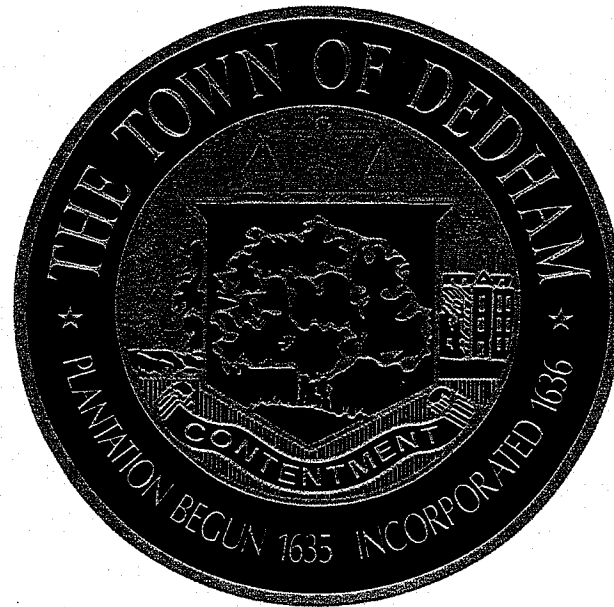


Town of Dedham
FY2016 Proposed Budget
February 26, 2015



James A. Kern
Town Manager

Presentation Overview

- FY15 and Previous Years
- Free Cash Balance
- Revenue Estimates
- FY16 Changes/Issues
- Operating Expenditures
- Capital Expenditures
- Tax Levy/Rate Impact

Revenue Estimates in General

- Property Taxes
- State Aid
- Local Receipts
 - MV Excise
 - Fines and Forfeits
 - Fees
- Local Option Taxes
- Sewer Receipts

FY2015 and Previous Years

➤ Free Cash Balance

- June 30, 2014 - \$8,184,818
- June 30, 2013 - \$3,101,778
- June 30, 2012 - \$2,031,815
- June 30, 2011 - \$2,127,161

➤ Effective Free Cash Balance:

- June 30, 2014 - \$8,184,818
- June 30, 2013 - \$5,683,273
- June 30, 2012 - \$2,031,815
- June 30, 2011 - \$2,127,161

Free Cash Increase/Uses

- Better Performance in Local Receipts
 - MV Excise
 - Penalties and Interest
- Avery School Construction Account

- Uses in FY16
 - Snow Deficit/Operating Capital: \$4.2 Million
 - Debt Retirement being investigated

Revenue Estimates

- Sewer Enterprise Fund revenues estimated at \$7,600,000, maintaining the same level sewer rates since 2008

- State Aid, estimated at \$7.67 million, 4% increase from FY15

- Local option tax revenues, \$2,025,000
 - Increase of 1% going to Robin Reyes Fund

- Motor vehicle excise tax: \$2,700,000; \$200,000 below recent performance

Revenue Estimates: Property Tax

- Town officials are aware of the property tax impact on residents and businesses
- Revenue estimates include the allowed 2.5% growth in property tax, \$1.993 million
- New growth is estimated at \$750,000
- Property tax levy for older debt exclusions is decreasing by \$427,000
- Total property tax levy in budget, \$83.8 million, which accounts for 75.2% of the \$111 million total

Summary of Large Budget Segments

Segment	\$ Increase	% Increase
Education	1,417,134	4.05
Employee Benefits (Pension, Health Insurance, OPEB)	1,410,163	9.3
General Government*	680,294	2.55
Facilities	144,145	2.78
Debt Service Not Covered by Robin Reyes Fund	-139,636	-1.7
Total (not including Operating Capital)	3,513,073	3.9

*Bargaining reserve allocated to General Government

FY2016 Changes/Issues

- No New Positions in General Government
- Expansion of Town Nurse
 - One day for Substance Abuse Coalition (moved from TM)
 - One day for support of Health Agent with Inspections
 - 2.5 Additional Seasonal Employees in Park and Rec
 - Employee Recognition Program
- Significant Health Insurance Increase
- Reduced Reserve for Abatement (Overlay)
- Significant Snow Deficit (Projected at \$1.85 million)

Operating Expenditures: Dedham Schools

- Increase of \$1,463,910 from FY15 to FY16, not including Blue Hills or Norfolk Agricultural budgets
 - This Budget reduces the Department's request by \$190,750, resulting in a 3.97% increase including school allocated facilities costs.
 - Level Service budget is a 3.02% increase
 - This Budget retains:
 - First year of four-year phase in of full-day kindergarten
 - Extension of the School Calendar for Professional Development (183 days)
 - Additional Professional Development Funds

Operating Expenditures: Benefits

- Health Insurance increase budgeted at an increase of \$1,163,181 from FY15 to FY16, or \$13.65%
- Budget includes salary reserve for unsettled contracts

Operating Expenditures: OPEB and Pension

- OPEB (Other Post Employment Benefits) no longer listed with Benefits Budget
- OPEB Contribution for FY16 is \$1.48 million, a reduction of \$190,000 or 12%
- Pension assessment is \$4,531,000, an increase of \$424,000, or 10.3%
 - On pace to retire the unfunded liability by 2024
 - Currently 80% funded

Operating Expenditures: Debt Service

DEBT SERVICE (in millions of \$)

	Funded Through Property Taxes		Funded through Robin Reyes Fund**	Grand Total
	Non- Excluded	Excluded *		
FY '15	\$4.9	\$3.3	\$0.06	\$8.3
FY '16	\$5.0	\$3.1	\$0.50	\$8.6
FY '16 as % Operating Budget	5.2%	3.2%	0.5%	8.9%

- * Excluded Debt Service pays for so-called “debt exclusions” approved by voters. e.g. the Middle School, purchase of the former SMA property
- ** Robin Reyes Major Capital Facilities Stabilization Fund is funded by the local meals and hotel room taxes. These taxes will total about \$2.0 million, of which about \$1.6 million will go into fund. Transfer in FY 15 was \$1.2 million. FY 16 is for Municipal Campus.

Expenditures: Capital Improvements

- Final Capital Plan will be developed in conjunction with the Capital Expenditure Committee
 - Rating System
 - Operational Capital
 - Capital eligible for borrowing

Informational Technology Budget

- Centric Consulting Study due by the end of March
- Expect personnel recommendations to be budget neutral
- Will present updated budget as soon as possible.

Tax Levy/Rate

- We have represented a potential unused levy of approximately \$1,700,000.
- Actual Levy will not be determined until the Fall.
 - State Aid budgeted level
 - Local Receipts Budgeted Moderately
- Policy considerations that could impact the use of the levy:
 - Make Stabilization Fund contribution from Free Cash instead of Direct Taxation (levy)
 - Reduce the Capital Plan (borrowing)

Options under Consideration for Tax Relief

- Retire smaller existing borrowing (~2 million)
- Use Free Cash to avoid future borrowing
- Special Purpose Stabilization Fund
- Requirement to appropriate Free Cash for a specific use and to vote it after it is certified

Tax Levy/Rate

- Potential range of budget options and the impact on average single-family property tax bill *

* Assumed no change in values or other variables

Change in Levy	% Increase	Est. Tax Rate	Average Tax Bill	\$ Increase	Unused Levy
\$3,119,922	3.9%	\$16.49	\$6,621	\$246	\$1,696,095
\$2,869,922	3.6%	\$16.44	\$6,602	\$227	\$1,946,095
\$2,669,561	3.3%	\$16.40	\$6,586	\$211	\$1,946,095
\$0	0%	\$15.87	\$6,375	\$0	\$4,822,656

Thank You

- Special Thanks to Finance Team, Department Heads, Dedham School Administration, and everyone else who contributed to this Budget. I'm looking forward to working with the Board of Selectmen, Finance Committee, Capital Expenditure Committee and Town Meeting Members throughout the rest of the process.

Jim Kern
Town Manager