



The TOWN OF NORWOOD

Commonwealth of Massachusetts

TOWN CLERK AND ACCOUNTANT

THOMAS J. McQUAID, CPA

ASST. TOWN ACCOUNTANT

LINDA A. LARIDIS

ASST. TOWN CLERK

MARY LOU FOLEY

2nd PASS

January 27, 2017

Budget Balancing Committee
Norwood Town Hall
566 Washington Street
Norwood, MA 02062

Dear Member,

I am writing this 2nd Pass with very good news for the Fiscal 2018 budget.

With the motivation of finding additional revenues and reducing required shared costs, a team got together several times and we worked out a plan to provide an additional \$1,899,272 of relief.

The Schools will share 55% of that benefit or \$1,044,600 while General Government will receive \$854,672.

While many individuals were involved in the process, I would like to highlight the efforts of Alan Slater for his innovative ideas and Judy Langone for challenging me and the team to think outside the box. Others with great input were Selectmen Allan Howard and Bill Plasko, the General Manager's team of John Carroll, Bernie Cooper and Cathy Carney & the light department led by Jim Collins.

I have attached a new summary page and a breakdown of the additional funds by Schools / General Government.

The next scheduled meeting of the Budget Balancing meeting is Monday, February 13, 2016 at 5:30 pm. Hopefully more progress to the new targeted number will be made prior to the meeting.

Sincerely,

Thomas J. McQuaid, CPA
Town Clerk and Accountant

**TOWN OF NORWOOD
BUDGET-BALANCING RECAP
FISCAL 2018**

A. REVENUE ITEMS		Final Budget	Base Budget	Changes During	TAX RECAP	1ST PASS EST.	2ND PASS	2ND PASS
		FY2016	FY2017	FY2017	FY 2017	FY2018	FY2018	TOTAL
TOWN DEPARTMENTAL RECEIPTS								
1	NON-UTILITY DEPTS (DEPARTMENTAL RCTS)	\$ 13,997,514	\$ 13,997,514	\$ 653,355	\$ 14,650,869	\$ 14,650,869	\$ 304,495	\$ 14,955,364
UTILITY RECEIPTS:								
2	LIGHT DEPARTMENT	\$ 54,349,606	\$ 54,627,910	(714,489)	\$ 53,913,421	\$ 60,096,162	\$ 800,000	\$ 60,896,162
3	WATER / SEWER DEPT.	\$ 14,196,070	\$ 14,599,080	-	\$ 14,599,080	\$ 15,558,972		\$ 15,558,972
4	BROADBAND / CABLE	\$ 7,465,550	\$ 8,007,720	2,249	\$ 8,009,969	\$ 8,322,760		\$ 8,322,760
5	Subtotal - Utilities Operations	\$ 76,011,226	\$ 77,234,710	(712,240)	\$ 76,522,470	\$ 83,977,894	\$ 800,000	\$ 84,777,894
6	TOTAL DEPT. RECEIPTS	\$ 90,008,740	\$ 91,232,224	(58,885)	\$ 91,173,339	\$ 98,628,763	\$ 1,104,495	\$ 99,733,258
STATE AID:								
7	CHERRY SHEET AID	\$ 10,315,902	\$ 10,588,668	\$ 199,388	\$ 10,788,056	\$ 10,788,056	\$ 389,757	\$ 11,177,813
TAX LEVY:								
8	PRIOR YEAR LEVY CEILING	\$ 62,827,200	\$ 65,319,412		\$ 65,319,412	\$ 68,098,582		\$ 68,098,582
9	2.5% INCREASE (ON MAX)	\$ 1,570,680	\$ 1,632,985		\$ 1,632,985	\$ 1,702,465		\$ 1,702,465
10	NEW GROWTH LEVY ALLOWANCE	\$ 800,000	\$ 900,000	\$ 246,185	\$ 1,146,185	\$ 1,100,000		\$ 1,100,000
	S/T- LEVY LIMIT WITHOUT DEBT EXCLUSION	\$ 65,197,880	\$ 67,852,397	\$ 246,185	\$ 68,098,582	\$ 70,901,047		\$ 70,901,047
11	PROP 2 1/2 DEBT EXCLUSION LEVY	\$ 2,173,470	\$ 2,071,395		\$ 2,071,395	\$ 2,071,395	(126,503)	\$ 1,944,892
	TAX LEVY CEILING	\$ 67,371,350	\$ 69,923,792	\$ 246,185	\$ 70,169,977	\$ 72,972,442	(126,503)	\$ 72,845,939
12	MINUS UNUSED LEVY	\$ -	\$ -		\$ -	\$ -		\$ -
13	EQUALS ACTUAL TAX LEVY PER TAX RATE RECAP	\$ 67,371,350	\$ 69,923,792	\$ 246,185	\$ 70,169,977	\$ 72,972,442	(126,503)	\$ 72,845,939
FROM SURPLUS(SAVINGS):								
RECURRING SOURCES OF SURPLUS:								
14	FREE CASH- REDUCE THE LEVY	\$ 1,300,000	\$ 1,332,500		\$ 1,332,500	\$ 1,000,000		\$ 1,000,000
15	FREE CASH	\$ 872,676	\$ 7,500	\$ 175,520	\$ 183,020	\$ -		\$ -
16	CEMETERY 26-1420/ TRANSFARE 26-3262/CON COM	\$ 190,000	\$ 190,000		\$ 190,000	\$ 190,000	\$ 40,000	\$ 230,000
17	SCHOOL GRANT 'EES HEALTH INSUR. 99-6020	\$ 200,000	\$ 200,000		\$ 200,000	\$ 200,000		\$ 200,000
18	A.M.R. WATER METER FUND RECTS. 99-2213	\$ 300,000	\$ 300,000		\$ 300,000	\$ 300,000	\$ 200,000	\$ 500,000
19	CH.90 HIGHWAY AID	\$ 889,737	\$ 880,178		\$ 880,178	\$ 880,000	\$ 20,000	\$ 900,000
20	S/T- RECURRING SURPLUS	\$ 3,752,413	\$ 2,910,178	\$ 175,520	\$ 3,085,698	\$ 2,570,000	\$ 260,000	\$ 2,830,000
NON-RECURRING SOURCES OF SURPLUS:								
21	STABILIZATION FUND	\$ -	\$ -		\$ -	\$ -		\$ -
22	PROCEEDS FROM SALE OF REAL ESTATE	\$ -	\$ -		\$ -	\$ -		\$ -
23	FROM PRIOR YEARS APPROPRIATIONS	\$ 2,904,856	\$ -		\$ -	\$ -		\$ -
24	GEN'L GOV'T BUDGET FROZEN FUNDS	\$ -	\$ -		\$ -	\$ -		\$ -
25	LIGHT DEPT. RATE STABILIZATION FUND	\$ -	\$ -		\$ -	\$ -		\$ -
25	S/T- NON-RECURRING SURPLUS	\$ 2,904,856	\$ -	\$ -	\$ -	\$ -		\$ -
26	TOTAL SURPLUS (RECURRING + NON)	\$ 6,657,269	\$ 2,910,178	\$ 175,520	\$ 3,085,698	\$ 2,570,000	\$ 260,000	\$ 2,830,000
27	TOTAL ESTIMATED REVENUES	\$ 174,353,261	\$ 174,654,862	\$ 562,208	\$ 175,217,070	\$ 184,959,261	\$ 1,627,749	\$ 186,587,010
B. BUDGET REQUESTS:								
28	GENERAL GOV'T BUDGETS	\$ 32,543,699	\$ 33,449,878	\$ 175,000	\$ 33,624,878	\$ 37,186,520		\$ 37,186,520
29	SCHOOL DEPT. BUDGET	\$ 40,491,849	\$ 40,823,311	\$ 109,877	\$ 40,933,188	\$ 44,757,799		\$ 44,757,799
30	SHARED COST BUDGETS	\$ 37,453,961	\$ 38,364,146	\$ 520	\$ 38,364,666	\$ 41,455,292	(430,000)	\$ 41,025,292
31	TOTAL TOWN BUDGET	\$ 110,489,509	\$ 112,637,335	\$ 285,397	\$ 112,922,732	\$ 123,399,611	(430,000)	\$ 122,969,611
32	UTILITY BUDGETS- Light Dept.	\$ 44,476,154	\$ 42,110,088		\$ 42,110,088	\$ 47,272,368		\$ 47,272,368
33	UTILITY BUDGETS- Water&Sewer	\$ 10,492,401	\$ 10,775,643		\$ 10,775,643	\$ 11,234,834		\$ 11,234,834
34	UTILITY BUDGETS- Broadband	\$ 6,721,753	\$ 6,782,560		\$ 6,782,560	\$ 7,097,370		\$ 7,097,370
35	Subtotal-Utilities Budgets	\$ 61,690,308	\$ 59,668,291	\$ -	\$ 59,668,291	\$ 65,604,572	\$ -	\$ 65,604,572
36	TOTAL TOWN BUDGETS	\$ 172,179,817	\$ 172,305,626	\$ 285,397	\$ 172,591,023	\$ 189,004,183	(430,000)	\$ 188,574,183
37	STATE CHERRY SHEET CHARGES	\$ 1,363,478	\$ 1,564,935	\$ 25,961	\$ 1,590,896	\$ 1,590,896	\$ 157,616	\$ 1,748,512
38	Cherry Sheet Offsets	\$ 59,966	\$ 34,301	(388)	\$ 33,913	\$ 33,913	\$ 861	\$ 34,774
39	OVERLAY REQUIREMENTS	\$ 750,000	\$ 750,000	\$ 250,000	\$ 1,000,000	\$ 1,000,000		\$ 1,000,000
40	OVERLAY Deficit			\$ 1,238	\$ 1,238	\$ -		\$ -
41	TOTAL BUDGET REQUESTS	\$ 174,353,261	\$ 174,654,862	\$ 562,208	\$ 175,217,070	\$ 191,628,992	\$ (271,523)	\$ 191,357,469
42	Surplus or (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (6,669,731)	\$ 1,899,272	\$ (4,770,459)

Reductions in Shared Cost:
Debt \$100,000
Group Insurance \$300,000
Medicare \$30,000

TOWN OF NORWOOD
SECOND PASS SUMMARY

	<u>Available Funds</u>	<u>Schools</u>	<u>Gen</u>	<u>Total</u>
1st Pass Target	\$ 75,274,588	\$41,401,023	\$33,873,565	\$75,274,588
Incremental funds	<u>1,899,272</u>	<u>1,044,600</u>	<u>854,672</u>	<u>1,899,272</u>
2nd Pass Target	<u>\$ 77,173,860</u>	<u>\$42,445,623</u>	<u>\$34,728,237</u>	<u>\$77,173,860</u>

Town of Norwood
Budget Balancing Group
FY2018 BUDGET ANALYSIS

2ND PASS

The purpose of this analysis is to reflect the historical method used by the town to balance the Budget (Deficit) projection of **\$ (4,770,459)**

Step #	Pass Ref.		
1	Identify Total Revenues for FY2016	(Pg.1, Row 27)	\$ 186,587,010
			(This is the Total Revenue Estimate for FY18, as adjusted through the current pass. This amount of ESTIMATED REVENUES basically dictates what the Total Town BUDGET can be for the next fiscal year (FY18). (See Pass Analysis, Page 1, Line #27) \$ 186,587,010

Step #		1st Pass Ref.		
2	Deduct Fixed/Shared Cost Budgets (Utility budgets, State Charges, Shared Costs)			
2a	Fixed Costs, Shared Cost Budget	(Pg.1, Row 30)	\$ 41,025,292	Before the TOTAL REVENUE "PIE" is sliced up between the School and Gen Gov depts., we first deduct from the total budget allowed those budgets that cannot be reduced (i.e. Debt or Hlth Ins) and Utility Budgets; So, we first deduct the budgets to the Left like Utilities, State Cherry Sheet charges, Overlay and Shared Cost budgets
2b	Utility Budgets (Light, Water, Ca	(Pg.1, Row 35)	65,604,572	
2c	State Charges	(Pg.1, Row 37)	1,748,512	
2d	Cherry Sheet Offsets	(Pg.1, Row 38)	34,774	
2e	Overlay charges	(Pg.1, Row 39)	1,000,000	
	Overlay deficit est	(Pg.1, Row 40)	-	
	SubTotal- Shared/Fixed Cost Budgets Deducted		\$ 109,413,150	

Step #				
3	Equals Net Revenues Available for Gen Govt and School Budgets			The Net result after deducting fixed and shared budgets from the total budgeted Revenues is the Net Revenues to be split between Schools and Gen Govt. We then apply the historically applied split percentages of 55% (Schools) / 45% GenGov to each side of gov't. This results in a budget ceiling for FY18
3a				for the Schools of \$ 42,445,623 55.0%
3b	Equals- Net Revenue Pie to be split between Schools/ Gen Gov	\$ 77,173,860		for the Gen Gov depts 34,728,237 45.0%
			\$ 77,173,860	100.0%

Step #							
4	Split Net Revenues Available Between School Dept (55%) and Gen Gov (45%)						ACTUALLY FUNDED
4a	FY18 Max	Allocated to SCHOOL DEPT.	55%	New Ceiling- FY18 \$ 42,445,623	FY18 Requests \$ 44,757,799	Bud Reductions Required \$ 2,312,176	\$ 40,823,311
4b	FY18 Max	Allocated to GEN'L GOV'T	45%	34,728,237	37,186,520	2,458,283	\$ 33,391,332
4c				\$ 77,173,860	\$ 81,944,319	\$ 4,770,459	
					Total Budget Reductions Needed to Balance 1st Pass		

Step #							
5	Comparison of Proposed FY18 Budget Ceiling to Current FY17 Budget Amounts						
	DEPARTMENT		FY18 PROPOSED BUDGET CEILING	FY17 ACTUAL BUDGET	\$ CHANGE FY17 TO FY18	% CHG.	
	SCHOOL DEPARTMENT		\$ 42,445,623				
	Total School Budget	55.0%	42,445,623	\$ 40,933,188	\$ 1,512,435	3.7%	
	GENERAL GOV'T DEPTS.	45.0%	34,728,237	33,624,878	1,103,359	3.3%	
	NET SCHOOLS PLUS GEN GOVT		\$ 77,173,860	\$ 74,558,066	\$ 2,615,794	3.5%	