

Town of Chester
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August 16, 2017

Dear Secretary Barnes:

Per your request for information about Chester's fund balance, please note the following:

	Total Fund Balance	Unassigned Fund Balance per GASB 54
FY 15 Actual	\$2,015,522	\$1,724,338
FY 16 Actual	\$2,110,834	\$1,889,100
FY 17 Estimated	\$2,286,100	\$2,086,100
FY 18 Projected (based on adopted Municipal budget)	\$2,088,100	\$1,886,100

Our current numbers reflect a fund balance is 15.73%, substantially lower than the GFOA recommendation of 16.66%. For this year's budget we factored in state revenue losses of approximately 19% in order to be able to pass a budget and set a mil rate without a state budget. The continuing impasse will not stop us from paying our bills for several months (thanks to that healthy fund balance), however a greater reduction in state revenue after our budget is already passed may cause us to need to utilize a portion of the fund balance or send out supplemental tax bills to a population that is already struggling to meet its obligations. The portion of the expense budget that we can control is bare bones and cannot be cut without jeopardizing public safety or the educational excellence we have fought so hard to achieve. Continuing and new state mandates have added many thousands to our small budget without any flexibility to manage or prioritize at the local level. Our expenses rise consistently (inflation, utilities, fuel, salaries, benefits, etc) even without the additional mandates or constant uncertainty regarding state revenue. Chester depends primarily on residential taxes, and with a very small commercial and industrial sector and 42% of our property consisting of state forest, we have no real way to expand or grow our tax base. Gradual tax increases are par for the course in this situation; a large shift in state revenue will put Chester's fiscal health in danger.

Respectfully submitted,


Lauren S. Gister
First Selectwoman