

**BOARD OF FINANCE
SPECIAL MEETING – MARCH 22, 2024
HELD ELECTRONICALLY**

BOF PRESENT: Matthew Raimondi, Stewart Koenigsberg, Sandra Arkell, Timothy Birch, Rudy Escalante, Prasad Iyer (until 4:00 pm)

GUESTS: Mario Coppola (Berchem Moses), David Panico (Robinson Cole), Barry Bernabe (Phoenix Advisors), First Selectwoman Toni Boucher, CFO Dawn Norton, Town Administrator Matt Knickerbocker

Call to Order

Chair Matthew Raimondi called the BOF meeting to order at 3:07 pm.

Executive Session – on Property Appeals – Mario Coppola (Berchem Moses), Toni Boucher (First Selectwoman), Dawn Norton (Town CFO), Matt Knickerbocker (Town Administrator), Hollie Rapp (Manager of Assessing and Tax Collection)

Mr. Raimondi called for a motion to enter into Executive Session on Property Appeals and invite Mario Coppola, Toni Boucher, Dawn Norton, Matt Knickerbocker, and Hollie Rapp. Motion moved, seconded and carried 6-0.

Out of Executive Session and back in Regular Session at 3:42pm.

Overview on Wilton’s Bonding Policies – Barry Bernabe (Phoenix Advisors), David Panico (Robinson Cole), Dawn Norton (Town CFO)

Mr. Raimondi introduced Barry Bernabe of Phoenix Advisor (town’s bond advisor) and David Panico of Robinson Cole (town’s bonding counsel) who reviewed the town’s bonding policies and discussed with the board the different rating agencies and their policies. After review, discussion with bond counsel and bond advisor on credit rating and the town’s fund balance with the BOF with Ms. Norton providing additional input. Mr. Raimondi thanked Mr. Bernabe and Mr. Panico for their insight and input.

Discussion on Fund Balance – Dawn Norton (Town CFO)

Ms. Norton discussed the current Fund Balance, based on the FY23 audit, with the board (see attached presentation).

Discussion on Budget & Mil Rate

Mr. Raimondi provided an update on the mill rate model and the consequent tax change (see attached presentation).

Discussion on Plan Implementation Committee for Plan of Conservation and Development (POCD) – Michael Wrinn (Director of Planning & Land Use Mgmt.)

Mr. Raimondi introduced Michael Wrinn to review with the board the request for a member of the Board of Finance to appoint a member to sit on the Plan Implementation Committee for the POCD. After review of the request, Mr. Raimondi noted that Prasad Iyer offered to be the BOF representative on this committee. Mr. Raimondi nominated Prasad Iyer to be the BOF representative to the committee, nomination seconded by Mr. Birch and carried 5-0.

**Minutes have not been reviewed by this Board and may be subject to revision in future minutes.*

Public Comment

None

Adjourn

There being no further business, Mr. Raimondi asked for a motion to adjourn the BOF meeting at 5:03pm. Motion moved, seconded and carried 5-0.

Respectfully submitted,
Jacqueline Rochester
(from video recording)

**FY 2025 Fund Balance Discussion
Change in Method and Policy**

**Fund Balance Discussion
with the
Board of Finance
*March 22, 2024***

FUND BALANCE OVERVIEW

➤ ***Moody's Change and Methods:***

- Moody's previously accepted our policy of maintaining an unassigned general fund balance of at least 10% of budgeted operating expenses.
- Moody's is now requiring we maintain an **“Available Fund Balance Ratio”**, as defined by Moody's, of between 25% and 35%.
- **Available Fund Balance Ratio** is defined in Moody's *US Cities and Counties Methodologies* as **AVAILABLE FUND BALANCE + NET CURRENT ASSETS) / REVENUE**. These components are derived from the audited GAAP basis financial statements. (<https://ratings.moody.com/api/rmc-documents/386953>)

➤ ***Definitions from Moody's US Cities and Counties Methodologies:***

- **Available fund balance is the sum of a city's or county's available fund balance across all governmental funds. The available fund balance equals the sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds section of a city's or county's audited financial statements.** We exclude any non-spendable fund balance that is in the total governmental funds section, and typically exclude restricted fund balance in that section.
- We define **net current assets as unrestricted current assets minus current liabilities from a city's or county's business-type activities and internal services funds.** Long-term liabilities, including the current portion that we incorporate into the Long-term Liabilities Ratio, where disclosed, are not incorporated into the calculation of net current assets. This approach results in comparability between net current assets and available fund balance, even though each measure is derived from a different accounting presentation.
- The **denominator is revenue, which is the sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions.** The netting out of transfer activity minimizes double-counting, i.e., we do not count a transfer as revenue because it is likely already counted as revenue elsewhere in the financial statements. In excluding transfer revenue, we also minimize revenue volatility stemming from activity outside normal governmental activities.

- **Types of Fund Balances: *Included in the Available Fund Balance:***
 - **Non-spendable:** This represents amounts that cannot be spent due to form (i.e. inventories, prepaid amounts, and amounts required to be retained for perpetuity).
 - **Restricted:** This balance represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributions or laws and regulation of their governments.
 - **Committed:** This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority.
 - **Assigned:** This balance represents amounts constrained for the intent to be used for a specific purpose.
 - **Unassigned (undesignated):** This balance represents fund balance in the General Fund in excess of non-spendable, restricted, committed or assigned.

FY 2025 Fund Balance Discussion with Board of Finance

March 22, 2024

FUND BALANCE OVERVIEW

➤ **Historical Available Fund Balance Ratios Calculated by Moody's and FY2023 Estimate per Finance:**

DRAFT

Available Fund Balance Ratio in Thousands

Sources Financials and Moody's 2023 Credit Report

	2023	2022	2021	2020	2019
Assigned GF FB	\$ 8,531	\$ 8,455			
Unassigned GF FB	\$ 10,157	\$ 13,785			
Available Government Funds - Gen.Fund Balance	\$ 18,688	\$ 22,240			
Available Fund Balance in other Govt Funds	\$ 4,082	\$ 2,925			
Internal Service Fund (Current Assets - Current Liabilities)	\$ 1,790	\$ 2,181			
Enterprise Funds (Current Assets - Current Liabilities)	\$ 7,757	\$ 7,473			
Total Available Fund Balance	\$ 32,317	\$ 34,819	\$ 36,538	\$ 37,984	\$ 37,071
General Fund Revenues	\$ 157,636	\$ 147,187			
Other Gov Revenues	\$ -	\$ -			
Enterprise Revenues	1,330	\$ 1,420			
Total Revenues	\$ 158,966	\$ 148,607	\$ 141,467	\$ 146,407	\$ 141,211
Available Fund Balance Ratio	20.33%	23.43%	25.83%	25.94%	26.25%

FUND BALANCE OVERVIEW

➤ **Discussion with Moody's Analyst:**

- The discussion with the Moody's analyst occurred after the 2023 ATM.
- We shared FY23 and FY24 actual Available Fund Balance Ratios would be below the 25% minimum because during the development of budgets for those years, the BOF followed the previous policy of maintaining an unassigned fund balance equal to 10% of budgeted operating expenses. Amounts in excess of 10% were used to reduce the amount of the budget funded by taxpayers.
- We noted, and the Moody's analyst agreed, it would require a few future budget years to return to an Available Fund Balance Ratio of 25% or higher.
- We committed to change our policies to reflect the new requirements, which included not using unassigned fund balance amounts to reduce property taxes while the Available Fund Balance Ratio was 25% or less.

➤ ***Recommendations:***

- Establish a new Fund Balance policy to work toward and maintain a minimum Available Fund Balance Ratio, as defined by Moody's, of 25%.
 - Policy should contain actions to increase the ratio if the ratio is below 25%.

- Establish a new policy, that limits the use of unassigned fund balances to reduce the taxpayers' share of the budget funding in a manner consistent with the new Moody's requirements.



THE TOWN OF
WILTON
CONNECTICUT

**Board of Finance
Revaluation & Tax Update**

*Prepared by Matt Raimondi
Chair, Board of Finance
March 22, 2024*

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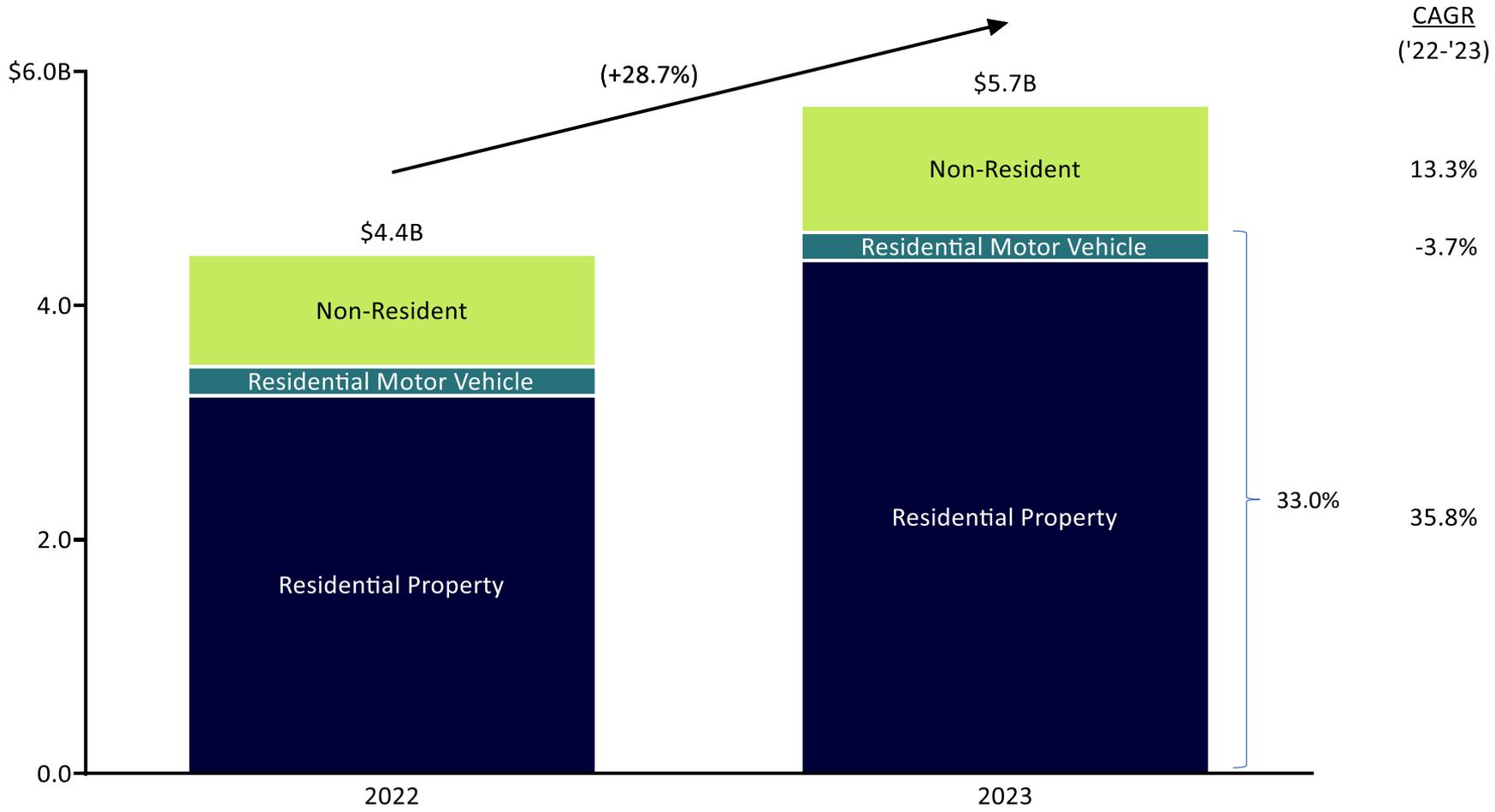
Revaluation & Tax Update

Appendix

Revaluation Overview

Inclusive of Residential Property & Residential Motor Vehicles, the Residents component of the Grand List grew 33.0%; Non-Resident components grew 13.3%

Net Assessed Grand List by Component, 2022 - 2023

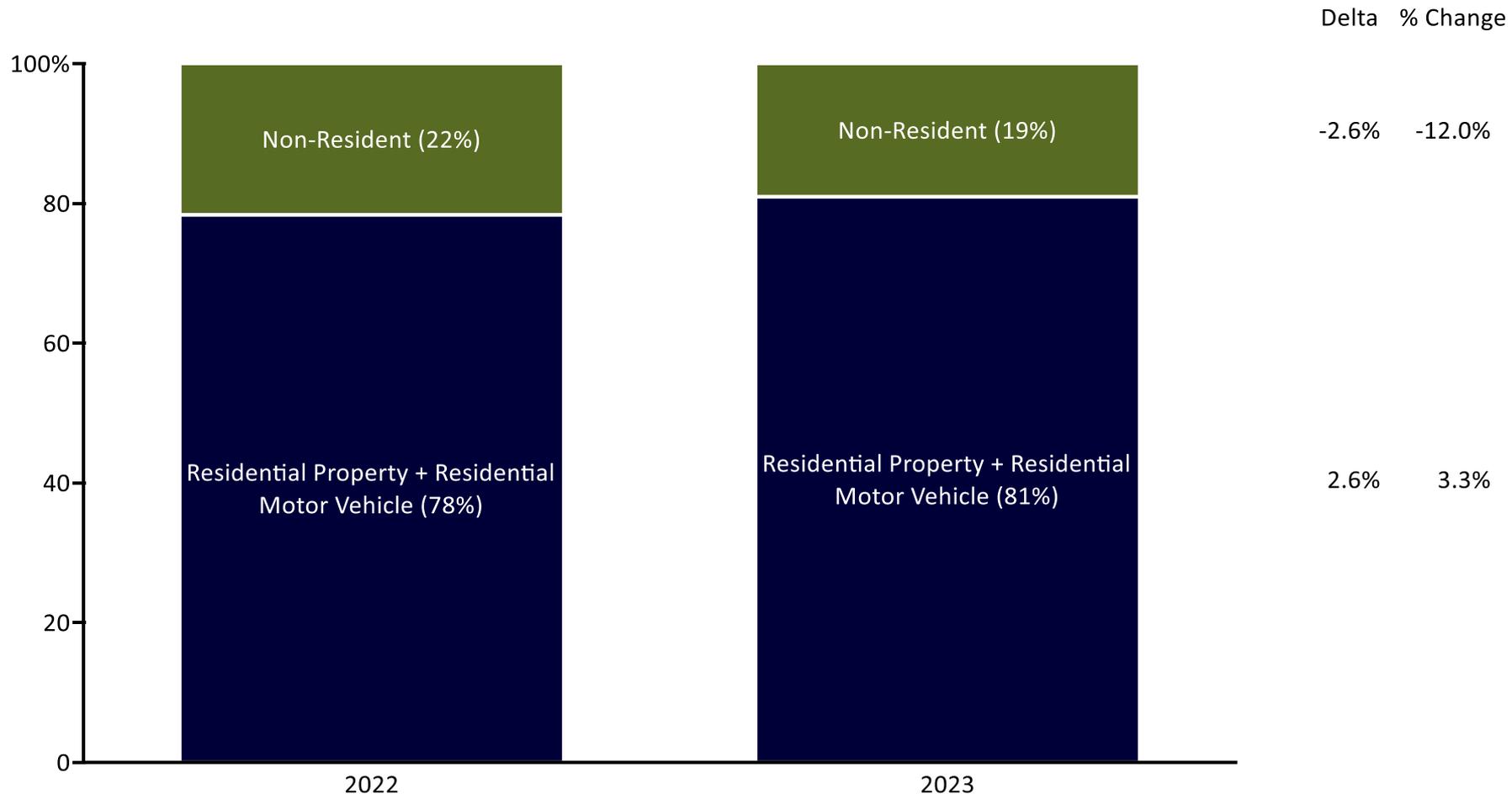


Note: Residential Motor Vehicle consists of Motor Vehicles which are owned or leased by Wilton residents; the Town Assessor does not have the commercial / residential split in the 2022 Motor Vehicle Grand List, so we have assumed that the split is consistent with the 2023 split; Non-Resident includes Commercial Property, Commercial Motor Vehicle, Personal Property, and Other

Revaluation Overview

Given the high pace of residential property growth, the Resident's component of the Grand List grew from 78% of the total to 81%

Grand List Component % Change, 2022 - 2023

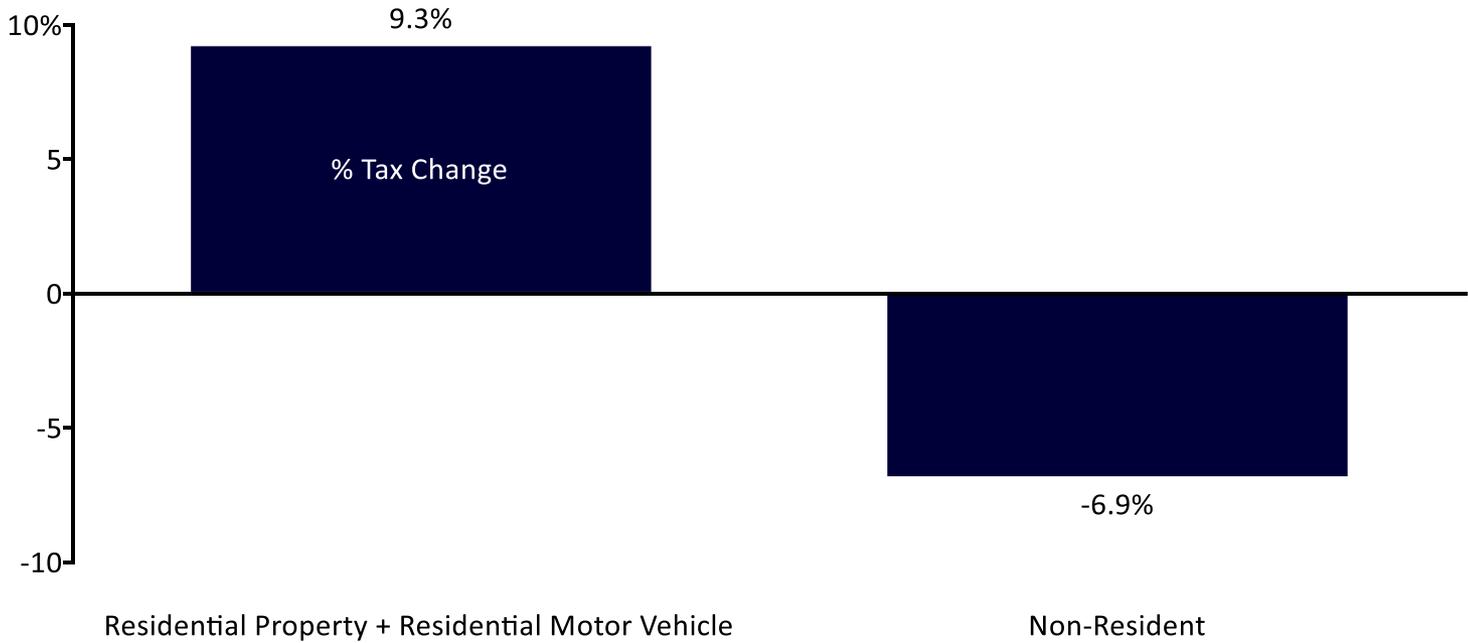


Note: Residential Motor Vehicle consists of Motor Vehicles which are owned or leased by Wilton residents; the Town Assessor does not have the commercial / residential split in the 2022 Motor Vehicle Grand List, so we have assumed that the split is consistent with the 2023 split; Non-Resident includes Commercial Property, Commercial Motor Vehicle, Personal Property, and Other

Budget & Mill Rate Overview

Assuming a 5.8% Total Town Property Tax increase, aggregate Resident Taxes (inclusive of Residential Property & Residential Motor Vehicle) would need to increase 9.3%

Tax Change by Grand List Component with a 5.8% Total Town Property Tax Increase



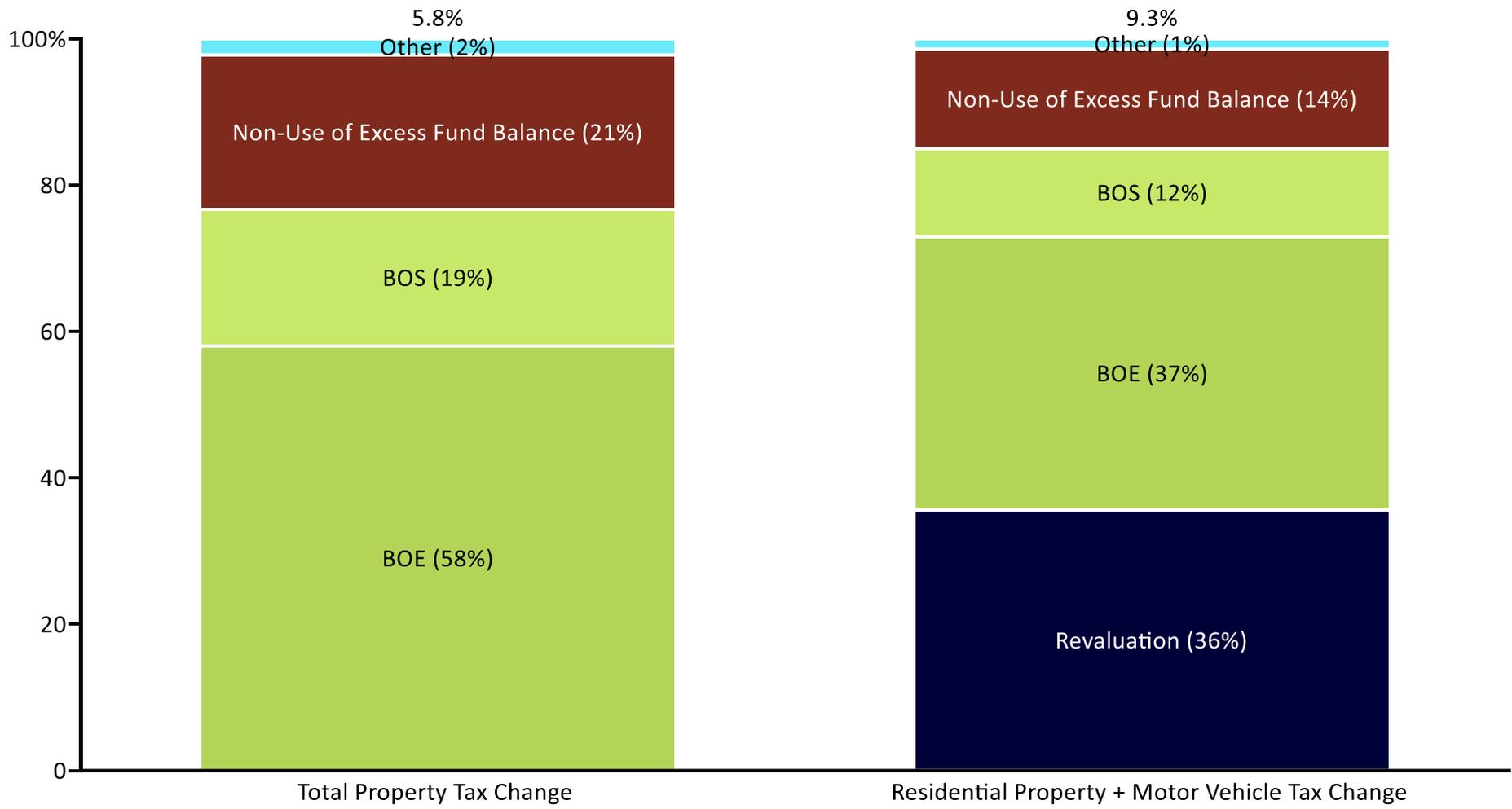
% Grand List Change	33.0%	13.3%
Grand List % Delta	2.6%	-2.6%

Note: Residential Motor Vehicle consists of Motor Vehicles which are owned or leased by Wilton residents; the Town Assessor does not have commercial / residential split in the 2022 Motor Vehicle Grand List, so we have assumed that the split is consistent with the 2023 split; Non-Residential includes Commercial Property, Commercial Motor Vehicle, Personal Property, and Other

Budget & Mill Rate Overview

Revaluation is the biggest driver of Resident tax change, followed by the BOE request, the lack of available prior year savings and the BOS request

Components of Tax Change



Note: "Other" includes change in Debt Service, Non-Property Tax Revenue, Charter Reserve, and Collection Rate

Budget & Mill Rate Overview

This chart illustrates the Resident's tax percent change (inclusive of Residential Property & Residential Motor Vehicle) in FY25 by changing assumptions on BOS and BOE budget growth

Residential Property + Motor Vehicle Tax Percent Increase Sensitivity: BOS vs BOE Budget Change

		BOE Annual Increase										
		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
BOS Annual Increase	0.0%	4.6%	5.0%	5.3%	5.7%	6.1%	6.4%	6.8%	7.1%	7.5%	7.9%	8.2%
	0.5%	4.7%	5.1%	5.5%	5.8%	6.2%	6.6%	6.9%	7.3%	7.6%	8.0%	8.4%
	1.0%	4.9%	5.2%	5.6%	6.0%	6.3%	6.7%	7.1%	7.4%	7.8%	8.1%	8.5%
	1.5%	5.0%	5.4%	5.8%	6.1%	6.5%	6.8%	7.2%	7.6%	7.9%	8.3%	8.6%
	2.0%	5.2%	5.5%	5.9%	6.3%	6.6%	7.0%	7.3%	7.7%	8.1%	8.4%	8.8%
	2.5%	5.3%	5.7%	6.0%	6.4%	6.8%	7.1%	7.5%	7.8%	8.2%	8.6%	8.9%
	3.0%	5.4%	5.8%	6.2%	6.5%	6.9%	7.3%	7.6%	8.0%	8.3%	8.7%	9.1%
	3.5%	5.6%	5.9%	6.3%	6.7%	7.0%	7.4%	7.8%	8.1%	8.5%	8.8%	9.2%
	4.0%	5.7%	6.1%	6.5%	6.8%	7.2%	7.5%	7.9%	8.3%	8.6%	9.0%	9.3%
	4.5%	5.9%	6.2%	6.6%	7.0%	7.3%	7.7%	8.0%	8.4%	8.8%	9.1%	9.5%
	5.0%	6.0%	6.4%	6.7%	7.1%	7.5%	7.8%	8.2%	8.5%	8.9%	9.3%	9.6%

- Unless otherwise stated, this chart uses the assumptions detailed on pages 10-11 of this presentation

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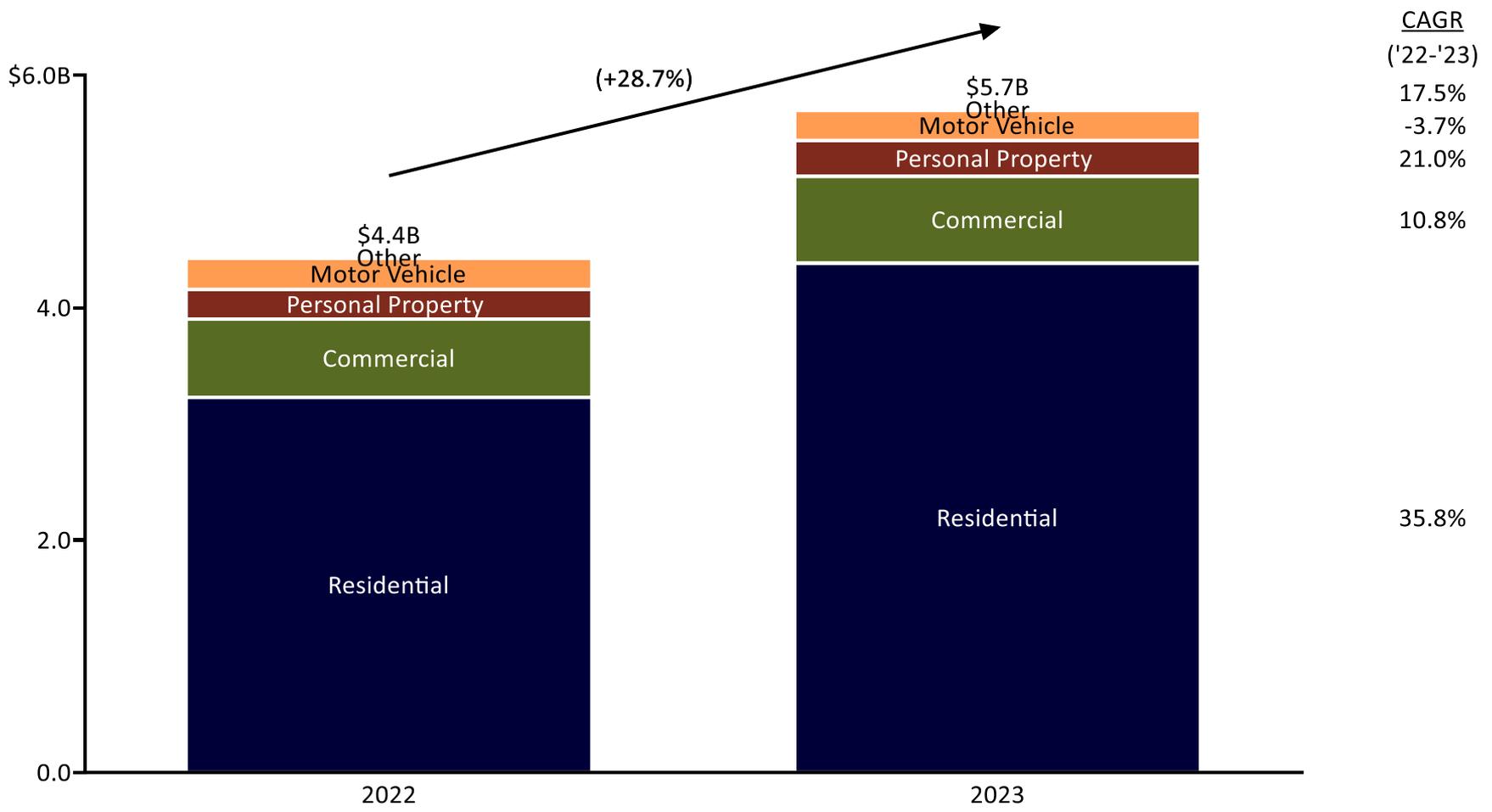
Revaluation & Tax Update

Appendix

Appendix - Revaluation Overview

Based on the Preliminary Revaluation Results, Wilton’s Grand List grew 28.7% between Oct-22 and Oct-23. Growth was primarily driven by Non-Apartment Residential Properties (35.8% growth)

Net Assessed Grand List by Component, 2022 - 2023



Note: "Other" includes Special (\$8.2m), Industrial (\$3.2m), and Open Space (\$125k); property values represent "Assessed" values vs "Appraised"; exempt properties are excluded; these figures are based on raw data received from the Town Administrator on March 5, 2024

Appendix - Budget & Mill Rate Overview

BOS requested a \$35.9m budget (+4.1%) and BOE requested a \$93.5m budget (+4.9%). Combined with debt service (minimal change), this yields a +4.3% funding requirement increase

	FY 24 Approved Budget	FY 25 Projected Pre-Revaluation	FY 25 Projected Post-Revaluation	Comments
OPERATING REQUIREMENTS				
BOS - Operating Expenses	33,412,794	34,632,148	34,632,148	FY25 BOS-Requested Budget
BOS - Oper. Capital	1,060,801	1,244,353	1,244,353	FY25 BOS-Requested Budget
Board of Selectmen	34,473,595	35,876,501	35,876,501	
% Growth	1.6%	4.1%	4.1%	
\$ Growth	\$530,231	\$1,402,906	1,402,906	
Board of Education	89,181,692	93,538,159	93,538,159	FY25 BOE-Requested Budget
% Growth	2.9%	4.9%	4.9%	
\$ Growth	\$2,503,830	\$4,356,467	4,356,467	
Debt Service	9,960,502	9,975,742	9,975,742	FY25 BOS-Requested Budget
% Growth	10.4%	0.2%	0.2%	
\$ Growth	\$935,292	\$15,240	15,240	
Reserves	1,336,158	1,393,904	1,393,904	1% of Expenditures per Charter
% Growth	3.1%	4.3%	4.3%	
\$ Growth	\$39,694	\$57,746	57,746	
TOTAL OPERATING REQUIREMENTS	134,951,947	140,784,306	140,784,306	
% Growth	3.1%	4.3%	4.3%	
\$ Growth	\$4,009,047	\$5,832,359	5,832,359	
Tax Relief -- Elderly/Disabled	1,110,000	1,110,000	1,110,000	Flat with FY24
Tax Relief -- WVAC/Georgetown	20,750	20,750	20,750	Flat with FY24
Senior and Other Tax Relief	1,130,750	1,130,750	1,130,750	
% Growth	-8.1%	0.0%	0.0%	
\$ Growth	(\$100,000)	\$0	-	
TOTAL FUNDING REQUIREMENTS	136,082,697	141,915,056	141,915,056	
% Growth	3.0%	4.3%	4.3%	
\$ Growth	\$3,909,047	\$5,832,359	\$5,832,359	

Appendix - Budget & Mill Rate Overview

The forecasted 5.8% increase in Total Town Property Taxes is primarily driven by a 4.3% increase in requested operations spending, a 4.1% increase in non-property tax revenue, the absence of prior-year savings available to offset property taxes, and the addition of an estimated ~\$60 million in new taxable property

	FY 24 Approved Budget	FY 24 Approved Budget - Restated	FY 25 Projected Budget
SOURCES FOR FUNDING			
Revenue Other Than Property Taxes	5,666,709	5,666,709	5,901,152
% Growth	1.2%	1.2%	4.1%
\$ Growth	\$68,908	\$68,908	234,443
Use of Excess of Fund Balance	1,585,986	1,585,986	-
% Growth	-55.4%	-55.4%	-
\$ Growth	(\$1,968,264)	(\$1,968,264)	(\$1,585,986)
Mill Rate Levy	128,830,002	128,830,002	136,013,904
% Growth	4.7%	4.7%	5.6%
\$ Growth	\$5,808,402	\$5,808,402	\$7,183,902
TOTAL SOURCES FOR FUNDING	136,082,697	136,082,697	141,915,056
% Growth	3.9%	3.9%	4.3%
\$ Growth	\$5,058,684	\$5,058,684	5,832,359
MILL RATE CALCULATION			
MILL RATE LEVY	128,830,002	128,830,002	136,013,904
Grand List	4,433,859,226	5,649,267,812	5,711,341,841
Increase in Grand List	1.0%		1.1%
Collection Rate	99.30%	99.30%	99.10%
COLLECTIBLE GRAND LIST	4,402,822,211	5,609,722,937	5,659,939,764
MILL RATE	29.3	23.0	24.0
% Change	3.7%	-21.5%	4.6%
Mill Rate Levy	128,830,002	128,830,002	136,013,904
Collection Rate	908,167	908,167	1,235,242
TOTAL TOWN PROPERTY TAXES	129,738,169	129,738,169	137,249,146
% Growth	4.7%	4.7%	5.8%
\$ Growth	5,849,347	5,849,347	7,510,977

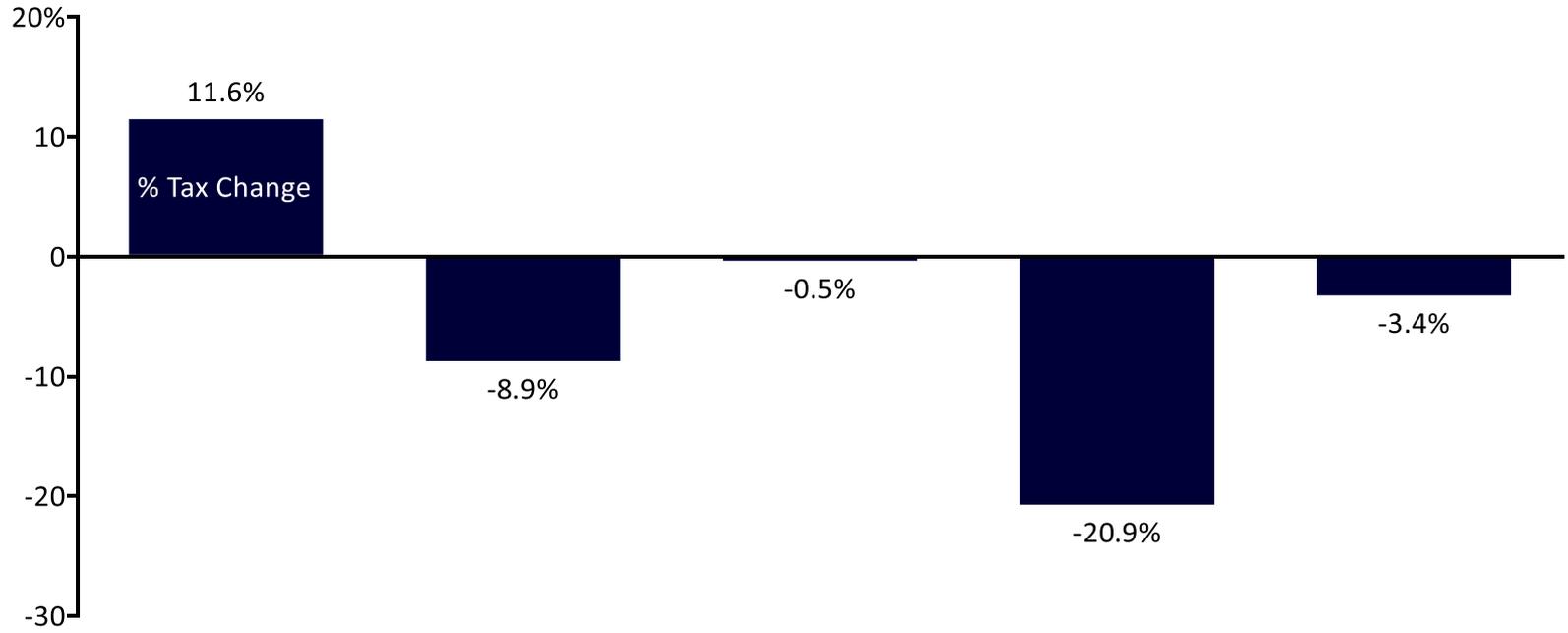
BOF set 4.0% growth guidance in Nov-23

Note: "Revenue Other Than Property Taxes" contains an additional ~\$483k above the figure provided in the BOS budget to reflect a larger state grant (MRSA) than forecast; The FY24 Restated Grand List reflects an estimate for New Development Growth in FY24
 Source: Wilton Board of Selectmen & Town Assessor - Wilton, CT Board of Finance -

Appendix - Budget & Mill Rate Overview

Assuming a 5.8% Total Town Property Tax increase, aggregate Residential Property taxes would need to increase 11.6%

Tax Change by Grand List Component with a 5.8% Total Town Property Tax Increase



	Residential	Commercial	Personal Property	Motor Vehicle	Other
% Grand List Change	35.8%	10.8%	21.0%	-3.7%	17.5%
Grand List % Delta	4.0%	-2.1%	-0.3%	-1.5%	0.0%

Note: "Other" includes Special (\$8.2m), Industrial (\$3.2m), and Open Space (\$125k)
 Source: Wilton Preliminary Grand List; Town Assessor - Wilton, CT Board of Finance -

Appendix - Budget & Mill Rate Overview

This chart illustrates the expected residential property tax percent change in FY25 by changing assumptions on BOS and BOE budget growth.

Residential Property Tax Percent Increase Sensitivity: BOS vs BOE Budget Change

		BOE Annual Increase										
		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
BOS Annual Increase	0.0%	6.8%	7.2%	7.6%	7.9%	8.3%	8.7%	9.1%	9.4%	9.8%	10.2%	10.5%
	0.5%	7.0%	7.3%	7.7%	8.1%	8.5%	8.8%	9.2%	9.6%	9.9%	10.3%	10.7%
	1.0%	7.1%	7.5%	7.9%	8.2%	8.6%	9.0%	9.3%	9.7%	10.1%	10.4%	10.8%
	1.5%	7.3%	7.6%	8.0%	8.4%	8.7%	9.1%	9.5%	9.8%	10.2%	10.6%	11.0%
	2.0%	7.4%	7.8%	8.1%	8.5%	8.9%	9.3%	9.6%	10.0%	10.4%	10.7%	11.1%
	2.5%	7.5%	7.9%	8.3%	8.7%	9.0%	9.4%	9.8%	10.1%	10.5%	10.9%	11.2%
	3.0%	7.7%	8.1%	8.4%	8.8%	9.2%	9.5%	9.9%	10.3%	10.6%	11.0%	11.4%
	3.5%	7.8%	8.2%	8.6%	8.9%	9.3%	9.7%	10.1%	10.4%	10.8%	11.2%	11.5%
	4.0%	8.0%	8.3%	8.7%	9.1%	9.5%	9.8%	10.2%	10.6%	10.9%	11.3%	11.7%
	4.5%	8.1%	8.5%	8.9%	9.2%	9.6%	10.0%	10.3%	10.7%	11.1%	11.4%	11.8%
5.0%	8.3%	8.6%	9.0%	9.4%	9.7%	10.1%	10.5%	10.8%	11.2%	11.6%	12.0%	

- Unless otherwise stated, this chart uses the assumptions detailed on pages 10-11 of this presentation

Appendix - Budget & Mill Rate Overview

The Revaluation resulted in different rates of property change for each residential property. This chart shows the average rate of change within ranges of appraised values. Note, 75% of residential property owners had a change in value greater than the overall 28.7% increase in the grand list

Average Tax Increase Based on an Overall 5.8% increase in Funding from Property Taxpayers

