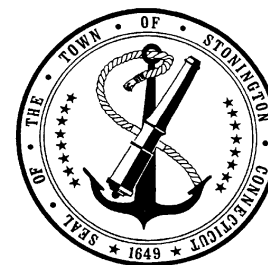


Town of Stonington

Citizen's Budget Guide



General Fund

The General Fund provides for general purpose government services. In other words, the General Fund finances the regular day-to-day operations of the Town. This is also referred to as the operating budget.

What types of activities does the General Fund provide for?

The General Fund provides services such as education, public safety, street maintenance, senior services, and general administration.

Where does the money for the General Fund come from?

The money that funds the General Fund comes from a variety of sources. The primary source of revenue is local property taxes (89.35%). Other sources include intergovernmental revenue, such as state aid (2.00%); local revenue, such as inspection fees, fines, interest, permits, and solid waste charges (4.59%); use of undesignated fund balance (4.06%).

Understanding Your Tax Bill

What is a mill rate?

The mill rate is used to calculate the amount of taxes a property owner pays to the Town of Stonington. The Town established a mill rate of 22.98 mills for Fiscal Year 2017/2018 (excluding the Fire Districts). Under the First Selectman's proposed Fiscal Year 2018/2019 budget the mill rate would decrease to 22.68 mills for real estate, personal property, and motor vehicles. One mill produces one dollar for each \$1,000 of property value. In other words, under the proposed budget, a property owner would pay \$22.68 in property taxes for every \$1,000 of "assessed" value.

How are my taxes calculated?

In Connecticut, your property taxes are calculated based on 70% of your home's current market value, which is its "assessed" value. For example, the median single-family home price in Stonington is \$289,500. The assessed value of a \$289,500 home is \$202,700 rounded. Your tax bill is calculated as follows:

$$(\text{Assessed Value}/1000) \times \text{Mill Rate} = \text{Amount Due in Taxes}$$

Using the example of a home valued at the median single-family home price in Stonington, a typical single-family homeowner would

View the proposed budget at:
www.stonington-ct.gov/budget

Residents can also view a hard copy of the budget at Town Hall during normal business hours.

Where does the money go?

FY 18/19 Proposed Operating Budget Expenditures

Education	\$38,016,336
Police	\$5,499,514
General Government	\$8,119,032
Public Works	\$6,599,319
Human Services	\$1,360,240
Capital Improvement	\$2,510,064
Debt Service	\$8,146,981
Total:	\$70,251,486

pay the following property taxes next fiscal year (excluding the Fire Districts):

$$(\$202,700/1000) \times 22.68 = \$4,597.24 \text{ (rounded)}$$

Property taxes are generally perceived as a less progressive means of taxation than an income tax. Due to statutory limitations, the Town has a nearly impossible task of diversifying its revenue base in such a way that would create a more progressive tax structure.

Fire Districts

Why isn't the Fire District included in the budget?

The Fire Districts are separate and independent taxing districts. While residents pay taxes to fund the Fire Districts, these budgets are not approved by the Board of Selectmen and Board of Finance and residents do not vote on these budgets at referendum. Instead, the Fire Districts pass their budgets and set the mill rate at their annual meetings held in May, which are open to the public. The Fire Districts establish their own mill rates for the Fiscal Year 2018/2019.

The Grand List and Property Revaluation

What is the Grand List?

Stonington's Grand List is the total assessed value of all taxable property within the Town. The Grand List includes residential and business properties, personal property (business equipment), and all motor vehicles. Per Connecticut state statutes, the revaluation of all real estate occurs every five years. Revaluation occurred in 2017 and will first affect property taxes for Fiscal Year 2018/2019. The Grand List increased by 4.62% after board of assessment appeals adjustments; this growth will result in a mill rate decrease for the 2018/2019 budget.

Property Tax Relief

I need help paying my taxes. Where do I go for help?

Stonington offers a number of property tax abatement programs. Taxpayers that may be eligible for property tax relief include veterans, seniors, and disabled persons. Information about tax abatement programs, including eligibility requirements, can be obtained by contacting the Assessor's Office at 860-535-5098, or online at <http://www.stonington-ct.gov/assessment-department>. The Human Services Department also offers energy assistance,

medical assistance and various forms of financial assistance. For more information, call 860-535-5015 or visit <http://www.stonington-ct.gov/human-services>.

Capital Improvement Program

What is a capital project?

Capital projects are those that help the Town maintain, improve, or expand capital assets and infrastructure. These could be items such as building renovations, construction of new facilities, and large equipment purchases.

What is a capital improvement plan?

Annually, the Town prepares a five-year plan for all capital projects. The plan accounts for anticipated revenues and expenditures that will be used to fund capital projects. A variety of revenue sources are used to fund projects in the plan, including the General Fund, grants, and bond issues.

What is the Capital and Nonrecurring (CNR) Fund?

The CNR Fund is included in the General Fund budget and is typically used to fund capital projects under \$100,000 in value, special studies, and one-time expenditures.

What are some upcoming capital projects?

Examples of some upcoming capital projects include street paving, and purchases of Public Works trucks and equipment used in snow plowing and maintenance operations.

Why do we vote on some capital projects but not others?

Capital purchases or additions not accounted for in the annual capital improvement budget, with a value greater than .5% of the total annual General Fund operating budget, are presented as separate referendum questions for the voters. Capital items under .5% do not require a vote.

Debt Management

How do we pay for capital projects?

Just like citizens often borrow money for large purchases such as homes and vehicles, so do towns. The largest source of financing for capital projects is borrowing through the issuance of general obligation bonds in accordance with the Town Charter. Examples of projects that are being funded for by bonds are the renovations to the Dean's Mill and West

Vine Street Elementary Schools.

What is debt service?

Debt service provides for the payment of debt related expenses including principle and interest on debt obligations. The Town has adopted a policy specifying that the Town's annual debt service (principal and interest payments) should be no greater than 10% of the total annual general fund operating budget.

Why is it in the Town's interest to have a favorable bond rating?

A favorable bond rating means that the Town's bonds are considered to be a good investment and result in a lower cost of borrowing. A good bond rating is also evidence that the Town is financially healthy. A bond rating is the primary factor in determining the interest rate that the Town needs to pay on debt. The better the bond rating, the more likely it becomes that the Town will pay lower interest rates on debt. Stonington currently has a AA+ bond rating from Standard and Poor's. This is one notch away from the highest rating that a municipality can receive. A bond rating is equivalent to an individual's credit score.

Special Revenue Funds

What are special revenue funds and why aren't they in the General Fund budget?

Special revenue funds are funded by specific revenue sources hence the term "Special Revenue Funds," rather than by taxes. A typical special revenue source may be user fees for specific services, such as sewer use fees or State and/or Federal grants. Because these funds do not impact the mill rate and are not funded by property taxes, they are not included in the General Fund or as part of the annual budgeting process.

Fund Balance

What is a fund balance?

Fund balance is the cumulative excess of revenues over expenditures for a fund that has accumulated over time. Having an adequate fund balance ensures the Town against catastrophic revenue losses and major unexpected expenditures that the Town would otherwise be unable to absorb. Examples include severe economic downturns and extreme weather events such as hurricanes, other

natural disasters and unexpected capital or infrastructure failures.

How much needs to be in the General Fund balance for the Town to be considered financially healthy?

The Town adopted a policy specifying that the Town's fund balance should maintain a reserve equivalent to at least two months operating expenditures of the General Fund's annual operating budget which is 16.67% of the annual budget. A healthy fund balance contributes to the Town's favorable bond rating. Bond rating agencies have typically given "full credit" for fund balance levels between 10-15%; however, since the state's financial crisis, maintaining fund balance at even higher levels, between 15-17% for example, would be prudent to help maintain the Town's current rating and help offset the negative impact of the State. At this time, it is estimated that as of June 30, 2018, Stonington's General Fund balance will be at 22.26% of the 2018/2019 proposed General Fund operating budget.

Budget Approval

The Board of Finance must hold one or more public hearings to gather citizen input on the budget. According to the Town Charter, this hearing must be held no later than the 1st Monday in May. The Board of Finance must approve a budget and file it with the Town Clerk, within (15) days of the final public hearing, for submission to the Annual Town Budget Meeting. The Annual Town Budget Meeting must be held no later than the 3rd Monday in May at such place and time that the Board of Selectmen may determine. The referendum on the Fiscal Year 2018/2019 budget is tentatively scheduled for Tuesday, May 8, 2018. The Board of Finance convenes subsequent to the vote on the budget to set the mill rate.

Board of Education Budget Process

The Board of Education independently creates and manages the Education portion of the budget. In February, the Superintendent submits his proposed budget to the Board of Education, which reviews and adopts the budget. This budget is then submitted to the Board of Finance for its consideration no later than March 1st.

Budget Dates

Board of Education budget presentation to Board of Finance	February-March 1, 2018
Board of Selectmen budget presentation to Board of Finance	February-March, 2018
Public Hearing on the Budget	April 11, 2018
Annual Town Budget Meeting	April 30, 2018
Budget Referendum	May 8, 2018
Board of Finance Special Meeting to Approve Mill Rate	May 9, 2018

Dates & times subject to revision.

Check www.stonington-ct.gov for updates & other meeting information.
