

Joint Meeting of the Town Council and School Committee November 18, 2010



Fiscal Year 2012 Preliminary Budget Planning

Economic Factors

Federal Level

- Low interest rates
- Low inflation
- High unemployment
- Sluggish sales
- Use of Corporate profits
- Housing
- Deficits

State Level

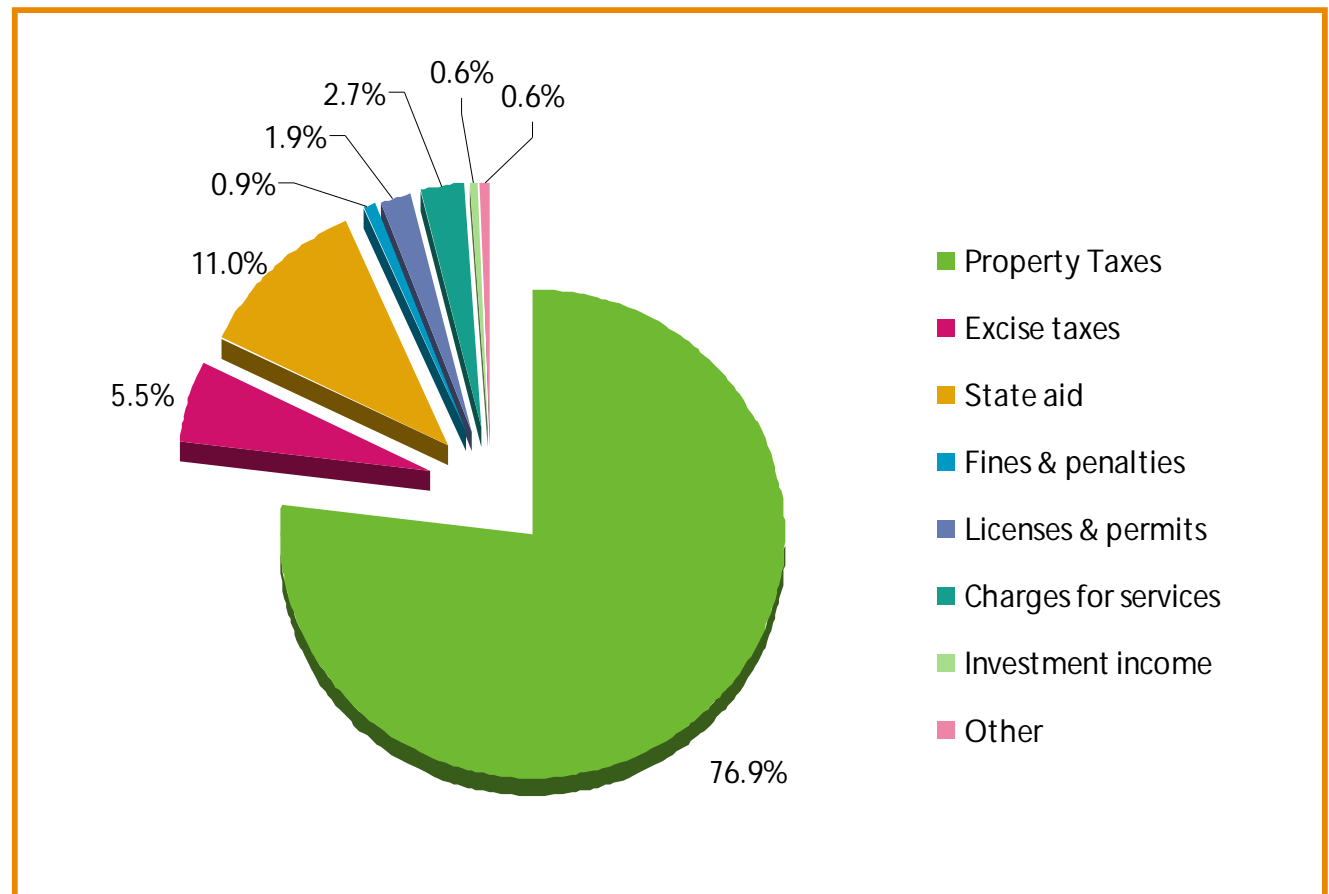
- High unemployment
- Ballot questions
- Structural budget gap
- Depleted "Rainy Day" fund
- Unfunded liabilities
- Reduction in Federal Aid

Local Level

- Lower new building growth
- Tourism
- Growing property tax dependency
- Reserves
- Unfunded liabilities
- Infrastructure needs
- Economic development

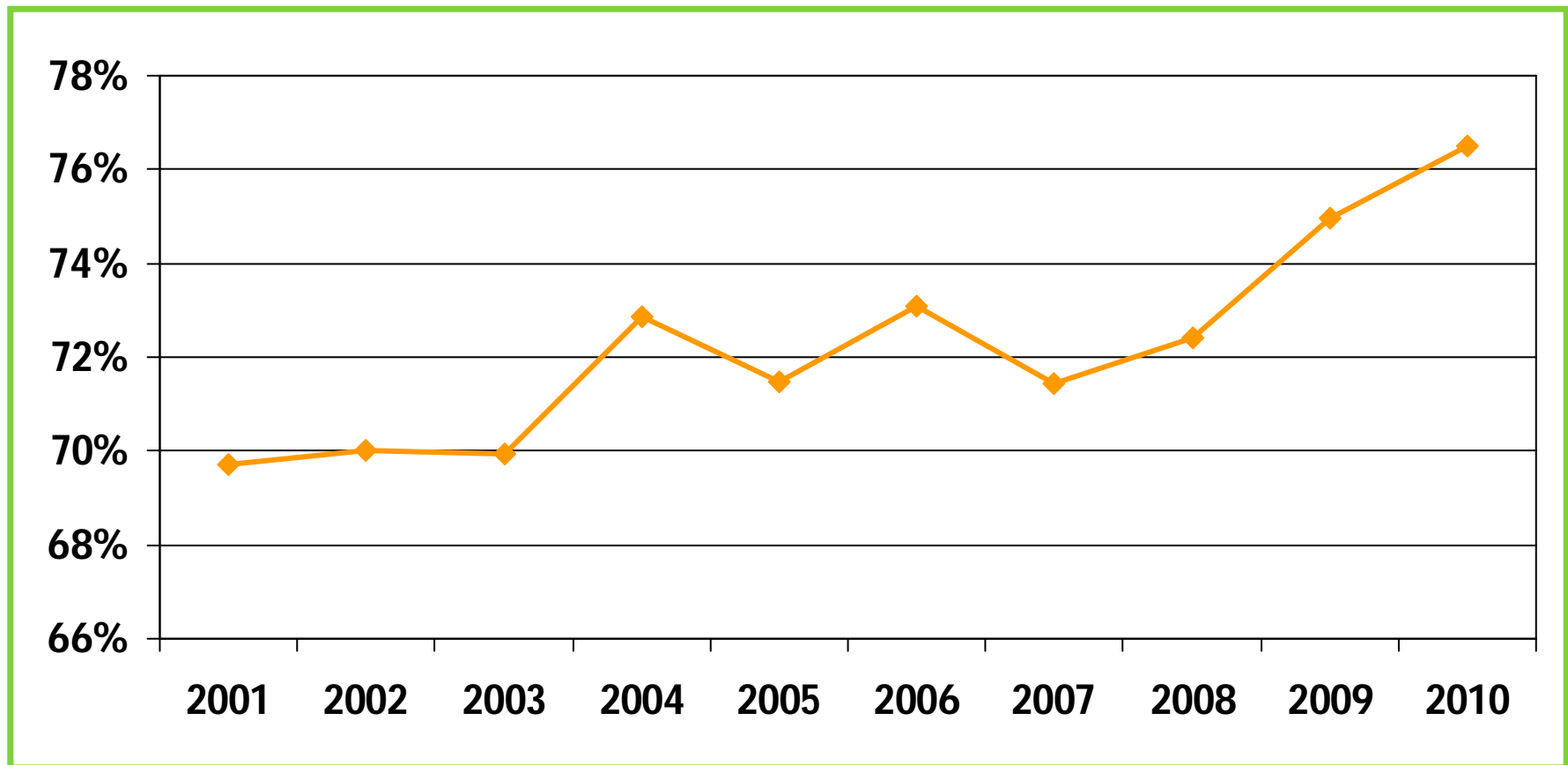
FY 2011 General Fund Revenue Structure

	<u>Millions</u>
Property taxes	\$93.38
Excise taxes	\$6.60
State aid	\$13.40*
Fines & penalties	\$1.05
Licenses & permits	\$2.35
Charges for services	\$3.30
Investment income	\$0.69
Other	\$0.73
Total	\$121.50



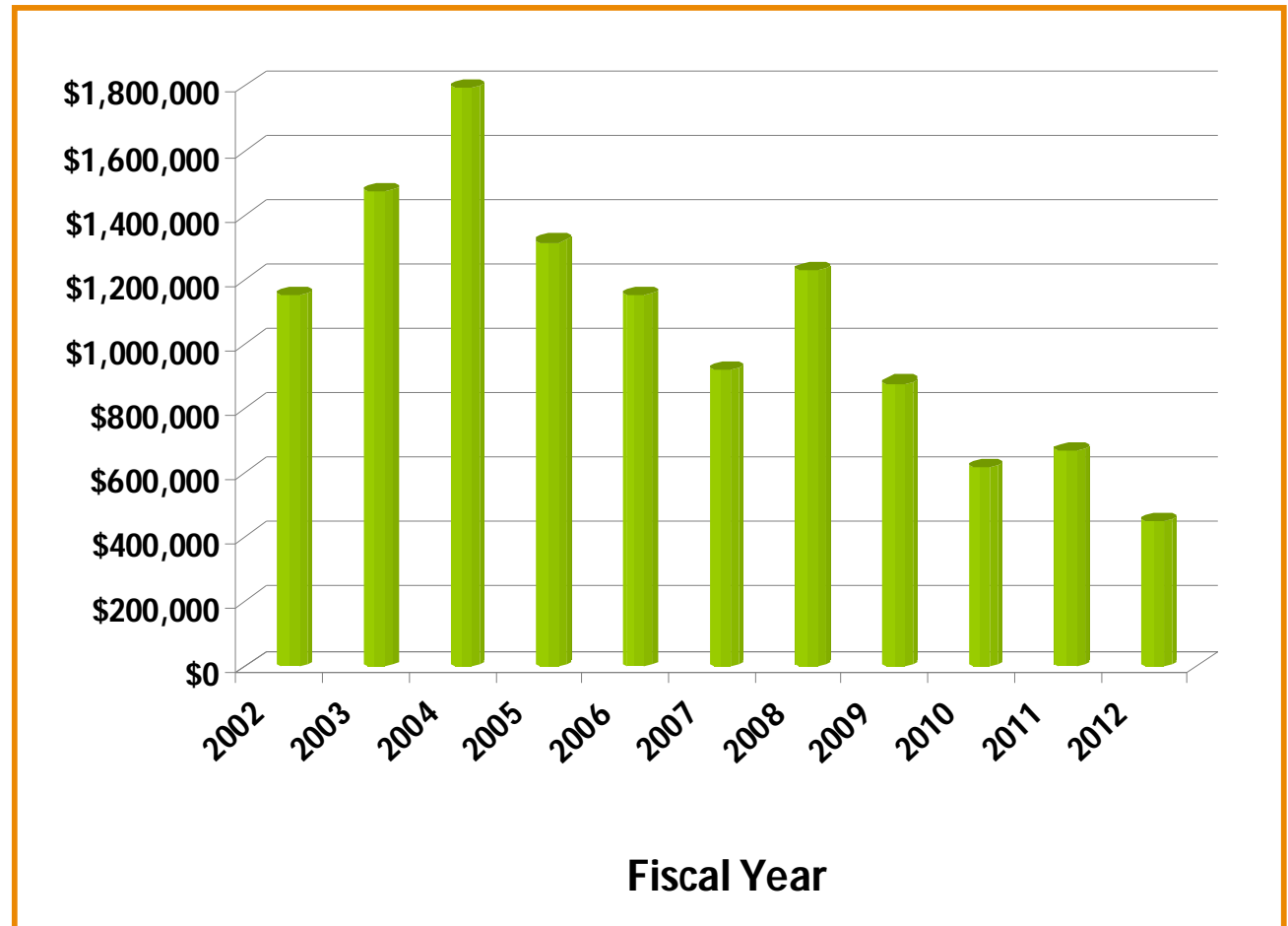
* Includes MSBA loan assistance of \$3.8 million.

Property Tax Revenue as a % of Total General Fund Revenue

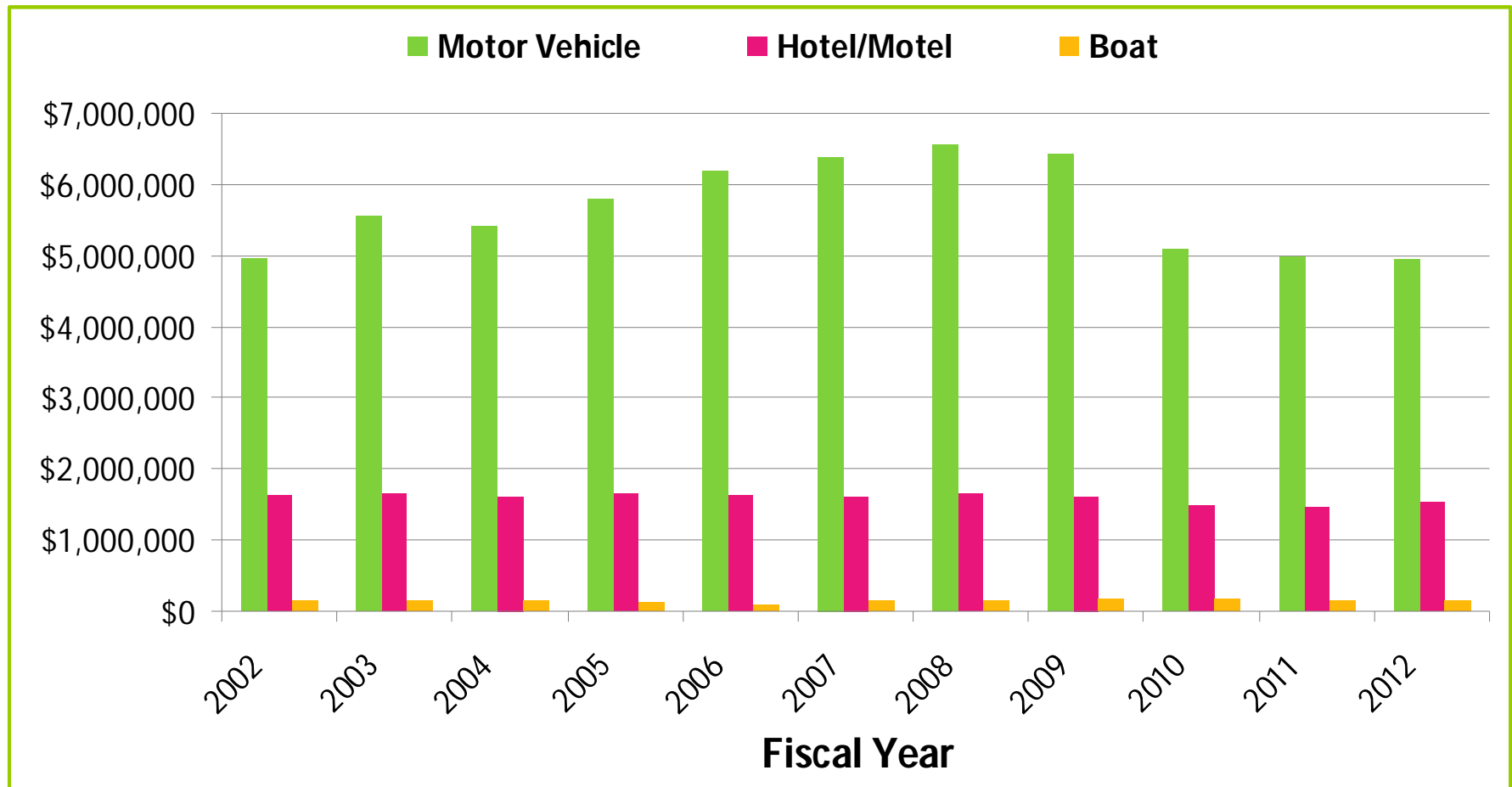


History of New Property Tax Growth

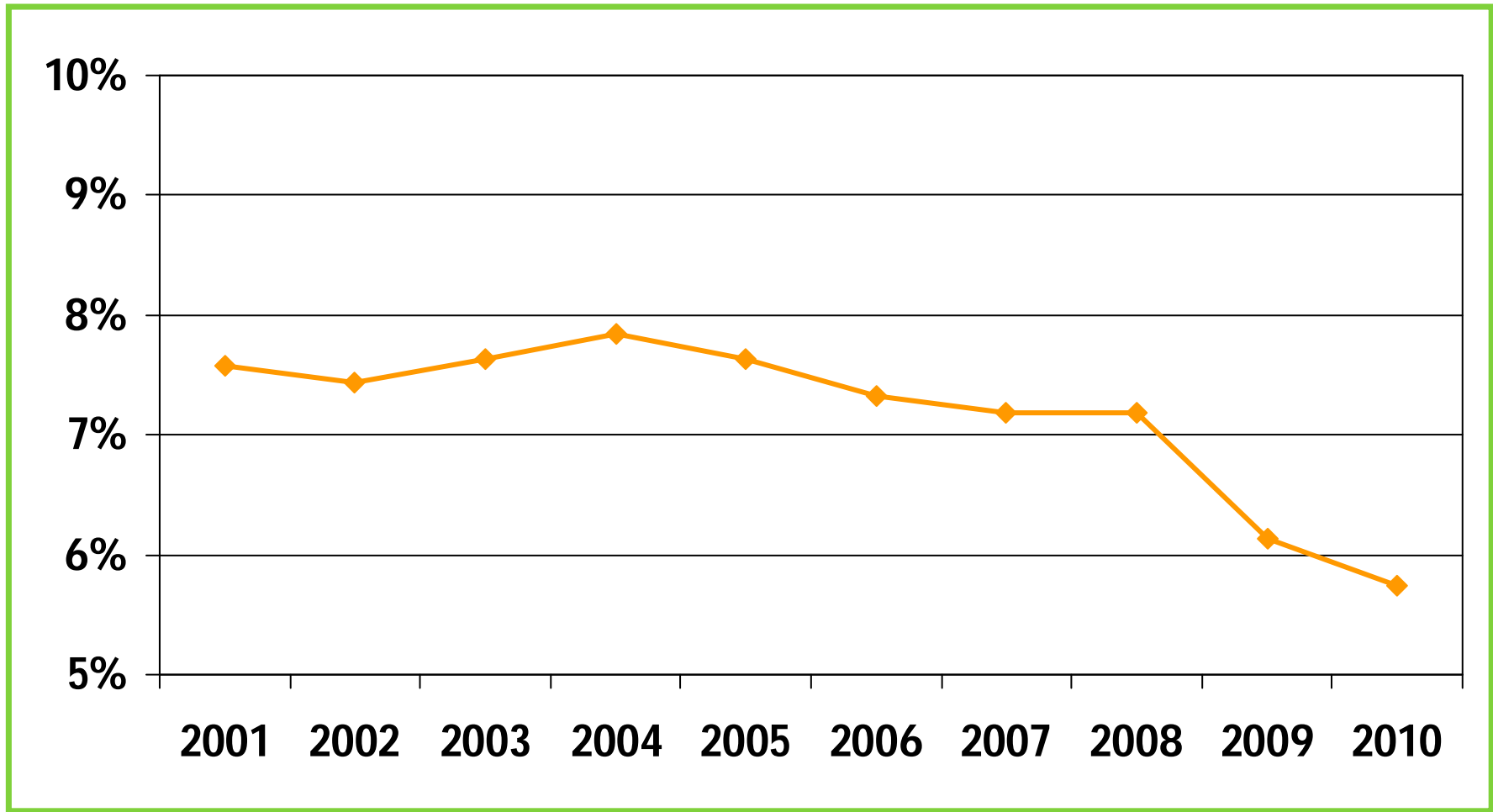
- ✓ New property tax growth is in a period of decline.
- ✓ Projection for FY12 is \$450,000.
- ✓ \$450,000 of new property tax growth = \$62 million in new value.



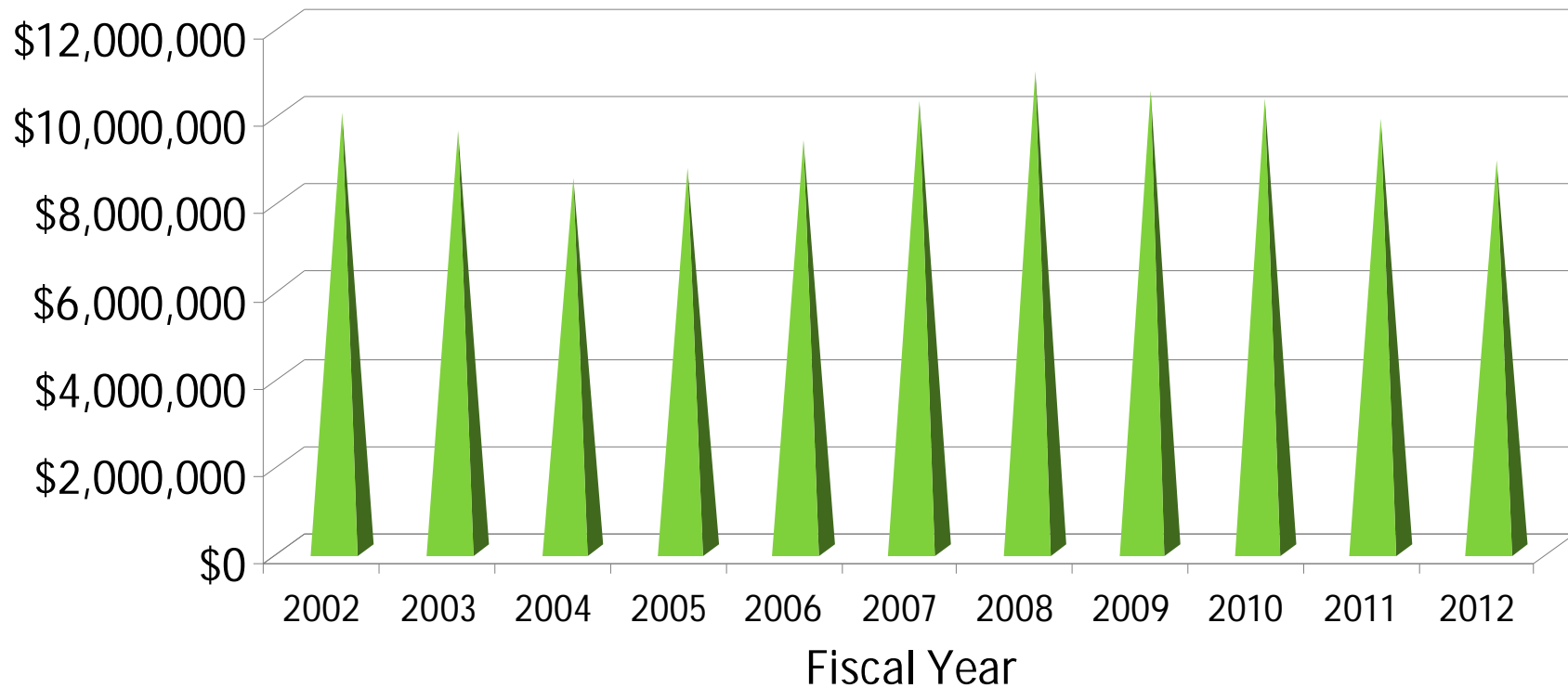
History of Excise Taxes



Excise Tax Revenue as a % of Total General Fund Revenue

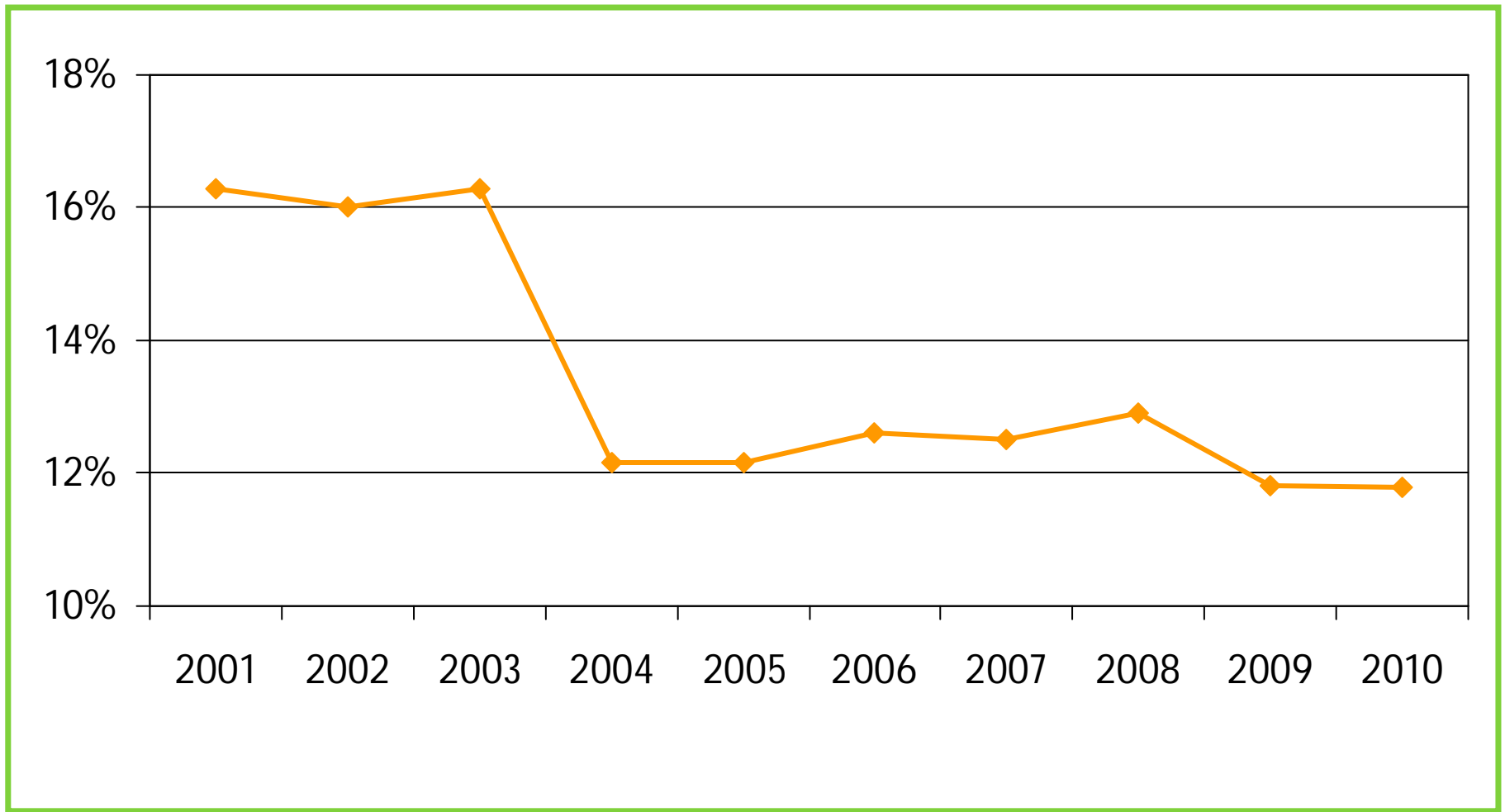


Local Aid

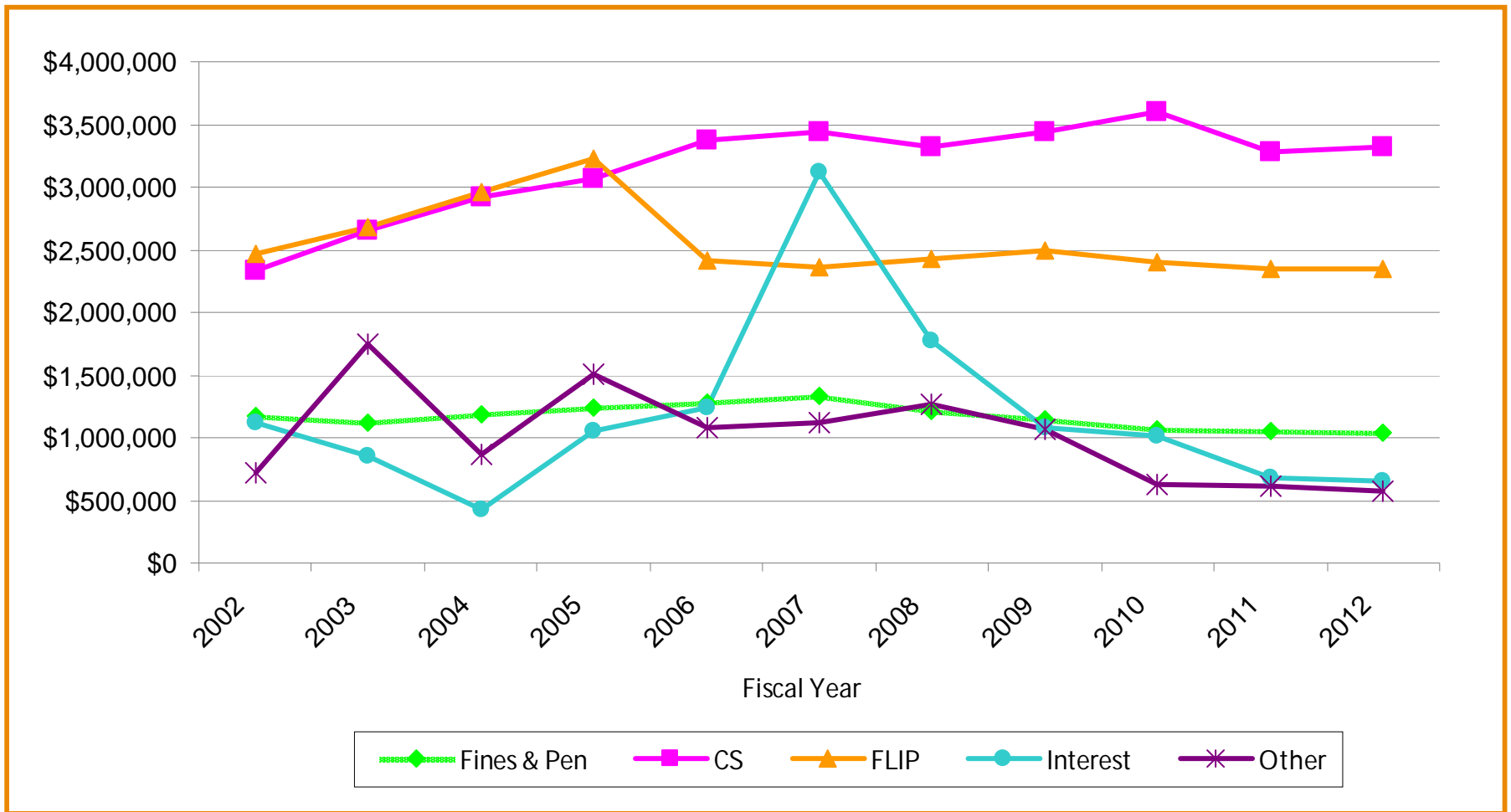


Excludes MSBA loan assistance.
FY 2012 includes an estimate for a 10% reduction.

Local Aid as a % of Total General Fund Revenue



Other General Fund Revenue



FY 2012 General Fund Revenue Growth

	FY 2011	FY 2012	\$ Change	% Change
Property Taxes	\$93,385,852	\$96,131,869	\$2,746,017	2.94%
Other taxes	\$6,644,034	\$6,675,000	\$30,966	0.47%
State aid	\$13,371,635	\$12,400,046	(\$971,590)	(7.27%)
Local revenue	\$8,101,286	\$8,101,286	\$0	0.00%
Other	\$6,096,563	\$6,270,289	\$173,726	2.85%
Total	\$127,599,370	\$129,578,490	\$1,979,120	1.55%

Fixed Costs

	FY 2011	FY 2012	\$ Change	% Change
School assessments	\$4,356,040	\$4,537,844	\$181,804	4.17%
Capital program	\$16,744,813	\$16,669,899	(\$74,914)	0.45%
Insurance	\$1,250,000	\$1,300,000	\$50,000	4.0%
Employee benefits	\$8,294,308	\$8,568,055	\$273,747	3.30%
Grants & other	\$1,703,047	\$1,764,804	\$61,757	3.62%
S&C assessments	\$4,820,396	\$5,064,925	\$244,529	5.07%
Snow & ice	\$615,450	\$646,676	\$31,226	5.07%
Total	\$37,784,054	\$38,552,203	\$768,149	1.97%

FY 2012 Preliminary Revenue Allocation

	FY 2011	FY 2012	Change
Total General Fund Revenue	\$127,599,370	\$129,578,490	\$1,979,120
Fixed Costs	(\$37,784,054)	(\$38,552,203)	(\$768,149)
Revenue Available for Operations	\$89,815,316	\$91,026,287	\$1,210,971

Allocation:

Municipal	\$31,782,165	\$32,266,554	\$484,389
School	\$58,033,151	\$58,759,733	\$726,582

Preliminary Estimate of FY 2012 Budget Shortfall

	Municipal	School
FY 2011 operating budget	\$31,782,165	\$57,530,731
Estimated increase (3.0%)	\$970,000	\$1,700,000
FY 2012 preliminary budget estimate	\$32,752,165	\$59,230,731
Revenue allocation	\$32,266,553	\$58,759,733
Budget shortfall	(\$485,612)	(\$470,998)

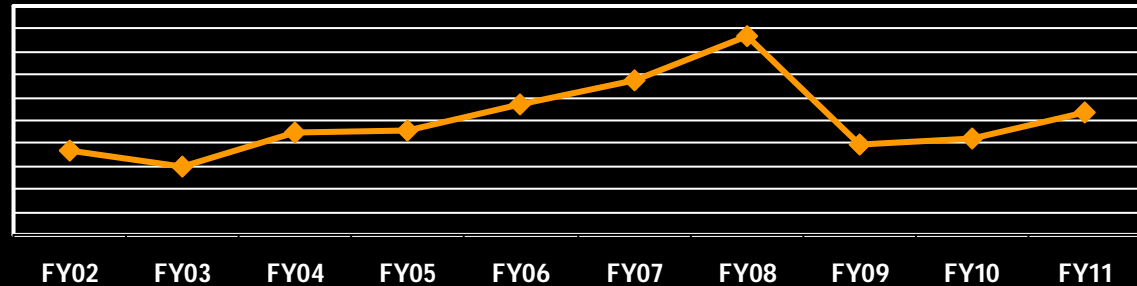
"FREE CASH" – Savings Account

	Total
Certified balance at July 1, 2009 (FY10)	\$8,411,317
Used to balance FY10 and FY11	(\$1,080,758)
Balance remaining	\$7,330,559
Estimated FY10 generated savings	\$1,376,441
Excess reserve for abatements & exempt released (FY05 – FY08)	\$2,034,869
Estimated "Free Cash" at July 1, 2010 (FY11)	\$10,741,000

Allocation:

Council reserve balance (equals approx. 5.7% of GF budget)	\$6,873,519
Municipal savings balance	\$2,183,187
School savings balance	\$1,684,294

10 Year History of Savings Account Balance



MA Dept. of Revenue Certification Date	Beginning Balance	Used in Operations	Used in Capital Program	Generated	Ending Balance
July 1, 2001 (FY 02)	\$7,390,500	(\$3,438,258)	\$0	\$2,082,718	\$6,034,960
July 1, 2002 (FY03)	\$6,034,960	(\$2,003,554)	\$0	\$4,923,086	\$8,954,492
July 1, 2003 (FY 04)	\$8,954,492	(\$2,908,781)	\$0	\$3,075,360	\$9,121,071
July 1, 2004 (FY 05)	\$9,121,071	(\$3,641,549)	\$0	\$5,883,381	\$11,362,903
July 1, 2005 (FY 06)	\$11,362,903	(\$4,013,319)	(\$1,235,000)	\$7,326,981	\$13,441,565
July 1, 2006 (FY 07)	\$13,441,565	(\$3,577,630)	(\$2,235,000)	\$9,692,548	\$17,321,483
July 1, 2007 (FY 08)	\$17,321,483	(\$6,390,369)	(\$4,500,000)	\$1,501,616	\$7,932,730
July 1, 2008 (FY 09)	\$7,932,730	(\$1,930,000)	\$0	\$2,408,587	\$8,411,317
July 1, 2009 (FY 10)	\$8,411,317	(\$1,080,758)		\$3,410,441	\$10,741,000
		(\$28,984,218)	(\$7,970,000)	\$40,304,718	

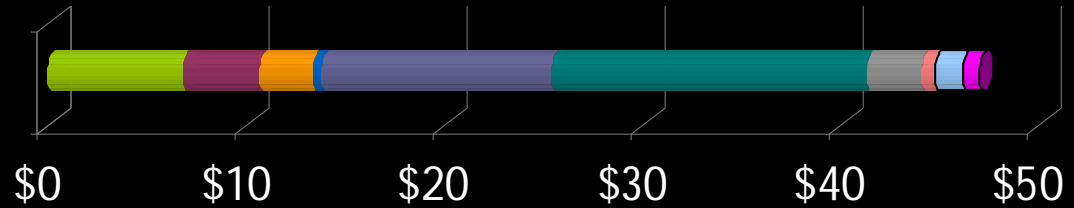
Capital Program Projected Appropriations

Stated in Thousands

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Public roads (cash)*	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250
Bond financing*	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Operating capital (cash)	\$728	\$775	\$822	\$841	\$861
Sewer Trust Fund (cash)	\$1,784	\$1,803	\$1,843	\$1,864	\$1,884

* Funded from the Capital Trust Fund which receives \$6,725,000 of General Fund transfers per year.

Reserves



Description	Amount	Restricted/Designated For:
Council reserve	\$6,817,519	Extraordinary & unforeseen events; working capital (D)
Savings account	\$3,923,481	Capital program, one-time expenses, revenue deficits (D)
Reserve for A&E	\$2,681,844	Outstanding abatements & uncollectible receivables (R)
Sale of Real Estate	\$430,343	Municipal and school facility renovations (R)
Capital Trust Fund	\$11,638,017	Capital program (D)
Enterprise Funds	\$15,885,301	Capital program and fee mitigation (R)
Pension Trust	\$2,783,603	Unfunded pension liability (R)
Insurance Trust	\$680,165	OPEB liability and other insurance expenses (D)
Circuit Breaker	\$1,388,510	Special education expenses (R)
School Choice	\$902,822	School operating expenses (R)