



TOWN OF OLD SAYBROOK SELECTMEN'S OFFICE

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February 25, 2016

Recommendation

At the March 1, 2016 meeting of the Board of Finance, I will present for consideration the Town of Old Saybrook Budget for Fiscal Year ("FY") 2017.

Background

The proposed budget is the final product of several Board of Selectmen budget workshops designed to review and assess budget presentations by Town department heads. As required by the Town Charter, the finalized proposed budget was presented by me to the Board of Selectmen prior to February 15th and approved at the February 23, 2016 Board of Selectmen meeting.

Present Financial Condition of the Town

Revenues

Through January 31, 2016, a total of \$39,120,570 in total revenues has been collected, and total revenues for FY16 are projected to meet or exceed the budgeted amount of \$43,694,482.

The vast majority of total revenues collected to date, \$37,620,058, are from current year taxes, of which 91.5% of the budgeted amount has been collected. Other sources of town revenues are tracking to meet or exceed their budgeted amount, which include telecommunication taxes and other local revenues.

Due to State budget cuts, State of Connecticut revenues will be approximately \$88 thousand less than budgeted, however, this amount represents a non-material piece of overall Town revenues. Offsetting this amount is greater than expected receipt of taxes from other fiscal years, which is exceeding budgeted amounts in excess of \$160 thousand.

Expenditures

To date through January 31, 2016, \$26,226,804 of expenses has been realized against a budget of \$43,694,482, or 60% of the total budget. With the exception of the Contingency budget line item, projections through the end of the fiscal year are expected to be in line with the overall budget.

The Contingency budget for FY16 was set at \$20 thousand, and through the end of January \$40,360 had been spent. Unanticipated expenses associated with the Youth and Family Service building and maintenance and repair on the Town Hall and The Kate, have contributed to exceeding the Contingency budget.

Budget for FY17

Revenues

General Fund Revenues for FY17 are set to equal the Expenditure Budget. Local property taxes (commercial, residential and personal) are projected to make up 94% of the General Fund revenues. State grants and local fees will each contribute 2.8% respectively to total revenues.

State of Connecticut funds to Old Saybrook are expected to increase from FY15 actual in the amount of \$119 thousand and FY16 projected by \$152 thousand. ECS and Town Aid Road are projected to remain in line, and Sales Tax Sharing has been added to Town Funds. Local fees are projected to increase by \$50 thousand

Expenditures

Expenditures for FY17 are projected to total \$44,793,743, which represents an increase of 2.49% over FY16 budget. The vast majority of the budget is associated with fixed costs. Town personnel and employment benefit expenses represents 48% of the budget and the increases are governed by collective bargaining agreements. Further, 18% of the proposed budget is associated with debt service payments and finally 10% is attributed to utility, legal and insurance obligations

One of the major factors that helped to keep costs in check was the renegotiation of the Town employee health benefits, which were put out to bid. A change of health plans will keep costs flat, but more importantly, avoid a 13% increase in health costs over FY16.

Capital Reserves

This budget reflects the continued practice of reserving today for future expenses. Funds in the amount of \$680 thousand will be added to reserve accounts, through the capital outlay budget, that accrue for fire department apparatus, public work equipment, capital non-recurring items, re-evaluation expenses, catastrophic illness, retirement payouts as well as for purchase of a compressor for the fire department and specified improvements for the park and recreation facilities of the Town.

Capital Expenditures

An amount of \$469 thousand has been identified for FY17 capital expenses associated with the Fire Department, Police vehicle lease, continued work on town roads and investment in technology infrastructure.

All recommendations for capital expenditures and capital outlays will be funded through the general government budget.

The Boards of Selectmen, Education and Finance count on input from residents and property owners to guide us as we go through the annual budget process. Please take the time to either attend any Board of Finance meeting including the public hearing on April 7th or review the budget proposals online (www.oldsaybrookct.org for the Town's proposal and www.oldsaybrook.k12.ct.us for the Board of Education's proposal). Feel free to contact any member of the Board of Selectmen or Board of Finance with questions or concerns.

Thank you for your interest in the budget process and we look forward to your feedback as we continue to monitor and safeguard our Town's finances.

Carl P. Fortuna, Jr., First Selectman

Scott Giegerich, Selectman

Carol Conklin, Selectman