

Town of Thomaston



Proposed Budget

July 1, 2018 - June 30, 2019

Board of Finance:

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

Board of Selectmen:

Edmond Mone, First Selectman
Bruce Barrett
Roger Perreault

Finance Director
Tracy Decker

Budget in Brief

The proposed operating budget of \$26,537,518 represents a \$167,967 (0.64%) increase in spending from the previous year's budget of \$26,369,551. To help offset increases in taxes, the Board of Finance allocated the use of \$100,000 in fund balance reserves. The mill rate will increase to 35.79, resulting in a 2.94% increase in taxes to its residents. The basic elements of the expenditures are as follows:

	<u>2018-2019</u>	<u>2017-2018</u>	<u>Increase (Decrease)</u>
Town Operating Expenditures	\$ 8,221,081	\$ 8,316,444	\$ (95,363)
Board of Education	15,069,534	14,870,691	198,843
Debt Service	3,000,000	3,000,000	0
Capital Outlay	<u>246,903</u>	<u>182,416</u>	<u>64,487</u>
Total Budget	\$26,537,518	\$26,611,247	\$ 167,967

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 close to 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 \$297,669 to come up with a sound fiscally responsible budget which maintains services. Expenditures as a whole compared to the 2016-2017 budget have increased by \$167,967 which includes a \$198,843 increase for education and a \$30,876 reduction in other expenditures.

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 outstanding which represent funds borrowed for school renovations, sewer plant upgrades and road improvements. There are two additional bonds outstanding for additional road work, energy upgrades at all town buildings, a communications system and roofs for several town buildings.

In addition to the outstanding bonds, the Town also has \$7,620,000 of bond anticipation notes (BANs) which will be permanently financed during the 2018-2019 year. These funds were borrowed for the purchase of fire apparatus (\$540,000), a payload loader with a wing attachment for the highway department (\$130,000), two dump trucks (\$194,900), WPCA upgrades to the sewer lines in the web area of town and upgrades to the plant to reduce phosphorous emissions (\$1,452,150), engineering for both Hickory Hill and the web area of town (\$495,000), Phase II of Nystroms (\$2,350,000) and construction of the web area roads (\$2,457,950).

In addition to bonded projects, there are also funds included in the operating budget for capital expenditures. The capital improvement amount included in the 2016-2017 budget was \$182,416. The 2017-2018 budgeted capital amount is \$246,903. Capital improvements requests from all town departments totaled approximately \$8.4 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 decreased. 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. While the State has not finalized the amounts that local municipalities will receive, indications are that grant revenue will most likely decrease from prior years.

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 cushion 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, 2017 was \$3,631,906.

Fund balance, June 30, 2017.....	\$ 3,631,906
Use of surplus 2017-2018 budget.....	(675,000)
Use of surplus 2018-2019 budget.....	(100,000)
Remaining fund balance.....	2,856,906
Total Expenditures as proposed.....	26,537,518
Ratio of Fund Balance to Total Expenditures	10.77%

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, the continuing 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 \$540,366.

Taxable grand list real estate & personal property (net of allowance for appeals).....	\$ 551,393,569
Collection rate	<u>* 98.0%</u>
Value of 1 Mill	\$540,365,698 / \$1,000 = \$540,366
Total Expenditures	\$ 26,537,518
Less Revenue other than taxes	<u>(7,195,124)</u>
Total Taxes needed	\$ 19,342,394 / \$540,366 = 35.79 mills

$$\text{Your tax bill} = \frac{\text{Taxable Assessed Value}}{1000} \times 35.79$$

Revenue – Thomaston started the budget process with an increase in revenue of \$24,105 in charges for services and \$25,000 in investment income and a decrease of \$495,659 in state aid. In May, the State passed their budget and the proposed municipal aid increased by \$636,654. Without the additional revenue and the use of general fund surplus, the proposed mill rate would have been 37.16.

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 will pay for the cost of the energy upgrades;
- 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, 2018 through June 30, 2019

Based on Mill Rate of **35.79**

	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019	Increase (Decrease)	Percent Change
REVENUE:					
Property Taxes.....	\$ 18,880,582	\$ 19,102,990	\$ 19,655,857	\$ 552,867	2.89%
Charges for services.....	311,543	295,736	319,841	24,105	8.15%
Intergovernmental.....	6,667,073	6,260,825	6,401,820	140,995	2.25%
Investment Income.....	39,490	15,000	40,000	25,000	166.67%
Other income.....	55,369	5,000	5,000	-	0.00%
Other financing sources.....	15,803	690,000	115,000	(575,000)	-83.33%
TOTAL REVENUE	25,969,860	26,369,551	26,537,518	167,967	0.64%
OPERATING EXPENDITURES:					
General Government.....	3,719,358	4,107,309	3,857,532	(249,777)	-6.08%
Public Safety.....	1,720,845	1,747,213	1,861,948	114,735	6.57%
Public Works.....	1,787,298	1,762,359	1,776,626	14,267	0.81%
Health & Welfare.....	82,675	92,812	95,514	2,702	2.91%
Culture and recreation.....	408,981	414,751	445,894	31,143	7.51%
Housing & Development.....	150,534	157,000	148,567	(8,433)	-5.37%
Education.....	14,828,118	14,870,691	15,069,534	198,843	1.34%
Operating subsidies to other funds.....	35,640	35,000	35,000	-	0.00%
TOTAL OPERATING EXPENDITURES	22,733,449	23,187,135	23,290,615	103,480	0.45%
DEBT SERVICE (See Schedule B).....	2,800,000	3,000,000	3,000,000	-	0.00%
CAPITAL EXPENDITURES (See Schedule	247,094	182,416	246,903	64,487	35.35%
TOTAL EXPENDITURES	\$ 25,780,543	\$ 26,369,551	\$ 26,537,518	\$ 167,967	0.64%

TOWN OF THOMASTON
SCHEDULE OF REVENUE
For the year Ending June 30, 2019
Based on Mill Rate of 35.79

	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019	Increase (Decrease)	
PROPERTY TAXES:					
1 Property Tax - Current.....	\$ 18,544,708	\$ 18,789,161	\$ 19,342,394	\$ 553,233	2.94%
2 Property Tax - Prior Years.....	175,286	175,000	175,000	-	0.00%
3 Interest and lien fees.....	121,410	100,000	100,000	-	0.00%
206 Taxes from Housing Authority - P.I.L.O.T.....	21,663	21,663	24,752	3,089	14.26%
207 Telecommunication property tax.....	17,515	17,166	13,711	(3,455)	-20.13%
TOTAL PROPERTY TAXES	18,880,582	19,102,990	19,655,857	552,867	2.89%
CHARGES FOR SERVICES:					
22 Building permits.....	51,339	50,000	50,000	-	0.00%
23 Conveyance tax.....	48,426	45,000	45,000	-	0.00%
24 Special duty police reimbursements.....	53,170	55,000	55,000	-	0.00%
26 Accident reports.....	610	500	500	-	0.00%
27 Gun permits.....	5,865	5,000	5,000	-	0.00%
28 Vendor permits.....	485	500	500	-	0.00%
30 Zoning and land use fees.....	9,837	10,000	10,000	-	0.00%
31 Minibus fares.....	859	1,000	-	(1,000)	-100.00%
33 Recreation - Nystrom's park.....	3,675	3,675	3,675	-	0.00%
36 Fingerprinting.....	480	500	500	-	0.00%
37 Town of Litchfield sewer upgrade.....	7,928	7,928	7,928	-	0.00%
54 Dam Patrol.....	16,883	16,883	16,944	61	0.36%
151 Alarm violations.....	1,300	1,500	1,500	-	0.00%
152 Parking tickets.....	1,795	1,750	1,750	-	0.00%
225 Dog fines & fees.....	6,235	3,500	3,500	-	0.00%
214 Rent of Tower.....	79,058	78,000	83,000	5,000	6.41%
214 Rent of Tower (Town of Plymouth).....	-	-	12,244	12,244	100.00%
217 Rent of Opera House.....	15,000	15,000	15,000	-	0.00%
999 PA 09-229 LOCIP project funding.....	8,598	-	7,800	7,800	100.00%
TOTAL CHARGES FOR SERVICES	311,543	295,736	319,841	24,105	8.15%
INTERGOVERNMENTAL REVENUE:					
89 PILOT-State owned property.....	5,728	5,728	19,583	13,855	241.88%
87 PILOT-Elderly homeowner.....	66,512	66,512	-	(66,512)	-100.00%
91 PILOT-Veterans.....	11,069	11,069	15,773	4,704	42.50%
90 PILOT-Totally disabled.....	829	829	857	28	3.38%
53 Property tax Relief- Municipal grant in aid.....	395,346	-	395,346	395,346	#DIV/0!
79 Land authorization.....	1,557	118	1,557	1,439	1219.49%
83 Local capital improvement program (LOCIP).....	-	-	62,430	62,430	#DIV/0!
60 Education cost sharing/special education.....	5,613,346	5,613,346	5,525,825	(87,521)	-1.56%
59 Commitments for school construction.....	150,900	146,168	141,262	(4,906)	-3.36%
68 Special education excess.....	51	-	-	-	#DIV/0!
84 Mashantucket Pequot.....	40,123	26,749	16,872	(9,877)	-36.92%
78 Town aid road.....	222,724	222,724	222,315	(409)	-0.18%
104 Municipal revenue sharing.....	158,888	158,888	-	(158,888)	-100.00%
Elderly services transportation grant.....	-	8,694	-	(8,694)	-100.00%
TOTAL INTERGOVERNMENTAL	6,667,073	6,260,825	6,401,820	140,995	2.25%

TOWN OF THOMASTON
SCHEDULE OF REVENUE
For the year Ending June 30, 2019
Based on Mill Rate of **35.79**

	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019	Increase (Decrease)	
181 INVESTMENT INCOME.....	39,490	15,000	40,000	25,000	166.67%
OTHER INCOME:					
215 Miscellaneous.....	55,369	5,000	5,000	-	0.00%
TOTAL OTHER INCOME	55,369	5,000	5,000	-	0.00%
OTHER FINANCING SOURCES:					
248 Sale of capital assets.....	803	-	-	-	0.00%
230 Surplus prior years.....	-	675,000	100,000	(575,000)	-85.19%
242 Thomaston EMS Fund.....	15,000	15,000	15,000	-	0.00%
TOTAL OTHER FINANCING SOURCES	15,803	690,000	115,000	(575,000)	-83.33%
TOTAL GENERAL FUND REVENUE AND OTHER FINANCING SOURCES	\$ 25,969,860	\$ 26,369,551	\$ 26,537,518	\$ 167,967	0.64%

TOWN OF THOMASTON
SCHEDULE OF EXPENDITURES
For the year Ending June 30, 2019
Based on Mill Rate of **35.79**

	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019	Increase (Decrease)	
GENERAL GOVERNMENT					
100 Board of Selectmen.....	\$ 116,514	\$ 116,740	\$ 119,485	2,745	2.35%
102 Elections.....	25,208	24,850	25,850	1,000	4.02%
104 Board of Finance.....	1,331	2,400	2,250	(150)	-6.25%
106 Treasurer.....	167,784	189,666	192,802	3,136	1.65%
107 Computer Information systems.....	35,185	51,185	51,185	-	0.00%
108 Independent audit.....	52,050	55,750	57,425	1,675	3.00%
110 Legal.....	90,416	95,000	100,000	5,000	5.26%
114 Tax Collector.....	58	115,759	116,065	306	0.26%
118 Tax Assessor.....	127,419	128,000	133,019	5,019	3.92%
120 Board of Assessment Appeals.....	3,000	1,150	1,000	(150)	-13.04%
122 Insurance.....	397,263	450,208	449,772	(436)	-0.10%
124 Town Hall Operations & Maintenance.....	227,673	226,258	224,084	(2,174)	-0.96%
126 Town Clerk.....	57,684	56,159	53,247	(2,912)	-5.19%
128 Probate court.....	4,150	4,125	4,101	(24)	-0.58%
130 Social Security.....	227,471	229,649	239,000	9,351	4.07%
132 Pension - Town Employees.....	545,682	535,620	474,980	(60,640)	-11.32%
133 Pension - Volunteer Firefighters and Ambulance	120,200	126,000	126,000	-	0.00%
134 Medical / Life insurance.....	694,214	750,809	720,654	(30,155)	-4.02%
136 Retirees Medical Insurance.....	707,999	840,224	658,770	(181,454)	-21.60%
138 Council of Governments.....	2,863	2,863	2,949	86	3.00%
140 CT Conference of Municipalities.....	4,894	4,894	4,894	-	0.00%
142 Contingency.....	-	100,000	100,000	-	0.00%
TOTAL GENERAL GOVERNMENT	3,609,058	4,107,309	3,857,532	(249,777)	-6.08%
PUBLIC SAFETY					
200 Police.....	1,094,490	1,100,217	1,196,886	96,669	8.79%
204 Emergency Management.....	10,797	13,541	14,405	864	6.38%
206 Communications and Dispatch.....	310,154	318,370	328,474	10,104	3.17%
208 Fire Protection.....	171,233	183,566	183,566	-	0.00%
210 Fire Marshal.....	25,768	26,629	26,947	318	1.19%
212 Ambulance.....	66,000	67,200	69,800	2,600	3.87%
214 Tree Removal.....	14,754	15,000	15,000	-	0.00%
216 Animal Control.....	27,649	22,690	26,870	4,180	18.42%
TOTAL PUBLIC SAFETY	1,720,845	1,747,213	1,861,948	114,735	6.57%
PUBLIC WORKS					
300 Highways.....	613,318	587,452	603,296	15,844	2.70%
302 Town Aid Road.....	223,376	222,724	222,315	(409)	-0.18%
304 Snow and Ice Removal.....	198,308	144,550	144,550	-	0.00%
306 Street Lighting.....	70,796	69,600	40,000	(29,600)	-42.53%
308 Fire Hydrants.....	184,773	192,000	199,000	7,000	3.65%
310 Solid Waste and Recycling.....	484,650	507,208	529,465	22,257	4.39%
314 Groundwater remediation-Town garage.....	12,077	38,825	38,000	(825)	-2.12%
TOTAL PUBLIC WORKS	1,787,298	1,762,359	1,776,626	14,267	0.81%

TOWN OF THOMASTON
SCHEDULE OF EXPENDITURES
For the year Ending June 30, 2019

Based on Mill Rate of **35.79**








	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019	Increase (Decrease)	
HEALTH AND WELFARE					
402 Medical Services.....	2,497	4,508	4,508	-	0.00%
404 Torrington Area Health District.....	42,103	41,763	41,621	(142)	-0.34%
406 Northwest Regional Mental Health Board.....	845	838	835	(3)	-0.36%
408 Social Services.....	18,603	19,064	19,434	370	1.94%
410 Elderly Nutrition.....	4,125	5,473	6,654	1,181	21.58%
412 Susan B Anthony Project.....	2,000	2,000	2,000	-	0.00%
414 Central Naugatuck Valley Regional Action Council	-	779	779	-	0.00%
416 Minibus.....	12,229	17,387	17,886	499	2.87%
418 Veterans Administration.....	273	1,000	1,797	797	79.70%
TOTAL HEALTH AND WELFARE	82,675	92,812	95,514	2,702	2.91%
CULTURE AND RECREATION					
500 Parks & Recreation.....	94,032	92,635	114,554	21,919	23.66%
502 Memorial Day.....	17	1,750	1,750	-	0.00%
508 Public Library.....	313,199	320,366	329,590	9,224	2.88%
TOTAL CULTURE AND RECREATION	407,248	414,751	445,894	31,143	7.51%
HOUSING & DEVELOPMENT					
600 Conservation Commission.....	1,795	1,795	1,795	-	0.00%
614 Economic Development.....	1,142	3,950	1,900	(2,050)	-51.90%
616 Housing, Land Use & Development.....	146,797	150,455	144,072	(6,383)	-4.24%
650 Brownfields.....	800	800	800	-	0.00%
TOTAL HOUSING & DEVELOPMENT	150,534	157,000	148,567	(8,433)	-5.37%
EDUCATION					
700 EDUCATION.....	14,828,118	14,870,691	15,069,534	198,843	1.34%
OTHER FINANCING USES					
800 Debt Service Fund (See Schedule B).....	2,800,000	3,000,000	3,000,000	-	0.00%
904 Hillside Cemetery.....	26,000	26,000	26,000	-	0.00%
908 Capital or Nonrecurring (See Schedule A).....	247,094	182,416	246,903	64,487	35.35%
914 Seth Thomas/Bradstreet House.....	8,640	8,000	8,000	-	0.00%
916 Social Service Crisis Fund.....	1,000	1,000	1,000	-	0.00%
TOTAL OTHER FINANCING USES	3,082,734	3,217,416	3,281,903	64,487	2.00%
TOTAL EXPENDITURES AND OTHER FINANCING	25,780,543	26,369,551	26,537,518	167,967	0.64%

TOWN OF THOMASTON
CAPITAL EXPENDITURES
For the Year Ending June 30, 2019
Based on Mill Rate of **35.79**

	ACTUAL 2016-2017	BUDGETED 2017-2018	PROPOSED 2018-2019
TRANSFER TO CAPITAL OR NONRECURRING FUND			
Assessors revaluation.....	\$ 20,360	\$ 24,000	\$ 22,000
BOE: TCS - Auditorium lift.....	-	-	18,500
BOE: TCS - Hot water heater.....	-	-	37,000
BOE: THS - Replace drain/heating pipe insulation.....	-	-	10,900
BOE: THS - Security walls.....	46,438	-	-
BOE: THS - Exit and rear parking lot sealant.....	-	17,500	-
BOE - District - 7th grade Chromebooks.....	-	25,743	-
Emergency Management - Refuge communications.....	-	12,500	-
Fire Department: Paving.....	36,500	-	-
Fire Department: Building security.....	10,000	-	-
Fire Department: Turn out gear ***.....	15,000	15,000	15,000
Fire Department: SCBA ***.....	28,000	28,000	28,000
Kenea Park: clock restoration.....	16,000	-	-
Library: carpeting.....	9,243	9,673	-
Library: automatic door replacement.....	-	-	5,000
PWD: Sweeper.....	20,000	-	-
PWD: Truck 12 dump body replacement.....	25,000	-	-
PWD: Sidewalk replacement.....	-	50,000	-
PWD/Recreation: lawn mower.....	11,703	-	-
PWD: Mini Excavator.....	-	-	35,000
PWD: Truck #22 (lease purchase).....	-	-	10,503
Recreation: Track resurfacing reserve.....	-	-	10,000
Selectmen: Engineering - Nystroms Dam.....	-	-	35,000
Town Hall Building: Facility reserve.....	25,000	-	20,000
Town Hall: Emergency generator.....	9,297	-	-
Town Hall Technology.....	13,600	-	-
Town Hall: Emergency generator ***.....	10,703	-	-
SUBTOTAL	296,844	182,416	246,903

*** Capital reserves funded by previously allocated capital funds.

Town of Thomaston
Schedule of Debt Service
For the year Ending June 30, 2019

Name of Loan	Interest Rate	Original Debt	Outstanding Principal	----- Scheduled Payment -----			Balance
				Principal	Interest	Total	
Notes:							
Clean Water 2001- 2021	2%	9,091,656	1,973,856	522,318	24,462 	546,780	1,451,538
Bonds:							
Genl Oblig Bond Ser B 2010- 2019 (Ref1.5 - 3.0%)		2,820,000	575,000	285,000	4,275 	289,275	290,000
Genl Oblig Bond Ser C 2011- 2023 (Ref 2- 4%)	2- 4%	6,945,000	3,035,000	550,000	87,200 	637,200	2,485,000
Genl Oblig Bond May 2013	2- 4%	6,735,000	5,375,000	340,000	144,450 	484,450	5,035,000
Genl Oblig Bond November 2014		6,025,000	5,325,000	350,000	156,456 	506,456	4,975,000
Gen Oblig Bond May 2015 (Refunding)		6,455,000	5,550,000	385,000	157,025 	542,025	5,165,000
less portion to be paid from BOE budget				(211,922)	(56,508)	(268,430)	-
BAN July 2018		7,800,000	7,800,000		70,604 	70,604	-
Gen Oblig Bond July 2018 (ESTIMATE)		8,300,000			191,640	191,640	-
TOTAL TRANSFER TO DEBT SERVICE FUND			29,633,856	2,220,396	779,604	3,000,000	19,401,538

Future debt:

