Town of Milton
2009 Annual Town Meeting
A Financial Review
FY2001 - FY2010
Town of Milton Financial Policy Statements

1. **Budget Policy Statement:**

   The annual Town budget should reflect an agreed upon level of Town services. When economic conditions require reductions, such reductions should be made in a manner that recognizes the importance of all Town Services.
3. Reserve Policy:

**Reserves should not be used without a plan to restore them**
When one-time funding becomes available, a primary consideration in deciding how to appropriate the funds should be to increase the Town’s reserves.

**One-time funding should not be used to support the operating budget**. The Town’s reserves should be maintained at a consistent level. Funds maintained by the Town, such as the health insurance trust fund and the Assessors’ Overlay Account, which are not considered reserves, should be monitored to ensure that reserves are adequate but not over-funded.
Reserves and Bond Rating

• Stabilization Fund
  – Balance $1,222,749

• Capital Stabilization Fund
  – Balance $60,331

• Bond Rating
  – Moody’s – Aa3
  – S&P - AA
FY10 Budget Process

• Preliminary non-contingent budget – March 7
  – Less than FY09 Level Service
  – Salary Set Asides to be absorbed in department budgets
  – Based on budget $400K less than Governors budget

• One month of budget reviews to reach a contingent budget of $3.3M
  – No clear picture on where the State will end up on Local Aid cuts.
## FY2010 Budget (Basis)

<table>
<thead>
<tr>
<th>Description</th>
<th>$MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue over FY09 Level $ funding</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Fixed Cost Increases (Insurance General, Retirement, Group Insurance)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Cuts in Level $ Funding</td>
<td>0.2</td>
</tr>
<tr>
<td>Discretionary Revenue Available</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Description</td>
<td>$MM</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Discretionary Revenue Available</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Set Asides (FY09, FY10)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Increase in Departmental Requests over FY09 (Dept. requests at or below level service)</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Snow &amp; Ice Set Aside</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Revenue/Expense Variance</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Reduction in Requests/Cuts below Level $ funding</td>
<td>5.9</td>
</tr>
</tbody>
</table>
Pressures on FY2010 Budget

• Steep Reductions in Estimated Revenue
  – State Aid: $1.2M+
  – Local Receipts: $600k

• Union/Non Union Pay Settlements
  – School, Fire, Police, DPW, Parks, Cemetery, SPEA, Ch. 13

• Fixed Cost Increases
  – Non-Discretionary overall spending up over 6%
    • General Insurance held at FY09 levels
    • Health Insurance: 4% increase
    • Retirement: 6% increase
    • State Assessments: 1% Increase
    • Blue Hills Regional School: 6% Increase
FY10 Budget

• The Non-Contingent budget would mean the following:
  – Closure of one fire station
  – Closure of one branch library
  – Loss of 46 school positions (38 teachers)
  – Loss of five firemen
  – Loss of five police officers
  – Loss of two 911 emergency dispatchers
  – Loss of 6 traffic supervisors
  – Loss of the Youth Counselor
  – Reductions in personnel and hours across Town Hall Depts.
  – No yard waste pickup
  – 50% of street lights turned off
• This budget is less than level $ funding
### FY2010 Budget (Contingent)

<table>
<thead>
<tr>
<th>Item</th>
<th>$MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary Revenue Available</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Set Asides (FY09, FY10)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Increase in Departmental Requests over FY09 (Dept. requests at or below level service)</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Snow &amp; Ice Set Aside</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Revenue/Expense Variance</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Reduction in Service Requests</td>
<td></td>
</tr>
<tr>
<td>Override $</td>
<td>3.3</td>
</tr>
</tbody>
</table>
FY10 Budget

• The Contingent budget would mean the following:
  – Closure of one fire station
  – Possible closure of one branch library
  – Loss of 46 13 school positions (38 7 teachers)
  – Loss of five two firemen
  – Loss of five two police officers
  – Loss of two 911 operators
  – Loss of 6 traffic supervisors
  – Loss of the Youth Counselor
  – Fewer reductions in personnel and hours across Town Hall Depts.
  – No yard waste pickup
  – 50% of street lights turned off

• This budget is less than level service funding
What does the contingent budget provide?

- Restoration of some, but not all services

- **NOT Level Service** with FY2009
  - Would require an additional $2.6M
# Override Allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10 Revenue Shortfall</td>
<td>$ 749,271</td>
</tr>
<tr>
<td>FY10 New Equipment / Maintenance</td>
<td>$ 296,157</td>
</tr>
<tr>
<td>FY10 Restore Service</td>
<td>$2,330,675</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$3,376,103</strong></td>
</tr>
</tbody>
</table>
Override Allocation

- 69.03% FY10 Restore Service
- 22.19% FY10 Revenue Shortfall
- 8.77% FY10 New Equipment / Maintenance
Breakdown of Restored Services

- Schools: 56%
- DPW: 18%
- Police: 7%
- Fire: 5%
- Cemetery: 3%
- Library: 3%
- Park Department: 2%
- Information Technology: 2%
- Other: 4%
Breakdown of Override

Schools: 53%
All Other Departments: 47%
Financial Charts
Net State Aid 1981-2010

Data from Department of Revenue Municipal Data Bank
Average Single Family Tax Bill: How Milton ranks in the State

Data from Department of Revenue Municipal Data Bank
Annualized Revenues: 2001-2010

Does not include water & sewer or debt exclusion funds.
State Aid reflects House 1
Revenue Breakdown FY2001-FY2010

Revenue FY2001

- 69% Property Taxes
- 17% Local Receipts
- 10% State Aid
- 4% Available Funds

Does not include water & sewer or debt exclusion funds.
Revenue Breakdown FY2001-FY2010

Revenue FY2010

- Property Taxes: 77%
- Local Receipts: 10%
- State Aid: 13%
- Available Funds: 0.2%

Does not include water & sewer or debt exclusion funds.

State Aid reflects House 1.
Revenue Breakdown FY2001-FY2010

Does not include water & sewer or debt exclusion funds.
State Aid reflects House 1

<table>
<thead>
<tr>
<th>2001</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$34</td>
</tr>
<tr>
<td>Local Receipts</td>
<td>$2</td>
</tr>
<tr>
<td>State Aid</td>
<td>$8</td>
</tr>
<tr>
<td>Available Funds</td>
<td>$5</td>
</tr>
</tbody>
</table>

Legend:
- BLUE: Property Taxes
- RED: Local Receipts
- GREEN: State Aid
- PURPLE: Available Funds
Revenue Breakdown % Change FY01-FY10

- Property Taxes: 8.10%
- Local Receipts: -0.09%
- State Aid: -4.29%
- Available Funds: -3.73%

Does not include water & sewer or debt exclusion funds. State Aid reflects House 1.
Expenditures Type %

- **2008**
  - Non-Discretionary: 70.4%
  - Discretionary: 29.6%

- **2009**
  - Non-Discretionary: 69.8%
  - Discretionary: 30.2%

- **2010**
  - Non-Discretionary: 67.8%
  - Discretionary: 32.2%
Total Expenditure excludes water & sewer and debt exclusion funds.

A reduction in Workers Compensation caused the dip in Insurance General in 2006.
Total Expenditure excludes water & sewer and debt exclusion funds.

Prior year costs and supplemental appropriations have been included in the relevant year. The steep FY06 increase in Public Works is in part due to reorganization.
Departmental Allocations FY2001-FY2010

2001

- School Department: 48%
- Fire: 6%
- Police/Youth: 9%
- Public Works: 6%
- Group Insurance: 8%
- Retirement: 5%
- All Other: 17%
- Insurance General: 1%

Excludes water & sewer and debt exclusion funds.
Departmental Allocations FY2001-FY2010

2010

- School Department: 45%
- All Other: 16%
- Group Insurance: 13%
- Retirement: 6%
- Public Works: 5%
- Police/Youth: 8%
- Fire: 6%
- Insurance General: 1%

Excludes water & sewer and debt exclusion funds.
% Change in Departmental Allocations
FY01-FY10

Excludes water & sewer and debt exclusion funds.
Sources of School Department Funding

State Aid reflects House 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Chapter 70</th>
<th>Tax Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$4</td>
<td>$20</td>
</tr>
<tr>
<td>2010</td>
<td>$5</td>
<td>$27</td>
</tr>
</tbody>
</table>

Legend:
- **Chapter 70**
- **Tax Levy**