

Town of Thomaston



Proposed Budget

July 1, 2022 - June 30, 2023

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 \$28,230,870 represents a \$484,989 (1.75%) increase in spending from the previous year's budget of \$27,745,881. The mill rate will decrease to 32.11. The 2.05% increase in tax revenue is caused by an increase in the budgeted expenditures along with a change in the Grand List due to the revaluation that was recently completed. The basic elements of the expenditures are as follows:

	<u>2022-2023</u>	<u>2021-2022</u>	<u>Increase (Decrease)</u>
Town Operating Expenditures	\$9,560,669	\$ 8,876,910	\$683,759
Board of Education	15,931,434	15,428,514	502,920
Debt Service	2,300,000	2,800,000	(500,000)
Capital Outlay	<u>438,767</u>	<u>640,457</u>	<u>(201,690)</u>
Total Budget	\$28,230,870	\$27,745,881	\$484,989

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 equal to two months of the total operating general fund expenditures or 16.67%.

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 \$427,958 to come up with a sound, fiscally responsible budget which maintains services. Expenditures as a whole compared to the 2021-2022 budget have increased by \$484,989 which includes an increase of \$683,759 in town expenditures, a \$502,920 increase in education, a \$500,000 decrease in debt service and a \$201,690 decrease in contributions to the capital improvement fund.

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 three refunded bonds and one general obligation bond outstanding which represent funds borrowed for school renovations, energy upgrades, sewer plant upgrades, road work, 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 2021-2022 budget was \$640,457. The 2022-2023 budgeted capital amount is \$438,767. Capital improvement requests from all town departments totaled approximately \$14.7 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 small, if any, increases. Interest income has decreased over the last few years as interest rates have dropped. 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, 2021 was \$5,690,364.

Fund balance, June 30, 2021	\$ 5,503,803
Use of surplus during 2021-2022	(18,300)
Use of surplus 2022-2023 budget	(200,000)
Proposed use of surplus during 2021-2022	<u>(220,000)</u>
Remaining fund balance.....	5,065,503
 Total Expenditures as proposed	 \$28,230,870
 Ratio of Fund Balance to Total Expenditures	 17.94%

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.

Revaluation – Section 12-62 of Connecticut Statutes requires that each municipality conduct a revaluation of all real property every five years. The purpose of this requirement is to ensure uniformity in real property valuations (fair market value) by eliminating inequities that have developed since the last revaluation due to changing market conditions.

A revaluation is undertaken to secure a more equitable distribution of the tax burden, to bring the assessment level up to date, to modernize assessment procedures and to comply with the state statutes.

Property values change over time; some types of property have appreciated at different annual change (appreciation) rates than other types of property since the last revaluation for the Town of Thomaston. Because property values have changed in that time, inequities have emerged. A properly conducted revaluation equalizes the inequities that the market has caused over the past five years.

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 \$653,182.

Taxable grand list real estate & personal property (net of allowance for appeals)	\$ 663,870,385
Collection rate	<u>* 98%</u>
Value of 1 Mill	\$652,252,653 / \$1,000 = \$652,253
Total Expenditures	\$ 28,230,870
Less Revenue other than taxes	<u>(7,289,844)</u>
Total Taxes needed	\$ 20,941,026 / \$652,253 = 32.11 mills

$$\text{Your tax bill} = \frac{\text{Taxable Assessed Value}}{1000} \times 32.11$$

Revenue – The budget includes increases in revenue of \$53,656 in charges for services and \$20,068 in state aid and a \$30,000 decrease 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.
- Shared Animal Control Officer with the Town of Plymouth and shared Building Inspector with the Town of Watertown.

Town of Thomaston
Annual Budget Summary
For the year July 1, 2022 through June 30, 2023
Based on Mill Rate of 32.11

	Actual 2020-2021	Budgeted 2021-2022	Proposed 2022-2023	Increase (Decrease)	Percent Change
Revenue:					
Property Taxes.....	\$21,145,103	\$20,858,295	\$21,309,550	\$ 451,255	2.16%
Charges for Services.....	498,041	416,731	470,387	53,656	12.88%
Intergovernmental.....	6,207,716	6,214,294	6,234,362	20,068	0.32%
Investment Income.....	18,850	50,000	20,000	(30,000)	-60.00%
Other Income.....	24,558	5,000	5,000	-	0.00%
Other Financing Sources.....	15,000	201,561	215,000	13,439	6.67%
Total Revenue	27,909,268	27,745,881	28,254,299	508,418	1.83%
Operating Expenditures:					
General Government.....	3,658,061	3,980,120	4,266,309	286,189	7.19%
Public Safety.....	1,940,570	2,114,591	2,326,827	212,236	10.04%
Public Works.....	1,928,297	1,948,416	2,135,517	187,101	9.60%
Health and Welfare.....	101,282	100,258	101,655	1,397	1.39%
Culture and Recreation.....	468,623	489,716	457,651	(32,065)	-6.55%
Housing and Development.....	186,019	198,184	227,085	28,901	14.58%
Education.....	15,329,799	15,428,514	15,931,434	502,920	3.26%
Operating Subsidies to Other Funds.....	46,000	45,625	45,625	-	0.00%
Total Operating Expenditures	23,658,651	24,305,424	25,492,103	1,186,679	4.88%
Debt Service (See Schedule B).....	3,000,000	2,800,000	2,300,000	(500,000)	-17.86%
Capital Expenditures (See Schedule A).....	598,686	640,457	438,767	(201,690)	-31.49%
Total Expenditures	\$27,257,337	\$27,745,881	\$28,230,870	\$ 484,989	1.75%

Town of Thomaston
Annual Budget Summary
For the year July 1, 2022 through June 30, 2023
Based on Mill Rate of 32.11

	Actual 2020-2021	Budgeted 2021-2022	Proposed 2022-2023	Increase (Decrease)	Percent Change
Property Taxes:					
Property Tax - Current.....	\$ 20,694,159	\$ 20,515,698	\$ 20,964,455	\$ 448,757	2.19%
Property Tax - Prior Years.....	275,851	200,000	200,000	-	0.00%
Interest and lien fees.....	132,495	100,000	100,000	-	0.00%
Taxes from Housing Authority - P.I.L.O.T.....	29,502	29,502	32,000	2,498	8.47%
Telecommunication property tax.....	13,096	13,095	13,095	-	0.00%
Total Property Taxes	21,145,103	20,858,295	21,309,550	451,255	2.16%
Charges for Services:					
Building permits.....	77,884	70,000	80,000	10,000	14.29%
Conveyance tax.....	99,052	75,000	90,000	15,000	20.00%
Special duty police reimbursements.....	96,752	75,000	100,000	25,000	33.33%
Accident reports.....	535	250	250	-	0.00%
Gun permits.....	20,621	10,000	5,000	(5,000)	-50.00%
Zoning and land use fees.....	9,906	10,000	7,500	(2,500)	-25.00%
Recreation - Nystrom's park.....	5,150	5,305	5,464	159	3.00%
Fingerprinting.....	100	100	100	-	0.00%
Town of Litchfield sewer upgrade.....	18,033	10,105	-	(10,105)	-100.00%
Dam Patrol.....	19,926	19,926	19,926	-	0.00%
Parking tickets.....	-	500	500	-	0.00%
Dog fines & fees.....	5,914	4,000	2,500	(1,500)	-37.50%
Rent of Tower.....	99,845	99,000	103,000	4,000	4.04%
Rent of Tower (Plymouth).....	26,486	27,545	28,647	1,102	4.00%
Rent of Opera House.....	-	-	12,500	12,500	0.00%
PA 09-229 LOCIP project funding.....	17,837	10,000	15,000	5,000	50.00%
Total Charges for Services	498,041	416,731	470,387	53,656	12.88%
Intergovernmental Revenue:					
Property tax relief - State owned property.....	19,583	-	-	-	0.00%
Property tax relief - Veterans exemption.....	9,641	9,641	11,002	1,361	14.12%
Property tax relief - Totally disabled.....	1,020	1,020	1,170	150	14.71%
Municipal grants in aid.....	395,346	395,346	395,346	-	0.00%
PILOT - Manufacturing facilities in distressed municipalities.....	9,790	9,790	9,790	-	0.00%
PILOT - Tiered reimbursement.....	-	30,645	30,645	-	0.00%
Federal PILOT - Land authorization.....	1,727	1,660	1,727	67	4.04%
Local capital improvement program (LOCIP).....	53,179	54,383	53,179	(1,204)	-2.21%
Education cost sharing.....	5,447,924	5,461,463	5,481,226	19,763	0.36%
Mashantucket Pequot.....	16,872	16,872	16,872	-	0.00%
Town aid road.....	222,141	222,141	222,072	(69)	-0.03%
Bus operations grant.....	11,333	11,333	11,333	-	0.00%
Help America Vote Act.....	6,170	-	-	-	0.00%
CARES Act DOL Unemployment grant.....	5,633	-	-	-	0.00%
FEMA Disaster Grants - Public Assistance.....	7,357	-	-	-	0.00%
Total Intergovernmental Revenue	6,207,716	6,214,294	6,234,362	20,068	0.32%
Investment Income.....	18,850	50,000	20,000	(30,000)	-60.00%
Other Income:					
Miscellaneous.....	24,558	5,000	5,000	-	0.00%
Total Other Income	24,558	5,000	5,000	-	0.00%
Other Financing Sources:					
Surplus prior years.....	-	186,561	200,000	13,439	7.20%
Thomaston EMS Fund.....	15,000	15,000	15,000	-	0.00%
Total Other Financing Sources	15,000	201,561	215,000	13,439	6.67%
Total General Fund Revenue and Other Financing Sources	\$ 27,909,268	\$ 27,745,881	\$ 28,254,299	\$ 508,418	1.83%

Town of Thomaston
Annual Budget Summary
For the year ending June 30, 2023
Based on Mill Rate of 32.11

	Actual	Budgeted	Proposed	Increase	Percent
	2020-2021	2021-2022	2022-2023	(Decrease)	Change
General Government					
Board of Selectmen.....	\$ 125,119	\$ 127,217	\$ 127,917	\$ 700	0.55%
Elections.....	33,531	32,250	30,000	(2,250)	-6.98%
Board of Finance.....	1,706	2,000	2,150	150	7.50%
Treasurer.....	201,584	206,196	209,735	3,539	1.72%
Computer Information systems.....	56,445	57,220	61,570	4,350	7.60%
Independent audit.....	58,600	59,775	63,350	3,575	5.98%
Legal.....	60,289	85,500	85,500	-	0.00%
Tax Collector.....	108,751	113,802	119,459	5,657	4.97%
Tax Assessor.....	144,192	150,238	153,966	3,728	2.48%
Insurance.....	450,527	481,789	498,808	17,019	3.53%
Town Hall Operations & Maintenance.....	221,272	240,972	234,306	(6,666)	-2.77%
Town Clerk.....	47,275	51,865	54,265	2,400	4.63%
Probate court.....	4,219	4,213	4,352	139	3.30%
Social Security.....	232,141	270,000	300,000	30,000	11.11%
Unemployment Expense.....	11,328	-	-	-	0.00%
Pension - Town Employees.....	441,962	424,396	424,396	-	0.00%
Pension - Volunteer Firefighters and Ambulance.....	93,725	80,000	125,000	45,000	56.25%
Medical / Life insurance.....	681,670	744,333	872,928	128,595	17.28%
Retirees Medical Insurance.....	675,009	739,024	789,080	50,056	6.77%
Council of Governments.....	3,822	4,436	4,633	197	4.44%
CT Conference of Municipalities.....	4,894	4,894	4,894	-	0.00%
Contingency.....	-	100,000	100,000	-	0.00%
Total General Government	3,658,061	3,980,120	4,266,309	286,189	7.19%
Public Safety					
Police.....	1,220,272	1,345,978	1,528,770	182,792	13.58%
Emergency Management.....	10,250	11,604	11,604	-	0.00%
Communications and Dispatch.....	375,837	397,851	410,085	12,234	3.08%
Fire Protection.....	188,161	188,907	200,627	11,720	6.20%
Fire Marshal	26,756	28,681	29,821	1,140	3.97%
Ambulance.....	69,496	64,500	68,900	4,400	6.82%
Tree Removal.....	24,726	50,000	50,000	-	0.00%
Animal Control.....	25,072	27,070	27,020	(50)	-0.18%
Total Public Safety	1,940,570	2,114,591	2,326,827	212,236	10.04%
Public Works					
Highways.....	641,874	646,744	769,252	122,508	18.94%
Town Aid Road.....	222,214	222,141	222,072	(69)	-0.03%
Snow and Ice Removal.....	199,064	202,500	252,500	50,000	24.69%
Street Lighting.....	18,824	20,000	20,000	-	0.00%
Fire Hydrants.....	201,662	206,000	212,000	6,000	2.91%
Solid Waste and Recycling.....	602,832	613,093	640,593	27,500	4.49%
Engineering - water testing, dams.....	41,827	37,938	19,100	(18,838)	-49.65%
Total Public Works	1,928,297	1,948,416	2,135,517	187,101	9.60%
Health and Welfare					
Medical Services.....	3,023	4,500	4,500	-	0.00%
Torrington Area Health District.....	48,786	41,292	40,694	(598)	-1.45%
Social Services.....	21,394	20,657	20,737	80	0.39%
Elderly Nutrition.....	6,486	6,486	6,722	236	3.64%
Susan B Anthony Project.....	2,000	2,500	2,500	-	0.00%
Central Naugatuck Valley Regional Action Council.....	-	1,140	-	(1,140)	-100.00%
Minibus.....	17,693	18,308	20,027	1,719	9.39%
Veterans Administration.....	1,900	2,225	2,225	-	0.00%
Senior Center.....	-	3,150	4,250	1,100	34.92%
Total Health and Welfare	101,282	100,258	101,655	1,397	1.39%

Town of Thomaston
Annual Budget Summary
For the year ending June 30, 2023
Based on Mill Rate of 32.11

	Actual 2020-2021	Budgeted 2021-2022	Proposed 2022-2023	Increase (Decrease)	Percent Change
Culture and Recreation					
Parks & Recreation.....	\$ 135,841	\$ 133,694	\$ 117,670	\$ (16,024)	-11.99%
Memorial Day.....	2,500	2,500	2,500	-	0.00%
Public Library.....	330,282	353,522	337,481	(16,041)	-4.54%
Total Culture and Recreation	468,623	489,716	457,651	(32,065)	-6.55%
Housing and Development					
Conservation Commission.....	1,795	1,795	1,795	-	0.00%
Economic Development.....	668	2,250	2,250	-	0.00%
Housing, Land Use & Development.....	182,556	193,139	222,040	28,901	14.96%
Brownfields.....	1,000	1,000	1,000	-	0.00%
Total Housing and Development	186,019	198,184	227,085	28,901	14.58%
Education.....	15,327,799	15,428,514	15,931,434	502,920	3.26%
Other Financing Uses					
Debt Service Fund (See Schedule B).....	3,000,000	2,800,000	2,300,000	(500,000)	-17.86%
Hillside Cemetery.....	26,000	26,000	26,000	-	0.00%
Capital or Nonrecurring (See Schedule A).....	598,686	640,457	438,767	(201,690)	-31.49%
Seth Thomas/Bradstreet House.....	10,000	9,625	9,625	-	0.00%
Social Service Crisis Fund.....	10,000	10,000	10,000	-	0.00%
Total Other Financing Uses	3,644,686	3,486,082	2,784,392	(701,690)	-20.13%
Total Expenditures and Other Financing Uses	\$ 27,257,337	\$ 27,745,881	\$ 28,230,870	\$ 484,989	1.75%

Schedule A

Town of Thomaston
Capital Expenditures
For the Year Ending June 30, 2023
Based on a Mill Rate of 32.11

	ACTUAL 2020-2021	BUDGETED 2021-2022	PROPOSED 2022-2023
TRANSFER TO CAPITAL OR NONRECURRING FUND			
Assessors revaluation	\$ 30,000	\$ 22,000	\$ 28,000
BOE: THS - Paving	-	67,900	-
BOE: BRS - Noah Rogozinski playground	40,662	-	-
BOE: BRS - Rooftop units	-	10,000	-
BOE: District-wide server	-	-	78,571
Building/Land Use: Plan of Conservation and Development	-	-	25,000
Fire Dept: Turn out gear	15,000	15,000	20,000
Fire Dept: Self contained breathing apparatus	-	28,000	28,000
Fire Dept: Pagers	4,000	4,000	4,000
Fire Dept: Boiler replacement	55,000	-	-
Fire Dept: Exhaust system	-	84,000	-
Fire Dept: Tanker truck refurbishment	-	150,000	-
Library: Automatic door replacement	-	5,000	-
* Library: Chair lift	24,950	-	-
Police: Dash/body cameras	-	-	20,540
PWD: Sidewalk replacement	50,000	50,000	50,000
PWD: Truck #22 (lease purchase)	7,380	7,380	7,380
PWD: Truck #9 (lease purchase)	38,791	38,791	38,791
PWD/Recreation: Groomer/snowblower (lease purchase)	15,000	20,498	17,749
* PWD: Truck	178,438	-	-
* PWD: Trucks #42 and #10 (lease purchase)	59,460	59,238	59,238
PWD: garage overhead doors	-	13,650	-
PWD: equipment replacement reserve	-	25,000	-
PWD: Aera-vator	-	-	9,478
Recreation: Nystroms Park reserve	10,000	10,000	10,000
* Selectmen: pool car	6,005	-	-
Seth Thomas Bradstreet House: roof reserve	-	5,000	5,000
Streetlight reserve	-	5,000	5,000
Technology: Cybersecurity upgrade	-	-	12,020
Town Hall Building: Facility reserve	20,000	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	-	-
SUBTOTAL	\$ 598,686	\$ 640,457	\$ 438,767

* Additional appropriations were made from fund balance and contingency during the 2020-2021 year.

**Town of Thomaston
Schedule of Debt Service
For the Year Ending June 30, 2023**

Name of Loan	Interest Rate	Original Debt	Outstanding Principal	-----Scheduled Payment-----			Ending Balance
				Principal	Interest	Total	
Notes:							
Clean Water 2020-2040	2%	1,517,874	1,197,801	60,460	23,404	83,864	1,137,341
Bonds:							
Gen. Oblig. Bond May 2015 (Refunding)	3-4%	6,455,000	3,655,000	370,000	111,575	481,575	3,285,000
Gen. Oblig. Bond July 2018	3-4%	8,415,000	6,960,000	485,000	221,950	706,950	6,475,000
Gen. Oblig. Bond June 2020 (Refunding)	2-5%	3,750,000	3,220,000	265,000	136,350	401,350	2,955,000
Gen. Oblig. Bond June 2021 (Refunding)		4,300,000	3,600,000	650,000	141,550	791,550	2,950,000
less BOE - energy upgrade				(87,233)	(44,884)	(132,117)	-
less rebates/premiums applied						(33,172)	-
Total Transfer to Debt Service Fund			\$18,632,801	\$1,743,227	\$589,945	\$2,300,000	\$16,802,341

Future Debt Payments:

