

# CITIZENS' GUIDE

## to the Essex Town Budget

2013 –  
2014



### MESSAGE FROM THE TOWN HALL

Welcome to the second annual issue of the Citizens Guide to the Essex Town Budget. While the guide remains much the same as our original, we encourage you to give your attention to the overview of the Revaluation included on page 3. This revaluation will impact the 2013 Grand List and the 2014/2015 fiscal year tax bills.

**All voters have a stake in the budget process.** Your tax dollars go into the budget, and public input on how money is spent is vital. Creating a budget that maintains important town services, provides a good education for our children and is mindful of the tax impact on our citizens is not an easy task. **Citizen input is essential to help us put forward a budget that will be accepted by voters.**

**Please participate with us in this important process.** We encourage you to attend budget meetings and public hearings. The calendar on the back page and the Region 4 website provide the date/time/location for workshops and meetings.

**We count on you to make your voice heard by voting.**

**Norman M. Needleman, First Selectman**  
Board of Selectmen

**James D. Francis, Chairman**  
Board of Finance

**Robert B. Dixon**  
Treasurer

**Kelly Sterner**  
Director of Finance

### ESSEX BY THE NUMBERS

Population (2011) .....	6,669
Registered voters .....	4,776
Median household income.....	\$91,089
Households .....	2,950
Miles of Town Roads .....	44
School Enrollment (K – 12) .....	944
# of town employees (excludes seasonal/temp) .....	23.5
# of BOE employees (EES & pro-rate R4) .....	128.3
2012 Revenues .....	\$21,470,427
2012 Expenditures .....	\$21,580,206
2012 Fund Balance .....	\$2,616,765
2012 Outstanding Debt (direct & indirect) .....	\$16,393,286
% of Debt Service to Expenditures (2012).....	8.2%
% Fund Balance to Budget (2013) .....	11.8%
Per capita debt.....	\$2,458

### UNDERSTANDING THE BUDGET

The annual budget process refers to the proposed plan of expenditures and revenues for a given fiscal year starting each July 1<sup>st</sup> and the following ending June 30<sup>th</sup> for the Town's main operating fund which is also known as the General Fund.

The town budget is broken down into two categories:

Revenues (Income)	Expenditures (Spending)
Property Taxes	Education
Investment Income	Public Safety
Licenses, Fees & Permits	Public Works
Federal Grants	Administrative & Finance
State & Local Grants	Health & Human Services
Local Government Payments	Parks & Recreation
	Debt Service

The General Fund budget process requires the involvement of many stakeholders in order to develop a responsible budget that provides essential services without imposing excessive costs.

Based on our Regional School system, our annual town budget requires the merging of 4 distinct budgets: the Selectmen's budget, Essex Elementary Board of Education budget, the Region 4 Board of Education budget and the Supervision District budget.

The Supervision District and Region 4 Board of Education budgets are allocated to each town based on their Average Daily Membership (ADM) share. Annually, the ADM share is calculated based on the town's percentage of students in the total enrollment census as of October 1<sup>st</sup>.

Once complete, the annual budget serves as a policy document that prioritizes the quality and level of services that the town will offer. Likewise, it is a financial plan that authorizes how resources are spent.

The budget process involves public input. All budget meetings, workshops and hearings are open to the public and citizens are encouraged to attend.

**The Essex share of the Region 4 budget has been steadily growing as our percentage of students (ADM) has increased. With the increase for fiscal year 2013/2014, even if the Region 4 budget had a 0% increase, the Essex share of the budget would increase by \$271,059.**

2008/2009 – 41.31%	2011/2012 – 43.28%
2009/2010 – 41.89%	2012/2013 – 44.61%
2010/2011 – 42.54%	2013/2014 – 46.18%

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### THE BUDGET PROCESS

The budget process, which includes board meetings, workshops and public hearings, is an effort to balance how much is needed to operate the town with how much the town can afford to spend.

This annual process, which is typically finalized in May, begins many months before and includes both a local budget process as well as a regional one.

Regional budgets are a co-operative effort between Chester, Deep River and Essex. The Supervision District budget, prepared by the Superintendent and reviewed by the Supervision District Committee, is the first budget approved in the overall budget process. The costs are allocated based on ADM and incorporated into the various board of education budgets. Meanwhile, the Region 4 Budget Committee, which includes representatives from the three towns, holds a number of budget workshops to develop the budget for the regional middle school and high school. Once a final version is approved, this budget is voted on at referendum in all three towns. Once again, the approved budget is allocated on an ADM share basis.

The local budgets reflect expenditures to be borne exclusively by the Town of Essex and include the Selectmen's budget and the Elementary School budget. The Selectmen's budget begins with the First Selectman, working with the Director of Finance, receiving budget requests from the various departments, boards and commissions, and external agencies. The requests are reviewed and compiled, and submitted to the Board of Selectmen (BOS) for budget workshops. At the same time, the Board of Education (BOE) works with the Superintendent and administrative staff to develop a proposed budget for the Essex Elementary school.

The finalized Board of Selectmen and the Elementary School Board of Education budgets are presented to the Board of Finance (BOF) at budget workshops. The Board of Finance discusses and deliberates on the proposed budget and also holds a public hearing to gather citizen input. After considering all input, the Board of Finance recommends its proposed budget to the Town Meeting. The Board of Selectmen will decide whether to present the budget for vote at the Annual Town Meeting or send it to referendum.

Upon adoption of the budget, the Board of Finance holds a special meeting to set the mill rate.

#### Preparing the budget January - March

- Town Departments submit budget requests to First Selectman
- BOS holds budget workshops
- Supervision District develops and approves budget
- BOE deliberates and approves proposed budget



#### Reviewing the budget March - April

- BOS and BOE present budgets to BOF at budget workshops
- BOF deliberates and holds a public hearing to gather citizen input
- BOF approves proposed budget and submits it to a Town Meeting

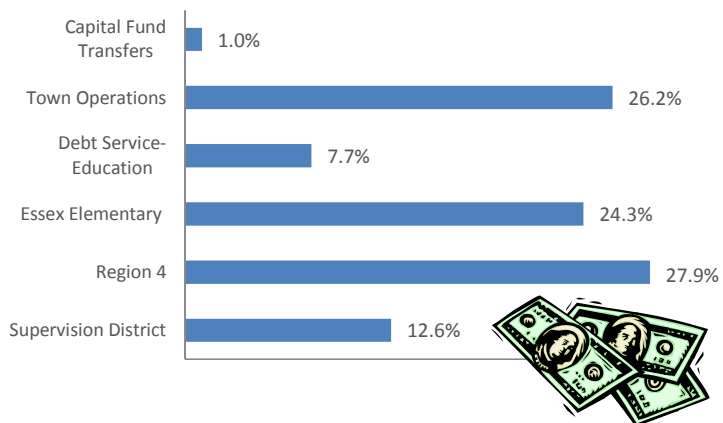


#### Adopting the budget April - May

- Taxpayers from all three towns vote on Region 4 budget at referendum
- Town Meeting held to vote on proposed budget or send to referendum
- BOF sets mill rate

### 2013 APPROVED BUDGET

#### WHERE YOUR TAX DOLLARS ARE SPENT



### THE MILL RATE: Calculating your taxes

One "mill" produces one dollar for each \$1,000 of property assessment. The assessment is 70% of the property's current market value as of the last revaluation date. The current Mill Rate for Essex is 18.47. Therefore, a property with an assessed value of \$250,000 would generate  $\$250,000 \times 18.47 = \$46,175$  in tax.

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### REVALUATION

The Town of Essex is about to begin the state mandated revaluation project. The revaluation will be effective with the October 1, 2013 Grand List. This means that the first property tax bill you receive with the new assessed value will be due in July 2014. A revaluation is the process of performing all the necessary market analysis, property review, and valuation steps to determine accurate and equitable values for all properties within the town. The equalization of the values creates a fair distribution of the tax burden. The purpose of a revaluation is not to raise taxes but to create an equitable distribution of the tax load. We will begin the inspection process within the Town sometime over the coming months. Vision Government Solutions has been awarded the contract to help the Town with this process. Each employee of Vision, as well as Town of Essex employees, will carry proper identification and their automobiles will be registered with the Essex Police Dept.

More information on the revaluation process can be obtained from [www.visionappraisal.com](http://www.visionappraisal.com) under the "Taxpayer Information" tab or on our Town of Essex website [www.essexct.gov](http://www.essexct.gov) on the Assessor's page.



### THE TOWN'S 'HOUSEHOLD' BUDGET

Your Household	→	The Town
Income	→	Revenue
Expense, Spending	→	Expenditures
Taxes	→	Mandates, required services
Savings account	→	Fund balance, sinking funds
Utilities, food, gas	→	Utilities, gas, salaries, benefits
Maintenance projects	→	Capital Plan
Phone, Cable, Internet	→	Technology, replacement equipment
Mortgage or rent	→	Debt service
Loans	→	Bonds

### FINANCIAL POSITION

A common barometer of a municipality's financial position is the unassigned fund balance relative to total annual expenditures. As of the most recent fiscal year end (6/30/2012) the budgetary unassigned fund balance in the Town's General Fund was \$2,616,765 or 12.1% of actual expenditures. This compares to a balance of \$2,726,544 at 6/30/2011 or 13.2% of actual expenditures.

Furthermore, the 2012 annual audit of the Town's finances showed an ending fund balance of \$3,291,920 for all governmental funds which includes special revenue funds and sinking funds. The Town maintains its "Aa2" rating from Moody's Investor Service based on their assessment of the town's historical trend of financial stability.

### GRAND LIST

The October 1, 2012 Essex Grand List is \$1,119,619,296 (subject to adjustment by the Board of Assessment Appeals). It declined by approximately \$660,340 or -0.06% compared to the prior year. The reduction was due primarily to the purchase of a historic property by a non-profit organization which reclassifies the property as tax exempt. The Grand List is made up of 92.1% real estate, 5.3% motor vehicles and 2.6% personal property.

### BUDGET APPROVAL HISTORY

Town Budgets are approved at the Annual Budget Town Meeting in May or sent to referendum. The cost of holding a budget referendum is approximately \$4,000. If a budget fails at a Town Meeting or referendum, it is sent back to the Board of Finance for reconsideration. This process is repeated until the budget is approved by voters at referendum.

Fiscal Year	Town Meeting/Referendum	Total Voters	Margin
2007-08	Town Meeting	~85	n/a
2008-09	Town Meeting	~100	n/a
2009-10	Referendum	578	206
2010-11	Town Meeting	~40	n/a
2011-12	Town Meeting (paper ballot)	195	-33
	Referendum	970	94
2012-13	Town Meeting	~170	n/a
~ - approximately		n/a – not available	

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### BUDGET CALENDAR IMPORTANT DATES 2013



- February 2 ... **MEETING\*** 1:00pm @ Town Hall  
Board of Selectmen budget workshop
- February 6 ... **MEETING\*** @ Town Hall  
Board of Selectmen budget workshop  
immediately following 5:00 pm Regular  
Meeting
- February 20 . **MEETING\*** 5:00pm @ Town Hall  
Board of Selectmen budget workshop
- March 21 ..... **MEETING\*** 7:00pm @ Town Hall  
Board of Finance budget workshop with the  
Essex Elementary Board of Education
- March 28 ..... **MEETING\*** 7:00pm @ Town Hall  
Board of Finance budget workshop with the  
Board of Selectmen
- April 1 ..... **MEETING\*** 7:00pm @ JWMS Media Center  
Region 4 Board of Education public hearing
- April 22 ..... **MEETING\*** 7:30pm @ Town Hall Auditorium  
Board of Finance public hearing
- May 7 ..... **REFERENDUM** noon – 8:00pm @ Town Hall  
Auditorium-Region 4 Board of Education  
budget vote
- May 13 ..... **TOWN MEETING** 7:30pm @ Town Hall  
Budget vote or Schedule referendum
- TBD ..... **SPECIAL MEETING** - Board of Finance sets mill  
rate

*\*Meeting agenda to include public comments.*

Dates, times & locations for Supervision  
District, Region 4 and Essex Elementary  
School budget workshops are included on the  
Region 4 website at [www.reg4.k12.ct.us](http://www.reg4.k12.ct.us)

### IMPORTANT TERMS

**APPROPRIATION:** An authorization made by the Board of Finance and approved by the Town Meeting or referendum 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.

**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, if required, Town Meeting.

**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.

**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.

**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.

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