

Welcome to the Hamden Help Desk *Citizens' Guide To The Budget!*

This guide is designed to help residents and community stakeholders better understand the various aspects of the Town budget and offer input on how anyone can participate in the budget process.

At budgeting time we all hear the terms *operating budget*, *mill rate*, *fiscal year* and *general fund*. This guide is designed to unlock the mysteries of these terms and explain in simple language what happens during the process as well as offer a timeline of scheduled events.

“What Is The Town Budget?”

Q: What is the Town's operating budget?

A: Simply, the Town's *operating budget* is its annual financial plan and roadmap. It is an itemization of all revenues and expenditures expected in the regular course of business over the course of a *fiscal year* (July 1 through June 30). Items like projected salaries for Town workers, projected utility expenses, projected taxes, as well as projected fees collected for building permits make up the operating budget. These operating budget expenditures and revenues are inflows to and outflows from the *general fund*. In 2008-2009, the projected expenses and revenues total \$174,939,805.

Q: What is *not* included in the operating budget?

A: Large purchases, construction projects, and other special expenditures are not part of the operating budget. Instead of paying out of the operating budget's funds, such expenditures are bonded, for up to 30 years, as part of the Town's Capital Improvement Plan. Bonding is like a mortgage as it allows the Town to pay for expensive items with regular payments over time. These regular payments are identified as *debt service*.

Q: Where are my tax dollars spent?

A: The lion's share of tax dollars are spent on education and the people who make government work. Town administrative employees, teachers, police officers, outreach workers, library staff and the Public Works personnel are all paid out of the general fund. In addition to their salaries, the Town is also obligated by law or contract to pay other employment-related costs including social security, worker's compensation, unemployment compensation, pension and health care benefits.

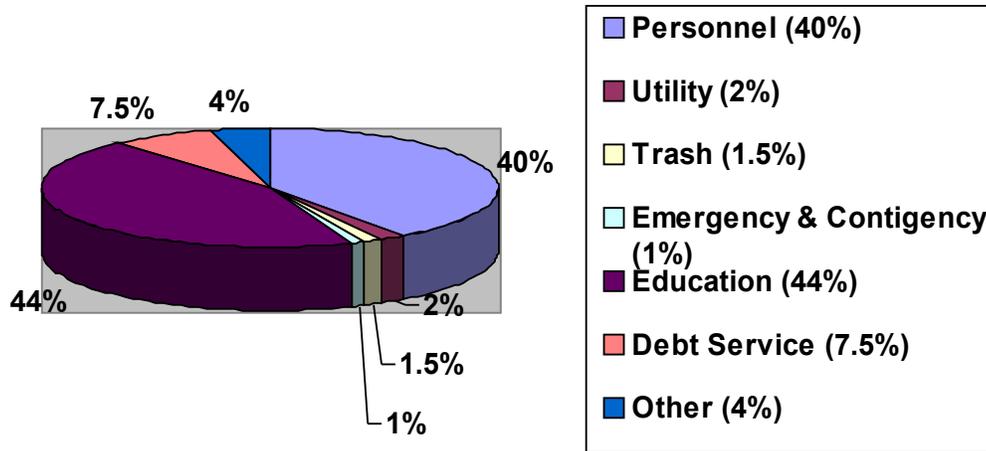
The Town Departments that receive the largest allocations are:

- | | |
|----------------------------|---------------------|
| 1. Board of Education | \$77,436,335 (44%) |
| 2. Police Department | \$11,050,595 (6.3%) |
| 3. Fire Department | \$10,437,806 (5.9%) |
| 4. Public Works Department | \$9,661,068 (5.5%) |

Additionally, the Town allocated \$12.6 million (7.2%) for pension contributions and \$21.5 million (12.3%) for health care benefits for employees. Of this \$21.5 million, about \$13 million is estimated as the cost for Board of Education employees.

In the 2008-2009 budget, the major expenses by category are identified in the following chart:

Operating Expenditures for 2008-2009



“How Is The Operating Budget Created?”

Q: Who determines the operating budget?

A: Starting in January of each year, the Mayor consults with each Town Department Head, such as the Police Chief, the Fire Chief, and the Town Engineer, to determine their expected needs and potential revenue sources over the course of the next fiscal year. In addition, the Mayor collects information from the State of Connecticut to determine Hamden's likely share of available state grants. The Mayor also collects information from banking professionals about the Town's debt service and how much interest might be generated on the Town's *fund balance*, which is like the Town's savings account.

Each piece of information is placed into a *single line item* within the operating budget and presented to the Legislative Council for consideration. This is called the *Mayor's Proposed Budget* and it is delivered to the Legislative Council each year in mid-March. According to the Charter, the Mayor's Proposed Budget must be submitted no later than 105 days before the end of the fiscal year.

The Legislative Council, which is the Fiscal Authority according to Hamden's Town Charter, holds public hearings on the proposed budget prior to its deliberations. The Council then goes through several deliberation sessions and it questions Department Heads about the numbers in the Mayor's Proposed Budget then making any changes it feels necessary. Once the Legislative Council is satisfied with the budget, it is voted into effect by the Council members.

Q: When does the budget process end?

A: The Legislative Council has to adopt the Council Approved Budget by May 15th, which is 45 days before the end of the fiscal year. If the Council has not adopted a budget by May 15th

the Mayor's Proposed Budget then goes into effect. The Mayor has the power to approve, veto or accept the entire Council Approved Budget within 15 days after the budget is adopted. The Legislative Council has the power to override the Mayor's veto with a 2/3 vote.

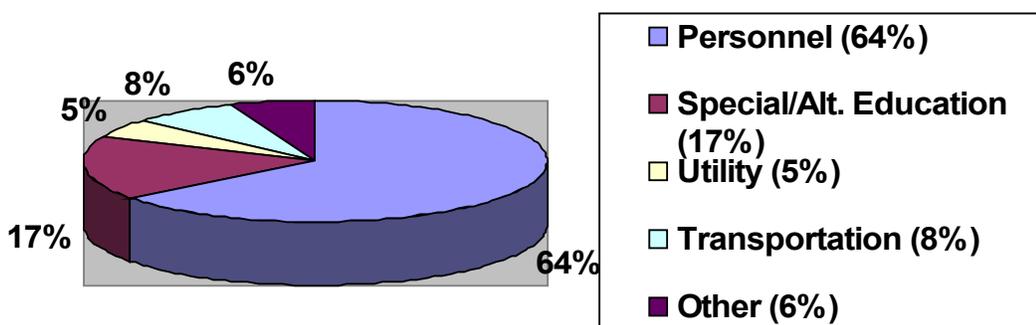
After the budget goes into effect, only the Legislative Council has the authority to make changes to that budget.

Q: How does the Board of Education fit into the budget process?

A: The Board of Education is a special entity under Connecticut state law. The Board of Education receives a lump sum allocation from the Legislative Council as a single line item in the operating budget and has the opportunity to determine how those funds will be spent. It does so through a series of public deliberations before the Board of Education.

In 2008-2009, the Board of Education will receive an allocation of \$77.4 million, or 44% of the Town's total budget. Below is a chart indicating how the Board of Education plans to expend its budget:

Board of Education Expenditures for 2008-2009



“What Is The Relationship Between The Operating Budget And Taxes?”

Q: How does the operating budget impact taxes?

A: The operating budget must be balanced, which means the Town's expenditures must be equal to its revenue. The primary source of revenue in Hamden is local property taxes but other sources include building permits, planning and zoning application fees, alarm ordinances, weapon permits and traffic violations, as well as reimbursements for recycled materials.

For 2008-2009 the operating budget is \$174.9 million dollars. Revenues expected include \$17.9 million in fees collected by various Departments and another \$32.8 million from the State of Connecticut. This means that the Town needs to raise \$124.3 million dollars through its local property tax to achieve a balanced budget.

Q: What is a mill rate?

A: The Mill Rate is the amount per assessed dollar that property owners pay in local taxes. For example, with a Mill Rate of 29.42 and an automobile with an assessed value of \$1000, a

resident would owe \$29.42 in taxes. On an automobile with an assessed value of \$10,000 in that same town, the property owner would owe \$294.20 in taxes.

Q: How are my taxes determined?

A: Each year, the Town Assessor creates a list of all taxable property located in town and their assessed values. This *grand list* includes real estate, automobiles and equipment owned by businesses. The tax need, which is determined by the approved budget, divided by the grand list (less allowances for elderly credits, veteran's exemption and a collection rate of less than 100%) determines the mill rate. For 2008-2009, Hamden's grand list is \$4.3 billion and its tax need is \$124.2 million. Therefore, the established 2008-2009 mill rate is 29.42.

“Who Decides What Will Be Included In The Town Budget?”

Just as we each have to make tough choices with home finances, the Legislative Council must do the same for the town. The Legislative Council is the fiscal authority of the Town of Hamden. Being fiscally responsible often requires giving up some things in order to retain or acquire necessary services.

Q: Is there opportunity for public input?

A: What are the Town's priorities: better schools, safer streets, social programs? Those are the questions the Mayor and Legislative Council must keep in mind while crafting the Town budget and these questions can only be answered through both formal and informal opportunities for public input.

The Legislative Council conducts one or more public hearings allowing any taxpayer to speak regarding the Mayor's Proposed Budget. The hearings are held in early to mid-April. Following the public hearings, the Council conducts budget deliberations, carefully scrutinizing every aspect of the budget. Once the budget deliberations are complete, the Council may choose to add or delete programs or make changes to the specific account lines in the budget. This is called *line item control* and it covers revenues, expenditures and salaried non-union positions. The Legislative Council cannot change any wages or benefits under union or other contract nor can they change or delete any expenditure required by law or for debt service. The Legislative Council also cannot change any line items on the Board of Education budget.

In addition, there are 32 citizen advisory boards and commissions within the Town of Hamden. These volunteer groups meet monthly to discuss important issues for the Town. They share their findings and key points with the Administration and the Council, who may use this information to establish line items within the budget.

“What Is The Town Doing About Taxes?”

Q: What is the Town doing to control spending?

A: The Mayor, Finance Director and Purchasing Agent have formed a review panel which meets regularly to review every purchase order, carefully scrutinizing every purchase to be

sure it is absolutely necessary. As the Legislative Council must approve all changes made to the budget, requests to spend money deemed unnecessary to achieve a department's mission are rejected. The Town also works diligently to save money on required purchases. Recently, the Town has embarked on an Energy Efficiency Program to reduce consumption and cost. The Town has also locked in electricity rates on a 3-year contract to help guard against price increases. It has joined consortia and buying collectives to “buy in bulk,” saving on the cost to purchase paper, toner, printing, postage and even gasoline. In addition, the Town employs a full-time Grant Coordinator to seek outside funding for Town projects. Grants obtained include funding for hybrid vehicle purchases and construction assistance for the Memorial Town Hall project. Also, since pension funding has caused a significant increase in the Town budget over the last three years, the Town has negotiated a deal to move new hires into the State retirement plan, thereby reducing our local pension costs into the future. In addition, the Town continues to participate in regional organizations like the South Central Regional Council of Governments and the Connecticut Conference of Municipalities to have access to the latest information on what other governments are doing to control spending and improve efficiency.

The Legislative Council has also established a Finance, Income and Revenue Search Team (FIRST) made up of elected officials and residents to evaluate innovative ways to save money and generate new revenue to offset operating budget expenditures.

Q: What is the Town doing to encourage the development of more commercial or industrial taxpayers to take the burden off of residential property owners?

A: The Economic and Community Development Department strives to create tax revenue for the Town and create employment opportunities for its residents by targeting quality businesses and developers that will improve the character of our neighborhoods. One specific example is the development of the Home Depot project and the renovation of the former Pathmark Plaza. The net result was a new \$6 million project generating over \$150,000 in new taxes brought to the town. The project also increased infrastructure capacity for other businesses in the area. Overall, the Department’s incentive program has helped over 75 small businesses and has improved the infrastructure along the major commercial corridors.

“What Can Residents Do About Taxes?”

Q: What can residents do to help save the Town money?

A: One of the easiest ways to save money for the Town is to recycle. Hamden is a town with over 58,000 residents, generating tons and tons of garbage. The Town has to pay a \$61 per ton tipping fee to dispose of the waste. If this garbage does not include bottles, cans, newspapers and other recyclables the tonnage is significantly reduced, thus reducing our tipping fees. In addition, the Town receives a 20% net profit rebate back from the trash hauler.

Residents can also remain engaged in local government through participation in Boards and Commissions, attending meetings of the Legislative Council, and communicating with the Mayor and other elected officials. Identifying its priorities is the number one way for the Town to achieve its goals at the lowest possible cost.