

# TOWN OF BROOKLINE

The seal of the Town of Brookline is a circular emblem. It features a central figure holding a scale and a sword, surrounded by a wreath. The text "TOWN OF BROOKLINE" is at the top, "SEVERED FROM BOSTON" is on the left, "FOUNDED 1836" is on the right, and "INCORPORATED 1847" is at the bottom. The words "TOWN OF BROOKLINE" are also written in a smaller font across the center of the seal.

## FY-2007 FINANCIAL PLAN

### BOARD OF SELECTMEN

Robert L. Allen, Jr.  
*Chairman*

Gilbert R. Hoy, Jr.  
Michael S. Sher  
Michael W. Merrill  
Nancy A. Daly

Richard J. Kelliher  
Town Administrator



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Brookline  
Massachusetts**

For the Fiscal Year Beginning

**July 1, 2005**

President

Executive Director

# ENHANCEMENTS TO FINANCIAL PLAN

- Improved INDEX makes it easier to find information
- Emphasis on FUND ACCOUNTING
- Increased number of and type of BUDGET SUMMARIES
- More discussion of the LONG RANGE FINANCIAL PLAN
- More analysis and detail on the CIP

# FISCAL POLICIES

- The Financial Plan complies with formally adopted fiscal policies:
  - Use of Free Cash
  - CIP Financing
  - Reserves
- Also follows annual practices in place since 1994:
  - Town / School Partnership
  - Position freeze on number of Town employees
  - 1994 Override requirements

# FY2007 CHALLENGES

- Collective Bargaining & Steps – total \$3.4M town-wide
- Health Insurance – 14% rate increase for (\$2.2M)
- Utilities – \$838K increase
- SPED – growth of \$650K in the School budget
- Worker's Comp – increase of \$555K
- Pensions - \$243K increase per PERAC-approved schedule

# FORECAST vs FINANCIAL PLAN

## CHANGES FROM DECEMBER FORECAST

	<u>Forecast</u>	<u>Current</u>	<u>Difference</u>
Health Ins	20,230,035	18,936,109	(1,293,926)
Net State Aid	12,894,302	13,694,940	800,638
Overlay	1,500,000	1,200,000	(300,000)

<b>TOTAL BENEFIT TO BUDGET</b>			<b>2,394,564</b>
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	<u>Town</u>	<u>School</u>	<u>TOTAL</u>
State Aid	400,319	400,319	800,638
Health Insurance	638,294	655,632	1,293,926
Overlay	150,000	150,000	300,000

<b>TOTAL BENEFIT TO BUDGET</b>	<b>1,188,613</b>	<b>1,205,951</b>	<b>2,394,564</b>
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# CUTS TO BALANCE BUDGET

DEPT	ITEM	FTE	AMT.
Building	Houseworkers	(1.32)	(20,476)
DPW	Agricultural Supplies		(12,000)
DPW	Household Hazardous Waste		(25,000)
DPW	Landscaping Svcs.		(10,000)
Assessor's	Re-organization around Deputy Chief pos.	(0.67)	(57,697)
Purchasing	Telephones		(22,778)
Fire	Capital		(35,000)
Health	Inspector of Animals		(10,000)
Police	TPT Park Security Interns		(6,120)
Selectmen	Re-organization around Recording Sec.	(0.53)	(13,899)
Selectmen	Selectmen's Contingency		(3,000)
Various	Eliminate certain Inflation/Maint. Growth		(47,273)
<b>TOTAL</b>		<b>(2.52)</b>	<b>(263,243)</b>

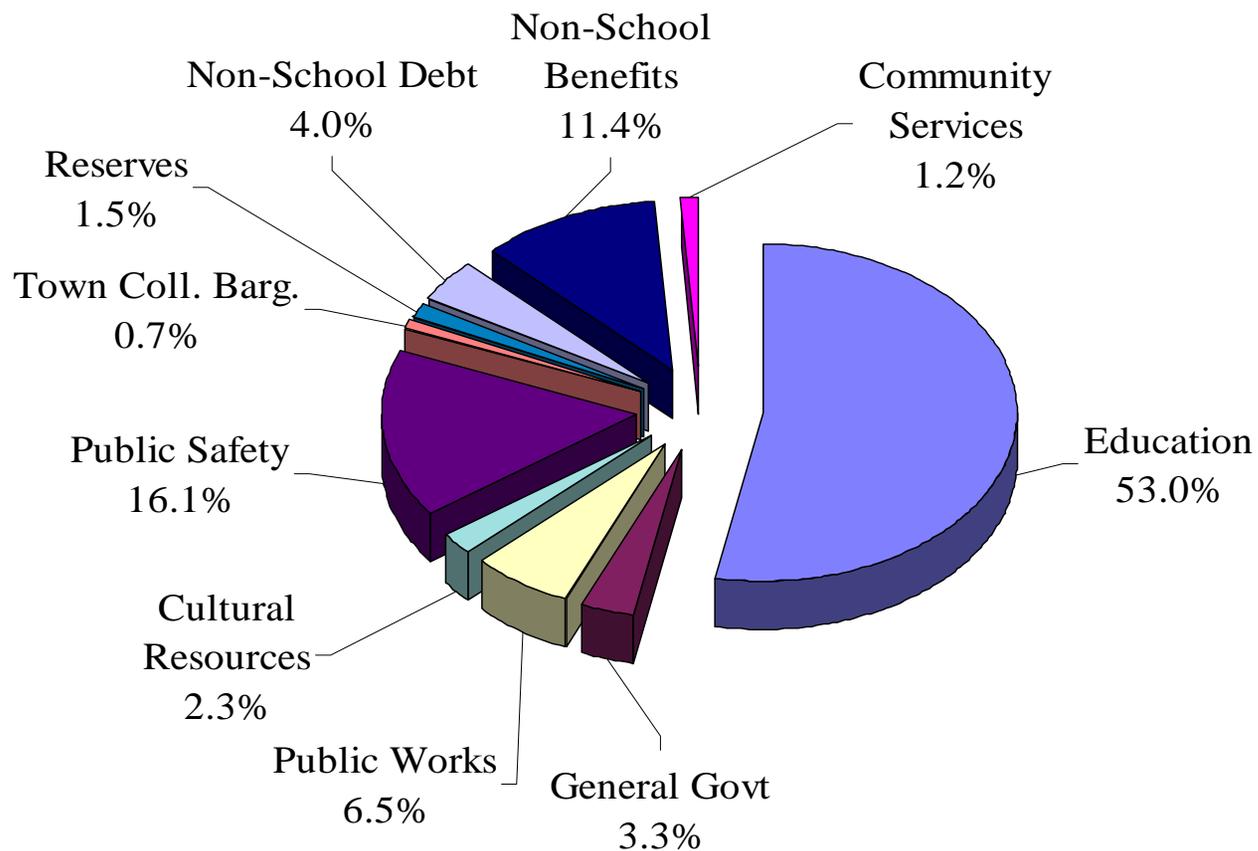
# PRINCIPAL RISKS TO FINANCIAL PLAN

1. Local Aid – assumes Gov's proposal, which includes complete restoration of Lottery proceeds and reforms the Ch. 70 funding formula.
2. Local Receipts – sizable increase due primarily to Interest Income. FY06 mid-year rev report showed a slight reduction in year-over-year revenue.
3. Collective Bargaining – 2.5% used for all unions, yet just AFSCME has settled for FY07.
4. Energy – 10 cents / kwh is assumed, but won't know that figure until the Spring when a new contract is procured.

# FY2007 TOWN & SCHOOL BUDGET GROWTH

<b>SCHOOL</b>				
	<u>FY06</u>	<u>FY07</u>	<u>\$ Change</u>	<u>% Change</u>
Appropriation	58,007,124	59,836,680	1,829,556	3.2%
Pers Benefits	11,455,928	12,867,218	1,411,290	12.3%
Bldg Dept Exp's	2,155,993	2,611,038	455,045	21.1%
<b>TOTAL</b>	<b>71,619,045</b>	<b>75,314,936</b>	<b>3,695,891</b>	<b>5.2%</b>
<b>TOWN</b>				
	<u>FY06</u>	<u>FY07</u>	<u>\$ Change</u>	<u>% Change</u>
Town Dept's	56,965,259	59,040,308	2,075,048	3.6%
Less Sch Dept Exp in Bldg Bgt	(2,155,993)	(2,611,038)		
Net Town Dept's	54,809,266	56,429,270	1,620,003	3.0%
Pers Benefits	17,517,759	18,885,900	1,368,141	7.8%
<b>TOTAL</b>	<b>72,327,025</b>	<b>75,315,170</b>	<b>2,988,144</b>	<b>4.1%</b>

# FULLY ALLOCATED FY2007 GENERAL FUND OPERATING BUDGET



# FINANCIAL PLAN SUMMARY – BY FUND

<b>REVENUES</b>	<b>General Fund *</b>	<b>Water &amp; Sewer Enterprise Fund</b>	<b>Golf Enterprise Fund</b>	<b>Recreation Revolving Fund</b>	<b>Parking Meter Fund</b>	<b>Cemetery Trust</b>	<b>State Library Aid</b>	<b>TOTAL</b>
Property Taxes	129,825,273							129,825,273
Local Receipts	19,948,300							19,948,300
State Aid	18,916,419							18,916,419
Parking Meter Receipts					1,930,000			1,930,000
Walnut Hill Cemetery Fund						50,000		50,000
State Aid for Libraries							41,555	41,555
Golf Receipts			1,222,128					1,222,128
Recreation Program Revenue				1,335,256				1,335,256
Water and Sewer Receipts		22,981,332						22,981,332
Capital Project Surplus	413,960							413,960
Free Cash	5,387,435							5,387,435
<b>TOTAL FINANCIAL PLAN REVENUE</b>	<b>174,491,386</b>	<b>22,981,332</b>	<b>1,222,128</b>	<b>1,335,256</b>	<b>1,930,000</b>	<b>50,000</b>	<b>41,555</b>	<b>202,051,658</b>
<b>EXPENDITURES **</b>								
General Government	7,062,988							7,062,988
Public Safety	30,608,280				965,000			31,573,280
Public Works	11,182,668	17,985,948			965,000	50,000		30,183,616
Library	3,234,814						41,555	3,276,369
Health & Human Services	2,070,303							2,070,303
Recreation	1,009,700		850,725	1,189,655				3,050,080
Schools	59,836,680							59,836,680
Personal Services Reserve	750,000							750,000
Collective Bargaining	1,100,000							1,100,000
Personnel Benefits **	29,541,971	2,262,930	52,616	145,601				32,003,118
Non-Departmental **	2,189,415		116,221					2,305,636
Debt Service **	11,461,601	2,732,454	202,566					14,396,621
Special Appropriations (Revenue-Financed CIP)	6,715,483							6,715,483
Non-Appropriated	7,727,481							7,727,481
<b>TOTAL FINANCIAL PLAN EXPENDITURES</b>	<b>174,491,386</b>	<b>22,981,332</b>	<b>1,222,128</b>	<b>1,335,256</b>	<b>1,930,000</b>	<b>50,000</b>	<b>41,555</b>	<b>202,051,658</b>

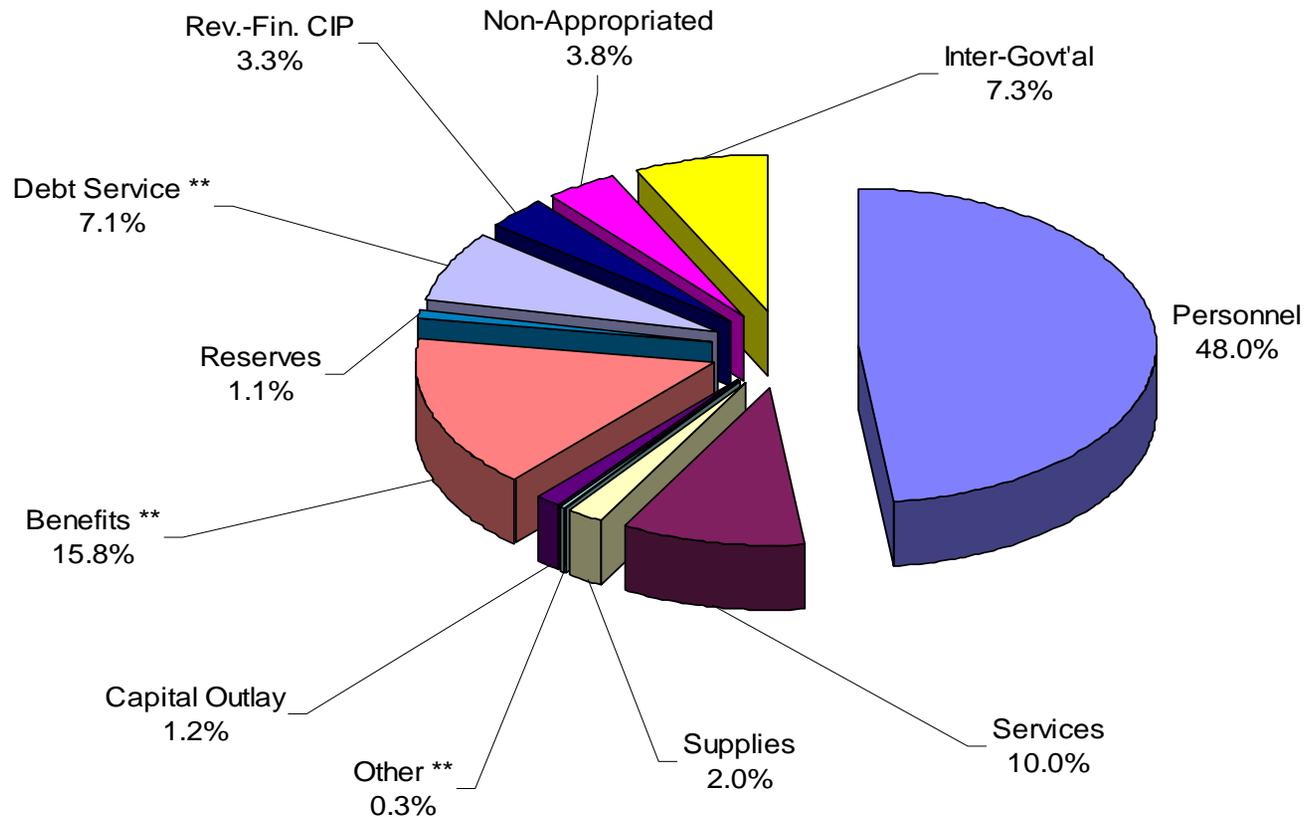
\* Includes revenue from property taxes, local receipts, state aid, and Free Cash.

\*\* For purposes of this analysis, the reimbursements from the enterprise funds and revolving fund are deducted from the General Fund and re-allocated within the individual fund. Accounts with an \*\* had amounts deducted from them in the General Fund.

# FINANCIAL PLAN SUMMARY – BY EXPENDITURE TYPE

## FY2007 FINANCIAL PLAN BY CATEGORY

\* For purposes of this analysis, the reimbursements from the enterprise funds and revolving fund are deducted from the General Fund and re-allocated within the individual fund. Accounts with an \*\* had amounts deducted from them in the General Fund.



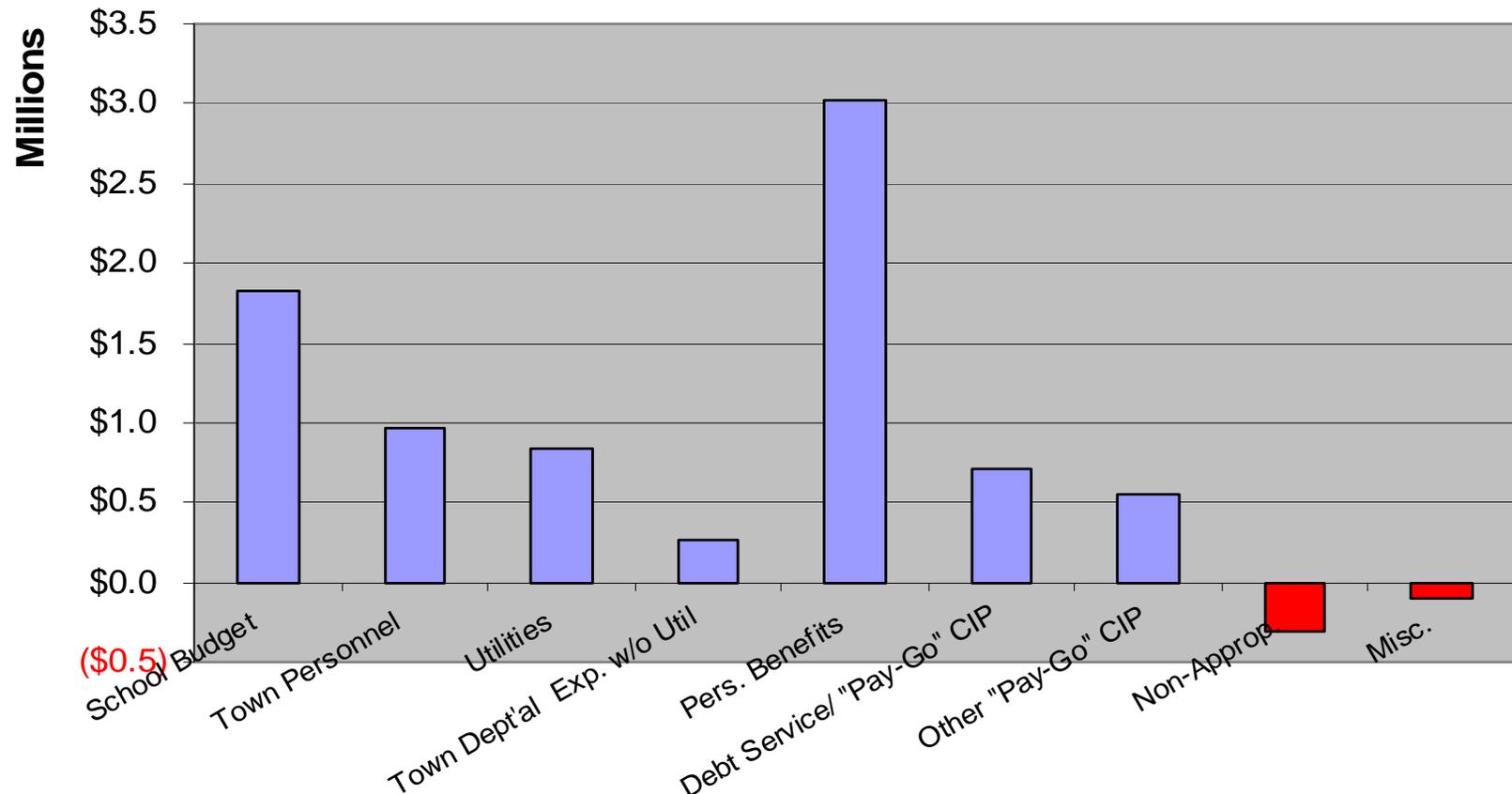
# GENERAL FUND SUMMARY

	FY2006 BUDGET	FY2007 BUDGET	INCREASE/DECREASE	
			\$	%
<b>REVENUE</b>				
Property Tax	125,014,839	129,825,273	4,810,434	3.8%
Local Receipts	18,900,300	19,948,300	1,048,000	5.5%
State Aid	18,027,706	18,916,419	888,713	4.9%
Free Cash	4,606,534	5,387,435	780,901	17.0%
Other Available Funds	7,691,659	7,947,902	256,243	3.3%
<b>TOTAL REVENUE</b>	<b>174,241,038</b>	<b>182,025,329</b>	<b>7,784,291</b>	<b>4.5%</b>
<b>(LESS) NON-APPROPRIATED EXPENSES</b>				
State & County Charges	5,243,739	5,221,479	(22,260)	-0.4%
Tax Abatement Overlay	1,490,442	1,200,000	(290,442)	-19.5%
Deficits & Judgments	25,000	25,000	0	0.0%
Cherry Sheet Offsets	1,280,287	1,281,002	715	0.1%
<b>TOTAL NON-APPROPRIATED EXPENSES</b>	<b>8,039,468</b>	<b>7,727,481</b>	<b>(311,987)</b>	<b>-3.9%</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>166,201,570</b>	<b>174,297,847</b>	<b>8,096,278</b>	<b>4.9%</b>
<b>APPROPRIATIONS</b>				
Town Departments	56,965,260	59,040,308	2,075,048	3.6%
School Department	58,007,124	59,836,680	1,829,556	3.2%
Non-Departmental Total	45,168,383	48,705,375	3,536,992	7.8%
General Fund Non-Departmental	40,114,567	43,192,987	3,078,420	7.7%
Water and Sewer Enterprise Fund Overhead *	4,554,526	4,995,385	440,859	9.7%
Golf Enterprise Fund Overhead *	379,553	371,402	(8,151)	-2.1%
Recreation Revolving Fund Overhead *	119,737	145,602	25,865	21.6%
<b>OPERATING BUDGET SUBTOTAL</b>	<b>160,140,767</b>	<b>167,582,363</b>	<b>7,441,597</b>	<b>4.6%</b>
Revenue-Financed Special Appropriations	6,060,803	6,715,483	654,680	10.8%
<b>TOTAL APPROPRIATIONS</b>	<b>166,201,570</b>	<b>174,297,846</b>	<b>8,096,277</b>	<b>4.9%</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* These Overhead figures match the Water and Sewer Enterprise Fund Reimbursement, Golf Enterprise Fund Reimbursement, and Recreation Revolving Fund Reimbursement

# GENERAL FUND SUMMARY – AREAS OF GROWTH

## GENERAL FUND BUDGET GROWTH



# FY2007 WATER & SEWER ENTERPRISE FUND

	FY2006 BUDGET	FY2007 BUDGET	INCREASE/DECREASE	
			\$	%
<b>REVENUE</b>				
Rate Revenue	21,216,296	22,711,332	1,495,036	7.0%
Late Payment Fees	150,000	150,000	0	0.0%
Water Service Charges	120,000	120,000	0	0.0%
Insurance / Damage Recovery	0	0	0	-
Transfers In	0	0	0	-
<b>TOTAL REVENUE</b>	<b>21,486,296</b>	<b>22,981,333</b>	<b>1,495,037</b>	<b>7.0%</b>
<b>EXPENDITURES</b>				
Personnel	2,119,671	2,184,080	64,409	3.0%
Services	228,855	320,019	91,164	39.8%
Supplies	155,631	178,612	22,981	14.8%
Other	3,600	3,600	0	0.0%
Capital	344,400	392,100	47,700	13.9%
Inter-Governmental	13,866,821	14,680,000	813,179	5.9%
Debt Service *	2,360,635	2,732,454	371,819	15.8%
Benefits *	2,193,891	2,262,931	69,040	3.1%
Reserve	212,793	227,538	14,745	6.9%
<b>TOTAL EXPENDITURE</b>	<b>21,486,296</b>	<b>22,981,333</b>	<b>1,495,036</b>	<b>7.0%</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* These comprise the Intra-Governmental Expense, which is the reimbursement to the General Fund. These amounts are accounted for in the General Fund under the "Other Available Funds" category.

# FY2007 GOLF COURSE ENTERPRISE FUND

	FY2006 BUDGET	FY2007 BUDGET	INCREASE/DECREASE	
			\$	%
<b>REVENUE</b>				
Greens Fees	966,559	986,000	19,441	2.0%
Golf Cart Rentals	110,000	110,000	0	0.0%
Pro Shop Sales	90,000	95,000	5,000	5.6%
Concessions	15,000	15,000	0	0.0%
Other	15,965	16,128	163	1.0%
<b>TOTAL REVENUE</b>	<b>1,197,524</b>	<b>1,222,128</b>	<b>24,604</b>	<b>2.1%</b>
<b>EXPENDITURES</b>				
Personnel	415,197	403,320	(11,877)	-2.9%
Services	167,162	176,949	9,787	5.9%
Supplies	106,165	140,777	34,612	32.6%
Other	0	4,100	4,100	-
Capital	85,580	85,580	0	0.0%
Debt Service *	209,219	202,566	(6,654)	-3.2%
Benefits / Other*	170,334	168,836	(1,498)	-0.9%
Reserve	43,866	40,000	(3,866)	-8.8%
<b>TOTAL EXPENDITURE</b>	<b>1,197,524</b>	<b>1,222,128</b>	<b>24,604</b>	<b>2.1%</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* These comprise the Intra-Governmental Expense, which is the reimbursement to the General Fund. These amounts are accounted for in the General Fund under the "Other Available Funds" category.

# FY2007 RECREATION REVOLVING FUND

	FY2006 BUDGET	FY2007 BUDGET	INCREASE/DECREASE	
			\$	%
<b>REVENUE</b>				
After School Activities	418,248	418,248	0	0.0%
Amory & Main Gym	22,800	37,000	14,200	62.3%
Aquatic	203,767	0	(203,767)	-100.0%
Environmental Programs	5,000	30,000	25,000	500.0%
Facility Program	42,336	86,336	44,000	103.9%
Ice Skating	53,697	84,422	30,725	57.2%
Reimb. from Schools	12,118	0	(12,118)	-
Retained Earnings	0	25,500	25,500	-
Ski Programs and Trips	20,015	24,895	4,880	24.4%
Summer Camp	11,950	325,145	313,195	2620.9%
Teen Programs	38,907	38,907	0	-
Youth Soccer	161,000	171,100	10,100	6.3%
Youth Sports Leagues	85,903	93,703	7,800	9.1%
Misc.	0	0	0	-
<b>TOTAL REVENUE</b>	<b>1,075,741</b>	<b>1,335,256</b>	<b>259,515</b>	<b>24.1%</b>
<b>EXPENDITURES</b>				
Personnel	742,460	843,202	100,742	13.6%
Services	100,142	158,900	58,758	58.7%
Supplies	102,682	137,632	34,950	34.0%
Other	8,400	13,100	4,700	56.0%
Capital	2,320	36,820	34,500	1487.1%
Benefits / Other*	119,737	145,602	25,865	21.6%
<b>TOTAL EXPENDITURE</b>	<b>1,075,741</b>	<b>1,335,256</b>	<b>259,514</b>	<b>24.1%</b>
<b>BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* These comprise the Intra-Governmental Expense, which is the reimbursement to the General Fund. These amounts are accounted for in the General Fund under the "Other Available Funds" category.

# CAPITAL IMPROVEMENT PROGRAM (CIP)

- Developed within the parameters of the Board of Selectmen's CIP Policies
  - 5.5% of the prior year's net revenue allocated to the CIP plus available Free Cash
- Financing plan includes outside funding sources and grant opportunities
- Calls for an investment of \$104.3 million over the next six years, for an average of \$17.4 million per year

# CIP FINANCING STRATEGY

## ■ 5.5% funding policy

- In FY07, 4.36% is earmarked for debt service and 1.14% to pay-as-you-go

## ■ Free Cash

- In FY07, \$4.5 million of Free Cash is used to support the CIP
- Free Cash estimate for the out-years of the CIP is lowered, resulting in less funding available for projects

## ■ “Other” Funds / Grant Funds

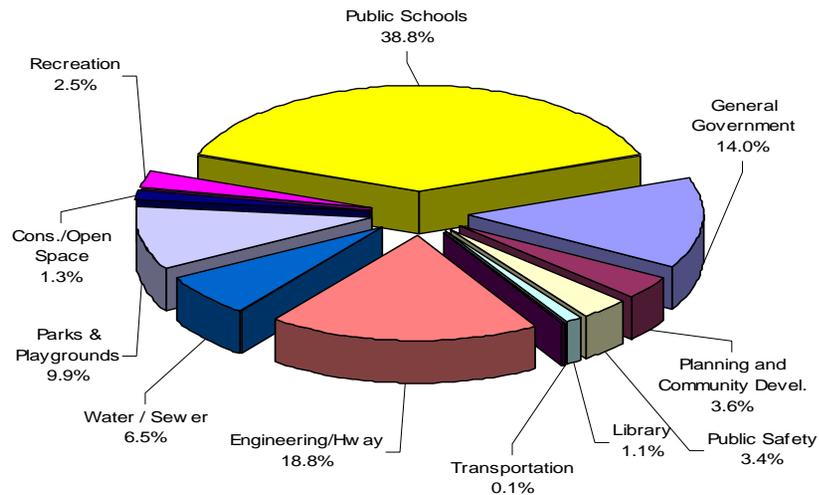
- \$3.25 million from the sale of the Town-owned Fisher Hill Reservoir to be used to fund the construction of a playing field on the State-owned site across the street
- \$18.9 million in State grants (SBA) and CDBG funds

# CAPITAL IMPROVEMENT PROGRAM (CIP) - SUMMARIES

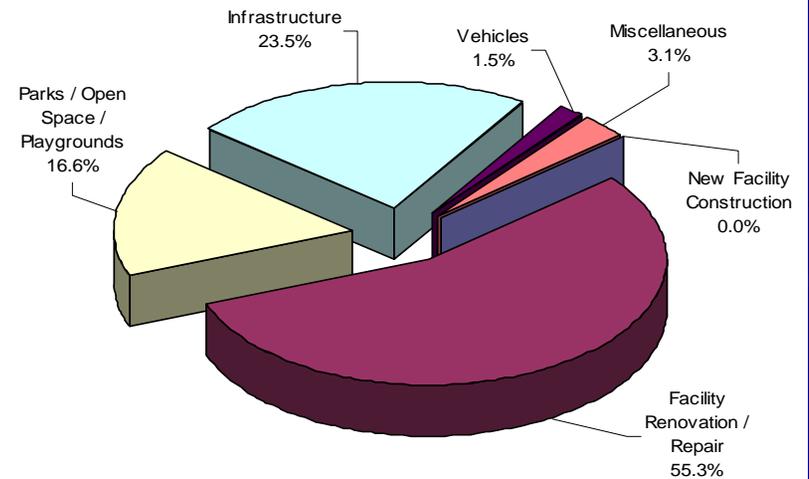
## GRAND TOTAL BY SOURCE (in thousands)

	FY07	FY08	FY09	FY10	FY11	FY12	TOTAL	% OF TOTAL
Property Tax	1,809.8	650.3	1,021.7	1,192.4	308.5	1,007.4	5,990.2	5.7%
Free Cash	4,491.2	3,281.2	3,294.8	3,294.3	3,213.0	3,205.1	20,779.6	19.9%
General Fund Bond	17,950.0	2,875.0	2,400.0	16,400.0	1,200.0	6,600.0	47,425.0	45.5%
State / Federal Grants	568.8	1,068.8	568.8	13,168.8	568.8	568.8	16,512.7	15.8%
Utility Bond	6,000.0	250.0	0.0	500.0	0.0	0.0	6,750.0	6.5%
CDBG	325.0	1,720.0	220.0	220.0	220.0	220.0	2,925.0	2.8%
Other	0.0	3,500.0	0.0	0.0	0.0	0.0	3,500.0	3.4%
Re-Appropriation of Funds	414.0	0.0	0.0	0.0	0.0	0.0	414.0	0.4%
<b>TOTAL</b>	<b>31,558.7</b>	<b>13,345.3</b>	<b>7,505.3</b>	<b>34,775.5</b>	<b>5,510.3</b>	<b>11,601.3</b>	<b>104,296.4</b>	<b>100.0%</b>

## CIP BY ALLOCATION - 6 YR. TOTAL



## CIP BY CATEGORY - 6 YR. TOTAL



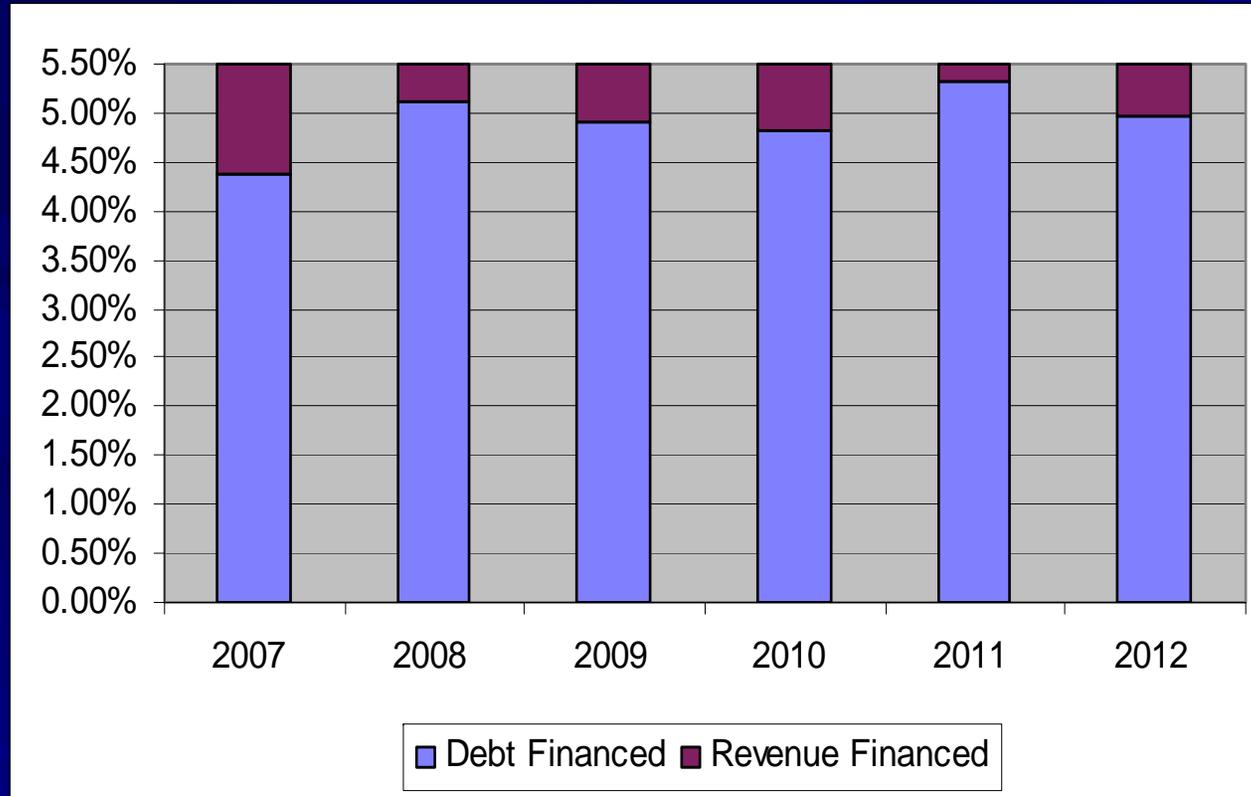
# MAJOR CIP PROJECTS

- Devotion School Rehab – Needs Assessment programmed for FY07, with \$24 million of Town funding plus the possibility of \$24 million of State funding in FY13 for construction.
- Runkle School Rehab - Feasibility Study programmed for FY07, with \$12 million of Town funding plus the possibility of \$12 million of State funding in FY10 for construction.
- Town Hall Rehab - \$13 million in FY07.
- Wastewater System - \$6 million in FY07.
- Newton St. Landfill - a total of \$5.7 million for FY07 and FY10.
- Fisher Hill Reservoir Re-Use - a total of \$4.6 million (of which \$3.25 million is from "Other" funds) for FY07 and FY08.
- High School / UAB Projects - a total of \$4.1 million for FY08 and FY11 for the roof, pointing, wiring, floors, and the Tappan St. Gym Windows.
- Gateway East - a total of \$2 million for FY07 and FY08, all but \$100,000 funded via grants and other outside funding.

# CONTINUED MAJOR INVESTMENT

- Parks/Playgrounds - \$11.7 million for a number of projects, including the Newton St. Landfill and Fisher Hill Reservoir projects. Other parks / playgrounds included are Billy Ward, Corey Hill, Eliot Rec Center, Soule, Waldstein, and Winthrop Square / Minot Rose Garden.
- Street and Sidewalk Rehab - \$11.1 million, with more than \$4 million supported by state grants.
- Police Officer and Firefighter Equipment / Apparatus - \$2 million for bullet proof vests, the replacement of Firefighter Turnout Gear, and a new front-line piece of Fire Department apparatus.
- Information Technology - \$1.5 million.
- General Town/School Building Repairs - \$1.375 million for ADA, security, and roofs.
- Parking Meters - \$1.3 million over an eight -year period (FY08-FY15).
- RFID Technology in Library - \$617,000 commencing in FY08.
- Branch Library Improvements - \$500,000 for the Coolidge Corner and Putterham branches.
- Energy Efficiency - \$260,000.

# DEBT-FINANCED vs “PAY-AS-YOU-GO”



# DEBT & DEBT SERVICE

## OUTSTANDING DEBT (PROJECTED)

DESCRIPTION	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Total General Fund Outstanding Debt (not incl Debt reimbursed by Enterprise Funds)	85,262,645	96,440,818	91,027,033	85,042,473	92,744,047	84,595,131	82,004,976
a.) Exempt (Debt Exclusion) <sup>1</sup>	39,492,216	37,054,223	34,553,585	31,966,160	29,284,685	26,506,963	23,706,500
b.) Non-Exempt	45,770,429	59,386,595	56,473,448	53,076,313	63,459,362	58,088,168	58,298,476
Minus State (SBA) Reimbursed Debt <sup>2</sup>	29,991,458	28,077,028	28,077,028	26,128,742	24,129,458	22,078,758	19,972,597
<b>Net General Fund Outstanding Debt</b>	<b>55,271,187</b>	<b>68,363,790</b>	<b>62,950,005</b>	<b>58,913,731</b>	<b>68,614,589</b>	<b>62,516,373</b>	<b>62,032,379</b>
Water & Sewer Enterprise Fund Outstanding Debt	18,947,354	19,005,041	17,222,016	17,288,551	15,856,711	15,878,689	13,893,579
Golf Course Enterprise Fund Outstanding Debt	1,012,262	1,328,705	1,660,000	1,868,667	2,146,667	1,951,334	1,756,000
<b>Enterprise Fund Outstanding Debt</b>	<b>19,959,616</b>	<b>20,333,746</b>	<b>18,882,016</b>	<b>19,157,218</b>	<b>18,003,378</b>	<b>17,830,023</b>	<b>15,649,580</b>
<b>TOTAL Outstanding Debt</b>	<b>105,222,261</b>	<b>116,774,564</b>	<b>109,909,049</b>	<b>104,199,691</b>	<b>110,747,425</b>	<b>102,425,154</b>	<b>97,654,556</b>

<sup>1</sup> The Lincoln School and High School projects were financed via a Debt Exclusion.

<sup>2</sup> The following school projects are being reimbursed by the State: Lincoln, Heath, High School, and Baker.

## DEBT SERVICE (PROJECTED)

DESCRIPTION	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Total General Fund Supported Debt Service (not incl Debt reimbursed by Enterprise Funds)	10,951,185	11,291,201	12,682,540	12,576,575	12,661,442	13,804,210	13,301,337
a.) Exempt (Debt Exclusion) <sup>1</sup>	4,479,537	4,445,657	4,399,750	4,372,943	4,347,320	4,317,532	4,212,313
b.) Non-Exempt	6,471,647	6,845,544	8,282,790	8,203,632	8,314,123	9,486,678	9,089,024
Minus State (SBA) Reimbursed Debt <sup>2</sup>	3,442,794	3,442,794	3,442,794	3,442,794	3,442,794	3,442,794	3,442,794
<b>Net General Fund Outstanding Debt</b>	<b>7,508,391</b>	<b>7,848,407</b>	<b>9,239,746</b>	<b>9,133,781</b>	<b>9,218,648</b>	<b>10,361,416</b>	<b>9,858,543</b>
Water & Sewer Enterprise Fund Supported Debt Svc.	2,360,635	2,732,454	2,894,812	2,732,722	2,757,714	2,745,152	2,767,885
Golf Course Enterprise Fund Supported Debt Svc.	209,219	202,566	172,405	206,213	256,059	282,019	297,767
<b>Enterprise Fund Debt Service</b>	<b>2,569,855</b>	<b>2,935,020</b>	<b>3,067,216</b>	<b>2,938,935</b>	<b>3,013,773</b>	<b>3,027,172</b>	<b>3,065,652</b>
<b>TOTAL Debt Service</b>	<b>13,521,039</b>	<b>14,226,221</b>	<b>15,749,756</b>	<b>15,515,510</b>	<b>15,675,215</b>	<b>16,831,382</b>	<b>16,366,989</b>

<sup>1</sup> The Lincoln School and High School projects were financed via a Debt Exclusion.

<sup>2</sup> The following school projects are being reimbursed by the State: Lincoln, Heath, High School, and Baker.

# DEBT MANAGEMENT POLICIES

VARIABLE	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Legal Limit for Out. Debt = 5% of Equalized Valuation (EQV)							
EQV for 1/1/04 = \$12.676 billion. Assume 2.5% annual growth. (In millions)	\$12,993.2	\$13,318.0	\$13,651.0	\$13,992.3	\$14,342.1	\$14,700.6	\$15,068.1
Outstanding Debt as a % of EQV	0.8%	0.9%	0.8%	0.7%	0.8%	0.7%	0.6%
Total Outstanding Debt (in millions)	\$105.2	\$116.8	\$109.9	\$104.2	\$110.7	\$102.4	\$97.7
General Fund Outstanding Debt (in millions)	\$85.3	\$96.4	\$91.0	\$85.0	\$92.7	\$84.6	\$82.0
Total Debt Service (in millions)	\$13.5	\$14.2	\$15.8	\$15.6	\$15.7	\$16.8	\$16.4
General Fund Debt Service (in millions)	\$11.0	\$11.3	\$12.7	\$12.6	\$12.7	\$13.8	\$13.3
Total Debt Service Per Capita	\$210	\$249	\$277	\$273	\$274	\$295	\$287
General Fund Debt Service Per Capita	\$161	\$195	\$220	\$219	\$221	\$242	\$233
A. Total Outstanding Debt Per Capita as a % of Per Capita Income	3.2%	3.4%	3.2%	2.9%	3.0%	2.7%	2.5%
General Fund Outstanding Debt Per Capita as a % of Per Capita Income	2.6%	2.8%	2.6%	2.4%	2.5%	2.3%	2.1%
B. Total Outstanding Debt Per Capita	\$1,846	\$2,049	\$1,928	\$1,825	\$1,943	\$1,797	\$1,713
General Fund Outstanding Debt Per Capita	\$1,496	\$1,692	\$1,597	\$1,492	\$1,627	\$1,484	\$1,439
C. Total Outstanding Debt as a %age of Assessed Value (AV)	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%
General Fund Outstanding Debt as a %age of Assessed Value (AV)	0.7%	0.8%	0.7%	0.6%	0.7%	0.6%	0.6%
D. Total Debt Maturing Within 10 Years	75%	76%	80%	84%	84%	85%	85%
General Fund Debt Maturing Within 10 Years	73%	75%	79%	83%	84%	84%	85%
E. CIP Financing as a %age of Prior Year's Net Revenue	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Debt-Financed CIP as a %age of Prior Year's Net Revenue	4.37%	4.36%	5.11%	4.90%	4.82%	5.33%	4.96%
Revenue-Financed CIP as a %age of Prior Year's Net Revenue	1.12%	1.14%	0.39%	0.60%	0.68%	0.17%	0.54%

## Town Policies

- A. Total Outstanding Debt Per Capita = shall not exceed 6% of Per Capita Income.
- B. Total Outstanding Debt Per Capita = shall not exceed \$2,230 (for FY07).
- C. Total Outstanding Debt = shall not exceed 2.5% of Assessed Value (AV).
- D. Bond Maturities = 60% of General Fund principal shall mature within 10 years.
- E. CIP Financing = 5.5% of Prior Year's Net Revenue, with a goal of 4.25% from Debt-Financed and 1.25% from Revenue-Financed.

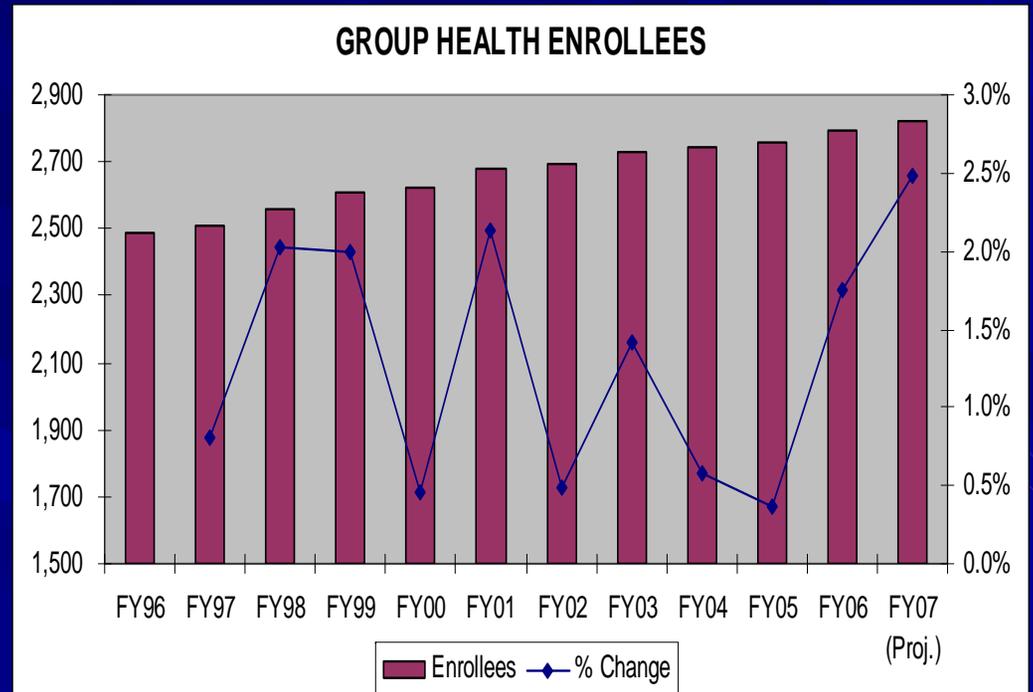
# THE FUTURE

- A number of key budget accounts pose difficulties for future budgets.
- As the Forecast shows, a projected deficit for FY08 of \$3.35M, driven primarily by health insurance, pensions, utilities, SPED, and wage increases, coupled with limited growth in State Aid and Local Receipts.

	2007	2008	2009	2010	2011
<b>REVENUE</b>					
Property Taxes	129,825,273	134,734,626	139,786,961	144,967,458	150,273,945
Local Receipts	19,948,300	20,198,560	20,321,190	20,613,957	20,722,913
State Aid	18,916,419	19,000,471	19,085,972	19,172,949	19,261,429
Other Available Funds	7,947,903	7,686,571	7,563,922	7,619,804	7,844,959
Free Cash	5,387,435	4,000,000	4,000,000	4,000,000	4,000,000
<b>TOTAL REVENUE</b>	<b>182,025,329</b>	<b>185,620,228</b>	<b>190,758,045</b>	<b>196,374,168</b>	<b>202,103,245</b>
\$\$ Increase	7,784,292	3,594,898	5,137,817	5,616,123	5,729,077
% Increase	4.5%	2.0%	2.8%	2.9%	2.9%
<b>EXPENDITURES</b>					
Departmental	57,940,308	59,660,927	61,446,133	63,028,219	64,637,358
Collective Bargaining - Town	1,100,000	1,210,000	1,000,000	1,020,000	1,040,000
Schools	58,586,690	61,033,190	63,548,190	65,883,190	68,238,190
Collective Bargaining - School	1,250,000	1,270,000	1,040,000	1,060,000	1,080,000
Non-Departmental - Benefits	32,003,118	35,508,376	38,278,789	41,056,345	44,230,229
Non-Departmental - General	711,882	719,513	577,573	775,183	649,652
Non-Departmental - Debt Service	14,396,621	15,954,956	15,715,510	15,875,215	17,031,382
Non-Departmental - Reserve Fund	1,593,756	1,668,816	1,721,681	1,771,682	1,826,514
Special Appropriations	6,715,483	4,066,279	4,600,791	4,593,914	3,871,821
Non-Appropriated	7,727,481	7,883,156	8,042,722	8,206,278	8,373,922
<b>TOTAL EXPENDITURES</b>	<b>182,025,329</b>	<b>188,975,211</b>	<b>195,971,389</b>	<b>203,270,027</b>	<b>210,979,068</b>
\$\$ Increase	7,784,292	6,949,883	6,996,178	7,298,637	7,709,041
% Increase	4.5%	3.8%	3.7%	3.7%	3.8%
<b>CUMULATIVE SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(3,354,984)</b>	<b>(5,213,344)</b>	<b>(6,895,859)</b>	<b>(8,875,822)</b>
<b>DEFICIT AS A % OF OP REV</b>	<b>0.0%</b>	<b>-1.8%</b>	<b>-2.8%</b>	<b>-3.6%</b>	<b>-4.5%</b>
Surplus / (Deficit) Prior to Collective Bargaining	2,350,000	(874,975)	(3,173,344)	(4,815,859)	(6,755,822)
Town Share of Surplus / (Deficit)	1,100,000	(595,988)	(1,550,165)	(2,133,555)	(2,714,056)
Town Collective Bargaining	1,100,000	1,210,000	1,000,000	1,020,000	1,040,000
<b>Total Town Surplus / (Deficit)</b>	<b>0</b>	<b>(1,805,988)</b>	<b>(2,550,165)</b>	<b>(3,153,555)</b>	<b>(3,754,056)</b>
School Share of Surplus / (Deficit)	1,250,000	(278,987)	(1,623,180)	(2,682,303)	(4,041,767)
School Collective Bargaining	1,250,000	1,270,000	1,040,000	1,060,000	1,080,000
<b>Total School Surplus / (Deficit)</b>	<b>0</b>	<b>(1,548,987)</b>	<b>(2,663,180)</b>	<b>(3,742,303)</b>	<b>(5,121,767)</b>

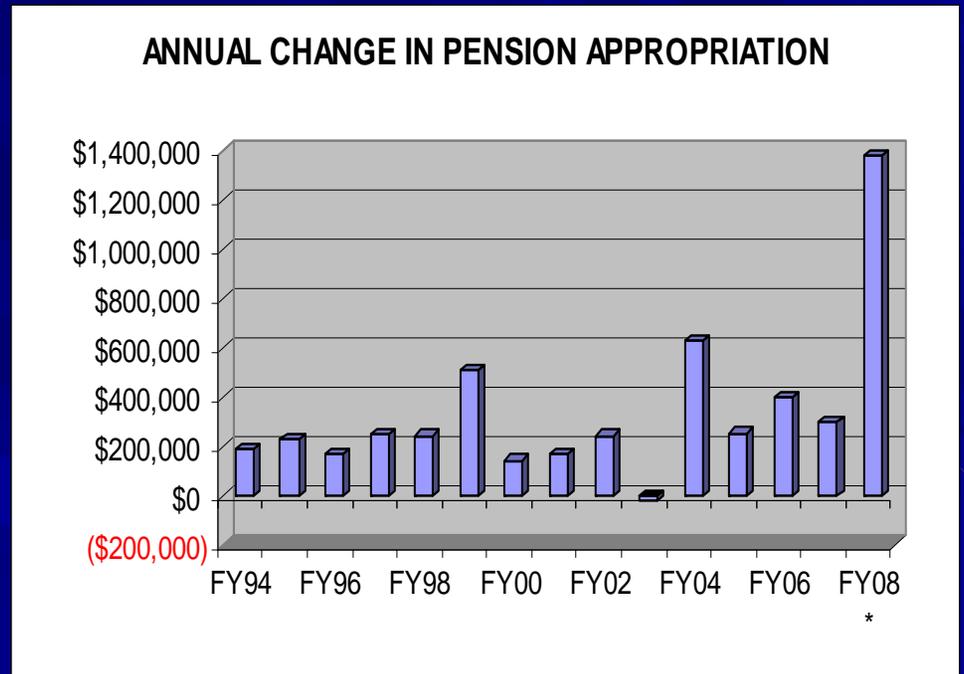
# HEALTH INSURANCE

- Health insurance now consumes 10% of the Operating Budget vs 6% in FY00.
- Growth of \$10.2M during the same period.
- Since 2000, enrollment has grown by 6.5%, due to school employment, compounding the cumulative growth of 55+% in premiums.



# PENSIONS

- Growth in unfunded pension obligation from \$60M in 2000 to \$90M in 2005.
- 1/1/06 valuation could require Town to increase its appropriation by \$1.4M.



# STATE AID

- Limited annual growth in the Lottery is projected.
- Future of Ch. 70 funding formula uncertain.
- SBA funding for Runkle and Devotion unlikely.