

Wilton Board of Finance Information Session

January 16, 2013

AGENDA

- Overview of how property taxes are developed
- Status of the 2012 and 2013 actual results
- Board of Finance three year projections
- Questions and Discussion

HOW ARE PROPERTY TAXES CALCULATED?

- **The Board of Selectmen and the Board of Education** develop and submit expenses and revenues and other components of their **2014 Budgets**
- Based on the submitted budgets, **The Board of Finance** finalizes a 2014 Budget and a Mil Rate which is submitted to the Taxpayers for a vote
- The **Mil Rate** is applied to the individual Taxpayers' **property assessment** to calculate the individual taxpayer's property taxes
- The **Mil Rate** is calculated by dividing the **Total Budget Funds Required** by the **2012 Grand List**, adjusted for an expected collection rate multiplied by 1000

HOW IS THE *TOTAL FUNDS REQUIRED* CALCULATED?

COMPONENTS OF THE FY 2013 BUDGET

(IN 000's)

Board of Selectmen:		Board of Education	74,051
Police	7,385	Debt Service	8,618
Fire	4,625	Charter Authority	1,130
Public Works	3,706	Tax Relief	1,133
Library	2,506		
Finance/Info Sys	2,037	Revenue:	
Parks, Rec & Grounds	1,804	State Grants-BOE	2,303
Land Use	1,670	State Grants-BOS	758
Benefits/Insurance	1,294	Permits, Lic.& Fees	1,227
Human Resources	1,417	Other	1,426
Nursing & Home Care	906	Total Revenue	5,714
All Other	<u>1,928</u>		
Total Operating	29,278	Fund Balance Adjmt	<u>2,710</u>
Selectmen Capital	1,699		
Total Selectmen	30,347	Property Taxes Req'd	106,854

HOW IS THE GRAND LIST DEVELOPED?

- The Grand List is comprised of **Residential and Commercial Real and Personal Property**
- **Real Property** is revalued every 5 years. Additions/Deletions are valued accordingly
- **Personal Property** is valued annually
- The Grand List valuation date lags the Mil Rate start date by 21 months, i.e. the **2014 Mil Rate** is based on of the **Grand List as of October 1, 2012.**

WHAT IS THE FORECASTED IMPACT OF THE REVALUATION ON THE *2014 MIL RATE AND INDIVIDUAL PROPERTY TAXES?*

- Revaluation changes may change each individual taxpayer's share of The Budgeted Funds Required, but they **do not result in a change to the total funds required.**
- The **Preliminary Revaluation results** indicate an overall **decline** in real property valuation of **18%** , 20% for residential property and 9% for commercial property.
- The **Mil Rate will increase**, yet it is too early to determine the rate
- **Taxpayers** can estimate whether their taxes increase or decrease due to valuation based on **how their valuation change compares to the overall valuation decline**

STATUS OF 2012 AND 2013 ACTUAL RESULTS

- **2012** resulted in an **surplus of approx \$5,700,000** primarily due to BOE and BOS savings and additional revenue
- As of June 30, 2012 there is **approx \$4,000,000** in Undesignated Funds **available to reduce budgets for 2014 and beyond**
- **BOS** expects to be **on budget for 2013**
- **BOE** is forecasting approx **\$1,000,000 in over spending for Special Education** due to an increase in students requiring outside placement and seeking arbitration. The expected State Excess Cost Grant of \$800,000 will not be adequate to offset this excess spending. The **BOE has adopted a spending freeze in other areas** to capture the shortfall

BOARD OF FINANCE THREE YEAR PROJECTIONS

% increases

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
BOE	1.75	1.75	1.75	1.75
BOS	1.75	1.75	1.75	1.75
Debt Service	2.34	9.49	8.84	8.01
Revenues	1.02	.58	1.99	0.00
Tax Relief	25.71	0.00	0.00	0.00
Fund Bal Adjmt	25.87	37.67	(45.59)	(50.79)
Mil Rate Increase	.986	1.346	2.704	3.20
Fund Bal %		11.3	10.0	10.0