

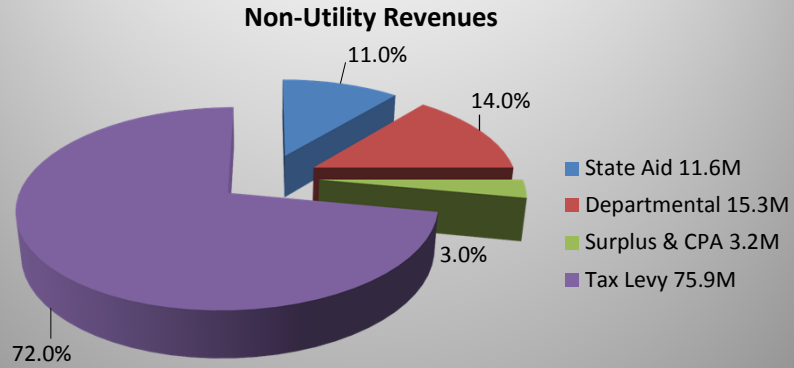
Town of Norwood
Finance Commission

Overview for Annual Town
Meeting
May 14, 2018

Town of Norwood
Finance Commission

Trends in Receipts

Where the Non-Utility Revenue Comes From (P7-01)

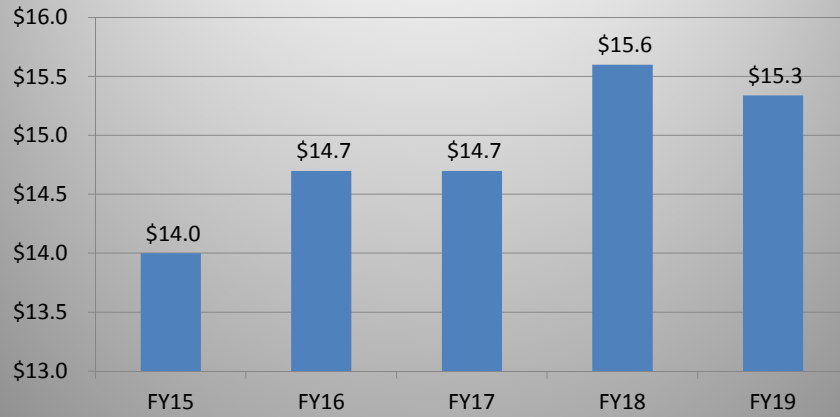


Non-Utility Revenues (P7-02) FY18 Budget vs FY19 Projected

In Millions	Fiscal <u>2018</u>	Fiscal <u>2019</u>	<u>Change</u>
Departments	\$15.6	\$15.3	(\$0.3)
State Aid	\$11.3	\$11.6	\$0.3
Tax Levy	\$72.9	\$75.9	\$3.0
Surplus	\$4.7	\$2.5	(\$2.2)
Town Non-Util	\$104.5	\$105.3	\$0.8

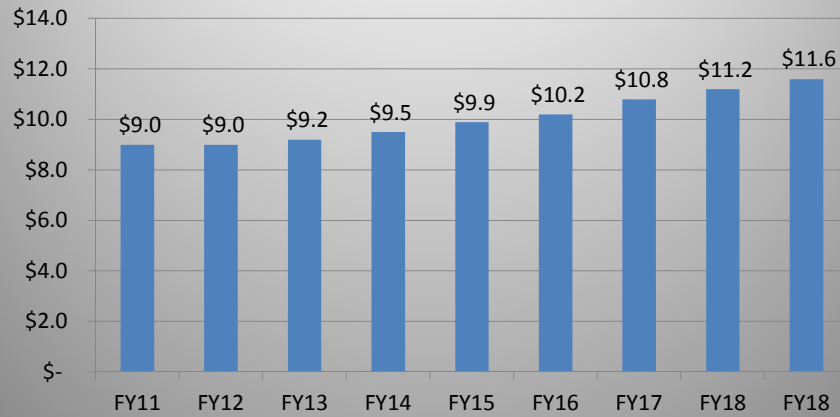
Departmental Receipts History

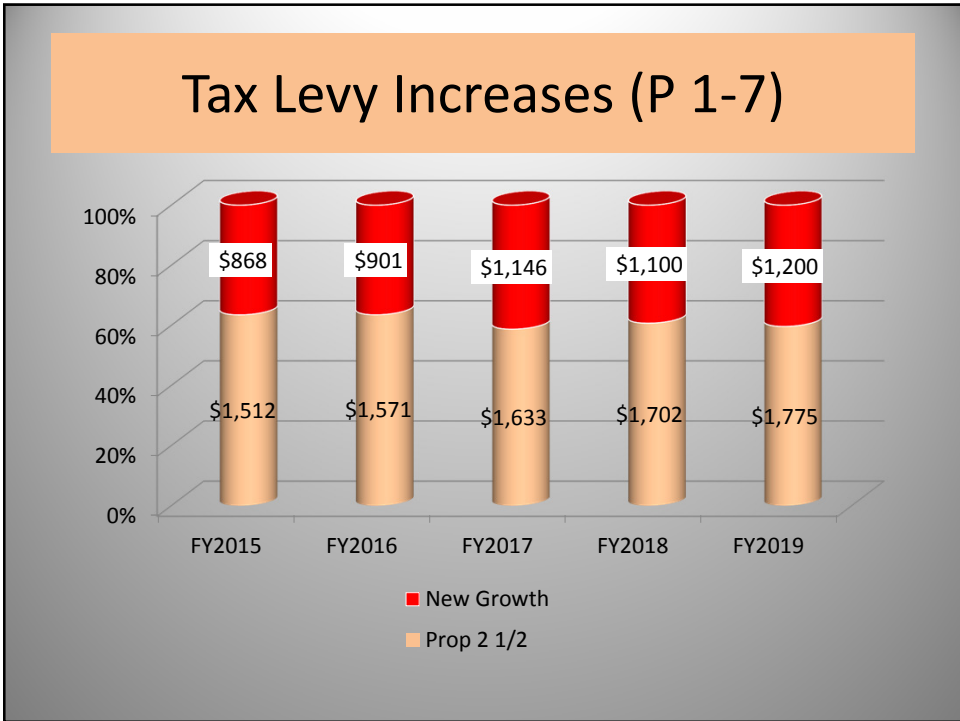
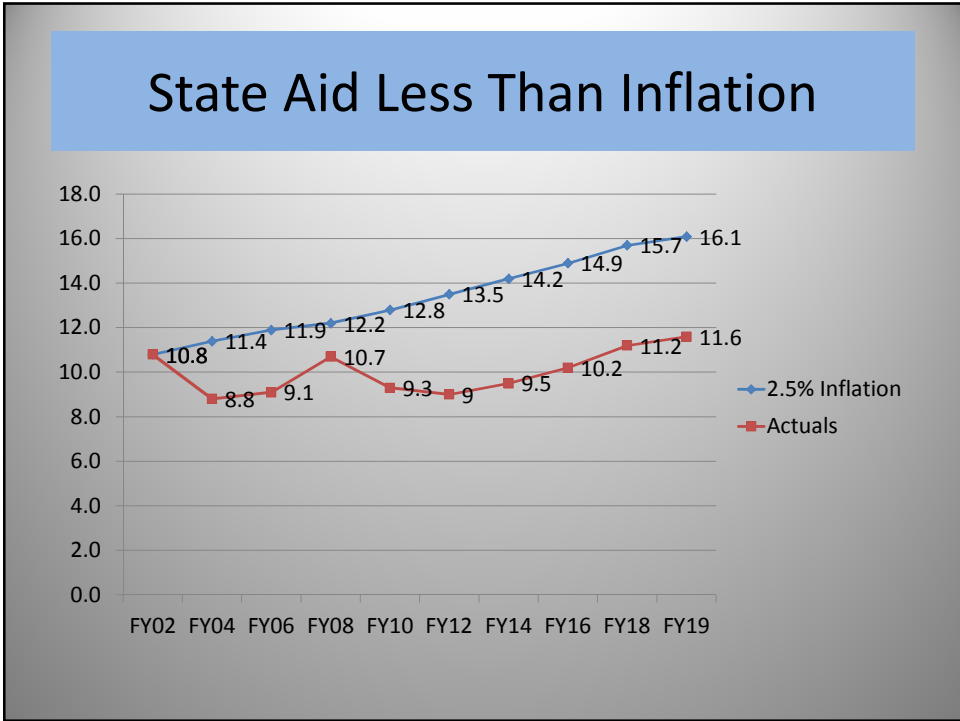
In Millions (P 1-2)



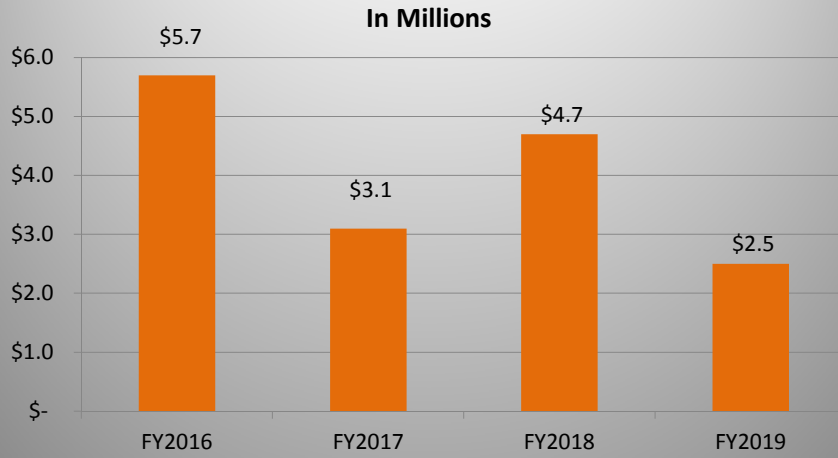
State Aid History

In Millions (See P 1-6)

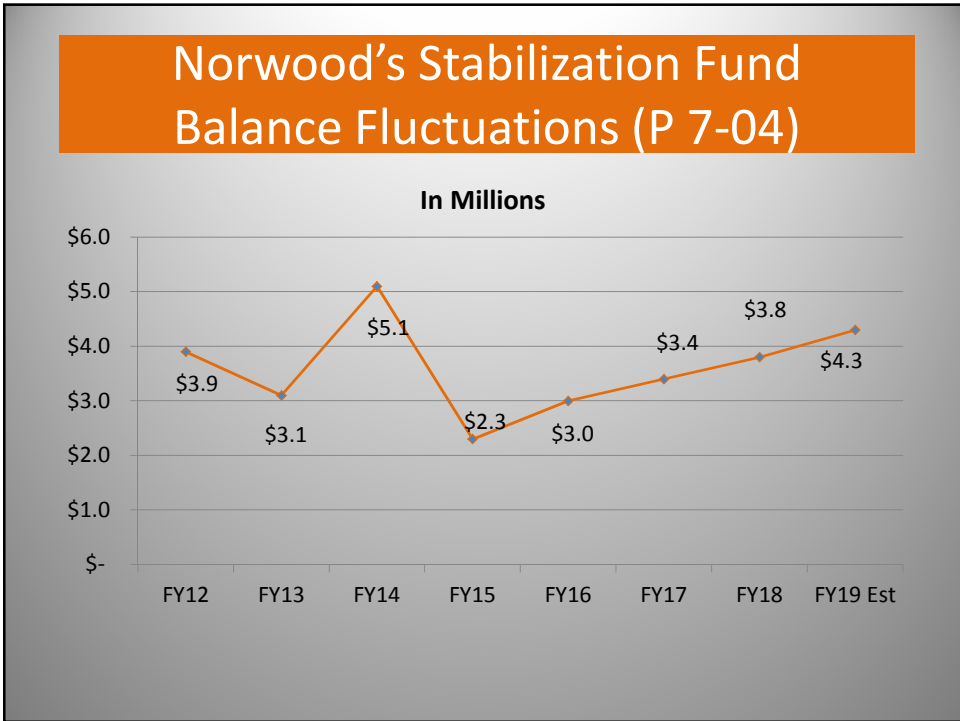
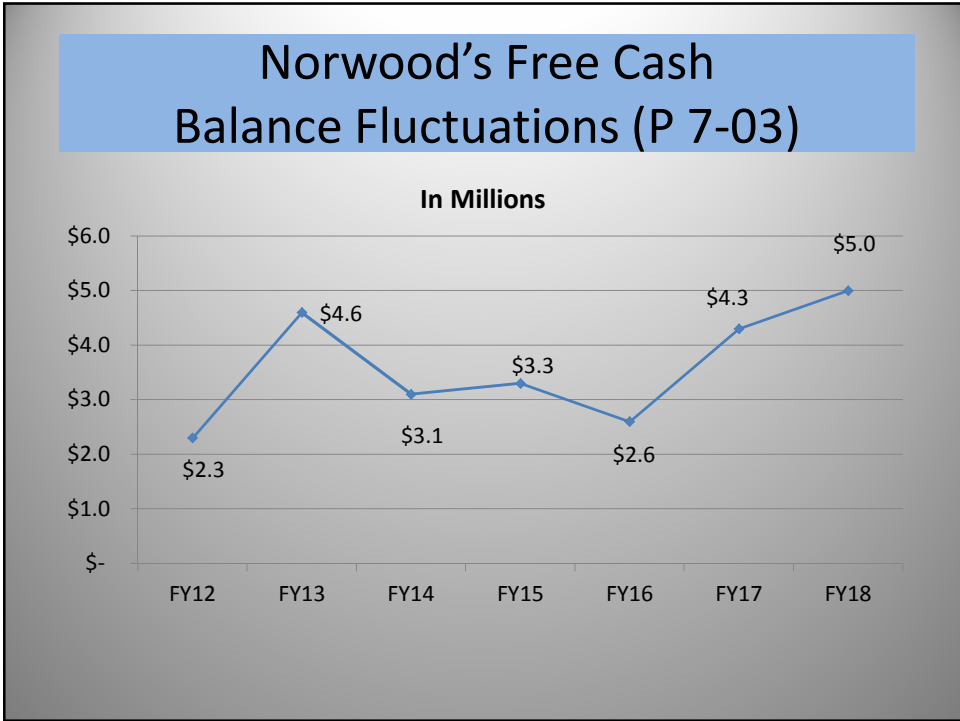




Reserves Used to Balance Budget (Pg 7-02, Row 28)



Trends in Use of Reserves



Analysis of Reserves (Pink Shts)

(Free Cash will likely be lower at STM due to snow/ice & other year-end items)

In Millions	Before Town Meeting	Impact of FY19 ATM	Proposed for May FY18 STM	Projected Balance 7/1/18
Free Cash	\$5.0	(\$2.4)	(\$2.4)	\$0.2
Recurring Surplus	\$0.7	(\$0.7)	\$0.0	\$0.0
Non-Recurring	\$0.0	0.0	\$0.0	\$0.0
Stabilization	\$4.3	\$0.4	0.0	\$4.7
Totals	\$10.0	(\$2.8)	(\$2.3)	\$4.9

Reasons for Preserving/Retaining Our REMAINING Reserves

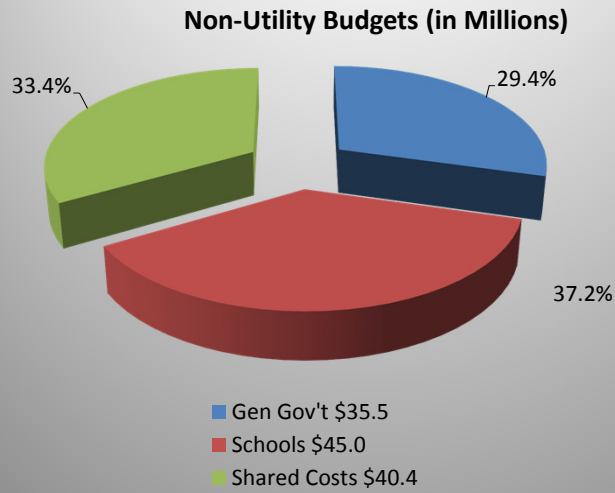
- **Positive Impact on Bond Ratings** The retention of healthy reserves- especially Stabilization Funds is viewed as an indication of overall fiscal health by bond rating agencies. Improvement in our bond rating can save the town significant amounts of money in interest payments.
- **Use of REMAINING RESERVES leaves us vulnerable** We need to keep funds on hand for unforeseen fiscal emergencies such as Snow and Ice deficits; Underground Storage Tank Leaks, Utility Cost spikes, etc.
- **Local Receipts** We have concern about continued flat receipt trends in Excise, Interest, Building Permit and other Local Receipts. Retaining Reserves will help to mitigate this impact.
- **State Aid Reductions** We are concerned about continued trends in Local Aid. Retaining Reserves will help to mitigate this impact.
- **Health Insurance Costs** We are concerned about trends in Health Insurance and uncertainty about the impact of the Affordable Care Act. Retaining Reserves will help to mitigate this impact.

THE TOWN OF NORWOOD				
AVAILABLE BALANCES AT APRIL 30, 2018				
LIST OF SURPLUS FUNDS RECOMMENDED TO OFFSET THE FY19 BUDGET				
	Balances As of 04/30/18	Proposed FY18 STM 5/14	Proposed FY19 ATM	Balances After FY2019 ATM
1.) FREE CASH as originally certified for June 30, 2017	\$ 5,004,123			
\$311,507 11/17 STM amount was deducted prior to certification				
STM Software Appropriation		\$ (1,700,000)		
STM Schools ELL		-		
STM Article for Snow and Ice - General Government		(440,000)		
STM Article for Snow and Ice - Schools		(205,000)		
STM Article for Snow and Ice - Airport		(28,000)		
ATM Capital Outlay (\$913,000 less \$250,000 paid by Oper Budget)			(663,000)	
Used to offset Forbes Hill Maintenance			(225,000)	
Used to offset Forbes Hill Interest			(313,817)	
Used to help balance the budget			(1,266,500)	
Free Cash - Available before TMTgs.	5,004,123	(2,373,000)	(2,468,317)	\$ 162,806
2.) OTHER SURPLUS <i>(Recurring)</i>				
(a.) Cemetery Receipts (Lots/Graves) 26-1420-0000	170,000		(170,000)	-
(b.) Transfare Receipts 26-3262-0000	15,000		(15,000)	-
(c.) AMR Meter Receipts 99-2213-0000	385,000		(385,000)	-
(d.) School Dept. Grant (Hlth.Insurance) 99-6020-2016	150,000		(150,000)	-
Subtotal (Recurring)	720,000		(720,000)	-
3.) OTHER SURPLUS- <i>(Non-Recurring)</i>				
Subtotal (Non-Recurring)	-		-	-
4.) STABILIZATION FUND 83-3730-4516	4,308,585		428,571	4,737,156
5.) GRAND TOTALS	\$ 10,032,708	\$ (2,373,000)	\$ (2,759,746)	\$ 4,899,962

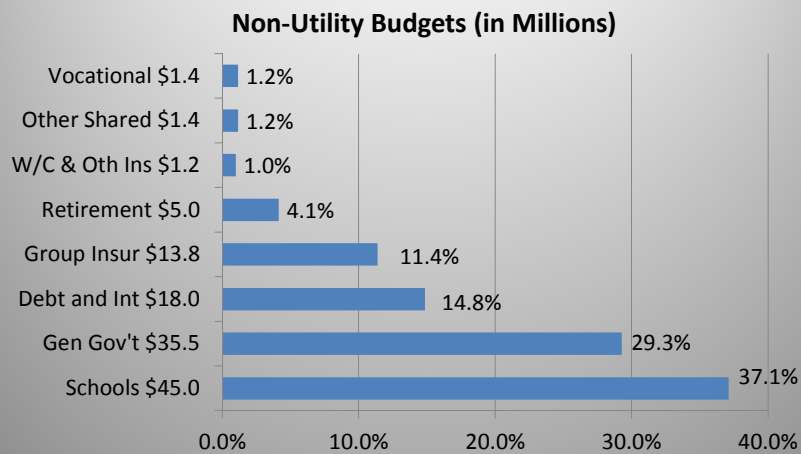
Town of Norwood Finance Commission

Trends in Budgets

Where Non-Utilities Budget is Spent (P 1-10)



Where Non-Utilities Budget Will be Spent in FY2019 (P 7-01)



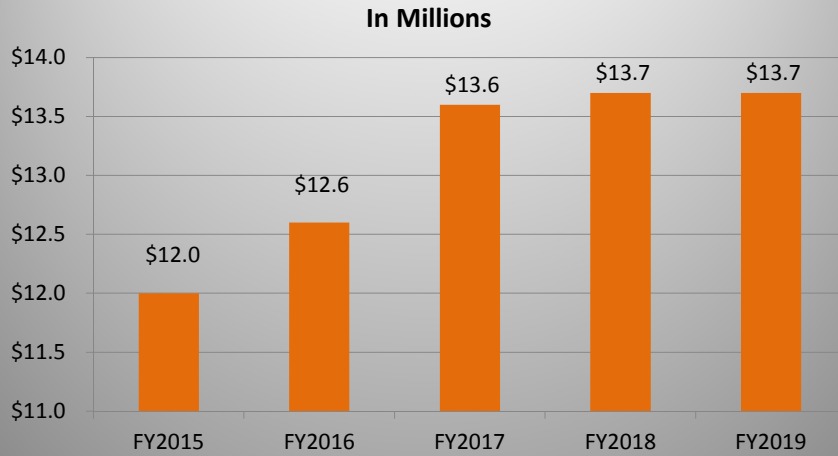
Budget Comparison FY2018 vs FY2019

From Page 7-02 In Millions	Fiscal 2018	Fiscal 2019	\$ Change	Percent Increase
Schools	\$42.7	\$45.0	\$2.3	5.4%
Shared Costs	\$40.5	\$40.4	(\$0.1)	0.0%
Gen Gov't	\$34.9	\$35.5	\$0.6	1.7%
Totals	\$118.1	\$120.9	\$2.8	2.4%

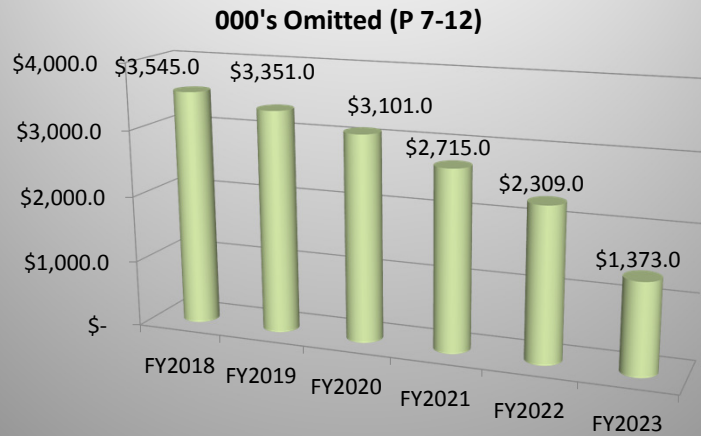
Town of Norwood Finance Commission

Trends in Shared Costs

Health Insurance Costs (1-10)



Debt Service Trends (On Levy)





Historical Analysis of Net Revenue Changes Avail for Schools/Town

Fiscal Year	Tax Revenue Increase	State Aid Revenue Change	Shared Cost Health Insur Budget Change	Net Change Available for Budgets
2012	\$2,102	(\$422)	(\$559)	\$1,121
2013	\$2,261	(\$12)	(\$219)	\$2,030
2014	\$2,408	\$412	(\$839)	\$1,981
2015	\$2,311	\$412	(\$299)	\$2,424
2016	\$2,472	\$260	(\$551)	\$2,181
2017	\$2,779	\$444	(\$1,023)	\$2,200
2018	\$2,904	\$390	(\$151)	\$3,143
2019	\$2,975	\$441	\$85	\$3,501
Average	\$2,527	\$241	(\$445)	\$2,322
School Share	at 55%			\$1,277
Town Share	at 45%			\$1,045

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SCHOOLS / GEN GOVERNMENT (7-15)

• All revenues		\$190,774,437
• Less shared costs		(\$40,421,278)
• Less Utility Budgets & Other		<u>(\$69,816,644)</u>
• Available for Schools/Gen		\$80,536,515
	• <u>55/45 Allocation</u>	<u>FY2019 Budget</u>
• Schools	\$44,295,083	\$45,024,649
• Gen Gov	<u>\$36,241,432</u>	<u>\$35,511,866</u>
• Total	\$80,536,515	\$80,536,515

SCHOOLS / GEN GOVERNMENT (7-15)

	<u>Schools</u>	<u>General Government</u>
FY2019 Budgets	\$45,024,649	\$35,706,455
STM Prepaid SPED	<u>350,000</u>	
Avail for FY19	\$45,374,649	\$35,706,455
Increase over FY18	4.1%	1.9%

Town of Norwood Finance Commission

Challenges Facing Each Sector of Town Government

Shared Costs Challenges

- Group insurance flat for 2 years, will increase
- Retirement flat this year, will increase
- Debt payment relief if we are disciplined
- Need to add \$1.5 Million of ongoing capital investment into the base budget – several years to get there

General Government Challenges

- Need to increase annual snow and ice budget
- Should return “rolling stock” to operation budget
- We need significant increases to improve our roadways

Schools Challenges

- Current rate of increase of level-services school activities eats up \$1.8 million of funds which is 100% of our allowed tax levy increase for the whole town
- Unfunded mandates from DESE grow each year
- Wish to add programs to benefit children

General Challenges

- We are balancing our budget by using our savings (Free Cash)
- Build up of reserves is key to higher credit rating and lower borrowing costs

Long Term Planning

- Budget Balancing Committee will meet in June to continue long-term planning
- Early look at FY2020
- Goal to develop a five-year plan
- Legitimate needs, not pie-in-the-sky
- Seeking long-term stability
- Build consensus on how to proceed

Final Considerations

- Greater efficiencies: Should we have a Town-Wide Facilities Staff; combine School and Town Finance, Information Technology; Human Resources?
- Need to resolve Forbes Hill property future
- Enhance Capital Planning
- Ensure funds for “have to have” vs “Nice to have”