



FY22 Overall Budget February 9, 2021

Overall FY22 Summary Book

- Section 1 FY22 Proposed Budget:
 - Specific Budget Proposal
 - Operating Budget
 - Capital Articles
 - Specific FY22 projected revenue.

- Section 2 Information to Know: lots of detail on:
 - Tax Levy/Tax Bill
 - State Aid
 - Meals/Hotels Tax
 - Debt
 - University Station
 - Free Cash
 - Stabilization funds
 - OPEB/Pension

- Section 3: Budget Requests
 - Summaries from Detailed Budget Books:
 - Municipal
 - Fixed Costs
 - Schools
 - Capital



FY22 Overall Proposed Budget Summary

FY22 Proposed Budget is a comprehensive plan that provides for:

- ✓ Maintain high quality of services provided by Town and School
 - Continued stable and sustainable operating budget growth.
 - School Budget 3.42%
 - Municipal Budget 3.17%

- ✓ Base Capital Budget
 - School Capital - \$1,017,000 Funded with Free Cash
 - Municipal Capital - \$1,304,650 Funded with Free Cash
 - Sewer Capital - \$70,000
 - Ambulance - \$435,000 (includes new ambulance)

- ✓ Supplemental Capital Budget – Funded with Meals/Hotels Tax
 - Appropriation for additional capital as done in prior year
 - Town and School Projects - \$1,060,000
 - Turf Field (HS Multipurpose field) Replacement \$750,000
 - Pool – Deck Resurfacing \$200,000
 - Pool – Drainage & Refurbishment \$110,000

- ✓ Liabilities/Reserves
 - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
 - \$1.490M contributed to OPEB trust fund – keeps on target with required funding

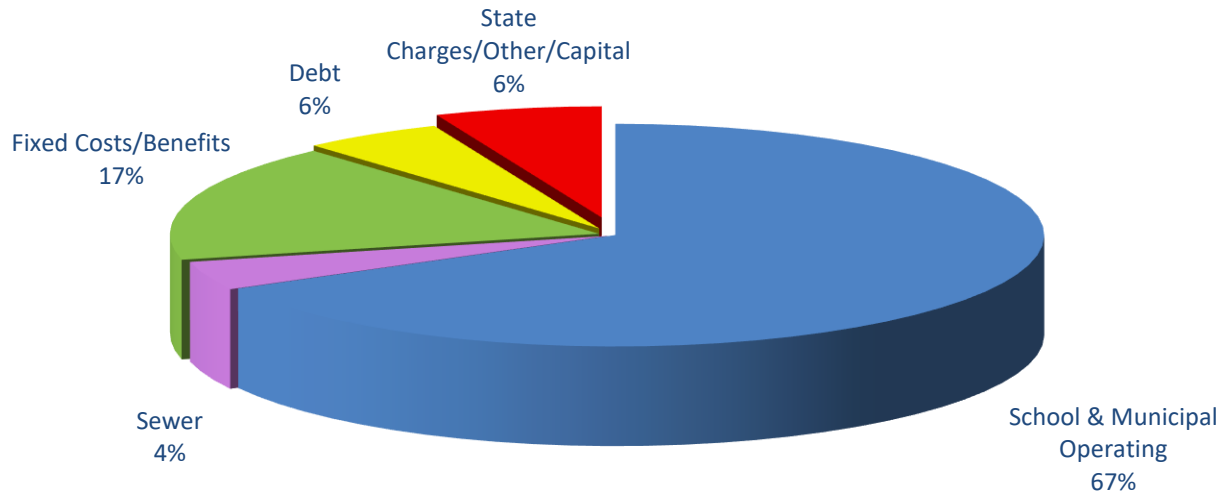
- ✓ Borrowing
 - School Hanlon School “Bridge” request – approx. \$1.6M
 - Equipment Borrowing \$630K
 - DPW Roadside Sweeper \$250,000
 - Fire Department Swap Body Truck \$380,000
 - Sewer Project \$500K, MWRA program 75% grant/0% interest loan

FY22 Total Expenditures - \$2.5M, 2.4% Increase

FY2022 Proposed Expenditure Summary

	FY2021	FY2022 Budget	\$ Change	% Change
Total Operating	\$98,247,867	\$101,434,279	\$3,186,412	3.2%
Capital Articles	\$4,213,620	\$3,886,650	(\$326,970)	-7.8%
OPEB & Stabilization	\$1,590,000	\$1,615,000	\$25,000	1.6%
Prior Year/Other Articles	\$444,000	\$31,000	(\$413,000)	-93.0%
Other Amounts to be Raised	\$1,265,755	\$1,292,299	\$26,544	2.1%
Total Expenditures	\$105,761,242	\$108,259,228	\$2,497,986	2.4%

FY2022 Expenditure Summary



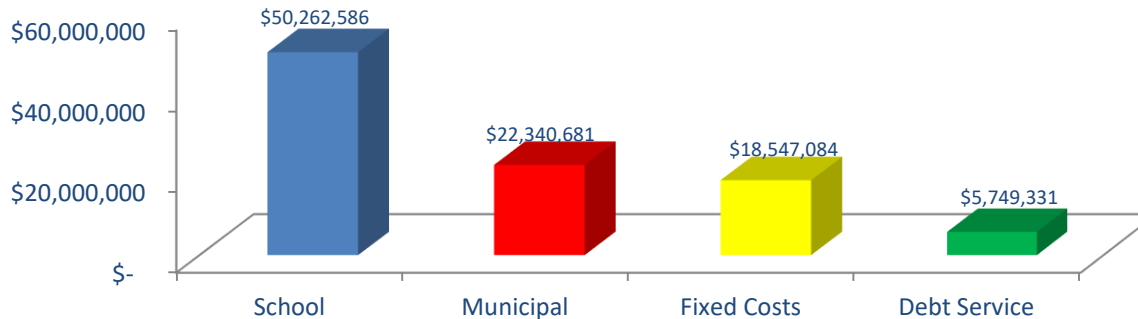
FY22 Proposed Operating Budget \$101.4M, 3.17% increase

FY22 Proposed Operating Budget

- ✓ Maintain high quality of services provided by Town and School departments

FY21 Budget	Category	FY22 Select Board Proposed	\$ Change FY22 v FY21	% Change FY22 v FY21
\$48,347,500	School Operating	\$ 50,003,345	\$ 1,655,845	3.42%
\$21,653,795	Municipal Operating	\$ 22,340,681	\$ 686,886	3.17%
\$ 132,293	Blue Hills	\$ 140,000	\$ 7,707	5.83%
\$ 116,077	Traffic Supervisors	\$ 119,241	\$ 3,164	2.73%
\$17,613,181	Fixed Costs	\$ 18,547,084	\$ 933,903	5.30%
\$ 5,949,779	Debt Service	\$ 5,749,331	\$ (200,448)	-3.37%
\$ 4,435,242	Sewer	\$ 4,534,597	\$ 99,355	2.24%
\$98,247,867	Total	\$ 101,434,279	\$ 3,186,412	3.2%

FY22 Operating Budget Categories - Appendix D
(Excludes Sewer)



Continued stable and sustainable operating budget growth.

FY22 Fixed Costs/Reserve Budget \$18.5M, 5.3% increase

	FY21	FY22	\$ Change	% Change
Employee Benefits	\$14,689,131	\$15,473,970	\$784,839	5.3%
Insurance/Shared Costs	\$2,199,050	\$2,348,114	\$149,064	6.8%
Reserve Accounts	\$725,000	\$725,000	\$0	0.0%
Total Fixed Costs	\$17,613,181	\$18,547,084	\$933,903	5.3%

This employee benefit budget (\$15.47M) includes:

- Pension Assessment (5.9% increase) \$6.1M
- Health Insurance budget (5% increase) \$6.8M
- Medicare Payroll tax (7% increase) \$1.3M
 - Total of these three items \$14.2M

Employee Benefit Cost



Town Debt – Utilized Favorable Borrowing Climate

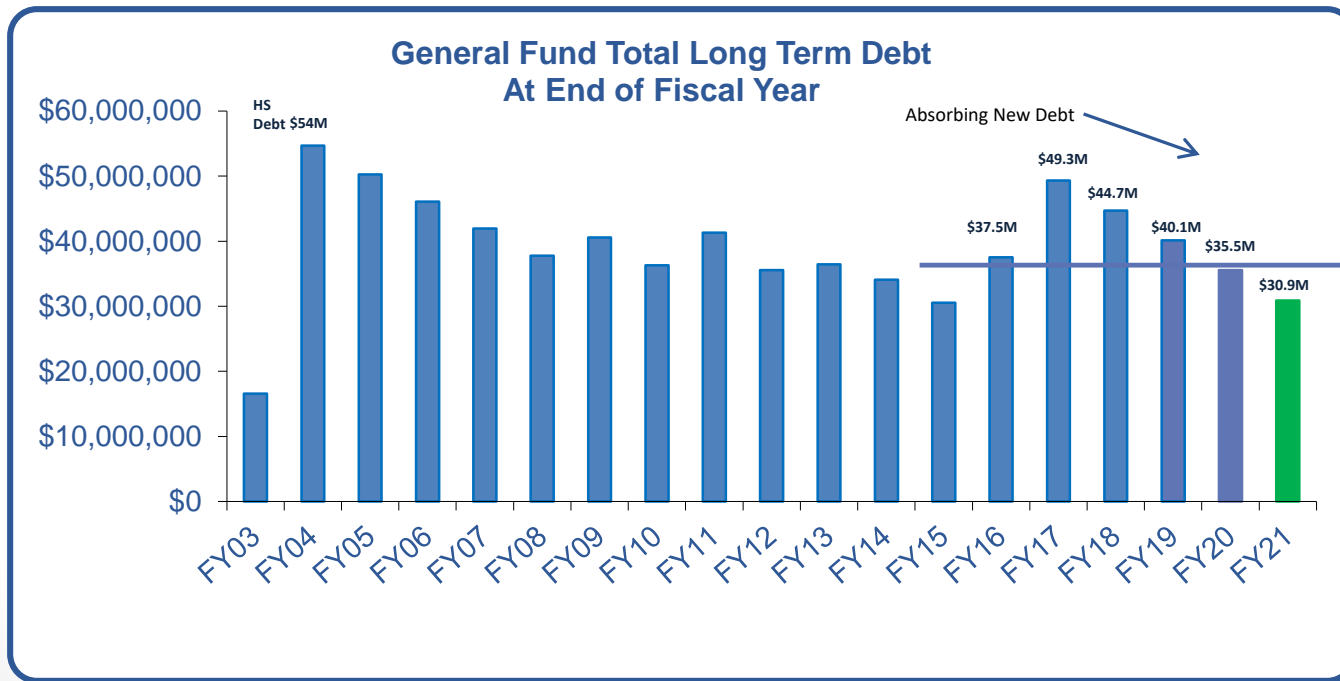
Favorable Borrowing Climate

- Very strong credit ratings.
 - Standard & Poor’s AAA.
 - Moody’s AA1
- Excellent interest rate environment.
- Portion of recent bond sales replaced
 - Next debt drop off 2023.

Recent Bond Sales

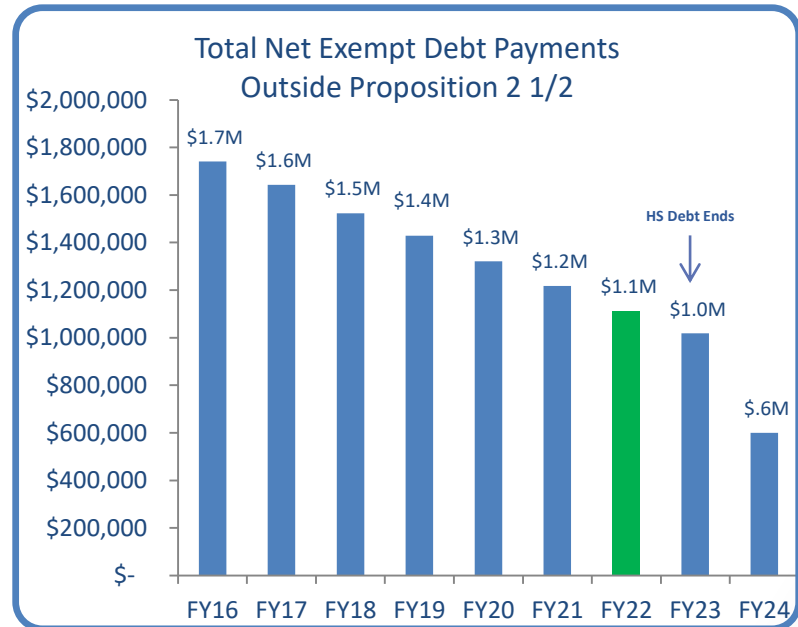
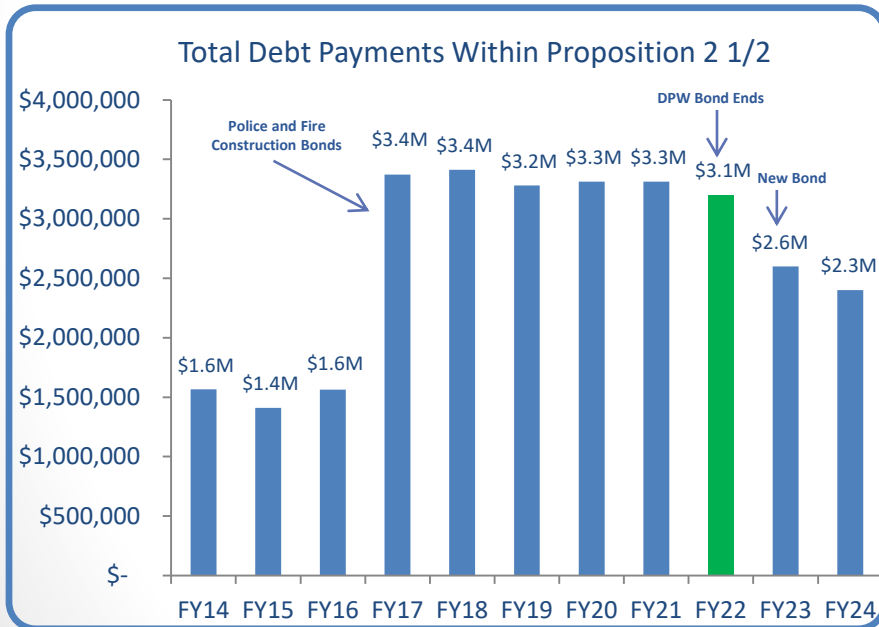
- Bond sold August, 2016:
 - \$16.64M, 10-30 year term, 2.4%.
- Bond sold August, 2015:
 - \$10.45M, 5-20 year term, 2.6% debt dropping off

Debt Authorized, Not Yet Issued		
School MSBA Initial Phase	ATM 2018	\$ 1,750,000
Redevelop Islington/Wentworth Library	ATM 2018	\$ 3,500,000
Sidewalk Improvements Route 109	ATM 2019	\$ 900,000
DPW Equipment	ATM 2020	\$ 325,000
Road Improvement Bond	ATM 2020	\$ 4,650,000
	Total	\$ 11,125,000



Total FY21 Debt Budget: \$5.7M, decrease of 3.4%

	FY21	FY22	\$ Change	% Change
Exempt Debt	\$2,637,613	\$2,529,413	(\$108,200)	- 4.1%
Non Exempt Debt	<u>\$3,312,167</u>	<u>\$3,219,917</u>	<u>(\$92,250)</u>	<u>-2.7%</u>
Total	\$5,949,779	\$5,749,330	(\$200,450)	-3.4%

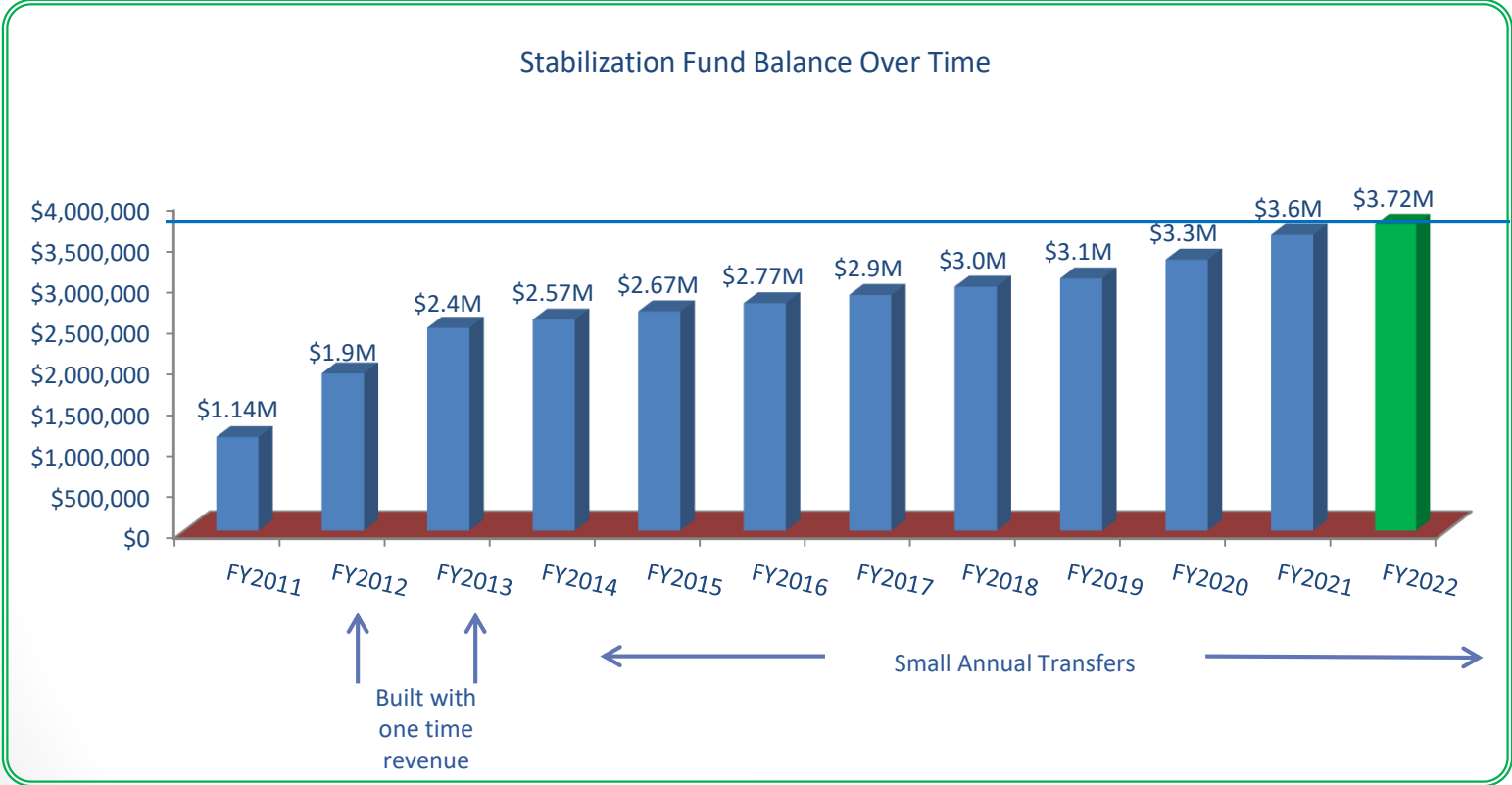


- \$4.6M 10 year bond issued in 2012 is completed in FY22
- \$4.6M bond approved at 2020 Town Meeting to be issued

- High School bond ends in FY23

Appropriation to Stabilization Fund

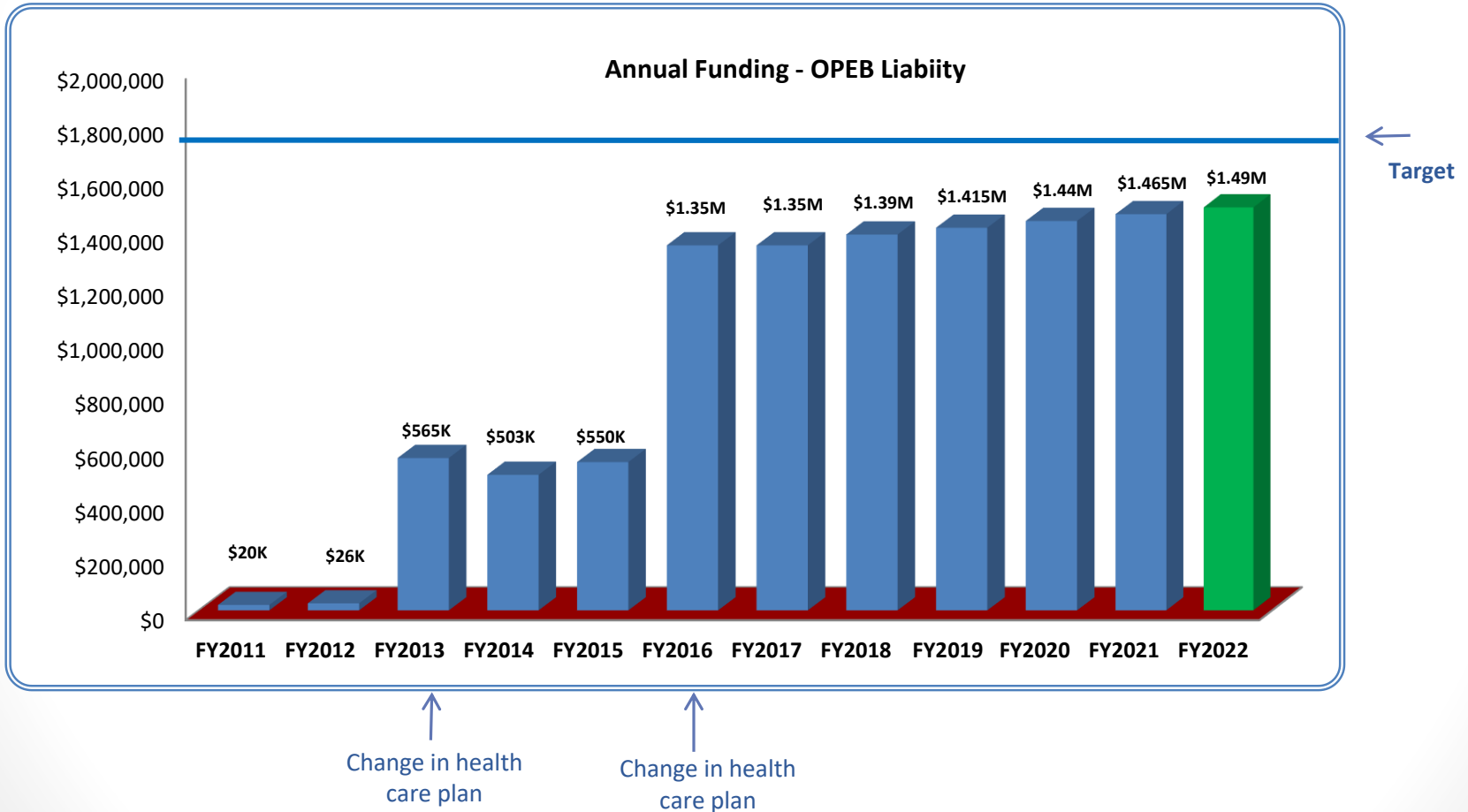
Purpose	Amount	Funding Source
Stabilization Fund	\$125,000	Free Cash



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

Appropriation to OPEB Liability Trust Fund

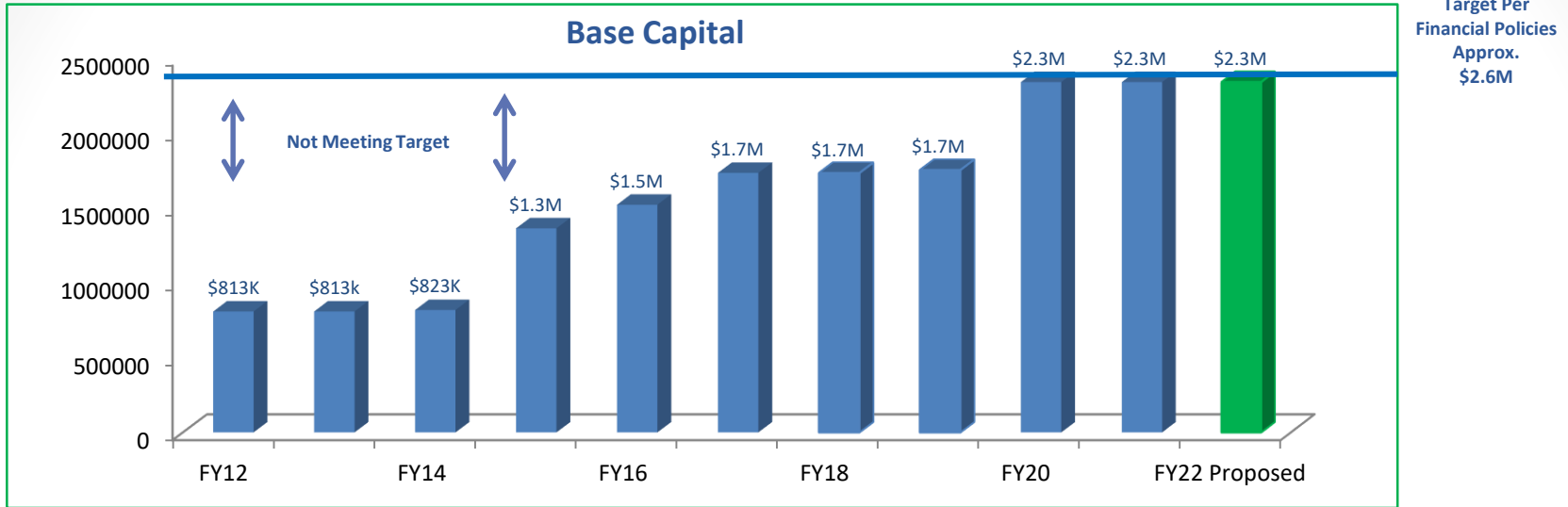
Purpose	Amount	Funding Source
OPEB Liability Trust Fund	\$1,490,000	Taxation



- On target with funding plan, \$25K additional per year
- Balance in trust fund account as of 12/20 is approximately \$13.5M.

Capital Budget Articles - \$3.8M Total

- Important to maintain Town and School assets – buildings and equipment.



Base Capital

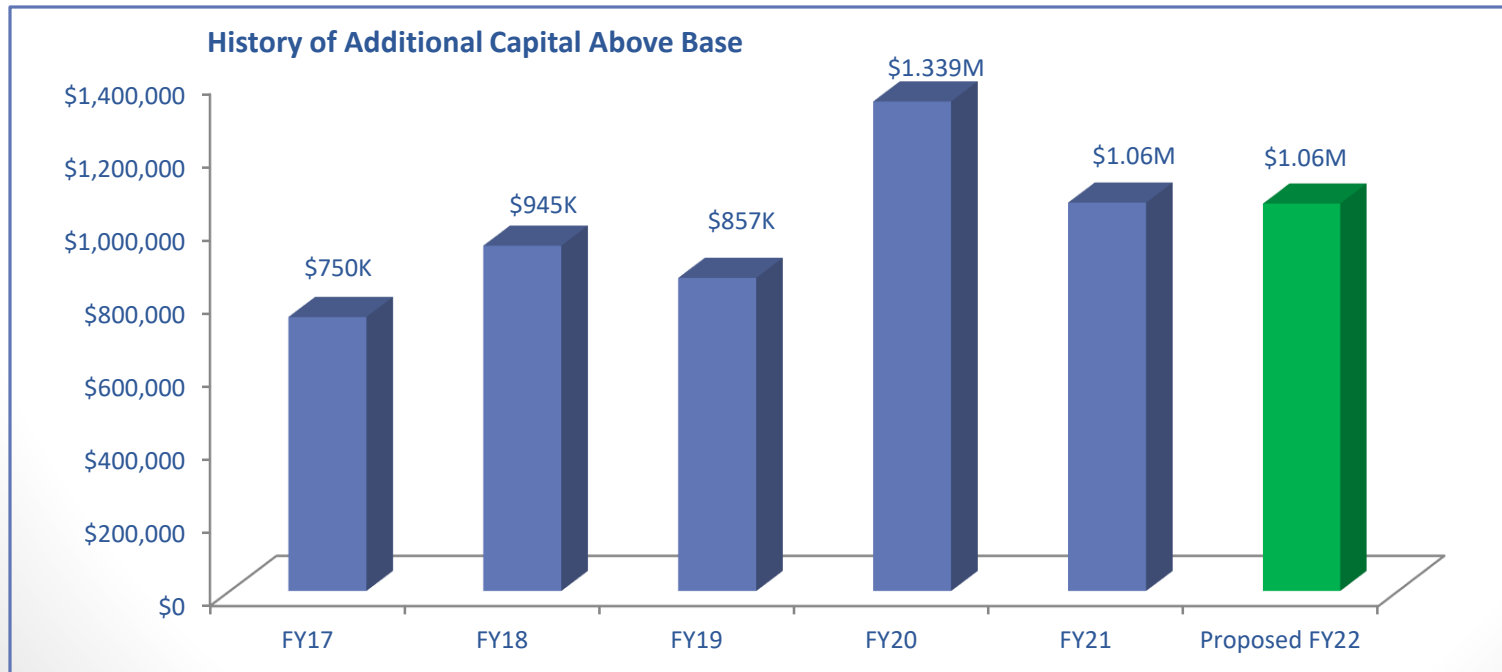
- Article: Municipal Capital Improvements
 - \$1,304,650, funded with Free Cash
- Article: School Capital Improvements
 - \$1,017,000, funded with Free Cash

Other Capital

- Article: Sewer Capital Improvements
 - \$70,000 funded with Sewer Retained Earnings
- Article: Other Capital – Ambulance
 - \$435,000 funded with Ambulance Revenue

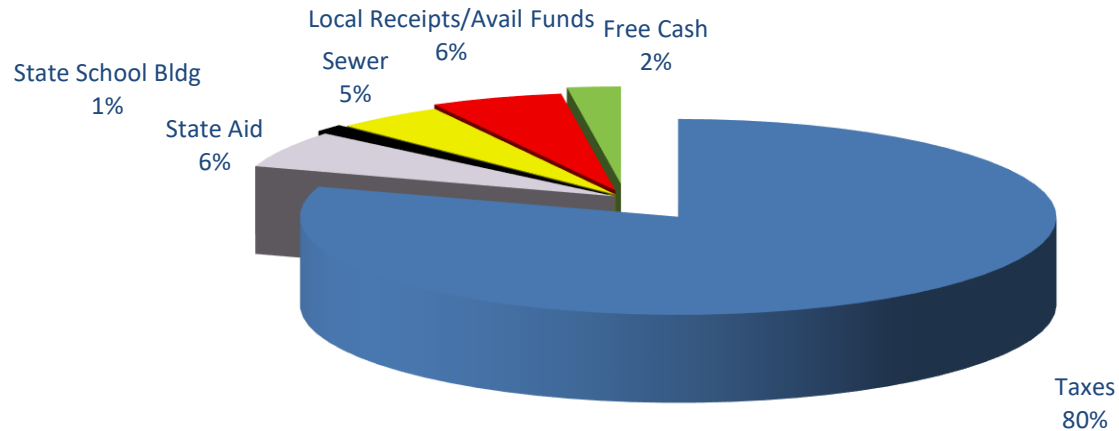
Capital Budget – Additional Capital Article Beyond the Base

- Since FY17, the Town Meeting has approved an “additional” capital budget article
 - Effort to fund:
 - Capital that has been deferred by years of not meeting financial goal
 - Larger items that do not easily fit within base capital budget articles
 - FY22: Other Capital Improvements
 - Town Projects, \$1.06M Funded with Meals/Hotels Tax
 - Turf Field Replacement (H.S. multipurpose practice field) \$750,000
 - Pool – Deck Surfacing Replacement \$200,000
 - Pool – Drainage and Refurbishment \$110,000



FY21 Proposed Budget Revenue - \$108.2M, 2.4% Increase

FY2022 Projected Budget Revenue



FY2022 Projected Budget Revenue

	FY2021 Per Recap	FY2022 Proj	\$ Change	% Change
Taxes	\$83,468,800	\$86,591,234	\$3,122,434	3.7%
State Aid	\$6,523,982	\$6,622,401	\$98,419	1.5%
State School Bldg Reimbursement	\$1,401,276	\$1,401,276	\$0	0.0%
Sewer Enterprise	\$5,614,461	\$5,032,292	(\$582,169)	-10.4%
Local Receipts	\$4,195,857	\$4,195,857	\$0	0.0%
Available Funds	\$539,246	\$443,518	(\$95,728)	-17.8%
Available Funds - prior yr/other articles	\$158,720	\$435,000	\$276,280	174.1%
Meals/Hotels Tax	\$0	\$1,060,000	\$1,060,000	
Free Cash	\$3,858,900	\$2,477,650	(\$1,381,250)	-35.8%
Total	\$105,761,242	\$108,259,228	\$2,497,986	2.4%

FY22 History of Tax Levy

Tax Levy Calculation	FY2018	FY2019	FY2020	FY2021	FY2022	
Prior Year Levy Limit	\$70,367,740	\$73,558,364	\$76,623,854	\$79,703,916	\$83,076,625	
Plus 2.5% Increase	\$1,759,194	\$1,838,959	\$1,915,596	\$1,992,598	\$2,076,916	Plus 2.5%
Plus New Growth	\$1,252,430	\$950,531	\$661,466	\$889,111	\$450,000	New growth
New Tax Levy - University Station	\$179,000	\$276,000	\$503,000	\$491,000	\$100,000	Uni Station growth
General Overrides	\$0	\$0	\$0	\$0	\$0	General Override
Tax Levy Limit	\$73,558,364	\$76,623,854	\$79,703,916	\$83,076,625	\$85,703,540	
Exempt Debt	\$1,523,690	\$1,429,505	\$1,320,986	\$1,217,416	\$1,112,694	Exempt Debt
Levy Capacity	\$75,082,054	\$78,053,359	\$81,024,902	\$84,294,041	\$86,816,234	← What we could tax
Actual Levy Assessed	\$74,005,710	\$76,955,697	\$80,224,068	\$83,468,800	\$86,591,234	What we actually tax
Excess Levy(Taxes not raised)	\$1,076,344	\$1,097,662	\$800,834	\$825,241	\$225,000	Unused tax levy
Increase in Actual Levy (including new growth)	5.0%	4.0%	4.2%	4.0%	3.7%	
Increase in Levy without new growth	2.94%	2.33%	2.73%	2.32%	3.08%	

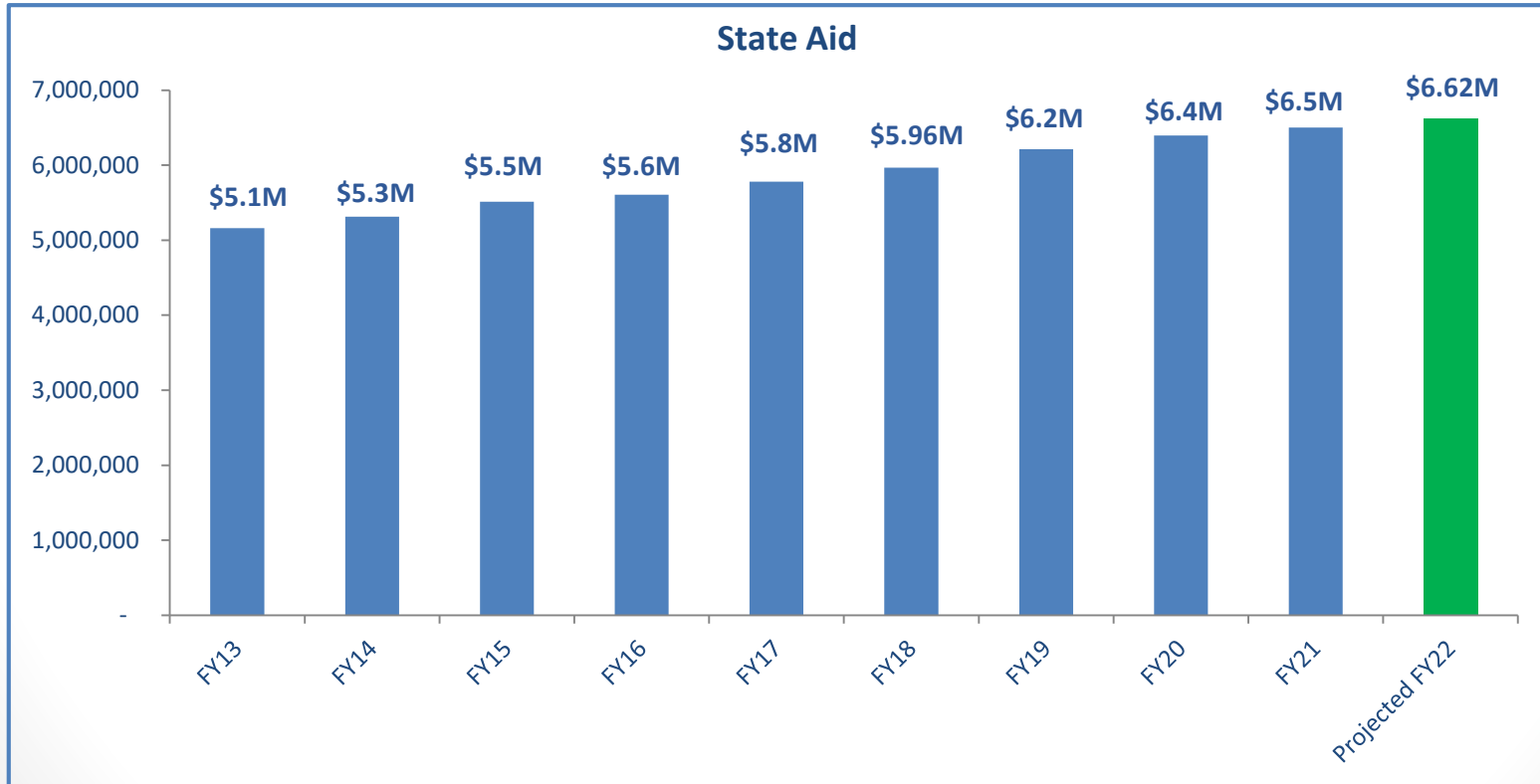
Unused Tax Levy Detail	FY2019	FY2020	FY2021	FY2022
Unused University Station new Growth	\$555,000	\$378,000	\$825,000	\$225,000
Other New Growth Higher Than Budgeted/Other	\$542,662	\$422,834	\$0	\$0
Total Unused Levy	\$1,097,662	\$800,834	\$825,000	\$225,000

- The Town has not taxed to maximum capacity
- No general override since 2007
- Exempt debt declines each year, High School bond ends in 2023

Projected FY22 Revenue –State Aid

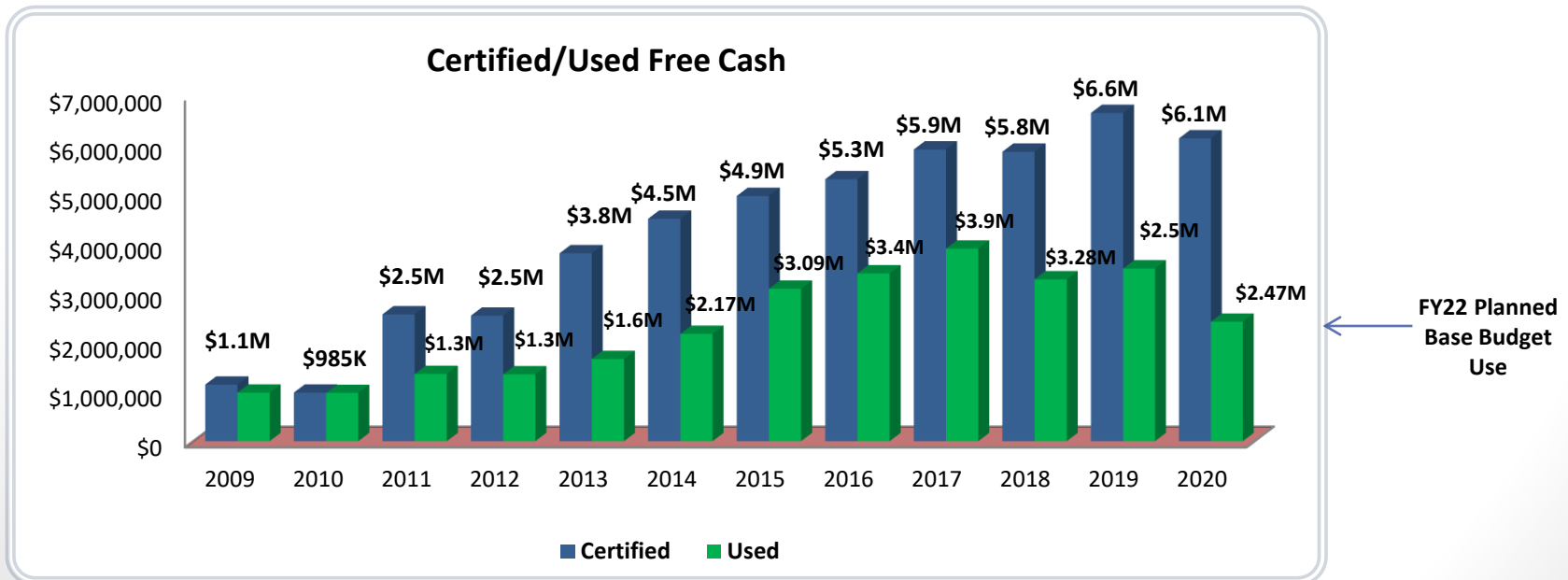
FY22 State Aid - \$6.6M

- Projection from Governor’s budget
- State Aid steady – no mid year cuts or disruptions for several years
- Even during COVID – no disruptions



Free Cash Certification

- DOR Certified Free Cash as of July 1, 2020 is \$6,124,816, in line with prior years.
- Disciplined use of free cash balance.
 - Not applied to operating budgets. Not using full allowance.
 - In line with Financial Policy, apply higher amounts to capital needs, not operating budget.
 - Good FY20 budget to actual results, strong management of COVID impact
- FY21 current budget was funded by \$3,858,900 of free cash :
 - \$3,383,900 for school and municipal capital
 - \$125,000 for Stabilization
 - \$350,000 for Schools Special Education Reserve Account
- FY22 Proposed budget utilizes \$2.4M in Free Cash

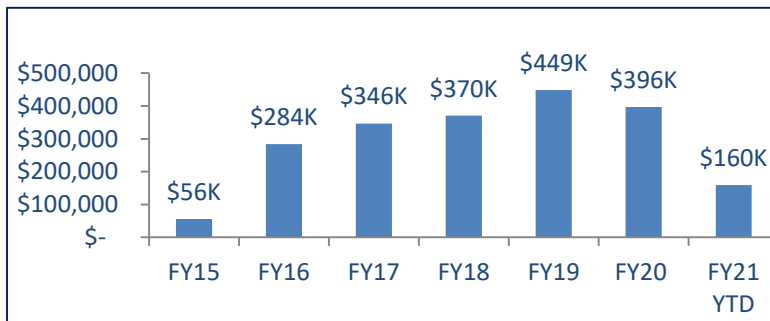


- Financial policy target approximately \$3.3M unallocated

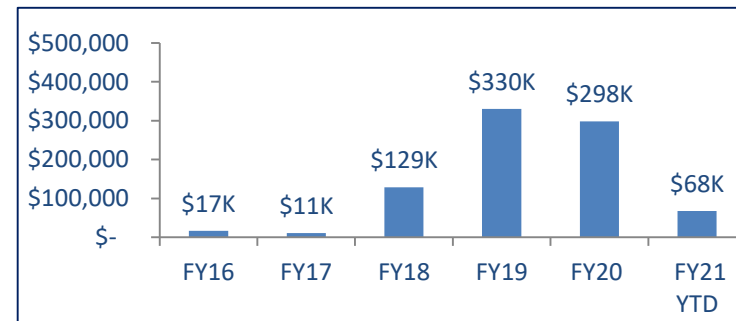
Meals and Hotels Tax Revenue

- At the November 2017 Town Meeting, the residents approved establishing a special purpose fund to hold all Hotel and Meals Tax revenue until appropriated by future Town Meetings. All use of funding requires a 2/3 vote by Town Meeting.
- Funds have been used for capital projects, not operating budgets.
- No funds used at the June 2020 Town Meeting
- Current FY22 Budget utilizes \$1,060,000 for Capital

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



* New Hotel came online October of 2018

Most Recent Quarterly Receipts

	Meals	Hotels
9/30/19	\$114,522	\$94,311
12/31/19	\$114,171	\$105,110
3/31/20	\$109,308	\$67,096
6/30/20	\$58,904	\$31,806
9/30/2020	\$72,820	\$47,399
12/31/2020	\$86,881	\$20,582

Most Recent →

- Potential volatility is exactly why this revenue is not used for operating budgets.
- The balance in the account as of December 31, 2020 is \$2.04M.

Financial Impact of COVID-19 Pandemic

- Significant changes to Town and School Services
- Town and School have adapted to continue services
- Some additional costs incurred by School and Municipal Departments
 - Public Safety staffing
 - Purchase of Personal Protective Equipment (PPE) and safety equipment
 - Technology costs to set up remote operations, Town and Schools
 - Additional facility costs – cleaning, maintenance, and signage
 - Health Department impacts
 - Changes to election process
 - Vaccine and testing programs
- Available Funds
 - State CARES Act
 - FEMA
 - School specific state reopening funds \$675K
 - Small grants specific for:
 - Board of Health
 - Elections

Next Steps in Budget Cycle

- Continued review of revenue projection
 - State budget process
- Continue review of expenditures/other updates
 - Assessments (Blue Hills, MWRA)
 - Health Insurance
- Select Board continues review/refinements to Capital Budget
- Prepare Articles 1 and 2 FY21 Budget Supplements
- Any updates will be presented to Finance and Warrant Commission in advance of Fincom March Public Hearings



