



COMMUNITY BUDGET FORUM

Wenham Finance & Advisory Committee

Alex Begin, Chair

Michael Therrien, Vice Chair

Carrie Jelsma

David Molitano

Jim Purdy

Town of Wenham, Massachusetts

March 22, 2018

Budget Process

August

- Town Administrator & Finance Director present long range budget forecast to Board of Selectmen (BOS) and Finance & Advisory Committee (FinCom), and budget guidelines are established.
- Town Administrator & Finance Director provide budget guidelines to Department Heads and begin budget building process.

September

- Department Heads submit department budgets to Town Administrator & Finance Director.
- Town Administrator & Finance Director meet with Department Heads to review initial submissions and make changes as appropriate.

October

- Town Administrator & Finance Director present preliminary budget projections to BOS/FinCom.
- Hamilton Wenham Regional School District (HWRSD) provides finalized enrollment data to Towns, establishing extent of enrollment shift.

November

- Department Heads present budget overview to BOS, with FinCom as invited guests.

Budget Process (continued)

December

- BOS review FY 19 budget projections and determines need for alternative funding scenarios to account for reduction of services and/or staffing due to potential override.
- Joint Hamilton/Wenham FinComs and BOS meeting with HWRSD leadership (administration and SC) for preliminary discussions regarding towns' funding capacity.

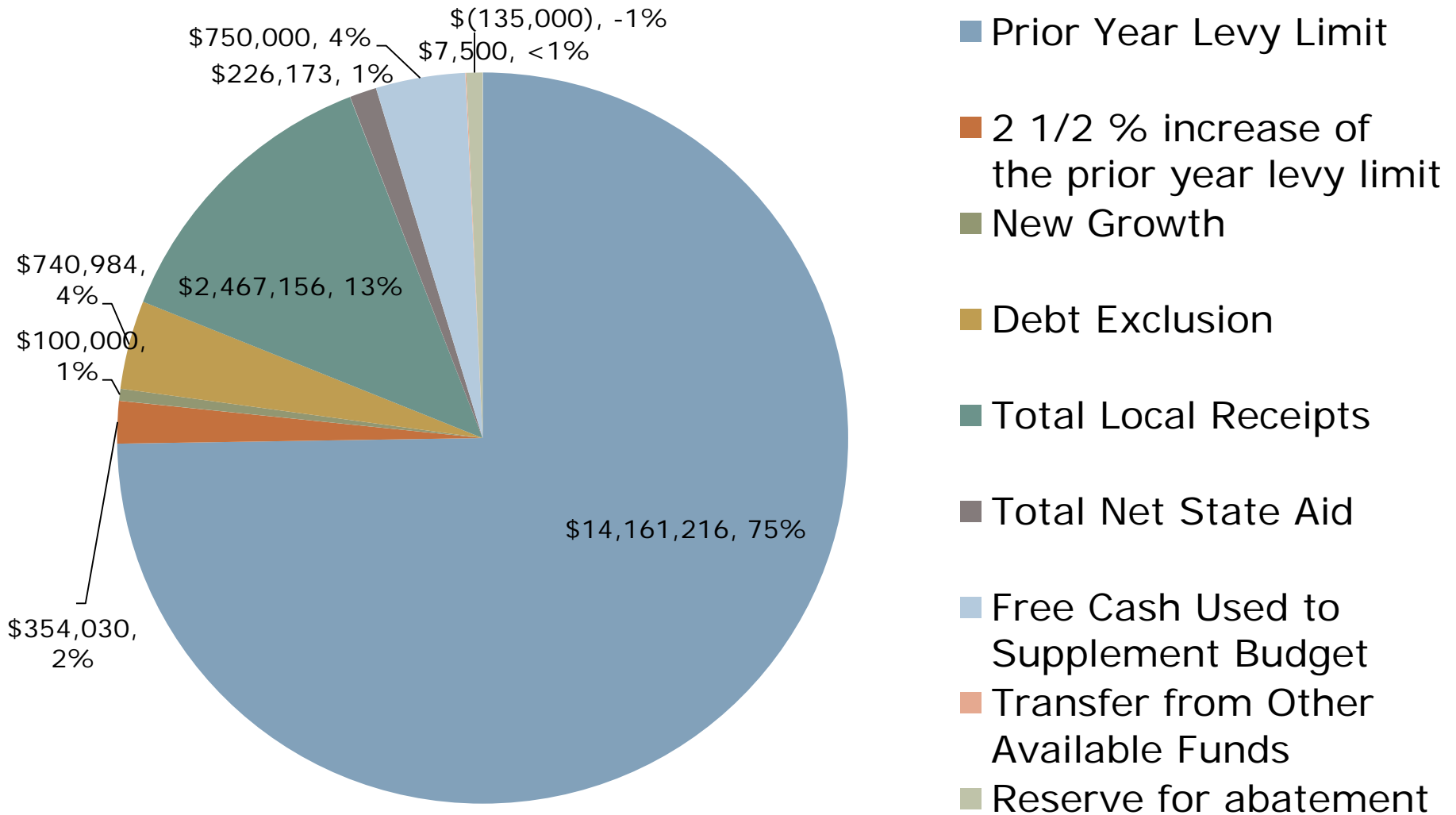
January

- HWRSD Superintendent's proposed budget released.
- BOS review of finalized Administration budget based on HWRSD proposed budget.
- Town Administrator and Finance Director present Administration budget to FinCom.
- Department Heads present budgets to FinCom for review.

February

- HWRSD meeting with Joint Hamilton & Wenham FinComs.
- Joint Hamilton & Wenham FinComs meet and review joint department budgets.
- FinCom final review and approval of departmental budgets.
- SC votes to adopt final HWRSD budget and notifies both towns.
- BOS and FinCom vote on their recommendations to Town Meeting on finalized budget.

FY19 Budget – Revenues



82% of revenues (rounded to the nearest percent) are derived from local property tax as indicated by the prior year levy limit, 2 ½ increase, new growth, and debt exclusion

FY19 Budget: Expense Totals

- Town expenses are set to increase by 3.7%
 - .5% attributed to including \$40k for Town's contribution toward our unfunded liability for Other Post Employment Benefits in the operating budget instead of using Free Cash
 - 1.0% attributed to shared inspectional services (expenses covered entirely by Wenham but offset in local receipt revenues by Hamilton's contribution) – net impact of less than \$5k
 - Remaining 2.2% increase distributed across all other Town departments
 - \$255k for new capital items will be funded outside of operating budget (Free Cash & Water Surplus) as was done for FY18
- Only 2.5% of the FY19 HWRSD net operating expense increase fits within the Town's levy limit (actual operating expense increase of 5.4% based on budget adopted by Hamilton Wenham Regional School Committee on 2/13/18)

Expenditure Trends (FY15 – Present)

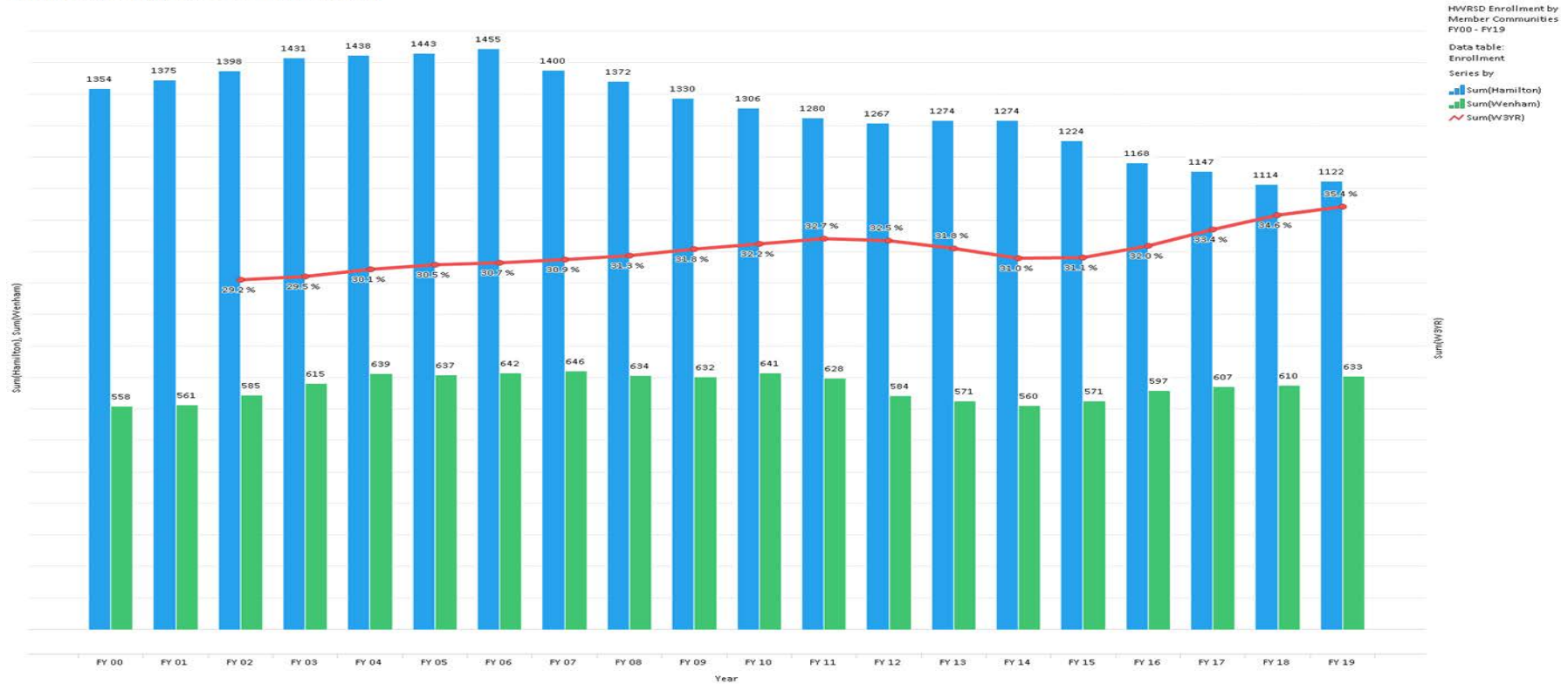
Town of Wenham Expenditure Forecast

	FY 2015 BUDGET	FY 2016 BUDGET	FY 2017 BUDGET	FY 2018 PROJECTED	FY 2019 PROJECTED	% Change 18/19	% Change 15/19
General Government	\$1,197,074	\$1,224,615	\$1,202,884	\$1,193,616	\$1,272,307	6.59%	6.28%
Public Safety	\$2,097,811	\$2,140,020	\$2,227,516	\$2,247,940	\$2,332,846	3.78%	11.20%
Education	\$7,790,651	\$8,196,009	\$8,963,193	\$9,370,420	\$10,213,059	8.99%	31.09%
Public Works	\$1,266,678	\$1,180,398	\$1,237,575	\$1,361,675	\$1,373,509	0.87%	8.43%
Water	\$431,150	\$423,365	\$417,438	\$421,617	\$427,388	1.37%	-0.87%
Health & Human Services	\$145,775	\$152,799	\$157,673	\$157,256	\$163,748	4.13%	12.33%
Culture & Recreation	\$915,169	\$943,060	\$953,575	\$978,568	\$1,038,499	6.12%	13.48%
Debt Service	\$611,714	\$554,628	\$655,092	\$557,155	\$562,245	0.91%	-8.09%
Other	\$1,293,218	\$1,417,279	\$1,466,354	\$1,567,229	\$1,619,753	3.35%	25.25%
Total	\$15,749,240	\$16,232,173	\$17,281,299	\$17,855,477	\$19,003,354	6.43%	20.66%

Town Operating Budget Increase FY15-19	10.45%
HWRSD Operating Budget Increase FY15-19	15.71%
Education Assessment Increase FY15-19	31.09%
Estimated Wenham Student Enrollment Increase FY 15-19	10.86%
Estimated Hamilton Student Enrollment Decrease FY 15-19	-8.33%

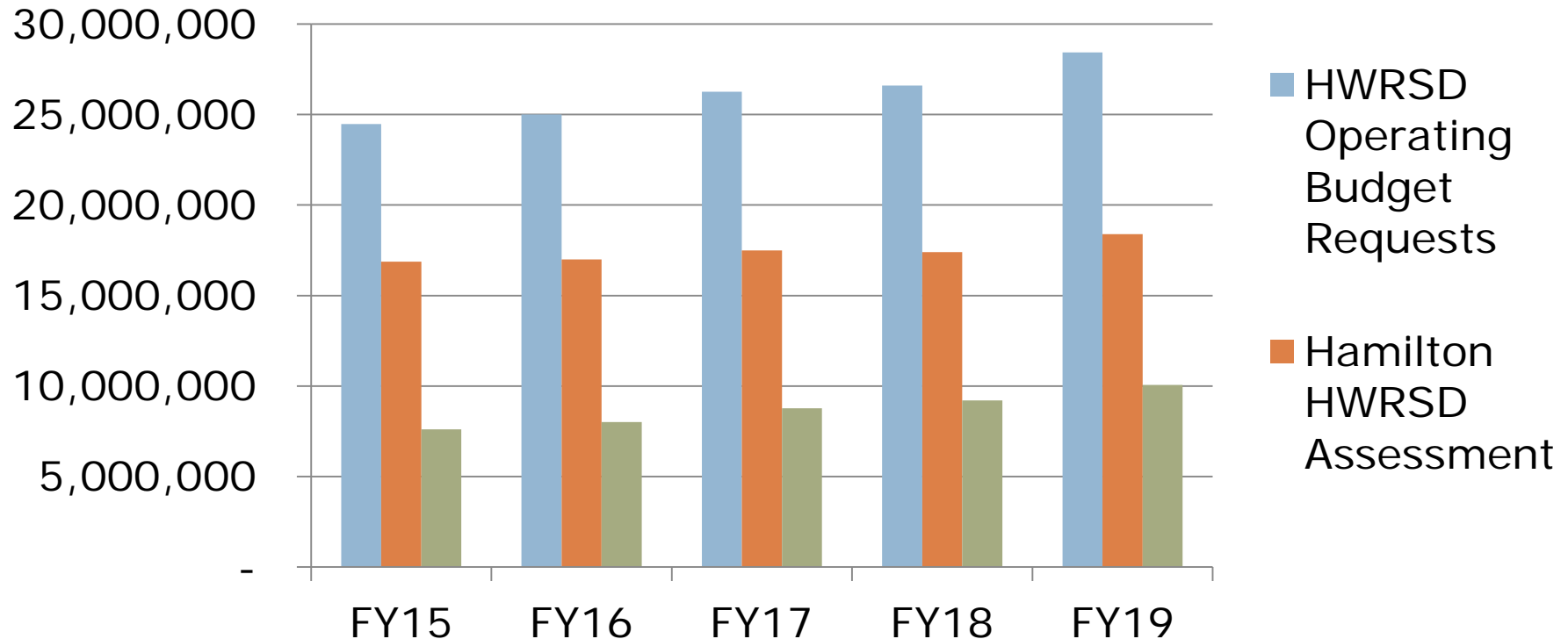
Combined HWRSD Enrollment & Wenham's Assessment %: FY 00 – Present

HWRSD Enrollment by Member Communities FY00 - FY19



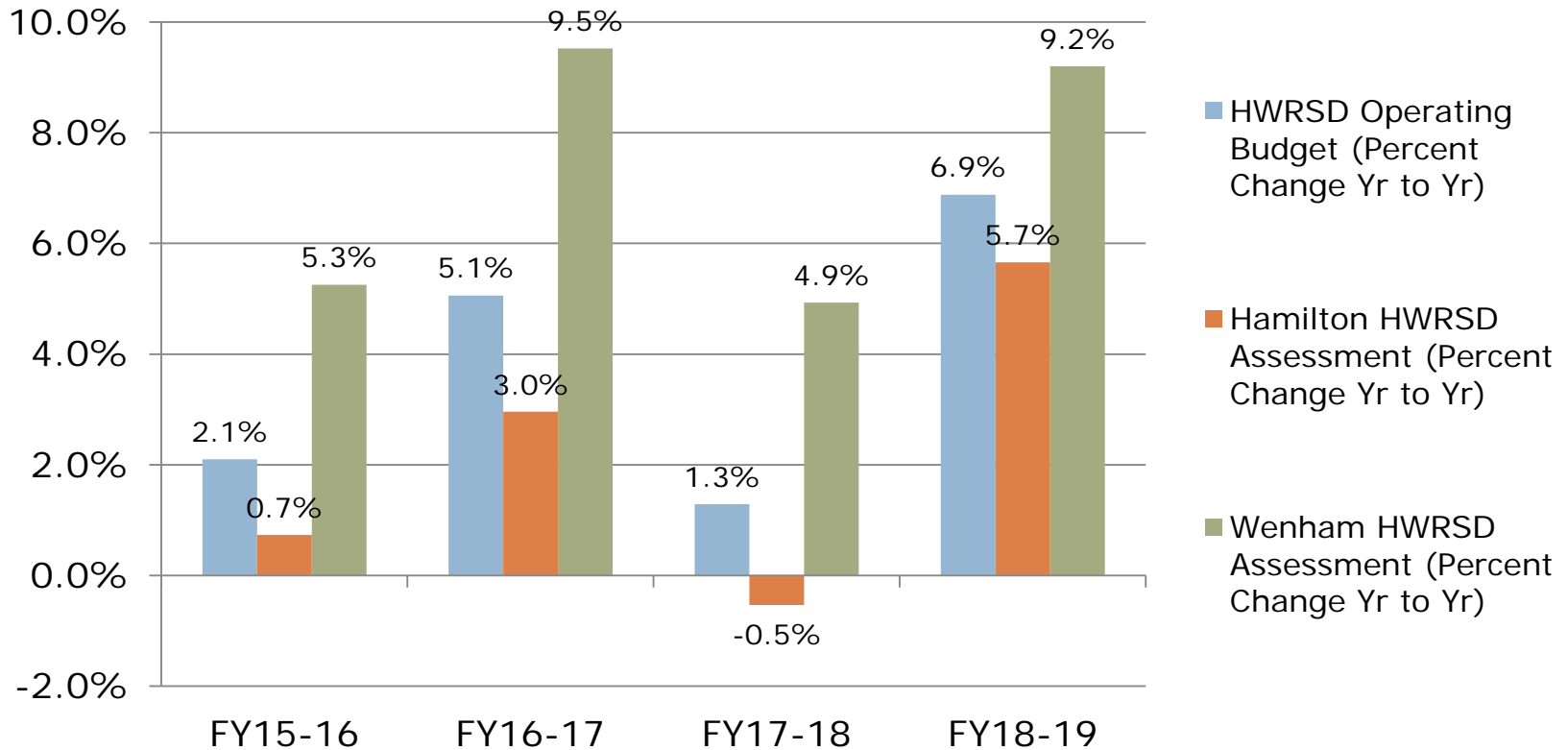
- HWRSD total enrollment has declined by 157 students since 2000. Over that time, Wenham enrollment has increased by 75 students while Hamilton's has decreased by 232.
- Accordingly, Wenham's Assessment (based on 3 year rolling average of enrollment in each town) has increased from 29.2% to 35.4% (or 21+%).

HWRSD Spending & Town Assessments by Dollar Amount: FY15-Present



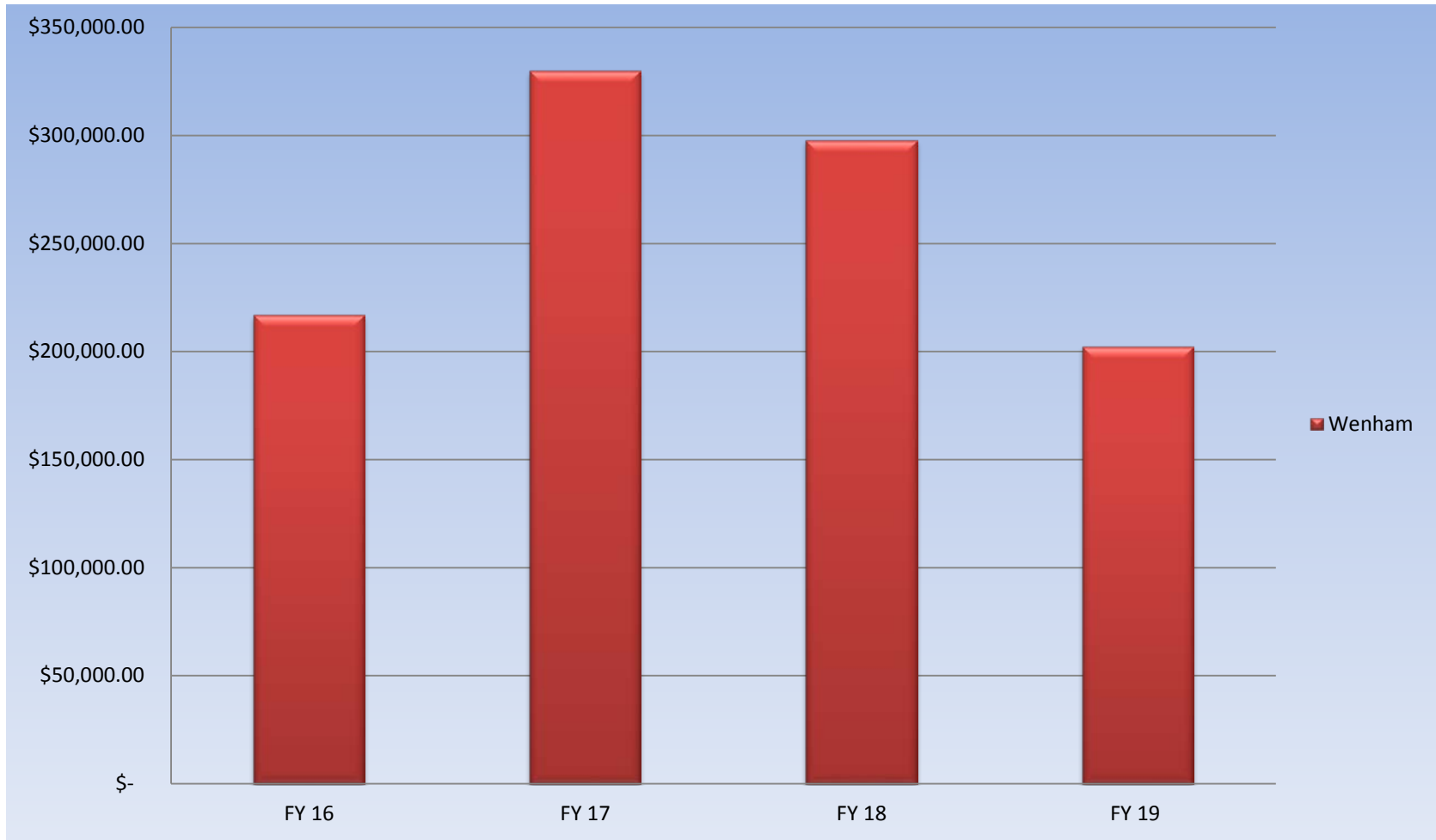
- HWRSD Operating Budget has increased by ~\$4M over past 4 years
- Wenham's Assessment has increased by ~\$2.5M over that same time, while Hamilton's has only increased by ~\$1.5M even though Hamilton has about twice as many children enrolled in the district

HWRSD Spending & Town Assessments by % Increase: FY15-Present



- HWRSD Operating Budget has increased by a total of 15.4% over past 4 years
- Wenham's Assessment has increased by 28.9% over that same time, while Hamilton's has only increased by 8.9%

Cost Impact of Student Enrollment Shift



Fiscal Impact of Student Enrollment Shift

- \$1,058,000 increase in Wenham's HWRSD Assessment over past 4 years from enrollment shift alone (average of \$265k each year)
- Wenham's levy capacity increases by about \$450k each year from all revenue sources (local and state)
- Over the past 4 years, Wenham has managed to fund all Town and HWRSD expense increases using the ~\$200k balance available in new levy capacity (after accounting for the enrollment shift) and any remaining excess levy capacity
- Starting with no excess levy capacity in FY18, Town and HWRSD annual operating expense increases needed to total less than 2.5% for FY19 to stay within levy limit based on these funding constraints and the continuing pressure caused by enrollment shift

2018 Annual Town Meeting Budget Articles

- Article 1 will seek approval of levy limit budget (3.7% Town expense increase and 2.5% School expense increase*)
- Article 2 will seek approval of use of \$750k in Free Cash to balance levy limit budget
- Article 3 will seek approval for balance needed to fully fund FY19 School budget (additional 2.9%, or \$331k)
- Articles 4 & 5 will seek approval for 2 School debt exclusion projects (\$850k and \$2.6M)

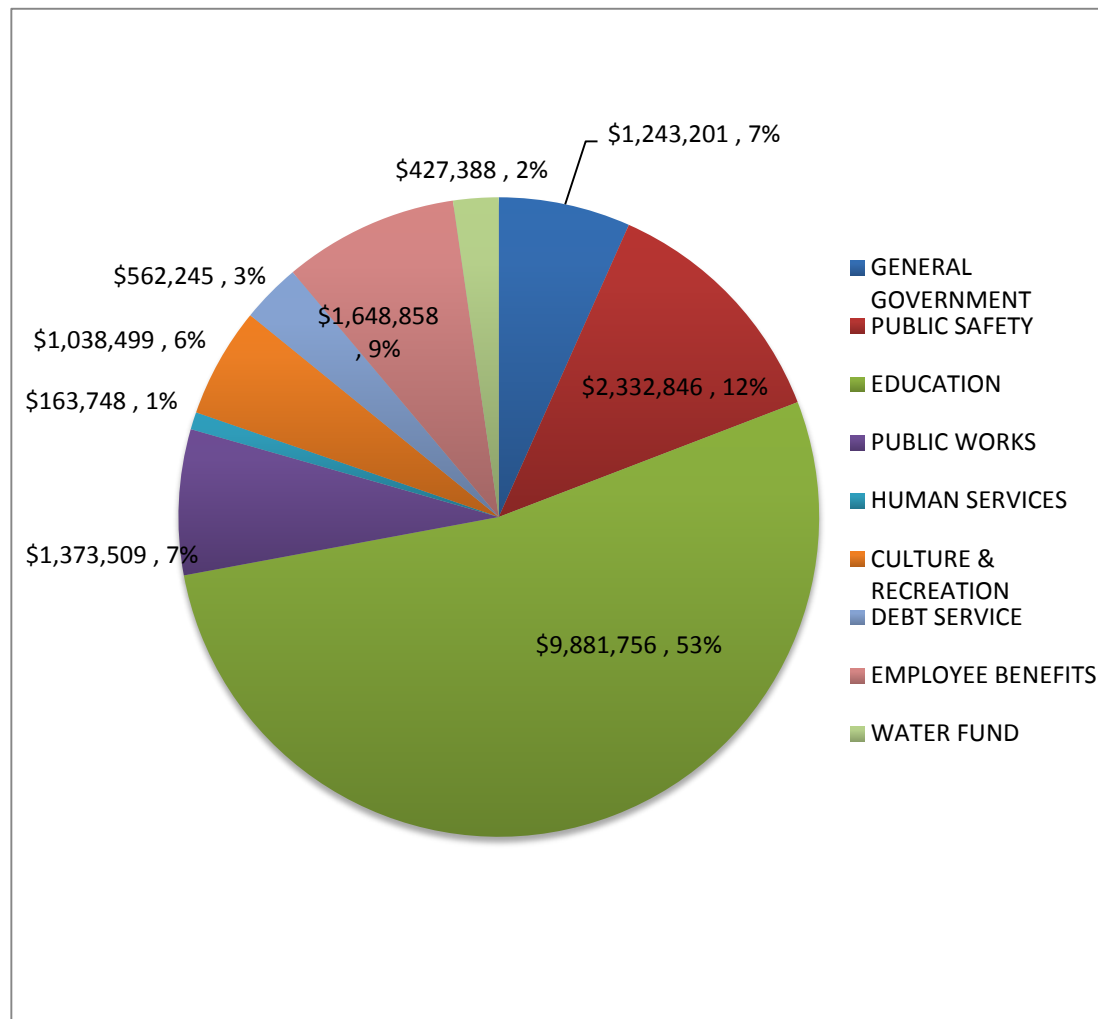
* Article 1 also includes \$214k for FY19 HWRSD student enrollment shift and \$78k from reduction of available Excess & Deficiency funds (School fixed costs)

Tax Rate Impact – Levy Limit Budget

FY19 Levy Limit	\$15,356,231
Total Valuation FY17	\$792,256,064
FY19 Projected Tax Rate	\$19.38 per \$1000

This is a projected increase of \$.59/1000, or 3.1%, on the current tax rate of \$18.79, resulting in an estimated tax bill increase of \$307 on a median home valued at \$520,450.

FY19 Proposed Budget – No Override

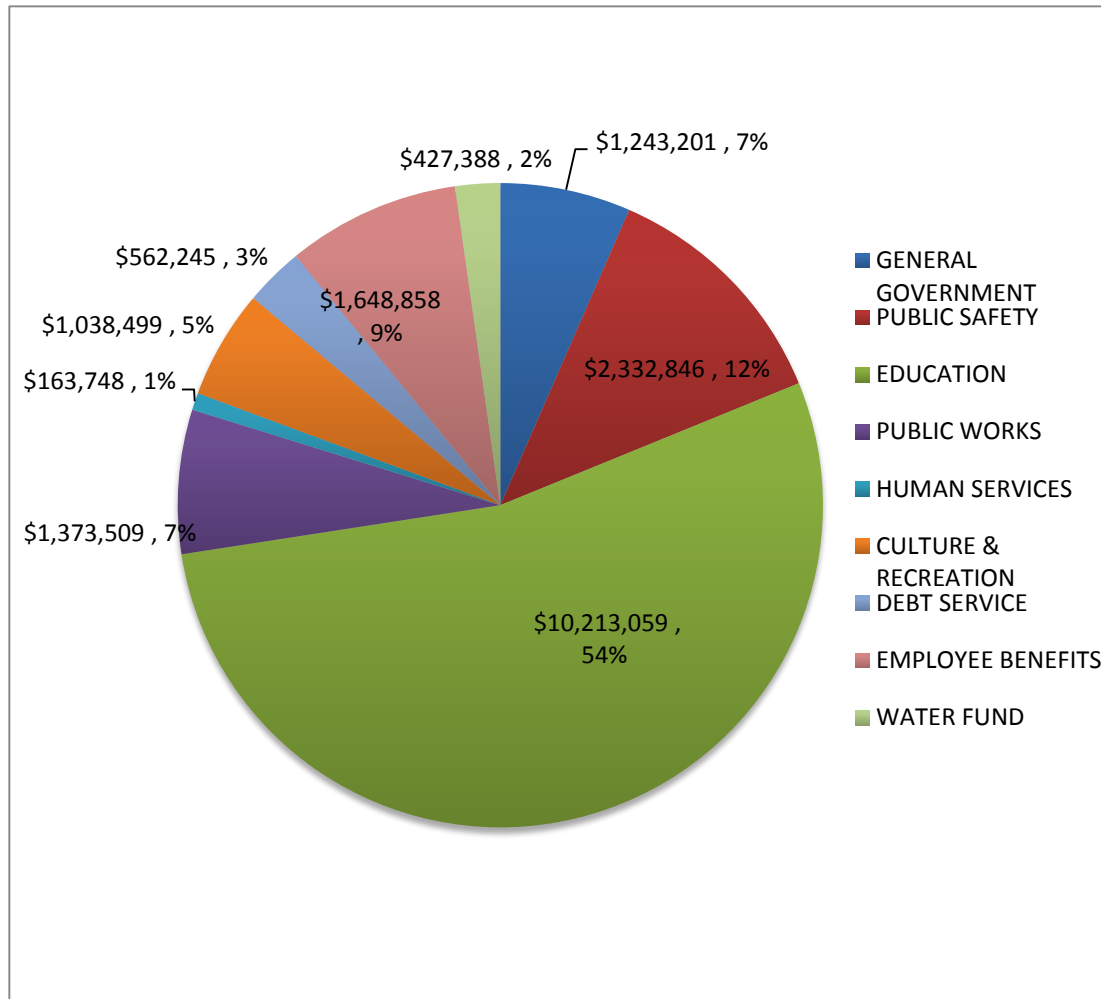


Tax Rate Impact – School Operating Override

Over Levy Limit	\$331,294
Total Valuation FY17	\$792,256,064
Tax Rate Impact per \$1,000	\$.42

This is a projected increase of an additional \$.42 (\$.34/Critical Priorities & \$.08/Reduced User Fees), or 2.2%, on the current tax rate of \$18.79, resulting in an additional estimated tax bill increase of \$219 on a median home valued at \$520,450.

FY19 Proposed Budget – With Override



Tax Rate Impact – Debt Exclusions

Total Project Amount	\$3,450,000
Total Valuation FY17	\$792,256,064
Tax Rate Impact per \$1,000	\$.11* in FY20

This is a projected increase of an additional \$.11 (\$.03/\$850K for Winthrop sprinklers & fire alarms and \$.08/\$2.6M for Safety, Accessibility, & Infrastructure), or .6%, on the current tax rate of \$18.79, resulting in an additional estimated tax bill increase of \$58 on a median home valued at \$520,450.

*based on 20 year bond at 4% and a declining interest payment with level annual debt service payments

Total Tax Rate Impact

FY18 Tax Rate	\$18.79
Levy Limit Increase	\$.59
Override Increase	\$.42
Total FY19 Tax Increase	\$ 1.01
Estimated FY19 Tax Rate	\$19.80/1000

If the operating override passes, our FY19 tax rate is projected to rise by 5.4%, resulting in an estimated tax bill increase of \$526 on a median home valued at \$520,450.

If both debt exclusions pass, our FY20 tax rate is projected to decrease by \$.29/1000 (\$.40/1000 reduction from last payment on Middle School debt plus \$.11/1000 increase from \$3.45M in total new debt – 35% of which Wenham residents will have to pay) – *this estimated decrease does not reflect Prop 2½ levy limit increases and/or any future operating overrides*

Important Dates

- Warrant Hearing – Monday April 2 at 7PM at Buker School Multi-Purpose Room
- Annual Town Meeting – Saturday April 7 at 1PM at Buker School Auditorium
- Annual Town Election – Thursday April 12 from 7AM to 8PM at Wenham Town Hall

We look forward to your continued participation!