Supervisor Lesko and Town Board Close-Out Capital Budget Projects, Saving the Town almost 13 Million Dollars
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Farmingville, NY - At the August 2 Town Board meeting, Supervisor Mark Lesko and the Town Board unanimously approved a resolution directing the Commissioner of Finance to close out old or inactive capital projects and projects completed that still had balances.

Nearly all the projects, which date back to 2009 and older, span all departments. The Town closed out a total of almost $13 million in capital projects this year, $3 million at tonight's Town Board meeting. This translates into almost $13 million in debt service savings over the projects' useful life. Most of the savings, about $11 million, comes from the General Fund.

In 2010, Supervisor Lesko proposed a debt management cap, a referendum that was approved by 75% of voters in November 2010. The debt management cap will reduce the size and cost of government by limiting the total amount of debt service in the General Fund to no more than 15% of revenues or expenditures, whichever is less. The close out of various capital projects allows the Town Board to reduce its debt service by approximately $600,000 a year for fifteen years.

"By making cuts in spending and practicing fiscal discipline and conservative budgeting today, we are laying the groundwork for a more stable economic future," said Supervisor Mark Lesko, "The Town's recent action to slash debt and save about $13 million will help us to come into compliance with the debt management cap, which was overwhelmingly approved by voters last year."

The Debt management cap, which is expected to result in a long term way to manage capital project finances, has already been heralded as a positive factor by the credit rating agencies and bondholders. The Town of Brookhaven was recently notified by Wall Street bond rating agencies that its high bond ratings have been reaffirmed for the third time within one year. The agencies commended the Town's conservative budgeting and deep spending cuts.

Standard & Poor's (S & P) Wall Street rating agency affirmed Brookhaven's bond rating of AA+ with a stable outlook. S & P had recently affirmed Brookhaven's rating on December 9, 2010 and March 31, 2011. Moody's affirmed Brookhaven's rating of Aa2 and had last reaffirmed the bond rating on November 30, 2011.

The rating agencies also highlighted the 2010 budget audit results, which found that the Town only used $2 million in fund balance in the General Fund even though the amount budgeted in the 2010 Adopted Budget was $23.6 million, which represents a 92% decrease in the use of surplus.

In 2011, the Town was able to bridge the gap to fund balance through reducing spending by $26 million in the general fund and saving $8 million in 2011 and 2012 alone through the extension of the Collective Bargaining Agreement with the White and Blue Collar Units (which will save millions more in the out years). At the same time as cutting spending, the Town froze property taxes in both the 2010 and 2011 budgets.

In addition, the Town has continued its efforts to aggressively monitor and control overtime costs through increased accountability. Overtime is dispensed quarterly to departments so they demonstrate they are staying within their budgeted amounts. From the 2008 budget to the 2010 budget, overtime has decreased by 18% in the General Fund and Part Town Fund.

The Town Department of Finance will continue a thorough review of the Town's capital spending in order to come into compliance with the debt management cap.

In addition to the debt management cap, the Town also passed a property tax cap and a spending cap, which were also approved by voters in a November 2010 referendum.