

Quarterly Budget Review – Town Expenditure Report - 9 months ended September, 2009

Per the ABC Charter, the Committee will conduct quarterly reviews of all School, Town and Library budgets. The ABC reviewed the September 09 year to date expenditure report which represented the nine months ended September 30, 2009. The report was prepared by the Town Finance Director.

Overall expenditures for the Town represent \$5,995,557 or 57% of the full year budget of \$10, 566,160. It should be noted that as of the end of September expenditures to fund increases to the various Town Reserve Accounts as voted on at Town Meeting have not been expensed and typically would not be expensed until December. The committee noted that all operating departments were either on or below budget.

Revenue (excluding property tax) for the nine month period as collected represents \$1, 629,530 or 51.3 % of total budgeted revenue of \$3,176,207. Revenue from State Funded Programs, Grants and transfers from the Trustees of the Trust Funds will not be received until December. Specific revenue line items that appear slightly below budget for the nine months include Visiting Nurse Income, Landfill & Recycling Income, Planning & Zoning Board Income and Police Department Income. None of the revenue shortfall line items are significant to the overall total anticipated revenue.

This document represents a summary of the ABC quarterly review of the nine months ended September 30, 2009 budget that was received on November 20, 2009 by the ABC. The following are the ABC questions (in Blue) and the respective answers (in Green) provided by the Town Finance Director and the Town Administrator.

The ABC has no further outstanding concerns with the third quarter expenditure information as reported.

Quarterly Review Questions – 9 months ended September 30, 2009

- Human service department: Budgeted line items for rent and utilities are 89% and 82 % expended. With the winter heating season here are you comfortable that this budget is adequate? ABC notes that you did transfer additional dollars to this department in June.

Answer: We are not at all comfortable that we can complete the year even within a bottom line tally of the departmental budget. The Human Services Director has been asked to review her current and anticipated case load to see if she can manage an anticipated deficit in the rent line item within her overall budget. If she cannot we expect to submit a request to the BoS for a transfer, from a yet to be identified source, at the meeting of December 17.

- Town Planner salaries are budgeted per the report at \$5,000 with \$3,774 expensed. Town planner has been on board since June. Please explain why salary expense is so low. Where is the original budget of \$50,000 plus benefits?

Answer: At its meeting of July 27, 2009, the BoS transferred \$45,000 from this overall line item to the Development Services Office as follows:

- \$27,500 to Salaries;
- \$10,000 to Benefits; and
- \$7,500 to Professional Development.

The funds which had already been expended at the time of the transfer (i.e. salaries, benefits, and advertising to recruit for the position) were left in the Planner's line item to save an adjusting journal entry.

- The ambulance service contract is 82% expended. As this is a fixed contract we assume the budget overrun at this point in the year is due to timing of payments. Please confirm.

Answer: To the best of our knowledge, this is a factor of timing.

- The Budget for Emergency Management services (total year \$24,400) is currently 8 % expended. Do you anticipate excess at year end? IF so, what programs were anticipated that have been either cancelled or placed on hold?

Answer: The Community Notification System (\$10,500) was not bid until late in the fiscal year. Depending upon contract award, execution and start-up, these monies may yet be expended. The Director of Operations (\$5,000) was put on hold until the Emergency Operations Plan was completed and a job description could be developed. The Emergency Operations Plan (\$8,000) was paid for by a grant we were able to obtain thus saving the amounts budgeted.

- Highway Maintenance lease payments budget of \$50,000 is 8 % expended. Our recollection is that this is for a grader leased at mid - year. What is the anticipated cost for this budget year?

Answer: After the process of bidding, contract award, and lead time for delivery, we will only incur four months of lease payments for an estimated total of \$16,500.

- Sand & Gravel & Salt for highway department and private roads is under budget due to timing. Do you anticipate the current budget to be adequate for the remainder of the year?

Answer: Due to some great luck with the weather, we estimate there will not only be sufficient funds to meet our needs but monies available to be transferred to offset other areas of budget over-run.

- Playground improvements budget of \$ 10,550 has \$ 469 expended to date. Will these funds be expended prior to year end?

Answer: Yes. In addition, any unexpended funds are swept into a non-lapsing trust fund.

- Transfer Station tipping fees represent \$137,363 versus a full year budget of \$202,500. Do you anticipate this expenditure to remain under budget for the remainder of the year?

Answer: It is our understanding that total tonnage is down this year. I expect to close out the year with this account coming in around \$195k+/-.

- The Capital Outlay Budget representing \$ 998,695 has been expended 22% or \$215,510? What items do you anticipate not purchasing prior to year end? Is the budget adequate to cover all anticipated remaining purchases?

Answer: This low rate of expenditure is driven by two factors. First is that projects are being completed late in the year due to the process of hiring a new Town Engineer and second contributions to Reserve Funds are made at the end of the fiscal year. Between late year expenditures and encumbrances being carried over into next year, I expect the capital funds to be fully expended except for two projects.

- The Highway Well Project (\$15k) will not be completed. High sodium levels in other drilled wells kept us from using them as a source of new water. This allowed us to use funds originally scheduled to pump and pipe that water for the sealing of the several abandoned wells.

- The Transfer Station may have some funding remaining. This is due to a different approach being settled upon by the staff over that originally envisioned (Glass Shed versus a Concrete Bunker).

- Abatement refunds have been issued in the amount of \$15,700 against a zero budget. Why no budget?

Answer: This is not an item budgeted by Town Meeting. It is established as an allowance within the tax rate, in concert with DRA, at the time of setting the Tax Rate.

- Reserve and Trust Expenditures have been expended in the amount of \$8,661. Why no budget for these line items?

Answer: These are expendable trust funds under the control of the SelectBoard. Please note that the contribution appropriated for FY 2009 will offset the \$7,300 deficit in the Substance Abuse account to close out the year at an estimated \$0.

Respectively Submitted,

Advisory Budget Committee
December 1, 2009