

Financial Update
Board of Selectmen Meeting
February 1, 2016

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Finance Director

Update Since Last Meeting

Reviewed with Fincom, Budget Steering and Long Range Committee:

- Overall budget areas.
- Meals tax update.
- Hotel tax option.
- Tax relief options.

- FY17 updated budget plan:
 - Revenue.
 - Expenditures.

- University Station tax revenue updated.

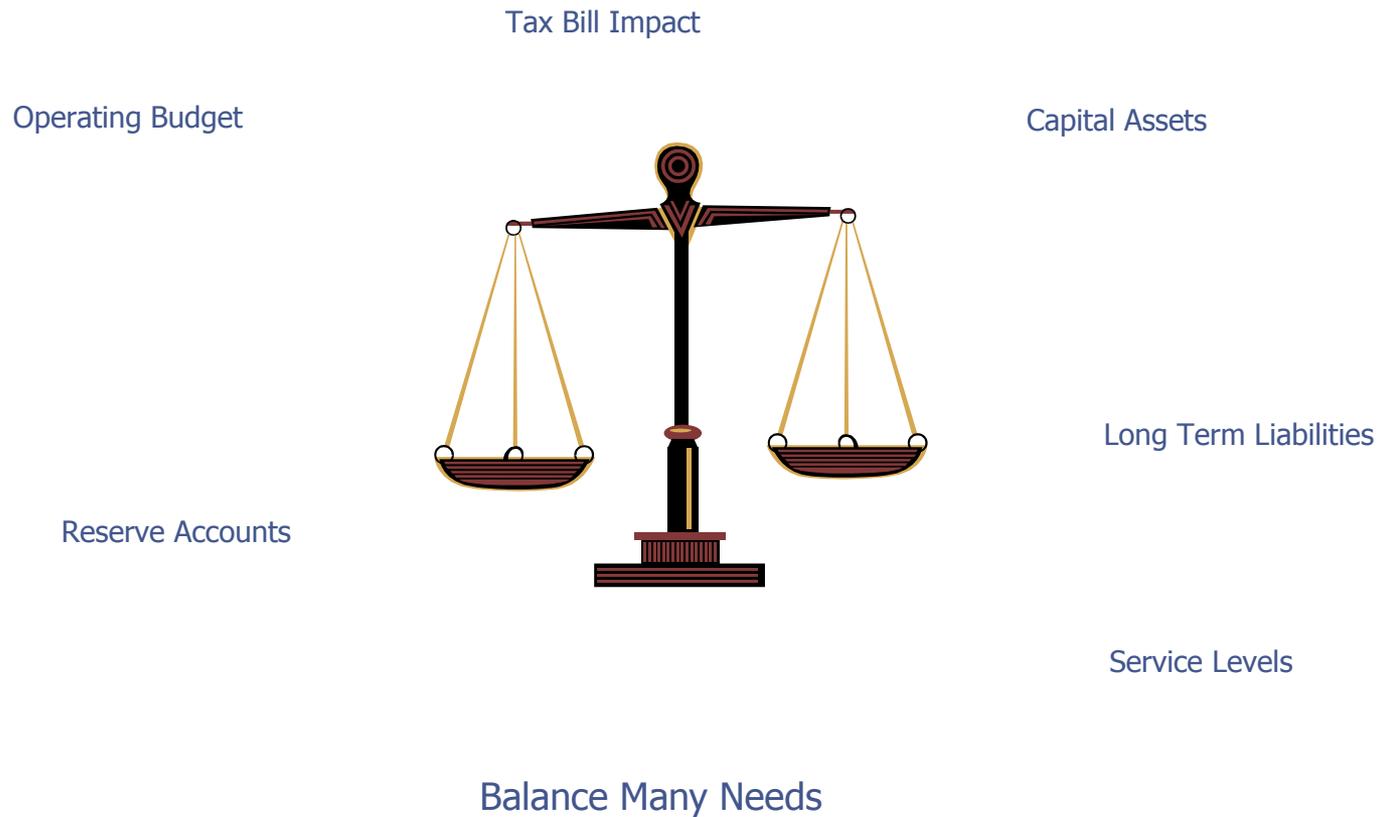
- FY17 capital budget.

- Initial FY17 State budget released.



Town's Finances – Must Address Multiple Areas

- Financial action must address multiple needs to provide for quality services and financial strength.



Board of Selectmen has worked hard to address all areas.

FY17 Review

- At prior meetings, the Board of Selectmen reviewed FY15 results:
 - Revenue.
 - Expenditures.
- Reviewed University Station activity.
- Reviewed final FY16 budgets.
- Discussed FY17 budget considerations.
- Established the FY17 base budget plan.
 - Based on projected changes to FY16 revenue and expenditures.
- Reviewed an updated budget plan.

FY17 State Aid

Category	Final FY16	FY17	\$ Change	% Change
		Governor's Proposal	FY17 vs. FY16	FY17 vs. FY16
Chapter 70	\$4,803,413	\$4,864,673	\$61,260	1.3%
Municipal Aid	\$672,554	\$701,474	\$28,920	4.3%
Total	\$5,475,967	\$5,566,147	\$90,180	1.65%

- January 22 - Governor's initial budget released at MMA meeting.
- January 27 – official budget released.

University Station Revenue – FY17 - Updated

- Proposed Use:

Available FY17	\$2,670,000
Apply to operating budgets	
<ul style="list-style-type: none"> To increase usual base of 2.5% to 4% increase: <ul style="list-style-type: none"> School Municipal 	\$598,000 <u>\$272,000</u> \$870,000
Maximum	\$870,000
Allocate to debt service	\$800,000
Allocate to tax relief for all taxpayers	\$800,000
Tax relief – seniors – Aid to the Elderly – hold until Home Rule Petition article approved (FY18)	\$0
Save for future University Station direct costs for FY17	\$200,000
Total	\$2,670,000

Feedback from meetings:

- Favorable feedback on establishment of overall allocation.
- Tremendous demand for tax relief.
- Concern expressed in meetings re: operating budget growth.

Tax Relief Discussion

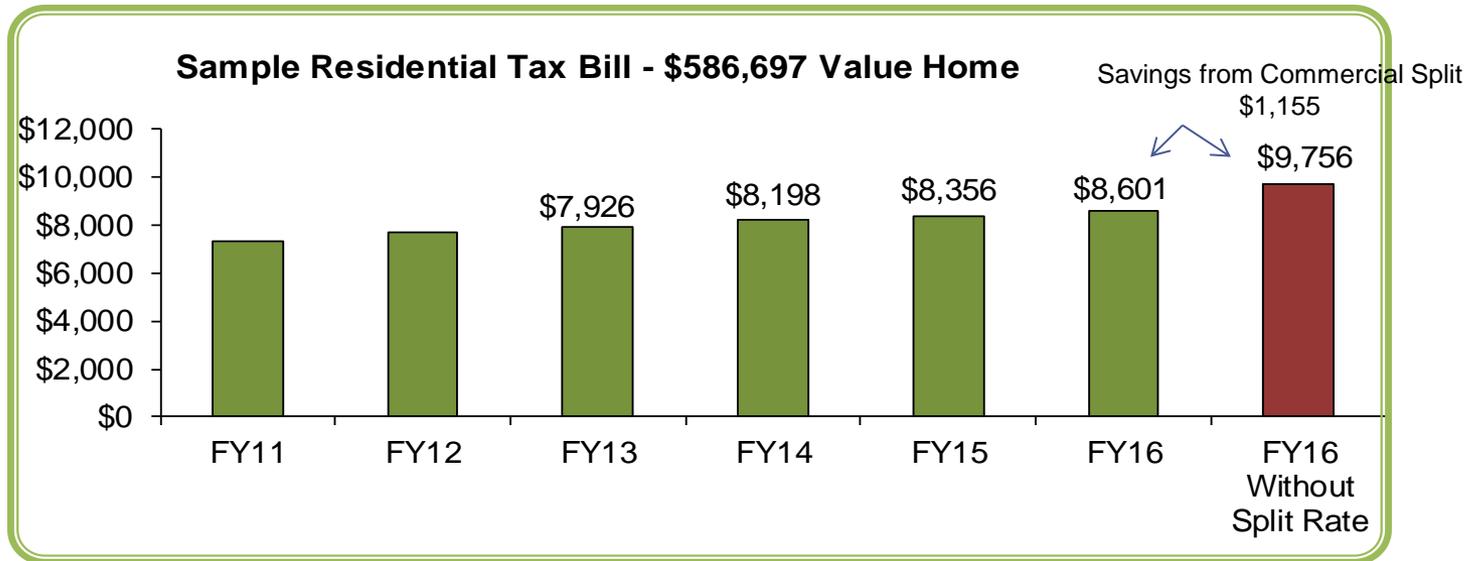
Tools for tax relief

- General tax relief for all taxpayers:
 - Not use full levy limit.
 - Pay for debt within Proposition 2 ½ as debt exemption.
 - Commercial tax shift – higher commercial tax rate.
 - Apply free cash to tax rate – general appropriation to reduce overall tax levy.
 - Proposed Town Meeting article to appropriate \$500K to reduce overall tax levy.
 - Each \$100K appropriated provides approximately \$13 in annual tax savings to average home.
 - So \$500K appropriation provides approximately \$65 annual tax savings to average home.
 - Potential in future to replace free cash with meals tax/hotel tax received from University Station.
- Targeted tax relief for senior population:
 - Current tool through donations to the Aid to the Elderly and Disabled.
 - Proposed Town Meeting Home Rule Petition article to appropriate funds to the Aid to the Elderly and Disabled.

Have been reviewing with Fincom and Long Range Committee the options available.

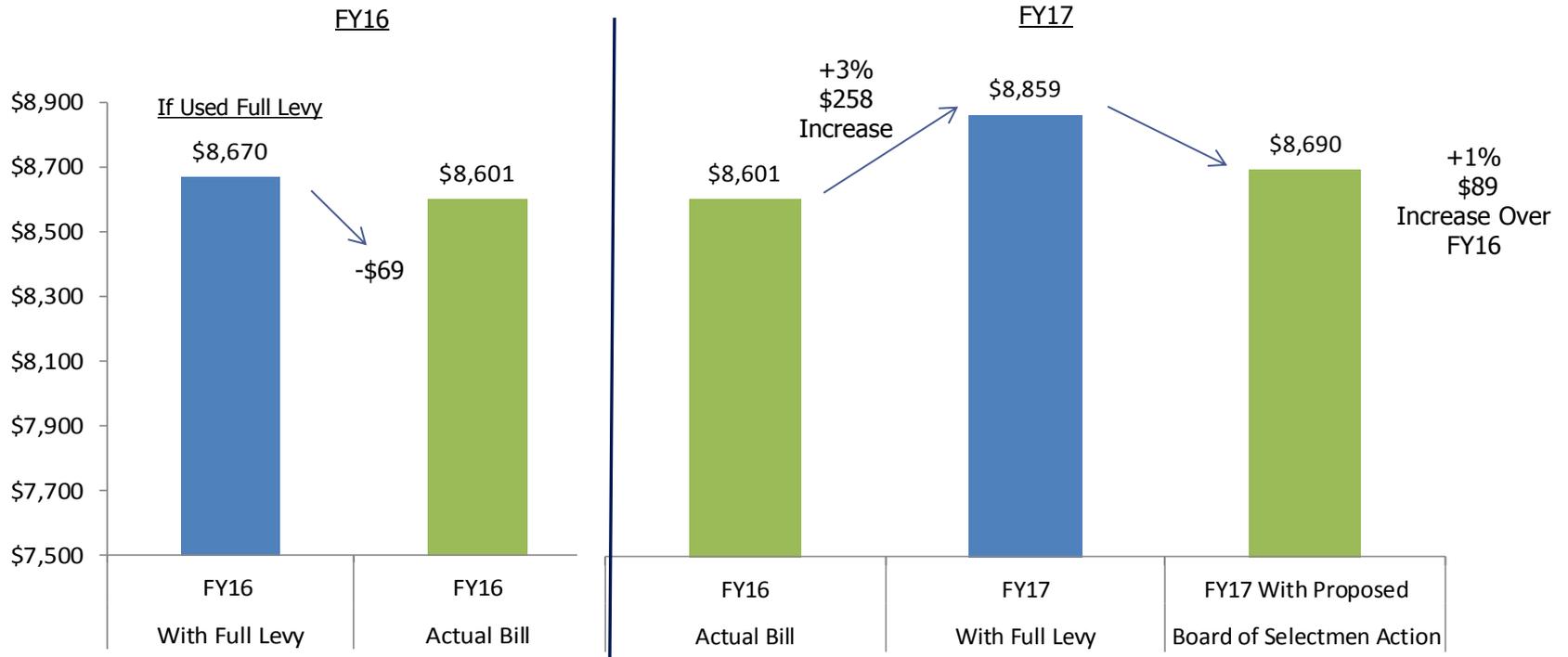
Residential Tax Bill History

- Information included in:
 - Tax bill insert.
 - All budget books.
 - Town Meeting document.
 - Town web site.



- FY16:
 - Home had a 7% increase in value.
 - Tax bill increase of \$245, or 2.9%.
- Split tax rate: Residential - \$14.66, Commercial - \$28.27
 - Commercial property pays 24.5% of total taxes.
 - Increase from 21% in FY15.
 - Without split rate, this home would pay \$1,155, or 13% more.

FY17 Potential Tax Bill



- FY16 we had excess levy of \$539K.
- If used, bill would have increased by \$69.

FY17 Board of Selectmen Action – Impact on Tax Bill

- Debt within Proposition 2 ½ (+\$104).
- Maintain commercial/residential tax split (+\$1155).
- Appropriate \$500K free cash to tax relief (-\$65).
- Allocate \$800K University Station revenue to tax relief (-\$104).

Capital Budget Update

Capital Budgets

- Similar to FY16, utilize free cash to increase capital above minimum level of \$823,000 by approximately \$700,000.
- Fund capital at FY16 level of \$1,523,000:
 - School - \$756,000
 - Municipal - \$767,000
- The Long Range Financial Planning Committee has been reviewing capital requests. Additional work to be done to consider project/financing for:
 - High School turf field.
 - Islington branch library.
 - Fire apparatus (2).

Initial FY17 Municipal Budget Request

- Initial FY17 request was \$1.1M increase or 6.5%.
- Current request:

Category	Current FY16 Budget	FY17 Municipal Budget Requested	\$ Change FY17 vs. FY16	% Change FY17 vs. FY16
Salaries	\$13,292,230	\$13,696,553	\$404,323	3.0%
Expenses	\$4,871,311	\$5,139,247	\$267,936	5.5%
Total	\$18,163,541	\$18,835,800	\$672,259	3.70%

Available funding:

- Allocation of 4% - \$725K.
- FY17 State budget - \$28K municipal aid.
 - Total available - \$753,000.
- Recommend to use difference (\$80K) on municipal capital budget as there are many needs.

Next Steps

- February 1 – Board of Selectmen to update overall budget plan.
 - Initial proposed budget documents produced and distributed.
- February 24 Long Range Committee meeting.

