BALANCED BUDGET PROPOSAL for FISCAL YEAR 2019

Office of the Town Manager 1.23.2018

FY2019: Budget Best Practices

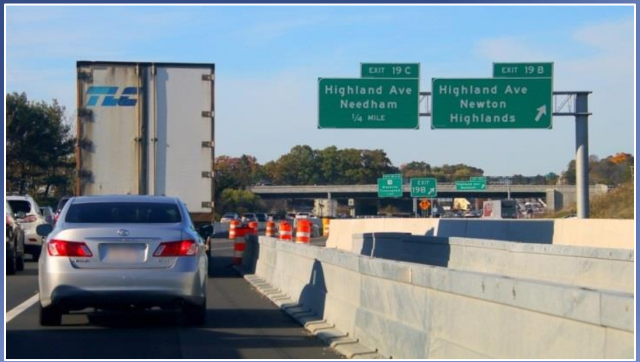
- Current revenues support current expenditures.
- The budget is not reliant on one-time revenue or unsustainable practices.
- The five year Pro Forma was updated in September.
- Debt is not used to fund on-going operating expenses or capital <$250,000.
- Free Cash use for operating budget is not more than 2% of the prior year’s appropriated operating budget or the actual turn back, whichever is lower.
- Adequate contingency funds are recommended.
- Funding for maintenance and replacement of capital facilities and equipment is recommended.
- The budget is resilient – maintaining service levels & developed to withstand economic disruptions and a changing political environment.
- Operating and Capital Budgets are sustainable.

Budget Priorities

- Townwide Goals and Objectives
- Preserve Capital Assets
- Financial Sustainability
- Efficiency
- Future Capacity

Financial Forecast/Revenue

- Federal Government
- State Aid
- New Growth
- Free Cash
- Emphasis on Reserves for Capital Planning

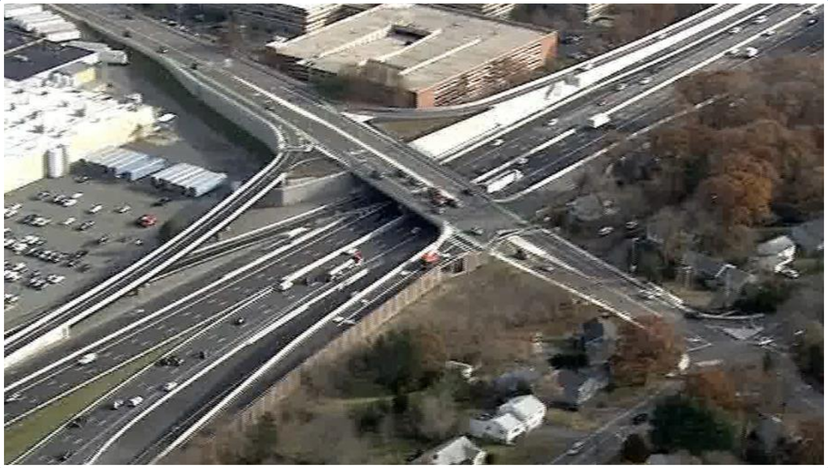


Free Cash

Certification Year	Budget Year Use	Free Cash	Operating Statement Maximum	Budget	Capital	FWA	Reserves	Returned
FY2014	FY14/15	10,133,912	2,120,776	2,032,765	7,499,617	35,000	566,530	-
FY2015	FY2016	6,207,875	1,873,669	1,941,264	2,394,911	750,000	845,700	276,000
FY2016	FY2017	6,890,372	1,779,710	1,763,165	2,639,117	553,222	1,234,868	700,000
FY2017	FY2018	13,849,687	2,700,921	2,689,482	5,438,467	1,145,000	2,115,041	2,461,697
FY2018^	FY2019	12,500,000	2,858,833	2,506,298	7,839,289	196,000	1,958,413	-

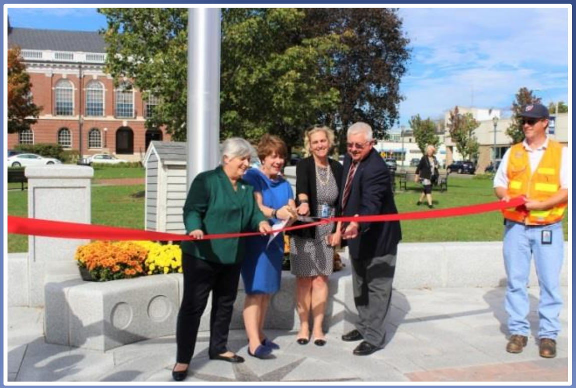
^ Estimate

- Estimated at $12.5 Million
- In compliance with Best Practice



State Aid Estimate

Chapter 70 School Aid		Unrestricted General Government Aid	
FY2014	$7,901,802 – 3.5%	FY2014	$1,511,453 – 2.4%
FY2015	$8,239,740 – 4.3%	FY2015	$1,553,368 – 2.8%
FY2016	$8,373,790 – 1.6%	FY2016	$1,609,289 – 3.6%
FY2017	$8,671,395 – 3.5%	FY2017	$1,678,488 – 4.3%
FY2018	$9,166,360 – 5.7%	FY2018	$1,743,949 – 3.9%
FY2019	$9,395,519 – 2.5%	FY2019	$1,787,548 – 2.5%



Governor's Update 1/19/2018:
UGGA to increase 3.5%

General Fund Revenue Sources

	Actual FY2017	Recap FY2018	Estimate FY2019
Property Tax	$124,311,726	$132,537,888	$141,511,268
State Aid	$11,171,133	$11,720,547	$11,994,391
Local Receipts	$15,815,404	$10,415,500	$11,178,000
Other Sources	$1,580,657	$5,143,807	$2,970,147
Free Cash	6,190,372	$11,387,990	$12,500,000

Key Budget Drivers

School Enrollment

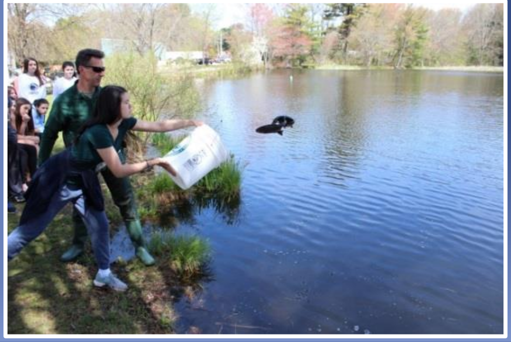
Increase of **652** students since 2007/2008 - 13.0%

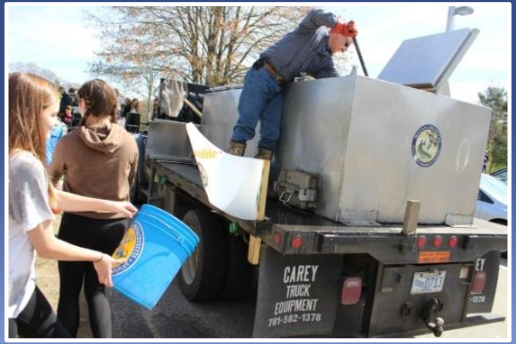
Average Change in Salary Lines (FY2012 -2017)

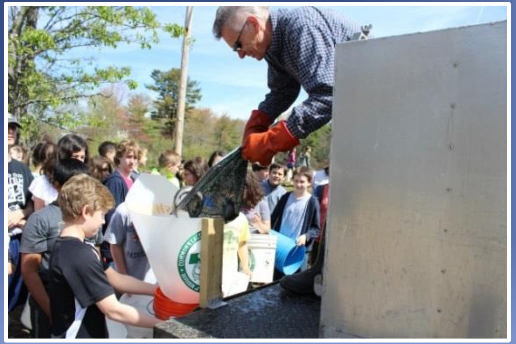
General Government	4.1%
Schools	6.0%
Combined	5.3%

Increase in Headcount (FY2013 – 2018)

General Government	13.2
Schools	77.5







Performance Budget

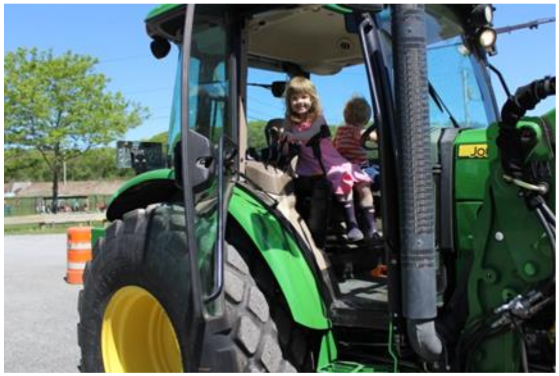
Budget	Amount	Note
Employee Benefits	$532,501	Additional FTEs
Finance	$69,345	Admin. Analyst
Planning & CD	$6,000	Recording Secretary
Police	$72,077	Police Officer (multi-year)
Fire	$15,538	CPR Assist Device
Fire	$20,000	Mobile Tablet Equipment
Fire	$10,000	Community Outreach
Building	$4,000	Scanner Equipment
PFD Construction	$102,300	Project Manager
Public Works	$8,455	Street Sweeping
Public Works	$20,000	Goose Management Plan

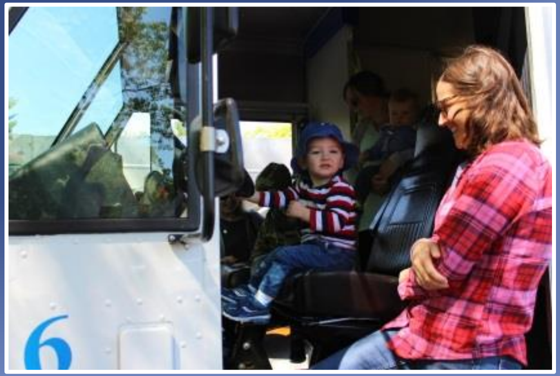
Performance Budget

Budget	Amount	Note
Public Works	$45,000	Inspection Services
Public Works	$10,000	Ball Diamond Maintenance
Public Works	$78,424	Compliance Coordinator
Public Works	$15,000	Greene's Field Completion
Building Maint.	$267,197	Custodial & Trades
HHS	$5,920	Recording Secretary
HHS	$21,725	General Expenses
HHS	$32,617	Emergency Management
Library	$52,085	Children's Librarian
Library	$1,992	Comcast Services
Library	$23,952	Sunday Hours

Changes to Submitted Budgets

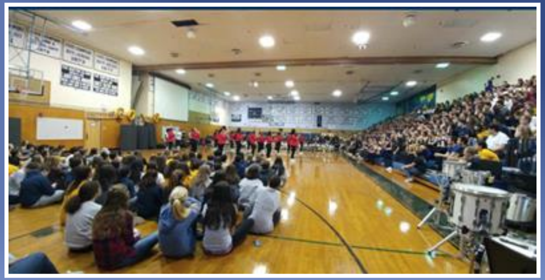
Budget	Amount	Note
Employee Benefits	($358,144)	Reduced FTE
Fire Department	($632,006)	Staffing Deferred
HHS	($150,199)	Staffing Priorities
Public Library	($96,769)	Priorities
Building Maint.	($29,000)	Transfer to NPS
Park & Recreation	($19,000)	Class/Comp





Budget Proposal: Needham Schools

- TM recommendation is 4.0% over appropriated FY2018 budget at $71,105,943
- Recommendation reflects Superintendent's revised budget request
- School Committee vote schedule for 1.23.2018



Enterprise Fund Budgets

RTS

- 5.5% Increase in budget
- General Fund Contribution $1,520,000
- Recommended transition to General Fund in FY2020

Sewer

- 0.1% Increase in budget
- General Fund Contribution for Drains Program $504,750
  MWRA Assessment not yet final
- Evaluation of a stormwater enterprise fund to begin in FY2019

Note: collective bargaining agreement for union employees not yet settled

Enterprise Fund Budgets

Water

- 1.1.% Increase in budget
- MWRA Assessment not yet final

Note: collective bargaining agreement for union employees not yet settled

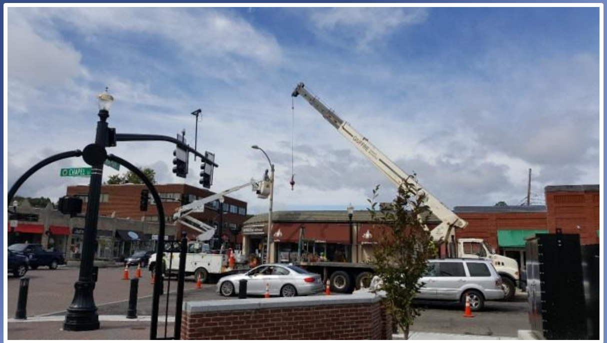
Financial Warrant Articles/Other

Senior Corps Program	$15,000
Property Tax Assistance Program	$25,000
Public Facilities Maintenance Program	$625,000
Town-owned Land Surveys	$100,000
Urban Community Challenge Grant	$15,000
Long Range Plan	$50,000
Water Meter Data Collection	$220,000
Time Clock System	$81,000
RTS Efficiency Study	$100,000
RTS Contribution	$1,520,000
Drains Contribution	$504,750
General Fund Cash Capital	$9,694,289

Reserves

- Capital Facility Fund $1,817,000
- Capital Improvement Fund $141,413
- Athletic Facility Improvement Fund $63,378
- Debt Service Stabilization Fund $1,981,874

If additional Free Cash and/or State Aid becomes available we recommend additional allocations to the AFIF and DSSF.



Recommended Athletic Facility Improvement Fund

FY	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2014	$283,096	$1,257	$616,980		$901,333
2015	$901,333	$1,913	$1,067,107		$1,970,353
2016	$1,970,353	$8,393	$664,682		$2,643,428
2017	$2,643,428	$24,630	$1,671,990		$4,340,048
2018*	$4,340,048	$29,066			$4,369,114

* Balance as of December 31, 2017

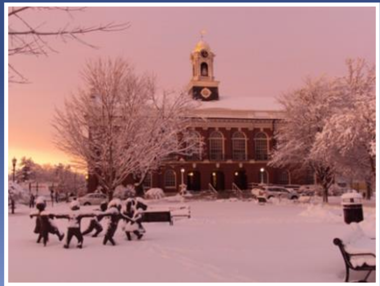
Recommended Athletic Facility Improvement Fund

Beginning Balance:	$4,369,114
Annual Allocation:	$ 63,378
Additional Allocation:	$ 0
Synthetic Turf Design	($55,000)
Memorial Park Recommendation	($1,800,000)
Total	$2,577,492
Reserve for Synthetic Turf:	($2,500,000)
Available for Future Use:	$77,492

Debt Service Stabilization Fund

FY	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2016	$0	$0	$320,186		$320,186
2017	$320,186	$6,154	$612,595		$938,935
2018*	$938,935	$13,527	$1,091,874		$2,044,336

* Balance as of December 31, 2017



Debt Service Stabilization Fund

One-time Revenue:	$0
Recurring Revenue:	
• Solar	$525,190
• Room Tax	$225,000
• New Growth	$1,201,684
Total	$1,981,874

*If additional Free Cash and/or State Aid becomes available we recommend additional allocations to the DSSF.

Debt Service Stabilization Fund

One time Revenue
$0

Recurring Revenue
$1,981,874

Total Available FY2019
Allocation: $1,981,874

Funds available to reallocate for future recurring operating needs, such as full-day kindergarten & public safety

Funds available to reduce debt financing for identified capital needs.

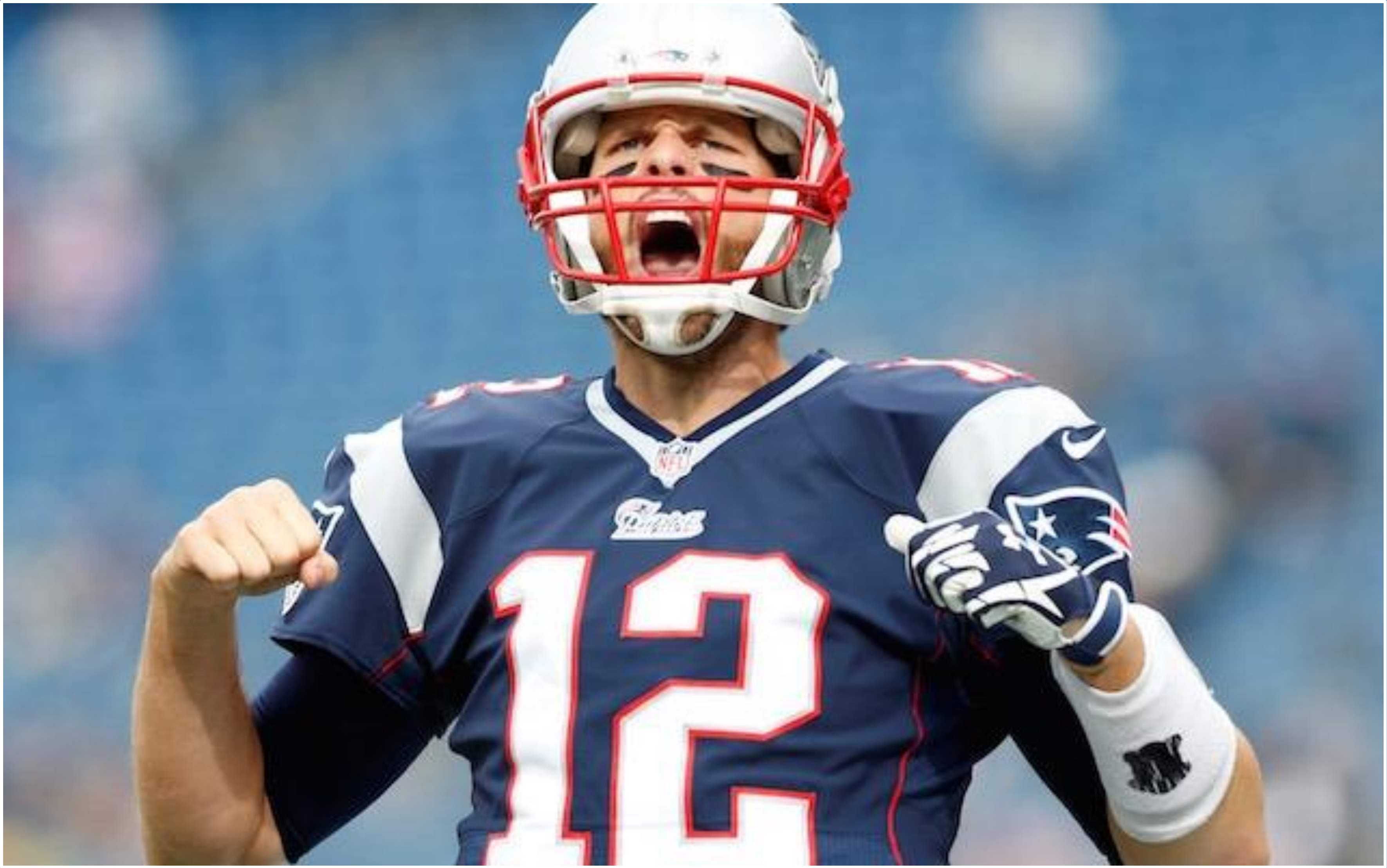
Debt Service Stabilization Fund

FY2016:	$320,186
FY2017:	$613,870
FY2018:	$1,091,874
FY2019;	$1,981,874
Contributions to Fund:	$4,007,804

Funds available to reduce debt financing of identified capital needs.

FY2019 Budget Recap

Department	Recommendation	Increase
Townwide Expenses	$52,249,348	10.6%
General Departments	$38,563,883	4.8%
School Department	$71,105,943	4.0%
Minuteman	$936,055	16.1%
Cash Capital	$9,694,289	33.5%
Financial Warrant Articles	$911,000	(23.1%)
Reserves	$4,003,665	21.4%
Other Appropriations	$2,024,750	3.6%
Total GF Expenses	**$179,488,933**	**7.6%**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