



TOWN OF EASTON
MASSACHUSETTS
Office of the Town Administrator

DAVID A. COLTON
Town Administrator

Fiscal Year 2008
Operating Budget
Revision Memorandum
April 17, 2007

As you know, a balanced fiscal year 2008 budget was submitted on March 12, 2007 and has been undergoing review by both the Board of Selectmen and the Finance Committee. The budget as presented balanced revenue and expense at approximately \$59 million and provided an increase of just under 4.99% to fund (primarily) additional public safety and public education staff, as well as general inflationary increases in energy, materials, and labor. I am pleased to be able to present this revision which reduces the increase to 4.59% by cutting \$231,609. It also reduces the reliance on free cash by the same amount bringing the need for free cash down to \$117,499.

The major source of this reduction comes from our efforts to obtain better pricing from our insurance carrier, MIA. We recently concluded discussions with MIA who presented us with revised premium quotes for the coming year. Our new quote represents a \$196,995 reduction in the budgeted premium. This is the result of getting credit for the many loss control efforts the Town has undertaken over the years, an improvement in our workers compensation loss history, and the introduction of competition. We also made a two year commitment to MIA to obtain the better premium.

In addition to this reduction I have decided to incorporate two recommendations made by the Finance Committee into this revised budget and add those cuts to the Reserve Fund. The Finance Committee voted to reduce the Buildings and Grounds budget by \$10,000 and the Town Counsel budget by \$20,000. The revised budget reflects these cuts and a reserve fund at \$80,000 instead of the \$50,000 that I had recommended previously. This way, the funds will be available should Town Counsel services exceed the Finance Committee recommendation and/or Buildings and Grounds needs to access the \$10,000 cut. In addition, I believe that this level of funding represents an acceptable compromise between my recommendation of \$50,000 and the Finance Committee's desire for a reserve fund of \$125,000.

Finally, the revised budget recognizes the reduction in the Southeastern Regional School budget, the elimination of the Board of Health food inspection revolving fund, and increases the Inspectional Services budget by \$750 to accommodate the participation of Board of Appeals members in professional development seminars. I have not taken account of the revised local aid figures presented in the House and Senate budgets. The local aid increase is not significant relative to the Governor's proposed budget and will not, in any event, be final for some time.

Thank you to all who participated in the formation of this budget, particularly the town employee associations, the Board of Selectmen and Finance Committee for their learned counsel and especially the taxpayers who support our community.

**TOWN OF EASTON
SUMMARY OF BUDGET CHANGES
CHANGES SUBSEQUENT TO BALANCED BUDGET PRESENTED BY TA ON 3/12/07**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Adjusted Budget</u>
<u>Revenues/Reserves</u>			
Increase local receipts by BOH Food Insp	5,475,000	35,000	5,510,000
Decrease transfer from revolving funds by same amt	110,000	(35,000)	75,000
Adjust Free Cash Usage by net effect of all other adj's	349,108	<u>(231,609)</u>	117,499
Total Revenue/Reserves Change		<u>(231,609)</u>	
<u>Expenditures</u>			
011 Fincom Line item reallocation (No net change)			
Salaries 01-011-01-5111	1,500	400	1,900
Expenses 01-011-02-5712	1,500	(400)	1,100
Total	<u>3,000</u>	<u>-</u>	<u>3,000</u>
007 Town Counsel			
Reduce budget and realloc to FC Reserve	200,000	(20,000)	180,000
013 Fincom Reserve Fund			
Increase by \$20k Town Counsel cut + \$10k DPW Cut	50,000	30,000	80,000
113 Inspectional Services			
Increase ZBA Expense for seminars/training	254,536	750	255,286
225 SE Regional School			
Decrease estimate to reflect Regional proposal	651,879	(35,364)	616,515
300 DPW			
Remove increase in school budget line and realloc to FC	2,558,694	(10,000)	2,548,694
750 EE Benefits & Insurance			
General Insurance - Town	296,000	(75,167)	220,833
General Insurance - School	233,000	(54,409)	178,591
Worker's Comp - Town	115,805	(28,599)	87,206
Worker's Comp - School	188,945	(38,820)	150,125
All Other	9,036,819		9,036,819
	<u>9,870,569</u>	<u>(196,995)</u>	<u>9,673,574</u>
Adjust all to reflect MIIA Premium Estimate			
Total Expenditures Change		<u>(231,609)</u>	

**TOWN OF EASTON
FY 2008 GENERAL FUND REVENUE PROJECTIONS**

Description	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Budget	FY 2008 Projected	Increase/ Decrease	% Chg	
Taxation:								
Real Estate & Personal Property	25,542,163	26,884,486	28,382,177	29,320,224	34,467,312	5,147,088		
Other Taxes	104,112	120,970	131,011	-	-	-		
2 1/2 % (budget/projection only)	-	-	-	733,032	861,683	128,651		
New Growth	614,782	961,817	548,394	1,014,056	500,000	(514,056)		
Operational Override	-	-	-	3,400,000	-	(3,400,000)	3.95%	
Exempt Debt	787,077	960,065	2,039,510	1,598,321	1,723,328	125,007		
Total Tax Levy	27,048,134	28,927,338	31,101,092	36,065,633	37,552,323	1,486,690	4.12%	
Local Receipts:								
Motor Vehicle Excise	2,946,395	3,027,053	3,095,979	3,025,000	3,025,000	-	0.00%	
Penalties & Interest on Taxes & Excise	157,194	167,764	141,858	140,000	140,000	-	0.00%	
Licenses & Permits	654,675	625,718	592,759	550,000	550,000	-	0.00%	
Fees	789,900	769,418	856,227	750,000	835,000	85,000	11.33%	
Fines & Forfeitures	60,797	56,696	82,201	55,000	70,000	15,000	27.27%	
Investment Income	116,523	430,166	502,213	250,000	250,000	-	0.00%	
Ames Fund	250,000	300,000	250,000	200,000	250,000	50,000	25.00%	
Medicare Part D Subsidy	-	-	-	-	120,000	120,000	120,000	0.00%
Other Miscellaneous Income	270,469	214,098	303,103	50,000	75,000	25,000	50.00%	
Medicaid Reimbursement	8,695	27,839	126,492	25,000	120,000	95,000	380.00%	
Chapter 46, Supplemental Tax	66,612	75,380	-	55,000	75,000	20,000	36.36%	
	5,321,260	5,694,132	5,950,832	5,100,000	5,510,000	410,000	8.04%	
State Revenue:								
State Owned Land	33,585	52,499	68,717	59,797	59,797	-	0.00%	
School Construction	1,233,475	1,245,934	1,245,934	1,245,934	1,245,934	-	0.00%	
Abatements to the Elderly, Blind, etc.	42,244	45,304	26,606	45,806	45,806	-	0.00%	
State Aid Chapter 70	7,373,725	7,481,507	7,668,207	8,115,511	8,759,600	644,089	7.94%	
Charter Tuition Reimbursement	-	48,469	46,644	36,153	36,153	-	0.00%	
Police Career Incentive	147,688	157,833	136,252	155,126	155,126	-	0.00%	
Veterans Benefits	82,364	56,814	129,423	105,423	105,423	-	0.00%	
Lottery	1,883,909	1,883,909	2,189,049	2,679,163	2,725,472	46,309	1.73%	
Supplemental Distribution	-	222,405	-	-	-	-	0.00%	
	10,796,990	11,194,674	11,510,832	12,442,913	13,133,311	690,398	5.55%	
Total General Fund Revenue	43,166,384	45,816,144	48,562,756	53,608,546	56,195,634	2,587,088	4.83%	
Less Exempt Debt	(787,077)	(960,065)	(2,039,510)	(1,598,321)	(1,723,328)	(125,007)	7.82%	
Net General Fund Revenue	42,379,307	44,856,079	46,523,246	52,010,225	54,472,306	2,462,081	4.73%	

Net General Fund Revenue:

2,462,081

Reserves/One-Time Revenues from Budget Increases/(Decreases):

Free Cash	87,499
Stabilization Fund (\$500k transfer in from taxation in FY07, nonrecurring in FY08)	500,000
Sale of Real Estate Account	-
Surplus Article Balances	-
Recurring: Revolving / Conservation	(78,695)
Subtotal reserves/one-time revenues	508,804
Subtotal available funds	2,970,885

Uncontrollable Cost (Increases)/Decreases:

Change in Unappropriated Expenses	168,670
Change in SE Regional School Assessment	(59,503)
Change in debt within Prop 2 1/2 (non-exempt)	(147,625)
Change in Health Insurance	(75,852)
Change in Pension Assessment	(311,809)
Change in Worker's Comp Insurance	27,669
Change in General Insurance	130,576
Change in Medicare Taxes	-
Subtotal uncontrollable costs	(267,874)

Net Available for FY'08 budget increases

2,703,011

Less: General Government Increases

(812,856)

School Budget Increase

(1,890,155)

Surplus (Deficit)

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**TOWN OF EASTON
BUDGET COMPARISON SUMMARY**

	FY 2008		FY 2008 Administrator's Adjusted Budget	Comparative Amounts		
	FY 2008 Administrator's 3/12/07 Budget	Budget Adjustments		FY 2007 Budget	Increase/ Decrease	% Change
Revenues:						
Operating Revenue:						
Taxation	37,552,323		37,552,323	36,065,633	1,486,690	4.12%
State Aid	13,133,311		13,133,311	12,442,913	690,398	5.55%
Local Receipts	5,475,000	35,000	5,510,000	5,100,000	410,000	8.04%
Water Receipts	3,004,494		3,004,494	2,990,410	14,084	0.47%
<i>Sub-total Operating</i>	59,165,128	35,000	59,200,128	56,598,956	2,601,172	4.60%
Reserves/One-Time Revenues:						
Non-recurring:						
Free Cash	349,108	(231,609)	117,499	30,000	87,499	291.66%
Stabilization Fund			-	-	-	0.00%
Sale of Real Estate Account			-	-	-	0.00%
Surplus Article Balances			-	-	-	0.00%
Other			-	-	-	0.00%
<i>Sub-total Non-recurring</i>	349,108	(231,609)	117,499	30,000	87,499	291.66%
Recurring:						
Revolving Accounts	110,000	(35,000)	75,000	165,490	(90,490)	-54.68%
Conservation Fund	109,930		109,930	98,135	11,795	12.02%
<i>Sub-total Recurring</i>	219,930	(35,000)	184,930	263,625	(78,695)	-29.85%
<i>Sub-total Reserves</i>	569,038	(266,609)	302,429	293,625	8,804	3.00%
Total Operating Revenues/Reserves	59,734,166	(231,609)	59,502,557	56,892,581	2,609,976	4.59%
Expenditures:						
Unappropriated Expenses (detail on pg. 2)	1,141,314		1,141,314	1,309,984	(168,670)	-12.88%
Transfer to Stabilization Fund (taxation amt)			-	500,000	(500,000)	-100.00%
01-003 Selectmen	281,147		281,147	263,353	17,794	6.76%
01-007 Town Counsel	200,000	(20,000)	180,000	200,000	(20,000)	-10.00%
01-011 Finance Committee	3,000	-	3,000	3,000	-	0.00%
01-013 Reserve Fund	50,000	30,000	80,000	25,000	55,000	220.00%
01-025 Accountant	166,589		166,589	163,807	2,782	1.70%
01-029 Assessors	212,383		212,383	207,182	5,201	2.51%
01-033 Collector /Treasurer	277,760		277,760	261,288	16,472	6.30%
01-039 Town Clerk	236,266		236,266	237,161	(895)	-0.38%
01-051 Data Processing	245,265		245,265	230,105	15,160	6.59%
01-060 Planning and Community Development	273,267		273,267	273,267	0.00%	
01-101 Police	3,421,901		3,421,901	3,250,658	171,243	5.27%
01-103 Fire	2,608,779		2,608,779	2,501,943	106,836	4.27%
01-104 Ambulance	383,420		383,420	359,097	24,323	6.77%
01-105 Fire Alarm	21,792		21,792	21,792	-	0.00%
01-110 Land Use & Permitting	-		-	525,216	(525,216)	-100.00%
01-113 Inspectional Services	254,536	750	255,286	255,286	0.00%	
01-225 SE Regional School	651,879	(35,364)	616,515	557,012	59,503	10.68%
01-300's DPW Admin	2,558,694	(10,000)	2,548,694	2,438,598	110,096	4.51%
01-501 Board of Health	239,466		239,466	224,407	15,059	6.71%
01-531 Council on Aging	191,996		191,996	176,286	15,710	8.91%
01-551 Veterans Department	216,250		216,250	212,850	3,400	1.60%
01-600 Recreation Department	91,411		91,411	91,411	-	0.00%
01-625 Library	429,967		429,967	390,879	39,088	10.00%
01-700 Debt & Interest (detail on pg. 2)	4,251,284	-	4,251,284	3,978,652	272,632	6.85%
01-750 Employee Benefits & Insurance (detail on pg.2)	9,870,569	(196,995)	9,673,574	9,214,158	459,416	4.99%
01-760 Other General Government	106,125		106,125	103,875	2,250	2.17%
61-500 Water Division	2,456,741		2,456,741	2,442,657	14,084	0.58%
01-200 School Department	28,892,365		28,892,365	27,002,210	1,890,155	7.00%
Total Budget	59,734,166	(231,609)	59,502,557	56,892,581	2,609,976	4.59%
Surplus/(Deficit)	-	-	-	-	-	-

Other Information:

Free Cash Balance	1,219,795.00	Net of appropriations voted at the 2/8/07 STM, excludes amount used to fund budget above.
Stabilization Fund Balance	2,013,056.00	As of 2/9/07, net of transfer voted at the 2/8/07 STM.
Water Surplus	919,748	Net of appropriations voted at the 2/8/07 STM

**TOWN OF EASTON
BUDGET COMPARISON SUMMARY**

UNAPPROPRIATED EXPENSE DETAIL						
	FY 2008		FY 2008		Comparative Amounts	
	Administrator's 3/12/07 Budget	Budget Adjustments	Administrator's Adjusted Budget	FY 2007 Budget	Increase/ Decrease	% Change
Cherry Sheet Charges/Assessments						
County Assessment	271,436		271,436	264,816	6,620	2.50%
Retired EE Health Ins	2,774		2,774	2,706	68	2.51%
Mosquito Control	59,175		59,175	57,732	1,443	2.50%
Air Pollution Districts	6,048		6,048	5,900	148	2.51%
Old Colony Planning Council	6,779		6,779	6,614	165	2.49%
RMV Non-Renewal Surcharge	18,983		18,983	18,520	463	2.50%
MBTA	144,946		144,946	141,411	3,535	2.50%
Special Education	7,696		7,696	7,508	188	2.50%
Charter Schools/School Choice	183,477		183,477	179,002	4,475	2.50%
Sub-total	701,314	-	701,314	684,209	17,105	2.50%
Other Unappropriated Expenses						
Overlay	300,000		300,000	486,667	(186,667)	-38.36%
Snow & Ice Overexpended	140,000		140,000	139,108	892	0.64%
Reserve for Reg School Budget Increase			-		0	0.00%
Other (Appropriation/Overlay Deficit)			-		0	0.00%
Sub-total	440,000	-	440,000	625,775	(185,775)	-29.69%
Total Unappropriated Expenditures	1,141,314	-	1,141,314	1,309,984	(168,670)	-12.88%

DEBT & INTEREST BUDGET						
	FY 2008		FY 2008		Comparative Amounts	
	Administrator's 3/12/07 Budget	Budget Adjustments	Administrator's Adjusted Budget	FY 2007 Budget	Increase/ Decrease	% Change
Non-exempt Debt						
School Principal	152,000		152,000	100,000	52,000	52.00%
School LT Debt Interest	2,250		2,250	7,500	(5,250)	-70.00%
School ST Debt Interest	16,515		16,515		16,515	0.00%
	170,765	-	170,765	107,500	63,265	58.85%
Town Principal	841,557		841,557	705,628	135,929	19.26%
Town LT Debt Interest	236,700		236,700	287,430	(50,730)	-17.65%
Town ST Debt Interest	33,000		33,000	33,839	(839)	-2.48%
	1,111,257	-	1,111,257	1,026,897	84,360	8.22%
Total Non-exempt Debt	1,282,022	-	1,282,022	1,134,397	147,625	13.01%
Exempt Debt						
School Principal	1,920,000		1,920,000	1,135,000	785,000	69.16%
School LT Debt Interest	779,262		779,262	768,317	10,945	1.42%
School ST Debt Interest	270,000		270,000	940,938	(670,938)	-71.31%
Total Exempt Debt	2,969,262	-	2,969,262	2,844,255	125,007	4.40%
Total Debt & Interest Budget	4,251,284	-	4,251,284	3,978,652	272,632	6.85%

EMPLOYEE BENEFITS & INSURANCE DETAIL						
	FY 2008		FY 2008		Comparative Amounts	
	Administrator's 3/12/07 Budget	Budget Adjustments	Administrator's Adjusted Budget	FY 2007 Budget	Increase/ Decrease	% Change
EE Health Insurance - Town	2,006,211	-	2,006,211	1,954,969	51,242	2.62%
EE Health Insurance - School	4,308,400	-	4,308,400	4,283,790	24,610	0.57%
Executive Loss Control Committee	5,000		5,000	5,000	0	0.00%
Retirement Assessment - County	2,112,343		2,112,343	1,800,534	311,809	17.32%
Reserve for Union Pay Increases	230,000		230,000	-	230,000	0.00%
Reserve for Salary Increase	20,000		20,000	20,000	0	0.00%
General Insurance - Town	296,000	(75,167)	220,833	530,000	(309,167)	-58.33%
General Insurance - School	233,000	(54,409)	178,591		178,591	0.00%
Worker's Comp - Town	115,805	(28,599)	87,206	265,000	(177,794)	-67.09%
Worker's Comp - School	188,945	(38,820)	150,125		150,125	0.00%
Tuition	5,000		5,000	5,000	0	0.00%
Medicare - Town Share	102,500		102,500	102,500	0	0.00%
Medicare - School Share	246,000		246,000	246,000	0	0.00%
Noncontributory Pension	1,365		1,365	1,365	0	0.00%
Total Employee Benefits & Insurance	9,870,569	(196,995)	9,673,574	9,214,158	459,416	4.99%