



CITY OF BROCKTON

MASSACHUSETTS

FINANCE DEPARTMENT

John A. Condon
Chief Financial Officer

May 17, 2016

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Bill Carpenter, Mayor
Members of the City Council
45 School St.
Brockton, Ma 02301

Ladies and Gentlemen:

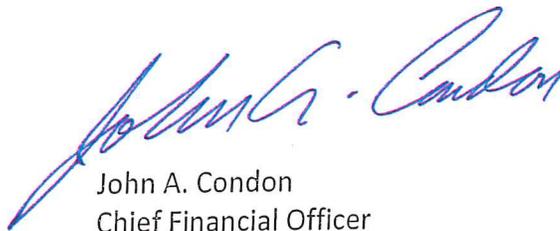
In accordance with Section 5 of Chapter 324 of the Acts of 1990, I hereby certify that it is my professional opinion, after an evaluation of all pertinent financial information reasonably available, that the financial resources and revenues of the City of Brockton are adequate to support the adoption of the Mayor's proposed budget for FY2017, BUT THIS CERTIFICATION PERTAINS TO FY17 ONLY. The budget as submitted is balanced, with a reasonable estimate of revenues to support the FY17 expenditures.

However, the present revenues base as appropriated fails to address a number of long term issues. Although a moderate amount of increase in spending on capital needs has been recommended, many important capital projects are not funded. Some of those have been deferred for years. This is especially true for the water utility. Also, the water budget is millions of dollars short of fees to be self-supporting. In addition, staffing reductions in most of the various City departments which resulted from previous budgets also have continued. In the school department, the trend of actual layoffs of the past several years also has continued. While this budget has moderately increased reserves, the City's reserve levels are many millions of dollars below the levels of before the last recession. In addition, the city lacks a plan, or the current means to pay for a plan, to begin to fund the liability for OPEB (Other Post Employment Benefits) mainly retired health costs, for its current employees and retirees. At the most recent actuarial valuation, this was estimated at more than \$400 million. Delaying its funding means that its ultimate costs will be greater.

The additional revenues needed to address these problems are significant. Funding OPEB alone would require about \$25 million in new annual revenues. Contributing to these revenue problems are the following: failure of the state to maintain its support of unrestricted state aid,

compared to FY2001 levels plus inflation; failure of the state to maintain its commitment to funding the education reform effort, as recommended by the state's own foundation budget review commission; failure of the City to fully appropriate the tax levy to the extent allowed by law without resorting to voter referendum (\$3.1 million of such potential tax levy revenue "left on the table" in FY17); failure of the City to seek permission from its voters, and to persuade them of the need and wisdom of doing so, to levy additional property taxes through debt and capital proposition 2 ½ exclusions to pay for past needed capital projects; failure of the City to annually establish full cost recovery fees for its utility enterprise funds; and finally, most importantly, failure of the City to enjoy and sufficiently encourage growth in its property tax base from new investment.

Respectfully Submitted,



John A. Condon
Chief Financial Officer

JAC/tb

Cfo cert letter budget

