

Fiscal Year 2012 Budget Presentation

James J. Malloy
Town Manager
February 8, 2011

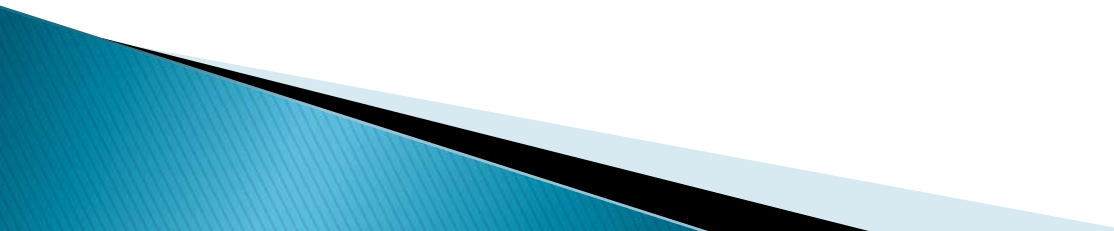
Important Roles in Budget Process

- ▶ Town Manager
 - ▶ Board of Selectmen
 - ▶ Advisory Finance Committee
 - ▶ School Department
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Important Roles: Town Manager

- ▶ Town Charter requires that the Town Manager:
 - prepare and submit the budgets
 - Annual
 - Capital
 - Budget to be prepare in the form which the Town Manager deems desirable.
 - Must show actual and estimated income and expenditures for
 - Previous
 - Current
 - Ensuing fiscal years


Important Roles: Board of Selectmen

- ▶ Serve as the Chief Executive Officers and policy setting board for the Town
 - ▶ Set goals and determine what issues appear before Town Meeting (except petitioned articles).
 - ▶ There is no legal requirement to include Selectmen's recommendations to Town Meeting, but these should be included since the Selectmen are the CEO/policy setting board for the Town and the budget /warrant are the short and long-term policy statements.
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Important Roles: Advisory Finance Committee

- ▶ MGL Ch. 39, § 16 establishes the statutory authority for Finance Committees (AFC) to:
 - Make reports and recommendations to Town Meeting on all issues before the Town Meeting.
 - Review all matters and report recommendations to their fellow citizens on the Town Manager/Selectmen's proposals.

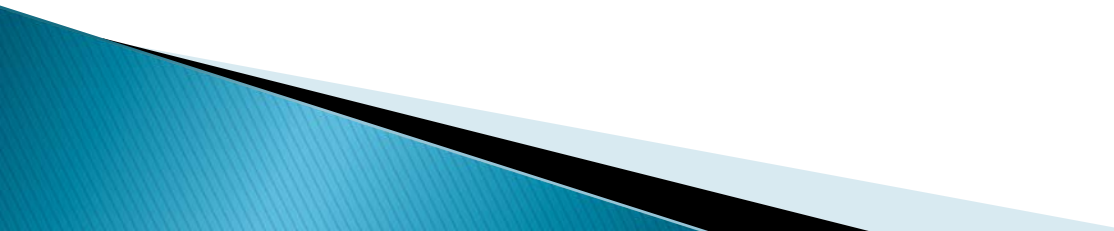
The AFC has the opportunity to review these in greater detail than the average citizen.



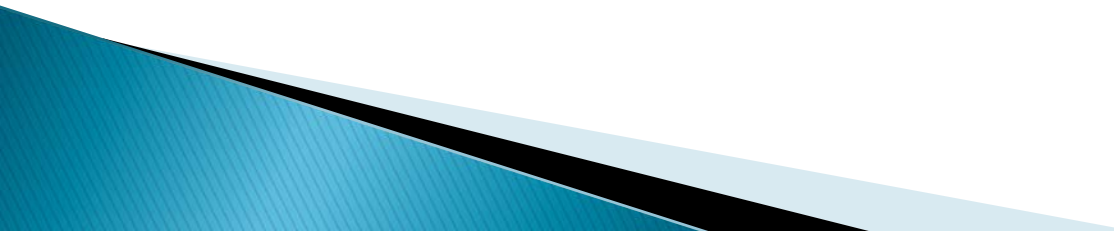
Important Roles: School Committee

- ▶ Serves as the CEO of the School Department
- ▶ Adopts a budget for the School Department.

The Town Manager's budget shall include the budget adopted by the School Committee.



FY12 Budget Highlights

- ▶ **Total Spending** \$92.4 million, up \$3.7 million (4.2%)
 - ▶ **State Aid** reduction of \$52,000 (-1.0%)
 - ▶ **No Free Cash** being used to balance the operating budget (this has been as high as \$2.4M and was \$1.2M in FY10; \$500K in FY11)
 - ▶ **The School Dept. budget** includes a \$700K increase, which is \$125K less than the proposed budget submitted to the School Committee.
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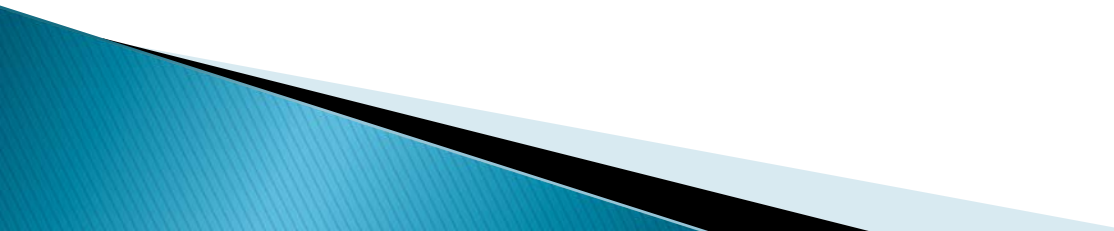
Major Increases (Over \$50K)

Debt	\$3,168,012 (\$2.8M for WWTP + \$1.4M for multi-purpose – debt reduction)
School Department	\$700,518 (Mgr. Recommended)
Insurance	\$680,414
Police Dept	\$85,485
Wastewater Treatment Plant	\$479,200
Water Debt Service	\$257,653

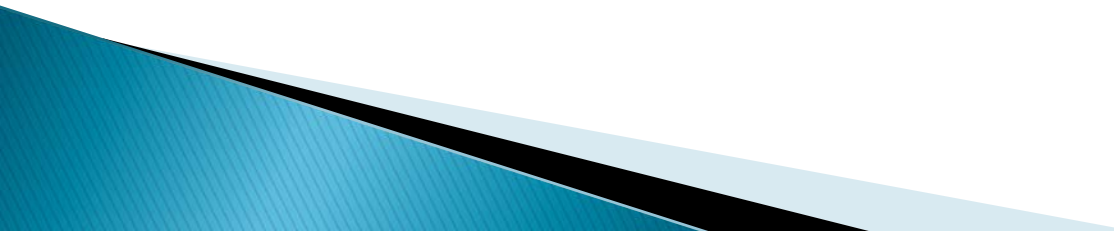
Largest Decreases

Assabet Regional Voc. School	\$56,187
Conservation Commission	\$21,697
Selectmen/Town Manager	\$18,360
Personnel Board	\$17,281
Central Purchasing	\$13,154
Communications	\$7,683
Country Club	\$11,006

Staffing

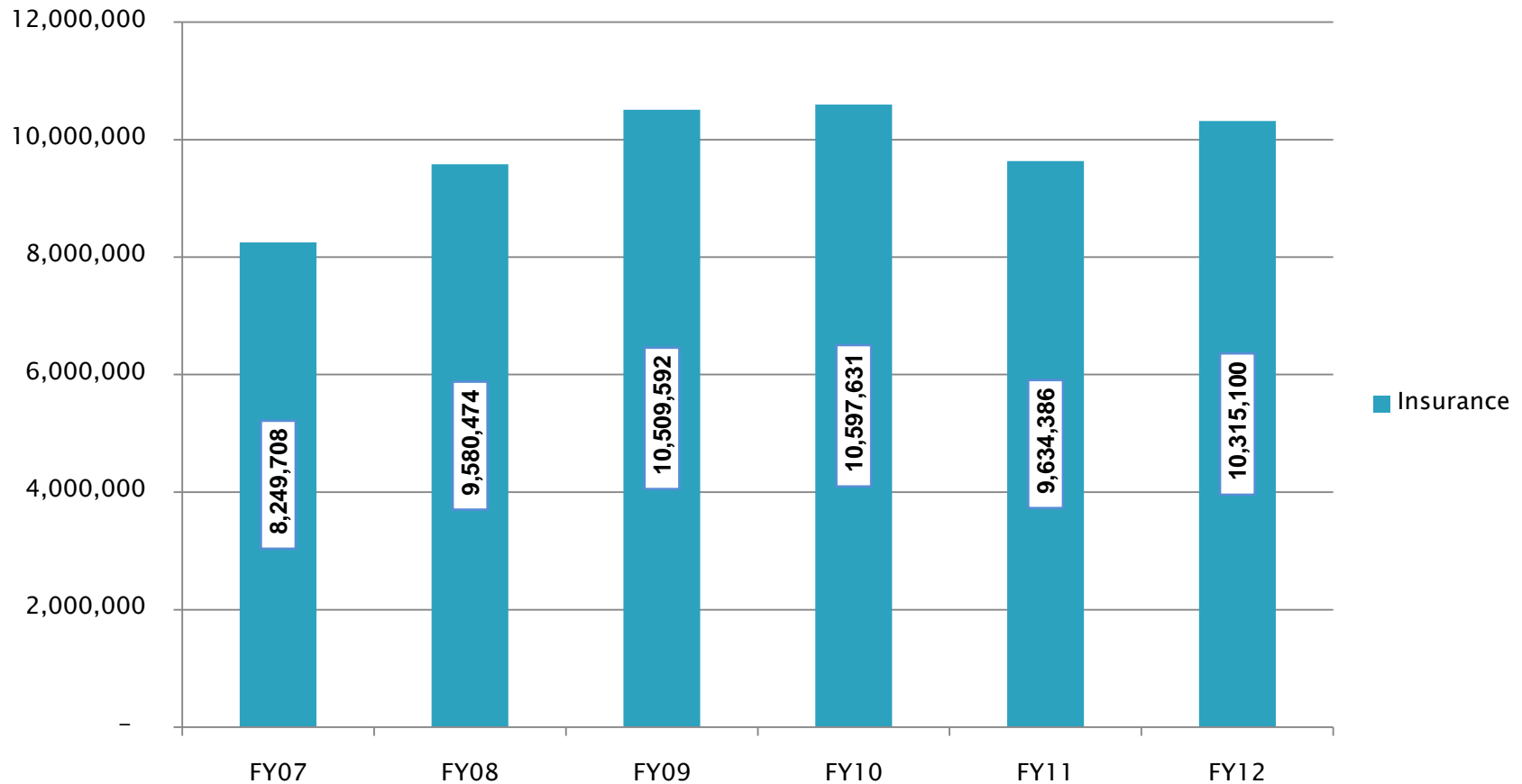
- ▶ No new staff added to the Town budget.
 - ▶ Reduction from 32 hours to 19 hours for the Administrative Asst in the Conservation Office.
 - ▶ Reduction from 30 hours to 25 hours for the Administrative Asst in the Engineering Dept.
 - ▶ Non-Union staff proposed to receive 1.0% increase (received 0.0% in FY11).
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Benefits – Health Insurance

- ▶ Estimated to increase 10% in FY12.
 - ▶ Town contributes
 - 75% for single or family coverage
 - ▶ Town requires Medicare eligible retirees to transfer off the regular health insurance to a Medicare Extension Plan.
 - ▶ GASB 43 & 45 OPEB liability reduced due to health plan design change:
 - 2008 \$75M
 - 2010 \$49M
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Insurance Budget – FY07–FY12

Insurance



Municipal Retirement Program: Worcester County Retirement

- ▶ FY12 Retirement Assessment = \$2,175,526
- ▶ Town does not pay FICA tax of 6.2%
- ▶ Employees pay up to 9% of wages up to \$30,000 and then 11% for wages over \$30,000.
- ▶ Municipal employees are not eligible for Social Security.
- ▶ Town's estimated share of unfunded liability of Worcester Retirement = \$21.6 million

Maximum Benefit Comparison

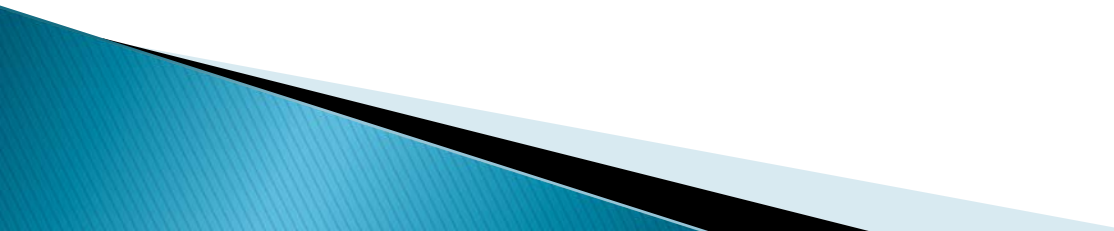
Municipal Retirement = 80%

Social Security = \$27,600

Municipal Retirement vs. FICA Cost

FY12 Total Salaries	45,233,697	
FICA	2,804,489	6.2% FICA (does not include the 1.45% Medicare)
Actual Retirement Assessment	2,175,526	(FY12 Retirement assessment paid by the Town)
How much more FICA would cost	628,963	
% Increase	28.9%	

Debt Service


- ▶ Proposed Debt Management Policy
 - 2% as a minimum debt service
 - 10% as a maximum debt service
 - ▶ Currently the Town's annual debt service is at 9.5% of overall operating budgets.
 - ▶ Any large municipal projects should be scheduled so that debt service isn't due until FY14 or FY15.
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Five Year Forecast

- ▶ Projected Tax Rate
 - \$18.78
 - \$7,745 average single family tax bill (4.0%)
- ▶ Free Cash + Stabilization
 - \$4.2 million (5.4%) *7.0% goal recommended*
- ▶ State Aid
 - increase approximately 2.2% per year over the next five years
- ▶ Local Receipts
 - increase 1.0% per year over the next five years

With current projections, shows the Town will have a balanced operating budget for the next five years (no need for override).

Capital Improvement Plan

- ▶ The draft Capital Improvement Plan uses the same priority-based capital planning process used in the previous year.
 - ▶ Debt Management Policy is consistent with Capital Planning Guidelines.
 - ▶ Beginning with FY13, the Capital Expenditure Planning Committee will work more closely with the School Department to include school related capital planning needs.
 - ▶ Later in 2011 the Municipal Building Committee will be reporting on the building study on the Fire Station, Town Hall and Forbes Municipal Building.
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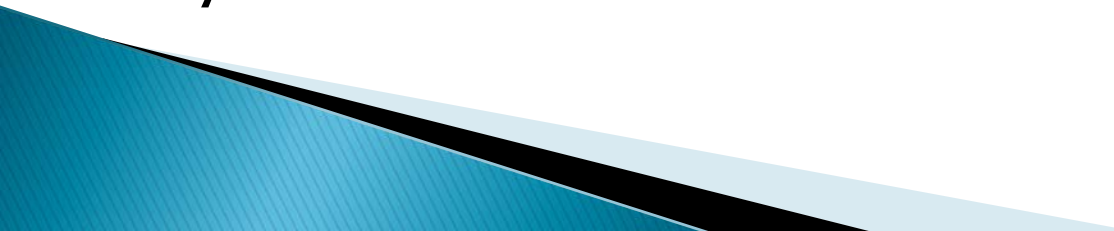
FY12 Capital Plan

Forbes Municipal Building Roof Replacement	\$330,000	Debt Issuance
Two Police Cruisers		Free Cash Appropriation
Library HVAC System Replacement	\$251,600	Debt Issuance
Defibrillator/Monitors	\$60,000	Free Cash Appropriation

FY12 Capital Plan Continued

Thermal Imaging Camera	\$40,000	Free Cash
Permit Tracking Software	\$40,000	Free Cash
One Pick-up Truck	\$31,000	Free Cash

Road Management System

- ▶ Detailed inventory of Town roads and road condition, surface type, and road type.
 - ▶ Sets guidelines for acceptable conditions of Town roads.
 - ▶ Identifies sidewalks and interconnectivity.
 - ▶ Provides cost estimates to resurface roads with current surface type vs. pavement.
 - ▶ Provides a listing of roads based on condition that may be worked on over the next five years.
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Road Management System (Continued)

- ▶ One purpose of the road management system is to ensure the Town is adequately budgeting funds to repair town roads on a systematic schedule based on life expectancy.

\$1,080,000	Amount needed to budget based on the life expectancy schedule used
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–\$632,000	Amount Town receives in Chapter 90 money
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<u>–\$107,000</u>	Amount budgeted locally
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\$338,000	Additional amount needed to fund road maintenance schedule
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Questions?