

# Westwood's Finances.....

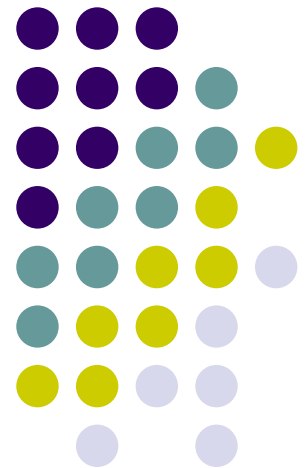


Annual Town Meeting

May 4, 2009

Pamela Dukeman

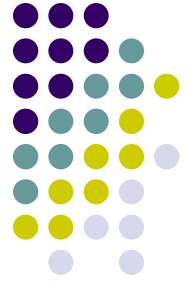
Finance Director



# **FY10 Budget Difficulties**

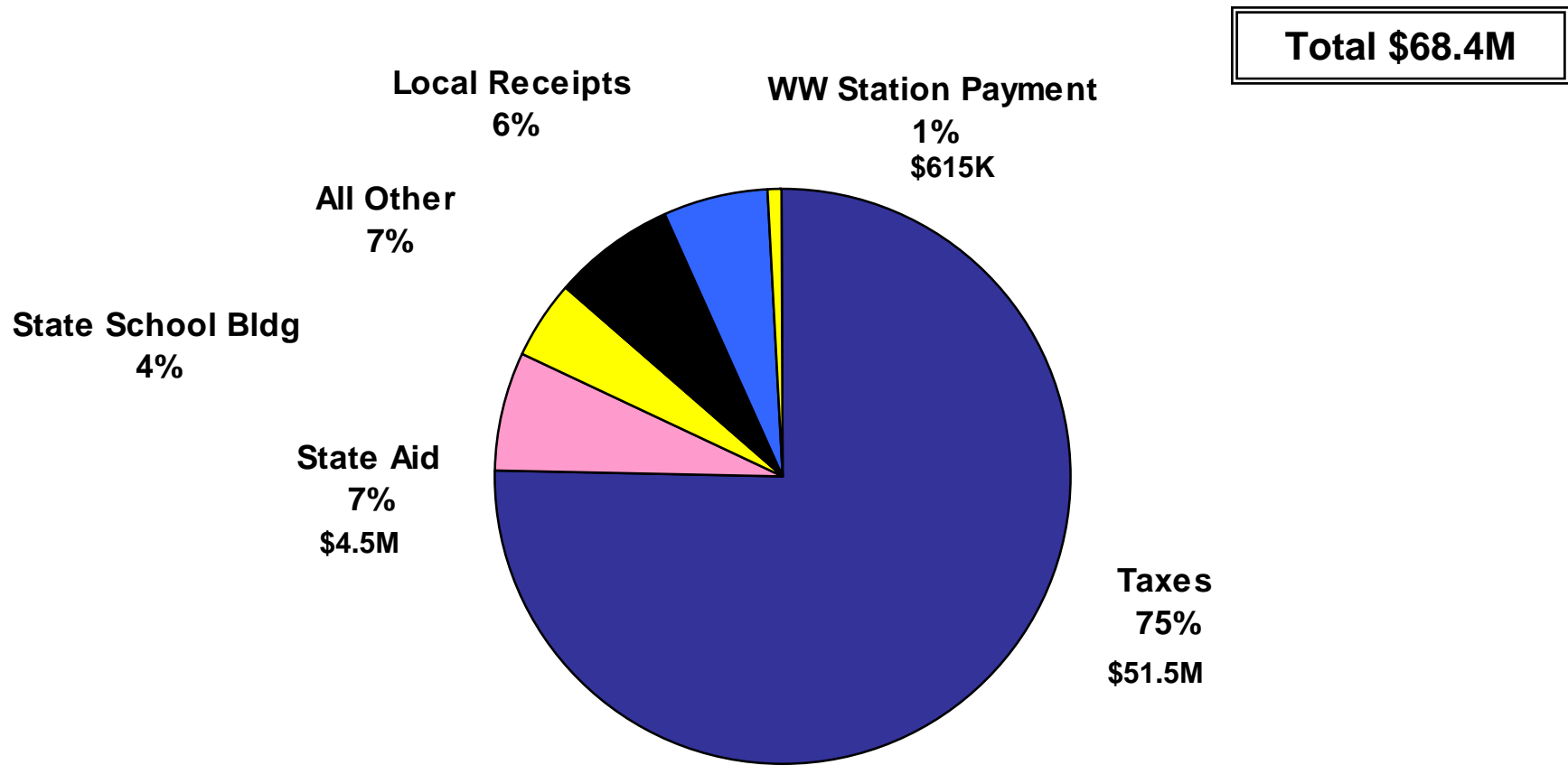
**Similar to All Other Mass Communities**

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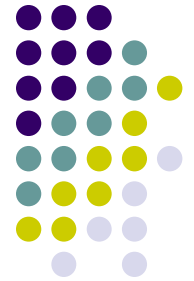
- **Structural Budget Deficit**
- **FY10 Additional Problems Due to Economic Decline**
- **FY11 Could be Difficult**

# FY10 Budget Revenue – Where Does the Money Come From?



- FY10 overall revenue decrease - \$1M or 1.5%.

## FY10/FY09 Revenue Budget Detail – Changes FY09 to FY10



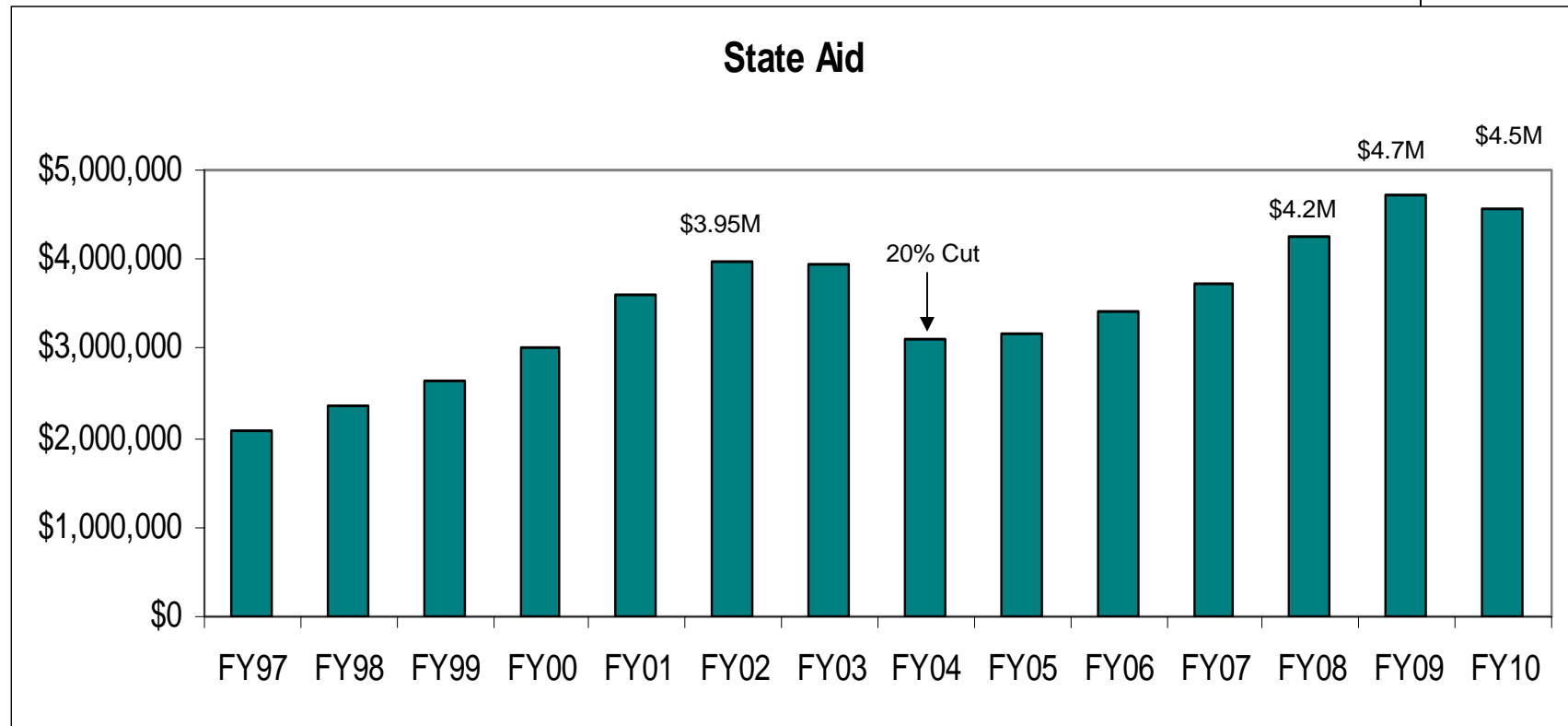
<b>FY2010 Projected Budget Revenue</b>						
			<b>FY2009 Budget</b>	<b>FY2010 Proj</b>	<b>\$ Increase</b>	<b>% Increase</b>
Taxes			\$50,373,089	\$51,525,844	\$1,152,755	2.3%
State Aid			\$4,732,859	\$4,577,791	(\$155,068)	-3.3%
State School Bldg Reimbursement			\$3,008,895	\$3,008,895	\$0	0.0%
Sewer Enterprise			\$3,906,125	\$3,730,730	(\$175,395)	-4.5%
Westwood Station Guaranteed Payment			\$1,750,000	\$615,000	(\$1,135,000)	-64.9%
Local Receipts			\$3,812,483	\$3,252,000	(\$560,483)	-14.7%
Available Funds			\$929,260	\$639,631	(\$289,629)	-31.2%
Free Cash			\$963,000	\$1,075,000	\$112,000	11.6%
<b>Total Revenue</b>			<b>\$69,475,711</b>	<b>\$68,424,891</b>	<b>(\$1,050,820)</b>	<b>-1.5%</b>

- Accounts in red all decreasing for FY10.



## FY10 State Aid – 7% of Total Revenue

- Not consistent revenue source.
- Timing unpredictable.

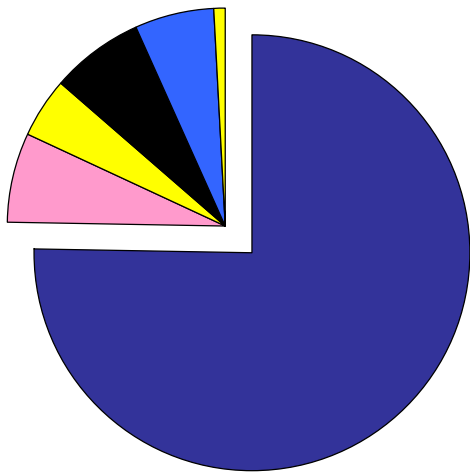


- Major category – Chapter 70 Education - \$3.5M.
- FY10 estimate based on Governor's budget – not yet final.
- FY09 – mid-year cut.

# Major Revenue Source – Taxes – Limited by Proposition 2 ½



Total Revenue FY10 - \$68.4M



Taxes \$51.5M

There are 2 categories of taxes: General Levy/Exempt Debt

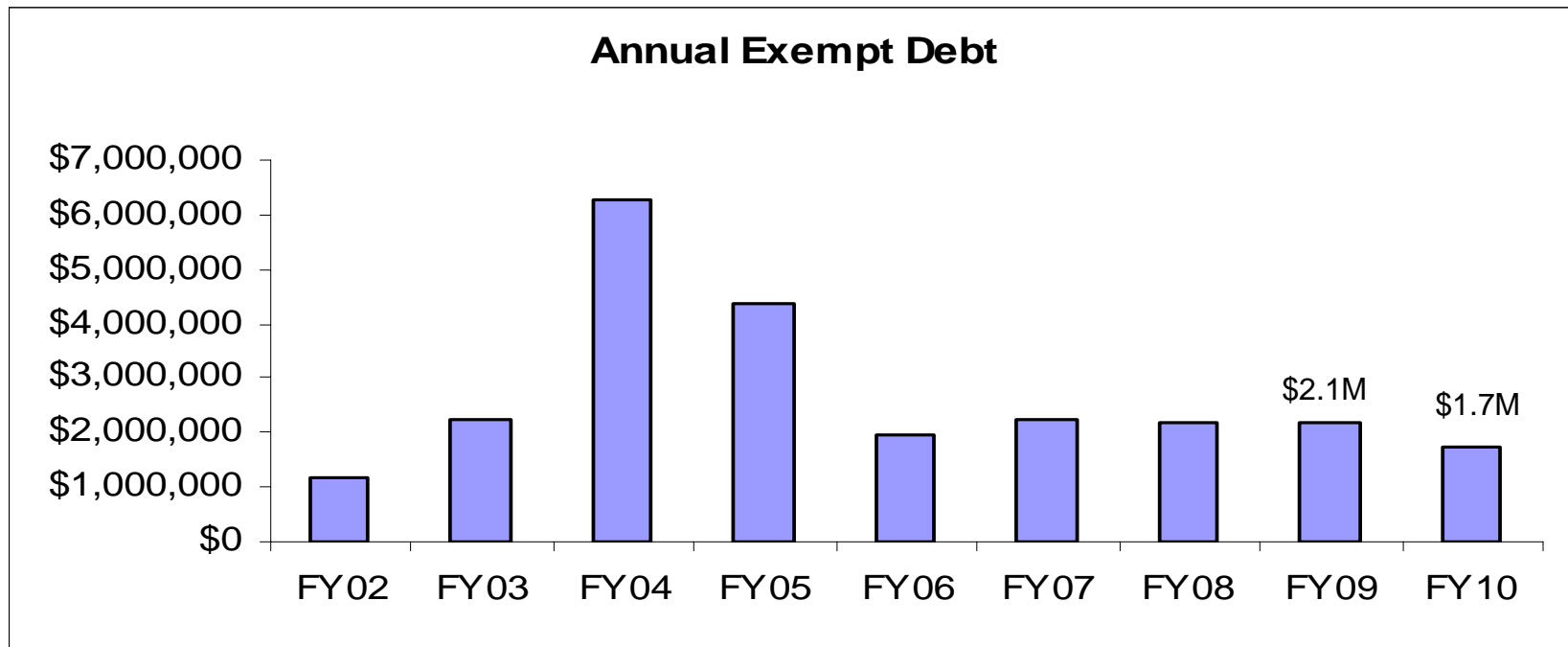
• General taxes -	\$49.8M
• Exempt debt -	<u>\$ 1.7M</u>
Total	\$51.5M

- General tax levy can increase by 2.5%.
- Increase of \$1.5M for FY10.



## Exempt Debt – Continues to Decline

- 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.



- FY09 – Completion of 1999 Middle School bond.
- FY10 exempt debt taxes decline \$400K.

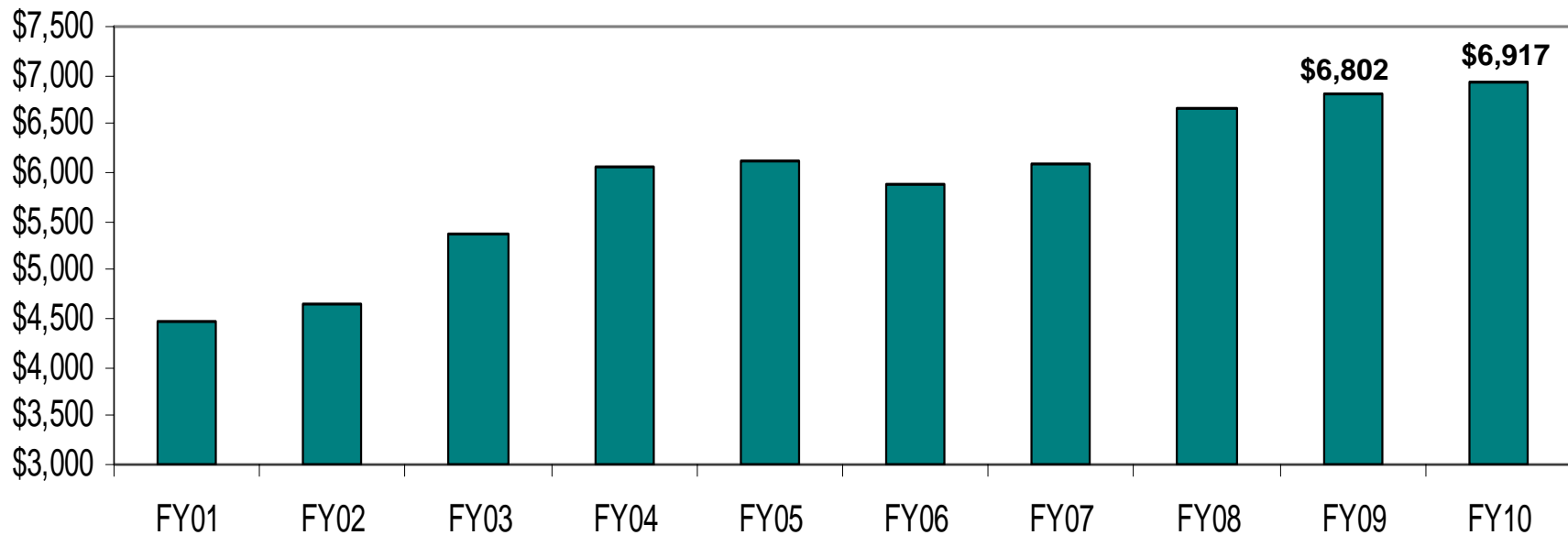
## Impact on Tax Bill



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

### Average Residential Tax Bill

Home Value \$566,000

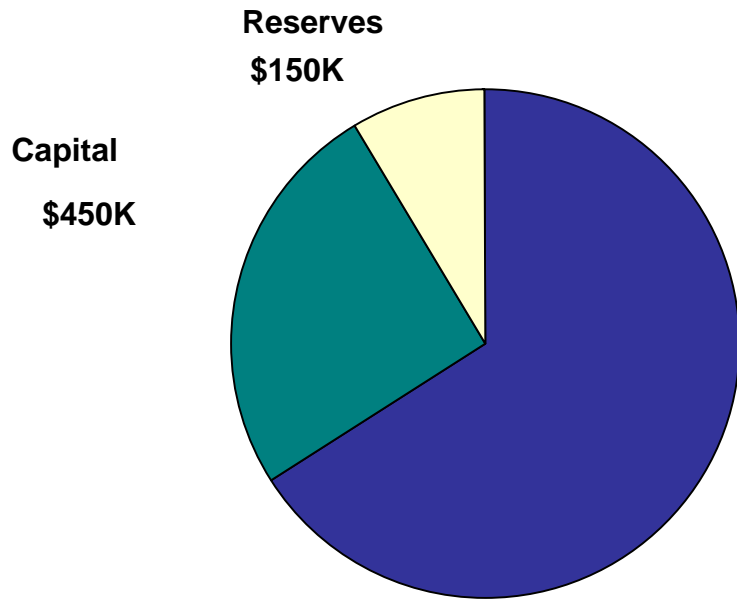


- FY10 increase of 1.69% or \$115.

General levy increase 2.5% - exempt debt decline = 1.69% increase.

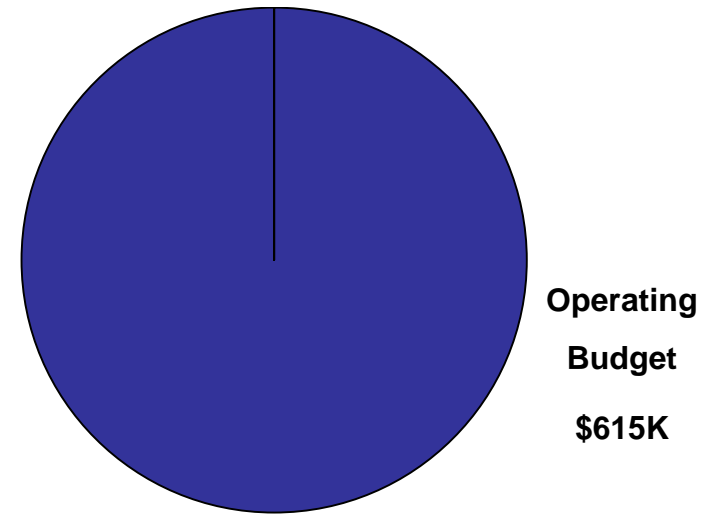


# FY10 Budget Includes Westwood Station Guaranteed Payment - \$615K



**FY09 - \$1.75M**

**Operating Budget  
\$1.15M**

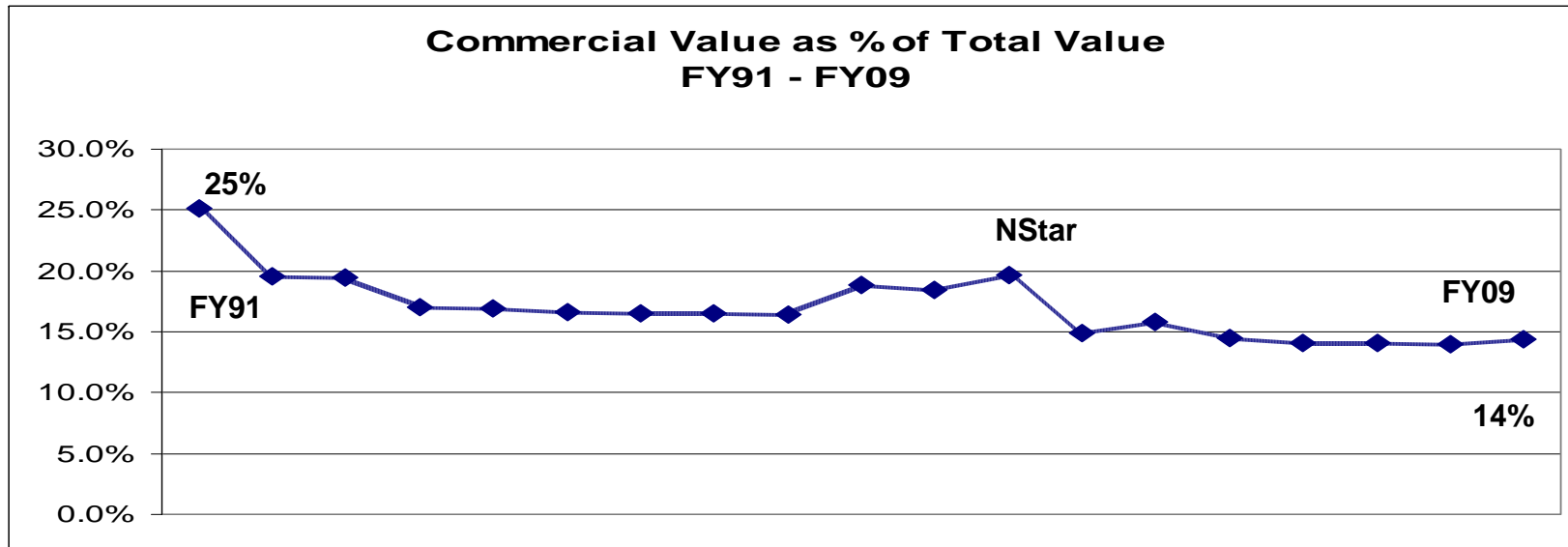


**FY10 - \$615K**

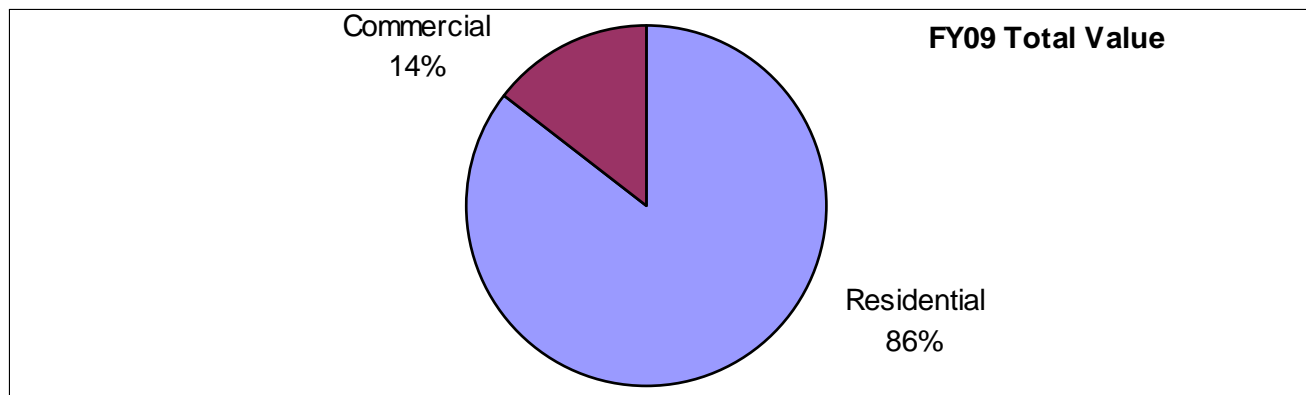
FY10 payment applied to operating budget.

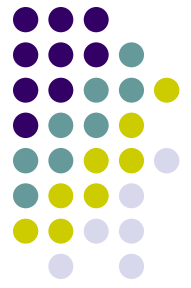


## Commercial as % of Total Town Value

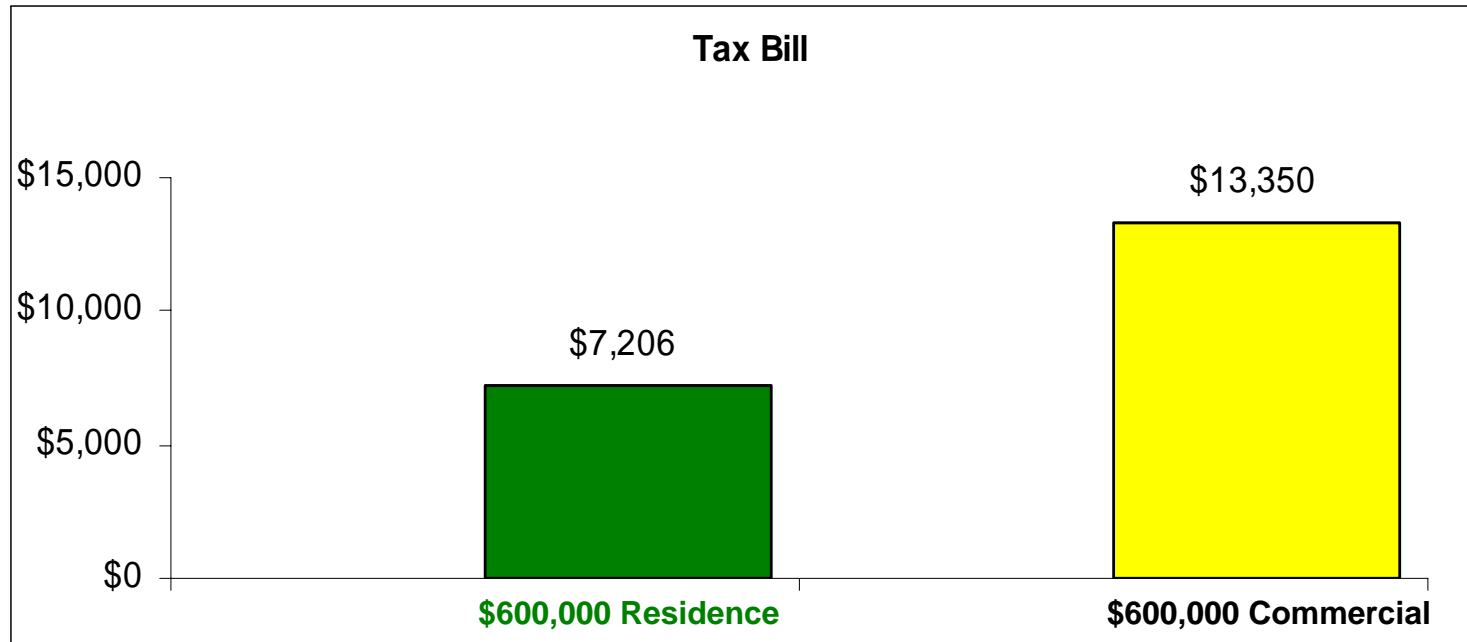


- Commercial value important source of tax revenue.





## Importance of Commercial Value – Taxed at Higher Rate Than Residential



**Residential Tax Rate - \$12.01**

**Commercial Tax Rate - \$22.25**

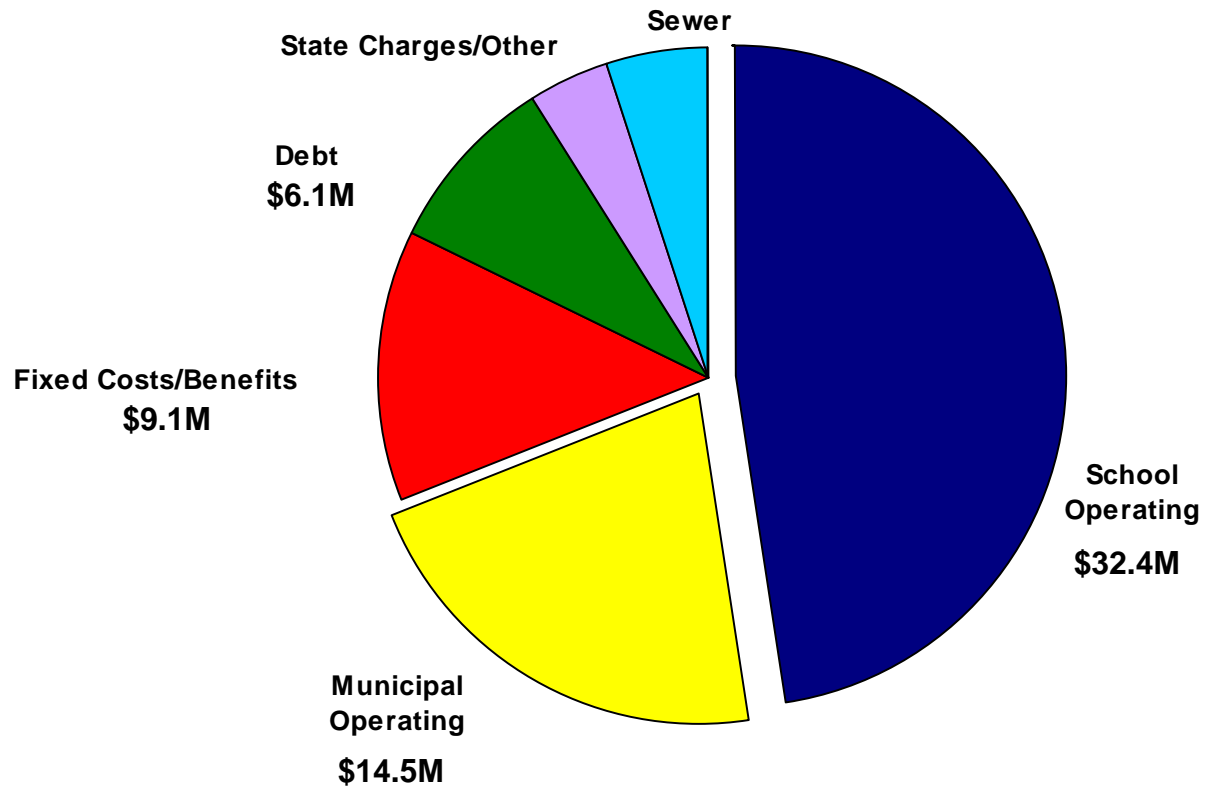
FY09 commercial only 14% of value, but paid 23% of taxes.

Split tax rate saves average home \$838 in FY09.

# The FY10 Budget Categories – How is the Money Spent?



**\$68.3M**

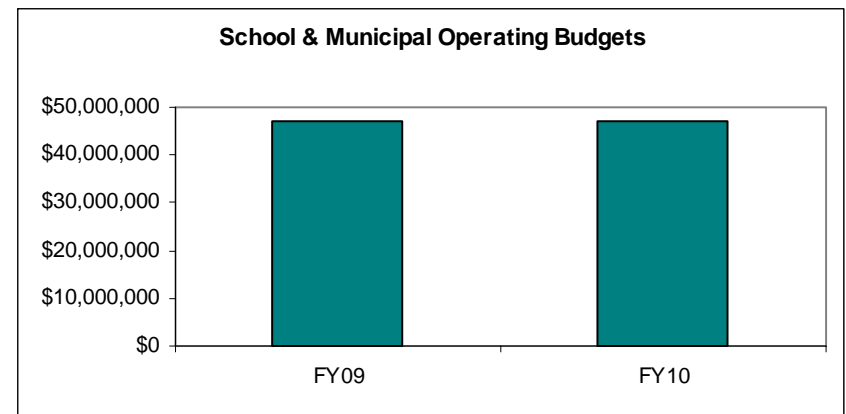


- Majority of overall budget is spent on direct operating budgets.
- 70% school/municipal operating budgets provides salaries – Teachers, Police, Fire, and DPW employees.

## The FY10 Budget Summary



Category	FY09	FY10	Change
School Operating	\$32.4M	\$32.4M	\$0
Municipal Operating	\$14.5M	\$14.5M	\$0
Capital	\$1.2M	\$823K	(\$377K)
Reserves	\$150K	\$0	(\$150K)

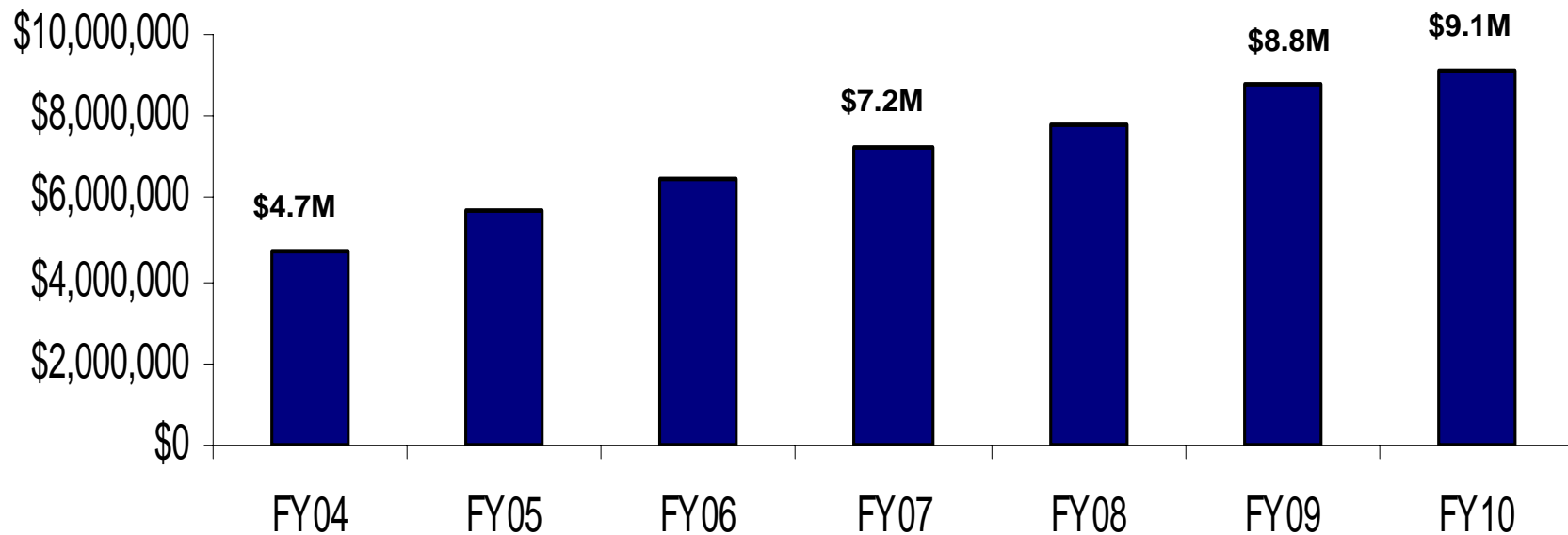


- FY10 school and municipal operating budgets remain at FY09 levels.
- School and municipal operating could not absorb another 0% in FY11 without significant reductions to services and staffing.

## Fixed Costs – Fastest Growing Component of Budget

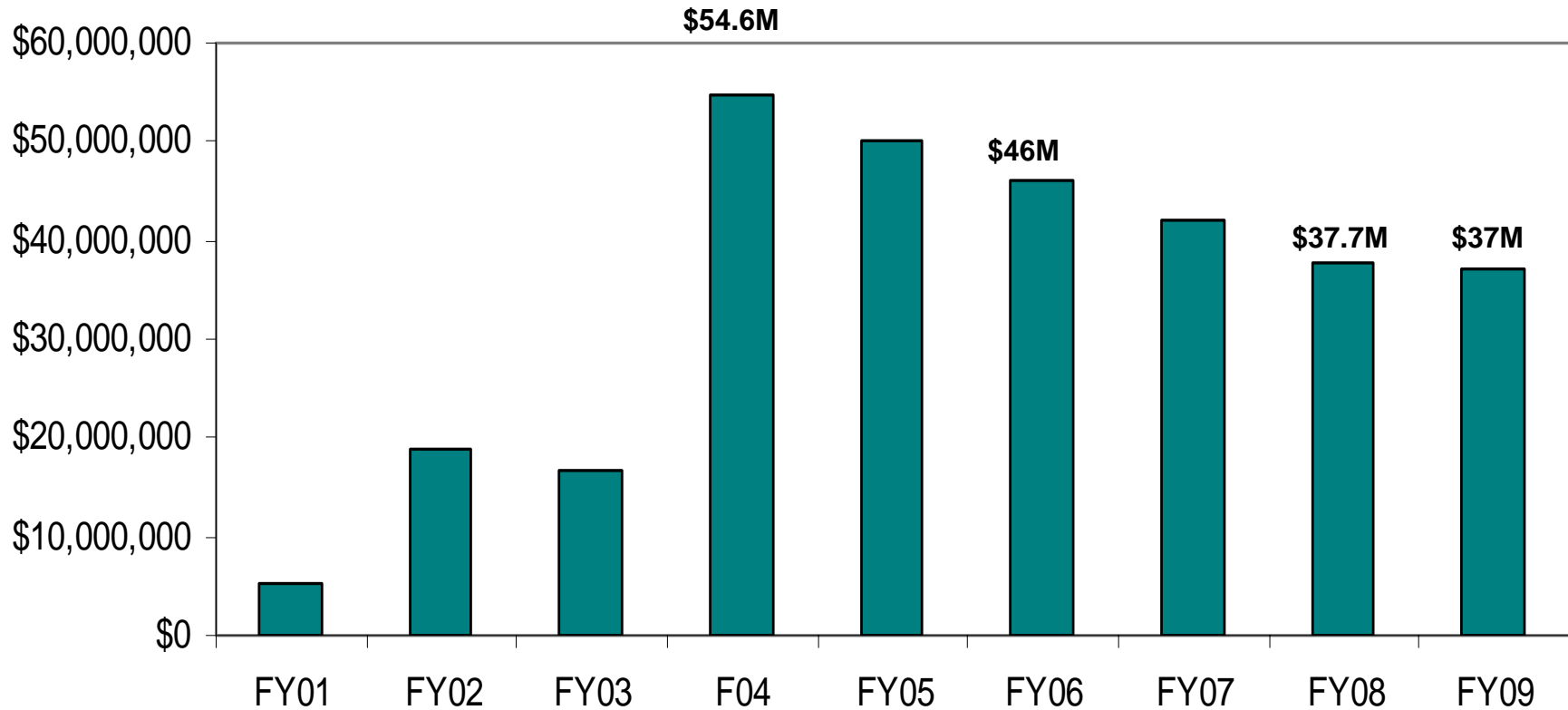


- Includes employee benefits/costs for all municipal and school employees and retirees.
- 3.7% increase in FY10.



- Total costs have approximately doubled in six-year period.
- Employees contribute 40% - 50% of the premium cost for health insurance.

## Long Term General Fund Debt Outstanding – Balance Declining



- Completion of \$5.8M 1999 bond in FY09.
- Middle School modular expansion approved at 2008 ATM will be borrowed in June, 2009.
  - Principal and interest for Middle School expansion included in FY10 budget.

## Importance of Credit Rating

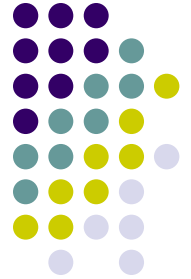
High credit rating reduces costs to borrow money.

Last reviewed July, 2008.

- Moody's – Aa1 – with negative outlook
- Standard & Poor's – AAA

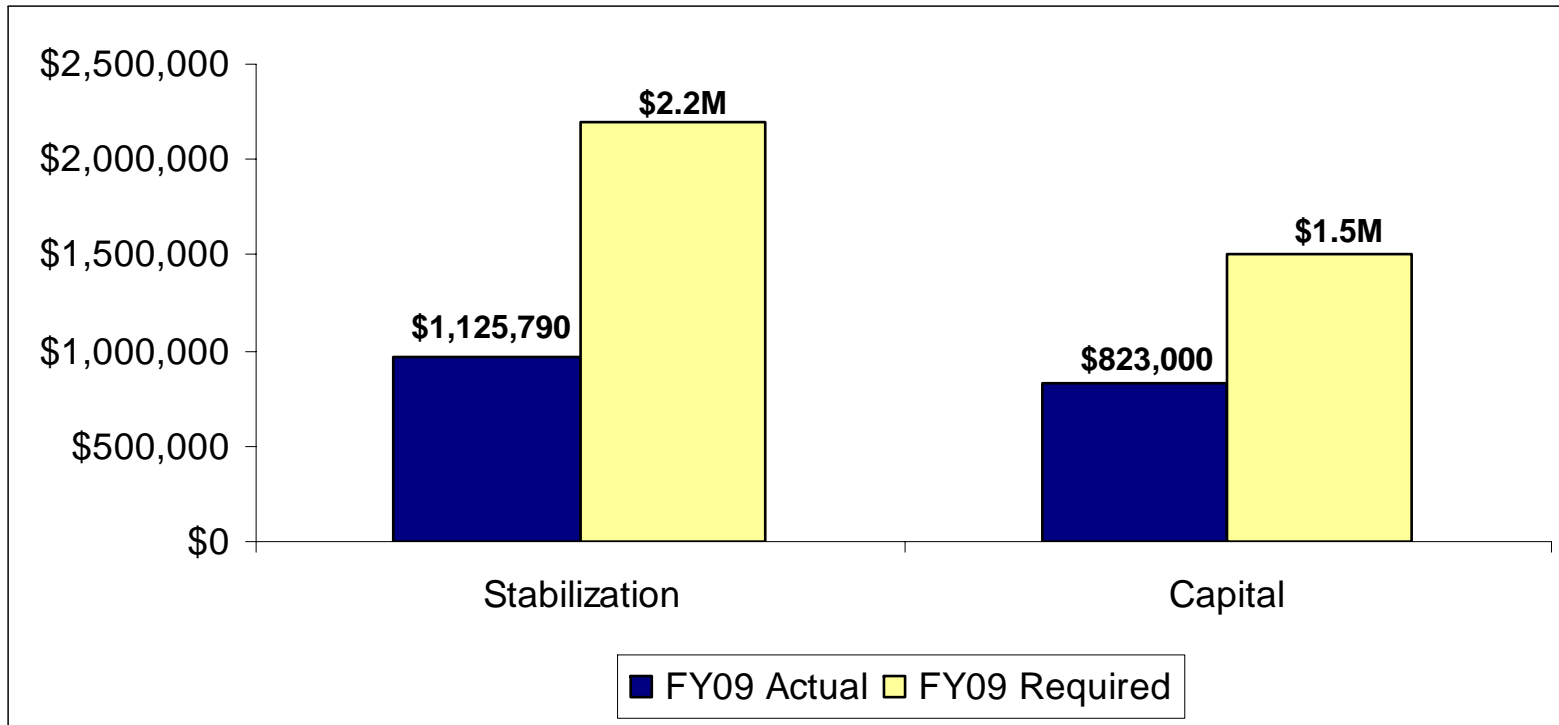
- Town put on notice to increase:
  - Reserve Levels
  - Capital

Next review – June, 2009 – when sell Middle School bond.



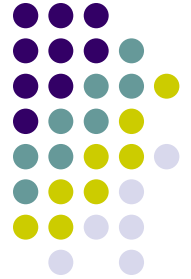


## Areas to Address – Reserves and Capital – Not Meeting Targets



- Also need to address post employment health liability.
  - Trust account established at 2008 Annual Town Meeting.
  - Need to start funding.

## Town Meeting Financial Articles



### **Current Year FY09 Clean Up**

Articles 1, 2                      FY09 supplemental transfers – primarily snow and ice.

Articles 3, 4                      Reduce FY09 budgets to reflect actuals:

- State aid mid-year cut - \$88,500.
- Sewer MWRA assessment reduction.
- Westwood Station permit fee receipts.

### **FY10 Operating and Capital Budget Articles**

Article 6 – Appendix D              FY10 municipal and school operating budget.

Articles 7, 8, 9                      FY10 capital appropriations – municipal, school, sewer.  
Selectmen must approve before spending occurs.

### **Other Financial Articles**

Article 10                              Construct cemetery barn.

Article 11                              Complete design plan and project budget estimate for  
proposed new library.