



STATE OF CONNECTICUT – COUNTY OF TOLLAND
INCORPORATED 1786

TOWN OF ELLINGTON

Finance Office

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March 15, 2022

To the Board of Finance: Michael Purcaro, Chairman
David Olender, Co-Vice Chairman
Joseph Wehr, Jr., Co-Vice Chairman
James Fay
Douglas Harding
Barry Pinto

As required by the Town Charter Section 1103, the proposed budget for Fiscal Year (FY) 2022-23 is presented for your review.

REVENUES

GRAND LIST- 2021 – of Net Taxable Property

For FY22-23, the 2021 Grand List increased by 3.67% or \$55,167,731 from the 2020 Grand List, resulting in increased tax revenue of \$1,743,300 at the present mill rate of 31.6 mills at 100% collection rate. This Grand List is subject to hearings of the Ellington Board of Assessment Appeals and pending litigation. The major highlights below.

CATEGORY	Net Grand List '20	Net Grand List '21	Percent Change	Dollar Change
Real Estate	\$ 1,275,729,240	\$ 1,283,212,780	0.59%	\$ 7,483,540
Personal Property	\$ 68,849,349	\$ 78,518,550	14.04%	\$ 9,669,201
Motor Vehicle	\$ 158,249,710	\$ 196,264,700	24.02%	\$ 38,014,990
Total	\$ 1,502,828,299	\$ 1,557,996,030	3.67%	\$ 55,167,731

Real Estate

Slight increase year over year is attributable to both commercial and residential new construction. This increase was offset by a small change in the number of tax exempt accounts with the Town when comparing the 2020 and 2021 Grand List, respectively. The net assessment result of crumbling foundations on the 2021 Grand List was an increase of \$1,365,610, as 11 new applications were added to the foundation list and 22 were repaired.

Personal Property

The increase in personal property year over year is attributable to new businesses, as well as additional equipment and machinery acquired by existing businesses. As such, there was a slight increase of personal property accounts from 1,005 to 1,043 when comparing the 2020 and 2021 Grand List, respectively.

Exemptions for newly acquired manufacturing equipment experienced an overall decrease, from \$21,761,830 to \$18,255,560 year over year. This decrease was due in large part by two companies not filing their declarations on time, and as a result, were ineligible for the manufacturing exemption. This will be a one-time taxable gain for the Town, however in the event these companies file in the future, the exemptions will increase.

Motor Vehicle

The 2021 motor vehicle Grand List grew significantly, resulting in a \$38,014,990 or 24.02% increase year over year. This growth has been relatively consistent across all 169 towns in the State for the 2021 Grand Lists, as a survey of Connecticut town Grand Lists reflects an average increase in motor vehicle values by 25.3%.

The Office of Policy and Management (OPM) has requested the Town Assessor to use the NADA pricing manual when pricing motor vehicles. Typically, 90% of the vehicles come to towns already priced through a national vendor to be consistent throughout the state.

The Governor is proposing a property tax cap of 29.0 mills on all motor vehicles. The Motor Vehicle Tax Reimbursement grant would reimburse towns for revenue lost as a result of the cap. The Town will continue to monitor the progress of this proposal, as well as the potential impacts on the overall budget.

Concrete Foundation Adjustments

For the 2021 Grand List, 11 new applications were added to the crumbling foundation list. The net assessment loss for these additional properties totaled \$509,490. In addition, 22 foundations were repaired and fully restored to the Grand List, resulting in a net assessment gain of \$1,875,100.

The Town of Ellington has maintained a continued partnership with the towns of Vernon and Stafford in a grant program assisting residents with the testing of their concrete foundations for the presence of pyrrhotite.

STATE REVENUES AND REDUCTION IN STATE AID

The Connecticut Conference of Municipalities has provided a summary that explains the impact on towns and cities and the Governor's proposed FY23 State Budget Adjustments and the impact on Ellington:

- Governor's Proposed FY23 State Budget Adjustments: Impact on Towns and Cities

This report explains the various Education Aid grants, Non-Education Aid grants, and Motor Vehicle Tax Cap

- Governor’s Proposed FY23 State Budget Adjustments: Impact on Ellington

This report explains the Education Aid, Non-Education Aid and Additional programs, funding and other items

Major State Grants

	Estimated FY22	Gov Prop FY23	Gov FY23 v FY22
Adult Education	20,709	20,825	116
ECS Grant	10,030,891	10,105,344	74,453
LoCIP	108,297	108,297	-
Pequot-Mohegan Grant	4,081	4,081	-
PILOT	7,666	8,404	738
Town Aid Road	340,896	340,896	-
Grants for Mun Projects	223,527	223,527	-
Motor Vehicle Tax Reimbursement*	-	457,531	457,531
Total	10,736,067	11,268,905	532,838

*The Governor is proposing a property tax cap of 29.0 mills on motor vehicles. The Motor Vehicle Tax Reimbursement grant would reimburse Towns for revenue lost as a result of the cap.

Education Cost Sharing (ECS)

The Governor’s proposal retains the current ECS formula. For FY 2022 and FY 2023, recommended ECS payments are level-funded at the amount received in FY 2021, excluding any funds that were carried forward from FY 2020 and distributed to districts in FY 2021. ECS payments are made as follows: 25% in October, 25% in January, and the balance in April.

LoCIP

Grantees receive payments after expenses have been incurred and local funds have been expended for an approved project by submitting a certified reimbursement request and providing required expenditure information. Payments are issued once the reimbursement request has been approved and after funds become available following the allotment of funds from state bond proceeds. Recommended bond authorizations for FY 2022 and FY 2023 are maintained at \$30 million per fiscal year.

Town Road Aid

For FY21-22 state grant has remained identical to FY20-21. Towns and boroughs use these grants for various purposes, including the construction and maintenance of public highways, roads and bridges. The Secretary of the Office of Policy and Management may approve the use of funds for other purposes. Grant calculations depend upon factors that include population data and the number of a municipality's improved and unimproved road miles. There is an allocation to the amounts the statutes specify for each formula calculation. Additionally, there is a proportionate adjustment of grant totals, as calculated, to the amount of funding available. Recommended bond authorizations for FY 2022 and FY 2023 are maintained at \$60 million per fiscal year.

Grants for Municipal Projects

The Office of Policy and Management administers this program, also known as Municipal Grants in Aid, for the construction and maintenance of public highways, roads and bridges. Recommend bond authorizations are level funded year over year.

Motor Vehicle Tax Cap

A 29.0 mill cap on all motor vehicles will provide property tax relief for over 1.7 million vehicles in 103 towns and cities across the state, including many financially distressed municipalities. Funding is provided to reimburse local governments for the revenue impact resulting from the proposed statutory change to lower the motor vehicle mill rate cap from 45.0 mills to 29.0 mills.

DEPARTMENTAL REVENUES

Police Special Duty

This revenue is generated by Police providing traffic duty at road construction sites and other services at special events. The revenue projected for this special duty services remained consistent year over year.

Town Clerk

Increase in conveyance tax revenue year over year is attributable to the increase sales for consideration within Town. Recording fee revenue increase is due to the increase in documents recorded within the Town Clerk's office.

Recreation

The increase in recreation program revenue is based on a variety of new programs being offered and the projected increase in beach day pass sales.

Board of Education

During fiscal year 2022, the Town of Ellington hired a new Emergency and Risk Management Director, who is both responsible for managing emergency and risk activity across both the Town and the Board of Education. As such, the Board of Education will reimburse the Town for a portion of the Emergency and Risk Management Director's position starting in fiscal year 2022.

Ambulance Fee Program

Decrease in the amount of \$35,000 due to a \$10,000 decrease as a one-time contribution during FY2022 for the Emergency and Risk Management Director position, as well as an overall decrease in revenue earned in FY2021 for the Ambulance insurance billings.

EXPENDITURES

The proposed budget grand total for FY22-23 is \$66,509,251 or an increase of \$2,794,987 or 4.39% from the adjusted approved budget for FY21-22.

GENERAL GOVERNMENT

Overview

The Board of Finance unanimously approved the formal adoption of zero-based budgeting for the fiscal year 2022-2023 budget. Zero-based budgeting is an approach that challenges department heads to build their budget from zero, thus verifying and justifying all components of their annual budgets, and driving cost-effectiveness, relevance and focus on improved savings. The goal of a zero-based budget for the Town will result in financial transparency, identification of strategic priorities, and creation of a platform for evaluation and optimization of Town resources, all of which align with the overall vision of the Board of Finance and the Finance Office.

The General Government Budget decreased by \$1,672,079 from the FY20-21 Adjusted Approved Budget. Of the decrease, \$2,669,842 is due to removing all WPCA expenditures in the general fund expenditures, offset entirely by a decrease in related revenue. This decrease is further offset primarily by an increase in the amount of \$627,300 related to inclusion of the trash program in the General Government Budget, rather than in the enterprise fund.

General Government

Proposed general government budgets for FY22-23 have increased by \$277,768 or 15.76%, which are mainly attributable to the inclusion of a full-time Town Administrator position effective April 1, 2023, as well as the reclassification of Town information technology services from the Town Hall building budget to the Finance Office budget.

Included in the FY22-23 information technology costs is the inclusion of a full-time IT Technician position effective November 1, 2022, which would replace the outsourced IT contracted services starting January 1, 2023.

Probate court expenditures increased in FY2022-23 due to one-time moving and furniture expenses. This cost is fully absorbed by the Town of Ellington due to the Town of Vernon fully funding the building renovation project on behalf of the Probate Court.

Boards & Agencies

Boards & Agencies budgets for FY22-23 has increased by \$6,220 or 5.04% due to various departmental fluctuations. Overall increase is attributable to expansion of a third district to the Town, thus resulting in additional supplies and equipment needed for future elections.

Public Safety

Overall, emergency service departments have seen an increase in the cost of personal protective equipment, uniforms and gear, contracted services and education.

Police expenditures increased year over year due to the proposed inclusion of extended patrol shifts for midnight and early morning, as well as the inclusion of backfilling resident trooper vacancy.

Emergency Management increased \$51,319 or 88.57% year over year due to the inclusion of a full-time Emergency and Risk Management Director position, as well as an upgrade to the Town's emergency management notification system.

Public Works

The Public Works Department increased \$316,878 or 6.52% due to the proposed purchase of an infield machine for the parks crew, increasing the Recycling Coordinator position from part-time to full-time, increase in sanitary disposal and removal services, and increase in recycling costs year over year.

Recreation

Parks and Recreation budget increased by \$47,730 or 8.51%, driven by increased mini-program offerings, as well as the State required minimum wage increase. This department is 51.08% revenue driven, of which it's program fees have increased due to the additional program offerings, as well as increased projections for day passes at Sandy Beach.

Library

The Hall Memorial Library has presented a budget request increase of \$23,654 or 3.23%. The increase is driven by proposed non-administrative payroll increases of 6.5%, offset by other line item reductions identified through zero-based budgeting.

Human Services

Human Services budget increased by \$37,715 or 4.56%, of which included a reduction in funding for Hockanum Valley Community Council for transportation services, offset by the addition of a Senior Center part-time driver position. The remaining increase is due to the increase in new programs offered by the Senior Center, as well as the transition of a part-time to full-time Human Services Assistant and increased professional development for Human Services conferences.

Town Properties

The Town Properties are overseen by the Department of Public Works, these properties include the Town Hall, Annex, Arbor Commons, Pinney House, Hall Memorial Library, Senior Center, Animal Control and Old Crystal Lake Schoolhouse. The funding requested to care for these facilities is directly related to the operation costs for the various facilities. Overall, Town Property expenditures decreased \$105,499 or 11.93% year over year.

The Town Hall budget decreased overall by \$112,783 or 21.78%, which was attributable to the transfer of information technology services to the Finance Office of \$169,603, offset by the addition of copper telephone lines for the alarm systems, which was an unforeseen change due to vendor imposed service offerings, as well as the proposed renovation of the Annex console and sound system.

Also included in this budget request are the Ellington Volunteer Ambulance Building, Center Fire Department- Main Street, Center Fire Department-6 Nutmeg Drive, and Crystal Lake Fire Department. The Crystal Lake Fire Department budget request increased in the amount of \$12,637 or 58% which includes repairs and building maintenance, contracted services and heating fuel. Of the repairs and maintenance, the Chief's floor, meeting room floor and garage door opener will all be repaired or replaced. Additionally the Ellington Volunteer Fire Department Building-Main Street budget request increased \$4,941, this is directly related to contracted services for the maintenance of their building.

Debt Service

Overall decrease of \$66,480 or 2.44% due to the refunding of multiple bonds as well as the completion of the lease payments for both the Crystal Lake Fire Department and Ellington Volunteer Fire Department Breathing Apparatus' in the previous fiscal year.

Fixed Charges

Fixed Charges includes social security, Health/Dental insurance for eligible employees and retirees, insurance reimbursement claims, and service insurance. Fixed charges budget request increased by \$312,267 of which included a \$227,474 increase to the proposed medical and dental insurance resulting from coverage levels of benefit eligible employees as well as a projected increase in premiums based on anticipated plan activity, \$71,703 increase in deferred compensation due mainly to the added positions eligible for 401a Town contribution and a \$17,304 increase to contracted services. The increase to contracted services is due to

the increase to the Town Liability-Auto-Property and Workers Compensation Insurance as well as the Emergency Services Liability Insurance.

Miscellaneous

Miscellaneous accounts proposed budget increase of \$147,310 or 22.91% is mainly attributed to the Debt Stabilization Fund and salary adjustment. The fund will assist in minimizing the impact of future peaks and valleys with regards to Town’s debt levels. The Town has proposed budget request of \$100,000 to help offset subsequent year debt impacts that result from the Windermere School Project, as well as the Comprehensive Lighting Project.

CAPITAL OUTLAY

Overview

The Capital Non-Recurring Fund budget request signifies a gross increase of \$50,073, however, with the offsetting revenue from LOCIP and the requested transfer from Capital Reserve for both years, the proposed Capital Outlay results in a true net increase of \$336,476 from the FY21-22 Adjusted Approved Budget.

Proposed Capital Projects for FY22-23 are:

Capital Project	Budget Request
Unimproved Road Improvement	30,000
Local Capital Improvement Program	108,005
Road Overlay	650,000
Road Construction-Large/Small Bridges	30,000
Town Hall Renovations/Addition	30,000
EVAC Engine Exhaust Removal System	25,000
BOE Gymnasium Floor Replacement	92,000
BOE EMS Elevator Modernization	95,000
Parking Lot Renovations	505,000
HML Air Conditioning Replacement	100,000
Tennis & Basketball Court Maintenance	30,000
Ellington High School Track	230,000
DPW Pick-Up Truck	45,000
Pool Car (Town Staff Vehicle)	70,000
Town IT Computer Replacement Cycle	145,000
BOE Modern Classroom Furniture	30,000
Police Cruiser	50,000
First Selectman Vehicle	35,000
Total	2,300,005

BOARD OF EDUCATION

Overview

The Board of Education increase is \$1,581,075 or 3.80% from the FY21-22 Adjusted Approved Budget. As per the Superintendent's Budget Message, the budget increase is "dominated by health insurance", the group insurance object accounts for a 1.24% budget impact. The additional drivers to the increase were salaries, benefits and operations & technology.

FINANCIAL CONDITION OF THE TOWN

As of March 15, 2022, the Town of Ellington is anticipated to conclude the FY21-22 with an unassigned fund balance of \$4,286,364.

To fund the Public Hearing Budget based on the Governor's Proposed Budget for FY22-23, a mill rate of 33.6 mills at a tax collection rate of 98.50% will be required, an increase of 2.0 mills from FY21-22 tax rate of 31.6 mills.

The Town is proposing to retain unassigned fund balance of \$3,109,813 in order to maintain the Town's credit rating from S&P Global Rating of "AA" with a stable outlook, which will play a critical role in upcoming Town and Board of Education projects that will require bond funding.

Respectfully submitted,



Tiffany Pignataro, CPA, MBA
Finance Officer/Treasurer