

TOWN OF OXFORD

CITIZEN'S GUIDE TO THE TOWN BUDGET

This guide is designed to help residents and taxpayers better understand the process that goes into our town's budget and offer input on how anyone can participate in the budget process. We have all heard the terms operating budget, mill rate, fiscal year, and General Fund. This guide is designed to unlock the mysteries of these terms and explain in simple language what happens during the budget process. It will also give a timeline on the budget adoption and explain how you can participate.

What is the Town Budget?

Simply put, the town's operating budget is its annual fiscal plan and roadmap. It is an itemization of the revenues and expenditures that are expected during the regular course of business during the fiscal year. The fiscal year runs from July 1 to June 30. Items like salaries, benefits, utilities, supplies, and debt payments are included in the budget. A comparison to your household budget is as follows:

YOUR HOUSEHOLD

Income

Savings Accounts

Home Maintenance

Utilities

Food, Gas, Home Supplies

Mortgage and Loan
Payment

Car Purchase and Home
Improvements

THE TOWN

Revenue

Fund Balance

Facility Maintenance
(Roads, Buildings, Parks)

Utilities

Supplies and Equipment

Debt Service

Capital Projects

What is not included in the operating budget?

Major construction projects are authorized by the voters at a **Town Meeting** or a **Referendum** and are not included in the operating budget.

When is the Budget Prepared?

The budget process is very long process, beginning in December and continuing until the month of May or later, depending on when the voters approve the budget at a **Referendum**. The calendar is as follows:

December - January 15

Departments prepare their budgets and submit them to the Selectmen.

January 15 - Early March

The Board of Selectmen review the budgets and make recommendations to the Board of Finance.

Early March - first Monday in May

Board of Finance reviews budgets, votes on changes, and sends the budget to an **Annual Budget Town Meeting**.

First Monday in May

Annual Budget Town Meeting

1 - 2 weeks after Annual Budget Town Meeting

Budget Referendum

When can I, as a citizen, participate in the Budget Process?

At each level of the budget process, the public has the opportunity to have input into the budget.

At the Board of Selectmen meetings, the public can have input through the **Audience of Citizens**, as well as at the **Capital Plan Town Meeting**.

The Board of Finance holds a **Public Hearing** on the budget in **April**.

The **Town Meeting**, which is held in **May**, also allows for public input.

Finally, the public has the final say when the budget is sent to **Referendum** in **May**.

What is the Capital Plan Town Meeting?

The **Capital Plan Town Meeting** is when the "PLAN" for capital projects in town is approved by the public. The Selectmen, as part of their budget deliberations, prepares the Town Capital Plan. The plan is then adopted or changed by the public. When an item is included in the Capital Plan it does not guarantee that the project will be done or the items purchased. Funding for items in the Capital Plan must be funded by the Board of Finance in their budget deliberations or at a later date.

Who approves the Board of Education budget?

The Board of Education budget is approved, just like all other departments, with one exception. The Board of Education does not submit their budget to the Board of Selectmen. The education budget is sent directly to the Board of Finance in early March.

How does the operating budget impact taxes?

An operating budget must be balanced, which means that the expenditures must be equal to the revenue. The higher the operating budget, the higher the taxes unless there is another source of revenue.

What is the fiscal year?

Most residents keep their finances on a calendar year basis, beginning on January 1. The State of Connecticut has adopted a "**Uniform Fiscal Year.**" This means that all municipalities must operate on a year that begins on July 1 and ends on June 30 of the following year.

What is a mill rate?

The **mill rate**, also referred to as the **millage 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 term "**millage**" is derived from a Latin word meaning thousandth, with **1 mill** being equal to **1/1,000th** of a currency unit.

How is the mill rate calculated?

The mill rate is used to balance the budget through taxes. It is calculated as follows:

Total Expenditures

Minus revenue from all sources other than taxes = Amount to be raised by property taxes

A - Amount to be raised by taxation

B - Grand List (value of all taxable property in town)

Mill Rate **B** divided by **A**

Mill Rate Calculation

Each year, the Board of Finance, during its budgetary process, approves the amount of revenue required to operate the municipality. From this amount they subtract the known revenues, such as grants, licenses, and permits. The remainder represents the amount of money to be raised by property taxes. The amount to be raised is divided by the total value off all the property in the municipality and multiplied by 1,000 to decide the tax rate also known as the “mill rate.” The calculation expressed as an equation is as follows:

$$\frac{\text{amount to be raised}}{\text{total taxable assessment}} \times 1,000 = \text{Mill Rate}$$

How can I find out how much I will pay in taxes based on the mill rate?

To calculate what a given tax rate (mill rate) means for your house, use the following worksheet:

Your Assessed Property Value

Divided by 1000

Multiplied by the Mill Rate

= Your Taxes