

# TOWN OF BOLTON, CONNECTICUT

## PUBLIC HEARING ON

**APRIL 25, 2023**

PROPOSED BUDGET FOR FISCAL YEAR ENDING

JUNE 30, 2024



Total Proposed Budget: **\$24,826,779**

Proposed Real Estate and Property Tax Mill Rate: **44.05**

Proposed Motor Vehicle Tax Rate: **32.46**

## ***Message from the Board of Finance***

The Board of Finance is pleased to present the enclosed budget for FY24 (July 1, 2023-June 30,2024) to the residents of Bolton at a total of \$24,826,779. This budget represents what is necessary to continue to maintain the current level and quality of services to town residents and our students.

The only added services and positions to this year’s budget for the Board of Selectman and Board of Education include:

- A part-time employee to work in the senior center to keep pace with meeting the current needs of the town’s seniors and residents
- A new Veteran’s commission

The proposed budget was crafted with much thought and diligence, seeking to balance the needs of our residents and employees and fiscal responsibility against the realities of the current fiscal environment. This budget already reflects significant reductions by both the Board of Selectmen and Board of Education/ Superintendent from the original budgets presented to them by their departments and employees.

- The Board of Education reduced their request by **\$634,323** from an **11.07%** increase to the proposed **6.27%** increase.
- The Board of Selectmen reduced their budget request by **\$192,396** from an **8.3%** increase to the proposed **5.31%** increase.
- The Board of Selectmen reduced the Capital Budget request by **\$225,000** from a **27.59%** increase to the proposed **6.05%** increase.

The primary drivers of the increase in the proposed budget include:

- High inflation resulting in increased costs of goods (office supplies, salt, etc.) and services (utilities, insurances, contracted services, etc.)
- Increases in salaries and benefits as a result of contractual obligations
- Cost of Special Education services mandated by law
- Increases to the Separation Fund to offset a growing liability (amount paid out to employees when they leave the town for unused time off)
- Cost for previously unfilled positions that were successfully filled this current fiscal year, FY23 - full-time assessor shared with Town of Willington and Building and Land Use position.

### **Board of Finance Members**

Ross Lally – Chair

Robert Munroe- Vice Chair

Mather Clarke

Charles Danna

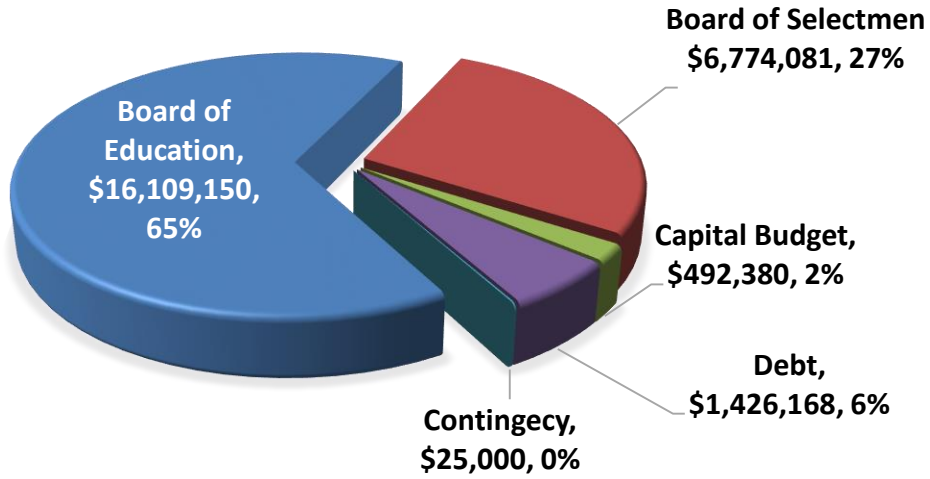
Kristen Gourley

Amanda Gordon

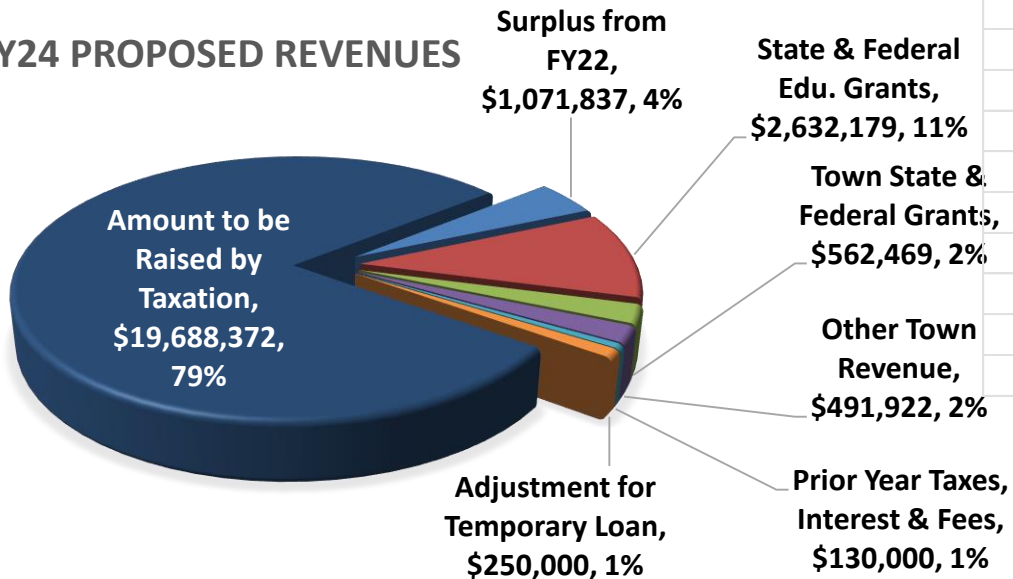
Ashley Phelan

# Proposed FY2024 Budget Details

## FY24 PROPOSED EXPENDITURES



## FY24 PROPOSED REVENUES



	Adopted Budget FY23	Proposed Budget FY24	Difference	% Change
<b>EXPENDITURES</b>				
Board of Education	\$ 15,158,666	\$ 16,109,150	\$ 950,484	6.27%
Board of Selectmen	\$ 6,432,791	\$ 6,774,081	\$ 341,290	5.31%
Capital Budget	\$ 464,290	\$ 492,380	\$ 28,090	6.05%
Debt	\$ 1,365,851	\$ 1,426,168	\$ 60,317	4.42%
Contingency	\$ 25,000	\$ 25,000	\$ -	0.00%
<b>Total Expenditures</b>	<b>\$ 23,446,598</b>	<b>\$ 24,826,779</b>	<b>\$ 1,380,181</b>	<b>5.89%</b>
<b>REVENUES</b>				
Carryover Funds*	\$ 1,514,073	\$ 1,071,837	\$ (442,236)	-29.21%
State & Federal Edu. Grants	\$ 2,688,815	\$ 2,632,179	\$ (56,636)	-2.11%
Town State & Federal Grants	\$ 427,381	\$ 562,469	\$ 135,088	31.61%
Other Town Revenue	\$ 574,921	\$ 491,922	\$ (82,999)	-14.44%
Prior Year Taxes, Interest & Fees	\$ 125,000	\$ 130,000	\$ 5,000	4.00%
Adjustment for Temporary Loan	\$ 250,000	\$ 250,000	\$ -	0.00%
<b>Total Estimated Revenue</b>	<b>\$ 5,580,190</b>	<b>\$ 5,138,407</b>	<b>\$ (441,783)</b>	<b>-7.92%</b>
<b>Net Amount to be Raised by Taxation</b>				
	<b>\$ 17,866,408</b>	<b>\$ 19,688,372</b>	<b>\$ 1,821,964</b>	<b>10.20%</b>

\* Carryover funds inclusive of funds carried over from FY22, and unused contingency funds and monies realized as a result of revised revenue projections for the current FY23 year.

# Impact of Inflation

***While town expenditures have increased (at less than cumulative inflation rate), the value of property to be taxed has decreased. Combined with decreases in other revenue resources like the State and Columbia students, this results in the need for an increased Mill Rate.***

## **Inflation**

- Cumulative inflation from the FY13 Budget (July 2012) to today (March 2023) is 31.8%.

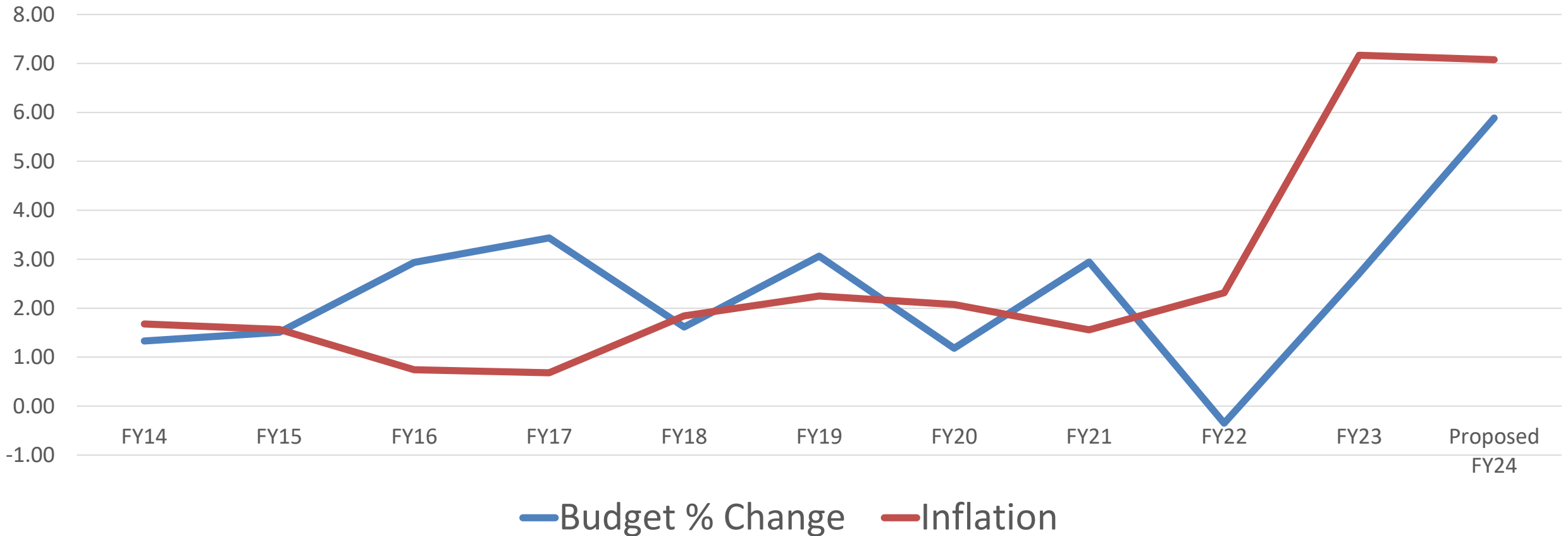
## **Budgeted Expenditures**

- If the budget had kept pace with inflation, this year's proposed budget would be \$25,262,270.
- Instead, the proposed budget of \$24,826,776 is a 29.5% increase over 2013, or 2.3% under inflation.
- Likewise, the currently proposed increase of 5.89% is under the average monthly inflation experienced this fiscal year of 7.08%

## **Grand List:**

- The grand list used for the FY2013 budget was \$481,732,525.
- If the grand list had kept pace with inflation, it would be at \$632,256,356
- Instead, the grand list for the FY24 proposed budget is \$468,886,431, a decrease of 2.67% change since 2013.

# % Increase in Budget Compared to Inflation\*



\* Inflation increase calculated using average inflation of all months in the prior fiscal year. FY24 represents 9 months of data from July 2022-March 2023.

# The Mill Rate

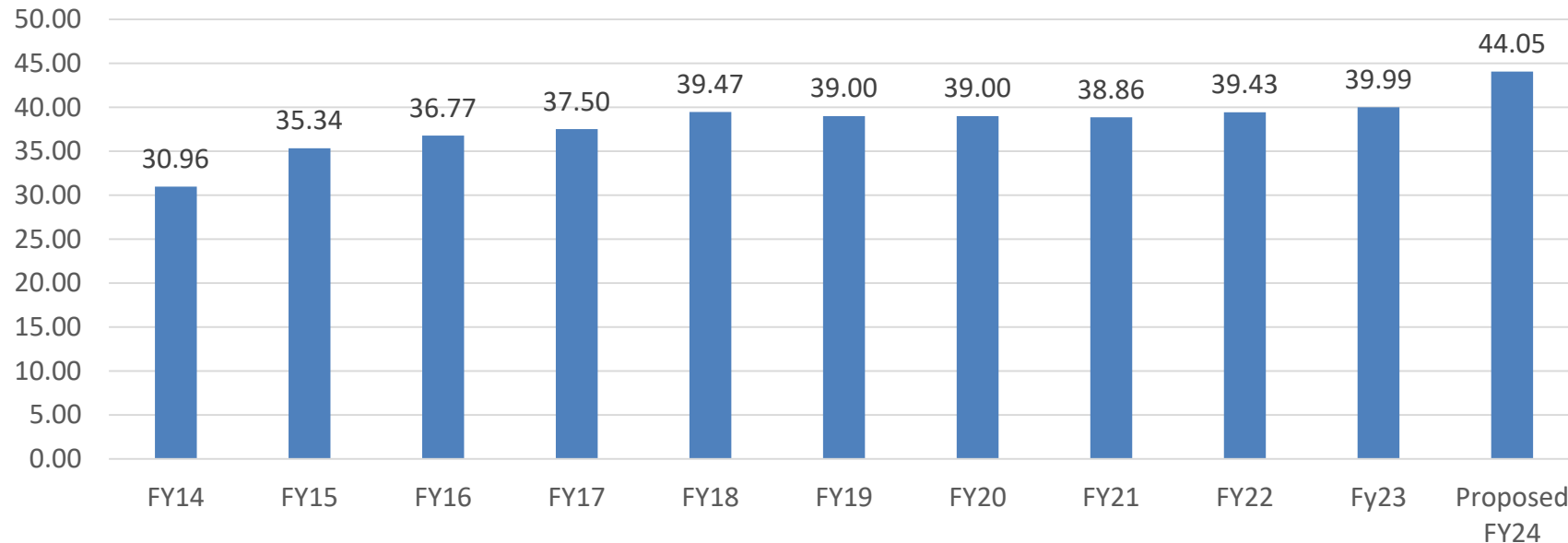
## What is a mill rate?

- The mill rate is the amount of tax payable per dollar of assessed value of property
- 1 mill is equal to \$1 in property tax, per \$1,000 of a property's assessed value

## What impacts the mill rate?

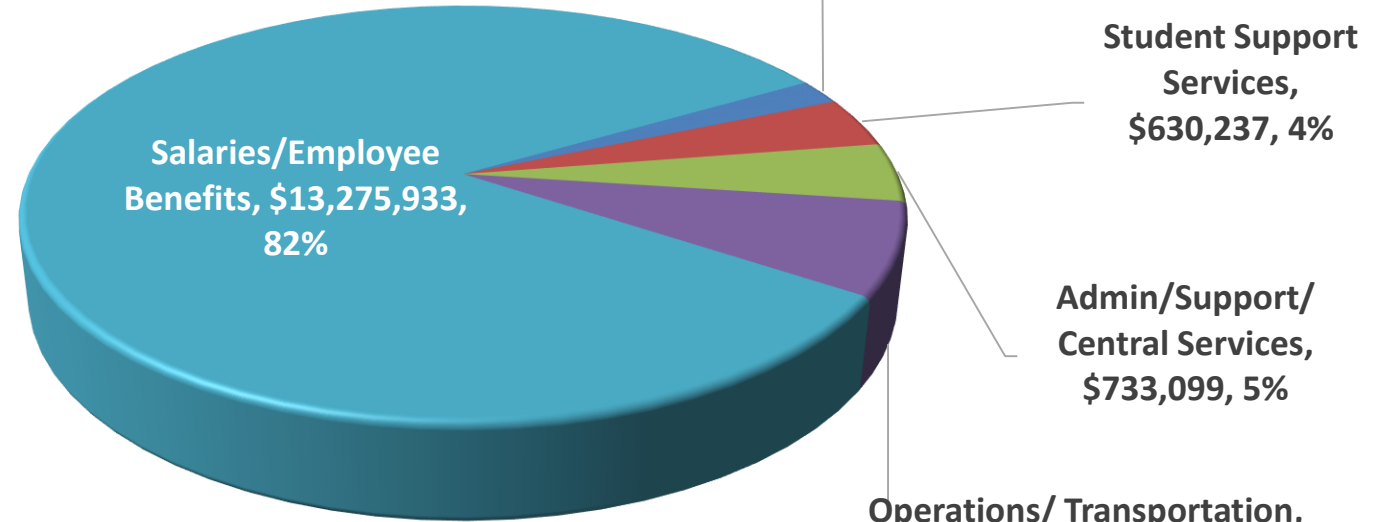
- Property taxes cover the remaining revenue needed by a town to meet its expenditures after all other potential revenue sources have been considered.
- The mill rate is affected by
  - Projected other sources of revenue
  - Proposed expenditures
  - The total assessed value of taxable property in the town (the grand list).
  - The State-imposed motor vehicle mill rate cap of 32.46. The State covers part of the mill rate gap; the Town must make up the difference elsewhere.
- Therefore, the amount of taxes you owe is based on not only the mill rate, but also the value of your property which is subject to change based on improvements made, additional purchases, and the 5-year revaluation among other things.

Multi-Year Mill Rate History of Bolton

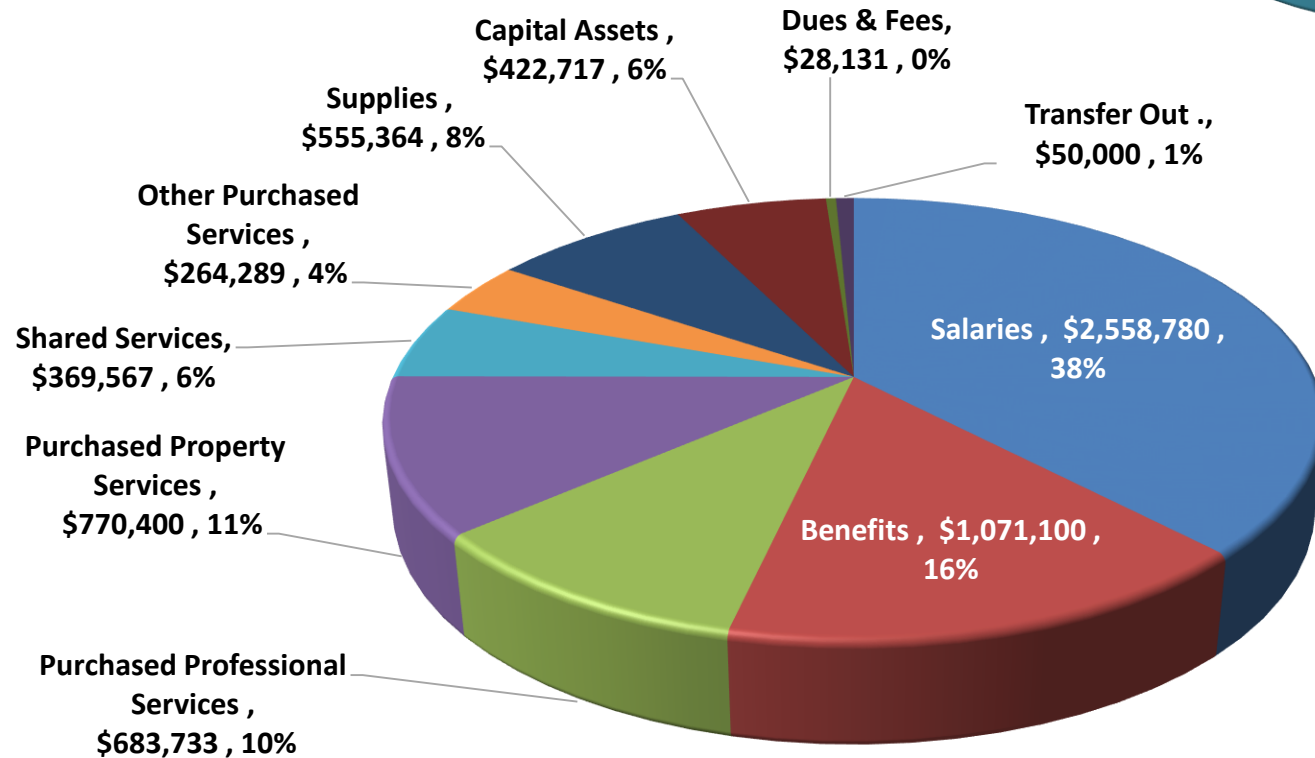


# Where the money will be spent - Expenditures

**Board of Selectmen  
Budget Breakdown**

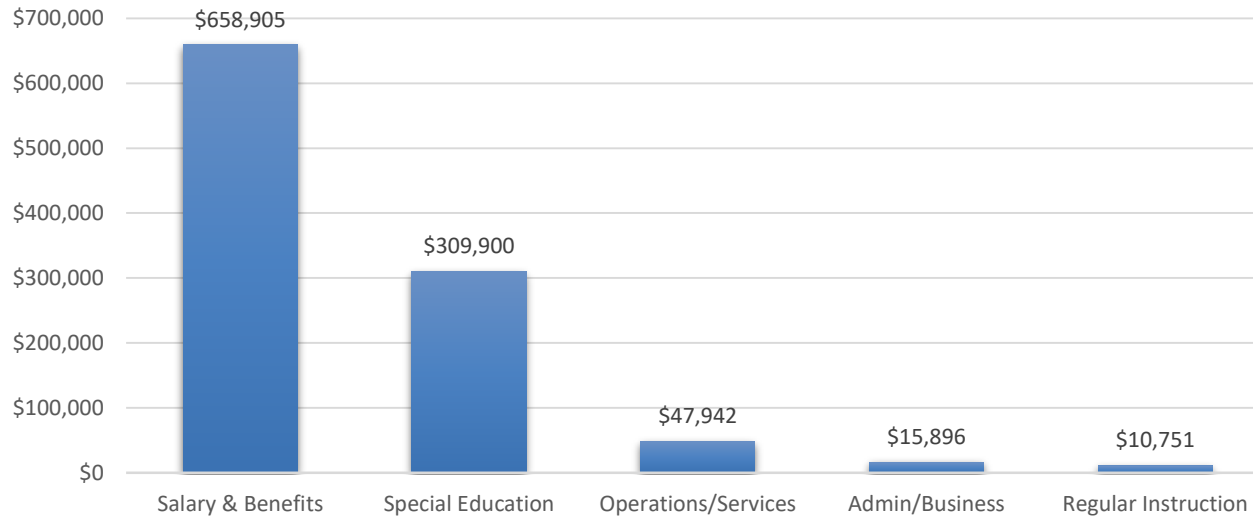


**Board of Education  
Budget Breakdown**

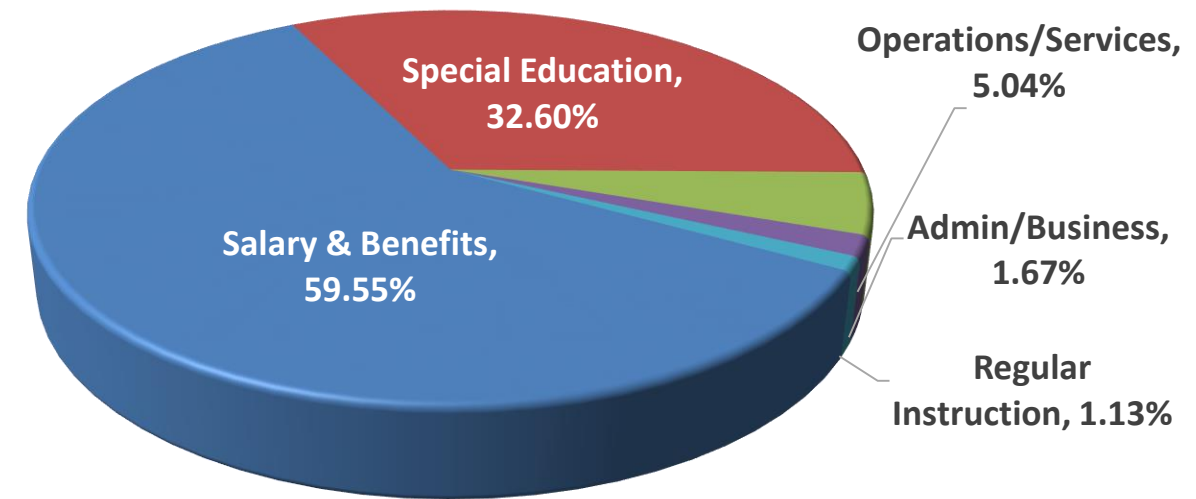


# BOARD OF EDUCATION INCREASES EXPLAINED

Distribution of BOE Increase



As a % of the Increase



## BUDGET DRIVERS

- Contractual Obligations (salaries and benefits) - 61.15% of increase
  - Union contracts
  - Benefits contracts
- Special Education: 29.70% of increase
  - Mandated programming
  - Transportation
  - Outplacements
- Increased Maintenance & Operations costs - 7.15% of increase
  - Building operations
  - Instructional needs
  - Technology for students and maintenance
  - School Insurance
  - Transportation

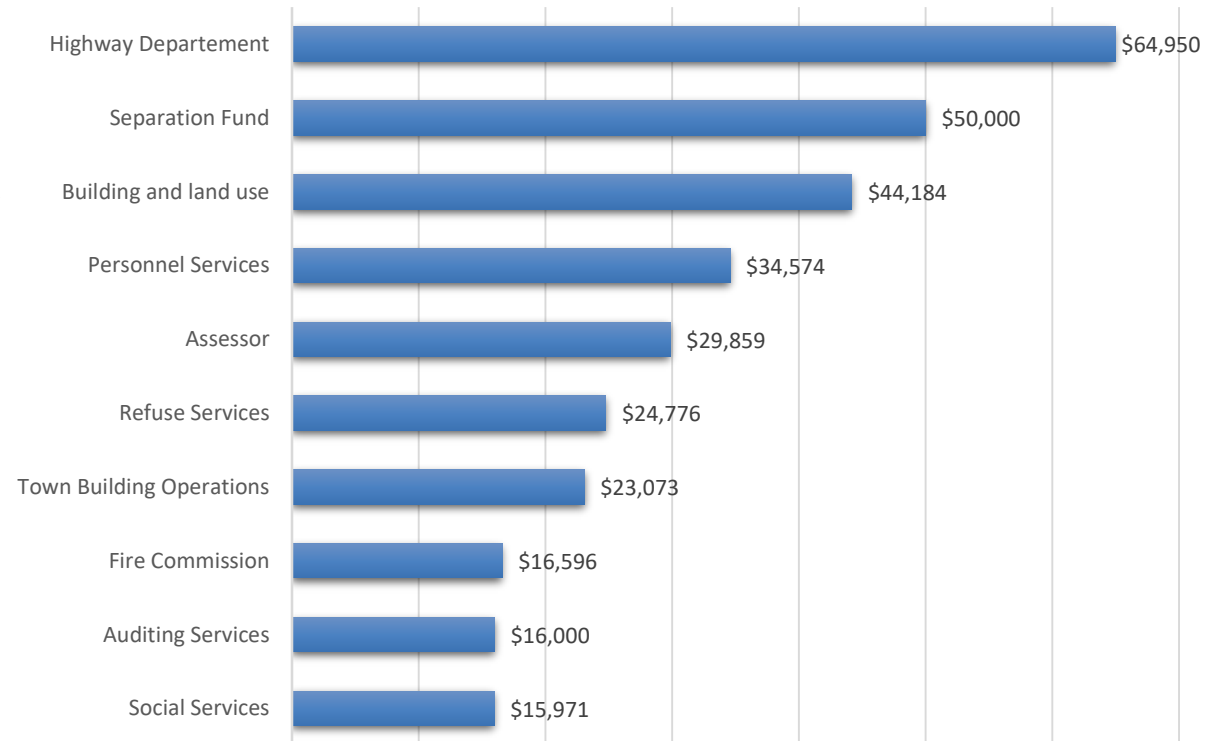


# BOARD OF SELECTMEN INCREASES EXPLAINED

## DRIVERS BEHIND INCREASES

- **Highway** – Increased cost of materials and supplies.
- **Separation Fund** – Need to fund this liability which pays for expenses owed to employees upon separation from the Town.
- **Building and Land Use** – An open position was filled in this department leading to increased expenses.
- **Personnel Services** – Increase is driven by anticipated 7.1% increase in healthcare insurance costs.
- **Assessor** – Increase due to filling a full-time assessor position that is shared with the Town of Willington. (Position was not budgeted for the entirety of FY23 and individual hired came at a salary higher than anticipated).
- **Refuse Services** – New contract negotiated with assistance from attorney. Cost to maintain current services of weekly garbage and bi-weekly recycling.
- **Town Building Operations** – Due to contractual salary increases and the increased cost of utilities (~\$16,000).
- **Fire Commission** – Driven by increased cost of supplies and equipment.
- **Auditing Services**: Had to go out to bid for the first time in several years; cost of service has increased in that time-frame.
- **Social Services** – To hire a part-time employee to provide services to town seniors, so that the Director can handle more resident’s assistance needs.

Top 10 Increases by Dollar Value



<b>Impact of Proposed Motor Vehicle Tax Mill Rate by Vehicle Value*</b>					
Fair Market Value of Motor Vehicle	\$5,000	\$10,000	\$15,000	\$20,000	\$30,000
Assessed Value (70%) of FMV	\$3,500	\$7,000	\$10,500	\$14,000	\$21,000
FY23 Taxes (32.46 mil rate)	\$114	\$227	\$341	\$454	\$682
Proposed FY24 Taxes (32.46 mil rate)	\$114	\$227	\$341	\$454	\$682
<b>Annual Change in Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Monthly Change in Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>Impact of Proposed Real Estate Tax Mil Rate by Home Value*</b>					
Fair Market Value of House	\$200,000	\$300,000	\$400,000	\$500,000	\$600,000
Assessed Value (70%) of FMV	\$140,000	\$210,000	\$280,000	\$350,000	\$420,000
FY23 Taxes (39.99 mil rate)	\$5,599	\$8,398	\$11,197	\$13,997	\$16,796
Proposed FY24 Taxes (44.05 mil rate)	\$6,167	\$9,251	\$12,334	\$15,418	\$18,501
<b>Annual Change in Taxes</b>	<b>\$568</b>	<b>\$853</b>	<b>\$1,137</b>	<b>\$1,421</b>	<b>\$1,705</b>
<b>Monthly Change in Taxes</b>	<b>\$47</b>	<b>\$71</b>	<b>\$95</b>	<b>\$118</b>	<b>\$142</b>

**\*Numbers are rounded to the nearest dollar.**

# What happens next?

- A budget is a best estimate of projected expenditures and revenue based on historical knowledge, existing contracts, and forecasts known at the time the budget is constructed. Budgeting is a fluid process.
- The Board of Selectmen (BOS) and the Board of Education (BOE) share updated information with the Board of Finance (BOF) until the date the budget must be solidified for referendum.
- The BOF will consider all feedback provided at the public hearing and decide what budget to present to the town at referendum.
- If the budget fails at referendum, the BOF **is required by Town Charter to make a reduction**. The BOF determines how much of that reduction comes from the BOE budget and/or the BOS budget. The BOF **CANNOT** identify which budget items get eliminated. This process repeats for each failed referendum.
- If there have been reductions due to failed referendums, the BOE and BOS decide which specific items, programs, and services will be cut **AFTER** the final budget passes.
- Each referendum costs the Town an estimated **\$4,200**.



# End Notes- Definitions

**Capital Budget** – Each year, Bolton allocates funds to capital projects that include purchasing large equipment and vehicles and making improvements to our facilities. The Town has a 5-year Capital Plan that includes known current and future needs. The plan is revisited annually to make sure that future critical needs are planned for well in advance. The Capital Plan is important to our community to preserve the physical assets of Bolton and to properly maintain our infrastructure.

**Debt Service** – is the amount of money needed to pay for the principal and interest on debt that the town has already approved and issued. The Town borrows to fund large capital improvement projects (such as the high school renovation or the purchase of large vehicles). Eighty percent (80%) of the tuition received from the Town of Columbia for sending their students to Bolton, goes towards the high school debt service.

**Contingency** – is funds set aside by the Board of Finance to help address shortfalls that may occur each fiscal year. Examples of this might be unanticipated major road repairs, to make up for cuts in State funding, shortfalls due number and intensity of storms to respond to. If at the end of the year there are funds left, a minimum of \$25,000 is put into the town's assigned fund balance and the rest is used to fund the next year's budget. For this upcoming fiscal year, the BOF believes that a contingency of \$25,000 is adequate, knowing the BOS and BOE have diligently crafted their budgets.