

Town of Bedford



Financial Update

March 15, 2011

Bedford Fiscal Planning & Coordinating Committee

Purpose of tonight's presentation

- Provide an overview of the Town's current financial condition in advance of Annual Town Meeting
- Provide perspective on the challenges going forward
- Answer any questions

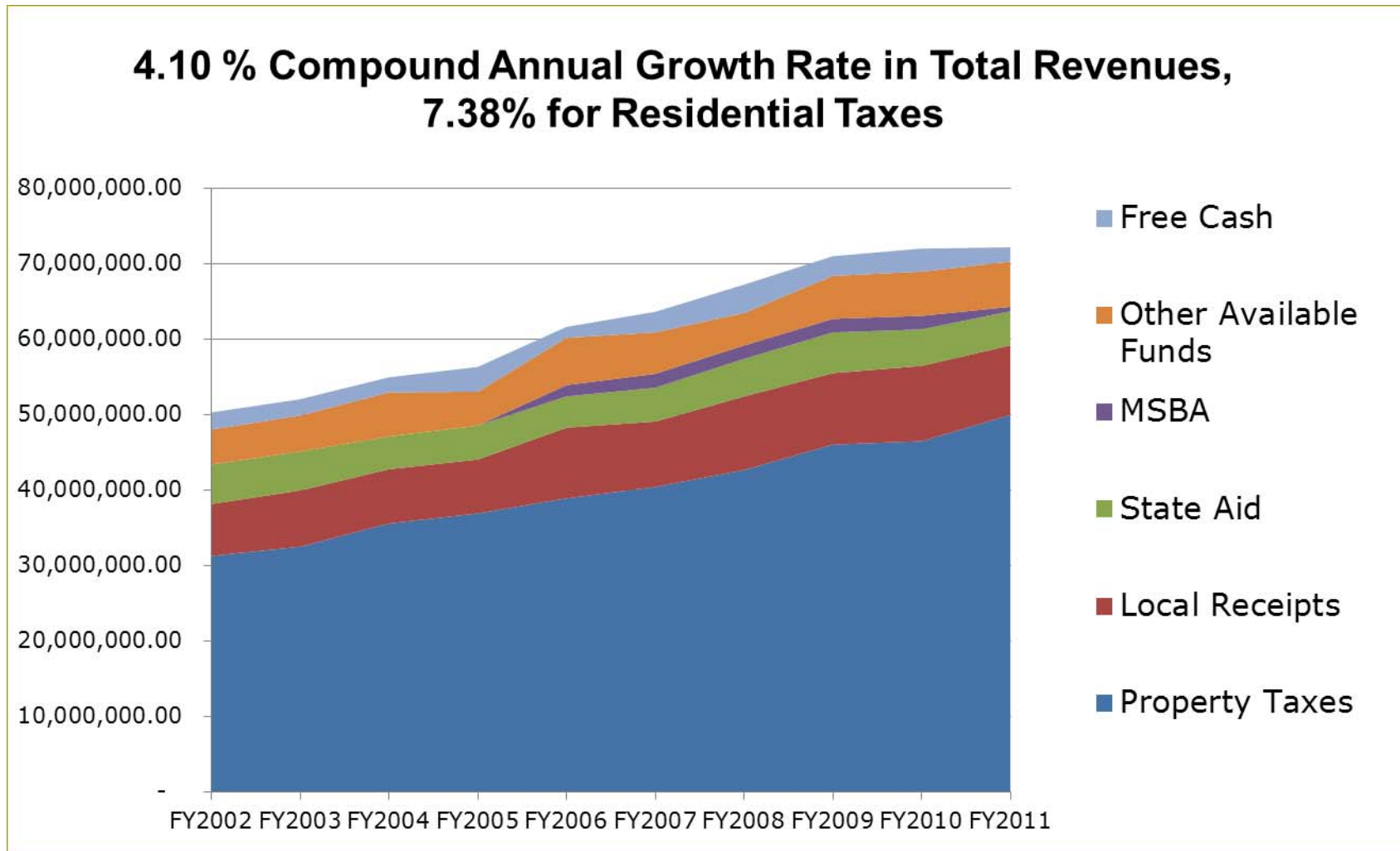
Bedford is in sound financial shape

- Reasonable level of town & school services as desired by residents
- Commercial/Industrial tax base larger than many surrounding communities
- AAA Bond Rating = low borrowing rates
- Reserve balances
- Excess tax levy capacity
- No Proposition 2 ½ Overrides
- Use of debt exclusions to fund major capital projects

But we do face challenges

- FY2012 is a particularly tight budget year
 - General economic downturn
 - Slow revenue growth mostly due to lower state aid and local receipts
 - Pressure on operating budgets to stay at or near flat
- Residential to Commercial/Industrial tax basis ratio continues to shift toward Residential, compounding Residential tax increases
- Health Insurance increases outpacing revenue growth
- Peak debt service in FY12 through FY14
- Constrained Capital Expenditure budget
- Increasing unfunded liabilities

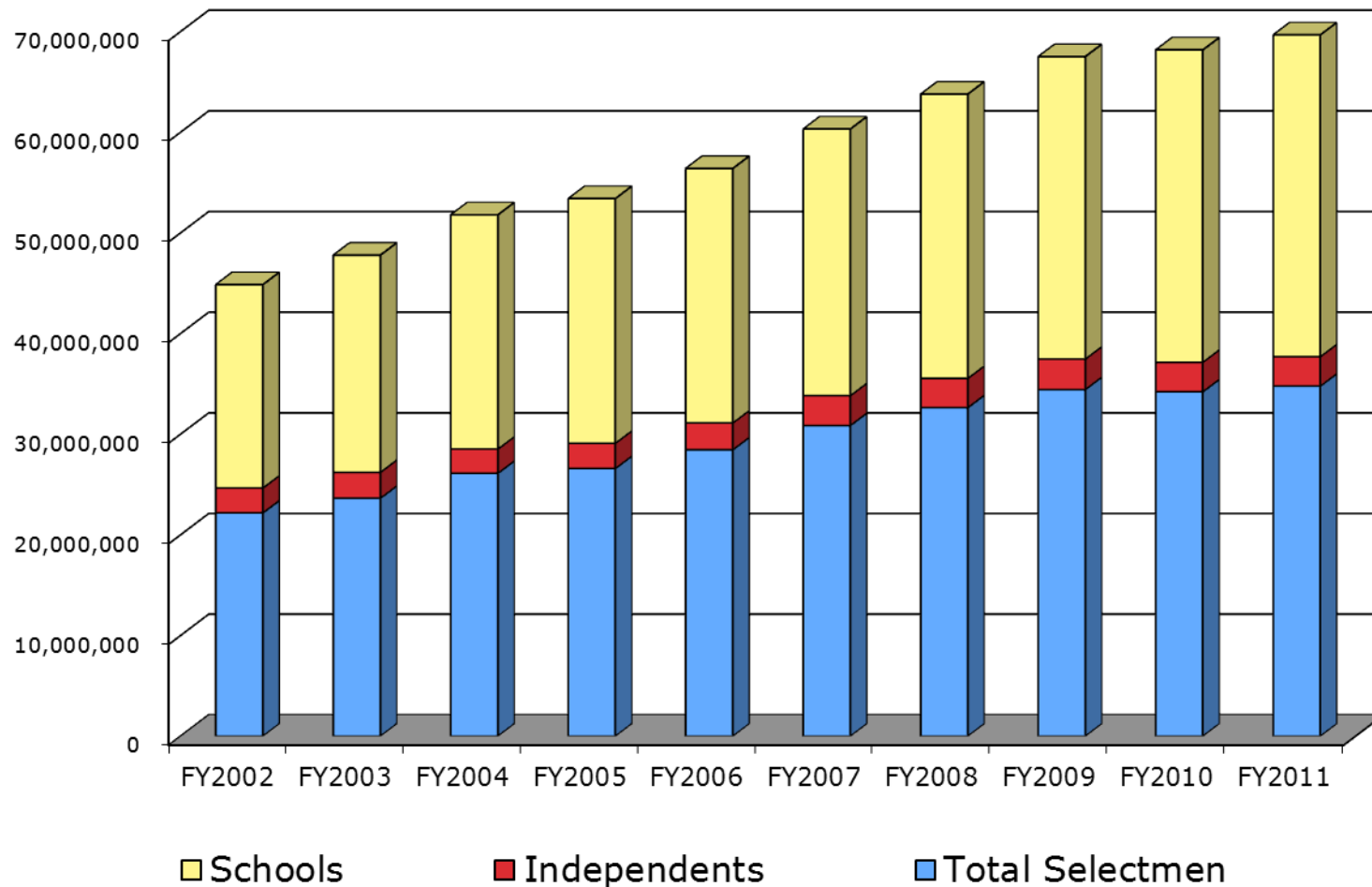
Sources of Revenue FY02-11



Note: Does not include Community Preservation Funds

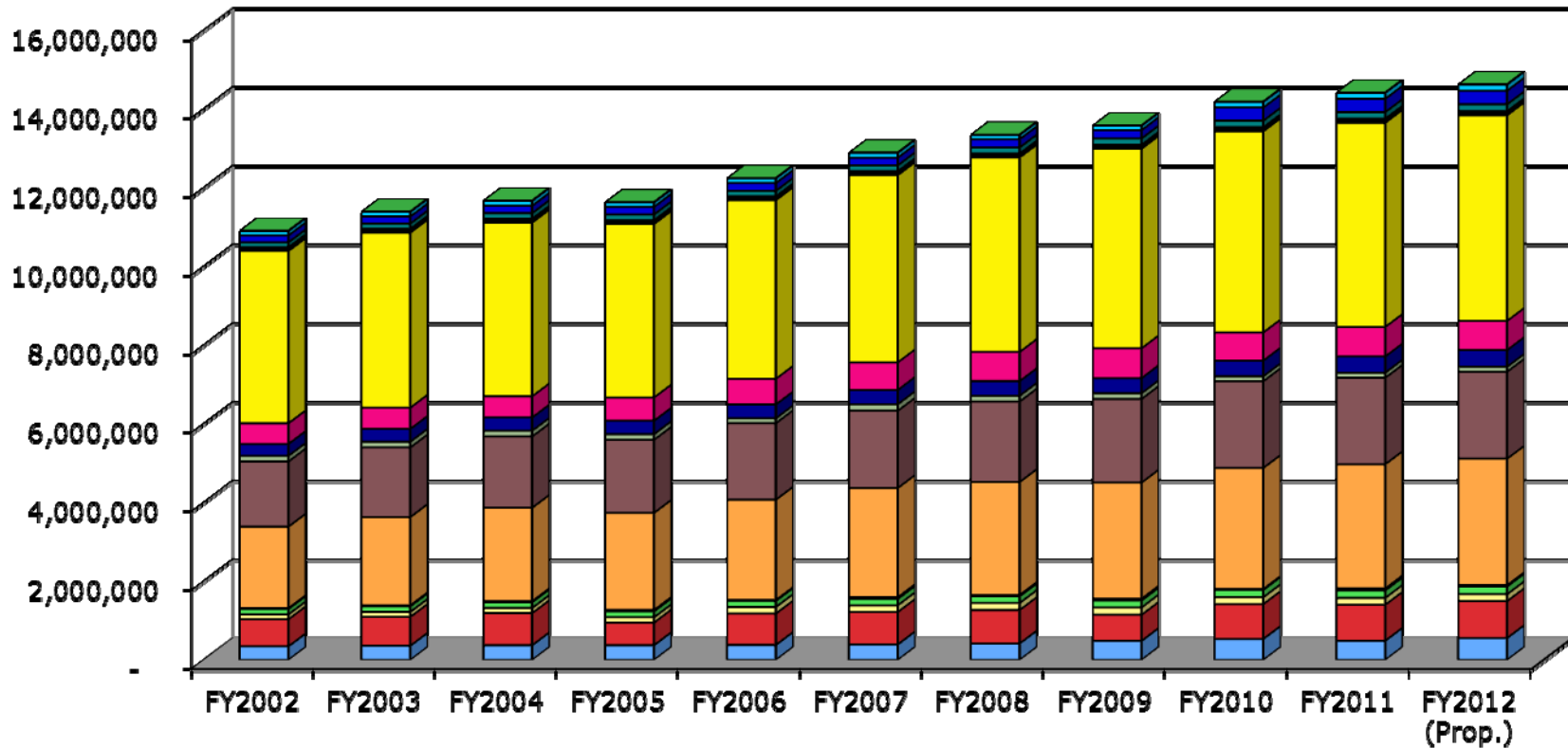
Total Town Budget Growth FY02-11

5.01% Compound Annual Growth Rate



Selectmen's Discretionary Budget FY02-12

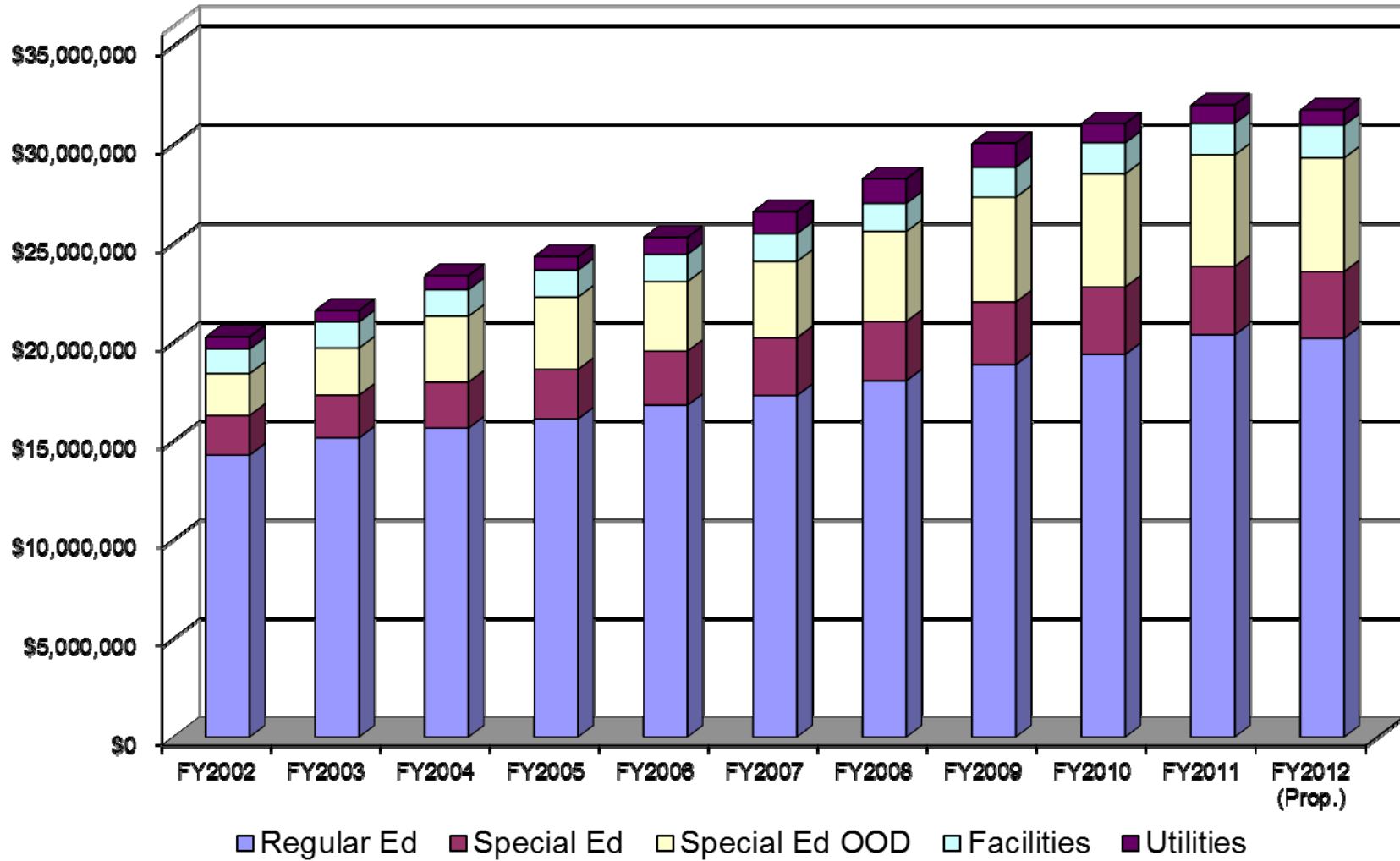
**DPW, Police and Fire represent the majority
3.15% Compound Annual Growth Rate**



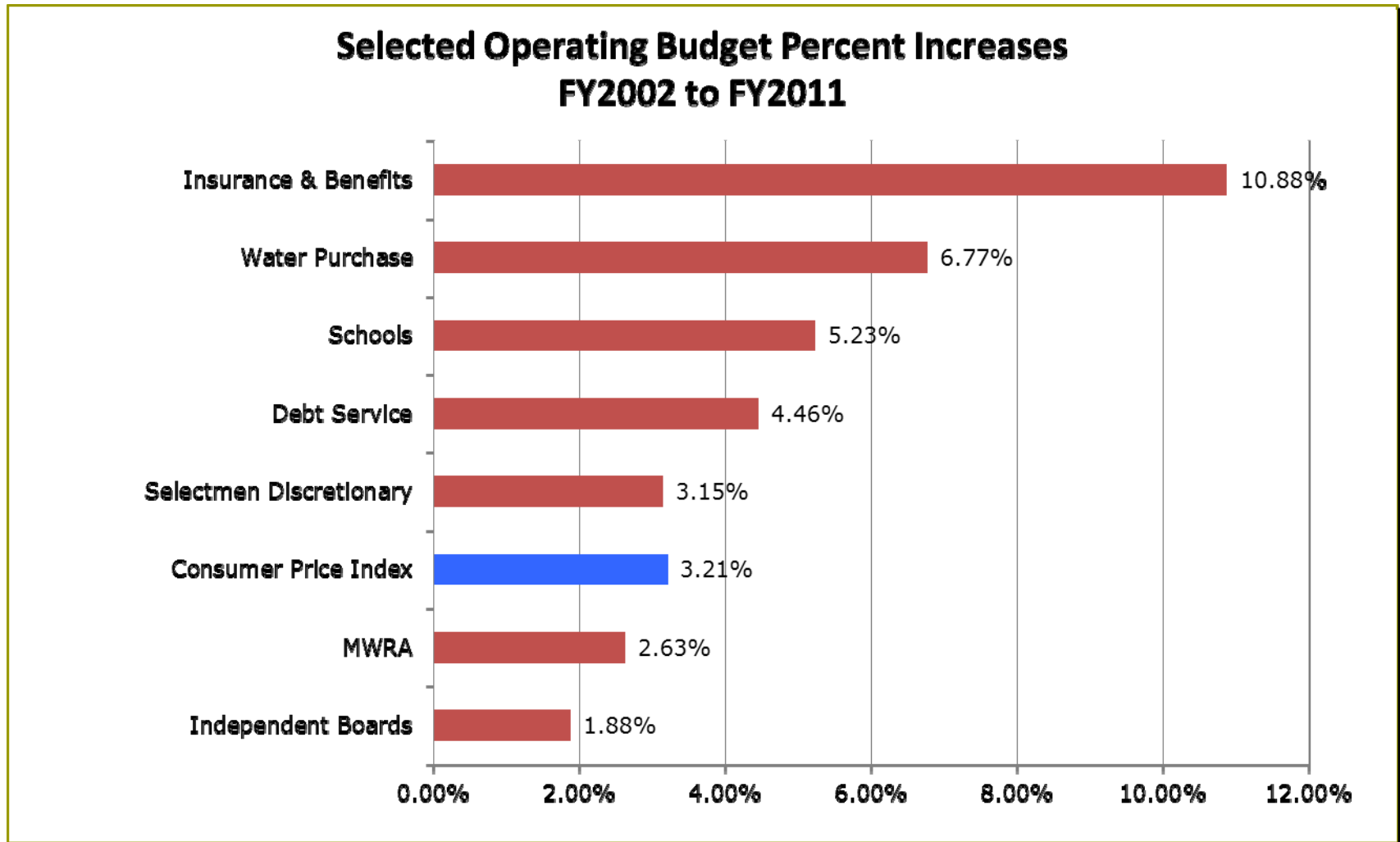
- Historic Preservation
- Council on Aging
- Hazardous Waste
- Code Enforcement
- Police
- Recreation
- Bedford Local Transit
- Public Works Net
- Town Center
- Elections and Registrations
- Youth and Family Services
- Mosquito Control
- Facilities (Town)
- Fire
- Town Clerk

School Budget FY02-12

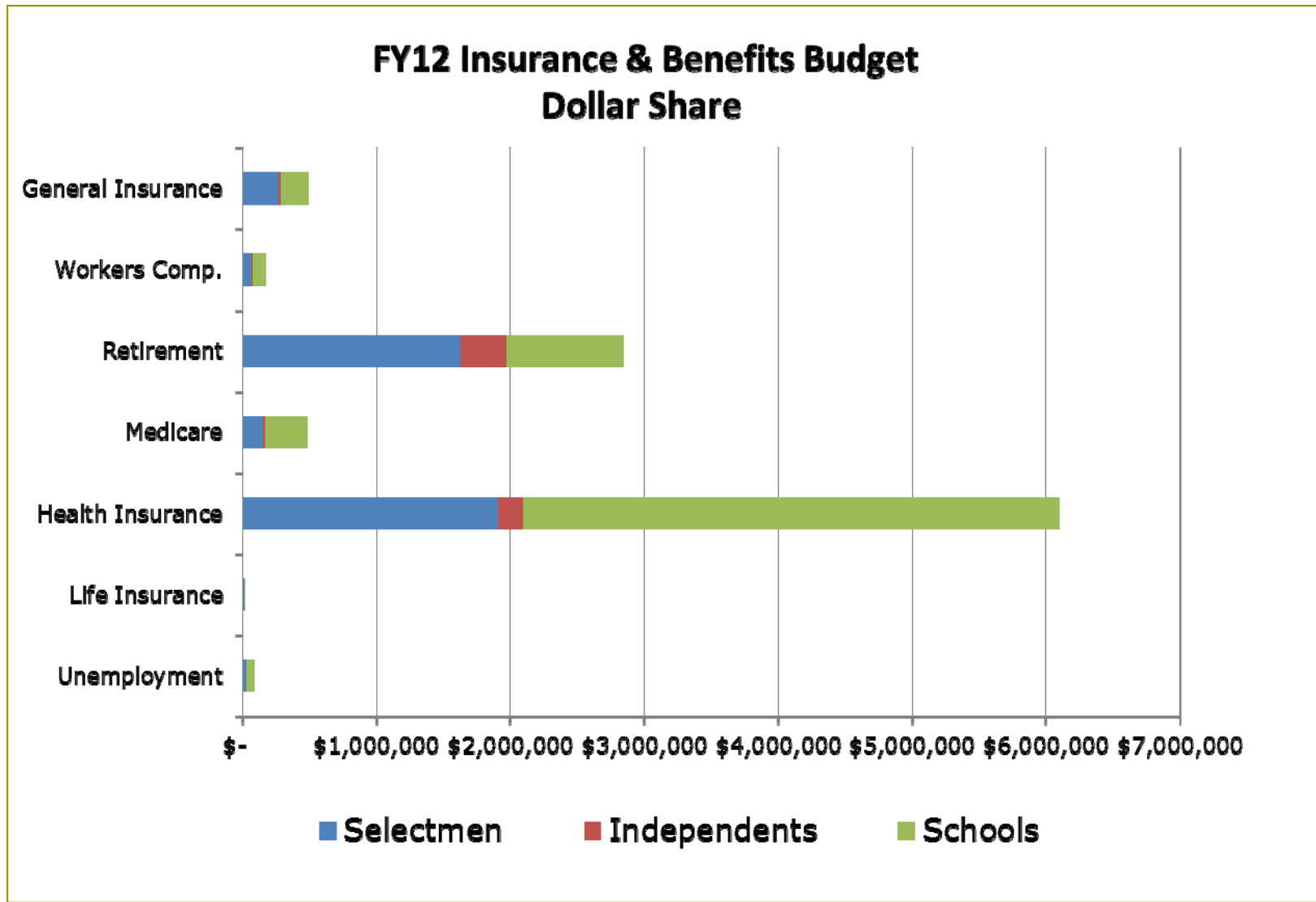
4.59% Compound Annual Growth Rate



Selected Operating Budget Increases FY02-11



Insurance and Benefits costs are significant



The FY2012 Budget

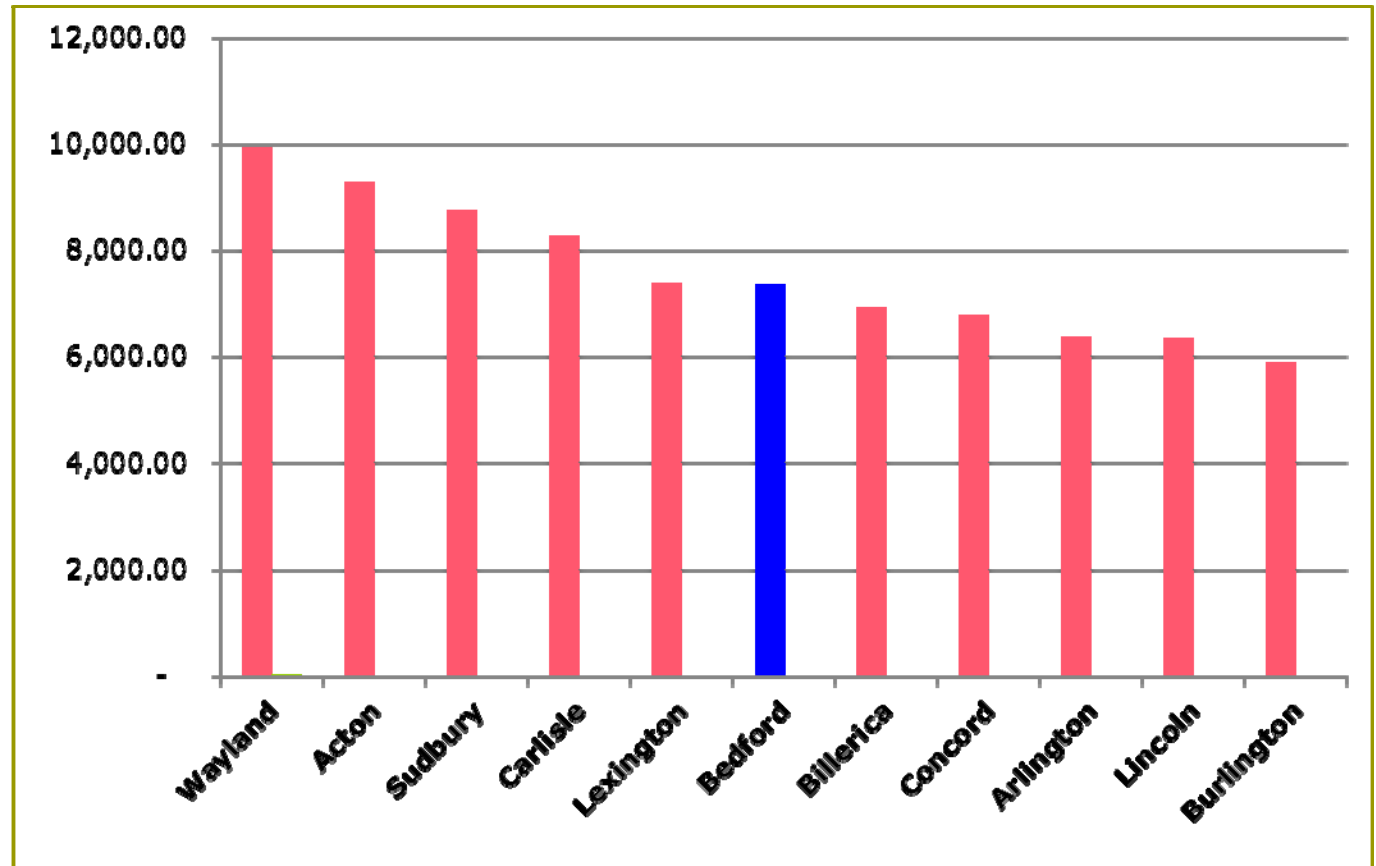
	Adopted FY2011	Proposed FY2012	Percent Increase
Schools*	31,968,135	32,278,883	0.97%
Selectmen (Discretionary)	14,550,372	14,654,368	0.71%
Insurance & Benefits	9,459,367	9,916,867	4.84%
Debt Service	6,745,817	7,761,951	15.06%
MWRA Sewer/Water Purchase	4,159,872	4,326,267	4.00%
Independents	<u>2,908,205</u>	<u>2,906,154</u>	-0.07%
Total	69,791,768	71,844,490	2.94%

* - School Budget includes direct State funding of \$562,503 for Hanscom students

Tax rate compared to nearby towns

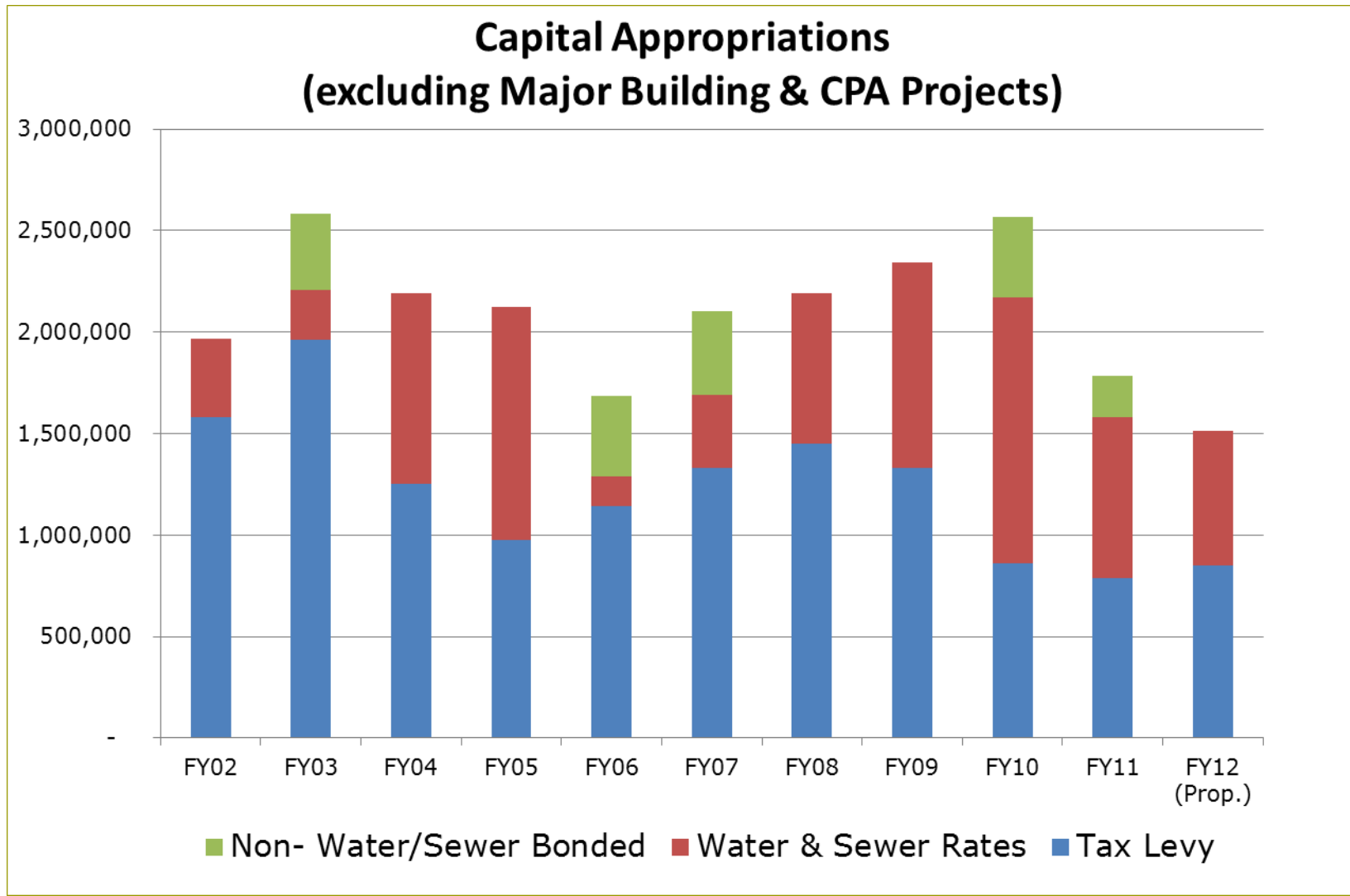
Annual tax for the average Bedford house in other towns

Residential Tax Rate	
Wayland	19.35
Acton	18.08
Sudbury	17.03
Carlisle	16.13
Lexington	14.40
Bedford	14.33
Billerica	13.47
Concord	13.19
Arlington	12.41
Lincoln	12.37
Burlington	11.50



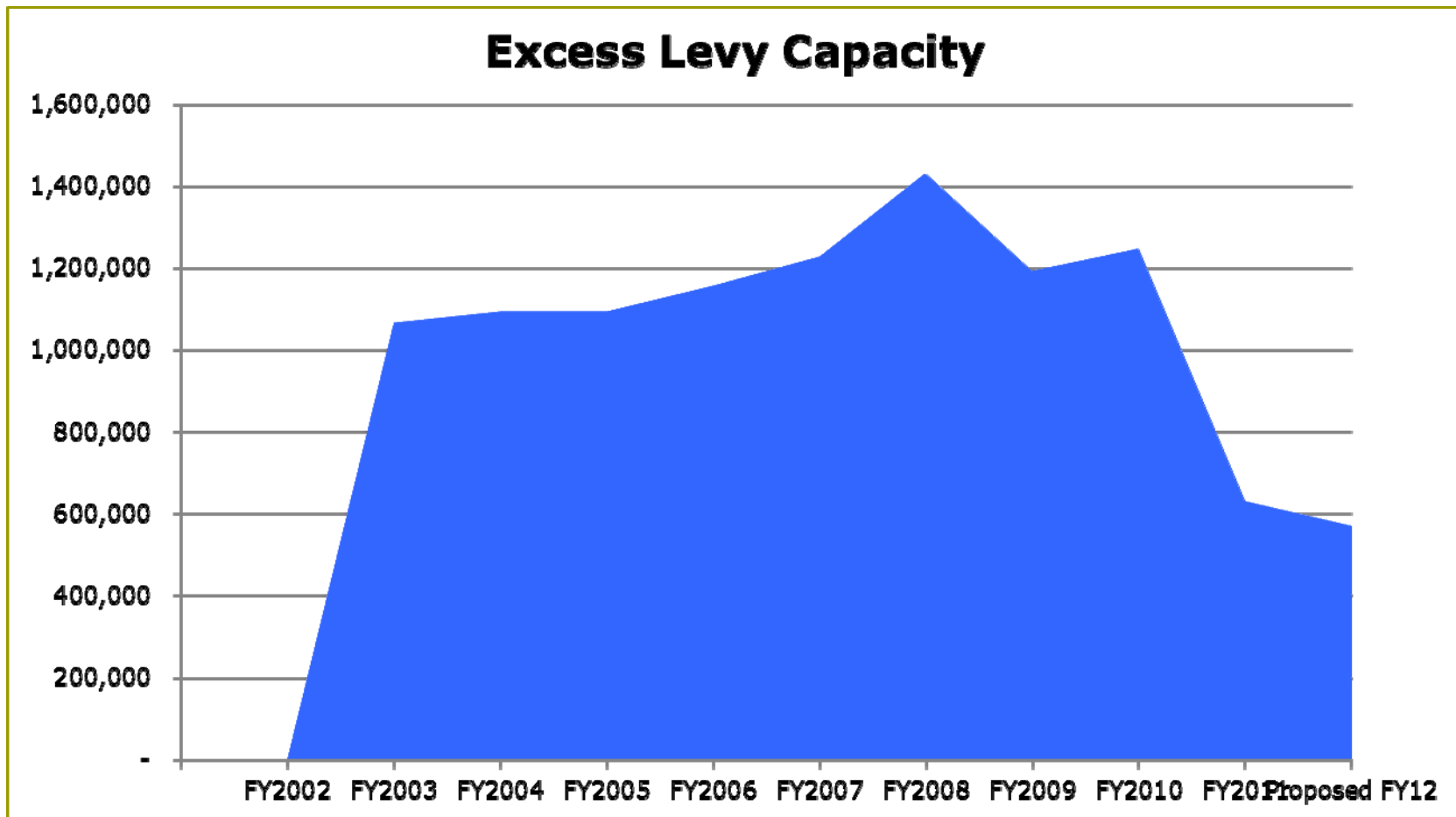
Average Bedford house valued \$513,497

Capital Expenditure plan



What is unused levy capacity?

The amount to which the town could increase property taxes under the limits of Proposition 2 ½ before an override would be required



Unfunded OPEB Liability

- ❑ OPEB = “Other Post Employment Benefits” principally health insurance for retirees
- ❑ Benefits are currently funded on a pay-as-you-go basis.
- ❑ Unfunded Accrued Actuarial Liability is equal to present value of projected future costs and is currently estimated to be approximately \$71 million.

Summary

- While Bedford remains in solid fiscal shape, we do have challenges
- The FY2012 budgeting process has highlighted some of these challenges, but the process taken by town officials has gotten us to where we need to be by ATM
- We generally have consensus that allows us to maintain Bedford's quality of life and sound financial condition

- Questions?