

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

This guide is designed to help residents and community stakeholders better understand the processes that go into our Town's budget and offer input about how anyone can participate in the budget process.

We have all heard the terms “*operating budget*”, “*mill rate*”, “*fiscal year*”, and “*general fund*” at budget time. 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, and projected fees collected for building permits make up the operating budget. These operating budget expenditures and revenues are inflows and outflows from the “*general fund*”.

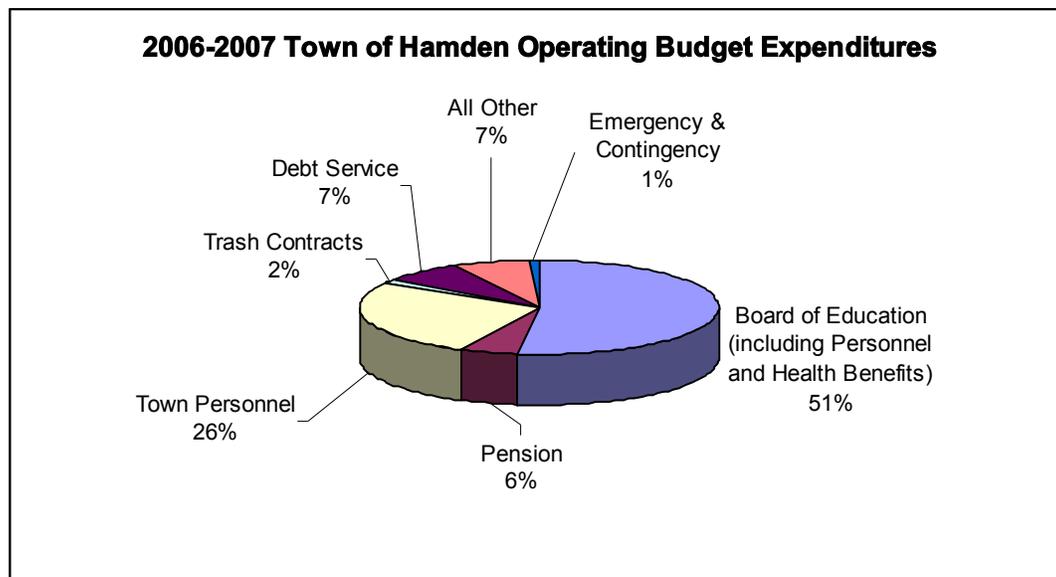
Q: What is *not* included in the operating budget?

A: Large purchases, construction projects, and other special expenditures (like the construction of the new Hamden Middle School or the purchase of new fire trucks) are not part of the operating budget. Instead, such expenditures are bonded for up to 30 years as part of the Town's Capital Improvement Plan. Bonding is like buying a house with a mortgage. It allows the Town to pay for expensive items with regular payments over time. These regular payments are identified in the operating budget as “*debt service*”.

Q: Where are my tax dollars spent?

A: The lion's share of tax dollars are spent on the people who make government work. Town employees like teachers, police officers, Elderly Outreach workers, library employees, and the Public Works employees who plow the roads 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, and pension benefits.

In the 2006-2007 budget, the major expenses by category are identified in the following chart:



The Town Departments that receive the largest allocations are:

- | | |
|----------------------------|--------------------|
| 1. Board of Education | \$70,700,000 (43%) |
| 2. Police Department | \$10,174,082 (6%) |
| 3. Public Works Department | \$9,280,798 (6%) |
| 4. Fire Department | \$9,212,670 (6%) |

Additionally, the Town allocated \$9 million (6%) for pension contributions and \$23 million for health care benefits for employees. Of this \$23 million, \$14 million is estimated as the cost for Board of Education employees.

“How Is The Operating Budget Created?”

Q: Who determines the operating budget?

A: The Mayor consults with all Town Department Heads, such as the Police Chief, the Fire Chief, and the Town Engineer, to determine what they expect their needs and potential revenue sources to be over the course of the fiscal year. The Mayor also collects information from the State of Connecticut to determine Hamden's likely share of regular state grants. Finally, the Mayor collects information from banking professionals about what the Town will need to pay for outstanding debt and how much interest the Town might generate on its idle funds.

All of this information is placed into specific account lines in the 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. By 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, goes through several deliberation sessions where it questions Department Heads about the numbers in the Mayor's Proposed Budget and makes any changes it feels necessary. Once the Legislative Council is satisfied with the budget, it is voted into effect by that body.

Q: When does the budget process end?

A: The Legislative Council has to adopt the Council Approved Budget by May 15th, 45 days before the end of the fiscal year. If the Council has not adopted a budget within this time period, the Mayor's Proposed Budget goes into effect, and the Mayor can set the tax rate. 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 a 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, but then has the opportunity to determine how those funds will be spent. It does so through a series of public deliberations by the Board of Education.

In 2006-2007, the Board of Education received an allocation of \$70.7 million, or 43% of the Town's total budget.

“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 that the expenditures must be equal to the revenues. One source of revenue, and the primary revenue source in Hamden, is local property taxes.

In the 2006-2007 operating budget, the Town planned to expend \$163.6 million dollars. It expected to generate \$18 million in fees collected by Departments and another \$29.7 million from the State of Connecticut. This means that the Town needed to raise \$115.8 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 \$1000 of assessed value that property owners pay in local taxes. With a mill rate of 27.95 and an automobile with an assessed value of \$1000, a resident would owe \$27.95 in taxes. On an automobile with an assessed value of \$10,000, the property owner would owe \$279.50 in taxes.

Q: How are my taxes determined?

A: Each year, the Town Assessor creates a list of all taxable property in town and their assessed values. This “*grand list*” includes real estate, automobiles, and equipment owned by businesses. The tax need divided by the grand list (with allowances made for elderly credits, veteran's exemption, and a collection rate of less than 100%) determines the mill rate. In 2006-2007, Hamden's Grand List was \$4.2 billion and its tax need was \$115.8 million. This established the 2006-2007 mill rate of 27.95.

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

Just as you have to make tough choices with your 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 other 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 Legislative Council keeps in mind while crafting the Town budget. After reviewing the Mayor's Proposed Budget, meeting with the Board of Education and town department heads, the Council gives Hamden taxpayers an opportunity to convey what is important to them.

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. After the public hearings, the Council conducts budget deliberations and carefully scrutinizes 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 positions. The Council cannot change or delete any expenditure required by law or for debt service.

The Town of Hamden also has 35 citizen advisory boards and commissions. These volunteer groups meet monthly to discuss important issues for the Town. They share their findings and key points with the Administration who uses the information to develop resolutions, ordinances, programming, and to establish line items within the Town 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. 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. It has joined consortia and buying collectives to “buy in bulk,” saving on the cost to purchase paper, toner, printing, postage and even gasoline. The Town makes a conscientious effort to procure goods and services from local businesses, contributing back to our tax base. The Town’s movement to open-source software, such as Linux and OpenOffice, will save tens of thousands of dollars each year in software licensing fees. It 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 & 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?

A: The Economic and Community Development Department strives to create tax revenue for the Town and employment opportunities for its residents by targeting quality businesses and developers that will improve the character of our neighborhoods. Hamden assists real estate developers and small businesses with business incentives while seeking grants that bring in revenue to the Town. For example, the Welton Street sewer system upgrade was made possible by a \$1.3 million state grant, and is a good example of raising revenue for the Town while assisting in commercial growth. The grant not only saved the Town bonding costs, it also increased the capacity for manufacturing businesses in that area.

“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, and we generate tons and tons of garbage. The Town has to pay a \$58 per ton tipping fee to dispose this waste. Now think about if those tons of garbage did not include bottles, cans, newspapers or milk and juice cartons. The tonnage would be significantly reduced. Not only does recycling reduce our tipping fees, in addition we receive a 20% net profit rebate back from the hauler. Recycling saves!

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