



Town of Shrewsbury, Massachusetts

Financial Workshop

December 17, 2013



Overview

- The Town continues to enjoy an overall fragile financial stability and has weathered the 2008 fiscal crisis and ensuing recession successfully.
- However, the real question at this time is to what affect?
- Secondly, how will we weather the recovery?

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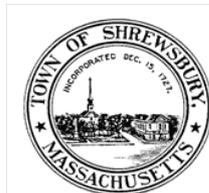


Fragile Financial Stability

- All core functions remain intact be it in diminished states.
- Excellent customer relations in so far as residents greatly appreciate and understand the excellent work done for them by all departments.
- An average residential tax bill unsurpassed when you look at value v. price.
- Excellent cost structures in discretionary areas.

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- Low debt load with major debt being retired quickly.
- Reserves remain above minimum levels established by the Board but we see in the July 1, 2013, adjusted Free Cash balance a reduction of \$770,805 from one year ago (combined with Stabilization 5.08% of operating budget).
- Compliance with 2022 funding schedule for our pension system.
- Establishment of the OPEB trust.

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- The light, CATV, internet, water, sewer, landfill and PAYT utilities/franchises all on good financial footing. Sewer is now 100% user fee supported.
- Major public facilities and other public works infrastructure holding its own.

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To What Affect?

- All departments are to some extent under resourced and are experiencing difficulties in keeping pace with expectations. All departments with the exception of light need some injection of support, personnel and/or funding.
- Staff is under growing pressure and cracks are appearing.

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- Reaction of residents ranges from understanding to annoyance to dissatisfaction as expectations are not being met.
- Non general fund revenue is topped out and the ability to go to users and to rate payers diminished due to recent increases in fees, charges and rates. Light is the sole exception.

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- A growing backlog of capital, public facilities and public works infrastructure needs in addition for a need to address long range life cycle replacements.

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How Will We Weather the Recovery?

- Will the General Court adopt OPEB reform?
- Will the Federal Government/Commonwealth relent in their continuing regulatory actions that result in driving up the cost of business?
- Will there be additional actions taken to further reduce cost structures?

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- Will the Commonwealth increase support to the City and Towns?
- Will to Town continue to support the 2022 pension funding schedule?
- What additional support, staffing and/or funding will be made available to departments? Further which departments and to what extent?

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- Will the growing backlog of capital, public facilities and public works infrastructure be addressed?
- Will the matter of diminishing reserves including payments to the OPEB Trust be addressed?
- Will there be additional local funding brought to bear?

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Financial Trends

- Tax levy as a percentage of overall value is 1.22% in FY 2014; Low point was 0.87% in FY 2007.
- CIP has moved from a low of 11.62% in FY 2008 to 13.33% in FY 2014.
- New Growth for FY 2014 was up over FY 2013 by \$150,337 but the bulk of the increase came from Personal Property.

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- The number of charter school students remains under 120 (116) from a high in 2011 of 144.
- State Aid remains anemic with the Town receiving in FY 2014 net aid of \$19.9 Million. In FY 2009 it was \$21.4 Million.

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- Local receipts have stabilized and Motor Vehicle Excise is showing signs of life. Adoption of the .75% meals tax has been a great revenue source (\$353,033 in FY 2013).
- Since FY 2008, cost of the HIP has averaged an increase of 2.34% but more must be done to control this “budget buster” as the growth trend is not abating. A new HIP for FY 2015.

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- There will be a new pension valuation report issued in the first half of calendar 2014 that will form the basis of the FY 2016 pension appropriation. The current report (1/1/2012) had us at 68.4% funded.
- Average residential tax bill in FY 2013 was \$524 below the state average.

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Bottom 12 of 46 in Comparison

- | | |
|--------------------------|--------------------------|
| 1. Fitchburg* - \$2,981 | 7. Millbury - \$3,495 |
| 2. Leicester - \$2,989 | 8. Auburn* - \$3,653 |
| 3. Oxford - \$3,182 | 9. Bellingham* - \$3,710 |
| 4. Northbridge - \$3,234 | 10. Leominster - \$3,771 |
| 5. Clinton* - \$3,360 | 11. Norwood* - \$4,034 |
| 6. Worcester* - \$3,492 | 12. Shrewsbury - \$4,322 |

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Other Notables (Shrewsbury - \$4,322)

14. Milford* - \$4,455

16. Holden - \$4,523

19. Hudson* - \$4,700

22. Franklin - \$4,990

23. Grafton - \$5,053

27. Foxborough - \$5,466

31. Boylston - \$5,764

32. Framingham* - \$5,783

35. Ashland - \$6,125

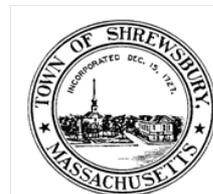
36. Northborough- \$6,181

37. Natick - \$6,216

43. Westborough - \$7,972

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Free Cash

Fiscal Year	Amount (Adjusted)
FY 2014	\$4,796,332
FY 2013	\$5,567,137
FY 2012	\$5,554,067
FY 2010	\$5,145,970
FY 2009	\$4,778,074

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Questions

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