

# Brookline Fiscal Advisory Committee (BFAC) findings and recommendations for Town Meeting Members

This presentation is based on the BFAC Final Report (January 30, 2020) submitted with unanimous support of its 11-member committee.

BFAC members	
• <b>David Kirshner, Chair</b>	• <b>Paul Saner</b>
• Peter von Bleyleben	• Arthur Segel
• Cliff Brown	• Nathan Shpritz
• Nancy Daly	• <b>Mike Toffel</b>
• Mini Kolluri	• Ben Franco - Select Board Liaison
• <b>Carol Levin</b>	• David Pearlman - School Committee Liaison
• Jeff Rudolph	<i>Today's presenters in purple</i>

Presentation to Town Meeting Members Association (TMMA)  
April 13, 2020

# BFAC charge and restraints

The Select Board charged BFAC to make observations and recommendations on sustainable ways the Town could address its structural financial challenges, not to examine specific cost reduction opportunities that could also help alleviate the problem.

As was the case in both the 2004 and 2011 Fiscal Policy Review Committees, BFAC was asked to “focus on the general fiscal health of the community, and not conduct evaluations of individual programs or budget line items.”

BFAC charge and final report:

<https://www.brooklinema.gov/1516/Brookline-Fiscal-Advisory-Committee>

# BFAC concluded the Town faces a serious financial problem

“Inadequate control over expenditures is jeopardizing the Town’s ability to maintain, much less expand, existing levels of municipal services. The problem is getting worse.”

- **Structural Deficit:** *Expense growth*, partially due to long term contract commitments and retirement benefits, *exceeds revenue growth* through 2.5% property tax increases. Covid-19 will worsen this gap.
- **“Rainy day” reserve funds** are \$4 million *below* the amount required by the Town’s policies. Covid-19 will likely further diminish our reserves.
- There is **no overall integrated long-term capital and debt plan** to maintain Town and PSB facilities, and guide capital expenditures, debt exclusions, and operating overrides.
  - Planned and recently commenced capital projects (BHS, Ridley, Driscoll) raise our projected outstanding debt by \$550-\$700 million (5-7x our historical norm), leading to increasing taxpayer burden and potential operating override and debt exclusion fatigue.
  - Hundreds of millions more would be needed for Pierce, Baker, 9th school, procurement of Newbury, to renovate fire houses, outdoor pool, etc.
- Economic **pressures imperil our AAA bond rating**, which reflects our overall financial strength and allows us to borrow at lower interest rates.

**BFAC developed eighteen recommendations, grouped into four categories to address Brookline's financial issues:**

1. Maintain our AAA bond rating
2. Improve financial decision making
3. Recognize that we are pushing the capabilities of the Town's current governance model
4. Resources to implement BFAC's recommendations

BFAC provides a detailed 24-month implementation plan for its recommendations.

# BFAC's 18 Recommendations, in brief (1 of 3)

**This presentation will focus on those most relevant to Town Meeting Members, indicated in bold**

Adopt, where possible, Common Financial Policies for the Town and Schools, and create and institute performance management metrics. [Rec. 1]

Quarterly Financial Review and Budget Summits of Select Board, School Committee and Advisory Committee. [Rec. 2]

**Reform the Warrant Article development and review process to promote consistent, transparent, and robust analysis. [Rec. 3]**

**Change the structure, scope and composition of the Town's Advisory Committee to focus on financial matters. [Rec. 4]**

Change the Town's Independent Audit and Accounting Firm Every 10 Years [Rec. 5]

**Require periodic evaluation of key programs and services to assess: their effectiveness, completion of objectives, identification of potential savings, and opportunities to redeploy resources. [Rec. 6]**

## BFAC's 18 Recommendations, in brief (2 of 3)

**Strengthen and clarify positions of financial responsibility and authority within Town Administration, School Administration and the Select Board. SB Members to lead by example in establishing improved financial decision making, financial discipline and increased transparency. [Rec. 7]**

Revisit the structure, including the revenue allocation formula, of the Town-School Partnership to ensure that it is better understood and that it best meets the needs of the Town and Schools in a dynamic manner. [Rec. 8]

**Create an enhanced capital planning process covering the Town and Schools, including regular periodic evaluation of town-owned assets. [Rec. 9]**

Develop annual Financial Improvement Plans (FIPs) to pursue high-impact opportunities to increase revenues and better manage costs. [Rec. 10]

Annually assess and publicly report the extent to which any projected cost reductions or revenue increases in the Financial Improvement Plans materialize and why any shortfalls arise. [Rec. 11]

**Aggressively pursue new economic development to increase the vibrancy of the town's economy, generate new property tax revenues, minimize the burden on residential taxpayers, and expand payment in lieu of taxes (PILOT) revenues. [Rec. 12]**

## BFAC's 18 Recommendations, in brief (3 of 3)

**Recommit to maintaining or exceeding except for periods of extraordinary circumstances, Minimum Rainy Day/Budget Stabilization Fund Reserves. [Rec. 13]**

**Establish a maximum debt policy based on the ratio of Direct Debt to Operating Revenue. Commit to full disclosure of existing, proposed, and planned borrowings when asking voters to approve new debt exclusions. [Rec. 14]**

**Develop a strategy to plan for periodic tax operating overrides and debt exclusions. [Rec. 15]**

Consolidate Town and School financial planning into a single integrated financial model that reflects fully allocated costs between the Town and PSB for use in all Town and School budgeting, investment, and forecasting decisions. [Rec. 16]

Annually compare the Town's financial position to the Moody's Scorecard criteria in order to assess and address any vulnerabilities to preserving Brookline's AAA credit rating. [Rec. 17]

**Financial education & outreach for all Town Meeting Members. [Rec. 18]**

This presentation highlights BFAC recommendations most relevant to TM, and organizes them into four categories:

Part A: Assess against the AAA rating framework

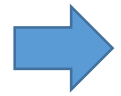
Part B: TM's role in Improved Financial Decision Making

Part C: TM's role in Expanding Revenues

Part D: Training TMMs to more knowledgeably fulfill duties



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Part A: Assess against the AAA rating framework

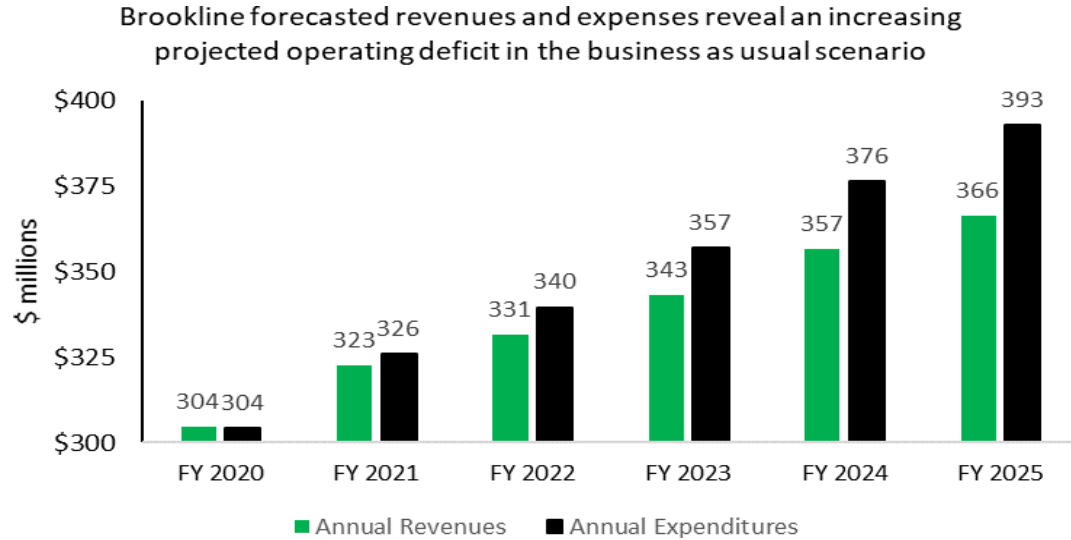
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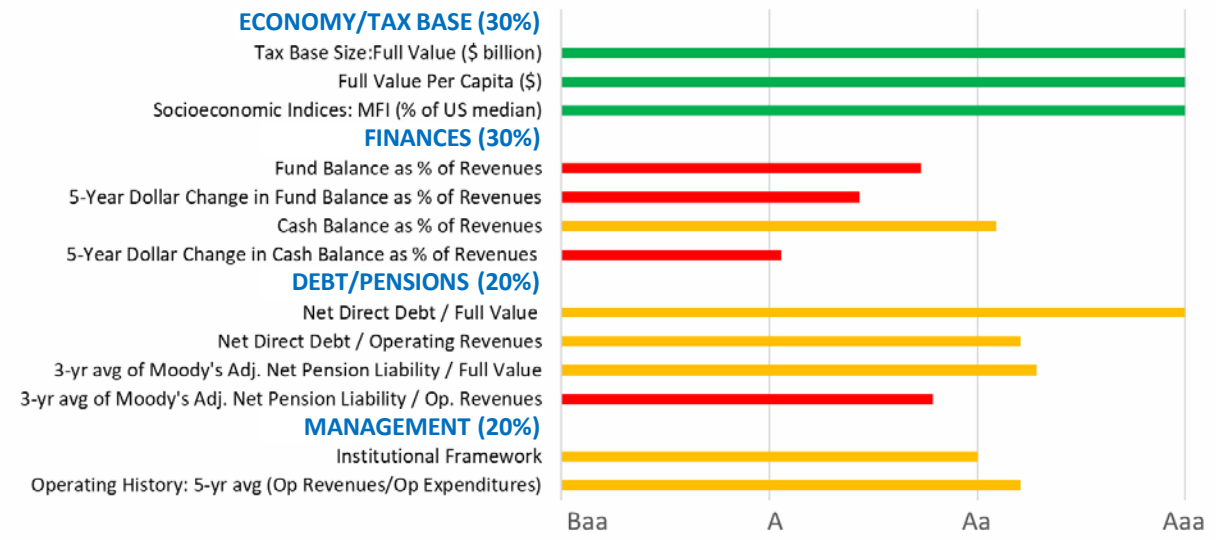
Part D: Training TMMs to more knowledgeably fulfill duties

# Why Commit to the AAA Rating and Better Financial Analysis, Forecasting, and Planning?

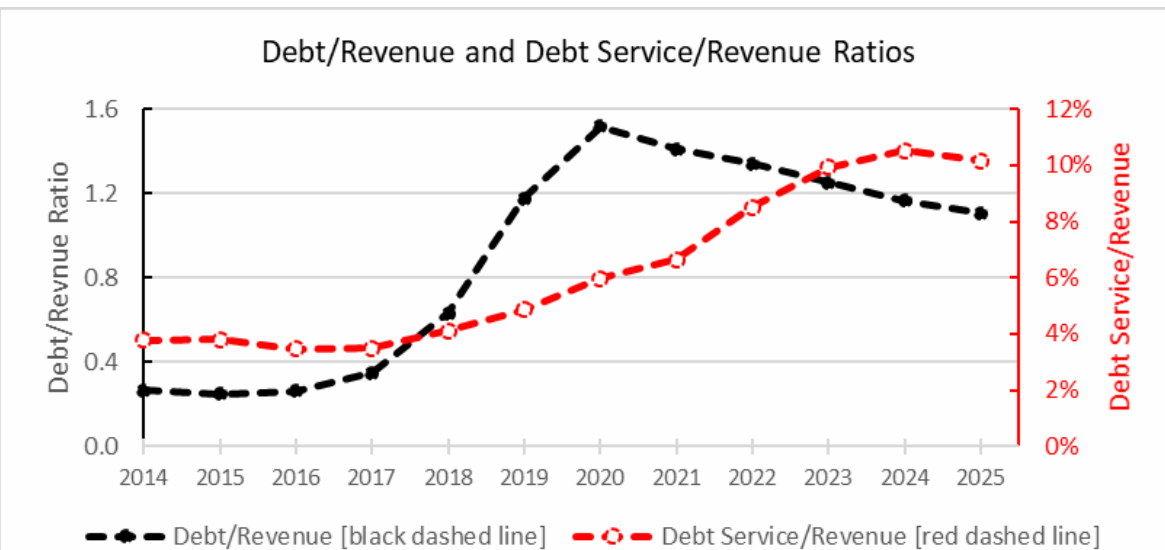
**A growing budget gap:** Brookline's forecasted expenses increasingly exceed its forecasted revenues



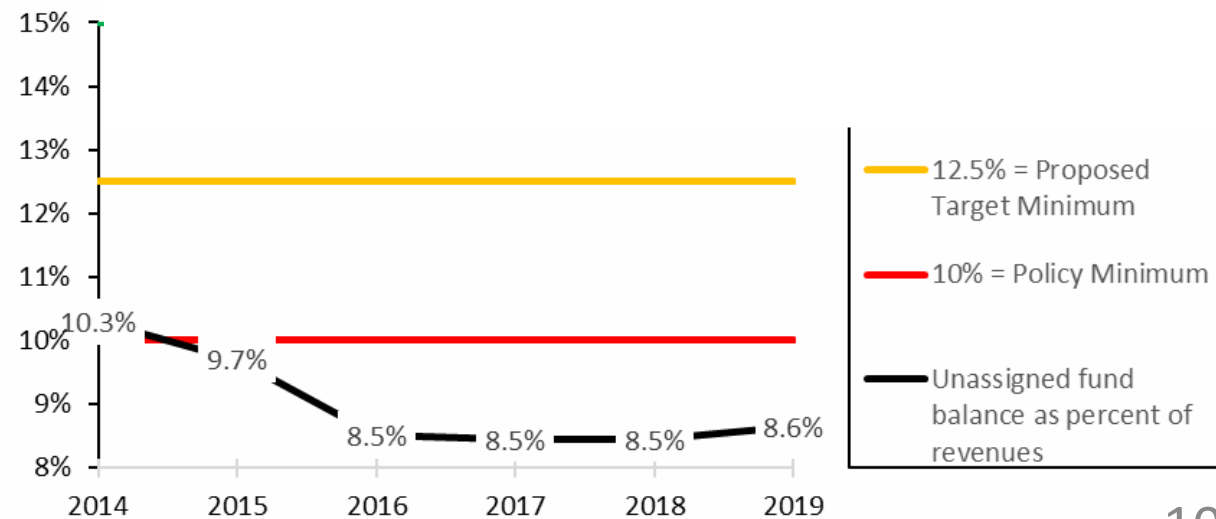
**Rating concerns:** Brookline's AAA Moody's rating is under pressure as most of its elements are rated Aa or A



**More debt burden:** Debt service is a growing proportion of Brookline's budget. Does not include Pierce, Baker, 9th School, Newbury



**Declining reserves:** Brookline has been drawing down its rainy day reserves below its 10% policy minimum



# Part A: Assess against the AAA rating framework

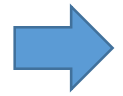
“Annually compare the Town’s financial position to the Moody’s Scorecard criteria in order to assess and address any vulnerabilities to preserving Brookline’s AAA credit rating.”  
 – BFAC Recommendation 17

Moody’s Scorecard for Brookline (FY 2019):

Categories	Credit Factors	Weight	AAA	AA	A	Baa
Economy/Tax Base (30%)	Tax Base Size: Full Value	10%				
	Full Value Per Capita	10%				
	Socioeconomic Indices: MFI	10%				
Finances (30%)	Fund Balance as % of Revenues	10%				
	5-Year Dollar Change in Fund Balance as % of Revenues	5%				
	Cash Balance as % of Revenues	10%				
	5-Year Dollar Change in Cash Balance as % of Revenues	5%				
Debt/Pensions (20%)	Net Direct Debt / Full Value	5%				
	Net Direct Debt / Operating Revenues	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues	5%				
Management (20%)	Institutional Framework: legal ability to match resources with spending	10%				
	Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	10%				

This presentation highlights BFAC recommendations most relevant to TM, and organizes them into four categories:

Part A: Assess against the AAA rating framework



Part B: TM's role in Improved Financial Decision Making

Part C: TM's role in Expanding Revenues

Part D: Training TMMs to more knowledgeably fulfill duties

## Part B: TM's role in Improved Financial Decision Making

“BFAC noted issues arising from the Town Meeting form of government, including the absence of strong leadership in dealing with financial matters and a broad lack of understanding of financial matters among many participants in Town government. These issues hamper the Town’s ability to engage in meaningful long-range financial planning and to adhere to plans and budgets.”

These issues include:

- Embrace the use of metrics and analytically supported decision making
- The warrant article process
- The role of the Advisory Committee
- Increased support of planning efforts, including enhanced capital & debt planning
- Adherence to financial policies, including on reserves and debt capacity
- Increased financial literacy (covered in Part D)

# Part B: TM's role in Improved Financial Decision Making

## Embrace the use of metrics and analytically supported decision making

“Evaluate key programs and services on a periodic basis to assess their effectiveness and completion of objectives and to identify potential cost savings and opportunities for the redeployment of resources.” - BFAC Recommendation 6

- Establish goals on which to evaluate programs and services.
- Use objective yardsticks to measure success in meeting those goals, not subjective opinions.

“This recommendation is meant to foster more evidence-based decision making, where more facts and evidence are provided to support decisions by staff, boards, committees, and Town Meeting. It should also help decision makers explain their decisions more transparently.”

# Part B: TM's role in Improved Financial Decision Making

## The warrant article process

**Warrant article development.** “To the extent permissible, reform the warrant article development, review, and implementation process:

- to enable consistent, transparent, robust analysis and reporting of each article’s short-term and long-term costs and benefits;
- to discourage financial appropriations made outside the annual budget cycle; and
- to take into consideration the limitations of staff time and volunteer resources.”

- BFAC Recommendation 3

**Warrant article sponsorship.** “Encourage Select Board Members to lead by example in establishing improved financial decision making, SB members should not sponsor Warrant Articles that have a financial or operational impact without fully complying with financial management best practices. Those SB members who sponsor articles as individuals should recuse themselves from the SB vote on those articles.”

- BFAC Recommendation 7.1

## The role of the Advisory Committee

**Advisory Committee duties.** “Change the structure, composition, and scope of the Town’s Advisory Committee so it has the required skills and time to focus its attention on financial monitoring, analysis, and policy evaluation of both existing policies and proposed warrant articles.” - BFAC Recommendation 4

# Part B: TM's role in Improved Financial Decision Making

“The current Warrant Article development and review process consumes a tremendous amount of Town staff and volunteer time. In recent memory, articles filed by Town Meeting Members and the members of the general public have redirected staff and volunteer resources away from previously identified strategic priorities and imposed unforeseen and unplanned-for pressures on the Town's operating and capital budgets, such as the \$1.4 million fiscal impact of 2019 Town Meeting actions.”

**It's often unclear how the Town would fund these new ideas.**

ARTICLE NUMBER	SUBJECT	FY21 EST	NOTE
20 (2019 ATM)	Menstrual Products	\$7,309	
23 (2019 ATM)	Electrify Town Fleet		TBD- evaluating requests
24 (2019 ATM)	Green Town Electricity	\$40,000	based on current REC prices
	5 Oak Street	\$399,500	debt service payment
	7 Pavement Markings	\$75,000	
	16 E- Scooters		Staffing?
	21 Fossil Fuel Prohibition		Inspection staff?
	24 Citizen Complaints		Training?
	29 EEAF Resolution	\$525,000	
	30 Community Engagement Plan	\$79,728	1 FTE + benes
	31 Climate change resolution	<u>\$295,951</u>	study, 1 FTE + benes
	TOTAL	\$1,422,488	



# Part B: TM's role in Improved Financial Decision Making

## Increased support of planning efforts, including enhanced capital & debt planning

S&P Top 10: “A government with a comprehensive assessment of capital and infrastructure requirements, including deferred maintenance, will be better positioned to manage these requirements over time in the most cost-effective way.” Additionally, a Long-Term Capital Investment Plan is a key input into a formal debt management policy.

BFAC findings included:

- “Annual maintenance of School facilities is repeatedly underfunded”
- “the 2018 Strategic Asset Plan has identified many unmet non-school capital needs...investments in streets and roadways, information technology, and analytical infrastructure are below what is required to deliver the quality and scale of public services that the Town has historically provided, let alone to be prepared for a less benign financial future.”

# Part B: TM's role in Improved Financial Decision Making

## Increased support of planning efforts, including enhanced capital & debt planning

“Create an **enhanced capital planning process** covering the Town and Schools, including **regular periodic evaluation of town-owned assets.**” – BFAC Recommendation 9

Town Meeting should know how capital investment priorities have been set, the timing and size of future proposed investments, how taxpayers will be affected and the impact on the town's affordability, and the tradeoffs entailed.

All capital investment proposals, for the Town & Schools, including capital-related Warrant Articles, should be evaluated:

- using a common evaluation template
- with consistent analytical rigor
- within the framework of comprehensive ten-year rolling Long-Term Capital Investment Plan

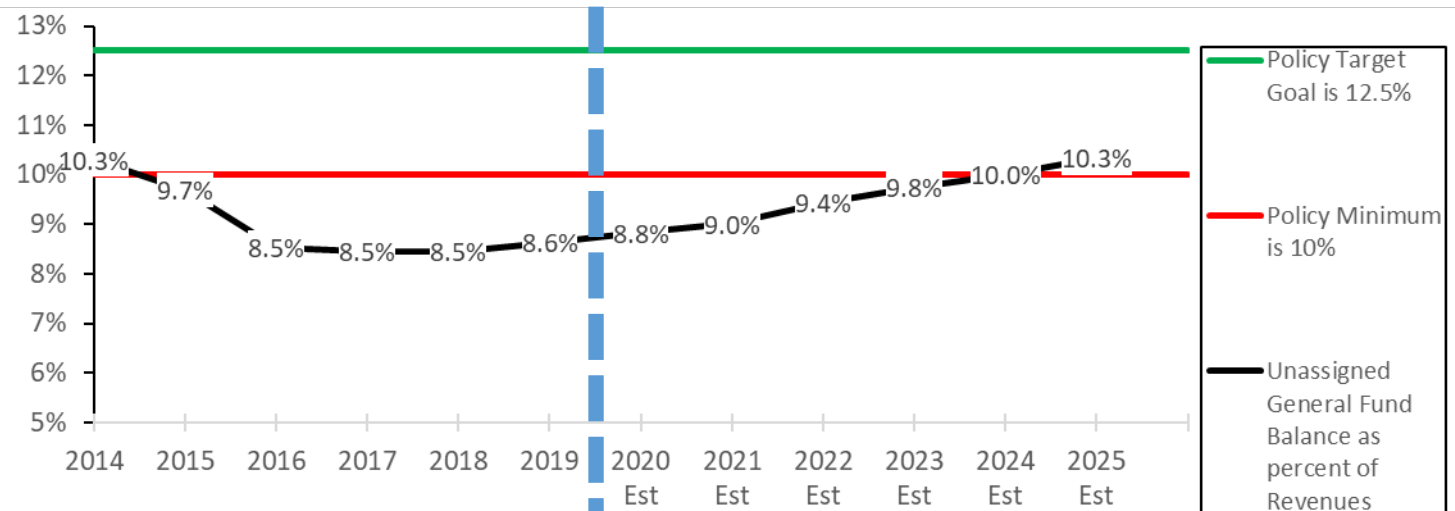
# Part B: TM's role in Improved Financial Decision Making

## Adherence to financial policies: reserves

Are “rainy day” reserve funds being maintained in adherence to the Town’s policy?

“Recommit to maintaining or exceeding, except for periods of extraordinary circumstances, *minimum reserve levels* established in the 2011 Fiscal Policy Review Committee Final Report; to restore funding as soon as possible to meet those thresholds; to add to present Stabilization Fund policies a minimum requirement; and to implement a new policy to increase overall fund balances to a target of 15 percent of Revenues within four years. (AA:  $30\% \geq n > 15\%$ ).” - BFAC Recommendation 13

Note: This graph depicts projections that pre-date COVID-19, when \$2 million was planned to bolster reserves. This and other near term contributions are likely to be less than planned.



This presentation highlights BFAC recommendations most relevant to TM, and organizes them into four categories:

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 Part C: TM's role in Expanding Revenues

Part D: Training TMMs to more knowledgeably fulfill duties

## Part C: TM's role in Expanding Revenues

Brookline has five ways to increase revenues beyond 2.5% per year.

Two are **not** directly dependent upon Town Meeting:

1. Raise fees (e.g., parking, trash collection)
2. Increase Payments in Lieu of Taxes (PILOTs) for tax-exempt property owners

Town Meeting support is required for approval of:

3. Annual budgets that may be contingent on voter-approval of an **operating override**, which increase taxes (beyond 2.5%) on existing commercial and residential property
4. Bond authorizations associated with **debt exclusions** that temporarily (for 20-30 years) increase taxes

One way **is** directly dependent upon Town Meeting's **zoning authority**:

5. Foster new economic development of commercial and residential property

## Part C: TM's role in Expanding Revenues

### Foster new economic development of commercial and residential property

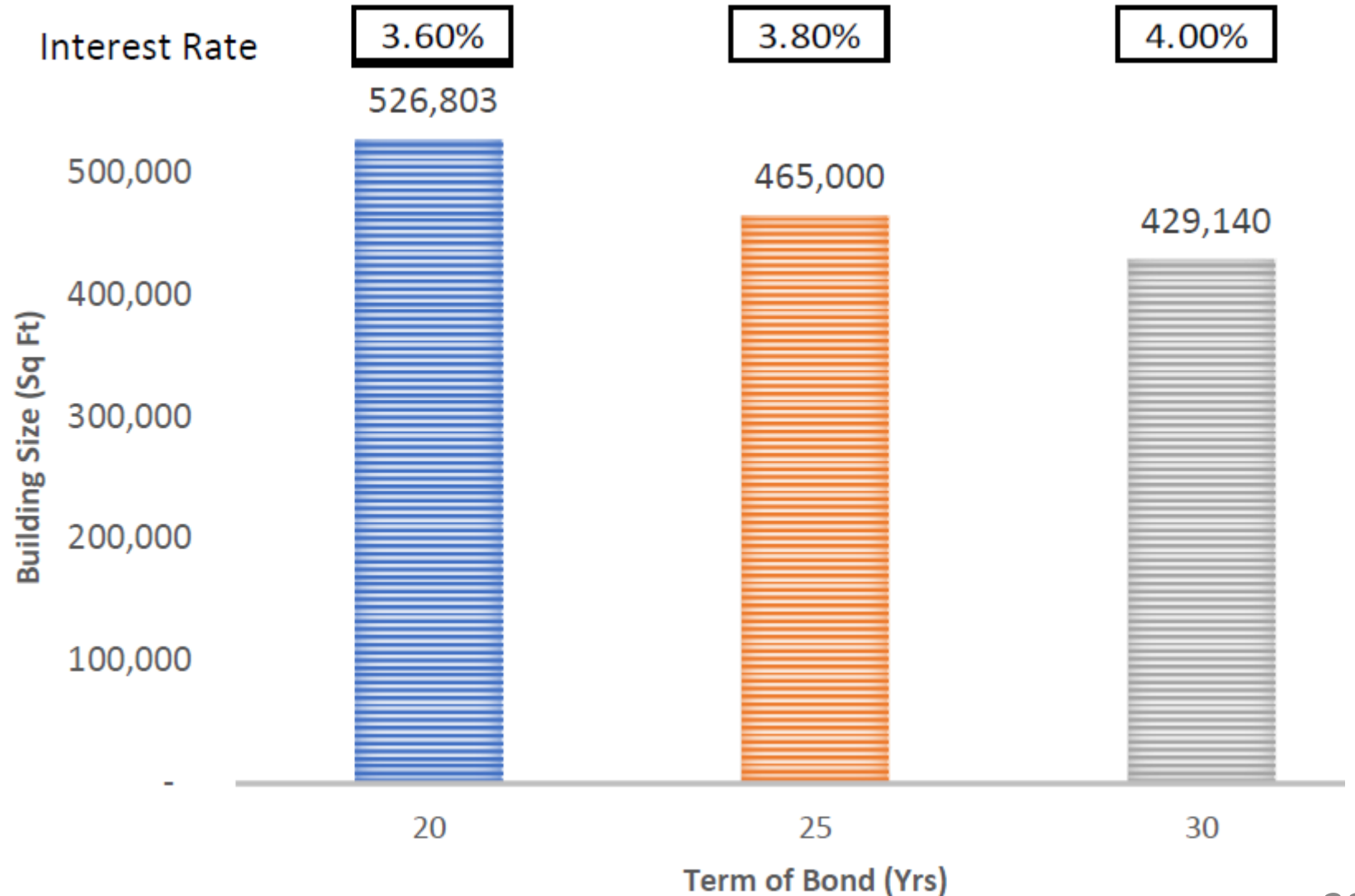
One of S&P's "Top 10 Management Characteristics of Highly Rated State and Local Borrowers" is to have "a well-defined and coordinated economic development strategy"

**"Aggressively pursue new economic development** to increase the vibrancy of the town's economy, generate new property tax revenues, minimize the burden on residential taxpayers, and expand payment in lieu of taxes (PILOT) revenues. To this end, **enact zoning changes** to incentivize new development and encourage increased density in designated areas. A **significant commitment to strategic planning and public education** will be necessary to achieve this goal." - BFAC Recommendation 12

# Framing Our Choices: New Economic Development = New School: Appendix G

Approximately 465,000 square feet of new real estate development would generate \$6.3 m new tax revenues, sufficient to pay the debt service of a \$100 million school construction project funded by a 25-year bond at a 3.8% interest rate.

Note: Waldo-Durgin will yield \$3.4 m in annual new tax revenues



## Part C: TM's role in Expanding Revenues

Town Meeting should be guided by a realistic, well-communicated plan for periodic operating overrides based upon a long term forecast

**“Develop a strategy to plan for periodic operating overrides...to meet the community’s expectations of more and better services from the Town and Schools while addressing concerns that would accompany growing the tax base exclusively via accelerated economic development.**

To mitigate the dilutive impact of operating overrides’ impact on reserve ratios, **require operating override requests to be ‘grossed-up’** to provide sufficient additional funds **to maintain reserves at targeted ratios** and to recognize the additional financial risk associated with the newly approved greater financial obligations...”

- BFAC Recommendation 15

Such a plan will be an outcome of the stronger integrated financial planning and coordination BFAC is encouraging among the Town and PSB.



## Part C: TM's role in Expanding Revenues

One of S&P's "Top 10 Management Characteristics of Highly Rated State and Local Borrowers" is to have a **formal debt management policy** in place to evaluate future debt profile

"Establish a maximum debt policy based on the ratio of Direct Debt to Operating Revenue to not exceed the requirement for the A level credit rating and a formal goal of achieving a Net Direct Debt to Revenue ratio at the AA level credit rating.

In addition, commit to full disclosure of existing, proposed, and planned borrowings when asking voters to approve new debt exclusions.

Finally, commit to the continual evaluation of alternative debt structures so as to balance cost, fairness, and the maximization of borrowing flexibility."

- BFAC Recommendation 14

# Part C: TM's role in Expanding Revenues

## An Overview of Brookline's Debt Capacity

Chart 4: Debt and Debt Service Values

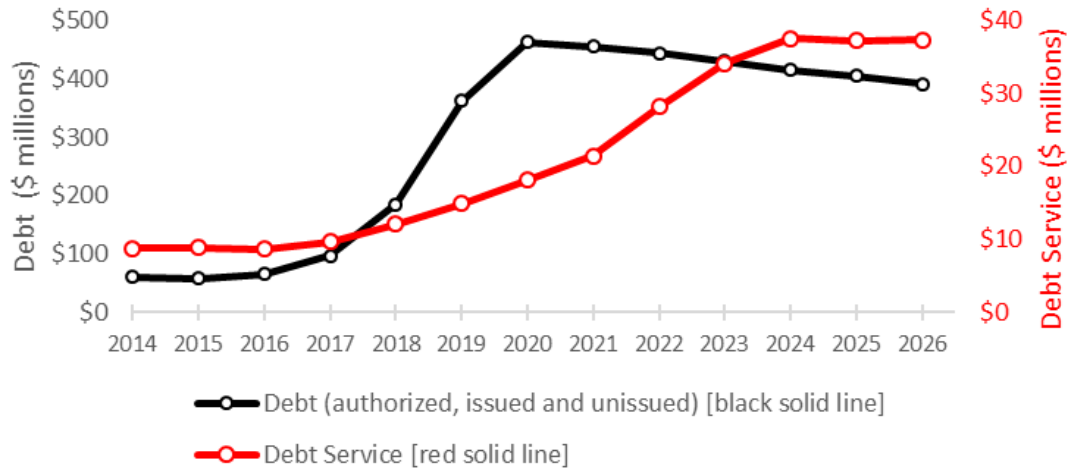
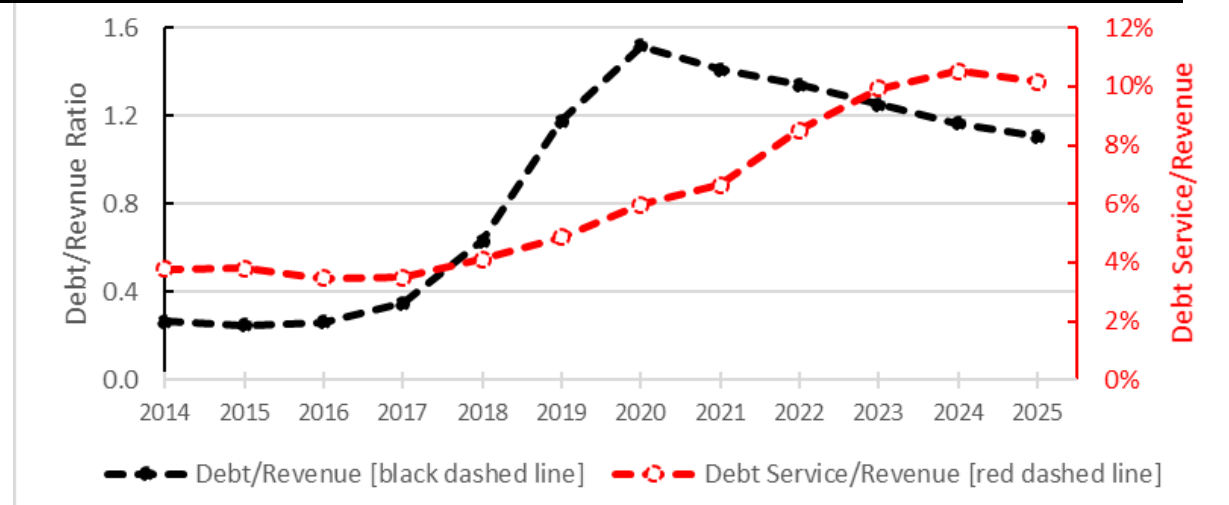
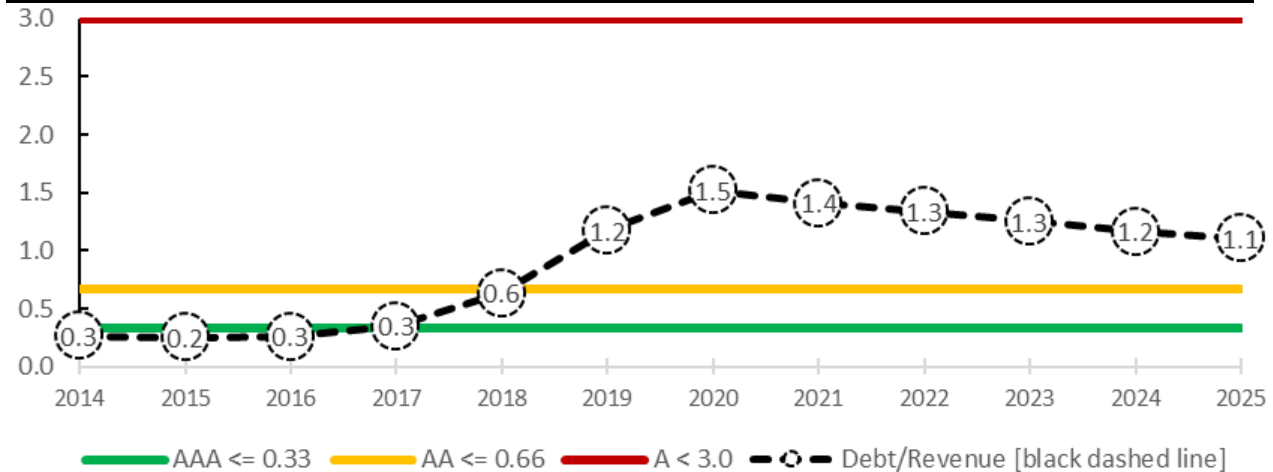


Chart 2: Debt/Revenue and Debt Service/Revenue



Note: Numbers through FY19 are based on audited financials. Numbers for FY20 and beyond are based on the *FY 2021–FY2025 Long Range Financial Plan (draft)*. Debt service increases as authorized but unissued debt gets issued. Debt service will be lower than projected if the Town finances on terms similar to those obtained in recent years. Excludes amounts for Pierce and, if constructed, a ninth school, debt required to renovate or expand the Baker School, the possible purchase of Newbury College parcels (and construction there if not for a 9th school) or additional borrowings under the CIP.

Chart 6: Debt/Revenue and Rating Thresholds



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## Part D: Training TMMs to more knowledgeably fulfill duties

BFAC recommends TMMs be periodically trained in budgeting and financial matters to enable them to more knowledgeably fulfill their duties.

“Amend Section 2.1.14 of the Town By-Laws to include the requirement that all Town Meeting Members attend at least one informational/training meeting that covers the Town budgeting process and financial matters every three years.”  
- BFAC Recommendation 18

This training is even more important given the budget pressures from COVID-19

# Looking ahead: BFAC Implementation Plan

To address BFAC's overall observation of resource deficiencies and fragmentation in the Town's and School's financial decision-making processes, the BFAC report provided a 24-month BFAC Implementation Plan, "assigning" tasks to SB, SC, AC, Town/PSB staff, TM, and other bodies.

***Town Meeting has an important role in supporting the allocation of additional resources to implement these recommendations-- budget and analytical staff, consulting expertise, and systems—as it approves budgets. This is an immediate priority.***

Town Meeting should monitor the implementation of BFAC recommendations through quarterly status updates posted on the Town website, in reports that accompany the Town Budget.

The BFAC Implementation Plan would place the Town and PSB on a path to begin operating under sustainable annual budgets, remain positioned to finance continued investment in infrastructure and facilities, and retain the Town's AAA credit rating.

# BFAC Implementation Plan (1 of 4): Appendix K

RECOMMENDATION	Rec #	Entity (assigned to)	Ultimate Responsibility	2020				2021				2022	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Maintain our AAA Bond Rating</b>													
Evaluate key programs and services on a periodic basis.	6	DTA & FD	TA										
Require an investment analysis for new initiatives as well as look-back assessments.	6.1												
Create rubrics and metrics for establishing spending and investment priorities, including the identification of funding sources.	6.2												
Pilot test zero-based budgeting (ZBB) and outcome-based budgeting (OBB).	6.3												
<b>Develop annual financial improvement plans</b>	10	DTA, FD, TA	SB										
<b>Monitor the Financial Improvement Plan Achievement</b>	11	DTA, TA	AC, SB										
Annually compare the Town's financial position to the Moody's scorecard criteria	17	FD, DTA	TA										

# BFAC Implementation Plan (2 of 4): Appendix K

RECOMMENDATION	Rec #	Entity (assigned to)	Ultimate Responsibility	2020				2021				2022		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Maintain our AAA Bond Rating (continued)</b>														
Recommit to Maintaining Minimum Rainy Day/Budget Stabilization Fund Reserves	13	DTA, FD	TA											
Restore unassigned fund balance minimum 10 percent of Revenues, with a target of 12.5% of Revenues.	13.1													
Establish a Stabilization Fund Policy of minimum annual funding equal to 0.67% of Revenue	13.2													
Replenish and maintain the stabilization fund at 50% of the new Unassigned Fund Balance target	13.3													
Establish a Total Fund Balance (total reserves) policy with floor of 12.3% of Revenues, with a goal of 15%	13.4													
Establish A Maximum Debt Policy	14													
Set policy to have Net Direct Debt (total debt level) divided by Revenue to at least the A level (0.67x < n < 3x)	14.1													
Set a goal to achieve Net Direct Debt divided by Revenue to at least the AA level (0.33x < n < 0.67x) by FY36.	14.2													
Commit to full disclosure and transparency of existing proposed and planned borrowings when asking taxpayers to approve new debt exclusions	14.3													
Enact zoning changes to incentivize new development in designated areas.	12	EDAB, PB, PS	SB, TM											

# BFAC Implementation Plan (3 of 4): Appendix K

RECOMMENDATION	Rec #	Entity (assigned to)	Ultimate Responsibility	2020				2021				2022	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Improve our Financial Decision Making</b>													
Financial Education & Outreach	18												
Consolidate Town and School Financial Planning into a Single Integrated Financial Model	16	DTA,DSUP	TA,SUP										
Create an enhanced capital planning process covering the Town and Schools.	9	FD, DTA, DSUP	TA										
"Town-School Partnership" - Revisit the Structure, including Revenue Allocation Formula	8	TA, SUP	SB, SC										
Quarterly Financial Summits – Education and Setting Performance Targets	2	TA, SUP	SB, SC										
Adopt Common Financial Policies: Town and School	1	FD, DTA, DSUP	SB, SC										
Clarify Financial responsibilities & Authority	7												
Encourage Select Board Members to lead by example in establishing improved financial decision making.	7.1												
Clarify positions of financial responsibility and authority	7.2												
Increase transparency and comprehension through the professional revision of 1) documentation for budget policies and procedures; and 2) format and content of financial reports.	7.3												
Change the Town's Independent Audit and Accounting Firm Every 10 Years	5	FD, AUDIT	SB										



# BFAC Implementation Plan (4 of 4): Appendix K

RECOMMENDATION	Rec #	Entity (assigned to)	Ultimate Responsibility	2020				2021				2022		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Recognize We are Pushing the Capabilities of the Town's Current Governance Model</b>														
Reform the Warrant Article Development and Review Process	3	AC, DTA	SB, TM											
Change the Structure, Scope and Composition of the Town's Advisory Committee	4	CTOS, AC	SB, TM											
Develop a Strategy to Plan for Periodic Tax Operating and Capital Overrides	15	AC, TA, SC, SUP	SB											
Any tax should be designed to allow for the broadest range of uses possible	15.1													
Voters must be provided more information when presented with future override and debt exclusion ballot questions	15.2													
As the Town develops plans, it must provide its taxpayers with the information that allows them to evaluate those plans and their costs on a basis entirely different from the current piecemeal approach	15.3													
Enact a policy to include in operating override requests the additional amounts necessary to maintain reserves	15.4													

# Appendix: Other BFAC recommendations

**Recommendation 1.** The Select Board and School Committee should have their administrations adopt common financial policies, to the extent possible, and create and institute performance management metrics to allow for better evaluation of budgetary decisions and lessen the influence of anecdotal statements and special interests in financial decisions.

**Recommendation 2.** The Select Board, School Committee, and Advisory Committee should adopt a financial review and budget process requiring periodic summits among the Select Board, the School Committee, and the Advisory Committee.

**Recommendation 5.** Change the Town's independent audit and accounting firm at least every ten years. Rotate the lead partner assigned to the Town every five years. The next audit firm Brookline appoints should complete the annual audit of the fiscal year-end financial statements and conduct a sufficiently inquisitive review of the Town and School's internal controls.

*Note: These recommendations are described and explained in more detail in the BFAC Final Report*

# Appendix: Other BFAC recommendations

**Recommendation 7.** Establish the practice of designating three individual Select Board members as having primary responsibility for a) financial affairs of the Town, b) capital investment plans and activities, and c) economic development activities inclusive of long-range planning and zoning reform, with each Select Board member to monitor, evaluate, and supervise the work of staff with regard to the relevant affairs of the Town. In addition, establish policies and review responsibilities and authorities to have Select Board members lead by example in the area of financial discipline and to clarify and consider strengthening the role of the Town Administrator. Finally, implement a staff-based financial and capital management structure mirroring the Town's organization with appropriate oversight assigned to School Committee members and subcommittees.

- **Recommendation 7.2.** Clarify positions of financial responsibility and authority. Clarify and strengthen the lines of financial authority. Consider strengthening the role of the Town Administrator and the Select Board's leadership on financial matters. Individual Select Board members should be designated with ultimate responsibility for (1) the financial operations of the Town, (2) for the Town's Capital Investment plans and activities, and (3) the Town's Economic Development Activity inclusive of long-range planning and zoning reform.
- **Recommendation 7.3.** Increase transparency and comprehension through the professional revision of 1) the documentation for budget policies and procedures; and 2) the format and content of financial reports.

*Note: These recommendations are described and explained in more detail in the BFAC Final Report*

# Appendix: Other BFAC recommendations

**Recommendation 8.** Revisit the structure, including the revenue allocation formula, of the Town-School Partnership to ensure that it is better understood and that it best meets the needs of the Town and Schools in a dynamic manner.

**Recommendation 9.** Create an enhanced capital planning process covering the Town and Schools, including regular periodic evaluation of town-owned assets.

**Recommendation 10.** “Develop annual Financial Improvement Plans (FIPs) to pursue high-impact opportunities to increase revenues (e.g., PILOT program, AirBnB fees, building utilization) and better manage costs (e.g., special education medical expenses, building maintenance, new school construction standards, playground and fields).”

**Recommendation 11.** “Annually assess and publicly report the extent to which any projected cost reductions or revenue increases in the Financial Improvement Plans, actually materialize and why any shortfalls arise. Seek outside independent expertise to (a) assist, as needed, in the evaluation and refinement of Financial Improvement Plans, and (b) to provide independent monitoring of the Town’s and School’s compliance with Financial Improvement Plans and the BFAC Implementation Plan.”

*Note: These recommendations are described and explained in more detail in the BFAC Final Report*

# Appendix: Other BFAC recommendations

**Recommendation 15.1.** Any tax should be designed to allow for the broadest range of uses possible. The Town should avoid taxes that are designed as single-purpose levies.

**Recommendation 15.2.** Voters must be provided more information when presented with future override and debt exclusion ballot questions, including how the ballot question would affect their individual tax bills and the Town's finances bearing in mind all authorized borrowings.

**Recommendation 15.3.** As the Town develops plans, it must provide its taxpayers with the information that allows them to evaluate those plans and their costs on a basis entirely different from the piecemeal approach that is the current norm. Discussion of costs, benefits, trade-offs, and alternatives is a necessary component that should be provided to taxpayers when asking them to make decisions.

**Recommendation 15.4.** Because operating overrides are dilutive to reserve ratios without additional funding, enact a policy to include in operating override requests the additional amounts necessary to maintain reserves at targeted ratios (the "gross-up"). In addition, until such time as Reserve Fund balances conform with policy guidelines, consideration should be given to including a "reserve restoration" contribution to proposed operating overrides.

**Recommendation 16.** Consolidate Town and School financial planning into a single integrated financial model that reflects fully allocated costs between the Town and PSB for use in all Town and School budgeting, investment, and forecasting decisions.

*Note: These recommendations are described and explained in more detail in the BFAC Final Report*

# Questions and Resources

## What questions do you have?

## Resources

BFAC charge and final report:

<https://www.brooklinema.gov/1516/Brookline-Fiscal-Advisory-Committee>

S&P's Top 10 Management Characteristics of Highly Rated State and Local Borrowers

<https://www.brooklinema.gov/DocumentCenter/View/19116/SP-The-Top-10-Management-Characteristics-Of-Highly-Rated-State-And-Local-Borrowers>