

# Town of Acton Multi-Year Financial Model

Prepared by the Board of Selectmen, School Committee, and Finance Committee

8-Feb-18

Summary	Tax Recap FY17	Tax Recap FY18	Projection FY19	Projection FY20	Projection FY21
<b>Municipal Funding Sources:</b>					
Tax Levy (excluding debt exclusion)	\$ 76,920,952	79,832,757	83,177,563	85,257,002	87,388,427
State Aid	\$ 1,528,090	1,569,399	1,628,399	1,644,683	1,661,130
Local Receipts	\$ 4,840,386	4,935,066	5,201,104	5,253,115	5,305,646
Debt Exclusion	\$ 2,817,959	2,768,612	2,538,007	2,512,627	2,487,501
SBAB Reimbursement	\$ 923,000	923,000	923,000	923,000	923,000
Add: Town Reserves	\$ 2,467,969	2,483,800	2,200,000	1,300,000	1,300,000
<b>Acton Total Funding Sources</b>	<b>\$ 89,498,356</b>	<b>92,512,635</b>	<b>95,668,073</b>	<b>96,890,427</b>	<b>99,065,704</b>
<b>Allocation to Budgets</b>					
0					
<b>Municipal Spending</b>	<b>\$ 32,656,604</b>	<b>\$ 33,709,649</b>	<b>\$ 34,565,022</b>	<b>\$ 35,774,798</b>	<b>\$ 37,026,916</b>
Percent change year-to-year	2.20%	3.22%	2.54%	3.50%	3.50%
<b>ABRSD Assessment</b>	<b>\$ 55,547,097</b>	<b>\$ 57,730,056</b>	<b>\$ 59,981,959</b>	<b>\$ 62,530,002</b>	<b>\$ 65,192,980</b>
Percent change year-to-year	4.47%	3.93%	3.90%	4.25%	4.26%
Minuteman Operating Budget	\$ 997,655	\$ 1,072,929	\$ 1,114,235	\$ 1,214,235	\$ 1,314,235
Minuteman Building Project Debt			\$ 189,579	\$ 296,296	\$ 296,296
<b>Total Minuteman Assessment</b>	<b>\$ 997,655</b>	<b>\$ 1,072,929</b>	<b>\$ 1,303,814</b>	<b>\$ 1,510,531</b>	<b>\$ 1,610,531</b>
Percent change year-to-year	11.22%	7.55%	21.52%	15.85%	6.62%
<b>Total Acton Spending</b>	<b>\$ 89,201,356</b>	<b>\$ 92,512,634</b>	<b>\$ 95,850,795</b>	<b>\$ 99,519,035</b>	<b>\$ 103,534,131</b>
<b>Net Position</b>	<b>\$ 297,000</b>	<b>\$ 0</b>	<b>\$ (182,722)</b>	<b>\$ (2,628,607)</b>	<b>\$ (4,468,427)</b>

Table 6 Data	FY17 ABRSD Revenues	FY18 ABRSD Revenues	FY19 ABRSD Revenues	FY20 ABRSD Revenues	FY21 ABRSD Revenues
<b>ABRSD Funding Sources:</b>					
State AID Ch.70	\$ 14,531,276	14,804,931	14,971,546	15,140,000	15,280,000
Transportation	\$ 1,190,000	1,307,373	1,386,201	1,700,000	1,762,900
Regional Bonus Aid & Misc Revenue	\$ 74,000	179,000	124,000	275,000	275,000
Charter School Aid	\$ 27,683	25,350	25,004	35,000	35,000
Excess & Deficiency	\$ 200,000	450,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 16,022,959</b>	<b>\$ 16,766,654</b>	<b>\$ 16,706,751</b>	<b>\$ 17,350,000</b>	<b>\$ 17,552,900</b>

<b>Additional OPEB Contribution</b>	\$ 1,400,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
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Town of Acton - Tax Impact	FY17	FY18	FY19	FY20	FY21
Total Valuation ('000s)	\$ 4,230,440	\$ 4,308,187	\$ 4,437,432	\$ 4,570,555	\$ 4,707,672
Tax Rate	\$ 19.06	\$ 19.38	\$ 19.31	\$ 19.51	\$ 19.56
SF Value	\$ 561,186	\$ 566,279	\$ 588,930	\$ 606,598	\$ 624,796
% Change in SF Value				-	-
SF Tax Bill	\$ 10,697	\$ 10,976	\$ 11,374	\$ 11,836	\$ 12,224
% Change in SF Tax Bill	3.02%	2.60%	3.63%	4.07%	3.27%
\$ Change in SF Tax Bill	\$ 313	\$ 279	\$ 398	\$ 463	\$ 387

# Changes

## Location of Change (Sheet)

## Subject Title

## Amount

START - DEFICIT		-2,238,768
<u>September 2017 FY19 Changes</u>		
Increase FY19 motor vehicle estimate to FY17 actual		142,038
Increase FY19 Investment income estimate to FY17 actual		15,000
Increase FY19 Local receipts - Other departmental to FY17 actuals		109,000
Lower FY19 overlay with results of municipal modernization Act combining overlay accts		200,000
		59,000
Display Minuteman Capital debt service as increase to Muniuteman Operating Budget		-252,000
DEFICIT - 9/28/2017		-1,965,730
<u>October 2017 Changes</u>		
Lower FY19 Minuteman Debt from \$252k to \$190k per 10/18/17 Correspondence		62,000
Lower FY19 Minuteman Assesment by \$45k per 10/18/17 Correspondence		44,931
DEFICIT - 10/26/2017		-1,858,799
<u>November 2017 Changes</u>		
Increased reserve replenishment estimate to \$2,000,000 from \$1,154,000 for FY 2018 close and FY2019 close		N/A
DEFICIT - 11/30/2017		-1,858,799
<u>January 2018 Changes</u>		
Town budget difference (3.0% versus 3.5%)		168,548
ABRSD budget difference (4.89% versus 5.85%)		<u>556,055</u>
DEFICIT - 1/11/2018		-1,134,196
ABRSD budget change for HIT vote		369,000
Effect on FY19 tax levy due to FY18 actual new growth less than actual		-8,815
Change in new growth (\$875k to \$800k) for FY19 due to negative variance in FY18		-75,000
Municipal budget change for HIT vote		156,000
Increase reserve use to \$2.0m from \$1.3m		700,000
Give back untaxed levy capacity		-606,000
Change in Minuteman FY19 preliminary assessment		<u>14,184</u>
Deficit 2/1/2018		-584,827

FY19	ALG	ALG
<u>Metric</u>	<u>1/11/2018</u>	<u>2/1/2018</u>
Deficit	(\$1,134,196)	(\$584,827)
Reserve Use	\$ 1,300,000	\$ 2,000,000
Untaxed Levy Capacity	\$ -	\$ 606,000
EST. Average S/F tax bill increase	4.33%	3.63%
ABRSD Assessment change	4.89%	4.25%
Municipal Spending change	3.00%	2.54%
Muniteman Assessment change	22.84%	21.52%

2/6/18

## **ALG Minutes February 1, 2018**

Present: Peter Ashton, facilitator; Katie Green & Janet Adachi, BoS; Jason Cole & Steve Noone, FC; Paul Murphy & Amy Krishnamurthy, SC; Bill McAlduff, Steve Barrett, & Marie Altieri, Staff. Absent : Steve Ledoux.

Audience: Mark Hald, Asst. Town Manager; Brian McMullen, Asst. Finance director/principle assessor; Dave Verdolino, school finance director & Charlie Kadlec, pubic.

Extra Info: ALG financial model; ALG changes between 1/11/18 & 2/1/18 & ABEA COLA and overall contract.

Minutes were accepted with a few changes.

### **2. FY 18 Revenues and expenditures**

Bill: the revenue variances are on the positive side now we have \$214K and may be \$\$19K positive at the end of the year.

SB: we are right on the mark for the levy. We are keeping watch on the snow and ice account. We have paid out \$300K to contractors and have 1/4m left. It's something we watch carefully.

### **3. Spreadsheet**

There has been a lot of activity since last meeting. The deficit has gone from \$1,134,196 to \$584,827; reserve use from \$1.3m to \$2m; and untaxed levy capacity \$606K There have been reductions in the percentage for the tax bill increase to 3.36%; school assessment is down to 4.25%; town 2.54% and Minuteman to 21.52%. New growth has been reduced to \$800k which is \$75K less. The decrease is due to the finishing of Quail Ridge without any large projects in line. The best news was the reductions in the health care costs.

SN: suggested that the Minuteman costs of \$189K be put in reserves and then bonded. He said he would increase the use if reserves to \$2.2M.

Marie noted that in the past they have used \$2.4m and it has been replenished.

Katie noted that she was willing to list the one-time capital expenses that were in the BOS budget.

Bill: we can pick out the one-time capital spending. We have \$270K in deferred capital and another \$1m which will not move forward. The one-time expenses for the transportation increase will also be covered next year.

Marie: In the past the schools have gone by the rule of \$5K and five year life. We can rework that but we are putting another \$1m into the budget.

Bill: we are still looking at the costs in our budget but there is not much room.

The discussion centered around the cuts already made in both budgets.

Katie noted that the BoS had met the spending increases set out in the FC's POV, and Marie noted that the schools were very close

Marie: I don't think we should touch the town budget we can get to the POV by using the levy.

The discussion then centered around how to close the \$184k deficit with a reserve use of \$2.2m and what else?

Jason questioned whether the remainder of the FC would agree to the \$.2m increase of the reserves, which Steve Noone said was a reasonable solution Jason was firm about the FC's position on not taking any money from the tax levy.

Paul: Dennis was the only school committee member to vote against the school assessment because he thought it was too big. But every time I look at the budget I see necessary programs and if we cut costs we will also be cutting the goals we have set for the schools.

As Katie and Marie listed one-time expenditures Jason noted that the reductions in the health care could be considered as a one-time event.

Dave: presented the ABEA COLA and overall contract percentage increases for the past 10 years. The average for COLA is 1.2%; Steps and longevity 2.3%; total salary increase 3.5% and health 4.9%. When comparing these averages to surrounding towns, they are very low.

SN: Do we have trouble in attracting teachers? Do they leave because we don't pay enough?

Marie: not for the elementary levels but we do for ELL, SPED and HS math and science. Yes teachers do leave because our salaries are low. We try to get entry level teachers that will not be as expensive. I do hope the FC can get to using \$2.4m in reserves.

Jason: what I see is Prop 2.5% restraint and the salary increases are 3.5% which is 80% of your budget

Katie: I'm disappointed that the FC does not seem to recognize that the town has come in under the recommendation and the schools are very close.

Janet: we are looking at a way to budget and using only 1/3 of the levy and few reserves. The issue now is only \$184K out of a \$90m budget.

Amy: we are wholly in support of the budget. Cutting more will impact the services we provide students. Or we could cut our contribution to OPEB.

Peter: do we have an agreement to take this back to our committees and discuss the requests of the FC and have the FC discuss the requests of the two entities?

Katie agreed that the budget could be taken back to the board but she did not see the board voting for any more cuts especially when they have come in at the FC's request.

Peter: we need to be mindful of the time. It's early in February and I understand the concerns. Can the gap be closed; will the FC hold a meeting next week?

SN: we will work on it

The school budget needs to be voted by Feb. 15

Public: Charlie had nothing to add

Next ALG meeting Feb. 8

Ann Chang