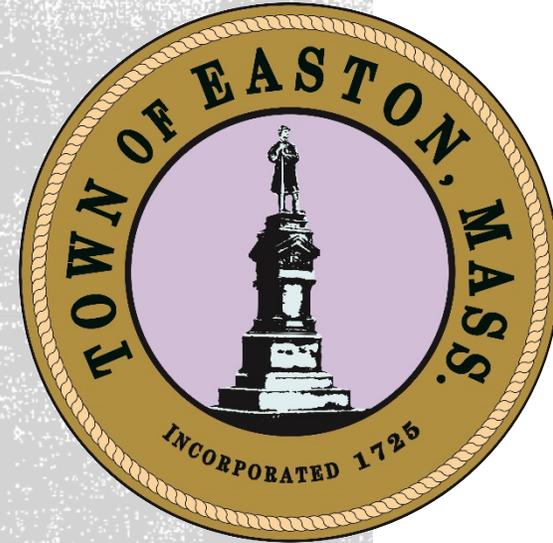


# FY2019 BALANCED BUDGET PRESENTATION



Connor Read  
Town Administrator  
April 23, 2018

# FISCAL YEAR 2019 BUDGET

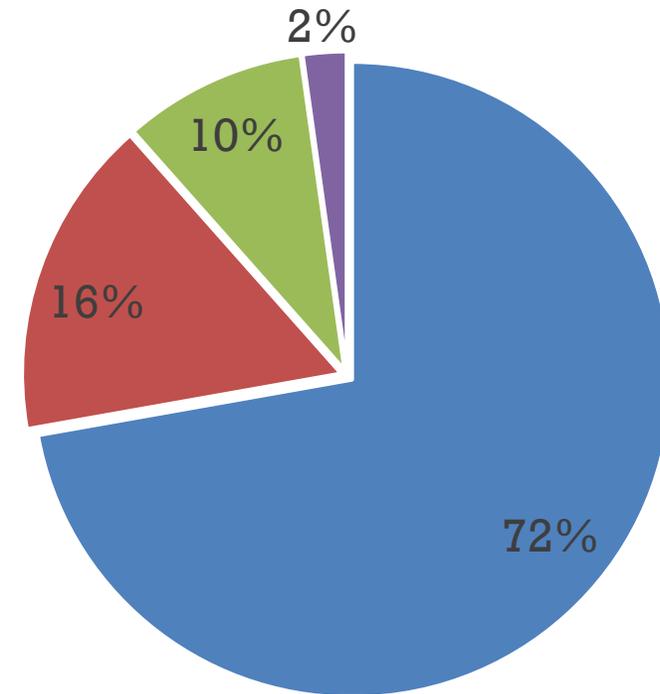
- FY2019 brings many challenges on both sides of the ledger.
- Below average health insurance increases, personnel turnover, fee increases, outsourcing, and limited service reductions contributed to the elimination of the projected deficit of \$856,954.
- Adequately funding quality services continues to challenge the Town in light of a persistent structural revenue deficit borne out of the last recession.
- Tax levy continues to be raised to the limits allowed by Prop 2 ½ .
- Local receipts continue to grow at a healthy rate but are expected to level off.
- Marginal increases in state aid and significant reductions in reserve fund use constrain available revenue.
- FY2019 is the first budget to fully implement the Town's financial management guidelines adopted in 2016, significantly reducing our reliance on reserve funds.
- All of this contributes to a largely level-service budget that proposes no new Town positions or programs and sees fee increases and the outsourcing of services for Easton Public Schools.



# FISCAL YEAR 2019: REVENUE

FY2019 Revenue by Source

- Easton collects a variety of revenues each year, and taxation is the largest of all categories.
- Cities and towns in Massachusetts are constrained in their ability to increase the property tax levy to 2 ½ % + new growth each year.
- Beyond taxation, Easton captures revenue from local receipts, state aid, and a combination of other funding sources.
- Total Revenue is currently projected at \$82,830,909 for FY2019 (increase of 0.97 percent)



- Taxation
- State Aid
- Local Receipts
- Other Funding Sources



# REVENUE: TAXATION

- The FY 2019 budget projects an increase in total taxation revenue of 3.32%, or \$1,816,383, yielding a total of \$56,561,173.
- Town continues to levy property taxes to the extent allowed by Prop 2 and ½, and will continue to prioritize economic development to spur new growth build our tax base.
- Insufficient growth in state aid and decreases in other funding sources increase reliance on taxation as a percentage of total revenue.

## Taxation as a Percentage of General Fund Revenue

	FY16 Budget	FY17 Budget	FY18 Budget	FY19 Projected
<b>Taxation</b>	<b>50,747,504</b>	<b>52,499,660</b>	<b>54,744,790</b>	<b>56,561,173</b>
<b>State Aid*</b>	13,047,167	13,416,080	13,559,708	12,762,502
<b>Local Receipts</b>	6,157,592	6,698,825	6,987,867	7,284,497
<b>Other Funding Sources</b>	<u>2,664,251</u>	<u>2,206,009</u>	<u>2,324,698</u>	<u>1,729,263</u>
<b>Total</b>	<u>72,616,514</u>	<u>74,820,574</u>	<u>77,617,063</u>	<u>78,337,435</u>
<b>Taxation as % of Total</b>	69.88%	70.17%	70.53%	72.43%

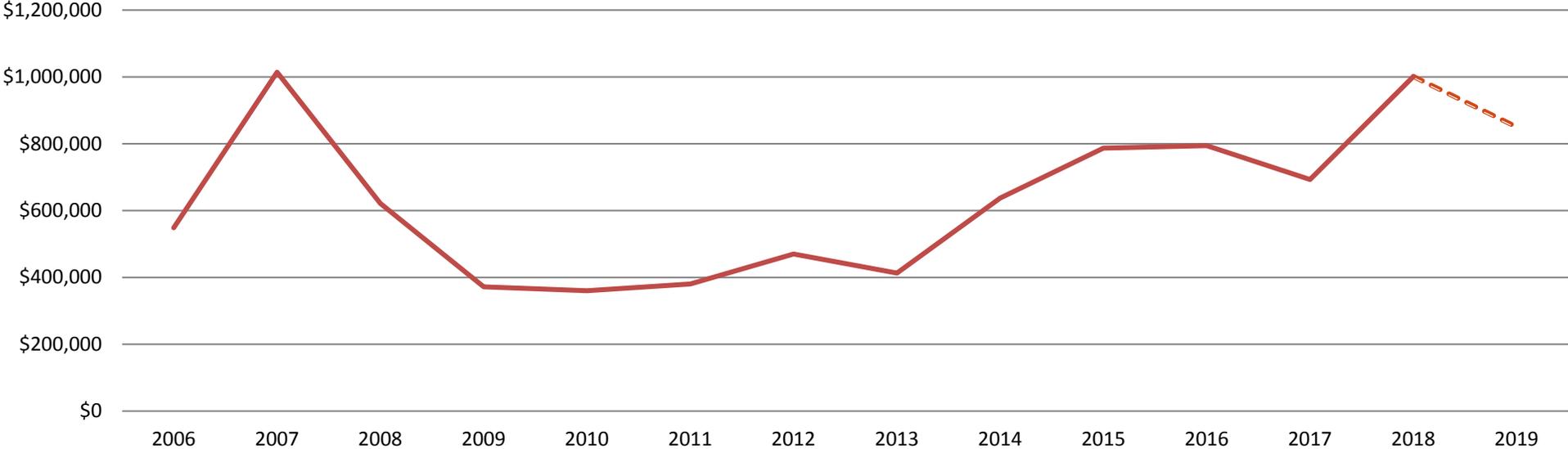
\* Includes MSBA Reimbursements which concluded in FY18



# REVENUE: NEW GROWTH

- The FY2019 budget is projecting new growth to come in at \$850,000, a decrease of \$151,211 (-15.10 percent) below FY2018.
- As the Town becomes increasingly reliant on taxation to balance the budget, it is imperative that we foster an environment which encourages new growth.

New Growth History



# REVENUE: LOCAL RECEIPTS

The FY2019 budget projects an increase of \$296,630 (4.24%) yielding a total of \$7,284,497.

This projection has been refined to reflect actual collections in this area in recent years.

Local receipts have been growing steady in recent years.

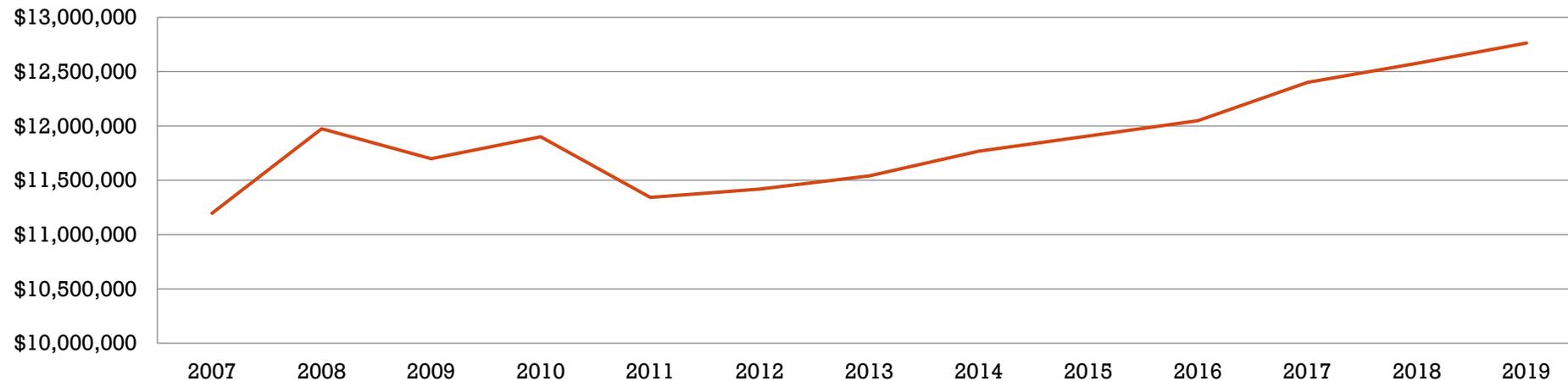
We anticipate growth in this revenue category to level off in the coming years.



# REVENUE: STATE AID

- Minimal increase of \$186,770 (1.49%) projected for FY2019
- This is a familiar challenge, as state aid was cut during the recession and has only seen marginal increases in post recession years.

**State Aid History**



- This marginal increase in aid is largely offset by increases in state assessments to the Town in the amount of \$145,383 (16.94%)
- The result is a net increase in available state revenue to the Town of \$41,387.



# REVENUE: STATE AID

- Despite minimal growth, state aid remains our second largest source of revenue.
- As projected, state aid will constitute 16.34% of revenue in FY2019, down from nearly 25% a decade ago.

<b>State Aid as a Percentage of General Fund Revenue</b>				
	<b>FY16</b>			<b>FY19</b>
	<b>Budget</b>	<b>FY17 Budget</b>	<b>FY18 Budget</b>	<b>Projected</b>
<b>Taxation</b>	50,747,504	52,499,660	54,744,790	56,561,173
<b>State Aid*</b>	<b>13,047,167</b>	<b>13,416,080</b>	<b>13,559,708</b>	<b>12,762,502</b>
<b>Local Receipts</b>	6,157,592	6,698,825	6,987,867	7,284,497
<b>Other Funding Sources</b>	2,664,251	2,206,009	<u>2,324,698</u>	<u>1,729,263</u>
<b>Total</b>	<u>72,616,514</u>	<u>74,820,574</u>	<u>77,617,063</u>	<u>78,337,435</u>
<b>State Aid as % of Total</b>	17.97%	17.93%	17.47%	16.34%

- *\*includes MSBA reimbursements which concluded in FY18*



# REVENUE: RESERVES AND OTHER FINANCING SOURCES

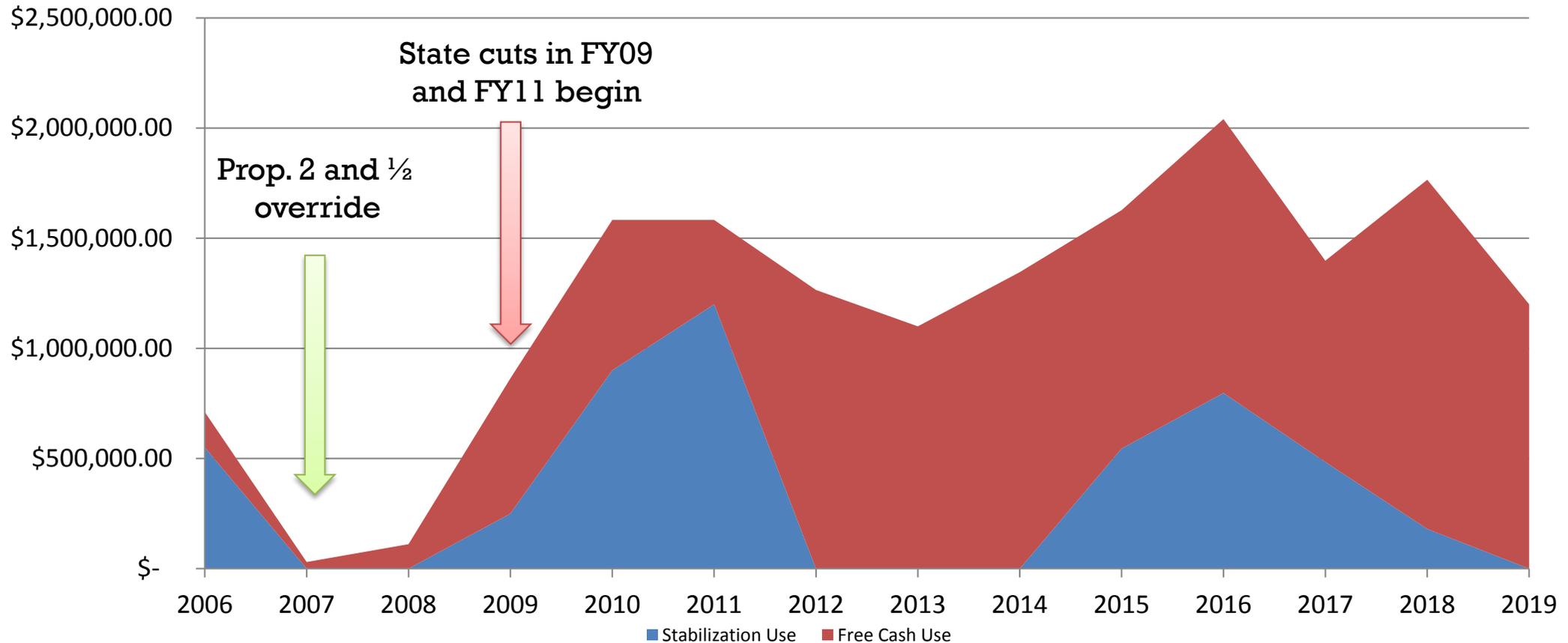
Since the onset of the recession and subsequent stagnation of state aid to the Town, we have been using reserve funds (free cash and stabilization funds) to close a revenue deficit at an unsustainable rate.

Two years ago, the Board of Selectmen adopted a series of Financial Management Guidelines to limit this practice.

- No more than 50% of free cash used for operating budget
- Minimum 25% of free cash to be transferred to stabilization fund
- Stabilization use limited to rare or extenuating circumstances



# REVENUE: USE OF FREE CASH AND STABILIZATION FUNDS FOR OPERATING BUDGET



# REVENUE: RESERVES AND OTHER FINANCING SOURCES

FY2019 budget meets the Financial Management Guidelines and projects a decrease in other financing sources of \$595,435 (-25.61 percent) from the prior year for a total of \$1,729,263.

**FY2019 Reserve  
Use:**

**\$1,200,412**

- Lowest use of reserve funds since FY2013
- \$250,000 below ten-year average
- \$570,617 fewer reserve dollars than prior year

**FY2019  
Stabilization Fund  
Balance:**

**\$2,212,338**

- Highest stabilization fund balance since FY2009
- First budget since FY2014 to utilize zero stabilization fund dollars



# FISCAL YEAR 2019: EXPENDITURES

The Town has aggressively pursued operational efficiencies in the areas of health insurance, energy, wage growth and service delivery.

Despite successes in these areas, growing fixed costs coupled with the structural revenue deficit continually constrain the Town's ability to adequately fund existing services.

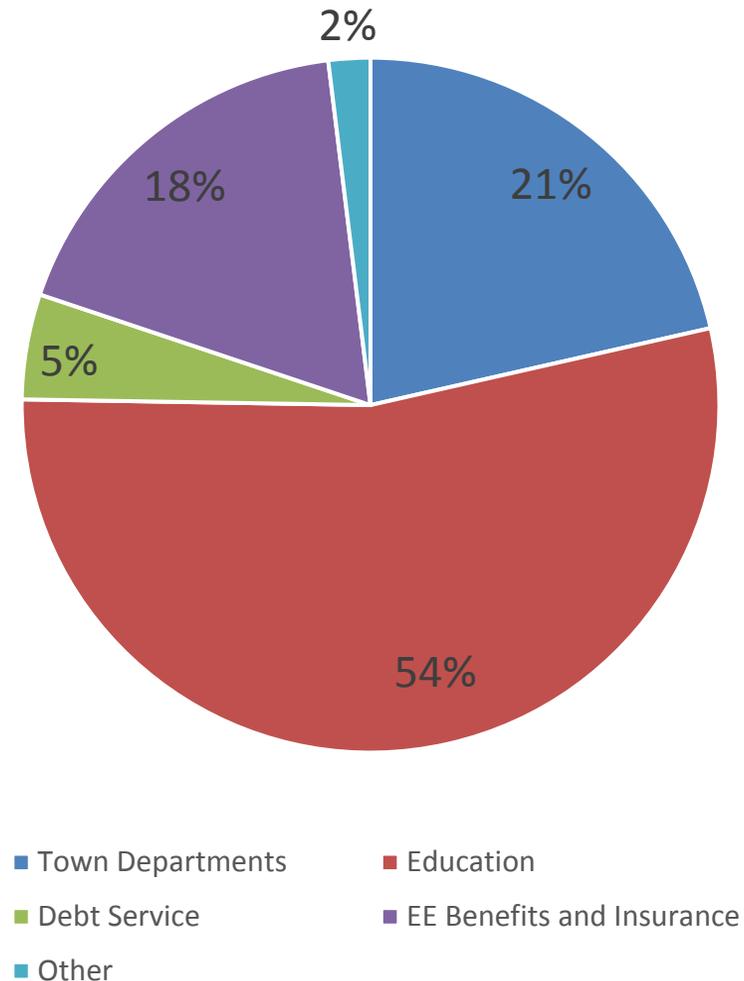
Accordingly, FY2019 is a largely level-service budget that proposes no new Town positions or programs and sees fee increases and the outsourcing of services for Easton Public Schools.



# FISCAL YEAR 2019: EXPENDITURES

- FY2019 Budget contains no new Town positions or programs.
- Total expenditures for FY2019: \$82,830,909
- Increase of \$795,213 (0.97 percent) over FY2018

FY2019 Expenditures: General Fund



# EXPENDITURES: DEPARTMENTAL BUDGETS

	FY2018	FY2019	Increase
Town Departments	\$16,744,475	\$16,916,004	\$171,529 (1.02 %)
School Department	\$39,979,017	\$41,330,308	\$1,351,291 (3.38 %)
Southeastern Regional School Assessment	\$980,235	\$1,132,709	\$152,474 (15.55 %)



# EXPENDITURES: FIXED COSTS

- Difficult to contain
- Limited to no immediate control
- **Employee Benefits and Other Insurance.** The FY2019 Employee Benefits and Other Insurance budget is set to increase by \$538,817 (3.97%) for a total budget of \$14,126,702
  - Health insurance is set to increase at a below-average rate of 1.01 percent, with some insurance policy premiums actually decreasing over prior year.
  - Bristol County Retirement assessment is slated to increase by 4.2 percent.
- **Regional School Assessment.** The FY2019 Southeastern Regional School Assessment is set to increase by \$152,474 (15.55%) for a total budget of \$1,132,709.
  - Enrollment has been increasing.



# FY2019 BUDGET SUMMARY

Revenue		FY2019 Budget	Change over FY2018	Expenditures		FY2019 Budget	Change over FY2018
i.	Taxation	\$56,561,173	+3.32%	i.	Town Depts	\$16,916,004	+1.02%
ii.	Local Receipts	\$7,284,497	+4.24%	ii.	School Dept	\$41,330,308	+3.38%
iii.	State Aid	\$12,762,502	+1.49%	iii.	Regional School	\$1,132,709	+15.55%
iv.	School Building	\$0	-100.00%	iv.	Debt Service	\$3,860,638	-24.63%
v.	Other Sources	\$1,729,263	-25.61%	v.	EE Benefits, Etc.	\$14,126,702	+3.97%
vi.	Enterprise	\$4,493,474	+1.69%	vi.	Other	\$1,528,827	-3.00%
vii.	Total	<u>\$82,830,909</u>	<u>+0.97%</u>	vii.	Enterprise	<u>\$3,935,721</u>	<u>+1.94%</u>
				viii.	Total	<u>\$82,830,909</u>	<u>+0.97%</u>



# FY2019 BUDGET SUMMARY

	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Total Revenues</b>	82,035,696	82,830,909	795,213	0.97%
<b>Total Expenditures</b>	82,035,696	82,830,909	795,213	0.97%
<b>Surplus/(Deficit)</b>	-	-	-	-



# BALANCING THE BUDGET: TODAY AND TOMORROW

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The preliminary FY2019 budget projected deficit of \$856,954 was eliminated through a combination of:

Refining revenue projections

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Reducing Town and School department budget requests through personnel turnover, outsourcing, and limited service reductions

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Reducing health insurance increases and cutting snow & ice deficit

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# BALANCING THE BUDGET: RECOMMENDATIONS FOR THE FUTURE

Complete collective bargaining and quantify impacts for prudent future budgeting.

Continue to promote and expand economic development.

Absent significant new revenue, prepare for continued service augmentations and reductions.

Continue to consider fee increases for programs and services for Town and Schools.

Continue building reserve stores while minimizing reserve fund use in operating budget.



# FISCAL YEAR 2019 BUDGET

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Budget succeeds in fully implementing financial management guidelines while producing largely level-services.

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Reserve fund use is cut significantly from prior year, stabilization fund balance is at a high point, both are trending in the right direction.

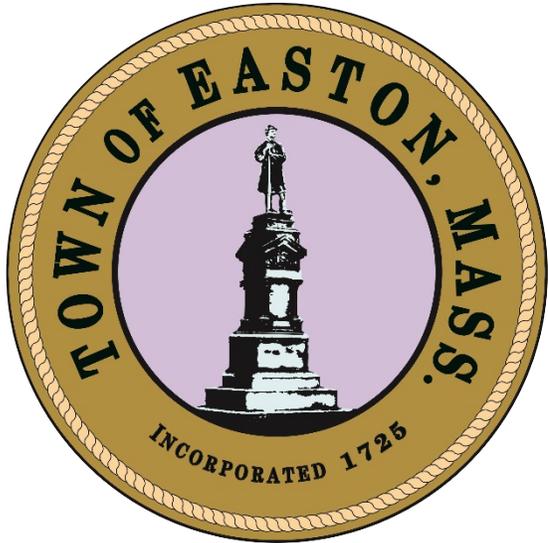
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The structural revenue deficit remains a persistent challenge.

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Absent new, sustainable revenue sources, the Town will continue to struggle to deliver services and fund our operations at current levels.





**THANK YOU**

Connor Read  
Town Administrator  
April 23, 2018