

Town Meeting Participants:

Attached please find the recommendations of the Board of Selectmen and Finance Committee on the articles presented to the Annual and Special Town Meetings. The FY 2006 budget process has been very long and challenging as we attempt to survive these difficult financial times. The Board of Selectmen is recommending a budget that will increase the current operating budget by 3.67%. In light of the inflation in utilities, pension increases, gasoline, the vocational school assessment, and other fixed costs, this proposal is modest and does not propose to add any additional staffing to the municipal government. This figure also includes a 3.25% increase in the school budget that will allow for the restoration of three Middle School positions in the school department that were cut in FY 2004. These positions would allow for restoration of instruction in foreign language, health, and technology. The Finance Committee's recommendations include a 2.5% increase in the school budget that would not accommodate these initiatives. The Board of Selectmen and School Committee believe that it is important for the students of Carver to have at least the same opportunities and instruction available to other students throughout the region. The recommendation pertaining to the school budget is the only substantive difference between the Board of Selectmen and the Finance Committee on the budget (Article 4).

In addition to the operating budget the Board of Selectmen has two other specific objectives. The first is to continue to provide for the capital needs of the community. In doing so the Board is recommending funding only for the items identified as "Tier 1" by the Capital Outlay Committee. In order to fund these needs some use of stabilization is recommended. The second objective is to provide the town the opportunity to lower the tax impact in FY 2006. This is important because the town will realize an additional \$569,000 in property taxes due to the last two years of the debt exclusion over-ride on the High School. The reimbursement from the state school building assistance program expires in FY 2005 - yet two years remain on the debt and interest due in FY 2006 and again in FY 2007. Without being overly aggressive in the town's use of stabilization funds, the Board is recommending that half of that increase (\$284,000) be offset by applying stabilization funds to lower the levy, and, that another \$284,000 be utilized to supplement the capital outlay program. The result of this reduction in the tax levy for the median average home owner will be a \$90 increase in the tax bill for FY 2006 rather than \$180 dollars.

One major factor that can not be overlooked is the impact of the winter of 2004-2005 on the FY 2006 budget. Unfortunately the town was forced to over-expend the snow and ice removal budget by nearly \$500,000. Approximately \$100,000 of this was reimbursed by the Federal Emergency Management Agency (FEMA), however, the town has nearly \$400,000 in snow-over-expenditure that needs to be factored into the FY 2006 budget deliberations. Had the town not incurred these exorbitant costs from this past winter, we would have had the opportunity to do any number of things including more levy reduction, avoidance of the use of stabilization, and/or retirement of existing debt. Unfortunately this is just wishful thinking at this point, but, the impact of this past winter

can not be under estimated in terms of the impact the associated costs have had on the budget process for FY 2006. In fact, the recommended spending on capital outlay for FY 2006 is almost exactly the amount of the snow over-expenditure.

In comparison to other local communities Carver's fiscal condition remains strong. Although a significant percentage of communities around the state are seeking operating over-rides for FY 2006, we have been able to avoid this course of action to date. Carver continues to hold strong reserves and has demonstrated the ability to set our tax rate in a timely manner to ensure strong cash flow. Much of this is due to fairly conservative annual revenue estimates and the ability to balance the town budget prior to the beginning of the fiscal year. These factors are becoming more and more of a challenge as meaningful assistance from the state in the form of local aid has been relatively non-existent for the past four fiscal years. Without the state providing consistent and meaningful local aid on an annual basis, nearly every community in the Commonwealth will ultimately be in a position of needing operating over-rides.

Thank you for your attendance this evening. Your participation in serving as the town's legislative body is greatly appreciated by the many Boards, Committees, Commissions, and Department Heads that serve the town.

BOARD OF SELECTMEN
TOWN ADMINISTRATOR