

# Town-Wide Financial Plan

Inter-Board Meeting

January 19, 2006

# Planning Scorecard

- Major questions following 2005 ATM
  - Future override needs
  - High School
  - Elementary Schools
  - SBA
  - Health insurance
  - OPEB funding approach
  - Reserves

# FY07 Planning process

- Guidelines published by Advisory (October)
- Capital requests submitted (October)
- 1<sup>st</sup> Inter-Board meeting (December)
- Operating budget requests submitted (1/3/06)
- 2<sup>nd</sup> Inter-Board meeting (1/19/06)
- Override proposal due to Selectmen (2/6/06)
- Advisory voting finalized (2/16/06)
- Annual Town Meeting (3/27/06)

# FY07 Plan assumptions

## Personal services

- Schools 5%
- Other Depts. 2.5%

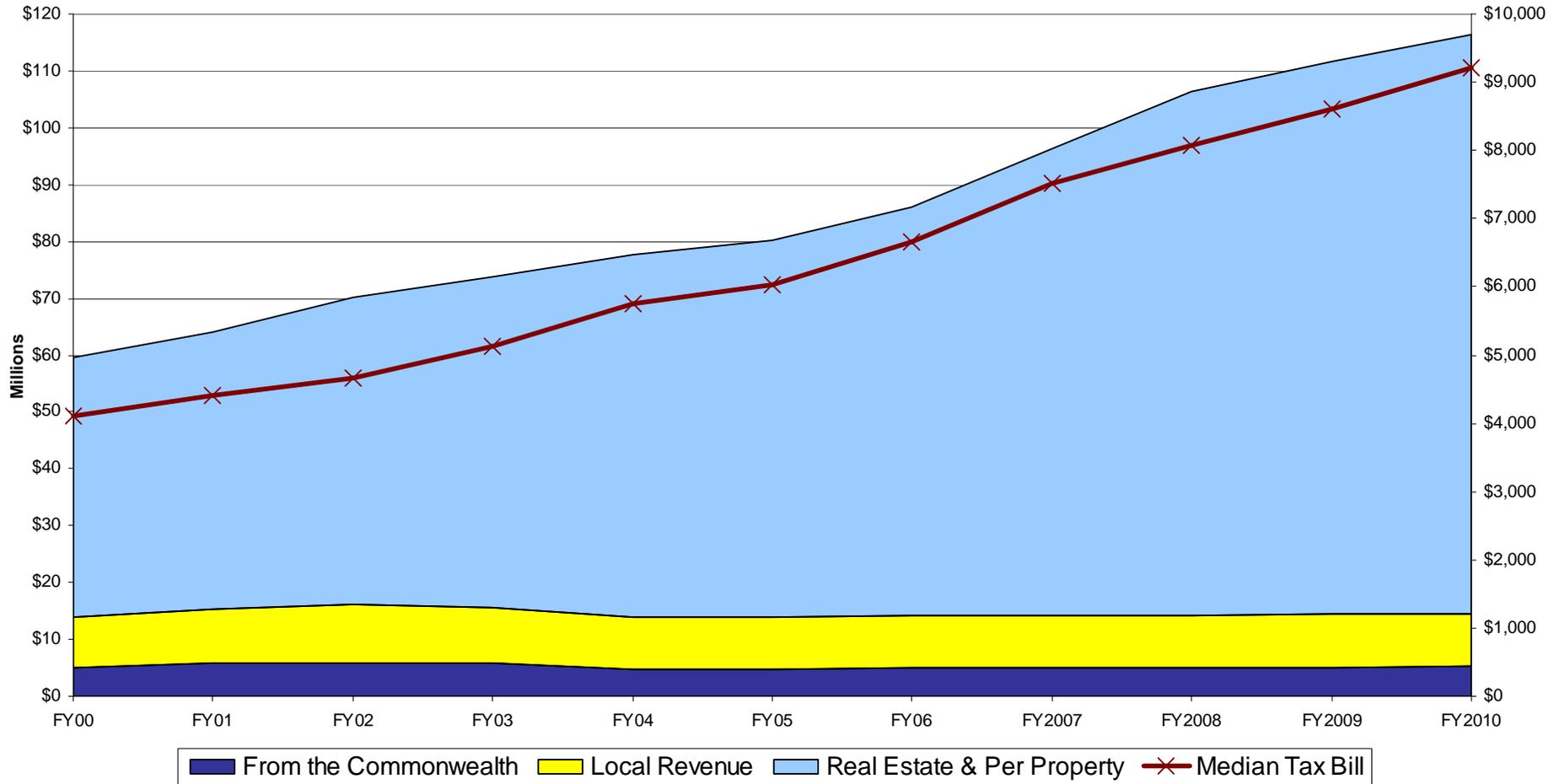
## Expenses

- Schools 3%
- Other Depts. 2.5%

# Revenue outlook

- No Water & Sewer payment in FY07  
(\$125,000 in FY06)
- Otherwise, assuming no change in state aid  
and local revenue
- Expectations of increases in Local Aid

# Revenue



# Personal Services

		FY07	%	Over/(Under)
	<u>FY06</u>	<u>Request</u>	<u>Growth</u>	<u>Guideline</u>
Schools	\$36,631,459	\$39,640,986	8.2%	\$ 1,177,954
Selectmen	9,532,479	9,928,267	4.2%	157,476
DPW	3,088,328	3,257,780	5.5%	92,244
Library	1,587,473	1,626,531	2.5%	(629)
Health	275,192	301,432	9.5%	19,360
Recreation - Tax Impact	259,650	298,417	14.9%	32,276
Town Clerk	219,555	237,422	8.1%	12,378
HR	215,017	217,021	0.9%	(3,371)
Assessors	157,714	215,447	36.6%	53,790
NRC	149,605	152,750	2.1%	(595)
Planning	145,814	148,691	2.0%	(768)
MLP - Tax Impact	51,904	58,280	12.3%	5,078
Special Costs	180,982	103,527	(0)	(81,980)
Shared Costs	12,883	-	-100.0%	(13,205)
PBC	5,288	7,400	39.9%	1,980
Advisory	3,055	5,280	72.8%	2,149
	52,516,398	56,199,231	7.0%	1,454,137

# Expenses

		FY07	%	Over/(Under)
	<u>FY06</u>	<u>Request</u>	<u>Growth</u>	<u>Guideline</u>
Schools	\$ 6,089,982	\$ 7,885,911	29.5%	\$ 1,613,230
Selectmen	1,899,381	1,987,977	4.7%	41,111
DPW	2,405,226	2,634,274	9.5%	168,917
Library	623,615	673,794	8.0%	34,589
Health	71,779	80,899	12.7%	7,326
Recreation - Tax Impact	120,740	122,875	1.8%	(883)
Town Clerk	46,850	48,550	3.6%	529
HR	20,475	20,820	1.7%	(167)
Assessors	129,700	81,200	-37.4%	(51,743)
NRC	15,065	15,440	2.5%	(2)
Planning	20,325	25,575	25.8%	4,742
MLP - Tax Impact	30,400	25,470	-16.2%	(5,690)
Special Costs	3,149,300	2,990,765	(0)	172,436
Shared Costs	12,263,736	14,319,023	16.8%	614,086
PBC	7,200	7,200	0.0%	(180)
Advisory	19,000	23,780	25.2%	4,305
Audit	62,000	62,000	0.0%	(1,550)
Teen Center	7,500	7,500	0.0%	(187)
	26,982,274	31,013,053	14.9%	2,600,868

# FY07 cash capital

	<b>Cash Capital</b>		
	<u>3 Yrs. Avg.</u>	<u>Submission</u>	<u>Diff.</u>
DPW	\$ 1,157,333	\$ 1,328,500	\$ (171,167)
Schools	952,680	1,172,039	(219,359)
Selectmen	62,224	146,809	(84,585)
Recreation - Tax Impact	31,300	25,400	5,900
Planning	36,666	70,000	(33,334)
NRC	141,466	46,000	95,466
Library	5,133	34,200	(29,067)
Town Clerk	13,333	16,000	(2,667)
Morses Pond Project	-	-	-
	2,400,135	2,838,948	(438,813)

## New projects

\$ 21,000 Warren Park Basketball court  
 10,000 Indoor pool study  
 10,000 Natick Line study

## Increases

\$ 77,500 Road resurfacing /crack sealing /  
 sidewalk restoration  
 132,000 DPW vehicle replacement  
 27,000 Phone switches  
 61,000 Schools roof maintenance and replacement  
 189,825 Schools plumbing and heating

# Debt capital requests

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
<b>Safety / Maintenance</b>					
Park/Hwy Electrical System Repair	\$ 1,300,000				
Cedar & Hastings Intersection					336,000
<b>Subtotal</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336,000</b>
<b>Restoration / Replacement</b>					
Morses Pond Dock	115,000				
Engine #1			375,000		
Washington St Cold Planning Cliff Road		385,000		1,250,000	
Grove Street					1,250,000
Surface Drainage Master Plan	333,000	300,000	331,000	375,000	661,000
Town Pond Management Plan				100,000	
Sprague Field Rehabilitation		1,000,000			
Fuller Brook Park Restoration		572,000			
Morses Pond Management Plan	373,000	650,000	100,000		
<b>Subtotal</b>	<b>706,000</b>	<b>2,907,000</b>	<b>806,000</b>	<b>1,725,000</b>	<b>1,911,000</b>
<b>New Infrastructure</b>					
Overbrook Dr Area Improvements		80,300	77,200		
Weston Rd Parking Lot			200,000		
Salt/sand shed	200,000				
DPW Garage/Office	1,700,000	390,000	420,000	900,000	260,000
Hunnewell Field Improvements		92,500	150,000	150,000	1,520,000
Morses Pond Bathhouse				200,000	
Schools - HS Design BAN Interest	1,582,950				
Schools - Modular Classrooms	2,100,000				
<b>Subtotal</b>	<b>5,582,950</b>	<b>562,800</b>	<b>847,200</b>	<b>1,250,000</b>	<b>1,780,000</b>
<b>Total</b>	<b>7,588,950</b>	<b>3,469,800</b>	<b>1,653,200</b>	<b>2,975,000</b>	<b>4,027,000</b>

# Resulting deficit

	FY2006	FY2007
<b>*** SOURCES OF FUNDS ***</b>	<b><u>Tax Rate</u></b>	<b><u>Projected</u></b>
<i>Taxes &amp; Current Revenue</i>	82,575,921	85,310,095
<i>Property Tax (Outside Levy)</i>	2,416,689	3,804,878
<i>Available Funds</i>	2,622,999	2,599,060
<i>MLP/Water/Sewer Contribution</i>	1,125,000	1,000,000
<b>TOTAL SOURCES OF FUNDS</b>	<b>88,740,609</b>	<b>92,714,033</b>
<b>*** USE OF FUNDS ***</b>		
<i>Per Serv &amp; Expenses (Schools)</i>	42,721,441	47,526,897
<i>Per Serv &amp; Expenses (Non-School)</i>	21,116,470	22,269,780
<i>Capital &amp; Debt (Inside Levy)</i>	5,962,503	7,292,710
<i>Debt Service (Outside Levy)</i>	3,018,802	4,427,213
<i>Shared Costs</i>	11,886,859	14,019,023
<i>Special Items</i>	4,024,834	3,290,765
<b>TOTAL USE OF FUNDS</b>	<b>88,730,909</b>	<b>98,826,388</b>
<b> OVERRIDE</b>	<b>(9,700)</b>	<b>6,112,355</b>

# Reasons for the deficit

	FY07 <u>Impact</u>
Spending variances vs. guideline	
- Personal services - Schools	\$ 1,177,954
- Personal services - Other	276,183
- Expenses - Schools	1,613,230
- Expenses - Other	987,638
Cash capital greater than prior year	608,499
Debt service greater than prior year	720,108
OPEB funding	600,000
Other	128,744
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	<u>\$ 6,112,355</u>

# Override Approaches

## Single Amount (Traditional Approach)



A purple rectangular box labeled "SINGLE AMOUNT" is positioned above a horizontal dashed line.

SINGLE AMOUNT

## Base & Basket



A purple rectangular box labeled "BASE" is positioned below a green rectangular box labeled "BASKET". Both are above a horizontal dashed line.

BASKET

BASE

## Menu



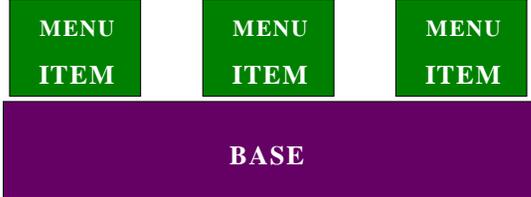
Three green rectangular boxes, each labeled "MENU ITEM", are arranged horizontally above a horizontal dashed line.

MENU  
ITEM

MENU  
ITEM

MENU  
ITEM

## Base & Menu



A purple rectangular box labeled "BASE" is positioned below three green rectangular boxes labeled "MENU ITEM". All are above a horizontal dashed line.

MENU  
ITEM

MENU  
ITEM

MENU  
ITEM

BASE

# Looking forward – key assumptions

	<u>FY05</u>	<u>FY06</u>	FY07 <u>Advisory</u> <u>Guideline</u>	<u>FY07</u> <u>Proposed</u>	<u>FY08-FY11</u> <u>Assumed</u>
Schools	5.2%	4.2%	5%	8.2%	?
Selectmen	3.1%	3.8%	2.5%	4.2%	?
DPW	2.8%	3.3%	2.5%	5.5%	?
Library	-1.8%	-0.7%	2.5%	2.5%	?
Health	5.7%	0.7%	2.5%	9.5%	?
Recreation - Tax Impact	5.8%	5.6%	2.5%	14.9%	?
Town Clerk	12.8%	-18.6%	2.5%	8.1%	?

# Projected sources & uses (without High School)

	FY2006	FY2007	FY2008	FY2009	FY2010
*** SOURCES OF FUNDS ***	<u>Tax Rate</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
<i>Taxes &amp; Current Revenue</i>	82,575,921	85,310,095	94,452,787	103,584,337	106,022,855
<i>Property Tax (Outside Levy)</i>	2,416,689	3,804,878	4,498,553	4,367,178	4,228,915
<i>Available Funds</i>	2,622,999	2,599,060	2,863,130	2,963,130	2,963,130
<i>MLP/Water/Sewer Contribution</i>	1,125,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>TOTAL SOURCES OF FUNDS</b>	<b>88,740,609</b>	<b>92,714,033</b>	<b>102,814,470</b>	<b>111,914,645</b>	<b>114,214,900</b>

*** USE OF FUNDS ***					
<i>Per Serv &amp; Expenses (Schools)</i>	42,721,441	47,526,897	50,538,343	53,751,128	57,179,060
<i>Per Serv &amp; Expenses (Non-School)</i>	21,116,470	22,269,780	22,826,525	23,397,188	23,982,117
<i>Capital &amp; Debt (Inside Levy)</i>	5,962,503	7,292,710	12,058,010	8,851,863	10,194,694
<i>Debt Service (Outside Levy)</i>	3,018,802	4,427,213	5,120,888	4,989,513	4,851,250
<i>Shared Costs</i>	11,886,859	14,019,023	15,136,822	16,998,530	17,598,530
<i>Special Items</i>	4,024,834	3,290,765	3,209,325	3,251,188	3,291,166
<b>TOTAL USE OF FUNDS</b>	<b>88,730,909</b>	<b>98,826,388</b>	<b>108,889,913</b>	<b>111,239,410</b>	<b>117,096,818</b>

<b>OVERRIDE</b>	<b>(9,700)</b>	<b>6,112,355</b>	<b>6,075,443</b>	<b>(675,235)</b>	<b>2,881,918</b>
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### Debt Service Impact - High School Financing Options

(No SBA Reimbursement; Level Payment)

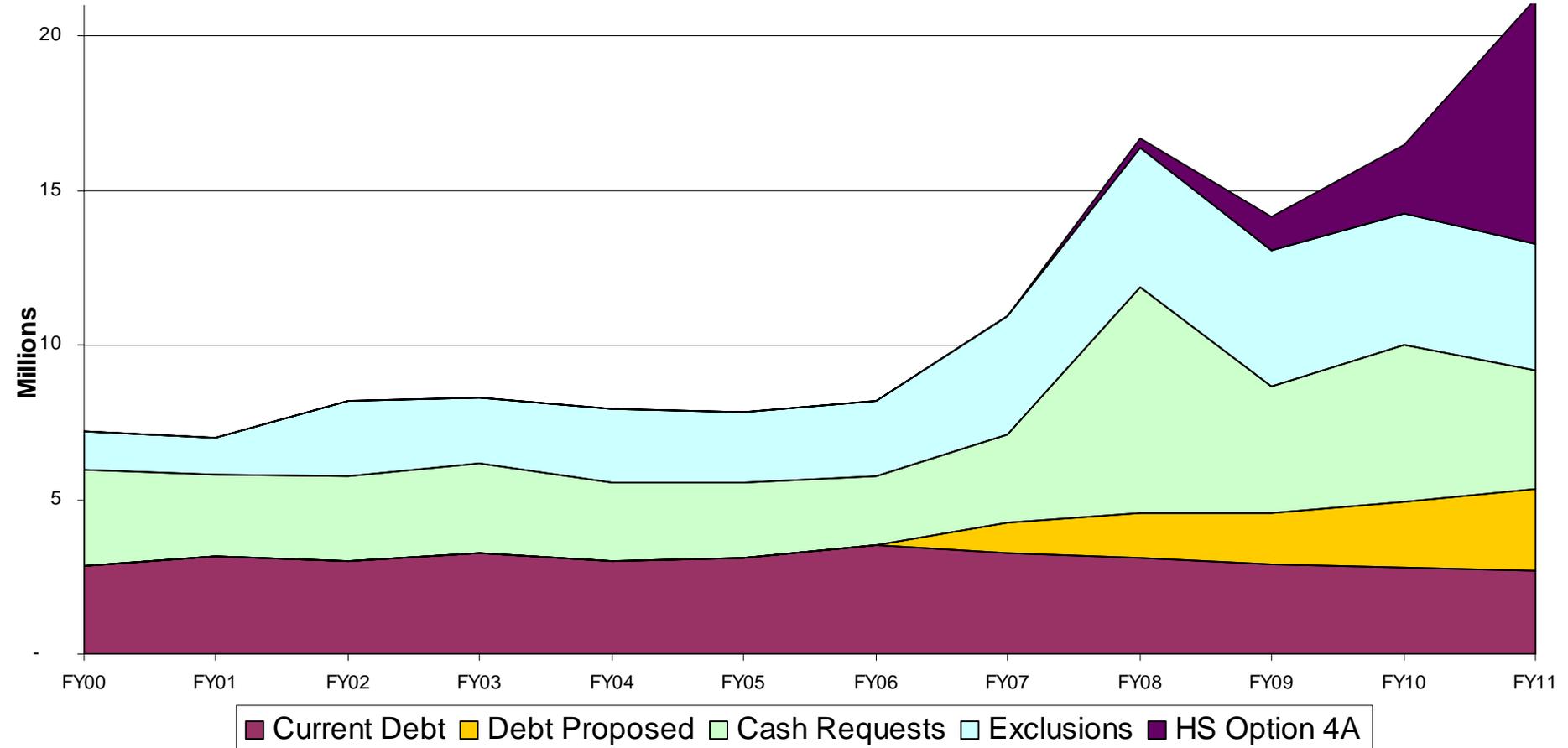
Option	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
1	\$ 99,535	1,169,359	2,074,222	2,074,222	2,074,222	2,074,222	2,074,222	2,074,222	2,074,222
2	240,695	862,938	1,725,876	6,040,566	6,003,638	6,003,638	6,003,638	6,003,638	6,003,638
3	65,957	344,662	3,257,031	3,142,258	3,027,141	2,828,909	3,589,092	10,876,038	9,458,355
4	63,628	321,568	1,276,669	2,553,338	8,936,682	10,009,085	8,707,632	8,707,632	8,707,632
<b>4A</b>	<b>63,318</b>	<b>319,014</b>	<b>1,132,857</b>	<b>2,265,714</b>	<b>7,929,997</b>	<b>8,881,597</b>	<b>7,553,122</b>	<b>7,553,122</b>	<b>7,553,122</b>

### Median Tax Bill Impact - High School Financing Options

(No SBA Reimbursement; Level Payment)

Option	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
1	\$ 9	\$ 108	\$ 192	\$ 192	\$ 192	\$ 192	\$ 192	\$ 192	\$ 192
2	22	80	160	559	556	556	556	556	556
3	6	32	302	291	280	262	332	1,007	876
4	6	30	118	236	828	927	806	806	806
<b>4A</b>	<b>6</b>	<b>30</b>	<b>105</b>	<b>210</b>	<b>734</b>	<b>823</b>	<b>699</b>	<b>699</b>	<b>699</b>

# Capital requests



# Median tax bill

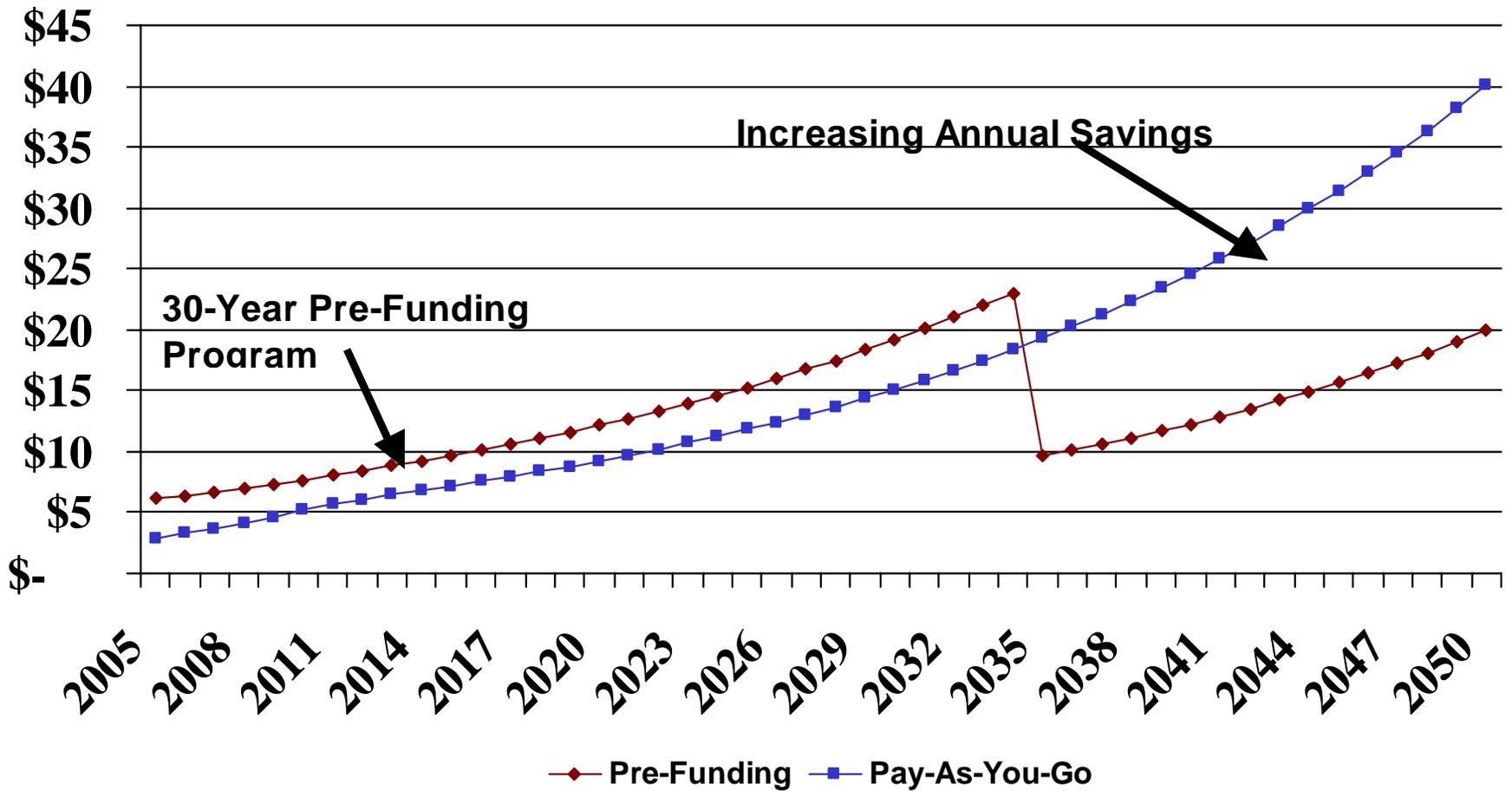
	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<i>Median Tax Bill - Prior Year</i>	\$ 6,648	\$ 7,510	\$ 8,354	\$ 8,593
<i>2.5% Annual Impact</i>	167	188	209	214
<i>Existing Debt Exclusions</i>	129	64	(12)	(13)
<i>Projected Overrides (Annual)</i>	566	563	(63)	267
<i>High School Option 4A; No SBA</i>	-	30	105	210
<b>TOTAL TAX BILL</b>	<b>7,510</b>	<b>8,354</b>	<b>8,593</b>	<b>9,271</b>
<b>Annual % Increase</b>	<b>13.0%</b>	<b>11.2%</b>	<b>2.9%</b>	<b>7.9%</b>

# Retirement liabilities

<i>(\$ million at 1/1/04)</i>	<u>Pension</u>	<u>OPEB</u>
Accrued liability	\$ 112.8	\$ 76.7
Assets	116.8	-
Unfunded liability	<u>\$ -</u>	<u>\$ 76.7</u>

*Note: Medical includes Teachers whereas Pension does not*

# Pre-Funding vs. Pay-as-you-go



# Principal healthcare options available to the Town

- Wellness initiatives
- Mandate Medicare for eligible retirees (Section 18 election)
- Change cost sharing
  - For retirees
  - For active employees
- Benefit plan design changes
- Clarify policies and procedures
  - Control enrollment growth
  - Educate Boards on impact of hiring decisions on healthcare costs