

# TOWN OF BROOKLINE



## FY2005 – FY2009 LONG RANGE FINANCIAL PLAN

# HEADLINES

- Projected FY05 deficit of \$2.37 million.
- Cumulative projected deficit of \$10.44 million by FY09.
- *Health Insurance* costs continues to place a **major** burden on the budget.
- *Collective Bargaining* increases have a significant impact in FY06 and FY07.
- *Debt Service* reflects the CIP as proposed, which includes major town and school projects.

# MAJOR FACTORS IN FY05

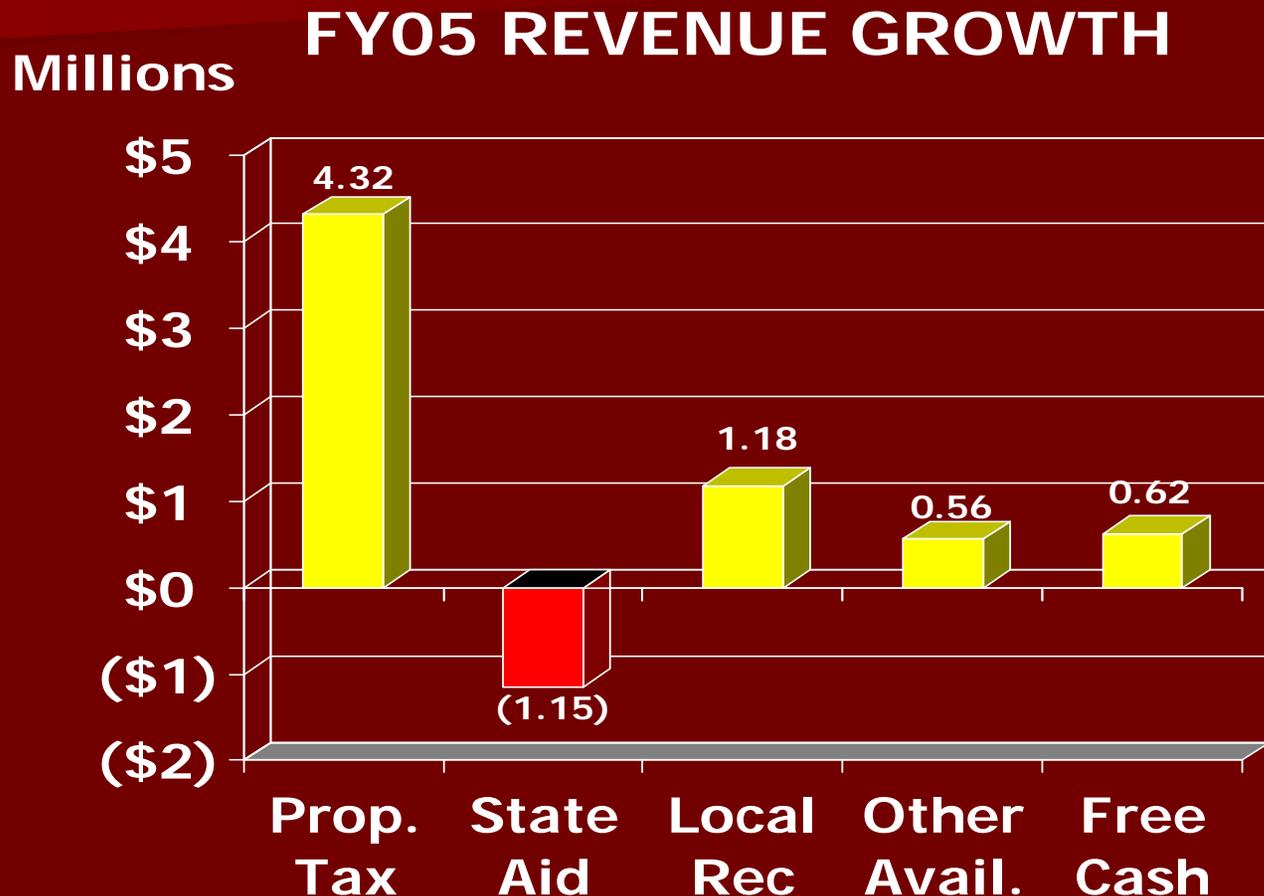
- *State Aid* cut of \$1 million.
- *"New Growth"* of \$1.5 million.
- Increase in *Local Receipts* of \$1.2 million.
- 17% rate increase for *health insurance*, which increases the budget by \$2.4 million.
- *Collective Bargaining* increase of \$2.4 million townwide.
- *Debt Service* increase of \$1 million.
- Result of Town/School Split is the *Schools* receive a \$900,000 increase in new revenue and the *Town* receives a \$590,000 increase in new revenue.

## TOWN OF BROOKLINE REVENUE AND EXPENDITURE FORECAST: FY 2005 - FY 2009

|                                                 | Authorized<br>2004 | 2005               | 2006               | Forecast<br>2007   | 2008               | 2009               |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>REVENUE</b>                                  |                    |                    |                    |                    |                    |                    |
| PROPERTY TAXES                                  | 114,660,482        | <b>118,976,942</b> | 123,381,806        | 127,891,252        | 132,502,255        | 137,248,781        |
| STATE AID                                       | 17,090,425         | <b>15,941,534</b>  | 16,012,986         | 16,085,707         | 16,159,732         | 17,252,706         |
| LOCAL RECEIPTS                                  | 18,021,735         | <b>19,201,225</b>  | 19,457,435         | 19,720,354         | 19,990,167         | 20,267,060         |
| OTHER                                           | 13,667,895         | <b>14,871,032</b>  | 12,635,229         | 12,778,046         | 11,872,391         | 11,683,346         |
| <b>TOTAL REVENUE</b>                            | 163,440,536        | <b>168,990,733</b> | 171,487,455        | 176,475,360        | 180,524,545        | 186,451,893        |
| <b>EXPENDITURES</b>                             |                    |                    |                    |                    |                    |                    |
| EDUCATION SERVICES                              | 53,759,732         | <b>54,884,967</b>  | 56,907,864         | 59,392,095         | 62,191,342         | 64,684,211         |
| MUNICIPAL SERVICES                              | 51,710,632         | <b>52,042,275</b>  | 53,573,255         | 55,374,055         | 57,347,777         | 59,056,019         |
| <b>NON-DEPARTMENTAL</b>                         |                    |                    |                    |                    |                    |                    |
| GENERAL SERVICES                                | 1,260,627          | <b>1,325,016</b>   | 1,378,209          | 1,432,218          | 1,487,067          | 1,542,781          |
| PERSONAL BENEFITS & PENSION                     | 26,259,110         | <b>28,942,475</b>  | 31,132,670         | 33,454,674         | 35,992,508         | 38,707,434         |
| DEBT SERVICE                                    | 13,623,696         | <b>14,608,947</b>  | 15,076,846         | 15,448,732         | 16,293,129         | 16,343,629         |
| RESERVE                                         | 1,070,000          | <b>1,107,428</b>   | 1,141,781          | 1,179,189          | 1,214,598          | 1,251,931          |
| Total Non Departmental                          | 42,213,432         | <b>45,983,866</b>  | 48,729,507         | 51,514,813         | 54,987,303         | 57,845,775         |
| <b>NON-APPROPRIATED</b>                         | 7,991,073          | <b>7,848,903</b>   | 8,023,307          | 8,214,145          | 8,409,586          | 8,610,218          |
| <b>CAPITAL</b>                                  |                    |                    |                    |                    |                    |                    |
| CAPITAL IMPROVEMENTS-Tax Supported              | 1,628,588          | <b>917,361</b>     | 906,127            | 578,007            | (76,227)           | (33,246)           |
| CAPITAL IMPROVEMENTS- Free Cash/Overlay Surplus | 4,929,347          | <b>6,510,501</b>   | 4,209,670          | 4,306,927          | 3,217,078          | 2,666,116          |
| CAPITAL IMPROVEMENTS-Water/Sewer                | 50,000             | <b>50,000</b>      | 50,000             | 50,000             | 50,000             | 50,000             |
| CAPITAL IMPROVEMENTS- Chap 90                   | 484,117            | -                  | -                  | -                  | -                  | -                  |
| RETIREE GROUP HEALTH INSURANCE FUND             | 357,158            | <b>369,143</b>     | 380,594            | 393,063            | 404,866            | 417,310            |
| AFFORDABLE HOUSING TRUST                        | 316,457            | <b>348,312</b>     | -                  | -                  | -                  | -                  |
| Total Capital                                   | 7,765,667          | <b>8,195,317</b>   | 5,546,391          | 5,327,997          | 3,595,717          | 3,100,180          |
| <b>TOTAL EXPENDITURES</b>                       | 163,440,537        | <b>168,955,328</b> | 172,780,324        | 179,823,105        | 186,531,725        | 193,296,402        |
| <b>SURPLUS / DEFICIT-Before Coll Barg/Steps</b> | (0)                | <b>35,405</b>      | <b>(1,292,868)</b> | <b>(3,347,745)</b> | <b>(6,007,180)</b> | <b>(6,844,510)</b> |
| <b>TOWN / SCHOOL PARTNERSHIP AGREEMENT</b>      |                    |                    |                    |                    |                    |                    |
| MUNICIPAL SURPLUS/(DEFICIT)                     | 0                  | <b>258,752</b>     | (221,007)          | (1,177,887)        | (2,208,252)        | (2,332,991)        |
| MUNICIPAL SALARY ADJUSTMENT                     | -                  | <b>1,140,743</b>   | 1,647,257          | 1,934,207          | 1,554,483          | 1,638,518          |
| <b>TOTAL MUNICIPAL SURPLUS/(DEFICIT)</b>        | 0                  | <b>(881,991)</b>   | (1,868,264)        | (3,112,094)        | (3,762,735)        | (3,971,509)        |
| SCHOOL SURPLUS/(DEFICIT)                        | (0)                | <b>(223,349)</b>   | (1,071,863)        | (2,169,860)        | (3,798,929)        | (4,511,520)        |
| SCHOOL SALARY ADJUSTMENT                        | -                  | <b>1,264,765</b>   | 1,867,477          | 2,285,911          | 1,848,927          | 1,959,770          |
| <b>TOTAL SCHOOL SURPLUS/(DEFICIT)</b>           | (0)                | <b>(1,488,114)</b> | (2,939,340)        | (4,455,770)        | (5,647,856)        | (6,471,290)        |
| <b>GRAND TOTAL SURPLUS/(DEFICIT)</b>            | (0)                | <b>(2,370,105)</b> | (4,807,603)        | (7,567,864)        | (9,410,591)        | (10,442,799)       |

# REVENUE SUMMARY

- For FY05, total increase in revenue of \$5.6 million (3.4%).



- In the out-years, annual increases between 1.5% - 3.3%

# PROPERTY TAXES

- In FY05, increase \$4.3 million (3.8%)
  - 2 ½% Increase = \$2.8 million
  - New Growth = \$1.5 million
  
- In the out-years, average annual increases of 3.6%.

| PROPERTY TAX           | Authorized<br>2004 | 2005        | 2006        | Forecast<br>2007 | 2008        | 2009        |
|------------------------|--------------------|-------------|-------------|------------------|-------------|-------------|
| PRIOR YEAR TAX         | 107,790,322        | 112,976,154 | 117,300,558 | 121,733,072      | 126,276,398 | 130,933,308 |
| 2 1/2 % INCREASE       | 2,694,758          | 2,824,404   | 2,932,514   | 3,043,327        | 3,156,910   | 3,273,333   |
| UNUSED TAXING CAPACITY | (21,015)           |             |             |                  |             |             |
| NEW GROWTH             | 2,491,073          | 1,500,000   | 1,500,000   | 1,500,000        | 1,500,000   | 1,500,000   |
| SUB-TOTAL              | 112,955,139        | 117,300,558 | 121,733,072 | 126,276,398      | 130,933,308 | 135,706,641 |
| DEBT EXCLUSION         | 4,536,146          | 4,507,187   | 4,479,537   | 4,445,657        | 4,399,750   | 4,372,943   |
| LESS SBAB              | (2,830,803)        | (2,830,803) | (2,830,803) | (2,830,803)      | (2,830,803) | (2,830,803) |
|                        | 1,705,343          | 1,676,384   | 1,648,734   | 1,614,854        | 1,568,947   | 1,542,140   |
| ANNUAL LEVY            | 114,660,482        | 118,976,942 | 123,381,806 | 127,891,252      | 132,502,255 | 137,248,781 |
| INCREASE \$            |                    | 4,316,460   | 4,404,864   | 4,509,446        | 4,611,003   | 4,746,525   |
| INCREASE %             |                    | 3.76%       | 3.70%       | 3.65%            | 3.61%       | 3.58%       |

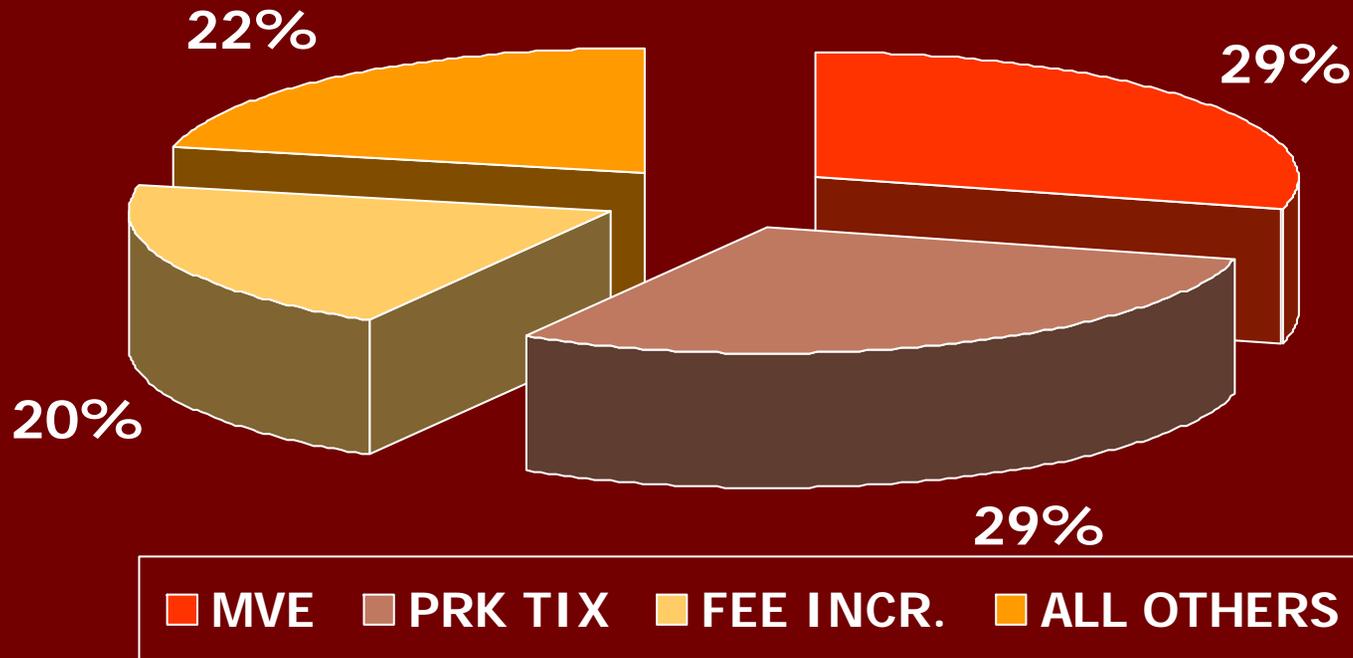
# STATE AID

- In FY05, a decrease of \$1 million (6.7%)
- The cut is based on the low-end estimate of the State's FY05 budget deficit (\$1B).
- If this occurs, the result will be a 20% reduction since January of FY03, when the Governor's mid-year "9C Cuts" were enacted.
- For the out-years, the annual increase will be one-half of 1%, except for FY09, when the reimbursement for the Lawrence School is anticipated.

# LOCAL RECEIPTS

- In FY05, an increase of \$1.2 million (6.5%).

## COMPOSITION OF FY05 LOCAL RECEIPT INCREASE



- In the out-years, the annual increase will average 1.4%.

# LOCAL RECEIPTS – RECENT HISTORY

- Since FY02, the amount of revenue budgeted for locally-generated receipts has increased \$2.7 million (15%), due to actions taken by the Board of Selectmen and the economy:

- Actions taken by the Board

- Parking Ticket Fine Increase - \$1.75 million
- Parking Meter Rate Increase - \$900,000
- Hotel / Motel Excise - \$250,000
- Parking Fees - \$220,000
- Other Departmental Fee Increases - \$150,000

- Economy

- MVE - \$950,000
- Interest Income – (\$1.2 million)

# OTHER AVAILABLE FUNDS

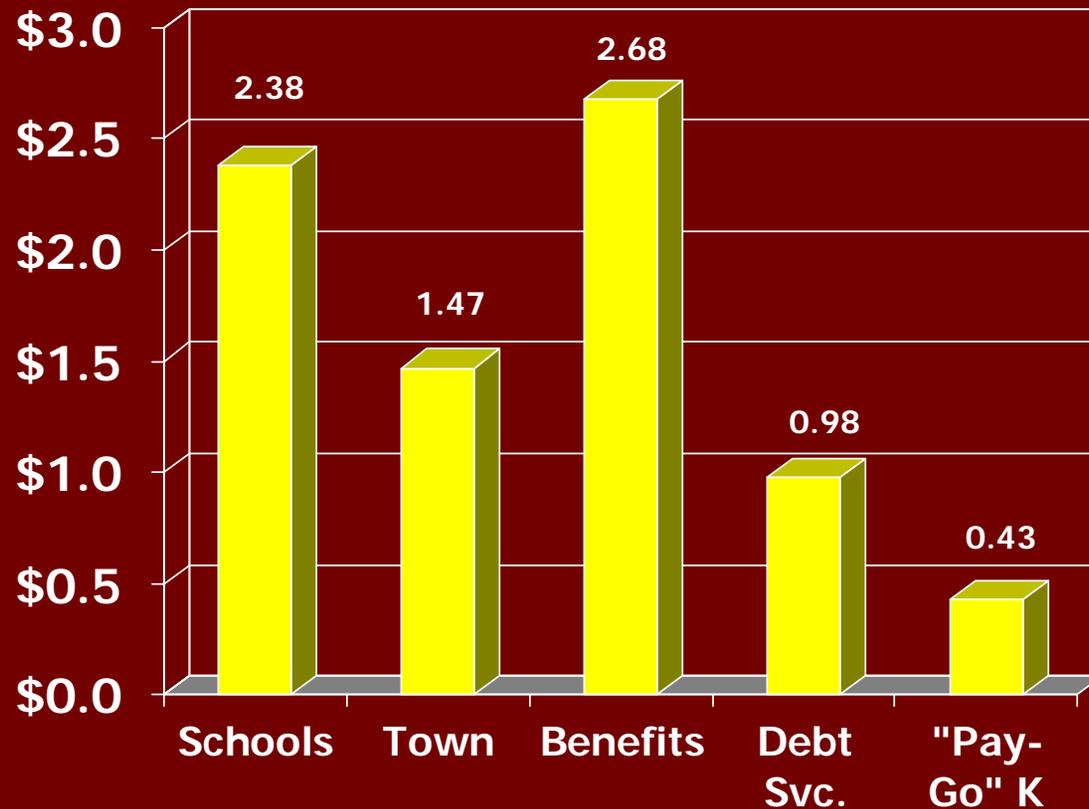
- For FY05, \$1 million of declared Overlay Reserve Surplus is being used to support the CIP.
- Overhead Costs associated with the W & S Enterprise Fund, Golf Course Enterprise Fund, and the Recreation Revolving Fund are increased to account for increases in fringe benefit costs and debt service (in the case of W & S and Golf).
- For FY05, \$6.23 million of Free Cash is being used to fulfill the requirements of the Town's Free Cash Policy - - primarily to support the CIP.

# EXPENDITURE SUMMARY

- For FY05, total increase in expenditures of \$7.9 million (4.8%).

## FY05 EXPENDITURE GROWTH

Millions

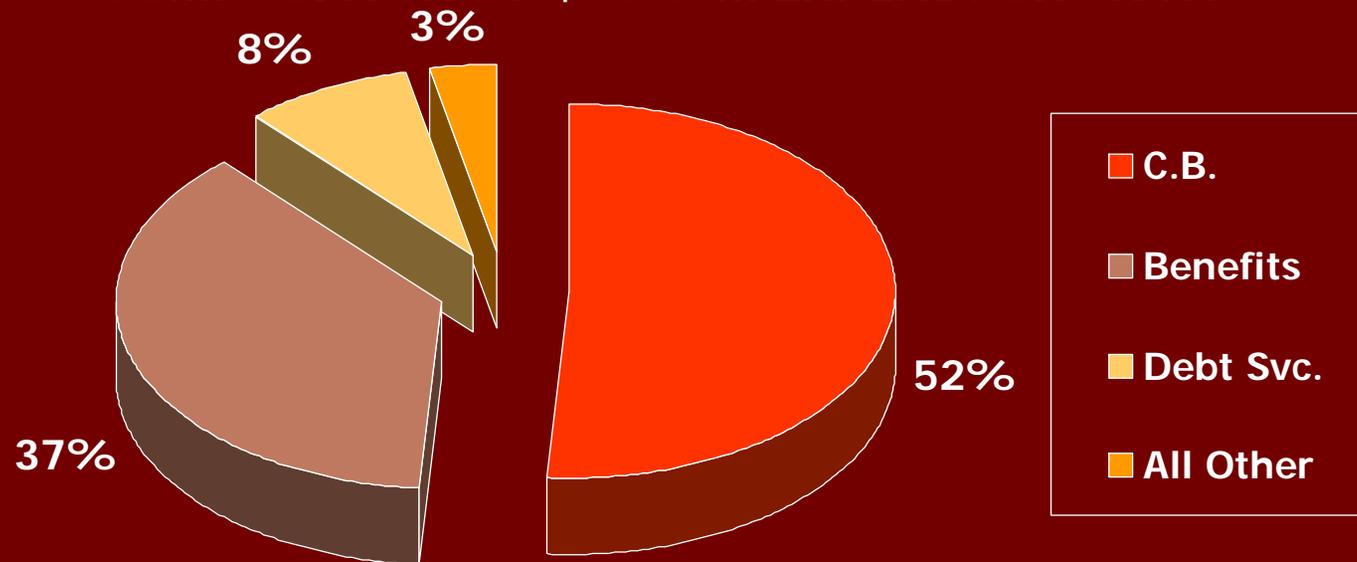


- In the out-years, annual increases of between 3% - 4.4%

# EXPENDITURE SUMMARY – 5 YEAR FORECAST

- Over the 5 years of the Forecast, expenditures increase \$33.45 million (21%).
- 97% goes toward benefits, collective bargaining, and debt service, leaving just 3% for inflation and workload increases and/or programmatic increases.

COMPOSITION OF \$33.45M EXPEND. GROWTH

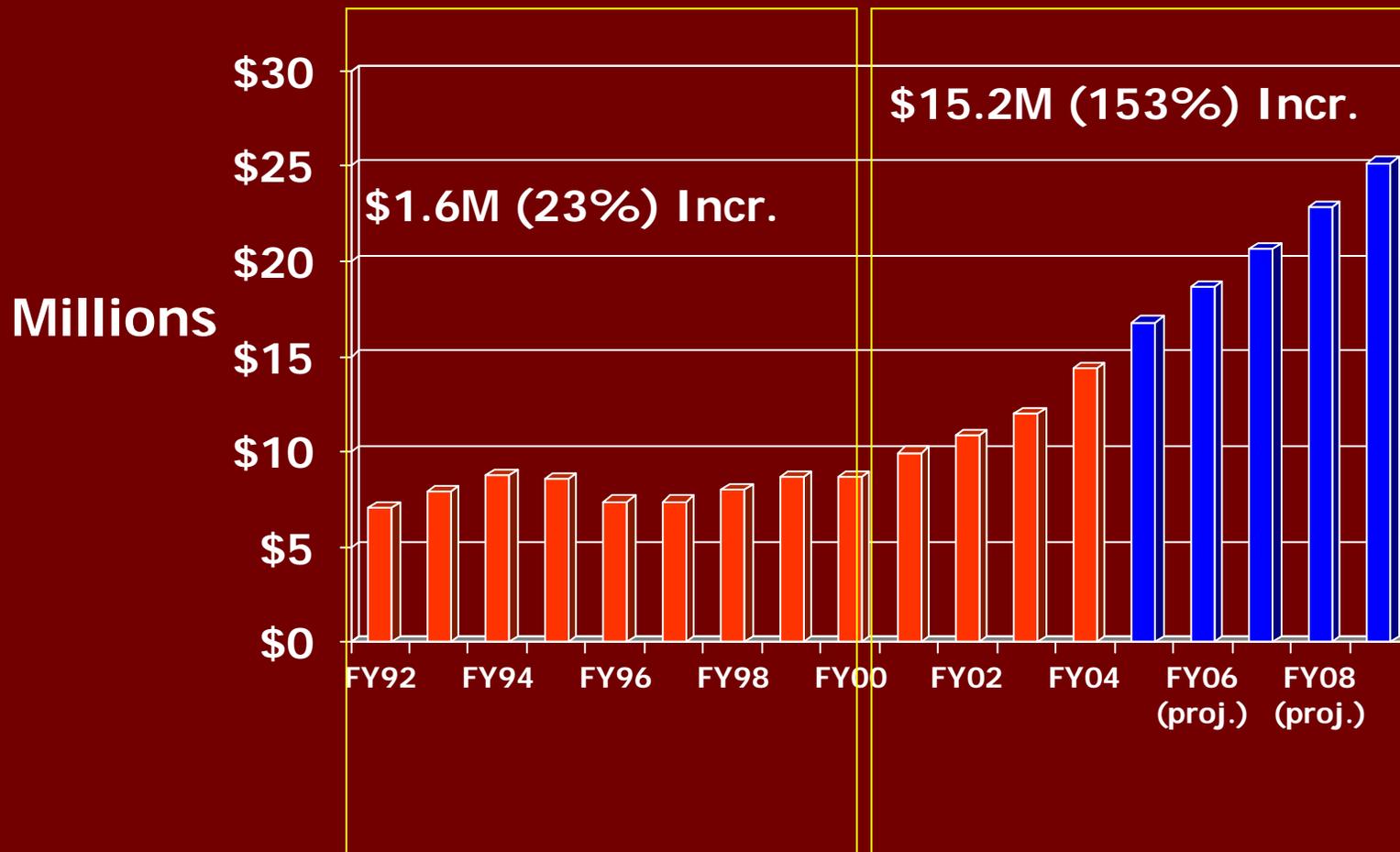


# BENEFITS – HEALTH INSURANCE

- Assuming a 17% rate increase.
  - Assuming 35 new enrollees.
  - Total increase of \$2.4 million.
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- Each 1% increase in rates equals approximately \$140,000.

# BENEFITS – HEALTH INSURANCE TREND

## GROUP HEALTH APPROPRIATION

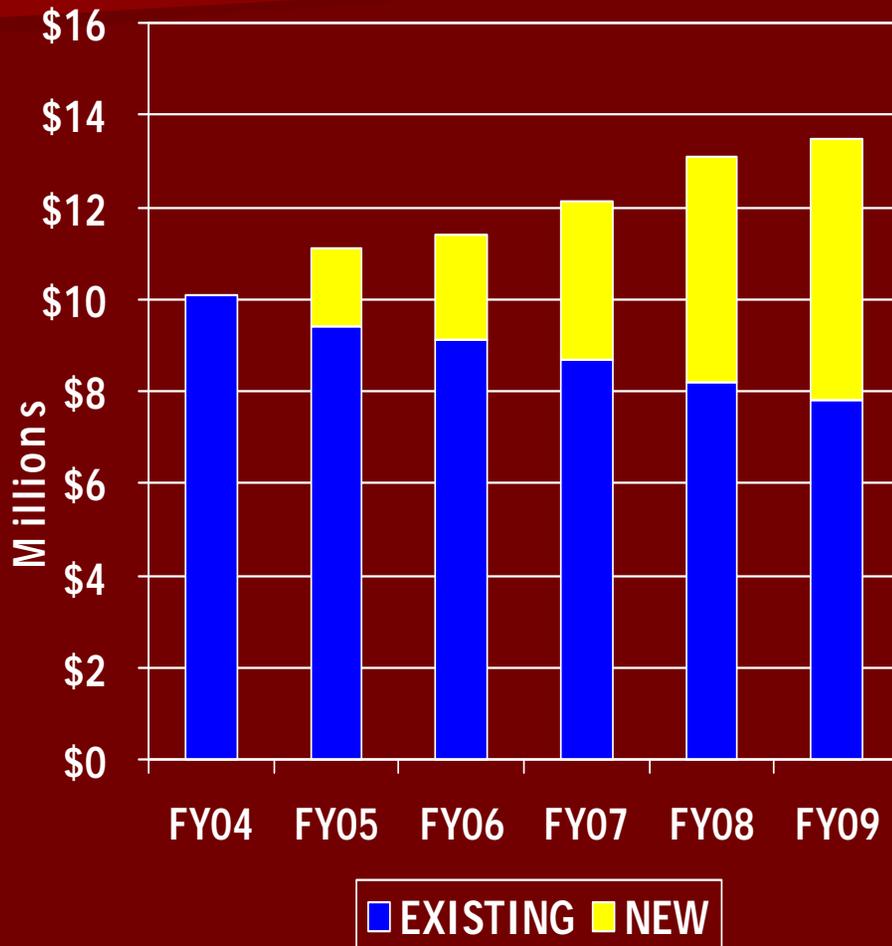


# DEBT SERVICE

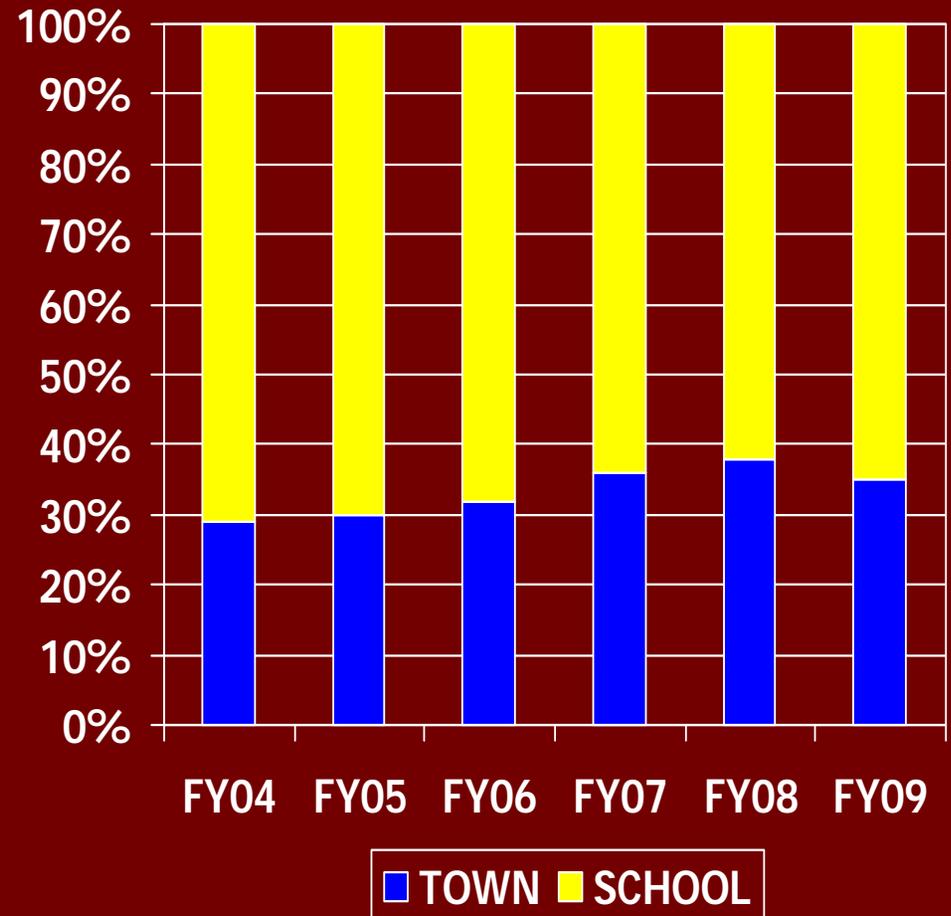
- FY05 increase of \$1 million (7%).
- Increase due to:
  - \$3M bond issue for Lawrence School
  - \$5M bond issue for the Landfill Project
  - \$2.7M bond issue for the Driscoll School
  - \$2.6M bond issue for the Beacon St. Project
- In the out-years, the funding supports:
  - Remaining authorization for Lawrence School (\$11.5M).
  - Remaining authorization for the Landfill Project (\$2.89M).
  - Muddy River Restoration (\$1.65M)
  - Fisher Hill Project (\$1.35M)
  - Health Building Renovation (\$4M)
  - Town Hall Renovation (\$10.4M)
  - Old Lincoln HVAC (\$1.5M)
  - Pierce School Windows (\$500K)
  - Runkle Scholl Renovation (\$7.7M)

# DEBT SERVICE

## DEBT SERVICE



## DEBT SERVICE BREAKOUT



# NON-APPROPRIATED

| <b>NON-APPROPRIATED</b>            | <b>Authorized<br/>2004</b> | <b>2005</b>      | <b>2006</b>      | <b>Forecast<br/>2007</b> | <b>2008</b>      | <b>2009</b>      |
|------------------------------------|----------------------------|------------------|------------------|--------------------------|------------------|------------------|
| <b><u>STATE ASSESSMENTS</u></b>    |                            |                  |                  |                          |                  |                  |
| COUNTY ASSESSMENTS                 | 530,187                    | <b>543,442</b>   | 557,028          | 570,953                  | 585,227          | 599,858          |
| RETIRED EMPLOYEE HEALTH INS        | 2,076                      | <b>2,128</b>     | 2,181            | 2,236                    | 2,292            | 2,349            |
| AIR POLLUTION DISTRICTS            | 19,669                     | <b>20,161</b>    | 20,665           | 21,181                   | 21,711           | 22,254           |
| METROPOLITAN AREA PLANNING COUNCIL | 14,854                     | <b>15,225</b>    | 15,606           | 15,996                   | 16,396           | 16,806           |
| MBTA                               | 4,687,804                  | <b>4,502,636</b> | 4,311,274        | 4,419,056                | 4,529,532        | 4,642,770        |
| BOSTON METRO                       | 1,740                      | <b>1,696</b>     | 1,696            | 1,696                    | 1,696            | 1,696            |
| SPECIAL EDUCATION                  | 20,092                     | <b>20,594</b>    | 21,109           | 21,637                   | 22,178           | 22,732           |
| REGISTRY PARKING SURCHARGE         | 154,460                    | <b>154,460</b>   | 154,460          | 154,460                  | 154,460          | 154,460          |
| OVER ESTIMATES                     |                            |                  |                  |                          |                  |                  |
| UNDER ESTIMATES                    | 23,078                     | <b>25,000</b>    | 25,000           | 25,000                   | 25,000           | 25,000           |
| <b>STATE ASSESSMENT SUB-TOTAL</b>  | <b>5,453,960</b>           | <b>5,285,342</b> | <b>5,109,018</b> | <b>5,232,215</b>         | <b>5,358,491</b> | <b>5,487,925</b> |
| <b><u>OTHER</u></b>                |                            |                  |                  |                          |                  |                  |
| CHERRY SHEET OFFSET ITEMS          | 1,013,561                  | <b>1,013,561</b> | 1,013,561        | 1,013,561                | 1,013,561        | 1,013,561        |
| TAX TITLES                         | 50,000                     | <b>50,000</b>    | 50,000           | 50,000                   | 50,000           | 50,000           |
| COURT JUDGMENTS                    |                            |                  |                  |                          |                  |                  |
| <b>OTHER SUB-TOTAL</b>             | <b>1,063,561</b>           | <b>1,063,561</b> | <b>1,063,561</b> | <b>1,063,561</b>         | <b>1,063,561</b> | <b>1,063,561</b> |
| <b><u>OVERLAY RESERVE</u></b>      | <b>1,473,552</b>           | <b>1,500,000</b> | <b>1,850,727</b> | <b>1,918,369</b>         | <b>1,987,534</b> | <b>2,058,732</b> |
| <b>TOTAL</b>                       | <b>7,991,073</b>           | <b>7,848,903</b> | <b>8,023,307</b> | <b>8,214,145</b>         | <b>8,409,586</b> | <b>8,610,218</b> |

# SUMMARY OF FY05

- Total growth in revenue of \$5.6 million.
- Three line-items account for \$5.8 million in cost increases:
  - Health Insurance = \$2.4 million
  - Collective Bargaining = \$2.4 million
  - Debt Service = \$1 million
- The new revenue is not enough to cover these cost increases, let alone allow for inflation, increases in program costs, or workload increases.