?

Public Works has been trying to keep up with the bags internally. But cannot keep up with the volume. FY 23 has 1\$80K allotted specifically for leaf bag pickup as this was the only bid received in FY 22 for this service. The city intends to put a RFP in FY 23.

29. What was the cause of the dramatic swing in Electricity expenses from FY 2020 to FY 2021 (p. 76)?

Expectations are that this expense should be impacted by the rate reductions that were negotiated in 2019. The city is currently preparing an RFP for FY 2023 and beyond. Additional time is needed to investigate this further.

30. What is driving Highways & Parks Temporary Payroll (p. 78) to increase by \$46K over the FY 2020 actual and by \$67K over the FY 2021 actual?

Charges were: 2016: 120K, 2017: 140K, 2018: 108K , 2019: 29K, 2020: 64K, 2021: 43K, 2022YTD: 77K. Return to full summertime programing and increases to minimum wage drive the increased cost.

31. What is included in the Snow Removal (51550 p. 78) account? What is the need for funding this account at \$80,000? The total expended over the last three fiscal years was \$364 combined.

For budget transparency, this account was identified to capture the increased cost of using internal staff as well outside contractors to remove snow in the event of a storm.

32. What assumptions are used for budgeting Streetlight expenses (p. 78)? What is driving the FY 2023 budget to be \$121,000 more than the prior year actual?

Streetlights are an unmetered service and a critical element to community safety. The increase reflects a possible increase to the tariff on which these bills are generated.

33. What is the Special Projects account in Highways & Parks (p. 78)? How will those funds be used?

Pending

34. What is driving the need for Part Time staffing in the Elderly Services division (p. 84)?

The city hired a new director that has implemented several new programs that will require two part-time, 19 hour per week, no benefit positions to assist with the seniors.

35. The latest monthly financial report indicated the current year budget for liability and other claims (p. 93) had already been exceeded. What assumptions were used to level budget this group of accounts in FY 2023? What is the five-year claims history?

	Premiums	Phys Auto	General Liab	Other losses	Total
2016	490,821	143,311	171,198	20,767	826,097
2017	483,745	52,333	241,862	4,700	782,640
2018	271,684	62,886	290,524	4,386	629,480
2019	526,966	22,847	342,317	14,240	906,370
2020	476,237	57,472	189,432	39,079	762,220
2021	432,338	179,142	167,431	66,568	845,479
2022 ytd	492,984	245,760	410,042	104,791	1,253,577
Average 2016 to 2019	443,304	70,344	258,972	36,362	857,980
Average 2017 to 2020	439,658	48,885	266,034	15,601	770,178
Average 2018 to 2021	426,806	80,587	247,426	31,068	785,887
Average 2019 to 2022	482,131	126,305	277,306	56,170	941,912
Average of Averages	447,975	81,530	262,434	34,800	838,989
2023 Budget	485,977	50,000	225,000	40,000	800,977

36. Provide the detail that was used to develop the employee and retiree health benefits budgets (p. 94, p. 58 for ERS, p. 108 for Sewer). The exhibit should indicate the number of enrollments in the Partnership by coverage level (i.e. single, double, family), the premium at each level, gross cost, employee contribution and the City's net cost after employee contribution. For retirees, the exhibit should include the same fields, but reflect the self-insured rate (as opposed to the Partnership rate).

Budgets are based on estimates provided by Lockton, the city's insurance broker. This exhibit is included in the 5-year plan.

37. What Primary Expenses and Election Expenses are included in the Contingency portion of the budget (p. 97) that are not already included in the Town Clerk or Registrar of Voters sections?

This amount is to cover costs of additional workers, election materials and supplies, additional Primary elections, and last-minute changes to election law that creates additional cost are not included in the Town Clerk or Registrar budgets.

38. Each of the previously approved 5-Year Plans included a major increase in the set-aside for Fund Balance in FY 2023. The most recently approved 5-Year Plan included a set-aside that would increase the City's Fund Balance by \$3.95 million. The recommended budget includes only \$150,000 as set-aside for Fund Balance (which appears to be committed specifically for Police salaries). What is the City's plan for compensating for this deviation from the 5-Year Plan? How will the City budget for Fund Balance set-asides in subsequent years given that the reduction in Debt Service has been absorbed largely into the operating budget?

- a. The Board of Education had favorable operations of \$2.5M (unaudited) FY21. The City's General Fund is now \$6.1M (unaudited) which is ahead of the Five Year Plan assumption of \$4.3M (unaudited)
- b. The City's new goal for fund balance is a target of between 4-5% by FYE 2026. The City will continue to budget a line item to build fund balance.
- c. The current 5-year plan now reflects continued growth to the Fund Balance.
- Fund Balance Growth in the previous 5-year plan projected slower growth in FY 21-22 than is expected. This current expectation is a Fund Balance at the end of FY 22 that is \$2.3M ahead of the projection.
- The current 5-year plan anticipates slightly slower growth with some challenges into FY 25 as ARPA funding for PD salary adjustments will have been expended and will need to consume much of the mill rate increase at that time.
- The city does expect to land at roughly the same place by the end of fiscal 26 and expects further growth in FY 27 to 6.8% of Expenses at that time.

Fund Balance	FY 22 RECOMM.	FY 23 FORECAST	FY 24 FORECAST	FY 25 FORECAST	FY 26 FORECAST	FY 27 FORECAST
Proposed 5 yr plan FY23 - FY27:						
Mill Rate	34.00	34.00	34.71	36.11	36.35	36.93
Projected Fund Balance	6,207,638	8,009,638	8,509,638	8,759,638	9,859,638	11,859,638
% of Expenses	3.7%	4.8%	5.0%	5.0%	5.7%	6.8%
Proposed 5 yr plan FY22-FY26:						
Mill Rate	39.26	39.99	39.99			
Fund Balance	4,600,947	8,549,486	9,894,823	10,130,316	10,517,578	
% of Expenses	2.8%	5.3%	6.0%	6.0%	6.2%	
Change	1,606,691	(539,848)	(1,385,185)	(1,370,678)	(657,940)	