



# **Financial Update**

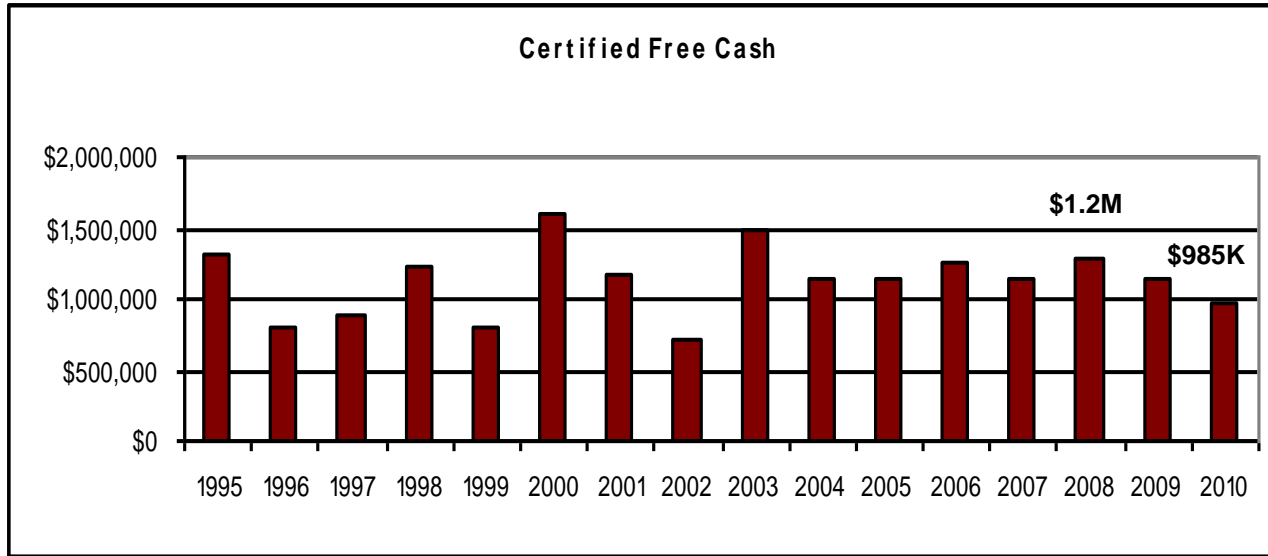
**Board of Selectmen Meeting  
November 1, 2011**

**Pam Dukeman  
Finance Director**

# Items to Review

- **Free cash.**
- **Review of FY13 (Sept. 26 BOS Meeting)**
  - FY13 preliminary look.
  - Progress on financial targets.
- **FY13 budget projections.**
  - Revenue.
  - Expenditures.
- **FY13 initial budget plan.**

# Free Cash Certification



5-Year Average (2006 – 2010) - \$1.16M or 1.5 – 2% of budget.

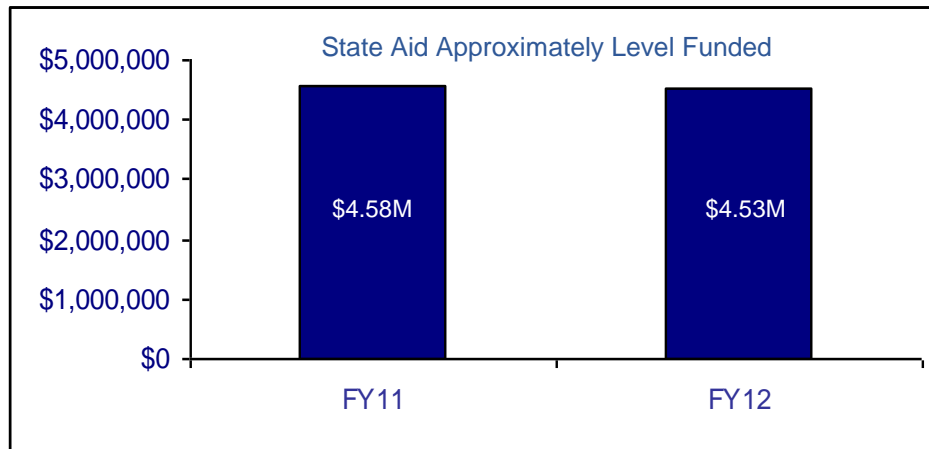
- Free cash certification as of 6/30/2011 – **negative \$428,638**.
- Free cash updated net certification (with Westwood Station tax payment) amount - **\$2,572,798**. As previously presented, higher than average due to:
  - Improved FY11 budget to actual revenue results.
  - Westwood Station tax interest of \$344,197.

# Final FY12 State Aid

FY12 State Aid	FY11	FY12 Town Meeting Budget	Final State Aid	FY11 - FY12 \$ Difference	FY11 - FY12 % Difference	Town Meeting to Final - \$ Difference
Chapter 70	\$3,756,916	\$3,777,085	\$3,777,085	\$20,169	0.5%	\$0
Municipal Aid (Old Lottery and Additional Assistance)	\$617,080	\$572,463	\$572,463	-\$44,617	-7.2%	\$0
Police Career Incentive - "Quinn Bill" (Approx.)	\$14,213	\$13,665	\$0	-\$14,213	-100.0%	-\$13,665
Other - reimbursement programs - i.e., veterans	\$167,725	\$162,381	\$159,326	-\$8,399	-5.0%	-\$3,055
Offset/Restrictions	\$25,628	\$26,493	\$26,493	\$865	3.4%	\$0
<b>Total</b>	<b>\$4,581,562</b>	<b>\$4,552,087</b>	<b>\$4,535,367</b>	<b>-\$46,195</b>	<b>-1.0%</b>	<b>-\$16,720</b>

Options for \$44,617 additional state aid:

- Do nothing and funds will flow to free cash at close of FY12.
- Use funds as an estimated receipt on our tax recap.
- Appropriate funds at our next Town Meeting.



# FY13 Preliminary Look

## Revenue

- Westwood Station taxes stabilized.
- State aid – was level funded in FY12.....FY13?
- Local receipts – budget reductions FY10, FY11 are sufficient. Level fund FY13, as did during FY12.
- Free cash balance will be positive, should use carefully.

## Expenditures

- FY12 funded 2% increases to school and municipal budgets.
- Changes to benefit costs.
- Need to fund capital and reserves, including OPEB.
- Completion of debt payments in FY12.

**FY13 – range of available budget increases will be similar to FY12.**

# Potential Progress on Financial Targets in FY13

- Reserve Account
  - Appropriate Westwood Station tax interest of \$340K to Stabilization Account.
- OPEB
  - Utilize health budget savings and transfer to OPEB Trust.
- Capital Budget
  - Utilize drop off in debt payments to fund capital bond.
    - \$16.6M 2002 bonds end in FY12.
      - Exempt and non-exempt debt service drop off.
      - Opportunity to replace current debt:
        - Approximate \$2M bond within Prop 2 ½ and
        - Approximate \$2M bond voted as debt exclusion.

# Review of FY13 Projections - Revenue

Revenue	\$ Impact
Tax Revenue <ul style="list-style-type: none"> <li>Projection based on increases per Prop 2 1/1 (2.5% plus estimated \$300K new growth.)</li> </ul>	
<p style="text-align: right;">Budget assumption –Increase \$1.6M.</p>	\$1,600,000
State Aid <ul style="list-style-type: none"> <li>Projections depend on state budget. (Each 5% cut would be \$217K)</li> </ul>	
<p style="text-align: right;">Budget assumption – assume level funding FY13.</p>	\$0
Local Receipts <ul style="list-style-type: none"> <li>Projections based on actual results and estimates of motor vehicle, investment income, permits.</li> </ul>	
<p style="text-align: right;">Budget assumption – level fund FY13.</p>	\$0
Available Funds <ul style="list-style-type: none"> <li>Projections based on actual accounts and limited restricted used of funds.</li> </ul>	
<p style="text-align: right;">Budget assumption – level fund FY13.</p>	\$0
Free Cash <ul style="list-style-type: none"> <li>Certified amount known, apply only to capital per financial policies.</li> </ul>	\$0
<p style="text-align: right;">Budget assumption – Continue level funding of free cash for capital budgets only (\$700K)</p>	
<b>Total Revenue Change FY12 to FY13</b>	<b>\$1,600,000</b>

# Review of FY13 Projections - Expenditures

Expenditures	\$ Impact
Fixed costs	
• Projection driven by health insurance and pension budget changes.	
Budget assumption – Assume 6% overall increase (similar to FY12) – this will provide room for pension fluctuation and health/OPEB appropriation.	(\$540,000)
Debt service	
• Projection based on actual and planned debt service reductions.	
Budget assumption – assume level for FY13 to provide “space” for new debt issued.	\$0
Other non operating budget increases	
• Projection based on funds required for overly, state charges, etc.	
Budget assumption – need to increase overall total by \$50,000.	(\$50,000)
<b>Total Expenditure Change</b>	<b>(\$590,000)</b>

<b>Total Revenue</b>	<b>\$1,600,000</b>
Total Expenditures	(\$590,000)
<b>Net Revenue</b>	<b>\$1,010,000</b>
<b>This provides for approximate 2% increases to municipal and school Operating budgets.</b>	
<b>(Each 1% for school and municipal \$490K)</b>	



# FY13 Initial Budget Plan

## Operating Budgets

- 2% increase to school and municipal operating budgets.
  - FY13 municipal target - \$15,282,457
  - FY13 school target - \$34,391,940

## Capital Budgets

- Level fund base capital.
  - School - \$406,000
  - Municipal – \$417,000
- Increase capital spending with two new bonds.
  - \$2M municipal and school capital needs.
  - \$2M exempt debt – road improvement bond.

## Reserves/Liability

- Appropriation to Stabilization fund.
  - Increase current annual appropriation from \$25K to \$50K.
  - One time lump appropriation based on Westwood Station taxes interest.
- Appropriation of health savings to OPEB trust.
  - Continue to increase small appropriation within fixed costs budget (currently \$26K).
  - Establish annual appropriation from health insurance savings.
  - One time lump appropriation from FY12 savings.

**This provides deliverable on 3 financial target areas:**

- **Increase capital appropriation.**
- **Appropriation to OPEB account.**
- **Appropriation to Stabilization account.**