



***FY08 Budget - Preliminary Review
Board of Selectmen Meeting
October 16, 2006***



Preliminary Look – FY08 Budget

- **Continuation in FY08 of structural budget problems:**
 - Limited new revenue.
 - Growth in fixed costs.
 - Inability to maintain current services with available revenue.
 - Capital funding inadequate.

Continuation of similar issues facing Westwood and all MA municipalities last few years.



FY07.....Review

■ **FY07 Budget Review**

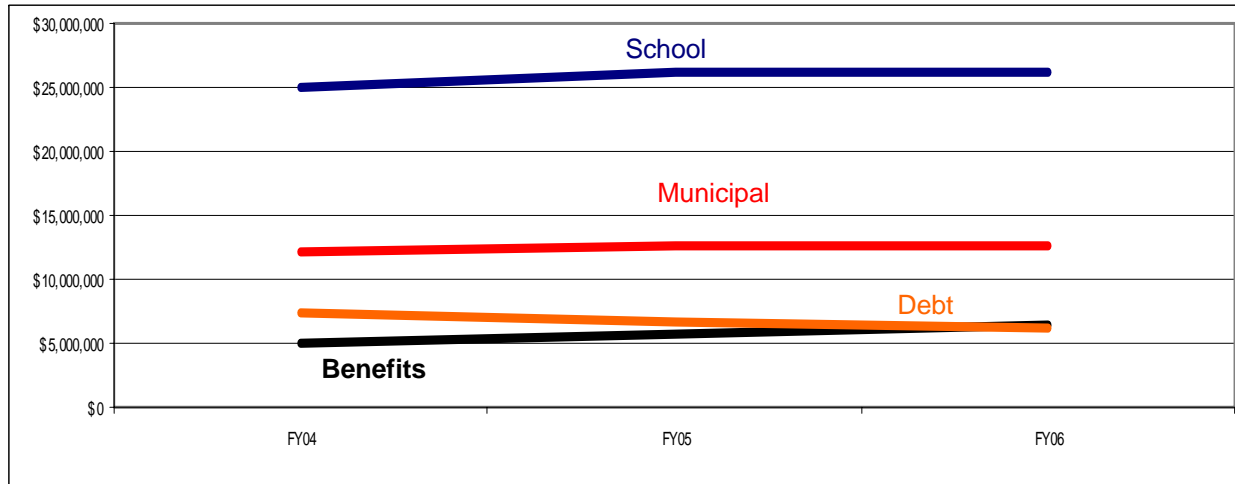
□ FY07 Operating Budgets

- School - \$27.09M – 4% increase.
- Municipal - \$13.25M – 4.5% increase.

- FY07 one time operating budget revenue:
 - \$142,000 Chapter 70 from FY06 increase to schools.
 - \$225,000 free cash to energy reserve.
 - Municipal funding included significant increase in ambulance funds - \$115,000.

FY07 increases achieved with one-time revenue sources.

A Look at the Budget History.....



Budget	\$ Budget		
	FY04	FY05	FY06
School Budgets	\$25,062,489	\$26,237,002	\$26,268,304
Municipal Budgets	\$12,127,081	\$12,540,894	\$12,688,282
Benefits/Insurance/ Reserves	\$5,045,017	\$5,767,904	\$6,413,450
Debt Service	\$7,286,431	\$6,722,777	\$6,302,362

Budget	% Change in Budget		
	FY04	FY05	FY06
School Budgets	0.4%	4.7%	.1%
Municipal Budgets	0.0%	3.4%	1.2%
Benefits/Insurance/ Reserves	10.9%	14.3%	11.2%
Debt Service	56.7%	-7.7%	-6.3%



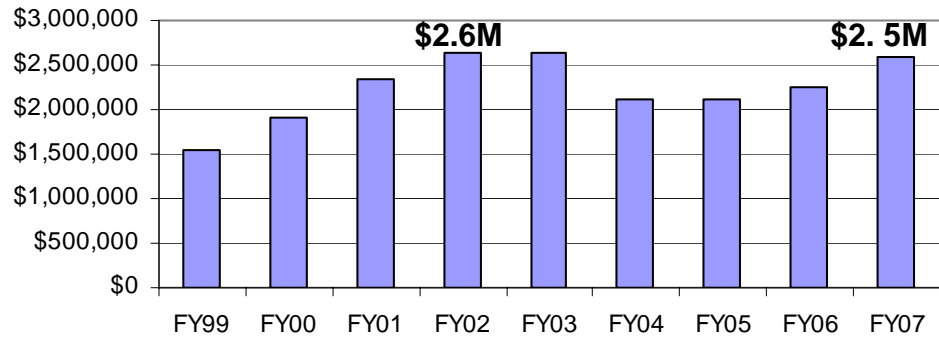
Capital....

- FY07 Capital
 - School - \$406,000 – level funded.
 - Municipal - \$417,000 – level funded.
 - Capital funded by \$700,000 free cash.
 - FY07 capital one time revenue:
 - Used closeout of \$450,000 telecom \$ to fund school roof and sidewalk plow.

Inadequate revenue to fund needed capital.

State Aid....

Chapter 70 Education



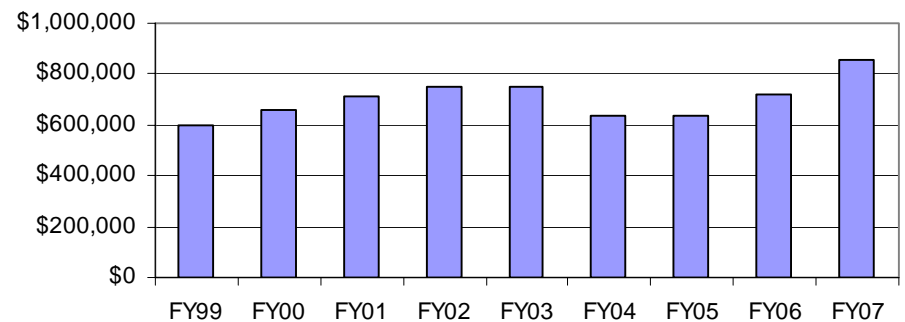
Chapter 70

FY99	\$1,539,577
FY00	\$1,908,727
FY01	\$2,345,177
FY02	\$2,635,628
FY03	\$2,635,628
FY04	\$2,108,502
FY05	\$2,108,502
FY06	\$2,250,702
FY07	\$2,588,559

Lottery

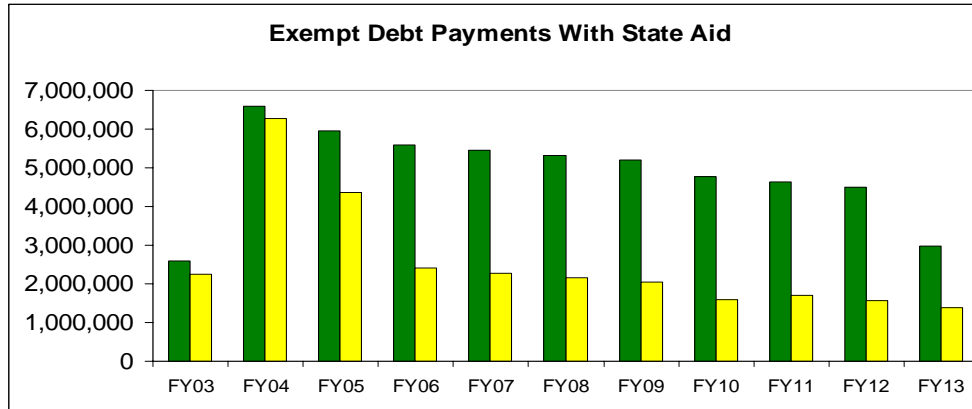
FY99	\$596,949
FY00	\$658,858
FY01	\$711,529
FY02	\$747,149
FY03	\$747,149
FY04	\$635,077
FY05	\$635,077
FY06	\$721,560
FY07	\$857,639

Lottery



Projections for FY08?

State Building Reimbursement....Going Very Smoothly



Total Exempt Debt
 Net Debt

- Only net debt raised in tax bill.
- \$3.1M state reimbursement/year applied to debt.

Project	Total State Reimbursement (59% of Project)	State Payments Remaining	
		Annual Payment	Duration
1997 Middle School	\$2,396,493	\$248,732/yr	FY06 – FY2010
Downey School	\$5,006,352	\$625,794/yr	FY06 – FY2012
Martha Jones School	\$5,537,952	\$692,249/yr	FY06 – FY2012
High School-Annual Payments	\$29,254,572	\$1,625,254/yr	FY06 – FY2023

Taxes

	FY03	FY04	FY05	FY06	Projected FY07	Projected FY08
Average Residential Home Value	\$468,075	\$468,075	\$510,202	\$566,324		
Tax Bill	\$5,359	\$6,066	\$6,107	\$5,873	\$6,055	\$6,206
Average Tax Bill Increase	15.57%	13.2%	.67%	(-3.84%)	3.11%	2.5%

- Tax increases had been high in FY03 and FY04 due to debt for construction projects and general override in FY03.
- State school building reimbursement now being received for all projects:
 - Downey and Martha Jones reimbursements in FY05.
 - High School reimbursement in FY06.
- Exempt debt will now remain stable until debt retired.

State Average Tax Bill Hi-Lo Ranking Town of Westwood	
Fiscal Year	State Ranking
FY06	25
FY05	19
FY04	14
FY03	21
FY02	31
FY01	27

FY08 Revenue Projections

- **FY08 Projections**

- For FY08, there will not be sufficient new revenue for operating budget increases.
- New tax revenue – Prop 2 1/2 and new growth - \$1.3 million
- Less Fixed cost growth –approx \$800,000
- Leaves approx \$500,000 available for school and municipal operating budgets (1.2%).

Current available funds within Proposition 2 ½ can fund:			
		\$ Increase	% Increase
FY08 School Operating Budget	\$27,429,126	\$335,000	1.2%
FY08 Municipal Operating Budget	\$13,418,967	\$165,000	1.2%
FY08 School Capital Budget	\$406,000	\$0	0%
FY08 Municipal Capital Budget	\$417,000	\$0	0%

- We are very early in the process – projections will change:
 - State aid?
 - Final new tax growth FY07?
 - Updated fixed costs budgets?