



TOWN OF ELLINGTON

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TO: Boards, Commissions, Department Heads
FROM: Robert Clements, Chairman, Board of Finance
SUBJECT: 2010-2011 Budget Guidelines
DATE: 12/23/2009

The purpose of this memo is to provide guidelines for the preparation of your budget for fiscal year 2010-2011.

Last year we warned of a tight grip on the purse strings with minimum or no growth. At that time there was 6% unemployment and we were warned of shrinking tax revenues due to business slowdowns. It has gotten worse. This year we have an unemployment rate of 10% and State and Federal revenues are way down. Since we and other towns depend so heavily on the State of CT for ECS and Infrastructure maintenance and Connecticut State government is billions of \$ in debt and looking to cut some of the revenues promised by the last budget, we are expecting minimal support from the State.

So the outlook for this year is again a "no growth" budget with an additional attempt to reduce existing costs wherever possible. Unfortunately, this trend may last for a few years. We must make every effort possible not to impose higher taxes on a public with fewer resources to pay them. At the same time, we must provide the basic services we have promised our citizens in the past and fulfill our commitment to our public safety communities (fire, ambulance and police) on whom we depend so much. Their volunteerism is an example of the best qualities of America at work right here in Ellington.

Capital improvements should be limited to those projects which have already been started and are near completion or are necessary to maintain the integrity of our infrastructure. In the past, we have limited Capital Expenditures to \$1,000,000. Certainly we should attempt not to exceed that amount this year and reserve those expenditures to projects which can be deemed essential to the well being of the community.

In the process of making the end of year transfers to balance the budget, we were somewhat displeased to find several line items had grossly exceeded their approved budgets. While we understand that emergencies and unforeseen opportunities cannot be anticipated at budget time, reconciling such extreme budget overruns creates the impression that certain departments are spending money without the authority to do so. Henceforth we are requiring that potential budget overruns must be presented to, and approved by, the Board of Finance BEFORE the expenditure is made, except in the most severe emergency circumstances. This is the only way we can maintain budget integrity.

We also believe that line items transfers should be accomplished as soon after the additional expenditures are approved and not all held to the end of the year. This will allow us to monitor the budget compliance as the year proceeds.

Projections for fuel costs should be as follows:

Heating oil	\$2.01
Diesel Fuel	\$2.15
Regular Gas	\$2.25