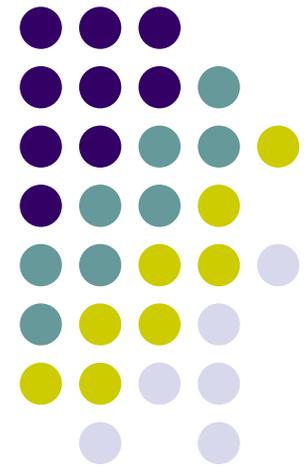
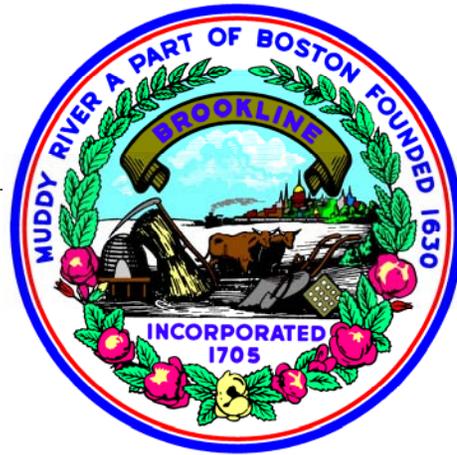


# TOWN OF BROOKLINE



## FY2007 – FY2011 LONG RANGE FINANCIAL PLAN

# HEADLINES



- Projected FY07 deficit of \$3.5M.
- **Health Insurance** costs continue to place a major burden on the budget.
- **Utility** costs will have a serious impact in FY07.
- **Collective Bargaining** increases of FY06 and FY07 significantly impact the budget.
- **Worker's Comp** experience requires additional funding.
- **Pension** costs will pose a major challenge in FY08.
- **Debt Service** reflects the CIP as preliminarily prepared, which includes major town and school projects.
- For **State Aid**, only one thing is “for certain” - - the Lottery Phase-Out will add additional revenue to the budget.



# MAJOR FACTORS IN FY07

- **State Aid** increases \$232K for the continued Phase-Out of the Lottery.
- “**New Growth**” of \$1.75M.
- Increase in **Local Receipts** of \$1.4M (more than 7%).
- 20% rate increase for **Health Insurance**, which increases the budget by \$3.4M.
- **Collective Bargaining** increase of \$2.7M townwide.
- Increase in **Utility** accounts of \$840K.
- **Worker’s Comp** budget to increase a total of \$555K.
- Result of Town/School Allocation is the **Schools** receive a \$663K increase in new revenue and the **Town** receives a \$109K increase in new revenue - - amounts that are insufficient to cover the collective bargaining increases.

# WHAT DOES THIS MEAN?



- “Result of Town/School Allocation is the **Schools** receive a \$663K increase in new revenue and the **Town** receives a \$109K increase in new revenue - - amounts that are insufficient to cover the collective bargaining increases.”
- This means that after fixed costs (i.e., benefits, utilities) are accounted for, there is:
  - \$663K available for all other School expenses (coll barg, steps, SPED, inflation, etc.)
  - \$109K available for all other Town expenses (coll barg, steps, inflation, etc.)

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>REVENUE</b>						
<b>Property Taxes</b>	<b>125,014,839</b>	<b>129,825,273</b>	<b>134,484,626</b>	<b>139,280,711</b>	<b>144,198,552</b>	<b>149,235,816</b>
<b>Local Receipts</b>	<b>18,900,300</b>	<b>20,298,300</b>	<b>20,560,485</b>	<b>20,897,345</b>	<b>21,207,854</b>	<b>21,521,446</b>
Motor Vehicle Excise (MVE)	5,250,000	5,250,000	5,407,500	5,569,725	5,736,817	5,908,921
Licenses & Permits	744,500	809,500	809,500	809,500	809,500	809,500
Parking / Court Fines	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
General Government	2,341,500	2,816,500	2,854,375	2,892,912	2,937,123	2,977,021
Recreation	330,000	350,000	358,750	367,719	376,912	386,335
Interest Income	1,330,000	2,160,000	2,204,750	2,290,434	2,337,871	2,386,297
PILOT's	738,800	679,300	649,810	652,406	655,054	657,755
Refuse Fee	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Departmental & Other	2,065,500	2,133,000	2,175,800	2,214,649	2,254,578	2,295,617
<b>State Aid</b>	<b>18,027,706</b>	<b>18,260,127</b>	<b>18,530,838</b>	<b>18,787,346</b>	<b>18,898,997</b>	<b>18,913,748</b>
General Government Aid	8,005,712	8,238,133	8,508,844	8,765,352	8,877,003	8,891,754
School Aid	8,714,629	8,714,629	8,714,629	8,714,629	8,714,629	8,714,629
Tax Abatement Aid	27,078	27,078	27,078	27,078	27,078	27,078
Offset Aid	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287
<b>Other Available Funds</b>	<b>7,691,658</b>	<b>7,886,548</b>	<b>7,470,605</b>	<b>7,348,306</b>	<b>7,432,187</b>	<b>7,820,499</b>
Parking Meter Receipts	1,977,500	1,930,000	1,870,000	1,870,000	1,870,000	1,870,000
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	50,000	50,000
Chapter 90	568,786	568,786	0	0	0	0
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	41,555
Reimb./Pymts from Enterprise Funds	4,934,080	5,145,523	5,347,199	5,208,790	5,286,643	5,427,117
Reimb. from Rec Revolving Fund	119,737	150,683	161,851	173,013	183,988	333,326
School Special Funds Reimbursement	0	0	0	0	0	0
Stabilization Fund	0	0	0	4,948	0	98,500
Tax Abatement Reserve Surplus	0	0	0	0	0	0
Capital Project Surplus	0	0	0	0	0	0
<b>Free Cash</b>	<b>4,606,534</b>	<b>5,227,897</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
Capital Improvements	3,779,809	4,332,166	3,462,693	3,514,355	3,496,813	3,489,930
Operating Budget Reserve	381,105	398,444	414,789	427,860	440,665	453,874
<u>Strategic Reserves</u>	<u>445,620</u>	<u>497,287</u>	<u>122,518</u>	<u>57,785</u>	<u>62,522</u>	<u>56,195</u>
<b>TOTAL REVENUE</b>	<b>174,241,037</b>	<b>181,498,145</b>	<b>185,046,555</b>	<b>190,313,708</b>	<b>195,737,590</b>	<b>201,491,509</b>
<b>\$\$ Increase</b>	1,091,763	7,257,108	3,548,410	5,267,153	5,423,882	5,753,919
<b>% Increase</b>	0.6%	4.2%	2.0%	2.8%	2.8%	2.9%

	2006	2007	2008	2009	2010	2011
<b>EXPENDITURES</b>						
<b>Departmental</b>	<b>56,965,258</b>	<b>58,378,350</b>	<b>60,115,336</b>	<b>61,888,747</b>	<b>63,458,743</b>	<b>65,055,489</b>
Collective Bargaining - Town	0	1,180,000	1,210,000	1,000,000	1,020,000	1,040,000
<b>Schools</b>	<b>58,007,124</b>	<b>59,102,124</b>	<b>61,888,624</b>	<b>64,553,624</b>	<b>66,988,624</b>	<b>69,443,624</b>
Collective Bargaining - School	0	1,490,000	1,270,000	1,040,000	1,060,000	1,080,000
<b>Non-Departmental - Benefits</b>	<b>28,973,687</b>	<b>33,357,045</b>	<b>37,167,229</b>	<b>40,222,686</b>	<b>43,245,119</b>	<b>46,712,213</b>
<b>Non-Departmental - General</b>	<b>888,781</b>	<b>714,462</b>	<b>617,585</b>	<b>583,514</b>	<b>621,957</b>	<b>652,686</b>
Liability/Catastrophe Fund	406,616	225,039	34,470	14,953	12,716	13,176
Stabilization Fund	39,004	22,248	88,048	42,832	49,806	43,019
Affordable Housing	0	0	0	0	0	0
General Insurance	251,068	276,175	303,792	334,172	367,589	404,348
Audit/Management Services	138,987	138,987	138,987	138,987	138,987	138,987
Misc.	53,106	52,013	52,288	52,570	52,859	53,156
<b>Non-Departmental - Debt Service</b>	<b>13,781,494</b>	<b>14,173,955</b>	<b>15,789,472</b>	<b>15,547,117</b>	<b>15,680,133</b>	<b>16,428,672</b>
General Fund	11,211,640	11,461,601	12,927,740	12,816,575	12,901,442	13,612,544
Enterprise Funds	2,569,855	2,712,354	2,861,733	2,730,542	2,778,690	2,816,128
<b>Non-Departmental - Reserve Fund</b>	<b>1,524,420</b>	<b>1,593,775</b>	<b>1,659,155</b>	<b>1,711,439</b>	<b>1,762,662</b>	<b>1,815,497</b>
Tax Supported	1,143,315	1,195,331	1,244,366	1,283,579	1,321,996	1,361,623
Free Cash Supported	381,105	398,444	414,789	427,860	440,665	453,874
<b>Special Appropriations</b>	<b>6,060,803</b>	<b>6,710,771</b>	<b>4,120,056</b>	<b>4,543,636</b>	<b>4,697,330</b>	<b>4,240,155</b>
Tax Supported	1,712,208	1,809,819	657,362	1,029,280	1,200,517	750,225
Free Cash Supported	3,779,809	4,332,166	3,462,693	3,514,355	3,496,813	3,489,930
Ch. 90	568,786	568,786	0	0	0	0
<b>Non-Appropriated</b>	<b>8,039,468</b>	<b>8,171,112</b>	<b>8,333,749</b>	<b>8,500,453</b>	<b>8,671,324</b>	<b>8,846,467</b>
State Assessments	5,243,739	5,365,825	5,490,962	5,619,228	5,750,701	5,885,461
Cherry Sheet Offsets	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287
Overlay	1,490,442	1,500,000	1,537,500	1,575,938	1,615,336	1,655,719
Tax Titles - Deficits/Judgements	25,000	25,000	25,000	25,000	25,000	25,000
<b>TOTAL EXPENDITURES</b>	<b>174,241,037</b>	<b>184,871,593</b>	<b>192,171,207</b>	<b>199,591,215</b>	<b>207,205,891</b>	<b>215,314,803</b>
\$\$ Increase	1,091,764	10,630,556	7,299,614	7,420,008	7,614,676	8,108,912
% Increase	0.6%	6.1%	3.9%	3.9%	3.8%	3.9%
<b>CUMULATIVE SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(3,373,448)</b>	<b>(7,124,652)</b>	<b>(9,277,507)</b>	<b>(11,468,301)</b>	<b>(13,823,294)</b>
Surplus / (Deficit) Prior to Collective Bargaining	0	(703,451)	(4,644,652)	(7,237,507)	(9,388,301)	(11,703,294)
Town Share of Surplus / (Deficit)		(271,856)	(1,835,379)	(2,747,633)	(3,130,861)	(3,658,288)
Town Collective Bargaining		1,180,000	1,210,000	1,000,000	1,020,000	1,040,000
<b>Total Town Surplus / (Deficit)</b>	<b>0</b>	<b>(1,451,856)</b>	<b>(3,045,379)</b>	<b>(3,747,633)</b>	<b>(4,150,861)</b>	<b>(4,698,288)</b>
School Share of Surplus / (Deficit)		(431,595)	(2,809,273)	(4,489,874)	(6,257,440)	(8,045,006)
School Collective Bargaining		1,490,000	1,270,000	1,040,000	1,060,000	1,080,000
<b>Total School Surplus / (Deficit)</b>	<b>0</b>	<b>(1,921,595)</b>	<b>(4,079,273)</b>	<b>(5,529,874)</b>	<b>(7,317,440)</b>	<b>(9,125,006)</b>

# ANNUAL CHANGES IN REV. & EXP.



	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue Increase	1,091,763	7,257,108	3,548,410	5,267,153	5,423,882	5,753,919
Property Taxes	5,162,793	4,810,434	4,659,354	4,796,085	4,917,841	5,037,264
Local Receipts	918,672	1,398,000	262,185	336,860	310,510	313,592
State Aid	933,676	232,421	270,711	256,508	111,651	14,751
Other Available Funds	(3,563,672)	194,890	(415,943)	(122,299)	83,881	388,312
Free Cash	(2,359,707)	621,363	(1,227,897)	0	0	0
Expenditure Increase	1,091,764	10,630,556	7,299,614	7,420,008	7,614,676	8,108,912
Departmental	3,067,983	1,413,092	556,986	563,411	569,996	576,746
Collective Bargaining - Town	0	1,180,000	1,210,000	1,000,000	1,020,000	1,040,000
Schools	2,189,909	1,095,000	1,296,500	1,395,000	1,395,000	1,395,000
Collective Bargaining - School	0	1,490,000	1,270,000	1,040,000	1,060,000	1,080,000
Non-Departmental - Benefits	1,572,983	4,383,358	3,810,184	3,055,457	3,022,433	3,467,094
Non-Departmental - General	(354,130)	(174,319)	(96,876)	(34,072)	38,443	30,729
Non-Departmental - Debt Service	176,248	392,460	1,615,518	(242,355)	133,016	748,539
Non-Departmental - Reserve Fund	48,114	69,355	65,380	52,284	51,223	52,836
Special Appropriations	(5,377,905)	649,968	(2,590,715)	423,580	153,694	(457,174)
Non-Appropriated	(231,441)	131,644	162,638	166,704	170,871	175,143
Annual Growth in Deficit		(3,373,448)	(3,751,204)	(2,152,855)	(2,190,794)	(2,354,993)
Cumulative Deficit		(3,373,448)	(7,124,652)	(9,277,507)	(11,468,300)	(13,823,294)



# ANNUAL CHANGES IN REV. & EXP.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue Increase	0.6%	4.2%	2.0%	2.8%	2.8%	2.9%
Property Taxes	4.3%	3.8%	3.6%	3.6%	3.5%	3.5%
Local Receipts	5.1%	7.4%	1.3%	1.6%	1.5%	1.5%
State Aid	5.5%	1.3%	1.5%	1.4%	0.6%	0.1%
Other Available Funds	-31.7%	2.5%	-5.3%	-1.6%	1.1%	5.2%
Free Cash	-33.9%	13.5%	-23.5%	0.0%	0.0%	0.0%
Expenditure Increase	0.6%	6.1%	3.9%	3.9%	3.8%	3.9%
Departmental (incl. CB)	5.7%	4.6%	3.0%	2.6%	2.6%	2.5%
Schools (incl. CB)	3.9%	4.5%	4.3%	3.9%	3.8%	3.7%
Non-Departmental - Benefits	5.7%	15.1%	11.4%	8.2%	7.5%	8.0%
Non-Departmental - General	-28.5%	-19.6%	-13.6%	-5.5%	6.6%	4.9%
Non-Departmental - Debt Service	1.3%	2.8%	11.4%	-1.5%	0.9%	4.8%
Non-Departmental - Reserve Fund	3.3%	4.5%	4.1%	3.2%	3.0%	3.0%
Special Appropriations	-47.0%	10.7%	-38.6%	10.3%	3.4%	-9.7%
Non-Appropriated	-2.8%	1.6%	2.0%	2.0%	2.0%	2.0%
Annual Growth in Deficit			111.2%	30.2%	23.6%	20.5%
Cumulative Deficit						

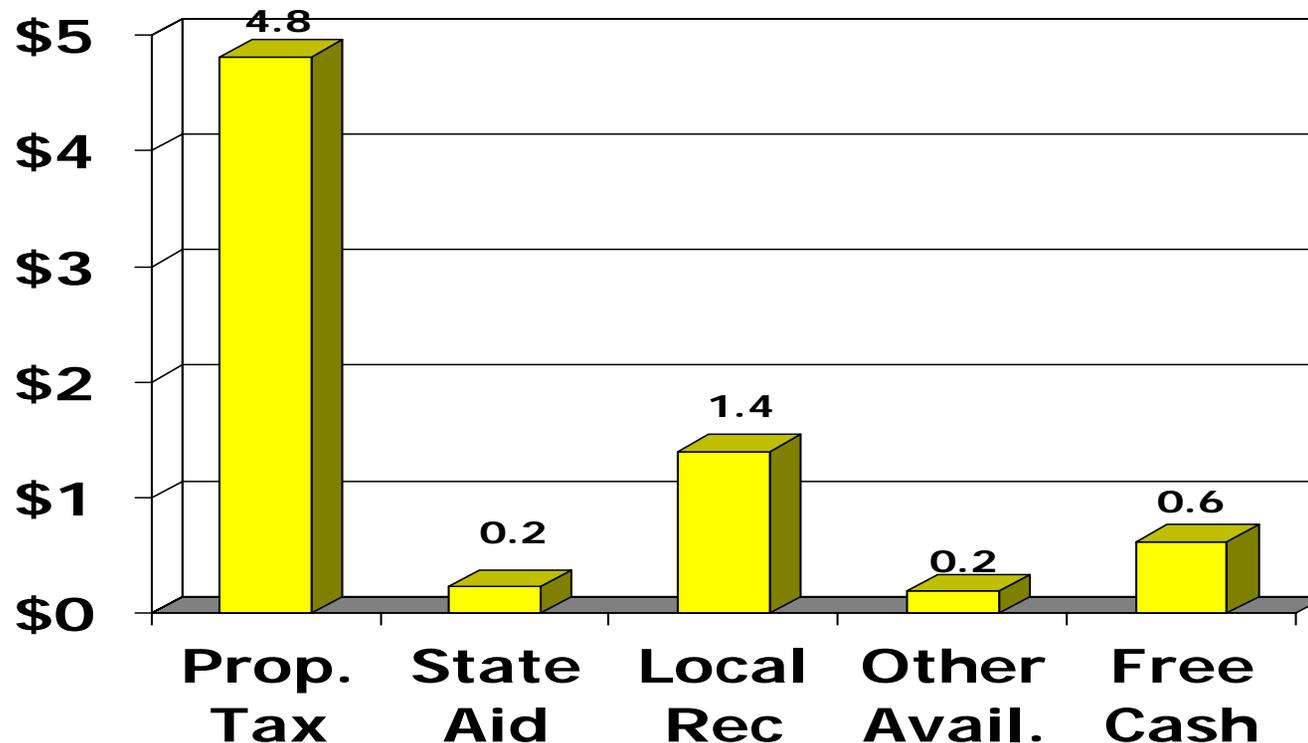
# REVENUE SUMMARY



- For FY07, total increase in revenue of \$7.3M (4.2%).
- Operating Budget revenue increases \$6.6M (3.9%)

## FY07 REVENUE GROWTH

Millions



- In the out-years, annual increases between 2% - 2.9%

# PROPERTY TAXES



- In FY07, increase \$4.8 million (3.8%)
  - 2 ½% Increase = \$3.1 million
  - New Growth = \$1.75 million
- In the out-years, average annual increases of 3.6%.

<b>PROPERTY TAXES</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Prior Year Levy Limit	118,186,808	123,376,018	128,210,419	132,915,679	137,738,571	142,682,036
Amended Growth - Prior Year	1,556					
2 1/2 % Increase	2,954,709	3,084,400	3,205,260	3,322,892	3,443,464	3,567,051
New Growth	2,232,945	1,750,000	1,500,000	1,500,000	1,500,000	1,500,000
<i>SUB-TOTAL ANNUAL LEVY LIMIT</i>	<i>123,376,018</i>	<i>128,210,419</i>	<i>132,915,679</i>	<i>137,738,571</i>	<i>142,682,036</i>	<i>147,749,087</i>
Excess Capacity	(9,914)					
<b>ANNUAL LEVY LIMIT</b>	<b>123,366,104</b>	<b>128,210,419</b>	<b>132,915,679</b>	<b>137,738,571</b>	<b>142,682,036</b>	<b>147,749,087</b>
Debt Exclusion (Debt Service Costs)	4,479,537	4,445,657	4,399,750	4,372,943	4,347,320	4,317,532
LESS SBAB Reimb.	(2,830,803)	(2,830,803)	(2,830,803)	(2,830,803)	(2,830,803)	(2,830,803)
Net Debt Exclusion	1,648,734	1,614,854	1,568,947	1,542,140	1,516,517	1,486,729
<b>ANNUAL LEVY</b>	<b>125,014,839</b>	<b>129,825,273</b>	<b>134,484,626</b>	<b>139,280,711</b>	<b>144,198,552</b>	<b>149,235,816</b>
\$\$ Increase	5,162,793	4,810,434	4,659,354	4,796,085	4,917,841	5,037,264
% Increase	4.3%	3.8%	3.6%	3.6%	3.5%	3.5%

# STATE AID



- In FY07, the only growth in State Aid we can “count on” the Lottery - - the 4-year Phase-Out of the Lottery continues.

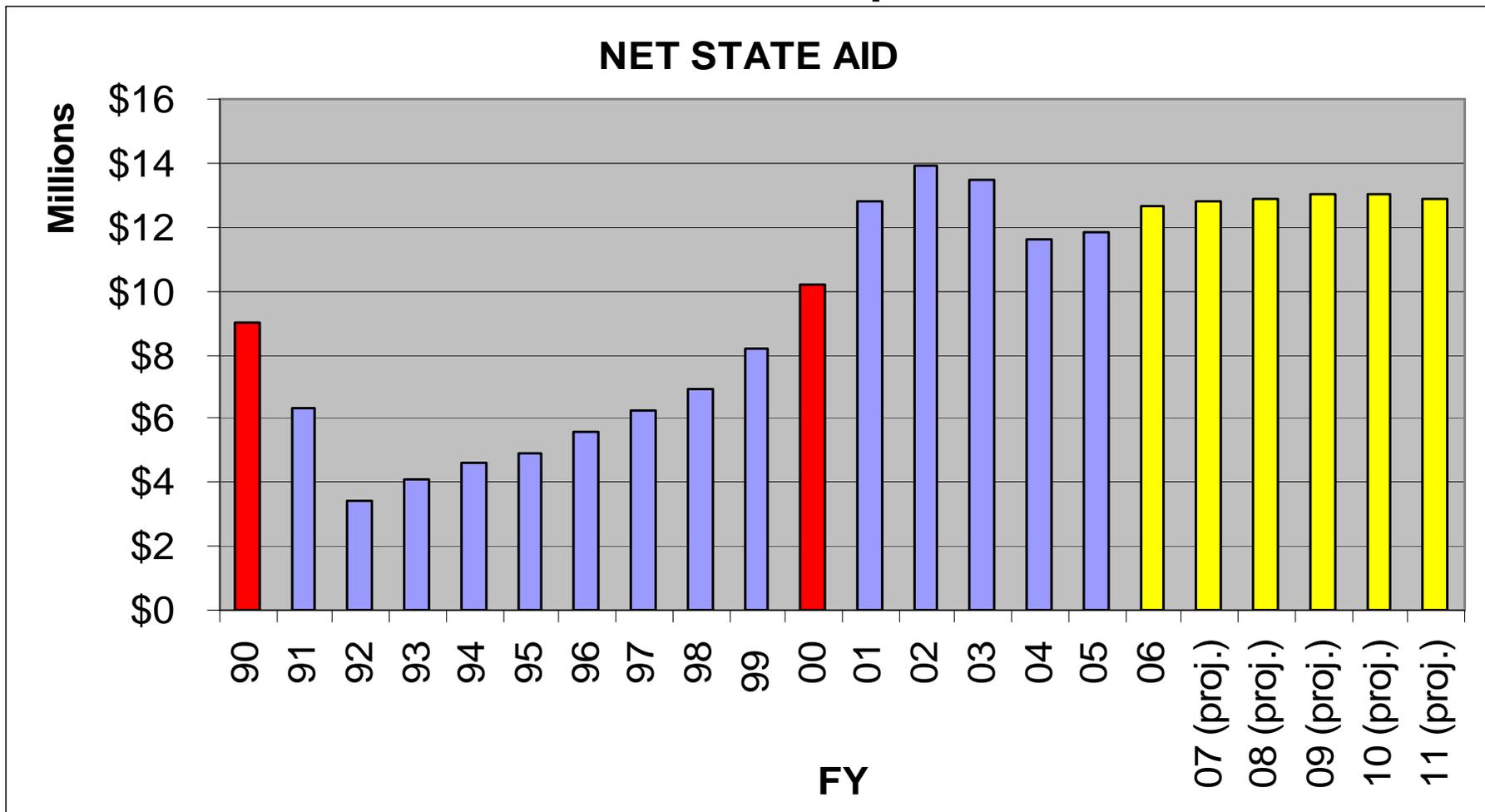
<b>STATE AID</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<i>General Government Aid</i>	8,005,712	8,238,133	8,508,844	8,765,352	8,877,003	8,891,754
Additional Assistance	3,497,741	3,497,741	3,497,741	3,497,741	3,497,741	3,497,741
Lottery	3,756,449	3,975,243	4,232,054	4,474,384	4,571,573	4,571,573
Veterans' Benefits	70,151	70,151	70,151	70,151	70,151	70,151
Quinn	681,371	694,998	708,898	723,076	737,538	752,289
<i>School Aid</i>	8,714,629	8,714,629	8,714,629	8,714,629	8,714,629	8,714,629
Chapter 70	5,214,247	5,214,247	5,214,247	5,214,247	5,214,247	5,214,247
SBAB Reimb.	3,442,794	3,442,794	3,442,794	3,442,794	3,442,794	3,442,794
Charter Tuition Assesment Reimb.	53,956	53,956	53,956	53,956	53,956	53,956
Charter School Capital Facility Reimb.	3,632	3,632	3,632	3,632	3,632	3,632
<i>Tax Abatement Aid</i>	27,078	27,078	27,078	27,078	27,078	27,078
Veterans	20,209	20,209	20,209	20,209	20,209	20,209
Surviving Spouses	2,296	2,296	2,296	2,296	2,296	2,296
Blind	2,565	2,565	2,565	2,565	2,565	2,565
Elderly	2,008	2,008	2,008	2,008	2,008	2,008
<i>Offset Aid</i>	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287	1,280,287
Metco	1,164,886	1,164,886	1,164,886	1,164,886	1,164,886	1,164,886
School Lunch	21,742	21,742	21,742	21,742	21,742	21,742
Public Libraries	93,659	93,659	93,659	93,659	93,659	93,659
<b>TOTAL STATE AID</b>	<b>18,027,706</b>	<b>18,260,127</b>	<b>18,530,838</b>	<b>18,787,346</b>	<b>18,898,997</b>	<b>18,913,748</b>
\$\$ Increase	933,676	232,421	270,711	256,508	111,651	14,751
% Increase	5.5%	1.3%	1.5%	1.4%	0.6%	0.1%

- After Phase-Out is complete in FY09, no future growth is assumed.

# STATE AID - HISTORY



- Took a decade to recover from cuts of early-1990's
- Unsure if Town will reach the FY02 pre-cut levels



# LOCAL RECEIPTS



- In FY07, an increase of \$1.4M (7.4%).
- More than 90% of the growth comes from just three revenue sources - - Interest Income, Medicare Part D Subsidy, and Building Permits.

<u>LOCAL RECEIPTS</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Motor Vehicle Excise (MVE)	5,250,000	5,250,000	5,407,500	5,569,725	5,736,817	5,908,921
Licenses & Permits	744,500	809,500	809,500	809,500	809,500	809,500
Parking / Court Fines	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
General Government	2,341,500	2,816,500	2,854,375	2,892,912	2,937,123	2,977,021
Recreation	330,000	350,000	358,750	367,719	376,912	386,335
Interest Income	1,330,000	2,160,000	2,204,750	2,290,434	2,337,871	2,386,297
PILOT's	738,800	679,300	649,810	652,406	655,054	657,755
Refuse Fee	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Departmental & Other	2,065,500	2,133,000	2,175,800	2,214,649	2,254,578	2,295,617
<b>TOTAL LOCAL REVENUE</b>	<b>18,900,300</b>	<b>20,298,300</b>	<b>20,560,485</b>	<b>20,897,345</b>	<b>21,207,854</b>	<b>21,521,446</b>
\$\$ Increase	918,672	1,398,000	262,185	336,860	310,510	313,592
% Increase	5.1%	7.4%	1.3%	1.6%	1.5%	1.5%

- In the out-years, the annual increase will range between 1.3% – 1.6%.

# LOCAL RECEIPTS – HISTORY



- Between FY00 and FY07, the amount of revenue budgeted for locally-generated receipts increased \$5.7M (34%), due to actions taken by the Board of Selectmen and the economy:
  - MVE - \$1.45 million
  - Parking Ticket Fine Increase - \$1.35 million
  - Parking Meter Rate Increase - \$930,000
  - Interest Income - \$710,000
  - Building Permits - \$600,000
  - Hotel / Motel Excise - \$270,000
  - Parking Fees - \$110,000
  - All Other Departmental Revenue - \$270,000

# OTHER AVAILABLE FUNDS



- For FY07, an increase of \$195K (2.5%) due primarily to increased Overhead Costs associated with the Town's Enterprise Funds and the Recreation Revolving Fund for the cost of fringe benefits and debt service.
- Off-setting the Overhead Reimbursements increase is a reduction in Parking Meter Revenue of \$47,500 (2.4%), due to the Beacon St. Reconstruction project.

<u>OTHER AVAILABLE FUNDS</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Parking Meter Receipts	1,977,500	1,930,000	1,870,000	1,870,000	1,870,000	1,870,000
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	50,000	50,000
Chapter 90	568,786	568,786				
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	41,555
Golf Enterprise Fund Reimbursement	379,554	372,801	378,038	365,415	381,166	495,650
Recreation Revolving Fund Reimbursement	119,737	150,683	161,851	173,013	183,988	333,326
Water and Sewer Enterprise Fund Reimbursement	4,554,526	4,772,723	4,969,161	4,843,375	4,905,477	4,931,468
Stabilization Fund	0	0	0	4,948	0	98,500
<b>TOTAL OTHER AVAILABLE FUNDS</b>	<b>7,691,658</b>	<b>7,886,548</b>	<b>7,470,605</b>	<b>7,348,306</b>	<b>7,432,187</b>	<b>7,820,499</b>
\$\$ Increase	(3,563,672)	194,890	(415,943)	(122,299)	83,881	388,312
% Increase	-31.7%	2.5%	-5.3%	-1.6%	1.1%	5.2%



# FREE CASH

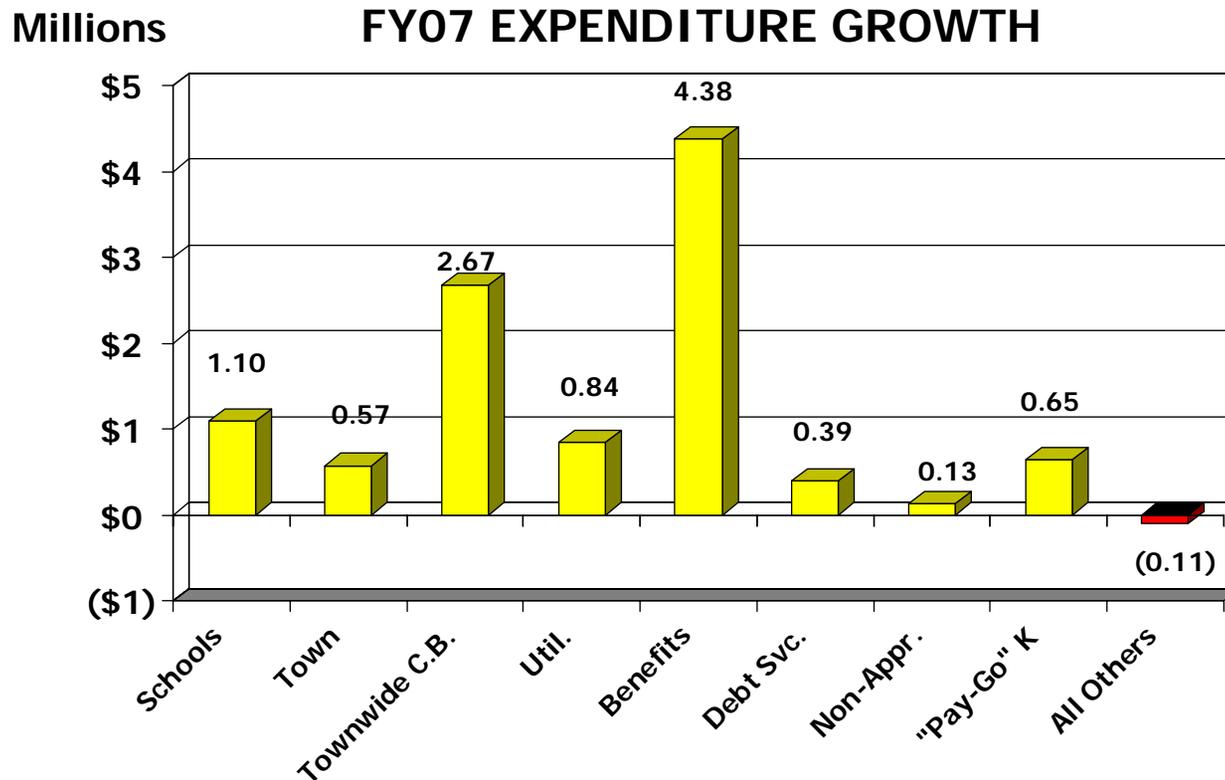
- For FY07, an increase of \$621K (13.5%).
- Free Cash is used in accordance with the Town's Free Cash Policies.

<b>FREE CASH</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Certified Free Cash for Use in:	4,606,534	5,227,897	4,000,000	4,000,000	4,000,000	4,000,000
Free Cash appropriated for:						
Capital Improvements	3,779,809	4,332,166	3,462,693	3,514,355	3,496,813	3,489,930
Operating Budget Reserve (0.25% of Prior Yr Net Rev)	381,105	398,444	414,789	427,860	440,665	453,874
Stabilization Fund	39,004	22,248	88,048	42,832	49,806	43,019
Affordable Housing Trust Fund	0	0	0	0	0	0
Liability Reserve	406,616	225,039	34,470	14,953	12,716	13,176
Worker's Comp. Trust Fund	0	250,000	0	0	0	0
<b>TOTAL FREE CASH</b>	<b>4,606,534</b>	<b>5,227,897</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
\$\$ Increase	(2,359,707)	621,363	(1,227,897)	0	0	0
% Increase	-33.9%	13.5%	-23.5%	0.0%	0.0%	0.0%

# EXPENDITURE SUMMARY



- For FY07, total increase in expenditures of \$10.6M (6.1%).
- Operating Budget expenditures increase \$10M (5.9%).



- In the out-years, annual increases of 3.9%



# BENEFITS

- Total FY07 increase of \$4.4M (15.1%).
- In FY06, Benefits comprise 18% of the total Operating Budget. In FY07, this figure could increase to 20%.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Non-Departmental - Benefits</b>	<b>28,973,687</b>	<b>33,357,045</b>	<b>37,167,229</b>	<b>40,222,686</b>	<b>43,245,119</b>	<b>46,712,213</b>
Pensions	9,921,963	10,165,009	11,740,650	12,162,225	12,554,763	12,829,063
Group Health	16,781,724	20,230,035	22,593,528	25,105,782	27,631,388	30,707,218
EAP	25,000	25,000	30,000	30,000	30,000	35,000
Group Life	145,000	157,000	160,925	163,339	165,789	168,276
Workers' Compensation	895,000	1,450,000	1,224,000	1,248,480	1,248,480	1,248,480
Unemployment Compensation	125,000	125,000	125,000	125,000	125,000	125,000
Medical Disabilities	30,000	30,000	30,000	30,000	30,000	30,000
Medicare Coverage	1,050,000	1,175,000	1,263,125	1,357,859	1,459,699	1,569,176

# BENEFITS



- **Health Insurance – FY07**

- Assuming a 20% rate increase.
- Assuming 30 new enrollees.
- Total increase of \$3.4 million (20.5%).
- Each 1% increase in rates equals approximately \$165,000.

- **Pensions**

- For FY07, increase of \$243K (2.4%).
- For FY08 – FY11, use funding schedule based on the 1/1/05 at 8% mid-term valuation. The FY08 increase is \$1.6M (15.5%).

- **Worker's Comp**

- Need to increase the annual appropriation by \$305K (34%) to \$1.2M.
- For FY07, also need to increase fund balance of the Trust Fund (\$250K from Free Cash).

# BENEFITS – HEALTH INSURANCE

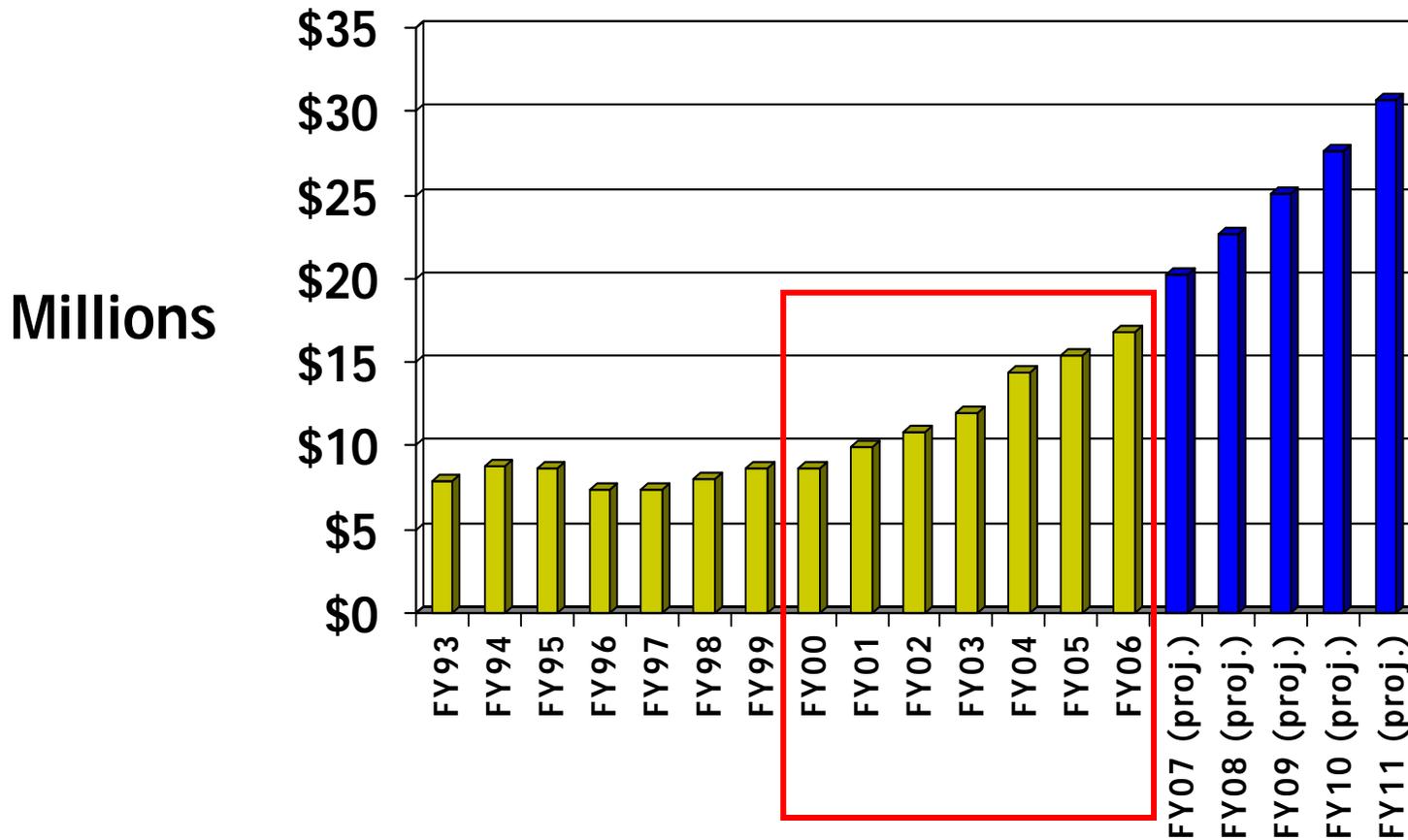


- A key variable in the FY07 Group Health budget is the Medicare Part D Subsidy the Town will receive:
  - @ 20% rate increase + 30 new enrollees = \$3.4M
  - Offset by Medicare Part D Subsidy = \$375K
  - **NET INCREASE = \$3.025M**

# BENEFITS – HEALTH INSURANCE TREND



## GROUP HEALTH APPROPRIATION



# UTILITIES



- Overall projected FY07 increase of \$840K (20.7%) – this after the \$762K (23.2%) added to the FY06 budget at the November Special Town Meeting.
- Result = a \$1.8M (57%) increase from the end of FY05.
- Result = total energy budget of approx.\$5M.
- Assumptions:
  - Electricity – a contract price of 10 cents / kwh once existing 5.65 cents / kwh contract expires in May
  - Natural Gas – a contract price of \$1.30 / therm
  - Heating Oil / Gasoline / Diesel – a 5% increase over the FY06 one-year contract prices

# DEBT SERVICE / TAX-SUPPORTED CIP

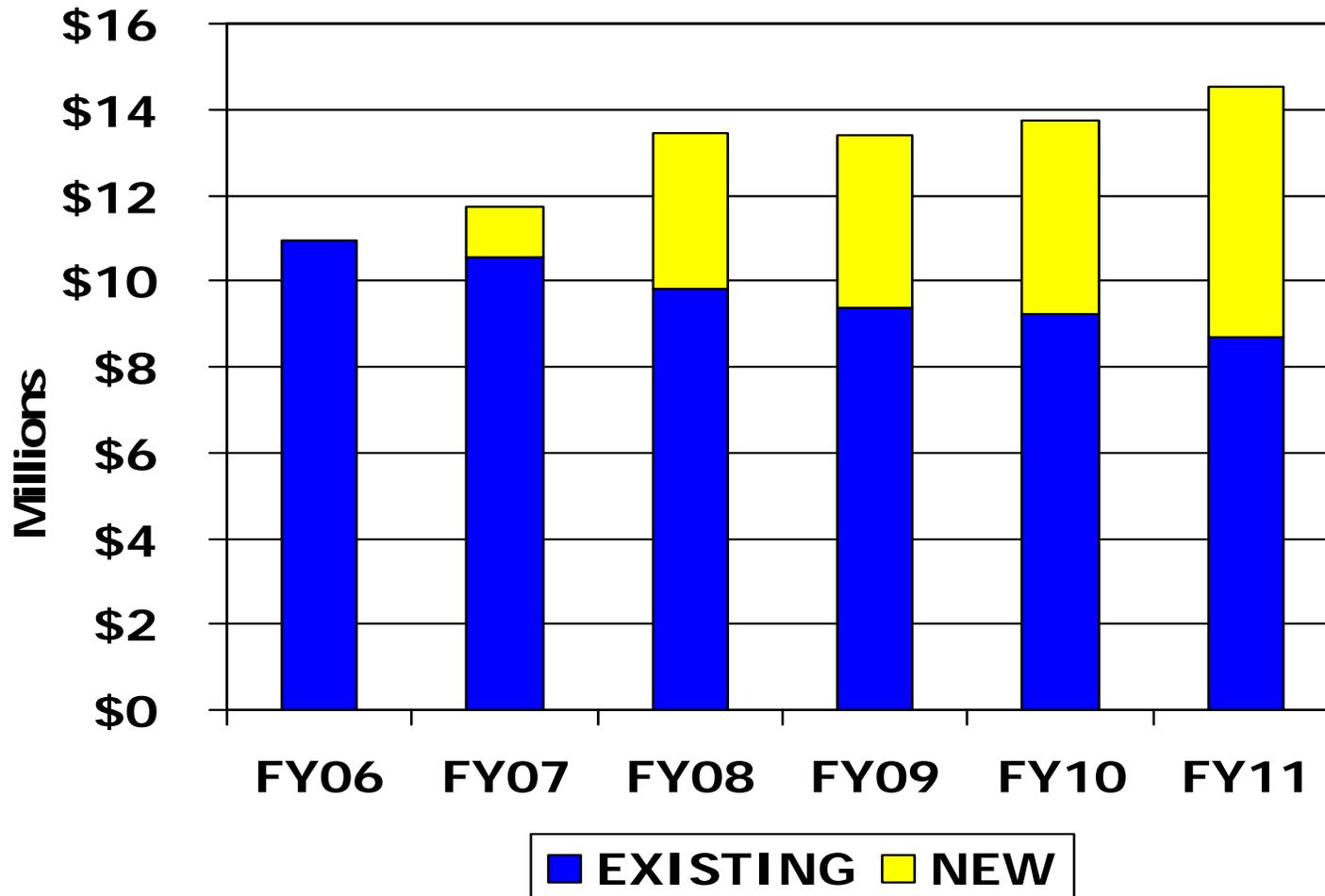


- FY07 total increase of \$451K.
- Debt Service +\$399K (2.9%) while tax-supported CIP +\$52K (5.7%).
- Of the FY07 increase, \$142K Water & Sewer debt, which is covered by rate revenue, leaving an increase of \$255K (2.3%) in Gen Fund debt service.
  
- Increase in Gen Fund Debt Service is due to:
  - \$4.1M bond issue for the Health Center Rehab project
  - \$1.26M bond issue for the Town Hall Rehab project (Design)
  - \$1M bond issue to finalize the financing of the Lawrence School Rehab project
  
- In the out-years, the Debt Service supports:
  - Muddy River Restoration (\$745K)
  - Fisher Hill Project (\$1.35M)
  - Town Hall Renovation - Construction (\$13M)
  - Swimming Pool (\$1.6M)
  - H.S. Roof / Pointing / etc (\$2.875M)
  - Runkle School Renovation – Design (\$2.4M)
  - Runkle School Renovation – Construction (\$12M)
  - UAB Roof / Chimney / etc (\$1.2M)
  - Devotion School Renovation – Design (\$4.8M)
  - Devotion School Renovation – Construction (\$24M)

# GENERAL FUND DEBT SERVICE



## DEBT SERVICE





# “SIMPLE MATH”



- FY07
- Long Range Financial Plan (LRFP)

# “SIMPLE MATH” FOR FY07



Add'l Operating Revenue 6.6

less Town / School CB 2.4

less Town & School Steps / 0.5% Carry Fwd from FY06 1.0

less Benefit Increases 4.0

less Utility Increases 0.8

**Remaining Funds Available (1.6)**

less Town Non-Personnel Increases for Maint. Budget 0.4

less School Non-Personnel Increases for Maint. Budget 0.7

less Non-Dept'al Increases 0.7

**Deficit (3.4)**



# “SIMPLE MATH” FOR LRFP

- Average Annual Revenue Increases of \$5.5M
  - Average Annual Expenditure Increases:
    - Townwide Coll Barg of \$2.3M
    - Benefits of \$3.3M
    - School Non-Personnel of \$900K
    - Town Non-Personnel of \$450K
    - Townwide Steps/Contract. Obl. of \$500K
    - State Assessments of \$125K
- } \$7.6M
- In a structural deficit situation when on-going expenditures for existing services exceed annual revenue increases