



Finance Committee Report

**Annual Town Meeting
May 20, 2013**



Overview

- Why are we in financial difficulty
- Current budget
- Future prognosis



Shirley Financial Difficulty

- Inadequate Revenue
- Regional School Assessment
- One-time Revenue Sources

Inadequate Revenue

- Impact of Proposition 2 1/2
- Significant Reduction in Unrestricted State aid
- Decline in New Growth
- Structural Deficit



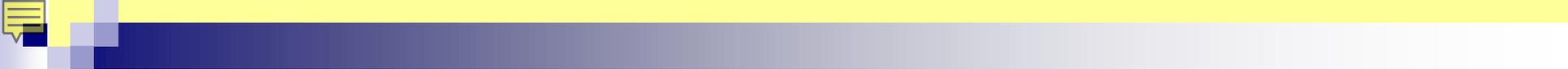
Regional School Assessment

- Special Education Increase
- Regional Makeup Amount
- Required Local Contribution



One-Time Revenue Sources

- MCI impact funds
- Sale of Town properties
- Free cash
- Stabilization fund



Current Budget

- FY13 deficit
- FY14 deficit
- Maintain Services
- Revenue Loss

FY13 Deficit – Total \$228,371

Major Components

- State aid reduction
\$105,371
- Snow and ice \$60,000
- Legal Expenses
\$15,000
- Other Expenses
\$48,000

Recommended Resolution

- Free Cash \$135,371
- Reserve Fund \$50,000
- Account Transfers
\$43,000

FY14 Deficit – Total \$451,000

- Not including \$205,000 for School
- Reduced state aid: \$658,003
- Using Free Cash (\$436,000)
- Unbalanced Budget Resolution



Decline Service Increases

- Additional Police Officer
- Council on Aging
- Town Hall
- DPW



Prognosis for 2015 and Beyond

- Impact of Economy
- School Assessment Commitments
- Town Financial Reserves
- Increased Revenue Required

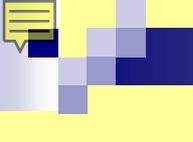
Impact of Economy

- Evolved to a “New Normal”
- Little or No Help from the State
- “Self Sufficiency” Required



School Assessment Commitments

- Standard Growth Expected
- Regional Makeup
- Required Local Contribution



Town Financial Reserves

- Essentially exhausted
- MCI impact funds spent
- Stabilization fund low
- Free cash unpredictable



Shirley Financial Summary

- A new Town perspective
- Another budget survival year
- Increase revenue