

Presented by  
Jim Malloy,  
Town Manager  
1-14-14

# FY2015 Budget and Capital Plan

# Revenues - Selectmen's Budget Goal

- o No more than 2% over the FY14 tax base and to not include new growth provides:

Additional property tax revenues = \$1,263,968.

*Other additional revenue estimates include a decrease of \$38,991 for local receipts and a decrease of \$47,303 in State Aid (decrease in SBA Reimbursement).*

# Total General Fund Expenditures

	<u>FY14</u>	<u>FY15</u>	<u>\$ Inc</u>	<u>% Inc</u>
Total Expenditures	\$ 78,633,372	\$ 78,707,103	\$ 73,731	0.1%
Town Expenses	\$ 15,020,850	\$ 15,239,674	\$ 218,824	1.5%
Shared Expenses*	\$ 20,286,888	\$ 19,066,375	\$ (1,220,513)	-6.0%
School Expenses	\$ 42,694,208	\$ 43,743,054	\$ 1,048,846	2.5%
Assabet	\$ 631,426	\$ 658,000	\$ 26,574	4.2%

\* Insurance and Debt Service

# Budget Highlights

o Wage increases budgeted at 2.0% for non-union and union staff (Town).

o 3 Major Increases and Decreases:

School Department	\$	1,048,846
Police Department	\$	68,389
Public Works Department	\$	53,558

General Fund Debt	\$(1,204,513)
Insurance	\$ (300,000)
Fire Department	\$ (28,790)

o Health Insurance Costs Reduced by \$350,000 which includes a transfer of \$650,000 to begin funding OPEB Liability (this will likely change).

# Total Expenditures/Revenues and Balance using Selectmen's goal of 2.0%

FY15 Levy @ 2%	\$	64,112,790
Other Revenues	\$	30,348,185
Total Available	\$	94,460,975
Total Expenditures	\$	94,105,575
<b>Under Selectmen's Goal</b>	<b>\$</b>	<b>355,400</b>

Source – Leah Talbot's worksheet on Town budget/finances

# 1<sup>st</sup> Proposed Change Since Budget Release

With a retirement in the Assessor's Office, we are proposing to:

- o Change the Assistant Assessor I (FT) to an Administrative Assistant (FT)
- o Change the Administrative Assistant in the Town Clerk's Office from PT to FT\*
- o Add a 19 Hour per week "Lister" from the contracted "Listing Service".

**FY15 Net Cost difference = (\$10,080)**

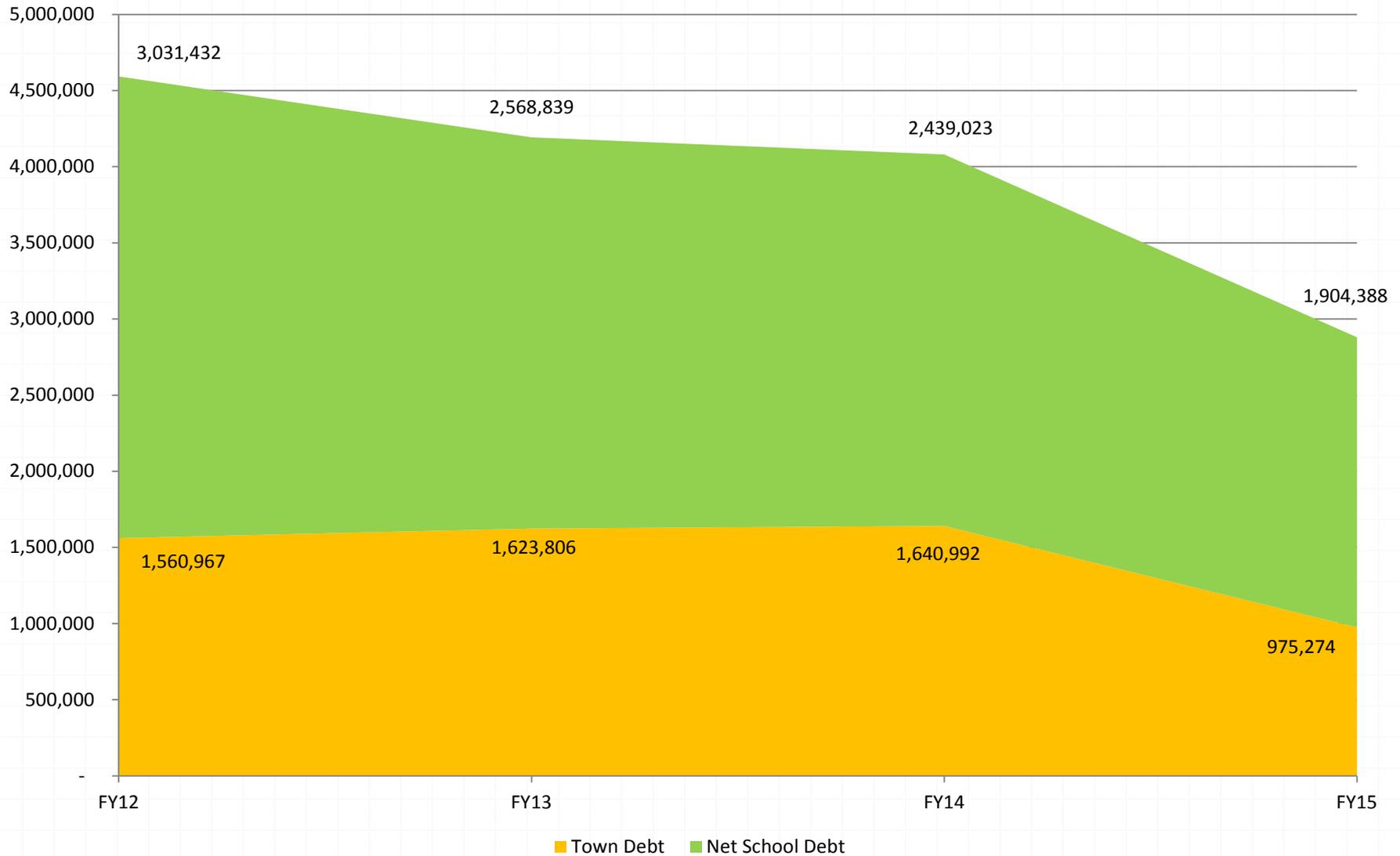
\* Currently FT but split 30 hours in Clerk's Office and 10 hours in Assessor's Office

## 2<sup>nd</sup> Proposed Budget Change Since Budget Release (This may also Change)

- o The Town has signed its first Power Purchase Agreement for solar power through net metering credits.
- o The agreement provides that the Town will pay out 80% of the value of the net metering credit to the solar farm (Harvey's) and retain 20% of the value.
- o Benefit to the Town:

Est. Credit Value	366,912	(New Revenue Line Item)
Est. Electricity Payment	293,530	(New Expenditure Budget)
Net Revenue to the Town	73,382	

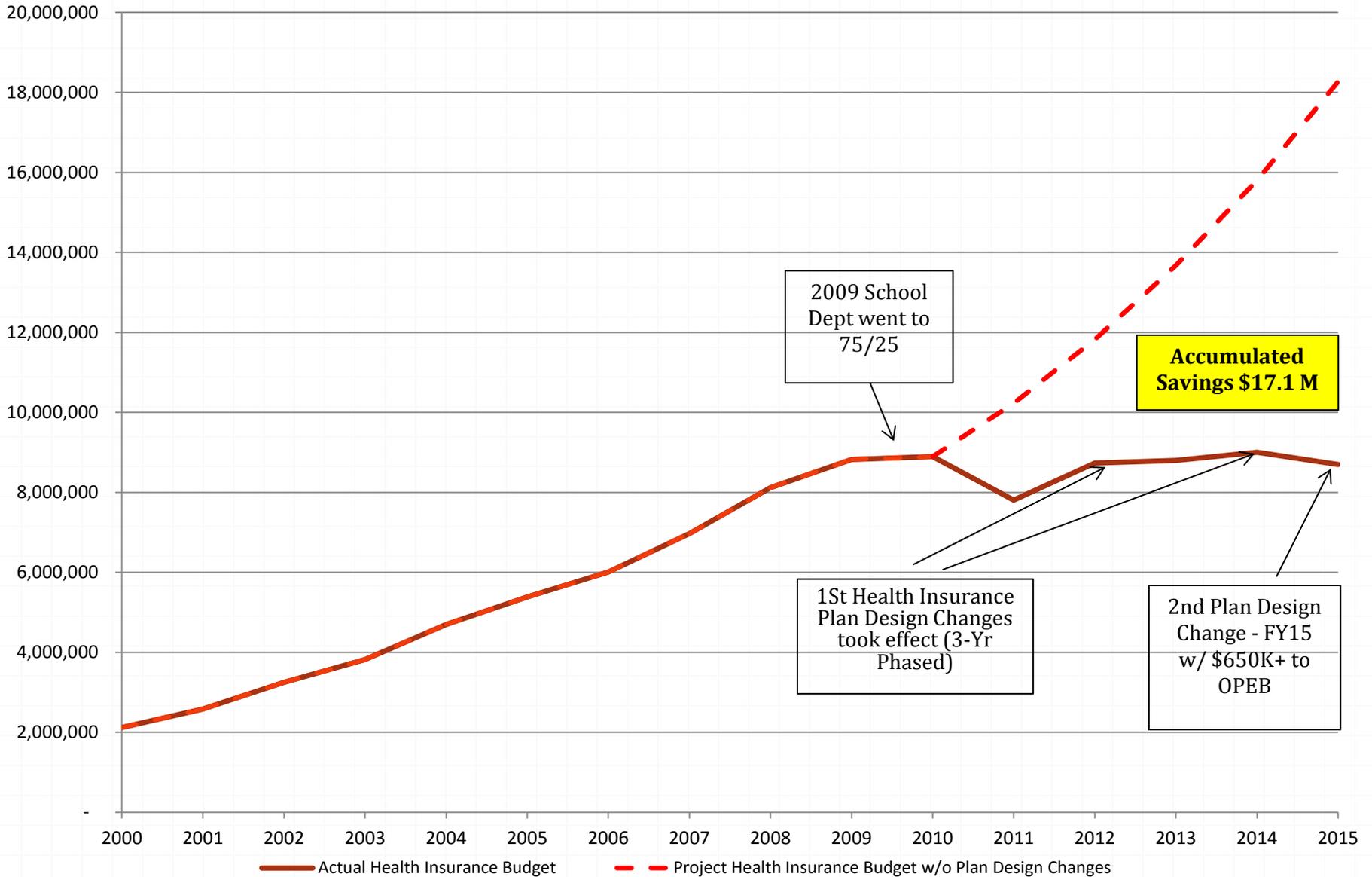
# General Fund Debt – A 37.3% Reduction



# Total Insurance Cost



# Health Insurance Cost Control



# How Accurate are the Five-Year Financial Forecasts?

	Revenues	Expenditures
1 Year Out Average Variance	3.4%	-3.7%
2 Years Out Average Variance	1.4%	-5.5%
3 Years Out Average Variance	-0.4%	-5.5%
4 Years Out Average Variance	-2.0%	-7.6%
5 Years Out Average Variance	-3.2%	-8.4%



# What does this tell us?

<u>Revenues</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,080,775	88,260,614	2.5%									
FY12	90,119,199	93,689,489	4.0%	91,098,226	93,689,489	2.8%						
FY13	92,791,044	96,308,278	3.8%	94,269,105	96,308,278	2.2%	91,573,846	96,308,278	5.2%			
FY14	95,100,179	97,541,438	2.6%	97,481,893	97,541,438	0.1%	96,301,258	97,541,438	1.3%	94,688,014	97,541,438	3.0%
FY15	97,555,512	94,460,975	-3.2%	101,170,373	94,460,975	-6.6%	99,584,740	94,460,975	-5.1%	97,599,170	94,460,975	-3.2%
1 Year Out Average Variance			3.4%									
2 Years Out Average Variance			1.4%									
3 Years Out Average Variance			-0.4%									
4 Years Out Average Variance			-2.0%									
5 Years Out Average Variance			-3.2%									
<u>Expenditures</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,789,428	82,509,929	-4.9%									
FY12	89,522,691	86,481,624	-3.4%	90,082,291	86,481,624	-4.0%						
FY13	92,053,262	89,136,312	-3.2%	92,460,961	89,136,312	-3.6%	92,019,880	89,136,312	-3.1%			
FY14	94,557,414	89,121,024	-5.7%	95,589,013	89,121,024	-6.8%	93,692,635	89,121,024	-4.9%	91,562,824	89,121,024	-2.7%
FY15	97,115,416	88,991,911	-8.4%	98,338,257	88,991,911	-9.5%	95,115,879	88,991,911	-6.4%	93,315,795	88,991,911	-4.6%
1 Year Out Average Variance			-3.7%									
2 Years Out Average Variance			-5.5%									
3 Years Out Average Variance			-5.5%									
4 Years Out Average Variance			-7.6%									
5 Years Out Average Variance			-8.4%									

The negative revenue variances show projected property tax at 2.5% when in the last three years this was trimmed by goals set by Selectmen





# What does this tell us?

<u>Revenues</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,080,775	88,260,614	2.5%									
FY12	90,119,199	93,689,489	4.0%	91,098,226	93,689,489	2.8%						
FY13	92,791,044	96,308,278	3.8%	94,269,105	96,308,278	2.2%	91,573,846	96,308,278	5.2%			
FY14	95,100,179	97,541,438	2.6%	97,481,893	97,541,438	0.1%	96,301,258	97,541,438	1.3%	94,688,014	97,541,438	3.0%
FY15	97,555,512	94,460,975	-3.2%	101,170,373	94,460,975	-6.6%	99,584,740	94,460,975	-5.1%	97,599,170	94,460,975	-3.2%
1 Year Out Average Variance			3.4%									
2 Years Out Average Variance			1.4%									
3 Years Out Average Variance			-0.4%									
4 Years Out Average Variance			-2.0%									
5 Years Out Average Variance			-3.2%									
<u>Expenditures</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,789,428	82,509,929	-4.9%									
FY12	89,522,691	86,481,624	-3.4%	90,082,291	86,481,624	-4.0%						
FY13	92,053,262	89,136,312	-3.2%	92,460,961	89,136,312	-3.6%	92,019,880	89,136,312	-3.1%			
FY14	94,557,414	89,121,024	-5.7%	95,589,013	89,121,024	-6.8%	93,693,635	89,121,024	-4.8%	91,562,824	89,121,024	-2.7%
FY15	97,115,416	88,991,911	-8.4%	98,338,257	88,991,911	-9.8%	96,693,635	88,991,911	-8.7%	95,155,795	88,991,911	-4.6%
1 Year Out Average Variance			-3.7%									
2 Years Out Average Variance			-5.5%									
3 Years Out Average Variance			-5.5%									
4 Years Out Average Variance			-7.6%									
5 Years Out Average Variance			-8.4%									

The negative expenditure variances show the effects of controlling insurance costs and debt restructuring

# What does this tell us?

<u>Revenues</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,080,775	88,260,614	2.5%									
FY12	90,119,199	93,689,489	4.0%	91,098,226	93,689,489	2.8%						
FY13	92,791,044	96,308,278										
FY14	95,100,179	97,541,438										3.0%
FY15	97,555,512	94,460,975										-3.2%
1 Year Out Average Variance												
2 Years Out Average Variance												
3 Years Out Average Variance												
4 Years Out Average Variance												
5 Years Out Average Variance												
<u>Expenditures</u>												
	Projected	Approved	Variance									
FY	<u>FY11</u>	<u>FY11</u>	<u>FY11</u>	<u>FY12</u>	<u>FY12</u>	<u>FY12</u>	<u>FY13</u>	<u>FY13</u>	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>FY14</u>
FY11	86,789,428	82,509,929	-4.9%									
FY12	89,522,691	86,481,624	-3.4%	90,082,291	86,481,624	-4.0%						
FY13	92,053,262	89,136,312	-3.2%	92,460,961	89,136,312	-3.6%	92,019,880	89,136,312	-3.1%			
FY14	94,557,414	89,121,024	-5.7%	95,589,013	89,121,024	-6.8%	93,692,635	89,121,024	-4.9%	91,562,824	89,121,024	-2.7%
FY15	97,115,416	88,991,911	-8.4%	98,338,257	88,991,911	-9.5%	95,115,879	88,991,911	-6.4%	93,315,795	88,991,911	-4.6%
1 Year Out Average Variance			-3.7%									
2 Years Out Average Variance			-5.5%									
3 Years Out Average Variance			-5.5%									
4 Years Out Average Variance			-7.6%									
5 Years Out Average Variance			-8.4%									

Overall, the Forecasts projected when the budget was going to be tight and when there might be some room under Proposition 2½ which has played out as the Town has grown the amount of its excess levy capacity

# Tax Impact of Town, School Dept and Assabet

Calculation includes:

$$\begin{aligned} & \text{Base Budget +} \\ & \text{Related Debt +} \\ & \text{Related Insurance +} \\ & \text{Related Retirement Costs = Total Expense} \\ - & \text{Related/Shared Revenues = Net Applied to the Tax} \\ & \text{Rate} \end{aligned}$$

# Tax Impact of Town and School Services (School Dept)

	<u>FY13</u>	<u>FY14</u>	<u>FY15 (Est.)</u>	<u>Change FY13-14</u>	<u>Change FY14-15</u>
School Budget	41,282,909	42,694,208	43,743,054	1,411,299	1,048,846
School Share - Insurance	7,550,138	7,571,369	7,324,971	21,231	(246,398)
School Debt Service	6,347,299	5,285,322	4,440,375	(1,061,977)	(844,947)
School Retirement	829,460	858,491	882,599	29,031	24,108
Total School Expense	56,009,806	56,409,390	56,390,999	399,584	(18,391)
School Revenues	(11,573,385)	(10,831,906)	(10,767,045)	741,479	64,861
<b>Net Applied to Tax Rate</b>	<b>44,436,421</b>	<b>45,577,484</b>	<b>45,623,954</b>	<b>1,141,063</b>	<b>46,470</b>

# Tax Impact of Town and School Services (Town and Assabet)

	<u>FY13</u>	<u>FY14</u>	<u>FY15 (Est.)</u>	<u>Change FY13-14</u>	<u>Change FY14-15</u>
Town General Fund Budget	14,644,614	14,972,522	15,632,981	327,908	660,459
Town Share - Insurance	2,568,881	2,801,231	2,744,170	232,350	(57,061)
Town General Fund Debt	1,623,806	1,640,992	975,274	17,186	(665,718)
Town Retirement	1,440,484	1,490,901	1,616,921	50,417	126,020
Total Town Expense	20,277,785	20,905,646	20,969,346	627,861	63,700
Town Department Revenues	(4,818,639)	(4,878,622)	(5,221,543)	(59,983)	(342,921)
<b>Net Applied to Tax Rate</b>	<b>15,459,146</b>	<b>16,027,024</b>	<b>15,747,803</b>	<b>567,878</b>	<b>(279,221)</b>
Assabet	632,037	631,426	658,000	(611)	26,574

# FY13-FY15(Est) Tax Impact

	<u>FY13</u>	<u>FY14</u>	<u>FY15 Est.</u>	
School %	73.4%	73.2%	73.6%	
Assabet %	1.0%	1.0%	1.1%	
Town %	25.5%	25.8%	25.4%	
Tax Rate	18.97	19.29	19.08	
School Share of Tax Rate	13.93	14.13	14.03	(0.09)
Assabet Share of Tax Rate	0.20	0.20	0.20	0.01
Town Share of Tax Rate	4.85	4.97	4.84	(0.12)
Avg Single Family Home Value	420,266	421,500	439,821	
School Single Family Tax Bill	5,853	5,954	6,172	218
Assabet Single Family Tax Bill	83	82	89	7
Town Single Family Tax Bill	2,036	2,094	2,130	37
Total Single Family Tax Bill	7,972	8,131	8,392	261

# FY15 Capital Plan

- o The Town is using the same capital planning rating system as in the previous 3 years on these criteria:
  - o Public Safety and Health
  - o Infrastructure Needs
  - o Efficiency of Services
  - o Legal Requirements
  - o Public Support
  - o Personnel Impacts
  - o Service Impacts
  - o Administrative Needs

# Capital Plan Summary

<u>Deoartment</u>	<u>Item</u>	<u>Cost</u>	<u>Scheduled to be Replaced in FY</u>
DPW General	Ford 350 Dump (51)	\$ 66,000	2005
DPW General	Ford 350 Dump (27)	\$ 66,000	2006
DPW General	Ford 350 Dump (54)	\$ 74,000	2002
DPW Sewer	Chevy Van (345)	\$ 30,000	2003
DPW Sewer	Chevy Van (349)	\$ 30,000	2004
Fire Department	Newton Hill Radio	\$ 307,000	n/a
Fire Department	SCBA Tanks	\$ 20,000	n/a
Fire Department	Capital Stabilization	\$ 55,000	n/a
Library	Restroom Updates	\$ 63,000	n/a
MIS/GIS	Large Format Printer	\$ 17,000	n/a
Police	Cruisers	\$ 94,000	*
School	Ceiling Tile Replacement	\$ 45,000	n/a
School	Hot Water Heater	\$ 30,000	n/a
Administration	Assessor's Vehicle	\$ 12,863	2007
Total:		\$ 909,863	
General Fund:		\$ 849,863	
Free Cash:		\$ 487,863	
Raise and Appropriate:		\$ 362,000	

\* Exact Vehicles to be determined at time of purchase in FY15 – those in the worst shape will be replaced.

# Other - Road Management Plan

- o Town manages approximately 95 miles of roads and 56 miles of sidewalks.
- o Overall condition rating improved from 6.86 in 2012 to 7.21 in 2013.
- o To adequately fund road maintenance would cost \$1,037,937. The Town receives \$797,253 from Ch 90 and funds \$106,689 in the DPW Budget leaving the Town \$133,558 short of meeting the funding level to maintain town roads.

# Other Interesting Facts

- o Westborough continues to have one of the highest growth in excess levy capacity in the State.
- o Westborough's ranking of highest average single family tax bill dropped from 32<sup>nd</sup> in FY13 to 35<sup>th</sup> in FY14.
- o Excess levy capacity grew from \$95,000 in FY09 to \$5,208,368 in FY14 and is anticipated to grow to \$6.3 million with the FY15 budget as presented
- o Reserves grew from \$4.2 million to \$6.2 million during this same period.

# Questions?

Jim Malloy, Town Manager

[jmalloy@town.westborough.ma.us](mailto:jmalloy@town.westborough.ma.us)

(508) 366-3030