

BREWSTER BUDGET FORECAST

FISCAL YEARS 2024-2028

Peter Lombardi, Town Administrator

Mimi Bernardo, Finance Director

Donna Kalinick, Assistant Town Administrator

Town of Brewster, Massachusetts

December 12, 2022

Agenda

- Where are we now: Recap of the FY23 Budget
- What can we afford: FY24 (and beyond) Budget Capacity
- Where do we go from here: Budget Development Guidelines
- What else is on the horizon: Financial Implications of Select Board Strategic Plan Goals

Overview of FY23 Budget

- Continued conservative state aid and local receipt projections due to uncertainty of continued pandemic impacts, supply chain issues, and concerns about future recession
- Personnel expenses included 2.75% COLA, contractual step increases, and implementations of recommendations from compensation and classification study
- Level funded Town OPEB contribution at \$300k (\$267k in General Fund)
- Appropriated \$187.5k to Capital Stabilization and \$375k to Affordable Housing Trust from \$750k in Short-Term Rental (STR) revenues
- Created new Water Quality Capital Stabilization Fund and appropriated \$112.5k of STR revenues
- Created new Special Education Stabilization Fund and appropriated \$100k of available funding due to unanticipated significant increase in Ch. 70 school funding

Overview of FY23 Budget (continued)

- Targeted staffing enhancements, including: new full-time CCSC Property Manager position, P/T Town Hall Floater, DNR Seasonal (2) Staff, P/T Town Nurse, and increased hours of ZBA Administrative support (new part-time positions are partially funded via ARPA in FY23-24)
- \$290,270 increase in Cape Cod Tech assessment, mainly due to 18 student Brewster enrollment increase
- 4.1% increase in Nauset Regional Assessment (5.74% operating budget increase)
- 2.5% increase in Brewster Elementary School operating expenses (not including health insurance and pension benefits)

FY24 Budget Forecast: Revenue Assumptions

- **New Growth**
 - \$225k in FY24+
- **State Aid (cherry sheet)**
 - Level funded for FY24
 - 2% increases in FY25+
- **Local Receipts**
 - 6% increase for FY24 & FY25 estimates based on FY19-FY22 actuals and record-high Free Cash totals in FY21 & 22
 - Approx. 4.5% increase for FY26 through FY28
- **Short-term Rental Revenues**
 - \$100k increase to \$850k in FY24 based on \$1+M FY21 & 22 actuals
 - 5% increases in FY25+
 - 50% allocated to AHT, 25% to Capital Stabilization, 15% to Water Quality Stabilization (new in FY23), and 10% to General Fund

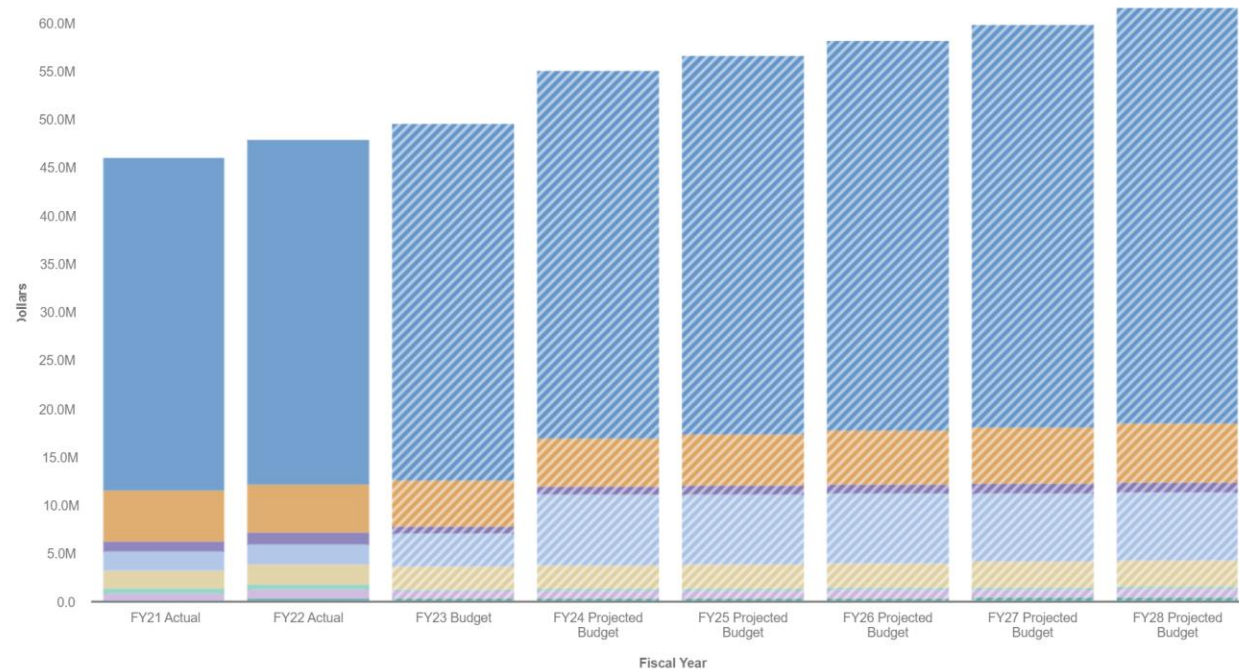
FY24 Budget Forecast: Revenue Assumptions (cont'd)

- Solar Revenues
 - \$20k in FY24+ to General Fund for Energy Manager
 - \$70+k balance to Golf Department
- New Marijuana Revenues
 - \$150,000 starting in FY25
 - Increasing \$50,000 per year FY26-FY28
- Indirects
 - Increased in FY23 (Golf & Water) to better reflect actual contributions
 - 5% increases in FY24+
- Overlay Reserves (Abatements)
 - \$250k FY24+ based on current balance and anticipated annual expenses, including expected expansion of targeted tax relief

General Fund Financial Forecast FY24-28



Visualization



Sort By Chart of Accounts

- Taxes
- Local Receipts
- Short Term Rental Revenue
- Excluded Debt (Town & School)
- State Aid
- Transfers
- Ambulance Receipts Transfers
- Golf & Water Indirects

Expand All	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Projected Budget	FY25 Projected Budget	FY26 Projected Budget	FY27 Projected Budget	FY28 Projected Budget
▶ Taxes	\$ 34,562,555	\$ 35,777,235	\$ 36,948,880	\$ 38,112,065	\$ 39,295,394	\$ 40,508,306	\$ 41,751,540	\$ 43,025,854
▶ Local Receipts	5,258,576	4,937,687	4,769,887	5,008,304	5,344,144	5,586,706	5,836,322	6,093,266
▶ Short Term Rental Revenue	1,033,274	1,229,255	750,000	850,000	892,500	937,125	983,981	1,033,180
▶ Excluded Debt (Town & School)	1,987,130	2,111,089	3,454,311	7,274,256	7,230,626	7,178,736	7,145,076	7,113,189
▶ State Aid	1,875,048	2,054,319	2,325,775	2,455,032	2,504,133	2,554,215	2,605,300	2,657,406
▶ Transfers	515,049	550,709	176,785	177,383	183,591	190,017	196,668	203,551
▶ Ambulance Receipts Transfers	700,550	945,550	821,728	823,394	852,213	882,040	912,912	944,864
▶ Golf & Water Indirects	244,993	400,002	397,923	420,000	441,000	463,050	486,203	510,513
Total	\$ 46,177,174	\$ 48,005,846	\$ 49,645,289	\$ 55,120,434	\$ 56,743,600	\$ 58,300,195	\$ 59,918,000	\$ 61,581,822

Data filtered by Revenues, General Fund and exported on December 9, 2022. Created with OpenGov

FY24 Budget Projection: Expense Assumptions

- General Expenses 2%
- Personnel 2.5% COLA in FY24-26 (2% in FY27-28), plus step increases
- Nauset Schools 3% in FY24-25 (2.5% in FY26+)
- Cape Cod Tech 2.5% in FY24-26 (2.0% in FY27+)
- Pension 11% in FY24 (10% in FY25-26 and 9% in FY27-28)
- Health Insurance 5% in FY24+

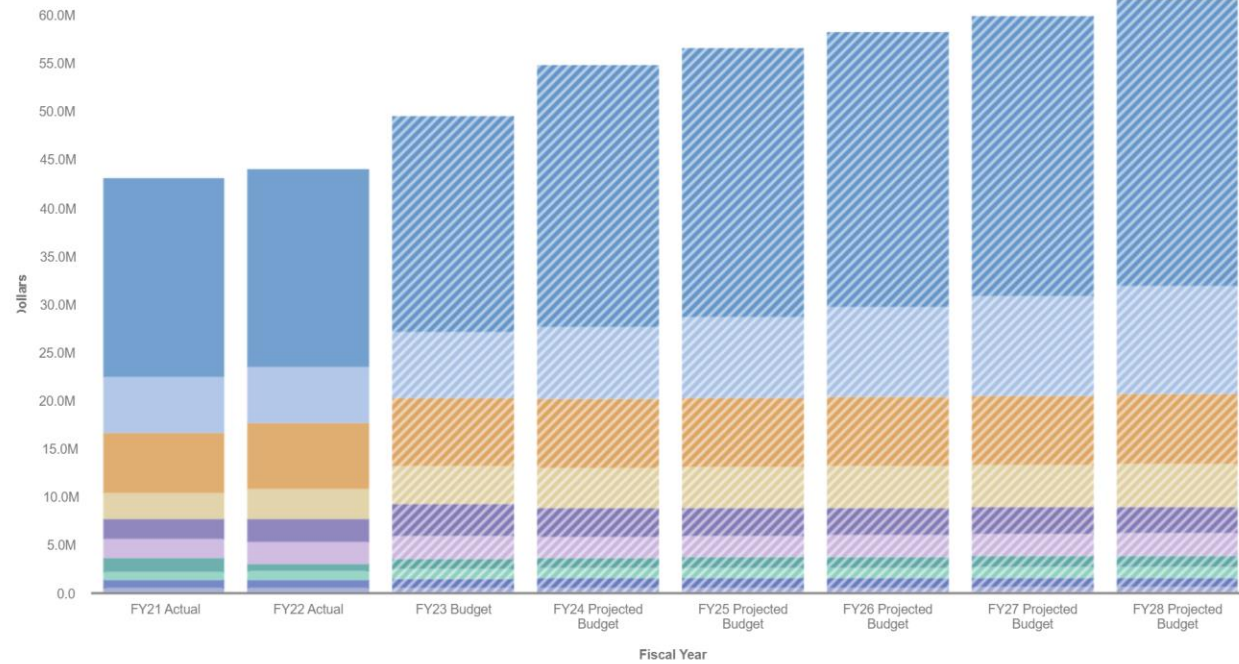
FY24 Budget Projection: Expense Assumptions (cont'd)

- OPEB \$300k (\$267k from General Fund)
- Housing Trust \$425k (50% of STR revenues)
- Capital Stabilization \$212.5k (25% of STR revenues)
- Water Quality Stabilization \$127.5k (15% of STR revenues)

General Fund Financial Forecast FY24-28



Visualization



Sort Large to Small

- Education
- Employee Benefits
- Public Safety
- General Government
- Town Debt
- Public Works
- Transfers In/Out
- Culture & Recreation
- Human Services
- Intergovernmental

Collapse All	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Projected Budget	FY25 Projected Budget	FY26 Projected Budget	FY27 Projected Budget	FY28 Projected Budget
Education	\$ 20,689,192	\$ 20,540,036	\$ 22,447,696	\$ 27,242,709	\$ 27,908,064	\$ 28,549,456	\$ 29,137,800	\$ 29,737,493
▶ Operating Budgets	20,009,668	19,685,282	21,487,225	22,126,264	22,784,334	23,418,778	23,998,240	24,592,069
▼ School Debt	417,386	585,354	688,689	4,837,868	4,838,188	4,837,998	4,839,563	4,837,927
▶ NRSD - Excl Debt (via assessment)	122,645	175,644	139,228	4,366,370	4,366,690	4,366,500	4,368,065	4,366,429
▶ CCT - Excl Debt (via assessment)	294,741	409,710	549,461	471,498	471,498	471,498	471,498	471,498
▶ Capital & Special Projects	262,138	269,400	271,782	278,577	285,541	292,680	299,997	307,497
▶ Employee Benefits	5,825,136	5,883,936	6,857,698	7,452,173	8,409,359	9,367,451	10,299,768	11,243,658
▶ Public Safety	6,231,318	6,830,039	7,034,141	7,186,442	7,210,399	7,229,324	7,248,628	7,268,318
▶ General Government	2,701,664	3,121,366	3,975,851	4,169,221	4,237,875	4,287,741	4,338,922	4,389,308
▶ Town Debt	2,086,752	2,401,101	3,321,898	2,957,021	2,905,283	2,849,583	2,805,858	2,773,308
▶ Public Works	2,042,765	2,214,839	2,359,842	2,236,954	2,257,473	2,278,416	2,299,793	2,321,612
▶ Transfers In/Out	1,422,671	742,000	1,042,000	1,032,000	1,070,250	1,110,411	1,152,582	1,196,862
▶ Culture & Recreation	849,858	926,249	1,022,465	1,090,778	1,095,648	1,100,614	1,105,681	1,110,848
▶ Human Services	782,264	829,980	927,978	964,067	970,745	977,557	984,504	991,591
▶ Intergovernmental	637,629	659,514	639,160	650,691	660,798	671,058	681,474	692,048
Total	\$ 43,269,250	\$ 44,149,060	\$ 49,628,729	\$ 54,982,057	\$ 56,725,893	\$ 58,421,611	\$ 60,055,009	\$ 61,725,045

FY24 Budget Forecast: Excluded Debt

- Sea Camps Properties - \$20M debt issuance
 - 30-year term (level debt) – starting in FY23
 - \$981,623.00 payment in FY24
- Nauset High School - \$133M debt issuance
 - Assumed: 25-year term (level debt) – starting in FY24
 - +\$4.25M in FY24- Brewster's share
 - Approx. \$450 to \$500 annual cost for the average median home (\$636,700)
- Cape Cod Tech High School - \$81M debt issuance
 - 20-year term (level principal) – started in FY20
 - FY23 payment was \$549,461.00
 - FY24 payment will be \$471,498 based on 6 student decrease

FY24 Budget Forecast Implications

- Estimated FY24 General Fund revenue totals:
\$55,120,434
- Projected FY24 General Fund operating appropriations:
\$54,982,057
- Estimated available FY24 levy capacity:
\$138,377
- Limited levy capacity in FY25+ but no looming structural deficit if FY24 budget remains consistent with projections
- FY27-28 estimates result from compound effect of conservative revenue/expense driver assumptions (ie. local receipts and 5.74% increase in Nauset Regional Budget in FY23)
 - Largely consistent with medium-term assessment from last year's forecast

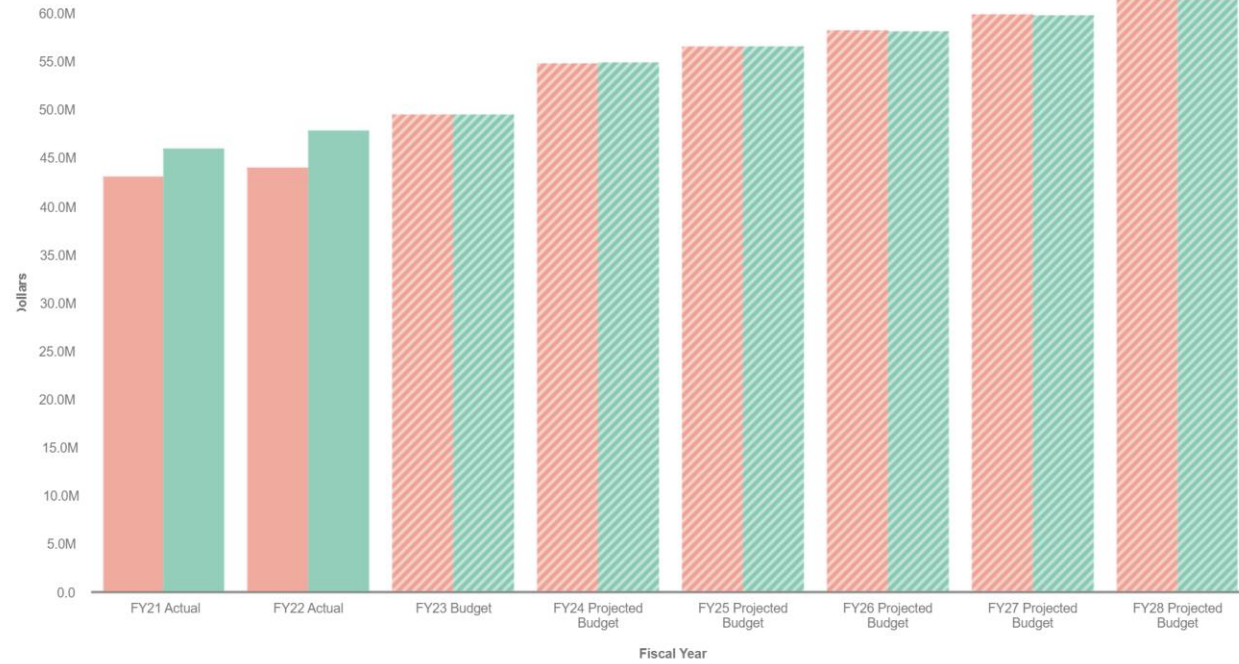
General Fund Financial Forecast FY24-28



Visualization

Sort Large to Small

- Revenues
- Expenses



Expand All	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Projected Budget	FY25 Projected Budget	FY26 Projected Budget	FY27 Projected Budget	FY28 Projected Budget
► Revenues	\$ 46,177,174	\$ 48,005,846	\$ 49,645,289	\$ 55,120,434	\$ 56,743,600	\$ 58,300,195	\$ 59,918,000	\$ 61,581,822
► Expenses	43,269,250	44,149,060	49,628,729	54,982,057	56,725,893	58,421,611	60,055,009	61,725,045
Revenues Less Expenses	\$ 2,907,924	\$ 3,856,786	\$ 16,560	\$ 138,377	\$ 17,707	\$ -121,415	\$ -137,009	\$ -143,223

Data filtered by Types, General Fund and exported on December 9, 2022. Created with OpenGov

FY24 Budget Development

Suggested operating budget guidance:

- *Target School expense increases of **3.0%***
 - Any increases above this amount will need to be funded via an operating override
- *Instruct Town Departments to deliver level services budget*
 - Department Head requests due January 6 - substantial increases require compelling rationale
 - Internal review completed by end of January
 - FY24 budget presentation on February 6 (joint meeting)
 - Department Head presentations planned for February 8 & 10 (joint meeting)

Suggested capital budget guidance:

- *Update FY23-27 requests – goal to maintain ~\$1.75-2M annual commitment to funding capital needs via Free Cash*
 - Spring FY23 Department Head requests due December 22
 - FY23-27 CIP presentation planned for January 11 (joint meeting)
 - Supplemental FY23 capital needs to be addressed at Spring 2023 Town Meeting (\$2,641,154.00) in unappropriated Free Cash available)

Select Board FY23-24 Strategic Plan Goals: Operating Budget Implications

- Complete Sea Camps discovery phase, including building inventories/assessment and continue to implement interim property management plan
- Continue to develop/refine and implement interim Sea Camps public access/use plans
- Identify and evaluate benefits of introducing/expanding targeted local tax relief policy options
- Develop five-year financial plan for the Affordable Housing Trust and determine whether additional funding streams should be explored to support housing initiatives at a range of income levels
- Identify priority areas to increase organizational capacity to meet enhanced service needs and expanded project demands and develop long term financing plan to fund necessary personnel
- Establish and communicate budget capacity to Nauset Schools officials based on the Town's current and long-term fiscal sustainability