



Financial Summary

April 28, 2011



Financial Summary



1. **Undesignated Fund Balance** re-stated from \$16.2m to \$9.2m at June 30, 2010. Expect further reduction as much as \$5.0m at June 30, 2011.
2. **FY 2011 General Fund Budget** is expected to result in a deficit of (\$4.2) million.
3. **FY 2012 Mayor's Recommended Budget** presumes adoption of state Appropriations Budget (includes \$2 billion in state employee concessions) and requires \$6 million in expenditure and revenue adjustments to balance.
4. **FY 2013-2015 Budget Gap** estimates:
FY 2013 at (\$15) million, FY 2014 at (\$27) million, FY 2015 at (\$39) million.
5. **Employee Health Care and Pension costs** have increased from 12% to 22% of the City budget. City proposals for pension preserve 70% of salary defined benefit and market rate health care plans.

1. Undesignated Fund Balance

Undesignated fund balance is the reserve fund for municipal corporations.

Bond rating agencies generally recommend an undesignated Fund Balance at 5% of a municipality's operating budget. This would equal \$23.8m for the City of New Haven.

1. Undesignated Fund Balance at June 30, 2009 \$16.2m

Levitsky and Berney Audit Report

2. Undesignated fund balance at June 30, 2010 \$9.2m

McGladry & Pullen Audit Report

3. Projected fund balance at June 30, 2011 \$5.0m

March 31, 2011 Financial Report



2. FY 2011 General Fund Budget



March 31, 2011 Financial Report

Expenditure Budget

Board of Alderman Approved \$471.6m

Current projected 466.9m

\$4.7m

Revenue Budget

Board of Alderman Approved \$471.6m

Current projected 462.7m (\$8.9m)

Projected Shortfall (\$4.2m)

* Estimates include elimination of 82 filled positions in February 2011.



2. FY 2011 General Fund Budget

A. Expenditure Variances

Police Department (\$990k) - Due largely to overtime expenditures exceeding budget. Since January 1 average weekly overtime has fallen from \$101,377 to \$64,149.

Fire Department (\$750k) – Due largely to overtime expenditures exceeding budget.

Contract Reserve (\$1.0m) – Anticipated savings from union negotiations have not been realized due to the excessive length of time in negotiating successor agreements.

2. FY 2011 General Fund Budget

A. Expenditure Variances (continued)

Public Works Transfer Station - \$925,000 – Savings resulting from dramatic increases in City recycling efforts and decrease in waste tonnage.

Debt Service - \$4.7m – No payment on monetization initiative, postponement of school construction projects and close out of aged capital project accounts.

Health Benefits - \$5.2m –Reduced lives covered and use of Federal Stimulus funds to offset costs.

IBB – (\$2.9M) – Expected savings across City non-personnel accounts projected to be (\$2.2m). Budgeted savings (\$5.1M).

2. FY 2011 General Fund Budget



B. Revenue Variances

Taxes - \$2.0m Delinquent tax collections very strong resulting in budget surplus of \$1.5m. Current collections \$500k over budget as tax collection rate remaining strong (current rate through 4-22-11 = 96.4%)

State Aid for Education - (\$2.1m) - State reimbursement for constructions and re-construction below budget by (\$1.1m). School Transportation below budget by (\$900k).

Parking Meter receipts - (\$1.3m) - New meters not installed due to length of approval process. Difficult winter reduced collections. January & February down (22%) or (\$130k).



2. FY 2011 General Fund Budget

B. Revenue Variances (continued)

Building Permits (\$1m) – Year to date totals are significantly behind totals from FY 2010

Monetization – (\$8m) – Monetization not approved.



3. FY 2012 Mayor's Budget



Expenditure Budget \$475.4m
Reduction in Projected Custodial Privatization Savings 1.9m
\$477.3m

Revenue Budget \$475.4m
PILOT: Manufacturing Machinery & Equipment 1.0m
Increase New Haven Parking Authority PILOT 2.0m
Sale of Parking Assets (7.0m)
471.4m
Projected Shortfall (\$5.9m)

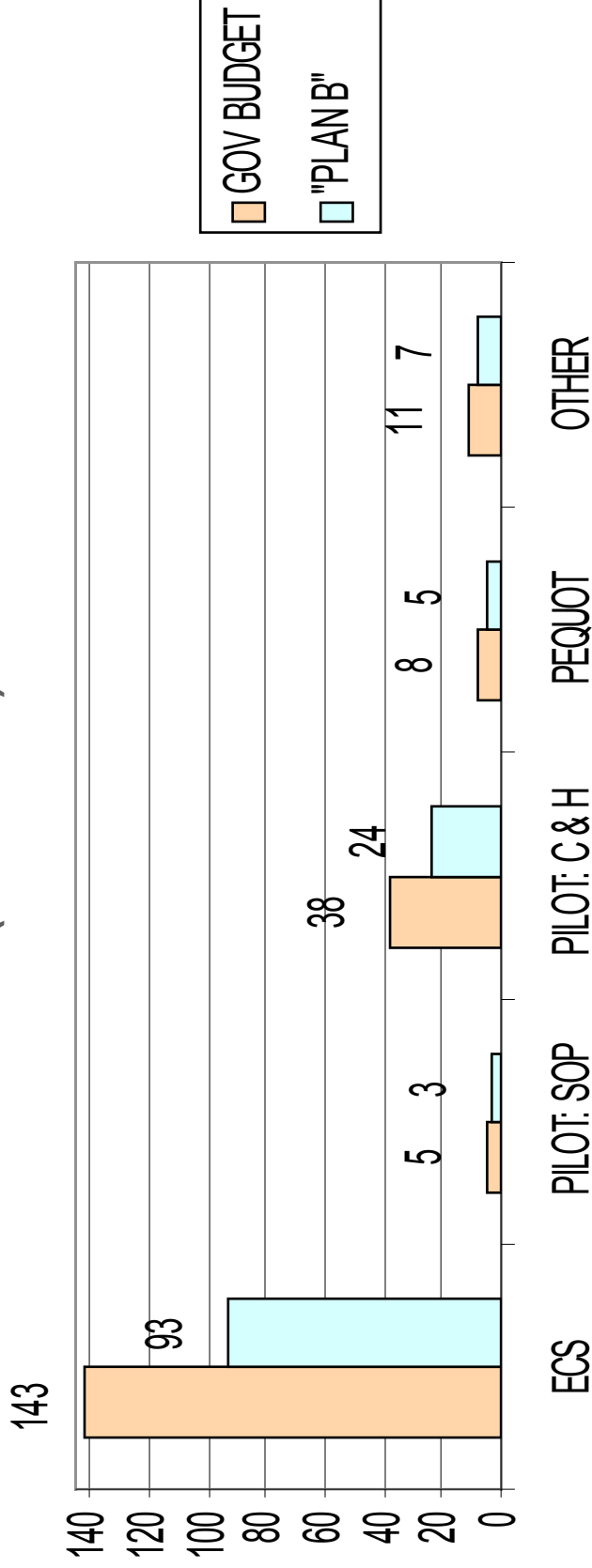
FY 2012 Assumptions

1. Custodial privatization arbitration successfully decided effective September 1, 2011. ³/₄ year savings.
2. Proposed sale of assets resulting in distressed pricing Institute parking management strategy to dynamically increase revenues
3. Approval of the establishment of the Stormwater Authority (\$2.6m)
4. No property tax increases.
5. State Appropriations Budget is approved by the full legislature.
6. There is no plan B budget.

3. FY 2012 Mayor's Budget



REVENUES - STATE AID GOVERNOR'S BUDGET VS. "PLAN B" BUDGET (In Millions)



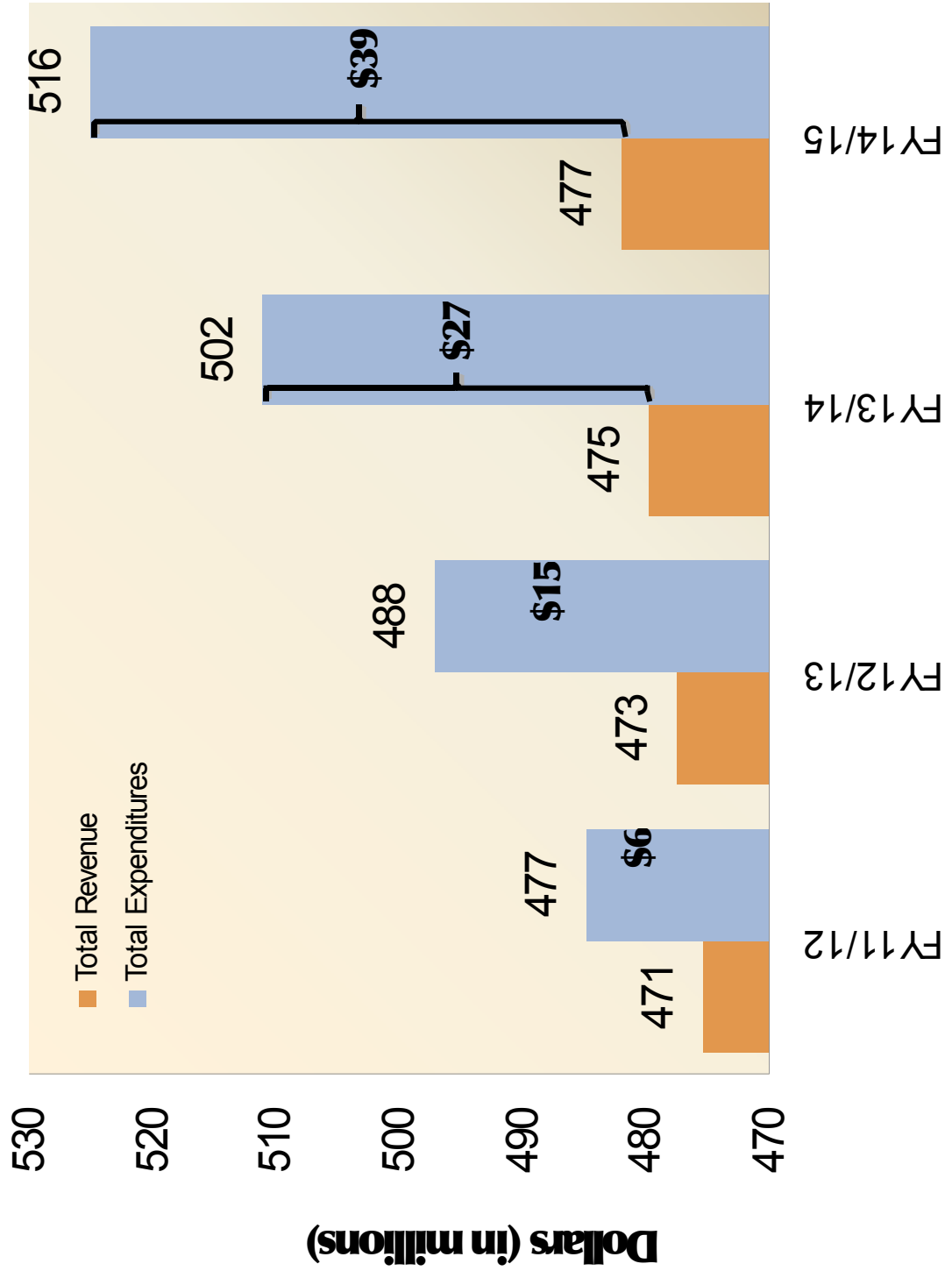
3. FY 2012 Mayor's Budget



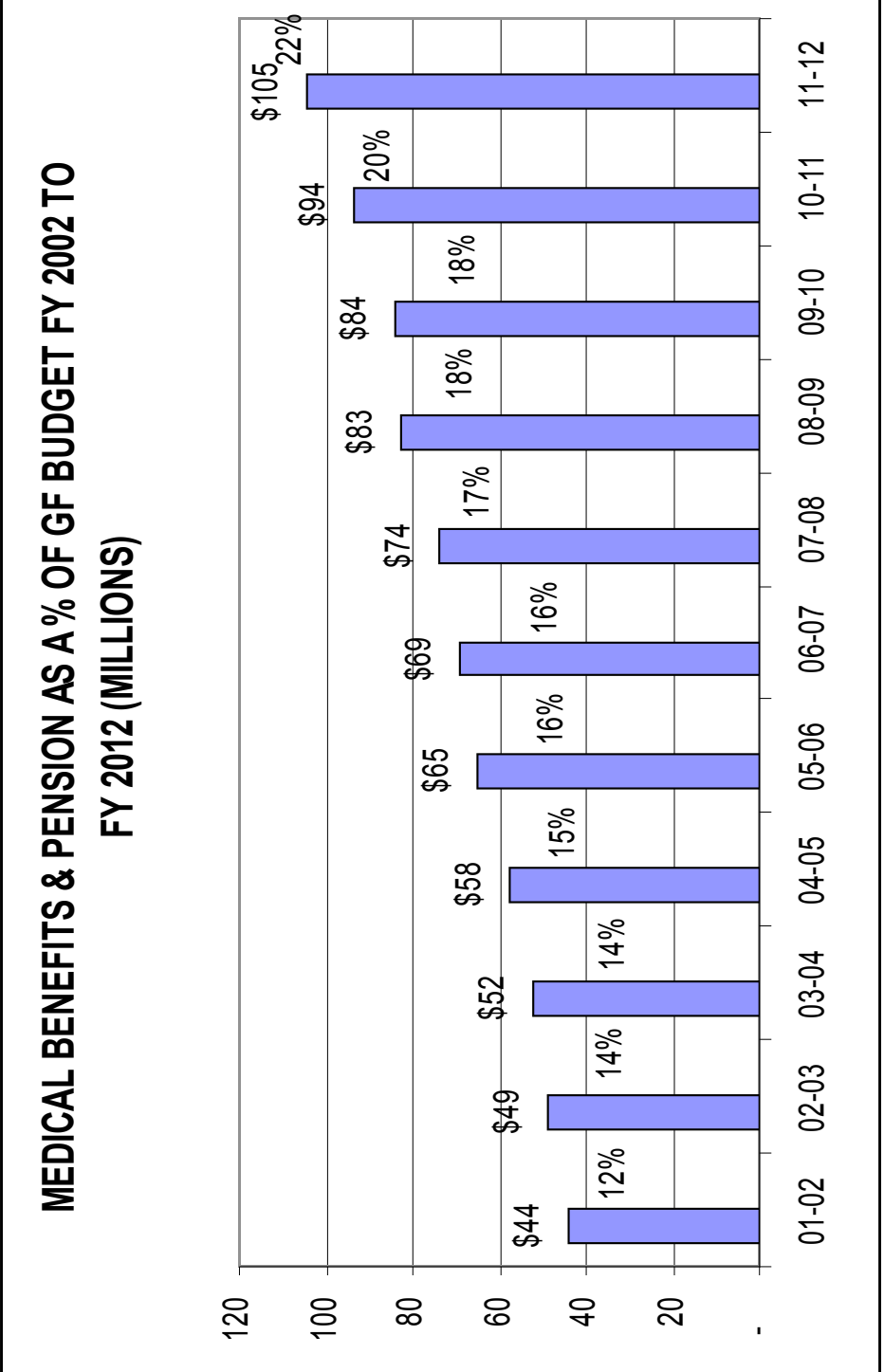
Proposed Balance

1. Local option State revenue - \$1.0m revenue.
1. Property Tax Initiatives - \$1.0m revenue.
1. Capital Project Close Out - \$1.0m reduction in expense.
1. Labor Concessions and/or service reductions - \$2.9m reduction in expense.

4. FY 2013-2015 Budget Gap



4. FY 2013-2015 Budget Gap



5. Employee Health Care and Pensions



Health Care Model

The New Haven plan is built upon the fact that if members are motivated to become health care consumers managing their own care and purchase of plans then services health care outcomes will be positively influenced and costs will be reduced for members and taxpayers.

New Haven Plan will:

- Create budget stability
- Increase use of preventive care services
- Increase use of primary care physicians
- Reduce unnecessary visits to Emergency Room
- Increase participation in disease and care management programs
- Provide members with more information
- Financially and medically reward members who take care of themselves



5. Employee Health Care and Pensions



Defined Contribution Health Care Plan:

A benefits plan in which the employer's annual contribution is specified or fixed. Individuals are free to elect coverage from multiple plan options, but the employer's contribution is defined regardless of plan option selected.

- City employees choose from a menu of health care plan options.
- Employees will be required to pay the dollar difference between the Basic Plan and the plan of their choice should they opt to “buy up” to one of the other 3 options.
- Uniform City contribution established per employee based on value of Basic Plan as of July 2010.

The Basic Plan plan rates as established in year one of the contract will remain in force for the duration of the contract. These rates are the City's defined contribution towards employee medical coverage and will not change.



5. Employee Health Care and Pensions

Employee Health Care: Program Design

Current Plans FY 10-11:

Premium Cost Sharing vary by Bargaining Unit and by Single, Couple or Family.
From 9% to 24% or \$17 to \$95 per week

	New Base Plan		Century Preferred Comp	BlueCare POE (BC1)	Century Preferred (CP)
	Single Deductible	Family Deductible	Buy-Up option #1	Buy-Up option #2	Buy-Up Option #3
<u>Deductible</u>	\$2,000	\$4,000	In-network: \$1,000 Single Deductible \$2,000 Family Deductible	No upfront deductible No out of network coverage available	No in-network deductible \$2,000/\$4,000 out of network deductible
<u>Co-payments</u>	*Combined deductible in and out of network		Out of network: \$2,000 Single Deductible \$4,000 Family Deductible	No coinsurance obligation	80/20% coinsurance out of network Century Preferred PPO Network
<u>Maximum Co-payments & deductibles</u>	80/20% coinsurance in-network 60/40% coinsurance out of network	80/20% coinsurance in-network 60/40% coinsurance out of network	80/20% coinsurance in-network 60/40% coinsurance out of network Century Preferred PPO Network	BlueCare HMO Network	Century Preferred PPO Network
<u>Office Visits</u>	\$5,000/\$10,000 Cost share maximum in-network \$10,000/\$20,000 cost share maximum out of network	\$5,000/\$10,000 Cost share maximum in-network \$10,000/\$20,000 cost share maximum out of network	\$3,000/\$6,000 Cost share maximum in-network \$6,000/\$12,000 cost share maximum out of network	No Deductibles or Co-insurance therefore no maximums	\$6,000/\$12,000 cost share maximum out of network
<u>Prescriptions</u>	Professional office visits subject to deductible and coinsurance Preventive covered in full in-network	Professional office visits subject to deductible and coinsurance Preventive covered in full in-network	\$20 copay, deductible waived, for professional and preventive services \$100 ER/\$75 UR	\$15 PCP/\$25 Spec Copay \$250 Inpatient copay \$100 Outpt Surgery copay \$100 ER \$75 UR	\$15 PCP/\$25 Spec Copay \$250 Inpatient copay \$100 Outpt Surgery copay \$100 ER \$75 UR
<u>Cost Per Week Single Couple Family</u>	\$10/\$25/\$40 Retail RX copays (after deductible) \$10/\$50/\$80 Mail Order RX copays (after deductible)	\$10/\$25/\$40 Retail RX copays (after deductible) \$10/\$50/\$80 Mail Order RX copays (after deductible)	\$10/\$25/\$40 Retail RX copays \$10/\$50/\$80 Mail Order RX copays	\$10/\$25/\$40 Retail RX copays \$10/\$50/\$80 Mail Order RX copays	\$10/\$25/\$40 Retail RX copays \$10/\$50/\$80 Mail Order RX copays City of New Haven
			\$46 (\$23)		\$51 (\$29)



5. Employee Health Care and Pensions



Defined Contribution Pension Plan:

A defined benefit pension plan is a type of pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending on investment returns. It is 'defined' in the sense that the formula for computing the employer's contribution is known in advance




5. Employee Health Care and Pensions

CITY EMPLOYEES RETIREMENT FUND (CERF)

Second level

- Third level

CATEGORY	CURRENT level	PROPOSED
1) BENEFIT MULTIPLIER	<ul style="list-style-type: none"> • Fifth level 2% 1ST 20 YEARS; 3% FOR NEXT 10	2% FOR ALL FUTURE YEARS OF SERVICE
2) POST RETIREMENT COLA (Cost of Living Adjustment)	UP TO 3% PER YEAR; NO CAP	UP TO 1.5% PER YEAR; 10% LIFETIME; APPLY TO FUTURE RETIREES
3) EARLY RETIREMENT PENALTY	2% - 4% FOR EACH FULL AND FRACTIONAL YEAR	6% BUT GRANDFATHER 2% REDUCTION FOR THE NUMBER OF YEARS BY WHICH A MEMBER IS ALREADY BEYOND HIS OR HER EARLIEST RETIREMENT DATE
4) RETIREMENT DATE	AGE 65 WITH AT LEAST 10 YEARS IN THE FUND OR THE RULE OF 80	SERVICE RETIREMENT DATE AGE 65 WITH 10 YEARS OF SERVICE OR RULE OF 85 (MINIMUM AGE OF 62); APPLIED ONLY TO MEMBERS WHO ARE NOT YET ELIGIBLE FOR EARLY RETIREMENT
5) EMPLOYEE CONTRIBUTION	5% - 7%	9%
6) BASE UPON WHICH PENSION DETERMINED	MAXIMUM BENEFIT IS 70% OF THE HIGHER OF AVERAGE OR BUDGETED SALARY	MAXIMUM BENEFIT IS 70% OF THE AVERAGE BUDGETED SALARY
7) SICK DAYS BUY BACK FOR PENSION ENHANCEMENT	30 DAYS EQUALS 1 YEAR ADDITIONAL SERVICE FOR PENSION	 ELIMINATION City of New Haven CONNECTICUT

Financial Summary

Goals

1. Support Core City Goals:
 - Academic Success of Public School Children
 - Transformation of a Bigger City Center into a Strong Jobs and Tax Generator
 - Strong Neighborhoods
1. Programs and Services: evaluate, re-invent, choose
2. Employee Compensation and Benefits: Conform to our labor market
3. Revenues: Eliminate One Time Revenues
4. Provide the services we require while living within our means



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