

**EAST GRANBY'S PROPOSED BUDGET - REVISED NUMBERS as of April 23, 2019 – \$45,000 was added to the BOE line on April 16<sup>th</sup>.** Covering the Period from July 1, 2019 through June 30, 2020. **The Board of Finance will hold a Public Hearing on the proposed town budget on Tuesday, April 16, 2019, at 7:30 PM at the High School Auditorium. This is an opportunity for you to learn about and comment on next year's spending plans and revenues. All residents and taxpayers are encouraged to attend.**

### Projected Revenues

The Board's projection of revenue for 2019-20 is

<u>Revenue Item</u>	<u>Projection in 2018-19 Budget</u>	<u>Current 2018-19 Projection</u>	<u>2019-20 Projection</u>	<u>Percent Change*</u>
Property Taxes	\$19,142,427	\$19,390,073	\$19,896,352	2.61%
State Grants	2,645,364	2,765,987	2,672,173	(3.39)%
Other Town Revenue	317,048	371,326	352,439	(5.09)%
Use of Cash Balance	568,486	636,025	362,961	(42.93)%
Total Revenue	\$22,673,325	\$23,163,411	\$23,283,925	0.52%

\*Based on a comparison of the Current 2018-19 Projection to the 2019-20 Projection.

The first column shows the estimates used in last year's budget presentation, while the Current 2018-19 Projection is based on year-to-date experience and expected future revenues. *Property Taxes* include the taxes we pay on our houses and cars, plus past-due taxes, interest and liens. *State Grants* depend on legislative action each year. The Board of Finance is basing their revenue projections for next year on the Governor's proposed state budget, which at this writing is the only comprehensive proposal available. *Other Town Revenue* includes fees for town services (e.g. building permits, charges for activities) and interest on invested funds. Estimates are based on tax calculations, past experience and input from the revenue generating departments. *Use of Cash Balance* is the amount of the prior year end unallocated cash balance used to offset the need for additional revenue.

### Proposed Spending

The proposed budget provides for total town spending of \$23,238,925 to be funded from general revenues including property taxes.

<u>Area</u>	<u>2018-19 Approved Budget</u>	<u>2018-19 Projected Spending</u>	<u>Proposed 2019-20 Budget</u>	<u>Percent Change**</u>
Education	\$16,600,000	\$16,600,000	\$16,980,000	2.3%
General Government	4,778,000	4,778,000	4,850,000	1.51%
Debt Service	670,325	670,325	853,925	27.39%
Capital Reserve Fund	625,000	625,000	600,000	(4.00) %
Prior Year Charges Paid This Year	-	490,086	-	N/A
Overall	\$22,673,325	\$23,163,411	\$23,238,925	2.7%

\*\*Comparing the 2018-19 Approved Budget to the Proposed 2019-20 Budget.

The *Education* and *General Government* budgets are described in more detail below. *Debt Service* is the payment of interest and principal on the town's borrowing. The town borrows money to finance projects that are too big to be paid for from Operating or Capital funds. The current town debt includes the elementary school project (renovations at Allgrove School and renovation and expansion of Seymour School) and the LED lighting projects for town and school buildings. In 2019-20 fiscal year it will also include the first phase of borrowing for the "Roofs and Roads" infrastructure project approved by voters earlier this year. *Capital Reserve Fund* is an amount set aside to cover major, non-recurring purchases and maintenance of the town's infrastructure; it is the town's savings account. Before any money is spent from the Capital Reserve Fund it must be approved at a town meeting called for that purpose. *Prior Year Charges Paid This Year* are charges budgeted in a previous fiscal year that are paid in the current year. Because they were included in the prior year's budget, they do not directly affect the current year but are listed here since they impact the year end cash balance.

### Impact on Taxes

In order to fund proposed 2019-20 spending – and based on currently projected State grants - the Board of Finance anticipates a tax rate of 32.8 mills. This is a decrease of 0.2 mills (0.6%) from the current mill rate.

## THE BUDGET PROCESS

**The Board of Finance:** The Board of Finance (BOF) is responsible for East Granby's short- and long-term financial health. As such, the Board must balance the diverse needs and interests of all citizens with the resources available to meet those needs. The process of determining a budget is lengthy and requires compromise among all served. At the completion of the Board's deliberations members arrive at a budget recommendation that they feel best serves the needs of our town. The proposed 2019-20 budget is the result of these deliberations and is presented to the town with the endorsement of the Board.

**Putting Together a Budget:** During the winter the boards of Finance, Selectmen and Education begin to formulate a budget for the next fiscal year. The budget is divided into several parts: The Selectmen oversee the General Government operating budget, which includes all town activities other than the schools, and the Board of Education is responsible for the school budget. The Board of Finance calculates the amount required to pay principal and interest on money the town has borrowed for major projects and allocates funds for capital purchases and infrastructure maintenance through the Capital Reserve Fund. The Board of Finance also estimates anticipated revenue for the year from town taxes and fees, the State and other sources and provides direction to the boards of Selectmen and Education for the operating budgets to be presented at the Public Hearing. The process culminates at the Public Hearing where the boards present their proposed spending plans and gather taxpayers' comments about the proposals. Subsequent to the Hearing, the BOF determines the budget to be presented for a Town vote.

## HIGHLIGHTS

**The Grand List:** The Grand List is the sum of all taxable property in town and forms the basis of our largest revenue source: Property Taxes. Property is valued as of October 1 of each year with the total used for levying taxes as of the following July 1.

The Grand List is made up of three types of property: Real Estate, Motor Vehicles, and Personal Property which, despite its name, refers to business equipment and machinery. Motor Vehicles and Personal Property values are updated every year based on State Department of Motor Vehicles records and on business submissions to the Assessor for Personal Property. Real Estate is revalued every five years with a full inspection-based revaluation done at ten-year intervals and market-based adjustments made at the intervening five-year mark.

**Revaluation:** The October 2018 Grand List includes the results of a full inspection-based Real Estate revaluation. All properties in East Granby – residences and businesses – were visited by representatives of the Assessor's office and new values were established based on those inspections. If you're a homeowner or business owner you received a notice of your new property value from the Assessor last fall. In the aggregate the revaluation reflected a modest increase in the total value of Real Estate in town.

**Grand List Growth:** Powered by this increase in Real Estate and by larger increments in both Motor Vehicles and Personal Property the total net Grand List after exemptions grew by \$25.6 million or 4.4% to \$607.6 million.

**Roofs and Roads Project:** On February 13 East Granby voters approved a program of infrastructure improvements at town and school buildings and a long-term program of road maintenance and repair. Borrowing to fund this program will begin with the issuance of bond anticipation notes (BANs), which carry interest-only payments, in the upcoming fiscal year and in fiscal 2020-21. The Board of Finance anticipates the town will issue bonds in the 2021-22 fiscal year, with principal and interest due beginning in that year and continuing for the life of the bonds.

**State Action:** State action affects the town's budget directly through provision of grant funds for education, Payments in Lieu of Taxes (PiLOT) for state-owned property in the community, real estate conveyance tax sharing, and other programs and indirectly through mandates that state law requires but does not fund.

The Governor has proposed and the legislature is considering a biennial budget that will cover the 2019-20 and 2020-21 fiscal years. Because it's the only definitive set of state figures available now, the Board of Finance has used the grant amounts in the Governor's budget proposal. As negotiations between the administration and the legislature progress that is highly likely to change. Since East Granby receives funds through some but not all of the state grant programs it's hard to predict how our town will be affected. If the cuts are in programs, we depend on the impact will be sizable, if they are in programs we don't count on, it won't.

## NEXT STEPS

We encourage you to attend the Public Hearing. Immediately after the Hearing the Board of Finance will meet to develop a final budget for presentation at a Town Meeting on April 23 and for a referendum vote at a date to be recommended by the Board of Selectmen.