

Town of Hubbardston



FY21 Operating and Capital Budget

September 24, 2020



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* For a detailed description of these sections, please see "Reading this Budget Plan" – Page 4.



Introduction

A Resident's Guide to the Budget

Welcome! If you are reading this, it means you are interested in better understanding one of the most important documents produced by your community – the annual Operating Budget and Capital Plan. This budget document is much more than just a collection of numbers; it is a reflection of Hubbardston's values, priorities, and goals.

The Operating Budget and Capital Plan serves as a policy document, a financial guide, and a communications device to its residents. To this end, it is designed to be as user friendly as possible.

This section of the FY21 Operating Budget and Capital Plan was created to help orient readers by providing a brief overview of the budget process, as well as an explanation of the organization of the budget document itself. We hope you find the following section useful as you better acquaint yourself with the latest financial and planning information for the Town of Hubbardston.

The Budget Process

To understand the budget, first let's look at the hierarchy of governance of the Town of Hubbardston. The Town is governed first by the Town Charter. That document then grants authority to the Board of Selectmen, a five-member board who are popularly elected. It is then the Board of Selectmen's responsibility to appoint a professional Town Administrator to manage the town's daily operations.

In accordance with the Town of Hubbardston's Charter and General Bylaws, the Town Administrator must annually submit a budget to the Board of Selectmen 90 days prior to the Annual Town Meeting. The Board of Selectmen and Finance Committee then review the proposed annual budget between the months of February and April, and submit their recommendations. It is important to note in the process that the financial and budgetary information presented in the annual budget are projections and are subject to change prior to the Town Meeting.

Hubbardston's Open Town Meeting, which occurs at least once a year, serves as the Town's legislative body, permitting any registered voter to engage in the ratification of the budget (and other matters presented). At this meeting, the residents are given a line-by-line description of both the capital budget (large expenditures) and the operating budget (services, supplies, and salaries).

For prior year budgets and plans, plus additional financial documents, please visit the Town of Hubbardston's Budget and Finance page on the Town of Hubbardston's Website, located [here](#).

Also, for more detailed information on the Budget Calendar, please refer to the following sections: Budget Calendar (page 6), Budget Goals (page 7), and the Executive Summaries (page 12).

Reading This Budget Plan

The following is a more detailed description of the Table of Contents, providing a roadmap for those looking for specific information within this budget plan.

The next section of the document, the Community Profile, orients the reader by describing the Town of Hubbardston as it is today and the policies and visions established by its elected boards and committees. Then, following a breakdown of the Budget Planning Calendar, there are a list of Budget Goals, which describe how from a top-down view, the budget is approached by those that oversee it.

The next document, the Town Administrator's Budget Message, is an annual message from the Town Administrator to the residents of Hubbardston and it is a detailed correspondence that seeks, prior to the Open Town Meeting to ratify the budget, to involve the community in the details of that year's proposed fiscal plan.

Following that message is the Executive Budget Summary, a more in-depth look at the actual numbers from this fiscal year and how they compare to those from the previous year.

Next the Budget Plan introduces you to the employees that provide services to the town, and who they report to in an Organizational Chart. The Employees by Department section breaks down the number of employees and where the funding for those positions comes from. Further information on the funding of services is found in the following Department Summaries section, which provides the amounts allocated to each department for their expenses and demonstrates how that number has increased or decreased from the previous fiscal year.

The Capital Budget section next describes proposed vehicle and infrastructure improvements to ensure that Hubbardston's infrastructure continues to remain current to its needs.

The "Debt Service" section details current borrowing levels contained in the proposed budget and what outstanding debt the Town currently maintains.

Then, the Town Reserves and the Financial Forecast look to the Town's Fiscal Future, setting aside money for "rainy days" but also looking ahead with hope to future projects and available funds from growth.

Finally, the Budget Summary Report and Line-Item Budget detail the exact budget voted at the Open Town Meeting for this Fiscal Year.



Community Profile

The Town of Hubbardston, which was incorporated in 1767, is located geographically, approximately 17 miles to the northwest of Worcester, in Worcester County. Hubbardston is bounded on the northwest by Phillipston and Templeton; on the northeast by Gardner and Westminster; on the southeast by Princeton and Rutland; and on the southwest by Barre.

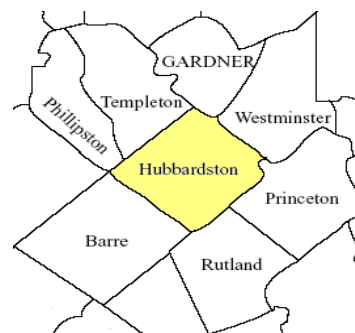
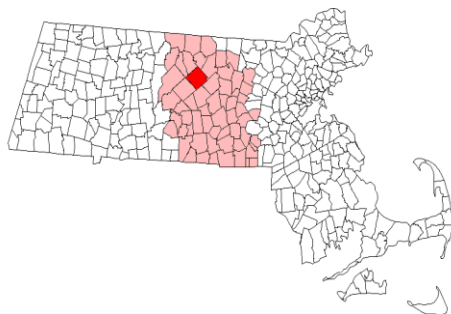
The town is home to more than 4,300 residents as of the 2010 census, living in rural community of 42 square miles, just over 2% of which is covered by bodies of water.

Hubbardston's residents enjoy a town of rural character, enhanced by its open space, recreational opportunities, and town special events. Although the town's history is very important to the town, so too is its commitment to responsible growth.

The Town of Hubbardston provides a broad range of general government services including police and fire protection; public works; parks and recreation; a senior center; an elementary school; and a library.

Educationally, Hubbardston, along with the communities of Barre, Hardwick, New Braintree, and Oakham, are part of the Montachusett Regional Vocational Technical School Region and the Quabbin Regional School District.

For more information, please visit [Hubbardston's Official Town Website](#).



Incorporated:	1767
Land Area:	42 square miles
Elevation:	993 feet
Public Roads:	87 miles
Population:	4382
County:	Worcester
Government:	Open Town Meeting
FY20 Tax Rate:	\$14.82
Median Home Value:	\$278,986 (FY20)
Average Tax Bill:	\$4,134 (FY20)



FY21 Budget Planning Calendar

<u>Date</u>	<u>Required Action Item</u>
September 9	Budget Planning Calendar Finalized
October 15	Departments/Boards submit all capital items for inclusion in Five Year Capital Plan
November 4	Select Board/Finance Committee establish FY20 Goals
November 18	Town Administrator estimates FY20 revenue
November 25	Budget requests sent to Departments/Committees
December 2	Presentation of 5-Year Financial Forecast
December 19	Departments submit FY20 budget requests
January 3	5-Year Capital Plan presented to Select Board
March 2	Town Administrator Presents Recommended Budget
March 2	Selectmen Open the Warrant/ Set Article Deadline
March 2	Budget forwarded to the Finance Committee
-----Finance Committee Departments Meetings-----	
April 6	Warrant Closed (Article Deadline)
April 13	Public Budget Hearing
April 27	Budget/Warrant Vote
May 11	Warrant Finalized / Selectmen Sign Warrant
June 2	Town Meeting (deferred)
June 9	Town Election (deferred)
-----COVID-19 Adjustment-----	
June 23	Town Meeting
June 30	Town Election
September 8	Budget Reconsideration Discussion
September 24	Special Town Meeting for Budget Adjustments



Budget Goals

The Board of Selectmen and Finance Committee agreed on several goals in the Fall of 2019 to shape the FY21 budget process. Those stated goals were as follows:

- 1.) Address the structural deficit in the operating budget as shown in the town's [five-year financial forecast](#) by controlling costs and looking for efficiencies in regionalization and contractual relationships. Any line item not level-funded must include an explanation from the department or the Town Administrator.
- 2.) Prioritize fair employee wages and benefits with any departmental increases allowed within the context of existing budget deficits.
- 3.) Implement adherence to published [financial management policies](#) over the next five years. These policies include:
 - a. Stabilization maintain 5% of operating budget
 - b. Capital Stabilization maintain 1% of operating budget
 - c. Free Cash generate 5% of operating budget annually
 - d. Revenue projections 90% of actual/5-year rolling average
 - e. Capital Expenditure 6% of operating budget annually
 - f. Operating Debt 3% of operating budget annually
 - g. Annual Town Reserves 10% of operating budget



Town Administrator
7 MAIN STREET, Unit #3
HUBBARDSTON, MASSACHUSETTS 01452
(978) 928-1400 x 201 FAX (978) 928-3392

To: The Residents of Hubbardston
From: Ryan M. McLane, Town Administrator
Date: September 25, 2020
Subject: FY21 Final Budget Message

I hereby submit the FY21 Operating and Capital Budget as approved by the voters of Hubbardston on September 24, 2020. Despite the challenges of COVID-19 in the FY21 budget process, this budget book presents a resilient and balanced budget capable of meeting the difficulties to come in FY22. Although this budget attacks the operating budget's structural deficit by controlling growth, it also makes sound investments to improve resident services. In summary, this budget:

- Meets the Board of Selectmen and Finance Committee's goals of only proposing necessary or impactful budget increases
- Increases the ability of our public safety and public works departments to provide high-quality services to the residents of Hubbardston
- Meets several financial policy goals to include meeting financial indicators for budget stability and continuing to invest more than 6% in capital assets

Despite these successes, the operating budget's structural deficit necessitates difficult future conversations. This budget does not have the type of resilience that can overcome large unexpected increases in fixed-cost services like health insurance, educational spending and large debt purchases. We will continue to fight year-to-year to improve the town's financial resilience; however, there are scenarios and emergencies that would require either additional revenues or service cuts.

Overall, this budget includes a modest 0.84% operating budget increase, a total of \$79,356 more than FY20. Additionally, this budget uses \$357,800 from free cash to fund important capital expenditures and warrant article considerations. This budget uses the same amount of free cash for operating

expenses as was recommended in the FY20 budget. It also relies heavily on financial policies established in FY19. These policies will allow town officials to better plan and fund large initiatives and projects that ready Hubbardston for the next decade.

Revenue Discussion

This budget relies on five sources of revenue. Each revenue source is explained below:

Tax Levy – The primary driver of this proposed budget is property taxes. This budget recommends taxing to the capacity allowed by proposition 2½.

New Growth – The new growth number in this budget is a direct recommendation from our assessing team. It includes \$14,500 in property tax growth.

Local Receipts – Policies adopted in FY19 recommend projecting local receipts at 90 percent of the prior year's actual. This policy goal enables budget flexibility and protects against shortfalls. This proposal moves us closer to that goal, relying on detailed local receipt analysis that removes outliers from a five-year lookback to better estimate receivables.

State Aid – This projection comes from the Governor's guidance released on July 31, 2020. Hubbardston typically gets a small increase in state aid; however, due to the impacts of COVID-19 on the state's finances, Hubbardston will receive less state aid in FY21 than it did in FY20.

Free Cash – This budget includes free cash usage for two purposes. First, free cash helps fund the operating budget. Although this is against best practice and town policy, recent reliance on free cash means we must slowly wean usage in order to not strangle the operating budget. In FY19, the budget included \$133k in free cash for the operating budget. In FY20, a budget using \$100,000 in free cash was adopted. This recommendation includes \$100k with the goal of not using free cash for operating expenses within two years. The second purpose for free cash in this budget is to fund the capital expenses found on page 22.

Expenditure Discussions

The following are important expenditure highlights:

- Obligations to our students are a top priority in this budget. This budget includes a full funding of the assessment requests from the Montachusett Regional Vocational Technical School (Monty Tech and the Quabbin Regional School District (QRSD)).
- Significant savings were realized in our Monty Tech assessment with level funding in our insurance, veteran benefits and veteran services line item. Our finance team completed a long lookback at expense accounts and is recommending streamlining these accounts with 500 in supply expenses for small departments and 1,000 for larger departments. Future budgets might

recommend centralizing supply purchasing. While these reductions allow us to focus assets elsewhere and control long-term-budget growth, they should not be expected year after year.

- Larger increases in this year's budget include additional public safety funds for negotiated union contracts, increased police patrols, stipends for call firefighters and additional road maintenance money. Our regional assessments included negotiated 2.5% in Animal Control and Building Department contracts and a negotiated increase in Accounting Services that was budgeted in FY20.
- This budget funds a large increase in election spending, necessitated by the 2020 Presidential Election. This is expected every fourth year and will return to lower levels in the FY22 budget.
- Careful attention was paid in this budget to fund the town's most important operating budget expense – its employees. Every union contract is settled through the start of FY22 and this budget continues to encourage wage parity for non-union staff.

Capital Improvement Plan

This budget funds the first year of the new FY21-25 Capital Plan recommended by the Capital Improvement Planning Committee. By fully funding the FY21 Capital Plan, the town can clear room in the coming years to continue to work on road and infrastructure improvements demanded by residents and vital to economic development.

Here are the items funded in the FY21 proposal:

- 1.) DPW Plow Truck with Plow
- 2.) DPW Asphalt Hotbox
- 3.) Public Safety Computer Replacements
- 4.) Cemetery Maintenance Equipment
- 5.) Assessing and repairing the Library foundation
- 6.) Police vehicle cameras and servers
- 7.) Curtis Recreation Field Bandstand Roof
- 8.) Paving the Slade Building parking lot
- 9.) Fire Chief Emergency Response Vehicle (Holden Hospital)
- 10.) Library Boiler and Lights (Green Communities)

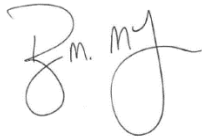
Two additional capital items were added to the Capital Plan in the summer of 2020 due to their immediate importance. This included adding \$30,000 to finalize the purchase of an exhaust mitigation system for the fire department and \$10,000 for repairing and replacing the ceiling in the Hubbardston Police Department.

Conclusions

This budget is both balanced and impactful. It overcomes reductions in state aid and includes cost-reduction measures from town staff and regionalization efforts to control growth. However, it must be noted that the budget still contains a structural deficit and uses free cash for operating expenses, realities that should temper optimism.

It is important to recognize that creating a budget is a team process. I would like to thank the staff for their dedicated service, helping to implement best practices and increase the information available to town leaders and residents. Our robust finance team worked diligently to improve efficiency and transparency. Special thanks are warranted to Sandy, George, Laurie, Kelli and Bobbie. Similarly, Hubbardston management would not be possible without the help of residents volunteering their time. I would like to thank the Board of Selectmen and the Finance Committee for their direction and careful attention.

Please do not hesitate to contact me if you have any questions. I look forward to helping provide a final recommendation to Town Meeting and working on the many initiatives that will make FY21 a great year for the Town of Hubbardston.

A handwritten signature in black ink, appearing to read "R. M. McLane". The signature is fluid and cursive, with the first name "R." and last name "McLane" clearly distinguishable.

Ryan M. McLane
Town Administrator



Executive Budget Summary

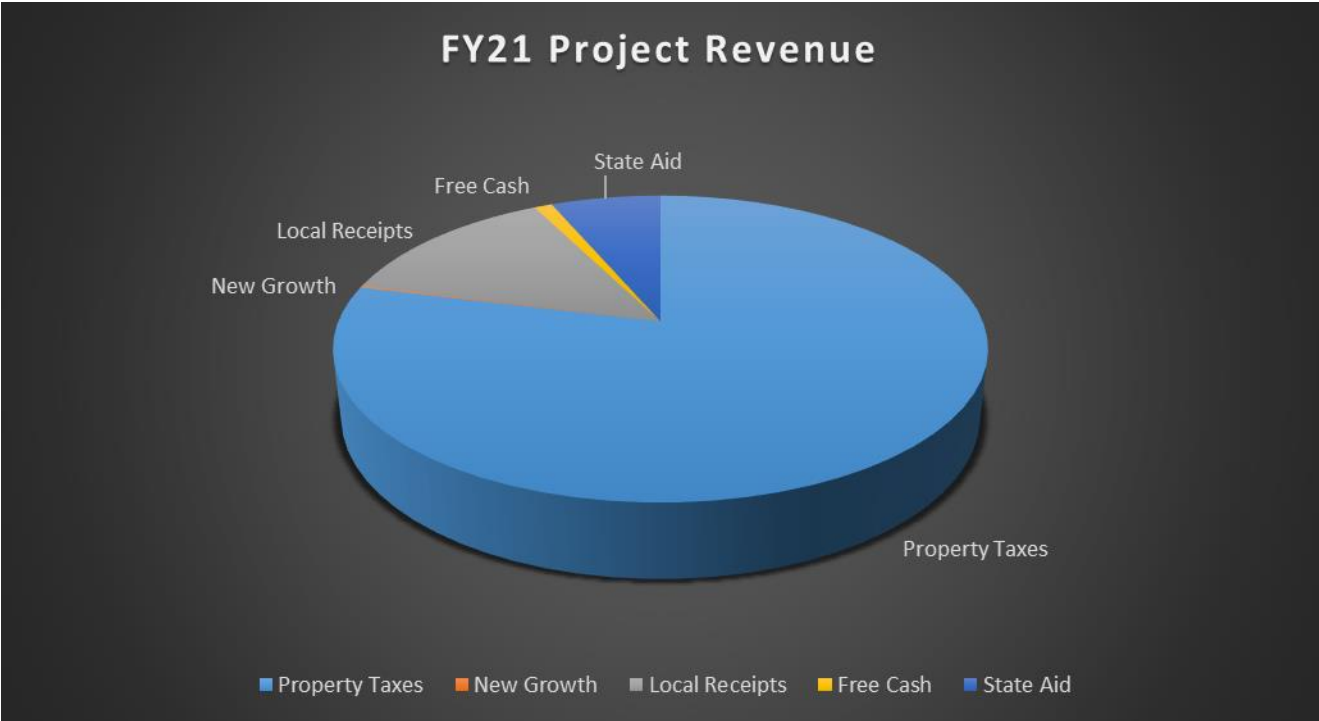
Overall Budget

The FY21 Hubbardston Operating Budget totals \$9,392,027.99. This budget is balanced and meets the stated goals of the Board of Selectmen and Finance Committee. It represents a modest 0.84% increase over the \$9,312,672 appropriated in FY20. An additional sum of \$261,800 is allocated in this budget for capital and \$96,000 for warrant article appropriations. Overall, the budget is a growth-controlling proposal that meets town policy guidelines and increases services to residents.

Revenues

This budget projects \$9,392,028 in available FY21 revenue, a 1.25% increase from FY20. This figure does not include potential Community Preservation Act monies or other revenues besides property taxes, new growth, state aid, local receipts and free cash. The projection includes \$7,273,006 in property taxes, \$14,500 in new growth, \$1,277,990 in local receipts and \$609,706 in state aid. The recommended budget also includes a total of \$100,000 in free cash to supplement the operating budget. This results in \$88,683 in new revenue for use in FY21 when accounting for a overlay reserve of \$65,000.

Property Taxes	\$	7,454,831
New Growth	\$	14,500
Local Receipts	\$	1,277,990
Free Cash	\$	100,000
State Aid	\$	609,706
Subtotal	\$	9,457,028
Overlay	\$	(65,000)
Revenue Total	\$	9,392,028



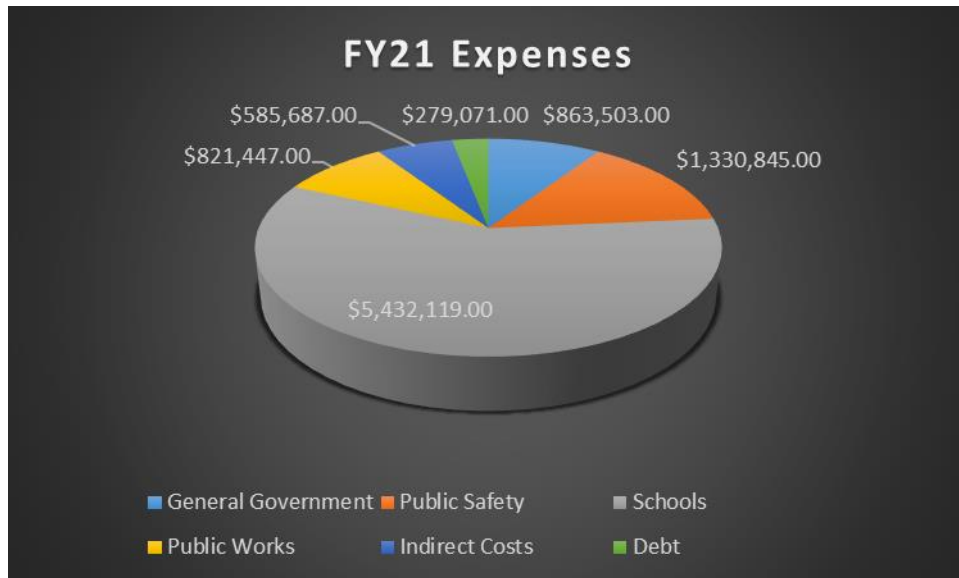
Property Taxes – There is an increase of 2.5% proposed for the property tax levy. This proposal recommends limiting excess levy capacity, but does not recommend exceeding the allowed 2.5% increase in property taxes.

State Aid – The Governor’s FY21 budget, amended on July 31, 2020 includes \$609,706 in state aid for Hubbardston. This is a 3.63% decrease from FY20. Original estimates regarding the impact of COVID-19 on state aid were dire; however, the state level-funded aid for FY20. The decrease in Hubbardston’s revenue comes from a reduction on veteran benefit reimbursements.

Local Revenues – Local revenues are projected at \$1,277,990 for FY21. This is a 3.62% decrease from FY20 estimates. The Town Administrator, the Board of Selectmen and the Finance Committee adjusted the five-year averages based on the impacts of COVID-19. This resulted in a reduction of local receipts expected from building permits and automobile excise tax.

Free Cash – The Department of Revenue certified Hubbardston’s Free Cash at \$620,743 at the close of FY19. This budget uses \$100,000 in free cash to fund operating expenses. Although best practice and town policy recommend not using free cash for operating expenses, the current financial climate necessitates a continue reliance on free cash usage in order to sustain services. The overall goal is to remove the town’s reliance on free cash for the operating budget by FY22.

Expenditures



Summary

New expenditures are limited in FY21 based on reductions in available revenue and the instability of the current economy. However, Town Officials did invest additional money to help increase resident services capacity. These investments include meeting all educational obligations, increased funding for continued wage parity efforts, increased public safety hours and increased road maintenance materials for the Public Works Department. The total increase from FY20 to FY21 is \$79,355.99, offset by cost-saving measures and a reduction in the Monty Tech assessment.

Town Departments

The FY21 Budget for town departments totals \$3,051,448. This is an .46% increase over FY20. This total includes addressing public safety needs to include increase contractual wages, additional public safety shifts and road maintenance. The proposal also includes annual increases for all employees to include moving all non-union employees to the FY21 Wage Plan. Finally, the FY21 town department proposals include additional money to support town-wide software upgrades and the 2020 Presidential Election.

School Departments

The FY21 Town Budget totals \$5,472,779 for Hubbardston schools. This includes QRSD debt. This is a 0.74% increase over the FY20 budget. The QRSD Operating Budget was reduced after the Annual Town Meeting as the QRSD School Committee voted to offset FY21 assessments by using unspent funds from FY20. The Monty Tech assessment was reduced by 15% in FY21 based on declining enrollment for Hubbardston residents and expiring school debt.

Insurance and Indirect Costs

The sum of \$615,351 is allocated for insurance and indirect costs in FY21. This recommendation is a 4.23% increase over the FY20 budget. While indirect costs like town health general insurance remained relatively level-funded, the Worcester Regional Retirement Assessment increased by 8.24%, increasing this spending category by more than \$23,000.

Debt Service

The sum of \$252,450 is budgeted for debt service in FY21. This is 10.55% decrease from last year's spending and represents 2.69% of the total operating budget. This meets the financial policy of 2-5% annual debt service expenditure. The total debt service for the town represents 3.01% of the operating budget when school debt is included.

Capital Improvement Program

Capital expenditures recommended in FY21 total \$514,096. This includes \$282,296 in existing school and town debt and \$261,800 in pay-as-you-go expenditures. This year's capital budget aligns with the newly completed FY21-25 Capital Improvement Plan and is a consensus of department requests by priority. A summary of proposed capital expenditures can be found in the capital budget section of this document (page 22).

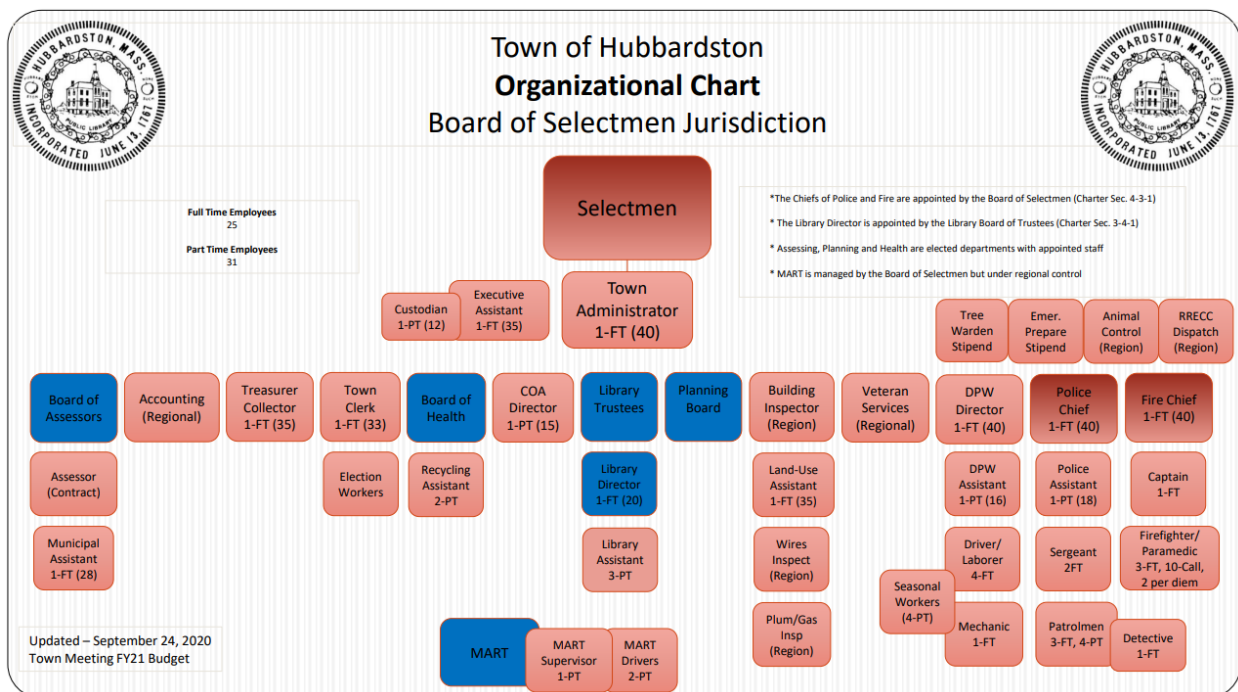
Warrant Articles

Town meeting voters approved several warrants articles for the FY21 budget totaling \$96,000. These articles include important measures designed to invest in Hubbardston's future.

Master Plan Implementation Chapter	\$6,000
Town Center Design	\$75,000
Capital Stabilization Savings	\$15,000



Organizational Chart





Employees by Department

An important consideration in any budget is employee count totals. Understanding how a proposed budget impacts employee levels is important since government is a “people business.” The following chart represents full-time employee equivalents (FTE) by department and recommended changes to those totals. This information informs decision makers and residents about the budget’s largest driver of long-term cost growth.

Department	FY20 FTEs	Employees	FY21 Change
Executive	2.00	3	0
Assessors	0.34	1	0
Treasurer	1.49	2	0
Town Clerk	0.94	1	0
Health/ConCom	0.49	1	0
COA	0.43	1	0
Library	1.17	4	0
Planning	0.46	1	0
Building	0.51	1	0
DPW	6.40	7	0
Police	6.45	7	0
Fire	5	5	0
Total	25.68	34	0

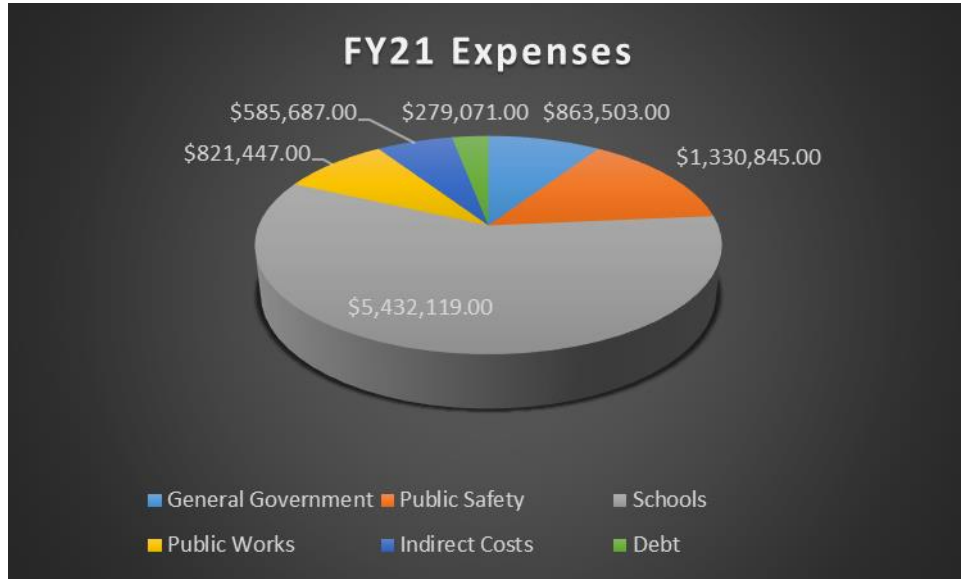
* Town Hall Staff FTE = 35 hours weekly

* Public safety FTE = 40 hours weekly

Projected FY21 - Contract, Stipend, Seasonal, On-Call Employees			
Department		Employees	Funding Source
Police		4 (Reserve)	Police Budget
Fire		8-10 (On Call)	Fire Budget
Fire		2 (Per Diem)	Fire Budget
Senior Workoff		10	Overlay
Election Worker		14	Town Clerk Budget
Seasonal DPW		4	Operating Budget
MART		4	Revolving
Tree Warden		1	Stipend (OB)
Moderator		1	Stipend (OB)
Emergency Management		1	Stipend (OB)
EDC Coordinator		1	Stipend (OB)
ZBA Assistant		1	Stipend (OB)
Clock Winder		1	BOS Budget
Recycling		3	Revolving
Assessor		Contract	Assesor Budget
Animal Control		Contract	ACO Budget
Veteran Service Officer		Contract	VSO Budget
Accountant		Contract	Accounting Budget
Dispatch		Contract	Dispatch Budget



Department Summaries



	FY20	FY21	%Increase	% of Budget
General Government	\$ 863,503.0	\$ 850,170.0	-1.57%	9.05%
Public Safety	\$ 1,330,845.0	\$ 1,361,590.0	2.26%	14.50%
Schools	\$ 5,432,119.0	\$ 5,472,779.0	0.74%	58.27%
Public Works	\$ 821,447.0	\$ 839,688.0	2.17%	8.94%
Indirect Costs	\$ 585,687.0	\$ 615,351.0	4.82%	6.55%
Debt	\$ 279,071.0	\$ 252,450.0	-10.55%	2.69%
	\$ 9,312,672.0	\$ 9,392,028.0	0.84%	

General Government

This budget represents a 1.57% decrease in general government expenses. Budget highlights include three pay-plan changes for administrative staff, increased technology expenses for necessary software upgrades and increased expense for the 2020 Presidential Election. Controls on the town legal budget and contractual commitments continue to reduce administrative costs.

General Government	FY20	FY21	% Change
Moderator	\$ 100.00	\$ 100.00	0.00%
Selectmen	\$ 87,487.00	\$ 86,221.00	-1.47%
Town Administrator	\$ 93,360.00	\$ 97,351.00	4.10%
Finance Committee	\$ 30,200.00	\$ 30,200.00	0.00%
Accountant	\$ 61,700.00	\$ 61,200.00	-0.82%
Assessor	\$ 101,702.00	\$ 94,092.00	-8.09%
Treasurer Collector	\$ 83,816.00	\$ 85,054.00	1.46%
Information Technology	\$ 67,000.00	\$ 70,000.00	4.29%
Town Clerk	\$ 54,212.00	\$ 64,688.00	16.19%
Conservation Commission	\$ 1,172.00	\$ 500.00	-134.40%
Planning	\$ 20,354.00	\$ 2,078.99	-879.03%
Economic Development	\$ -	\$ 4,000.00	100.00%
ZBA	\$ 1,175.00	\$ 1,000.00	-17.50%
Building and Maintenance	\$ 46,685.00	\$ 46,867.00	0.39%
Building Department	\$ 43,527.00	\$ 60,082.00	27.55%
Board of Health	\$ 25,264.00	\$ 500.00	-4952.80%
Senior Center	\$ 20,281.00	\$ 20,585.00	1.48%
Veterans	\$ 39,550.00	\$ 39,850.00	0.75%
Library	\$ 82,318.00	\$ 82,801.00	0.58%
Recreation	\$ 3,100.00	\$ 2,500.00	-24.00%
Agricultural Commission	\$ 300.00	\$ 300.00	0.00%
Historical Commission	\$ 200.00	\$ 200.00	0.00%

Public Safety

This budget represents a 2.26% increase in public safety expenses. Budget highlights include attacking the structural deficit in the police department budget, funding additional stipends for call firefighter/paramedics and fully funding contractual and non-union pay increases. Finally, this budget is assisted by a reduction in assessment from Rutland Regional Dispatch.

Public Safety	FY20	FY21	% Change
Police	\$ 647,121.00	\$ 670,908.00	3.55%
Fire	\$ 462,322.00	\$ 476,933.00	3.06%
Ambulance	\$ 74,756.00	\$ 72,138.00	-3.63%
Dispatch	\$ 127,000.00	\$ 121,500.00	-4.53%
Emergency Management	\$ 2,399.00	\$ 2,433.00	1.40%
Animal Control	\$ 17,247.00	\$ 17,678.00	2.44%

Public Works

This budget represents a 2.17% increase in public works expenses. Budget highlights fully funding union and non-union pay increases, meeting all snow and ice removal obligations and providing additional funding for road maintenance materials.

Public Works	FY20	FY21	% Change
DPW	\$ 573,676.00	\$ 595,549.00	3.67%
Snow and Ice	\$ 234,589.00	\$ 231,439.00	-1.36%
Street Lights	\$ 5,500.00	\$ 5,500.00	0.00%
Cemetery	\$ 1,800.00	\$ 1,300.00	-38.46%
Tree Warden	\$ 5,882.00	\$ 5,900.00	0.31%

Education

This budget represents a 0.74% increase in education expenses. Budget highlights include funding the Quabbin Regional School District with a 2.62% assessment increase and a 15% decrease in the Monty Tech assessment based on current enrollment. This budget, representing more than 58% of the total operating budget, will be a major focal point for FY22 considering the impacts of COVID-19 on educational service delivery.

Schools	FY20	FY21	% Change
QRSD	\$ 4,751,988.00	\$ 4,879,933.00	2.62%
QRSD Debt	\$ 31,110.00	\$ 29,846.00	-4.24%
Monty Tech	\$ 649,021.00	\$ 563,000.00	-15.28%

Indirect Costs

This budget represents a 4.82% increase in indirect costs. Although the town saw reductions or near level funding in insurance and employment benefit related costs, large percent increases were realized with state cherry sheets, the Worcester Regional Retirement System assessment and unemployment projections. Hubbardston continues to pay down unfunded retirement liabilities through the WRRS assessment and will continue doing so for the next decade. Insurance costs remain stable; however, COVID-19's impacts on the economy will continue to drive up unemployment projections until there is some economic stability.

Indirect Costs	FY20	FY21	% Change
Cherry Sheets	\$ 9,371.00	\$ 11,180.00	16.18%
WRRS	\$ 255,716.00	\$ 278,671.00	8.24%
Unemployment	\$ 10,000.00	\$ 15,000.00	33.33%
Health Insurance	\$ 165,000.00	\$ 160,000.00	-3.13%
Medicare	\$ 28,600.00	\$ 29,500.00	3.05%
Liability Insurance	\$ 117,000.00	\$ 121,000.00	3.31%

Debt

The town continues to reduce its overall debt, paying off long-term investments to include the 2013 roads project, the 2017 Fire Truck and the 2018 DPW Truck with Plow. This debt level represents 3.01% of the total operating budget when including school debt, well within the town's financial policy goals. The town will continue to shed debt for the next three years, allowing the budget to absorb permanent borrows for the Fire and DPW truck and ultimately, a larger-scale project.

Debt	FY20	FY21	% Change
Short-Term Interest	\$ 2,000.00	\$ 2,000.00	0.00%
Long Term Debt Principal	\$ 240,000.00	\$ 230,000.00	-4.35%
Long Term Debt Interest	\$ 37,071.00	\$ 20,450.00	-81.28%



Capital Budget

The Capital Improvement Planning Committee improved the FY21-25 Capital Plan and cemented the best practice of updating this plan annually. The following takes the CIPC recommended projects and adds recommended funding sources to complete the budget process.

Town policy recommends a yearly 6% investment in capital. This number includes existing capital (debt), school capital (new projects and previous debt) and recommended purchases for the coming fiscal year. This proposed budget recommends a 6.06% expenditure in FY21, a total of \$569,096 to include \$261,800 in new purchases.

To fund the proposed FY21 Capital Plan, this budget allocates \$261,800 from unappropriated free cash in addition to operating budget allocations, grants and one-time fund sources like the Holden Hospital Account.

FY21 Capital Plan

DEPT	Project Title	FY2021	Notes
DPW	Asphalt Hotbox	\$ 45,000.00	Approved at Sept. Special Town Meeting
DPW	Dump Truck with Plow	\$ 100,000.00	Approved at Sept. Special Town Meeting
CEM	Backpack Blower	\$ 500.00	Approved at Sept. Special Town Meeting
CEM	Walk Behind Blower	\$ 1,300.00	Approved at Sept. Special Town Meeting
FD	Emergency Response Truck (Fire Chief)	\$ -	Paid from Holden Hospital
FD	Fire Station Exhaust Mitigation	\$ 30,000.00	Approved at Sept. Special Town Meeting
PD	Ceiling Repair and Insulation	\$ 10,000.00	Approved at Sept. Special Town Meeting
PD	Vehicle camera and storage server	\$ 15,000.00	Approved at Sept. Special Town Meeting
Parks	Curtis Field Bandstand Roof	\$ 12,000.00	Approved at Sept. Special Town Meeting
TA	Town Office IT Hardware and Software	\$ 20,000.00	Approved at June Town Meeting
TA	Slade Building Paving	\$ 18,000.00	Approved at Sept. Special Town Meeting
LIB	Foundation Assessment	\$ 10,000.00	Approved at June Town Meeting
		\$ 261,800.00	

While the previous chart identifies expenditures included in the FY21 Budget, the town continues to work through its five-year capital plan to ensure proper allocation of town resources and a careful investment in maintaining town equipment, vehicles, buildings and services. The following chart places the FY21 expenditures into a five-year context.

DEPT	Project Title	FY2021	FY2022	FY2023	FY2024	FY2025	Notes
DPW	Mini Excavator		\$ 45,000.00				
DPW	Asphalt Hotbox	\$ 45,000.00					
DPW	Dump Truck with Plow	\$ 100,000.00					
DPW	Brush Mower					\$ 150,000.00	
DPW	Dump Truck with Plow				\$ 200,000.00		
DPW	DPW septic system replacement				\$ 40,000.00		
DPW	Additional Road Repair		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		
DPW	Exhaust Mitigation System (DPW)		\$ 26,000.00				
DPW	DPW Garage Roof			\$ 100,000.00			
DPW	Ford F450 with Plow (Director Vehicle)				\$ 60,000.00		
CEM	Walk Behind Blower	\$ 1,300.00					
CEM	John Deere Z920M Mower					\$ 9,000.00	
CEM	Backpack Blower	\$ 500.00					
CEM	Stihl Trimmer		\$ 500.00				
FD	Firefighter Turnout Gear		\$ 17,000.00				
FD	Utility Pick Up Truck		\$ 27,000.00				
FD	Emergency Response Truck (Fire Chief)	\$ -					Holden Hospital
FD	Fire Truck					\$ 550,000.00	
FD	Fire Station Exhaust Mitigation	\$ 30,000.00					
FD	Fire Station One Roof				\$ 28,000.00		
LIB	Windows Replacement				\$ 32,000.00		
LIB	Basement Flooring Replacement			\$ 20,000.00			
LIB	Repairing Library Foundation	\$ -					
LIB	Architect Assessment for Library					\$ 42,000.00	
PD	Ceiling Repair and Insulation	\$ 10,000.00					
PD	Vehicle camera and storage server	\$ 15,000.00	\$ -				
PD	Police Cruiser (cycle)		\$ 50,000.00		\$ 55,000.00	\$ 57,500.00	
Parks	Curtis Field Bandstand Roof	\$ 12,000.00					
Parks	Curtis Field Basketball Court				\$ 10,000.00		Possible CPA Funding
Parks	Curtis Field Walking Track			\$ 50,000.00			Possible CPA Funding
TA	Town Office IT Hardware and Software	\$ -					
TA	Slade Building Paving	\$ 18,000.00					
TA	Document Management System		\$ 40,000.00				Possible IT Grant - Community Compact
		\$ 231,800.00	\$ 265,500.00	\$ 270,000.00	\$ 525,000.00	\$ 808,500.00	

Given Hubbardston's resource limitations, Town Officials continue to aggressively seek outside funding for major capital improvement projects to include, roads, bridges and other important infrastructure. The following outlines the remainder of the five-year capital plan not impacting the FY21 Operating Budget or Town Reserves.

DEPT	Project Title	FY2021	FY2022	FY2023	FY2024	FY2025	Notes
DPW	Culvert Replacement		\$ 100,000.00				Seek MVP Grant Funding
DPW	Chapter 90 Road Repair	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00	Chapter 90
DPW	Route 68 North Reconstruction Project	\$ 4,044,376.00					STIP
DPW	Reconstruct Lombard Road		\$ 1,000,000.00				Reapply for MassWorks STRAP
DPW	Williamsville Road Repair				\$ 1,000,000.00		MassWorks STRAP
DPW	Route 62 Bridge Repair (Ware River)	\$ 2,263,641.80					STIP
DPW	Evergreen Road Bridge (Mason Brook)	\$ 2,281,402.45					STIP
DPW	Williamsville Road Bridge (Burnshirt)			\$ 884,240.00			STIP
HCS	Center School Roof	\$ 3,600,000.00					Funded at ATM
LIB	Boiler Replacement	\$ 60,000.00					Green Communities
LIB	Lighting Upgrades	\$ 10,000.00					Green Communities
Parks	Playground Equipment	\$ 4,000.00					Possible CPA Funding
Parks	Playground Equipment - Rainbow's End	\$ 200,000.00					Funded at ATM
TCC	Extension of Williamsville Sidewalk					\$ 150,000.00	Complete Streets funding
TCC	Brigham Street Sidewalk				\$ 250,000.00		Complete Streets funding
TCC	Reconstruction High Street Sidewalk		\$ 175,000.00	\$ 400,000.00			Complete Streets funding
TCC	Pedestrian Lighting on Main Street		\$ 50,000.00	\$ 50,000.00	\$ 25,000.00		Complete Streets funding
		\$ 12,813,420.25	\$ 1,675,000.00	\$ 1,684,240.00	\$ 1,625,000.00	\$ 500,000.00	



Debt Service

Town policy requires responsibly addressing capital needs and providing flexibility in current and future operating budgets by maintaining debt. This budget recommends a total debt service of \$282,296 or 3.01% of the total operating budget. This falls within the town’s debt management policy (2-5% annually). This recommended figure includes municipal and school capital and includes the continued funding of the new fire truck and plow truck appropriated in FY18.

**Town of Hubbardston
Outstanding Debt**

	FY2021	FY 2022	FY 2023	FY 2024	FY2025
Short Term Debt	\$ 2,000.00	\$ 2,500.00	\$ 2,500.00	\$ 3,000.00	\$ 3,000.00
<u>Municipal Purchases</u>					
Road Project (3/25/15)	\$ 165,000.00	\$ 165,000.00	\$ 165,000.00		
\$1.3 million	\$ 14,850.00	\$ 9,900.00	\$ 4,950.00		
Dump Truck (3/25/15)	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
\$135K	\$ 1,350.00	\$ 900.00	\$ 450.00		
DPW/Fire Truck (6/18)(6/17)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
\$600k	\$ 4,250.00	\$ 9,250.00	\$ 9,250.00	\$ 9,250.00	\$ 9,250.00
<u>School Debt</u>					
Green Repair	\$ 29,846.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Total General Fund Debt	\$ 282,296.00	\$ 282,550.00	\$ 277,150.00	\$ 92,250.00	\$ 92,250.00
Percent of Budget	3.01%	2.89%	2.73%	0.87%	0.84%
<u>CPA</u>					
Library Roof	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	
\$100k	\$ 1,895.40	\$ 1,458.00	\$ 972.00	\$ 486.00	
CPA Total Debt	\$ 21,895.40	\$ 21,458.00	\$ 20,972.00	\$ 20,486.00	\$ -
	\$ 304,191.40	\$ 304,008.00	\$ 298,122.00	\$ 112,736.00	\$ 92,250.00



Town Reserves

Town [Financial Management Policies](#) published in 2018 identified an emphasis on financial reserves to help the Town stabilize finances and maintain operations during difficult economic periods. Additionally, strong reserve policies allow town leaders to plan for long-term sustainability by directing resources with a 5-10-year projection. The following is a snap shot of the town’s financial reserves based on the approved FY21 Budget.

	FY18	FY19	FY20	FY21
Operating Budget	\$ 8,712,866	\$ 9,023,955	\$ 9,303,345	\$ 9,392,028
Stabilization (5%)	\$ 431,685 4.95%	\$ 390,950 4.33%	\$ 390,950 4.20%	\$ 419,425 4.47%
Capital Stabilization (1%)	\$ 135,229 1.55%	\$ 158,190 1.75%	\$ 100,000 1.07%	\$ 57,350 0.61%
Free Cash (5%)	\$ 100,000 1.15%	\$ 100,000 1.11%	\$ 100,000 1.07%	\$ 87,943 0.94%
Road Stabilization	\$ - 0.00%	\$ - 0.00%	\$ - 0.00%	\$ - 0.00%
	\$ 666,914 7.65%	\$ 649,140 7.19%	\$ 590,950 6.35%	\$ 564,718 6.01%

This budget maintains all goals as outlined by Town Officials and aligns with published financial policies. Maintaining proper reserves is a key focus on the COVID-19 era to allow for budget flexibility. It also is a key determinate of the town’s bond rating, a crucial focus given upcoming borrowing for the Hubbardston Center School Roof.



Updated Financial Forecast

This year's budget is balanced based on several factors. First, expense growth was very limited due to strong fiscal controls. Second, Town Officials continue to rely on one-time revenues to supplement the operating budget. And third, Hubbardston received lower assessments from its two school districts due to the financial impacts of COVID-19 on the region. These factors allowed for FY21 budget balance despite predictions in the [FY21-25 Financial Forecast](#).

However, the Town continues to see a structural deficit moving forward. Even with limiting expense growth to 0.84%, town residents can still expect deficits ranging from \$331k to \$1.38 million over the next five years. Revenues must continue to beat projections and assessments must continue to beat five-year averages to maintain balance in the next five years. Without these contingencies, Hubbardston will need an operation override or a massive cut to municipal services.

TOWN OF HUBBARDSTON FINANCIAL FORECAST FY2021 - 2026						
Property Tax	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Prior Year Levy Limit	7,273,006	7,469,331	7,686,064	7,908,216	8,135,921	8,369,319
2 1/2% Increase	181,825	186,733	192,152	197,705	203,398	209,233
New Growth	14,500	30,000	30,000	30,000	30,000	30,000
Capital Exclusion	-	-	-	-	-	-
Debt Exclusions/Overlay	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Total	7,404,331	7,621,064	7,843,216	8,070,921	8,304,319	8,543,552

Revenue	FY2021	FY2022	FY2022	FY2023	FY2023	FY2023
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Taxes	\$ 7,404,331	\$ 7,621,064	\$ 7,843,216	\$ 8,070,921	\$ 8,304,319	\$ 8,543,552
State Aid	\$ 616,593	\$ 628,856	\$ 641,364	\$ 654,121	\$ 667,132	\$ 680,403
Local Receipts	\$ 1,277,990	\$ 1,303,550	\$ 1,329,621	\$ 1,356,214	\$ 1,383,338	\$ 1,411,005
Free Cash/Other Available funds	\$ 100,000					
Total:	\$ 9,398,915	\$ 9,553,471	\$ 9,814,201	\$ 10,081,256	\$ 10,354,789	\$ 10,634,960

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	9,398,915	9,553,471	9,814,201	10,081,256	10,354,789	10,634,960
Expense	9,392,028	9,884,495	10,364,796	10,915,627	11,448,619	12,016,127
	6,887	(331,024)	(550,595)	(834,371)	(1,093,830)	(1,381,167)