

Town of

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Paul M. Formica
First Selectman



East Lyme

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March 14, 2012

TO: Board of Finance

FROM: Paul M. Formica, First Selectman

Board Members:

You have been provided with my transmittal to the Board of Selectmen dated February 1, 2012. This letter will update you on the action taken by the Board of Selectmen prior to forwarding to you.

This proposed municipal budget that the Board of Selectmen present to you for review represents, \$314,240 increase for the Town, \$1,161,165 for the Board of Education, (\$248,195) decrease for debt service and \$319,618 increase for capital represents a total dollar increase of \$1,546,828 or 2.52%.

The increase in the proposed Town and Board of Education budgets for the coming fiscal year are shown below in millions of dollars.

	<u>2011/12</u>	<u>2012/13</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
General Government	\$15.045	\$15.359	\$.314	2.09%
Board of Education	40.494	41.655	\$1.161	2.87%
Debt Service	5.206	4.958	(\$.248)	(4.77%)
Capital	0.607	.926	\$.319	52.65%
Totals	\$61.352	\$62.899	\$1.546	2.52%

The proposed budget includes a 2.87% increase for the Board of Education a 2.09% increase for the Town, a (4.77%) decrease for Debt Service and a 52.65% increase for capital. Overall, the entire municipal budget is expected to increase by \$1.546 million or 2.52%.

Budget Changes by Board of Selectmen

Town Clerk (\$7,706)

As you are aware our long-time Town Clerk, Esther Williams will be retiring April 6, 2012. The plan is to appoint her successor at a starting salary in the amount of \$59,000 which is \$12,000 less than the current salary. In addition seven and a half hour per week of Assistant support is included in this department as well a reduction in longevity payments

Probate \$2,181

We are part of the Niantic Regional District 32 Probate Court of which East Lyme is the host community. We will begin our second year of operations in this model. The increases in the overall budget are \$1,843 in Probate Judge Operating Supplies due to the State not subsidizing as much as originally estimated, \$1,496 in Custodial due to a change in staff member, \$1,725 because of heating oil increases, \$325 in electric costs and \$300 for Alarm

Monitoring which was not included in the previous year. The town of East Lyme share of the increase is \$2,181.

FICA/Medicare (\$5,180)

Reduction in payroll taxes was due to analysis of wages prior to the Board completing its work on the budget. There will be additional savings as a result of staffing decreases the Board made during the review.

Health Benefits/Town (\$150,000)

At the time we began our proposed budget work for the 2012/13 fiscal year, our consultant recommended we estimate a 9% increase for health insurance. Subsequent to that time, we received a preliminary renewal report which represents approximately a 2% increase. We expect to receive final renewal information in April.

Public Safety/Police (\$24,770)

We received information on the Resident Trooper salary which included a wage increase after several years with no increases. As a result of this information and analyzing prior year additional overtime charges increased that line item by \$10,000. A decrease in the amount of \$1,770 was made to the Administrative Assistant line item to reflect the correct salary. The Board is recommending the timing of the additional officer be effective at mid-year January 1, 2013, therefore a reduction of \$23,000. And, we currently have one part-time officer and reduced the account by \$10,000 to reflect this.

Library- (\$15,000)

The Library employees are included in the Health Insurance plan with the Town; this reduction is a result of the updated renewal information previously noted.

Parks & Recreation (\$10,143)

As a result of the work on the Amtrak Bridge, the beach by the boardwalk is going to be quite the attraction for our town. In anticipation of a May 2013 opening additional staff and overtime related to the staff were included. The Board of Selectmen took the position there will be construction delays, therefore, the beach will not open until after June 30, 2013. I did not agree and I urge the Board to prepare for this new opportunity.

Capital Outlays/Equipment – (\$43,865)

The Board made several reductions in the Capital area including \$7,500 for a web-based Building Department permitting application since the Building Official wants additional time to review the many options and the COG grant application may be awarded. Other reductions include \$6,000 for signs for various town buildings and locations, \$13,200 to upgrade the bathrooms in the town hall, \$4,000 for new dispatch monitors and \$4,000 for a fire extinguisher training program. The Board also reduced the \$19,165 request by Parks & Rec for start-up equipment for the new beach by \$9,165 leaving a balance of \$10,000. At the last minute the Parks & Rec Director requested beginning to fund for a Skate Board Park in the amount of \$25,000, however, after much discussion the Board did not support the request.

Board of Education (\$385,875)

The Board of Selectmen forwarded the Board of Education budget as approved by them. The reduction reflects the amount the Board reduced the Superintendent's proposed budget.

Overall, the town budget was reduced by \$210,618, the capital budget by \$43,865 and the Board of Education budget by \$385,875 for a total of \$640,358 by actions taken by the Board of Selectmen.

Revenues

The revenue schedule reflects the February 8, 2012 estimate in relation to the Govenors proposed budget.

Conclusion

Our great Department Heads have been fiscally prudent over the last few years returning significant moneys unspent back in the General Fund. While we are proposing a small percent increase to our budget today, there are still many variables that will work in our favor with time. I see a number of available reductions possible as we wait on final insurance quotes.

You will note the \$248,195 decrease in debt service although we continue funding our Capital Improvement Plan, making much needed infrastructure improvements. We are able to accomplish this with prudent financial management inclusive of monitoring our Debt Management Plan and the \$2M plus saving we have obtained in four bond refundings since 2009. I include this number to the overall town budget as we take an active role in managing this line along with our General Government expenditures. The combined Town only increase proposed this year when you include spending, debt service and capital is a 1.85% increase.

If the Governor can hold his tenuous commitment to keep cities and towns whole on Education Cost Sharing while allowing for some offsetting revenue opportunities I believe that the budget will balance at a level that will be acceptable to your board and ultimately the entire town.

Respectfully submitted,

Paul M. Formica
First Selectman