

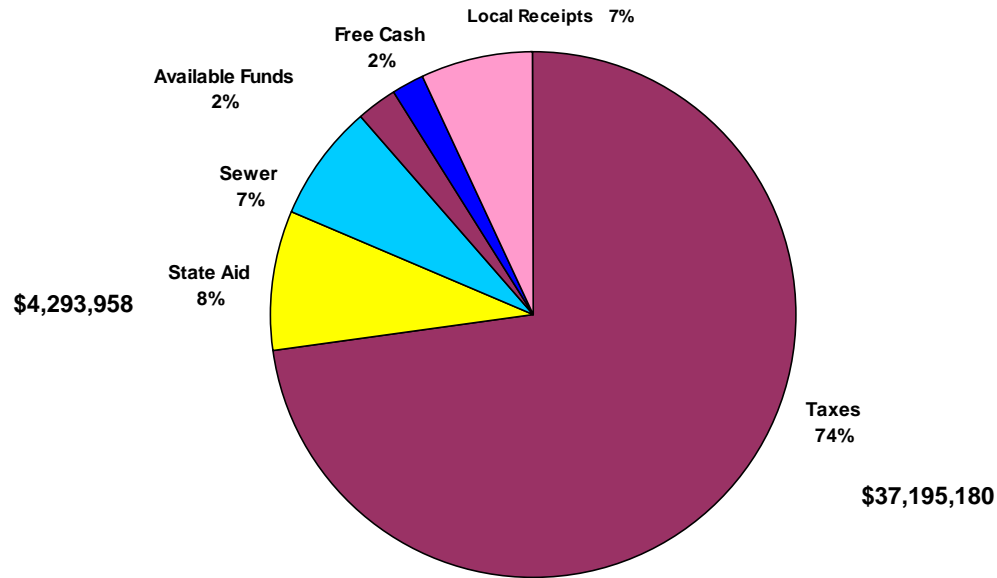
# Overview

- Where are we now?
  - Revenue
  - Expenditures
  - FY03 Budget
- Where have we been?
  - A look at budget growth over the last few years
- Important concerns
  - Health Insurance
  - Debt
  - Stabilization Fund
  - Tax Bills
- Proposed for FY04
- Future Projections

# Revenue

FY2003 Budget Revenue				
	FY2002	FY2003	\$ Increase	% Increase
Taxes	\$33,132,949	\$37,195,180	\$4,062,231	12.3%
State Aid	\$4,299,489	\$4,293,958	(\$5,531)	-0.1%
Free Cash	\$1,585,500	\$1,081,912	(\$503,588)	-31.8%
Available Funds	\$1,321,648	\$1,243,447	(\$78,201)	-5.9%
Sewer	\$3,547,851	\$3,683,847	\$135,996	3.8%
Local Receipts	\$3,570,759	\$3,520,759	(\$50,000)	-1.4%
<b>Total Revenue</b>	<b>\$47,458,196</b>	<b>\$51,019,103</b>	<b>\$3,560,907</b>	<b>7.5%</b>

**FY2003 Budget Revenue \$51,019,103**



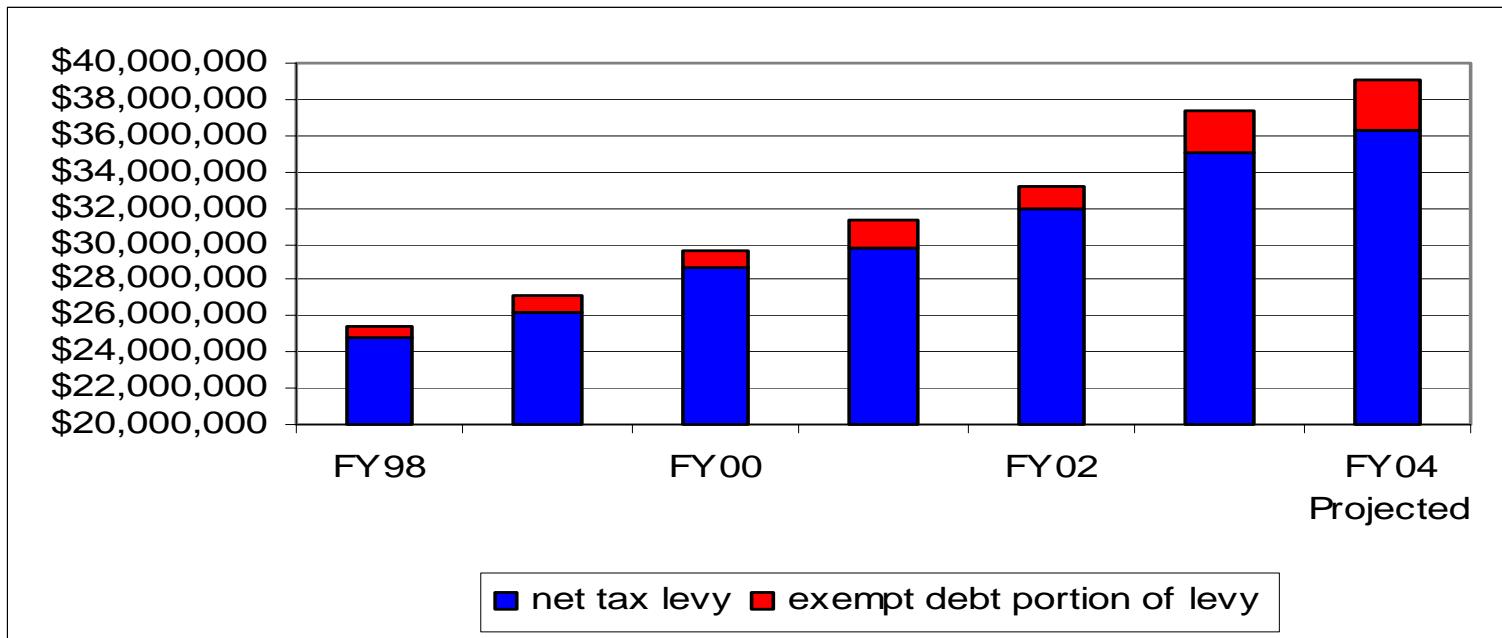
# Taxes

## FY03

- Average tax increase 15%, or \$722.
- Average tax bill \$5,359.
- Average residential value \$468,000.
- Tax increase driven by:
- Full debt payment MJ & Downey.
- School override \$1.6 M.
- Property revaluation.
- Commercial growth 3%; residential growth 40%.

## FY04

- Average tax increase 3.8% or \$208.
- Increase over Prop 2 ½ driven by interest payments for High School project.



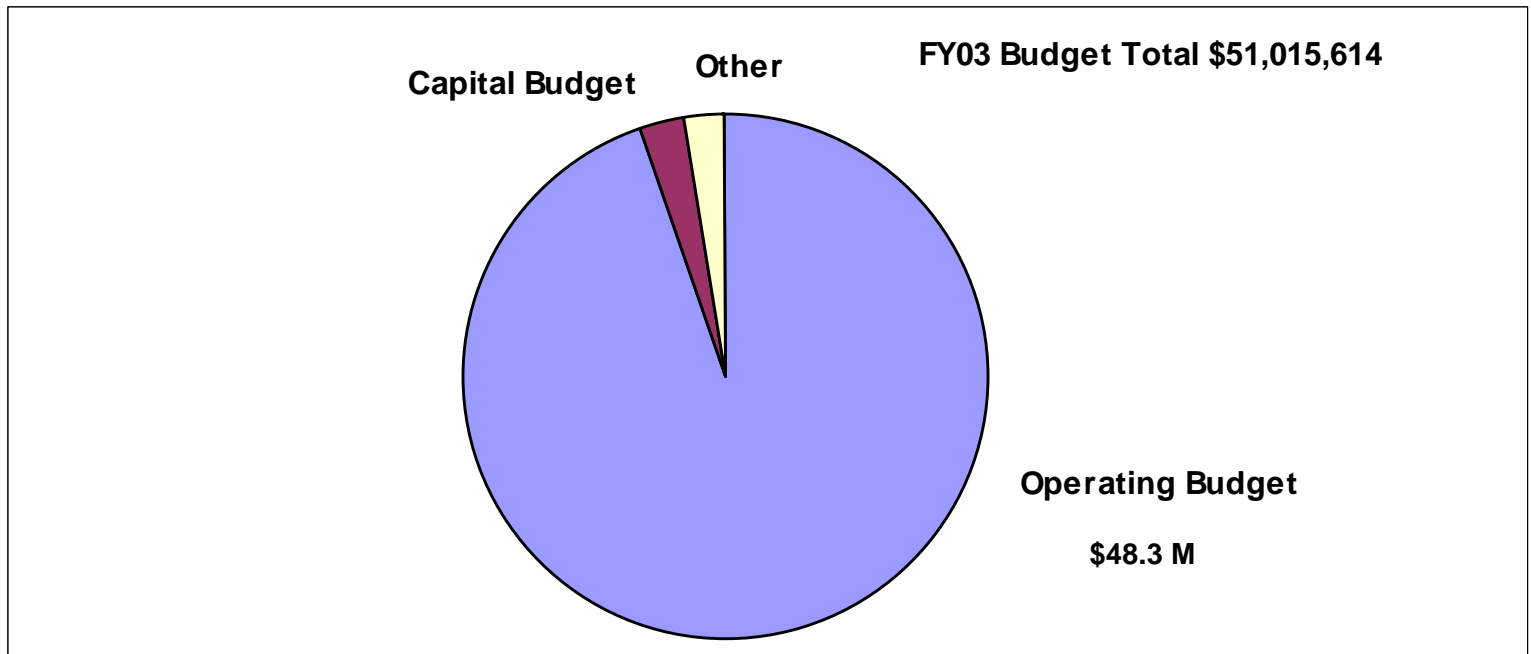
# Cherry Sheet Receipts – FY03

Category	FY2003	Governor's Cuts	Revised FY2003
Chapter 70	\$2,635,628		\$2,635,628
School Building Assistance	\$330,466		\$330,466
Lottery	\$747,149	\$69,858	\$677,291
Additional Assistance	\$42,662	\$3,989	\$38,673
Other	\$320,246		\$320,246
Offsets	\$185,679		\$185,679
<b>Total Receipts</b>	<b>\$4,261,830</b>	<b>(\$73,847)</b>	<b>\$4,187,983</b>
<b>Charges</b>	<b>\$543,981</b>		<b>\$543,981</b>
<b>Net State Aid</b>	<b>\$3,717,849</b>		<b>\$3,644,002</b>

- Cuts represent 9.3% of total FY03 State Aid for 2 categories – Lottery and Additional Assistance.
- Recommendation is to take from FY03 overall revenue.

# Current FY03 Budget

	FY03
Operating Budget	\$48,352,300
Capital Budget	\$1,371,912
Other Town Meeting Articles/Prior Year	\$242,719
Other Amounts to be Raised (State charges/Overlay)	\$1,048,683
	<b>\$51,015,614</b>



Operating budget is comprised of 5 pieces:

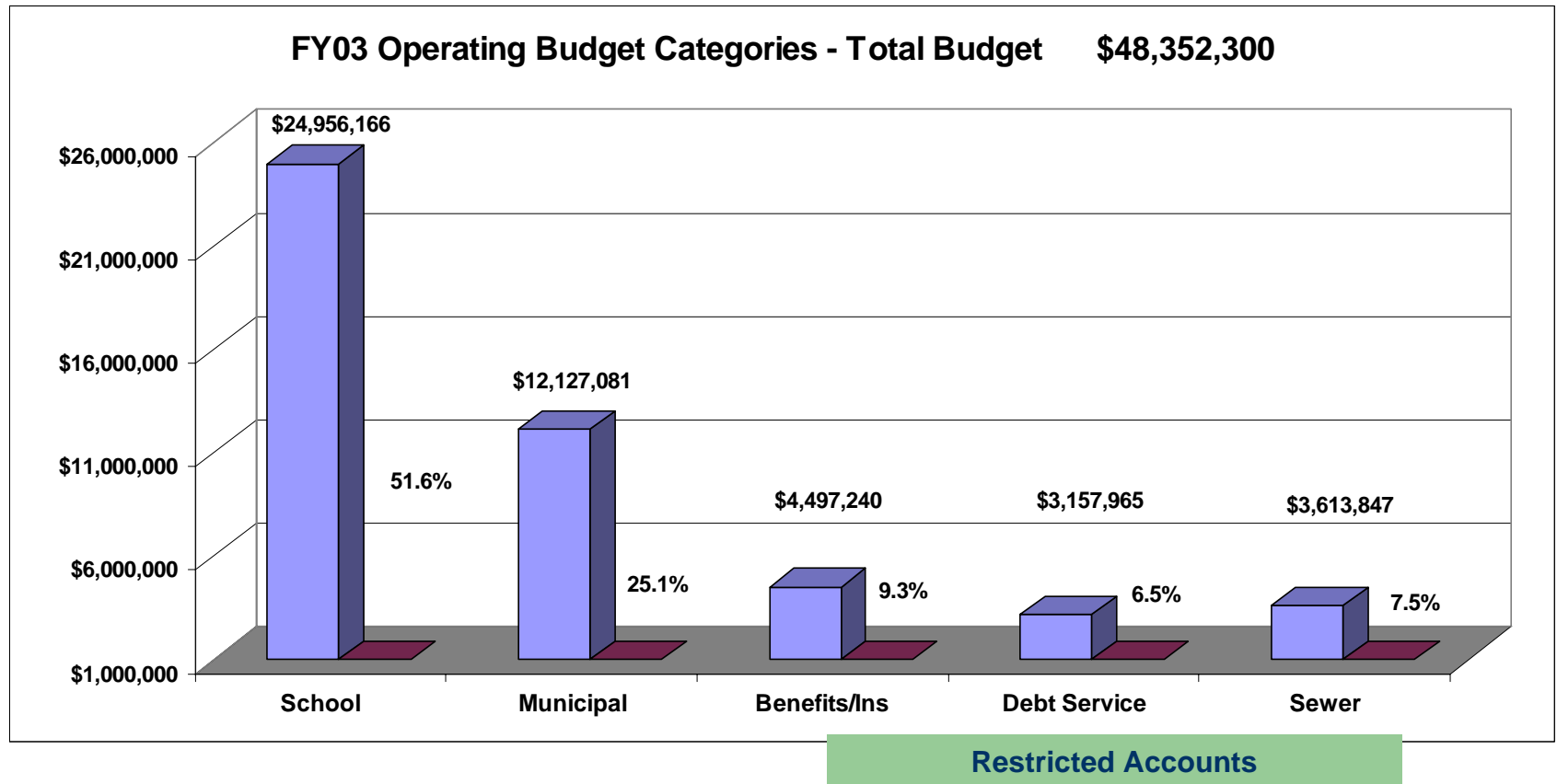
- Municipal budget
- School budget
- Debt Service
- Benefits/Insurance – School and Municipal employees
- Sewer Enterprise

# FY03 Operating Budget

	Current FY03	FY02	FY03 \$ Change	FY03 % Change
School Budgets	\$24,956,166	\$22,918,285	\$2,037,881	8.9%
Municipal	\$12,127,081	\$11,580,897	\$ 546,184	4.7%
Debt	\$ 3,157,965	\$ 2,091,415	\$1,066,550	51%
Benefits	\$ 4,497,240	\$ 3,896,837	\$ 600,403	15.4%
Sewer	\$ 3,613,847	\$ 3,490,361	\$ 123,486	3.5%
	<b>\$48,352,300</b>	<b>\$43,977,794</b>	<b>\$4,374,505</b>	<b>9.9%</b>

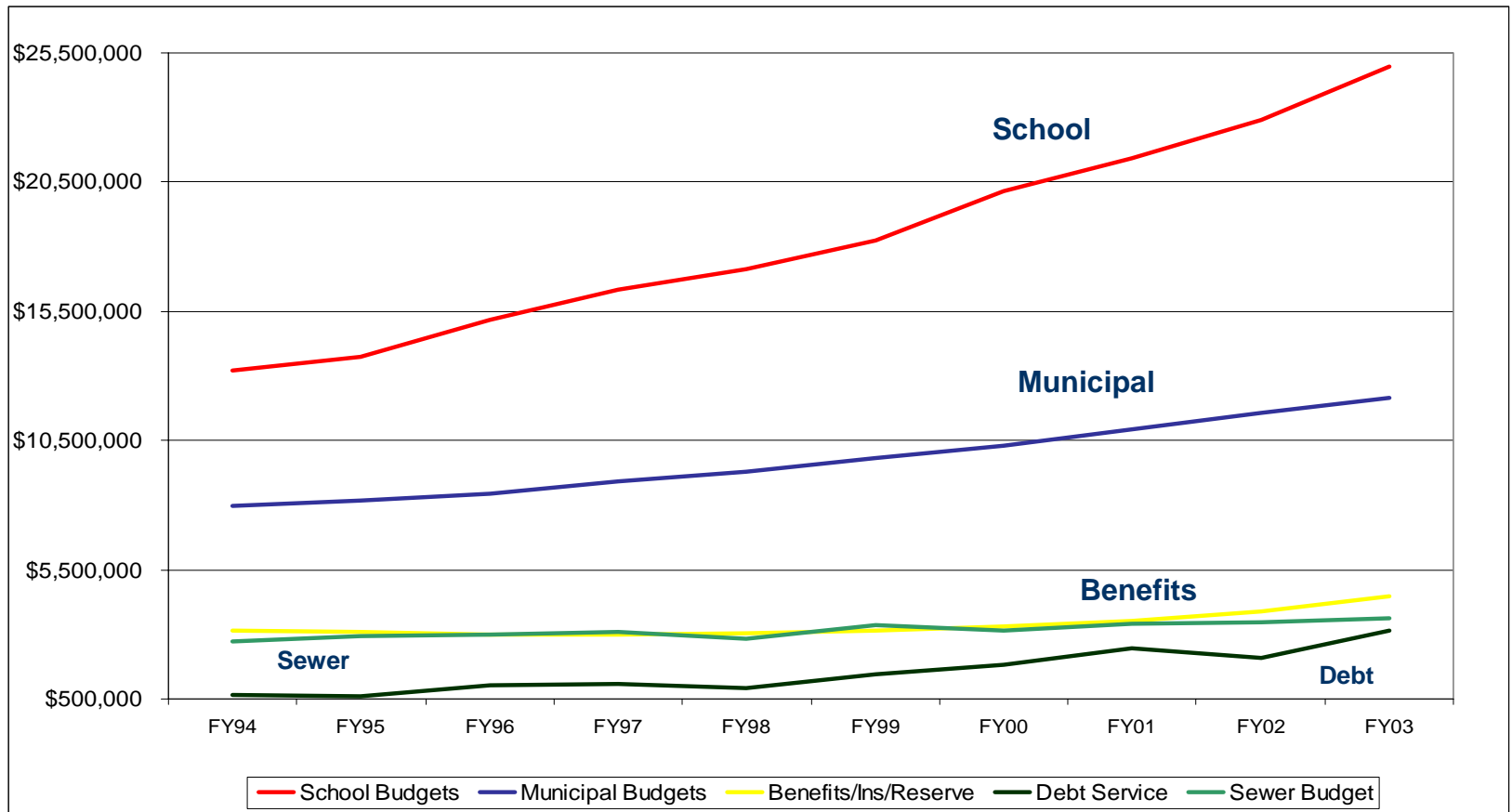
**Note: Benefits and debt not allocated to School or Municipal budgets in this chart.**

# FY03 Operating Budget Categories



Note: Debt and Benefit budgets not allocated in School or Municipal budgets shown above.

# A Look at the Operating Budget





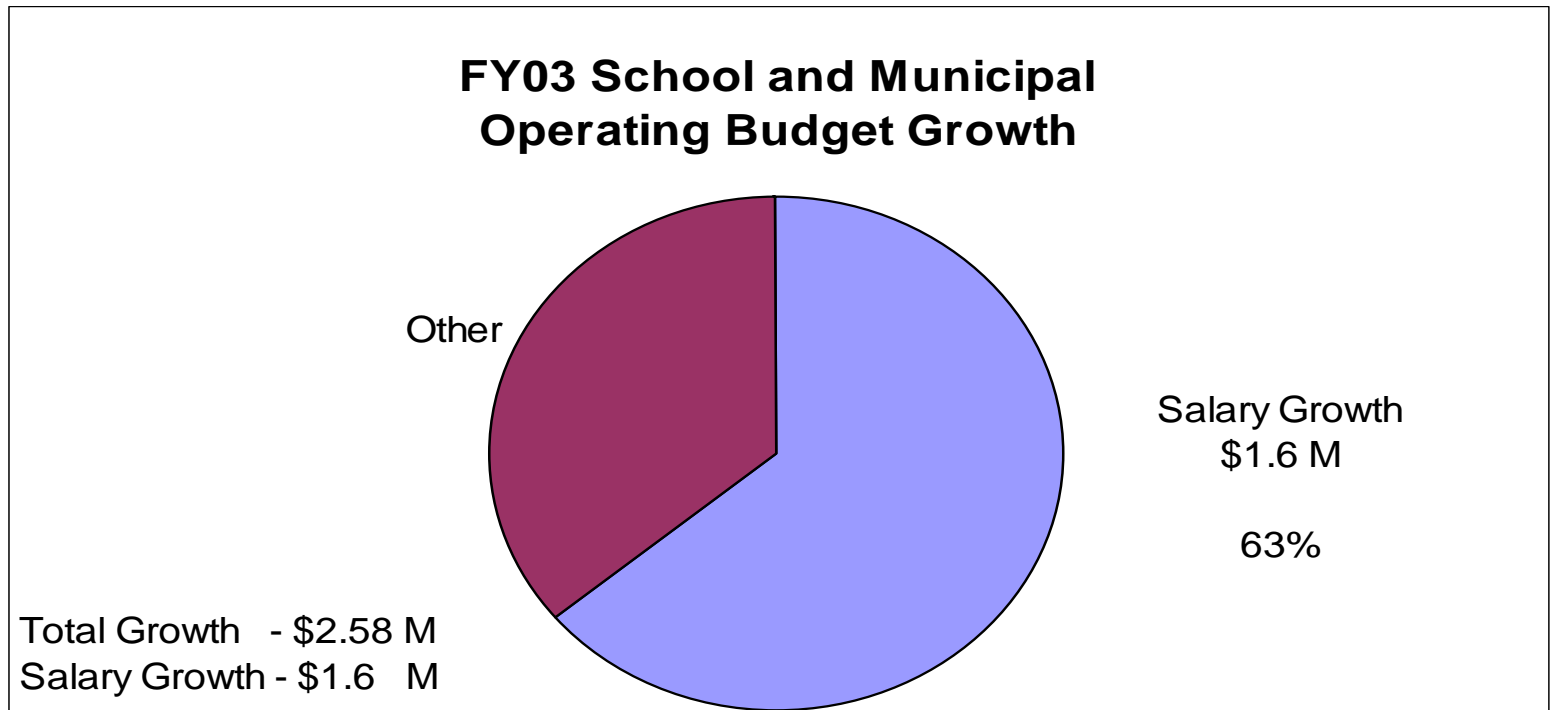
# Where Have We Been?

## % Budget Increase Over Previous Year

	FY00	FY01	FY02	FY03	Requested FY04	
School	10.4%	6.2%	7%	9%	7.4%	\$1,843,500
Municipal	4%	4%	5%	4.7%	3.8%	\$463,989
	↑ Override		↑ NStar	↑ Override		

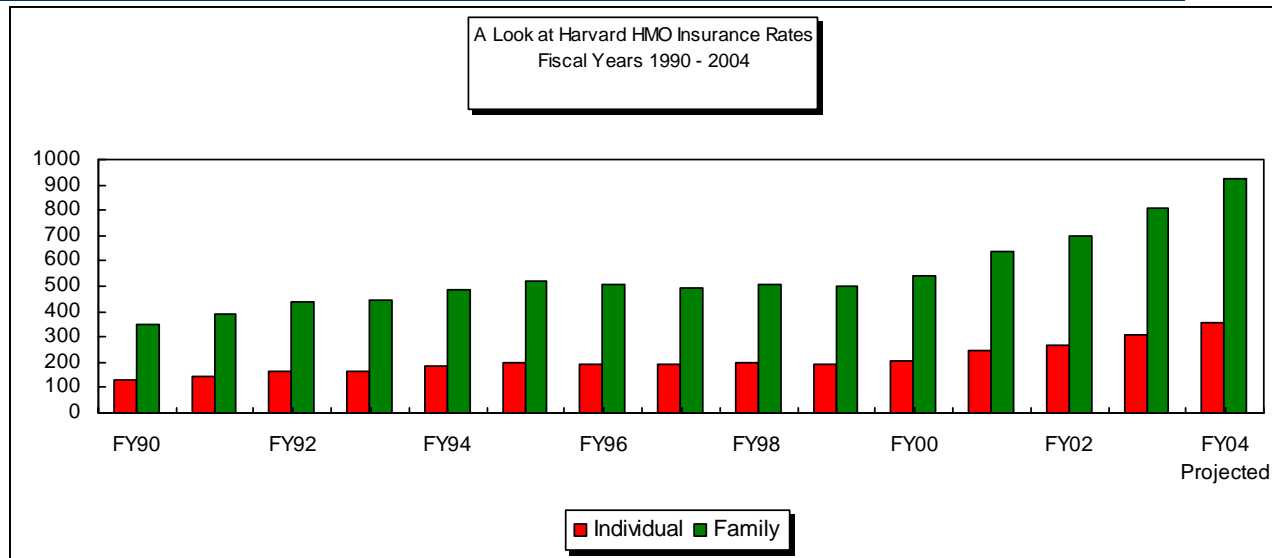
# Salaries as Component of FY03 Budgets

- Schools – 75% of budget is salary.
- Municipal – 67% of budget is salary.
- Salary increase is the largest component of the budget increase year to year.



# Important Areas of Concern

## Benefit/Insurance Costs

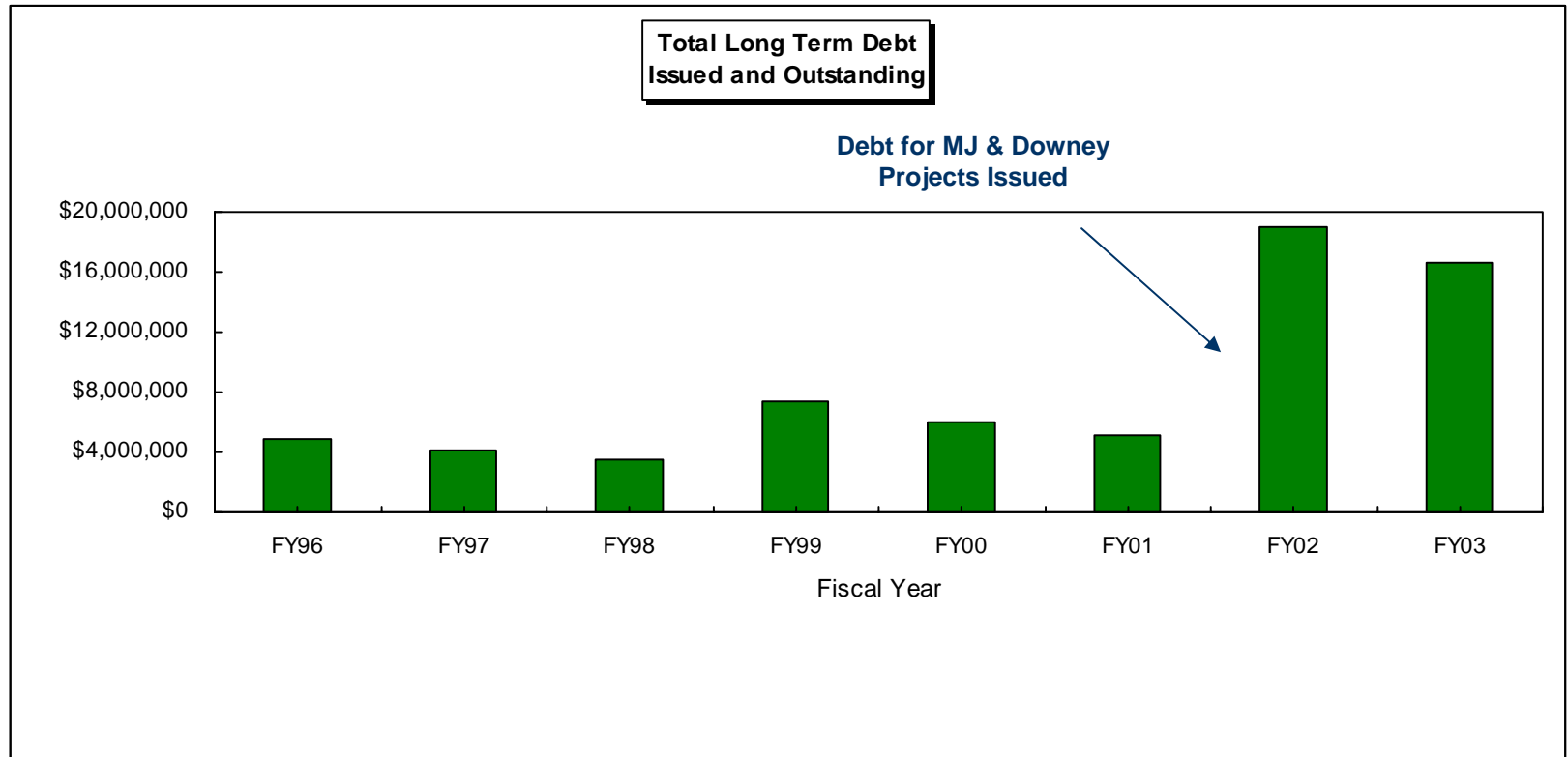


- Health insurance is back as a budget buster for municipalities.
- As with other public and private industries, Town is experiencing 12-15% rate increases each year.
- Municipalities have additional problem of covering increasing number of individuals, as workforce, especially teachers, turns over through retirement.

Total Benefits/Reserves/Insurance			
FY03	FY04	\$ Change	% Change
\$4,497,240	\$5,125,016	\$627,776	14%

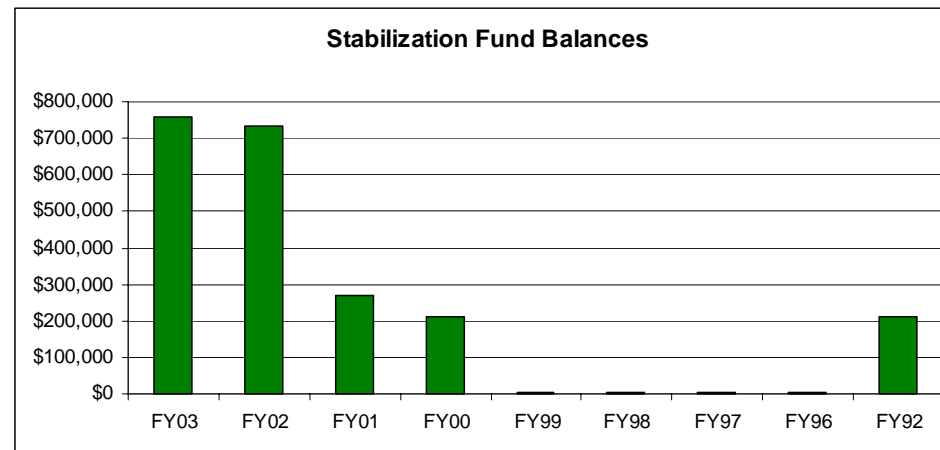
# Debt

- Treasurer issued \$16.6 million bond in March 2002 (Martha Jones & Downey) at interest rate 4.04%.
- FY03 debt budget increased \$1 million over FY02.
- FY04 debt budget will increase \$498,000 or 15% over FY03.
- Total general fund debt outstanding as of 6/30/02 is \$18.9 million.
- Total debt remaining to be issued \$47.9 million.

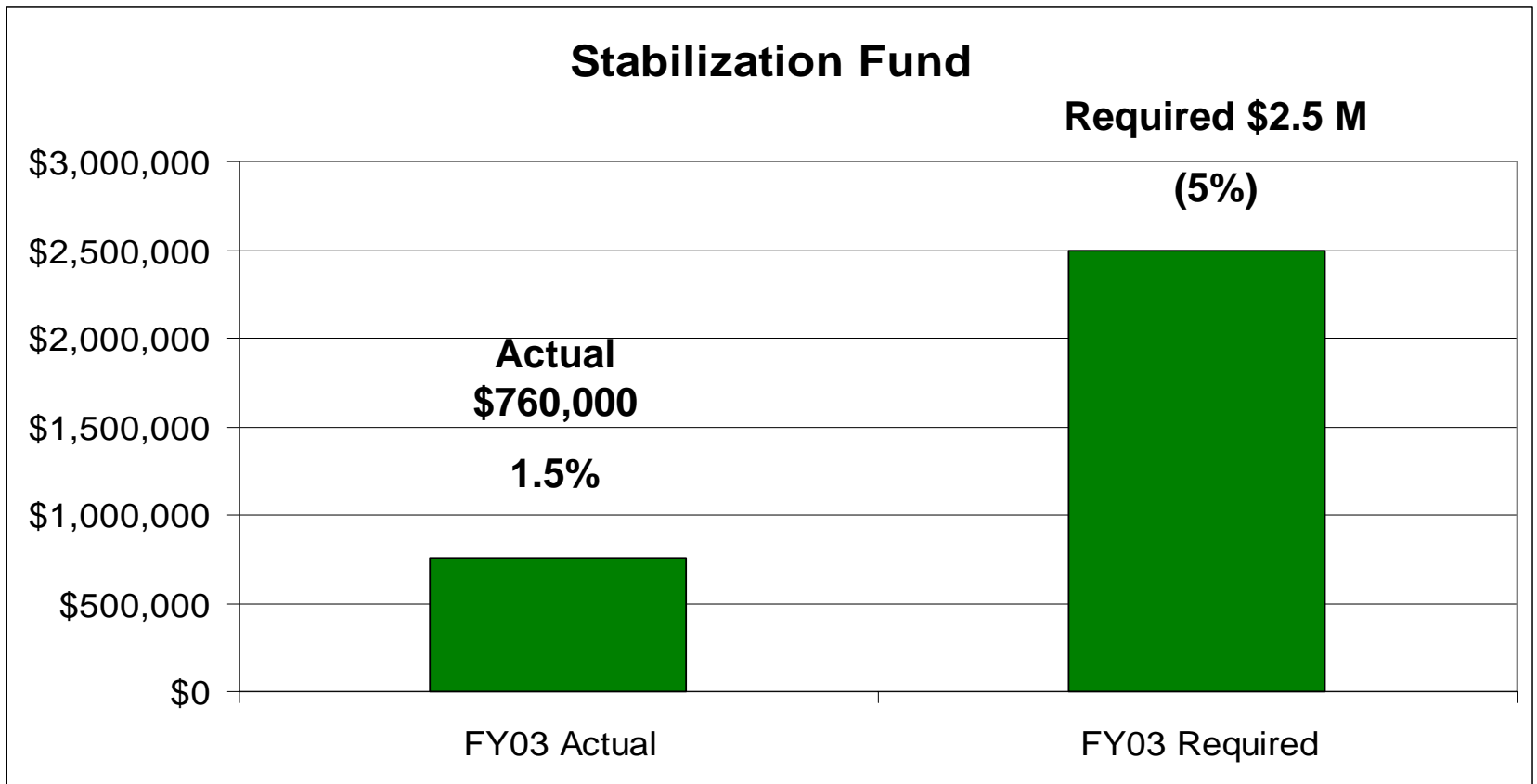


# Stabilization Fund

- Important reserve considering \$48 million in borrowing to occur.
- Community reserves should equal 5% of revenue.
- Reserve balance favorably cited by Moody's Investor Services in 2002 Bond and BAN issuances.
- Fund has only recently been increased.



# Stabilization Fund



# New High School Impact

## \$44 Million – 20 Year Bond

### Cost Without State Reimbursement

<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Cost</b>
3.5%	\$44,295,640	\$16,278,780	\$60,574,780
4%	\$44,295,640	\$18,604,320	\$62,900,320
5%	\$44,295,640	\$23,255,400	\$67,551,400
6%	\$44,295,640	\$27,906,480	\$72,202,480

If the Town ran the project on a BAN for 7 years and then issued the debt long term vs. issuing now, the Town would pay an additional \$20,000,000 in interest.

## High School Yearly Tax Impact

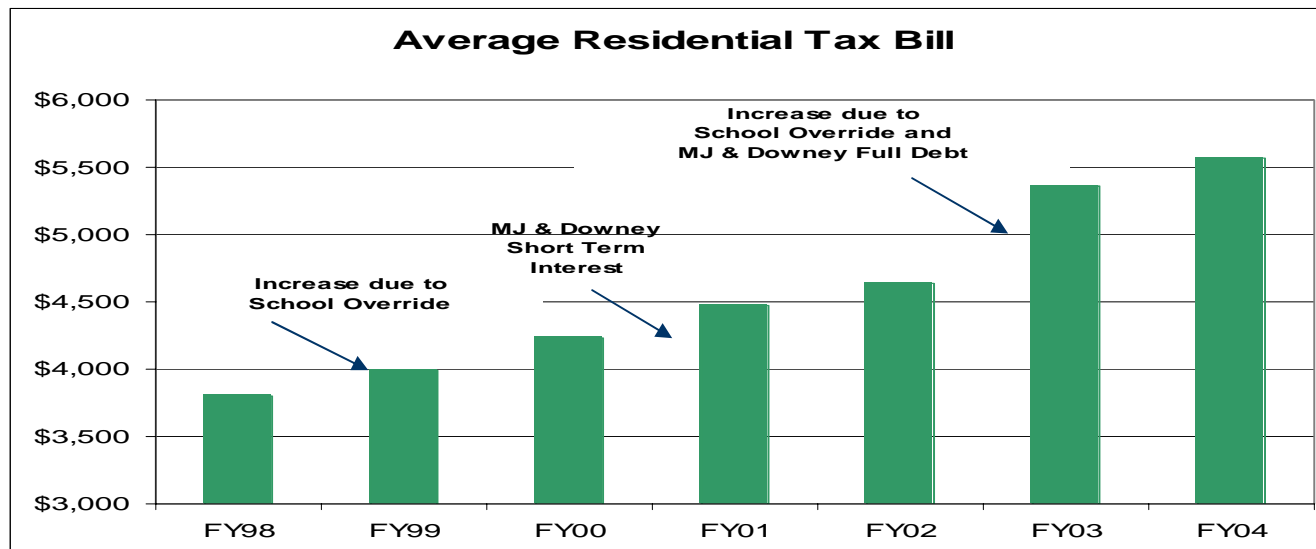
Average  
Home

\$500

9%

# Tax Rate/Tax Bill History

	FY98	FY99	FY00	FY01	FY02	FY03	FY04
Average Tax Bill Increase	2.11%	4.98%	6.00%	5.61%	3.74%	15.57%	3.87%
Savings to Average Tax Bill Resulting from Split Tax Rate	\$611.6	\$628.5	\$531.3	\$530.4	\$502.6	\$651.2	
Average Residential Tax Bill Home Value	\$270,720	\$270,720	\$334,339	\$334,339	\$334,339	\$468,075	\$468,075
Average Tax Bill	\$3,804	\$3,993	\$4,233	\$4,470	\$4,637	\$5,359	\$5,567





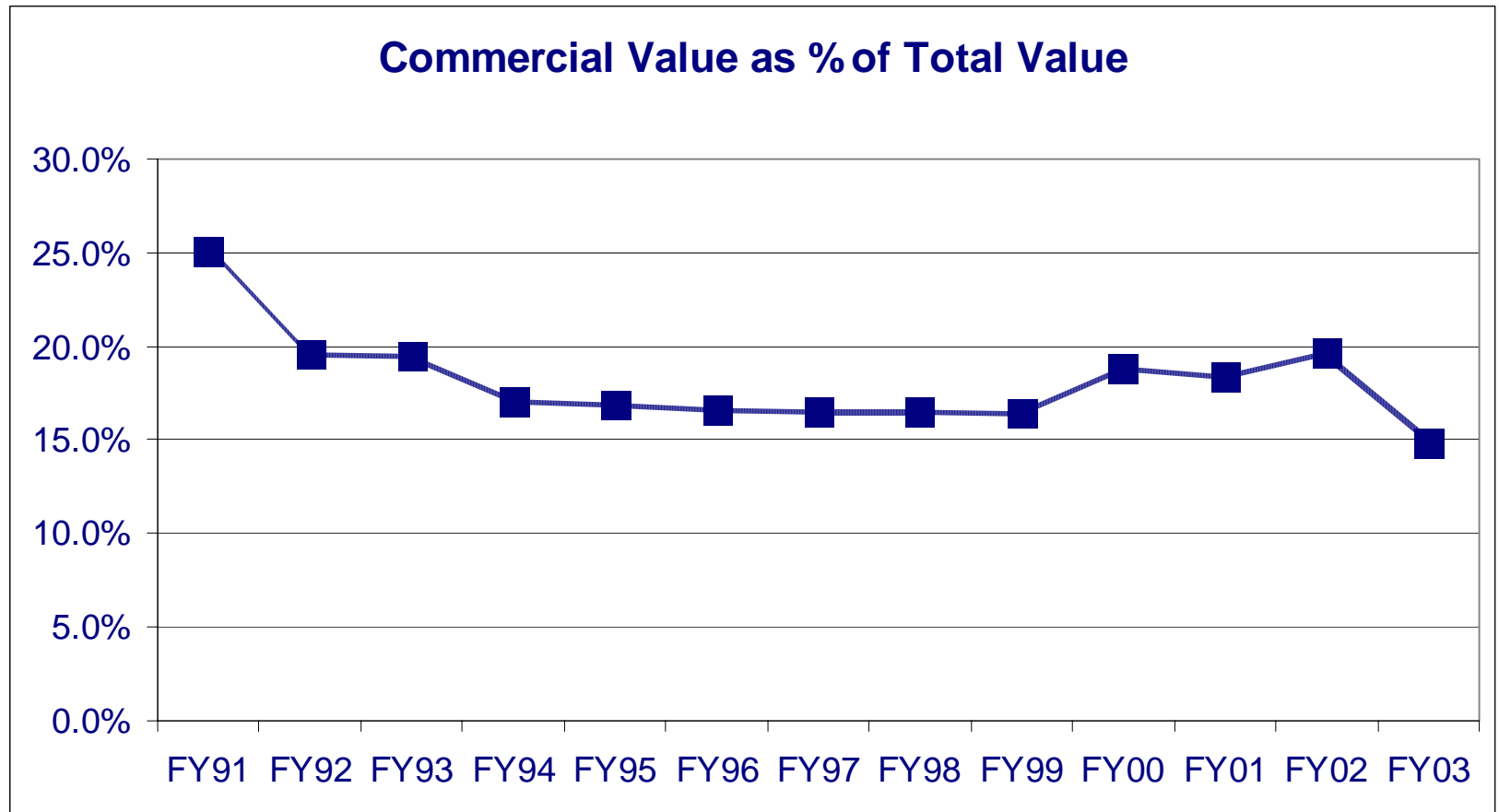
•FY03 Reval Year

•Residential growth 40% (following 30% increase in 2000)

•Commercial growth 3%

•Commercial value cannot keep pace with significant residential growth.

## Commercial/Residential % of Total Value

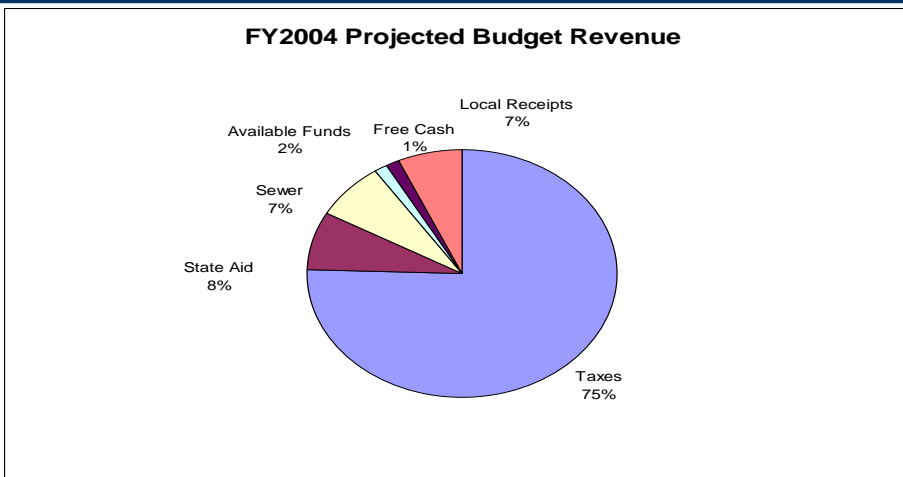


# FY2004 Financial Summary

- Increasing tax bills – Residents have experienced significant increases in tax bills, including an average 15% increase in FY2003. These bills will continue to increase as we begin to pay for the debt service for the High School project. FY2004 taxes, even without an override, will increase 3.8%. These increases are particularly difficult for senior residents.
- Uncertain economy – Difficult economic times are being experienced across the state. Many of our residents have lost jobs and seen depreciation of assets. It is a difficult time to ask residents to pay more in property taxes.
- Budgetary growth – The Town's operating budget, including School and Municipal departments, has seen significant growth in recent years. As with many private companies, it is an appropriate time for Westwood to examine this growth and strive to streamline operations for efficiencies if possible. Ensuring budgets are efficient and every dollar well spent is a necessary step before asking for increased taxes.
- Future concerns – Financial projections indicate future years will also present budget challenges. Recognizing that the future will be difficult, as well as understanding the future impact of the High School project, strengthens the need to forego an override in FY2004.

# What is Proposed for FY04 Revenue?

FY2004 Projected Budget Revenue				
	FY2003	FY2004	\$ Increase	% Increase
Taxes	\$37,288,629	\$39,032,677	\$1,744,048	4.7%
State Aid	\$4,261,830	\$3,931,941	(\$329,889)	-7.7%
Free Cash	\$931,912	\$600,000	(\$331,912)	-35.6%
Available Funds	\$1,185,728	\$790,433	(\$395,295)	-33.3%
Sewer	\$3,683,847	\$3,862,676	\$178,829	4.9%
Local Receipts	\$3,520,759	\$3,520,759	\$0	0.0%
<b>Total Revenue</b>	<b>\$50,872,705</b>	<b>\$51,738,486</b>	<b>\$865,781</b>	<b>1.7%</b>



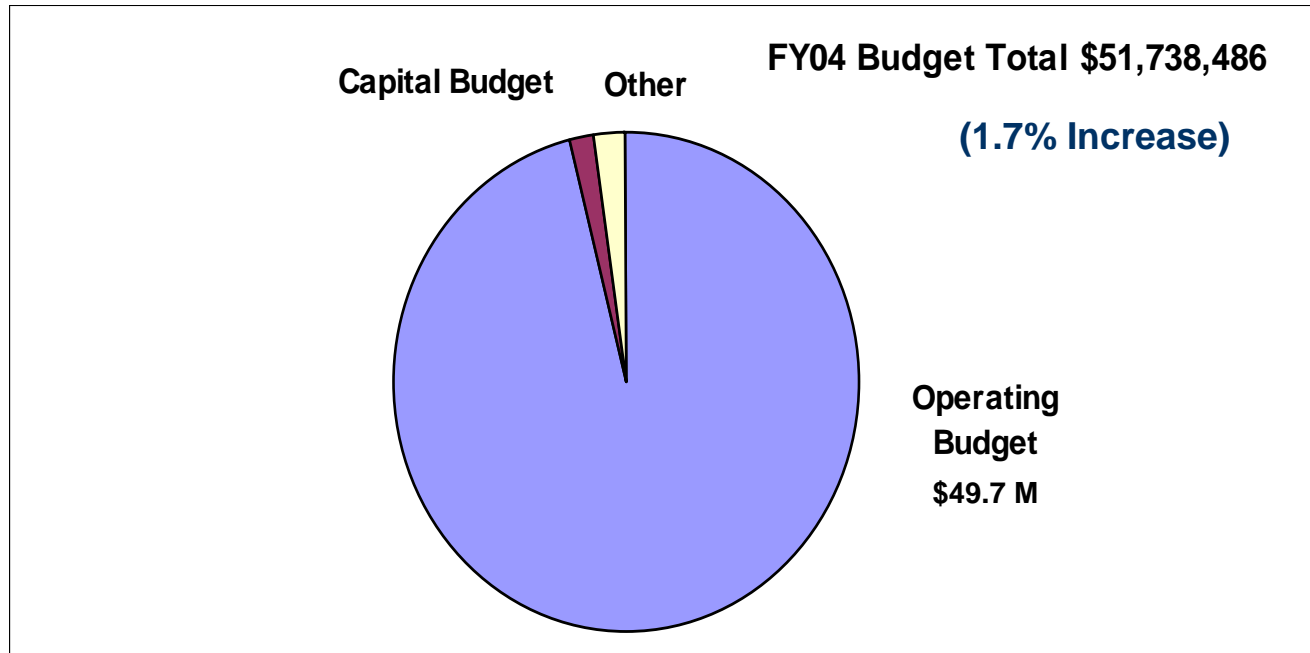
FY04 increase in taxes includes \$533,262 in exempt debt.

# FY04 Revenue Projections

Revenue Categories	Change FY03 to FY04	Comment
Taxes	\$875,000 \$300,000	Proposition 2 ½ New Growth
State Aid	(\$350,000)	10% Cut
Free Cash	(\$300,000)	Lower due to tighter budgeting.
Available Funds	(\$350,000)	Reduced overlay surplus and pension account
Local Receipts	-0-	Limited increase MV excise/investment income
<b>Total Revenue Change</b>	<b>\$175,000</b>	
Health Insurance/Payroll Taxes	\$600,000	
<b>Net Available FY04 Revenue</b>	<b>(\$425,000)</b>	

# Proposed FY04 Budget

	FY03	FY04	Difference
Operating Budget	\$48,388,793	\$49,763,635	\$1,374,842
Capital Budget	\$1,371,912	\$873,432	(\$498,480)
Other Town Meeting Articles/Prior Year	\$35,000	\$0	(\$35,000)
Other Amounts to be Raised (State charges/Overlay)	\$1,077,000	\$1,101,419	\$24,419
	<b>\$50,872,705</b>	<b>\$51,738,486</b>	<b>\$865,781</b>



Operating budget is comprised of 5 pieces:

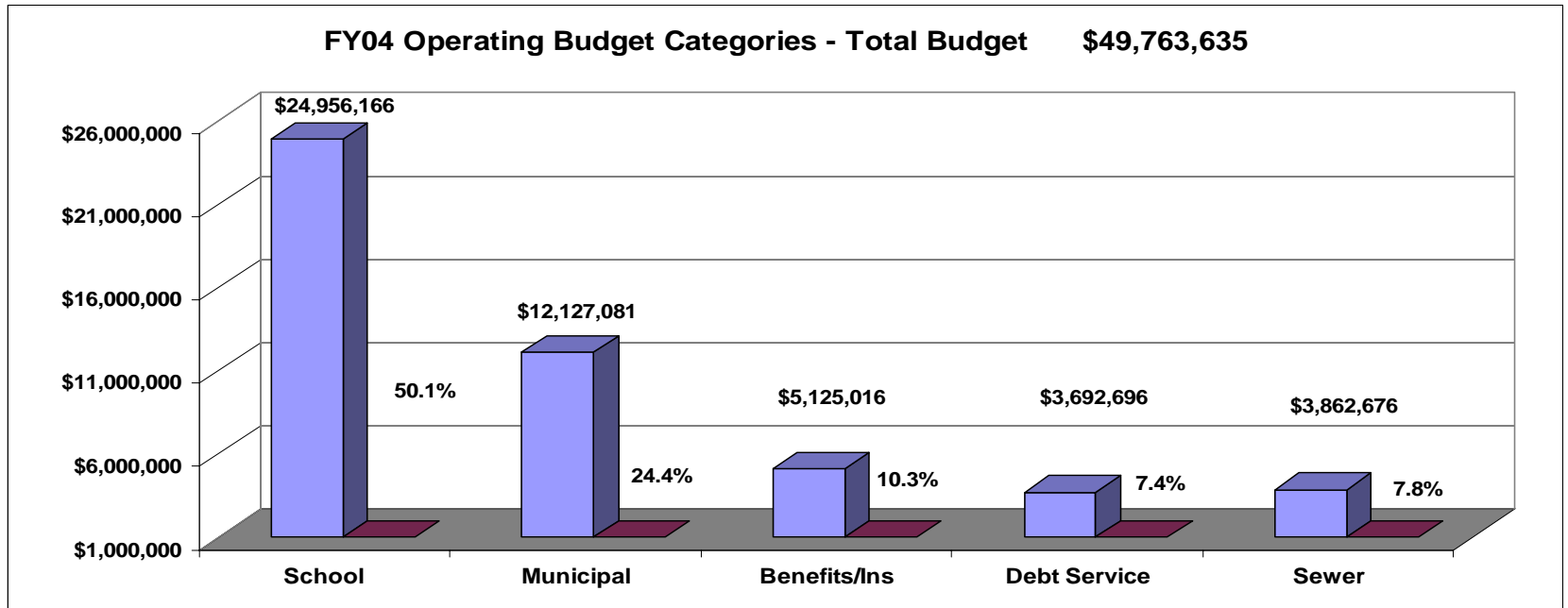
- Municipal budget
- School budget
- Debt Service
- Benefits/Insurance – School and Municipal employees
- Sewer Enterprise

# FY04 Operating Budget

	Proposed FY04	FY03	FY04 \$ Change	FY04 % Change
School Budgets	\$24,956,166	\$24,956,166	-0-	-0-
Municipal	\$12,127,081	\$12,127,081	-0-	-0-
Debt	\$ 3,692,696	\$ 3,194,459	\$498,237	15.6%
Benefits	\$ 5,125,016	\$ 4,497,240	\$ 627,776	14%
Sewer	\$ 3,862,676	\$ 3,613,847	\$ 248,829	6.9%
	<b>\$49,763,635</b>	<b>\$48,388,793</b>	<b>\$1,374,842</b>	<b>2.8%</b>

**Note: Benefits and debt not allocated to School or Municipal budgets in this chart.**

# FY04 Operating Budget



**Restricted Accounts**

Note: Debt and Benefit budgets not allocated in School or Municipal budgets shown above.

Benefits, Debt Service and Sewer are fixed, restricted accounts.

# Forecast

	FY2004 Proposed	FY2005 Projected	FY2006 Projected	FY2007 Projected	FY2008 Projected
Total Expenditures	\$51,738,486	\$53,806,534	\$55,658,857	\$57,602,175	\$59,688,808
Total Revenues	\$51,738,486	\$53,229,810	\$54,547,065	\$55,815,573	\$57,264,616
Total Revenues Less Expenditures	-0-	(\$576,724)	(\$1,111,792)	(\$1,786,602)	(\$2,424,192)
Average Tax Increase	3.87%	3.27%	0.85%	2.13%	2.18%

Assumptions:

FY04 level funded operating budgets.

FY04 10% cut to state aid.

Currently shows high school debt on ban only-large tax increase when full debt issued.

Downey state reimbursement received in FY06.

Health insurance increase – 15%.

Operating budget increase FY05 – FY08 – 3%



# Cherry Sheet Receipts – FY04

Category	FY2003 Budget	FY04 Governor's Proposal	\$ Difference	% Difference
Chapter 70	\$2,635,628	\$2,167,113	(\$468,515)	-17.78%
Lottery	\$747,149	\$448,289	(\$298,860)	-40%
Additional Assistance	\$42,662	\$0	(\$42,662)	-100%
Payment in Lieu of Taxes-New FY04		\$53,073	\$53,073	
Transitional Local Aid Mitigation-New FY04		\$374,103	\$374,103	
<b>Total Receipts</b>	<b>\$3,425,439</b>	<b>\$3,042,578</b>	<b>(\$382,861)</b>	<b>-11%</b>

## Important Concerns:

- Without transitional aid, cut is \$800,000 or 24%.
- Transitional aid one year only – FY05 big impact.
- Will transitional aid survive State budget process?
- Changes to Chapter 70 (school transportation? Regional school aid?)