



TOWN OF SOMERS

Proposed Annual Budget
2016-2017

BUDGET OVERVIEW

The 2016-2017 fiscal years' proposed budget is \$31,396,041. This budget represents an overall increase of 2.28% over last year's adopted budget of \$30,696,103 and allows the Town to continue maintaining the same level of programs and services to its residents. We are recommending a slight increase of 0.85 mills to the current mill rate of 23.37 bringing the new mill rate to 24.22. This represents the first mill increase since the 2013-2014 fiscal year. While other towns have regularly increased their mill rate, ours has remained the same for the past three years. We believe the effects of revaluation and the desire to not negatively impact our community needs has made this increase necessary. For the majority of taxpayers who saw a decline in their property assessments after revaluation, this mill increase will not result in a corresponding tax increase.

With regard to revenues, the Town's Grand List decreased by 2.31%, resulting in a reduction in projected tax revenues. The General Government budget of \$7,410,849 represents a zero percent increase over last year. Overall, Debt Service expenditures have increased by 6.11% and the General Fund contribution to the Capital Improvement Projects fund has increased by 25.0%. The Board of Education approved a \$22,014,859 budget for a 2.57% increase.

EXPENDITURE BUDGET

	<u>FY 2015-16 Adopted</u>	<u>FY 2016-17 Proposed</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Town Government	\$ 7,410,849	\$ 7,410,849	\$ 0	0.0%
Board of Education	21,463,926	22,014,859	550,933	2.57%
Debt Service	1,621,328	1,720,333	99,005	6.11%
Capital Improvements	200,000	250,000	50,000	25.0%
Totals	\$ 30,696,103	\$ 31,396,041	\$ 699,938	2.28%

REVENUE BUDGET

	<u>FY 2015-16 Adopted</u>	<u>FY 2016-17 Proposed</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Property Taxes*	\$19,851,127	\$20,264,040	\$ 412,913	2.08%
State/Federal Grants	9,428,593	9,565,139	136,546	1.45%
Use of Fund Balance	524,984	559,257	34,273	6.53%
Other Financing Sources	1,416,383	1,007,605	116,206	13.04%
Total	\$ 30,696,103	\$31,396,041	\$ 699,938	2.28%

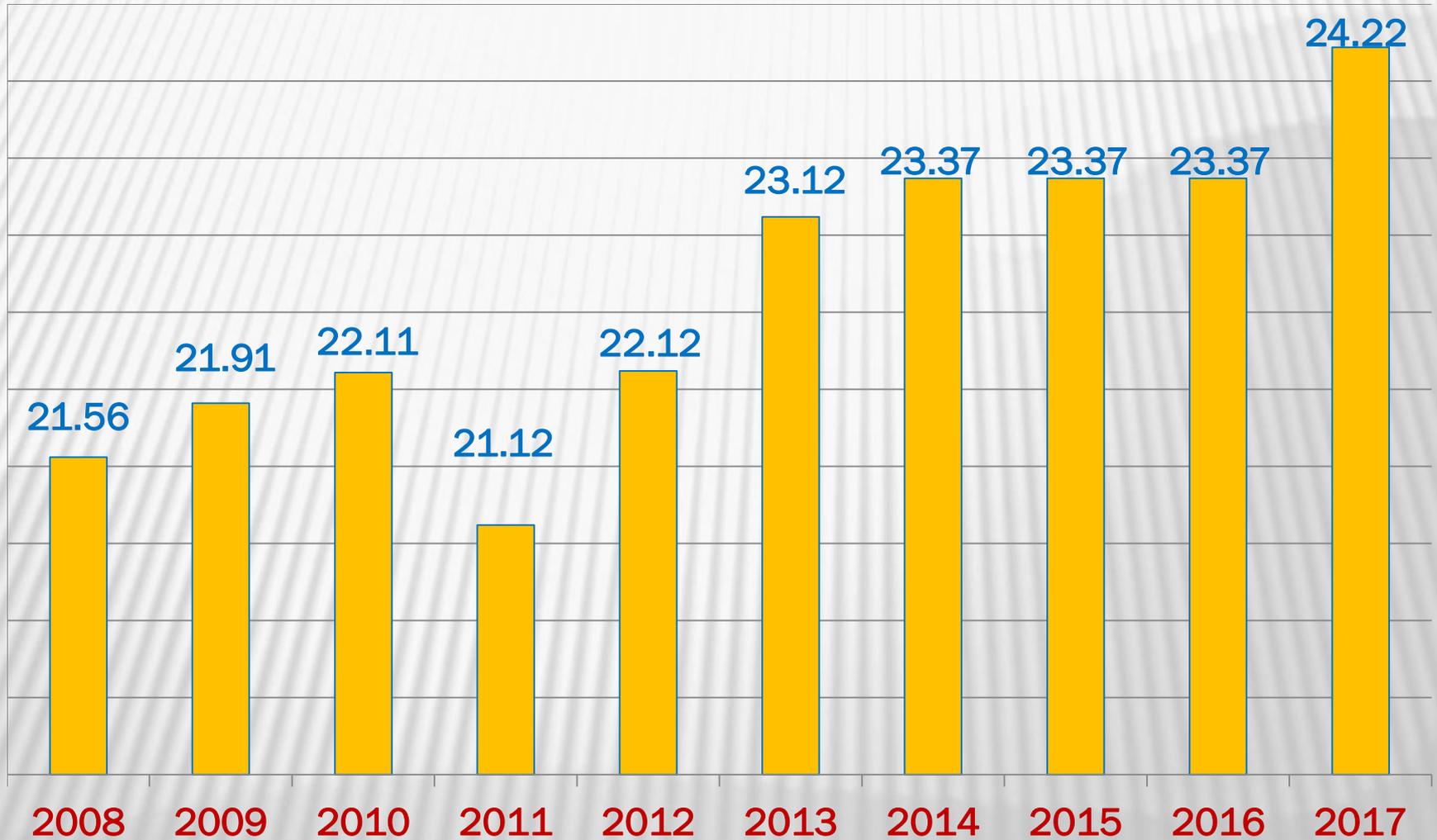
ASSUMPTIONS AND SIGNIFICANT CHANGES

- * Grand List decline of approximately \$20 million or (2.31%) less than the prior year
- * Inclusion of the Governor's FY 2017 proposal for State Aid. Legislature likely to approve further Municipal Aid cuts for FY 2017
- * 98.5% tax collection rate; modest increases in delinquent tax revenue collections
- * Use of \$559,257 of unassigned fund balance as revenue
- * Maintains current services with no program eliminations or reductions

ASSUMPTIONS AND SIGNIFICANT CHANGES

- * Net zero staffing impact of adding three 0.5 FTE positions in Police, Human Services and Recreation while eliminating 1.5 FTE's through the reorganization of the Fire Department.
- * Full funding of the actuarially determined employer contribution to the Town's Pension and the Volunteer Firefighter's Pension Plans
- * The decline in the Grand List results in a shortfall of revenue needed to support the existing level municipal and education services in FY 2017
- * A mill rate of 24.22 is recommended to generate property tax revenue, representing an increase of 0.85 mills from the current mill rate of 23.37.

HISTORICAL MILL RATE



MILL RATE COMPARISONS

Surrounding Communities

<u>Town</u>	<u>Prior Year Mill Rate FY 2013-14</u>	<u>Previous Year Mill Rate FY 2014-15</u>	<u>Current Year Mill Rate FY 2015-16</u>	<u>Proposed Mill Rate FY 2016-17</u>	<u>Tax on \$200,000 Assessed Value FY 2015-16</u>
Somers	23.37	23.37	23.37	24.22	4,674
Suffield	25.16	27.12	27.78	Not Available	5,556
Ellington	28.40	28.70	30.50	Not Available	6,100
Union	24.37	29.00	29.60	Not Available	5,920
Enfield*	29.26	29.13	29.89	31.88	5,978
East Windsor	29.78	29.78	30.31	30.62	6,062
Stafford	33.06	33.03	33.37	33.37	6,674
Tolland	30.19	31.05	33.36	34.34	6,672

** Does not include Fire District Tax ; Car tax is 28.80*

EFFECTS OF REVALUATION

An Increase in Mill Rate Doesn't Necessarily Mean a Tax Increase

<u>Same Property</u>	<u>Assessed Value</u>	<u>23.37 Current Tax Rate FY 2015-16</u>	<u>24.22 0.85 Mill Tax Increase FY 2016-2017</u>	<u>Annual Tax Increase/ (Reduction)</u>	<u>Actual % of Properties that Declined</u>
Property Value*	\$200,000	\$4,674	\$4,844	\$170	
0 - 2% Decline	\$196,000		\$4,747	\$73	18.0%
5% Decline	\$190,000		\$4,602	(\$72)	17.8%
8% Decline	\$184,000		\$4,456	(\$218)	15.7%
10% Decline	\$180,000		\$4,360	(\$314)	10.2%
Over 10% Decline	n/a		n/a	(\$314)+	16.4%

70% of properties declined in assessed value

**Hypothetical property - represents an appraised value of \$285,714. After revaluation median assessed value declined \$11,600 (6.2%) from \$199,400 to \$187,800*

POST REVALUATION IMPACT TAX COMPARISON

ACTUAL PROPERTIES ASSESSED VALUES

Assessed Value Prior to Revaluation	Assessed Value After Revaluation	% Increase/ (Decrease)	Tax with Mill Rate 23.37	Tax with Mill Rate 24.22	More/ (Less) Tax Difference
188,300	170,900	(9.2%)	4,401	4,139	(262)
212,800	186,100	(12.5%)	4,973	4,507	(466)
235,100	226,500	(3.7%)	5,494	5,486	8
307,100	285,400	(7.0%)	7,177	6,912	(265)
312,000	328,600	5.3%	7,291	7,959	668
321,600	305,600	(5.0%)	7,516	7,402	(114)
428,300	428,300	0.0%	10,009	10,373	364
890,690	873,230	(2.0%)	20,815	21,150	335

Assumes a 0.85 mill tax increase