

Middleborough FY19 Operating Budget



February 5, 2018

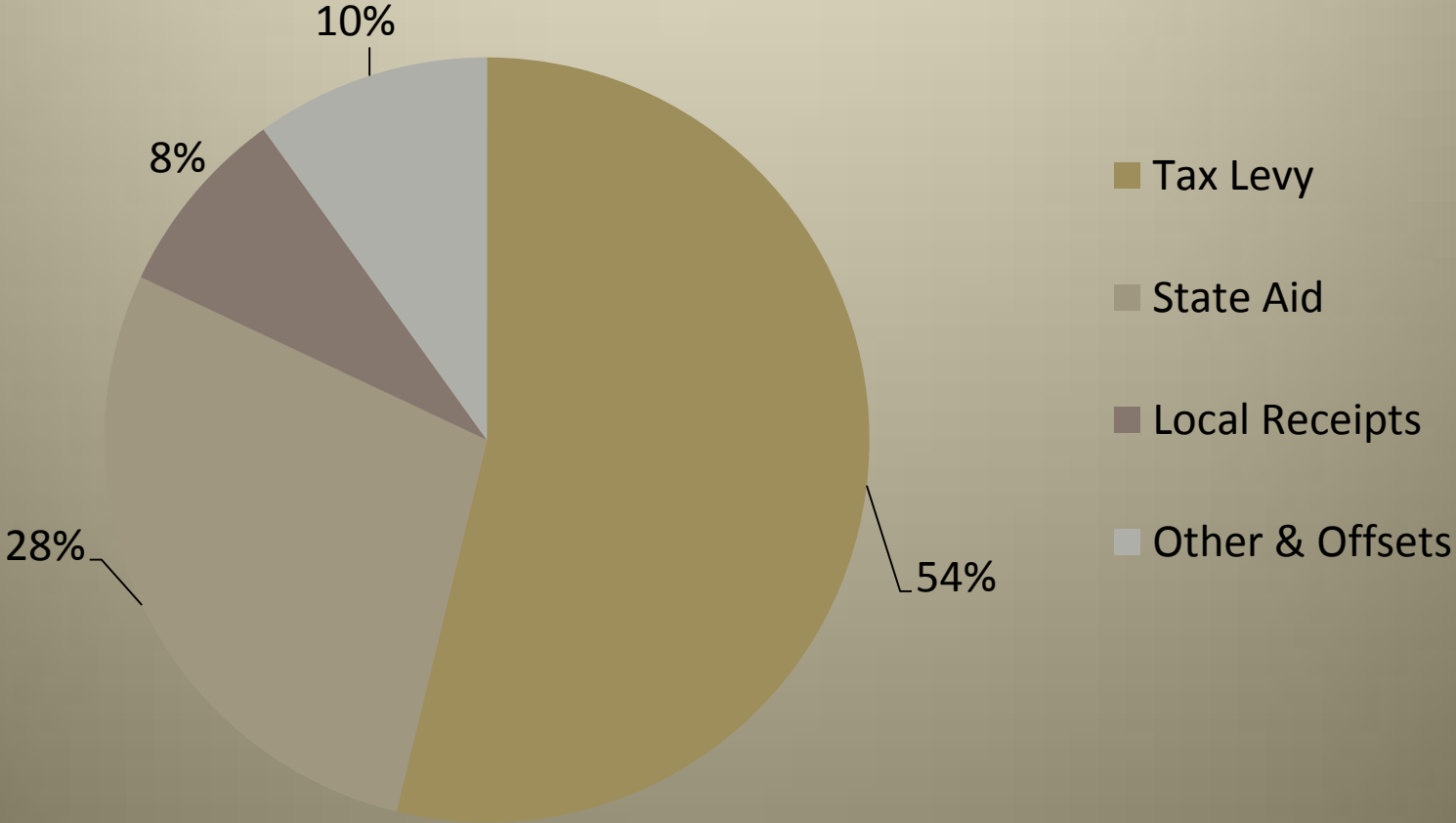
Robert G. Nunes
Town Manager

FY19 Budget Overview

- Level funded budget
- No new initiatives
- No personnel upgrades or increase in hours
- Net decrease in state aid of **\$161,486.00**
- Decrease in School Building Authority reimbursement of **\$155,187.00**
- Loss of debt stabilization funds of **\$115,000.00** (FY18)
- However, the budget maintains:
 - Strong financial policies and procedures
 - AA stable bond rating
 - Monthly review of revenues and expenditures
 - Funds debt payments for capital projects, Wastewater Treatment Plant upgrade

Revenues by Source

\$79,314,090.00



Revenues

Projected Revenues

➤ Levy	\$40,482,738.00
➤ 2.5% Increase	1,012,068.00
➤ New Growth	650,000.00
➤ Debt Exclusions	<u>519,425.00</u>
Total Tax Levy	\$42,664,231.00
➤ State Aid	\$21,213,182.00
➤ SBAB Reimbursement	1,158,248.00
➤ Local Receipts	<u>6,406,066.00</u>
Total Other Revenue	\$28,777,496.00
Total Offsets	\$7,872,363.00

Property Tax Levy

The property tax is:

- A statutory mechanism to fund local government operations
- Administered by local government
- Largest source of local government revenue

- The average FY18 single family tax bill is **\$4,623.00**
- The average FY18 single family statewide tax bill is **\$5,857.00**

- The average FY18 single family residential value is **\$296,333.00**
- The average FY18 single family residential value statewide is **\$418,618.00**

- Total tax levy for FY19 is **\$42,664,231.00***
 - Includes levy, 2.5% increase, new growth and debt exclusions

Property Tax Levy

- A debt exclusion is an action taken by a community through a referendum to raise the funds necessary to pay for a project from the property tax levy, but outside the limits of Proposition 2 ½.
- Debt exclusions: **\$519,325.00** for both the Police Station and Nichols Middle School

New Growth

- FY19 Projection: **\$650,000.00**
- FY18 Certified: **764,272.00**
- FY17 Certified: **821,258.00**
- FY16 Certified: **528,156.00**

State Aid

The two largest forms of state aid are **Chapter 70** and **Unrestricted General Aid**

FY19: \$21,213,182.00*

- Chapter 70: **17,856,469.00**
- Unrestricted Aid: **2,549,217.00**

Cherry Sheet Assessments are charges assessed by the Commonwealth and County

FY19 State Assessments: \$1,314,876.00**

An increase of **\$107,869.00 over FY18

\$87,360.00 of that increase is in Charter School Sending Tuition

Cherry Sheet Net Decrease of \$161,486.00 from FY18

School Building Reimbursement on the Nichols Middle School \$1,158,248.00**

*Decrease of **\$155,187.00** from FY18

*Reimbursement until 2020

Revenues

Offsets:

➤ Health and Life	\$1,420,273.00
➤ Retirement	1,808,910.00
➤ FICA	101,360.00
➤ Workers Comp	69,668.00
➤ Debt	2,483,516.00
➤ Unclassified	162,208.00
➤ Administration	<u>588,196.00</u>
	\$6,634,131.00

Other Revenue:

➤ G&E Pilot	\$740,000.00
➤ Council on Aging	350,000.00
➤ WPAT Reserve	<u>148,232.00</u>
	\$1,238,232.00

Local Receipts

Examples of local receipts include motor vehicle excise, meals and rooms excises, penalties, medicaid reimbursements, fees, licenses & permits, fines, investment income, charge for service

➤ FY19 Projection	\$6,406,066.00
➤ FY18 Projection:	6,114,930.00
➤ FY17 Actual:	7,019,722.00
➤ FY16 Actual:	6,945,702.00
➤ FY15 Actual:	6,584,732.00

Motor Vehicle Excise:

➤ FY18 Projection:	\$2,902,000.00
➤ FY17 Collected:	3,130,480.00*
➤ FY16 Collected:	2,889,591.00*
➤ FY15 Collected:	2,850,057.00*

* Includes prior years

Local Receipts

Local Option on Meals and Rooms

Rooms: Local communities may levy a tax up to 6%

- FY18 Projection: **\$350,000.00**
- FY17 Collected: **383,144.00**
- FY16 Collected: **424,359.00**
- FY15 Collected: **411,925.00**

Meals: Communities may impose a levy on restaurant meals on the gross bill

- FY18 Projection: **\$350,000.00**
- FY17 Collected: **379,319.00**
- FY16 Collected: **363,852.00**
- FY15 Collected: **348,072.00**

Free Cash

- Free cash is defined as unrestricted and available funds for appropriation by Town Meeting
- Certified as of July 1 based on the June 30th balance sheet, which reflects results from the prior year
- Should be considered as non recurring revenue
- Free cash will be used for capital projects at the Annual Town Meeting
- 7/1/2018 free cash will be certified in the fall of 2018

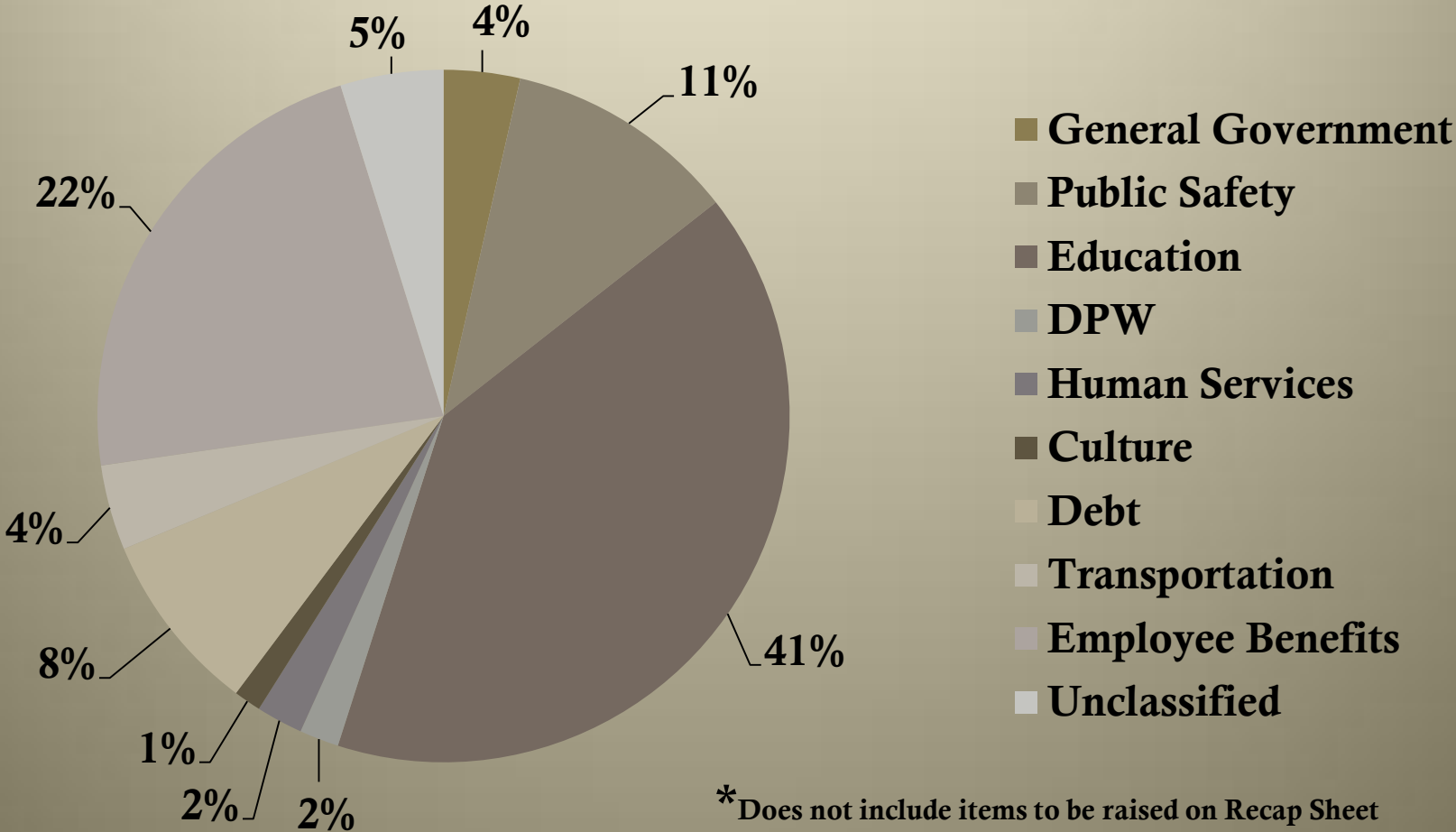
➤ 7/1/2017 Free Cash:	\$2,974,887.00
➤ Balance as of 2/5/18	1,859,926 .00
➤ 7/1/2016 Free Cash	3,149,219.00
➤ 7/1/2015 Free Cash:	2,176,651.00
➤ 7/1/2014 Free Cash:	1,728,727.00
➤ 7/1/2013 Free Cash:	690,623.00

Stabilization Fund

- A Stabilization “rainy day” Fund is a special reserve fund into which monies may be appropriated and reserved for a later appropriation
- Stabilization Fund balances carry forward from one fiscal year to the next
- Interest earned on investment of the balance in this fund remains with the fund
- A two-thirds vote of town meeting is required to appropriate into or out of the fund, and to amend the purpose of the fund
- Current balance in the stabilization fund is **\$2,779,572.00** or **3.5%** of the FY19 General Fund Operating Budget

FY19 General Fund Appropriation

\$77,466,258.00*



*Does not include items to be raised on Recap Sheet

Percentage of FY19 General Fund Appropriation

• General Government	\$2,761,429.89	4%
• Public Safety	8,403,372.85	11%
• Education	31,394,643.00	41%
• DPW	1,427,379.00	2%
• Human Services	1,684,776.31	2%
• Culture	988,371.50	1%
• Debt Service	6,583,389.00	8%
• Transportation	3,086,017.00	4%
• Employee Fringe Benefits	17,411,096.00	22%
• Unclassified	3,725,784.00	5%
• Total Operating Expenditures	\$77,466,258.00	

Expenditures

FY19 Budget Requests Totaled \$79,342,019.18

- **\$1,900,000.00** in cuts to budget requests were made to balance the budget

Fixed Costs

- Health Insurance
- Retirement
- Debt

Health Insurance

Group Insurance Commission (GIC)

- GIC offers health insurance to all state employees and more than 60 cities, towns, regional school districts, charter schools and planning councils
- Middleborough joined in July of 2014
- The 5 year contract ends on June 30th, 2019
- There is future uncertainty with GIC based on their most recent decision in regard to reducing health care carriers. The GIC did reverse their earlier decision. However, the Commission will revisit the issue again.
- The local Insurance Advisory Committee will meet shortly to discuss various options for FY20 and beyond.
- The FY19 health insurance appropriation will be fully funded to provide health insurance to employees in the Town's health program
- The FY19 health insurance appropriation is **\$9,735,021,00 (an increase of \$287,031.00 over FY18)**

Expenditures

Retirement

Middleborough is a member of the Plymouth County Retirement Association

FY19 Appropriation: \$6,506,872.00

FY18 Appropriation: 6,193,391.00

An increase of \$313,481.00 over FY18

- The retirement appropriation is fully funded in FY19
- A \$200,000 transfer will be made at the October Special Town Meeting to the Other Post-Employment Benefits Stabilization Fund (OPEB)
 - The Town joined the Plymouth County OPEB Trust. The trust is a program to assist public entities to pre-fund retiree healthcare liabilities.
 - The Town deposited **\$1,007,338.00** into the trust on June 30th. As of November 30th, the fund earned **\$84,476.36**.
 - The October transfer of **\$200,000** is not included in the November statement

Expenditures

Debt Service

- The FY19 Appropriation is **\$6,583,389.00**
 - An increase of **\$976,265.00** over FY18*
 - *Most of the increase is due to the **\$25M** upgrade at the wastewater plant
- The Capital Planning Committee (CPC) received more than \$5,500,000 in general fund and enterprise fund capital requests for FY19. The requests are currently under review by the CPC.
- Major Capital Projects funded through debt exclusions and School Building Authority reimbursement:
 - New Police Station **\$9,500,000.00**
 - New High School **\$103,000,000.00**
- New DPW Facility: The goal is to fund the project through the existing tax levy and enterprise accounts based on space allocation needs. A recommendation to fund the project is forthcoming.

Expenditures

Debt Service Cont.

- The Town has paid down debt with free cash and retained earnings over the past several years:
 - General Fund: **\$1,159,190.00**
 - Wastewater: **1,000,000.00**
 - Water: **150,000.00**

Collective Bargaining

- Contracts expire for employees on the Town side of government on June 30, 2018 with the exception of the police and superior officers. Their contracts expire June 30, 2019.
- The Town will begin contract negotiations in the spring
- Funding will be presented at the October Special Town Meeting

Highway

- Town invested in excess of **\$2M** in road improvements over FY's 16, 17 and 18
- Over the next several years we will focus our efforts on downtown infrastructure improvements

Expenditures

Snow and Ice:

- Level funded appropriation at **\$213,000.00**
- Goal: Less reliance on reserves to eliminate yearly appropriation deficits
 - Gradual appropriation increases each year

 - FY18 appropriation: **\$213,000.00**
 - Expended: **246,620.00**

 - FY18 appropriation deficit as of 2/1/18: **\$33,620.00**
 - Prior Years Expended:
 - FY17 **\$470,524.00**
 - FY16: **432,000.00**
 - FY15: **707,247.00**

Expenditures

Education

- Fully funds Bristol Plymouth High School Assessment
 - 296 Middleborough students attend Bristol Plymouth High School
- \$950,000 increase to School District's Budget to **\$31,394,643.00**
 - School District will present their budget to the Board of Selectmen in March
 - The budget appropriation exceeds state requirements for education spending

Enterprise Funds

- Enterprise accounting allows for a separate accounting and financial reporting mechanism for municipal services for which a fee is charged
- Enterprise Funds:
 - Sanitation
 - Wastewater
 - Water
- Retained earnings stay with the fund and are certified similar to free cash
- Indirect costs/offsets are costs for various administrative overhead:
 - Water: **\$1,618,723.00**
 - Sanitation: **656,059.00**
 - Wastewater: **1,881,959.00**

Sanitation Division

- FY19 appropriation: **\$1,145,830.00**
- No transfer from retained earnings to balance the fund
- Current balance in retained earnings: **\$646,207.00**
- Significant increase in recycling
 - Savings in disposal costs
 - Contract with Waste Zero
 - Town trash bags are sold in retail stores
 - Curbside textile recycling will commence in the spring

Sewer/Wastewater Division

- FY19 appropriation: **\$3,213,168.97**
- Current balance in retained earnings: **\$2,574,267.00**
- **\$25M** upgrade at the Water Pollution Control Facility
 - 0% interest free loan
 - Project completed in October 2017
 - New plant satisfies all DEP and EPA requirements

Water Division

- FY18 Appropriation: **\$3,884,538.00**
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- Current balance in retained earnings is **\$5,843,080.00**
- No transfer from retained earnings to balance the fund

Future projects:

- Design and construction of Water Treatment Plant at East Main Street wells
- Fire tower water elevated storage tank
- Forest Street water main replacement project.
- Myrtle and Bishop Streets water main replacement project

Contact

- The presentation and budget will be posted on middleborough.com

- For additional information contact:

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