

Budgeting for Today and Tomorrow

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Information to be covered

Introduction

Part 1 Municipal Budget Development

Part 2 Available Funds (Free Cash)

Part 3 Establishing the Tax Rate

**Part 4 Wilmington Relative to Other Middlesex/Essex County
Communities**

Part 5 Possible Source(s) of Budget Cuts

Part 6 Successes in Controlling Costs

Part 7 Discussion



Part 1 Municipal Budget Development

How is the Town's budget created?

Operating Budget:

- Budgets developed in November; reviewed/revised December/early January;
- Conservative estimates for expenses 7 to 18 months into the future;
- Existing expenditures reviewed as to continued need;
- Proposed new expenditures seriously vetted (are there other ways to achieve the same results?).

Capital Budget:

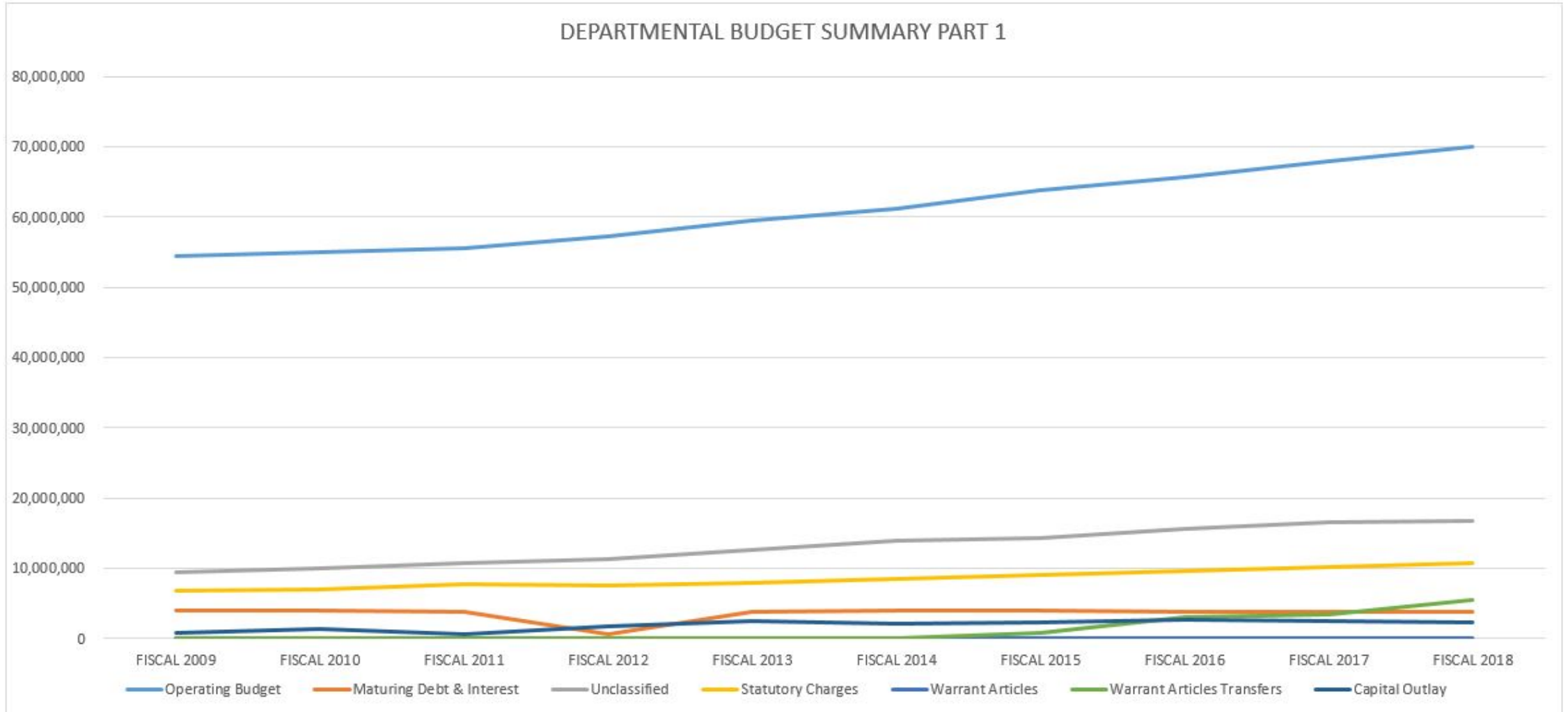
- Budgets developed in October; reviewed/revised in October/early November;
- Focus on 5-year time horizon for non-facility and longer term for facility improvements;
- Projects individually evaluated regarding importance and timing; and
- Determine items that become warrant articles.

Revenue:

- Tax Levy – real estate, personal property, new growth, debt exclusion;
- Local Receipts – motor vehicle excise, meals tax, payment in lieu of taxes, ambulance receipts; and
- Local Aid – Chapter 70 Education, Unrestricted Government Aid, Veterans Benefits, Exemptions.

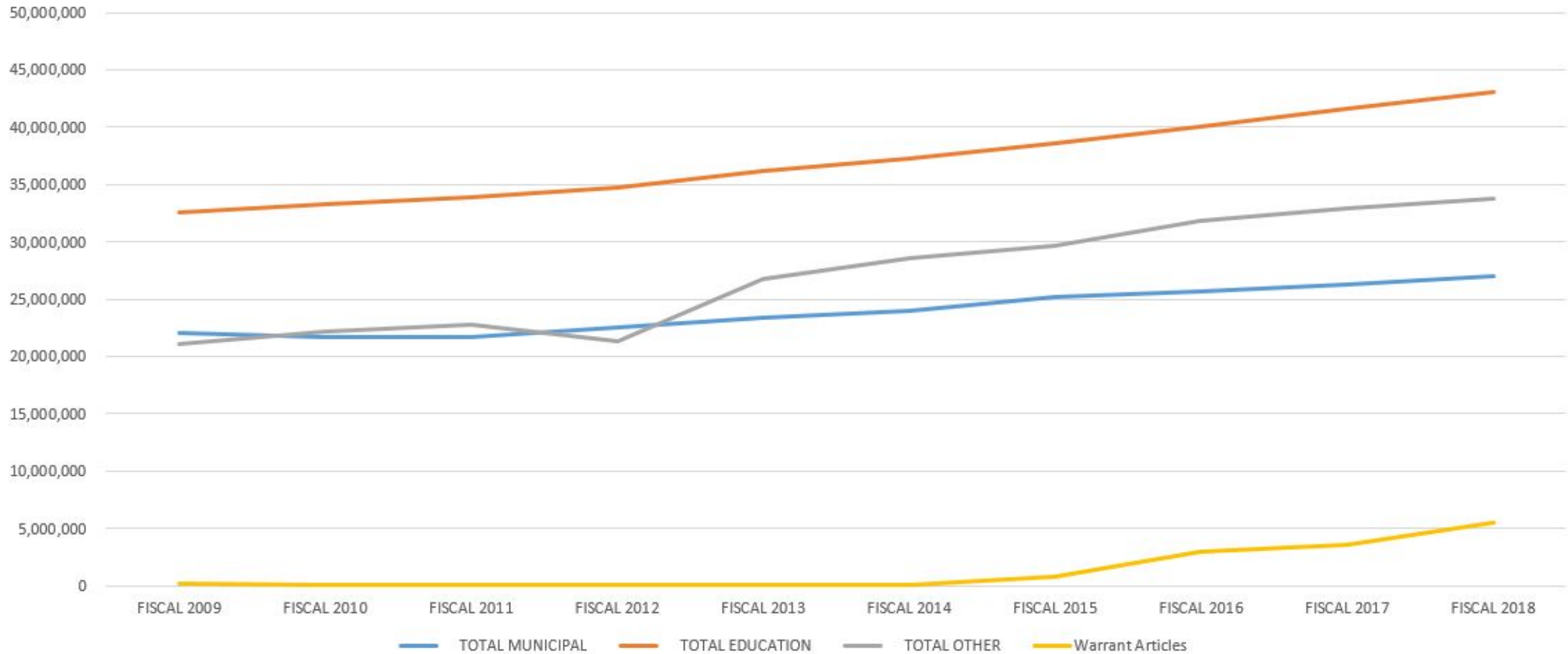


Part 1 Municipal Budget Development



Part 1 Municipal Budget Development

DEPARTMENTAL BUDGET SUMMARY PART 2



Part 2 Available Funds (Free Cash)

What is it?

- Unrestricted available funds;
- Total revenue collected exceeds total expenditures including some liabilities = Free Cash;
- Certified by the Department of Revenue at close of fiscal year; and
- Available for appropriation.

Where does it come from?

- Positive budget balances;
- New growth exceeds projections; and
- Other revenues exceed projections (Local Aid, Meal Tax, etc.).

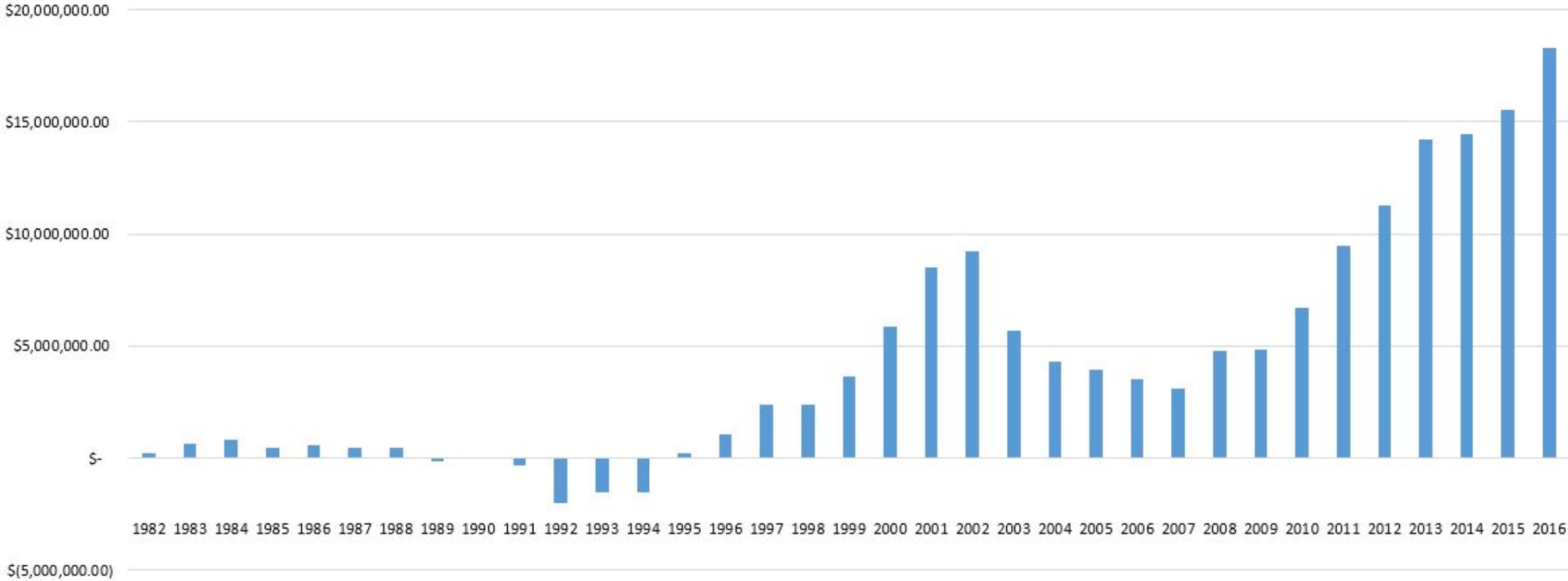
How should it be used?

- For One-Time, non-reoccurring expenditures (i.e. purchase of land, capital expenditures);
- For transfer to stabilization accounts;
- For retirement of debt;
- For temporary assistance in economic downturns; and
- Not for long-term support of operating budgets.



Part 2 Available Funds (Free Cash)

Free Cash from 1982 - 2016



Part 2 Available Funds (Free Cash)

SIGNIFICANT RESERVES AND LIABILITIES

RESERVES

• FREE CASH FISCAL YEAR 2016	\$ 15,299,491*
• CAPITAL STABILIZATION FUND FISCAL YEAR 2018	\$ 6,392,223
• OTHER POST EMPLOYMENT BENEFITS (OPEB) FISCAL YEAR 2018	\$ 3,973,650
• RETIREMENT STABILIZATION FUND FISCAL YEAR 2018	\$ 1,766,756

LIABILITIES

• OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITIES UNFUNDED as of January 1, 2015	\$119,436,842
• RETIREMENT UNFUNDED LIABILITY	\$ 78,674,503
• CAPITAL IMPROVEMENT PLAN	\$ 27,962,700
• FACILITIES MASTER PLAN – PRELIMINARY	\$100,000,000 plus

*\$18,299,491 certified 06/30/2016 - \$3,000,000 transferred to stabilization fund and retirement.



Part 2 Available Funds (Free Cash)

Why the big reserves?

- Long term obligations (OPEB, Pension);
- Offsetting some impact from future capital borrowing costs.



Part 3 Establishing the Tax Rate

How are taxes set?

- Prop 2 ½ Overview;
- Assessed Values/Trends;
- New Growth; and
- Split Tax rate/ Shift of Burden.



Part 3 Establishing the Tax Rate

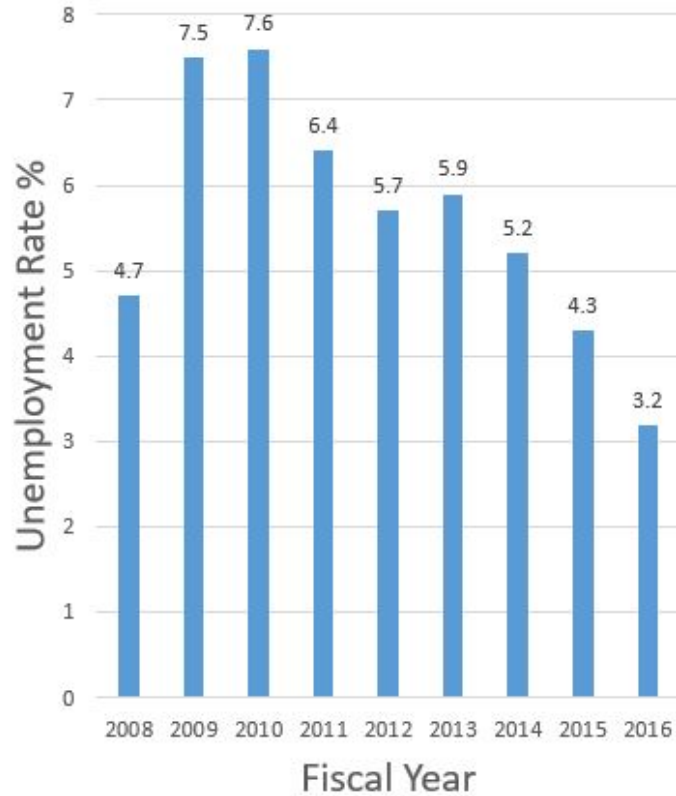
Calculating the Tax Levy

TAX LEVY COMPARISON		
FY 2016 - FY 2017		
LEVY LIMIT CALCULATION		
	Actual FY 2016	Actual FY 2017
Prior Yrs Levy Limit	66,056,442	69,555,446
2.5% Increase	1,651,411	1,738,886
New Growth	1,847,593	1,973,150
Override	0	0
Levy Limit -(Net of Debt Exclusion)	69,555,446	73,267,482
Debt Exclusion (see below)	3,239,903	3,168,903
Max Allowable Levy	72,795,349	76,436,385
DE as % of Levy	0.0445	0.0415
DEBT EXCLUSION CALCULATION		
Wilmington High School Debt	3,347,400	3,276,400
Premium	107,497	107,497
Total	3,239,903	3,168,903

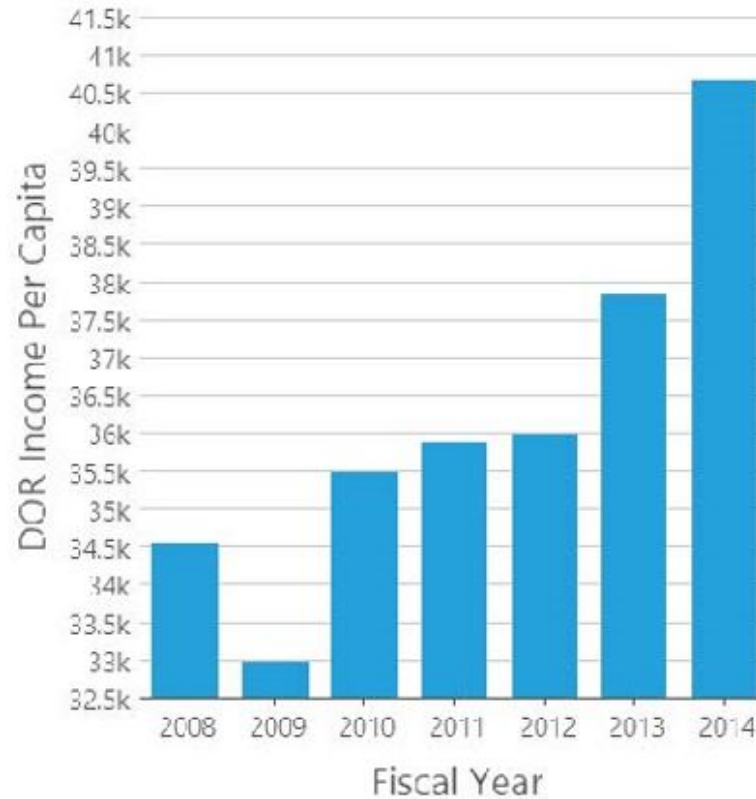


Part 3 Establishing the Tax Rate

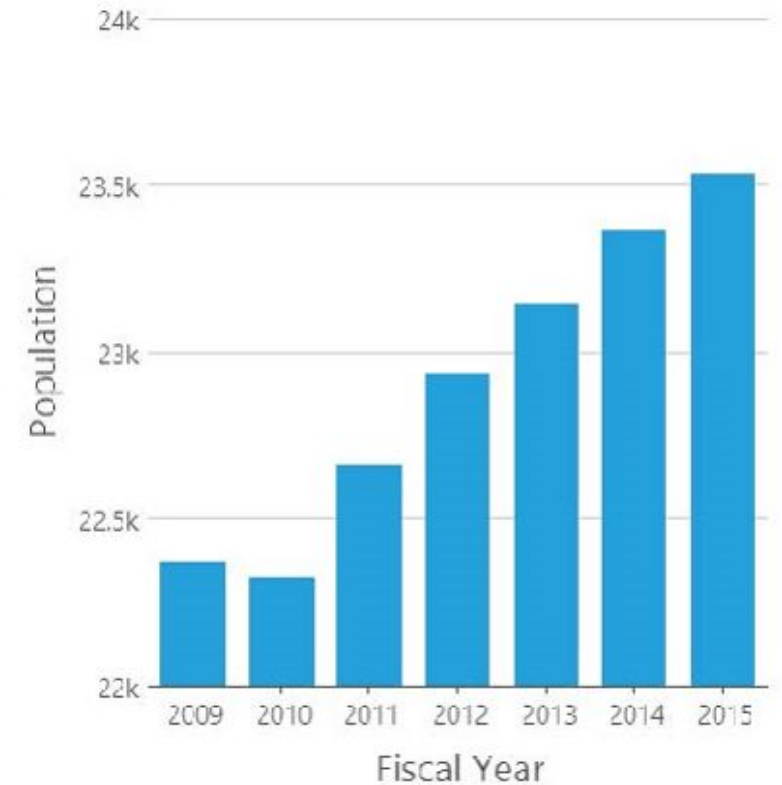
Wilmington Unemployment Rate



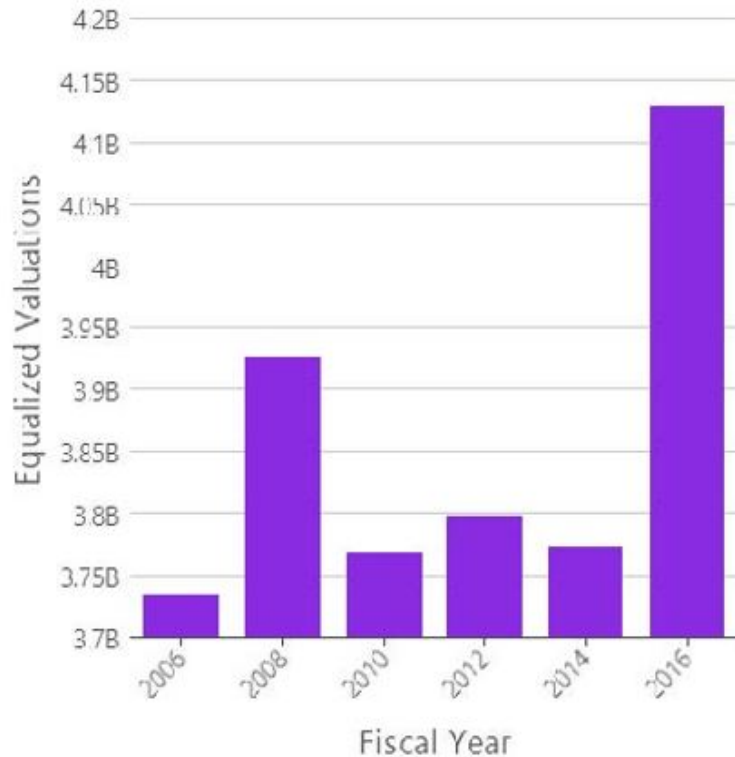
Wilmington Income per Capita
2008-2014



Population Trends 2009-2015



Part 3 Establishing the Tax Rate



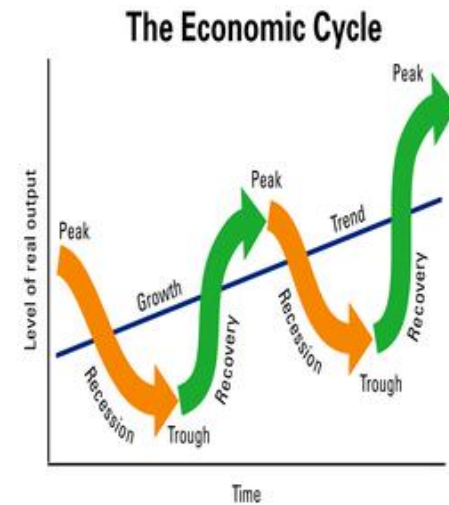
EQV - Equalized Valuation Program

- Department of Revenue – Div. of Local Services - Bureau of Local Assessment
- Equalized Valuation Program (EQV) every 2 years
- Represents the full and fair cash value of all taxable property for each municipality as of January 1st.
- 2016 based upon calendar 2014 Sales, 1/1/2015 Assessment date
- 2006 values based upon 2004 sales as of 1/1/2005 assessment date



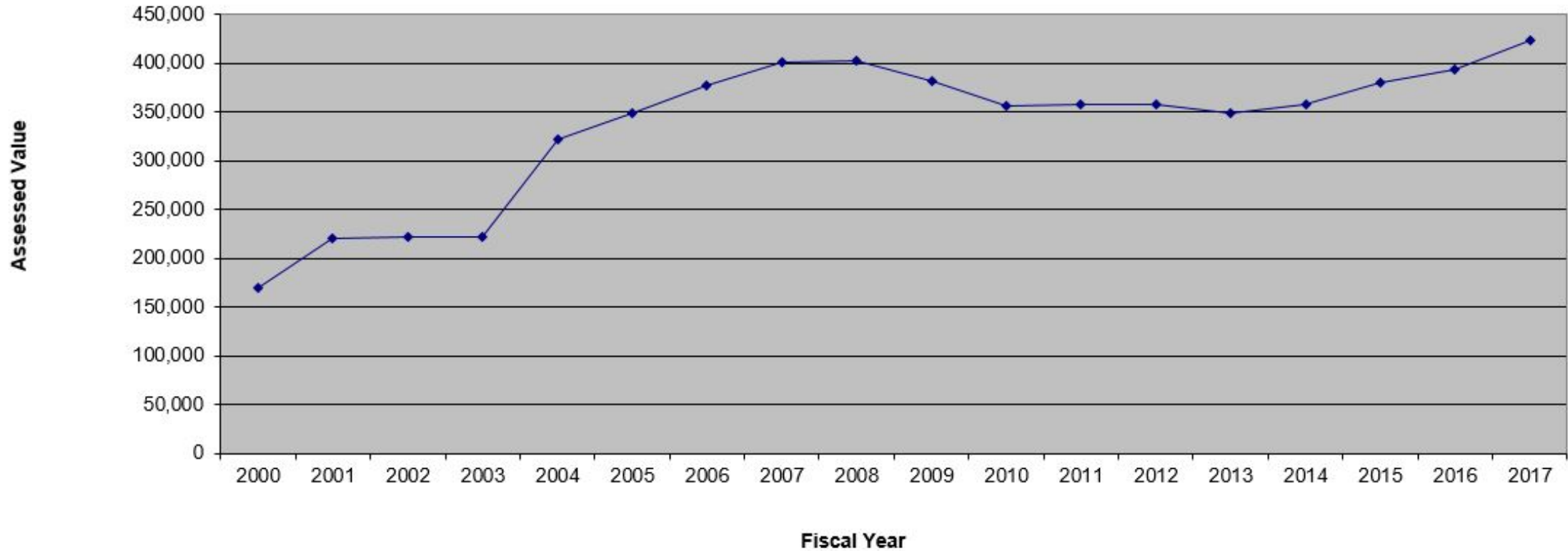
Part 3 Establishing the Tax Rate Assessed Values/Trends

- Interpreting the Market Activity – Valid Sales;
- Economic Factors;
- Current Market;
 - FY2000 Avg Single Fam Value = \$169,301
 - FY2017 Avg Single Fam Value = \$423,885
 - FY17 Avg Single Family Assessed Values increased 7.6%
 - FY17 Avg Comm/Industrial Values increased 3.3%
- Revaluations every 3 years. Muni Modernization Act now every 5 years – still FMV annually.



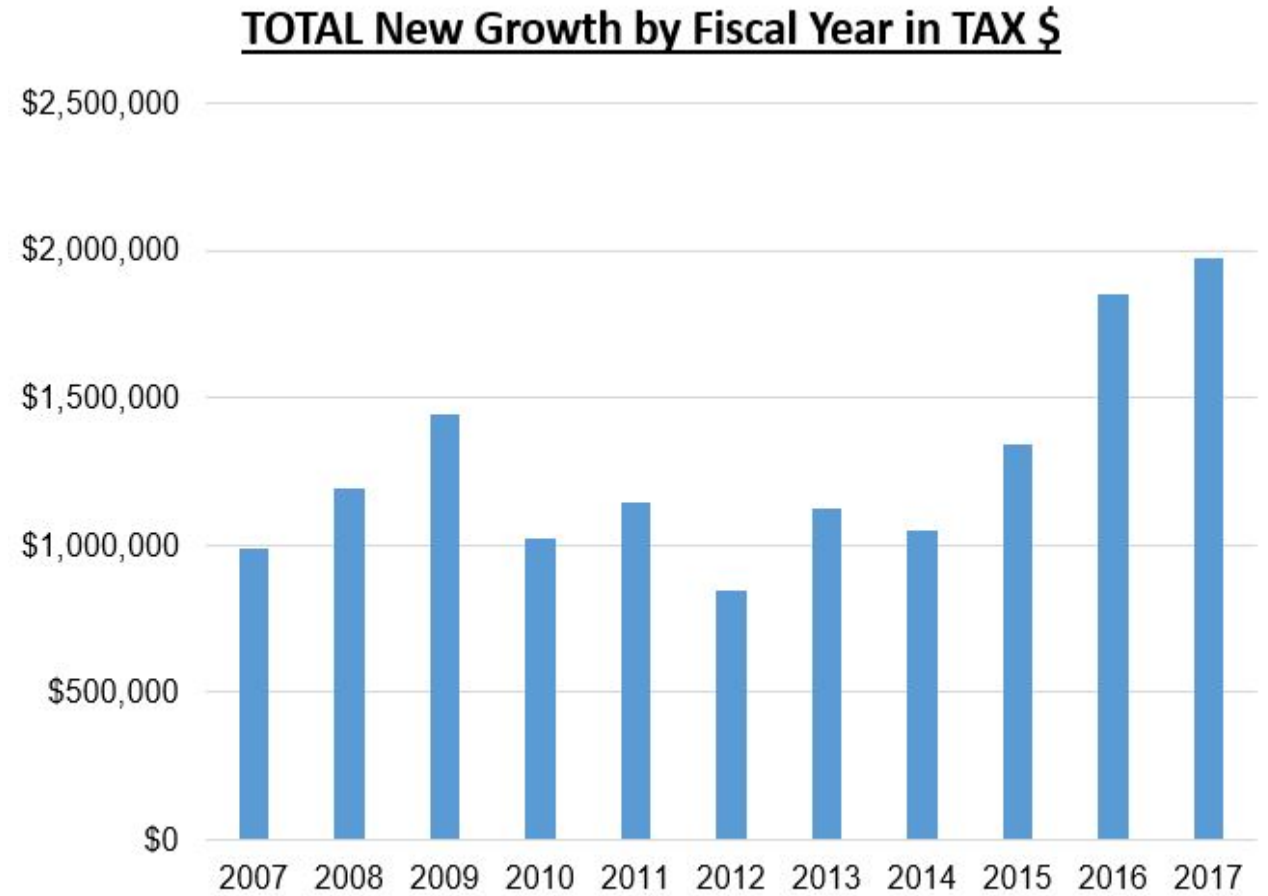
Part 3 Establishing the Tax Rate

Average Single Family Assessed Value 2000-2017



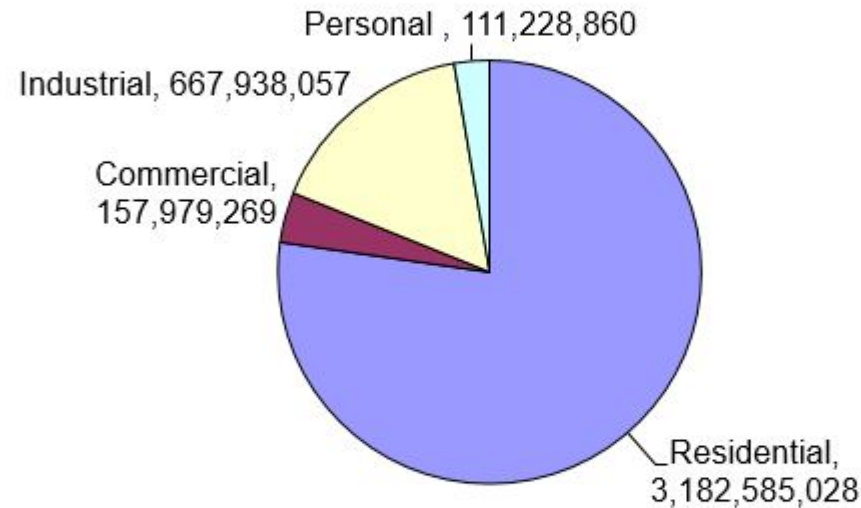
Part 3 Establishing the Tax Rate

- New Growth is estimated conservatively
- Growth has increased since 2012
- Personal Property Growth Strong
 - New businesses & existing companies reinvesting
 - Utility Companies
- Residential growth – multiple new subdivisions, 108 unit apartment complex
 - 195 Salem St & 15 Church St new condos
- Comm/Ind growth in 2015-16 Target, Burl Self Storage, Retail Strip Mall, Commercial Garages
- The 10 yr. avg 2007-2016 = \$1.19M



Part 3 Establishing the Tax Rate

Total Assessed Valuation by Class FY17



Total Value Real & Personal 4,119,731,214

Residential Value makes up 77% of the total value
Comm/Ind/Personal Prop makes up 23% of the total



Part 3 Establishing the Tax Rate

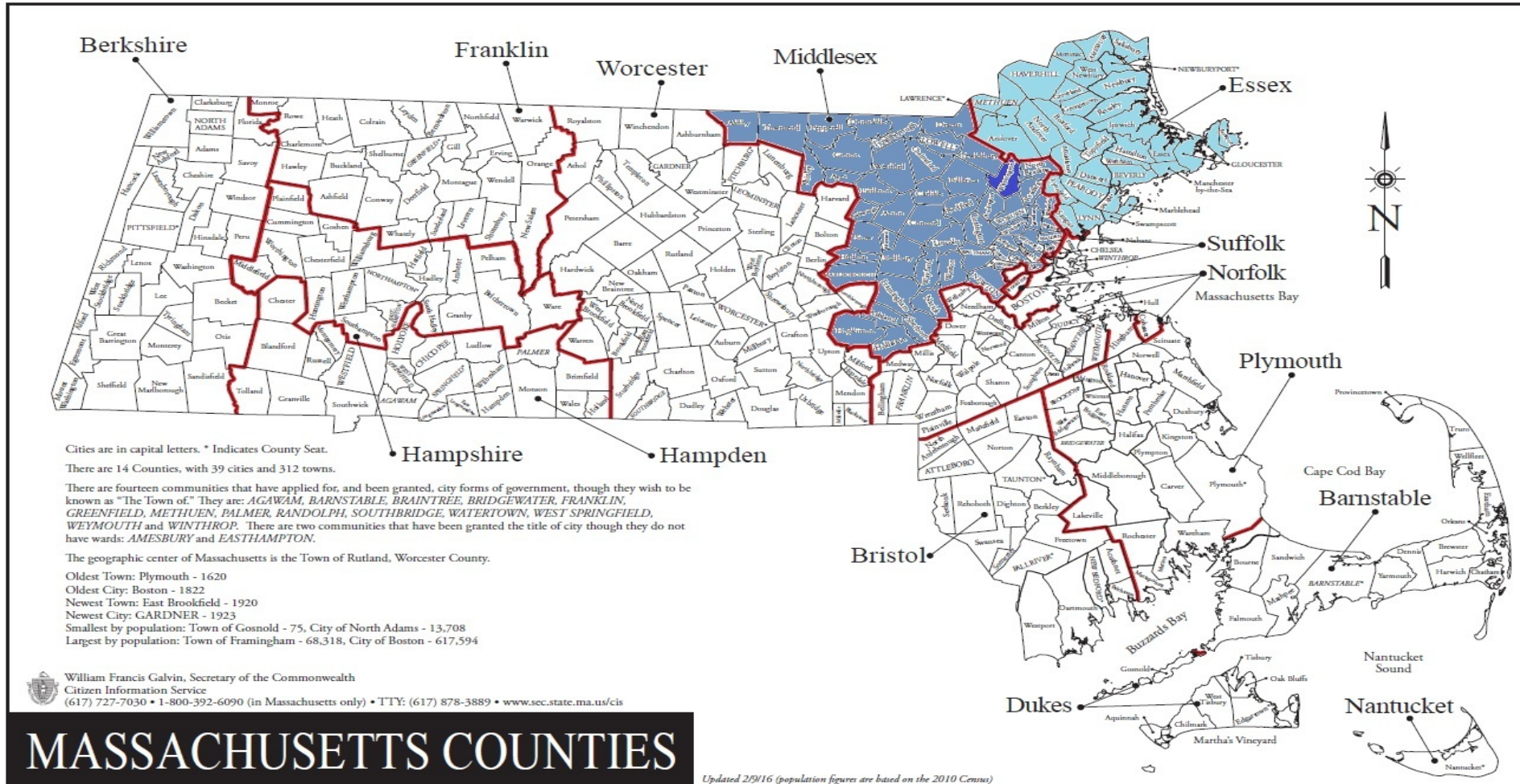
- FY17 Residential Class makes up 77% of value, but pays 60% of levy
- Selectmen vote annually a shift and have always voted to shift the maximum to the CIP class
- Residential % share of the levy has increased over last 5 yrs

WILMINGTON TAX SHIFT HISTORY 2003-2017						
TOWN VALUE BY CLASS			TAX LEVY SHARE			
FISCAL YEAR	RES VALUE %	C/I/P VALUE %	FISCAL YEAR	RES % SHARE	C/I/P % SHARE	% SHIFT
2017	77	23	2017	60.19	39.81	1.75
2016	76	24	2016	59.19	40.81	1.75
2015	76	23	2015	58.67	41.33	1.75
2014	75	25	2014	56.82	43.18	1.75
2013	74	26	2013	55.26	44.74	1.75
2012	74	26	2012	55.21	44.79	1.75
2011	74	26	2011	54.95	45.05	1.75
2010	75	25	2010	55.29	44.7	1.75
2009	75	25	2009	56.63	43.37	1.75
2008	77	23	2008	59.55	40.45	1.75
2007	77	23	2007	58.76	41.24	1.83
2006	78	22	2006	58	42	1.90
2005	77	23	2005	56	44	1.97
2004	76	24	2004	52	48	2.00
2003	72	28	2003	52	48	1.74
2002	73	27	2002	52	48	1.74

Part 3 Establishing the Tax Rate



Part 4 Wilmington Relative to Other Middlesex/Essex County Communities



MASSACHUSETTS COUNTIES

Updated 2/9/16 (population figures are based on the 2010 Census)

Part 4 Wilmington Relative to Other Middlesex/Essex County Communities

- Where does Wilmington rank with other Essex/Middlesex county municipalities;
- Average tax bill ranking;
- User Fees; What do other Towns charge citizens for user fees that Wilmington residents do not pay?
- “Bang for your buck” – Free Services/Amenities
 - Trash Collection;
 - Bulk item collection (1 per week free);
 - School Bus Service;
 - School Athletics;
 - Yentile Farm Recreational Facility; and
 - Silver Lake Beach.



Part 4 Wilmington Relative to Other Middlesex/Essex County Communities

- Wilmington Ranked #33 from lowest out of 82 communities
- CPA = Community Preservation Act
 - Adopted by 52 of the 88 Communities in Middlesex/Essex
 - State wide in FY18 - 7 more adopted CPA

<u>Municipality</u>	Community Comparison - FY17					County - Middlesex/Essex
	FY17 Total Single Family Values	Average Single Family Value	Single Family Tax Bill*	SF AVG Bill Rank	CPA Tax	
Danvers	2,490,395,100	407,393	\$5,781	26		E
Hudson	1,469,221,800	332,704	\$5,822	27	1.00	M
Tewksbury	2,796,595,600	358,079	\$5,840	28	1.50	M
Melrose	3,181,956,375	500,780	\$5,909	29		M
Tyngsborough	1,095,573,440	345,063	\$5,921	30	3.00	M
Rowley	704,569,700	426,237	\$6,027	31	3.00	E
Rockport	1,285,273,700	537,997	\$6,069	32	3.00	E
Wilmington	2,975,253,870	423,886	\$6,125	33		M
Framingham	4,941,939,800	367,321	\$6,138	34		M
Wakefield	2,945,115,600	471,822	\$6,148	35		M
Beverly	3,714,904,900	438,699	\$6,265	36	1.00	E

Part 4 Wilmington Relative to Other Middlesex/Essex County Communities

	TRASH	BULK PICK-UP	TRANSPORTATION	SCHOOL FEES (Athletics)
ANDOVER	0	0	Grades 7-12 \$300 per student/\$600 per family	\$380 per student per academic year \$780 per family per academic year
BEDFORD	0	0	0	0
BILLERICA	0	0 Charge for electronics range from \$5 - \$25 fridge	0	\$150 per student \$600 per family
BURLINGTON	0	0	0	0
CHELMSFORD	0	1 bulk item per week Call for price	Over grade 7 pays K-6 under 2 miles pays "Early bird" pay by June 30th \$175 pay July 1-Aug15th \$200 After Aug 15th late fee \$225	1 sport = \$300 2nd sport = \$250 3rd sport = \$200
NORTH READING	\$56.50 quarterly	Call for price	\$400 per student Family cap of \$650	1st sport = \$400 2nd sport = \$200 3rd sport = \$100 Family cap of \$1200
READING	0	0 Appliances & TVs, Call for price	Students not covered by mandatory bussing (Elementary & Middle School students) \$450 per child no cap Grades 7-12 not eligible for bussing	\$325 per athlete per sport \$750 max per athlete \$950 max per family
TEWKSBURY	0	Bulk items free Electronics call for price. Price is \$18.23 or \$30.09 per item.	0	\$150 per sport per student
WILMINGTON	0	0	0	0



Part 5 Potential Source(s) of Budget Cuts

- 84% of the budget are staff/benefit costs;
- Demands for service increasing- call volume (Police/Fire); building square footage; active parks/field space; growing senior population;
- Long-term liabilities (OPEB, pension) increasing;
- Retain and improve AA+ bond rating;
- Defer building and infrastructure improvements and building maintenance;
- Effect on the average single family tax bill; and
- Excess levy capacity.



Part 5 Potential Source(s) of Budget Cuts

FY17 TAX RATE SCENARIOS

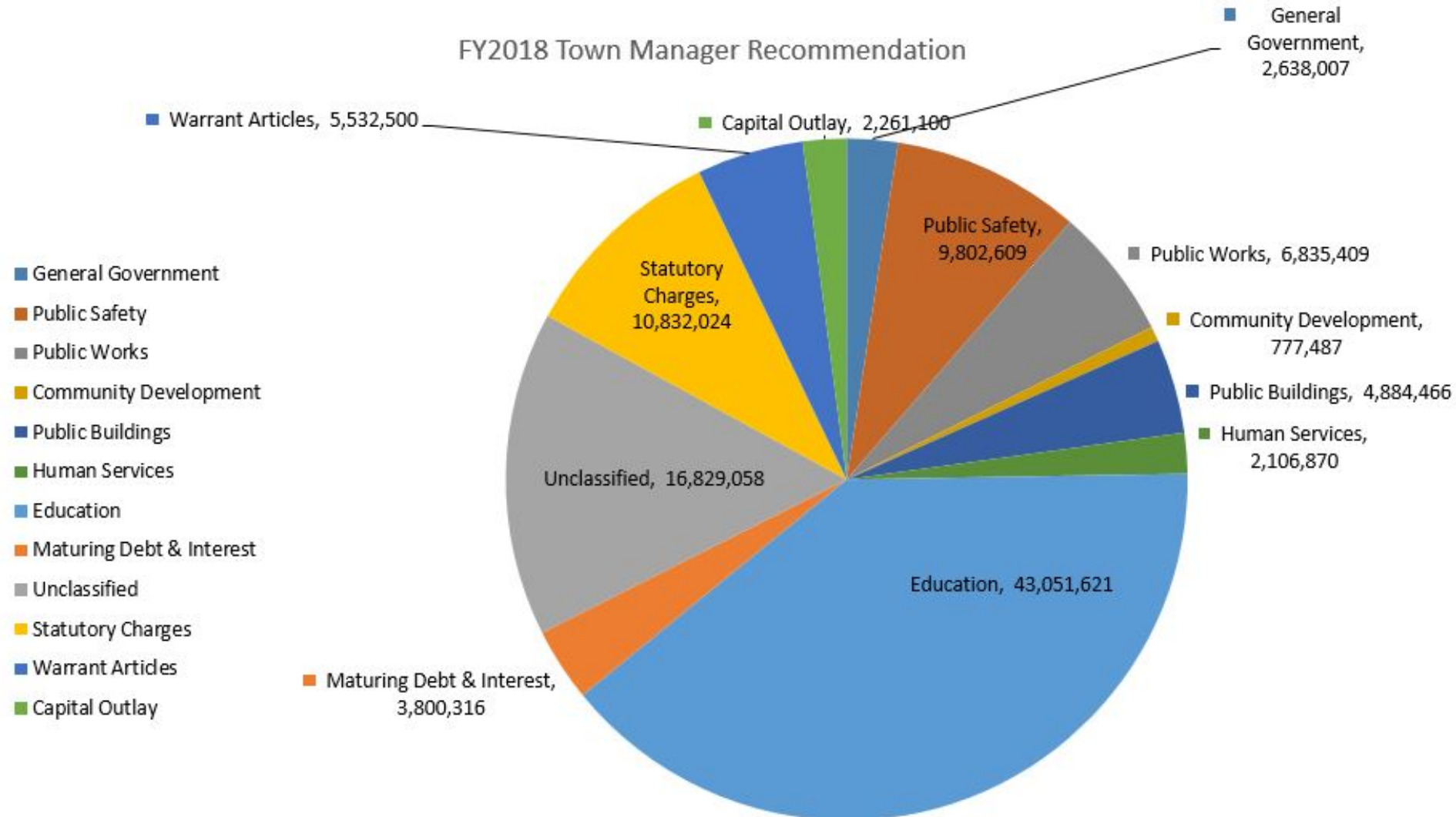
CURRENT LEVY LIMIT AND FY17 RATES R = \$14.45 CIP = \$32.46	LEVY LIMIT - \$2 Million R = \$14.08 CIP = \$31.62	LEVY LIMIT - \$1.5 Million R = \$14.17 CIP = \$31.83	LEVY LIMIT - \$1 Million R = \$14.27 CIP = \$32.04	LEVY LIMIT - \$500 Thousand R = \$14.08 CIP = \$31.62
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AVG SINGLE FAM RES VALUE	423,885	423,885	423,885	423,885	423,885
PROJECTED TAX RATES	<u>14.45</u>	<u>14.08</u>	<u>14.17</u>	<u>14.27</u>	<u>14.36</u>
PROJECTED AVG TAX BILL	\$6,125.14	\$5,968.30	\$6,006.45	\$6,048.84	\$6,086.99

\$ DIFFERENCE FROM AVG	\$156.84	\$118.69	\$76.30	\$38.15
Quarterly Savings	<u>\$39.21</u>	<u>\$29.67</u>	<u>\$19.07</u>	<u>\$9.54</u>
% Difference from Actual FY17 Avg Tax Bill	1.026	1.020	1.013	1.006

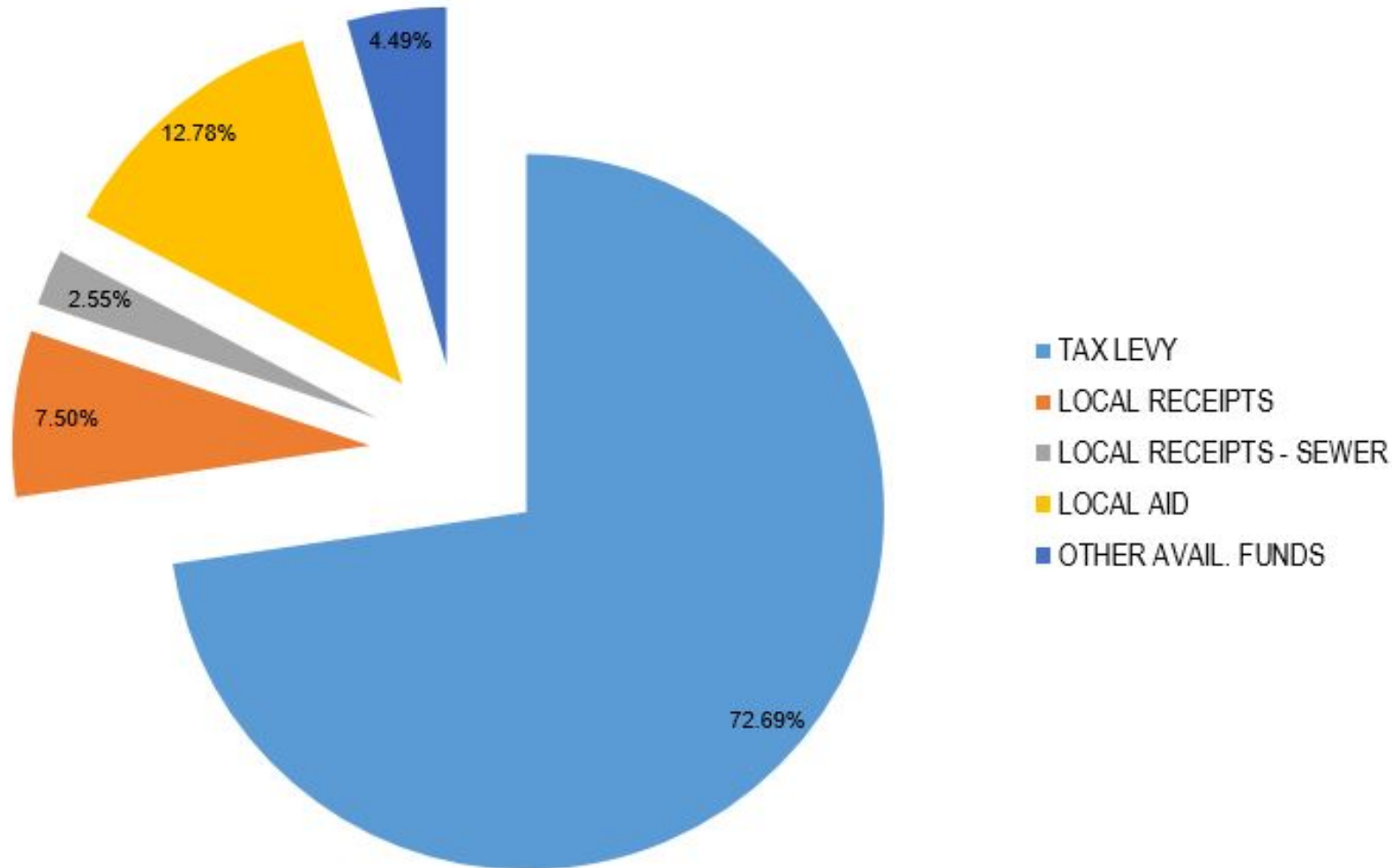


Part 5 Potential Source(s) of Budget Cuts



Part 5 Potential Source(s) of Budget Cuts

FY18 Revenues by Sources



Part 6 Successes in Controlling Costs

- Public Buildings – Fuel & Lighting;
- Purchasing – Consortiums;
 - Premier Group Purchasing Consortium, CommBuys, U.S. Communities Government Purchasing Alliance;
- MIIA Rewards Program;
- AA+ Bond Rating;
- Change in Retiree Health Benefits; and
- Grants Received (Police, Fire, Health, Elder Services, Library).
 - MEMA, Senior Safety, Student Safety, Region 3 Emergency Preparedness, Ntl. Assoc. of County/City Health Officials, Sun Safety,



Part 7 Discussion

Thank you for
your time.

Questions
And
Answers

