



BOARD OF FINANCE

# Town of Killingworth

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Fiscal Year 2026/27 — Proposed Budget

Public Hearing



## HOW THE BUDGET WAS DEVELOPED

### Step 1 — Board of Selectmen

Prepared the preliminary budget for FY 2026/27

### Step 2 — Board of Finance workshops

Budget workshops conducted in March and April to review and refine

### Step 3 — BOF presented to Selectmen

Board of Finance proposed budget presented to Board of Selectmen on April 13th

## KEY BUDGET CHANGES

Operating vs. Selectmen's request

**-\$99,700**

BOF reduction from preliminary

Capital vs. Selectmen's request

**-\$906,000**

BOF reduction from preliminary

Operating vs. FY 25/26

**+\$310,458**

Year-over-year change

Capital vs. FY 25/26

**+\$1,270,100**

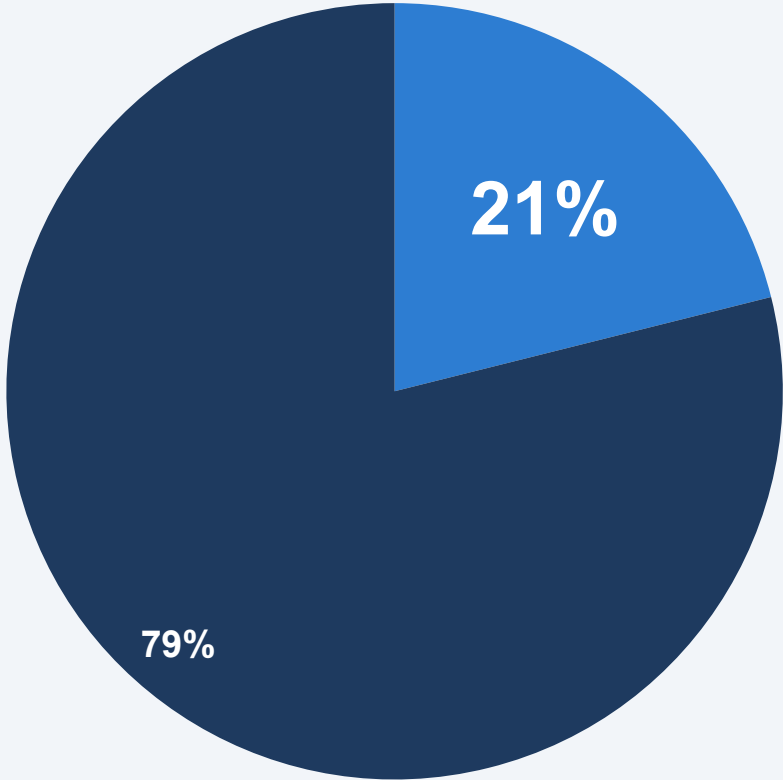
Year-over-year change



Total Proposed Budget  
**\$26,888,786**  
FY 2026/27

Town Budget  
**21%**  
\$5,672,209

School Budget  
**79%**  
\$21,216,577

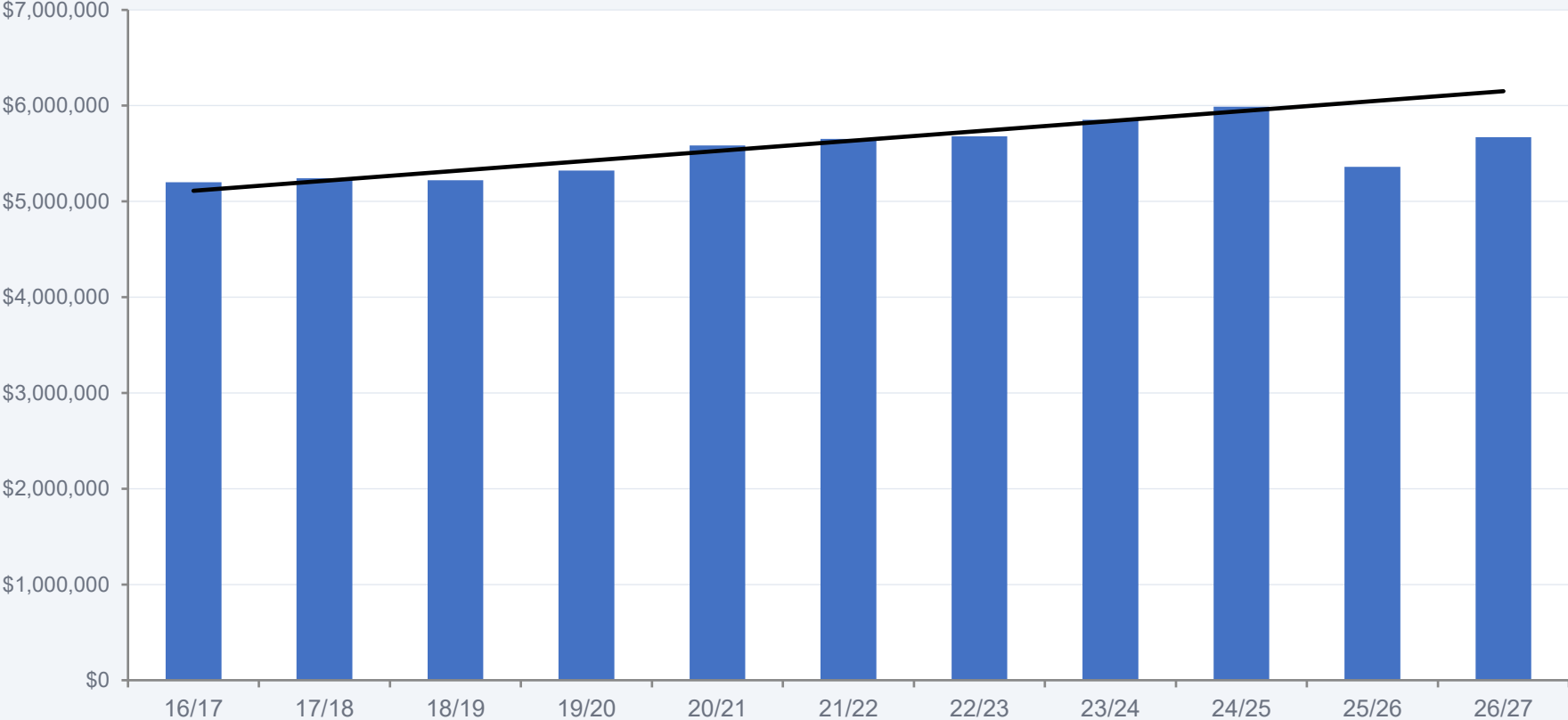


■ Town Budget (21%) ■ School Budget (79%)

# Town Operating Budget — 10-Year Comparison



TOWN BUDGET ONLY (EXCLUDES SCHOOL)

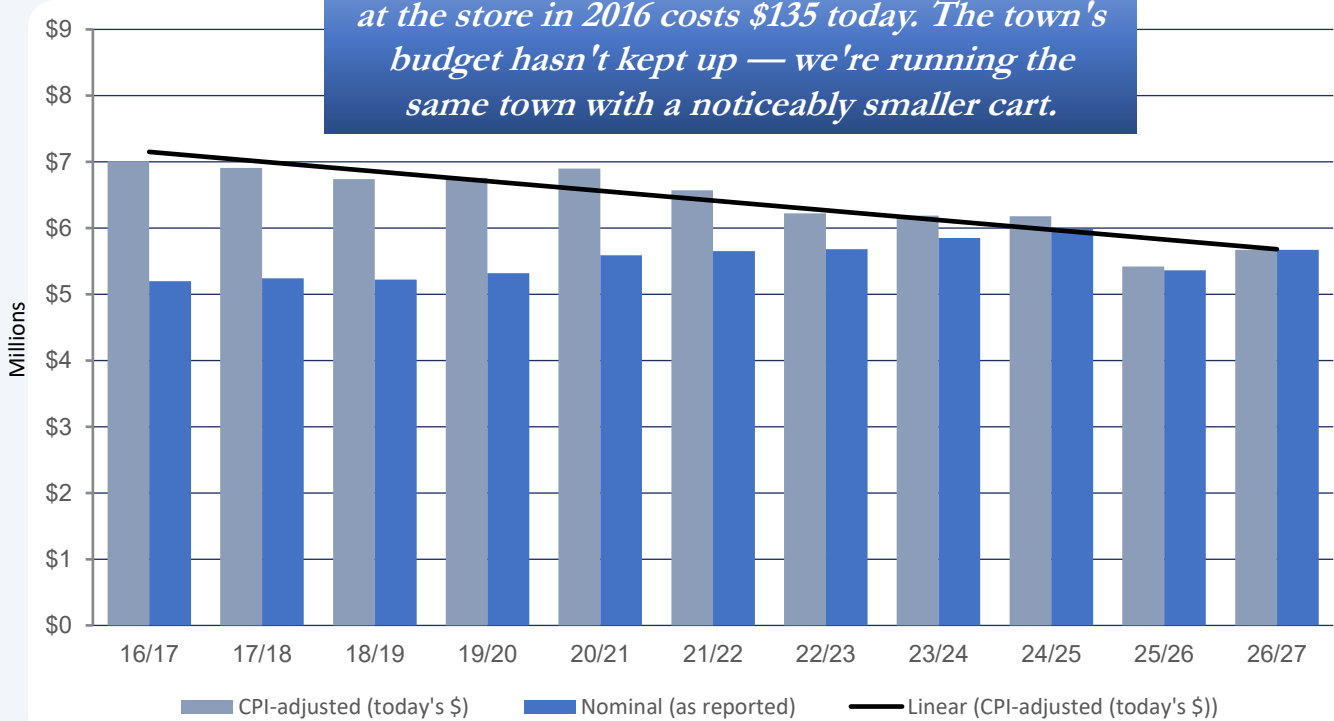


# The Budget Has Lost 19% of Its Buying Power



ADJUSTED FOR GENERAL INFLATION (U.S. CPI-U) · TOWN BUDGET ONLY (EXCLUDES SCHOOL)

*Think of it like a shopping cart. What cost \$100 at the store in 2016 costs \$135 today. The town's budget hasn't kept up — we're running the same town with a noticeably smaller cart.*



On paper (nominal)  
**+9%**  
 \$5.2M → \$5.7M over 10 years

Real terms (CPI)  
**-19%**  
 \$7.0M → \$5.7M in today's dollars

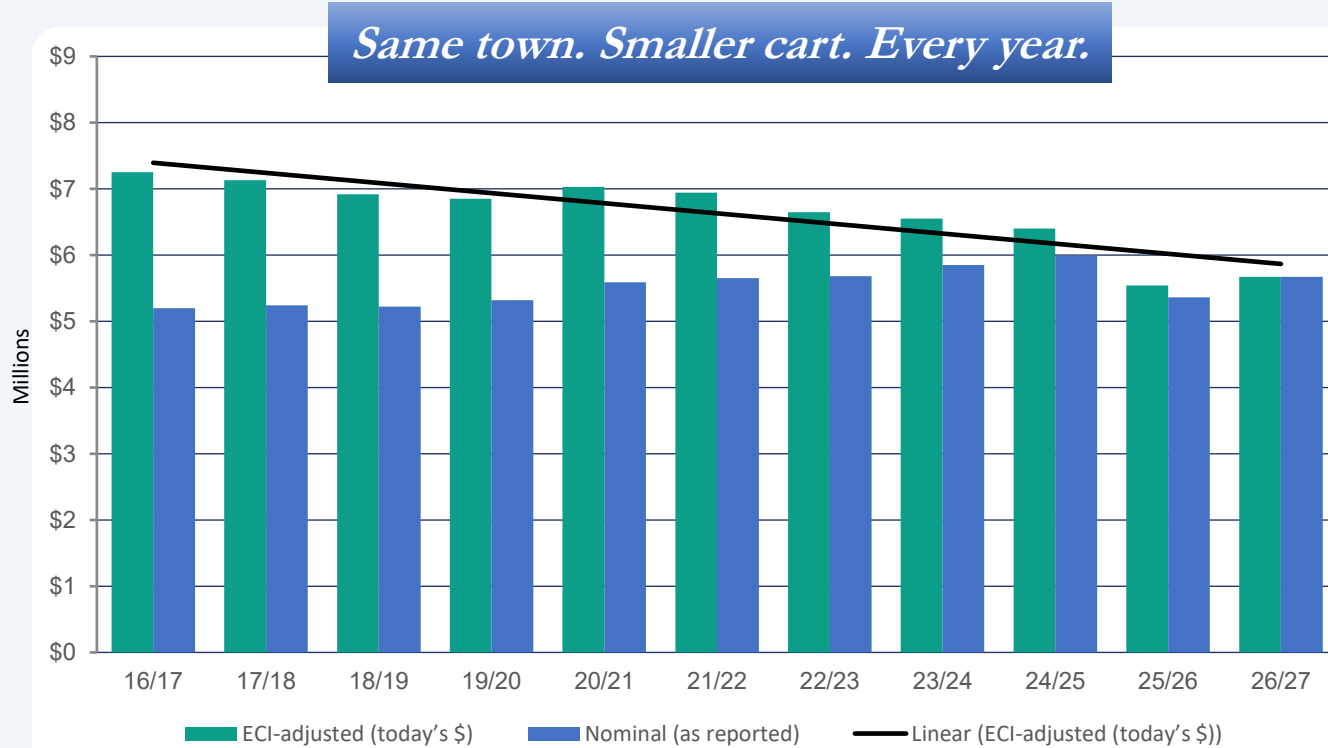
Buying power lost  
**-\$1.3M**  
 Per year vs. 2016/17 services

\* CPI adjustment uses BLS CPI-U annual averages. Fiscal-year CPI estimated as average of two calendar years spanning each FY. FY25/26 and 26/27 use projected values.

# Gov't Labor Costs Rise Faster — Real Cut Is 22%



ADJUSTED FOR BLS EMPLOYMENT COST INDEX (STATE & LOCAL GOVERNMENT, TOTAL COMPENSATION)  
TOWN BUDGET ONLY (EXCLUDES SCHOOL)



On paper (nominal)

**+9%**

\$5.2M → \$5.7M over 10 years

Real terms (BLS ECI)

**-22%**

\$7.3M → \$5.7M in today's dollars

Buying power lost

**-\$1.6M**

Per year vs. 2016/17 services

\* BLS ECI, State & Local Govt Total Compensation. All years 2016–2025 from BLS news releases. FY26/27 rate projected at Dec 2025 actual (3.4%).

# Anticipated Revenue — FY 2026/27



## REVENUE SOURCES COMPARED TO PRIOR YEAR

Revenue Source	FY 2025–26	FY 2026–27	Change
Total Tax Revenue (at current mill rate)	\$21,729,479	\$21,901,133	+\$171,654
Intergovernmental Revenues	\$2,729,572	\$2,855,166	+\$125,594
Other Revenues	\$440,000	\$440,000	\$0
<b>TOTAL ANTICIPATED REVENUE</b>	<b>\$24,899,051</b>	<b>\$25,196,299</b>	<b>+\$297,248</b>

*Note: Tax revenue calculated at current mill rate. Actual revenue may vary depending on the mill rate set for FY 2026/27.*



## What it is

The difference between the town's monetary assets and liabilities — essentially the town's savings account.

## What it can fund

Operating expenses and/or capital projects. Provides financial flexibility without requiring tax increases.

## Mill rate stability

May be utilized to smooth mill rate changes year to year — avoiding sharp increases or decreases that affect residents' ability to plan.

## BOF funding policy

Board of Finance policy requires a balance of between 12% and 20% of the estimated revenue for the coming fiscal year.

### Board of Finance Funding Policy Target

**12%**

minimum

to

**20%**

maximum

of estimated annual revenue for the coming fiscal year

# General Fund Balance — What It Means for 2026–27



## HOW WE GOT HERE



## TWO SAVINGS TARGETS — VERY DIFFERENT OUTCOMES FOR YOUR TAX BILL

Scenario A   12% target	Current balance	Scenario B   20% target
<p>Minimum Required Reserve:</p> <p><b>\$3,023,550</b></p>	<p>Projected as of <b>June 30, 2026</b></p> <p><b>\$3,404,122</b></p> <p>This balance is what gets compared against each target.</p> <p>&lt; enough <span style="float: right;">not enough &gt;</span></p>	<p>Maximum Required Reserve:</p> <p><b>\$5,039,250</b></p>
<p>Available to reduce next year's shortfall:</p> <p><b>+\$380,572</b></p> <p>This cushion can help offset the budget gap without raising property taxes.</p>		<p>Below the ceiling by:</p> <p><b>-\$1,635,128</b></p> <p>Savings are below this cap — increasing the General Fund Balance would require other revenue sources, likely a higher mill rate.</p>



Total Proposed Capital Expenditures

## \$2,242,214

Highway Equipment

**\$875,000**

39%

Park & Recreation

**\$725,000**

32%

Fire

**\$226,734**

10%

Road Projects

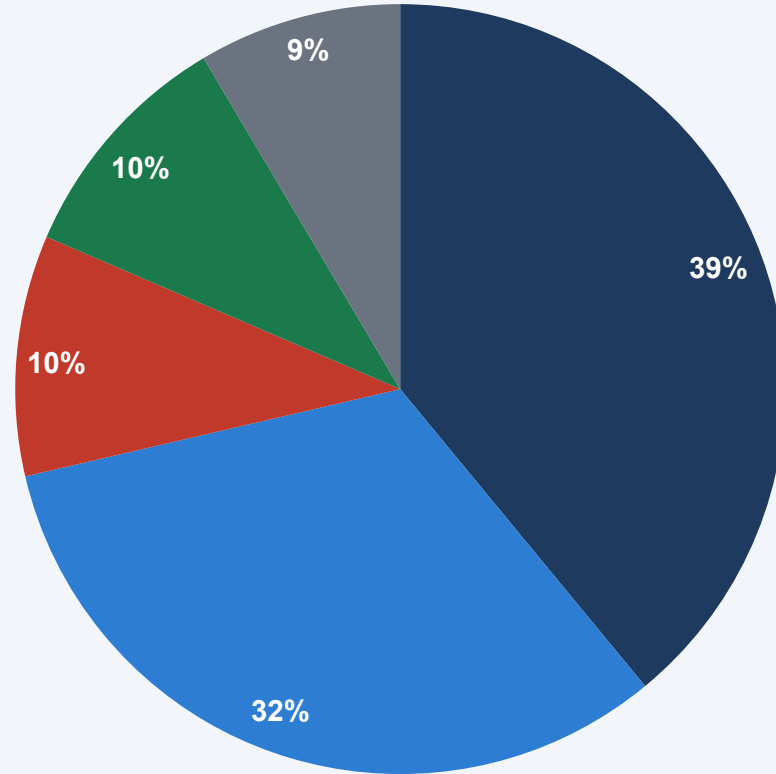
**\$224,200**

10%

Other Municipal Facilities

**\$191,280**

9%



■ Highway Equipment ■ Park & Recreation ■ Fire ■ Road Projects ■ Other Municipal Facilities



## HOW CAPITAL EXPENDITURES ARE FUNDED

<b>Total Capital Committed Funds 2026–27</b> Total proposed capital expenditures for FY 2026/27	<b>\$2,242,214</b>
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Transfers from General Fund <b>\$239,611</b> From operating budget allocation
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LoCIP Funding <b>\$81,403</b> 2026–27 entitlement from state Local Capital Improvement Program
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<b>Total Identified Funding Sources (Amount needed for capital projects that are not bondable)</b>	<b>\$321,014</b>
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Net — Expenditures less identified funding sources	<b>(\$1,921,200)</b>
Remaining capital expenditures to be funded through bonding or other approved mechanisms. (Only includes capital project that would be included in bonding for FY26/27)	



Think of it like a

## **town mortgage**

When a homeowner can't pay cash for a house, they take out a mortgage — borrowing the money now and repaying it over many years.

Bonding works exactly the same way for Killingworth.

Rather than waiting years to save enough cash — while roads and infrastructure deteriorate, fire and town equipment ages, and parks go unimproved — the town can invest in valuable projects today.

The cost is repaid gradually (generally over 20 years), shared fairly among the residents who benefit from these improvements — both now and in the future.

### **Borrow now, build now**

Large projects get done immediately — no waiting years while costs rise and conditions worsen.

### **Repay over 20 years**

Annual payments are built into the town budget each year — no single large tax hit.

### **Future residents share the cost**

People who move to Killingworth in the coming years will also benefit — and help pay — for these long-lasting improvements.

### **General Obligation bonds**

Backed by the town's full taxing authority, securing a competitive 3.25%\* interest rate.

\*Estimated based on current market rates

# Bond Repayment — What Does It Cost?



FOR DISCUSSION PURPOSES ONLY — ANALYSIS BY PHOENIX ADVISORS PUBLIC FINANCE

Amount borrowed

**\$4,635,000**

General Obligation Bonds

Interest rate

**3.25%** (Estimated)

Fixed rate for 20 years

Total interest paid

**\$1,574,300**

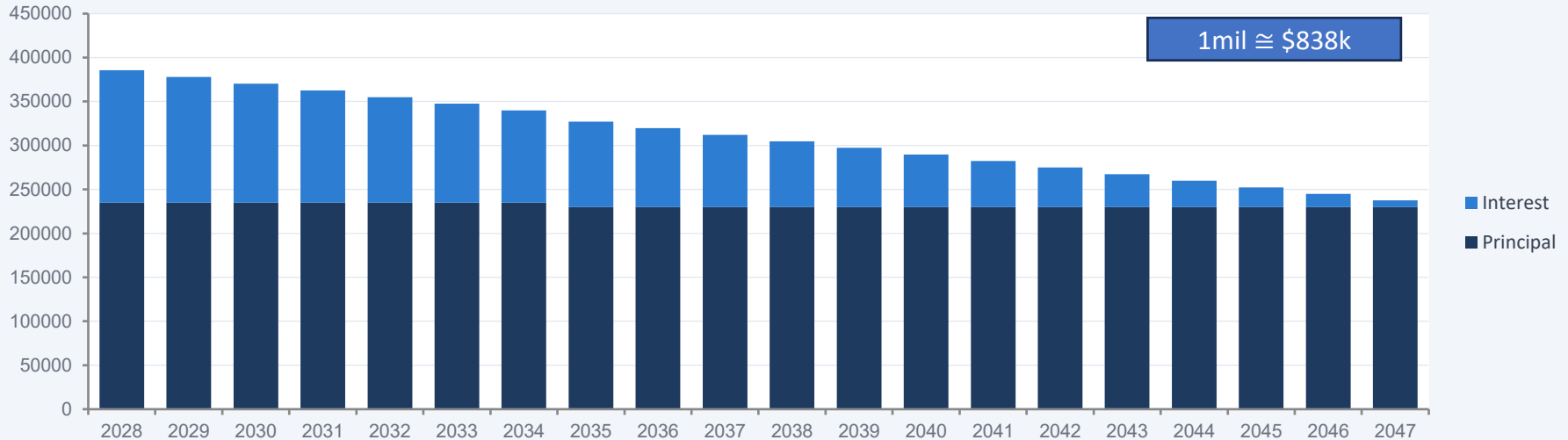
Over the full 20-year term

Total cost (principal + interest)

**\$6,209,300**

Full repayment by 2047

Annual payments start at \$385,638 in 2028 and decline each year as principal is paid down, ending at \$237,475 in 2047. Average annual payment: ~\$310,000. These payments are built into the town's annual budget and reflected in the mill rate.



Source: Phoenix Advisors Public Finance — For discussion purposes only. Rate assumes 3.25% fixed.

# Bond Projects — What Are We Paying For?



THREE-YEAR CAPITAL PROGRAM (FY 25/26 · 26/27 · 27/28) — TOTAL BOND: \$4,635,000

Roads & Infrastructure		<b>\$1,448,977</b>
Emanuel Church Rd Bridge & Pavement	25/26	<b>\$475,000</b>
Cow Hill Rd Drainage	25/26	<b>\$196,277</b>
Chip Sealing	26/27	<b>\$224,200</b>
Chip Sealing	27/28	<b>\$553,500</b>
<b>SUBTOTAL</b>		<b>\$1,448,977</b>

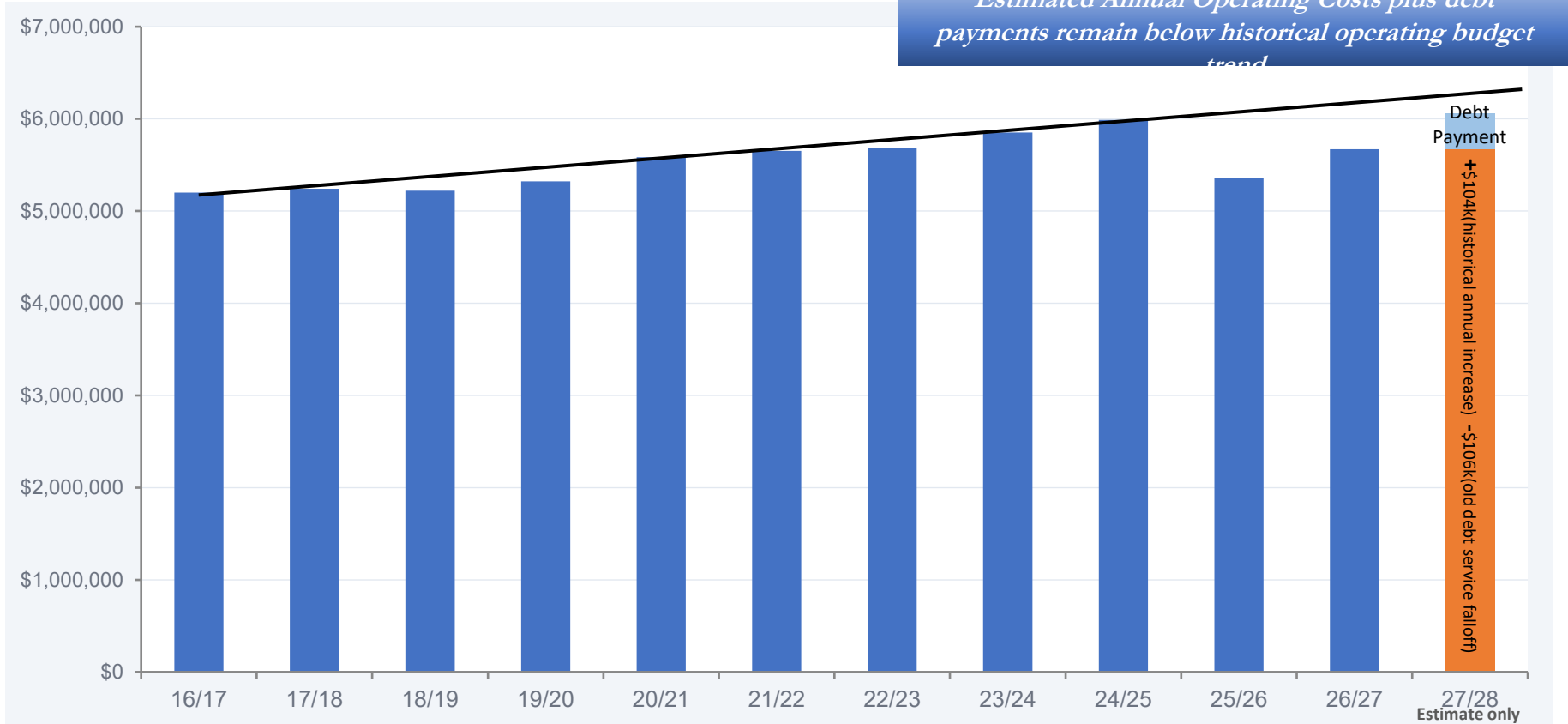
Vehicles & Equipment		<b>\$2,262,568</b>
Pumper 851 (Fire Truck)	25/26	<b>\$1,387,568</b>
Highway Dept Vehicles	26/27	<b>\$875,000</b>
<b>SUBTOTAL</b>		<b>\$2,262,568</b>

Facilities & Parks		<b>\$922,000</b>
Transfer Station Canopies	25/26 + 26/27	<b>\$147,000</b>
Town Office Building Improvements	26/27	<b>\$50,000</b>
Irene Sheldon Park — Bathrooms	26/27	<b>\$50,000</b>
Eric Auer Park — Bathrooms /Storage Building	26/27	<b>\$250,000</b>
Rocco Reale Field — Lights & Fence	26/27	<b>\$175,000</b>
Irene Sheldon Park — Playground	26/27	<b>\$250,000</b>
<b>SUBTOTAL</b>		<b>\$922,000</b>

# Forward looking Town Operating Budget — With Bonding Debt Service 10-Year Comparison



## TOWN BUDGET ONLY (EXCLUDES SCHOOL)





## UPCOMING MILESTONES

**Tonight**

### **Public budget hearing & BOF final vote**

Your input is valuable. Following this hearing the Board of Finance will finalize the recommended town budget.

**May 5**

### **School budget referendum**

Board of Education school budget submitted to voters for referendum.

**May 18**

### **Annual Town Budget Meeting**

Board of Selectman presents the finalized proposed town budget at the Annual Town Budget Meeting.

**Online**

### **Budget documents available**

The recommended town budget will be available to the public at [www.townofkillingworth.com](http://www.townofkillingworth.com)

Bonding Discussion

**Barry Bernabe**

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**Managing Director of Phoenix Advisors**