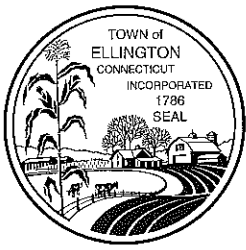


**Message from
the Finance
Officer/Treasurer**



STATE OF CONNECTICUT • COUNTY OF TOLLAND
INCORPORATED 1786

TOWN OF ELLINGTON

55 MAIN STREET • P. O. BOX 187
ELLINGTON, CONNECTICUT 06029-0187

www.ellington-ct.gov

May 5, 2016

To the Board of Finance: Robert J. Clements, Chairman
Douglas Harding
Mark A. Joyse
Barry C. Pinto
John P. Rachek
Michael D. Varney

As required by the Town Charter Section 1003, the proposed budget for Fiscal Year (FY) 2016-17 is presented for your review.

REVENUES

GRAND LIST- 2015 - Town-wide Property Revaluation

As required by State law, a mandated property revaluation was completed for the October 1, 2015 Grand List. For FY16-17, the 2015 Grand List increased by 1.28% or \$16,749,768 from the 2014 Grand List, resulting in increased tax revenue of \$510,868 at the present mill rate of 30.5 mills at 100% collection rate. (See Exhibit A)

The average assessed house showed a modest increase value of \$372 from the last revaluation.

Average Assessed House (AAH)	\$203,783	Revaluation 2010
Average Assessed House (AAH)	\$204,155	Revaluation 2015

STATE REVENUES

Attached is the following report:

CCM Connecticut Conference of Municipalities Government Relations & Research Report
Dated February 5, 2016-Governor's proposed FY17 State Budget Impact on: Ellington
(See Exhibit B)

School Grants

Education Cost Sharing Grant

The Governor is recommending a zero dollar increase in the Education Cost Sharing grant over the amount for FY15-16.

Education Cost Sharing Grant FY14-15	\$9,689,494
Education Cost Sharing Grant FY15-16	\$9,755,384
Education Cost Sharing Grant FY16-17	\$9,755,384

EXPENDITURES

The Proposed Budget for FY16-17 represents an increase of \$1,604,871 from the Adjusted Approved Budget for FY15-16, or 2.96%. Major highlights follow.

GENERAL GOVERNMENT

Overview

The General Government increase of \$562,610 or 3.18 % from the FY15-16 Adjusted Approved Budget.

Finance Officer

Reorganization of the department

Town Planner

Elimination of one position

Registrars & Electors

Due to new mandated State requirements-new regulations, training requirements, and Certification of Registrars

Police

Reduction due to change in staffing at the Resident Trooper's Office

General Town Road

Increase of staffing due to WPCA Technician/Maintainer I position

Debt Service

Includes principal and interest payments for the satellite fire station for use by Ellington Volunteer Fire Department, and lease payment for Crystal Lake Fire Department Tanker, and Ellington Volunteer Fire Department Pumper

**PROPOSED BUDGET
GENERAL OVERVIEW OF EXPENDITURES**

	2015-16 Adjusted Approved Budget	2016-17 Budget Request	Dollar Increase (Decrease)	Percent Increase (Decrease)	2016-17 Percent Of Total Budget
Board of Education	\$ 35,050,900	36,199,749	1,148,849	3.28%	64.80%
Capital Outlay	115,452	138,745	23,293	20.18%	0.25%
Debt	2,369,479	2,043,591	(325,888)	-13.75%	3.66%
Total	<u>37,535,831</u>	<u>38,382,085</u>	<u>846,254</u>	<u>2.25%</u>	<u>68.71%</u>
General Government	14,315,962	14,869,563	553,601	3.87%	26.62%
Capital Outlay	1,387,385	1,257,504	(129,881)	-9.36%	2.25%
Debt	814,843	1,149,740	334,897	41.10%	2.06%
Contingency Fund	200,000	200,000	0	0.00%	0.36%
Total	<u>16,718,190</u>	<u>17,476,807</u>	<u>758,617</u>	<u>4.54%</u>	<u>31.29%</u>
Total Budget	<u>\$ 54,254,021</u>	<u>55,858,892</u>	<u>1,604,871</u>	<u>2.96%</u>	<u>100.00%</u>

AS PER BUDGET TABLE

General Government	\$ 17,700,284	18,262,894	562,610	3.18%	32.69%
Capital Outlay	1,502,837	1,396,249	(106,588)	-7.09%	2.50%
Board of Education	35,050,900	36,199,749	1,148,849	3.28%	64.81%
Budget Grand Total	<u>\$ 54,254,021</u>	<u>55,858,892</u>	<u>1,604,871</u>	<u>2.96%</u>	<u>100.00%</u>

MILL RATE IMPACT

Average Assessed House (AAH) \$203,783 Revaluation 2010
Average Assessed House (AAH) \$204,155 Revaluation 2015

FY15-16

May 12, 2015 Approved at Town Meeting		Mill Rate Increase		Dollar Increase	
AAH-\$203,783	30.5 mills	1.8 mills	\$6,215	\$366	6.26 %
FY16-17					
Budget Request	30.6 mills	0.1 mills	\$6,247	\$32	
AAH-\$204,155					0.32 %

Salary Adjustment

Provides for the 27th biweekly pay period and for contract negotiations

CAPITAL OUTLAY

Overview

The Capital Outlay has a reduction of \$106,588 from the FY15-16 Adjusted Approved Budget, or a reduction of 7.09 %.

Proposed Capital Projects for FY16-17 are:

Road Overlay	\$ 501,304
DPW-Snow Plow Dumptrucks Replmt	\$ 190,000
DPW-Mower Replacements	\$ 110,000
DPW-ICE Grant Obligations-Various Equipment	\$ 30,000
General Government Telephone System Replacement	\$ 26,200
HML-Upgrades to the Restrooms	\$ 75,000
Parking Lot Renovations	\$ 50,000
Field Irrigation	\$ 25,000
EVFD-Firehouse Improvements at 29 Main Street	\$ 200,000
EVFD-Replmnt 4 Door Pickup	\$ 50,000
BOE-Center School Air Conditioning Cafeteria	\$ 47,000
BOE-Center School Phone System	\$ 39,700
BOE-Systemwide Wheelchair Van	\$ 52,045
DEPARTMENT TOTAL	\$ 1,396,249

BOARD OF EDUCATION

Overview

The Board of Education increase is \$1,148,849 or 3.28% from the FY15-16 Adjusted Approved Budget. See the Board of Education budget book for details.

Primary areas of focus:

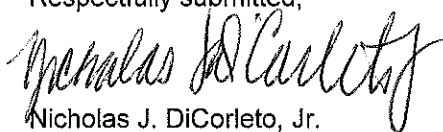
Maintenance of Effort (MOE)	\$ 428,494
Full-Day Kindergarten (FDK)	\$ 409,180
K-6 Transition	<u>\$ 311,175</u>
Total proposed increase	<u>\$1,148,849</u>

FINANCIAL CONDITION OF THE TOWN

As of March 31, 2016, the Town of Ellington should end the FY15-16 with an unassigned fund balance of \$2,996,325. Of that amount \$2,600,000 is appropriated to the Fiscal Year 16-17 Budget. Retained \$396,325 in order to maintain the town's credit rating from Moody's Investor Service, Inc. of "Aa3". To fund the proposed budget for FY16-17, a mill rate of 30.6 mills at a tax collection rate of 98.25% will be required, an increase of one-tenth of a mill from FY15-16 tax rate of 30.5 mills, or a mill rate increase of 0.32%.

Public Act 15-244: Effective October 1, 2015, allows municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at (1) 32 mills for the 2015 assessment year and (2) 29.36 mills for the 2016 assessment year and thereafter. Since the Town of Ellington proposed mill rate is under the cap, motor vehicles will be taxed at 30.6 mills for FY16-17. (See Exhibit C)

Respectfully submitted,



Nicholas J. DiCorleto, Jr.
Finance Officer/Treasurer

Update on the Budget

The Budget Table in the Budget Book is for the Annual Town Meeting on May 10, 2016, with the Board of Finance additions/reductions, and revised mill rate.

MEMORANDUM

To: Lori L. Spielman, First Selectman
CC: Nicholas J. DiCorleto, Jr., Finance Officer
From: Walter E. Topliff, Jr., Assessor
Date: 2/29/2016
Re: October 1, 2015 Grand List: Town-wide Property Revaluation

The completed October 1, 2015 Grand List of net taxable property, which is the basis for the State mandated property revaluation and will be reflected on the July 1, 2016 tax bills is summarized below. It is still subject to hearings of the Ellington Board of Assessment Appeals and pending litigation. Below are assessments by category as compared to the 2014 Grand List:

CATEGORY	NET GRAND LIST		PERCENT CHANGE	DOLLAR CHANGE
	2014	2015		
REAL ESTATE	\$1,141,179,653	\$1,151,738,450	0.93%	\$10,558,797
PERSONAL PROPERTY	\$45,777,946	\$46,312,830	1.17%	\$534,884
MOTOR VEHICLE	\$124,566,690	\$130,222,777	4.54%	\$5,656,087
TOTAL	\$1,311,524,289	\$1,328,274,057	1.28%	\$16,749,768

The 2015 Grand List had an overall increase of \$16,749,768, which is an overall increase of 1.28% primarily due to the real estate portion of the list which increased by 0.93%. Additionally, personal property saw a slight increase of \$534,884 or 1.17%. Motor Vehicle had a major increase of 4.54% or approximately \$5.6 million. The majority of this increase is attributable to the large number of new 2015 & 2016 model cars added to the list from the previous year. Caution is urged on the reliability of this number as there have been major errors encountered on every town's motor vehicle list received from the Department of Motor Vehicles due to the implementation of their new CIVILS software.

REAL ESTATE

As noted above, the net real estate Grand List increased from \$1,141,179,653 to \$1,151,738,450, an increase of \$10,558,797 or 0.93%. Although most single family residential properties decreased with the revaluation the town's larger apartment properties and shopping centers experienced increases since the last revaluation in 2010 to more than offset any decline in the single family residential market.

PERSONAL PROPERTY

The personal property component of the 2015 Grand List experienced an overall increase of \$534,884 or 1.17% from the 2014 Grand List. The largest increase was attributable to Oakridge Farms, which merged with Bahler Farms. The assessment increase for CL&P was \$645,360. The increase to the Personal Property Grand List is despite the large decrease by Rice Packaging which did not file a declaration last year which eliminated their manufacturing exemption (\$2,061,480) and had a penalty assessment applied (\$586,900).

Exemptions for newly acquired manufacturing equipment increased from \$13,784,060 to \$15,242,250 or 10.58% from the 2014 Grand List as noted later in the report.

Significant changes to the personal property Grand List include:

Top 5 Increases

Oakridge Farms	\$1,349,910
Conn Light & Power	\$ 645,360
Dymotek Corp	\$ 305,680
Garf Trucking, Inc	\$ 238,350
Natural Country Farms	<u>\$ 194,144</u>
Total	\$2,733,444

Top 5 Decreases

Rice Packaging	(\$2,824,060)
Bahler Farms	(\$ 734,490)
Coca Cola Co	(\$ 143,350)
CAS Construction Co., Inc.	(\$ 79,210)
US Bank National Assoc.	<u>(\$ 76,750)</u>
Total	(\$3,857,860)

The number of personal property accounts decreased from 858 in 2014 to 843 in 2015, which represents a decrease of 1.75%.

Motor Vehicle

The 2015 motor vehicle Grand List increased by \$5,656,087 or 4.54%. The total motor vehicles increased from 16,061 in 2014 to 16,155 in 2015. The increase in the list is directly attributable to the addition of 83 2016 model vehicles and 867 2015 model vehicles on the list. There still is a domicile address problem with the Motor Vehicle Grand List that may not be resolved before the budget process is complete. The town has approximately 500 motor vehicles that are subject to this domicile address problem which until resolved, lessens the reliability of this portion of the Grand List.

Active Real Estate Abatements

West Road Associates, 88 West Rd (Earthlight) Year 2 of 3 Year abatement \$28,000
(50% abatement on addition for 3 years)

Barnyard (Great Country Timber Frames) 2 Year abatement commences with 2016 GL \$0
(c/o issued 11/18/2015) (75% abatement on addition for 2 years following c/o)

Manufacturing Equipment Exemption

CATEGORY	2014	2015	PERCENT CHANGE	DOLLAR CHANGE
CODE 13	\$13,784,060	\$15,242,250	10.58%	\$1,458,190
TOTAL	\$13,784,060	\$15,242,250	10.58%	\$1,458,190

The State of Connecticut is no longer reimbursing municipalities for lost revenue for the exempt machinery and equipment to the Town. The State has ceased the audit program with towns now responsible for granting or denying any claim for exemption. The increase in the amount of the Manufacturing Machinery and Equipment exemption indicates a continuing investment by our manufacturing base in new equipment.

Top 10 Taxpayers 2015 Grand List

Taxpayer	Real Estate	Personal Property	Motor Vehicles	Total	Pct GL
Autumn Chase LLC	\$27,736,640	\$83,400	\$24,650	\$27,844,690	2.10%
Deer Valley LLC	\$26,530,000	\$128,630	\$0	\$26,658,630	2.01%
Deer Valley North LLC	\$13,433,110	\$68,920	\$0	\$13,502,030	1.02%
Natural Country Farms Inc	\$3,616,570	\$7,310,390	\$0	\$10,926,960	0.82%
Connecticut Light & Power	\$91,450	\$10,865,110	\$0	\$10,956,560	0.82%
Cornerstone Ellington LLC	\$10,280,440	\$5,360	\$0	\$10,285,800	0.77%
Ellington Cornfield Assoc LLC	\$9,734,690	\$10,570	\$2,660	\$9,747,920	0.73%
Connecticut Water Co	\$422,430	\$8,298,420	\$0	\$8,720,850	0.66%
Johnny Appleseed LLC	\$5,286,720	\$0	\$0	\$5,286,720	0.40%
Dymotek Corporation	\$0	\$4,929,300	\$6,570	\$4,935,870	0.37%
Totals	\$97,132,050	\$31,700,100	\$33,880	\$128,866,030	9.70%
			Total Net GL	\$1,328,274,057	

TYPE OF ACCOUNT	ASSMT YR	#OF ACCOUNTS	GROSS ASSESSMENT	TOTAL EXEMPTIONS	TOTAL NET VALUE	PERCENT INCREASE
REAL ESTATE REGULAR	2014 [A]	5,639	1,129,304,113	5,119,710	1,124,184,403	
	2015 [B]	5,641	1,141,228,390	5,522,970	1,135,705,420	
CHANGE [B] - [A]		2	11,924,277	403,260	11,521,017	1.020%
PERSONAL PROPERTY	2014 [A]	858	61,163,880	15,385,934	45,777,946	
	2015 [B]	843	62,920,000	16,607,170	46,312,830	
CHANGE [B] - [A]		(15)	1,756,120	1,221,236	534,884	1.170%
MOTOR VEHICLE	2014 [A]	16,061	125,947,630	1,380,940	124,566,690	
	2015 [B]	16,155	131,666,057	1,443,280	130,222,777	
CHANGE [B] - [A]		94	5,718,427	62,340	5,656,087	4.540%
REAL ESTATE C/B	2014 [A]	138	18,063,310	1,068,060	16,995,250	
	2015 [B]	132	17,019,050	986,020	16,033,030	
CHANGE [B] - [A]		(6)	(1,044,260)	(82,040)	(962,220)	-5.660%
GRAND LIST TOTAL	2014 [A]	22,696	1,334,478,933	22,954,644	1,311,524,289	
NET TAXABLE	2015 [B]	22,771	1,352,833,497	24,559,440	1,328,274,057	
CHANGE [B] - [A]		75	18,354,564	1,604,796	16,749,768	1.280%
CHANGE [B] - [A]			NET INCREASE		1.280%	
REAL ESTATE FREEZE	2014 [A]	0	0	0	0	
	2015 [B]	0	0	0	0	
CHANGE [B] - [A]		0	0	0	0	
REAL ESTATE EXEMPT	2014 [A]	200	71,995,380	71,995,380	0	
	2015 [B]	205	73,181,230	73,181,230	0	
CHANGE [B] - [A]		5	1,185,850	1,185,850	0	
PRE-BOARD OF ASSESSMENT APPEALS						

PRE-BOARD OF ASSESSMENT APPEALS

Government Relations & Research

February 5, 2016

Governor's Proposed FY 17 State Budget Impact on: Ellington

Grant:	Current Year FY 16	Gov. Proposed FY 17	Gov. Proposed FY 17 v. FY 16	
	(\$)	(\$)	(\$)	(%)
Adult Education	14,839	14,124	- 715	- 4.8%
ECS Grant	9,755,384	9,755,384	0	0.0%
Non-Public School Transportation	0	0	0	
Public School Transportation	126,293	127,592	1,299	1.0%
LoCIP	106,719	106,719	0	0.0%
Pequot-Mohegan Grant	49,491	44,970	-4,521	- 9.1%
PILOT: Colleges & Hospitals	0	0	0	
PILOT: State-Owned Property	0	97	97	
Town Aid Road	336,233	336,233	0	0.0%
Grants for Municipal Projects	223,527	223,527	0	0.0%
MRSA Select PILOT	0	0	0	
MRSA Sales Tax Sharing	0	463,112	463,112	
MRSA Motor Vehicle	0	0	0	
Total	10,612,486	11,071,758	459,272	4.3%

PUBLIC ACT 15-244: EFFECTIVE OCTOBER 1, 2015.

§§ 206 & 208 — MOTOR VEHICLE PROPERTY TAX MILL RATES

Beginning with the October 1, 2015 assessment year, the act allows municipalities and special taxing districts to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at (1) **32 mills for the 2015 assessment year** and (2) **29.36 mills for the 2016 assessment year and thereafter**. The act (1) applies to any town, city, borough, consolidated town and city, consolidated town and borough, and village, fire, sewer, or combination fire and sewer districts, and other municipal organizations authorized to levy and collect taxes and (2) supersedes any special act, municipal charter, or home rule ordinance.

The act further limits the motor vehicle mill rate special taxing districts and boroughs may impose by barring them from setting a rate that, if combined with the municipality's motor vehicle mill rate, would exceed the capped rate. Presumably, a district or borough would set its motor vehicle mill rate after the municipality in which it is located does so.

It also makes a conforming change to a provision allowing municipalities with more than one taxing district to set a uniform citywide mill rate for taxing motor vehicles. Thus, a uniform citywide mill rate cannot exceed the capped rate.

EFFECTIVE DATE: October 1, 2015, and applicable to assessment years beginning on or after that date.