

CITIZENS' GUIDE

to the East Hampton Town Budget

2014 –
2015



MESSAGE FROM THE BOARD OF FINANCE

Thank you for taking the time to learn about the annual town budget. We have prepared this guide as a way to inform and engage voters. **Your input and understanding is extremely important.**

Creating a budget that maintains important town services, provides a good education for our children and is mindful of the tax impact on our citizens is not an easy task. **Citizen input is essential to help us put forward a balanced budget that will be accepted by voters.**

All voters have a stake in the process. **We're spending your tax dollars, and public input is vital.**

You don't need a background in accounting or a degree in public policy to understand the budget. You do need to care enough about East Hampton's future to come out and voice your concerns, needs and opinions.

Please participate with us in this important process. View and download the full Town Manager proposed budget on the town web site home page. Copies are also available to review at Town Hall, the library and senior center. Attend meetings, email or call Board of Finance members, and, *most importantly*, make your voice heard by voting.

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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:

- **As a policy document** to set priorities
- **As a financial plan** of resources & spending
- **As a communications device** to inform about fiscal issues
- **As an operations guide** to 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 BY THE NUMBERS

Population (2010)	13,000
Registered voters	8,347
Median household income	\$91,770
Miles of Town Roads	91
Number of town employees (full time)	63 ½
2013 Revenues	\$38,879,727
2013 Expenditures	\$38,587,070
2013 Fund Balance	\$4,873,812
2013 Outstanding Debt	\$5,436,611
% of Debt Service to Expenditures (2013)	2.9%
% Unassigned Fund Balance to Budget	12.6%
Outstanding per capita debt	\$423
State average outstanding per capita debt (2011)	\$2,253
Rank among CT towns per capita debt (2011)	15 th

East Hampton has worked hard to keep tax increases low. Below is the annual tax increase (not including revaluation). On average over the past 7 years East Hampton's tax increase has been 2.3%; inflation over the same period was approximately 2.1%.

2008 – 3.65%	2011 – 4.04%
2009 – 2.19%	2012 – -0.50%
2010 – 0.84%	2013 – 1.13%
2014 – 2.54%	

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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 offer guidance to Town staff and foster collaboration with the Board of Education, the Board of Finance and the Capital Committee. A few of the policy priorities in this year's Budget Policy statement are:

- Implement the recommendations of the Town organizational study in a phased manner to maximize service delivery;
- Support investment in the area of new technologies, updates to IT security, and better fiscal and network controls;
- Adopt and implement a strategic long-term capital plan and incorporate the plan in fiscal year budgets;
- Begin developing a Comprehensive Town Vision with the intent of identifying the community's aspirations for the next decade; and
- Commit to mitigating the impact of future debt on our taxpayers by continually replenishing and augmenting our debt sinking fund.

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 Town's website at www.easthamptonct.gov.

2013-14 BUDGET

HOW WERE YOUR TAX DOLLARS 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 26.63. Therefore $140 \times 26.63 = \$3,728$ 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

THE CAPITAL IMPROVEMENT PLAN



Buildings, infrastructure, and major equipment are the physical foundation for providing services to residents. A multi-year Capital Improvement Program (CIP) is prepared and reviewed annually as part of the budget process.

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 purpose of the CIP is to budget for the acquisition, replacement or renovation of major capital/fixed assets. These items are generally not of a recurring nature and not included in the regular operating budget process.

The CIP provides an effective means of preserving as well as adding to the physical assets of the town. Careful planning is critical to maintain the level of public safety, welfare and quality of life that taxpayers expect.

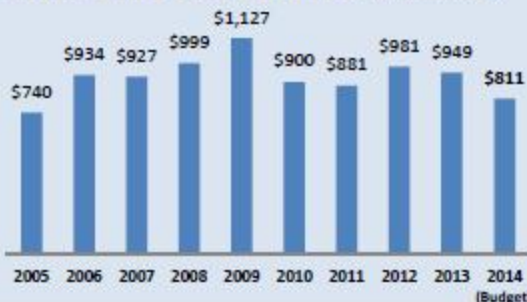
Each year the town allocates funds to the Capital Reserve Fund to defray costs of items such as equipment, vehicles and facilities improvements that may be financed over more than one year. During the fiscal year, the Town Manager will request the Board of Finance to approve appropriations for capital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

Recent capital improvement projects approved by voters in the last year include the purchase of a new fire engine and tanker, new fiber optic telecommunications cable installation, and the high school renovation.



HOW MUCH MONEY IS PUT INTO CAPITAL RESERVE FUND?

GENERAL FUND CONTRIBUTIONS (IN THOUSANDS)



WHAT IS EAST HAMPTON'S FINANCIAL POSITION?

The 2013 annual audit showed that East Hampton is well positioned. The Town received a rating upgrade from Standard & Poor's Ratings Services from "AA" to "AA+" and maintains a rating of "Aa3" 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 15% during the 2012-2013 fiscal year thanks to scheduled debt service payments. Key highlights that support our favorable position include:

- Strong property tax base and low debt burden
- Strong general fund balance with a surplus in 2013
- Solid funding of the pension obligation and limited other postemployment benefits (OPEB)
- Management's financial policies and practices
- East Hampton currently ranks 15th out of the 169 Towns for per capita debt

HOW MUCH DEBT DO WE HAVE? DEBT SERVICE PER CAPITA

STATE AVERAGE: \$272 (from 2011; does not include debt to be issued for the high school renovation project)



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GRAND LIST

The October 1, 2013 East Hampton Grand List is \$1,135M, (subject to adjustment by the Board of Assessment Appeals). It grew by approximately \$7.3 million or 0.65% 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 14 **WORKSHOP** 1-4pm @

Town Hall
Board of Finance
budget workshop with
Town Manager



March 17 **REGULAR BOF MEETING** 7pm @ High School
Library invitation to Town Council and Board of Ed

March 24 **WORKSHOP** 5pm @ Middle School Library Board
of Finance budget workshop with Board of Ed

March 24 **SPECIAL BOF MEETING** 7:15pm @ Middle School
Library Board of Finance budget deliberations

March 31 **BOF PUBLIC HEARING** 7pm @ High School Library
Board of Finance budget deliberations

April 2 **SPECIAL MEETING** 7pm @ Middle School Library
Board of Finance action to approve budget

April 8 **TOWN COUNCIL MEETING** 6:30pm @ Town Hall
BOF approved budget submitted to members of
Town Council

TBD **TOWN COUNCIL MEETING** 6:30pm @ Town Hall
Special Meeting to adopt budget

April 28 **TOWN MEETING** 7pm @ Town Hall
Schedule referendum

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

June Board of Finance sets mill rate

BUDGET REFERENDUM HISTORY

Will you vote? Members of 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 9 budget referendums since 2008 is 20%. A majority 80% 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
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
2013-14	1	1789	22%	285

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?

View and download the full Town Manager proposed budget on the town web site – www.easthamptonct.gov. Copies also are available to review at Town Hall, the library and Senior Center. Additional resources also are available on the town web site including a glossary of terms, past financial audits and past budgets.