

**TOWN MANAGER  
RECOMMENDED FY'21 BUDGET  
PRESENTATION TO BOARD OF SELECTMEN**

January 30, 2020

# FY'21 Budget Overview

- Follows Selectmen budget instructions
  - Level-service budget at 3.00%
- Reorganization & reallocation efforts where able, no new funding initiatives, funds increasing cost centers
  - Reduces 2 benefit-eligible positions to P-T
  - Addresses recurring NPDES & compliance work, thereby eliminating future annual capital request
- FY'21 Capital Budget = net < \$1.0 million within current budget projections

# FY'21 Budget Presentation Overview

- Explain contents of FY'21 Budget binders
- “Financial Encyclopedia” overview & additions
- Recommended FY'21 Capital Budget
- Recommended FY'21 General Government Budget at 3.00%
- Overall budget trends, recent in-roads, future issues & concerns
- 100 Route 6A renovations & impact on FY'21 Budget

# FY'21 Budget Binders

- FY'21 Budget Binders
  - Tab 1: Summary Information – Subject to Regular Changes
  - Tab 2: Financial History, Projections, & Analysis = “Town of Sandwich Financial Encyclopedia”
  - Tab 3: FY'21 Capital Budget
  - Tab 4: FY'21 General Government Budget
  - Tab 5: FY'21 School Department Budget
  - Tab 6: FY'21 UCCRVTs Budget
  - Tab 7: Miscellaneous Budget Information
- Entire binder on [www.sandwichmass.org](http://www.sandwichmass.org) with direct link on homepage
- Reminder: please bring your budget binder information to all upcoming meetings

# FY'21 Budget Binders

## Summary Information – Tab 1

- FY'21 Budget presentation material
- FY'21 projected general fund revenues & expenses
  - Will be updated accordingly as FY'21 Budget process progresses
  - Alternative projections worked on & produced constantly
- FY'21 department operating budget totals
  - Unless significant changes required, will not be distributing departmental updates, just total budget summary

# FY'21 Budget Binders

## Financial History, Projections & Analysis – Tab 2

- Key summary information – Tab 2 of budget binders
  - 58 different worksheets with 73 pages of information
  - Executive Summary in words – updated for FY'21
  - Full explanation of revenues & expenses
  - 10 years of financial, demographic, & historic data
    - Focused documentation on FY'10 – present unless data warranted additional years
  - Future budget projections
  - Explanation of important issues that impact budget the most
  - How tightly Sandwich budgets compared to neighboring communities
  - Where each dollar comes from & where each dollar goes
  - Updated annually with new issues highlighted each year
  - Best resource to increase knowledge of Sandwich's finances & demographics

# FY'21 Budget Binders – Tab 2

## Table of Contents & Executive Summary (pp. 2 & 3)

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EXECUTIVE SUMMARY	
1.	<b>Where Our Money Comes From &amp; Goes</b> - Pages 68-73 Approximately 77% Sandwich's income comes from taxes, with 13% coming from State Aid, and 9% from other sources. 65% of every dollar spent goes for educational costs and expenses, 30% for general government services, and 5% for overall expenses. See charts on pp. 69, 71, & 73.
2.	<b>Declining School Enrollment</b> - Pages 64-67 Since January 1, 2002, Sandwich Public School enrollment has declined substantially, losing 1,870 students from Sandwich. This represents a 45% decline in enrollment since the peak of the 2002-03 school year. Students taking advantage of other public, private, and home education opportunities outside of Sandwich have increased significantly during this same period, totalling 682 students in the current school year, which represents 22% of Sandwich's Pre-K - 12 population. In addition, since the School Committee first voted to accept School Choice students from other towns in 2010, there are now 125 non-Sandwich students in the Sandwich Public Schools.
3.	<b>Tuition Assessment Increase Impacts &amp; Shortfalls</b> - Pages 33-35 Since FY'04, Tuition Assessments have increased from \$262,373 to \$4,450,485 in FY'20, a staggering 1,586%. Even over the last 5 years, we have still experienced an average increase of 9%. This pattern has meant that more and more of Sandwich's overall budget is being sent out of town. Most tellingly, in FY'20 State Tuition Assessments alone exceeded the total Discretionary Aid amount the Town received by \$2,049,228, making us a State Aid debtor community for the 8th consecutive year. Furthermore, Sandwich is receiving less than 1/3 of the State Charter Tuition Reimbursement formula, losing more than \$1.0 million in revenue each year. See chart of this
4.	<b>Stable, Aging Town Population</b> - Pages 63 & 67 The Town population has generally increased since the early 1990s to about 20,000 year-round residents, but the rate of increase has slowed significantly the last few years, with some annual decreases. The largest growing segment of our population continues to be those residents over-60, which now makes up 35% of our total population.
5.	<b>Sandwich Budget Culture of "Cutting It Close"</b> - Pages 34-36 For many years Sandwich has budgeted its total expenses extremely close to its estimated revenues. This is reflected in our low Free Cash certifications, our modest Stabilization Fund balance, and the fact that we have traditionally had no Excess Levy Capacity for more than a decade. Compared to our 3 most similar neighbors, our Free Cash certification is \$4.9 million below and our Stabilization Fund is \$6.0 million below their averages. See chart on p. 36.
6.	<b>Increasing Debt Payments As Major, Long-Standing Capital Needs Met</b> - Pages 20-25 By FY'18, the Town's total annual outstanding exempt debt service obligations decreased by \$2.9 million since our recent high in FY'06, a sign of Sandwich not issuing debt for long-needed, major capital projects. Thankfully, many of these projects - public safety buildings, public roads & infrastructure, wastewater, Library renovations, Center for Active Living - have been supported by the voters. The Long Range Capital Plan supported by the Board of Selectmen in November 2012, & follow-up multi-board summit meetings in 2016 & 2017, provided recommendations on issuing future exempt debt to address significant capital needs. Addressing these needs is looked favorably upon by municipal bond rating agencies. See chart of exempt debt on p. 25.
7.	<b>Average Tax Bill</b> - Page 57 Since FY'16, the Town's average tax bill has increased by a total of \$946, or 17%. This reflects an annual average increase of 4.24% over those 5 years. Much of this increase is derived from the added debt service approved by voters for the large-scale capital needs we have been addressing. For comparison purposes, Sandwich has been below the State average for the vast majority of the last 25 years. We have the second highest average tax bill on Cape Cod and the highest median household income. Demographically, Sandwich is much more similar to towns on the South Shore than Cape Cod.

# FY'21 General Government Budget Overview

## Capital Budget – Tab 3

- FY'21 Capital Budget – finalized internally
  - \$976,112 in net capital improvements
  - Continued commitment to annually fund \$125,000 each for Town & School building maintenance efforts
  - \$283,000 for Fire EMS & safety equipment, and public safety communication system improvements (Amb. Fund)
  - \$309,405 for DPW equipment, including backhoe & basin cleaner replacements
  - \$76,138 in IT & GIS improvements
  - \$330,000 for School Department needs, including phone & public announcement systems, vehicle replacements
  - Copy of approved departmental request forms on website
  - 10-year capital request projection



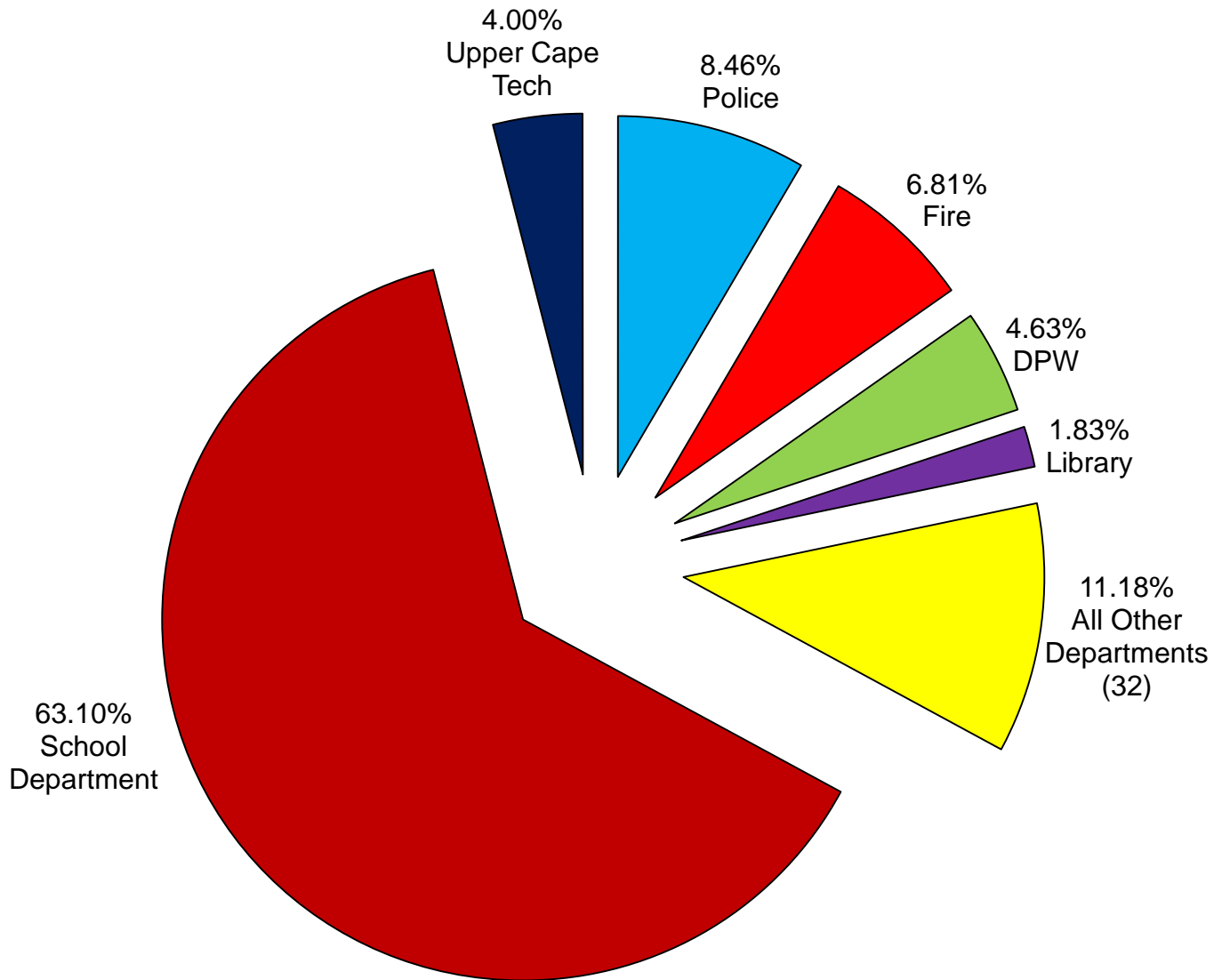
# FY'21 General Government Operating Budget Overview – Tab 4

- FY'21 Budget totals by departmental account
  - Process used to prepare, review, & recommend operating budgets
- FY'21 Budget reflects:
  - 3.00% Increase Over FY'20
  - Purely a level-service budget that addresses identified needs & shortfalls with appropriate reorganization & reallocation changes
  - Constantly considering new ways of providing services & addressing problems
  - Always take advantage of reorganization opportunities when presented...provided sufficient funding exists

# FY'21 General Government Operating Budget Overview – Tab 4

- Summary of significant budget changes (+/- \$10,000)
  - cost center increases
  - reorganization opportunities
  - opportunities to address identified shortcomings
- Needs budget summary for future fiscal years
- Overall budget issues & concerns

# WHAT MAKES UP THE TOWN'S FY'20 OPERATING BUDGET?



# FY'21 General Government Budget Overview

## Summary of Significant Budget Changes at 3.00%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
123	Selectmen/Town Manager - Personnel Expenses/Wage Adjustment - Elimination of School Safety Group Funding (School Capital)	-175,000 -20,000
141	Assessing - Eliminate Administrative Assistant Position	-39,667
145	Treasurer - New P-T Financial Assistant Position	19,760
162	Elections & Registrations - Up Year in Two-Year Cycle; Postage	26,000
190	Facilities - Increase Electric Power & Septic Line Items	34,347
220	Fire - Additional Amb. Fund Transfer for Department Expenses	-150,000
244	Sealer of Weights & Measures - Restructuring of Barnstable IMA	13,800
410	DPW - Engineering - NPDES & Compliance Work <i>(If Funded, Eliminates Annual Capital Funding Need &amp; Request)</i>	40,000
543	Veterans - Insufficient Funds for Required Medical Expenses <i>(75% of Actual Costs Offset by State Revenue the Next FY)</i>	11,990
630	Recreation - Net Additional Program Staff Funds	11,720

# FY'21 Enterprise Fund & Non-GG Operating Budgets

## Summary of Significant Budget Changes

<u>Acct.</u>	<u>Enterprise Fund Budget - Description</u>	<u>Change</u>
620	Sandwich Hollows Golf Club - Decrease Internal Capital Line Item	-32,000
632	Marina - Fuel Purchase Line Item	25,000
	· Capital Improvements = Replace Boat & Improve WiFi	192,500
	· Engineering/Design Services for Dock, Etc. Work	25,000

<u>Acct.</u>	<u>Non-General Government Operating Budget - Description</u>	<u>Change</u>
940	Property & Liability Insurance Budget - OSHA Compliance Efforts	25,000

# FY'21 General Government Budget Overview

## Summary of Smaller Service & Funding Changes at 3.00%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
123	Selectmen/Town Manager - Mini-Internal Reserve Fund	7,500
152	Human Resources - Wellness Program Funding	2,000
210	Police - Addresses Expense Line Item Needs	9,000
291	Emergency Management - Increased Staff Support	5,000
424	Streetlights - Decreased Funding Based on Actual Expense History	-5,000
610	Library - Increased Weston Fund & State Library Aid Transfers	-4,000
650	DPW - Parks - Increase Tree Warden Program Appropriation	5,000

# FY'21 General Government Budget Overview

## Long-Term Prioritized Needs Budget List

<u>Acct.</u>	<u>Budget - Description</u>	<u>Amount</u>
Multiple	Streamline Organization Structure & Various Positions (8/16 Memo)	260,000
420	DPW - (3) Add'l Laborers	150,000
420	DPW - Add'l Road & Infrastructure Maint. Funds Post-Road Bond	300,000
420	DPW - Staff & \$ for HTW School Fields (Now = School Budget)	100,000
171 & 630	DNR & Recreation - Reduce Dependency on Beach Parking Acct.	250,000
		<u>1,060,000</u>

- 3.00% budget addresses organization structure streamlining
- Will reprioritize post-100 Route 6A relocation
- Public Safety substantially addressed since FY'15
- Significant DPW needs remain & need to be addressed
- Recognize no funding exists for additional needs, BUT don't want Board to forget our consistent, multi-year priorities

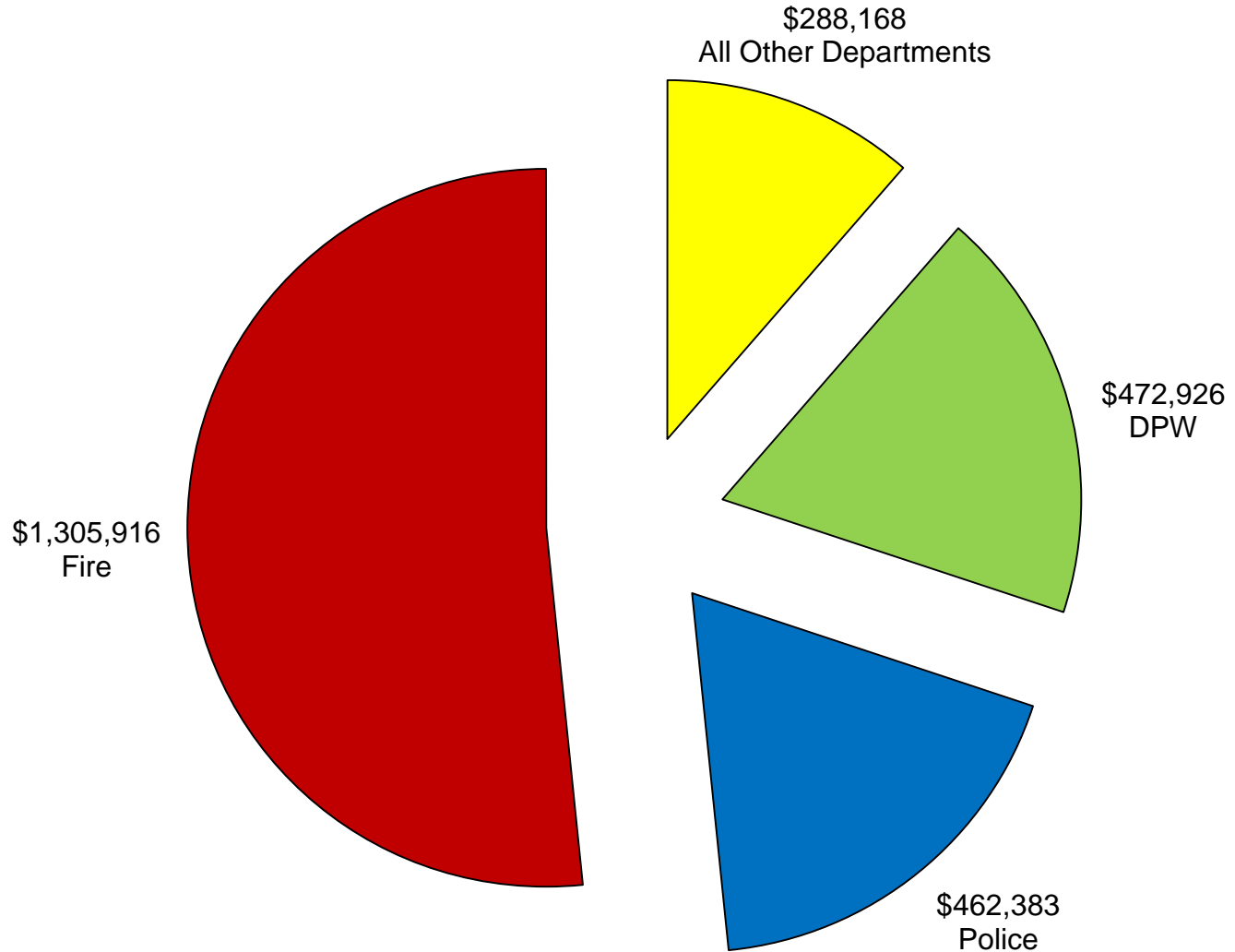
# FY'21 General Government Budget Overview

## Recent Progress on Prioritized Needs: FY'15 – FY'21

<u>Budget - Description</u>	<u>FY Funded</u>	<u>Amount:</u>
<b>All Other GG Budgets</b>		
175 - Assistant Town Planner	FY'15	45,000
410 - GIS Analyst / Engineering Assistant (Net of Existing P-T Clerk Position)	FY'15	31,150
197 - Add'l. Funds to Cover IT Software Maintenance & Equipment Costs	FY'15	50,000
610 - Reduce Library Dependence on Donation Funds & Weston Fund Uncertainties	FY'15	29,500
171 - DNR Assistance & Conversion to F-T Animal Control Officer (\$50,000 Needed)	FY'15	10,000
630 - Recreation Department Program Coordinator	FY'16	41,600
541 - Increase Funded Hours of Council on Aging Drivers	FY'16	12,500
197 - Add'l Maintenance Coverage for Town Buildings	FY'18	13,325
197 - Software Improvements & MS Hosting Office 365 & E-Mail	FY'19	75,000
142 - Assessing Decrease in Administrative Assistant Position from Full-Time to Part-Time	FY'21	-19,907
<b>Total All Other GG Departments</b>		<b>288,168</b>
<b>Department of Public Works</b>		
420 - (2) DPW Laborers & Reorganize Positions	FY'15	108,150
421 - More Realistically Fund DPW Snow & Ice Budget	FY'17	150,000
420 - Add DPW Lease / Purchase of Capital Equipment Line Item to Operating Budget	FY'17	150,000
420 - (1) DPW Laborer	FY'20	48,776
420 - Additional OT	FY'20	16,000
<b>Total DPW</b>		<b>472,926</b>
<b>Police Department</b>		
210 - General Operating Budget Increases	FY'15 & FY'16	40,000
210 - Police Detective	FY'16	65,500
210 - Net Cost Joint Civilian Dispatch: 5 Dispatchers = 1 Add'l Officer per Shift (6 Officers Total)	FY'16	172,214
210 - More Realistically Fund Police Department Overtime	FY'17	150,000
210 - Dispatch & Police Related OT Coverage	FY'18	18,169
210 - General Operating Budget Increases	FY'20	16,500
<b>Total Police Department</b>		<b>462,383</b>
<b>Fire Department</b>		
220 - 3rd Ambulance Crew - (4) Fire / EMS Staff (\$1,100,000 & 12 Needed Total)	FY'16	326,000
220 - More Realistically Fund Fire Department Overtime	FY'17	50,000
220 - 3rd Ambulance Crew - (8) Fire / EMS Staff - <i>Post Federal SAFER Grant Cost</i>	FY'17	750,000
220 - Increase OT & Holiday Comp Due to (8) Fire / EMS Staff	FY'18	167,916
220 - General Operating Budget Increases	FY'20	12,000
<b>Total Fire Department</b>		<b>1,305,916</b>



# GENERAL GOVERNMENT - RECENT STAFFING & OPERATING BUDGET ADDITIONS - FY'15 - FY'21



# FY'21 Budget Binders

## Tabs 5, 6, & 7

- Tab 5 of budget binders = School Department Budget
- Tab 6 of budget binders = Upper Cape Cod Regional Technical School Budget
- Tab 7 of budget binders = Miscellaneous Information
  - August 2016 Town Manager summary of recommended organizational streamlining and personnel needs
  - Town Treasurer's official debt schedule with complete details

# Overall Budget Issues & Concerns

## Establishment & Retention of Excess Levy Capacity Reserve:

- NRG Unit #3 Payment-In-Lieu-Of-Tax payments started in FY'20; recommended FY'21 budget does not use these payments for any recurring expenses & sets aside an Excess Levy Reserve equal to the Year 1 payment of \$3,550,000; any use of this Excess Levy Reserve should be limited to major capital needs or increasing Sandwich's financial reserves; it's imperative that an Excess Levy Reserve at least equal to the anticipated Library & CAL bonding projections is maintained until these costs commence, likely in FY'23 (**FY'21** = Sets aside \$3,550,000)

## Emergency Reserves:

- Stabilization Fund needs to be increased - compared to similar communities our size, Sandwich does not have a high enough Stabilization Fund; there are positive bond rating implications by increasing reserve balances; 5-year goal = \$2.5 million minimum; long-term goal = \$TBD; excellent source = future NRG PILOT payments when available (**FY'21** = Adding \$ for 6th Consecutive Year)

# Overall Budget Issues & Concerns

<b><u>Tuition Assessments:</u></b>			
.	Tuition Assessments have been the largest budget impact over the last 15 Years - State		
	Tuition Assessments have impacted Sandwich tremendously since FY'04; during the		
	same period, local enrollments have dropped 45% and Charter School reimbursement		
	formulas & commitments from the State have been significantly underfunded and		
	ignored; in FY'20 Tuition Assessments topped \$4.4 million & exceeded the Town's total		
	Discretionary Aid by \$2.0 million		

- Tuition Assessments have been the largest budget impact over the last 15 Years - State Tuition Assessments have impacted Sandwich tremendously since FY'04; during the same period, local enrollments have dropped 45% and Charter School reimbursement formulas & commitments from the State have been significantly underfunded and ignored; in FY'20 Tuition Assessments topped \$4.4 million & exceeded the Town's total Discretionary Aid by \$2.0 million

# Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade

- Tuition assessments – Sandwich history = pp. 33-35 of Tab 2
- FY'20 tuition assessments = \$4.45 Million
  - Last override in FY'06 = \$2.62 Million
  - FY'06 tuition assessments = \$300,000
  - \$4.15 million increase since last override = 1,358%
  - Average annual increase last 5 years = 9.07%
  - FY'20 increase = 7.42%
  - More than \$2.25 million above UCCRVTs assessment
  - 45% local enrollment decrease since peak in FY'02
  - 22% of Pre-K – 12 students seek non-Sandwich educational opportunities

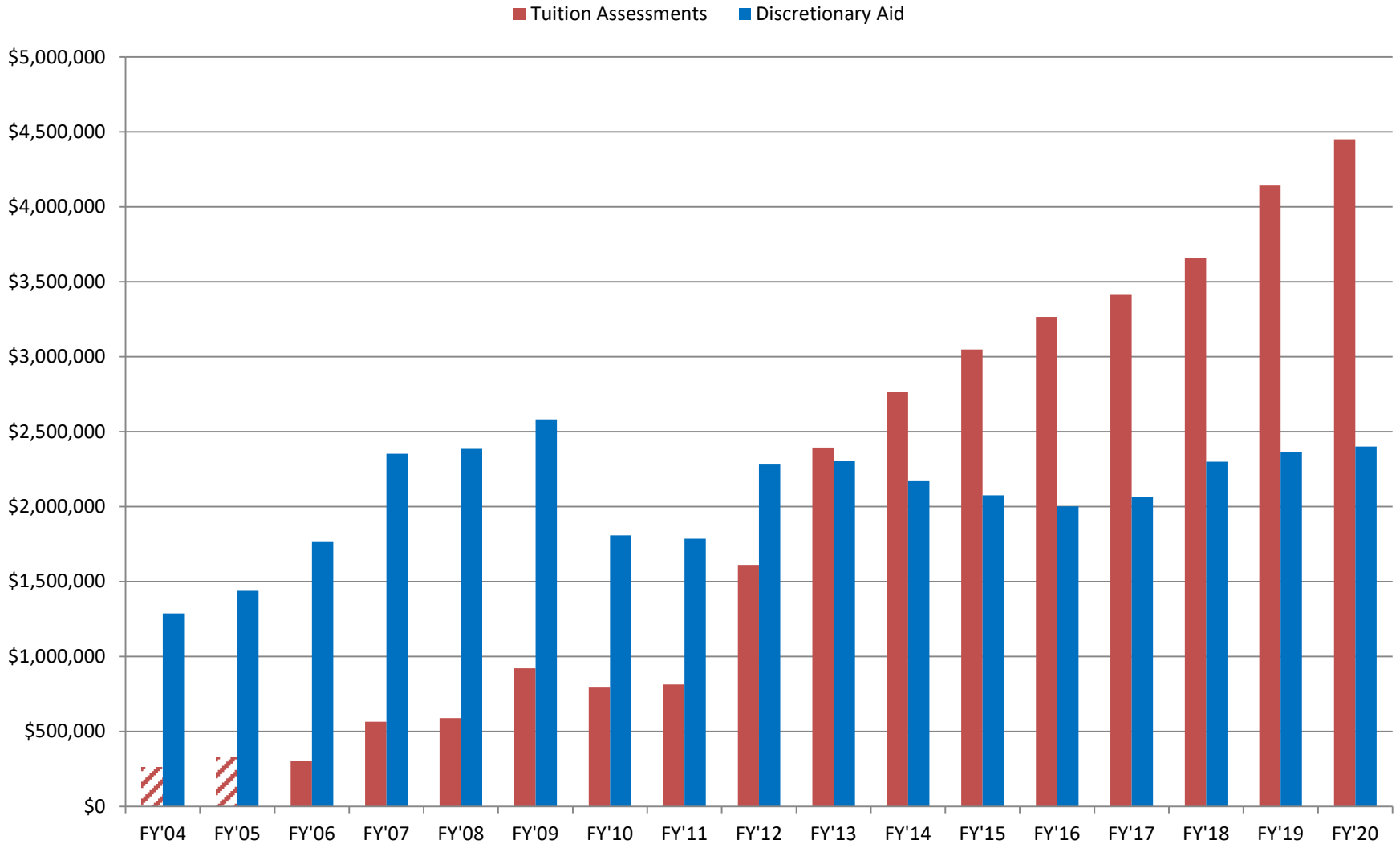
# Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade

- “Debtor” community: tuition assessments vs. discretionary aid
  - Debtor status first occurred in FY’13, now \$2.05 million difference
  - Charter costs up, reimbursements down = counterintuitive & against State law, but true
  - State pays less than 1/3 of the required reimbursement amount meaning Sandwich loses more than \$1.0 million annually in revenue
- State budget process history – won’t know final assessment estimate until after July 1

# TUITION ASSESSMENTS & DISCRETIONARY AID RECEIPTS

## FY'04 - Present



- FY'04 & FY'05: Tuition Assessments Paid From School Budget Per State Requirements

# Overall Budget Issues & Concerns

<b><u>Capital &amp; Maintenance Needs:</u></b>			
·	annual capital needs typically exceed available funding...but stronger focus last 6+ years ( <b><i>FY'21</i></b> = Funding more than \$1.0 million total and future years look better)		
·	School funding for capital & maintenance ( <b><i>FY'21</i></b> = 5th year of \$125,000 added to annual capital funding; need to transfer HTW \$ from School to Town when appropriate)		
·	large-scale projects substantially addressed ( <u>ex.</u> = Wastewater; HTW School; Center for Active Living (CAL); Library; Central Municipal Building; Beach; Etc.); downtown Fire Station & beach areas remain at risk; identified large-scale School needs may be able to be funded internally once expected benefits from solar projects are realized		
<b><u>Employee-Related Costs &amp; Employee / Debt Requirements:</u></b>			
·	increased cost of Town & School employee & liability programs ( <u>ex.</u> = health insurance; retirement assessment; OPEB, etc.); ( <b><i>FY'21</i></b> = 2nd year with MIIA; 1st very successful which also reduces OPEB Liability; amending contribution rates virtually impossible without School action first; annual OPEB appropriation for 6th consecutive year)		
·	OPEB liability - estimated long-term impact continues to grow (over \$100 million); need to identify methods of funding moving forward with a goal of annual OPEB Trust Fund appropriation increasing every year; ( <b><i>FY'21</i></b> = transferring funds to OPEB & Stabilization Fund)		



# FY'21 Budget Overview

## FY'21 Projected General Fund Revenues & Expenses

- Changes since initial December 2019 FY'21 projection
  - Lower health insurance increases with MIIA shift (Good)
  - Final county retirement assessment lower (Good)
  - Transfer to OPEB Trust Fund retained (Good)
  - Transfer to Stabilization Fund retained (Good)
  - Positive financial impact of NRG Unit #3, including creation of substantial excess levy capacity (Outstanding)
- Outside of our control & awaiting greater clarification
  - State Cherry Sheets: Discretionary Aid, Ch. 70 Aid, Tuition Assessments, Other Assessments
  - FY'20 Snow & Ice deficit...so far, so good
  - UCCRVTs budget assessment...Sandwich enrollment decreased

# FY'21 Projected General Fund Revenues & Expenses

REVENUES			EXPENSES		
FY'21 Tax Levy:			ReCap Sheet Items:		
FY'20 Levy Limit	66,281,547		State Assess: Tuition Assess (10.00%)	4,895,534	
2.5% Increase	1,657,039		State Assess: All Other (3.00%)	633,854	
Est. New Growth	500,000		Abatements / Overlay	500,000	
Excess Levy Reserve Est.	-3,550,000		FY'20 Snow & Ice Deficit	150,000	6,179,388
Overrides / Exclusions	0				
County Assess. Outside 2.5: CCC	190,835		Town Meeting Items:		
Debt Outside 2.5 (- Non-Levy & MSBA)	2,111,100	67,190,521	Group Health Insurance (0.00%)	11,800,000	
			County Retirement Assess. (-5.69%)	3,769,883	
Other Revenue:			Property & Liability Insurance (7.50%)	1,290,000	
Mass. School Building Authority Funds	1,279,534		Medicare (4.00%)	676,000	
State Aid: Discretionary (-5.00%)	2,281,194		Unemployment Account	100,000	
State Ch. 70 Aid: School (0.00%)	7,151,788		OPEB Trust Fund	100,000	
Est. Local Receipts	5,000,000		Debt: Long Term - General Fund	3,834,470	
Surplus Revenue / Free Cash	2,201,602		Borrowing Expenses	100,000	
Overlay Release	50,000		Reserve Fund	500,000	
Transfer from Stabilization Fund	0	<u>17,964,118</u>	Capital Budget - Net	1,000,000	
			Transfer to Stabilization Fund	100,000	23,270,353
<b>Total Estimated Revenues</b>		<b>85,154,639</b>	Operating Budgets:		
			School Budget: Local (3.00%)	27,790,560	
			Ch. 70 (0.00%)	7,151,788	34,942,348
			UCCRVTS Budget (7.50%)		2,323,806
			General Gov't. Budget (3.00%)		<u>18,331,109</u>
<b>Stabilization Fund &amp; OPEB Trust Fund Balances:</b>			<b>Total Estimated Expenses</b>		
	<b>Stab. Fund</b>	<b>OPEB Fund</b>			<b>85,047,004</b>
Actual Balance on 7/1/19:	1,829,888	921,925			
Proposed Transfer From/To Fund:	<u>100,000</u>	<u>100,000</u>			
Projected Post ATM Balance:	1,929,888	1,021,925			
			<b>ESTIMATED FY'21 BUDGET BALANCE</b>		<b>107,635</b>

# FY'21 Projected General Fund Revenues & Expenses

## Shown Reflecting Estimated Tax Rate Impact

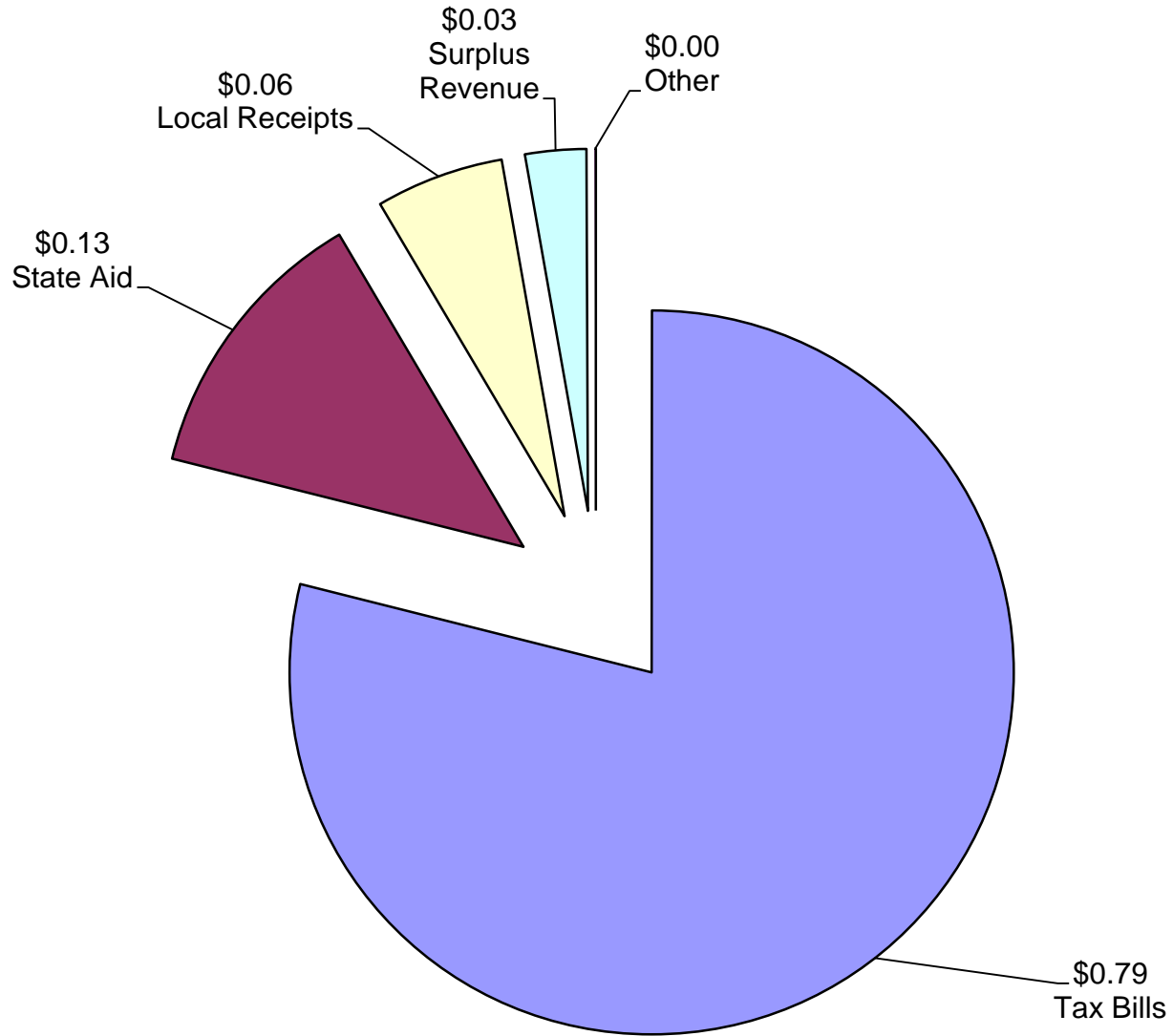
REVENUES			EXPENSES		
<u>FY'21 Tax Levy:</u>			<u>ReCap Sheet Items:</u>		
FY'20 Levy Limit	6,139		State Assess: Tuition Assess (10.00%)	0	
2.5% Increase	153		State Assess: All Other (3.00%)	0	
Est. New Growth	46		Abatements / Overlay	0	
Excess Levy Reserve Est.	-329		FY'20 Snow & Ice Deficit	0	
<u>Overrides / Exclusions</u>			<u>Town Meeting Items:</u>		
County Assess. Outside 2.5: CCC	18		Group Health Insurance (7.50%)	1,124	
Debt Outside 2.5 (- Non-Levy & MSBA)	196	6,223	County Retirement Assess. (7.50%)	359	
<u>Other Revenue:</u>			Property & Liability Insurance (7.50%)	123	
Mass. School Building Authority Funds	0		Medicare (4.00%)	0	
State Aid: Discretionary (-5.00%)	0		Unemployment Account	0	
State Ch. 70 Aid: School (0.00%)	0		OPEB Trust Fund	0	
Est. Local Receipts	0		Debt: Long Term - General Fund	0	
Surplus Revenue / Free Cash	0		Borrowing Expenses	0	
Overlay Release	0		Reserve Fund	0	
Transfer from Stabilization Fund	0	<u>0</u>	Capital Budget - Net	0	
<b>Total Estimated Revenues</b>		<b>6,223</b>	Transfer to Stabilization Fund	0	
			<u>Operating Budgets:</u>		
			School Budget: Local (3.00%)	2,648	
			Ch. 70 (0.00%)	0	
			UCCRVTS Budget (7.50%)		221
			General Gov't. Budget (3.00%)		<u>1,747</u>
			<b>Total Estimated Expenses</b>		<b>6,223</b>
			<b>ESTIMATED FY'21 BUDGET BALANCE</b>		<b>0</b>

# Estimated FY'21 General Fund Tax Impacts

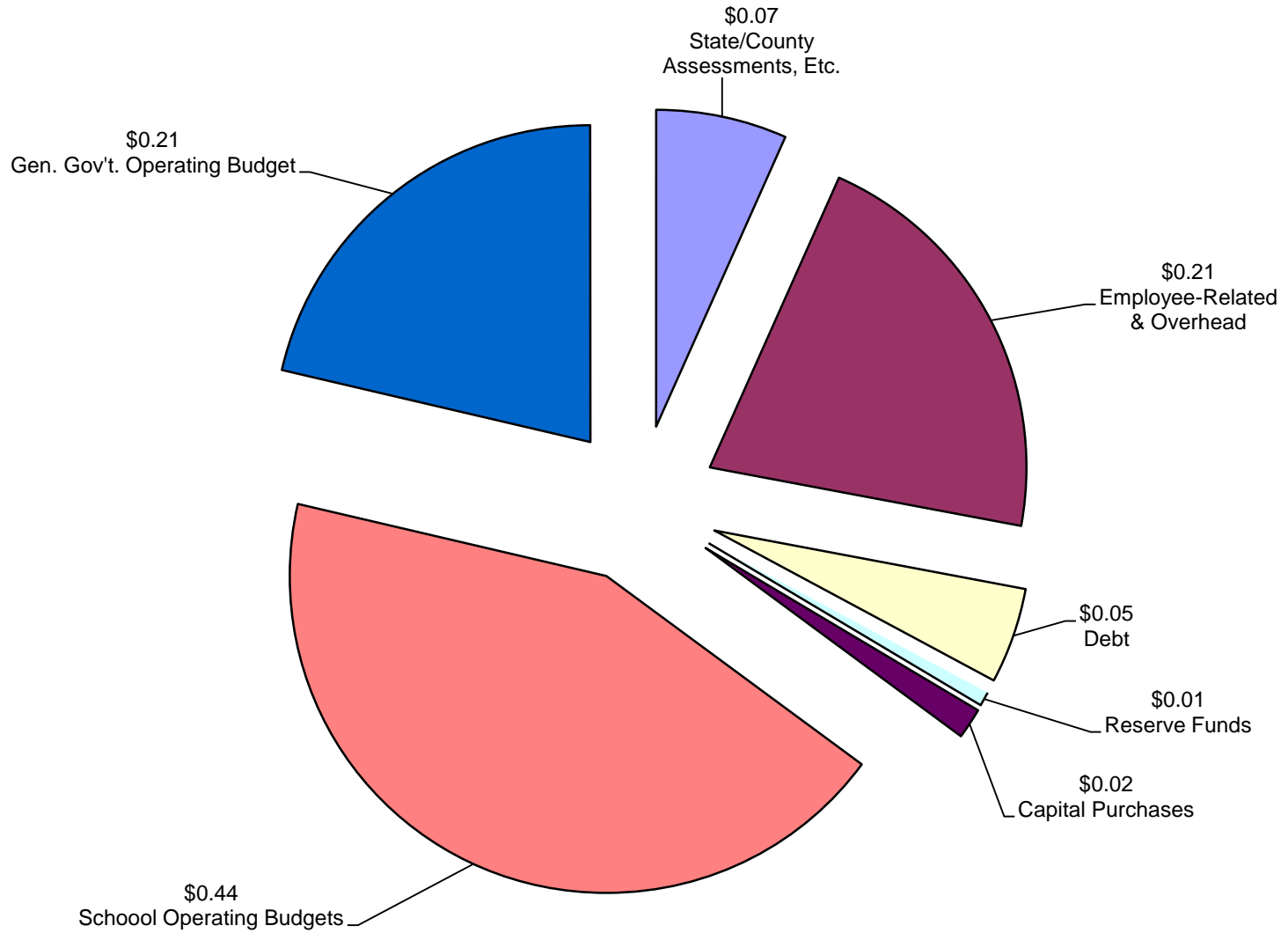
## Additional Tax Costs for Ave. Value Home (AVH)

- Projected FY'21 AHV = \$454,200
- 2.50% increase above FY'20 = \$153 for AVH
- New Growth increase = \$46 for AVH
- FY'21 exempt debt vs. FY'20 = **-\$40** for AVH
- Excess Levy Capacity = **-\$330** for AVH
- **TOTAL ESTIMATED TAX IMPACTS** = + \$3 for AVH

# WHERE DOES EACH DOLLAR THE TOWN RECEIVES COME FROM? - FY'20

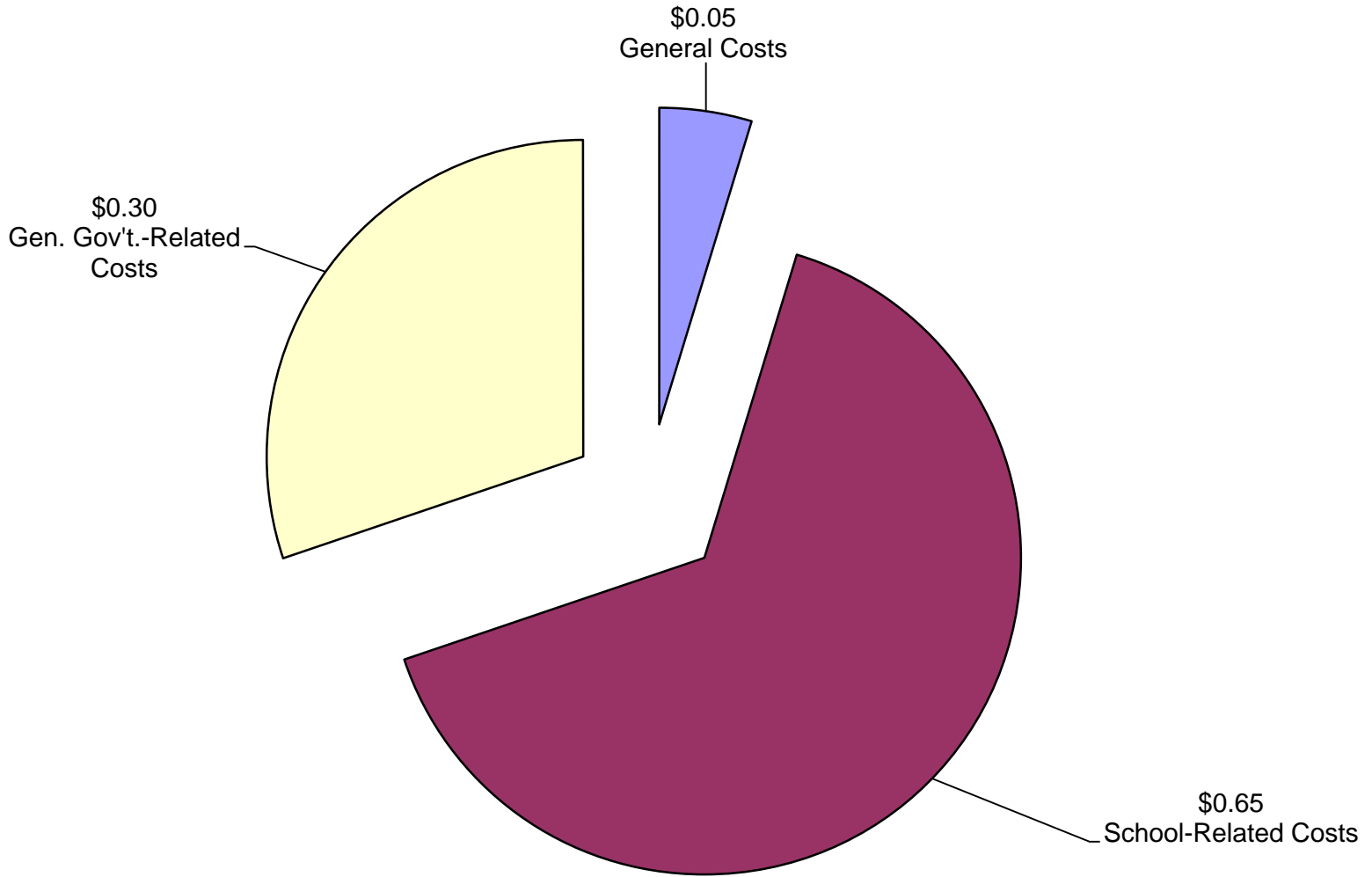


# WHERE DOES EACH DOLLAR THE TOWN SPENDS GO? - FY'20



# WHERE DOES EACH DOLLAR THE TOWN SPENDS GO? - FY'20

## School, General Government, & General Expenses



# 100 Route 6A Renovations

- December 2019 construction estimate increased substantially over prior estimates
- Met with architect & relevant staff to:
  - Reduce scope of work (removed parking & traffic flow improvements)
  - Identify work able to be accomplished internally (site work, exterior demolition)
  - Identify parts of project able to be completed less expensively than general contract estimate (septic, FFE)
  - Identify work to remove from project scope if actual bids are too high
- Goal = approach Town Meeting with hard bid numbers, not estimates



# Selectmen Approved Action Plan

- General construction bids due early March = valid 30 days
- Bid packet includes “deduct alternates” to provide options if final costs exceed funding sources
- Also need to fund standard contingency amount
- Schedule STM for late March (March 23?)
  - Flexible wording of warrant article with sources & amounts added in motion
  - Can address other topics to reduce ATM list (Wing School sale, Capital)
- Award contract accordingly based on STM vote
- Selectmen directive to proceed with action plan ASAP

# Primary Reasons Renovation Estimates Increased

- Recent public bidding costs & actual public bids have increased substantially
  - Busy contractors with higher prevailing wage requirements
  - Several local examples of these impacts
- Engineering review of building systems revealed greater needs, especially for HVAC, internal electric, & emergency management communication systems
  - Most importantly, structural integrity of building is outstanding
- Rear well area required for access & safety; also provides natural light to basement

# How to Address Increased Renovation Costs

- One-time funding sources being used for one-time needs
  - Existing Free Cash certification
  - Supplemental Free Cash = tax title sale & redemptions
  - FY'20 health insurance budget reallocation
  - Back-up source...only if needed:
    - Forestdale Fire Station sale (ATM timeframe)
- None of proposed sources increase taxes
- All of proposed sources = majority vote only at TM
- Actions maintain planned \$3,550,000 Excess Levy Reserve for FY'21 Budget

# How to Address Increased Renovation Costs

- Sources do not jeopardize FY'21 Budget in any way or decrease current reserves
- Not touching future sale proceeds from Jan Sebastian & Town Hall Annex
- Estimated renovation price of \$185/sq. ft. still substantially less than \$400/sq. ft. for new construction
- Maintains primary goals of property acquisition:
  - Internal operational efficiencies
  - Improved public service
  - No debt being issued for acquisition & renovation costs

# FY'21 Projected General Fund Revenues & Expenses

## Funding of 100 Route 6A Renovations & Realistic Budgets

REVENUES			EXPENSES		
FY21 Tax Levy:			ReCap Sheet Items:		
FY20 Levy Limit	66,281,547		State Assess: Tuition Assess (10.00%)	4,895,534	
2.5% Increase	1,657,039		State Assess: All Other (3.00%)	633,854	
Est. New Growth	500,000		Abatements / Overlay	500,000	
Excess Levy Reserve Est.	-3,550,000		FY'20 Snow & Ice Deficit	0	6,029,388
Overrides / Exclusions	0		Town Meeting Items:		
County Assess. Outside 2.5: CCC	190,835		Group Health Insurance (-2.54%)	11,500,000	
Debt Outside 2.5 (- Non-Levy & MSBA)	2,111,100	67,190,521	County Retirement Assess. (-5.69%)	3,769,883	
Other Revenue:			Property & Liability Insurance (7.50%)	1,290,000	
Mass. School Building Authority Funds	1,279,534		Medicare (4.00%)	676,000	
State Aid: Discretionary (0.00%)	2,401,257		Unemployment Account	100,000	
State Ch. 70 Aid: School (0.00%)	7,151,788		OPEB Trust Fund	100,000	
Est. Local Receipts	5,250,000		Debt: Long Term - General Fund	3,834,470	
Surplus Revenue / Free Cash	2,201,602		Borrowing Expenses	100,000	
Add'l. Free Cash Certif. - Tax Title (STM)	438,480		Reserve Fund	500,000	
FY'20 Health Insur. to 100 Rt. 6A (STM)	800,000		Capital Budget - Net	976,112	
Overlay Release	50,000		Capital - 100 Route 6A Renovations	2,100,000	
Transfer from Stabilization Fund	0	19,572,661	Transfer to Stabilization Fund	100,000	25,046,465
<b>Total Estimated Revenues</b>		86,763,182	Operating Budgets:		
			School Budget: Local (3.75%)	27,992,918	
			Ch. 70 (0.00%)	7,151,788	35,144,706
			UCCRVTS Budget (-1.21%)		2,135,468
			General Gov't. Budget (3.00%)		18,331,108
<b>Stabilization Fund &amp; OPEB Trust Fund Balances:</b>			<b>Total Estimated Expenses</b>		86,687,135
	<b>Stab. Fund</b>	<b>OPEB Trust</b>			
Actual Balance on 7/1/19:	1,829,888	921,925			
Proposed Transfer From/To Fund:	100,000	100,000			
Projected Post ATM Balance:	1,929,888	1,021,925	<b>ESTIMATED FY'21 BUDGET BALANCE</b>		76,047

# FY'21 Budget Overview

## Budget Issues to Monitor

- Estimated FY'21 local aid receipts...several months to go, but Governor's initial State budget is positive
- Estimated FY'21 local aid assessments...several months to go...tuition assessments remain greatest concern
- FY'21 property & liability insurance costs still pending...health insurance costs very positive
- UCCRVTs budget estimate = awaiting final budget assessment figure; Sandwich enrollment down

# FY'21 Budget Overview

## Budget Issues to Monitor

- As always, Town's central administrative staff will provide appropriate recommendations if current budget estimates need to be revised & operating budgets amended – contingency plans always developed
- Likely revenue & expenses to review, if necessary:
  - New Growth
  - State Aid & Assessments
  - Local Receipts
  - Snow & Ice Deficit
  - Property & Liability Insur.
  - Capital Budget
  - OPEB & Stabilization Transfer
  - Operating Budgets

# FY'21 Budget Overview

- Reminder: FY'21 Budget process has several months to go before being finalized for Town Meeting
- Estimated revenue & expenses will change regularly with updates provided at every Selectmen & Finance Committee meeting
- 16<sup>th</sup> fiscal year without an override request despite significant increases in tuition assessments, employee related costs, capital needs, etc.
- Finance Committee presentation on February 4 with weekly review to follow



# FY'21 Budget Overview

- **Recommendation**: Funding General Government at 3.00% provides level-service operating budgets & addresses increasing cost centers without major new funding initiatives
- Extensive staff input & support in preparing FY'21 Budget material
- Proceeding with action plan for 100 Route 6A renovations as outlined
- Any questions about the General Government budget recommendation, the FY'21 Budget as a whole, or the 100 Route 6A renovations?

***THANK YOU!***