

FY13 Recommended General Fund Budget



**2012 ANNUAL TOWN MEETING
ARTICLE 34
MAY 3, 2012**

Overview of FY13 Recommended Budget



- **Estimated revenues total \$226,270,877**
- **Recommended Expenditures total \$226,115,130**
- **Budget Surplus \$155,747**
 - Voted litigation Fund \$150,000
- **Budget Balanced (\$5,747 surplus)**

FY13 Revenue Details



- **Property Taxes: \$166,620,642**
 - Tax Levy \$165,770,642
 - ✦ 1.5% Levy Increase (effective 1% “under ride”)
 - New growth development increase \$850,000
 - ✦ \$710,000 less than FY12
 - Total increase in revenue from taxes is \$3,299,813
- **State Aid \$38,711,610**
 - Chapter 70 Aid \$26,514,414
 - ✦ \$4.5 million more than FY12
 - Unrestricted General Gov’t Aid increase \$608,344 from FY12

FY13 Revenue Details



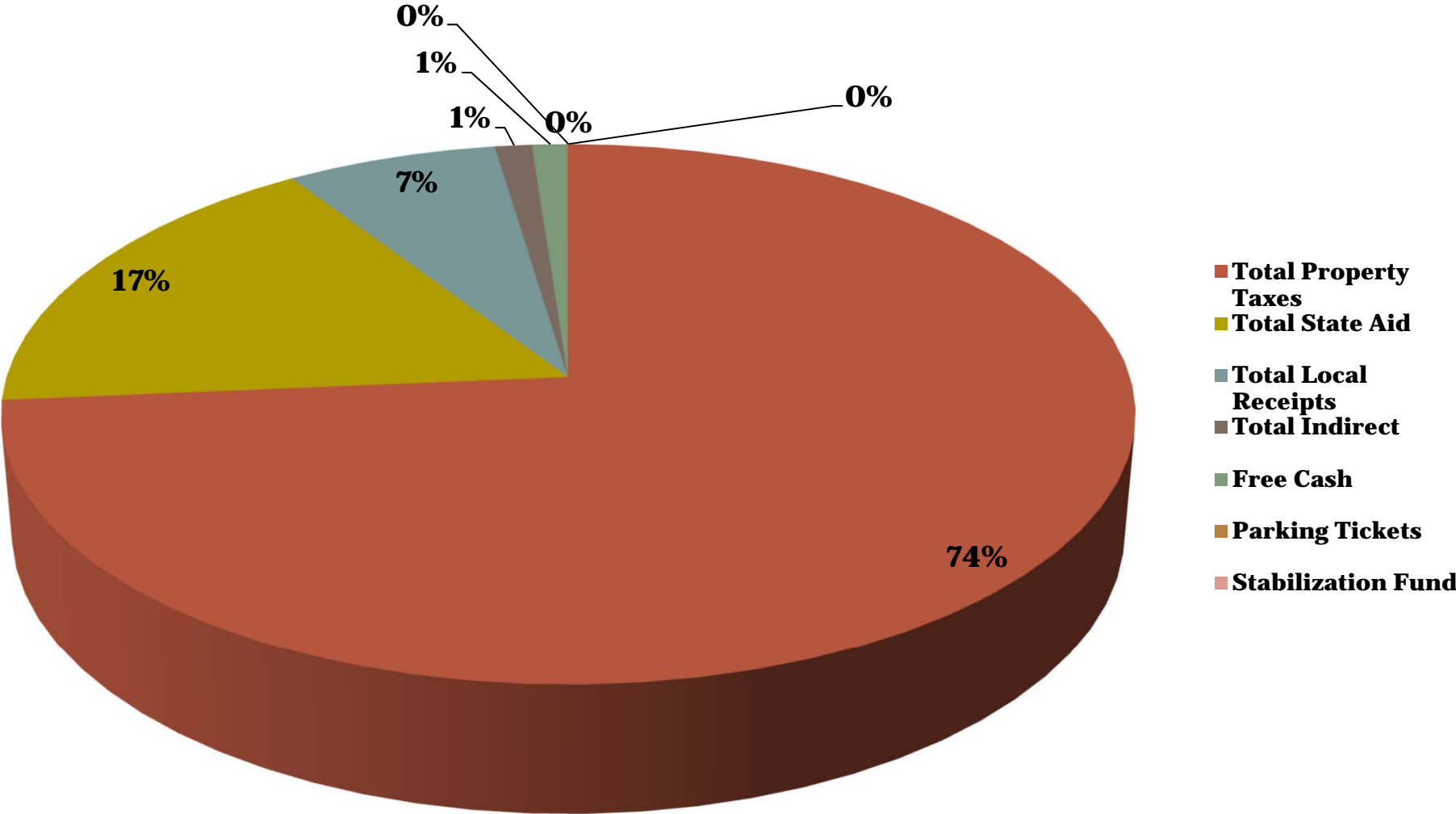
- **Local Receipts \$15,572,886**
 - 1% increase in User Fees & Penalties/Interest/Fines
 - 1% decrease in Motor Vehicle Excise Tax
 - .5% increase in Licenses and Permits
 - 55% decrease in miscellaneous local revenue
 - ✦ FY12 miscellaneous include one time payment from State of \$608,344
- **Total local receipts decrease \$638,343 or 3.9%**

FY13 Revenue Details



- **Free Cash Used \$2,588,060**
 - \$1,500,000 for General Fund Operating
 - \$725,373 for Stabilization Fund allocation
 - \$362,687 for Capital Budget allocation
 - \$725,373 remains in Undesignated General Fund Balance
 - This amount is \$768,060 more than available in FY12
- **Enterprise Fund Indirect**
 - Water Fund \$1,413,293
 - Sewer Fund \$1,309,386
 - Increased \$79,301 or 3%

FY13 Revenue by Type with House State Aid & 1.5% Levy



FY13 Expenditure Highlights



- **Fixed Costs**

- **Health Insurance:**

- ✦ \$33,085,190 which is \$1.2 million LESS than reduced FY12
- ✦ The result of FY11 and FY12 negotiations with PEC and adoption of Section 21 state health insurance reform

- **Liability insurance**

- ✦ \$1.1 million which is \$150,000 more than FY12 final but still \$200,000 less than the prior carrier.

- **Retirement**

- ✦ Contributory system \$10,729,968 increase of \$459,773 or 4.5%
- ✦ Non-contributory system \$49,695 a decrease of \$31,785 or 39%

- **OPEB Liability**

- ✦ \$1.5 million first time funding toward \$202 million total liability
- ✦ Full annual contribution would be \$16 million, this is less than 10%

FY13 Expenditure Highlights



- **Debt Service**
 - Principle & interest on bonds \$10,124,271
 - ✦ Increase of \$325,134 or 3.3%
 - ✦ \$131,086 is from the Capital budget recommendation
 - ✦ \$194,048 is base debt service increase
- **Cherry Sheet Assessments \$4,692,340**
 - Increase of \$363,513 or 8.4%
- **Snow and ice funding \$1.5 million**
 - **NO Snow and ice deficit to carry over**
 - **Carried over \$1.97 million in FY12**
- **Salary Reserve \$625,199**
 - Assumes 1% COLA for Police collective bargaining retro for FY11
 - 1% COLA for Town Departments in FY13

FY13 Expenditure Highlights



- **School Department \$96.6 million**
 - Level service base plus strategic investment and transition to full day Kindergarten
 - Increase of \$4.9 million or 5.3%
- **Keefe Technical School Assessment \$8,431,068**
 - Based on current Keefe budget and estimated state aid
 - \$77,129 increase or .9%
- **Fire Department \$12.6 million**
 - Restores 4 firefighter positions frozen in FY09
 - Will mitigate overtime and turnover due to retirements
 - Increase in budget \$456,054 or 3.8%

FY13 Expenditure Highlights



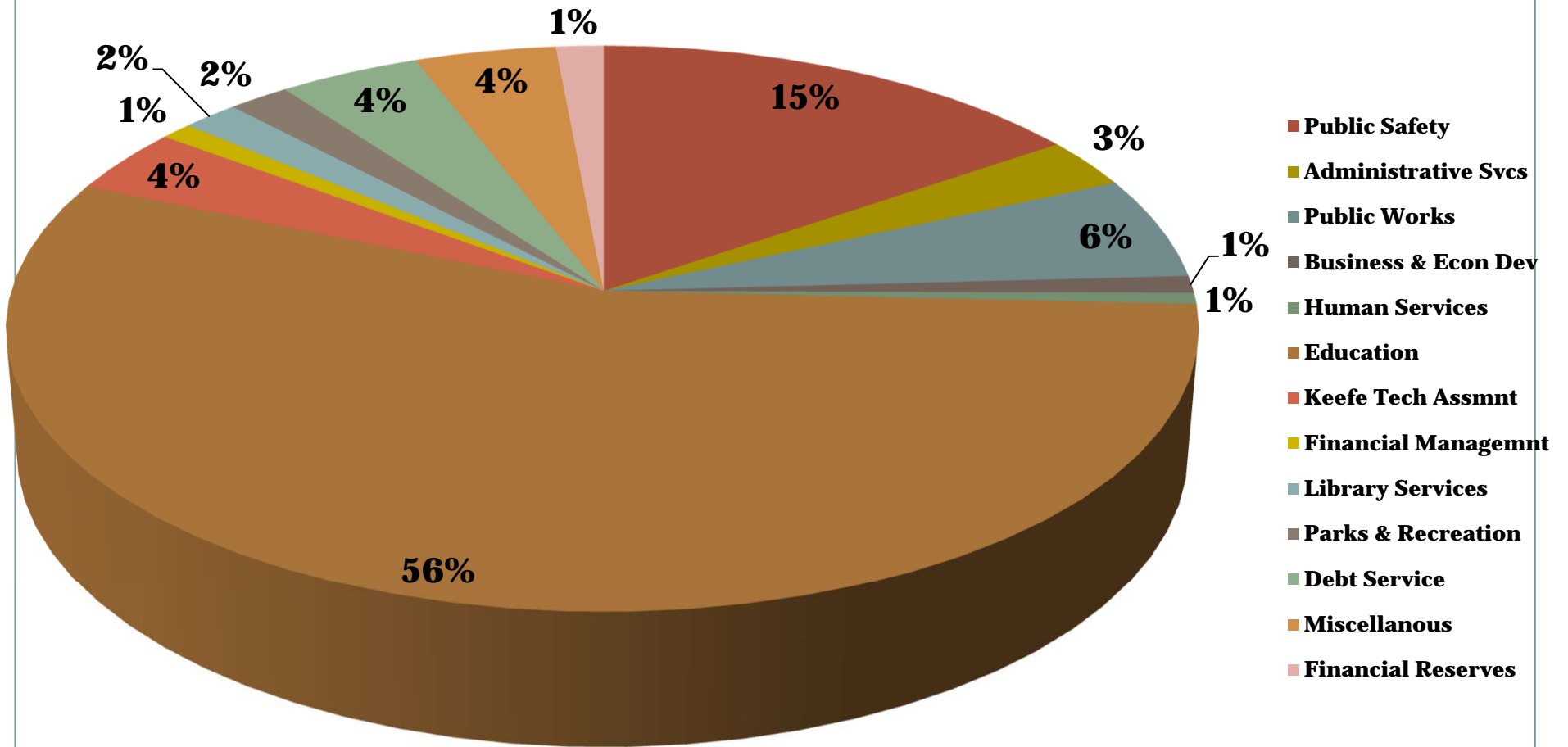
- **Police Department \$11,636,810**
 - Restores 2 police patrolmen frozen in FY09
 - Adds 3 dispatch positions which will free up police officers
 - Replaces 4 police cars
 - Increased budget \$465,686 or 4.2%
- **DPW Highway \$3,199,640**
 - Increased cost of stormwater management
 - Rising price of unleaded gas
 - Increased \$385,102 or 13.7%
- **DPW Sanitation \$3,462,090**
 - Reduction in solid waste contract *(\$340,000)*
 - Increase in unleaded gas
 - *Net reduction of \$219,254 (-6%) from FY12*

FY13 Expenditure Highlights



- **Board of Health \$777,824**
 - Increased consulting services for environmental enforcement
 - Increased \$89,698 or 13% from FY12
- **Assessing Department \$574,280**
 - Added field assessor, customer service rep and contracted appraisal services
 - Increased \$123,501 or 27%
- **Accounting Department \$476,215**
 - Added half time accounts payable staff
 - Increased \$27,873 or 6.2%
- **Elections \$202,798**
 - Increased due to additional state election in FY13
 - Increased \$51,912 or 34%

FY13 Expenditures by Type



FY13 and Our Future Financial Position



- Provide relief for property taxpayers without a reduction in service
 - ✦ By backing off the 2.5% levy to 1.5% levy the tax increase is reduced from an average of \$144 per home to \$86 per home
- Invest in Education and Public Safety
 - ✦ Full day kindergarten and additional targeted resources and staff
 - ✦ Additional police and fire staff to provide increased services

FY13 and Our Future Financial Position



- **Speed up full funding of Stabilization Fund**
 - ✦ Adding \$2.3 million in FY13 means \$750,000 will be needed in FY14 to bring this fund to 5% of the total budget, one year ahead of schedule
 - ✦ This will free up room and meals tax revenues of \$1.1 million per year to deposit in the OPEB Trust Fund without having to cut services
 - ✦ The Stabilization fund is then sufficient enough to handle major reductions in state aid or substantial change in the economy that affects Town values
- **Take the first small step toward the pay down of unfunded OPEB liability which will mitigate the need for future tax increase**
 - Start with \$1.5 million and then dedicate \$1.1 million from FY15 forward; this will reduce the unfunded portion of the OPEB liability and reduce the annual required contribution

What Closing the Budget Gap Does for the Future



FY2013 - FY2017 Budget Gap

Fall 2011 Original

	FY12 Voted	FY13 Forecast	FY14 Forecast	FY15 Forecast	FY16 Forecast	FY17 Forecast
Revenue						
Total Revenue	\$217,389,161	\$223,723,065	\$231,395,055	\$239,273,567	\$248,087,539	\$258,161,395
Revenue Growth Rate	2.7%	2.9%	3.4%	3.4%	3.7%	4.1%
Expenditures						
Total Expenditures	\$217,389,182	\$226,360,886	\$237,456,313	\$247,661,389	\$257,717,486	\$268,321,510
Expenditure Growth Rate	2.7%	4.1%	4.9%	4.3%	4.1%	4.1%
Projected Balance	(21)	(2,637,821)	(6,061,258)	(8,387,822)	(9,629,947)	(10,160,114)



FY2013 - FY2017 Budget Gap

updated w/ FY13 CFO/BOS budget

	FY12 Voted	FY13 Forecast	FY14 Forecast	FY15 Forecast	FY16 Forecast	FY17 Forecast
Revenue						
Total Revenue	\$218,118,346	\$226,270,878	\$233,797,275	\$241,827,504	\$250,893,691	\$261,374,573
Revenue Growth Rate	3.1%	3.7%	3.3%	3.4%	3.7%	4.2%
Expenditures						
Total Expenditures	\$218,085,932	\$226,115,118	\$236,982,385	\$245,711,718	\$255,429,077	\$266,300,703
Expenditure Growth Rate	3.0%	3.7%	4.8%	3.7%	4.0%	4.3%
Projected Balance	32,415	155,760	(3,185,109)	(3,884,214)	(4,535,386)	(4,926,130)

Tax Impact for FY13: Budget & Values



- **Average Single family home tax bill expected to increase **1.3%** or **\$74.93****
 - The effect of the budget on the levy is \$86; this means the tax burden shifts slightly away from the single family home/residential side of the “tax pie”
- **The effect of multiple factors:**
 - Property tax levy to 1.5% increase
 - Increase/decrease in overall commercial values
 - Increase/decrease in overall residential values

Tax Impact for FY13: Budget & Values



- **FY 12 Property Tax Levy + 1.5% = New FY13 Levy**
 - \$163,320,829 X 1.015 = \$165,770,642
- ***Plus* Estimated FY12 New Growth \$850,000**
 - From new development coming on line during FY13
- **New FY13 Tax Levy = \$166,620,642**
- **Increase of \$3,299,813 of new revenue from taxes**

Tax Impact for FY13: Budget & Values



- If property values decrease, the tax rate increases to raise the additional \$3.3 million
- If property values increase, the rate can decrease to raise the same \$3.3 million
- If residential values increase or decrease less than commercial values decrease the residential sector bears more of the burden
- If commercial values increase or decrease less than residential values then commercial bears more of the burden

Tax Impact for FY13: Budget & Values



- **FY13 residential values are estimated to drop 2.38% from FY12**
 - \$5.8 billion to \$5.67 billion
 - Average single family home value decreases from \$340,847 to \$330,622 (\$10,225)
 - Single family homes decrease tax burden within residential sector because condos and apartments pick up tax burden
- **FY13 commercial values are estimated to drop 2.71% from FY12**
 - \$1.71 billion to \$1.66 billion

Tax Impact for FY13: Budget & Values



- Commercial values are 22.7% of total value
- Residential values are 77.3% of total value
- At the maximum shift (1.75)
 - The commercial (CIP) sector will pick up 38.7% of tax burden
 - Residential sector will pick up 60.3% of tax burden