

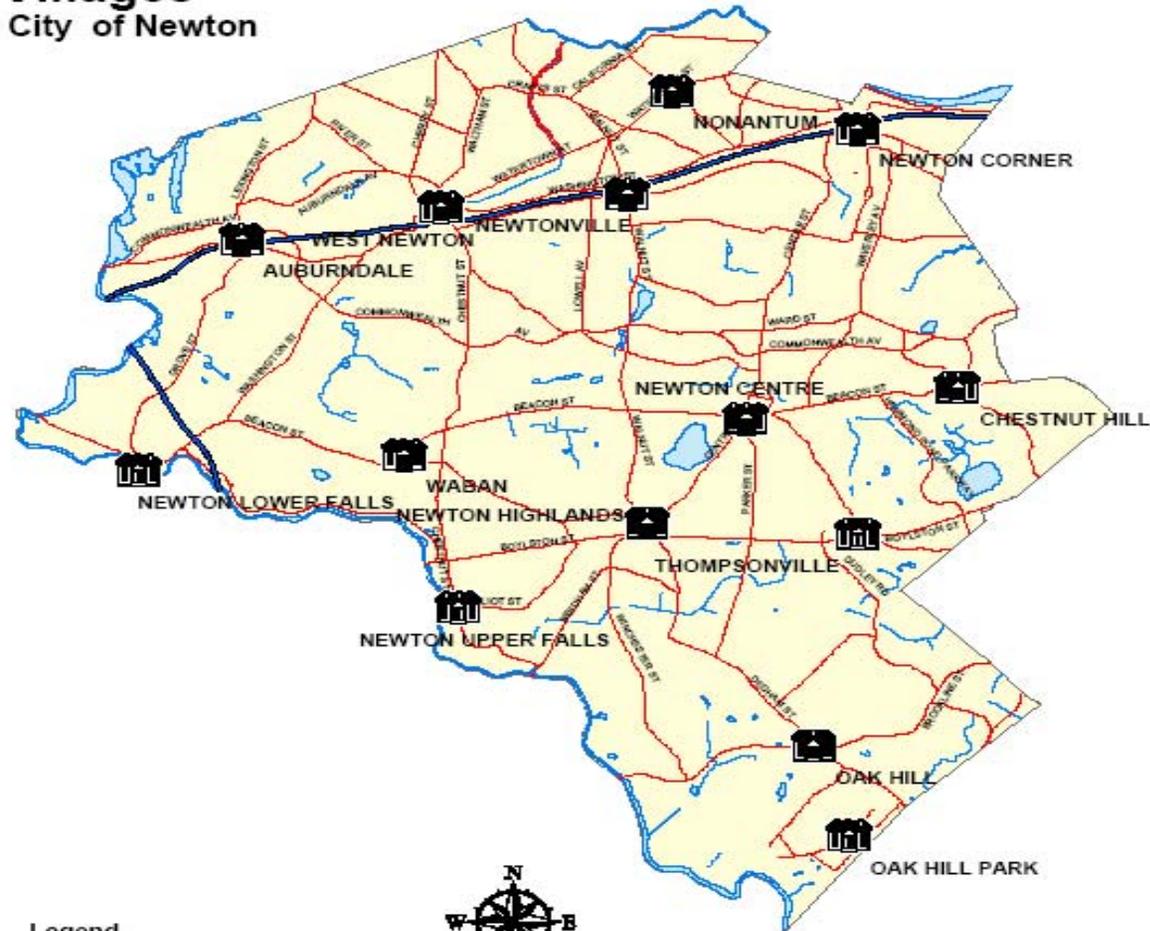
Citizen Advisory Group

Helicopter View of City Finances *Newton, MA*

June 1, 2008

Villages

City of Newton

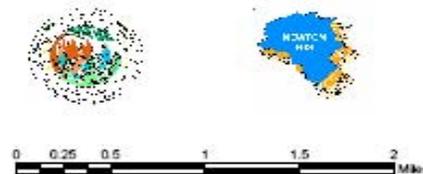


Legend

-  Interstate Highway
-  Major Artery
-  Streams
-  Surface Water
-  Villages

SOURCES:

Open space information compiled by the Newton Planning Department. All other map features are from the Newton Geographic Information System (GIS). Contact the GIS Administrator for further details.



MAP DATE: February 27, 2003

Budget Approval Process

- Mayor's Office submits recommended budget to Board of Aldermen.
- Board of Aldermen has authority to accept, reject, or decrease recommended budget (45 days)
- Except for School Department, the annual appropriations order specifies departmental expenditure authorizations by (A) salaries and wages, (B) expenses (C) debt service and capital outlay, (D) fringe benefits, and (E) intergovernmental charges.
- School Department appropriations are adopted at a single line level for the entire system.

FY 2008 General Fund Budget

(by line item)

Sources:

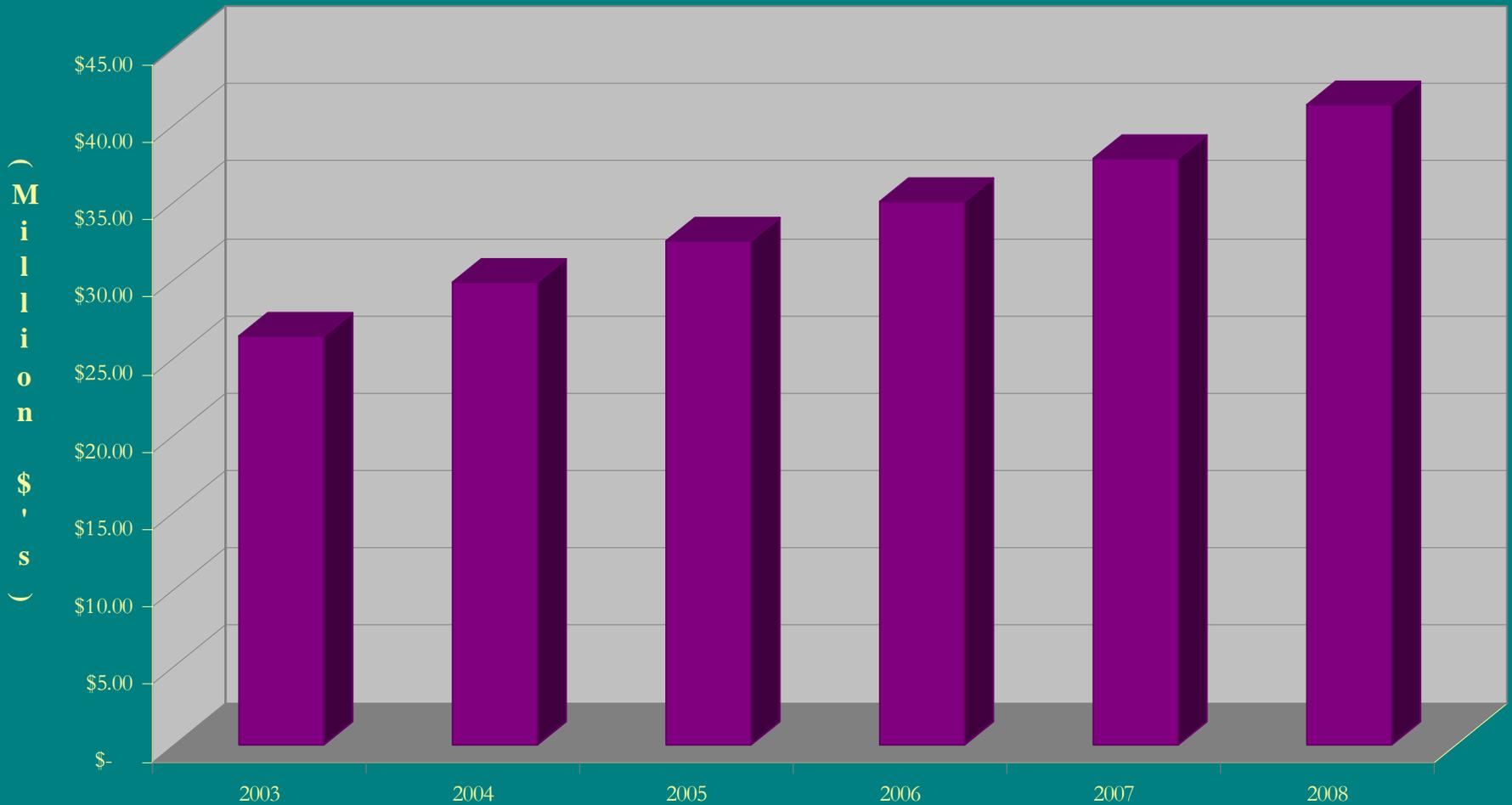
Property taxes	\$213,670,594
Other taxes	13,185,387
Charges for service	1,533,434
Licenses and permits	4,473,974
Fines and forfeitures	1,915,512
Investments income	4,100,000
Other Local revenues	286,234
State and federal assistance	27,288,106
Reimbursements from other funds	3,421,479
Free cash	<u>15,538,987</u>
Total sources	\$285,413,707

Uses:

Salaries and Wages	\$163,315,940
Fringe benefits	40,533,306
Pension contribution	11,720,098
Energy and utilities	8,808,025
Refuse collection and disposal	6,018,149
Out of district tuitions	5,565,938
Pupil transportation	4,097,776
All other supplies and services	20,328,029
State assessments (MBTA)	5,615,196
Debt and interest	7,575,427
Capital outlay and improvements	4,016,375
Contributions to other funds	<u>7,819,448</u>
Total uses	\$285,413,707

Fringe Benefit Expenditure Trends

FY 2003 - FY 2008



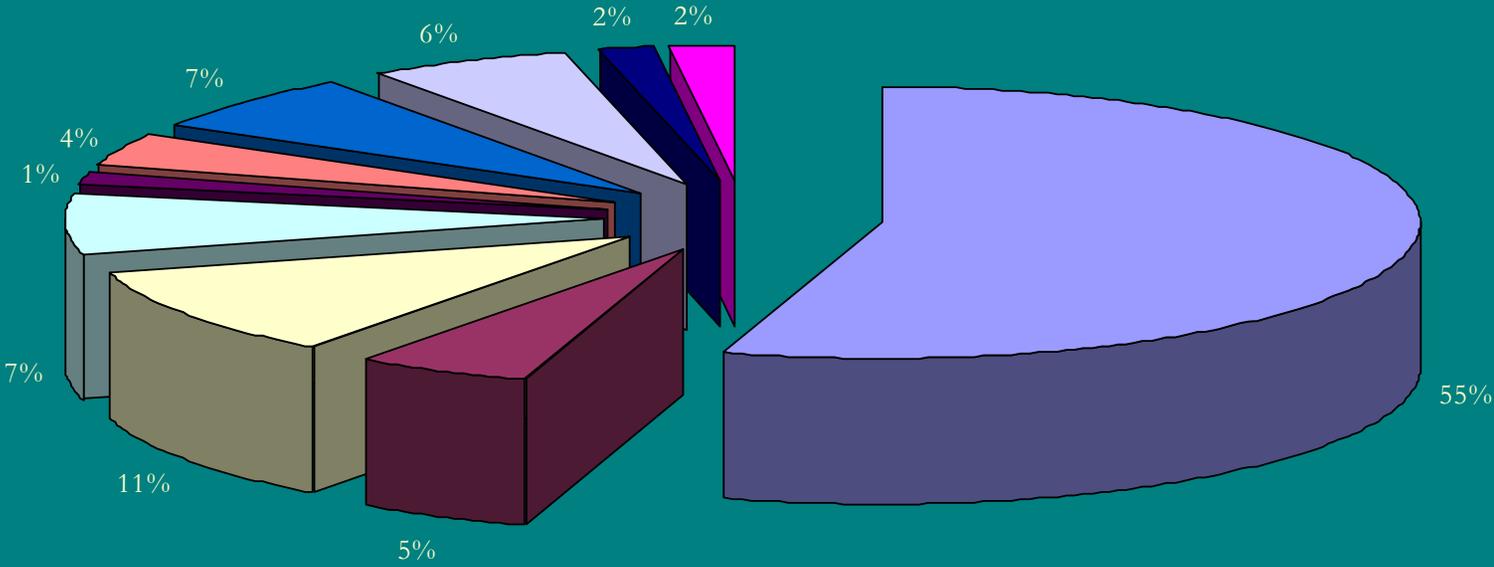
FY 2008 General Fund Budget

(by major program)

Education	\$156,524,418
General Government	14,361,702
Public Safety	31,410,842
Public Works	20,774,804
Health and Human Services	3,713,117
Culture and Recreation	10,677,115
Retirement	20,110,077
Capital Purposes	17,470,745
Reserves	4,755,691
State Assessments (MBTA)	<u>5,615,196</u>
Total Uses	\$285,413,707

FY 2008 General Fund Budget

(by major program)



- Education
- General government
- Public safety
- Public works
- Health and human services
- Culture and recreation
- Retirement
- Capital purposes
- Reserves
- State assessments

Education Expenditures as Percent of General Fund Budget 2004 - 2008



Education All other

Budget Forecast Summary, FY 2009 – 2014

	FY 2009 <u>Forecast</u>	FY 2010 <u>Forecast</u>	FY 2012 <u>Forecast</u>	FY 2014 <u>Forecast</u>
Sources:				
Property Taxes	\$220,099,462	\$227,573,948	\$243,208,274	\$259,800,268
Other	<u>54,985,916</u>	<u>54,989,991</u>	<u>56,206,139</u>	<u>57,433,111</u>
Total Sources	\$275,085,378	\$282,563,939	\$299,414,413	\$317,233,380
Uses:				
Operating Budget				
Salaries and Wages	\$51,871,647	\$52,982,653	\$55,664,900	\$58,482,935
Benefits	18,170,709	19,457,626	23,316,385	28,000,042
Pension Contribution	12,582,404	13,334,861	15,442,054	17,903,516
Energy/Utilities	3,209,441	3,686,227	4,170,420	4,597,888
All Other	<u>20,865,465</u>	<u>21,030,741</u>	<u>22,688,892</u>	<u>24,266,795</u>
Operating Budget Subtotal	\$106,699,666	\$110,492,109	\$121,282,650	\$133,251,176
Capital and Capital Reserve Creation				
Debt Service	\$8,253,127	\$9,627,574	\$12,300,591	\$15,267,044
Transfer to Capital Reserve	<u>47,417</u>			
Capital Maintenance Subtotal	<u>\$8,300,544</u>	<u>\$9,627,574</u>	<u>\$12,300,591</u>	<u>\$15,267,044</u>
Total Uses:	\$115,000,210	\$120,119,683	\$133,583,241	\$148,518,219
School Budget	<u>\$160,085,168</u>	<u>\$169,690,278</u>	<u>\$190,663,996</u>	<u>\$214,230,066</u>
Total Budget	\$275,085,378	\$289,809,961	\$324,247,237	\$362,748,286
Excess/(deficiency) Sources Over Uses		<u>(\$7,246,022)</u>	<u>(\$24,832,824)</u>	<u>(\$45,514,906)</u>
Cumulative		(\$7,246,022)	(\$47,866,858)	(\$128,098,007)

Budget Forecast Summary Assumptions

Sources

Property Taxes

2.5% plus \$2 million new growth, 1.4% overlay

Other

Motor Vehicle Excise Tax - Increases based on 5-year average (0.23%)

Other Taxes, Interest & Penalties - Increases based on 5-year average (0.36%)

In Lieu of Tax Payments - Level Funded

Charges for Service - Level Funded

Licenses & Permits - FY10 building permits adjusted to reflect FY08 experience. Level funded going forward.

Fines & Forfeitures - FY10 library fine adjusted to reflect FY08 experience. Level funded going forward.

Investment Income - Level Funded

Other Miscellaneous Revenue - Level Funded

Free Cash - Reduced annually by \$500,000 consistent with financial policy.

Intergovernmental Revenue - Projects \$1 million increase annually in local aid. All others level funded others level funded. Note that \$325,000 in Medicaid reimbursement may not be available after FY09.

Reimbursements from other Funds - Level funded except a 3% increase in transfers from Water and Sewer Funds.

Budget Forecast Summary Assumptions

Uses

Operating Budget

Salaries and Wages - 2.5%

Benefits - Health Insurance 10%

Pension Contribution - Actuarial Funding Schedule

Energy/Utilities - Increases as follows: 15% in FY10m 8% in FY11, 5% thereafter

Refuse Collection/Disposal - 5% annual increase for trash, 3.5% for recycling

Services - 2%

Supplies and Materials - 2%

Capital Outlay - 4%

Other – Unclassified – Level funded except property insurance, which is 5% annually except 20% in FY11 when Newton North comes on line.

State Assessments and Charges - 2.5% annual increase

Capital and Capital Reserve Creation

Debt Service – Mayor's capital plan

Transfer to Capital Reserve

School Budget – Assumes 6% annual increase

General Capital Assets 2008*

Land at Cost	\$19,412,292
Buildings at Insured Value	\$560,100,000
Equipment & Machinery	\$43,468,996

*Excludes self-sustaining activities such as water, sewer and golf course.

Breakdown of Capital Assets, FY 2007

Public Safety

Police

Stations 1

Vehicles 69

Fire

Stations 6

Vehicles 9

Education

Public School Buildings 21

Public Works

Streets (miles) 310

Streetlights 8,595

Traffic Signals 98

Parking Meters 1,671

Culture and Recreation

Public Libraries

Main Library 1

Branch Libraries 4

Park & Playground Acreage 590

Outdoor Swimming Facilities 2

Indoor Swimming Facilities 1

Public Street Trees 30,000

General Fund Capital Expenditures, FY 2008

Elementary School Improvements	\$2,512,637
Middles School Improvements	2,200,000
Newton South High School Improvements	361,691
Newton North High School Project	<u>192,449,093</u>
Sub Total: School Projects	\$197,523,421
Fire Station Improvements	\$1,424,515
Street Improvements	5,065,097
Street Lighting Improvements	1,060,826
Public Works Equipment Replacement	1,266,717
Fire Equipment Replacement	<u>505,844</u>
Total FY 2008 Capital Budget	\$206,848,420*

*98% via bonded debt

Capital Expenditure Backlog, FY 2009-2013

Sub-total Public Schools	\$100,000,000 - \$200,000,000
Road Infrastructure	\$27,929,900
Equipment and Facilities	<u>6,810,000</u>
Sub-total Public Works	\$34,736,900
Public Safety Vehicles and Equipment	\$6,230,535
Public Buildings (other than schools)	16,772,295
Parks and Recreation	7,366,000
Technology	549,950
Planning and Conservation	892,500
All Other	<u>1,204,096</u>
Total (+/-)	\$167,800,000 – \$267,800,000

Total Bonded Debt, FY 2008

Street Improvement	\$415,000
Street Lighting Improvement	460,000
Public Works Equipment	1,435,000
Landfill Closure	1,570,000
Fire Equipment	730,000
Fire Station Improvements	<u>847,000</u>
Total Bonded Debt	\$59,677,000

Public Schools	\$173,928,000
Fire Equipment	1,250,000
Public Works Equipment	<u>600,000</u>
Total Authorized & Unissued Debt	\$175,778,000

Summary of Major Fund Balances, FY 2008

General Fund

Free Cash	\$3,646,507
Budget Reserve	68,046
Municipal Wage Reserve (Fire & others)	4,716,645
Property Tax Allowance for Abatements & Exemptions	<u>10,157,682</u>
Total	\$18,588,880

Special Revenue Funds

\$8,302,151

Capital Stabilization Fund

Bonded Project Balances Reserved for Appropriation	\$86,311
Water & Sewer Project Balances Reserved for Appropriation	105,000
Designated for North High School Project	13,682,086
Designated for South High School Athletic Field Project	2,351,588
Designated for Fire Station Improvement Project	36,313
Designated for Other Capital Purposes	<u>277,359</u>
Total	\$16,538,657

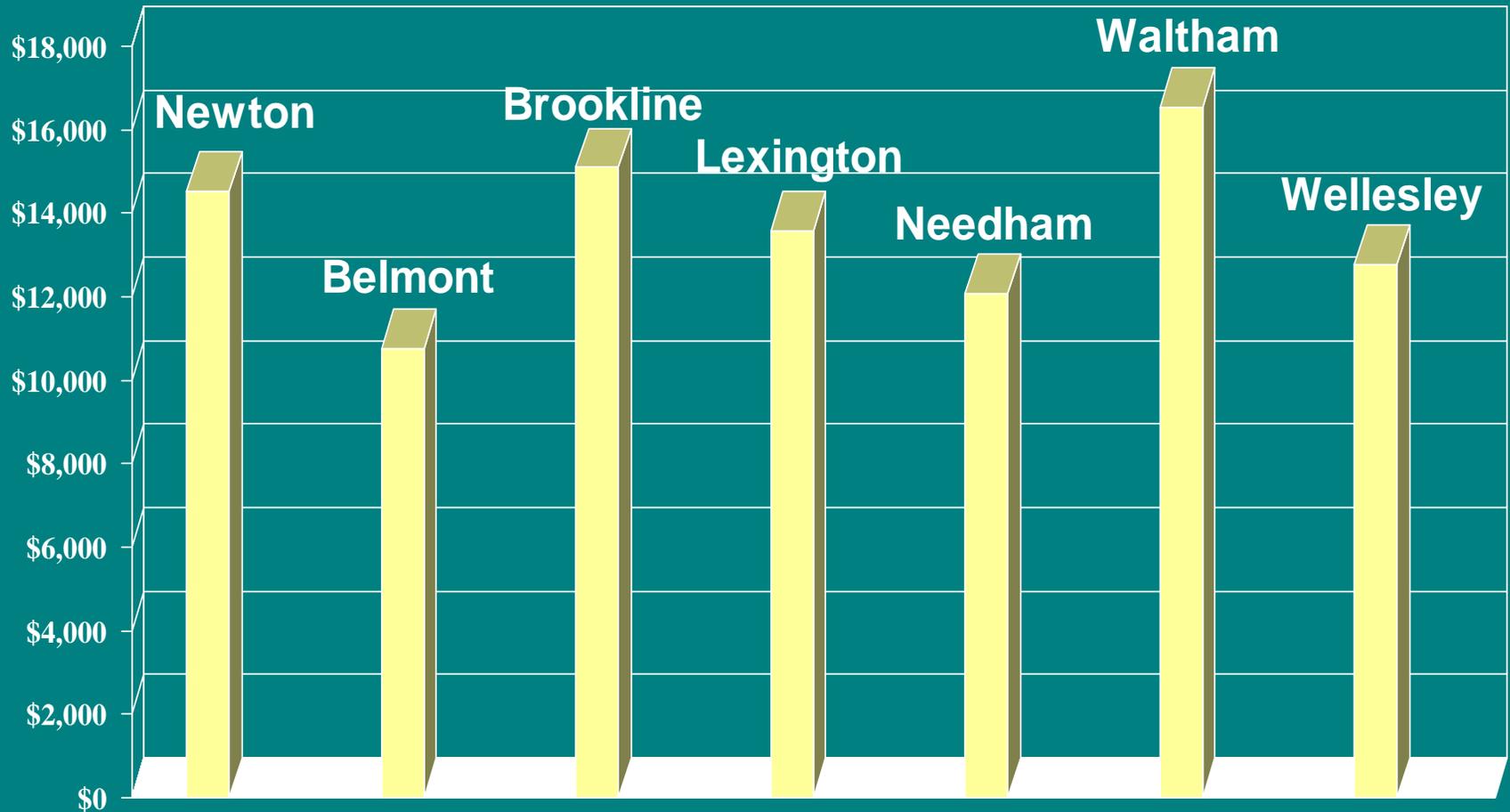
Newton Contributory Retirement System

\$270,748,225

Organizational Chart

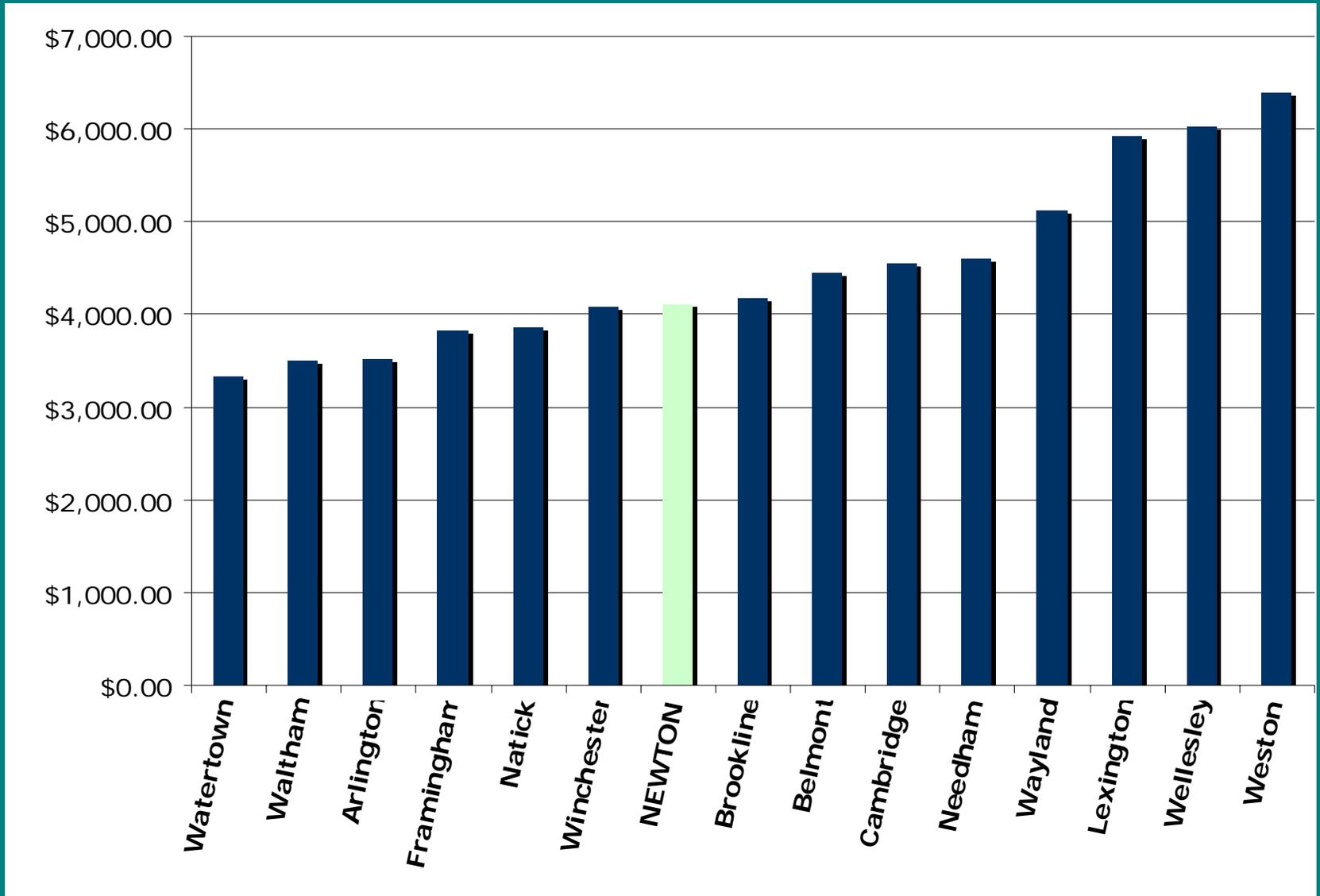


How Much Cities/Towns Spend on Each Student

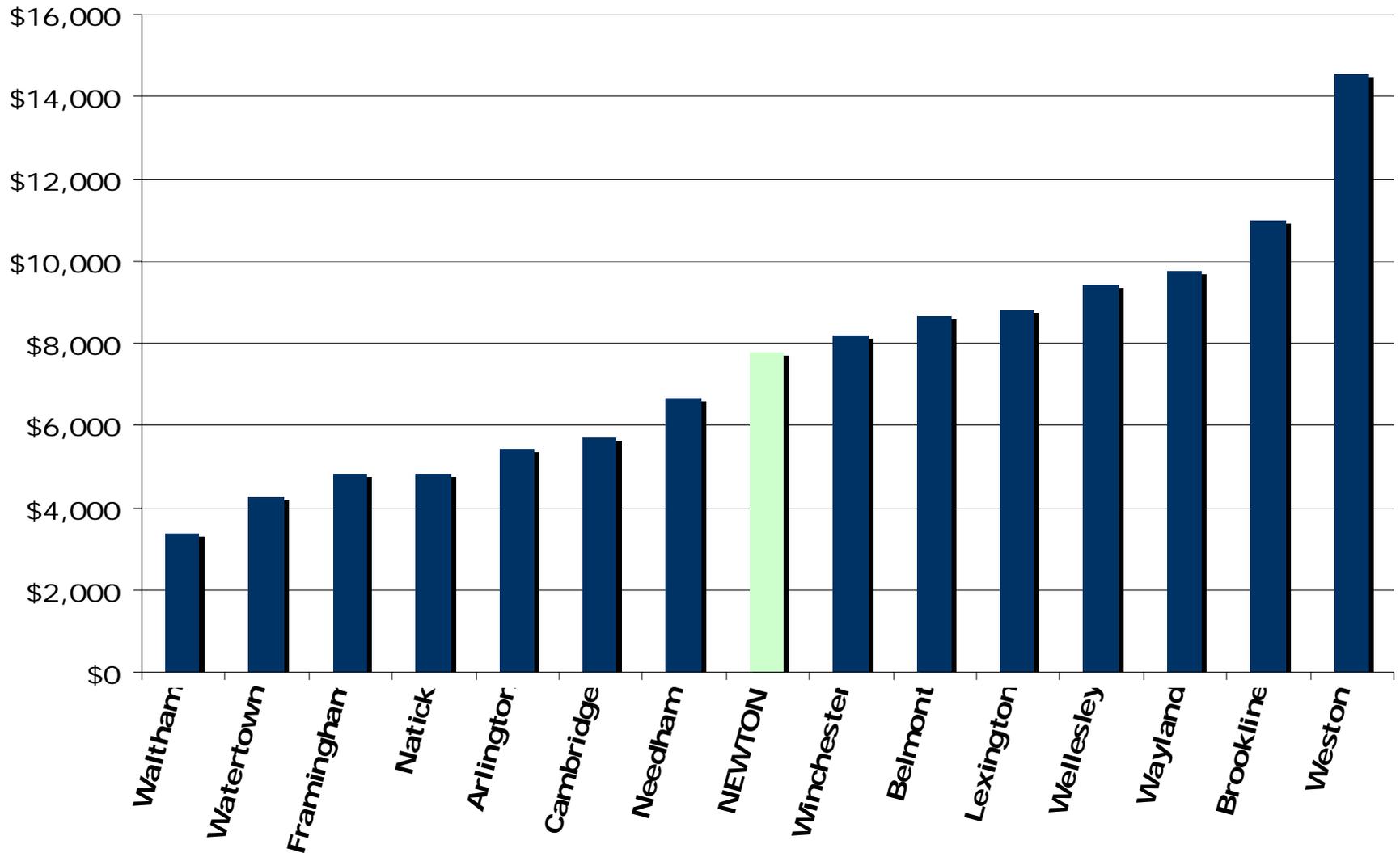


Source: Mass. Dept. of Education

Municipal Spending per Capita, FY 2007

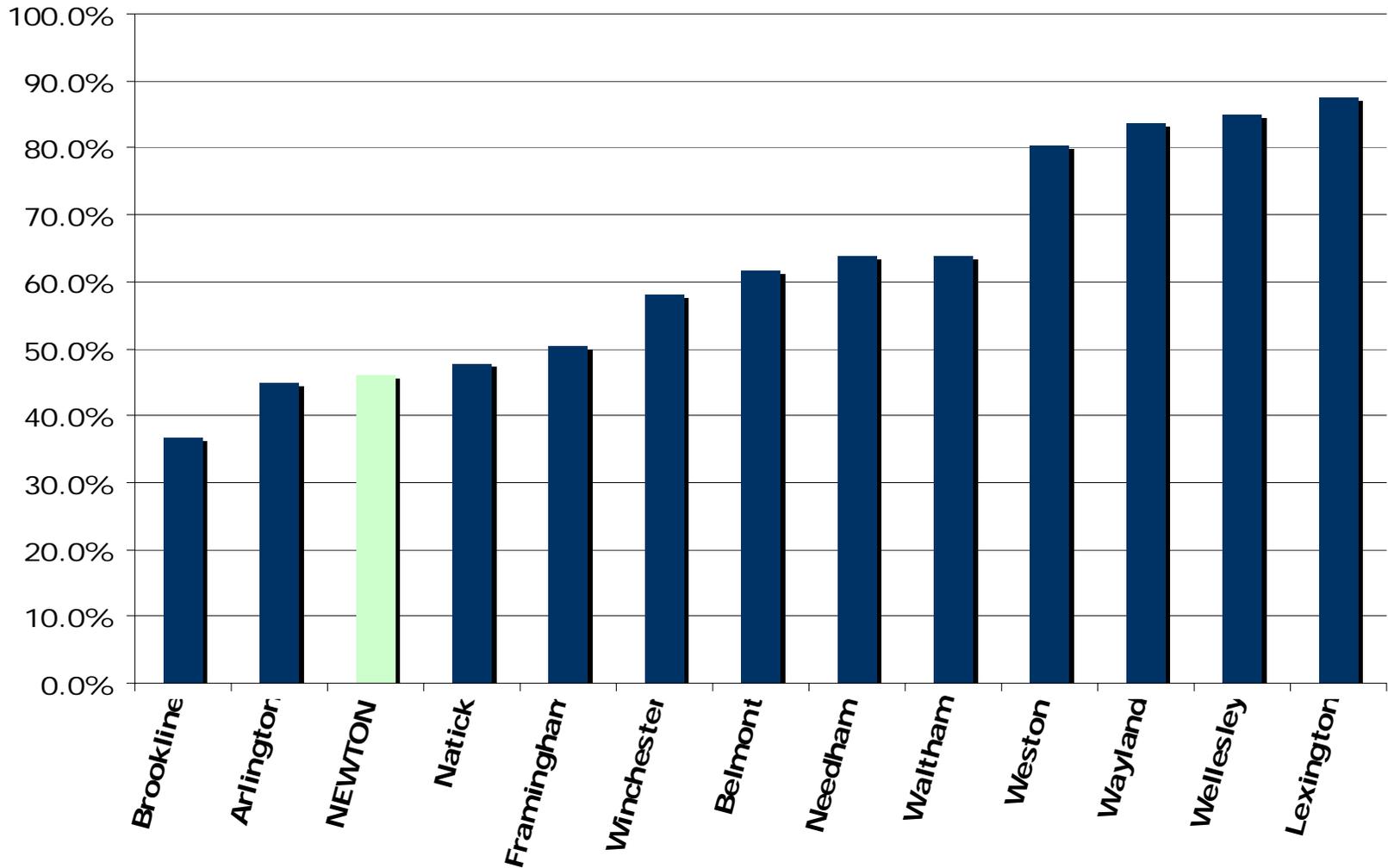


Average Single Family Tax Bill, FY 2008



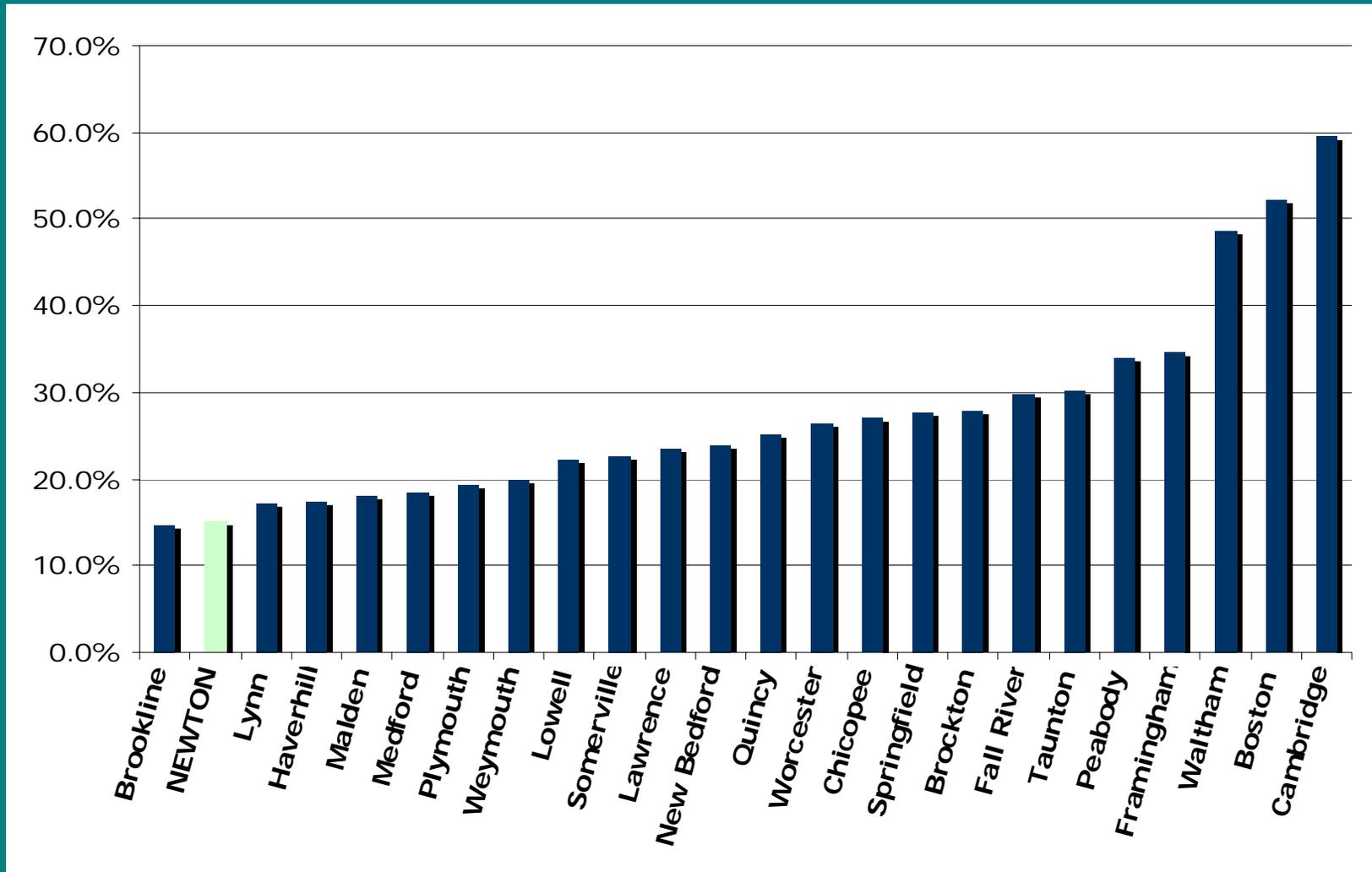
Source: Mass. Dept. of Revenue

Growth in Average Single Family Tax Bill, FY 2000 to FY 2008



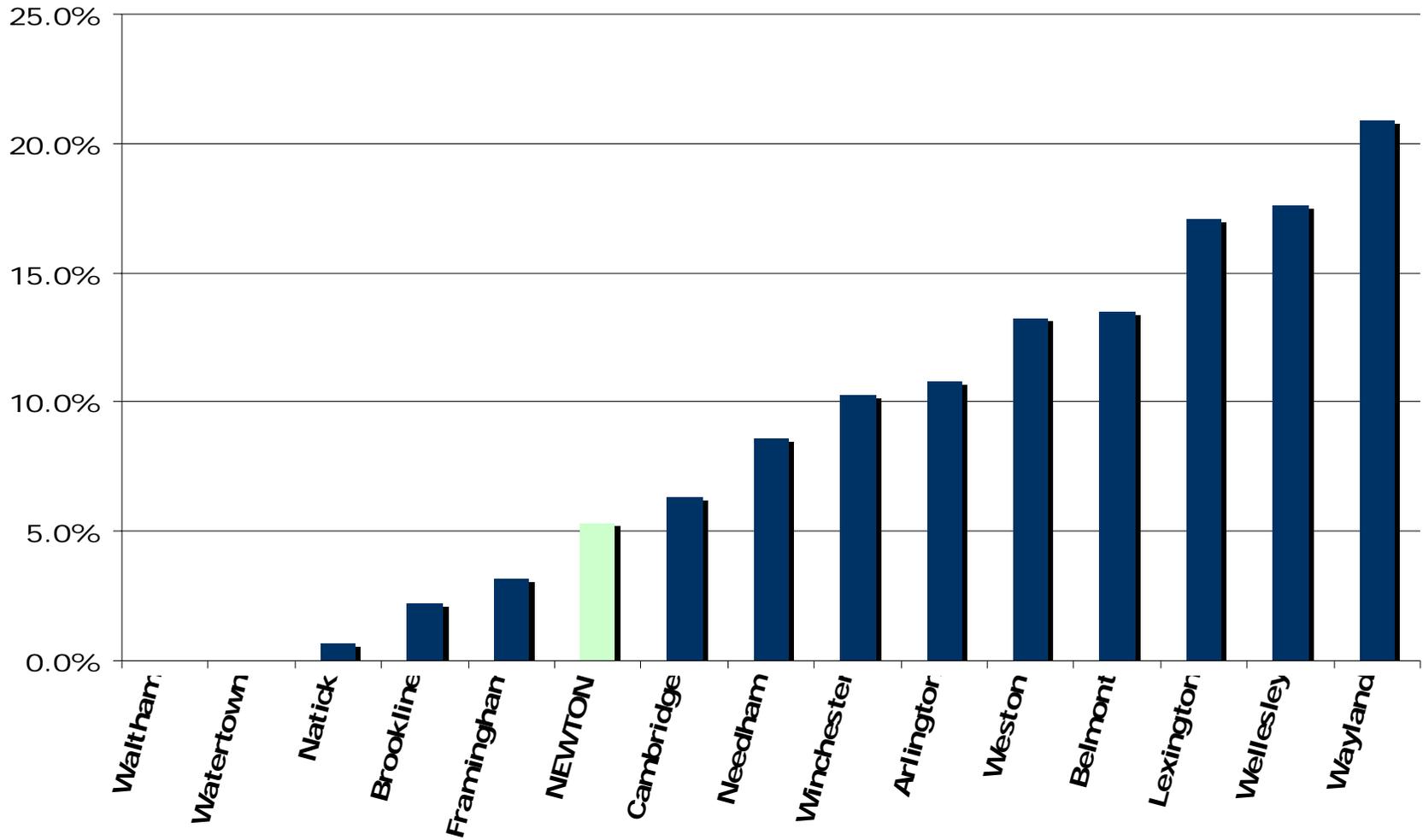
Source: Mass. Dept. of Revenue

Commercial and Industrial Taxes as Percentage of Total Tax Levy, FY 2008



Source: Mass. Dept. of Revenue

Overrides from 1980 to Present as Percentage of Current Tax Levy



Source: Mass. Dept. of Revenue

Debt Service as a Percent of Revenue, 2005

AAA Rated Communities

Newton	3.0%
Belmont	5.9%
Brookline	7.0%
Concord	8.8%
Lexington	9.0%
Wellesley	6.3%

Source: Blue Ribbon Commission

Bonded Debt Per Capita, 2007

AAA Rated Communities

Newton	\$889
Belmont	\$1,500
Brookline	\$1,704
Concord	\$3,242
Lexington	\$1,856
Needham	\$2,096
Wellesley	\$2,078

Source: First Southwest Company

Comments by
Chief Administrative Officer

To Citizen Advisory Group

June 1, 2008

Some Examples of Cost Savings and Efficiencies

- Streetlight purchase
- Streetlight conversion to energy efficient bulbs
- Traffic signal conversion to energy efficient LEDs
- ESCOs – Energy Conservation (pending)
- Contracting for energy purchases on the open market
- DPW repairs to private ways
- Automating trash pick-up (proposed)
- Health insurance co-pay increases
- Health insurance disease management
- Health insurance Canadian drug purchases
- Computerization, use of Internet, and paper reduction
- Assets transferred to State pension system
- Electronic and on-line payments systems
- Automation of parking ticket processing