

Town of Thomaston



Proposed Budget

July 1, 2020 - June 30, 2021

Board of Finance:

George Seabourne, Chairman
Luke Freimuth
Michael Madow
Richard Sileo
Adam Silverman
Stephen Turner

Board of Selectmen:

Edmond Mone, First Selectman
Jeffrey Dunn
Roger Perreault

Finance Director
Tracy Decker

Budget in Brief

The proposed operating budget of \$27,268,555 represents a \$26,349 (0.10%) increase in spending from the previous year's budget of \$27,242,206. The mill rate will decrease from 36.53 to 36.13. The 0.34% increase in tax revenue is due to growth in the town's grand list. The basic elements of the expenditures are as follows:

	<u>2020-2021</u>	<u>2019-2020</u>	Increase (Decrease)
Town Operating Expenditures	\$ 8,666,596	\$ 8,624,472	\$ 42,124
Board of Education	15,257,126	15,298,827	(41,701)
Debt Service	3,000,000	3,000,000	0
Capital Outlay	<u>344,833</u>	<u>318,907</u>	<u>25,926</u>
Total Budget	\$27,268,555	\$27,242,206	\$ 26,349

The Budget has two main components – revenues and expenditures. The amount needed to be raised by taxes, or the tax levy, is the result of the budgeted expenditures minus budgeted non-tax revenues (this includes estimates of delinquent taxes and interest from prior years). A mill rate is then calculated using the Grand List as a basis for distributing the tax burden.

The goal during the budget process is to accomplish the following objectives: minimize the potential tax increases to residents; implement efficiency and effectiveness throughout the Town; maintain and enhance services provided to Town residents; maintain or improve Town infrastructure; and maintain an unrestricted general fund balance greater than ten (10) percent of the total operating general fund expenditures.

When compiling the budget information, there were several items worth noting that impacted the budget process.

Original department requests have been reduced by the Board of Selectmen and the Board of Finance by \$112,301 to come up with a sound, fiscally responsible budget which maintains services. Expenditures as a whole compared to the 2019-2020 budget have increased by \$26,349 which includes an increase of \$42,124 in town expenditures, a \$25,926 increase in contributions to the capital improvement fund and a \$41,701 decrease in education. The 2019-2020 budget included \$41,701 for contributions to the State Teachers Retirement Fund which the State later eliminated. As a result of COVID-19 and the schools being closed for a portion of 2019-2020, the Board of Education was able to realize savings in the 2019-2020 budget which they will use to pre-purchase items for next year allowing them to request a 2020-2021 budget with zero increase.

Over the past several years, the town has taken advantage of lower interest rates and refunded (basically, refinanced) several outstanding debt issuances. This does not extend the payment terms, just reduces the annual payments. There are currently two refunded bonds outstanding which represent funds borrowed for school renovations, sewer plant upgrades and road improvements. There are three additional bonds outstanding for road work, energy upgrades at all town buildings, a communications system, roofs for several town buildings, two fire trucks, a dump truck, Phase II of the Nystroms Park project and sewer and road construction in the web area of town.

In addition to bonded projects, there are also funds included in the operating budget for capital expenditures. The capital improvement amount included in the 2019-2020 budget was \$318,907. The 2020-2021 budgeted capital amount is \$344,833. Capital improvement requests from all town departments totaled approximately \$3.5 million for repairs and replacement of town infrastructure, buildings and equipment.

An important item to consider as part of the budget process is the non-tax revenue. This revenue is flat or decreased in several areas. Due to increased collections of delinquent taxes over the past several years, the amount that is considered collectible for prior taxes and interest has remained level. Charges for services and other income are experiencing little, if any, increases. Interest income has increased over the last few years as interest rates have been rising and the Town's fund balance has increased. State grants have remained flat or increased slightly.

Fund Balance – One measure of a Town's financial strength is the level of its fund balances (the amount in which revenues have exceeded expenditures cumulatively). Bond rating agencies consider a 10% ratio of fund balance to general fund expenditures to be deemed a healthy financial balance allowing the Town to be in a position to adequately address potential fiscal emergencies. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments maintain an unrestricted fund balance of no less than two months (16.67%) of general fund operating expenditures. The Town's audited unassigned general fund balance at June 30, 2019 was \$4,340,492.

Fund balance, June 30, 2019.....	\$ 4,340,492
Use of surplus 2019-2020 budget	(140,000)
Allocation of surplus to purchase senior minibus	(58,000)
Use of surplus 2020-2021 budget	(0)
Remaining fund balance.....	4,142,492
 Total Expenditures as proposed	 \$27,268,555
 Ratio of Fund Balance to Total Expenditures	 15.19%

The Town's current Bond Rating from Standard & Poors is AA due to its ability to maintain a healthy fund balance and its management of Town finances. Reductions in fund balance could affect this rating for further debt issuances and increase the interest rates the Town would have to pay for future borrowing.

The Town's fund balance policy states that fund balance greater than seven (7) percent may be transferred to debt service for future debt payments, transferred to the Capital, Nonrecurring Fund for future capital projects or to reduce the tax rate in the subsequent year provided that care is taken to avoid a major fluctuation in the tax rate in succeeding years. Certain circumstances may justify maintaining a greater than seven (7) percent fund balance such as a volatility in operating revenues or expenditures. While each department has done an excellent job in keeping expenditures level, cuts to State aid have created a gap in revenue. The Board of Finance has deemed it prudent at this time to maintain a greater fund balance anticipating future cuts in State funding.

Mill Rate Calculation- The Board of Finance uses a collection rate of 98% for taxes based on past collection rate experience. The value of 1 mill for real estate and personal property equals \$560,588.

Taxable grand list real estate & personal property (net of allowance for appeals)	\$ 572,028,784
Collection rate	<u> * 98.0%</u>
Value of 1 Mill	\$560,588,208 / \$1,000 = \$560,588
Total Expenditures	\$ 27,277,305
Less Revenue other than taxes	<u>(7,017,030)</u>
Total Taxes needed	\$ 20,260,275 / \$560,588 = 36.13 mills

$$\text{Your tax bill} = \frac{\text{Taxable Assessed Value}}{1000} \times 36.13$$

Revenue – The budget includes an increase in revenue of \$33,388 in charges for services, \$37,451 in state aid and \$25,000 in investment income.

Expenditures – Thomaston’s increase in expenditures are primarily contractual and fixed costs. The Town has exercised all savings opportunities in the bid process including heat, electric, telephone, audit, actuary, insurances, information technology services, gas & diesel, HVAC maintenance, and office supplies. The Town has been diligent to shop for all the services it purchases at the best possible prices.

Efficiencies in Government - The Town has and continues to look for ways to be more efficient and cut costs. Some of the Town’s accomplishments are as follows:

- Entered into an energy performance contract for all town buildings in which energy efficient changes were made to all Town buildings. The energy savings recognized annually pays for the cost of the energy upgrades. Additional upgrades, including LED lights, are ongoing;
- Successfully reduced large increases in employee health care costs by negotiating high deductible health plans for all unions;
- Negotiated the change from a defined benefit plan to a defined contribution plan;
- The Town also recognizes the importance of long-term planning vs. pay-as-you-go, in order to maintain the town’s infrastructure, buildings, sewer and equipment, through the adoption of a comprehensive long-term capital improvement policy;
- Management supports its revenue generating departments by providing adequate staffing to insure proper permitting, enforcement of regulations and equitable assessments to all its residents and businesses.

Town of Thomaston
Annual Budget Summary
For the year July 1, 2020 through June 30, 2021
Based on Mill Rate of 36.13

	Actual 2018-2019	Budgeted 2019-2020	Proposed 2020-2021	Increase (Decrease)	Percent Change
Revenue:					
Property Taxes.....	\$ 20,033,981	\$ 20,495,565	\$ 20,565,925	\$ 70,360	0.34%
Charges for Services.....	384,991	356,557	389,945	33,388	9.36%
Intergovernmental.....	6,421,693	6,180,084	6,217,535	37,451	0.61%
Investment Income.....	95,954	50,000	75,000	25,000	50.00%
Other Income.....	46,427	5,000	5,150	150	3.00%
Other Financing Sources.....	27,670	155,000	15,000	(140,000)	-90.32%
Total Revenue	<u>27,010,716</u>	<u>27,242,206</u>	<u>27,268,555</u>	<u>26,349</u>	<u>0.10%</u>
Operating Expenditures:					
General Government.....	3,618,591	3,935,280	3,957,435	22,155	0.56%
Public Safety.....	1,792,809	1,973,704	1,989,799	16,095	0.82%
Public Works.....	1,814,952	1,917,691	1,899,225	(18,466)	-0.96%
Health and Welfare.....	97,085	97,530	97,654	124	0.13%
Culture and Recreation.....	445,564	456,105	470,073	13,968	3.06%
Housing and Development.....	152,572	209,162	206,410	(2,752)	-1.32%
Education.....	15,069,534	15,298,827	15,257,126	(41,701)	-0.27%
Operating Subsidies to Other Funds.....	35,000	35,000	46,000	11,000	31.43%
Total Operating Expenditures	<u>23,026,107</u>	<u>23,923,299</u>	<u>23,923,722</u>	<u>423</u>	<u>0.00%</u>
Debt Service (See Schedule B).....	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>0.00%</u>
Capital Expenditures (See Schedule A).....	<u>246,903</u>	<u>318,907</u>	<u>344,833</u>	<u>25,926</u>	<u>8.13%</u>
Total Expenditures	<u>\$ 26,273,010</u>	<u>\$ 27,242,206</u>	<u>\$ 27,268,555</u>	<u>\$ 26,349</u>	<u>0.10%</u>

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	Actual 2018-2019	Budgeted 2019-2020	Proposed 2020-2021	Increase (Decrease)	Percent Change
Property Taxes:					
Property Tax - Current.....	\$ 19,630,173	\$ 20,179,697	\$ 20,251,525	\$ 71,828	0.36%
Property Tax - Prior Years.....	230,136	175,000	175,000	-	0.00%
Interest and lien fees.....	132,804	100,000	100,000	-	0.00%
Taxes from Housing Authority - P.I.L.O.T.....	27,309	27,309	26,987	(322)	-1.18%
Telecommunication property tax.....	13,559	13,559	12,413	(1,146)	-8.45%
Total Property Taxes	<u>20,033,981</u>	<u>20,495,565</u>	<u>20,565,925</u>	<u>70,360</u>	<u>0.39%</u>
Charges for Services:					
Building permits.....	74,051	65,000	70,000	5,000	7.69%
Conveyance tax.....	51,212	50,000	55,000	5,000	10.00%
Special duty police reimbursements.....	76,387	60,000	75,000	15,000	25.00%
Accident reports.....	244	500	250	(250)	-50.00%
Gun permits.....	3,403	3,000	2,000	(1,000)	-33.33%
Zoning and land use fees.....	9,916	10,000	7,500	(2,500)	-25.00%
Recreation - Nystrom's park.....	4,043	5,000	5,150	150	3.00%
Fingerprinting.....	90	100	100	-	0.00%
Town of Litchfield sewer upgrade.....	7,928	7,928	7,928	-	0.00%
Dam Patrol.....	19,062	19,062	19,031	(31)	-0.16%
Alarm violations.....	-	500	-	(500)	-100.00%
Parking tickets.....	170	1,000	500	(500)	-50.00%
Dog fines & fees.....	4,784	4,000	4,000	-	0.00%
Rent of Tower.....	94,270	83,000	94,500	11,500	13.86%
Rent of Tower (Plymouth).....	17,181	25,467	26,486	1,019	4.00%
Rent of Opera House.....	15,000	15,000	15,000	-	0.00%
PA 09-229 LOCIP project funding.....	7,250	7,000	7,500	500	7.14%
Total Charges for Services	<u>384,991</u>	<u>356,557</u>	<u>389,945</u>	<u>33,388</u>	<u>9.36%</u>
Intergovernmental Revenue:					
Property tax relief - State owned property.....	19,583	19,583	19,583	-	0.00%
Property tax relief - Veterans exemption.....	14,515	14,515	14,755	240	1.65%
Property tax relief - Totally disabled.....	949	949	1,069	120	12.64%
Property tax relief - Municipal grants in aid.....	395,346	395,346	395,346	-	0.00%
Property tax relief - Manufacturing.....	4,302	-	-	-	#DIV/0!
Federal PILOT - Land authorization.....	1,625	1,589	1,625	36	2.27%
Local capital improvement program (LOCIP).....	62,155	53,512	53,512	-	0.00%
Education cost sharing.....	5,531,400	5,444,034	5,481,226	37,192	0.68%
School construction grants.....	141,262	-	-	-	#DIV/0!
Mashantucket Pequot.....	16,872	16,872	16,872	-	0.00%
Town aid road.....	222,351	222,351	222,214	(137)	-0.06%
Elderly services transportation grant.....	11,333	11,333	11,333	-	0.00%
Total Intergovernmental Revenue	<u>6,421,693</u>	<u>6,180,084</u>	<u>6,217,535</u>	<u>37,451</u>	<u>0.61%</u>
Investment Income.....	95,954	50,000	75,000	25,000	50.00%
Other Income:					
Recyclables rebate.....	102	-	150	150	#DIV/0!
Miscellaneous.....	46,325	5,000	5,000	-	0.00%
Total Other Income	<u>46,427</u>	<u>5,000</u>	<u>5,150</u>	<u>150</u>	<u>3.00%</u>
Other Financing Sources:					
Sales of capital assets.....	12,670	-	-	-	#DIV/0!
Surplus prior years.....	-	140,000	-	(140,000)	-100.00%
Thomaston EMS Fund.....	15,000	15,000	15,000	-	0.00%
Total Other Financing Sources	<u>27,670</u>	<u>155,000</u>	<u>15,000</u>	<u>(140,000)</u>	<u>-90.32%</u>
Total General Fund Revenue and Other Financing Sources					
	<u>\$ 27,010,716</u>	<u>\$ 27,242,206</u>	<u>\$ 27,268,555</u>	<u>\$ 26,349</u>	<u>0.10%</u>

Town of Thomaston
Annual Budget Summary
For the year ending June 30, 2021
Based on Mill Rate of 36.13

	Actual 2018-2019	Budgeted 2019-2020	Proposed 2020-2021	Increase (Decrease)	Percent Change
General Government					
Board of Selectmen.....	\$ 117,807	\$ 121,396	\$ 124,832	\$ 3,436	2.83%
Elections.....	27,489	28,850	30,050	1,200	4.16%
Board of Finance.....	802	2,000	2,000	-	0.00%
Treasurer.....	190,532	196,683	201,379	4,696	2.39%
Computer Information systems.....	37,825	51,480	55,752	4,272	8.30%
Independent audit.....	56,500	57,425	58,600	1,175	2.05%
Legal.....	90,956	85,500	85,500	-	0.00%
Tax Collector.....	114,011	118,828	118,919	91	0.08%
Tax Assessor.....	134,786	136,737	144,616	7,879	5.76%
Board of Assessment Appeals.....	1,000	150	150	-	0.00%
Insurance.....	454,530	460,058	475,250	15,192	3.30%
Town Hall Operations & Maintenance.....	209,982	234,457	235,195	738	0.31%
Town Clerk.....	40,479	51,865	51,865	-	0.00%
Probate court.....	4,100	4,066	4,219	153	3.76%
Social Security.....	229,761	250,000	260,000	10,000	4.00%
Unemployment Expense.....	845	-	-	-	#DIV/0!
Pension - Town Employees.....	478,105	493,814	438,035	(55,779)	-11.30%
Pension - Volunteer Firefighters and Ambulance.....	121,580	131,000	104,000	(27,000)	-20.61%
Medical / Life insurance.....	682,029	747,077	738,284	(8,793)	-1.18%
Retirees Medical Insurance.....	617,715	655,178	719,959	64,781	9.89%
Council of Governments.....	2,863	3,822	3,936	114	2.98%
CT Conference of Municipalities.....	4,894	4,894	4,894	-	0.00%
Contingency.....	-	100,000	100,000	-	0.00%
Total General Government	3,618,591	3,935,280	3,957,435	22,155	0.58%
Public Safety					
Police.....	1,118,254	1,231,614	1,260,126	28,512	2.32%
Emergency Management.....	11,761	14,966	14,204	(762)	-5.09%
Communications and Dispatch.....	345,911	381,166	386,797	5,631	1.48%
Fire Protection.....	183,454	190,057	187,187	(2,870)	-1.51%
Fire Marshal.....	26,619	27,631	28,265	634	2.29%
Ambulance.....	62,129	76,200	61,150	(15,050)	-19.75%
Tree Removal.....	22,112	25,000	25,000	-	0.00%
Animal Control.....	22,569	27,070	27,070	-	0.00%
Total Public Safety	1,792,809	1,973,704	1,989,799	16,095	1.23%
Public Works					
Highways.....	627,247	594,329	625,311	30,982	5.21%
Town Aid Road.....	222,315	222,351	222,214	(137)	-0.06%
Snow and Ice Removal.....	193,641	189,550	189,550	-	0.00%
Street Lighting.....	3,620	23,500	20,000	(3,500)	-14.89%
Fire Hydrants.....	199,176	202,500	221,553	19,053	9.41%
Solid Waste and Recycling.....	534,603	558,073	578,059	19,986	3.58%
Engineering - water testing, dams.....	34,350	127,388	42,538	(84,850)	-66.61%
Total Public Works	1,814,952	1,917,691	1,899,225	(18,466)	-0.96%
Health and Welfare					
Medical Services.....	3,261	4,235	4,500	265	6.26%
Torrington Area Health District.....	41,621	41,659	41,429	(230)	-0.55%
Northwest Regional Mental Health Board.....	835	850	-	(850)	-100.00%
Social Services.....	19,452	19,434	20,241	807	4.15%
Elderly Nutrition.....	6,654	6,749	6,486	(263)	-3.90%
Susan B Anthony Project.....	2,000	2,000	2,000	-	0.00%
Central Naugatuck Valley Regional Action Council.....	-	1,160	1,200	40	3.45%
Minibus.....	21,179	18,585	19,898	1,313	7.06%
Veterans Administration.....	2,083	2,858	1,900	(958)	-33.52%
Total Health and Welfare	97,085	97,530	97,654	124	0.13%

**Town of Thomaston
Annual Budget Summary
For the year ending June 30, 2021
Based on Mill Rate of 36.13**

	Actual 2018-2019	Budgeted 2019-2020	Proposed 2020-2021	Increase (Decrease)	Percent Change
Culture and Recreation					
Parks & Recreation.....	\$ 118,034	\$ 117,754	\$ 121,127	\$ 3,373	2.86%
Memorial Day.....	1,750	2,000	2,500	500	25.00%
Public Library.....	325,780	336,351	346,446	10,095	3.00%
Total Culture and Recreation	445,564	456,105	470,073	13,968	3.06%
Housing and Development					
Conservation Commission.....	1,795	1,795	1,795	-	0.00%
Economic Development.....	1,530	1,900	2,150	250	13.16%
Housing, Land Use & Development.....	148,447	204,667	201,465	(3,202)	-1.56%
Brownfields.....	800	800	1,000	200	25.00%
Total Housing and Development	152,572	209,162	206,410	(2,752)	-1.32%
Education					
Education operations.....	15,069,534	15,257,126	15,257,126	-	0.00%
State Teacher Retirement Contribution.....	-	41,701	-	(41,701)	-100.00%
Total Education	15,069,534	15,298,827	15,257,126	(41,701)	-0.27%
Other Financing Uses					
Debt Service Fund (See Schedule B).....	3,000,000	3,000,000	3,000,000	-	0.00%
Hillside Cemetery.....	26,000	26,000	26,000	-	0.00%
Capital or Nonrecurring (See Schedule A).....	246,903	318,907	344,833	25,926	8.13%
Seth Thomas/Bradstreet House.....	8,000	8,000	10,000	2,000	25.00%
Social Service Crisis Fund.....	1,000	1,000	10,000	9,000	900.00%
Total Other Financing Uses	3,281,903	3,353,907	3,390,833	36,926	1.10%
Total Expenditures and Other Financing Uses	\$ 26,273,010	\$ 27,242,206	\$ 27,268,555	\$ 26,349	0.10%

**Town of Thomaston
Capital Expenditures
For the Year Ending June 30, 2021
Based on Mill Rate of 36.13**

	Actual 2018-2019	Budgeted 2019-2020	Proposed 2020-2021
Transfers to Capital or Nonrecurring Fund			
Assessors revaluation.....	\$ 22,000	\$ 22,000	\$ 30,000
BOE: TCS - Auditorium lift.....	18,500	-	-
BOE: TCS - Hot water heater.....	37,000	-	-
BOE: THS - Replace drain/heating pipe insulation.....	10,900	-	-
BOE: THS - Interior door access control.....	-	18,025	-
BOE: THS - Interior door magnetic strips.....	-	10,795	-
BOE: THS - Pave driveway entrance.....	-	47,072	-
BOE: District - panic buttons.....	-	8,298	-
BOE: District - network hardware upgrades.....	-	47,089	-
BOE: BRS - Noah Rogozinski playground.....	-	-	40,662
Fire Dept: Turn out gear.....	15,000	15,000	15,000
Fire Dept: Self contained breathing apparatus.....	28,000	28,000	-
Fire Dept: Pagers.....	-	4,000	4,000
Fire Dept: Boiler replacement.....	-	-	55,000
Library: Automatic door replacement.....	5,000	5,000	-
Library: Chair lift.....	-	-	15,000
PWD: Sidewalk replacement.....	-	50,000	50,000
PWD: Mini Excavator.....	35,000	-	-
PWD: Truck #22 (lease purchase).....	10,503	10,503	7,380
PWD: Truck #9 (lease purchase).....	-	43,125	38,791
PWD/Recreation: Groomer/snowblower (lease purchase).....	-	-	15,000
Recreation: Nystroms Park reserve.....	10,000	10,000	10,000
Selectmen: Engineering - Nystroms Dam.....	35,000	-	-
Town Hall Building: Facility reserve.....	20,000	-	20,000
Town Hall Building: Sidewalk repair.....	-	-	10,000
Town Hall Building: Reserve for Opera House AC.....	-	-	24,000
Town Hall Building: Carpet replacement.....	-	-	10,000
Total Transfers to Capital or Nonrecurring Fund	\$ 246,903	\$ 318,907	\$ 344,833

**Town of Thomaston
Schedule of Debt Service
For the Year Ending June 30, 2021**

Name of Loan	Interest Rate	Original Debt	Outstanding Principal	Scheduled Payment			Ending Balance	
				Principal	Interest	Total		
Notes:								
Clean Water 2001 - 2021	2%	9,091,656	406,693	406,693	3,397	410,090	-	
Clean Water 2020-2040	2%	1,517,874	1,517,874		30,000	30,000	1,517,874	
Bonds:								
Gen. Oblig. Bond Ser. C 2011 (Refunding)	2-4%	6,945,000	1,355,000	550,000	43,200	593,200	805,000	
Gen. Oblig. Bond May 2013	2-4%	6,735,000	4,355,000	335,000	117,250	452,250	4,020,000	
Gen. Oblig. Bond November 2014	3-4%	6,025,000	4,275,000	300,000	136,206	436,206	3,975,000	
Gen. Oblig. Bond May 2015 (Refunding)	3-4%	6,455,000	4,405,000	375,000	134,075	509,075	4,030,000	
Gen. Oblig. Bond July 2018	3-4%	8,415,000	7,930,000	485,000	260,750	745,750	7,445,000	
BANs Summer 2020 anticipated issue		6,432,586	6,432,586		50,000	50,000	6,432,586	
less BOE - energy upgrade				(110,276)	(38,596)	(148,872)	-	
less rebates/premiums applied						(77,699)	-	
Total Transfer to Debt Service Fund				\$30,677,153	\$ 2,341,417	\$736,282	\$3,000,000	\$28,225,460

Future Debt Payments:

