



Budget Update

**Board of Selectmen Meeting
September 21, 2009**

**Pam Dukeman
Finance Director**



FY10 Budget – Summary of Issues and Budget

Revenue Issues

- State aid uncertainty - \$ and timing.
- Westwood Station payment – uncertainty on timing and amount.
- Decline in economy related revenue – motor vehicle, investment income.

Expenditures Issues

- Effort to maintain Town’s current services.
- Desire to not utilize one time revenue sources.
- Efforts to continue capital and reserve funding.

Process

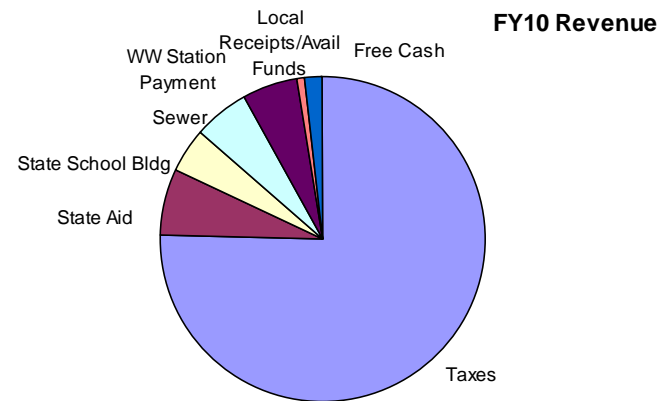
- Selectmen identified in early fall the range of potential budget scenarios.
- Selectmen instructed school and municipal operating budgets to be prepared with \$0 increases.
- Selectmen updated all parties the day following each Selectmen meeting.
- Continually monitored revenue and expense changes up to and after Town Meeting.

Final Town Meeting FY10 Revenue and Expense Budget

Revenue

Decline of \$1M, 1.5%.

- Total FY10 \$68.4M – vs. \$69.4M in FY09.
- State aid decline.
- Westwood Station \$615K vs. \$1.75M in FY09.
- Local receipts decline.
- Utilized free cash only for capital (\$700K) and energy reserve (\$110K).



Expenses

- Municipal and School operating budgets - \$0 change from FY09.
- No additional capital.
- No appropriation to reserve accounts.

Category	FY09	FY10	Change
School Operating	\$32.4M	\$32.4M	\$0
Municipal Operating	\$14.5M	\$14.5M	\$0
Capital	\$1.2M	\$823K	(\$377K)
Reserves	\$150K	\$0	(\$150K)

State Aid – Final FY10 Budget

FY10 State Aid	FY09	Town Meeting Budget	Final State Aid	FY09 - FY10 \$ Difference	FY09 - FY10 % Difference	Town Meeting to Final - \$ Difference
Chapter 70	\$3,547,941	\$3,547,941	\$3,476,983	-\$70,958	-2.0%	-\$70,958
Municipal Aid (Old Lottery and Additional Assistance)	\$908,004	\$751,951	\$642,792	-\$265,212	-29.2%	-\$109,159
Police Career Incentive - "Quinn Bill" (Approx.)	\$144,724	\$108,166	\$25,515	-\$119,209	-82.4%	-\$82,651
Other - reimbursement programs - i.e., veterans	\$101,360	\$140,585	\$140,858	\$39,498	39.0%	\$273
Offset/Restrictions	\$30,830	\$29,148	\$48,003	\$17,173	55.7%	\$18,855
Total	\$4,732,859	\$4,577,791	\$4,334,151	-\$398,708	-8.4%	-\$243,640

- FY09 – FY10:

- Chapter 70 reduced by 2%.
- Municipal Aid reduced 30%.

- Final \$ Compared to Town Meeting:

- Chapter 70 reduced by \$71K.
- Municipal Aid reduced \$109K.



FY10 State Aid Update – Potential FY10 Mid Year Cut?

- State aid will continue to be an area of concern.
- FY10 potential mid year cut?
- FY11?

Boston Globe Article – September 9, 2009

“With unemployment still on the rise, federal stimulus funds flying out the door, and a once \$2.3 billion state rainy day fund nose-diving toward \$500 million, administration and finance secretary **Leslie Kirwan** also cautioned local government leaders of **potential mid-fiscal 2010 budget cuts.**”

FY09 Financial Results

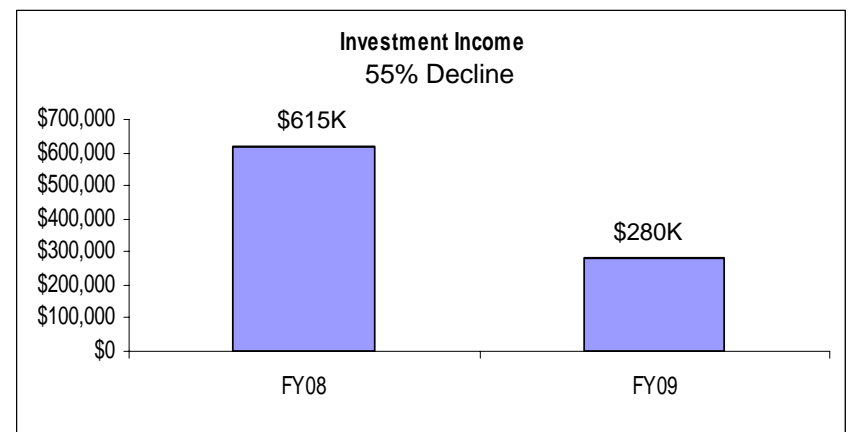
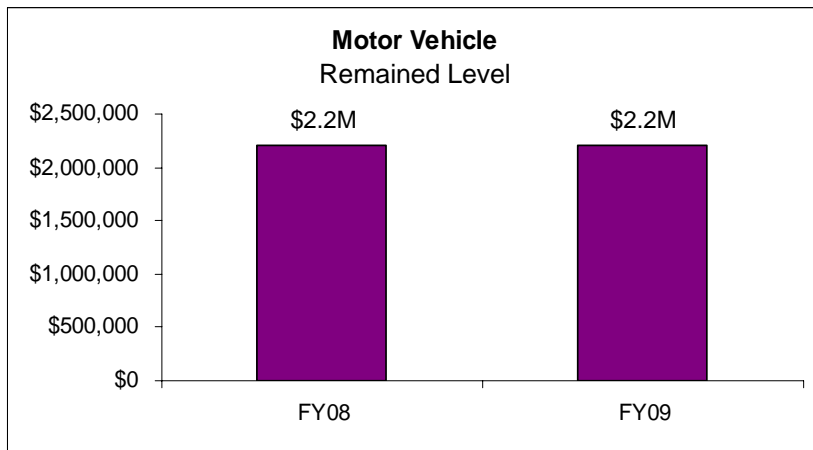
Revenue

- **Taxes** - \$49.6M – collection rates remained strong at 98%.
- **State aid** - \$4.29M – 2 mid-year cuts:
 - \$88,500 cut from municipal aid in January.
 - \$373K 4th quarter cut to Chapter 70 – offset by federal stimulus \$.
- **School Building Assistance payments** - \$3.008M:
 - All payments on schedule.
 - No longer a part of state budget process.

- **Local Receipts** - \$6.4M

Two areas of decline:

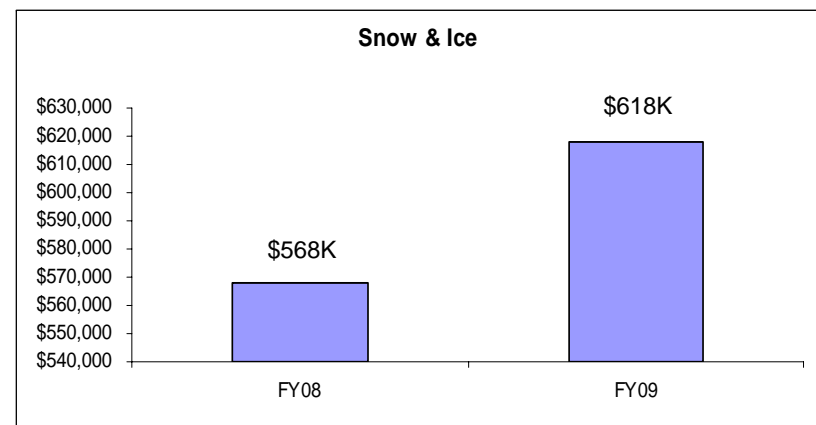
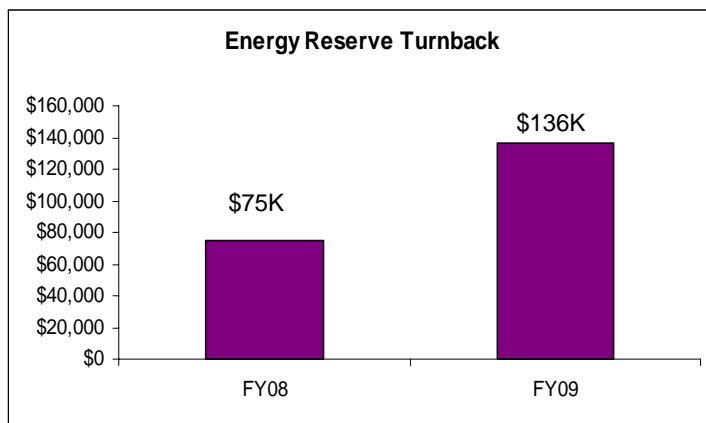
- Investment Income
 - FY09 \$280K vs. \$615K in FY08.
- Building Permits
 - FY09 \$276K vs. \$381K in FY08.
- Motor Vehicle
 - Revenue held \$2.2M at FY08 level.
 - Many other communities show 10-30% decline.
 - FY10?



FY09 Financial Results

Expenditures

- Overall 1.5% turnback – tight budgets.
- Lower energy prices helped. Energy reserve turn back \$136K – Account not accessed by school or municipal departments; some of the fund only utilized to cover mid year State aid cut.
- Snow and Ice – FY09 snow and ice expenditures were quite high at \$618K. This is higher than FY08 expenditures of \$568K.
 - FY09 was helped by having a higher budget (\$250K vs. the traditional \$141K).





FY11 Preliminary Forecast

Issues/Comments

Revenue

- State aid? What size reduction?
- Economy related local receipts – continue decline.
- Westwood Station payment \$0, decline from \$615K.
- Need to save free cash for potential mid-year State aid cut.

Expenditures

- Ability to maintain level services for school and town budgets following a 0% increase year.
- Growth of health and pension costs.
- Need to fund capital and reserves, including OPEB.

Process

- Selectmen identify in early fall the range of potential budget scenarios.
- Selectmen determine school and municipal operating budget parameters.
- Selectmen update all parties the day following each Selectmen meeting.
- Continually monitor revenue and expense changes up to and after Town Meeting.

FY11 Preliminary Forecast - Parameters

Expenditures

	Current Budget	Each 1% Change
School	\$32.4M	\$325K
Municipal	\$14.5M	\$145K
Pension/Health Insurance	\$6.9M	10% increase - \$690K

Revenue

	Current	Comment
Taxes per Prop 2 ½	\$50M	\$1.5M increase per Prop 2 ½
State Aid		
Chapter 70	\$3.47M	Each 10% decline \$347K
Municipal Aid	\$642K	Each 10% decline \$64K
Westwood Station	\$615K	? FY11 - \$0 ?
Free Cash	Approx \$1.1M	Availability for capital & energy reserve? May need to save for potential mid year cut.