

# OVERRIDE STUDY COMMITTEE

## TOWN OF BROOKLINE BUDGET OVERVIEW

September 25, 2013



# BUDGET HIGHLIGHTS

- ∞ “Policy Budgeting” approach to Financial Plan development
- ∞ Aaa-rated community by Moody’s (one of 14 of the 228 cmty’s rated by Moody’s)
- ∞ \$257M total Financial Plan Revenue<sup>1</sup>
  - \$229M General Fund
  - \$28M Enterprise/Revolving Funds (net)
- ∞ \$212M Operating Budget
  - \$83M School appropriation
  - \$66M Town Departmental appropriations
  - \$50M Benefits budget
  - \$10M Debt Service
  - \$3M Reserves/Misc
- ∞ \$9M “Pay-Go” Capital budget
- ∞ \$8M “Non-Appropriated”
- ∞ ~750 Town FTE’s & ~1,160 School FTE’s

<sup>1</sup>. Does not include numerous School grant/special revenue funds.

# FPAC & THE 1994 OVERRIDE

- ∞ August, 1993 Financial Planning Advisory Committee (FPAC) formed “in response to a continuing fiscal crisis in the Town of Brookline”
- ∞ As a result of FPAC’s recommendations, the Selectmen approved a Five-Point Financial Improvement Program in March, 1994:
  - Strategic Financial Planning
  - Improve CIP Process
  - Implement Full-Cost Accounting
  - Provide Adequate Contingency Funds
  - Establish Guidelines for Personnel Costs
- ∞ \$2.96M Override was placed on the ballot and approved by the voters
- ∞ Other direct outcomes of FPAC were the development of a set of financial policies for reserves, the use of Free Cash, and the CIP/Debt, along with the Town / School Partnership Agreement, all of which continue to guide Town budgeting

# 1994 - 2008

- ⌘ After the work of FPAC and the 1994 Override, State Aid increased significantly (Education Reform Act in 1993 and un-capping of the Lottery) and inflationary pressures were limited, changing the budgetary climate of the early-1990's (cutback) and producing budget stability
- ⌘ The budget climate began to revert back to the early-90's due to the combination of cuts in Local Aid (mid-FY03 – FY04, Town lost \$2.8 million, or 14%) and well-above inflation level increases in health insurance, SPED, utilities, and pensions
- ⌘ The result was the retrenchment budget environment of FY03 – FY05
- ⌘ Until FY07, a “maintenance of effort” approach to budgeting was employed
- ⌘ In FY07 - FY08, the cost pressures caught up with the Town and budget cuts were required

# 1994 – 2008 (con't)

- ∞ In April, 2007 the Selectmen established an Override Study Cmte (OSC)
  - Met between May, 2007 - January, 2008 and recommended an Override be put before the voters
  - In May, 2008 the voters approved a \$6.2M Override
  
- ∞ A key recommendation of the OSC was for the Town to undertake an “Efficiency Initiative”
  - In June, 2008 the Selectmen appointed the Efficiency Initiative Committee (EIC) and the Committee submitted its report in January, 2009
  - All facets of Town operations were reviewed and numerous recommendations were made (consolidations, privatization, civilianization, staffing reductions)
  - Played major role in balancing the Town budget in FY10 (more than \$1M of budget reductions)
  
- ∞ Another key recommendation of the OSC was to join the State Group Insurance Commission (GIC) for health insurance
  - In November, 2009 the Town and its Unions reached an agreement
  - In FY11, reduced Health Ins budget by \$3.85M instead of increasing by an estimated \$1.7M
  
- ∞ And another key recommendation was to address OPEB’s
  - In April, 2008 The Selectmen established an OPEB Task Force that made numerous recommendations in June, 2009
  - Town Financial Plans have adhered to funding recommendations and is now on track to reach the Annual Required Contribution (ARC) within a decade

# RECENT INITIATIVES

- ❖ Outsourced all School Grounds Maintenance (FY08)
- ❖ Consolidated Town/School Payroll functions (FY09)
- ❖ Reduced Haul & Disposal (Trash) Rates (FY09)
- ❖ Re-Organized Sanitation / Leaf Collection Operations (FY09)
- ❖ Consolidated Health and Human Service administration (FY10)
- ❖ Consolidated Arborist / Conservation functions (FY10)
- ❖ Reduced and civilianized firefighters assigned to Fire Prevention (FY10)
- ❖ Civilianized Parking Meter Collections (FY10)
- ❖ Merged Fire and DPW Wires / Signals Divisions (FY10)
- ❖ Reduced FTE's in Finance Department (FY10+FY12)
- ❖ Consolidated a DPW / ITD position (FY11)
- ❖ Outsourced custodial services at the Municipal Service Center (FY11)
- ❖ Reduced an FTE in DPW Fleet Services (FY12)
- ❖ Invested in Energy Efficiency and procured new elec./nat. gas contracts (various)
- ❖ Entered into PILOT agreements with various non-profits (various)
- ❖ Invested in IT (VoIP, parking tax handhelds, RFID, Fire, GPS) (multiple FY's)
- ❖ Increase in Recreation Cost Recovery reduced the level of tax-support (multiple FY's)

# CAPITAL INVESTMENT

∞ Since the adoption of formal CIP policies in 1995, \$384M of projects have been undertaken, including:

- Health Center Renovation
- Town Hall Renovation
- Public Safety HQ Renovation
- Swimming Pool Renovation
- Renovation of all 3 Libraries
- Major renovations / additions to BHS, Baker, Heath, Lawrence, Runkle,
- Increased capacity at all schools by “re-using” space
- New Senior Center
- New Municipal Service Center (converted old facility into housing)
- Landfill Closure
- Creation of two significant Open Spaces -- Skyline Park (old landfill) and Fisher Hill Park (underway)
- Renovation of numerous Parks / Playgrounds
- Muddy River project (underway)
- Beacon St Reconstruction
- Street / Sidewalk Rehab
- Fire Station Renovations and Replacement of aging Fire Apparatus
- Water / Sewer system upgrade

# FINANCIAL POLICIES

- ∞ Three core Financial Policies drive the development of the Town's Financial Plan
  - Capital Improvement Policies (CIP)
  - Reserves Policy
  - Free Cash Policy
  
- ∞ Policies have been reviewed and modified accordingly by the Fiscal Policy Review Cmte (FPRC) twice since 2004 (2004 + 2011)
  
- ∞ Town / School Partnership Agreement another key factor in the formation of the budget

# CIP POLICIES

- ☞ Key part of CIP policies is the Funding component:
  - 6% of the prior year's net revenue dedicated to the CIP
    - Goal = 4.5% debt financed  
1.5% "Pay-as-you-Go"
  - Free Cash used to the bring CIP funding up to 7.5%
  - Golf Enterprise Fund and Water/Sewer Enterprise Fund cover all costs, including any CIP projects (cash or debt)
  
- ☞ Also includes a number of formal Debt Management policies
  - Bond maturities
  - Total outstanding debt
  - Debt per capita

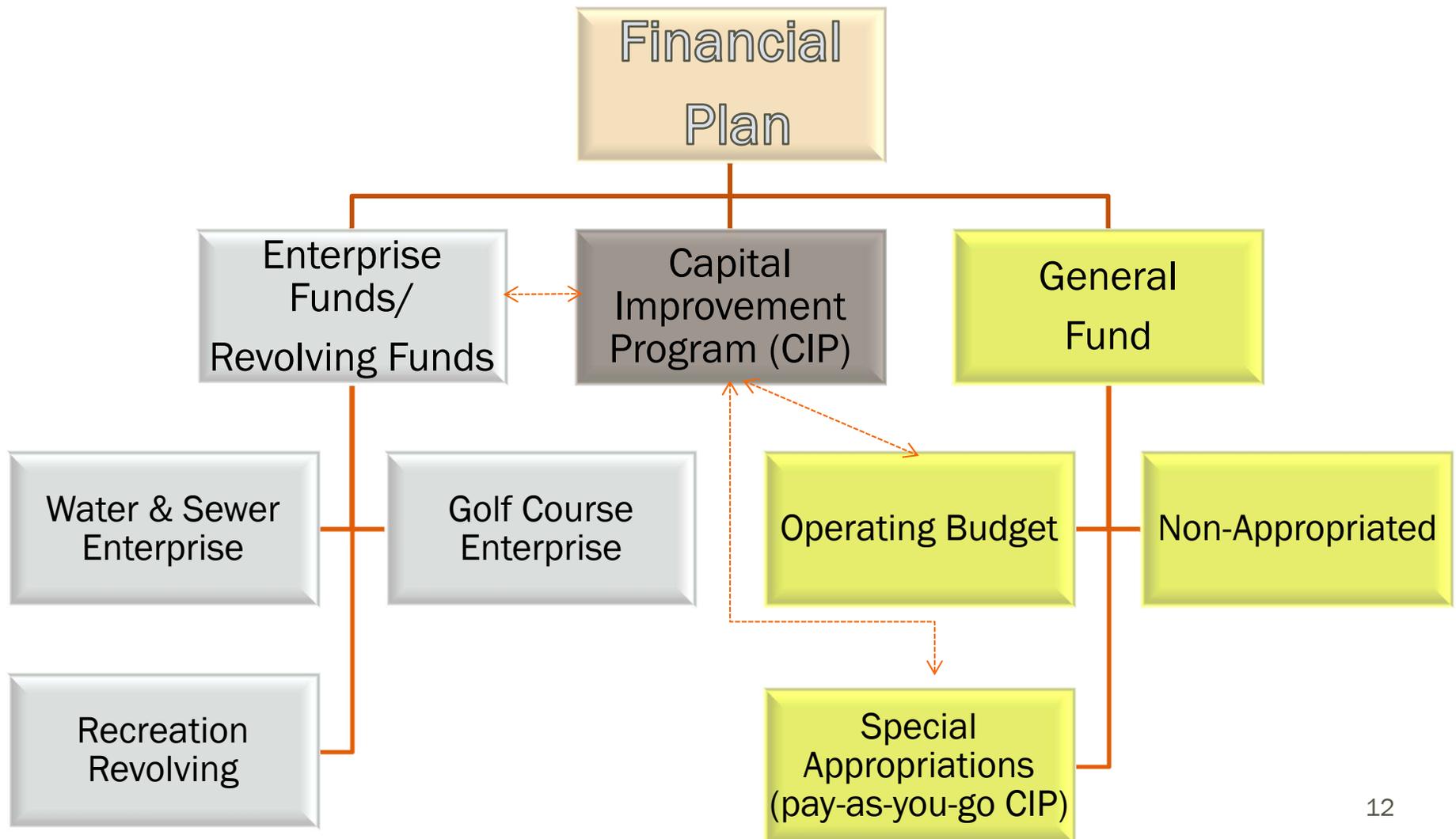
# RESERVES POLICY

- ∞ Budget Reserve – for “extraordinary and unforeseen financial obligations”, an annual budget reserve equivalent to 1% of the prior year’s net revenue is appropriated
  - 75% funding from on-going revenue
  - 25% funding from Free Cash
  
- ∞ Unreserved Fund Balance / Stabilization Fund – maintain an “Unassigned” Fund Balance at a level equal to no less than 10% of revenue, with a goal of 12.5%
  - Strict use and replenishment triggers
  
- ∞ Liability / Catastrophe Fund – established via Special Act in order to protect against major facility disaster and/or a substantial negative financial impact of litigation
  - Target fund balance is 1% of the prior year’s net revenue
  - Funding comes from available Free Cash

# FREE CASH POLICY

- ∞ “Free Cash” is defined as “remaining, unrestricted funds from operations of the previous fiscal year.”
  - Driven in large part by revenues coming in above estimate and expenditures coming in under budget.
- ∞ Formal “sequencing” of Free Cash:
  1. Appropriated Budget Reserve – ¼ of the annual “Reserve Fund”
  2. Unreserved Fund Balance / Stabilization Fund – maintain at a minimum of 10% of revenue
  3. Liability / Catastrophe Fund – maintain at 1% of net revenue
  4. CIP – bring CIP funding up to 7.5% from the 6% CIP Policy
  5. Affordable Housing Trust Fund – deposit if the fund balance is less than \$5M
  6. Special Use – augment trust funds for fringe benefits, unfunded liabilities related to employee benefits, and other one-time uses, including additional funding for the CIP

# FINANCIAL PLAN COMPOSITION



# FY14 FINANCIAL PLAN BY FUND

	General Fund *	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	TOTAL	% of Total
<b>REVENUES</b>						
Property Taxes	175,604,001				175,604,001	68.3%
Local Receipts	22,047,366				22,047,366	8.6%
State Aid	16,875,381				16,875,381	6.6%
Parking Meter Receipts	4,100,000				4,100,000	1.6%
Walnut Hill Cemetery Fund	75,000				75,000	0.0%
State Aid for Libraries	41,555				41,555	0.0%
Golf Receipts			1,210,000		1,210,000	0.5%
Recreation Program Revenue				2,624,069	2,624,069	1.0%
Water and Sewer Receipts		26,928,493			26,928,493	10.5%
Free Cash	7,655,155				7,655,155	3.0%
<b>TOTAL FINANCIAL PLAN REVENUE</b>	<b>226,398,457</b>	<b>26,928,493</b>	<b>1,210,000</b>	<b>2,624,069</b>	<b>257,161,019</b>	
<b>EXPENDITURES **</b>						
General Government	7,686,078				7,686,078	3.0%
Public Safety	35,167,378				35,167,378	13.7%
Public Works	13,812,488	22,472,422			36,284,910	14.1%
Library	3,636,885				3,636,885	1.4%
Health & Human Services	2,337,197				2,337,197	0.9%
Recreation	1,028,713		880,210	2,270,352	4,179,275	1.6%
Schools	82,780,770				82,780,770	32.2%
Personal Services Reserve	715,000				715,000	0.3%
Collective Bargaining (Town)	1,900,000				1,900,000	0.7%
Personnel Benefits **	47,536,488	2,125,747	87,398	350,618	50,100,251	19.5%
Non-Departmental **	3,574,589		63,018	3,099	3,640,706	1.4%
Debt Service	9,583,111	2,330,325	179,374		12,092,809	4.7%
Revenue-Financed CIP (Special Appropriations)	8,581,000				8,581,000	3.3%
Non-Appropriated	8,058,759				8,058,759	3.1%
<b>TOTAL FINANCIAL PLAN EXPENDITURES</b>	<b>226,398,458</b>	<b>26,928,493</b>	<b>1,210,000</b>	<b>2,624,069</b>	<b>257,161,019</b>	
<b>% OF TOTAL FINANCIAL PLAN</b>	<b>88.0%</b>	<b>10.5%</b>	<b>0.5%</b>	<b>1.0%</b>		

\* Includes revenue from Property Taxes, Local Receipts, State Aid, and Free Cash. Instead of being shown in the General Fund, revenue from the "Other Available Funds" category is shown in the fund from which they are transferred to the General Fund.

\*\* For purposes of this analysis, the reimbursements from the enterprise funds and revolving fund are deducted from the General Fund and re-allocated within that particular fund. Accounts with an \*\* had amounts deducted from them in the General Fund.

# FY14 FINANCIAL PLAN BY EXPENDITURE TYPE \*

	General Fund **	Water & Sewer Enterprise Fund	Golf Course Enterprise Fund	Recreation Revolving Fund	TOTAL	% OF TOTAL
Personnel	117,957,692	2,421,523	393,170	1,619,300	122,391,685	47.6%
Services	18,668,045	311,089	129,978	308,245	19,417,357	7.6%
Supplies	3,868,135	123,020	148,200	162,235	4,301,590	1.7%
Other **	1,219,556	8,900	67,118	34,927	1,330,501	0.5%
Utilities	5,432,006	159,123	98,462	144,044	5,833,635	2.3%
Capital Outlay	2,137,645	281,800	81,300	4,700	2,505,445	1.0%
Inter-Governmental	20,000	18,600,348	0	0	18,620,348	7.2%
Benefits **	47,536,488	2,125,747	87,398	350,618	50,100,251	19.5%
Reserves	3,336,020	266,619	25,000	0	3,627,639	1.4%
Debt Service	9,583,111	2,330,325	179,374	0	12,092,809	4.7%
Rev.-Financed CIP (Special Approp.)	8,581,000	300,000	0	0	8,881,000	3.5%
Non-Appropriated	8,058,759	0	0	0	8,058,759	3.1%
<b>TOTAL FINANCIAL PLAN</b>	<b>226,398,457</b>	<b>26,928,492</b>	<b>1,210,000</b>	<b>2,624,069</b>	<b>257,161,019</b>	

\* Includes an estimate of the breakout of the School Department's appropriation.

\*\* For purposes of this analysis, the reimbursements from the enterprise funds and revolving fund are deducted from the General Fund and re-allocated within that particular fund. Accounts with an \*\*\* had amounts deducted from them in the General Fund.

# FY14 GENERAL FUND BUDGET

	FY2013 BUDGET	FY2014 BUDGET	INCREASE/DECREASE	
			\$	%
<b>REVENUE</b>				
Property Tax	170,137,611	175,604,001	5,466,389	3.2%
Local Receipts	21,084,438	22,047,366	962,928	4.6%
State Aid	15,131,276	16,875,381	1,744,105	11.5%
Free Cash	5,336,413	7,655,155	2,318,741	43.5%
Other Available Funds	11,894,344	6,846,435	(5,047,909)	-42.4%
<b>TOTAL REVENUE</b>	<b>223,584,082</b>	<b>229,028,337</b>	<b>5,444,255</b>	<b>2.4%</b>
<b>(LESS) NON-APPROPRIATED EXPENSES</b>				
State & County Charges	6,087,819	6,222,733	134,914	2.2%
Tax Abatement Overlay	1,958,780	1,700,000	(258,780)	-13.2%
Deficits & Judgments	25,000	25,000	0	0.0%
Cherry Sheet Offsets	109,160	111,026	1,866	1.7%
<b>TOTAL NON-APPROPRIATED EXPENSES</b>	<b>8,180,759</b>	<b>8,058,759</b>	<b>(122,000)</b>	<b>-1.5%</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>215,403,322</b>	<b>220,969,578</b>	<b>5,566,256</b>	<b>2.6%</b>
<b>APPROPRIATIONS</b>				
Town Departments	64,888,411	66,283,740	1,395,329	2.2%
School Department	79,079,823	82,780,770	3,700,947	4.7%
Non-Departmental Total	58,501,589	63,324,068	4,822,479	8.2%
General Fund Non-Departmental	56,208,800	60,694,188	4,485,388	8.0%
Water and Sewer Enterprise Fund Overhead *	1,855,987	2,125,747	269,759	14.5%
Golf Enterprise Fund Overhead *	155,037	150,416	(4,621)	-3.0%
Recreation Revolving Fund Overhead *	281,764	353,717	71,953	25.5%
<b>OPERATING BUDGET SUBTOTAL</b>	<b>202,469,822</b>	<b>212,388,578</b>	<b>9,918,756</b>	<b>4.9%</b>
Revenue-Financed CIP (Special Appropriations)	12,933,500	8,581,000	(4,352,500)	-33.7%
<b>TOTAL APPROPRIATIONS</b>	<b>215,403,322</b>	<b>220,969,578</b>	<b>5,566,256</b>	<b>2.6%</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* These Overhead figures match the Water and Sewer Enterprise Fund Reimbursement, Golf Enterprise Fund Reimbursement, and Recreation Revolving Fund Reimbursement revenue sources found under the "Other Available Funds" revenue category.

# GENERAL FUND REVENUE SUMMARY

## ∞ Property Taxes

- more than 75% of General Fund revenue
- Capped by Prop 2 ½
- “New Growth” important part of growing the tax levy

## ∞ State Aid

- Now less than 8% of General Fund revenue
- Volatile revenue source

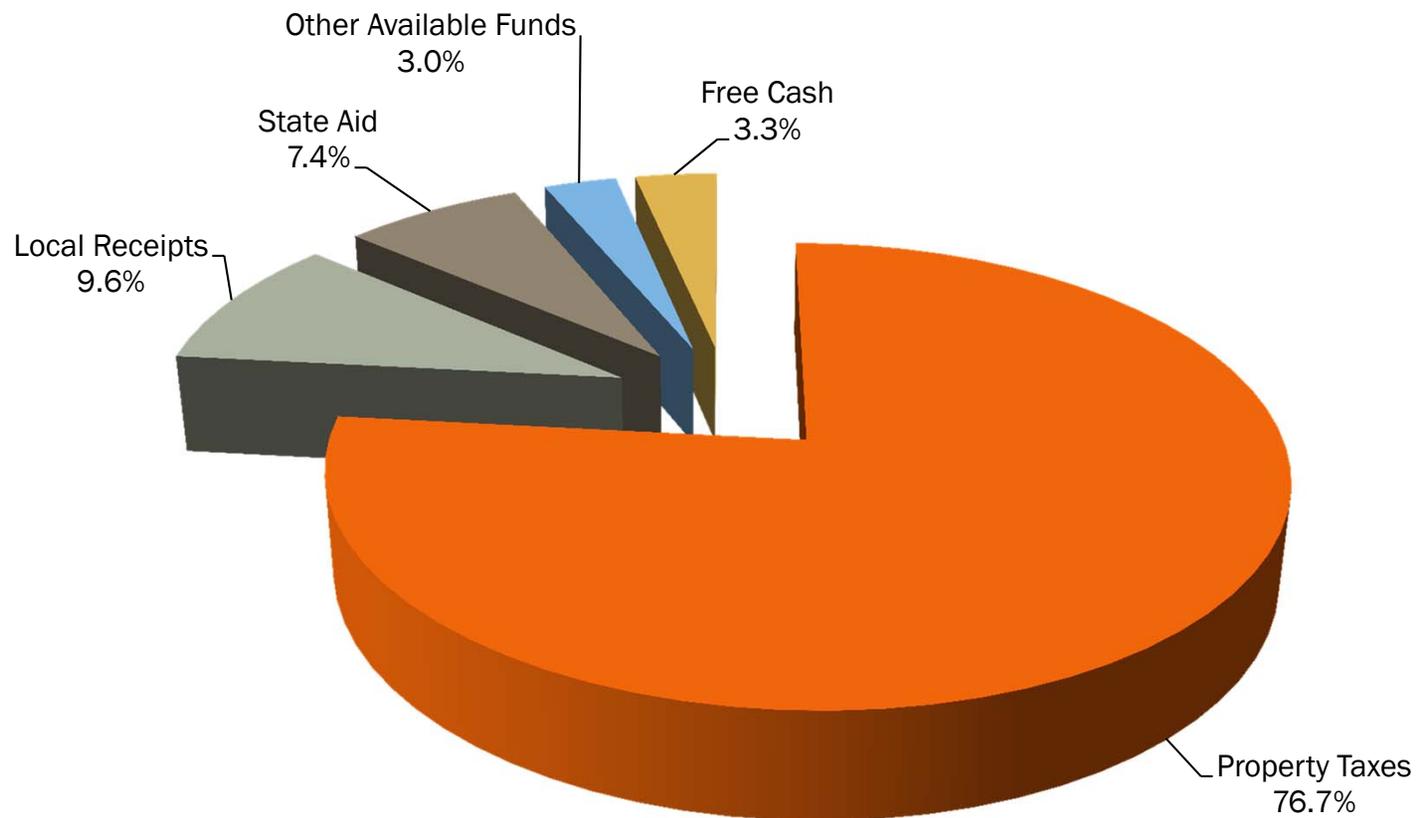
## ∞ Local Receipts

- Approx. 10% of General Fund revenue
- Many fixed by State law (e.g., MVE, Lodging and Meals taxes) or by court decision that revenue generated cannot exceed the cost of providing the service

## ∞ Free Cash

- Used in accordance with Policy (used for one-time items)

# FY14 GENERAL FUND REVENUE COMPOSITION



# PROPERTY TAXES & PROP 2 1/2

∞ Prop 2 1/2 says two things:

- Annual Prop Tax levy cannot grow by more than 2.5% <sup>1</sup>
- Prop Tax levy cannot exceed 2.5% of the community's assessed value

∞ It does not mean growth in your property tax bill is limited to 2.5%

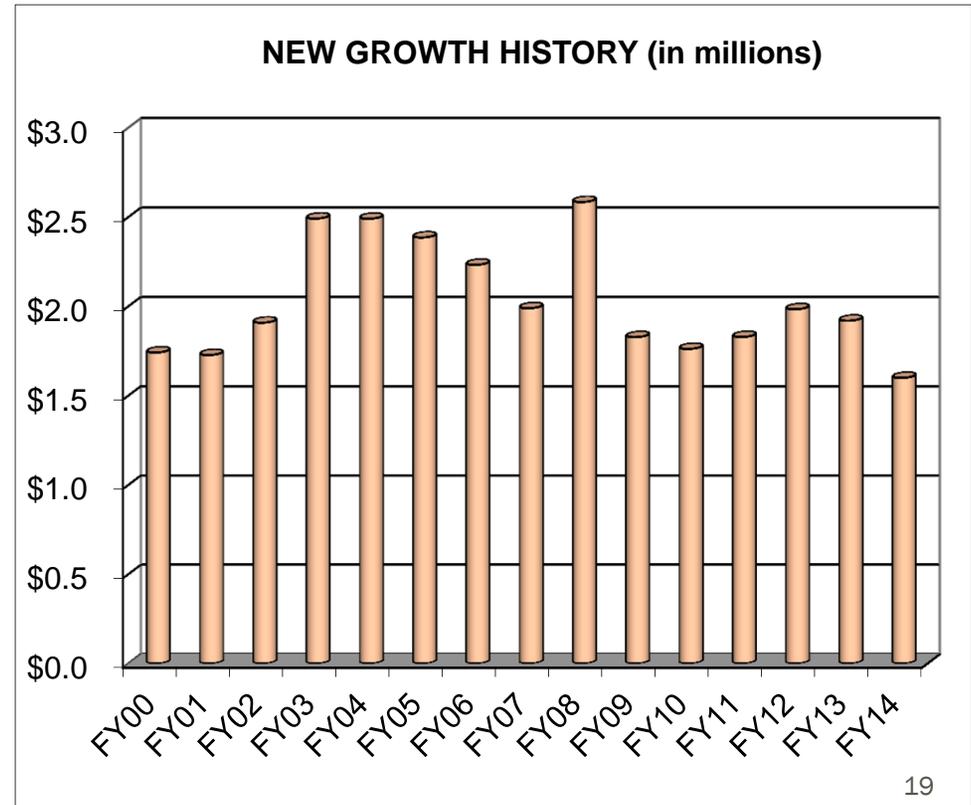
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Prior Year Levy Limit	128,463,616	134,259,886	145,644,644	151,047,972	156,653,255	162,553,810	168,537,757
2 1/2 % Increase	3,211,590	3,356,497	3,641,116	3,776,199	3,916,331	4,063,845	4,213,444
New Growth	2,584,680	1,828,261	1,762,212	1,829,084	1,984,224	1,920,101	1,740,000
General Override		6,200,000					
<i>SUB-TOTAL ANNUAL LEVY LIMIT</i>	<i>134,259,886</i>	<i>145,644,644</i>	<i>151,047,972</i>	<i>156,653,255</i>	<i>162,553,810</i>	<i>168,537,757</i>	<i>174,491,201</i>
Excess Capacity	(16,932)	(64,273)	(33,048)	(33,912)	(23,729)	(30,953)	
<b>ANNUAL LEVY LIMIT</b>	<b>134,242,954</b>	<b>145,580,371</b>	<b>151,014,924</b>	<b>156,619,343</b>	<b>162,530,081</b>	<b>168,506,804</b>	<b>174,491,201</b>
Debt Exclusion (Debt Service Costs)	4,399,750	4,372,943	4,347,320	1,899,453	1,730,917	1,630,808	1,112,800
LESS SBAB Reimb.	(2,830,803)	(2,680,246)	(2,680,246)	(640,509)	(640,509)	0	0
Net Debt Exclusion	1,568,947	1,692,697	1,667,074	1,258,944	1,090,408	1,630,808	1,112,800
<b>ANNUAL LEVY</b>	<b>135,811,901</b>	<b>147,273,068</b>	<b>152,681,998</b>	<b>157,878,286</b>	<b>163,620,489</b>	<b>170,137,611</b>	<b>175,604,001</b>
\$\$ Increase	5,735,367	11,461,167	5,408,930	5,196,289	5,742,203	6,517,122	5,466,389
% Increase	4.4%	8.4%	3.7%	3.4%	3.6%	4.0%	3.2%

<sup>1</sup> "New Growth" is accounted for above the 2.5% levy growth, thereby allowing a community to grow the total levy by more than 2.5%. See next slide.

# “NEW GROWTH”

- ❖ New Growth is increased value from new development and other growth in the tax base that is not the result of changes in market conditions (e.g., new commercial development, home addition)
- ❖ Has been a critical component of the Town’s overall fiscal health

	2.5% Growth	New Growth	New Growth as % of 2.5% Growth
FY00	\$2.26	\$1.74	77%
FY01	\$2.36	\$1.73	73%
FY02	\$2.46	\$1.91	78%
FY03	\$2.57	\$2.49	97%
FY04	\$2.69	\$2.49	92%
FY05	\$2.82	\$2.39	84%
FY06	\$2.95	\$2.23	76%
FY07	\$3.08	\$1.99	65%
FY08	\$3.21	\$2.58	80%
FY09	\$3.36	\$1.83	54%
FY10	\$3.64	\$1.76	48%
FY11	\$3.78	\$1.83	48%
FY12	\$3.92	\$1.98	51%
FY13	\$4.06	\$1.92	47%
FY14 (est.)	\$4.21	\$1.60	38%
<b>TOTAL</b>	<b>\$47.38</b>	<b>\$30.48</b>	<b>64%</b>



# TAX BILLS

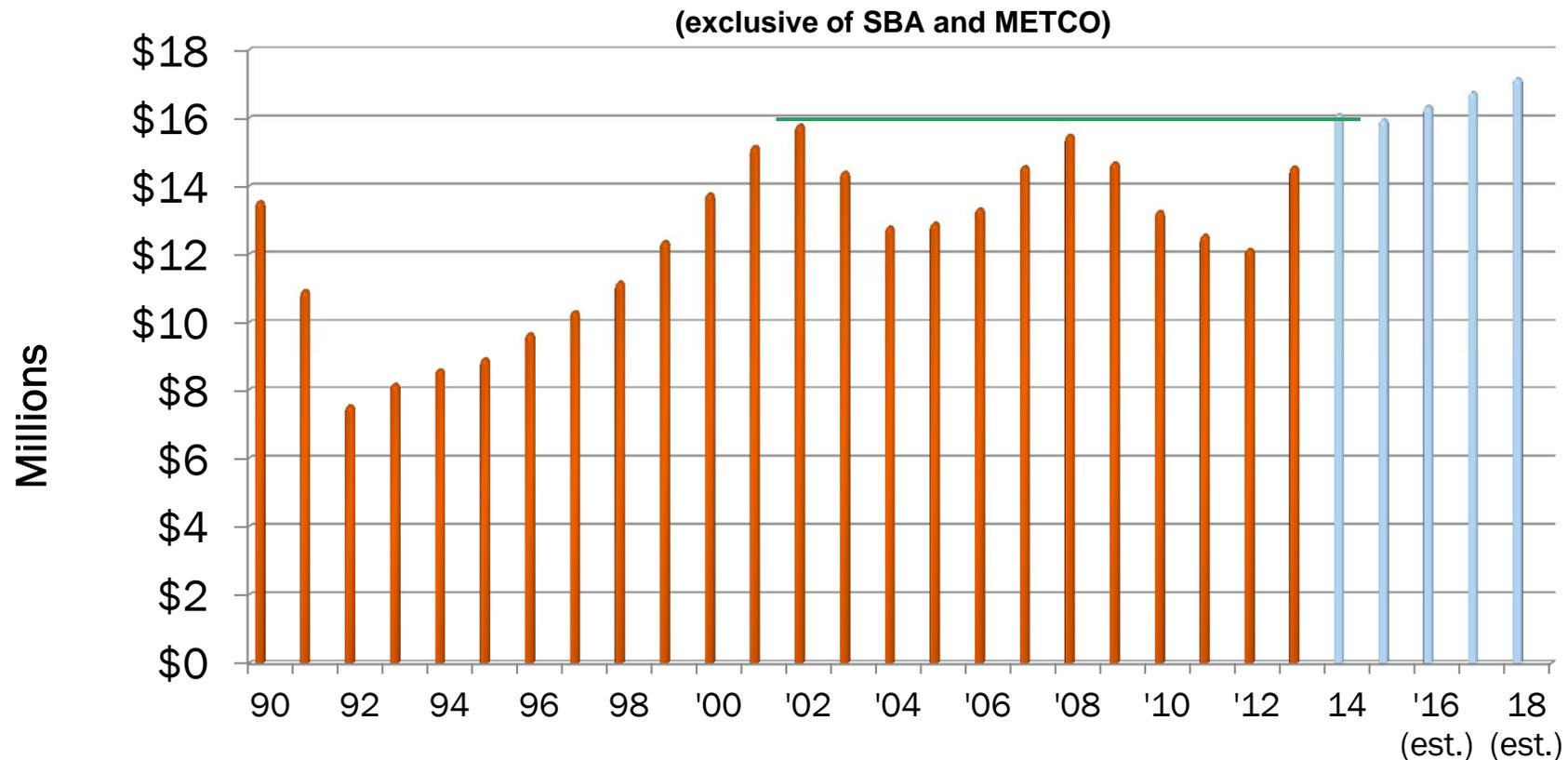
- ∞ Avg Single-Family Tax Bill is the most common measure of relative tax burden
- ∞ In Brookline, since SF homes comprise just 28% of residential parcels (condos make up 60%), the best measure to use is Avg Residential Tax Bill
- ∞ Based on Avg Residential Tax Bill, Brookline is ranked 34<sup>th</sup> in the state at \$8,046.
  - In FY03, Brookline ranked 22<sup>nd</sup> at \$5,898

FY	MUNICIPALITY	2013				2003			
		AVG S.F. TAX BILL	RANK	AVG RESI TAX BILL	RANK	AVG S.F. TAX BILL	RANK	AVG RESI TAX BILL	RANK
2013	WESTON	\$16,921	1	\$16,906	1	\$10,783	1	\$11,114	1
2013	SHERBORN	\$13,883	2	\$14,414	2	\$8,983	3	\$9,511	2
<b>2013</b>	<b>BROOKLINE</b>	<b>\$13,487</b>	<b>3</b>	<b>\$8,046</b>	<b>34</b>	<b>\$9,214</b>	<b>2</b>	<b>\$5,898</b>	<b>22</b>
2013	LINCOLN	\$13,254	4	\$12,231	5	\$8,739	4	\$8,122	6
2013	DOVER	\$12,790	5	\$13,794	3	\$7,675	7	\$8,351	4
2013	WELLESLEY	\$12,198	6	\$12,150	6	\$6,642	13	\$6,670	10
2013	CARLISLE	\$11,960	7	\$12,513	4	\$8,565	5	\$8,969	3
2013	CONCORD	\$11,802	8	\$11,602	7	\$7,270	8	\$7,070	8
2013	SUDBURY	\$11,205	9	\$11,367	8	\$8,052	6	\$8,319	5
2013	LEXINGTON	\$10,906	10	\$10,771	10	\$5,775	23	\$5,713	24

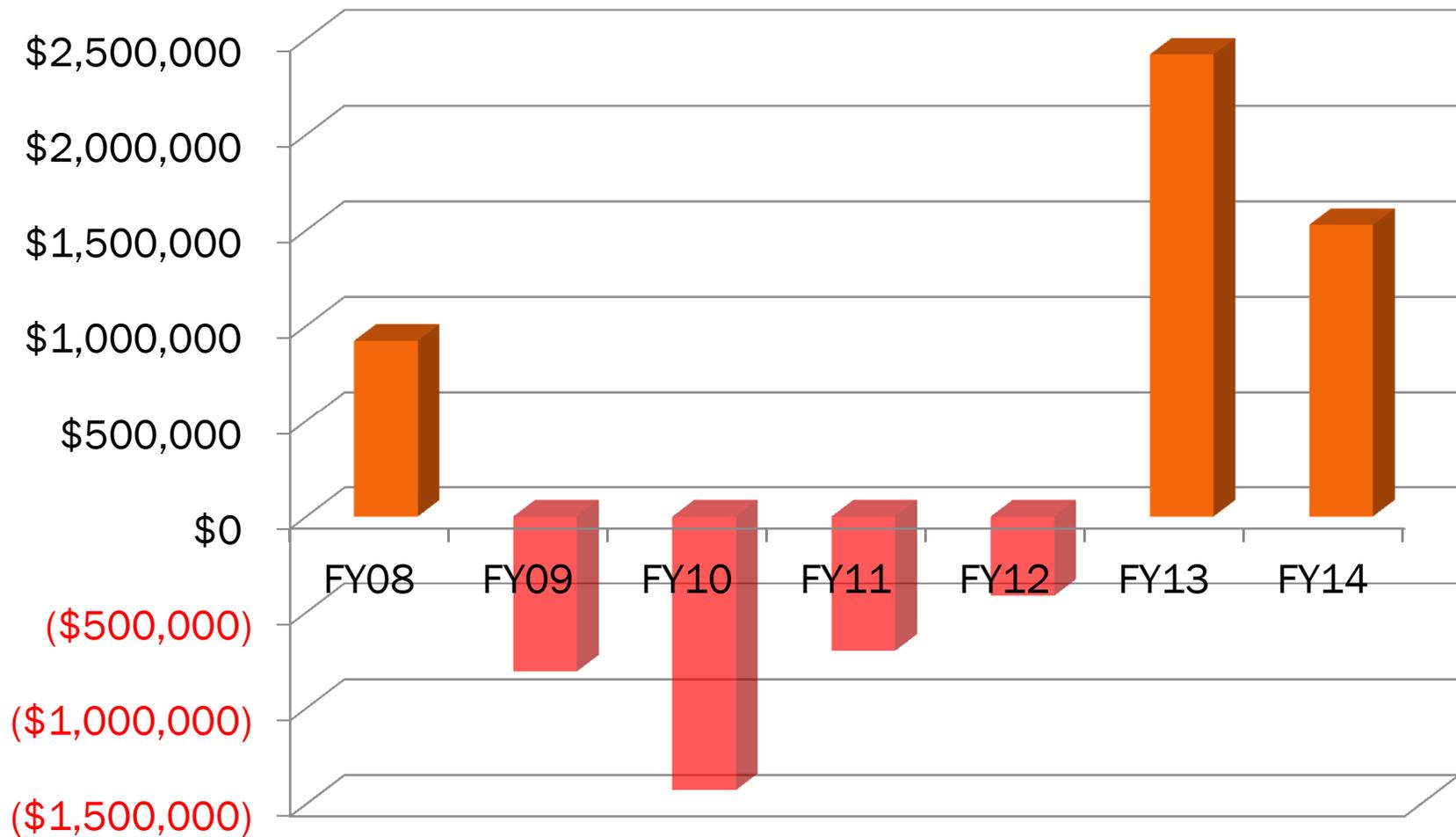
Source: DOR databank. 339 of the 351 communities are included in the FY13 data set and 337 are included in the FY03 data set. Brookline's figures assume the taxpayer is eligible for the Residential Exemption.

# STATE AID — HISTORY

- ❖ Took a decade to recover from the cuts of the early-1990's
- ❖ Has taken another decade-plus to get back to the high-water mark of FY02
- ❖ Now less than 8% of General Fund revenue



# STATE AID — RECENT EXPERIENCE



# LOCAL RECEIPTS

- ❖ Approx. 10% of General Fund revenue
- ❖ Many capped by State law
- ❖ Fees cannot exceed the cost of providing the service

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Motor Vehicle Excise (MVE)	4,940,321	5,021,739	4,850,000	4,600,000	4,700,000	4,850,000	4,950,000
Local Option Taxes	750,000	685,000	1,385,000	1,550,000	1,750,000	1,950,000	2,150,000
Licenses & Permits	839,300	863,475	975,475	986,975	1,010,975	1,153,975	1,180,975
Parking / Court Fines	4,125,000	4,395,000	4,690,000	4,350,000	4,200,000	4,000,000	4,200,000
General Government	2,927,000	2,648,000	2,518,500	2,352,500	2,482,817	2,873,463	3,287,391
Interest Income	2,719,000	1,614,455	693,500	600,000	650,000	760,000	700,000
PILOT's / 121A's	648,800	719,545	816,650	880,000	1,160,000	1,110,000	1,125,000
Refuse Fee	2,595,000	2,595,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Departmental & Other	1,699,000	1,933,450	1,828,000	1,799,000	1,722,000	1,787,000	1,854,000
<b>TOTAL LOCAL REVENUE</b>	<b>21,243,421</b>	<b>20,475,664</b>	<b>20,357,125</b>	<b>19,718,475</b>	<b>20,275,792</b>	<b>21,084,438</b>	<b>22,047,366</b>
\$\$ Increase	766,192	(767,757)	(118,539)	(638,650)	557,317	808,645	962,928
% Increase	3.7%	-3.6%	-0.6%	-3.1%	2.8%	4.0%	4.6%

# FREE CASH

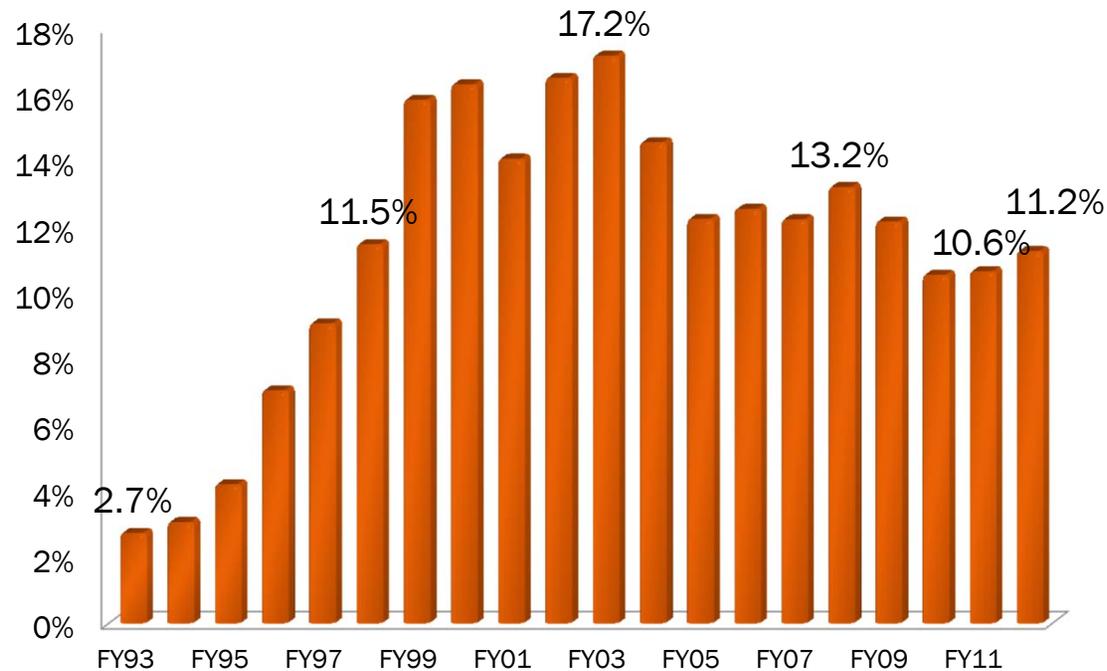
- ∞ “Free Cash” is defined as “remaining, unrestricted funds from operations of the previous fiscal year.”
  - Driven in large part by revenues coming in above estimate and expenditures coming in under budget.
- ∞ Free Cash as of 7/1/12 was certified at \$9,654,859
- ∞ For FY14, used \$7.7 million, leaving \$2 million unappropriated to help improve unassigned fund balance position
- ∞ Free Cash sequencing:

Certification	\$9,654,859
1. Operating Budget Reserve (25% of Operating Budget Reserve)	\$507,190
2. Fund Balance	\$2,249,704
a. Unreserved Fund Balance (left unappropriated)	\$1,999,704
b. Stabilization Fund (appropriated)	\$250,000
3. Liability Reserve (to get fund to 1% of Prior Yr Net Revenue)	\$154,115
4. Capital Improvements (to get to 7.5% of Prior Yr Net Revenue)	\$3,043,142
5. Affordable Housing Trust Fund (since Fund Balance below \$5M)	\$555,106
Sub-Total	\$6,509,257
Amount available for Special Use (#6)	\$3,145,602
6. Special Use:	
Additional CIP	\$1,775,602
OPEB's	\$500,000
Pension Fund	\$500,000
Worker's Comp	\$270,000
Unemployment	\$100,000

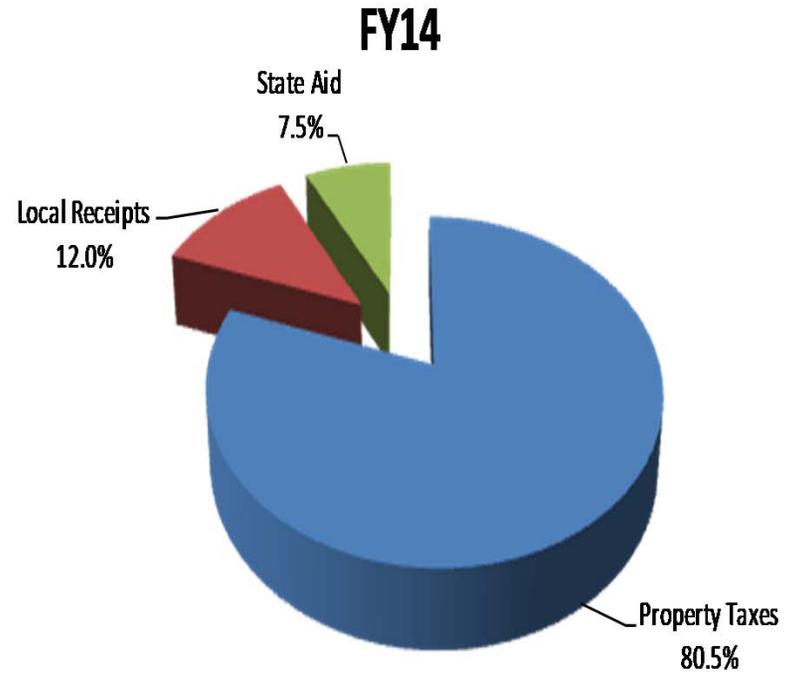
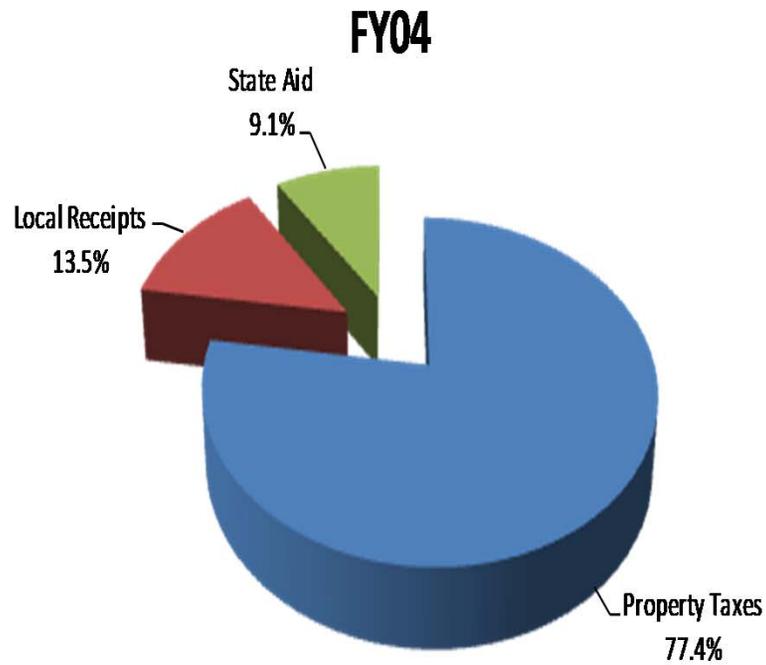
# FUND BALANCE

- Continue to stress the importance of Fund Balance position
- The steps taken over past three budget cycles have improved fund balance
- FY 2014 budget included two steps to continue to at least maintain the current position:
  - \$250,000 of Free Cash deposited into the Stabilization Fund
  - \$2M of Free Cash left unappropriated

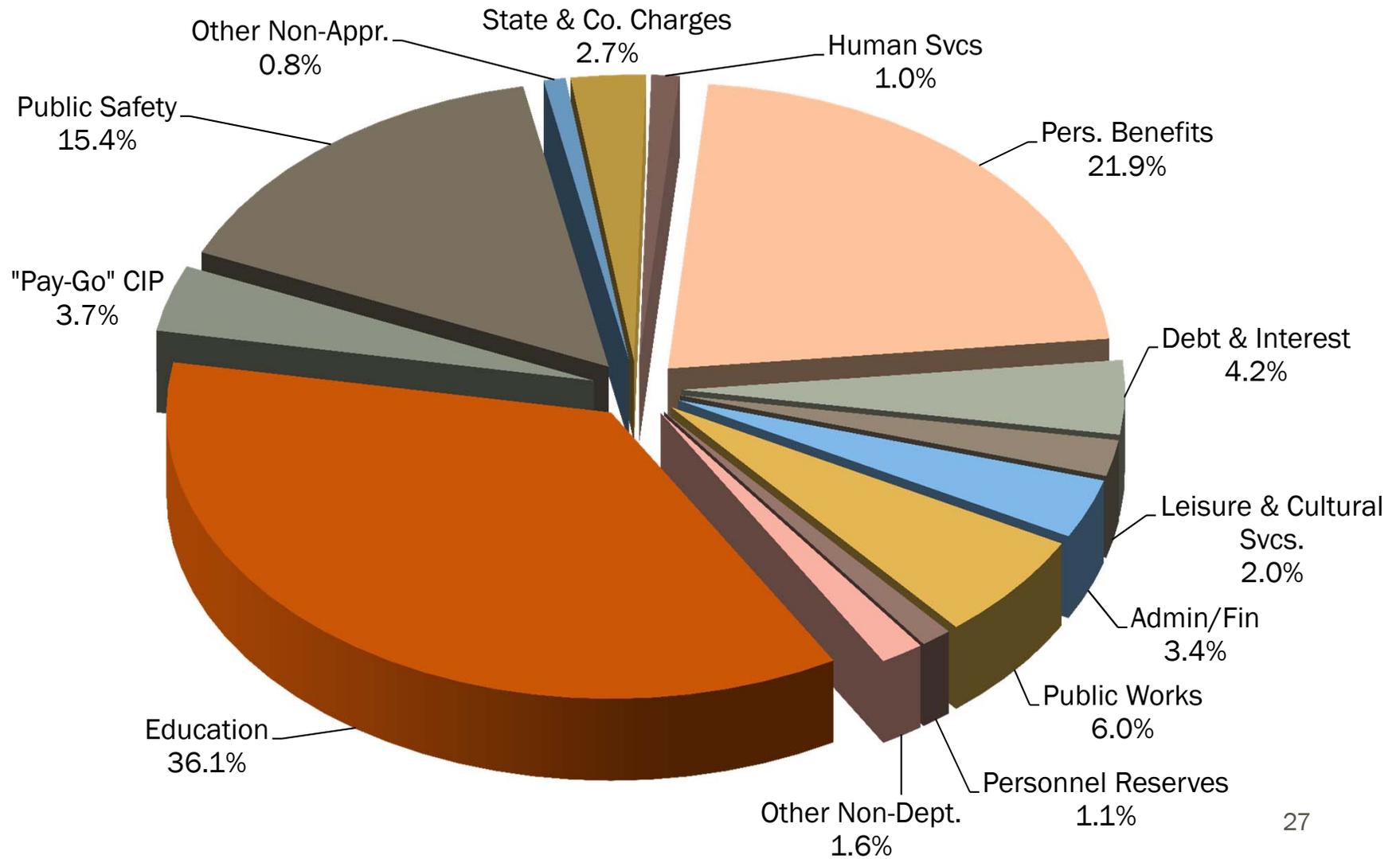
UNASSIGNED FUND BALANCE AS A% OF REVENUE



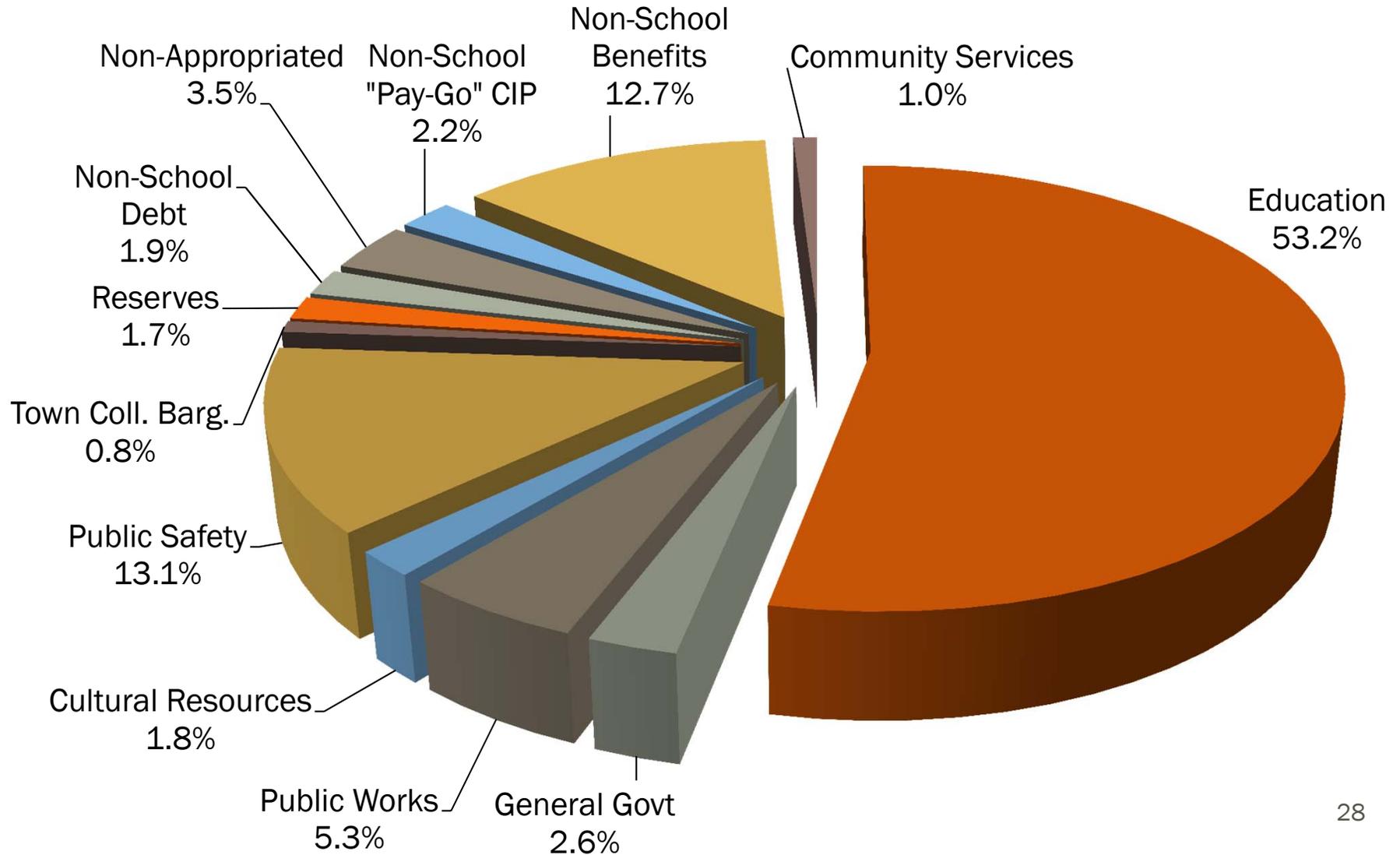
# ON-GOING REVENUE COMPOSITION — FY04 vs FY14



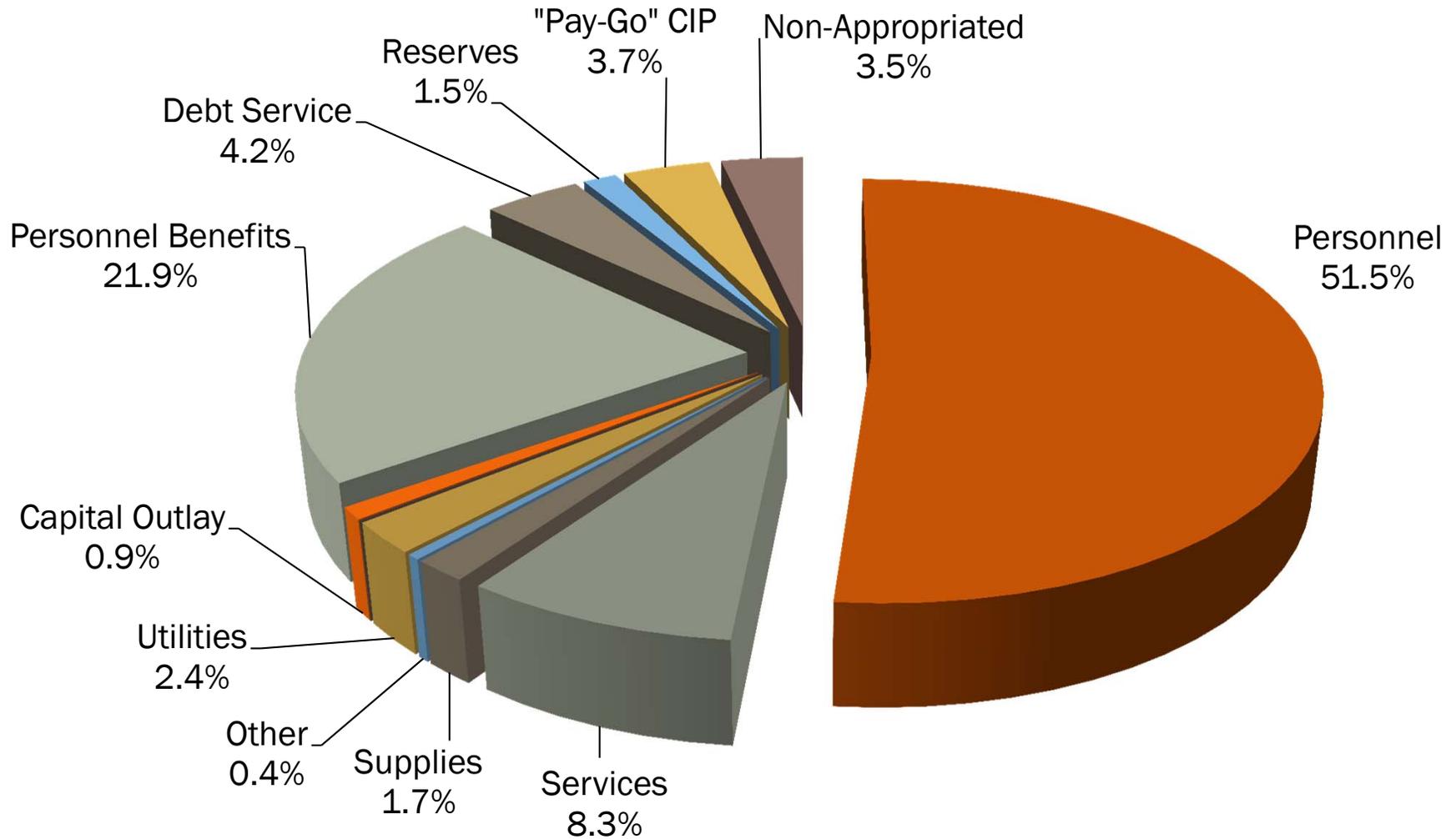
# FY14 GENERAL FUND BUDGET BY EXPENSE CATEGORY



# FY14 FULLY-ALLOCATED GENERAL FUND BUDGET



# FY14 GENERAL FUND BUDGET BY EXPENDITURE TYPE \*



\* The allocations include an estimate of the School budget breakout.

# PERSONNEL COSTS / COLLECTIVE BARGAINING

- ∞ Total Town salaries of ~ \$53M
- ∞ Total School salaries of ~ \$81M
  
- ∞ Each 1% in bargaining costs the General Fund ~\$475K for the Town and ~\$700K for the Schools
  
- ∞ In addition, there are annual “step” increases
  - Annual cost of ~\$250K for the Town (net of \$200K)
  - Annual cost of \$1.2M for the Schools (net of \$750K)
  
- ∞ Collective bargaining plays a key role in budget stability

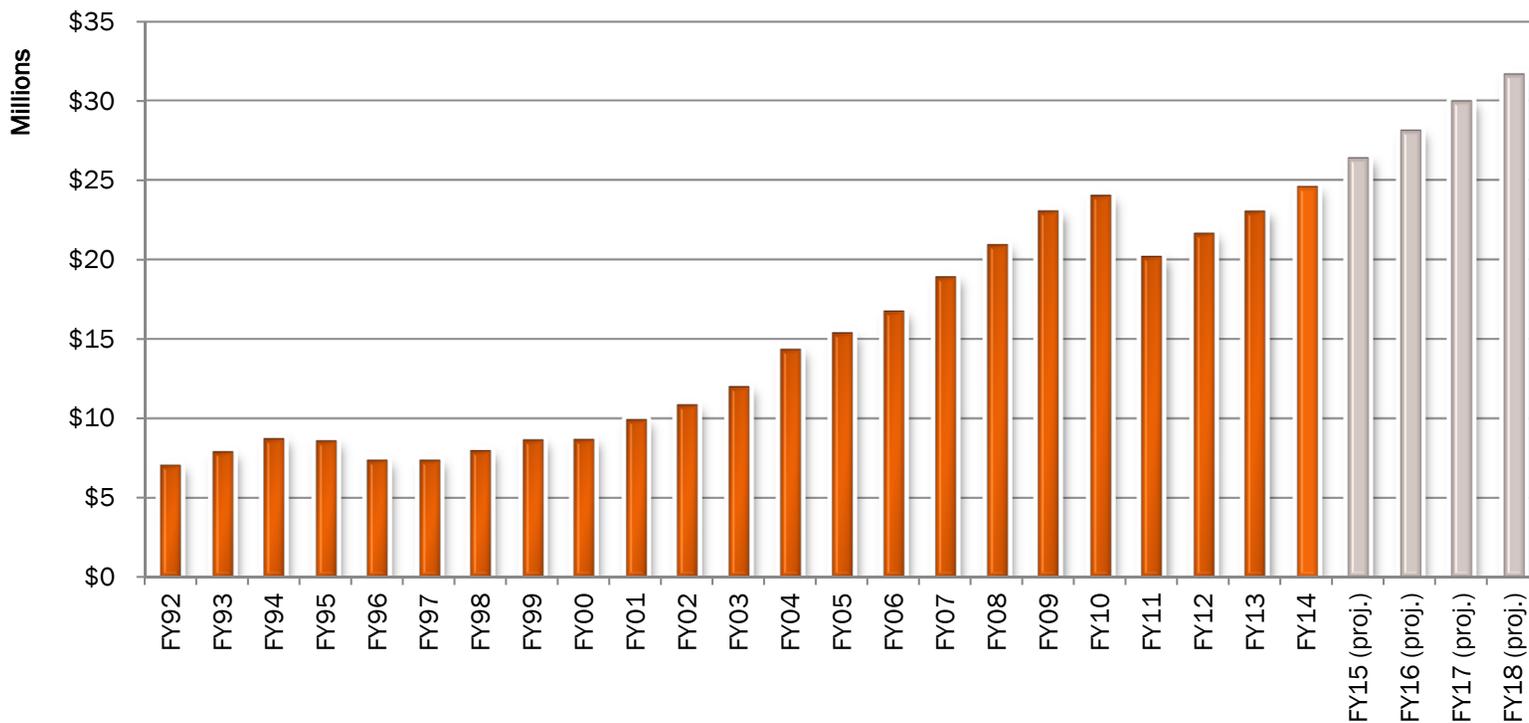
# BENEFITS BUDGET

Since FY04, an increase of 88% (\$23M)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>FY14 v FY04</u>	
												\$	%
Pensions	9,310,000	9,533,000	9,921,963	10,165,009	11,277,159	11,651,618	13,258,716	13,999,954	14,612,334	15,767,048	17,385,688	8,075,688	86.7%
Group Health	14,372,500	15,419,000	16,781,724	18,936,109	20,969,984	23,084,980	24,073,604	20,227,416	21,680,402	23,078,372	24,618,704	10,246,204	71.3%
Health Reimbursement Account (HRA)									250,000	125,000	70,000	70,000	-
Retiree Group Health Trust Fund (OPEB's)	626,133	0	0	0	0	0	250,000	2,012,531	1,801,527	2,601,928	3,514,360	2,888,227	461.3%
EAP	25,000	25,000	25,000	25,000	25,000	28,000	28,000	28,000	28,000	28,000	28,000	3,000	12.0%
Group Life	100,000	135,000	145,000	157,000	161,000	161,000	162,000	130,000	130,000	130,000	132,500	32,500	32.5%
Disability Insurance					16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	-
Workers' Compensation	895,000	1,048,704	895,000	1,450,000	1,600,000	1,550,000	1,350,000	1,350,000	1,250,000	1,200,000	1,720,000	825,000	92.2%
Public Safety IOD Medical Expenses				155,000	250,000	300,000	300,000	325,000	300,000	560,660	400,000	400,000	-
Unemployment Compensation	150,000	150,000	125,000	125,000	166,000	166,000	166,000	400,000	350,000	350,000	450,000	300,000	200.0%
Medical Disabilities	35,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	40,000	5,000	14.3%
Medicare Coverage	1,102,634	1,060,000	1,050,000	1,115,000	1,205,000	1,320,000	1,430,000	1,555,000	1,660,000	1,660,000	1,725,000	622,366	56.4%
<b>TOTAL</b>	<b>26,616,268</b>	<b>27,400,704</b>	<b>28,973,687</b>	<b>32,158,118</b>	<b>35,700,143</b>	<b>38,307,598</b>	<b>41,064,320</b>	<b>40,073,902</b>	<b>42,108,263</b>	<b>45,547,007</b>	<b>50,100,252</b>	<b>23,483,984</b>	<b>88.2%</b>

# HEALTH INSURANCE

- Appropriation increase of 10M (71%) over past decade
  - Between FY00 and FY10, growth was \$15M (177%) – prior to entering GIC
- Now consumes 12% of the Operating Budget vs 6% in FY00
- FY14 total cost of Hvd PPO family plan at \$19,932; Hvd HMO family plan at \$15,956
- Employees pay 17% of the premium



# HEALTH INSURANCE EFFORTS

- Consolidation in FY05 saved approx. \$1.2M
- Plan Design Changes in FY08 saved approx. \$1.1M
- Move to GIC in FY11 saved the Town budget approx. \$5.6M
- Since FY11, lower base + lower annual rate increases result in compounded savings

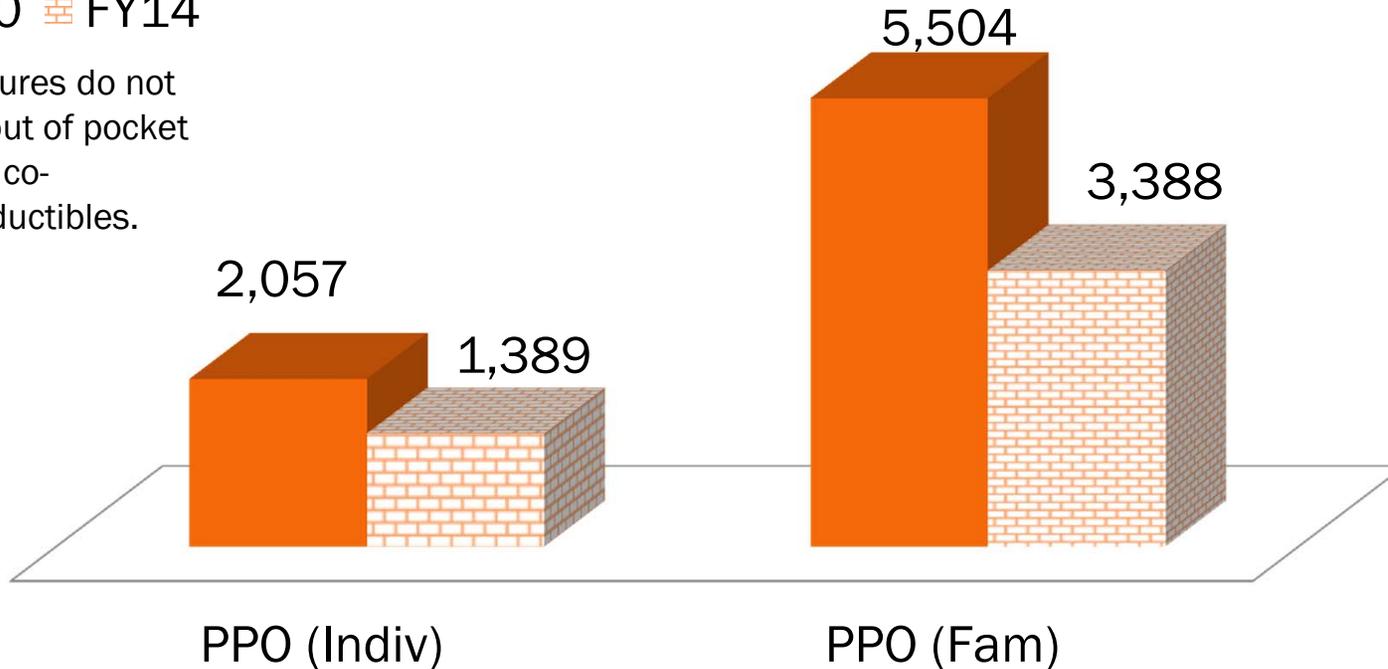


# HEALTH INSURANCE — EMPLOYEE PREMIUM COSTS

## Employee Cost of Health Ins Premium – FY10 vs FY14

■ FY10 ■ FY14

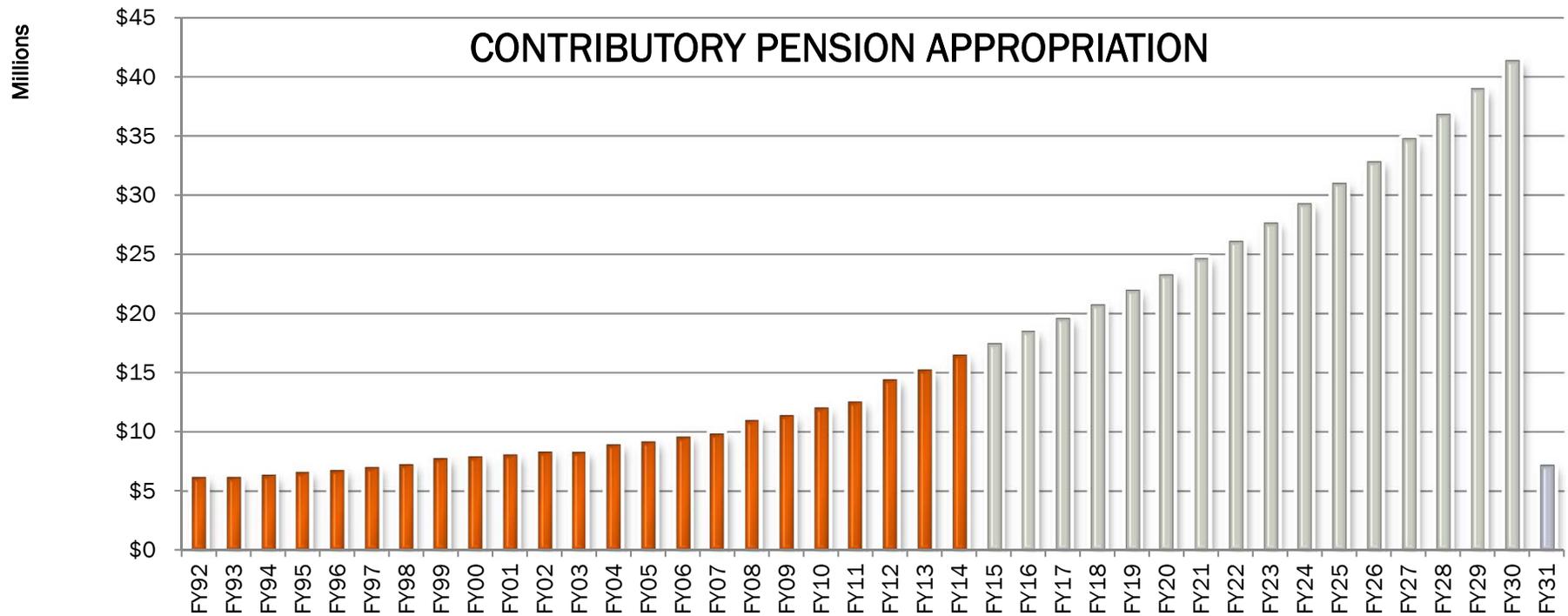
Note: Figures do not include out of pocket costs for co-pays/deductibles.



- ∞ Made possible by the move to the GIC
  - Lower rates
  - Increase in Town share of premium from 75% to 83% over a 3-year period

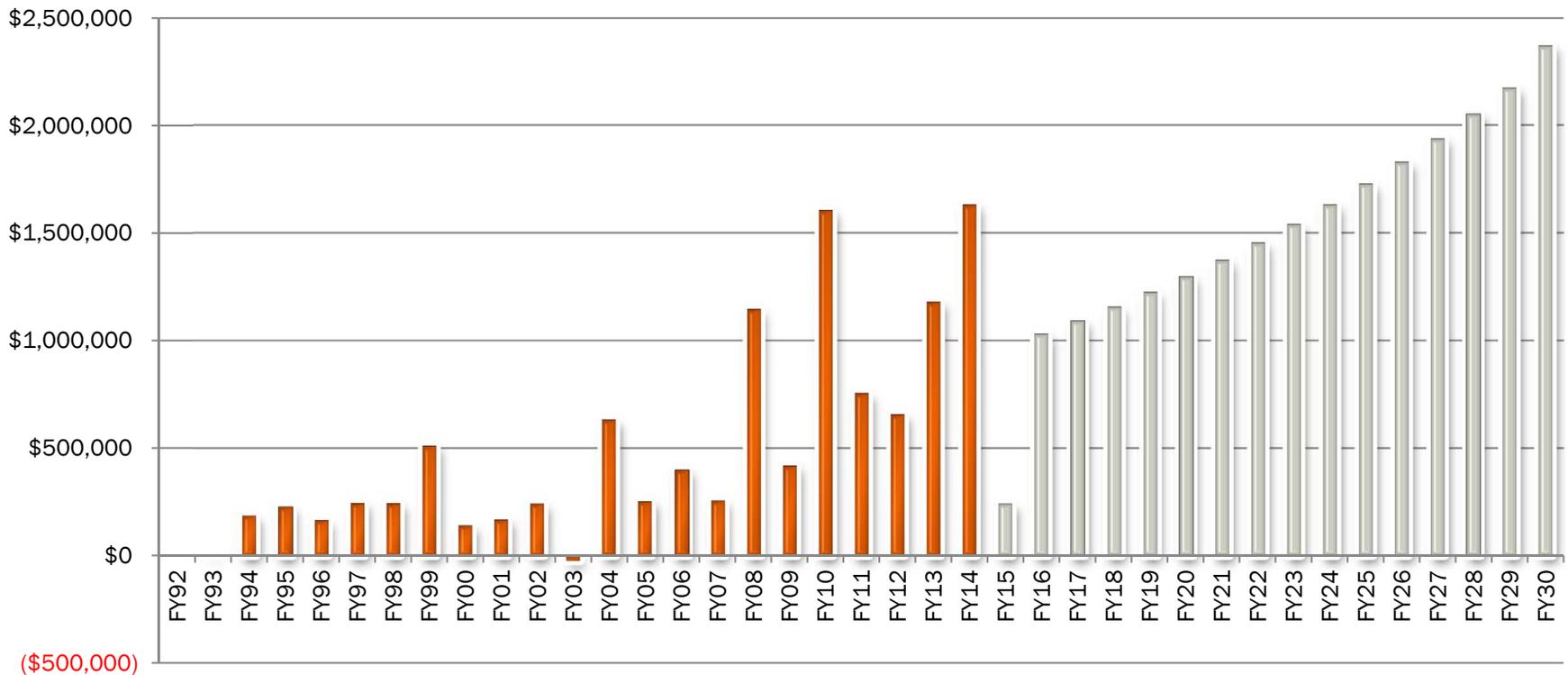
# CONTRIBUTORY PENSIONS

- Defined Benefit system guided by State law and regulated by PERAC
- No ability to change the benefit structure
- Predominately a Town expense, as the State funds the Teacher Retirement System



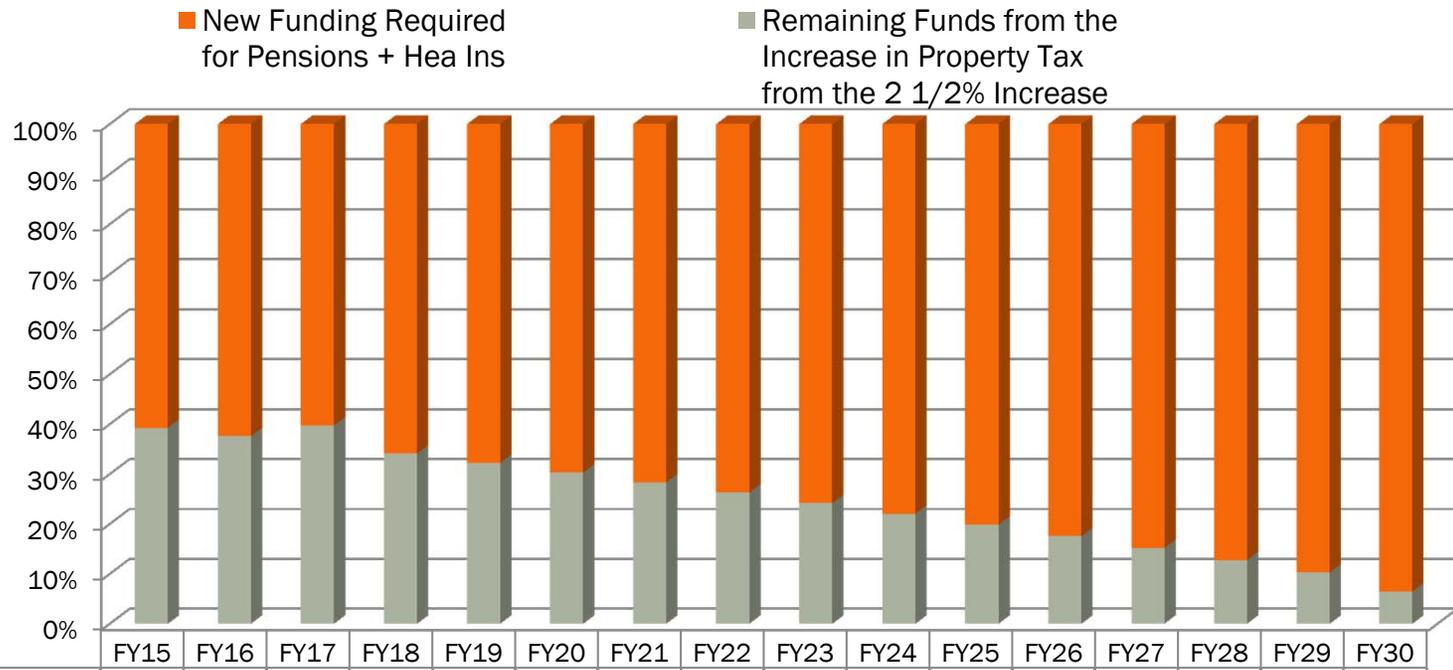
# CONTRIBUTORY PENSIONS — ANNUAL INCREASE IN APPROPRIATION

- From FY15 – FY30, an annual 5.9% increase is built into the appropriation schedule
- Translates into a \$1M increase in FY15, increasing to a \$2.4M increase in FY30



# ANNUAL INCREASE IN BENEFITS

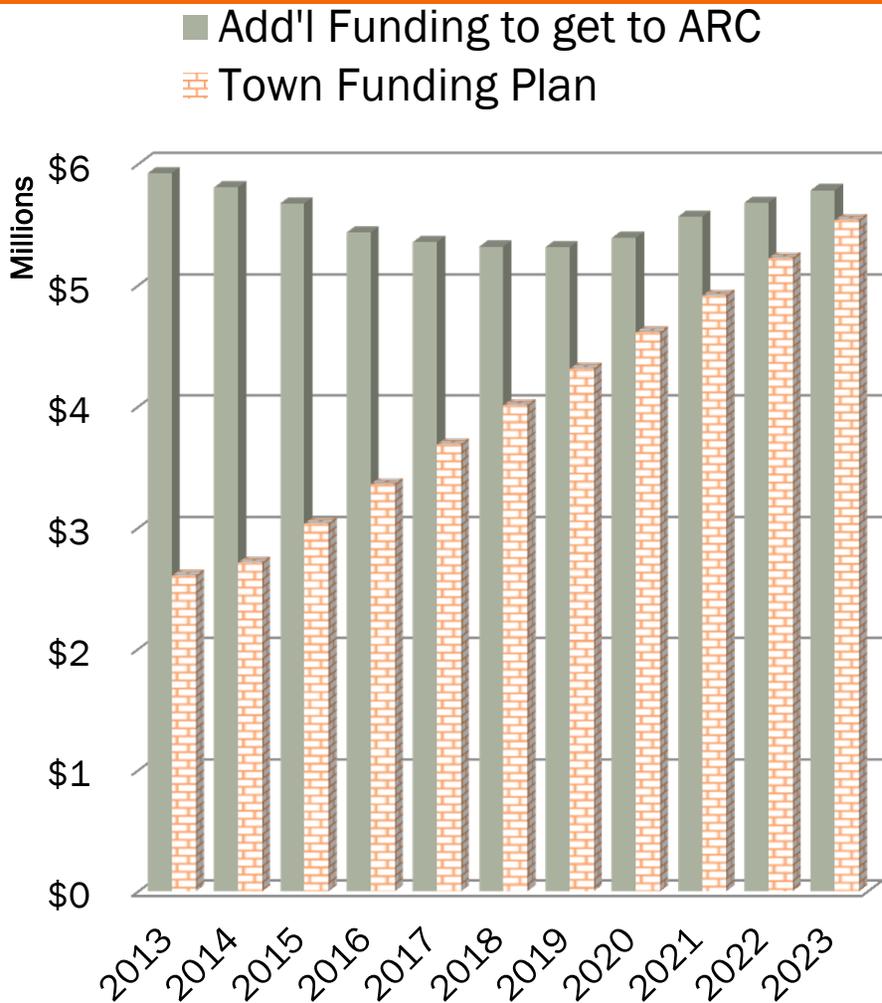
- ∞ The annual increase in appropriations for Pensions and Health Insurance is absorbing much of the annual 2 ½% increase in Prop Taxes
- ∞ Doesn't account for other increases, such as OPEB's
- ∞ Figures assume a 5% annual growth in Health Ins costs (realistic?)



	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
■ New Funding Required for Pensions + Hea Ins	\$2.2	\$2.3	\$2.5	\$2.6	\$2.7	\$2.9	\$3.0	\$3.2	\$3.4	\$3.5	\$3.7	\$3.9	\$4.2	\$4.4	\$4.6	\$4.9
■ Remaining Funds from the Increase in Property Tax from the 2 1/2% Increase	\$1.4	\$1.4	\$1.6	\$1.3	\$1.3	\$1.2	\$1.2	\$1.1	\$1.1	\$1.0	\$0.9	\$0.8	\$0.7	\$0.6	\$0.5	\$0.3

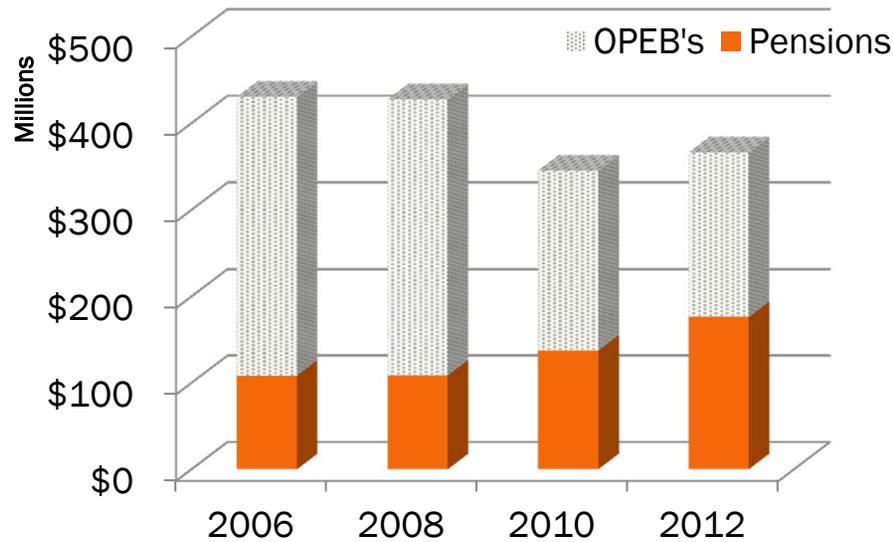
# OPEB'S

- ❖ FY14 Financial Plan included the following:
  - Increase in funding from operating revenue by the “regular” \$250K + an add'l \$200K to \$2.2M.
  - Full assessment of Town special revenue funds for their liability; some assessment by Schools.
  - Use of “run-off” from funding for Non-Contributory retirees.
  - Medicare Part D Subsidy (\$400K) remains directed to OPEB funding.
  - \$500K from Free Cash.
- ❖ Reach ARC in approx. 10 yrs.



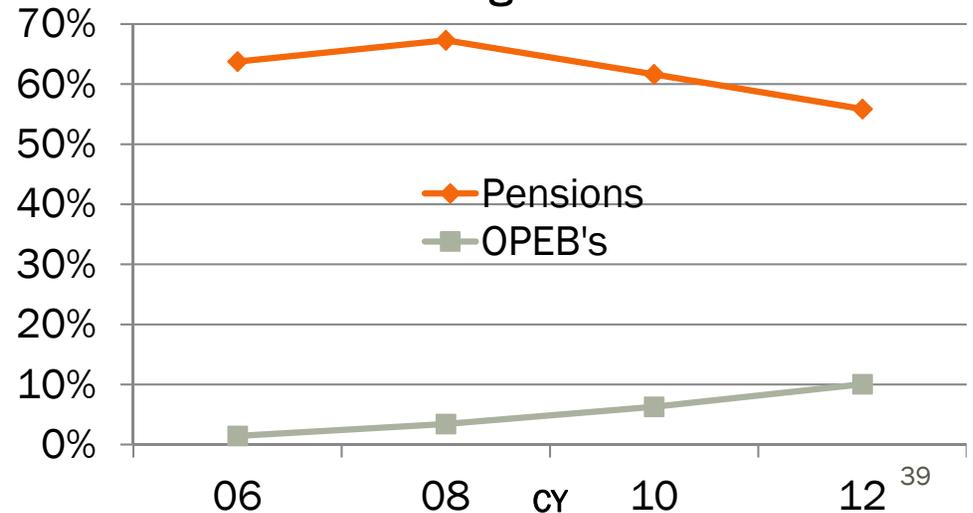
# UNFUNDED LIABILITIES

## Unfunded Liabilities



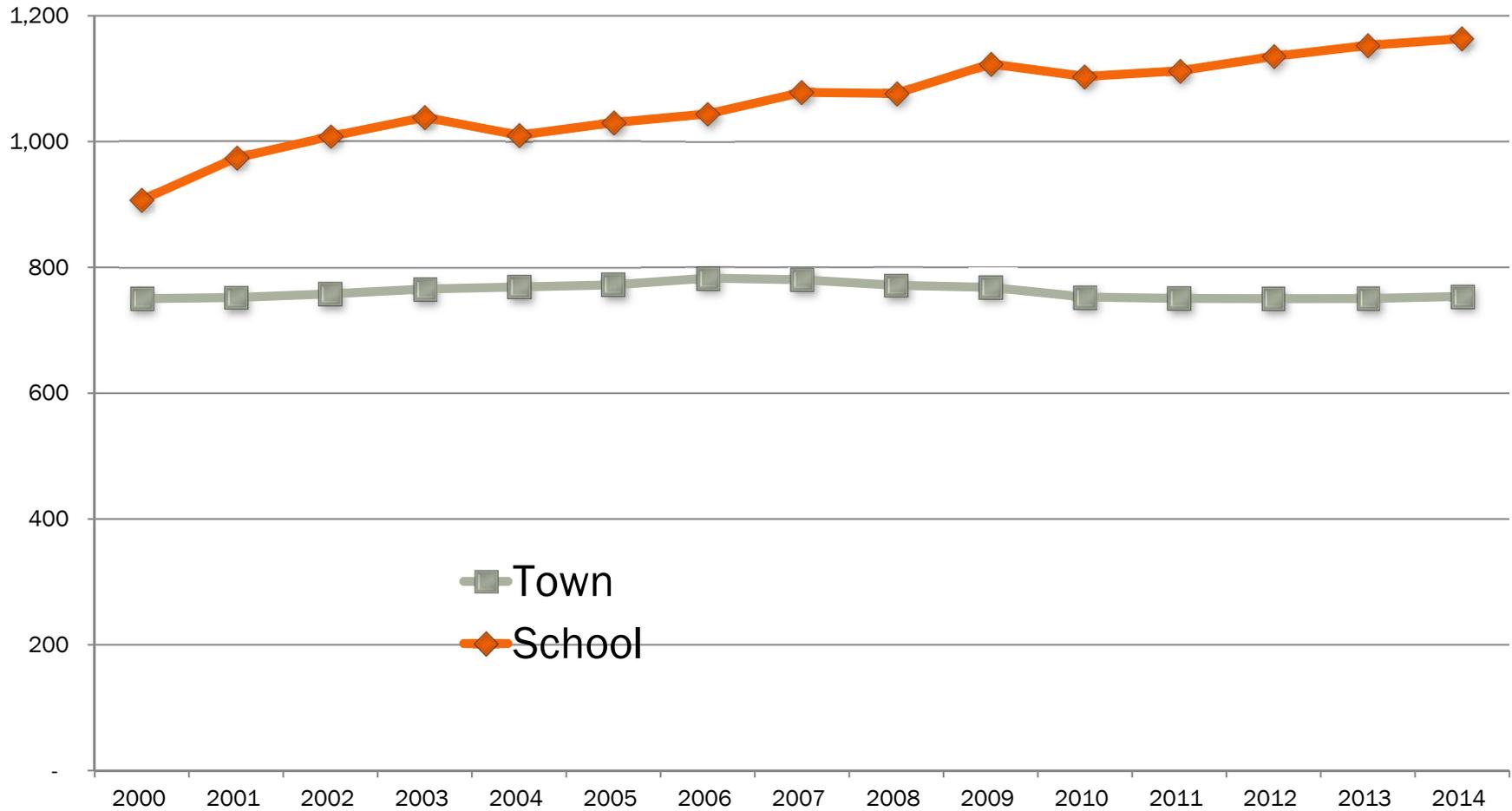
- ∞ \$366M in liabilities
- ∞ OPEB reduced / Pension increased
- ∞ FY 2014 budget included steps to improve situation
  - Add'l \$200K into base approp for both OPEB's and Pensions
  - \$500K from Free Cash into both funds

## Funding Ratios

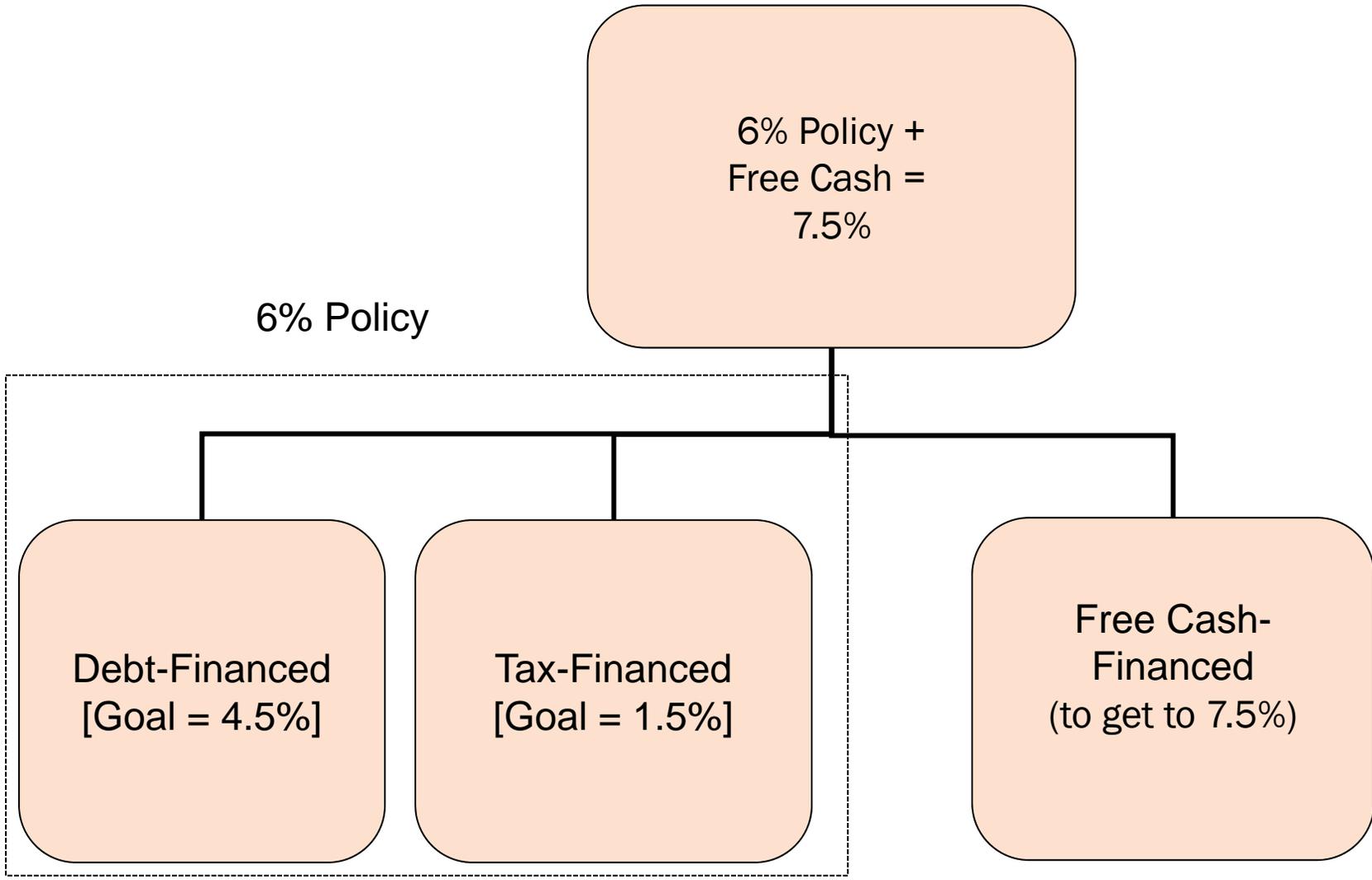


# STAFFING LEVELS

## FTE HISTORY

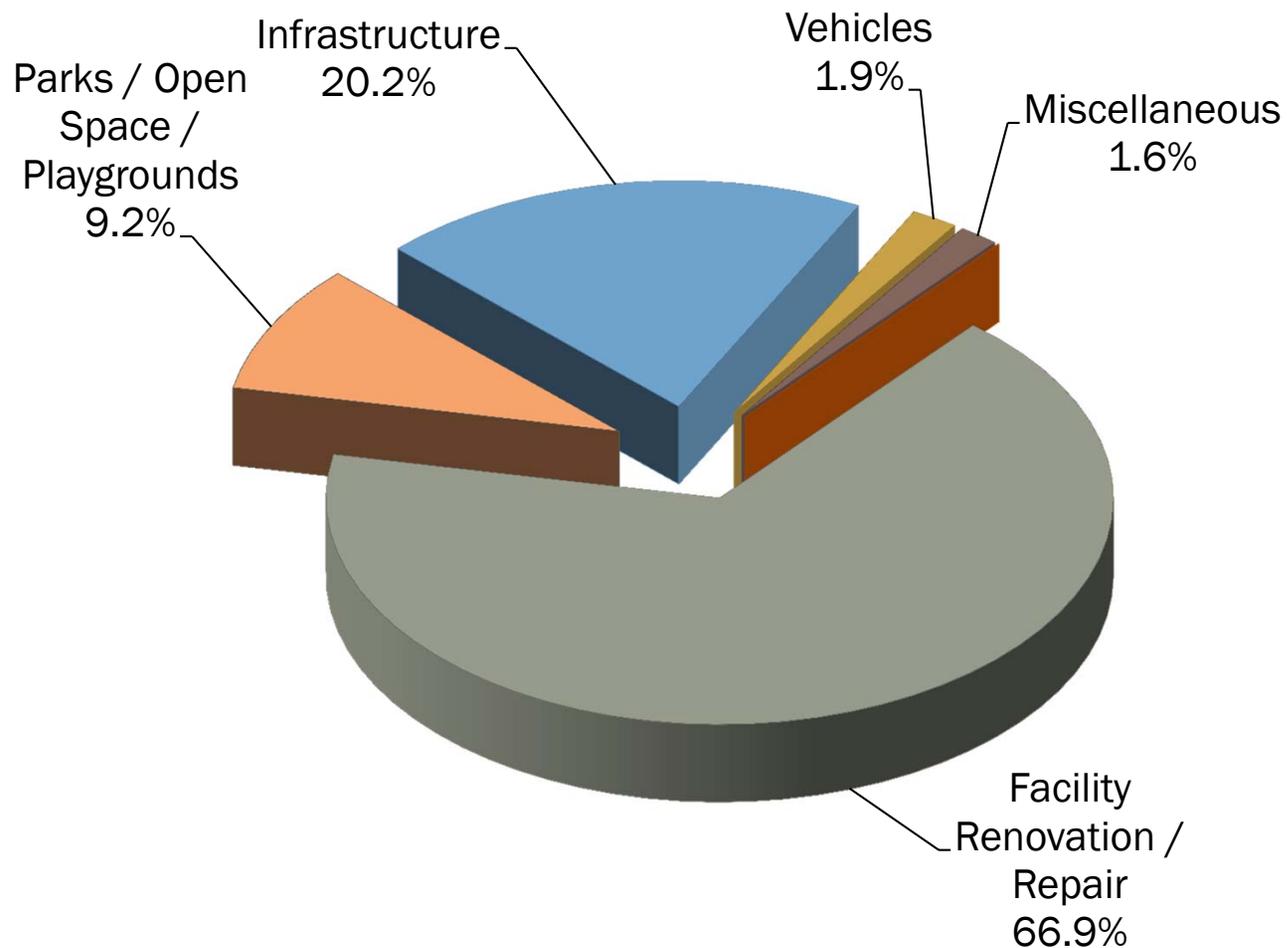


# CAPITAL IMPROVEMENT PROGRAM (CIP)

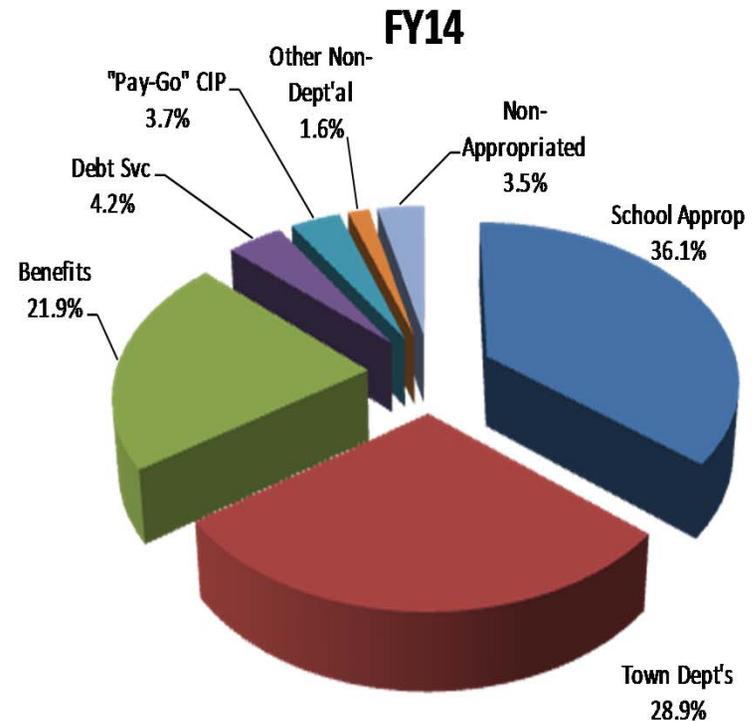
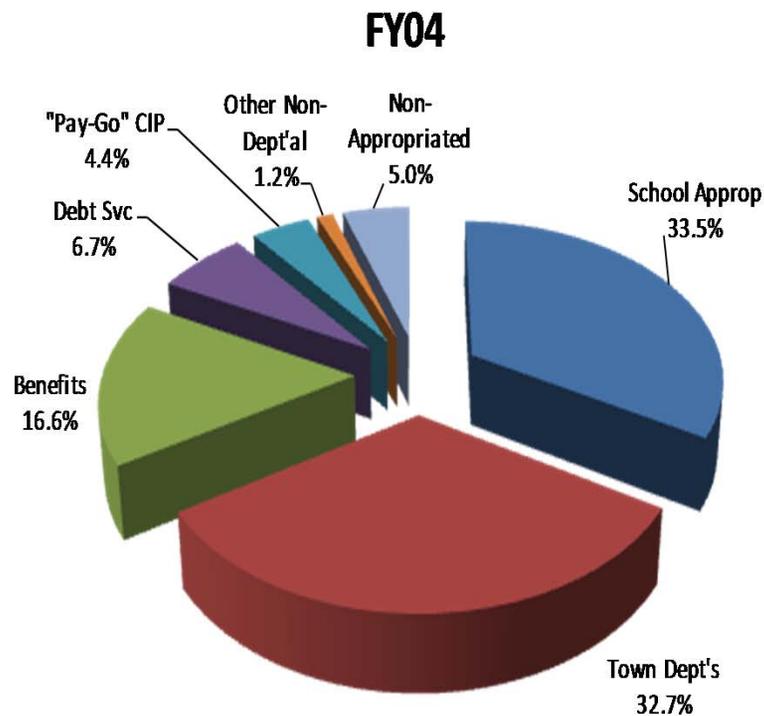


# CIP ALLOCATION

6 YR. TOTAL



# OPERATING BUDGET COMPOSITION — FY04 vs FY14

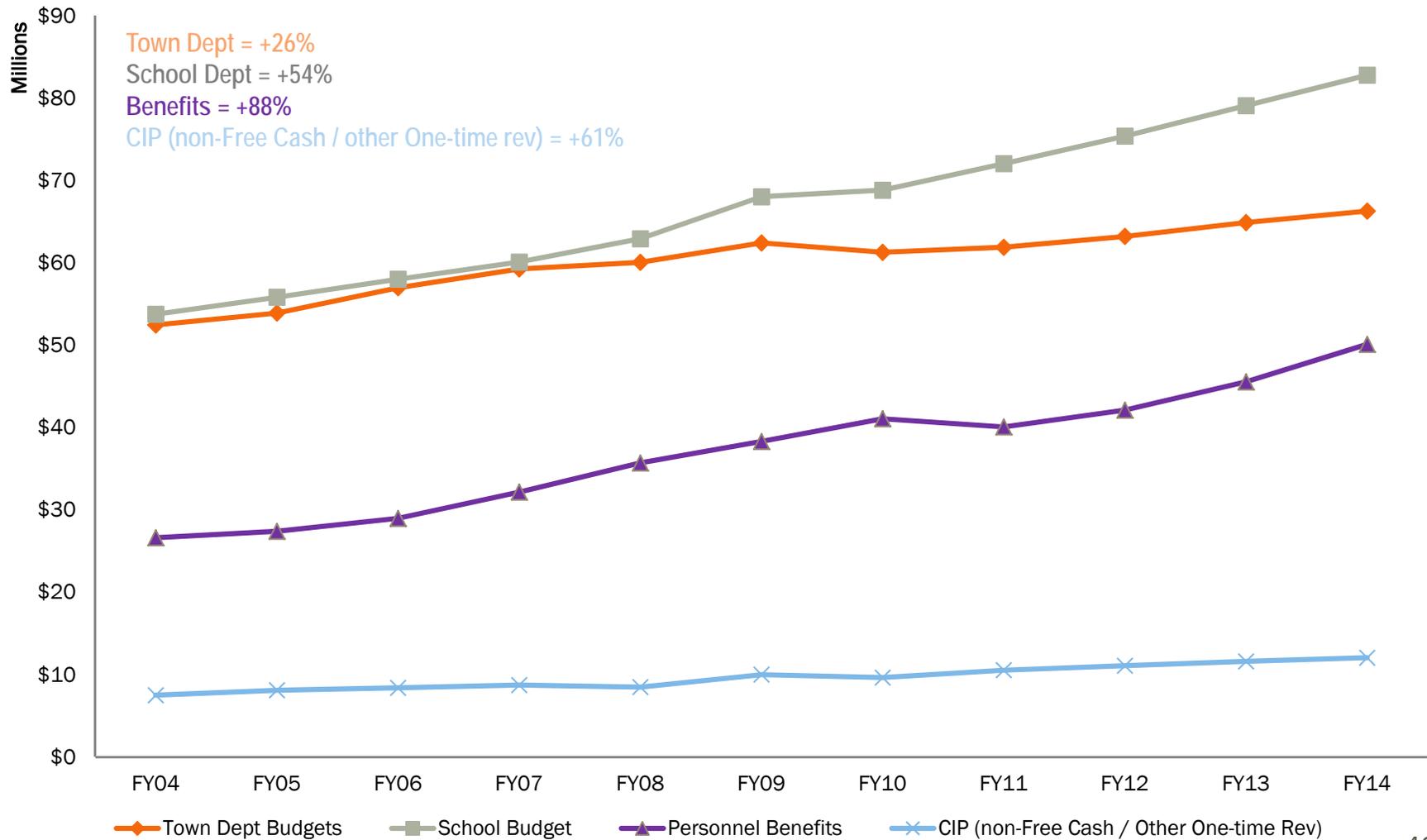


# TOWN/SCHOOL PARTNERSHIP

- ∞ In May, 1995, the Town Administrator and the Superintendent of Schools signed a Memorandum of Understanding (MOU) that established financial guidelines that are equitable, understandable, and based upon cost allocation
- ∞ In addition to the Town Administrator and the School Superintendent, the Committee consists of representatives of the following boards/committees:
  - Board of Selectmen (2 members, 1 of whom is the Chair of the Board)
  - School Committee (2 members, 1 of whom is the Chair of that committee)
  - Advisory Committee (2 members, 1 of whom is the Chair of that committee)
- ∞ Sometimes referred to as the “50% / 50% Split”, the formula does split new revenue 50% / 50%, but from that amount fixed costs are then deducted
- ∞ Formula also includes the Town absorbing 50% of enrollment growth and 36.25% of SPED growth

<b>FY20XX TOWN/SCHOOL ALLOCATIONS - CHANGES</b>					
	<u>TOTAL</u>	<u>TOWN</u>	<u>SCHOOL</u>		
PROPERTY TAXES	\$6,246,687	\$3,123,344	\$3,123,344		
LOCAL RECEIPTS	\$263,311	\$131,656	\$131,656		
STATE AID	\$420,501	\$210,250	\$210,250		
FREE CASH	\$0	\$0	\$0		
OTHER AVAILABLE FUNDS	\$0	\$0	\$0		
<b>TOTAL REVENUE</b>	<b>\$6,930,499</b>	<b>\$3,465,249</b>	<b>\$3,465,249</b>		
<b>FIXED COSTS</b>					
REFUSE	\$25,000	\$12,500	\$12,500		
RESERVE FUND (0.75% of Prior Yr Net Rev)	\$55,889	\$27,944	\$27,944		
DEBT (non Enterprise Fund)	\$1,085,672	\$542,836	\$542,836		
CIP / SPECIAL APPROPRIATIONS / FREE CASH-SUPPORTED	(\$656,961)	(\$328,481)	(\$328,481)		
SPEC ED TUITION	\$337,500	\$168,750	\$168,750		
OTHER SPEC ED	\$412,500	\$103,125	\$309,375		
ENROLLMENT GROWTH	\$750,000	\$375,000	\$375,000		
NON-APPROP	\$193,594	\$96,797	\$96,797		
<b>TOTAL FIXED COSTS</b>	<b>\$2,203,193</b>	<b>\$998,472</b>	<b>\$1,204,722</b>		
<b>ALLOCATED FIXED COSTS</b>					
PERSONNEL BENEFITS	\$2,973,370	\$1,629,554	\$1,343,816		
UTILITIES & MISC BLDG EXP's	\$200,000	\$80,000	\$120,000		
INFO TECHNOLOGY / FINANCE APPLICATIONS	\$18,488	\$9,244	\$9,244		
PAYROLL DIVISION	\$6,000	\$3,000	\$3,000		
UNCLASSIFIED (AUDIT & GENERAL INSURANCE)	\$17,588	\$8,794	\$8,794		
GENERAL SERVICES (POSTAGE, PRINTING, & TELEPHONES)	\$25,000	\$13,750	\$11,250		
<b>TOTAL ALLOCATED FIXED COSTS</b>	<b>\$3,240,446</b>	<b>\$1,744,342</b>	<b>\$1,496,104</b>		
<b>TOTAL COST INCREASE</b>	<b>\$5,443,639</b>	<b>\$2,742,814</b>	<b>\$2,700,826</b>		
<b>NET SURPLUS BEFORE COLL BARG &amp; STEPS</b>	<b>\$1,486,859</b>	<b>\$722,436</b>	<b>\$764,424</b>		
<b>SCHOOL ALLOCATION</b>					
School's Share of Net Surplus			\$764,424		
SPED Costs			\$750,000		
Enrollment Growth			\$750,000		
<b>TOTAL SCHOOL INCREASE</b>			<b>\$2,264,424</b>		
<b>PERSONNEL BENEFITS</b>					
	<u>TOWN %</u>	<u>SCHOOL %</u>	<u>TOTAL INC</u>	<u>TOWN</u>	<u>SCHOOL</u>
PENSIONS	78.27%	21.73%	\$822,187	\$625,687	\$196,500
GROUP HEALTH	45.63%	54.37%	\$1,727,456	\$795,154	\$932,303
HEALTH REIMBURSEMENT ACCOUNT (HRA)	45.63%	54.37%	\$0	\$18	(\$18)
OPEB's (RETIREE HEA INS)	45.63%	54.37%	\$285,000	\$130,920	\$154,080
EMPLOYEE ASSISTANCE	40.00%	60.00%	\$0	\$0	\$0
GROUP LIFE	47.64%	52.36%	\$3,500	\$1,668	\$1,832
DISABILITY INSURANCE	100.00%	0.00%	\$0	\$0	\$0
WORKERS COMP	86.91%	13.09%	\$50,000	\$43,455	\$6,545
PUBLIC SAFETY IOD MEDICAL EXPENSES	100.00%	0.00%	\$0	\$0	\$0
UNEMPLOYMENT	26.09%	73.91%	(\$25,000)	(\$6,523)	(\$18,478)
MEDICAL DISAB.	100.00%	0.00%	\$0	\$0	\$0
MEDICARE PAYROLL TAX	37.21%	62.79%	\$110,228	\$39,175	\$71,052
<b>TOTAL INCREASE</b>			<b>\$2,973,370</b>	<b>\$1,629,554</b>	<b>\$1,343,816</b>

# BUDGET GROWTH



# LONG RANGE FINANCIAL PLAN

- ∞ “The Forecast” is a critical component of the Town’s overall financial management practices
- ∞ Prepared annually by the Deputy TA and Finance Director
- ∞ Presented to the Board of Selectmen in early-December
- ∞ Begins the budget process for the ensuing fiscal year
- ∞ Enables all interested parties to see the multi-year ramifications of any proposed actions (e.g., Coll Barg, change in fiscal policies) and to see long-term challenges

# EXAMPLE LRFP - REVENUE

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>REVENUE</b>						
<b>Property Taxes</b>	<b>175,604,001</b>	<b>181,697,881</b>	<b>187,944,568</b>	<b>194,988,682</b>	<b>202,159,589</b>	<b>209,955,459</b>
<b>Local Receipts</b>	<b>22,047,366</b>	<b>22,669,670</b>	<b>22,932,981</b>	<b>22,661,932</b>	<b>23,312,338</b>	<b>23,588,524</b>
Motor Vehicle Excise (MVE)	4,950,000	5,150,000	5,253,000	5,358,060	5,465,221	5,574,526
Local Option Taxes	2,150,000	2,275,000	2,320,500	2,366,910	2,781,157	2,836,781
Licenses & Permits	1,180,975	1,165,975	1,165,975	1,165,975	1,165,975	1,165,975
Parking / Court Fines	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
General Government	3,287,391	3,480,195	3,526,231	3,573,689	3,641,388	3,695,041
Interest Income	700,000	740,000	758,500	777,463	796,899	816,822
PILOT's / 121A's	1,125,000	1,140,000	1,167,600	655,452	668,561	681,932
Refuse Fee	2,600,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Departmental & Other	1,854,000	1,868,500	1,891,175	1,914,383	1,943,136	1,967,448
<b>State Aid</b>	<b>16,875,381</b>	<b>17,625,381</b>	<b>18,045,882</b>	<b>18,476,895</b>	<b>18,918,684</b>	<b>19,371,517</b>
General Government Aid	5,454,692	5,454,692	5,588,943	5,726,550	5,867,597	6,012,170
School Aid	11,270,933	12,020,933	12,307,183	12,600,589	12,901,331	13,209,591
Tax Abatement Aid	38,730	38,730	38,730	38,730	38,730	38,730
Offset Aid	111,026	111,026	111,026	111,026	111,026	111,026
<b>Other Available Funds</b>	<b>6,846,435</b>	<b>6,961,108</b>	<b>7,100,238</b>	<b>7,249,573</b>	<b>7,409,924</b>	<b>7,582,173</b>
Parking Meter Receipts	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Walnut Hill Cemetery Fund	75,000	75,000	75,000	75,000	75,000	75,000
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	41,555
Reimb./Pymts from Enterprise Funds	2,276,163	2,389,126	2,510,476	2,640,888	2,781,100	2,931,913
Reimb. from Rec Revolving Fund	353,717	355,427	373,207	392,130	412,269	433,704
<b>Free Cash (for Appropriation)</b>	<b>7,655,155</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,100,000</b>	<b>4,150,000</b>	<b>4,275,000</b>
Capital Improvements/Other Spec Approp.	4,818,745	3,183,024	3,294,802	3,398,219	3,505,957	3,629,672
Operating Budget Reserve	507,190	530,504	549,134	566,370	584,326	604,945
Strategic Reserves/Trust Funds	<u>2,329,220</u>	<u>286,472</u>	<u>156,064</u>	<u>135,412</u>	<u>59,716</u>	<u>40,382</u>
<b>TOTAL REVENUE</b>	<b>229,028,337</b>	<b>232,954,039</b>	<b>240,023,668</b>	<b>247,477,081</b>	<b>255,950,535</b>	<b>264,772,672</b>
\$\$ Increase	5,444,256	3,925,702	7,069,629	7,453,413	8,473,454	8,822,137
% Increase	2.4%	1.7%	3.0%	3.1%	3.4%	3.4%

# EXAMPLE LRFP - EXPENDITURES

	2014	2015	2016	2017	2018	2019	2020
<b>EXPENDITURES</b>							
<b>Departmental</b>	<b>65,333,740</b>	<b>67,075,678</b>	<b>68,683,664</b>	<b>70,407,851</b>	<b>72,128,391</b>	<b>74,075,446</b>	<b>75,949,176</b>
Personnel	47,290,353	48,590,353	49,750,353	51,020,353	52,280,353	53,760,353	55,160,353
Services	8,443,025	8,598,758	8,758,385	8,922,003	9,089,711	9,261,612	9,437,810
Supplies	2,082,804	2,134,875	2,188,246	2,242,953	2,299,026	2,356,502	2,415,415
Other	496,590	509,005	521,730	534,773	548,142	561,846	575,892
Utilities	5,432,006	5,632,006	5,832,006	6,032,006	6,232,006	6,432,006	6,632,006
Capital	1,568,962	1,590,682	1,612,944	1,635,763	1,659,153	1,683,127	1,707,701
Intergovernmental	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Collective Bargaining - Town</b>	<b>950,000</b>	<b>960,000</b>	<b>970,000</b>	<b>1,110,000</b>	<b>1,130,000</b>	<b>1,150,000</b>	<b>1,180,000</b>
<b>Schools</b>	<b>80,480,771</b>	<b>85,255,771</b>	<b>89,611,971</b>	<b>93,436,971</b>	<b>97,361,971</b>	<b>100,566,971</b>	<b>103,801,971</b>
<b>Collective Bargaining - School</b>	<b>2,300,000</b>	<b>1,881,200</b>	<b>1,350,000</b>	<b>1,400,000</b>	<b>1,430,000</b>	<b>1,460,000</b>	<b>1,490,000</b>
<b>Non-Departmental - Benefits</b>	<b>50,100,252</b>	<b>51,776,450</b>	<b>54,749,820</b>	<b>58,016,378</b>	<b>61,277,651</b>	<b>65,290,688</b>	<b>69,560,187</b>
Pensions	17,385,688	17,843,152	18,665,339	19,731,283	20,861,888	22,060,970	23,362,567
Group Health	24,618,704	26,240,314	27,967,770	29,807,972	31,471,773	33,832,156	36,369,568
Health Reimbursement Account (HRA)	70,000	70,000	70,000	0	0	0	0
Retiree Group Health Trust Fund (OPEB's)	3,514,360	3,311,860	3,596,860	3,892,829	4,208,577	4,509,809	4,781,455
EAP	28,000	28,000	28,000	33,000	33,000	33,000	33,000
Group Life	132,500	140,000	143,499	147,087	150,764	154,533	158,397
Disability Insurance	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,720,000	1,500,000	1,550,000	1,588,750	1,628,469	1,669,180	1,710,910
Public Safety IOD Medical Expenses	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Unemployment Compensation	450,000	350,000	325,000	300,000	305,000	305,000	305,000
Medical Disabilities	40,000	40,000	40,000	45,000	45,000	45,000	45,000
Medicare Coverage	1,725,000	1,837,125	1,947,353	2,054,457	2,157,180	2,265,039	2,378,291
<b>Non-Departmental - General</b>	<b>1,478,907</b>	<b>641,722</b>	<b>607,914</b>	<b>625,368</b>	<b>647,265</b>	<b>677,880</b>	<b>701,499</b>
Liability/Catastrophe Fund	154,115	72,968	53,298	46,979	49,171	59,104	61,015
Stabilization Fund	250,000	0	0	0	0	0	0
Affordable Housing	555,106	32,026	0	0	0	0	0
General Insurance	335,000	351,750	369,338	387,804	407,195	427,554	448,932
Audit/Management Services	130,000	130,000	130,000	135,000	135,000	135,000	135,000
Misc.	54,686	54,979	55,278	55,585	55,900	56,222	56,553
<b>Non-Departmental - Debt Service</b>	<b>9,583,111</b>	<b>9,721,757</b>	<b>10,807,429</b>	<b>10,706,099</b>	<b>14,248,125</b>	<b>13,844,429</b>	<b>13,895,347</b>
General Fund	9,583,111	9,721,757	10,807,429	10,706,099	14,248,125	13,844,429	13,895,347
Enterprise Funds							
<b>Non-Departmental - Reserve Fund</b>	<b>2,161,799</b>	<b>2,122,016</b>	<b>2,196,535</b>	<b>2,265,479</b>	<b>2,337,305</b>	<b>2,419,781</b>	<b>2,504,994</b>
Tax Supported	1,654,609	1,591,512	1,647,401	1,699,109	1,752,979	1,814,836	1,878,746
Free Cash Supported	507,190	530,504	549,134	566,370	584,326	604,945	626,249
<b>Special Appropriations from:</b>	<b>8,580,999</b>	<b>7,529,243</b>	<b>6,905,348</b>	<b>7,481,827</b>	<b>4,373,007</b>	<b>5,333,411</b>	<b>5,908,954</b>
Tax Supported (Part of 6% Policy)	3,762,255	4,164,741	3,507,780	3,995,175	856,504	1,722,460	2,146,217
Free Cash Supported	4,818,745	3,183,024	3,294,802	3,398,219	3,505,957	3,629,672	3,757,491
Misc. (from "Special Use" category of Free Cash)	0	181,478	102,766	88,433	10,545	(18,721)	5,246
<b>Non-Appropriated</b>	<b>8,058,759</b>	<b>8,206,167</b>	<b>8,399,761</b>	<b>8,598,194</b>	<b>8,801,589</b>	<b>9,010,068</b>	<b>9,223,759</b>
State Assessments	6,222,733	6,370,141	6,521,235	6,676,106	6,834,848	6,997,560	7,164,339
Cherry Sheet Offsets	111,026	111,026	111,026	111,026	111,026	111,026	111,026
Overlay	1,700,000	1,700,000	1,742,500	1,786,063	1,830,714	1,876,482	1,923,394
Tax Titles - Deficits/Judgements	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>TOTAL EXPENDITURES</b>	<b>229,028,338</b>	<b>235,170,004</b>	<b>244,282,442</b>	<b>254,048,167</b>	<b>263,735,304</b>	<b>273,828,673</b>	<b>284,215,888</b>
\$\$ Increase	5,444,256	6,141,666	9,112,437	9,765,725	9,687,137	10,093,369	10,387,214
% Increase	2.4%	2.7%	3.9%	4.0%	3.8%	3.8%	3.8%

# EXAMPLE LRFP - CONCLUSION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>CUMULATIVE SURPLUS/(DEFICIT)</b>	0	(2,215,965)	(4,258,773)	(6,571,086)	(7,784,769)	(9,056,001)
<b>DEFICIT AS A % OF OP REV</b>	0.0%	-1.0%	-1.8%	-2.7%	-3.1%	-3.5%
Surplus / (Deficit) Prior to Collective Bargaining		625,235	(1,938,773)	(4,061,086)	(5,224,769)	(6,446,001)
Town Share of Surplus / (Deficit)		538,973	(208,259)	(591,681)	(657,658)	(884,956)
Town Collective Bargaining		960,000	970,000	1,110,000	1,130,000	1,150,000
<b>Total Town Surplus / (Deficit)</b>		(421,027)	(1,178,259)	(1,701,681)	(1,787,658)	(2,034,956)
School Share of Surplus / (Deficit)		86,262	(1,730,515)	(3,469,405)	(4,567,111)	(5,561,045)
School Collective Bargaining		1,881,200	1,350,000	1,400,000	1,430,000	1,460,000
<b>Total School Surplus / (Deficit)</b>		(1,794,938)	(3,080,515)	(4,869,405)	(5,997,111)	(7,021,045)

# STRUCTURAL DEFICIT

- As discussed this past budget cycle, the School budget is faced with a structural deficit – even without the pressures caused by enrollment growth:

SCHOOL BUDGET GROWTH					
	FY15	FY16	FY17	FY18	FY19
<u>Expenditures</u>					
Collective Bargaining	\$1.9	\$1.4	\$1.4	\$1.4	\$1.5
Steps	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
Benefits	\$1.2	\$1.4	\$1.4	\$1.8	\$1.9
SPED (School share)	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
CIP	\$0.3	\$0.2	\$0.2	\$0.2	\$0.2
Inflation	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Misc	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
<b>TOTAL</b>	<b>\$5.0</b>	<b>\$4.6</b>	<b>\$4.6</b>	<b>\$5.0</b>	<b>\$5.2</b>
<u>Revenue</u>	\$3.8	\$3.4	\$3.6	\$4.1	\$4.0
<b>Surplus/Deficit</b>	<b>(\$1.2)</b>	<b>(\$1.2)</b>	<b>(\$1.0)</b>	<b>(\$0.9)</b>	<b>(\$1.2)</b>