

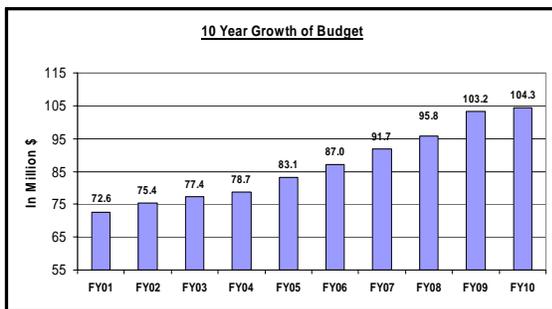
Executive Budget Financial Summary

City of Leominster

Introduction

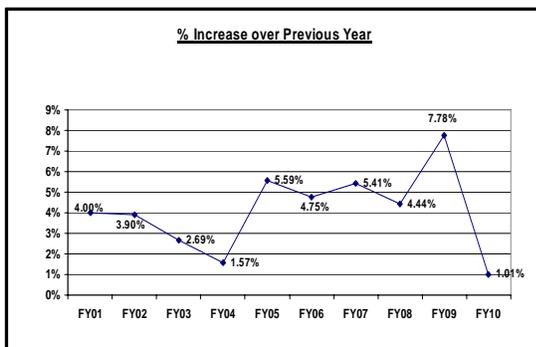
The Fiscal Year 2010 General Fund Budget total of \$104,269,096 represents a 1.01 % increase over the Fiscal Year 2009 Budget total of \$103,225,289.

Budget Chart 1



The 1.01 % budget increase was possible because of Certified New Tax Growth (\$541,975) and a Proposition 2 1/2 Tax Levy Increase (\$1,282,214). The amount also includes one time Federal and State Aid that total \$3,804,682.6 (\$2,846,865.60 appropriation to the stabilization fund) and (\$957,817 reimbursement for a school building project). Without these one time payments, the General Fund Budget of \$100,464,414 represents a 2.68% decline (\$2,761,415 net decrease) from the FY 2009 budget total of \$103,225,829.

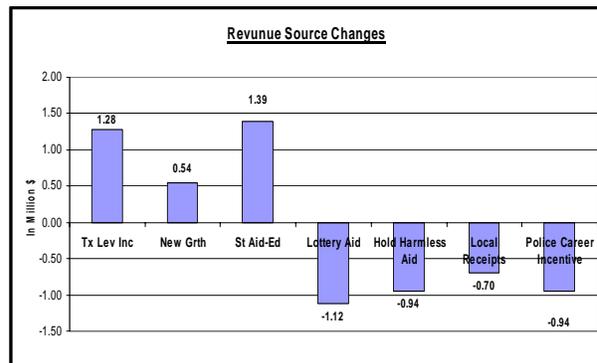
Budget Chart 2



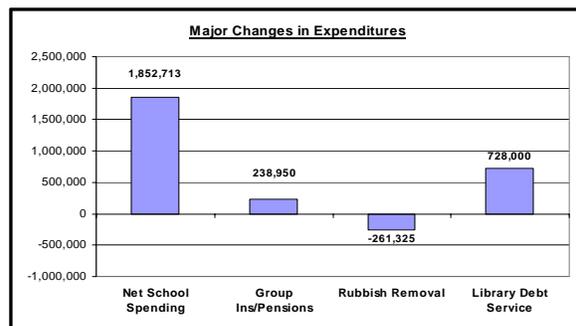
The major changes in General Government revenue sources from FY09 to FY10 include a Proposition 2 1/2 tax increase (\$1,282,214), and Certified New Tax Growth

(\$541,975). State Aid-Education (\$1,388,533). Decreases to revenues include reductions to State Aid-General Government and Local Receipts (-\$2,068,825) and Police Career Incentive Reimbursement (-\$169,899). Local Receipts estimates were also reduced by \$700,000.

Budget Chart 3



Budget Chart 4



State Aid - Education had a \$3,447,226 increase, Federal Stimulus Aid to the School Department was decreased by \$2,058,693. This results in a net increase for the School Department (Chapter 70 increase plus Stimulus Funds decrease) of \$1,388,533.

Executive Budget

Summary continued

City of Leominster

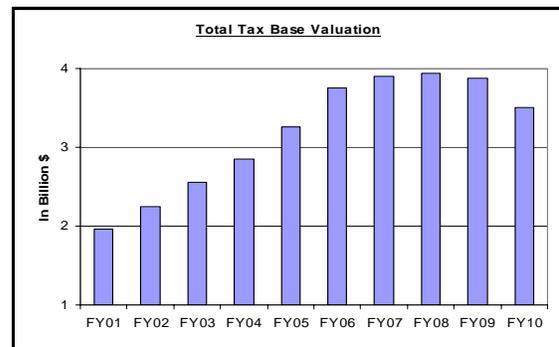
The local required district contribution increase of \$464,180 along with the State Aid net increase of \$1,388,533 results in a \$1,852,713 increase in the Net School Spending requirement for FY10 (\$63,052,402) or 3.03 % over the FY09 Net School Spending requirement of \$61,199,689.

This \$1,852,713 net increase is equal to the FY10 Foundation Budget increase over the FY09 Foundation Budget amount.

Due to the new tote system, the rubbish removal and recycling program expenses have been reduced by \$260,000 while the group insurance and retirement related expenses have been increased by \$238,951 for FY 2010.

The Total Assessed Valuation for the City declined to \$3,510,329,703 for Fiscal Year 2010. This still represents a 189.8 % increase over the Fiscal Year 2000 Total Assessed Valuation of \$1,848,672,000.

Budget Chart 6

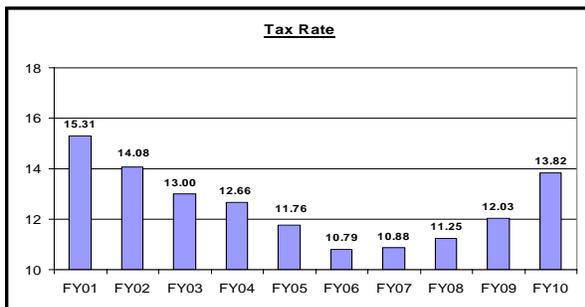


Tax Base Information

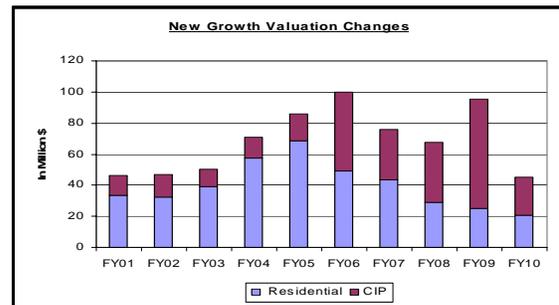
The Total Assessed Valuation of the City has again decreased. This had led to the tax rate rising for the fourth year in a row (\$11.25 in FY08 & 12.03 in FY09 & \$13.82 in FY10). The City has utilized a Proposition 2 1/2 increase for FY10.

The \$1,661,657,703 increase in valuation during the past 10 year period includes Certified New Growth valuations of \$685,612,740 which resulted in growth in the tax levy equal to \$9,111,369 (unadjusted for future tax levy increases). This Certified New Growth accounted for 47.4 % over the past 10 years of the total increase in the Tax Levy of \$19,207,946.

Budget Chart 5



Budget Chart 7



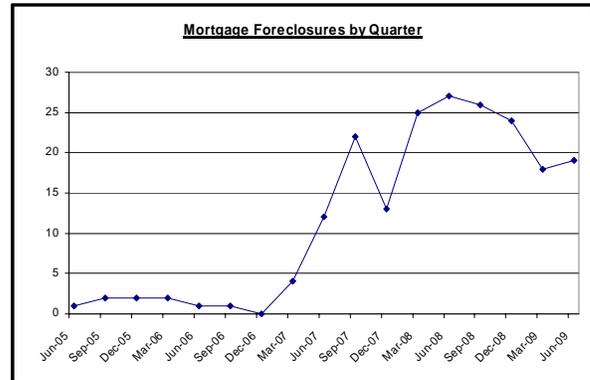
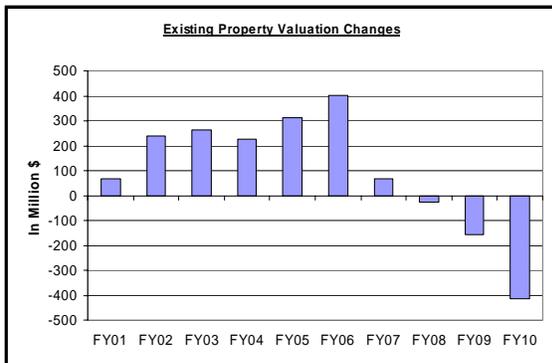
Executive Budget

Summary Continued

City of Leominster

Existing property valuation net changes amounted to a decrease of \$415,733,649 during FY 2010. Certified New Growth valuation totaled \$45,051,988 for FY10 resulting in the net decrease of \$ 370,682 in valuation for FY10.

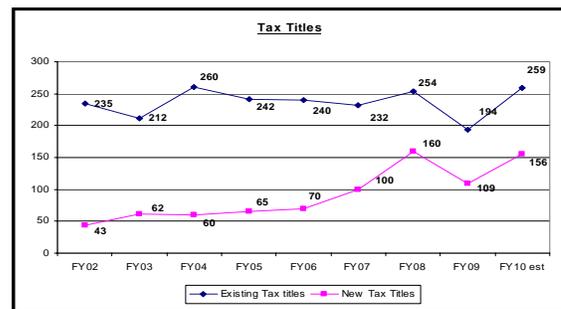
Budget Chart 8



Budget Chart 9



Budget Chart 10



This is the second significant decrease in valuation changes of existing properties since FY98. Property values for residential properties continue to decline during calendar year 2009 sales which are reflected in FY 2010 real estate values. Foreclosures of property in Leominster began to increase significantly in August 2007. The impact upon collection rates will be closely monitored. A number of these properties had adjustable rate mortgages which were initiated on originally favorable terms, but are being adjusted to current market rate terms not as favorable.

The City has also seen an increase in the number of new tax titles for FY 2010 which were advertised in November of 2010 (FY11). The number of new tax titles increased to 156 from 109 in FY 2009.

Executive Budget Summary Continued

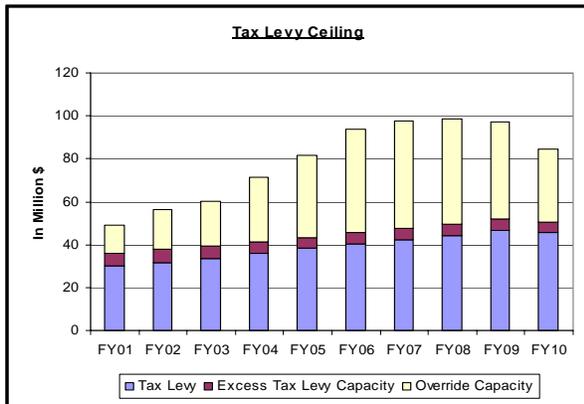
City of Leominster

The overall Net Valuation decrease has served to lower the City of Leominster ultimate levy ceiling to \$ 87,758,243 in FY 2010. The ultimate levy ceiling is the maximum amount that the City of Leominster could raise through the tax levy in that particular year. This amount is equal to the so called, "Proposition 2 1/2 Ultimate Limit". The formula to arrive at this levy ceiling amount is:

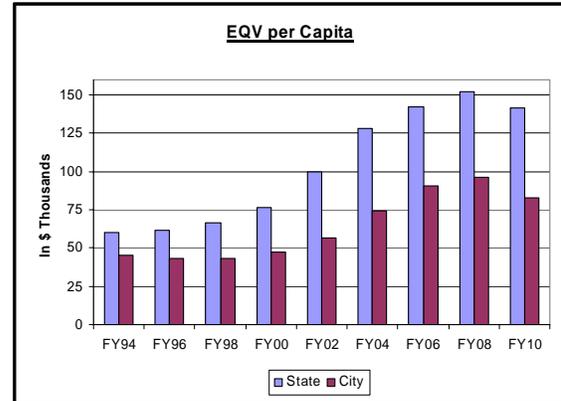
$$\text{Total Assessed Valuation} \times 2.5\%$$

This net decrease in valuation has resulted in the City having \$34,025,203 in current override capacity in FY 2010.

Budget Chart 11



Although the Equalized Valuation per Capita (EQV per Capita) has risen for the past few years, the City still trails the State-Wide EQV per Capita average through FY 2010. The figures for FY 2010 indicate that the Leominster EQV per Capita of \$83,000 equates to 58.5% of the State-Wide EQV per Capita average of \$141,762. The FY08 EQV for Leominster is \$3,943,878,100 with a census population of 41,055 that translates into a \$96,063 EQV per Capita for FY 2008. The FY06 EQV for Leominster is \$3,756,035,400 with a census population of 41,549 that translates into a \$90,400 EQV per capita for FY 2006.



Budget Chart 12

Revenues

The rate of State Aid revenue growth increased for 1 year since the School Department implemented Full - Day Kindergarten in FY08. Lottery Aid and Hold Harmless Aid was decreased by 29.1% (\$2,068,825) in FY 2010. All indications point to the City becoming more self reliant for revenue growth for the foreseeable future.

Budget Table 1

Fiscal Year	Tax Levy %	State Aid %	Local Receipts %
FY10	46.5%	45.1%	8.3%
FY09	45.3%	47.0%	7.7%
FY08	46.3	47.2	6.5
FY07	46.3	47.2	6.5
FY06	47	47	6
FY05	46	46	8
FY04	46	47	7
FY03	43	48	9
FY02	42	50	8
FY01	41	51	8

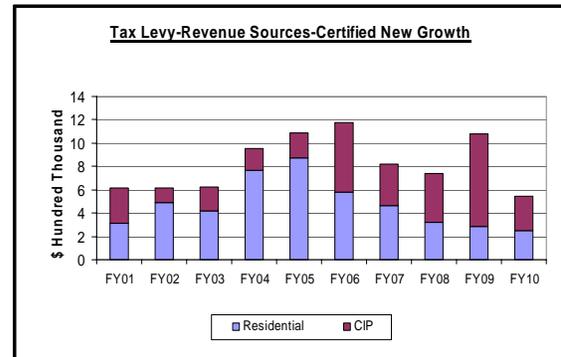
Executive Budget Summary Continued

City of Leominster

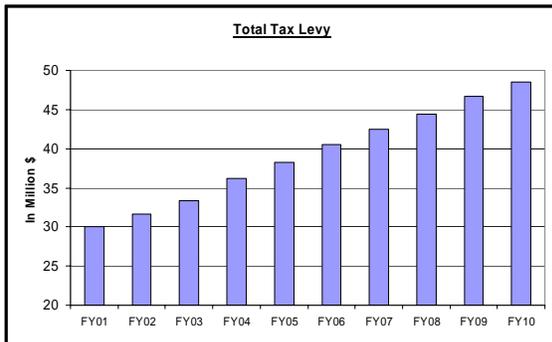
Property Tax Levy

In FY 2010, the Property Tax Levy is \$48,512,757. This represents a 3.9 % increase over the FY 2009 Property Tax Levy of \$46,688,567. In FY 2010 a single “Proposition 2 1/2” tax levy increase yields additional tax revenue of \$1,297,343. The amount of tax revenue raised by so called “Certified New Growth” yielded \$541,975 in additional tax revenue in FY 2010. Of this amount, \$293,472 was related to Commercial, Industrial & Personal Property new value, while \$248,503 was related to Residential New Growth.

Budget Chart 14

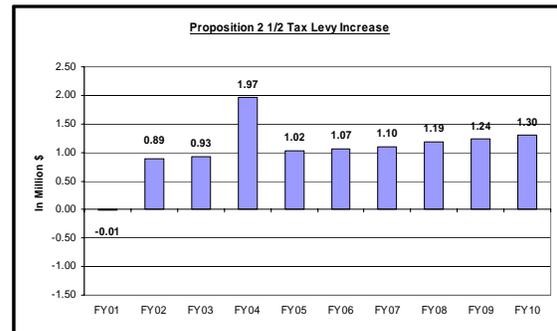


Budget Chart 13



The Proposition 2 1/2 total tax increase during this 10 year period was \$10,095,577.

Budget Chart 15



Since FY 2000, the property tax levy has grown from \$29,319,938 to \$48,527,884 for a total increase of \$19,207,946. “New Growth” has been certified for a total of \$9,111,939 during this period. This is equal to more than 47.4% of the total levy increase during this ten year time period. Of the amount, \$5,559,563 was residential new growth, while \$3,552,376 was commercial, industrial, and personal property new growth (CIP). CIP growth during FY10 was \$293,472 compared to \$248,503 in residential new growth.

The underutilization of the allowed full Proposition 2 1/2 tax increases over the past several years has placed the City in the position of having \$5,205,156 in Excess Levy Capacity in FY 2010. The cumulative total of tax capacity not levied since FY 2000 totaled \$55,531,592 (see Budget Chart 28).

Executive Budget

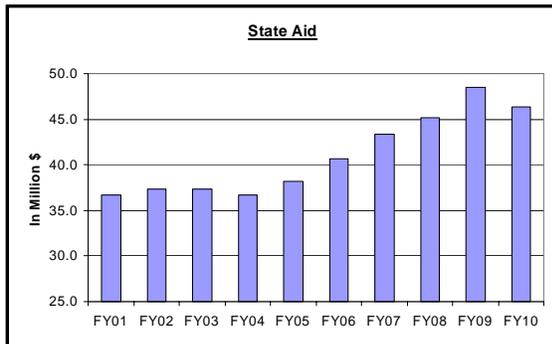
Summary Continued

City of Leominster

State Aid and Revenue Summary

State Aid has a net decrease of \$ 2,150,307 for FY10 (-4.4 %). Two categories of State Aid that remain unfunded for FY 2010 are School Transportation and the Highway Fund Reimbursement line items.

Budget Chart 16



State Aid - Education

The State Legislature changed the Chapter 70 funding formula beginning in FY 2008. While the Governor submitted a funding formula based on previous funding methods, the Senate and House implemented a new formula for FY08. The new formula impacted Leominster in two ways. It decreased the amount of Chapter 70 Aid Leominster is to receive in FY 2008 and increased significantly the local contributions the City must make in order to meet Net School Spending requirements. The \$ 39,667,833 Chapter 70 award for FY 2010 reflects a \$ 809,548 decrease over the FY 2009 original award of \$40,477,387. The State did make a \$4,256,774 reduction in Chapter 70 Aid in FY09 by supplanting it with Federal Stimulus Funding. Thus the net increase to Chapter 70 Aid was actually \$3,447,776 For FY10 while Federal Stimulus Aid was reduced by \$2,058,693 for a net increase of \$1,388,533

Budget Table 2

In Million \$

Fiscal Year	Chapt 70	School Transp	School Constr	Charter School	Total Ed Aid
2001	28.9	0.4	1.51	-	30.9
2002	29.5	0.39	1.51	-	31.4
2003	29.5	0.37	1.51	-	31.4
2004	30	0	1.5	-	31.6
2005	31.3	0	1.51	0.27	33.1
2006	32.7	0	1.73	0.15	34.6
2007	34	0	1.73	0.17	35.9
2008	35.6	0	1.73	0.18	37.5
2009	40.5*	0.00	1.73	0.30	42.5
2010	41.9**	0.00	1.73	0.92	44.5

* Includes \$36,220,613 Chapter 70 Aid and \$4,256,774 in Stimulus Funding.



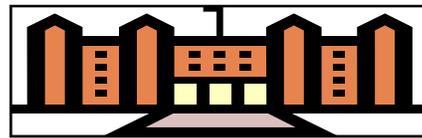
**Includes \$39,667,839 Chapter 70 Aid and \$2,198,081 in Stimulus Funding.

Executive Budget Summary Continued

City of Leominster

In Addition to Ch. 70 Awards, the State requires the City to increase their local contribution in accordance with a newly established Municipal Revenue Growth Factor (MGRF) formula along with a new test to see where a community stands in relation to its newly instituted “target share” requirement to be met over time. The Leominster “target share” is calculated at \$27,149,460 (43.06% of the Foundation Budget). The FY 2010 preliminary required local contribution is \$ 20,772,036 after the FY10 MRGF addition (\$49,734 increase over FY09) which is 10.11% below the “target share”. Since the City is greater than 10% below the “target share” required percent (43.06% required), the City was said to be 10.11% below target and therefore must contribute an additional 2% of the previous FY09 required local contribution. For FY10, this translates into an additional \$414,446 increase in the City local required contribution . The new “aggregate wealth” model adopted in FY 2007 and implemented in FY 2008 is expected to indicate that the city is significantly under its “target share” for a considerable time in the foreseeable future, and therefore will place additional financial requirements on the City over the normal MGRF for many years in the future.

The required local contribution with the penalty is \$21,186,482 for FY10. This amount is \$464,180 greater than the FY09 amount.

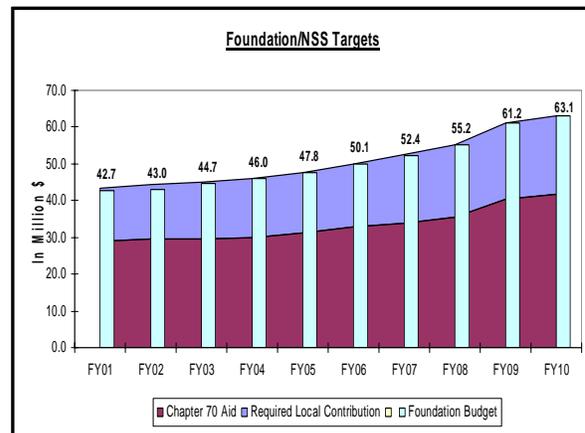


In addition to NSS requirements, there are cost centers such as debt service, transportation and capital outlay expenses which are not included in the Required Net School Spending calculations. The City has been awarded a grant for the rehabilitation of the High School. This will require a loan order which is expected to be reimbursed by the State at around the 72% mark. The loan order approved by the City Council totaled \$42,400,000. Construction is set to begin in the spring of 2011.

Budget Table 3

Fiscal Year	% Under Target Share	% Penalty	\$ Amount
FY08	12.93%	2.00%	369,415
FY09	10.26%	2.00%	392,171
FY10	10.11%	2.00%	414,446

Budget Chart 17



Executive Budget

Summary Continued

City of Leominster

State Aid-General Government

The total State Aid-General Government the City is estimated to receive in FY 2010 in this section of the “Cherry Sheet” is \$2,276,089 less than the amount of \$7,736,145 aid received in FY 2009 .

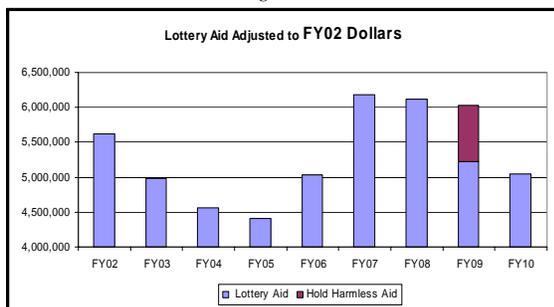
The FY 2010 Unrestricted General Government Aid of \$5,042,529 is less than the award given in FY 2009. Reports out of Boston seem to indicate that Lottery sales have slowed dramatically, if not decreased, and the future of this primary local aid revenue source is questionable.

The Governor had submitted a bill to allow casinos and it

Budget Table 4

Gen Government	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Lottery	5,226,377	5,623,305	5,097,526	4,779,809	4,779,809	5,633,456	6,988,649	7,111,354	6,167,107	5,042,529
Additional Assistance	14,714	14,714	13,756	11,693	11,693	11,693	11,693	11,693	11,693	0
Highway Fund	340,693	85,173	0	0	0	0	0	0	0	0
Police Incentive	39,314	40,168	93,179	135,209	154,288	163,770	193,305	214,978	203,977	34,078
Veteran's Benefits	32,815	21,759	51,618	32,212	27,428	45,792	35,829	56,447	122,064	101,564
Exemptions Vets, Blind/Survivor Spouse	49,771	49,415	52,217	53,178	51,049	55,547	50,068	111,001	112,319	180,766
Abatements Elderly	63,354	61,565	58,685	62,372	63,354	63,332	63,322	63,292	63,290	0
State Owned Land	60,486	47,010	31,232	25,003	39,124	49,823	93,033	103,942	111,448	100,399
Hold Harmless Aid									944,247	0
Total State Aid	5,827,524	5,943,109	5,923,992	5,099,476	5,126,745	6,023,413	7,441,899	7,672,707	7,736,145	5,459,336
Gen Government										

Budget Chart 18



may pass. It's value as a source of revenue and/or its impact on the Lottery is undetermined at this time.

Since other State Aid—General Government revenue line items are reimbursement types of aid, these revenue sources only serve to help mitigate other cost center increases.

Executive Budget

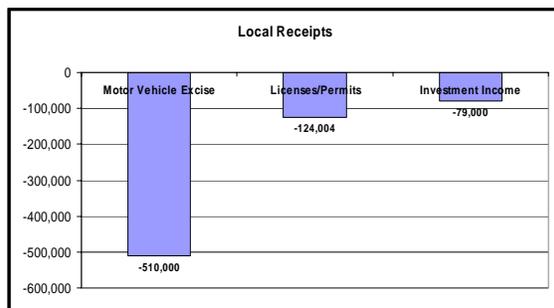
Summary Continued

City of Leominster

Local Receipts

The economy continues to put downside pressure on several elastic-type revenue local receipts. For example, Motor Vehicle excise tax collections decreased by \$ 300,000 in the last three fiscal years. Investment income is expected to drop due to the lowering of interest rates by the Federal Reserve. Building Permit revenue is also expected to contract dramatically.

Budget Chart 19



- Increase of \$9,000 in funding for Municipal Building expenses to better reflect costs.
- Increase of \$50,000 in funding for ITTF due to Verizon payment

Public Safety:

- Reduction of Forestry position due to retirement
- Reduction of open Police/Fire positions due to retirements
- Reduction of Police O.T. funding to reflect Federal Aid Awards
- Reduction of clerk in Police Department due to retirement
- Reduction of Quinn Bill funding to reflect State Aid reductions

Education:

- Net School Spending appropriation increases of \$1,852,713
- Preliminary school spending during FY2010 can be summarized as follows:

- Net School Spending Requirement

Chapter 70	\$ 39,667,839
Stimulus Funding	\$ 2,198,081
Net Minimum Contribution	<u>\$ 21,186,482</u>
Sub Total:	\$ 63,052,402
-School Transportation**	\$ 2,500,000
- School Debt Service**	\$ 1,667,106

**Does not include "Free Cash" appropriations for Transportation and Capital Outlay

Expenditures

Budget adjustments in the functional areas include the following:

General Government:

- Additional funding provided for a Grant Specialist for \$47,590.00.
- Several departmental expense reduction of greater than 10%.
- Reduction of 1/2 of a position in Collector office due to retirement.

Executive Budget

Summary Continued

City of Leominster

Budget Table 5

Functional Area	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
General	2,726,093	2,749,371	2,685,663	2,429,028	2,348,021	2,137,752.32	2,024,898	2,175,738	2,068,243
Public Safety	13,344,559	13,969,773	13,261,360	12,311,596	12,382,045	11,267,559	10,921,058	11,172,585	10,872,913
Education	58,709,723	59,609,723	45,430,328	43,767,968	42,404,000	41,280,682	39,951,363	41,760,405	41,290,395
Public Works	4,376,265	4,817,637	4,934,286	4,711,284	4,469,462	4,315,061	4,157,508	4,366,108	3,978,045
Human Services	646,226	682,559	683,376	608,308	575,505	516,573	515,472	499,932	485,383
Culture and Recreation	2,416,432	1,719,258	1,609,172	1,361,142	1,298,494	1,238,512	1,171,226	1,151,200	1,139,323
Debt Service	3,197,368	4,204,522	3,965,993	3,905,039	3,942,095	3,981,020	4,059,533	3,052,102	3,109,010
Misc	14,588,017	11,447,157	19,325,822	18,980,636	15,968,314	14,111,541	12,403,942	11,663,387	10,754,554
Other	4,264,414	4,025,829	3,881,683	3,630,650	3,614,034	4,207,454	3,457,192	1,603,522	1,719,973
Totals	104,269,097	103,225,829	95,777,683	91,705,651	87,001,979	83,056,154	78,662,192	74,444,979	75,417,439

This budget chart on illustrates the expenditure amounts by functional area in the City. The Miscellaneous category includes Group Health, Pension and Other Insurances.

- \$260,000 reduction in Rubbish Removal/Recycling due to full year implementation of Tote System

Public Works:

- Two positions transferred to Sewer Department
- Street Lighting expense reduces 5% pending review

Human Services:

- New COA Director begins at lowest step which results in \$16,000 savings.
- COA clerk hired half time.

Executive Budget

Summary Continued

City of Leominster

Debt Service

Culture & Recreation:

- Library operating expenses decreased by \$67,500 (5.0%).
- Recreation expenses decreased by \$35,000

Debt Service:

- Library Renovation/Expansion debt service expenses increased by \$767,019 to \$1,212,019
- School Additions debt retired for net decrease of \$728,000.

Retirement & Insurance:

- Actuarially calculated funding increase of \$103,951 for Retirement System.
- Group Insurance increase of \$85,000.
- OPEB funding increase of \$50,000.



General Fund Debt Service

The City of Leominster employs a broad based and long term view when managing debt service and debt-like service payments within the General Fund.

The City had a total of \$14,645,000 in bond principle amounts outstanding as of 6/30/09 within the General Fund.

The City had no balance in bond anticipation notes outstanding as of 6/30/09 within the General fund.

The City additionally had a \$ 38,111,604 Unfunded Pension Liability as of 1/1/2010.

The City also had \$96,600,000 in unfunded Other Post Employment Benefits (OPEB) Liability as of 1/1/2008, if the City properly funds this amortization. If the City does not fund this amortization requirement, the unfunded liability is \$154,800,000 as of 1/1/2008.

The City recognized \$8,486,660 of this liability in its entity wide Financial Statements for FY09.

Thus, General Fund debt and debt-like principle amounts can be summarized as follows:

6/30/2010	General Fund	
	Debt Principle	\$ 14,645,000
6/30/2010	General Fund	
	B.A.N.S.	\$ 0
7/1/2010	Unfunded Pension	
	Liability	\$ 38,111,604
1/1/2010	Unfunded OPEB	
	Liability Recognized	\$ 8,486,660
		\$ 61,243,264

Executive Budget

Summary Continued

City of Leominster

The City is currently in a very strong position as to the relatively short principle payback period for outstanding debt. The school addition loan was paid back in FY 2009, and the two middle school loans are scheduled to be fully paid by FY 2014. The City will then utilize this tax levy capacity toward the amortization of the High School Renovation Project.

Current State law does not allow increasing principle payments in future years for this purpose, however, the City is hoping that legislation submitted by the Governor in the Municipal Partnership Act will be passed allowing this type of principle debt payment structure in the future. The City currently utilizes “free cash” to pay for bond anticipation notes (B.A.N.S.) interest for most of the outstanding issues.

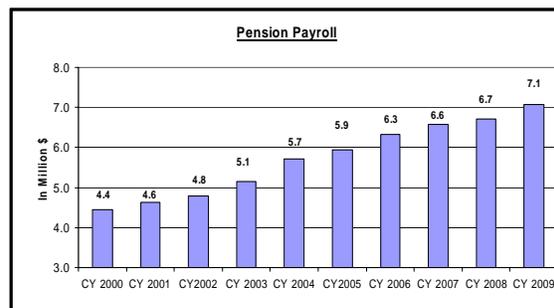
The City was able to significantly the Library Debt Service payments due to the net decrease in the School Addition loan.



Unfunded Pension Liability

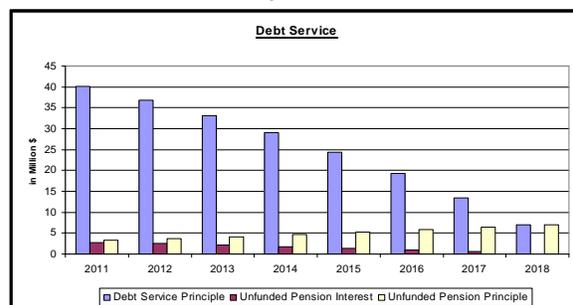
The second largest debt-like obligation for the City of Leominster is the Unfunded Pension Liability of \$ 38,111,604 as of 1/1/2010. The pension payroll has increased \$ 2,628,130 since FY 2000.

Budget Chart 20



The Retirement System has reduced the time period of the funding schedule of the unfunded pension liability from the year 2028 to the year 2018. This will eventually allow for some of these funds (total currently \$ 7,102,233) to be utilized toward the significant unfunded liability and service costs of Other Post Employment Benefits (OPEB) obligations that have been reported by the City of Leominster within the Fiscal Year 2009 financial statements and for future years.

Budget Chart 21

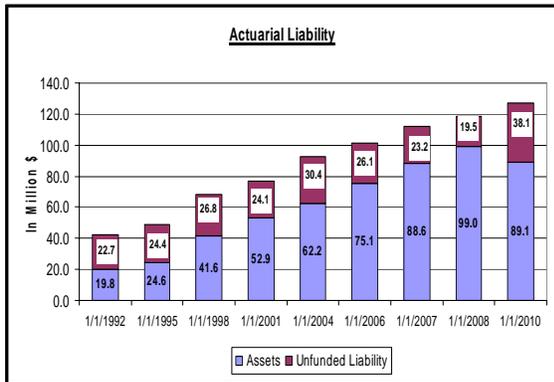


Executive Budget

Summary Continued

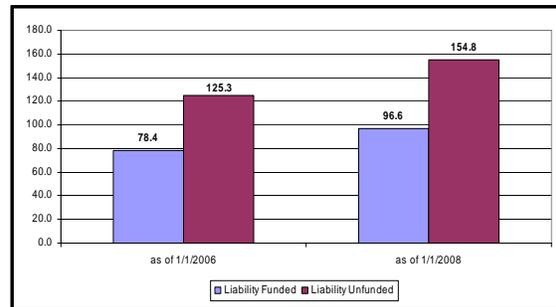
City of Leominster

Budget Chart 22



for the investment rate of return. For as long as the City does not properly fund this new requirement, the discount rate of only 4.5%, which inflates the OPEB unfunded liability as for 1/1/2008 to \$154,800,000.

Budget Chart 23



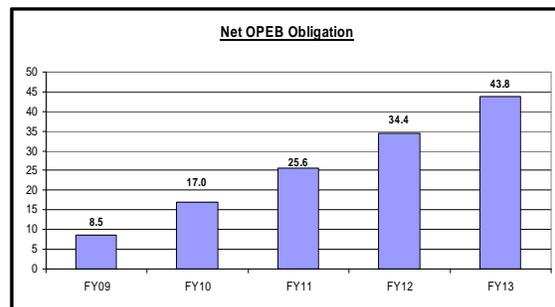
Unfunded Other Post Employment Benefit Liability

The City has completed its second actuarial study examining the area of Other Post Employment Benefit Liability (OPEB). For the City of Leominster, this encompasses Retiree health, dental and life insurance. The current system pays for these benefits on a “pay as you go” methodology. The actuarial study estimates an annual required contribution of \$13,958,055 in FY 2010 if not properly funded. This compares to an estimated FY 2010 appropriations of \$5,494,707 for the “pay as you go” method imbedded in the FY10 budget. A big new cost factor is the required set aside amount in the current fiscal year (FY10 cost estimate is \$3.9 million) for the retiree benefits for current active employees (actuarial term: normal cost).

The newest actuarial report completed for the new OPEB GASB 45 requirement indicates an initial unfunded liability of \$ 96,600,000 of 1/1/2008 if properly funded. This would allow the actuary to utilize a 7.75 % discount rate

The City has completed an OPEB actuarial valuation for the FY 2009 implementation date. The City has negotiated with all unions to change the Employer/Employee health insurance premium for the Network Blue HMO product payment method from an 80/20 arrangement to a 75/25 payment plan. The City also implemented the same 75/25 Network Blue HMO arrangement for retiree’s. Pre-Medicare and non-Medicare retiree’s were impacted by this policy as of 7/1/07.

Budget Chart 24



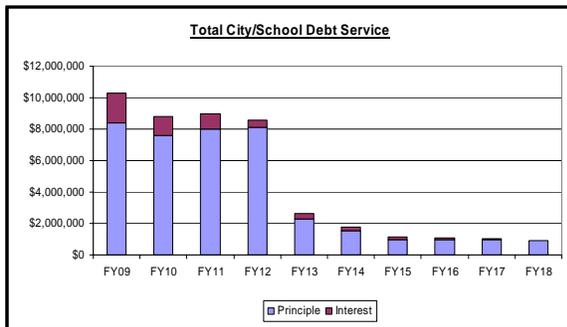
Executive Budget

Summary Continued

City of Leominster

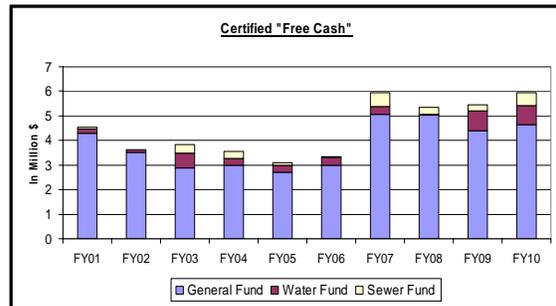
The chart below illustrates total debt service over time for currently outstanding principle and interest payments for the General Fund.

Budget Chart 25



was closed out to the General Fund in the amount of \$550,330. The remaining \$ 4,646,290 represents 3.83 % of the total amount to be raised during FY 2010 of \$121,219,717. The City strives to achieve a minimum of 5% of the total amount to be raised of the next fiscal year for a "Free Cash" certified amount.

Budget Chart 26



Reserves

Fiscal Reserves

The City of Leominster has established reserve policies which will assist the City during all phases of the business cycle. Adherence and compliance to the existing targets and even updated targets requires significant discipline and political will to maintain the course during difficult economic times. The long term benefits of successful execution of the adopted reserve policies far outweigh any temporary cost of foregoing adherence to the well thought-out and reasoned fiscal reserve policies.

Free Cash

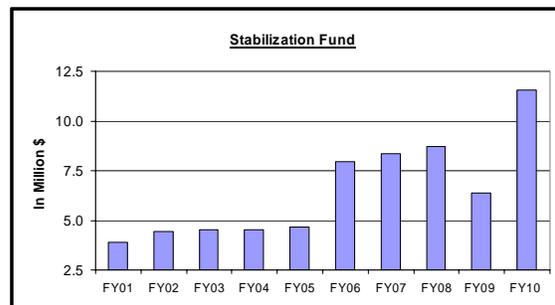
The State Certifies a portion of the City's surplus revenues as legally available for spending. The General Fund Fiscal Year 2010 certified "Free Cash" amount certified by the State was \$ 5,953,256 . Imbedded within this amount was a Water Surplus closed out to the General Fund in the amount of \$ 756,616. Additionally the Sewer fund surplus

Stabilization Fund

The City has wisely funded a Stabilization Fund to protect against the adverse ramifications associated with revenue deficits of prior years. The 6/30/10 balance of \$11,550,507 represents 9.52 % of the total amount to be raised during Fiscal Year 2010 (\$121,219,717).

The City has a fiscal goal to grow its Stabilization Fund balance to 10% of the Total Amount to be Raised.

Budget Chart 27



Executive Budget

Summary Continued

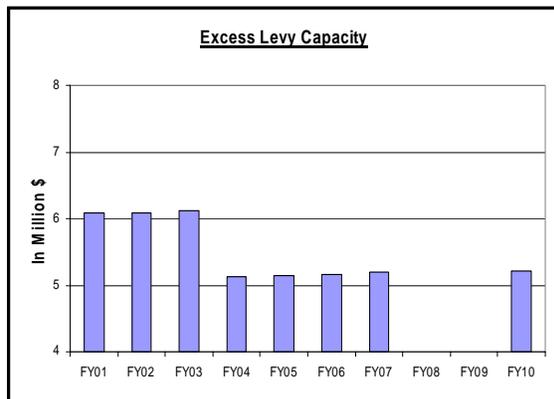
City of Leominster

Excess Levy Capacity

Excess Levy Capacity is the amount of a tax increase the City could raise through the tax levy in addition to the current year's Proposition 2 1/2 % increase before the need for an override. The cumulative excess levy capacity not levied on taxpayers during the past 10 years was \$54,544,453. The amount of Excess Levy Capacity for FY 2010 was \$5,205,156.

\$1,297,343. The FY 2010 tax levy of \$ 48,512,756, along with excess tax levy capacity of \$5,205,156 equaled this FY 2010 Levy Limit of \$53,733,040. The difference between the FY 2010 ultimate tax levy ceiling of \$87,758,243 and the FY 2010 tax levy limit of \$53,733,040 is equal to the FY 2010 tax override capacity of \$34,025,203. This override capacity also serves as a buffer of insulation against the City having to reduce the current year budget because of ultimate tax levy ceiling concerns (e.g. \$25.00 tax rate ; \$13.82 FY10 tax rate). The following chart shows the override capacity amounts for the past 10 years.

Budget Chart 28



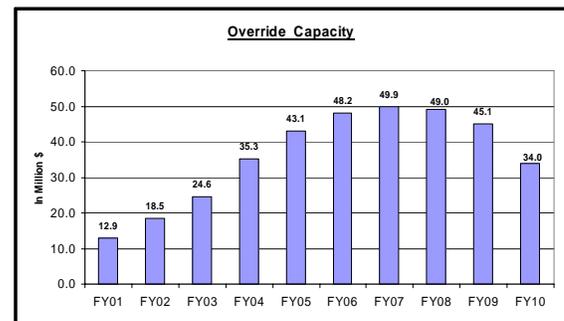
Override Capacity

The ultimate tax levy ceiling under Proposition 2 1/2, is equal to 2 1/2 % of the total assessed valuation of the City of Leominster which is calculated annually.

The total assessed valuation for the City of Leominster was \$3,510,329,703 for FY 2010 which translates to an \$87,758,243 ultimate tax levy ceiling. The FY 2010 Levy Limit of \$ 53,733,040 was calculated by taking the FY 2009 tax levy limit of \$51,893,722 and adding the FY 2010 "Certified New Growth of \$541,975 along with the allowed Proposition 2 1/2 increase of

This override capacity means that the voters of the City of Leominster could authorize permanent overrides, debt exclusions, or capital exclusions totaling \$34,025,203 for Fiscal Year 2010.

Budget Chart 29



Executive Budget

Summary Continued

City of Leominster

Other Reserve Funds

Emergency Reserve Account

This account is part of the General Fund Budget. The Fiscal Year 2010 Budget included \$100,000 for this purpose. This account is used for unexpected costs that arise during the fiscal year. The City does also use this account for unforeseen needs prior to certification of "Free Cash".

Highway State Aid Reserved Account

The State Chapter 90 Program funds expenditures related to approved highway projects. Appropriation requests are made by the Highway Department once the projects are approved and the money is available to be drawn on the State Letter of Credit Authorization.

Gallagher Building Revolving Fund

The Gallagher Building collects rents which is deposited into the account for operating and maintenance of the building. A certain amount is also provided to help defray the principle and interest payments related to the loan taken out by the City to pay for capital improvements to the Gallagher Building. The State is contemplating consolidating courts resulting in the closure of the Leominster Court

Parking Meter Receipts

The City collects garage and meter fees for deposit into this fund. The proceeds are used for the expenses of the parking areas, the enforcement of parking regulations and for the collection process.

Wetland Fees Reserved

The Conservation Commission related fees collected are required to be placed into this fund. This fund has helped to pay for an administrator and administrative expenses related to the Conservation Commission.

Cemetery Perpetual Care Income

The purchase of a cemetery lot includes a fee for perpetual care of the lot. This fee is deposited into the Perpetual Care Trust Fund. Proceeds of this account are available to be used for cemetery operating purposes.

Cemetery Sale of Lots Income

The purchase price of a cemetery lot is deposited into the Cemetery Sale of Lots Trust Fund Principle Account. The investment income generated is available to be used for capital outlay purchases for cemetery related purposes.

General Fund Capital Investment Fund

The City of Leominster had special legislation passed to establish this fund for capital outlay purposes that would accumulate appropriations for multiple fiscal years in order to purchase a capital item. For instance, if a Fire Department engine was projected to cost \$400,000, the City could place \$100,000 per year into this fund for four years. The City has not recently utilized this fund but it is a good vehicle for capital outlay planning purposes.

The special legislation also allowed for the establishment of the same type of funds for both the Water and Waste Water Departments.

Other Post Employment Benefits (OPEB)

The City has not begun to accumulate funds for OPEB related costs. The State has not yet created the irrevocable trust needed to place funds for investment purposes. The City has decided to appropriate additional funds in the retirement system.

Executive Budget

Summary Continued

City of Leominster

Weights & Measures

The Weights & Measures Department has recently become authorized to levy fines for violations. The payments collected from these fines are required to be deposited into this fund. The proceeds are required to be utilized for Weights & Measures Department purposes.

Sale of Real Estate Fund

The proceeds of City owned property are required to be deposited into this fund. The use of these funds are restricted by statute.

Library State Aid Reserved

The proceeds are legally restricted for library related expenses. The City qualifies for this aid by meeting expenditure and operating hours requirements established by the State Board of Library Commissioners.

Budget Table 7 Other Reserve Funds

Account	FY09 Beginning Balance	FY09 Inflows	FY09 Outflows	FY09 End Balance	FY10 Beginning Balance
Emergency Reserve	100,000	0	96,550	3,450	100,000
Chapter 90	(185,922)	987,473	901,089	(99,556)	(99,556)
Gallagher Revolving	243,667	189,847	222,452	211,062	211,062
Parking Meter	18,714	28,412	32,200	14,926	14,926
Wetland Fees Reserved	38,523	5,995	3,000	41,518	41,518
Cemetery Perpetual Care	1,301,845	34,391	65,705	1,270,531	1,270,531
Cemetery Sale of Lots	635,865	36,607	0	672,472	672,472
General Fund Capital	375	0	0	375	375
Weights & Measures	6,075	11,280	10,127	7,228	7,228
Sale of Real Estate	2,842	0	0	2,842	2,842
Library State Aid	30,702	73,034	64,200	45,906	45,906
GAAP Undesignated Fund /General	9,166,617	1,028,013	-	10,194,630	10,194,630
Statutory Certified "Free Cash"	5,464,869	0	4,962,463	772,406	5,953,236

Executive Budget

Summary Continued

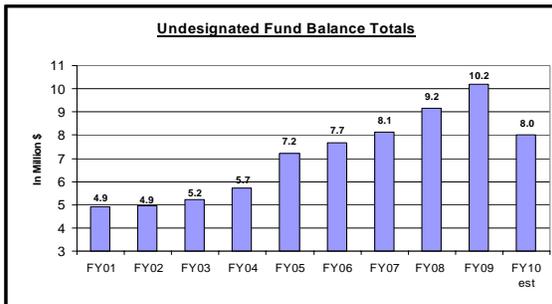
City of Leominster

General Fund

Undesignated Fund Balance

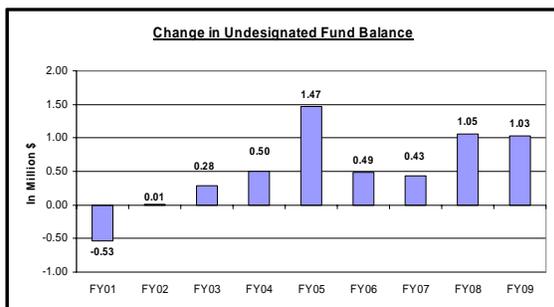
The increase or decrease to the Undesignated Fund balance is the result of the difference between the operating revenues and expenditures in a given year. It gives insight as to the General Fund ability to (1) balance its' budget on a current basis, (2) maintain reserves for operating emergencies, (3) have sufficient liquidity to pay its' bills on time, (4) have funds to make operating capital outlay expenditures not provided for in the operating budget.

Budget Chart 30



The changes to the Undesignated Fund Balance totals can be seen as follows:

Budget Chart 31



The table to the right summarizes how fund balance has been utilized during the past 5 year period.

Budget Chart 32

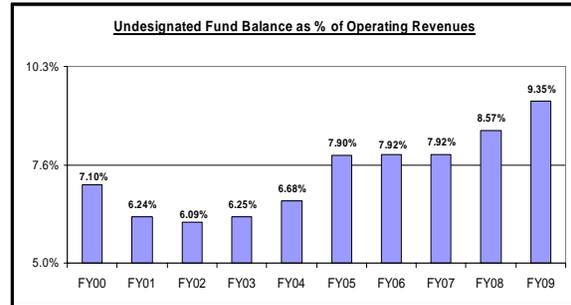


Table 8—in Thousand \$

	FY09	FY08	FY07	FY06	FY05
Certified Free Cash	5,465	5,337	5,944	3,328	3,091
Water Capital Outlay	780	33	316	315	243
Sewer Capital Outlay	659	289	549	11	91
General Fund Capital	803	1566	2015	699	203
Operating Expense	463	688	498	385	202
Snow & Ice Expenses	600	711	207	510	743
Debt Service (i.e. temp interest)	385	430	530	175	433
School Transportation	722	627	595	587	900
Transfer to Stabilization	0	0	0	3100	0
Court Judgments Settlements	280	493	224	395	275
Total Appropriation	4692	4837	4935	6177	3090
Free Cash Closeout	733	500	1009	251	2

Executive Budget

Summary Continued

City of Leominster

Budget Table 9

CITY OF LEOMINSTER					
Massachusetts					
GENERAL FUND					
Balance Sheet					
June 30					
	2009	2008	2007	2006	2005
ASSETS					
Cash and Cash Investments	\$16,010,860	\$15,488,801	\$13,349,951	\$10,854,999	\$10,174,281
Investments	1,359,553		600,000	1,164,575	1,235,118
Receivables:					
Property Taxes	2,980,267	2,955,567	2,709,646	2,555,787	2,743,062
Tax Liens and Foreclosures		1,338,004		0	0
Excises	1,082,170	926,182	1,083,452	985,589	931,948
Other				0	0
Intergovernmental	1,404,689			0	169,023
Departmental, net	1,166,075		695,360	1,103,138	962,309
Total Assets	\$24,003,614	\$20,708,554	\$18,438,409	\$16,664,088	\$16,215,741
Liabilities and Fund Equity					
Liabilities:					
Warrants Payable	\$1,421,983	\$879,157	\$1,093,260	\$1,207,685	\$1,099,008
Accounts Payable	780,925		627,775	0	84,217
Deferred Revenue	6,359,837		4,201,658	4,333,251	4,566,107
Accrued Payroll and Withholding	945,666	749,790		619,596	699,027
Accrued Interest		19,791	64,786	42,226	21,920
Other Liabilities	85,366	5,005,711	145,030	110,397	73,928
Total Liabilities	\$9,593,777	\$6,654,449	\$6,132,509	\$6,313,155	\$6,544,207
Fund Equity:					
Fund Balances:					
Reserve for Encumbrances	\$4,215,207	\$4,887,488	\$4,190,269	\$2,665,744	\$2,478,662
Unreserved Undesignated	10,194,630	9,166,617	8,115,631	7,685,189	7,192,872
Total Fund Equity	\$14,409,837	\$14,054,105	\$12,305,900	\$10,350,933	\$9,671,534
Total Liabilities and Fund Equity	\$24,003,614	\$20,708,554	\$18,438,409	\$16,664,088	\$16,215,741

The history of the General Fund Balance sheet shows how the various Asset Liability and Fund Balance have changed as of 6/30/09 of the past 5 year period. The General Fund income and expenditure 5 year history appears in Budget Table 10.

FY 2010 Estimates: Management estimates that while the City has positioned itself better than most for FY 2010, the economy is experiencing a significant slowdown which will reflect itself in certain elastic revenue source

contractions such as tax payments, building permits issued, motor vehicle excise and investment income. Net operation results are not expected to be very strong in the General Fund as past years have experienced. Operational results for FY 2010 are expected to result in a reduction in the Undesignated Fund Balance in the General Fund due to the transfer of \$3,000,000 from Overlay Reserves to the Stabilization Fund. Absent this transfer, the City General Fund would likely have an increase in the Unreserved, Undesignated Fund balance.

Executive Budget

Summary Continued

City of Leominster

Budget Table 10

CITY OF LEOMINSTER					
Massachusetts					
Combined Statement of Revenues, Expenditures and Changes in Fund Balances					
General Fund					
	2009 (2)	2008 (2)	2007 (2)	2006 (2)	2005 (1)
Revenues:					
Property Taxes	\$46,115,264	\$43,691,412	\$41,883,181	\$40,664,528	\$37,742,016
Excises	4,303,885	4,289,637	4,348,967	4,585,822	4,783,395
Charges for Services	1,461,529	1,226,772	1,238,767	1,214,459	1,089,142
Interest, Penalties and Other Taxes	276,951	241,034			
Licenses and Permits	719,754	742,134	292,491	450,323	273,648
Fines and Forfeitures	199,583	230,884	915,988	877,473	669,927
Intergovernmental	54,748,016	53,913,976	250,110	210,919	258,383
Interest Earnings	404,125	841,490	52,386,665	48,070,911	45,121,752
Miscellaneous	847,796	1,738,878	958,955	717,412	358,990
Total Revenue	\$109,076,903	\$106,916,217	\$102,522,927	\$97,061,455	\$91,045,364
Expenditures:					
General Government	\$4,225,714	\$3,585,137	\$3,016,930	\$3,084,092	\$2,768,834
Public Safety	14,371,651	14,318,917	13,476,449	13,357,627	11,957,205
Education	65,496,182	55,060,848	51,553,006	50,374,794	48,983,776
Public Works	9,184,748	7,564,937	6,131,285	5,761,061	5,267,704
Human Services	779,153	736,455	765,526	591,175	523,139
Culture and Recreation	1,984,113	1,814,613	1,692,859	1,341,475	1,332,587
Employee Benefits	10,472,064	17,988,036	18,017,004	15,301,665	13,141,777
Debt Service	4,635,026	4,114,781	4,179,760	4,087,890	3,998,643
Intergovernmental	2,500,380	2,362,278	2,242,403	2,114,900	2,184,070
Total Expenditures	\$113,649,031	\$107,546,002	\$101,075,222	\$96,014,679	\$90,157,735
Excess of Revenues over (under) Expenditures	(4,572,128)	(629,785)	1,447,705	1,046,776	887,629
Other Financing Sources (Uses):					
Operating Transfers in	6,367,020	2,874,452	1,547,636	3,096,087	989,283
Operating Transfers out	(1,439,160)	(496,462)	(1,040,374)	(3,463,464)	(711,719)
Total Other Financing Sources (Uses)	4,927,860	2,377,990	507,262	(367,377)	277,564
Change in Fund Balance	355,732	1,748,205	1,954,967	679,399	1,165,193
Fund Equity, Beginning	14,054,105	12,305,900	10,350,933	9,671,534	8,506,341
Fund Equity, Ending	\$14,409,837	\$14,054,105	\$12,305,900	\$10,350,933	\$9,671,534

In FY09/FY10 the City has incurred a significant expense associated with a highly unusual ice storm event. The City tapped into the Stabilization fund to pay for expenses related to the Ice Storm. Appropriations totaled \$3,245,000. Reimbursements from the Federal and State government have totaled \$2,846,865.60 as of 12/1/2009. The \$407,134.40 balance is expected to be reimbursed in the near future by the State and Federal governments.

Both the Water and Sewer funds surplus are expected to be positive and are closed to the General Fund at year end. Water rates have been increased in anticipation of debt service and operating expense increases and will show a temporary surplus that can be used for capital outlay investments or debt services payments in the short term.