

Town of Swampscott
Financial Forecast Fiscal Years
2017 – 2021

Tom Younger
Town Administrator
December 20, 2015

Budget Pressures

- Any Economic Recovery Underway is Not Yet Providing Relief for the Town's Budget;
- The Chronic State Budget Crisis Continues to Impact Chapter 70 Revenues;
- The Town is Controlling Discretionary Spending, However some Non-Discretionary Spending, Like Health Insurance and Pension Costs, Continue to Rise Beyond Inflation;
- Creating a Viable Long-Term Capital Plan with Funds Available;
- Plan for Funding OPEB (GASB 45) Prior to Being Mandated;
- We Must Continue the Commitment to Increase our Reserves to "Best Practice" Levels or We will Jeopardize the Town's Bond Rating and Cost of Capital.

Five Year Financial Forecast

Pro Forma Assumptions - General Fund Revenues

- State Aid is Projected to be Level in FY2017 With a 2% Increase in FY2018 Through FY2021;
- Tax Levy and Levy Limit will Grow Approximately by 2.5% Through FY2021;
- Charges, Licenses, Fees and Miscellaneous Revenue Increased in FY2015 and FY2016 due to some major projects in town. These Fees are projected to Decrease and be around \$165,000 in FY2017;
- Reduce the Use of Free Cash to only pay for one-time costs. Additional Amounts May Need to be Used to Fund the Town's Rainy Day Fund;
- Nahant Tuition Amount for FY2017 is \$1,380,965;
- Other Sources of Revenue Include: Enterprise Fund Indirects (\$820,000).

Five Year Financial Forecast

Pro Forma Assumptions - General Fund Expenses

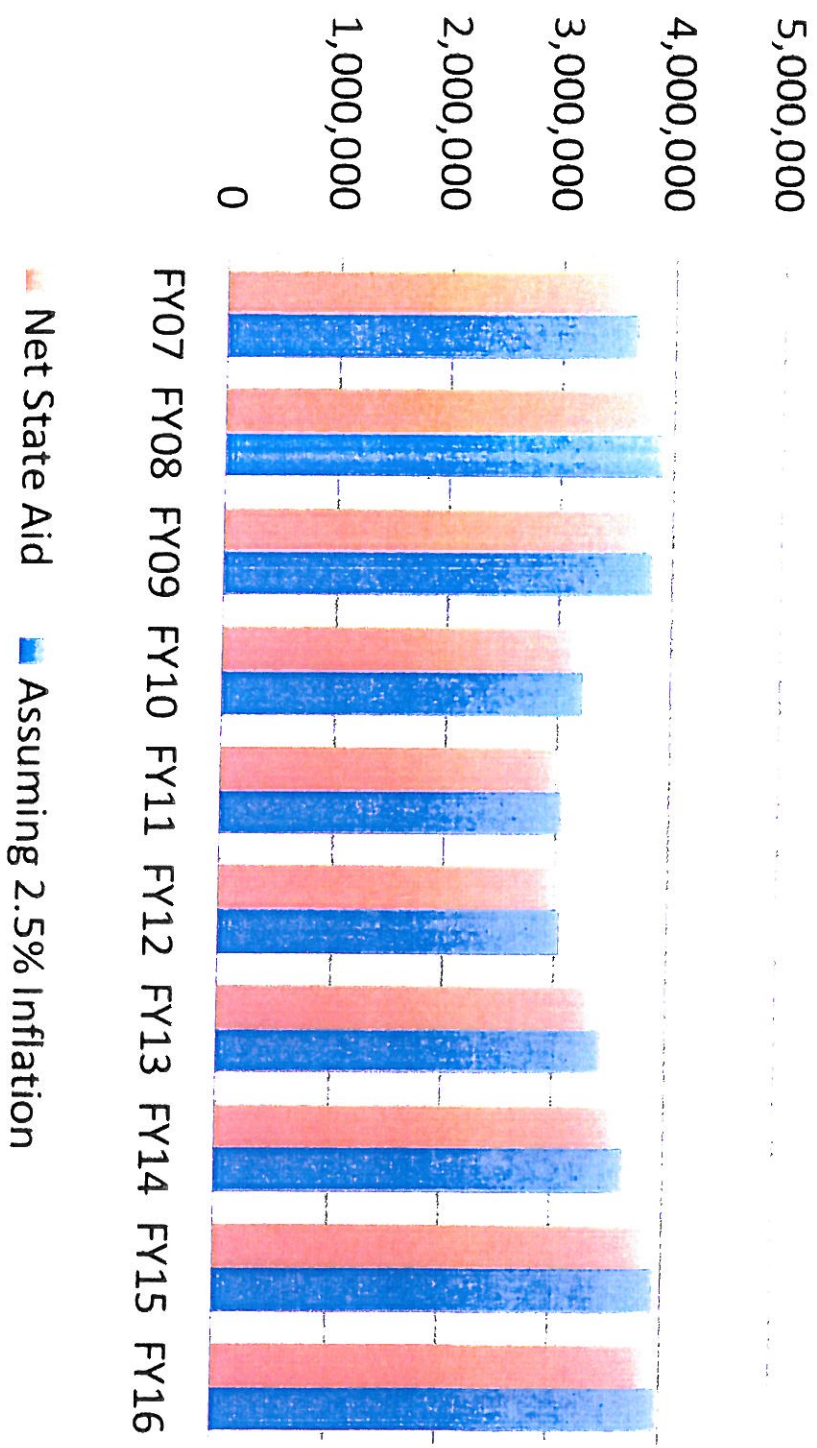
- Salaries and Operating Expenses (Including Schools) Projected to Increase 2.5% for FY2017 through FY2021;
- Health Insurance Costs Projected to Increase by 5% in FY2017 and 8% through FY2021; Based on the Presumed Cost to Implement the Affordable Health Care Bill Adopted by Congress in 2010;
- Due to the Funding Schedule Adopted by the Retirement Board, the Retirement Appropriation is Expected to Increase by 5% in FY2017 and 5% Each Year Thereafter;
- State and County Charges and Cherry Sheet Offsets are Expected to Increase 2% Each Fiscal Year;
- Debt Service Based Upon Current and Future Capital Improvement Programs;

Five Year Financial Forecast

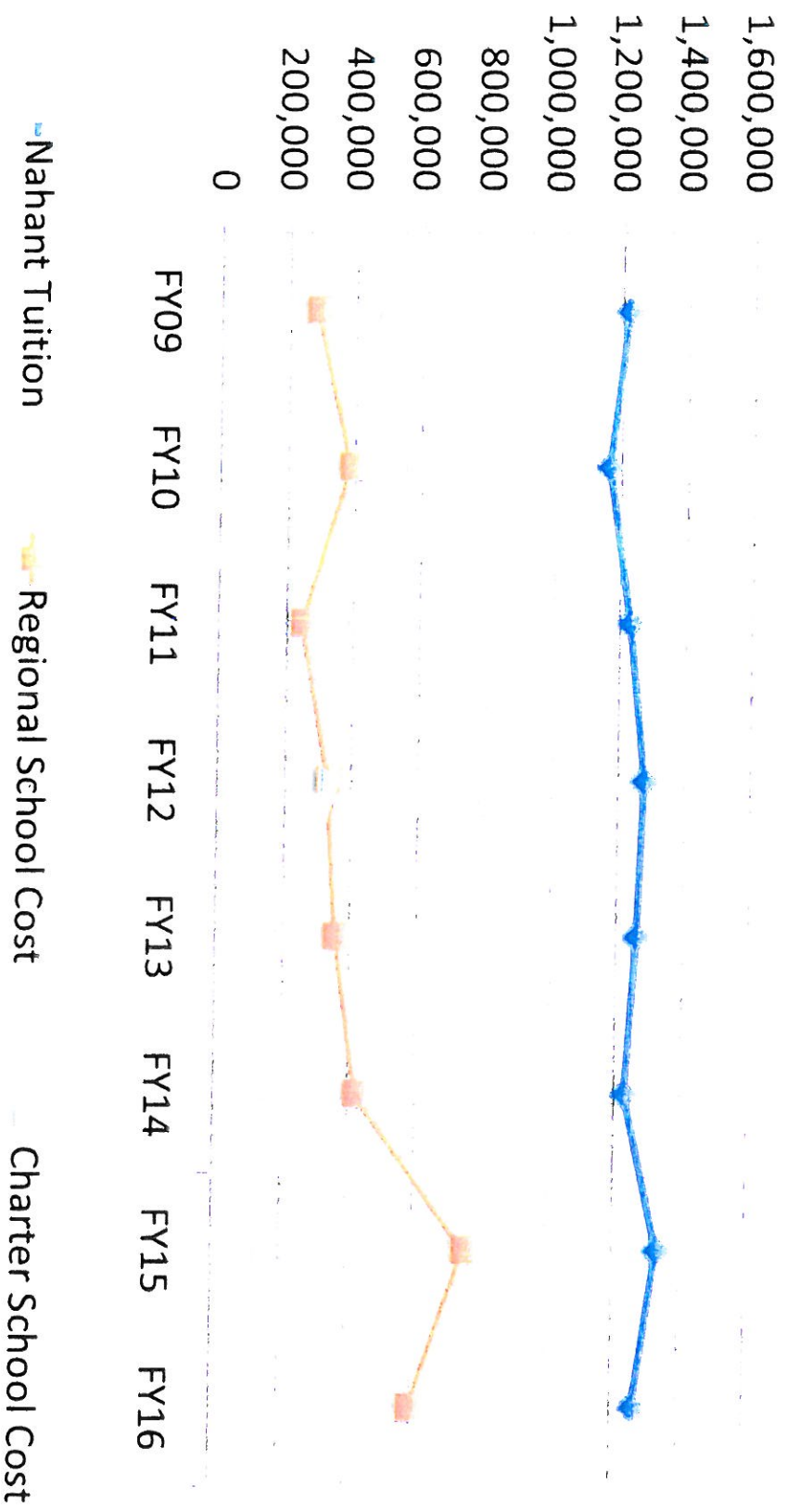
Revenue and Expenditure Summary General Fund

	FY16-TM Adopt	FY17-EST	FY18-EST	FY19-EST	FY20-EST	FY21-EST
REVENUES						
Property Taxes	44,134,436	45,962,054	47,521,105	49,119,133	50,654,611	52,228,476
New Growth	700,266	400,000	400,000	300,000	300,000	300,000
Debt Exclusion	2,734,202	2,663,334	2,615,682	2,541,235	2,476,023	2,400,835
Total Tax Revenue	\$ 47,568,904	\$ 49,025,388	\$ 50,536,787	\$ 51,960,368	\$ 53,430,634	\$ 54,929,311
Local Receipts-	4,613,270	3,750,000	3,775,000	3,800,000	3,825,000	3,850,000
State Aid	4,491,836	4,491,836	4,581,673	4,673,306	4,766,772	4,862,108
Free Cash *	300,000	300,000	300,000	300,000	300,000	300,000
Other Available Funds	820,000	820,000	820,000	820,000	820,000	820,000
TOTAL REVENUE	\$ 57,794,010	\$ 58,387,224	\$ 60,013,460	\$ 61,553,674	\$ 63,142,406	\$ 64,761,419
EXPENSES						
Base Operating Expense*	\$ 41,848,267	\$ 42,894,474	\$ 43,966,836	\$ 45,066,006	\$ 46,192,657	\$ 47,347,473
Group Health	5,000,000	5,250,000	5,670,000	6,123,600	6,613,488	7,142,567
Other Personnel Benefits	4,904,312	5,051,441	5,304,013	5,569,214	5,847,675	6,140,059
Debt Service - CIP	4,508,217	4,226,939	4,107,670	3,856,489	3,448,560	3,216,700
Sewer Debt	-	-	-	-	-	-
Non-Appropriated Exp.	883,474	901,143	919,166	937,550	956,301	975,427
TOTAL EXPENSES	\$ 57,144,270	\$ 58,323,998	\$ 59,967,685	\$ 61,552,859	\$ 63,058,680	\$ 64,822,225
SURPLUS (DEFICIT)-	\$ 649,740	\$ 63,226	\$ 45,774	\$ 815	\$ 83,726	(60,806)

Net State Aid Comparison FY2007-FY2016

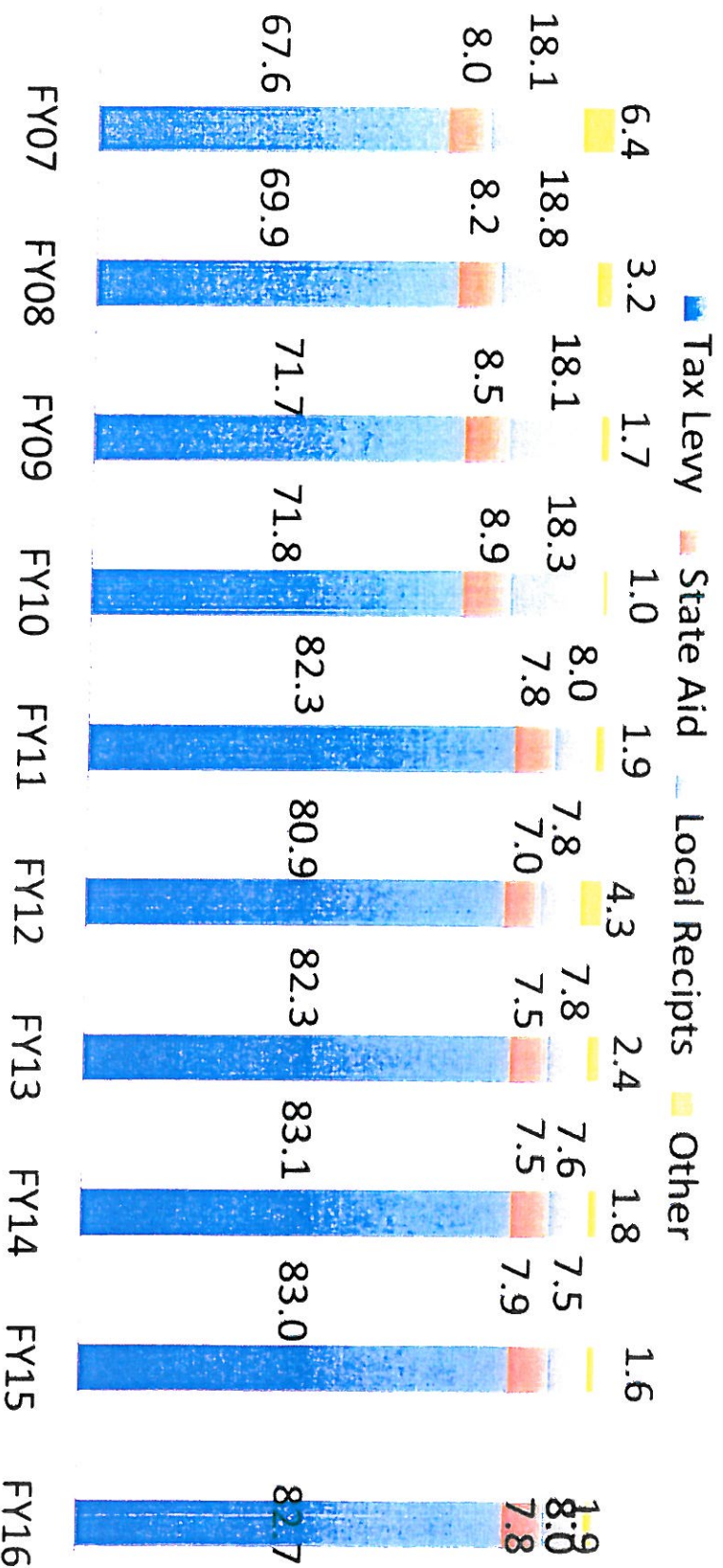


Changing Enrollment Analysis



Revenue Allocation by Percentage

FY 2005 – FY 2015



Potential Budget Impacts

- Possibility of State Aid Increasing;
- Increase Ch. 70 Funding to the 17% Level or more;
- Health Insurance Increase is Less than Projected;
- Control Insurance Claims- Property & Casualty and Worker's Comp;
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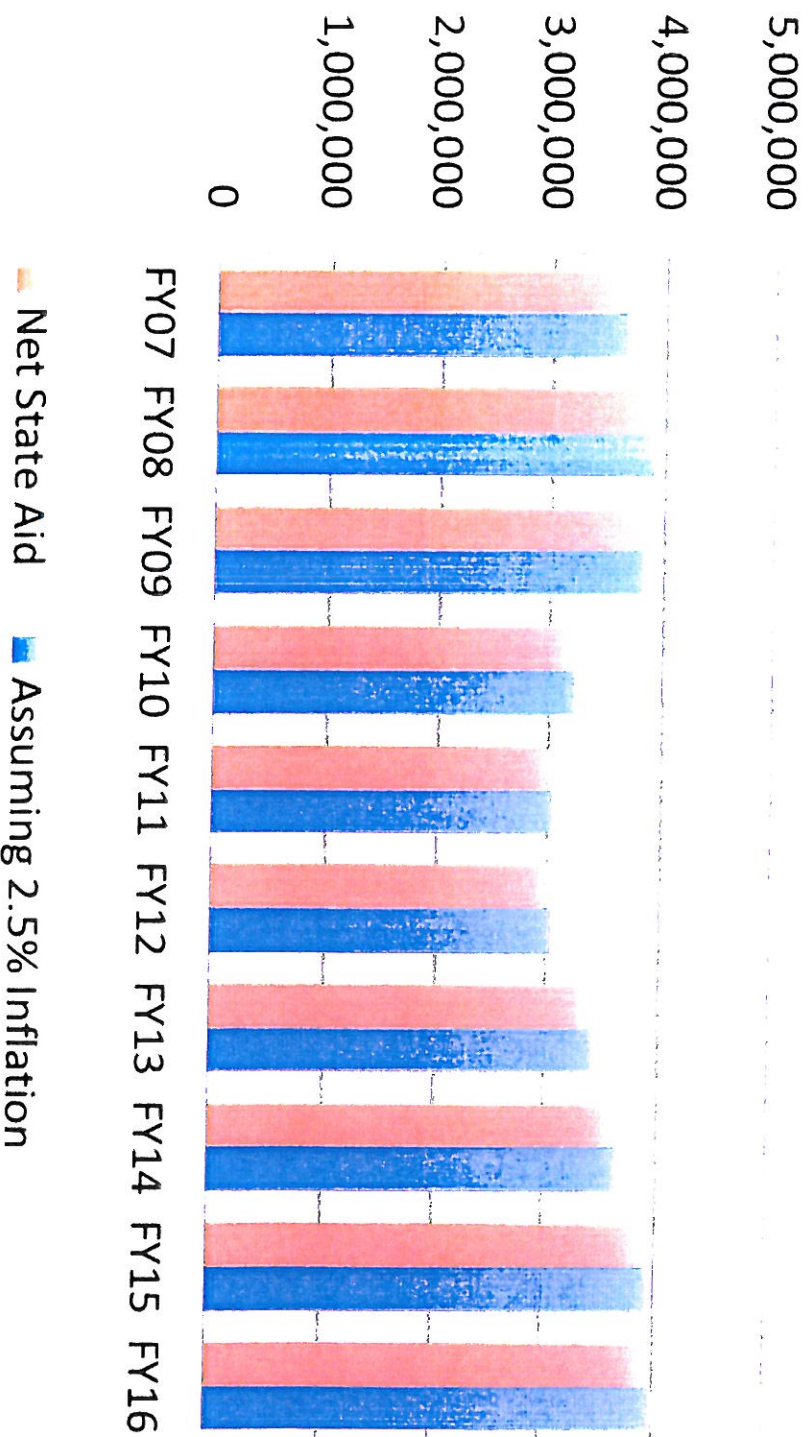
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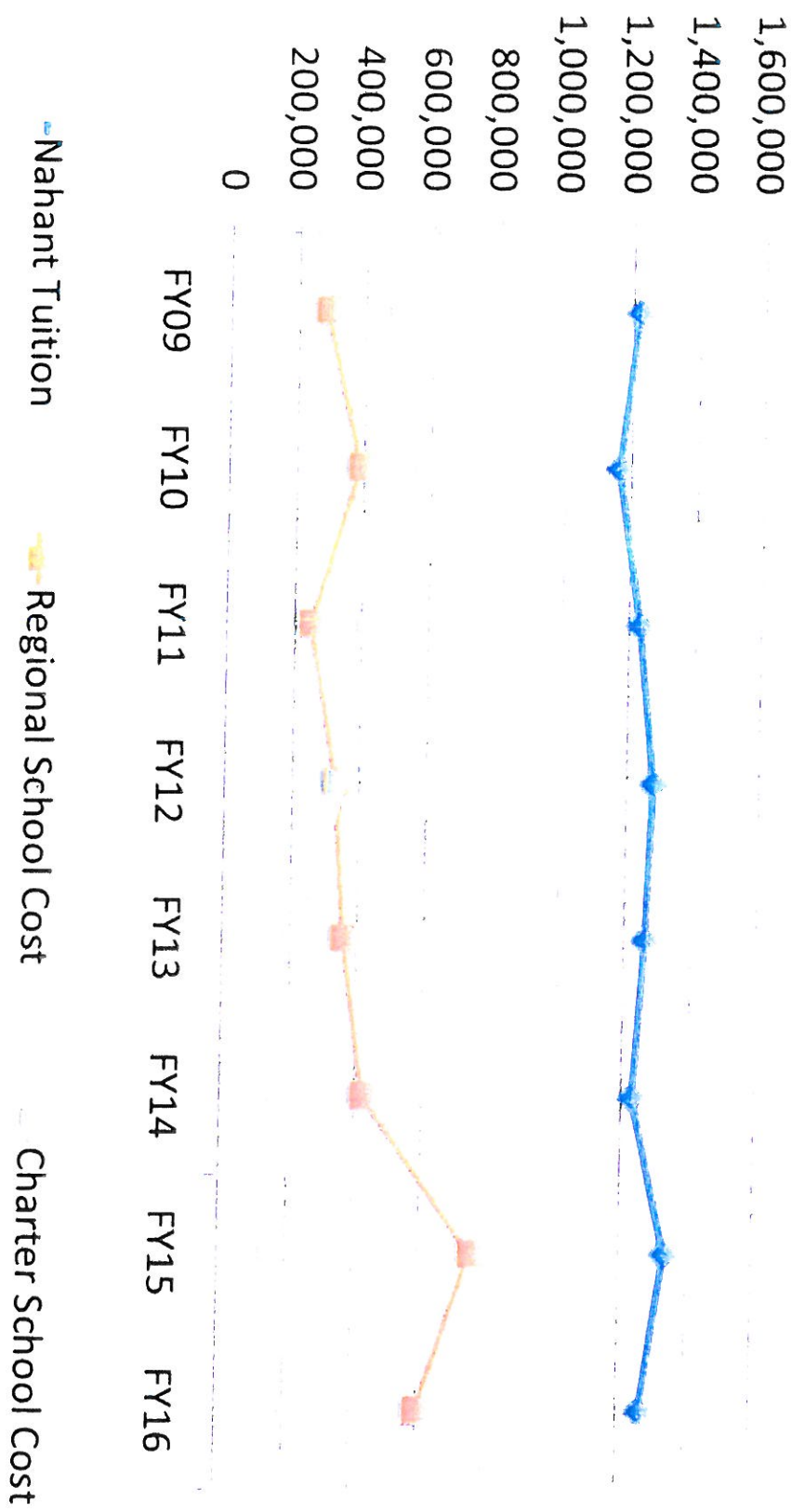
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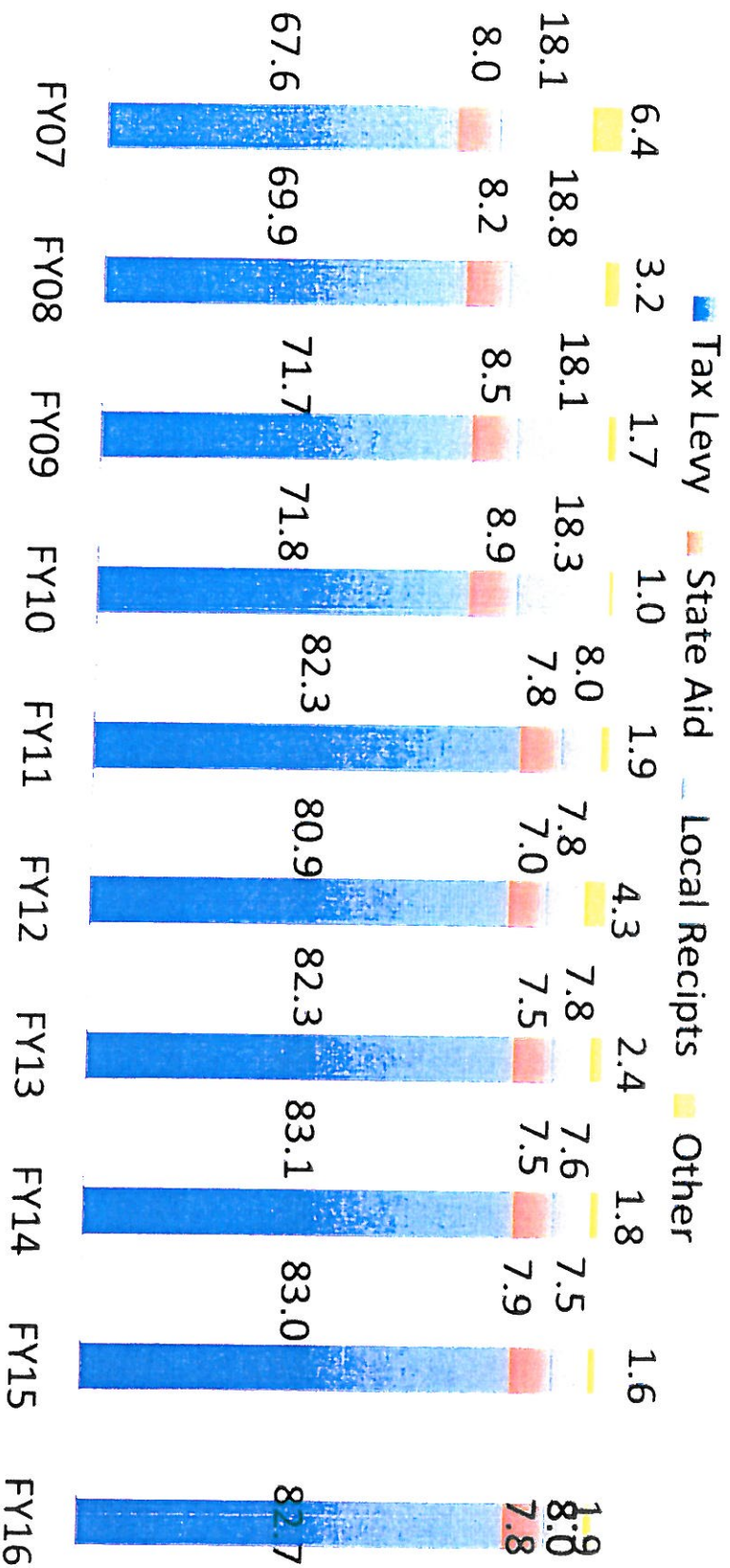


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