

West Haven Budget Issues: Need for Additional Documentation 5/30/2018 **City Comments and MARB Staff Questions**
 The 5/3/18 MARB resolution conditioned MARB approval of the budget upon receipt and MARB acceptance of documentation that all of the resolution's conditions have been met.
The line items and issues for which more documentation and analysis is required are indicated below (in italics)

Expenditures	Unaudited			FY18 YTD	Mayor's Budget		Amended	Comments	MARB Staff Coments/Questions
	FY16 Actual	FY17 Actual	Budget FY18	31-Mar	Projected FY18	FY19	Budget FY19		
Recycling Pickup	\$ 444,223	\$ 456,313	\$ 469,900	\$ 350,316	\$ 469,900	\$ 469,900	\$ 249,900	<i>Need documentation</i>	(220,000) Reduced collection cycle from weekly to bi-monthly; RFP in process. 1) What is the breakdown of the current costs of approx \$469,000 annually? Is this a contracted service for pickup or does City staff do collection? Please provide a breakdown of current costs for weekly pick-up, and projected costs for bi-monthly pick-up. 2) What is the schedule for the RFP and the movement to bi-monthly? When do you anticipate this will go into effect? Are the savings prorated accordingly? Are there any startup costs (e.g. equipment) associated with this change?
Street Lighting	\$ 968,070	\$ 935,235	\$ 775,000	\$ 625,069	\$ 875,000	\$ 725,000	\$ 600,000	<i>Documentation submitted</i>	(125,000) Previously provided. City is self-insured; anticipated savings based on full review of TPA . 1) Have all the lights been converted? 2) Are monthly costs meeting expectations? 3) Are there any conversion costs for City or is UI financing through the rates?
Worker's Comp Prem	\$ 1,776,688	\$ 1,892,170	\$ 1,600,000	\$ 1,330,999	\$ 1,700,000	\$ 1,600,000	\$ 1,500,000	<i>Need documentation</i>	(100,000) Reduction in work-force; see "401k_FICA" tab. Reduction in work-force; see "401k_FICA" tab. Anticipated savings from bank consolidation. 1) What is/are the primary cause(s) for the savings? 2) Can you provide us with a copy of the review done by the TPA? 1) Were these positions filled and now vacant? If so, when did they become vacant? Have overall monthly costs come down? 2) If not vacant yet, when will they become vacant? Are there any costs associated with sick leave and vacation payments and Unemployment Comp? 3) Are all these positions eligible for 401k and Social Security? Does the City contribute 8% for all employees for 401K?
401K City	\$ 862,756	\$ 970,532	\$ 1,034,000	\$ 873,521	\$ 1,184,999	\$ 1,200,000	\$ 1,100,000	<i>Need documentation</i>	(100,000) Reduction in work-force; see "401k_FICA" tab. Reduction in work-force; see "401k_FICA" tab. Anticipated savings from bank consolidation. Same as above
FICA City	\$ 1,255,471	\$ 1,345,833	\$ 1,365,600	\$ 1,014,412	\$ 1,365,500	\$ 1,366,000	\$ 1,336,000	<i>Need documentation</i>	(30,000) Anticipated savings from bank consolidation. Has the consolidation occurred? If yes (or no), when?
Bank Fees	\$ 73,338	\$ 63,389	\$ 70,000	\$ 49,502	\$ 70,000	\$ 70,000	\$ 50,000	<i>Need documentation</i>	(20,000) Overly conservative estimate as potential stop-loss reimbursement not included; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab. 1)What is the final Health Insurance Premium account amount in the FY17 Audit? Is it higher than the \$8,617,110 Unaudited Amount for FY17 indicated in the City's FY19 budget? 2) Does the City have aggregate stop loss or individual stop loss? What are the limits in this regard and the expected impact on the City's FY18 final spending in this account? Your current projection for FY18? 3) What is the total of the administrative fees projected for FY19 and are these fees in the \$9,068,208 FY19 projection? The cost of stop loss? 4) Does the \$9,068,208 include an assumed health inflation rate and, if so, what is assumed?
Health Insur Prem*	\$ 9,499,974	\$ 8,617,110	\$ 7,943,738	\$ 7,954,249	\$ 10,400,000	\$ 9,583,092	\$ 9,850,000	<i>Need documentation</i>	\$ 266,908 Overly conservative estimate as potential stop-loss reimbursement not included; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab.

*Unaudited numbers for FY17 indicated a \$956,650 over budget amount for Health Insurance Premium; however, draft audit indicates a \$1.6m overage for "Pensions & Hospitalizations"
 The amended budget indicates that \$227,408 is for Health Insurance Premium but also references "Contingency"; Need to Clarify that and the \$26,000 amount

Revenues	Unaudited			FY18 YTD	Mayor's Budget		Amended	Comments	MARB Staff Coments/Questions
	FY16 Actual	FY17 Actual	Budget FY18	31-Mar	Projected FY18	FY19	Budget FY19		
Building Permits	\$ 946,399	\$ 759,930	\$ 1,025,000	\$ 634,439	\$ 1,025,000	\$ 1,025,000	\$ 1,225,000	<i>Need documentation</i>	\$ 200,000 Development projects, see "Bldg Permits" tab. Development projects, see "Bldg Permits" tab. Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K The City has in FY16 and FY17 received between \$1.1 and \$1.3m for these 3 permit categories on between \$51 to \$56 in construction value. The budget is projecting an increase up to \$1.595 million for FY19 based on UNH project. Does the Building Inspector believe that the projected permit revenue for UNH and overall will be realized in FY19?
Electrical Permits	\$ 99,198	\$ 134,882	\$ 150,000	\$ 117,032	\$ 150,000	\$ 150,000	\$ 160,000	<i>Need documentation</i>	\$ 10,000 Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K Does the \$115k YTD April amount all belong to the General Fund? Is this related largely to the deficit borrowing? If not, what is it?
Plumb/Heating Per	\$ 166,951	\$ 172,270	\$ 215,000	\$ 42,471	\$ 150,000	\$ 200,000	\$ 210,000	<i>Need documentation</i>	\$ 10,000 Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K
Invest Gen Fund	\$ 3,946	\$ 7,199	\$ 5,000	\$ 107,190	\$ 36,000	\$ 5,000	\$ 55,000	<i>Need documentation</i>	\$ 50,000 Development projects, see "Bldg Permits" tab. Increased cash balances due to deficit bond. YTD Apr/18 interest income = \$115K

Education: Need to review compliance with Alliance District requirements										
	FY12	FY13	FY14	FY15	FY16	FY17	FY18**	OFA FY19	Amended Budget FY19	
Education Cost Sharing*	\$ 41,399,303	\$ 42,781,151	\$ 44,209,129	\$ 45,496,942	\$ 45,994,046	\$ 45,140,487	\$ 44,899,746	\$ 45,803,715	\$ 45,140,487	\$ (240,741)
Alliance Portion*		\$ 1,381,848	\$ 2,809,826	\$ 4,097,639	\$ 4,594,743	\$ 3,741,184	\$ 3,741,184	\$ 4,404,412	\$ 3,741,184	\$ -
Non-Alliance Portion*		\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,399,303	\$ 41,148,562	\$ 41,399,303	\$ 41,399,303	\$ (250,741)
*From State SDE							**OFA Post Holdback: \$44,894,871			
							Estimates			
City BOE Appropriation	\$ 81,924,049	\$82,424,049	\$ 85,134,756	\$ 86,359,981	\$ 87,769,908	\$ 89,626,581	\$ 89,626,581	\$ 89,969,421	\$ 89,960,421	
City Budget ECS Revenue		\$41,399,303	\$ 44,406,627	\$ 45,387,212	\$ 45,496,942	\$ 45,994,046	\$ 41,558,928	\$ 45,140,487	\$ 45,140,487	

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Contingency

Health Care Runoff	\$ 100,000	<i>Are these two lines offsetting?</i>
Unallocated Contingency	\$ (100,000)	<i>Are these two lines offsetting?</i>
Furlough Day	\$ (73,000)	<i>Why is this savings taken out of contingency; it should be its own line item?</i>
Unallocated Contingency(5)	\$ (50,000)	<i>Reduces an already small contingency</i>
Library	\$ 25,000	
MARB Deficit Reduction	\$ 1,750,000	<i>Restricted</i>
MARB Expenses	\$ 250,000	<i>Restricted</i>
	\$ 1,902,000	<i>\$1,952,000??</i>

Yes, per conversation with Alison on 5/31/18
Yes, per conversation with Alison on 5/31/18

Yes, for Actual for reporting. OK as is - \$50K offset in Healthcare; see "HEALTH INSURANCE PREM" line in "EXP-DETAIL" tab.

Sewer Fund	<u>FY 16 Audit</u>	<u>FY17 Unaudited</u>	<u>FY17 Audited</u>	FY19 Budget	
Beginning Fund Balance	\$ (1,851,354)	\$ (1,556,716)	\$ (1,556,716)		
Revs over Expends	\$ 1,735,406	\$ 1,480,676	\$ 2,861,811		
Transfer to Gen Fund	\$ (1,440,768)	\$ (1,381,086)	\$ (1,381,086)	\$ (1,063,000)	<i>Does the the Sewer Fund have this amount budgeted (\$1,063,000) and where?</i>
Ending Fund Balance	\$ (1,556,716)	\$ (1,457,126)	\$ (75,991)		

MARB Staff Question Comments

See "Sewer" tab.

Need excess of revenues over expenditures of \$1,063,000 to cover? Was sewer fund deficit part of deficit financing?