



FINANCIAL FORUM 2

Prepared by

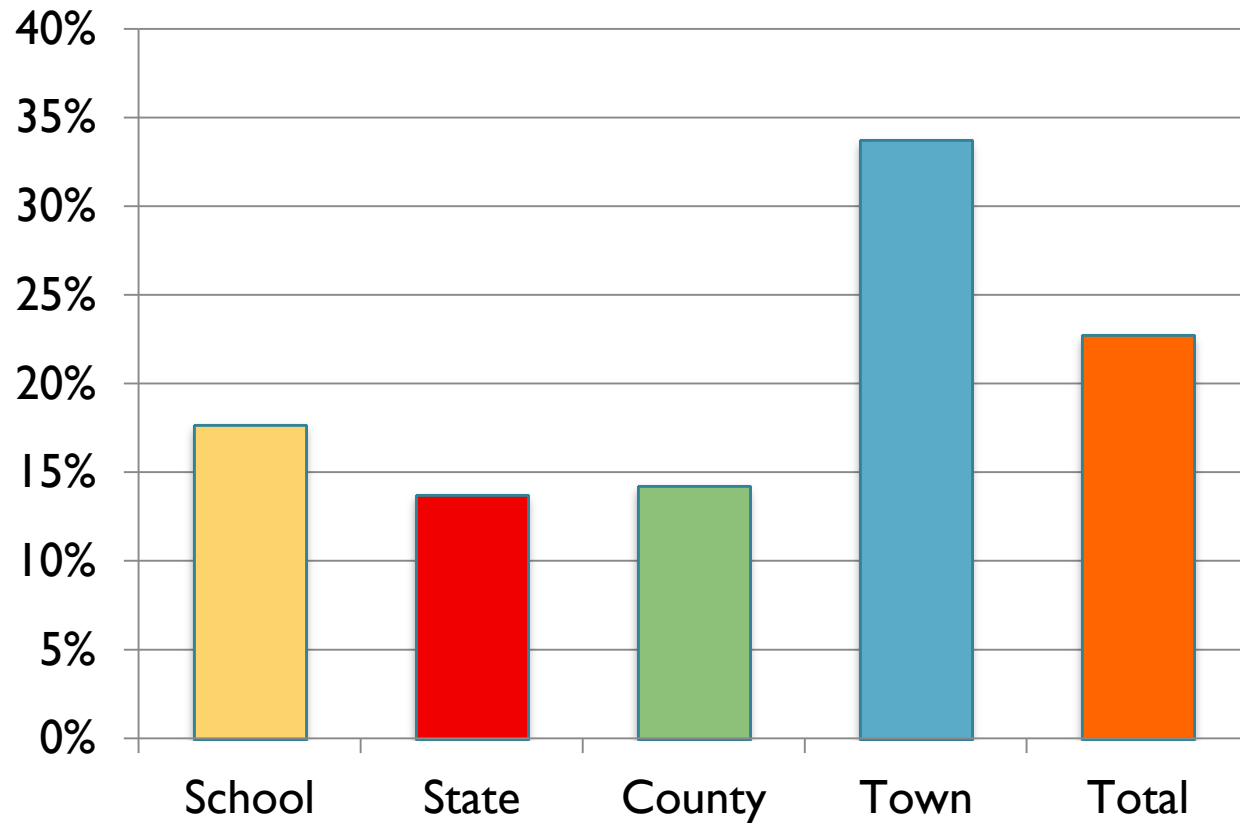
THE ASHLAND BUDGET COMMITTEE

December 12, 2012

Overview

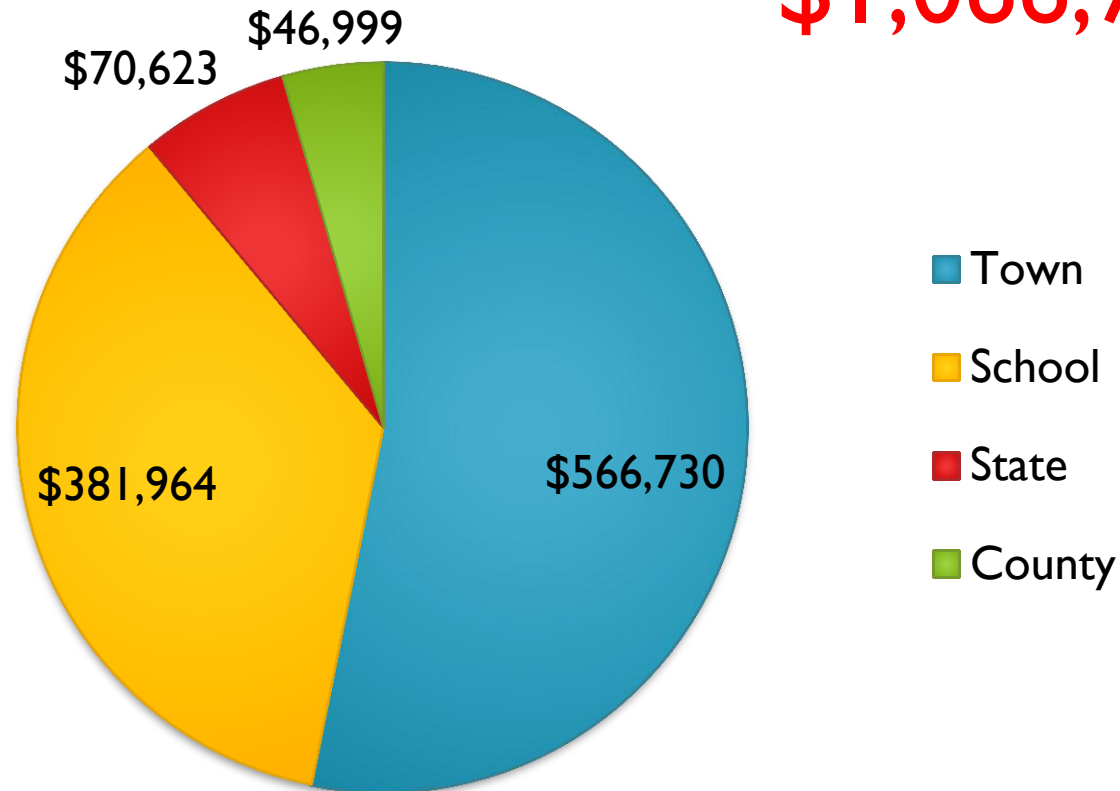
- **Current Financial Situation and Trends**
- **Ideas for Moving Forward**
- **Proposed Budget for 2013**
- **Public Feedback/Recommendations**

Property Tax Increases Since 2009



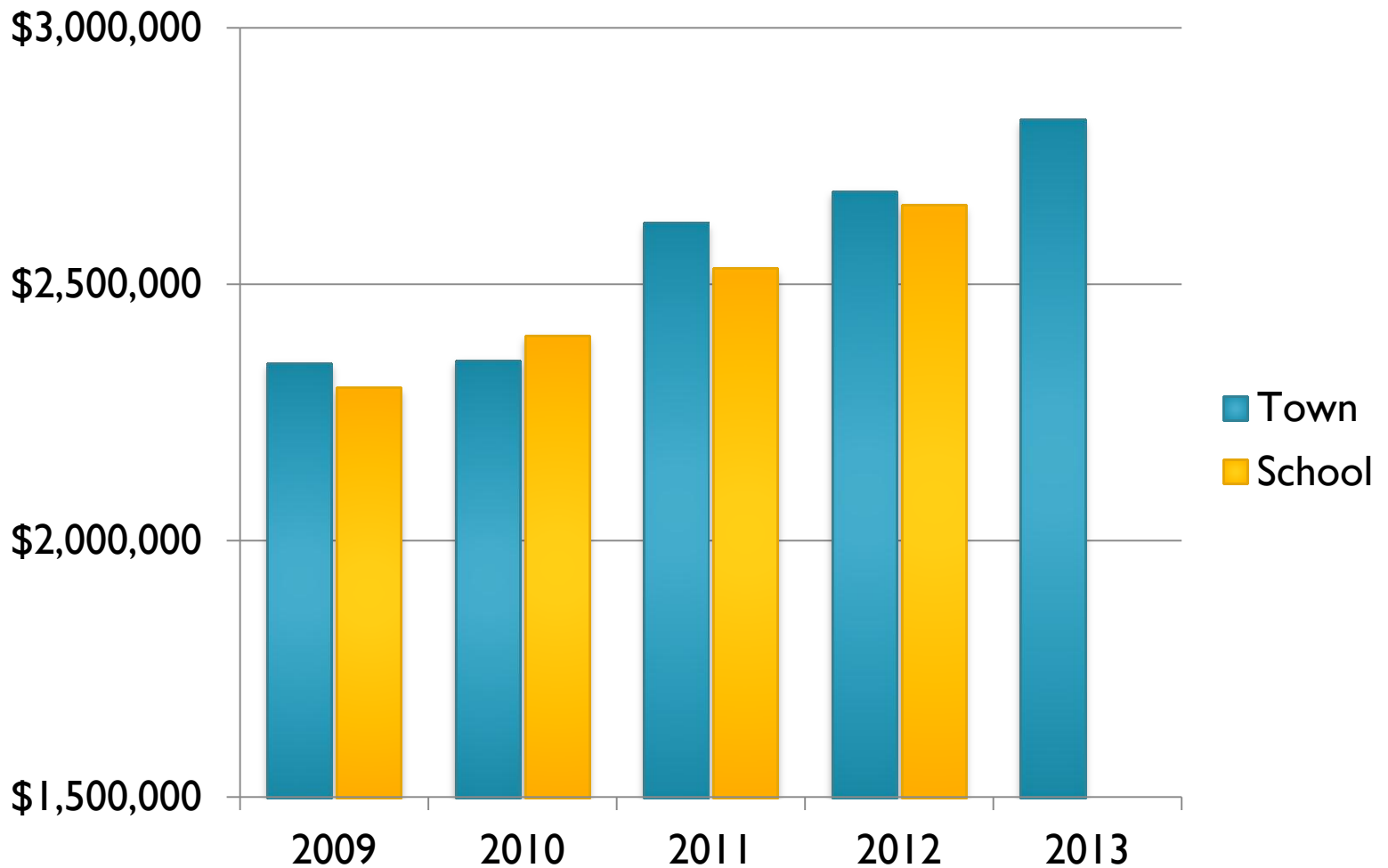
Property Tax Increases Since 2009

\$1,066,766



\$807 = Property Tax Increase for \$200,000 home since 2009

Town and School Budget Trend



Current Situation

- Two emergency situations
 1. Fire Department Roof (\$219,000)
 - ✓ Solution: Use \$50,000 appropriated in 2012 warrant article, \$14,500 from Fire Dept. 2012 budget, and \$154,050 put into Fire Dept. operating budget for 2013
 2. Collins Street Bridge (Temporary Bridge and Replacement)
 - ✓ Solution: (\$149,000) Split between Town 2012 budget (various lines) and Water/Sewer capital reserves
- Minimal Cash on Hand
 - This is a major problem and will continue in 2013
- \$0 in Capital Reserves for the Town and Inadequate Reserves for Utilities and School **Major concern!**

Current Situation (continued)

- \$300,000 TAN (Tax Anticipation Note)
 - ✓ Needs to be repaid this month
 - ✓ Likely a new note in early 2013
- \$175,000 in Capital Reserves Approved by Voters in 2012 budget
 - ✓ Needs to be set aside this month
- Long-term Debt 70-80% of Municipal Expenditures
 - ✓ There will be some paid off in next 2 years

Current Situation (continued)

- \$10,791 (2011 audit) in unassigned general fund balance. Unlikely to increase in short term.

DRA recommends towns retain 8% - 17% of municipal expenditures in unassigned funds. Funds are intended for use in emergencies only.

- Uncollected Property Tax 2011: **\$417,277**
- Tax Liens Issued in 2011: **\$139,556**
- Property Assessments are Flat

Current Situation (continued)

- Continuing Reduction in State and Federal Dollars
- Increase in State and Federal Mandated and Unfunded Programs
- Poor Economy

Long-Term Debt

➤ Principal on long-term debt **\$2,506,210***

➤ Debt Retirement

- July 2012 Water Bond \$17,474
- April 2013 Highway Project \$43,590
- July 2014 Ladder Truck \$60,251

(principal and interest in 2011)

*** As of 12/31/11**

Future Capital Needs Submitted to CIP Committee

Town thru 2022	\$ 2,308,000
Electric Department thru 2022	\$ 563,830
Water and Sewer thru 2015	\$ 1,762,200
Total	\$ 4,634,030

Future Capital Needs Accumulated Depreciation

Town	\$16,104,781
Electric Department	\$ 2,727,735
Water & Sewer Department	\$ 4,247,096
Total Depreciation	\$23,079,612

Future Capital Needs (cont.)

- Information from Departments to CIP is a start, but will require more analysis
- Accumulated Depreciation points to greater future needs
- Master Plan Financial Needs to fund recommendations is in process

What This Will Mean

- Increased Taxes and/or Cuts in Services
 - ✓ **Already happening**
- Reduced Capability to Respond to Critical and Emergency Situations
 - ✓ **Already happening**
- Delays in Replacing Equipment and Repairing Roads and Buildings
 - ✓ **Already happening**
- Possible Limitations on our Ability to Obtain Loans
 - ✓ **Already happening**

Moving Forward

- Institute an immediate spending freeze for non-essential expenses
 - ✓ Done in October 2012
- Determine best use of unspent funds for unanticipated expenses, e.g., bridge, roof, or cash flow needs
 - ✓ Solution reviewed earlier
- Ensure all budgets are conservative, build capital reserves, and minimize impact on taxpayers and rate payers
 - ✓ Plan for 2013 with voter approval

Moving Forward (continued)

- Complete Capital Improvement Plan (CIP) and Update Annually
 - ✓ In process
- Build Unassigned Fund Balance to recommended levels
 - ✓ This will be a very slow process without warrant article or increased property tax collection
- Reduce Long-term Debt
 - ✓ We will be retiring some debt over next 2 years and must continue

Moving Forward (continued)

- Establish an Economic Development Plan to Promote Community Economic Growth
 - ✓ Currently no Town plan in place
- Find ways to Increase Revenues
 - ✓ Increasing the tax base is key along with continuing to look at any other revenue options
- Obtain Federal, State, and Private Grants and Assistance
 - ✓ Need an aggressive and coordinated plan

Moving Forward (continued)

- Evaluate Operating Budget to Look at:
 - ✓ outsourcing options
 - ✓ reducing staff and/or hours
 - ✓ increasing productivity
 - ✓ cutting non-essential programs/services
 - ✓ working with other towns to regionalize services or buying power if/where practical

We Need a Professional Analysis and Plan

Moving Forward (continued)

- Implement an Independent Financial Review with Recommendations for all Town Operations

Possible Warrant Article

- Review all Town Assets for Best Use
- Inform Citizens Regularly about the Budgets and Financial Status of the Town, School and Utilities

2013 Town Budget

2013 Budget presented to Budget Committee:

- Town: \$2,820,867 (*includes \$154,000 in for Fire Department roof repair*)
 - Increase of \$140,615 over 2012 budget
 - Increase of \$475,577 over 2009 budget
- Warrant Articles: Additional \$308,000
(includes \$30,000 estimate for donations, \$1500 for town clock, \$152,000 loader for Public Works, \$125,000 in capital reserves for roads)
- Only Additions to Capital Reserves:
 - \$125,000 for roads
 - \$1,500 for town clock

2013 Utility Budgets

- What are Some of the Differences Between Town and School Budgets and Utilities?
- Enterprise Fund Status
- Capital Reserves
- Revenue

The Challenge

The Challenge will Determine

- Property Tax Bills
- Town Services
- Town Identity

We, as informed voters, make the final decisions!!!!

Feedback and Questions

