

# Middleborough FY17 Operating Budget



February 11, 2016

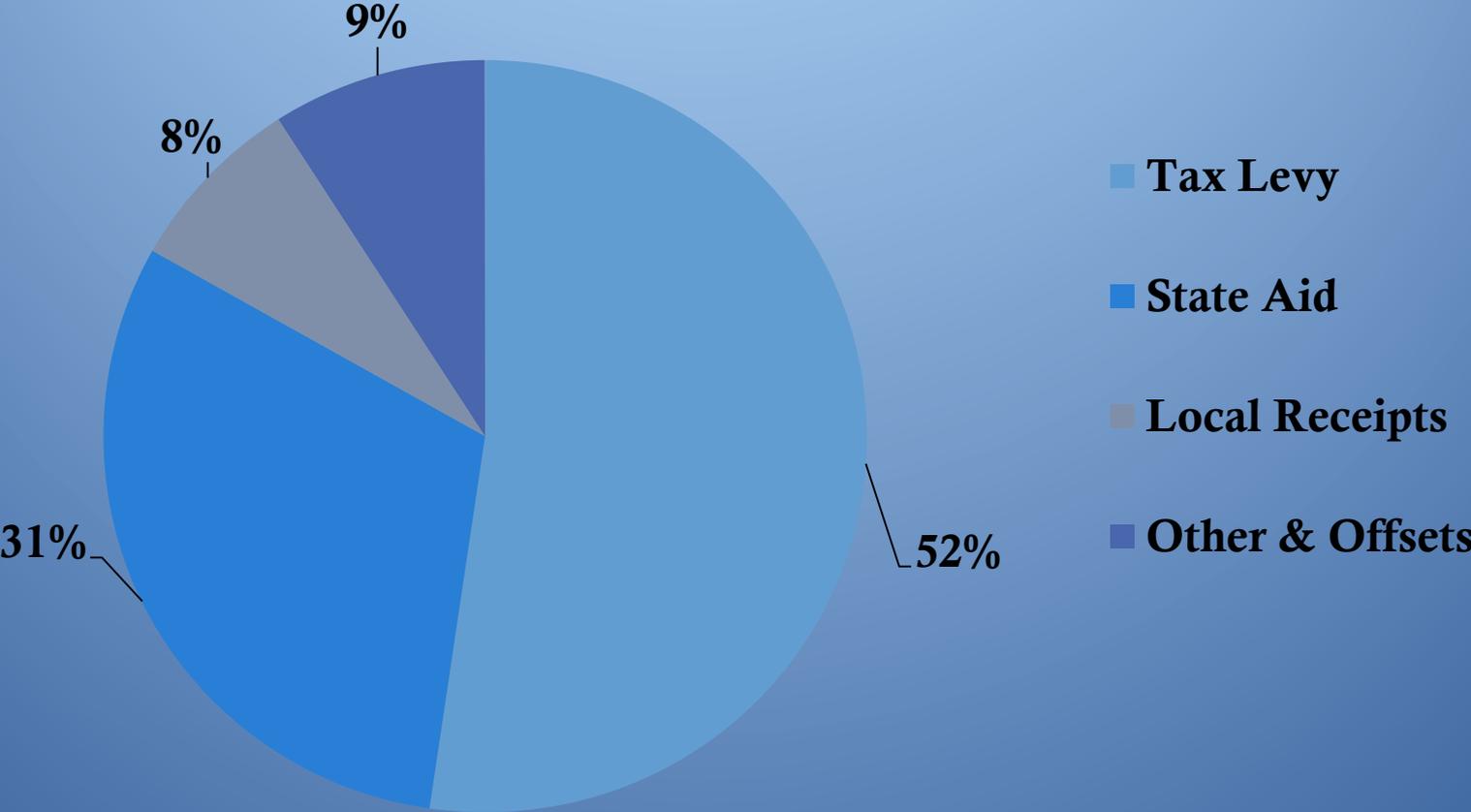
Robert G. Nunes  
Town Manager

# FY17 Highlights

- Strong financial polices and procedures
- Maintains AA Bond Rating
- Monthly review of revenues and expenditures
- Non-use of one time reserves on recurring expenses
- No structural deficit in FY18
- No expansion of workforce hours, employee upgrades, or non-mandated new positions
- Exceeds state requirements for education spending
- Funds debt payments for capital projects
- Increase funding for South Middleborough Fire Station manning

# Revenues by Source

**\$72,646,273.10**



# Revenues

## Projected Revenues



## Other Projected Revenue



**Total Offsets \$5,921,535.13**

# 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 single family FY16 tax bill is \$4,268
  - The average statewide single family FY16 tax bill is \$5,438
  - The average FY16 single family residential value is \$268,096
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- Total for FY17: \$38,454,977.63\*
- \*Includes levy, 2.5% increase, new growth and debt exclusions

## New Growth:

- FY17 Projection: \$450,000
- FY16 Certified: 528,156
- FY15 Certified: 452,079

# State Aid

- The two largest forms of state aid are **Chapter 70** and **Unrestricted General Aid**
- FY17: \$20,818,346\*
  - Chapter 70: 17,601,629
  - Unrestricted Aid: 2,370,560

\*Net increase of \$61,806 over FY16

- Cherry Sheet Assessments are charges assessed by the Commonwealth and County
- FY17 State Assessments: \$929,974\*\*

\*\*An increase of \$47,856 over FY16

- School Building Reimbursement on the Nichols Middle School \$1,313,437\*
  - \*Reimbursement until 2020

# Revenues

## Offsets from Enterprise Funds:



## Other Revenue:

# 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

- FY17 Projection: \$5,910,849 \*
- FY16 Projection: 5,520,000
- FY15 Actual: 6,584,732
- FY14 Actual: 6,197,492

\* Will be lowered in the fall

## Motor Vehicle Excise:

- FY16 Projection: \$2,826,000
- FY15 Collected: 2,889,591\*
- FY14 Collected: 2,850,057\*
- FY13 Collected: 2,429,596\*

\* Includes prior years

# Local Receipts

## Local Option on Meals and Rooms:

- Rooms: Local communities may levy a tax up to 6%
  - FY16 Projection: \$375,000
  - FY15 Collected: 411,925
  - FY14 Collected: 305,352
  - FY13 Collected: 331,850
- Meals: Communities may impose a levy on restaurant meals at the rate of .75% on the gross bill
  - FY16 Projection: \$325,000
  - FY15 Collected: 348,072
  - FY14 Collected: 325,191
  - FY13 Collected: 300,647

# Free Cash

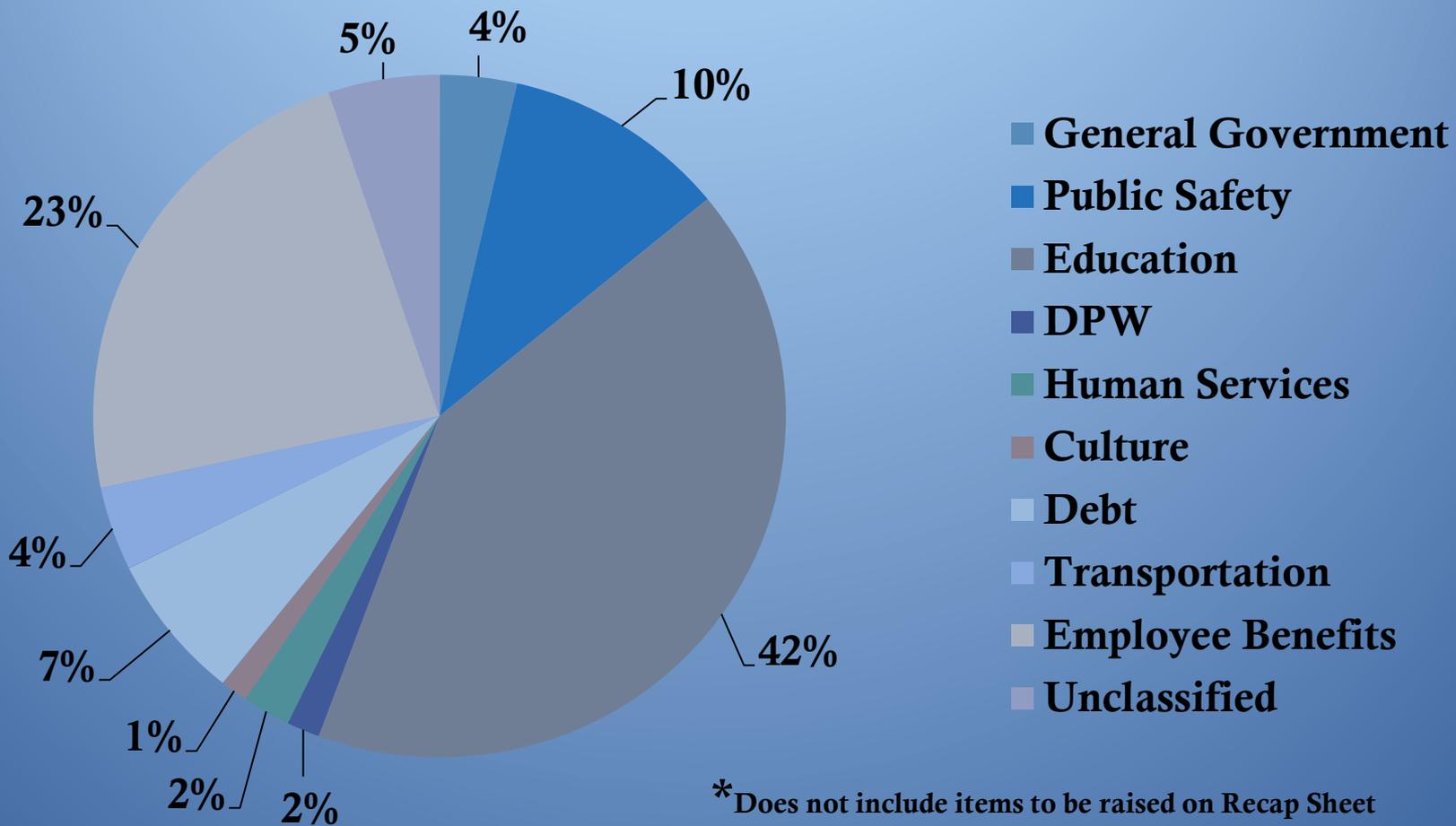
- Free cash is defined as unrestricted and available funds for appropriation by town meeting
- Certified as of July 1 based on the June 30th balance sheet which reflects results from the prior year
- Should be considered as non recurring revenue
- In October, town meeting voted several free cash transfers to the general and stabilization funds
  
- 7/1/2016 free cash will be certified in the fall of 2016 and will be used for non recurring expenses in FY17 and to be voted at special town meeting
  
- 7/1/2015 Free Cash:                 \$2,176,651
  - Free Cash balance:             1,374,046
- 7/1/2014 Free Cash:                 1,728,727
- 7/1/2013 Free Cash:                 690,623
- 7/1/2012 Free Cash:                 1,741,758

# 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 another
- 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 from the fund, and to amend the purpose of the fund
- Current balance in the stabilization fund is **\$2,345,328.60** or 3.2% of the FY17 Budget

# FY17 General Fund Appropriation

## \$71,160,095.92\*



\*Does not include items to be raised on Recap Sheet

# Percentage of FY17 General Fund Appropriation

• General Government	\$2,543,490.12	4%
• Public Safety	7,679,610.13	11%
• Education	29,594,643.00	42%
• DPW	1,179,062.62	2%
• Human Services	1,588,812.35	2%
• Culture	898,953.70	1%
• Debt Service	4,830,395.00	7%
• Transportation	2,824,010.00	4%
• Employee Fringe Benefits	16,304,060.00	23%
• Unclassified	3,717,059.00	5%
• <b>Total Operating Expenditures</b>	<b>\$71,160,095.92</b>	

# Expenditures

**FY17 Budget Requests Totaled \$75,311,502.11**

➤ **\$3,056,078.15 in cuts were made to balance the budget**

## **Health Insurance:**

### Group Insurance Commission (GIC)

- Middleborough joined in July of 2014
- FY17 is the last year of a 3 year contract
- GIC offers health insurance to all state employees and 60 cities, towns, regional school districts, charter schools and planning councils
- GIC commission members will vote in early March on FY17 rates
- The FY17 health insurance appropriation will be fully funded to provide health insurance to employees in the Town's health program
- The FY17 health insurance appropriation is **\$9,216,204**
- Meet with unions to solicit input on group health care options for FY18 and beyond

# Expenditures

## Retirement:

Middleborough is a member of the Plymouth County Retirement Association

- 23 communities
- Housing Authorities
- Special Districts

- FY17 Appropriation: \$5,976,786
- FY16 Appropriation: 5,660,784
- Increase: 316,002
  
- The appropriation is fully funded in FY17
- A \$200,000 transfer will be made at the fall town meeting to the Other Post-Employment Benefits Stabilization Fund (OPEB)
  - Current balance: \$801,260.75

# Expenditures

## **Debt Service:**

The FY17 Appropriation is \$4,830,395\*

- \* An increase of \$26,808 over FY16
- The Capital Planning Committee (CPC) received more than \$6m in capital requests for FY17
- The town's financial position is strong to be able to authorize up to \$1.3m in borrowing in FY17
- The CPC will present a capital plan to annual town meeting for approval
- Refinanced debt that resulted in savings

## **Collective Bargaining:**

- Collective Bargaining agreements on the town side are fully funded
- Contract negotiations for FY17 and beyond with police patrol and superior officers will begin shortly
- Negotiations are ongoing on the school side

# Expenditures

## Snow and Ice:

- An increase in the FY17 appropriation from \$85,000 to \$115,000
  - Goal: Less reliance on reserves to eliminate yearly appropriation deficits
  - Gradual appropriation increases each year
  
  - FY16 appropriation: \$85,000
  - Expended: 174,482\*
  - \* Does not include storms of the past few days
  - FY16 appropriation deficit thus far: \$89,482
  - Prior Years Expended:
    - FY15: \$707,247
    - FY14: 587,323
    - FY13: 437,436

## Property/Liability and Workers Compensation Insurances:

- FY17 Property/Liability Appropriation: \$511,547
- FY17 Workers Compensation Appropriation: 365.000
- Will go out to bid for July 1st start date
  - Proposals due June 1st

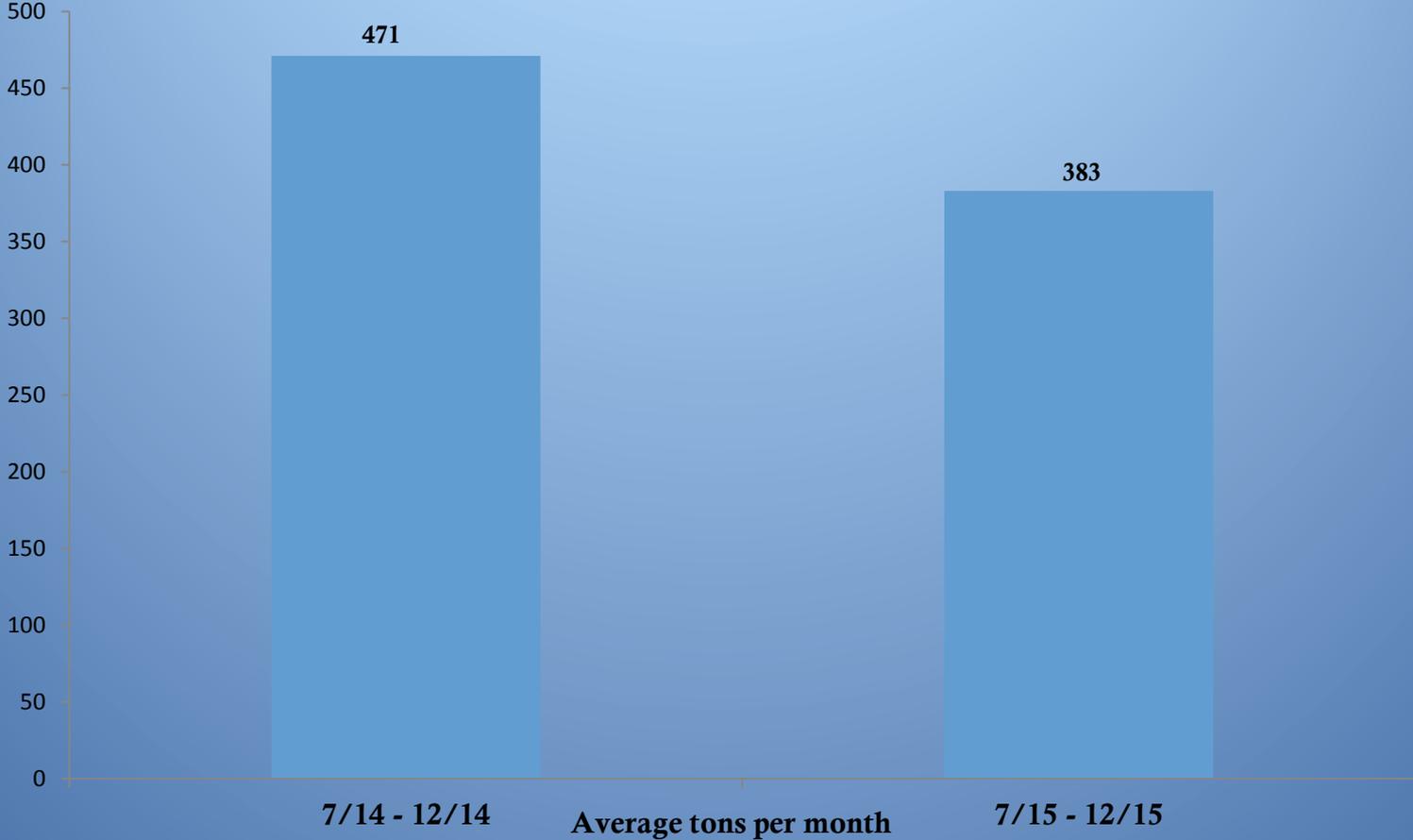
# Enterprise Funds

- 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:
  - Sanitation: \$459,670
  - Water: 1,566,876
  - Wastewater: 917,951

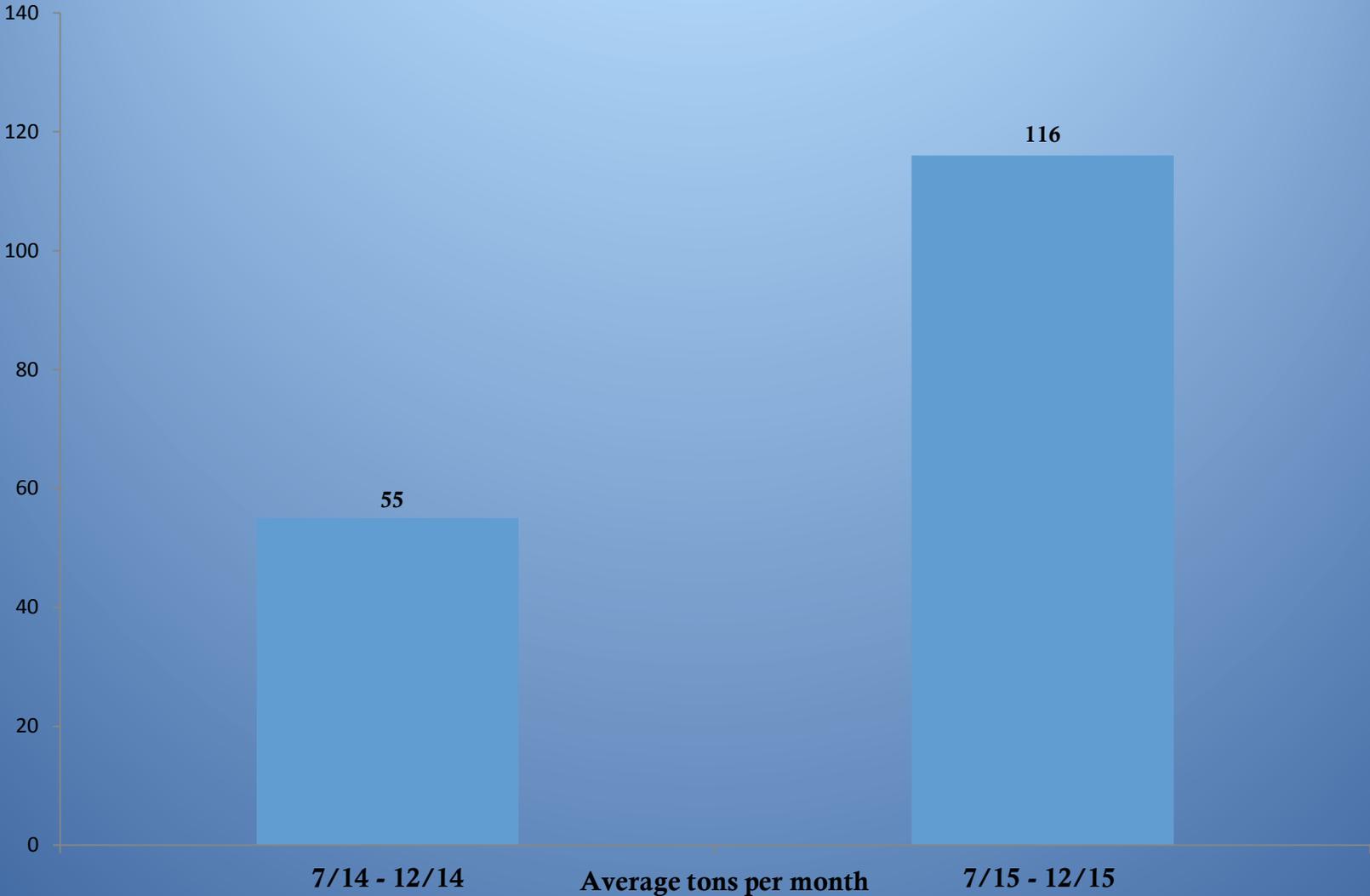
# Sanitation Division

- FY17 Appropriation: **\$946,190.74**
- No transfer from retained earnings to balance the fund
- Current balance in retained earnings: \$242,507
  - Automated trash pickup started July 2015
  - Significant increase in recycling
  - Will realize savings in disposal costs
  - Contract with Waste Zero
    - Town trash bags will be sold in retail stores

# Trash Curbside Pickup



# Recycling Curbside Pickup



# Sewer/Wastewater Division

- FY17 appropriation: **\$2,066,172.00**
- Current balance in retained earnings: \$2,105,753
- No transfer from retained earnings to balance the fund
- \$25m upgrade at the Water Pollution Control Facility
  - Project moving forward
  - Completion date is September 2017
  - The new plant will satisfy all DEP and EPA requirements
  - Funded mandated licensed operator position

# Water Division

- FY17 Appropriation: **\$3,613,486**
- Current balance in retained earnings is \$3,516,436
- No transfer from retained earnings to balance the fund
- Will seek authorization to purchase capital equipment at annual town meeting

## **Future projects:**

- Design and construction of water treatment plant at East Main Street wells
- Fire tower water elevated storage tank
- Water main replacement program

# Contact

- The presentation and budget will be posted on [middleborough.com](http://middleborough.com)

- For additional information, contact:

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