



*Town of Littleton, Massachusetts
Department of Finance and Budget*

*Bonnie-mae Holston, Assistant Town Administrator for Finance & Budget
Mary M. Barrett, Assistant Town Accountant*

To: Finance Committee
Keith Bergman, Town Administrator
Board of Selectmen

From: Bonnie Holston, Assistant Town Administrator/Finance Director

Date: December 10, 2009

Re: FY2010-FY2011 Budget Analysis

FY2010

In reviewing the data for the current fiscal year (FY2010) as it relates to State Aid, it would be prudent for both the Town and School to again plan to have a mitigation plan in place to deal with potential reductions this Spring.

A 10% reduction on the FY2010 Town State Aid would amount to \$62,600 - or 1% of Department Budget Appropriations - while a 10% reduction on the School State Aid (Chapter 70) would amount to \$295,705 - or 2% of their Department Appropriation. While the State has attempted to hold the Chapter 70 Aid harmless in the past, it would be wise to have a plan in place nonetheless.

I have begun to earmark funding sources for a reduction of \$62,600 and will be prepared with a listing of such items for your review should the time arrive. I would recommend some dialog between the Finance Committee, Board of Selectmen and School Committee regarding the School State Aid, as this would be a major impact to their budget and operations.

FY2011

As you had requested, please find attached a summary of the FY2011 Budget Analysis for the Town of Littleton.

Based on the current revenue assumptions, the Town Operating Budget **could not support an increase** at this time. With that in mind, I have supplied balanced budget scenario based on implementation of an essentially **Level Funded Budget** for all Town Departments. I would qualify that "Level Funded" is based from the 3% reduction on Town Department budgets that was already effected by the November Town Meeting.

The School Department shows a 1.02% decrease based on a 5% projected decrease in FY2011 net school state aid. Should the state level fund the Chapter 70 Aid, the school budget would be restored to a level funded amount.

Highlights of the assumptions utilized for revenue projections are as follows:

- 4% decrease in local receipts
- 10% reduction in Town State Aid
- 5% reduction in Chapter 70 Aid
- No change in State Assessments
- \$175,000 in new growth for FY2011

It should be noted that a level funded budget will result in reductions in hours for many departments. Contractual obligations for bargaining units have not been reached yet for FY2011, and even at zero % there are step/lane increases that can only be met within a level funded budget by reducing hours.

As our new growth for FY2010 was not yet certified (and could have come in below the estimate), Departments were also asked to submit a **5% reduction budget** scenario. These impacts were mainly quantified in furlough numbers for most departments ranging from 12 to 17 unpaid days off for FY2011, as well as layoffs in public safety and public works. We now have the certified figure of \$657,986 from the Department of Revenue and with that in hand can support the level funded budget.

FY2011 Capital Plan

For Fiscal 2010 the town appropriated \$281,995 on Capital Plan expenses funded inside the levy limit. The Fiscal 2011 budget also includes \$290,120 earmarked for Capital Expenditures inside the levy limit; however no capital exclusions have been planned for this draft based on previous BOS meeting discussions. The total Capital requests are in excess of \$2.5 million, and paring this number back to the \$290,120 earmarked was difficult undertaking.

I will keep the Board advised as these projections change throughout the budget season. Please do not hesitate to contact me directly with any questions.