

## **BUDGET MESSAGE FISCAL YEAR 2015**

The budget document contains several different sections for the Selectmen and Advisory Finance Committee's review. These include:

- Budget Summary – This spreadsheet is presented in the same manner as last year and is similar to the format that has been used by the Advisory Finance Committee for Town Meeting and includes the information as required by the Town Charter.
- Five Year Forecast – There is a separate executive summary that provides a general overview of the spreadsheets. The result of this analysis is that the Town should be able to continue providing services at the current level and undertake the planned building projects over the next five years without having to seek either a Proposition 2½ debt exclusion or override.
- Detail budget information – This is in the same format used in FY14 which was substantially different information from previous budget formats. Each department now has the following pages included in their detailed budget:
  - Cover page which includes (a) Activities, Functions and Responsibilities; (b) Successes and accomplishments from the previous fiscal year; and (c) Goals and Priorities for the upcoming fiscal year.
  - Budget Summary which includes (a) the summary of previous, requested and Town Manager's recommendation on Salaries and Expenses; (b) number of Personnel; (c) Activity Indicators; and (d) Performance Measures.
  - The detailed budget worksheet by specific line items within the Salaries and Expenses as has been presented in the past.
  - Expense Ledger as has been included in the past with a more detailed explanation of what each line item includes.
  - Detailed salary and wage worksheets (through agreement this was not provided initially in FY14 but there were enough requests for the information that it is included in the FY15 budget detail).
- Capital Expenditure Planning Committee Report – The process is the same process that was initiated a few years ago using a priority-based ranking system and contains an executive summary that explains the recommendations for Town Meeting. This year there was greater success in developing better information from department heads and all members of the Capital Expenditure Planning Committee participated at a greater level. Based upon comments at last year's Annual Town Meeting, the information relative to the amortized life span for each piece of equipment and when it was scheduled to be replaced will be included in both the report and the Annual Town Meeting warrant in the Town Manager's Statements for each capital item. The basis for the life span for each piece of equipment or vehicle is Table 1 – Bureau Recommended Capital Assets, Depreciation and Estimated Useful Lives from the "A Practical Guide For Implementation Of Governmental Accounting Standards Board Statement #34 For Massachusetts Local Governments" produced by MA Department of Revenue in 2001.
- Road Management System – This is the fourth year of having a Road Management Plan to prioritize the future work of the DPW. Roads that were rated in 2012 have been updated to reflect current condition and work that has been accomplished over the past year. This report again demonstrates the need to provide additional funding beyond what is provided in Chapter

90 for the Town to maintain its roads on a rotational basis based on the useful life of the specific road types. Based upon the ratings conducted in the Fall of 2013, the average rating of Town roads improved from a rating of 6.86 in 2012 to 7.21 in 2013.

The Fiscal Year 2015 budget as presented, including other amounts that need to be raised is recommending total expenditures of \$94,102,272. This is a decrease of \$158,760 (-0.2%) from the Fiscal Year 2014 comparable total expenditures (does not include R & A Articles) of \$94,261,032. All departments were requested to provide a budget that would provide level services from FY14.

### **Budget Highlights**

The budget continues to provide the same level of service in FY15 as has been provided in previous years. The budget as presented is approximately \$360,000 below the Selectmen's goal of maintaining the tax rate at a 2.0% increase over the current while not including new growth (estimate) as part of the FY15 tax base. At the same time this is being accomplished, the Town has also made additional changes in the health insurance plans which allow the Town to begin funding it's OPEB Liability in the amount of \$650,000 per year beginning in FY15. While this is not the full Annual Required Contribution (ARC) toward the OPEB liability it does provide a start to funding this long-term liability.

### **Revenues**

- Revenue estimates include additional property tax revenue in the amount of \$703,184 which includes a no new growth estimate; a decrease in local receipts of \$38,991; and a projected state aid decrease of \$47,303 (due to loss of SBA reimbursement relative to refinancing school debt). This may need to be revised once the Governor releases his budget in late January.
- Operating revenues are sufficient to cover operating expenditures.

### **Expenditures**

The General Fund FY15 budget is proposed to decrease by \$179,837 over the FY14 budget. The School budget that is included in the proposed budget is the budget as proposed by the School Superintendent.

The major increases (over \$50,000) in the budget are as follows:

Table 1  
Major Increases (Over \$50K)

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

The following are the largest decreases in the budget:

Table 2  
Top 10 decreases in the FY13 Budget

General Fund Debt	(1,204,513)
Insurance	(286,000)
Wastewater Treatment Plant	(138,768)
Water Department	(32,221)
Fire Department	(28,790)
Historical Commission	(16,170)
Landfill	(11,936)
Recreation	(8,273)
Communications	(3,700)
Legal	(2,443)

All other departments had minimal increases/decreases. The following is a summary explanation of each increase and notable decrease:

### **Increases**

- Police Department – Salaries/Wages are budgeted to increase from \$2,720,386 in FY14 to \$2,788,775 in FY15 based on the collective bargaining agreement increase providing a 2.0% wage increase.
- Public Works Department – Salaries/Wages are budgeted to increase from \$1,551,567 in FY14 to \$1,602,767 based on the collective bargaining agreement increase providing a 2.0% wage increase.
- The Westborough School Superintendent presented her budget on 12/11/13 and the proposed FY15 budget of 43,743,054 is a \$1,048,846,299 increase from the FY14 Budget.

### **Decreases**

- General Fund Debt (\$1,204,513) is mostly due to refinancing debt in 2013 and other debt decreases.
- Insurance (\$286,000) is based on negotiating changes to retiree benefits to provide Medex 2 instead of Medex 3 (estimated savings of \$387,000) and negotiating health insurance plan design changes that would save approximately \$650,000 which I am recommending be set aside in a new line item to allow the funds to be transferred to the OPEB Trust Fund.
- Wastewater Treatment Plant (\$138,768) is mostly from electricity savings.
- Water Department (\$32,221) is from debt retirement.
- Fire Department (\$28,790) is due to a number of retirements and new employees at lower wage rates.
- Historical Commission (\$16,170) is due to the Town Manager's recommendation to reduce the hours of the employee and modify the position to a Board Secretary's position budgeted for 10 hours per month at an H-10 rate.
- Landfill (\$11,936) is due to budgeting actual costs.
- Recreation (\$8,273) is due to a resignation and a new hire at a lower rate.
- Communications (\$3,700) is due to various savings the Town has been able to obtain.
- Legal (\$2,443) is based on reducing the estimate for outside legal consultation (please note the Town Manager has slightly increased this line item from the amount Town Counsel initially submitted).

## **Staffing**

There are no staffing increases planned for the Town's General Fund (town departments).

Non-union staff are proposed to receive a 2.0% Cost Of Living Adjustment (COLA), the Personnel Board is currently considering this COLA and will vote on it at their January meeting, this is based on the average Union increase the previous year. Union increases are 2.0%.

## **Conclusion**

The budget as presented is balanced within the provisions of Proposition 2½ and does not require free cash to support the operating budget. The budget meets the needs of the Town departments to continue providing quality services to the public.

To control the property taxes, the Board of Selectmen set a directive early in the budget process to maintain spending at a level that would require no more than a 2% increase over the FY13 actual taxes levied and to not include new growth as part of the Town's estimated revenues for FY14. This has been carried forward into FY15 with an estimated \$360,000 margin under the Selectmen's goal. It should be noted that this may not be possible throughout the full five year forecasted period, although in future years as actual revenues become known, this could change.

I would like to take this opportunity to thank all of the department heads for their work in submitting budgets that maintained costs and continue to provide quality services to the public. Specifically, I would like to thank Leah Talbot, Town Accountant, Linda Swadel, Chief Assessor and Joanne Savignac, Treasurer/Collector and Kristi Williams, Assistant Town Manager for their assistance.

James J. Malloy  
Town Manager