



**TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE**

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To: Board of Finance

From: Carl P. Fortuna, Jr., First Selectman

Subject: Presentation of Fiscal Year 2018 Budget

Date: February 21, 2017

Recommendation

By March 1, 2017, as required by Town charter, I must present for your consideration the Town of Old Saybrook Budget for Fiscal Year ("FY") 2018. Please find attached the proposed budget that was approved by the Board of Selectmen on February 14, 2017.

The proposed budget is the final product of several joint Boards of Selectmen and Finance budget workshops designed to review and assess budget presentations by Town department heads. I thank you for the time, effort, and pointed discussions as a result of your participation in this process – all of which was taken into consideration when preparing this budget for your consideration.

The bottom line budget for General Government budget is an increase of \$518,801, or 2.71%. While the final Board of Education budget has not yet been presented, the preliminary data we received would indicate an increase in the Town-wide budget of \$848,632, or 1.90%.

This budget was carefully reviewed to ensure prudent use and management of town funds as indicated by the modest year over year increase.

	FY 2017	FY 2018	\$ Increase	Percentage
General Government (Not including Debt Service)	\$ 15,644,049	\$ 16,270,593	\$ 626,544	4.00%
Debt Service	3,466,998	3,359,255	(107,743)	-3.11%
General Government Total	\$ 19,111,047	\$ 19,629,848	\$ 518,801	2.71%
Board of Education (projected)	25,304,761	25,636,755	331,994	1.31%
Debt Service	133,069	130,906	(2,163)	-1.63%
Total	\$ 44,548,877	\$ 45,397,509	\$ 848,632	1.90%

Present Financial Condition of the Town

Revenues

Through January 31, 2017, a total of \$39,988,271 in total revenues has been collected, and total revenues for FY17 are projected to reach \$44,582,623 by end of the fiscal year. This projection will exceed budgeted revenues of \$44,548,877 by just over \$33 thousand.

The vast majority of total revenues collected to date, \$38,448,697, are from current year taxes, of which 91.4% 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 \$118 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 \$225 thousand.

Expenditures

To date through January 31, 2017, \$26,244,703 of expenses has been realized against a budget of \$44,548,877 or 59% of the total budget. At this time, projections through the end of the fiscal year are expected to be in line with the overall budget.

Through January 2017, the General Government expenditures total \$9,240,070 versus the full year's General Government budget of \$15,644,049, or 59% expended.

Budget for FY18

Revenues

General Fund Revenues for FY18 are set to equal the Expenditure Budget. Local property taxes (commercial, residential and personal) are projected to make up the majority of the General Fund revenues. Local fees will each contribute approximately 2.5% to total revenues.

The Governor's budget for State of Connecticut funds to Old Saybrook has changed markedly from prior years and is inclusive of a \$1.271 million payment to the Teacher's Retirement Fund. As the final outcome of the budget is not known at this time, we are projecting \$350 thousand in State funds for this year budget, down from the \$577 thousand projected for the current fiscal year.

Similar to FY17, we may consider using a portion of the rainy day fund given the uncertain nature of the State funding situation.

Expenditures

The first step of the budget process is to compile the Department head budgets, which totaled \$16,441,890, an increase of \$798 thousand over FY17, or 5.1%. Debt Service for next fiscal year will total \$3,359,255, for a total general government budget starting point of \$19,801,145. I have made the following adjustments to the Department Heads budgets:

- \$500 from Assessor
- \$10,000 from Labor and Personnel

- \$8,000 from Library
- \$25,000 from the Police Department
- \$2,000 from the Registrar
- \$2,000 from Traffic and Streetlights
- \$2,500 from Marine Patrol
- \$85,000 from Health Insurance (both active and retiree)
- \$25,000 from the Public Works paving capital expenditure budget
- \$12,000 cut in Capital Outlay: \$10 thousand to retirement reserve and \$2 thousand to FD reserve

Given those changes, expenditures for FY18 for the general government budget, including debt service was reduced to \$19,629,848 which represents an increase of \$518,801 or 2.71%, over FY17 budget.

Capital Reserves

This budget reflects the continued practice of reserving today for future expenses. Funds in the amount of \$776,200 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. The general contingency fund has been added to these reserve accounts as well as a contingency for collective bargaining. Several named projected are also slated for fiscal year 2018.

Capital Expenditures

An amount of \$576,200 has been identified for FY18 capital expenses associated with the Fire Department, Police vehicle lease, continued work on town roads and investment in technology infrastructure. These amounts are included directly in each department's budget.

Finally, an amount of \$27,000 will be included as part of this budget for the WPCA vehicle, but not part of the general government budget outlined above. This amount will be transferred from their off-budget working capital account to pay for the vehicle

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 March 21, 2017 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, First Selectman

Scott Giegerich, Selectman

Carol Conklin, Selectman