

# TOWN OF BROOKLINE

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FY2012 – FY2016

LONG RANGE FINANCIAL PLAN

December 7, 2010

# HEADLINES

- FY12: range of **balanced budget** to **deficit of up to \$3.7M**, depending on State Aid, Collective Bargaining, and Health Ins rate increases. Deficits projected in each of FY13 – FY16.
- **School's** FY12 “base budget” grows \$2.5M due to SPED, Steps, enrollment, and “tail” from the FY11 labor contract. School's also losing \$1M in ARRA \$.
- **Health Insurance** costs estimated to increase by \$2.5M in FY12. FY12 also reflects increase in Town share of premiums to 80%. Continues to strain the budget in FY13 – FY16.
- Enhanced **OPEB** funding plan continued.
- **Collective Bargaining** assumptions have a significant impact in each yr.
- **Debt Service** reflects the CIP as preliminarily prepared, which includes major school projects.
  
- **Property Taxes** assume annual maximum levy + new growth of \$1.5M-\$1.6M, except in FY15+FY16 when 2 Brookline Pl. expected to kick in.
- **State Aid** is certain to be cut. Various scenarios presented.
- **Local Receipt** estimates reflect signs of improvement.

# RECENT HISTORY

- In FY08, \$3.2M budget gap addressed:
  - \$1.5M in revenue increases (meters, tickets, refuse fee)
  - Health Insurance plan design changes (\$755K FY08 impact)
  - DPW Initiatives realized \$369K in savings (reduced sanitation costs, outsourced school grounds maintenance)
  - Budget cuts (\$548K)
  
- In FY09, voters approved a \$6.2M Override after OSC makes recommendations
  - \$2.1M for structural deficit
  - \$1.5M for infrastructure shortfall
  - \$2.6M for Lengthened School Day & EWL
  
- In FY10, closed a \$5M budget gap
  - \$4M gap closed in original budget via reorganizations/consolidations/cuts
  - \$1M add'l gap closed at Fall TM
  - Primary cause of deficit = \$3.1M (19%) cut in State Aid
  - EIC recommendations part of budget balancing plan
  
- In FY11, entering the GIC avoided budget cuts and service reductions.
  - Budget savings of approx. \$5.6M from move to GIC
  - Another 5% cut in State Aid
  - Continued to enact recommendations of the EIC
  - Implemented an enhanced OPEB funding plan
  - First full-year of new meals tax and increased lodging tax (dedicated to pension funding)

# FY12 SCENARIOS

<u>SCENARIO A: No Local Aid Cut</u>			
	<u>Town</u>	<u>School</u>	<u>Total</u>
@ 0% Coll Barg	\$1,330,000	(\$420,000)	<b>\$910,000</b>
@ 1% Coll Barg	\$860,000	(\$1,020,000)	<b>(\$160,000)</b>
@ 1.5% Coll Barg	\$630,000	(\$1,320,000)	<b>(\$690,000)</b>
@ 2% Coll Barg	\$390,000	(\$1,620,000)	<b>(\$1,230,000)</b>

<u>SCENARIO B: 10% Local Aid Cut (\$1.26M Total)</u>			
	<u>Town</u>	<u>School</u>	<u>Total</u>
@ 0% Coll Barg	\$700,000	(\$1,050,000)	<b>(\$350,000)</b>
@ 1% Coll Barg	\$230,000	(\$1,650,000)	<b>(\$1,420,000)</b>
@ 1.5% Coll Barg	\$0	(\$1,950,000)	<b>(\$1,950,000)</b>
@ 2% Coll Barg	(\$240,000)	(\$2,250,000)	<b>(\$2,490,000)</b>

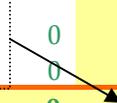
<u>SCENARIO C: 15% Local Aid Cut (\$1.9M Total)</u>			
	<u>Town</u>	<u>School</u>	<u>Total</u>
@ 0% Coll Barg	\$380,000	(\$1,370,000)	<b>(\$990,000)</b>
@ 1% Coll Barg	(\$90,000)	(\$1,970,000)	<b>(\$2,060,000)</b>
@ 1.5% Coll Barg	(\$320,000)	(\$2,270,000)	<b>(\$2,590,000)</b>
@ 2% Coll Barg	(\$560,000)	(\$2,570,000)	<b>(\$3,130,000)</b>

<u>SCENARIO D: 20% Local Aid Cut (\$2.5M Total)</u>			
	<u>Town</u>	<u>School</u>	<u>Total</u>
@ 0% Coll Barg	\$80,000	(\$1,670,000)	<b>(\$1,590,000)</b>
@ 1% Coll Barg	(\$390,000)	(\$2,270,000)	<b>(\$2,660,000)</b>
@ 1.5% Coll Barg	(\$620,000)	(\$2,570,000)	<b>(\$3,190,000)</b>
@ 2% Coll Barg	(\$860,000)	(\$2,870,000)	<b>(\$3,730,000)</b>

- NOTES:** (1) School figures include the \$950K "tail" into FY12 from the FY11 contract.  
 (2) School figures do not include the loss of \$1M+ of ARRA funds.  
 (3) Figures assume a 10% rate increase for health insurance.

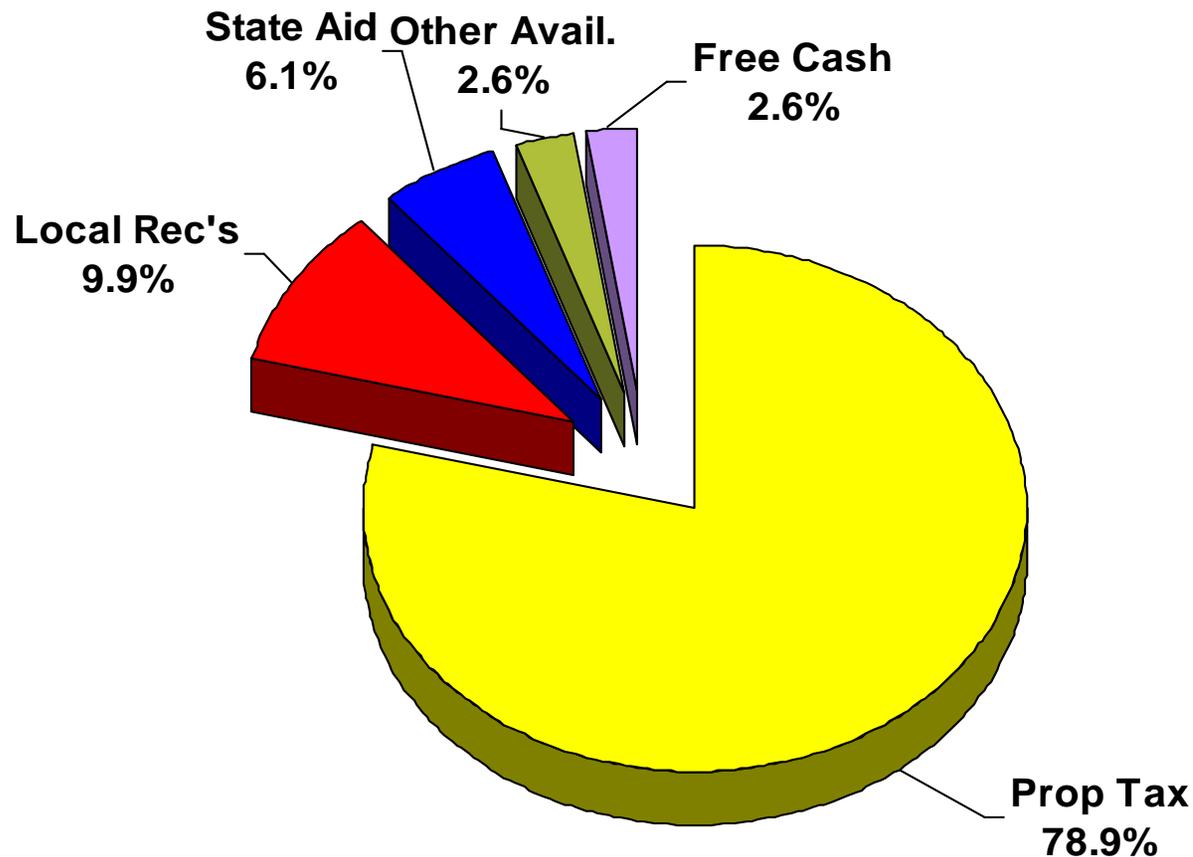
	2011	2012	2013	2014	2015	2016
<b>REVENUE</b>						
Property Taxes	157,912,199	163,159,995	169,352,134	174,767,160	181,890,119	188,691,612
Local Receipts	19,718,475	20,491,792	21,070,426	21,207,676	21,447,023	21,708,160
State Aid	13,796,542	12,539,651	12,175,124	12,458,005	12,747,959	13,045,161
Other Available Funds	5,059,257	5,294,902	5,421,996	5,530,278	5,660,212	5,800,795
Free Cash	4,590,079	5,375,000	3,750,000	3,750,000	3,750,000	3,750,000
<b>TOTAL REVENUE</b>	<b>201,076,553</b>	<b>206,861,340</b>	<b>211,769,680</b>	<b>217,713,120</b>	<b>225,495,313</b>	<b>232,995,728</b>
\$\$ Increase	(2,972,397)	5,784,788	4,908,340	5,943,440	7,782,194	7,500,414
% Increase	-1.5%	2.9%	2.4%	2.8%	3.6%	3.3%
<b>EXPENDITURES</b>						
Departmental	61,886,856	62,460,807	63,838,732	65,312,542	66,859,885	68,423,411
Collective Bargaining - Town		700,000	940,000	950,000	960,000	970,000
Schools	72,043,133	74,543,133	76,993,133	79,743,133	82,454,133	85,174,133
Collective Bargaining - School		900,000	1,200,000	1,211,000	1,220,000	1,231,000
Non-Departmental - Benefits	40,073,902	42,494,609	47,005,571	50,508,586	53,816,962	57,053,916
Non-Departmental - General	1,006,471	985,865	609,778	652,327	689,804	757,694
Non-Departmental - Debt Service	9,594,781	10,404,421	10,544,086	9,966,116	9,545,649	9,973,433
Non-Departmental - Reserve Fund	1,856,956	1,877,151	1,928,820	1,986,987	2,049,795	2,125,949
Special Appropriations	7,102,000	6,929,000	5,750,552	6,110,342	6,847,997	6,773,435
Non-Appropriated	7,512,455	7,513,883	7,690,157	7,870,839	8,056,038	8,245,866
<b>TOTAL EXPENDITURES</b>	<b>201,076,553</b>	<b>208,808,869</b>	<b>216,500,830</b>	<b>224,311,872</b>	<b>232,500,262</b>	<b>240,728,837</b>
\$\$ Increase	(2,972,398)	7,732,316	7,691,961	7,811,042	8,188,390	8,228,575
% Increase	-1.5%	3.8%	3.7%	3.6%	3.7%	3.5%
<b>CUMULATIVE SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(1,947,528)</b>	<b>(4,731,150)</b>	<b>(6,598,752)</b>	<b>(7,004,949)</b>	<b>(7,733,110)</b>
<b>DEFICIT AS A % OF OP REV</b>	<b>0.0%</b>	<b>-1.0%</b>	<b>-2.3%</b>	<b>-3.1%</b>	<b>-3.2%</b>	<b>-3.4%</b>
Surplus / (Deficit) Prior to Collective Bargaining	0	(347,527)	(2,591,150)	(4,437,752)	(4,824,949)	(5,532,110)
Town Share of Surplus / (Deficit)	0	700,000	(255,317)	(803,410)	(630,889)	(620,194)
Town Collective Bargaining	0	700,000	940,000	950,000	960,000	970,000
<b>Total Town Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>	<b>(1,195,317)</b>	<b>(1,753,410)</b>	<b>(1,590,889)</b>	<b>(1,590,194)</b>
School Share of Surplus / (Deficit)	0	(1,047,527)	(2,335,833)	(3,634,342)	(4,194,060)	(4,911,916)
School Collective Bargaining	0	900,000	1,200,000	1,211,000	1,220,000	1,231,000
<b>Total School Surplus / (Deficit)</b>	<b>0</b>	<b>(1,947,527)</b>	<b>(3,535,833)</b>	<b>(4,845,342)</b>	<b>(5,414,060)</b>	<b>(6,142,916)</b>

Exclusive of the loss of \$1M in ARRA \$



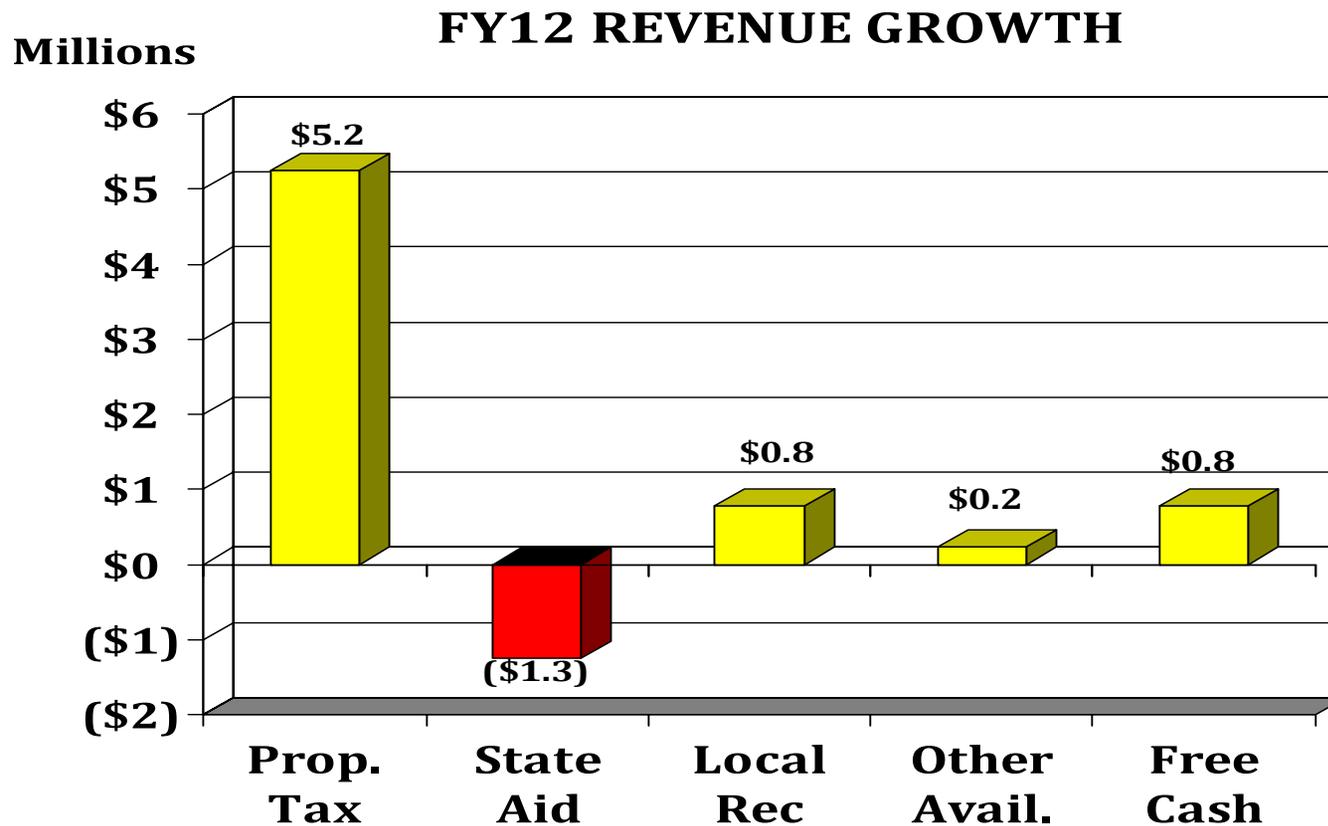
# REVENUE COMPOSITION

- In FY11, Property Taxes comprise more than  $\frac{3}{4}$ 's of the Town's General Fund revenue and more than 80% of Operating Revenue



# REVENUE SUMMARY

- At the 10% State Aid cut level:
  - Total FY12 increase in revenue of \$5.8M (2.9%)
  - Operating Budget revenue increases \$5.2M (2.7%)



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

# PROPERTY TAXES

- In FY12, increase \$5.2 million (3.3%)
  - 2 ½% Increase = \$3.9 million
  - New Growth = \$1.5 million
- In the out-years, average annual increases of 3.7%.
  - 2 Brookline PI impact included in FY15-FY16 (add'l New Growth)

<b>PROPERTY TAXES</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Prior Year Levy Limit	151,047,972	156,653,255	162,069,587	167,721,327	173,654,360	180,795,719
2 1/2 % Increase	3,776,199	3,916,331	4,051,740	4,193,033	4,341,359	4,519,893
New Growth	1,829,084	1,500,000	1,600,000	1,600,000	2,800,000	2,300,000
121A's to Prop Taxes				140,000		
<b>ANNUAL LEVY LIMIT</b>	<b>156,653,255</b>	<b>162,069,587</b>	<b>167,721,327</b>	<b>173,654,360</b>	<b>180,795,719</b>	<b>187,615,612</b>
Debt Exclusion (Debt Service Costs)	1,899,453	1,730,917	1,630,808	1,112,800	1,094,400	1,076,000
LESS SBAB Reimb.	(640,509)	(640,509)	0	0	0	0
Net Debt Exclusion	1,258,944	1,090,408	1,630,808	1,112,800	1,094,400	1,076,000
<b>ANNUAL LEVY</b>	<b>157,912,199</b>	<b>163,159,995</b>	<b>169,352,134</b>	<b>174,767,160</b>	<b>181,890,119</b>	<b>188,691,612</b>
\$\$ Increase	5,230,202	5,247,796	6,192,139	5,415,025	7,122,959	6,801,493
% Increase	3.4%	3.3%	3.8%	3.2%	4.1%	3.7%

# STATE AID

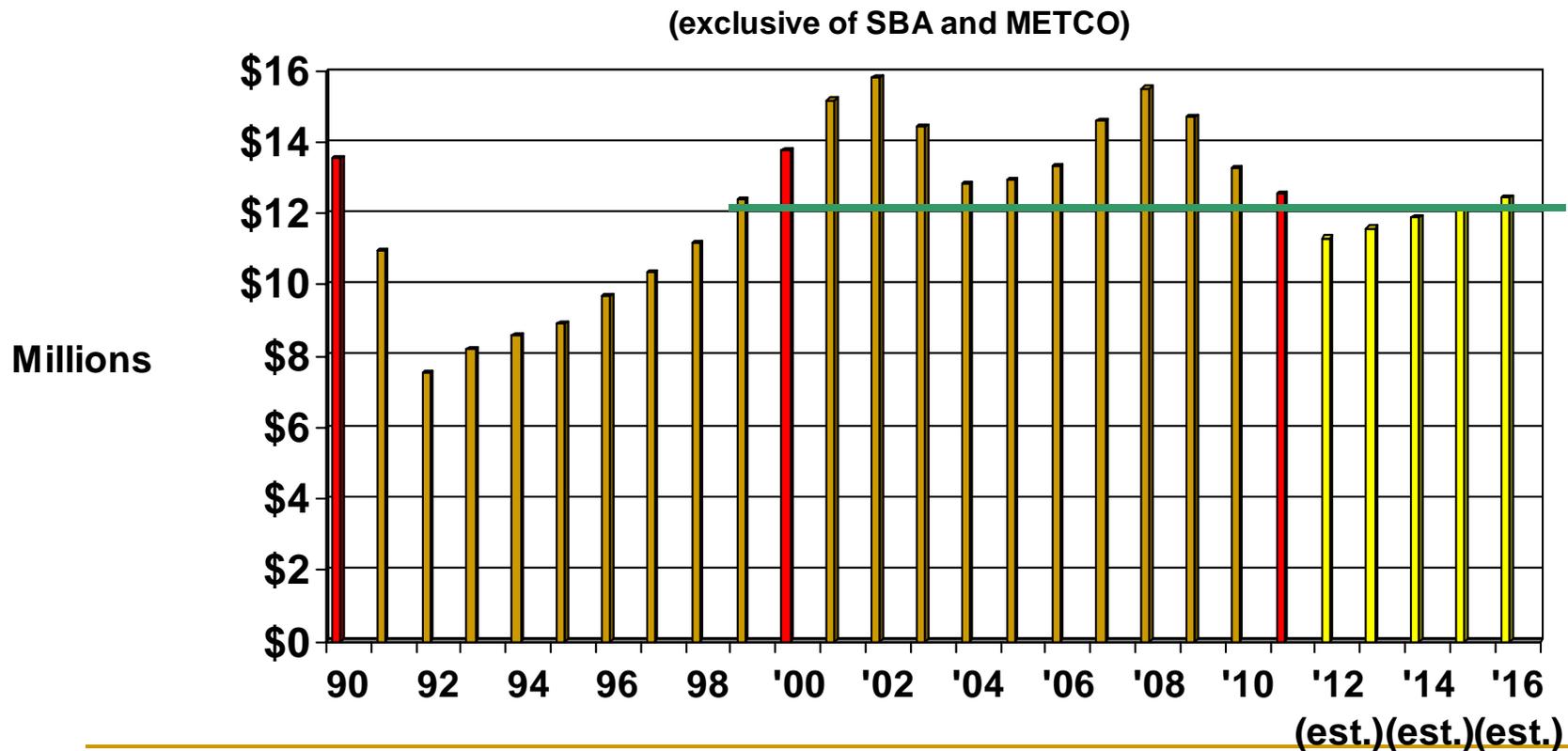
- In FY12, assume a 10% cut (exclusive of SBA Reimbursements)

<b>STATE AID</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>General Government Aid</i>	5,509,569	4,958,612	5,079,438	5,203,284	5,330,226	5,460,343
Unrestricted General Gov't Aid	5,370,029	4,833,026	4,953,852	5,077,698	5,204,640	5,334,757
Veterans' Benefits	77,195	69,476	69,476	69,476	69,476	69,476
Quinn	62,345	56,111	56,111	56,111	56,111	56,111
<i>School Aid</i>	8,143,032	7,451,492	6,966,139	7,125,174	7,288,185	7,455,272
Chapter 70	6,895,830	6,206,247	6,361,403	6,520,438	6,683,449	6,850,535
SBAB Reimb.	1,227,634	1,227,634	587,125	587,125	587,125	587,125
Charter Tuition Assesment Reimb.	19,568	17,611	17,611	17,611	17,611	17,611
<i>Tax Abatement Aid</i>	41,905	37,715	37,715	37,715	37,715	37,715
<i>Offset Aid</i>	102,036	91,832	91,832	91,832	91,832	91,832
School Lunch	21,034	18,931	18,931	18,931	18,931	18,931
Public Libraries	81,002	72,902	72,902	72,902	72,902	72,902
<b>TOTAL STATE AID</b>	<b>13,796,542</b>	<b>12,539,651</b>	<b>12,175,124</b>	<b>12,458,005</b>	<b>12,747,959</b>	<b>13,045,161</b>
\$\$ Increase	(2,739,950)	(1,256,891)	(364,527)	282,881	289,953	297,202
% Increase	-16.6%	-9.1%	-2.9%	2.3%	2.3%	2.3%

- In FY13, SBA funding for the New Lincoln School ends.

# STATE AID - HISTORY

- Took a decade to recover from cuts of early-1990's
- Unsure if Town will reach the FY02 pre-cut levels
- In FY11, back at FY99 levels



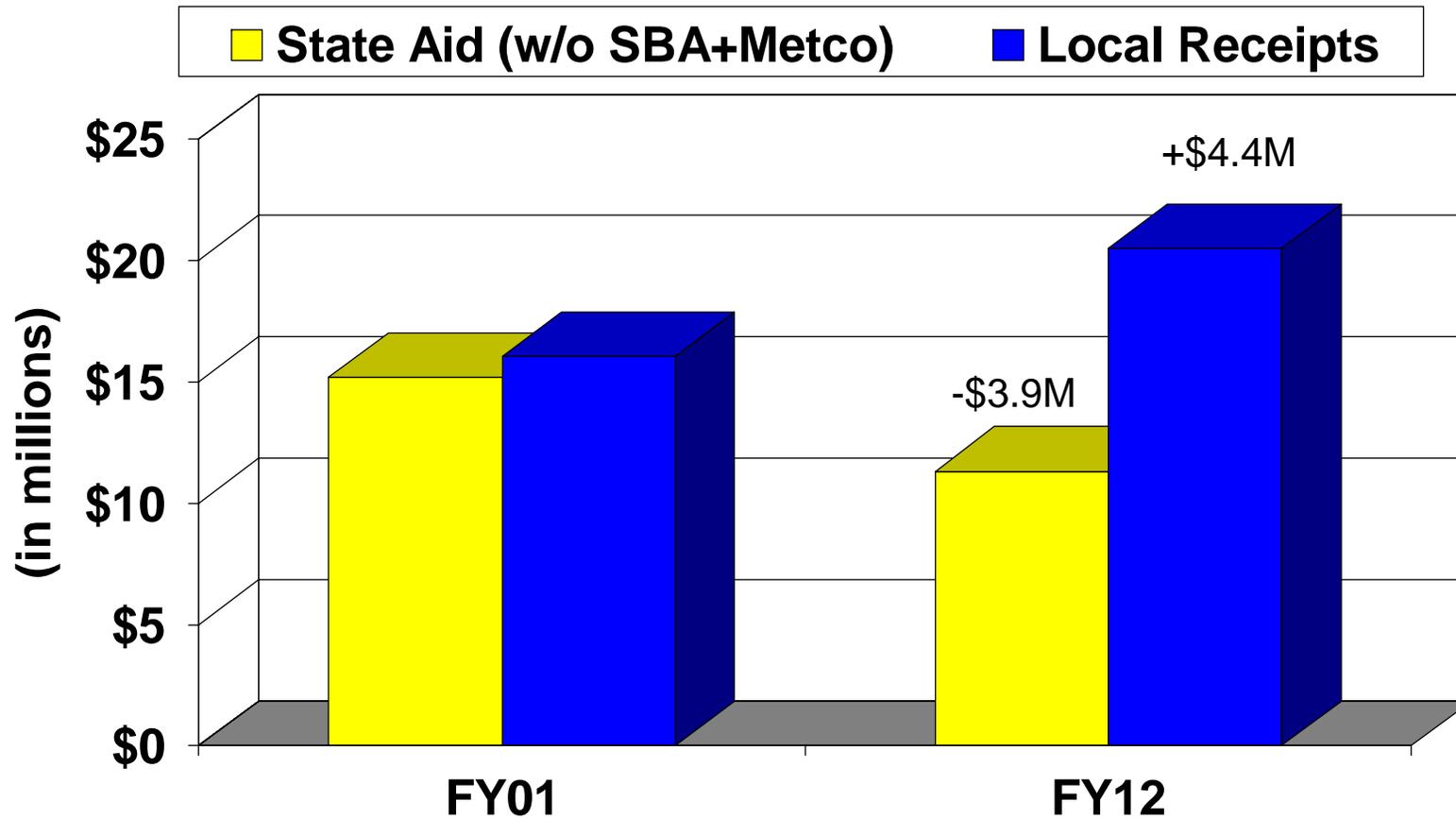
# LOCAL RECEIPTS

- In FY12, an increase of \$773,317 (3.9%)
- Increases in PILOT's (\$330K), Local Option Taxes (\$200K), MVE (\$100K), Bldg Permits (\$100K), Interest Income (\$50K), & Parking Tickets (\$50K)

<u>LOCAL RECEIPTS</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Motor Vehicle Excise (MVE)	4,600,000	4,700,000	4,817,500	4,937,938	5,061,386	5,187,921
Local Option Taxes	1,550,000	1,750,000	1,769,000	1,788,380	1,808,148	1,828,311
Licenses & Permits	986,975	980,975	980,975	980,975	980,975	980,975
Parking / Court Fines	4,350,000	4,400,000	4,450,000	4,450,000	4,450,000	4,450,000
General Government	2,352,500	2,482,817	2,805,526	2,836,157	2,867,300	2,910,535
Interest Income	600,000	650,000	670,500	686,535	702,969	719,814
PILOT's	880,000	1,210,000	1,237,325	1,149,950	1,177,881	1,211,127
Refuse Fee	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Departmental & Other	1,799,000	1,718,000	1,739,600	1,777,742	1,798,364	1,819,478
<b>TOTAL LOCAL REVENUE</b>	<b>19,718,475</b>	<b>20,491,792</b>	<b>21,070,426</b>	<b>21,207,676</b>	<b>21,447,023</b>	<b>21,708,160</b>
\$\$ Increase	(638,650)	773,317	578,634	137,250	239,347	261,137
% Increase	-3.1%	3.9%	2.8%	0.7%	1.1%	1.2%

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

# LOCAL RECEIPTS – HISTORY



# OTHER AVAILABLE FUNDS

- For FY12, an increase of \$236K (4.7%) due to Parking Meter Receipts and Overhead Reimbursements

<u>OTHER AVAILABLE FUNDS</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Parking Meter Receipts	2,650,000	2,800,000	2,850,000	2,850,000	2,850,000	2,850,000
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	50,000	50,000
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	41,555
Golf Enterprise Fund Reimbursement	191,161	171,032	160,653	167,336	155,190	161,117
Recreation Revolving Fund Reimbursement	257,205	274,600	289,810	304,490	319,981	336,331
Water and Sewer Enterprise Fund Reimbursement	1,869,337	1,957,715	2,029,978	2,116,897	2,243,486	2,361,792
<b>TOTAL OTHER AVAILABLE FUNDS</b>	<b>5,059,257</b>	<b>5,294,902</b>	<b>5,421,996</b>	<b>5,530,278</b>	<b>5,660,212</b>	<b>5,800,795</b>
\$\$ Increase	(2,360,781)	235,645	127,093	108,283	129,934	140,582
% Increase	-31.8%	4.7%	2.4%	2.0%	2.3%	2.5%

# FREE CASH

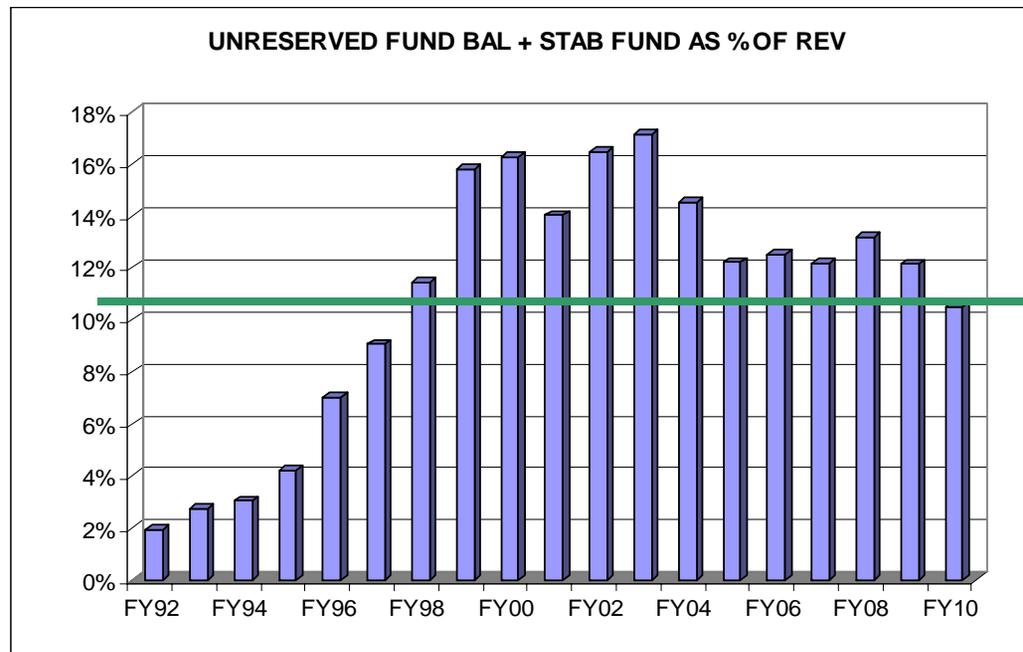
- For FY12, an increase of \$785K (17%)
- Free Cash is used in accordance with the Town's Free Cash Policies
- However, it is recommended that \$2M of Free Cash be left unappropriated because of the impact of an accounting change associated with the move to the GIC (previously, pre-paid first month, which reduced Free Cash; no more pre-pays, so Free Cash inflated by that amount).

<b>FREE CASH</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Certified Free Cash for Use in:	4,590,079	5,375,000	3,750,000	3,750,000	3,750,000	3,750,000
Free Cash appropriated for:						
Capital Improvements	3,675,340	4,413,753	3,168,112	3,139,510	3,108,262	3,040,146
Operating Budget Reserve (0.25% of Prior Yr Net Rev)	459,239	469,288	482,167	495,955	510,949	529,261
Operating Budget (COA Outreach Worker in FY11)	18,500	0	0	0	0	0
Stabilization Fund	0	0	66,977	78,669	90,653	127,780
Affordable Housing Trust Fund	0	350,000	0	0	0	0
Liability Reserve	437,000	141,959	32,744	35,866	40,137	52,812
<b>TOTAL FREE CASH</b>	<b>4,590,079</b>	<b>5,375,000</b>	<b>3,750,000</b>	<b>3,750,000</b>	<b>3,750,000</b>	<b>3,750,000</b>
\$\$ Increase	(2,463,216)	784,921	(1,625,000)	0	0	0
% Increase	-34.9%	17.1%	-30.2%	0.0%	0.0%	0.0%

- In the out-years, \$3.75M is used for each year

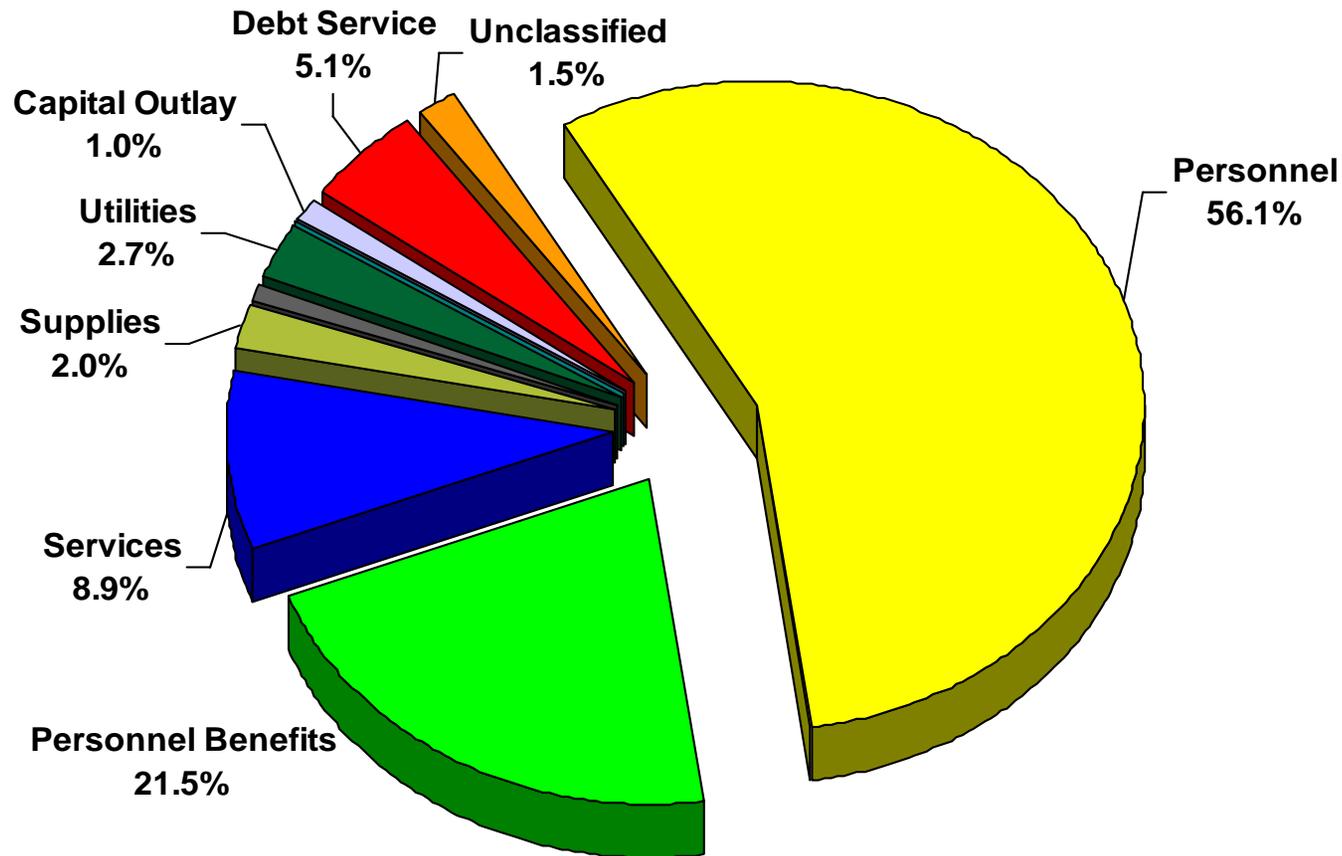
# UNRESERVED FUND BALANCE

- Ratings agencies look for a ratio of Unreserved Fund Balance as a percentage of revenue of approx. 10%
- Last Moody's ratings report (Feb '10) referenced a declining Unreserved General Fund balance + Stabilization Fund as a percentage of revenue
- If Town spends all certified Free Cash in FY12, in danger of falling below this threshold next year. Therefore, recommending not spending the \$2M that results from the accounting change associated with health insurance payments (no more first month pre-pay).



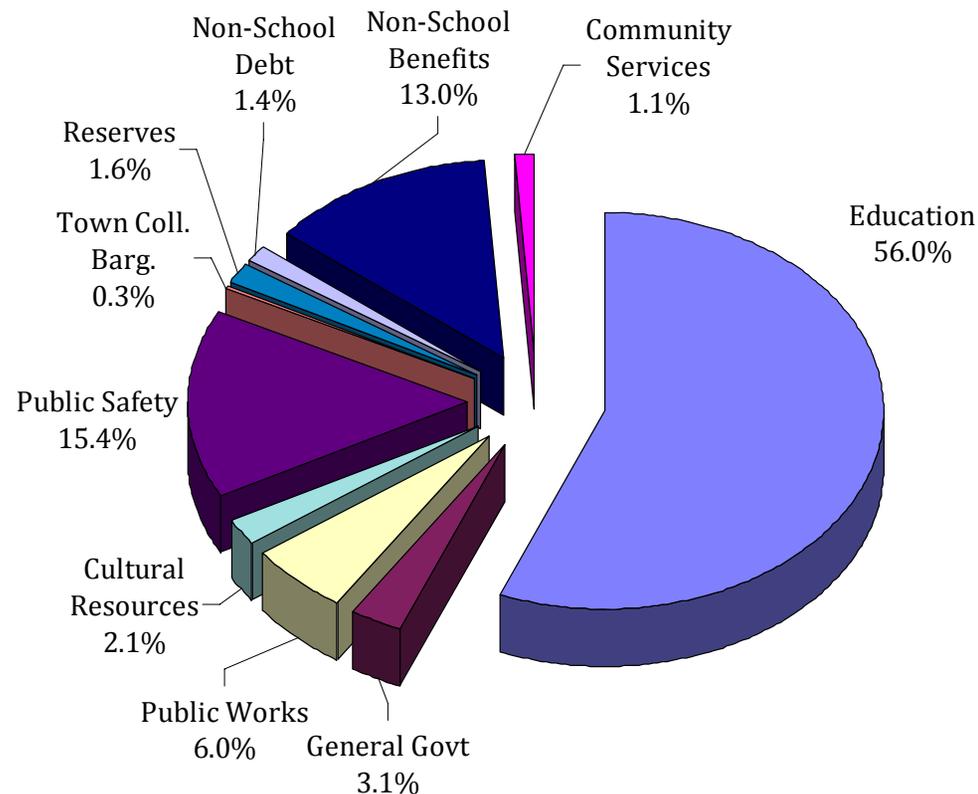
# EXPENDITURE COMPOSITION

- In FY11, Personnel costs (wages and benefits) comprise more than 3/4's of the Operating Budget



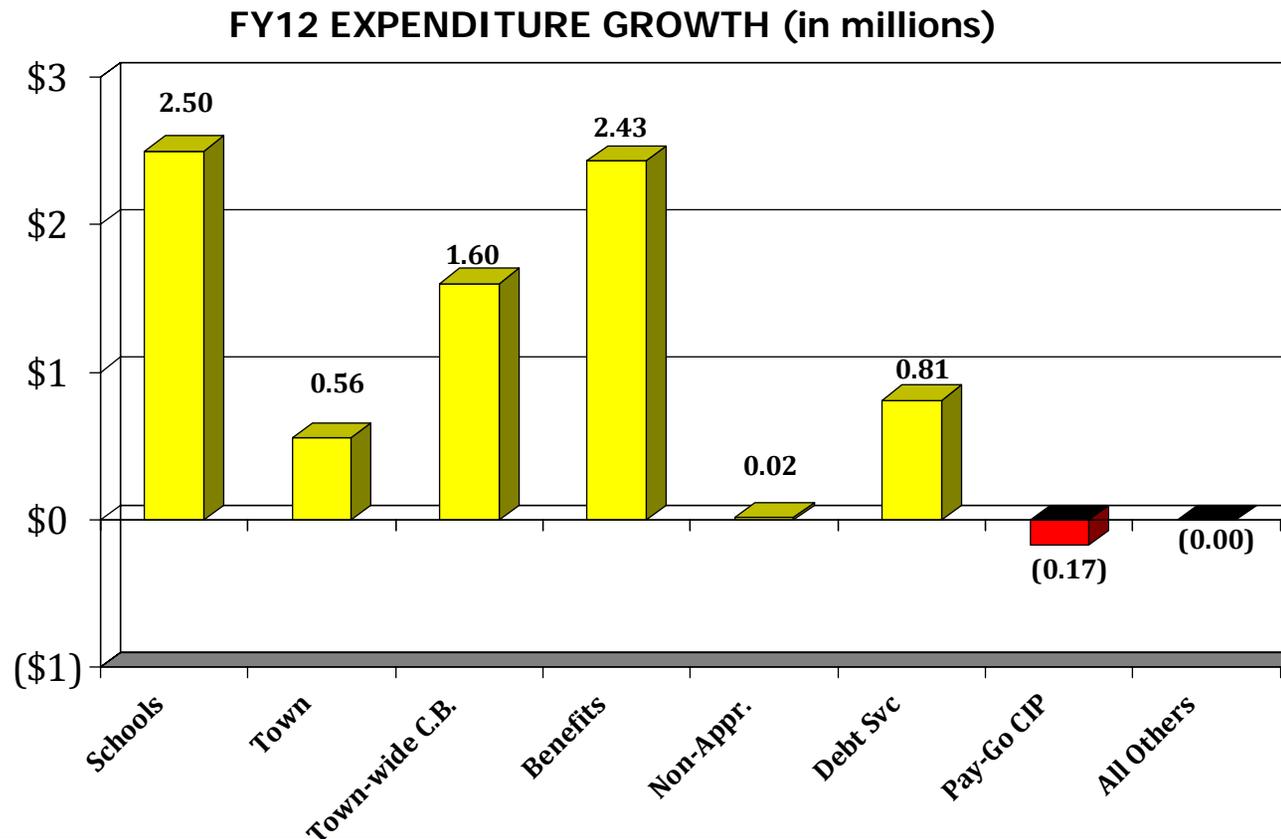
# FULLY-ALLOCATED EXPENDITURES

- In FY11, expenses associated with Education comprised more than 56% of the Operating budget
- The next largest areas were Public Safety and non-School Benefits



# EXPENDITURE SUMMARY

- For FY12, total increase in expenditures of \$7.7M (3.9%)
- Operating Budget expenditures increase \$7M (3.5%)



- In the out-years, annual increases of 3.5% - 3.7%

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# SCHOOL BASE BUDGET GROWTH

- SPED +\$700K
  - Steps +\$600K
  - Enrollment Growth +\$250K
  - “Tail” from existing FY10-FY11 contract +\$950K
  - **TOTAL + \$2.5M**
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# SCHOOL DEFICIT CALCULATION

■ New Revenue	+\$2.5M (50%)
■ Less Fixed Costs	-\$1.7M
■ <u>Add Back SPED</u>	<u>+\$0.7M</u>
■ Net Funding	+\$1.5M
■ <u>Base Growth (prev. slide)</u>	<u>\$2.5M</u>
■ Surplus/(Deficit)	(\$1M)
■ Loss of ARRA \$	\$1.0M
■ <u>1.5% CB</u>	<u>\$0.9M</u>
■ <b><u>Surplus/(Deficit)</u></b>	<b><u>(\$2.9M)</u></b>

# BENEFITS

- Total FY12 increase of \$2.4M (6%)
- In FY02, Benefits comprised 15% of the total Operating Budget. In FY12, this figure could increase to 22%.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Pensions	13,999,954	14,612,334	15,422,765	16,270,948	16,967,741	17,697,239
Group Health	20,227,416	22,719,498	25,800,547	28,042,956	30,196,813	32,210,923
Retiree Group Health (OPEB's)	2,012,531	1,448,777	2,040,509	2,344,686	2,649,885	2,967,720
EAP	28,000	28,000	28,000	28,000	28,000	28,000
Group Life	130,000	130,000	133,250	136,582	139,996	143,496
Disability Insurance	16,000	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,350,000	1,250,000	1,250,000	1,275,000	1,300,000	1,350,000
Public Safety IOD Medical Expenses	325,000	250,000	250,000	250,000	250,000	250,000
Unemployment Compensation	400,000	350,000	250,000	200,000	200,000	200,000
Medical Disabilities	30,000	30,000	30,000	35,000	35,000	35,000
Medicare Coverage	1,555,000	1,660,000	1,784,500	1,909,415	2,033,527	2,155,539
<b>TOTAL</b>	<b>40,073,902</b>	<b>42,494,609</b>	<b>47,005,571</b>	<b>50,508,586</b>	<b>53,816,962</b>	<b>57,053,916</b>
\$\$ Change	(990,418)	2,420,708	4,510,962	3,503,015	3,308,375	3,236,955
% Change	-2.4%	6.0%	10.6%	7.5%	6.6%	6.0%

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# BENEFITS – MAJOR ACCOUNTS

## ■ Health Insurance

- Assuming a 10% rate increase
- Assuming 30 new enrollees (15 T / 15 S)
- Total increase of \$2.5 million (12.3%)
- Each 1% increase in rates equals approximately \$210,000

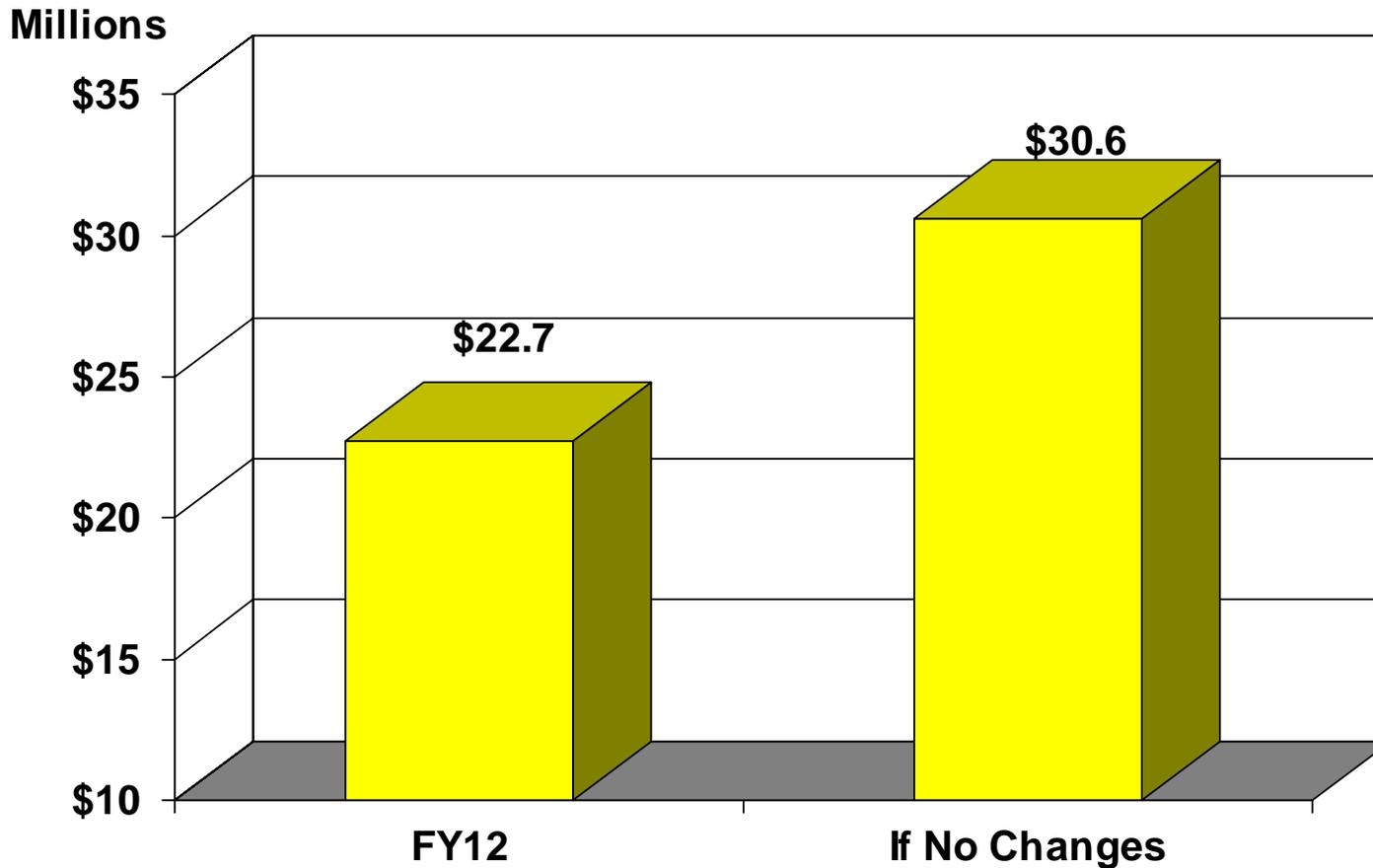
## ■ Pensions

- For FY12, increase of \$612K (4.4%) based on the new funding schedule
- Steps taken in FY10 & FY11 eliminated the need to fund a \$1.8M increase in FY12

## ■ OPEB's

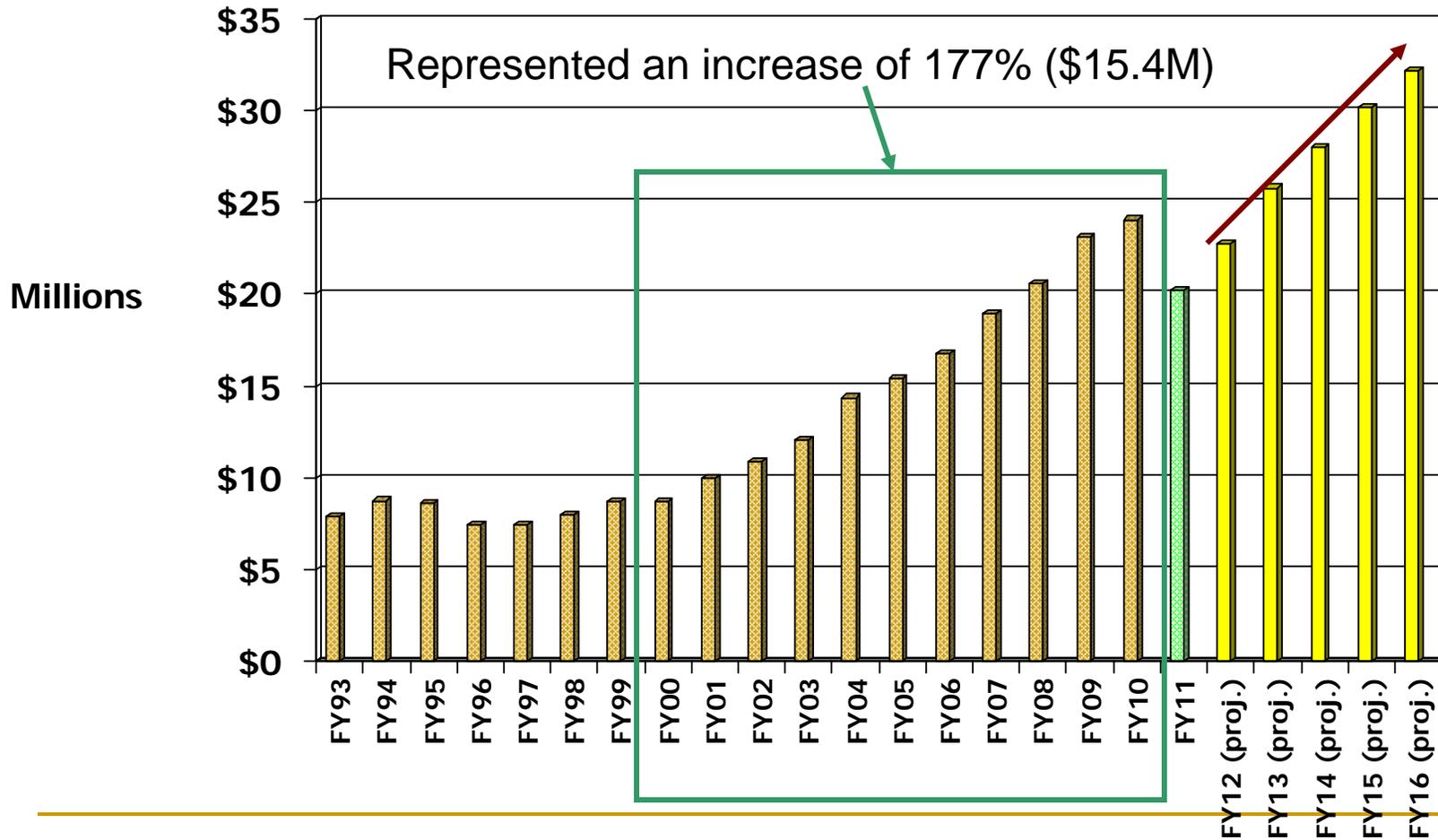
- Increase operating budget funding from \$750K to \$1M
  - Continue assessing special revenue funds
-

# HEALTH INSURANCE EFFORTS



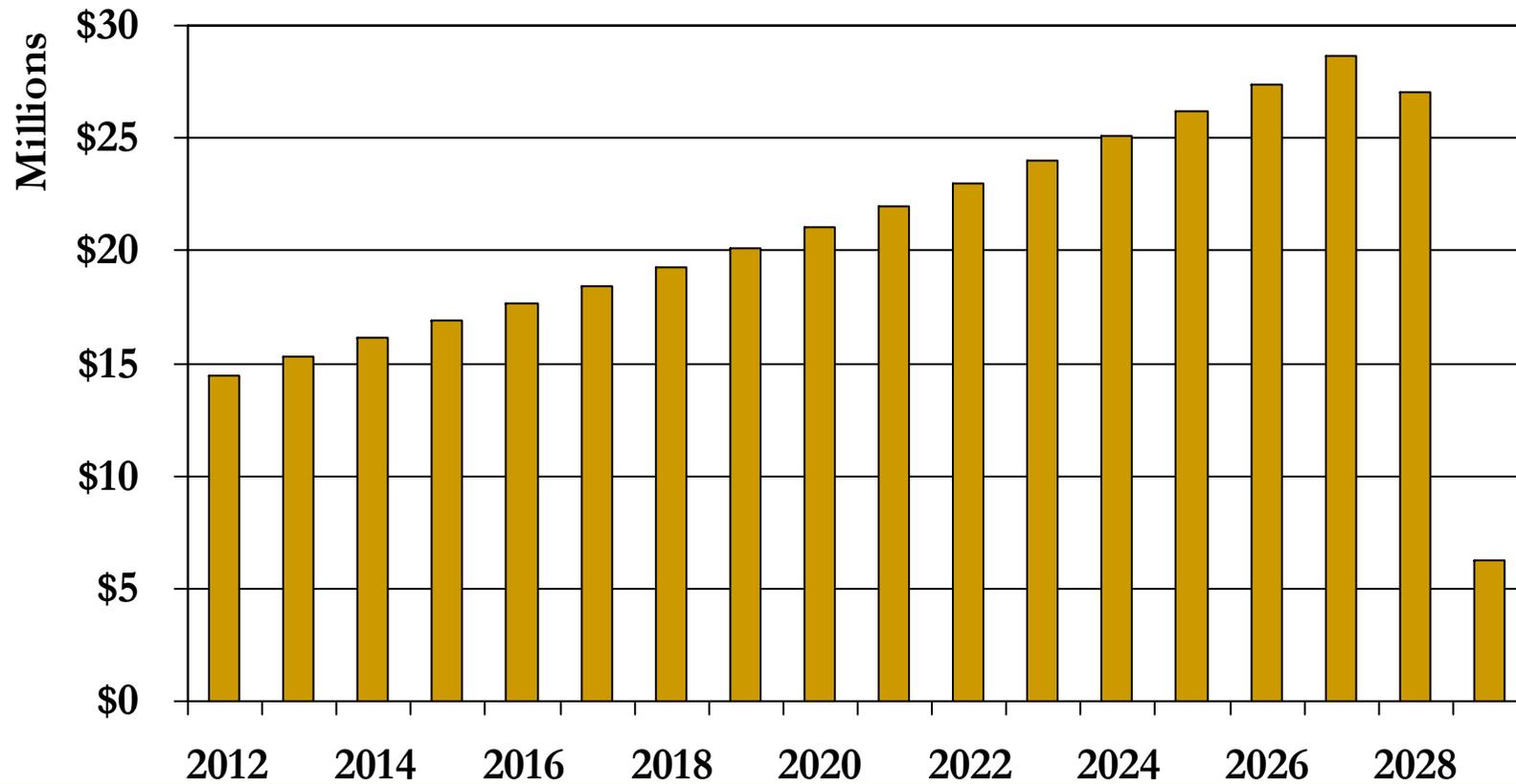
- Consolidation in FY05 saved approx. \$1.2M
- Plan Design Changes in FY08 saved approx. \$1.1M
- Move to GIC in FY11 saved approx. \$5.6M

# BENEFITS – HEALTH INS BUDGET



# PENSION FUNDING

- Full funding date of 2028 ( added 3 yrs to previous schedule)
- Annual increase of 4.5% (except FY13+14, which is 5.7%)

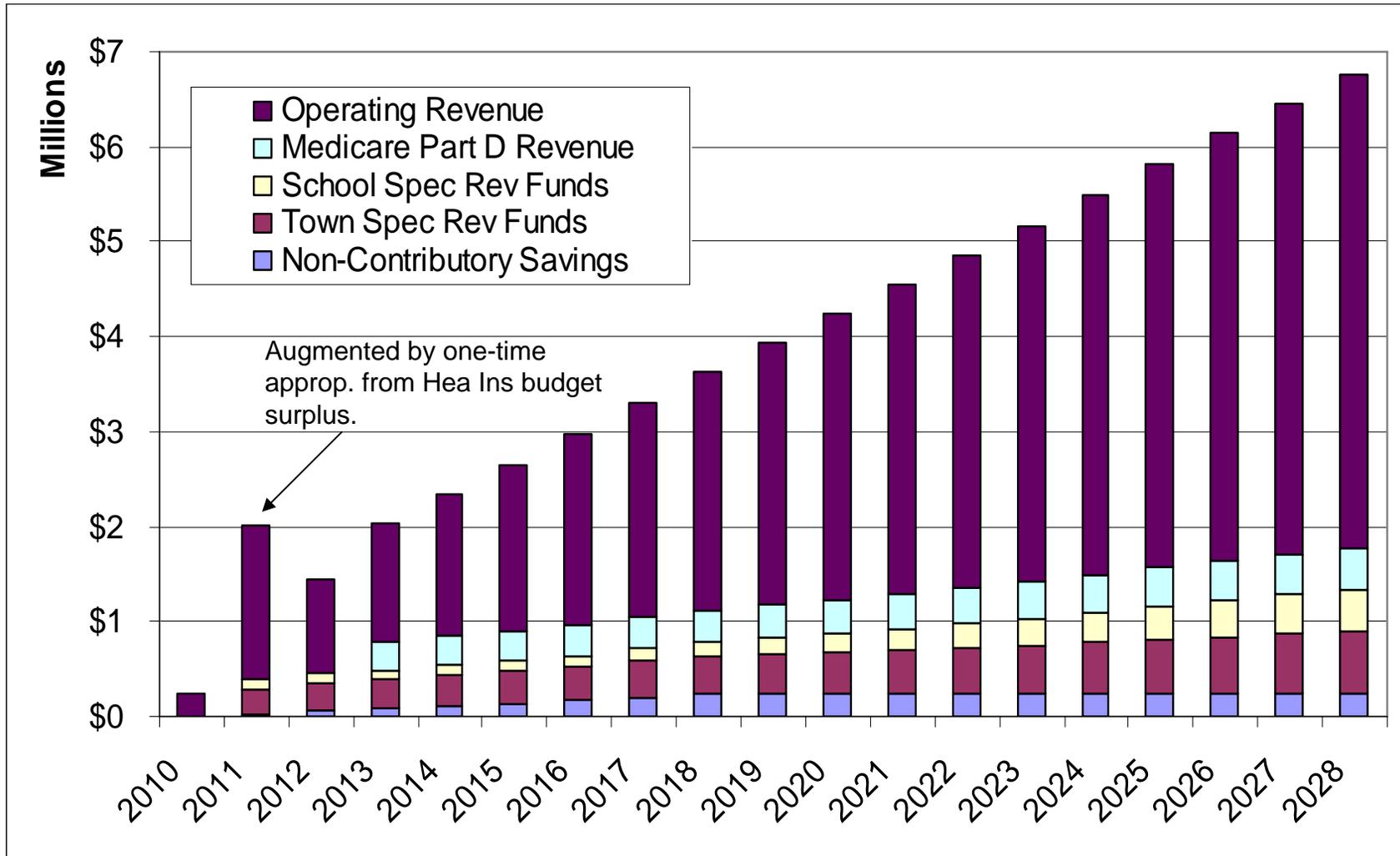


# OPEB'S

- Continue:
  - Increasing funding from operating revenue by \$250K / yr, to \$1M in FY12 and \$2M in FY16
  - Assessing special revenue funds with personnel
  - Using the “run-off” from funding for Non-Contributory retirees
  
- Expecting Medicare Part D refund to come from the GIC. It is recommended that these monies go toward OPEB's.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Non-Contributory (Pension) Savings	15,000	60,000	80,000	110,000	140,000	170,000
W&S	204,192	214,405	225,125	236,381	248,201	260,611
Golf	11,344	11,911	12,507	13,132	13,789	14,478
Rec Revolving Fund	61,995	59,143	68,351	71,768	75,356	79,124
Retirement System	0	1,687	2,301	3,002	3,738	4,539
CDBG	0	1,631	2,225	2,902	3,613	4,387
School Spec Rev Funds	100,000	100,000	100,000	100,000	100,000	111,513
Operating Revenue	1,620,000	1,000,000	1,250,000	1,500,000	1,750,000	2,000,000
Medicare Part D Revenue	0	0	300,000	307,500	315,188	323,067
<b>TOTAL</b>	<b>2,012,531</b>	<b>1,448,777</b>	<b>2,040,509</b>	<b>2,344,686</b>	<b>2,649,885</b>	<b>2,967,720</b>

# FUTURE OPEB FUNDING PLAN



# UTILITIES

- Overall projected FY12 increase of approx. \$150K (2.8%)
- Includes \$440K for Town/School use of Water/Sewer, 1<sup>st</sup> time these costs are budgeted for in the General Fund
- Total energy budget of approx. \$5.5M represents a \$2.4M (92%) increase since FY00 (exclusive of Water/Sewer)
- Decrease in electricity due to decision to “blend-and-extend” current contract to take advantage of the decrease in market prices
- Fixed contracts for electricity (through Dec, ‘15) and natural gas (through Oct, ‘14)

## Townwide Utility Budget (in millions)

	<u>ELECTRICITY</u>	<u>HEATING OIL</u>	<u>NATURAL GAS</u>	<u>GASOLINE/ DIESEL</u>	<u>WATER/ SEWER</u>	<u>TOTAL</u>
FY00	\$1.92	\$0.25	\$0.25	\$0.20		\$2.62
FY01	\$2.09	\$0.43	\$0.28	\$0.26		\$3.06
FY02	\$1.84	\$0.41	\$0.23	\$0.26		\$2.73
FY03	\$1.74	\$0.50	\$0.27	\$0.28		\$2.79
FY04	\$1.97	\$0.58	\$0.28	\$0.28		\$3.12
FY05	\$2.21	\$0.75	\$0.36	\$0.43		\$3.76
FY06	\$2.14	\$1.07	\$0.36	\$0.52		\$4.09
FY07	\$2.75	\$0.79	\$0.44	\$0.65		\$4.64
FY08	\$2.85	\$0.85	\$0.59	\$0.64		\$4.93
FY09	\$2.79	\$0.11	\$1.27	\$1.01		\$5.18
FY10	\$2.97	\$0.09	\$1.32	\$0.50		\$4.88
FY11 (bud)	\$2.86	\$0.01	\$1.78	\$0.67		\$5.31
FY12 (bud)	\$2.65	\$0.01	\$1.61	\$0.75	\$0.44	\$5.46

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## DEBT SERVICE / TAX-SUPPORTED CIP

- 5.5% Policy total increase of \$572K
- Free Cash available for CIP increase of \$738K (20%) to \$4.4M
- 2008 Override funds earmarked for CIP increased 2.5% (\$20K) to \$808K
  
- In the out-years, the Debt Service supports:
  - Devotion School Renovation (\$50M)
  - Runkle School Renovation/Addition (\$16.1M)
  - Heath School (\$5M)
  - Rear Landfill Closure (\$4.6M)
  - Park Projects (\$3.4M)
  - Fire Apparatus (\$2.4M)
  - Baldwin School (\$1.8M)
  - Roof Replacement / Repairs (\$1.6M)
  - Driscoll School HVAC (\$1.5M)
  - UAB Roof / Chimney / etc (\$1.3M)
  
- ~~More detailed information included in the CIP presentation.~~

# NON-APPROPRIATED

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>STATE ASSESSMENTS</b>						
County Assessments	638,171	654,125	670,478	687,240	704,421	722,032
Retired Empl. Health Ins.	3,295	3,377	3,462	3,548	3,637	3,728
Air Pollution Dist.	22,046	22,597	23,162	23,741	24,335	24,943
MAPC	16,551	16,965	17,389	17,824	18,269	18,726
MBTA	4,478,795	4,590,765	4,705,534	4,823,172	4,943,752	5,067,345
Boston Metro	1,684	1,684	1,684	1,684	1,684	1,684
SPED	61,616	63,156	64,735	66,354	68,013	69,713
RMV Surcharge	283,120	283,120	283,120	283,120	283,120	283,120
Charter School Sending Tuition	51,057	51,057	51,057	51,057	51,057	51,057
<b>TOTAL STATE ASSESSMENTS</b>	<b>5,556,335</b>	<b>5,686,847</b>	<b>5,820,621</b>	<b>5,957,741</b>	<b>6,098,287</b>	<b>6,242,348</b>
\$\$ Change	5,594	130,512	133,775	137,119	140,547	144,061
% Change	0.1%	2.3%	2.4%	2.4%	2.4%	2.4%
<b>CHERRY SHEET OFFSETS</b>						
School Lunch	21,034	21,034	21,034	21,034	21,034	21,034
Libraries	81,002	81,002	81,002	81,002	81,002	81,002
<b>TOTAL Cherry Sheet Offsets</b>	<b>102,036</b>	<b>102,036</b>	<b>102,036</b>	<b>102,036</b>	<b>102,036</b>	<b>102,036</b>
<b>OVERLAY</b>	<b>1,829,084</b>	<b>1,700,000</b>	<b>1,742,500</b>	<b>1,786,063</b>	<b>1,830,714</b>	<b>1,876,482</b>
<b>TAX TITLES</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>TOTAL</b>	<b>7,512,455</b>	<b>7,513,883</b>	<b>7,690,157</b>	<b>7,870,839</b>	<b>8,056,038</b>	<b>8,245,866</b>

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# “SIMPLE MATH” FOR FY12

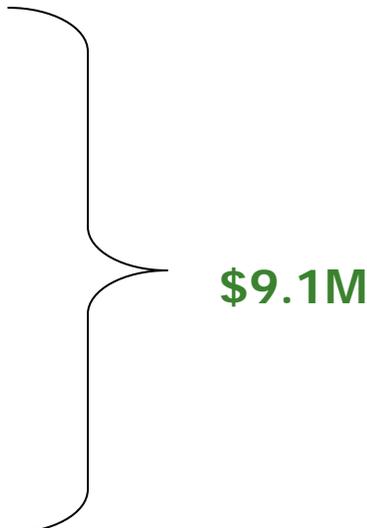
## @ 1.5% Coll Barg + 10% State Aid Cut

(in millions)

Add'l Operating Revenue	\$5.2
less Town / School CB	\$1.7
less Town / School Steps	\$0.9
less Benefit Increase/(Decrease)	\$2.4
<b>Remaining Funds Available</b>	<b>\$0.2</b>
less Town Non-Personnel Increases for Maint. Budget	\$0.2
less School Non-Personnel Increases for Maint. Budget	\$1.9
less Utility Increases	\$0.1
less Non-Dept'al Increases	(\$0.0)
less Debt Svc / Pay-Go CIP Increases	(\$0.1)
<b>Deficit</b>	<b>(\$1.9)</b>

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# “SIMPLE MATH” FOR LRFP

- Average Annual Revenue Increases of \$6.7M
- Average Annual Expenditure Increases:
  - Benefits of \$3.6M
  - Townwide Coll Barg of \$2.1M
  - School Non-Personnel of \$1.5M
  - Townwide Steps/Contract. Obl. of \$800K
  - Town Non-Personnel of \$350K
  - Debt Service / Tax-Fin CIP of \$350K
  - State Assessments of \$180K

**\$9.1M**
- Town is in a structural deficit situation when on-going expenditures for existing services exceed annual revenue increases
- In FY13+FY14, the deficit grows by approx. \$2M - \$3M. In FY15+FY16, it grows by approx. \$1M. (Difference due to impact of New Growth from 2 Brookline PI project.)