CITIZENS' GUIDE

to the East Hampton Town Budget

2013 – 2014

EAST HAMPTON

MESSAGE FROM THE BOARD OF FINANCE

Where is East Hampton headed? Our town is facing many challenges and opportunities as we approach our next budget. Capital investments such as a new fire truck, fiber optic lines to all town buildings and a high school renovation project are being considered. We will have a new Superintendent and new Police Chief joining our recently hired Town Manager. These professionals guide us in our day-to-day town business activities and in planning East Hampton's future. **The Board of Finance requests your input to help us shape our next budget and to plan ahead.**

This document will give you a quick summary to understand the Town's fiscal position and the budget process. It also will help you review and understand the budgets that will be presented by the Town Manager and Interim Superintendent. If you want more details, there is much more information readily available on our town website.

Please review this guide in considering and understanding the proposed 2013-14 Town Budget. Feel free to contact any member of the Board of Finance with your thoughts or questions and we will address them at a future meeting. If you can, please attend a meeting and share your knowledge or expertise.

The Board of Finance is a volunteer board of seven members trying to fairly represent our 13,000 residents. Our Board will work hard to present you a budget that maintains and improves our dedicated town staff and facilities, plans for the future and is fair to all taxpayers. We can only do this with your feedback. **So get involved and let us know what you're thinking!**

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EAST HAMPTON BY THE NUMBERS

Population (2010)	13,000
Registered voters	8,245
Households	4,734
Median household income	$91,770
Miles of Town Roads	91
Number of town employees (full time)	63 ½
2012 Revenues	$38,544,503
2012 Expenditures	$38,314,002
2012 Fund Balance	$4,581,155
2012 Outstanding Debt	$6,414,338
% of Debt Service to Expenditures (2011)	3.1%
% Unassigned Fund Balance to Budget	11.4%
Outstanding per capita debt	$494
State average outstanding per capita debt	$2,253
Rank among CT towns for per capita debt	22nd out of 169

UNDERSTANDING THE BUDGET

Each year the Town of East Hampton spends millions of dollars to operate Town Government and the Board of Education as well as perform necessary capital projects. During the budget process critical decisions are made about all public services.

The annual budget is a dynamic document that has four primary functions:

- **A policy document** that sets priorities
- **A financial plan** of resources & spending
- **A communications device** that informs about fiscal issues
- **An operations guide** that describes town services & functions

In East Hampton, the method we use to determine our town budget is an open process. **Every adult citizen who is registered to vote – property owners and those who rent – is welcome to participate in determining the town budget.**

The town budget is broken down into two categories:

Revenues (Income)	Expenses (Spending)
Property Taxes	Education
Investment Income	Public Safety
Licenses, Fees & Permits	Public Works
Federal Grants	Administrative & Finance
State & Local Grants	Health & Human Services
Local Government Payments	Regulatory
	Culture & Recreation
	Debt Service

There are certain expenses that must be included in the budget at some level. For instance, we must have police service and schools. The question is the level of service delivery that our residents have a right to expect. There are other "fixed" costs in the town's budget that continue to rise, such as fuel and energy that must be paid for. Balancing the budget is about making choices.

East Hampton has worked hard to keep tax increases low. Below is the annual tax increase (not including revaluation). On average over the past 6 years East Hampton's tax increase has been just 1.89%; inflation over the same period was approximately 2.3%.

2008 – 3.65%	2011 – 4.04%
2009 – 2.19%	2012 – -0.50%
2010 – 0.84%	2013—1.13%

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What Guides the Budget?

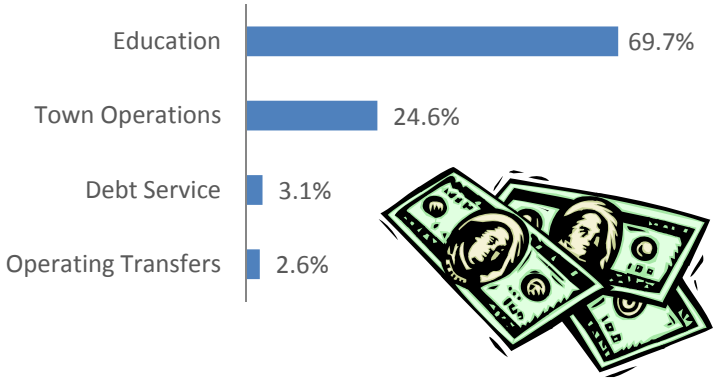
The Town Council for East Hampton drafts a Budget Policy Statement every year as a way to foster collaboration with the Board of Education, the Board of Finance and the Capital Expenditure Committee while offering guidance to Town staff as they develop the budget. A few of the policy priorities in this year's Budget Policy statement are:

- Implement financial policies to ensure the long-term fiscal health of the community;
- Provide adequate capital investment to maintain and improve our existing town infrastructure;
- Seek cost savings, improve efficiencies and identify new revenue sources to offset any additional expenditures;
- Review and enhance programs to in the areas of public safety, IT/technology, organizational effectiveness and economic development; and
- Create a budget that will work within the community's economic resources.

The BOF will keep priorities identified in the Budget Policy Statement in mind when reviewing the budget during workshops with the Town Manager, departments and BOE. To read the full budget policy statement, go to the Towns website at www.easthamptonct.gov.

2012-13 Approved Budget

Where Your Tax Dollars Are Spent



The Mill Rate: Calculating your taxes

One "mill" produces one dollar for each $1,000 of property assessment. For example: If your house has a current fair market value of $200,000, the assessment is 70% of its current market value, or $140,000. The current Mill Rate is 25.97. Therefore 140 X 25.97 = $3,636 in tax

The Budget Process

Preparing the budget January - February

- Town Departments submit budget requests to Finance Director
- Town Council adopts Budget Policy Statement
- Town Manager consults with Department heads and develops annual budget
- Superintendent develops School budget and presents request to BOE
- BOE deliberates and approves proposed School budget

Reviewing the budget March - April

- BOF holds budget workshops with Town Manager, department heads, Superintendent and BOE
- Town Manager and Superintendent present proposed Town and School budgets at public hearing
- BOF holds a public hearing to solicit and gather citizen input
- BOF deliberates and approves budget to be presented to Town Council for adoption

Adopting the budget April - May

- Town Council holds a special meeting to adopt proposed budget and schedule Town Meeting
- Town Meeting sets the date for referendum by taxpayers
- Taxpayers vote on proposed budget
- BOF sets mill rate

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THE CAPITAL IMPROVEMENT PLAN

The budget adopted by taxpayers at referendum is the annual **Operating, Debt Service and Transfer Budget** for the town, which includes the School Budget. As part of the annual budget process, the Town Manager and Finance Director also prepare a Capital Budget as part of the Capital Improvement Plan (CIP).

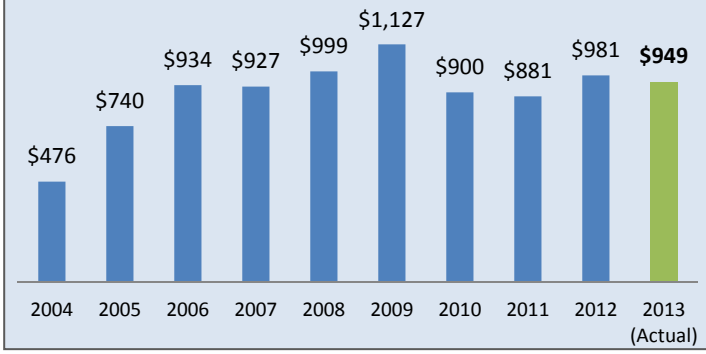
The CIP is developed by the Capital Expenditure Committee, which is made up of the chairs of the Town Council, the Boards of Finance and Education, the Town Manager and the Finance Director. The CIP provides an effective means of preserving as well as adding to the physical assets of the town. It is also vital for a growing community like East Hampton to maintain the level of public safety, welfare and quality of life that taxpayers expect.

Each year the town allocates funds to the Capital Reserve Fund to defray costs of items such as equipment, vehicles and facilities improvements that may be financed over more than one year. During the fiscal year, the Town Manager will request the Board of Finance to approve appropriations for capital items. These appropriations are considered and implemented consistent with the CIP, the town Purchasing Ordinance and Town Charter.

Recent capital improvement projects include the Senior Center expansion and renovation, Memorial School roof and the three-year road improvement program.

CAPITAL RESERVE FUND

GENERAL FUND CONTRIBUTIONS (IN THOUSANDS)



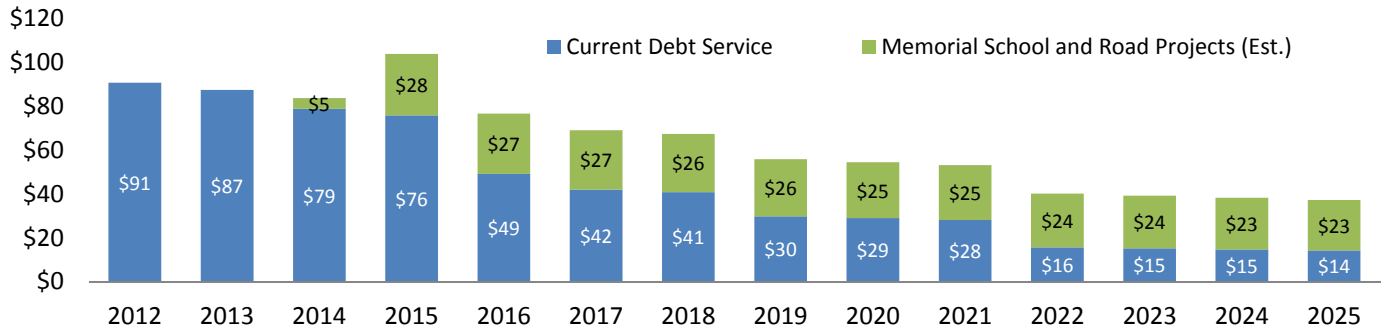
FINANCIAL POSITION

The 2012 annual audit of the town's finances showed that East Hampton is well positioned to accept and meet the challenges posed by the 21st century. The Town continues to maintain its "AA" rating from Standard & Poor's Ratings Services and "Aa3" rating from Moody's Investor Service based on their assessment of the town's historical trend of financial stability and continued maintenance of a favorable debt profile. The town's total outstanding debt decreased by 13% during the 2011-2012 fiscal year thanks to scheduled debt service payments.

DEBT CAPACITY

Major capital expenditures are financed over a period of years by issuing bonds. The amount of bonds issued by the town collectively represents the level of debt service that the town must repay. The Town's debt capacity is subject to borrowing limitations set forth by Connecticut General Statutes and by you, our taxpayers, to authorize expenditures. The Town's current debt per capita is low compared to the State average. East Hampton currently ranks 22nd out of the 169 Towns.

DEBT SERVICE PER CAPITA STATE AVERAGE: $272



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Grand List

The October 1, 2012 East Hampton Grand List is $1,128,365,076 (subject to adjustment by the Board of Assessment Appeals). It grew by approximately $2.7 million or 0.24% over the prior year. The Grand List is made up of 89% real estate, 9% motor vehicles and 2% personal property.

Budget Calendar

Important Dates

March 8 ..... **MEETING*** 1-6pm @ Town Hall
Board of Finance budget workshop with Town Manager, Departments, Interim Superintendent & BOE

March 19 ..... **PUBLIC FORUM** 7:30pm @ High School Library
Town Manager and Interim Superintendent budget presentations

March 25 ..... **BOF MEETING*** 7:00pm @ Middle School Library Board of Finance special meeting – budget deliberations

April 1 ..... **PUBLIC HEARING** 7pm @ High School Library
Board of Finance public hearing

April 3 ..... **MEETING*** 7pm @ Middle School Library
Board of Finance action to approve budget

April 9 ..... **TOWN COUNCIL MEETING*** 6:30pm @ High School BOF approved budget submitted to members of Town Council

TBD ..... **TOWN COUNCIL MEETING*** 6:30pm @ High School Library Special Meeting to adopt budget

April 29 ..... **TOWN MEETING** 7pm @ Town Hall
Schedule referendum

May 7 ..... **REFERENDUM** 6am-8pm @ High School
Town vote

June ..... Board of Finance sets mill rate

**Meeting agenda to include public comments.*

Budget Referendum History

Will you vote? The Board of Finance will work hard to present you a budget that maintains and improves our dedicated town staff and facilities, plans for the future and is fair to all taxpayers.

The average voter turnout for the past 12 budget referendums is 23%, a majority 77% of voters did not participate in the budget process. The cost of holding a budget referendum is approximately $3,000. If a budget fails at referendum, it is sent back to the Board of Finance for reconsideration. This process is repeated until the budget is approved by voters at referendum.

Ultimately, the decision to approve the budget is up to you as a taxpayer. So, live the American dream and exercise your right - please vote in the budget referendum!

Fiscal Year	# of Referendums	Total Voters	% Voting	Margin
2007-08	1	1,716	22%	266
2008-09	1	1,240	16%	22
2009-10	2	1,446	17%	-104
		1,974	23%	78
2010-11	1	1,807	22%	87
2011-12	2	1,166	14%	-4
		1,917	24%	341
2012-13	2	1,828	22%	-274
		1806	22%	182

Financial Leadership

Last year, the Town of East Hampton Finance Department received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). This is the highest form of recognition in the area of governmental accounting. Receiving this award represents a significant accomplishment by a government and its management.

Want more information?

A glossary of terms, the past two year's approved budgets and the past 5 years' audited Comprehensive Annual Financial Reports (CAFR) are available on the Town website: www.easthamptonct.gov