

# TOWN OF PLYMPTON



## FINANCE COMMITTEE

Citizens of Plympton,

May – 2006

This is the fourth consecutive difficult year for Plympton finances. In Fiscal Year 2004 we were forced to reduce most town budgets by 8.5%. In Fiscal year 2005 a balanced budget with controllable lines at 0% growth was achieved by using over 50% of the town's stabilization (savings) fund. A failed override in 2006 required an additional 5.5% reduction in non mandated budget lines. The voters spoke clearly regarding override sentiment and this year our income has decreased while historically difficult budget lines have significantly increased due in part, to unfunded mandates.

We enter the FY-2007 budget discussions with a total historical reduction of nearly 15 % over a 4 year time span in most operating budgets while the corresponding cost of living has increased by approximately 14%. We have created an ever widening 30% financial gap from which the Town cannot recover. During this same time frame we have not been able to fund equipment replacement or significant building repairs.

Good news is that the Dennett School Bond was issued at a lower interest rate than anticipated and the Commonwealth's 71% reimbursement has been received in total some 4 years early. This will result in a Dennett override tax rate of approximately \$0.28/ 1000 instead of the \$1.11/ 1000 rate of FY-2005. We anticipate similar results for both Silver Lake school building bonds.

The Town was unable to get Free Cash certified within State mandated timelines. This reduces our available funds. We have reduced the recommended line for the Silver Lake budget request for several reasons, most importantly that as an accounting process, it allows us to balance our budget while proceeding with normal government and then convening a Special Town Meeting to fund Silver Lake per demand (from then certified free cash) before FY-07 Qtr # 4 payments are due.

Your Finance Committee has made a conscious but not unanimous choice to recommend funding The Dennett School as requested due to reduced State support, uncontrolled special education costs, unfunded mandates and because there is a belief that further budget cuts have a "half life" for which our children would suffer the negative effects for a generation.

The Town requires an income increase which means substantial new commercial growth or a general government override. Without an income increase, we will be facing the same constraints for the foreseeable future. Next year we may be faced with recommending closure of the Library, the Fire Department, the Police Department and / or substantial cuts to Town Government and the Dennett unless the Town's income position improves.

Respectfully,

The Finance Committee