

Derby  **★ Connecticut**

2026-2027 Proposed Budget

Executive Summary

- Accomplishments Include:
 - Strengthened financial reporting and transparency, enabling us to correct past budgeting issues and **eliminate budget deficits.**
 - General Fund Balance is projected to increase from **\$2.6 million** to **\$4.8 million** through June 2024, with more upside coming from the 24-25 audit
 - Expense management kept the Mill Rate flat in 25-26
 - Maintained service levels while keeping budgets flat
 - Health Care changes from Self Insured to Fully Insured CT State Plan
 - Utilized **\$1.35 million** in grants towards the redevelopment of downtown
 - Generated **\$500 thousand** in funds from Blight Enforcement, a portion of which helped fund the new playground at Bradley
 - Capital investments of **\$3.2 Million** for road work, new equipment
 - Approval of a **\$6.5 million bond referendum** for much needed Fire and Rescue trucks, HVAC investments at the Library and Middle School, Dump Trucks, and other infrastructure purchases

26-27 Budget Highlights

- Revaluation increased the Grand List for Real Estate by 61% overall
 - Board of Aldermen/Alderswomen approved 5-Year Phase-In to prevent a large tax increase and loss of state aid from motor vehicle cap reimbursements
 - The Mill Rate will decline from **43.2** to **39.1** or a 9.5% reduction
 - Net Impact for the average resident (61% revaluation increase) will be a **1.4%** increase in their real estate taxes

	25-26 FY Original Budget	26-27 FY Proposed Budget	Budget Variance Fav/(Unfav)
Total General Fund Expenses	\$ 52,891,986	\$ 51,375,200	\$ 1,516,786
<u>Rev./Exp. Net Adjustments</u>			
WPCA Bonds	\$ (1,252,825)	\$ -	\$ (1,252,825)
Medical Expense Reduction for Employee Cost Share	\$ (1,400,000)	\$ -	\$ (1,400,000)
Town Aid Grant Increase	\$ -	\$ (86,949)	\$ 86,949
General Fund Expenses - Apples to Apples	\$ 50,239,161	\$ 51,288,251	\$ (1,049,090)
			-2.1%
<u>Major Expense Variances</u>			
Board of Education	\$ 20,448,449	\$ 20,814,448	\$ (365,999)
City Bond Costs	\$ 1,949,139	\$ 2,276,705	\$ (327,566)
Employee Benefits	\$ 10,150,700	\$ 10,645,485	\$ (494,785)
Sanitation Contract Yearly Increase	\$ 1,950,649	\$ 2,057,934	\$ (107,285)
Revaluation Costs	\$ 90,000	\$ -	\$ 90,000
Celebrate 350	\$ 50,000	\$ -	\$ 50,000
Total	\$ 34,638,937	\$ 35,794,572	\$ (1,155,635)

Budget Summary

- Apples to Apples Budget expense increases are \$1.05 Million or **2%**
- **90%** of this increase falls into 3 major categories
 - Employee Benefits
 - Board of Education
 - Initial budget up 1.8%, or \$366k
 - Sanitation
 - Final Year of Contract, Increase of \$107k
- Revenue from sources outside of taxes increased by \$90k for cannabis tax revenue and 70k Cedar Village PILOT
- Detailed explanation of the major drivers are on the following slides
- Future budget review meetings with greater detail will be led by the Finance Director



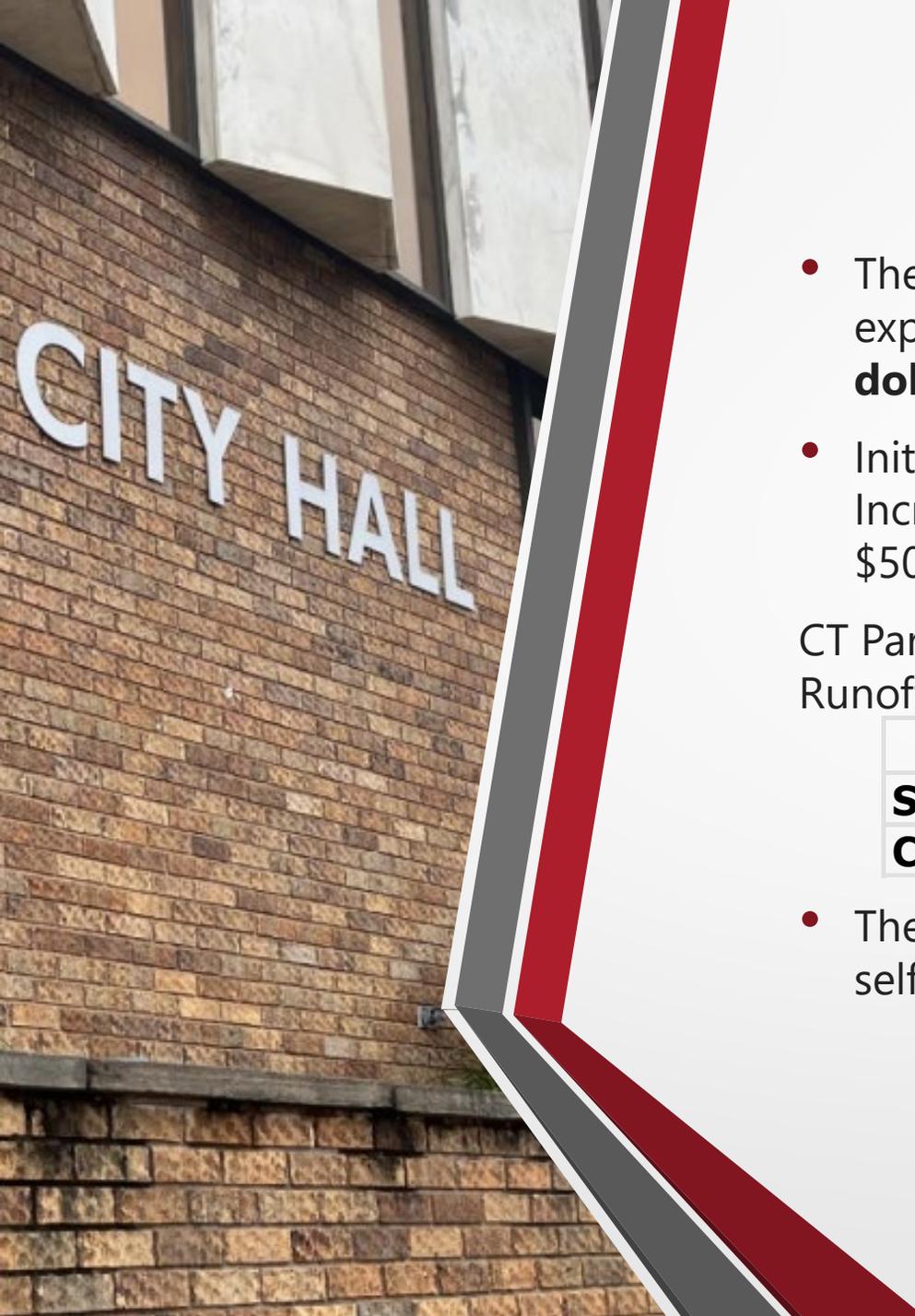
Employee Benefits

- The decision to buy claims runoff insurance for the self-insured plan is expected to create a one-time budget gain of about **\$800 thousand dollars** this year.
- Initial estimates from the CT Partnership are projecting a 13.5% Increase in premiums. This will drive a year-on-year increase of roughly \$500k (\$9.4 million vs \$8.9 million).

CT Partnership costs compared to Estimated Self Insured (Excluding Runoff Insurance Upside)

	24-25	25-26	26-27
Self Insured	\$ 9,200,000	\$ 9,900,000	\$ 10,700,000
CT State Partnership	N/A	\$ 8,900,000	\$ 9,400,000

- The city managed to **save \$1.3M** vs. what would have been needed if self insured in 26-27 (\$10.7 million vs \$9.4 million).



Education

Subset	Sum of FY26 Budget	Sum of FY27 Budget
Benefits	884,060	867,880
Dues and Fees	54,200	61,500
Equipment	94,732	105,000
Excess Cost	(830,369)	(689,562)
Other Purchased Services	5,282,123	5,192,433
Professional Services	542,200	520,364
Property Services	635,633	696,700
Salaries	13,396,853	13,647,137
Supplies	<u>389,017</u>	<u>412,996</u>
Grand Total	20,448,449	20,814,448

- Proposed FY 27 Budget up \$366k or 1.79%
- Mainly due to Increased Salaries and lower estimated State Aid from the Special Education Excess Cost Grant



Revenues

- Removing Geography changes revenue increase of \$1.05 Million or 2%
- Major non-tax revenue gain
 - Cannabis Revenue \$90k
 - Cedar Village PILOT \$70k
 - Treasury Management – Interest Income \$50k
- **20%** of the growth from **non-tax sources**



Recap

- Approved **5 Year Phase-In** will reduce the tax burden to residents caused by the revaluation
- Mill Rate will decrease from **43.2** to **39.1**
- Net Impact for the average resident (Revaluation increase of 61%) will be a **1.4%** increase in their real estate taxes
- **Thank You** to all department heads who found ways to maintain a flat budget while navigating contractual and inflationary increases.
- **Thank You** to the residents for your continued support as we work to revitalize Derby and build a brighter future

