



# **FISCAL YEAR 2014 OPERATING BUDGET**

January 28, 2012

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Town Manager

# Fiscal Uncertainty

- Unresolved Federal Budget: may result in funding reductions to the Commonwealth of Massachusetts.
- Uncertain Outcome of the Governor's Tax/Revenue Proposals: may result in less local aid to the cities and towns than the Governor's proposed State budget.

# Level-Services Town Budget

- No increase in General Government staffing;
- 3% increase for Chelmsford Public Schools;
- Fund Nashoba Tech Assessment (to be released on 2/1/13);
- Meet fixed cost increases such as retirement assessment, estimated health insurance rate increase, and increased energy costs;

# Proposed Budgetary Increases

- Chelmsford Public Schools: 1,434,741
- Nashoba Tech (estimated): 150,000
- Health Insurance: 225,000
- Middlesex Cnty Retirement: 181,549
- State Assessments: 95,270
- Trash Collection & Disposal: 81,000
- Veterans Benefits: 50,000
- Triennial Property Revaluation: 50,000

# FY14 Expenditure Increases

Budget proposal amounts to \$2,645,778 increase (2.45%)

		<u>%Chg.</u>
• General Government:	\$ 149,145	5.8%
• Chelmsford Public Schools:	<b>\$1,434,741</b>	3.0%
• Nashoba Valley Tech:	<b>\$ 150,000</b>	7.3%
• Public Safety:	<b>\$ 269,207</b>	2.5%
• Public Works:	<b>\$ 222,384</b>	3.8%
• Municipal Facilities:	\$ (20,879)	(1.7)%
• Cemetery Commission:	\$ 6,472	2.2%
• Community Services:	\$ 69,720	8.1%
• Library:	\$ 35,603	2.1%
• Benefits & Insurance:	<b>\$ 349,549</b>	2.0%
• Debt Service:	<b>\$ (114,700)</b>	(0.9)%
• State Assessments & Overlay:	<u>\$ 94,536</u>	2.7%
Total:	\$ 2,645,778	

# 5 Fiscal Year Expenditure Comparison

	<u>FY09</u>	<u>FY14</u>	<u>\$ Change</u>	<u>%Change</u>
Municipal Admin.	\$2.22M	\$2.72M	\$.52M	23.42%
Chelmsford Schools	\$42.71M	\$49.26M	<b>\$6.55M</b>	15.34%
Nashoba Tech	\$1.62M	\$2.19M	\$.57M	35.18%
Public Safety	\$9.34M	\$11.18M	<b>\$1.84M</b>	19.70%
DPW	\$6.00M	\$6.13M	\$.13M	2.17%
Munic. Facilities	\$1.07M	\$1.24M	\$.17M	1.59%
Cemetery	\$.27M	\$.30M	\$.03M	1.11%
Community Services	\$.71M	\$.93M	\$.22M	30.99%
Library	\$1.47M	\$1.70M	\$.23M	15.65%
Benefits & Insurance	\$16.01M	\$17.93M	<b>\$1.92M</b>	11.99%
Debt Service	\$11.62M	\$13.18M	<b>\$1.56M</b>	13.43%
State Amts/Overlay	\$2.12M	\$3.64M	\$1.52M	71.70%

# Available FY14 Revenue Sources

- Property Tax:
  - Allowed 2 ½% Increase: 1,895,415
  - Projected New Growth: 1,000,000
- State Aid (Estimate 1.51%): 227,230
- Local Receipts (2.81%): 225,000

# Property Tax

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>
Base Levy	62,458,272	64,896,085	67,396,899	70,009,328	72,684,916	75,816,615
2 1/2% Increase	1,561,457	1,622,402	1,684,922	1,750,233	1,817,123	<b>1,895,415</b>
New Growth	<u>876,356</u>	<u>878,412</u>	<u>927,507</u>	<u>925,355</u>	<u>1,314,576</u>	<b>1,000,000</b>
Total Base Levy	64,896,085	67,396,899	70,009,328	72,684,916	75,816,615	78,712,030
Annual Increase	2,437,813	2,500,814	2,612,429	2,675,588	3,131,699	<b>2,895,415</b>

Estimated available new levy capacity from property tax is \$2,895,415



# Property Tax Allocation

<u>Fiscal Year</u>	<u>Residential % of Tax Levy</u>	<u>Commercial % of Tax Levy</u>
<b>2008</b>	<b>81.53%</b>	<b>18.47%</b>
2009	80.51%	19.49%
2010	80.42%	19.58%
2011	80.04%	19.96%
2012	80.45%	19.55%
<b>2013</b>	<b>80.47%</b>	<b>19.53%</b>

# Average Single Family Property Tax Bill

<u>Fiscal</u> <u>Year</u>	<u>Average</u> <u>Value</u>	<u>Tax</u> <u>Rate</u>	<u>Family</u> <u>Tax Bill</u>	<u>State</u> <u>Rank</u>
2003	280,991	14.05	3,948	61
2004	320,799	13.13	4,212	60
2005	331,102	13.49	4,467	63
2006	357,329	13.12	4,688	63
2007	396,327	12.53	4,966	61
2008	378,123	13.50	5,105	62
2009	360,280	14.07	5,069	73
2010	347,659	15.15	5,267	67
2011	324,573	16.72	5,427	70
2012	323,234	17.49	5,653	70
2013	323,052	17.95	5,799	70
5-year est. increase = \$694 (13.59%)				

Chelmsford's state-wide rank has improved for the Average Single Family Residential Tax Bill.

# Property Tax Increase Analysis

A compounded 2.5% increase in the FY08 \$4,966 average single-family property tax bill over the past 5 fiscal years would equal \$5,776 in FY13.

This amount is only \$23 less than the actual FY13 single-family bill of \$5,799.

# Excluded Debt Service

FY09:	\$6,464,744
FY10:	\$6,163,016
FY11:	\$6,393,028
FY12:	\$6,295,643
FY13:	\$5,720,668
FY14:	\$5,631,709

**Decrease of \$88,959 in FY14**

# State Aid

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATED</u>
Chapter 70	8,440,095	9,243,365	9,828,091	9,880,853	10,089,893	10,218,568
Charter Tuition Reimb.	361,911	469,836	356,111	191,775	183,385	212,691
School Lunch	17,845	20,201	14,482	16,208	15,726	14,638
School Choice Tuition			15,000	75,074	135,979	152,479
Lottery	3,413,096					
Additional Assistance	2,288,283					
Gen. Government Aid		4,471,873	4,292,998	3,982,596	4,292,998	4,292,998
<b>Annual Formula Local Aid</b>						113,354
Police Career Incentive	183,002	35,589	17,786	0	0	0
Veterans Benefits	57,598	51,553	68,099	74,543	89,564	143,666
Exemptions: Vets, Blinc	155,128	156,662	195,794	205,707	204,504	205,301
Exemptions: Elderly	40,672					
State Owned Land	19,073	17,183	5,198	5,383	5,385	5,389
Libraries	<u>58,134</u>	<u>43,169</u>	<u>43,734</u>	<u>40,674</u>	<u>41,174</u>	<u>40,108</u>
Total	15,034,837	14,509,431	14,837,293	14,472,813	15,058,608	15,399,192

**\$227K (1.50%) Increase w/o Annual Formula Local Aid**

# Local Receipts

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATED</u>
Motor Vehicle Excise	4,151,866	3,891,862	4,118,411	4,079,907	4,080,000	4,250,000
Interest on Late Taxes	276,443	409,608	511,944	505,543	400,000	375,000
Payments in Lieu of Taxes		40,000	40,600	53,410	0	41,500
Meals Tax - Local		225,714	453,533	474,421	475,000	495,000
Fees	222,517	293,006	305,740	332,483	300,000	315,000
Rental Income	72,865	67,859	66,433	57,640	65,000	65,000
Dept Revenue - Schools	7,236	8,387	585	165	500	200
Dept Revenue - Cemetery	104,240	102,070	121,890	129,780	125,000	125,000
Dept Revenue - Other	181,653	180,805	236,489	261,220	185,000	200,000
Alcohol Licenses	94,741	91,395	96,190	92,060	95,000	95,000
Other Licenses	86,900	71,213	65,950	78,900	70,000	70,000
Permits	488,493	600,806	620,122	754,596	655,000	600,000
Fines & Forfeits	219,301	192,729	208,494	223,244	210,000	210,000
Interest on Investments	515,184	395,922	259,232	443,807	260,000	260,000
Miscellaneous/Medicare	635,311	697,114	545,363	607,169	277,025	277,025
Hotel Tax	331,279	360,583	436,694	453,690	450,000	495,000
LRTA	38,364	33,933	38,523	32,234	32,000	32,000
Misc. Non-Recurring	<u>354,291</u>	<u>442,946</u>	<u>812,690</u>	<u>632,359</u>	<u>320,475</u>	<u>319,275</u>
Total	7,780,684	8,105,952	8,938,883	9,212,628	8,000,000	8,225,000
					<b>225,000</b>	
					<b>2.81%</b>	

# Motor Vehicle Excise Tax January Commitment History

<u>Year</u>	<u>Commitment</u>	<u># Bills</u>	<u>Average Bill</u>
<b>2013</b>	<b>\$3,319,471</b>	<b>30,909</b>	<b>\$107.39</b>
<b>2012</b>	<b>\$3,154,624</b>	<b>30,670</b>	<b>\$102.86</b>
<b>2011</b>	<b>\$3,068,454</b>	<b>30,378</b>	<b>\$101.01</b>
<b>2010</b>	<b>\$3,007,370</b>	<b>30,281</b>	<b>\$99.32</b>
<b>2009</b>	<b>\$2,843,571*</b>	<b>27,847*</b>	<b>\$102.11*</b>

\*The RMV erroneously omitted certain vehicle classes from Commitment 2009.

# Available Funds

		<u>Change</u>
• Wetlands Protection Act Funding:	\$6,000	\$0
• Sewer Betterments:	\$2,425,284	(\$6,089)
• Center School Construction Reimbursement:	\$379,215	\$0
• Sewer User Fees (offset):	\$501,671*	\$18,962
• Childcare Revolving Fund:	\$131,256*	\$6,250

\*6% projected increase for health insurance premiums => FY14

**Estimated Total Change of \$19,123**



# 5 Fiscal Year Revenue Comparison

	<u>FY09</u>	<u>FY14</u>
Property Tax	\$71,360,829 (74.08%)	\$84,343,739 (75.78%)
State Aid	\$15,034,837 (15.61%)	\$15,285,838 (13.73%)
Local Receipts	\$7,780,684 (8.08%)	\$8,225,000 (7.39%)
Available Funds	<u>\$2,158,809</u> (2.24%)	<u>\$3,443,426</u> (3.09%)
Total	\$96,335,159	\$111,298,003

Chapter 70 funding: \$8,440,095 in FY09; \$10,218,568 in FY14;  
increase of \$1,778,473 (21.07%);

Gen Govt. Aid: \$5,701,379 in FY09; \$4,292,998 in FY14;  
decrease of **\$1,408,381 (24.70%)**

# Budget Summary

- Proposed level-service budget expenditures are \$500,000 below the projected Proposition 2 ½ levy limit;
- State aid is uncertain;
- Collective bargaining agreements have not been negotiated/funded.

# Capital Funding History

- Town's annual \$2.5 capital expenditure plan funding level has remained unchanged since FY2002.
- Actual purchasing power has declined over past decade.
- Capital Plan now accounts for a smaller % of Town's Operating Budget.

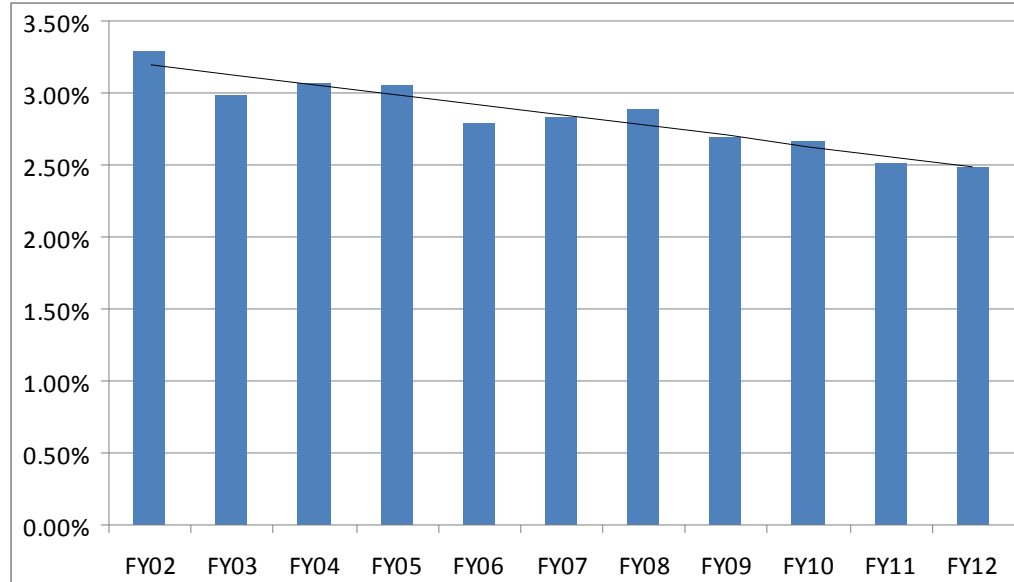
FY2002: Capital = 3.29% Budget

FY2012: Capital = 2.49% Budget

# Capital Funding History FY2002 – FY2012

<b>Fiscal</b>		<b>Total Oper.</b>	
<b>Year</b>	<b>CIP Funding</b>	<b>Budget</b>	<b>CIP as %</b>
2002	\$ 2,442,500	\$ 74,288,287	3.29%
2003	\$ 2,271,000	\$ 75,945,015	2.99%
2004	\$ 2,533,100	\$ 82,620,598	3.07%
2005	\$ 2,585,000	\$ 84,466,339	3.06%
2006	\$ 2,442,200	\$ 87,394,101	2.79%
2007	\$ 2,503,141	\$ 88,504,340	2.83%
2008	\$ 2,747,600	\$ 94,944,821	2.89%
2009	\$ 2,560,553	\$ 94,960,791	2.70%
2010	\$ 2,568,500	\$ 96,500,012	2.66%
2011	\$ 2,522,000	\$ 100,313,302	2.51%
2012	\$ 2,605,000	\$ 104,826,387	2.49%

# Capital Plan as a Percentage of Operating Budget



# FY14 Capital Plan

Proposed Funding Level:	\$3,353,545
Unexpended Borrowing:	<u>(\$354,737)</u>
	<b>\$2,998,808</b>

# FY14 Capital Plan

Municipal Technology	\$90,000
GIS-Based Permit Software	\$85,000
Fire Engine	\$ 460,000
Public Works Infrastructure	\$550,000
Cemetery Tractor/Backhoe	\$25,000
Municipal Facilities	\$300,000
School Facilities	\$1,193,545
School Technology	<u>\$650,000</u>
Total:	\$3,353,545
Less: Recaptured Funds	<u>(\$354,737)</u>
<b>Net Amount Borrowed:</b>	<b>\$2,998,808</b>

# Non-Excluded Debt Service

Fiscal Year 2013: \$5,139,442

Fiscal Year 2014: \$5,119,790

Change: **(\$19,652)**