Fiscal Year 2018
Budget Presentation

Monday, January 30, 2017
Agenda

• FY 2017 Year to Date Update
  – Revenues
  – Expenses

• FY 2018 Revenues

• FY 2018 Budget Requests

• FY 2018 Fixed Costs

• Next Steps
Fiscal Year 2017
Year to Date Update
FY 2017 Update

REVENUES

• Local receipts and tax collections on target
• Outstanding Taxes have brought in 8% of the net balance in previous month due to diligent collection action in the T/C Office
• The long term projection of bringing down past due taxes in progress
• Interest Income improving
FY 2017 Update

EXPENSES

• Snow & Ice spent ($172,700 to date)
  • Balance $177,300 ($50K encumbered for salt)
  • More inclement weather?

• Fire Department and Police Department
  Overtime is a challenge and may need corrective action.
FY 2017 Update

EXPENSES

• Transitions
  – Collector/Treasurer $83,000
  – Conservation $7,000
  – Town Clerk $10,000

• Flood Insurance (WHG) $60,000

• Debt adjustment $250,000
Fiscal Year 2018
Projected Revenue
July 1, 2017 to June 30, 2018
## FY 2018 Revenue Sources

**Estimated Tax Levy**

<table>
<thead>
<tr>
<th></th>
<th>Budgeted FY17</th>
<th>Estimated FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Tax Levy</td>
<td>56,378,234</td>
<td>58,414,262</td>
</tr>
<tr>
<td>Statutory 2 1/2 Increase</td>
<td>1,409,456</td>
<td>1,460,357</td>
</tr>
<tr>
<td>New Growth</td>
<td>742,106</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Levy Limit</strong></td>
<td><strong>58,529,796</strong></td>
<td><strong>60,374,619</strong></td>
</tr>
<tr>
<td>FB/Martinson &amp; MHS Debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exclusion</td>
<td>4,279,861</td>
<td>4,361,297</td>
</tr>
<tr>
<td><strong>Max Total Allowable Levy</strong></td>
<td><strong>62,809,657</strong></td>
<td><strong>64,735,916</strong></td>
</tr>
</tbody>
</table>

**Total New Tax Revenue with out Debt Exclusion**

$1,344,823  2.3% increase
FY 2018 Revenue Sources

**Estimated** Local Receipts

- FY17 Local Receipts estimate of $6,336,575
- FY 18 proposed budget is level funded
  - Level Funded FY 18 Budgeted Local Receipts

Total New Estimated Receipt Revenue = 6,336,575

**Level Funded**
FY 2018 Revenue Sources

**Estimated** Local Receipts

- Includes:
  - Motor Vehicle Excise
  - Ambulance Charges
  - Licenses and Permits
  - All other categories, including investment income, fees and other excise make up the remaining
FY 2018 Revenue Sources

**Estimated Local Receipts**

Indirects costs from Enterprise Funds

- Water 605,308
- Sewer 486,658
- Solid Waste 225,040

**Total Indirects** $1,317,006
**FY 2018 Revenue Sources**

**Estimated State Aid**

<table>
<thead>
<tr>
<th></th>
<th>Budgeted FY 17</th>
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<tbody>
<tr>
<td>State Aid</td>
<td>16,841,289</td>
<td>16,841,289</td>
</tr>
<tr>
<td>Less Offsets</td>
<td>(51,877)</td>
<td>(51,877)</td>
</tr>
<tr>
<td>Total State Aid (Less Offsets)</td>
<td>16,789,412</td>
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</tr>
</tbody>
</table>

**Total New State Aid Revenue = Level Funded**
FY 18 **Estimated** Total Revenue Sources

2.10% Increase

<table>
<thead>
<tr>
<th>Revenue Source</th>
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<td>Local Receipts</td>
<td>6,336,575</td>
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<tr>
<td>Non-recurring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSBA Reimbursement</td>
<td>1,112,854</td>
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<tr>
<td>Use of Reserved Bond Premium</td>
<td>275,441</td>
<td>275,441</td>
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<tr>
<td>Waterways</td>
<td>30,000</td>
<td>30,000</td>
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<tr>
<td>Wetland Protection</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Licensing &amp; Keeping of Dogs</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Cemetery Perpetual Care</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Enterprise Indirects</td>
<td>1,492,319</td>
<td>1,317,006</td>
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<tr>
<td>coa state grant</td>
<td></td>
<td>47,729</td>
</tr>
<tr>
<td>coa gatra reimbursement</td>
<td></td>
<td>67,709</td>
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<tr>
<td><strong>Total Other Revenue</strong></td>
<td><strong>9,307,189</strong></td>
<td><strong>9,247,314</strong></td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>88,906,258</strong></td>
<td><strong>90,772,642</strong></td>
</tr>
</tbody>
</table>

Total Revenue Change from FY17 = $1,866,384
FY 2018 Revenue Assumptions

- Increase Tax Levy as allowed under Proposition 2 ½
- State Aid Level Funded
- Local Receipts are Level Funded

- *No Free Cash in operating budget*
Fiscal Year 2018 - PRELIMINARY
Proposed Expenses - REQUESTED
July 1, 2017 to June 30, 2018
FY 2018 General Government

• Selectmen’s Budget
  – Director of Human Resources new Dept. Budget
  – Additional funds for Labor Counsel (collective bargaining)

• Assessors
  – Requested increase for Chief Assessor

• Collector Treasurer
  – Benefits Coordinator moved to HR Department
FY 2018 General Government

- **NEW** Human Resources Department
- Information Technology
  - Request to be reclassified to IT Director
- Conservation
  - Seeking tools/equipment/shed for trail support and maintenance

  - General Government  5.25% Increase as requested
  - $129,618
FY 2018 Public Safety

• Police
  – Request to Hire 4 new officers $240,000
  – Overtime Increase $170,000

• Fire
  – Hire 2 new FF positions Est. $120,000
  – Overtime increase $30,000
FY 2018 Public Safety

- Building Department
  - Request for P/T Zoning Enforcement Officer

- Animal Control
  - Request to increase part-time Ass’t at 19 hrs /week

- Harbormaster
  - Request based on services - 0% increase since 2007

Public Safety 6.81% Increase $734,614
FY 2018 Education

- FY 2017 Budget: $45,881,625
- Projected Contract Obligations: $1,393,187
- FY 18 Operational Increases: $157,045
- Needs based enhancements: $859,931
  (District Financial Plan)
- Proposed Preliminary 2018 Budget: $48,291,788
- Estimated School Committee Budget Increase: $2,419,163 (5.25%)
FY 2018 Education

District Financial Plan (FY18)

• Increase Technology/STEAM educators at elementary level.
• Create Robotics/Applied Physics staffing at MHS
• Increase music instruction at elementary level.
• Provide additional coaching/supervision in MHS athletics.
• Increase administrative support at FBMS.
• Bring health education into the elementary schools.
• Increase chemistry supplies/materials at MHS
• Increase World Language instruction at FBMS.
FY 2018 Education

District Financial Plan (FY18)

- Fund resources to support Social Emotional Learning.
- Establish out of school transition program at FBMS.
- Increase reading educator staffing at FBMS.
- Create College Board/SAT review courses at MHS.
- Continue to meet needs of English Language Learners.
- Add math specialist educators at the elementary level.
- Restore general and instructional supplies.
- Increase annual technology expenditures.
FY 2018 Education

Marshfield Public Schools Summary

• Of the proposed 5.25% increase in the proposed FY18 budget, 3.04% is represented by potential contractual obligations.
• Another 0.34% is earmarked for operational increases that are already built in for next year.
• Only 1.87% is allotted for need based enhancements tied to the District’s Financial Plan.
• The average increase to the Marshfield Education operating budget has been 1.88% over the previous eleven years.
• Marshfield ranks 284 out of 320 districts in the state in Net School Spending (NSS).
FY 2018 Education

• School Department Request $48,291,788

• School Department 5.25% Increase as requested
FY 2018 Public Works

- DPW Budgets reflect moderate increases – no new employees
- 9 Employees Salaries distributed between General Fund and Water – Sewer and Solid Waste Enterprise Funds at various percentages
- Biggest change field maintenance $60,000 previously approve at last year STM

**DPW  5.14 % Increase as requested, $142,312**
FY 2018 Health & Human Services

• Council on Aging budget increase request of 24.8% *
  – 1 new position requested Ass’t Director
  – Bus driver’s are included in budget that were paid via GATRA - GATRA Funds “other revenue” ($116,000)

• Veteran’s Benefits modest increase

Health and Human Services 18.82 % Increase $180,868
FY 2018 Culture & Recreation

• Modest changes for Library, Veterans Memorial Trustees, Historical Commission and Clam Flats

• Culture and Recreation 4.14% increase
  $31,506
## FY 2018 Proposed Fixed Costs

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>FY 17</th>
<th>FY 18</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Fund</td>
<td>100,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>Snow Removal</td>
<td>400,000</td>
<td>408,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Facilities</td>
<td>567,629</td>
<td>817,920</td>
<td>250,291</td>
</tr>
<tr>
<td>General Insurance</td>
<td>882,790</td>
<td>953,791</td>
<td>71,001</td>
</tr>
<tr>
<td>Health &amp; Life Insurance</td>
<td>6,359,456</td>
<td>7,567,753</td>
<td>1,208,297</td>
</tr>
<tr>
<td>Unemployment Comp</td>
<td>100,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>Medicare</td>
<td>748,951</td>
<td>760,000</td>
<td>11,049</td>
</tr>
<tr>
<td>Retirement</td>
<td>5,451,747</td>
<td>5,646,638</td>
<td>194,891</td>
</tr>
<tr>
<td>Audit/OPEB/Payroll</td>
<td>100,000</td>
<td>111,500</td>
<td>11,500</td>
</tr>
<tr>
<td><strong>Fixed Costs Total</strong></td>
<td><strong>15,678,203</strong></td>
<td><strong>17,691,522</strong></td>
<td><strong>1,755,029</strong></td>
</tr>
</tbody>
</table>

**Fixed Cost 12.71% increase in large part due to Health Insurance, $1,856,529**
Facilities Department

• $250,000 not part of the shared expense. Included to fund new updated and improved cleaning services for Town Hall, Police and Fire Station, and Library (COA and Library Plaza)

or

• Custodial Staff
Health Insurance

- Projected increase 19% or $1,208,297
- Rates / Number not yet confirmed by MMHG; earliest April 2017

GBS MMHG RECOMMENDATION

Projected Increase 11.8% Increase or $743,000
Health Insurance

• GBS recommendation requires vote of membership and included the following conditions:
  – A. eliminating” legacy “plans” (zero)
  – B. minor changes to benchmark plans (17)
  – C. Claims stabilizing and w/o new high loss claims
Health Insurance

• Vote to eliminate “legacy” plans may not happen
• 2\textsuperscript{nd} best options to rate all plans independently (v. Blended rates); may not happen
• New High cost claims evolved
• Governance key Issue
• Vote on rates - in April

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## FY 18 Proposed Expenses

### Summary of Requests

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 17</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Government</td>
<td>18,115,318</td>
<td>19,351,172</td>
</tr>
<tr>
<td>School Department</td>
<td>45,881,625</td>
<td>48,291,788</td>
</tr>
<tr>
<td>Debt Service-Non excluded</td>
<td>3,456,477</td>
<td>3,538,872</td>
</tr>
<tr>
<td>Debt Service-Excluded</td>
<td>5,668,156</td>
<td>5,604,334</td>
</tr>
<tr>
<td>General Insurance/Medicare</td>
<td>1,631,741</td>
<td>1,713,791</td>
</tr>
<tr>
<td>Pension Total</td>
<td>5,451,747</td>
<td>5,646,638</td>
</tr>
<tr>
<td>Employee Health/Life Insurance</td>
<td>6,359,456</td>
<td>7,567,753</td>
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<tr>
<td>Unemployment</td>
<td>100,000</td>
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<td>Facilities</td>
<td>567,629</td>
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<td>Snow &amp; Ice</td>
<td>400,000</td>
<td>408,000</td>
</tr>
<tr>
<td>Audit/OPEB/Payroll</td>
<td>100,000</td>
<td>113,000</td>
</tr>
<tr>
<td><strong>Other Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Overlay</td>
<td>0</td>
<td>400,000</td>
</tr>
<tr>
<td>State &amp; County Assessments</td>
<td>773,695</td>
<td>773,695</td>
</tr>
<tr>
<td>Town Meeting Appropriation</td>
<td>78,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Expense Change</strong></td>
<td>88,683,844</td>
<td>94,426,962</td>
</tr>
</tbody>
</table>

**Revenue-Expense Surplus/(Deficit)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue-Expense Surplus</td>
<td>222,414</td>
<td>(3,654,320)</td>
</tr>
</tbody>
</table>

**Total Proposed Expenditure Change from FY17 = 5,743,118.00**
## Proposed Revenues v. Expenses

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 90,772,642.00</td>
</tr>
<tr>
<td>Expenses</td>
<td>$ 94,426,962.00</td>
</tr>
<tr>
<td>Shortfall</td>
<td>$ (3,654,320.00)</td>
</tr>
</tbody>
</table>
FY 2018 Budget Summary

• Budget will be balanced but it will not be easy task

• Health Insurance Increase is huge, huge burden

• Gov’s budget out last Wednesday but will wait on House and Senate Budget Proposals

• Collector Treasurer’s work with collections will help in FY 19
FY 2018 Budget Summary

• Collective Bargaining will be initiated and at this point unaccounted and same for by-law employees.

• Collector Treasurer will present the Town’s debt status for all debt late February or early May.
  – Current debt ratios for Town Debt slightly exceed 5 % policy*
  – The exempt debt is under the 10 % policy
FY 2018 Budget NEXT STEPS

• Balanced budget to be presented ASAP

• Capital Budget Committee will be starting to review Capital Requests Feb 6

• Advisory Chair will do the same with Operating budget and all Town Departments

• March 28, 2017 Joint Selectmen Advisory Board Hearing
FY 2018 Budget NEXT STEPS

ANNUAL TOWN MEETING
MONDAY APRIL 24, 2017
7:00 PM
MARSHFIELD HIGH SCHOOL
AUDITORIUM