



*Town of Williamsburg*  
*141 Main Street, P.O. Box 447*  
*Haydenville, Massachusetts 01039-0447*  
**Annual Town Meeting**  
**Monday June 1, 2009**

**Report from the Finance Committee**

**Subject: Fiscal Year 2010 (FY10) Recommended Operating Budget**

The overriding factor affecting the development of the FY10 budget is the precipitous decline in State revenue. The economic outlook is poor and reduced state revenues will likely continue beyond the coming fiscal year. This necessitates a conservative outlook for the FY10 Budget and beyond.

**Revenue.** The main source of revenue growth to meet increasing expenses is the 2 ½% increase in the tax levy allowed under Proposition 2 ½. After adjustments for changes in the amount of Debt Exclusion Overrides and allowance for tax abatements the anticipated increase from property taxes in FY10 is approximately \$148,000. The second area of revenue to support the budget is local revenue. We normally use five year averages as our guide in setting estimates for local revenue. We have deviated from this and reduced our estimates in two areas. First, Motor Vehicle Excise Taxes where delayed purchases of new cars have led to decreased revenue. Second, anticipated earnings on investments have been reduced due to the sharp decline in interest rates. State local aid revenue as shown on the Cherry sheet is greatly reduced for FY10. While final figures are not available, in the absence of new revenue sources, we can anticipate a reduction in State revenue of between \$120,000 and \$140,000. The bottom line is anticipated revenue for FY10 that is nearly level with the current year's revenue.

**Expense.** Fixed expenses have risen by over \$62,000 due to increased insurance and retirement benefit costs. Also the appropriation to the unemployment trust has been increased by \$10,000 due to the possibility of Local School layoffs. Another area of expense increase is the Town's assessment for a new regional veteran's benefit office together with sharply increased veteran's benefits resulting in a budget increase of over \$25,000. With the likelihood of level revenue and increased costs it is necessary to reduce expense budgets in other areas. Expense budget lines have been reduced for nearly all departments. The Finance Committee has been able to include a 2% raise in the salary and labor accounts for non-school employees.

Hampshire Regional School approved a level funded budget for FY10. As the result of a decreased number of Williamsburg students as a percentage of the total enrolment, Williamsburg's assessment has declined from the FY09 appropriation by \$101,611. A significant portion of this reduction has been applied to increase the Finance Committee's budget recommendation for the Local School. In order to maintain existing programs and level fund their budget the local school committee has relied on a major reduction in School of Choice reserves. This is not sustainable beyond FY10 and the Finance Committee's recommended increase is aimed at improving the long range school budget outlook.

**Free Cash and Stabilization Fund.** Williamsburg's Free Cash position currently stands at \$500,150. This is a substantial increase from a year ago when Free Cash stood at \$232,202. This is largely a one-time increase due to the collection of outstanding property and motor vehicle excise taxes. The Capital Planning Committee requested that a sum of money be appropriated from taxation in order to preserve the ability of the town to budget for future capital items. The Stabilization Fund amounted to \$133,898 as of June 30, 2008. In order to strengthen the Stabilization Fund for emergencies or future capital projects the Finance Committee recommends that \$150,000 be added to the fund with \$133,000 appropriated from Free Cash and \$17,000 appropriated from taxation.

Christopher Smith  
Chairman, Finance Committee