

To: Ancram Town Board

From: Art Bassin

Date: March 16, 2010

Subject: Supervisor's Financial Report – February 2010



February Financial Results Consistent with Expectations

We have received revenues of \$950,000 during the first two months of 2010, which is slightly (\$17,000) more than during the first two months of 2009. \$932,000 of 2010 revenues came from town and lighting district tax collections.

Expenses for the two months ending February 28 totaled \$186,000, \$81,000 less than the \$267,000 spent during the first two months of 2009. The highway department's spending in 2010 was \$84,000 less than for the same period last year, with snow removal costs down by \$40,000, repairs down by \$19,000 and machinery down by \$14,000. While we have had less snow plowing expense than expected this year, the harsh winter with no snow cover has damaged roads more than usual, so we may incur higher than expected expenses this spring and summer to repair the roads.

Other spending was about flat to 2009. Cash in the bank totaled \$1,521,000 at the end of February.

2010 Budget Review: Tough Year Ahead

I have concluded a detailed review of the 2010 budget, and have identified over \$300,000 of items which are worthy of highlighting:

1. Total 2010 Expenses were budgeted to be \$85,000 more than revenues. Fund balances of \$85,000 were included as "revenues" to close the gap. This is not a "real" revenue item, and our accountant has recommended we eliminate it from the monthly budget reports to get a more accurate picture of the Town's financial situation.

2. Unbudgeted expenses: The following items, totaling \$76,500, which were known commitments or normal budget items in the prior few years, were not included in the 2010 budget:

- Town's portion of Solar Project: \$33,000
- Budget Prep Fee: \$1,000
- Swimming Pool Repairs: \$7,500.
- Capital fund: \$35,000 to repay debt or build cash reserves.

3. Salaries: Three salary line items were budgeted at a total of \$7,700 less than expected 2010 spending levels:

- Assessor's Clerk salary was budgeted to be \$2,300 less than 2009 actual.
- Building Department Clerk salary was budgeted \$4,000 under expected 2010 cost.
- Building Manager salary budget was reduced by \$1,400 from 2009 actual cost.

4. Other Budget issues: Two items were budgeted at below 2009 levels by \$8,400:

- Town Board and Supervisor contractual expenses were reduced by \$7,000 from 2009 levels, from \$9,000 to \$2,000.
- Town Historian's 2010 budget has been reduced from 2009 actual spending levels by \$1,400, to \$1,000.

5. Sales and Mortgage Tax Revenues were budgeted to be \$50,000 less than 2009 actual receipts. If these revenues end up coming in better than budget, we may be able to offset some of the cost risks that have been identified. If they come in worse, we face additional financial risk.

6. State emergency and discretionary highway aid has been budgeted at \$104,000, and could be at risk given the financial situation at the State level.

New Garage Costs

The Garage Committee is developing plans for a new 80x80 or 80x100 facility at the current garage site on Town Road in Ancramdale. The estimates for this facility are coming in around \$400,000, which we are planning to fund out of the Town's cash in the bank as of the end of last year of \$739,000. To build this new garage without going into debt will require that we keep the cash balance at or near the \$739,000 level, so we can pay for the new garage and still have over \$300,000 available for other contingencies.

Some savings have been identified

So far in 2010, we have identified about \$60,000 in possible cost savings and additional revenues, including a \$45,000 reduction of Rescue Squad costs, \$5,000 in insurance costs and \$8,500 in 2009 fees.

Conclusions

Even with these savings and revenues, it appears now that our fund balances at year end 2010 could be down from the \$739,000 we began the year with. The exact number will depend on where the sales and mortgage tax revenues come in compared to budget, how much highway aid we actually get, and what other cost savings we can make. In the short run, it is prudent to request that all department heads review their spending plans and identify possible savings, in order to preserve our ability to finance the new garage without debt.