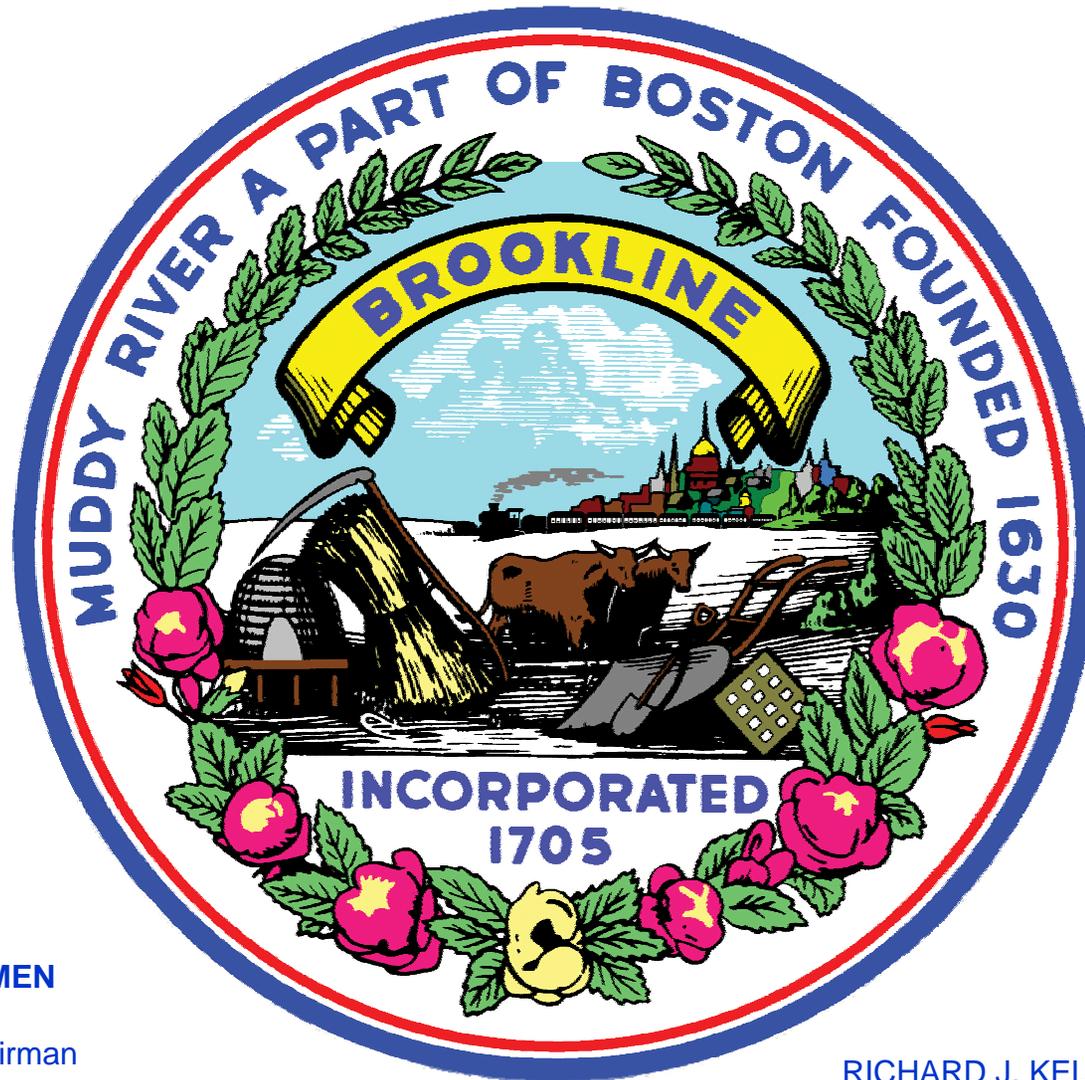


FY2011 FINANCIAL PLAN



BOARD OF SELECTMEN

NANCY A. DALY, Chairman
BETSY DEWITT
JESSE MERMELL
RICHARD W. BENKA
KENNETH M. GOLDSTEIN

RICHARD J. KELLIHER, Town Administrator
SEAN CRONIN, Deputy Town Administrator
MELISSA GOFF, Assistant Town Administrator
STEPHEN E. CIRILLO, Finance Director

BUDGET SUMMARY



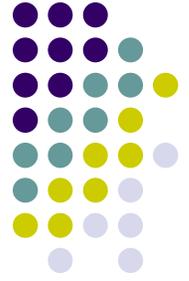
- Financial Plan Total = \$228.4 million
 - Total Appropriations -0.1%
 - General Fund -0.6%

- Operating Budget
 - Total +0.8%
 - Town Departments +1%
 - School Department +4.5%
 - Benefits Budget -1.7%



BACKGROUND

- Town has employed all major options available to Massachusetts Cities and Town over the past 3 years
 - General Override
 - Local Option Taxes
 - Efficiency Initiative
 - Group Insurance Commission
- No other municipality over 20,000 pop has done this



TWO SIGNIFICANT OUTCOMES

- FY11 relatively stable despite level revenue
 - Essential services continued
 - No unpaid furloughs
 - Across the board lay-offs averted
- FY12 still a major concern
 - State budget relies on \$2B in one-time measures
 - Schools \$1M one-time funding expiring
 - Unprecedented enrollment growth in schools
 - Expiration of all labor contracts
 - Arbitration trigger in GIC agreement

FY11 – FY12 STRATEGIES



- GIC - \$4.5 million swing in appropriation
- Workforce Mgmt – 5% reduction in Town FTE's since FY06, inclusive of further reductions proposed for FY11
- Balanced Approach to Compensation – COLA's in line with CPI, including 0% in FY10
- OPEB's – enhanced funding plan
- Pensions – continued use of earmarked local option taxes
- Town/School Partnership – allows for 4.5% growth in School budget
- Public Safety Staffing – no further cuts in FY11
- Efficiencies – continue with EIC initiatives and realize savings from investment in IT
- Reserves – fully-funded
- CIP – phase-up back to 5.5% continued

TOWN Aaa CREDIT RATING RENEWED



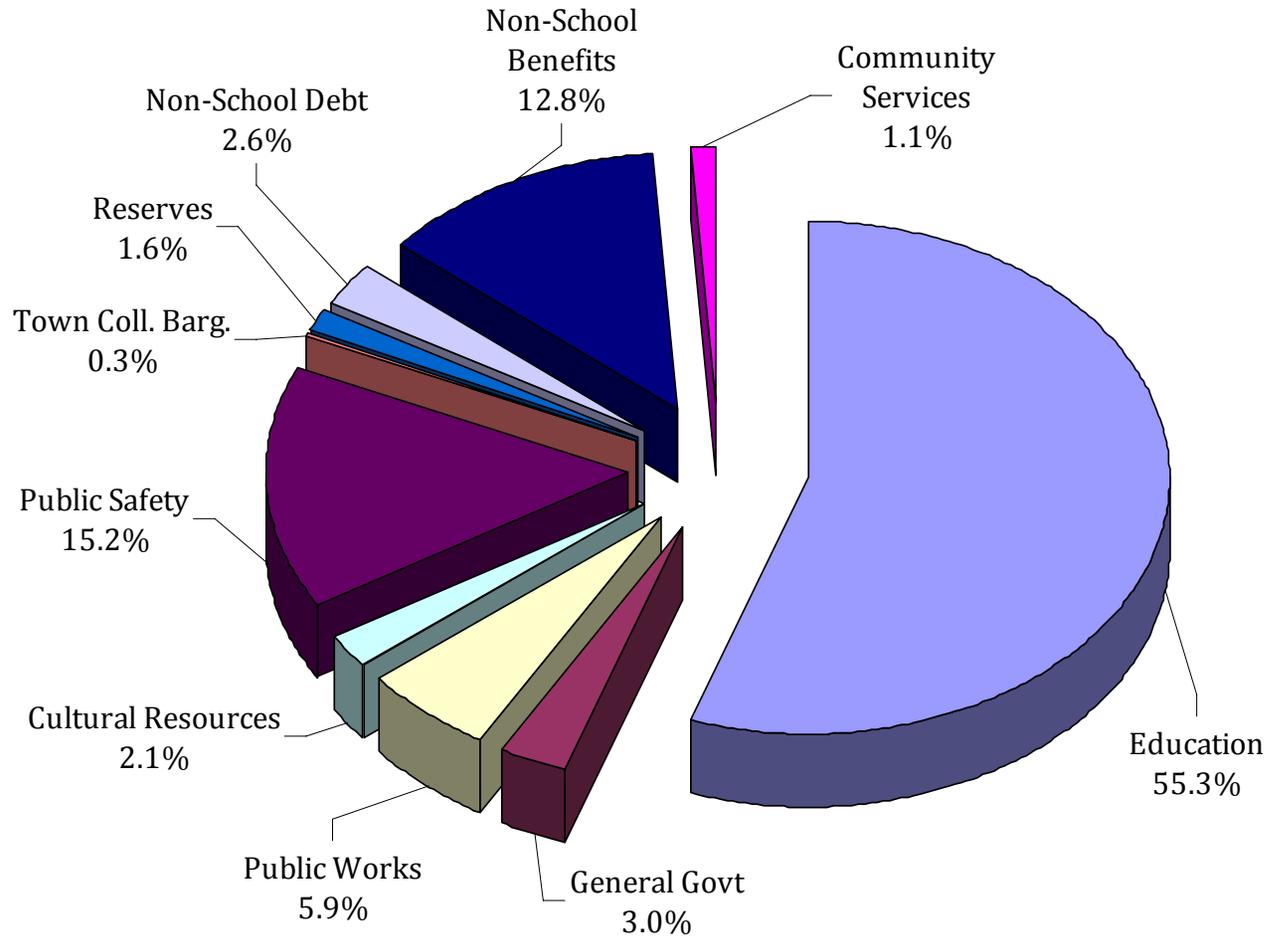
- “While Moody’s expects near-term fiscal operations will remain pressured by reductions in state aid (and other factors)...Moody’s expects Brookline’s well-managed financial position to remain healthy given the Town’s proactive budget strategies...”
- “Indicative of the Town’s focus on long-term financial planning and stability, management maintains additional resources outside of the General Fund including a \$1.7 million liability reserve...an OPEB Trust Fund...(and) also increased the Town’s pension contribution by dedicating new local option meals and rooms tax revenues to offset a potentially sharp increase in pension funding in FY12.”

FY12 FORECAST



- Last Year's FY12 Projection (\$8.7M)
- This Year's FY12 Projection (\$4.1M)

FULLY ALLOCATED FY2011 GENERAL FUND OPERATING BUDGET



FY11 EFFICIENCIES / INITIATIVES



- Efficiencies Through Utilization of IT
 - Handhelds for ticket issuance – 1 less FTE (\$38K; \$50K w/bene's)
 - RFID – 1 less FTE (\$38K; \$50K w/bene's)
 - “Green Tech” – reduction in Town Hall utility budget (\$170K)
- Fire Dept IT – follow recommendations of Fire Department Technology Integration Assessment
 - \$37K in Operating Budget and up to \$75K in IT CIP
- Personnel Consolidations
 - Wires Div / DPW merger yields another \$50K savings (Streetlight R&M contract reduction)
 - IT position in DPW merged with ITD, resulting in 1 less FTE (\$70K; \$95K w/bene's)
- Contracting Out
 - Custodian at Municipal Service Ctr (\$12K; \$25K w/bene's)
 - Houseworkers in Building Dept (\$8K w/bene's)
 - Bring some repair/maintenance work in-house by establishing an Operations Mgr in Public Building Div (cost neutral)
- Parking Enforcement
 - 2 additional Parking Control Officers; cost (\$81K; \$109K w/bene's) offset by increased revenue
 - \$1.4M investment in new parking meter system
- Recreation Fee Study
 - Better alignment between admin and program expenses results in \$25K decrease in Rec Dept's General Fund budget.



PRIOR YEARS' INITIATIVES

- Consolidation of Town/School Payroll functions
- Consolidation of Arborist / Conservation functions
- Reduction and civilianization of firefighters assigned to Fire Prevention
- Civilianization of Parking Meter Collections
- Merger of Fire and DPW Wires / Signals Divisions
- Consolidation of Health and Human Service administration
- Reduced Haul & Disposal Rates
- Re-Organized Sanitation / Leaf Collection Operations
- Outsourced all School Grounds Maintenance
- Invested in VoIP telecommunications technology

GENERAL FUND SUMMARY

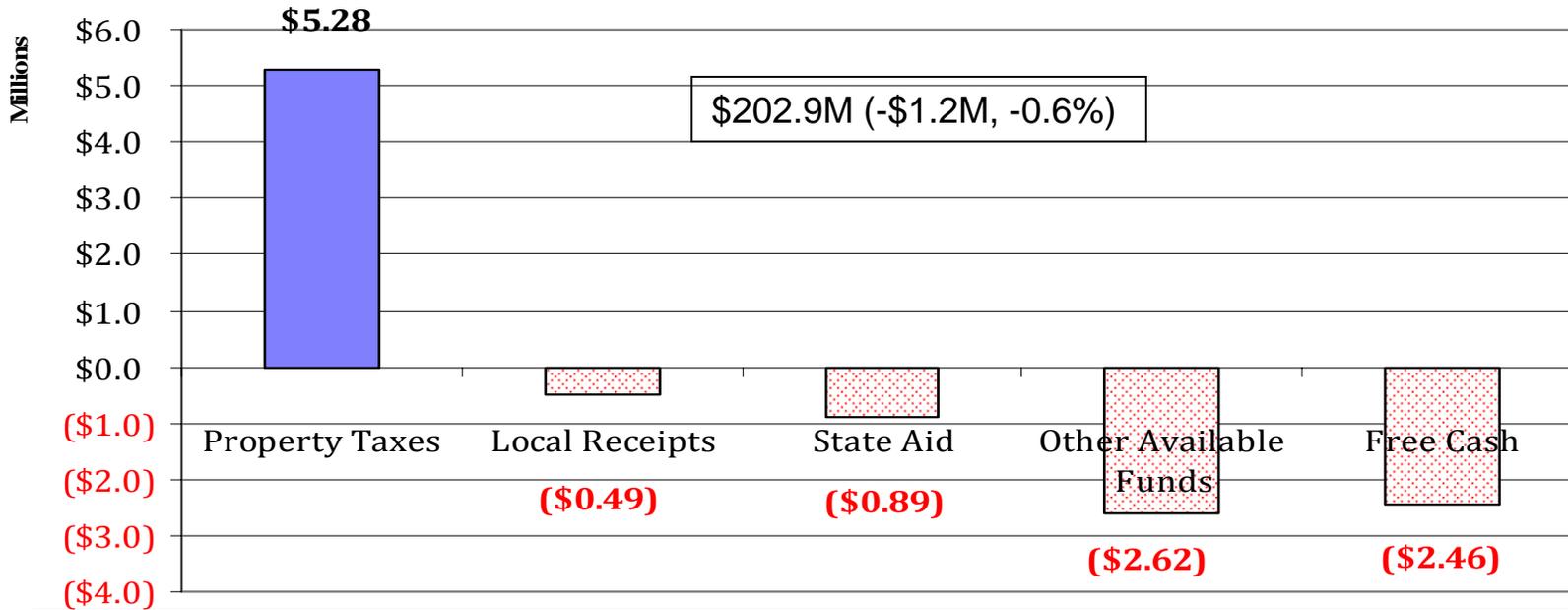


	FY2010 BGT.	FY2011 BGT.	INCR./DECR.	
			\$	%
REVENUE				
Property Tax	152,681,998	157,961,458	5,279,460	3.5%
Local Receipts	20,357,125	19,868,475	(488,650)	-2.4%
State Aid	16,536,492	15,644,111	(892,381)	-5.4%
Free Cash	7,053,295	4,590,079	(2,463,216)	-34.9%
Other Available Funds	7,420,040	4,804,023	(2,616,017)	-35.3%
TOTAL REVENUE	204,048,949	202,868,146	(1,180,804)	-0.6%
(LESS) NON-APPROPRIATED EXPENSES				
State & County Charges	5,550,741	5,554,903	4,162	0.1%
Tax Abatement Overlay	1,619,162	1,650,000	30,838	1.9%
Deficits & Judgments	25,000	25,000	0	0.0%
Cherry Sheet Offsets	103,079	102,036	(1,043)	-1.0%
TOTAL NON-APPROPRIATED EXPENSES	7,297,982	7,331,939	33,957	0.5%
AMOUNT AVAILABLE FOR APPROPRIATION	196,750,968	195,536,206	(1,214,763)	-0.6%
APPROPRIATIONS				
Town Departments	61,277,427	61,863,357	585,930	1.0%
School Department	68,823,845	71,947,765	3,123,920	4.5%
Non-Departmental Total	57,389,123	55,153,085	(2,236,038)	-3.9%
General Fund Non-Departmental	54,945,639	53,090,618	(1,855,022)	-3.4%
Water and Sewer Enterprise Fund Overhead	2,046,265	1,680,462	(365,803)	-17.9%
Golf Enterprise Fund Overhead	186,349	181,222	(5,128)	-2.8%
Recreation Revolving Fund Overhead	210,870	200,784	(10,086)	-4.8%
OPERATING BUDGET SUBTOTAL	187,490,396	188,964,206	1,473,811	0.8%
Revenue-Financed Special Appropriations	9,260,572	6,572,000	(2,688,572)	-29.0%
TOTAL APPROPRIATIONS	196,750,968	195,536,206	(1,214,762)	-0.6%
BALANCE	0	0	0	

DOWNTURN IN REVENUE



FY11 GENERAL FUND REVENUE CHANGES



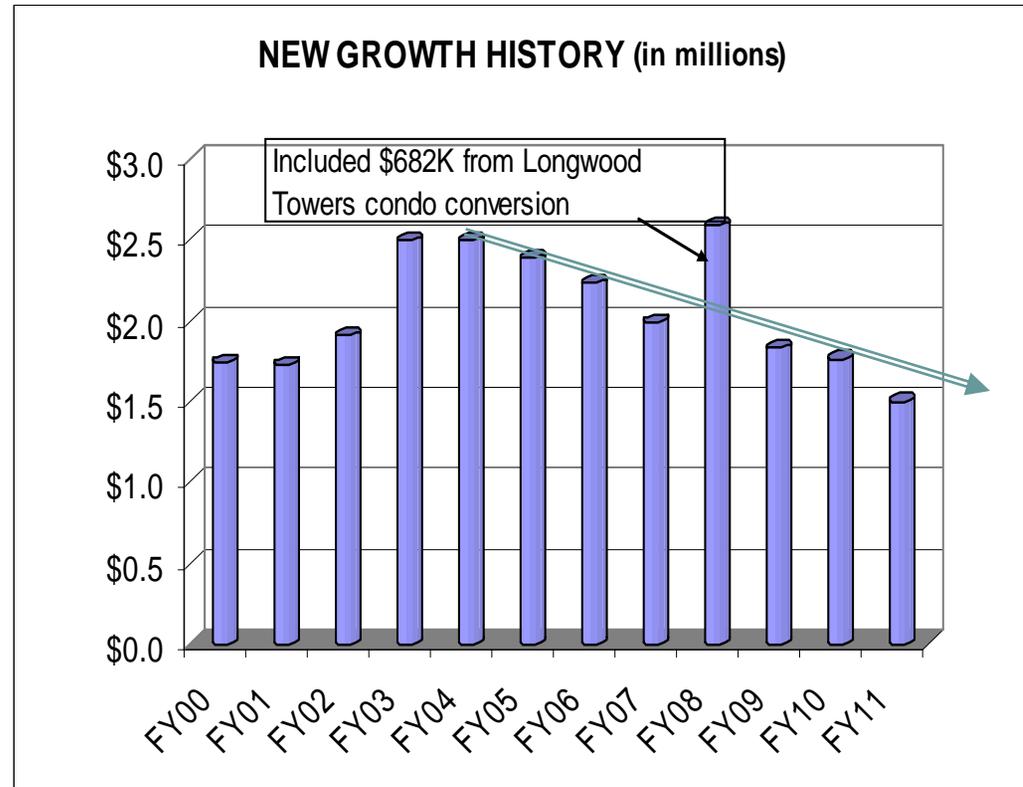
	FY10	FY11	\$ Change	% Change
Total General Fund Revenue	204,048,949	202,868,146	(1,180,803)	-0.6%
Less:				
SBA Reimbursements	3,267,371	3,267,371	0	0.0%
Net Debt Exclusions	1,667,074	1,637,286	(29,787)	-1.8%
Revenue for CIP	9,388,295	4,590,079	(4,798,216)	-51.1%
Free Cash	7,053,295	4,590,079	(2,463,216)	-34.9%
Tax Abatement Reserve Surplus	1,505,000	0	(1,505,000)	-100.0%
Capital Project Surplus	830,000	0	(830,000)	-100.0%
OPERATING REVENUE	189,726,209	193,373,409	3,647,200	1.9%

PROPERTY TAX – NEW GROWTH



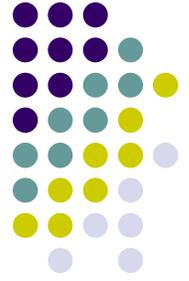
- Has been a critical component of the Town’s overall fiscal health

	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 (est.)	\$3.78	\$1.50	40%
TOTAL	\$35.18	\$24.65	70%



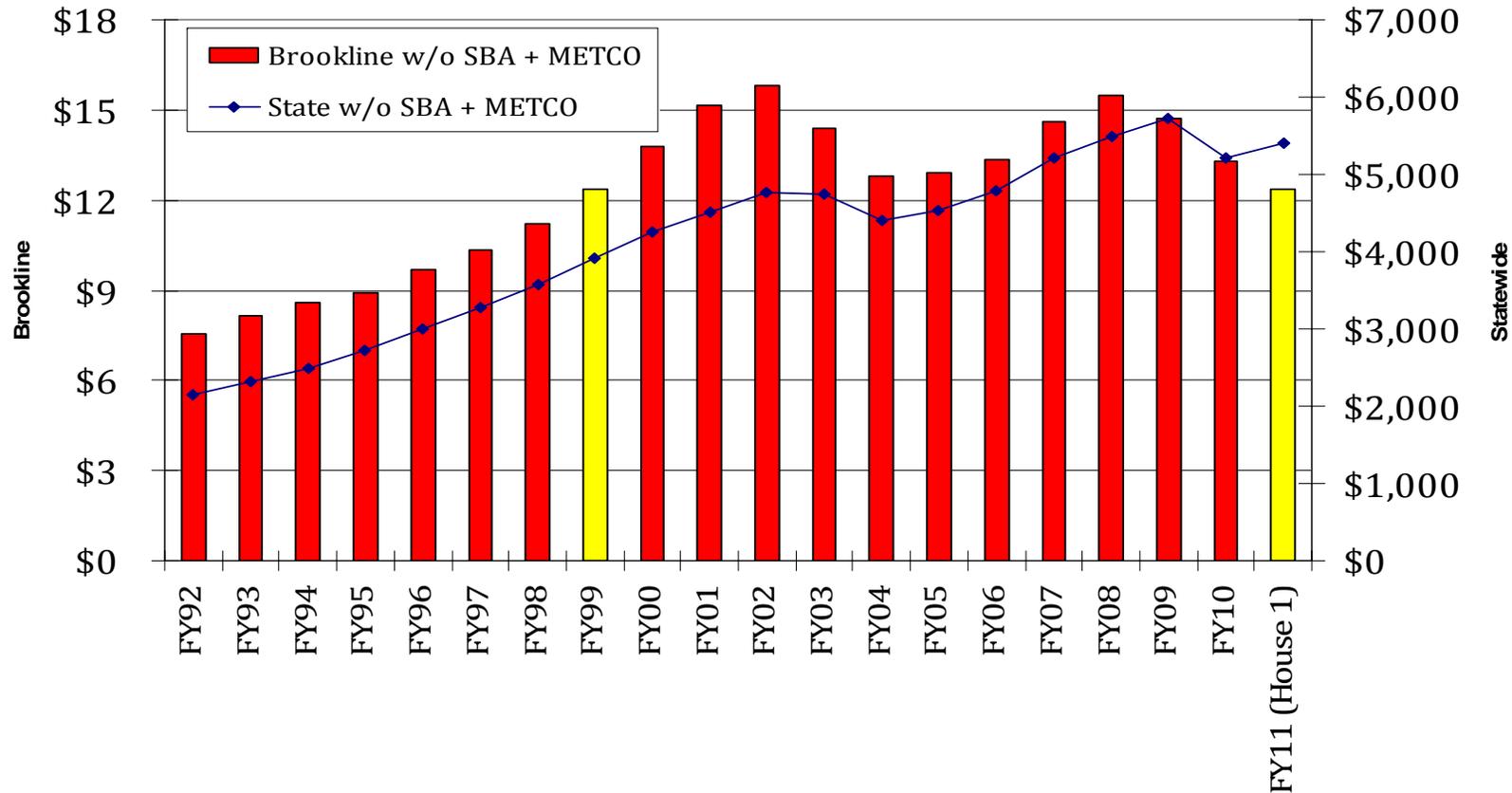
- In FY11, estimating \$1.5 million, which would be the lowest since FY99.

STATE AID



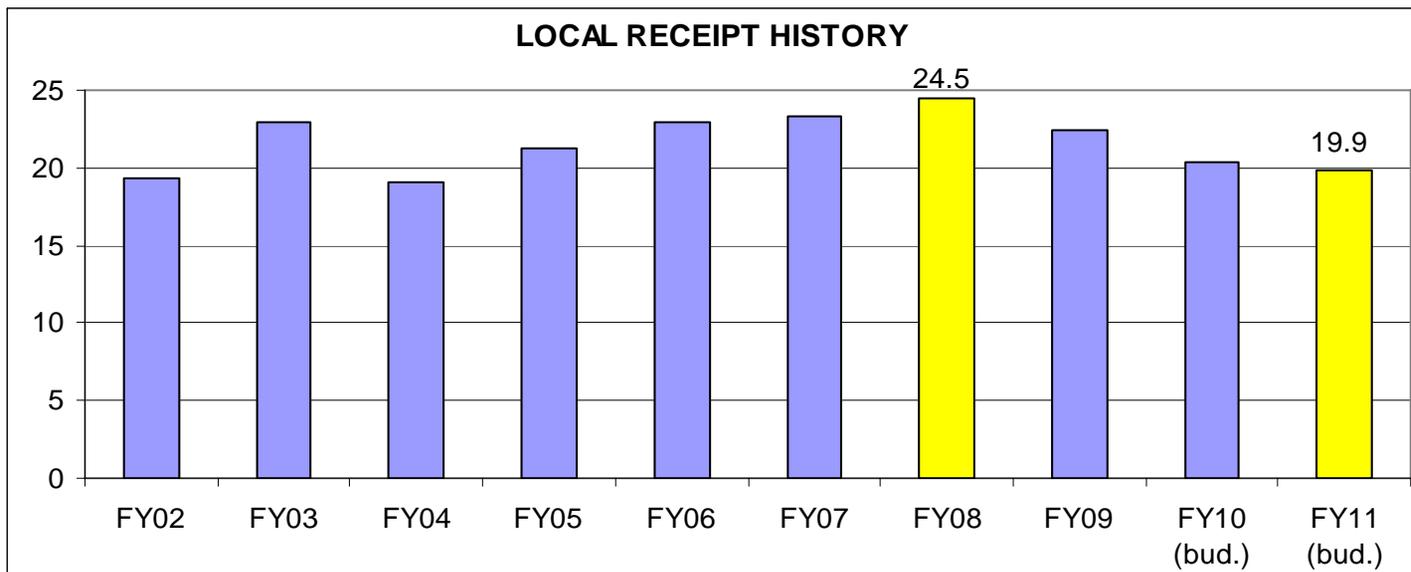
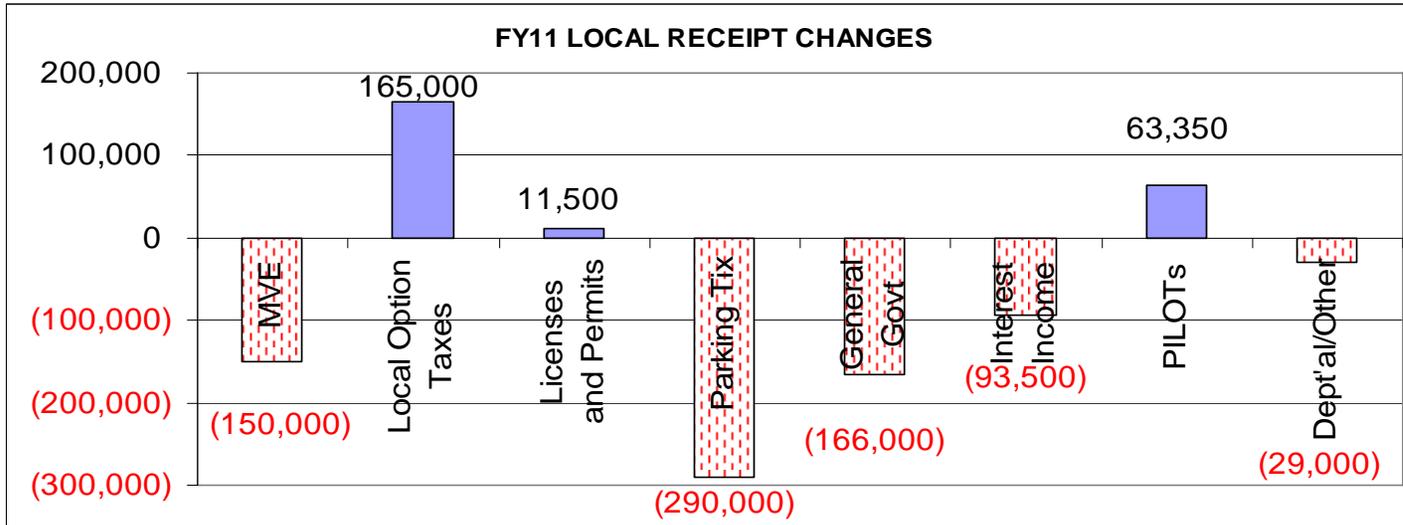
- Partially following Governor's budget: assuming level-funding of Ch. 70, but a cut in Unrestricted General Gov't Aid.
- FY11 decrease of \$892K (6.7%), exclusive of SBA reimbursements.

CHERRY SHEET AID HISTORY (in millions)

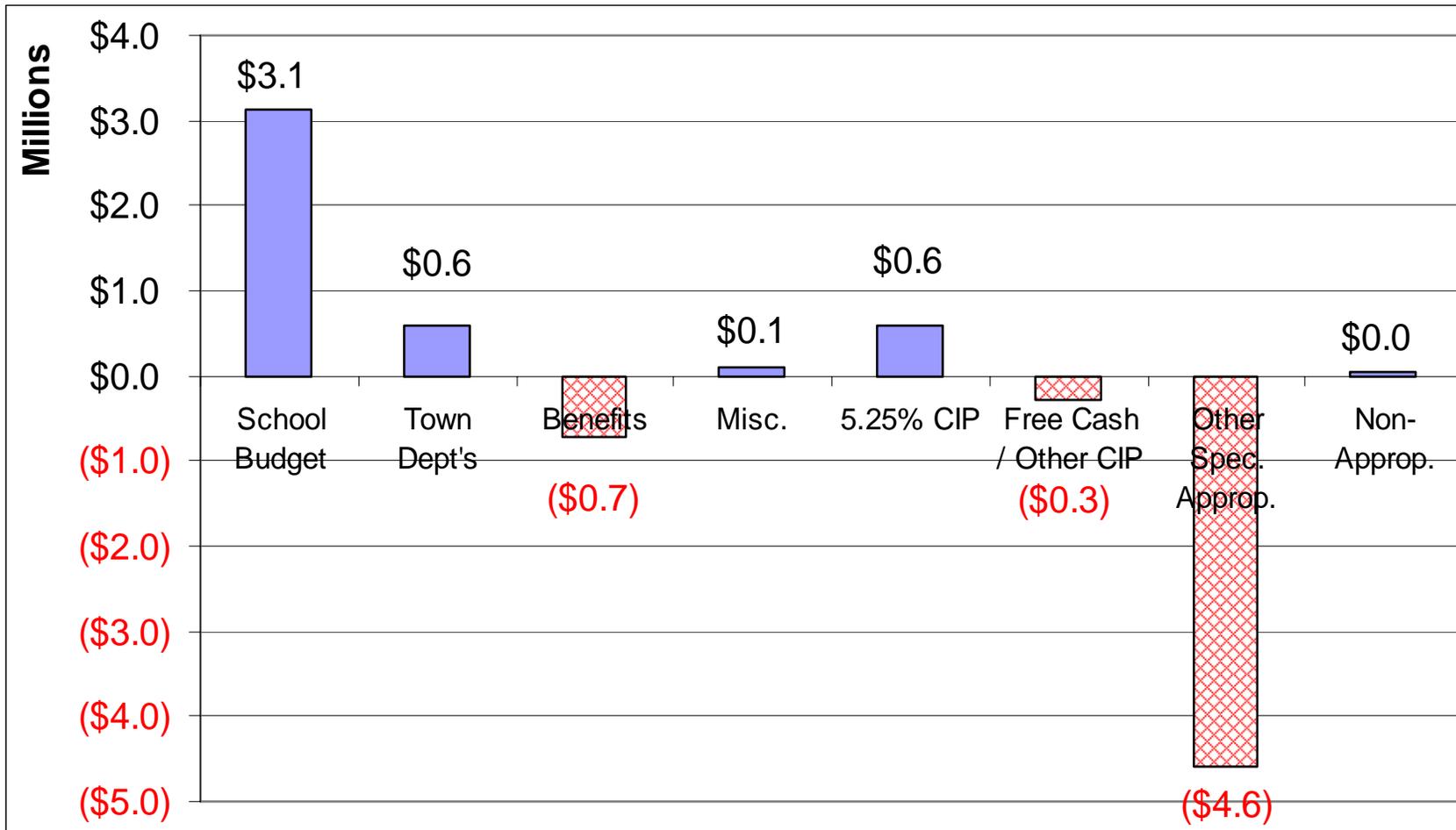


LOCAL RECEIPTS

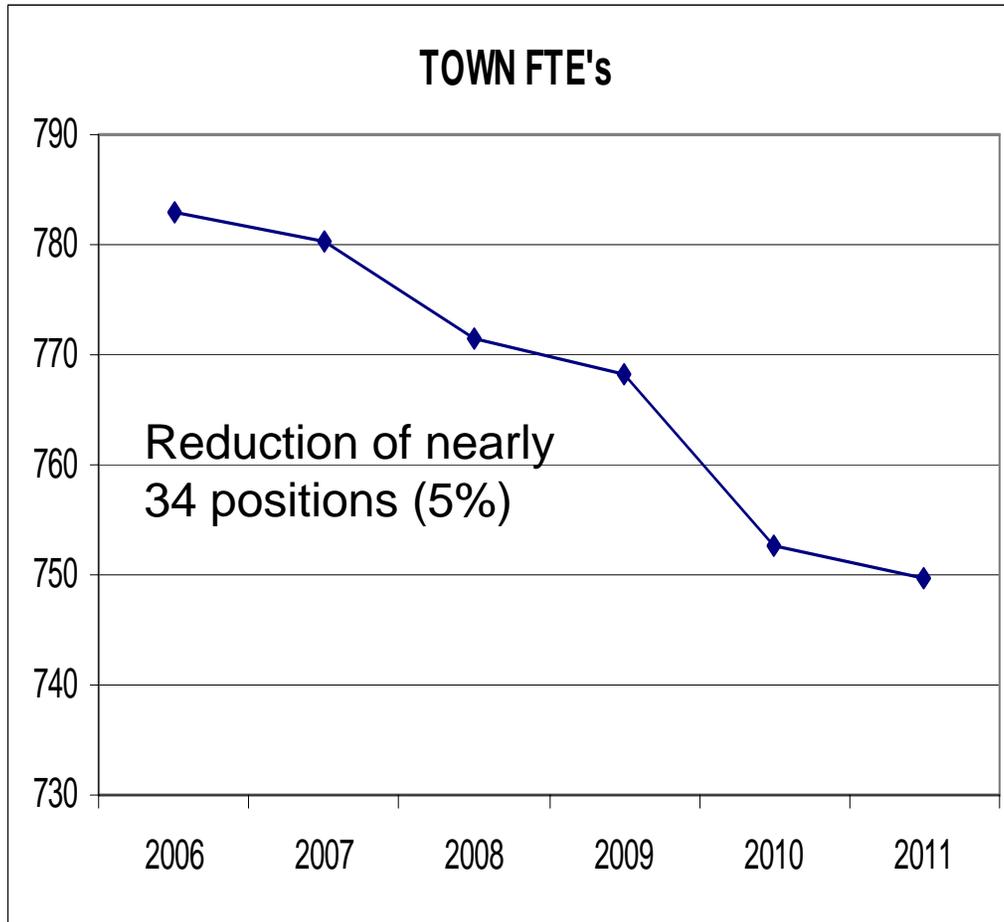
- FY11 decrease of \$489K (2.4%).



GENERAL FUND SUMMARY – EXPENDITURE GROWTH



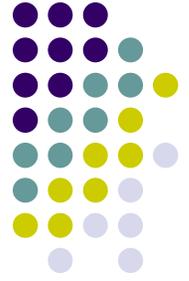
STAFFING LEVELS



EXAMPLES

- 6 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)
- 6 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)

HEALTH INSURANCE - GIC



PROJECTION **PRIOR** TO AGREEMENT TO ENTER GIC

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Approp.	24,073,604	25,757,341	28,189,016	30,841,451	33,751,735	36,946,052
\$\$ Var.		1,683,737	2,431,675	2,652,435	2,910,284	3,194,317
% Var.		6.99%	9.44%	9.41%	9.44%	9.46%

PROJECTION **AFTER** AGREEMENT TO ENTER GIC

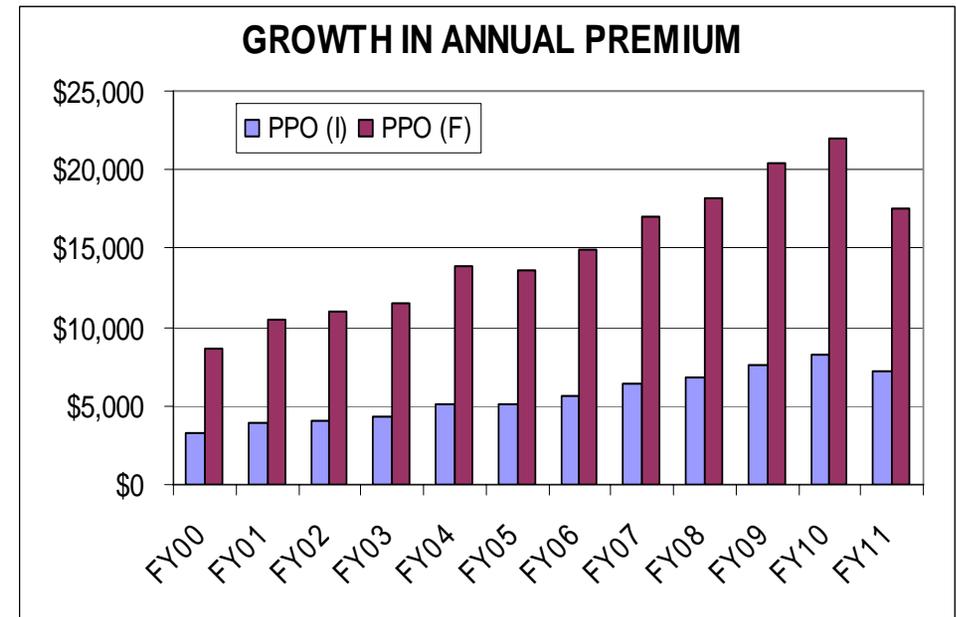
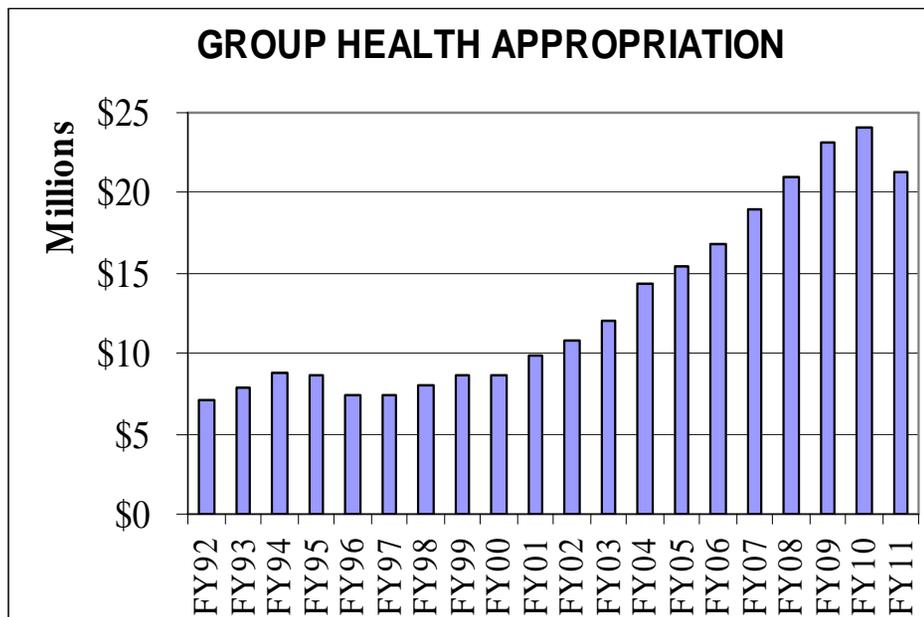
	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Approp.	24,073,604	21,227,416	23,751,080	26,832,844	29,368,172	32,111,584
\$\$ Var.		(2,846,188)	2,523,664	3,081,764	2,535,329	2,743,412
% Var.		-11.82%	11.89%	12.98%	9.45%	9.34%

\$\$ Var.	(4,529,924)	(4,437,936)	(4,008,607)	(4,383,563)	(4,834,468)
% Var.	-17.6%	-15.7%	-13.0%	-13.0%	-13.1%



HEALTH INSURANCE - HISTORY

- Estimated FY11 decrease of \$2.8M (11.8%)
- Budgeted a separate \$400K “Enrollment Allocation Reserve”

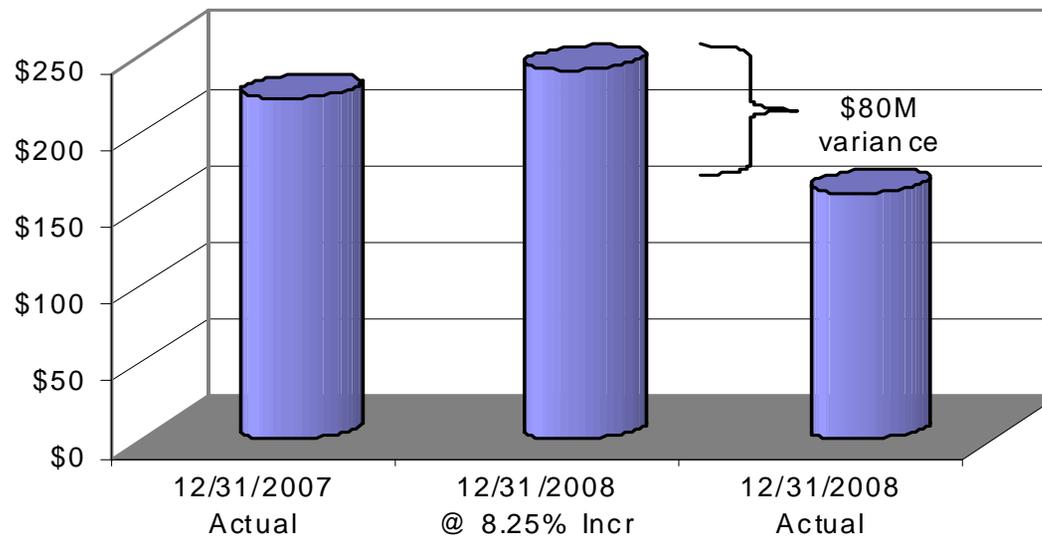


- Health insurance now consumes 11% of the Operating Budget vs 6% in FY00.
- Budgetary growth of \$12.5M (144%) during the same period.
- Since 2000, enrollment has grown by 276 (11%), due primarily to Schools.
- FY10 total cost of Blue Choice family plan \$22,016; projected FY11 Harvard PPO₁₉ total cost is \$17,534.



PENSIONS

- FY11 appropriation is based on the existing funding schedule & continues the additional funding added to the base in FY10
- For FY11, increase of \$756K (5.8%)
- CY08 loss was ~28% (\$62M)





PENSIONS – FY12

- Recent preliminary analysis by Retirement Board’s actuary shows FY12 appropriation could be approx. \$14.5 million, based on (1) CY09 return, (2) enhanced funding plan, and (3) ability to extend schedule to 2030.
- That amount is \$1.5 million more than the FY12 appropriation required under the current funding schedule.
- However, by using the local option taxes to start funding this pension spike, growth in FY12 over FY11 could be limited to about \$700,000 compared to close to \$2 million.

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Original funding schedule	12,063,565	12,565,355	13,083,124
Augmented with local option taxes	13,028,716	13,784,954	
Revised Preliminary FY12			14,500,000

Revised Preliminary FY12 vs Original FY11	1,934,645
Revised Preliminary FY12 vs Augmented FY11	715,046

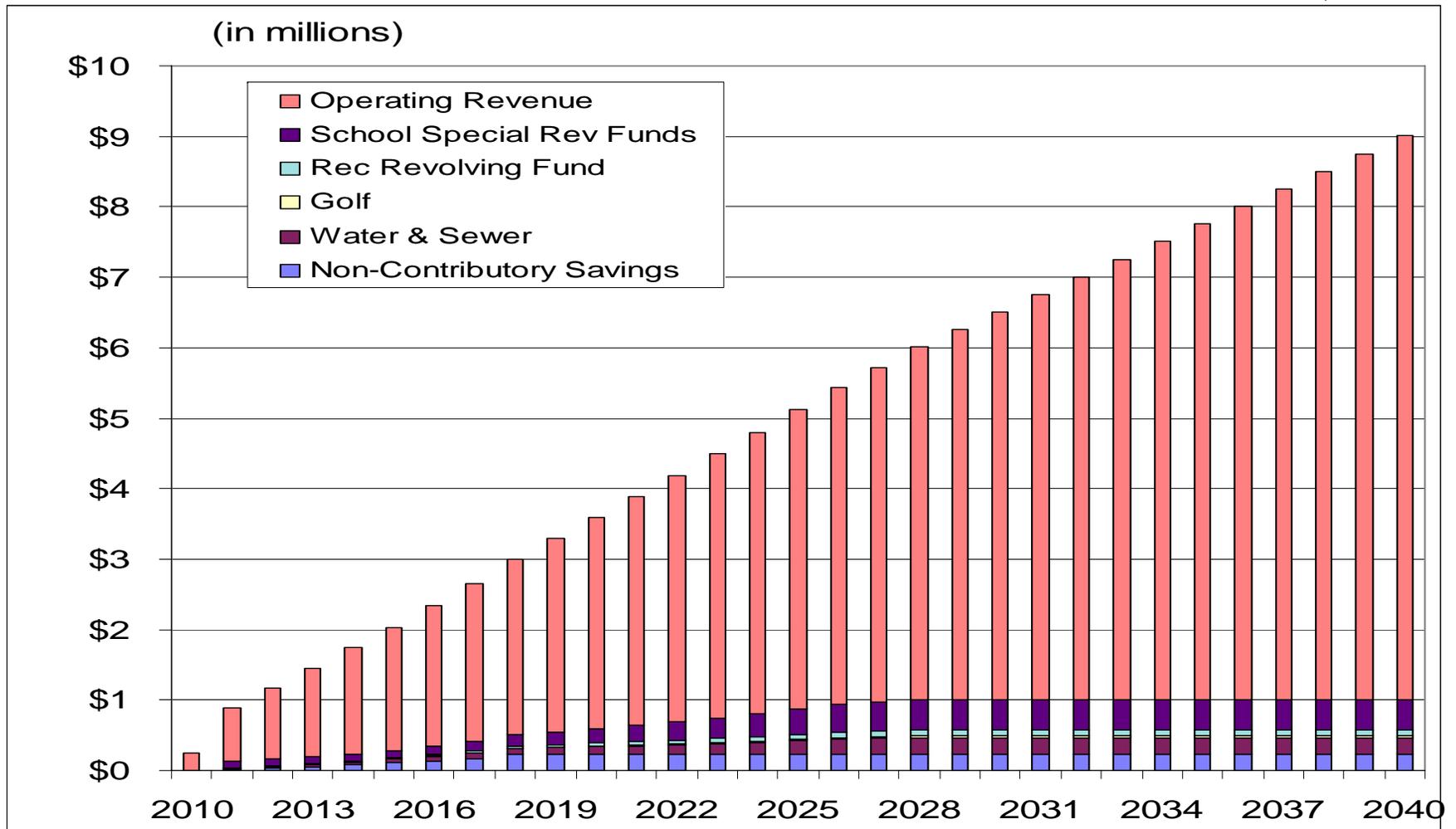
OPEB'S



- Financial Plan includes the following recommendations of the OPEB Task Force:
 - Increase funding from operating revenue by \$250K / yr
 - Assess special revenue funds with personnel
 - Use “run-off” from funding for Non-Contributory retirees
- In addition, adding \$250K from the savings achieved by moving to the GIC, making the FY11 appropriation from Operating Rev \$750K

	<u>2011</u>
Non-Contributory (Pensions) Savings	15,000
W&S	15,315
Golf	1,405
Rec Revolving Fund	5,575
School Spec Rev Funds	100,000
Operating Revenue	750,000
TOTAL	887,295

FUTURE OPEB FUNDING PLAN



FY2011 WATER & SEWER ENTERPRISE FUND



	FY2010 BUDGET	FY2011 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Rate Revenue	23,704,072	24,296,222	592,150	2.5%	99.2%
Late Payment Fees	120,000	110,000	(10,000)	-8.3%	0.4%
Water Service Charges	120,000	82,000	(38,000)	-31.7%	0.3%
Misc.	9,300	10,000	700	7.5%	0.0%
TOTAL REVENUE	23,953,372	24,498,222	544,851	2.3%	
EXPENDITURES					
Personnel	2,125,053	2,245,488	120,435	5.7%	9.2%
Services	289,294	309,381	20,087	6.9%	1.3%
Supplies	118,815	118,815	0	0.0%	0.5%
Other	6,400	6,400	0	0.0%	0.0%
Utilities	136,297	162,998	26,701	19.6%	0.7%
Capital Outlay	279,700	140,300	(139,400)	-49.8%	0.6%
Inter-Governmental (MWRA)	16,242,610	17,053,510	810,900	5.0%	69.6%
Benefits	1,394,604	1,135,449	(259,155)	-18.6%	4.6%
Inter-Departmental Overhead	651,661	545,013	(106,648)	-16.4%	2.2%
Debt Service	2,472,352	2,538,312	65,960	2.7%	10.4%
Reserve	236,585	242,557	5,972	2.5%	1.0%
TOTAL EXPENDITURE	23,953,371	24,498,222	544,851	2.3%	
BALANCE	0	0	0		

FY2011 GOLF COURSE ENTERPRISE FUND



	FY2010 BUDGET	FY2011 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Greens Fees	1,030,000	1,030,000	0	0.0%	82.3%
Golf Cart Rentals	82,000	82,000	0	0.0%	6.6%
Pro Shop Sales	75,000	75,000	0	0.0%	6.0%
Concessions	30,000	30,000	0	0.0%	2.4%
Golf Clinics	17,500	17,500	0	0.0%	1.4%
Other	16,700	16,700	0	0.0%	1.3%
Retained Earnings	15,000	0	(15,000)	-100.0%	0.0%
TOTAL REVENUE	1,266,200	1,251,200	(15,000)	-1.2%	
EXPENDITURES					
Personnel	426,591	431,548	4,957	1.2%	34.5%
Services	177,242	167,242	(10,000)	-5.6%	13.4%
Supplies	129,975	132,975	3,000	2.3%	10.6%
Other	4,100	4,100	0	0.0%	0.3%
Utilities	48,364	49,398	1,035	2.1%	3.9%
Capital Outlay	85,580	85,580	0	0.0%	6.8%
Debt Service	184,484	184,134	(350)	-0.2%	14.7%
Benefits / Other	125,975	128,225	2,249	1.8%	10.2%
Town Fee (Transfer to Town for general use)	60,374	52,997	(7,377)	-12.2%	4.2%
Reserve	23,515	15,000	(8,515)	-36.2%	1.2%
TOTAL EXPENDITURE	1,266,200	1,251,200	(15,000)	-1.2%	25
BALANCE	0	0	0		

FY2011 RECREATION REVOLVING FUND



	FY2010 BUDGET	FY2011 BUDGET	INCREASE/DECREASE		% of Total
			\$	%	
REVENUE					
Adult Programs	15,000	30,000	15,000	100.0%	1.7%
Aquatic	390,000	420,000	30,000	7.7%	23.4%
Community Programs	12,000	14,000	2,000	16.7%	0.8%
Environmental Programs	35,000	40,000	5,000	14.3%	2.2%
Ice Skating	110,000	110,000	0	0.0%	6.1%
Permits	70,000	70,000	0	0.0%	3.9%
School-Based Programs	475,000	475,000	0	0.0%	26.4%
Summer Camp	259,796	273,000	13,204	5.1%	15.2%
Teen Programs	50,000	50,000	0	0.0%	2.8%
Tennis/Open Basketball Programs	10,000	80,000	70,000	700.0%	4.5%
Youth Programs	235,000	235,000	0	0.0%	13.1%
TOTAL REVENUE	1,661,796	1,797,000	135,204	8.1%	
EXPENDITURES					
Personnel	1,071,684	1,179,146	107,463	10.0%	65.6%
Services	169,482	188,206	18,724	11.0%	10.5%
Supplies	128,397	135,169	6,772	5.3%	7.5%
Other	38,635	41,135	2,500	6.5%	2.3%
Utilities	34,057	28,689	(5,368)	-15.8%	1.6%
Capital Outlay	8,670	23,870	15,200	175.3%	1.3%
Benefits / Other	210,870	200,784	(10,086)	-4.8%	11.2%
TOTAL EXPENDITURE	1,661,795	1,797,000	135,204	8.1%	
BALANCE	0	0	0		

CAPITAL IMPROVEMENT PROGRAM



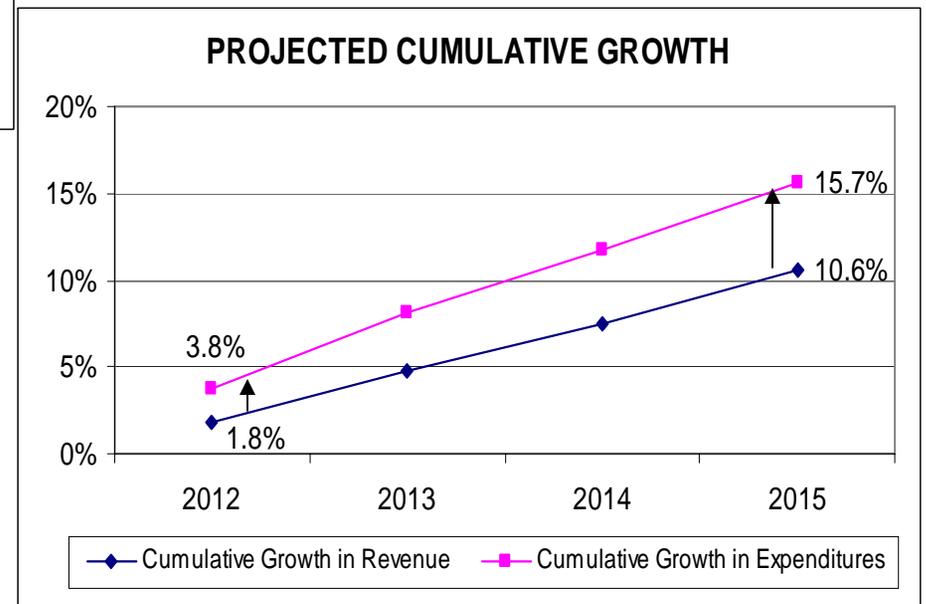
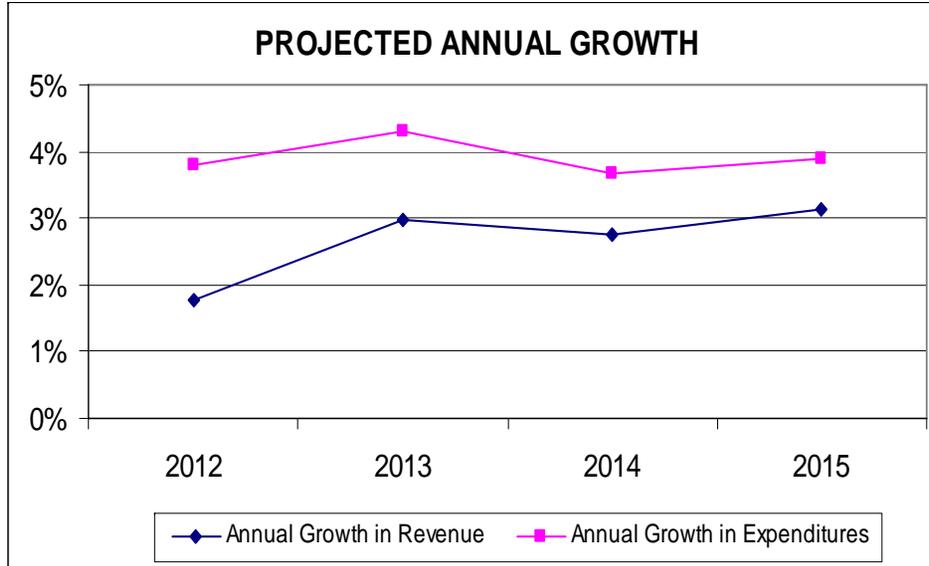
- Developed within the parameters of the Board of Selectmen's CIP Policies
- At 5.25% funding, in accordance with plan to get back to 5.5% by FY12
- Calls for an investment of \$126.3 million over the next six years, for an average of \$21.1 million/yr
- \$3.7 million of Free Cash is used to support the CIP in FY11
- 2008 Override included \$750K for streets / sidewalks. These funds increased 2.5% each year of the CIP.
- Financing plan includes outside funding sources and significant grant opportunities
 - \$3.25 million from the sale of the Town-owned Fisher Hill Reservoir to be used to fund the construction of a playing field on the State-owned site
 - \$27.3 million in State / Federal grants (mostly MSBA)

MAJOR CIP PROJECTS



- Devotion School Rehab - \$33.8 million of Town funding plus the possibility of \$22.5 million of State funding in FY14-FY15 for feasibility / schematic design and design / construction
- Classroom Capacity - \$5 million in FY12
- Newton St. Landfill (Rear Landfill Closure) - \$4.5 million in FY15
- Fisher Hill Reservoir Re-Use - \$3.25 million in FY14 (outside funding)
- Village Square - \$3 million in FY12 (outside funding)
- Town Hall/Main Library Garages - \$1.8 million in FY11, bringing the total project cost to \$3 million
- Brookline Reservoir Park - \$1.4 million in FY16
- Parking Meters - \$1.4 million in FY11
- Pierce School - \$1 million in FY12-FY14
- Ladder #2 Replacement - \$1 million in FY15

FUTURE REVENUE & EXPENDITURE GROWTH



	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUE					
Property Taxes	157,961,458	163,264,343	169,685,135	175,316,691	181,754,416
Local Receipts	19,868,475	20,102,745	20,357,077	20,488,468	20,723,217
State Aid	15,644,111	14,406,437	13,765,928	13,765,928	13,765,928
Other Available Funds	4,804,023	4,927,467	5,028,074	5,125,453	5,277,414
Free Cash	4,590,079	3,750,000	3,750,000	3,750,000	3,750,000
TOTAL REVENUE	202,868,146	206,450,992	212,586,214	218,446,540	225,270,975
\$\$ Increase	(1,180,804)	3,582,846	6,135,222	5,860,327	6,824,435
% Increase	-0.6%	1.8%	3.0%	2.8%	3.1%
EXPENDITURES					
Departmental	61,388,358	62,410,504	64,013,390	65,472,161	66,994,463
Coll. Barg. / Unfunded Liabilities- Town	475,000	950,000	950,000	950,000	950,000
Schools	71,237,765	73,797,765	76,847,765	79,897,765	82,897,765
Coll. Barg. / Unfunded Liabilities- School	710,000	1,200,000	1,200,000	1,200,000	1,200,000
Non-Departmental - Benefits	40,348,666	43,533,565	47,523,163	51,042,446	54,789,658
Non-Departmental - General	934,603	493,906	514,117	540,830	569,825
Non-Departmental - Debt Service	12,012,861	13,391,443	13,169,553	12,656,000	12,399,190
Non-Departmental - Reserve Fund	1,856,956	1,893,088	1,936,652	1,990,470	2,052,247
Special Appropriations	6,572,000	5,377,252	5,780,345	6,088,893	6,679,464
Non-Appropriated	7,331,939	7,503,677	7,679,707	7,860,139	8,045,082
TOTAL EXPENDITURES	202,868,146	210,551,200	219,614,693	227,698,704	236,577,694
\$\$ Increase	(1,180,804)	7,683,054	9,063,493	8,084,011	8,878,990
% Increase	-0.6%	3.8%	4.3%	3.7%	3.9%
CUMULATIVE SURPLUS/(DEFICIT)					
	0	(4,100,208)	(7,028,479)	(9,252,164)	(11,306,719)
DEFICIT AS A % OF OP REV					
	-1.8%	-4.2%	-5.4%	-6.7%	-6.7%
Surplus / (Deficit) Prior to Collective Bargaining					
	1,185,000	(1,950,208)	(4,878,479)	(7,102,164)	(9,156,719)
Town Share of Surplus / (Deficit)					
Town Collective Bargaining	475,000	(299,600)	(1,183,421)	(1,748,027)	(2,183,011)
Total Town Surplus / (Deficit)	0	(1,249,600)	(2,133,421)	(2,698,027)	(3,133,011)
School Share of Surplus / (Deficit)					
School Collective Bargaining	710,000	(1,650,609)	(3,695,059)	(5,354,137)	(6,973,708)
Total School Surplus / (Deficit)	0	(2,850,609)	(4,895,059)	(6,554,137)	(8,173,708)