



Fiscal Year 2017 Town of Watertown Preliminary Budget Overview

October 27, 2015

To download this presentation, visit our website:
www.watertown-ma.gov

Table of Contents

- Revenue.....pgs. 3-6
- Expenditures.....pgs. 7-12
- Unreserved Fund Balance.....pg. 13
- Debt.....pgs. 16-17
- Enterprise Funds.....pgs. 18-19
- Fund Balances.....pgs. 20-24
- FY2017 Forecast.....pgs. 28-52
- Comparisons FY2016/FY2017.....pgs. 53-54
- Budget Issues.....pgs. 55-56

Revenue and Other Sources

General Fund

REVENUE AND OTHER SOURCES	FY2014 BUDGET	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ACTUAL	FY2016 BUDGET
Real & Personal Property Tax	\$ 81,642,981	\$ 81,928,897	\$ 85,765,298	\$ 85,773,510	\$ 89,997,476
State Aid	\$ 10,834,771	\$ 10,867,886	\$ 11,435,127	\$ 11,429,475	\$ 11,698,728
TOTAL	\$ 92,477,752	\$ 92,796,783	\$ 97,200,425	\$ 97,202,985	\$101,696,204

Local Receipts - Detail

Source	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Motor Vehicle	\$ 3,250,000	\$ 3,923,486	\$ 3,300,000	\$ 4,074,962	\$ 3,475,000
Other Excise	\$ 540,000	\$ 576,400	\$ 545,000	\$ 577,082	\$ 575,000
Penalties & Interest	\$ 195,000	\$ 250,028	\$ 250,000	\$ 224,199	\$ 250,000
PILOT	\$ 872,374	\$ 846,834	\$ 895,328	\$ 866,880	\$ 918,970
COMM. Trash	\$ 15,000	\$ 22,170	\$ 15,000	\$ 19,052	\$ 15,000
Fees	\$ 1,831,000	\$ 2,129,582	\$ 1,956,000	\$ 3,553,649	\$ 2,836,000
Rentals	\$ 156,676	\$ 124,777	\$ 156,218	\$ 146,423	\$ 104,160
Cemetery	\$ 75,000	\$ 98,420	\$ 75,000	\$ 114,200	\$ 95,000
Recreation	\$ 390,000	\$ 439,438	\$ 425,000	\$ 447,138	\$ 435,000
License & Permits	\$ 205,000	\$ 222,525	\$ 205,000	\$ 222,136	\$ 205,000
Fines & Forfeits	\$ 885,000	\$ 708,328	\$ 885,000	\$ 638,731	\$ 885,000
Investment Income	\$ 65,000	\$ 72,486	\$ 65,000	\$ 51,363	\$ 65,000
Sale of Town Prop.	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Belmont Reimb.	\$ 67,473	\$ 57,428	\$ 69,124	\$ 62,177	\$ 70,110
Grant/Employee Reimb.	\$ 40,000	\$ 54,366	\$ 40,000	\$ 65,551	\$ 50,000
Adv. Bus Shelters	\$ 10,000	\$ -	\$ 10,000	\$ 11,928	
Medicaid	365,000	\$ 319,564	\$ 326,000	\$ 349,901	\$ 326,000
Wheelabrator Svc. Agrmt. Incentive			\$ 112,800	\$ 112,800	
Miscellaneous*		\$ 830,837		\$ 75,764	
TOTAL	\$ 8,967,523	\$ 10,676,669	\$ 9,335,470	\$ 11,613,936	\$ 10,310,240

* Includes \$375,031 in Emergency Management Reimbursements and \$404,957 for Premium on Bonds.

Revenue and Other Sources

Source Transfer from:	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Sale of Lots	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 20,000
Parking Meter	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Cemetery	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000
Library Fundraising					\$ 59,000
Election Reimb.					\$ 17,600
Capital Proj. Stab. Fund	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Unfunded Pension Liab. Stab. Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
ESCO Capital Project Stab. Fund	\$ 473,215	\$ 473,215	\$ 528,651	\$ 528,651	\$ 525,738
Overlay Surplus One Time Curriculum			\$ 500,000	\$ 500,000	
Free Cash	\$ 1,500,000	\$ 1,500,000	\$ 1,750,000	\$ 1,750,000	\$ 2,000,000
Free Cash – Sped Stab. Fund	\$ 790,000	\$ 790,000			
Free Cash – One Time Curriculum	\$ 210,000	\$ 210,000	\$ 250,000	\$ 250,000	\$ 375,000
Free Cash – Collective Barg. Stab Fund			\$ 400,000	\$ 400,000	
Free Cash – Transp/Comp. Plan Imp. Serv			\$ 130,000	\$ 130,000	
Free Cash – ALS Med. Equip					\$ 95,000
Collective Barg. Stab Transfer					\$ 3,311,752
Water Fund	\$ 1,430,435	\$ 1,430,435	\$ 1,491,355	\$ 1,491,355	\$ 1,594,219
Sewer Fund	\$ 1,232,446	\$ 1,232,446	\$ 1,278,821	\$ 1,278,821	\$ 1,333,644
TOTAL	\$ 6,761,096	\$ 6,761,096	\$ 7,453,827	\$ 7,453,827	\$ 10,446,953

Revenue Summary

Source	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Property Tax	\$ 81,642,981	\$ 81,928,897	\$ 85,765,298	\$ 85,773,510	\$ 89,997,476
State Aid	\$ 10,834,771	\$ 10,867,886	\$ 11,435,127	\$ 11,429,475	\$ 11,698,728
Local Receipts	\$ 8,967,523	\$ 10,676,669	\$ 9,335,470	\$ 11,613,936	\$ 10,310,240
Other Sources	\$ 6,761,096	\$ 6,761,096	\$ 7,453,827	\$ 7,453,827	\$ 10,446,953
Total Revenue	\$ 108,206,371	\$ 110,234,548	\$113,989,722	\$ 116,270,748	\$122,453,397

FY2016 Budget amounts include Proposed FY2016 Budget Amendment of \$3,338,147, of which \$3,311,752 is a one time transfer from the Collective Bargaining Stabilization Fund.

Expenditures

General Government

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
General Government Totals	\$ 4,398,144	\$ 4,239,315	\$ 4,598,708	\$ 4,445,751	\$ 4,846,842

Expenditures

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
State & County Charges	\$ 2,253,730	\$ 2,342,318	\$ 2,435,346	\$ 2,443,484	\$ 2,448,681
Other Financing Uses	\$ 3,071,062	\$ 3,040,305	\$ 3,698,945	\$ 3,647,072	\$ 1,666,093

Expenditures

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Retirement	\$ 10,669,126	\$ 10,668,716	\$ 12,309,391	\$ 12,308,841	\$ 13,851,481
Insurance & Employee Benefits	\$ 13,881,480	\$ 13,118,618	\$ 13,362,515	\$ 13,305,338	\$ 14,615,919

Expenditures

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Debt Retirement	\$ 7,010,989	\$ 6,498,668	\$ 6,830,178	\$ 6,821,261	\$ 7,886,134
School Capital Projects	\$ 434,000	\$ 434,000	\$ 459,500	\$ 459,500	\$ 460,500
Town Capital Projects	\$ 1,851,041	\$ 1,851,041	\$ 1,126,753	\$ 1,126,753	\$ 1,083,341

Expenditures

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Public Safety *	\$ 15,364,547	\$ 15,262,252	\$ 15,915,590	\$ 15,747,915	\$ 20,642,716
Public Works	\$ 4,223,458	\$ 4,074,893	\$ 4,718,102	\$ 4,525,299	\$ 5,012,251
Snow & Ice	\$ 1,656,265	\$ 1,645,762	\$ 2,206,518	\$ 2,190,926	\$ 1,165,000
Waste Disposal	\$ 2,849,740	\$ 2,837,898	\$ 2,958,335	\$ 2,933,685	\$ 2,967,835
Health & Human Services	\$ 916,105	\$ 891,615	\$ 984,360	\$ 926,939	\$ 1,067,306

* FY2016 Public Safety Budget amount includes \$3,121,000 for prior years' retroactive pay related to the September 22, 2015 funding of a seven year contract covering July 1, 2009 – June 30, 2016 with the Firefighters Union .

Expenditures

	FY2014 Budget	FY2014 Actual	FY2015 Budget	FY2015 Actual	FY2016 Budget
Library	\$ 2,372,059	\$ 2,339,936	\$ 2,560,610	\$ 2,519,898	\$ 2,636,095
Recreation Department	\$ 261,180	\$ 249,028	\$ 268,847	\$ 268,164	\$ 273,008
Skating Arena	\$ 318,445	\$ 314,441	\$ 324,024	\$ 323,983	\$ 378,195
Education	\$ 36,675,000	\$ 36,674,927	\$ 39,232,000	\$ 39,231,675	\$ 41,452,000
TOTALS	\$ 108,206,371	\$ 106,483,733	\$ 113,989,722	\$ 113,226,483	\$ 122,453,397

FY2016 Budget amounts include Proposed FY2016 Budget Amendment of \$3,338,147, of which \$3,311,752 is a one time transfer from the Collective Bargaining Stabilization Fund.

Unreserved Fund Balance

Certified Free Cash Analysis

	FY2011	FY2012	FY2013	FY2014	FY2015
Unreserved Fund Balance Beginning of Fiscal Year	\$ 6,676,000	\$ 6,933,000	\$ 9,630,000	\$ 11,963,000	\$12,377,000
Revenues Over/(Under) Budget	\$ 480,000	\$ 446,000	\$ 2,398,000	\$ 2,028,000	\$ 2,281,000
Expenditures (Over)/Under Budget	\$ 1,701,000	\$ 1,851,000	\$ 600,000	\$ 1,723,000	\$ 763,000
Use of Free Cash	\$ (1,750,000)	\$ (1,750,000)	\$ (1,500,000)	\$ (3,000,000)	\$ (3,000,000)
GAAP Adjustments	\$ (174,000)	\$ 2,150,000	\$ 835,000	\$ (337,000)	TBD
Unreserved Fund Balance End of Fiscal Year	\$ 6,933,000	\$ 9,630,000	\$ 11,963,000	\$ 12,377,000	\$ 12,421,000
Certified Free Cash	\$ 4,333,181	\$ 7,694,406	\$ 9,142,261	\$ 10,257,336	TBD

FY 2015 amounts are subject to classification changes via audit.

Financial Reserve Goal

To fund and maintain Financial Reserves of 7 – 10% of the Town's annual budget, we must:

1. Preserve or improve the Town's bond rating
2. Promote financial flexibility and stability
3. Meet extraordinary and unforeseen events
4. Have sufficient liquidity and cash flow to pay bills on time without the necessity of short term borrowing

A declining reserve is an indicator that Watertown is living beyond its means.

Capital Improvement Program

Fiscal Year 2016 Budget Message

The five year Capital Improvement Program (CIP) is included within the FY2016 Budget.

The Fiscal Year 2016-2020 General Fund CIP totals \$138,020,500, of which \$37,597,400 is the bonding requirement. Street and Sidewalk bonds of \$68,235,800 listed in Fiscal Year 2020 are not included in the bonding requirement.

The funding source of \$15,600,000 of the CIP has not been determined. The following are the projects/items with the funding source to be determined (TBD).

• Watertown Square Structured Parking	\$ 5,000,000
• Former Police Facility Renovation/Reuse	\$ 4,500,000
• Coolidge Square Design & Renovation	\$ 3,000,000
• Former East Branch Renovation/Reuse	\$ 1,500,000
• Former North Branch Renovation/Reuse	\$ 1,100,000
• Multi-Service Center Renovation	\$ 250,000
• Information Technology Improvements	\$ 250,000
	<u>\$15,600,000</u>

The Fiscal Year 2016-2020 Water /Sewer Enterprise Funds CIP totals \$18,785,000, of which \$12,422,500 is the bonding requirement.

The CIP includes all known capital needs, regardless of the sources of funding.

Permanent Debt Summary

	PERMANENT DEBT BALANCES 6/30/15	BUDGETED FY 2016 BOND PAYMENTS	PERMANENT DEBT BALANCES 6/30/16
FY 2007 BOND ISSUE	\$ 680,000	\$ 180,000	\$ 500,000
FY 2008 BOND ISSUE	\$ 7,000,000	\$ 500,000	\$ 6,500,000
FY 2009 REFUNDING BOND ISSUE	\$ 3,697,000	\$ 1,345,000	\$ 2,352,000
FY 2010 BOND ISSUE	\$ 3,725,000	\$ 270,000	\$ 3,455,000
FY 2012 BOND ISSUE	\$ 2,355,000	\$ 435,000	\$ 1,920,000
FY 2013 BOND ISSUE	\$ 5,335,000	\$ 230,000	\$ 5,105,000
FY 2014 BOND ISSUE	\$ 4,215,000	\$ 695,000	\$ 3,520,000
FY 2014 REFUNDING BOND ISSUE	\$ 7,717,000	\$ 977,000	\$ 6,740,000
TOTAL	\$ 34,724,000	\$ 4,632,000	\$ 30,092,000

Sewer Enterprise Fund

	FY 2015 BUDGET	FY 2015 ACTUAL	FY 2016 BUDGET
REVENUE & OTHER SOURCES:			
USAGE CHARGES	\$ 8,876,999	\$ 8,465,422	\$ 9,007,466
MUNICIPAL CHARGES	\$ 116,618	\$ 116,618	\$ 131,000
INTEREST AND PENALTY CHARGES	\$ 40,000	\$ 69,139	\$ 40,000
SEWER LIENS		\$ 398,578	
OTHER UTILITY CHARGES	\$ -	\$ 12,850	\$ -
USE OF RETAINED EARNINGS	\$ 500,000	\$ 500,000	\$ 500,000
INTEREST INCOME	\$ 15,000	\$ 5,841	\$ 15,000
TOTAL REVENUE	\$ 9,548,617	\$ 9,568,448	\$ 9,693,466
EXPENDITURE & OTHER USES:			
PERSONNEL SERVICES	\$ 380,219	\$ 380,123	\$ 400,857
SUPPLIES AND SERVICES	\$ 398,478	\$ 377,970	\$ 452,219
MWRA ASSESSMENT	\$ 5,776,186	\$ 5,774,673	\$ 5,818,931
CAPTIAL OUTLAY	\$ 942,900	\$ 942,899	\$ 970,000
TRANSFER TO GENERAL FUND	\$ 1,278,821	\$ 1,278,821	\$ 1,333,644
TRANSFER TO CAP. PROJECT/SEWER	\$ 500,000	\$ 500,000	\$ 500,000
DEBT SERVICE	\$ 272,013	\$ 213,493	\$ 217,815
TOTAL EXPENDITURES	\$ 9,548,617	\$ 9,467,980	\$ 9,693,466

Water Enterprise Fund

	FY 2015 BUDGET	FY 2015 ACTUAL	FY 2016 BUDGET
REVENUE & OTHER SOURCES:			
USAGE CHARGES	\$ 6,157,726	\$ 5,840,126	\$ 6,693,055
MUNICIPAL CHARGES	\$ 178,113	\$ 178,113	\$ 140,465
INTEREST AND PENALTY CHARGES	\$ 40,000	\$ 40,410	\$ 40,000
WATER LIENS		\$ 231,872	
OTHER UTILITY CHARGES	\$ 30,000	\$ 48,968	\$ 30,000
TEST CHARGES	\$ 50,000	\$ 65,551	\$ 50,000
USE OF RETAINED EARNINGS	\$ 500,000	\$ 500,000	\$ 500,000
INTEREST INCOME	\$ 10,000	\$ 3,768	\$ 10,000
TOTAL REVENUE	\$ 6,965,839	\$ 6,908,808	\$ 7,463,520
EXPENDITURE & OTHER USES:			
PERSONNEL SERVICES	\$ 833,227	\$ 809,671	\$ 875,729
SUPPLIES AND SERVICES	\$ 330,136	\$ 291,823	\$ 363,239
MWRA ASSESSMENT	\$ 3,097,376	\$ 3,096,347	\$ 3,392,382
CAPITAL OUTLAY	\$ 207,000	\$ 206,962	\$ 211,000
TRANSFER TO GENERAL FUND	\$ 1,491,355	\$ 1,491,355	\$ 1,594,219
TRANSFER TO CAP. PROJECT/WATER	\$ 500,000	\$ 500,000	\$ 500,000
DEBT SERVICE	\$ 506,745	\$ 416,745	\$ 526,951
TOTAL EXPENDITURES	\$ 6,965,839	\$ 6,812,902	\$ 7,463,520

Water & Sewer Prior Year Funds

Balances as of July 1, 2015

ACCOUNT DESCRIPTION	PRIOR YEAR FUND BALANCE	CURRENT YEAR FUND CARRYOVER	TOTAL OF BOTH FUNDS
WATER:			
IMPROVEMENTS	\$ 6,695	\$ 277,037	\$ 283,732
STREET REPAIR SERVICES	\$ 42,670	\$ 98,935	\$ 141,605
SIDEWALK REPAIR SERVICES		\$ 22,730	\$ 22,730
WATER MATERIALS & SUPPLIES		\$ 46,320	\$ 46,320
COMPUTER MAINTENANCE		\$ 1,500	\$ 1,500
PRINTING & FORMS		\$ 14,341	\$ 14,341
REPLACEMENT OF EQUIPMENT		\$ 21,845	\$ 21,845
TOTAL WATER PRIOR YEAR	\$ 49,365	\$ 482,708	\$ 532,073
SEWER:			
IMPROVEMENTS	\$ 1,177,308	\$ 1,271,954	\$ 2,449,262
CONTRACTED SERVICES	\$ 176,626	\$ 180,005	\$ 356,631
RENTAL OF EQUIPMENT	\$ 135,375	\$ 15,647	\$ 151,022
ADDITIONAL EQUIPMENT	\$	\$ 250,574	\$ 250,574
REPLACEMENT OF EQUIPMENT		\$ 113,043	\$ 113,043
STREET REPAIR SERVICES		\$ 68,100	\$ 68,100
SIDEWALK REPAIR SERVICES		\$ 48,589	\$ 48,589
SEWER MATERIALS & SUPPLIES		\$ 35,796	\$ 35,796
TOTAL SEWER PRIOR YEAR	\$ 1,489,309	\$ 1,983,708	\$ 3,473,017

Overlay Accounts

Balances as of June 30, 2015

FISCAL YEAR	AMOUNTS
2005	\$ 1,680
2006	\$ 8,549
2007	\$ 2,605
2008	\$ 28,544
2009	\$ 18,558
2010	\$ 206,480
2011	\$ 66,336
2012	\$ 470,238
2013	\$ 397,443
2014	\$ 419,717
2015	\$ 546,644
	\$ 2,166,794

Special Revenue Accounts

Balances as of June 30, 2015

FUND DESCRIPTION	FUND BALANCE
FY 15 CIRCUIT BREAKER	\$ 1,321,478
O'NEILL PROPERTY CHARITABLE	\$ 1,181,253
PARKING METER FUND *	\$ 677,057
AFFORDABLE HOUSING DEV	\$ 447,294
COMMANDER'S MANSION REVOLVING	\$ 245,486
PRE-KINDERGARTEN REVOLVING	\$ 238,102
COMMUNITY DEV. BLOCK GRANT	\$ 234,795
SALE OF CEMETERY LOTS *	\$ 192,540
COMMUNITY ED UMBRELLA	\$ 131,570
VACATION ENRICHMENT	\$ 105,829
HOSMER EXTENDED DAY PROGRAM	\$ 104,690
MCCALL GIFT FUND	\$ 103,999
TOP TWELVE TOTAL	\$ 4,984,094
ALL OTHERS (102)	\$ 1,061,658
TOTAL SPECIAL REVENUE (114)	\$ 6,045,752

* Includes amounts to be transferred for FY16 Budget.

Capital Projects Accounts

Balances as of June 30, 2015

FUND DESCRIPTION	FUND BALANCE
FY 10 SEWER IMPROVEMENTS	\$ 793,194
FY 15 STREET AND SIDEWALK	\$ 788,738
MIDDLE SCHOOL FLOORS/HOSMER HEATING	\$ 770,000
POLICE STATION BLDG	\$ 513,896
MWRA WATER MAIN REPLACEMENT	\$ 368,405
DPW RENOVATION	\$ 321,912
TOWN HALL IMPROVEMENTS	\$ 292,459
MWRA SEWER BOND	\$ 263,223
STREET AND SIDEWALK 2014 LOAN ORDER	\$ 259,812
CEMETERY EXPANSION	\$ 231,323
TOP TEN TOTAL	\$ 4,602,962
ALL OTHERS (38)	\$ 2,119,610
TOTAL CAPITAL PROJECTS (48)	\$ 6,722,572

Stabilizations, Trusts and Agency Accounts

Balances as of June 30, 2015

FUND DESCRIPTION	BALANCE
COLLECTIVE BARGAINING STABILIZATION	\$ 3,309,223
CAPTIAL PROJECTS STABILIZATION *	\$ 2,010,668
STABILIZATION FUND	\$ 1,233,673
OPEB STABILIZATION	\$ 1,083,311
UNFUNDED PENSION LIABILTY STABILIZATION *	\$ 1,013,867
CEMETERY PERPETUAL CARE (NON-EXPENDABLE)	\$ 948,566
SPED STABILIZATION	\$ 791,820
ESCO STABILIZATION *	\$ 644,538
UPIT MEMORIAL SCHOLARSHIP (NON-EXPENDABLE)	\$ 231,630
SCHOOL GENERAL SCHOLARSHIP	\$ 113,398
TOP TEN TOTAL	\$ 11,380,693
ALL OTHERS (63)	\$ 449,419
TOTAL TRUSTS & AGENCY (73)	\$ 11,830,112

* Includes amounts to be transferred for FY16 Budget

FY2016 Budget Development

(Included for background informational purposes)

To preserve the Town's financial condition we must:

1. Continue to strive to provide the highest level of essential services possible with the most efficient utilization of resources.
2. Ensure annual costs of all operations to be funded on an annual basis out of current revenues.
3. Not defer maintenance and/or recognition of costs of capital equipment, facilities and infrastructure to future years.
4. Remain focused on achieving our long term goal of sound financial management and fiscal stability.
5. Present budget based on sound business practices.

Town Council FY2016 Budget Policy Guidelines (Page 1 of 2)

(adopted December 9, 2014)

The following are the top two priorities of the ranked Cost-Savings/Revenues Guidelines and the top five priorities of the ranked Program Enhancements/Expenditures Guidelines:

- Continue to proceed with the guidelines of the Strategic Framework for Economic Development, with the long-term goal to promote a diversified and growing tax base.
- Public safety: Police, Fire and Dispatch together represent the Town's biggest expenditure after Education. Continue with a review of the Public Safety study recommendations to determine how best deliver the level of service citizens want, more efficiently.
- Work collaboratively with the Watertown Public Schools to develop a comprehensive 5-year educational budget that assures sustainable funding for our schools and the successful education of our children. Seek to accommodate the Manager's forecast 5% school operating budget increase for the next three fiscal years (FY16-18), subject to preparation of budget requests by the School Committee, and subject to the validation of revenue and expenditure assumptions in the October 28, 2014 Preliminary Budget Overview. As was done in FY15, work with the WPS to identify one-time school curriculum initiatives (such as materials, supplies and technology) that have been underfunded over the last several years, and identify one-time funds that can be used to meet these identified needs.

Town Council FY2016 Budget Policy Guidelines (Page 2 of 2) (adopted December 9, 2014)

- Finalize the Comprehensive Plan for the Town dealing with a broad spectrum of issues, including development, zoning, design guidelines, and transportation, in order to encourage Town government and its citizens to work in concert towards common goals. Develop an implementation strategy for key recommendations in the plan.
- Work collaboratively with the Watertown Public Schools to develop a capital projects funding schedule to address school building requirements in order to meet the identified needs for enrollment and programs.
- Develop a five-year plan and funding schedule for the integrated improvements of the Town's streets and sidewalks, water-sewer-stormwater infrastructure, and underground utilities, using tools such as the new Roadway Management Program. The plan should show status of ongoing projects, identify future projects including those with no funding source, and include coordination with water-sewer-stormwater projects and underground utility projects.
- Develop plans, including staffing needs, to initiate implementation of a local public transportation system in Watertown to supplement MTBA service, that will both mitigate traffic congestion from new developments as well as providing residents with alternatives to using private automobiles.

FY2017 Preliminary Budget Overview – Revenues & Expenditures

- Annual revenues and expenditures will be estimated by use of objective analysis. The assumptions and factors through which the estimates are derived will be clearly stated and explained during the budget process.
- The numbers provided are preliminary and subject to change as the budget process evolves.

Revenue Forecast

Assumptions:

Real Estate and Personal Property taxes are increased 2.5% per year. New growth is projected to be \$2,500,000 for FY 2017, \$2,250,000 for FY 2018 and \$2,000,000 for FY 2019.

Funding for the Optional Tax Exemption for homeowners at 100% over the statutory level is included in the overlay adjustment.

Revenue Forecast

Proposition 2 ½ debt exclusion override is based on bond costs and school construction reimbursements. FY 2018 is the last year for school construction reimbursements related to the 1995 Debt Exclusion Override.

State Aid is level funded at the FY2016 amount.

The majority of Local Receipts are projected to remain constant or increase 2.5% annually. Motor Vehicle Excise is projected at \$3,475,000 annually and investment income is projected at \$65,000 annually through FY 2019. Inspection Fees increased \$850,000 in FY 2016 and are projected to decrease by the same amount in FY 2018. Other Excise (Hotel) is projected to increase \$300,000 in FY 2017 and \$60,000 in FY 2018. Ambulance revenue is projected to increase \$150,000 in FY 2017 and \$50,000 in FY 2018 related to the Town's implementation of ALS service.

Revenue Forecast

Other Financing Sources reflect transfers from the following:

- Parking Meter Fund to offset the Parking Lots and Meters Budget.
- Cemetery Perpetual Care Expendable Trust Fund and the Sale of Lots Fund to partially offset the Department of Public Works Cemetery Budget.
- Water and Sewer Enterprise Funds to cover applicable indirect costs and debt service.
- Transfer from the Unfunded Pension Liability Stabilization Fund is projected at \$250,000 annually through FY 2019.

Revenue Forecast

Utilization of Free Cash is recommended at a level of \$2,000,000 annually through FY 2019, which includes \$250,000 annually for the Special Education Stabilization Fund.

Transfer from the Capital Projects Stabilization Fund is projected at \$500,000 annually through FY 2019.

Transfer from the ESCO Capital Project Stabilization Fund includes projected funds from departmental energy savings, rebates and grants.

Revenue Forecast

Taxes

TAXES	FY2016	FY2017	FY2018	FY2019
Prior Year Levy Limit	\$ 86,488,678	\$ 90,870,876	\$ 95,642,647	\$ 100,283,713
Add 2.5%	\$ 2,162,217	\$ 2,271,771	\$ 2,391,066	\$ 2,507,094
New Growth	\$ 2,219,981	\$ 2,500,000	\$ 2,250,000	\$ 2,000,000
Adjusted Levy Limit	\$ 90,870,876	\$ 95,642,647	\$ 100,283,713	\$ 104,790,807
Overlay	\$ (1,050,000)	\$ (950,000)	\$ (950,000)	\$ (1,050,000)
Debt Exclusion	\$ 176,600	\$ 125,204	\$ 72,480	\$ -
NET LEVY LIMIT	\$ 89,997,476	\$ 94,817,851	\$ 99,406,193	\$ 103,740,807

Revenue Forecast

State Aid

STATE AID	FY2016	FY2017	FY2018	FY2019
Cherry Sheet Receipts	\$ 10,785,520	\$ 10,785,520	\$ 10,785,520	\$ 10,785,520
School Construction Reimbursement	\$ 913,208	\$ 913,208	\$ 913,208	\$ -
Total State Aid	\$ 11,698,728	\$ 11,698,728	\$ 11,698,728	\$ 10,785,520

Revenue Forecast

Local Receipts (1 of 2)

	FY2016	FY2017	FY2018	FY2019
Motor Vehicle Excise	\$ 3,475,000	\$ 3,475,000	\$ 3,475,000	\$ 3,475,000
Other Excise	\$ 575,000	\$ 875,000	\$ 935,000	\$ 935,000
Penalties & Interest	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
PILOT	\$ 918,970	\$ 943,322	\$ 968,404	\$ 994,238
Commercial Trash	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Fees	\$ 2,836,000	\$ 3,056,900	\$ 2,312,073	\$ 2,369,874
Rentals	\$ 104,160	\$ 103,638	\$ 128,105	\$ 127,557
Cemetery	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
Recreation	\$ 435,000	\$ 435,000	\$ 435,000	\$ 435,000

Revenue Forecast

Local Receipts (2 of 2)

	FY2016	FY2017	FY2018	FY2019
Licenses & Permits	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Fines & Forfeits	\$ 885,000	\$ 885,000	\$ 885,000	\$ 885,000
Investment Income	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Sale of Town Property	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Belmont Reimbursement	\$ 70,110	\$ 71,110	\$ 72,110	\$ 73,110
Grant/Employee Reimbursements	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Medicaid Reimbursements	\$ 326,000	\$ 326,000	\$ 326,000	\$ 326,000
Total Local Receipts	\$ 10,310,240	\$ 10,855,970	\$ 10,221,691	\$ 10,305,780

Revenue Forecast

Other Financing Sources

Transfer from:	FY2016	FY2017	FY2018	FY2019
Sale of Lots	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Parking Meter	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Cemetery Perpetual Care	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Library Fundraising	\$ 59,000	\$ -	\$ -	\$ -
Election Reimb. Revolving	\$ 17,600	\$ -	\$ -	\$ -
Capital Proj. Stab.	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Unfunded Pension Liab. Stab.	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
ESCO Capital Proj. Stab.	\$ 525,738	\$ 522,038	\$ 522,738	\$ 517,238
Collective Bargaining Stab.	\$ 3,311,752	\$ -	\$ -	\$ -
Water Fund	\$ 1,594,219	\$ 1,634,075	\$ 1,674,926	\$ 1,716,799
Sewer Fund	\$ 1,333,644	\$ 1,366,985	\$ 1,401,160	\$ 1,436,189
Free Cash	\$ 2,470,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Total Other Sources	\$ 10,446,953	\$ 6,658,098	\$ 6,733,824	\$ 6,805,226

Utilization of Free Cash & Overlay Surplus

Source	FY2015	FY2016	FY2017	FY2018	FY2019
Free Cash - Annual	\$ 1,750,000	\$ 2,000,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000
Free Cash – SPED Stabilization			\$ 250,000	\$ 250,000	\$ 250,000
Free Cash – 1 Time Curriculum	\$ 250,000	\$ 375,000			
Overlay Surplus – 1 Time Curriculum	\$ 500,000				
Free Cash – Collective Barg. Stab.	\$ 400,000				
Free Cash – Trans/Comp. Plan Imp Services	\$ 130,000				
Free Cash – ALS Medical Equip.		\$ 95,000			
Total Revenue	\$ 3,030,000	\$ 2,470,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

Revenue Forecast Summary

Source	FY2016	FY2017	FY2018	FY2019
Real Estate & Personal Prop. Tax	\$ 89,997,476	\$ 94,817,851	\$ 99,406,193	\$ 103,740,807
State Aid	\$ 11,698,728	\$ 11,698,728	\$ 11,698,728	\$ 10,785,520
Local Receipts	\$ 10,310,240	\$ 10,855,970	\$ 10,221,691	\$ 10,305,780
Other Financing Sources	\$ 10,446,953	\$ 6,658,098	\$ 6,733,824	\$ 6,805,226
Total Revenue	\$ 122,453,397	\$ 124,030,647	\$ 128,060,436	\$ 131,637,333

FY2016 Budget amounts include Proposed FY2016 Budget Amendment of \$3,338,147, of which \$3,311,752 is a one time transfer from the Collective Bargaining Stabilization Fund.

Expenditure Forecast

Assumptions:

Departmental expenditures are projected to decrease \$1,928,589 in FY 2017, increase \$823,195 (2.5%) in FY 2018 and \$843,775 (2.5%) in FY 2019.

The Education appropriation is projected to increase \$2,072,600 (5%) in FY 2017, \$2,176,230 (5%) in FY 2018, and \$2,285,042 (5%) in FY 2019.

Snow and Ice Removal is projected at \$1,165,000 through FY 2019 which is the current eight year average expenditure level.

The Waste Disposal appropriation is projected to increase 3% annually from FY 2016 through FY 2019 and includes funding of the Service Agreement with Wheelabrator North Andover.

Expenditure Forecast

State assessments, exclusive of the MBTA assessment, are projected to increase 2.5% annually. The MBTA assessment is projected to increase 2.75% annually.

Pension costs are projected to increase \$1,550,000 annually in FY 2017 and FY 2018; and decrease \$1,165,000 in FY 2019. The Watertown Contributory Retirement Board will be submitting a revised Funding Schedule to the Public Employee Retirement Administration Commission that has the Retirement System fully funded in FY 2019, consistent with the current Funding Schedule.

Expenditure Forecast

Health Insurance costs, included within Insurance & Employee Benefits, are projected to increase 6% annually from FY 2017 through FY 2019.

Debt figures are from current and projected future debt as listed in the FY 2016-2020 CIP / Debt Projection Table of the Capital Improvement Program. The level of projected debt may change pending decisions on various projects that are listed within the Proposed FY 2016-2020 Capital Improvement Program, the Roadway Management Study and the Facilities Assessment Study.

Street and Sidewalk Improvements are projected to increase 5% annually.

Town and School Capital Projects are listed in the Capital Improvement Program.

Transfer to the Special Education Stabilization Fund is projected at \$250,000 annually through FY 2019.

Expenditure Forecast

Departmental Expenditures

Source	FY2016	FY2017	FY2018	FY2019
General Government	\$ 4,846,842	\$ 4,968,015	\$ 5,092,215	\$ 5,219,521
Public Safety *	\$ 20,642,716	\$ 18,358,784	\$ 18,817,753	\$ 19,288,197
Public Works	\$ 5,012,251	\$ 5,137,556	\$ 5,265,994	\$ 5,397,644
Snow & Ice Removal	\$ 1,165,000	\$ 1,165,000	\$ 1,165,000	\$ 1,165,000
Waste Disposal	\$ 2,967,835	\$ 3,056,870	\$ 3,148,576	\$ 3,243,033
Health & Human Services	\$ 1,067,306	\$ 1,093,989	\$ 1,121,339	\$ 1,149,372
Library	\$ 2,636,095	\$ 2,701,997	\$ 2,769,547	\$ 2,838,786
Recreation	\$ 651,203	\$ 667,483	\$ 684,170	\$ 701,274
Education	\$ 41,452,000	\$ 43,524,600	\$ 45,700,830	\$ 47,985,872
TOTALS	\$ 80,441,248	\$ 80,674,294	\$ 83,765,425	\$ 86,988,699

* FY2016 Public Safety Budget amount includes \$3,121,000 for prior years' retroactive pay related to the September 22, 2015 funding of a seven year contract covering July 1, 2009 – June 30, 2016 with the Firefighters Union

Expenditure Forecast

FY 2016 Education Appropriation

(Included for background informational purposes)

The top priority of the Program Enhancements/Expenditures section of the Honorable Town Council's Fiscal Year 2016 Budget Policy Guidelines reads as follows: "Work collaboratively with the Watertown Public Schools to develop a comprehensive 5-year educational budget that assures sustainable funding for our schools and the successful education of our children. Seek to accommodate the Manager's forecast 5% school operating budget increase for the next three fiscal years (FY16-18), subject to preparation of budget requests by the School Committee, and subject to the validation of revenue and expenditure assumptions in the October 28, 2014 Preliminary Budget Overview. As was done in FY15, work with the WPS to identify one-time school curriculum initiatives (such as materials, supplies and technology) that have been underfunded over the last several years, and identify one-time funds that can be used to meet these identified needs."

Expenditure Forecast

FY 2016 Education Appropriation

(Included for background informational purposes)

The adopted funding level for the Fiscal Year 2016 Education appropriation is \$41,452,000, which is an increase of \$2,220,000 over the Fiscal Year 2015 Education appropriation.

The following is a summary of various increases outlining the Town's very strong commitment to Education:

FY16 Education Appropriation	\$ 41,452,000	
FY15 Education Appropriation	\$ 39,232,000	
Increase in the Education Appropriation		\$ 2,220,000
FY16 One Time Curriculum		\$ 375,000
FY14 & FY15 One Time Curriculum		\$ 960,000
Increase in Education Spending (FY16 & FY14-FY16 One Time Curriculum)		\$ 3,555,000

The above total does not include the \$790,000 for the SPED Stabilization Fund; and \$500,000 for Special Education from the Commonwealth's Fiscal Year 2016 Budget.

The Submitted Fiscal Year 2016 School Health Insurance appropriation is \$4,794,017, an increase of \$519,617 above the Fiscal Year 2015 Level. Included within this increase are monies related to health insurance for the 18.3 new professional positions in Fiscal Year 2015 and the 21.2 proposed positions in Fiscal Year 2016.

Expenditure Forecast

FY 2016 Education Appropriation

(Included for background informational purposes)

Source	FY2016	FY2017	FY2018	FY2019
Education*	\$ 41,452,000	\$ 43,524,600	\$ 45,700,830	\$ 47,985,872

As indicated earlier in this presentation, the Expenditure Forecast included within the Submitted Fiscal Year 2016 Budget document has Departmental Expenditures projected to increase 2.5% annually from Fiscal Year 2017 through Fiscal Year 2019. The Education appropriation is projected to increase 5.0% annually from Fiscal Year 2017 through Fiscal Year 2019.

The Honorable Town Council adopted a Motion to undertake a third party financial review of the general and special education school budget in order to better understand how to best proceed with future funding to meet the Schools' needs. The third party financial review is ongoing and will be presented upon completion.

We look forward to continue working collaboratively with the Watertown Public Schools to develop a comprehensive multi-year Education Budget that assures sustainable funding for our schools and the successful education of our children.

* The Education appropriation is projected to increase \$2,072,600 (5%) in FY 2017, \$2,176,230 (5%) in FY 2018 and \$2,285,042 (5%) in FY 2019.

Expenditure Forecast

Source	FY2016	FY2017	FY2018	FY2019
State & County Charges	\$ 2,448,681	\$ 2,515,197	\$ 2,583,523	\$ 2,653,706
Pension Costs*	\$ 13,851,481	\$ 15,408,243	\$ 16,955,253	\$ 15,789,574
Insurance & Employee Benefits	\$ 14,615,919	\$ 15,438,203	\$ 16,308,676	\$ 17,230,187

- As of January 1, 2015, the Unfunded Pension Liability is \$47,711,794.
- Projected Retirement appropriation in FY2020 is estimated to be \$2,100,000.
- As of July 1, 2013, the Unfunded OPEB Liability is estimate to be \$163,903,670.

Expenditure Forecast

Debt and Interest

Source	FY2016	FY2017	FY2018	FY2019
Permanent Debt/Interest	\$ 5,259,696	\$ 4,731,145	\$ 4,431,734	\$ 2,635,139
ESCO (Permanent)	\$ 525,738	\$ 522,038	\$ 522,738	\$ 517,238
Streets & Sidewalks (Authorized)	\$ 1,225,000	\$ 1,792,500	\$ 2,337,500	\$ 2,860,000
Other (Planned)	\$ 845,700	\$ 1,691,089	\$ 2,254,868	\$ 2,901,390
Cost of Certifying Bonds	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
TOTALS	\$ 7,886,134	\$ 8,766,772	\$ 9,576,840	\$ 8,943,767

Expenditure Forecast

Capital Projects

Source	FY2016	FY2017	FY2018	FY2019
Town Capital	\$ 210,000	\$ 210,000	\$ 240,000	\$ 240,000
School Capital Projects	\$ 460,500	\$ 420,000	\$ 498,700	\$ 232,000
Street & Sidewalk Improvements	\$ 873,341	\$ 917,008	\$ 962,858	\$ 1,011,001
TOTALS	\$ 1,543,841	\$ 1,547,008	\$ 1,701,558	\$ 1,483,001

Expenditure Forecast

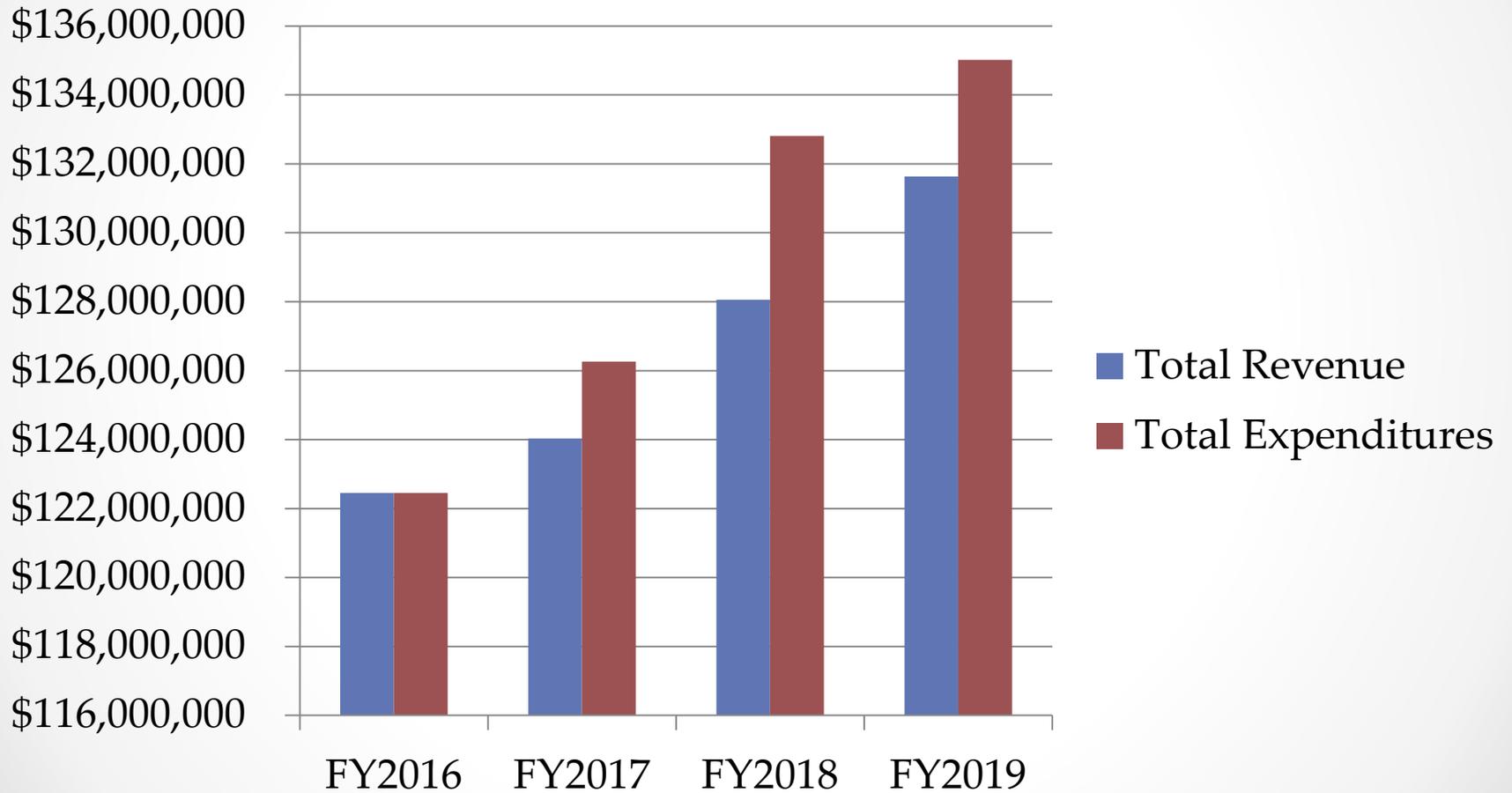
Source	FY2016	FY2017	FY2018	FY2019
Departmental	\$ 80,441,248	\$ 80,674,294	\$ 83,765,425	\$ 86,988,699
State Assessments	\$ 2,448,681	\$ 2,515,197	\$ 2,583,523	\$ 2,653,706
Pension Costs	\$ 13,851,481	\$ 15,408,243	\$ 16,955,253	\$ 15,789,574
Insurance	\$ 14,615,919	\$ 15,438,203	\$ 16,308,676	\$ 17,230,187
Debt & Interest	\$ 7,886,134	\$ 8,766,772	\$ 9,576,840	\$ 8,943,767
Capital Projects	\$ 1,543,841	\$ 1,547,008	\$ 1,701,558	\$ 1,483,001
Other Financing Uses & Misc.	\$ 1,666,093	\$ 1,912,958	\$ 1,920,544	\$ 1,927,674
Total Expenditures	\$122,453,397	\$ 126,262,675	\$132,811,819	\$ 135,016,608

FY2016 Budget amounts include Proposed FY2016 Budget Amendment of \$3,338,147, of which \$3,311,752 is a one time transfer from the Collective Bargaining Stabilization Fund.

Forecast Summary

	FY2016	FY2017	FY2018	FY2019
Total Revenue	\$ 122,453,397	\$ 124,030,647	\$ 128,060,436	\$ 131,637,333
Total Expenditures	\$ 122,453,397	\$ 126,262,675	\$ 132,811,819	\$ 135,016,608
Projected Surplus/(Deficits)		\$ (2,232,028)	\$ (4,751,383)	\$ (3,379,275)
Prior Year Balance Budget			\$ 2,232,028	\$ 4,751,383
Remaining Surplus/(Deficit)		\$ (2,232,028)	\$ (2,519,355)	\$ 1,372,108

Forecast Summary



Forecast Comparison

	Projected 4/28/15 FY2017 Budget	Projected 10/27/2015 FY2017 Budget	Variance
Revenue:			
Taxes	\$94,746,121	\$94,817,851	\$71,730
State Aid	\$11,717,314	\$11,698,728	\$(18,586)
Local Receipts	\$10,730,970	\$10,855,970	\$125,000
Other Financing Sources	\$6,658,098	\$6,658,098	
Total Revenue	\$123,852,503	\$124,030,647	\$178,144
Expenditures:			
Education Appropriation	\$43,524,600	\$43,524,600	
Town Depts. Approp.	\$32,920,095	\$32,927,824	\$7,729
Waste Disposal	\$3,056,870	\$3,056,870	
Snow & Ice Removal	\$1,165,000	\$1,165,000	
State Assessments	\$2,498,400	\$2,515,197	\$16,797
Pension Costs	\$15,408,243	\$15,408,243	
Insurance & Employee Benefits	\$15,438,203	15,438,203	
Debt and Interest	\$8,766,772	\$8,766,772	
Capital Projects & OFU	\$3,459,966	\$3,459,966	
Total Expenditures*	\$126,238,149	\$126,262,675	\$24,526
Projected Surplus/(Deficit)*	\$ (2,385,646)	\$ (2,232,028)	\$153,618

*Total Expenditures and Projected Deficit as printed in the 4/28/15 Budget Document have been increased by \$880,640 due to a formula issue.

Projected Comparison

	FY2016	FY2017	Variance
Taxes	\$89,997,476	\$94,817,851	\$4,820,375
State Aid	\$11,698,728	\$11,698,728	
Local Receipts	\$10,310,240	\$10,855,970	\$545,730
Other Financing Sources	\$10,446,953	\$6,658,098	\$(3,788,855)
Total Revenue	\$122,453,397	\$124,030,647	\$1,577,250
Education Appropriation	\$41,452,000	\$43,524,600	\$2,072,600
Town Depts. Approp.	\$34,856,413	\$32,927,824	\$(1,928,589)
Waste Disposal	\$2,967,835	\$3,056,870	\$89,035
Snow & Ice Removal	\$1,165,000	\$1,165,000	
State Assessments	\$2,448,681	\$2,515,197	\$66,516
Pension Costs	\$13,851,481	\$15,408,243	\$1,556,762
Insurance & Employee Benefits	\$14,615,919	\$15,438,203	\$822,284
Debt and Interest	\$7,886,134	\$8,766,772	\$880,638
Capital Projects & OFU	\$3,209,934	\$3,459,966	\$250,032
Total Expenditures	\$122,453,397	\$126,262,675	\$3,809,278
Projected Surplus/(Deficit)		\$(2,232,028)	\$(2,232,028)

FY2016 Budget amounts include Proposed FY2016 Budget Amendment of \$3,338,147, of which \$3,311,752 is a one time transfer from the Collective Bargaining Stabilization Fund.

FY2016 Budget Issues & Beyond

- Comprehensive Plan Implementation
 - Residential Design Guidelines
 - Transportation Management Association
- Collective Bargaining
 - One (1) Town Union (FY2014-2016)
 - Six (6) Town Unions (FY2017-2019)
- School System Items
 - Third Party Review
 - SPED Stabilization Fund Utilization Protocols
 - One (1) School Union (FY2014-2016)
 - Six (6) School Unions (FY2017-2019)
 - Building Construction/Renovations (MSBA)
- Public Safety
 - Town's Implementation of ALS Service
 - Funding of SAFER Grant Firefighters (4)
 - COPS Hiring Program
- Energy
 - ESCO Measurement & Verification
 - Streetlight LED Conversion
 - Funding of Energy Manager
- Park Improvements
 - Grove Street End/Filippello Park
 - Victory Field Phase 2
 - Moxley Courts Renovations & Lighting
- Building Improvements
 - Fire Stations
 - Library
 - Administration Building
- Street & Sidewalk Improvements
 - Five (5) Loan Orders at \$2.5M (FY2016-2020)
 - Related Water-Sewer Improvements
- Bond Market
 - Upcoming Bond Sales
 - Maintain AAA Bond Rating
- Review of Recommendations and/or Implementation
 - Public Safety Study
 - DPW Staffing & Operational Assessment
 - DLS Financial Management Review
 - Munis Payroll Project
- Town Council Budget Guidelines/Conceptual Recommendations
 - Social Services Resource Specialist Program
 - Examine Changes in Staffing and/or Processes regarding Enforcement of Non-criminal Ordinances & Regulations
 - Replacement of Residential/Commercial Water Meters
 - New multi-space parking meter equipment for municipal lots
 - Funding Options for Stormwater Infrastructure Improvement
- Re-use of Town Buildings
- Snow & Ice Removal

FY2017 Budget Issues & Beyond

- Unfunded Pension Liability & OPEB
- Collective Bargaining
- Uncertainty of Future Local Aid
- Economy Driven Revenues
- Capital Improvement Program
- Insurance & Employee Benefits
- Shared/Regionalized Services
- Departmental Operating Budgets

