



Budget Update

March 12, 2007



Components of the Budget

- **Costs**
 - **Operational Budgets**
 - **Fixed or nondiscretionary costs**
 - Debt service
 - Health insurance
 - General liability and workers comp
 - Pension assessments
 - utilities
- **Revenues**
 - **Local Property Taxes**
 - **State Aid**
 - **Local Receipts**
 - Excise Tax
 - License fees
 - Permit fees

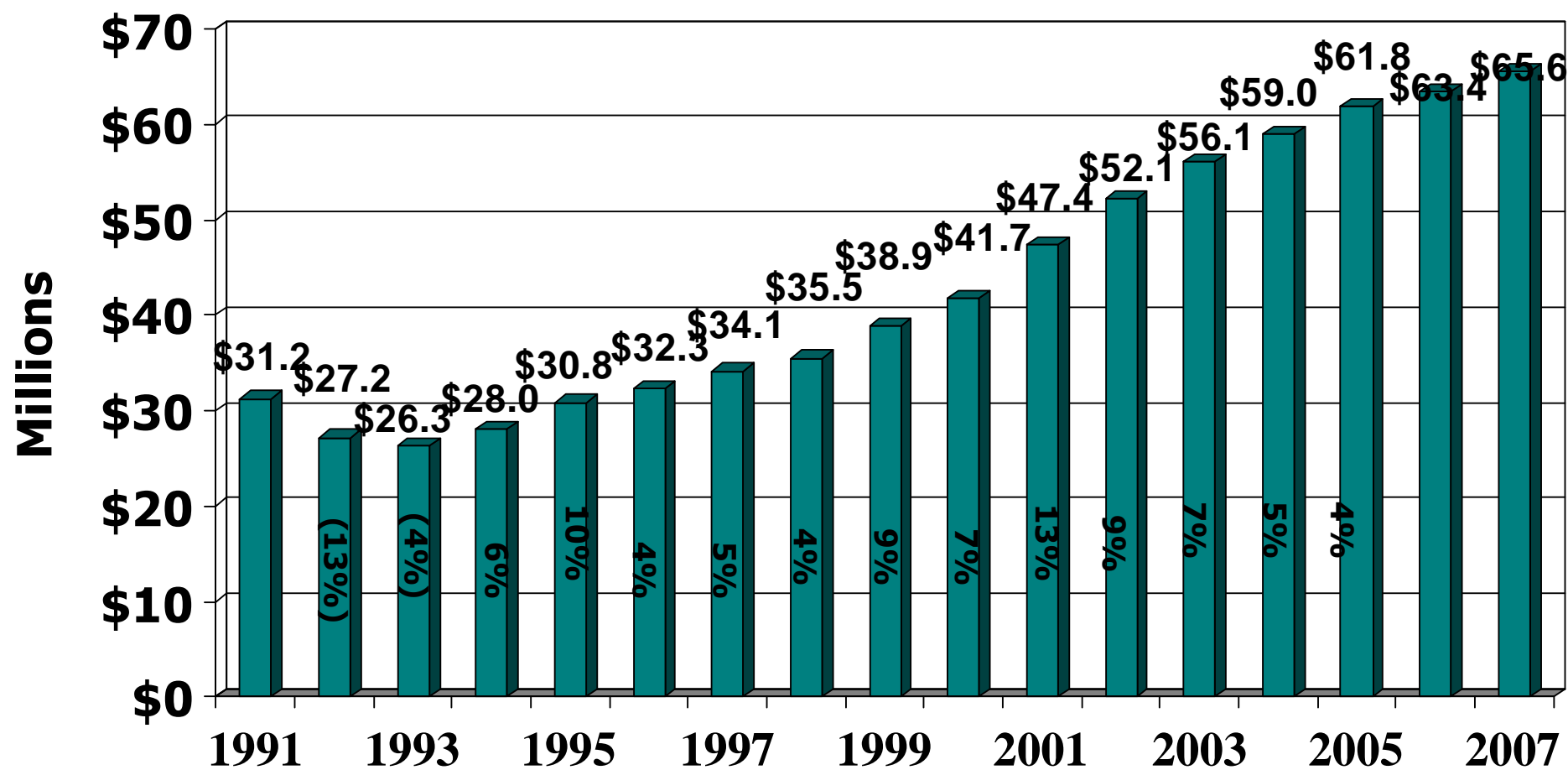


Budget

- More than 70% of the budget is for payroll
- Staffing levels, until this year, have been stable
- Fixed or nondiscretionary costs have been increasing
- Rate of annual budget growth has gone from 13% in 2001 down to 3.5% for the current year

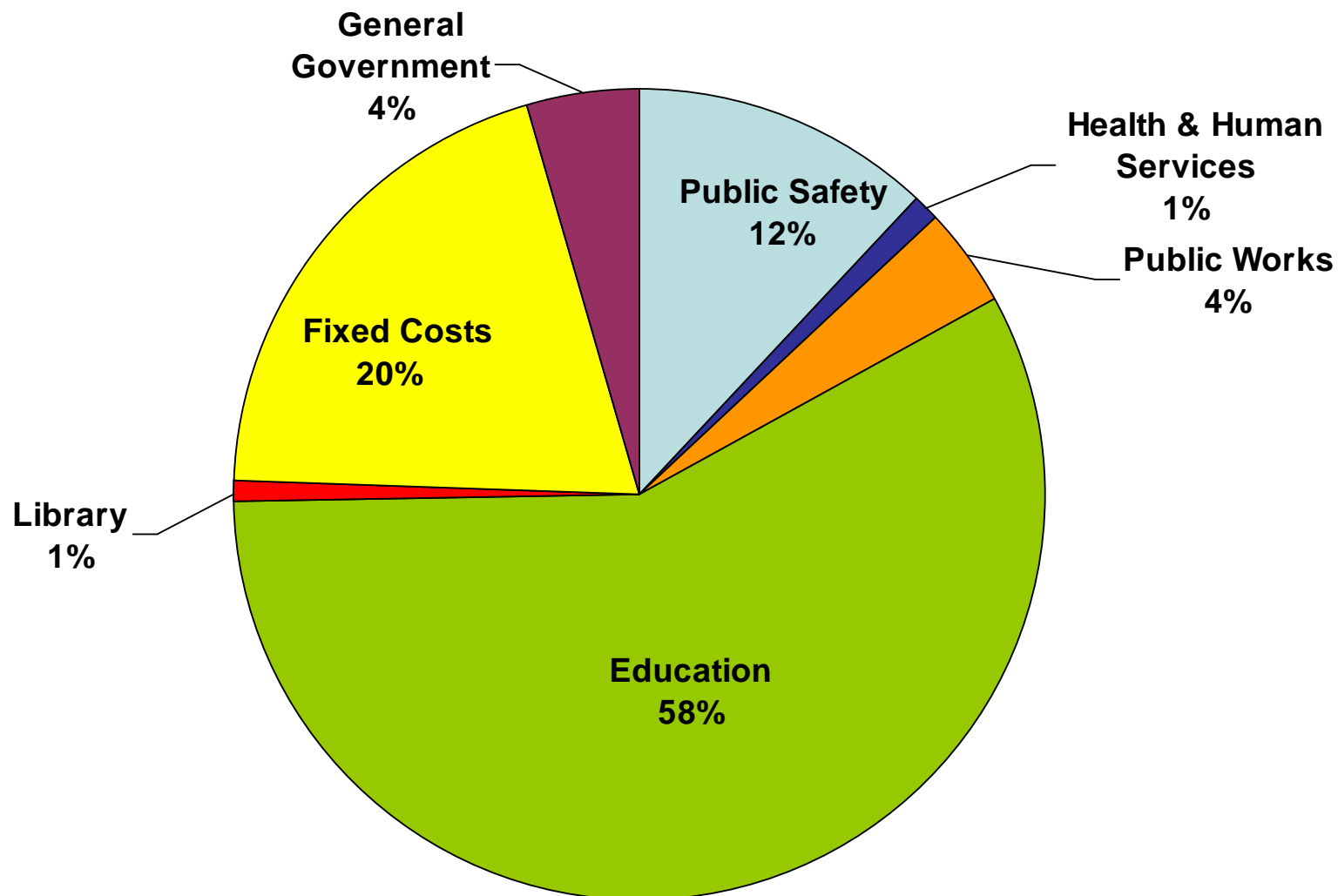


Budget Trends





FY 2007 Budget





Revenues

- Property Taxes at maximum levy capacity
 - Raising about \$1.4m per year in new dollars
- Stabilization Fund is now at \$1.6m, due to the additional state aid we received this year
- Free Cash – Annual operating surplus, is smaller every year
- State Aid ?

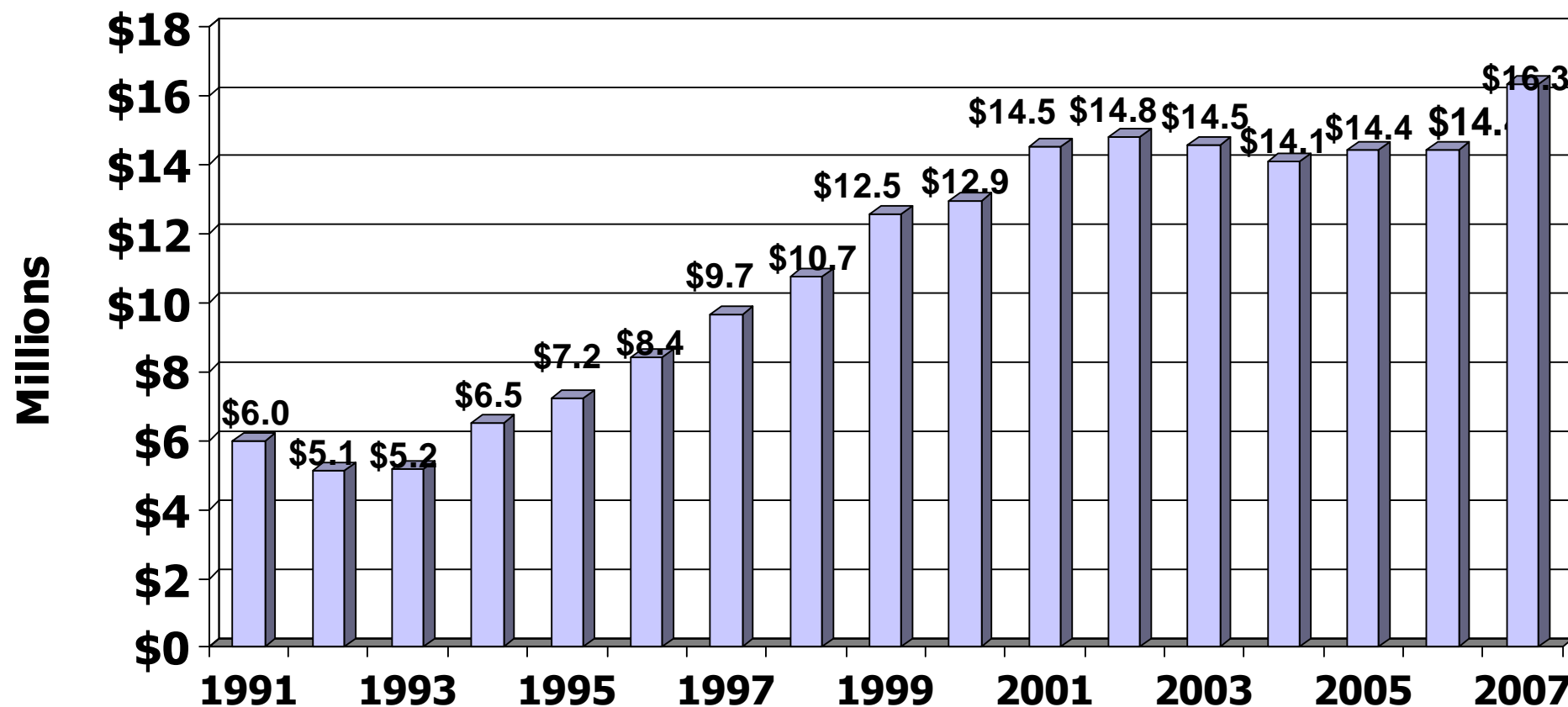


State Aid

- Is not known until late June or July
 - 2003, Gov. Romney reduced state aid mid-year
- Generally tracks with the economy
 - History has shown reductions can and do occur
- Has not kept pace with increasing local costs
- Can we count on another increase?



Will There Be More State Aid?





Revenue Summary

- Property taxes have grown at a steady trend, increasing approximately \$1.4 million per year
- Local receipts will grow at a modest rate
- State aid is projected to stay level, which is consistent with long term trends and with forecasts by the Massachusetts Taxpayers Foundation



Balancing the Budget

- Expenses rising faster than our ability to bring in new money
- Stabilization Fund intended to offset this problem, but has been depleted
- Resulting deficit - \$1.4m without negotiated raises
- Our “cost of doing business” without new employees, is going up \$3-4 million per year, but we are only getting \$1.5 million in new revenues



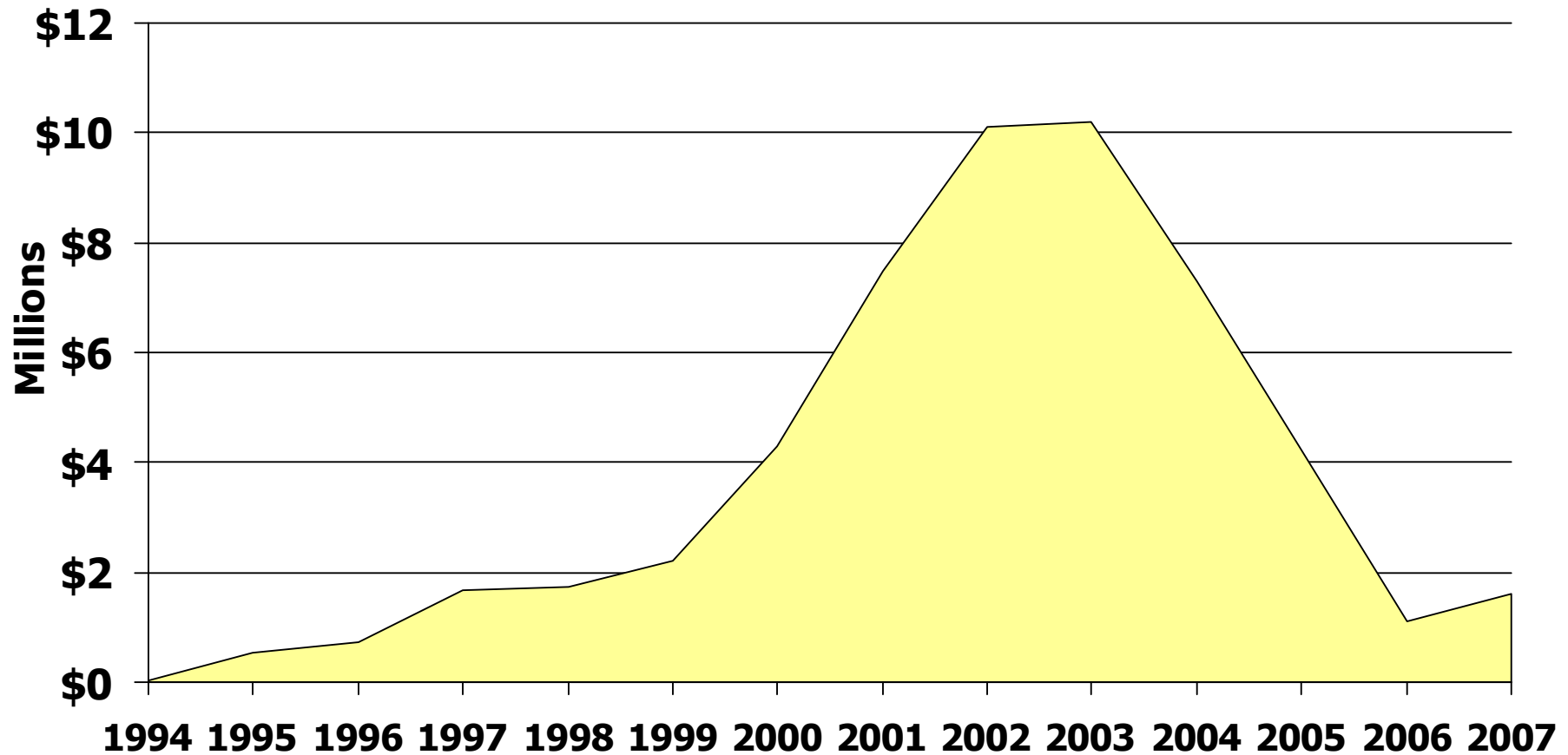
Financial Forecasting

- In 1999, the current situation was forecasted
- Increase the stabilization fund from less than \$2 million to \$10 million during strong economy from 1999 to 2003
- Other area communities either:
 - Cut services and personnel, or
 - Passed Proposition 2 ½ Overrides



Stabilization Fund

Where Did It All Go?





What Do We Do Now?



Budget Notes

- House 1, the Governor's budget, calls for us to receive an additional \$593,654. The increase has been added to our projections
- There will be at least 3 more versions of the state budget before it becomes final in July
- Additional aid is factored into override projections



Budget Notes

- FY07 Budget (current year)
 - Cut 3 police officers, 3 firefighter/paramedics, 2 public works employees, several school positions, and eliminated Sunday hours for library
- Fixed costs projected to rise \$2.2 million for FY08



How Do We Compare With Our Neighbors?

TOWN	FY 2007 TAX RATE	AVERAGE ASSESSED VALUE SINGLE FAMILY HOME	AVERAGE SINGLE FAMILY HOME TAX BILL
MARSHFIELD	\$ 8.14	\$453,700	\$ 3,693.12
SCITUATE	\$ 8.31	\$543,900	\$ 4,519.95
HINGHAM	\$ 9.00	\$688,600	\$ 6,197.40
HANSON	\$ 9.38	\$375,200	\$ 3,519.36
HULL	\$ 9.75	\$417,900	\$ 4,074.52
ROCKLAND	\$ 9.78	\$330,000	\$ 3,227.40
DUXBURY	\$ 10.14	\$649,100	\$ 6,581.86
KINGSTON	\$ 10.31	\$407,300	\$ 4,199.26
PEMBROKE	\$ 10.41	\$392,800	\$ 4,088.73
COHASSET	\$ 10.50	\$825,000	\$ 8,662.50
HANOVER	\$ 10.63	\$482,900	\$ 5,133.23
NORWELL	\$ 10.69	\$622,500	\$ 6,654.52
HALIFAX	\$ 11.78	\$351,600	\$ 4,141.84
PLYMPTON	\$ 12.07	\$384,900	\$ 4,645.74
Average	\$ 10.21	\$497,823	\$ 5,049.72



3 Year Override Budget

- Comprehensive Override – \$4 million (**was \$4.5 million**)
 - Restore staffing/services eliminated in FY2007 Budget
 - Will fund above staff/service level for FY2008, FY2009, and FY2010
 - Will add \$.84 (**was \$.94**) to the tax rate of \$8.14



One Year Override Budget

- Comprehensive Override – \$2 million
 - Restores staffing/services eliminated in FY2007 Budget
 - Will fund above staff/service level for FY2008
 - Will add \$.42 (vs. \$.84 for 3 yr override) to the tax rate of \$8.14



3 Year v. 1 Year Override

- Both override options:
 - Restore critical positions lost in 07 budget
 - Prevent further cuts in staff and services
 - Include latest state aid projection from Governor



3 Year v. 1 Year Override

- The Differences
 - Reduces impact on taxpayers by one-half
 - Impact on \$400k home - \$168 per year, vs. \$336 per year
 - Only addresses structural deficit for 2008



Impact of 3 year override

—Impact on home assessed at:

- \$300,000 – \$252 per year added to tax bill
- \$400,000 – \$336 per year added to tax bill
- \$500,000 – \$420 per year added to tax bill



Impact of 1 year override

—Impact on home assessed at:

- \$300,000 – \$126 per year added to tax bill
- \$400,000 – \$168 per year added to tax bill
- \$500,000 – \$210 per year added to tax bill



\$4M Three Year Override

	Year 1	Year 2	Year 3	Year 4
	FY 2008 Projected	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Proj GF Budget Payroll	\$42,701,005	\$43,774,935	\$45,098,032	\$46,689,993
Proj GF Budget Expenses \$	27,867,556	\$29,194,792	\$30,581,656	\$30,866,882
Town Meeting Articles	\$188,782	\$188,782	\$188,782	\$188,782
Overlay, Offsets, Deficits	\$1,489,777	\$1,226,884	\$1,226,884	\$1,226,884
Projected Appropriations	\$72,247,120	\$74,385,393	\$77,095,354	\$78,972,541
Prop. Taxes	\$40,477,663	\$ 46,141,236	\$ 47,847,554	\$ 49,597,688
Override	\$4,000,000			
Local & Other Sources	\$9,230,995	\$8,713,305	\$8,901,084	\$9,094,497
State Receipts	\$18,936,381	\$18,936,381	\$18,936,381	\$18,936,381
Stabilization Fund	\$0	\$600,000	\$1,420,000	\$125,000
Projected Revenues:	\$72,645,039	\$ 74,390,922	\$77,105,020	\$77,753,566
Surplus (Deficit)	\$397,919	\$5,530	\$9,666	(\$1,218,975)



\$2M One Year Override

	Year 1	Year 2	Year 3
	FY 2008	FY 2009	FY 2010
	Projected	Projected	Projected
Proj GF Budget Payroll	\$42,701,005	\$43,341,520	\$43,991,642
Proj GF Budget Expenses	\$ 27,440,546	\$28,538,168	\$29,679,695
Town Meeting Articles	\$188,782	\$188,782	\$188,782
Overlay, Offsets, Deficits	\$1,489,777	\$1,226,884	\$1,226,884
Projected Appropriations:	\$71,820,110	\$73,295,353	\$75,087,003
Prop. Taxes	\$40,477,663	\$ 44,091,236	\$ 45,746,304
OVERRIDE	\$2,000,000		
Local & Other Sources	\$9,230,995	\$8,713,305	\$8,901,084
State Receipts	\$18,936,381	\$18,936,381	\$18,936,381
Stabilization Fund	\$1,200,000	\$500,000	
Projected Revenues:	\$71,845,039	\$ 72,240,922	\$73,583,770
Surplus (Deficit)	\$24,929	(\$1,054,431)	(\$1,503,233)



No Override

- Council on Aging

- Reduction of volunteer coordinator hours
- Reduction in transportation availability
- Building only cleaned 3 times per week rather than 5 times



No Override

- Library

- Remain closed on Sundays
- Fewer evening hours
- Reduced material budget
 - **Books**
 - **Videos, DVD's**



No Override

- Fire Department

- Further reduction of three firefighters/paramedics
- Total reduction of firefighters from 52 to 46
- Response time will increase
- Certain areas of Town may be left without coverage for some hours of the day



No Override

- Police Department

- Further reduction of 3 police officers
- Total reduction of officers from 45 to 39
- Loss of school resource officer
- Loss of detective
- Loss of patrolman
- Loss or reduction in crime prevention programs



No Override

- School
Department

- Further reduction of staff
- Impact on computer & textbook budgets
- Addition of more fees for activities
- Details in school budget presentation



KEY DATES

- March 12, 2007 – Board of Selectmen vote on final language for ballot question(s)
- March 13 – Advisory Board Hearing on the Warrant
- April 23rd – Annual Town Meeting
- April 28th – Annual Town Election