

Article 34

# FY12 Operating Budget

2011 Annual Town Meeting

May 18, 2011



# FY12 Budget Summary

- FY12 Recommended Revenue Amount
  - \$216,780,719
  - \$5,140,931 or 2.4% growth from FY11
- FY12 Recommended Spending Level
  - \$216,870,803
  - \$5,238,385 or 2.5% growth from FY11
- FY12 Projected Balance
  - (\$90,084)

# FY12 Budget Summary

- Revenue changes
  - Property tax revenue totals \$162,979,144
    - Increases \$5,145,833 (3.3%) from FY11
    - Base levy increases \$5,396,894 (3.5%)
    - New growth decreases \$251,061 (-17%)
    - Property tax revenue is 75.2% of total revenue
  - State Aid totals \$33,676,875
    - Increase \$1,794,462 (5.6%) from FY11
    - Chapter 70 increases \$2,390,754 (12.2%)
    - General Government Aid cut \$608,442 (-7.2%)
    - State aid is 15.5% of total revenue

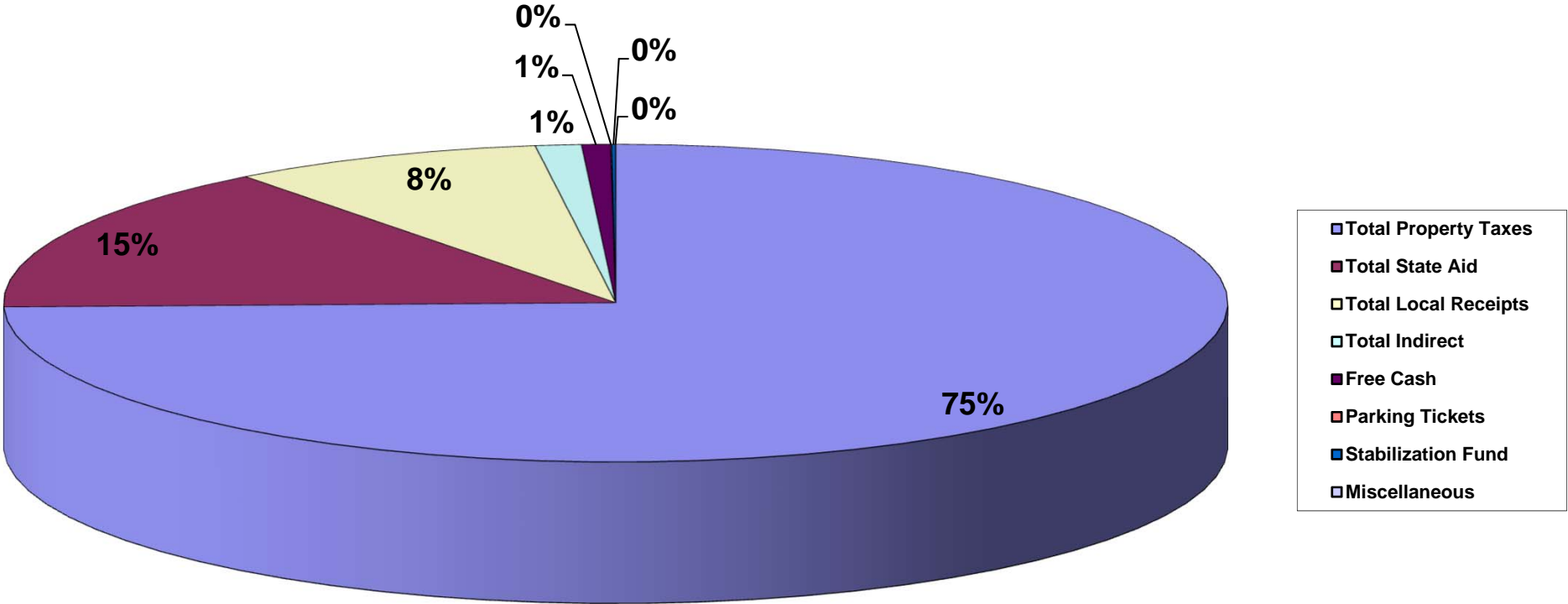
# FY12 Budget Summary

- Revenue Changes (cont.)
  - Local Receipts total \$15,580,332
    - Reduced \$1,885,559 (-11%) from FY11
    - Excise and local taxes down \$896,419 (-10%)
    - Licenses and permits lower by \$259,486 (-11%)
    - Investment income down \$199,925 (-62%)
    - Miscellaneous revenue drops \$439,675 (-31%)
    - Local receipts are 7.2% of total revenue
  - Enterprise Indirect totals \$2,643,378
    - Increases \$79,481 (3%) from FY11
    - Enterprise indirect is 1.2% of total revenue

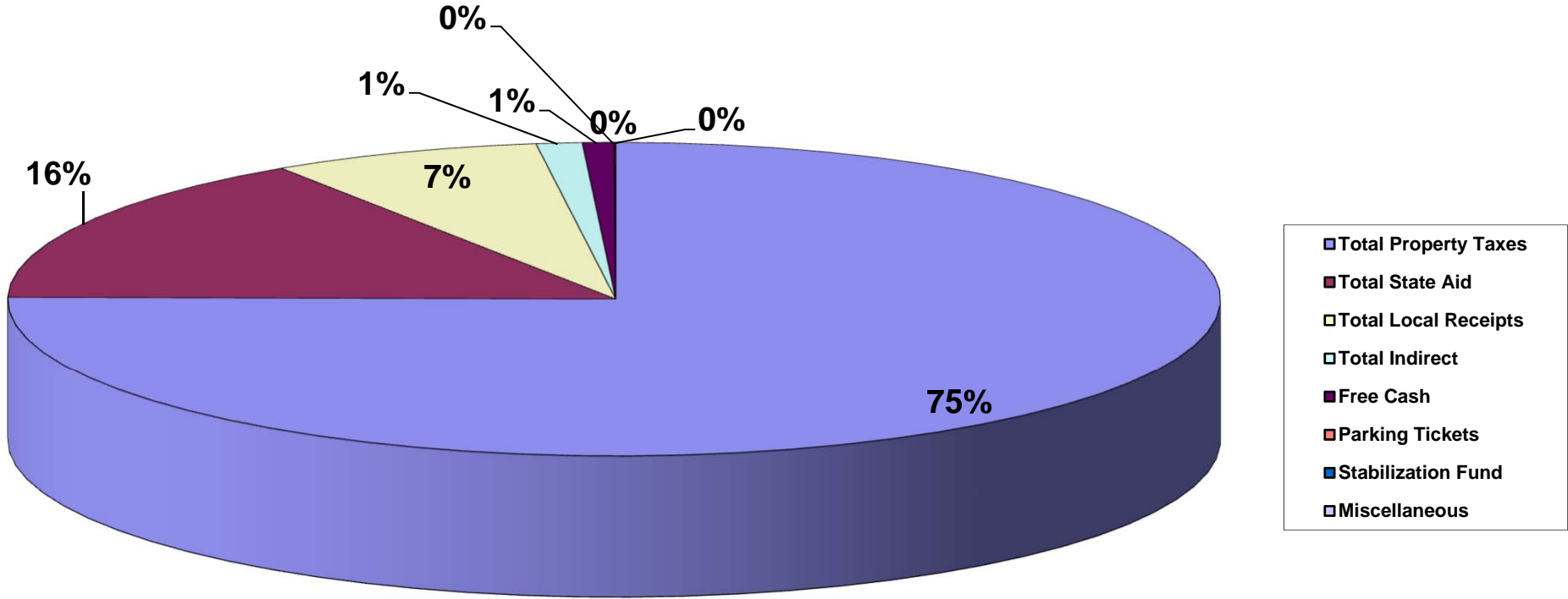
# FY12 Budget Summary

- Revenue changes (cont.)
  - Free Cash used is \$1,820,000 up \$213,672 (13%)
    - Certified free cash for FY10 was \$2,070,490
    - \$1.5 million used for operating budget
    - \$100,000 used for FY12 Capital Budget
    - \$220,000 used for FY12 Stabilization Fund
    - Free Cash is less than 1% of total revenue

# FY11 Revenue by Type



# FY12 Revenue by Type



# FY12 Budget Summary

- **FY12 Spending Recommendations**

- **Fixed/Centralized Costs**

- Health insurance increases \$1,127,509 (3.3%)
      - Will be 16.2% of total budget is remains at this level
    - Liability insurance \$279,195 (26%)
    - Unemployment is \$190,000 less than FY11
    - Retirement increases \$67,651, less than 1%
    - Stabilization Fund is \$1,420,000
      - Combination of \$1.2 million room & meals tax and \$220,000 free cash
      - If we keep at this pace of investment in the stabilization fund we will reach our 5% goal in FY15
    - Debt Service is \$8,450,843 increases \$205,739
      - \$161,480 is FY12 Capital Budget impact



# FY12 Budget Summary

- **FY12 Spending Recommendations**
  - **Education**
    - School Dept recommended at \$91,320,343
    - Increases \$2,624,374 (3%)
    - This is the Schools voted level service budget
    - Keefe Tech *decreases* \$70,152 (-.8%)
  - **Public Safety**
    - Fire Department increase \$225,602 (1.9%)
      - Includes funding for 4 year labor settlement
    - Police Department reduced \$38,647 (-.9%)
      - Includes potential labor settlement for patrolmen
      - Animal Control reduced \$5,338 (-3.3%)

# FY12 Budget Summary

- FY12 Spending Recommendations
  - Public Works
    - Total Division reduced by \$188,335 (-2.1%)
    - Highway Department reduced \$117,555 (-4%)
    - Sanitation Department reduced \$64,219 (-1.7%)
  - Snow and ice removal increase \$600,000 (66%)
    - Eliminate large annual spending deficits
  - Parks and Recreation
    - Department increased \$161,442 (7.4%)
    - Council on Aging reduced \$4,906 (-1.4%)
    - Loring Arena cut \$13,650 (-2.9%)

# FY12 Budget Summary

- FY12 Spending Recommendations
  - Inspection(Code Enforcement) increased \$9,925 (1.4%)
    - Weights and Measures reduced \$10,214 (-8.3%)
  - Public Health increased \$3,377 (.6%)
  - General Government
    - Selectmen/Town Manager cut \$7,877 (-1.3%)
    - Purchasing increased \$391 (.5%)
    - Building Services reduced \$56,990 (3.8%)
  - Library budget increased \$18,833 (.7%)
  - Planning Board decreased \$8,409 (-4.2%)

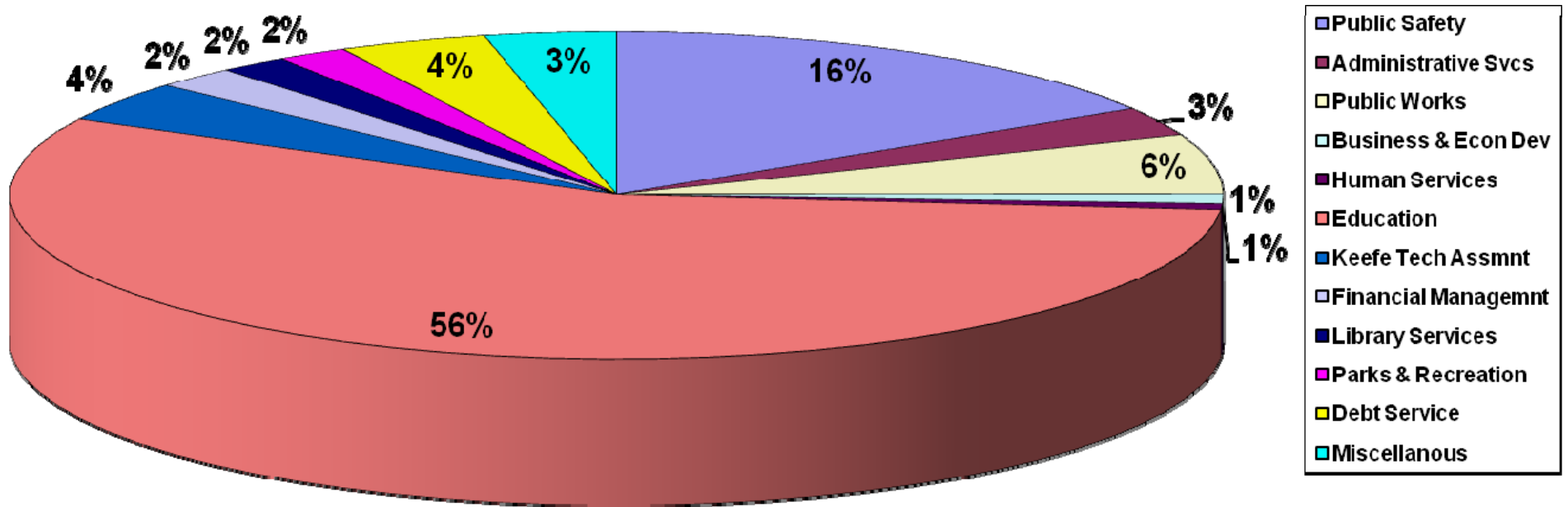
# FY12 Budget Summary

- **FY12 Spending Recommendations**
  - **Town Clerk decreased \$2,914 (-1.2%)**
    - Elections reduced \$35,004 (-18.9%)
  - **Community and Economic Development**
    - Department increased \$1,273 (.4%)
    - Zoning Board increased \$826 (1%)
  - **Technology Services reduced \$16,889 (-1.4%)**
  - **Financial Services**
    - Accounting Department increased \$1,802 (.4%)
    - Assessing Department increased \$3,341 (.8%)
    - Treasurer/Collector reduced \$11,734 (-2.1%)
    - CFO increased \$188 (.07%)

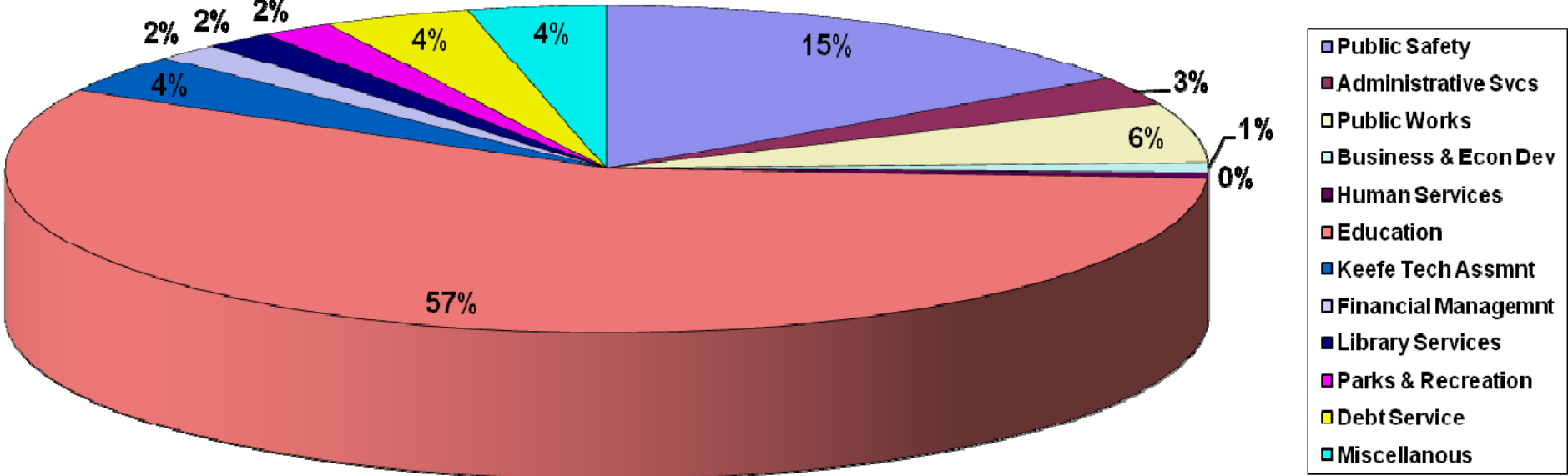
# FY12 Budget Summary

- FY12 Spending Recommendations
  - Total salary spending increase \$2,304,843 (2.2%)
    - School salary spending increase \$2,012,953 (2.9%)
    - Municipal salary spending increase \$46,839 (.1%)
    - Snow/ice overtime spending increase \$245,050 (162%)
  - Total operating spending up \$369,663 (1.4%)
    - Increase School operating by \$559,242 (3.2%)
    - Decrease Municipal operating by \$509,529 (-5.6%)
    - Increase snow/ice operating by \$319,950 (43%)
  - Total energy spending up \$23,504
    - Slight increase in School of \$43,832
    - Slight *decrease* in Municipal of \$20,328

## FY11 Expenditures by Type



# FY12 Spending by Service Type



# FY12 Budget Impact on Property Taxes

- Average Single family home tax bill expected to increase 5.6% or \$293.22
- How does this math work????
  - I thought my tax bill could only go up 2.5%
- The effect of multiple factors:
  - Property tax levy to maximum 2.5% increase
  - Increase/decrease in overall commercial values
  - Increase/decrease in overall residential values



## FY12 Budget Impact on Property Taxes

- FY 11 Property Tax Levy + 2.5% = New FY12 Levy
  - \$157,833,311 X 1.025 = \$161,779,144
- **Plus** Estimated FY12 New Growth \$1.2 million
  - From new development coming on line during FY12
- New FY12 Tax Levy = \$162,979,144
- Increase of \$5,145,833 of new revenue from taxes



## FY12 Budget Impact on Property Taxes

- If property values decrease, the tax rate increases to raise the additional \$5.1 million
- If property values increase, the rate can decrease to raise the same \$5.1 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

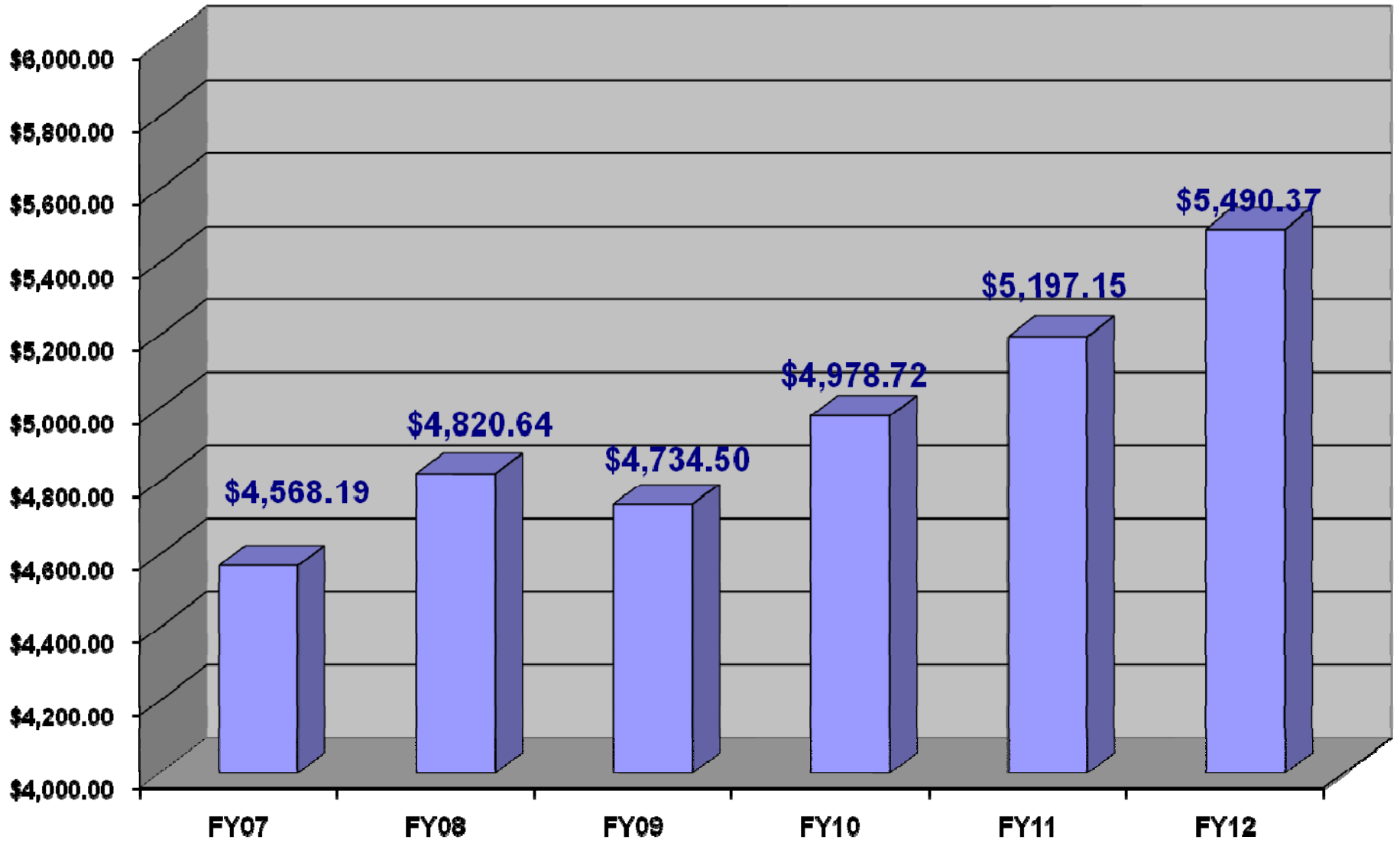
# FY12 Budget Impact on Property Taxes

- FY12 residential values are estimated to drop 2% from FY11
  - \$5.6 billion to \$5.5 billion
  - Average single family home value decreases from \$324,214 to \$317,730 (\$6,484)
- FY12 commercial values are estimated to drop 6.3% from FY11
  - \$1.8 billion to \$1.7 billion
- Commercial values are 23.7% of total value
- Residential values are 76.3% of total value

# FY12 Budget Impact on Property Taxes

- Town has a split tax rate which shifts a percentage of the tax burden to the commercial sector
- Commercial sector would pay 41.49% of total tax revenue
- Residential sector would pay 58.51% of total tax
- New *estimated* residential tax rate would be \$17.28
- New *estimated* commercial tax rate would be \$39.43

## Average Single Family Home Tax Bill





# Comparable Average Single Family Tax Bills

- For FY11 only two other Metrowest/Greater Marlborough Region communities had lower bills than Framingham
  - Hudson and Marlboro
  - The remaining 10 communities in the region all have higher single family tax bills than Framingham.