



STATE OF CONNECTICUT – COUNTY OF TOLLAND
INCORPORATED 1786

TOWN OF ELLINGTON

Finance Office

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March 14, 2023

To the Board of Finance: Michael Purcaro, Chairman
David Olender, Vice Chairman
Peg Busse
James Fay
Douglas Harding
Barry Pinto

As required by the Town Charter Section 1103, the proposed budget for Fiscal Year (FY) 2023-24 is presented for your review.

REVENUES

GRAND LIST- 2022 – of Net Taxable Property

For FY 2023-24, the 2022 Grand List increased by 0.63% or \$9,865,010 from the 2021 Grand List, resulting in increased tax revenue of \$320,182 at the present mill rate of 32.5 mills (real estate and personal property) and 32.46 (motor vehicle), assuming 100% collection rate. This Grand List is subject to hearings of the Ellington Board of Assessment Appeals and pending litigation. The major highlights are as follows:

CATEGORY	Net Grand List '21	Net Grand List '22	Percent Change	Dollar Change
Real Estate	\$ 1,283,102,690	\$ 1,283,716,940	0.05%	\$ 614,250
Personal Property	\$ 78,515,960	\$ 77,014,340	(1.91%)	\$ (1,501,620)
Motor Vehicle	\$ 196,264,700	\$ 207,017,080	5.48%	\$ 10,752,380
Total	\$ 1,557,883,350	\$ 1,567,748,360	0.63%	\$ 9,865,010

Real Estate

The Real Estate Grand List increased by 0.05%, or \$614,250. This change reflects three larger reductions due to assessment appeals filed after the 2020 revaluation and were settled in 2022 after the 2021 Grand List was signed. Two real estate appeals remain pending. The net growth on the Real Estate Grand List after the appeals were settled is mostly a result of residential and commercial new construction. The number of real estate accounts remained unchanged from prior year at 6,076 properties.

Personal Property

The Personal Property Grand List reflects a decrease of 1.91% or \$1,501,620. This is largely due to three manufacturers who did not file for manufacturing exemptions on the 2021 Grand List, and filed properly for the 2022 Grand List, which restored their assessment exemptions. The number of personal property accounts decreased from 1,043 in the prior year to 954 accounts in the current year. This reflected mostly smaller accounts that had not been declared for several years and were determined to no longer be in business after review and analysis.

Exemptions for newly acquired manufacturing equipment increased from \$18,255,560 to \$22,406,190 from the 2021 Grand List as noted below. Manufacturing companies that were previously ineligible for filing late, filed on time for their manufacturing exemption. The equipment is considered tax-exempt for the current year.

Motor Vehicle

The Motor Vehicle Grand List had an increase of 5.48%, or \$10,752,380. This is considerably lower than the growth on the 2021 Grand List, however the growth in 2021 was due to unprecedented increases in used car values, which leveled off in 2022. There was also an increased number of motor vehicle accounts on the 2022 Grand List of 16,585 from 16,169 in the prior year.

Per the State of Connecticut, the motor vehicle mill rate is capped at 32.46 mills.

Concrete Foundation Adjustments

For the 2022 Grand List, seven new applications were added to the foundation list. The net assessment decrease was \$293,610 for these additional properties. Five foundations were repaired this year, resulting in a net assessment gain of \$247,200.

The Town of Ellington continues to partner with the towns of Vernon and Stafford in a grant program to assist residents in testing their concrete foundations for the presence of pyrrhotite. This is an income-based program administered through each town's Human Services department.

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 FY24 State Budget Adjustments and the impact on Ellington:

- Governor's Proposed FY24 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 FY24 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 FY23	Gov Prop FY24	Gov FY24 v FY23
Adult Education	22,746	22,003	(743)
ECS Grant	10,099,106	10,333,424	234,318
LoCIP	106,927	106,927	-
Pequot-Mohegan Grant	4,081	4,081	-
PILOT	8,404	8,683	279
Town Aid Road	339,087	339,087	-
Grants for Mun Projects	223,527	223,527	-
Motor Vehicle Reimbursement	-	8,744	8,744
Total	10,803,878	11,046,476	242,598

Education Cost Sharing (ECS)

The governor’s plan retains the current ECS formula. This includes the phase-in of increases for towns that are underfunded according to the formula and decreases for towns that are overfunded. 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.

Town Road Aid

For FY23-24 state grant has remained identical to FY22-23. 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.

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. Recommended bond authorizations are level funded year over year.

Motor Vehicle Tax Cap

The proposal does not address the motor vehicle mill rate (MVMR). That would mean the FY 2023-24 cap would remain at the current 32.46 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

Consistency in conveyance tax revenue year over year is attributable to the stabilization of sales for consideration within Town. Recording fee revenue decrease is due to the projected decrease 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, as well as an increase in rates for day camp needed to offset the rise in the cost to offer such programs.

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 during fiscal year 2023-24.

Ambulance Fee Program

Ambulance Fee Program revenue increased \$375,000 year over year due to an overall increase in revenue earned in FY2023 for the Ambulance insurance billings, as well as a contribution in the amount of \$325,000 to offset 100% of the capital expenditure request for a new ambulance in FY2023-24.

EXPENDITURES

The proposed budget grand total for FY2023-24 is \$69,615,744 or an increase of \$4,333,311, or 6.64%, from the adjusted approved budget for FY2022-23.

GENERAL GOVERNMENT

Overview

The Board of Finance approved the formal adoption of zero-based budgeting for the fiscal year 2023-24 budget. Zero-based budgeting is an approach that challenges department heads to build budgets from zero, thus verifying and justifying all components of the 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 increased by \$769,318, or 3.69%, from the FY2022-23 Adjusted Approved Budget. The increase is primarily driven by changes in staffing, an increase in consumable supplies for Public Works, increase in the cost of bulky waste pickup, and an increase in Parks and Recreation programming costs.

General Government

Proposed general government budgets for FY2023-24 have increased by \$205,374 or 9.83%, which are mainly attributable to the inclusion of a full-time Town Administrator position for the full fiscal year, increased legal costs due to union negotiations and other matters, as well as staffing changes and strategic assessment initiatives within the Tax Assessor's Office.

Boards & Agencies

Boards & Agencies budgets for FY2023-24 has increased by \$7,270 or 5.90% due to various departmental fluctuations. Overall increase is attributable to the price of ballots and envelopes being significantly more expensive 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 decreased year over year due to the reduction in the projected Resident State Trooper invoice from the State of Connecticut.

Center Fire Department saw a decrease in projected costs of member physicals, due to prior year being a year where heavy metals testing was performed which is more expensive.

Public Works

The Public Works Department increased \$230,289 or 4.51% due to the creation of new full-time positions for the Superintendent of Operations and the Recycling and Refuse Coordinator, the increase in material cost for winter road treatment and increase in solid/bulky waste costs year over year.

Recreation

Parks and Recreation budget increased by \$131,367 or 21.41%, driven by increased summer program offerings, as well as the State required minimum wage increase. This department is 55.04% revenue driven, of which related program fees have increased due to the additional program offerings.

Library

The Hall Memorial Library has presented a budget request increase of \$38,265 or 5.06%. The increase is driven by proposed payroll increases of 5%, offset by other line-item reductions identified through zero-based budgeting.

Human Services

Human Services budget increased by \$40,752 or 4.67%, which is inclusive of a proposed increase for the Youth Services Program Coordinator position from part-time to full-time. The remaining increase is due to increased part-time staffing at the Senior Center for van drivers.

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 operational costs for the various facilities. Overall, Town Property expenditures decreased \$29,088 or 3.75% year over year.

The Town Hall building budget decreased overall by \$52,096 or 12.87%, which was mainly attributable to the migration of the Town's phone system to voice-over-internet and the changeover of alarm system copper telephone lines to a cellular platform.

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 \$4,094 or 11.92% which includes replacement of the meeting room floor. Additionally, the Ellington Volunteer Fire Department Building-Main Street budget request increased \$4,900 or 13.34%, this is directly related to contracted services for the maintenance of their building and heating costs. The Ellington Volunteer Fire Department Building-Nutmeg Drive budget request increased \$8,000 or 35.30% due to the proposed replacement of eight security cameras.

Debt Service

Overall increase of \$488 or 0.02% due to the refunding of multiple bonds as well as the completion of the lease payments for both the Ellington Volunteer Fire Department Triple Pumper and the Crystal Lake Fire Department Forestry Truck in the previous fiscal year, offset by appropriation efforts to proactively build up reserves for debt stabilization in future years.

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 \$53,207 or 1.47%, of which included a decrease of \$35,283 due to moving to the State Partnership Plan for medical and dental insurance, \$50,382 increase in deferred compensation due mainly to the added positions eligible for 401a Town contribution and a \$12,000 increase to unemployment compensation based on historical trends.

Miscellaneous

Miscellaneous accounts proposed budget increase of \$152,539 or 21.57% is mainly attributed to the salary adjustment account. The increase in the salary adjustment account is primarily due to the Department of Public Works union contract being up for negotiation for fiscal year 2023-2024.

CAPITAL OUTLAY

Overview

The Capital Non-Recurring Fund budget request signifies a gross increase of \$1,460,875, however, with the offsetting revenue from LOCIP, contribution from the Ambulance Fee Fund, and utility incentives, the proposed Capital Outlay results in a true net increase of \$1,103,842 from the FY2022-23 Adjusted Approved Budget.

Proposed Capital Projects for FY2023-24 are:

Capital Project	Budget Request
Road Overlay	650,000
Local Capital Improvement Program	108,297
Unimproved Road Improvement	30,000
Town Sidewalks	40,000
Road Construction - Large/Small Bridges	30,000
Real Estate Purchase	50,000
CIP Construction Projects - BOE	95,000
Town Hall Renovations/Addition	30,000
Senior Center Energy Project	32,033
Senior Center Café Updates	20,000
DPW Facility Maintenance	20,000
Hall Memorial Library	100,000
HVAC 29 Main Street - EVFD	140,485
Parking Lot Renovations	40,000
Elderly Housing Study	20,000
Assessor - Revaluation	67,000
Refurbish Heavy Rescue Truck - EVFD	300,000
Equipment Upgrades - BOE	105,000
Snow Plow Dump Truck Replacement	250,000
Pickup Truck – Superintendent	50,000
Roadside Mower	50,000
Replacement Fire Hose - EVFD/CLFD	56,357
Replacement Service Truck - EVFD	50,000
Ambulance Replacement	325,000
SCBA Fill Station Replacement - CLFD	25,000
Replacement Hydraulic Rescue Tools – CLFD	125,000
Vehicle Replacement – BOE	30,000
Police Cruiser	50,000
Total	2,889,172

BOARD OF EDUCATION

Overview

The Board of Education increase is \$2,103,118 or 4.89% from the FY2022-23 Adjusted Approved Budget. As per the Superintendent’s Budget Message, major drivers for this increase include salaries and benefits, operations and technology, tuition, and instructional costs.

FINANCIAL CONDITION OF THE TOWN

As of March 14, 2023, the Town of Ellington is anticipated to conclude the FY2022-23 with an unassigned fund balance of \$5,297,175.

To fund the Public Hearing Budget based on the Governor's Proposed Budget for FY2023-24, a mill rate of 35.3 mills for real estate and personal property at a tax collection rate of 98.50% will be required, an increase of 2.8 mills from FY2022-23 tax rate of 32.5 mills for real estate and personal property. The mill rate on motor vehicles will remain capped at 32.46 mills.

The Town is proposing to retain unassigned fund balance of \$4,297,834 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,

A handwritten signature in black ink, appearing to read 'TPignataro', written in a cursive style.

Tiffany Pignataro, CPA, MBA
Finance Officer/Treasurer