

Financial Overview

May 6, 2019

Outline

- FY20 Budget Planning / Highlights
 - Revenue / Budget parameters
 - Budget guideline
 - Recommendations
- OPEB Update
- Financial Warrant Article Overview
- Summary

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Revenue Sources

- Net state aid up 2.77%
 - Largest increase since FY13
- Local revenue (excise tax, etc) up 4%
 - Estimate based on collections so far in FY19
- Total tax levy up ~4.7%
 - Driven almost entirely by prior year new growth
 - Actual levy change depends on final numbers

Maximum revenue available for FY20 operational budget is ~\$2.4 million over FY19 model

Budget Parameters FY20

- Revenue as described
- Insurance and benefits costs up \$454,200
- Other fixed costs up \$111,416
- Increase annual capital appropriation to \$1,750,000
 - Brings us closer to capital plan goals
- Continue permanent funding for OPEB liability
 - \$1.5 million/year; in benefits budget
 - Has no incremental impact to operating budgets
- Remain cautious and move towards sustainability

Budget Guidelines

- Departments were given a 1.5% guideline
 - Personnel costs allowed to increase 2.5%
 - Personnel costs for union personnel per CBAs
 - Reminder: ~2/3 of operational costs are for personnel
- Wage Table (part of article 4) increases 2.5%
- Most budget recommendations are above guideline
 - Due to Fincom adjustment of wage table
 - Some limited service expansions

School Budget

- Fincom recommended operational budget is \$34,947,263
 - Increase of \$1,314,450 (3.9%) over FY19
 - Increases service level (slightly)
 - Contractual salary costs up \$967,626
- Fincom also recommending:
 - \$442,583 in May capital spending for schools
 - OPEB trust funding (about 75% for school employees)

School budget has averaged 2.73% yearly increase over the last 10 fiscal years (FY11-FY20)

Other Budgets of Note

- Youth and Family Services increase in hours
- Addition of two police officers
- Staffing adjustments in Treasurer/Collector budget
- Solid waste budget (recycling, new contract)
- Keefe Tech up (again) due to increased enrollment
- Addition of staffing to Veteran's district
- **No service reductions in any budget**

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OPEB Update

- Funds have been invested in Massachusetts Pension Reserves Investment Trust since February 2015
- Holliston's OPEB Trust Board oversees the investment and monitors performance
- To date we have invested \$10,870,423
- As of 3/31/19 our fund NAV is \$13,255,738
- Latest Actuarial Valuation:
 - 31.74% funded as of July 1, 2017
 - On track for full funding per original plan

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Financial Articles (1)

- Article 3: Allows the town to sell property acquired through tax foreclosure
- Article 5: Updates the personnel by-law
 - Reflects recommended 2.5% increase; adds dept. heads
- Article 6: Late bills from Selectmen's office
- Article 9: Allows expenditure of infrastructure monies received from the state
 - No impact to omnibus budget
- Article 10: Revolving fund spending limits
 - No change from last year

Financial Articles (2)

- Article 11: Re-authorizes tax exemption
 - Raises exemption to 100% from 20% previously
- Articles 12-14: Re-authorize tax exemption and deferral programs as currently implemented
- Article 15: Omnibus budget
 - With recommendations surplus will be \$8,096
 - Benefits budget changed to \$3,945,207
 - Recommendations are in rightmost column
- Article 16: Adds \$1,750,000 to CapEx Fund
- Article 17: Capital expenses as listed in report
 - Total spending of \$961,483

Financial Articles (3)

- Article 18: CPC funding, mostly allocates funding to reserves; only \$40,000 spending on one project
- Article 19: No additional funding for stabilization
- Article 21: Initial money for treatment plant
 - Borrowing will likely come next year
- Article 22: Library consultant
 - Determine options for 21st century library
- Article 23: Solar energy at landfill site
- Article 25: Blair Square grant pre-funding
 - Fincom in favor of CPC funding

Financial Articles (4)

- Article 26: Funds rail trail maintenance
 - One-time appropriation
- Article 33: Sustainability Coordinator
 - Non-binding in that Town Meeting cannot force Board of Selectmen to act
 - Proposed motion does not need funding unless Board of Selectmen hire a coordinator

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 - Guideline variations
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Summary

- Budget presented tonight reflects fiscal discipline while increasing service levels in some areas – no reductions
- FinCom meetings are usually Tuesdays at 7pm
 - Weekly during budget season (Dec-April)
- “Finance” section on www.townofholliston.us
 - Budgets are posted prior to presentation to Fincom
- Fincom@Fincom.Holliston.k12.ma.us

Holliston needs to maintain fiscal discipline. Our commitment to fiscal responsibility and sustainable budgets has helped stabilize town finances and has positioned the town for long-term fiscal health. We have come a long way but there is still more to do.