

Town of Swampscott
Financial Forecast Fiscal Years
2016 – 2020

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Town Administrator
November 17, 2014



Budget Pressures

- Any Economic Recovery Underway is Not Yet Providing Relief for the Town's Budget;
- Announcement of a State Budget Shortfall of \$325M with Possible 9c cuts coming this week;
- 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 FY2016 With a 2% Increase in FY2017 Through FY2020;
- Tax Levy and Levy Limit will Grow Approximately by 3% Through FY2020 except for FY2016 due to the Impact of the Hanover Project and New Growth;
- Charges, Licenses, Fees and Miscellaneous Revenue Increased in FY2014 and FY2015 due to some major projects in town. These Fees are projected to Decrease and be around \$165,000 in FY2016;
- 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 FY2016 is Conservatively Estimated at \$1,134,724;
- 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 3.5% for FY2016 through FY2020;
- Health Insurance Costs Projected to Increase by 5% in FY2016 and Increase By 8% Annually through FY2020; 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 FY2016 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;

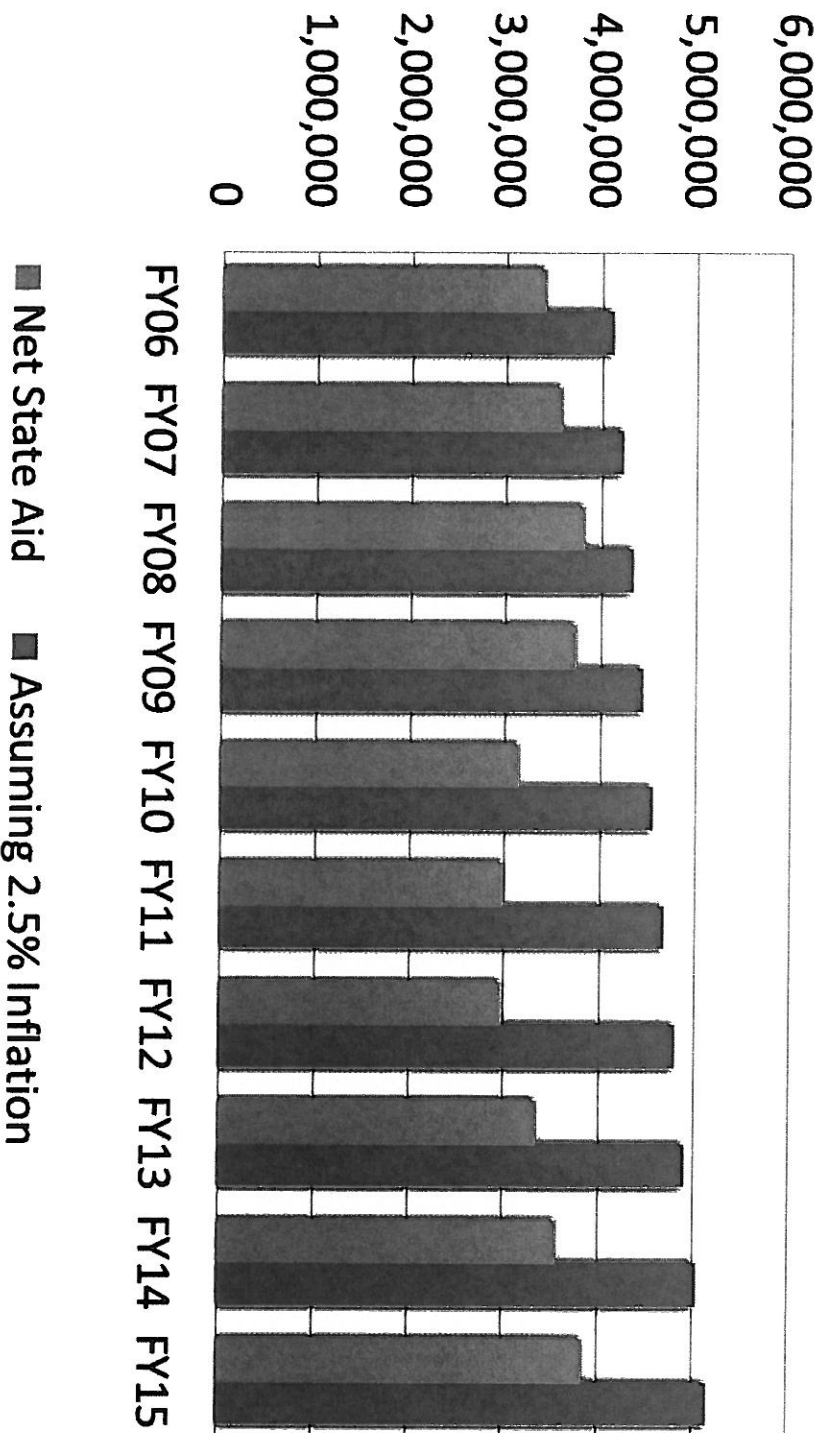


Five Year Financial Forecast

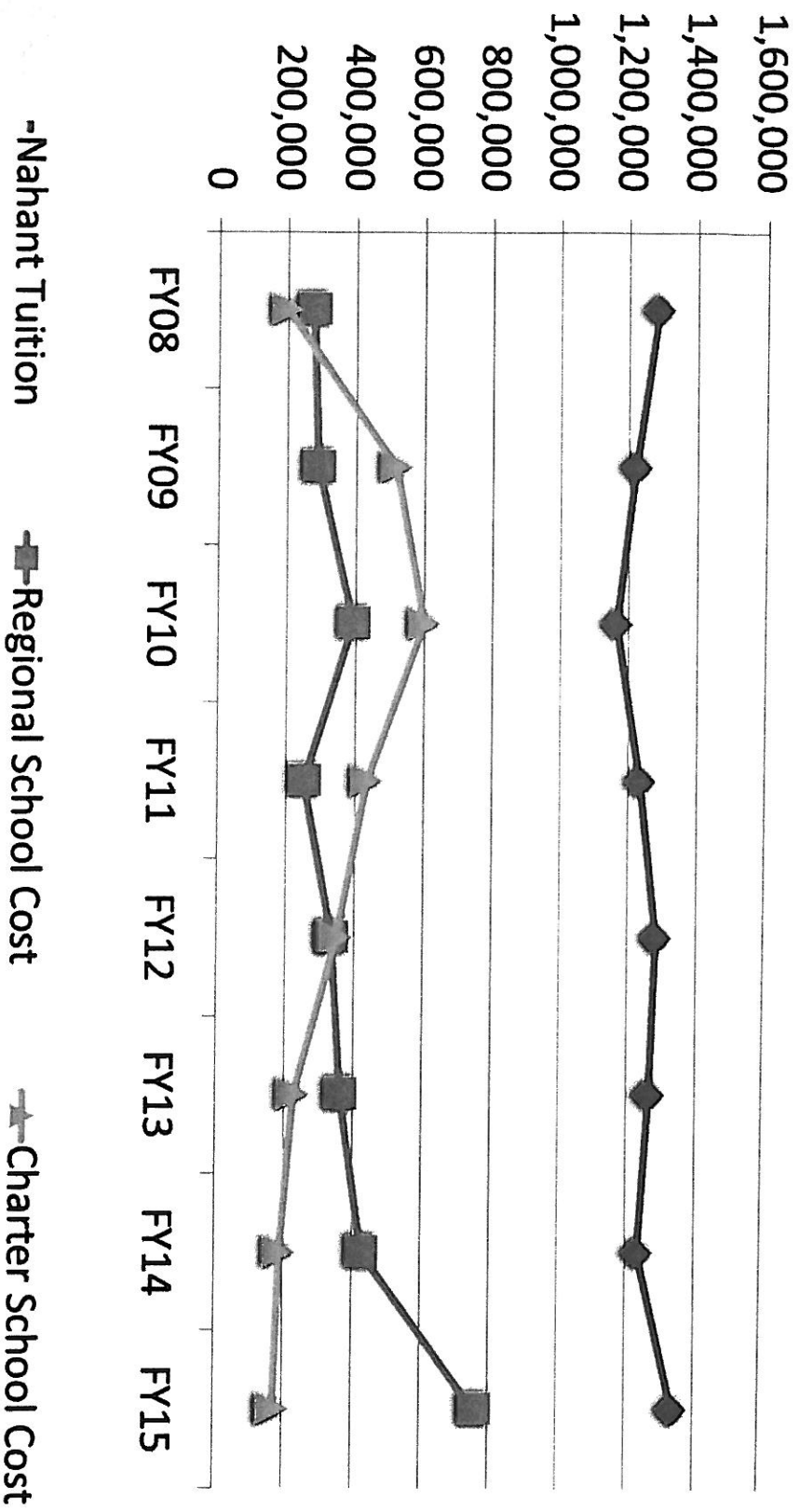
Revenue and Expenditure Summary General Fund

REVENUES	FY15-TM Adopt	FY16-EST	FY17-EST	FY18-EST	FY19-EST	FY20-EST
Property Taxes	42,356,591	44,139,763	45,602,007	47,100,807	48,585,827	50,107,973
New Growth	225,000	350,000	350,000	300,000	300,000	300,000
Debt Exclusion	2,801,039	2,757,708	2,689,352	2,615,682	2,541,235	2,476,026
Total Tax Revenue	\$ 45,382,630	\$ 47,247,471	\$ 48,641,359	\$ 50,016,489	\$ 51,427,062	\$ 52,883,999
Local Receipts-	4,086,046	3,750,000	3,775,000	3,800,000	3,825,000	3,850,000
State Aid	4,370,631	4,370,631	4,458,044	4,547,204	4,638,149	4,730,912
Free Cash *	100,000	-	-	-	-	-
Other Available Funds	820,000	820,000	820,000	820,000	820,000	820,000
TOTAL REVENUE	\$ 54,759,307	\$ 56,188,102	\$ 57,694,402	\$ 59,183,693	\$ 60,710,211	\$ 62,284,910
EXPENSES						
Base Operating Expense* \$	39,573,396	\$ 40,958,465	\$ 42,392,011	\$ 43,875,732	\$ 45,411,382	\$ 47,000,780
Group Health	4,825,000	5,066,250	5,471,550	5,909,274	6,382,016	6,892,577
Other Personnel Benefits	4,675,122	4,862,127	5,105,233	5,360,495	5,628,520	5,909,946
Debt Service - CIP	4,799,815	4,419,171	4,107,670	3,856,489	3,448,560	3,216,700
Sewer Debt	-	-	-	-	-	-
Non-Appropriated Exp.	871,334	888,761	906,536	924,667	943,160	962,023
TOTAL EXPENSES	\$ 54,744,667	\$ 56,194,773	\$ 57,983,000	\$ 59,926,656	\$ 61,813,638	\$ 63,982,026
SURPLUS (DEFICIT)-	\$ 14,640	\$ (6,672)	\$ (288,598)	\$ (742,963)	\$ (1,103,427)	\$ (1,697,116)

Net State Aid Comparison FY2006-FY2015

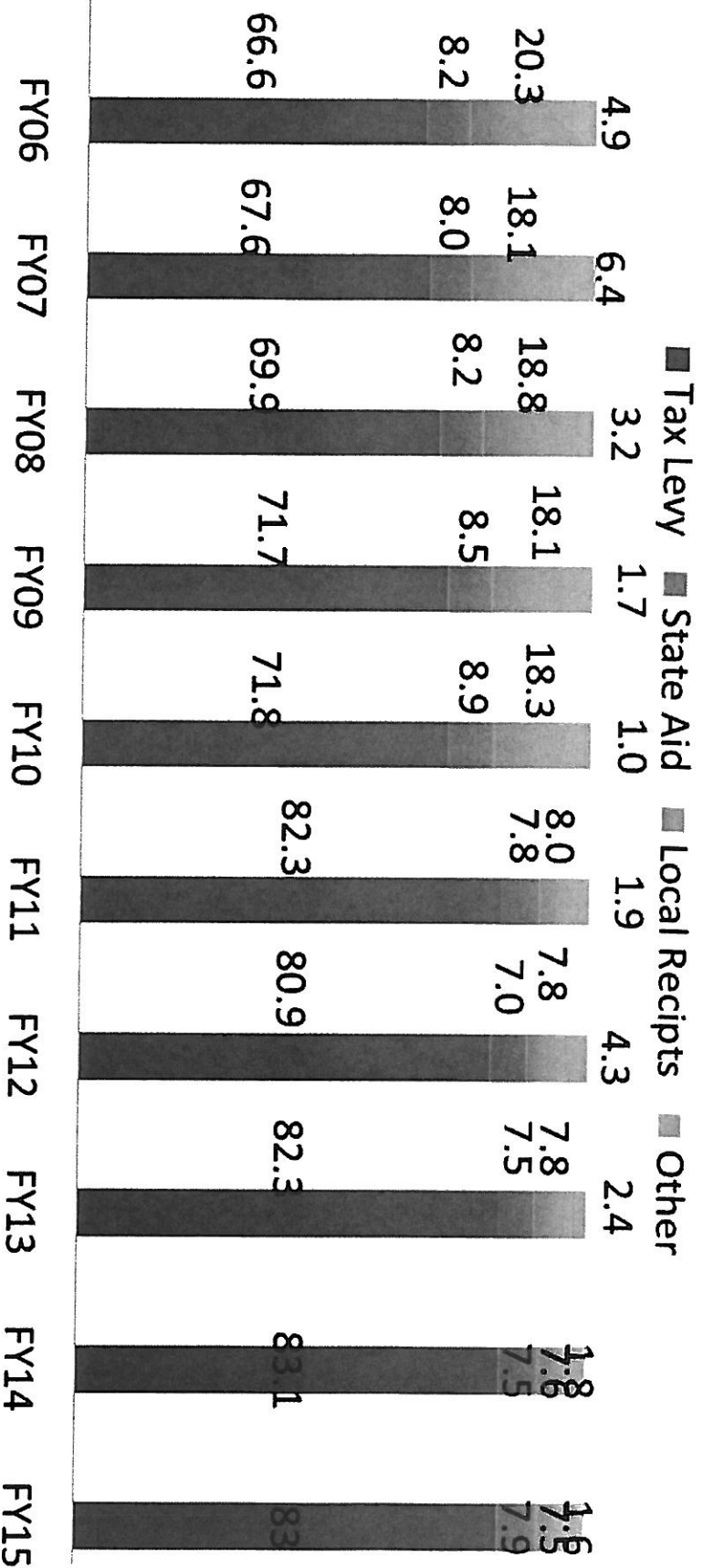


Changing Enrollment Analysis



Revenue Allocation by Percentage

FY 2005 – FY 2015



Balancing the Budget

- With a New Governor Taking Office in January there is a 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;
- Fund Building Maintenance to Proper Levels in order to Avoid Large Claims/Repairs in the out Years.

