

# Town of East Granby Annual Budget for 2024-25



**PUBLIC HEARING**  
**APRIL 23, 2024**

# Board of Finance Budget Calendar

2

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

3

4/3

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

4/23

- Public Hearing
- BoF sets Budgets to go to Town Meeting

5/7

- Town Meeting to Approve Budget. BOF sets Mill Rate. **In years past, the meeting has adjourned to a machine vote.**

# Sources of Revenue

4

- **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

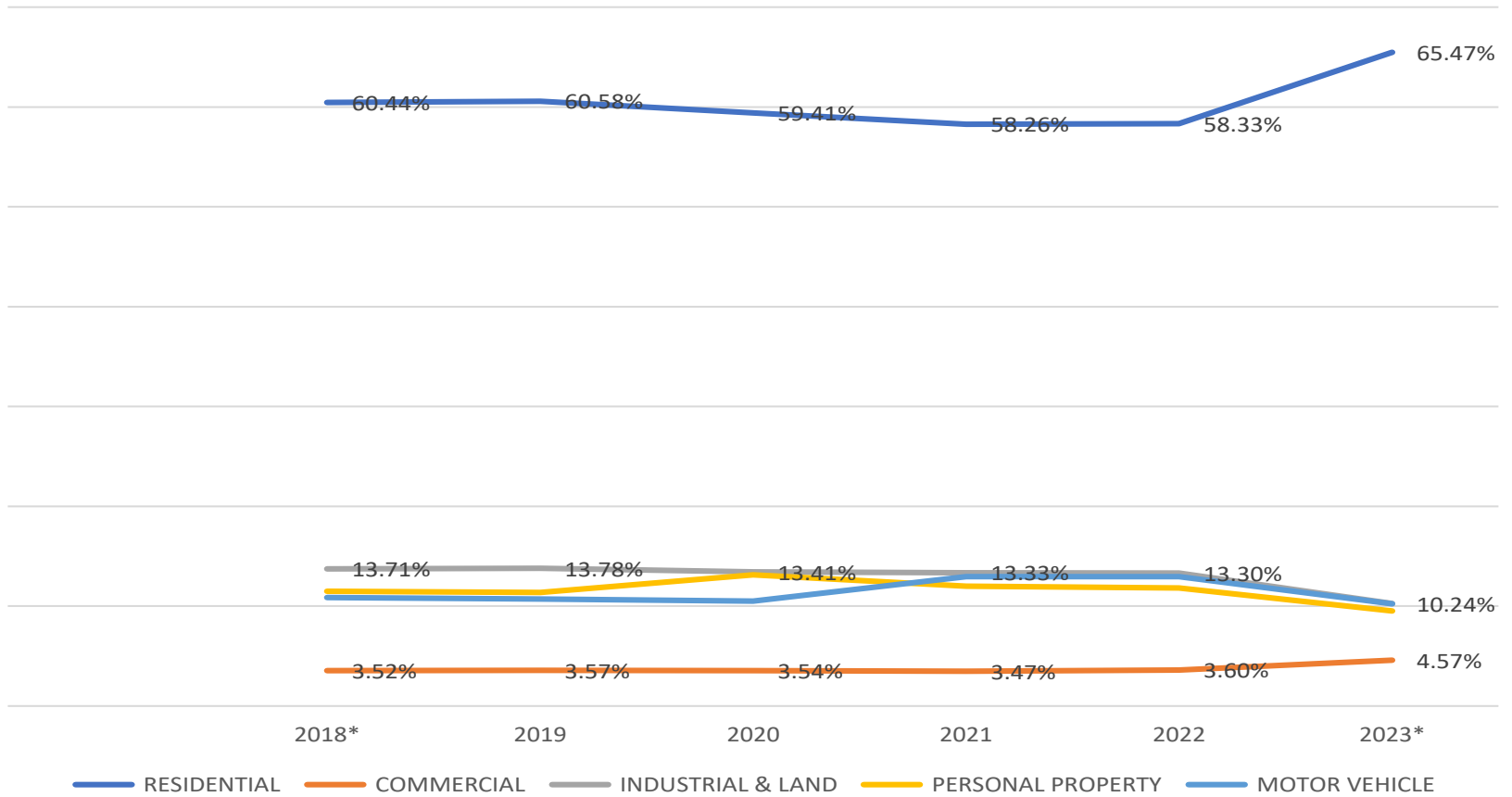
5

- 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

6

## Tax Trend



# Revaluation

7

- **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

8

- **Mill Rate**

- Motor Vehicle Mill Rate is capped by the state at 32.46 The BoF anticipates to keep it level to last year at 32.46.
- BoF anticipates a 30.50 Mill Rate for Real Estate and Personal Property, a 15.98% decrease (-5.8 mills) from prior year at 36.30.
- BOF anticipates a blended 30.70 Mill rate a 14.25% decrease (-5.1 mills) from prior year at 35.80.
- With the anticipated amounts in this presentation, the board estimates an average decrease in motor vehicle tax of about 3.8%; and an average increase in residential property tax of 14.33%, or 4.88% above the flat revenue rate of 9.45% discussed earlier.



# State Grants

9

- Estimate based on the Governor's proposed adjustments to the State budget
  - 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

10

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

# Use of Cash Balance

11

- **BoF Policy**
  - Maintain Cash Balance of at least 10% of Expenditures
- **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

12

- BoF anticipates drawing \$911,675 from Cash Balance to use for revenue. This leaves 10.8% 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

13

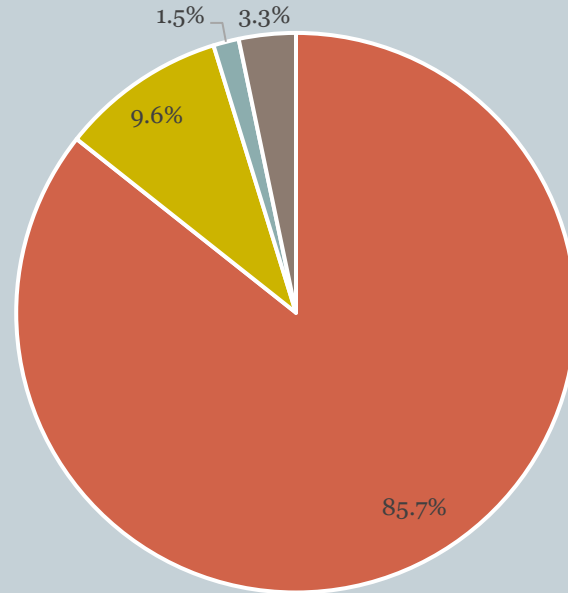
<b>Proposed Revenues</b>	<b>Budget 2023-24</b>	<b>Projected 2023-24</b>	<b>Anticipated 2024-25</b>	<b>Percent Change *</b>	<b>% of Total Revenue</b>
Property Tax Collections	\$ 22,880,468	\$ 22,880,468	\$ 23,757,050	3.8%	85.7%
State Grants	2,531,868	2,531,868	2,655,519	4.9%	9.6%
- Education	1,578,522	1,578,522	1,612,016	2.1%	5.8%
- Non Education	953,346	953,346	1,043,503	9.5%	3.8%
Town (Fees, Interest and Non- Property T:	355,806	784,313	409,486	-47.8%	1.5%
Use of General Fund Balance	516,257	516,257	911,675	76.6%	3.3%
<b>Total Revenue</b>	<b>\$ 26,284,399</b>	<b>\$ 26,712,906</b>	<b>\$ 27,733,730</b>	<b>3.8%</b>	<b>100.0%</b>

\* The Board proposes increasing Use of General Fund Balance by \$395,418 to \$911,675. The board anticipates lower interest rates will be in effect during FY 2025 and plans for reduced Town revenues by \$374,827 to \$409,486.

# Total Estimated Revenues *\$27,733,730*

14

Chart Title



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

# Proposed Expenditures

15

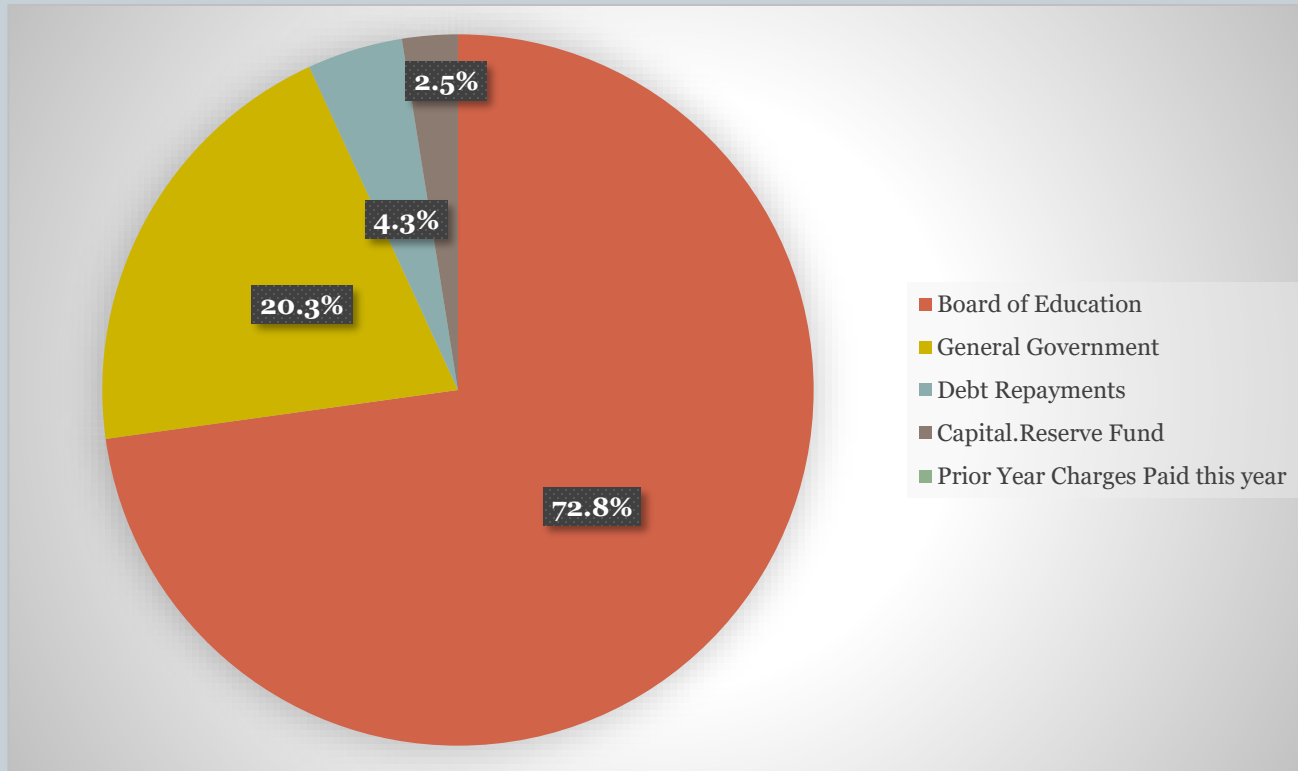
<b>Proposed Expenditures</b>	<b>Budget 2023-24</b>	<b>Projected 2023-24</b>	<b>Proposed Budget 2024-25</b>	<b>Percent Change **</b>	<b>% of Expenditure</b>
Board of Education	\$ 19,142,402	\$ 19,142,402	\$ 20,191,000	5.48%	72.80%
General Government	5,434,915	5,434,915	5,638,000	3.74%	20.33%
Debt Repayments	1,223,190	1,223,190	1,204,730	-1.51%	4.34%
Capital Reserve Fund	700,000	700,000	700,000	0.00%	2.52%
Prior Year Charges Paid this year	-	212,399	-		
<b>Total</b>	<b>\$ 26,500,507</b>	<b>\$ 26,712,906</b>	<b>\$ 27,733,730</b>	<b>3.82%</b>	<b>100.00%</b>

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

# Proposed Expenditures

*Total Budget* \$ 27,733,370

16





# Proposed Changes in Spending *from 2023-24 Budget*

17

<b>Proposed Expenditures</b>	<b>Proposed Budget 2024-25</b>	<b>Percent Change **</b>	<b>Incremental Expenditure</b>
Board of Education	\$ 20,191,000	5.48%	\$ 1,048,598
General Government	5,638,000	3.74%	\$ 203,085
Debt Repayments	1,204,730	-1.51%	\$ (18,460)
Capital Reserve Fund	700,000	0.00%	\$ -
Prior Year Charges Paid this year	-		\$ (212,399)
<b>Total</b>	<b>\$ 27,733,730</b>	<b>3.82%</b>	<b>\$ 1,020,824</b>

# Debt Service

18

- Town Incurs Debt for Major Projects
- Elementary Schools Project
  - Issued April 2012, Matures in 2027
- Roofs and Roads Projects
  - Issued July 2021, Matures in 2041
- School LED Light replacement
  - Loan Approved June 2022, Matures in 2026

# Capital Reserve Fund

19

- 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
- A Five Year Capital Plan is maintained and updated annually

# General Government and Board of Education

20

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