



*Town of Acton*

*FY10 Budget*

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*Financial Status Report*

*Town Manager's Budget  
Indicator Analysis, Fiscal Year 2000-2008  
Projections & Estimates, Fiscal Year 2009-2010  
December 15, 2008*

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# Town of Acton

## Financial Status Report - December 15, 2008

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# *Town of Acton*

## **Financial Status Report - December 15, 2008**

### **Introduction**

This packet of information is designed to achieve these goals:

- 1) Evaluate the fiscal health of the Town of Acton through a series of financial indicators and comparative benchmarks, where appropriate;
- 2) Present a 2010 projection of Revenues & Expenditures.

The goal of this material is to provide policymakers with an informed snapshot of where Acton stands financially heading into the FY 2010 Budget Process. It is not the purpose of this exercise to propose a budget or recommended level of services; rather it is to evaluate Acton via a series of benchmarks, including measures such as revenues and expenditures per household, benefit costs, both funded and unfunded liabilities incurred by the Town, debt service, reserve position and population.

Using a series of recognized metrics from professional organizations, including the International City/County Management Association, (ICMA), the Government Finance Officer's Association (GFOA), Moody's Investor's Service, and data from the Town of Acton, Mass. Department of Revenue, the Mass. Department of Education, and the U.S. Census Bureau, Town staff has compiled 14 indicators with which to evaluate the Town's fiscal health.

In evaluating Acton's financial condition, staff has found that the Town is fiscally healthy overall. In particular,

Acton is strong in tax collections, stable labor costs as a percentage of total operating costs, adequate retirement funding, revenues related to economic growth, and low debt service.

Acton is satisfactory in the areas of revenues and expenses per household and levels of reserves.

Acton is unsatisfactory in the areas of state aid and employee liabilities (with the exception of retirement). In particular Acton continues to witness significant increases in benefit costs, and modest increases in state aid.

Acton has witnessed a significant demographic shift over the course of the last decade.

Notwithstanding these measures, there is no suggestion from outside rating agencies (I.e Moody's Investor Service) that these various downward trends will jeopardize our AA1 credit rating.



# Town of Acton

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## Indicator I.1

### Revenues per Household

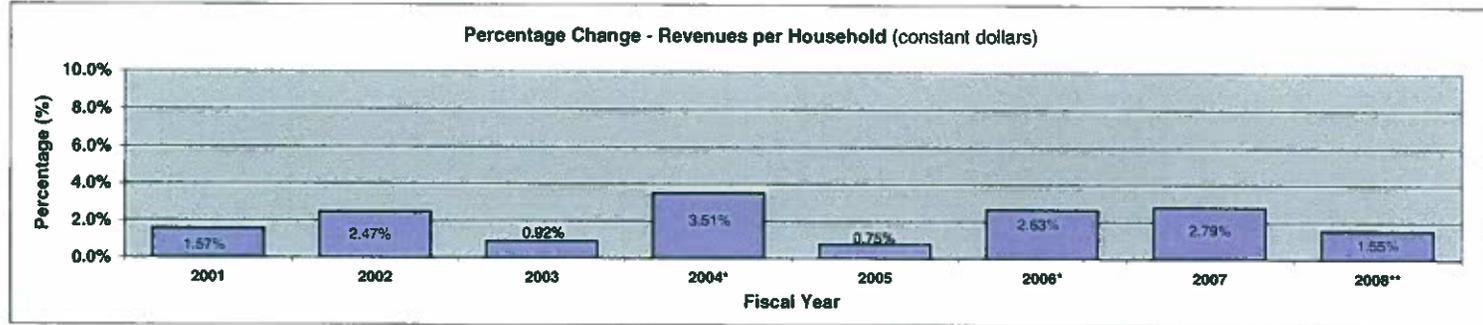
A decrease in net operating revenues per household (constant dollars) is considered a warning indicator.

Acton Trend	
favorable	
stable	x
marginal	
unfavorable	
uncertain	x

#### Revenues per Household:

Revenues per household is one measure of the Town's ability to maintain existing service levels. For most government services, service costs increase as the number of households increase.

Acton has witnessed fluctuations in revenues per household during the first half of this decade. Although this growth has, for the most part, been positive, growth was negligible in many of the years. In 2003, unanticipated reductions in state aid and local receipts resulted in declining net revenues.



Formula:

Net operating revenues (constant dollars) / Households

Fiscal Year	2000	2001	2002	2003	2004*	2005	2006*	2007	2008**
Gross operating revenue/transfers	\$ 42,950,703	\$ 46,518,731	\$ 49,681,629	\$ 52,031,296	\$ 55,774,992	\$ 58,989,859	\$ 63,206,557	\$ 67,481,574	\$ 71,573,466
Less: Excluded Debt	\$ 973,964	\$ 1,916,501	\$ 2,315,410	\$ 1,940,554	\$ 1,979,474	\$ 2,460,535	\$ 2,816,864	\$ 3,368,559	\$ 3,332,960
Net Operating Revenues	\$ 41,976,739	\$ 44,602,230	\$ 47,366,219	\$ 50,090,742	\$ 53,795,518	\$ 58,529,325	\$ 60,389,893	\$ 64,093,015	\$ 68,240,506
CPI-U, 2000 base year	183.6	191.5	198.5	203.9	209.5	216.4	223.1	227.4	238.5
CPI-U, adjustment for constant dollars	100%	95.9%	93.4%	90.0%	87.6%	84.8%	82.3%	80.7%	77.0%
Net Operating Revenues (cons. dollars)	\$ 41,976,739	\$ 42,762,243	\$ 44,256,681	\$ 45,103,778	\$ 47,144,903	\$ 47,981,109	\$ 49,697,659	\$ 51,747,922	\$ 52,532,314
Households	7,680	7,703	7,780	7,857	7,934	8,011	8,088	8,193	8,190
Net Operating Revenues per Household (cons. dollars)	\$ 5,466	\$ 5,551	\$ 5,689	\$ 5,741	\$ 5,942	\$ 5,987	\$ 6,145	\$ 6,316	\$ 6,414
Percent Change from prior year	-	1.57%	2.47%	0.92%	3.51%	0.75%	2.63%	2.79%	1.55%

#### Notes:

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

Number of Households determined through information provided by the (MAPC) Metropolitan Area Planning Council.

\*\* CPI-U as of September 2008



# Town of Acton

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Indicator I.2

## State Aid

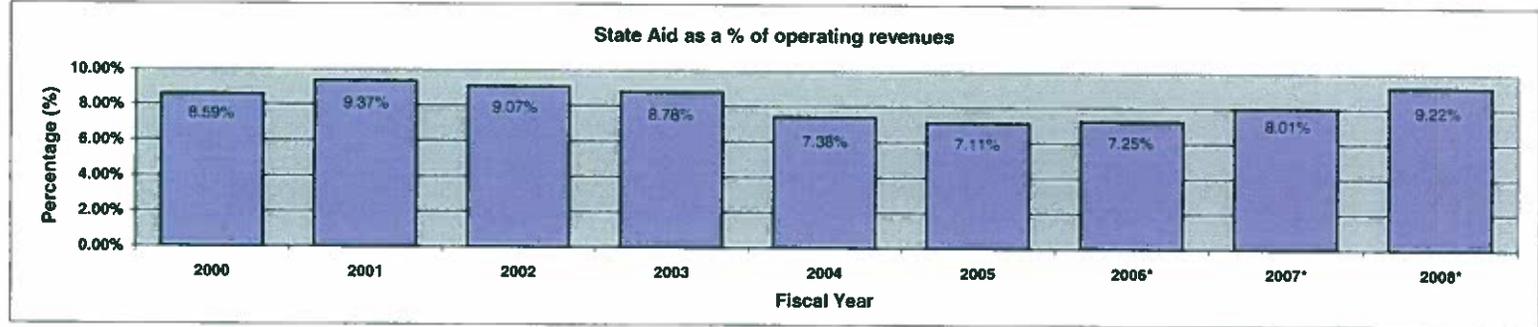
Reductions in State Aid, as a percentage of operating revenues, is considered a warning indicator particularly if the Town does not have adequate reserves to offset reductions.

Acton Trend	
favorable	
stable	
marginal	
unfavorable	x
uncertain	

### State Aid:

While the Town does not have a significant reliance on State Aid, any dependence on such aid may be difficult to manage when there is a reduction in this funding. In order to protect itself in this situation, the Town has a contingency plan for downturns in State Aid.

State Aid has steadily increased over the last 3 years (real dollars). But even with the increased commitment from the Commonwealth the amount of aid received by Acton is still lower than five years ago as a percentage of operating revenues, which increases reliance on other sources of revenue to maintain services.



Formula: 
$$\frac{\text{State Aid}}{\text{Operating Revenues}}$$

Fiscal Year	2000	2001	2002	2003	2004	2005	2006*	2007*	2008*
Net Operating Revenues	\$ 41,976,739	\$ 44,602,230	\$ 47,366,219	\$ 50,090,742	\$ 53,795,518	\$ 56,529,325	\$ 60,389,693	\$ 64,093,015	\$ 68,240,506
Cherry Sheet Revenues	\$ 3,606,475	\$ 4,178,930	\$ 4,295,401	\$ 4,395,494	\$ 5,057,748	\$ 5,102,314	\$ 4,375,273	\$ 5,132,271	\$ 6,288,787
Less: School Building Reimbursements	\$ -	\$ -	\$ -	\$ -	\$ 1,085,577	\$ 1,085,577	\$ -	\$ -	\$ -
Net State Aid Revenues	\$ 3,606,475	\$ 4,178,930	\$ 4,295,401	\$ 4,395,494	\$ 3,972,171	\$ 4,016,737	\$ 4,375,273	\$ 5,132,271	\$ 6,288,787
State Aid as a % of operating revenues	8.59%	9.37%	9.07%	8.78%	7.38%	7.11%	7.25%	8.01%	9.22%

### Notes:

Source: Massachusetts Department of Revenue "Cherry Sheets" (one page summarizing all state aid to a municipality), FY 2000-2007.

Does not include ABRHS

\* SBAB no longer appears on Cherry Sheet



# Town of Acton

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Indicator I.3

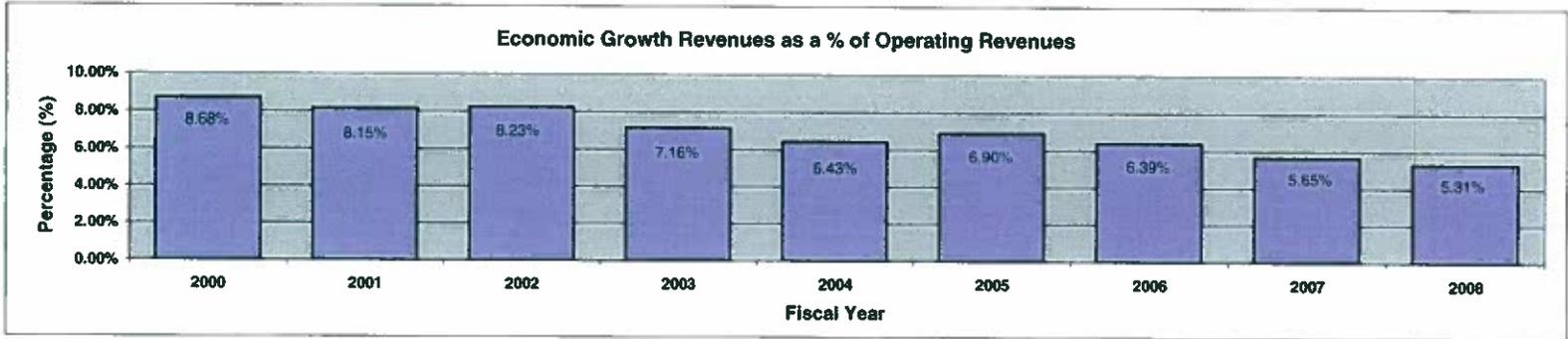
## Revenues Related to Economic Growth

Decreasing economic growth revenues, as a percentage of net operating revenues, is considered a warning indicator.

Acton Trend	
favorable	
stable	
marginal	
unfavorable	x
uncertain	

### Revenues Related to Economic Growth:

Economic growth revenues are responsive to changes in the economic base and inflation. A balance between growth and other (non-growth) revenues mitigates the effects of economic growth or decline. During a recession, a high percentage of non-growth revenues is an advantage. During a slowing economy, the Town should commit sufficient reserves to protect against slowing revenue growth. A decrease in building permit fees may also be a leading indicator of smaller future increases in the tax levy.



Formula: 
$$\frac{\text{Economic Growth Revenues}}{\text{Operating Revenues}}$$

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net operating revenues	\$ 41,976,739	\$ 44,602,230	\$ 47,386,219	\$ 50,090,742	\$ 53,795,518	\$ 56,529,325	\$ 60,389,693	\$ 64,093,015	\$ 68,240,506
Building Related Fees & Permits	\$ 182,567	\$ 159,363	\$ 182,613	\$ 107,928	\$ 141,354	\$ 143,039	\$ 240,808	\$ 134,744	\$ 134,744
Motor Vehicle Excise	\$ 2,475,928	\$ 2,550,606	\$ 2,715,908	\$ 2,584,290	\$ 2,552,627	\$ 3,151,571	\$ 2,805,457	\$ 2,690,323	\$ 2,690,323
Levy Growth from New Construction	\$ 873,814	\$ 901,279	\$ 905,429	\$ 820,254	\$ 567,210	\$ 418,228	\$ 755,022	\$ 754,989	\$ 754,989
Levy Growth from Personal Property	\$ 112,677	\$ 22,378	\$ 93,828	\$ 74,550	\$ 197,819	\$ 190,126	\$ 58,502	\$ 44,238	\$ 44,238
<b>Total: Economic Growth Revenues</b>	<b>\$ 3,644,986</b>	<b>\$ 3,633,626</b>	<b>\$ 3,897,778</b>	<b>\$ 3,587,022</b>	<b>\$ 3,459,010</b>	<b>\$ 3,902,964</b>	<b>\$ 3,959,789</b>	<b>\$ 3,624,294</b>	<b>\$ 3,624,294</b>
<b>Economic Growth Revenues as a % of Operating Revenues</b>	<b>8.68%</b>	<b>8.15%</b>	<b>8.23%</b>	<b>7.16%</b>	<b>6.43%</b>	<b>6.90%</b>	<b>6.39%</b>	<b>5.65%</b>	<b>5.31%</b>



# Town of Acton

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Indicator I.4

## Property Tax Revenues

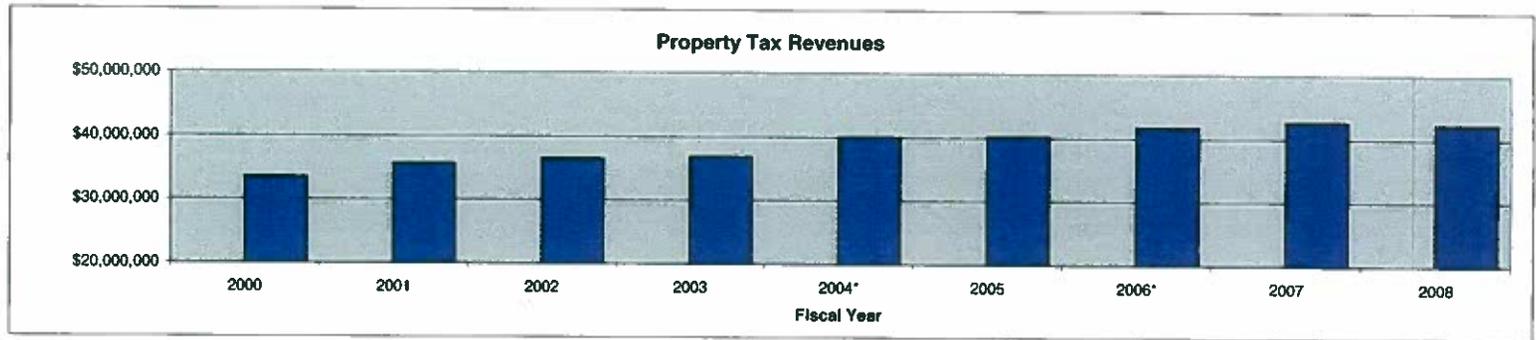
A decline in property tax revenues (constant dollars) is considered a warning indicator.

Acton Trend	
favorable	
stable	x
marginal	
unfavorable	
uncertain	

### Property Tax Revenues:

Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Any decrease in property tax revenues should be monitored to ensure that collections are at a high level. Increases due to operating overrides should be noted for their impact on taxpayers ability to pay.

This analysis shows that the only significant increases in constant dollars from year to year occurred when overrides were passed by the community.



Formula: **Property Tax Revenues (constant dollars)**

Fiscal Year	2000	2001	2002	2003	2004*	2005	2006*	2007	2008
Property Tax Levy Limit	\$ 34,423,988	\$ 38,151,433	\$ 40,455,472	\$ 41,928,922	\$ 46,732,580	\$ 48,940,823	\$ 52,255,819	\$ 54,361,441	\$ 56,521,428
Less: debt exclusions	\$ 973,964	\$ 1,043,115	\$ 1,399,466	\$ 1,070,650	\$ 1,100,220	\$ 1,605,471	\$ 1,595,308	\$ 1,570,558	\$ 1,555,183
Less: Comm. Pres. Act surcharge	N/A								
Net Property Tax Revenues	\$ 33,450,024	\$ 37,108,318	\$ 39,056,006	\$ 40,858,272	\$ 45,632,360	\$ 47,335,353	\$ 50,660,511	\$ 52,790,883	\$ 54,966,245
CPI-U, 2000 base year	183.6	191.5	196.5	203.9	209.5	216.4	223.1	227.4	238.5
CPI-U, adjustment for constant dollars	100%	95.9%	93.4%	90.0%	87.6%	84.8%	82.3%	80.7%	77.0%
Property Tax Revenues (constant dollars)	\$ 33,450,024	\$ 35,577,479	\$ 36,492,024	\$ 36,790,479	\$ 39,990,937	\$ 40,160,678	\$ 41,691,035	\$ 42,622,718	\$ 42,313,638
Percent increase over prior year (constant dollars)	N/A	6.4%	2.6%	0.8%	8.7%	0.4%	3.8%	2.2%	-0.7%

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.  
Debt exclusions do not include ABRSD



# Town of Acton

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Indicator I.5

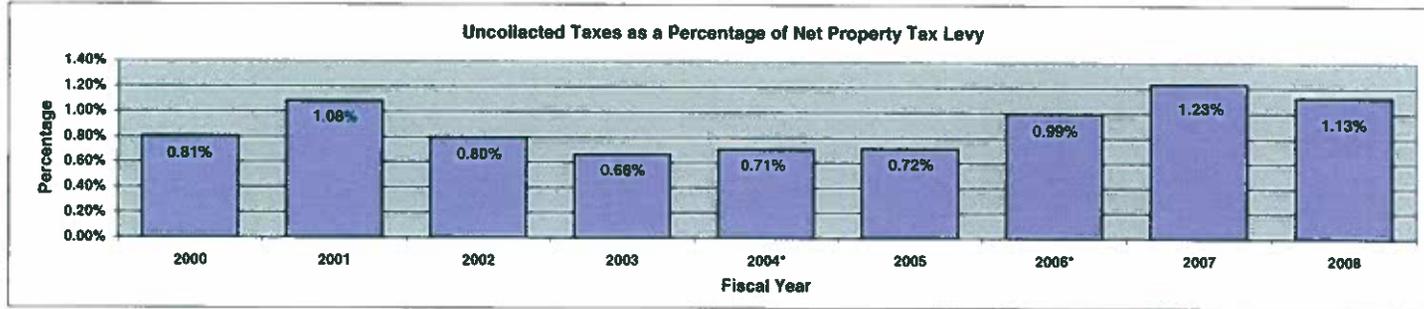
## Uncollected Property Taxes

Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator by the Bond rating organizations.

Acton Trend	
favorable	
stable	x
marginal	
unfavorable	
uncertain	

### Uncollected Property Taxes:

An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating organizations generally consider uncollected taxes in excess of five percent as a warning trend. In the past Acton has maintained a strong position on this indicator, regardless of economic circumstances.



Formula:  $\text{Uncollected Property Taxes} / \text{Net Property Tax Levy}$

Fiscal year	2000	2001	2002	2003	2004*	2005	2006*	2007	2008
Property Tax Levy	\$ 34,924,892	\$ 38,118,356	\$ 40,454,689	\$ 41,920,909	\$ 46,701,147	\$ 48,918,538	\$ 55,059,415	\$ 57,719,341	\$ 59,272,878
Reserved for Abatements & Exemptions	\$ 493,816	\$ 605,145	\$ 271,606	\$ 505,510	\$ 356,656	\$ 328,006	\$ 465,831	\$ 469,262	\$ 605,267
Net Property Tax Levy	\$ 34,431,078	\$ 37,513,211	\$ 40,183,083	\$ 41,415,299	\$ 46,344,491	\$ 48,590,532	\$ 54,593,584	\$ 57,250,079	\$ 58,667,411
Uncollected Taxes as of June 30	\$ 277,774	\$ 406,053	\$ 321,528	\$ 274,760	\$ 327,929	\$ 347,866	\$ 542,866	\$ 703,929	\$ 660,070
Uncollected Taxes as a Percentage of Net Property Tax Levy	0.81%	1.08%	0.80%	0.66%	0.71%	0.72%	0.99%	1.23%	1.13%

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.



# Town of Acton

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## Indicator I.6

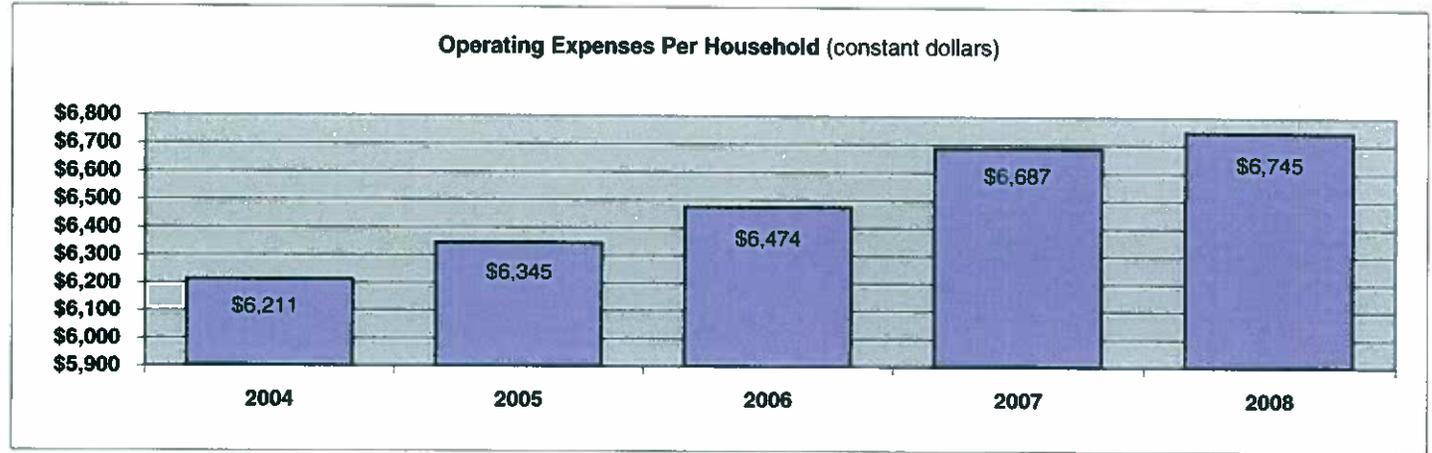
### Expenditures per Household

Increasing net operating expenditures per household, in constant dollars, may be considered a warning indicator.

Acton Trend	
favorable	
stable	
marginal	
unfavorable	X
uncertain	X

#### Expenditures per Household:

Increasing operating expenditures per household may indicate that the cost of providing services is challenging the Town's ability to pay, especially if spending is increasing faster than household income. Increasing expenditures may also indicate a increase demand and reliance on municipal service's in bad economic times.



#### Formula:

Fiscal year	2004	2005	2006	2007	2008
Education	\$ 37,447,698	\$ 39,434,780	\$ 41,908,020	\$ 44,755,709	\$ 46,688,681
Shared Expenses (Benefits, Debt)	\$ 4,267,328	\$ 5,005,458	\$ 5,149,990	\$ 5,336,896	\$ 5,598,250
General Government	\$ 14,510,685	\$ 15,474,145	\$ 16,565,445	\$ 17,762,499	\$ 19,470,304
<b>Total Operating Expenses</b>	<b>\$ 56,225,711</b>	<b>\$ 59,914,383</b>	<b>\$ 63,623,455</b>	<b>\$ 67,855,104</b>	<b>\$ 71,757,235</b>
CPI-U, 2000 base year	209.5	216.4	223.1	227.4	238.5
CPI-U, adjustment for constant dollars	87.6%	84.8%	82.3%	80.7%	77.0%
<b>Operating Expenses (cons. doll.)</b>	<b>\$ 49,274,657</b>	<b>\$ 50,833,090</b>	<b>\$ 52,358,881</b>	<b>\$ 54,785,387</b>	<b>\$ 55,239,532</b>
Households	7,934	8,011	8,088	8,193	8,190
<b>Oper. Exp. Per Household</b>	<b>\$ 6,211</b>	<b>\$ 6,345</b>	<b>\$ 6,474</b>	<b>\$ 6,687</b>	<b>\$ 6,745</b>



# Town of Acton

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Indicator I.7

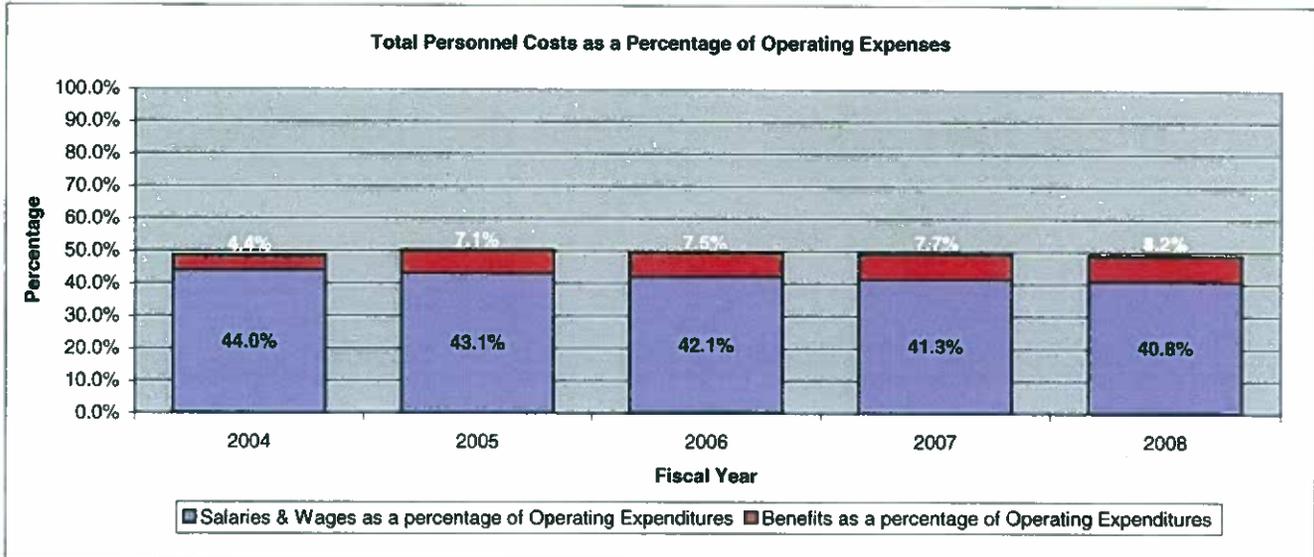
## Personnel Costs

Increasing personnel costs as a percentage of total spending is considered a warning factor.

Acton Trend	
favorable	
stable	X
marginal	
unfavorable	
uncertain	

### Personnel Costs:

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. Second, if total personnel cost as a percent of operating expenditures are increasing, it may be an indicator of deferred maintenance of the Town's infrastructure.



Formula:

Fiscal Year	2004	2005	2006	2007	2008
Operating Expenditures	\$ 56,225,711	\$ 59,914,383	\$ 63,623,455	\$ 67,855,104	\$ 71,757,235
Municipal Wages	\$ 10,058,714	\$ 10,443,277	\$ 10,926,500	\$ 11,495,939	\$ 12,002,475
School Wages	\$ 14,703,218	\$ 15,393,031	\$ 15,840,604	\$ 16,560,738	\$ 17,259,336
Health Benefits	\$ 2,489,678	\$ 4,256,074	\$ 4,752,625	\$ 5,249,937	\$ 5,848,347
Total Wage & Benefit Costs	\$ 27,251,610	\$ 30,092,382	\$ 31,519,729	\$ 33,306,614	\$ 35,110,158
Salaries & Wages as a percentage of Operating Expenditures	44.0%	43.1%	42.1%	41.3%	40.8%
Benefits as a percentage of Operating Expenditures	4.4%	7.1%	7.5%	7.7%	8.2%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	48.5%	50.2%	49.5%	49.1%	48.9%



# Town of Acton

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## Indicator I.8

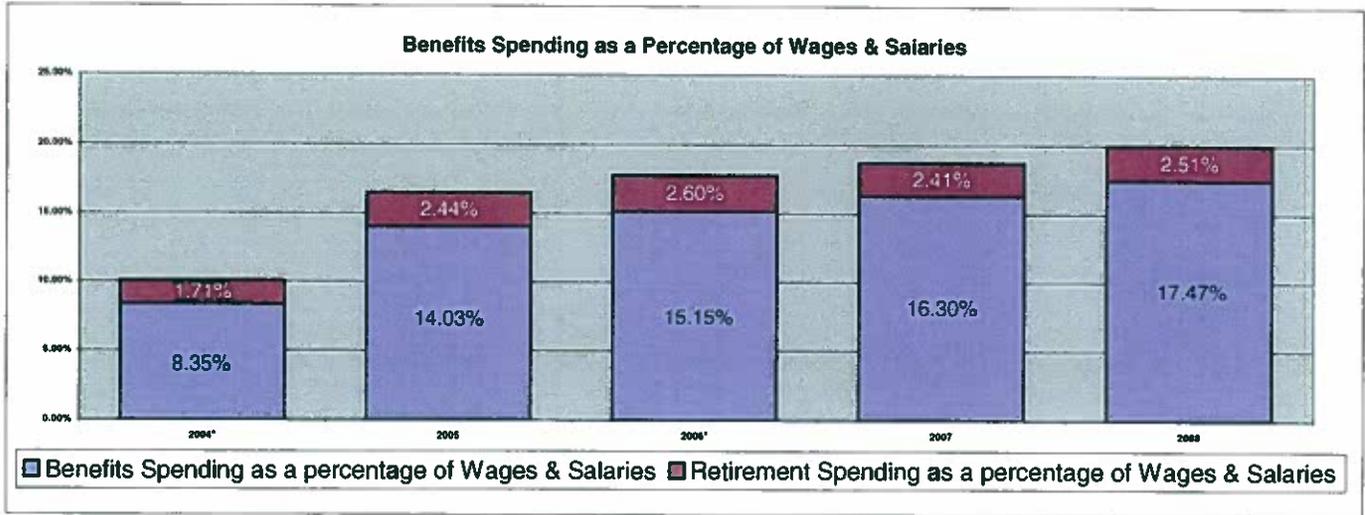
### Employee Benefits

Increasing benefit costs as a percentage of wages and salaries is considered a warning indicator.

Acton Trend	
favorable	
stable	
marginal	
unfavorable	x
uncertain	

#### Employee Benefits:

Health benefits represent a significant and increasing share of the Town's operating costs. Management is pursuing changes in the health insurance benefit with the employees bargaining unit to reverse this trend.



#### Formula:

Fiscal Year	2004*	2005	2006*	2007	2008
Health Benefits	\$ 2,066,455	\$ 3,625,502	\$ 4,055,836	\$ 4,573,050	\$ 5,113,354
Retiree Health Benefits	\$ 423,223	\$ 630,572	\$ 696,789	\$ 676,887	\$ 734,993
Wages & Salaries - Municipal	\$ 10,058,714	\$ 10,443,277	\$ 10,926,500	\$ 11,495,939	\$ 12,002,475
Wages & Salaries - Schools	\$ 14,703,218	\$ 15,393,031	\$ 15,840,604	\$ 16,560,738	\$ 17,259,336
<b>Total Wages &amp; Salaries</b>	<b>\$ 24,761,932</b>	<b>\$ 25,836,308</b>	<b>\$ 26,767,104</b>	<b>\$ 28,056,677</b>	<b>\$ 29,261,811</b>
<b>Benefits Spending as a percentage of Wages &amp; Salaries</b>	<b>8.35%</b>	<b>14.03%</b>	<b>15.15%</b>	<b>16.30%</b>	<b>17.47%</b>
<b>Retirement Spending as a percentage of Wages &amp; Salaries</b>	<b>1.71%</b>	<b>2.44%</b>	<b>2.60%</b>	<b>2.41%</b>	<b>2.51%</b>
<b>Total Benefits Spending as % of Wages</b>	<b>10.05%</b>	<b>16.47%</b>	<b>17.76%</b>	<b>18.71%</b>	<b>19.99%</b>

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.



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## Indicator I.9

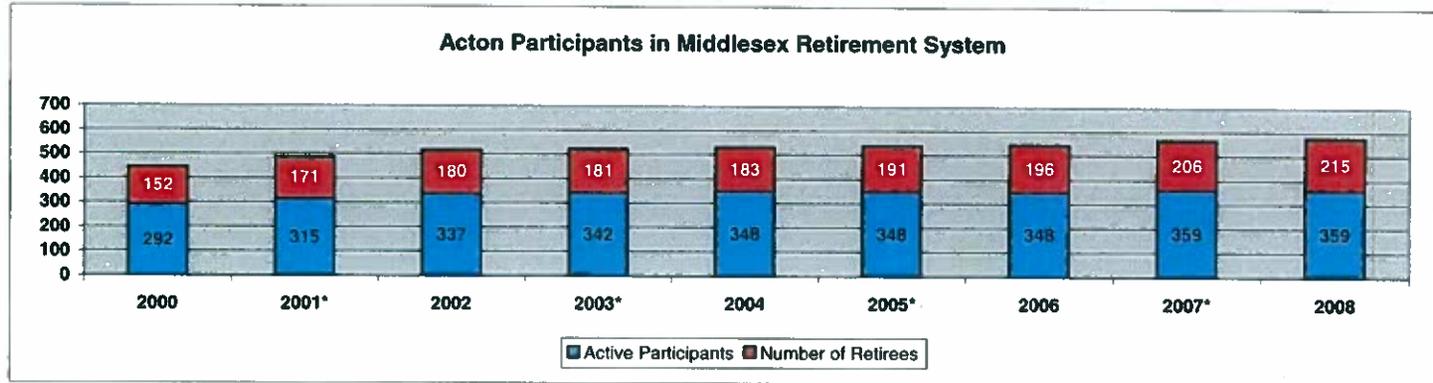
### Retirement Participants

Increasing numbers of participants in the retirement system, without fully funding the associated post-retirement health costs, is considered a warning trend.

Acton Trend	
favorable	x
marginal	
unfavorable	
uncertain	

#### Retirement Participants:

All employees except teachers belong to the Middlesex Retirement System as required by the Commonwealth of Massachusetts. Systems facing increases in numbers of employees and retirees without corresponding increases in funding associated liabilities is problematic. Since 1988 employees are actuarially funding the retirement system. A significant short term decrease in market value will yield unreliable future unfunded cost indices.



Formula:

Number of Participants

Calendar Year (as of December 31)	2000	2001*	2002	2003*	2004	2005*	2006	2007*	2008
Active Participants	292	315	337	342	348	348	348	359	359
Number of Retirees	152	171	180	181	183	191	196	206	215
<b>Total of Active Participants &amp; Retirees</b>	<b>444</b>	<b>486</b>	<b>517</b>	<b>523</b>	<b>531</b>	<b>539</b>	<b>544</b>	<b>565</b>	<b>574</b>

\* Estimated based on Middlesex County Actuarials



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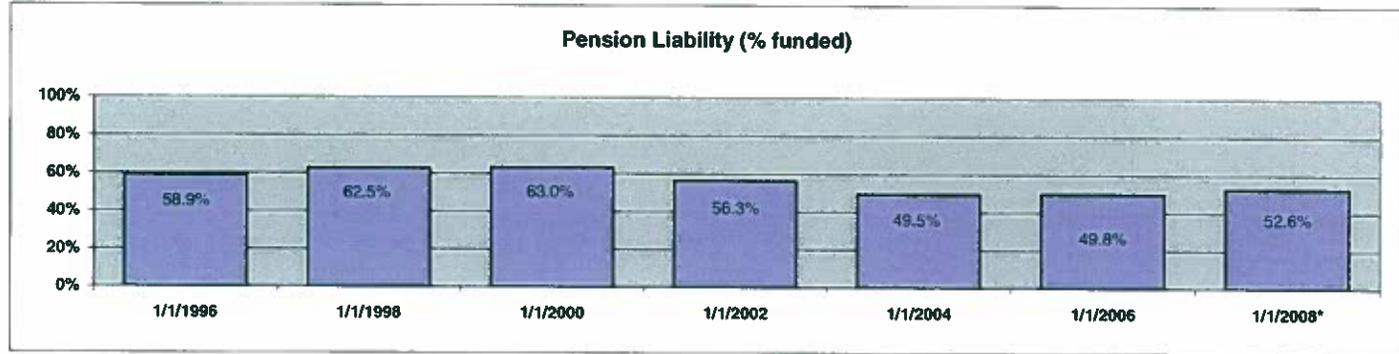
Indicator I.10

## Pension Liability

A decrease in the % funded pension liability is considered a warning indicator.

Acton Trend	
favorable	x
marginal	
unfavorable	
uncertain	

Acton's trend is to increase the fund indicator.



Formula: Pension Assets / Pension Liability

Actuarial Date	1/1/1996	1/1/1998	1/1/2000	1/1/2002	1/1/2004	1/1/2006	1/1/2008*
Total Liability	\$ 18,741,139	\$ 24,652,338	\$ 30,431,728	\$ 34,070,272	\$ 41,630,621	\$ 47,397,373	\$ 53,239,536
Pension Assets	\$ 11,032,102	\$ 15,400,452	\$ 19,169,863	\$ 19,178,510	\$ 20,590,540	\$ 23,616,228	\$ 27,988,221
Pension Liability (unfunded)	\$ 7,709,037	\$ 9,251,886	\$ 11,261,865	\$ 14,891,762	\$ 21,040,081	\$ 23,781,145	\$ 25,251,315
Percent Funded	58.9%	62.5%	63.0%	56.3%	49.5%	49.8%	52.6%



# Town of Acton

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Indicator I.11

## Debt Service

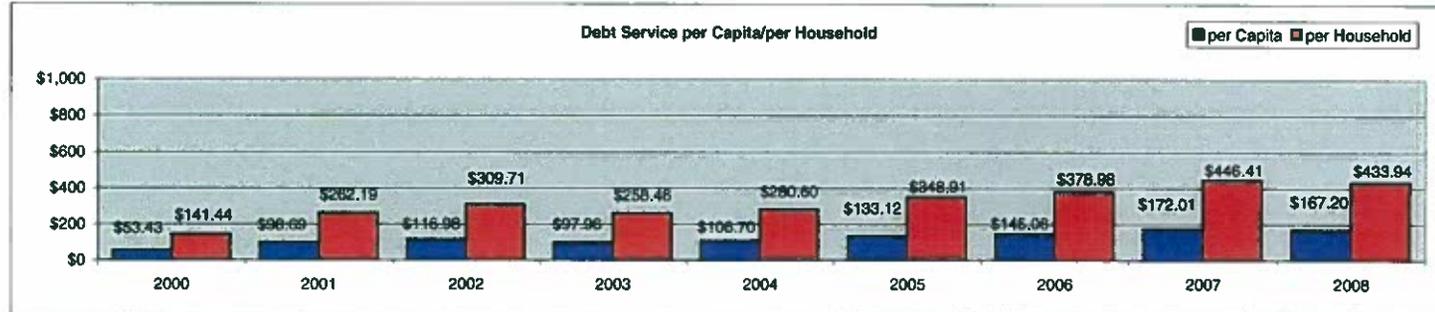
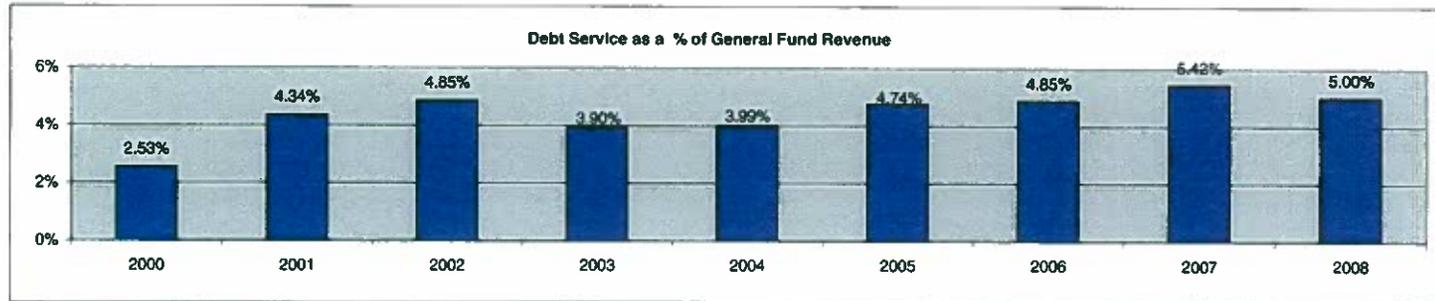
Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.

Acton Trend	
favorable	x
marginal	
unfavorable	
uncertain	

### Debt Service:

Over the course of the last ten years, the Town of Acton has invested extensively in new capital projects. Three separate school reconstruction projects, new athletic fields, Public Safety Facility, recreation area, and a library project have been funded through the successful passage of debt exclusion votes by the citizens of Acton. This increase in exempt debt service has resulted in increases in the budget and consequently in taxes to Acton citizens.

Within-levy debt has fluctuated slightly throughout the last seven years, dependent upon the short-term capital needs of the community. However, in FY 2008 the amount of debt per capita and per household has remained relatively steady.



Formula: Debt Service / General Fund Revenue or Per Capita / Household

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Service Outside 2 1/2	\$ 973,964	\$ 1,916,501	\$ 2,315,410	\$ 1,940,554	\$ 1,979,474	\$ 2,460,535	\$ 2,816,864	\$ 3,368,559	\$ 3,332,960
Debt Service Within 2 1/2	\$ 112,275	\$ 103,120	\$ 94,120	\$ 90,160	\$ 246,790	\$ 334,543	\$ 248,363	\$ 288,873	\$ 243,609
<b>Total Debt Service</b>	<b>\$ 1,086,239</b>	<b>\$ 2,019,621</b>	<b>\$ 2,409,530</b>	<b>\$ 2,030,714</b>	<b>\$ 2,226,264</b>	<b>\$ 2,795,078</b>	<b>\$ 3,065,227</b>	<b>\$ 3,657,432</b>	<b>\$ 3,576,569</b>
Gross Operating Revenue	\$ 42,950,703	\$ 46,518,731	\$ 49,681,629	\$ 52,031,296	\$ 55,774,992	\$ 58,989,859	\$ 63,206,557	\$ 67,461,574	\$ 71,573,466
Population	20,331	20,464	20,597	20,731	20,864	20,997	21,130	21,263	21,391
Households	7,680	7,703	7,780	7,857	7,934	8,011	8,088	8,193	8,242
<b>Debt Service as a % of General Fund Revenue</b>	<b>2.53%</b>	<b>4.34%</b>	<b>4.85%</b>	<b>3.90%</b>	<b>3.99%</b>	<b>4.74%</b>	<b>4.85%</b>	<b>5.42%</b>	<b>5.00%</b>
<b>Debt Service per Capita</b>	<b>\$ 53.43</b>	<b>\$ 98.69</b>	<b>\$ 116.98</b>	<b>\$ 97.96</b>	<b>\$ 106.70</b>	<b>\$ 133.12</b>	<b>\$ 146.06</b>	<b>\$ 172.01</b>	<b>\$ 167.20</b>
<b>Debt Service per Household</b>	<b>\$ 141.44</b>	<b>\$ 262.19</b>	<b>\$ 309.71</b>	<b>\$ 258.46</b>	<b>\$ 280.60</b>	<b>\$ 348.91</b>	<b>\$ 378.98</b>	<b>\$ 446.41</b>	<b>\$ 433.94</b>

### Notes:

Annual Population figures are estimates based on Metropolitan Area Planning Council (MAPC)



# Town of Acton

Financial Status Report - December 15, 2008

Indicator I.12

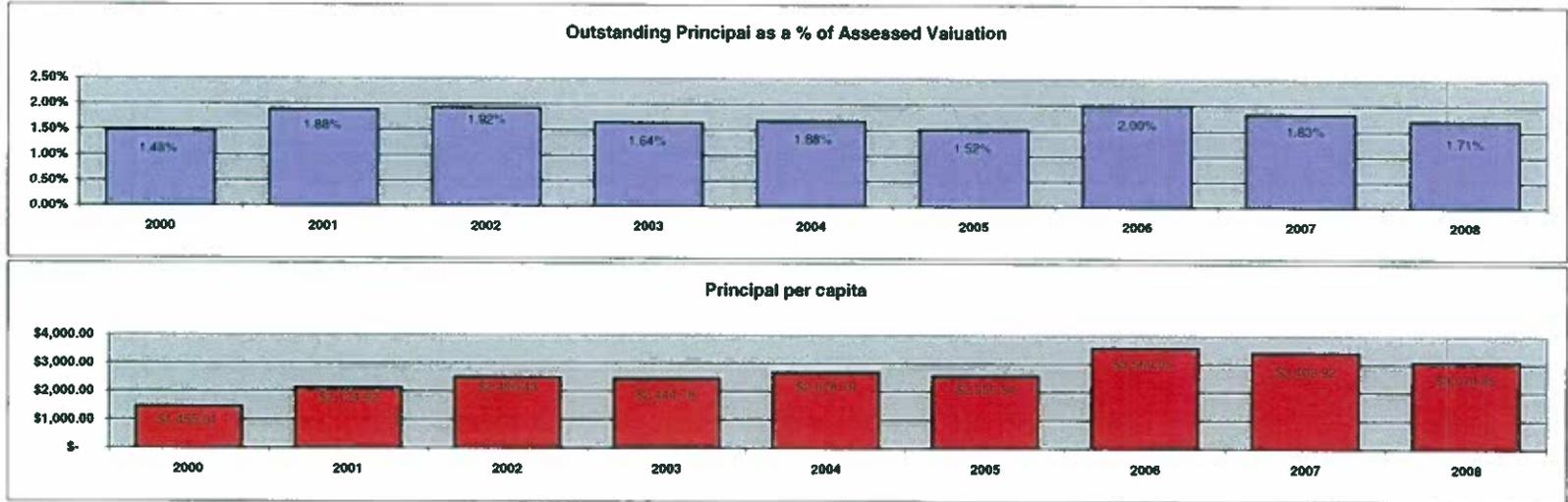
## Long Term Debt

Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by bond rating agencies.

Acton Trend	
favorable	x
marginal	
unfavorable	
uncertain	

### Long-Term Debt:

These financial indicators are evaluated by the credit rating organizations because they are measures of both the community's debt burden as well as its level of effort in investing in its capital facilities. On both measures, Acton has a strong profile.



Formula:  $\frac{\text{Outstanding Long-Term Debt}}{\text{Assessed Valuation or Per Capita}}$

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bonds Outstanding (all funds)	\$ 29,581,800	\$ 43,484,775	\$ 51,296,427	\$ 50,681,617	\$ 55,889,768	\$ 53,679,633	\$ 75,414,566	\$ 72,378,828	\$ 65,773,991
Assessed Valuation	\$ 2,003,722,984	\$ 2,314,034,963	\$ 2,677,345,380	\$ 3,093,786,673	\$ 3,328,663,363	\$ 3,542,254,777	\$ 3,776,365,916	\$ 3,947,971,323	\$ 3,851,376,136
Population	20,331	20,484	20,597	20,731	20,884	20,997	21,130	21,263	21,391
Long-Term Debt as a % of Assessed Valuation	1.48%	1.88%	1.92%	1.64%	1.68%	1.52%	2.00%	1.83%	1.71%
Long-Term Debt per capita	\$ 1,455.01	\$ 2,124.92	\$ 2,490.43	\$ 2,444.78	\$ 2,678.79	\$ 2,556.54	\$ 3,569.05	\$ 3,403.92	\$ 3,074.85

Notes: Does not include ABRSD 2000 -2005

Sources: Outstanding Long-term Debt & Assessed value information from Bond Prospectus , Operating Statements & Tax Recap. Population from MAPC



# Town of Acton

Financial Status Report - December 15, 2008

Indicator I.13

## Reserves & Fund Balance

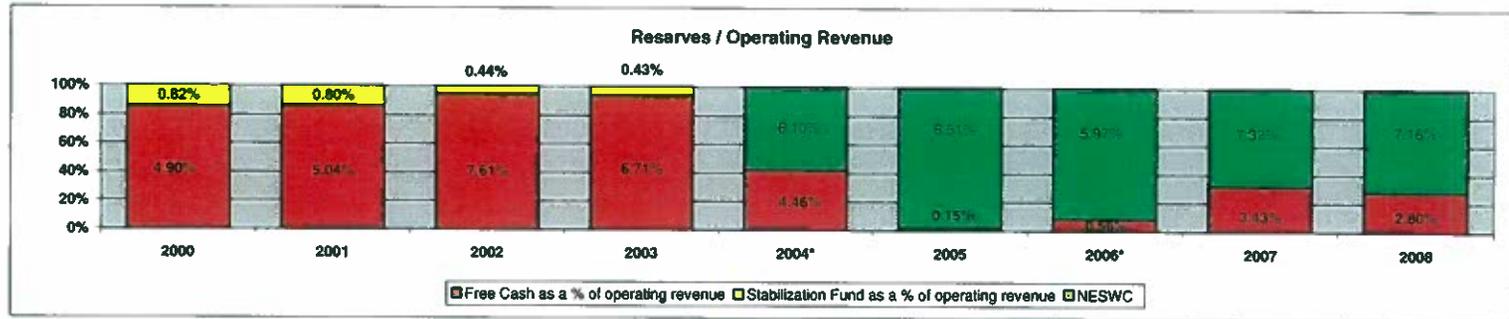
Declining reserves as a percentage of operating revenues is considered a warning indicator.

The Government Finance Officers Association (GFOA) recommends that undesignated fund balance be 5-15 percent of operating revenues.

Acton Trend	
favorable	x
marginal	
unfavorable	
uncertain	

### Reserves & Fund Balance:

The Town of Acton has several types of reserves. Historically, the Town has relied upon Free Cash as its primary source of reserves. Challenging economic times requires the use of reserves to maintain services without outstripping the ability of the citizens to pay.



Formula:

Undesignated Fund Balance / Operating Revenues

Fiscal Year	2000	2001	2002	2003	2004*	2005	2006*	2007	2008
Certified Free Cash	\$ 2,057,192	\$ 2,246,788	\$ 3,602,506	\$ 3,358,663	\$ 2,399,422	\$ 85,425	\$ 337,451	\$ 2,199,776	\$ 1,908,941
NESWC					\$ 3,280,835	\$ 3,677,638	\$ 3,603,205	\$ 4,689,714	\$ 4,886,417
Stabilization Fund	\$ 344,021	\$ 354,868	\$ 210,366	\$ 214,276	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Revenues	\$ 41,976,739	\$ 44,602,230	\$ 47,366,219	\$ 50,090,742	\$ 53,795,518	\$ 56,529,325	\$ 60,389,693	\$ 64,093,015	\$ 68,240,506
Free Cash as a % of operating revenue	4.90%	5.04%	7.61%	6.71%	4.46%	0.15%	0.56%	3.43%	2.80%
NESWC as a % of operating revenue					6.10%	6.51%	5.97%	7.32%	7.16%
Stabilization Fund as a % of operating revenue	0.82%	0.80%	0.44%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Reserves as a % of Operating Revenue	5.72%	5.83%	6.05%	7.13%	10.56%	6.66%	6.53%	10.75%	9.96%

#### Notes:

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.



# Town of Acton

Financial Status Report - December 15, 2008

Indicator I.14

## Population

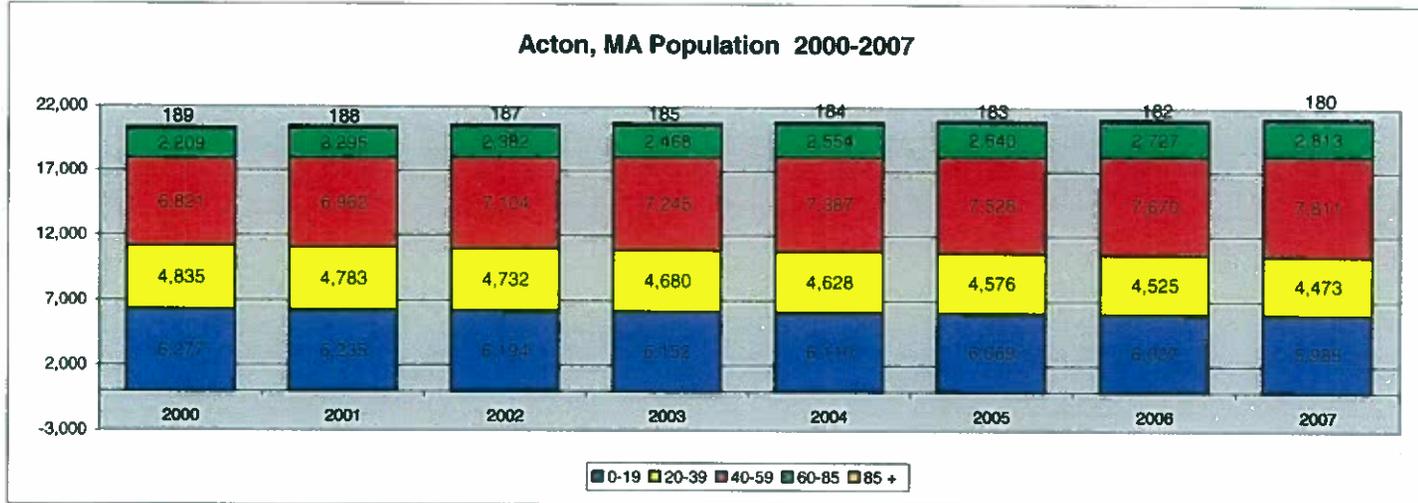
Rapid changes in population which may effect service levels may be considered a warning indicator.

Acton Trend	
favorable	X
marginal	
unfavorable	
uncertain	

### Population:

Over the course of the last seven years, Acton has witnessed a increase of 4-5% in total residents, with major fluctuations in the 20-85 age range.

This steady change in population demographics, is a leading indicator which policymakers and professionals should use to adequately prepare for and implement changes in service delivery and programs.



Formula: Population

Calendar Year	2000	2001	2002	2003	2004	2005	2006	2007	% Change CY 2000- 2007
0-19	6,277	6,235	6,194	6,152	6,110	6,069	6,027	5,985	-4.6%
20-39	4,835	4,783	4,732	4,680	4,628	4,576	4,525	4,473	-7.5%
40-59	6,821	6,962	7,104	7,245	7,387	7,528	7,670	7,811	14.5%
60-85	2,209	2,295	2,382	2,468	2,554	2,640	2,727	2,813	27.3%
85 +	189	188	187	185	184	183	182	180	-4.6%
Totals	20,331	20,464	20,597	20,731	20,864	20,997	21,130	21,263	4.6%

### Notes:

Annual Population figures are estimates based on Metropolitan Area Planning Council (MAPC)



# *Town of Acton*

**Financial Status Report - December 15, 2008**

## **Executive Summary - Projections**

Budget decisions that are made within a given fiscal year often have significant implications for subsequent fiscal years. The revenue and expenditure projection within this packet is intended to facilitate discussion among community "stakeholders" with the hope that it will result in the identification of issues that call for further discussion and analysis as the FY10 budget cycle unfolds.

This forecast projects general fund revenues and expenditures for the period FY2010. It is important to emphasize that the projection is not a proposed or recommended budget. **It is a tool for planning, not budgeting.**

The forecasting methodology is a maintenance budget approach; that is, the projected increase in costs needed to maintain the "current level of services" reflected in the adopted FY09 budget. As a general rule, it only includes increases driven by estimated inflationary pressures, current collective bargaining agreements and other existing purchase of service contracts.

Revenues are generally projected based on historical experience.



# Town of Acton

## Financial Status Report - December 15, 2008

Revenue /Expenditure Projection      DRAFT      Revised 12/08/08

Fiscal year FY10 projections are highly volatile subject to change. Expenses are assumed to increase 4.5 % above FY09. ALG has not reached a consensus on this plan at this time.

Revenues:	FY08	FY09	FY10
Tax Levy:	Actuals		
Base	\$ 54,361	\$ 56,521	\$ 58,934
2 1/2%	\$ 761	\$ 1,413	\$ 1,473
New Growth	\$ 801	\$ 1,000	\$ 600
Debt Excl.	\$ 3,332	\$ 3,102	\$ 3,064
Overlay	\$ (605)	\$ (900)	\$ (850)
Total Tax Levy (excl. current yr. override)	\$ 58,650	\$ 61,137	\$ 63,222
Cherry Sheet	\$ 6,183	\$ 7,021	\$ 6,841
SBAB - Twin School	\$ 1,086	\$ 1,086	\$ 1,009
Excise Taxes	\$ 2,870	\$ 2,870	\$ 2,730
Fees	\$ 1,056	\$ 1,056	\$ 1,056
Int. Income	\$ 712	\$ 400	\$ 400
Pension/Pothole/Other	\$ -	\$ -	\$ -
Regional Revenue	\$ 4,825	\$ 5,787	\$ 5,813
Reserve Contribution	\$ 1,880	\$ 1,711	\$ 3,188
Operating Override			
Capital Override			
Revenues before Overrides	\$ 77,262	\$ 81,068	\$ 84,259
Revenues including Overrides	\$ 77,262	\$ 81,068	\$ 84,259
Revenue incl override excluding debt/SBAB	\$ 72,844	\$ 76,879	\$ 80,186
Debt Exclusion:			
Debt on APS	\$ 517	\$ 527	\$ 608
Debt on JHS/SHS	\$ 1,778	\$ 1,612	\$ 1,518 est'd
Municipal Debt Incurred	\$ 520	\$ 454	\$ 439
Debt on Police station	\$ 517	\$ 509	\$ 501
Total Debt Exclusions	\$ 3,332	\$ 3,102	\$ 3,064
Budgets Excluding Debt:			
Municipal Budget	\$ 22,325	\$ 23,814	\$ 24,877
APS Budget	\$ 23,310	\$ 24,974	\$ 28,098
ABRSD Budget - Acton Share *	\$ 25,811	\$ 27,374	\$ 28,606
MM Assumption	\$ 787	\$ 771	\$ 806
Subtotal schools	\$ 49,908	\$ 53,119	\$ 55,509
TOTAL	\$ 72,233	\$ 76,733	\$ 80,186
% increase		6.1%	4.5%
NET POSITION	\$ 611	\$ 146	\$ (0)
Reserves:			
Free Cash	\$ 2,200	\$ 1,909	\$ 2,455 *
NESWC	\$ 4,690	\$ 4,886	\$ 4,470 **
E&D	\$ 806	\$ 632	\$ 1,416 ***
TOTAL RESERVES	\$ 7,696	\$ 7,427	\$ 8,341
Reserves committed	\$ 1,880	\$ 1,711	\$ 3,188
Reserves as a % of total	24%	23%	38%

\* As certified July 1 of the proceeding year.

\*\* As certified July 1 of the proceeding year less any appropriations at the annual town meeting.

\*\*\* As certified July 1 of the proceeding year without any apportionment between Acton/Boxborough.

FY10 ASSUMES A 10% DECREASE IN STATE AID WITH THE EXCEPTION OF CH70 WHICH IS LEVEL FUNDED.

Free Cash and E&D Include Regeneration of \$250,000 of Free Cash and \$150,000 of E&D

\$1M remains in NESWC for potential environmental liabilities and capital needs.



# *Town of Acton*

**Financial Status Report - December 15, 2008**

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## **FY 2010 Budget Policy Issues**

### **FY 2010 Budget Policy Issues**

1. What is a prudent amount of reserves to offset service cuts?
2. What is the optimum mix of capital and non-capital items to maximize the benefit to the citizens.



**At A Glance Report for Acton**

**Socioeconomic**

County	Middlesex	
School Structure	K-06	
Form of Government	Town Manager Selectmen Open Town Meeting	
2007 Population		20,753
2008 Labor Force		11,668
2008 Unemployment Rate		3.8
1999 Per Capita Income		41,901
2007 Population Per Square Mile		1,039.2
2007 Housing Units Per Square Mile		384.6
2007 Road Miles		119.87
EQV Per Capita (2006 EQV/2006 Population)		189,897
Number of Registered Vehicles (January 2008)		22,410
Average Age of Vehicles (January 2008)		8.58
2006 Number of Registered Voters		12,350

**Certification**

Most Recent	2007
Next Scheduled	2010

**Bond Ratings**

Moody's Bond Rating as of July 2008*	Aa1
S & P Bond Rating as of July 2008*	AA+

\*Blank indicates the community has not been rated by the bond agency.

**Fiscal Year 2009 Estimated Cherry Sheet Aid**

Education Aid	5,239,472
General Government	2,002,535
Total Receipts	7,242,007
Total Assessments	219,840
Net State Aid	7,022,167



**At A Glance Report for Acton**

**Fiscal Year 2008 Tax Classification**

Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	3,334,950,720	51,324,892	15.39
Open Space	0	0	0.00
Commercial	358,212,176	5,512,885	15.39
Industrial	111,533,010	1,716,493	15.39
Personal Property	46,680,230	718,409	15.39
<b>Total</b>	<b>3,851,376,136</b>	<b>59,272,679</b>	

**Fiscal Year 2008 Revenues by Source**

Revenue Source		Percent of Total
Tax Levy	59,272,679	76.66
State Aid	7,374,364	9.54
Local Receipts	8,892,525	11.50
Other Available	1,775,348	2.30
<b>Total</b>	<b>77,314,916</b>	

**Fiscal Year 2008 Proposition 2½ Levy Capacity**

New Growth	800,951
Override	0
Debt Exclusion	3,332,961
Levy Limit	59,854,389
Excess Capacity	581,710
Ceiling	96,284,403
Override Capacity	39,762,975

**Other Available Funds**

7/1/2008	FY2007	FY2008
Free Cash	Stabilization Fund	Overlay Reserve
2,454,644	0	605,267



**At A Glance Report for Acton**

**Fiscal Year 2008 Average Single Family Tax Bill\*\***

Number of Single Family Parcels	4,820
Assessed Value of Single Family	523,109
Average Single Family Tax Bill	8,051

**State Average Single Family Tax Bill**

Fiscal Year 2006	3,801
Fiscal Year 2007	3,962
Fiscal Year 2008	4,110

*Acton issues property tax bills Quarterly.*

\*\*For the communities granting residential exemptions, DLS does not collect enough information to calculate an average single-family tax bill. In FY08 those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Marlborough, Nantucket, Somerville, Somerset, Tisbury, Waltham and Watertown. Therefore, the average single-family tax bill information in this report will be blank.

**Fiscal Year 2007 Schedule A – Actual Revenues and Expenditures**

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	67,925,559	7,069,776	0	3,517,273	165,099	78,677,707
Expenditures	68,027,464	5,361,725	651,336	2,864,549	35,983	76,941,057
Police	2,618,555	0	0	0	0	2,618,555
Fire	2,758,525	0	0	0	0	2,758,525
Education	44,811,508	2,237,540	5,666	0	0	47,054,714
Public Works	2,416,145	711,810	0	1,476,428	0	4,604,183
General Fund	2,912,633					2,912,633
Debt Service						
Health Ins	2,157,035	0	0	0	0	2,157,035
Pension	1,999,140	0	0	0	0	1,999,140
All Other	8,353,923	2,412,575	645,670	1,388,121	35,983	12,836,272

This data only represents the revenues and expenditures occurring in these funds and does not reflect any transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

**Total Revenues and Expenditures Per Capita**

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	3,273.0	340.7	0.0	169.5	8.0	3,791.1
Expenditures	3,278.0	258.4	31.4	138.0	1.7	3,707.5

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us).



# Town of Acton

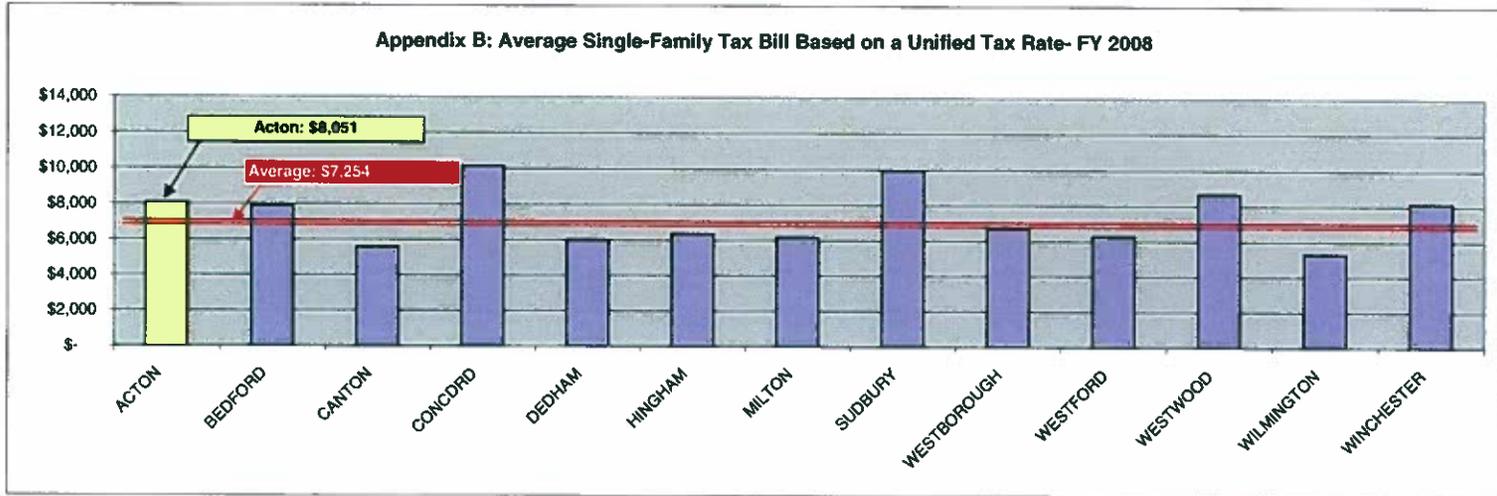
Financial Status Report - December 15, 2008

## Appendix B

### Appendix B: Average Single-Family Tax Bill without Any Tax Shifts Applied

#### Average Tax Bill:

This table shows the average single-family tax bill based on unified tax rate for comparable communities to Acton for FY 2008. Acton is slightly above average compared to other communities.



Source: Mass. Dept. of Revenue, Div. Of Local Services.

Municipality	Assessed Value	Parcels	Average Value	Unified Tax Rate	Single Family Tax Bill
ACTON	\$ 2,521,386,300	4,820	\$ 523,109	\$ 15.39	\$ 8,051
BEDFORD	\$ 1,756,802,731	3,285	\$ 534,795	\$ 14.74	\$ 7,883
CANTON	\$ 2,566,491,800	5,250	\$ 488,856	\$ 11.37	\$ 5,558
CONCORD	\$ 4,363,529,900	4,620	\$ 944,487	\$ 10.72	\$ 10,125
DEDHAM	\$ 2,728,099,600	6,542	\$ 417,013	\$ 14.39	\$ 6,001
HINGHAM	\$ 4,202,794,600	6,103	\$ 688,644	\$ 9.20	\$ 6,336
MILTON	\$ 3,901,776,900	7,103	\$ 549,314	\$ 11.20	\$ 6,152
SUDBURY	\$ 3,660,612,200	5,353	\$ 683,843	\$ 14.54	\$ 9,943
WESTBOROUGH	\$ 1,741,915,300	3,828	\$ 455,046	\$ 14.70	\$ 6,689
WESTFORD	\$ 2,900,162,000	6,199	\$ 467,844	\$ 13.40	\$ 6,269
WESTWOOD	\$ 2,947,310,700	4,468	\$ 659,649	\$ 13.13	\$ 8,661
WILMINGTON	\$ 2,754,859,480	6,841	\$ 402,698	\$ 13.12	\$ 5,283
WINCHESTER	\$ 4,321,667,500	5,589	\$ 773,245	\$ 10.54	\$ 8,150
<b>AVERAGE</b>	<b>\$ 3,153,835,226</b>	<b>5,432</b>	<b>\$ 588,786</b>	<b>\$ 12.59</b>	<b>\$ 7,254</b>