

CITIZEN'S GUIDE

to the Killingworth Town Budget

2017-2018



Message from the Board of Finance and the Board of Selectmen

Killingworth residents have two opportunities coming up to have input on the Killingworth town budget for Fiscal Year 2017-18:

Board of Finance Hearing, April 24, 8:00 p.m., KES. The public is invited to ask questions and make comments, but no action is taken. With this input, the Board of Finance drafts its final recommended budget.

Annual Town Budget Meeting, May 15, 7:00 p.m., KES. By Town Charter, electors and property owners vote on the budget at this meeting. The meeting may delete or decrease items in the budget but may not increase budgeted amounts or add items.

Preliminary budgets are on file in the Town Clerk's Office and are posted at townofkillingworth.com.

The Board of Finance funds the budget through a combination of revenue sources, the largest of which is property taxes. After the town approves the budget, the Board of Finance has one week to determine how much must be raised through property taxes and to set the mill rate for the coming year.

However, we are not likely to know the extent of state funding cuts and charges until June at the earliest.

Potential cuts in state aid to towns, and the possibility that towns will be required to contribute to the teachers' pension fund that the state has mismanaged for decades, would have much larger effects on our mill rate than any adjustments we could make in the town's operating budget.

We are therefore proceeding with the normal process of approval for the town budget. As always, the Board of Selectmen and the Board of Finance have struggled to control costs while providing the services and facilities the town needs. If the RSD17 budget proposed by the Board of Education passes at referendum, Killingworth's combined town and school district costs will actually be slightly lower than last year. Nevertheless, large reductions in education income from the state would require a substantial increase in Killingworth's mill rate.

This year's referendum on the school budget will be held on **Tuesday, May 2, at KES, from 6 a.m. to 8 p.m.** Since about 75 percent of our taxes go to Killingworth's portion of the Regional School District 17 budget, your vote is critical here as well. The budget to be voted on results in approximately a \$150,000 *drop* in Killingworth's education cost—although, as we said, any changes in state funding will affect our town's finances and your mill rate. You can find the proposed school budget on line at rsd17.org or on file in the Killingworth Town Clerk's Office.

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

KILLINGWORTH BY THE NUMBERS

Population	6,516	2016 Revenues	\$ 21,349,428
Registered voters	4,747	2016 Expenditures	\$ 21,059,626
Median household income	\$112,344	2016 General Fund Balance	\$ 4,704,214
Miles of town roads	72	2016 Capital Reserve Fund	\$ 4,737,095
School Enrollment - K-12 (2016)	864	2016 Outstanding Debt	\$ 3,730,000
Net taxable 2016 grand list	\$690,850,562	% of Debt service to expenditure	2.3%
# Full-time town employees	13	% of Fund balance to budget	21.35%
		Per Capita Debt (including RSD17)	\$ 572



UNDERSTANDING THE BUDGET

The annual budget is the allotment of expenditures and revenues for the 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:

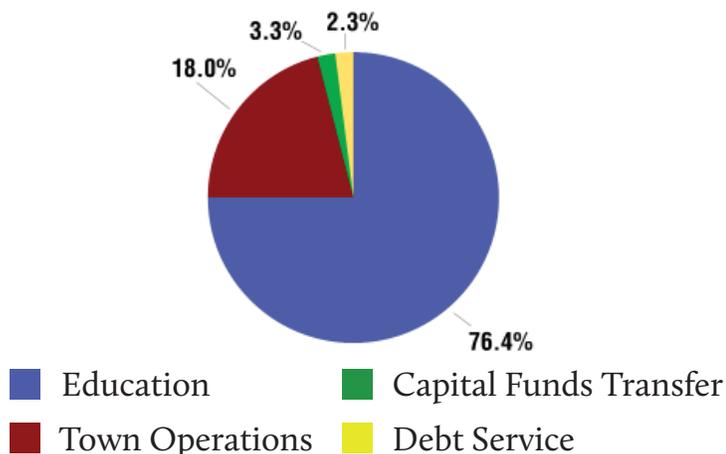
The operating budget, which covers the cost of running the town in coming fiscal year.

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 our 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. This year, the state legislature is considering the governor's proposal to charge towns for 30 percent of the cost of the state teachers' pension plan as well. This charge is not included in the proposed operating budget for FY17-18.

2016-2017 APPROVED BUDGET
WHERE YOUR TAXES ARE SPENT



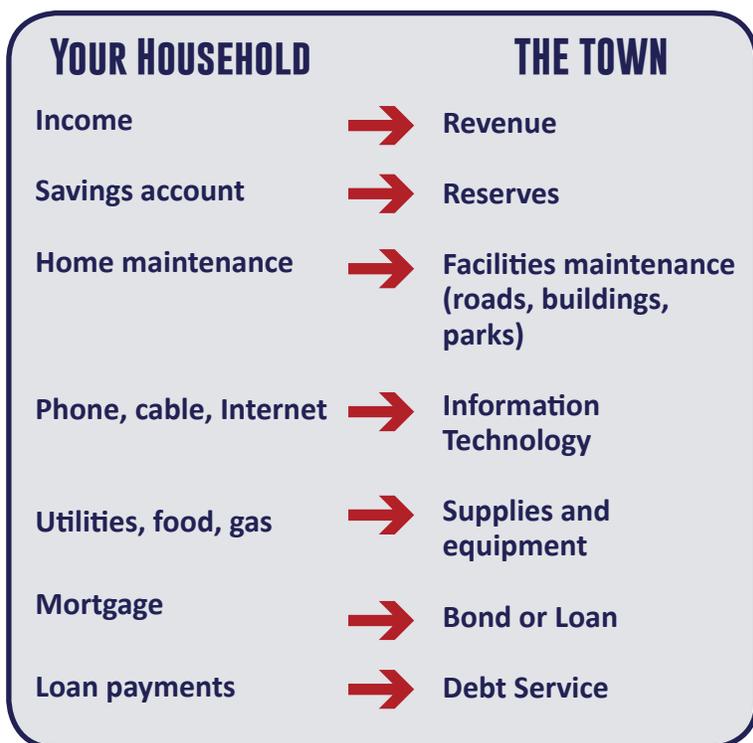
REVENUE

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

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 FY16-17, the town budget included \$2.2 million from the state for educational costs and about \$405 thousand for town operating costs. The governor's proposal for FY17-18 increases funding for town costs by about \$132 thousand but cuts the support for education by \$1.8 million—an 82 percent reduction. The net loss of revenue from the state would be about \$1.66 million.

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

KILLINGWORTH'S "HOUSEHOLD BUDGET"



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CAPITAL BUDGET

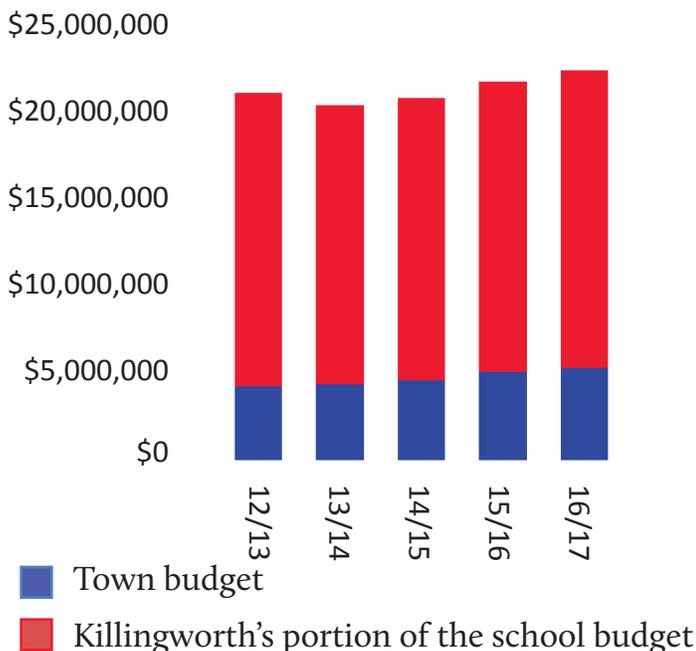
A capital expenditure is one where the benefit continues over a long period; the expenditure is non-recurring. Capital projects range from large fire-fighting apparatus to road paving. Funds for capital projects come from capital reserves, which the town builds up over time through annual appropriations, public and private grants, and borrowing. For FY 17-18, the Board of Finance proposes funding \$1,297,000 in capital needs.

KILLINGWORTH'S FISCAL HEALTH

Killingworth's fiscal health is excellent, 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, and a long-range plan for preserving it
- Low debt
- A history of financial stability

BUDGETS OVER THE LAST FIVE YEARS



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. A change in your assessment—say, through revaluation—will change your tax bill, separately from any change in the mill rate. After RSD17 passes the school budget and the town approves the operating budget, the Board of Finance sets the mill rate to generate the required funds for the next fiscal year.

Looked at another way, each mill of the property tax rate generates one-thousandth of the grand list in revenue to the town. Since the 2016 grand list is about \$691 million, each mill of Killingworth's property tax rate will generate about \$691 thousand. This is about \$36 thousand less per mill than last year, because of the 4.7 percent drop in the value of our grand list.

CALCULATING YOUR TAXES

To calculate what a given tax rate means for your house, use this worksheet:

Your assessed property value	\$
Divided by \$1000	\$
Multiplied by the mill rate	_____
Your Taxes	\$

Your current assessment is available at www.townofkillingworth.com/offices/tax_assessor.html

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ESTIMATED EXPENDITURES SUMMARY

Description	2015-2016 Actual	2016-2017 Approved Budget	2017-2018 Proposed Budget	2017-2018 \$ Change	2017-2018 % Change
General Government	\$ 1,349,823	\$ 1,464,980	\$ 1,507,657	\$ 42,677	2.9%
Transfers to Capital Reserves	\$ 500,000	\$ 730,000	\$ 750,000	\$ 20,000	2.7%
Total General Government	\$ 1,849,823	\$ 2,194,980	\$ 2,257,657	\$ 62,677	2.9%
Public Safety	\$ 545,914	\$ 542,946	\$ 543,643	\$ 697	0.1%
Highway	\$ 832,317	\$ 1,000,968	\$ 983,968	\$ (17,000)	-1.7%
Sanitation & Health	\$ 252,839	\$ 290,077	\$ 302,231	\$ 12,154	4.2%
Conservation & Land Use	\$ 67,977	\$ 80,310	\$ 79,805	\$ (505)	-0.6%
Recreation	\$ 142,477	\$ 147,854	\$ 150,134	\$ 2,280	1.5%
Misc/Community Services	\$ 431,203	\$ 433,533	\$ 448,476	\$ 14,943	3.4%
Welfare	\$ 9,155	\$ 10,100	\$ 10,100	\$ -	0.0%
Debt & Lease Obligation	\$ 510,659	\$ 498,585	\$ 465,999	\$ (32,586)	-6.5%
Total Operating Budget	\$ 4,642,364	\$ 5,199,353	\$ 5,242,013	\$ 42,660	0.8%
Education Budget	\$ 16,417,262	\$ 16,831,153	\$ 16,681,237	\$ (149,916)	-0.9%
Total Estimated Expenditures	\$ 21,059,626	\$ 22,030,506	\$ 21,923,250	\$ (107,256)	-0.5%

SOME IMPORTANT TERMS

Appropriation. An authorization, approved by the town, for town officials to incur obligations against and to make expenditures of government 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 moment, 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. Killingworth did a revaluation in 2016, as required by statute; the overall value of our Grand List fell by 4.7 percent.

Sources for the information included in this Citizen's Guide: CERC 2016 Town Profile for Killingworth; Town audited financial statements for 2015-16; Approved KW 2016-17 Budget; RSD17 Board of Education proposed budget for 2016-17; KW 2015 & 2016 Grand List; CT Office of Policy & Management Municipal Fiscal Indicators.

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