



March 28, 2025

Honorable Mayor, Town Council and Citizens of Windsor,

I am pleased to submit the Fiscal Year 2026 Financial Plan and Program of Services. This budget supports a wide range of services and programs through the Windsor Public Schools and the town's general government departments that are delivered to residents, businesses and visitors.

The preparation of the proposed FY 2026 operating budget has once again been a challenge, given the second year of the State-mandated property revaluation which reflects significant appreciation of residential property values and the more modest increase in non-residential values. Property revaluation continues to create a set of difficult decisions for the upcoming budget process as the tax impact on residential properties is projected to be significant. The choices and decisions made will need to balance maintaining service levels, meet increasing service demands, and taxpayer's ability and willingness to pay.

Grand List & Revaluation

During FY 25 budget deliberations, the Town Council elected to phase in the October 1, 2023 revaluation over two years in order to help mitigate the tax impact to residents. The October 1, 2024 net grand list, inclusive of the second year of revaluation phase-in and the new required valuation methodology for motor vehicles, totals \$4,585,609,944. This is an increase of \$628.1 million, or 27.7%. The primary driver of this change is the real estate component of the grand list, which increased \$566.1 million or 18.8%. The increase is due mainly to the second year of revaluation phase-in as noted above, in addition to economic development growth from the Target distribution center, Marvin Windows industrial building, Founders Square project and the expiration of the three-year tax abatement agreement for the Amazon facility. Personal property saw an increase of \$61.8 million or 9.4%, with a notable increase coming from significant new investments associated with the Target facility.

As noted above, new state legislation effective in 2024 required a change in the methodology to value motor vehicles which resulted in a decline of \$29.1 million in motor vehicle assessed values compared to the 10/1/23 assessed values. This winter, Governor Lamont signed into law the ability for towns to adopt a local option provision that provides for an alternate depreciation schedule. The Town Council adopted the local option on March 17, 2025, which restored \$28.0 million in motor vehicle assessed value.

Proposed Budget

The FY 26 overall proposed town and Board of Education expenditures are increasing 6.21% or \$8,906,630. The Board of Education (BOE) budget is proposed to increase 5.88%, or \$4,961,780. The town operating portion of the budget, which consists of twelve service units, Windsor EMS, the Town Center Tax Increment Financing District (TIF) and Town Support for Education, is proposed to increase 6.08%, or \$2,541,420. Fixed costs such as pension, health and liability insurance total an increase of over \$950,000. Without increases to Windsor EMS and Town Center TIF district the expenditure increase equals 5.2%. It is proposed to incrementally restore funding for cash funded capital projects and open space preservation in the amount of \$96,000.

The transfer payment to the Great Pond Improvement District, is increasing \$1,021,880 due to new economic development activity. These funds are used to pay for debt service related to constructing public infrastructure, to facilitate redevelopment of the former Combustion Engineering campus. The General Fund is budgeted to receive \$2,062,580 in net tax revenue from real and personal property taxes plus \$95,000 in motor vehicle taxes from property owners within the improvement district.

The table below illustrates the primary General Fund categories comprising the \$8.9 million budget increase:

Budget Item	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ Change	% Change
Board of Education	\$84,313,340	\$89,275,120	\$4,961,780	5.88%
Town Operating Budget	\$41,792,540	\$44,333,960	\$2,541,420	6.08%
Sewer Service (MDC)	\$4,771,220	\$4,801,200	\$29,980	0.63%
Debt Service	\$8,519,040	\$8,774,610	\$255,570	3.00%
Great Pond Improvement District	\$1,040,700	\$2,062,580	\$1,021,880	98.19%
Other Post-Employment Benefits (OPEB) Contribution	\$135,000	\$135,000	\$0	0.00%
Capital Projects & Open Space	\$2,744,000	\$2,840,000	\$96,000	3.50%
Total	\$143,315,840	\$152,222,470	\$8,906,630	6.21%

The table below illustrates notable expenditure changes related to the town operating portion of the General Fund budget as compared to the FY 25 adopted budget:

Expenditure	\$ Change	% Change
Health Insurance	655,350	16.52%
Salaries	743,750	3.93%
Retirement*	337,660	5.28%
Windsor Center Tax Increment Financing District (TIF)	226,540	1132.70%
Windsor EMS	160,000	26.90%
Contractual Services & Equip. Maint.	151,620	5.20%
Liability & Worker's Comp	49,040	1.74%
Community Contributions	42,070	38.60%

* includes defined benefit, defined contribution and CMERS (State plan for Police Officers)

The transfer payment to the Town Center Tax Increment Financing District is increasing due to new economic development activity and second year of revaluation. These funds are proposed to be used to pay for costs related to paving projects in town center as well as to support activities of First Town Downtown and Windsor Art Center. The General Fund is proposed to receive a total of \$248,850 in revenues from the TIF District, which is \$125,000 greater than the required 25% share.

Revenues

The proposed General Fund revenues total \$152,222,470. Of this amount, \$129,569,010 or 85% will come from the current levy, and non-tax revenues are anticipated to contribute \$22,653,460. State aid comprises approximately \$15.4 million of this amount.

Below is a table comparing the major General Fund State aid categories between our adopted FY 25 budget and Governor Lamont’s FY 26 budget proposal. Education Cost Sharing is net of the Alliance District grant that is distributed directly to the Board of Education and is not part of General Fund revenues. No revenues are anticipated for FY 26 from the Municipal Transition Grant. This grant reimburses municipalities for loss of tax revenue caused by the motor vehicle mill rate cap of 32.46 mills. As our mill rate for FY 25 was less than the cap, the town is not eligible to receive this State reimbursement, which totaled \$390,550 in FY 25.

	FY 25 Adopted Budget	FY 26 Governor's Proposed	Difference
Special Education - Excess Costs	\$1,250,000	\$1,300,000	\$50,000
Education Cost Sharing	\$11,547,660	\$11,547,660	\$0
PILOT - State Owned Property	\$77,140	\$77,000	(\$140)
Totally Disabled Exemption	\$3,000	\$3,000	\$0
Veterans Tax Exemption	\$13,000	\$12,000	(\$1,000)
Municipal Revenue Sharing	\$2,432,990	\$2,432,990	\$0
Municipal Transition Grant	\$390,550	\$0	(\$390,550)
Total	\$15,714,340	\$15,372,650	(\$341,690)

We are expecting a modest decrease in interest income in FY 26 as compared to the FY 25 budgeted amount. Building permit revenues are proposed at \$850,000, which is predicated on a proposed increase in the building permit fee. The FY 26 Town Manager’s budget proposal does not include any funding to come from the General Fund reserves, as per Town Council policy.

Tax Rate & Impact

The proposed budget, coupled with the grand list as affected by the second year of revaluation phase-in as well as economic development growth, provides for a mill rate of 28.92 mills. This is a decrease of 4.6% from the FY 25 mill rate, but it not enough to counter the effects of the second year of phase-in and the associated increases in assessed values that many taxpayers will experience. The increase in assessed values, when combined with the overall grand list increase and the anticipated drop in the mill rate, will result in the majority of the tax increase to be related to revaluation, and to a lesser extent due to the budget increase. The following table illustrates this:

Revaluation Effect on Single Family Home - With Second Year Phase-In			
(10/1/22 Market Value of \$213,000)			
	10/1/2023	10/1/2024	Change
Market Value	\$267,315	\$321,630	\$54,315
Assessed Value @ 70%	\$187,121	\$225,141	\$38,021
Taxes at 30.32 Mills (FY 25 Current)	\$5,673		
Taxes at 28.92 (FY 26 TM Proposed Budget)		\$6,511	
Tax Increase		\$838	14.76%
FY 26 budgetary tax increase without reval	\$374		
Tax increase due to reval	\$463		
Total		\$838	

As noted above, the proposed budget does not include use of General Fund reserves. If the Town Council elected to use \$2.0 million in reserve funds to mitigate the projected tax rate, the mill rate would be reduced to 28.47 mills. This would reduce the tax increase by \$102 for the example home shown in the table above.

FY 25 Update

The adopted FY 25 budget totals \$143,315,840. Projected revenues are expected to be approximately \$667,000 more than budgeted. General property tax collections are estimated to be \$534,000 over budget. State Aid is expected to come in over budget by \$422,000 and conveyance and vital statistics fees are expected to be \$190,000 more than budgeted. Most of our other revenue categories are relatively stable, and are expected to come in slightly over or slightly under budget. Interest income is expected to come in under budget to \$370,000 due to interest rate reductions that were put forth by the Federal Reserve in the fall of 2024.

FY 25 expenditures are projected to be \$135,000 under budget. This will come mostly from vacancy savings in the Police and Public Works departments.

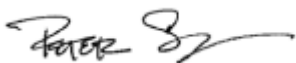
Concluding Remarks

As previously mentioned, property revaluation creates a set of difficult decisions for the upcoming budget. The choices and decisions made will need to balance maintaining service levels, increasing service demands, reinvestment in our infrastructure and taxpayer's ability and willingness to pay. These decisions will require a multi-year perspective that is responsive to the current fiscal context and maintains the service levels and sense of community we are all so proud of.

I look forward to working with the Town Council to review the proposed budget and to discuss options on how best to craft a financial plan for consideration by the voters in May.

In closing, I would like to thank the dedicated members of the Finance Department, the town's leadership team and all the partners across the organization in their efforts in preparing this proposed Financial Plan and Program of Services for Fiscal Year 2026.

Respectfully submitted,



Peter Souza
Town Manager