

Town of Stoneham

Financial Forecast Fiscal Years 2020 – 2024

DAVE CASTELLARIN
TOWN ACCOUNTANT
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Budget Pressures

- ▶ The Town is Controlling Discretionary Spending, However some Non-Discretionary Spending, Like Health Insurance and Pension Costs, Continue to Rise Beyond Inflation
- ▶ Plan for Funding OPEB (GASB 45) Prior to Being Mandated
- ▶ We Must Continue the Commitment to Increase our Reserves to “Best Practice” Levels or We will Jeopardize the Town’s Bond Rating and Cost of Capital
- ▶ Base General Fund Budget Trending at a rate of 5% Which is Unsustainable
- ▶ Create a Viable Long-Term Capital Plan
- ▶ Trash & Recycling Costs



Five Year Financial Forecast

Pro-forma Assumptions – General Fund Revenues

- ▶ Tax Levy and Levy Limit Including New Growth, Will Grow 3.45% Through FY2024
- ▶ State Aid Projected to increase at 1.5%
- ▶ Local Receipts to Grow at \$25,000 Per Year
- ▶ Free Cash to Fund OPEB, Stabilization and Capital Stabilization Funds
- ▶ No Free Cash Used to Supplement Budget
- ▶ Free Cash to only pay for one-time costs.



Five Year Financial Forecast

Pro-forma Assumptions – General Fund Expenses

- ▶ Base Operating Expenses (Including Schools) to grow at 2.5%
- ▶ Group Health Insurance to grow at 3%
- ▶ Contributory Pension to grow at 3.46%, Prior Year's Grew in Excess of 7%
- ▶ Non Appropriated Expenses to grow at 1%. Non Appropriated Expenses are State Assessments, State Offsets and Overlay Reserve
- ▶ Debt Service Based Upon Current and Future Capital Improvement Programs



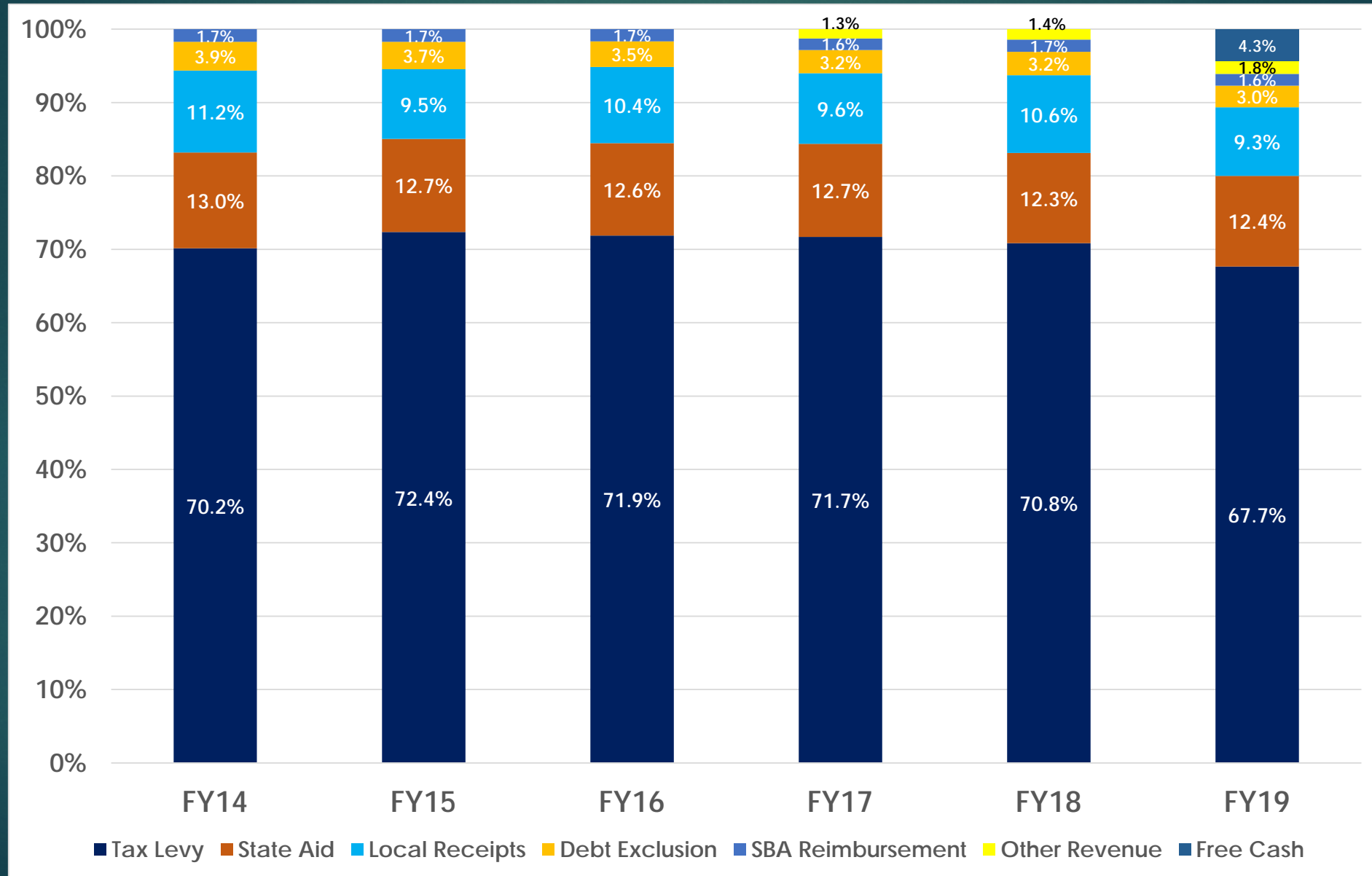
Five Year Financial Forecast

Revenue and Expenditure Summary General Fund

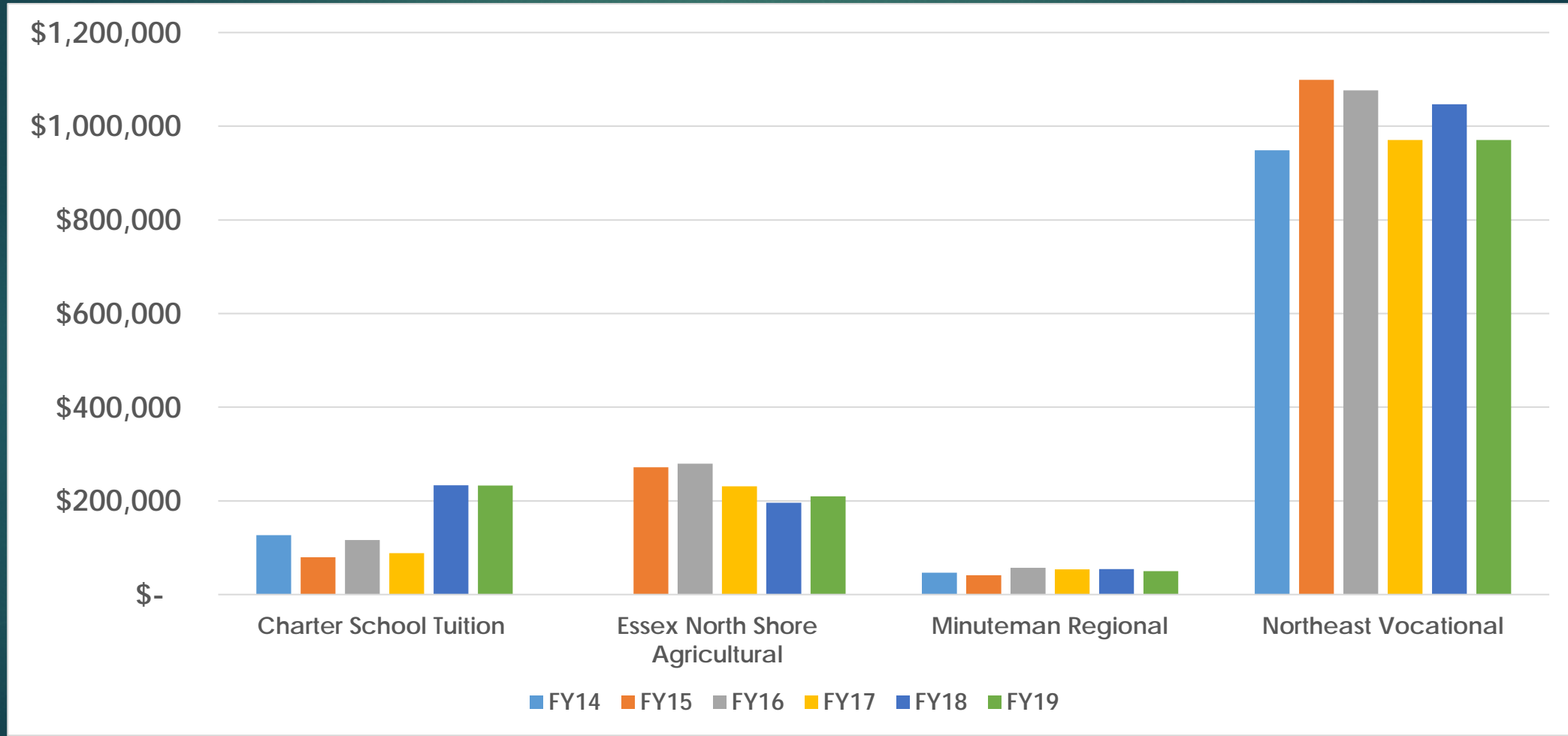
	FY19 - TM Adopted	FY20 Estimate	FY21 Estimate	FY22 Estimate	FY23 Estimate	FY24 Estimate
REVENUES						
Property Taxes	48,020,211	49,995,241	51,655,122	53,356,500	55,100,413	56,887,923
New Growth	500,000	400,000	400,000	400,000	400,000	400,000
Debt Exclusion	2,132,163	2,025,731	1,914,125	1,542,622	1,425,274	1,258,050
TOTAL TAX REVENUE	50,652,374	52,420,972	53,969,247	55,299,122	56,925,687	58,545,973
Local Receipts	6,683,235	6,350,000	6,375,000	6,400,000	6,425,000	6,450,000
State Aid	8,868,252	8,868,252	9,001,276	9,136,295	9,273,339	9,412,439
Free Cash	1,560,000	160,000	160,000	160,000	160,000	160,000
Water & Sewer Indirects	1,257,395	1,257,395	1,269,969	1,269,969	1,269,969	1,269,969
SBA Reimbursement	1,148,092	1,148,092	1,148,092	341,826	341,826	-
Special Article Free Cash	1,549,904					
TOTAL REVENUE	71,719,252	70,204,711	71,923,584	72,607,212	74,395,821	75,838,381
Expenses						
Base Operating Expense	48,899,851	50,122,347	51,375,406	52,659,791	53,976,286	55,325,693
Group Health	8,267,803	8,500,000	8,755,000	9,017,650	9,288,180	9,566,825
Contributory Pension	6,409,652	6,637,000	6,866,640	7,104,226	7,350,032	7,604,343
Debt Service - CIP	4,514,043	4,115,041	3,827,715	2,610,926	2,328,451	1,810,881
Special Article Expenses	1,549,904	-	-	-	-	-
Non Appropriated Expenses	2,076,333	1,829,532	1,847,827	1,866,306	1,884,969	1,903,818
TOTAL EXPENSES	71,717,586	71,203,921	72,672,588	73,258,898	74,827,918	76,211,560
SURPLUS (DEFICIT)	1,666	(999,210)	(749,004)	(651,686)	(432,097)	(373,179)



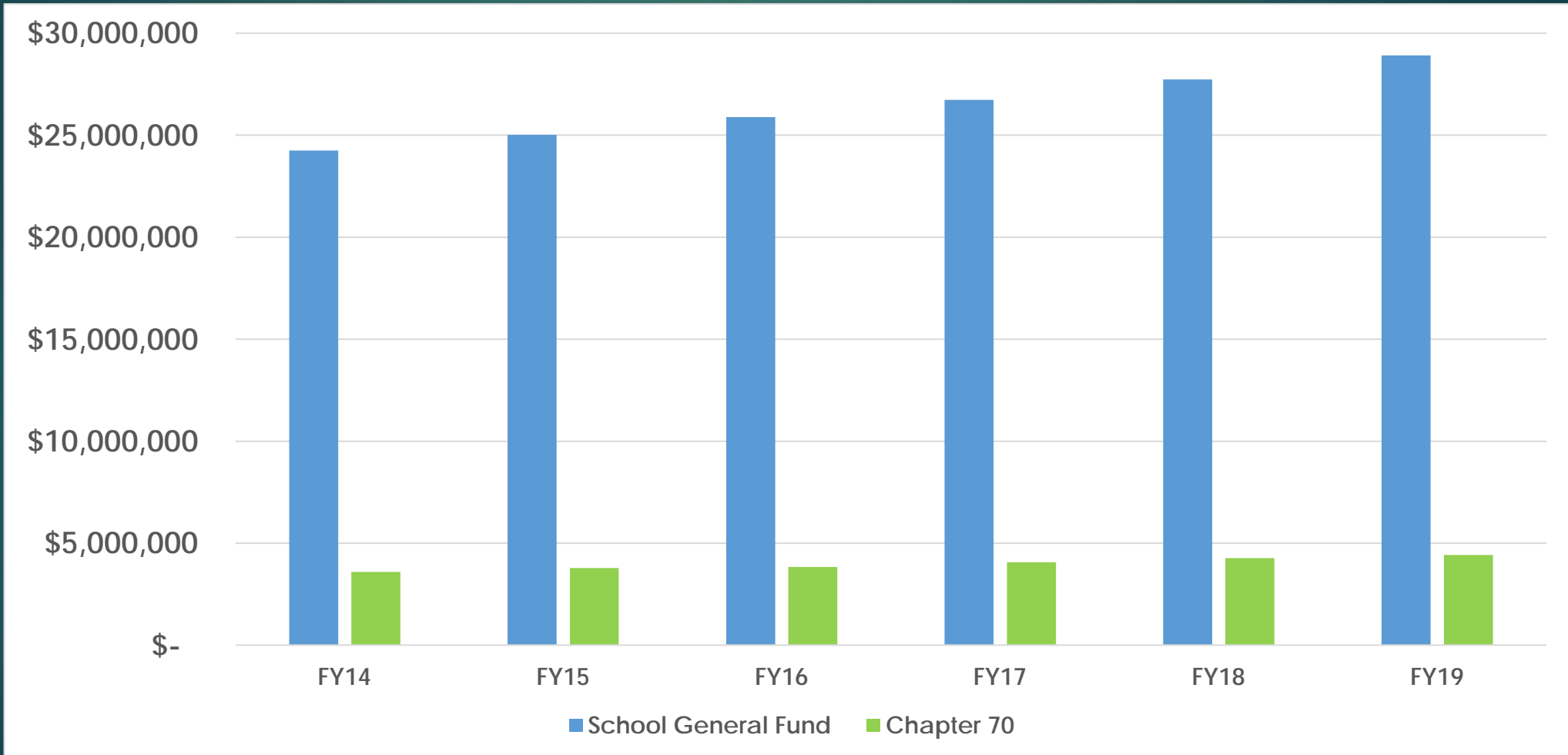
Revenue Allocation by Percentage



School Related Spending – General Fund



School Related Spending – General Fund Cont.



Where do we go from Here?

Potential Budget Impacts

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- ▶ Possibility of State Aid Increasing
- ▶ We Need to Reduce Percentage Cost Increases (5% currently) to More Manageable Levels
- ▶ Health Insurance Increase is Less than Projected
- ▶ Increase in Local Receipts
- ▶ Retirement Appropriation Reduced as we Near Fully Funding the Unfunded Liability

