

# **Citizen's Guide** **To The Budget**

**Welcome to the *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 put, 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*”.

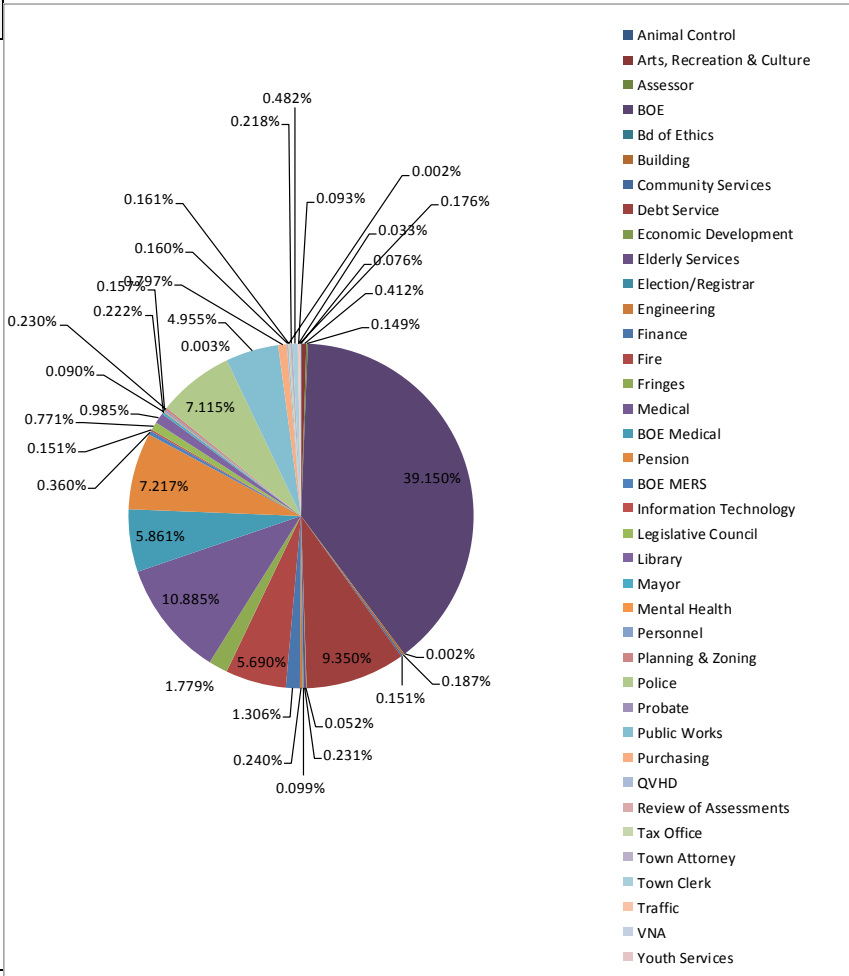
**Q: What is *not* included in the operating budget?**

A: Large purchases, construction projects, and other special expenditures (like the construction of an Animal Shelter 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. The major expenses by category are identified in the following chart:

Department	Mayors Budget	Percentage
Animal Control	159,922.00	0.076%
Arts, Recreation & Culture	870,517.00	0.412%
Assessor	313,753.00	0.149%
BOE	82,670,625.00	39.132%
Bd of Ethics	5,000.00	0.002%
Building	394,929.00	0.187%
Community Services	319,648.00	0.151%
Debt Service	19,743,862.00	9.346%
Economic Development	109,088.00	0.052%
Elderly Services	488,444.00	0.231%
Election/Registrar	209,288.00	0.099%
Engineering	506,899.00	0.240%
Finance	2,758,034.00	1.306%
Fire	12,014,621.00	5.687%
Fringes	3,757,000.00	1.778%
Medical	22,984,000.00	10.879%
BOE Medical	12,376,000.00	5.858%
Pension	15,240,000.00	7.214%
BOE MERS	760,000.00	0.360%
Information Technology	318,435.00	0.151%
Legislative Council	1,628,344.00	0.771%
Library	2,080,732.00	0.985%
Mayor	468,190.00	0.222%
Mental Health	190,934.00	0.090%
Personnel	332,057.00	0.157%
Planning & Zoning	485,896.00	0.230%
Police	15,025,233.00	7.112%
Probate	5,750.00	0.003%
Public Works	10,463,139.00	4.953%
Purchasing	1,682,505.00	0.796%
QVHD	338,839.00	0.160%
Review of Assessments	3,600.00	0.002%
Tax Office	340,852.00	0.161%
Town Attorney	461,035.00	0.218%
Town Clerk	1,017,794.00	0.482%
Traffic	196,697.00	0.093%
VNA	68,871.00	0.033%
Youth Services	371,764.00	0.176%
<b>Total</b>	<b>211,162,297.00</b>	<b>100.0%</b>



**\*Total Board of Education funding, including medical and CMERS retirement expenses amount to \$95,806,625 of the Town's total budget of \$211,262,297. This represents 45.35% of the Town's overall budget.**

### ***“How Is The Operating Budget Created?”***

#### **Q: Who determines the operating budget?**

A: The Mayor and his staff consults with all Town Department Heads, such as the Police Chief, the Fire Chief, and the Director of Public Works & Parks, 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 to the Legislative Council no later than the 18th day of March.

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. On or before the 25<sup>th</sup> day of April, the Legislative Council issues a Meeting Notice for one or more Public Hearings on the Proposed Town Budget. Once the Legislative Council has heard the public input and 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 no later than the 17<sup>th</sup> day of May. 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.

***“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.

**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 hypothetical mill rate of 27.95 and an automobile with an assessed value of \$10,000, a resident would owe \$279.50 in annual automotive taxes.

**Q: How are my taxes determined?**

A: Each year, the Town Assessor creates a list of all taxable property in town and its assessed value. This “*grand list*” includes real estate, automobiles, and equipment owned by businesses. The tax need (as determined by the proposed budget) 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.

***“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, financial stability, walkable neighborhoods, parks and cultural 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 taxpayers to express their thoughts and concerns regarding the Mayor's Proposed Budget. 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. 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.

**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.

The Town has broken ground on the Hamden Business Incubator which will be designed to accelerate the successful development of entrepreneurial companies through many shared business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Successful completion of a business incubation program increases the likelihood that a start-up or newer small businesses will stay in business for the long term: Historically, well over 75% of incubator graduates stay in business.

***“How can I get involved?”***

**Q: How can residents get more involved?**

A: Residents can engage 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.