

Approved at ALG
meeting on 9/9/09

II.3.a

ALG Minutes

June 15, 2009

Present: Bart Wendell, facilitator; Mary Ann Ashton, Herman Kabakoff, FC; Sharon McManus, Xuan Kong, SC; Paulina Knibbe, Peter Berry, BoS; Steve Ledoux, John Murray. Bill Ryan, Marie Altieri, Staff Bill. New Superintendent Dr. Mills was also present.

Audience: Steve Barrett Town finance department, Steve Noone (FC) Tess Summers (Schools' finance department, intern Julie Kiraee, Bob Graham, Dick Callendrella, Clint Seward and Charlie Kadlec.

Under seven Other Steve Ledoux added Bond Rating

Charter and Rules

Bart said that in the past the newly organized ALG participants went over the ALG Charter and Rules at the outset of the new year. He distributed Charter and Ground from 2003 and followed since. (See attached)

Changes suggested:

Under quorum "One member and one staff person per board" add, there will be no substitutes

Herman started the discussion of the meaning of "consensus"
The Ground rules & Charter do not have a definition

Bart: the definition is everyone agrees to a consensus position, after all views are heard and there is an agreement to support the position before the individual boards

Herman: consensus is the same as unanimity —also the best possible solution

Paulina disagreed saying there was a difference between unanimity. Consensus means there is overwhelming support; unanimity means that the position is unanimous.

Bart felt there was no difference.

Mary Ann suggested that the reason they may be the same is that the positions have to go back to the individual boards where they must be accepted.

Paulina: consensus is not unanimous agreement

Herman: we are working for the same goal—in the spirit of compromise we work to unanimity and everyone is equally unhappy.

Bart: the Ground Rules call for total agreement. Once the decision has been made the [ALG member] supports and advocates for that position before his board. Unless there is new information, then the discussion is reopened.

Minutes of March 9, 2009 were approved.

2. Special Town Meeting update S. Ledoux, P. Knibbe

John M said that the town budget could be balanced on the expected lower assessment from the region & Federal allocated sums.

Mr. Kadlec: if the revenues predicted are less to get the balance we will need a STM to make the reductions.

John noted that there were the reserves & the state can make exceptions to the rules.

5. Policy meetings on Major Issues

P. Knibbe

Paulina proposed that there be policy-setting meetings on major fiscal issues. She intends to set aside an entire BoS meeting to this exercise and asked for the participation of the FC & SC.

The first of these meetings will be July 27 and the discussion will be on benefits in general & health insurance in particular

The plan is to have staff present descriptions of plans and constraints on changes. The goal is to lay the groundwork for a strategy for the future.

The meeting will be in the JrHS library

7. Other

Steve announced that the Town's Bond Rating was changed upwards to AAA. This will have a positive impact on short-term borrowing and the Town's efforts to refinance.

The reasons listed for the upgrade 1. good household income; 2 low unemployment rate
3. reserves 4. FC's 97% solution 5. the town did not "go hog wild on capital"

John M. said that this rating was a "Flag of Excellence" the ALG process. He said that approximately only 500 other communities across the US had their rating increased.

This is the last ALG meeting for Superintendent Bill Ryan. All wished him well in his retirement

Bill said that the ALG was a great board that does important work doing critical financial planning and reaching compromises. Eventually we all come into agreement.

Sharon asked that the meeting date be from Monday's because of the difficulty in getting information ready in time among other things.

It was agreed to change the days to Wednesdays and the time to 7:15

Task: produce a calendar for the next meeting with BoS, FC & SC meetings and holidays. General task

Adjourned 8:35

Ann Chang

The next meeting is
July 29th 7:15 –8:45

IV.3.a.

ALG Minutes
July 29, 2009

Present: Bart Wendell, Facilitator. Paulina Knibbe, Peter Berry BoS; Herman Kabakoff, Mary Ann Ashton, FC; Sharon McManus, SC; Steve LeDoux, Dr. Mills, Marie Altieri [Steve Barrett] staff. Absent: Xuan Kong & John Murray.

Audience: Tess Summers, Bob Evans, Dick Calandrella, Clint Seward, Charlie Kadlec, & Bob Graham.

4. Other

Both Mary Ann & Sharon asked that calendar be discussed under #4.

1. Minutes.

Minutes were accepted as corrected

Task: Ann will send copies of corrected minutes

2. FY 10 School/Town/State Budget, revenue updates

Extra Info: Finance Department Document

Steve L. noted that the comparison between what was voted at April Town meeting & current revenue projections showed the budget out of balance.

Reasons: cuts in local aid; downturn in excise tax [as well as a reduction in interest income]; reduction in local receipts such as building permits.

Depending upon the three different scenarios the shortfall is between \$646k-\$951k

Scenario #1 is the most conservative---the voted cheery sheet revenues [\$6,641k}

Scenario #2 includes \$155k for the meals tax (if in fact it starts later than August that number will be smaller); use the local revenue actuals from FY09; and \$150k from the telecom.

Steve said Scenario #3 is the "most likely" The Town will get the voted FY10 local aid, same telecom tax and no meals tax.

The big question: will we need a fall town meeting to balance the budget?

The options are: additional use of reserves; reductions in budgets and a better understanding of how the stimulus monies will impact the budgets.

Steve stated that there has been a one-time back tax payment of \$200k, but the ABR will have to dramatically reduce the assessment; we can look at using \$2-300k of reserves, what the meals tax will bring and then split the remainder.

Marie: on the first two sheets are the local aid estimates; IDEA grant; stabilization fund for Ch. 70. Looking at the "big picture" for the APS the costs of \$7.3M and the region \$8.9M v. & \$9.1M

"We can solve the circuit breaker deficits by using the IDEA grant. There is \$310K from the SPED money. We do expect a second round of IDEA grant money but do not know when or how much.

Herman wanted to make sure the schools were using FY10 monies for FY 10. The answer was yes.

Marie asked that the decision be made soon if the auditorium was to be available. The numbers in scenario # 3 will not change. We need to make a decision about the meals tax---I am not comfortable in including that in the revenue listing

A general consensus #3 was the best choice for the different budget choices but there was information missing

It was recognized that there will be budget cuts under this scenario.

Task: return to boards & discuss scenario #3 and get feed back for the next meeting

3. ALG Spreadsheet

It appears that the spreadsheet has now become a staff function. Mary Ann remarked that when she was last on the ALG the spreadsheet was the function of the members. She asked why it had changed.

Paulina said that two years ago, there was a great deal of controversy over the exact numbers so that when the ALG met, there was confusion over which set of numbers was correct

Herman added that at the last minute there would be changes by the staff that were not communicated to the volunteers and so the spreadsheets did not contain the latest, most current numbers.

Paulina reported that last year “side deals” expenses from the schools were not carried forward. The Town thought the schools were covering the costs and the schools thought the Town was. She did not want this situation to happen again

Bart: any proposals for a solution

Mary Ann said she's volunteer to be the FC person to meet with the staff.

Herman said that the position needed to be discussed with the whole board.

Bart: is there an agreement that the spreadsheets will be a staff function?

Mary Ann suggested that the committee that meets with the staff look at the format & see if that is the best & clearest for the ALG process.

Sharon asked the members to recognize the work the staff had done in the keeping and preparation of the spreadsheets.

Tasks: revisit the spreadsheet preparation

Mary Ann, Marie, Sharon

4. Calendar

DRAFT 9/9/2009 ALG Model FY '10 Voted State Budget
Flat State Aid and 3% budget increases for FY '11 and FY '12

Multi-Year Model *All numbers are early projections and are subject to change

	FY08	FY09	FY10	FY10	FY11	FY12
Revenues:						
Tax Levy:						
Actuals			Town Meeting	09/09/09		
Base	\$ 54,361	\$ 56,521	\$ 58,969	\$ 58,969	\$ 61,044	\$ 63,170
2 1/2%	\$ 761	\$ 1,413	\$ 1,474	\$ 1,474	\$ 1,526	\$ 1,579
New Growth	\$ 801	\$ 1,035	\$ 600	\$ 600	\$ 600	\$ 600
Debt Excl.	\$ 3,332	\$ 3,102	\$ 3,064	\$ 3,064	\$ 3,018	\$ 3,018
Overlay	\$ (605)	\$ (900)	\$ (850)	\$ (649)	\$ (600)	\$ (600)
Total Tax Levy (excl. current yr)	\$ 58,650	\$ 61,172	\$ 63,258	\$ 63,459	\$ 65,588	\$ 67,767
Cherry Sheet	\$ 6,183	\$ 6,851	\$ 6,641	\$ 6,270	\$ 6,270	\$ 6,270
SBAB - Twin School	\$ 1,086	\$ 1,086	\$ 1,009	\$ 1,009	\$ 1,009	\$ 1,009
Excise Taxes	\$ 2,870	\$ 2,870	\$ 2,730	\$ 2,520	\$ 2,520	\$ 2,520
Fees	\$ 1,056	\$ 1,080	\$ 1,080	\$ 835	\$ 835	\$ 835
Int. Income	\$ 712	\$ 400	\$ 400	\$ 275	\$ 275	\$ 275
Regional Revenue	\$ 4,825	\$ 5,787	\$ 5,817	\$ 5,817	\$ 5,817	\$ 5,817
Regional E&D Acton's share	\$ 286	\$ 511	\$ 355	\$ 355	\$ 300	\$ 331
Free Cash	\$ 1,594	\$ 450	\$ 1,142	\$ 1,142	\$ 800	\$ 900
NESWC for capital	\$ -	\$ 750	\$ 455	\$ 455	\$ 808	\$ 900
Tax Title				\$ 200		
Additional Tax Title				\$ 150		
Revenues before Overrides	\$ 77,262	\$ 80,957	\$ 82,887	\$ 82,487	\$ 84,222	\$ 86,624
Revenue incl override exclc	\$ 72,844	\$ 76,768	\$ 78,814	\$ 78,414	\$ 80,195	\$ 82,597
Debt Exclusion:						
Debt on APS	\$ 517	\$ 527	\$ 608	\$ 608	\$ 608	\$ 608
Debt on JHS/SHS	\$ 1,778	\$ 1,612	\$ 1,516	\$ 1,516	\$ 1,500	\$ 1,500
Municipal Debt Incurred	\$ 520	\$ 454	\$ 439	\$ 439	\$ 420	\$ 420
Debt on Police station	\$ 517	\$ 509	\$ 501	\$ 501	\$ 490	\$ 490
Total Debt Exclusions	\$ 3,332	\$ 3,102	\$ 3,064	\$ 3,064	\$ 3,018	\$ 3,018
Budgets Excluding Debt:						
Municipal Budget	\$ 22,325	\$ 23,614	\$ 24,276	\$ 24,276	\$ 25,004	\$ 25,754
APS Budget	\$ 23,310	\$ 24,974	\$ 25,754	\$ 25,754	\$ 26,527	\$ 27,322
ABRSD Budget - Acton Share	\$ 25,811	\$ 27,374	\$ 28,073	\$ 27,673	\$ 28,915	\$ 29,783
MM Assumption	\$ 787	\$ 771	\$ 711	\$ 711	\$ 732	\$ 754
Subtotal schools	\$ 49,908	\$ 53,119	\$ 54,538	\$ 54,138	\$ 56,174	\$ 57,859
TOTAL	\$ 72,233	\$ 76,733	\$ 78,814	\$ 78,414	\$ 81,178	\$ 83,614
% increase		6.2%	2.7%	2.2%	3.0%	3.0%
Subtotal NET POSITION	\$ 611	\$ 35	\$ (0)	\$ (0)	\$ (984)	\$ (1,017)
NET POSITION			\$ (0)	\$ (0)	\$ (984)	\$ (1,017)
Reserves:						
Free Cash	\$ 1,900	\$ 2,455	\$ 1,598	\$ 1,348	\$ 1,798	\$ 2,148
NESWC	\$ 4,886	\$ 4,469	\$ 4,014	\$ 4,014	\$ 3,206	\$ 2,306
E&D	\$ 1,100	\$ 971	\$ 766	\$ 766	\$ 1,030	\$ 1,263
FY '09 Turnbacks (E&D)			\$ 414			
FY '09 Turnbacks (Free Cash)			\$ 1,000			
TOTAL	\$ 7,886	\$ 7,895	\$ 6,379	\$ 7,543	\$ 6,035	\$ 5,718
Tax Impact:						
Existing Valuation ('000s)	\$ 3,851,376	\$ 3,751,255	\$ 3,751,255	\$ 3,751,255	\$ 3,787,553	\$ 3,823,001
New Growth value ('000s)			\$ 36,298	\$ 36,298	\$ 35,449	\$ 34,656
Total Valuation ('000s)	\$ 3,851,376	\$ 3,751,255	\$ 3,787,553	\$ 3,787,553	\$ 3,823,001	\$ 3,857,657
Tax Rate	\$ 15.39	\$ 16.53	\$ 16.93	\$ 16.93	\$ 17.31	\$ 17.72
SF Value	\$ 523,109	\$ 507,466	\$ 507,466	\$ 507,466	\$ 507,466	\$ 507,466
SF Tax Bill	\$ 8,051	\$ 8,388	\$ 8,589	\$ 8,589	\$ 8,786	\$ 8,994
% Change	1.29%	4.19%	2.39%	2.39%	2.29%	2.36%
\$ Change	\$ 123	\$ 337	\$ 201	\$ 201	\$ 196	\$ 208

State Aid numbers come from Cherry Sheets for voted state budget distributed June 2009

The FY '09 Turnbacks are \$600K from the Municipal Budget, \$400K APS budget, \$525K Regional Budget (Acton Share = \$414)

The FY '09 turnbacks do not necessarily reflect actual Free Cash numbers. All revenue projections in this economy are highly volatile, subject to extraordinary variation and should be discounted heavily

DRAFT 9/9/2009 ALG Model FY '10 Voted State Budget

10% Cut in State Aid and 3% budget increases for FY '11 and FY '12

Multi-Year Model

***All numbers are early projections and are subject to change**

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Overlay	\$ (500)	\$ (605)	\$ (900)	\$ (850)	\$ (649)	\$ (600)	\$ (600)
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Cherry Sheet	\$ 6,066	\$ 6,183	\$ 6,851	\$ 6,641	\$ 6,270	\$ 5,643	\$ 5,643
SBAB - Twin School	\$ 1,086	\$ 1,086	\$ 1,086	\$ 1,009	\$ 1,009	\$ 1,009	\$ 1,009
Excise Taxes	\$ 3,100	\$ 2,870	\$ 2,870	\$ 2,730	\$ 2,520	\$ 2,520	\$ 2,520
Fees	\$ 1,365	\$ 1,056	\$ 1,080	\$ 1,080	\$ 835	\$ 835	\$ 835
Int. Income	\$ 368	\$ 712	\$ 400	\$ 400	\$ 275	\$ 275	\$ 275
Regional Revenue	\$ 4,825	\$ 4,825	\$ 5,787	\$ 5,817	\$ 5,817	\$ 5,235	\$ 5,235
Regional E&D Acton's share	\$ 286	\$ 286	\$ 511	\$ 355	\$ 355	\$ 300	\$ 331
Free Cash	\$ 1,594	\$ 1,594	\$ 450	\$ 1,142	\$ 1,142	\$ 800	\$ 900
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% increase			6.1%	2.7%	2.2%	3.0%	3.0%
Subtotal NET POSITION	\$ 556	\$ 611	\$ 35	\$ (0)	\$ (0)	\$ (2,192)	\$ (2,226)
NET POSITION				\$ (0)	\$ (0)	\$ (2,192)	\$ (2,226)
Reserves:							
Free Cash	\$ 2,405	\$ 1,900	\$ 2,455	\$ 1,598	\$ 1,348	\$ 1,798	\$ 2,148
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State Aid Cut 20% and 3% budget increases for FY '11 and FY '12

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TO: Acton and Acton-Boxborough Regional School Committees
FROM: Dr. Stephen Mills, Superintendent of Schools
DATE: August 28, 2009
RE: Budget Deficit for Fiscal 2010

At the last two Acton Leadership Group (ALG) meetings, that group projected a \$600,000 deficit in the fiscal 2010 budget which is now already two months old. The school system's 70% responsibility for this deficit is \$420,000. This revenue deficit, combined with the Finance Committee's recommendation to manage budgets to a reduced level have prompted me to recommend to you the following six strategies to reduce spending in FY '10:

Reduction	AB	APS	Total	Cumulative
Eliminate one Central Office Position	\$38,000	\$5,000	\$43,000	\$43,000
Freeze 5% of materials and supplies	\$35,000	\$35,000	\$70,000	\$113,000
Health Insurance – staff moving off and savings from co-pays.	\$180,000	\$107,000	287,000	\$403,000
Available Stimulus	\$247,000	\$203,000	\$450,000	\$850,000
Totals	\$500,000	\$350,000	\$850,000	

These reductions are in addition to the \$1.1M in reductions that were implemented through the five levels of reductions made during the FY '10 budget Process.

Other than the Central Office position, I don't think it is prudent this time to recommend any further personnel cuts. There are two reasons for this:

1. The school year is up and running and any personnel cuts in the schools could affect scheduling and create significant disruption.
2. It is my experience that when you lay someone off immediately, the district would incur unemployment compensation expenses. While planning for subsequent years, such as fiscal 2011, if we are in a position to inform people of reductions in personnel, they have a 3 or 4 month opportunity to find other employment, thereby reducing unemployment compensation obligations.

The decrease in the Regional Budget of \$500,000 would allow us to vote an assessment that is reduced by \$420,000 to Acton (solving the revenue deficit) and \$80,000 to Boxborough. Additionally, we would be able to project an ability to return the remaining \$350K to reserves at the end of FY '10. We could potentially garner additional savings in salaries and health insurance. If you support this plan, we will bring a revised assessment for your vote to the October Regional School Committee meeting.

Respectfully submitted,
Steve Mills
Superintendent

#3
9/2/09

Town of Acton Finance Committee

Memorandum

To: Town of Acton Finance Committee
From: Bill Mullin
Date: May 11, 2009
Re: **Interim “Point of View” with Respect to FY 2010 Budget or “The 97% Solution”**

Motion

I move that the Finance Committee adopt the following as a First Draft Interim Point of View with Respect to Budget Implementation for FY2010 budget and, further, that this document be transmitted to all relevant interested parties, as determined by the Chair, with an invitation to comment.

FY 2010 Finance Committee Point of View with Respect to the 2010 Budget Implementation

Background

- This memorandum is intended to describe the FinCom's Point of View with respect to *implementation* of the FY2010 Town and School Budgets.
- Our prior POV dealt with *planning* of the FY2010 Budgets.
- It is extraordinary that we would be offering a changed view so soon after the budgets were approved at Town Meeting, but it is testament to the speed of the decline in the financial picture at the State levels.
- As with prior FinCom Points of View, we invite comments back from the relevant operating boards and administrators.

The Driving Force Behind the Interim Point of View

- State revenues are shockingly below expectations.
- Each month, it seems, the revenue prediction is lowered and then underachieved.
- Specifically, the April numbers, when most tax dollars are collected were way below budget.
- Experience tells us the following about the relationship between the economy, State revenue and local aid:
 - State revenues lag the overall economy. In other words, it takes a while after the overall economy declines for state revenue to decline.
 - Local aid cuts lag the decline in state revenues. In other words, it takes a while for Beacon Hill to cut local aid after a decline is already well under way.
 - On the other side of a “recovery”, a return to local aid funding levels lags the recovery. In other words, even if the economy turns around, it takes a while for Beacon Hill to return to the prior funding levels.

Point of View with Respect to Acton's FY 2010 Budget Implementation or “The 97% Solution”

It is the opinion of The Finance Committee that:

1. The operating entities should implement programs so as to operate at a level of 97% of the approved FY2010 budget. This program is called “The 97% Solution”.

2. By implementing The 97% Solution, the Town and Schools will be in a better position to weather the now inevitable cuts in local aid.
3. We do not know where, when and how local aid will be cut, but we are highly confident that it will be cut.
4. If no local aid cuts are made in the FY10 state budget, then the expenditures at 97% will allow for a flow through to free cash.
5. If local aid cuts are made, then we will be in a better position to deal with the need for cash in the subsequent years.
6. This plan is highly unusual, given the timing, but so too are the economic times in which we operate.
7. Although we recognize the pressure The 97% Solution puts on the operating groups, we also believe that with the amount of lead time given, that the effect on service delivery can be managed so as to minimize sharp reductions.
8. There is no free lunch. If service reductions are required to meet the 97% Solution targets, we believe that the balance has shifted toward reducing those service levels.
9. Finally, we greatly respect the hard work and challenges that are already before the operating entities and note clearly, that this Interim Point of View is a recommendation. Ultimately, the operating entities must make the hard choices of implementing any program of budget reduction in the full context of their strategic goals.

Maryjane Kenney

From: Steve Ledoux
Sent: Friday, August 28, 2009 3:22 PM
To: Maryjane Kenney
Subject: FW: overlay balances
Importance: High

Steven L. Ledoux
Town Manager
472 Main St
Acton, MA 01720
Telephone: (978) 264-9612
Fax: (978) 264-9630

When writing or corresponding, please be aware that the Secretary of State has determined that most email is a public record and, therefore, may not be kept confidential.

From: Stephen Barrett
Sent: Friday, August 28, 2009 3:13 PM
To: Steve Ledoux
Cc: Brian McMullen; Karen Kucala
Subject: overlay balances
Importance: High

Steve L:

As of 6-30-09 there existed approximately \$1.275m in overlay balances from fiscal years 2002 through 1994.
Given that we see no potential statutory liabilities that exist, this sum, in our opinion could be considered as excess overlay and as such could be released to Overlay Surplus given Board of Assessor approval.

Detailed calculations can be supplied if needed.

Thank you,

Steve B.