

Windsor Finance Committee Statement on the FY27 Budget and the FY27-31 Medium-Term Expenditure Framework

Some of you may have seen your tax bill fall in FY26 (July 1, 2025 – June 30, 2026). The average single-family tax bill fell 8.2% to \$2,846, the lowest tax bill in 5 years. That was not intentional. As we have said in previous statements, we aim to keep the growth of the overall property tax levy to about 3 percent per year. In past years, that usually meant that the average single-family tax bill would also increase, on average, by about 3 percent, which has been our ultimate objective. However, after the 2026 Annual Town meeting, there was a substantial revaluation (upward) of Eversource's property in Windsor. This meant that Eversource paid a substantially larger portion of the overall tax levy than it did in the past, meaning that less revenue was needed from Windsor residents, hence the decline in your tax bill.

While this is not a bad thing, there was not time to hold a Special Town Meeting before the tax rate was set and thus were not able to raise the overall levy to keep the average tax bill in line with our 3 percent target and substantially increase our financial reserves to use on capital projects in the future. This year's budget is more in line with past practice, insofar as the Finance Committee is recommending a budget that would result in an estimated 9.8% increase in the average single-family tax bill in FY27. This would mean an approximate average tax bill of \$3,126, only 0.8% higher than the average bill in FY25. This budget proposal would accommodate higher operational expenditures as well as implementation of the FY27 capital plan.

We approach FY27 in decent financial condition. We have about \$575,631 in financial reserves on hand, including \$140,497 in free cash, \$306,631 in stabilization and \$133,981 money from the Connect America Fund, which we are using to service the broadband debt. The broader financial environment is somewhat mixed. Interest rates remain elevated and fuel prices are increasing, but overall inflation (which does not include the most recent increases in fuel prices) has come down, easing pressure on the town wage bill (this may not hold for long).

The town's operational budget (wages, materials, fuel, insurance, education, etc.) is slated to grow by 5 percent in FY27 with the biggest increases coming from debt service (new debt issued for the fire truck, side mower and police cruiser approved last year), education (a 5.7 percent increase in the CBRSD school budget coupled with Windsor's higher share of total enrollment), and public works (hiring a new staff member and increasing fuel costs). We are recommending a 2.5% increase in wages across the board, reflecting current inflation and a small additional increase.

The Capital Planning Team worked with department heads to update the rolling 5-year capital spending plan. Departmental capital spending requests for the next five years total about \$1.652 million (see attached table).

FY27 Overview

Highlights of our projections and proposals for the FY27 budget are:

- **Revenue projections**
 - Total revenues projected to rise 7.5%
 - The overall tax levy to increase 10.0%
 - An increase in the average single-family tax bill of 9.8% to \$3,126
 - The revenue projections include the CAF money and broadband surplus revenues
 - Other local receipts, excluding the above, are projected to increase 3 percent a year.

- **Wages and salaries**
 - We aim to have wages grow by 0.5% more than inflation. Using a methodology based on the average inflation rate in New England, an across-the-board wage and salary increase of 2.5 percent is recommended for FY27.

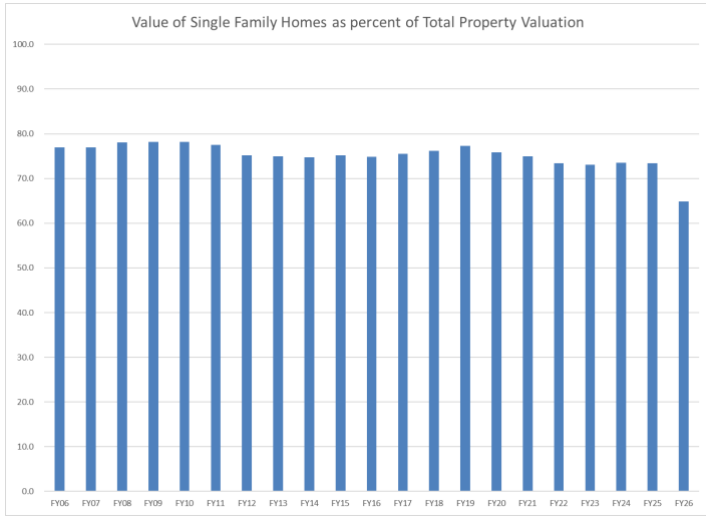
- **Other expenditures**
 - CBRSD school assessment for FY27 up 7.7 percent (\$77,361)
 - Employee benefits are projected to increase 13.3 percent due to higher premiums
 - Most other line items to rise by 2 percent
 - Capital spending of about \$179,000 (mostly debt financed - see attachment)

- **Transfers to Funds**
 - \$40,000 to the reserve fund
 - \$10,000 to the broadband depreciation reserve
 - \$23,821 to stabilization

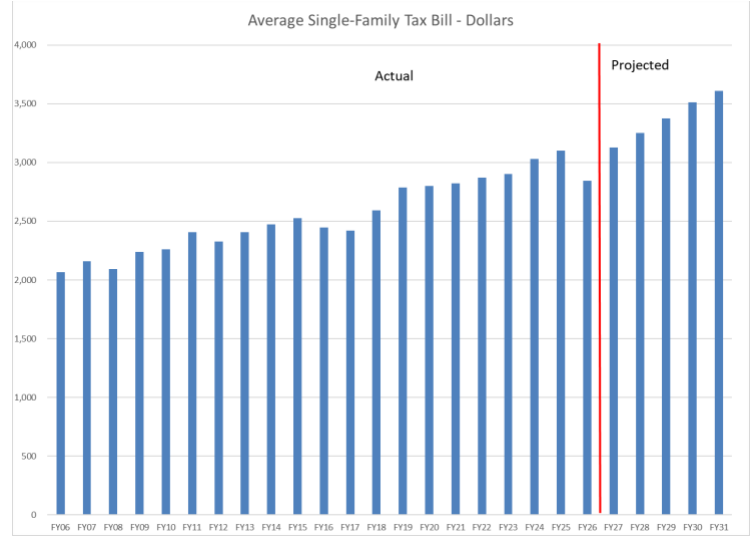
- **Use of Financial Reserves**
 - Remaining free cash (\$140,947) will be used to fund the reserve fund, payment of debt and a portion of the capital plan
 - Financial reserves fall to about \$442,275 by end-FY27

The Medium-Term Expenditure Framework

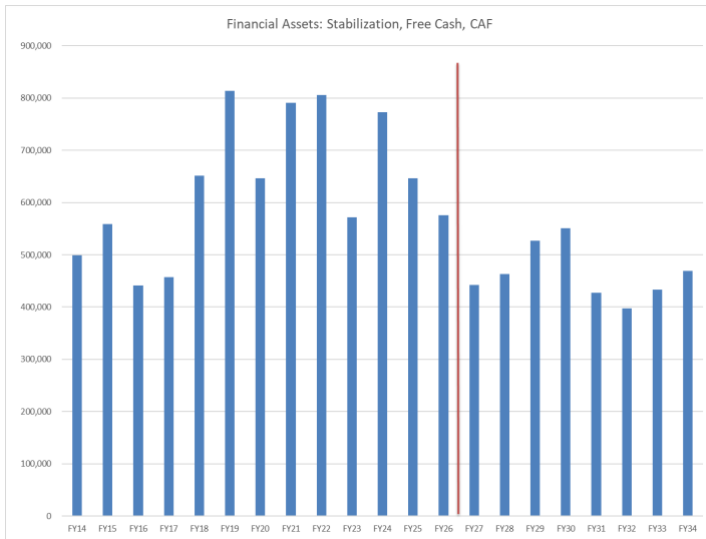
Based on expenditures proposed for FY27, we project that we can accommodate future operating expenses and the full implementation of the 5-year capital plan with additional increases in the average single-family tax bill on the order of 4 percent in fiscal years 28 and 29 and 3 percent thereafter. That would be consistent with an average tax increase of under 3 percent a year for the FY25-FY31 period. Other features of the medium-term outlook are outlined in the charts and tables attached below.



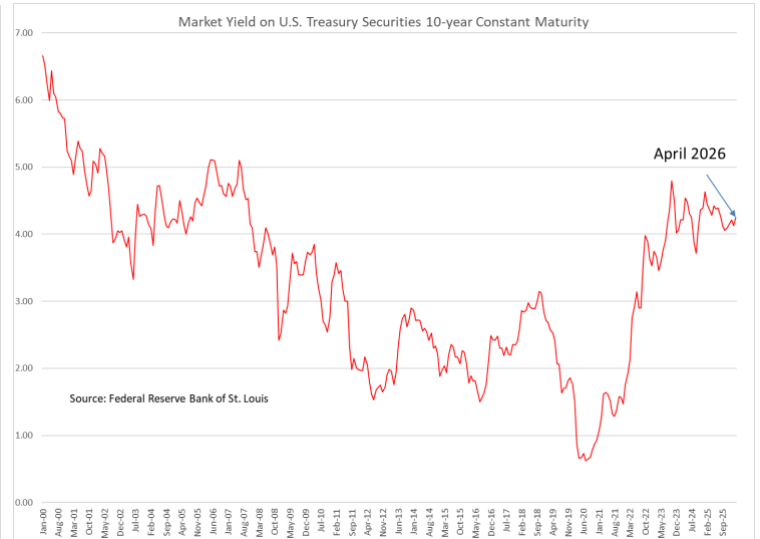
Substantially less of the tax bill fell on households due to revaluation,



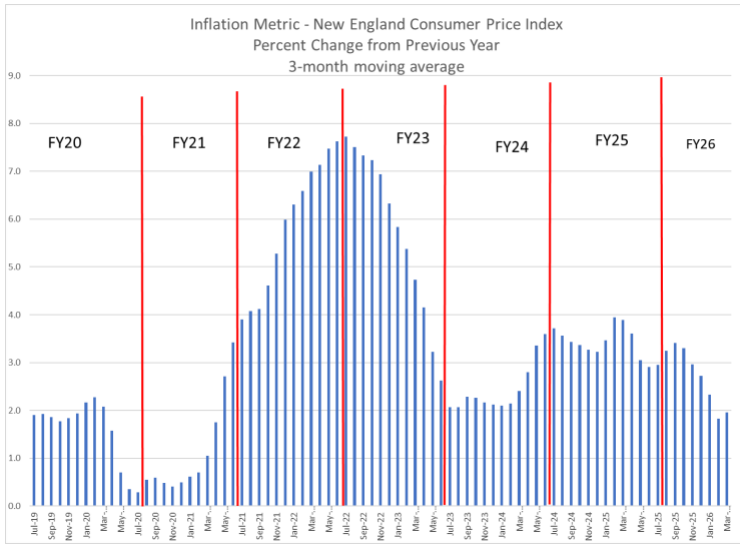
resulting in a decline in the average tax bill. Future increases are expected to average about 3 percent.



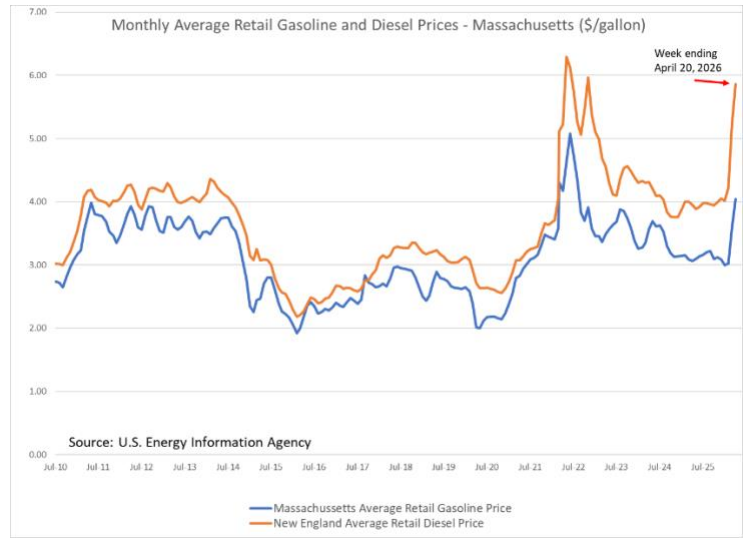
Financial reserves have fallen but remain strong.



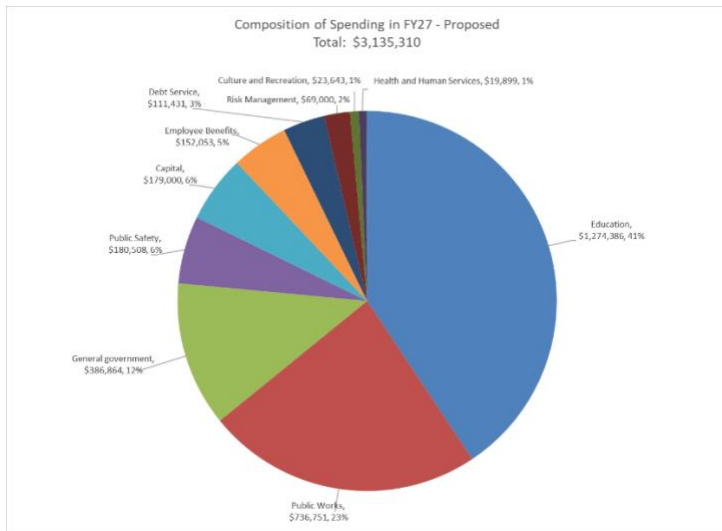
Interest rates remain high, affecting the cost of borrowing.



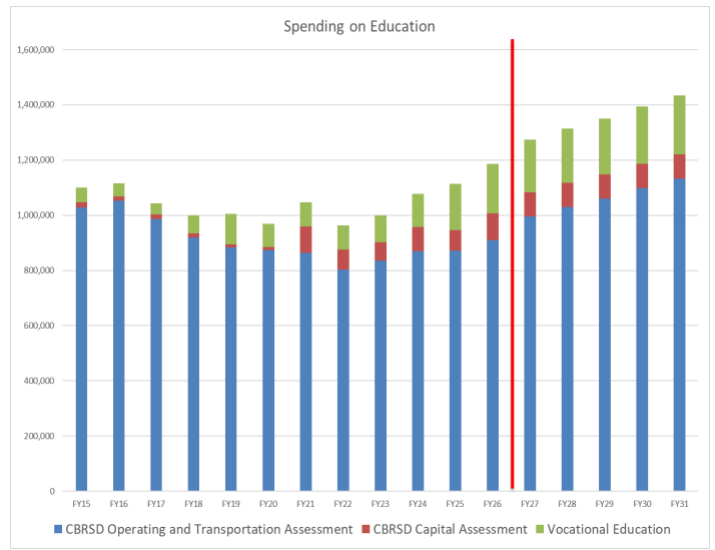
Inflation has come down, easing pressure on wages and salaries.



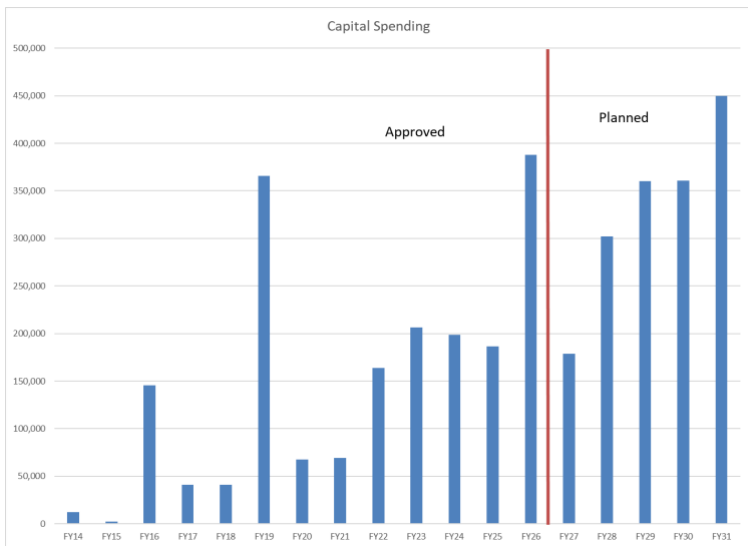
But fuel prices have recently increased, which will affect FY27 fuel costs.



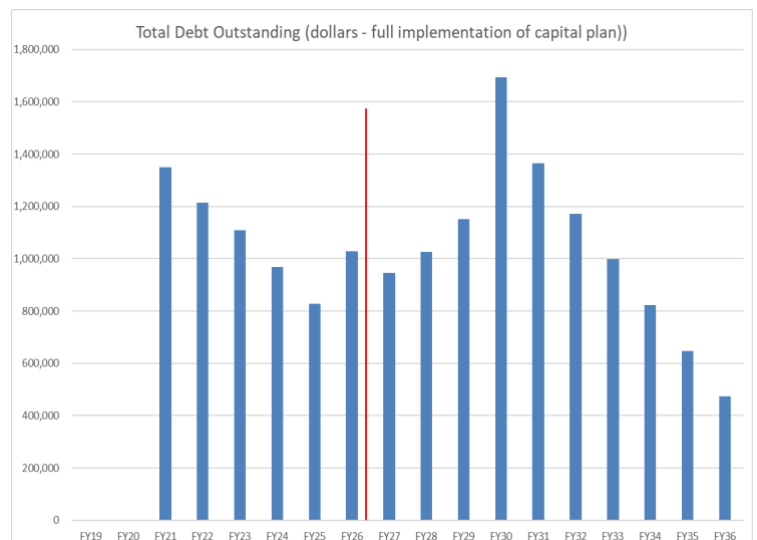
Spending on education and public works (roads) dominate.



After years of decline spending on education continues to rise.



Capital spending falls slightly in FY27 before resuming.



Debt levels will rise in the near term but remain manageable.

Windsor: Medium-Term Expenditure Framework FY27 - FY31 - Dollars

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
	Actual	Actual	Approved	Approved	Proposed	Projected			
Revenue	2,338,918	2,443,095	2,601,950	2,774,029	2,983,194	3,087,407	3,195,582	3,307,869	3,351,686
Tax levy	1,795,346	1,866,849	1,916,615	2,001,313	2,201,444	2,289,502	2,381,082	2,476,325	2,550,615
Other local receipts (excluding CAF)	269,131	281,541	376,529	460,723	468,715	476,947	485,425	494,158	455,172
State aid (net)	274,441	294,705	308,805	311,993	313,035	320,958	329,075	337,386	345,899
Use of Funds	-490,241	284,589	327,988	140,497	140,497	0	0	15,969	163,686
Borrowing	29,042	0		321,000	90,000	275,000	340,000	340,000	450,000
Transfers to Funds		38,931	50,000	202,835	78,381	78,134	79,233	40,000	40,000
Expenditure (excluding transfers to funds)	2,511,154	2,674,212	2,707,384	3,032,691	3,135,310	3,284,273	3,456,350	3,623,838	3,925,371
Recurrent	2,304,483	2,475,378	2,520,639	2,644,707	2,956,310	2,982,273	3,096,350	3,262,838	3,475,371
General government	269,043	302,596	310,841	377,833	386,864	416,658	402,857	434,351	420,495
Salaries	118,081	127,436	145,924	169,339	183,523	188,111	192,814	197,634	202,574
Expenses	150,963	175,161	164,917	208,494	203,341	228,547	210,043	236,717	217,921
Public Safety	113,128	136,081	158,955	163,372	180,508	184,205	187,988	191,856	195,815
Salaries	49,260	47,799	74,055	77,808	79,754	81,748	83,792	85,886	88,034
Expenses	63,868	88,283	84,900	85,564	100,754	102,457	104,196	105,970	107,781
Education	999,989	1,077,239	1,114,375	1,185,723	1,274,386	1,314,256	1,349,893	1,393,368	1,434,286
CBRSD	902,287	957,974	945,273	1,006,417	1,083,778	1,118,232	1,148,296	1,186,039	1,221,064
Vocational	97,702	119,265	169,102	179,306	190,608	196,024	201,597	207,329	213,222
Tuition	78,488	100,605	147,889	125,394	134,181	138,207	142,356	146,628	151,026
Salaried driver	15,645	13,479	17,213	17,982	18,432	18,893	19,365	19,849	20,345
Bus expenses	3,569	5,181	4,000	4,080	4,162	4,245	4,330	4,417	4,505
Public Works	574,772	603,650	703,717	671,387	736,751	738,715	755,724	773,128	790,939
Salaries	270,941	294,729	325,891	351,702	389,767	399,512	409,501	419,738	430,232
Expenses	303,831	308,921	377,826	319,685	346,984	339,203	346,223	353,390	360,707
Health and Human Services	10,136	9,112	16,743	19,202	19,899	20,361	20,834	21,319	21,814
Salaries	796	1,500	1,530	1,561	1,620	1,652	1,685	1,719	1,753
Expenses	9,340	7,612	15,213	17,641	18,279	18,709	19,149	19,600	20,061
Culture and Recreation	13,576	16,578	19,252	19,473	23,643	24,170	24,709	25,260	25,823
Salaries	7,488	9,912	10,170	10,628	10,894	11,166	11,445	11,731	12,024
Expenses	6,088	6,666	9,082	8,845	12,749	13,004	13,264	13,529	13,799
Debt Service	168,413	171,617	6,658	6,444	111,431	129,851	193,374	255,284	410,213
Risk Management	52,264	54,600	64,005	65,285	69,000	70,380	71,788	73,224	74,688
Employee Benefits	101,672	102,401	124,394	134,252	152,053	81,868	87,336	93,164	99,375
Other Amounts to be Raised	1,490	1,505	1,699	1,736	1,775	1,810	1,847	1,884	1,922
Capital	206,671	198,834	186,744	387,984	179,000	302,000	360,000	361,000	450,000
Memorandum items:									
Total assets (free cash plus stabilization)	571,973	773,149	646,001	575,631	442,275	462,881	526,960	550,991	427,305
Total debt	1,109,042	968,200	827,400	1,029,613	944,512	1,026,410	1,151,609	1,692,808	1,365,007
Prop 2 1/2 parameters									
Total valuation	136,944,811	161,771,981	169,013,655	212,228,266	214,706,342	216,853,406	219,384,885	221,578,733	224,164,761
New growth	1,830,643	2,444,215	2,934,132	29,171,698	304,872	0	311,000	0	317,251
Market growth	909,060	22,382,955	4,307,542	14,042,913	2,122,283	2,147,063	2,168,534	2,193,849	2,215,787
Levy ceiling	3,423,620	4,044,300	4,225,341	5,305,707	5,367,659	5,421,335	5,484,622	5,539,468	5,604,119
Maximum levy limit	2,283,280	2,366,513	2,451,705	2,836,068	2,860,069	2,947,205	3,084,445	3,218,632	3,451,190
Exclusions	168,413	164,700	160,987	157,275	111,431	129,851	193,374	255,284	410,213
Levy limit (without exclusions)	2,114,867	2,201,813	2,290,718	2,678,793	2,748,638	2,817,354	2,891,071	2,963,348	3,040,977
Override capacity	1,308,753	1,842,487	1,934,623	2,626,914	2,619,021	2,603,981	2,593,551	2,576,121	2,563,142
Excess levy capacity	487,934	499,664	535,090	834,755	658,625	657,703	703,363	742,306	900,575
Average tax bill	2,901	3,030	3,100	2,846	3,126	3,251	3,375	3,510	3,610
%change	1.0	4.4	2.3	(8.2)	9.8	4.0	3.8	4.0	2.8
Tax rate (dollars per \$1000 of valuation)	13.1	11.5	11.3	9.4	10.3	10.6	10.9	11.2	11.4
Average single-family home value (dollars)	221,308	262,552	273,354	301,854	304,872	307,921	311,000	314,110	317,251

Capital Planning REQUESTS - FY27 - FY31

Department	Requested Project	FY Request	Est. Cost	Funding	FY26	FY27	FY28	FY29	FY30	FY31	Totals
Highway	Freightliner 108 (R) 2012 International	FY27	\$345,000.00	Town \$20,000.00 CH 90 \$325,000.00		\$ 20,000					
Highway	Pickup (R) 2019 F350 Ford Pckup	FY27	\$90,000.00	Town Funding		\$ 90,000					
Highway	High Street Hill Culvert	FY28	\$1,000,000.00	Town \$150,000.00 Grant \$650,000.00 Ch 90 \$200,000.00			\$ 150,000				
Highway	Freightliner 108 (R) 2016 International	FY29	\$340,000.00	Town \$340,000				\$ 340,000			
Highway	Freightliner 106 M2 (R) 2018 106 M2	FY30	\$340,000.00	Town \$340,000					\$ 340,000		
Highway	To be determine	FY31		Town Funding							
						\$ 110,000	\$ 150,000	\$ 340,000	\$ 340,000	\$ -	\$ 940,000
Fire Dept.	Enclosed Trailer	FY25	\$7,500.00	Town Funding		7,500					
Fire Dept.	Ambulance Replacement	FY31	\$375,000.00	Town Funding						\$ 375,000	
Fire Dept.	Brush Truck Retrofit	FY27	\$59,000.00	dependent on using retired highway truck		\$ 59,000					
						\$ 66,500	\$ -	\$ -	\$ -	\$ 375,000	\$ 441,500
Historic	Entryway Steps	FY27	\$2,500.00	Town Funding		\$ 2,500					
Historic	window repair	FY28	\$12,000.00	Town Funding			\$ 12,000				
Historic	Display cases, shelving and lighting	FY29	\$5,000.00	Town Funding				\$ 5,000			
Historic	update electrical system	FY30	\$6,000.00	Town Funding					\$ 6,000		
Historic	Archival Room	FY31	\$75,000.00	Town Funding						\$ 75,000	
					\$ -	\$ 2,500	\$ 12,000	\$ 5,000	\$ 6,000	\$ 75,000	\$ 100,500
Transfer Station	paving	FY26-27	\$125,000.00	Town Funding, also possible \$20K from RDP grant depending on compactor decision	\$ 10,000		\$ 125,000				
Transfer Station	paper compactor	FY28	\$25,000.00	RDP grant can fund this but would not be available for FY28 paving			\$ -				
						\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ 125,000
						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cemetery	Stone repairs	FY28-30	\$15,000 per year/perhaps with some additional in-kind assistance	Town Funding			\$ 15,000	\$ 15,000	\$ 15,000		
							\$ 15,000	\$ 15,000	\$ 15,000		
				COLUMN TOTALS:		\$ 179,000	\$ 302,000	\$ 360,000	\$ 361,000	\$ 450,000	\$ 1,652,000