



A NEIGHBORS GUIDE

TO UNDERSTANDING THE TOWN BUDGET



OVERVIEW OF THE BUDGET PROCESS

A MESSAGE FROM COUNCILMAN KENNETH MCCLARY FINANCE SUB COMMITTEE CHAIRMAN



"The Town Budget is our primary financial tool, and it is an important resource for residents to have to understand where their tax dollars are spent. This guide will assist in analyzing the Town budget, better understand the intricacies of municipal government, and to make informed recommendations to the Town Council. It is our responsibility to ensure we vote on a fiscally fair and balanced budget."

A MESSAGE FROM STANLEY D. HAWTHORNE TOWN MANAGER



"This guide is designed to help our neighbors better understand the processes that go into our Town's budget and offer input about how anyone can participate in the budget process. We have all heard the terms "operating budget," "mill rate," "fiscal year," and "general fund" at budget time. This guide is designed to unlock the mysteries of these terms and explain in simple language what happens during the process as well as offer a timeline of scheduled events."

Each year the Town Council adopts a budget for the Town in accordance with the Town Charter and state statutes. Budget preparation for the fiscal year runs from July 1 through June 30.

We have prepared this guide to give Neighbor's facts about our financial position and the budget process.

Public input is vital to this process and we hope that this guide will help Neighbor's stay informed. The proposed Town and Board of Education budgets are on the town website home page. Copies are also available at Town Hall, both public libraries and the Human Services Facility Center.

HOW TO WATCH BUDGET WORKSHOPS

Council Budget Workshops will be conducted at 330 Park Ave. Neighbors and other public may attend in person during these workshops, with participation only at the public hearing.

All workshops will be streamed live and archived on the Town's YouTube channel.



www.youtube.com/@AccessBloomfieldCT

If you have comments on the FY 2024 budget, please contact:

budget2024@bloomfieldct.org



BUDGET WORKFLOW

1

TOWN DEPARTMENTS DEVELOP DEPARTMENTAL BUDGETS AND SUBMIT TO THE TOWN MANAGER

Beginning in January each year, Department Directors begin to review programs and services to estimate how much it will cost to operate the Town in the 12 months beginning July 1.

2

THE TOWN MANAGER DEVELOPS A PROPOSED BUDGET

The Town Manager takes the estimate of the income the Town expects along with the estimates of spending from the Town staff and the Board of Education and presents a balanced budget to the Town Council.

3

THE TOWN COUNCIL REVIEWS THE TOWN MANAGER'S PROPOSED BUDGET

Upon receiving the budget, the Town Council examines the budget and conducts budget reviews with all town departments throughout the month of March, in order to prepare for the budget deliberations.

4

TOWN COUNCIL HOLDS PUBLIC HEARING AND ADOPTS BUDGET

The Town Council holds at least one public hearing to gather input from neighbors on the budget. According to the Town Charter, the Annual Town Meeting is scheduled for the first Monday in May and this year will occur on May 1, 2023. At that meeting, the Town Council will vote and approve on the budget for the upcoming fiscal year, while also setting the property tax millage rate.



It is important to remember, the Annual Budget is required by our Town Charter. Above are the general steps involved in the creation and approval of the Town budget. For a more in depth view of what is involved, please review Chapter IX of the Town Charter at:

https://library.municode.com/ct/bloomfield/codes/code_of_ordinances

COMPONENTS OF THE TOWN BUDGET

REVENUES

Revenue estimates are projections of how much money the Town will receive during the fiscal year. Major categories of revenue include, property taxes (85%), grants (8%), licenses, permits, interest income, and miscellaneous income (7%).

EXPENDITURES

Expenditures estimates include the cost of Town services, including the salaries of employees, pensions, debt service, and routine operating expenses such utilities and contracts. It is a legally binding commitment to a level of appropriations for a particular fiscal year. It is the expenditure budget that people generally think of as “the Town budget.”

DEBT SERVICE

Debt service provides for the payment of debt related expenses. Towns often borrow money for large purchases exceeding 15 years or more. Funds are usually borrowed by issuing bonds. Bloomfield has, for example, issued bonds to pay for renovations to the public libraries, schools and town buildings.

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. Both Standard and Poor’s and Moody’s have given Bloomfield very favorable bond ratings.

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?

A healthy fund balance contributes to the Town’s favorable bond rating. Bond rating agencies advise that the General Fund reserve total at least 10 to 15% of the total general fund budget.

Additionally, Bloomfield has a fund balance policy goal of maintaining the unrestricted fund balance at 15 to 20% of the general fund operating budget.

COMMUNITY INVESTMENT PLAN (CIP)

As a part of the Annual Budget process, the Town Manager prepares and revises a five-year plan for all capital projects.

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 to the Town. It is also vital for a growing community like Bloomfield 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 Town Council to approve appropriations for capital items. These appropriations are considered and implemented consistent with the CIP, the purchasing ordinance and Town Charter.

BOARD OF EDUCATION

Bloomfield Board of Education provides for education of Bloomfield students in grades Pre K-12. The Board and the Superintendent work together to implement and manage their budget. Bloomfield Board of Education has its own elected board of officials. In the fall, the Superintendent begins to prepare their proposed budget and submits it to the Board in January. After a series of meetings in the winter, the Board adopts a proposed budget that is then submitted to the Town Council for its consideration.

- PROPERTY TAXES
- STATE & LOCAL GRANTS
- FEDERAL GRANTS
- LICENSES, FEES & PERMITS
- INVESTMENT INCOME

REVENUES

- EDUCATION
- PUBLIC WORKS
- PUBLIC SAFETY
- CULTURE & RECREATION
- HEALTH & HUMAN SERVICES
- REGULATORY
- ADMINISTRATIVE & FINANCE
- DEBT SERVICES

EXPENSES

GRAND LIST & MILL RATE

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 as determined by the Town Assessor. Your taxes are assessed at 70% of appraised value (a procedure determined by Connecticut statute).

WHAT IS THE MILL RATE

The mill rate is a figure representing the amount per \$1,000 of the assessed value of property which is used to calculate the amount of property tax. The current millage rate as determined for Fiscal Year 2023 is 34.53

HOW IS THE MILL RATE CALCULATED?

One "mill" produces one dollar for each \$1,000 of your property assessment. The assessment rate is 70% of your property's current market value.

Therefore, a property with an assessed value of \$250,000 would generate \$6,043 in property tax.

Home Assessed Value	\$250,000
70% of value by State Statute	x 0.70
Taxable Assessment	\$175,000
Mill Rate (34.53)	x .03453
Property Tax Bill	\$6,043

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

2021 NET GRAND LIST

	2022	2021	S Change	% Change
<u>Real Estate</u>	\$1,900,249,593	\$1,853,218,378	+\$47,031,215	+2.5%
<u>Personal Property</u>	\$379,986,156	\$357,351,470	+\$22,634,686	+6.3%
<u>Motor Vehicle</u>	\$234,674,468	\$212,480,739	+\$22,193,729	+10.4%
Net Grand List	\$2,514,910,217	\$2,423,050,587	+\$91,859,630	+3.8%

SUMMARY STATEMENT

Balance Sheet for Fiscal Year 2023 Council Adopted Budget

BALANCE SHEET/MILLAGE RATE CALCULATION				
	2022	2023	2023	2023
	ADOPTED	COUNCIL	\$	%
	BUDGET	APPROVED	Change	Change
	BUDGET	BUDGET		
EXPENDITURES:				
1 Board of Education Operations	46,738,367	48,841,803	\$2,103,436	4.50%
2 Town Government Operations	28,708,336	29,799,253	\$1,090,917	3.80%
Bonded Debt Service	7,042,632	6,907,797	(\$134,835)	-1.93%
Metropolitan District Commission	3,780,000	3,898,550	\$118,550	3.14%
Fixed Charges: Pensions, Benefits, Solid Waste, Insurances	9,638,704	10,846,223	\$1,207,517	12.76%
Budget Modifications	0	900,000	\$900,000	NEW
Capital Improvements	800,000	3,200,000	\$2,399,940	299.97%
TOTAL APPROPRIATIONS - TOWN AND BOARD	96,688,299	104,231,623	\$7,505,324	7.87%
REVENUES:				
Estimated Non-Tax Revenue	11,565,263	12,544,178	\$978,915	8%
General Fund Balance Applied	2,750,000	2,750,000	\$0	-
Assigned Fund Balance-Capital	0	1,722,028	\$1,722,028	NEW
Assigned Fund Balance-Debt Service	0	621,041	\$621,041	NEW
Indirect Cost Allocation Plan (estimated 7.5% of CIP)	0	191,250	\$191,250	NEW
Estimated Motor Vehicle Revenue Capped at 32.46 Mills	0	7,399,699	\$7,399,699	NEW
State Pilot for Tax Cap on Motor Vehicles**	0	344,750	\$344,750	NEW
American Rescue Plan Act (revenue loss formula)	0	4,600,000	\$4,600,000	NEW
AMOUNT TO BE RAISED BY CURRENT TAXES	82,373,036	74,120,877	(\$8,252,159)	-10.02%
ADJUSTED LEVY FOR COLLECTION RATE	81,712,435	75,325,801	(\$6,386,634.82)	-10.02%
TOTAL GRAND LIST	2,402,492,250	2,459,691,363	\$57,199,113.00	2.36%
GRAND LIST LESS MOTOR VEHICLE VALUE	2,402,492,250	2,231,313,613	(\$171,178,637.00)	-7.13%
Less estimated adjustments: Appeals, Corrections, Exemptions	50,000,000	50,000,000	\$0.00	0.00%
NET ADJUSTED COLLECTIBLE GRAND LIST	2,352,492,250	2,181,313,613	(\$171,178,637.00)	-7.28%
Value of One Mill	2,181,314			
MILL RATE	15.58	14.83	-1.05	-2.96%

*Includes a decrease in health insurance renewal (\$179,809 in operations, \$446,827 in fixed costs), solid waste tipping fee (\$41,130 in fixed costs), and increase in non-tax revenue (\$390,120 in bond premiums)

**The governor is approving a property tax cap of 32.46 mills on motor vehicles. The Motor Vehicle Tax Reimbursement grant would contribute towards for revenue lost as a result of the cap

- 1 Total Expenditures**
The total amount of money estimated to be spent by the town during the Fiscal Year.
- 2 Total Revenues**
The total amount of money estimated to be earned by the town during the Fiscal Year.
- 3 Total Grand List**
The Grand list is a listing of all taxable property located within the Town as of the prior October 1. The Town Assessor certifies the grand list annually by February 1. One duty of the assessor is to locate and value taxable property, and certify what was on the grand list as of the date of the prior October 1.
- 4 Net Adjusted Collectible Grand List**
The Grand List contains the aggregate valuation of all taxable property within the Town. The Net Adjusted Collectible Grand List is the total amount of property assessments on which taxes can be collected and is the Gross Grand List less exemptions and adjustments.

DEPARTMENT BUDGETS/BUDGET MODIFICATIONS

This example outlines the expenses for the Town Manager's Office. The budget lines include data on years prior to give context to the requested amount.

Town Manager Summary of Expenditures						
	Actual 2021	Adopted 2022	Actual 8 Months	Estimated 2022	Proposed 2023	Percent Change
Wages & Salaries	\$ 342,848.04	\$ 346,111.00	\$ 273,888.72	\$ 346,111.00	\$ 363,368.00	4.99%
Operating Expense	77,094.85	167,868.00	44,064.55	167,868.00	111,466.00	-33.60%
Social Security/Employee I	123,705.87	128,791.00	72,742.41	128,791.00	136,396.93	44.63%
Total Department	\$ 543,648.76	\$ 642,770.10	\$ 390,695.68	\$ 642,770.00	\$ 611,106.79	-4.93%

Town Manager Proposed Base Budget				
	Adopted FY 2022	Proposed FY 2023	Change Over Adopted	Percent Change

Wages & Salaries

Full-Time Payroll	\$ 346,111	\$ 363,368	\$ 17,257	4.99%
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This appropriation funds three full-time employees and includes estimated general wage increases. The increase of \$17,257 or 5% is mainly attributed to reflecting the current Town Manager's salary which was higher than the budget in prior year's adopted allocation.

	Adopted FY 2022	Proposed FY 2023	Change Over Adopted	Percent Change
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Operating Expenses

Advertising	\$ 1,000	\$ 1,000	\$ -	0.00%
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This appropriation request funds miscellaneous newspaper advertising and remains flat with the prior year's adopted budget.

Travel	\$ 1,000	\$ 6,150	\$ 5,150	515.00%
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Travel accounts for misc. travel for the Town Manager's office and the addition of the Town Manager and Assistant Town Manager's attendance to the annual MissionSquare conference which accounts for the full increase of \$5150 or 515.00%

Consultant	\$ 1,300	\$ 1,300	\$ -	0.00%
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This allocation is for consultant services and fees on an as needed basis and reflects no change in the Town Manager's Proposed budget request.

Other Contractual Services	\$ 76,600	\$ 16,600	\$ (60,000)	-78.33%
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Other Contractual Services includes the Department of Labor filing fees and an intern for 52 weeks/20 hours a week. The decrease of \$(60,000) or 78.33% is the elimination of the one time funding cost for an equity assessment in the prior year's adopted budget

Education/Training	\$ 5,107	\$ 5,416	\$ 309	6.05%
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Continued costs of annual memberships to Connecticut Town & City Management Association (CTCMA), MissionSquare (f.k.a ICMA), Rotary Club, National Forum for Black Public Administrator and miscellaneous training and development classes. The increase of \$309 or 6.05% is a result of the addition of the National Forum for Black Public Administrator membership and a slight increase in MissionSquare membership cost

BUDGET MODIFICATIONS

The Adopted Budget establishes the starting point for the fiscal year, but the budget is managed and modified on an ongoing basis throughout the fiscal year in response to changing conditions and circumstances. Budget modifications are a means to present other needs associated with each town department, as well as address economic conditions, revenue trends, or other factors and circumstances.

What conditions can result in budget modifications?

- Unanticipated economic conditions
- Actual revenues are higher or lower than expected
- Departmental needs (such as reallocating resources between or within agencies) for administrative or programmatic purposes.

THE TOWN'S HOUSEHOLD BUDGET

INCOME

MORTGAGE/RENT

LOANS

TAXES

SAVINGS ACCOUNT

UTILITIES, FOOD, GAS

MAINTENANCE PROJECTS

PHONE, CABLE, INTERNET

ENTERTAINMENT/VACATIONS

REVENUE

DEBT SERVICE

BONDS/ISSUES

REQUIRED SERVICES

STATE MANDATES

FUND BALANCE/RESERVED ACCOUNTS

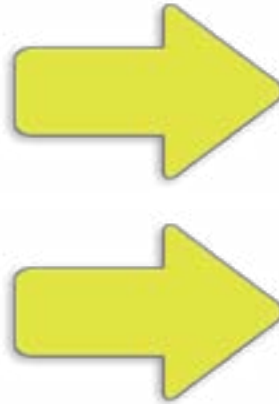
UTILITIES/GAS

SALARIES/BENEFITS

COMMUNITY INVESTMENT PLAN

TECHNOLOGY/COMMUNICATIONS

"NICE TO HAVE" ITEMS



YOUR HOUSEHOLD



THE TOWN



DEPARTMENTAL BUDGET REVIEW PROCESS

- ➔ Review each department's organizational structure, resources, functional narratives, and compatible service level comparisons.
- ➔ Budget Summary: This table provides comparative information on budgeted expenditures for three fiscal years organized by the following categories: wages and salaries, operating expenses, and employee benefits
- ➔ Expenditure Summary: This provides detailed line item amounts and explanations as well as the Town Manager's proposed budget for each line item.

THE REVALUATION PROCESS



A revaluation program is undertaken to secure a more equitable distribution of the tax burden, to bring the assessment level up to date, and to modernize assessment procedures. Furthermore, Connecticut law requires that all property be revalued for assessment purposes periodically. A revaluation is required to be completed every five years. The purpose of this requirement is to insure uniformity in real property valuations by eliminating inequities that may have developed since the previous revaluation.

It is always important to carefully review your tax bill and/or notices of assessments, but even more so in the year in which your city or town conducts a revaluation.

Each assessment should be carefully reviewed, even if your assessment has not increased substantially, as an appeal immediately after a revaluation maximizes a property owner's potential tax savings.

Connecticut law requires that each municipality conduct a general revaluation of the real estate within its borders, at least once every five years.

The purpose of a revaluation is for a municipality to determine the market value of real estate to be used to calculate property taxes.

Once a property's value is set in a general revaluation, it remains constant over the entire five-year cycle, absent appeal, demolition, improvements or expansion. Of course, the annual taxes usually increase, as a municipality's mill rate increases incrementally from year to year.

There are five major phases to a municipal revaluation: Data Collection, Market Analysis, Valuation, Field Review, and Informal and Formal Appeal Hearings. During these phases many tasks will be implemented in order to successfully complete the revaluation.

It is in your best interests to be proactive in monitoring the revaluation process and your new assessment so that you can take all necessary steps to ensure that the assessment is equitable.

KEY TERMS

ADOPTED BUDGET: The Adopted Budget as amended by the Town Council and adjusted to show comparability as a result of shifts in programmatic or functional responsibilities.

APPROPRIATION: An authorization made by the Town Council which permits officials to incur encumbrances or obligations against and to make expenditures of Town controlled governmental dollar resources. Appropriations are usually made for fixed dollar amounts and are typically granted for a one (1) fiscal year period.

BOND (DEBT INSTRUMENT): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

BUDGET (OPERATING): A plan of financial operation embodying an estimate of proposed revenues and expenditures for a given period (typically a fiscal year). The term "Approved Budget" is often used to denote the Town Council officially Approved Budget under which the Town and its departments operate.

CAPITAL PROJECTS: A plan of proposed capital expenditures for buildings, parks, utilities, etc., and their financing sources. Capital Projects should be enacted as part of the Town's Consolidated Budget which includes both the Operating Budget and the Capital Budget.

CAPITAL IMPROVEMENT PLAN: A plan for capital expenditures to be incurred each year over a period of five (5) future years setting forth each capital project, identifying the expected beginning and ending date for each capital project, the amount to be expended in each year, and the method of financing those expenditures. Also, operating cost impacts are identified for each project for inclusion in appropriate operating budgets.

CAPITAL RESERVE FUND: The Capital Reserve Fund is a fund created to account for financial resources to be used for capital improvements.



KEY TERMS

CONTINGENCY: A reserve of money set aside to cover possible unforeseen future expenses.

CHARTER: The legal document in which the Town of Bloomfield establishes rules and procedures.

CIP: Community Investment Plan, which is the Town's plan for capital expenditures.

DEBT SERVICE: Payment of fees, interest and repayment of principal to holders of the Town's debt instruments.

ENCUMBRANCES: Encumbrances are also known as pre-expenditures since they act as budgeted reserve funds before the actual expenditure. While appropriations are money set aside for budgetary line items, encumbrances are reserves for a specific item.

ENTERPRISE FUND: An enterprise fund is a separate accounting and financial reporting mechanism for which revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities.

FUND BALANCE: The excess of an entity's or fund's assets over its liabilities. A negative fund balance is sometimes called a deficit.

FY: The abbreviation for Fiscal Year which the twelve (12) period beginning on July 1st and ending on June 30th.

GENERAL FUND: The fund supported by taxes, fees, and other revenues that may be used for any lawful purpose.

GRAND LIST: The Grand List is the aggregate valuation of taxable property within a given town.

MILL RATE: Rate used to calculate the amount of taxes a property owner pays to the Town.

OBJECTIVES: Statements about a department's annual level of activity. Objectives are measurable, time bound activities, which illustrate how a department intends to reach its goals.

OPERATING FUNDS: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

RESERVE: An account used to indicate that a portion of fund equity or balance is legally designated or restricted for a specific purpose, e.g., cash flow reserve.

REVENUE: The term designates an increase to the dollar value of a fund's assets which: - Does not increase a liability (e.g., proceeds from a loan); - Does not represent a repayment of an expenditure already made; - Does not represent a cancellation of certain liabilities; - Does not represent an increase in contributed capital.

SURPLUS: A budget surplus is when income or revenue exceeds expenditures. Governments and companies with surpluses have additional money that can be reinvested or used to pay off debts.

TAX LEVY: The total amount to be raised by general property taxes for operations and debt service purposes specified in the Annual Tax Ordinance.

HOW TO VIEW THE BUDGET ONLINE

1. Visit BLOOMFIELDCT.GOV
2. Click on the "DEPARTMENT" Tab
3. Select "A-H" and then click on "FINANCE"
4. Current and previous budget information is available on the left-hand side



In the interest of full transparency, the Town of Bloomfield has an additional "Open Finance" website.

This site allows residents to explore, at their leisure, all the financial transactions that the Finance Department processes. The site will be refreshed every week so you are able to get the most accurate, up-to-date information possible.

This is just one of the steps the Town of Bloomfield is taking to provide residents more insight on the day to day operations that occur.

The link below will bring you directly to the Town of Bloomfield's "Open Finance" site:

<https://bloomfieldct.finance.socrata.com>