



Town of Winchester

Richard C. Howard,
Town Manager

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MEMORANDUM

May 4, 2018

TO: Town Meeting Members

FROM: Richard C. Howard, Town Manager

SUBJECT: Budget Forecast

As you consider financial articles for FY2019, I have attached for your consideration a budget projection for several years forward. The document contains a best estimate for revenues and expenses assuming current financial and fiscal conditions remain stable at the local and state levels. The main assumption in the forecast is that all departments remain at current levels with no major program initiatives. Also capital spending, as proposed over the last half dozen budget cycles would remain stable.

Several major items in the expense field are worth noting. There is no allowance for wage increases for Fiscal Years 2020, 2021 and 2022. The Town's contracts with all major labor groups expire on June 30, 2019. (The lone exception is the clerical workers who are still in negotiations for Fiscal Years 2018 and 2019). Currently, a 1% increase to the cost of FY2018 payroll average out to approximately \$630,000. Clearly, the projected surpluses for the outlying years would have to take into account any cost of living increases that become negotiated.

Secondly, the Health Insurance benefit cost has been adjusted to a new base amount in FY2019 to reflect increased premium cost and obligations. This benefit is carried forward at a 5% annual increase. Careful attention must be paid to this benefit in that every percent increase equals \$112,500 in cost to the Town.

Also, the forecast does not allow for an ongoing contribution to OPEB obligations other than funding the annual obligation for current retiree health care. Lastly, under these projections, reserves would remain high and well within the policy guidelines of 6 – 10% of projected revenues.

These conditions present challenges for keeping the future budgets balanced at today's levels of staffing and operations. Most opportunities for ongoing, savings have been explored. Therefore, it is apparent that to maintain and / or expand upon the existing level of services, additional revenue sources will be needed.

RCH/pcm

attachments

REVENUES

Property Tax Revenue

Property Tax Revenue	Revised Budget Fiscal Year 2018	FY18 TO FY19 % Inc/(Dec)	Town Manager Fiscal Year 2019	FY19 TO FY20 % Inc/(Dec)	Forecast Fiscal Year 2020	FY20 TO FY21 % Inc/(Dec)	Forecast Fiscal Year 2021	FY21 TO FY22 % Inc/(Dec)	Forecast Fiscal Year 2022
New Growth Revenue	70,921,012.66	2.50%	73,620,733.30	2.50%	76,383,751.64	2.50%	79,215,845.43	2.50%	82,118,741.56
Property Tax to Capital & Building Stabilization Funds	904,093.00	-14.28%	900,000.00	0.00%	900,000.00	0.00%	900,000.00	0.00%	900,000.00
Property Tax to Water & Sewer Fund per CH110	3,838,003.78	2.50%	3,933,953.88	2.50%	4,032,302.72	2.50%	4,133,110.29	2.50%	4,236,438.05
	4,816,191.85		4,808,855.44		4,666,817.40		4,413,745.83		4,394,973.21

Gross Debt Exclusion Override Revenues/Premiums

McCall (net of MSBA reimbursement)	365,293.00	per d/s (*)	322,768.00	per d/s (*)	276,218.00	per d/s (*)	230,618.00	per d/s (*)	-
Lincoln	309,928.72	per d/s (*)	302,068.72	per d/s (*)	284,348.72	per d/s (*)	270,828.72	per d/s (*)	265,376.22
Immediate Repairs	12,856.00	per d/s (*)	11,110.00	per d/s (*)	10,200.00	per d/s (*)	9,200.00	per d/s (*)	-
Hamilton/Wright-Locke Farm	276,824.12	per d/s (*)	271,612.49	per d/s (*)	266,400.86	per d/s (*)	256,299.69	per d/s (*)	251,236.98
Vinson-Owen	1,299,704.07	per d/s (*)	1,288,184.00	per d/s (*)	1,255,764.00	per d/s (*)	1,232,734.00	per d/s (*)	1,209,704.00
High School	5,798,043.34	per d/s (*)	5,602,656.26	per d/s (*)	5,497,701.26	per d/s (*)	5,390,706.26	per d/s (*)	5,280,936.26
Aberlona	146,846.66	per d/s (*)	512,287.50	per d/s (*)	673,000.00	per d/s (*)	673,000.00	per d/s (*)	673,000.00
Skilling's Field	108,037.49	per d/s (*)	309,500.00	per d/s (*)	360,000.00	per d/s (*)	360,000.00	per d/s (*)	360,000.00
Reclass from F/B reserve for debt premiums	31,187.67	per d/s (*)	231,038.88	per d/s (*)	231,038.88	per d/s (*)	231,038.88	per d/s (*)	231,038.88
	(116,441.00)	DE-1 adf	-	DE-1 adf	-	DE-1 adf	-	DE-1 adf	-
Total Debt Exclusions	8,232,280.07	7.52%	8,851,225.85	0.06%	8,854,671.72	-2.37%	8,645,225.55	-4.33%	8,271,292.34

Total Property Taxes/Tax Levy

	88,711,581.36	3.84%	92,114,768.47	2.96%	94,837,543.48	2.60%	97,307,927.10	2.69%	99,921,445.16
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State and Local Receipts

Cherry Sheaf State Aid	9,652,772.00	Governor	10,859,703.00	inc \$100k/yr	10,959,703.00	inc \$100k/yr	11,059,703.00	inc \$100k/yr	11,159,703.00
School Building Assistance	672,082.00	0% - fixed	672,082.00	0% - fixed	672,082.00	0% - fixed	672,082.00	n/a	-
Local Receipts (net of Myopia Betterment)	8,659,000.00	Per RH	9,020,590.00	1.00%	9,110,795.90	1.00%	9,201,903.86	1.00%	9,293,922.90
Local Receipts - Myopia Betterment	-	n/a	-	n/a	-	n/a	-	n/a	-
Local Receipts - Premiums reserved or budgeted	-	n/a	-	n/a	-	n/a	-	n/a	-
Total Other Recurring Revenue	18,983,854.00	8.26%	20,552,375.00	0.93%	20,742,580.90	0.92%	20,933,688.86	-2.29%	20,453,625.90

Building Stabilization & Capital Stabilization Fund Transfers in

Building Stabilization (covers debt service)	2,525,645.52	per d/s (*)	2,440,083.52	per d/s (*)	2,361,470.02	per d/s (*)	2,291,460.02	per d/s (*)	2,202,867.52
Capital Stabilization (covers debt service)	533,581.26	per d/s (*)	513,181.26	per d/s (*)	499,781.26	per d/s (*)	488,256.26	per d/s (*)	471,781.26
Non-GF BSF direct capital	200,000.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-GF CSF direct capital	1,034,525.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Total BSF/CSF Transfers in	4,293,751.78	-31.22%	2,953,264.78	-3.12%	2,861,251.28	-2.85%	2,779,716.28	-3.78%	2,674,648.78

Other Transfers in

Indirects from Water/Sewer & Recreation Enterprise Funds	1,635,998.00	3.00%	1,685,077.94	3.00%	1,735,630.28	3.00%	1,787,699.19	3.00%	1,841,330.16
Transfer from Parking Meter Fund - Operating	102,000.00	0.00%	152,000.00	0.00%	152,000.00	0.00%	152,000.00	0.00%	152,000.00
Transfer from Parking Meter Fund - Wedgemere/Town Center	80,000.00	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Transfer from Cemetery Perpetual Care - Operating	70,000.00	0.00%	70,000.00	0.00%	70,000.00	0.00%	70,000.00	0.00%	70,000.00
Transfer from Cemetery Perpetual Care - Capital/Article	55,000.00	0.00%	55,000.00	0.00%	70,000.00	0.00%	70,000.00	0.00%	70,000.00
Transfer from Other Funds	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Transfer from PY article funds	284,389.00	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total Other Transfers in	2,227,387.00	-11.91%	1,962,077.94	3.34%	2,027,630.28	2.57%	2,079,699.19	2.58%	2,133,390.16

Free Cash & Overlay (budgetary only)

FC to fund annual budget (capital + retiring debt & energy + def'd)	-	per RH	1,738,784.62	formula	1,025,956.36	formula	1,131,600.19	formula	1,158,632.48
FC to fund deferred/strategic maintenance	100,000.00	formula	100,000.00	formula	100,000.00	formula	100,000.00	formula	100,000.00
FC to one-time capital/other uses	1,548,406.06	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
FB Reserve for Debt Service (DE-1 adfs)	116,441.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
FB Reserve for Overlay	863,000.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Total Free Cash & Overlay	2,627,947.06	-30.03%	1,838,784.62	-38.77%	1,125,956.36	9.38%	1,231,600.19	2.19%	1,258,632.48
Total	116,844,421.20	2.21%	119,421,270.81	1.82%	121,594,962.30	2.25%	124,332,631.61	1.70%	126,641,682.48

EXPENSES

Municipal & Education

	Revised Budget Fiscal Year 2018	FY18 TO FY19 %	Town Manager Fiscal Year 2019	FY19 TO FY20 %	Forecast Fiscal Year 2020	FY20 TO FY21 %	Forecast Fiscal Year 2021	FY21 TO FY22 %	Forecast Fiscal Year 2022
		Inc/Dec		Inc/Dec		Inc/Dec		Inc/Dec	
General Education	4,551,936.00	2.53%	4,666,929.00	1.50%	4,736,932.94	1.50%	4,807,986.93	1.50%	4,880,106.73
Library/Archives	1,994,696.00	-1.04%	1,973,989.00	1.50%	2,003,598.84	1.50%	2,033,652.82	1.50%	2,064,157.61
Health Council on Aging/Veterans	673,267.00	1.66%	684,435.00	1.50%	694,701.53	1.50%	705,122.05	1.50%	715,698.88
Public Safety	9,630,593.00	3.95%	10,011,300.00	1.50%	10,161,469.50	1.50%	10,313,891.54	1.50%	10,468,599.92
Public Works	6,897,308.00	1.62%	7,009,196.00	1.50%	7,114,333.94	1.50%	7,221,048.95	1.50%	7,329,364.68
Total Municipal Departments	23,747,800.00	2.52%	24,345,849.00	1.50%	24,711,036.74	1.50%	25,081,702.29	1.50%	25,457,937.82
Education	41,271,686.00	per SD	42,909,225.00	1.50%	43,552,863.38	1.50%	44,206,156.33	1.50%	44,869,248.67
Salaries	6,718,614.00	per SD	7,363,240.00	1.00%	7,436,872.40	1.00%	7,511,241.12	1.00%	7,586,353.54
Expenditures	273,694.00		273,694.00	3.00%	281,904.82	3.00%	290,361.96	3.00%	299,072.82
Vocational	-		275,000.00	per RH	279,125.00	per RH	283,311.88	per RH	287,561.55
Unallocated Wage Availability	-	per RH	275,000.00	per RH	279,125.00	per RH	283,311.88	per RH	287,561.55
Total Municipal & Education	72,011,794.00	4.38%	75,167,008.00	1.46%	76,261,802.33	1.46%	77,372,773.58	1.46%	78,500,164.40

Undistributed	2,445,627.00		2,245,905.00	2.00%	2,290,823.10	2.00%	2,336,639.56	2.00%	2,383,372.35
Energy	10,059,884.00	per RH	11,250,000.00	per RH	11,775,750.00	5.00%	12,364,537.50	5.00%	12,982,764.38
Health Insurance	4,472,543.00	per actuary	4,800,073.00	per actuary	5,143,277.95	per actuary	5,511,022.27	per actuary	5,905,059.55
Contributory Retirement	1,340,000.00		1,300,000.00	4.00%	1,300,000.00	4.00%	1,352,000.00	4.00%	1,406,080.00
Other Personnel Benefits	415,000.00		431,000.00	2.00%	439,620.00	2.00%	448,412.40	2.00%	457,380.65
Miscellaneous Undistributed	400,000.00	0.00%	400,000.00	0.00%	400,000.00	0.00%	400,000.00	0.00%	400,000.00
Reserve Fund (budgetary only)	19,133,054.00	6.50%	20,376,978.00	4.77%	21,349,471.05	4.98%	22,412,611.73	5.01%	23,534,656.93
Total Undistributed	250,000.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-

Special Articles/Other:	250,000.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Other Post Employment Benefits (OPEB)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Health Insurance Savings Mitigation Article	80,000.00	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Parking Initiatives/DCR (from Ping Meter Fund)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Master Plan Article	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Waterfield Lot Development Plan	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Eneource	265,000.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Transfer to School Projects	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Transfer to Worker's Comp Reserve	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Prior year bills	3,851.06	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Total Special Articles/Other	598,851.06	-100.00%	-	0.00%	-	0.00%	-	0.00%	-

Capital & Debt Appropriations

Capital Expenses	220,000.00	0.00%	220,000.00	0.00%	220,000.00	0.00%	220,000.00	0.00%	220,000.00
Capital (from GF/free cash)	1,234,525.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Capital (from CSF & BSF - direct)	55,000.00	0.00%	55,000.00	0.00%	70,000.00	0.00%	70,000.00	0.00%	70,000.00
Cemetery Capital (from CPCF - direct)	100,000.00	0.00%	100,000.00	0.00%	100,000.00	0.00%	100,000.00	0.00%	100,000.00
Deferred Strategic Maintenance (from free cash)	1,609,525.00	0.00%	375,000.00	0.00%	390,000.00	0.00%	390,000.00	0.00%	390,000.00

Debt Service

General Fund Debt Exclusion (outside Prop 2 1/2)	9,020,803.07	per d/s (*)	9,523,307.85	per d/s (*)	9,526,753.72	per d/s (*)	9,317,307.55	per d/s (*)	8,271,292.34
Building Stabilization Fund	2,525,645.52	per d/s (*)	2,440,083.52	per d/s (*)	2,361,470.02	per d/s (*)	2,291,460.02	per d/s (*)	2,202,867.52
Capital Stabilization Fund	533,581.26	per d/s (*)	513,181.26	per d/s (*)	499,781.26	per d/s (*)	488,256.26	per d/s (*)	471,781.26
Myopia Road Betterment (local receipt until 2015)	321,181.73	per d/s (*)	320,642.76	per d/s (*)	308,471.02	per d/s (*)	202,827.19	per d/s (*)	175,794.90
General Fund Debt Non-Excluded (inside Prop 2 1/2)	4,696.42	n/a	-	n/a	-	n/a	-	n/a	-
Debt adjustment	12,405,908.00	3.15%	12,797,215.39	-0.79%	12,696,476.02	-3.12%	12,299,851.02	-9.58%	11,121,736.02

Capital Expenses & Debt	14,015,433.00	-6.02%	13,172,215.39	-0.65%	13,086,476.02	-3.03%	12,689,851.02	-9.28%	11,511,736.02
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Revised Budget Fiscal Year	FY18 TO FY19 %	Town Manager Fiscal Year	FY19 TO FY20 %	Forecast Fiscal Year	FY20 TO FY21 %	Forecast Fiscal Year	FY21 TO FY22 %	Forecast Fiscal Year

Transfers

Transfers to Cap & Bldg Stab Fnds (from tax levy)	3,838,003.28	2.50%	3,933,953.88	2.50%	4,032,302.72	2.50%	4,133,110.29	2.50%	4,236,438.05
Retiring debt	654,120.00	per d/s (*)	763,784.62	per d/s (*)	775,956.36	per d/s (*)	881,600.19	per d/s (*)	908,632.48
Energy rebate	30,000.00	0.00%	30,000.00	0.00%	30,000.00	0.00%	30,000.00	0.00%	30,000.00
Transfer to Capital Projects & Article funds	600,185.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Capital Transfers	5,122,308.28	-7.70%	4,727,738.50	2.34%	4,838,259.08	4.27%	5,044,710.48	2.58%	5,175,070.53

Total Capital & Debt Appropriations

	19,137,741.78	-6.47%	17,899,953.89	0.14%	17,924,735.10	-1.06%	17,734,561.50	-5.91%	16,686,806.55
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Non-Appropriated

State Charges	525,611.00	Governor	561,479.00	2.00%	572,708.58	2.00%	584,162.75	2.00%	595,846.01
Allowance for Abateents/Overlay	386,918.94	per RH	400,000.00	2.50%	410,000.00	2.50%	420,250.00	2.50%	430,756.25
Cherry Sheet Offsets, budgetary only (actual = \$0)	31,454.00	Governor	31,998.00	3.00%	32,957.94	3.00%	33,946.68	3.00%	34,965.08

Total Non-Appropriated

	943,983.94	5.24%	993,477.00	2.23%	1,015,666.52	2.23%	1,038,359.43	2.24%	1,061,567.34
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Other

Water & Sewer Enterprise CH110 transfer	4,816,191.85	per d/s (*)	4,808,855.44	per d/s (*)	4,666,817.40	per d/s (*)	4,413,745.83	per d/s (*)	4,394,973.21
Water & Sewer transfer for COLA - non CH110	5,698.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
Recreation Enterprise subsidy	175,000.00	0.00%	175,000.00	0.00%	175,000.00	0.00%	175,000.00	0.00%	175,000.00
Recreation COLA	22,108.00	-100.00%	-	0.00%	-	0.00%	-	0.00%	-
General Stabilization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-

Total Other

	5,018,997.85	-0.70%	4,983,855.44	-2.85%	4,841,817.40	-5.23%	4,588,745.83	-0.41%	4,589,973.21
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Total

	116,844,422.63	2.21%	119,421,272.32	1.65%	121,393,492.40	1.44%	123,147,052.07	0.98%	124,353,168.43
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Surplus/(Deficiency)

	(1.43)		(1.51)		201,469.89		1,185,579.54		2,088,514.06
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per RH (*)
The Unallocated Wage Availability line represents the amount unallocated in FY16 for Municipal non-union COLA increases and clerical union settlement related increases. This amount is then grown 1.5% each future year since it is not included in the budgets yet. All other non-grade/non-step wage increase have not been included.

per RH (H)
The base for FY2020 is \$11,215,000, which is FinCom's final FY19 budget. To this 5% has been added.

per d/s (*)
obtained from/agrees with current debt service schedules.