

Budget Collaboration/Financial Summit 2
November 13, 2007

A joint meeting of the Board of Selectmen, School Committee and Finance Committees was held on Wednesday, November 13, 2007, at 7:30 p.m. in the Selectmen Meeting Room, Town Office Building. Present: Chairman Krieger, Mr. Kelley, Mr. Cohen, Mr. Manz and Mr. Burnell; Mr. Valente, Town Manager, Ms. Pease, Executive Clerk; Dr. Ash, Superintendent; Ms. Dunn, Assistant Superintendent; all members of the School Committee, with the exception of Mr. Sakhuja; all members of the Appropriation Committee; and Mr. Kanter and Ms. Stoltz of the Capital Expenditures Committee.

1. FY2009 Revenue Projections

Mr. Valente and Mr. Addelson presented the FY2009 Revenue Summary:

- Gross General Fund Revenues up \$5.95 million or 4.66% (vs. \$2.97 million or 2.5% from November 2006 projection)
- Net General Fund Revenues up \$4.94 million or 3.93% (vs. \$3.17 million or 2.7% from November 2006 projection)

Mr. Addelson reviewed the FY2009 projections and the FY2008-2009 change for State Aid, Local Receipts, Available Funds, Revenue Offsets and Enterprise Revenues.

State Aid is projected to increase by \$206,000 (or 2.27%). Chapter 70 has been projected to increase in FY2009. Will not know for sure until Governor submits budget for FY2009. Lottery needs to be watched; currently assuming will be level funded, but state lottery funds currently have a shortfall.

Local Receipts are expected to increase by \$444,376 (or 3.61%). One reason is the anticipation of the two Sheraton hotels coming on line and the increase price of jet fuel, which increases Other Excise by 165%. Pilots are decreasing by 21.81 percent due to decreasing reliance; this is Year 3 of a 4-year plan to reduce Pilots from the Town.

Available Funds are expected to increase by \$937,169 (20.94%). This includes Free Cash of \$4,861,516, which was certified by the State as of July 1, 2007.

Revenue Offsets for FY2009 are projected to be \$1,832,210.

Enterprise Revenues are expected to decrease by \$41,998 (-2.4%). One reason is health costs for recreation department employees will be paid from the Recreation Enterprise Fund.

Mr. Valente reviewed the FY2009 Free Cash Spending Recommendation:

Certified Free Cash – 7/1/07	\$ 4,861,516
Operating	\$(1,800,000)
Stabilization Fund (Reserves)	\$(1,000,000)

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Capital (Cash)	\$ (850,000)
OPEB	\$ (400,000)
SPED Reserve	<u>\$ (350,000)</u>
Amount undesignated	\$ 461,516

Mr. Griffiths believes the amount for SPED is way too low and should be around \$1.2 million and proposes reducing the Stabilization Fund amount.

The Stabilization Fund is currently at \$5.5 million and the recommendation of the Financial Policy Committee was to be between \$9 and 10 million, or enough to help for a 3-year period. Mr. Valente reminded the group that it appears energy prices are escalating and real estate is on the decline and that there may be a downturn in the economy sooner rather than later.

Several people were not in favor of reducing the Stabilization Fund and felt that the money can and is used for emergencies, like SPED.

Mr. Griffiths is concerned about the School Budget and wants to protect it. Dr. Ash would like a policy on who is responsible for SPED costs.

The Appropriation Committee requested information on the history of SPED spending.

There were several questions on OPEB. The year-to-year cost if the Town followed the recommended funding schedule is approximately \$4 million per year. Currently there is no movement from the state to mandate a starting time for all municipalities to deal with this unfunded liability.

Mr. Valente would like to finalize Free Cash use at the next Summit meeting. At the next Summit Mr. Valente also plans to discuss state aid and shared expenses.

2. Special Education – Burlington Budget Model

Several people met with the Town of Burlington about how they budget special education. They budget it out of the school budget as a shared expense. The School Committee unanimously endorses the plan. The Selectmen have not discussed the plan in detail and have asked the Appropriation Committee for a recommendation or what the merits of the plan would be. Advantage would be to isolate the out-of-district costs from the education expenses and it would be clear to voters. It was suggested, there would be less incentive to come up with good in-house programs.

The School Committee feel the benefits would be a defined process for unused funds and it would give the Superintendent clear guidelines on where obligations start and stop. Dr. Ash pledged to save money no matter what and will do what he can to start new programs in house.

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3. Establish Date: Budget Collaboration-Summit 3

The next Budget Collaboration/Summit will be scheduled for Wednesday, January 16, 2008.

Tentatively scheduled Wednesday, February 13, 2008 for Budget Collaboration/Summit 4.

Upon motion duly made and seconded, it was voted to adjourn at 9:10 p.m.

A true record; Attest:

Lynne A. Pease
Executive Clerk