

# TOWN OF HUBBARDSTON FINANCIAL FORECAST



Last Updated 10.26.2016

# PURPOSE

- This project was funded by the State Community Compact Grant
- This forecast is meant to be a tool used by the Board of Selectmen, Advisory Finance Committee and Town Administrator to review trends and determine the effects of decisions that are made.
- Financial Forecasting is not meant to be an exact science and cannot include all possible scenarios or new costs that the town may face in the future.
- It also cannot predict economic downturns and/or major state aid reductions or increases beyond what can be estimated based on past trends.
- It does provide information regarding likely scenarios based on present knowledge and past trends.

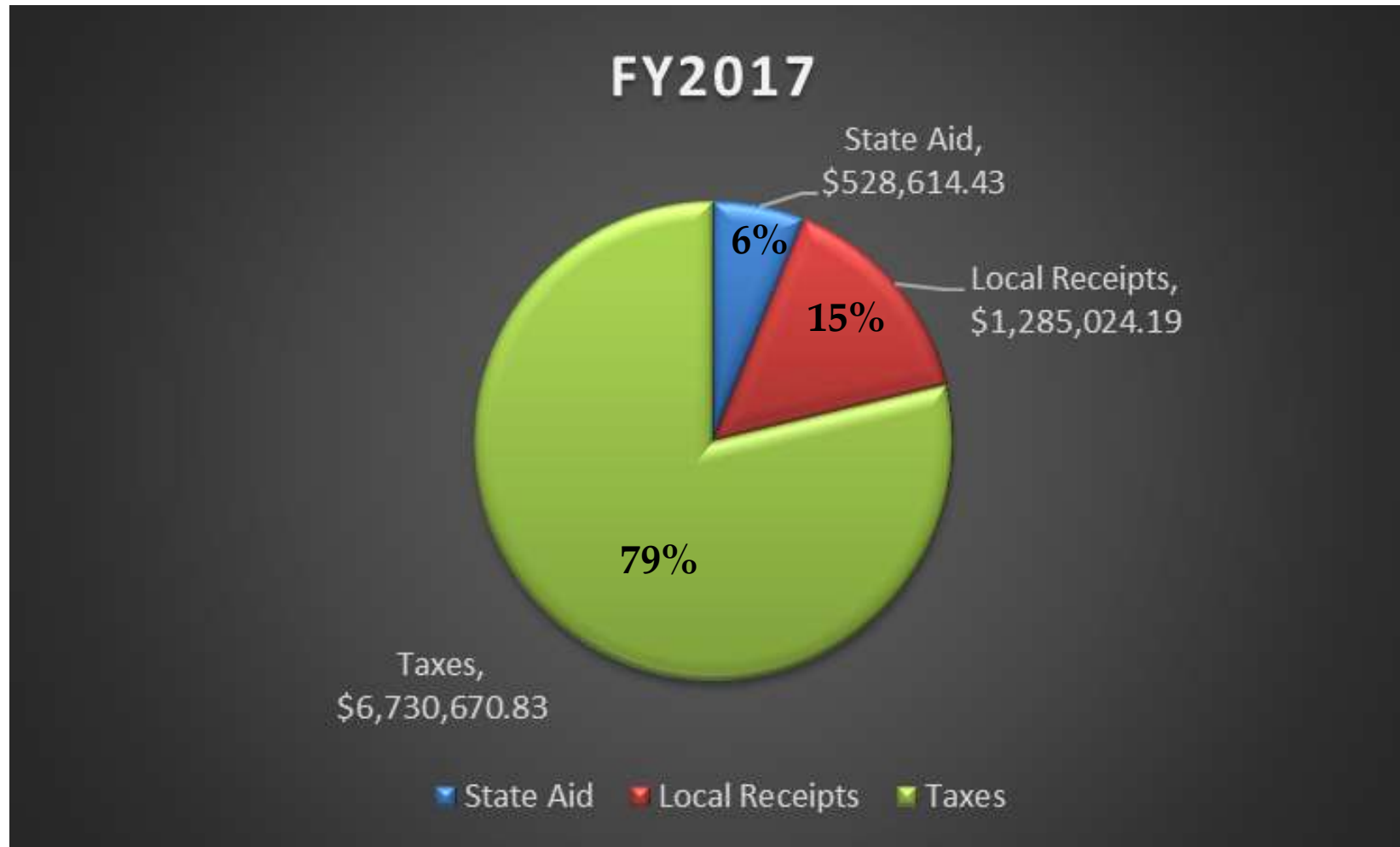
# QUESTIONS

- Can we afford to sustain the current level of services in future years?
- What are the projected future revenues and expenses?
- How much can we afford in capital purchases?
- Should we borrow for capital purchases?
- Do we have a five-year budget forecast for both the operating and infrastructure needs?

# METHOD

- For the purpose of this report actual data was reviewed and collected for years 2013 to 2016 and forecasts were developed for both revenues and expenditures based on the trends.
- This data was then modified further to remove erratic increases caused by non-linear trends.
- Included are spreadsheets depicting the revenue and expense forecast for the next five years.
- Meetings were conducted with the Financial Team.

# FY2017 REVENUE



# REVENUE FORECAST

## REVENUES & TOTAL %:

**FY 2018 FY 2019 FY 2020 FY 2021 FY2022**

Tax Levy - 79%

2.50% 2.50% 2.50% 2.50% 2.50%

Local Receipts - 15%

1.02% 1.02% 1.02% 1.02% 1.02%

State Aid - 6%

2.50% 2.50% 2.50% 2.50% 2.50%

# REVENUE



# PROPERTY TAX

*based on 2.50% Increase*





# LOCAL RECEIPTS

*based on 1.02% Increase*



# STATE AID

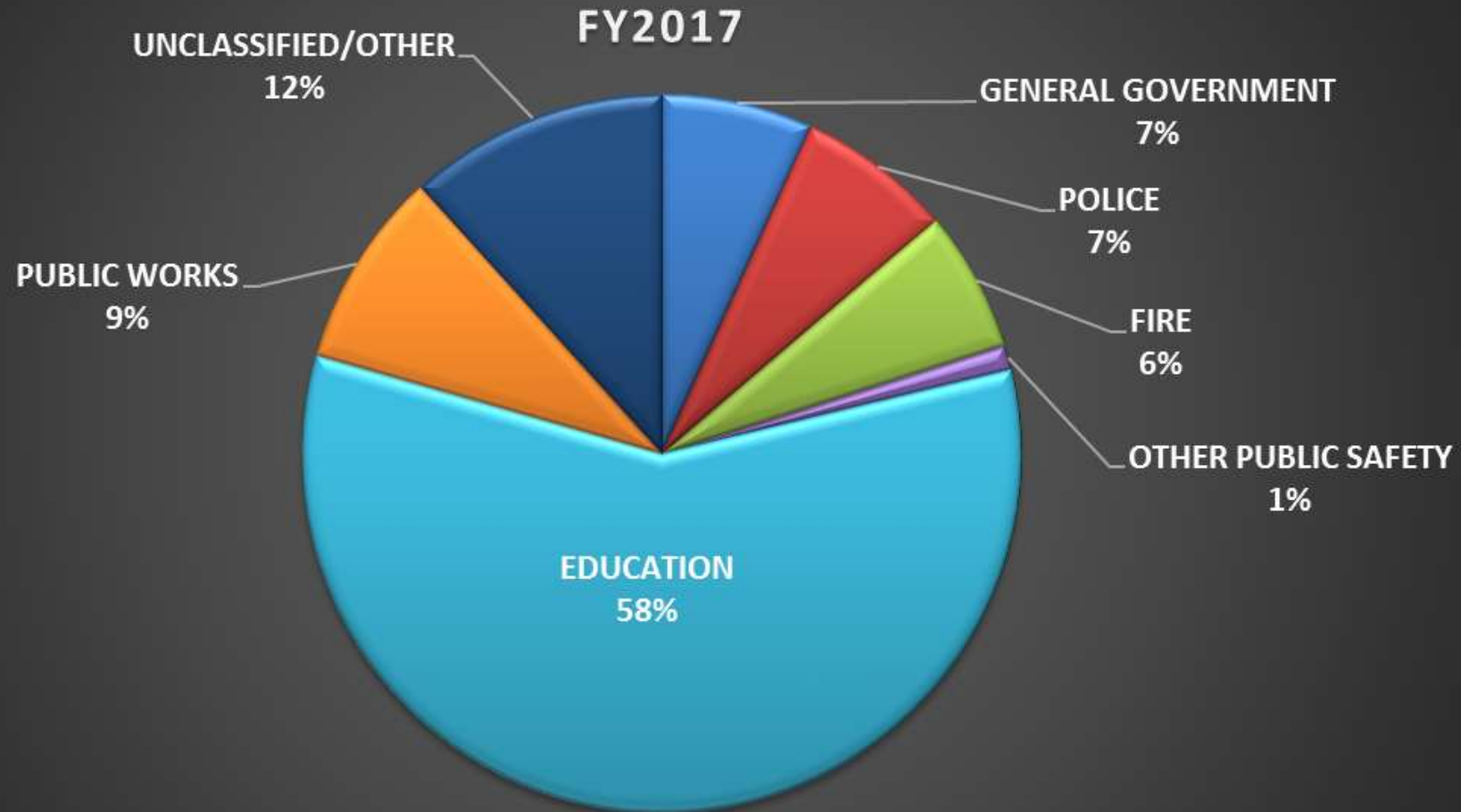
*based on 2.50% Increase*



# WHAT WE KNOW ABOUT REVENUE

- \$ Property tax is 79% of the revenue and new growth is projected to have minimal growth of 35K each year
- \$ Local Receipt revenue is 15% with two key drivers - Motor Vehicle and Payment in Lieu of Taxes
- \$ State Aid only accounts for 6%
- \$ Revenue increases range from 1% to 2.5% year over year

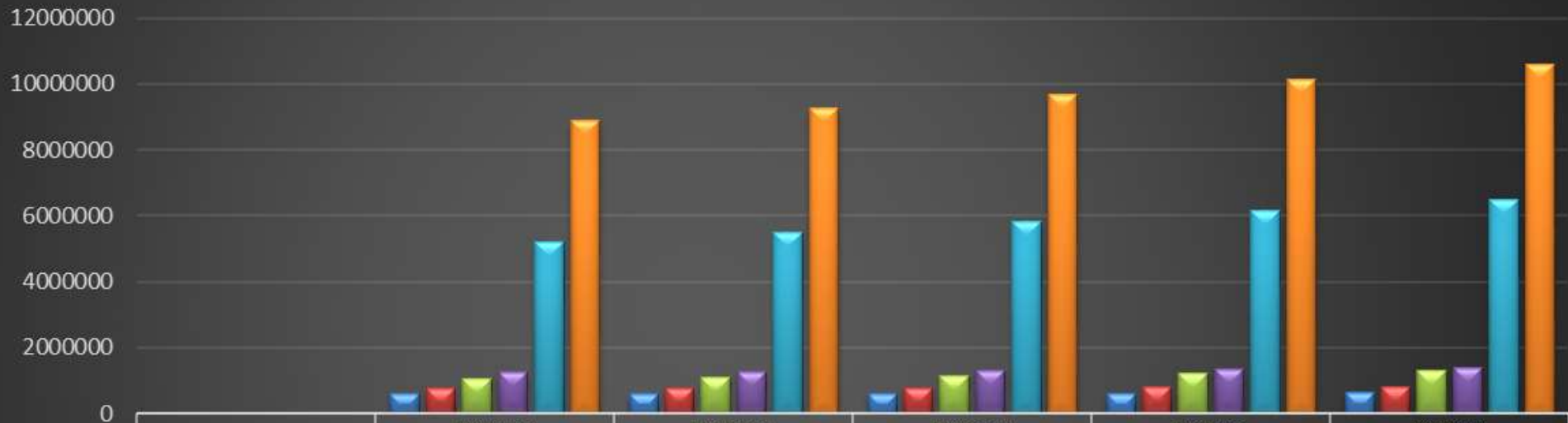
# FY2017 EXPENDITURE



# EXPENDITURE FORECAST

<b>EXPENDITURES:</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY2022</b>
Salaries	2.50%	2.50%	2.50%	2.50%	2.75%
Education-Quabbin	6.00%	6.00%	6.00%	6.00%	6.00%
Education-Monty Tech	3.00%	3.00%	3.00%	3.00%	3.00%
Health Insurance	9.00%	9.00%	9.00%	11.00%	11.00%
Retirement-Worcester County Retirement System	4.00%	4.00%	4.00%	4.00%	4.00%
Debt Service to Remain at FY 2017 Level *Enter Changes Directly	0.00%	0.00%	0.00%	0.00%	0.00%
General Insurance	8.00%	8.00%	8.50%	9.00%	9.25%
Operating Expenditures (Expenses)	2.00%	2.00%	2.10%	2.20%	2.25%
No Change/FY2020 Change	0.00%	0.00%	0.00%	0.00%	0.00%
Police/Fire	2.50%	3.00%	3.25%	3.25%	3.25%
DPW	2.50%	2.50%	2.50%	2.50%	2.50%

## EXPENDITURES



	FY2018	FY2019	FY2020	FY2021	FY2022
GENERAL GOVERNMENT	\$607,308.99	\$597,422.82	\$607,930.50	\$618,847.38	\$630,867.22
PUBLIC WORKS	\$763,255.48	\$772,870.46	\$782,725.82	\$792,827.57	\$803,181.86
UNCLASSIFIED/OTHER	\$1,040,882.18	\$1,090,595.22	\$1,145,286.05	\$1,215,097.64	\$1,292,629.78
PUBLIC SAFETY	\$1,252,890.44	\$1,283,746.42	\$1,317,898.65	\$1,353,282.76	\$1,390,006.38
EDUCATION	\$5,219,675.07	\$5,510,536.99	\$5,818,285.04	\$6,143,915.41	\$6,488,483.58
<b>TOTAL</b>	<b>\$8,884,012.16</b>	<b>9255171.907</b>	<b>9672126.061</b>	<b>10123970.76</b>	<b>10605168.81</b>

# DEBT

## GENERAL FUND DEBT & LEASE:

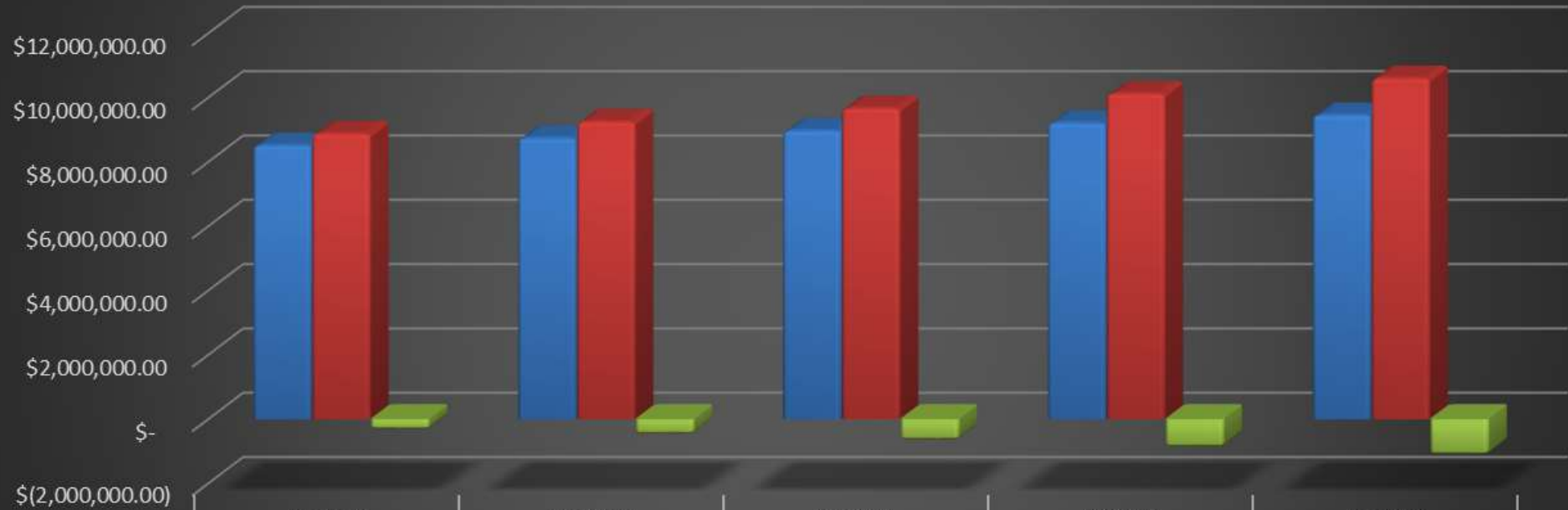


# WHAT WE KNOW ABOUT EXPENDITURES

- Expenditures are growing year over year at a faster rate than revenue.
- Education is 58% of the budget. Quabbin is forecasted to increase 6% each year and Monty Tech is forecasted to increase 3% each year.
- Health & General Insurance are the highest year over year forecasted increases ranging from 8%-11%.



## REVENUE & EXPENDITURE DEFICIT



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
REVENUE	\$8,517,121.37	\$8,744,262.06	\$8,976,885.30	\$9,215,126.16	\$9,459,123.05
EXPENDITURE	\$8,882,136.06	\$9,253,248.91	\$9,670,154.99	\$10,121,950.41	\$10,603,097.95
DEFICIT	\$(365,014.69)	\$(508,986.85)	\$(693,269.69)	\$(906,824.26)	\$(1,143,974.90)

■ REVENUE   
 ■ EXPENDITURE   
 ■ DEFICIT

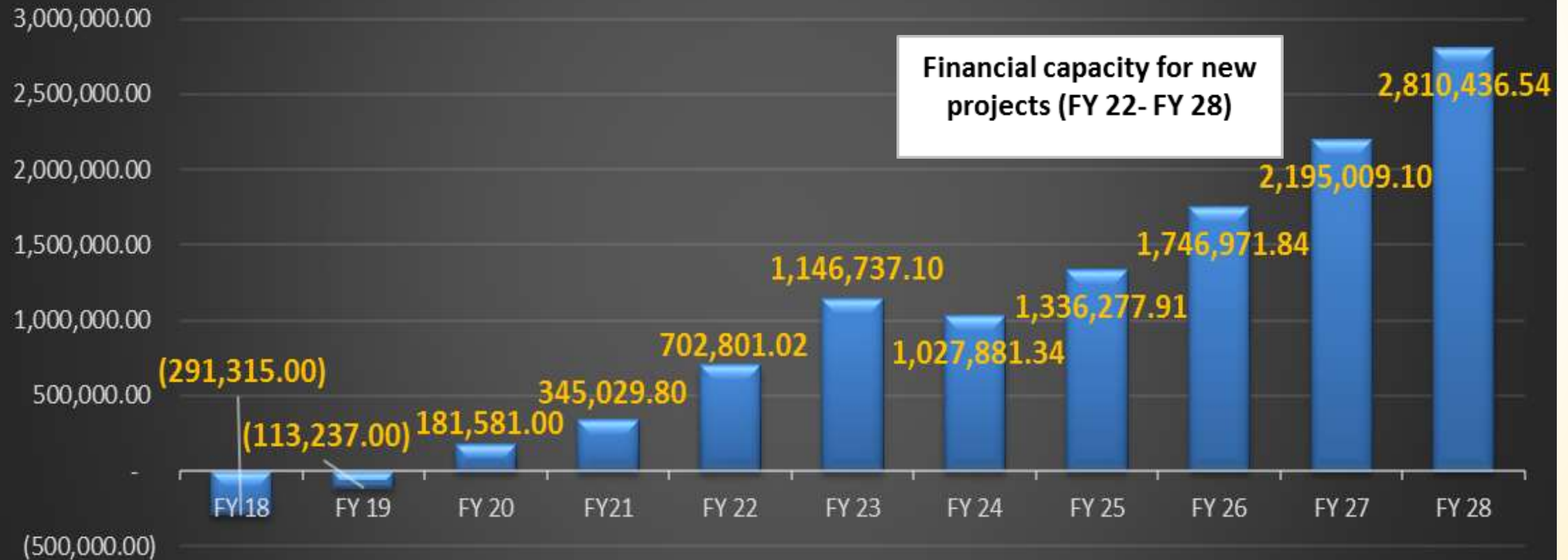
# REVENUE & EXPENDITURE

- Revenues and expenditures determine the ability to deliver services.
- The forecast continues to demonstrate a structural imbalance between current, available revenue and the cost of providing services.
- Minimal revenue growth and increased expenditures will not afford to sustain the current level of services in future years.
- Each year the deficit increases from \$365,014 in 2018 to \$1,143,974 in 2022.



# CAPITAL

## Capital Plan Projection



# WHY IS CAPITAL IMPORTANT?

- Supports the long term infrastructure needs of the town.
- Ensures adequate public safety through the purchase and maintenance of police cruisers, fire engines, and ambulance.
- Provides adequate tools to perform vital public works services through the purchase of plow trucks, street sweepers, backhoes.
- Enables building improvements such as roof repair, handicap accessible facilities, expansions.
- Deferring capital purchases will result in a detrimental financial impact in the future.

# RECOMMENDATIONS

- Revenue
  - New Growth
  - Override
  - Increase Fees
  - Grants
- Expenditure
  - Regionalize
  - Budget cuts

# NEW GROWTH

Economic development plan will require a long term commitment by all partners involved to drive change and improve the overall wellbeing of the community.

- Financial tools
  - Community Improvement plans
  - Tax relief programs
  - Business improvement
- Utilize planning tools
  - Review zoning bylaws
  - Site plan control
  - Standards and procedures
  - Potential projects and impact on new growth

# TOOLS

- Financial Forecast Worksheet
  - Revenue
  - Expenditure
  - Effect on Tax Rate
  - Capital

# SUMMARY

- Summarize key challenges.
- Reiterate key goals.
- Thanks





To Download this presentation go to:

[http://www.hubbardstonma.us/pages/HubbardstonMA\\_Webdocs/5yrplanfy18](http://www.hubbardstonma.us/pages/HubbardstonMA_Webdocs/5yrplanfy18)