

CHAPTER 9 Finance and Budget Chapter

Few actions of government are taken that do not have financial implications for citizens. Indeed if a citizen wants to know how government operates the starting point is the government's annual budget. What is true generally of all governments is also true for the Town of Hull.

Town of Hull citizens and elected supervisors meet in November or December to adopt an annual budget. The budget year is the same as the calendar year January 1 to December 31. The basis of budget financing, the property tax, is determined as a Special Town Meeting of town citizens. Citizens in attendance at the meeting formally vote to set the tax rate, which is the tax rate per thousand dollars of assessed valuation. Following citizen approval of the tax rate the five member elected Town Board of Supervisors vote to adopt an annual budget. Besides the property tax as a major source of funding for government services the Town of Hull also receives two major state aid payments, one for road and the other general aid.

Hull's tax rate during the last five years has fluctuated between \$2.35 and \$3.20 per \$1000 of assessed value. The Total budget has ranged from \$1.2 million to \$1.9 million during the same period. Hull's budget is small compared with the Stevens Point Public Schools and Portage County. Nevertheless it funds essential services like road reconstruction and maintenance, garbage pick up and recycling, and fire department services to name a few services.

The following information in this chapter provides various aspects of Hull's budget. It gives a prospective of Hull's position relative to other government units. The picture is a snapshot in time and therefore should be updated annually for a more accurate picture.

Section 9.1 Property Tax Distribution

Often when citizens/taxpayers talk about their property tax they talk in general terms despairingly about the annual increase of the large lump sum tax they have to pay.

When one breaks down the total property tax some aspects stand out. The Town of Hull portion that is the amount that taxpayers pay to support Town of Hull services has remained fairly stable over the last six years – 12-15 percent of individual homeowners total annual property tax bill.

Table 9.1: Property Tax Distribution

Where Does the property tax paid by Hull citizens go?

	2001	2002	2003	2004	2005	2006
State	1	1	1	1	1	1
Portage County	29	28	28	30	29	29
Stevens Point School District	49	49	48	46	47	45
Town of Hull	12	13	14	14	14	15
VTAE	9	9	9	9	9	9

Source: Town of Hull

*May not equal 100% total because of rounding

Likewise, the two largest government units that are funded by Hull property taxes – the Stevens Point Public School District and Portage County - have also not fluctuated much during the past six years (Stevens Point School District 45-49 percent and Portage County 22-30 percent of the total property tax bill). Perhaps the most important aspect of the table is to realize the large

amount of property tax money from Hull taxpayers that go to support Portage County and public schools (in 2006 74% of the taxes).

Section 9.2 Debt Service

The Town of Hull has low long-term debt. Hull's indebtedness is because of the need to reconstruct roads and replace fire and road equipment.

The largest loan and the longest repayment term were for Jordan Road, which will be fully repaid in 2010. In obtaining financing, the Town of Hull Board seeks out the lowest financing terms available at the time. Occasionally Hull has refinanced existing debt to obtain a lower interest rate.

Table 9.2: Town of Hull Debt Service Schedule

	2004	2005	2006	2007	2008	2009	2010	Total	Comments
BANK ONE - Now Chase Bank Road Equipment Refinance 2003 @ 2.5% 2002 Sterling dump truck w/plow Komatsu Grader	61,420	61,420						122,840	Payoff November 2005
BANK ONE - Now Chase Bank Jordan Road Refinance 2003 @ 3.35%	47,160	42,745	42,745	42,745	42,745	42,745	42,745	303,630	Payoff February 2010
STATE TRUST FUND 4.5% North Second Dr and Brilowski Rd	54,730								Loan paid off March 2004
BANK ONE - Now Chase Bank 4.03% Fire Department Pumper			36,069	36,069				72,138	Loan paid off January 2007
CITIZENS BANK 3.75% Wilshire Drive			82,161	82,161	82,161	82,161		328,644	Payoff September 2009
Totals after refinancing	163,310	104,165	160,975	160,975	124,906	124,906	42,745	827,252	

Source: Town of Hull

*Please Note: Wisconsin Statute 67.03 requires that town indebtedness shall not exceed 5% of equalized value of the town. Hull equalized value for 2005 is \$313,757,900. Therefore maximum indebtedness for 2005 is \$15,687,895.

Hull's total indebtedness for 2006 is \$160,975. Based on Wisconsin law, maximum indebtedness cannot exceed 5% of Hull's equalized value (In 2005 \$313,757,900) or \$15,687,095.

Section 9.3 State Shared Revenue

The State of Wisconsin annually provides financial assistance to the Town of Hull. The two largest State aid programs are State Shared Revenue (sometimes called general aid) and State Transportation Aid.

State Shared Revenue is based on a complex formula, which includes population. Transportation aid, on the other hand is based on town road miles, multiplied by a rate per mile. The mileage rate for 2006 is \$1,862 per mile and total Hull road miles are 79.86 miles.

As is noted in the table, total shared revenue as a percentage of Hull budget decreased from 34% in 2001 to 23% in 2006. During the same period the property tax share of Hull's budget increased from 43.4% to 48%. Clearly recent trends have shown less reliance on state aid and more reliance on the property tax to support Hull's services.

The future may well show a still greater reliance on the property tax to fund Hull services.

Table 9.3: State Revenue Payments to the Town of Hull

	2001	2002	2003	2004	2005	2006
State Shared Revenue	295,297.00	297,719.00	300,698.00	236,657.00	236,564.00	236,564.00
<i>Percent of Budget</i>	23.50%	21.30%	20.70%	18.50%	12.40%	14.10%
State Transportation Aid	134,514.00	137,592.00	144,357.50	144,157.00	144,850.00	148,699.00
<i>Percent Budget</i>	10.70%	10.00%	10.00%	11.30%	7.60%	8.86%
Total Hull Revenue	1,258,011.65	140,055.00	1,449,463.59	1,278,787.00	1,900,134.00	1,677,074.00
Total WI State Aid	429,801.00	435,251.00	445,055.00	380,814.00	387,414.00	385,263.00
<i>Percent of Budget</i>	34.20%	13.00%	30.70%	29.80%	20.00%	22.97%
Property Tax	546,107.65	608,719.00	711,725.27	774,971.00	735,998.00	804,611.00
<i>Percent of Budget</i>	43.40%	43.50%	49.10%	60.60%	38.70%	48.00%

Source: Town of Hull

Section 9.4 Equalized Value, Budget, Taxes

The Town of Hull equalized value or tax base is almost exclusively in residential property values, which increased 4.21% from 2004 to 2005. That is slightly above the town average of 4.8% for the 17 towns in Portage County. Portage County overall increase, on the other hand, for all real estate including commercial expansion was 5.75%.

Increases in equalized value, in general, are important for local government because it represents an expansion of the tax base that spreads property taxes over more property tax payers.

Table 9.4: Equalized Value, Budget, Taxes

	Equalized Value	Hull Budget	Tax Levy	Tax Rate
2001	238,629,400	1,258,011.65	546,107.65	\$2.36
2002	248,387,100	1,400,555.00	608,719.00	\$2.57
2003	268,407,400	1,449,463.59	608,719.27	\$2.99
2004	284,608,400	1,278,791.00	718,129.00	\$2.96
2005	301,092,100	1,900,134.00	735,998.00	\$2.96
2006	*313,757,900	1,677,074.00	804,611.00	\$3.20

Source: Town of Hull

*The Equalized Value is for the pervious year e.g. 2006 Equalized Value reported above is actually the 2005 value. The Value is provides annually by the State of Wisconsin

Section 9.5 Mill Rate

The mill rate for local government operation (dollar amount per \$1,000 of assessed property valuation) literally the taxes needed from Hull property owners to pay for services provided by Town of Hull (snowplowing, garbage pickup, fire protection etc.) is one way to judge the relative position of Hull town government relative to the other 16 towns in Portage County.

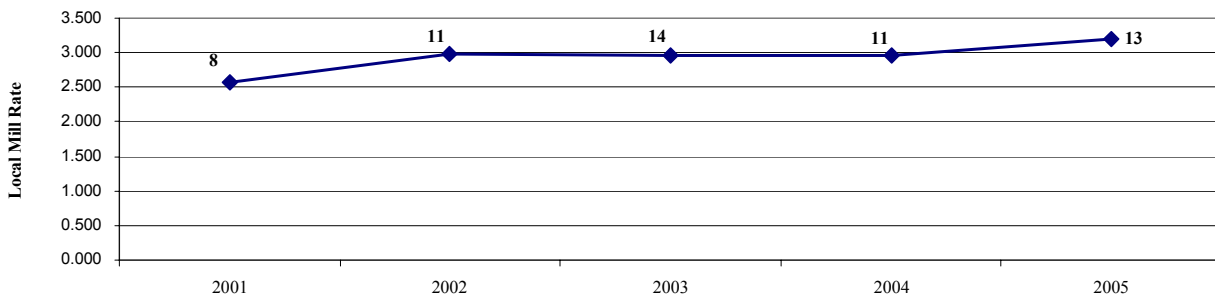
Table 9.5: Mill Rates for Portage County Towns

	2001		2002		2003		2004		2005
New Hope	1.390966	New Hope	1.011852	New Hope	1.085004	New Hope	1.154649	New Hope	1.217532
Grant	1.639914	Grant	1.623802	Buena Vista	1.429799	Buena Vista	1.568196	Grant	1.361181
Buena Vista	1.655479	Buena Vista	1.966940	Lanark	1.924374	Belmont	2.000000	Buena Vista	1.482068
Carson	2.253121	Linwood	2.362331	Belmont	1.935540	Lanark	2.051364	Eau Pleine	1.722818
Plover	2.447711	Carson	2.415151	Grant	1.936213	Eau Pleine	2.500002	Lanark	2.143492
Eau Pleine	2.488482	Amherst	2.443608	Stockton	2.460105	Carson	2.636217	Belmont	2.146281
Linwood	2.500000	Stockton	2.460317	Eau Pleine	2.486204	Amherst	2.719904	Carson	2.173589
Hull	2.567547	Eau Pleine	2.500010	Linwood	2.556473	Stockton	2.749998	Linwood	2.675327
Sharon	2.644002	Plover	2.780632	Carson	2.595343	Linwood	2.857748	Stockton	2.760320
Belmont	2.735016	Belmont	2.798732	Amherst	2.760556	Plover	2.957876	Amherst	2.799756
Amherst	2.942975	Hull	2.989857	Plover	2.822596	Hull	2.961593	Plover	2.975984
Almond	2.977173	Lanark	3.000003	Sharon	2.890754	Alban	3.266175	Almond	3.188360
Lanark	3.000003	Sharon	3.077730	Dewey	2.921478	Sharon	3.277661	Hull	3.204561
Stockton	3.000683	Almond	3.169078	Hull	2.961909	Dewey	3.890134	Alban	3.424186
Alban	3.344801	Pine Grove	3.843518	Alban	3.087561	Pine Grove	4.149880	Sharon	3.433815
Pine Grove	3.612230	Dewey	4.523274	Almond	3.182815	Almond		Dewey	3.899553
Dewey		Alban	5.132805	Pine Grove	4.157399	Grant		Pine Grove	4.297934

Source: Portage County Clerk, Town of Hull

Hull's mill rate jumped from \$2.94 in 2001 to \$3.16 in 2002. Since that time the rate has stabilized at just under \$3.00 per \$1,000 of assessed valuation. Hull's rank among the 17 town in Portage County stood at 11 lowest (or 7 highest) in 2004. It is difficult to generalize comparisons among the 17 towns without knowing the actual services and extent of services provided by each town.

Figure 9.1: Town of Hull's Rank Compared to other Portage County Taxing Districts



Source: Portage County Planning and Zoning Department, Town of Hull

Section 9.6 Finance and Budget Conclusions

A. Summary of Findings

1. Property taxes paid to the Town of Hull for local services continues to be a much smaller share of the total property tax bill than those property taxes paid to Portage County and the Stevens Point School District.
2. The property tax has become a larger share and State of Wisconsin aids a lesser share of Town of Hull's operational revenue.
3. Town of Hull's indebtedness continues to be low and is limited in its use to funding large equipment purchases and major road reconstruction projects.

B. Issues Outstanding

1. The need to monitor, maintain, limit, and control the property tax as a primary source of revenue for the Town of Hull.
2. The need to increase Wisconsin state aid payments and lessen the reliance on the local property tax to pay for government services.
3. The need to develop a means to identify future budget expenditures and tax rates given growth in property valuation, increases in local expenditures and annexation of residential areas.

C. Long Term Goals (Goals)

1. Continue contacts with state elected officials representing the Town of Hull to encourage increase state aid for Hull operation.
2. Review various ways to increase revenue to Hull's budget besides the property tax and state aid including private donations targeted for special purposes.
3. Understand and be and be sensitive to property tax and indebtedness on Hull property tax payers.

D. Short Term Goals (Objectives)

1. Develop a computerized budget-planning model to monitor and predict future revenues and expenditures.
2. Establish a procedure through Portage County Community Foundation to enable citizens to donate private money for public purposes.
3. Review the impact of tax incremental financing, use value assessment and levy limits on property taxes in the Town of Hull.

E. Action Plan (Policies)

1. The Hull Plan Commission should develop a computerized budget-planning model to monitor revenue and expenditures. A report will be provided to the Hull Town Board.
2. The Hull Town Board should become a member of the Portage County Community Foundation to create the ability for town government to accept from Hull citizen's private funds for public purposes. A report will be presented to the Annual Meeting for review.
3. The Hull Plan Commission should review the impact of Tax Incremental Financing District, Use Value Assessments and Levy Limits on Hull property taxes. A report will be provided to the Hull Town Board.