

TOWN OF TOLLAND



PUBLIC HEARING

March 17, 2021

Historical and Proposed Budgeted Revenues

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*
State/Federal Grants	\$871,274	\$507,547	\$204,435	\$517,805	\$517,405	\$518,763
Investment Income/Other	60,000	70,000	70,000	190,000	265,000	65,000
Licenses, Permits & Fees	264,500	249,800	238,500	258,500	273,500	274,000
Charges for Current Services	330,540	337,840	356,940	323,940	332,940	344,009
Education Grants	10,793,546	10,172,654	9,745,098	8,875,986	9,114,072	8,781,991
Total	\$12,319,860	\$11,337,841	\$10,644,973	\$10,166,231	\$10,502,917	\$9,983,763

*Estimated revenues at this time subject to change as the budget process proceeds.

Historical and Proposed Budgeted Expenditure Percentages

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Town	2.11%	2.34%	-.73%	1.14%	1.76%	2.03%	2.28%
BOE	2.92%	2.76%	0.00%	.78%	.84%	.10%	2.46%
Overall	2.68%	2.21%	-.15%	.81%	1.07%	.72%	2.26%

Grand List Growth

	2015/16**	2016/17	2017/18	2018/19	2019/20	2020/21**	2021/22
Net Increase	-3.512%	.78%	.81%	.23%	2.96%	-.41%	.85%
Grand list change	\$(45,688,288)	\$9,777,219	\$10,255,060	\$2,902,091	\$3,787,800	\$(5,258,726)	\$10,841,850

Mill Rate Increase

2014/15	2015/16**	2016/17	2017/18	2018/19	2019/20	2020/21**	2021/22
.86	2.31	No change	.83	.81	1.05	No change	1.26

**Revaluation year.

**Town
Revenues
2021 - 2022**

**PROJECTED DECREASES/INCREASES FOR 2021/2022
FROM NON-TAX REVENUE SOURCES**

(DECREASES)/INCREASES:

State Aid for Education		\$(332,081)
• ECS	(330,310)	
• Adult Education	(1,771)	
Non-Education State and Federal Grants		1,358
• Youth Services Grant	4,976	
• Miscellaneous Grants	(3,618)	
Licenses, Permits & Fees		500
Charges for Current Services		11,069
Interest Income		(200,000)
Use of Fund Balance and Stabilization fund		(155,000)
NET REVENUE DECREASE		\$(674,154)

Fund Balance

An amount of \$350,000 from Fund Balance is recommended to be used as a revenue. Also, \$110,000 from the Stabilization Fund.

Rating agencies recommend that Fund Balance percentage for towns with a AAA credit rating be in a range of 10%-15% of operating expenditures. At June 30, 2020 Unassigned Fund Balance was 14.90% and estimate year end Unassigned Fund Balance for FY20-21 to be at 12.95%.

This is not a “revenue source” that should be relied upon in the future. This is a one time use of funds that may not be able to be duplicated in future years.

UNASSIGNED FUND BALANCE

2022 EST*	\$7,965,012	12.12%
2021 EST	\$8,265,012	12.95%
2020	\$9,219,295	14.88%
2019	\$8,150,176	13.53%
2018	\$8,320,481	13.17%
2017	\$7,763,976	12.27%
2016	\$7,113,653	11.98%
2015	\$6,853,234	11.9%
2014	\$7,053,690	12.4%
2013	\$6,649,387	11.77%
2012	\$6,588,695	11.82%
2011	\$6,209,332	12.09%
2010	\$5,884,614	11.60%
2009	\$5,755,314	11.40%

* Includes assumption of use budgeted Fund balance

TRENDS IN GENERAL FUND REVENUE SOURCES



The above table illustrates the percentages of the budget funded by various revenue sources over ten years. The most striking feature of the breakdown of revenue is the extent to which the Town budget is dependent on just two sources: local property taxes and State and Federal Aid. Most grants are formula driven and therefore are affected not only by total state-wide funding levels, but also by numerous variables such as the Town's population, the Town's Grand List relative to other towns, income levels relative to other towns, student enrollment figures, and various demographic characteristics. Other sources, which are comprised of licenses, permits, charges for current services, interest income and miscellaneous income, have varied over the last five years due to changes in the housing market and economy.

Expenditures

EXPENDITURE SUMMARY

Category	Adopted 20/21	Recommended 21/22	Dollar Change	Percentage Change
Town Depts.	12,372,640	12,655,147	282,507	2.28%
Capital Expenditures	192,567	167,946	-24,621	-12.79%
Debt Service	4,600,000	4,650,000	50,000	1.09%
Board of Education	40,017,290	41,000,289	982,999	2.46%
Grand Total	\$57,182,497	\$58,473,382	\$1,290,885	2.26%

2021/2022 EXPENDITURES BUDGET

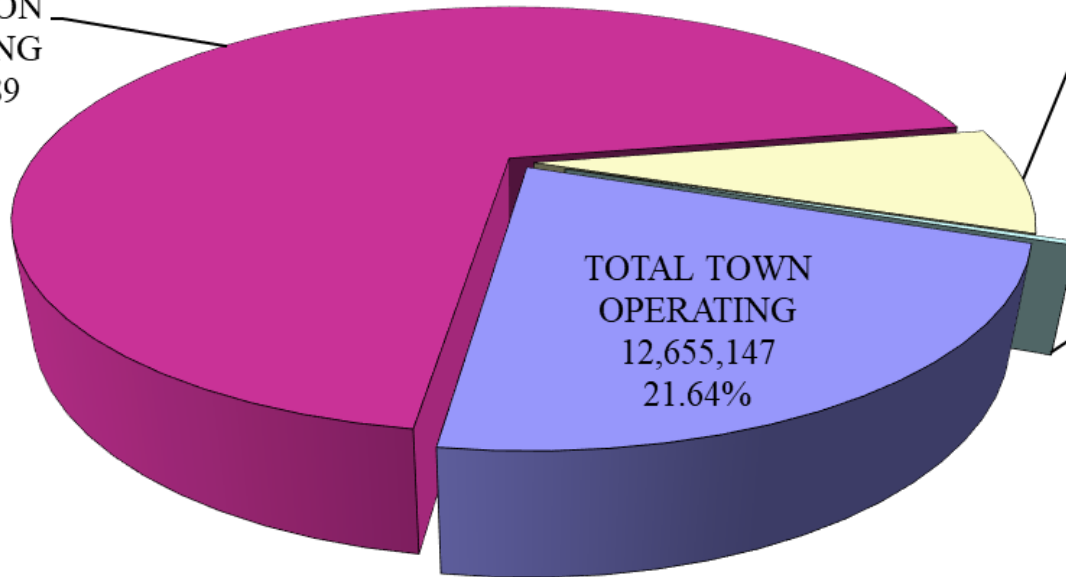
\$58,473,382

BOARD OF
EDUCATION
OPERATING
41,000,289
70.12%

DEBT SERVICE
4,650,000
7.95%

CAPITAL
IMPROVEMENTS
167,946
0.29%

TOTAL TOWN
OPERATING
12,655,147
21.64%



Town Expenditure Drivers

- The cost of utilities increased by \$36,934.
- Debt service increased by 1.09% or \$50,000, mainly due to the impact of the Birch Grove Primary School project.
- Capital improvements supported by the General Fund decreased by \$24,621.
- Road Materials and Markers decreased by \$112,625 as the result of reduced pricing and lower application rates.
- After a trend review by our Health Insurance Consultants, along with our internal review, we have budgeted a 0% rate increase for health costs in FY 2021-22. Overall, there is still an increased cost of \$39,167 due to enrollment changes.

Expenditure Revisions

- The budget continues to include one free bulky waste pickup, which was used by approximately 1,700 residents last October. Our vendor Willimantic Waste Paper (WWP) has offered to continue another one-year contract addendum due to the poor recycling market conditions. This would see Recycling disposal at \$31.82 per ton (up 3%) with all fees based on 5,200 units for an estimated total of \$50,192. Also, WWP would waive the fee (\$15,132) for the one month free Bulky Waste pick-up. The Town would only be responsible for the Bulky Waste disposal tonnage for the one month free Bulky Waste pick-up estimated at \$16,546. These two costs total approximately \$67,458 and would again be charged to the Solid Waste Program Capital Account.
- Addition of a new position for a Project Manager/Grants Administrator to be phased in with a start date of 1/1/22 – (1/2 year salary of \$35,000 plus fringe benefit costs of \$13,516).

Expenditure Revisions

Item	Cost Increase
Salary increases (Excludes new position & includes remaining ½ year for Public Safety Officer that was partially added in FY 20-21) for regular and overtime wage costs	\$178,174
FICA, Medicare, Employee Deferred Contribution Plan	\$ 17,247
Property & Liability Insurance	\$ 30,088
Machinery and Equipment – as equipment ages there are increased repairs required.	\$ 19,024
Recreation – Phase-in of costs for utilities at the Recreation Center. Final year of phase in. These costs (\$44,000 in total) were moved to the Recreation Fund several years ago to assist the Town in reducing the General Fund budget. The Rec Fund is not growing as in the past and there are capital improvement needs from this fund making it difficult for the Fund to absorb these costs.	\$ 8,000
Other Services and Fees – Increased cost mainly due to alarm monitoring fees that are no longer provided by Tolland County Mutual Aid Services.	\$ 17,828

Board of Education Request

- The Board of Education adopted a budget of \$41,293,289 or an increase of \$1,275,999 or 3.19%
- The Town Manager proposed budget reduces the Board of Education's request by \$293,000 to \$41,000,289 or an increase of \$982,999 or 2.46%

MILL RATE IMPACT OF THE FINANCIAL PLAN

Mill Rate = 37.31

An increase of 1.26 mills compared to
the current mill rate of 36.05

TAX IMPACT / REVALUATION IMPACT

Each year as part of this budget message we show the tax impact to the average low-middle-higher assessed homes.

Change in the Grand List:

Net Grand List 2019 (After Board of Assessment Appeals Adjustments)	\$1,275,333,075
Net Grand List 2020 (used to set FY 21/22 mill rate)	1,286,174,925
Overall average percentage increase	.85%

	2019 Assessment	Market Value	Taxes at 36.05 FY 20-21	2019 Assessment	Market Value	Taxes at 37.31 FY 21-22	Difference
Low	\$129,570	\$185,100	\$4,671	\$129,570	\$185,100	\$4,834	\$163
Medium	\$178,870	\$255,530	\$6,448	\$178,870	\$255,530	\$6,674	\$225
High	\$314,125	\$448,750	\$11,324	\$314,125	\$448,750	\$11,720	\$396

APPROVED TAX/REVALUATION INCREASE/DECREASE OVER THE PAST 6 YEARS FOR THE AVERAGE RESIDENTIAL HOME

FISCAL YEAR	MILL RATE	MILL RATE INCREASE	AVG ASSESS OF HOME	TAX BASED ASSESSMENT	TAX \$ INC/DEC
2016/2017	34.19	0.83	\$188,285	\$6,437.46	\$156.28
2017/2018	34.48	0.29	\$188,285	\$6,492.07	\$54.60
2018/2019	35.00	0.52	\$188,285	\$6,589.98	\$97.91
2019/2020	36.05	1.05	\$188,285	\$6,787.67	\$197.70
*2020/2021	36.05	0	\$178,870	\$6,448.26	(\$339.41)
2021/2022	37.31	1.26	\$178,870	\$6,673.64	\$225.38
	* REVALUATION YEAR				
	6 year average household increase in taxes -			\$65.41	



CAPITAL BUDGET

Everything the Town does, from providing services to its residents and citizens, to equipping employees to effectively perform their jobs, requires the existence of certain basic physical assets.

Assets include:

- **Streets**
- **School Facilities**
- **Parks**
- **Large Equipment**
- **Buildings**
- **Technology**

Assets must be purchased, maintained and replaced on a timely basis or their usefulness in providing public services will diminish.

The Town's Five Year Capital Improvement Program is developed to ensure adequate capital investment in the Town's assets and to provide an orderly method for funding these assets.



WHAT IS A CAPITAL ITEM?

Definition of Capital Projects: Any project, to be included in the Town's Capital Improvement Program, should fall into one of the following three program categories:

- 1. Any new or expanded physical facility, including preliminary design and related professional services.**
- 2. Land or property acquisition.**
- 3. Items of a non-recurring nature where the benefits are realized over a long period of time.**

A project should also exhibit the following characteristics to be included in the Capital Improvement Program:

- 1. *Life Expectancy:*** The project's outcome, non-recurring in nature, should have a useful life of greater than eight years.
- 2. *Cost:*** Cost should be a relatively high, non-operative expenditure for the Town; generally in excess of \$10,000 for equipment or plant facility improvements.



CAPITAL BUDGET PLANNING PROCESS

Activity	Dates
Capital budget requests submitted to Town Manager.	October 8, 2020
Preliminary Capital Budget Committee Review and Department Head meetings. Board of Education Superintendent included in meetings.	Month of October, 2020
Manager submits Capital Program to Council.	Week of Dec. 7, 2020
Capital Budget Public Hearing held.	February 11, 2021
Manager submits Capital Program to Council with recommended General Fund Budget.	March 3, 2021
Town Council approves recommended Capital Program as part of Council's Proposed Budget.	March 23, 2021
Capital Program as amended is part of Budget Referendum process.	May 4, 2021



TYPES OF FUNDING METHODS

- **General Fund Contributions**
- **Capital Non-Recurring Fund**
- **Non-Referendum Notes**
- **Local Capital Improvement Plan Grant (State)**
- **Town Aid to Road Grant (State)**
- **State School Construction Grants and other State Grants**
- **Ambulance Fees**
- **Cemetery Funds**
- **Referendum Borrowing**
- **Unallocated Capital**
- **Recreation Special Revenue Fund**
- **Utility Reserve Fund**



**FY21-22: Town of Vernon Water Pollution Control
Plant Upgrade**
Total Amount: \$218,542

Tolland's Funding of the upgrade:

Tolland's total 20 year share of the net project cost is estimated at \$3,298,110 (Subject to Change.) As discussed in previous years we are phasing in the required debt payments to Vernon. This is the third year. After this year, the annual payments for the following 17 years will be \$164,906 each year unless the debt payment requirements change.

- Tolland's share based on the Inter-municipal agreement is 5.63% of the project cost and loan interest after grant proceeds.
- FY 21-22 General fund funding is \$85,444, \$99,558 from CNRE, and \$33,540 from available account balance. This is our 2nd payment.
- In FY 18-19 Town Council approved a resolution to deposit unanticipated State revenue of \$298,677 into the CNRE fund to be used over a 3 year period to alleviate the cost of the debt which will have to be built into the budget. This is the third and final year of phase-in of this plan.



FY21-22: SIGNIFICANT CAPITAL PROJECTS
FUNDED BY THE GENERAL FUND
Total Amount: \$167,946

Other Town Administration Projects:

- General Fund portion of WPCA \$85,444
- Renovate THS Special Education Area \$15,000
- Depreciation amount for replacement of light duty vehicles funded by the General Fund:
 - Town \$39,854 + \$14,862 Public Works
 - BOE \$12,786



FY21-22: SIGNIFICANT CAPITAL PROJECTS **FUNDED BY OTHER SOURCES**

Parks and Recreation:

- New Playground at Crandall Park- \$40,000 (CNRE)

Public Facilities:

- Replacement of Jail Museum Roof
 - LOCIP Grant \$44,500
- Firehouse Improvement Project
 - Referendum to be held May 4, 2021 - \$5,000,000
 - Separate Public Hearing on this item on March 23, 2021 at 7pm

BOE Paving and Sidewalk Project (TMS/TIS)

- Non-referendum debt of \$140,000



FY21-22: SIGNIFICANT CAPITAL PROJECTS **FUNDED BY OTHER SOURCES**

Capital Equipment \$461,469:

- Replacement of Front End Loader - \$275,000
- Replacement of Truck #53 – Snow Removal Operations - \$73,783
- Replacement of Service Truck 450 – Mechanics - \$57,246
- 72” Zero Turn Exmark Mowers (Quantity 4) - \$55,440
 - (All funded by non-referendum debt)

Public Safety (Ambulance Reserve):

- Replacement of Ambulance 640 - \$285,000

Public Works:

- Tree Trimming - \$70,000 TAR Grant



FY21-22: SIGNIFICANT CAPITAL PROJECTS **FUNDED BY OTHER SOURCES**

Streets & Roads:

- Drainage construction and design - \$102,735 (Town Aid Road Grant)
- Pavement Management - \$236,500 (TAR and LOCIP Grants)
- Road Improvements \$800,000 (Part of \$5 million bond funding approval from November, 2018)
- Cross Farms Rear Parking Lot - \$151,800 (Non-referendum debt)



PAST 5 YEAR GENERAL FUND CAPITAL CONTRIBUTIONS

FY17 - \$ 54,578 or .10% of Townwide Operating Budget

FY18 - \$ 54,578 or .10% of Townwide Operating Budget

FY19 - \$ 61,906 or .11% of Townwide Operating Budget

FY20 - \$121,048 or .21 % of Townwide Operating Budget

FY21 - \$192,567 or .34 % of Townwide Operating Budget

Town Manager Proposed FY22 = \$167,946 or 0.29%



TOLLAND DEBT MANAGEMENT PLAN SCHEDULE **2021-22 THROUGH 2025-26**

In FY 21/22 the General Fund budget will increase by \$50,000 to \$4,650,000 and will continue to increase through FY 24/25. The negative amount listed below under “Amount to be Paid from Debt Service Fund” is the amount to be contributed to cover the total debt payments. Much of this impact is due to debt for the Birch Grove School and potential renovations to the Firehouses. The plan will allow the budget to begin being reduced in FY 2025-26 to eventually get back to \$4,550,000. Once the budget returns to this level, the plan is to begin building capital reserves to fund future projects on a pay as you go basis as debt falls off the books.

	Debt Management Plan	General Fund Budget	Amount to be Paid from Debt Service Fund
FY 21/22	\$5,138,667	\$4,650,000	(\$ 488,667)
FY 23/23	\$4,923,884	\$4,750,000	(\$ 173,884)
FY 23/24	\$5,383,929	\$4,800,000	(\$ 583,929)
FY 24/25	\$5,185,781	\$4,850,000	(\$ 335,781)
FY 25/26	\$5,054,089	\$4,800,000	(\$ 254,089)



Budget Schedule: Important Upcoming Dates

*Zoom meetings will be dependent upon COVID restrictions. Announcements will be made if public meetings are implemented.

- | | |
|----------------------------|---|
| March 17, 2021 (Wednesday) | <u>PUBLIC HEARING</u> on Manager's Recommended Budget: Board of Education, Town Government, Capital Improvement Plan – Zoom Meeting – 7:00 p.m.* |
| March 23, 2021 (Tuesday) | Council Discussion – Budget finalized – Council Zoom Meeting – 6:00 p.m.* |
| April 6, 2021 (Tuesday) | Advertise Budget |
| April 19, 2021 (Monday) | <u>ANNUAL BUDGET PRESENTATION MEETING</u> – Zoom Meeting - 7:00 p.m.* |
| May 4, 2021 (Tuesday) | Annual Budget Referendum |
| By May 11, 2021 (Tuesday) | Council to establish mill rate upon referendum adoption |

