



Evaluating Sudbury's Financial Condition

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"There are lies, damned lies, and statistics." (Mark Twain)

Statistics show that 50% of all statistics are wrong.



Q: Why do people decide to become statisticians?

A: They find accounting too exciting.

"Did you hear about the statistician who drowned in a lake averaging only 2 inches in depth?"



Purposes of the Summit

1. Where we have been
2. Where we are
3. Where we need to go in the future
4. **NOT BUDGETING!!!**
5. Share information
6. Raise awareness

Obstacles to Evaluation

- Municipal accounting systems
 - Do not record all costs
 - Oriented to legal compliance
 - Do not integrate economic and demographic data
- State of the art
 - No solid data available for research
 - No normative standards
 - No practical evaluation techniques



Why Evaluate?

- Communities need a practical evaluative tool to help them
 - Anticipate problems
 - Provide time to take corrective action
 - Provide a better understanding of forces which affect financial condition



FTMS Methodology

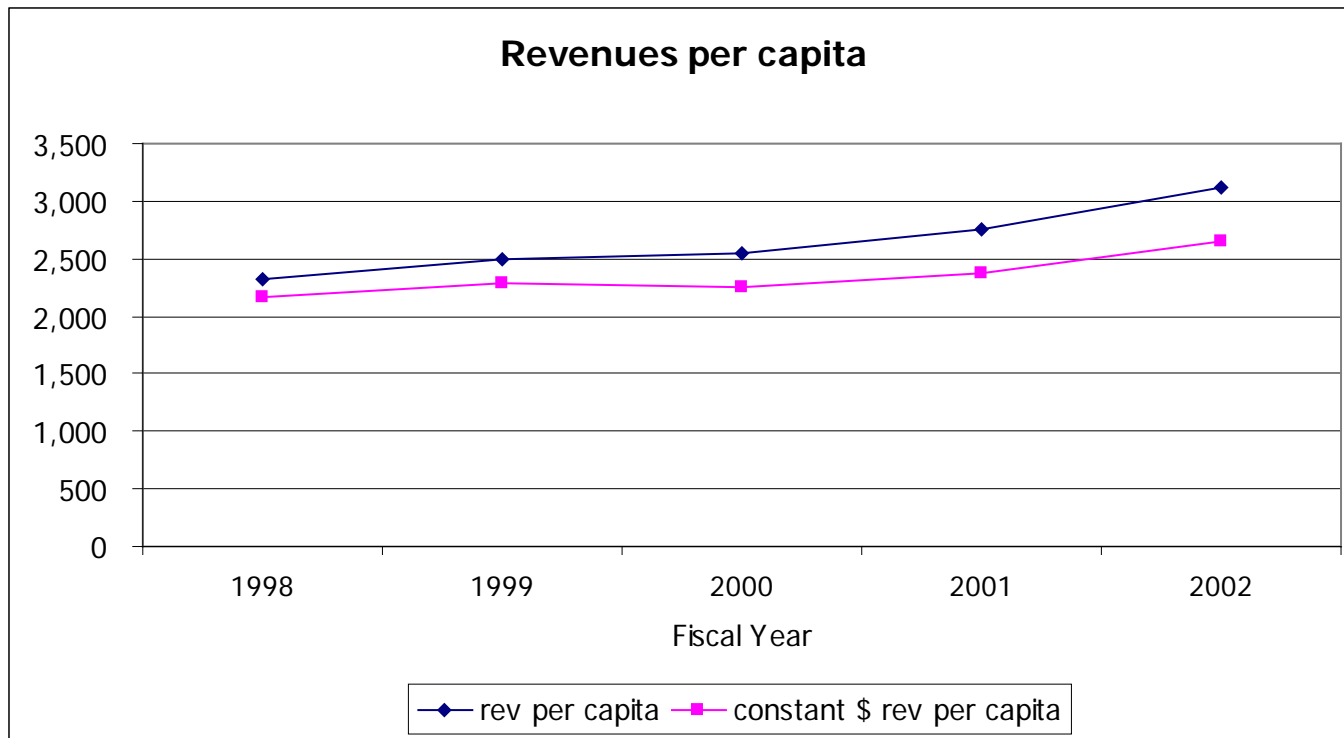
- Identifies 12 primary factors
- Provides 36 early warning indicators
- Focuses on multi-year trends
- Utilizes existing data
- Combines financial and non-financial information
- Includes benchmarks used by credit rating industry



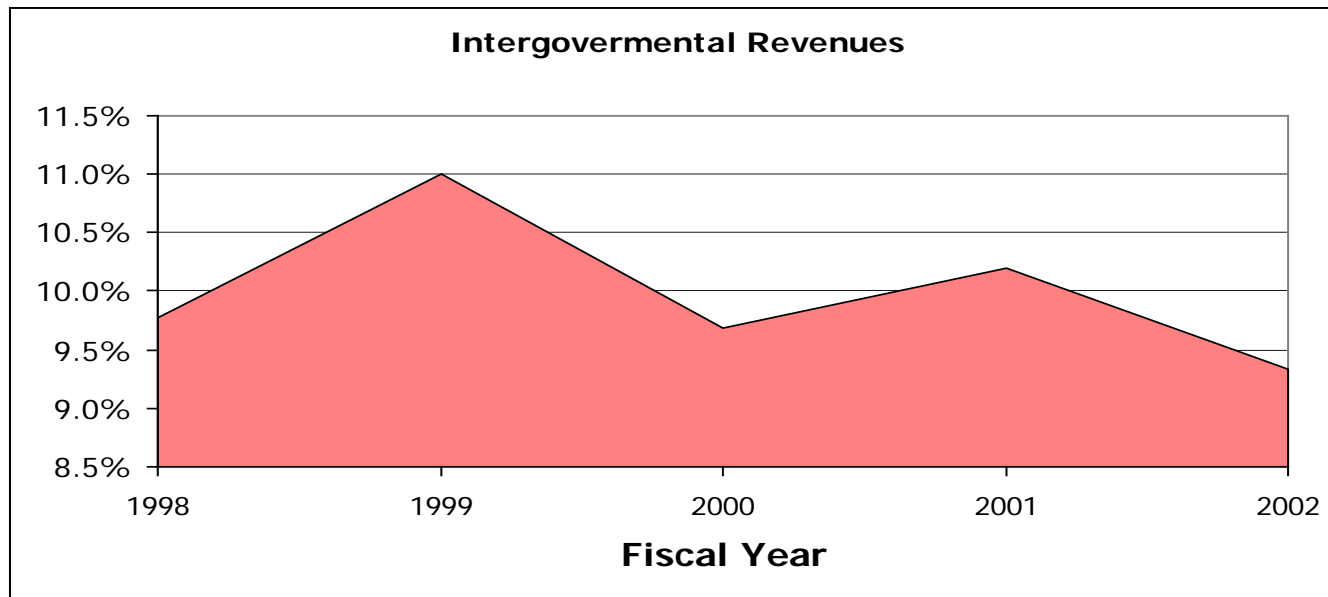
Revenues

- Indicator 1 Revenue per Capita
- Indicator 2 Intergovernmental Revenue
- Indicator 3 Elastic Revenue
- Indicator 4 Property Tax Revenue
- Indicator 5 Uncollected Property Tax Revenue
- Indicator 6 Revenue Shortfalls

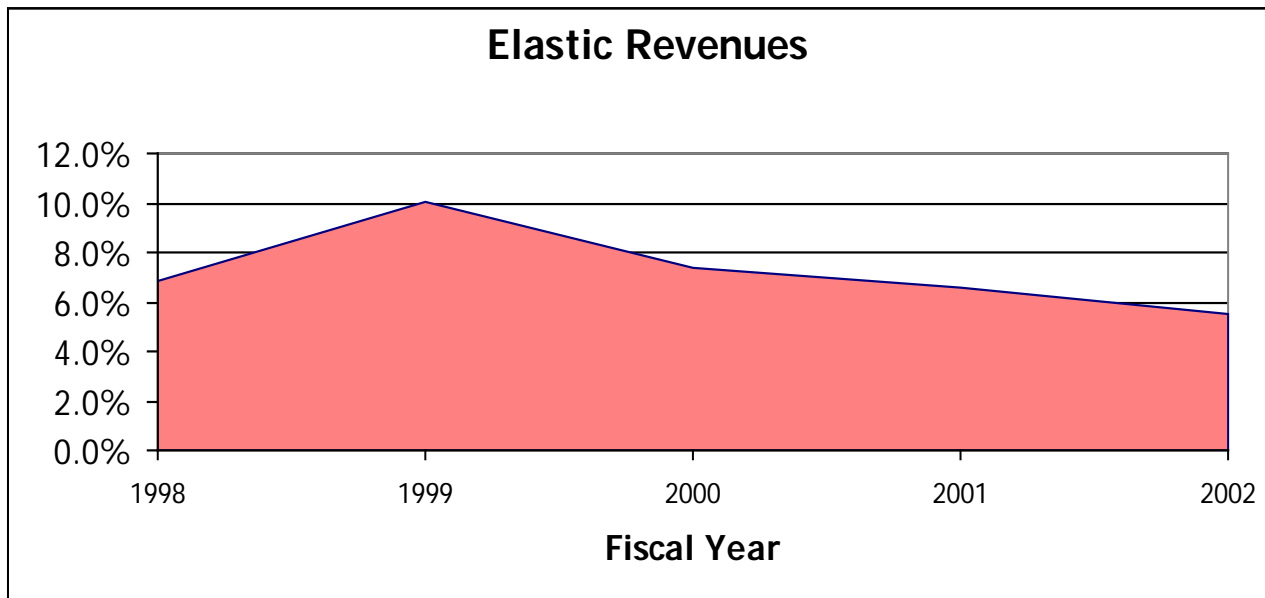
Indicator 1: Favorable



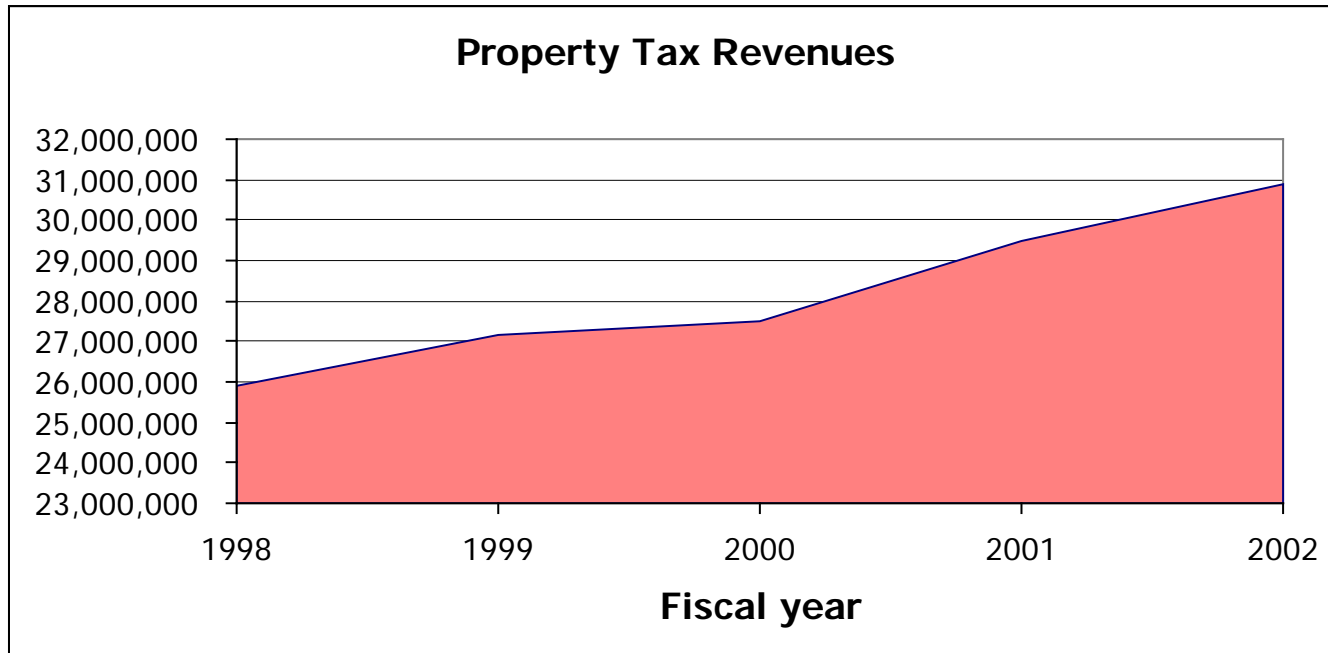
Indicator 2: Uncertain



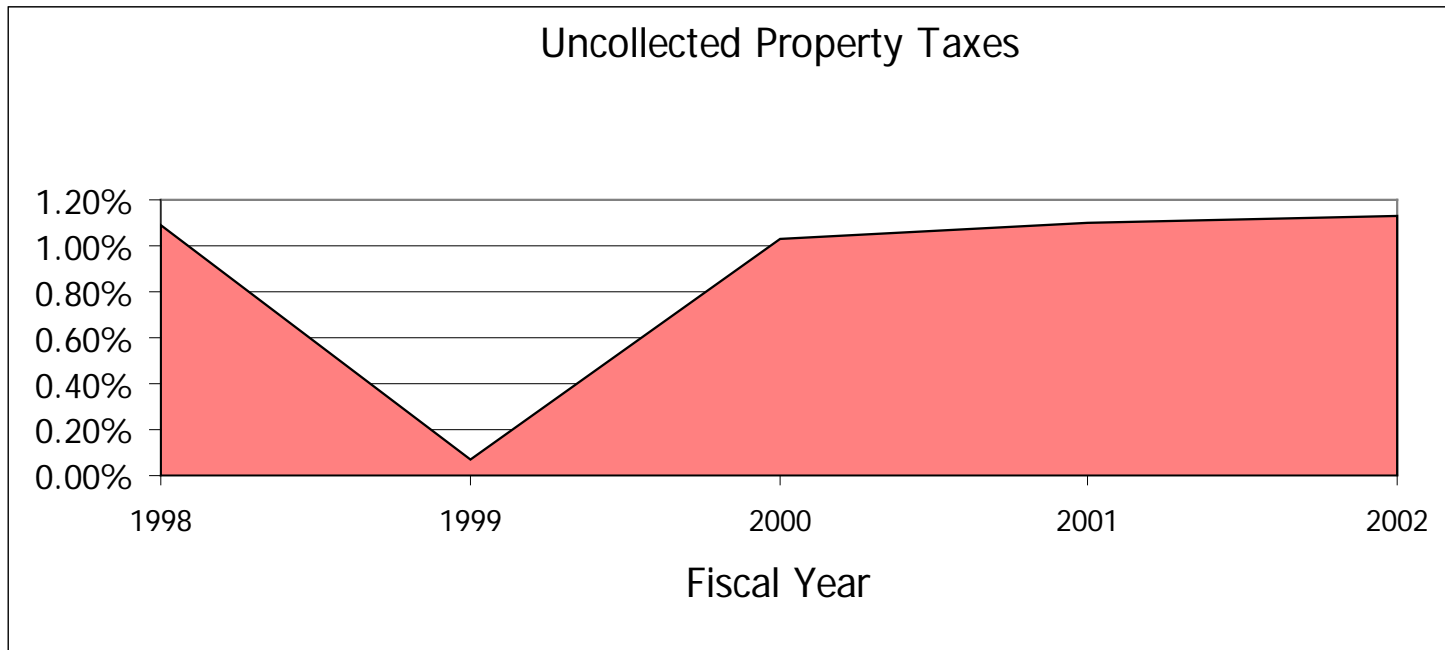
Indicator 3: Unfavorable



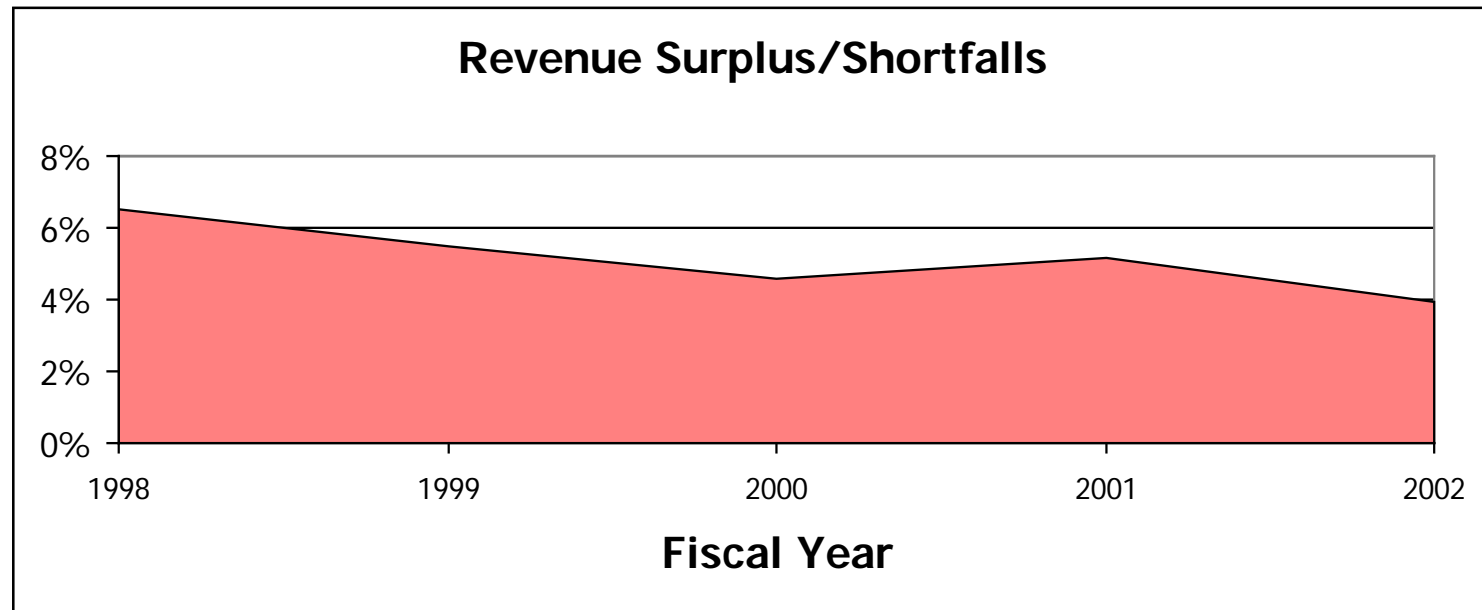
Indicator 4: Favorable



Indicator 5: Favorable



Indicator 6: Marginal





Expenditures

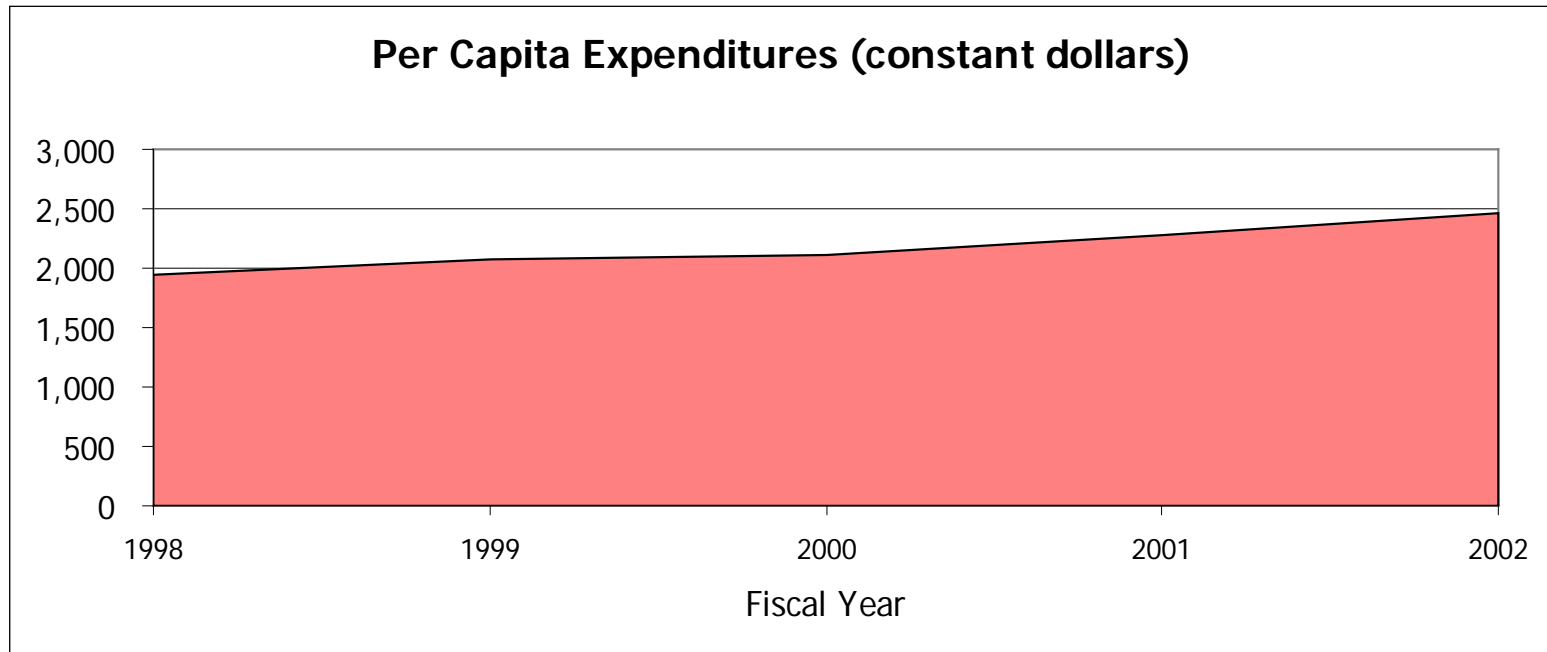
Indicator 7: Spending per Capita

Indicator 8: Salaries & Wages

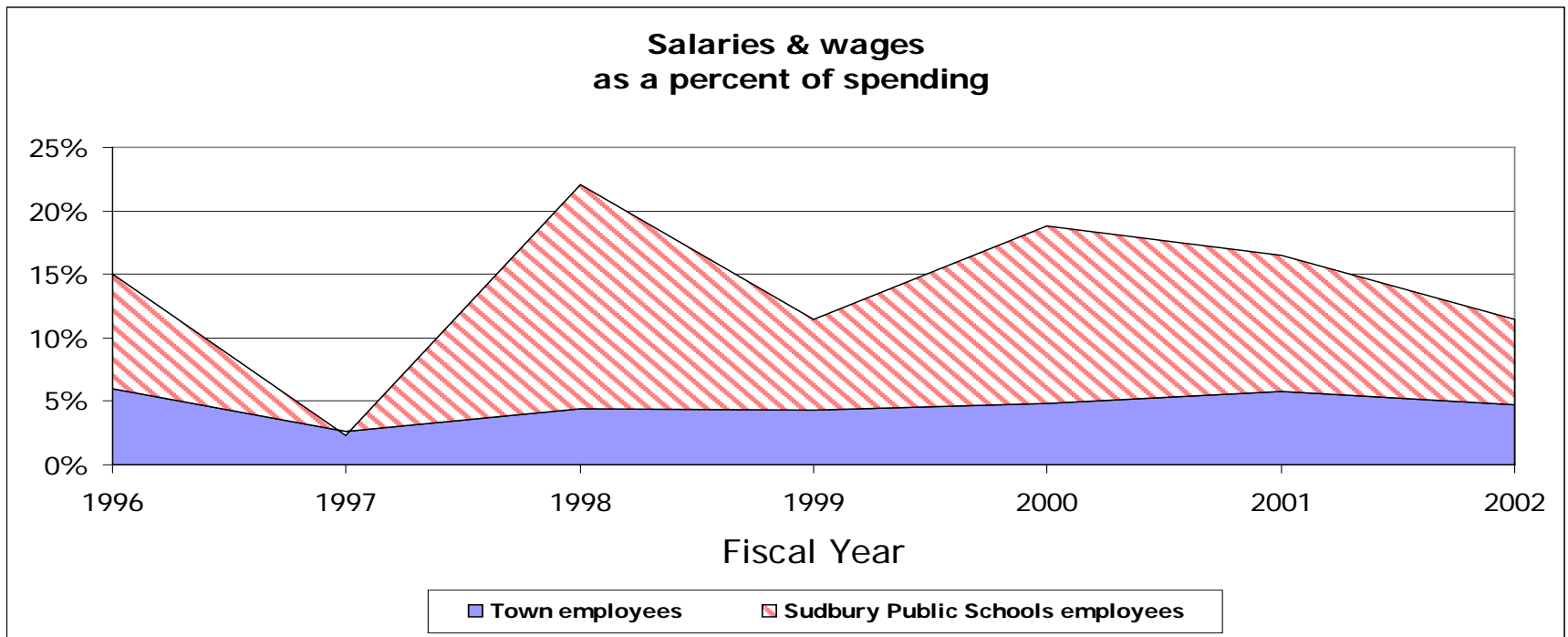
Indicator 9: Employees per 1,000 Pop.

Indicator 10: Pension & Insurances

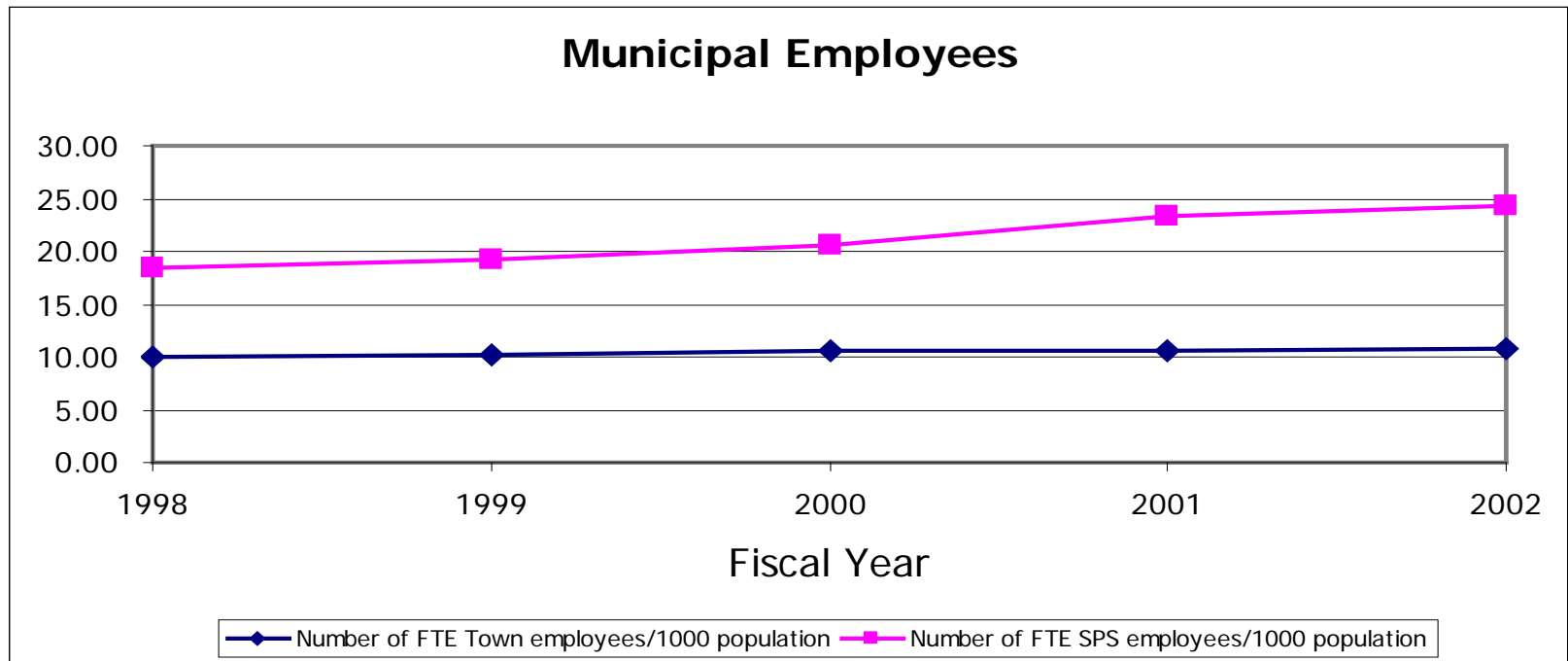
Indicator 7: Uncertain



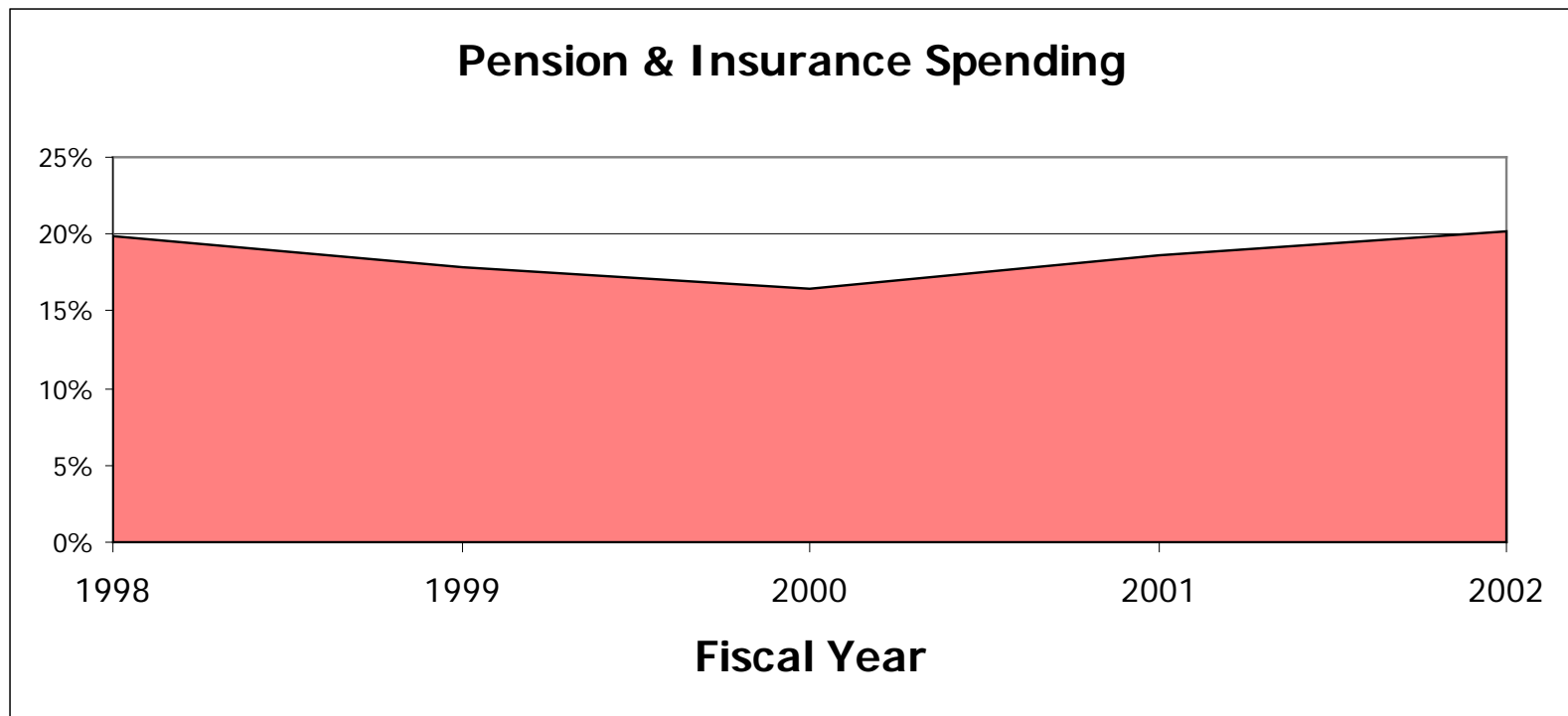
Indicator 8: Uncertain



Indicator 9: Uncertain



Indicator 10: Unfavorable





Financial Forecast



Model- Revenues

- Chapter 70 projection= level funded
- Local Receipts= lower projections than past 5 years (elastic revenues)
- Available Funds= lower projections than past 5 years (exhausted abatement surplus)
- Free Cash= much lower projection



Model- Expenditures

- 1.0% increase in wages
- 5% increase in expenses
- 25% increase in benefits costs

	FY03	FY04	FY05	FY06
PROJECTED REVENUE				
Cherry Sheet	5,087,907	5,091,065	5,175,274	5,178,281
SBAB grants	3,169,449	3,169,449	2,826,630	2,826,630
Chapter 70 and pupil transportation				
Chapter 90				
Local Receipts	4,096,369	4,002,131	4,057,414	4,114,126
Enterprise Fund Receipts	583,877	627,215	649,168	671,889
Free cash	1,180,000	750,000	750,000	750,000
Available funds	482,790	190,000	190,000	165,000
Total, non-tax levy Revenue	14,600,392	13,829,861	13,648,486	13,705,926
Previous year levy	37,009,273	41,609,500	43,249,738	44,930,981
Allowable 2.5% Increase	925,232	1,040,238	1,081,243	1,123,275
Allowable New Growth	675,000	600,000	600,000	625,000
Levy Limit	38,609,505	43,249,738	44,930,981	46,679,256
Unused Levy Capacity	-	-	-	-
Debt Exemptions	7,231,140	6,000,513	4,945,754	4,534,549
Capital Exclusion	-	-	-	-
Voter approved overrides	2,999,995	-	-	-
Total, tax levy limit	48,840,640	49,250,251	49,876,735	51,213,805
Total Revenues	63,441,032	63,080,112	63,525,221	64,919,731
Budget Deficit/Surplus	56,885	(1,932,391)	(3,413,318)	(5,396,946)
Surplus as % of revenue	0.09%	-3.06%	-5.37%	-8.31%

	FY03	FY04	FY05	FY06
APPROPRIATIONS				
Town Wages	8,102,989	8,184,019	8,429,539	8,682,426
Town Benefits	2,463,147	3,085,434	3,709,021	4,457,325
Town Expenses	2,885,806	3,030,096	3,181,601	3,340,681
Town	13,451,942	14,299,549	15,320,161	16,480,431
K-8 wages (Net of offsets)	17,204,114	17,376,155	17,897,440	18,434,363
K-8 benefits	3,356,073	4,195,091	5,034,110	6,040,931
K-8 expenses (net of offsets)	4,914,252	5,159,965	5,417,963	5,688,861
Sudbury Public Schools	25,474,439	26,731,211	28,349,512	30,164,155
LS wages (%)	7,676,001	7,752,761	7,985,343	8,224,904
LS benefits (%)	1,279,333	1,599,167	1,919,000	2,302,800
LS expenses (%)	2,674,970	2,808,718	2,949,154	3,096,612
Lincoln-Sudbury Regional HS	11,630,304	12,160,646	12,853,498	13,624,316
Total: 3 Cost Centers	50,556,685	53,191,406	56,523,171	60,268,903
Capital Investment	310,490	375,000	375,000	375,000
Savings Investment	-	100,000	100,000	100,000
Total: Investment	310,490	475,000	475,000	475,000
Assessments & Offsets	702,007	750,000	750,000	750,000
Minuteman Regional Assessment	378,971	397,920	417,816	438,706
Overlay	350,000	400,000	350,000	350,000
Enterprise Funds	606,005	627,215	649,168	671,889
Non-Debt Capital	68,000			
Deficits & Judgments	-	-	-	
Articles & Capital	1,400	1,000	1,000	1,000
Total: Other	2,106,383	2,176,135	2,167,983	2,211,595
LS Capital/Debt	576,388	2,428,318	2,428,318	2,428,318
Debt Service (Non-LS)	9,834,201	6,741,644	5,344,066	4,932,861
Total: Debt Service	10,410,589	9,169,962	7,772,384	7,361,179
Total: Expenditures	63,384,147	65,012,503	66,938,539	70,316,677
Total: Revenues	63,441,032	63,080,112	63,525,221	64,919,731
Budget Deficit/Surplus	56,885	(1,932,391)	(3,413,318)	(5,396,946)
Surplus as % of revenue	0.09%	-3.06%	-5.37%	-8.31%

FY 2004 Salary				
	1.50%	2.00%	2.50%	3.00%
Town Wages	121,545	162,060	202,575	243,090
SPS Wages	258,062	344,082	430,103	516,123
LSRHS Wages	115,140	153,520	191,900	230,280
total cost:	494,747	659,662	824,578	989,493