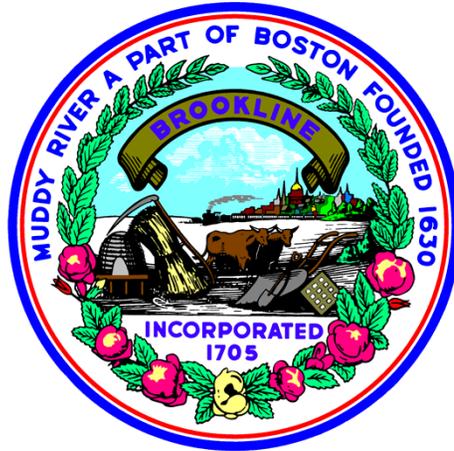


# TOWN OF BROOKLINE



## FY2015 – FY2019 LONG RANGE FINANCIAL PLAN

December 10, 2013

# SUMMARY

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- ▶ Enrollment growth in the Schools continue to put stress on the School budget.
- ▶ Exclusive of costs associated with enrollment growth, the Town budget is balanced and the Schools have a FY15 deficit of approx. \$750K (structural deficit).
  - ▶ SPED, Steps, and Collective Bargaining
  - ▶ Slightly less than the \$1M presented to the Override Study Committee on 11/13/13
- ▶ Including the “base” costs associated with enrollment growth (\$1M), the Schools have a FY15 deficit of approx. \$1.25M and the Town has a deficit of approx. \$200K.
  - ▶ Town/School Partnership formula has split the enrollment growth costs 50% / 50% each of the past two years; assume the same split is used for FY15 (\$500K absorbed by Town).
- ▶ Figures do not take into account the School’s projected FY14 surplus (\$400K).
  - ▶ If surplus materializes at end of FY14, additional FY15 capacity via use of reserves.
- ▶ As presented by the Schools to the Override Study Committee on 11/13/13, they stated that another \$3.2M is required to “catch-up” in areas they believe they have fallen behind in.
- ▶ The combination of the School’s structural deficit + “base” enrollment growth (\$1.25M deficit) and the \$3.2M in “catch-up” is a \$4.45M School shortfall and \$200K Town shortfall.
- ▶ These figures do not account for any costs associated with the Ed Tech Plan presented to the Override Study Committee on 12/4/13 (\$1.3M 1<sup>st</sup> yr cost).

# PRIMARY ASSUMPTIONS

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- ▶ Raise Property Taxes to the maximum allowable under Prop 2 ½ .
  - ▶ Use of Debt Exclusion for the Devotion School project (\$90M proj, 35% MSBA), which is why both rev and exp growth in FY19 are over 5%.
- ▶ 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 16-19 + continued enrollment growth.
- ▶ Annual \$500K increase in SPED budget and \$1M for Enrollment, both split according to the Town/School Partnership.
- ▶ 2% Collective Bargaining increases in each FY (Schools’ FY15 Coll Barg figure includes \$550K for the “tail” from the FY14 contract).
- ▶ Continued funding of OPEB’s per the Town’s funding schedule.
- ▶ All formal Financial Policies (CIP, Free Cash, Reserves) are continued.

# RECENT HISTORY

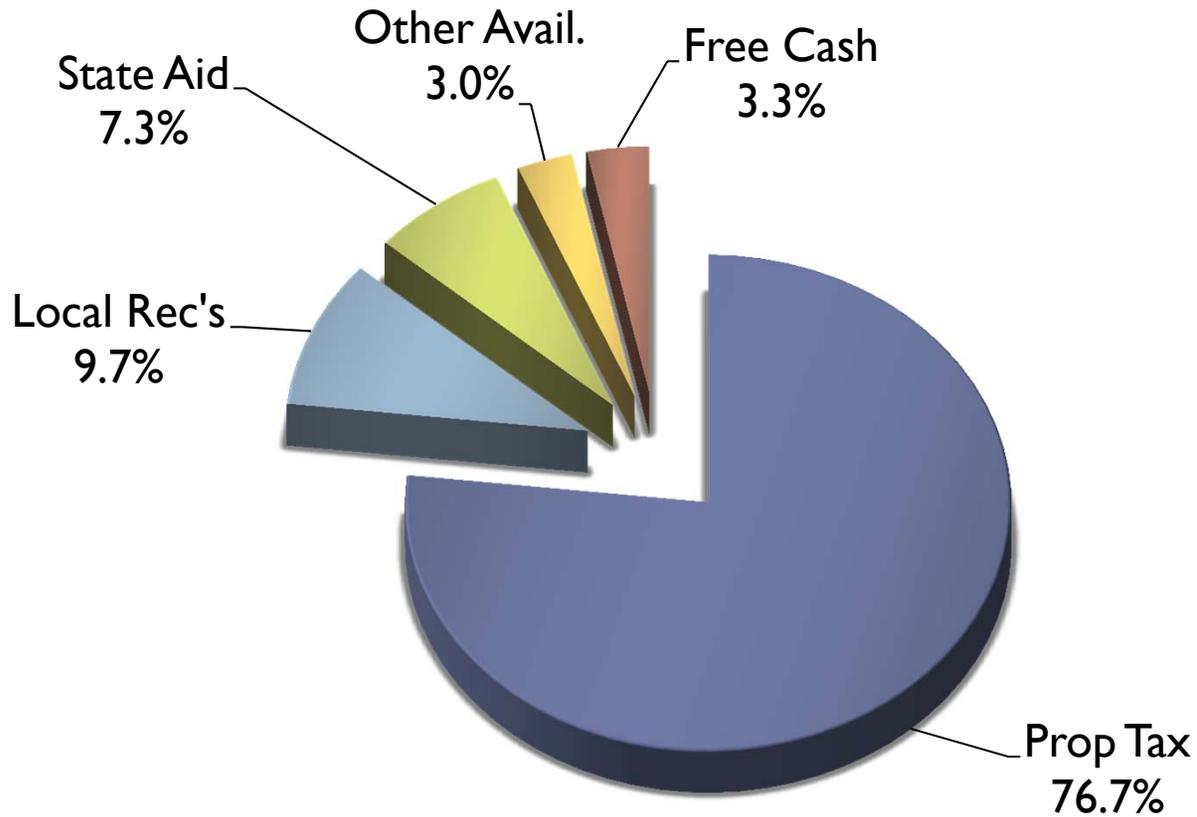
- ▶ In FY08, \$3.2M budget gap addressed by a combination of revenue increases (\$1.5M), Health Insurance plan design changes (\$755K), DPW Initiatives (\$369K), and Budget cuts (\$548K).
- ▶ In FY09, voters approved a \$6.2M Override for structural deficit (\$2.1M), infrastructure shortfall (\$1.5M), Lengthened School Day & EWL (\$2.6M).
- ▶ In FY10, closed a \$5M budget gap via cuts and reorganizations/consolidations, many proposed by the EIC. (Primary cause of deficit = \$3.1M (19%) cut in State Aid.)
- ▶ In FY11, entered the GIC, saving \$5.6M, thereby avoiding budget cuts and service reductions. Began implementing an enhanced OPEB funding plan. Also realized first full-year of new meals tax and increased lodging tax, which was dedicated to pension funding.
- ▶ In FY12 - FY14, Forecast dynamic of balanced Town budget vs \$1.5M - \$2M+ deficit for Schools.
  - ▶ Budgets ultimately balanced by a combination of increases in local revenues, realizing additional State Aid, lower growth in Health Insurance rates, and reductions in the School budget.

	2014	2015	2016	2017	2018	2019
<b>REVENUE</b>						
Property Taxes	175,786,836	181,835,286	188,460,409	196,739,919	204,123,607	215,494,327
Local Receipts	22,119,366	22,770,225	23,116,675	22,963,028	23,308,177	23,595,409
State Aid	16,659,162	17,659,162	18,080,823	18,513,025	18,956,032	19,410,115
Other Available Funds	6,846,435	7,715,243	6,835,021	6,962,338	7,098,556	7,244,364
Free Cash	7,655,155	5,084,152	4,000,000	4,100,000	4,200,000	4,350,000
<b>TOTAL REVENUE</b>	<b>229,066,953</b>	<b>235,064,069</b>	<b>240,492,927</b>	<b>249,278,310</b>	<b>257,686,372</b>	<b>270,094,215</b>
\$\$ Increase	5,482,872	5,997,115	5,428,858	8,785,383	8,408,062	12,407,843
% Increase	2.5%	2.6%	2.3%	3.7%	3.4%	4.8%
<b>EXPENDITURES</b>						
Departmental	66,315,740	66,694,478	68,294,310	70,010,387	71,682,866	73,581,907
Collective Bargaining - Town		1,000,000	1,010,000	1,110,000	1,130,000	1,150,000
Schools	82,780,771	85,255,771	89,611,971	93,436,971	97,611,971	101,816,971
Collective Bargaining - School		1,881,200	1,350,000	1,400,000	1,430,000	1,460,000
Non-Departmental - Benefits	50,100,252	51,401,224	54,374,472	57,645,039	61,175,425	64,892,496
Non-Departmental - General	1,478,907	941,957	623,340	640,519	658,762	681,038
Non-Departmental - Debt Service	9,583,111	9,621,757	10,074,554	10,818,057	11,586,438	17,125,244
Non-Departmental - Reserve Fund	2,161,799	2,122,336	2,197,022	2,269,400	2,347,145	2,425,168
Special Appropriations	8,580,999	9,415,000	7,725,596	8,217,263	8,299,779	7,420,409
Non-Appropriated	8,065,375	8,183,353	8,376,954	8,575,395	8,778,797	8,987,283
<b>TOTAL EXPENDITURES</b>	<b>229,066,954</b>	<b>236,517,076</b>	<b>243,638,218</b>	<b>254,123,029</b>	<b>264,701,182</b>	<b>279,540,516</b>
\$\$ Increase	5,482,871	7,450,123	7,121,142	10,484,811	10,578,153	14,839,334
% Increase	2.5%	3.3%	3.0%	4.3%	4.2%	5.6%
<b>CUMULATIVE SURPLUS/(DEFICIT)</b>		<b>(1,453,008)</b>	<b>(3,145,291)</b>	<b>(4,844,719)</b>	<b>(7,014,810)</b>	<b>(9,446,301)</b>
<b>DEFICIT AS A % OF OPERATING REVENUE</b>		<b>-0.6%</b>	<b>-1.3%</b>	<b>-2.0%</b>	<b>-2.8%</b>	<b>-3.6%</b>
Surplus / (Deficit) Prior to Collective Bargaining		1,428,192	(785,291)	(2,334,719)	(4,454,810)	(6,836,301)
Town Share of Surplus / (Deficit)		792,222	113,710	320,607	(90,738)	(1,515,254)
Town Collective Bargaining		1,000,000	1,010,000	1,110,000	1,130,000	1,150,000
<b>Total Town Surplus / (Deficit)</b>		<b>(207,778)</b>	<b>(896,290)</b>	<b>(789,393)</b>	<b>(1,220,738)</b>	<b>(2,665,254)</b>
School Share of Surplus / (Deficit)		635,971	(899,001)	(2,655,326)	(4,364,072)	(5,321,047)
School Collective Bargaining		1,881,200	1,350,000	1,400,000	1,430,000	1,460,000
<b>Total School Surplus / (Deficit)</b>		<b>(1,245,229)</b>	<b>(2,249,001)</b>	<b>(4,055,326)</b>	<b>(5,794,072)</b>	<b>(6,781,047)</b>

- Figures do not include costs associated with enrollment "catch-up" or Ed Tech plan.

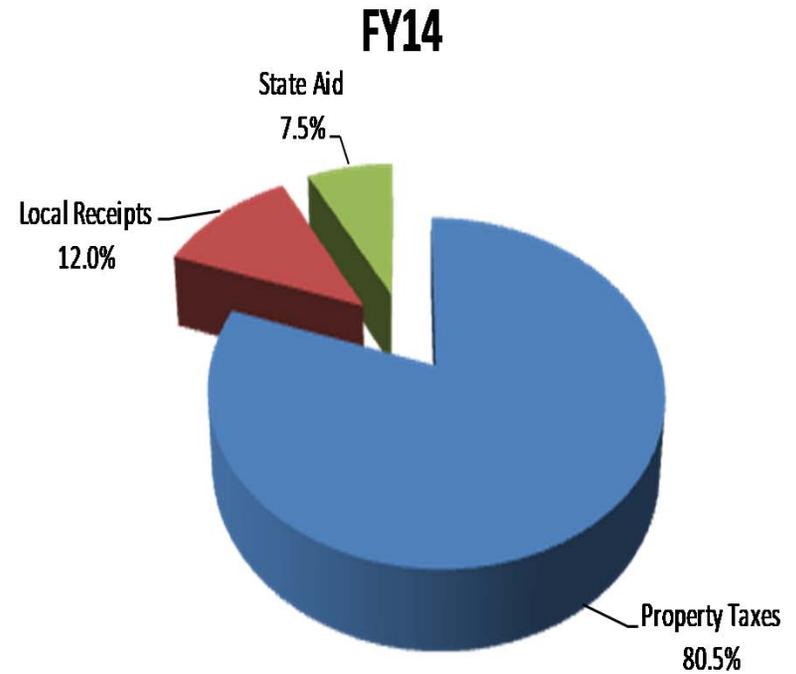
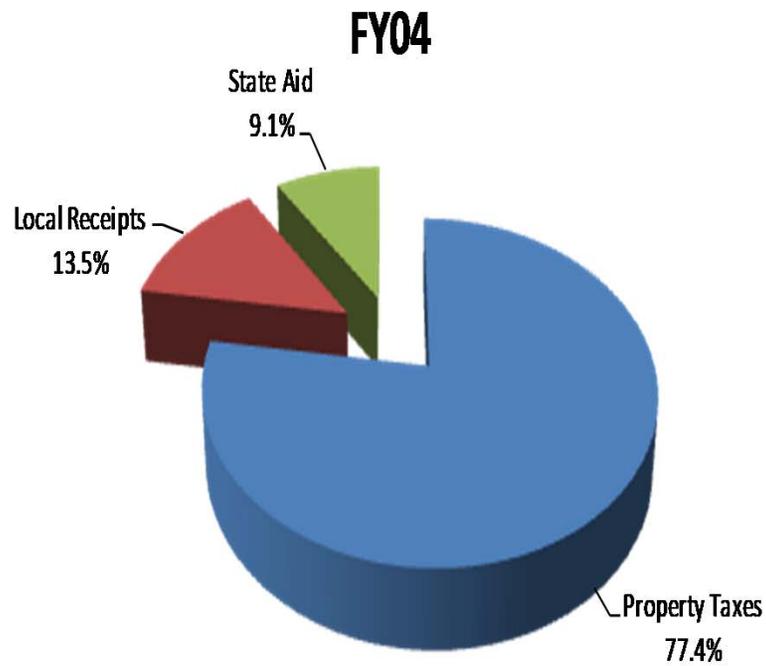
# GENERAL FUND REVENUE COMPOSITION

- ▶ In FY14, Property Taxes comprise more than  $\frac{3}{4}$ 's of the Town's General Fund revenue and nearly 80% of Operating Revenue



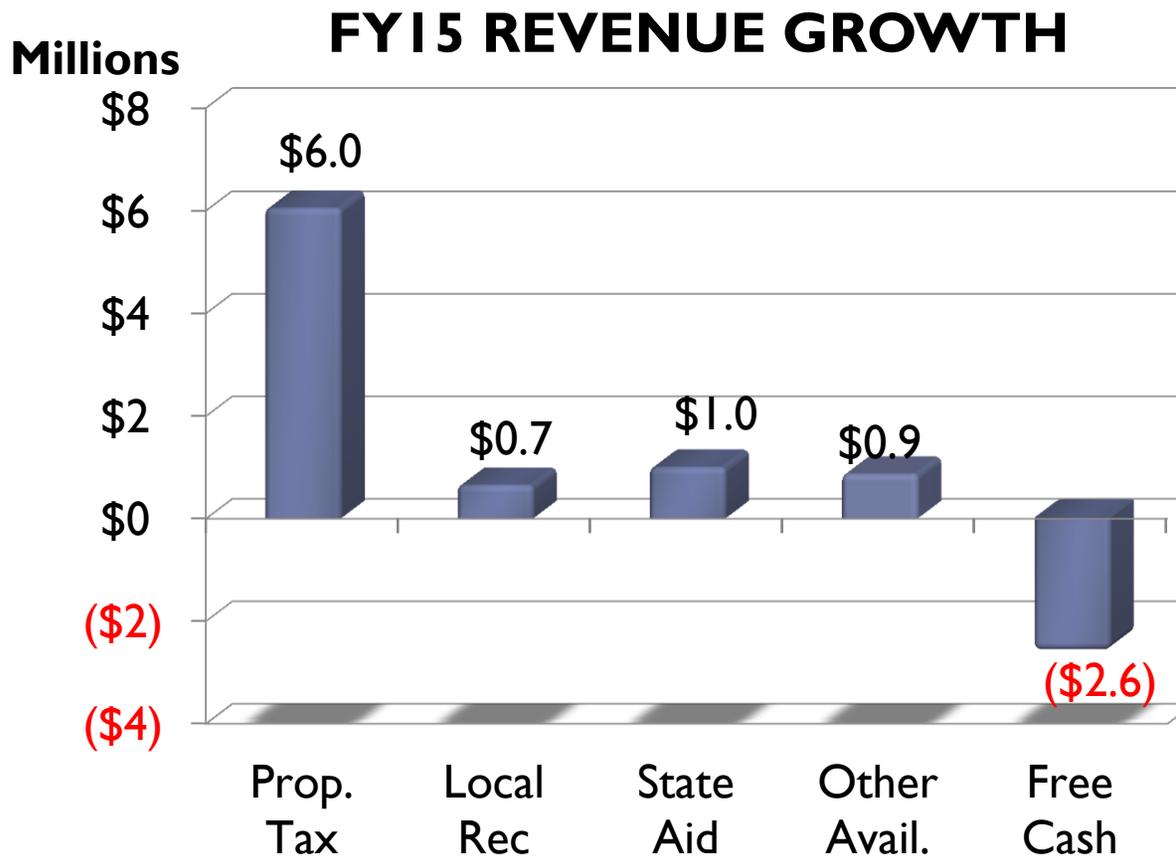
# ON-GOING REVENUE COMPOSITION – FY04 vs FY14

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# GENERAL FUND REVENUE SUMMARY

- ▶ Total FY15 increase in revenue of \$6M (2.6%)
- ▶ Operating Budget revenue increases \$7.6M (3.4%)



- ▶ In the out-years, annual operating revenue increases of 3+%

# PROPERTY TAXES

- ▶ In FY15, increase \$6 million (3.4%)
- ▶ In the out-years, annual increase ranges between 3.6% - 5.6%
  - ▶ 2 Brookline PI and Red Cab site impact included

<b>PROPERTY TAXES</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Prior Year Levy Limit	168,537,757	174,674,036	180,740,886	187,284,409	194,851,519	201,932,807
2 1/2 % Increase	4,213,444	4,366,851	4,518,522	4,682,110	4,871,288	5,048,320
New Growth	1,922,835	1,700,000	2,025,000	2,535,000	2,210,000	2,260,000
121A's to Prop Taxes				350,000		
<b>ANNUAL LEVY LIMIT</b>	<b>174,674,036</b>	<b>180,740,886</b>	<b>187,284,409</b>	<b>194,851,519</b>	<b>201,932,807</b>	<b>209,241,127</b>
Debt Exclusion (Debt Service Costs)	1,112,800	1,094,400	1,176,000	1,888,400	2,190,800	6,253,200
LESS SBAB Reimb.	0	0	0	0	0	0
Net Debt Exclusion	1,112,800	1,094,400	1,176,000	1,888,400	2,190,800	6,253,200
<b>ANNUAL LEVY</b>	<b>175,786,836</b>	<b>181,835,286</b>	<b>188,460,409</b>	<b>196,739,919</b>	<b>204,123,607</b>	<b>215,494,327</b>
\$\$ Increase	5,649,224	6,048,451	6,625,122	8,279,510	7,383,688	11,370,720
% Increase	3.3%	3.4%	3.6%	4.4%	3.8%	5.6%



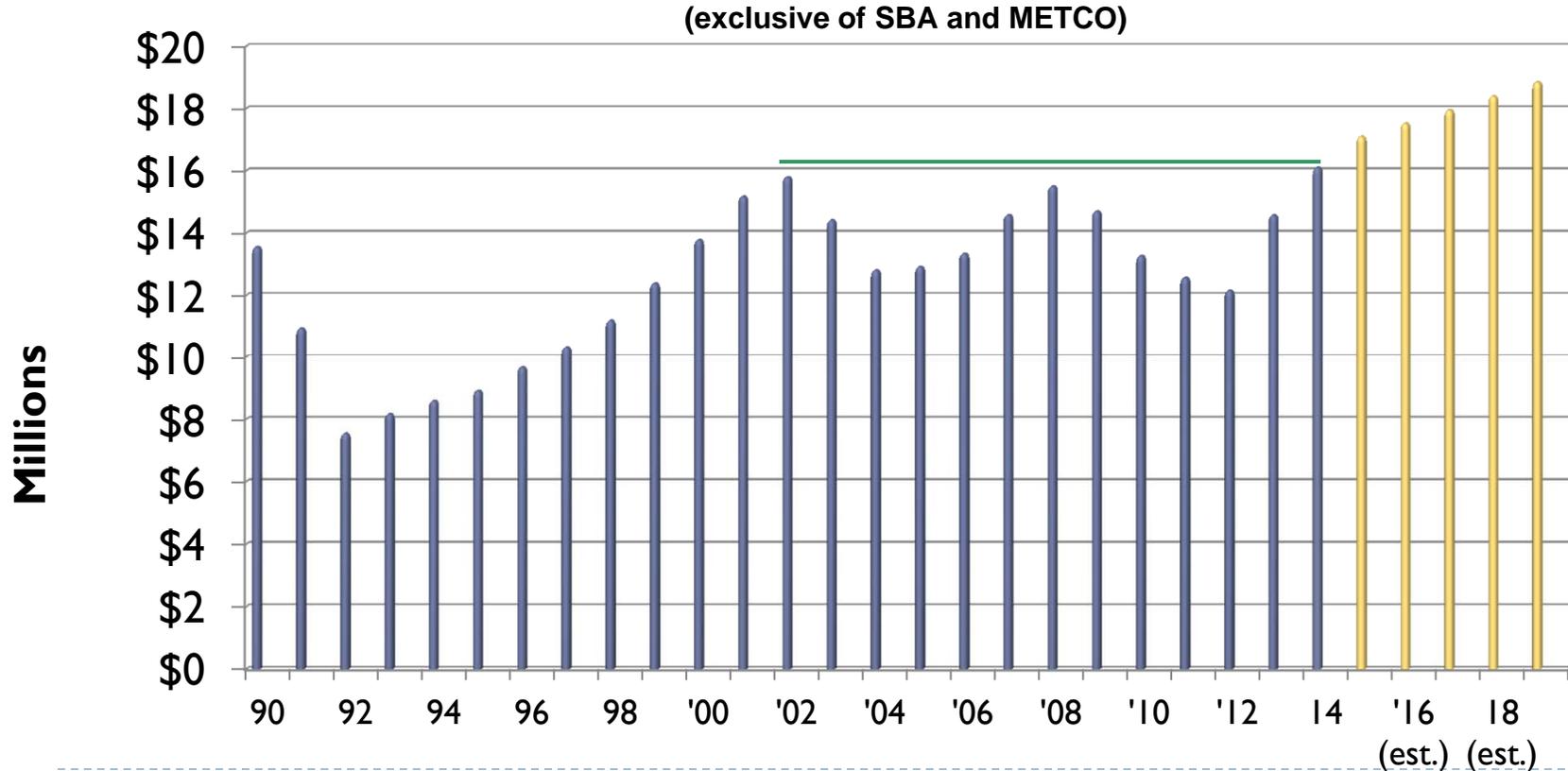
# STATE AID

- ▶ In FY15, assume a \$1M increase in Ch. 70 aid
  - ▶ Realized increases of \$2M in FY13 and \$1.4M in FY14 due to the “Aggregate Wealth Model” that resulted in Brookline becoming a “Foundation Aid Community”.
- ▶ Continued uncertainty due to potential cuts in Fed aid

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>General Government Aid</i>	5,579,223	5,579,223	5,716,647	5,857,507	6,001,888	6,149,879
Unrestricted General Gov't Aid	5,496,965	5,496,965	5,634,389	5,775,249	5,919,630	6,067,621
Veterans' Benefits	82,258	82,258	82,258	82,258	82,258	82,258
<i>School Aid</i>	10,930,183	11,930,183	12,214,420	12,505,762	12,804,388	13,110,480
Chapter 70	10,369,466	11,369,466	11,653,703	11,945,045	12,243,671	12,549,763
SBAB Reimb.	556,757	556,757	556,757	556,757	556,757	556,757
Charter Tuition Assesment Reimb.	3,960	3,960	3,960	3,960	3,960	3,960
<i>Tax Abatement Aid</i>	38,730	38,730	38,730	38,730	38,730	38,730
<i>Offset Aid</i>	111,026	111,026	111,026	111,026	111,026	111,026
School Lunch	28,666	28,666	28,666	28,666	28,666	28,666
Public Libraries	82,360	82,360	82,360	82,360	82,360	82,360
<b>TOTAL STATE AID</b>	<b>16,659,162</b>	<b>17,659,162</b>	<b>18,080,823</b>	<b>18,513,025</b>	<b>18,956,032</b>	<b>19,410,115</b>
\$\$ Increase	1,527,886	1,000,000	421,661	432,202	443,007	454,083
% Increase	10.1%	6.0%	2.4%	2.4%	2.4%	2.4%

# STATE AID - HISTORY

- Took a decade to recover from cuts of early-1990's
- Taken another decade-plus to get back to the high-water mark of FY02



# CHAPTER 70 AID

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Foundation budget	46,243,375	49,807,109	52,046,875	55,448,798	55,383,764	57,861,962	63,110,212	66,334,276
Required net school spending	64,819,179	63,319,142	60,268,078	60,526,653	59,137,816	59,481,712	63,110,212	66,334,276
<b>NSS a % of Foundation</b>	<b>140.17%</b>	<b>127.13%</b>	<b>115.80%</b>	<b>109.16%</b>	<b>106.78%</b>	<b>102.80%</b>	<b>100.00%</b>	<b>100.00%</b>

- ❖ Important because once Required Net School Spdg is equal to the Foundation Bgt, Foundation Aid is required to get the district to the Foundation Bgt.
- ❖ “Aggregate Wealth Model” – municipalities with required contributions above their targets, such as Brookline, Ch. 70 aid is increased so that it represents 17.5% of the foundation budget.

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Foundation budget	57,861,962	63,110,212	66,334,276
Ch. 70	6,932,850	8,949,381	10,369,466
<b>Ch. 70 as % of Foundation</b>	<b>12.0%</b>	<b>14.2%</b>	<b>15.6%</b>



# LOCAL RECEIPTS

- ▶ In FY15, an increase of \$651K (2.9%)
- ▶ Increases in MVE (\$200K), Building Permits (\$136K), and Local Option Taxes (\$125K)

<b>LOCAL RECEIPTS</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</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	2,363,500	2,512,370	2,606,617	2,658,750
Licenses & Permits	1,180,975	1,189,975	1,189,975	1,189,975	1,189,975	1,189,975
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	3,459,750	3,505,485	3,552,637	3,620,024	3,673,359
Interest Income	700,000	740,000	758,500	777,463	796,899	816,822
PILOT's / 121A's	1,125,000	1,165,000	1,231,600	733,232	759,897	786,595
Refuse Fee	2,600,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Departmental & Other	1,926,000	1,940,500	1,964,615	1,989,292	2,019,543	2,045,383
<b>TOTAL LOCAL REVENUE</b>	<b>22,119,366</b>	<b>22,770,225</b>	<b>23,116,675</b>	<b>22,963,028</b>	<b>23,308,177</b>	<b>23,595,409</b>
\$\$ Increase	1,034,928	650,859	346,450	(153,647)	345,149	287,232
% Increase	4.9%	2.9%	1.5%	-0.7%	1.5%	1.2%

- ▶ In the out-years, avg annual increase of approx. 1%

# OTHER AVAILABLE FUNDS

- ▶ For FY15, an increase of \$869K (12.7%) due primarily to the use of Overlay Surplus for the CIP.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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
Golf Enterprise Fund Reimbursement	150,416	163,049	166,791	170,670	174,746	179,030
Recreation Revolving Fund Reimbursement	353,717	361,669	377,018	393,188	410,228	428,187
Water and Sewer Enterprise Fund Reimbursement	2,125,747	1,973,970	2,074,656	2,181,924	2,297,027	2,420,592
Overlay Surplus	0	1,000,000	0	0	0	0
<b>TOTAL OTHER AVAILABLE FUNDS</b>	<b>6,846,435</b>	<b>7,715,243</b>	<b>6,835,021</b>	<b>6,962,338</b>	<b>7,098,556</b>	<b>7,244,364</b>
\$\$ Increase	(5,047,909)	868,808	(880,223)	127,317	136,219	145,808
% Increase	-42.4%	12.7%	-11.4%	1.9%	2.0%	2.1%

# FREE CASH

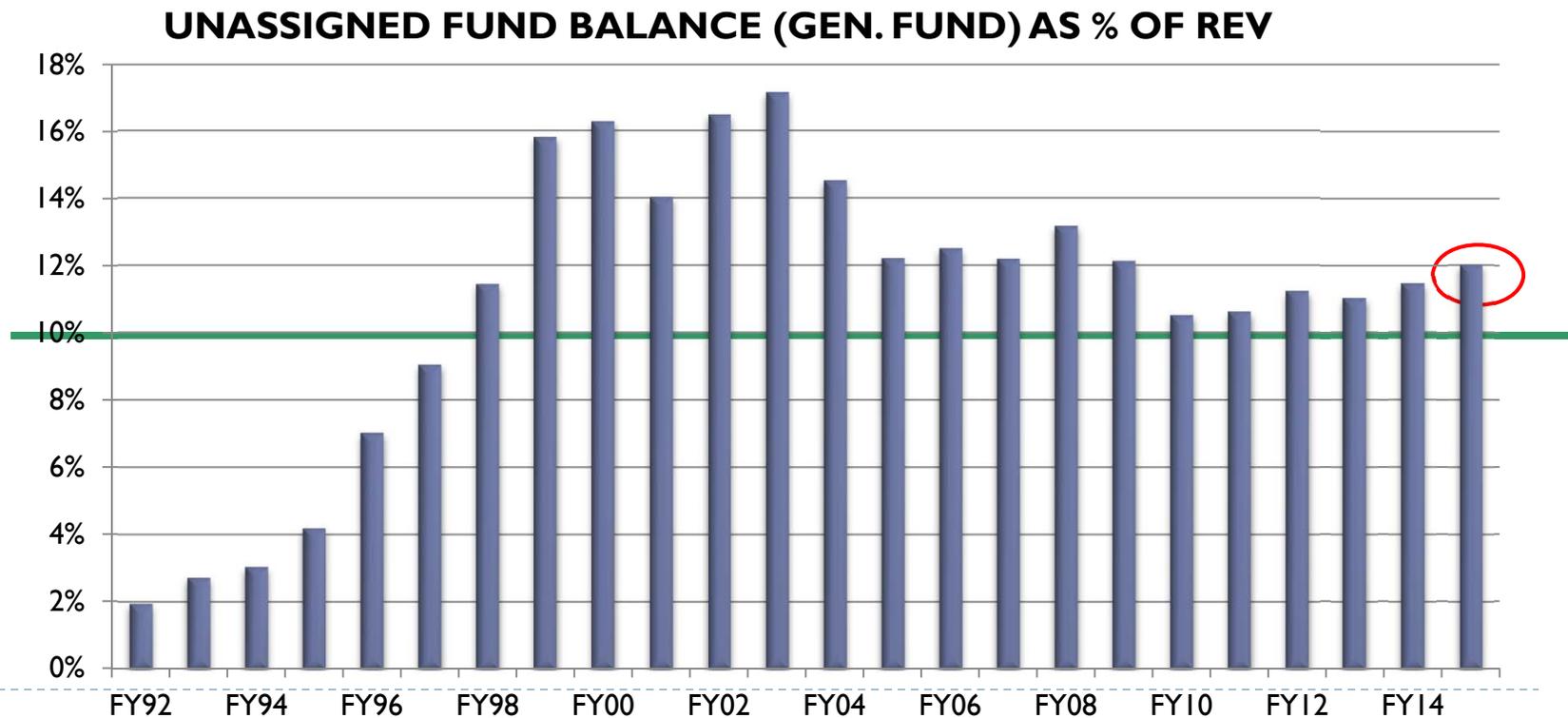
- ▶ Certified at \$7.1M
- ▶ Leaving \$2M for Fund Balance purposes, leaving \$5.1M for appropriation
- ▶ Free Cash is used in accordance with the Town's Free Cash Policies:
  1. Budget Reserve – ¼ of the annual "Reserve Fund"
  2. Unreserved Fund Balance / Stabilization Fund – maintain at a minimum of 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

	2014	2015	2016	2017	2018	2019
Free Cash for Appropriation	7,655,155	5,084,152	4,000,000	4,100,000	4,200,000	4,350,000
Uses:						
Capital Improvements	4,818,745	4,148,339	3,295,532	3,404,100	3,520,718	3,637,752
Operating Budget Reserve (0.25% of Prior Yr Net Rev)	507,190	530,584	549,255	567,350	586,786	606,292
Liability Reserve	154,115	234,839	53,462	50,408	55,051	54,551
Stabilization Fund	250,000	0	0	0	0	0
Affordable Housing Trust Fund	555,106	170,390	15,263	11,721	5,617	7,711
Retiree Group Health Trust Fund	500,000	0	0	0	0	0
Worker's Comp. Trust Fund	270,000	0	0	0	0	0
Pensions	500,000	0	0	0	0	0
Unemployment	100,000	0	0	0	0	0
Available for "Special Use" Category			86,488	66,421	31,828	43,694
<b>TOTAL FREE CASH</b>	<b>7,655,155</b>	<b>5,084,152</b>	<b>4,000,000</b>	<b>4,100,000</b>	<b>4,200,000</b>	<b>4,350,000</b>

\$\$ Increase	2,318,742	(2,571,003)	(1,084,152)	100,000	100,000	150,000
% Increase	43.5%	-33.6%	-21.3%	2.5%	2.4%	3.6%

# UNRESERVED FUND BALANCE

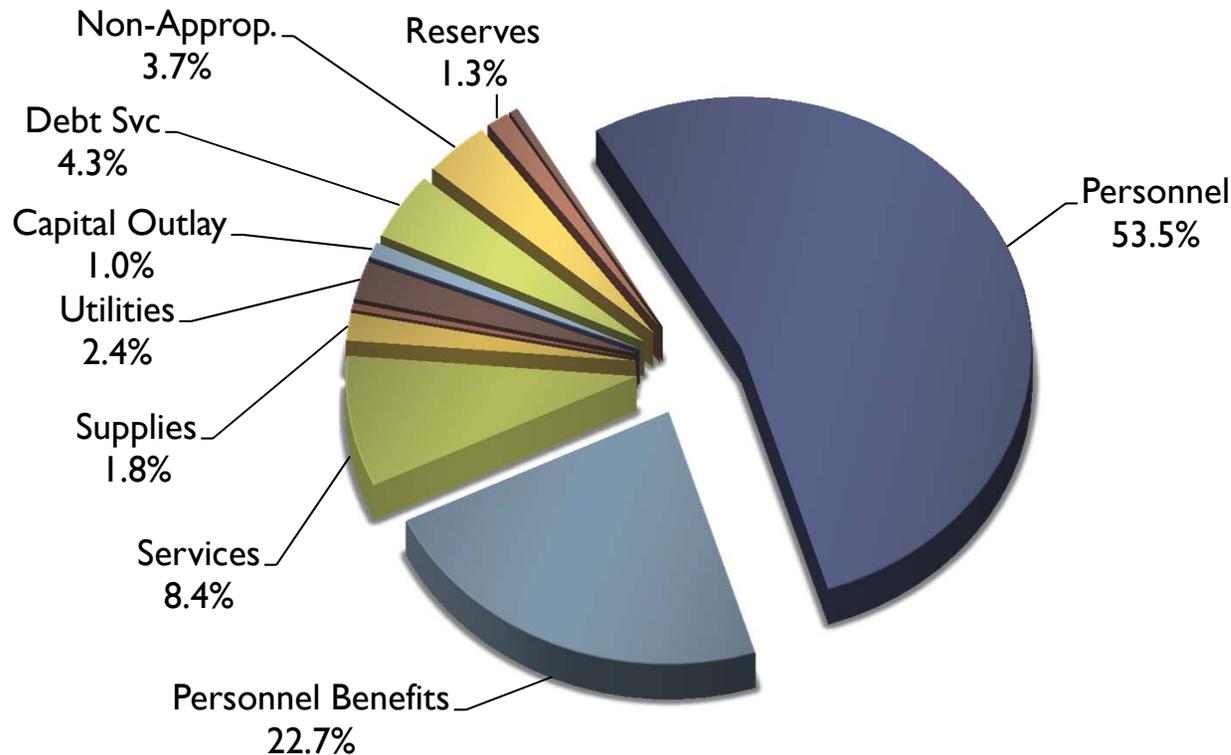
- ▶ Ratings agencies look for a Aaa-rated community to have a ratio of Unreserved Fund Balance as a percentage of revenue of approx. 10%
- ▶ Year-End FY12 = 11.2%
- ▶ Estimate needing to use \$2M of Free Cash to stay above 10%, leaving some cushion for this hard to predict metric
  - ▶ 4<sup>th</sup> consecutive year of doing this



# GENERAL FUND BUDGET

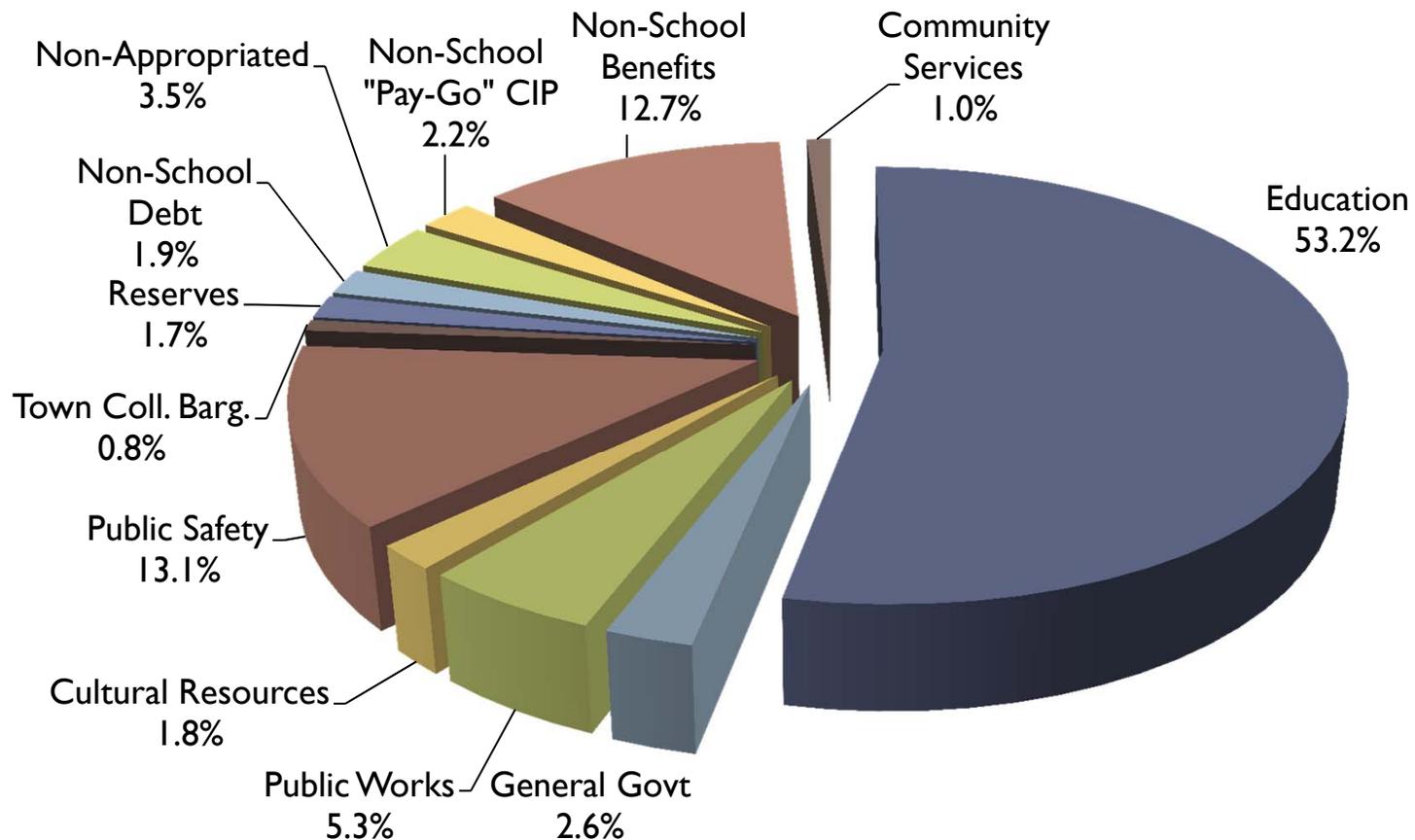
- ▶ In FY14, total General Fund budget of \$229.1M
- ▶ Personnel costs (wages + benefits) comprise more than 75% of the Operating Budget

## Operating Budget



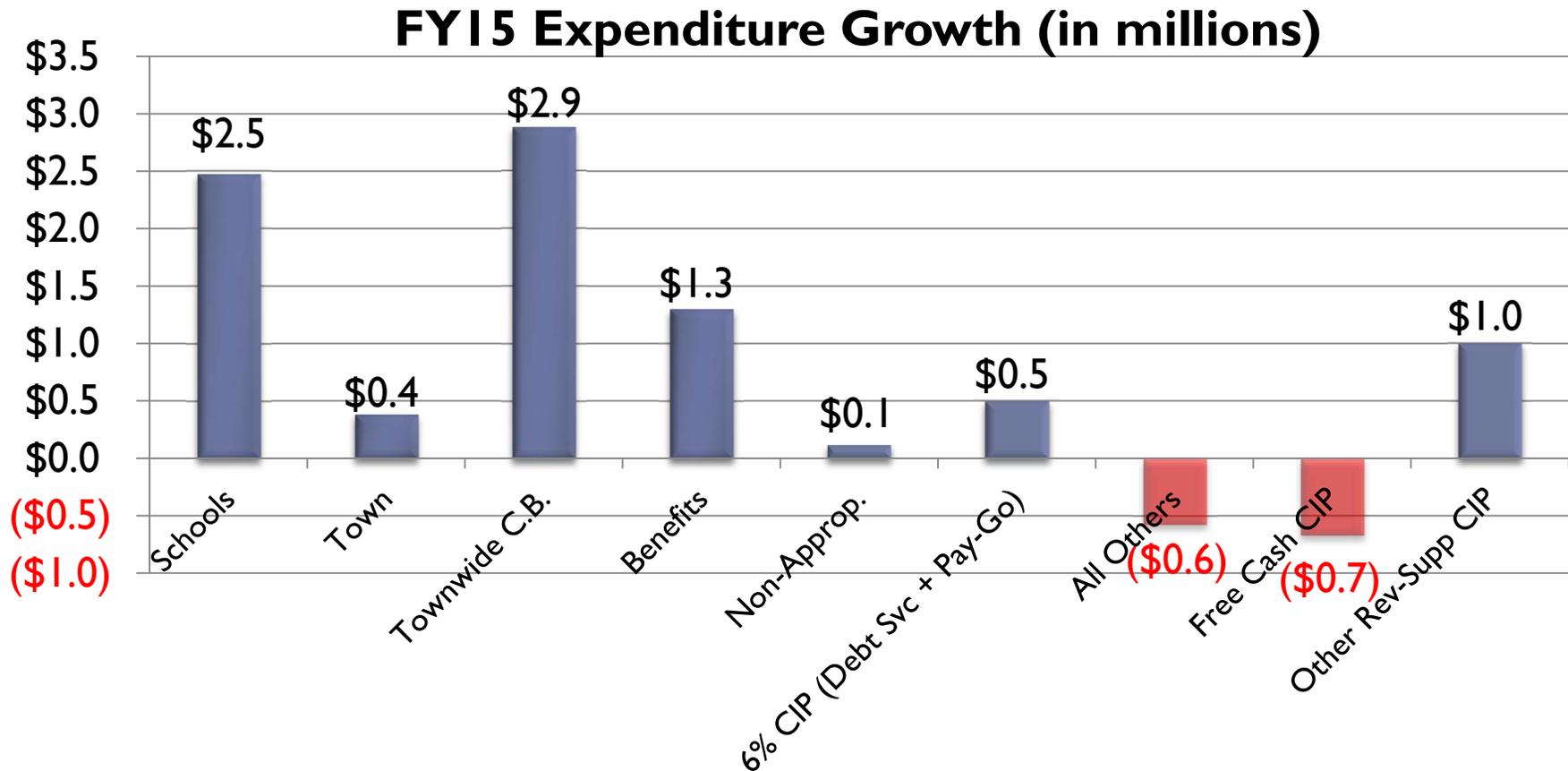
# FULLY-ALLOCATED EXPENDITURES

- ▶ In FY14, expenses associated with Education comprise 53% of the Operating budget
- ▶ The next largest areas are Public Safety and non-School Benefits



# EXPENDITURE SUMMARY

- ▶ For FY15, est. total increase in expenditures of \$7.5M (3.3%)
- ▶ Operating Budget expenditures est. to increase \$9M (4.1%)



- 19 ▶ In the out-years, annual increase ranges from 3.0% - 5.6%

# BENEFITS

- Total estimated FY15 increase of \$1.3M (2.6%)
- In FY02, Benefits comprised 15% of the total Operating Budget. In FY15, this figure could increase to 24%.

	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>
Pensions	17,385,688	17,882,573	18,700,041	19,768,033	20,900,806	22,102,185
Group Health	24,618,704	25,912,792	27,619,072	29,436,736	31,373,042	33,435,721
Health Reimbursement Account (HRA)	70,000	70,000	70,000	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
EAP	28,000	28,000	28,000	33,000	33,000	33,000
Group Life	132,500	140,000	143,499	147,087	150,764	154,533
Disability Insurance	16,000	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,720,000	1,450,000	1,500,000	1,537,500	1,575,938	1,615,336
Public Safety IOD Medical Expenses	400,000	350,000	350,000	350,000	350,000	350,000
Unemployment Compensation	450,000	350,000	350,000	350,000	350,000	350,000
Medical Disabilities	40,000	40,000	40,000	45,000	45,000	45,000
Medicare Coverage	1,725,000	1,850,000	1,961,000	2,068,855	2,172,298	2,280,913
<b>TOTAL</b>	<b>50,100,252</b>	<b>51,401,224</b>	<b>54,374,472</b>	<b>57,645,039</b>	<b>61,175,425</b>	<b>64,892,496</b>
\$\$ Change	4,553,244	1,300,972	2,973,248	3,270,567	3,530,386	3,717,072
% Change	10.0%	2.6%	5.8%	6.0%	6.1%	6.1%



# BENEFITS – MAJOR ACCOUNTS

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## ▶ **Health Insurance (\$25.9M)**

- ▶ Assuming a 5% rate increase
- ▶ Assuming 40 new enrollees (15 T / 25 S)
- ▶ Total increase of \$1.3 million (5.3%)
- ▶ Each 1% increase in rates equals ~\$240,000

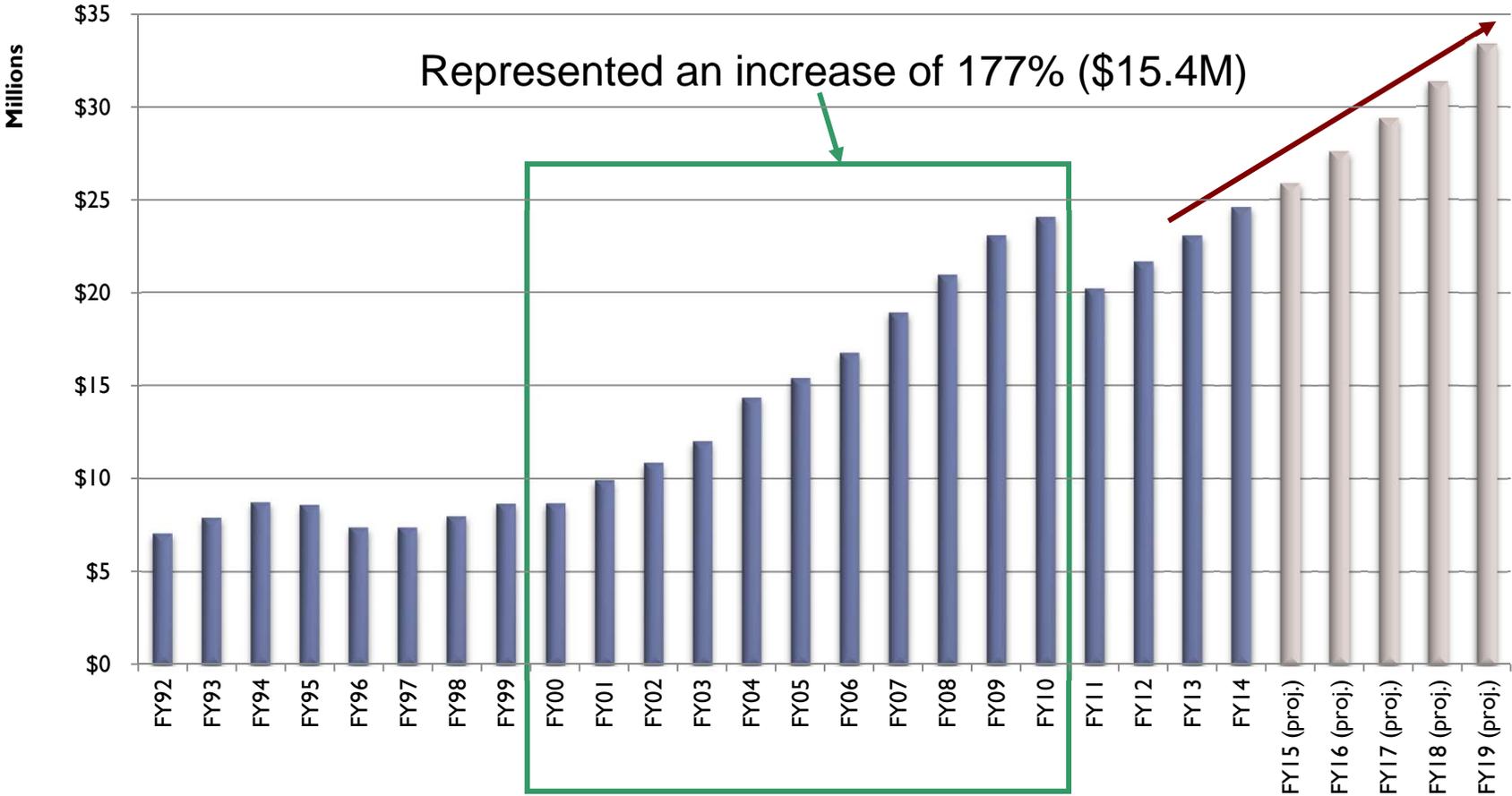
## ▶ **Pensions (\$17.9M)**

- ▶ For FY15, increase of \$497K (2.9%) based on funding schedule and estimate for Non-Contributory retirees

## ▶ **OPEB's (\$3.3M)**

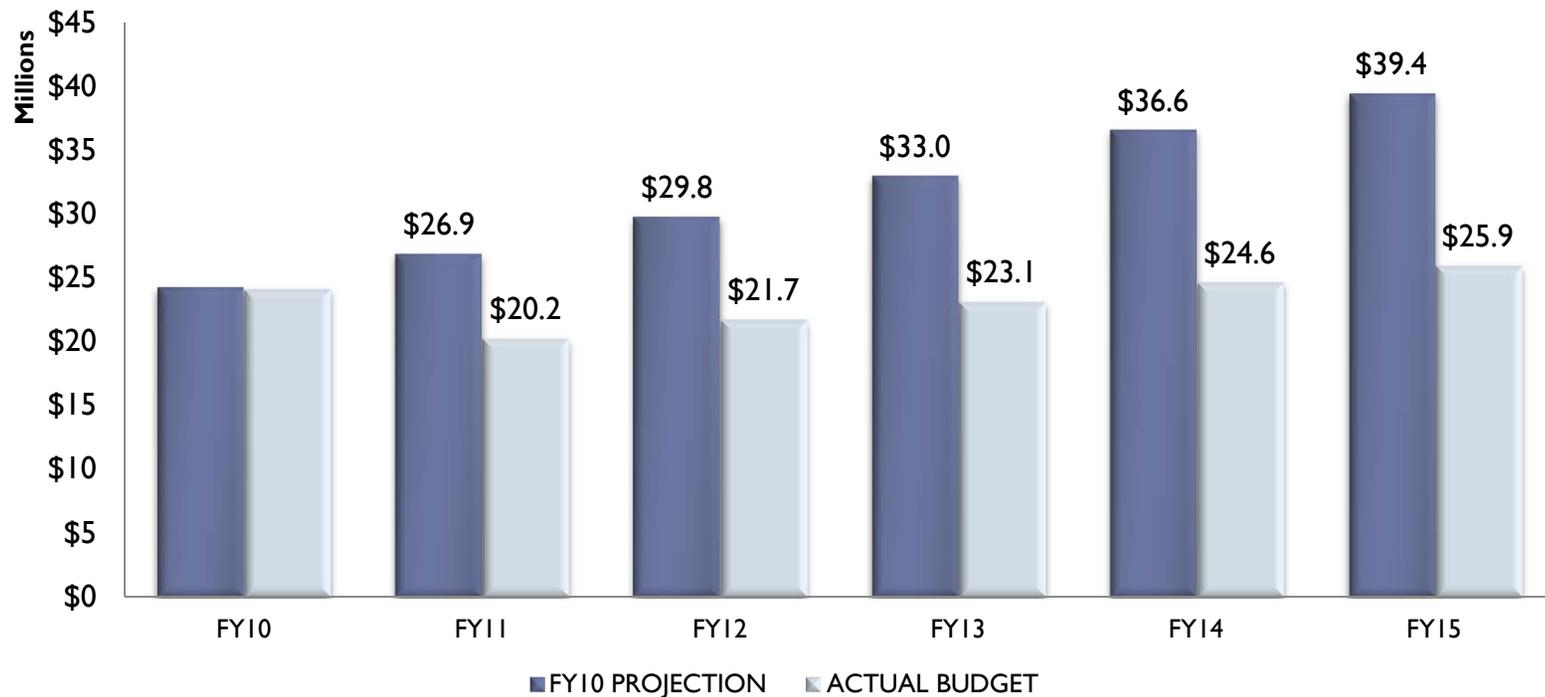
- ▶ Increase operating budget funding from \$2.2M to \$2.45M
  - ▶ Continue assessing special revenue funds, using the run-off from the “Non-Contrib” retirees, and using Medicare Part D Subsidy revenue for OPEB's
-

# BENEFITS – HEALTH INS BUDGET



# 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

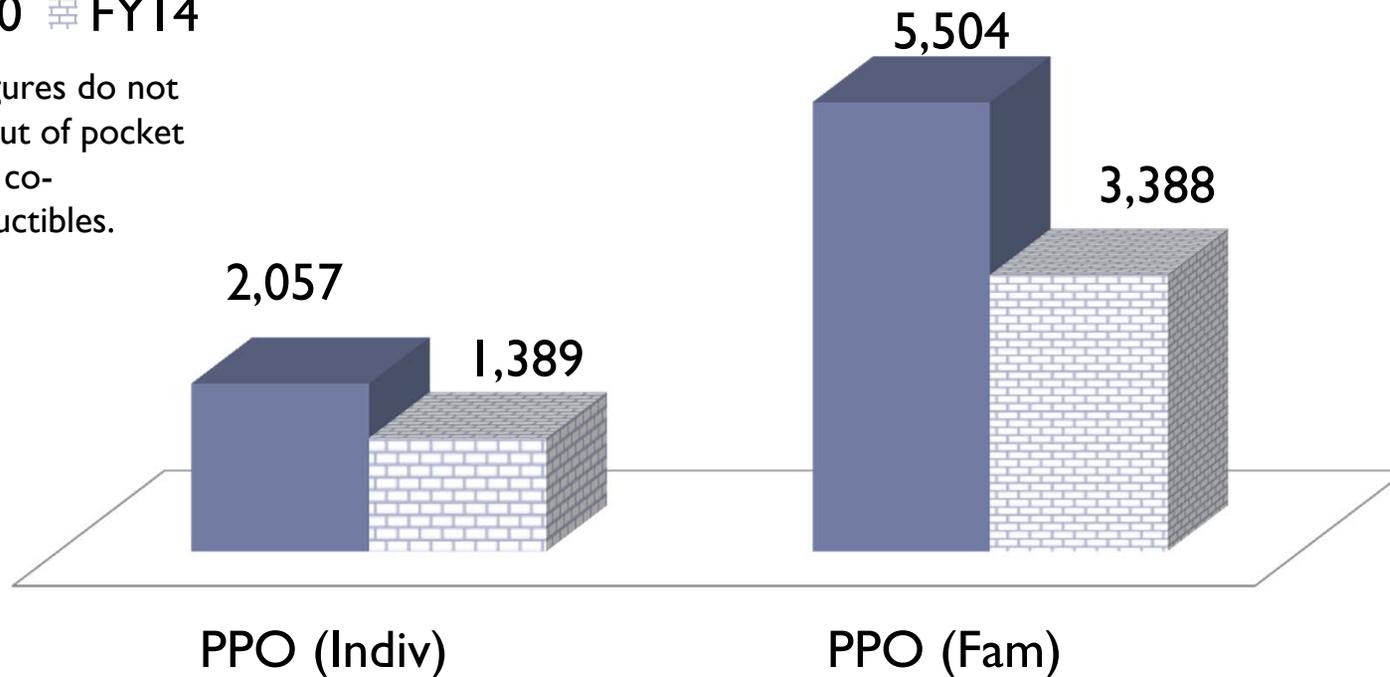


# HEALTH INSURANCE – EMPLOYEE PREMIUM COSTS

## 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

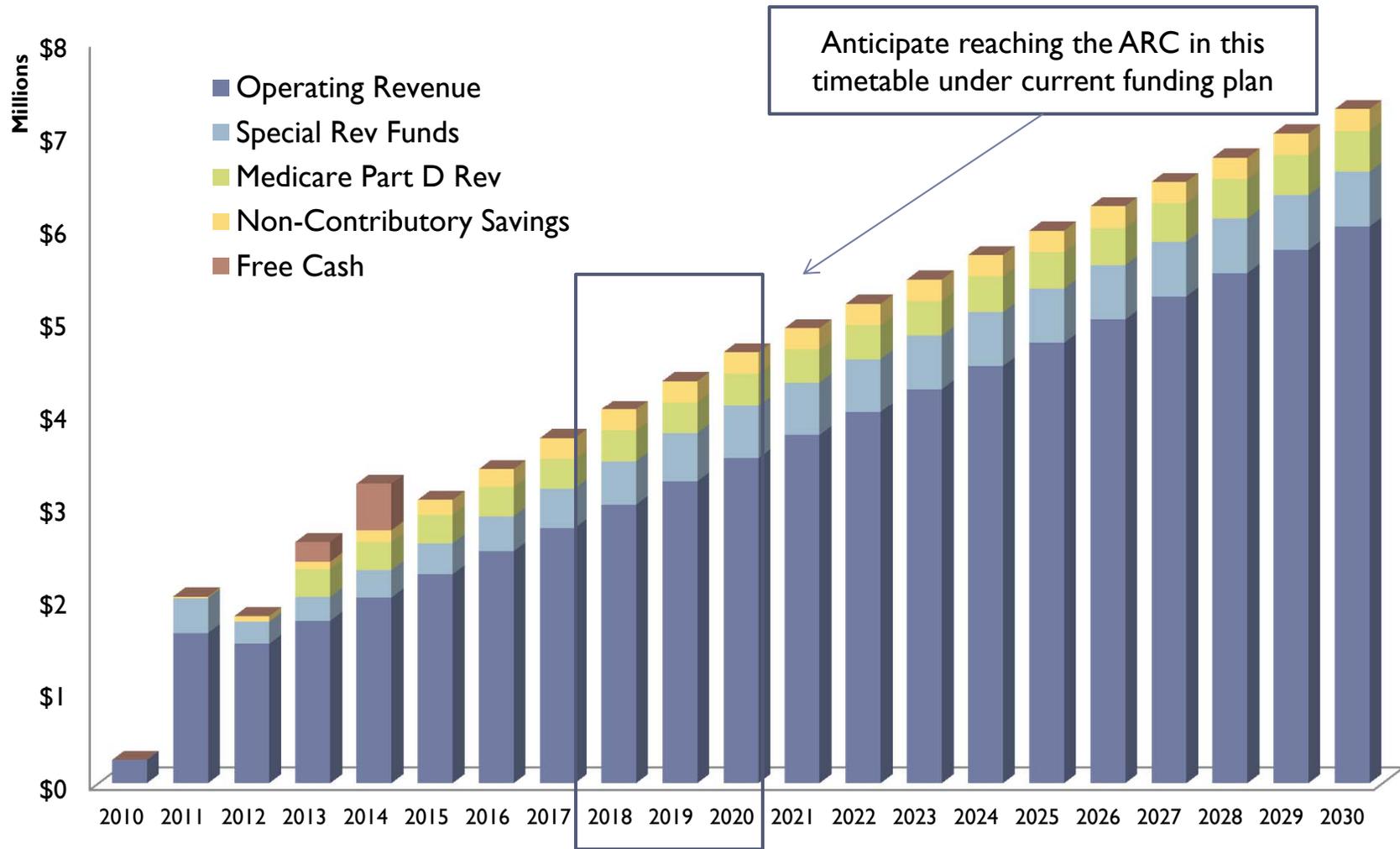
# OPEBs

▶ Continue:

- ▶ Increasing funding from operating revenue by \$250K / yr, to \$2.5M in FY15 and \$3.5M in FY19
- ▶ Assessing special revenue funds with personnel
- ▶ Using the “run-off” from funding for Non-Contributory retirees
- ▶ Using the Medicare Part D refund

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Non-Contributory Retiree Savings	100,000	120,000	140,000	170,000	200,000	230,000
Free Cash	500,000	0	0	0	0	0
Special Rev Funds	311,268	338,768	343,768	349,487	374,729	385,192
Operating Revenue	2,203,092	2,453,092	2,703,092	2,953,092	3,203,092	3,453,092
Medicare Part D Revenue	400,000	400,000	410,000	420,250	430,756	441,525
<b>TOTAL</b>	<b>3,514,360</b>	<b>3,311,860</b>	<b>3,596,860</b>	<b>3,892,829</b>	<b>4,208,577</b>	<b>4,509,809</b>
\$\$ Change	912,431	(202,500)	285,000	295,969	315,748	301,232
Percentage Change	35.1%	-5.8%	8.6%	8.2%	8.1%	7.2%

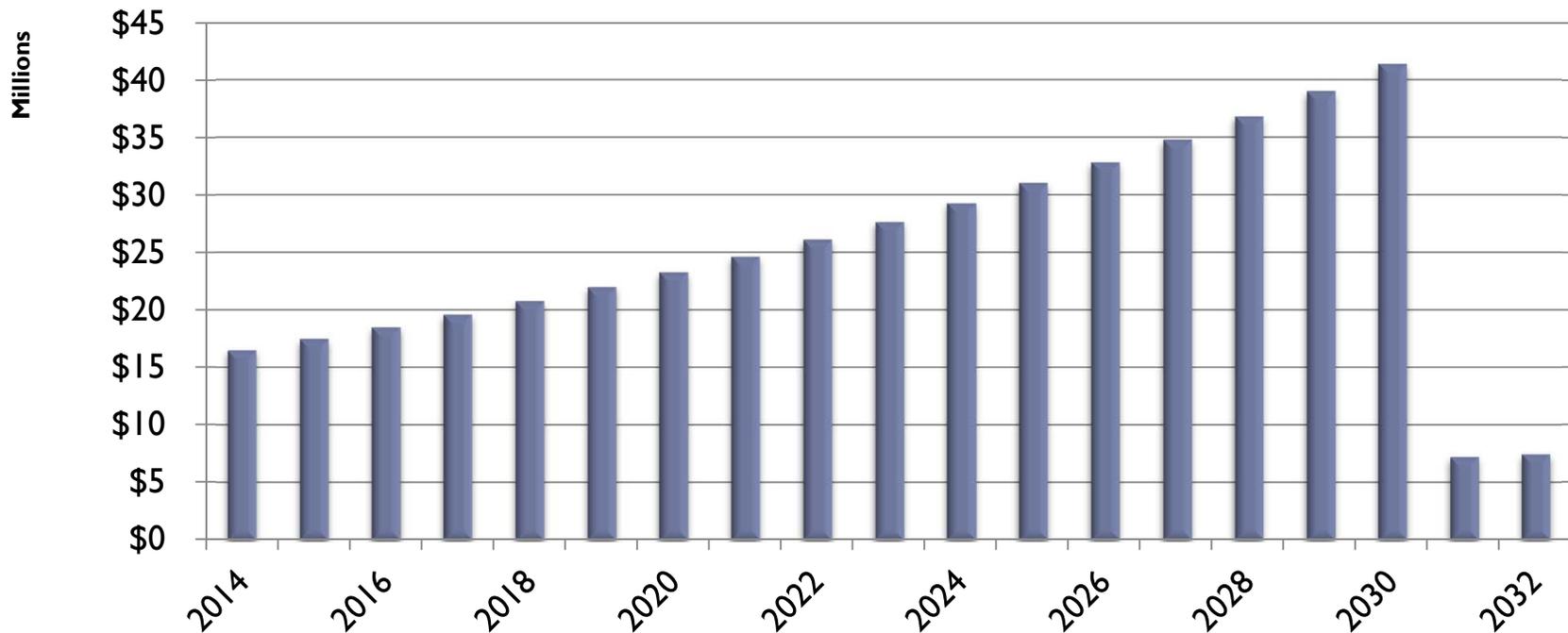
# OPEB FUNDING PLAN



# PENSION FUNDING

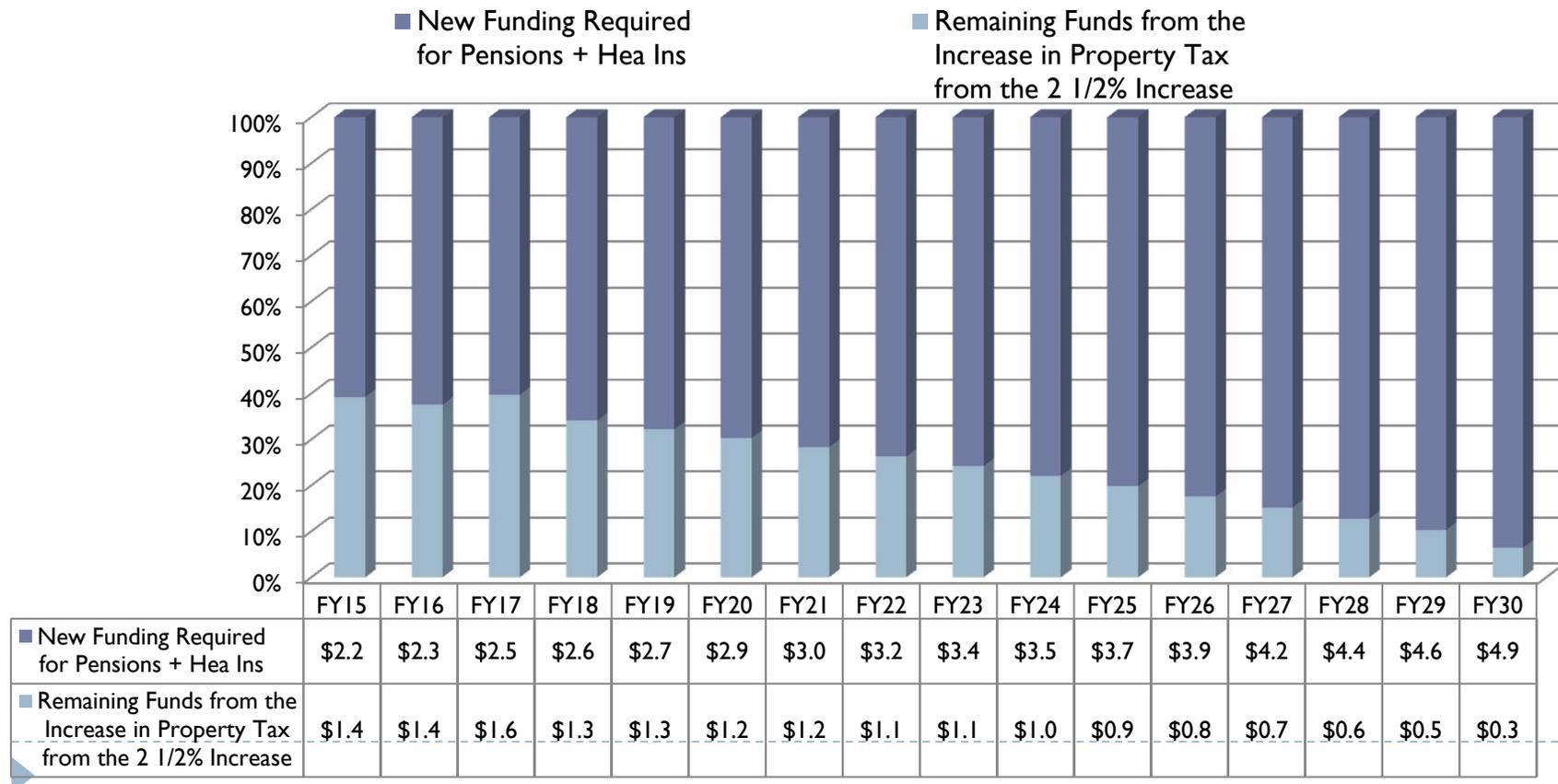
- Full funding date of 2030
- New schedule once actuary completes analysis of the system as of 1/1/14
  - Will impact FY16 budget
- FY15 increase of \$497K (2.9%)

## PENSION SYSTEM FUNDING SCHEDULE



# ANNUAL INCREASE IN BENEFITS

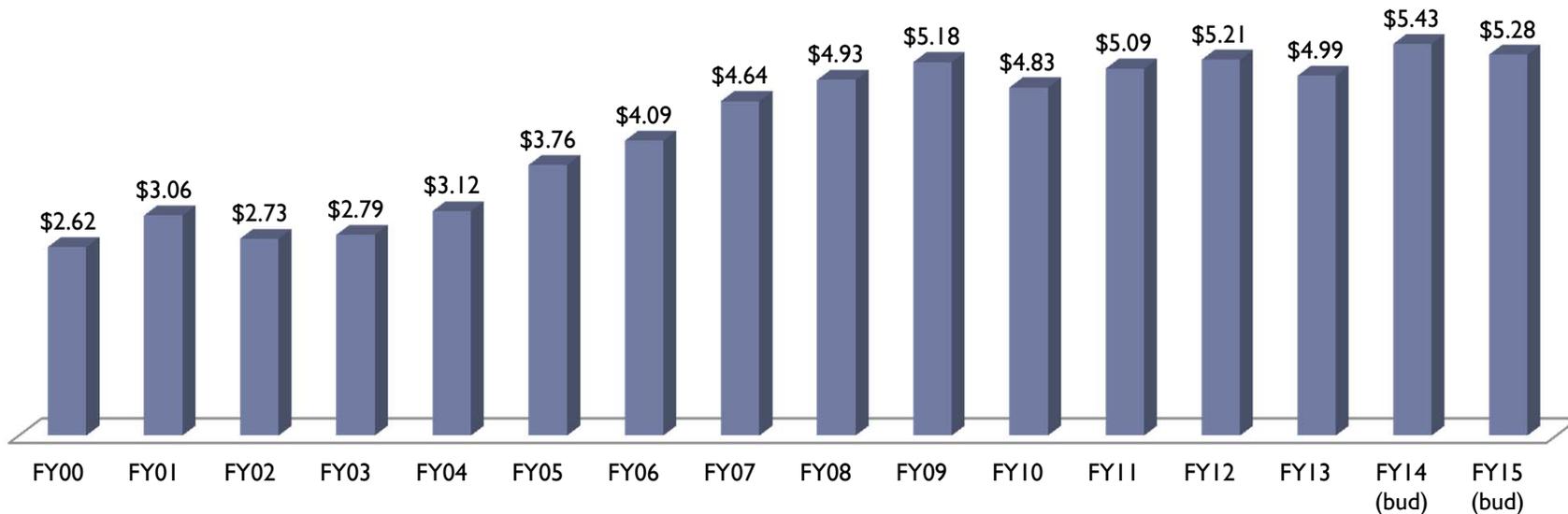
- ▶ The annual increase in appropriations for Pensions and Health Insurance is absorbing much of the annual 2 1/2% increase in Prop Taxes
- ▶ Doesn't account for other increases, such as OPEB's
- ▶ Figures assume a 5% annual growth in Health Ins costs (realistic?)



# UTILITIES

- ▶ Overall projected FY15 decrease of ~ \$150K (2.8%)
- ▶ Total energy budget of \$5.3M represents a \$2.1M (81%) increase since FY00 (exclusive of Water/Sewer)
- ▶ Fixed contracts for electricity (through Dec, '18) and natural gas (through Oct, '17)
  - ▶ Oct '14, natural gas drops from 8.75 cents/therm to 6.98 (20% reduction)
  - ▶ Dec '15, elec drops from 8.59 cents/kwh to 7.57 (12% reduction)
- ▶ Student enrollment will put pressure on utility budget (expansion projects)

## UTILITY BUDGET



# DEBT SERVICE / TAX-SUPPORTED CIP

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- ▶ All years of Forecast follow CIP Policies
  - ▶ In FY15, the “6% Policy” total increases \$560K
  - ▶ In FY15, new debt service for Runkle, Roof Rep/Repl, Fisher Hill Park, Old Lincoln School, MSC Renovations
    - ▶ Plan on Spring, 2014 bond sale
  - ▶ In the out-years, Debt Service supports:
    - ▶ Devotion School Renovation (\$58.5M – Town share of project)
    - ▶ BHS (\$48.75M – Town share of project)
    - ▶ Driscoll School Addition (\$27.3M – Town share of project)
    - ▶ Roof Replacement / Repairs (\$7.2M)
    - ▶ Park Projects (\$7M)
    - ▶ Rear Landfill Closure (\$4.6M)
    - ▶ Fire Dept Fleet Maintenance / Training Facility (\$4.1M)
  - ▶ More detailed information included in the CIP presentation.
-

# NON-APPROPRIATED

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>STATE ASSESSMENTS</b>						
County Assessments	766,133	785,286	804,918	825,041	845,667	866,809
Air Pollution Dist.	26,690	27,357	28,041	28,742	29,461	30,197
MAPC	18,965	19,439	19,925	20,423	20,934	21,457
MBTA	5,018,011	5,143,461	5,272,048	5,403,849	5,538,945	5,677,419
Boston Metro	1,829	1,829	1,829	1,829	1,829	1,829
SPED	66,814	68,484	70,196	71,951	73,750	75,594
RMV Surcharge	247,820	247,820	247,820	247,820	247,820	247,820
School Choice Sending Tuition	13,250	13,250	13,250	13,250	13,250	13,250
Charter School Sending Tuition	40,400	40,400	40,400	40,400	40,400	40,400
<b>TOTAL STATE ASSESSMENTS</b>	<b>6,199,912</b>	<b>6,347,327</b>	<b>6,498,428</b>	<b>6,653,306</b>	<b>6,812,056</b>	<b>6,974,775</b>
<b>CHERRY SHEET OFFSETS</b>						
School Lunch	28,666	28,666	28,666	28,666	28,666	28,666
Libraries	82,360	82,360	82,360	82,360	82,360	82,360
<b>TOTAL Cherry Sheet Offsets</b>	<b>111,026</b>	<b>111,026</b>	<b>111,026</b>	<b>111,026</b>	<b>111,026</b>	<b>111,026</b>
Overlay Reserve	1,729,437	1,700,000	1,742,500	1,786,063	1,830,714	1,876,482
Tax Titles	25,000	25,000	25,000	25,000	25,000	25,000
<b>TOTAL</b>	<b>8,065,375</b>	<b>8,183,353</b>	<b>8,376,954</b>	<b>8,575,395</b>	<b>8,778,797</b>	<b>8,987,283</b>
\$\$ Change	(115,384)	117,978	193,601	198,441	203,402	208,487
% Change	-1.4%	1.5%	2.4%	2.4%	2.4%	2.4%

# DEFICIT CALCULATION PRIOR TO COSTS ASSOCIATED WITH ENROLLMENT GROWTH

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## **SCHOOL EXPENDITURE GROWTH**

<b><u>DIRECT</u></b>	<b><u>3,168,700</u></b>
Steps	750,000
Inflation	225,000
Collective Bargaining	1,881,200
SPED (Net of Town's Share)	312,500

<b><u>INDIRECT</u></b>	<b><u>1,426,183</u></b>
Benefits	1,074,526
CIP/Debt Svc	336,458
Non-Approp.	58,989
Misc	<b>(43,790)</b>

**Total Exp Growth** **4,594,883**

## **SCHOOL REVENUE GROWTH**

Revenue	3,849,655
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**SCHOOL SURPLUS/(DEFICIT)** **(745,229)**

## **TOWN EXPENDITURE GROWTH**

<b><u>DIRECT</u></b>	<b><u>1,450,000</u></b>
Steps	250,000
Inflation	150,000
Collective Bargaining	950,000
Additional Elections	100,000

<b><u>INDIRECT</u></b>	<b><u>1,976,241</u></b>
Benefits	1,595,998
CIP/Debt Svc	336,458
Non-Approp.	58,989
Misc	<b>(202,704)</b>
SPED (Town's Share)	187,500

**Total Exp Growth** **3,426,241**

## **SCHOOL REVENUE GROWTH**

Revenue	3,718,463
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**TOWN SURPLUS/(DEFICIT)** **292,222**



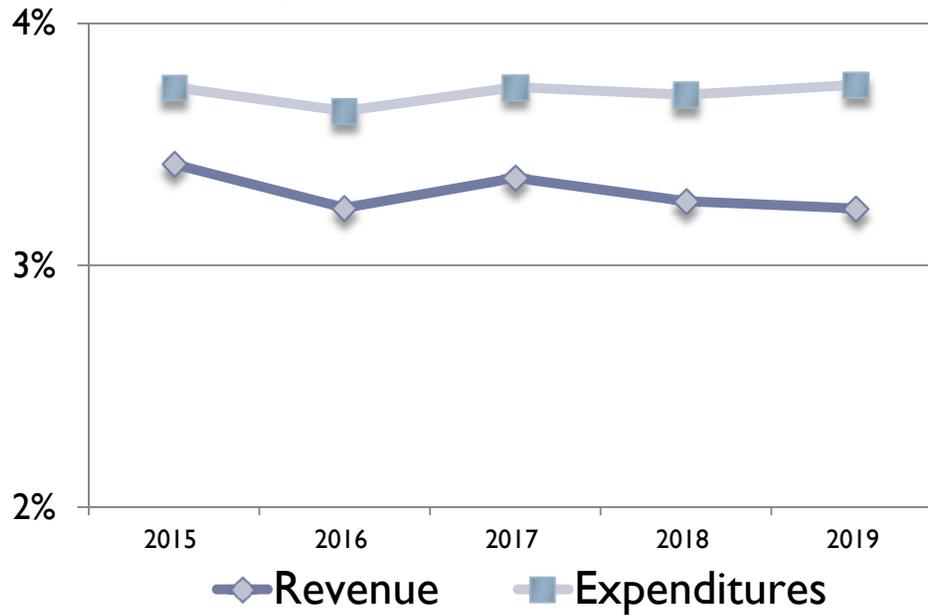
# FY15 POSSIBLE SCHOOL SCENARIOS

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- ▶ Shortfall prior to Enrollment = \$745K (see prior slide)
- ▶ “Base” Enrollment = \$1M, 50% of which is picked-up by the Town in the T/S Partnership, so \$500K impact to School budget
- ▶ **Sub-Total = \$1.25M**
- ▶ Enrollment Support “Catch-Up” = \$3.2M
- ▶ **Sub-Total = \$4.45M**
- ▶ School Technology = \$1.3M
- ▶ **TOTAL = \$5.75**

# FUTURE REVENUE & EXPENDITURE GROWTH

## PROJECTED ANNUAL GROWTH



## PROJECTED CUMULATIVE GROWTH

