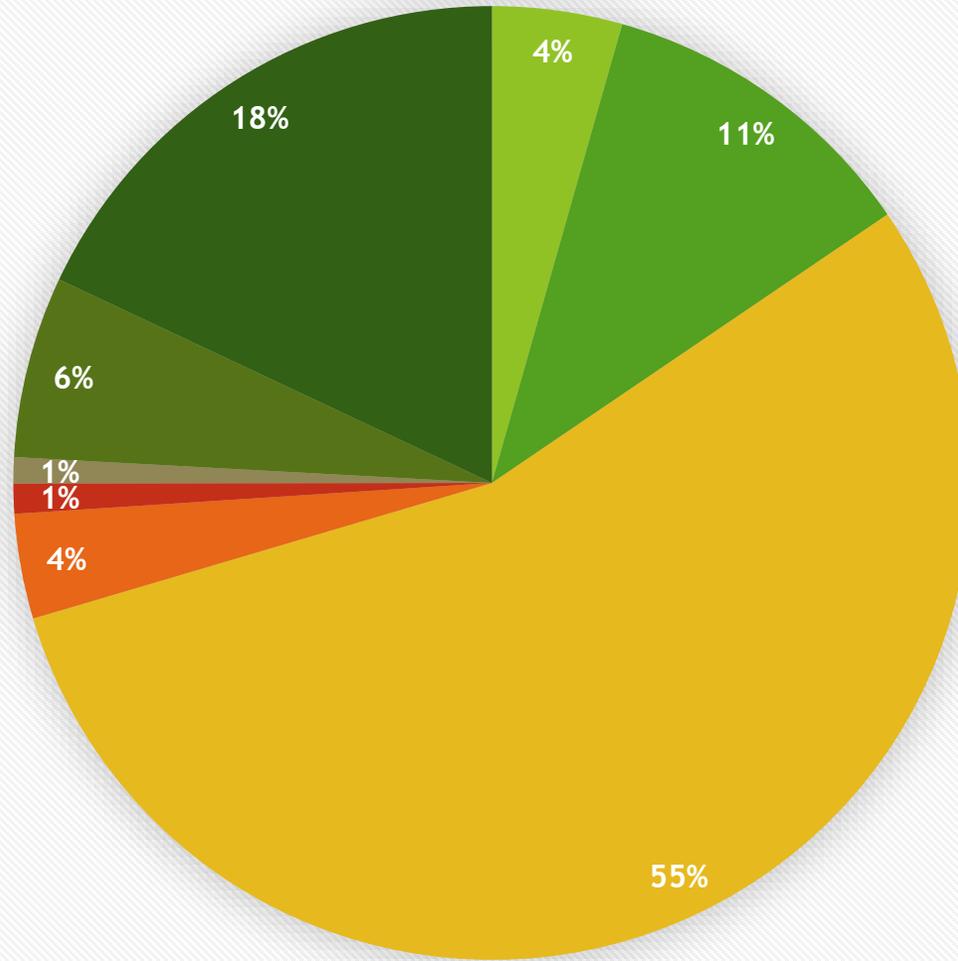


The seal of the Town of Webster, Massachusetts, is faintly visible in the background. It features a central figure, likely a Native American, surrounded by the text "TOWN OF WEBSTER" and "INCORPORATED 1786".

# **Town Budget & Prop 2<sup>1/2</sup> Override Needs**

# What is the Town Budget?



■ General Government ■ Public Safety ■ Education ■ Public Works  
■ Human Services ■ Culture and Leisure ■ Debt Services ■ Employee Benefits

# Why This Year?

- Fixed Costs outpace Total Revenue Growth
- Health Insurance Increases
- Funding new Police Station
- Funding new Elementary School
- Funding new Senior Center
- Deferred Operational Needs
- Building Capacity or Bridge?

# Goals for Maintaining Momentum

- Removed from DOR Watch-List
- Removed Moody's "Negative Outlook"
- Moody's Improved Status with a "Positive Outlook"
- Clean Audit Report
- Timely Mailing of Tax Bills
- Knocked Down 40 Nuisance Properties in 4 Years
- Downtown Revitalization Efforts
- Master Plan Completion

# Background

- Proposition 2½ was enacted in November of 1980
- The provisions of Proposition 2½ are incorporated within state law regulating municipal taxation- MGL Chapter 59
- The Department of Revenue is the state agency that regulates Proposition 2 ½ (as it does for all municipal finance matters). DOR publication entitled Levy Limits: A Primer on Proposition 2 ½ is available at <http://www.mass.gov/dor/docs/dls/publ/misc/levylimits.pdf>
- In general, the form and process for placing override questions on the ballot is very detailed in state law.

# FY 2016 Levy Limit Calculation

• FY 2015 Levy Limit	\$19,151,781
• Multiply By 2.5%	\$ 478,795
• Add FY 2016 Estimated New Growth	\$ 130,000
• Add FY 2016 Debt Exclusions	<u>\$ 2,059,225</u>
• FY 2016 Maximum Allowable Levy	\$21,819,801

# Difference between a General Override and a Debt Exclusion

- Override is a generic term reflecting voter approval for increasing the limitations imposed on a municipality's tax levy by Proposition 2½. But there are very clear and significant differences between a General Override and a Debt Exclusion.
- A General Override is a permanent increase in the tax levy to support operating expenses (but it can include capital funding). It becomes the new base for future annual 2.5% tax levy increases.
- A Debt Exclusion is a temporary tax increase for the length of the bond issue for a specific capital project(s).
- In general, the rate of approval for the Debt Exclusion is greater due to the temporary and specific nature of the proposal.

# Process for Placing an Override Question on the Ballot

- Only the Board of Selectmen has the authority to place an override question on the ballot.
- A general override question requires approval of a simple majority vote (3) of the Selectmen while a debt exclusion requires a  $\frac{2}{3}$  vote (4). However, in either case a simple majority of the voters is required for passage.
- The Selectmen are required to specify the question(s) on the ballot no less than 35 days prior to the election, but in practice this does not provide sufficient time to integrate it into the budget process and to provide a period for public education and advocacy.

# Relationship between the Override Election and Town Meeting

- Town Meeting cannot appropriate funds beyond the Town's tax levy limit without voter approval. Even with voter approval to increase the tax levy, no funds can be expended without Town Meeting approval.
- Town Meeting can be scheduled before or after an Override. If it is scheduled beforehand, it is recommended that the Budget be approved "conditional" on passage of an Override. In this way, you would not have to call another Special Town Meeting to amend the passage (assuming the Override is defeated at the ballot).

# Proposed Calendar

- May 7th Final Decision Making Time Frame for Board of Selectmen
- June 15th Special Election
- June 22<sup>nd</sup> Adoption of FY 2016 Budget By Town Meeting.

## Town of Webster

FY - 2016 Financial Position (Estimated)

4/27/2015

Levy Limit	19,151,781	
X 2.5%		\$ 478,795
<b>New Growth</b>		<b>\$ 130,000</b>
Total Tax Levy Increase (within Prop 2 1/2 limits)		<b>\$ 608,795</b>
Estimated Receipts Level Fund at (\$3,160,860)		
State Aid Revenues - FY 2016 [HWM]	\$ 13,927,611	
State Aid Charges - FY 2016	1,291,710	
<b>Net State Aid Revenue</b>	<b>12,635,901</b>	
Increase in State Aid		<b>\$ 695,458</b>
<b>TOTAL AVAILABLE REVENUE</b>		<b>\$ 1,304,253</b>
<b>FIXED COSTS Increases Over Last Year</b>		
General Insurance	61,500	
Workmens' Comp	(4,000)	
Police Fire Accident	18,000	
Health Insurance	200,000	
Retirement	163,812	
Medicare Tax	37,500	
School Transportation	68,782	
Bay Path Educational Assessment	71,473	
Veterans' Benefits	130,000	
<b>TOTAL ESTIMATED FIXED COSTS</b>		<b>\$ 747,067</b>
<b>AVAILABLE DISCRETIONARY FUNDING</b>		<b>\$ 557,186</b>
<b>FOR DISCUSSION PURPOSES ONLY</b>		
2.21% Increase with Current Discretionary Funding		
<b>Gen Gov {30.69% of Total Departmental}</b>	<b>\$ 171,000.24</b>	
2.21% Increase with Current Discretionary Funding		
<b>School Department {69.31 % of Total }</b>	<b>\$ 386,185.29</b>	
Level Service Budget - Town 5%	\$ 387,512	
Level Service Budget - School 5%	\$ 875,208	
<b>Increase Required to Maintain Level Services</b>	<b>\$ 1,262,720</b>	
Existing Discretionary Funding	\$ (557,186)	
<b>Override Necessary for Level Services</b>		<b>\$ 705,534</b>

Home Worth \$200,000			Home Worth \$300,000	
Increase in Levy	Annual Increase		Increase in Levy	Annual Increase
100,000	\$ 14		100,000	\$ 21
200,000	\$ 28		200,000	\$ 42
300,000	\$ 42		300,000	\$ 63
400,000	\$ 56		400,000	\$ 84
500,000	\$ 70		500,000	\$ 105
600,000	\$ 84		600,000	\$ 126
700,000	\$ 98		700,000	\$ 147
800,000	\$ 112		800,000	\$ 168
900,000	\$ 126		900,000	\$ 189
1,000,000	\$ 140		1,000,000	\$ 210
1,100,000	\$ 154		1,100,000	\$ 231
1,200,000	\$ 168		1,200,000	\$ 252
1,300,000	\$ 182		1,300,000	\$ 273
1,400,000	\$ 196		1,400,000	\$ 294
1,500,000	\$ 210		1,500,000	\$ 315
1,600,000	\$ 224		1,600,000	\$ 336
1,700,000	\$ 238		1,700,000	\$ 357
1,800,000	\$ 252		1,800,000	\$ 378
1,900,000	\$ 266		1,900,000	\$ 399
2,000,000	\$ 280		2,000,000	\$ 420
Home Worth \$400,000			Home Worth \$500,000	
Increase in Levy	Annual Increase		Increase in Levy	Annual Increase
100,000	\$ 28		100,000	\$ 35
200,000	\$ 56		200,000	\$ 70
300,000	\$ 84		300,000	\$ 105
400,000	\$ 112		400,000	\$ 140
500,000	\$ 140		500,000	\$ 175
600,000	\$ 168		600,000	\$ 210
700,000	\$ 196		700,000	\$ 245
800,000	\$ 224		800,000	\$ 280
900,000	\$ 252		900,000	\$ 315
1,000,000	\$ 280		1,000,000	\$ 350
1,100,000	\$ 308		1,100,000	\$ 385
1,200,000	\$ 336		1,200,000	\$ 420
1,300,000	\$ 364		1,300,000	\$ 455
1,400,000	\$ 392		1,400,000	\$ 490
1,500,000	\$ 420		1,500,000	\$ 525
1,600,000	\$ 448		1,600,000	\$ 560
1,700,000	\$ 476		1,700,000	\$ 595
1,800,000	\$ 504		1,800,000	\$ 630
1,900,000	\$ 532		1,900,000	\$ 665
2,000,000	\$ 560		2,000,000	\$ 700