



# FY10 Budget Update

Finance Commission Meeting

February 9, 2009

Pam Dukeman, Finance Director

## Current FY10 Budget Status

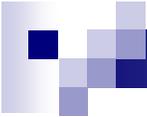
- Operating Budgets Level Funded - \$0 Increase
  - FY09/FY10 School \$32,488,684
  - FY09/F10 Municipal \$14,546,821
  
- Capital Budgets Returned to FY08 Status
  - FY10 Municipal Capital \$417,000
  - FY10 School Capital \$406,000
  - \$823,000
  
- No Appropriation into Reserve Accounts

FY09		FY10
\$25,000	Stabilization Fund - Token	\$0
\$75,000	Stabilization Fund	\$0
\$75,000	Capital Stabilization Fund	\$0



## Reserved for Revenue Reductions

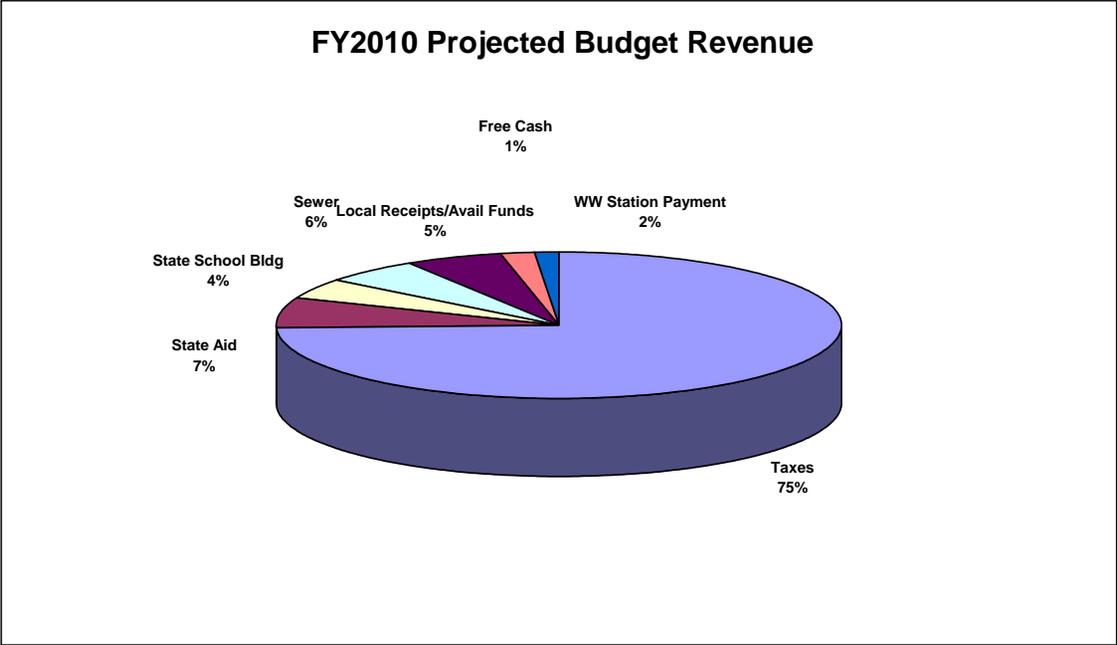
- Utilizing the Governor's budget would provide \$879,000 of additional revenue above current budget. (\$776,000 without meals tax \$).
  
- Budget Account – Reserve for revenue reductions. Will be adjusted throughout the spring. Update for:
  - Reductions to state aid.
  - Change in the \$1.5M Westwood Station payment.
  - Reductions to other revenue accounts.
  
- No increase to operating budgets.
  
- Remaining balance (if any) to assist with potential reductions during FY10.



## Quick Look at FY10

■	Change – Available Funds	
■	Tax Revenue	+\$1,589,202
■	State aid (Full Governor’s Budget)	(-\$155,068)
■	Local Receipts	(-\$269,505)
■	Westwood Station	<u>(-\$250,000)</u>
	<b>Net Change Available Revenue</b>	<b>\$914,629</b>
■	Change in Expenses	
■	School/municipal operating	\$0
■	Fixed Costs	(-\$637,391)
■	Eliminate extra capital	+\$450,000
■	Eliminate extra reserves	<u>+\$150,000</u>
	<b>Net Change in Expenditures</b>	<b>(-\$37,391)</b>
■	Result – Revenue reserve account	<b>\$877,238</b>

# FY10 Revenue



FY2010 Projected Budget Revenue				
	FY2009 Budget	FY2010 Proj	\$ Increase	% Increase
Taxes	\$50,373,089	\$51,525,844	\$1,152,755	2.3%
State Aid	\$4,732,859	\$4,577,791	(\$155,068)	-3.3%
State School Bldg Reimbursement	\$3,008,895	\$3,008,895	\$0	0.0%
Sewer Enterprise	\$3,906,125	\$3,949,730	\$43,605	1.1%
Westwood Station Guaranteed Payment	\$1,750,000	\$1,500,000	(\$250,000)	-14.3%
Local Receipts	\$3,812,483	\$3,252,000	(\$560,483)	-14.7%
Available Funds	\$929,260	\$428,631	(\$500,629)	-53.9%
Free Cash	\$963,000	\$870,000	(\$93,000)	-9.7%
<b>Total Revenue</b>	<b>\$69,475,711</b>	<b>\$69,112,891</b>	<b>(\$362,820)</b>	<b>-0.5%</b>

## FY10 Tax Levy

	FY2008	FY2009	Projected FY2010
Prior Year Levy Limit	\$41,938,657	\$46,442,531	\$48,296,355
Plus 2.5% Increase	\$1,048,466	\$1,161,063	\$1,207,409
Plus New Growth**	\$678,020	\$692,761	\$300,000
General Overrides	\$2,777,387		
<b>Tax Levy Limit</b>	<b>\$46,442,531</b>	<b>\$48,296,355</b>	<b>\$49,803,764</b>
<b>Exempt Debt*</b>	<b>\$2,199,779</b>	<b>\$2,158,527</b>	<b>\$1,722,080</b>
<b>Levy Capacity</b>	<b>\$48,642,309</b>	<b>\$50,454,882</b>	<b>\$51,525,844</b>
Actual Levy Assessed	\$48,519,937	\$50,373,089	\$51,525,844

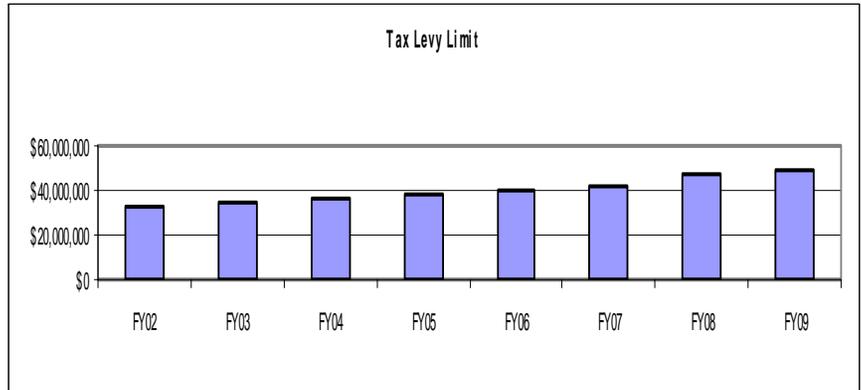
FY10 Tax Change	
2.5/new growth/excess levy	\$1,589,202
Change in exempt debt	(\$436,447)
Total Change in taxes	\$1,152,755

## Major Revenue Source - Taxes

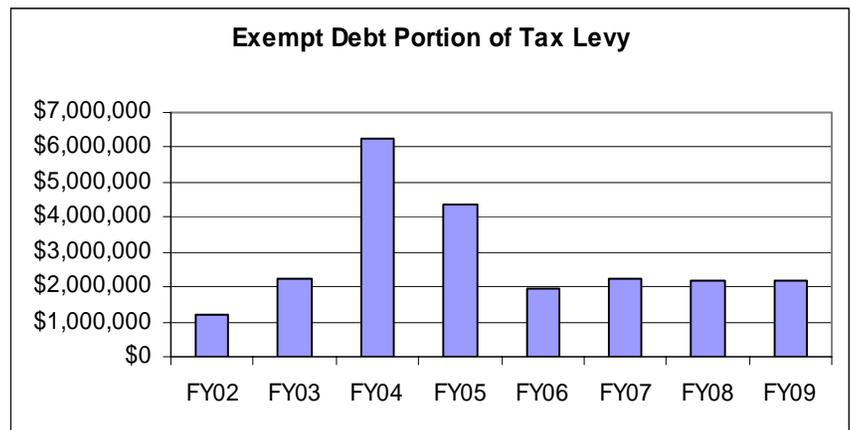
- Property tax levy:
  - Revenue a community can raise through property taxes.
  - Proposition 2 ½ places constraints on the amount of the levy raised by a community and on how much the levy can be increased from year to year.

- There are 2 categories of taxes:

1. General Taxes:
  - Can increase by 2.5% each year.
  - Also can include taxes from new construction.
  - Can increase more than 2.5% with a voter approved override.



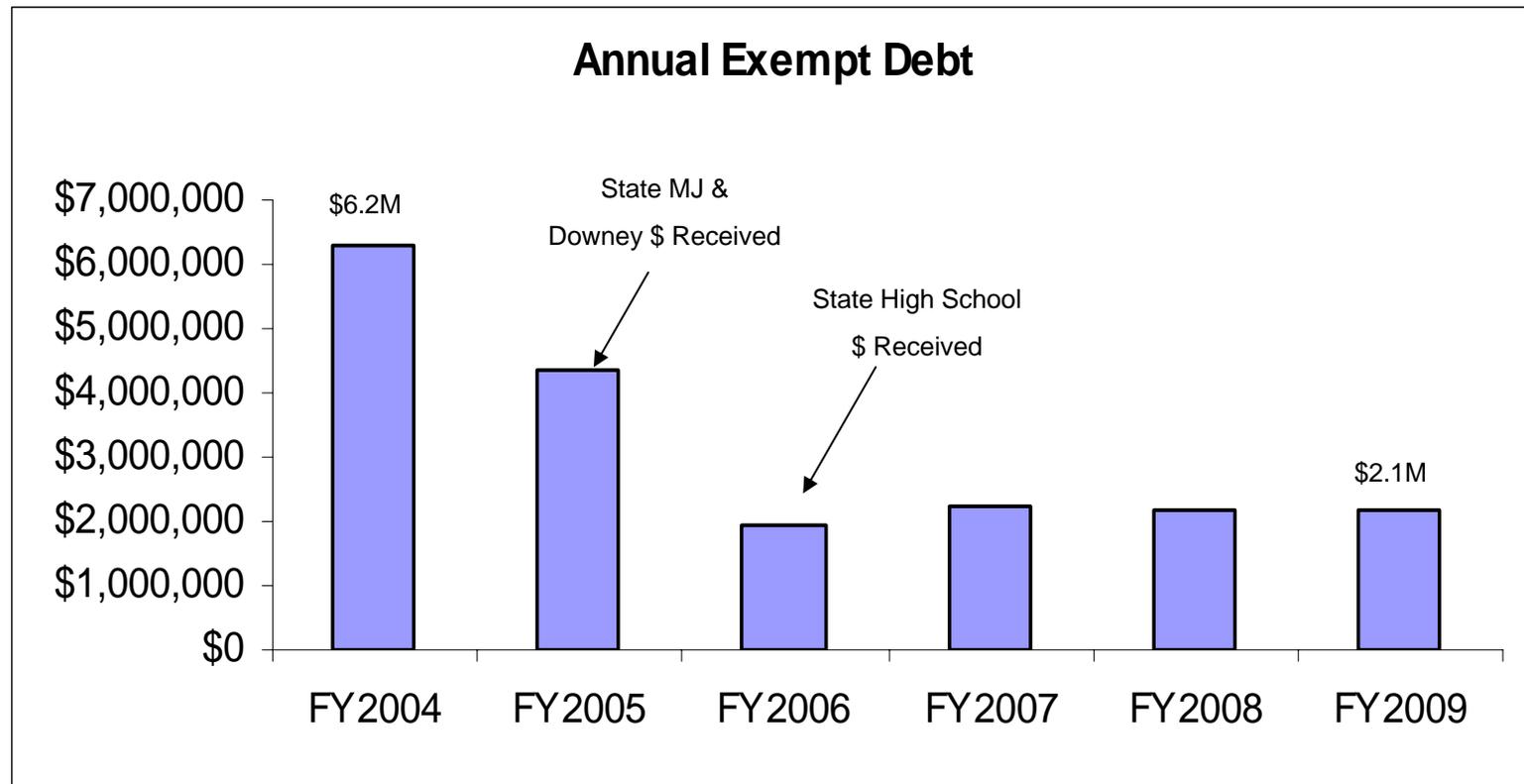
2. Exempt Debt:
  - Principal & interest for bonds for projects voted outside of Proposition 2 ½.
  - Exact amount of debt cost is taxed.
  - Not limited to 2.5% increase – It is what it is.



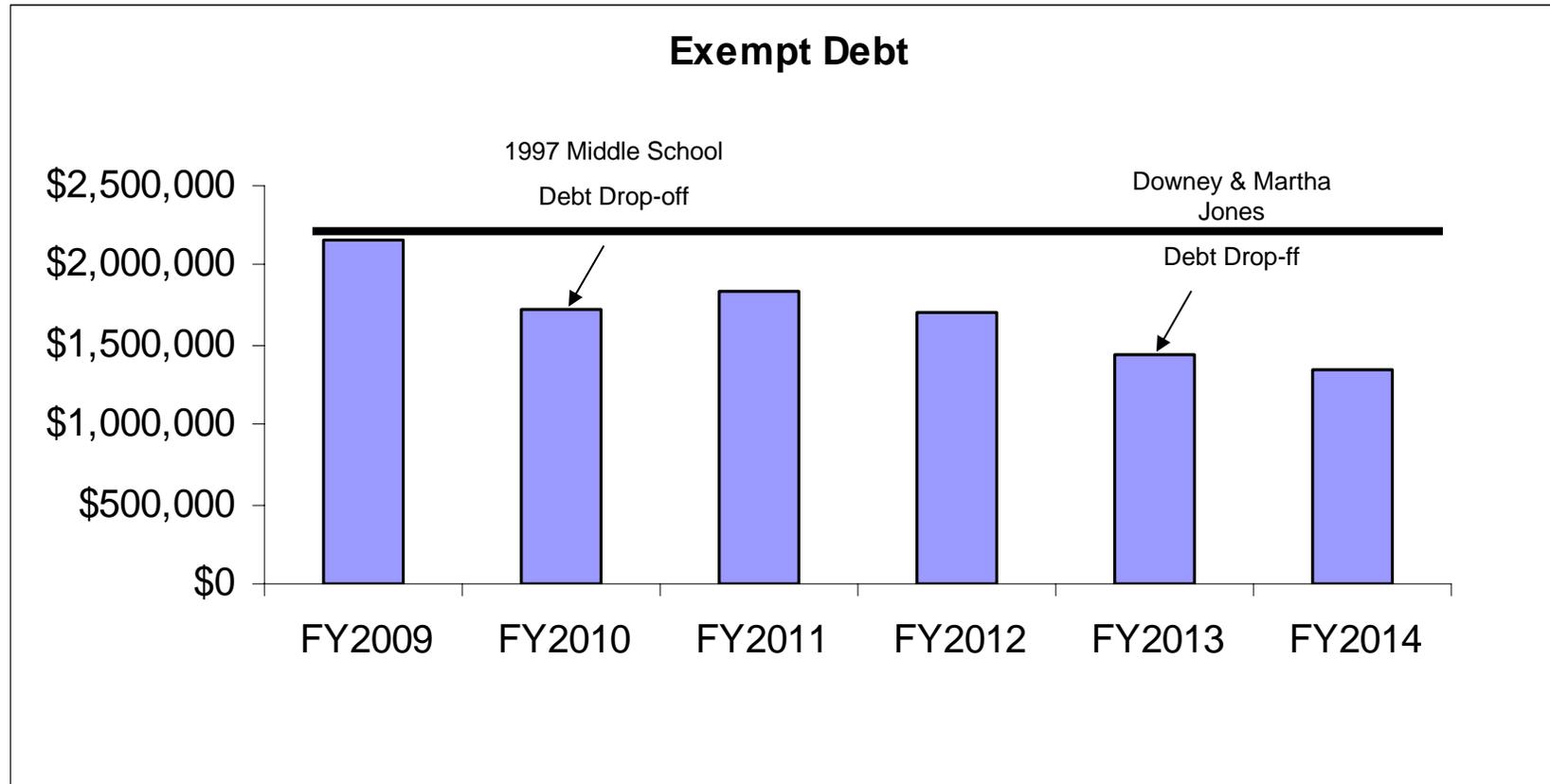
Proposition 2 ½ governs total taxes raised by the Town,  
not an individual home's bill.

## Exempt Debt – What is It?

- Principal and interest payments for projects approved outside Proposition 2 ½.
- Exact amount of debt cost, net of state school reimbursement, is raised in taxes.
- When bond ends, exempt taxes end.



## Exempt Debt – Next Few Years

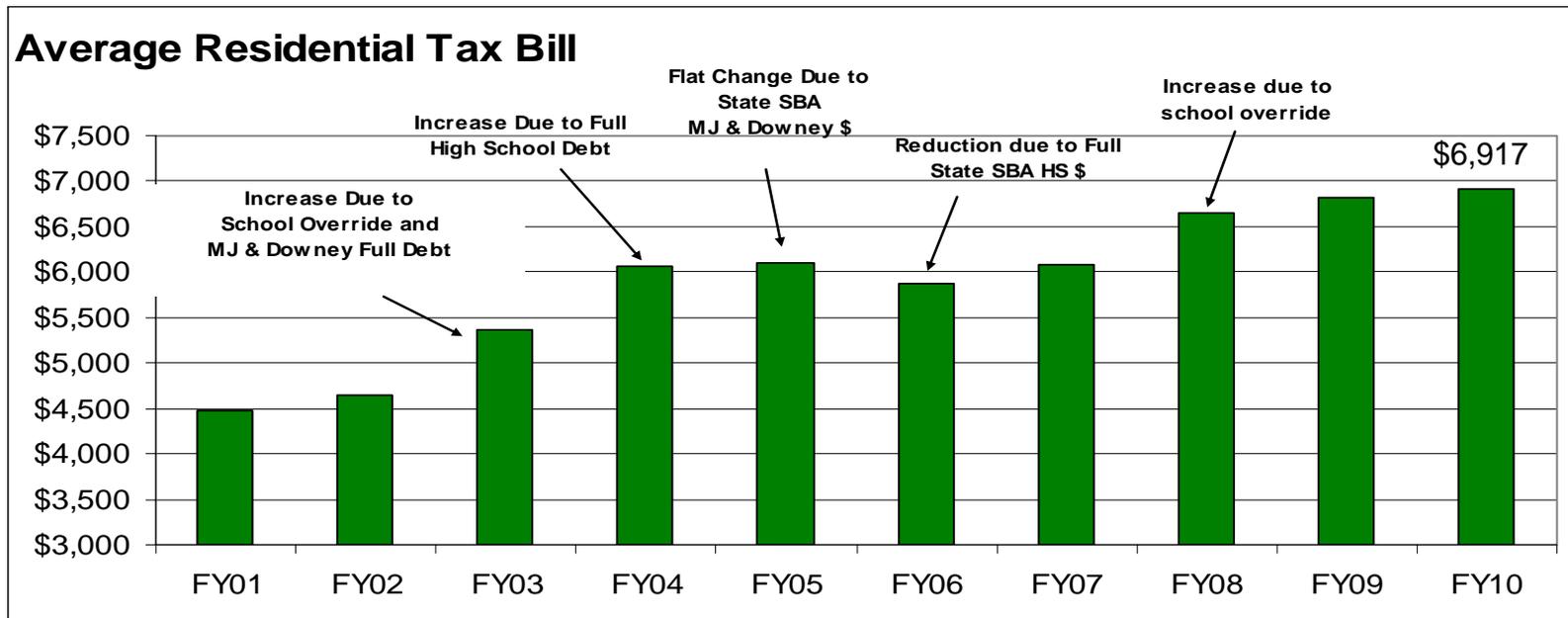


- Total FY10 exempt debt decreases \$436K.
- 1997 Middle School project – bond ends in FY09. Approximate net debt drop-off \$50K. (Annual debt \$295K)
- Downey & Martha Jones projects - bond ends in 2012. Approximate net debt drop-off \$171K. (Annual debt \$1.4M)
- High School net debt decreases by approximately \$100K each year. (Annual debt \$2.9M)

## Impact on Tax Bill

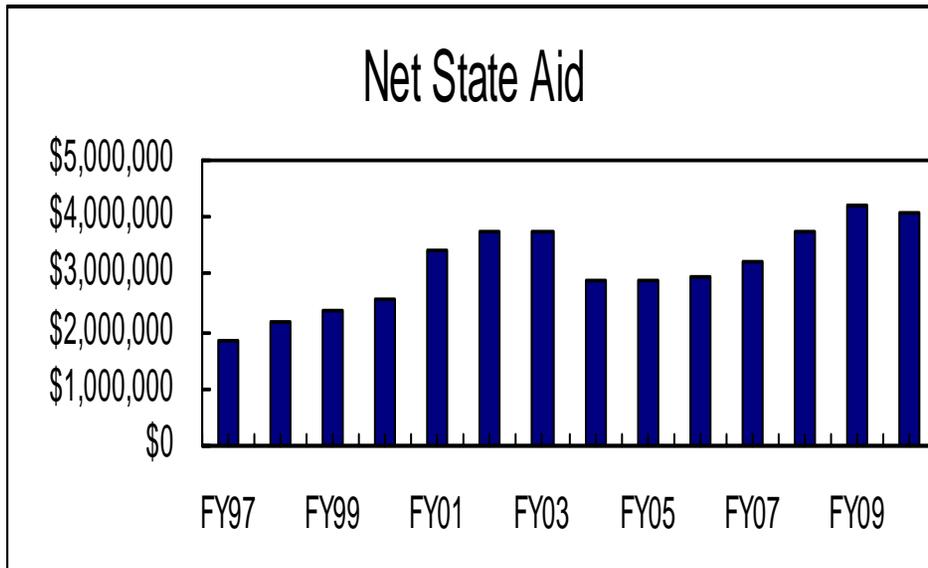
*The FY10 budget proposal will increase the average tax bill by 1.69%.*

The average FY10 tax bill will increase by 1.69%. This is less than the approximate 2.5% due to decline in exempt debt. So while the general tax levy will increase by \$1.5M, the amount residents will pay for exempt debt will decrease by \$436,000 driving the 2.5% down to 1.69%.



## State Aid – FY10 Governor’s Budget

FY10 State Aid	FY09	Governor’s FY10 Budget	\$ Difference
Chapter 70	\$3,547,941	\$3,547,941	\$0
Municipal Aid (Old Lottery and Additional Assistance)	\$908,004	\$648,781	(\$259,223)
Police Career Incentive – “Quinn Bill”	\$144,724	\$108,166	(\$36,558)
New Revenue – from new meals/hotel tax	\$	\$103,170	\$103,170
Other – reimbursement programs – i.e., veterans	\$132,190	\$169,733	\$37,543
<b>Total</b>	<b>\$4,732,859</b>	<b>\$4,577,791</b>	<b>(\$155,068)</b>
<b>Cut less \$103K new revenue - (\$258,238)</b>			



- FY10 Projections:
  - Level fund Chapter 70.
  - 30% reduction to lottery and additional assistance - \$259,223.
  - New \$103,170 meals and hotel revenue – only if tax increase voted by legislature.
  - Potential budget impact +\$780K (original cut \$1.039M – updated cut \$258K.)

# Local Receipts

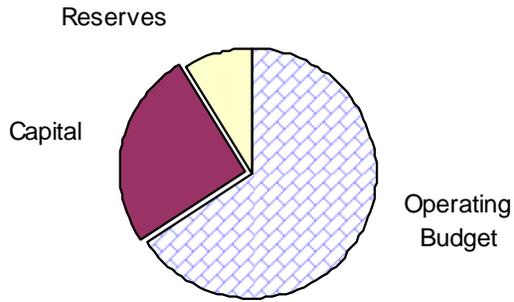
The Town has been prudent in conservatively budgeting these accounts, particularly during prior years when actual receipts were rapidly growing.

The budget for FY10 does include a decrease for motor vehicle and investment income due to the current economic conditions.

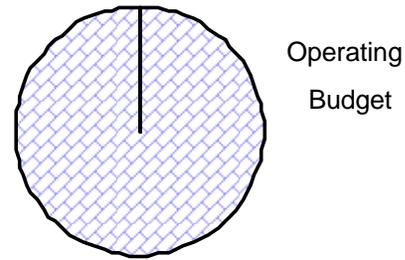
	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
- -						
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<u>Motor Vehicle Excise Tax</u>	\$2,298,851	\$2,135,755	\$2,150,000	\$2,213,371	\$2,104,500	\$1,985,000
<u>Penalties and Interest</u>	\$55,045	\$67,238	\$50,000	\$96,971	\$60,000	\$60,000
<u>License/Permits</u>	\$566,317	\$438,495	\$360,000	\$479,822	\$360,000	\$360,000
<u>Departmental Receipts</u>	\$281,089	\$301,570	\$260,000	\$372,162	\$277,005	\$277,000
<u>Special Assessments</u>	\$227	\$219	\$0	\$0	\$0	\$0
<u>Investment Income</u>	\$688,030	\$707,268	\$504,505	\$615,900	\$500,000	\$350,000
<u>Sewer Indirect*</u>	\$212,000	\$290,978	\$290,978	\$290,978	\$290,978	\$0
<u>Recreation</u>	\$145,000	\$151,164	\$152,000	\$152,000	\$160,000	\$160,000
<u>Other</u>	\$49,686	\$195,757	\$45,000	\$123,361	\$60,000	\$60,000
<u>Westwood Station Guaranteed Payment</u>	-	-	-	-	\$1,750,000	\$1,500,000
- <b><u>Total Local Receipts</u></b>	<b><u>\$4,296,245</u></b>	<b><u>\$4,288,444</u></b>	<b><u>\$3,812,483</u></b>	<b><u>\$4,344,565</u></b>	<b><u>\$5,562,483</u></b>	<b><u>\$4,752,000</u></b>

\*Sewer Indirect – format change only. Beginning in FY10, this account is no longer budgeted this way. Per the Department of Revenue, the sewer revenue budget will include this amount to be transferred directly to the general fund.

# Westwood Station Guaranteed Payment



**FY09 - \$1.75M**



**FY10 - \$1.5M**

Used to Fund	FY09	FY10
Operating Budget	\$1,150,000	\$1,500,000
Capital	\$450,000	
Reserves	\$150,000	
<b>Total</b>	<b>\$1,750,000</b>	<b>\$1,500,000</b>

FY10 full payment applied to operating budget.

## State Aid – FY09 Mid Year Cuts

	FY09		Governor's Cuts
Chapter 70	\$3,547,941		\$0
Lottery & Lottery Gap	\$871,741		\$84,948
Additional Assistance	\$36,263		\$3,534
<b>Subtotal</b>	<b>\$4,455,945</b>		<b>\$88,482</b>
All Other	\$276,914		\$0
<b>Total</b>	<b>\$4,732,859</b>		<b>\$88,482</b>

- Chapter 70 – not cut.
- Approximate 10% cut to Lottery and Additional Assistance - \$88,482.
- Cut not significant for Westwood as we receive so little Additional Assistance (Medfield - \$745K, Dedham \$1.5M).
- Must take action on \$88,482 reduction.



## Next Steps

- Confirmation of FY10 \$1.5M Westwood Station payment.
- Monitor state budget process and determine appropriate levels of state aid to utilize for Town Meeting budget.
- Update fixed costs budget for actual health insurance rates and enrollment.
- Continue to monitor and adjust FY10 revenue projections for any continuing declines.