

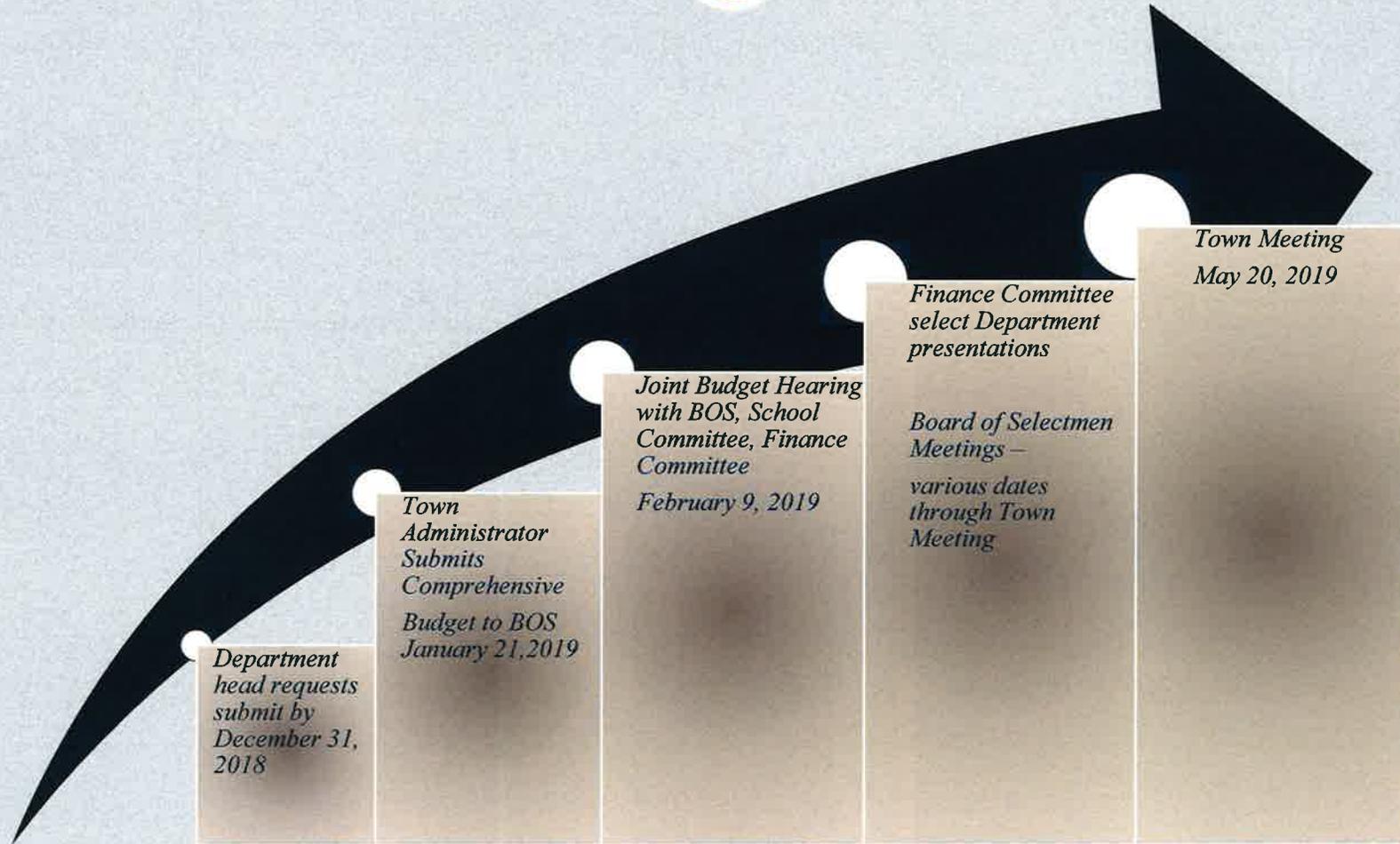


TOWN OF MAYNARD BUDGET HEARING FISCAL YEAR 2020

Gregory Johnson
Town Administrator

Budget Process

2



Department head requests submit by December 31, 2018

Town Administrator Submits Comprehensive Budget to BOS January 21, 2019

Joint Budget Hearing with BOS, School Committee, Finance Committee February 9, 2019

Finance Committee select Department presentations

Board of Selectmen Meetings – various dates through Town Meeting

Town Meeting May 20, 2019

December 31, 2018 – 1/2 way there

3

- Year-to-date budget is on target
- Total expenditures at **47.9**; (**49.4** after removing debt which has timing fluctuations)
- Received **\$22.7** million in revenue receipts in the General Fund as of December 31, 2018 this is **53.3%** of 2018 target revenues.



**Fiscal Year 2020
Town Administrator
Proposed Budget**

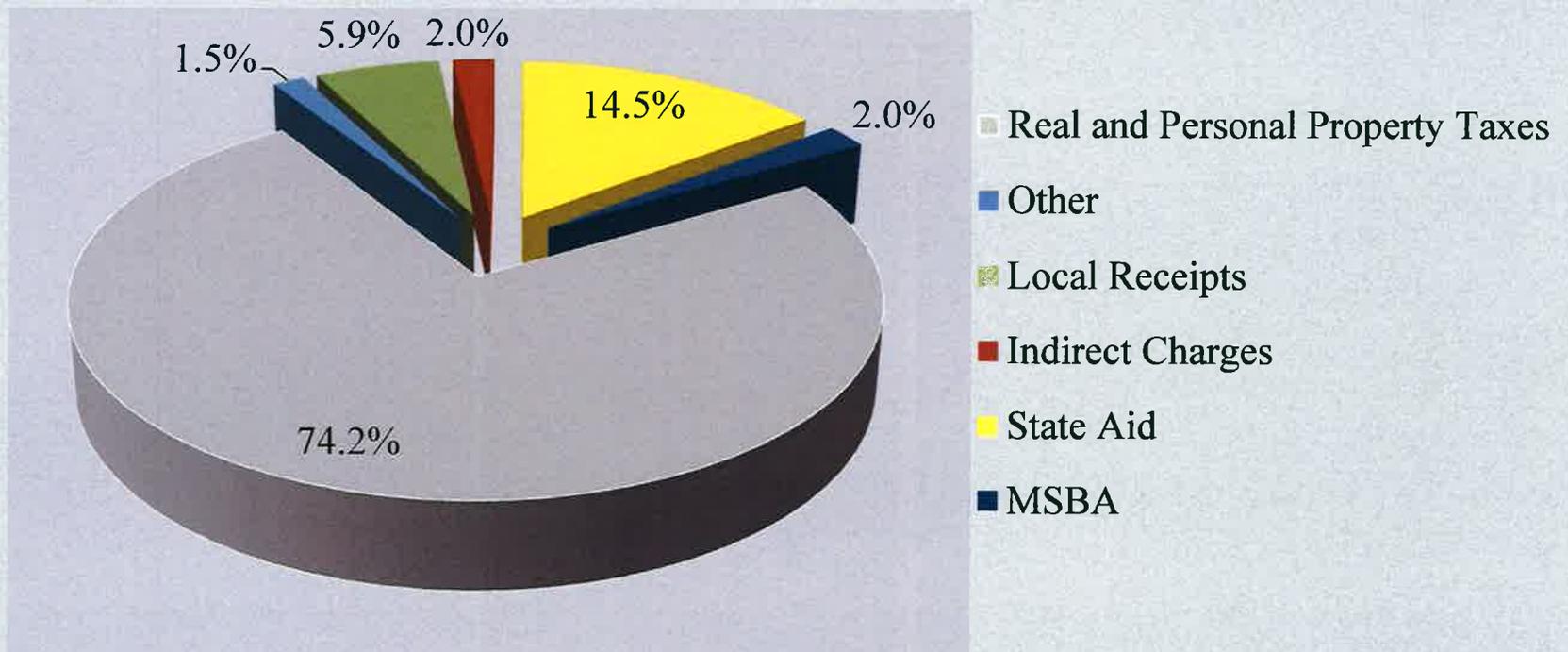


BUDGET SOURCES

Summary Budget Sources

6

Source Types



Summary of Budget Sources

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Revenue Type	Amount
Real and Personal Property Taxes	\$ 32,752,137
State Aid*	6,415,150
Massachusetts School Building Authority	897,660
Local Receipts	2,600,000
Indirect Charges	834,268
Transfers From Other Funds	270,000
Transfers From PEG Access	334,086
Amortization of Bond Premium	<u>59,090</u>
Total Budget Sources	<u>\$ 44,162,391</u>

Real and Personal Property Taxes

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LEVY COMPONENT	AMOUNT
Levy Limit 2019	\$ 29,049,744
Proposition 2 ½ % increase	726,244
New Growth Estimate	730,000
Debt Exclusions	2,246,149
Maximum Allowable Levy FY20	\$ 32,752,137

New Growth

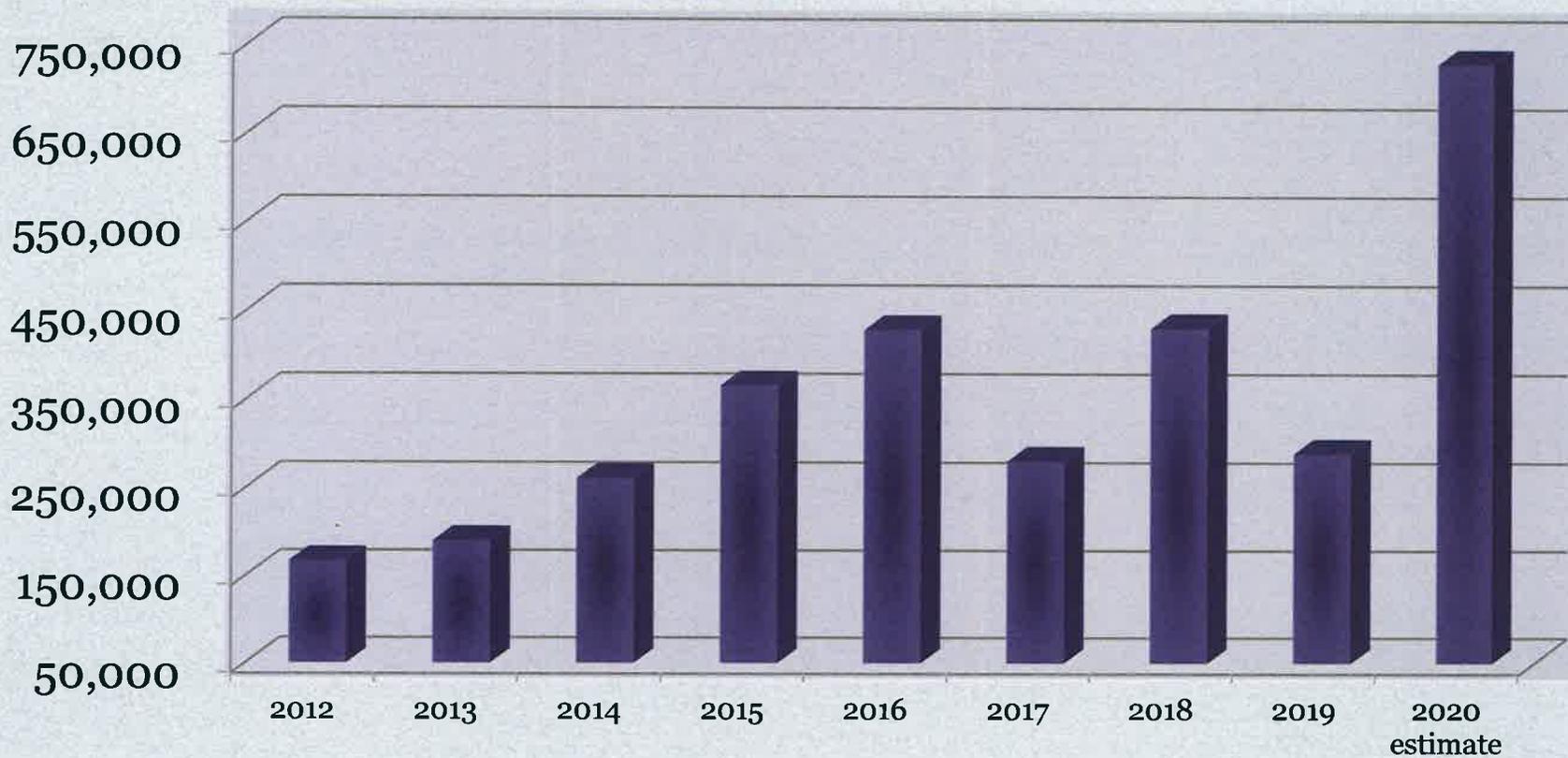
9

- Estimate \$730,000
- Based on permit activity and active projects
- Of which only \$476,556 is from 129 Parker
- Final amounts are not available until after the budget has been presented to Town Meeting

New Growth

10

Historic New Growth \$



State Aid and MSBA

11

- Governor's budget \$6,572,358
 - Only \$28,393 increase over last year
 - TA Budget (Jan. 21st) projected trend of aid increase = \$200,440
 - **Leaving shortfall of \$(172,047)**
 - House and Senate Ways and Means Committees, then Joint Committee, will submit their versions
 - Adjustments will be made as changes occur
 - Recommendations for town budget adjustments can be provided

- MSBA \$897,660
 - Consistent from year to year
 - Reimbursement for debt related to construction of the Fowler School
 - Town qualified for nearly 60% reimbursement
 - Expires in fiscal year 2023
 - New High School project was on a pay-as-you construct basis and has all been distributed w/ no additional debt burden

Local Aid

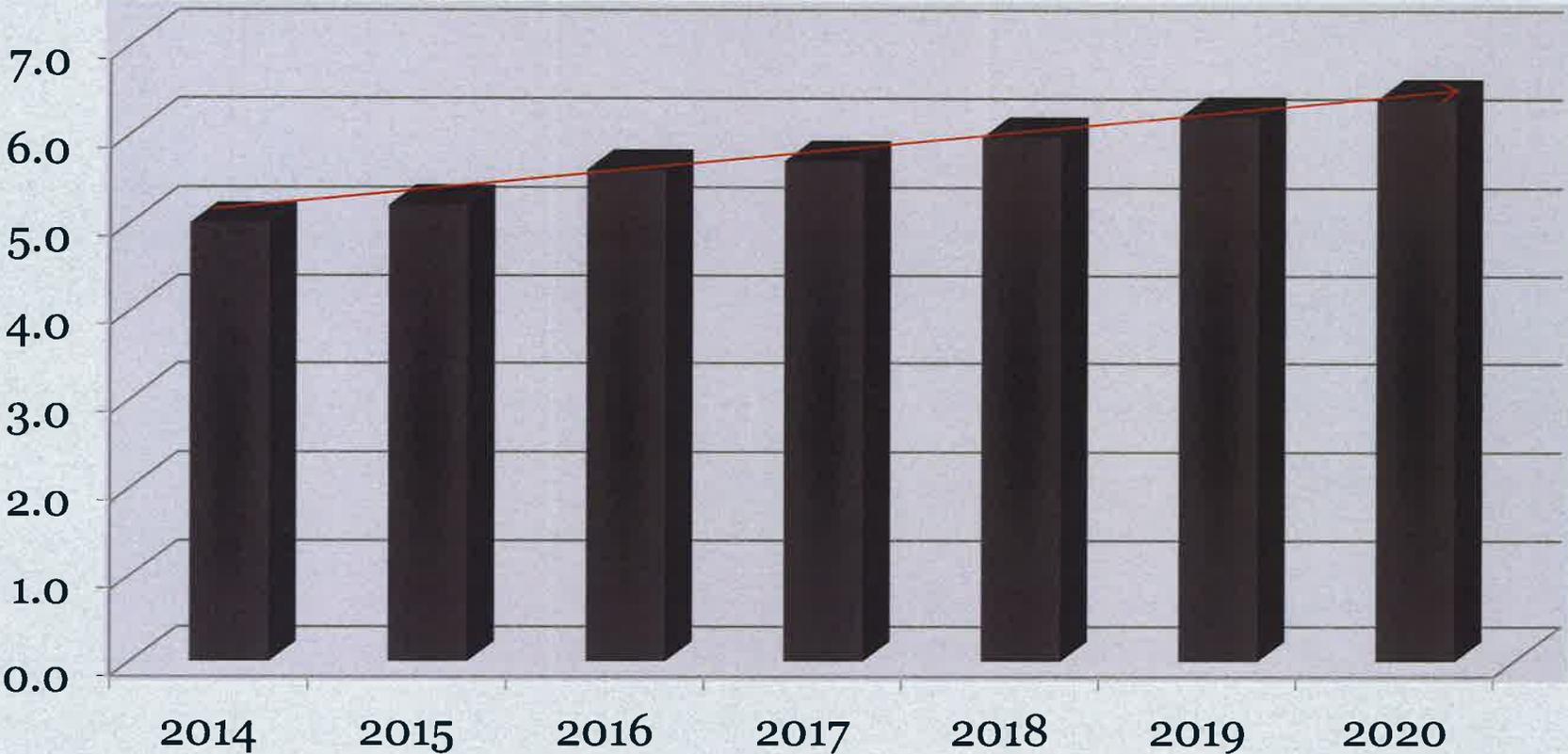
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Distribution Type	2018	2019	2020	Change from 19-20
Chapter 70	\$ 5,000,104	\$ 5,402,021	\$ 5,429,301	\$27,280
Charter School Reimbursements	154,847	183,187	161,945	(\$21,242)
Unrestricted Local Aid	1,569,461	1,624,392	1,668,251	\$43,859
Veterans' Benefits	45,020	30,662	43,627	\$12,965
Exemptions	30,625	33,373	37,691	\$4,318
Total	\$ 6,800,057	\$ 7,273,635	\$ 7,340,815	\$67,180
State and County Assessment	\$825,302	\$1,058,925	\$ 1,097,712	\$38,787

Historic State Aid

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State Aid in millions



Local Receipts

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Receipt Type	Amount
Motor Vehicle excise	\$ 1,340,000
Meals Tax excise	120,000
Penalties and interest	97,000
Payment in lieu of taxes	30,000
Licenses and permits	300,000
Fines and forfeits	87,000
Investment income	38,000
Solid Waste Fees	324,000
Other (Medicaid, Fees, Rentals, etc.)	264,000
Total Local Receipts	\$ 2,600,000

Indirect Charges

15

- Charges incurred by the General Fund on behalf of the Water and Sewer Enterprise Funds
- Allocated back to Water and Sewer Enterprise Funds based on a reasonable and methodical allocation process
- Includes administrative fees such as Accounting, Treasury, Collector, and Data Processing etc. as well as employee benefits

Transfers From Other Funds - Ambulance Receipts

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- Annually, amounts are transferred from the “Ambulance Receipts Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of the ambulance services and capital repairs or replacement which are charged directly to the General Fund within the Fire Department appropriation
- 2020 proposed amount is **\$270,000** for ambulance operations

Transfers From Other Funds - PEG Access Funds

17

- Annually, amounts are transferred from the “PEG Access Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of cable-related services, benefits, IT and associated infrastructure which is charged directly to the General Fund within the General Government appropriation
- 2020 proposed transfer amount is **\$334,086**
 - 10.5% - Town
 - 4.5% - Legal
 - 85.0% - School

Amortization of Bond Premium

18

- Typically, when a municipality issues bonds, proposers offer premiums with the sale
- These premiums become revenue to the municipality at the time of sale
- When the premium arises from an excluded debt situation, The DOR does not allow the use of this revenue all in one year
- Therefore the premium is required to be amortized over the length of the debt payback
- In the 2020 budget, the Town is using **\$59,090** as a budget source against debt service as the current year amortization
- Remaining premium balances after 2020 approximate **\$355,419** and are being amortized over time

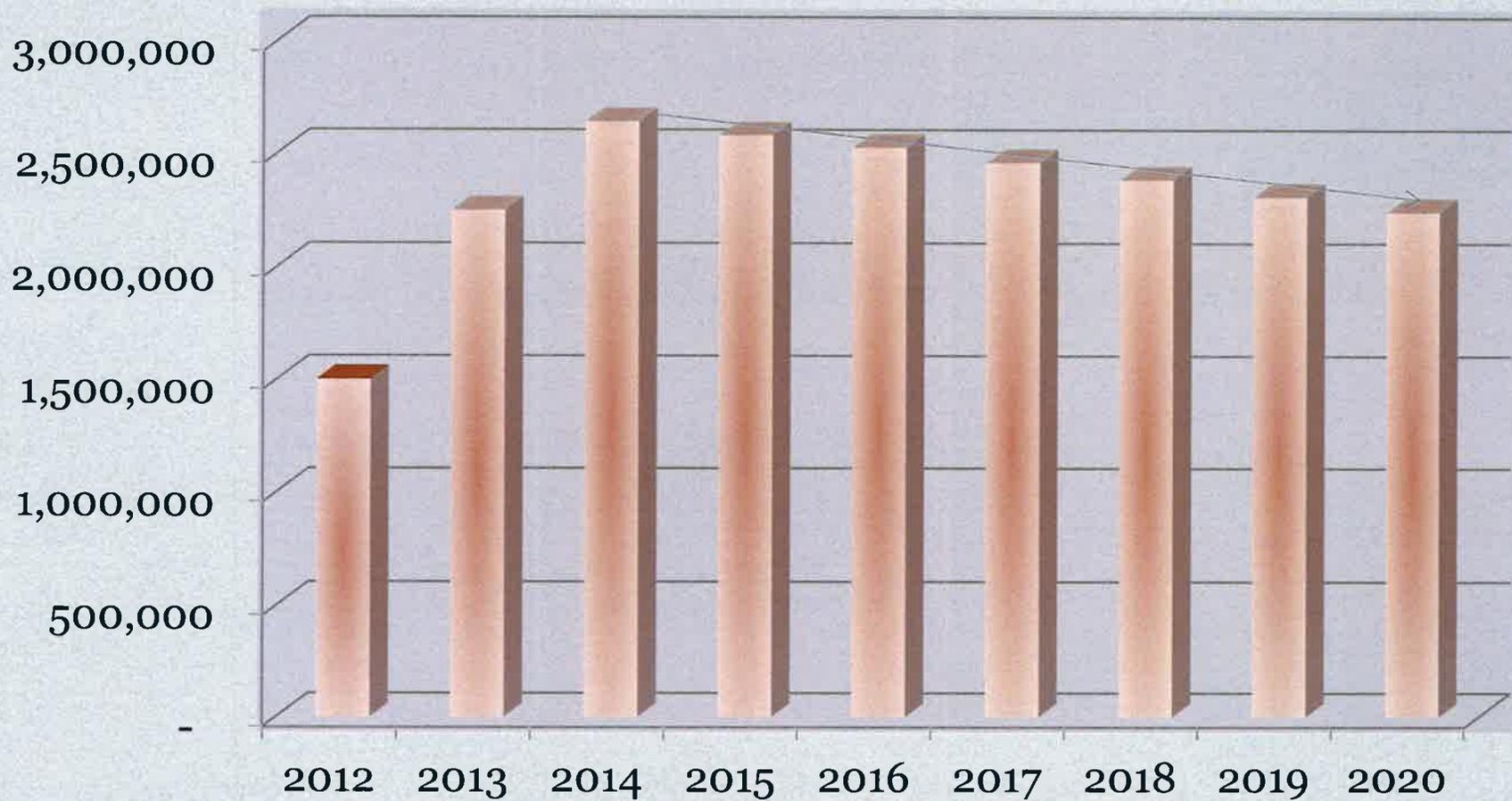
Debt Exclusion

19

- It is challenging for the Town to carry out a sufficient capital improvement plan without assistance from the taxpayer outside the boundaries of Proposition 2 1/2
- This is accomplished through debt exclusions, which, when approved by the voters, allows the Town to assess taxes above the Proposition 2 1/2 limits set by law
- Debt exclusion amounts for fiscal 2020 equal \$2,246,149
- Total debt service for 2020 is expected to be \$3,467,245 for governmental funds (\$1,357,298 for Enterprise Funds)

Historic Debt Exclusion

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BUDGET USES

Summary Budget Uses

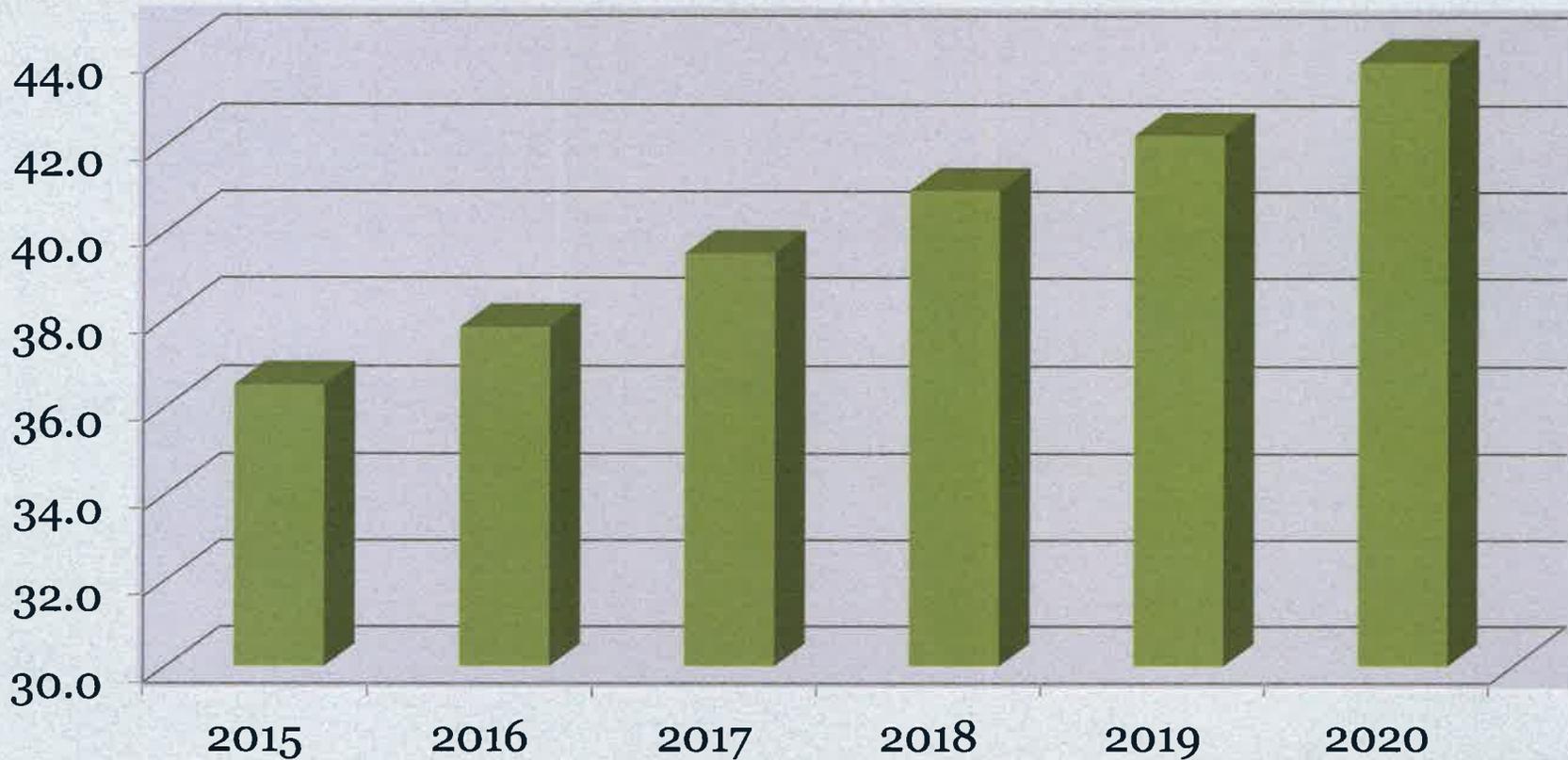
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	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Budget</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>FY2020 vs</u>	<u>% vs</u>
					<u>FY2019</u>	<u>FY19</u>
<u>TOTAL EXPENSES</u>						
General Government	\$ 3,121,563	\$ 3,370,746	\$ 3,227,281	\$ 3,237,967	\$ 10,686	0.33%
Public Safety	\$ 4,735,213	\$ 4,858,821	\$ 4,919,011	\$ 5,021,543	\$ 102,532	2.08%
Public Works	\$ 1,777,236	\$ 1,958,551	\$ 2,004,875	\$ 2,085,646	\$ 80,771	4.03%
Cultural & Recreation	\$ 529,069	\$ 548,224	\$ 561,005	\$ 577,274	\$ 16,269	2.90%
Education - Maynard	\$ 16,756,163	\$ 17,426,410	\$ 18,550,151	\$ 19,576,953	\$ 1,026,802	5.54%
Education - Assabet	\$ 1,039,677	\$ 893,191	\$ 1,025,434	\$ 1,128,043	\$ 102,609	10.01%
Employee Benefits	\$ 7,432,954	\$ 7,949,445	\$ 8,144,187	\$ 8,567,720	\$ 423,533	5.20%
Debt Service	\$ 3,810,657	\$ 3,647,253	\$ 3,549,595	\$ 3,467,245	\$ (82,350)	-2.32%
Reserve Fund	\$ 300,000	\$ 300,000	\$ 250,000	\$ 250,000		
TOTAL EXPENSES	\$ 39,601,386	\$ 40,952,641	\$ 42,231,539*	\$ 43,912,391*	\$ 1,680,852	3.98%

Annual Budget Comparison

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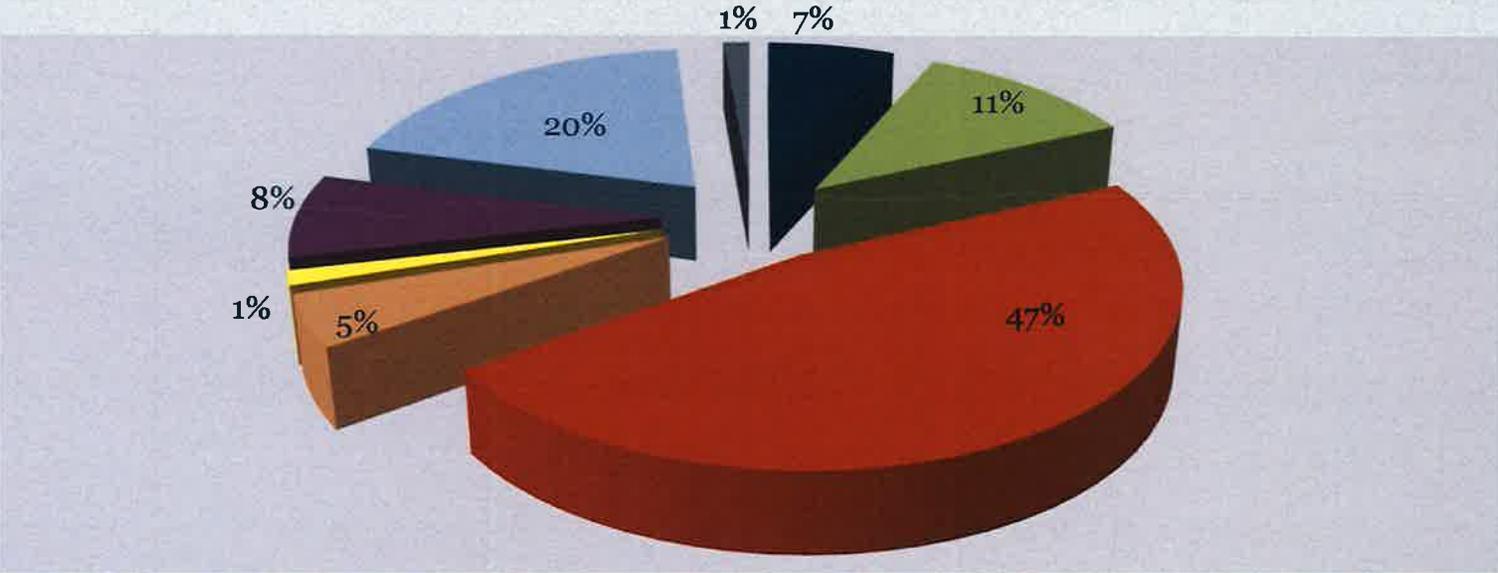
Annual Budget (millions)



Summary Budget Uses

Budget Uses by Function

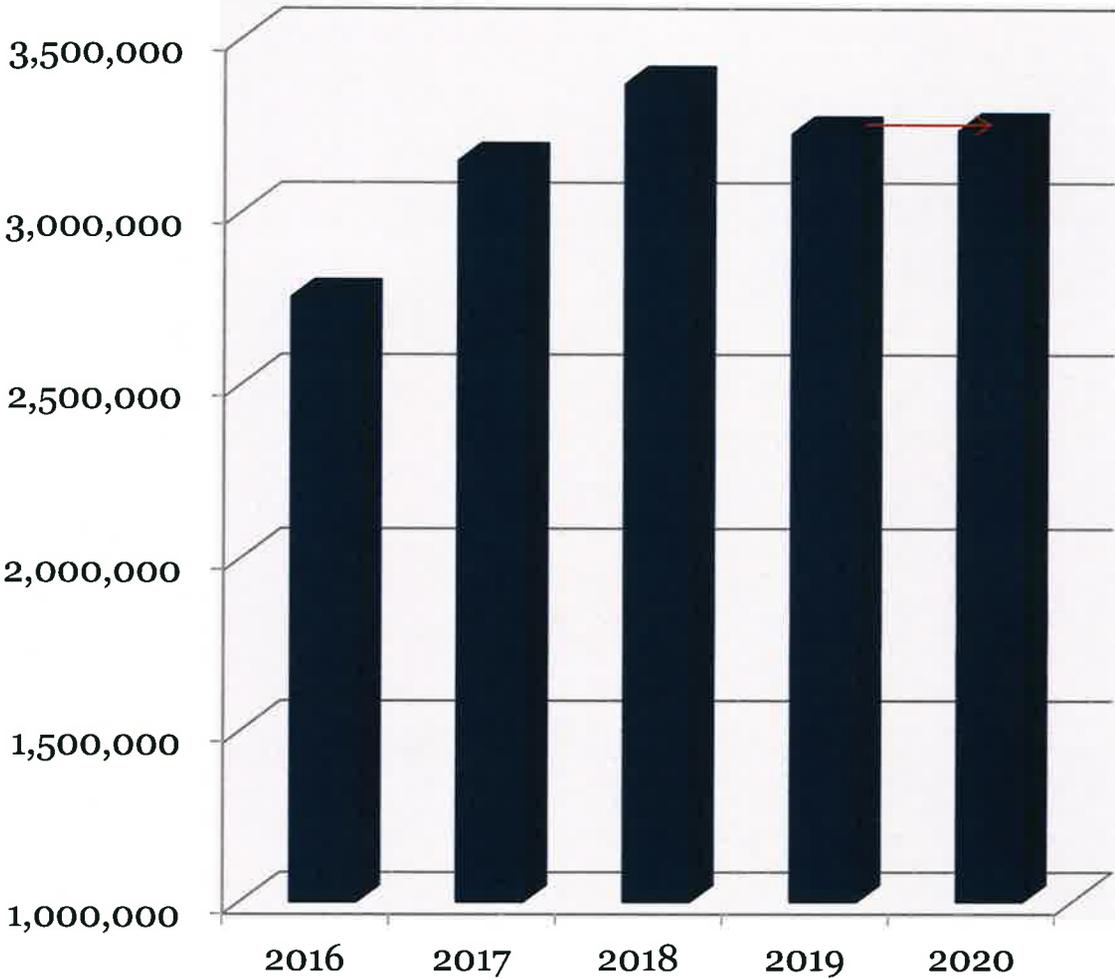
- General Government
- Public Safety
- Education
- Public Works
- Culture and Recreation
- Debt Service
- Fringe Benefits and Other
- Other Budget Uses



General Government

- ❑ Increase of \$10,686 or 0.33% over last year.
- ❑ Removal of non-debt (Cash Capital) funding of \$85k
- ❑ Increase of \$37.5k for liability insurance (previously underfunded)
- ❑ PEG Access overall increase of \$48k (includes reduction in expense but additional salary)
- ❑ Salaries increase of \$89k due to contractual obligations and 2% non-contractual employees' raises
- ❑ Reductions were made based on previous spending trends and estimated future expenses

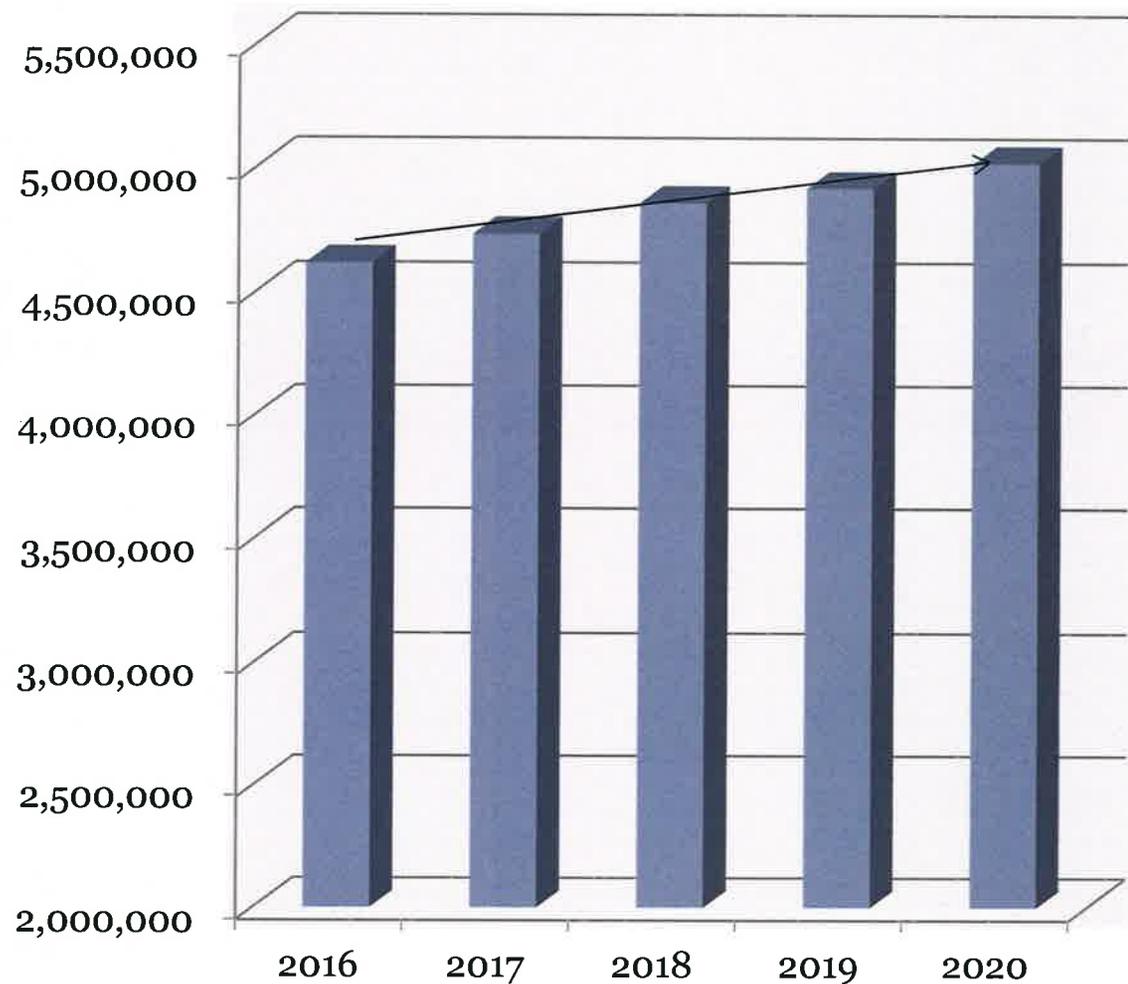
General Government Budget



Public Safety

- ❑ Increase of \$102,532 or 2.08% over last year.
- ❑ Contractual salaries increase of \$133k
 - ❑ Police of \$35k
 - ❑ Fire of \$91k (\$58k to meet FY19 increases not budgeted for in FY19)
- ❑ Police overtime was reduced \$(26K) from department request to support budget shortfall
- ❑ Police department reduced by \$(40k) and only one cruiser is budgeted for in FY20 (normally 2 purchased)
- ❑ Fire repair and maintenance reduced \$(5k) from department request

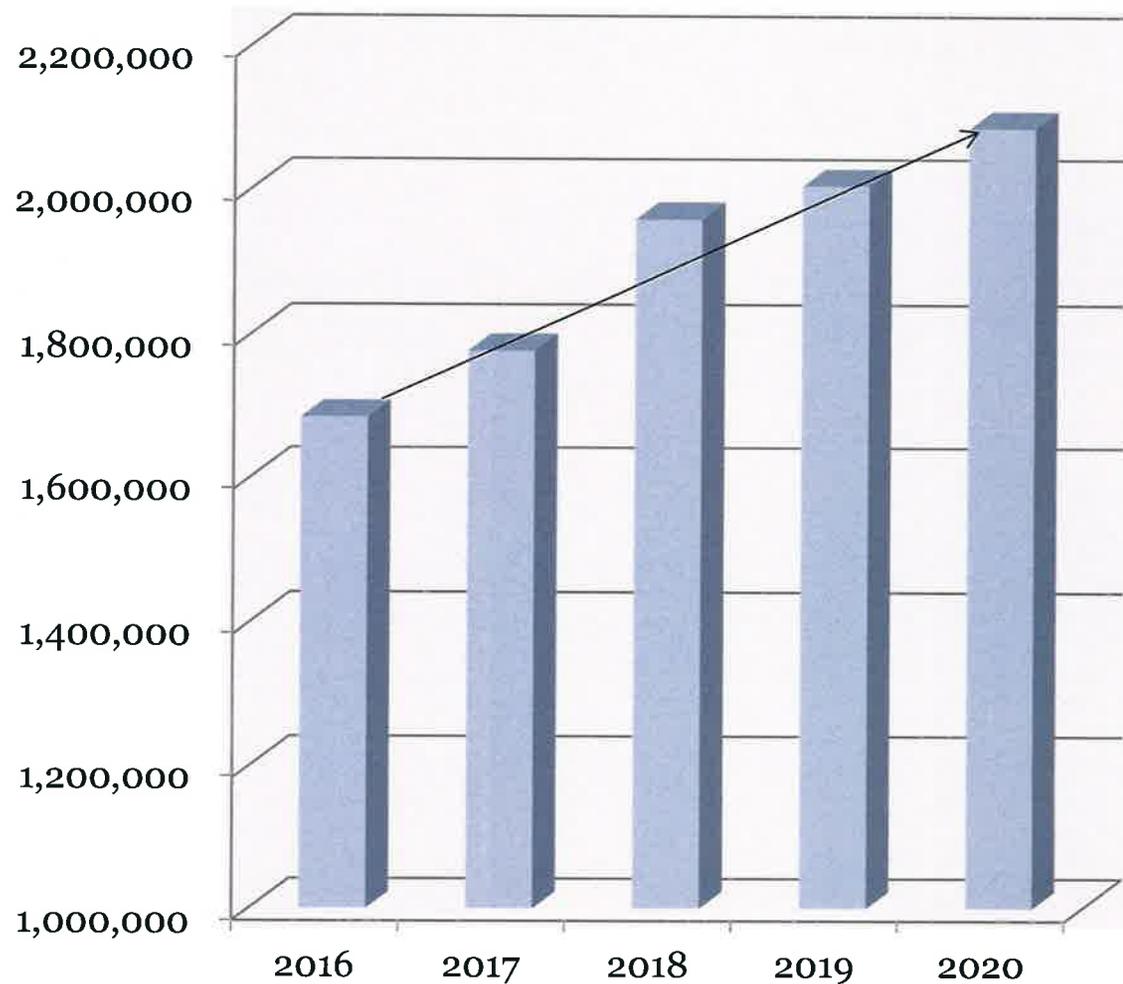
Public Safety Budget



Public Works

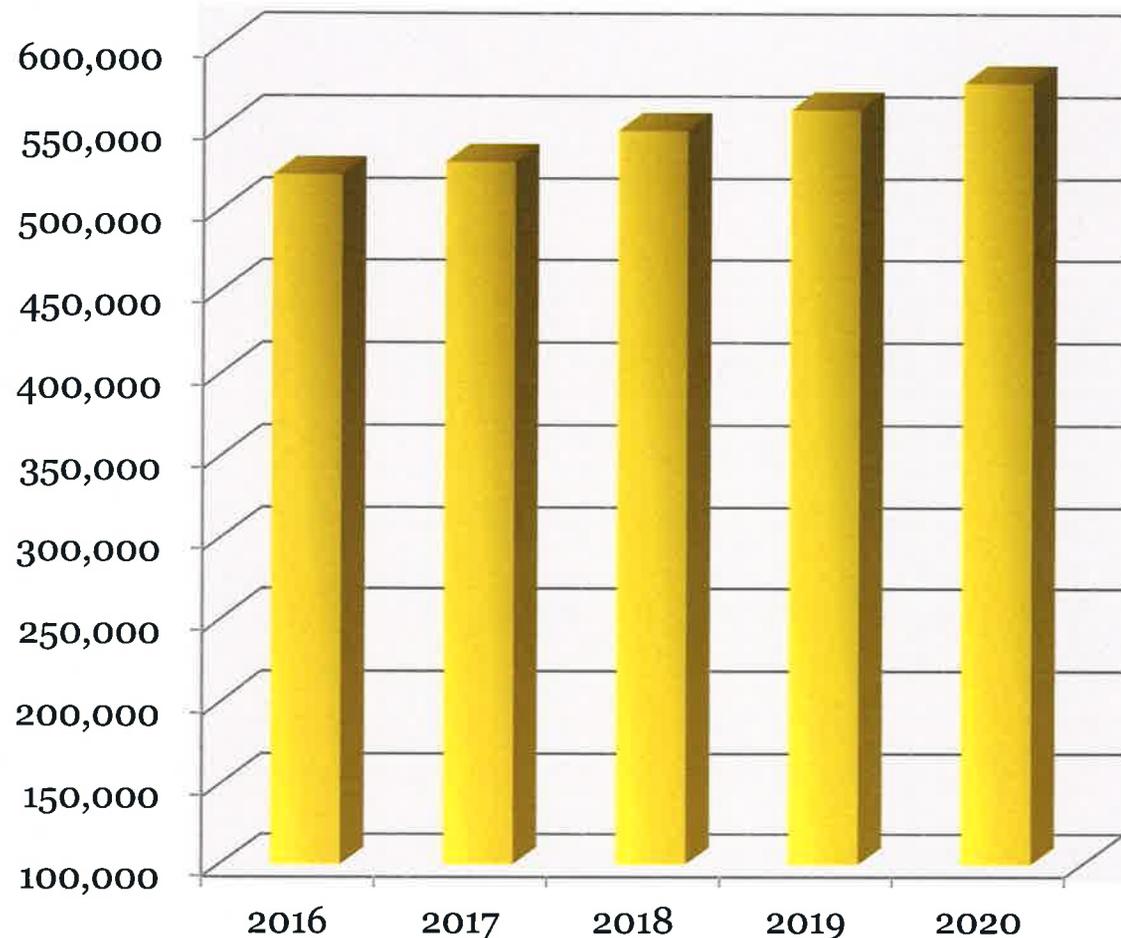
- ❑ Increase of \$80,771 or 4.03%
- ❑ Increase includes \$70k for new MS4 permitting requirements
- ❑ Increase of \$5.5k for solid waste/recycling contract increase
- ❑ Cemetary salaries reduced by \$10k, to be covered by Perpetual Care
- ❑ Snow and Ice level funded at \$117k
 - ❑ Free Cash will be devoted to offset underfunding
- ❑ Chapter 90 estimate for FY20 is \$260k
 - ❑ Free Cash will be devoted to supplementing road repair efforts

Public Works Budget



- ❑ Culture and recreation relates primarily to the activities of the Town Library.
- ❑ The Town Administrator proposes for Culture and Recreation minimal increases of *\$16,289*, or *2.9%*
- ❑ The Culture and Recreation budgets have remained relatively flat year to year.
- ❑ Increase includes contractual salary obligation of \$18,769
- ❑ Includes reduction of \$4k from Roosevelt Building maintenance account

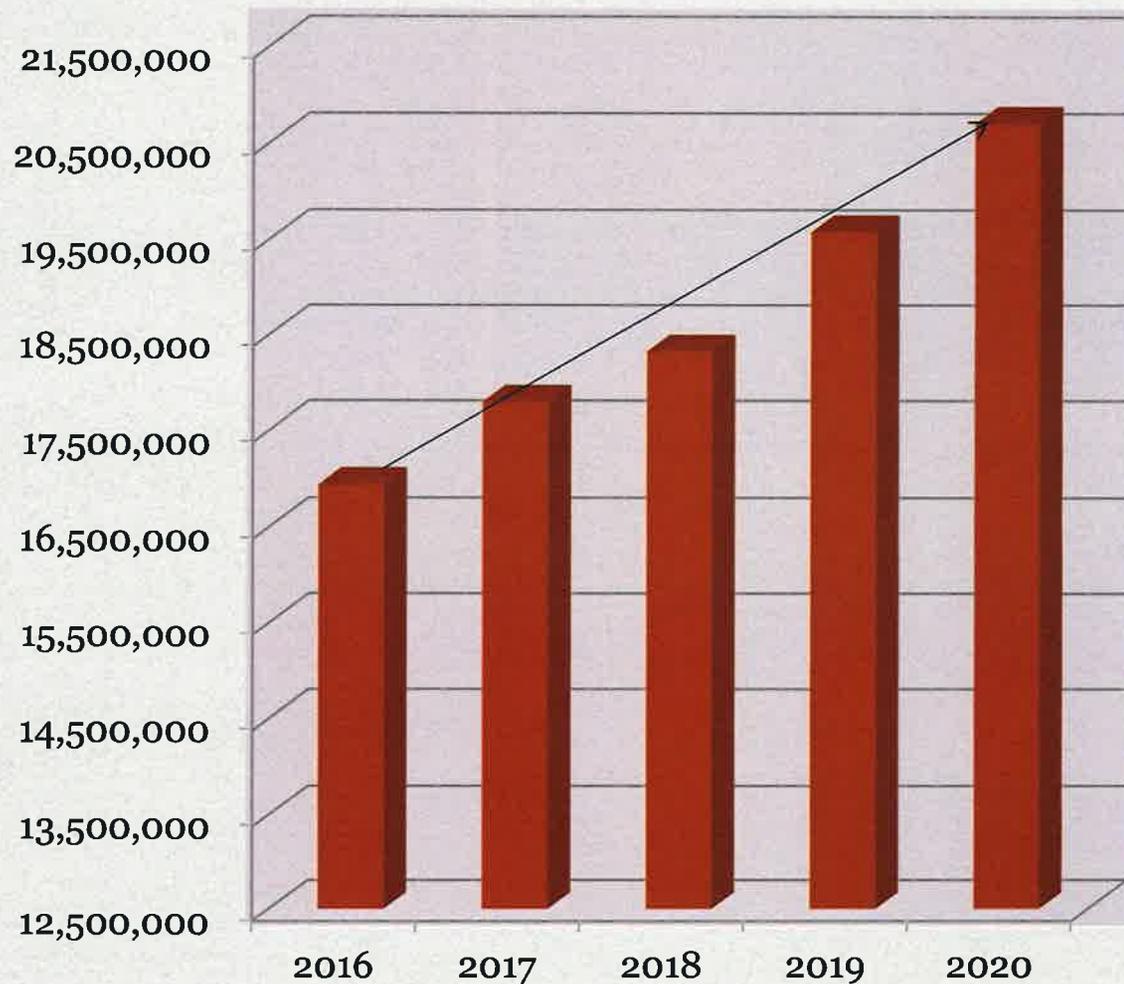
Culture (Library) and Recreation Budget



Education

- ❑ The Town Administrator proposes **\$19.5 million** for Maynard school operations.
- ❑ The proposed amount reflects increases of **\$1,026,802**, or **5.54%** over the prior year.
- ❑ The Education cost center includes the estimated Vocational assessment of \$1,128,043 which is \$102,609, or 10.1% more than prior year.*

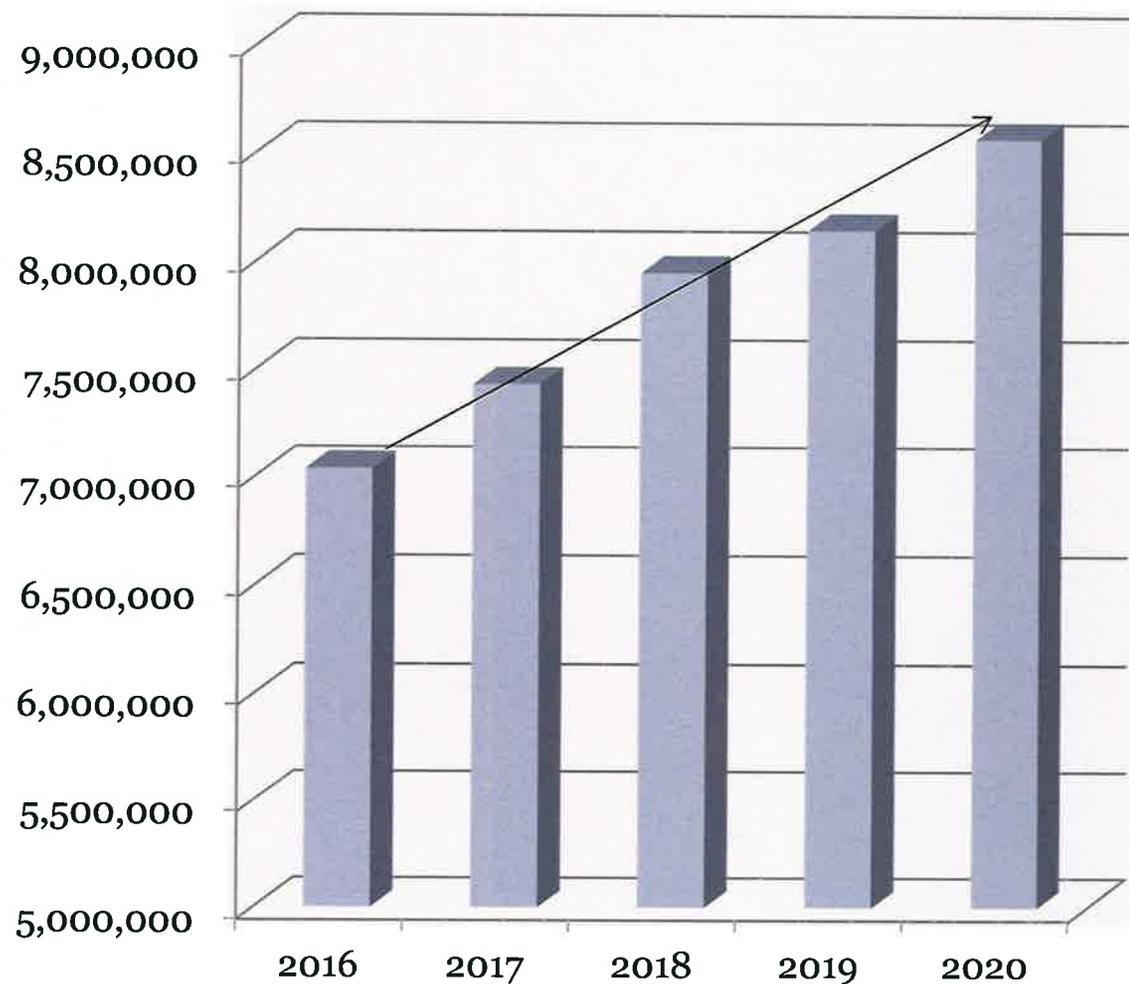
Education Budget



Employee Benefits

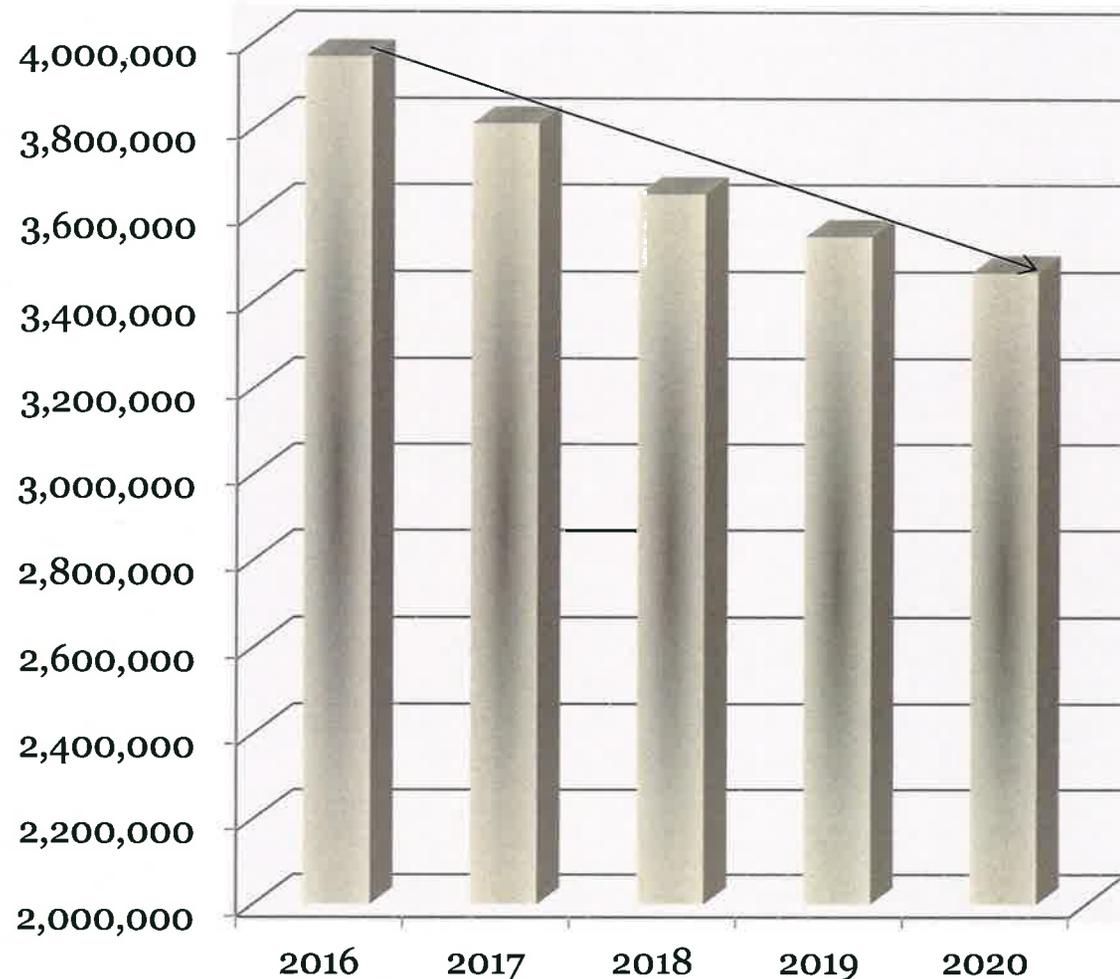
- ❑ The Town Administrator proposes an increase of **\$423,533**, or **5.2%** to the Employee Benefit Budgets.
- ❑ This consists of a mandated increase to the Town's annual pension assessment of **6.1%** or **\$137,534** as well as a **4.96%** or **\$272,999** increase to health insurance.
- ❑ Employee benefits include fixed costs related to payroll that consist of pensions, health insurance, medicare, unemployment and life insurance.
- ❑ MIA Health and Liability insurance premium final costs will not be known until March or later

Employee Benefits Budget



- As discussed in a prior slide, The Town Administrator proposes a decrease of (\$82,350), or -2.32% which is in line with the fixed amortization schedules provided by the Town's debt advisors.
- Debt service represents the principal payback and interest costs associated with the Town's prior year bond issuances.
- 92.4% of these costs are debt excluded (outside of the normal operating budget)
 - 28% of the 92% is reimbursed from the MSBA.
- Current Debt of government funds (not enterprise) amount:
\$3,467,245

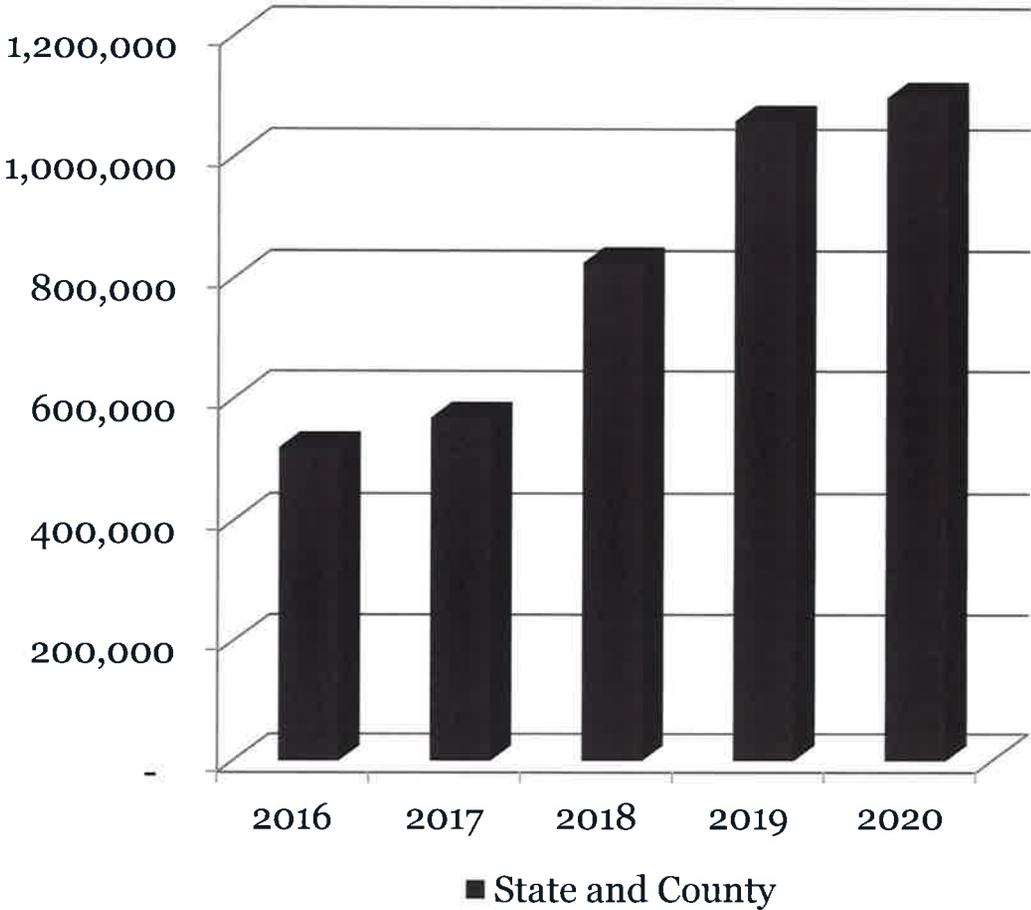
Debt Service Budget



Other Budget Uses

- ❑ Reserve Fund is an amount annually appropriated for unanticipated expenditures. The Town Administrator proposes this amount be **\$250,000**.
- ❑ Reserve For Abatements are amounts raised on the tax recap to account for abatements that will be filed by the taxpayers. This is not included in the Town Meeting vote. Amount to be budgeted for is \$250,000
- ❑ State and County Assessments are beyond the control of the Town Administrator and assessed annually by the State. The amount included, **\$1,097,712**, is from the Governor’s initial budget proposal which was released following the January 21st submission of the TA budget.

State and County





Capital Planning

Capital Planning FY20

34

- Capital expenses approved at department level using General Fund source are incorporated in spending categories (ie public safety, public works, etc)
- Capital Working Group of town departments advised Town Administrator of extraordinary capital needs
- “Cash Capital” (non-debt capital) was eliminated to support general budget shortfall
- No new debt was introduced
- Free Cash is relied on to meet certain needs (through Working Group deliberation)

Free Cash Analysis

35

- Free cash is historically replenished if revenues exceed forecast and/or if appropriation turn-backs exist
- The Town's free cash was certified by DOR at \$2,133,218 a increase of \$1,339,885 over the prior year
- The Town typically appropriates all free cash to stabilization funds and one-time capital items
- Stabilization transfers of any excess free cash have become “mandatory” as part of financial planning goals

Free Cash Recommendation

36

Free Cash FY18 available	\$2,133,000	FY19 Balance	Total New Balance
Snow/Ice	\$433,000	\$117,000	\$550,000
Capital Stabilization	\$600,000	\$490,000	\$1,090,000
General Stabilization	\$300,000	\$2,000,000	\$2,300,000
OPEB	\$50,000	\$1,070,000	\$1,120,000
Reduce Tax Rate	\$50,000		
<i>One-Time Capital</i>			
Facility Roof Repair	\$100,000		
Public Safety Communication Upgrade	\$200,000		
Roadway/Sidewalk Construction	\$400,000	FY20 Ch. 90 estimate	\$260,000

Future Capital Planning

37

- A Capital Planning Committee is recommended for re-establishment for FY21
- Long-term capital planning considerations may include:
 - Facility construction (Fire Station, White Pond Water Source, Water Treatment Plant upgrades, Green Meadow Elementary School replacement, Community Services building for COA)
 - Water and Sewer infrastructure upgrades
 - Vehicle Fleet replacement
 - IT assets upgrades, replacement

Topics For Discussion

Discussion – Local Aid

39

- TA Budget Projected FY2020 Local Aid increase from FY19
= \$200,440
- Local Aid from Governor’s “House 1” Budget increase from FY19
= \$28,393
- Resulting Shortfall
= \$(172,047)

- Final Local Aid figures follow Ways & Means Committees’ and Governor’s process
- Solving for shortfall will require expense reduction or increase to revenue projections

	<u>2016</u> <u>Final</u>	<u>2017</u> <u>Final</u>	<u>2018</u> <u>Final</u>	<u>2019</u> <u>Final</u>	<u>FY20</u> <u>House 1 (Gov's)</u>	<u>FY20 House 1</u> Vs FY19
<u>LOCAL AID</u>						
Chapter 70						
Charter Tuition Assessment	4,438,905	4,733,058	5,000,104	5,402,021	5,429,301	27,280
Reimbursement	142,242	37,397	154,847	183,187	161,945	(21,242)
Unrestricted Government Aid	1,448,274	1,510,550	1,569,461	1,624,392	1,668,251	43,859
Exemptions - Vets , Blind & Surv Spouse, Elderly Veteran's Benefits	36,797	35,014	30,625	33,373	37,691	4,318
	39,104	50,027	45,020	30,662	43,627	12,965
TOTAL GROSS LOCAL AID	6,105,322	6,366,046	6,800,057	7,273,635	7,340,815	67,180
<u>ASSESSMENTS</u>						
Air Pollution						
MAPC	2,947	3,020	3,089	3,178	3,158	(20)
RMV non-renewal surcharge	5,131	5,259	5,417	5,562	5,717	155
Regional Transit	13,240	13,240	11,440	11,440	11,440	0
Special Education	75,355	77,239	79,170	81,149	83,178	2,029
School Choice Sending Tuition	-		15,485	6,108	0	(6,108)
Charter School Sending Tuition	80,595	66,572	65,098	97,252	107,525	10,273
	343,000	403,365	645,603	854,236	886,694	32,458
TOTAL ASSESSMENTS	520,268	568,695	825,302	1,058,925	1,097,712	(38,787)
<u>TOTAL NET LOCAL AID</u>	5,585,054	5,797,351	5,974,755	6,214,710	6,243,103	28,393

Discussion - PEG

41

- Maintaining FY20 current expense request, PEG Access funds will be exhausted by the end of FY23
- Current request includes additional WAVM teacher at \$66k
- Meeting the demands of program may require additional revenue

Current Funding Balance		
Comcast	\$	162,808
Verizon	\$	271,442
Estimated FY19 Additional Revenue		
Comcast	\$	48,973
Verizon	\$	45,780
Est FY20 Receipt		
Comcast	\$	97,946
Verizon	\$	91,560
Expenses	\$	(334,086)
balance ending FY20	\$	384,422
FY23 ending balance	\$	(49,318)

Discussion – Levy Limit and Ceiling

42

- The Town's assessed valuation as reported on the fiscal 2019 tax recap was \$1.435 billion a small increase from fiscal 2018 when it was reported as \$1.289 billion
- The expected tax levy limit in the current year (fiscal 2019) is \$29,049,744
- The FY19 levy ceiling that taxes \$25 per \$1,000 of assessed valuation is \$35,864,451
- Tax bills also reflect the debt exclusion collectable amount of \$2,310,951 in FY19

Discussion – Levy Limit and Ceiling

43

- FY20 levy limit starts with FY19 limit and adds new growth, currently projected at \$730k
- FY20 levy limit is calculated at \$30,505,988
- Plus debt exclusion collectable amount of \$2,246,149
- The current estimated FY20 maximum allowable levy limit is \$32,752,137
- TA strategy is to limit increases to expenses while new growth is realized and sought, allowing for lower tax levy and stabilized tax bills

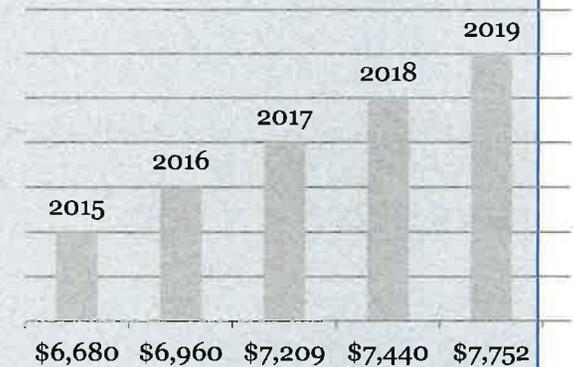
Discussion – Levy Limit and Ceiling

44

- Average Single Family (ASF) Tax Bill Impact
 - In current FY19
 - ✦ ASF value is \$368,438
 - ✦ Applying tax rate of \$21.04
 - ✦ ASF Tax bill is \$7,752

AVERAGE SINGLE FAMILY TAX BILL

Fiscal Year	Assessed Value	Number of Parcels	Average Value	Tax Rate	SF Tax Bill	Tax \$ Change	State Rank
2015	796,732,900	2,661	299,411	22.31	\$6,680	\$266.00	58
2016	872,832,200	2,665	327,517	21.25	\$6,960	\$280.00	58
2017	874,863,800	2,671	327,542	22.01	\$7,209	\$249.00	58
2018	878,774,700	2,674	328,637	22.64	\$7,440	\$231.00	59
2019	985,202,900	2,674	368,438	21.04	\$7,752	\$312.00	?



Discussion – Tax Bill Estimates

45

- FY20 TA Budget estimated impact on tax bills with current tax split of 1.32
 - Using full 2.5% levy limit
 - ✦ And full amount of projected new growth (\$730K)
 - Tax Rate = \$21.48
 - ASF Tax Bill = \$7,914
 - ASF Tax bill increase from current year = \$162
- Single Tax Rate estimates(for resident and commercial)
 - Tax Rate = \$22.30
 - ASF Tax Bill = \$8,216
 - ASF Tax bill increase from current year = \$464

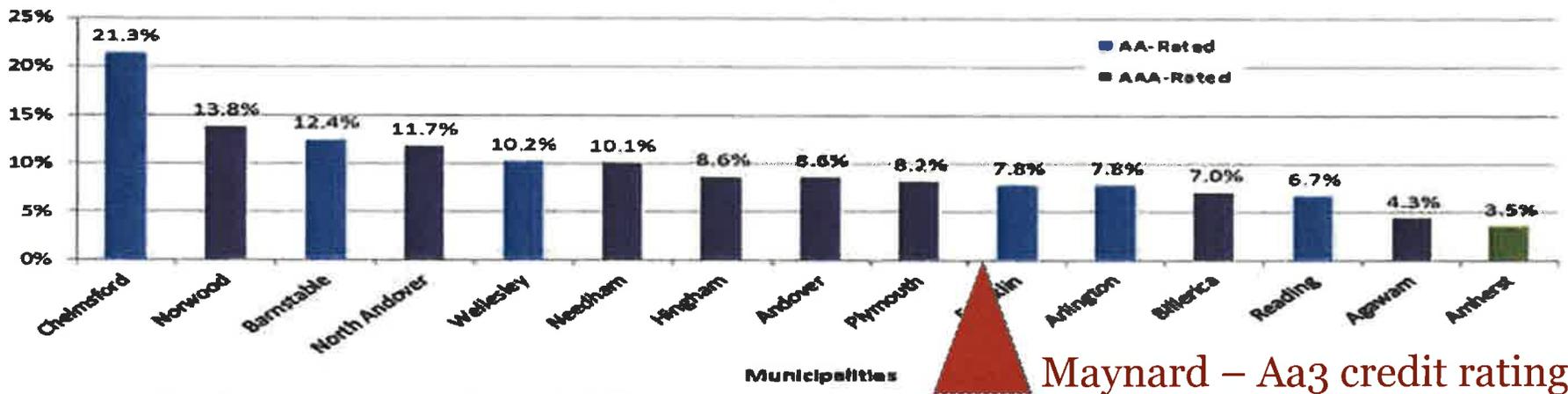
Discussion - Debt

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- How much debt are we comfortable with?

	TA Budget FY20	Vs FY19	% of TA Budget GF Expenditure
Capital - Debt Service Exempt	3,202,899	(69,204)	7.29%
Capital - Debt Service Non Exempt	264,346	(13,146)	0.6%

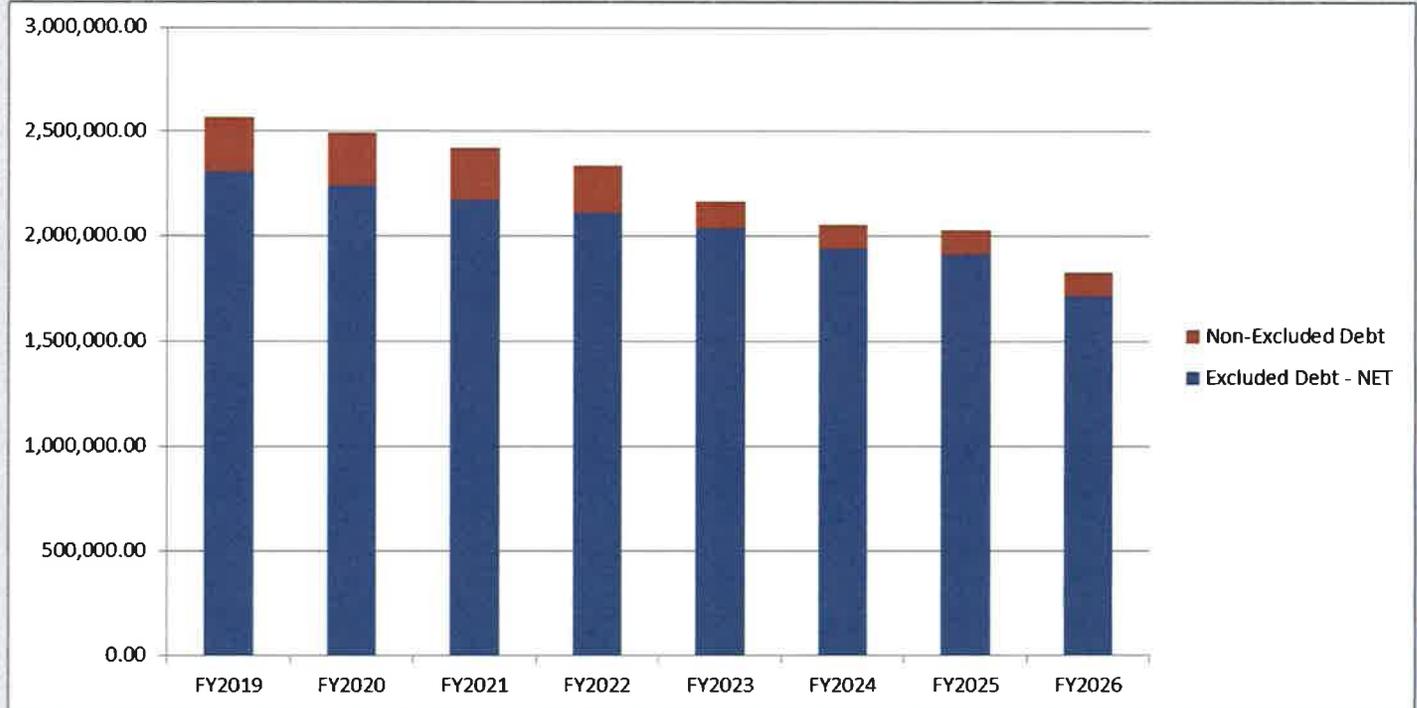
Debt Service as a Percentage of General Fund FY14



Discussion - Debt

Non-Excluded Debt
 Green Meadow System Upgrade
 Green Meadow Carpet Replacement
 Remediation-Petroleum
 Remediation-Landfill
 Remediation-Winter St Sidewalk
 Roads
 Playground/Park Improvement
 Athletic Field
 Fowler Gym Deconstruct

Excluded Debt
 School
 School Boilers
 High School I
 Library, Refunded '16
 Police Station



Decrease in Debt each year:	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY25</u>	<u>FY 26</u>
Non-Excluded Debt	\$8,050	\$8,200	\$18,000	\$96,000	\$9,175	\$3,775	\$3,300
Excluded Debt - Net	\$64,803	\$67,784	\$66,085	\$71,709	\$101,344	\$22,175	\$200,760

Discussion – Fire Station

48

- Cost estimates being developed as plans are finalized
- Owner's Project Manager (OPM) recommends not bidding on construction until financial plan established
- OPM estimates cost escalation at 4% per year
- Very preliminary estimated cost of construction = \$14 million
- Approximate cost per year = \$850,000
- Potential Options for funding:
 - Devote a percentage of New Growth
 - Debt Exclusion
 - Split of New Growth and Debt Exclusion

Discussion – Fire Station

49

Option: New Growth

- FY20 TA Budget Estimate of New Growth = \$730,000
- Of which only \$476,556 is from 129 Parker
- All of New Growth was applied towards Operating Expenses in FY20 TA Budget
- This funding strategy would require a substantial portion of any new growth to be committed for subsequent years

Discussion – Fire Station

50

Option: Debt Exclusion

- FY20 TA Budget estimated impact on tax bills with current tax split of 1.32
 - Using full 2.5% levy limit
 - And full amount of projected new growth (\$730K)
 - And Fire Station payment of \$850k
 - Tax Rate = \$22.07
 - ASF Tax Bill = \$8,131
 - ASF Tax bill increase from current year = \$379

Discussion – Fire Station

51

Option: Split

- Using a combination of New Growth and Debt Exclusion
- Considerations for the ratio from funding sources includes:
 - Confident projections for New Growth and commitment for future
 - Debt exclusion impact on tax bill

Discussion – Future of Maynard

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