



FY23 Overall Proposed Budget February 8, 2022

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Assistant Town Administrator/Finance Director

Overall FY23 Summary Book

- Section 1 FY23 Proposed Budget:
 - Specific Budget Proposal
 - Operating Budget
 - Capital Articles
 - Specific FY23 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



FY23 Overall Proposed Budget Summary

FY23 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 3.5%
 - Municipal Budget 3.7%

- ✓ Base Capital Budget
 - School Capital - \$1,017,000 Funded with Free Cash
 - Municipal Capital - \$1,356,250 Funded with Free Cash
 - Sewer Capital - \$700,000 Funded with Sewer Retained Earnings

- ✓ Supplemental Capital Budget – Funded with Meals/Hotels Tax/Other funding
 - Appropriation for additional capital as done in prior year
 - Town and School Projects - \$682,000
 - Utilizes \$650K of Meals Tax (current balance \$1.57M)

- ✓ Liabilities/Reserves
 - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
 - \$1.515M contributed to OPEB trust fund – keeps on target with required funding

- ✓ Borrowing
 - Capital Borrowing \$6,725,000 currently being considered
 - Gay Street Sidewalk Construction \$5,500,000
 - Conant Rd Culvert Design \$200,000
 - Cemetery Expansion Design \$125,000
 - Canton Street Sidewalk Design \$900,000

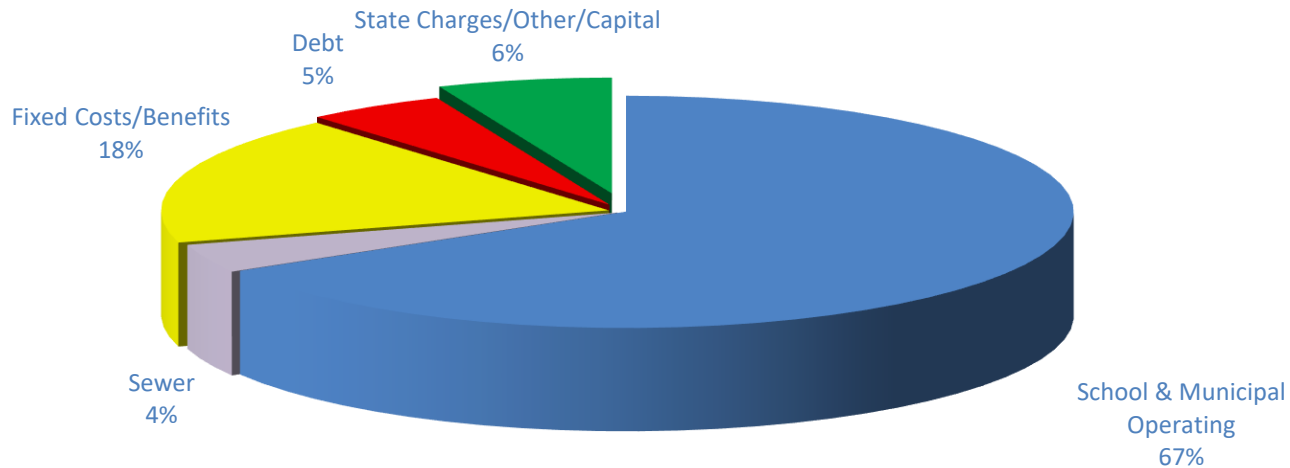
- ✓ Additional Senior Tax Relief via Aid to the Elderly Fund \$300,000 – funded with Free Cash.

FY23 Total Expenditures - \$112.2M, 3.6% Increase

FY2023 Proposed Expenditure Summary

	FY2022	FY2023 Proposed	\$ Change	% Change
Total Operating	\$101,320,299	\$105,162,434	\$3,842,135	3.8%
Capital Articles	\$3,886,650	\$3,755,250	(\$131,400)	-3.4%
OPEB & Stabilization	\$1,615,000	\$1,640,000	\$25,000	1.5%
Prior Year/Other Articles	\$248,500	\$300,000	\$51,500	20.7%
Other Amounts to be Raised	\$1,296,439	\$1,394,845	\$98,406	7.6%
Total Expenditures	\$108,366,888	\$112,252,529	\$3,885,641	3.6%

FY2023 Expenditure Summary

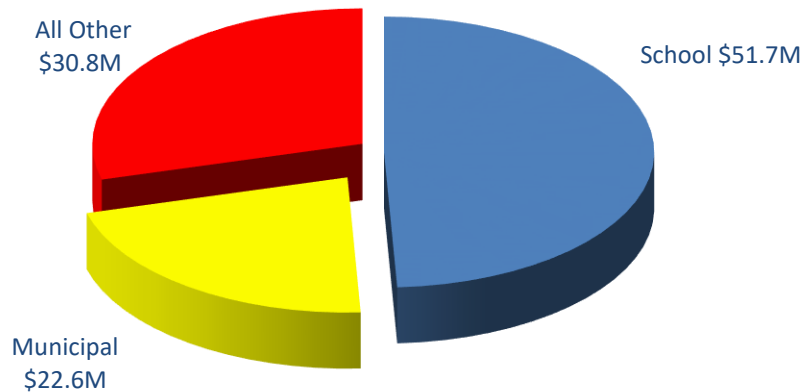


FY23 Proposed Operating Budget \$105.1M, 3.8% increase

FY23 Proposed Operating Budget

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

FY22 Budget	Category	FY23 Proposed	\$ Change FY23 v FY22	% Change FY23 v FY22
\$ 50,012,588	School Operating	\$ 51,762,397	\$ 1,749,809	3.50%
\$ 21,823,709	Municipal Operating	\$ 22,640,063	\$ 816,354	3.74%
\$ 129,617	Blue Hills Regional School	\$ 136,098	\$ 6,481	5.00%
\$ 119,241	Traffic Supervisors	\$ 122,072	\$ 2,831	2.37%
\$ 19,064,056	Fixed Costs	\$ 20,345,166	\$ 1,281,110	6.72%
\$ 5,749,331	Debt Service	\$ 5,650,292	\$ (99,039)	-1.72%
\$ 4,421,757	Sewer	\$ 4,506,346	\$ 84,589	1.91%
\$ 101,320,299	Total	\$ 105,162,434	\$ 3,842,135	3.8%

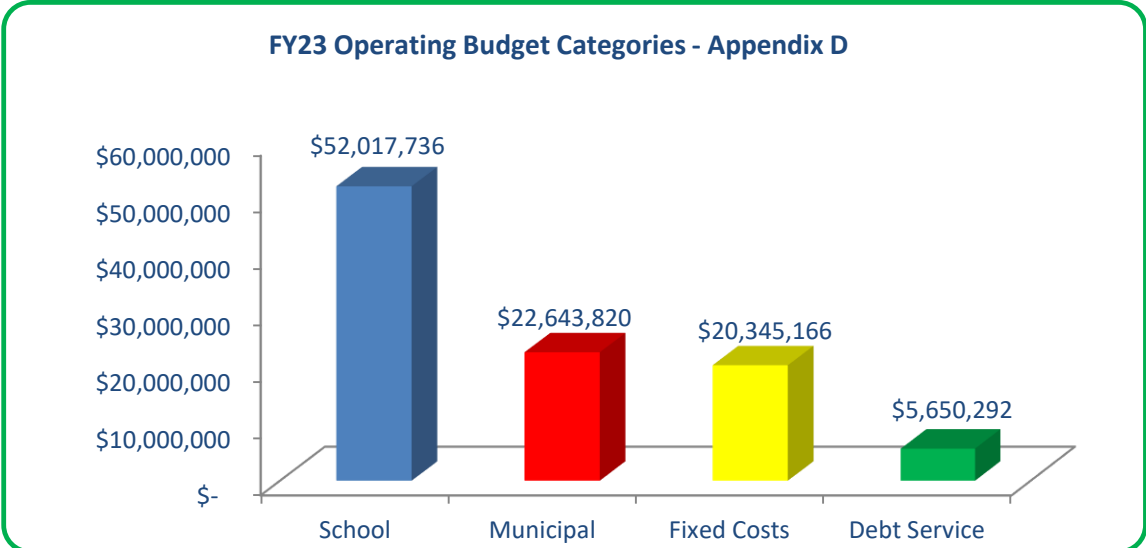


- Continued stable and sustainable operating budget growth.
- Fixed costs based on Health Insurance estimate, to be updated.
- Total Fixed Costs increase 6.72%, which is higher than the FY22 increase of 5.3%.

FY23 Budget - Provide for Consistent, Sustainable Funding

FY23 Proposed Operating Budget - \$105M, 3.8% increase

Operating budget provides daily services to the community.



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 Proposed
School	5.3%	4.9%	3.4%	3.4%	3.5%	3.6%	3.44%	3.5%
Municipal	5.2%	3.7%	3.6%	3.1%	3.5%	3.6%	3.17%	3.7%

↑ ↑
Additional University Station Funding

- Important that operating budget have moderate growth and are sustainable.
- Current FY23 overall operating budget increase at 3.8% is higher than the last year (3.1%), due to fixed costs category

A Look at Fixed Costs/Shared Costs – Current Year FY22

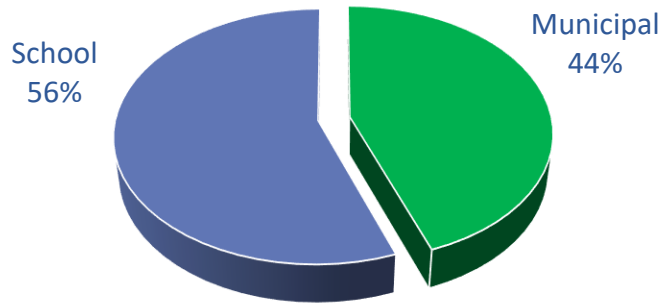
Fixed Costs – Employee Benefits Costs, Shared Costs/Trash/Reserve Accounts

- Fixed costs are approximately 18% of the Operating Budget

Budget Provides For	
Municipal and School Employee Benefits Costs	\$15,473,970
Municipal and School Insurance/Shared Accounts	\$1,206,802
Trash Services	\$1,658,284
Town Wide Reserves	<u>\$725,000</u>
Total FY22	\$19,064,056

	School	Municipal	Total
Fixed Employee Related Costs	\$8,613,196	\$6,860,774	\$15,473,970

Employee Benefit Related Costs

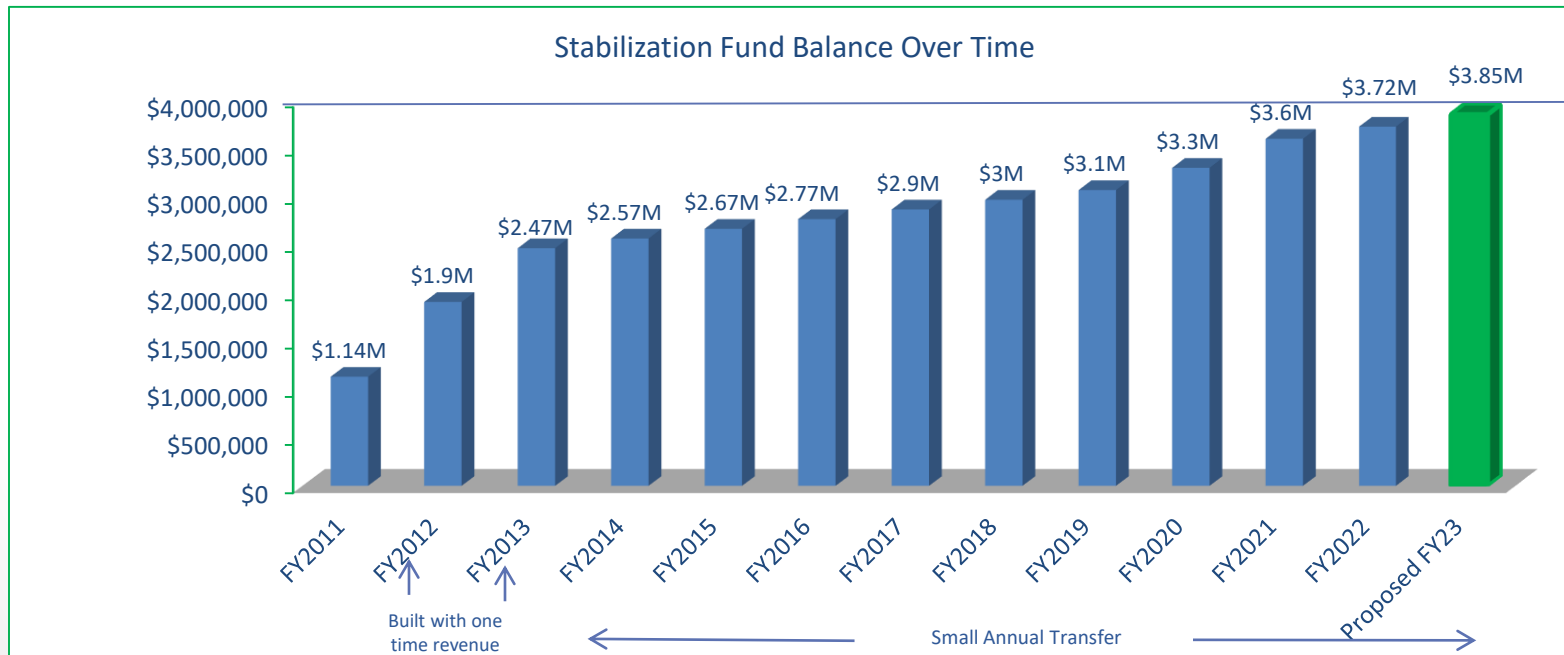


Fixed Costs – Projected Increases in FY23

<u>Fixed Costs</u> – current estimated increase to total fixed costs budget - approx. 6.7%	\$1.28M
<ul style="list-style-type: none"> ▪ Current estimated increase higher than previous year (5.3%) 	
<ul style="list-style-type: none"> ▪ Pension Assessment (\$6.12M) increase of 7.3% <ul style="list-style-type: none"> ▪ Have received FY23 assessment for Norfolk County 	\$445K
<ul style="list-style-type: none"> ▪ Health Insurance (current \$6.83M) increase of 7% - <u>Estimate</u> only. <ul style="list-style-type: none"> ▪ Current estimate only ▪ Group Insurance Commission (GIC) updates FY23 Information <ul style="list-style-type: none"> • Plan Description – February 2022 meeting • Final Rates – March 2022 meeting 	Approx \$475K
<ul style="list-style-type: none"> ▪ Trash (current \$1.65M) estimated increase of 2% 	Approx \$36K
<ul style="list-style-type: none"> ▪ Other fixed cost increases(comprehensive insurance, Medicare, Payroll tax) 5% - 	Approx \$150K
<ul style="list-style-type: none"> ▪ OPEB Appropriation (current \$1.49M) increase per funding schedule 	Approx \$25K
<ul style="list-style-type: none"> ▪ Other Shared Costs – Increases in Town and School shared costs <ul style="list-style-type: none"> ▪ Energy/sustainability \$51K ▪ Communications/Hardware & Software Maintenance \$86K 	\$137K
<ul style="list-style-type: none"> ▪ Also includes funding for Charter Review 	\$35K

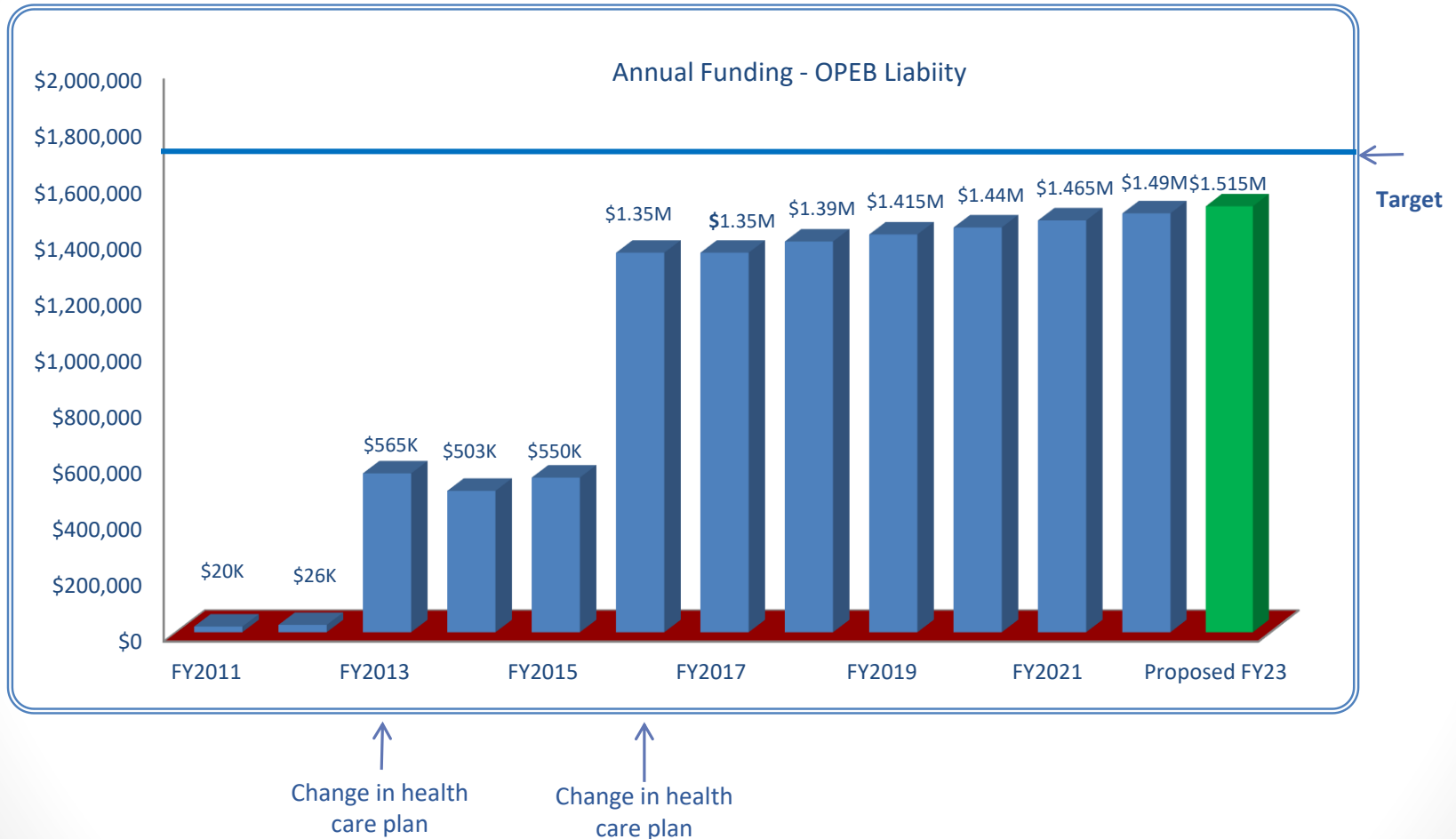
Stabilization Fund – FY23 Appropriation \$125,000

- The Stabilization Fund is the Town’s main reserve account.
 - Protects the Town against emergencies.
 - Very important for credit rating (AAA).
 - Can help mitigate budget disruptions such as economic decline.
-
- Did not need to use during COVID:
 - Outside COVID funding
 - No cuts to State Aid



OPEB Liability Trust Fund – FY23 Appropriation \$1,515,000

- On target with funding plan, \$25K additional per year
- Balance in trust fund account as of 12/21 is approximately \$17.7M.



Aid to the Elderly Fund – FY23 Appropriation \$300,000

We have many seniors participating in all of these programs

- Westwood has accepted State Chapter 59 senior tax exemptions including:
 - Chapter 41C:
 - \$1,000 exemption for residents age 65 and older
 - Westwood has adopted the most generous State available options based on age, exemption, income and assets similar to our neighboring towns.
- Tax Deferral:
 - Tax payments are delayed until the home is sold.
 - Town Meeting adopted a reduced interest rate of 3%.
 - Town Meeting set income level at State allowed maximum.
- Senior Workoff:
 - In place since 2003.
 - Up to 100 seniors eligible.
 - Town Meeting adopted maximum amount allowed by State – currently \$1,500.
- Aid to the Elderly Fund
 - In place since 1999.
 - Town's program is most generous in State.
 - Approximately \$100K per year distributed to approximately 55 senior residents.
 - Pays approximately 25% of tax bill
- FY23 Budget Proposal – additional funding to Aid to the Elderly program.

FY23 Proposed Capital Budget Articles

The Select Board has supported continued reinvestment in the Town's assets and infrastructure.

The FY23 Budget:

- ✓ Continues high level of Capital Investment
 - Important to maintain Town and School buildings and infrastructure
 - Important to ensure safe and efficient capital equipment
 - Efforts to increase base capital
 - Continue efforts for additional funding beyond base for important projects

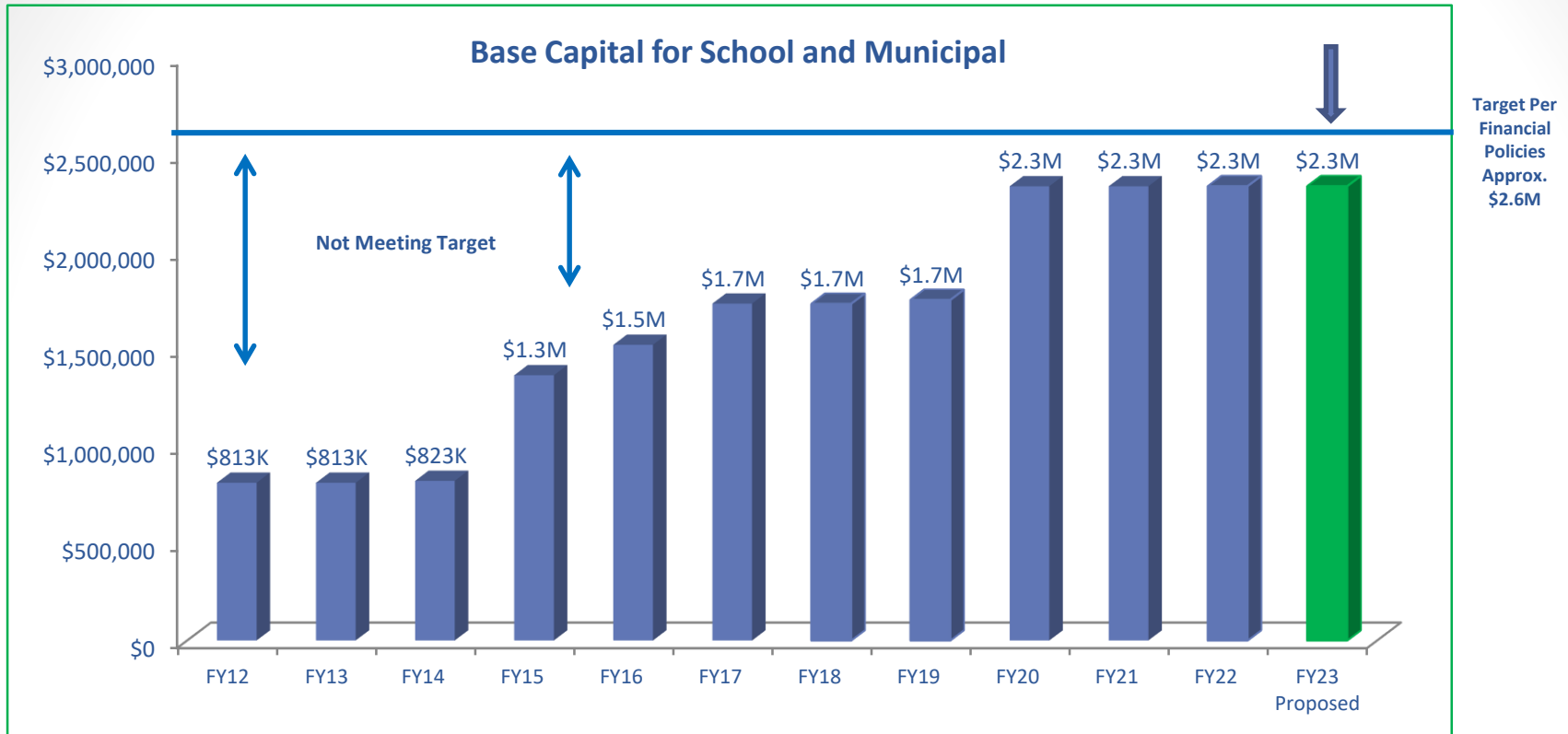
- ✓ Base Capital Budget
 - School Capital - \$1,017,000 Funded with Free Cash
 - Municipal Capital - \$1,356,250 Funded with Free Cash
 - Sewer Capital - \$700,000 Funded with Sewer retained earnings
 - Additional Capital (Meals/Hotels and Ambulance) - \$682,000

- ✓ Supplemental Capital Budget – Funded with Meals/Hotels Tax
 - Appropriation for additional capital as done in prior year

- ✓ Additional articles that would require borrowing.

Capital Budget - Important reinvestment in buildings, equipment and assets

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



FY23 continues improvement in ongoing capital funding.

- Could not meet policy target for many years during difficult economic budget cycles.
- The Town has made steady progress in increasing the ongoing capital budget.

Capital Budget – Additional Capital Article Beyond the Base

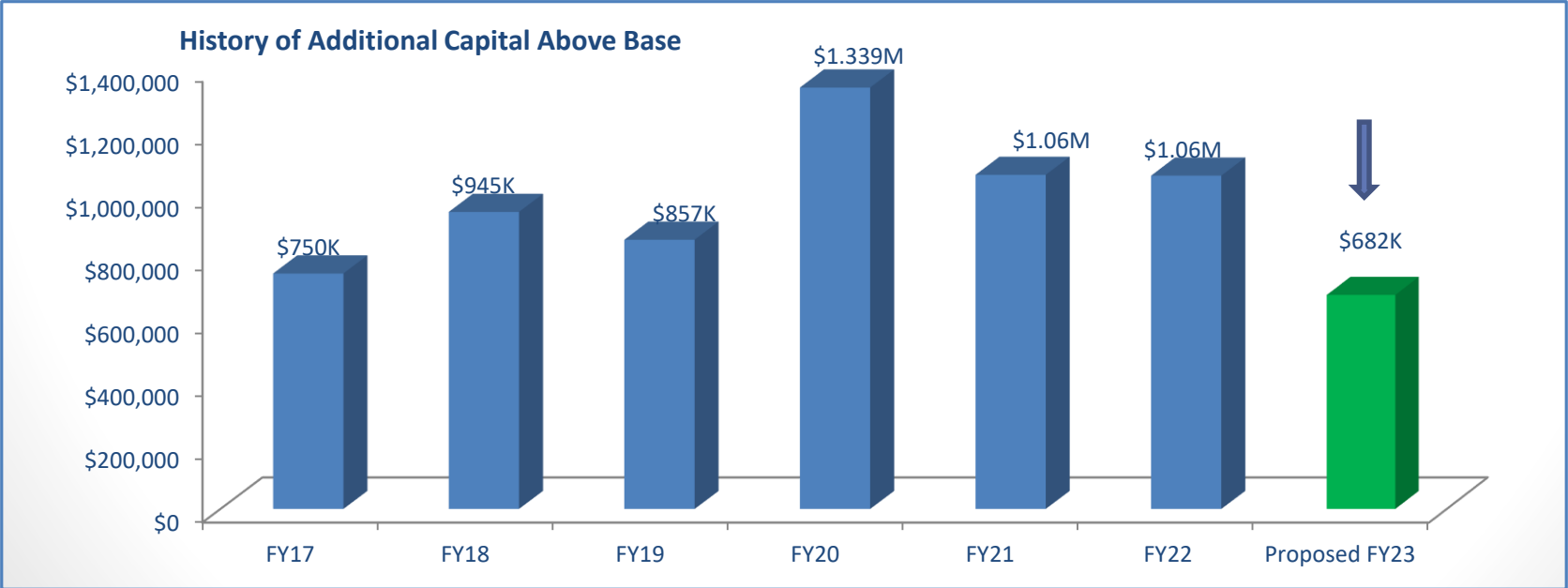
- Since FY17, the Town Meeting has approved an “additional” capital budget article
- Effort to fund:
 - Capital that has been deferred by years of not meeting financial goal
 - Larger items that do not easily fit within base capital budget articles:

Prior Years

- School IT network
- High School Tennis Court Lighting
- Thurston/Senior Center HVAC

FY22

- H.S. Multipurpose Turf Field Replacement \$750K
- Pool repairs \$310K



Addresses important capital needs with available funding, such as free cash and meals/hotels tax.

FY23 Capital Budget – Proposed Municipal Capital Article

Item	Amount	Funding Source
COA - Wheelchair Accessible Van	\$90,000	Free Cash
DPW -One Ton Dump Truck With Plow (Truck 26)	\$80,000	Free Cash
DPW -One Ton Dump Truck (Truck 30)	\$80,000	Free Cash
DPW - Mechanic lift set	\$50,000	Free Cash
DPW - Design Funding for Downey St Sidewalk to proceed w/ already approved State Grant of \$365K ←	\$75,000	Free Cash
Fire -Turnout Gear	\$21,250	Free Cash
Fire -Replacement of Command Staff Vehicle	\$65,000	Free Cash
IT - End User Technology - All Departments	\$75,000	Free Cash
Library - Patron/Staff End User Technology	\$15,000	Free Cash
Library - Sound Dampening Project	\$50,000	Free Cash
Library - Book Mobile - Retrofit existing COA van ←	\$30,000	Free Cash
Library - Mobile Shelving Units	\$10,000	Free Cash
Police - Police Vehicles	\$215,000	Free Cash
Police -Police Equipment	\$60,000	Free Cash
Building Maintenance - Facility Maintenance	\$100,000	Free Cash
Building Maintenance - Energy Efficiency	\$50,000	Free Cash
Building Maintenance - CSMOB mechanical upgrades	\$45,000	Free Cash
Housing - Building Maintenance and Improvement (Year 5 of 5) ←	\$150,000	Free Cash
Municipal Communication - Radio Upgrade and Replacement	\$15,000	Free Cash
Municipal Communication - Police, Fire & EMS Radio Infrastructure	\$80,000	Free Cash
	<u>Total</u>	
	<u>\$1,356,250</u>	

This Article is to be Funded with Free Cash

FY23 Capital Budget – Proposed Schools Capital Article

Item	Amount	Funding Source
Technology	\$130,000	Free Cash
Furniture, Fixtures, and Equipment	\$30,000	Free Cash
HVAC and Controls	\$200,000	Free Cash
Roofing	\$150,000	Free Cash
Facility Improvements	\$487,000	Free Cash
Copiers	<u>\$20,000</u>	Free Cash
Total	<u><u>\$1,017,000</u></u>	

This Article to be funded with Free Cash

FY23 Capital Budget – Proposed Sewer Capital Article

Item	Amount	Funding Source
Stormwater Compliance	\$ 75,000	Sewer Retained Earnings
Inflow & Infiltration Assessment	\$ 125,000	Sewer Retained Earnings
Pump Station Facility Maintenance Program	\$ 500,000	Sewer Retained Earnings
Total	<u>\$ 700,000</u>	

FY23 Capital Budget – Proposed Additional Capital

Item	Amount	Funding Source
School Street Playground Refurbishment	\$60,000	Meals/Hotels Tax
Fire - Self Contained Breathing Apparatus Full System Upgrade	\$215,000	Meals/Hotels Tax
Building Maintenance - Library Parking Lot	\$75,000	Meals/Hotels Tax
Schools Project – Network upgrade	\$300,000	Meals/Hotels Tax
Fire - Rescue Upgrade and Replacement	\$32,000	Ambulance Receipts
Total	<u>\$682,000</u>	

Funded by \$650K Meals/Hotels and \$32K Ambulance receipts

FY23 Capital Budget – Projects that would require borrowing

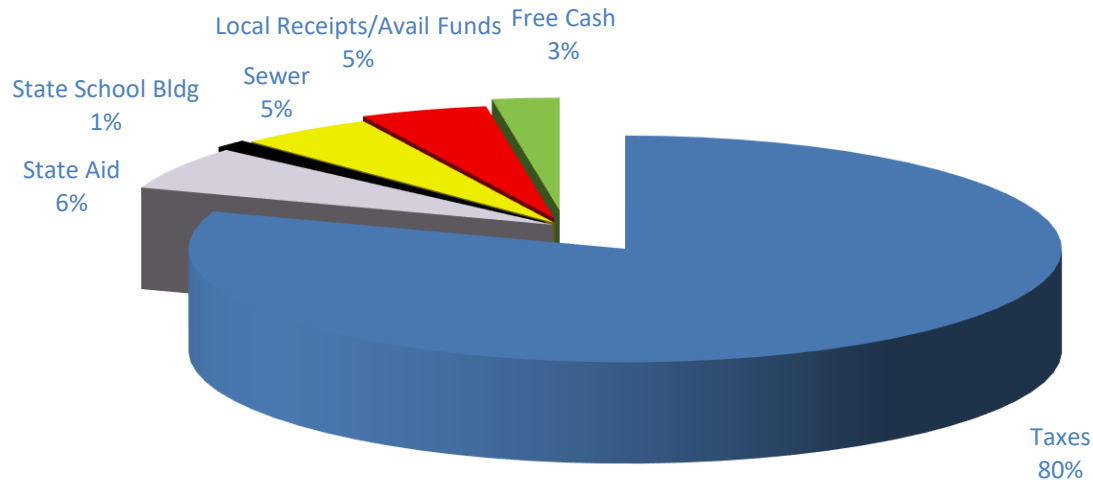
The following projects are being reviewed by the Select Board. Any of these projects would be proposed as a borrowing article.

Item	Amount	Funding Source
Gay Street Sidewalk Construction	\$5,500,000	Borrowing
Conant Road Culvert Design	\$200,000	Borrowing
Cemetery Expansion Design	\$125,000	Borrowing
Canton Street Sidewalk Design (to get State funding for construction)	\$900,000	Borrowing
	<u>Total</u>	
	<u>\$6,725,000</u>	

These projects would be funded as a borrowing article.
Cemetery borrowings are funded with cemetery lot sales receipts.

FY23 Proposed Budget Revenue - \$112.2M, 3.6% Increase

FY2023 Projected Budget Revenue



FY2023 Projected Budget Revenue

	FY2022	FY2023 Proj	\$ Change	% Change
Taxes	\$86,593,963	\$90,188,163	\$3,594,200	4.2%
State Aid	\$6,622,672	\$6,917,131	\$294,459	4.4%
State School Bldg Reimbursement	\$1,401,276	\$1,401,276	\$0	0.0%
Sewer Enterprise	\$4,919,452	\$5,639,679	\$720,227	14.6%
Local Receipts	\$4,195,857	\$4,195,857	\$0	0.0%
Available Funds	\$443,518	\$430,173	(\$13,345)	-3.0%
Available Funds - prior yr/other articles	\$502,500	\$32,000	(\$470,500)	-93.6%
Meals/Hotels Tax	\$1,060,000	\$650,000	(\$410,000)	
Free Cash	\$2,627,650	\$2,798,250	\$170,600	6.5%
Total	\$108,366,888	\$112,252,529	\$3,885,641	3.6%

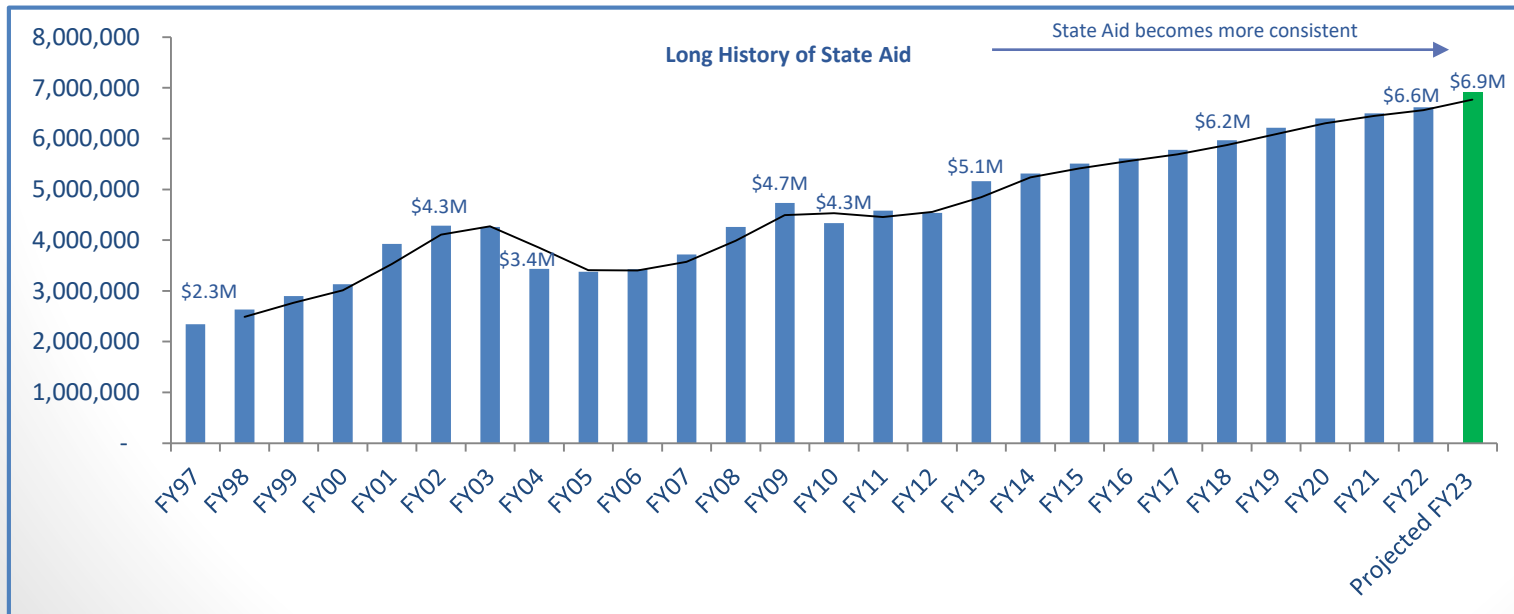
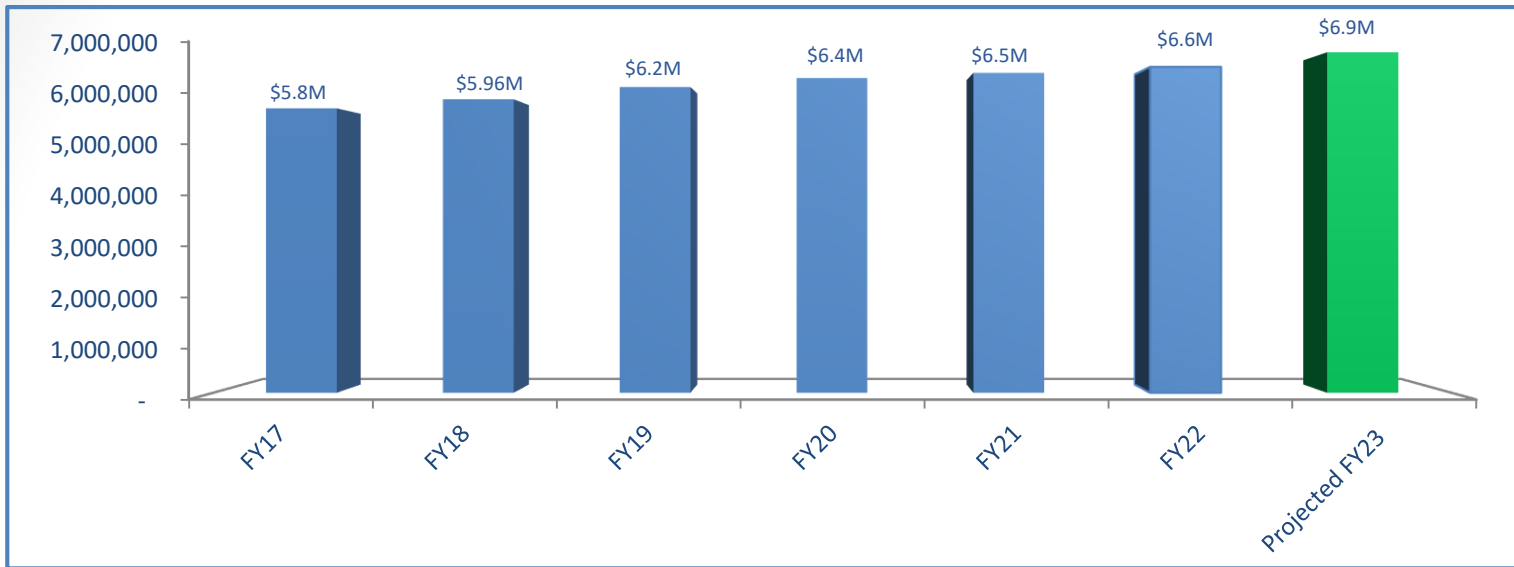
Tax Levy Calculation per Prop 2 1/2

Tax Levy Calculation	FY2019	FY2020	FY2021	FY2022	Budget FY2023	
Prior Year Levy Limit	\$73,558,364	\$76,623,854	\$79,703,916	\$83,076,625	\$86,718,329	
Plus 2.5% Increase	\$1,838,959	\$1,915,596	\$1,992,598	\$2,076,916	\$2,167,958	Plus 2.5%
Plus New Growth**	\$950,531	\$661,466	\$889,111	\$1,356,788	\$450,000	New growth
New Tax Levy - University Station	\$276,000	\$503,000	\$491,000	\$208,000	\$100,000	Uni Station growth
General Overrides	\$0	\$0	\$0	\$0	\$0	General Override
Tax Levy Limit	\$76,623,854	\$79,703,916	\$83,076,625	\$86,718,329	\$89,436,287	
Exempt Debt*	\$1,429,505	\$1,320,986	\$1,217,416	\$1,048,819	\$951,876	Exempt Debt
Levy Capacity	\$78,053,359	\$81,024,902	\$84,294,041	\$87,767,148	\$90,388,163	What we could tax
Actual Levy Assessed	\$76,955,697	\$80,224,068	\$83,468,800	\$86,593,963	\$90,188,163	What we do tax
Excess Levy(Taxes not raised)	\$1,097,662	\$800,834	\$825,241	\$1,173,185	\$200,000	Unused Tax Levy
Increase in Actual Levy (including new growth)	4.0%	4.2%	4.0%	3.7%	4.15%	
Increase in Levy without new growth	2.33%	2.73%	2.32%	1.87%	3.52%	

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

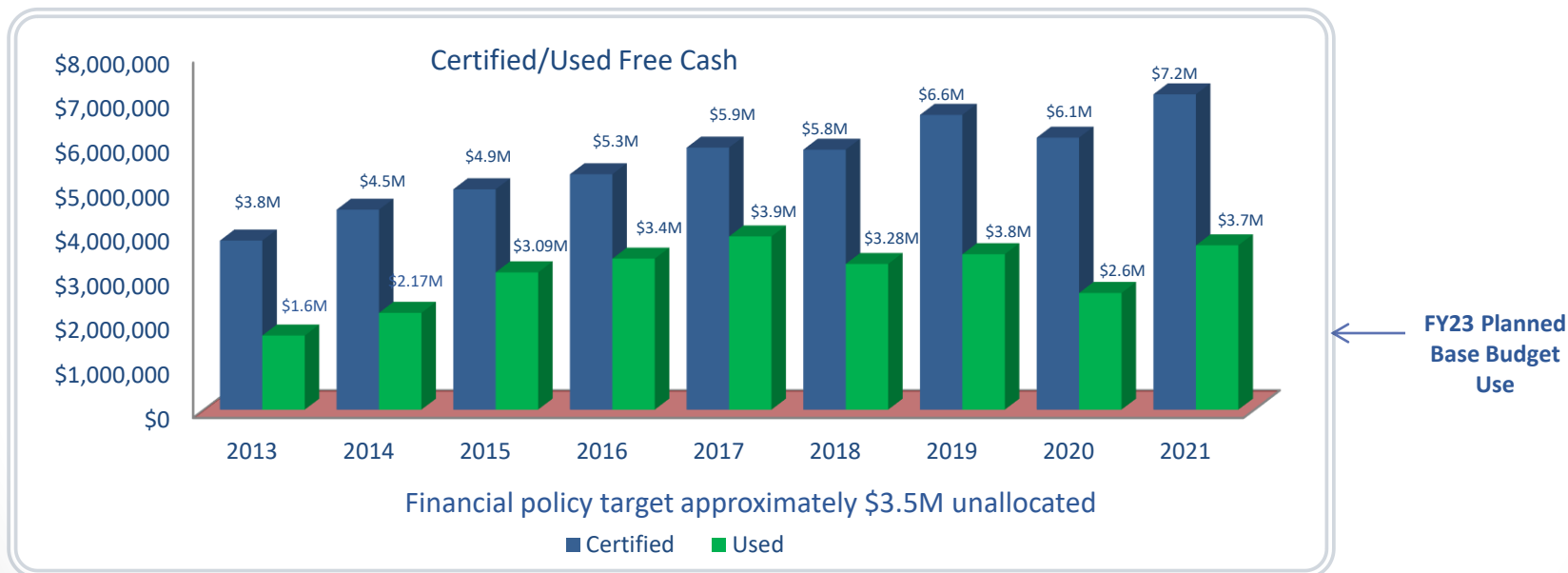
Projected FY23 State Aid Revenue – Per Governor’s Budget

- Approximately 6% of Total Revenue budget.
- State aid steady– no mid year cuts or disruptions for several years, even with COVID.



Free Cash Certification

- DOR Certified Free Cash as of July 1, 2021 is \$7,264,563, 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 FY21 budget to actual results, strong management of COVID impact
- FY22 current budget was funded by \$2,627,650 of free cash :
 - \$2,321,650 for school and municipal capital (this is \$1M less than FY21)
 - \$125,000 for Stabilization
 - \$181,000 for Town Meeting Article - Snow & Ice (\$150K) and Street Acceptance (\$31K)



- FY23 proposed budget is funded by \$2,798,250 of free cash :
 - \$2,373,250 for school and municipal capital
 - \$125,000 for Stabilization
 - \$300,000 for Town Meeting Article – Aid to the Elderly Fund

Meals and Hotels Tax

Background

In 2009 the State allowed municipalities to adopt by local vote a local revenue component of the State Meals and Hotel tax. The Department of Revenue collects the fee and sends the Town's portion on a quarterly basis.

Meals Tax

- Municipalities are allowed to add a .75% charge to the State 6.25% excise tax on restaurant meals.
- Westwood adopted the additional meals tax at the 2014 Fall Town Meeting and it became effective January 1, 2015.

Hotel Tax

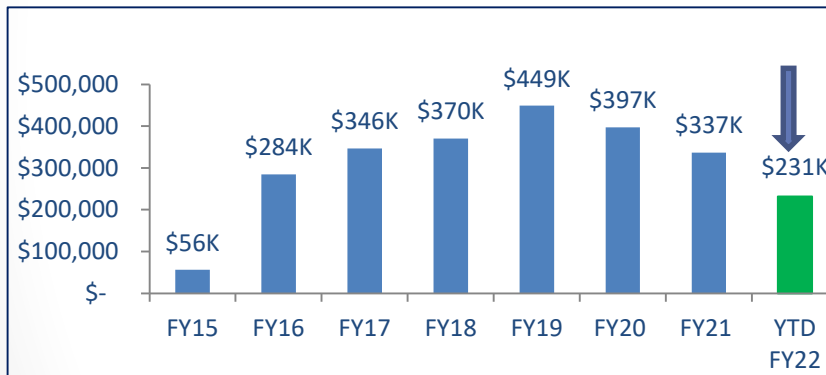
- Municipalities are allowed to charge a local hotel tax up to 6%.
- Westwood adopted the 6% charge at the 2016 Annual Town Meeting.

Restricted Funding

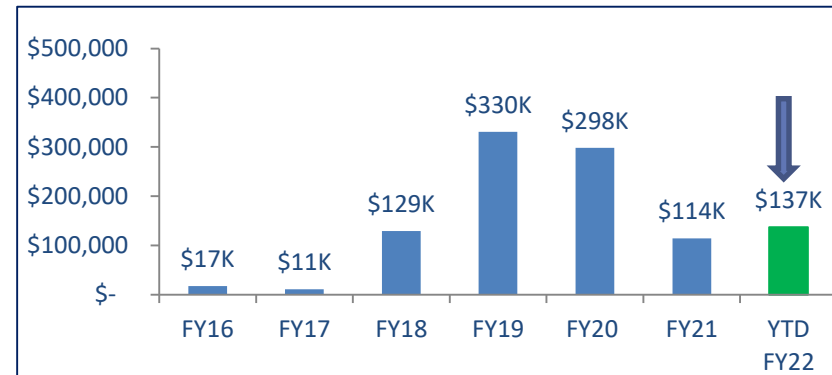
- At the November 2017 Town Meeting, the residents approved establishing a special purpose fund to hold all Hotel and Meals Tax revenue until appropriated by future Town Meetings. All use of funding requires a 2/3 vote by Town Meeting.

Revenue

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



Most Recent Quarterly Receipts

	Meals	Hotels
9/30/20	\$72,820	\$47,399
12/31/20	\$86,881	\$20,582
3/31/21	\$91,942	\$18,463
6/30/21	\$85,213	\$27,921
9/30/21	\$112,419	\$54,637
→ 12/31/21	\$119,050	\$81,954

Meals and Hotels Tax

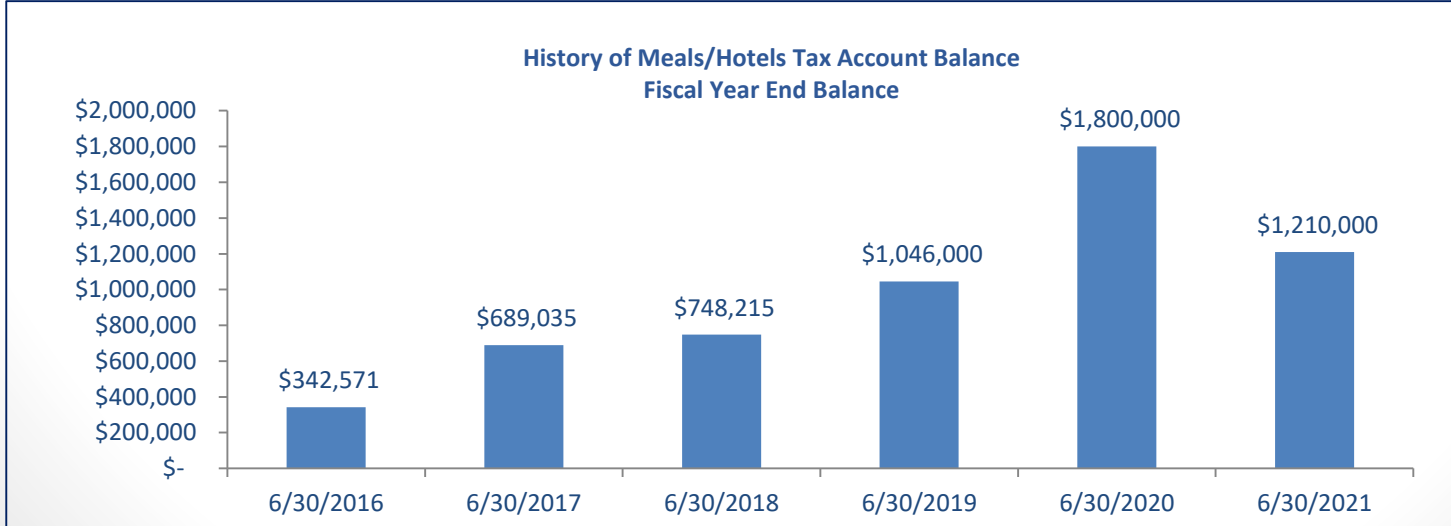
Use of Funds

Any use of funds must be appropriated by Town Meeting. All use requires a 2/3 vote by Town Meeting.

- Funds have been used for capital projects.
- May 2018 Town Meeting appropriated \$432K of funds:
 - Lighting of the High School tennis courts
 - HVAC project at the High School pool
 - These facilities receive extensive use by residents of all ages.
- May 2019 Town Meeting appropriated \$515K of funds:
 - Design of Recreation Field Lighting
 - Thurston Middle School HVAC project
 - Council on Aging HVAC project
- No Funding was used at the June 2020 Town Meeting
- May 2021 Town Meeting appropriated \$1,060,000 of funds
 - High School Multipurpose Turf Field replacement
 - Pool – Deck surfacing
 - Pool – Drainage and Refurbishment
 - These facilities receive extensive use by residents of all ages.
- Proposed use for May 2022 Town Meeting \$650,000

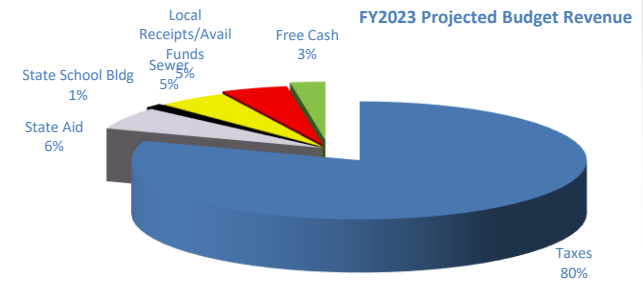
Balance in the Account

- The balance in the account as of June 30, 2021 was \$1.2M
- The balance at December 31, 2021 is \$1.57M ←



Structurally Sound Budgets

- The budgets as recommended by the Select Board and FinCom and approved by Town Meeting are well balanced.
- Town Meeting approves structurally sound budgets and prepares for a “Rainy Day”.
 - Structurally sound budgets, no one time subsidies.
 - Conservative revenue budgets – no inflation of revenue projections.
 - Meals/Hotels tax revenue to separate fund.
 - Purposefully building reserve accounts to target levels.
 - Finances are designed to maintain essential services during rainy day disruption.
- Financial Impact of COVID
 - Town and School have adapted to continue services for residents.
 - Significant changes to Town and School Services
 - Some additional costs incurred by School and Municipal Departments
- FY21 and FY22 budgets have weathered COVID financial impact:
 - No cuts to State Aid
 - Have not had to use reserve accounts
 - Outside funding has covered specific COVID impact costs
- FY23 may see continuing costs
 - Outside Funding
 - One time funding
 - Some additional costs in operating budgets



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 FY22 Budget Supplements
- Any updates will be presented to Finance and Warrant Commission in advance of Fincom March Public Hearings



