

OFFICE OF THE TOWN ADMINISTRATOR  
**T. JOSEPH ALMOND**  
333-1100  
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February 13, 2014

To: Town of Lincoln Budget Board  
Re: Proposed FY 2014-2015 Budget

Dear Board Members:

The FY 14-15 budget recommendation proposes a Municipal Operating Budget of \$19,022,609, a School Operating Budget of \$50,958,144, Capital Resolutions of \$5,033,500, municipal debt service of \$634,063, and school debt service of \$3,191,687 for a total budget of \$78,840,003.

This proposal represents an increase of \$68,590 or .36% in municipal spending and an increase of \$1,348,183 or 2.72 %, in School Department spending which includes \$848,183 in additional state aid. With proposed new spending, and revised capital spending, this recommendation represents a total budget increase of \$2,701,291 or 3.5 %. However, there is an unexpended credit of \$1,928,558 from FY 13-14 for revision of the proposed police department addition.

The proposal identifies adjustments related to state aid, local revenue, and other sources of revenue. After recommending new spending and capital proposals the net result would be a tax levy increase of \$641,954 or 1.22 %. It is our estimation that the proposed levy increase will be absorbed by low to moderate increases in overall assessment growth to within .5% of the proposed expenditures.

Capital Resolution proposals include an allocation of \$1,500,000 for the School Department, \$3,300,000 for the construction of a Police Department addition, \$175,000 for building and renovations to Albion Park with \$175,000 matching DEM Grant, \$20,000 to construct compost restrooms at Chase Farm Park with a matching \$100,000 DEM Grant, \$13,500 for renovations to Chase Farm residence pending approval of a curator occupant, and \$25,000 to relocate and renovate the Hot Potato School on the Chase Farm property with a matching donation of \$22,000 from the Citizens Celebration Committee. It should be noted that all capital resolutions are funded from restricted surplus accounts and have no impact on the tax levy.

The FY 14-15 budget as recommended for both municipal and school departments continues to recognize that while some economic indicators are beginning to improve, many of our residential and business property taxpayers are still facing very difficult financial challenges. Therefore, we attempted to limit new expenditures for FY 14-15 to those revenues identified through savings, estimates of moderate growth in our tax base, and additional state aid to education.

This proposal addresses five key components to ensure that the town's future financial outlook will remain stable and vital municipal and educational services can be properly sustained in the future. These key components were; ensuring high level educational services through the transition of a new state funding formula, maintaining the security of our excellent bond ratings, making responsible capital investments, and addressing growing pension and OPEB liabilities.

I am recommending a \$500,000 increase in the local appropriation to the School Department to be coupled with an \$ 848,183 increase in state for a total increase of \$1,348,183 or 2.72%. If approved, a FY 14-15 school budget of \$50,958,144 will result in a projected expenditure of \$16,015 or an increase of 4% for each pupil served, excluding school construction debt payments and capital resolutions.

I would again note that the new State Education Funding was enacted four years ago to resolve inequities in distribution of state education aid. The act was also intended to provide some level of property tax relief to those communities that had been previously underfunded, such as Lincoln that elected to provide additional support to schools with local tax dollars. This new formula is projected to provide almost \$6,000,000 in additional state aid to Lincoln when fully implemented over the next two years.

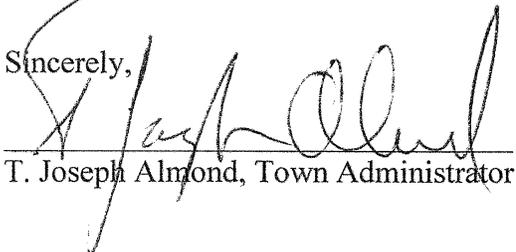
In recommending an increase in local aid to education, I also recognized that over past ten years, the Town of Lincoln has experienced a significant and steady decline in student enrollment, from a high of 3,706 to the current population of 3,182, or an overall reduction of 14.5%. This decline is forecasted to continue over the next decade. However, I do believe that it is important to maintain adequate local funding to allow the School Department to implement changes required to transition to the new State funding Formula which will be based upon the number of students served when fully implemented.

We have been fortunate to weather this recession in a fiscally strong position, but have also been able to position ourselves to maintain a long-term, fiscally positive outlook. I would like to thank the Town Council, School Committee, appointed officials, financial officers, and the employees of both the municipal and school departments. Lincoln's excellent financial health, and delivery of services, would not be possible without their good work and collaboration.

However, it is crucial that we resist employing short term solutions or become complacent in putting forth a responsible budget plan for the next fiscal year. We must avoid any and all unnecessary expenditures that will create repetitively increasing tax burdens. If we are to protect property taxpayers from unsustainable tax increases, and secure long term financial stability, we must remain resolute and continue to identify innovative ways to economize, reallocate, and reorganize, to deliver the excellent municipal and educational services our residents deserve.

I thank the Budget Board members for their dedication, oversight, sense of fairness, and diverse experience as they evaluate the budget recommendations for FY 14-15. I am confident that the Board will give in-depth and fair-minded deliberation to all proposals brought before them. In an attempt to avoid repetitiveness, but to highlight the continuity of this recommendation, I would ask the Board to review the content of preceding budget messages. I look forward to meeting with the Board to answer any inquiry and provide any data related to the review and deliberation of this proposal.

Sincerely,



T. Joseph Almond, Town Administrator