

Facts About Our Town Budget:

Dear Town of Somers Residents,

Our office has been getting a number of calls regarding a Letter to the Editor that was submitted and published online in the Journal Inquirer on May 14, 2015. In an effort to provide all residents with the same information a response to the concerns in the letter are listed below.

We hope that with the following facts, residents will have the necessary information to make informed decisions regarding the budget. We encourage all residents to read the following and then vote on the budget referendum on Tuesday, May 19th, 2015 between the hours of 6am and 8pm at the Town Hall Auditorium.

The following are responses to items raised in the letter:

Concern:

The BOE expenses increased \$719,673 and the BOS expenses increased \$353,578 for a total of \$1.1 million. This equates to a 1.3 mill rate increase. This amount of increase in budget cannot be sustained with our grand list base. We can reasonably sustain increases in the amount of \$500,000 to \$700,000 per year.

Response:

This statement presents an incomplete picture. While it is true the BOE expenses have increased \$719,673 and the BOS expenses increased \$353,578, the budget also contains reductions in Debt Service of \$176,081 and Capital Improvements of \$100,000, resulting in a total increase of \$797,170 or 2.67% over last year. This is a manageable and responsible expenditure growth rate that can sustain growth rates beyond the writer's projections. Each year the budget process evaluates the need for services and weighs that expense against projected revenues.

Both increases in projected property tax revenues (due to an increase in the Grand List) and the use of fund balance (unrestricted fund reserves) have allowed the Town to balance the budget without a tax increase.

The 6 year average annual budget increase is 2.06%, (2011 to 2015 actual; and 2016 proposed). The Town's Grand List grew over \$15 million from last year. This represents a 6 year average annual increase of 1.56%, (2011 to 2015 actual; and 2016 proposed). For further detail, please refer to the exhibits also presented on the website that compare grand list and budget growth data along with mill rate history and comparisons.

Concern:

This is guidance that should come from the BOF; however, it has not. Still you will see no tax increase this year. Why? The Board of Finance spent little time working on the expense side of the budget and concentrated on looking for income to balance expenditures.

Response:

The suggestion that the BOF did not do its homework in preparing a well thought out budget or did not exercise due care in its deliberations is the writer's opinion and is an opinion not shared by the BOS, the BOE and other members of the BOF.

Concern:

Where did the income come from?

\$525,000 as a one-time income from surplus

Response:

This is not a one-time income. The Town presently maintains a healthy fund reserve balance. In addition, the projected Fiscal 2015 surplus is approximately \$900,000. This amount will be added to our current unrestricted fund reserve and will be available for future use as needed.

Concern:

\$270,000 as a one-time bond windfall from the banks

Response:

The \$270,000 represents a premium received on the sale of our General Obligation Bonds in November 2014. These funds have been used in the current fiscal year and will be used next year to pay for bond issuance costs and debt service payments. Because of the lower interest rates we received and the fact that certain vehicle leases will be paid off, our overall debt service costs will be declining in future years.

Concern:

\$270,000 grand list increase (primarily due to the solar farm)

Response:

The Grand List increased over \$15 million. The Property Tax budget increased \$297,500. A driver of this increase was the addition of the Somers Solar Farm to the tax base. This addition is a permanent increase both for the FY2016 and in future years. The taxes generated from the solar farm are not a one-time revenue source.

Concern:

Everything is fine for this year, but look at next year and the following year. We have \$795,000 of one time incomes this year that will not be available next year.

Response:

The Town agrees with the statement that “Everything is fine for this year.” The \$795,000 referenced is not one-time revenue. See “Where did the income come from?” above.

Concern:

Following the unchecked expenditure trend and nobody, but you, the voters to limit expenditures, the BOE and BOS will want another \$1,100,000 for a total income shortfall of \$1.9 million next year.

Response:

We can find no basis for this conclusion. We believe the assumptions made are unsubstantiated and are strictly the writer’s opinion.

Concern:

Where will this income come from? The BOF hopes \$800,000 will come from surplus and \$170,000 from the grand list increases and the rest, 1.1 mill from property tax increases. The following year’s surplus will be depleted and will require over 2 mills to balance expenditures.

Response:

The Town maintains a fiscally sound fund reserve account. If at yearend surpluses result, the policy is to return those funds to the Taxpayer in succeeding years rather than building up excess fund reserves. As previously mentioned, the projected Fiscal 2015 surplus is approximately \$900,000. Using the unrestricted fund balance is something every town in the state does to balance their budget and avoid tax increases. Returning these previously taxed amounts to the taxpayer helps avoid future tax increases.

Concern:

With declining enrollment, we do not need more BOE support staff. We do not need more BOS public work/park employees, additional social workers and fleet vehicles for town employees.

Response:

The BOE support staff is necessary in today’s educational environment. These positions are related to Special Education and Technology, positions needed to maintain the educational excellence that the Town is known for.

There are no social workers employed by the Town. An additional half-time assistant in the Senior Center was offset by a half-time cut in the Finance Department resulting in a net zero position increase.

The park employee is needed to maintain current parks and fields, as well as the additional Open Space land the Town acquired with the purchase of Camp Ayapo. The State grant used to purchase Ayapo stipulates the full time maintenance of the facility.

There are no additional fleet requirements or fleet vehicles for town employees in the budget.

Concern:

The only town entity to check this unreasonable growth is YOU, the Somers voters.

Response:

While this statement has certainly generated much attention the truth is that much time and energy has been spent by the various Boards to deliver a sound budget that addresses all aspects of the community. These Boards have been elected by the voters and in fulfilling their duties have exercised sound reasoning and judgement in their budget deliberations. Open hearings and meetings have been held to present the budgets and answer voter questions. It is our hope that each resident becomes involved in the discussion to make an informed decision and we encourage all to come out and vote on the budget on May 19th, 2015 between the hours of 6am and 8pm at the Town Hall Auditorium.

Final Comment:

A central theme to the writer's letter is that there is unreasonable growth in the Town's budget and that this growth cannot be sustained with our Grand List base. Analysis and factual data presented in the various open meetings do not agree with that opinion. Each year the budget process evaluates the need for services in the Town and weighs the associated expenses in providing those services against projected revenues. If services are not necessary or there is a revenue shortfall, proposed expenditures have been and will be cut to balance the budget.

For the proposed FY 2016 budget, both increases in projected property tax revenues (due to an increase in the Grand List) and the use of fund balance (unrestricted fund reserves) have allowed the Town to balance the budget without a tax increase.

Please refer to the exhibit entitled "Grand List Budget Growth Data" which compares the annual rate of growth in both the Grand List and the Budget. Also, review the Mill Rate Comparison exhibits which shows the stability of the Town's Mill rate and compares it other local towns.

As a last comment we urge you to come out and vote on May 19th. Let your voice be heard.

Thank you for your time and attention to this matter,

Lisa Pellegrini, First Selectman