



## Town of Reading

### FY09 Budget Message #6

#### Overview

In this final Budget Message for FY09, we will summarize the Municipal Government budgets. To review, the previous five Budget Messages were:

- Revenues for the Town;
- Accommodated Costs;
- The three Operating Budgets (Municipal Government, School Department, and Buildings Maintenance);
- FINCOM changes to Town Manager's budget;
- School Department & Buildings Maintenance

#### Summary: Municipal Government FY09 Budget

Taken as a whole, the Municipal Government budget is increased by 4.60% for FY09 when compared to FY08. We will slice this increase several ways: by Department; by Wages/Expenses; by Accommodated/Operating costs; and by Ongoing/Restored/Non-Recurring costs.

#### Detail: Department FY09 Budgets

The changes since last year range from Finance and the Library each at over +6.5% to the Town Manager's Office +2% and Accounting -6.6%. The largest drivers for all of these changes include a retirement payment in FY08 (Accounting) that does not recur in FY09; a significant increase in the number of elections in FY09 as well as annual maintenance on a new financial software system (Finance); increased FY09 hours in of operation for the Library (October through May from 2-5pm); and adding two new Public Safety positions in the FY09 budget.

Town of Reading Muni. Gov't Summary	Actual FY - 2006	Actual FY - 2007	(Fall '07 TM) FY - 2008	FINCOM FY - 2009	One Year Changes FY - 2009
<b>TOTAL BUDGET</b>					
Accounting	\$ 127,528	\$ 116,940	\$ 133,027	\$ 124,189	-6.64%
Finance	\$ 987,563	\$ 1,100,713	\$ 1,284,522	\$ 1,372,459	6.85%
Library	\$ 951,427	\$ 1,049,056	\$ 1,127,881	\$ 1,203,906	6.74%
Town Manager's Office	\$ 618,885	\$ 630,649	\$ 679,266	\$ 692,818	2.00%
Community Services	\$ 765,287	\$ 824,536	\$ 902,792	\$ 927,231	2.71%
Public Works	\$ 4,514,694	\$ 4,499,141	\$ 4,635,719	\$ 4,807,030	3.70%
Public Safety	\$ 6,596,012	\$ 6,986,222	\$ 7,251,130	\$ 7,622,882	5.13%
<b>FINCOM voted budgets</b>	<b>\$ 14,561,396</b>	<b>\$ 15,207,257</b>	<b>\$ 16,014,337</b>	<b>\$ 16,750,515</b>	<b>4.60%</b>

#### Detail: Departments FY09 Wages & Expenses

Again, taken as a whole, the Municipal Government wage budgets are increased by 4.88% for FY09 when compared to FY08. About 1.2% of this cost was due to adding extra Library hours and the two new Public Safety positions being added to the FY09 budget (a police officer and a firefighter). The remaining 3.68% reflects the increased

FY09 wages paid, with this note: *Union wages in all Departments for FY09 reflect the expected settlements of negotiations on labor contracts that will run through June 30, 2010. Assumptions about wage costs for FY08 were made a year ago before these settlements were reached. One-year wage percentage changes shown below actually represent differences in both FY09 versus FY08 plus differences between FY08 and prior assumptions:*

Town of Reading Muni Gov't by Wages & Exp	Actual FY - 2006	Actual FY - 2007	(Fall '07 TM) FY - 2008	FINCOM FY - 2009	One Year Changes FY - 2009
<b>WAGE BUDGET(FTEs)</b>	195.9	207.4	209.5	211.4	0.9%
Accounting	\$ 126,948	\$ 115,712	\$ 131,755	\$ 122,917	-6.7%
Finance	\$ 680,334	\$ 790,175	\$ 801,724	\$ 848,496	5.8%
Library	\$ 749,744	\$ 816,913	\$ 872,976	\$ 944,055	8.1%
Town Manager's Office	\$ 167,600	\$ 173,616	\$ 175,170	\$ 180,643	3.1%
Community Services	\$ 612,647	\$ 659,226	\$ 755,177	\$ 777,956	3.0%
Public Works	\$ 1,643,466	\$ 1,727,956	\$ 1,899,249	\$ 1,981,924	4.4%
Public Safety	\$ 6,308,234	\$ 6,679,492	\$ 6,919,597	\$ 7,264,027	5.0%
<b>FINCOM voted budgets</b>	<b>\$ 10,288,973</b>	<b>\$ 10,963,090</b>	<b>\$ 11,555,648</b>	<b>\$ 12,120,018</b>	<b>4.88%</b>

<b>EXPENSE BUDGET</b>					
Accounting	\$ 580	\$ 1,228	\$ 1,272	\$ 1,272	0.0%
Finance	\$ 307,229	\$ 310,538	\$ 482,798	\$ 523,963	8.5%
Library	\$ 201,683	\$ 232,143	\$ 254,905	\$ 259,851	1.9%
Town Manager's Office	\$ 451,285	\$ 457,033	\$ 504,096	\$ 512,175	1.6%
Community Services	\$ 152,640	\$ 165,310	\$ 147,615	\$ 149,275	1.1%
Public Works	\$ 699,476	\$ 748,579	\$ 659,160	\$ 680,325	3.2%
Public Safety	\$ 2,459,530	\$ 2,329,336	\$ 2,408,843	\$ 2,503,636	3.9%
<b>FINCOM voted budgets</b>	<b>\$ 4,272,423</b>	<b>\$ 4,244,167</b>	<b>\$ 4,458,689</b>	<b>\$ 4,630,497</b>	<b>3.85%</b>

Overall, Expenses climbed 3.85% for FY09. An overall target of a 2% increase was used for all Departments, and met by most of them. The three that exceeded this amount were given specific additional funding either through Accommodated Costs early in the budget process, or by the additional FINCOM funding late in the budget process.

**Detail: Departments FY09 Operating & Accommodated Costs**

FY09 Municipal Government Operating Costs (\$13.6 million) are up 4.58% in FY09, and Accommodated Costs (\$3.1 million) are up a similar 4.66%. Some of the items listed under Accommodated Costs explain unusual increases in some of the budgets. For example, Finance has an 8.5% expense increase in FY09. Excluding the new software license, the increase becomes just below 1% for FY09. For the Operating budgets, the increased Library hours are evident here with a 6.74% increase:

Town of Reading Muni. Gov't by Oper & Acc	Actual	Actual	(Fall '07 TM)	FINCOM	One Year
TOTAL OPERATING BUDGET	FY - 2006	FY - 2007	FY - 2008	FY - 2009	Changes
Accounting	\$ 127,528	\$ 116,940	\$ 133,027	\$ 124,189	-6.64%
Finance	\$ 987,563	\$ 1,100,713	\$ 1,134,522	\$ 1,186,364	4.57%
Library	\$ 951,427	\$ 1,049,056	\$ 1,127,881	\$ 1,203,906	6.74%
Town Manager's Office	\$ 299,324	\$ 303,715	\$ 333,820	\$ 338,643	1.44%
Community Services	\$ 695,201	\$ 764,067	\$ 842,792	\$ 867,231	2.90%
Public Works	\$ 1,992,634	\$ 2,151,818	\$ 2,184,864	\$ 2,260,760	3.47%
Public Safety	\$ 6,596,012	\$ 6,986,222	\$ 7,251,130	\$ 7,622,882	5.13%
<b>FINCOM voted budgets</b>	<b>\$ 11,649,689</b>	<b>\$ 12,472,531</b>	<b>\$ 13,008,036</b>	<b>\$ 13,603,975</b>	<b>4.58%</b>

**TOTAL ACCOMMODATED COSTS**

Accounting					
Finance					
	<i>FINCOM Reserves</i>		\$ 150,000	\$ 150,000	0.00%
	<i>Fin'l Systems license</i>			\$ 36,095	100.00%
Library					
Town Manager's Office					
	<i>P &amp; C Insurance</i>	\$ 319,561	\$ 326,934	\$ 345,446	2.53%
Community Services					
	<i>Veteran's Assistance</i>	\$ 70,086	\$ 60,469	\$ 60,000	0.0%
Public Works					
	<i>Fuel - vehicles</i>	174,537	141,158	189,752	11.1%
	<i>Street Lighting</i>	\$ 188,528	\$ 180,702	\$ 218,505	3.66%
	<i>Rubbish Collection / Disposal</i>	\$ 1,401,588	\$ 1,376,887	\$ 1,458,805	0.65%
	<i>Snow and Ice Control</i>	\$ 581,636	\$ 465,017	\$ 450,000	12.50%
	<i>Cemetery Wages</i>	\$ 118,520	\$ 143,539	\$ 146,057	4.02%
	<i>Cemetery Expenses</i>	57,251	40,020	37,736	2.74%
<b>FINCOM voted budgets</b>	<b>2,911,707</b>	<b>2,734,726</b>	<b>3,006,301</b>	<b>3,146,540</b>	<b>4.66%</b>

**Detail: Departments FY09 Budget Sustainability**

A constant question while Municipal Government budgets are built is that of sustainability. When there is some doubt, we instead to prefer to a) save the money; or b) spend it on non-recurring costs (especially those that will save money in the future). In either case, future ongoing budgets will therefore not be negatively impacted.

For FY09, the 4.60% increase consists of three parts: 3.3% is for ongoing costs of operation; 1% is for restored or additional services; and 0.3% is for one-time expenses:

<b>FY 2009 Municipal government budget increase</b>	<b>\$736,178</b>	<b>+ 4.60%</b>
Operating costs	\$523,886	+3.27%
Restored/additional services	\$156,492	+0.98%
Significant non-recurring expenses	\$ 55,800	+0.35%

**Restored/additional services \$156,492 increase (plus \$39,000 in benefits budget)**

- o Additional police officer \$51,500 (plus \$20,600 benefits).
- o Additional firefighter \$46,000 (plus \$18,400 benefits).

- Restored Sunday Library hours \$38,679
- Restored curbside leaf collections \$20,313

Significant non-recurring expenses \$55,800 increase

- Increase to fund snow & ice expense \$50,000
- Increased elections costs \$35,000
- Increase Fire & Police expenses \$12,300
- Professional development \$25,000
- Discontinued/decreased items from previous year -\$66,500

We cannot expect to have an FY10 decrease in non-recurring expenses, based on our knowledge today. To maintain existing service for the FY10 Municipal Government Operating Budget, it appears that an increase of between 3.5% and 4% will be needed. When overall revenues are expected to grow at about 3.5%, and Accommodated Costs usually have exceeded the rate of revenue growth, one cannot readily presume that the FY10 Municipal Government Operating Budget will be easy to balance.

**Conclusion:**

We hope that these series of six Budget Messages have added some insight as to how the budget process in the Town of Reading operates each year. In a typical season, the public process begins in October at a Financial Forum, and ends at April Town Meeting. In fact, staff planning not only occurs throughout the year, but also well beyond the current budget under discussion.

For those that are interested in further details about the FY09 budget, we remind you that they are available online at:

[http://www.ci.reading.ma.us/Pages/ReadingMA\\_Finance/Budgets/FY09%20Index](http://www.ci.reading.ma.us/Pages/ReadingMA_Finance/Budgets/FY09%20Index)

The Town of Reading has been very fortunate when compared to virtually all of our neighboring communities when it comes to financial matters. Disagreements between local Boards and Committees are on how much money to spend, and where to spend it. Virtually all of our neighbors debate on how much to cut, and where to cut it.

Last year the Town was rewarded with an upgrade to our bond rating from a national agency. They commented that although our cash reserves were not as good as other highly-rated communities, our financial management & practices were very strong.

If we want to continue to have disagreements on how to spend money, it will remain important to spend it prudently - with as many eyes on the future as on the present.

Thank you for your kind feedback from these Budget Messages. Any further ideas for improvements and suggestions are welcome – throughout the year.

Bob LeLacheur  
Assistant Town Manager/Finance Director  
finance@ci.reading.ma.us