

CITIZEN'S GUIDE

to the Killingworth Town Budget

2016- 2017



Message from the Board of Finance and the Board of Selectmen

Each year, Killingworth adopts a town budget according to a process outlined in our Town Charter. We hope this guide will clarify the process and give you an overall picture of the proposed budget for Fiscal Year 2016-17 developed by the Board of Selectmen and the Board of Finance.

The Board of Finance will hold a hearing on the operating and capital budgets for FY16-17 on **May 2 at 8:00 p.m. at Killingworth Middle School**. The preliminary budgets are on file in the Town Clerk's Office and are posted at www.townofkillingworth.com.

The Annual Town Budget meeting is scheduled for **May 16, at 7:00 p.m. at KES**. The budget to be voted on at this meeting will be published in *The Source* on May 12.

The town budget accounts for only about one-fifth of our tax dollars. Almost 80 percent of our taxes go to Killingworth's portion of the Regional School District 17 budget. This year's referendum on the school budget will be held on Tuesday, May 3rd. You can find the proposed school budget on line at www.rsd17.org/district8.shtml or on file in the Town Clerk's Office.

Our taxes are just one of the ways we meet the needs of our town. Another is the thousands of hours volunteered each year to provide the kind of community we all want to live in. From coaches for our youth leagues to members of administrative boards and commissions, from first responders to those who run our food pantry, engaged citizens contribute their time and energy as well as their money, and for that we should all be deeply grateful.

Catherine Iino, First Selectwoman
Nancy Gorski, Chairman, Board of Finance

4/25/2016

THE TOWN BUDGET PROCESS

December-February: Town departments, agencies, and affiliates submit budget requests for the coming year.

Board of Finance (BoF) and Board of Selectmen (BoS) discuss fiscal priorities.

Selectmen meet about twice weekly to evaluate the needs and resources of the town.

March-April: BoS submits a proposed Town Budget to the Board of Finance.

BoF meets weekly to prepare a preliminary Town Budget, available to the public by **April 25**.

May 2: Public hearing on the Town Budget. The public is invited to ask questions and make comments, but no action is taken. With this input, BoF drafts its final recommended budget.

May: May 16: Annual Town Budget Meeting. The meeting may delete or decrease items in the budget but may not increase budgeted amounts or add items. By Town Charter, the town votes on the budget at this meeting.

If, however, a qualified petition calling for a budget referendum is submitted by **May 13**, BoS will schedule a referendum before the end of May.

BoF sets the mill rate.

KILLINGWORTH BY THE NUMBERS

| | |
|--|---------------|
| Population (2014) | 6,516 |
| Registered voters (2016) | 4,451 |
| Median household income (2014) | \$112,344 |
| Miles of town roads | 71 |
| School Enrollment - K-12 (2015) | 887 |
| Net Taxable Grand List for 10/1/15 | \$725,404,483 |
| # Full-time town employees (incl. elected) | 13 |
| 2015 Revenues | \$ 20,892,606 |
| 2015 Expenditures | \$ 20,468,319 |
| 2015 General Fund Balance | \$ 3,838,892 |
| 2015 Capital Reserve Fund Balance | \$ 4,737,095 |
| 2015 Outstanding Debt | \$ 4,115,000 |
| % of Debt Service to Expenditure (2015) | 2.40% |
| % of Fund Balance to Budget (2014) | 17.96% |
| Per Capita Debt (including schools) | \$ 632 |



UNDERSTANDING THE BUDGET

The Annual Budget is the plan of expenditures and revenues for a fiscal year, which starts on July 1 and ends on the following June 30. When the townspeople approve the budget, they approve the priorities and levels of service that the budget supports.

This year, Killingworth will vote on two town budget resolutions:

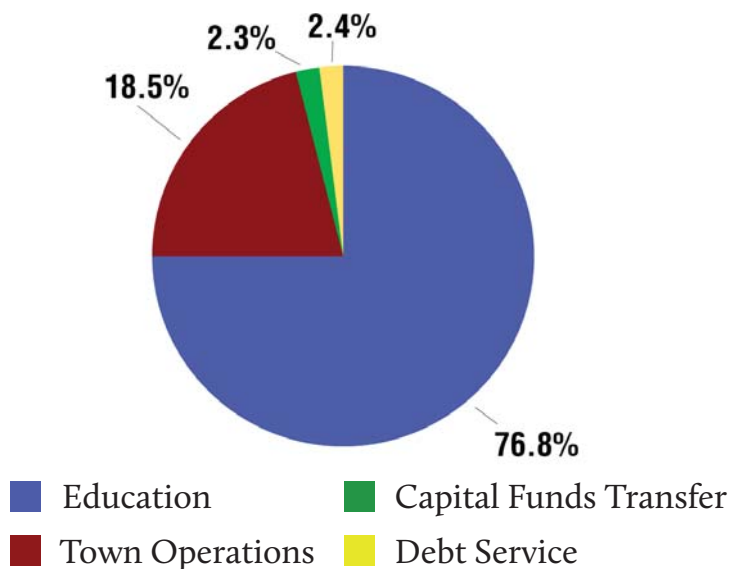
The operating budget, which covers the costs of running the town in FY16-17.

The capital budget, which covers the cost of major projects starting in the coming year. These costs are covered by the operating budget and do not represent an additional expenditure.

EXPENDITURES

The largest portion of town spending goes to education. Some of the other costs the town must cover are public safety, such as support for our volunteer fire company and resident state trooper; public works, such as snow removal and road repair; sanitation and health, including operation of the Transfer Station; recreation; and debt repayments, as well as general government.

2015-2016 APPROVED BUDGET
WHERE YOUR TAXES ARE SPENT



REVENUE

Killingworth's revenue, or income, comes from several sources. The largest is property taxes—the only tax that Connecticut towns are permitted to levy directly. The mill rate determines how much revenue is generated.

The next largest is funding that comes from the state, which levies income, corporate, and sales taxes, among others, and returns some of those revenues to the towns. In FY16, the town budget included \$2.2 million from the state for educational costs and about \$426 thousand for town operating costs. Because of growing state deficits, the state is cutting back on some of this funding. We won't know until the legislative session is over exactly what levels of funding we will receive for FY16-17.

Smaller amounts of revenue come from public and private grants; licenses, fees, and permits; and investment returns.

KILLINGWORTH'S "HOUSEHOLD BUDGET"





CAPITAL PLAN

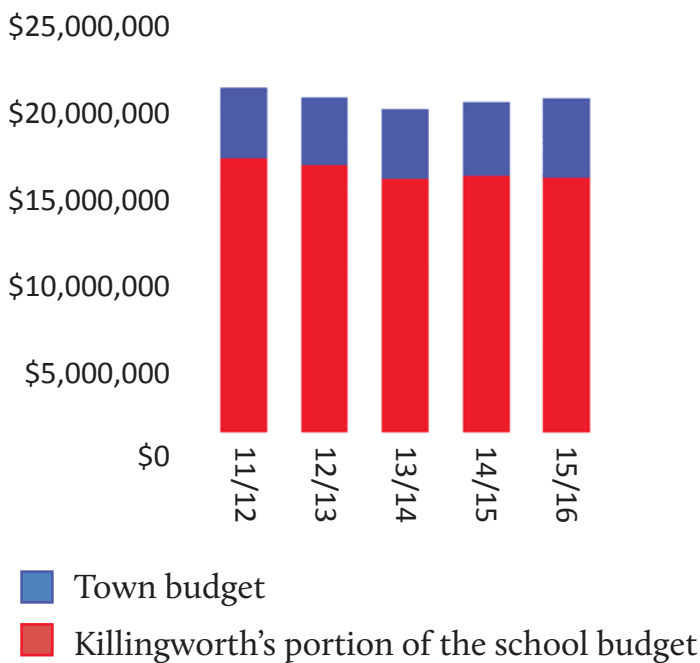
Capital projects range from large fire-fighting apparatus to road paving. Funds for capital projects come from capital reserves, which the town builds up over time through annual appropriations; from public and private grants; and from borrowing. For FY2016-17, the Board of Finance proposes funding \$1,560,575 of capital needs.

KILLINGWORTH'S FISCAL HEALTH

Killingworth maintains an Aa2 rating from Moody's Investor Service, indicating excellent fiscal health, thanks to such factors as

- A balance in the General Fund equal to two months of regular operating expenditures as recommended by the Government Finance Officers Association
- Solid infrastructure
- Low debt
- A history of financial stability

BUDGETS OVER THE LAST FIVE YEARS



Both the Town budget and Killingworth school assessment are lower than they were five years ago.

MILL RATE

The mill rate is the amount of tax levied per dollar of the assessed value of a property, expressed as thousandths of a dollar. In other words, one mill yields one dollar for each \$1,000 of property assessment. The assessment is 70 percent of the property's market value.

Once the town approves the operating budget and the school budget passes, the Board of Finance sets the mill rate to generate the required funds. For the FY2016-17, each mill of property taxes will generate about \$725,000 in revenue. To avoid large swings in the mill rate, the Board of Finance can take money from the General Fund Balance to cover a portion of any increased need.

CALCULATING YOUR TAXES

For a property with a market value of \$300,000 and an assessed value of \$210,000, each mill costs \$210. At Killingworth's FY2015-16 mill rate of 25.23, taxes are \$5,298. Half of that amount was due in July 2015, and half was due in January 2016.

You can use the worksheet below to calculate your taxes based on your current property value. To look up that value, please go to the town's website

www.townofkillingworth.com/offices/tax_assessor.html

| | |
|------------------------------|-------|
| Your assessed property value | \$ |
| Divided by \$1000 | \$ |
| Multiplied by the mill rate | 25.23 |
| Your Taxes | \$ |

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| ESTIMATED EXPENDITURES SUMMARY | | | | | |
|-------------------------------------|----------------------|------------------------------|------------------------------|------------------------|-----------------------|
| Description | 2014-2015 Actual | 2015-2016 Approved Budget | 2016-2017 Proposed Budget | 2016-2017 \$ Change | 2016-2017 % Change |
| General Government | \$ 1,293,287 | \$ 1,468,693 | \$ 1,464,979 | \$ (3,714) | -0.3% |
| Transfers to Capital Reserves | \$ 520,000 | \$ 500,000 | \$ 730,001 | \$ 230,001 | 46.0% |
| Total General Government | \$ 1,813,287 | \$ 1,968,693 | \$ 2,194,980 | \$ 226,287 | 11.5% |
| Public Safety | \$ 449,064 | \$ 582,357 | \$ 542,946 | \$ (39,411) | -6.8% |
| Highway | \$ 1,066,797 | \$ 964,018 | \$ 1,000,968 | \$ 36,950 | 3.8% |
| Sanitation & Health | \$ 249,150 | \$ 283,326 | \$ 290,077 | \$ 6,751 | 2.4% |
| Conservation & Land Use | \$ 70,308 | \$ 76,810 | \$ 80,310 | \$ 3,500 | 4.6% |
| Recreation | \$ 134,246 | \$ 144,839 | \$ 147,854 | \$ 3,015 | 2.1% |
| Misc/Community Services | \$ 430,542 | \$ 421,946 | \$ 433,534 | \$ 11,588 | 2.7% |
| Welfare | \$ 9,475 | \$ 10,100 | \$ 10,100 | \$ - | 0.0% |
| Debt & Lease Obligation | \$ 287,559 | \$ 510,467 | \$ 498,585 | \$ (11,882) | -2.3% |
| Total Operating Budget | \$ 4,510,428 | \$ 4,962,556 | \$ 5,199,354 | \$ 236,798 | 4.8% |
| Education Budget | \$ 15,957,890 | \$ 16,417,262 | \$ 16,977,847 | \$ 560,585 | 3.4% |
| Total Estimated Expenditures | \$ 20,468,318 | \$ 21,379,818 | \$ 22,177,201 | \$ 797,383 | 3.7% |

SOME IMPORTANT TERMS

Appropriation An authorization, approved by the Town, for town officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Capital Reserve A portion of the fund balance that is legally set aside to cover capital expenditures.

Debt Service Payment of interest and repayment of principal on Town debt, typically for large capital projects.

General Fund Balance The difference between monetary assets and liabilities of the town government at a particular point in time (such as the end of the fiscal year).

The Grand List is the total assessed value of all taxable property in town, including residences, commercial and industrial property, business personal property, and vehicles. It is set on October 1 for the fiscal year that begins the following July.

Sources for the information included in this Citizen's Guide: Killingworth CERC Town Profile 2016; Town Audited Financials for 2014-15; Approved Budget for 2015-16; RSD 17 Board of Education Budget for 2015-16; KW 2014 Grand List; State of CT, Office of Policy & Management Municipal Fiscal Indicators.

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