

FY2014 FINANCIAL PLAN



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FY2014 BUDGET OVERVIEW

- ❖ \$257.4 million budget, representing a 2.5% increase over FY 2013; after excluding FY 2013 one-time funding for the Capital Improvement Program (CIP), the increase is 4.4%
- ❖ While not using the more generous allocation of Chapter 70 State Aid included in the Governor's budget (+\$2.8M), the increase of \$1.75M assumed in the Financial Plan provides much needed budgetary support.
- ❖ School enrollment continues to spiral upwards, creating significant strain on the operating and capital budgets. Since FY 2005, enrollment has increased by 1,166 (30%) students, or 46 new teaching sections (classrooms).
- ❖ Continued the modified Town/School formula adjustment, offsetting one half of the cost of the projected enrollment increase. School Department budget increases 4.4%.

FY2014 BUDGET OVERVIEW (con't.)

- ❖ Municipal department operations maintain programs and services, increasing 2.4%.
- ❖ Continue to follow fiscal policies that prioritize financial reserves.
- ❖ Escalate funding for unfunded Pension and OPEB liabilities by (1) increasing on-going appropriations and (2) augmenting assets for investment with Free Cash.
- ❖ Proposal to reorganize the Human Relations/Youth Resources Department (Staff not Commission)
- ❖ Strong Free Cash position allows for additional funding of the CIP to help address classroom space needs and to help take some pressure off of the out-years of the CIP.

FY2014 BUDGET - FISCAL PLANNING AND DISCIPLINE

- ❖ The Town has avoided drastic reductions in programs/services, loss of reserves, layoffs of incumbent personnel and additional tax overrides.
- ❖ We have maintained our Aaa Bond Rating.
- ❖ This is the result of solid fiscal discipline and good long-term budget planning.

KEY FACTORS

- ❖ Control of Health Insurance costs (GIC)
- ❖ Prudent allocation of one-time funds
- ❖ Diversification of revenues (Hotel and Meals taxes)
- ❖ Negotiation of PILOTs
- ❖ Investment in energy efficiency and technology
- ❖ Selective privatization of programs and services
- ❖ Consolidation and reorganization
- ❖ Efficiencies in operations

THE FY2014 BUDGET

	<u>FY 2013</u>	<u>FY 2014</u>	<u>\$\$\$ CHANGE</u>	<u>% CHANGE</u>
REVENUES				
Property Tax	170,137,611	175,604,001	5,466,389	3.2%
Local Receipts	21,084,438	21,997,366	912,928	4.3%
State Aid	15,131,276	16,875,381	1,744,105	11.5%
Free Cash	5,336,413	7,655,155	2,318,742	43.5%
Other Available Funds	11,894,344	6,846,435	(5,047,909)	-42.4%
Enterprises (net)	27,631,196	28,418,511	787,315	2.8%
TOTAL REVENUES	251,215,279	257,396,848	6,181,568	2.5%
EXPENDITURES				
Municipal Departments	64,888,410	66,427,740	1,539,330	2.4%
School Department	79,079,824	82,547,188	3,467,364	4.4%
Non- Departmental	58,501,588	63,363,650	4,862,062	8.3%
Special Appropriations	12,933,500	8,581,000	(4,352,500)	-33.7%
Enterprises (net)	27,631,196	28,418,511	787,315	2.8%
Non-Appropriated	8,180,759	8,058,759	(122,000)	-1.5%
TOTAL EXPENDITURES	251,215,279	257,396,848	6,181,569	2.5%

REVENUES

- ❖ Property Tax increases by 3.2%, representing more than 75% of the Town's General Fund revenue and reflecting a stable source of revenue.
- ❖ State Aid increases \$1.7 million based on the modified approach to following the Governor's Budget proposal.
- ❖ Local Receipts are up \$912,928 (4.3%). This represents the third consecutive year of an increase, but still not at the level of FY 2008.
- ❖ Free Cash is certified at \$9.6 million, but it is recommended that \$7.7 million be used for CIP, Unfunded Liabilities and Reserves. Helps reduce OPEB and Pension liabilities and ensure that the Town's operating reserves remain $\geq 10\%$.
- ❖ Other Available Funds decrease by more than \$5 million, due primarily to the one-time monies used in FY 2013 for CIP projects.

EXPENSES

- ❖ Municipal Departments up 2.4 % including a salary reserve.
- ❖ School Department up 4.4%, inclusive of negotiated salary increases.
- ❖ CDBG funding reductions anticipated; requiring reallocation of staff funding.
- ❖ Health Insurance up 7.4% (5% projected rate increase).
- ❖ OPEB funding plan continued and augmented by an additional \$200,000 in on-going revenue and an additional \$500,000 from Free Cash. Total contribution in FY 2014 is \$3.5 million.
- ❖ Pension appropriation increases \$1.6 million (10.3%), including a \$500,000 deposit from Free Cash and an additional \$200,000 in on-going revenue .
- ❖ Enterprises up 2.8%.

FY14 POLICY ISSUES & INITIATIVES

❖ Human Relations / Youth Resources Reorganization

- ❑ Steve Bressler Retirement
- ❑ Consolidation into Health Department will help provide program implementation, committee support and coordination with other Human Service issues
- ❑ Upgrade Human Services Coordinator position and add professional support staff
- ❑ Does NOT eliminate or alter Human Relations/Youth Resources Commission

❖ Open Government and Performance Management

- ❑ Better Tools
 - BrookOnLine
 - Social Media
 - The Open Checkbook
- ❑ Performance Measurement
 - Not a fad. A logical approach linking goals and objectives
 - Participation in Collins Center StatNet Program
 - Evolve from Workload Indicators to Effectiveness and Efficiency Measures
- ❑ National Citizen Survey
- ❑ The Community Dashboard

FY14 POLICY ISSUES & INITIATIVES II

❖ School Enrollment

- ❑ 660 New Kindergarten Students; K-8 Enrollment increasing by 240 to 5,067
- ❑ High School enrollment will absorb this growth, increasing from 1,769 students to 2,500 within 10 years
- ❑ CIP Short-Term and Long-Term Plans
 - ❑ Classroom Conversion and Lease of Pre-K Classrooms
 - ❑ Use of Old Lincoln School
 - ❑ Devotion School
 - ❑ High School Feasibility Study
- ❑ New B-SPACE Committee will explore concepts and solutions

❖ Financial Reserves & Long-Term Liabilities

- ❑ FPRC and new Financial Policies
 - ❑ Maintenance of adequate reserves
 - ❑ Adoption of long-term liability funding policy
- ❑ Unreserved Fund Balance in excess of 10% of operating revenues (Moody's informal threshold)
- ❑ Funding of Pensions and OPEB
 - ❑ Base operating allocation, use of dedicated revenue, Free Cash allocation

❖ Payroll System

- ❑ Bringing in-house to achieve better control/coordination and budgetary savings
- ❑ Create HR automation/tools
- ❑ Helps achieve better financial control as recommended by auditors

FY14 POLICY ISSUES & INITIATIVES III

❖ Parking Meters

- ❑ Implementation of changes
 - ❑ On Street – conversion from multi-space kiosks to single-space digital meters
 - ❑ Municipal Lots – retain multi-space units but convert to “Pay-by-Space”
 - ❑ Acquisition of new enforcement system

❖ Green Technology

- ❑ Achieved through the CIP, the Green Communities Program and Operating Budget
- ❑ LED Streetlight expansion
- ❑ MAPC’s Regional Solar Energy Initiative

❖ Cemetery Trust Funds

- ❑ Increased Operating Budget offset (from \$50,000 to \$75,000)
- ❑ Commitment to help fund Capital Improvement Program (CIP)
- ❑ Legal review

❖ Consolidated Infrastructure Work Order System (CIWOS)

- ❑ Creates a singular ticketing system for Town/School employees to report/request computing and building-related infrastructure services
- ❑ Integrates asset management capabilities to maximize capital investment and planning

LONG-RANGE FINANCIAL PLAN

- ❖ Important to take a longer outlook on financial and budget issues.
- ❖ Consistent with our longer range capital planning process.
- ❖ The Plan is based upon assumptions. The nature of long range budget forecasting is conservative and cumulative.
- ❖ Deficits beginning in FY2015 ranging from \$3.3 million to \$9.5 million in FY2018, representing a structural gap between revenue growth of 3% and expenditure growth of 4%.
- ❖ Our goal is to eliminate that gap in a way that balances revenue growth and expenditure control.

FINANCIAL PLAN SUMMARY

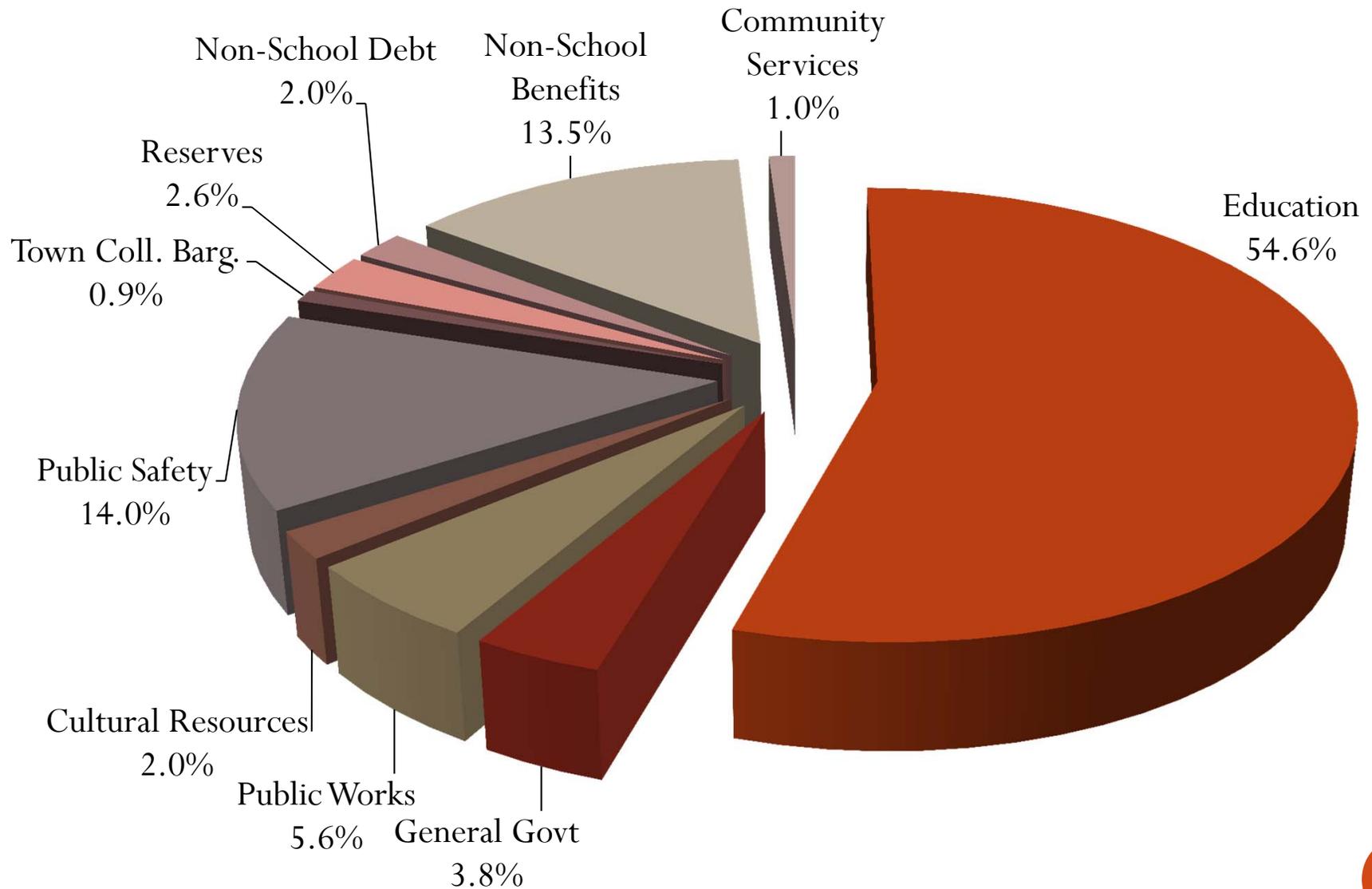
FY2014 FINANCIAL SUMMARY BY FUND

	General Fund *	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund	Cemetery Trust	State Library Aid	TOTAL	% of Total
REVENUES									
Property Taxes	175,604,001							175,604,001	68.2%
Local Receipts	21,997,366							21,997,366	8.5%
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		27,214,322						27,214,322	10.6%
Free Cash	7,655,155							7,655,155	3.0%
TOTAL FINANCIAL PLAN REVENUE	222,131,902	27,214,322	1,210,000	2,624,069	4,100,000	75,000	41,555	257,396,848	
EXPENDITURES **									
General Government	7,690,161							7,690,161	3.0%
Public Safety	33,236,378				2,050,000			35,286,378	13.7%
Public Works	11,687,488	22,758,251			2,050,000	75,000		36,570,739	14.2%
Library	3,595,330						41,555	3,636,885	1.4%
Health & Human Services	2,358,115							2,358,115	0.9%
Recreation	1,028,713		880,210	2,270,352				4,179,275	1.6%
Schools	82,547,188							82,547,188	32.1%
Personal Services Reserve	715,000							715,000	0.3%
Collective Bargaining (Town)	1,900,000							1,900,000	0.7%
Personnel Benefits **	47,709,108	2,125,747	87,398	350,618				50,272,871	19.5%
Non-Departmental **	3,441,551		63,018	3,099				3,507,668	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%
TOTAL FINANCIAL PLAN EXPENDITURES	222,131,902	27,214,322	1,210,000	2,624,069	4,100,000	75,000	41,555	257,396,848	
% OF TOTAL FINANCIAL PLAN	86.3%	10.6%	0.5%	1.0%	1.6%	0.0%	0.0%		

* 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.

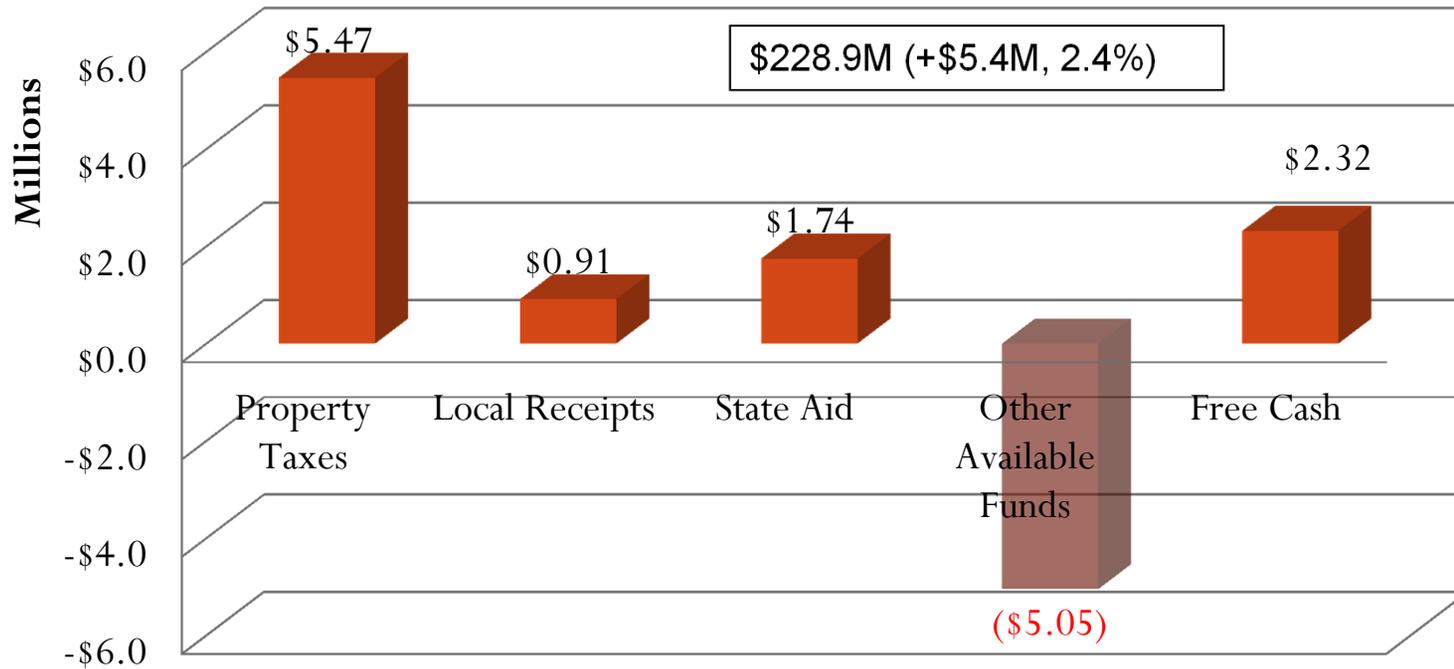
FULLY ALLOCATED FY2014 GENERAL FUND OPERATING BUDGET



GENERAL FUND SUMMARY

	FY2013 BUDGET	FY2014 BUDGET	INCREASE/DECREASE	
			\$	%
REVENUE				
Property Tax	170,137,611	175,604,001	5,466,389	3.2%
Local Receipts	21,084,438	21,997,366	912,928	4.3%
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%
TOTAL REVENUE	223,584,082	228,978,337	5,394,255	2.4%
(LESS) NON-APPROPRIATED EXPENSES				
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%
TOTAL NON-APPROPRIATED EXPENSES	8,180,759	8,058,759	(122,000)	-1.5%
AMOUNT AVAILABLE FOR APPROPRIATION	215,403,323	220,919,578	5,516,255	2.6%
APPROPRIATIONS				
Town Departments	64,888,411	66,427,740	1,539,329	2.4%
School Department	79,079,823	82,547,188	3,467,365	4.4%
Non-Departmental Total	58,501,589	63,363,650	4,862,062	8.3%
General Fund Non-Departmental	56,208,800	60,733,770	4,524,970	8.1%
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%
OPERATING BUDGET SUBTOTAL	202,469,822	212,338,578	9,868,756	4.9%
Revenue-Financed CIP (Special Appropriations)	12,933,500	8,581,000	(4,352,500)	-33.7%
TOTAL APPROPRIATIONS	215,403,322	220,919,578	5,516,256	2.6%
BALANCE	0	0	0	

GENERAL FUND REVENUE CHANGES

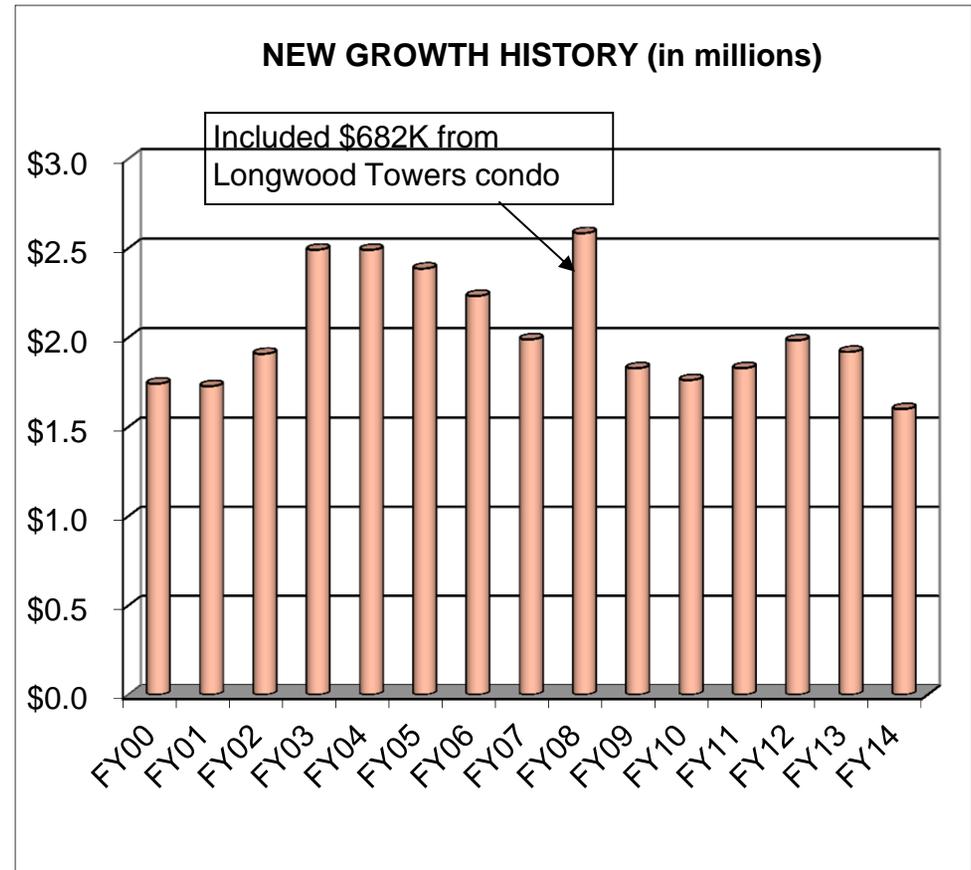


	FY13	FY14	\$ Change	% Change
Total General Fund Revenue	223,584,082	228,978,337	5,394,255	2.4%
Less:				
SBA Reimbursements	556,757	556,757	0	0.0%
Net Debt Exclusions	1,630,808	1,112,800	(518,008)	-31.8%
Free Cash	5,336,413	7,655,155	2,318,741	43.5%
Add'l Revenue for CIP	5,660,000	0	(5,660,000)	-100.0%
Tax Abatement Reserve Surplus	1,750,000	0	(1,750,000)	-100.0%
Parking Meter Receipts	100,000	0	(100,000)	-100.0%
Sale of Town-owned Land Fund	3,250,000	0	(3,250,000)	-100.0%
Capital Project Surplus	560,000	0	(560,000)	-100.0%
OPERATING REVENUE	210,400,104	219,653,625	9,253,521	4.4%

PROPERTY TAX – NEW GROWTH

- ❖ Has been a critical component of the Town’s overall fiscal health.
- ❖ In FY14, estimating \$1.6 million.

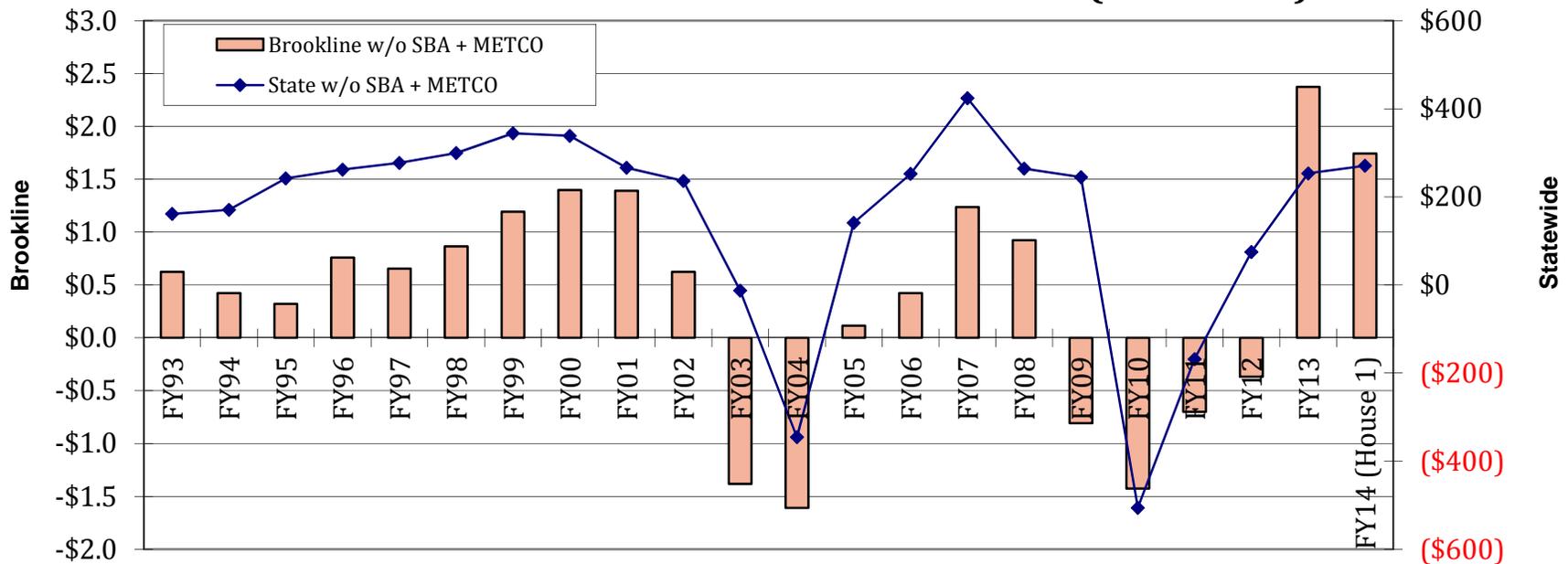
	2.5% Growth	New Growth	New Growth as % of 2.5% Growth
FY00	\$2.26	\$1.74	77%
FY01	\$2.36	\$1.73	73%
FY02	\$2.46	\$1.91	78%
FY03	\$2.57	\$2.49	97%
FY04	\$2.69	\$2.49	92%
FY05	\$2.82	\$2.39	84%
FY06	\$2.95	\$2.23	76%
FY07	\$3.08	\$1.99	65%
FY08	\$3.21	\$2.58	80%
FY09	\$3.36	\$1.83	54%
FY10	\$3.64	\$1.76	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%
TOTAL	\$47.38	\$30.48	64%



STATE AID

- ❖ Governor's budget proposed an increase in Ch. 70 (\$2.8M) and a new "Annual Formula Local Aid" (\$120,753).
- ❖ FY14 increase of \$2.9M (20%), exclusive of SBA reimbursements.
- ❖ Since initiatives in the Governor's budget proposal are highly dependent on new tax proposals (\$1.9B), Financial Plan does not use the Local Aid figures from the Governor's budget; instead, a \$1.75M increase in Ch. 70 is assumed.

CHERRY SHEET AID - ANNUAL CHANGES (in millions)



* The State moved School Building Assistance (SBA) funding "off-budget" in FY06 and METCO off of the Cherry Sheet in FY07, so they are removed from all other years for a more accurate comparison.

CHAPTER 70 AID

- ❖ The key factor that positively impacts Brookline, as proposed by Governor, and results in another significant (\$2.8M, 31%) increase is the “Aggregate Wealth Model” used in the formula since FY07 is fully implemented.
 - For 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.
- ❖ In addition, Brookline is aided by the fact that the district’s Foundation Budget increases significantly (6%) again (FY13=9%), due in part to inflation and enrollment.
- ❖ Since initiatives in the Governor’s budget proposal are highly dependent on new tax proposals (\$1.9B), Financial Plan does not use the Local Aid figures from the Governor’s budget; instead, a \$1.75M increase in Ch. 70 is assumed.

CHAPTER 70 AID (con't)

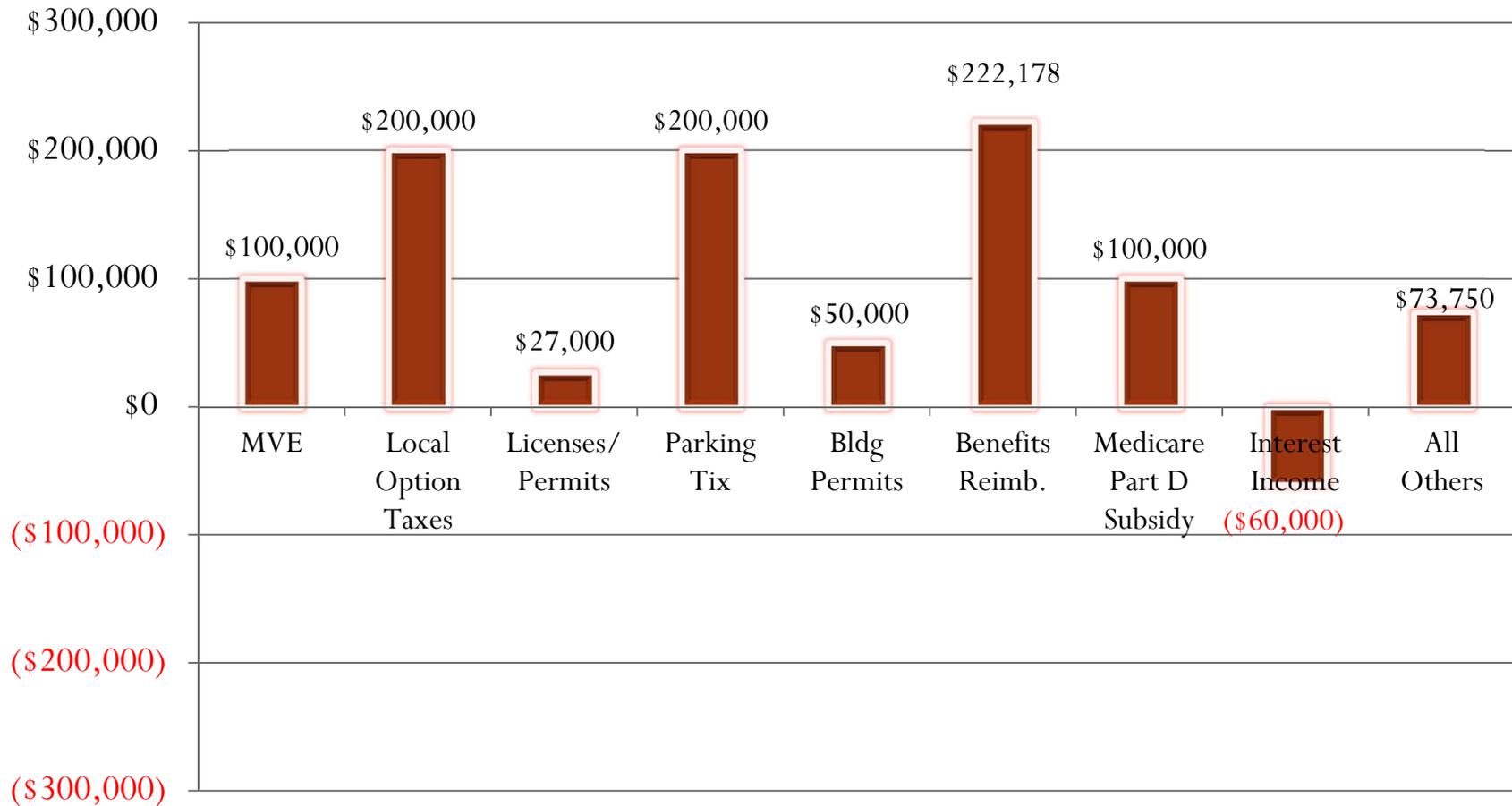
	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Foundation budget	46,243,375	49,807,109	52,046,875	55,448,798	55,383,764	57,861,962	63,110,212	67,027,675
Required net school spending	64,819,179	63,319,142	60,268,078	60,526,653	59,137,816	59,481,712	63,110,212	67,027,675
NSS a % of Foundation	140.17%	127.13%	115.80%	109.16%	106.78%	102.80%	100.00%	100.00%

❖ 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.

Prior Year Aid		Prior Year Aid		Prior Year Aid	
1 FY11 Chapter 70 +SFSF	6,932,850	1 FY12 Chapter 70	6,932,850	1 Chapter 70 FY13	8,949,381
Foundation Aid		Foundation Aid		Foundation Aid	
2 FY12 Foundation budget	57,861,962	2 FY13 Foundation budget	63,110,212	2 Foundation budget FY14	67,027,675
3 FY12 Required district contribution	52,548,862	3 FY13 Required district contribution	54,160,831	3 Required district contribution FY14	55,297,832
4 Foundation aid (2 -3)	5,313,100	4 Foundation aid (2 -3)	8,949,381	4 Foundation aid (2 -3)	11,729,843
5 Increase over FY11 (4 - 1)	0	5 Increase over FY12 (4 - 1)	2,016,531	5 Increase over FY13 (4 - 1)	2,780,462
Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation	
6 Non-operating district reduction to foundation	0	6 Reduction to foundation	0	6 Reduction to foundation	0
Chapter 70 Aid FY12		Chapter 70 Aid FY13		Chapter 70 Aid FY14	
sum of line 1 and 5 minus line 6	6,932,850	sum of line 1 and 5 minus line 6	8,949,381	sum of line 1 and 5 minus line 6	11,729,843

LOCAL RECEIPTS

❖ FY14 increase of \$913K (4.3%).



FREE CASH

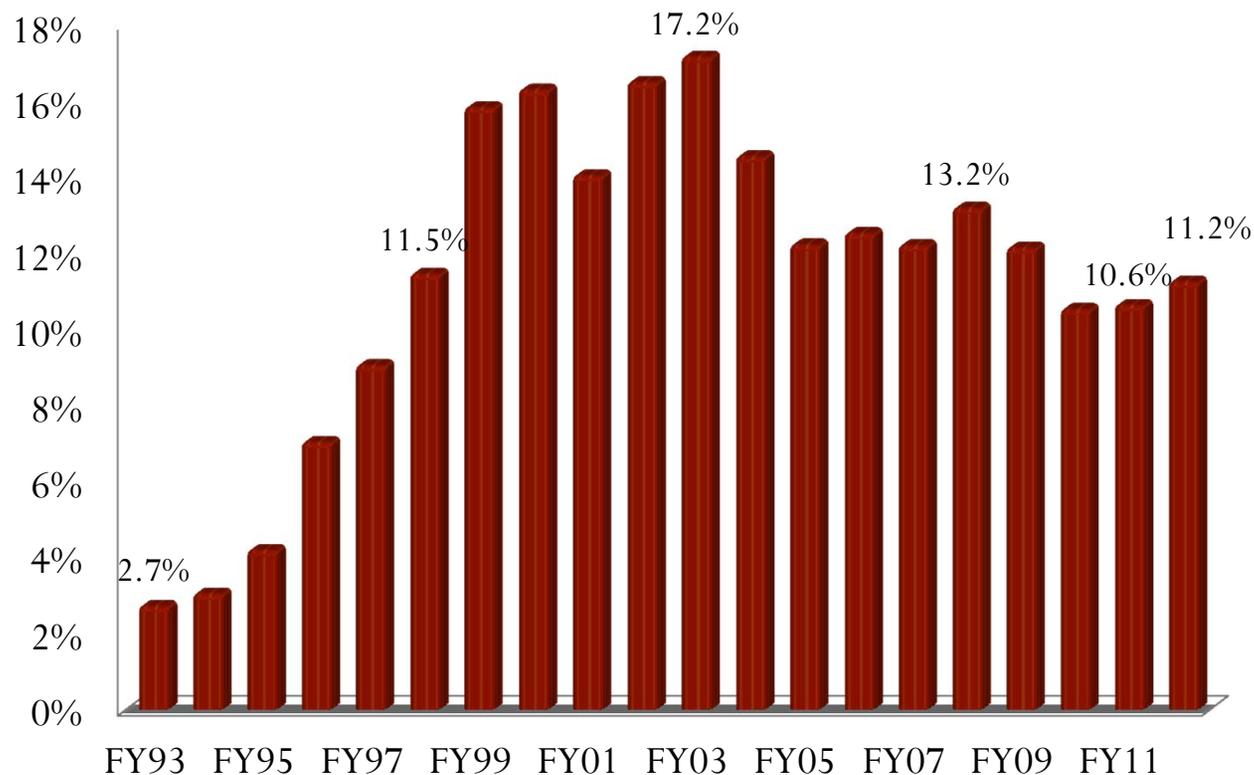
- ❖ Free Cash as of 7/1/12 certified at \$9,654,859.
- ❖ For FY14, recommending using \$7.7 million, leaving \$2 million unappropriated to help improve undesignated fund balance.
- ❖ Free Cash sequencing:

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
<u>6. Special Use:</u>	
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.
- Steps taken over past two budget cycles have improved fund balance.
- FY 2014 budget proposes two steps to continue to at least maintain the current position:
 - \$250,000 deposit into the Stabilization Fund
 - \$2M of Free Cash left unappropriated.

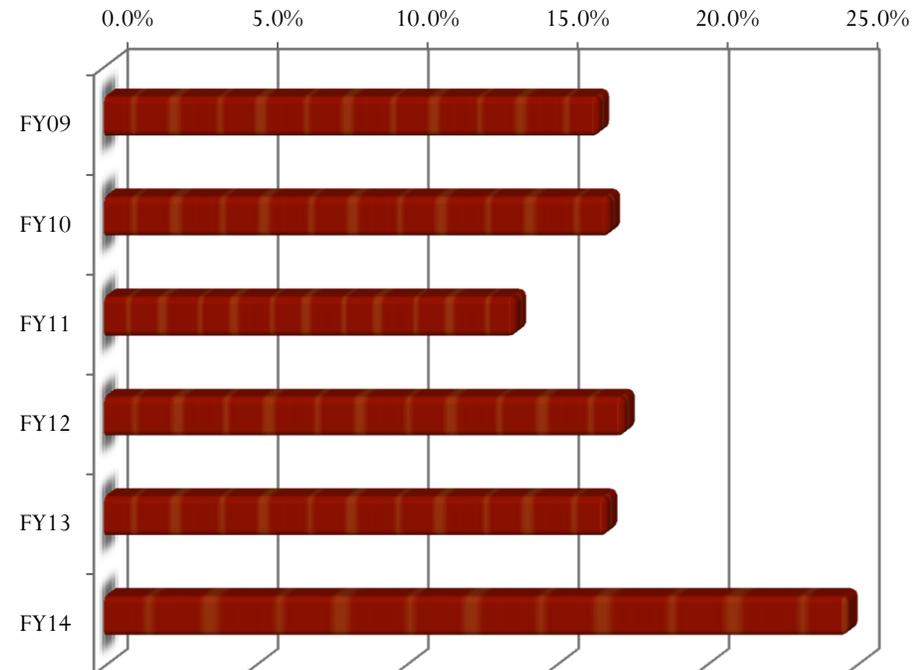
UNASSIGNED FUND BALANCE AS A% OF REVENUE



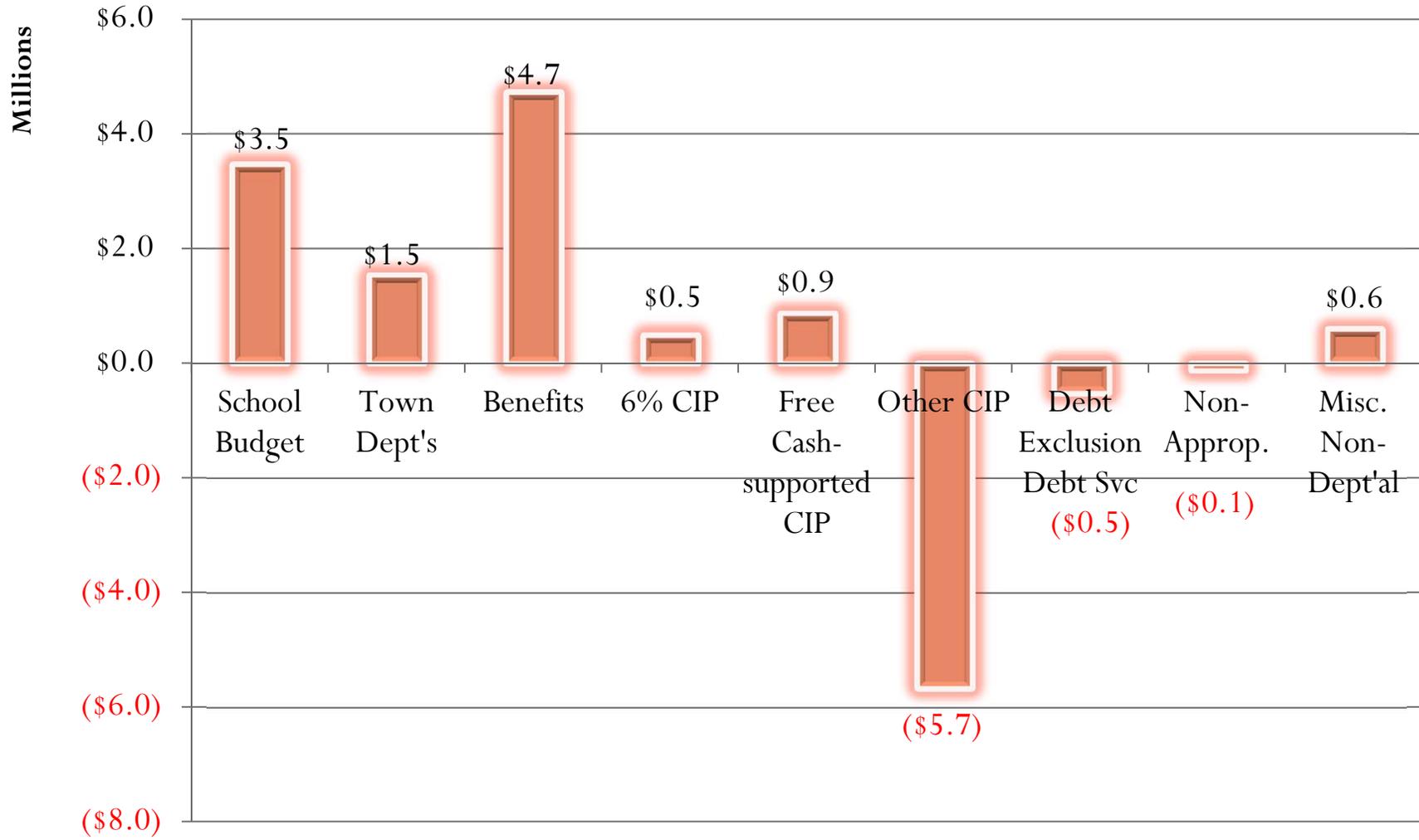
CEMETERY TRUST FUNDS

- Since FY99, \$50K from Cemetery funds have reimbursed the Gen Fund for the costs of operating the cemetery (DPW budget).
- Covers approx. 15% of costs.
- FY14 increases the reimbursement by 50% to \$75K.
- Covers approx. 25% of costs.

Cemetery Funds Used to Reimburse Gen Fund as a % of Costs to Operate Cemetery



GENERAL FUND EXPENDITURE GROWTH

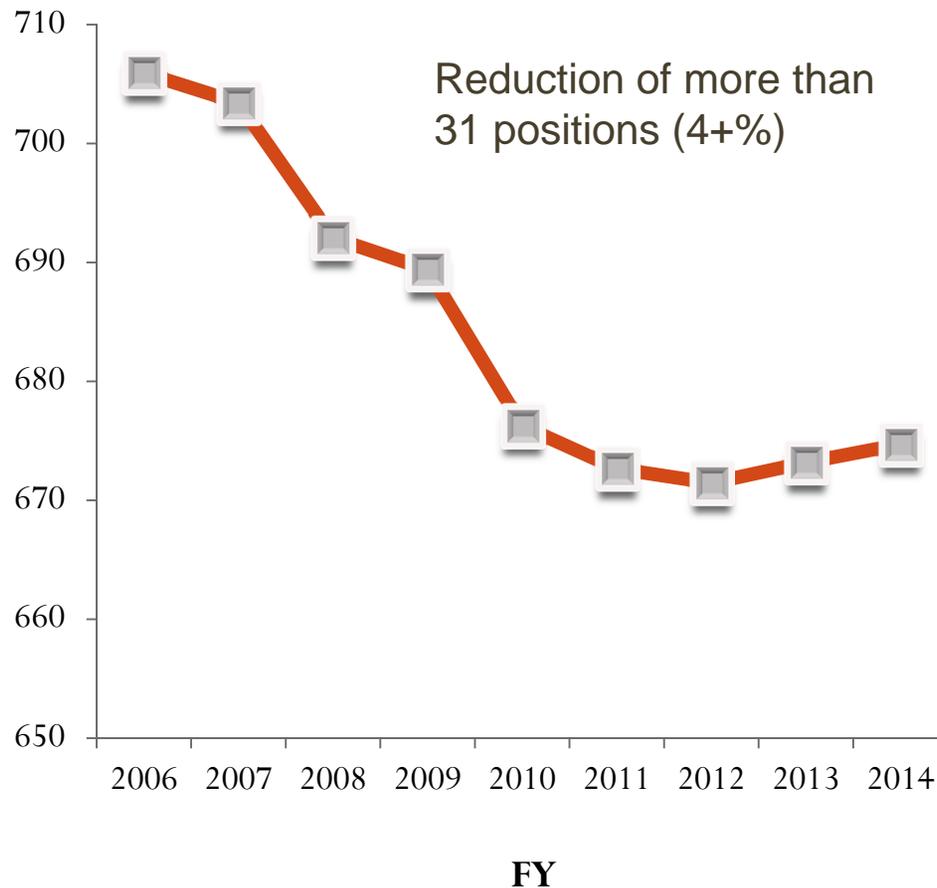


DEPARTMENTAL CHANGES

<u>DEPARTMENT</u>	<u>FY14 BUDGET</u>	<u>% OF ALL DEPT's</u>	<u>FY14 vs FY13</u>		<u>W/O Capital FY14 vs FY13</u>	
			<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Selectmen's Office	\$647,749	1.0%	\$13,442	2.1%	\$14,472	2.3%
Human Resources Department	\$510,979	0.8%	\$1,813	0.4%	\$4,023	0.8%
Information Technology	\$1,671,960	2.5%	\$195,827	13.3%	\$195,827	13.6%
Finance Department	\$2,848,636	4.3%	(\$129,946)	-4.4%	(\$157,296)	-5.3%
Legal Services	\$801,094	1.2%	\$8,281	1.0%	\$8,281	1.0%
Advisory Committee	\$23,643	0.0%	\$2,256	10.5%	\$2,256	10.7%
Town Clerk	\$533,900	0.8%	(\$94,079)	-15.0%	(\$92,779)	-14.8%
Planning & Community Development	\$652,202	1.0%	\$27,832	4.5%	\$29,632	4.8%
Police Department	\$15,166,074	22.8%	\$141,670	0.9%	\$118,670	0.8%
Fire Department	\$13,083,946	19.7%	\$198,404	1.5%	\$67,342	0.5%
Building Department	\$7,036,359	10.6%	\$158,217	2.3%	\$126,004	1.8%
Public Works	\$13,812,488	20.8%	\$286,511	2.1%	\$286,511	2.2%
Library	\$3,636,885	5.5%	(\$54,111)	-1.5%	\$1,990	0.1%
Health	\$1,254,088	1.9%	\$124,965	11.1%	\$101,470	9.0%
Veterans' Services	\$292,074	0.4%	(\$135)	0.0%	(\$120)	0.0%
Council on Aging	\$811,953	1.2%	(\$51,915)	-6.0%	\$14,885	1.9%
Human Relations Youth Resources	\$0	0.0%	(\$105,718)	-100.0%	(\$105,168)	-100.0%
Recreation Department	\$1,028,713	1.5%	\$10,581	1.0%	\$13,361	1.3%
Personal Services Reserve	\$715,000	1.1%	(\$144,565)	-16.8%	(\$144,565)	-16.8%
Collective Bargaining	\$1,900,000	2.9%	\$950,000		\$950,000	
TOTAL	\$66,427,740	100.0%	\$1,539,330	2.4%	\$1,434,796	2.3%

STAFFING LEVELS

GENERAL FUND TOWN FTE's



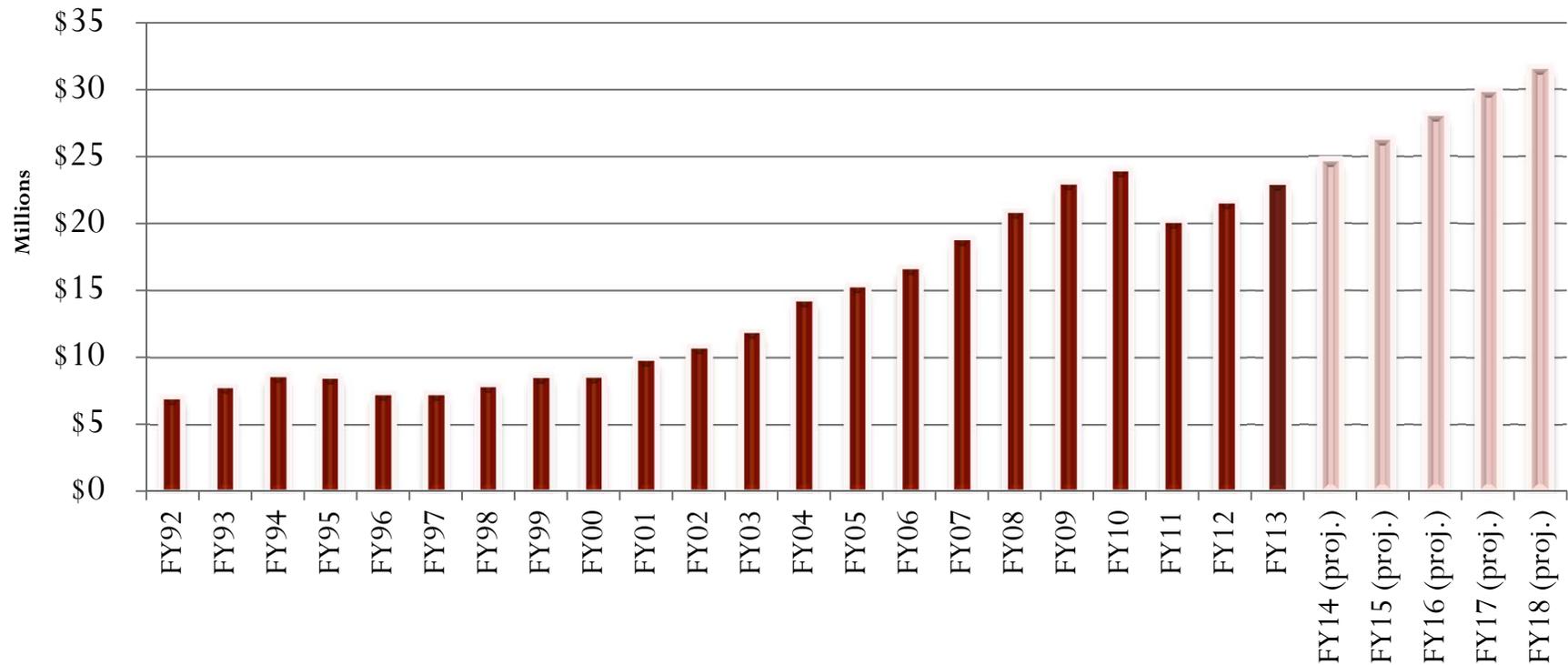
EXAMPLES

- 7 in DPW from privatization efforts.
- 2 in DPW from consolidation efforts (1 from combining Fire Wires w/Highway and 1 from combining IT position w/ITD).
- 7 more in DPW from eliminating vacant positions.
- 3 in Police/Fire from civilianization efforts.
- 7 more cut from Police/Fire.
- 2 from investment in IT (Police and Library).
- 4 from A&F Dept's.

HEALTH INSURANCE

- ❖ Estimated FY14 increase of \$1.7M (7.4%).
- ❖ Assumes a 5% rate increase and growth in enrollment of 40.

GROUP HEALTH APPROPRIATION



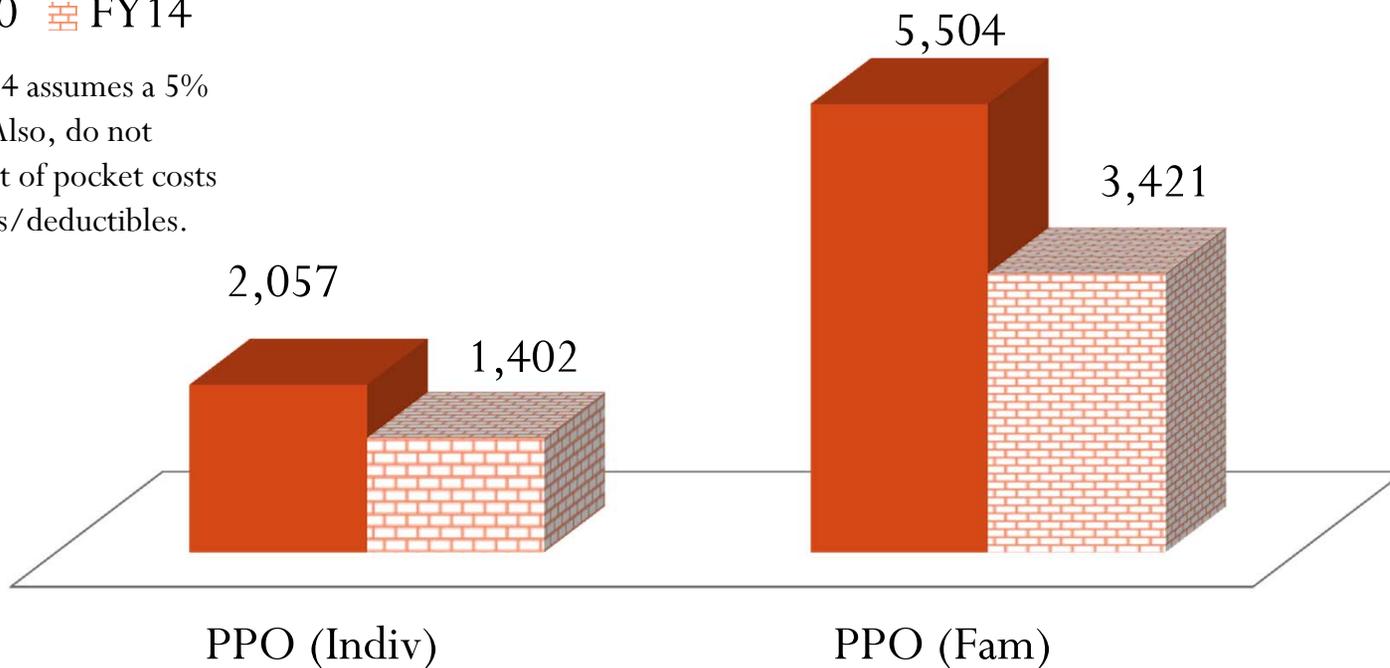
- Now consumes 12% of the Operating Budget vs 6% in FY00.
- FY14 total cost of Hvd PPO family plan projected at \$20,124.

HEALTH INSURANCE – EMPLOYEE PREMIUM COSTS

Employee Costs of Health Ins Premium -- FY10 vs FY14

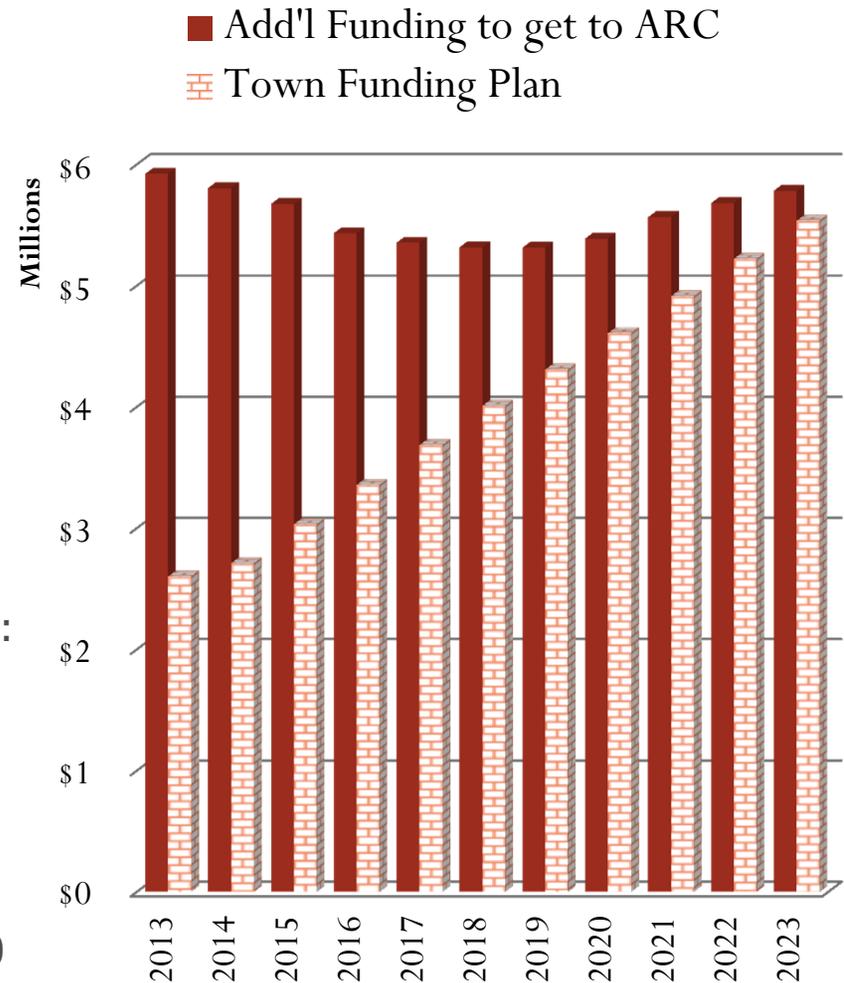
■ FY10 ■ FY14

Note: FY14 assumes a 5% increase. Also, do not include out of pocket costs for co-pays/deductibles.



OPEB'S

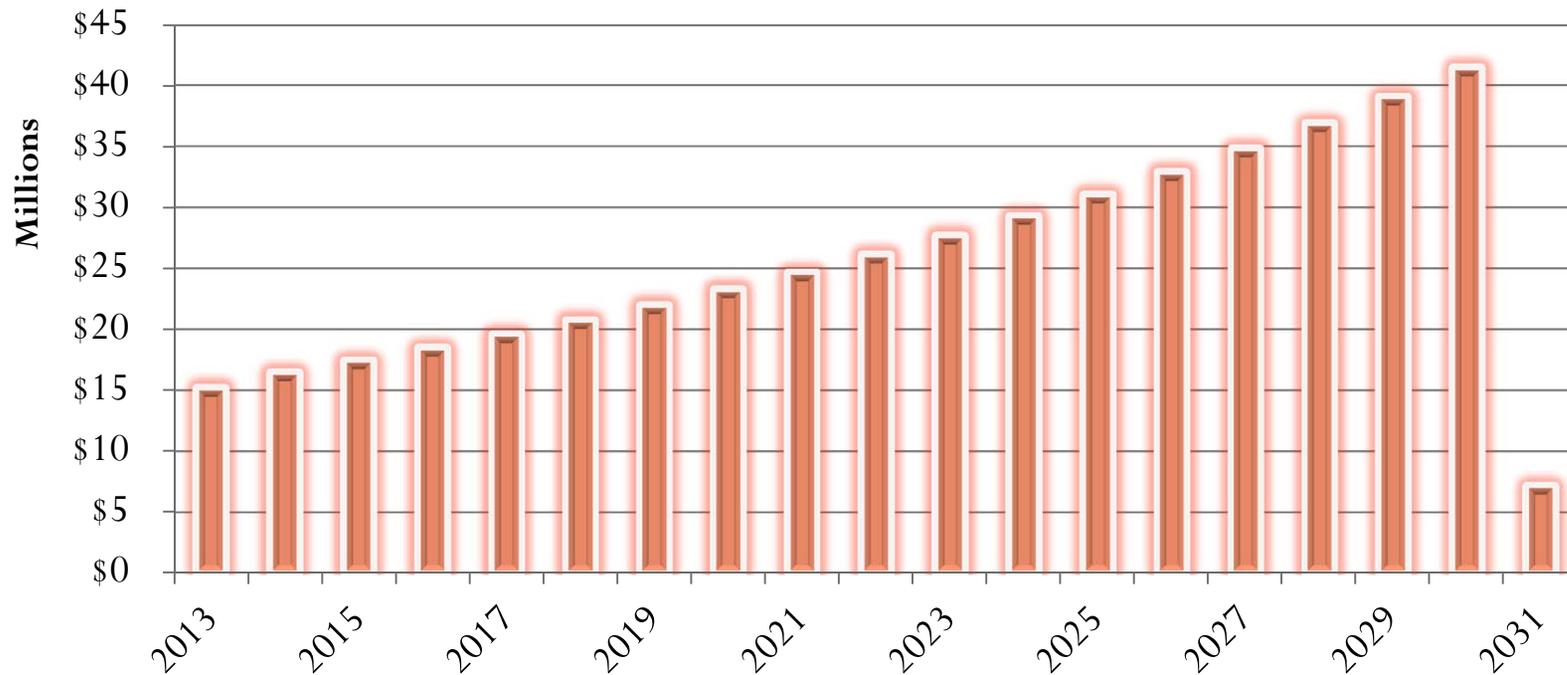
- ❖ FY14 Financial Plan includes the following:
 - Increase in funding from operating revenue by the “regular” \$250K + an add'l \$200K to \$2.2M.
 - Full assessment of Town special revenue funds for their liability; some assessment by Schools.
 - Use of “run-off” from funding for Non-Contributory retirees.
 - Medicare Part D Subsidy (\$400K) remains directed to OPEB funding.
 - \$500K from Free Cash.
- ❖ Reach ARC in approx. 10 yrs.
- ❖ Breakdown for the FY14 OPEB appropriation:
 - ❖ Operating Rev - \$2,203,092
 - ❖ Medicare Part D - \$400,000
 - ❖ Town Spec Rev Funds - \$188,768
 - ❖ School Spec Rev Funds - \$122,500
 - ❖ Non-Contributory Retiree Savings - \$100,000
 - ❖ Free Cash - \$500,000



CONTRIBUTORY PENSIONS

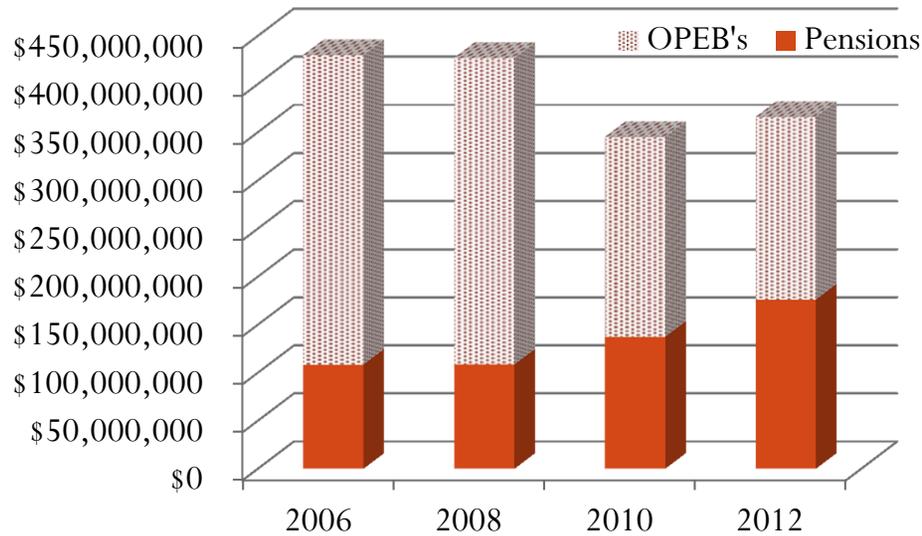
- ❖ Follow new funding plan, which is in effect for FY14 + FY15.
- ❖ Full funding date of 2030, two years later than prior schedule.
- ❖ Retirement Bd reduced assumed annual Rate of Return from 8.15% to 7.75%.
- ❖ Increase of \$933K (6%) + \$200K in base + \$500K deposit into fund from Free Cash.

PENSION SYSTEM FUNDING SCHEDULE



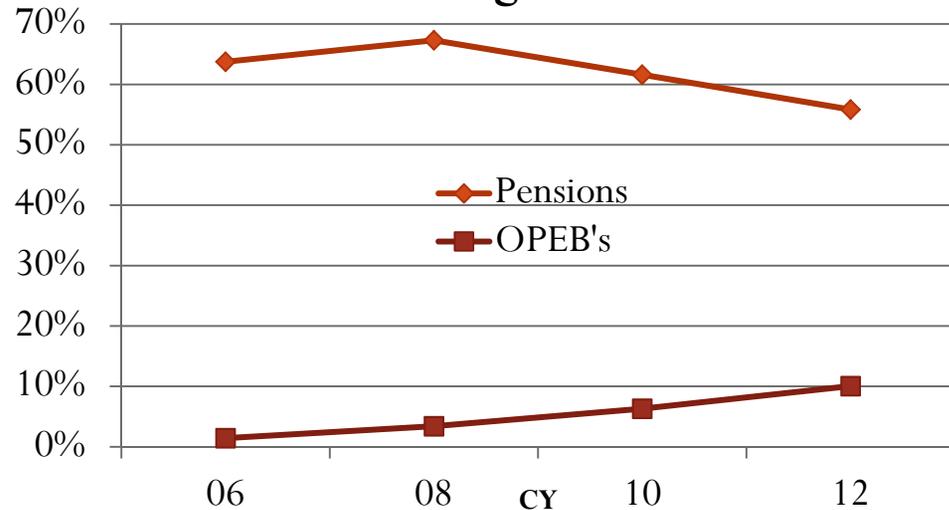
UNFUNDED LIABILITIES

Unfunded Liabilities



- \$366M in liabilities
- OPEB reduced / Pension increased
- FY 2014 budget includes 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



FY2014 WATER & SEWER ENTERPRISE FUND

	FY2013 BUDGET	FY2014 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Rate Revenue	25,894,330	26,777,322	882,992	3.4%	98.4%
Late Payment Fees	80,000	80,000	0	0.0%	0.3%
Water Service Charges	115,500	115,500	0	0.0%	0.4%
Fire Service Fee	225,000	225,000	0	0.0%	0.8%
Misc.	16,500	16,500	0	0.0%	0.1%
TOTAL REVENUE	26,331,330	27,214,322	882,992	3.4%	
EXPENDITURES					
Personnel	2,339,744	2,421,523	81,780	3.5%	8.9%
Services	316,089	311,089	(5,000)	-1.6%	1.1%
Supplies	123,020	123,020	0	0.0%	0.5%
Other	6,400	8,900	2,500	39.1%	0.0%
Utilities	162,488	159,123	(3,365)	-2.1%	0.6%
Capital Outlay	670,650	581,800	(88,850)	-13.2%	2.1%
Inter-Governmental (MWRA)	18,220,842	18,883,348	662,506	3.6%	69.4%
Benefits	1,293,255	1,544,425	251,169	19.4%	5.7%
Inter-Departmental Overhead	562,732	581,322	18,590	3.3%	2.1%
Debt Service	2,375,404	2,330,325	(45,079)	-1.9%	8.6%
Reserve	260,706	269,449	8,743	3.4%	1.0%
TOTAL EXPENDITURE	26,331,330	27,214,322	882,992	3.4%	
BALANCE	0	0	0		

FY2014 GOLF COURSE ENTERPRISE FUND

	FY2013 BUDGET	FY2014 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Greens Fees	984,000	985,000	1,000	0.1%	81.4%
Golf Cart Rentals	75,000	80,000	5,000	6.7%	6.6%
Pro Shop Sales	44,000	47,740	3,740	8.5%	3.9%
Concessions	42,000	43,260	1,260	3.0%	3.6%
Golf Clinics	30,000	25,000	(5,000)	-16.7%	2.1%
Other	29,000	29,000	0	0.0%	2.4%
TOTAL REVENUE	1,204,000	1,210,000	6,000	0.5%	
EXPENDITURES					
Personnel	380,393	393,170	12,777	3.4%	32.5%
Services	121,566	129,978	8,412	6.9%	10.7%
Supplies	148,200	148,200	0	0.0%	12.2%
Other	4,100	4,100	0	0.0%	0.3%
Utilities	93,385	98,462	5,077	5.4%	8.1%
Capital Outlay	83,900	81,300	(2,600)	-3.1%	6.7%
Debt Service	191,484	179,374	(12,110)	-6.3%	14.8%
Benefits / Other	124,991	150,416	25,425	20.3%	12.4%
Town Fee (Transfer to Town for general use)	30,046	0	(30,046)	-100.0%	0.0%
Reserve	25,935	25,000	(935)	-3.6%	2.1%
TOTAL EXPENDITURE	1,204,000	1,210,000	6,000	0.5%	
BALANCE	0	0	0		

FY2014 RECREATION REVOLVING FUND

	FY2013 BUDGET	FY2014 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Aquatic	489,000	535,000	46,000	9.4%	20.4%
Eliot Center	175,142	149,609	(25,533)	-14.6%	5.7%
Environmental Programs	50,000	52,030	2,030	4.1%	2.0%
Ice Skating	151,206	172,724	21,518	14.2%	6.6%
Off-Site Out of Town Trip	84,851	63,619	(21,232)	-25.0%	2.4%
Outdoor Recreation	464,987	563,317	98,330	21.1%	21.5%
Outdoor Athletics	169,491	213,479	43,988	26.0%	8.1%
Soule Center	582,000	650,930	68,930	11.8%	24.8%
Soule Gym	73,165	34,438	(38,727)	-52.9%	1.3%
Tappan Facility	148,813	188,923	40,110	27.0%	7.2%
TOTAL REVENUE	2,388,655	2,624,069	235,414	9.9%	
EXPENDITURES					
Personnel	1,446,245	1,619,300	173,055	12.0%	61.7%
Services	311,519	308,245	(3,275)	-1.1%	11.7%
Supplies	159,644	162,235	2,591	1.6%	6.2%
Other	52,938	31,828	(21,110)	-39.9%	1.2%
Utilities	115,176	144,044	28,869	25.1%	5.5%
Capital Outlay	21,369	4,700	(16,669)	-78.0%	0.2%
Benefits / Other	281,764	353,717	71,953	25.5%	13.5%
TOTAL EXPENDITURE	2,388,655	2,624,069	235,414	9.9%	
BALANCE	0	0	0		

CAPITAL IMPROVEMENT PROGRAM

- ❖ Developed within the parameters of the CIP Policies.
- ❖ At full funding -- 6% of prior year net revenue + Free Cash to get to 7.5%. Use additional Free Cash to get to 8.4%.
- ❖ Calls for an investment of \$170.9 million over the next six years, for an average of \$28.5 million/yr.
- ❖ \$4.8 million of Free Cash is used to support the CIP in FY 2014.
- ❖ Financing plan includes \$48M of outside funding sources:
 - ❖ \$36 million from MSBA for Devotion
 - ❖ \$5.7 million from State Ch. 90 program
 - ❖ \$4.6 million from State TIP for Village Square project
- ❖ School enrollment continues to drive CIP spending.

CIP – MAJOR CHANGES FROM DEC 4TH

- ❖ Free Cash was certified at \$9.65M, an amount that is \$2.1M greater than the \$7.5M used in the Financial Forecast and Preliminary CIP
 - ❑ Of that difference, \$1.1M was used to advance projects in the CIP in an effort to reduce the pressure on the CIP in FY's 18 and 19 caused by the debt service associated with the Devotion School project.
 - ❑ Doing so allowed for the restoration of the “annual CIP items” that were eliminated in FY19.

- ❖ Fire Department’s \$400K for SCBA is removed from FY17
 - ❑ Rather than funding it in one FY, funding it through the Operating Budget over a 3-4 year period.
 - ❑ This approach is being taken so as to avoid having all the equipment’s warranty expire at the same time.

- ❖ The cost of the preferred solution for the MSC has become clearer and an additional \$500K is required
 - ❑ Brings the cost estimate to \$2.5M.
 - ❑ The Debt Management Plan has been revised to account for the additional \$500K of debt.

- ❖ Two “late additions”:
 - ❑ \$40K for Bicycle Access Improvements
 - ❑ \$175K for School IT

CIP FUNDING SUMMARY

	2014	2015	2016	2017	2018	2019
6% Policy	12,172,566	12,729,097	13,122,951	13,532,466	13,959,468	14,427,956
Net-Debt *	8,410,311	8,825,536	9,737,946	9,527,189	13,227,268	12,855,464
Pay-as-you-Go	3,762,255	3,903,562	3,385,005	4,005,277	732,200	1,572,492
<u>Free Cash</u>	<u>3,043,142</u>	<u>3,182,274</u>	<u>3,280,738</u>	<u>3,383,116</u>	<u>3,489,867</u>	<u>3,606,989</u>
Sub-Total	15,215,708	15,911,372	16,403,689	16,915,582	17,449,335	18,034,945
CIP as a % of Prior Yr Net Rev Per Policy	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
<u>ADDITIONAL REVENUE</u>						
<u>Additional Free Cash</u>	<u>1,775,602</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	1,775,602	0	0	0	0	0
TOTAL REVENUE	16,991,310	15,911,372	16,403,689	16,915,582	17,449,335	18,034,945
TOTAL CIP as a % of Prior Yr Net Rev	8.4%	7.5%	7.5%	7.5%	7.5%	7.5%

* Defined as General Fund debt less debt supported by a debt exclusion.

MAJOR CIP PROJECTS

- ❖ Devotion School Rehab - \$54M of Town funding + \$36M of State funding (FY14)
- ❖ Village Square - \$5.6M (FY16) - - all outside funding
- ❖ Newton St. Landfill (Rear Landfill Closure) - \$4.6M (FY15)
- ❖ Larz Anderson Park - \$3.4M (FY14, FY19,+\$5.7M in Future Yrs)
- ❖ Old Lincoln School - \$3M (FY14)
- ❖ MSC Renovations - \$2.5M (FY14)
- ❖ LED Streetlights - \$2.2M (FY14-FY17)
- ❖ Driscoll School HVAC - \$2.2M (FY15, FY17)
- ❖ Fire Sta. Renovations - \$2M (FY14-15, FY17-FY18, Future Yrs)
- ❖ Classroom Capacity – \$1.75M (FY14)
- ❖ Brookline Reservoir Park - \$1.6M (FY17-FY18)
- ❖ Fisher Hill Park - \$1.2M (FY14)
- ❖ Walnut Hills Cemetery - \$1M (FY14-FY16, Future Yrs)
- ❖ Pierce Playground - \$1M (FY15-FY16)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUE					
Property Taxes	175,604,001	181,547,881	187,740,818	194,729,838	201,844,274
Local Receipts	21,997,366	22,272,795	22,530,439	22,258,616	22,536,232
State Aid	16,875,381	17,142,881	17,551,319	17,969,968	18,399,084
Other Available Funds	6,846,435	6,961,108	7,100,238	7,327,434	7,409,924
Free Cash	7,655,155	4,000,000	4,000,000	4,000,000	4,150,000
TOTAL REVENUE	228,978,337	231,924,664	238,922,814	246,285,857	254,339,514
\$\$ Increase	5,394,256	3,080,577	7,001,506	7,366,484	8,057,183
% Increase	2.4%	1.3%	3.0%	3.1%	3.3%

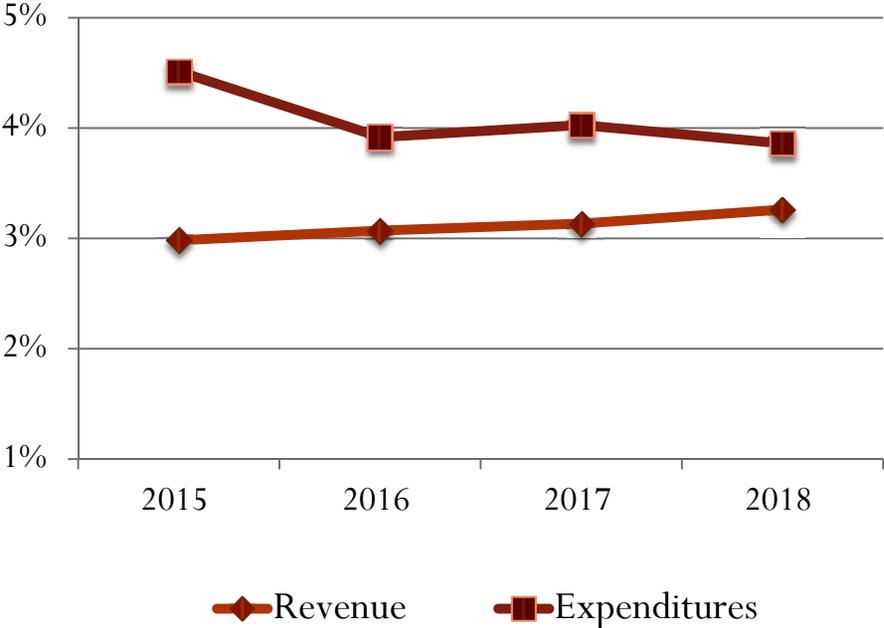
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
EXPENDITURES					
Departmental	65,477,739	67,223,380	68,835,161	70,563,236	72,287,764
Coll. Barg. - Town	950,000	960,000	970,000	1,110,000	1,130,000
Schools	80,247,189	85,022,189	89,378,389	93,203,389	97,128,389
Coll. Barg. - School	2,300,000	1,881,200	1,350,000	1,400,000	1,430,000
Non-Departmental - Benefits	50,272,872	51,961,928	54,950,288	58,232,923	61,509,264
Non-Departmental - General	1,478,907	609,196	597,700	624,750	646,686
Non-Departmental - Debt Service	9,583,111	9,979,936	10,873,946	10,635,589	14,308,068
Non-Departmental - Reserve Fund	2,028,761	2,121,516	2,185,816	2,254,035	2,325,167
Special Appropriations	8,580,999	7,300,715	6,787,411	7,387,151	4,243,853
Non-Appropriated	8,058,759	8,248,667	8,443,323	8,642,846	8,847,356
TOTAL EXPENDITURES	228,978,337	235,308,727	244,372,034	254,053,920	263,856,548
\$\$ Increase	5,394,255	6,330,390	9,063,307	9,681,885	9,802,629
% Increase	2.4%	2.8%	3.9%	4.0%	3.9%

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
CUMULATIVE SURPLUS/(DEFICIT)	0	(3,384,063)	(5,449,220)	(7,768,062)	(9,517,034)
DEFICIT AS A % OF OP REV	0.0%	-1.5%	-2.3%	-3.2%	-3.7%

Surplus / (Deficit) Prior to Collective Bargaining	3,250,000	(542,863)	(3,129,220)	(5,258,062)	(6,957,034)
Town Share of Surplus / (Deficit)	950,000	(223,911)	(983,502)	(1,371,363)	(1,866,229)
Town Collective Bargaining	950,000	960,000	970,000	1,110,000	1,130,000
Total Town Surplus / (Deficit)	0	(1,183,911)	(1,953,502)	(2,481,363)	(2,996,229)
School Share of Surplus / (Deficit)	2,300,000	(318,952)	(2,145,719)	(3,886,700)	(5,090,804)
School Collective Bargaining	2,300,000	1,881,200	1,350,000	1,400,000	1,430,000
Total School Surplus / (Deficit)	0	(2,200,152)	(3,495,719)	(5,286,700)	(6,520,804)

FUTURE REVENUE & EXPENDITURE GROWTH

PROJECTED ANNUAL GROWTH



PROJECTED CUMULATIVE GROWTH

