

Town of East Granby Annual Budget for 2024-25



TOWN MEETING
JUNE 5, 2024

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%)

Board of Finance Budget Calendar

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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

5/21

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

Board of Finance Budget Calendar

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5/29

- BoF meets and sets new budget
- BOS: **3.74%** and BOE **5.52%**
- **Reduces capital by \$100,000**
- **Use more of General Fund balance**

6/5

- Town Meeting

6/18

- Budget Referendum by Machine Vote

What did we Change

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Reduced spend by \$135,000 and used additional savings to reduce anticipated mill rate by 1.6%.

- Capital Account Transfer reduced by \$100,000 for one year
 - Will requires the Boards to defer some capital items into FY 26 or find alternative funding
- Board of Education reduced by \$35,000
 - Board of Education will discuss impact ,
- Use of Cash Balance (Town's savings Account) increased by \$255,494

Phase-in

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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.

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

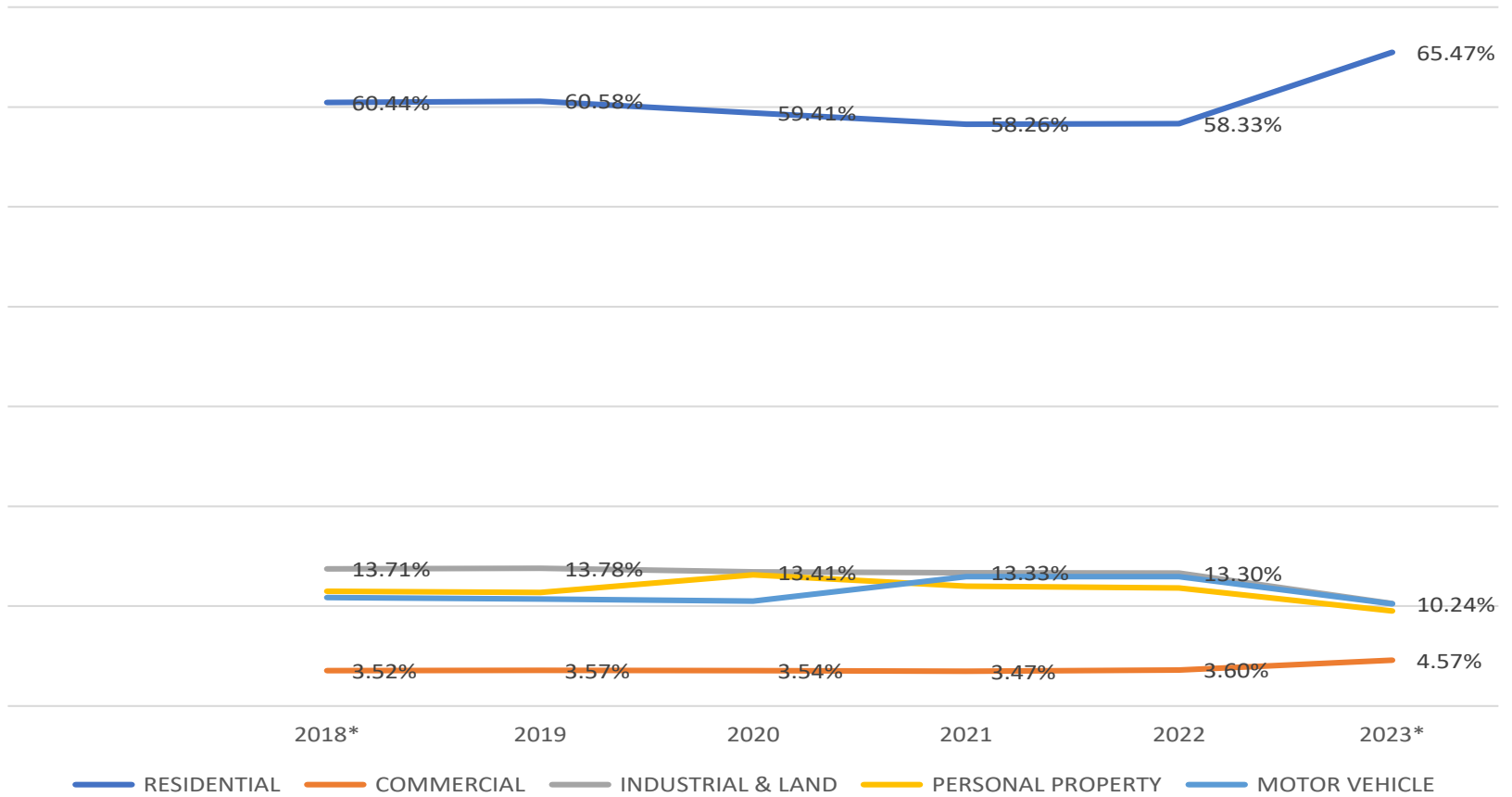
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- Real Estate is revalued every five years. A full inspection-based revaluation is done at ten-year intervals, most recently, as of October 1, 2018, and market-based adjustments are made at the intervening five-year mark most recently, as of October 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.

Property Taxes

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- **Mill Rate**

- BoF anticipates reducing the Motor Vehicle Mill Rate from 32.46 (state cap) to 30.0 (was 30.5) a 7.58% (was 6.04%) reduction
- BoF anticipates a 30.0 (was 30.5) Mill Rate for Real Estate and Personal Property a 17.36% reduction (was 15.98%)
- BOF anticipates a blended 30.0 Mill rate (was 30.5) a 16.21% decrease (was 14.80%) from prior year at 35.80.
- BoF estimates an average decrease in motor vehicle tax of about 9.6%; and an average increase in residential property tax of 12.45% (was 14.33%) or 3% (was 4.88%) above the flat revenue rate of 9.45% discussed earlier.

State Grants

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- Estimate based on the Governor's proposed adjustments to the State budget
 - Stable. Only specific proposal to date
- 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
10.14%	8.58%	9.59%	13.10%	17.37%

- **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 \$1,278,002 (was \$1,031,508) from Cash Balance to use for revenue. This leaves 10.14% (was 11%) 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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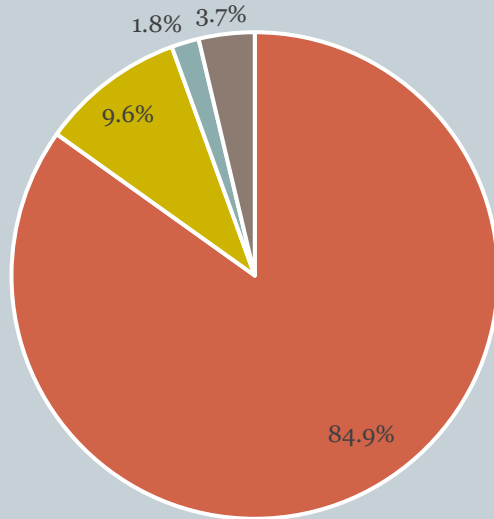
Proposed Revenues	Budget 2023-24	Projected 2023-24	Anticipated 2024-25	Percent Change *	% of Total Revenue
Property Tax Collections	\$ 22,880,468	\$ 22,880,468	\$ 23,222,723	1.5%	83.9%
State Grants	2,531,868	2,664,247	2,667,519	0.1%	9.6%
- Education	1,578,522	1,710,901	1,624,016	-5.1%	5.9%
- Non Education	953,346	953,346	1,043,503	9.5%	3.8%
Town (Fees, Interest and Non- Property T:	355,806	832,313	509,486	-38.8%	1.8%
Use of General Fund Balance	335,878	335,878	1,278,002	280.5%	4.6%
Total Revenue	\$ 26,104,020	\$ 26,712,906	\$ 27,677,730	3.6%	100.0%

* 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

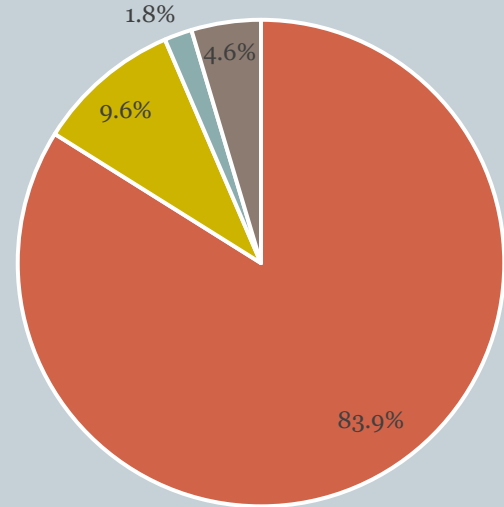
\$27,677,730 (was \$27,812,730)

Previous Proposal



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

Revised 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 **	% of Expenditure	Incremental Expenditure
Board of Education	\$ 19,142,402	\$ 19,142,402	\$ 20,235,000	5.71%	73.11%	\$ 1,092,598
General Government	5,434,915	5,434,915	5,638,000	3.74%	20.37%	\$ 203,085
Debt Repayments	1,223,190	1,223,190	1,204,730	-1.51%	4.35%	\$ (18,460)
Capital Reserve Fund	700,000	700,000	600,000	-14.29%	2.17%	\$ (100,000)
Prior Year Charges Paid this year	-	212,399	-			\$ (212,399)
Total	\$ 26,500,507	\$ 26,712,906	\$ 27,677,730	3.61%	100.00%	\$ 964,824

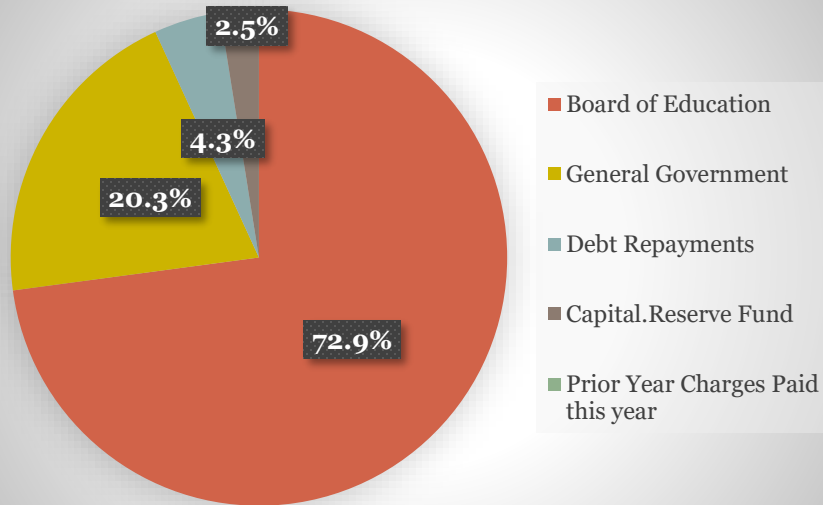
* The Board proposes decreasing Debt Service by \$18,460 to \$1,204,730, due to decreased payments due.

Proposed Expenditures

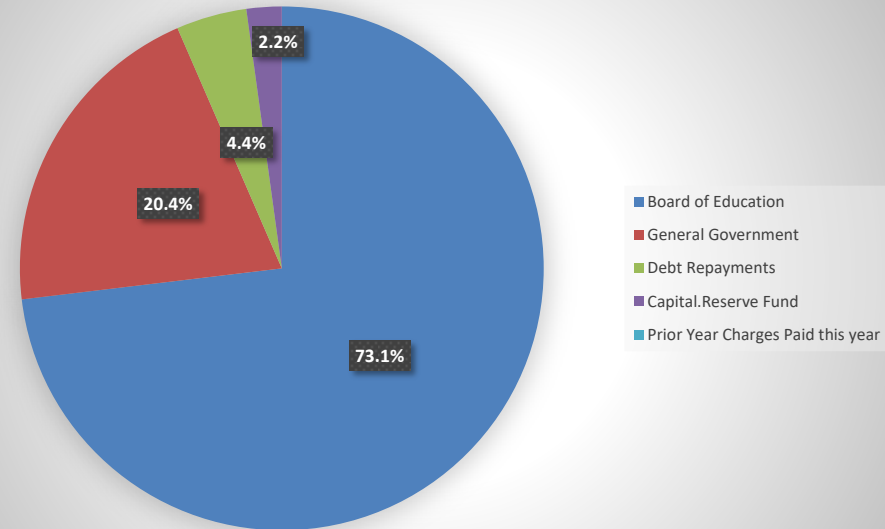
\$ 27,677,370 (was \$27, 812,730)

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Previous Proposal



Revised 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