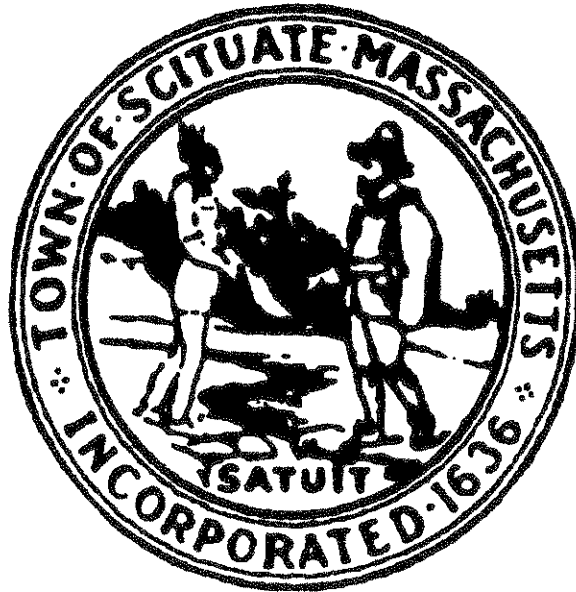


Town of Scituate FY 11 and FY 12 Financial Overview



November 3, 2010

Review of Town Finances

- What we did
- Where we are
- Where we project we are going

FY 11 and FY 12 Financial Overview

- Only a broad snapshot of current conditions; will change
- 82.6% of school budget is salary
- 53.5% of town budget is salary (including enterprise funds)
- Fixed costs dominate the remaining 46.5% on the town side.
- Other costs are shared with the School Department.

Shared Costs

- Reserve Fund
- General Liability Insurance
- Debt and Interest
- Pensions
- Workers' Compensation
- Unemployment
- Federal Taxes
- Health Insurance

FY 11 Budget

What we did

- April 12, 2010 Annual Town Meeting approved balanced FY11 budget of \$62,988,545
 - ✓ \$22,885,984 Town (including enterprise fund)
 - ✓ \$27,259,029 School
 - ✓ \$12,843,532 Shared Costs

FY 11 Budget

What was lost (town side)

- Assistant Shellfish Warden Position
- Custodian for COA
- Two funded but unfilled firefighter positions
- Beach Sticker Clerk
- Delayed filling of vacancies (six)
- Departmental Budget reductions in Fire, Inspections, Board of Health and Planning Board resulting in FY11 appropriation **LESS THAN FY 10**

FY 11 Budget

Where we are

- Final state budget approved after Town Meeting reduced net local aid by \$20,613
- Local receipts as of June 30, 2010 down by \$204,067 from estimates
- New Growth Estimate decreased by \$50,000

Fall Special Town Meeting

- “Rebalances” FY 11 budget by appropriating \$274,680 of Free Cash
- Transfers existing funds to cover projected shortfalls or needs in selected accounts
- Funds contracts for DPW, professional and non-union staff
- Moves forward town agenda on energy initiatives and other management policies

Overview of FY12 Town Budget Process

- Revenue and Expenditures Assumptions developed by Financial Team (Oct)
- Capital Instructions distributed to staff (Oct)
- Operating Budget Instructions distributed to staff (Nov)
- Town Administrator recommended operating and capital budget to Selectmen/Advisory/Capital Planning (Jan)

Major Operating Budget Drivers

-Revenue-

- Property Tax (levy limit)
2.5% annual increase as required by law
- Local Receipts:
 - Motor Vehicle Excise
 - Permits
 - Fees
 - Interest Income
 - New Growth

Major Operating Budget Drivers -Expenditures-

Health Insurance

		% Change
FY 09	\$4,351,147	4.95%
FY 10*	\$4,474,572	2.84%
FY 11*	\$5,193,724	16.07%
FY 12*(estimate)	\$5,868,908	13.00%

These increases did not include \$3 million from Mayflower Health Group Plan Reserves to subsidize true increases in FY 10 and FY 11.

Major Operating Budget Drivers

-Expenditures-

Pension

		%change
FY 09	\$2,668,612	8.30%
FY 10*	\$2,758,350	3.36%
FY 11*	\$3,118,030	13.04%
FY 12 projected	\$3,103,047	(0.48%)

Major Operating Budget Drivers -Expenditures-

- Unemployment
- FICA/Medicare
- Workers' Compensation
- Contractual Obligations – still pending
- Unfunded Liabilities
- Debt Service - \$12 million bond in March of 2011

Brief Synopsis of Enterprise Funds

- Enterprise Funds must fully reflect total cost of operations with revenues generated to meet those costs by the users of said services. **NOT FUNDED FROM TAXATION**
- Funds may not be used for other budgetary purposes

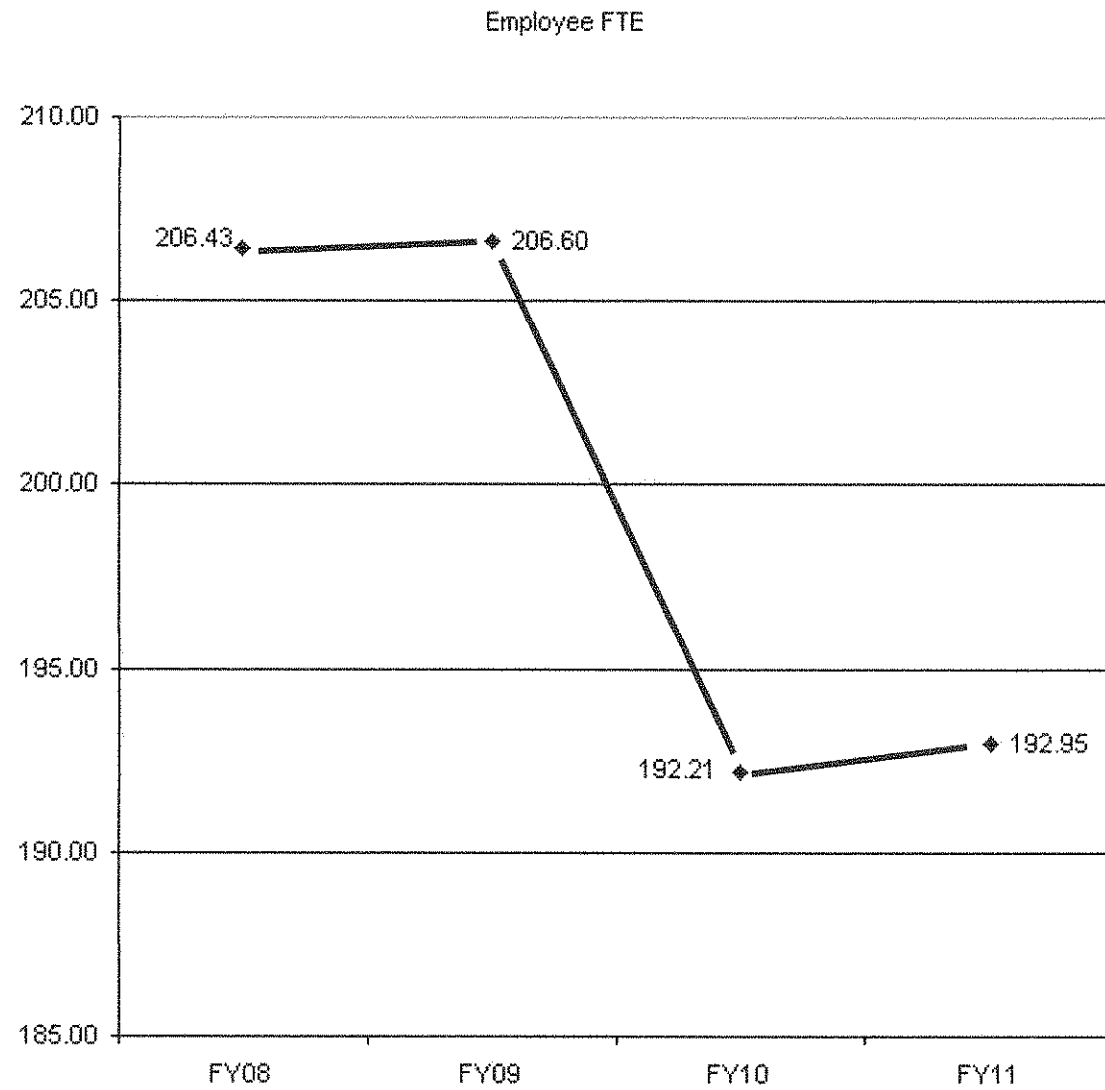
Five (5) Enterprise Funds:

- Widow's Walk Golf Course
- Transfer Station
- Water
- Sewer
- Waterways

FY 12 Budget Challenges

- Increasing fixed costs
- Reduced local aid
- Prior heavy reliance on use of Free Cash and Overlay Reserve
- Unaddressed capital needs resulting in deteriorating infrastructure
- Limited potential for new revenues
- Limited Reserve position (Stabilization)
- Inadequate staffing levels to meet increasing needs and mandates

Town-Side Staffing Levels FY 08 – FY11



Recent Budget Improvements

- New Operating Budget process for FY 11
- New Capital Budget process for FY 12
- Comprehensive approach to town needs:
 - **Board of Selectmen Goals**
 - **Town Administrator Goals**
 - **Department Level Goals**
- **FY 12 BUDGET FLEXIBILITY**
 - Streamlining of line items for greater flexibility in responding to funding needs throughout the year

FY 11/12 Budget Improvements

- Town operating budgets based on performance standards that are goal and objective based.
- FY 12 recommended capital plan based on formalized rating system
- Reduced reliance on free cash to subsidize recurring operating costs
- Tighter budgeting resulting in more efficiencies and increased Free Cash

New Initiatives

GOAL

To become the municipal leader in energy conservation and efficiencies

- **Green Community Designation with access to \$8.1 million in state grants**
 - **Adoption of Stretch Code (Nov STM)**
 - **Adoption of Photovoltaic Bylaw (Nov STM)**
 - **ESCO - Energy Service Company Project (Nov STM)**
- **Energy Self-Reliance**
 - Wind turbine (June 2011)**
 - Solar Array at capped landfill (Nov STM)**
 - Wampatuck School Green Program Participant**

New Initiatives

GOAL

Improved Technology Applications for enhanced Service Delivery

Technology Committee working since Fall of 09 to develop short/long term plan for addressing technology challenges, develop and implement policy and standardize applications and procedures

Creation of IT Department to coordinate all applications and to safeguard town data and information

New Town website (debuts November 3)

- More documents
- FAQ's
- Town Administrator Monthly Update
- More on-line payments
- Greater Transparency
- Also new golf website with online reservations

Intranet site for employee communications

New Initiatives

Goal

Bond Rating Increase

- Achieved by:
 - Adherence to Financial Policies
 - No use of reserves
 - Free Cash used only for non-recurring expenditures (e.g. capital, unforeseen costs)
 - Conservative Budgeting
 - Adherence to Financial Policies

New Initiatives

Goal

Expanded Focus on Economic Development
Projects and Local Opportunities

- Reestablishment of Economic Development Industrial Commission (EDIC)
- Designated as Recovery Zone (10/21/10)
- Acquisition of Pier 44
- Aggressive Water and Sewer Infrastructure Repair, Seawall Study Committee
- Opening of Scituate Maritime Center
- Proposal for Massasoit Community College
- CPC Fund Request for study of Gates School

Potential Scenarios FY 12

WHERE WE PROJECT WE ARE GOING

ASSUMPTIONS

- 4% reduction in local aid over FY 11 amounts
- 13% increase in health insurance
- Level pension costs
- Local receipts flat
- No use of Free Cash for operating

Summary FY 12

- As of November 1, the estimated working deficit for town side is estimated to be \$180,000
- Goal is to maintain services amidst stagnant revenues while employee and other fixed costs increase

We continue to look for more efficient service delivery measures, streamline costs, competitively bid goods and services, and do more with less.

Thank you