

Chaplin Board of Finance - May 1, 2020

Executive Summary for Town Budgets in FY 2019-20, Proposed for FY 2020-21, and Estimated for FY 2021-22

The intent of this Executive Summary is to inform the public about the current fiscal year budget performance and also to highlight factors having the potential to affect Chaplin's FY 2021-21 budget and overall financial position.

FY 2019-2020 Budget Performance (Current Year):

▪ Revenues vs. Expenditures:

- Current projections now indicate that the town government budget will show a modest surplus of approximately \$54,850 by June 30, 2019.
- This projection is based on current expenditure rates and does not account for any as-yet-unknown potential one-time additional expenditures.
- This compares to a projected deficit of \$38,100 when the budget was formulated last year.
- Higher than anticipated tax collections, both current and past due, are largely responsible for the positive change in budget performance.

▪ Significant Capital Equipment planning and Infrastructure upgrades during the current year:

- Approximately \$217,000 was invested in the paving, repair and chip sealing of the Town's roads.
- A new plow truck was purchased for \$150,162.
- The Library/Senior Center roof was replaced at a cost of approximately \$60,000.
- Cafeteria tables and smoke detectors were replaced at Chaplin Elementary School at a cost of approximately \$46,560.
- Higher than expected costs for the North Bear Hill Road drainage and infrastructure project required a transfer of \$500,000 from the General Fund to the Capital Projects Fund.

▪ The Town's General Fund Balance:

- The Unassigned Fund Balance was \$1,516,289 at the beginning of this fiscal year - 19.01% of Expenditures.
- The Board of Finance has Committed/Assigned the following Fund Balances:
 - Board of Education/CES projected FY 2019-20 budget deficit: \$30,000
 - Transfers to CIP Fund for FYs 2019-20 & 2021-21 projects: \$615,000
- The Unassigned Fund Balance is projected to be \$1,053,363 at the end of the fiscal year - 12.5% of Expenditures.

FY 2020-21 (Board of Finance Proposed Budget to be approved for next Fiscal Year):

▪ Mill Rate:

- The Grand List revaluation for the October 2018 Grand List has been completed and implemented. The Grand List increased by \$28,482,910 or 15.0%. This increase was mainly due to improvements that Algonquin has made at the gas transmission station and pipeline on Tower Hill Road.
- **The Board recommends that the current mill rate of 32.5 mills be maintained upon passage of this budget.**

▪ Revenues:

- The State budget remains uncertain at this time. Under the Governor's proposed budget, Chaplin's Education Cost Sharing (ECS) grant would be *reduced by approx. \$240,000 in FY 2021-21*. With the Board of Finance proposal to keep the mill rate at 32.5 mills, local tax revenues are projected to increase by approximately \$874,000 or 14.05%.
- A budget surplus of \$388,863 is projected. This extra revenue will offset the projected loss of State funding and also will be directed toward much needed infrastructure repairs and equipment replacement.

▪ Expenditures:

- The total budget is \$8,647,901 with an overall budget increase is \$240,324 or 2.86%.
- The budget funds current Government Operations and Capital Projects with these changes from FY 2019-20:
 - Govt. Operations: A budget of \$1,984, 171 - an increase of approx. \$81,595 or 4.3%.

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- Capital Projects: A CIP Fund budget of \$503,738 – an increase of \$145,753 or 40.7%.
 - Funding is continued for significant road maintenance of \$231,750 plus an additional \$220,000 for vehicle replacement, drainage and infrastructure projects, tree removal, and Town Hall parking lot paving and sidewalk replacement.
 - A first installment of \$30,000 is also included toward the replacement of an ambulance for the Hampton Chaplin Ambulance Corps. The total replacement cost is unknown at this time.
 - An initial installment of \$5,000 is also funded for the Chaplin 2022 Bicentennial Celebration
- The budget funds both the Chaplin Elementary School (CES) and the Parish Hill Middle/High School (RSD11) budgets with these changes from FY 2019-20:
 - CES: Budget of \$3,743,993 for an increase of \$107,765 or 2.96%.
 - NOTE: The BOF reduced this increase from the BOE original request of \$3,920,985 or 7.83%.
 - RSD11: Total budget of \$6,480,579 for an increase of 0.90%.
 - Chaplin's RSD11 assessment is expected to decrease slightly to \$2,407,802.
 - ✓ This decrease in the assessment is largely due to a decrease in the percentage of Chaplin students enrolled at PHMS/HS.
- **The Town's General Fund Balance:**
 - The Unassigned Fund Balance is projected to increase to \$1,292,226 – 14.9% of Expenditures at the end of the fiscal year. Please note that prior years have shown the actual Unassigned Fund Balance increase as less than initially projected. This projection is unable to account for uncertainty in funding from the State budget.

FY 2121-22 Budget (for Estimation purposes only):

Factors likely to affect the FY 2121-22 budget follow. While many of these factors are best estimates based upon stated assumptions, taken together they do provide a general picture of the budget fundamentals for the year. Assumptions about the Mill Rate, Revenues, and Expenditures are as follows:

- **Mill Rate:**
 - The Board estimates that the mill rate of 32.50 may increase to 33.50 for the fiscal year due to increased costs and continuing reductions in the State Education Cost Sharing (ECS) Grant. The Governor's proposed budget *further reduces Chaplin's ECS grant by an additional \$170,000 in FY 2121-22*. However, the board intends to avoid a mill rate increase as long as reasonably possible and financially prudent.
- **Revenues:**
 - Tax and other local revenues are assumed to decrease slightly by approximately \$114,300. The Grand List for Real Estate & Personal Property is projected to begin decreasing gradually due to depreciation on the Algonquin and Eversource personal property accounts. Motor Vehicle values are projected to increase by 1.20%.
 - State revenues are assumed to decrease as proposed in the Governor's February 2019 budget. However, any further reductions in the State budget for municipal aid will require a reassessment of our own budget priorities.
- **Expenditures:**
 - Govt. Operation costs are estimated to increase by 2.0%.
 - Capital Project costs are estimated to increase in accordance with the Capital Plan (CIP) for FYs 2020-24.
 - The combined education budgets for CES and PHMS/HS are assumed to increase by 2.5% due to continuing cost pressures. Chaplin's RSD11 assessment for FY 2121-22 cannot be accurately estimated at this time.
- **The Town's General Fund Balance:**
 - A slight budget surplus of \$43,350 is estimated.
 - The town's Unassigned Fund Balance is estimated to decrease to \$1,185,577 - approximately 13.4% of Expenditures as of June 30, 2021.
 - Please note that this estimation excludes, by necessity, a large number of unknown factors on both expenditure and revenue sides.