

STRATEGIC BUDGET COMMITTEE

CHARGE

Develop model for a 5 year sustainable budget. The model budget should include strategies for cost reductions, recommendations for the use of new growth revenue, plans to fully fund the capital plan, and recommendations for the use of one-time revenues

MEMBERS

5 Member Board - Representatives from BOS, Finance Committee, Capital Committee, School Committee, and one (1) Citizen at Large

Ex-Officio Members - Town Administrator, Supt. of Schools, School Business Manager, Town Finance Director

AREAS OF FOCUS

Analyze past 5 year budget cycles

Project revenue and expenses for next 5 years, with supportable assumptions

Identify policy discussions which must occur (ie. funding of Enterprise Water/Sewer, Ambulance Revolver, Capital Funding, and areas for potential regional services.

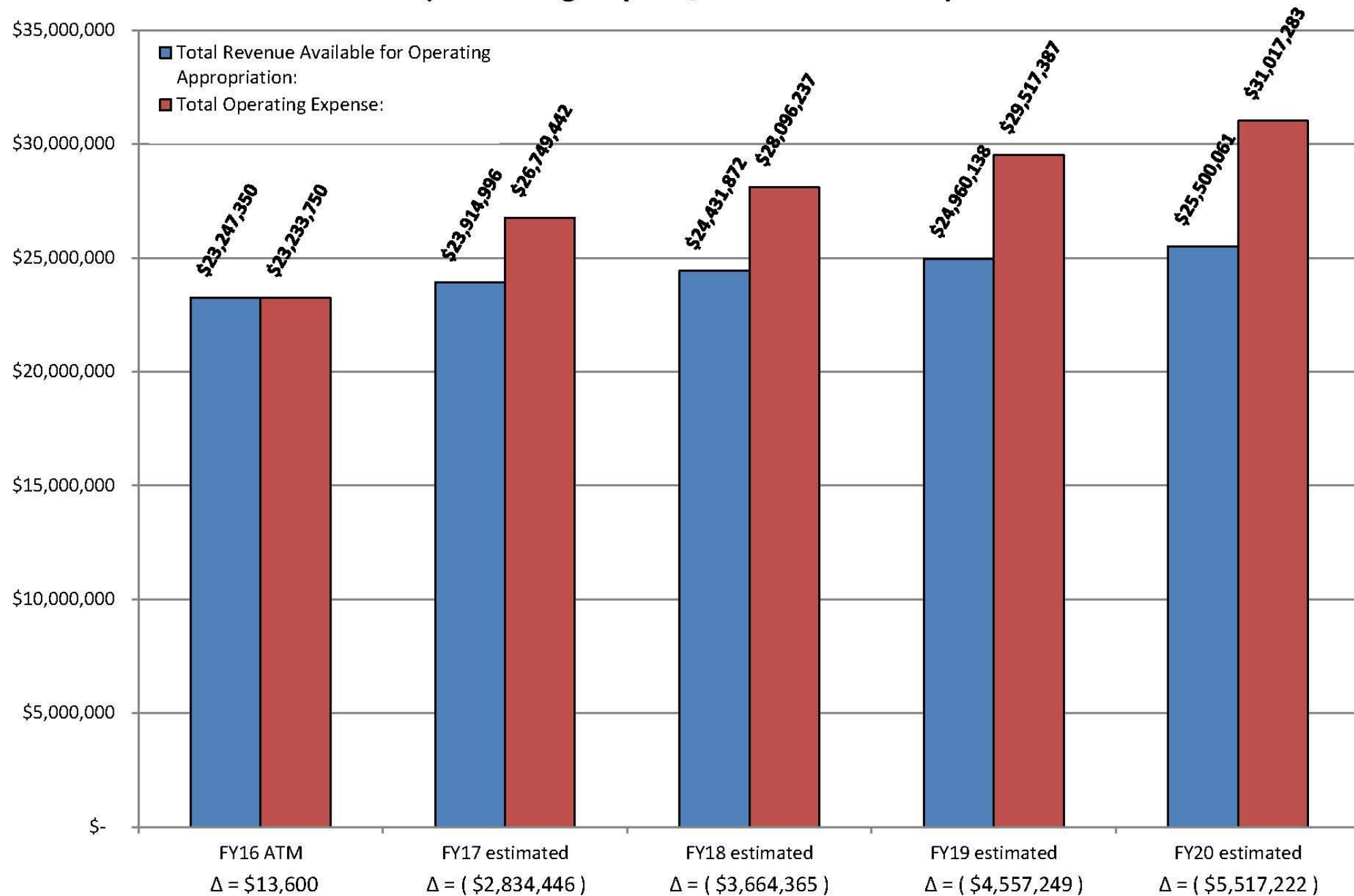
Town of Douglas
Five Year Financial Forecast
General Fund Revenues
Pro Forma Assumptions FY17 – FY20

- Increase Tax Levy by 2.5% per fiscal year
- New Growth \$80k per fiscal year
- Debt Exclusion amounts are based on the actual debt schedule
- Local Receipts to increase by 2% per fiscal year
- State Aid to increase by 1% per fiscal year

Town of Douglas
Five Year Financial Forecast
General Fund Expenditures
Pro Forma Assumptions FY17 – FY20

- Health insurance premiums to increase by 5% per fiscal year in FY17 to FY20
- Property, Liability, and Worker's Compensation Insurance are projected to increase by 2% per fiscal year
- Other Personnel Benefits (primarily retirement) to increase by 8% per fiscal year
- Debt Service amounts are actual based on existing debt schedules
- General Fund – non school spending to increase by 3.5% per fiscal year
- School Department increase of 5.41% per fiscal year
- BVT and Norfolk Agricultural are based upon enrollment numbers on an annual basis and cannot be reasonably estimated

FY17 - FY20 ESTIMATED REVENUE/EXPENDITURE (Excluding Capital/Debt Exclusions)



FOR DISCUSSION PURPOSES ONLY

Action Taken From Fiscal Year 2009 to Present to Minimize the Negative Effects of the Structural Budget Deficit

- Reduction in staffing levels of 12% in all non-school departments
- Successful negotiations with Police & Fire Unions for Step Freezes and minimal COLA's, and multiple years of Step Freezes for all non-union personnel from FY09-Present
- Successful negotiations with all Municipal/School Unions to move to a single provider and a redesigned Health Insurance Plan for all Town Employees in order to lower premium costs
- Reduction in the annual amount of funding to Capital Projects has created a very large backlog of Priority Projects
- Deferred Maintenance of Municipal & School Buildings and Roadways
- Maximization of savings through operational efficiencies (i.e. Regional Services)
- Elimination of certain services (i.e. Senior Van), and reductions of other services
- Stretched the lifespan of vehicles and equipment beyond recommended timeframes

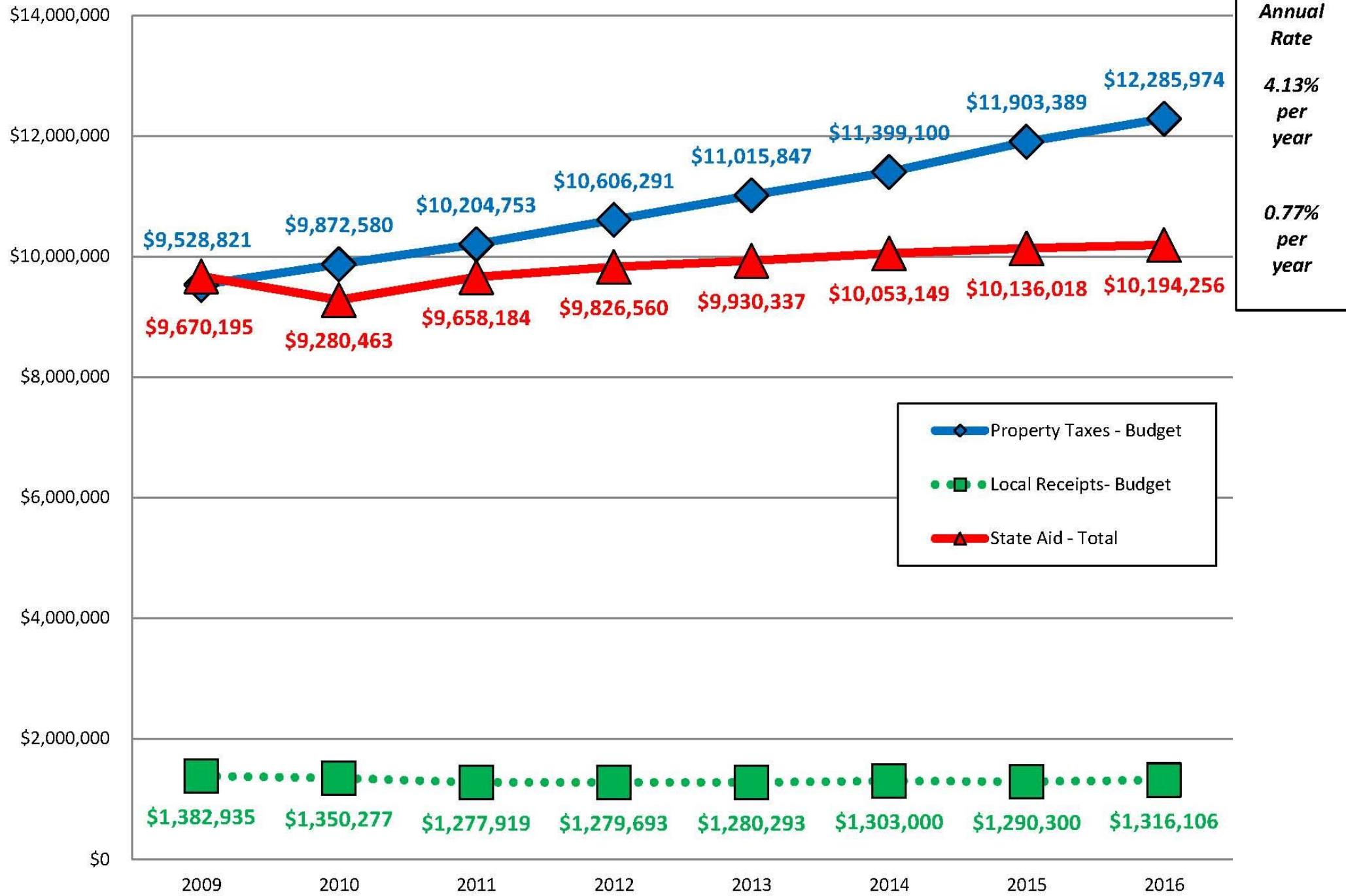
Actions Taken by Douglas Schools From Fiscal Year 2009 to Present

- 28.2 teachers cut since FY09 – (21% of teaching staff cut since 2009) Had the unions not agreed to a step freeze for FY16 the total would have been 33.2. Other reductions since 2009 include the loss of Secretarial Staff, Custodial Staff, and Technology Staff
- Carried out extensive negotiations with the Douglas Teachers' Association and other school unions for concessions (including a step freeze and reduced COLA's for FY16 for all school personnel) to help alleviate the budget gap
- School District has moved from a three tier to a two tier bus schedule
- Funding for Sports and Extra Curricular activities were eliminated in FY16
- Purchases of textbooks and instructional materials have been deferred for an extended period of time
- Increased reliance on grants and revolving funds to supplement the School Department's general fund budget. Grant allocations have been dropping and can no longer close the budget gap

Primary Reasons for the Projected Budget Variance/Deficit for FY17 – FY20

- Reduction in the levels of Local Aid as a percentage of the Town's budget from Fiscal Year 2009 to Present
- Local Aid increases have averaged less than 1% per year since Fiscal Year 2009
- Increase in Fixed Costs such as Special Education, Health Insurance, Pension Assessments, School Transportation, and Vocational School Assessments
- Increase in the number of unfunded mandates placed upon the Town by the State and Federal Government (i.e. SPED and School Resource Officer)

FY09 - FY16 Property Taxes, Local Receipts and State Aid



FOR DISCUSSION PURPOSES ONLY

Strategies – Preliminary Recommendations

Short Term Recommended Strategies to Address the Budget Gap

- Continue to Reduce Local Services
- Passage of a Proposition 2-1/2 Override
- Hire Planner/Economic Development Director to Increase Non-residential Tax Base

Long Term Strategies to Address the Budget Gap

- Continue to Lobby State Elected Officials for Additional Local Aid and to Reform Local Aid Policies
- Take Additional Steps to Encourage the Growth of Local Businesses to Broaden the Tax Base

What is your vision for our community?

- Comments ?
- Questions ?
- Suggestions ?