

# TOWN OF WESTON

Town Hall, Town House Road  
Post Office Box 378  
WESTON, MA 02493-0002



(781) 786-5020 FAX (781) 786-5029  
townmanager@westonmass.org  
OFFICE OF TOWN MANAGER

January 13, 2015

The Honorable Board of Selectmen and Finance Committee:

As required by the Town Manager's Act, Section 2 (f) (ii) and Section 2 (j) (Chapter 80 of the Acts of 2001), I am hereby submitting the Town Manager's Fiscal Year 2016 Proposed Budget and Financing Plan.

## Budget Principles

The development of the Fiscal Year 2016 Proposed Budget and Financing Plan was guided by the following principles:

1. Current revenues should be sufficient to support current expenditures.
2. Debt will not be used to fund current operating expenditures.
3. Expenditures for capital items that recur annually should generally be included in the operating budget.
4. The proposed budget should include adequate reserves and contingency funds.
5. The proposed budget should include sufficient funds for building and other infrastructure maintenance to ensure that capital facilities and equipment are properly maintained.
6. The operating and capital budget will strive to maintain the core services currently provided and recognize that periodically changes in service needs may require that additional resources be provided.

## Proposed Operating and Capital Budget

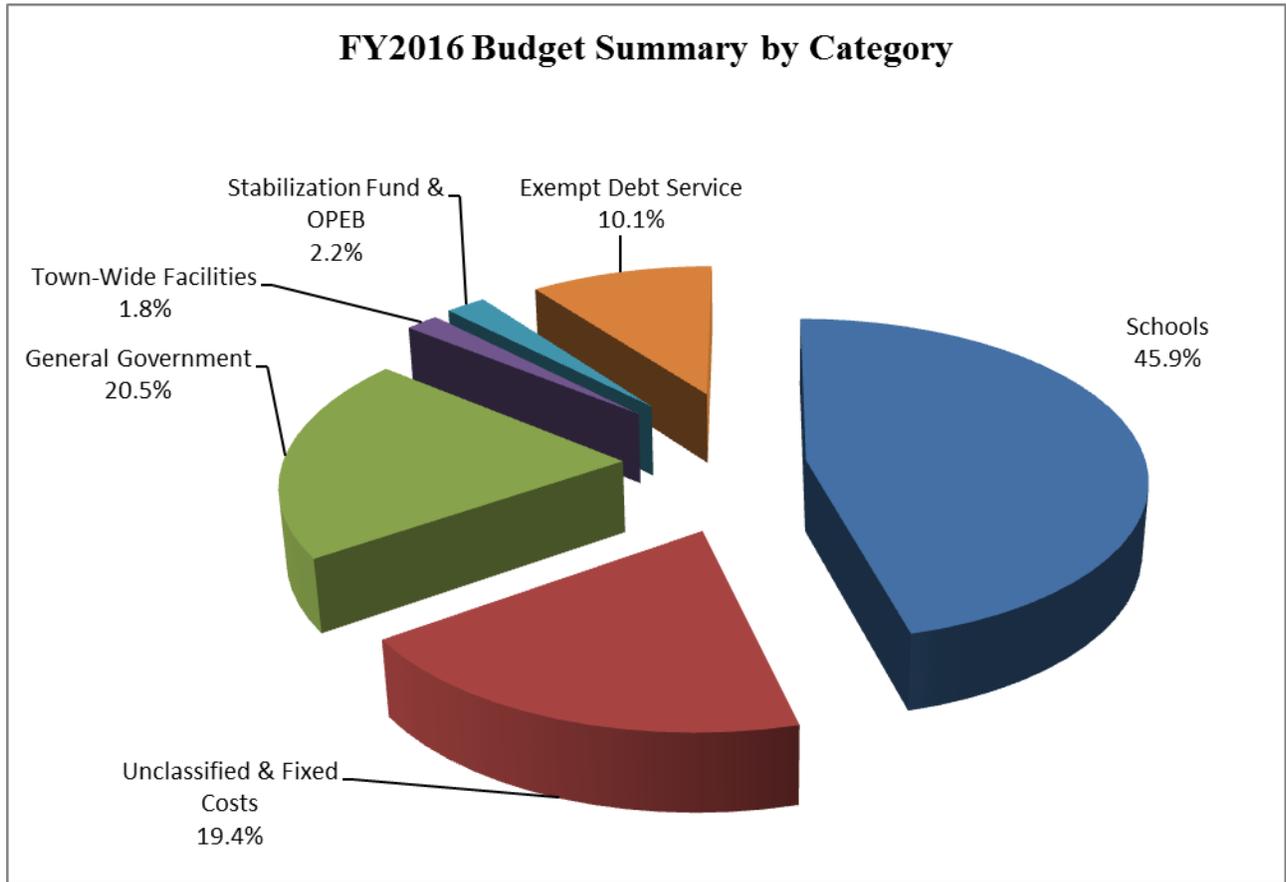
The Fiscal Year 2016 recommended budget for Municipal Departments, Unclassified expenses, and the Superintendent's proposed School Department budget totals \$74,548,229, which is a \$2,446,998 or 3.4% increase over the Fiscal Year 2015 appropriated budget.

The budget increase has the following major components:

School Department (Superintendent's Budget)	
Salaries	\$902,120
Equipment Purchases	281,560
Program Improvements	193,474
Offsets	153,132
Other Changes	(12,071)
Special Education	(59,036)
Enrollment	<u>(60,318)</u>
sub-total School Budget Increase	\$1,423,003
Health Insurance & Medicare Tax	480,170
Municipal Increases Above Level Service	428,711
Salaries (Municipal)	228,094
Middlesex Retirement System	131,087
Facilities Improvements – Town wide	(336,905)
All other changes - Net	<u>92,838</u>
<b>Total increase FY15 to FY16</b>	<b>\$2,446,998</b>

**Summary of Recommended FY2016 Budget**

	<b>FY15 Budget</b>	<b>Recommended FY16 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Schools	36,640,584	38,063,587	1,423,003	3.9%
Unclassified & Fixed Costs	15,434,972	16,107,288	672,316	4.4%
General Government	16,357,528	16,991,095	633,567	3.9%
Town-Wide Facilities	1,769,635	1,529,334	(240,301)	-13.6%
Stabilization Fund & OPEB	1,898,512	1,856,925	(41,587)	-2.2%
<b>Total Budget</b>	<b>\$72,101,231</b>	<b>\$74,548,229</b>	<b>\$2,446,998</b>	<b>3.4%</b>
<b>Projected Revenue</b>	<b>\$72,101,231</b>	<b>\$74,548,229</b>	<b>\$2,446,998</b>	<b>3.4%</b>
<b>(Shortfall) Surplus</b>	<b>\$0</b>	<b>\$0</b>		
Debt Service Exempt from Proposition 2 1/2	\$7,220,241	\$8,417,881	\$1,197,640	16.6%
<b>Grand Total Budget</b>	<b>\$79,321,472</b>	<b>\$82,966,110</b>	<b>\$3,644,638</b>	<b>4.6%</b>



## **Proposed Revenues**

Fiscal Year 2016 projected revenues are \$74,548,229, which is a \$2,446,998 or 3.4% increase over FY2015 revenues. Included is an increase of \$1,326,351 in the tax levy, consisting of \$1,196,208 from growth in the tax base and an additional \$130,143, which is a 0.2% increase in the tax levy over the Fiscal Year 2015 amount.

## **Exempt Debt Service**

Exempt debt service is principal and interest payments on bonds issued for projects that have previously been approved by Town Meeting and voted to be excluded from the limits of proposition 2½. Fiscal Year 2016 exempt debt service is projected to be \$8,417,881, an increase of \$1,197,640 or 16.6% over Fiscal Year 2015 exempt debt service. This jump in exempt debt service has been predicted, since it was believed that Fiscal Year 2016 would be the peak year for debt service, including permanent bonding for the new Field School and the Police Station. Due to changes in the bonding schedule, the peak is now projected in Fiscal Year 2017, but the increase for next year is projected to be approximately half of this year's increase.

## **Proposed Budget and Financing Plan**

There are a number of aspects of this Plan that should be highlighted:

- 1. School Department Budget** – Under the Town Manager Act, the School Department budget is submitted directly to the Finance Committee and, therefore, is not included in this document except in summary form. It is expected that the School Committee will approve its recommended budget in March. In order to provide a general view of the overall Town and School budget, we have included in this document the Superintendent's proposed budget, as submitted to the School Committee.
- 2. Revenue Projections** – Section 2 of this budget document includes the Fiscal Year 2016 revenue projections to support this proposed budget. The tax levy increase, which is 0.2% instead of the allowable 2.5% is supplemented by new growth of nearly \$1.2 million. At this time, state aid is assumed to be level funded.
- 3. Budget Summary** – Section 3 of this budget document includes a summary of budget recommendations for all Town departments. Detailed budget recommendations can be found in Sections 6-16.
- 4. Possible Reductions to Create "Level Tax Bill" Operating Budget** – The proposed budget assumes maintenance of the current level of service provided by municipal departments. In section 4, a list of possible reductions in the budget are provided in response to a request by the Board of Selectmen to create an operating budget that only increases by the amount of growth in the tax base. In order to achieve such a budget, these reductions could be made; however, the use of higher than usual free cash and overlay surplus are available to mitigate the increase in the tax levy.
- 5. Level Service Budget Requests** – Department managers were asked to submit "level service budgets" for Fiscal Year 2016. A level service budget is that amount of funding required to deliver the same level of services in Fiscal Year 2016 as was provided in Fiscal Year 2015. Only increases for contractual, mandated or known additional costs were allowed.
- 6. New Budget Requests** – Municipal department managers were asked to prepare a separate request for any additional staffing, services and capital budget items proposed. Recommended new municipal requests to address increased demands for service result in an increase of \$432,211. These requests are included in the budget narrative for each departmental budget and in the budget column labeled "Town Manager's Recommendation-New Requests." They are also summarized and ranked in Section 5 of this document with the understanding that the Board of Selectmen may change this ranking as it reviews Town-wide priorities.
- 7. Reserve Policy** – This Proposed Budget and Financing Plan includes the continued implementation of the Reserve Policy adopted by the Board of Selectmen. Weston has made good progress improving reserves, which is especially important to bond rating agencies when evaluating the Town's AAA credit rating.

8. **Capital Requests** – Sections 17-22 of the Fiscal Year 2016 Proposed Budget and Financing Plan include capital requests proposed by funding source. Capital requests are those items generally costing more than \$25,000 and having a useful life of more than five years. In addition, a five year projection of future capital projects is included.
9. **Debt Exclusion Consideration**– In prior years, the Board of Selectmen has placed before the voters Proposition 2½ debt exclusion questions for various capital projects approved or to be considered by Town Meeting. Included in Section 17, Capital Requests-Table I, are those capital projects recommended for Fiscal Year 2016 that the Board of Selectmen will want to consider as debt exclusion questions. If the voters do not approve the funding of these projects through debt exclusion, the non-exempt debt service budget would need to be increased by \$28,075 in Fiscal Year 2016 and \$257,125 in Fiscal Year 2017.

### **Acknowledgments**

Preparing a budget document with this level of detail is a significant undertaking. I would like to express my appreciation to all of the Town's department managers and board and committee members who contributed to the development of this budget. Assistant Town Manager/Human Resources Director Lisa Yanakakis prepared, analyzed and confirmed amounts needed for costs related to employee benefits and salary changes. Town Accountant Susan Kelley and Finance Director Sarah Johnson assisted in preparing the budget spreadsheets, debt service and revenue projections. Finally, I would like to acknowledge Kara Fleming for her assistance in the production of this document.

### **Conclusions**

Long-term outstanding debt and projected debt service have increased substantially over the past decade as Town buildings have been rebuilt or rehabilitated, but these levels of debt are analyzed in relation to warning indicators that are monitored by bond rating agencies. Due to the financial strength of the Town, Weston has continued to maintain a Aaa, the highest possible rating that a municipality can receive. The Aaa rating is vital for keeping the long-term costs of voter-supported debt exclusions as low as possible. Nevertheless, the debt service, nearly all of which is excluded from the limits of proposition 2 ½, has an impact on the tax bill.

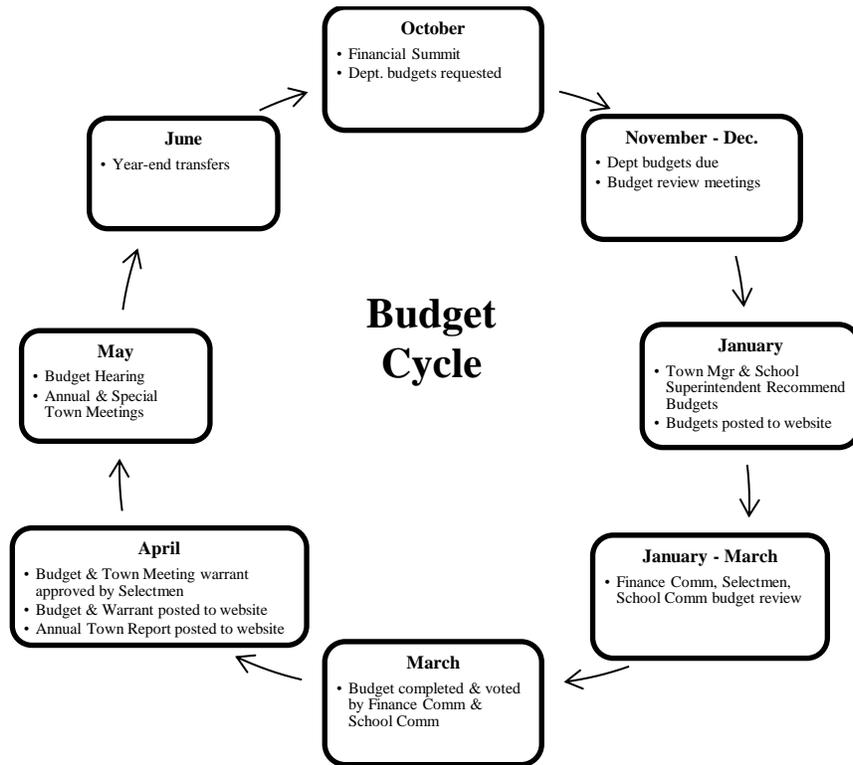
Every year we strive to provide services to Weston residents in the most efficient and cost effective way possible, in order to minimize increases in taxes yet maintain the excellence that is expected. Weston's tax base is over 96% residential, and property tax bills are substantial. We appreciate the support of Weston taxpayers in funding the level of services currently provided and understand that increases in budgets must be carefully explained and justified in order to maintain that level of support.

Further, we recognize that Weston is well served by the partnership that exists between volunteers and paid staff to provide Town services. Without all of you, who spend countless hours of unpaid time for the benefit of the Weston community, we could not accomplish nearly as much. Thank you.

Very truly yours,

Donna S. VanderClock  
Town Manager

## OVERVIEW OF THE ANNUAL BUDGET PROCESS



The process of preparing the annual budget takes place over a period of several months each year.

October – A financial “summit” is held, which is a meeting between the Board of Selectmen, School Committee, and Finance Committee to review a series of financial indicators providing data about the Town’s financial condition and discuss the challenges of the upcoming budget cycle. This meeting is open to the public.

November and December – Departmental budgets are submitted to the Town Manager. Meetings are held between the Town Manager, Finance Director and department managers, to which Finance Committee liaisons are invited, to discuss the details of the budget requests.

January – The School Superintendent presents her recommended budget to the School Committee; the Town Manager presents her recommended budget and financing plan for all departmental budgets, including the Schools, to the Board of Selectmen. Weekly meetings of the Finance Committee commence to review each department’s budget and continue in February and March. These meetings are all open to the public.

March - By the end of March, the Finance Committee and School are ready to vote on the budget they will recommend to the Board of Selectmen.

April – The Board of Selectmen votes on the budget they will recommend to Town Meeting for approval. In addition, they vote to approve the “warrant” or agenda of all items to be considered for approval by Town Meeting, including the annual operating budget, capital spending requests, Community Preservation Act (CPA) spending requests, and any general bylaw, zoning bylaw changes, or other matters to be considered.

May – The annual budget hearing is held the Monday prior to the beginning of Annual Town Meeting. That hearing provides an opportunity for residents to ask more detailed questions about the budget and spending requirements of the Town.

Annual Town Meeting is held each year on the first or second Monday evening in May and generally takes between one and three evenings to complete.

### WHAT IS TOWN MEETING?

The legislative body of the Town of Weston is an Open Town Meeting comprised of all registered voters. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects except for specific instances where appropriation is not required by law. Approval of most spending requires a simple majority vote in favor, but capital projects, if they involve borrowing, must be approved by a two-thirds majority.

Any amendments to appropriations require Town Meeting vote at either a regular or Special Town Meeting. The procedures for Town Meeting are specified in the Town of Weston General Bylaws.

### HOW ARE TAXES CALCULATED?

In Weston, the tax rate is a function not only of the total revenues to be raised by real estate taxes (Levy Limit), but also levy exclusions and the contribution to the Community Preservation Act (CPA) surcharge:

$$\text{Weston's Annual Tax Levy} = \text{Levy Limit} + \text{Exclusions} + \text{CPA}$$

#### What is a Levy Limit?

Proposition 2 ½ was enacted in 1980 to limit the reliance on the property tax and give the voters a greater say in approving property tax increases. With inflation and the cost of living routinely pushing the cost of government beyond 2 ½ % increases, the legislature provided voters the authority to approve increases greater than 2 ½%, enabling them to consider and determine what kind of community they want and can afford.

A general override to Proposition 2 ½ supports the operating budget and requires a majority vote by ballot at the Town Election to pass. Since 1980 the Boards of Selectmen have recommended a general override fifteen times and voters have rejected to do so only once, in 1998. Town leaders are mindful of the tax burden and do everything possible to avoid or limit while maintaining essential services.

There are two components to the law:

1. A levy ceiling, or the maximum levy limit, is 2.5% of the full and fair cash value of taxable real and personal property, as determined by the Town's assessors. This changes as properties are added or removed from the tax roll and as market values change, but Weston's Annual Tax Levy cannot exceed the Levy Ceiling.
2. The levy limit for a particular year is calculated by increasing the previous year's limit by 2.5% and adding certified new growth and overrides. The new limit cannot exceed the levy ceiling.

$$\text{The Levy Limit} = \text{Prior Year Levy Limit} + 2.5\% \\ + (\text{voter approved override}) + \text{New Growth}$$

New Growth includes the additional property tax from new construction and additions to properties, exempt real property returned to the tax roll, and new personal property. Although new growth is incorporated into the

levy limit calculation, Weston has historically not included projected new growth in revenue calculations for the current year, which results in a more conservative outcome.

This then becomes the base for calculating the levy limit for the next year. The town's actual levy can be any amount up to the limit. If in one year, the levy is below the limit, the levy increase in the following year could not exceed 2.5%. The difference between the levy and the levy limit is called the excess levy capacity. Currently, Weston's excess levy capacity is \$3.2 million.

### **What are Exclusions?**

Taxpayers may vote to fund debt for projects and choose to exclude these payments from the calculation of the levy limit and, therefore, from the base upon which the levy limit is calculated for future years. Unlike overrides, these Debt Exclusions or Capital Outlay Expenditure Exclusions are temporary increases to the tax levy, lasting the life of the debt or the duration of the capital project.

Exclusions require a majority vote on the ballot and may increase the levy about the levy ceiling. Weston has approved a number of debt exclusions and no capital outlay expenditures, because money for capital projects is typically borrowed.

### **What is the Community Preservation Act (CPA) Surcharge?**

In 2002, Weston voters approved the adoption of the State's Community Preservation Act (MGL Chapter 44B), which authorizes the Town to charge 3% (after \$100,000 assessment exemption) quarterly on top of the tax payment. Thus:

$$\text{Funds for the Community Preservation Act Surcharge} = (\text{New Levy Limit} + \text{Debt Exclusions}) \times 3\%$$

This money is matched, in part, by the State for the purpose of enabling cities and towns to fund the acquisition and preservation of open space, the creation and support of affordable housing, and the acquisition and preservation of historic buildings and landscapes.

The adoption of the CPA reflects the value Weston citizens place on these issues and has enabled the town to maintain the rural character and mix of housing that has defined the Town. To learn more about the CPA in Weston, visit [www.weston.org](http://www.weston.org).

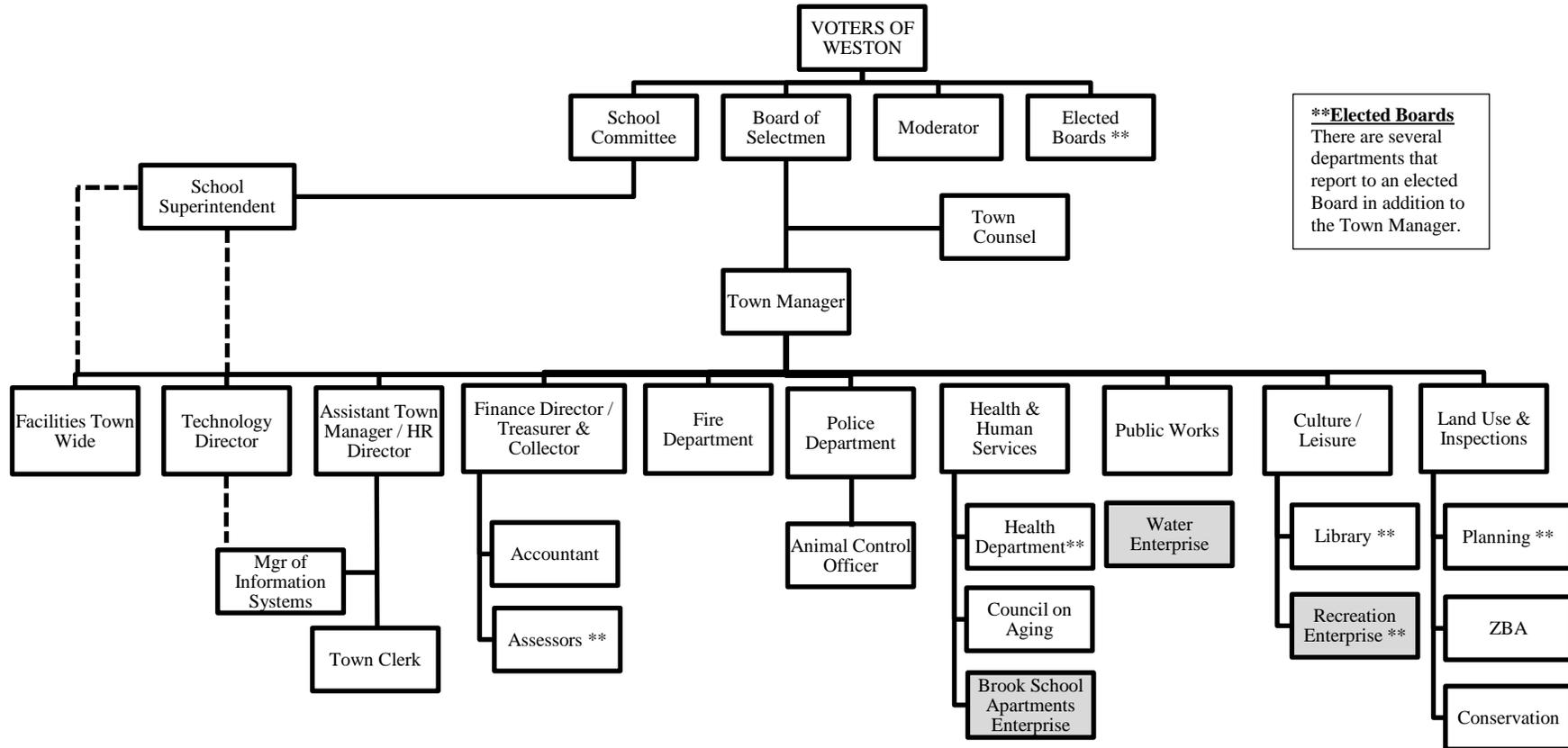
The Community Preservation Committee is charged with studying the needs, possibilities, and resources of the Town regarding community preservation and with making recommendations to Town Meeting regarding the appropriation of CPA funds.

### **WHAT BASIS OF ACCOUNTING IS USED BY THE TOWN?**

The regular method of accounting used by the Town of Weston is the Uniform Massachusetts Accounting System (UMAS). This accounting system is prescribed by the Commonwealth of Massachusetts' Department of Revenue for local government entities and is intended to demonstrate compliance with state statutes and local near-term decisions (e.g. the budget). This system prescribes the use of the modified accrual basis of accounting, which is the basis used by all governmental fund types. Modified accrual accounting combines accrual-basis accounting with cash-basis accounting and recognizes revenues when they become available and measurable and recognizes expenditures when liabilities are incurred. This system divides available funds into separate entities within the organization to ensure that the money is being spent where it was intended.

The accounting policies of the Town of Weston conform to generally accepted accounting principles (GAAP) as applicable to governmental units.

# Town of Weston – Organizational Chart



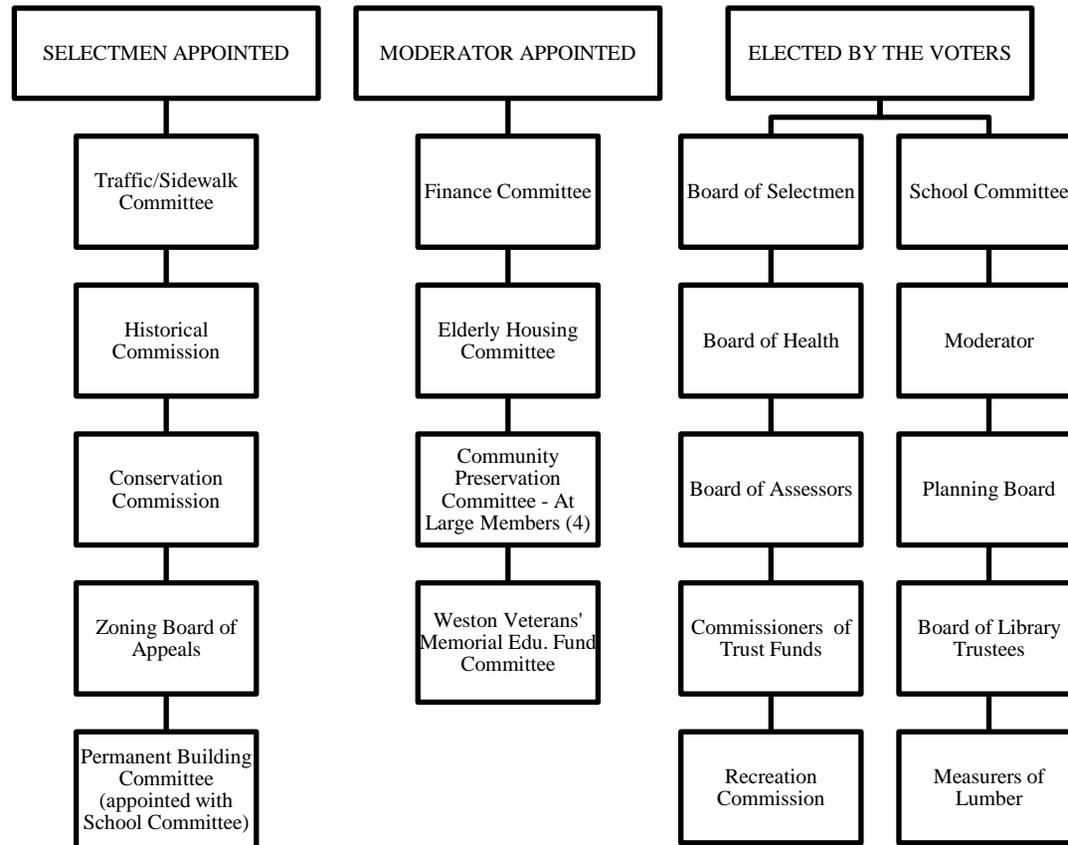
# Boards and Committees

## Boards & Committees

Various boards and committees are appointed by the Selectmen or Moderator, or are elected by the voters of Weston.

- Affordable Housing Trust
- Board of Registrars of Voters
- Cable Advisory Committee
- Crescent Street Historic District Commission
- Cultural Council
- Environmental Baseline Committee
- Housing Partnership
- Tree Advisory Group
- Trustees of the Merriam Fund

This list is an overview. In addition to the Boards and Committees listed here, at any time there may also exist several ad hoc committees formed by various bodies to study specific issues. A complete listing can be found in the Annual Town Report.



# Municipal Staffing Levels

(stated in Full Time Equivalents or FTEs)

<b>Town Government</b>	<b>FY2012 FTE</b>	<b>FY2013 FTE</b>	<b>FY2014 FTE</b>	<b>FY2015 FTE</b>	<b>FY2016 FTE</b>	<b>Change FY15 - FY16</b>	<b>Change FY12 - FY16</b>
Town Manager's Office	2.48	2.48	2.61	2.42	2.42	-	(0.06)
Human Resources	2.00	2.00	2.00	2.00	2.00	-	-
Facilities (Town Hall, JST/OL)	1.27	1.27	1.27	1.27	1.27	-	-
Facilities Town-Wide	3.00	3.00	3.00	3.00	4.00	1.00	1.00
Finance	10.00	10.00	10.00	10.00	10.00	-	-
Town Clerk and Registrars of Voters	2.09	2.09	2.09	2.32	2.32	-	0.23
Information Systems	3.31	3.27	3.27	3.27	3.52	0.25	0.21
Land Use and Development	4.93	4.93	4.93	5.20	5.20	-	0.27
Police Department	31.75	31.00	31.00	31.00	32.00	1.00	0.25
Fire Department	35.00	35.00	35.00	35.00	36.00	1.00	1.00
Inspectional Services	2.20	2.60	2.36	2.20	2.30	0.10	0.10
Animal Control	0.50	0.50	0.50	0.50	0.50	-	-
Public Works	27.25	28.50	28.00	28.00	28.00	-	0.75
Board Of Health	3.20	3.20	3.20	3.20	3.20	-	-
Council on Aging	4.32	4.26	4.58	4.58	4.58	-	0.26
Library	17.88	17.88	17.88	17.88	17.88	-	-
Water Division - Enterprise	4.00	4.00	4.00	4.00	4.00	-	-
Recreation Department - Enterprise	7.00	7.00	7.00	7.00	7.00	-	-
Brook School Apts. - Enterprise	2.70	2.70	2.70	2.70	2.78	0.08	0.08
<b>Total Municipal FTE</b>	<b>164.88</b>	<b>165.68</b>	<b>165.39</b>	<b>165.54</b>	<b>168.97</b>	<b>3.43</b>	<b>4.09</b>