



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

April 1, 2021

Dear Residents and Friends,

Through the budget process each year the town evaluates what services and projects it wants to fund, what it needs to fund, and how much it can afford to fund. The Boards of Selectmen and Education, in consultation with the Town Manager and School Superintendent, recommend expenditure budgets to the Board of Finance as part of this process. The budget funds essential services including education, public safety, roads, parks, open space, the senior center, the library, capital projects, and other town services. Conservative budgetary assumptions are used to ensure financial best practices are followed and to keep the town in a strong fiscal position.

The Board of Finance, as the budget-making authority for the town, evaluates expenditure recommendations against affordability measures and best practices to ultimately recommend a budget to citizens at referendum. This year we also evaluated specific challenges from the COVID-19 pandemic and its impact on education, town services and our residents. After budgets pass at referendum, the Board of Finance sets a mill rate.

This year the Board of Finance is holding a hearing to consider the following:

1.00% Tax increase
37.46 Mill rate

****Note** – The Fire District mill rate is currently set at 1.19 mills. It is currently proposed to increase by 0.03 mills, which translates to a revised mill rate of 1.22 for FY21/22.

For the **median taxpayer**, with a home valued at approximately \$300,000, this equates to \$8,043 in annual taxes, which is an \$80 increase over last year.

For a home valued at approximately \$400,000, this equates to \$10,489 in annual taxes, which is a \$104 increase over last year.

For a home valued at approximately \$500,000, this equates to \$13,111 in annual taxes, which is a \$129 increase over last year

***Your taxes may be higher or lower depending on the assessed value of your home. The above does not include the Fire District taxes.*

Virtual Public Hearing on April 6 at 6:00 PM – We want to hear from you!

Before the Board of Finance approves a budget to send to referendum, the Board will hold a Virtual Public Hearing on April 6, 2021 at 6:00 PM to receive citizen comment. The Board of Finance may increase or

decrease the recommended budget after receiving public comment. We encourage and welcome your input and thoughts on priorities for the Town.

Due to the pandemic and pursuant to Executive Order No. 7B, in-person public access to the hearing is suspended. The public may view the meeting live and rebroadcast on Comcast Channels 96 and 1090, Frontier Channel 6071, or live on-demand at www.simsburytv.org.

Members of the public may email statements to the Town Clerk's Office (EButler@simsbury-ct.gov) by 6:00pm on April 5, 2021 to have their comments read into the record at the hearing. Or members of the public may register to address the Board of Finance live by emailing the Town Manager's Office (TFitzgerald@simsbury-ct.gov) by 6:00pm on April 5, 2021.

Main Drivers of Tax Increase

While every effort was made to limit tax increases, the Board of Finance is considering a tax increase to cover increased costs, primarily driven by debt service, contractually obligated salaries, change in pension assumptions and service enhancements.

By the Numbers

At the Public Hearing the Board of Finance will receive comment on the FY21-22 proposed budgets detailed below:

	FY2021/22 Projected	Change	Percent Change
Board of Selectmen	\$ 25,117,980	1,013,343	4.20%
Board of Education	73,881,930	1,572,869	2.18%
Non-Public School	564,650	13,267	2.41%
Debt Service & Capital	6,549,357	1,077,892	19.70%
Total Expenditures	106,113,917	3,677,371	3.59%
Anticipated Non-Tax Revenues	10,081,809	68,041	0.68%
Balance to be Raised by Taxes	\$ <u>96,032,108</u>	\$ <u>3,609,330</u>	<u>3.91%</u>

Capital Projects

Citizens will also be asked to comment on proposed new long-term debt for capital investments. Highlights include:

\$36,792,406	<u>Latimer Lane School</u> renovate-as-new project (\$25,703,175 funded by borrowing over a 20-year period; \$11,089,231 from State grants)
\$6,115,860	<u>Meadowood open space</u> purchase (\$2,515,860 funded by borrowing over a 10-year; \$3,450,000 in various grant funding and \$150,000 from a private lot sale)

Detailed Information on the Town and Education Budgets

All budget documents are posted for your review and provide greater details on budget proposals.

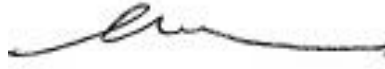
- The *full legal notice* for the April 6th Budget Hearing can be found [HERE](#).
- *Town budget and capital projects information*, click [HERE](#).
- *Education budget information*, click [HERE](#).
- *Information on the Latimer Lane project*, can be found [HERE](#)

We look forward to hearing from you as we finalize budgets and set priorities for the town.

Sincerely,



Rob Pomeroy,
Chair of the Board of Finance



Lisa Heavner,
Vice Chair of the Board of Finance

Town of Simsbury

Citizen's Budget Guide

Board of Finance Budget - Public Hearing



General Fund

The General Fund provides for general purpose government services. In other words, the General Fund finances the regular day-to-day operations of the Town. This is also referred to as the operating budget.

What types of activities does the General Fund provide for?

The General Fund provides services such as education, public safety, street maintenance, library services, senior services, and general administration.

Where does the money for the General Fund come from?

The money that funds the General Fund comes from a variety of sources. The primary source of revenue is local property taxes (91%). Other sources include intergovernmental revenue, such as state aid (6%); local revenue, such as inspection fees, fines, and permits (2%); and transfers, such as use of fund balance (1%).

Understanding Your Tax Bill

What is a mill rate?

The mill rate is used to calculate the amount of taxes a property owner pays to the Town of Simsbury. The Town established a mill rate of 37.09 mills for Fiscal Year 2020/2021 (excluding the Fire District). Under the proposed Fiscal Year 2021/2022 budget, the mill rate would increase by 0.37 mills to 37.46 mills for real estate, personal property, and motor vehicles. One mill produces one dollar for each \$1,000 of property value. In other words, under the proposed budget, a property owner would pay \$37.46 in property taxes for every \$1,000 of "assessed" value.

Many of the items driving the increase in the budget for Fiscal Year 2021/2022 are fixed costs. The major budget drivers include debt service payments, pension and other post-employment benefits, and contractual salary increases.

How are my taxes calculated?

In Connecticut, your property taxes are calculated based on 70% of your home's current market value, or its "assessed" value. For example, the median single-family home price in Simsbury is \$306,000. The assessed value of a \$306,000 home is \$214,000. Your tax bill is calculated as follows:

View the proposed budget at:
www.simsbury-ct.gov/budget

Where does the money go?

FY 21/22 Proposed Operating Budget Expenditures

Education	\$74,446,580
Benefits & Insurance	\$6,900,093
Debt Service	\$6,549,357
Public Safety	\$5,670,814
Public Works	\$4,543,434
Community Services	\$3,683,328
General Government	\$2,653,888
Community Development	\$731,382
Capital & Operating Transfers	\$729,653
Contingency	\$205,388
Total:	\$106,113,917

(Assessed Value/1000) x Mill Rate = Amount Due in Taxes

Using the example of a home valued at the median single-family home price in Simsbury, a typical single family homeowner would pay the following property taxes next fiscal year (excluding the Fire District):

$$(\$214,000/1000) \times 37.46 = \$8,043$$

This is an increase of \$80.00 or 1.00% for the median valued home over the current year.

Property taxes are generally perceived as a less progressive means of taxation than an income tax. Due to statutory limitations, the Town has a nearly impossible task of diversifying its revenue base in such a way that would create a more progressive tax structure.

Fire District

Why isn't the Fire District included in the budget?

The Fire District is a separate and independent taxing district. While residents pay taxes to fund the Fire District, this budget is not approved by the Board of Selectmen and Board of Finance and residents do not vote on this budget at referendum. Instead, the Fire District passes their budget and sets the mill rate at their annual meeting held in May, which is open to the public. The Fire District anticipates an increase of 0.03 mills for FY21/22, which results in a total mill rate of 1.22.

The Grand List and Property Revaluation

What is the Grand List?

Simsbury's Grand List is the total assessed value of all taxable property within the Town. The Grand List includes residential and business properties, personal property (business equipment), and all motor vehicles. Per Connecticut state statutes, the revaluation of all real estate occurs every five years. The last revaluation occurred in 2017, and the next will occur in 2022. The 2020 Grand List, which will impact the 2021/2022 budget, increased by 2.93% (subject to change based on the outcome of assessment appeals).

Property Tax Relief

I need help paying my taxes. Where do I go for help?

Simsbury offers a number of property tax abatement programs. Taxpayers that may be eligible for property tax relief include veterans, seniors, and disabled persons. Information about tax abatement programs, including eligibility requirements, can be obtained by contacting the Assessor's Office at 860-658-3251, or online at <http://www.simsbury-ct.gov/assessor>. The Community and Social Services Department also offers energy assistance, medical assistance and various forms of financial assistance. For more information, call 860-658-3283 or visit <http://www.simsbury-ct.gov/social-services>.

Capital Improvement Program

What is a capital project?

Capital projects are those that help the Town maintain, improve, or expand our assets and infrastructure, and are generally \$10,000 or greater in value. These could be items such as building renovations, construction of new facilities, and large equipment purchases.

What is a capital improvement plan?

Annually, the Town prepares a six-year plan for all capital projects. The plan accounts for anticipated revenues and expenditures that will be used to fund capital projects. A variety of revenue sources are used to fund projects in the plan, including taxes from the General Fund, grants, and bonds.

What is the Capital and Nonrecurring (CNR) Fund?

The CNR Fund is used for small capital and non-recurring expenditures such as playscapes, mechanical equipment, and vehicles.

What are some upcoming capital projects?

Examples of some upcoming capital projects include street paving, sidewalk reconstruction, and playscape replacements.

Why do we vote on some capital projects but not others?

Capital items greater than 2% of the total budget are presented as separate referendum questions for the voters. Individual capital items under 2% do not require a separate vote or ballot question; they are included in the capital budget which is voted on at referendum.

Debt Management

How do we pay for capital projects?

Just like citizens often borrow money for large purchases such as homes and vehicles, so do towns. The most common form of financing for projects above \$250,000 is borrowing through the issuance of general obligation bonds. Examples of projects that have been paid for by bonds are the renovations to Henry James Memorial School and the acquisition of a new public safety radio system.

What is debt service?

Debt service provides for the payment of debt related expenses. The Board of Finance has a policy specifying that the Town's annual debt service (principal and interest payments) shall be at a rate of not more than 8% of the total operating budget.

Why is it in the Town's interest to have a favorable bond rating?

Better bond ratings mean that the Town's bonds are considered to be a good investment. Good bond ratings are also evidence that the Town is financially healthy. A bond rating is the primary factor in determining the interest rate that the Town needs to pay on debt. The better the bond rating, the more likely it becomes that the Town will pay lower interest rates on debt. Simsbury currently has a AAA bond rating from Standard and Poor's. This is the highest rating that a municipality can receive.

Special Revenue Funds and Enterprise Funds

What are special revenue and enterprise funds and why aren't they in the General Fund budget?

These funds are funded by user fees for specific services rather than by general revenue. The Parks and Recreation Fund is a special revenue fund, and the Sewer Use Fund (Water Pollution Control) is an enterprise fund. The Sewer Use Fund is an enterprise fund because it generates sufficient revenue to cover both operating and capital expenses associated with the operation of the Water Pollution Control Authority. Voters approve the expenditures for these funds at the annual referendum.

Fund Balance

What is a fund balance?

A fund balance is the excess of revenues over expenditures for a fund. A fund balance protects the Town against catastrophic revenue losses and major

emergency expenditures. Examples include severe economic downturns and extreme weather conditions such as hurricanes and other natural disasters.

How much needs to be in the General Fund balance for the Town to be considered financially healthy?

The Board of Finance has a policy specifying that the Town's fund balance be between 15-17% of the General Fund budget. A healthy fund balance contributes to the Town's favorable bond rating. Bond rating agencies advise that fund balance be between 15-17%. It is estimated that on June 30, 2022, the fund balance will be at 16.52% of the operating budget.

Budget Approval

The Board of Finance holds at least one public hearing to gather citizen input on the budget. According to the Town Charter, this hearing must be held no later than April 10. The Board of Finance must approve a budget and file it with the Town Clerk, and the referendum must be held between 14-21 days after that. The referendum on the Fiscal Year 2021/2022 budget is tentatively scheduled for Tuesday, May 4 2021. The Board of Finance meets following the budget referendum to set the mill rate.

Board of Education Budget Process

The Board of Education independently creates and manages the Education and Non-Public Schools portion of the budget. In February, the Superintendent submits his proposed budget to the Board of Education, which reviews and adopts the budget. The budget was presented to the Board of Finance for its consideration on March 9, 2021.

Public Hearing - April 6, 2021

The public hearing on the FY21/22 budget will be held on Tuesday, April 6. The hearing can be viewed live and rebroadcast on Comcast Channels 96 and 1090, Frontier Channel 6071, or live on-demand at www.simsburytv.org. To submit written comment to be read into the record, email the Town Clerk's Office (EButler@simsbury-ct.gov) by 6:00pm on April 5. To register to address the Board of Finance live, email the Town Manager's Office (TFitzgerald@simsbury-ct.gov) by 6:00pm on April 5.