Joint Budget Subcommittee
Minutes
December 13, 2017

Members present: Town Councilors Thomas Mercer, Peter Padula, Deborah Pellegri School Committee Member Anne Bergen, Denise Shultz, Dianne Feeley, Finance Committee Members Susan Dewsnap and George Conley.

Also present: Town Administrator Jeffrey Nutting, Deputy Town Administrator Jamie Hellen, Town Comptoller Susan Gagner, Superintendent of Schools Sara Ahern and Miriam Goodman Director of Finance

The meeting was called to order at 7:30am.

After introductions the Town Administrator gave a general overview of the intent of the committee was to educate and keep everyone informed about the financial issues the town will face in FY 19 and exchange thoughts and ideas.

Jamie Hellen gave a brief update of the status of the FY 18 Capital Plan Development.

Jeff Nutting gave an overview of the potential FY19 budget gap of approximately $2,000,000 and that was followed by Miriam explaining the use of one time revenue over the past two years to balance the school budget will add another $2-$3 million deficit in the FY 19 budget. The Town Administrator explained how revenues are projected and what will be some of the increases in expense.

The budget time line was revised.

The committee discussed maybe having a meeting in January to provide an overview to the community or possible waiting until we have more information in February. No decision was made.

Meeting adjourned at 8:40 pm

Respectfully

Submitted by: Town Administrator Jeffrey Nutting

OFFICE OF THE TOWN ADMINISTRATOR

MEMORANDUM

DATE: April 11, 2017

TO: Town Council, School Committee, Finance Committee, Employees

FROM: Jeffrey D. Nutting, Town Administrator

Jamie Hellen, Deputy Town Administrator

RE: Initial Early Estimate of FY 19 Budget Situations

Please be advised that the Joint Budget Committee (representatives of the Town Council, School Committee, Finance Committee an Administration) met this morning to review the FY 19 fiscal position. As you remember the five year fiscal forecast (attached) suggested a difficult time making ends meet while maintaining level town and school services.

The attached information is **preliminary** and we will have much better financial information by the middle of February when some of our estimates are confirmed.

The bottom line is that there is a **projected** gap between revenues and expenses of **approximately $3.5 and to $5 million dollars.** We will have a better estimate by the middle of February but a gap will still remain.

Accordingly, we will begin to work to possible solutions to the issue including a multi-year approach to fiscal stability. I am happy to answer any question you may have.

CW/2017TAMEMOS

Joint Budget Subcommittee
Town Council/School Committee/Finance Committee

Agenda
7:30 AM
December 13, 2017
Municipal Building, 3rd Floor Training Room
355 East Central Street
Franklin, MA

1. Introduction of Members

2. Intent of Committee

3. FY 18 Capital Budgets – Status

4. Overview of FY 2019 Revenue, Expenses, Net School Spending
   a. Initial overview of FY 19 Town wages/expenses
   b. Initial overview of FY 19 School Wages/Expenses
   c. Schools reduce use of revolving accts

5. Budget Timeline

6. Discussion

FY 18 General Fund Budget $109,000,000

FY 19 Revenues - **Estimated Growth of 2.75%**	$3,**000,000**

FY 19 Budget **Increases – Estimated at this time**

1. FY 19 Town budget

o Wages 3% COLA	$ 625,000
o Pensions generally rise +/-	$ 475,000
o OBEB (retirees health insurance)	$ 50,000
o Health insurance @ 8% +/-	$ 375,000
o Regional Communication Center will open	$ 300,000
o Other expenses - Electricity/ insurance/etc.	$ 250,000
o Other requests - ?	
Sub-total	**$2,075,000**

2. **FY 19 School Budget**

o Wages	$1,440,000
o Steps/levels	$ 695,000
o Health Insurance @8%	$ 420,000
o SPED	$ 650,000
Sub –total	**$3,205,000**
Total Town/School	**$5,280,000**
GAP Revenue v Expenses	**$2,280,000**

3. **School revolving accts**

Timeline

a. Department request reviews complete by end of January
b. Pension assessment - January
c. State aid announced end of January
d. Assessments: MECC, Tri County, Norfolk County – February
e. Health Insurance- Late Feb/March
f. General insurance - mid –March
g. School Committee Public Hearing March 27
h. School Committee adopts FY 19 budget April 10
i. Fincom reviews budget late March, early April
j. Town Council budget hearing late May or June

Challenge – Discussion

- Will have a clearer picture by end of February
- Need multi-year approach
- $1,800,000 in budget Stabilization account
  Should not use all the reserves in one year
- What effects will reductions have on operations?
- Other

Town of Franklin Estimated Revenues	FY 18 Estimate		FY 19 Estimate	
AVAILABLE RESOURCES:				
TAX LEVY				
Prior Year Levy Limit plus 2 1/2%	68,688,434		71,922,237	
New Growth	1,479,602		900,000	
Unused Levy				
Subtotal, Levy Limit	**70,168,036**	**3,154,930**	**72,822,237**	**2,654,201**
Debt Exclusions:				
Keller/Sullivan Bond				
Horace Mann ($2,000,000)				
HM - Bond				
High School				
Subtotal, Debt Exclusions	3,888,574		3,782,377	
Total, Tax Levy	**74,056,610**		**76,604,614**	
STATE REVENUE (Net of Offsets)				
Chapter 70 School Aid (Net)	28,078,451		28,218,451	
School - Charter School	406,677		375,000	
Unrestricted aid	2,468,462		2,468,462	
All Other	356,421		356,421	
Prior Year Overestimates				
Total State Ass't	**31,310,011**	**-**	**31,418,334**	**108,323**
OTHER REVENUES				
Local Receipts - General Fund	8,500,000		8,800,000	
hotel tax not included in calculations				
Total, Local Receipts	**8,500,000**	**112,500**	**8,800,000**	**300,000**
OTHER AVAILABLE FUNDS				
Affordable gift				
Parking Meter Reciepts Reserved				
Overlay				
Stabilization				
Solid waste Indirects				
Enterprise Indirects	1,098,000		1,103,000	
other funds / stabilization	2,287			
Total, Other Revenues	**1,100,287**	**(15,713)**	**1,103,000**	
Total Available Revenues	**114,966,908**	**3,594,283**	**117,925,948**	

Town of Franklin
Estimated Revenues

	FY 18 Estimate		FY 19 Estimate	
Estimated Charges				
School Choice (Est.) - Ded from CH 70	238,272		240,000	
State Assessments (Est.)	423,073		425,000	
State Prior Underestimates (Est.) or deficit				
County Assessment (Est.)	226,552		232,216	
Charter School Assessment	4,115,429		4,250,000	
CRCPD Assessment				
Abatements & Exemptions (Overlay)	673,811		650,000	
Prior year funds to be raised				
Amounts to be Raised	5,677,137	(8,651)	5,797,216	(120,079)
Net revenues	109,289,771	3,602,934	112,128,732	2,942,445

FY 18 Proposed Budget and Forecast Department	Projected FY18 Salary	Projected FY18 Expense	Projected FY18 Total
Town Council		4,000	4,000
Town Administration	461,299	25,000	486,299
Finance Committee		1,500	1,500
Comptroller	424,777	70,050	494,827
Assessors	276,694	75,000	351,694
Treasurer	391,532	89,305	480,837
Legal	101,000	46,500	147,500
Human Resources	143,000	16,950	159,950
Data Processing	-	205,000	205,000
Town Clerk	148,816	26,050	174,866
Elections & Registration	28,514	23,000	51,514
Appeals Board	-	5,000	5,000
Planning & Growth Manage	250,090	39,650	289,740
Public Property & Buildings	2,640,604	4,272,300	6,912,904
Central Service		115,100	115,100
Subtotal, Gen Govern	**4,866,326**	**5,014,405**	**9,880,731**
Police	5,109,506	267,514	5,377,020
Fire	4,946,066	413,800	5,359,866
Regional Dispatch		94,000	94,000
Inspection	373,120	23,000	396,120
Animal Control		69,428	69,428
Subtotal, Public Safety	**10,428,692**	**867,742**	**11,296,434**
Town Schools		60,235,000	60,235,000
Regional School		2,373,202	2,373,202
Norfolk Aggie		38,000	38,000
Subtotal, Education		**62,646,202**	**62,646,202**
DPW - Hwy -Admin-Engineer	1,679,657	2,824,840	4,504,497
Roads			-
Street Lighting		165,000	165,000
Subtotal, Public Works	**1,679,657**	**2,989,840**	**4,669,497**
Health	203,179	4,250	207,429
Public Health Services		20,000	20,000
Council on Aging	190,469	5,800	196,269
Veterans Services	-	43,250	43,250
Veterans Assistance		225,000	225,000
Subtotal, Human Services	**393,648**	**298,300**	**691,948**

FY 18 Proposed Budget and Forecast Department	Projected FY18 Salary	Projected FY18 Expense	Projected FY18 Total
Library	574,477	262,000	836,477
Recreation/Human Services	303,340	248,380	551,720
Cultural Council		3,000	3,000
Historical Commission	4,000	3,000	7,000
Memorial Day		1,200	1,200
Subtotal, Cult & Rec	**881,817**	**517,580**	**1,399,397**
Non Excluded Debt		2,009,093	2,009,093
Non Excluded Interest		796,080	796,080
Subtotal debt		**2,805,173**	**2,805,173**
Excluded Debt		1,870,000	1,870,000
Excluded Interest		1,937,628	1,937,628
Subtotal, Debt Service		3,807,628	3,807,628
total, Debt Service		**6,609,708**	**6,609,708**
Retirement & Pension		4,771,398	4,771,398
Workers' Compensation		550,000	550,000
Unemployment Comp		110,000	110,000
Retired Teachers HI Trust		910,000	910,000
Retired School employees		950,000	950,000
Employee Health Insurance		2,750,000	2,750,000
OPEB		500,000	500,000
Medicare		315,000	315,000
Wage/Salary/expenses		100,000	100,000
Subtotal, Ins & Other		**10,956,398**	**10,956,398**
Insurance		**525,000**	**525,000**
TOTAL ALL BUDGETS	18,250,140	90,425,175	**108,675,315**

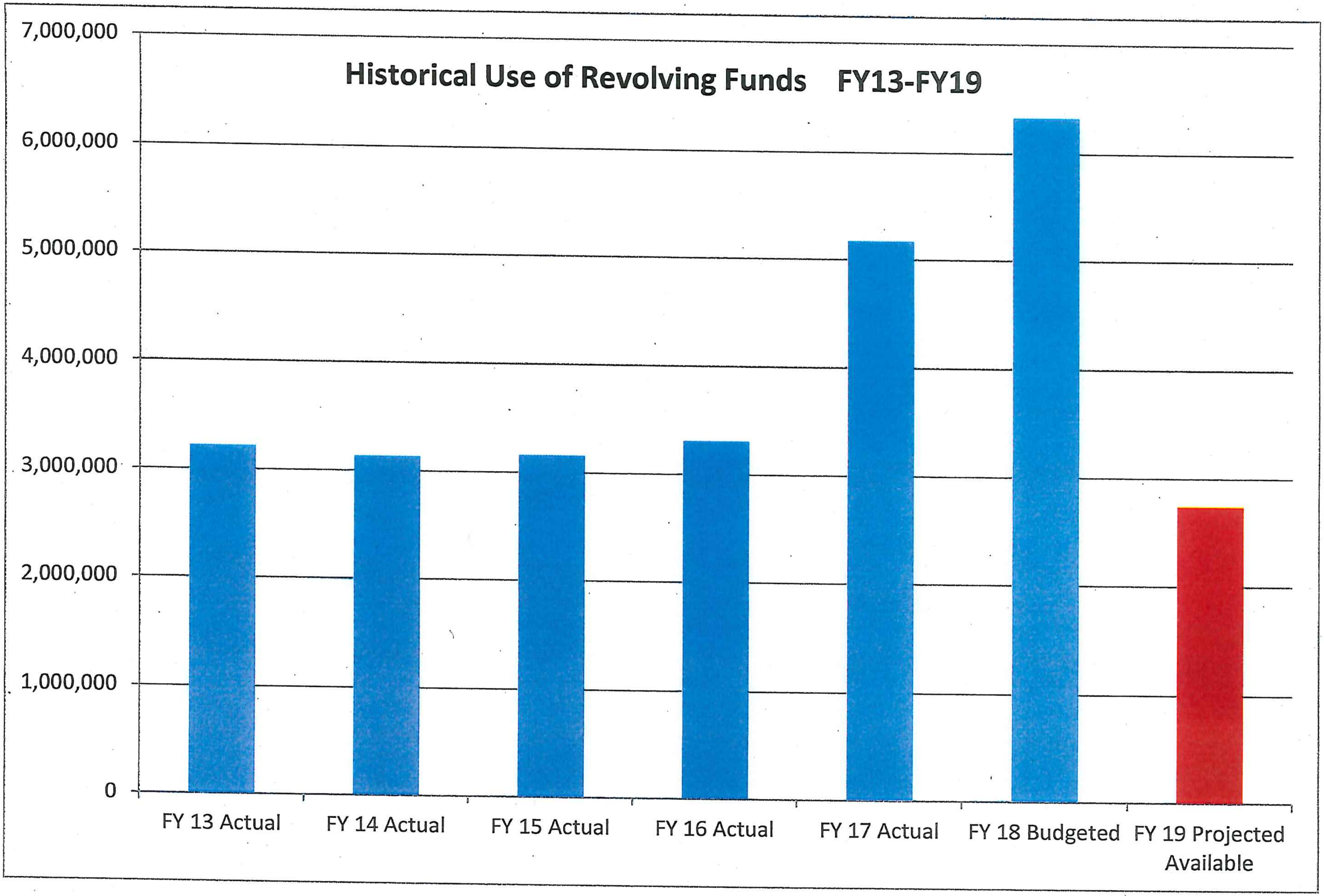
TOWN OF FRANKLIN NET SCHOOL SPENDING CALCULATION			
School costs outside of school budgt born by Municipality			
	FY 17 (BUDGETED)	FY 17 (ACTUAL)	FY 18 (PROJECTED)
ADMINISTRATION (Comptroller/Treasurer)	365,601	344,790	362,140
(IT)		14,555	20,500
Central Services(Purchasing)		3,744	3,960
UNEMPLOYMENT (85%)	106,250	40,508	93,500
ATTENDANCE/HEALTH			
Police School Resource Officer (3 officers)	69,995	69,991	71,392
180 days @ 50%			
EMPLOYEE BENEFITS			
Norfolk County Pension (26%)	1,101,615	1,127,191	1,235,915
Workers Compensation (71%)	431,535	412,212	388,887
Property/Casualty Insurance	180,360	180,442	174,546
15			
Facilities Management Salaries			
FY 2018 budget:			
Dir of Facilities 70% $117,000+ incl VA	80,150		81,900
Dep Director of Operations 70%96,000	64,400		67,200
Fac Mgr 70% $93,500 incl VA	61,250		65,450
Secretary to Dir of Facilities 10% $53,996	4,802		5,400
Secretary to Facilities Mgr 90% $53,996	46,078		48,596
Tradesman 75% $206,821	151,905		155,116
	408,585		423,662
FY 2017 actual paid:			
Dir of Facilities 70% $114,437 Incl VA		80,106	
Dep Director of Operations 70% $92,801		64,961	
Fac Mgr 70% $87,445 incl VA		61,212	
Secretary to Dir of Facilities 10% $48,331		4,833	
Secretary to Facilities Mgr 90% $51,503		46,353	
Tradesman 75%		165,099	
		422,563	
16			
Facilities School	4,630,716	4,577,359	4,761,949
FY 2017 encumbrances		151,466	
benefits health insurance	260,771	253,451	254,755
life insurance	1,022	921	928
retirement	353,425	370,838	406,605
medicare	29,914	30,849	30,849
	5,275,849	5,384,884	5,455,086
Total Facilities	5,684,434	5,807,447	5,878,748

	FY 17 (BUDGETED)	FY 17 (ACTUAL)	FY 18 (PROJECTED)
DPW 17			
maintenance of school vehicles			
labor costs	4,503	8,064	8,064
parts	6,644	9,701	9,701
Snow & Ice costs (10%) $1,031,929 (actual)		103,193	
FY 17 $953,500 FY 18 $953,500 (10%)	95,350		95,350
TOTAL MAINT & SNOW REMOVAL	106,497	120,957	113,114
Grounds 18			
labor	218,150	276,871	224,827
expenses	130,000	119,658	205,000
	348,150	396,529	429,827
health insurance	38,574	38,545	38,776
life insurance		62	62
medicare		3,701	3,701
retirement	43,517	43,517	47,714
	430,241	482,353	520,081
Total Grounds/DPW-S&I,Maintenance	536,738	603,310	633,195
School Budget			
FY 18 budget: 19			
Technology Staff			
Dir of Technology 50% $128,000+1,200 VA	(60,717)		(64,600)
Database Admin 30% $65,867	(19,278)		(19,760)
Tech 6 50% $42,636	(21,318)		(21,318)
Tech 1 30% $50,181	(14,687)		(15,054)
Tech 2 20% $50,708	(9,309)		(10,142)
Tech 3 30% $53,481	(15,653)		(16,044)
Tech 4 30% $49,189	(14,397)		(14,757)
Tech 5 20% $62,000	(10,600)		(12,400)
Tech 6 50% $43,702			(21,851)
Server Administrator 50% $92,100	(42,488)		(46,050)
Network Admin 50% $76,875	(37,500)		(38,438)
Tech Operations Specialist 30% $47,422	(13,879)		(14,227)
	(259,825)	-	(294,640)
benefits health, life, medicare	(22,850)		(21,332)
FY18 BUDGET retirement 1.24%	(53,077)		(59,144)
TOTAL	(335,752)		(375,116)
actual:			
Technology Staff (FY17 ACTUAL numbers)			
Dir of Technology 50% $122,933 inc va		(61,467)	
Database Admin 30% $64,260		(19,278)	
Tech Reporting Specialist 0% $56,375		-	
Tech 1 30% $48,957		(14,687)	
Tech 2 20% $49,374.43		(9,875)	
Tech 3 30% $53,009.5		(15,903)	
Tech 4 30% $48,906.82		(14,672)	
Tech 5 10% $45,707.98		(4,571)	
Tech 6 50% $42,846		(21,423)	
Server Administrator 50% $84,976		(42,488)	
Network Admin 50% $55,672.78+$21,315.27		(38,494)	
Tech Operations Specialist 30% $46,263		(13,879)	
		(256,736)	
health insurance		(18,016)	
life insurance		(67)	
medicare		(3,562)	
retirement 1.22%		(53,012)	
FY 17 actual TOTAL		(331,393)	

	FY 17 (BUDGETED)	FY 17 (ACTUAL)	FY 18 (PROJECTED)
Debt			
Principal	2,466,000	2,466,000	2,504,000
Interest	2,180,710	2,167,812	2,083,575
Short Term Interest	120,000	90,747	29,125
	4,766,710	4,724,560	4,616,700
Regional schools	2,297,376	2,270,602	2,411,202
Health Insurance			
GIC Retired Teachers Health Insurance (actual)			
GIC Retired Teachers Health Insurance	890,000	869,311	910,000
NON GIC Retired Teachers Health Insurance	855,000	772,688	950,000
	1,745,000	1,641,998	1,860,000
Other Capital Expenses			
NEW FHS			
FY 15 Capital (project code 58300)		31,902	
FY 17 Capital (project code 58300)		52,572	
FY 15 Capital (project code 58192)		50,000	
FY 16 Capital (project code 58192)		87,435	
		-	
		221,910	
grand total	16,949,861	17,131,868	**17,375,568**

Net School Spending

	Total Required	Net School Spending	Difference	%	
FY 01					
FY 02	36,193,830	40,971,605	4,777,775	1.13	actual
FY 03	38,402,640	42,009,561	3,606,921	1.09	actual
FY 04	39,991,114	43,103,497	3,112,383	1.08	actual
FY 05	41,909,928	48,057,509	6,147,581	1.15	actual
FY 06	44,517,161	50,353,876	5,836,715	1.13	actual
FY 07	48,378,503	54,081,622	5,703,119	1.12	actual
FY 08	50,722,742	56,221,730	5,498,988	1.11	actual
FY 09	51,170,321	55,511,970	4,341,649	1.08	actual
FY 10	56,480,127	58,834,382	2,354,255	1.04	actual
FY 11	55,222,105	59,023,920	3,801,815	1.07	actual
FY 12	56,131,079	61,017,525	4,886,446	1.09	actual
FY 13	57,376,441	61,445,237	4,068,796	1.07	actual
FY 14	58,490,655	63,447,892	4,957,237	1.08	actual
FY 15	60,049,864	65,555,643	5,505,779	1.09	actual
FY 16	61,898,313	67,936,235	6,037,922	1.10	actual
FY 17	63,347,834	68,836,568	5,488,734	1.09	actual
FY 18	64,847,925	71,038,586	6,190,661	1.10	estimated



Historical Use of Revolving Funds FY13-FY19
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
FY 13 Actual
FY 14 Actual
FY 15 Actual
FY 16 Actual
FY 17 Actual
FY 18 Budgeted
FY 19 Projected Available

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected
School Choice Sending Tuition Assessment (General Fund)	159,056	155,589	180,472	157,267	151,265	218,665	200,450	238,270
School Choice Received into School Special Revenue	160,290	127,685	108,001	81,858	50,468	40,017	40,017	37,553
Surplus/(Shortfall)	1,234	(27,904)	(72,471)	(75,409)	(100,797)	(178,648)	(160,433)	(200,717)

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected
Charter School Tuition Assessment (General Fund)	3,732,262	3,992,883	4,112,316	4,126,963	4,250,277	4,204,277	4,165,155	4,115,429
Charter School Reimbursement (General Fund)	837,016	659,515	539,647	596,007	672,139	360,290	342,912	406,677
Net Asessment	2,895,246	3,333,368	3,572,669	3,530,956	3,578,138	3,843,987	3,822,243	3,708,752
Charter School Assessment Growth by year	309,633	260,621	119,433	14,647	123,314	(46,000)	(39,122)	(49,726)
8 year growth								***383,167***
Charter School Reimbursement Growth/Decline by year	88,658	(177,501)	(119,868)	56,360	76,132	(311,849)	(17,378)	63,765
8 year growth/ (decline)								***(430,339)***

8 Year Net Growth (COST) in Charter School ***813,506***

FY19 School Budget – Best guess at this time
December 13, 2017

o Wages			$2,135,000
	o 3% increase	$1,440,000	
	o Steps	$ 695,000	
o Health Insurance 8%			$ 420,000
o Special Education Services			$ 650,000
	o Out-of-District Tuition 5%	$350,000	
	o Contracted Services	$200,000	
	o Transportation	$100,000	
Subtotal			$3,205,000

Tentative Timelines

27-Mar-2018	FY2019 Budget Public Hearing
10-Apr-2018	SC Adoption of FY19 Budget