

*Town of Weymouth  
Massachusetts*

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Dear Councilors,

I hereby submit my proposed operating budget for Fiscal Year 2015 as required by the Town's Charter.

The FY15 budget, like several prior budgets, reflects almost level service funding from the previous year. There are many discussions occurring regarding changes of the governance of Southfield and how that would affect our budget. This budget does not reflect any of that speculation. Should any changes occur before or during FY15, we will adjust our budget accordingly. In addition, this was a severe winter resulting in a snow removal deficit of \$800,000 to be drawn from Free Cash.

Some of the highlights of the current fiscal year include: the reopening of Fogg Library in April 2014, completion of designs for Legion and Lovell Fields, and implementation of a new trash collection program. The switch to single stream recycling has led to a significant increase in recycling which has allowed us to keep our trash collection costs from increasing.

In addition, the adoption of the meals tax has allowed for improvements to begin at four public spaces around Weymouth: Great Hill Park, Great Esker Park, Stella Tirrell Park, and the Ralph Talbot Amphitheatre. It will also be used to fund a new turf field for Weymouth High School, and for a multi-million dollar renovation of Legion Field, which is something the residents have been advocating for and should be complete by the end of FY15, if not sooner.

The Fiscal Year 2015 budget totals \$143,710,028. This budget reflects an increase of \$4,099,625 or 2.9% from Fiscal Year 2014.

On the revenue side, there are four key factors driving the increase. The first is state aid. Our projections, based on the Governor's budget and the budget presented by the House Ways and Means Committee, include an increase in aid of almost \$500,000 compared with the budgeted amount at the beginning of FY14. This includes local aid, Chapter 70 education aid, and veterans' benefits. This increase is less than last year. The second factor is an increase in motor vehicle excise tax of \$400,000. The third factor is property taxes in the amount of \$2.7 million, which reflects our proposition 2 ½ allowable increase plus new growth. The final factor is the income from the local meals tax, which was approved last year, but took effect in FY14. The amount budgeted for FY15 is \$500,000. As I stated when the tax was proposed, the money raised from this tax will be used for recreational purposes and the maintenance and improvements of town fields and parks.

On the expense side, there are a few cost drivers. First, the good news: our health insurance costs are only increasing by 1%, or \$200,000 compared to last year's 4% increase. As more and more communities have joined the GIC, it has allowed for smaller increases than health care as a whole. This allows us to use more money for schools, police, fire, and the rest of the town departments. Other expense changes include: pension contribution increase of over \$300,000, and state assessments increase of over \$150,000. During FY14 we were able to negotiate contracts with several town unions for FY14-FY16. These contracts allow for a 2% increase in FY15, which I am also proposing for non-union town employees.

The total school department appropriation is recommended at \$60,153,728 which is an increase of almost \$1.8 million from the beginning of FY14. This amount is lower than the number voted by the School Committee. In addition, I am proposing to transfer \$900,000 from Free Cash to supplement the School Department for their operational needs (*see accompanying Free Cash chart*). The Town has made great strides over the past several years in attempting to meet the Commonwealth's requirement for net school spending.

The net school spending deficit was created several years ago during the recession and we have been reducing that deficit since FY12. I am pleased that, according to the Department of Elementary and Secondary Education, the deficit was reduced to less than \$400,000 for FY14. With the approval of the Town Council, we recently transferred \$450,000 from Free Cash to the School Department to eliminate the deficit, which was my goal for this year. It is also my goal to meet or exceed the spending requirement for FY15.

Other changes in this budget include accounting for decreases in the Community Development Block Grant (CDBG) and Executive Office of Elder Affairs (EOEA) Grant. As the funding from these critical grants has been reduced, we find ourselves needing to increase our own budget to compensate.

The Capital Improvement Plan submitted to Council on March 1, 2014 outlines all we have accomplished and identifies priorities for the next five years. Investing in our capital needs is critical for the long term health of our community. We plan to use the meals tax revenue to finance a debt issue in FY15 to cover the costs of the renovation of Legion Field. When we do that, we will take a look at other capital needs to see what else we can afford. Our debt service for FY15 is \$9,864,640 which is a decrease of \$260,339 from FY2014. As of June 30, 2013 our bonding capacity is \$327,098,775. We have \$83,347,942 in debt obligations.

I do not plan on requesting a supplemental appropriation until the Legislature and the Governor enact a FY2015 budget and the Department of Revenue has announced the impact of that budget on Weymouth. Normally, this process is completed in June or July.

Free cash for FY2014 is estimated to be \$1,000,000. This calculation is based upon projected receipts and unexpended line items contained within the FY2014 budget. This number is also dependent upon our collection rate for FY2014.

The Department of Revenue recommends that communities understand the role free cash plays in sustaining a strong credit rating and should not be depleted in one year so that the following year's calculation would begin with a positive balance. We should always keep in mind that if receipts for motor vehicle excise and real estate taxes fall below those levels in the fourth quarter, we could experience a revenue deficit during the current fiscal year. I will report to you the collection rate at our annual town meeting, which is normally held two weeks following the due date of the 4<sup>th</sup> quarter real estate tax.

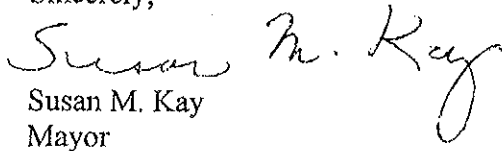
I have included the Community Preservation Committee budget with no specific project requests. The Committee is currently reviewing requests and will be presenting them at a later date. I have made no changes from what was presented to me by the Committee. The budget has been requested at \$725,000, an increase of \$6,133 from FY2014.

The Sewer Department budget will increase by about \$500,000 due to a projected increase by the MWRA. This may result in a slight fee increase in our rates. We are attempting to minimize that increase. The Water Department Budget will remain the same as last year.

I have submitted additional measures in this budget booklet for deliberation before Council. They consist of: \$300,000 for the OPEB Trust Fund, \$21,804.12 for prior year... unpaid bills, and transferring unexpended health insurance costs to the OPEB Trust Fund. I look forward to discussions and deliberations on the budget.

As always, my staff is available to assist in your deliberations.

Sincerely,

  
Susan M. Kay  
Mayor

# FREE CASH FY11-FY13

Free cash is calculated by combining excess revenue with unspent monies.

Our auditors point out that rating agencies like to see consistency in the amount of free cash each year. A typically healthy balance sheet would reflect an unassigned balance (the starting point for free cash) of 5-10% of the total budget. Weymouth's balance after FY13 was 3.7%, which is below the recommended amount.

Free cash is available to use in the year following the year it was calculated for  
Free cash from FY11 was used in FY12, etc.

The chart below reflects unspent money each year, the certified free cash, and how it was spent.

Dept. turnbacks exceeding \$50k	FY2011	FY2012	FY2013	
Mayor	\$ 55,235			
Reserve Fund	\$ 358,527	\$ 409,262	\$ 275,600	
Municipal Finance		\$ 149,825	\$ 155,629	
Solicitor	\$ 113,105	\$ 107,063	\$ 77,606	
Police	\$ 93,256	\$ 340,637	\$ 84,497	
Fire	\$ 92,248	\$ 89,108	\$ 78,584	
DPW		\$ 370,511	\$ 400,896	
Health	\$ 87,462	\$ 56,435	\$ 50,364	
Debt	\$ 197,863	\$ 188,757	\$ 270,084	
Pension & Benefit	\$ 683,948	\$ 335,008	\$ 422,737	
School			\$ 56,436	
Total of above	\$ 1,681,644	\$ 2,046,606	\$ 1,872,433	
Total unspent for year	\$ 1,790,606	\$ 2,144,576	\$ 2,023,789	
Certified Free cash	\$ 3,699,892	\$ 3,227,977	\$ 3,695,593	
Free cash uses			(includes proposed)	
School dept	\$ 1,350,000	\$ 1,120,616	\$ 1,580,258	
Snow removal		\$ 700,000	\$ 800,000	
Special Purpose Stabilization fund	\$ 859,538	\$ 201,750	\$ 344,211	
Contract settlements	\$ 162,600	\$ 700,000	\$ 130,000	
OPEB	\$ 600,000	\$ 300,000	\$ 300,000	
Other	\$ 624,857	\$ 76,809	\$ 21,805	
Total used	\$ 3,596,995	\$ 3,099,175	\$ 3,176,274	