

FY15 Budget Discussion and Future Budget Planning

Board of Selectmen
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Choose
FRAMINGHAM

FY15 -FY17 Budget modeling

- Multi-year planning for reserves and investments
- Lower tax levy over multiple years (1.25%)
- Savings in Health Insurance
 - ½ to lower levy
 - ½ to Strategic Investments in School and Municipal Services
- Free Cash investment
 - Capital Stabilization fund for upcoming major School construction
 - Lower tax levy over multiple years
 - Stabilization Fund maintenance
 - OPEB unfunded liability contribution

Property Tax Implications

- Keep residential tax increase moderate (\$100 or under for the average home)
- Keep tax burden stable at 60% residential and 40% CIP with no swings toward one sector or the other
- Reserve funds to moderate the increase and/or the share of tax burden
- This is planned for the next three budget cycles (fiscal years)

State Aid Assumptions FY15 +

- Ch 70 up 7% to \$34 million (+\$2.2 million)
 - Up 7% in subsequent years
 - H1 up 6%; Legislature committed to more
- UGGA up 1.5% to \$8.74 million (+\$129,209)
 - Up 1.5%-3% in subsequent years
- All other state aid components remain relatively the same

Current Free Cash Policy

- Free Cash is allocated for use in the 2nd fiscal year from the year certified, e.g. FY13 is used in the FY15 budget
- Allocations:
 - Up to \$1.5 million for Operating budget
 - 40% of net to Stabilization Fund
 - 20% of net allocated for Capital budget use
 - 40% remains in Fund balance

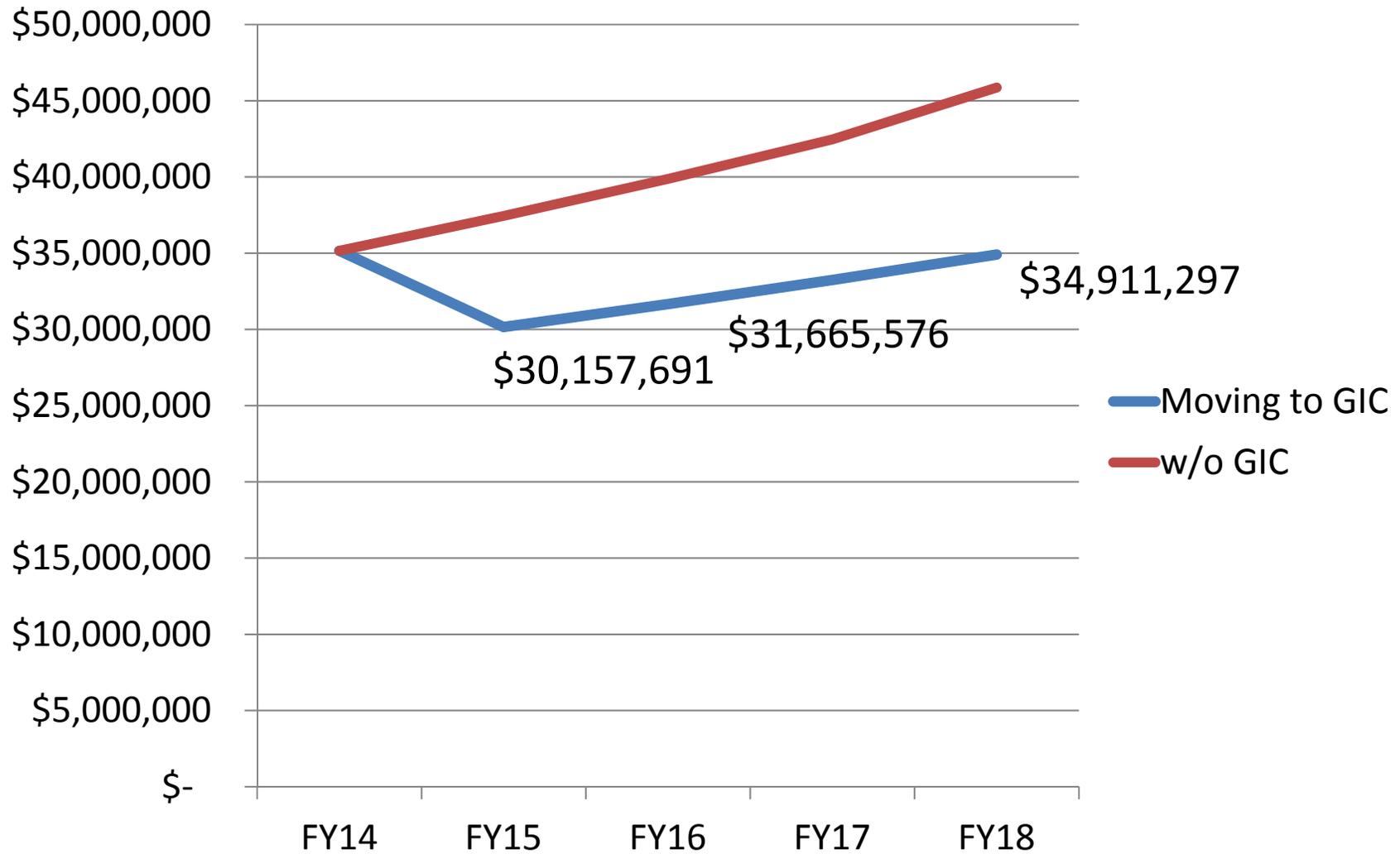
Free Cash Usage

- Bond rating agencies have cited our use of free cash in the operating budget as a weakness
- In FY14 we began a plan reported in the FY13 Long Range Forecast to wean ourselves off free cash in \$200,000 increments
- FY14 used \$1.3M; FY15 planned \$1.1M; FY16 planned \$900K; FY17 planned \$700K; etc until \$0 used in FY21
- We also implemented a 15% allocation to OPEB; reducing the Stabilization Fund from 40% to 25% since the Stabilization fund reached its 5% budget goal

Free Cash Usage in 3 Yr Model

- FY15: \$3,837,446
 - \$1,827,355 into Capital Stabilization Fund
 - \$1,370,516 into OPEB Trust
 - \$639,574 into Stabilization Fund
 - \$0 into Operating (\$1.1m original plan)
- FY16: \$4,941,395
 - \$943,206 into Capital Stabilization Fund
 - \$707,405 into OPEB and Stabilization funds
 - \$2,583,300 into Operating (\$900K original plan)
- FY17: \$3,198,834
 - \$843,926 into Capital Stabilization Fund
 - \$421,963 into Stabilization fund
 - \$632,945 into OPEB Trust
 - \$1.3 M into Operating (\$700,000 original plan)

Health Insurance



Multi-year Strategic Investment Plan

- Schools increase to \$107.8 million in FY15 (up \$5.7 million or 5.6%)
 - Level service of \$4.5 million plus \$1.2 million rebuilding
 - Increase to \$113.6 in FY16 (up \$5.8M or 5.4%)
- Municipal Services increased to \$54.7 million (up \$2.2M or 4.2%)
 - Level service of \$1.2 million plus \$1M in strategic investment
 - Level service in FY16
- Snow & ice fund increase \$100,000 to \$1.6M

Reserves and Investment

- Emergency reserve \$400,000
- Stabilization fund add \$639,574; Fund total would be \$12.9 million or 5.25% of total budget
- OPEB trust contribution of \$1.37 million; Trust balance would be \$3.6 million or 1.9% of total unfunded liability
- Capital Stabilization Fund over 3 years would deposit \$3.6 million from Free Cash; 4% of upcoming school project