

**TOWN MANAGER
RECOMMENDED FY'20 BUDGET
PRESENTATION TO BOARD OF SELECTMEN**

January 31, 2019

FY'20 Budget Overview

- Selectmen budget instructions = level-service budget = 2.97%
- One new DPW position, no new funding initiatives
- Successfully retains 8 Fire Department SAFER grant positions without override or use of NRG Unit #3 funds
- FY'20 Capital Budget = net \$1.7 million within current budget projections...may need future adjustment depending on potential Santander acquisition

FY'20 Budget Presentation Overview

- Explain contents of FY'20 Budget binders
- “Financial Encyclopedia” overview & additions
- Recommended FY'20 Capital Budget
- Recommended FY'20 General Government Budget at 2.97%
- Overall budget trends, recent in-roads, future issues & concerns
- Potential Santander acquisition impact on recommended FY'20 Budget

FY'20 Budget Binders

- FY'20 Budget Binders
 - Tab 1: Summary Information – Subject to Regular Changes
 - Tab 2: Financial History, Projections, & Analysis = “Town of Sandwich Financial Encyclopedia”
 - Tab 3: FY'20 Capital Budget
 - Tab 4: FY'20 General Government Budget
 - Tab 5: FY'20 School Department Budget
 - Tab 6: FY'20 UCCRVTS Budget
 - Tab 7: Miscellaneous Budget Information
- Entire binder on www.sandwichmass.org with direct link on homepage
- Reminder: please bring your budget binder information to all upcoming meetings

FY'20 Budget Binders

Summary Information – Tab 1

- FY'20 Budget presentation material
- FY'20 projected general fund revenues & expenses
 - Will be updated accordingly as FY'20 Budget process progresses
 - Alternative projections worked on & produced constantly
- FY'20 department operating budget totals
 - Unless significant changes required, will not be distributing updates as frequently

FY'20 Budget Binders

Financial History, Projections & Analysis – Tab 2

- Key summary information – Tab 2 of budget binders
 - 57 different worksheets with 75 pages of information
 - Executive Summary in words – updated for FY'20
 - Full explanation of revenues & expenses
 - 10 years of financial, demographic, & historic data
 - Focused documentation on FY'2010 – 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
 - How lean Sandwich operations are compared to similar communities
 - Where each dollar comes from & where each dollar goes
 - Updated annually with new issues highlighted each year
 - Town Treasurer's official debt schedule summary
 - Best resource to increase knowledge of Sandwich's finances & demographics

FY'20 Budget Binders – Tab 2

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EXECUTIVE SUMMARY	
1.	Slightly Increasing Debt Payments As Major, Long-Standing Capital Needs Met - Pages 22-27 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, some of these projects - public safety buildings, public roads & infrastructure - have been supported by voters to be addressed and another major issue - wastewater - will be presented to the voters in May 2019. 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. Ignoring these needs is not looked favorably upon by municipal bond rating agencies. Both the public safety building project & road bond are expected to impact debt service in FY20. See chart of exempt debt on p. 27.
2.	Tuition Assessment Increase Impacts & Shortfalls - Pages 34-36 Since FY'04, Tuition Assessments have increased from \$262,373 to \$4,142,944 in FY19, a staggering 1,479%. 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. Local municipal and educational services have been reduced to fund students attending public educational opportunities outside of Sandwich. Most tellingly, in FY19 State Tuition Assessments alone exceeded the total Discretionary Aid amount the Town received by \$1,775,680, making us a State Aid debtor community for the 7th consecutive year. See chart of this comparison on p. 36.
3.	Declining School Enrollment - Pages 65-68 Since January 1, 2002, Sandwich Public School enrollment has declined substantially, losing 1,826 students from Sandwich. This represents a 43% decline in enrollment since the peak of the 2002-03 school year. Students taking advantage of other public, private, and home educational opportunities outside of Sandwich have increased significantly, totalling 676 students in the current school year, which represents 21% 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 124 non-Sandwich students in the Sandwich Public Schools. In addition, other public school options, including UCCRTS & Sturgis Charter School, have talked recently of expanding.
4.	Sandwich Budget Culture of "Cutting It Close" - Pages 50-52 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 closest neighbors, our Free Cash certification is \$8.8 million below and our Stabilization Fund is more than \$7.1 million below their averages. See chart on p. 52. It appears, with the commencement of PILOT payments for NRG Unit #3, Sandwich will have its first real Excess Levy Capacity set aside for many, many years.
5.	Average Tax Bill - Page 58 Since FY2015, the Town's average tax bill has increased by a total of \$724, or 13%. This reflects an annual average increase of 3.35% over those 5 years. For comparison purposes, Sandwich is \$26 dollars below the average tax bill in the Commonwealth and has been below the State average for 23 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.
6.	Stable, Aging Town Population - Pages 64 & 68 The Town population has generally increased since the early 1990s, 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 33% of our total
7.	Where Our Money Comes From & Goes - Pages 69-74 Approximately 77% Sandwich's income comes from taxes, with 13% coming from State Aid, and 9% from other sources. 66% of every dollar spent goes for educational costs and expenses, 31% for general government services, and 3% for overall expenses. See charts on pp. 70, 72, & 74.

FY'20 General Government Budget Overview

Capital Budget – Tab 3

- FY'20 Capital Budget – finalized internally...we hope
 - Current balance = \$1,692,594 in net capital improvements
 - Final amount dependent on Santander acquisition funding
 - Continued commitment to annually fund \$125,000 in building maintenance for both Town & School
 - \$300,000 for Fire lease/purchase down payment of Quint ladder/engine & mini pumper (Amb. Fund)
 - \$125,500 for SHS security cameras
 - \$135,000 for SHS energy management system repairs
 - \$220,000 IT efforts...paired with \$100K from FY'19 for digitization of JSD Offices & new Inspections software
 - Presented updates to CIPC over last few months
 - Complete copy of departmental submission forms for recommended capital items on Town website

FY'20 General Government Operating Budget Overview – Tab 4

- FY'20 Budget totals by departmental account
 - Process used to prepare, review, & recommend operating budgets
- FY'20 Budget reflects:
 - 2.97% Increase Over FY'19
 - Purely a level-service budget with one new DPW position included
 - Constantly considering new ways of providing services & addressing problems
 - Always take advantage of reorganization opportunities when presented...provided sufficient funding exists
- Summary of significant budget changes (+/- \$10,000): several cost centers have increased beyond our control
- Fully funds 8 Fire SAFER grant positions without override or use of NRG Unit #3 funds
 - Additional \$300K Ambulance Fund transfer
- Needs budget summary
- Overall budget issues & concerns

FY'20 General Government Budget Overview

Summary of Significant Budget Changes at 2.97%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
123	Selectmen/Town Manager - Personnel Expenses/Wage Adjustment <i>(All 7 General Government Union Contracts Expire after FY'19)</i>	252,729
162	Elections & Registrations - Down Year in Normal Two-Year Cycle	-11,000
210	Police - Cost Increases in Relevant Operating Budget Line Items	16,500
220	Fire - Add'l. Amb. Fund Transfer to Cover SAFER Grant Expiration <i>(\$750,000 Completely Covered w/o Override or NRG Unit #3 \$!)</i>	-300,000
	· Cost Increases in Relevant Operating Budget Line Items	12,000

FY'20 General Government Budget Overview

Summary of Significant Budget Changes at 2.97%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
410	Engineering - Addressing MS4 & NPDES Requirements	10,000
420	DPW - Significant Staffing Shortfalls & Service Needs	
	· One Additional Laborer	48,776
	· Additional OT for Service Request Responses	16,000
522	Nursing - Vaccination Cost Increases <i>(Partially Offset by Medicare Reimbursements)</i>	10,000
543	Veterans - Insufficient Funds for Required Costs <i>(75% of Actual Costs Offset by State Revenue the Next FY)</i>	15,000

FY'20 General Government Budget Overview

Summary of Significant Budget Changes at 2.97%

<u>Acct.</u>	<u>Budget - Description</u>	<u>Change</u>
620	Golf Department - Operating Budget Reductions to Match Revenue	-33,500
630	Recreation - Addressing Increase in Minimum Wage <i>(Impact Lessened by Increase in Beach Parking Acct. Offset)</i>	66,500 -49,500
	· Cost Increases in Relevant Operating Budget Line Items	16,400
632	Marina - Cost Increases for Seasonal Labor & Minimum Wage	30,000
671	Hoxie House / Grist Mill - Addressing Increase in Minimum Wage	28,000

FY'20 General Government Budget Overview

DPW Staffing Comparisons

Town	DPW Admin Engineering	Highway	Cem/Grounds Parks/Trees	Waste Mgmt	Full-Time Total	Staff per 1,000 Pop	Staff/Town Road Mi.
Yarmouth	5	14	7	9	35	1.50	0.23
Mashpee	4	15	Combined w/ Highway	4	23	1.62	0.20
Dennis	9	11	5	7	32	2.30	0.22
Marshfield	8	16	10	5	39	1.51	0.30
Duxbury	6	10	15	4	35	2.20	0.34
				5-Town Ave.	32.8	1.83	0.26
Sandwich	6	8	4	4	22	1.08	0.15

FY'20 General Government Budget Overview

Long-Term Prioritized Needs Budget List

<u>Acct.</u>	<u>Budget - Description</u>	<u>Amount</u>
220	Fire - Fully Cover (8) Federal SAFER EMS / Fire Grant Positions	In FY'20 Budget
420	DPW - (1) Add'l Laborer	In FY'20 Budget
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
		1,060,000

- Recommended 2.97% budget includes top two priorities
- “The Big 3” substantially addressed since FY’15 – need to focus on smaller departments’ needs now...with additional DPW needs to follow
- Recognize no funding exists for additional needs listed above BUT don’t want Board to forget our consistent, multi-year priorities (August 2016 memo & back-up material)

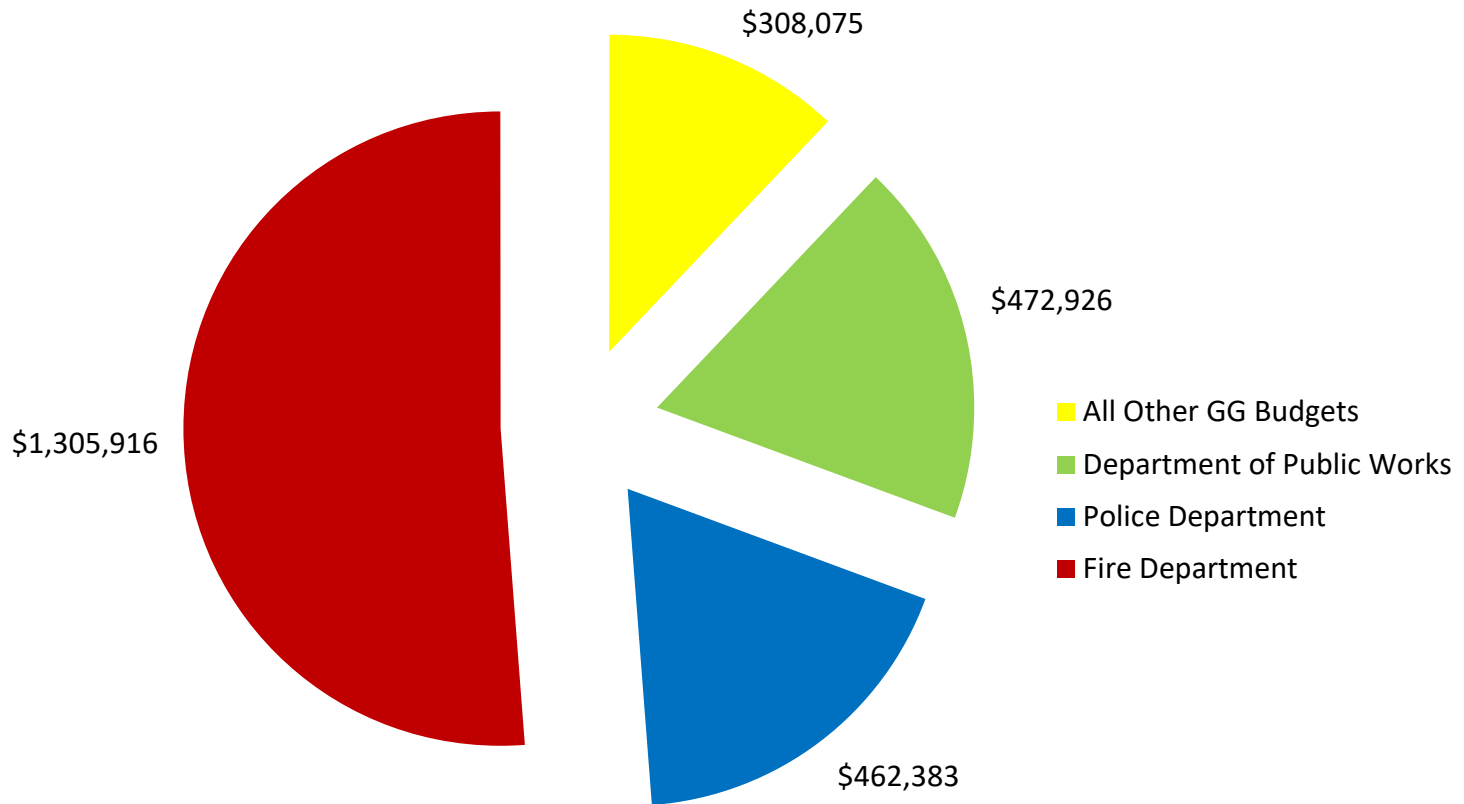
FY'20 General Government Budget Overview

Recent Progress on Prioritized Needs: FY'15 – FY'20

<u>Budget - Description</u>	<u>FY Funded</u>	<u>Amount:</u>
All Other GG Budgets		
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
Total All Other GG Departments		308,075
Department of Public Works		
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
Total DPW		472,926
Police Department		
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
Total Police Department		462,383
Fire Department		
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
Total Fire Department		1,305,916

FY'19 General Government Budget Overview

Recent Progress on Prioritized Needs: FY'15 – FY'20



FY'20 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

NRG Unit #3 PILOT Payments & New Growth Creation:

- NRG Unit #3 Payment-In-Lieu-Of-Tax payments are expected to kick in in FY'20. The recommended budget does not use these payments for recurring expenses and does not tap into any new growth created by the new power generation facility for operating costs. Use of these funds has been limited to capital needs - both small and large - and increasing reserves which are far smaller than almost all other communities our size. Most importantly, we have not used any of these funds or needed an override to retain the 8 EMS/Firefighters hired as part of the federal SAFER grant which allowed us to staff East Sandwich for the first time in our community's history.

Overall Budget Issues & Concerns

Emergency Reserves:

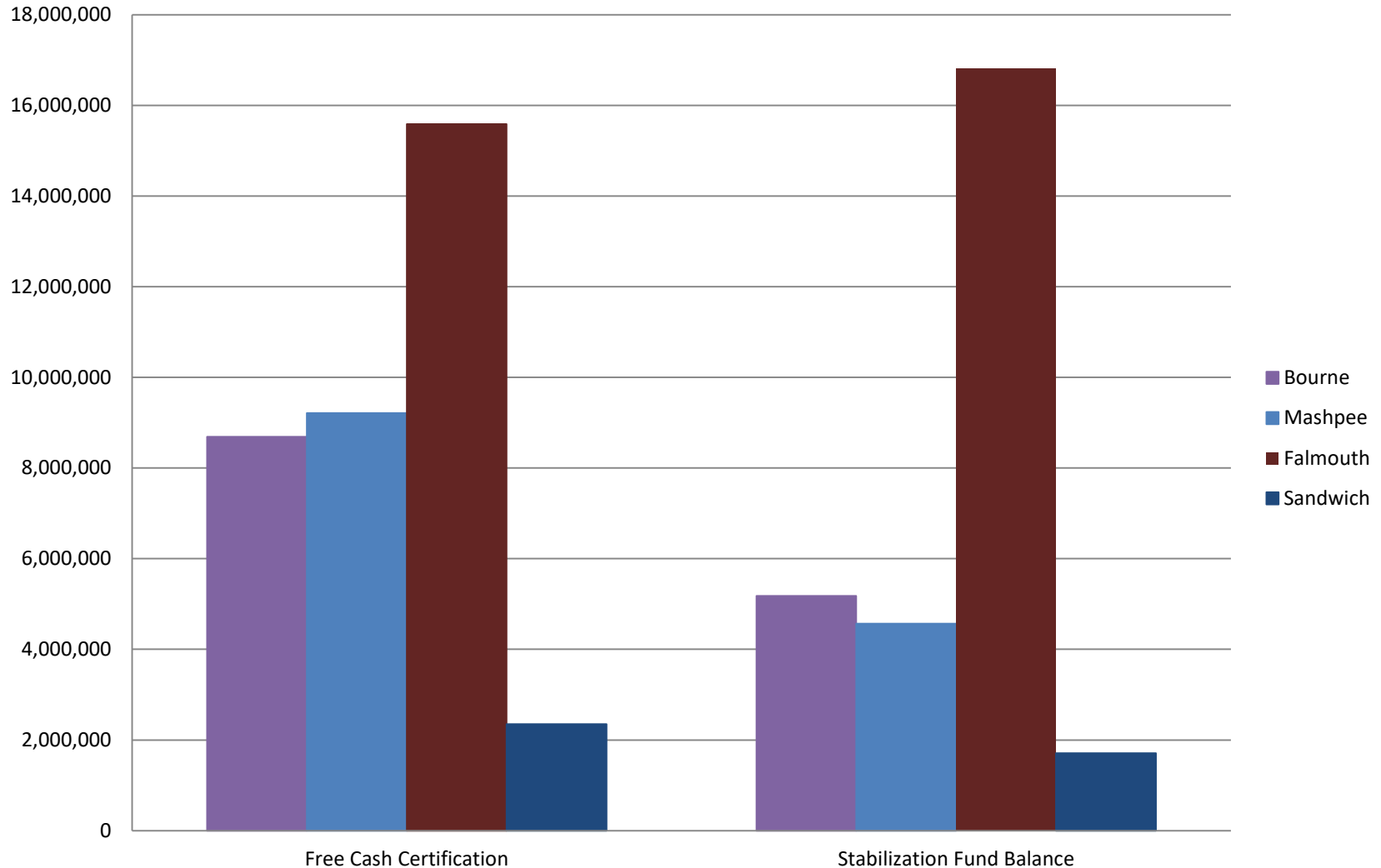
- General Stabilization Fund Needs to be Increased - compared to similar communities our size, Sandwich does not have a high enough Stabilization Fund; positive bond rating implications by increasing balance; 5-year goal = \$2.5 million minimum; long-term goal = \$TBD; excellent source = Future Year 1 NRG PILOT Payment (***FY'20*** = Adding \$ for 5th Consecutive Year)

How Closely Sandwich Budgets vs. Other Towns

Town	FY'15		FY'16		FY'17		FY'18	
	Free Cash Certification	Stabilization Fund Balance	Free Cash Certification	Stabilization Fund Balance	Free Cash Certification	Stabilization Fund Balance	Free Cash Certification	Stabilization Fund Balance
Bourne	3,538,836	3,740,543	6,714,795	3,545,542	7,847,739	4,376,512	8,691,073	5,178,714
Mashpee	6,285,457	4,225,025	6,285,457	4,483,947	7,843,582	4,483,946	9,211,198	4,567,532
Falmouth	8,930,163	4,500,000	10,728,544	11,564,924	12,172,944	12,505,190	15,588,620	16,807,975
5-Town Ave.	6,251,485	4,155,189	7,909,599	6,531,471	9,288,088	7,121,883	11,163,630	8,851,407
Sandwich	1,763,451	1,224,369	2,721,373	1,329,329	2,485,339	1,576,393	2,348,426	1,706,686
Sandwich v. Ave.	-4,488,034	-2,930,820	-5,188,226	-5,202,142	-6,802,749	-5,545,490	-8,815,204	-7,144,721
	-254.50%	-239.37%	-190.65%	-391.34%	-273.72%	-351.78%	-375.37%	-418.63%

- Free Cash Certification: Reflection of How Closely A Town Budgets Each Year vs. Actuals
- Stabilization Fund Balance: Reflection of How Much Emergency Financial Reserves a Town Has if Something Goes Wrong

How Closely Sandwich Budgets vs. Other Towns



Overall Budget Issues & Concerns

<u>Tuition Assessments:</u>			
.	Tuition Assessments Largest Budget Impact over Last 15 Years - State Tuition Assessments have impacted Sandwich tremendously since FY'04; during the same period, local enrollments have dropped by more than 40% and Charter School reimbursement formulas & commitments from the State have been significantly underfunded and ignored; in FY19 Tuition Assessments topped \$4.1 million & exceeded the Town's Discretionary Aid by \$1.8 million		

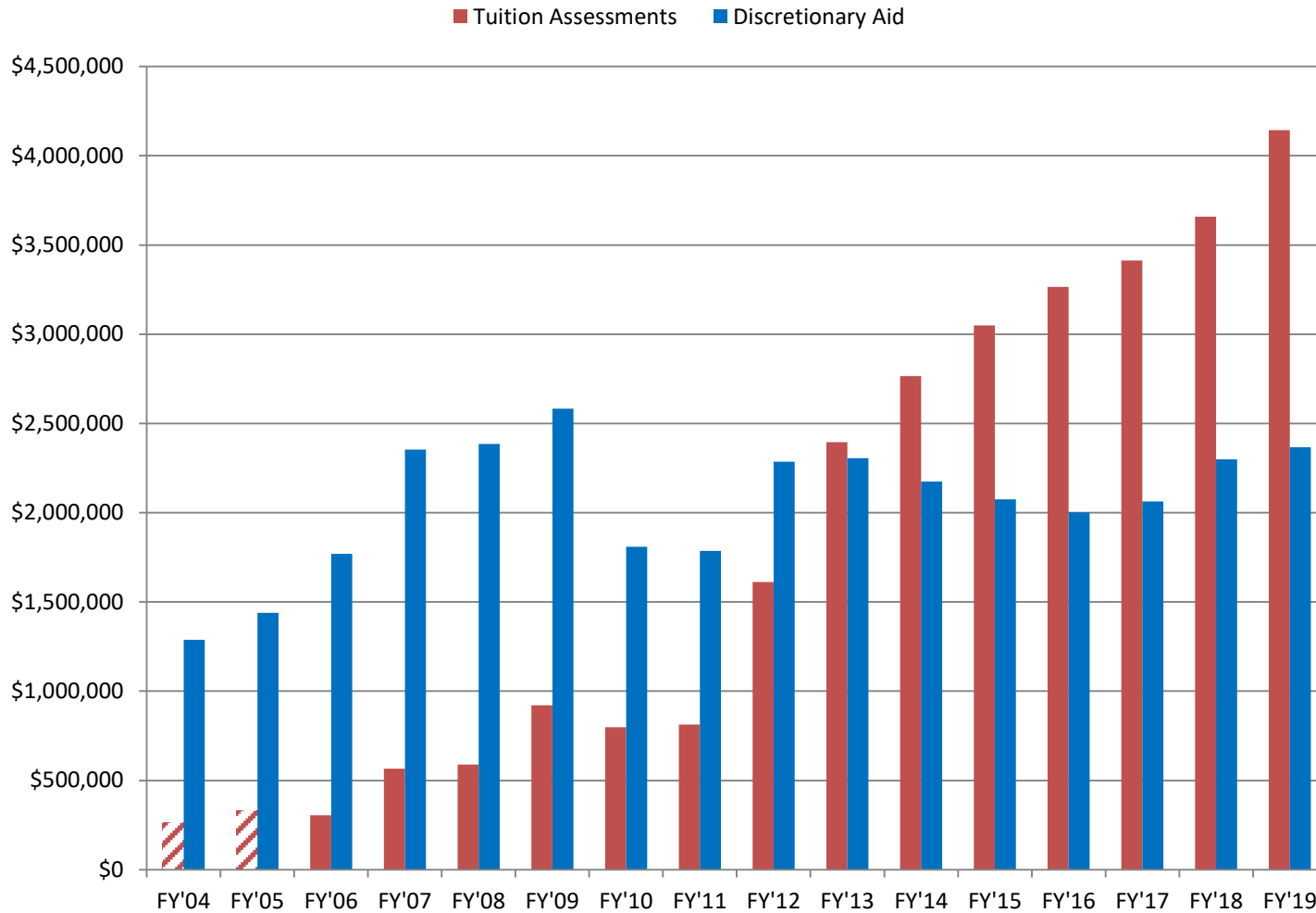
Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade

- Tuition assessments – Sandwich history = pp. 34-36 of Tab 2
- FY'19 tuition assessments = \$4.14 Million
 - Last override in FY'06 = \$2.62 Million
 - FY'06 tuition assessments = \$300,000
 - \$3.84 million increase since last override = staggering
 - Average annual increase last 5 years = 8.97%
 - FY'19 increase = 13.26%
 - More than \$1.85 million above UCCRVTs assessment
 - 43% local enrollment decrease since peak in FY'02
 - 21% of Pre-K – 12 students seek non-sandwich educational opportunities
- “Debtor” community: tuition assessments vs. discretionary aid
 - “Debtor” status first occurred in FY'13, now \$1.78 million difference
 - Charter costs up, charter reimbursements down = counterintuitive & against State law, but true
 - State underfunds charter reimbursement commitment by more than 50%
- State budget process history – won't know final assessment estimate until after July 1

Tuition Assessments Budget History

THE Largest Budget Impact over Last Decade



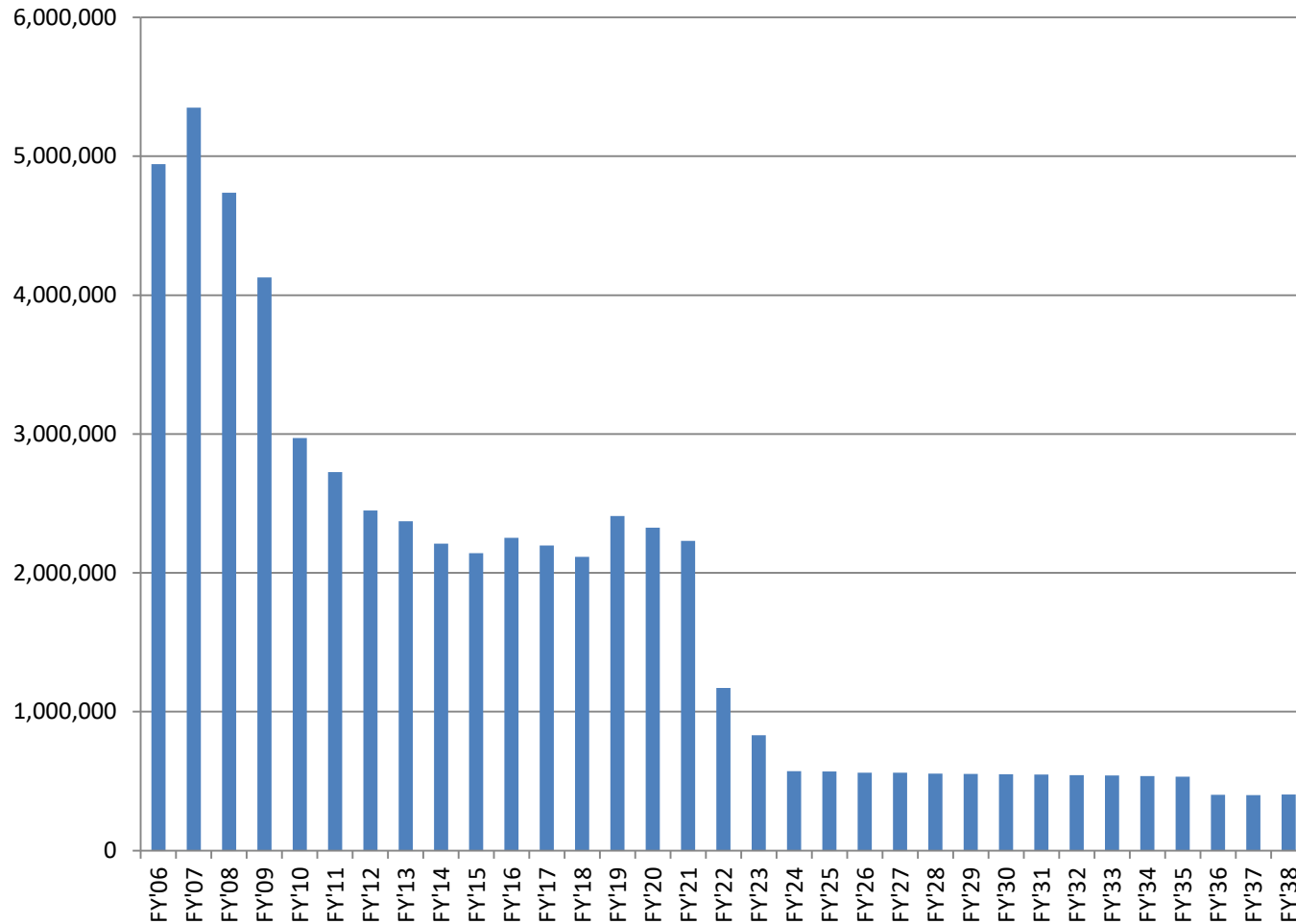
- FY'04 & FY'05: Tuition Assessments Paid From School Budget Per State Requirements

Overall Budget Issues & Concerns

<u>Capital & Maintenance Needs:</u>			
·	Annual Capital Needs Typically Exceed Available Funding...But Stronger Focus Last 5+ Years (<i>FY'20</i> = Funding more than \$1.5 million total and future years look better)		
·	School Funding for Capital & Maintenance (<i>FY'20</i> = 3rd year of annual \$125,000 added to annual capital funding; transfer HTW \$ from School to Town when appropriate)		
·	Large-Scale Projects Needing Exclusions or Alternative Means to Fund (<u>ex.</u> = wastewater; HTW School; Senior Community Center (CALs); Library; Beach; Etc. = <i>THIS IS BECOMING CRITICAL</i>); major in-roads in public safety, roads & infrastructure, wastewater		
·	Existing Municipal Buildings - no place to combine appropriate departments; nowhere to put new staff; lack of modern office features & building code issues (<u>ex.</u> = financial departments & central administration; Annex; etc.); <i>FY'20</i> = Santander acquisition?		

Large Scale Capital Needs

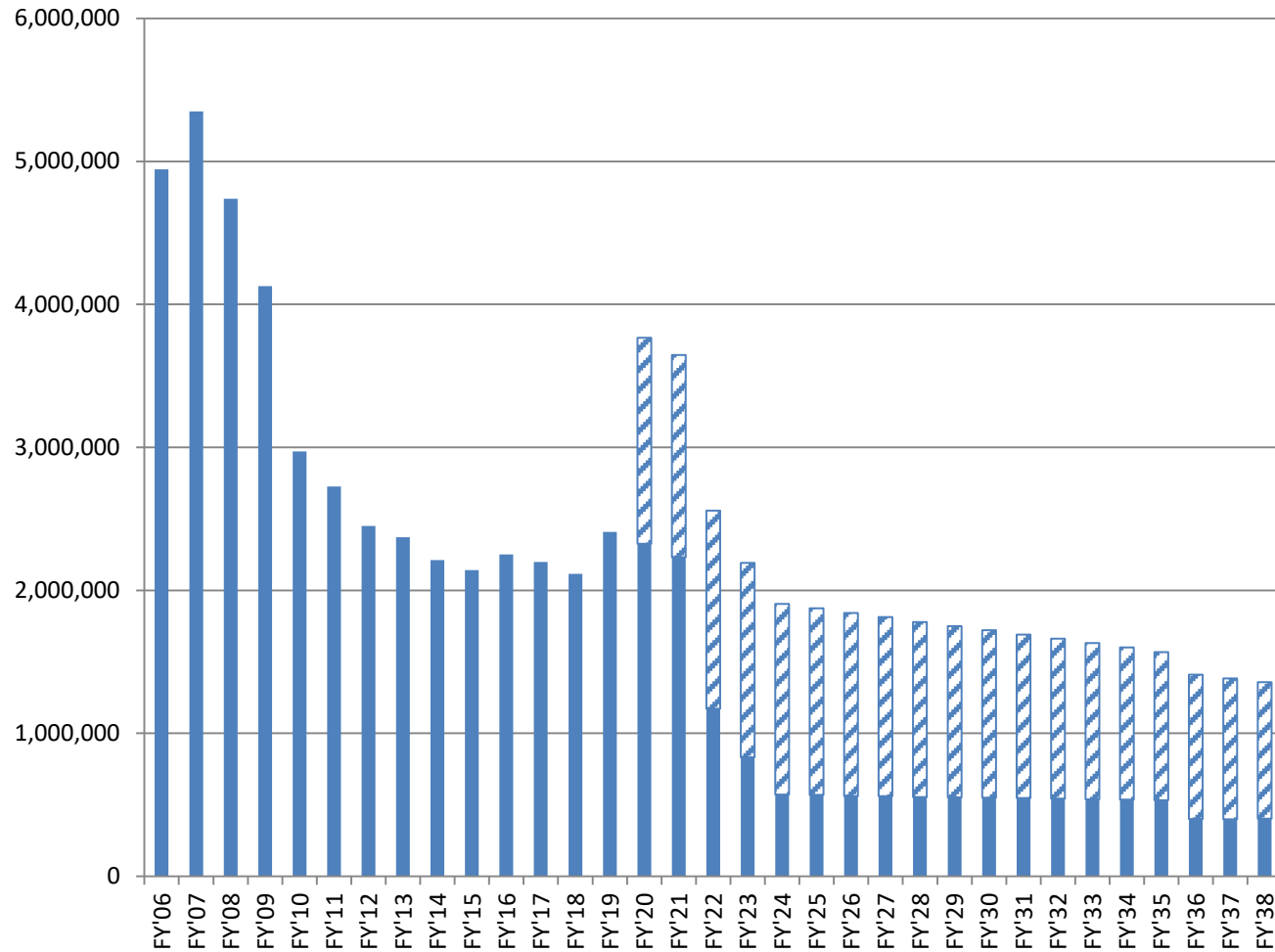
TOWN OF SANDWICH EXEMPT DEBT FY'06 - FY'38



Note: Full Public Safety & Road & Infrastructure Debt Not Yet Bonded

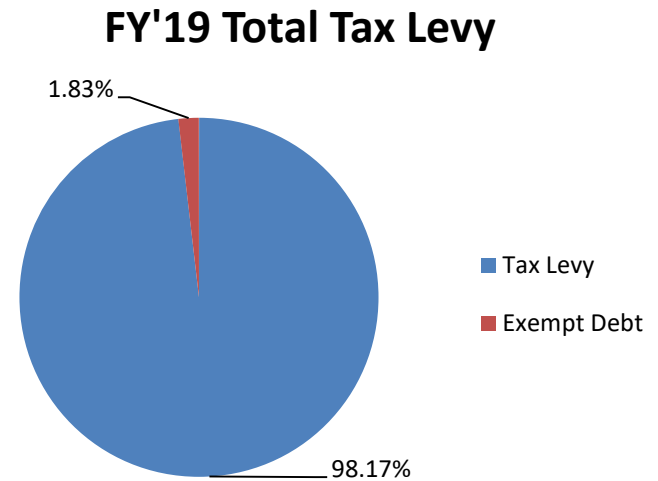
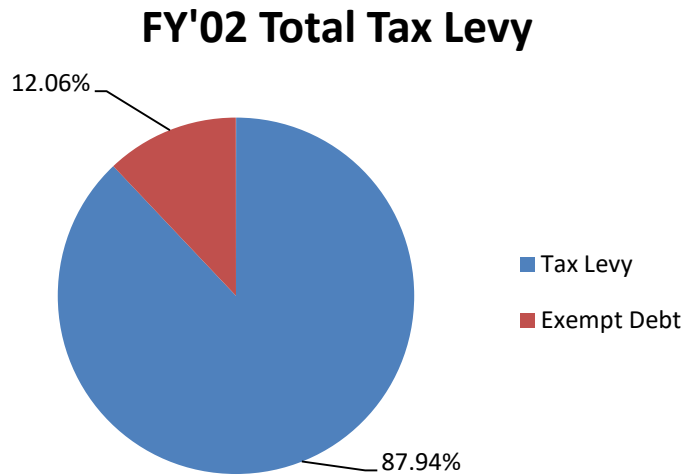
Large Scale Capital Needs

EXEMPT DEBT WITH ESTIMATED PUBLIC SAFETY & ROADS DEBT
FY'06 - FY'38



Exempt Debt vs. Total Tax Levy

FY'02 vs. FY'18



Note: Full Public Safety & Road & Infrastructure Debt Not Yet Bonded

Overall Budget Issues & Concerns

Employee-Related Costs & Employee / Debt Requirements:			
·	Retaining 8 EMS/FF Positions from Federal SAFER Grant upon Expiration - <i>FY'20</i> = annual transfer of additional \$300,000 from Ambulance Fund retains staff <u>without</u> touching NRG Unit #3 payments or override		
·	Increased Cost of Town & School Employee & Liability Programs (<u>ex.</u> = health insurance = #1 focus area ; so-called "Cadillac Tax" costs which may take effect...or go away...in the future; retirement assessment; OPEB, Etc.); <i>FY'20</i> = migration to MIA; amending contribution rates virtually impossible without School action first		

FY'20 Budget Overview

FY'20 Projected General Fund Revenues & Expenses

- Changes since initial December 2018 FY'20 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)
 - Likely need to increase temporary borrowing (Bad)
 - 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'19 Snow & Ice deficit...so far, so good
 - UCCRVTs budget assessment...Sandwich enrollment decrease

FY'20 Budget Overview

FY'20 Projected General Fund Revenues & Expenses

- Caveat: Town's long term general fund debt amount will change after the remaining \$11 million in public safety construction bonds & the \$8 million in the public road & infrastructure bonds are sold in late February with the new figures known in early March
 - these changes will not alter the bottom line budget projection as the same amount will appear on both the revenues & expenses sides of the summary

FY'20 Projected General Fund Revenues & Expenses

Current Projection with NRG Unit #3

REVENUES			EXPENSES		
FY'20 Tax Levy:					
FY'19 Levy Limit	60,644,643		ReCap Sheet Items:		
2.5% Increase	1,516,116		State Assess: Tuition Assess (10.00%)	4,557,239	
Est. New Growth	3,000,000		State Assess: All Other (3.00%)	653,515	
Excess Levy Reserve Est.	-2,500,000		Abatements / Overlay	450,000	
Overrides / Exclusions	0		FY'19 Snow & Ice Deficit	150,000	5,810,754
County Assess. Outside 2.5: CCC	186,180		Town Meeting Items:		
Debt Outside 2.5 (- Non-Levy & MSBA)	1,046,278	63,893,217	Group Health Insurance (2.61%)	11,800,000	
Other Revenue:			County Retirement Assess. (4.01%)	3,997,234	
Mass. School Building Authority Funds	1,279,534		Property & Liability Insurance (7.50%)	1,236,250	
State Aid: Discretionary (-5.00%)	2,248,901		Medicare (4.00%)	650,000	
State Ch. 70 Aid: School (0.00%)	7,071,628		Unemployment Account	100,000	
Est. Local Receipts	4,900,000		OPEB Trust Fund	100,000	
NRG Unit #3 PILOT	3,559,951		Debt: Long Term - General Fund	2,771,137	
Surplus Revenue / Free Cash	2,348,420		Borrowing Expenses	75,000	
Overlay Release	50,000		Reserve Fund	500,000	
Transfer from Stabilization Fund	0	21,458,434	Capital Budget - Net	1,000,000	
			Transfer to Stabilization Fund	100,000	22,329,621
Total Estimated Revenues		85,351,651	Operating Budgets:		
			School Budget: Local (2.50%)	26,884,850	
			Ch. 70 (0.00%)	7,071,628	33,956,478
			UCCRVTS Budget (7.50%)		2,460,019
			General Gov't. Budget (2.50%)		17,740,603
			FY'20 SAFER Offset (1.73%)		300,000
Stabilization Fund Balance:			Total Estimated Expenses		82,597,475
Actual Balance on 12/31/18:	1,709,482				
Proposed Transfer From/To Stabilization Fund	100,000				
Projected Post ATM Balance:	1,809,482		ESTIMATED FY'20 BUDGET BALANCE		2,754,176

FY'20 Projected General Fund Revenues & Expenses

Use of NRG Funds for Capital, Stabilization, Realistic Operating Budgets

REVENUES			EXPENSES		
<u>FY20 Tax Levy:</u>			<u>ReCap Sheet Items:</u>		
FY19 Levy Limit	60,644,643		State Assess: Tuition Assess (10.00%)	4,557,239	
2.5% Increase	1,516,116		State Assess: All Other (3.00%)	653,515	
Est. New Growth	3,000,000		Abatements / Overlay	450,000	
Excess Levy Reserve Est.	-2,500,000		FY'19 Snow & Ice Deficit	150,000	5,810,754
Overrides / Exclusions	0				
County Assess. Outside 2.5: CCC	186,180		<u>Town Meeting Items:</u>		
Debt Outside 2.5 (- Non-Levy & MSBA)	1,046,278	63,893,217	Group Health Insurance (2.61%)	11,800,000	
			County Retirement Assess. (4.01%)	3,997,234	
<u>Other Revenue:</u>			Property & Liability Insurance (7.50%)	1,236,250	
Mass. School Building Authority Funds	1,279,534		Medicare (4.00%)	650,000	
State Aid: Discretionary (-5.00%)	2,248,901		Unemployment Account	100,000	
State Ch. 70 Aid: School (0.00%)	7,071,628		OPEB Trust Fund	100,000	
Est. Local Receipts	4,900,000		Debt: Long Term - General Fund	2,771,137	
NRG Unit #3 PILOT	3,559,951		Borrowing Expenses	75,000	
Surplus Revenue / Free Cash	2,348,420		Reserve Fund	500,000	
Overlay Release	50,000		Capital Budget - Net	1,692,594	
Transfer from Stabilization Fund	0	<u>21,458,434</u>	Transfer to Stabilization Fund	1,000,000	23,922,215
Total Estimated Revenues		85,351,651	<u>Operating Budgets:</u>		
			School Budget: Local (3.36%)	27,110,420	
			Ch. 70 (0.00%)	7,071,628	34,182,048
			UCCRVTS Budget (7.50%)		2,460,019
			General Gov't. Budget (2.97%)		17,822,232
			FY'20 SAFER Offset (0.00%)		0
Stabilization Fund Balance:			Total Estimated Expenses		84,197,268
Actual Balance on 12/31/18:	1,709,482				
Proposed Transfer From/To Stabilization Fund	1,000,000				
Projected Post ATM Balance:	2,709,482		ESTIMATED FY'20 BUDGET BALANCE		1,154,383

FY'20 Projected General Fund Revenues & Expenses

Shown Reflecting Estimated Tax Rate Impact

REVENUES			EXPENSES		
<u>FY20 Tax Levy:</u>			<u>ReCap Sheet Items:</u>		
FY19 Levy Limit	5,792		State Assess: Tuition Assess (10.00%)	0	
2.5% Increase	145		State Assess: All Other (3.00%)	0	
Est. New Growth	287		Abatements / Overlay	0	
Excess Levy Reserve Est.	-239		FY19 Snow & Ice Deficit	0	
<u>Overrides / Exclusions</u>			<u>Town Meeting Items:</u>		
County Assess. Outside 2.5: CCC	18		Group Health Insurance (2.61%)	1,118	
Debt Outside 2.5 (- Non-Levy & MSBA)	100	6,103	County Retirement Assess. (4.01%)	379	
<u>Other Revenue:</u>			Property & Liability Insurance (7.50%)	117	
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	
NRG Unit #3 PILOT	0		Borrowing Expenses	0	
Surplus Revenue / Free Cash	0		Reserve Fund	0	
Overlay Release	0		Capital Budget - Net	0	
Transfer from Stabilization Fund	0	<u>0</u>	Transfer to Stabilization Fund	0	
Total Estimated Revenues		6,103	<u>Operating Budgets:</u>		
			School Budget: Local (3.36%)	2,568	
			Ch. 70 (0.00%)	0	
			UCCRVTS Budget (7.50%)		233
			General Gov't. Budget (2.97%)		1,688
			FY'20 SAFER Offset (0.00%)		<u>0</u>
			Total Estimated Expenses		6,103
			ESTIMATED FY'20 BUDGET BALANCE		0

Estimated FY'20 General Fund Tax Impacts

Additional Tax Costs for Ave. Value Home (AVH)

- 2.50% increase above FY'19 = \$145 for AVH
- New Growth increase = \$48 for AVH
- FY'20 exempt debt vs. FY'19 = ~~-\$8~~ for AVH
- Projected exempt debt for approved public safety & roads & infrastructure projects = \$138 for AVH
 - Actual debt will be known in March 2019 & projected Revenues & Expenses will need to be revised accordingly
- **TOTAL TAX IMPACTS** = \$323 for AVH

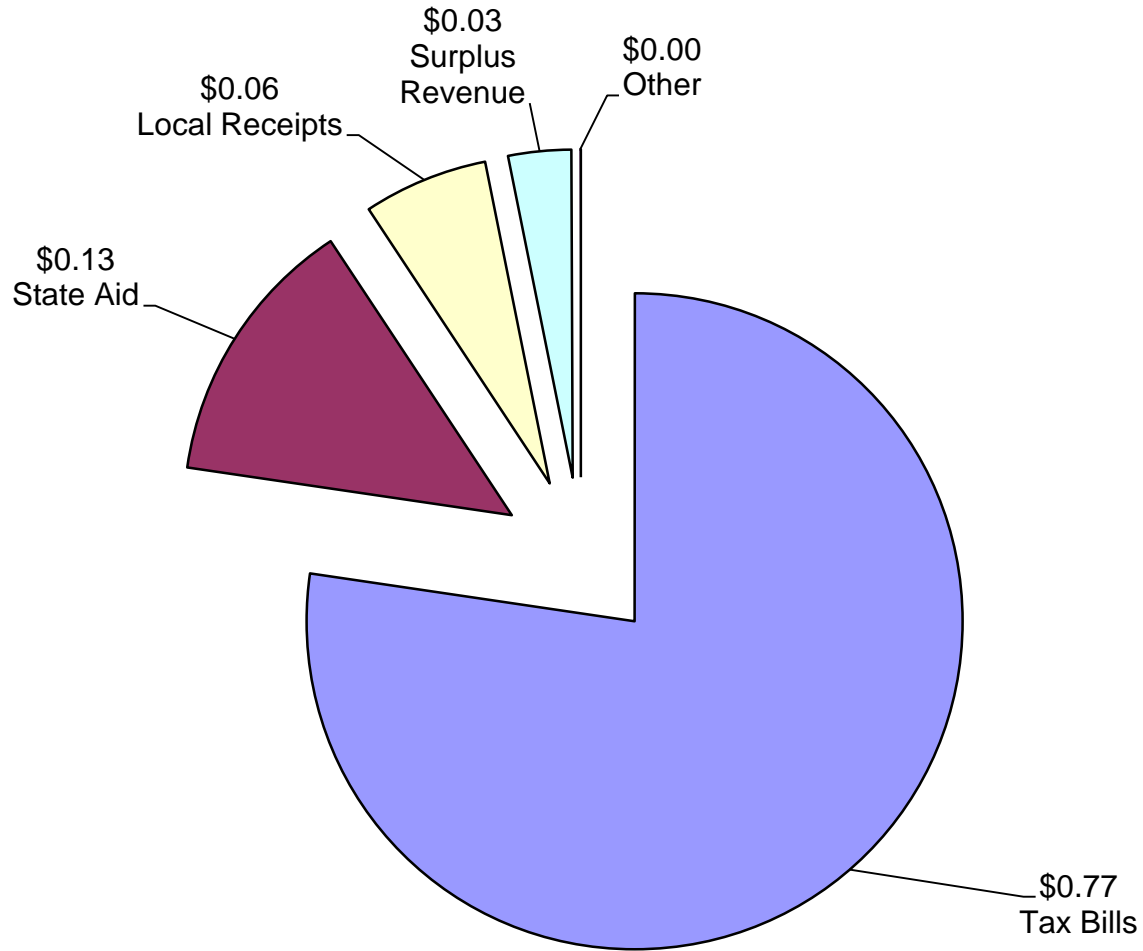
Estimated FY'20 General Fund Tax Impacts

Avoided Tax Impacts for Ave. Value Home (AVH)

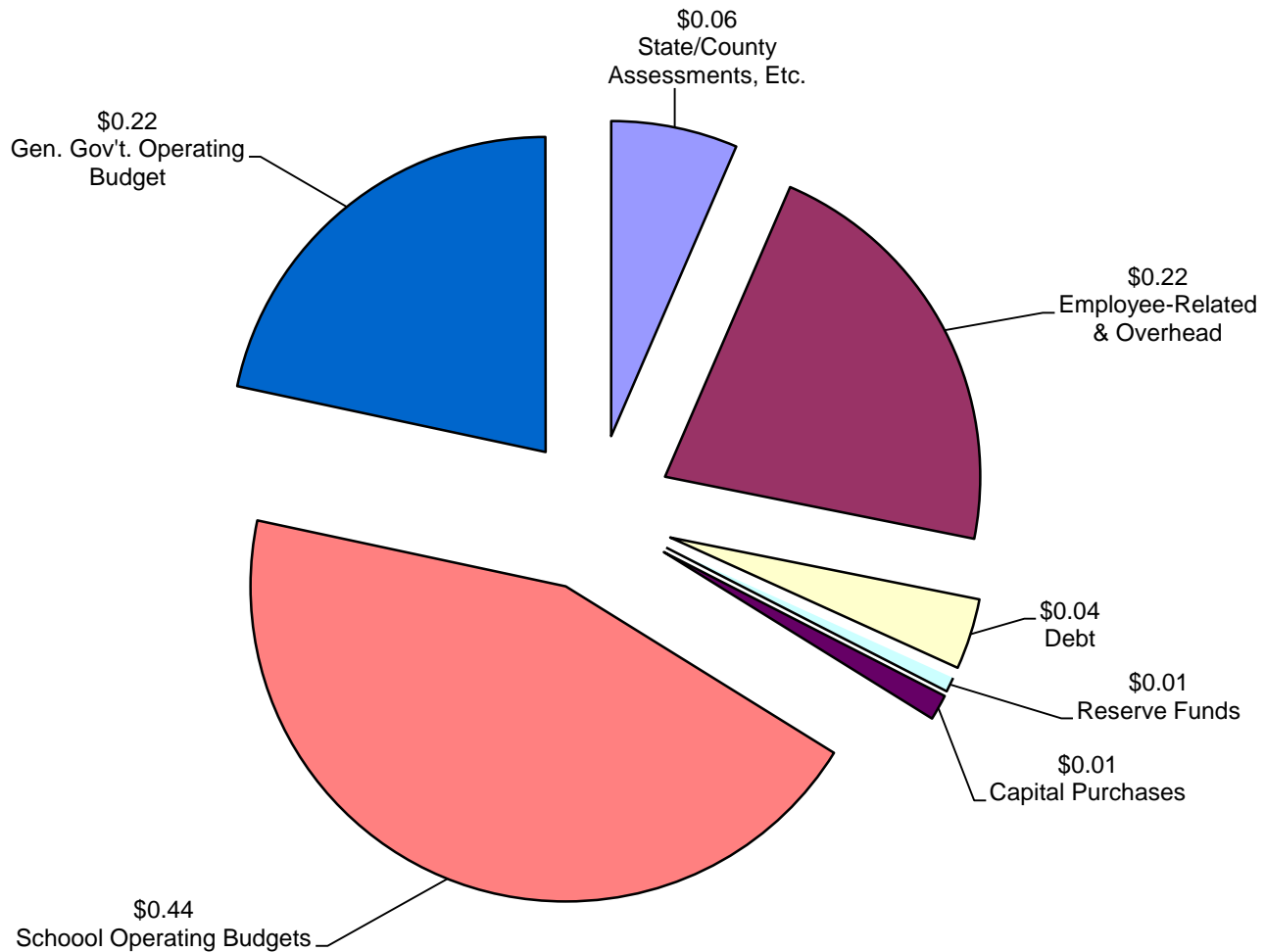
- Excess Levy Capacity = **-\$238** for AVH
- Estimated budget balance = **-\$109** for AVH

- **TOTAL AVOIDED TAX IMPACTS = **-\$346****
for AVH

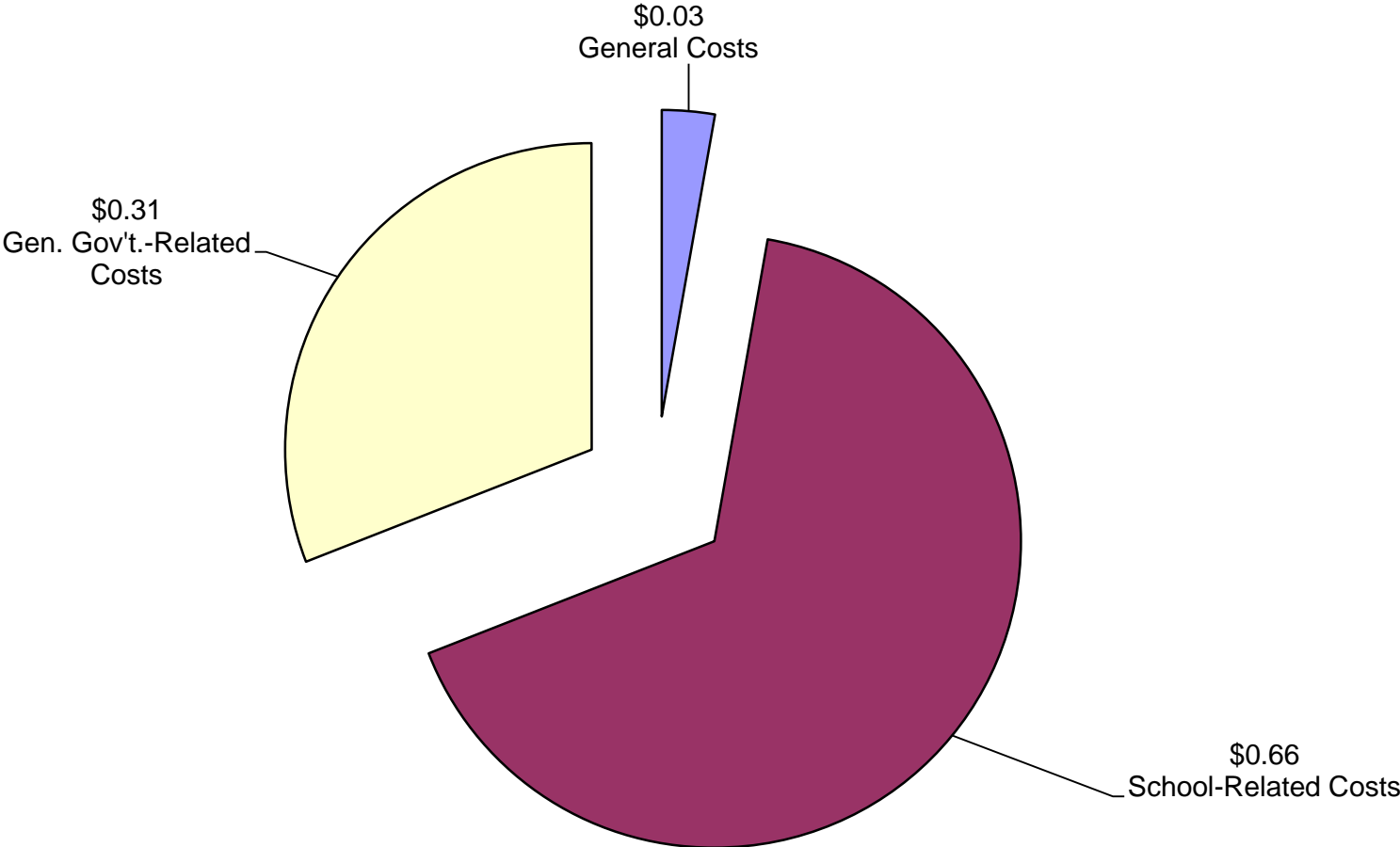
Where Each Dollar Comes From – FY'19



Where Each Dollar Goes – FY'19



Where Each Dollar Goes – School & Town – FY'19



What About Potential Santander Acquisition?

- Selectmen pursuing acquisition of former Santander Route 6A property for consolidation of Town Hall, Annex, & Jan Sebastian Drive offices
- Any purchase would include authority to sell Annex & Jan Sebastian Drive properties in same warrant article
- Purpose = greatly improved customer service and internal organizational efficiencies & capabilities
- Significant due diligence performed with architectural “Test Fit” analysis, review of building conditions, required improvements, & formal appraisal
- Purchase & renovations will impact other aspects of FY’20 Budget, goal is to use one-time funding & retain a slightly smaller excess levy capacity

What About Potential Santander Acquisition?

- Estimated purchase price = \$2,100,000
- Estimated required improvements = \$1,850,000
- Total estimated acquisition & move-in cost = \$3,950,000
- Estimated sale of Annex & Jan Sebastian Drive properties = \$1,000,000
 - By law, sale proceeds must be placed in “Sinking Fund” that can only be used for payment of existing debt or future debt-eligible projects, including Santander purchase if BANs remain outstanding
- Goal = pay for Santander with one-time funds & BANs...do not issue debt

FY'20 Projected General Fund Revenues & Expenses

Funding of Potential Santander Acquisition & Realistic Budgets

REVENUES			EXPENSES		
<u>FY'20 Tax Levy:</u>			<u>ReCap Sheet Items:</u>		
FY'19 Levy Limit	60,644,643		State Assess: Tuition Assess (10.00%)	4,557,239	
2.5% Increase	1,516,116		State Assess: All Other (3.00%)	653,515	
Est. New Growth	3,000,000		Abatements / Overlay	450,000	
Excess Levy Reserve Est.	-1,750,000		FY'19 Snow & Ice Deficit	0	5,660,754
Overrides / Exclusions	0				
County Assess. Outside 2.5: CCC	186,180		<u>Town Meeting Items:</u>		
Debt Outside 2.5 (- Non-Levy & MSBA)	1,046,278	64,643,217	Group Health Insurance (2.61%)	11,800,000	
			County Retirement Assess. (4.01%)	3,997,234	
<u>Other Revenue:</u>			Property & Liability Insurance (5.00%)	1,207,500	
Mass. School Building Authority Funds	1,279,534		Medicare (4.00%)	650,000	
State Aid: Discretionary (3.00%)	2,438,282		Unemployment Account	100,000	
State Ch. 70 Aid: School (0.00%)	7,071,628		OPEB Trust Fund	100,000	
Est. Local Receipts	4,900,000		Debt: Long Term - General Fund	2,771,137	
NRG Unit #3 PILOT	3,559,951		Borrowing Expenses	150,000	
Surplus Revenue / Free Cash	2,348,420		Reserve Fund	500,000	
Overlay Release	50,000		Capital Budget - Net	1,000,000	
Transfer from Stabilization Fund	0	<u>21,647,815</u>	Santander Purchase & Improvements	3,950,000	
			Transfer to Stabilization Fund	100,000	26,325,871
Total Estimated Revenues		86,291,032			
			<u>Operating Budgets:</u>		
			School Budget: Local (3.36%)	27,110,420	
			Ch. 70 (0.00%)	7,071,628	34,182,048
			UCCRVTS Budget (0.00%)		2,288,389
			General Gov't. Budget (2.97%)		17,822,232
			FY'20 SAFER Offset (0.00%)		0
			Total Estimated Expenses		86,279,294
			ESTIMATED FY'20 BUDGET BALANCE		11,738
Stabilization Fund Balance:					
Actual Balance on 12/31/18:	1,709,482				
Proposed Transfer From/To Stabilization Fund	100,000				
Projected Post ATM Balance:	1,809,482				

FY'20 Budget Overview

Budget Issues to Monitor

- Estimated FY'20 local aid receipts...several months to go, but Governor's initial State budget is positive
- Estimated FY'20 local aid assessments...several months to go...tuition assessments remain greatest concern
- FY'20 property & liability insurance costs still pending...health insurance actions very positive
- UCCRVTs budget estimate = awaiting final budget assessment figure; Sandwich enrollment down
- Potential Santander acquisition & commensurate funding

FY'20 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'20 Budget Overview

- Reminder: FY'20 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
- 15th fiscal year without an override request despite significant increases in tuition assessments, employee related costs, capital needs, etc.

FY'20 Budget Overview

- Finance Committee presentation on February 5 with committee budget review to follow
- **Recommendation**: funding General Government at 2.97% and School Department at 3.36% provides level-service operating budgets without major new funding initiatives
- Extensive staff input & support in preparing FY'20 Budget material
- Any questions about the General Government budget recommendation or FY'20 Budget as a whole?

THANK YOU!