

Town of East Granby Annual Budget for 2024-25



TOWN MEETING
JUNE 26, 2024

What did we Change?

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- **Reduced proposed spend by an additional \$175,000**
 - \$30,000 General Government
 - \$145,000 Board of Education
- **Total Reductions since first Budget vote: \$310,000**
 - \$30,000 General Government
 - \$180,000 Board of Education
 - \$100,000 Capital Account funding
- **Reduced anticipated Mill Rate from 30.0 to 29.8 for Personal Property and Motor Vehicles.**
- **Total Mill rate reduction since first vote: 30.5 to 29.8**

Summary of Changes

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		Mill rate Proposed at Town Meetings on					
	Current	7-May	% change to current rate	5-Jun	% change to current rate	7/xx	% change to current rate
Property	36.3	30.5	-15.98%	30	-17.36%	29.8	-17.91%
Motor Vehicle	32.46	30.5	-6.04%	30	-7.58%	29.8	-8.19%

	Proposed Expenditure	Proposed Expenditure	Change from original	Proposed Expenditure	Change from original
	7-May	5-Jun		9-Jul	
General Government	\$ 5,638,000	\$ 5,638,000	\$ -	\$ 5,608,000	\$ (30,000)
Board of Education	\$ 20,270,000	\$ 20,235,000	\$ (35,000)	\$ 20,090,000	\$ (180,000)
Capital	\$ 700,000	\$ 600,000	\$ (100,000)	\$ 600,000	\$ (100,000)
Debt Service	\$ 1,204,730	\$ 1,204,730	\$ -	\$ 1,204,730	\$ -
	\$ 27,812,730	\$ 27,677,730	\$ (135,000)	\$ 27,502,730	\$ (310,000)

What Happens Now

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The due date for taxes has been deferred from July 1 to August 1 for this year only because there is no budget passed yet.

If the budget passes on July 9, the Board of Finance will set a mill rate and tax bills will go out using the revised due date.

If the budget does not pass, in addition to voting on another budget until one does, the following will happen:

- The Board of Finance will set an interim mill rate to be used for taxes until a budget is passed.
- The Tax Collector will send interim bills using this information for Real Estate, Personal Property and Motor Vehicle.
- Once a budget is approved and a final mill rate is set, an additional bill for the difference will be sent if the mill rate has changed.

The cost to the town of the additional billing is \$8,000.

The cost to the town for each referendum is \$7,000.

Board of Finance Budget Calendar

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Jan

- Boards of Education and Selectmen present high level budget drivers for fiscal 2025 spending

Feb

- Review Final Grand List (largest Revenue source)
- BoF directs budgets to be presented by: **BoS at 3.5%** and **BoE at 5.25%**

Mar

- BoS presents **6.7%** (Recommends 6.7%)
- BoE presents **5.25%** (Recommends 7.89%)

4/3

- BoF reviews expected revenues
- Sets Budgets for Public Hearing
- BOS: **3.74%** and BOE **5.48%**

4/23

- Public Hearing
- BoF sets Budgets for Town Meeting
- BOS: **3.74%** and BOE **5.89%**

5/7

- Town Meeting

Board of Finance Budget Calendar

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5/21

- Budget Referendum #1 by Machine Vote
- Budget fails 484-382

5/29

- BoF meets and sets new budget total reduction \$135,000
- BOS: **3.74%** and BOE **5.71%**
- **Reduces capital by \$100,000**
- **Use more of General Fund balance**

6/18

- Budget Referendum #2 by Machine Vote
- Budget fails 461 – 412

6/26

- Town Meeting
- BoF meets and sets new budget Additional reduction of \$175,000 totaling \$310,000 since first vote.
- BOS: **3.18%** and BOE **4.95%**

7/9

- Budget Referendum #3 by Machine Vote

Sources of Revenue

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- **Property Taxes**
 - Includes Supplemental Motor Vehicle Taxes, Past Due Taxes, Interest and Liens
- **State Grants**
 - Education, Non-Education, Payments in Lieu of Taxes (PiLOT) for State-Owned Property including Bradley
- **Town Fees and Interest**
 - Building Permits, Town Clerk Fees, Interest on General Fund
- **Use of Cash Balance**

Revaluation

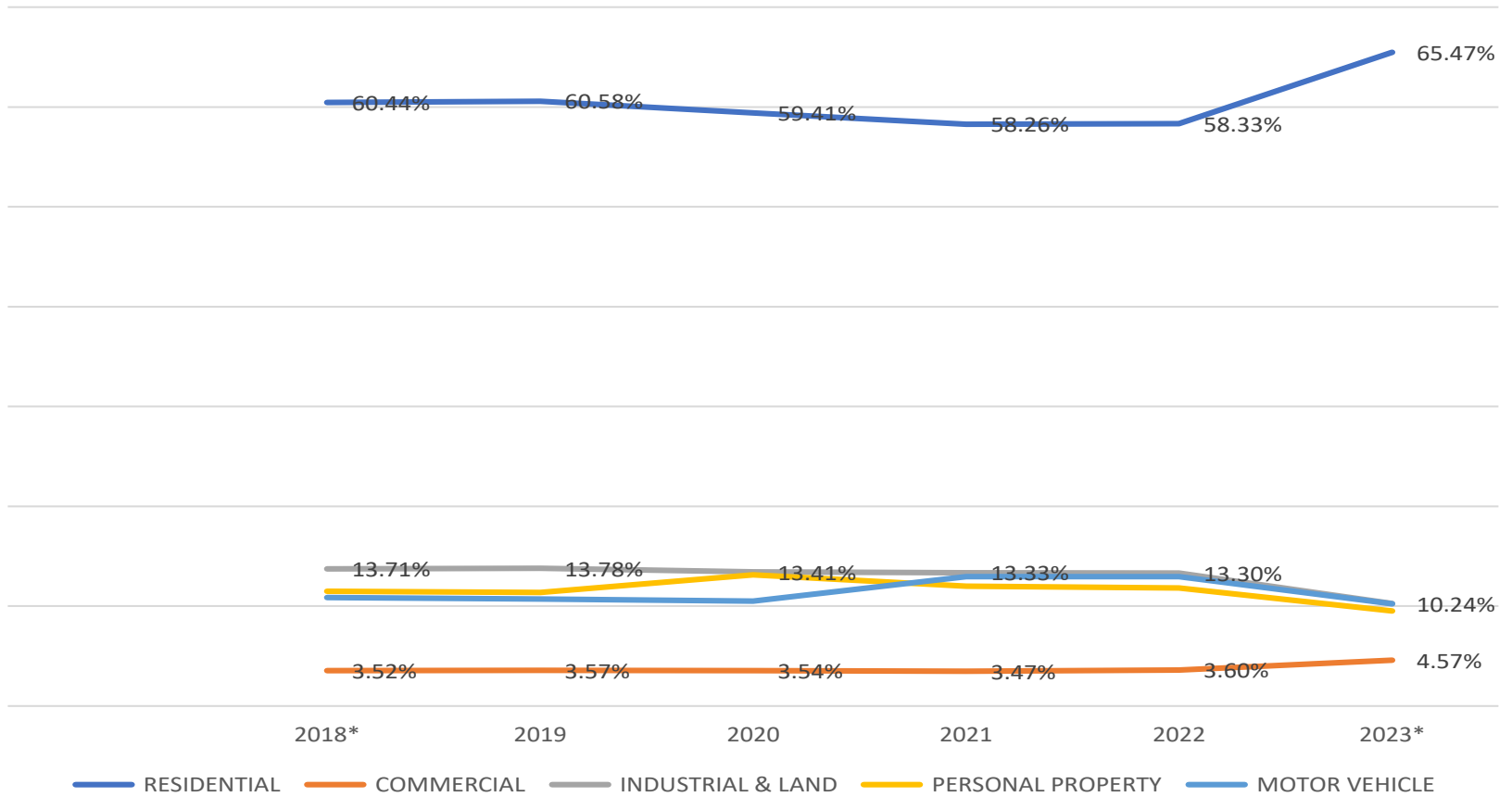
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- Real Estate is revalued every five years. A full inspection-based revaluation is done at ten-year intervals, most recently, as of October 1, 2018, and market-based adjustments are made at the intervening five-year mark most recently, as of October 1, 2023.
- Revaluation helps keep assessed real estate values more in line with changes in market values. The revaluation conducted by East Granby as of the October 1, 2023 Grand list is the basis for FY 2025 property taxes.
- There has been a dramatic growth in residential real estate values with this revaluation

Revaluation

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Tax Trend



Revaluation

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- **Net Grand List increased by \$136.0 million up 21.2%**
 - Motor Vehicle down \$3.5 million or 4.3%
 - Real Estate and Personal Property up \$139.5M or 25.0%
 - Residential Real estate up \$134.7M or 36.1%

As in most other revaluation years, the Board of Finance intends to reduce the mill rate to somewhat offset tax increases. Due to the significant increase in home values and the corresponding shift of the tax burden towards residential real estate, most homeowners would see a tax increase that averages 9.45% even if revenue were held flat to last year.

We considered a Phase-in of the Revaluation

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We took a hard look at phasing in the increase (2-4 years are allowed) but were unanimously opposed.

- It's infrequently been used. In the past 2 years, 4 of about 60 towns revaluing had done so.
- When it has been used there are issues passing multiple successive budgets with large tax increases, especially with longer term phase-ins.
- The most attractive alternative considered was 2 years with 8.9% then 9.4% increases.
- There is a reduction in planned state aid that is grand list dependent such as ECS would have to have been factored into FY 25. The BoF estimated 100-200k but did not have an exact professional estimate provided.

Property Taxes

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- **Mill Rate**

- BoF anticipates a 29.8 (was 30.0) Mill Rate for Real Estate and Personal Property a 17.91% reduction (was 15.98%, then 17.36%)
- BoF estimates an average increase in residential property tax of 11.70% (was 14.33% then 12.45 %) or 2.35% (was 4.33% then 3%) above the flat revenue rate of 9.45% discussed earlier.
- BoF anticipates reducing the Motor Vehicle Mill Rate from 32.46 (state cap) to 29.8 (was 30.5 then 30.0) an 8.19% (was 6.04% then 7.58%) reduction
- BoF estimates an average decrease in motor vehicle tax of about 11.6% (was 9.6% then 11%)

State Grants

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- Estimates show a modest increase of 4.9%.
- Payments in Lieu of Taxes for Bradley Airport now come from CT Airport Authority, instead of the State, and are set in statute.

Town Fees and Interest

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- **Charges for Permits, Licensing or Activities**
 - Most of the fees are set by state statute
- **Interest on General Fund (Current rate 5%)**
 - Market interest rate on conservative investments

Use of Cash Balance

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- **BoF Policy**

- Maintain Cash Balance of at least 10% of Expenditures
- This proposal estimates these annual year end cash balances

2024-2025	2025-2026	2026-2027	2027 - 2028	2028 - 2029
10.28%	8.66%	10.44%	14.62%	19.54%

- **Additional Balance can accrue due to**

- Higher revenues than expected
 - ✦ State budget finalized after Town's
 - ✦ General Fund interest
- Operating boards spend less than budgeted

Use of Cash Balance

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- BoF anticipates drawing \$1,255,599 (was \$1,278,002) from Cash Balance to use for revenue. This leaves 10.28% (was 10.14%) of Expenditures in the Account
- By comparison, over the past 3 years East Granby has drawn down the Cash Balance by a total of \$1.1 M.
- This significant use of the cash balance is being leveraged to mitigate the potential tax increase.

Estimated Revenues

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Proposed Revenues	Budget 2023-24	Projected 2023-24	Anticipated 2024-25	Percent Change *
Property Tax Collections	\$ 22,880,468	\$ 22,880,468	\$ 23,070,126	0.8%
State Grants	2,531,868	2,664,247	2,667,519	0.1%
- Education	1,578,522	1,710,901	1,624,016	-5.1%
- Non Education	953,346	953,346	1,043,503	9.5%
Town (Fees, Interest and Non- Property Tax)	355,806	832,313	509,486	-38.8%
Use of General Fund Balance	335,878	335,878	1,255,599	273.8%
Total Revenue	\$ 26,104,020	\$ 26,712,906	\$ 27,502,730	3.0%

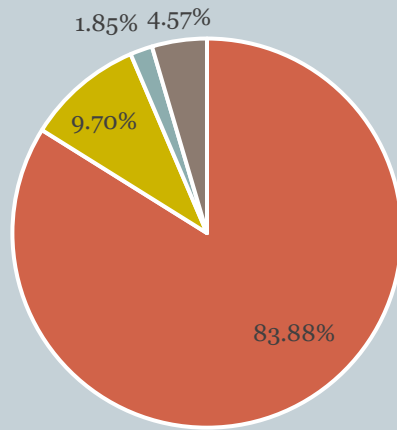
* The Board proposes increasing Use of General Fund Balance by 942,123 (was \$695,751) to \$1,278,002 (was \$1,031,508). The board anticipates lower interest rates will be in effect during FY 2025 and plans for reduced Town revenues by \$374,827 to \$509,486.

Total Estimated Revenues

\$27,502,730 (was \$ 27,677,730)

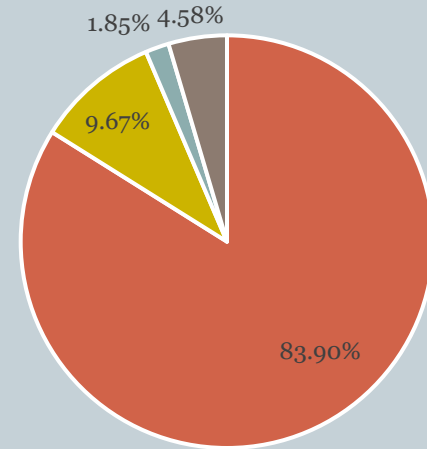
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Revised Proposal



■ Property tax ■ State grants ■ Town fees ■ Cash balance

Previous Proposal



■ Property tax ■ State grants ■ Town fees ■ Cash balance

Proposed Expenditures

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Proposed Expenditures	Budget 2023-24	Projected 2023-24	Proposed Budget 2024-25	Percent Change **	Incremental Expenditure
Board of Education	\$ 19,142,402	\$ 19,142,402	\$ 20,090,000	4.95%	\$ 947,598
General Government	5,434,915	5,434,915	5,608,000	3.18%	\$ 173,085
Debt Repayments	1,223,190	1,223,190	1,204,730	-1.51%	\$ (18,460)
Capital Reserve Fund	700,000	700,000	600,000	-14.29%	\$ (100,000)
Prior Year Charges Paid this year	-	212,399	-		\$ (212,399)
Total	\$ 26,500,507	\$ 26,712,906	\$ 27,502,730	2.96%	\$ 789,824

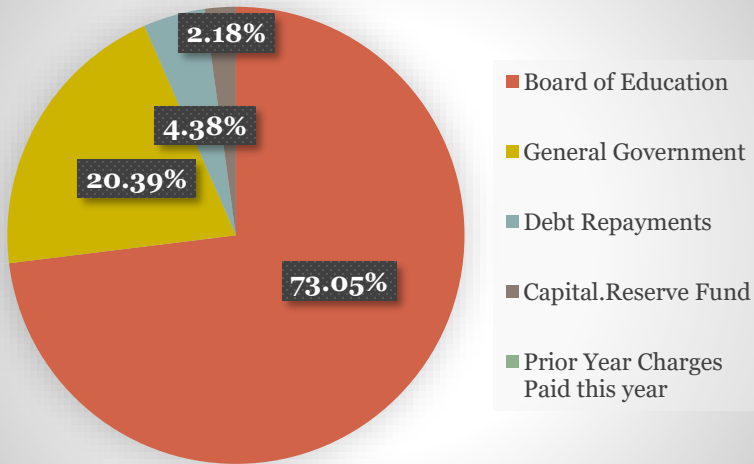
* The Board proposes decreasing Debt Service by \$18,460 to \$1,204,730, due to decreased payments due.

Proposed Expenditures

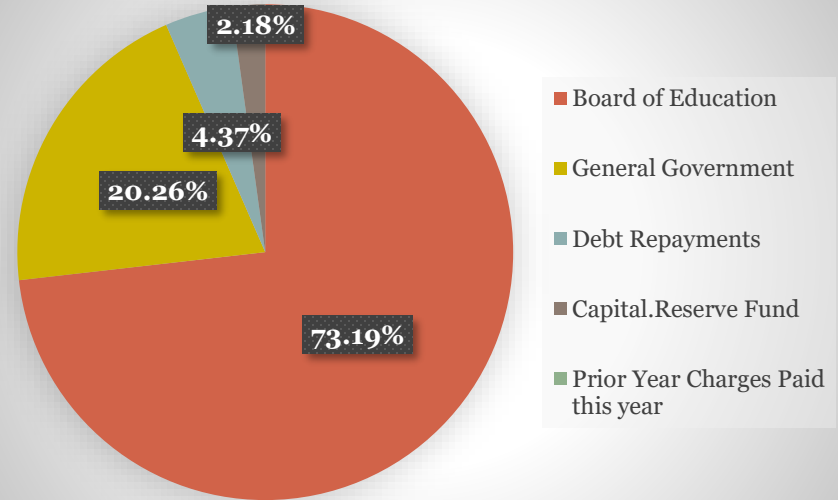
\$27,502,730 (was \$ 27,677,730)

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Revised Proposal



Previous Proposal



Debt Service

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- **Town Incurs Debt for Major Projects**
- **Elementary Schools Project** (7.2M borrowed/1.06M balance)
 - Issued April 2012, Matures in 2027
- **Roofs and Roads Projects** (9.9M borrowed/10.423M balance)
 - Issued July 2021, Matures in 2041
- **School LED Light replacement** (321K borrowed/184K balance)
 - Loan Approved June 2022, Matures in 2026

Capital Reserve Fund

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- Town “savings account” for Major Purchases
- Used to Maintain and Upgrade Infrastructure
 - Each Purchase Must Be Approved at Town Meeting
- Money from the General Fund is put into (allocated to) the Capital Reserve each year
- In FY 2023 the BOF took actions to incrementally raise the funding of the Capital Reserve fund from \$600,000 per year to \$800,00 per year by 2027 and to increase the fund balance by 2% per year. The BOF has proposed pausing a planned \$50,000 increase to the fund for FY 25, and reduced by an additional \$100,000 for one year to \$600,000
- A Five-Year Capital Plan is maintained and updated annually

General Government and Board of Education

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Detailed budgets will be presented separately by the respective Boards

- **General Government– Town Annual operating costs:**
Owned by the Board of Selectman
 - Administrative offices
 - Safety (Police, Fire, Ambulance)
 - Maintenance (roads, parks, buildings, equipment, etc.)
- **Education – Annual operating costs:**
Owned by the Board of Education
 - Educational program delivery (EG school system)
 - School buildings and facilities

Questions