

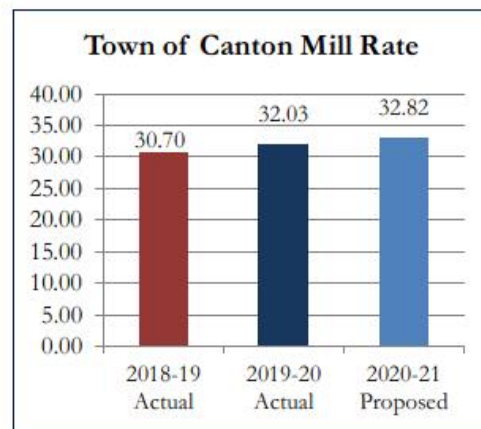


TOWN OF CANTON, CONNECTICUT ANNUAL BUDGET MAILER FISCAL 2020-2021

The Board of Finance (BOF) forwards the enclosed recommended Town Budget for fiscal year 2020-21 to the voters. This recommended Town Budget will be presented at a virtual Public Hearing on Monday, May 4, 2020 beginning at 7:00 pm. You are encouraged to send your comments and questions to budgetquestions@townofcantonct.org. When sending comments, please include your name and address.

What do I need to know about the proposed budget?

The new Town Charter, approved last year, provides greater opportunities for the public to view and comment on the budget development process. The new charter also provides for an automatic referendum on the budget, which unfortunately we cannot accommodate this year due to COVID-19. Other changes include a consolidated Capital Improvement Plan Budget, which is reflected in this year's proposed budget.



What are the major drivers of the budget increase?

- Special Education costs increased by more than \$500,000. These costs are mandated by the State of Connecticut and reimbursed at a reduced rate (70-75% of costs beyond 4.5 times the average per pupil cost in Canton Schools). Please contact Representative Leslee Hill and Senator Kevin Witkos about this policy. Together, we can work on improving this formula.
- Pension Costs – The Town's contribution to two defined benefit pension plans increased by a total of \$173,771 this year. The plans, which are no longer offered to new employees, must be supported for current participants.
- Paid Firefighters – The full cost for two paid firefighters hired to handle daytime emergencies is included in this year's budget. Last year, the budget included the cost for half a year of this service. The additional cost for paid firefighters is \$61,363.

How has COVID-19 impacted the budget?

The COVID-19 pandemic has impacted the budget in many different ways including both revenues and the budget process. Below is a list of the substantial changes:

- The Town normally budgets to collect 99% of available taxes. As a result of significant unemployment the Town is forecasting a collection rate of 98.5% which results in approximately \$170,000 loss in revenue.
- Other revenues such as investment income are being reduced or eliminated.
- Governor's Executive Order 7B removed requirement for in-person meetings resulting in most of the budget process being virtual through video conferencing.
- Governor's Executive Order 7I forbids a budget referendum and authorizes the Board of Finance to approve proposed budget and set the mil rate.
- Governor's Executive Order 7S allows an additional 60 day grace period for the collection of property taxes and sewer use fees. Property taxes due on July 1st will have to be paid by September 30th.

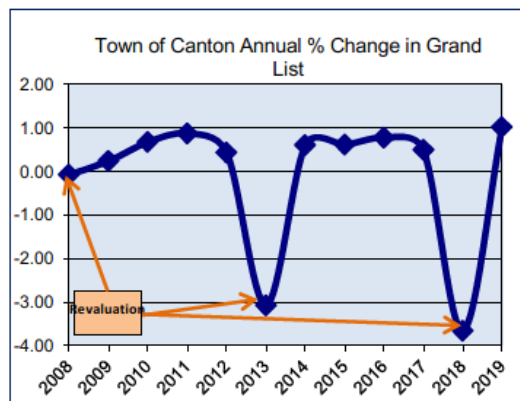
How are local taxes determined each year?

Taxes are a combination of the assessed value of all property in town, called the Grand List, multiplied by a mill rate.

Property is assessed in Connecticut at 70% of the estimated market value. If a home, along with the land it is on, has a market value of \$250,000, the assessed value would be \$175,000. The tax is then calculated by dividing this assessed value by 1,000 (a mill) and then multiplying by the mill rate. For the 2020-21 fiscal year, the proposed mill rate is 32.82. In this example, the property would be taxed at \$175,000 divided by 1000, times 32.82. The tax would be $\$175 \times 32.82 = \$5,743.50$, an increase of \$139.25 over last year.

How has the Grand List changed in the last 10 years?

The chart shows the annual change in the Grand List over the last 10 years. The trend has been that the Grand List grows slightly in each non-revaluation year, but drops in the revaluation years (2008, 2013 and 2018).



How can I tell what the impact will be to me personally?

Everyone's tax situation is different, but the easiest way to estimate the impact is to take the assessed value of your property, divide by 1000, and then multiply by the proposed new mill rate. You can then compare that figure to your current taxes to determine if you will likely see an increase or decrease when the official tax bills are sent out this summer.

Potential Tax Increase with new MILL Rate	
<u>Assessed Home Value</u>	<u>Tax Increase</u>
\$100,000	\$79
\$200,000	\$158
<i>Median Home = \$262,881</i>	<i>\$208</i>
\$300,000	\$237
\$400,000	\$316
\$500,000	\$395
\$600,000	\$474

How was the proposed budget developed?

The Board of Selectman and Board of Education began their budget deliberations in late 2019 and adopted their proposed budgets in late February, early March. Then, the Town budget deliberations changed greatly with the onset of COVID-19. In-person budget hearings were replaced by virtual meetings. Public comments came to the Boards via email. All the while, our boards were tasked with budgeting for an uncertain world.

Without knowing when Canton's economy will return to full strength, the Boards prioritized consistent, quality service in the coming fiscal year. To that end, the recommended budget proposes to:

- Preserve Town services and infrastructure;
- Prune services that will most likely not be needed as the town recovers from COVID-19;
- Invest in services that will promote economic recovery; and,
- Maintain financial reserves to fund emergency expenditures and possibly refinance the town debt to take advantage of historically low interest rates.

The initial budgets submitted by the Boards of Finance, Selectmen and Education would have resulted in a 3.9% increase. After considering the factors above, the Board of Finance:

- Reduced the increase in the Board of Selectmen's operating budget by \$71,651;
- Reduced the increase in the Board of Education Budget by \$206,499; and,
- Reduced the overall Capital Improvement Budget by \$153,000.

These reductions brought the budget increase to 2.8%. The Board of Finance further agreed to transfer \$200,000 from the unallocated fund balance to the general fund to cover shortfalls in investment revenue, departmental revenue and tax collection. The resulting budget of \$40,929,208 translates to a mill rate of 32.82 which will require a 2.47% increase over the current mill rate of 32.03.

2020-2021 Proposed Budget	
BOS Proposed Operating Budget	\$10,339,515
Less: BOF Adjustment	(\$71,651)
BOS Proposed Capital Improvement Budget	\$1,262,654
Less: Capital Adjustment	(\$153,000)
Total BOS Budget	\$11,377,518
BOE Proposed Operating Budget	\$27,772,676
Less: BOF Adjustment	(\$206,499)
Total BOE Budget	\$27,566,177
BOF Proposed Budget	\$1,985,513
Total Town Budget	\$40,929,208

What role does the Board of Finance have in the budget process?

The Board of Finance is responsible for managing both the short-term financial needs of the town and its long-term capital planning. In its decision-making, the BOF tries to balance Town services, a strong school system, upkeep of nearly \$120 million invested in the Town's infrastructure, the Town's AA bond rating and the impact of these decisions on the taxes imposed on residents and businesses.

TOWN OF CANTON, CONNECTICUT

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www.townofcantonct.org

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If I have questions about the budget, who can I contact?

Members of the Board of Finance will gladly respond to questions about the budget:

Jennifer Rottkamp, Chairmain	jdrottkamp@gmail.com	860-421-5015
Ken Humphrey, Vice-Chair	kenshumphrey@comcast.net	860-693-1303
Sarah Faulkner	sffaulkner@comcast.net	860-693-8540
Andrew Lavery	andrewlavery31@gmail.com	860-287-2462
Katie Kenney	catherinetkenney@gmail.com	860-352-5820
Jonathan Webb	webb.jon.w@gmail.com	860-306-9547

Postal Customer
Canton, CT

Questions about the budget can also be directed to:

Robert Bessel, First Selectman	rbessel@townofcantonct.org	860-693-7847
Robert Skinner, CAO	rskinner@townofcantonct.org	860-693-7837
Kevin Case, Superintendent of Schools	kcase@cantonschools.org	860-693-7704
Julie Ausere, Board of Education Chair	julie.ausere@gmail.com	860-352-2035
William Geiger, Finance Officer	wgeiger@townofcantonct.org	860-693-7852

VIRTUAL PUBLIC HEARING

Monday, May 4, 2020 at 7:00 pm

Please Note:

If by May 1, the Governor has not lifted the current ban on referenda, the BOF is authorized to approve the budget and set the mill rate without a referendum. This change in process must not change your ability to participate. If you have a comment, please send it to budgetquestions@townofcantonct.org. Your emails will be forwarded automatically to all members of the Board of Finance, the Superintendent of Schools, CAO, Board of Education Chair and First Selectman.

BUDGET SUMMARY	Audited Actual	Approved Budget	Proposed Budget
REVENUES	FY 2018-19	FY 2019-20	FY 2020-21
Property Taxes	\$34,426,106	\$34,846,729	\$35,874,191
Licenses, Permits & Fees	293,600	388,225	550,300
Intergovernmental Revenue	3,245,460	3,680,729	3,693,452
Local Department Revenue	445,119	442,615	446,265
Investment Income	186,000	260,000	165,000
Use of Undesignated Fund Balance	200,000	100,000	200,000
Other Financing Sources	111,000	100,000	0
Total - General Fund Revenues	\$38,907,285	\$39,818,298	\$40,929,208
EXPENDITURES			
Board of Selectmen	\$10,758,759	\$11,007,982	\$11,377,518
Board of Education	25,934,233	26,584,942	27,566,177
Board of Finance	2,214,293	2,225,373	1,985,513
Total - General Fund Expenditures	\$38,907,285	\$39,818,298	\$40,929,208

This mailer and other budget materials are available on the Town of Canton's website at townofcantonct.org