



CITIZENS' GUIDE

to the Essex Town Budget

2019 – 2020

UNDERSTANDING THE BUDGET

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

The General Fund budget process requires the involvement of many stakeholders 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: Selectmen's budget, Essex Board of Education budget, Region 4 Board of Education budget and 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 for the subsequent budget year based on the town's percentage of students in the total enrollment census as of October 1st.

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.

FINANCIAL POSITION

The Town of Essex unassigned fund balance relative to total annual expenditures continues to be strong and prudent. As of the most recent fiscal year end (6/30/2018) the budgetary unassigned fund balance in the Town's General Fund was \$3,497,726 or 14.5% of FY 2018-2019 approved budgeted expenditures. This compares to a balance of \$3,323,141 at 6/30/2017 or 13.8% of FY 2017-2018 budgeted expenditures.

Furthermore, the FY 2017-2018 annual audit of the Town's finances showed a total combined fund balance of \$6,458,180 for all governmental funds which includes special revenue funds and sinking funds. The Town maintains its "AA+" rating from S&P Global Ratings based on their assessment of the town's historical trend of financial stability and strong budgetary performance.

GRAND LIST

The October 1, 2018, Essex Net Total Grand List is \$1,064,026,686 (subject to adjustment by the tax appeals). It increased by approximately \$13,714,656 or 1.31% compared to the prior year. The increase was based on organic increases in all categories (RE, Personal Property, and MV) as well as growth attributable to the 2018 real estate revaluation. The Grand List is made up of 90.2% real estate, 6.2% motor vehicles and 3.6% personal property. This increase in the net grand list when multiplied by the FY 2018-2019 mill rate of 21.85 mills, provides an additional \$299,665 of revenue. This can help to fund increases to the budget and soften the mill rate impact



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

ESSEX BY THE NUMBERS

Population (2016).....	6,539
Registered voters	5,294
Median household income (2012-2016)	\$89,950
Households (2012-2016).....	2,960
Miles of Town Roads	44
School Enrollment (K – 12)	687
Essex Avg Daily Membership share of R4 (10/1/18)	41.01%
2018 Actual Revenues	\$24,636,698
2018 Expenditures	\$24,462,113
2018 Fund Balance	\$3,497,726
2018 Outstanding Debt (direct & indirect).....	\$15,490,119
% of Debt Service to Expenditures (2018).....	7.5%
% Fund Balance to Budget (2019)	14.5%
Per capita debt.....	\$2,369
Ten Largest Taxpayers as % of total Grand List	6.97%



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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.

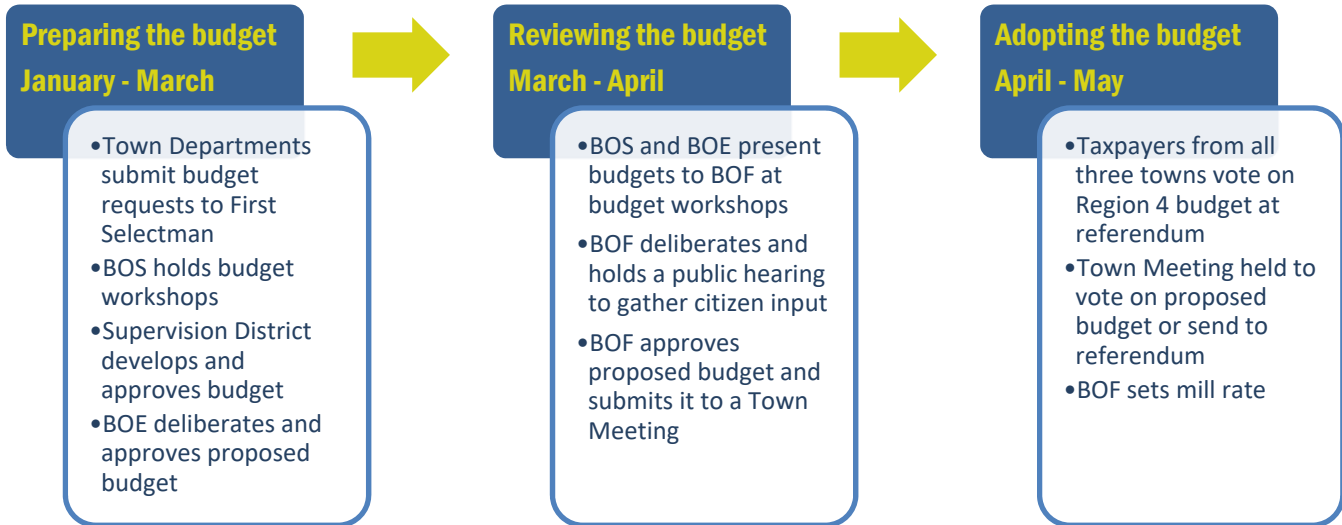
This annual process, which is typically finalized in May, begins many months before and includes both a local budget process as well as a regional one.

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 Essex Board of Education (BOE) budget. The Selectmen's budget begins with the First Selectman, working with the Finance Director, receiving budget requests from the various departments, boards and commissions, and external agencies. The requests are reviewed, compiled, and submitted to the Board of Selectmen (BOS) for review at budget meetings. At the same time, the Essex BOE works with the Superintendent and administrative staff to develop a proposed budget for the Essex Elementary school.

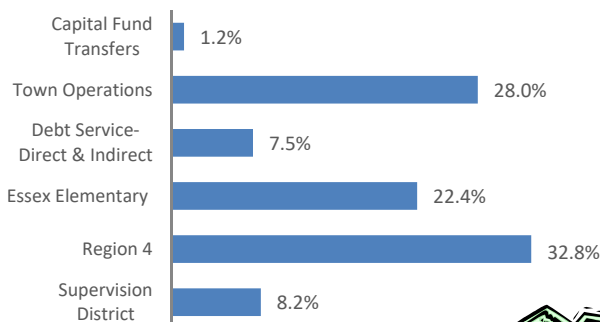
The finalized Board of Selectmen and the Essex BOE budgets are presented to the Board of Finance (BOF) at public budget meetings. The Board of Finance discusses and deliberates on the proposed budget and holds a public hearing to gather citizen input. After considering all input, the Board of Finance 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.



2018-2019 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 (10/1/2018). The current FY 2018-2019 mill rate for Essex is 21.85. Therefore, a property with an assessed value of \$250,000 would generate $\$250,000 \times 21.85 = \$5,462.50$ in property tax.