

Town Manager's Proposed FY 2026 Budget



Operating & Capital Budget Overview
March 11, 2025



Town Manager's Proposed Budget



- Presentation of the Town Manager's Recommended Operating and Capital Budgets
 - Pursuant to 7-1 of the Town Charter, Operating Budget must be transmitted to the Town Council by March 10th
 - Annual Capital Budget and Five-Year Capital Expenditure Plan must be transmitted to the Town Council by July 15th
 - Both Operating and Capital Budgets have been submitted together for FY 26 for consideration by the Town Council. Only the Operating budget must be adopted by April 30th (Capital by late-August for any referendum items).

Town Manager's Proposed Budget



- Tonight's Budget Overview Presentation
 - I. Budget History
 - II. Revenues
 - III. Grand List
 - IV. Expenditures and Major Budget Drivers
 - V. Mill Rate and Average Taxpayer Impact
 - VI. General Fund Balance (Reserves)
 - VII. Community Pool and WPCD Special Revenue Funds
 - VIII. Capital Budget - 5 Year Plan Summary & FY26 Annual Capital Budget
 - IX. Budget Documents and Workshop/Review Schedule

Budget History



- Recent Budget History

- FY 21 Budget – No Mill Rate/Tax Increase

- ✦ Relied upon \$2 million of fund equity supported by FY20 budget surplus
- ✦ Cut pandemic-impacted services and froze positions

- FY 22 Budget – 0.50 Mill Rate Increase (1.51%)

- ✦ Used \$1.4 million of ARPA funds as General Fund revenue
- ✦ Appropriated \$1.5 million of ARPA funds for BOE Medical Trust Fund
- ✦ Appropriated \$325,000 of ARPA funds for Bulky Waste (\$239,523 final cost)

- FY 23 Budget – 0.60 Mill Rate Increase (1.78%)

- ✦ Used \$500,000 of ARPA funds as General Fund revenue for CNR projects
- ✦ Appropriated \$1.7 million of fund equity supported by FY22 budget surplus

Budget History



- Recent Budget History

- FY 24 Budget – 0.77 Mill Rate Increase (2.24%)

- ✦ Used \$800,000 of ARPA funds as General Fund revenue for two Property Purchases
- ✦ Included \$280,000 for a Townwide Bulky Waste Collection
- ✦ Appropriated \$2,000,000 of fund equity (reserves) supported by FY23 budget surplus

- FY 25 Budget – -7.63 Mill Rate Decrease (Revaluation)

- ✦ Used \$1,300,000 of ARPA funds as General Fund revenue to balance the budget
- ✦ Appropriated \$2,250,000 of fund equity (reserves) supported by FY24 budget surplus

FY 26 Revenues



- State Aid/Governor's Budget Proposal – Cuts to Cheshire
 - \$836,974 in PILOT and ECS Funding Cuts
 - \$1,046,915 elimination of MV Cap Reimbursement
 - \$500,000 in Municipal Revenue Sharing budgeted in FY25, never materialized
 - **-\$2.4 million in lost State Aid compared with FY 25 adopted budget**

- Federal COVID Relief Funds (ARPA)
 - **\$1,300,000** in ARPA funds used in the FY 25 budget, no funds remain

FY 26 Revenues



- General Fund Equity (Reserves)
 - Utilized \$2,250,000 transfer from Reserves as FY 25 revenue
 - The FY 26 Proposed budget reduces this amount by **-\$1,000,000**
- State Aid, ARPA & Fund Balance Revenue Losses Combined Account for **\$4.7 million** in lost revenue compared with FY 25
 - This revenue loss alone is represents about **1.16 mills, or a 4.2% tax increase**

Grand List



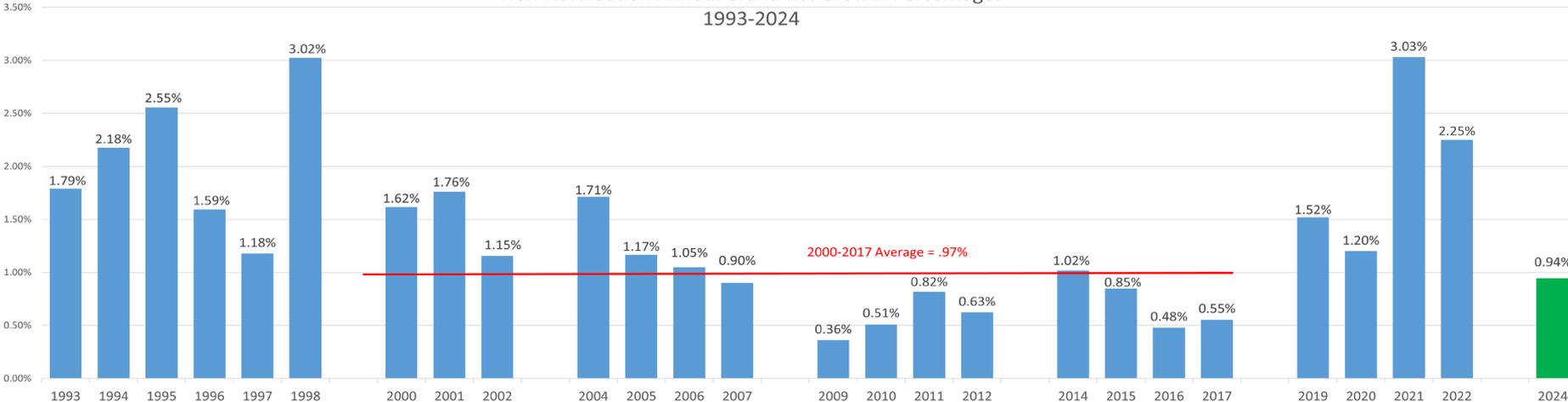
- Grand List Growth - \$37,548,124 increase (0.94%)
 - Real Estate values grew by \$56,097,731 (1.63%)
 - Business Personal Property grew by \$9,054,981
 - Motor Vehicle Values decreased by -\$27,604,588 due to state-mandated changes in the methodology for assigning MV values
 - Revaluation portion of Grand List growth totaled \$926,674,389 (30.56% inc.)

- Stone Bridge Crossing Tax Revenues
 - Value increases on CEA Agreement Parcels totaled \$45,371,520
 - 75% of the taxes from this added value is diverted to fund the agreement and is not available to General Fund (yet)
 - 75% of those parcel values totals \$34,027,890
 - Brings the total Grand List growth available to the FY 26 budget down to approximately **\$3.5 million (0.08% growth)**

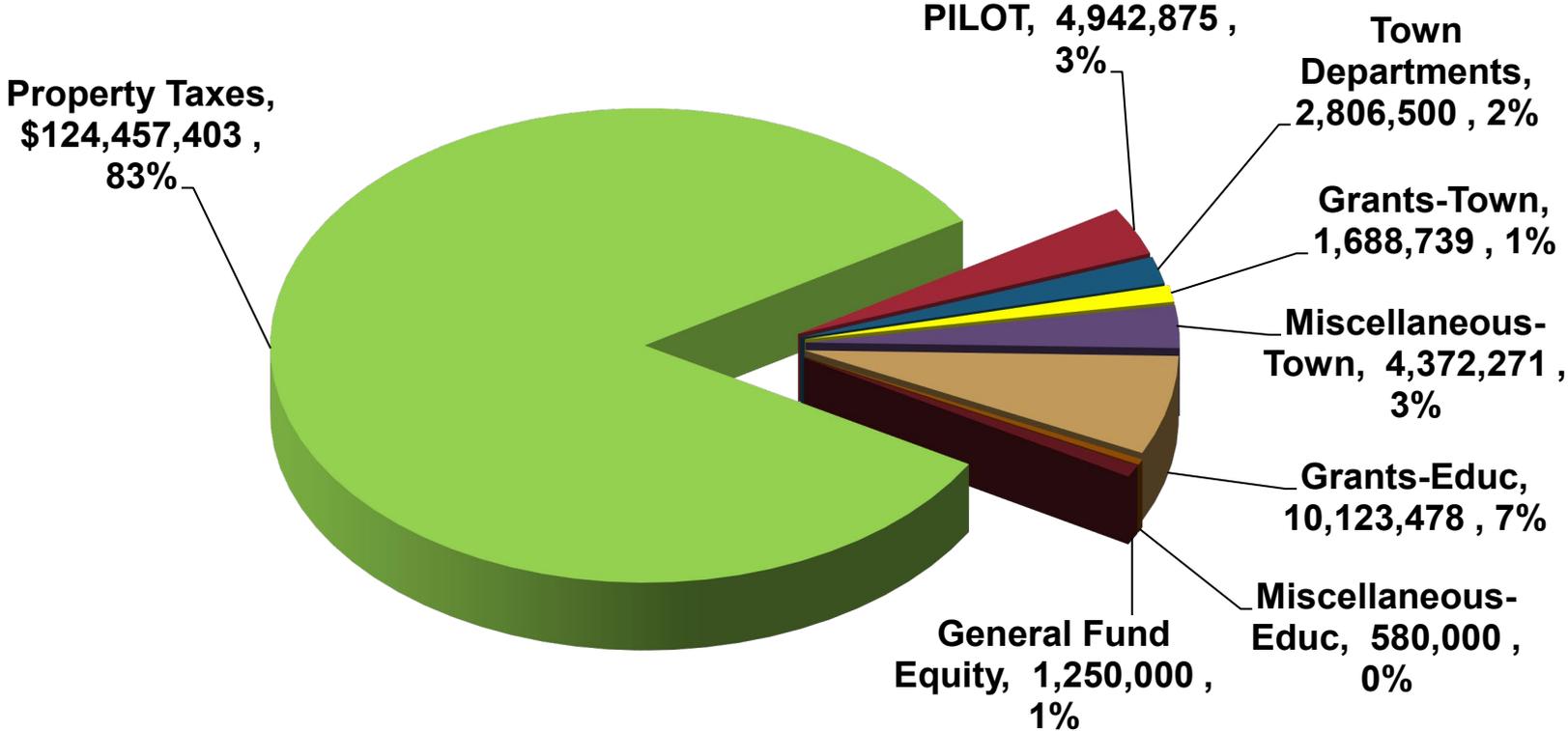
Grand List



Non-Revaluation Annual Grand List Growth Percentages
1993-2024



FY26 Revenues



Town Manager's Proposed Operating Budget



The FY26 Proposed General Fund Budget - \$150,221,266

	<u>FY 25</u>	<u>FY 26</u>	<u>\$</u> <u>INCR.</u>	<u>% INCR.</u>
GENERAL GOVERNMENT	\$39,964,367	\$41,522,045	\$1,557,678	3.90%
EDUCATION	89,542,609	95,756,450	6,213,841	6.94%
DEBT SERVICE	9,221,592	11,842,771	2,621,179	28.42%
CAPITAL NON-RECURRING	1,100,000	1,000,000	(100,000)	-9.09%
CONTINGENCY	125,000	100,000	(25,000)	-20.00%
TOTAL	\$139,953,568	\$150,221,266	\$10,267,698	7.34%

FY 26 Expenditures



- **FY26 Board of Education Request - \$6,213,841 (6.94%)**
 - Largest dollar increase request in history
 - ✦ \$1,573,085 (10.9%) increase in medical benefits budget lines
 - Growing enrollment (projecting at least 70 additional K-12 students)
 - ✦ Results in a net increase of 3.5 additional staff positions

FY 26 Expenditures

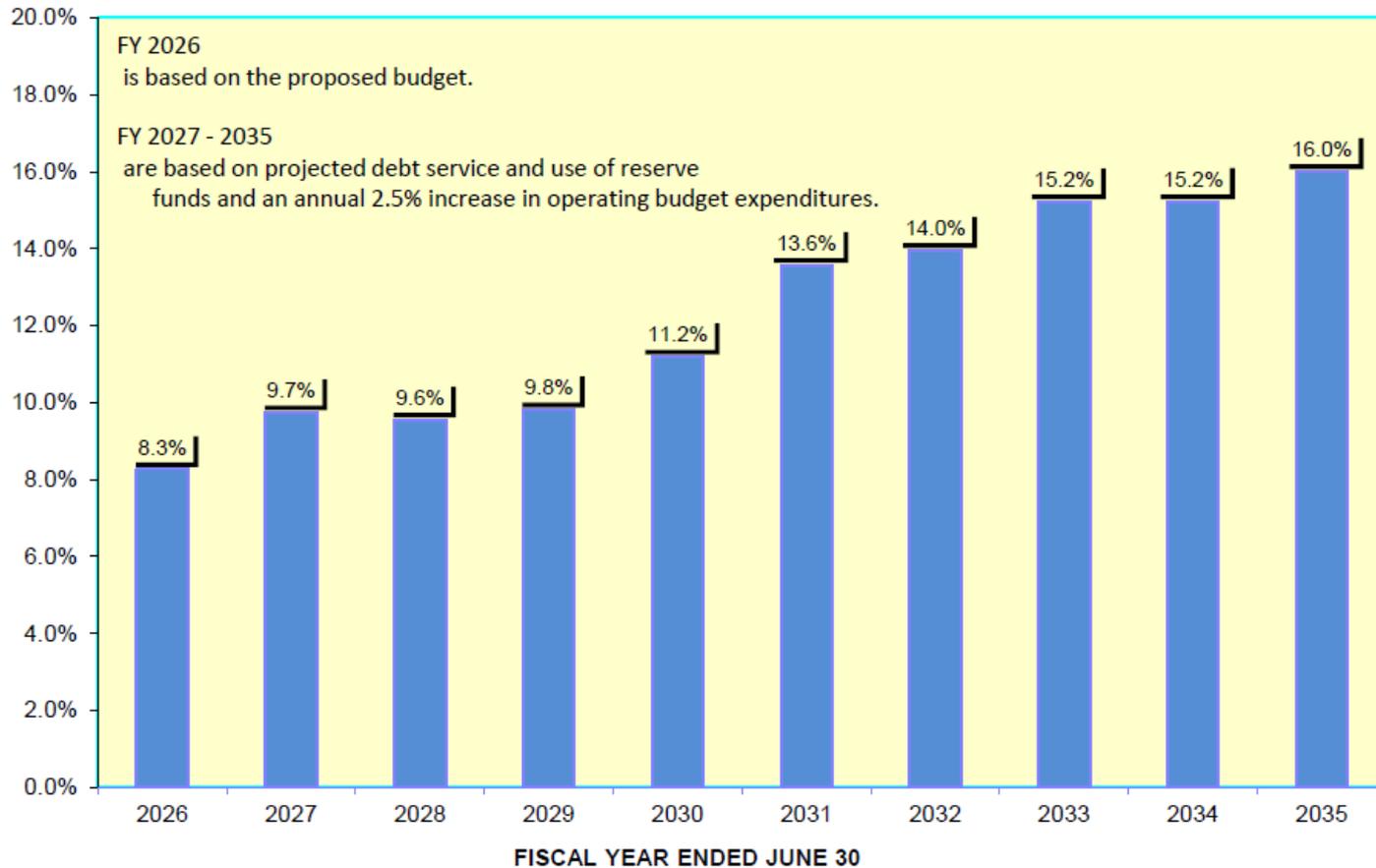


- **FY26 Debt Service Increase of \$2,621,179 (28.4%)**
 - Almost entirely due to financing the Two New Elementary Schools Project
 - Follows a FY 25 adopted Debt Service increase of \$1,587,099 (20.8%)

Debt Service (Net) Projected As a Percentage of General Fund Expenditures



TEN YEAR PROJECTION

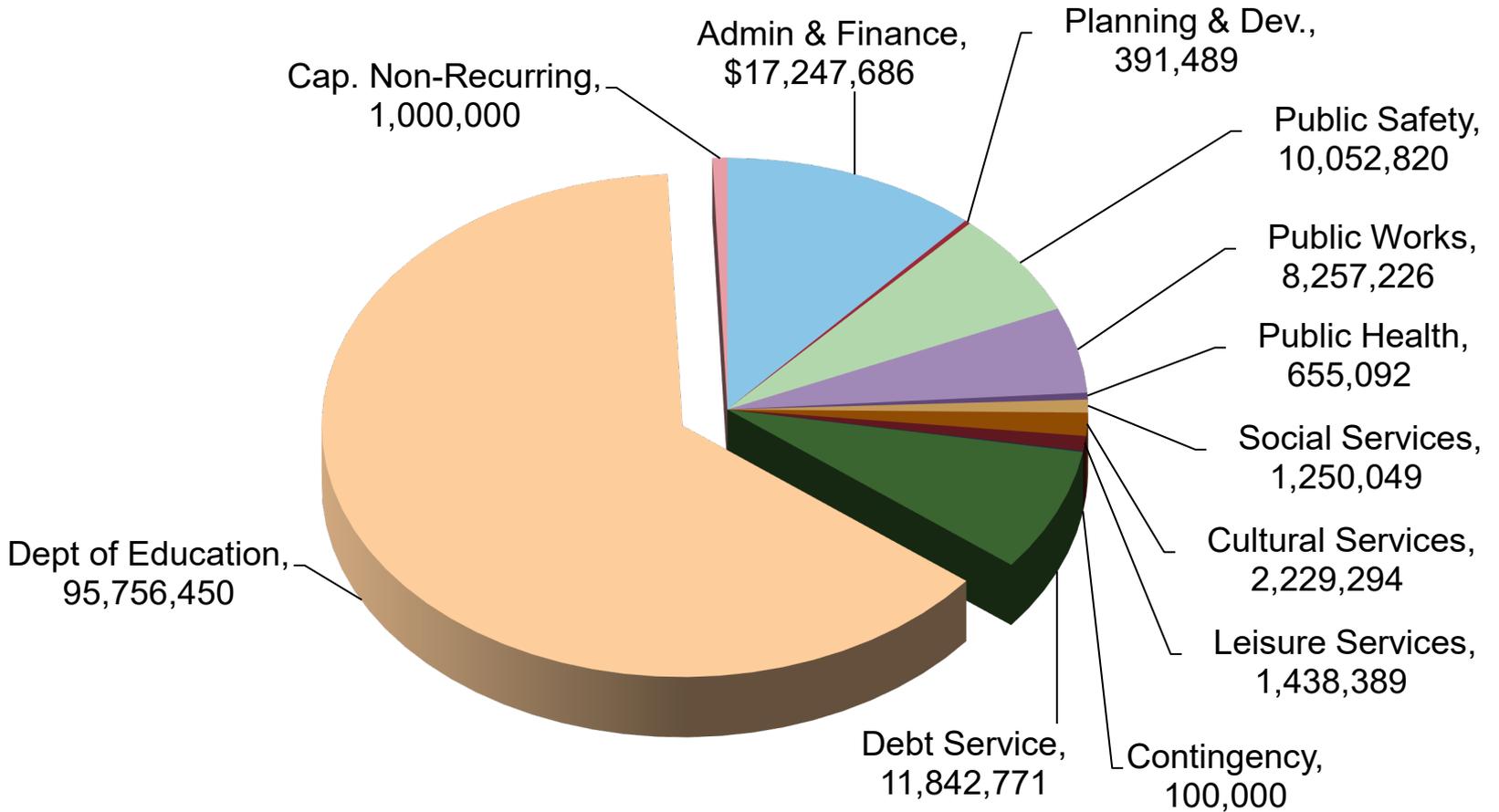


FY 26 Key Budget Drivers



<u>Major Budget Drivers</u>	<u>\$ Change</u>	<u>%</u>
Board of Education Budget	\$ 6,213,841	4.44%
Debt Service	\$ 2,621,179	1.87%
Capital/Non-Recurring	\$ (100,000)	-0.07%
Contingency	\$ (25,000)	-0.02%
General Government Budget Drivers:		
Salary & Minimum Wage Increases	\$ 702,486	0.50%
Solid Waste Collection/Disposal Costs	\$ 204,406	0.15%
Community Pool Subsidy Increases	\$ 195,206	0.14%
Liability and WC Insurance Increases	\$ 144,385	0.10%
Pension & 457/401a Expenses	\$ 108,873	0.08%
<i>All Other Budget Changes Net</i>	\$ 202,322	0.14%
Total	\$ 10,267,698	7.34%

FY 26 Expenditures



FY 26 Revenue/Expenditure Summary



REVENUES

GRANTS	FY25 BUDGET	FY26 BUDGET	DECREASE
STATE PILOT & ECS.....	\$ 12,100,000	\$ 11,200,000	\$ (900,000)
STATE MRSA.....	500,000	-	\$ (500,000)
STATE MV TAX CAP GRANT.....	1,000,000	-	\$ (1,000,000)
ARPA.....	1,300,000	-	\$ (1,300,000)
GENERAL FUND EQUITY.....	2,250,000	1,250,000	\$ (1,000,000)
TOTAL REVENUES.....	\$ 17,150,000	\$ 12,450,000	\$ (4,700,000)

EXPENDITURES

	FY26 BUDGET	INCREASE	
BOE APPROVED BUDGET (7%).....	\$ 6,200,000		} Combined: \$ 8,800,000
DEBT SERVICE	2,600,000		
TOWN BUDGET (3.9%).....	1,500,000		
TOTAL EXPENDITURES.....	\$ 10,300,000		

GRAND TOTAL..... \$ 15,000,000

MILL RATE IMPACT (value of a mill is approx. \$4,050,000..... 3.70 13.5% Increase

For every \$1.1 million in additional revenue or expenditure cuts, the tax increase will reduce by 1.0%

Proposed Mill Rate – 31.16 mills



Mill Rate Increase Impact on Average Residential Taxpayer (Includes Home Values as of Most Recent Revaluation - October 1, 2023)

	<u>Appraised</u> <u>(Market) Value</u>	<u>Assessed</u> <u>(70%) Value</u>	<u>Taxes</u>
Avg. Residential Property (FY 26)	\$ 425,303	\$ 297,712	
Current FY 25 Taxes at 27.46 mills:			\$ 8,175
Proposed FY 26 Taxes at 31.16 mills:			\$ 9,277
Avg. Vehicle Value (FY 25)	\$ 19,214	\$ 12,751	
Avg. Vehicle Value (FY 26)	\$ 18,216	\$ 11,671	
Car Taxes for 2 Average Vehicles			
Current FY 25 Taxes at 27.46 mills:			\$ 700
Proposed FY 26 Taxes at 31.16 mills:			\$ 727
Current Average Total Tax Bill:			\$ 8,875
Proposed Average Total Tax Bill:			\$ 10,004
Total Proposed Annual Tax Increase:	(12.7%)		\$ 1,129

Fund Balance/Surplus Projections



GENERAL FUND FUND BALANCE ANALYSIS

Available fund balance, July 1, 2024				\$	19,685,558		
Fund balance appropriated to 2024-2025 budget					<u>(2,250,000)</u>		% of Actual FY24 GF Expenditures
Unassigned fund balance, July 1, 2024					17,435,558	or	13.19%
<i>Fiscal Year 2025 Estimated Activity:</i>							
	<u>Budget</u>		<u>Estimated</u>		<u>Budget Comparison</u>		
Revenues and other financing sources	\$ 139,953,568		\$ 140,902,281		\$ 948,713		
Expenditures and other financing uses	139,953,568		139,802,728		150,840		
Results from Fiscal Year 2025 estimated activity					<u>1,099,553</u>		
Projected available fund balance, June 30, 2025					18,535,111		
Fund balance appropriation to 2025-2026 budget					<u>(1,250,000)</u>		% of Estimated FY25 GF Expenditures
Projected unassigned fund balance, July 1, 2025					17,285,111	or	12.36%
					<u>(13,980,273)</u>	or	10.00% of GF Expenditures
					<u>\$ 3,304,838</u>		Over/(Under)

Community Pool Fund



- Community Pool Proposed Budget - \$1,309,662
 - Increase of \$102,409 (8.48%)
 - Pool fee revenues tracking to meet or exceed the \$775,000 budget for the current year – highest ever.
 - Minimal available fund balance means Town subsidy contribution must increase by \$195,206 to a total of \$500,000. This would still require increased revenues from fees of \$34,662 in FY 26.
 - Expenditure pressures of an aging facility including boiler repair/replacement, roof leaks, pool decking issues.

Water Pollution Control Dept. Fund



- WPCD Proposed Budget - \$5,309,884
 - Increase of \$228,193 (4.49%)
 - Recommends \$5.00 sewer fee increase to \$470
 - Proposed FY 26 \$320,949 use of reserve fund equity due to ongoing remediation and deferred maintenance
 - Reserves at FY 25 year end projected to be \$542,385 or 10.2% of annual operating expenditures in FY 26 proposed budget.
 - Proposed use of fund equity would bring the balance down to \$221,436 (4.2%) – which necessitates consideration of a higher sewer use fee increase or additional expenditure cuts.

Five-Year Capital Budget Plan



- Historically Reviewed in Summer and Approved by August 30th / November Referendum
- Includes Five-Year Plan for Capital Expenditures
- Year 1 is the only year appropriated as the Annual Capital Budget

Recommended Five-Year CEP



- \$162,768,000 requested by Departments & BOE
- Town Manager Reduced by \$10,894,000
- \$151,874,000 Recommended
- Decrease of \$777,000 compared with last year's adopted five-year capital plan

Net Capital Costs



- \$25,150,000 in offsetting grants or available CNR/cash funding
- Reduces the net capital total cost for bonding purposes to \$126,724,000
- Adopted Five-Year CEPs have averaged \$127.1M (gross) and \$97.1M (net) over the past five adopted budgets.

History of Five-Year Capital Plans



C.E.P. HISTORICAL COMPARISON

NUMBERS IN THOUSANDS

FISCAL YEAR	TOTAL GROSS 5 YEAR PLAN	TOTAL NET 5 YEAR PLAN	YEAR ONE GROSS BUDGET	YEAR ONE NET BUDGET
15-16	54,257	41,672	10,606	6,382
16-17	56,809	46,414	14,868	11,449
17-18	47,821	41,080	6,465	5,872
18-19	50,682	42,625	7,999	6,622
19-20	58,641	50,170	11,512	9,380
20-21	67,459	59,731	6,110	5,135
21-22	70,063	58,436	15,846	11,753
22-23	239,841	156,755 ¹	174,656	100,381
23-24	105,370	82,112	13,688	11,127
24-25	152,651	128,596	10,670	9,420
10 YEAR AVG.	\$90,359	\$70,759	\$27,242	\$17,752
5 YEAR AVG.	\$127,077	\$97,126	\$44,194	\$27,563

¹ Next Generation CPS – Two New Elementary Schools approved at referendum (166.6M)

Recommended FY 26 Annual Capital Budget



FY 26 Year One Projects totaling **\$7,699,000** including:

- \$360,000 for Technology and Security Upgrades
- \$422,000 for Vehicle and Equipment Replacements
- \$200,000 for Animal Control Facility Upgrades
- \$200,000 for Firefighter Equipment and Protective Clothing
- \$1,100,000 for Replacement of a 2001 Fire Pumper Engine
- \$400,000 for Road Improvement Program

Recommended FY 26 Annual Capital Budget



- \$400,000 for Weeks Rd. Intersection Improvements
- \$350,000 for Farmington Dr. Culver Improvements
- \$1,175,000 for WPCD Equipment, Pump Station and Facility Improvements
- \$235,000 for Various Community Pool Improvements
- \$1,247,000 for Mixville Park Phase II Improvements
- \$1,375,000 of projects requested for BOE facilities

Town Manager's Proposed Budget



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News & Calendar

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Town Manager Presents Proposed FY 2026 Budget
Posted on March 11, 2025
On Monday, March 10th, the Town Manager Sean Kimball presented the proposed FY 2026 operating budgets to the Town Council...
Read on...

NAA Applications Due 3/8, 2025
Posted on March 6, 2025
The Connecticut Neighborhood Assistance Act (NAA) Tax Credit Program is designed to provide funding for...

March 2025						
SUN	MON	TUE	WED	THU	FRI	SAT
23	24	25	26	27	28	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22

CHESHIRE CONNECTICUT

Budget Calendar



- ✦ **Tuesday, March 18th - 7:00 p.m. – Council Chambers**
 - Public Hearing on the Proposed Budget
 - Board of Education Budget Workshop

- ✦ **Thursday, March 20th - 6:30 p.m. – CFD 250 Maple Ave.**
 - Fire, Civil Prep., Police & Animal Control Budgets

- ✦ **Tuesday, March 25th - 6:30 p.m. – WPCD Conference Rm.**
 - Public Works, Public Property, Engineering, Water Pollution Control Budgets

Budget Calendar



- ✦ **Tuesday, April 1st - 6:30 p.m.** – Town Hall Room 207/209
 - Finance, Debt Service, CNR, Revenues, Information Technology Budgets

- ✦ **Thursday, April 3rd - 6:30 p.m.** – Cheshire Public Library
 - Human Services, Library and Employee Benefits Budgets

- ✦ **Thursday, April 10th - 6:30 p.m.** – ArtsPlace 493 W. Main St.
 - Recreation, Community Pool and ArtsPlace Budgets

Budget Calendar



- ✦ **Tuesday, April 22nd - 6:30 p.m. - Council Chambers**
 - Proposed Town Council Public Information Session
 - Additional Budget Review

- ✦ **Tuesday, April 24th - 6:30 p.m. - Council Chambers**
 - Proposed Town Council Meeting for Budget Adoption

- ✦ **Additional meetings to review and adopt Capital Expenditure Plan to be announced once finalized**

Town Manager's Proposed Budget



Thank you

Finance Dept. and Town Manager's Office Budget Team:

Sharon Churma, Gina DeFilio, James Jaskot, Hope Larson, Donna Ouellet, Noelle Shepard, Andrew Martelli, Arnett Talbot, Christine McCardle, Anne Marie Burr and Jaime LaMere.

Department Heads and CPS Staff