

Finance Committee
Town of Needham
500 Dedham Avenue
Needham, MA 02492

February 18, 2011

Ms. Kate Fitzpatrick
Town Manager
Needham Town Hall
500 Dedham Avenue
Needham, MA 02492

Re: Needham Finance Committee – Fiscal Year 2012 Draft Budget Recommendation

Dear Kate:

Enclosed is the Needham Finance Committee's draft balanced budget recommendation for fiscal year 2012, totaling \$112,243,325.

With a few exceptions as detailed below, the budget mirrors the executive budget you submitted on January 31st, and is essentially a "level service" budget. The funding recommended by our committee will maintain the current level of services provided by all municipal departments.

For the School Department, we are recommending a total appropriation \$4,000 above the School Committee's voted budget request. This \$4,000 will fund one of the School Department's unfunded budget priorities, the AESOP attendance software.

We would like to acknowledge the hard work that the schools have undertaken to focus their budget on priorities and to manage through a very difficult time of reduced state aid for school programs. We believe that the Superintendent and School Committee will need to continue to focus on their longer term plan to achieve a "sustainable" cost structure.

We continue to encourage the on-going cooperation between the Town Manager and the School Superintendent. In particular, we applaud their efforts to reduce the use of one time revenues to fund ongoing operations. The Finance Committee has included in this budget the additional \$300,000 for the School Department's ongoing operating expenses along with the proposed reallocation of this funding for cash capital.

For the Town expenses, the Finance Committee participated in your budget meetings in November, conducted its own budget hearings from December 8 through February 7, and

attended your executive budget presentation on January 26. Using the information we gathered, we took the departmental spending requests and built a budget from them. The budget we arrived at, and voted as our draft recommendation, was close to the executive budget.

Department Budgets

The Finance Committee's draft budget reflects an increase over the executive budget, and totals \$31,761,029. This increase funds three of the Town Manager's performance budget items:

- a project for the monumentation of various street layouts throughout the town,
- the purchase of crowd control fencing,
- funding of the 9:00 AM opening of the Library from the operating budget.

Town Wide Expenses

Town wide expenses total \$31,483,288. This reflects a \$51,735 decrease in the reserve fund from the Town Manager's recommendation of \$1,111,498 to \$1,059,763. This decrease in the reserve fund was used to fund the increases in the Town Departments and the School Department budget requests discussed above.

The Finance Committee supports the Town Manager's initial recommendation to lower the reserve fund by \$388,502. The reduction is appropriate in light of the fact that the traditional draws on the reserve fund for Fire Department overtime, legal expenses and the budget line item for snow & ice have been increased. We believe that at a budget of \$1,059,763, the level of reserve funds is prudent and adequate for fiscal year 2012.

Cash Capital

While we have not yet finalized our vote of the details of cash capital, we are encouraged by the Town Manager's budget of \$1,711,359, which will allow the Town to continue its capital maintenance plan. As mentioned previously, we also support the Town Manager's decision to increase the School Department's budget by \$300,000 which will enable them to use \$300,000 of "one-time" funds for cash capital needs and to reduce their reliance on one time funds for their operating budget.

Additional Revenue

Should additional revenue become available prior to March 15th, the Finance Committee would consider applying it to the following projects, which are not prioritized:

- Augmenting the Reserve Fund,
- Adding to cash capital,
- Additional funding of School Department and Town Department unfunded budget priorities.

Please let me know if you or the Board of Selectmen would like to meet to discuss the Finance Committee budget recommendation prior to our voting a budget for the warrant, which will likely take place on March 9th. I want to thank you, the Finance Director, the Department Managers, the Superintendent, the School Department staff, and the School

Committee liaisons to the Finance Committee for their work in putting together the fiscal year 2012 budget.

Yours truly,

Rick Zimbone

Chair
Needham Finance Committee

Cc: Board of Selectmen
Assistant Town Manager/Director of Finance
Assistant Town Manager/Director of Operations
Finance Committee
School Committee
School Superintendent
School Department Finance Director