



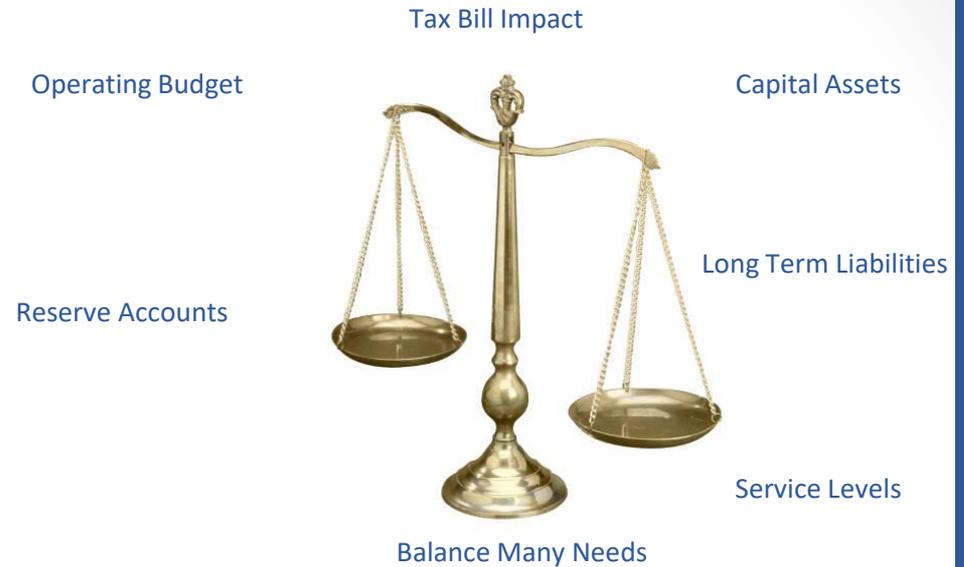
# Financial Review Select Board

October 28, 2019

# Items to Review

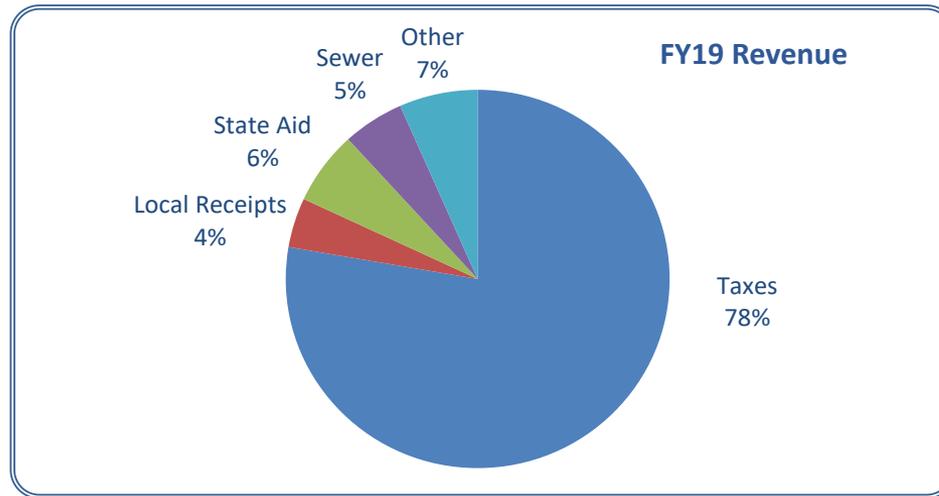
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- FY19 Results
  - Revenue
  - Expenditures
    - Snow and Ice
  - Free Cash
- Review of FY20 Budget
- Review of financial status – Where do we stand on Key Indicators
- Next steps and Fall Timeline



# Final FY19 Revenue – Continued Positive Results

## Final FY19 Budget Revenue - \$99M



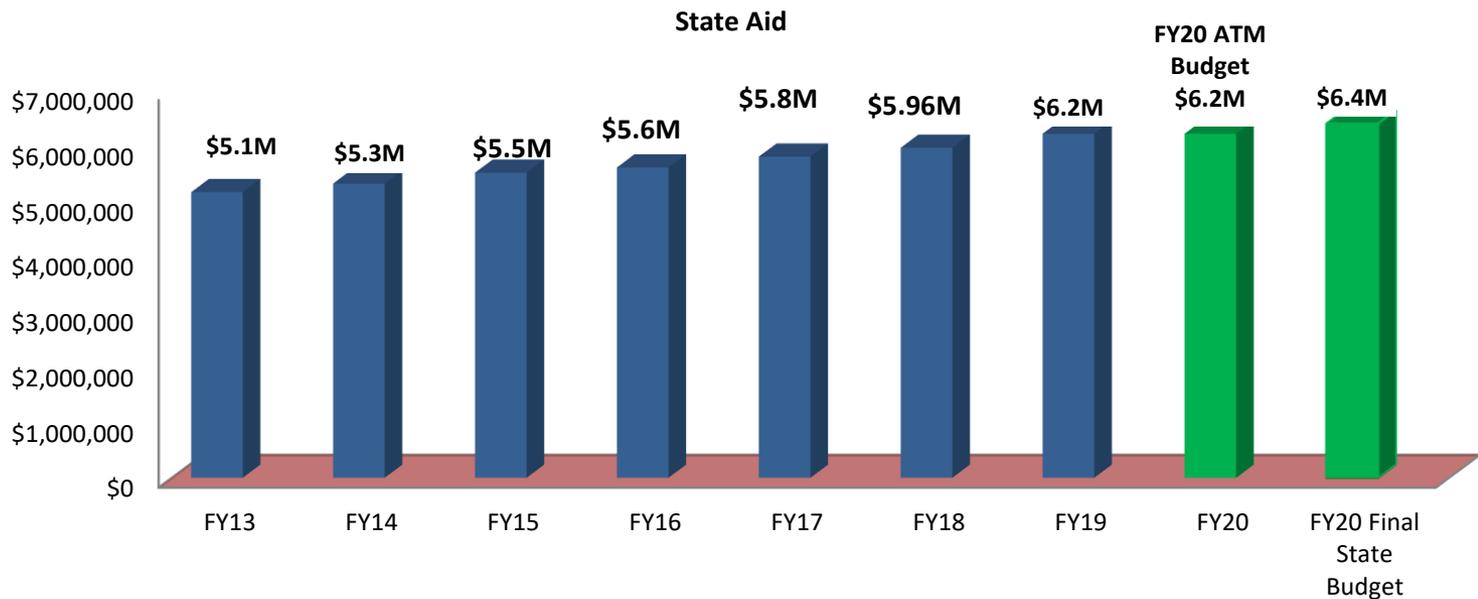
### Taxes

- Taxes - \$77M – on target.
  - Real estate collections remain strong, consistent year to year results.
  - 99% collected on time.
  - As taxes are approximately 80% of revenue, most important component to our financial stability.
- As of June 30, 2019:
  - Tax deferral \$455K – cumulative all years (FY18 \$475K, FY17 \$495K)
  - Tax title \$606K – cumulative all years (FY18 \$505K, FY17 \$654K)

# Final FY19 Revenue – Steady State Aid

## State Aid - \$6.2M FY19

- State now pays monthly.
  - Increased slightly in FY19 (\$5.9M in FY18).
  - State aid steady– no mid year cuts or disruptions for several years.



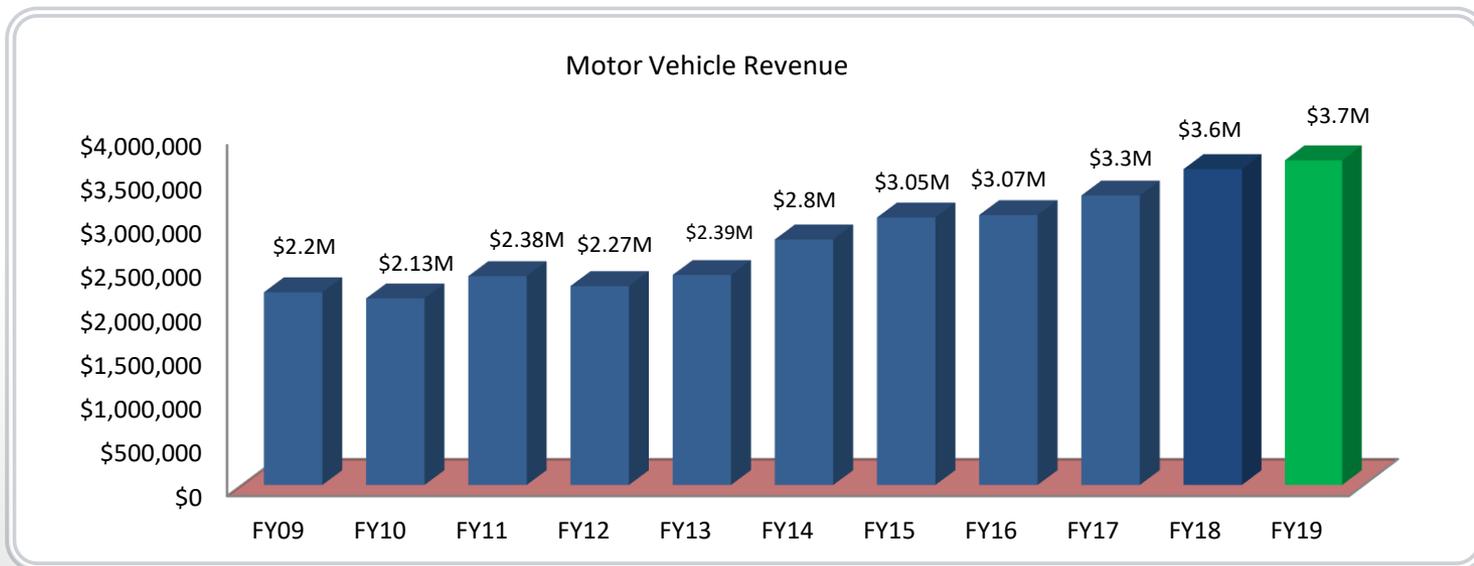
### FY20

- FY20 Final State Budget: Minor increase of \$180K over Annual Town Meeting Estimate
  - Additional Aid over Prior Year
    - Chapter 70 - \$160K increase
    - Municipal Aid - \$20K increase

# Final FY19 Revenue – Local Receipts Strong Collections

## Local Receipts

- Strong collections of \$5.9M, (prior year \$6.1M)
  - Exceeded budget by \$1.9M, (prior year \$2.1M)
- Largest categories:
  - Motor Vehicle Excise
    - Motor vehicle - \$3.7M collections – increase from \$3.6M in prior year.
    - Conservative budgeting provides cushion for economic downturn
  - Building Permits continue strong – based on construction activity in Town.
    - FY19 \$782K
    - FY18 \$682K
    - FY17 \$782K

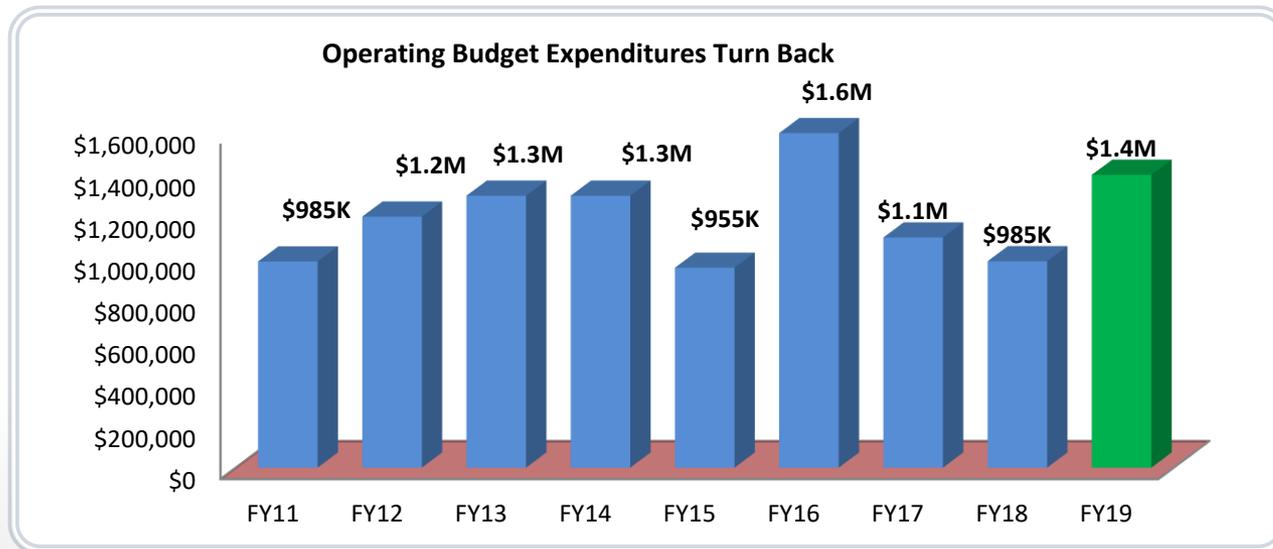


# Final FY19 Expenditures – In Line With Budget

## FY19 Final General Fund Operating Budget - \$86.4M

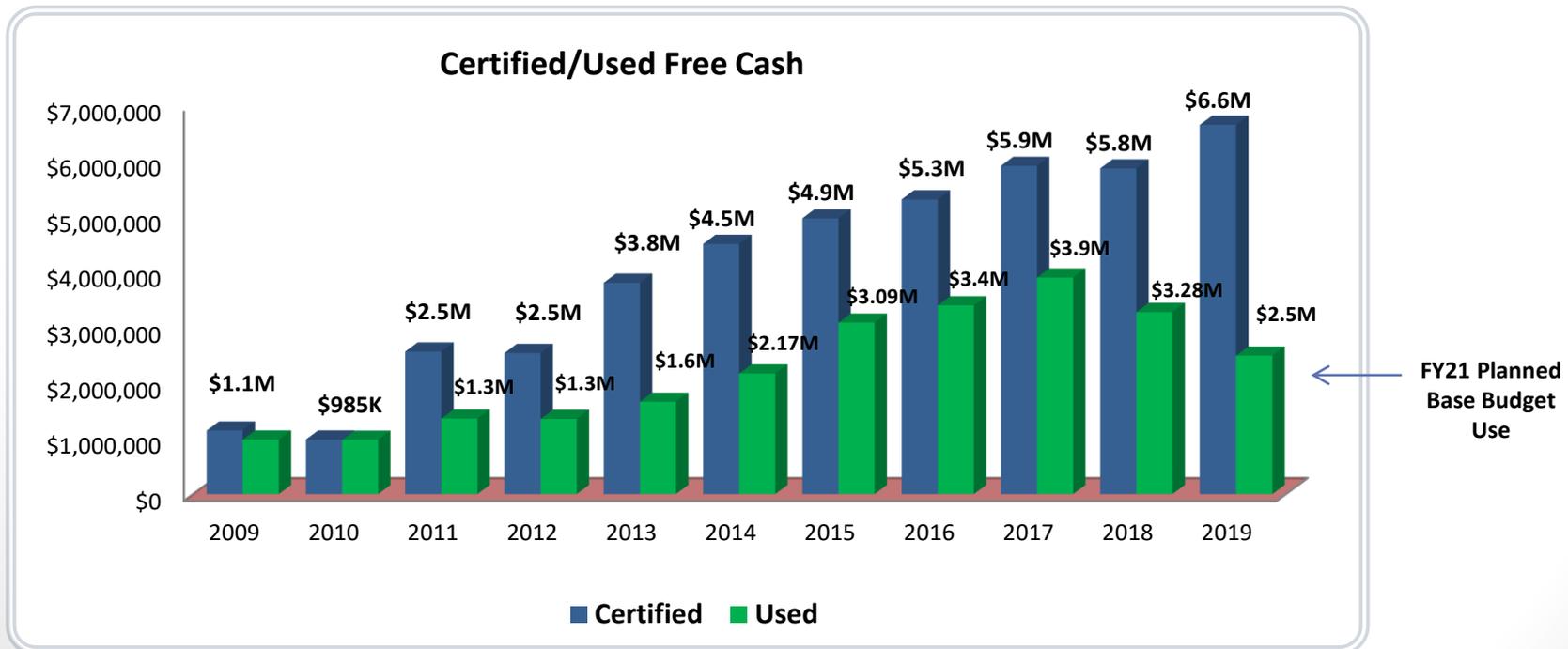
- Overall expenditures turn back - \$1.4M approximately 1.6%
  - Comparison turn back
    - FY18 \$985K or 1.2%
    - FY17 \$1.1M or 1.3%
- Turnback detail
  - Primary Benefits/Fixed Costs
    - Approximate margin is 5%
  - Reserves – Less usage for Snow & Ice

Turn Back	FY19	FY18
Municipal	\$229K	\$220K
School	\$3K	\$0
Benefits	\$850K	\$645K
Reserves	<u>\$333K</u>	<u>\$121K</u>
	\$1.4M	\$985K



# Free Cash – Strong Position

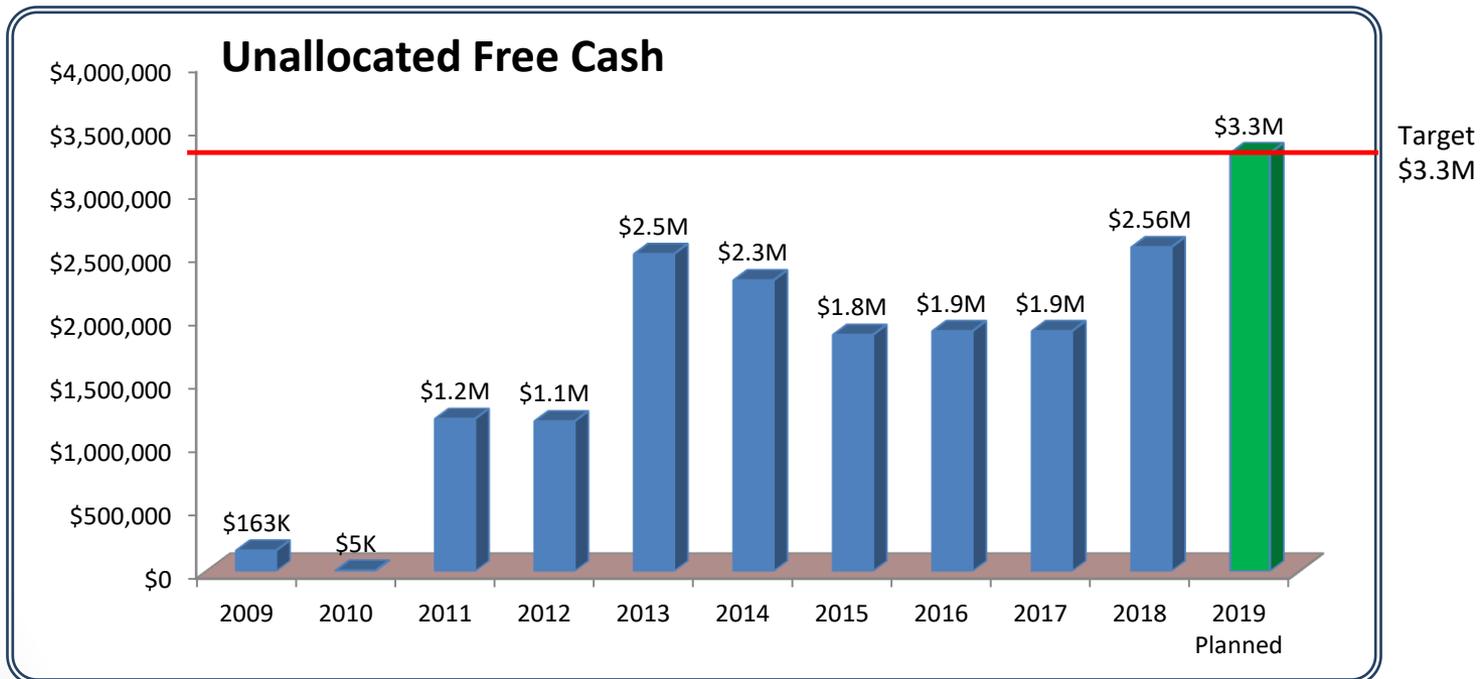
- Free cash certification as of 6/30/2019 – \$6,637,200
  - Free cash stabilized and strong.
  - Good FY19 budget to actual results.
  - Continued strong motor vehicle revenue.
- Disciplined use of prior year balance.
  - Not applied to operating budgets.
  - In line with policy.
  - Not using full allowance.
  - Applying additional amounts to capital needs and other one time uses.



- Financial policy target approximately \$3.3M unallocated

# Unallocated Free Cash – Can Meet Financial Goal

- Unallocated free cash target – approximately \$3.3M, provides for \$3.3M to use.
- Base use: \$125K Stabilization, \$2.339M capital.
- Additional amounts of \$873K can be used toward capital, snow and ice.
- Unallocated balance provides protection for the Town.



- Additional free cash beyond target has been used for: additional school and municipal capital.

# History of Free Cash Use

- Certified Free Cash as of July 1, 2019 is \$6,637,200
- 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.
- FY20 current budget uses :
  - Base
    - \$2,339,000 for base school and municipal capital
    - \$125,000 for Stabilization
  - Additional
    - Capital of \$824,500

Certified Date	July 2019	July 2018	July 2017	July 2016	July 2015	July 2014	July 2013	July 2012	July 2011	July 2010
Amount	\$ 6,637,200	\$5,854,683	\$5,900,219	\$5,386,795	\$4,961,737	\$4,502,878	\$3,806,582	\$2,547,593	\$2,572,798	\$985,616
Fall Town Meeting/Other			\$801,000	\$256,000	\$456,000	\$155,000				
<b>Proposed 2020 ATM:</b>										
Stabilization	\$125,000	\$125,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$344,000	
Capital	\$2,339,000	\$3,163,500	\$2,198,118	\$1,769,050	\$1,652,050	\$1,523,000	\$1,308,150	\$800,000	\$700,000	\$700,000
Articles			\$861,000	\$1,295,000	\$883,000	\$401,509	\$260,500	\$58,000	\$320,000	\$280,000
<b>Total Used</b>	<b>\$ 2,464,000</b>	<b>\$3,288,500</b>	<b>\$3,960,118</b>	<b>\$3,420,050</b>	<b>\$3,091,050</b>	<b>\$2,179,509</b>	<b>\$1,668,650</b>	<b>\$1,358,000</b>	<b>\$1,364,000</b>	<b>\$980,000</b>
<b>Unallocated</b>	<b>\$ 4,173,200</b>	<b>\$2,566,183</b>	<b>\$1,940,101</b>	<b>\$1,966,745</b>	<b>\$1,870,687</b>	<b>\$2,323,369</b>	<b>\$2,137,932</b>	<b>\$1,189,593</b>	<b>\$1,208,798</b>	<b>\$5,616</b>

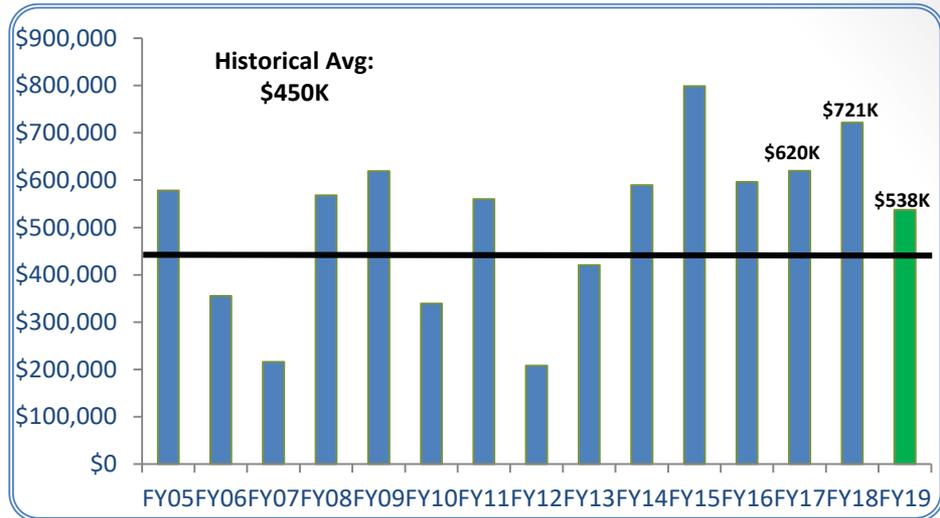
- Financial Policy target is approximately \$3.3M unallocated.

# FY19 Snow and Ice Update

- Total FY19 expenditures approximately \$538K.

## Funding FY19

\$538,000	Total Spent
\$450,000	Annual Budget
<u>\$100,000</u>	ATM Supplement from Reserve Fund
\$12,440	Balance



## Budget Recently Increased

- FY19 increased budget to \$450K
  - FY19 and FY20 \$450K
  - FY18 \$300K
  - FY09-FY17 \$250K
  - FY08 and prior \$141,200
- State has streamlined the process for deficit spending for Snow and Ice
  - Town Administrator now approves deficit spending



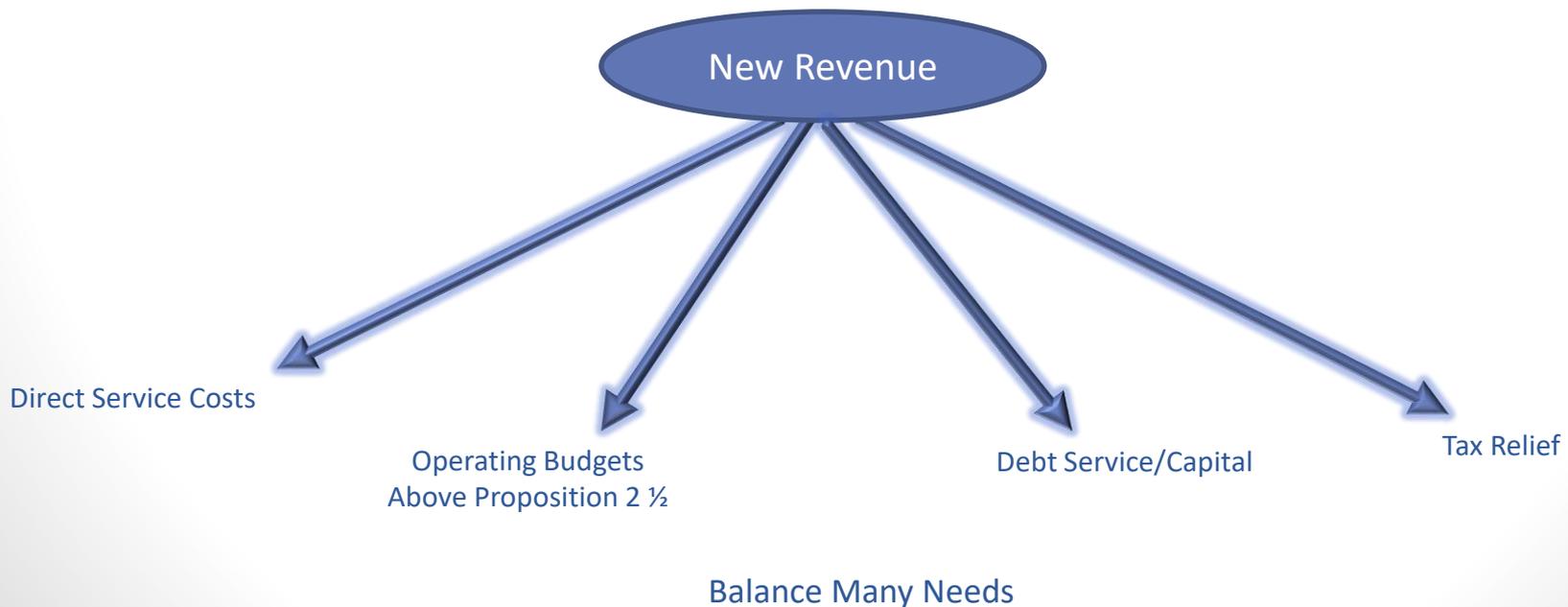
# Key Financial Items Update

# University Station Revenue Has Helped All Budget Areas

- University Station has provided important new commercial tax revenue:

University Station New Growth Tax Revenue						
FY15	FY16	FY17	FY18	FY19	Estimated FY20	Total
\$565,000	\$3,242,307	\$1,171,730	\$179,000	\$276,000	\$125,000	\$5,559,037

This chart shows the additional tax revenue each year from the project. The annual revenue is now \$5.4M. As taxes on the property before development were approximately \$2M, the total current University Station development pays over \$7M in annual taxes.



# University Station Revenue Helps Multiple Budget Areas

➔ Support operating budgets

- Schools \$2M
- Municipal \$ 730K

- Provides services without a Proposition 2 ½ override.

➔ Provide for increases in direct impact

- Municipal – Public Safety \$1.7M
- Schools \$ 265K

- Hired additional fire and police staff without a Proposition 2 ½ override

➔ Fund capital projects within Proposition 2 ½

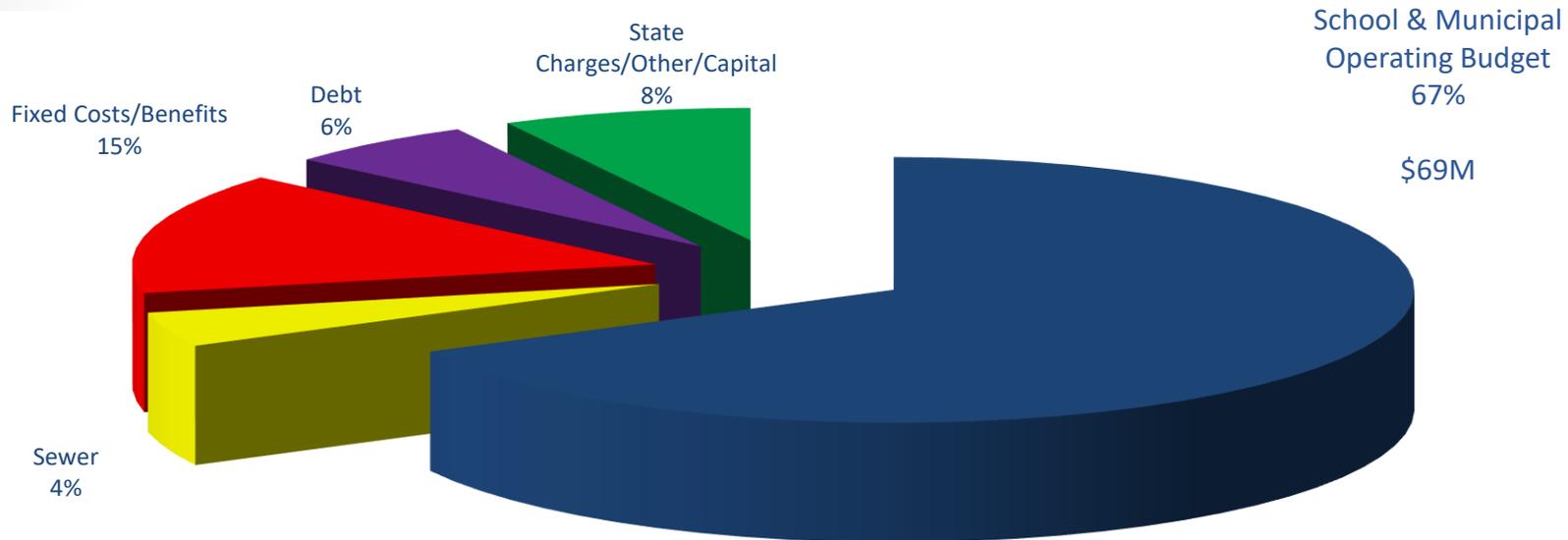
- Capital fund contribution \$975K
  - Used for Flahive Field turf replacement
- Police Station \$800K

➔ Apply revenue to subsidize tax bills for all residents

- Approximately \$500K per year

# FY20 Total Expenditures

FY2020 Expenditure Summary - \$102.5M, 3.5% increase



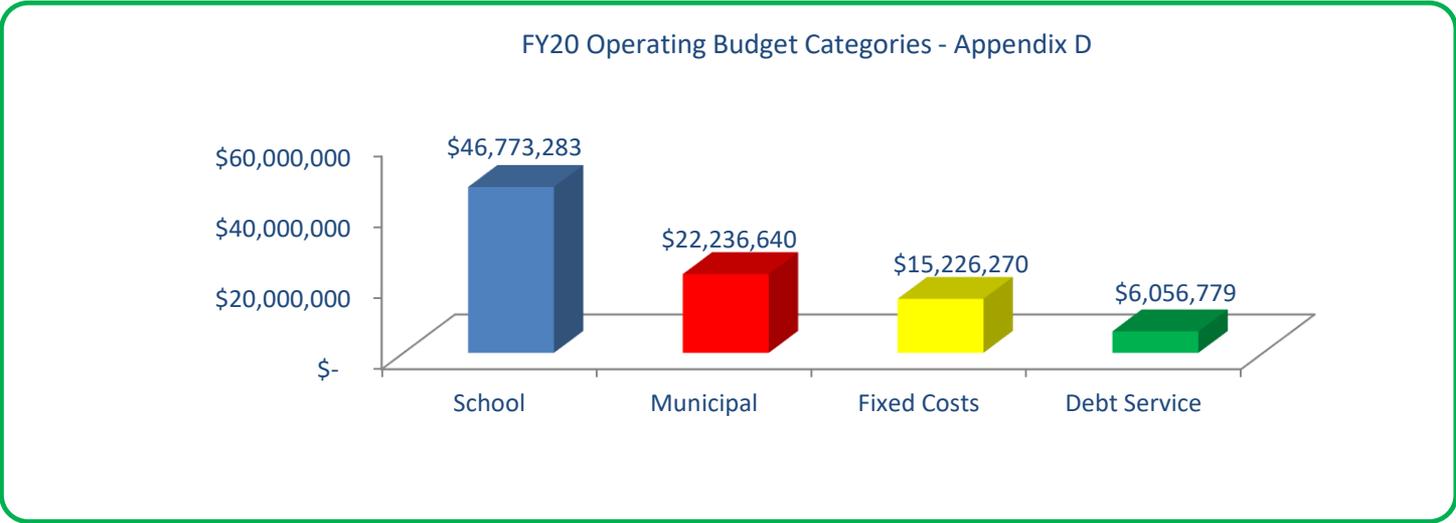
## Operating Budgets

- Provide for core services to community
- Strive for operating budget stability for school and municipal budgets.
- Strive for sustainable budgets

# FY20 Budget - Provide for Consistent, Sustainable Funding

## FY20 Approved Operating Budget - \$94.6M, 3.8% increase

Operating budget provides daily services to the community.



	FY16	FY17	FY18	FY19	FY20
School	5.3%	4.9%	3.4%	3.4%	3.5%
Municipal	5.2%	3.7%	3.6%	3.1% *	3.5%

↑ ↑  
Additional University Station Funding

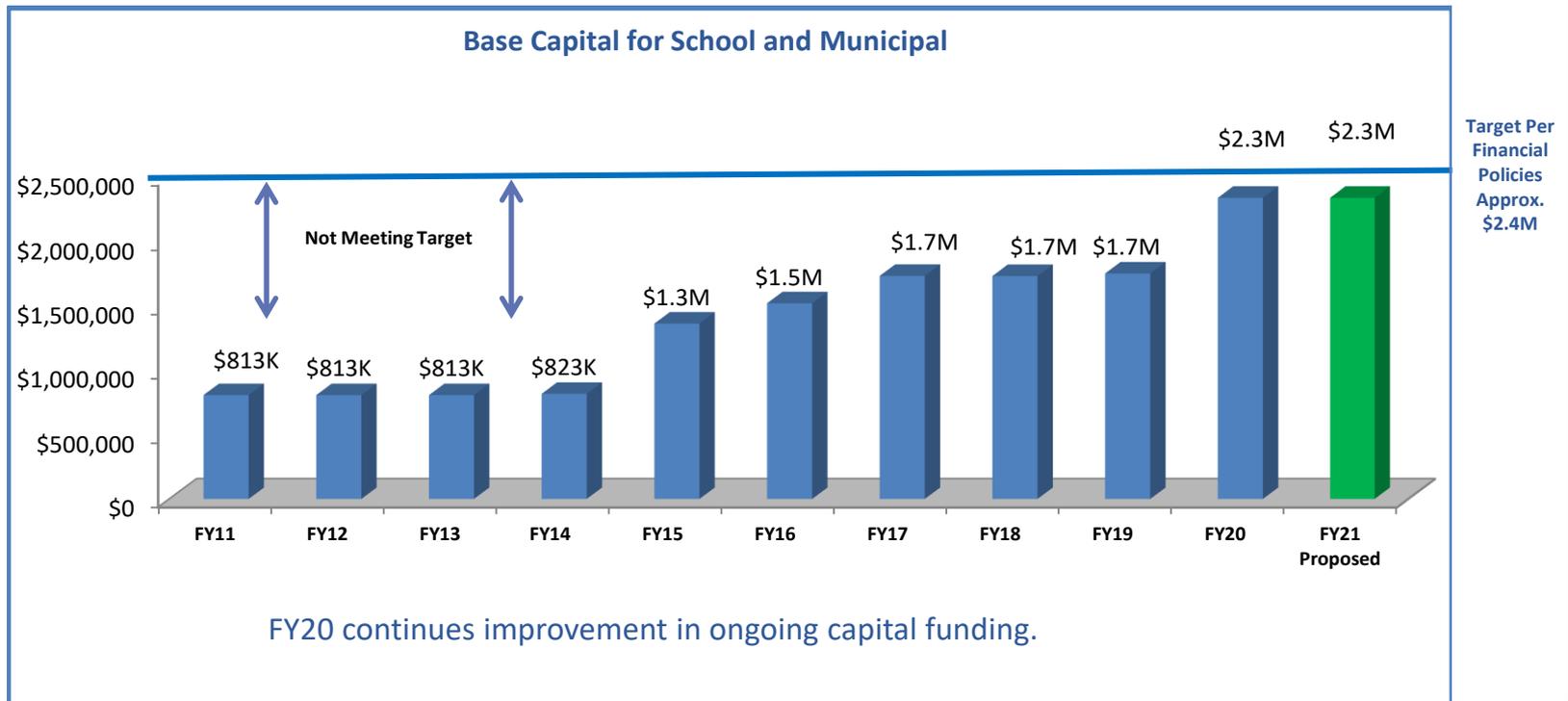
- Important that operating budget have moderate growth and are sustainable.

\* With Snow & Ice Adjustment, FY19 was 3.8%

# Capital Budget - Important reinvestment in buildings, equipment and assets

## Base Capital Budget Articles – School and Municipal

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



- 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

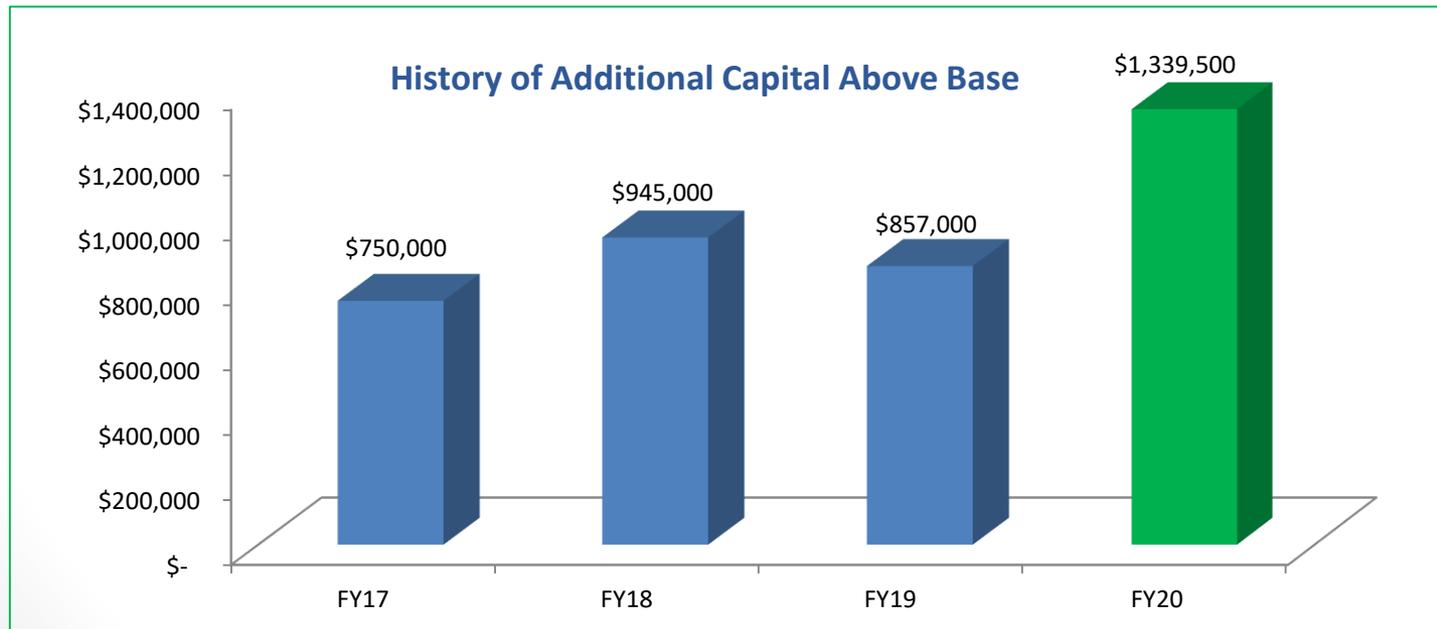
- Since FY17, the Town Meeting has approved an “additional” capital budget article beyond the main base articles.
- Effort to fund:
  - Capital that has been deferred by years of not meeting financial goal
  - Larger items that do not easily fit within base capital budget articles:

## Prior Years

- School IT network
- High School Tennis Court Lighting
- Pool Renovations

## FY20

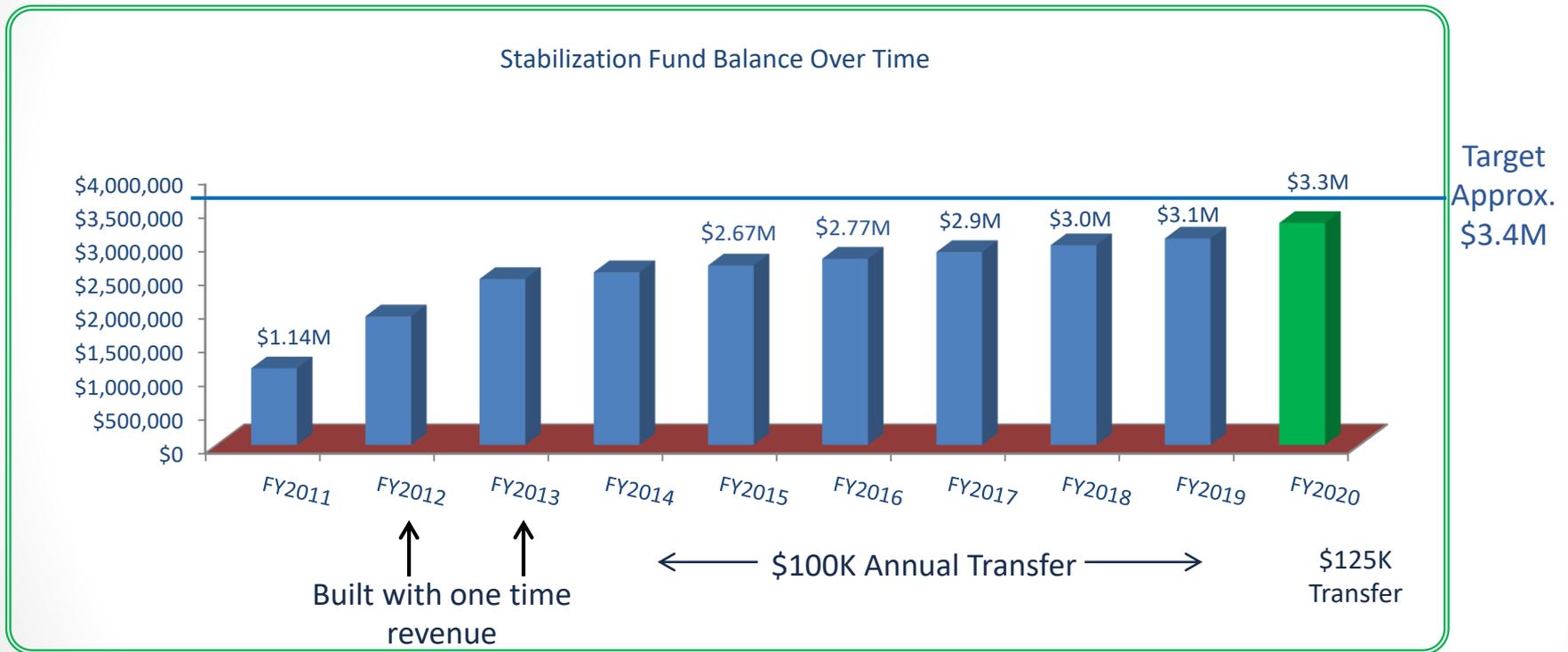
- Thurston HVAC Project
- COA HVAC Project
- Field Design Projects



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

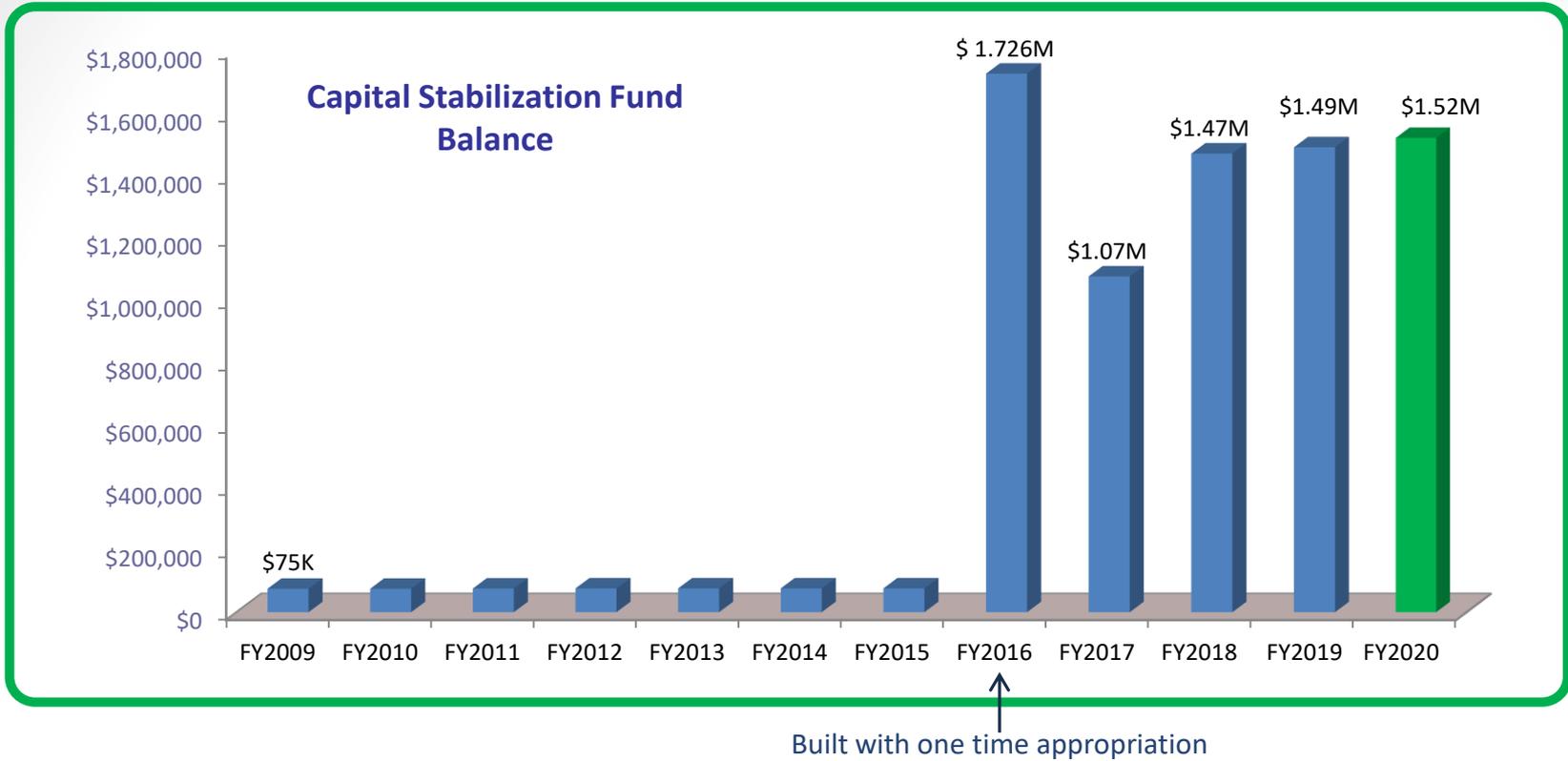
# Stabilization Fund Update – Maintain Target Level

- Main savings account.
- Important component of credit rating.
- Target approximately 4% of revenue.



- Have been able to build funding through:
  - One time large supplements.
  - Ongoing annual small appropriations.

# Capital Fund – To Save For and Pay For Large Capital



- 2016 Annual Town Meeting voted to use \$650K for high school turf field and track.

# Town Debt – Appropriate Balances and 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 debt dropping off

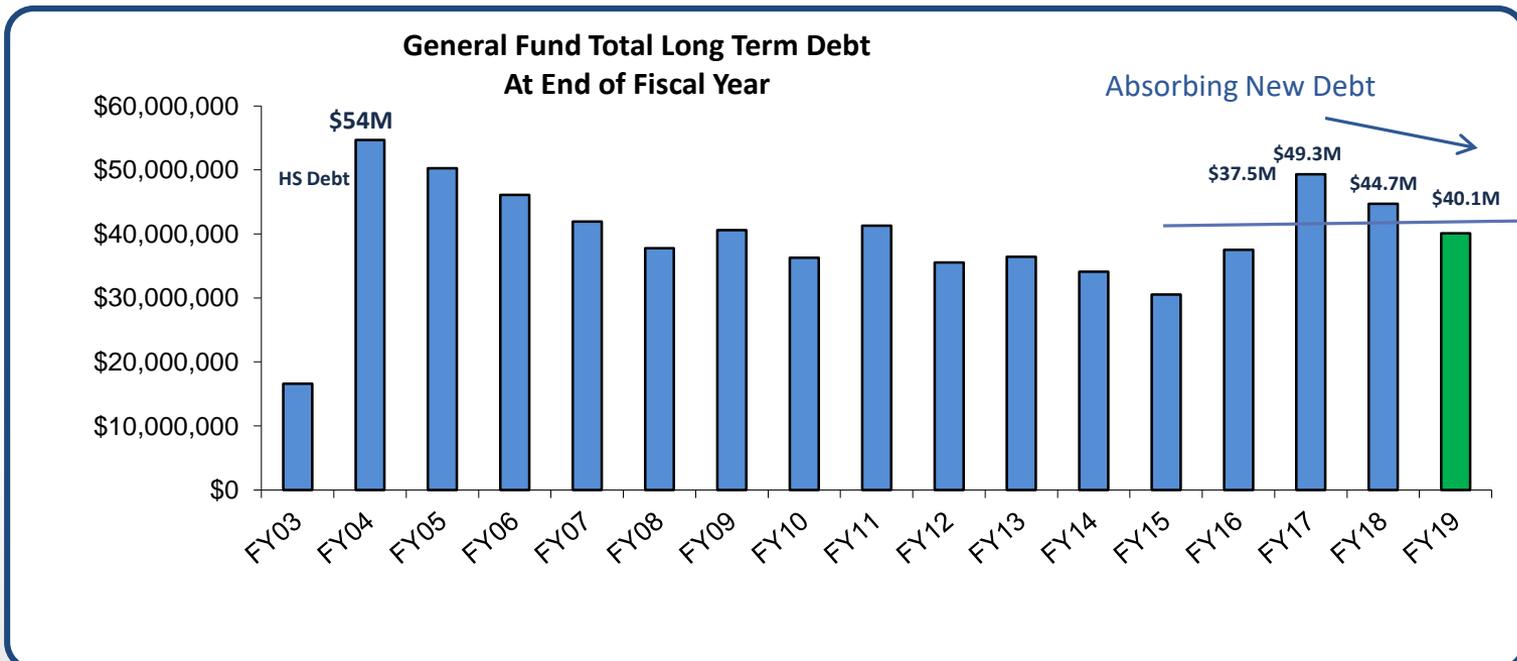
- Next debt drop off 2023.

## Recent Bond Sales

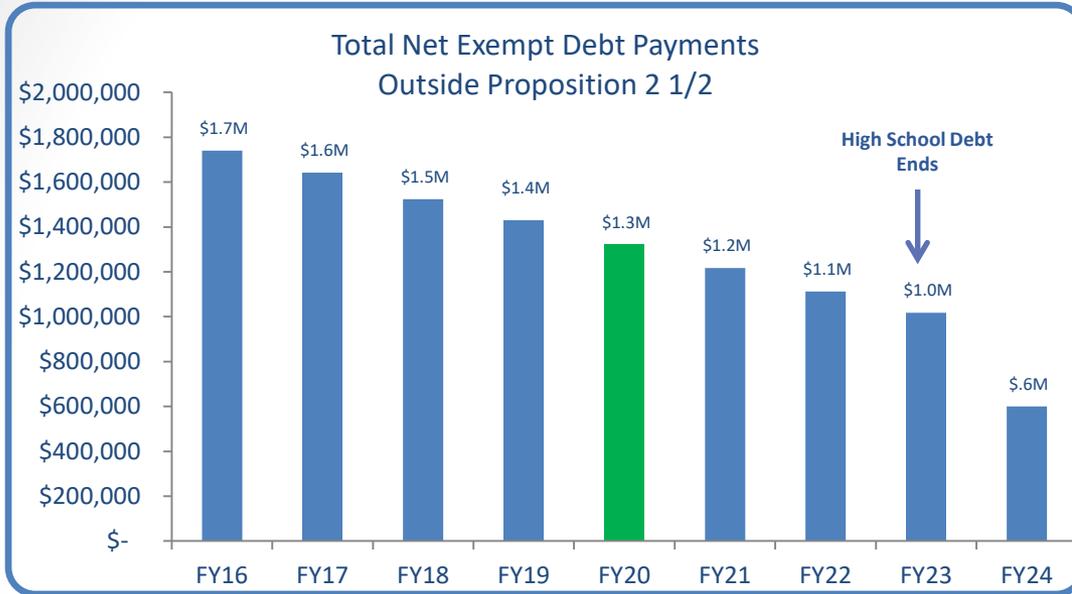
- Bond sold August, 2016:
  - \$16.64M, 10-30 year term, 2.4%.
- Bond sold August, 2015:
  - \$10.45M, 5-20 year term, 2.6%.

## Debt authorized, not yet issued:

▪ School MSBA <u>Initial</u> Phase	ATM 2018	\$1,750,000
▪ Redev. Islington/Wentworth Lib.	ATM 2018	\$3,500,000
▪ Sidewalk Improvements Rt 109	ATM 2019	<u>\$900,000</u>
		\$6,150,000

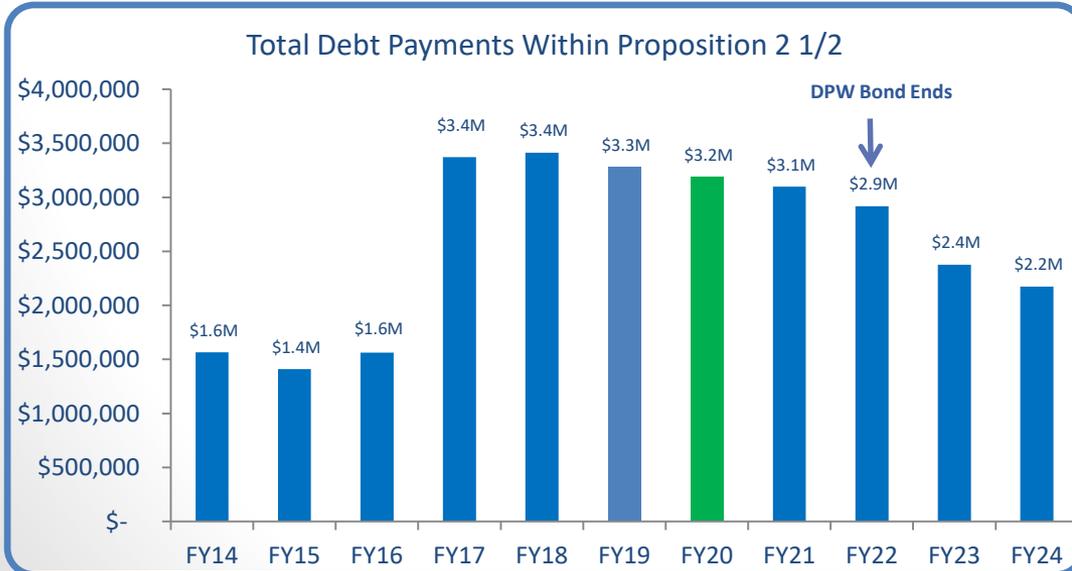


# Utilize Rollover of Debt to Fund Future Projects



## Debt Outside Proposition 2 ½

- High School and Library Bonds
- High School bond ends FY2023.
  - Debt rollover will help with Elementary School Project

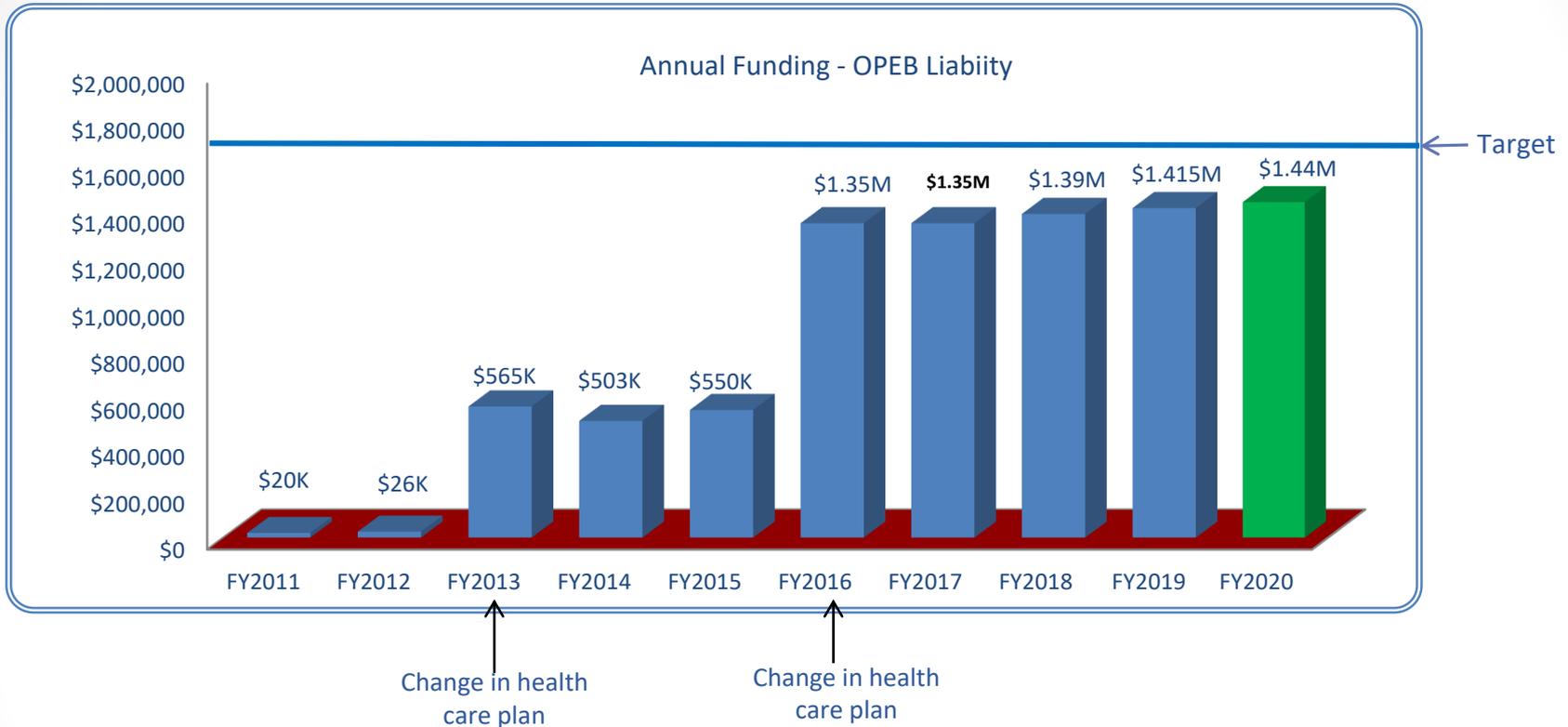


## Debt Within Proposition 2 ½

- \$4M DPW Bond ends FY2022:
  - Provides space to issue new bond within Proposition 2 ½

# OPEB Liability – Progress Made on Liability

- Significant progress on both the revenue and expense reduction sides



- Balance in trust fund account as of 7/1/19 is approximately \$10.3M.
- Funding plan schedule – increase appropriation by \$25K/Yr
- Next study, as of 6/20/2019, to be completed Feb. 2020.

## OPEB Liability

	6/30/13	6/30/15	6/30/17
Discount Rate		7.75%	7.25%
Unfunded Actuarial Liability	\$55.9M	\$35.6M	\$39.1M
Funded Ratio		4.6%	11.4%

# Meals and Hotels Tax Revenue

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.

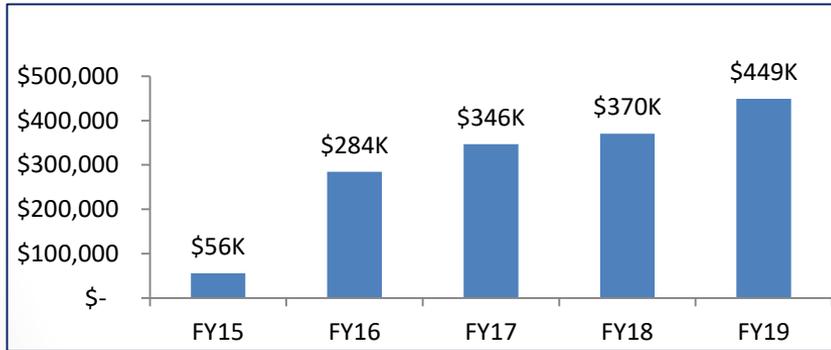
## Hotel Tax

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

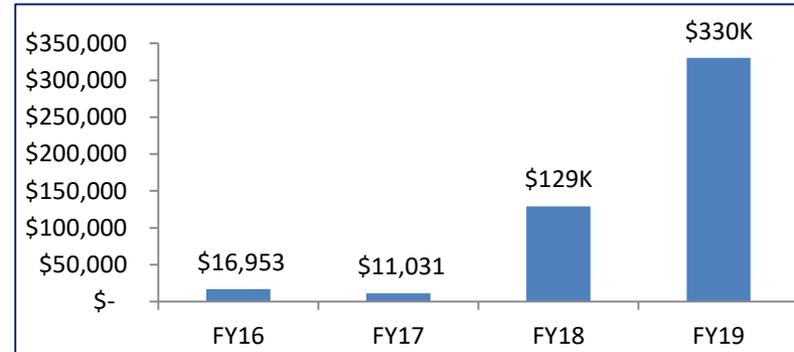
## Restricted Funding

- 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.

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



\* New Hotel came online October of 2018

Most Recent Quarterly Receipts

	Meals	Hotels
9/30/19	\$114,521	\$94,310
6/30/19	\$107,392	\$72,978

# Meals and Hotels Tax Revenue

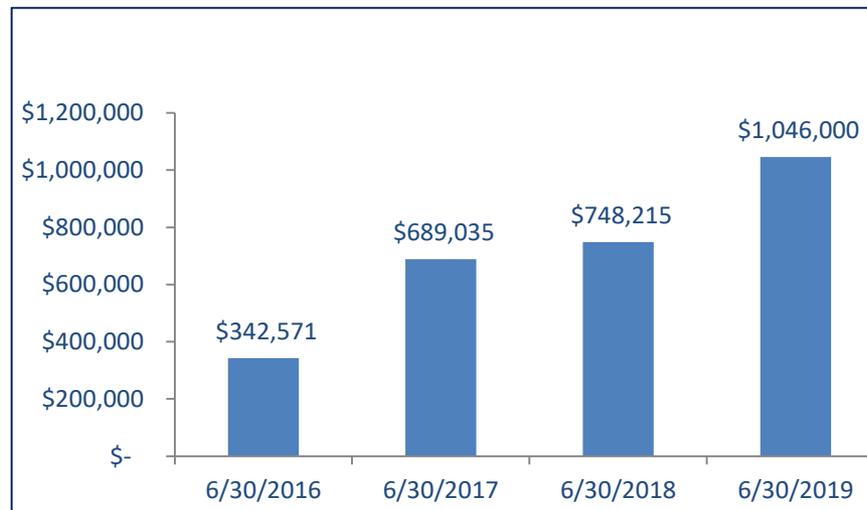
## Use of Funds

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 2019 Town Meeting \$515K:
  - Design of Recreation Field Lighting
  - Thurston Middle School HVAC project
  - Council on Aging HVAC project
- May 2018 Town Meeting \$432K:
  - Lighting of the High School tennis courts
  - HVAC project at the High School pool

These facilities receive extensive use by residents of all ages.

### **History of Meals/Hotels Tax Account Balance**

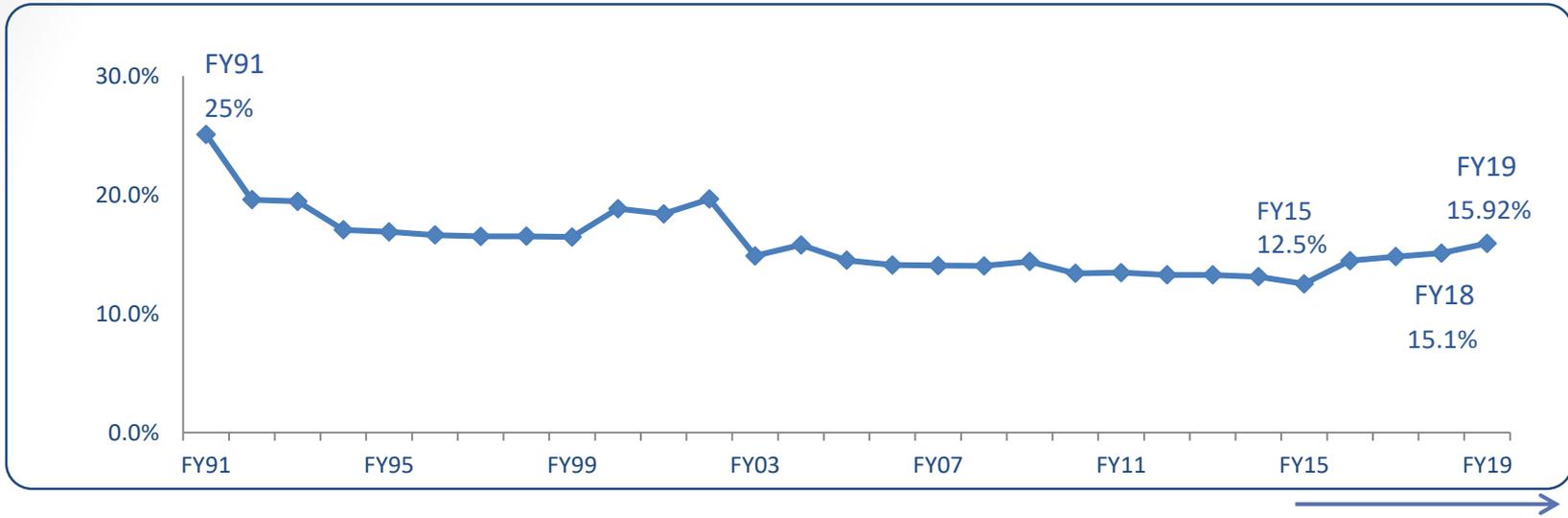


## Balance in the Account

- The balance in the account as of September 30, 2019 is \$1.2M.

# Commercial Value Important to Town Finances

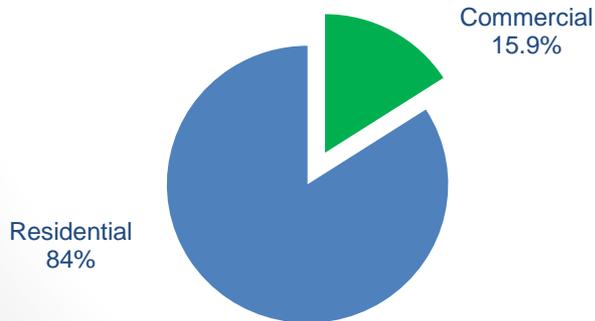
University Station has significantly helped overall finances:



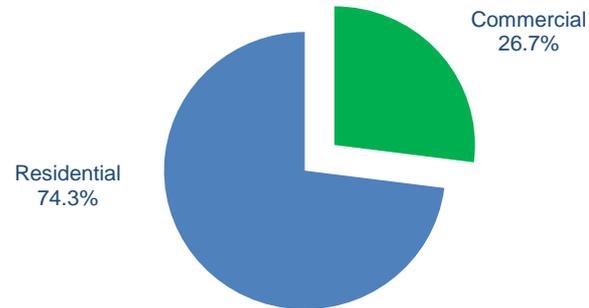
University Station comes on line

## Commercial Value as % of Total Value

### Total Value



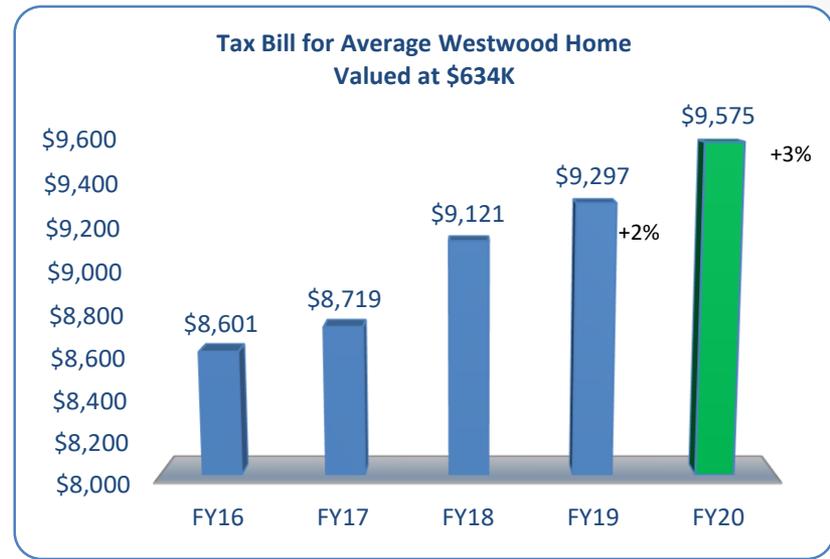
### Taxes Paid



Commercial is 15.9% of value, but pays 26.7% of total taxes

# Residential Tax Bill – Each Tax Bill is Based on the Change in Value

- FY19 – Total residential value increased by 5%
  - Average home: \$634K
    - FY19 Increase in value 5%
    - FY19 Increase in tax 2%
- However, individual homes may have different value changes.



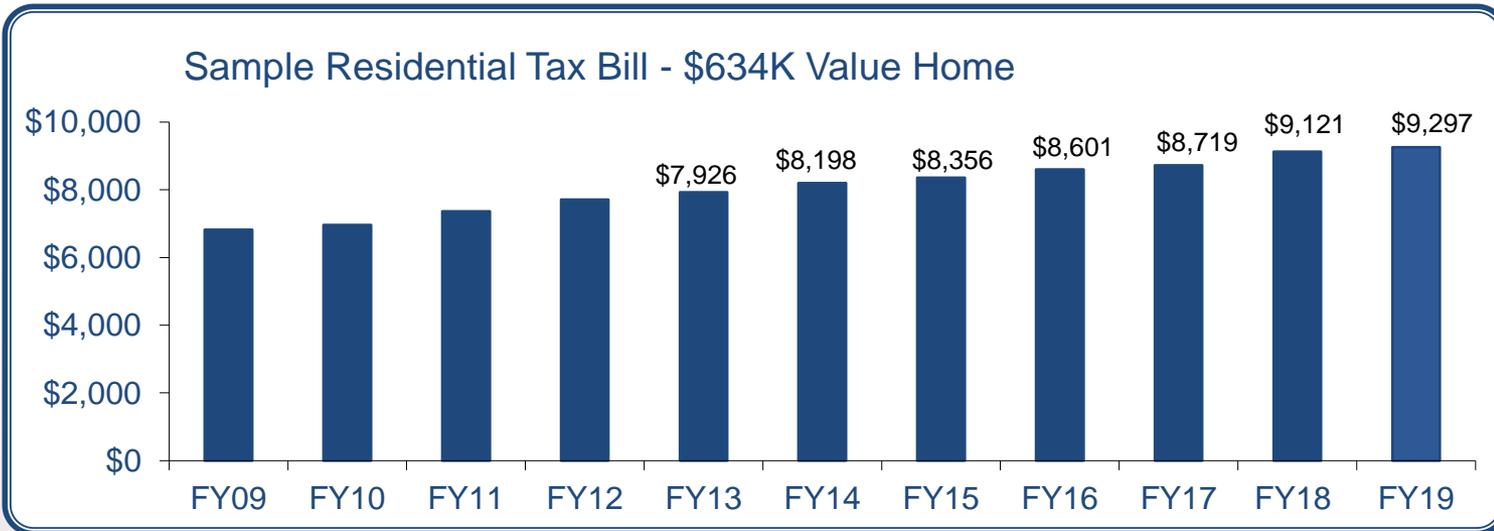
## Sample of Westwood Homes

	Home Value			Tax Bill		
	FY18	FY19	% Change	FY18	FY19	% Change
→	\$ 1,842,850	\$1,843,000	0%	\$ 27,809	\$27,000	-2.9%
	\$ 1,168,700	\$1,213,250	3.8%	\$ 17,636	\$17,774	.8%
→	\$ 811,850	\$875,600	7.9%	\$ 12,251	\$12,828	4.7%
	\$ 604,000	634,636	5.1%	\$ 9,121	\$9,297	2.0%
→	\$ 522,950	566,600	8.3%	\$ 7,891	\$8,301	5.2%

More detail available in the annual tax insert and Town Meeting Book

# FY19 Taxes

	FY17	FY18	FY19
Total Town Taxes	\$70.5M	\$74.0M	\$76.9M
Sample Home Value	\$598,431	\$604,000	\$634,636
Sample Tax Bill	\$8,719	\$9,121	\$9,297
\$ Change in Bill	\$118	\$402	\$176
% Change in Bill	1.3%	4.6%	2%
Savings from Split Rate	\$1,207	\$1,300	\$1,370



# Financial Policies Status Update, September 2019

	Target	Actual	Comments	Target Status	Comparison to Previous Year
<b>B. 2. Operating Reserve Fund</b> – shall be .5% of total general fund operating budget, net of debt service. Per new policy.	\$419,180 .5%	FY20 Budget \$400,000	At approximate target. \$400,000 is a comfortable budget, but should increase to \$425K in FY21.	✓	Continue to Meet Target
<b>B. 3. Free Cash</b> – shall maintain at 4% of general fund operating budget, net of debt service.	\$3,353,447 4%	\$6,637,200 7.9%	Actual is at goal. Full amount <u>before</u> use of any free cash. This allows us to utilize standard free cash amount for FY21 budget and still meet target. FY19 unused was \$2.6M which is below target.	X	Continued Improvement
<b>D. 3. Reserve accounts</b> – shall maintain at 8% of general fund operating revenues, net of debt service. Total reserve goals should be maintained at 4% in general fund and 4% in stabilization account.	Stabilization Target 4% \$3,580,927  Total 8% or \$7,161,855	Stabilization 3.7% \$3,334,981  Total 11.1% or \$9,972,181	Stabilization approximately \$245K short of target.  Total is over target. This would be <u>before</u> use of free cash. Allows for standard use of free cash, and then remain at target.	✓	Stable On Track With Target
<b>D.4 Annual OPEB appropriation</b> – the Town will appropriate no less than \$550,000 per year to the OPEB Liability Trust Fund.	Minimum \$550,000	\$1,440,000	FY20 budget includes \$1,440,000 appropriation. Above minimum target and on track with required funding.	✓	Significant Improvement Target Could be Increased
<b>E. 4. General fund nonexempt debt service</b> should not exceed 8% of net general fund revenues.	Not exceed 8% Or \$7,161,855	3.7% \$3,312,165	Target is met. Non exempt debt service is at approximately ½ of maximum target.	✓	Continue to Meet Target
<b>E. 4. Total General fund exempt and nonexempt debt</b> should not exceed 10-12% of net general fund revenues.	Not exceed 12% Or \$10,742,782	6.8%  \$6,056,779	Target is met. Total debt is well below target. There is approved, but not yet issued debt of \$6.1M	✓	Continue to Meet Target
<b>F. 5. Investment in capital stock</b> – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$2,515,085 3%	\$2,339,000 2.8%	Actual is approximately \$176K short of target. Actual at 93% of target. Base capital has been increased incrementally from \$823K to \$2.33M. In each of the last 4 years, we have added an additional \$700-\$1.3M of capital <u>above</u> the base.	Close to Target	Continued Improvement and Additional Capital
<b>G. 5. Maintain sewer retained earnings</b> – will maintain 10% of sewer fund revenues.	\$579,017 10%	\$4,110,222 71%	Actual is well above target, due to new commercial connect fees to be used for capital maintenance of system and other reserve requirements.	✓	Well Above Target

# Other Policies Status Update, September 2019

Other Policies	Comments	Target Status	Comparison to Previous Year
<p><b>B.1. General Fund</b> – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.</p>	<p>No Free Cash used for operating budget.</p>	<p>✓</p>	<p>Target has been met consistently</p>
<p><b>D.3. Reserves</b> – Town will strive to make annual appropriation to the Stabilization Fund</p> <p><b>D.4. OPEB</b> – Town will strive to move towards fully funding ARC (Annual Required Contribution).</p>	<p>\$125,000 appropriation to stabilization reserve at 2019 Annual Town Meeting, funded by free cash. Will continue in FY21 budget plan.</p> <p>Current balance in stabilization account is \$3.3M</p> <p>\$1,440,000 appropriated to OPEB reserve at 2019 Annual Town Meeting, within budget funds. This is currently on target with required annual payment (ARC). OPEB trust account now has a balance of \$10.3M.</p>	<p>✓</p> <p>✓</p>	<p>Target has been met consistently</p> <p>Greatly Improved On Target with ARC from Current Valuation</p>
<p><b>F.2. Capital Planning</b> – Town will develop a multi-year plan for capital improvements.</p>	<p>Produced 5-year Capital Improvement Plan document; will continue to improve document and produce on an annual basis.</p>	<p>✓</p>	<p>Same</p>



# Next Steps

# Next Steps and Timeframes

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## FY19 Year End Close - Completed

- Free Cash certification – 9/4/2019
- Complete state reporting requirements -
  - Department of Revenue and Department of Education
- FY19 audit - completed

## FY20 Fiscal Issues

- Property Values – **October/November**
  - Finalize and get approval for all FY20 values, including final FY20 new tax growth.
- Tax Rate - **November**
  - Board of Selectmen hold classification hearing (11/18/19)
    - Set shift factor for residential/commercial split.
  - Get tax rate approved by Department of Revenue.
- Review of Tax Bill Impact - **November**
  - When values/tax rate/University Station new growth finalized – review actual residential tax bills.

## In Preparation for FY21 Budget Cycle – **October/November**

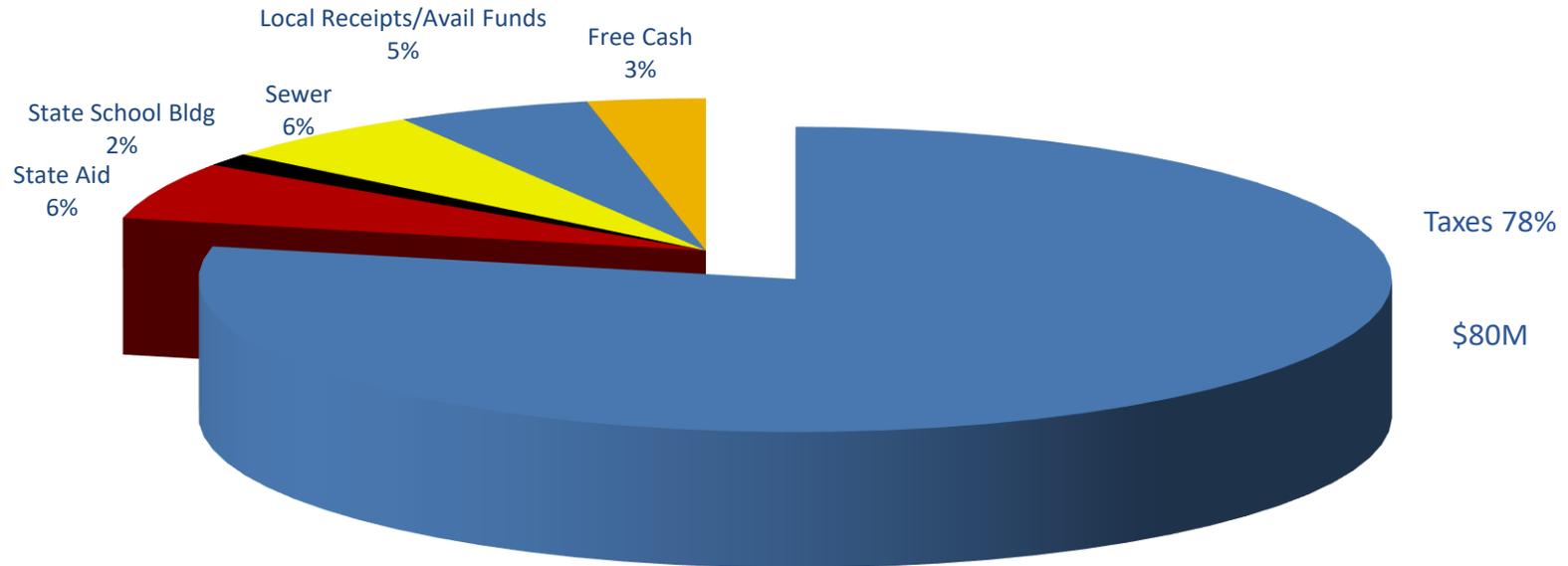
- Update five-year forecast, FY21 – FY25.
- Review preliminary FY21 budget overview with Select Board.
- Capital requests have been submitted and are being reviewed.
- Select Board initial capital review at November 18<sup>th</sup> meeting.
- Prepare operating budget requests and projections.



# FY21 Budget Preview

# What Revenue Funds the Budget?

FY2020 Projected Budget Revenue - \$102.5M, 3.5% increase



- Typical suburban community revenue chart
- Always a challenging financial model:
  - Main revenue source is restricted (Prop 2 ½)
  - Must balance tax bill impact

# Tax Revenue Calculation per Prop 2 1/2

Tax Levy Calculation	FY2016	FY2017	FY2018	FY2019	Budget FY2020	
Prior Year Levy Limit	\$60,753,121	\$66,435,457	\$70,367,740	\$73,558,364	\$76,623,854	
Plus 2.5% Increase	\$1,518,828	\$1,660,886	\$1,759,194	\$1,838,959	\$1,915,596	Plus 2.5%
Plus New Growth**	\$921,201	\$1,099,667	\$1,252,430	\$950,531	\$450,000	New growth
New Tax Levy - University Station	\$3,242,307	\$1,171,730	\$179,000	\$276,000	\$125,000	Uni Station growth
General Overrides	\$0	\$0	\$0	\$0	\$0	General Override
<b>Tax Levy Limit</b>	<b>\$66,435,457</b>	<b>\$70,367,740</b>	<b>\$73,558,364</b>	<b>\$76,623,854</b>	<b>\$79,114,450</b>	
<b>Exempt Debt*</b>	<b>\$1,740,624</b>	<b>\$1,642,706</b>	<b>\$1,523,690</b>	<b>\$1,429,505</b>	<b>\$1,320,986</b>	Exempt Debt
<b>Levy Capacity</b>	<b>\$68,176,081</b>	<b>\$72,010,446</b>	<b>\$75,082,054</b>	<b>\$78,053,359</b>	<b>\$80,435,436</b>	What we could tax
Actual Levy Assessed	\$67,637,558	\$70,500,803	\$74,005,710	\$76,955,697	\$80,435,436	What we actually tax
Excess Levy(Taxes not raised )	\$538,523	\$1,509,643	\$1,076,344	\$1,097,662	\$0	Unused tax levy

- No general override since 2007
- Exempt debt declines each year, High School bond ends in 2023

# FY21 Preliminary Look - Revenue

- Real estate taxes – Utilize full non University Station Tax levy.

- Total FY21 levy increase:
  - \$2M - 2 ½% growth.
  - \$450K estimate non Uni Station growth.
  - **To be updated for:**
    - Final actual new growth FY20
    - Final University Station growth

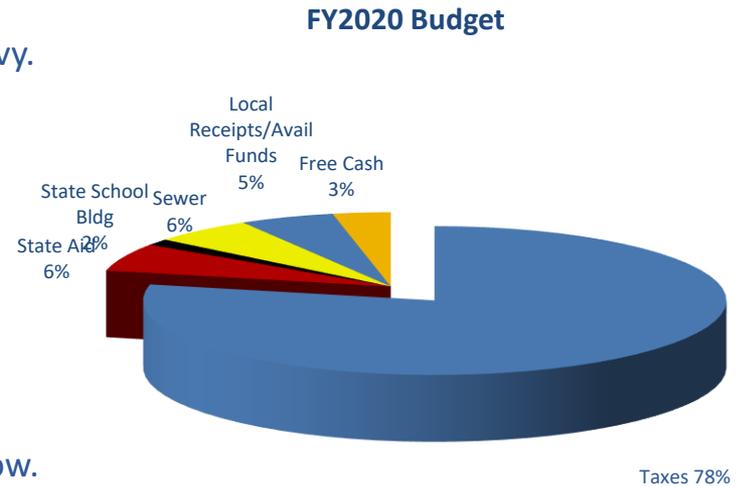
- State aid – FY21 Projection – level fund at Final FY20 for now.

- Governor’s Budget due out January , 2021.

- Local receipts – FY21 Project level fund.

- Free cash current balance \$6.6M – should use carefully – continue with current allocation.

- Utilize \$2.4M for base capital, and \$125K for stabilization.
- Utilize additional free cash for additional capital beyond base (\$870K).



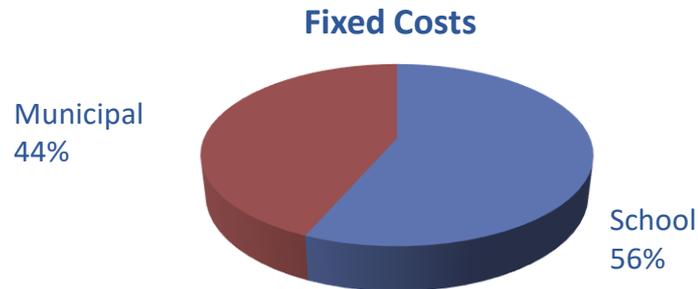
# A Look at Fixed Costs – Current Year FY20

## Fixed Costs – Employee Benefits Costs, Insurance/Reserve Accounts

- Fixed costs are approximately 16% of the Operating Budget

Budget Provides For	
Employee Benefits Costs	\$13,803,020
Insurance/Reserve Accounts	\$1,423,250
<b>Total FY19</b>	<b>\$15,226,270</b>

	School	Municipal	Total
Fixed Employee Related Costs	\$7,703,870	\$6,099,150	\$13,803,020



# Fixed Costs – Projected Increases in FY21

Fixed Costs – increase to total fixed costs budget - \$920K – approximately 6.3% including:

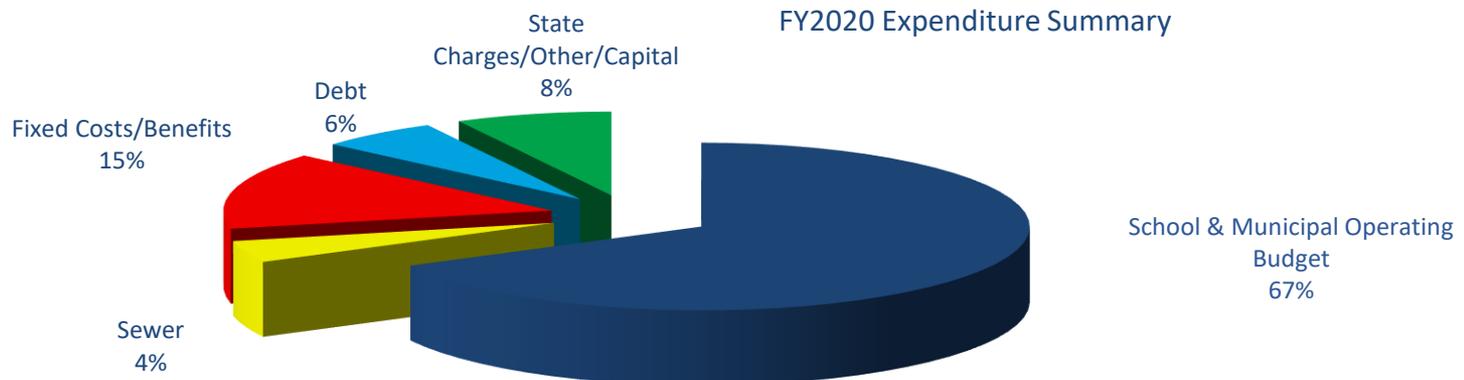
- Pension Assessment (\$5.7M) increase of 7% over prior year final - \$381K.
- Health Insurance increase of 5% - Estimate only. Approx \$310K.
- Other fixed cost increases (insurance, Medicare, Payroll tax) 10% - Approx \$200K.
- OPEB Appropriation amount increase Approx \$25K.

- Health Insurance Update
  - Group Insurance Commission (GIC) updates FY20 Information
    - Plan Description – February 2020 meeting
    - Final Rates – March 2020 meeting
  - Current health estimate is 5%

# Largest Area of Spending is the Operating Budget

## Operating Budgets

- Provide for core services to community
- Strive for operating budget stability for school and municipal budgets.
- Strive for sustainable budgets



- Each 1% increase for school and municipal budgets approximately \$687K:

- School (Budget \$46.5M) - \$465K.
- Municipal (Budget \$22.2M) - \$222K.

- 2.5% increase costs \$1.72M.
- 3% increase costs \$2.06M
- 4% increase costs \$2.74M.

# FY21 Overall Projection – Available Revenue

## Revenue

### Increase in Tax Revenue

- Proposition 2 ½ formula \$M
  - Taxes can increase:
    - Increase of 2 ½%
    - Add any new growth
    - Include unused tax levy from prior year available.

## Expenditures

### Fixed cost increases school/municipal employee benefits (\$M total) \$K

- Includes Health Insurance and Payroll taxes/Other
- Increase in OPEB Fund/Other \$K

## Net Available for Operating Budgets/Other

\$M

## Operating Budget Cost – Increase

Each 1%	\$687K
2.5%	\$1.72M
3%	\$2.7M

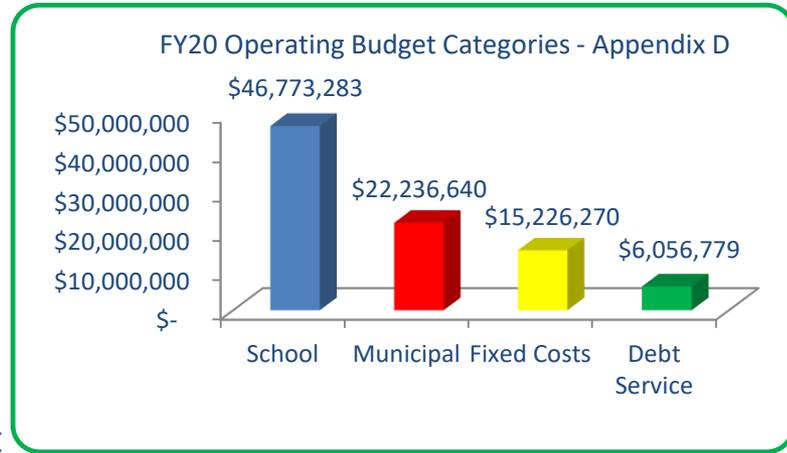
- Can fund approximately 3% increase to school and municipal operating budgets within Proposition 2 ½

# FY21 Preliminary Overall Budget Summary

## Preliminary Base Budget

## Operating Budget

- School and Municipal Budget 3% increase.
  - In line with five year forecast
  - Provides consistency to operating budget
  - Important that operating budgets have moderate growth and are sustainable.



	FY16	FY17	FY18	FY19	FY20
School	5.3%	4.9%	3.4%	3.4%	3.5%
Municipal	5.2%	3.7%	3.6%	3.1% *	3.5%



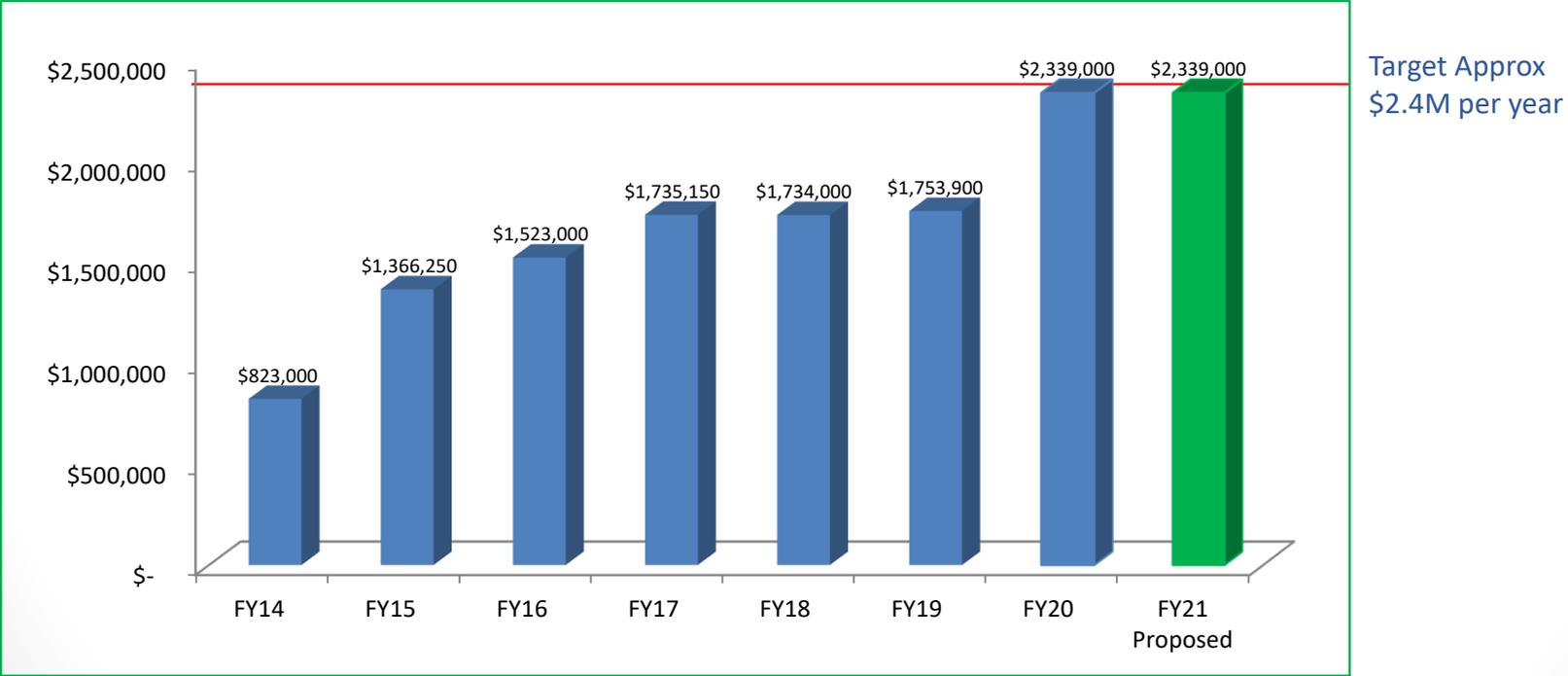
Additional University Station Funding

3.8% with  
Snow & Ice  
Adjustment

# FY21 Preliminary Overall Capital Summary

## Capital Budget

- Maintain base capital budget at FY20 Level \$2.3M
- Supplement capital with additional use of Free Cash/Meals Tax



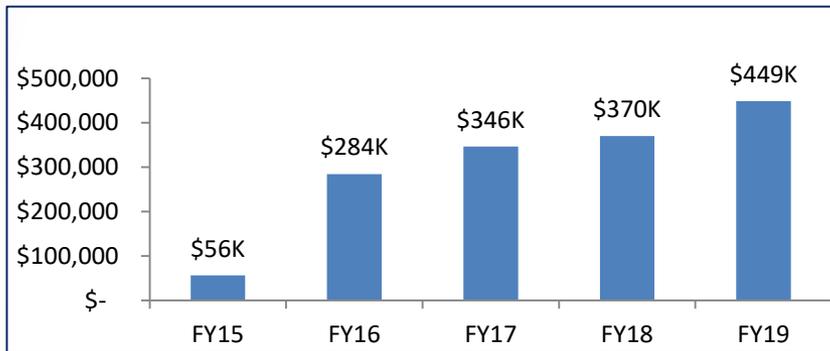
## Additional Items to Consider

- University Station Revenue
  - Need final FY20 new growth
- FY21 Capital – Include items held from spring:
  - Road Bond
  - Fire Swap Body Vehicle
  - Field lights
- State Aid: Any additional Chapter 70 for FY21
- Meals/Hotels Tax – Available to apply to capital
- Options to limit Tax Bill increase
  - Not utilize full levy
  - Apply free cash to tax rate

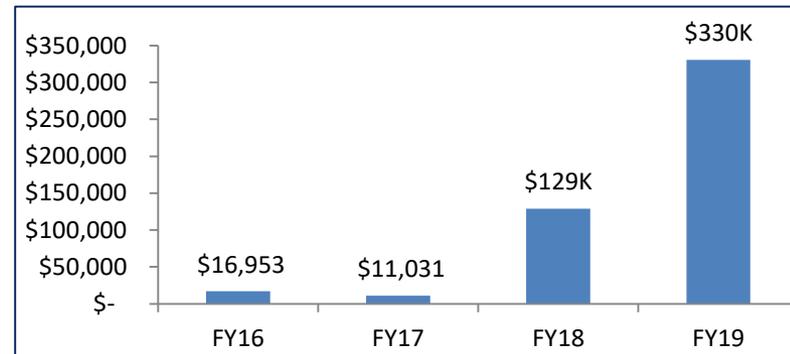
# Meals and Hotels Tax

- Meals/Hotel Tax
  - Meals/Hotel tax revenue requires Town Meeting 2/3 Vote
    - Current September 2019 balance approximately \$1.2M
    - Available to supplement capital budget needs

Annual Meals Tax Revenue



Annual Hotels Tax Revenue



## Use of Funds

- May 2018 Town Meeting appropriated \$432K of funds for two town wide capital projects:
  - Lighting of the High School tennis courts
  - HVAC project at the High School pool
  - Both of these facilities receive extensive use by residents of all ages.
- May 2019 Town Meeting \$515K:
  - Design of Recreation Field Lighting
  - Thurston Middle School HVAC project
  - Council on Aging HVAC project

# FY21 Overall Budget Summary

FY21 Overall Budget Seek to Provide For:

- ✓ Maintain high quality of services provided by Town and School departments
  - Maintain moderate and sustainable growth budgets.
  
- ✓ Continue high level of Capital Investment (\$2.3M)
  - Base Capital \$2.3M
  - Additional funding to be determined
  
- ✓ Continue progress on OPEB liability (\$1.465M)
  
- ✓ Continue small transfer to Stabilization (\$125K) to remain on track
  
- ✓ Begin to incorporate future large capital items
  - School building
  - Other large capital funding

