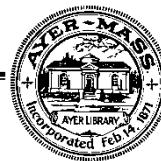


Ayer Finance Committee

Scott Houde, Chairman



1 Main Street
AYER, MASSACHUSETTS 01432

Date: March 1, 2013

To: Town of Ayer Board of Selectmen

Copy: Robert Pontbriand, Town Administrator
Town of Ayer Finance Committee
Citizens of the Town of Ayer

From: Scott Houde, Town of Ayer Finance Committee Chairman

Subject: Presentation of the Fiscal Year 2014 draft budget

The attached 2014 draft budget, prepared by the Ayer Finance Committee, is presented to the Board of Selectmen and the citizens of Ayer for review. This draft budget is a collaborative effort by the Finance Committee, the town department heads, Lisa Gabree (Town Accountant), and Robert Pontbriand (Town Administrator). The Finance Committee approved the draft budget on February 26, 2013 for presentation. This draft is a working document which will be finalized over the next month in anticipation of Annual Town Meeting. The information presented in this document is not final, and is in no way definitive, until BOS approval of the warrant.

- **Budget process changes for FY2014**

- The budget process began in November instead of January to allow more time for review.
- Departments were asked to provide level funded budgets for each line item. However, requests for increases had to be justified and detailed. This is to allow budget increases strategically where needed.

- **Capital Expenditures**

- The Capital Planning Committee approved \$818,314 for capital purchases in FY2014. The first year bond costs are \$20,616.
 - General Fund capital expenses total \$291,314
 - Enterprise Funds:
 - Water/Sewer capital expenses total \$250,000
 - Solid Waste capital expenses total \$100,000
 - Storm Water capital expenses total \$150,000
 - Ambulance capital expenses total \$27,000 (non-borrow)

- **Revenue**

- Overall revenue increase from FY2013 to FY2014 is \$350,427, or 1.73%, led by an increase in property tax base, meals tax, and debt exclusion for the ASRSD middle school debt.
- Local aid for FY2013 included \$333,567 in Chapter 70 money which is now allocated to Nashoba Valley Technical High School with Ayer joining the region.
- The governor's budget released on January 23, 2013 proposed an increase in local aid to Ayer of \$32,370 over FY2013. However, the governor's budget is based upon revenue streams which are not currently in place. Additionally, a conservative approach was used and local aid is level funded from FY2013.
- Meals tax is a new revenue stream for the town of Ayer adopted at the 2012 Annual Town Meeting. The Finance Committee is requesting town meeting approve the use of meals tax to fund savings for OPEB.
- Free cash is partially utilized to provide revenue for one-time expenses in the general fund. Further discussions will focus on utilizing additional free cash to supplant anticipated tax levy revenue.

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- **General Fund Overview**
 - The General Fund expenses are reduced from FY2013 to FY2014 by \$655,575, or 5.51%, primarily due to Vocational Education expense moving outside of the general fund to an assessment from Nashoba Valley Technical High School.
 - Overall expenses, including school assessments, are increased by \$379,765, or 1.85%, primarily due to increases in the Ayer Shirley Regional School assessment and retirement expenses.
 - The budget draft currently has increases to OPEB funding and Stabilization in the amount of \$36,753, or 30%, over last year. The total budget increase from FY2013 to FY2014 is \$416,518, or 2.02%.
- **General Fund Expenses**
 - Material increases in general fund expenses include hiring an additional police officer to allow a veteran officer to be designated the School Resource Officer. Increasing the building inspector from part-time at 16 hours to full-time at 40 hours. The Middlesex County Retirement Assessment increased \$155,465, or 14%, from FY2013 to FY2014. One-time expenses requested by department heads total \$43,066 which will be offset by free cash in revenue.
 - Material decrease in the general fund expense include Group Health Insurance decreased \$210,197, or 14.48%.

The amounts and recommendations by the Finance Committee are not final until the warrant is approved, and the following budget items remain in a preliminary state:

- Compensation in the form of COLA and steps requires additional discussion by the Finance Committee and Board of Selectmen. The collective bargaining of expiring union contract has to be completed.
- A group health insurance plan must be selected and approved. The proposal for a flexible spending account for town employees needs to be finalized.
- The personnel changes recommended by the Finance Committee (police officer, veteran's agent, and building inspector) need to be reviewed by the Board of Selectmen.
- The Ayer Shirley Regional School Assessment will be certified by the School Committee on March 12, 2013.

The Finance Committee looks forward to completing the budget process over the next month. Please bear in mind that this is a fluid document and will change until the warrant is approved. Thank you.