



*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: Keith Bergman, Town Administrator
Board of Selectmen

From: Bonnie Holston, Assistant Town Administrator/Finance Director

Date: January 28, 2009

Re: FY2010 Budget Analysis

As you had requested, please find attached a summary of the revised FY2010 Budget Analysis for the Town of Littleton.

I have updated the State Aid projections to reflect the Governor's Budget as it was released this morning. Based on the revised State Aid revenue projections, the total Municipal Budget could support a 1.90% increase at this time – approximately \$610,000. Unfortunately, projected increases in fixed costs and fringe benefits (such as health insurance, retirement, debt service and unemployment) have more than exceeded this available revenue.

With this in mind, I have again supplied a balanced budget scenario based on implementation of an **essentially Level Funded Budget for all Departments, including the Schools.**

This differs from the January 21st update in the following ways:

There was a slight net increase of \$32,725 in the amount of Education Aid and a larger net decrease of (\$164,539) in General Government State Aid proposed in the Governor's budget. While our original projections included reductions in Town State Aid, we had projected a \$600,000 increase in Chapter 70 Education Aid based on information communicated from the Department of Education. The Chapter 70 Aid in the Governor's budget was instead level funded at \$3,017,400.

As was done last fiscal year, the School Department budget reflects the net education aid increase of \$32,725 – a .23% increase over FY2009.

To recap how the school budget was arrived at last fiscal year - Fiscal 2009 - the School Department received an increase of 6.68% or \$909,511. This was made up of the \$607,604 net increase in Education Aid as well as a municipal contribution that was comparable to the other Town Departments, \$301,907 or approximately 2.2%.

Account	FY2008	FY2009	FY2010
Choice In	144,359	168,472	234,000
Choice Out	(202,468)	(219,196)	(215,061)
Net Choice In/(Out)	(58,109)	(50,724)	18,939
Chapter 70	2,325,579	3,017,400	3,017,400
Charter Tuition Reimbursement	107,119	94,642	31,419
Charter Tuition Assessment	(611,352)	(622,572)	(556,210)
Special Ed	(963)	(10,759)	(112)
Net Other Education Aid	1,820,383	2,478,711	2,492,497
\$ Variance	1,762,274	658,328	13,786
\$ Variance Including Choice		607,604	32,725

As there is no increase being proposed to other Town Departments, there is no FY2010 increase proposed for the School beyond the Net Education Aid amount of \$32,725.

Other highlights of the revenue projections remain as follows:

- 3% increase in local receipts
- \$400,000 in new growth
- A reduction of approximately \$97,500 in Cemetery Trust Funds, previously used to offset the Cemetery budget

Level funded budgets will result in reductions in hours for some departments, particularly in schools, public safety and public works. Contractual obligations already in place for most bargaining units have a 1% increase programmed for FY2010 as well as step increases, and these can only be met within a level funded budget by reducing hours.

Based on information released on the Governor's website - a Chapter 70 increase might ultimately come from the federal stimulus package proposed. The passage below has been copied for your review:

As this budget document goes to print, Congress is preparing to assist states with a significant Federal stimulus package. While the details of the package are far from final, it seems clear that a portion of the Federal Aid will be allocated to education spending. At the levels of federal aid being considered, we believe that foundation spending levels will be reached by many districts in fiscal year 2010 with the help of new Title I funds. *If the Commonwealth receives flexible education funds, the Administration will prioritize helping other districts likewise achieve foundation in fiscal year 2010 to the extent possible . . .*

Capital Plan

For Fiscal 2009 the town appropriated \$466,000 for Capital Plan expenses. Of this total, \$221,000 were approved as Capital Exclusions and \$245,000 were funded inside the levy limit. The Fiscal 2010 budget also includes \$245,000 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 \$1 million, so paring this number back to the \$245,000 earmarked will be a 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.