

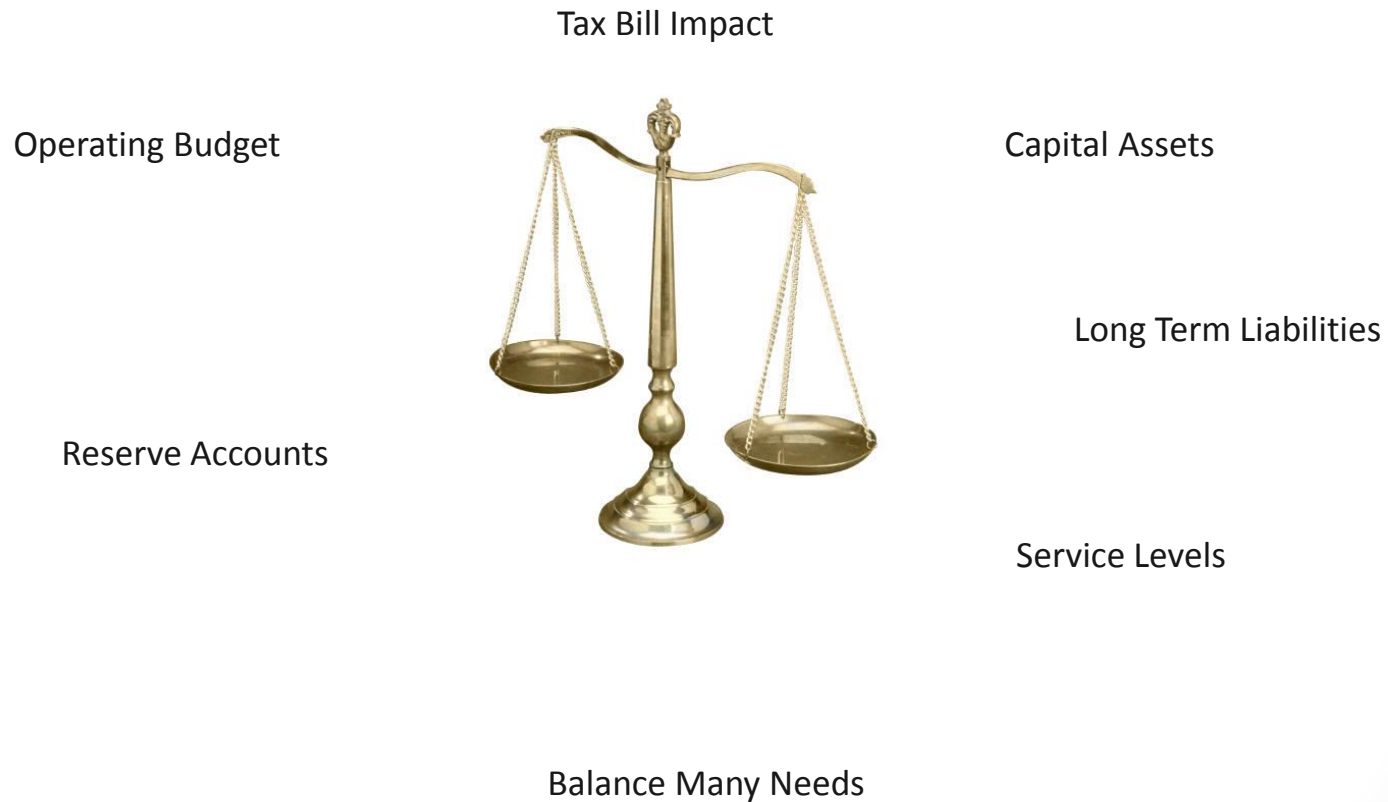


FY20 Overall Budget February 5, 2019

Pam Dukeman
Finance Director

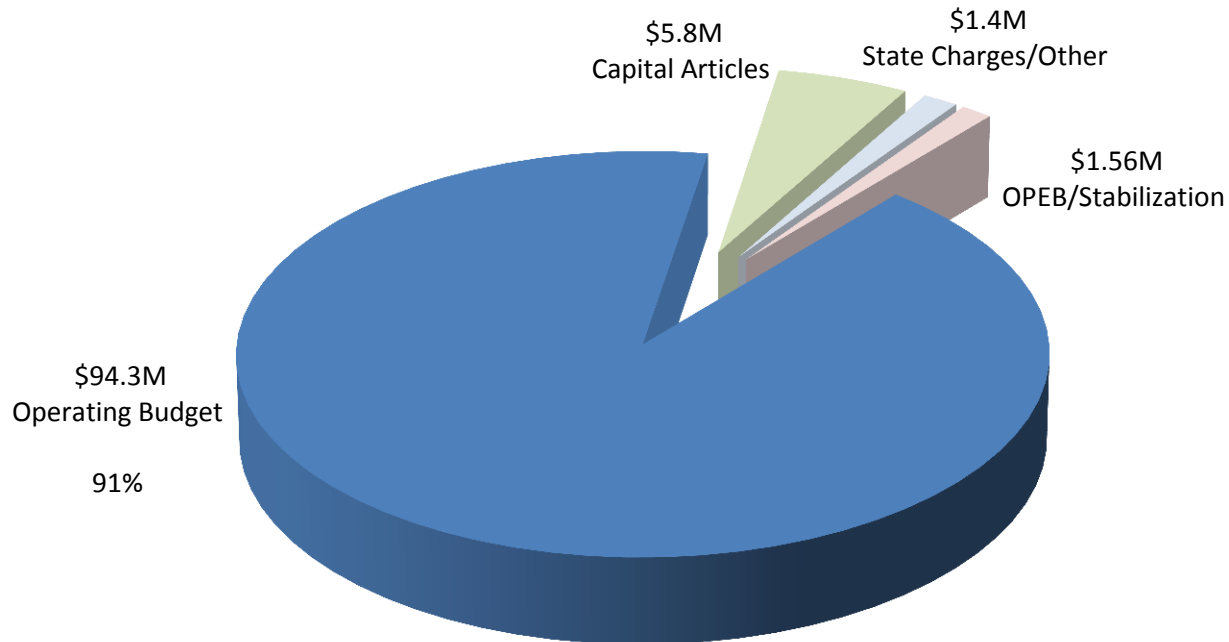
The FY20 Budget Address All Areas of Town Finance

Financial action must address multiple needs to provide for quality services and financial strength.



FY20 Total Expenditures - \$103.2M

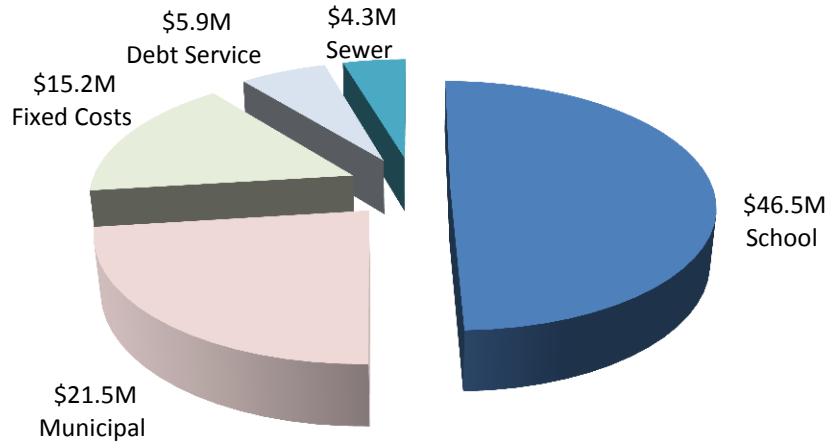
FY20 Expenditure Summary - \$103.2M, 4.4% increase



Total expenditure \$103.2M

- \$4.3M, or 4% over FY2019
- 91% of total expenditures to be appropriated in the Town Meeting Operating Budget article

FY20 Proposed Operating Budget - \$94.3M, 3.6% increase



Operating Budgets

- Provide for core services to community
- Strive for operating budget stability for school and municipal budgets.
- Strive for sustainable budgets

School and Municipal Operating Budgets

- \$68M
- 72% of total operating budget

| FY19 | Category | FY20 Proposed | \$ Change FY20 v FY19 | % Change |
|---------------------|------------------------------------|---------------------|--------------------------|-------------|
| \$44,903,135 | School Operating | \$46,463,031 | \$ 1,559,896 | 3.5% |
| \$20,802,318 | Municipal Operating | \$21,546,698 | \$ 744,380 | 3.6% |
| | University Station Direct Services | \$ 587,500 | \$ 587,500 | |
| \$ 136,373 | Blue Hills | \$ 180,000 | \$ 43,627 | 32.0% |
| \$ 106,541 | Traffic Supervisors | \$ 110,676 | \$ 4,135 | 3.9% |
| \$14,626,822 | Fixed Costs | \$15,226,270 | \$ 599,448 | 4.1% |
| \$ 6,137,978 | Debt Service | \$ 5,934,279 | \$ (203,699) | -3.3% |
| \$ 4,319,239 | Sewer | \$ 4,291,488 | \$ (27,751) | -0.6% |
| \$91,032,406 | Total | \$94,339,942 | \$ 3,307,536 | 3.6% |

← Updated
\$149K

FY20 Fixed Costs/Reserve Budget \$15.2M, 4.1% increase

| | FY19 | FY20 | \$ Change | % Change |
|------------------------|------------------|------------------|------------|-----------|
| Employee Benefits | \$13,242,045 | \$13,803,020 | \$560,975 | 4.2% |
| Insurance/Shared Costs | \$664,777 | \$703,250 | \$38,473 | 5.8% |
| Reserve Accounts | <u>\$720,000</u> | <u>\$720,000</u> | <u>\$0</u> | <u>0%</u> |
| Total Fixed Costs | \$14,626,822 | \$15,226,270 | \$599,448 | 4.1% |

This employee benefit budget (\$13.8M) includes:

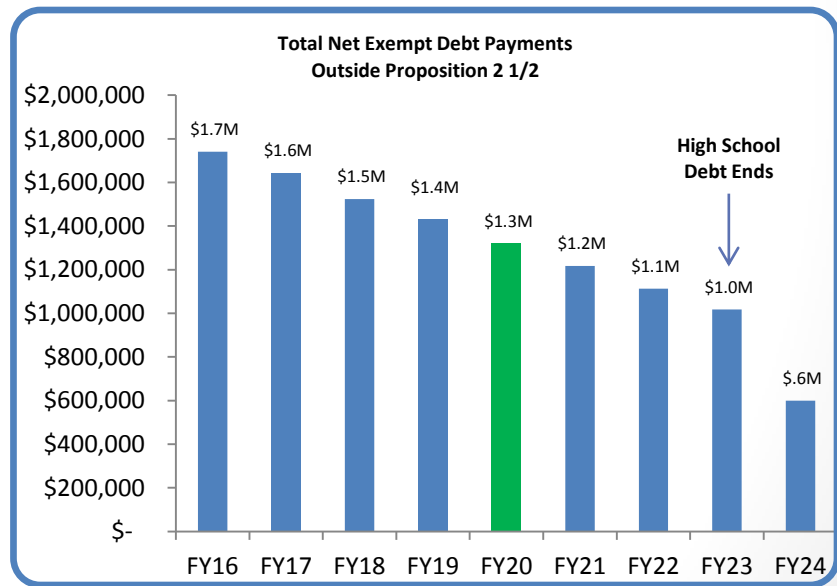
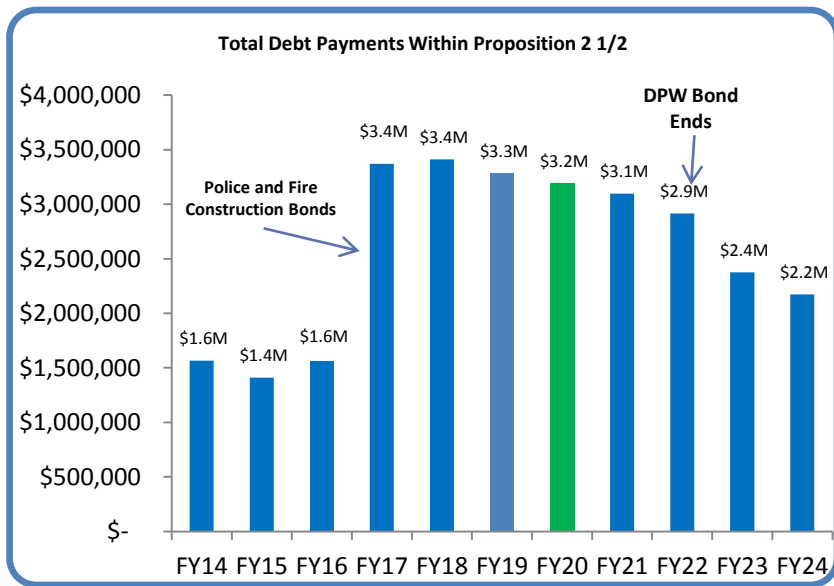
- Pension Assessment (7% increase) \$5.4M
- Health Insurance budget (5% increase) \$6.19M
- Medicare Payroll tax (10% increase) \$1.07M
 - Total of these three items \$12.7M

Employee Benefit Cost



Total FY20 Debt Budget: \$5.9M, decrease of 3.3%

| | FY19 | FY20 | \$ Change | % Change |
|-----------------|--------------------|--------------------|-------------------|--------------|
| Exempt Debt | \$2,856,863 | \$2,744,613 | (\$112,250) | -3.9% |
| Non Exempt Debt | <u>\$3,281,115</u> | <u>\$3,189,665</u> | <u>(\$91,450)</u> | <u>-2.8%</u> |
| Total | \$6,137,978 | \$5,934,278 | (\$203,700) | -3.3% |



Town Debt – Utilized Favorable Borrowing Climate

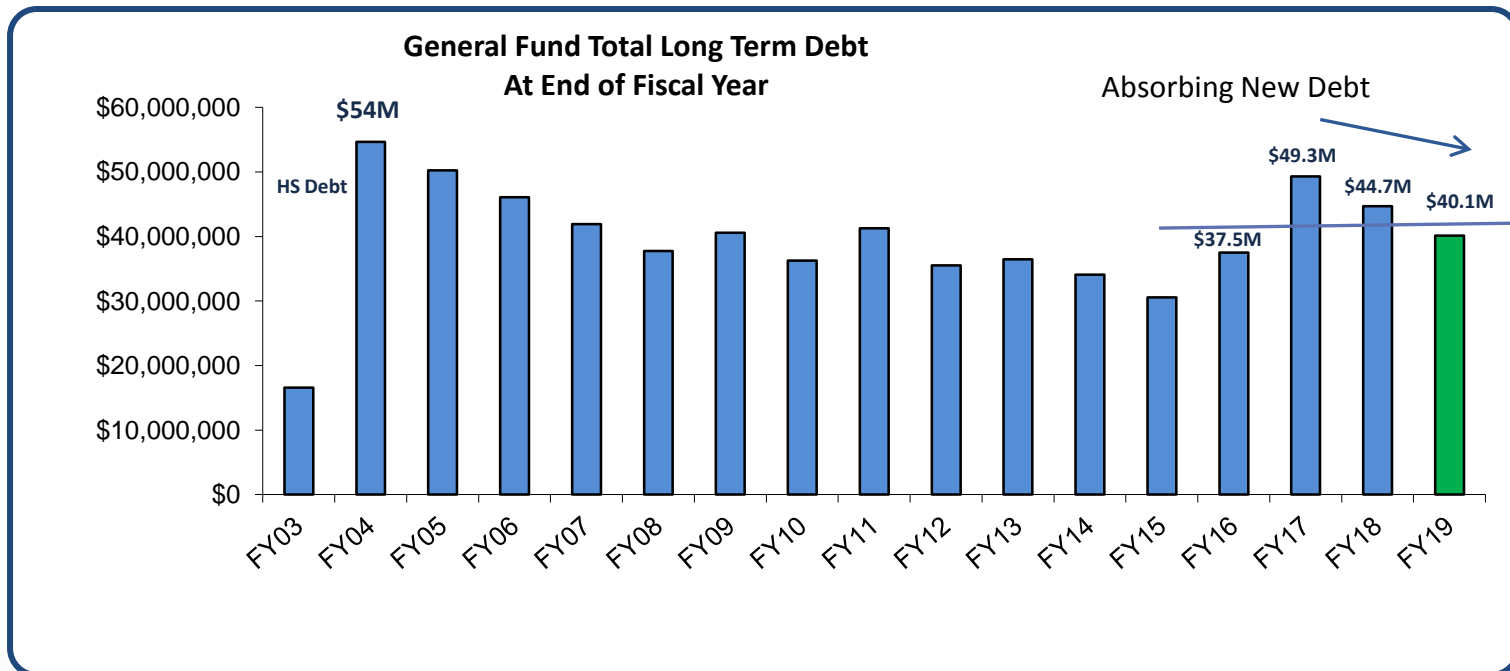
Favorable Borrowing Climate

- Very strong credit ratings.
 - Standard & Poor’s AAA.
- Excellent interest rate environment.
- Old debt retirement.

- Portion of recent bond sales replaced debt dropping off
 - Next debt drop off 2023.

Recent Bond Sales - \$30M since 2014

- Bond sold August, 2016:
 - \$16.64M, 10-30 year term, 2.4%.
- Bond sold August, 2015:
 - \$10.45M, 5-20 year term, 2.6%.
- Bond sold May, 2014:
 - \$2.97M, 10 year term, 1.6%.



Capital Budget Articles - \$5.8M Total

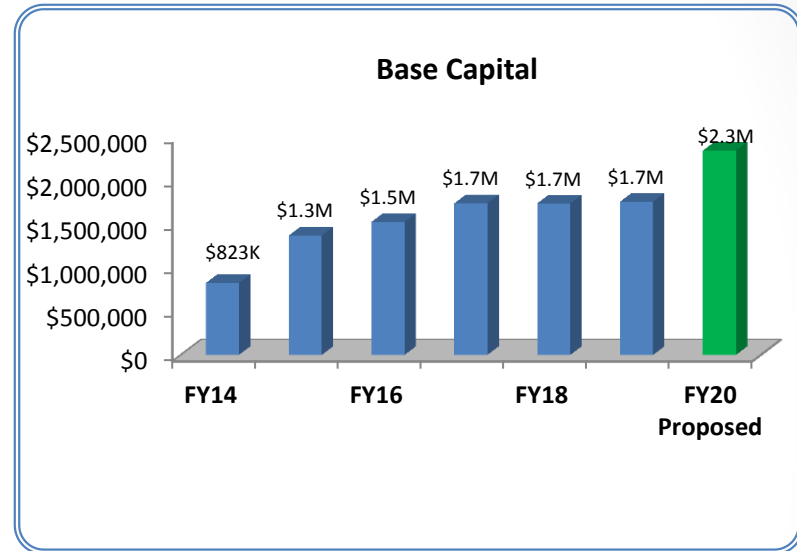
- Important to maintain Town and School assets – buildings, infrastructure, and equipment. FY20 continues improvement in ongoing capital funding.
- 5 capital budget articles:

Base Capital

- Article: Municipal Capital Improvements
 - \$1,322,000, funded with Free Cash
- Article: School Capital Improvements
 - \$1,017,000, funded with Free Cash

Other Capital

- Article: Sewer Capital Improvements
 - \$1,050,000 funded with Sewer Retained Earnings
- Article: Other Capital Improvements
 - \$2,399,500 funded with \$1.1M Meals/Hotels tax and \$1.2M Free Cash
- Article: Other Capital – Ambulance
 - \$67,500 funded with Ambulance Revenue



Proposed Road Bond Article - \$4.9M

- Important Road Work
 - Road maintenance and safety improvements.

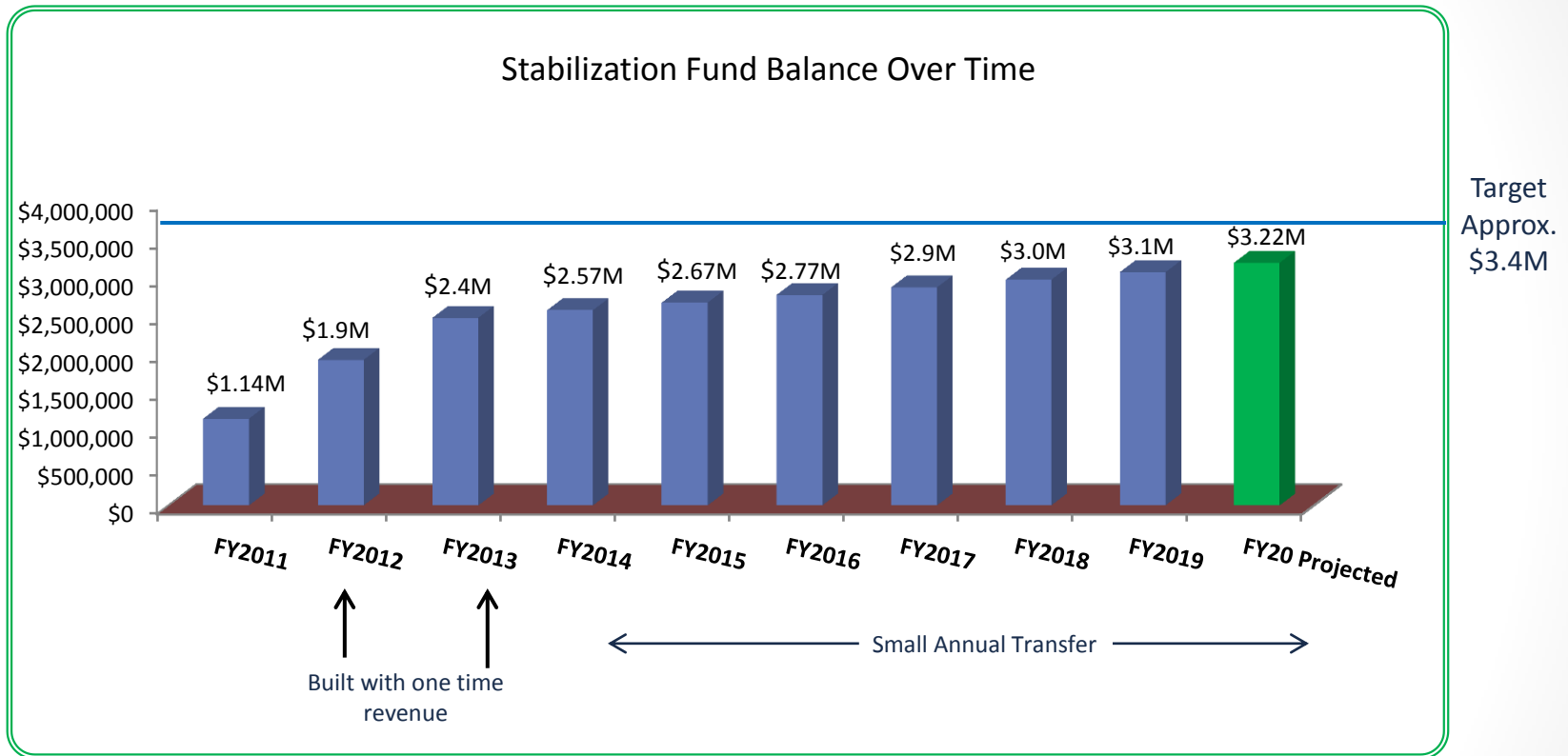
Project Includes:

| | |
|---|------------------|
| Route 109 Corridor Project | \$2,000,000 |
| Crosswalk Safety Improvements Town-wide | \$500,000 |
| Paving/Sidewalk Enhancements Town-wide | \$1,500,000 |
| Pavement Preservation Program Town-wide | <u>\$900,000</u> |
| Total | \$4,900,000 |

- Funding as borrowing authorization
 - Approve as borrowing article at Town Meeting
 - Approve as debt exemption
- 10 Year bond
 - Average annual debt service \$570K
 - Average annual taxpayer cost \$86/year

Stabilization Fund– Small Annual Transfer

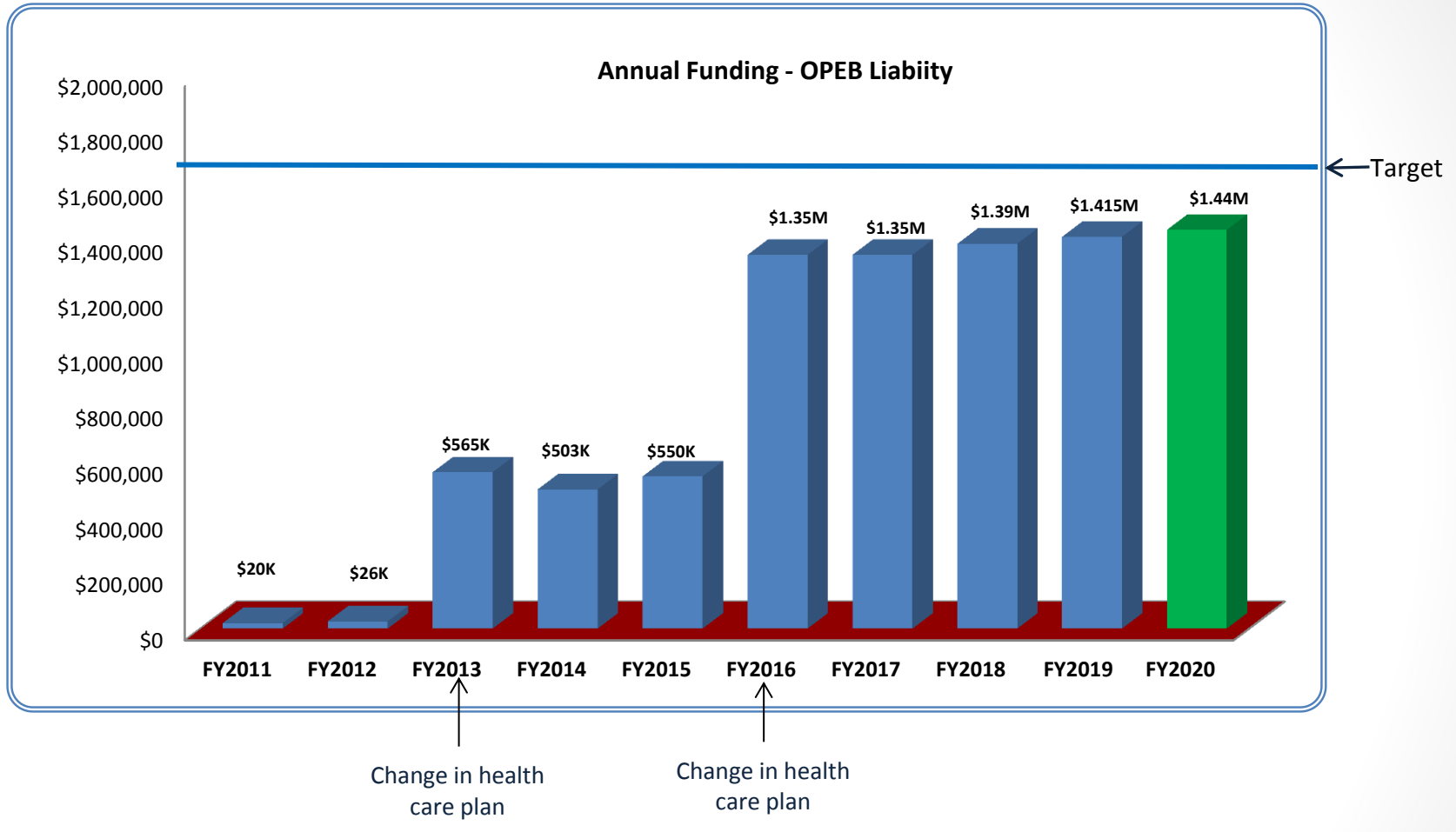
- Main savings account.
- Important component of credit rating.



- Town Meeting Article will appropriate \$125K from Free Cash

OPEB Liability – Continue With Progress Made

- Significant progress on both the revenue and expense reduction sides



- Balance in trust fund account as of 12/18 is approximately \$8.3M.
- Town Meeting article will appropriate \$1.44M into trust account.

Current Year Budget Supplements - Articles 1 and 2

The first two articles at Town Meeting clean up current year FY19 Budget.

Article 1: \$xxx Transfers from one budget to another

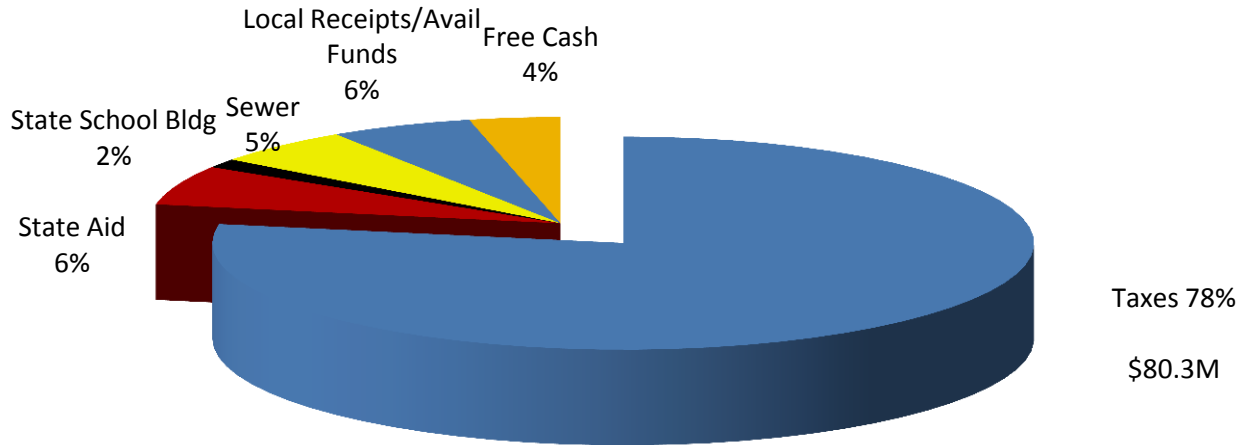
Article 2: \$xxx Supplement budget with additional funds (free cash)

Select Board will finalize mid March in advance of Finance Commission final public hearings at the end of March.

- Major item is typically Snow and Ice Account
- If recommendation is ready, can do initial amount for Comprehensive School Safety program.

FY20 Proposed Budget Revenue - \$103M

FY2020 Projected Budget Revenue - \$103M, 4.4% increase



FY2020 Projected Budget Revenue

| | FY2019 | FY2020 Proj | \$ Increase | % Increase |
|---|---------------------|----------------------|--------------------|-------------|
| Taxes | \$76,955,697 | \$80,342,935 | \$3,387,238 | 4.4% |
| State Aid | \$6,212,883 | \$6,212,883 | \$0 | 0.0% |
| State School Bldg Reimbursement | \$1,401,276 | \$1,401,276 | \$0 | 0.0% |
| Sewer Enterprise | \$5,118,071 | \$5,746,690 | \$628,619 | 12.3% |
| Local Receipts | \$4,043,415 | \$4,043,415 | \$0 | 0.0% |
| Available Funds | \$520,832 | \$527,176 | \$6,344 | 1.2% |
| Available Funds - prior year/other articles | \$1,038,760 | \$67,500 | (\$971,260) | -93.5% |
| Meals Tax | \$432,000 | \$1,175,000 | \$743,000 | |
| Free Cash | \$3,159,118 | \$3,688,500 | \$529,382 | 16.8% |
| Total | \$98,882,052 | \$103,205,375 | \$4,323,323 | 4.4% |

FY20 History of Tax Levy

| Tax Levy Calculation | FY2016 | FY2017 | FY2018 | FY2019 | Budget FY2020 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Prior Year Levy Limit | \$60,753,121 | \$66,435,457 | \$70,367,740 | \$73,558,364 | \$76,623,854 | |
| Plus 2.5% Increase | \$1,518,828 | \$1,660,886 | \$1,759,194 | \$1,838,959 | \$1,915,596 | Plus 2.5% |
| Plus New Growth** | \$921,201 | \$1,099,667 | \$1,252,430 | \$950,531 | \$450,000 | New growth |
| New Tax Levy - University Station | \$3,242,307 | \$1,171,730 | \$179,000 | \$276,000 | \$125,000 | Uni Station growth |
| General Overrides | \$0 | \$0 | \$0 | \$0 | \$0 | General Override |
| Tax Levy Limit | \$66,435,457 | \$70,367,740 | \$73,558,364 | \$76,623,854 | \$79,114,450 | |
| Exempt Debt* | \$1,740,624 | \$1,642,706 | \$1,523,690 | \$1,429,505 | \$1,320,986 | Exempt Debt |
| Levy Capacity | \$68,176,081 | \$72,010,446 | \$75,082,054 | \$78,053,359 | \$80,435,436 | What we could tax |
| Actual Levy Assessed | \$67,637,558 | \$70,500,803 | \$74,005,710 | \$76,955,697 | \$80,342,936 | What we actually tax |
| Excess Levy(Taxes not raised) | \$538,523 | \$1,509,643 | \$1,076,344 | \$1,097,662 | \$92,500 | Unused tax levy |
| Increase in Actual Levy (including new growth) | 9.1% | 4.2% | 5.0% | 4.0% | 4.4% | |
| Increase in Levy without new growth | 2.39% | 0.88% | 2.94% | 2.33% | 3.65% | |

| Unused Tax Levy Detail | FY2018 | FY2019 | Budget FY2020 |
|---------------------------------------|--------------------|--------------------|-----------------|
| Unused University Station | \$279,000 | \$555,000 | \$92,500 |
| Other New Growth Higher Than Budgeted | \$797,344 | \$542,662 | \$0 |
| Total Unused Levy | \$1,076,344 | \$1,097,662 | \$92,500 |

* Exempt debt - This is the net principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

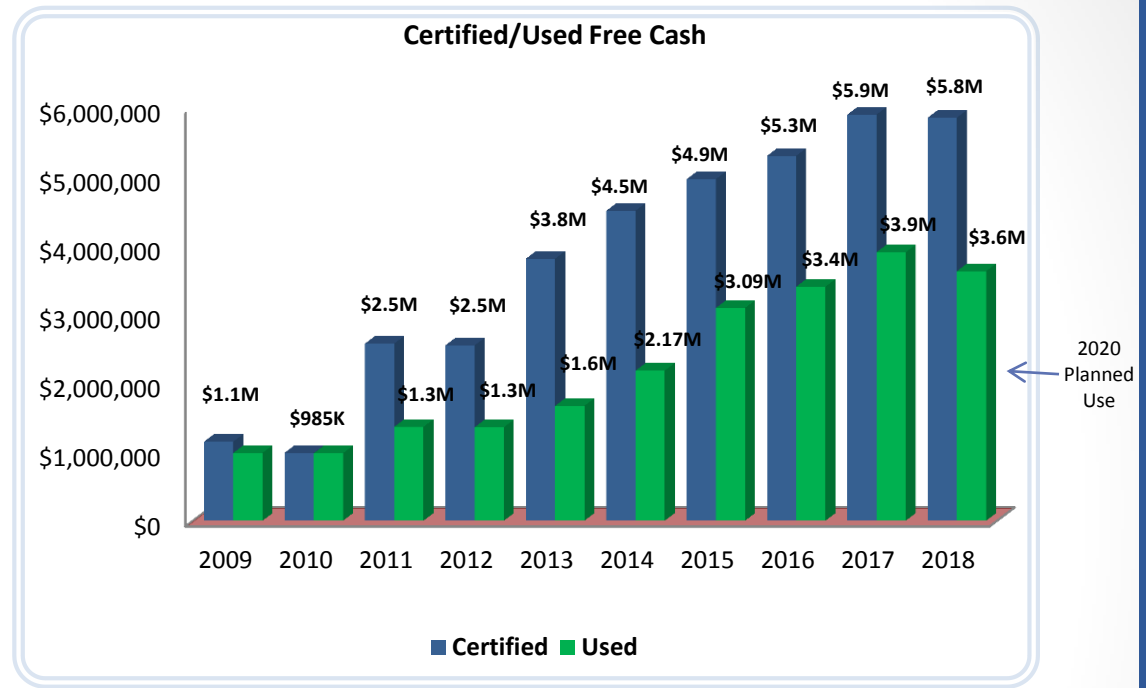
**New Growth - This represents taxes from new residential and commercial development.

- No general override since 2007
- Exempt debt declines each year, High School bond ends in 2023

Other Revenue Sources

Free Cash

- Certified \$5.8M
- Budget Uses
 - \$125K Stabilization
 - \$3.56M Capital
- \$2.1M unallocated
 - Financial policy is \$3.2M unallocated



Meals/Hotels Tax

- Total collected through 12/18 \$1.17M
 - Budget Uses \$1.17M
 - Fully using all available funds.

