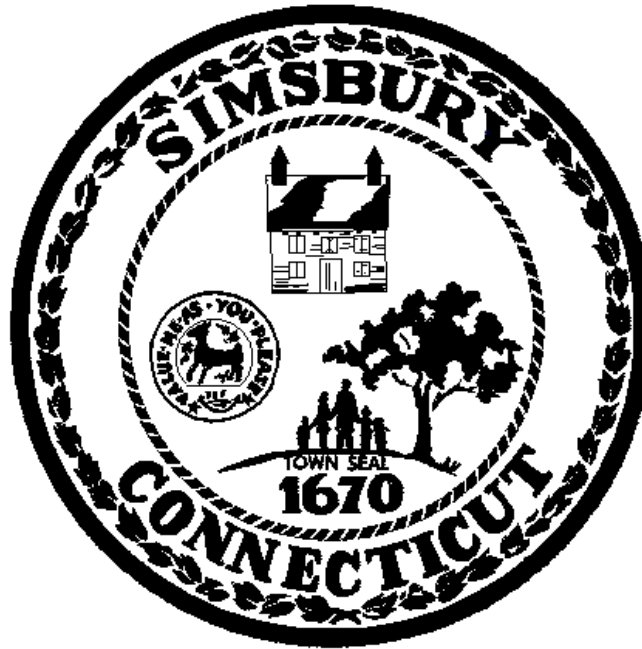
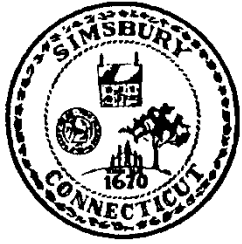


Citizen's Guide to Simsbury's Budget
~ 2017 Edition ~





Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

Lisa L. Heavner - First Selectwoman

Citizen's Guide to Simsbury's Budget *- 2017 Edition -*

Dear Simsbury Citizens,

Simsbury's Town government impacts our lives on a day-to-day basis, providing services like road maintenance and plowing, police, the public library, schools, the senior center, Simsbury Farms, social services, building permits, parks and trails, and much more.

Each year, the Town goes through a budget process: collectively, we decide what services the Town should provide and how much money we should spend on those services. The process concludes when residents vote – usually in May or June – on whether to approve the proposed Town budget. The budget gives you as a citizen a picture of what Simsbury government does for you with the tax dollars you contribute. We've created this "Citizen's Guide to Simsbury's Budget" to give you information about what Simsbury's budget contains and how it is prepared.

We welcome your suggestions and comments and encourage you to become involved in the budget decision making process.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Heavner".

*Lisa Heavner
First Selectwoman
Town of Simsbury*

What is a Budget?

Simsbury's budget is a financial plan that details projected revenues and expenditures. In Simsbury, the budget covers the fiscal year (FY) beginning July 1 of the calendar year. Once adopted, the budget becomes a binding legal document that can only be changed through a formal process. The budget contains all of the services and programs we offer to the citizens of Simsbury and reflects priorities, commitments and policy choices of our elected officials.

The budget consists of an Operating Budget and a Capital Budget. The Operating Budget is the current plan of spending for the year and the means for paying for it, including taxes, fees, etc. The Capital Budget is a plan for *long-term spending* for major projects (such as buildings, renovations and land acquisitions) and large asset purchases, and establishes a plan to pay for them, including borrowing and grants.

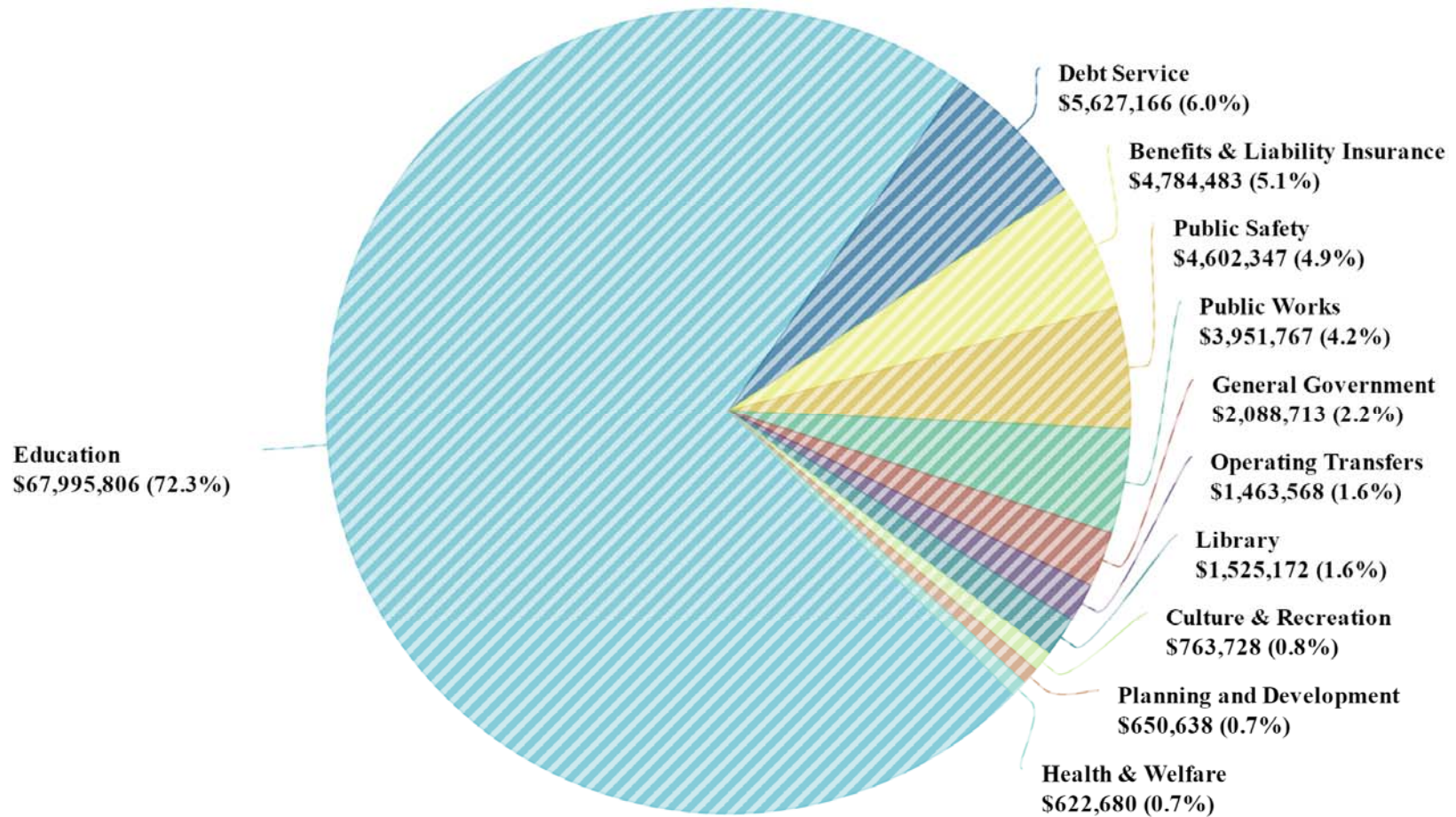


What's in the Town Budget?

The Town Budget contains expenditures and revenues detailing what will be spent and where the money will come from.

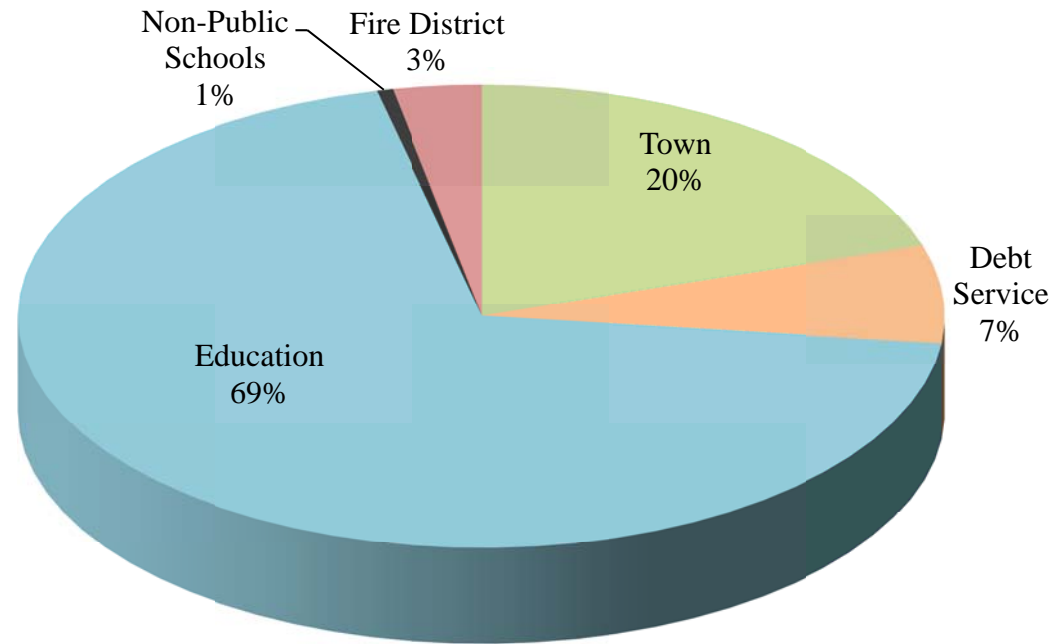
Expenditures – How is the Money Spent?

The Town and Board of Education FY17 budgets totaled \$94,076,068 which was broken down as follows:



The Board of Education independently creates and manages the Education and non-public school pieces of the Town budget, while the Board of Selectmen creates and manages the Town and Debt Service budgets. The Fire District manages its own budget and sets its own separate Mill Rate (see further explanation below).

FY17 Budgeted Expenditure Percentages (Including the Fire District)



Why isn't the Fire District Budget Included in the Town Budget?

The Fire District is a separate and independent taxing district that creates its own budget which is approved at its annual meeting. While residents pay taxes to fund the Fire District, this budget is not approved or reviewed by the Board of Finance and residents do not vote at referendum on this budget. Instead, the Fire District passes their budget and sets their mill rate at their annual meeting held in May each year, which is open to the public.

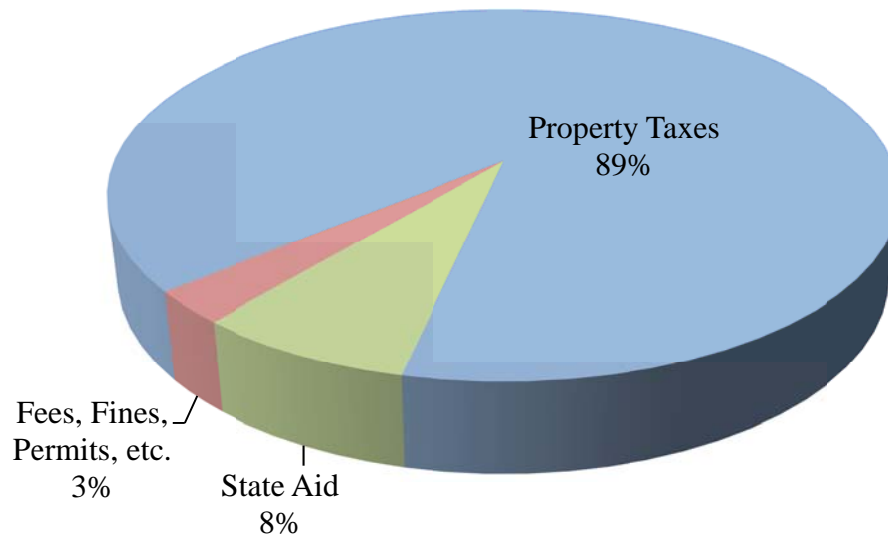
What are Special Revenue Funds and Why aren't they Included in the Operating Budget?

When voting at the budget referendum you may have noticed that you also vote to approve “special revenue funds.” Special revenue funds are “buckets of expenditures” that are *not* financed by the taxes we collect. Instead, they are funded by fees from users (for example, paying for a pool pass at Simsbury Farms). Because special revenue funds are not paid for by taxes, they do not impact the tax rate and they are not included in the Operating Budget. Even though taxes do not fund these budgets, special revenue budgets are voted on at referendum because they represent a significant dollar amount and the Town is legally obligated to make whole any shortfall. Examples of Special Revenue Funds include: Sewer Use Fund, Low Income Housing Residential Properties and Simsbury Farms/Special Programs.

Revenue - Where does the Money Come From?

The bulk of the revenue – fully 90% – used to fund both the Board of Selectmen and Board of Education Operating Budgets comes from property taxes. State aid contributions make up an additional 8% of the Town’s revenues, and other sources including fees, fines and permits make up the remainder of the revenue (3%).

FY17 General Fund Revenue



What is the Grand List?

Simsbury's Grand List is the total assessed value of all taxable property within Simsbury and provides the basis for determining who gets taxed and how much. In Simsbury, the Grand List is \$2.28 billion, which includes residential and business properties, business equipment and all vehicles. The tax revenues generated by the current grand list are approximately \$84 million.

The Mill Rate: Calculating Your Taxes

The Town uses a *mill rate* to calculate taxes that residents must contribute to pay for services provided for in the approved budgets.

A *mill* is equal to one dollar for each \$1,000 of property assessment. The property assessment, in turn, is 70% of a property's current market value as of the last revaluation date. The current *mill rate* for real estate in Simsbury is 38.35 (37.12 Town & 1.23 Fire). This means that residents will pay \$38.35 for each \$1,000 of property assessment.

Here's an example: a resident owns a house valued at \$280,000. The "property assessment" for the house would be 70% of \$280,000, or \$196,000. With a *mill rate* 38.35, the owner will contribute \$7,516 in taxes. ($\$196,000/1000 \times 38.35 = \$7,516$).

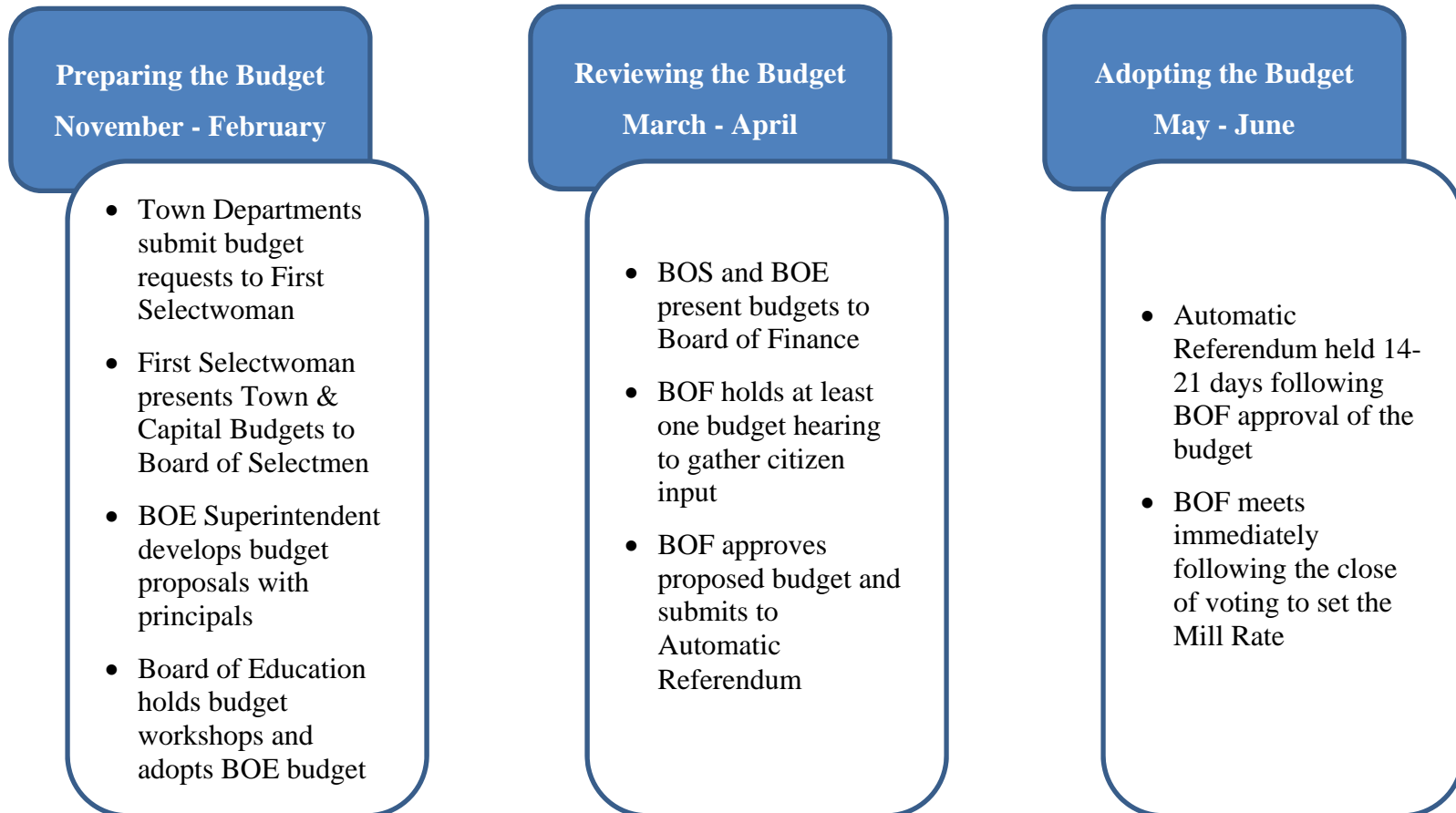
NOTE: Although the Town does not set the Fire District Mill Rate, the Town collects the taxes for the Fire District.



How is the Budget Created?

The Simsbury Town Charter outlines the budget creation and adoption process for the Town, Board of Education, the Special Revenue Fund budgets and the Capital budgets. The Charter can be found in the Town Clerk's Office or online here: <http://www.simsbury-ct.gov/town-clerk/pages/simsbury-town-charter-and-ordinances>

Here is the process outlined in the Charter:



Where Can You Find the Town and Board of Education Budgets?

Simsbury's budget documents for the Town are located on the Town's website: <http://www.simsbury-ct.gov/finance/pages/2017-2018-budget-information>

The Board of Education Budget can be found on the Simsbury Public Schools website: www.simsbury.k12.ct.us on the Board of Education webpage.

What is in the Town Budget Book?

The Town Budget Book is compiled by the First Selectwoman and the Director of Finance and is the formal document presented to the Board of Selectmen and the Board of Finance. The Town budget book lists line-by-line proposed expenditures by department, including: Public Works, Police, Social Services and Senior Center, Culture, Parks and Recreation, Library, Tax Collector, Central Administration, Assessment, Engineering, Planning, Water Pollution Control and Town Clerk. It contains goals and objectives for each department and a narrative of changes from the previous year's budget. It also includes the Capital plan for the Town. It does not contain education, fire or ambulance information.

Budget Message

The Town budget book contains a *budget message* prepared by the First Selectwoman which summarizes the major features of the budget, highlighting challenges, goals, savings and changes compared to previous years. It is a good starting point for understanding the budget details that follow.

Outline of a Town Budget

The budget book presents proposed revenues and expenditures for the upcoming year as compared to the previous year, and as required by the Town Charter, has columns indicating the following:

- Itemized estimates of expenditures for the proposed budget
- Actual expenditures for each department for the last completed fiscal year
- Actual expenditures for the current fiscal year
- Total expenditures as estimated for the current year
- Appropriations proposed for all items in the ensuing fiscal year

A sample from last year’s budget looks like this:

	FY 2015 Actual	FY16 Budget	FY16 6 Month Actual	FY16 Estimate	FY17 FS Rec. Budget	FY 2017 Change	% Inc/Dec
Central Administration	\$ 421,947	\$ 451,719	\$ 225,860	\$ 451,719	\$ 455,881	\$ 4,162	0.9%
Administrative Services	\$ 127,672	\$ 59,260	\$ 29,630	\$ 59,260	\$ 60,400	\$ 1,140	1.9%
BOS - Community Services	\$ 63,283	\$ 56,881	\$ 28,441	\$ 56,881	\$ 59,521	\$ 2,640	4.6%
Legal Services	\$ 233,252	\$ 136,000	\$ 68,000	\$ 136,000	\$ 136,000	\$ -	0.0%
Health	\$ 119,281	\$ 122,694	\$ 61,347	\$ 122,694	\$ 125,869	\$ 3,175	2.6%
Total General Government	\$ 965,435	\$ 826,554	\$ 413,277	\$ 826,554	\$ 837,671	\$ 11,117	1.3%

Capital Improvement Program

The budget includes capital items that will be funded in the fiscal year and a Capital Improvement Plan (CIP) that extends five years out. Capital improvement pays for costs associated with construction, renovations, physical improvements, land or building acquisitions, and large equipment.

The Capital Improvement Plan (CIP) is a multiyear plan used to coordinate the financing and timing of major public improvements for the Town of Simsbury. It reflects the recommendations of citizens, boards, commissions and Town staff. The CIP identifies each proposed project and presents a summary description, estimate of cost, methods of financing, future operating cost impacts and a schedule of implementation. The Capital Improvement Program constitutes a rational plan for preserving, as well as adding to the capital assets of the Town.

Examples of capital projects include land acquisitions, construction or major improvements to public buildings, road construction and the acquisition of large equipment. The combination of all General Government and Board of Education capital projects constitutes the Town of Simsbury Capital Improvement Program.

How do we Fund Capital Projects?

Capital projects may require an appropriation from the General Fund for capital expenditures as one of several funding sources. Other financing sources for Simsbury's capital projects include state and federal grants, donations, capital outlay funds and debt. The largest source of financing for capital projects is borrowing through the issuance of general obligation bonds in accordance with the Town Charter.

**Simsbury has a Moody's Aaa
bond rating**

The highest rating for a municipality

Why Does Simsbury Borrow for Capital Projects?

Much like mortgaging a house, borrowing allows the Town of Simsbury to purchase expensive capital assets and spread the costs over the useful life of the asset, thus eliminating the need to temporarily raise taxes every time a large capital asset is acquired or improved. In addition, debt allows current and future beneficiaries to share the cost of long-term capital improvements such as new open space, schools or roads.

What is the 7% Cap on Debt Retirement?

The Board of Finance has established a long term objective that the debt retirement expenses (interest and principal) be at a rate of no more than 5-7% of the total annual Operating Budget. This keeps debt service in proportion to budgets and limits the amount the Town can bond for projects.

Why Do We Vote on Some Capital Projects But Not Others?

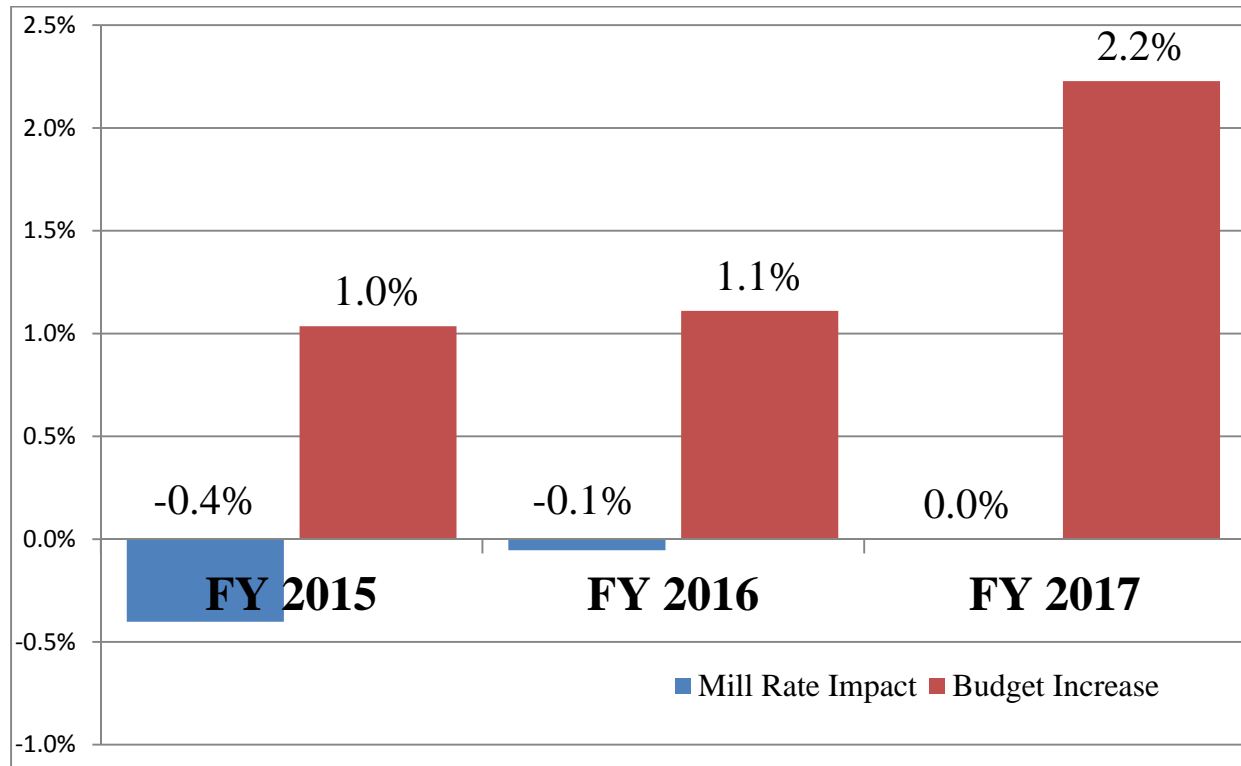
Capital items greater than 1% of the total budget are presented as separate referendum questions for the voters. Capital items under 1% are included under the Town budget and do not require a special referendum vote.



Does a Budget Increase Mean a Tax Increase? – *Not Always!*

A budget increase does *not* necessarily mean a tax increase. Whether your taxes go up or down is based on many factors, only one of which is the budget increase. Other factors include Grand List growth (for example, new businesses or developments), State or Federal aid to the Town, and the tax rate collection assumption used by the Board of Finance.

This last fiscal year, for example, even though the Town's budget increased 3.3%, taxes remained flat *for the third year in a row*. This was due to Grand List growth, more State aid and the tax rate collection assumption used by the Board of Finance.



Property Tax Relief

For residents who need help paying their taxes, 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 in Simsbury, including eligibility requirements, can be obtained by contacting our Assessor's office at (860) 658-3251 or on the website at <http://www.simsbury-ct.gov/assessor>.

Conclusion

Understanding Simsbury's budget process is one way to understand how local government prioritizes and spends your tax dollars and is an important step in becoming an active participant in our community. We welcome your feedback and input!