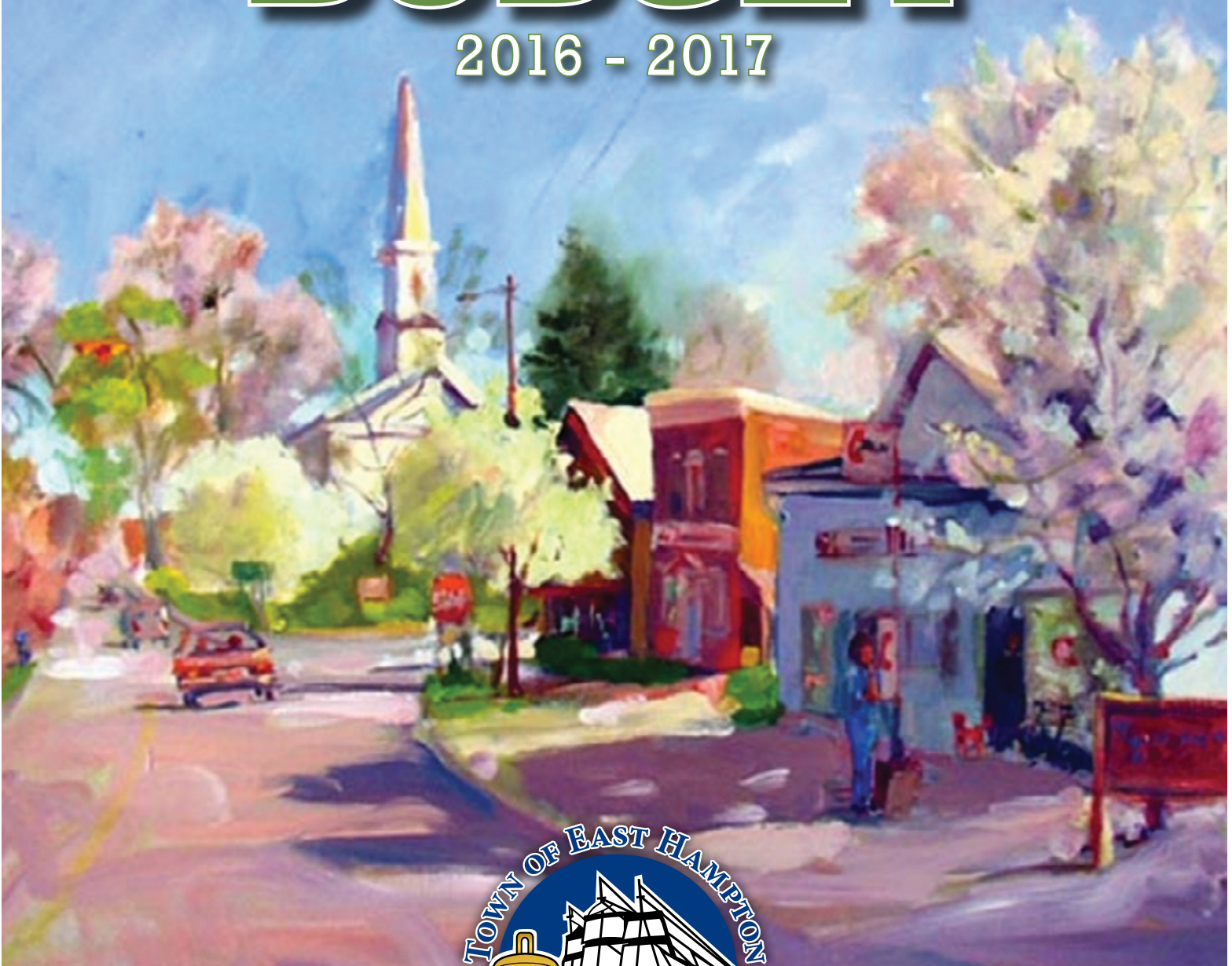
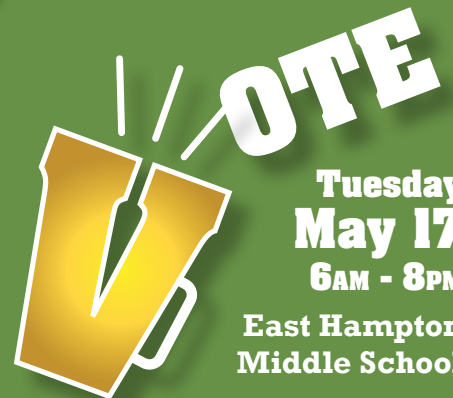


# CITIZENS' GUIDE TO THE **BUDGET**

2016 - 2017



**GET IN  
THE KNOW,  
GET OUT  
AND VOTE!**







### A Message from the Board of Finance

Budget preparation for the fiscal year July 1, 2016 through June 30, 2017 is in progress and we have prepared this guide to give residents facts about our financial position and the budget process.

Public input is vital to this process and we hope that this guide will help voters stay informed. The proposed Town and School budgets are on the town web site home page. Copies also are available at the Town Hall, the library and senior center.

If you have additional questions or concerns, please contact your elected representatives or town officials (emails can be found on [www.easthamptonct.gov](http://www.easthamptonct.gov)).

Allison Tokarz (R)  
Chairperson  
Janine Jiantonio (R)  
Vice Chairperson

Alannah Coshow (R)  
Alan Hurst (D)  
Marc Lambert (R)  
Dean Markham (D)  
Steve Ritchie (R)



# THE BUDGET

The annual budget is a comprehensive document. It presents both projected revenue estimates and anticipated expenses necessary to provide services to our citizens. It is a dynamic document meaning that it is always changing based on day-to-day realities.

It is important to remember, the annual budget is required by our town charter. The town is obligated to provide services and pay its debts. Not approving the budget is not an option. It is the responsibility of taxpayers to carefully consider the budget presented and cast an informed vote at the annual budget referendum until an approved budget is passed. Broadly, the annual budget is made up of these components:

IN

REVENUES

- Property Taxes
- State & Local Grants
- Federal Grants
- Licenses, Fees & Permits
- Local Government Payments
- Investment Income

EXPENSES

OUT

- Education
- Public Safety
- Public Works
- Culture & Recreation
- Health & Human Services
- Regulatory
- Administrative & Finance
- Debt Service

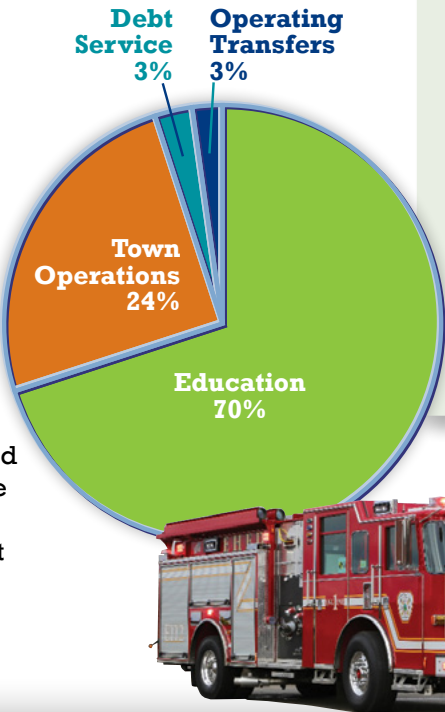
GOAL  
TO PROVIDE  
THE HIGHEST  
LEVEL OF  
SERVICE  
WHILE PUTTING  
FUNDS ASIDE  
FOR FUTURE  
NEEDS.

The biggest challenge in preparing the budget is to stretch every dollar while adequately providing essential services that are necessary to us all.

### 2015-16 Approved Budget

Where your tax dollars are spent

East Hampton has worked hard over the years to keep tax increases low. Below is the annual tax increase (not including revaluation). On average over the past eight years East Hampton's tax increase has been 2.2%; inflation over the same period was approximately 1.5%. The goal of good budgeting is to maintain a level increase that is predictable for taxpayers and avoid dramatic year-to-year swings.



### Our Grand List, The Mill Rate and Calculating Your Taxes

The grand list is the current fair-market valuation of all real estate, motor vehicles and certain personal business property by the town's assessor. Your taxes are assessed at 70% of appraised value (a procedure determined by Connecticut statute). One mill produces one dollar of tax on each \$1,000 of assessed property.

The current mill rate as determined by the 2015-16 budget is 27.78.

The October 1, 2015 Grand List is \$1,126,689,437 (subject to adjustment by the Board of Assessment Appeals).

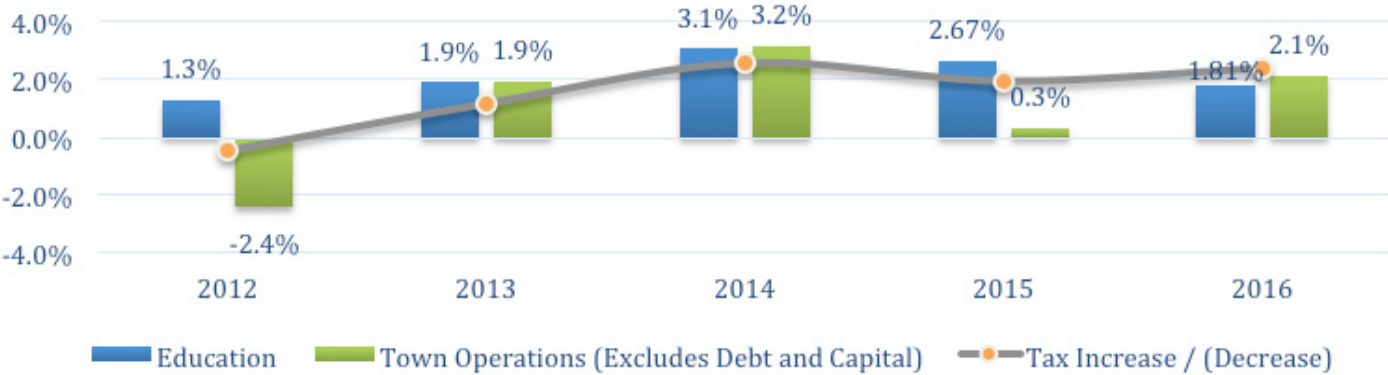
The Grand List decreased by 1.4% as a result of property revaluation.

If your house is valued at \$200,000, it would be assessed at 70% or \$140,000.

Under the current rate of 27.78 your tax calculation would be 140 X 27.78 = \$3,889.20.



### Budget and Tax % Change Last 5 Years





# NAVIGATING THE BUDGET

The budget adopted by taxpayers at referendum is broken down into four parts:

- 1. Education - 70%
- 2. Town Operations - 24%
- 3. Debt Service - 3% and
- 4. Operating Transfers - 3%

## 1. Education - 70%

Funding for Education Comes from Several Sources.

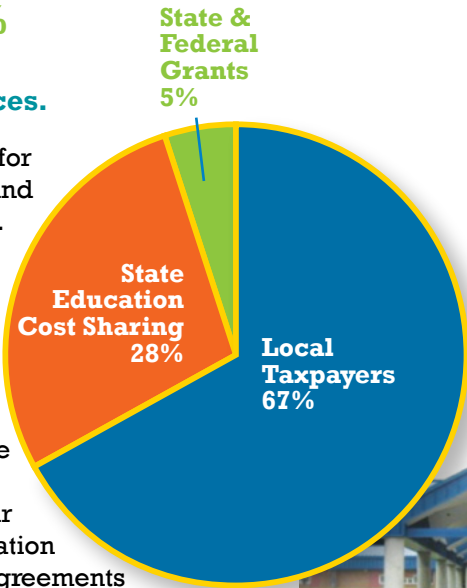
East Hampton receives grants for our public schools from state and federal government programs. This aid helps support public policy goals, priorities and mandates.

### Education Budget History

The Board of Education and the Superintendent work together to implement and manage their budget. Over 75% of the education budget supports contractual agreements (salary and benefits) with teachers and staff. At the end of each fiscal year, any surplus in the education budget is returned to the town. Neither the BOE nor the TC can direct how the BOE spends the taxpayers money.

### Board of Education Budget Goals

1. Support the vision of preparing students to be innovative, responsible, and contributing members of an ever-changing global society.
2. Foster resourcefulness to maximize value for students and the community by encouraging flexibility and sustainable solutions.
3. Teach students to be effective communicators, critical thinkers, and collaborators through exposure to diverse areas of study.
4. Advance digital literacy throughout the grade levels, cultivate active learning and encourage creativity.
5. Address safety and security of our schools.



## Achievements

- ▶ East Hampton High School has been recognized as one of America's Best High Schools by U.S. News and World Report as well being named to the College Board Advanced Placement Honor Roll.
- ▶ SAT scores are above the State and National average.
- ▶ Connecticut Magazine ranked an East Hampton education as fifth out of over 40 greater Hartford communities in a feature "Ranking the Towns."
- ▶ High School athletic teams are competitive and have several state championship titles.



	2011-12	2012-13	2013-14	2014-15	2015-16
Final Approved Budget	1.29%	1.90%	3.07%	2.67%	1.81%
Annual Return to the Town	\$4,189	\$3,967	\$76,515	\$113,641	TBD

## 2. TOWN OPERATIONS 24%

Represent 24% of the total budget. It encompasses six departments/programs that deliver services to East Hampton taxpayers.

### Administration & Finance

This includes town hall operations as well as facilities administration, legal services, registrars and elections, Probate Court, information technology, employee benefits and contingency.

### Public Safety

This includes police and fire services, emergency preparedness, Fire Marshal and street lighting.

### Health & Human Services

This includes public health services provided by Chatham Health District, the senior center and transportation, community services, cemetery care and the Commission on Aging.

### Regulatory

This includes Planning & Zoning, building administration, Economic Development, Conservation & Lake Commission, Brownfields Redevelopment Agency and the Middle Haddam Historic District.

### Public Works

This includes public works services and personnel, engineering, town garage, town-wide motor fuel, (road materials) and maintenance, transfer station and septage disposal.

### Culture & Recreation

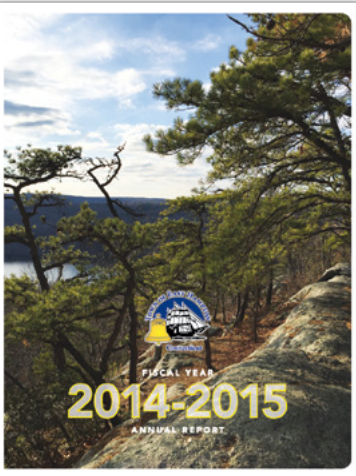
This includes Parks & Recreation, Arts & Cultural Commission and East Hampton Public Library.

### Town Annual Report

Each year, the town manager is required by charter to provide an annual report to the Town Council. The 2014-15 Report provides a detailed summary of the services provided by town staff

for residents and taxpayers. From the assessor to the zoning board of appeals, the annual report quantifies the performance measures of each department. Copies of the annual report are available at the Library, Town Hall, Senior Center and web site at:

<http://www.easthamptonct.gov/Pages/annualreport2014-15.pdf>



## The Town's 'Household' Budget

### Your Household ➡ The Town

Income ➡	Revenue
Mortgage or Rent ➡	Debt Service
Loans ➡	Bonds, Leases
Taxes ➡	Mandates, Required Services
Savings Account ➡	Fund Balance, Reserved Accounts
Utilities, Food, Gas ➡	Utilities, Gas, Salaries, Benefits
Maintain Projects ➡	Capital Improvement Plan
Phone, Cable, Internet ➡	Technology, Communications Equipment
Entertainment, Vacations ➡	"Nice-to-have" items



### The Capital Improvement Plan

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).

Each year the town allocates funds to the capital and non-recurring expenditures fund to pay for the costs of items such

as equipment, vehicles and facilities improvements that may be financed over more than one year. 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.

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.



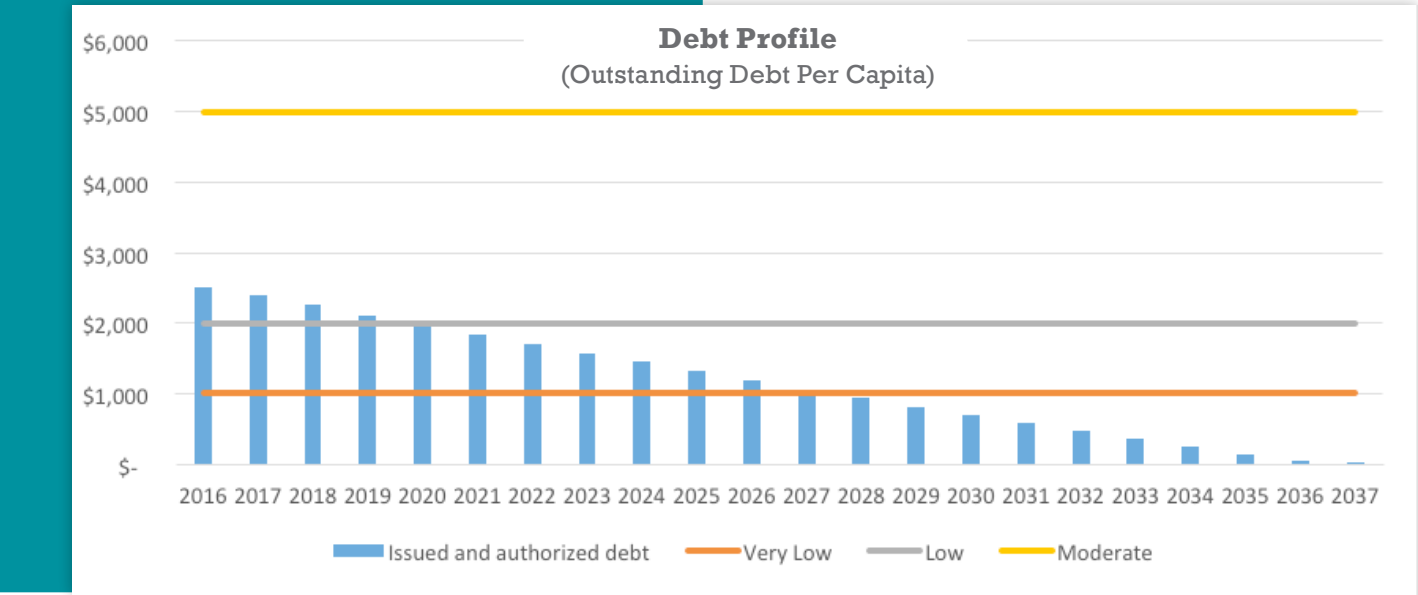
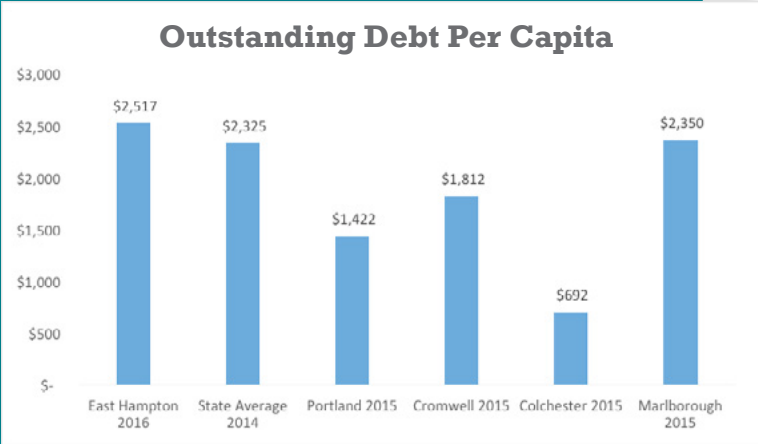


3. DEBT SERVICE 3%

The amount of money set aside in the budget to pay interest and principal on debt that the town has already approved and issued. Debt is a binding commitment, which makes it an extremely important and driving component of the overall budget.

Fiscal Year	Outstanding Debt	Outstanding Debt per Capita	Debt Service per Capita	% of Budget
2014	\$8,250,000	\$635	\$83	2.70%
2015	\$23,625,000	\$1,835	\$100	3.23%
2016	\$32,715,000	\$2,517	\$73	2.31%

Note: Outstanding debt includes general obligation bonds and notes. Debt service payments for the High School project begin in FY 2017.



Our Financial Position

Think of it as the Town’s credit rating. The 2015 annual audit showed that East Hampton is well positioned to accept and meet the challenges to move the town forward. The received a “AAA” bond rating from Standard and Poor’s Rating Services.

“The upgrade reflects the town’s record of general fund surpluses that we believe demonstrates financial stability and supports our view of strong management,” said Standard & Poor’s credit analyst Hilary Sutton.

Key Factors in the Rating Upgrade

- Very strong economy
- Strong management, with “good” financial policies and practices
- Strong budgetary performance, with balanced operating results in the general fund but an operating surplus at the total governmental fund level in fiscal 2014
- Strong budgetary flexibility
- Very strong liquidity
- Strong debt and contingent liability position
- View the Comprehensive Annual Financial Report online at: [http://www.easthamptonct.gov/Pages/EastHamptonCT\\_Finance/audit2015.pdf](http://www.easthamptonct.gov/Pages/EastHamptonCT_Finance/audit2015.pdf)

Debt Capacity

How much money can the town borrow? The amount the town can borrow is based on its current financial position. Major capital items may be financed over a period of years by issuing bonds. The town’s debt capacity is subject to borrowing limitations set forth by Connecticut General Statutes and by you, our taxpayers, to approve expenditures. The town’s current debt per capita is low compared to the state average and as determined by the rating agencies – even with the high school renovation project.

4. OPERATING TRANSFERS 3%

This simply refers to the general accounting practice to move resources from one fund or account to another for anticipated expenses. For example, the 2014 budget included a transfer to the Village Center Water System fund to cover anticipated deficits. Money set aside for planned and approved capital items was transferred out of the Capital Reserve Fund.

THE BUDGET PROCESS

Each year, the budget process begins when the Town Council adopts a Budget Policy Statement. This document provides guidance to town staff as they develop their budgets. It also helps the Board of Finance in reviewing proposed budgets.

PLANNING

January - February

- Town Manager & Superintendent present budgets to BOF
- BOF workshops and public hearing
- BOF reviews budget, adopts and presents to TC
- TC reviews and adopts budget\*
- Town meeting sets date for referendum

REVIEW

March - April

- Budget referendum May 17th
- If budget passes, BOF sets mill rate
- If budget does not pass, it goes back to BOF

ADOPTING THE BUDGET

May - June

The Budget Referendum is May 17th

TC=Town Council; BOE=Board of Education; BOF=Board of Finance

Budget Referendum History

Will you vote on the budget?

We 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 2010 is 21%.

A majority of voters did not exercise their right to vote. The cost of holding a budget referendum is approximately \$3,000. Last year required four referendums to pass the budget. As you can see from the margins by which a budget passed or failed every vote counts. Make an informed decision and vote on referendum day.

Fiscal Year	Referendums	Total Voters	% Voting	Margin
2010-11	1	1,807	22%	87
2011-12	1-Fail 2-Pass	1,166 1,917	14% 24%	-4 341
2012-13	1-Fail 2-Pass	1,828 1806	22% 22%	-274 182
2013-14	1	1789	22%	285
2014-15	1-Fail 2-Fail 3-Pass	2,019 1,979 1,951	24% 24% 23%	-341 -301 289
2015-16	1 – Fail 2 – Fail 3 – Fail 4 – Pass	2,273 2,193 2,306 1,954	30% 29% 30% 26%	-39 -11 -154 218

OTE

Tuesday  
May 17  
6AM - 8PM  
East Hampton  
Middle School

\* TC, upon receiving a recommended budget from the BOF, can decrease total expenditures, reallocate budgets between departments, or send the budget back to the Board of Finance for further consideration. In no case can the TC increase the proposed budget.

## 2016-2017 Budget Calendar

**March 14, 2016 (Mon.)** **BOARD OF FINANCE  
REGULAR MEETING**  
6:00PM  
*Middle School Library*  
**Town and Board of Education  
Library Budget Presentation**  
(Review deliberations and  
gather input from public and  
other boards)

**March 15, 2016 (Tues.)** **BUDGET WORKSHOP**  
6:00 - 8:30PM  
Public Works / Police /  
Building Dept. / Capital

**March 17, 2016 (Thur.)** **BUDGET WORKSHOP**  
6:00 - 8:30PM  
Fire Dept. / Emer. Mgmt. /  
EDC / Conservation / MHHL

**March 18, 2016 (Fri.) \*** **BUDGET WORKSHOP**  
2:00 - 4:00PM  
Senior Center / Library / Youth  
& Family Svs. / Park & Rec.

**March 18, 2016 (Fri.) \*** **BUDGET WORKSHOP**  
4:00 - 6:00PM  
Board of Education

**March 19, 2016 (Sat.)** **BUDGET WORKSHOP**  
8:30 - 10:30AM  
Town Operations

*\*Location: Public Library, Community Room*

**March 21, 2016 (Mon.)** **BOARD OF FINANCE  
SPECIAL MEETING**  
6:30PM  
*Middle School Library*  
Budget deliberations

**March 28, 2016 (Mon.)** **BOARD OF FINANCE  
PUBLIC HEARING**  
6:30PM  
*Middle School Library*

**April 04, 2016 (Mon.)** **BOARD OF FINANCE  
SPECIAL MEETING**  
6:30PM  
*Middle School Library*

**April 12, 2016 (Tues.)** **SUBMIT BOARD OF  
FINANCE BUDGET**  
to Members of Town Council

**t/b/d** **TC SPECIAL MEETING**  
6:30PM  
Adoption of Annual Budget

**May 9, 2016 (Mon.)** **TOWN MEETING**  
7:00PM *Town Hall*

**April/May 2016** Rivereast Advertisement  
on Budget

**May 17, 2016 (Tues.)** **Town VOTE at  
Middle School**

**June 2016** **SET MILL RATE**

*Note: All meetings to be held in the  
Town Hall meeting room except as noted above.*

For more information call 860-267-4468.

**The Town Council and Board of Education are  
invited and encouraged to attend all meetings.**

## Important Terms

**TC=Town Council; BOE=Board of Education;  
BOF=Board of Finance**

**APPROPRIATION:** An authorization made by the Board of Finance and approved by the Town Council that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

**BOND:** A written promise to pay a specified sum of money (called the face value or principal amount), at a specified date or dates in the future, i.e. maturity date(s), together with periodic interest at a specified rate.

**CAPITAL ASSET:** Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

**CAPITAL RESERVE FUND:** A fund that is used to account for costs associated with the town's five year capital improvement plan. The fund receives annual operating transfers from the General Fund to finance projects.

**CONTINGENCY:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for. When required, funding transfers to departmental function areas are approved by the Board of Finance and Town Council.

**DEBT SERVICE:** Payment of interest and repayment of principal on debt that the Town has issued, typically for large capital projects.

**FTE:** Full-time equivalent; the equivalent of one full-time employee.

**FUND BALANCE:** The difference between assets and liabilities in a governmental fund at a particular point in time (such as the end of the fiscal year). A negative fund balance is sometimes referred to as a fund deficit. Can be considered the town's reserves or "rainy day" fund.

**GENERAL FUND:** The fund that accounts for most municipal operations, including education, police, public works, human services, general government, recreation, library services, and most debt service.

**GRAND LIST:** The property tax base as determined by a valuation of real estate and certain personal property by the Town Assessor for the purpose of levying property taxes.

**MILL RATE:** The property tax rate that is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation.

**OPERATING TRANSFERS:** The transfer of cash into or out of one fund to another.

**RESERVE:** An account which records a portion of fund balance which is legally segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

**REVALUATION:** To establish the present true and actual value of all real property in a town as of a specific assessment date.

**REVENUE:** Additions to assets, which do not increase any liability, do not represent the recovery of expenditures, and do not represent contributions of fund capital.

**SINKING FUND:** An account used to accumulate money for future purchases.

**SURPLUS:** The amount by which revenues exceed expenditures in a given year.