

**TOWN OF STRATFORD
PROPOSED OPERATING BUDGET
FISCAL YEAR 2009**

OVERHEAD/DEBT

ACCOUNT SUMMARY	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 BUDGET	FY 2009	PERCENT CHANGE
					MAYOR PROPOSED	
CONTINGENCY	\$ 3,853,409	\$ 3,649,130	\$ 3,177,804	\$ 3,322,268	\$ 2,886,412	-13.12%
DEBT RETIREMENT	\$13,392,551	\$10,891,561	\$13,628,519	\$14,488,490	\$ 11,811,965	-18.47%
EMPLOYEE BENEFITS	<u>\$23,242,364</u>	<u>\$24,608,402</u>	<u>\$25,480,173</u>	<u>\$27,179,229</u>	<u>\$ 28,028,194</u>	<u>3.12%</u>
OVERHEAD/DEBT TOTALS	<u>\$40,488,324</u>	<u>\$39,149,093</u>	<u>\$42,286,497</u>	<u>\$44,989,987</u>	<u>\$ 42,726,571</u>	<u>-5.03%</u>



**TOWN OF STRATFORD
PROPOSED OPERATING BUDGET
FISCAL YEAR 2009**

**01 - GENERAL FUND
151 - CONTINGENCY**

ORG	OBJ	DEPARTMENT/DESCRIPTION	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 BUDGET	FY 2009 MAYOR PROPOSED	PERCENT CHANGE
CONTINGENCY								
01151	6102	Printing & Stationery	\$ (769)	\$ -	\$ 19,497	\$ -	\$ -	0.00%
01151	6309	Auto Maintenance	\$ -	\$ -	\$ 540	\$ -	\$ -	0.00%
01151	6382	Audit Fees	\$ 88,050	\$ 90,589	\$ 87,200	\$ 93,000	\$ 96,600	3.87%
01151	6501	Purchased Insurance	\$ 518,515	\$ 523,046	\$ 555,879	\$ 608,500	\$ 525,000	-13.72%
01151	6602	Anticipated Expense	\$ -	\$ 179,077	\$ 180,869	\$ 125,000	\$ 125,000	0.00%
01151	6603	Contract Settlements	\$ -	\$ -	\$ 702,689	\$ 890,768	\$ 651,082	-26.91%
01151	6621	Self Insurance	\$ 1,100,312	\$ 1,031,942	\$ 100,555	\$ 200,000	\$ 139,418	-30.29%
01151	6622	Workers Comp Payroll	\$ 218,702	\$ 163,714	\$ 47,339	\$ 40,000	\$ 40,000	0.00%
01151	6623	Workers Comp Settlements	\$ 488,761	\$ 502,318	\$ 131,537	\$ 127,000	\$ 125,000	-1.57%
01151	6624	Physical Exams	\$ 139,641	\$ 95,288	\$ 146,407	\$ 100,000	\$ 100,000	0.00%
01151	6625	Auto Liability	\$ 26,038	\$ 7,850	\$ 7,487	\$ 10,000	\$ 11,000	10.00%
01151	6626	Auto Collision	\$ 28,007	\$ 65,772	\$ 70,077	\$ 50,000	\$ 65,000	30.00%
01151	6627	Stationery & Supplies	\$ 4,186	\$ 1,112	\$ 575	\$ 500	\$ 500	0.00%
01151	6628	Safety	\$ 5,005	\$ 12,600	\$ 4,962	\$ 10,000	\$ 10,000	0.00%
01151	6629	Accident Investigation	\$ 17,312	\$ 16,887	\$ 21,111	\$ 20,000	\$ 20,000	0.00%
01151	6630	Property Damage	\$ 5,654	\$ 4,888	\$ 8,090	\$ 7,500	\$ 107,500	1333.33%
01151	6632	State of Ct	\$ 223,322	\$ 214,320	\$ 227,769	\$ 190,000	\$ 205,000	7.89%
01151	6633	Heart Bill - Medical	\$ 463,978	\$ 278,719	\$ 228,798	\$ 275,000	\$ 182,656	-33.58%
01151	6634	Heart Bill - Payroll	\$ 74,689	\$ 79,159	\$ 80,067	\$ 100,000	\$ 65,756	-34.24%
01151	6635	Heart Bill - Settlement	\$ 145,773	\$ 82,386	\$ 227,668	\$ 175,000	\$ 116,900	-33.20%
01151	6636	Misc. Self Insurance	\$ 306,233	\$ 299,463	\$ 328,689	\$ 300,000	\$ 300,000	0.00%
01151	6680	Transfer to Emergency Fund	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
01151	6681	Council Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
			\$ 3,853,409	\$ 3,649,130	\$ 3,177,804	\$ 3,322,268	\$ 2,886,412	-13.12%



BASIC BUDGET LINE ITEM JUSTIFICATION

<u>Department</u>	<u>Contingency</u>	<u>2009 Proposed Budget</u>
-------------------	--------------------	-----------------------------

151-6382	Audit Fees	\$ 96,600
-----------------	-------------------	------------------

This account provides for the cost of performing the annual independent audit of the Town's financial statements.

151-6501	Purchased Insurance	\$ 525,000
-----------------	----------------------------	-------------------

This account covers the cost of purchasing selected insurance policies. Line item has a revenue-offset.

151-6621	Workers Compensation-Medical	\$ 139,418
-----------------	-------------------------------------	-------------------

This account covers all expenditures related to medical care, including office visits, hospitalizations, surgery, physical therapy, and other treatment, for workers compensation claims.

151-6622	Workers Compensation-Payroll	\$ 40,000
-----------------	-------------------------------------	------------------

This account covers payments to employees for temporary total disability benefits and death benefits to widows under the Workers Compensation statutes.

151-6623	Workers Compensation-Settlements	\$ 125,000
-----------------	---	-------------------

This accounts covers payments to employees for permanent partial disability and/or scarring benefits, as applicable under the Workers Compensation statutes.

151-6624	Physical Exams	\$ 100,000
-----------------	-----------------------	-------------------

This account covers the costs associated with periodic physical examinations of emergency personnel, as well as pre-employment, post-injury returns to duty and independent medical examinations, as needed.



151 CONTINGENCY

151-6603 Contract Settlement \$ 651,082

This account covers the cost of the contract settlements with collective bargaining units with whom the Town has not completed negotiations as well as non collective bargaining employees.

SIGNIFICANT CHANGES AND COMMENTARY

Actual costs in the Workers Compensation line item continue to be allocated to the Public Works, Police, and Fire Department budgets. The total budgeted cost for Workers' Compensation is \$1,905,432.



**TOWN OF STRATFORD
PROPOSED OPERATING BUDGET
FISCAL YEAR 2009**

**01 - GENERAL FUND
201 - DEBT RETIREMENT**

ORG	OBJ	DEPARTMENT/DESCRIPTION	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 BUDGET	FY 2009 MAYOR PROPOSED	PERCENT CHANGE
DEBT RETIREMENT								
01201	6741	Transfer to Capital Improvement	\$ 345,000	\$ 200,000	\$ 587,463	\$ 382,900	\$ 552,000	44.16%
01201	6742	Transfer to Capital Equipment	\$ 1,251,800	\$ 52,400	\$ 505,400	\$ 529,100	\$ 1,099,000	107.71%
01201	6741	Restore Unreserved Fund Balance/HVAC	\$ -	\$ -	\$ -	\$ 300,000	\$ 117,000	-61.00%
01201	6902	Bond Principal Payment	\$ 8,710,046	\$ 8,150,421	\$ 8,691,000	\$ 9,956,000	\$ 6,535,000	-34.36%
01201	6921	Bond Interest Payment	\$ 3,085,705	\$ 2,488,740	\$ 3,844,656	\$ 3,320,490	\$ 3,508,965	5.68%
			\$13,392,551	\$10,891,561	\$13,628,519	\$14,488,490	\$ 11,811,965	-18.47%



PROGRAM DESCRIPTION

This program provides funds for annual debt service payments, capital improvements, and equipment purchases.

BASIC BUDGET LINE ITEM JUSTIFICATION

Department	Debt Service/Capital Purchase	2009 Proposed Budget
-------------------	--------------------------------------	-----------------------------

201-6741	Transfer to Capital Improvement Fund	\$ 552,000
-----------------	---	-------------------

Capital Improvements funded by the General Fund as identified in the Five-Year Capital Improvement Plan.

201-6742	Transfer to Capital Equipment Fund	\$ 1,099,000
-----------------	---	---------------------

Funding for highest priority capital equipment requests from departments as identified in the Five-Year Capital Equipment Plan.

201-6741	Restore Unreserved Fund Balance/HVAC	\$ 117,000
-----------------	---	-------------------

Funding has been included in the FY 2009 Operating Budget as directed by the Council in FY 2008 to cover the cost of repairs to the HVAC system at Birdseye Municipal Complex.

201-6902	Bond Principal	\$ 6,535,000
-----------------	-----------------------	---------------------

This account covers principal payments on capital improvements, such as schools, buildings, and roads, for which bonds have been issued.

201-6921	Bond Interest	\$ 3,508,965
-----------------	----------------------	---------------------

This account covers interest payments on capital improvements for which bonds have been issued.



SIGNIFICANT CHANGES AND COMMENTARY

The \$3.4 million reduction in Bond Principal payments in FY 09 is the result of bonds issued in 1998, 1999, and 2000 being retired in FY 08. Also, since the principal to be paid on School bonds in FY 09 is \$3 million lower than FY 08 reimbursement revenue budgeted in the State of Connecticut School Bond Principal, account number 4232 will be reduced by \$2.2 million as well.

The proposed budget provides sufficient funding to implement the first year of the proposed FY 09-13 Capital Improvement & Equipment Plan. In addition, as directed by the Town Council during FY 2008, \$117,000 has been set-aside in the FY 2009 Proposed Operating Budget to pay for the necessary repairs to the HVAC system at the Birdseye Municipal Complex.



**TOWN OF STRATFORD
PROPOSED OPERATING BUDGET
FISCAL YEAR 2009**

**01 - GENERAL FUND
251 - EMPLOYEE BENEFITS**

ORG	OBJ	DEPARTMENT/DESCRIPTION	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 BUDGET	FY 2009 MAYOR PROPOSED	PERCENT CHANGE
EMPLOYEE BENEFITS								
01251	6052	Social Security	\$ 1,382,890	\$ 1,438,404	\$ 1,485,789	\$ 1,523,675	\$ 1,650,000	8.29%
01251	6053	Hospital Insurance	\$ 6,995,946	\$ 7,503,427	\$ 7,874,361	\$ 8,801,618	\$ 9,252,631	5.12%
01251	6054	Life Insurance	\$ 101,495	\$ 112,375	\$ 97,647	\$ 112,000	\$ 112,000	0.00%
01251	6055	401a Retirement Plan	\$ 506,903	\$ 569,018	\$ 627,035	\$ 690,000	\$ 788,000	14.20%
01251	6056	Longevity	\$ 158,717	\$ 174,910	\$ 171,165	\$ 168,100	\$ 176,300	4.88%
01251	6057	Unemployment Compensation	\$ 32,088	\$ 77,897	\$ 66,182	\$ 55,000	\$ 68,000	23.64%
01251	6058	Uniform Maintenance	\$ 55,690	\$ 62,591	\$ 69,085	\$ 65,000	\$ 71,000	9.23%
01251	6060	Police/Fire Annuity	\$ 989,055	\$ 1,056,450	\$ 1,048,672	\$ 1,195,000	\$ 1,103,000	-7.70%
01251	6062	Safety Shoes	\$ 2,200	\$ 2,100	\$ 1,900	\$ 2,300	\$ 2,300	0.00%
01251	6063	Pension Deposit	\$ 3,902,685	\$ 4,473,840	\$ 4,921,800	\$ 5,455,120	\$ 5,389,656	-1.20%
01251	6064	POB Debt Service	\$ 9,114,695	\$ 9,114,190	\$ 9,116,538	\$ 9,111,416	\$ 9,112,950	0.02%
		OPEB Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ 302,357	0.00%
01251	6067	Pension Indirect Costs	\$ -	\$ 23,200	\$ -	\$ -	\$ -	0.00%
			\$23,242,364	\$24,608,402	\$25,480,173	\$27,179,229	\$ 28,028,194	3.12%



BASIC BUDGET LINE ITEM JUSTIFICATION

Department	Employee Benefits	2009 Proposed Budget
-------------------	--------------------------	-----------------------------

251-6052	Social Security	\$ 1,650,000
-----------------	------------------------	---------------------

Social Security benefits calculated at 7.65% of all wage earnings for non-police and non-fire personnel. Line item has a revenue-offset.

251-6053	Hospital Insurance	\$ 9,252,631
-----------------	---------------------------	---------------------

This account provides for health, dental and hospitalization insurance for employees and retirees. Due to successful negotiations last year with Anthem, the FY 09 renewal has a 7.25% increase which is lower than the industry norm for municipality healthcare costs. We anticipate that our renewal in FY 10, even with a RFP, will increase at a minimum 12% due to rising administrative costs.

251-6055	401a Retirement Plan	\$ 788,000
-----------------	-----------------------------	-------------------

This account provides for contributions made by employer on the employee's behalf to a 401a defined contribution retirement program. Calculated at 8% of wage earnings for all plan participants.

251-6060	Police/Fire Annuity	\$ 1,103,000
-----------------	----------------------------	---------------------

Calculated at 7.65% of all wage earnings for Police and Fire personnel.

251-6063	Pension Deposit	\$ 5,389,656
-----------------	------------------------	---------------------

Provides for the annual required contribution to the employee defined benefit pension fund. This amount is \$39,886 less than budgeted in FY 08.

251-6064	POB Debt Service	\$ 9,112,950
-----------------	-------------------------	---------------------

This account provides for the Pension Obligation Bond (POB) debt service.



251-6 OPEB Trust Fund \$ 302,357

The Other Post Employment Benefits (OPEB) Trust Fund is a new budget line that shows the amount above annual Expected Benefit Payouts needed to begin funding the Annual Required Contribution (ARC) for the Police, Fire and Town retiree medical program over seven years. This figure is based on the OPEB Program actuarial valuation as of July 1, 2007 prepared by Milliman Inc.

SIGNIFICANT CHANGES AND COMMENTARY

The Government Accounting Standards Board (GASB) Pronouncement 43 requires retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 applies in situations where a separate trust is established to pre-fund these benefits. GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent for the fiscal year following implementation of GASB 43.

GASB 43 and 45 apply to any benefit that is provided after retirement except for pension benefits: medical insurance, dental, vision, and hearing benefits plus life insurance and long term care insurance. The philosophy driving the accounting standard is that these post-employment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend the same thinking to all other post-employment benefits.

