Fiscal Year 2016
Town of Watertown
Preliminary Budget Overview

October 28, 2014

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Revenue and Other Sources General Fund

REVENUE AND OTHER SOURCES	FY2013 BUDGET	FY2013 ACTUAL	FY2014 BUDGET	FY2014 ACTUAL	FY2015 BUDGET
Real & Personal Property Tax	$ 77,348,790	$ 77,917,621	$ 81,642,981	$ 81,928,897	$ 85,765,298
State Aid	$ 10,109,449	$ 10,114,029	$ 10,834,771	$ 10,867,886	$ 11,435,127
TOTAL	$ 87,458,239	$ 88,031,650	$ 92,477,752	$ 92,796,783	$ 97,200,425

Local Receipts - Detail

Source	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Motor Vehicle	$ 3,250,000	$ 3,436,080	$ 3,250,000	$ 3,923,486	$ 3,300,000
Other Excise	$ 495,000	$ 548,144	$ 540,000	$ 576,400	$ 545,000
Penalties & Interest	$ 195,000	$ 301,622	$ 195,000	$ 250,028	$ 250,000
PILOT	$ 2,111,402	$ 2,236,948	$ 872,374	$ 846,834	$ 895,328
COMM. Trash	$ 15,000	$ 21,083	$ 15,000	$ 22,170	$ 15,000
Fees	$ 1,781,000	$ 2,865,542	$ 1,831,000	$ 2,129,582	$ 1,956,000
Rentals	$ 157,244	$ 152,736	$ 156,676	$ 124,777	$ 156,218
Cemetery	$ 55,000	$ 98,745	$ 75,000	$ 98,420	$ 75,000
Recreation	$ 390,000	$ 410,297	$ 390,000	$ 439,438	$ 425,000
License & Permits	$ 205,000	$ 212,653	$ 205,000	$ 222,525	$ 205,000
Fines & Forfeits	$ 885,000	$ 822,282	$ 885,000	$ 708,328	$ 885,000
Investment Income	$ 65,000	$ 63,976	$ 65,000	$ 72,486	$ 65,000
Sale of Town Prop.	$ 5,000		$ 5,000		$ 5,000
Court Judge/Settlements		$ 117,000			
Belmont Reimb.	$ 39,871	$ 38,746	$ 67,473	$ 57,428	$ 69,124
Grant/Employee Reimb.	$ 80,000	$ 33,077	$ 40,000	$ 54,366	$ 40,000
Adv. Bus Shelters	$ 12,000	$ 10,248	$ 10,000		$ 10,000
Medicaid	$ 340,000	$ 403,047	$ 365,000	$ 319,564	$ 326,000
Wheelabrator Svc. Agrmt. Incentive					$ 112,800
Miscellaneous		$ 134,130		$ 830,837*	
TOTAL	$ 10,081,517	$ 11,906,355	$ 8,967,523	$ 10,676,669	$ 9,335,470

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

Revenue and Other Sources

Source Transfer from:	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Sale of Lots	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Parking Meter	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Cemetery	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Cap. Proj. Stabilization	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Unfunded Pension Liab. Stab. Fund			$ 250,000	$ 250,000	$ 250,000
ESCO Capital Project Stab. Fund			$ 473,215	$ 473,215	$ 528,651
Overlay Surplus	$ 473,215	$ 473,215			
Overlay Surplus One Time Curriculum					$ 500,000
Free Cash	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,750,000
Free Cash - SPED Stabilization Fund			$ 790,000	$ 790,000	
Free Cash – One Time Curriculum			$ 210,000	$ 210,000	$ 250,000
Water Fund	$ 1,366,270	$ 1,366,270	$ 1,430,435	$ 1,430,435	$ 1,491,355
Sewer Fund	$ 1,266,239	$ 1,266,239	$ 1,232,446	$ 1,232,446	$ 1,278,821
TOTAL	$ 5,480,724	$ 5,480,724	$ 6,761,096	$ 6,761,096	$ 6,923,827

Revenue Summary

Source	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Property Tax	$ 77,348,790	$ 77,917,621	$ 81,642,981	$ 81,928,897	$ 85,765,298
State Aid	$ 10,109,449	$ 10,114,029	$ 10,834,771	$ 10,867,886	$ 11,435,127
Local Receipts	$ 10,081,517	$ 11,906,355	$ 8,967,523	$ 10,676,669	$ 9,335,470
Other Sources	$ 5,480,724	$ 5,480,724	$ 6,761,096	$ 6,761,096	$ 6,923,827
Total Revenue	$ 103,020,480	$ 105,418,729	$ 108,206,371	$ 110,234,548	$113,459,722

FY2015 Budget amounts include Proposed FY2015 Budget Amendment of $109,722.

Expenditures
General Government

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
General Government Totals	$ 4,398,498	$ 4,221,580	$ 4,398,144	$ 4,239,315	$ 4,672,390

Expenditures

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
State & County Charges	$ 2,239,561	$ 2,329,458	$ 2,253,730	$ 2,342,318	$ 2,435,346
Other Financing Uses	$ 3,278,310	$ 3,277,161	$ 3,071,062	$ 3,040,305	$ 2,908,957

Expenditures

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Retirement	$ 9,421,500	$ 9,414,355	$ 10,669,126	$ 10,668,716	$ 12,309,391
Insurance & Employee Benefits	$ 12,765,490	$ 12,706,701	$ 13,881,480	$ 13,118,618	$ 13,859,690

Expenditures

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Debt Retirement	$ 6,825,486	$ 6,792,211	$ 7,010,989	$ 6,498,668	$ 7,330,178
School Capital Projects	$ 442,300	$ 442,300	$ 434,000	$ 434,000	$ 459,500
Town Capital Projects	$ 954,425	$ 954,425	$ 1,851,041	$ 1,851,041	$ 1,041,753

Expenditures

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Public Safety *	$ 15,276,930	$ 15,139,680	$ 15,364,547	$ 15,262,252	$ 16,024,270
Public Works	$ 4,302,763	$ 4,142,986	$ 4,223,458	$ 4,074,893	$ 4,857,097
Snow & Ice	$ 1,220,718	$ 1,219,816	$ 1,656,265	$ 1,645,762	$ 1,165,000
Waste Disposal	$ 2,721,926	$ 2,712,575	$ 2,849,740	$ 2,837,898	$ 3,008,335
Health & Human Services	$ 901,858	$ 870,930	$ 916,105	$ 891,615	$ 1,036,417

FY2015 Public Safety appropriation includes $352,291 for a Proposed Fiscal Year 2010-2013 Collective Bargaining Agreement with the Firefighter's Association.

Expenditures

	FY2013 Budget	FY2013 Actual	FY2014 Budget	FY2014 Actual	FY2015 Budget
Library	$ 2,351,171	$ 2,282,911	$ 2,372,059	$ 2,339,936	$ 2,487,922
Recreation Department	$ 237,275	$ 235,827	$ 261,180	$ 249,028	$ 266,803
Skating Arena	$ 347,269	$ 342,320	$ 318,445	$ 314,441	$ 364,673
Education	$ 35,335,000	$ 35,334,880	$ 36,675,000	$ 36,674,927	$ 39,232,000
TOTALS	$ 103,020,480	$ 102,420,116	$ 108,206,371	$ 106,483,733	$ 113,459,722

FY2015 Budget amounts include Proposed FY2015 Budget Amendment of $109,722.

Unreserved Fund Balance

Certified Free Cash Analysis

	FY2010	FY2011	FY2012	FY2013	FY2014
Unreserved Fund Balance Beginning of Fiscal Year	$ 5,150,000	$ 6,676,000	$ 6,933,000	$ 9,630,000	$ 11,963,000
Revenues Over/(Under) Budget	$ 606,000	$ 480,000	$ 446,000	$ 2,398,000	$ 2,028,000
Expenditures (Over)/Under Budget	$ 3,080,000	$ 1,701,000	$ 1,851,000	$ 600,000	$ 1,723,000
Use of Free Cash	$ (1,750,000)	$ (1,750,000)	$ (1,750,000)	$ (1,500,000)	$ (3,000,000)
GAAP Adjustments	$ (410,000)	$ (174,000)	$ 2,150,000	$ 835,000	**TBD**
Unreserved Fund Balance End of Fiscal Year	$ 6,676,000	$ 6,933,000	$ 9,630,000	$ 11,963,000	$ 12,714,000
Certified Free Cash	$ 6,075,642	$ 4,333,181	$ 7,694,406	$ 9,142,261	**TBD**

FY 2014 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 2015 Budget Message

The five year Capital Improvement Program (CIP) is included within the FY2015 Budget.

The Fiscal Year 2015-2019 General Fund CIP totals $132,881,700, of which $35,852,300 is the bonding requirement. Street and Sidewalk bonds of $70,735,800 listed in Fiscal Year 2019 are not included in the bonding requirement.

The funding source of $11,700,000 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
• Coolidge Square Design & Renovation	$ 3,000,000
• Former East Branch Renovation/Reuse	$ 1,500,000
• Former North Branch Renovation/Reuse	$ 1,100,000
• Former Police Facility Renovation/Reuse	$ 600,000
• Multi-Service Center Renovation	$ 250,000
• Information Technology Improvements	$ 250,000
	$11,700,000

The Fiscal Year 2015-2019 Water /Sewer Enterprise Funds CIP totals $14,605,800 of which $10,155,800 is the bonding requirement.

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

Permanent Debt Summary

	PERMANENT DEBT BALANCES 6/30/14	BUDGETED FY 2015 BOND PAYMENTS	PERMANENT DEBT BALANCES 6/30/15
FY 2007 BOND ISSUE	$ 860,000	$ 180,000	$ 680,000
FY 2008 BOND ISSUE	$ 7,500,000	$ 500,000	$ 7,000,000
FY 2009 REFUNDING BOND ISSUE	$ 5,186,000	$ 1,489,000	$ 3,697,000
FY 2010 BOND ISSUE	$ 4,060,000	$ 335,000	$ 3,725,000
FY 2012 BOND ISSUE	$ 2,795,000	$ 440,000	$ 2,355,000
FY 2013 BOND ISSUE	$ 5,560,000	$ 225,000	$ 5,335,000
FY 2014 BOND ISSUE	$ 4,922,000	$ 707,000	$ 4,215,000
FY 2014 REFUNDING BOND ISSUE	$ 8,733,000	$ 1,016,000	$ 7,717,000
TOTAL	$ 39,616,000	$ 4,892,000	$ 34,724,000

Debt Summary

Description	Amount
Total Permanent Debt	$ 34,724,000
Authorized Debt (not yet issued): Street and Sidewalk	$ 2,500,000
Total Permanent & Short Term And Authorized Un-Issued Debt	$ 37,224,000

Sewer Enterprise Fund

	FY 2014 BUDGET	FY 2014 ACTUAL	FY 2015 BUDGET
REVENUE & OTHER SOURCES:			
USAGE CHARGES	$ 8,635,643	$ 8,453,108	$ 8,876,999
MUNICIPAL CHARGES	$ 100,000	$ 100,000	$ 116,618
INTEREST AND PENALTY CHARGES	$ 40,000	$ 70,133	$ 40,000
SEWER LIENS		$ 349,072	
OTHER UTILITY CHARGES		$ 72,450	
USE OF RETAINED EARNINGS	$ 50,000	$ 50,000	$ 500,000
INTEREST INCOME	$ 15,000	$ 7,227	$ 15,000
TOTAL REVENUE	$ 8,840,643	$ 9,101,990	$ 9,548,617
EXPENDITURE & OTHER USES:			
PERSONNEL SERVICES	$ 367,486	$ 340,240	$ 380,219
SUPPLIES AND SERVICES	$ 388,966	$ 372,129	$ 398,478
MWRA ASSESSMENT	$ 5,681,398	$ 5,654,172	$ 5,776,186
CAPTIAL OUTLAY	$ 942,900	$ 941,411	$ 942,900
TRANSFER TO GENERAL FUND	$ 1,232,446	$ 1,232,446	$ 1,278,821
TRANSFER TO CAP. PROJECT/SEWER			$ 500,000
DEBT SERVICE	$ 227,447	$ 227,447	$ 272,013
TOTAL EXPENDITURES	$ 8,840,643	$ 8,767,845	$ 9,548,617

Water Enterprise Fund

	FY 2014 BUDGET	FY 2014 ACTUAL	FY 2015 BUDGET
REVENUE & OTHER SOURCES:			
USAGE CHARGES	$ 5,801,542	$ 5,751,944	$ 6,157,726
MUNICIPAL CHARGES	$ 180,000	$ 180,900	$ 178,113
INTEREST AND PENALTY CHARGES	$ 40,000	$ 41,332	$ 40,000
WATER LIENS		$ 189,741	
OTHER UTILITY CHARGES	$ 30,000	$ 286,112	$ 30,000
TEST CHARGES	$ 50,000	$ 83,100	$ 50,000
USE OF RETAINED EARNINGS	$ 50,000	$ 50,000	$ 500,000
INTEREST INCOME	$ 10,000	$ 3,681	$ 10,000
TOTAL REVENUE	$ 6,161,542	$ 6,586,812	$ 6,965,839
EXPENDITURE & OTHER USES:			
PERSONNEL SERVICES	$ 825,627	$ 792,255	$ 833,227
SUPPLIES AND SERVICES	$ 316,847	$ 294,481	$ 330,136
MWRA ASSESSMENT	$ 2,950,934	$ 2,945,405	$ 3,097,376
CAPITAL OUTLAY	$ 207,000	$ 206,907	$ 207,000
TRANSFER TO GENERAL FUND	$ 1,430,435	$ 1,430,435	$ 1,491,355
TRANSFER TO CAP. PROJECT/WATER			$ 500,000
DEBT SERVICE	$ 430,699	$ 430,699	$ 506,745
TOTAL EXPENDITURES	$ 6,161,542	$ 6,100,181	$ 6,965,839

Water & Sewer Prior Year Funds

Balances as of July 1, 2014

ACCOUNT DESCRIPTION	PRIOR YEAR FUND BALANCE	CURRENT YEAR FUND CARRYOVER	TOTAL OF BOTH FUNDS
WATER:			
IMPROVEMENTS	$ 6,695	$ 289,298	$ 295,993
STREET REPAIR SERVICES	$ 42,670	$ 98,420	$ 141,090
SIDEWALK REPAIR SERVICES		$ 25,600	$ 25,600
WATER MATERIALS & SUPPLIES		$ 21,134	$ 21,134
COMPUTER MAINTENANCE	$ 8,982	$ 7,593	$ 16,575
PRINTING & FORMS		$ 11,000	$ 11,000
REPLACEMENT OF EQUIPMENT		$ 1,430	$ 1,430
TOTAL WATER PRIOR YEAR	$ 58,347	$ 454,475	$ 512,822
SEWER:			
IMPROVEMENTS	$ 1,194,408	$ 2,193,643	$ 3,388,051
CONTRACTED SERVICES	$ 176,626	$ 161,581	$ 338,207
RENTAL OF EQUIPMENT	$ 135,375	$ 26,500	$ 161,875
ADDITIONAL EQUIPMENT	$ 13,439	$ 128,026	$ 141,465
REPLACEMENT OF EQUIPMENT		$ 69,000	$ 69,000
STREET REPAIR SERVICES		$ 52,059	$ 52,059
SIDEWALK REPAIR SERVICES		$ 43,052	$ 43,052
SEWER MATERIALS & SUPPLIES		$ 21,668	$ 21,668
TOOLS		$ 337	$ 337
TOTAL SEWER PRIOR YEAR	$ 1,519,848	$ 2,695,866	$ 4,215,714

Overlay Accounts

Balances as of June 30, 2014

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	$ 492,224
2013	$ 422,834
2014	$ 536,103
	$ 1,783,913

Special Revenue Accounts

Balances as of June 30, 2014

FUND DESCRIPTION	FUND BALANCE
O'NEILL PROPERTY CHARITABLE	$ 1,180,650
PARKING METER FUND *	$ 653,495
AFFORDABLE HOUSING DEV	$ 266,539
FY 14 CIRCUIT BREAKER **	$ 243,941
COMMUNITY DEV. BLOCK GRANT	$ 230,442
COMMANDER'S MANSION REVOLVING	$ 213,837
SALE OF CEMETERY LOTS *	$ 174,695
COMMUNITY ED UMBRELLA	$ 153,683
HOSMER EXTENDED DAY PROGRAM	$ 123,070
MCCALL GIFT FUND	$ 103,999
CUNNIFF EXTENDED DAY PROGRAM	$ 103,446
TOP ELEVEN TOTAL	$ 3,447,797
ALL OTHERS (102)	$ 1,307,064
TOTAL SPECIAL REVENUE (113)	$ 4,754,861

* Includes amounts to be transferred for FY15 Budget.
** Payment of $526,859 was received in July 2014. FY14 Circuit Breaker of $770,800 is available in FY15.

Capital Projects Accounts

Balances as of June 30, 2014

FUND DESCRIPTION	FUND BALANCE
FY 10 SEWER IMPROVEMENTS	$ 793,194
POLICE STATION BLDG	$ 535,263
RINK ROOF	$ 476,500
MWRA WATER MAIN REPLACEMENT	$ 370,921
FY 14 STREET AND SIDEWALKS	$ 347,503
DPW RENOVATION	$ 341,844
FY 13 STREET AND SIDEWALKS	$ 315,513
TOWN HALL IMPROVEMENTS	$ 271,698
MWRA SEWER BOND	$ 263,223
FY 13 STREET AND SIDEWALKS LOAN	$ 258,939
TOP TEN TOTAL	$ 3,974,598
ALL OTHERS (38)	$ 1,370,984
TOTAL CAPITAL PROJECTS (48)	$ 5,345,582

Stabilizations, Trusts and Agency Accounts

Balances as of June 30, 2014

FUND DESCRIPTION	BALANCE
CAPTIAL PROJECTS STABILIZATION *	$ 2,007,716
COLLECTIVE BARGAINING STABILIZATION	$ 1,698,920
UNFUNDED PENSION LIABILTY STABILIZATION *	$ 1,258,805
STABILIZATION FUND	$ 1,226,295
OPEB STABILIZATION	$ 1,081,687
CEMETERY PERPETUAL CARE (NON-EXPENDABLE)	$ 939,116
SPED STABILIZATION	$ 790,000
ESCO STABILIZATION *	$ 534,281
UPIT MEMORIAL SCHOLARSHIP (NON-EXPENDABLE)	$ 231,630
SCHOOL GENERAL SCHOLARSHIP	$ 119,360
TOP TEN TOTAL	$ 9,887,810
ALL OTHERS (64)	$ 368,117
TOTAL TRUSTS & AGENCY (74)	$ 10,255,927

* Includes amounts to be transferred for FY15 Budget

FY2015 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 FY2015 Budget Policy Guidelines (Page 1 of 2)
(adopted December 9, 2013)

The following are the top two priorities of the ranked Cost-Savings/Revenues Guidelines and the top four 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. Proceed with a review of the Public Safety study recommendations to determine how to best deliver the level of service citizens want, more efficiently.

- Complete the Comprehensive Plan for the Town dealing with a broad spectrum of issues, including development, zoning, 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.

Town Council FY2015 Budget Policy Guidelines (Page 2 of 2)
(adopted December 9, 2013)

- Work collaboratively with the Watertown Public Schools to develop a comprehensive 5-year education budget that assures sustainable funding for our schools and the successful education of our children.

- Finalize review of recommendations in the Staffing and Operational Assessment of the Public Works Department and implement changes to improve the operational efficiency, flexibility, and capacity of the Department to meet the Town's growing needs to manage contractors, respond to work order requests, oversee development projects, and plan and implement infrastructure improvements. Consider what technology platforms are needed to support the Department.

- 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.

FY2016 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 $2,000,000 annually from FY 2016 through FY 2018.

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 FY2015 amount.

The majority of Local Receipts is projected to remain constant or increase 2.5% annually. Motor vehicle excise is projected at $3,300,000 annually and investment income is projected at $65,000 annually. Other Excise (Hotel) is projected to increase $50,000 in FY 2016 and $300,000 in FY 2017.

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 2018.

Revenue Forecast

Utilization of Free Cash is recommended at a level of $2,000,000 annually through FY 2018, 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 2018.

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

Revenue Forecast

Taxes

TAXES	FY2015	FY2016	FY2017	FY2018
Prior Year Levy Limit	$ 82,314,931	$ 86,488,678	$ 90,650,895	$ 94,917,168
Add 2.5%	$ 2,057,873	$ 2,162,217	$ 2,266,272	$ 2,372,929
New Growth	$ 2,115,874	$ 2,000,000	$ 2,000,000	$ 2,000,000
Adjusted Levy Limit	$ 86,488,678	$ 90,650,895	$ 94,917,168	$ 99,290,097
Overlay	$ (950,000)	$ (1,050,000)	$ (950,000)	$ (950,000)
Debt Exclusion	$ 226,620	$ 176,600	$ 125,204	$ 72,480
NET LEVY LIMIT	$ 85,765,298	$ 89,777,495	$ 94,092,372	$ 98,412,577

Revenue Forecast

State Aid

STATE AID	FY2015	FY2016	FY2017	FY2018
Cherry Sheet Receipts	$ 10,521,919	$ 10,521,919	$ 10,521,919	$ 10,521,919
School Construction Reimbursement	$ 913,208	$ 913,208	$ 913,208	$ 913,208
Total State Aid	$ 11,435,127	$ 11,435,127	$ 11,435,127	$ 11,435,127

Revenue Forecast

Local Receipts (1 of 2)

	FY2015	FY2016	FY2017	FY2018
Motor Vehicle Excise	$ 3,300,000	$ 3,300,000	$ 3,300,000	$ 3,300,000
Other Excise	$ 545,000	$ 595,000	$ 895,000	$ 895,000
Penalties & Interest	$ 250,000	$ 250,000	$ 250,000	$ 250,000
PILOT	$ 895,328	$ 918,970	$ 943,322	$ 968,404
Commercial Trash	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Fees	$ 1,956,000	$ 2,004,900	$ 2,055,023	$ 2,106,398
Rentals	$ 156,218	$ 130,748	$ 130,266	$ 131,908
Cemetery	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Recreation	$ 425,000	$ 425,000	$ 425,000	$ 425,000

Revenue Forecast

Local Receipts (2 of 2)

	FY2015	FY2016	FY2017	FY2018
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	$ 69,124	$ 70,124	$ 71,124	$ 72,124
Grant/Employee Reimbursements	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Advertising Bus Shelters	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Medicaid Reimbursements	$ 326,000	$ 326,000	$ 326,000	$ 326,000
Wheelabrator Service Agreement Incentive	$ 112,800			
Total Local Receipts	$ 9,335,470	$ 9,320,743	$ 9,695,735	$ 9,774,834

Revenue Forecast
Other Financing Sources

Transfer from:	FY2015	FY2016	FY2017	FY2018
Sale of Lots	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Parking Meter	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Cemetery Perpetual Care	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Capital Projects Stabilization	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Unfunded Pension Liability Stabilization	$ 250,000	$ 250,000	$ 250,000	$ 250,000
ESCO Capital Project Stabilization	$ 528,651	$ 525,738	$ 522,038	$ 522,738
Free Cash	$ 1,750,000	$ 1,750,000	$ 1,750,000	$ 1,750,000
Free Cash – SPED		$ 250,000	$ 250,000	$ 250,000
Free Cash - 1 Time Curriculum	$ 250,000			
Overlay Surplus – 1 Time Curriculum	$ 500,000			
Water Fund	$ 1,491,355	$ 1,528,639	$ 1,566,855	$ 1,606,026
Sewer Fund	$ 1,278,821	$ 1,310,792	$ 1,343,561	$ 1,377,150
Total Other Sources	$ 6,923,827	$ 6,490,168	$ 6,557,454	$ 6,630,915

Revenue Forecast Summary

Source	FY2015	FY2016	FY2017	FY2018
Real Estate & Personal Prop. Tax	$ 85,765,298	$ 89,777,495	$ 94,092,372	$ 98,412,577
State Aid	$ 11,435,127	$ 11,435,127	$ 11,435,127	$ 11,435,127
Local Receipts	$ 9,335,470	$ 9,320,743	$ 9,695,735	$ 9,774,834
Other Financing Sources	$ 6,923,827	$ 6,490,168	$ 6,557,454	$ 6,630,915
Total Revenue	$113,459,722	$117,023,533	$121,780,688	$ 126,253,453

FY2015 Budget amounts includes Proposed FY2015 Budget Amendment of $109,722.

Expenditure Forecast

Assumptions:

Departmental expenditures are projected to increase $742,740,(2.5%) in FY 2016, $761,307 (2.5%) in FY 2017 and $780,341 (2.5%) in FY 2018.

The Education appropriation is projected to increase $1,961,600 (5%) in FY 2016, $2,059,680 (5%) in FY 2017 and $2,162,664 (5%) in FY 2018.

Snow and Ice Removal is projected at $1,165,000 through FY 2018 which is the current eight year average expenditure level.

The Waste Disposal appropriation is projected to increase 2.5% annually from FY 2015 through FY 2018 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 from FY 2016 through FY 2018 while utilizing an annual $250,000 appropriation from the Unfunded Pension Liability Stabilization Fund. The Watertown Contributory Retirement Board adopted a Funding Schedule which has been approved by the Public Employee Retirement Administration Commission that has the Retirement System fully funded in FY 2019.

Expenditure Forecast

Health Insurance costs, included within Insurance & Employee Benefits, are projected to increase 5% annually from FY 2016 through FY 2018.

Debt figures are from current and projected future debt as listed in the FY 2015-2019 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 2015-2019 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 2018.

Expenditure Forecast

Departmental Expenditures

Source	FY2015	FY2016	FY2017	FY2018
General Government	$ 4,672,390	$ 4,789,200	$ 4,908,930	$ 5,031,653
Public Safety *	$ 16,024,270	$ 16,424,877	$ 16,835,499	$ 17,256,386
Public Works	$ 4,857,097	$ 4,978,524	$ 5,102,988	$ 5,230,562
Snow & Ice Removal	$ 1,165,000	$ 1,165,000	$ 1,165,000	$ 1,165,000
Waste Disposal	$ 3,008,335	$ 3,083,543	$ 3,160,632	$ 3,239,648
Health & Human Services	$ 1,036,417	$ 1,062,327	$ 1,088,886	$ 1,116,108
Library	$ 2,487,922	$ 2,550,120	$ 2,613,873	$ 2,679,220
Recreation	$ 631,476	$ 647,263	$ 663,444	$ 680,031
Education	$ 39,232,000	$ 41,193,600	$ 43,253,280	$ 45,415,944
TOTALS	$ 73,114,907	$ 75,894,455	$ 78,792,531	$ 81,814,552

FY2015 Public Safety appropriation includes $352,291 for a Proposed Fiscal Year 2010-2013 Collective Bargaining Agreement with the Firefighter's Association.

Expenditure Forecast

FY 2015 Education Appropriation

(Included for background informational purposes)

On April 7, 2014, the Honorable School Committee held the required Public Hearing on the Fiscal Year 2015 Education Budget and subsequent to that hearing adopted a Proposed Fiscal Year 2015 Education Budget of $42,861,507, which is an increase of 16.87% and $6,186,507 over the Fiscal Year 2014 appropriation of $36,675,000.

The School Administration had indicated the proposed $6,186,507 increase is broken down as follows:

New Staffing:	$2,828,271
Existing Contractual Obligations:	$1,979,558
New Goods & Services:	$1,378,678
Total:	$6,186,507

Expenditure Forecast

FY 2015 Education Appropriation

(Included for background informational purposes)

Subsequent to the School Committee's April 7th vote, I met with the Superintendent of Schools and we reviewed the budget implications related to health insurance & related benefits for the proposed new positions included in the School Committee's Proposed Budget. Subsequent to that discussion, it was determined an additional $341,000 would be needed for health insurance & related benefits, bringing the Proposed Fiscal Year 2015 increase to $6,527,507, which was a proposed 17.80% increase.

On May 13, 2014, the Honorable Town Council adopted a Proposed Amendment to the Fiscal Year 2014 Budget totaling $1,000,000 with $790,000 being appropriated for an initial transfer of funds to the Proposed Special Education Stabilization Fund; and $210,000 being appropriated for One Time Curriculum Initiatives.

The Submitted Fiscal Year 2015 Budget includes funding of an additional $750,000 in One Time Curriculum Initiatives, bringing the total to $960,000 for One Time Curriculum Initiatives.

Expenditure Forecast

FY 2015 Education Appropriation

(Included for background informational purposes)

The adopted funding level for the Fiscal Year 2015 Education appropriation is $39,232,000, which is an increase of $2,557,000 over the Fiscal Year 2014 Education appropriation.

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

FY15 Education Appropriation	$ 39,232,000		
FY14 Education Appropriation	$ 36,675,000		
Increase in the Education Appropriation		$ 2,557,000	6.97%
FY15 One Time Curriculum		$ 750,000	2.04%
FY14 One Time Curriculum		$ 210,000	0.57%
Total Increase in Education Spending		$ 3,517,000	9.59%

The above total does not include the $790,000 for the SPED Stabilization Fund; and $350,000 for Special Education from the Commonwealth's Fiscal Year 2015 Budget.

Expenditure Forecast

FY 2015 Education Appropriation

(Included for background informational purposes)

Source	FY2015	FY2016	FY2017	FY2018
Education*	$ 39,232,000	$ 41,193,600	$ 43,253,280	$ 45,415,944

As indicated earlier in this presentation, the Expenditure Forecast included within the Submitted Fiscal Year 2015 Budget document has Departmental Expenditures projected to increase 2.5% annually from Fiscal Year 2016 through Fiscal Year 2018. The Education appropriation is projected to increase 5.0% annually from Fiscal Year 2016 through Fiscal Year 2018.

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.

We look forward to continue working 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 $1,961,600 (5%) in FY 2016, $2,059,680 (5%) in FY 2017 and $2,162,664 (5%) in FY 2018.

Expenditure Forecast

Source	FY2015	FY2016	FY2017	FY2018
State & County Charges	$ 2,435,346	$ 2,501,475	$ 2,569,401	$ 2,639,174
Pension Costs*	$ 12,309,391	$ 13,861,233	$ 15,408,243	$ 16,955,253
Insurance & Employee Benefits	$ 13,859,690	$ 14,519,025	$ 15,210,874	$ 15,936,850

- As of January 1, 2014, the Unfunded Pension Liability is $52,998,247.
- Projected Retirement appropriations are: FY2019 $17,713,378 and FY2020 $2,077,508.
- As of July 1, 2013, the Unfunded OPEB Liability is estimate to be $163,903,670.

Expenditure Forecast

Debt and Interest

Source	FY2015	FY2016	FY2017	FY2018
Permanent Debt/Interest	$ 5,639,112	$ 5,259,696	$ 4,731,145	$ 4,431,734
ESCO (Permanent)	$ 528,651	$ 525,738	$ 522,038	$ 522,738
Streets & Sidewalks (Authorized)	$ 625,000	$ 600,000	$ 575,000	$ 550,000
Streets & Sidewalks (Planned)		$ 625,000	$ 1,225,000	$ 1,800,000
Other (Planned)	$ 507,415	$ 1,295,475	$ 1,928,990	$ 2,339,411
Cost of Certifying Bonds	$ 30,000	$ 30,000	$ 30,000	$ 30,000
TOTALS	$ 7,330,178	$ 8,335,909	$ 9,012,173	$ 9,673,883

Expenditure Forecast

Capital Projects

Source	FY2015	FY2016	FY2017	FY2018
Town - Recreation	$ 200,000	$ 200,000	$ 250,000	$ 275,000
Town Monument Restoration	$ 10,000	$ 10,000	$ 10,000	$ 10,000
School Capital Projects	$ 459,500	$ 469,200	$ 485,000	$ 488,700
Street & Sidewalk Improvements	$ 831,753	$ 873,341	$ 917,008	$ 962,858
TOTALS	$ 1,501,253	$ 1,552,541	$ 1,662,008	$ 1,736,558

Expenditure Forecast

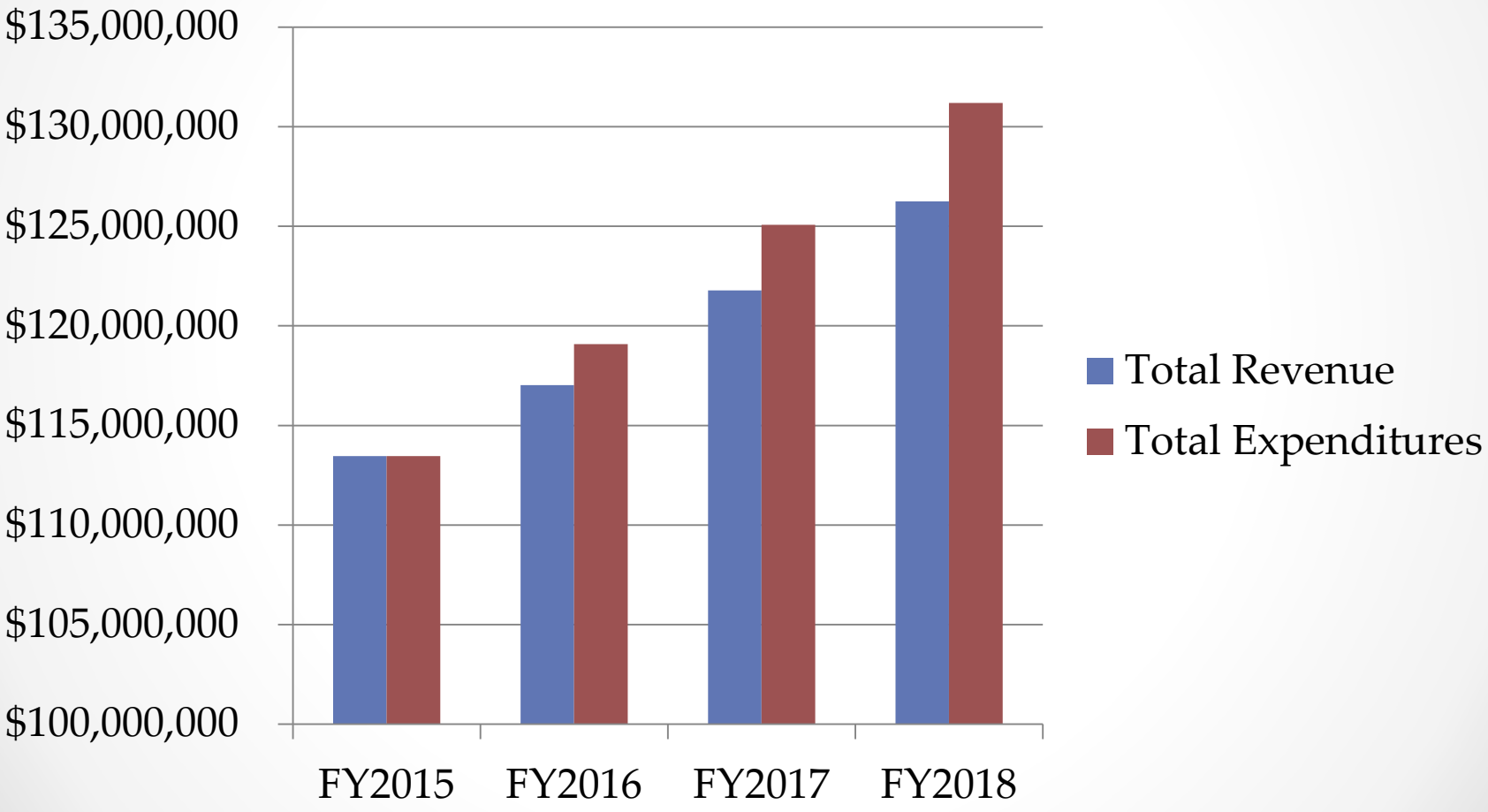
Source	FY2015	FY2016	FY2017	FY2018
Departmental	$ 73,114,907	$ 75,894,455	$ 78,792,531	$ 81,814,552
State Assessments	$ 2,435,346	$ 2,501,475	$ 2,569,401	$ 2,639,174
Pension Costs	$ 12,309,391	$ 13,861,233	$ 15,408,243	$ 16,955,253
Insurance	$ 13,859,690	$ 14,519,025	$ 15,210,874	$ 15,936,850
Debt & Interest	$ 7,330,178	$ 8,335,909	$ 9,012,173	$ 9,673,883
Capital Projects	$ 1,501,253	$ 1,552,541	$ 1,662,008	$ 1,736,558
Other Financing Uses & Misc.	$ 2,908,957	$ 2,417,531	$ 2,425,714	$ 2,433,455
Total Expenditures	$113,459,722	$ 119,082,169	$125,080,944	$ 131,189,724

FY2015 Budget amounts include Proposed FY2015 Budget Amendment of $109,722.

Forecast Summary

	FY2015	FY2016	FY2017	FY2018
Total Revenue	$113,459,722	$117,023,533	$121,780,688	$126,253,453
Total Expenditures	$113,459,722	$ 119,082,169	$125,080,944	$ 131,189,724
Projected Surplus/(Deficits)		($2,058,636)	($3,300,256)	($4,936,271)
Prior Year Balance Budget			$ 2,058,636	$ 3,300,256
Remaining Surplus/(Deficit)		$ (2,058,636)	$ (1,241,620)	$ (1,636,015)

Forecast Summary



Forecast Comparison

	Projected 4/29/14 FY2016 Budget	Projected 10/28/2014 FY2016 Budget	Variance
Revenue:			
Taxes	$89,658,724	$89,777,495	$118,771
State Aid	$11,441,279	$11,435,127	($6,152)
Local Receipts	$9,320,743	$9,320,743	
Other Financing Sources	$6,490,168	$6,490,168	
Total Revenue	$116,910,914	$117,023,533	$112,619
Expenditures:			
Education Appropriation	$40,889,100	$41,193,600	$304,500
Town Depts. Approp.	$30,154,211	$30,452,312	$298,101
Waste Disposal	$3,098,585	$3,083,543	($15,042)
Snow & Ice Removal	$1,165,000	$1,165,000	
State Assessments	$2,458,143	$2,501,475	$43,332
Pension Costs	$13,861,233	$13,861,233	
Insurance & Employee Benefits	$14,618,512	$14,519,025	($99,487)
Debt and Interest	$8,335,909	$8,335,909	
Capital Projects & OFU	$4,289,346	$3,970,072	($319,274)
Total Expenditures	$118,870,039	$119,082,169	$212,130
Projected Surplus/(Deficit)	($1,959,125)	($2,058,636)	($99,511)

Projected Comparison

	FY2015	FY2016	Variance
Taxes	$85,765,298	$89,777,495	$4,012,197
State Aid	$11,435,127	$11,435,127	
Local Receipts	$9,335,470	$9,320,743	($14,727)
Other Financing Sources	$6,923,827	$6,490,168	($433,659)
Total Revenue	$113,459,722	$117,023,533	$3,563,811
Education Appropriation	$39,232,000	$41,193,600	$1,961,600
Town Depts. Approp.	$29,709,572	$30,452,312	$742,740
Waste Disposal	$3,008,335	$3,083,543	$75,208
Snow & Ice Removal	$1,165,000	$1,165,000	
State Assessments	$2,435,346	$2,501,475	$66,129
Pension Costs	$12,309,391	$13,861,233	$1,551,842
Insurance & Employee Benefits	$13,859,690	$14,519,025	$659,335
Debt and Interest	$7,330,178	$8,335,909	$1,005,731
Capital Projects & OFU	$4,410,210	$3,970,072	($440,138)
Total Expenditures	$113,459,722	$119,082,169	$5,622,447
Projected Surplus/(Deficit)		($2,058,636)	($2,058,636)
Projected Surplus/(Deficit) No Departmental Growth		$645,704	$645,704

FY2015 Budget amounts include Proposed FY2015 Budget Amendment of $109,722.

FY2015 Budget Issues & Beyond

- ESCO
  - Measurement & Verification
- Comprehensive Plan Implementation
- Collective Bargaining
  - Fire Union Arbitration (FY2010-2013)
  - Four (4) of Six (6) Town Unions (FY2014-2016)
- School System Items
  - Third Party Review
  - SPED Stabilization Fund Utilization Protocols
  - Three (3) of Six (6) School Unions (FY2015-2016)
  - Curriculum Initiatives Funding
  - Building Construction/Renovations (MSBA)
- Public Safety
  - Upgrade Ambulance Service to ALS
  - COPS Hiring Program
- Park Improvements
  - Victory Field Phase 2
  - Grove Street End/Filippello Park
- Building Improvements
  - Fire Stations
  - Library
  - Administration Building
- Street & Sidewalk Improvements
  - Five (5) Loan Orders at $2.5M (FY2015-2019)
  - 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
  - Town's Organizational Structure
  - Management Letter & Munis Payroll Project
- Town Council Budget Guidelines/Conceptual Recommendations
  - Examine Changes in Staffing and/or Processes regarding Enforcement of Non-criminal Ordinances & Regulations
  - Replacement of Residential/Commercial Water Meters
  - Funding Options for Stormwater Infrastructure Improvement
  - Recreation & Skating Arena Reorganization Plan
- Re-use of Town Buildings
- Snow & Ice Removal

FY2016 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

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