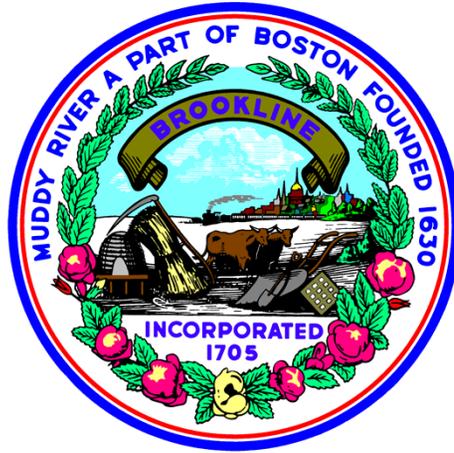


TOWN OF BROOKLINE



FY2015 – FY2017 STRUCTURAL DEFICIT
Override Study Committee Presentation

November 13, 2013

PRIMARY ASSUMPTIONS

- ▶ Raise Property Taxes to the maximum allowable under Prop 2 ½
- ▶ Within the Property Tax projections, additional “New Growth” in FY16 + FY17 from the Red Cab site and 2 Brookline PI
 - ▶ Red Cab = \$325K in both FY16 + FY17 (\$650K total increase in base)
 - ▶ 2 Brookline PI = \$460K in FY17
- ▶ An additional \$200K by FY17 for Lodging Taxes from the Red Cab site
- ▶ \$1 million increase in Ch. 70 Aid in FY15

- ▶ Health Insurance rate increases of 5% in FY15 and 6% in FY’s 16+17
- ▶ Continued growth in health insurance enrollment
- ▶ Annual increase in SPED budget of \$750K, split according to the Town/School Partnership
- ▶ 2% Collective Bargaining increases in each FY (Schools’ FY15 Coll Barg figure includes \$550K for the “tail” in the FY14 contract)
- ▶ Continued funding of OPEB’s per the Town’s funding schedule
- ▶ No changes to the current Pension funding schedule (could change after the actuary report as of 1/1/14 is finalized)
- ▶ The 6% CIP Funding policy is continued

REVENUE CHANGES – FY15-FY17

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUE						
Property Taxes	6,043,880	6,520,437	7,534,708	3.4%	3.6%	4.0%
Local Receipts	650,859	346,450	(153,647)	2.9%	1.5%	-0.7%
Motor Vehicle Excise (MVE)	200,000	103,000	105,060	4.0%	2.0%	2.0%
Local Option Taxes	125,000	88,500	148,870	5.8%	3.9%	6.3%
Licenses & Permits	9,000	0	0	0.8%	0.0%	0.0%
Parking / Court Fines	0	0	0	0.0%	0.0%	0.0%
General Government	172,359	45,735	47,152	5.2%	1.3%	1.3%
Interest Income	40,000	18,500	18,962	5.7%	2.5%	2.5%
PILOT's / 121A's	40,000	66,600	(498,368)	3.6%	5.7%	-40.5%
Refuse Fee	50,000	0	0	1.9%	0.0%	0.0%
Departmental & Other	14,500	24,115	24,677	0.8%	1.2%	1.3%
State Aid	1,000,000	421,661	432,202	6.0%	2.4%	2.4%
General Government Aid	0	137,424	140,860	0.0%	2.5%	2.5%
School Aid	1,000,000	284,237	291,343	9.1%	2.4%	2.4%
Other Available Funds	129,296	136,019	145,767	1.9%	1.9%	2.0%
Parking Meter Receipts	0	0	0	0.0%	0.0%	0.0%
Walnut Hill Cemetery Fund	0	0	0	0.0%	0.0%	0.0%
State Aid for Libraries	0	0	0	0.0%	0.0%	0.0%
Reimb./Pymts from Enterprise Funds	121,344	120,669	129,597	5.3%	5.0%	5.1%
Reimb. from Rec Revolving Fund	7,952	15,349	16,170	2.2%	4.2%	4.3%
Free Cash (for Appropriation)	0	0	0	0.0%	0.0%	0.0%
TOTAL REVENUE GROWTH	7,824,035	7,424,567	7,959,030	3.5%	3.2%	3.4%

NOTE: Free Cash is not include in the projections since it funds one-time items.

EXPENDITURE CHANGES – FY15-FY17

	2015	2016	2017	2015	2016	2017
EXPENDITURES						
Town Departments	443,738	599,832	706,077	0.7%	0.9%	1.0%
Personnel	350,000	200,000	300,000	0.7%	0.4%	0.6%
Services	157,534	161,472	165,509	1.9%	1.9%	1.9%
Supplies	52,070	53,372	54,706	2.5%	2.5%	2.5%
Other	12,415	12,725	13,043	2.5%	2.5%	2.5%
Utilities	(150,000)	150,000	150,000	-2.8%	2.9%	2.8%
Capital	21,720	22,263	22,819	1.4%	1.4%	1.4%
Collective Bargaining - Town	950,000	960,000	1,110,000	2.7%	2.0%	2.0%
Schools (exclusive of Enrollment Growth)	1,725,000	1,725,000	1,725,000	2.1%	2.0%	2.0%
Collective Bargaining - School	1,881,200	1,350,000	1,400,000	2.0%	2.0%	2.0%
Non-Departmental - Benefits	2,670,524	2,973,221	3,270,539	5.5%	5.8%	6.0%
Pensions	996,885	817,468	1,067,992	5.9%	4.6%	5.7%
Group Health	1,293,640	1,706,253	1,817,635	5.3%	6.6%	6.6%
Health Reimbursement Account (HRA)	0	0	(70,000)	0.0%	0.0%	-100.0%
Retiree Group Health Trust Fund (OPEB's)	297,500	285,000	295,969	9.9%	8.6%	8.2%
EAP	0	0	5,000	0.0%	0.0%	17.9%
Group Life	7,499	3,500	3,587	5.7%	2.5%	2.5%
Disability Insurance	0	0	0	0.0%	0.0%	0.0%
Workers' Compensation	0	50,000	37,500	0.0%	3.4%	2.5%
Public Safety IOD Medical Expenses	(50,000)	0	0	-12.5%	0.0%	0.0%
Unemployment Compensation	0	0	0	0.0%	0.0%	0.0%
Medical Disabilities	0	0	5,000	0.0%	0.0%	12.5%
Medicare Coverage	125,000	111,000	107,855	7.2%	6.0%	5.5%
Non-Departmental - General	17,042	17,887	23,774	3.3%	3.3%	4.3%
Non-Departmental - Debt Service	38,646	352,797	3,503	0.4%	3.7%	0.0%
Non-Departmental - Reserve Fund	(62,857)	56,562	54,370	-3.8%	3.6%	3.3%
Special Appropriations (Rev-Financed CIP)	504,405	81,300	403,859	13.4%	1.9%	9.3%
Non-Appropriated	300,813	193,601	198,441	3.8%	2.4%	2.4%
TOTAL EXPENDITURE GROWTH	8,468,513	8,310,200	8,895,563	3.8%	3.6%	3.7%

** EXCLUSIVE OF THE ANNUAL COST ASSOCIATED WITH ENROLLMENT GROWTH **

SURPLUS / DEFICIT PROJECTIONS – FY15-FY17

	<u>2015</u>	<u>2016</u>	<u>2017</u>
TOTAL REVENUE GROWTH	7,824,035	7,424,567	7,959,030
TOTAL EXPENDITURE GROWTH	8,468,513	8,310,200	8,895,563
CUMULATIVE SURPLUS/(DEFICIT)	(644,478)	(1,530,111)	(2,466,643)
<hr/>			
Surplus / (Deficit) Prior to Collective Bargaining	2,186,722	779,889	43,357
Town Share of Surplus / (Deficit)	1,289,834	1,032,144	1,344,088
Town Collective Bargaining	950,000	960,000	1,110,000
Total Town Surplus / (Deficit)	339,834	72,144	234,088
<hr/>			
School Share of Surplus / (Deficit)	896,888	(252,255)	(1,300,731)
School Collective Bargaining	1,881,200	1,350,000	1,400,000
Total School Surplus / (Deficit)	(984,312)	(1,602,255)	(2,700,731)

▶ ** EXCLUSIVE OF THE ANNUAL COST ASSOCIATED WITH ENROLLMENT GROWTH **

HOW TO CALCULATE SCHOOL'S SHARE OF SURPLUS / (DEFICIT)

- ▶ Question: The “Surplus / (Deficit) Prior to Coll Barg” figure on the previous slide shows \$2,186,722. How then do you get the School's share?
- ▶ Answer: Take the additional net revenue the Schools get through the Town/School Partnership and subtract from it the School's growth need (again, exclusive of enrollment).
- ▶ $\$2,621,888$ (see next slide) – $\$1,725,000 = \$896,888$
 - ▶ The $\$1,725,000$ is the sum of Steps/Lanes (\$750K), SPED (\$750K) and for Inflation (\$225K)

FY2015 TOWN/SCHOOL ALLOCATIONS - CHANGES			
	TOTAL	TOWN	SCHOOL
PROPERTY TAXES	\$6,043,880	\$3,021,940	\$3,021,940
LOCAL RECEIPTS	\$650,859	\$325,430	\$325,430
STATE AID	\$1,000,000	\$500,000	\$500,000
FREE CASH	\$0	\$0	\$0
OTHER AVAILABLE FUNDS	\$129,296	\$129,296	\$0
Golf Enterprise Fund Overhead Reimbursement	\$12,633	\$12,633	\$0
Recreation Revolving Fund Overhead Reimbursement	\$7,952	\$7,952	\$0
Water and Sewer Enterprise Fund Overhead Reimbursement	\$108,711	\$108,711	\$0
TOTAL REVENUE	\$7,824,035	\$3,976,666	\$3,847,370
FIXED COSTS			
GOLF ENTERPRISE FUND OVERHEAD	\$12,633	\$12,633	\$0
REC REVOLVING FUND OVERHEAD	\$7,952	\$7,952	\$0
WATER & SEWER OVERHEAD	\$108,711	\$108,711	\$0
REFUSE	\$40,000	\$20,000	\$20,000
RESERVE FUND (0.75% of Prior Yr Net Rev)	(\$62,857)	(\$31,428)	(\$31,428)
DEBT (non Enterprise Fund)	\$168,511	\$84,255	\$84,255
CIP / SPECIAL APPROPRIATIONS / FREE CASH-SUPPORTED	\$504,405	\$252,203	\$252,203
Tax-Financed CIP	\$504,405	\$252,203	\$252,203
SPEC ED TUITION	\$337,500	\$168,750	\$168,750
OTHER SPEC ED	\$412,500	\$103,125	\$309,375
ENROLLMENT GROWTH	\$0	\$0	\$0
NON-APPROP	\$300,813	\$150,407	\$150,407
TOTAL FIXED COSTS	\$1,830,169	\$876,608	\$953,562
ALLOCATED FIXED COSTS			
PERSONNEL BENEFITS	\$2,670,524	\$1,595,998	\$1,074,526
UTILITIES & MISC BLDG EXP's	(\$150,000)	(\$75,000)	(\$75,000)
INFO TECHNOLOGY / FINANCE APPLICATIONS	\$18,037	\$9,019	\$9,019
PAYROLL DIVISION	\$0	\$0	\$0
UNCLASSIFIED (AUDIT & GENERAL INSURANCE)	\$16,750	\$8,375	\$8,375
GENERAL SERVICES (POSTAGE, PRINTING, & TELEPHONES)	\$10,000	\$5,000	\$5,000
TOTAL ALLOCATED FIXED COSTS	\$2,565,312	\$1,543,392	\$1,021,920
TOTAL COST INCREASE	\$4,395,481	\$2,419,999	\$1,975,481
NET SURPLUS BEFORE COLL BARG & STEPS	\$3,428,554	\$1,556,666	\$1,871,888
SCHOOL ALLOCATION			
School's Share of Net Surplus			\$1,871,888
SPED Costs			\$750,000
Enrollment Growth			\$0
TOTAL SCHOOL INCREASE			\$2,621,888

SIMPLIFIED FY15 STRUCTURAL DEFICIT

<u>SCHOOL EXPENDITURE GROWTH</u>	
<u>DIRECT</u>	<u>3,334,325</u>
Steps	750,000
Inflation	225,000
Collective Bargaining	1,881,200
SPED (Net of Town's Share)	478,125
<u>INDIRECT</u>	<u>1,497,356</u>
Benefits	1,074,526
CIP/Debt Svc	336,458
Non-Approp.	150,407
Misc	(64,035)
Total Exp Growth	4,831,681
<u>SCHOOL REVENUE GROWTH</u>	
Revenue	3,847,370
SCHOOL SURPLUS/(DEFICIT)	(984,312)

<u>TOWN EXPENDITURE GROWTH</u>	
<u>DIRECT</u>	<u>1,393,738</u>
Steps	250,000
Inflation	193,738
Collective Bargaining	950,000
<u>INDIRECT</u>	<u>2,107,156</u>
SPED (Town's Share)	271,875
Benefits	1,595,998
CIP/Debt Svc	336,458
Non-Approp.	150,407
Misc	24,293
Total Exp Growth	3,636,831
<u>SCHOOL REVENUE GROWTH</u>	
Revenue	3,976,666
TOWN SURPLUS/(DEFICIT)	339,834

** EXCLUSIVE OF THE ANNUAL COST ASSOCIATED WITH ENROLLMENT GROWTH **