

TOWN OF WINCHENDON

OFFICE OF THE TOWN MANAGER

109 FRONT STREET, WINCHENDON, MASSACHUSETTS 01475-1758

Telephone: (978) 297-0085

Facsimile: (978) 297-1616

khickey@tocomwnofwinchendon.com

To: Board of Selectmen

From: Keith R. Hickey, Town Manager

Date: August 24, 2020

Re: Revised Fiscal Year 2021 Budget Message

I respectfully submit the revised Town Manager's recommended budget for Fiscal Year beginning July 1, 2020 to the Board of Selectmen. My revised budget includes budgets and supporting revenues for the General, Water, Wastewater, and Transfer Station funds meeting the current needs of the community while positioning the Town for long term financial stability. The past six months have proven to be very challenging for all town departments, including the schools. The FY21 budget includes flexibility for the Selectmen and Finance Committee to address some of the financial unknowns as the community provides necessary services while dealing with the ongoing pandemic. I have proposed the balance of the reserve account created by the deficit legislation, \$323,000, be placed in the Finance Committee's budget to fund potential unknown financial impacts during the current fiscal year. If those funds are unexpended at the end of FY21, the unspent portion would lapse into Free Cash. Below is a budget reconciliation of my original and revised budget proposal.

<u>Budget Reconciliation</u>		
	<u>Original Proposal</u>	<u>Revised Proposal</u>
Real and Personal Property Taxes	\$ 13,263,232.41	\$ 13,112,590.16
Less: Property Tax Levy Surplus		
State Aid	\$ 14,222,161.00	\$ 14,132,480.00
Local Receipts	\$ 2,900,509.00	\$ 2,767,576.00
Indirect Charges	\$ 313,416.59	\$ 313,416.59
Transfers From Other Funds	\$ 39,924.45	\$ 39,924.45
Free Cash-Capital		\$ 165,032.00
Deficit Legislation Escrow Funds		\$ 323,776.09
Total Budget Sources	\$ 30,739,243.45	\$ 30,854,795.29
 Total Town Appropriation	 \$ 16,952,180.12	 \$ 17,067,731.97
Total School Appropriation	\$ 13,787,063.33	\$ 13,787,063.32
 Total Appropriations	 \$ 30,739,243.45	 \$ 30,854,795.29

There have not been a significant number of changes in the General Fund budget. However, some of the changes have been significant and are highlighted below.

Appropriations

- The proposed property tax increase has been reduced from 2.5% to 1.25%.
- Wage adjustments for all Department Heads have been reduced from 2.5% to 1%.
- Funding of Unemployment Compensation is recommended at \$577,567.52 from the following sources; General Fund \$250,000, CARES Act \$250,000 and the School Department \$77,567.52.
- Included \$323,000 from the Deficit Legislation Reserve in the Finance Committee's budget to provide a contingency for unknown expenses.
- Health insurance, life insurance and Medicare have been reduced based on School Department staffing reductions.
- Long term debt has been reduced by \$54,846 for the elimination of the dump truck lease.
- The capital budget has been reduced from \$297,592 to \$165,032 and is now proposed to be funded by Free Cash rather than through the annual budget. At the top of the next page is a summary of the original and revised capital proposals.

	<u>Original Proposal</u>	<u>Revised Proposal</u>
Cruiser Replacement	\$ 85,000	\$ 45,000
School Security Cameras (District Wide)	\$ 30,000	\$ 30,000
Toy Town Hot Water Heater	\$ 26,600	\$ 26,600
Toy Town Hot Dishwasher	\$ 36,000	
Hot Box	\$ 33,432	\$ 33,432
Local Match for Planning Grants	\$ 45,000	\$ -
DPW Septic	\$ 30,000	\$ 30,000
Unassigned Capital Funds	\$ 11,560	\$ -
Total CIP Funding Requested	\$ 297,592	\$ 165,032

Revenues

The two largest revenues from the Commonwealth, Chapter 70 and Unrestricted General Government Aid have been reduced by \$89,681 from the Governor's proposal to reflect what the House and Senate have guaranteed for FY21 funding. Local revenues have been reviewed and reduced an overall \$132,933 from the original FY21 estimates to recognize the known and anticipated impacts of the pandemic. As mentioned above, the proposed property tax increase has been reduced from 2.5% to 1.25%.

School Department

The School Department has seen a considerable impact to their budget. The School Department has had to plan for the upcoming school year while so many of the parameters remain either undecided on the state level or could significantly change with little or no notice. Superintendent

Landers and her senior staff have worked tirelessly to create a plan to balance properly educate all of the students while providing a safe, healthy place to learn. I have proposed to fund the School Department at the same level as what was proposed in my original FY21 budget, \$13,787,063. To provide that level of funding I eliminated most of the impact of the increased Unemployment Compensation budget due to school layoffs. I have shifted \$500,000 from the School Department Indirect Costs and absorbed \$250,000 in the General Fund and applied \$250,000 to CARES Act funds. Increased School Department costs and the distinct possibility that a large portion of the school year could be taught remotely caused the Superintendent to eliminate the majority of the paraprofessional staff that was employed during the FY20 school year.

Transportation costs for the School Department remain a bit of a wild card. I have recommended the funding of transportation to remain the same what was proposed six month ago in my original budget. I anticipate that transportation costs will become more clear leading up to Town Meeting and can be adjusted at that time, if necessary.

Special Town Meeting

I am proposing one warrant article for the Special Town Meeting. The article is seeking funding of prior year bills in the amount of \$5,864.03. The prior year bills consist of technology supplies and medical bills for an employee injured on duty.

Annual Town Meeting

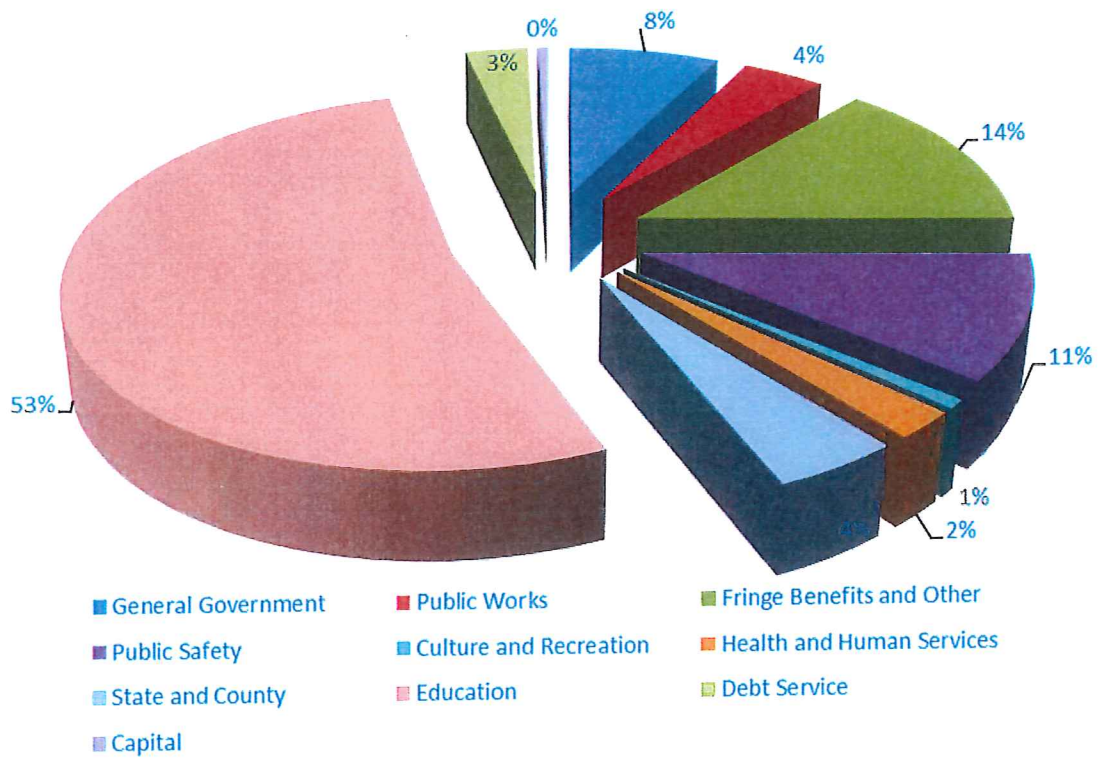
The Annual Town Meeting Warrant is comprised of twenty four articles including budget, road acceptance, request to sell town land and an article to fund improvements to the Senior Center. I will provide a draft warrant after legal counsel reviews the document.

General Fund

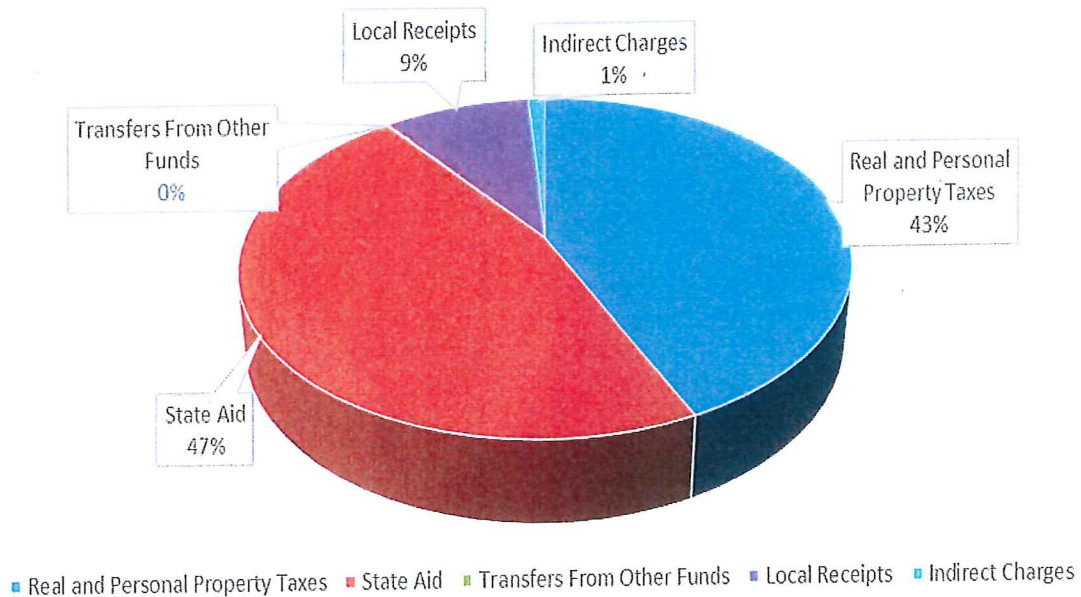
The departmental budget breakdown for FY20 was well as the original and revised FY21 are summarized below. The departmental budget breakdown for FY21 is also shown graphically below.

Budget Uses by Function			
	<u>FY20</u>	<u>Original FY21</u>	<u>Revised FY21</u>
General Government	\$ 1,844,753	\$ 1,970,964	\$ 2,303,024
Public Safety	\$ 3,163,800	\$ 3,325,461	\$ 3,262,639
Education	\$ 15,990,300	\$ 15,986,402	\$ 15,982,064
Public Works	\$ 1,289,057	\$ 1,258,004	\$ 1,256,646
Health and Human Services	\$ 704,744	\$ 693,696	\$ 693,696
Culture and Recreation	\$ 225,088	\$ 228,858	\$ 227,918
Debt Service	\$ 1,138,950	\$ 998,629	\$ 943,783
State Assessments	\$ 1,417,225	\$ 1,374,931	\$ 1,371,326
Pension and Fringe Benefits	\$ 3,823,037	\$ 4,136,749	\$ 4,195,710
Other	\$ 1,110,393	\$ 317,592	\$ 165,032
Amount to Be Raised	\$ 30,707,347	\$ 30,291,286	\$ 30,401,838
Cherry Sheet Offsets	\$ 261,119	\$ 301,743	\$ 367,957
Overlay	\$ 85,000	\$ 75,000	\$ 85,000
Total Appropriation	\$ 31,053,466	\$ 30,668,029	\$ 30,854,795

Budget Uses by Function



Summary of Estimated Revenues



Water and Wastewater Departments

An independent engineering company recently completed a rate study for both funds. Both funds will see a significant increase to their rates to meet the budget needs. The Retained Earnings on both departments have been depleted. Other miscellaneous revenues have dropped from past years as well causing the need for the rate increases. More information can be seen behind the tab for each fund in this budget book.

Transfer Station Fund

The Transfer Station Fund turned a profit in FY20 and is expected to do so in FY 21. There are no fee changes proposed. A summary of revenues and expenses is provided below.

Town of Winchendon							
FY21 Transfer Station Budget							
Estimated Revenues							
Revenue Sources	Budget FY18	Actual FY18	Budget FY19	FY19 Actual	Budget FY20	FY20 Actual 12/31	Budget FY21
Trash Bag Sales-Large	60,000	62,472	65,000	67,896	57,650	36,656	66,000
Trash Bag Sales-Small	15,600	19,213	15,300	10,286	16,300	10,407	14,000
Landfill Decals	40,000	45,660	40,000	61,640	56,000	47,870	66,500
Demolition Materials	30,800	47,002	45,375	53,334	50,875	29,045	53,650
DPW Roadside Trash Fees	7,500		7,500	2,500	7,500	2,295	3,901
Recycling	3,000	6,410	5,000	5,751	15,000	3,983	8,000
Sale of Truck and Roll Off Containers	8,000	7,150					
General Fund Subsidy	27,707	27,707					
Total Actual/Anticipated Revenue	\$ 192,607	\$ 215,614	178,175	201,407	203,325	130,256	212,051
Approved/Proposed Budget	\$ 192,607	\$ 192,607	\$ 194,203	\$ 194,203	200,657		212,051
Difference	\$ (0)	\$ 23,007	\$ (16,028)	\$ 7,204	\$ 2,668		-

Proposed Fee Schedule		
	Current	Proposed
Trash Bag Sales-Large	\$ 4.00	\$ 4.00
Trash Bag Sales-Small	\$ 2.00	\$ 2.00
Landfill Decals	\$ 70.00	\$ 70.00
Demolition Materials	\$ 185.00	\$ 185.00

Assumptions Used in Revenue Estimates				
	Actual		Anticipated	
	FY18	FY19	FY20	FY21
Number of Bags Sold/Estimated - Large	15,618	16,974	14,000	16,500
Number of Bags Sold/Estimated - Small	9,607	5,143	7,650	7,000
Landfill Decals	652	880	800	950
Demolition Materials (per ton)	254	288	275	290

Acknowledgements

On behalf of the Town employees, thank you for the opportunity to present this proposed budget. We look forward to working with the Board of Selectmen, Finance Committee, and taxpayers as we proceed through the budget work sessions in the upcoming months.

Respectfully Submitted,



Keith R. Hickey
Town Manager