

Special Town Meeting
December 7, 2020

Article 2
Vote to rescind the use of Stabilization Fund

During the final preparation of the Fiscal Year 2021 budget, being three months into the pandemic, steps were taken to minimize the impact on the ensuing fiscal year operating budget. At that time, it was unclear as to whether we would be able to vote a budget and as directed prepared a one-twelfth budget to ensure the continuance of operations beyond July 1st. We were fortunate to hold a Town Meeting at the end of June, and with collaboration of the Finance Committee and Town Meeting via a remote session, pass the operating budget for Fiscal Year 2021. What remained uncertain at that time was what the revenue estimates were going to look like for state aid, local receipts, and new growth due to the pandemic. The budget was prepared at levels equal to Fiscal Year 2020 with exception for contractual obligations and fixed costs like insurances and debt service.

In light of the pandemic and the effect on the economy, it was fiscally responsible to reduce the revenue estimates for state aid by 16%, local receipts by 10%, and a conservative estimate for new growth of \$500,000.00. In order to stabilize services to the residents and current staffing levels, the amount of \$2,436,951.00 from the Stabilization Fund was used to balance the Fiscal Year 2021 budget with the understanding that it was a priority to replenish these funds back to the Stabilization Fund in order not to jeopardize our current AA+ bond rating. We did this rather than using free cash at the time, minimizing impact to the year-end financial statements.

Fiscal Year 2020 is now closed and as we prepare to set a tax rate for the current fiscal year, free cash has been certified as of July 1, 2020, and there have been further estimates of state aid and new growth has been

certified by the Department of Revenue. As a result, the amount of \$1,500,000.00 from the July 1, 2020 certified free cash is a more prudent financing source for balancing the Fiscal Year 2021 budget and allows us to leave the Stabilization Fund intact.

Therefore, we are requesting that the vote of the use of the amount of \$2,436,951.00 from the Stabilization Fund of the General Fund be rescinded and replaced to include the use of an amount not to exceed \$1,500,000.00 from the July 1, 2020 certified free cash to fund Town charges for Fiscal Year 2021 below:

Recommend the sum of \$93,448,989.00 for Town charges for Fiscal Year 2021 as follows:

Municipal Department Operating Budgets	\$63,873,739.00
School Department Operating Budget	<u>\$29,575,250.00</u>
Total	\$93,448,989.00

Source of funding to be provided from the tax levy, local aid, estimated receipts, and an amount not to exceed \$1,500,000.00 from the July 1, 2020 Certified Free Cash of the General Fund.

While these funds contributed to balancing the Fiscal Year 2021 budget, our concern is that without changes to our revenue sources, the next two years will require budgetary relief from the effects of the COVID-19 pandemic.

TOWN OF SAUGUS
SOURCES AND USES OF FUNDS
FISCAL YEAR 2021
November 23, 2020

	FINANCE COMMITTEE RECOMMENDATION JUNE 2020	REVISED RECOMMENDATION NOVEMBER 2020
Source of Funds:		
General Fund:		
Property Taxes		
Prior Levy Limit	\$ 68,007,835	\$ 68,007,835
2.5% Increase	\$ 1,700,196	\$ 1,700,196
New Growth	\$ 500,000	\$ 1,146,652
Debt Exclusion: Construct Veterans Memorial School (4/06/99)	\$ 14,908	\$ 14,908
Debt Exclusion: Municipal Purpose (05/11/04)	\$ 65,805	\$ 65,805
Debt Exclusion: Belmonte Middle School Repair Project	\$ 684,713	\$ 684,713
Debt Exclusion: High School/Middle School New Construction	\$ 5,120,478	\$ 5,120,478
Debt Exclusion: Veterans / Belmonte Reconfiguration	\$ 591,478	\$ 591,478
Total Property Taxes	\$ 76,685,413	\$ 77,332,065
State Aid		
Cherry Sheet Estimate (C.S. 1-ER Total)	\$ 9,690,267	\$ 10,908,885
Total State Aid	\$ 9,690,267	\$ 10,908,885
Local Receipts		
Recurring (Recap. Lines 1-17, 19 & 20)	\$ 9,118,090	\$ 8,914,418
Special Assessment (Recap Line 18) I & E Lien	\$ 44,400	\$ 44,400
Miscellaneous Non-Recurring (Recap. Line 22: Snow & Ice: FEMA)	\$ -	\$ -
Miscellaneous Non-Recurring (Recap. Line 22: One Time State Aid)	\$ -	\$ -
Total Local Receipts	\$ 9,162,490	\$ 8,958,818
Transfers/Reserves to be Used in the General Fund		
Water Revenue to Fund General Fund Overhead/Health & Liability Insurance Expense	\$ 654,440	\$ 654,440
Sewer Revenue: to Fund General Fund Overhead/Health & Liability Insurance Expenses	\$ 653,033	\$ 653,033
Special Articles funded from Free Cash		
Reserve of MSBA grant on Veterans School		
Reserve of Premium on Long Term Debt June 2013		
Overlay Surplus		
Appropriation from the Stabilization Fund / Free Cash	\$ 2,436,951	\$ 1,470,151
Total Transfers/Reserves to be Used in the General Fund	\$ 3,744,424	\$ 2,777,624
Total Source of Funds:	\$ 99,282,594	\$ 99,977,392
Other Funds:		
Water Enterprise Fund	\$ 7,454,392	\$ 7,454,392
Water Retained Earnings		
Sewer Enterprise Fund	\$ 6,196,031	\$ 6,196,031
Sewer Retained Earnings		
Sewer I & I Fund		
Chapter 90		
Total Other Funds:	\$ 13,650,423	\$ 13,650,423
Grand Total Available Funds:	\$ 112,933,017	\$ 113,627,815

TOWN OF SAUGUS
SOURCES AND USES OF FUNDS
FISCAL YEAR 2021
November 23, 2020

	FINANCE COMMITTEE RECOMMENDATION JUNE 2020	REVISED RECOMMENDATION NOVEMBER 2020
Use of Funds:		
General Fund:		
Operating Budgets:		
General Fund Operating Budgets	\$ 63,873,739	\$ 63,873,739
School Fund Operating Budget	\$ 29,575,250	\$ 29,575,250
Total General Fund Operating Budgets	\$ 93,448,989	\$ 93,448,989
Other Items To Be Raised		
State & County Cherry Sheet Charges	\$ 4,298,378	\$ 4,742,420
Special Articles		
Settlements		
Overlay Deficits		
Cherry Sheet Offsets	\$ 35,227	\$ 35,983
Deficits:		
Snow & Ice Deficits	\$ -	\$ -
Allowance for Abatements and Exemptions	\$ 1,500,000	\$ 1,750,000
Total Other Items To Be Raised	\$ 5,833,605	\$ 6,528,403
Other Funds		
Water Enterprise Fund	\$ 7,454,392	\$ 7,454,392
Sewer Enterprise Fund	\$ 6,196,031	\$ 6,196,031
Chapter 90	\$ -	\$ -
Total Other Funds:	\$ 13,650,423	\$ 13,650,423
Grand Total Use of Funds	\$ 112,933,017	\$ 113,627,815
Variance: Surplus / (Deficit)	\$ (0)	\$ (0)
Prior Year Deficits:	\$ -	\$ -
Total Prior Year Deficits:	\$ -	\$ -
Total Surplus/(Deficit)	\$ (0)	\$ (0)