

# CAPITAL RESERVES/CONTRIBUTIONS #1075

Final FYE 21 Budget Result: During budget deliberations, the Town Council reduced this function by \$2,127,000, and the RTM sustained this action.

The overall decrease in this budget is \$1,086,000 or 67.0%.

This function represents the General Fund Contribution to the Capital Reserve Fund (5010).

The Groton Town Code Article I. Section 2.1(b) requires that: "The town manager shall include in the proposed budget to the town council an allocation of funds to the reserve fund based on the following formula: Calculate the amount of not less than four percent of the general fund budget, subtract the sum necessary to defray general fund obligated annual debt service, the remainder amount to be allocated to the reserve fund for capital and nonrecurring expenditures . . . No appropriation shall be made to such fund so that the total fund balance exceeds 50 percent of the total general fund budget, or the unappropriated portion of the fund exceeds 12 percent of the total general fund budget."

	General Fund	Capital Reserve (FYE 2019)
Proposed Budget	\$ 130,453,984	
50% of General Fund	\$ 65,226,992	
Total Fund Balance	----->	\$4,329,399
12% of General Fund	\$ 15,654,478	
Unappropriated Fund Balance	----->	\$1,784,234

## Cost Center 0 – Capital Reserve Fund

This represents the contribution amount to fund proposed capital projects.

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

2-Jun-2020

AREA OF SERVICE: CAPITAL/DEBT SERVICE  
DEPARTMENT: CAPITAL RESERVE  
FUNCTION: CAPITAL RESERVE 1075

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
----- APPROPRIATION -----							
Operating Expenses	2,297,000	1,621,000	1,621,000	2,662,000	2,662,000	535,000	535,000
Total Appropriation	\$2,297,000	\$1,621,000	\$1,621,000	\$2,662,000	\$2,662,000	\$535,000	\$535,000
----- COST CENTERS -----							
10750 CAPITAL RESERVE FUND	2,297,000	1,621,000	1,621,000	2,662,000	2,662,000	535,000	535,000
Total Cost Centers	\$2,297,000	\$1,621,000	\$1,621,000	\$2,662,000	\$2,662,000	\$535,000	\$535,000
----- FINANCING PLAN -----							
GENERAL FUND	2,297,000	1,621,000	1,621,000	2,662,000	2,662,000	535,000	535,000
Total Financing Plan	\$2,297,000	\$1,621,000	\$1,621,000	\$2,662,000	\$2,662,000	\$535,000	\$535,000

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

2-Jun-2020

AREA OF SERVICE: CAPITAL/DEBT SERVICE  
DEPARTMENT: CAPITAL RESERVE  
FUNCTION: CAPITAL RESERVE 1075

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
-----							
OPERATING EXPENSES	-----						
5230 PYMNTS/CONTRIBUTIONS	2,297,000	1,621,000	1,621,000	2,662,000	2,662,000	535,000	535,000
Total Operating Expenses	\$2,297,000	\$1,621,000	\$1,621,000	\$2,662,000	\$2,662,000	\$535,000	\$535,000
GRAND TOTAL	\$2,297,000	\$1,621,000	\$1,621,000	\$2,662,000	\$2,662,000	\$535,000	\$535,000

# CAPITAL RESERVE #5010

---

Final FYE 21 Budget Result: During budget deliberations, the Town Council reduced this function by \$2,127,000.

The overall decrease in this budget is \$215,500 or 7.9%.

This function includes funds to be appropriated for capital improvements.

Payments From Other Funds – represents the contribution from:

General Fund (#10750)	\$535,000
Sewer Operating (#2020)	<u>\$1,475,000</u>
	\$2,010,000

The Estimated Fund Balance for FYE 2020 is \$1,782,054 and represents an unexpended appropriation from the Sewer Operating fund of \$689,320 and the General Fund of \$1,092,734

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

3-Jun-2020

AREA OF SERVICE: OTHER FUNDS  
DEPARTMENT: TOWN MANAGER  
FUNCTION: CAPITAL RESERVE PROJECTS 5010

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
<b>APPROPRIATION</b>							
Operating Expenses	3,867,000	2,725,500	2,725,500	4,637,000	4,637,000	2,510,000	2,510,000
<b>Total Appropriation</b>	<b>\$3,867,000</b>	<b>\$2,725,500</b>	<b>\$2,725,500</b>	<b>\$4,637,000</b>	<b>\$4,637,000</b>	<b>\$2,510,000</b>	<b>\$2,510,000</b>
<b>COST CENTERS</b>							
50100 FYE 2021 CIP	3,867,000	2,725,500	2,725,500	4,637,000	4,637,000	2,510,000	2,510,000
<b>Total Cost Centers</b>	<b>\$3,867,000</b>	<b>\$2,725,500</b>	<b>\$2,725,500</b>	<b>\$4,637,000</b>	<b>\$4,637,000</b>	<b>\$2,510,000</b>	<b>\$2,510,000</b>
<b>FINANCING PLAN</b>							
INTEREST INCOME	43,931	38,000	36,000	30,000	30,000	30,000	6,000
INTEREST INCOME-WPCF	40,525	38,000	24,000	20,000	20,000	20,000	4,000
RECORDING INSTRUMENTS	10,714	11,000	9,000	8,000	8,000	8,000	8,000
WATER ASSESSMENTS	931	0	0	0	0	0	0
PAYMENTS FROM OTHER FUNDS	3,028,000	1,959,000	1,989,000	4,137,000	4,137,000	2,010,000	2,010,000
FUND BALANCE APPLIED	742,899	679,500	667,500	442,000	442,000	442,000	482,000
<b>Total Financing Plan</b>	<b>\$3,867,000</b>	<b>\$2,725,500</b>	<b>\$2,725,500</b>	<b>\$4,637,000</b>	<b>\$4,637,000</b>	<b>\$2,510,000</b>	<b>\$2,510,000</b>

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

3-Jun-2020

AREA OF SERVICE: OTHER FUNDS  
DEPARTMENT: TOWN MANAGER  
FUNCTION: CAPITAL RESERVE PROJECTS 5010

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
-----							
OPERATING EXPENSES							
-----							
5460 RESERVE FUND/EQUIPME	3,867,000	2,725,500	2,725,500	4,637,000	4,637,000	2,510,000	2,510,000
Total Operating Expenses	\$3,867,000	\$2,725,500	\$2,725,500	\$4,637,000	\$4,637,000	\$2,510,000	\$2,510,000
GRAND TOTAL	\$3,867,000	\$2,725,500	\$2,725,500	\$4,637,000	\$4,637,000	\$2,510,000	\$2,510,000

**TOWN OF GROTON, CT  
FYE 2021 Adopted Budget**

**CAPITAL RESERVE FUND REVENUES: #5010**

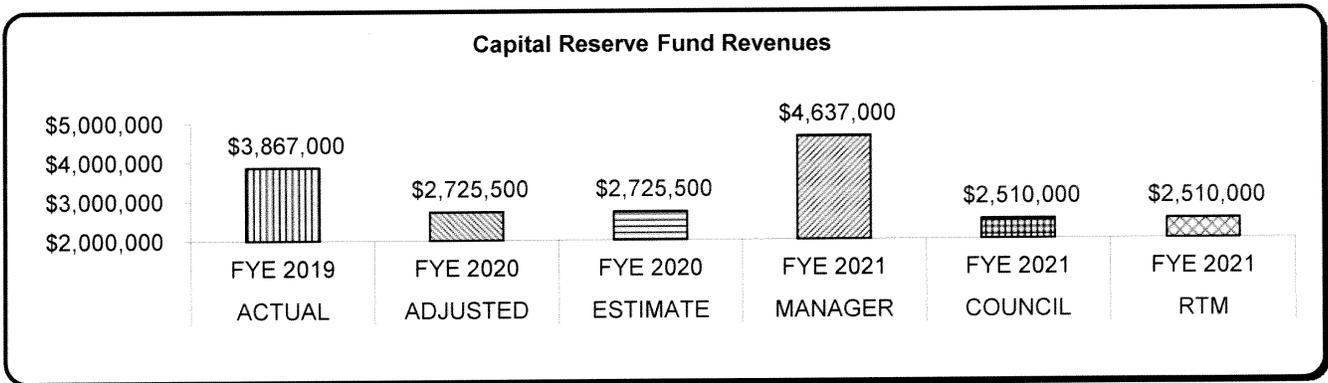
Interest Income - represents income earned on the short-term investment of funds not required for immediate expenses.

Recording Instruments - PA 05-228 instituted a new \$30.00 fee for document recording effective 7/1/05. The Clerk retains \$4.00 of this, \$3.00 of which is to be used for local capital improvement projects.

Payments From Other Funds - represents the amount that Other Funds will contribute to the operation of this fund.

Fund Balance Applied - represents the amount of unassigned fund balance in the Capital Reserve Fund to be used to fund the budget for the fiscal year.

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
4412 Interest Income	\$ 43,931	\$ 38,000	\$ 36,000	\$ 30,000	\$ 30,000	\$ 6,000
4412A Interest Income - WPCF	\$ 40,525	\$ 38,000	\$ 24,000	\$ 20,000	\$ 20,000	\$ 4,000
4610 Recording Instruments	\$ 10,714	\$ 11,000	\$ 9,000	\$ 8,000	\$ 8,000	\$ 8,000
4746 Water Assessments	\$ 931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
4766 Payments from Other Funds	\$ 3,028,000	\$ 1,959,000	\$ 1,989,000	\$ 4,137,000	\$ 2,010,000	\$ 2,010,000
4999 Fund Balance Applied	\$ 742,899	\$ 679,500	\$ 667,500	\$ 442,000	\$ 442,000	\$ 482,000
<b>Total</b>	<b>\$ 3,867,000</b>	<b>\$ 2,725,500</b>	<b>\$ 2,725,500</b>	<b>\$ 4,637,000</b>	<b>\$ 2,510,000</b>	<b>\$ 2,510,000</b>



Audit Fund Balance as of 6/30/2019	\$ 2,449,554
Estimated Fund Balance as of 6/30/20	\$ 1,782,054
Estimated Fund Balance as of 6/30/21	\$ 1,300,054
Fund Balance as a % of 2020 Expenditures	51.79%

# Debt Service #1076

Final FYE 21 Budget Result: During budget deliberations, there were no changes made to this function.

The overall increase in this budget is \$1,465,713 or 22.1%.

This function contains principal and interest payments for long term financing for general obligation and school bonds.

The first bond issue for the Groton 2020 School project is scheduled for April 2019. An estimate for the first principal and interest payment due for these long term bonds is included in FYE 2020.

## Cost Center 0 – General Government

### TOWN OF GROTON FYE 2021 Town Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/19	FYE 2020 Principal Payment	FYE 2020 Interest Payment	FYE 2021 Principal Payment	FYE 2021 Interest Payment
2025	5,675,000.00	12/13/2011	14	General Purpose (Dec. 2011 refunding)	1,505,000.00	268,000.00	48,401.25	265,000.00	38,887.50
2030	6,752,000.00	3/12/2013	18	General Purpose (Mar. 2013 refunding)	4,975,000.00	440,000.00	177,340.00	427,000.00	160,000.00
2028	6,690,000.00	4/18/2018	10	General Purpose Road Maint & Rehab	6,020,000.00	670,000.00	240,900.00	670,000.00	207,400.00
2034	8,945,000.00	4/16/2014	20/10	General Purpose (A)	5,775,000.00	635,000.00	159,693.76	635,000.00	146,993.75
Totals					18,275,000.00	2,013,000.00	626,335.01	1,997,000.00	553,281.25

### Debt Service Payment FYE 2021 through FYE 2034

Function #10760-General Government			
FYE	Principal	Interest	FYE Total
2021	1,997,000.00	553,281.25	2,550,281.25
2022	2,002,000.00	479,301.25	2,481,301.25
2023	2,005,000.00	404,233.75	2,409,233.75
2024	2,001,000.00	329,692.50	2,330,692.50
2025	1,619,000.00	261,303.75	1,880,303.75
2026	1,436,000.00	211,165.00	1,647,165.00
2027	1,436,000.00	163,675.00	1,599,675.00
2028	1,347,000.00	119,250.00	1,466,250.00
2029	692,000.00	78,115.00	770,115.00
2030	687,000.00	56,455.00	743,455.00
2031	260,000.00	40,950.00	300,950.00
2032	260,000.00	31,200.00	291,200.00
2033	260,000.00	20,800.00	280,800.00
2034	260,000.00	10,400.00	270,400.00

## Cost Center 1 – Education

TOWN OF GROTON  
FYE 2021  
Education Long Term Debt Payment Schedule

FYE Maturity	Original Issue Amount	Date of Issue	Term of Issue (years)	Purpose of Issue	Principal Balance 07/01/19	FYE 2020 Principal Payment	FYE 2020 Interest Payment	FYE 2021 Principal Payment	FYE 2021 Interest Payment
2029	10,630,000.00	12/31/2011	18	Schools (refunding)	5,680,000.00	977,000.00	188,073.75	975,000.00	150,100.00
2030	12,308,000.00	3/12/2013	18	Schools (refunding)	9,200,000.00	770,000.00	344,360.00	768,000.00	313,600.00
2039	20,000,000.00	5/8/2019	20	Schools (School 2020 Construction)	20,000,000.00	1,000,000.00	717,500.00	1,000,000.00	621,250.00
2040	20,000,000.00	tbd	20	Schools (School 2020 Construction)	0.00	0.00	0.00	1,000,000.00	723,750.00
Totals					34,880,000.00	2,747,000.00	1,249,933.75	2,743,000.00	1,084,950.00

### Debt Service Payment FYE 2021 through FYE 2040

Function #10810-Board of Education FYE 2021 10761			
FYE	Principal	Interest	FYE Total
2021	3,743,000.00	1,808,700.00	5,551,700.00
2022	3,738,000.00	1,639,080.00	5,377,080.00
2023	3,725,000.00	1,472,222.50	5,197,222.50
2024	3,719,000.00	1,310,520.00	5,029,520.00
2025	3,731,000.00	1,147,108.75	4,878,108.75
2026	3,709,000.00	999,853.75	4,708,853.75
2027	3,659,000.00	863,406.25	4,522,406.25
2028	2,903,000.00	736,318.75	3,639,318.75
2029	2,173,000.00	639,110.00	2,812,110.00
2030	2,033,000.00	572,995.00	2,605,995.00
2031	2,000,000.00	512,500.00	2,512,500.00
2032	2,000,000.00	457,500.00	2,457,500.00
2033	2,000,000.00	408,750.00	2,408,750.00
2034	2,000,000.00	356,250.00	2,356,250.00
2035	2,000,000.00	305,000.00	2,305,000.00
2036	2,000,000.00	250,000.00	2,250,000.00
2037	2,000,000.00	195,000.00	2,195,000.00
2038	2,000,000.00	140,000.00	2,140,000.00
2039	2,000,000.00	83,750.00	2,083,750.00
2040	1,000,000.00	27,500.00	1,027,500.00

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

2-Jun-2020

AREA OF SERVICE: CAPITAL/DEBT SERVICE  
DEPARTMENT: DEBT SERVICE  
FUNCTION: DEBT SERVICE 1076

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
<b>APPROPRIATION</b>							
Operating Expenses	5,264,288	6,638,769	6,579,467	8,104,482	8,104,482	8,104,482	8,104,482
<b>Total Appropriation</b>	<b>\$5,264,288</b>	<b>\$6,638,769</b>	<b>\$6,579,467</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>
<b>COST CENTERS</b>							
10760 GENERAL GOVERNMENT	2,915,255	2,641,835	2,641,835	2,552,782	2,552,782	2,552,782	2,552,782
10761 EDUCATION	2,349,033	3,996,934	3,937,632	5,551,700	5,551,700	5,551,700	5,551,700
<b>Total Cost Centers</b>	<b>\$5,264,288</b>	<b>\$6,638,769</b>	<b>\$6,579,467</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>
<b>FINANCING PLAN</b>							
GENERAL FUND	5,264,288	6,638,769	6,579,467	8,104,482	8,104,482	8,104,482	8,104,482
<b>Total Financing Plan</b>	<b>\$5,264,288</b>	<b>\$6,638,769</b>	<b>\$6,579,467</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>

TOWN OF GROTON  
SUMMARY COST CENTER  
FYE 2021 ADOPTED BUDGET

2-Jun-2020

AREA OF SERVICE: CAPITAL/DEBT SERVICE  
DEPARTMENT: DEBT SERVICE  
FUNCTION: DEBT SERVICE 1076

	ACTUAL FYE 2019	ADJUSTED FYE 2020	ESTIMATE FYE 2020	REQUEST FYE 2021	MANAGER FYE 2021	COUNCIL FYE 2021	RTM FYE 2021
-----							
OPERATING EXPENSES							
-----							
5290 PROFESS/TECHNICAL SE	0	2,500	2,500	2,500	2,500	2,500	2,500
5450 DEBT SERVICE	5,264,288	6,636,269	6,576,967	8,101,982	8,101,982	8,101,982	8,101,982
-----							
<b>Total Operating Expenses</b>	<b>\$5,264,288</b>	<b>\$6,638,769</b>	<b>\$6,579,467</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>
-----							
<b>GRAND TOTAL</b>	<b>\$5,264,288</b>	<b>\$6,638,769</b>	<b>\$6,579,467</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>	<b>\$8,104,482</b>

TOWN OF GROTON, CT  
JUNE 30, 2019  
STATUTORY DEBT LIMITS & TOWN INDEBTEDNESS

Purpose: To describe the Town's current indebtedness level and to demonstrate its relationship to statutory limits and Town Council Policy.

Total Tax Collections (including interest & lien fees)	\$88,489,933
Total Tax Collections (including interest and lien fees) of coterminous municipalities	\$14,422,495
Reimbursement for Revenue Loss from Tax Relief for the elderly	<u>\$2,000</u>
Base for Establishing Debt Limit (per State Statute)	<u>\$102,914,428</u>

Debt Limits (per State Statute):	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension	Total Debt
General Purpose (2.25 times base)	\$231,557,463					
Schools (4.50 times base)		\$463,114,926				
Sewers (3.75 times base)			\$385,929,105			
Urban Renewal (3.25 times base)				\$334,471,891		
Unfunded Pension (3.00 times base)					\$308,743,284	
Total Debt (7.0 times base)						\$720,400,996
Less Indebtedness:						
Bonds	\$18,275,000	\$34,880,000	\$3,070,000	\$0	\$0	\$56,225,000
Bond anticipation notes payable		\$15,000,000	\$6,700,000			\$21,700,000
Clean Water Fund Loans			\$6,378,782			\$6,378,782
Authorized & Unissued	\$3,221	\$143,333,941	\$1,530,000	\$0	\$0	\$144,867,162
Underlying Debt:						
Bonds & Serial Notes	\$3,670,478	\$0	\$6,008,000	\$0	\$0	\$9,678,478
Authorized & Unissued	\$854,189	\$0	\$106,000	\$0	\$0	\$960,189
School Buildings Grants		\$0			\$0	\$0
Total Indebtedness	\$22,802,888	\$193,213,941	\$23,792,782	\$0	\$0	\$239,809,611
Excess of State Limit Over Outstanding and Amortized Debt	\$208,754,575 9.8%	\$269,900,985 41.7%	\$362,136,323 6.2%	\$334,471,891 0.0%	\$308,743,284 0.0%	\$480,591,385 33.29%

\* \* Underlying debt is the debt of smaller municipal units within a government's jurisdiction. In the event of a default, the community may have a moral or political obligation to assume the debt and provide the special services of the defaulting unit.

**Town Council Policy:**

In September, 1993 the Town Council adopted a Debt Policy & Management/Fiscal Practices Policy, as revised in November 2017, that sets the limits on debt issuance which are more stringent than those imposed by the State of Connecticut.

The Council's policy provides the following guidelines, which excludes underlying debt:

- 1) The Town shall not exceed fifty (50) percent of its statutory debt limit. The Town is below the statutory debt limits at its current 33.29% of Town debt to statutory debt limit.
- 2) Total debt service shall not exceed ten (10) percent of the Total General Fund expenditures. Based on the proposed budget, the Town's debt service payment for FYE 2021 will be at 6.2% of expenditures.

**TOWN OF GROTON**  
FYE 2021

**Calculation of Debt Payments, Capital and Contingency Reserves  
(as a percent of the General Fund Budget)**

As per the Town Council Policy adopted/revised on November 28, 2017 entitled:  
**"Debt Policy and Management/Fiscal Practices"**

- 1) Calculation of Capital Reserve & Debt Reserve Allocation to be not less than 4% of General Fund Budget.  
2) Contingency Reserve is not to be more than 2% of the General Fund Operating Budget.

<b>A) CALCULATION OF 4% AND 2% FIGURES</b>		FYE 2021 Adopted
Total General Fund Budget (GFB)		\$130,453,984
Calculate 4% of GFB		\$5,218,159
<b>B) DEBT &amp; CAPITAL % CALCULATION</b>		FYE 2021 Adopted
<b>B1) Outstanding Debt Payments:</b>		
Total Debt Payments (#1076)		\$8,104,482
<b>Total Debt payments</b>		<b>\$8,104,482</b>
<b>B2) Capital Reserve Contribution:</b>		
Capital Reserve (#10750)		\$535,000
<b>Total Capital Reserve</b>		<b>\$535,000</b>
<b>Total Debt &amp; Capital</b>		<b>\$8,639,482</b>
% of Debt Payments & Contribution to Capital Reserve to GFB		6.6%
	\$ Amount over 4% allocation	\$ 3,421,323
<b>C) CONTINGENCY &amp; % CALCULATION</b>		FYE 2021 Adopted
<b>Contingency (#10941)</b>		<b>\$350,000</b>
% of Contingency to GFB (= or < 2%)		0.3%