

Memo

To: Don Johnson
From: John Murray
CC: Steve Barrett
Date: May 16, 2003
Re: FY' 03 Municipal Budget Status and Town Revenue Status

5/19/03 - (18)

Municipal Budget:

As you are aware, the cost for snow, ice removal, and sand pick-up (street sweeping) exceeded the budgeted amount by \$275,215.87 or 126%. The Board of Selectmen directed you to accommodate the over expenditure within the Municipal Bottom line amount. Page one of the attached worksheet provides a snapshot of the status of attaining the Board's directive.

Town Revenue Projection:

The Town, like the State, has experienced degradation in its expected non-property tax revenue stream. The major shortfalls occur in "Interest Income" and "Motor Vehicle Excise Tax". Pages two of the attached worksheet provides a revised projection of FY '03 non-property tax revenues, page three provides an "Action Plan" for accommodating the degradation. If actual non-property taxes plus the FY'03 tax levy is less than actual expenses, then the deficit is subtracted from the following year's amount available for appropriation. Attached to the back of pages two and three is a copy of a letter from DOR concerning this year's State Aid Cut.

Page 4 of the attached worksheet depicts tax collections for the year (this year's levy collections plus collections for any prior year) vs. the statutory calculation levy for FY '03. On a budgetary basis the entire levy is available for appropriation in FY '03 regardless of the collection rate. If property tax collections are different from the statutory calculation, then the difference is accommodated in the subsequent year's Free Cash calculation.

Summary:

Staff believes we have successfully complied with the Selectmen's wish for us to accommodate both the snow and ice deficit and the predicted shortfall in State Aid. Further, Staff believes that it is likely we can also accommodate

non-property tax revenues slippage, if the proposed action plan assumptions hold. The degradation in property tax collection rate will affect next year's Free Cash calculation.

Snow and Ice Recap Sheet

Original Budgetary Amount for FY '03	\$ 217,840.00
Project FY' 03 Expense	\$ 493,055.87
Gross Deficit	\$ (275,215.87)
Less:	
Reserve Fund	\$ 25,000.00
FEMA Aid Applied for	\$ 43,879.00
Temporary Personnel Reductions: consisting of Deputy Fire Chief, Town Clerk clerical, Engineering Aide, Town Manager clerical - part-time, Accounting Clerk - part-time, Personnel Director, Recreation clerical, cemetery/Rec ground staff, and associated fringe benefit costs	\$ 208,000.00
Net Projected Surplus/ (Deficit)	\$ 1,663.13

Non-Property Tax Revenues

	ALG Plan Projections November 2001	December 2002, Adjustments	Adjusted Revenue Projections	May 17, 2003 Actual Receipts to -Date Receipts 30, 2003	Projected Additional Receipts thru June 30, 2003	Projected Annual Amount	Delta to Plan
Cherry Sheets Footnote: #1	\$ 4,287,999.00	\$ 36,490.00	\$ 4,324,489.00	\$ 3,077,881.32	\$ 930,000.00	\$ 4,007,881.32	\$ (316,607.68)
Local School Choice Income	\$ -		\$ -			\$ -	\$ -
Motor Vehicle Excise Tax	\$ 2,725,000.00	\$ (125,000.00)	\$ 2,600,000.00	\$ 2,387,436.29	\$ 100,000.00	\$ 2,487,436.29	\$ (112,563.71)
Municipal Fees for Services	\$ 825,000.00	\$ 53,503.00	\$ 878,503.00	\$ 864,579.08	\$ 20,000.00	\$ 884,579.08	\$ 6,076.08
Interest Income	\$ 320,000.00	\$ (45,000.00)	\$ 275,000.00	\$ 166,410.93	\$ 20,000.00	\$ 186,410.93	\$ (88,589.07)
Town Footnote #2	\$ 320,000.00	\$ (45,000.00)	\$ 275,000.00	\$ 166,410.93	\$ 20,000.00	\$ 186,410.93	\$ (88,589.07)
Free Cash Contribution	\$ 1,925,000.00		\$ 1,925,000.00	\$ 1,925,000.00	\$ -	\$ 1,925,000.00	\$ -
Roll-back tax collections	\$ -		\$ -	\$ 29,177.92	\$ -	\$ 29,177.92	\$ 29,177.92
Other	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Property Tax Income	\$ 10,082,999.00	\$ (80,007.00)	\$ 10,002,992.00	\$ 8,450,485.54	\$ 1,070,000.00	\$ 9,520,485.54	\$ (482,506.46)

Footnotes:

- #1 Based upon DOR Letter of March 27, 2003
- #2 Interest posted through 4-30-03

Action Plan

Roll-back taxes
Palmer land
through June
30, 2003 \$ 203,613.95

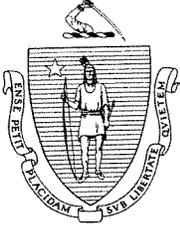
Expense
reductions via
recoveries,
such as
workers comp.
payments,
vendor
recoveries \$ 59,599.02

We believe that
the 4th quarter
Cherry Sheet
Distribution will
be greater than
the amount
noted by DOR,
because
School
Transportation
Aid is 100%
disbursed in
the 4Th
quarter. \$ 131,330.00

Grand Total of
the "Action
Plan's"
Revenue
Enhancements \$ 394,542.97

Amount to be
covered (Delta
To Plan \$ (482,506.46)

Net balance
(Difference in
covering the
"Delta to Plan" \$ (87,963.49) (amount yet to be solved)



The Commonwealth of Massachusetts
Department of the State Treasurer
One Ashburton Place
Boston, Massachusetts 02108-1608

Timothy P. Cahill
Treasurer and Receiver General

March 27, 2003

Dear Treasurer:

Enclosed is an overview of the local aid distribution for the third quarter of fiscal year 2003. The funds will be deposited directly into your account on Monday, March 31, 2003. This distribution will include one-third of your allocation for school choice and charter school tuition, assessments, and reimbursements. The distribution for each category is based on the October 2002 head count. Reductions as a result of chapter 29, section 9C will be spread evenly between the third and fourth quarter distributions.

I share your grave concerns regarding our fiscal situation and the deep local aid cuts on the horizon. I will work with the Legislature to restore cuts recommended in the Governor's budget for the Massachusetts Water Pollution Abatement Trust. This is a necessary program that provides loans to cities and towns for clean water and drinking water projects.

Since taking office in mid-January, my office has been looking for ways to bring in additional revenue to the Commonwealth. Recently, we identified an opportunity to structure a bond refunding to take advantage of low interest rates. This refunding provided the Commonwealth with \$32 million in present value savings. Charged with protecting and growing our state's Lottery, I recently made a small structure change to the Keno game, which will also generate additional revenue. In addition, I am working on other initiatives that will provide supplementary revenue options for the Commonwealth.

Enclosed is a list of contacts in case you have any questions or comments regarding the local aid distribution. I look forward to building a strong working relationship with you in the coming years. If you have any questions or comments, please call Beth Pearce, Deputy Treasurer of Cash Management, at 617-367-9333, extension 574.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy P. Cahill".

Timothy P. Cahill
Treasurer and Receiver General

Enclosures
cc: City/Town Accountant/Controller

COMMONWEALTH OF MASSACHUSETTS
TREASURY DEPARTMENT

DISTRIBUTION BREAKDOWN

ALL PAYMENTS EFFECTIVE: MARCH 31, 2003

FOR ACTON

Local Aid:	
Chapter 70	\$667,080
Additional Assistance	7,100
Lottery	285,814
Essex Tuition	0
Charter School Tuition	0
School Choice Tuition	0
Room Occupancy	<u>524</u>
Gross Distribution	960,518
Assessments:	
Hampden County Tax	0
Worcester County Tax	0
Elderly Government Retirees	0
Retired Municipal Teachers	0
Mosquito Control	10,542
Air Pollution	1,502
Metropolitan Area Planning Council	1,290
Old Colony Planning Council	0
Registry of Motor Vehicles Nonrenewal Surcharge	1,695
Massachusetts Bay Transportation Authority	6,897
Boston Metropolitan District	0
Regional Transit Authority	5,188
STRAP Repayments	0
School Choice Tuition	3,251
Charter School Tuition	0
Essex Agricultural Tuition	<u>0</u>
Total Assessments	<u>30,365</u>
Net Distribution	<u>\$930,153</u>

Property Tax Revenues
numbers recorded in the thousands

November, 2001 December, 2002

Property Taxes			
Previous Year's Levy	\$	38,140	\$ 38,140
2 1/2 % Growth	\$	954	\$ 954
Net Debt Exclusions	\$	1,941	\$ 1,941
New Growth	\$	700	\$ 895
Proposed Override/Capacity Not Taxed	\$	-	
Net Tax Levy	\$	41,734	\$ 41,929
Collection thru May 15, 2003		\$	41,423
Expected Add'l Collections		\$	125
Expected Effect Upon Free Cash		\$	(381)