



11/3/08

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TOWN OF ACTON
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Town Manager's Office
Steven L Ledoux

To: Board of Selectmen
From: Steven L. Ledoux
Subject: FY 10 Budget Submissions and ALG Forecast
Date: October 31, 2008

As you are aware, I am in the process of preparing the Town Manager Recommended FY 10 budget for submittal on December 15th. Needless to say, given the current financial crisis, trying to put together a reasonable and responsible budget is a challenge. Barring some major turn around, I am convinced that we will see cuts in Local Aid for FY10 and I still believe that 09 Local Aid could be cut as well.

At the Acton Leadership Group meeting on October 27, 2008, I recommended that at this stage in the FY 10 budget process, the ALG use very conservative numbers in regard to Local Aid. In fact, I suggested a 10% cut as I felt that it would be better to add expenditure items later if Local Aid isn't as bad as I fear rather than have to scramble and cut when House 1 is released in late January. The School representatives had been in contact with Roger Hatch at the Department of Education and Mr. Hatch felt that Chapter 70 Aid would be protected in FY 10. Consequently, at the present time, the

ALG spreadsheet has been changed to show a 10% cut in all Local Aid accounts except for Chapter 70.

Attached, please find the two spreadsheets, the first which is called "Level Funds State Aid" has the non Chapter 70 Local Aid reduced and the second spreadsheet: "10% Decrease in Local Aid" was my proposal.

At this point in time, ALG felt that further discussion on all revenue projections should be held off until there was more information from the State.

It was also agreed that both the Town and the School prepare a "Level Service" budget for FY 10. Level Service is defined as providing the same level of service as in FY 09, adjusting for inflation and contractual obligations.

As I continue to scrub FY 10 requests, at present time it appears that a Level Service for the Town would have an increase of about 4%. However, the draft ALG spreadsheet allocates \$800,000 for Town capital, utilizing NESWC funds. Capital requests that could be considered Level Service (i.e. planned replacement of equipment) total about \$1,500,000.

I remain concerned that a "Level Service" budget may be unrealistic considering the volatility of the economy. Consequently, if a "Level Service" budget is the preferred course of action for the Board, I will be preparing a list of cuts in priority order working back to a 10% cut from FY 09 as a contingency.

While I hope my concerns are ill founded, I feel that FY 10 will be a budget year that we will have to continually adjust to and modify as factors beyond our control continue to change.

DRAFT

Revised 10/24/08 - Level Funds State Aid

*All numbers are early projections and are subject to change

Multi-Year Plan

	FY08	FY09	FY10	FY11	FY12
Revenues:					
Tax Levy:	Actuals				
Base	\$ 54,361	\$ 56,521	\$ 58,934	\$ 61,008	\$ 63,133
2 1/2%	\$ 761	\$ 1,413	\$ 1,473	\$ 1,525	\$ 1,578
New Growth	\$ 801	\$ 1,000	\$ 600	\$ 600	\$ 600
Debt Excl.	\$ 3,332	\$ 3,102	\$ 3,144	\$ 3,012	\$ 3,012
Overlay	\$ (605)	\$ (900)	\$ (850)	\$ (600)	\$ (600)
Total Tax Levy (excl. current yr. override)	\$ 58,650	\$ 61,137	\$ 63,302	\$ 65,545	\$ 67,723
Cherry Sheet	\$ 6,183	\$ 7,021	\$ 6,841	\$ 7,388	\$ 8,127
SBAB - Twin School	\$ 1,086	\$ 1,086	\$ 1,009	\$ 1,086	\$ 1,086
Excise Taxes	\$ 2,870	\$ 2,870	\$ 2,730	\$ 2,730	\$ 2,730
Fees	\$ 1,056	\$ 1,056	\$ 1,056	\$ 1,088	\$ 1,120
Int. Income	\$ 712	\$ 400	\$ 400	\$ 400	\$ 400
Pension/Pothole/Other	\$ -	\$ -	\$ -	\$ -	\$ -
Regional Revenue	\$ 4,825	\$ 5,787	\$ 5,787	\$ 6,603	\$ 7,395
Regional E&D Acton's share	\$ 286	\$ 511	\$ 425	\$ 446	\$ 154
HS Interest/Bond Prem.	\$ -	\$ -	\$ -	\$ -	\$ -
Free Cash	\$ 1,594	\$ 450	\$ 430	\$ 1,277	\$ 1,547
NESWC for capital	\$ -	\$ 750	\$ 1,400	\$ 1,200	\$ 869
Operating Override					
Capital Override					
Revenues before Overrides	\$ 77,262	\$ 81,068	\$ 83,380	\$ 87,763	\$ 91,152
Revenues including Overrides	\$ 77,262	\$ 81,068	\$ 83,380	\$ 87,763	\$ 91,152
Revenue incl override excluding debt/SBAB	\$ 72,844	\$ 76,879	\$ 79,227	\$ 83,665	\$ 87,054
Debt Exclusion:					
Debt on APS	\$ 517	\$ 527	\$ 527	\$ 527	\$ 527
Debt on JHS/SHS	\$ 1,778	\$ 1,612	\$ 1,600	\$ 1,575	\$ 1,575 estimates
Municipal Debt Incurred	\$ 520	\$ 454	\$ 440	\$ 420	\$ 420 "
Debt on Police station	\$ 517	\$ 509	\$ 500	\$ 490	\$ 490 "
Total Debt Exclusions	\$ 3,332	\$ 3,102	\$ 3,144	\$ 3,012	\$ 3,012
Budgets Excluding Debt:					
Municipal Budget	\$ 22,325	\$ 23,614	\$ 24,855	\$ 26,015	\$ 27,227
APS Budget	\$ 23,310	\$ 24,974	\$ 26,827	\$ 28,386	\$ 30,035
ABRSD Budget - Acton Share *	\$ 25,811	\$ 27,374	\$ 28,940	\$ 30,595	\$ 32,345
MM Assumption	\$ 787	\$ 771	\$ 794	\$ 818	\$ 842
Subtotal schools	\$ 49,908	\$ 53,119	\$ 56,561	\$ 59,799	\$ 63,222
TOTAL	\$ 72,233	\$ 76,733	\$ 81,416	\$ 85,814	\$ 90,449
% increase		6.1%	6.1%	5.4%	5.4%
NET POSITION	\$ 611	\$ 146	\$ (2,189)	\$ (2,149)	\$ (3,395)
Reserves:					
Free Cash	\$ 1,900	\$ 2,455	\$ 2,421	\$ 1,394	\$ 97
NESWC	\$ 4,886	\$ 4,469	\$ 3,069	\$ 1,869	\$ 1,000
E&D	\$ 1,100	\$ 726	\$ 446	\$ 154	\$ 154
TOTAL	\$ 7,886	\$ 7,650	\$ 5,936	\$ 3,417	\$ 1,251
Tax Impact:					
Existing Valuation ('000s)	\$ 3,851,376	\$ 3,658,807	\$ 3,723,784	\$ 3,947,130	\$ 4,181,056
New Growth value ('000s)		\$ 64,977	\$ 35,387	\$ 34,828	\$ 35,804
Total Valuation ('000s)	\$ 3,851,376	\$ 3,723,784	\$ 3,759,171	\$ 3,981,958	\$ 4,216,860
Tax Rate	\$ 15.39	\$ 16.96	\$ 17.23	\$ 16.76	\$ 16.34
SF Value	\$ 542,140	\$ 523,109	\$ 496,954	\$ 496,954	\$ 521,801
SF Tax Bill	\$ 7,928	\$ 8,051	\$ 8,426	\$ 8,561	\$ 8,953
% Change	1.29%	4.66%	1.61%	2.14%	2.39%
\$ Change	\$ 123	\$ 375	\$ 135	\$ 183	\$ 209

*Level fund state aid FY '10; resume chapter 70 formula FY '11 and FY '12

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

The FY12 projected deficit will need to be covered by either 1) a tax increase 2) cuts in spending

which would likely require staff or capital spending reduction, Or 3) some combination of tax increase and spending cuts.

One time capital included in Muni and APS budgets total \$1.4M FY10-FY12

\$1M remains in NESWC for potential liabilities

DRAFT

Revised 10/24/08 - 10% Decrease in State

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