

Override Study Committee Brookline's Budget Overview

BOARD OF SELECTMEN

NEIL WISHINSKY, Chairman
BENJAMIN J. FRANCO
NANCY HELLER
BERNARD GREENE
HEATHER HAMILTON



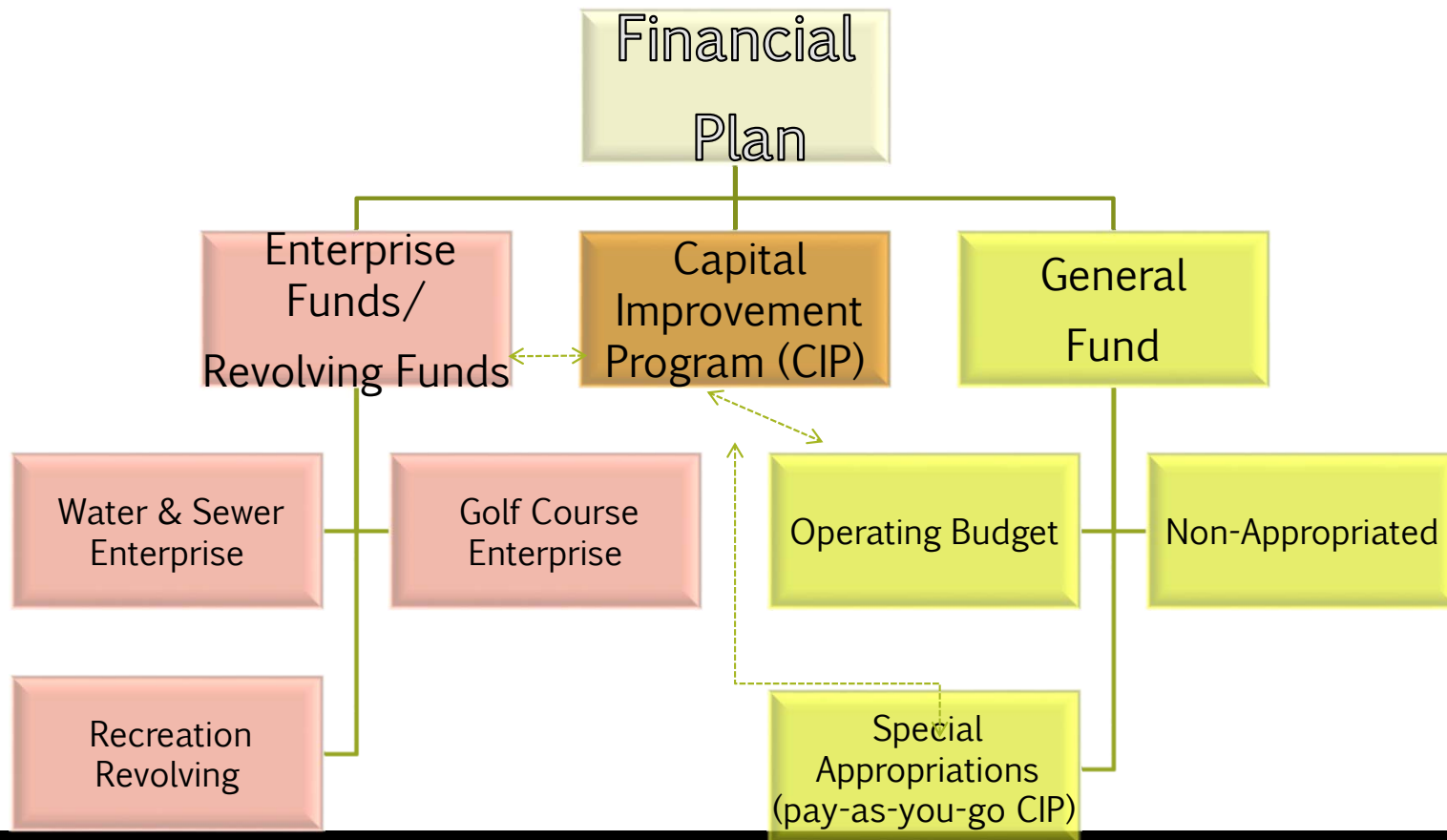
Budget Overview

- \$303M total Financial Plan
 - \$272M General Fund
 - \$254M Operating Budget
 - \$9.7M Revenue Financed CIP
 - \$8.4M Non-Appropriated
 - \$31M Enterprise/Revolving Funds (net)

Budget Overview Cont.

- “Policy Budgeting” serves as a starting point to Financial Plan development with three core components
 - Capital Improvement Policies (CIP)
 - Reserves Policy
 - Free Cash Policy
- Town/School Partnership
 - splits increases (or decreases) in projected revenue and then makes several adjustments to account for unique or extraordinary expenses

Budget Overview con't.

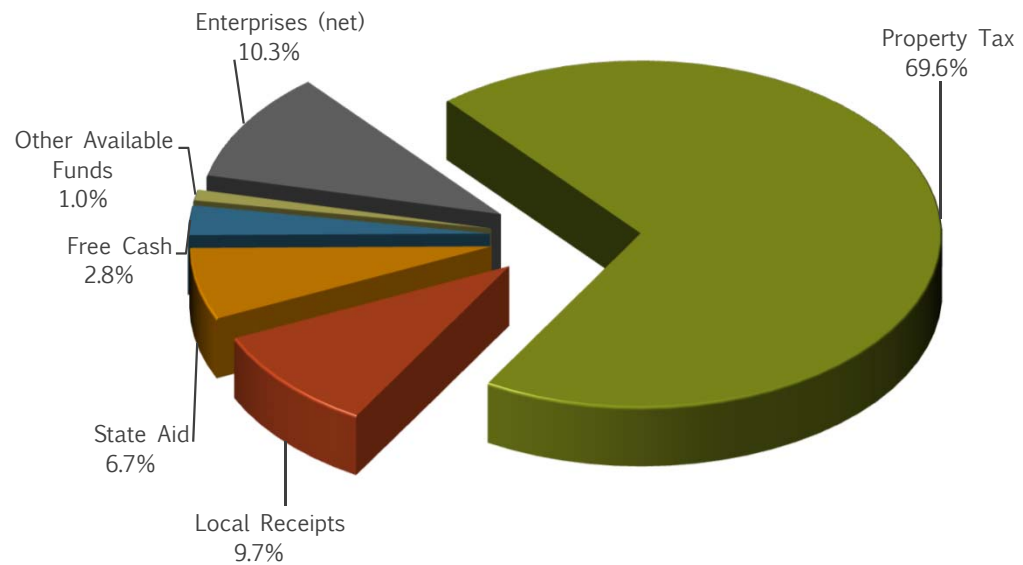


Budget Overview con't.

	<u>FY 2017</u>	<u>FY 2018</u>	<u>\$\$\$ CHANGE</u>	<u>% CHANGE</u>
REVENUES				
Property Tax	204,064,199	211,298,230	7,234,031	3.5%
Local Receipts	23,836,698	29,556,650	5,719,952	24.0%
State Aid	19,657,251	20,273,713	616,462	3.1%
Free Cash	5,311,538	8,354,017	3,042,479	57.3%
Other Available Funds	7,840,067	3,045,386	(4,794,681)	-61.2%
Enterprises (net)	30,877,664	31,229,446	351,782	1.1%
TOTAL REVENUES	291,587,417	303,757,442	12,170,025	4.2%
EXPENDITURES				
Municipal Departments	71,523,394	72,720,981	1,197,587	1.7%
School Department	101,118,783	104,500,312	3,381,529	3.3%
Non-Departmental	70,839,465	77,211,691	6,372,226	9.0%
Special Appropriations	8,879,375	9,724,903	845,528	9.5%
Enterprises (net)	30,877,664	31,229,446	351,782	1.1%
Non-Appropriated	8,348,739	8,370,109	21,370	0.3%
TOTAL EXPENDITURES	291,587,417	303,757,442	12,170,025	4.2%

REVENUES

FY18 REVENUES



REVENUES (Property Taxes)

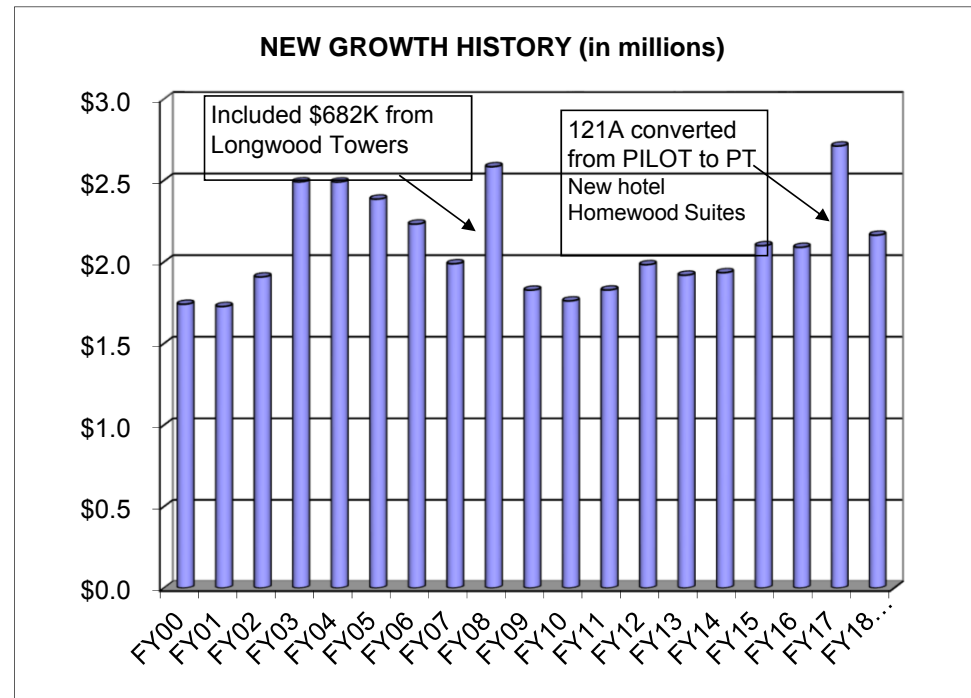
- ❖ Property Taxes: At \$211 million, represents over two-thirds of the Town's overall revenue
- ❖ Increase over FY 2017 is \$7.23 million (+3.5%)

<u>PROPERTY TAXES</u>	
Prior Year Levy Limit	203,036,517
2 1/2 % Increase	5,075,913
New Growth	2,165,000
Debt Exclusion (Debt Service Costs)	1,020,800
Annual Levy FY 2018	211,298,230

“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	\$4.21	\$1.94	46%
FY15	\$4.37	\$2.10	48%
FY16	\$4.53	\$2.09	46%
FY17	\$4.89	\$2.71	55%
FY18 (est.)	\$5.08	\$2.17	43%
TOTAL	\$66.24	\$39.88	60%



REVENUES (State Aid)

	FY2018
General Government Aid	\$ 6,437,816
School Aid	\$ 13,709,194
Tax Abatement Aid	\$ 39,720
Offset Aid	\$ 86,983
	\$ 20,273,713

STATE AID – RECENT EXPERIENCE

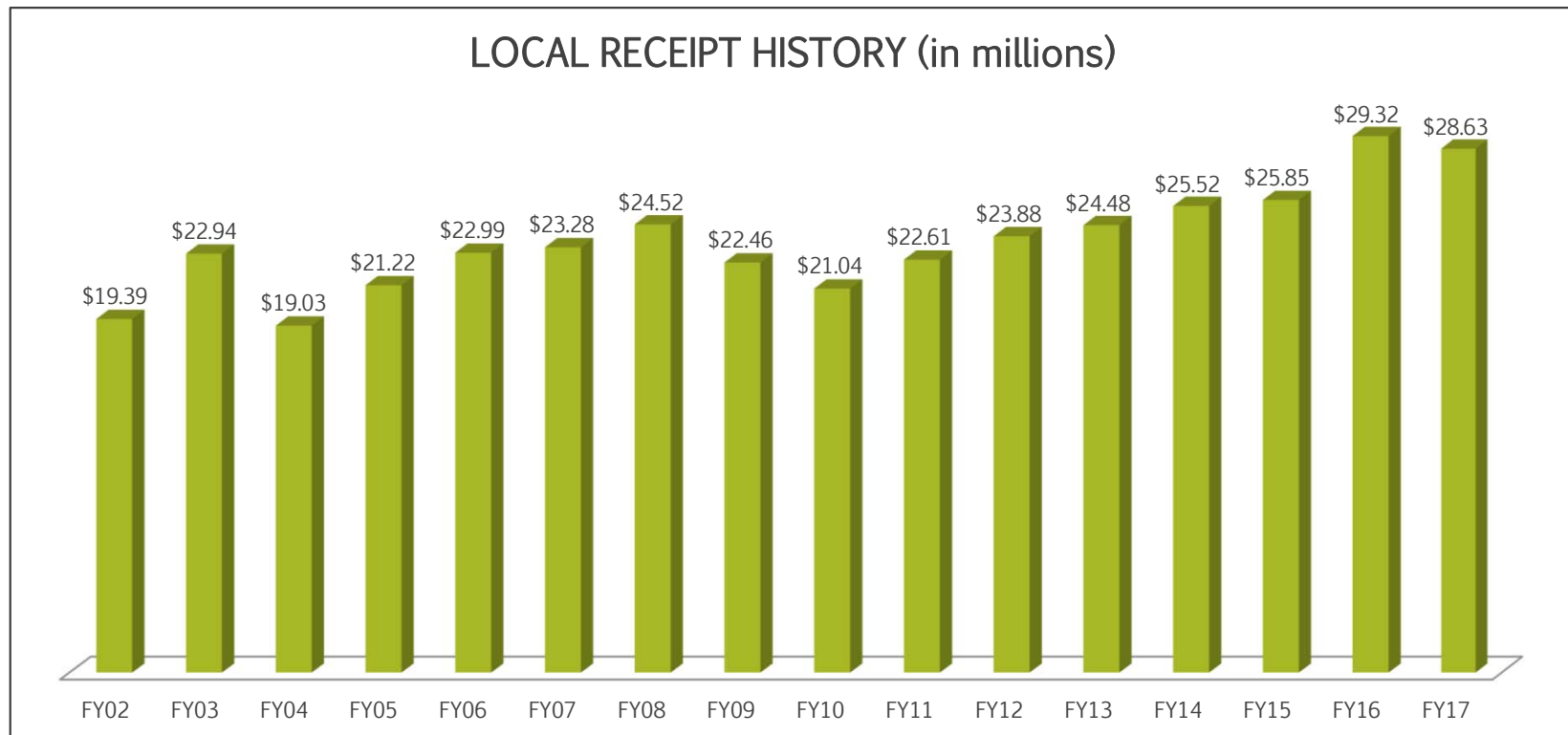
ANNUAL CHANGE IN REVENUE



REVENUES (Local Receipts)

	FY2018
Motor Vehicle Excise (MVE)	\$ 5,610,000
Local Option Taxes	\$ 2,805,910
Licenses & Permits	\$ 1,165,775
Parking / Court Fines	\$ 4,100,000
General Government	\$ 4,001,902
Interest Income	\$ 732,875
PILOT's / 121A's	\$ 916,800
Refuse Fee	\$ 2,800,000
Departmental & Other	\$ 7,423,388
	\$ 29,556,650

REVENUES (Local Receipts cont.)



REVENUES (Free Cash)

- Undesignated fund balance as calculated by the State.
- Generated by revenues exceeding budget and expenses coming in under budget.
- Free Cash is used in accordance with the Town's Free Cash Policies:
 1. Budget Reserve – $\frac{1}{4}$ 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

REVENUES

(Free Cash FY18 allocation)

Certification	\$10,854,017
1. Operating Budget Reserve	\$615,003
2. Unreserved Fund Balance/Stabilization Fund	\$2,500,000
3. Liability Reserve	\$203,644
4. Capital Improvements	\$3,690,016
5. Affordable Housing Trust Fund	\$576,803
Sub-Total	\$7,585,466
Amt available for Special Use (SE)	\$3,268,551
6. Special Use:	
Additional CIP	\$2,368,551
OPES's	\$600,000
Pension Fund	\$300,000
Amount Appropriated	\$8,854,017

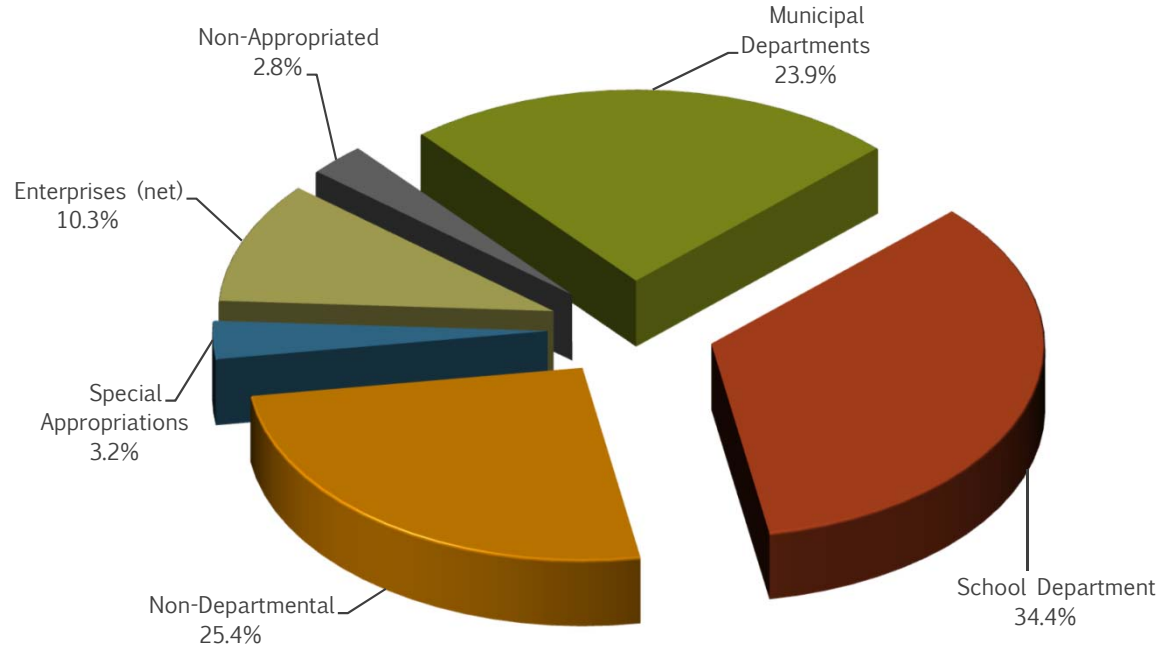
REVENUES

(Other Available Funds)

- ❖ Reimbursements from Enterprises for General Fund related costs
- ❖ Cemetery Trust support
- ❖ One-time Capital Project Surplus

EXPENDITURES

FY18 EXPENDITURES



FY2018 FINANCIAL PLAN BY CATEGORY OF EXPENDITURE *

	General Fund **	Water & Sewer Enterprise Fund	Golf Course Enterprise Fund	Recreation Revolving Fund	Capital Project Surplus	TOTAL	% OF TOTAL
Personnel	144,934,824	2,631,829	622,774	1,957,753		150,147,180	49.4%
Services	18,330,715	353,798	135,271	397,643		19,217,427	6.3%
Supplies	4,725,215	123,020	313,868	198,177		5,360,279	1.8%
Other ***	1,555,064	10,580	75,272	65,009		1,705,925	0.6%
Utilities	4,818,753	93,891	120,348	101,871		5,134,863	1.7%
Capital Outlay	3,140,094	561,800	86,420	7,480		3,795,794	1.2%
Inter-Governmental	20,000	20,962,918				20,982,918	6.9%
Benefits ***	58,310,594	2,233,725	115,020	380,594		61,039,933	20.1%
Reserves	3,477,811	289,815	25,000			3,792,626	1.2%
Debt Service	12,322,428	2,009,931	153,125			14,485,484	4.8%
Rev.-Financed CIP (Special Approp.)	9,577,003				147,900	9,724,903	3.2%
Non-Appropriated	8,370,109					8,370,109	2.8%
TOTAL FINANCIAL PLAN	269,582,611	29,271,307	1,647,098	3,108,527	147,900	303,757,442	

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

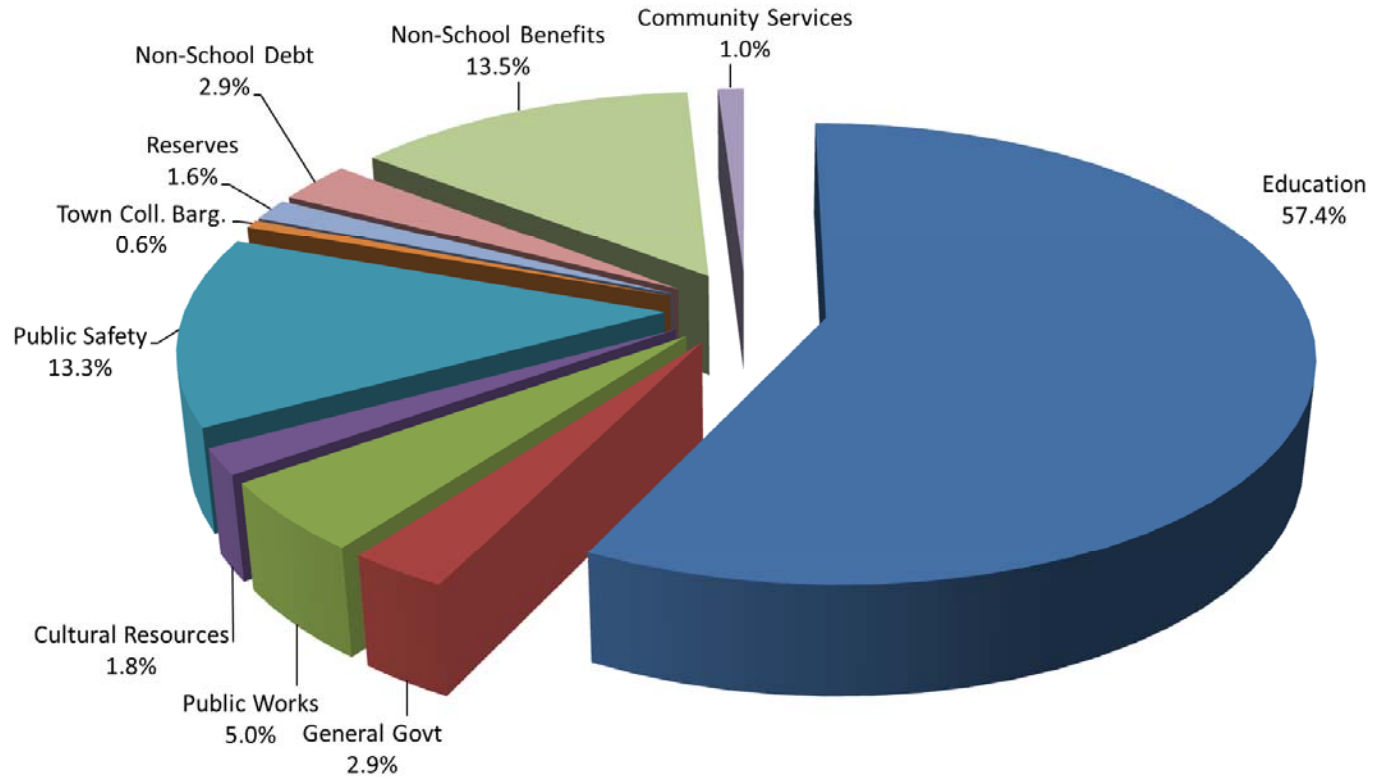
** For purposes of this analysis, the General Fund includes the funds transferred from the Parking Meter Fund and Cemetery Trust.

*** 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.

EXPENDITURES (Schools)

	FY2018
Schools	\$ 104,710,912
Vocational Education Assessments	\$ 92,895
	\$ 104,803,807

FULLY ALLOCATED FY2018 GENERAL FUND OPERATING BUDGET



EXPENDITURES (Municipal Departments)

	FY2018
Administration and Finance	\$ 9,156,237
Public Safety	\$ 39,227,611
Public Works	\$ 14,457,331
Cultural Services	\$ 3,974,583
Human Services	\$ 2,690,013
Leisure Services	\$ 1,000,208
Personnel Reserve	\$ 2,215,000
	\$ 72,720,983

EXPENDITURES (Non-Departmental)

- ❖ Group Health Insurance
 - ❖ Member of the Group Insurance Commission
 - ❖ Currently in negotiations for a successor agreement with our Public Employee Committee
 - ❖ Increased subscribers (primarily schools) is accounted for in Town-School Partnership formula

- ❖ Pension Funding
 - ❖ Unfunded liability as of 1/1/16 - \$216.1M
 - ❖ Rate of Return assumption went from 7.6% to 7.40% (was 8.15% a few years ago).
 - ❖ Full funding in 2030.

- ❖ Contribution to OPEB Liability
 - ❖ Unfunded actuarial accrued liability as of 6/30/16 - \$230M
 - ❖ Increasing funding from operating revenue by \$250K / yr

EXPENDITURES

(Non-Appropriated and Enterprises)

- ❖ Non-Appropriated Expenses: 0.3% increase
 - ❖ MBTA Assessment
 - ❖ Norfolk County Assessment
 - ❖ Overlay

- ❖ Enterprises: 1.1% growth
 - ❖ Increase in the MWRA Assessment (Water/Sewer Enterprise Fund)
 - ❖ Golf Enterprise growth from driving range

Brookline's Override History

- August, 1993 Financial Planning Advisory Committee (FPAC) formed “in response to a continuing fiscal crisis in the Town of Brookline”
 - Result: \$2.96M Override approved by the voters
- April, 2007 the Selectmen established an Override Study Cmte (OSC)
 - Result: \$6.2M Override approved by the voters
- September, 2013 Selectmen established an Override Study Cmte (OSC) in response to school enrollment crisis
 - Result: \$7.665M Override approved by the voters

Brookline's Debt Exclusion History

- Devotion School – Budget of \$120M (\$49M covered by debt exclusion*)
- High School repairs 1997
- Lincoln School 1993

- Upcoming:
 - High School expansion/renovation
 - 9th Elementary School

*pending MSBA final reimbursement

Override Assumptions vs. Actual Experience

- **Revenue Assumptions:**
 - State Aid: \$850K incr. in Ch. 70 Aid in FY16 +\$400K in FY17
Actual- FY16 =1.02M, FY17 =\$546K
- New Growth: FY17 \$2.745, FY18 \$2.7M
Actual – FY17 \$2.712, FY18 \$2.165 (projected)
Local Receipts: FY16, \$740K, \$300K FY17, FY18
Actual- FY16 =\$798KM, FY17 =\$268K
- **Expenditure Assumptions:**
- Health Insurance rate increase of 4%/yr
 - Actual- FY16 =9.3%, FY17 =5.7% FY18= 3.9%
- Projected reduction in recycling contract
 - Actual – unanticipated increase in solid waste contract, unanticipated delay in PAYT program
- Projected shift of expenses to Rec Revolving Fund
 - Actual – Partial implementation
- School Enrollment decline projected
 - Actual - higher growth in enrollment, ELL, Special Education

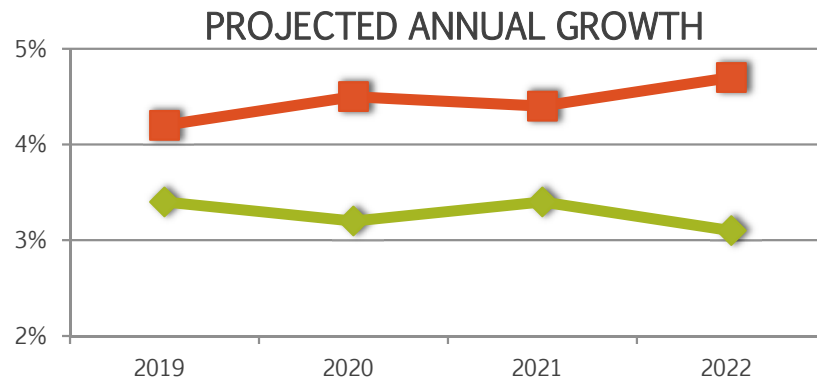
“THE FORECAST”

- 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 late-November / 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)

ASSUMPTIONS IN FORECAST

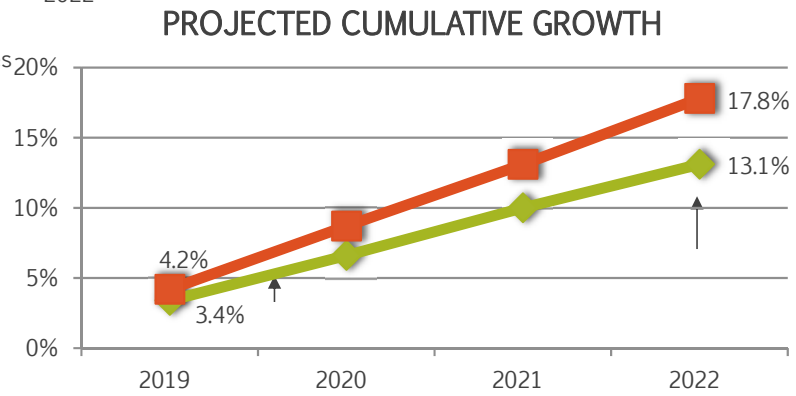
- \$1.8 million of New Growth in the Property Tax levy each year.
- State Aid – level funding in FY19 and 2.5% assumed for UGGA and Ch. 70
- A 2% wage increase for each year for municipal unions. For the Schools, the approved contract figures are used and 2% assumed for out-years.
- Annual utility increases of \$150,000.
- Annual SPED growth of \$600,000 - \$700,000.
- Enrollment growth cost increases of approximately \$750K per year.
- Step increases in the School Department of 3%/year and \$225,000 per year for Town Departments.
- Health insurance rate increases of 5% (FY19), 5% (FY20), 7.5% (FY21-23) additional enrollment in the health insurance program of 40 per year.
- A Pension appropriation based on the funding schedule approved by PERAC.
- Debt Service and pay-as-you-go CIP that reflects current CIP Policies.

FUTURE REVENUE & EXPENDITURE GROWTH



Revenue

Expenditures



Revenue

Expenditures