



**A Citizen's Guide
to the
Town of South Windsor's Budget
Fiscal Year 2008/2009**



Positively **A**ffecting **L**ife in **S**outh Windsor...
...where our
Community **A**ccepts **R**espects **E**veryone



THE TOWN OF SOUTH WINDSOR

General Description - The Town of South Windsor was founded in 1633 as part of Windsor and, in 1845 incorporated as a separate municipality. Throughout most of its history, the Town has been characterized by agriculture, resulting from fertile land and abundant water resources. Today, however, South Windsor affords a blend of gracious residential living, high-tech industry, and valuable open space.

Situated just northeast of Hartford, the Town occupies 28.5 square miles bounded by East Windsor and Ellington to the north, Vernon to the east, Manchester and East Hartford to the south, and the Connecticut River to the west. The Town is located equal distance from New York City and Boston and is only 20 miles from Springfield, Massachusetts. South Windsor has immediate access to interstate 84, 91 and 291 and is only minutes from Bradley International Airport. While freight lines connect the Town to the entire northeast corridor, a well-developed highway system speeds travel to anywhere in the eastern United States and Canada.

Land use in South Windsor remains varied and diverse. Residential use accounts for nearly 85% of the total acreage while commercial and industrial land use is approximately 15%. Major industries include, aircraft electromechanical systems, optical and laser technologies, assisted living/healthcare systems, financial services, and printing and graphic systems.

The Town Plan of Development was initially adopted in 1968 and was revised in 1987, 1990, 1994, 1995 and most recently in 2001. Comprehensive zoning regulations were first adopted in 1968 and are also revised on a periodic basis to reflect current development standards and practices. Both have resulted in a balanced economy, improved residential development and stabilized tax base. One of the Town's exciting projects that will help shape the future is the Strategic Plan, which will identify past, present and future needs in a positive and effective manner.

The vision of learning in South Windsor is in part in the age of information and in a process of discovery. The Town's modern educational facilities include five elementary schools, one middle school and one high school. Graduating seniors have access to more than a dozen Colleges and Universities for both undergraduate and graduate studies.

The Town has nearly 2,000 undeveloped acres of commercial and industrial land. The Town is well suited for continued growth because of (1) its proximity to major metropolitan areas of New York City, Boston, Springfield and Hartford, (2) the immediate access to highly developed interstate highways and railways, (3) its exemplary education system and (4) its active search for industrial and commercial growth through its economic development program and tax incentives. It is anticipated that ongoing negotiations will bring additional employment opportunities to the Town in the future.

BUDGET POLICY

The Town of South Windsor adopts its General Fund and Special Revenue Fund budgets in accordance with the provisions of its Charter and the Connecticut General Statutes. The adopted budgets cover the fiscal year beginning July 1 and ending June 30.

After considering the level of activity in their current year budgets, the feasibility of adding new programs or deleting existing programs, and the services required to be provided, the departments prepare their budget requests for the next fiscal year and submit them to the Town Manager for his review. The Town Manager reviews the budget requests and makes any necessary adjustments, taking into account the needs of the departments, the budget objectives of the Town Council, and the goals of the Town's Strategic Plan. The Town Manager's proposed General Fund and Special Revenue Fund budgets are then presented to the Town Council.

The Town Council schedules numerous meetings to discuss the proposed budgets. After holding a public hearing to receive citizen input on the proposed budgets, the Town Council modifies the budgets as it deems appropriate and adopts the General Fund and Special Revenue Fund budgets.

All unexpended appropriations of the General Fund and Special Revenue Funds lapse at year-end. Expenditures may not legally exceed budgeted appropriations at the department level. Budget transfers within a department can be authorized by the Department Head and Town Manager. All other transfers require a resolution to be passed by the Town Council.

Annually, the Town Council adopts a multi-year Capital Improvement Plan. This plan is reviewed and modified by the Capital Projects Committee as necessary. The Capital Projects Committee, which consists of elected officials and staff from both the Town and Board of Education, determines the priority of each project and decides which year the projects should be completed. The multi-year Capital Improvement Plan, as recommended by the Capital Projects Committee, is submitted to the Town Council for their review and consideration as part of the Town Manager's proposed budget.

General Fund

The General Fund accounts for all of the Town's revenues and expenditures, except for those specific activities that are accounted for in another fund.

Special Revenue Funds

Special Revenue Funds account for the revenues and expenditures of specific activities.

The Sewer Fund accounts for the collection of user fees, connection charges, assessments, and liens. These revenues pay for the expenditures associated with the operation of the Treatment Plant.

The Recreation Fund accounts for the operation of recreation programs. Program user fees are collected and used to cover program specific expenditures. However, this fund does not include the costs associated with the administration of the Recreation Department. Such costs are incorporated in the General Fund.

BUDGET POLICY (continued)

Capital Projects Fund

This fund accounts for transfers, revenues and expenditures associated with the completion of major capital improvements. All projects are authorized by the Town Council, based on citizen input, staff recommendations, and the adopted multi-year Capital Improvement Plan. Unexpended Capital Project Funds do not lapse at year-end. The funds are available in subsequent years until the project is complete. All open capital projects are reviewed annually to determine their status. Any remaining balances for completed projects are closed and transferred to another project or fund balance by Council Resolution. This program is funded by General Fund appropriations, bond issues, and Federal and State grants.

TOWN COUNCIL – BUDGET SCHEDULE

Budgetary Procedure - The Town follows the procedures outlined below when establishing the budget for the General Fund and certain Special Revenue Funds. The Town Council shall hold one or more public hearings no later than May 7th, at which time any elector or taxpayer may be heard regarding appropriations for the ensuing fiscal year. The Town Council must approve the total Town budget by May 22.

Date

Action

Prior to March 15 The Board of Education submits to the Town Council a proposed budget for the fiscal year commencing the following July.

Prior to March 22 The Town Manager submits to the Town Council a proposed General Government budget and certain Special Revenue Funds for the fiscal year commencing the following July. The budgets should include proposed expenditures and the means of financing them.

By April 15 The Town Council has the Board of Education budget available for the public.

By April 27 The Town Council has the General Government budget and certain Special Revenue Fund budgets available for the public.

By April 30 The Town Council conducts one or more Public Hearings on the Board of Education budget.

By May 7 The Town Council conducts one or more Public Hearings on the General Government budget.

May 15 The Town Council approves the Board of Education budget.

May 22 The Town Council approves the General Government budget, certain Special Revenue Fund budgets, and the total Town budget.

The following dates have been scheduled to discuss the Board of Education and General Government Budgets:

March

- 17th** – 7:00 pm Work Session
Board of Education & General Government Presentation
8:00 pm Regular Meeting
Resolutions setting Public Hearings for Board of Ed. & Gen. Govt. Budgets
(*Council Chambers*)
- 24th** – 7:00 pm Joint Work Session
Town Council & Board of Education
(*Timothy Edwards Middle School – Room Alt 6*)

April

- 7th** – 7:00 pm Work Session
7:30 pm Public Hearing
General Government Budget
8:00 pm Regular Meeting
Town Council, Town Manager, Boards & Commissions, Human Services
(*Council Chambers*)
- 14th** – 7:00 pm Public Hearing
Board of Education Budget
(*Timothy Edwards Middle School – Room Alt 6*)
- 21st** – 7:00 pm Budget Work Session
Police, Volunteer Fire Dept., Library, Town Clerk
8:00 pm Regular Meeting
(*Council Chambers*)
- 28th** – 7:00 pm Budget Work Session
Public Works, Capital Projects, Recreation, Information Technology
(*Council Chambers*)

May

- 5th** – 7:00 pm Work Session
8:00 pm Regular Meeting
- 12th** – 7:00 pm Special Meeting
Set Board of Education and General Government Budgets, Set Mill Rate, and
Appoint Rate Maker
(*Council Chambers*)
- 15th** – Deadline for adoption of Board of Education Budget
- 22nd** – Deadline for adoption of General Government Budget

GLOSSARY OF BUDGET TERMS

Annual Budget: A budget, which is adopted by the Town Council, for a specific fiscal year.

Appropriation: A legal authorization granted by a legislative body to expend funds and/or incur obligations for specific purposes.

Basis of Accounting: A term used to refer to when revenues and expenditures are recognized and reported in the financial statements.

Bond: The borrowing of funds from the general public, on a long-term basis, for a specific purpose. The borrowed funds, plus interest at a specified rate, are paid-off in installments on specified dates usually over twenty or thirty years.

Bond Anticipation Note: A short-term interest-bearing note issued by a government in anticipation of issuing a bond at a later date. The note is retired from proceeds of the bond issue to which it is related.

Budget: A plan of financial operation for a definite period of time based on estimated expenditures and the proposed means of financing them.

Capital Improvement Plan: A plan for funding capital expenditures each fiscal year for a specific number of years. It identifies, by fiscal year, each project the Town intends to complete.

Contingency: A budgetary reserve set-aside for emergencies or unexpected expenditures not otherwise budgeted for. The use of contingency requires the approval of the Town Council.

Encumbrance: A commitment related to unperformed contracts for goods or services. Used in budgeting, an encumbrance is not a GAAP expenditure or liability, but represents the estimated expenditure that will result if unperformed contracts in process are completed.

Fund: An accounting entity with a self-balancing set of accounts in which assets, all related liabilities, equity, and changes therein are recorded. Each fund is established to report on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: The difference between assets and liabilities of governmental funds.

GAAP: Generally Accepted Accounting Principles.

Grand List: The total assessed value of residential, industrial, commercial and personal property and motor vehicles using a ratio of 70%, in accordance with State statutes and recommended guidelines. The grand list is established on October 1 each year for the following fiscal year budget.

Grants: A contribution of cash or other assets from another entity to be used or expended for a specified purpose or activity. A majority of grant funds received are from the State of Connecticut and the Federal Government.

Mill Rate: The rate applied against assessed values to determine applicable taxes.

A CITIZEN'S GUIDE TO THE TOWN OF SOUTH WINDSOR'S BUDGET

This guide provides basic information about the budget process, and while understanding the process may not change how you feel about taxes, it can help you take part in the ongoing conversation about taxes and the services they pay for.

WHAT THE BUDGET REALLY IS

Beginning November of each year, employees of the Town begin to review revenue sources to estimate how much money will be collected in the 12 months beginning the following July 1. That money comes from property taxes, Federal and State grants and from Town departments that collect fees.

At the same time, the Town makes an estimate of how much it will have to spend to maintain and/or enhance the services that residents and businesses have come to expect.

Also during this period, the Board of Education and the South Windsor schools administrative staff estimate how much it will cost to operate the schools and school-related services for the next fiscal year.

The Town Manager then takes the estimate of the income the Town expects and the estimates of spending from the Town staff and the Board of Education and presents them to the Town Council.

This is called the Town Manager's Proposed Budget and it is really just a starting point. The Mayor and the Town Council examine the budget and conduct budget hearings to discuss and suggest changes (see page 6). The Town Council approves the final budget.

THE BUDGET IS ALL ABOUT CHOICES

In making budget choices, the Town Council has to face certain realities. There are many new services that we would all like the Town to provide that we simply cannot afford. In fact, we may not be able to afford some things that we have enjoyed in the past.

There are certain expenses that must be included in the budget at some level. For instance, we must have police services and schools. If, for example, we reduce the Police Department's budget by some arbitrary amount, we may find that the time it takes an officer to respond to an accident is doubled. This is a question of 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, and that the Town is obligated to absorb. High on the list are mandates by the Government Accounting Standards Board (GASB), utilities, salaries that are mandated by collective bargaining agreements, and health insurance costs for Town and Board of Education employees.

The Town's proposed revenues have to be managed in a responsible way. For 2008/2009, the Town expects to receive about 16% of its income from the State and Federal governments but that money isn't guaranteed. We could – and have – received less than what we expected so we have to be very careful about putting revenue into our budget that we may not actually get. The largest source of income is property taxes, nearly 81% of the budget.

These are all items the Town Council considers when adopting the budget.

PROPOSED BUDGET EXPENDITURES

General Government (\$3,463,805) – This includes the operating costs of the Town's elected officials, boards and commissions, Town Manager's Office, Town Attorney fees, Planning Department, Building Department, Probate Court, Finance Department, Town Clerk, Information Technology, Registrar's of Voters, and Central Services.

Public Safety (\$6,936,347) – Police, Fire, street lights, and hydrants.

Recreation (\$381,023) – Administration costs to operate the Recreation Department.

Human Services (\$755,427) – This department includes Administration, Adult & Senior Services, Youth & Family Services, and transportation and services for adults with disabilities.

Environmental Health (\$125,467) – This amount provides for the Town's Environmental Health Department.

Library (\$948,915) – This is what the Town estimates it needs to operate the Public Library.

Public Works (\$8,030,870) – This pays for maintenance of Town buildings, roads, and parks and snow plowing.

Board of Education (\$60,752,075) – This amount is allocated directly to the South Windsor Public Schools to operate our school system.

Debt Service and Capital Leases (\$4,768,349) – This covers principal & interest payments on bonds, bond anticipation notes, and capital leases.

Capital Projects (\$3,597,605) – This account reflects the cost of continuing capital maintenance programs and new capital improvement projects.

Unclassified (\$5,458,438) – This includes contingency, all employee benefit budgets, municipal liability and worker's compensation insurances, Wood Memorial Library, South Windsor Patriotic Commission, and South Windsor Cemetery Association.

TOWN REVENUES

Property Taxes (\$76,664,398) – Amount the Town expects to collect from taxes on real estate, automobiles and personal property.

State of CT for Education (\$14,123,991) – Education cost sharing as well as funds for transportation for the blind and handicapped. Also, includes grants for bond interest on school buildings.

State of CT for Other Purposes (\$1,558,207) – Revenue received from the State in a number of categories including compensation for taxes not collected on state property.

Intergovernmental Revenue (\$57,240) – Income from the South Windsor Housing Authority and reimbursements from other Town funds.

Charges For Services (\$1,529,485) – Various sources of revenue, the largest of which are recording of legal documents, conveyance fees and issuing building permits.

Other Revenue (\$285,000) – Interest earnings on invested funds.

General Fund Surplus (\$1,000,000) – An amount determined by the Town Council to be taken from Fund Balance and used to reduce the tax rate for the year.

The Mill Rate: Calculating your taxes

One “Mill” produces one dollar for each \$1,000 of property valuation. For example:

Your house has a valuation of \$191,000. (That “valuation” is 70% of its current market value.) The Proposed Mill Rate is 28.28.

Your tax is calculated as follows: $(\$191,000/\$1,000) \times 28.28 = \$5,401.48$

THE BUDGET IS ABOUT LOOKING AHEAD AND FISCAL RESPONSIBILITY

The reality is that the choices we make as to how much revenue we can expect and how much we can spend in 2008/2009, have an effect on future years as well. If for instance, we elected to reduce the size of our Public Works Department to the point where we could no longer maintain one or more of our parks or Town buildings, we would be placing the extra cost of reclaiming those facilities on some future year’s budget.

The reverse is also true. If we include a new service of some kind in our budget now, we could be obligating ourselves as a community to continue it in future years.

The taxes you pay on real estate, automobiles and other personal property have a long-term influence on our Town. We must be aware of our resident’s ability and willingness to pay for services. If our mill rate is perceived as being too high, residents living on fixed incomes will move away and those shopping for new homes will avoid us. Businesses, that now pay more

than 24.2% of all town taxes, may relocate to areas that are less expensive. The vitality and diversity that make our Town such a good place to live could quickly disappear.

Like any household or business, we have to be careful about what we spend and borrow. We must repay money that we, as a community, decided to borrow in the past. The money used to renovate South Windsor High School is a good example of this.

Also, we need to maintain a savings account. For the Town, that's called our Fund Balance and it represents revenues that we have collected over the years but have not spent. It may be tempting to dip into those savings to cover our immediate needs but that may not be fiscally responsible because our Fund Balance amount is closely watched by the financial community and various government agencies. Our Fund Balance could also be critical if we were faced with a true community-wide disaster, or a significant revenue source doesn't materialize as planned.

Our challenge then, is to figure out just how much, if anything, we can spend on each service the Town provides. Instead of simply setting spending levels, we need to carefully weigh what services we can deliver at what cost.

HOW YOU CAN GET INVOLVED

As you can see, creating a budget that maintains important services, provides a good education for our children and doesn't raise taxes to unacceptably high levels is not an easy thing to do and it simply can't be done without citizen input. The Town Manager and the Town Council want to know what you think as they prepare our Town budget.

You don't need a background in accounting or a degree in public policy. You do need to have enough interest in South Windsor's future to come out and voice your concerns, needs and opinions at our Town Council meetings (see page 6 for schedule). These meetings are televised on the South Windsor Government Channel 16 on the day and time of the meeting, 7:00 p.m. on the Wednesday following the meeting, and 1:00 p.m. on the Saturday following the meeting.

If you aren't comfortable with speaking before a group, you can send a note, or email to the Town Manager or any member of the Town Council outlining your ideas and concerns. What's most important is to be heard.

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Remember, everyone has a stake in this process. If you don't pay real estate taxes because you rent, your landlord does and that will eventually affect you. If you don't have children in the South Windsor School system, you should still have an interest in the quality of our schools because good schools are the foundation of every successful community.

