

Town of Needham  
General Fund  
Revenue and Expense  
FY2017 – FY2021 Pro Forma

September 18, 2015

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Town of Needham  
General Fund Revenue and Expense Pro Forma  
FY2017 – FY2021

**Overview**

The purpose of developing the Pro Forma budget is to provide a resource to use for planning the upcoming fiscal year budget and to allow for early planning for the next several budget cycles. An underlying purpose of the Pro Forma is to anticipate and prepare contingency plans for the operation of the government and continuation of the primary services and functions in a sustainable way. The annual update of the five-year Pro Forma is done to provide a tool that assists the Town in its planning and to allow for proactive steps to maintain a sustainable operation within reasonably anticipated revenues and other funding sources. Pro Forma expense amounts are not necessarily where department budgets will be or should be, but rather represent an outlook of expenses on a macro level, taking into consideration expected changes based on known (contractual obligations) and forecasted trends on major (key) expenditures, as compared to revenue trends.

As in prior years, we forecast revenues and expenditures in a conservative manner, reflective of current and anticipated trends. Although each year the variance between the revenue estimates and expenditure estimates grows, the line of focus should be the incremental gap. Because the Town can not approve a deficit budget (so the gap between revenue and expenses is closed every year), the deficit is not growing by the amount shown on Line I, but rather the gap to be closed in each year is the incremental amount shown on Line II (see page 19). With any forecast based on past trends and future assumptions, revenues and expenses are better known as we come into the actual year. It is important to note that, even in the best of recent economic climates, the Pro Forma budget reflected a gap between estimated revenues and expenditures.

In this analysis, we present the FY2016 operating budget as approved at the May 2015 Annual Town Meeting and current revenue estimates, the immediate four prior fiscal year final adjusted budgets (2015, 2014, 2013, and 2012), and a five year outlook. Unless otherwise stated, the FY2016 operating budget is the base year on which annual changes are calculated. For the purposes of this report, we have removed the debt exclusions and CPA debt service amounts that are part of the actual General Fund operating budget which are budgetarily neutral.

The current FY2016 general fund operating budget stands at \$135,799,837, of which \$7,372,467 relates to CPA or excluded general fund debt service, resulting in a base budget of \$128,427,370 (see page 23). Of this amount, \$62,134,821 is appropriated directly to the Needham Public Schools and Minutemen Regional High School approximately 48% of the total. Townwide expenses (exclusive of Classification Performance and Settlements) accounts for \$29,502,124 (see page 24) or approximately 23% of the total. The balance of \$36,790,425 is allocated amongst 20 other Town department budgets. Those budgets fund administration and regulatory functions of local government, public safety and public health, maintenance and repair of public infrastructure including roadways and sidewalks, maintenance and operation of public buildings (including the school buildings), facilities, parks and fields, human service programs for the young and old, our veterans and disabled, promotion and protection of our historical, cultural, and assessable resources, libraries and community resources. As much of what our departments provide is services, personnel costs are a major portion of the budget. Approximately 62% of the budget for Town Departments is related to personnel. When including the Needham Public Schools and Townwide expense budgets that are personnel-related, this percent grows to more than 81%. Of the Town Departments, most of the non-personnel costs are in the Public Facilities Department and the Department of Public Works, and a significant portion of those costs are directly related to the support and operation of the Needham Public Schools.

The Town accounts for expenses under the Uniform Massachusetts Accounting System (UMAS) as directed by the Director of Accounts in the Department of Revenue (DOR) which is in accordance with Generally Accepted Accounting Principles (GAAP). The Town has the following expense types which may be further broken out in sub types, Building & Equipment Supplies, Communications, Custodial Supplies, Dues & Subscriptions, Educational Supplies, Energy, Food & Service Supplies, Governmental Charges, Grounds Keeping Supplies, Medical Supplies, Non Energy Utilities, Office Supplies, Other Property Related Expenses, Other Purchased Services, Other Supplies & Equipment, Professional & Technical, Public Works Supplies, Recreation, Rental and Leases, Repairs and Maintenance, Travel, and Vehicular Supplies. In addition, the accounting system tracks regular, temporary, overtime, and other salary and wage expenses, as well as operating capital appropriations and Townwide expenses. In developing estimates for the Pro Forma, we look at average change in actual expenditures over the immediate three, five, and ten year periods, current contractual obligations, cost trends for budgetarily significant expense categories, overall economic trends, and local practices.

The estimated expenditure requests for FY2017 at \$144,649,783 are \$5,872,932 more than the current expenditure total for FY2016; this figure may change as a result of actions that may occur at the November 2, 2015 Special Town Meeting. The projected revenue figure is \$142,155,715 compared to \$139,052,851 estimated for FY2016 - an increase of \$3,102,864. The gap between estimated revenue and estimated expenditures for FY2017 of \$2,494,068 is greater when compared to the \$1,556,618 figure shown as the incremental gap for FY2017 in the August 19, 2014 Pro Forma. The incremental gap between estimated revenue and estimated expenditures is greater in each of the out years (FY2018 – FY2020) except for FY2019 when compared to the August 19, 2014 report. The incremental gap for FY2021 is \$2,027,723. The major influences on the trend are a higher base for FY2016 compared to FY2015 in certain educational related expenses, resumption in the rate of increase in health insurance costs, lower rate of return assumption for certain long term liabilities, and a higher overall inflation rate. This was all foretold in the report last year as areas of concern.

## **Revenues**

As in prior reports, we have assumed no operating overrides for any of the future fiscal years. As stated earlier, because we have removed the excluded debt and CPA debt service from the expenditure side, we have also removed the debt-excluded revenue and MSBA payments, if any, and Community Preservation Act funds from the revenue projections, as they are offsetting. We have not adjusted the FY2016 revenue budget for the purposes of this report, but we do expect the amount will change as a result of action at the November 2015 Special Town Meeting. Total available revenue is estimated to increase between 3.9% and 2.2% each year. The large drop in the change of available revenue in FY2017 from FY2016 is primarily due to the lower Free Cash estimate for FY2017. However, core revenue (property taxes, state aid, and local receipts), most of which is considered recurring revenue, runs higher between 4.0% and 3.2% over the FY2017 – FY2021 timeframe, which is better than the prior estimates. General Fund recurring revenue is estimated at 4.0% for FY2017, then 4.0% for FY2018, lowering to 3.5% for FY2019, and then 3.2% more per year for FY2020 with an increase to 3.3% for FY2021.

## **Property Taxes**

We anticipate higher New Growth tax revenue in 2017 through 2019, a significant amount coming from the continuing expansion in Needham Crossing. Needham's residential market continues to remain strong, which suggests that the base increase in new growth can be set at a minimum of 1%. We allow for the annual 2.5% increase in the tax levy each year, and have increased the New Growth revenue assumption for FY2017 to 1.85%, FY2018 to 1.65%, and FY2019 at 1.20%. As noted above we have increased the base New Growth assumption for FY2020 and beyond at 1.0%. As noted previously, we have made no allowance for operating overrides, and we removed the debt exclusion revenue as we have removed the debt exclusion payments from this report.

### **State Aid**

As in the report last year, we continue to forecast a 1.0% annual reduction in all state aid accounts for each of the five years except for two of the major state aid programs. Chapter 70, which is the greatest percent of the overall aid from the Commonwealth for Needham, is assumed to increase by 1.0% in FY2017 and to be level dollar in FY2018. Over the three remaining years we assume FY2019 and FY2021 will also see an increase of 1.0%, but FY2020 will be level dollar. With the continued growth in state lottery proceeds and the expectation that one or more casinos may be open in Massachusetts within the next four years, we have continued our assumption that UGGA will increase by 1.5% for FY2017, then by 2.0% for FY2018, and by another 2.5% each year for FY2019 through FY2021. As stated before, this growth factor in the out years is based on the assumption that the State will not divert lottery funds from the municipalities. We believe that the Legislature would not want the cities and towns to see less UGGA revenue if lottery revenue declines due to casinos opening in the Commonwealth, therefore anticipate that any shortfall in such revenue would be supplemented by the State from another funding source.

Because all Massachusetts School Building Authority (MSBA) funds that the Town receives are used to offset the excluded debt service, and since we have removed excluded debt expense from the Pro Forma, we have not included the remaining MSBA payments in this analysis.

### **Local Receipts**

The Town plans on a certain level of recurring Free Cash, so our practice is to estimate receipts, principally local receipts, in such a manner as to generate surplus to provide for the following year's Free Cash estimate. For FY2017 we estimate that most local receipts will increase by 3.9%, then at 3.5% for FY2018, and the out years we estimate local receipts to be increased by a flat 3% per year. With the construction of another hotel in Needham Crossing, we have increased the hotel excise revenue for FY2018 by an additional \$250,000 over the forecasted percent increase of 3.5%

for that year.

### **Other Revenues**

We continue to assume that abatement and exemption activity will remain predictable, and have made allowances that \$500,000 in overlay surplus should be available for appropriation each year. We are still in the process of tabulating FY2015 financial activities and preparing for the financial audit. We do not anticipate a firm Free Cash figure until the late fall or even winter due to changes at the Department of Revenue staffing levels which may delay certification. Early indications for 2016 Free Cash are between \$4.5 and \$5.5 million. For the purpose of this Pro Forma, we have assumed Free Cash will be \$4,630,000, which is approximately 85% of the 2011 – 2016 average. The Free Cash estimate is increased annually by the rate of growth in core revenues (property tax, state aid, and local receipts); the annual change in this revenue category is between 4.0% and 3.2%. Free Cash is also affected by extraordinary turn backs, one-time revenue, allowances made for uncollectable receivables, and deficits in other funds. The Pro Forma continues to assume that any Free Cash amount in excess of the operating budget allocation will be used for increased capital investment or reserved in the capital funds for ongoing future needs. This strategy reduces the Town's dependence on reserves to fund recurring operating expenses, and/or to fund other non-operating costs. In recognition that most every year there are some additional resources which become available for appropriation, we have included \$100,000 in the FY2017 revenue assumption and grow the amount by three percent per year. The estimates are the same as used in the prior year's Pro Forma based on a five year average, after excluding operating budget reallocation towards capital and reserves that have been appropriated for capital and special warrant articles. Parking meter revenue is projected to increase to provide \$70,000 in FY2017 and increase annually at two percent per year thereafter.

### **Expenditures**

The FY2016 budget is the base year on which the out year estimates are calculated. With respect to department

expenditures, we assume a 4.1% increase in total wage and salary expenses for FY2017 which is the same as estimated for FY2017 in the report last year. We also have not changed our assumption from last year that annual wage and salary growth for most departments will be 3.9% thereafter, except where otherwise noted. Furthermore, other than as outlined below, all expense budget lines are assumed at a 1.94% annual increase, consistent with the average change in the consumer price index (Northeast Index of all urban consumers) of the past five full calendar years (2010 – 2014). This factor is 0.27% higher than the five year average used last year. An increase in the average was expected and mentioned in the report last year because the five year inflation rate average had dropped significantly. We use this index in consideration of the fact that the marketplace in which the Town purchases goods and services extends beyond the local Boston Metropolitan area, and this index is therefore more reflective of the mix of vendors from which the Town purchases. The calculated average with the same index in the prior four years was: 1.67%, 2.20%, 2.32%, and 2.43%, respectively. There are several notable expenditure categories which are part of multiple department budgets and have been growing at a much greater rate and/or are more volatile than expenses in general, they include energy; repairs and maintenance services for buildings, equipment, and vehicles; software and technology; professional and technical services, and other property related services. Each of which is discussed below.

### **Town Wide Expenses**

Health insurance and related costs are again increasing at even a greater rate than was assumed last year. After a few years of moderate increases in the Town's health insurance budget, the Town saw a general increase in health premiums rates for FY2016 between 9% and 20%. We anticipate that the FY2016 operating budget health insurance will be increased at the 2015 November Special Town Meeting. We are now estimating that the current budget will increase by 12.5% for FY2017, and then by 6.75% for FY2018. With medical inflation projected to continue to be higher than most expenses, but with great expectation that the marketplace will aid to lessen this phenomena, we estimate the rate of increase will decrease to 6.25% for FY2019 and then drop to 5.25% for FY2020 and FY2021. With respect to retiree

health insurance and other post-employment benefit costs (OPEB), we have relied upon the July 2013 actuarial schedule with a rate of return assumption of 7.75%. The 2013 report showed considerable improvement in the funded ratio of the OPEB liability. The 2011 report reflected assets of \$6.4 million with a funded ratio of 10.9% compared to the 2013 report which has \$15.5 million in assets and a 24.9% funded ratio. Although the funded portion of the liability has grown, so has the overall liability. Total liabilities in 2011 were \$59.2 million, 2013 stands at \$62.3 million. The Town will have an updated valuation in the winter of 2015 which may change the annual payment shown in the Pro Forma.

The retirement assessment is based on a preliminary actuarial funding schedule update for next year in which the rate of return is lowered from 7.75% to 7.5%. The System lowered its rate of return in the previous actuarial update from 8.0%. It must be noted, however that the Retirement Board and PERAC have not yet acted on the proposed schedule and therefore the estimate may be changed. The retirement assessment budget for FY2016 is \$6,149,812 and based on the preliminary schedule FY2017 will be \$6,919,768, which is an increase of approximately 12.5%. FY2018 and FY2019 are both estimated to increase by 12.5% then decline to approximately a 4.3% increase thereafter. The system is still projected to be fully funded in 2030. The noncontributory retirement growth is pegged at 4% per year.

The general insurance budget increase is based on the average change of 4.0% per year over the next five years. This is a decrease of 9/10% from the report last year. The unemployment budget and the workers compensation line are assumed to increase at 4.0% per year. The classification performance and settlements reserve is increased by 3.9% per year. The CPS line is expected to be increased at the Special Town Meeting in order to set aside funds for the three collective bargaining units that have not yet settled for FY2016 and for increased costs related to changes in other compensation plans and for the increase in minimum wage. Debt service within the levy limit is maintained at approximately 3% of general revenue.

The reserve fund allowance is based on the same approach that was introduced in the 2012 Pro Forma. The formula assumes a reserve fund of 1.4% of the estimated operating budget, excluding debt, OPEB, and retirement. Those three budgets are excluded from the calculation because they are known amounts each budget year and therefore a call on the reserve fund from these programs should not be expected. The formula provides for a reserve fund at a level similar to recent budgets.

### **Energy and Fuel Costs**

Excluding the Townwide Expense budgets, the Needham Public School expenses, and the Minuteman School assessments, the greatest percent of the Town's expense budgets is related to energy. Over the past ten years, more than 1/3 of total actual expenses (excluding, Townwide, Schools, and Personnel) have been energy related. More than 31% of the total Town Department expense budgets for FY2016 is allocated for electricity, natural gas and heating oil for Town buildings (including schools). Price changes with these expenses can have a major impact on the Town's operating budget flexibility and ability to pay for other expenses. The Town has made a concerted investment in energy efficiency, but with a greater number of facilities, more technology, greater emphasis on building comfort (air handlers, air conditioning, and heating), the unavoidable year-to-year seasonal variation, and price unpredictability have made it harder to forecast. Even minor changes in the rate estimates will have evident impact on operating budget. The change in gasoline prices in the Boston area over the last five years has been significant in some years and flat in others. The June over June average increased by more than 37% in FY2011 and decreased by more than 7% in June 2012. June 2013 saw the average price increase by less than one percent from the previous fiscal year, and increased by another 4.18% in June 2014. FY2015 saw the June average price dropped significantly by more than 26% from the prior year. When looking at the average price by calendar year, the 2010 average price per gallon was \$2.75, which increased to \$3.51 per gallon in 2011, and then increased further to \$3.63 for 2012. The price in 2013 dropped to \$3.50 and dropped again to \$3.37. Diesel fuel pricing also reflects wide swings, yet the three year annual percentage change

average shows as a negative 20.8%. A similar picture for heating oil plays out, with the three year average showing a decline of approximately 22.9%. For the purpose of the Pro Forma, we assume the budgets for gasoline and diesel will increase by 3.0% per year. We continue the same assumption from last year that the heating oil budget will increase at 4.0% per year.

The news with electricity and natural gas are still positive, with pricing much more stable over the last five years. However, there continue to be congestion issues with the natural gas supply which will keep prices higher for New England compared to the rest of the country. We have held our assumption that natural gas expenses will increase by 2.5% a year. We continue to assume electricity will grow at the CPI rate in the out years. There will be a budgeting change and increase for electricity in connection with the solar array that is being constructed on Town land because of how Eversource (the purchaser of the power that will be generated from this facility) will compensate the Town, but with details still lacking, no assumption has been factored into the Pro Forma. However, we do expect the revenue that will be received will exceed the increase in the appropriation for electricity and therefore would be at minimum, revenue neutral, but in fact will be revenue positive.

### **Building and Equipment Maintenance and Other Property Related Services**

Not including Townwide Expenses, the Needham Schools expenses, and the Minuteman assessments, the combination of repair and maintenance and other property related services expenses account for nearly 23% of total actual expenditures over the past ten years. The portion of the FY2016 Town Department expense budgets that is allocated to these expenses is more than 25%. Most of the expenses are unavoidable, and if the work is not done, in order to save money in the short run or due to lack of funds, higher and more frequent and expensive capital improvements become necessary, as well as a greater chance of loss of use of an asset because of disrepair. The Town has invested much into its facilities over the past 15 years, enlarged several buildings, reopened a school, and added two new buildings. An

increased level of repair and maintenance of the buildings is to be expected. The Town and School departments have also prioritized efforts to maintain and repair equipment and vehicles. The actual expenditures for building and equipment repair services have increased on average, over a ten year period (FY2006 – FY2015) at approximately 5.8%; over the immediate five year period at 11.1%, and the last three years at 6.2%. We assume these expenses will continue to grow but at a lower rate than the past and therefore have assume a 5.7% annual increase; this is a decrease of half a percent from the prior report. The budgets which include an allowance for repairs and maintenance are Board of Selectmen/Town Manager, (FY2016 budgeted amount for these expenses is \$12,389); Town Clerk (\$3,070); Finance Department (\$14,000); Police Department (\$35,900); Fire Department (\$57,971); School Department (\$181,178); Public Works (\$133,104); Municipal Lighting (\$92,200); Public Facilities (\$617,224); Health and Human Services Department (\$513); Library (\$2,096); and Park and Recreation (\$14,300). Other property related services include expenses such as outside service contracts for cleaning two school buildings and several park facilities, pest control of all facilities, and road repair work, and field maintenance have increased at an average of 13.4% for last ten years. The five year average was 5.5% and the immediate three year average was 5.9%. We have assumed an annual increase of 5.7% for each of the five years. The budgets impacted by this assumption include, Police Department (the FY2016 amount budget is \$2,500); Public Works (\$732,742); Municipal Parking (\$26,000); Public Facilities (\$645,698); Health and Human Services Department (\$1,400); Park and Recreation Department (\$18,000). Therefore these costs do have a significant impact on the Town's operations and flexibility.

### **Professional and Technical Services**

In addition to the staff, the Town and Public Schools depend on various outside consultants and businesses for professional and technical services in rendering services to the general public. Some firms provide direct services to residents and businesses, whereas other firms provide subject expertise to Town and School departments in their rendering of services to the community or to Town Boards and Committees. Nearly 11% of total actual expenditures for

the past ten years, excluding, SPED and training have been spent on professional and technical services. Approximately 13.5% of the FY2016 Town expense budgets are for professional services contracts. The Town's overall average change in actual expenses based on the ten year period (FY2006 – FY2015) for professional and technical services was 7.7%, and the past five years at 10.7%, and the past three years at 20.7%. For the purposes of this Pro Forma, but not including SPED, software, or training related expenses, we assume this expense will grow at 6% per year. The department budgets impacted by this assumption include, Board of Selectmen (FY16 budgeted amount for these expenses is \$38,310); Town Clerk (\$14,700); Finance Department (\$246,486); Planning and Community Development (\$3,828); Building Department (\$5,231); School Department (\$623,614); Public Works (\$10,575); Public Facilities (\$72,000); Health and Human Services Department (\$82,934); and Park and Recreation (\$450).

### **Public Schools**

The School Department salary and wage expenses have usually grown faster and at higher rates than most Town departments. In some years, salary growth in the School Department have been higher because they were inclusive of additional services funded by an operating override or attributed to increased head count and/or hours. However, the trend may not be able to continue without increased revenues far above what is customary. As stated at the opening of this update, we do not assume, or plan on operating overrides in forecasting operating expenses, and therefore do not assume increases in staff. For the purpose of this Pro Forma we have assumed a 5.0% increase in the personnel expenses for FY2017, and then a declining rate of increase so that by year five the School personnel cost increase is in line with the Town overall. FY2018 we assume a 4.8%, 4.5% increase for FY2019, then 4.2% in FY202, and 3.9% in FY2021. As assumed in the previous Pro Forma, SPED tuition costs continue to be a challenge, which is reflected in the budgeted reduction for SPED from \$3,522,184 in FY2014 to \$2,665,396 in FY2015 by the School Department, only to be increased again to \$3,261,020 for FY2016. Uncertainties and great fluctuations in the number of students and tuitions are a concern, and therefore we maintained our SPED cost assumption of 12% for FY2017 (although the base from

which the calculation is made is much higher than it was last year), the 9% increase for FY2018, and 6% in FY2019. However, we have assumed a 4.5% increase for FY2020 compared to the 3% assumption in the report last year; we have assumed 4.5% increase for FY2021 as well. As mentioned previously, repairs and maintenance is assumed at 5.7% per year and Professional and Technical services other than SPED and training is assumed at 6% per year. We have assumed school transportation costs will grow at 3% per year; for FY2016 the School Department has budgeted \$1,873,500 for school transportation. All other expenses are projected at a 1.94% increase annually.

The Minuteman School assessment fluctuates significantly year to year, because the assessment is a factor of the Department of Education's net school spending calculation, the number of students attending from Needham, and the percentage that the Needham student enrollment bears to the total enrollment. For the purposes of this Pro Forma, we have relied on the average change in the assessment over the ten-year period of FY2006 through FY2015 which is 12.4%. The FY2016 budget figure of \$623,614 (the FY2015 was \$893,211 and FY2014 was \$733,961) is increased by 12.4% for FY2017 and thereafter.

### **Town Departments**

Other considerations to the various Town budgets in addition to those assumptions previously explained are as follows: The Town Clerk's budget, in addition to the assumed growth rate in salary and wage expenses, also provides for the annual increase/decrease for budget years that a State or Presidential election is held (FY2017 will be \$19,900 more, FY2018 will be \$28,000 less, and FY2019 will be \$30,227 more, the higher amount will be backed out in the subsequent year respectively.) As mentioned previously, repairs and maintenance is assumed at 5.7% per year and professional and technical services at 6% per year. All other expenses are projected at a 1.94% increase annually.

We have assumed that the legal expense budget will increase at a rate comparable to the ten year average of actual

legal expenses (FY2006 – FY2015) at 2.2% per year, and the salary line will grow at a lower rate of 2.5% per year than general wages.

The Finance Department, which includes the Information Technology Center, is charged with providing and supporting data processing services for all Town departments, which insofar as practical or otherwise necessitated, are centralized under that department. A major cost item is software licensing, and the Town continues to see this cost growing faster than CPI, and we still estimate that it will at 4.5% per year; the FY2016 budget allocation for software related costs is \$311,565. Other departmental budgets which include funding for software are also increased by the same 4.5%. As mentioned previously, repairs and maintenance is assumed at 5.7% per year and professional and technical services at 6% per year. Operating capital is assumed at 3.0%, a decline of one half percent from last year's assumption. All other expenses are projected at the 1.94% CPI.

The Town has taken deliberate steps over the past several years toward increasing staff and resources in the land use departments of the Town (Planning and Community Development). Effective with FY2016 the two land use department budgets were combined into a single budget. The budget is now grouped with General Government departments. We have maintain the expectation that the conservation division will reduce its reliance on the wetland funds for permanent staff and therefore the growth in the salary and wage line is expected to be higher than the Town overall. The increase in salary and wages for FY2017 and FY2018 is factored at 5.3%, and then decreasing to 4.6% for FY2019, then to 3.9% for FY2020 and FY2021. As indicated earlier, professional and technical expense line is assume to increase by 6% per year. All other expenses are projected at the 1.94% CPI rate for each of the five years.

Salary and wage expenses for the Police Department are assumed to increase by approximately 4.6% for FY2017, and FY2018, then to 4.2% for FY2019. FY2020 and FY2021 are at 3.9%. The gasoline budget for the Police Department is

estimated at the same rates as noted above under energy and fuel cost, the Police Department budget for FY2016 is \$89,265. As mentioned previously, repairs and maintenance is assumed at 5.7% per year. Operating capital for cruiser replacement is assumed at 3% per year. All other expenses are projected at the 1.94% CPI rate for each of the five years.

Salary and wage expenses for the Fire Department are assumed to increase by approximately by 4.8% for FY2017 and by 4.6% for FY2018, and then drop to 4.2% for FY2019. Similar to most other budgets FY2020 and FY2021 are factored at 3.9% per year. The Fire Department fuel line will also be impacted by the overall trend in the cost of fuel, but with a greater reliance on diesel fuel than gasoline, this budget expense (FY2016 is budgeted at \$32,951) is assumed at 3% per year noted above. Similar to the Finance Department, the Fire Department's software related costs (\$13,022) are expected to grow at 4.5% per year. Repairs and maintenance is assumed at 5.7% per year and the operating capital line is assumed at 3%. All other expenses are projected at the 1.94% CPI rate for each of the five years.

DPW salary and wages are pegged at the same rates as most other departments at 4.1% for FY2017 and 3.9% thereafter. Similar to public safety and public facilities, DPW incurs expense for diesel and gasoline. The DPW vehicle supplies line, which includes fuel, is assumed to grow at the three percent rate; the FY2016 budget allocation is \$129,383. DPW has \$1,750 allocated for software expenses which is increased by 4.5% per year. The DPW budget also includes \$10,197 for natural gas and \$41,158 for electricity of which we assume the natural gas budgets will increase by 2.5% per year and electric budgets will increase at the five year CPI average. As discussed above, repairs and maintenance is assumed at 5.7% per year as is other property related services. Professional and technical services are adjusted by 6% per year. The operating capital line is assumed at a 3% increase annually. All other expenses are projected at the 1.94% CPI rate for each of the five years. We continue to recommend an annual increase in the snow and ice budget of at least 1.0% per year. This is the only operating budget line in which deficit spending is allowed.

However, any such deficit must be extinguished by the next fiscal year.

Public Facilities salary and wage lines are assumed at the same rates as most other departments at 4.1% for FY2017 and 3.9% thereafter. As previously mentioned, natural gas expense (FY2016 budget allocation is \$693,332) is assumed at 2.5% growth rate per year and heating oil (\$183,940) at 4% per year. Public Facilities also includes an allocation for gasoline of \$24,180 for FY2016 that is assumed to increase at three percent per year. The repairs and maintenance services line is a significant expense which is assumed at 5.7% growth per year as is the other property related service line which too is factored at 5.7% per year. The \$17,000 allocation for software is assumed to increase at 4.5% per year, and as noted earlier professional and technical services expense are estimated at 6% per year. All other expenses, including electricity (\$1,888,752), are projected at the 1.94% CPI rate for each of the five years.

The Public Health and Human Service budgets were combined effective for FY2016 and now are one budget under the name of Health and Human Services Department. This budget is expected to track with Town overall for salary and wages at 4.1% in FY2017 and at 3.9% for the out years. The COA division has \$3,500 budget for fuel for its bus transportation program and that line is estimated to increase by 3% per year. The department has a very modest budget of \$513 for repairs and maintenance which is estimated to grow at 5.7% per year. Also, noted earlier the Department's other property related services expense is estimated to increase by 5.7% and the professional and technical services expense line is increased by 6% per year. All other expenses are projected at the 1.94% CPI rate for each of the five years.

With the changes to the wage rates for many temporary, seasonal, and part-time positions, which the Library has a heavy reliance on minimum wage workers, we have assumed the Library salary and wage budget will increase at 4.3% for FY2017, and by 4% in FY2018. The out years are assumed at the 3.9% rate. Software related expenses (\$64,030

for FY2016) are assumed at 4.5% year – the same as the report last year, and the repairs and maintenance expenses are assumed at 5.7% per year. All other expenses are projected at the 1.94% CPI rate for each of the five years.

Similar to the Library, the Park and Recreation Department relies on many temporary, seasonal, and part-time employees. Therefore, we have assumed the same percentage changes for salary and wages as with the Library: 4.3% for FY2017, 4% for FY2019, and 3.9% for FY2019 through FY2021. Repairs and maintenance and other property related services are assumed at 5.7% per year. Professional and technical services are increased by 6% per year and natural gas budget growth (\$500) is at 2.5% per year. All other expenses are projected at the 1.94% CPI rate for each of the five years.

### **Other Appropriations and Expenditures**

Lastly, for the purpose of this forecast, we have maintained the recommended approach towards increasing the General Fund cash capital investment with Free Cash. The amount of Free Cash that is used to offset the operating budget is an amount not more than 2.0% of the prior year's appropriated departmental budgets or the actual turn back, whichever is lower. However, reducing reliance on Free Cash (even on the portion that we have a high degree of confidence will be available from year to year) is considered a credit enhancement, and provides an added source of security against an unexpected drop in revenue. The balance of Free Cash is directed to cash capital investment or reserved for future capital investment. The annual cash capital investment is assumed at the recommended Tier One amounts found in the FY2016-FY2020 Capital Improvement Plan with the FY2021 amount assumed to be three percent higher than the FY2020 amount.

The RTS payment of \$1,420,000 for FY2016 is assumed to increase by 3% per year (reduced from the 3.25% assumption used in the Pro Forma last year), as is the drains program (FY2016 \$494,488) in the Sewer Enterprise

budget. The total for other financial warrant articles is assumed to increase at an annual rate of 2.5% per year from the base year amount that has been calculated for FY2017 being the combination of the average amount appropriated for such expenditures (FY2010 – FY2015) plus \$590,000 currently recommended for the public facilities maintenance program article. We have also assumed that a minimum appropriation to the Athletic Facility Improvement Fund will be made each year based on revenue contributed by the Park and Recreation Department by fees assessed to users of the facilities which are deposited to the General Fund. The amount is assumed to increase by 2.5% per year. The provision for abatements and exemptions is estimated to be set at an adjusted amount of approximately \$1.8 million for FY2017 and then increases annually at average rate of 2.5%. We have assumed an approximate 3.65% increase for assessments from the State and County governments (based on the actual five year average), and an assumption of \$100,000 for other tax recap requirements for FY2017 then increased by 2.5% per year thereafter.

End.

Description	Final Budget 2012 June 30, 2012	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	ATM Budget 2016	Pro Forma 2017 September 8, 2015	Pro Forma 2018 September 8, 2015	Pro Forma 2019 September 8, 2015	Pro Forma 2020 September 8, 2015	Pro Forma 2021 September 8, 2015
<b>General Fund</b>										
Property Tax Revenue*	89,620,217	93,736,831	98,898,128	106,749,760	111,572,662	116,426,073	121,257,755	125,744,292	130,145,342	134,700,429
State Aid*	8,578,273	9,314,364	9,601,356	9,966,189	9,966,189	10,070,500	10,100,660	10,222,726	10,262,590	10,387,552
Local Receipts*	7,580,290	7,654,632	8,037,000	8,136,500	8,543,325	8,839,142	9,377,127	9,658,441	9,948,194	10,246,640
Other Revenues and Sources	703,192	1,703,018	1,138,070	692,500	1,242,800	670,000	674,400	678,918	683,557	688,321
Free Cash & Reserves	3,380,269	5,366,720	8,135,372	4,152,348	6,207,875	4,630,000	4,816,989	5,009,184	5,183,230	5,351,608
Reimbursements	1,615,715	1,608,539	1,668,967	1,696,408	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000
<b>Revenues</b>	<b>\$111,477,956</b>	<b>\$119,384,104</b>	<b>\$127,478,893</b>	<b>\$131,393,705</b>	<b>\$139,052,851</b>	<b>\$142,155,715</b>	<b>\$147,746,930</b>	<b>\$152,833,561</b>	<b>\$157,742,914</b>	<b>\$162,894,550</b>
* CORE Revenue Change	4.6%	4.7%	5.3%	7.1%	4.2%	4.0%	4.0%	3.5%	3.2%	3.3%
<b>Appropriations and Other Commitments</b>										
Operating Budget	103,977,812	110,041,274	115,374,173	121,701,962	128,427,370	136,217,853	143,381,466	150,728,281	158,422,090	165,307,948
Special Financial Articles	574,587	372,699	263,095	53,805	1,012,500	825,787	846,432	867,592	889,282	911,514
Capital Funded by Cash	1,817,051	3,786,633	6,066,941	2,667,260	2,617,911	2,274,106	2,865,197	2,431,951	3,243,958	3,341,277
Appropriated to Other Funds	1,050,283	1,993,428	2,276,877	2,356,636	2,967,488	2,013,635	2,073,836	2,135,837	2,199,693	2,265,459
Other Obligations & Adjustments	4,058,223	3,190,070	3,497,807	4,614,042	3,751,582	3,318,402	3,417,156	3,518,956	3,623,898	3,732,082
<b>Total</b>	<b>\$111,477,956</b>	<b>\$119,384,104</b>	<b>\$127,478,893</b>	<b>\$131,393,705</b>	<b>\$138,776,851</b>	<b>\$144,649,783</b>	<b>\$152,584,086</b>	<b>\$159,682,616</b>	<b>\$168,378,921</b>	<b>\$175,558,280</b>
<b>I Surplus/(Deficit)</b>	(0)	-	-	-	276,000	(2,494,068)	(4,837,156)	(6,849,056)	(10,636,007)	(12,663,730)
<b>II Incremental Gap</b>							(2,343,088)	(2,011,899)	(3,786,951)	(2,027,723)

**General Fund**  
**Five Year Pro Forma - Excluding Debt Exclusions**  
**General Fund Revenue**

Description	Final Budget 2012 June 30, 2012	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	ATM Budget 2016	Pro Forma 2017 September 8, 2015	Pro Forma 2018 September 8, 2015	Pro Forma 2019 September 8, 2015	Pro Forma 2020 September 8, 2015	Pro Forma 2021 September 8, 2015
<b>Real &amp; Personal Property Tax</b>										
Real & Personal Property Tax w/o Exclusions	89,620,217	93,736,831	98,898,128	105,201,350	111,572,662	116,426,073	121,257,755	125,744,292	130,145,342	134,700,429
General Override				1,548,410						
<b>SUBTOTAL</b>	<b>89,620,217</b>	<b>93,736,831</b>	<b>98,898,128</b>	<b>106,749,760</b>	<b>111,572,662</b>	<b>116,426,073</b>	<b>121,257,755</b>	<b>125,744,292</b>	<b>130,145,342</b>	<b>134,700,429</b>
<b>State Aid</b>										
State Aid for Education	7,084,895	7,708,707	7,968,430	8,276,905	8,276,905	8,358,931	8,358,563	8,441,420	8,441,059	8,524,756
State Aid For General Government	1,493,378	1,605,657	1,632,926	1,689,284	1,689,284	1,711,569	1,742,097	1,781,306	1,821,531	1,862,796
SBA/MSBA Programs										
<b>SUBTOTAL</b>	<b>8,578,273</b>	<b>9,314,364</b>	<b>9,601,356</b>	<b>9,966,189</b>	<b>9,966,189</b>	<b>10,070,500</b>	<b>10,100,660</b>	<b>10,222,726</b>	<b>10,262,590</b>	<b>10,387,552</b>
<b>Local Receipts</b>										
Motor Vehicle Excise	3,500,000	3,670,000	3,850,000	3,925,000	4,085,000	4,207,550	4,333,777	4,463,790	4,597,703	4,735,635
Licenses & Permits	800,000	1,115,000	1,300,000	1,427,700	1,532,500	1,592,268	1,647,997	1,697,437	1,748,360	1,800,811
Investment Income	150,000	80,000	67,500	67,500	67,500	69,525	71,611	73,759	75,972	78,251
Other Local Receipts	3,130,290	2,789,632	2,819,500	2,716,300	2,858,325	2,969,800	3,323,743	3,423,455	3,526,159	3,631,943
<b>SUBTOTAL</b>	<b>7,580,290</b>	<b>7,654,632</b>	<b>8,037,000</b>	<b>8,136,500</b>	<b>8,543,325</b>	<b>8,839,142</b>	<b>9,377,127</b>	<b>9,658,441</b>	<b>9,948,194</b>	<b>10,246,640</b>
<b>CORE Revenue</b>	<b>105,778,780</b>	<b>110,705,827</b>	<b>116,536,484</b>	<b>124,852,449</b>	<b>130,082,176</b>	<b>135,335,715</b>	<b>140,735,541</b>	<b>145,625,459</b>	<b>150,356,126</b>	<b>155,334,621</b>
<b>Other Revenues and Sources</b>										
Overlay Surplus	500,000	500,000	1,000,000	652,500	847,500	500,000	500,000	500,000	500,000	500,000
Parking Meter Receipts	40,000	40,000	40,000	40,000	65,000	70,000	71,400	72,828	74,285	75,770
Restricted Proceeds		28,018								
Unexpended Articles and Other Sources	73,192	485,000	98,070		330,300	100,000	103,000	106,090	109,273	112,551
Reuse of Operating Budget	90,000	650,000								
<b>SUBTOTAL</b>	<b>703,192</b>	<b>1,703,018</b>	<b>1,138,070</b>	<b>692,500</b>	<b>1,242,800</b>	<b>670,000</b>	<b>674,400</b>	<b>678,918</b>	<b>683,557</b>	<b>688,321</b>
<b>Free Cash &amp; Reserves</b>										
Athletic Facility Improvement Fund										
Capital Improvement Fund										
Capital Facility Fund										
Stabilization Funds										
Free Cash	3,380,269	5,366,720	8,135,372	4,152,348	6,207,875	4,630,000	4,816,989	5,009,184	5,183,230	5,351,608
<b>SUBTOTAL</b>	<b>3,380,269</b>	<b>5,366,720</b>	<b>8,135,372</b>	<b>4,152,348</b>	<b>6,207,875</b>	<b>4,630,000</b>	<b>4,816,989</b>	<b>5,009,184</b>	<b>5,183,230</b>	<b>5,351,608</b>
<b>Total General Fund Revenue</b>	<b>109,862,241</b>	<b>117,775,565</b>	<b>125,809,926</b>	<b>129,697,297</b>	<b>137,532,851</b>	<b>140,635,715</b>	<b>146,226,930</b>	<b>151,313,561</b>	<b>156,222,914</b>	<b>161,374,550</b>
<b>Reimbursements</b>										
Reimbursements due from Other Funds	1,615,715	1,608,539	1,668,967	1,696,408	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000
<b>Available for Expenditure</b>	<b>111,477,956</b>	<b>119,384,104</b>	<b>127,478,893</b>	<b>131,393,705</b>	<b>139,052,851</b>	<b>142,155,715</b>	<b>147,746,930</b>	<b>152,833,561</b>	<b>157,742,914</b>	<b>162,894,550</b>

General Fund  
Five Year Pro Form  
General Fund Recurring Revenue Detail

Line Description	Final Budget 2012 June 30, 2012	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	ATM Budget 2016	Pro Forma 2017 September 8, 2015	Pro Forma 2018 September 8, 2015	Pro Forma 2019 September 8, 2015	Pro Forma 2020 September 8, 2015	Pro Forma 2021 September 8, 2015
<b>Real &amp; Personal Property Tax</b>										
Real & Personal Property w/o Exclusions	85,840,586	89,636,531	93,756,886	98,925,881	106,870,366	111,572,662	116,426,073	121,257,755	125,744,292	130,145,342
Annual Allowance	2,146,015	2,240,913	2,343,970	2,473,157	2,671,759	2,789,317	2,910,652	3,031,444	3,143,607	3,253,634
New Growth	1,649,930	1,879,442	2,825,025	3,922,530	2,030,537	2,064,094	1,921,030	1,455,093	1,257,443	1,301,453
General Override				1,548,410						
<b>Total General Levy</b>	<b>89,636,531</b>	<b>93,756,886</b>	<b>98,925,881</b>	<b>106,869,978</b>	<b>111,572,662</b>	<b>116,426,073</b>	<b>121,257,755</b>	<b>125,744,292</b>	<b>130,145,342</b>	<b>134,700,429</b>

Line Description	Final Budget 2012 June 30, 2012	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	ATM Budget 2016	Pro Forma 2017 September 8, 2015	Pro Forma 2018 September 8, 2015	Pro Forma 2019 September 8, 2015	Pro Forma 2020 September 8, 2015	Pro Forma 2021 September 8, 2015
<b>STATE AID</b>										
Chapter 70	6,991,720	7,633,990	7,901,802	8,239,740	8,239,740	8,322,137	8,322,137	8,405,359	8,405,359	8,489,412
School Transportation										
School Construction										
Charter School Tuition Reimbursement	61,276	42,269	36,217	5,358	5,358	5,304	5,251	5,199	5,147	5,095
School Lunch	31,899	32,448	30,411	31,807	31,807	31,489	31,174	30,862	30,554	30,248
Unrestricted General Government Aid	1,369,789	1,476,550	1,511,453	1,553,368	1,553,368	1,576,669	1,608,202	1,648,407	1,689,617	1,731,858
Police Career Incentive										
Veterans Benefits	16,077	17,735	22,877	34,352	34,352	34,352	34,352	34,352	34,352	34,352
Chapter 59 Elderly Exemptions	77,398	81,584	68,897	64,136	64,136	63,495	62,860	62,231	61,609	60,993
Public Library Aid	30,114	29,788	29,699	37,428	37,428	37,054	36,683	36,316	35,953	35,594
<b>Total Line</b>	<b>8,578,273</b>	<b>9,314,364</b>	<b>9,601,356</b>	<b>9,966,189</b>	<b>9,966,189</b>	<b>10,070,500</b>	<b>10,100,660</b>	<b>10,222,726</b>	<b>10,262,590</b>	<b>10,387,552</b>

General Fund  
Five Year Pro Form  
General Fund Recurring Revenue Detail

Line Description	Final Budget	Final Budget	Final Budget	Final Budget	ATM Budget	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma
<b>LOCAL RECEIPTS</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015		September 8, 2015	September 8, 2015	September 8, 2015	September 8, 2015	September 8, 2015
Motor Vehicle Excise	3,500,000	3,670,000	3,850,000	3,925,000	4,085,000	4,207,550	4,333,777	4,463,790	4,597,703	4,735,635
Other Excise	645,000	690,000	795,000	935,000	1,035,000	1,075,365	1,363,003	1,403,893	1,446,010	1,489,390
Penalties & Interest	265,000	265,000	230,000	195,000	195,000	202,605	209,696	215,987	222,467	229,141
Payment in Lieu of Tax	45,000	45,000	45,000	45,000	48,525	50,417	52,182	53,748	55,360	57,021
Charges for Services	720,000	555,000	555,000	555,000	570,000	592,230	612,958	631,347	650,287	669,796
Fees	75,000	90,000	90,000	90,000	90,000	93,510	96,783	99,686	102,677	105,757
Rents	140,000	150,000	165,000	167,000	180,000	187,020	193,566	199,373	205,354	211,514
Library Department Income	55,000	50,000	50,000	50,000	50,000	51,950	53,768	55,381	57,043	58,754
Recreation Department Income	250,000	250,000	225,000	200,000	210,000	218,190	225,827	232,601	239,579	246,767
Other Department Income	320,000	334,000	400,000	354,000	354,000	367,806	380,679	392,100	403,863	415,978
Licenses & Permits	800,000	1,115,000	1,300,000	1,427,700	1,532,500	1,592,268	1,647,997	1,697,437	1,748,360	1,800,811
Fines	165,000	156,000	129,500	112,000	112,000	116,368	120,441	124,054	127,776	131,609
Investment Income	150,000	80,000	67,500	67,500	67,500	69,525	71,611	73,759	75,972	78,251
Miscellaneous Income	106,000	135,000	134,000	13,300	13,800	14,338	14,840	15,285	15,744	16,216
Miscellaneous Income - Nonrec	349,147	69,632	5,633							
Adjustment Funds Used for Exc	(4,857)		(4,633)							
<b>Total Line</b>	<b>\$7,580,290</b>	<b>\$7,654,632</b>	<b>\$8,037,000</b>	<b>\$8,136,500</b>	<b>\$8,543,325</b>	<b>\$8,839,142</b>	<b>\$9,377,127</b>	<b>\$9,658,441</b>	<b>\$9,948,194</b>	<b>\$10,246,640</b>

**General Fund  
Five Year Pro Forma  
Operating Budget**

<b>Description</b>	<b>Final Budget 2012 June 30, 2012</b>	<b>Final Budget 2013 June 30, 2013</b>	<b>Final Budget 2014 June 30, 2014</b>	<b>Final Budget 2015 June 30, 2015</b>	<b>ATM Budget 2016</b>	<b>Pro Forma 2017 September 8, 2015</b>	<b>Pro Forma 2018 September 8, 2015</b>	<b>Pro Forma 2019 September 8, 2015</b>	<b>Pro Forma 2020 September 8, 2015</b>	<b>Pro Forma 2021 September 8, 2015</b>
General Government	3,644,860	3,943,093	3,947,078	4,073,355	4,670,459	4,881,107	5,046,964	5,274,557	5,447,277	5,688,675
Land Use and Development	375,645	391,793	418,043	436,068						
Public Safety	12,041,847	12,511,942	13,027,952	13,727,122	13,957,884	14,596,289	15,248,677	15,875,633	16,485,683	17,119,409
Education	49,094,360	51,892,719	54,729,548	58,854,499	62,134,821	65,436,839	68,824,431	72,236,538	76,704,884	80,177,384
Public Works	5,089,984	5,308,896	5,309,956	5,523,625	5,784,473	6,006,758	6,231,360	6,465,344	6,709,130	6,963,156
Public Facilities	7,754,286	7,772,462	8,003,190	8,071,939	8,604,923	8,907,878	9,215,591	9,535,451	9,867,989	10,213,762
Community Services	2,960,198	3,023,195	3,182,254	3,391,728	3,597,686	3,739,915	3,880,178	4,024,069	4,173,528	4,328,778
Department Budgets	80,961,180	84,844,100	88,618,021	94,078,336	98,750,246	103,568,787	108,447,200	113,411,592	119,388,492	124,491,164
Change from Prior Year	3.3%	4.8%	4.4%	6.2%	5.0%	4.9%	4.7%	4.6%	5.3%	4.3%
Townwide Expense Group	23,016,632	25,197,174	26,756,152	27,623,626	29,677,124	32,649,066	34,934,266	37,316,688	39,033,598	40,816,784
Change from Prior Year	-1.1%	9.5%	6.2%	3.2%	7.4%	10.0%	7.0%	6.8%	4.6%	4.6%
<b>General Fund Operating Budget</b>	<b>103,977,812</b>	<b>110,041,274</b>	<b>115,374,173</b>	<b>121,701,962</b>	<b>128,427,370</b>	<b>136,217,853</b>	<b>143,381,466</b>	<b>150,728,281</b>	<b>158,422,090</b>	<b>165,307,948</b>
Change from Prior Year	2.3%	5.8%	4.8%	5.5%	5.5%	6.1%	5.3%	5.1%	5.1%	4.3%

**General Fund  
Five Year Pro Forma  
Operating Budget**

<b>Description</b>	<b>Final Budget 2012 June 30, 2012</b>	<b>Final Budget 2013 June 30, 2013</b>	<b>Final Budget 2014 June 30, 2014</b>	<b>Final Budget 2015 June 30, 2015</b>	<b>ATM Budget 2016</b>	<b>Pro Forma 2017 September 8, 2015</b>	<b>Pro Forma 2018 September 8, 2015</b>	<b>Pro Forma 2019 September 8, 2015</b>	<b>Pro Forma 2020 September 8, 2015</b>	<b>Pro Forma 2021 September 8, 2015</b>
Non-Contributory Retirement Payments	32,700	33,400	34,100	34,800	35,500	36,920	38,397	39,933	41,530	43,191
Contributory Retirement System	4,722,775	4,997,421	5,420,454	5,621,400	6,149,812	6,919,768	7,786,123	8,760,946	9,141,102	9,537,196
Group Health Insurance & Other Benefits	9,019,724	9,508,775	9,591,409	10,198,872	11,474,207	12,908,483	13,779,805	14,641,043	15,409,698	16,218,707
Retiree Insurance & Insurance Liability Fund	4,406,275	4,923,887	5,535,139	5,140,198	5,336,302	5,568,923	5,811,693	6,065,054	6,329,469	6,605,422
Unemployment Compensation	140,000	250,000	250,000	100,000	100,000	104,000	108,160	112,486	116,986	121,665
Debt Service (CPA and Excluded Debt removed)	3,121,297	3,231,127	3,470,211	3,757,947	3,851,834	4,060,071	4,222,066	4,368,764	4,510,684	4,660,039
Workers Compensation	450,000	450,000	467,550	586,252	609,702	634,090	659,454	685,832	713,265	741,796
Casualty Liability & Self Insurance Program	525,000	525,000	525,000	542,000	560,000	582,400	605,696	629,924	655,121	681,326
Classification Performance & Settlements #	112,689	19,133	14,046		175,000	182,175	189,280	196,662	204,332	212,300
Reserve Fund ##	486,172	1,258,431	1,448,243	1,642,157	1,384,767	1,652,236	1,733,592	1,816,045	1,911,412	1,995,142
<b>Townwide Expense Group</b>	<b>23,016,632</b>	<b>25,197,174</b>	<b>26,756,152</b>	<b>27,623,626</b>	<b>29,677,124</b>	<b>32,649,066</b>	<b>34,934,266</b>	<b>37,316,688</b>	<b>39,033,598</b>	<b>40,816,784</b>
Board of Selectmen/Town Manager	806,425	826,252	798,415	824,899	890,303	926,422	962,430	999,884	1,038,842	1,079,368
Town Clerk/Board of Registrars	319,953	341,853	321,912	360,377	357,934	392,238	379,367	424,232	410,407	457,690
Town Counsel	298,664	300,039	305,790	327,584	329,422	337,273	345,314	353,551	361,989	370,631
Personnel Board	11,600	11,600	15,600	15,000	15,000	15,615	16,224	16,857	17,514	18,197
Finance Department	2,178,619	2,431,985	2,472,468	2,511,808	2,553,301	2,658,506	2,764,719	2,875,401	2,990,751	3,110,974
Finance Committee	29,599	31,364	32,893	33,687	35,225	36,643	38,047	39,506	41,022	42,595
Planning and Community Development	251,482	261,309	276,286	286,411	489,274	514,409	540,863	565,126	586,753	609,219
Community Development	124,163	130,484	141,757	149,657						
Police Department	5,229,665	5,506,940	5,624,023	6,062,776	6,139,571	6,413,511	6,699,865	6,974,429	7,241,030	7,517,935
Fire Department	6,340,806	6,515,443	6,844,275	7,080,020	7,211,819	7,551,876	7,893,704	8,220,949	8,538,273	8,867,953
Building Department	471,376	489,559	559,654	584,326	606,494	630,902	655,108	680,255	706,380	733,521
Needham Public Schools	48,501,371	51,112,681	53,995,587	57,961,288	61,480,687	64,701,592	67,998,014	71,307,646	75,660,809	79,003,843
Minuteman Assessment	592,989	780,038	733,961	893,211	654,134	735,247	826,417	928,893	1,044,076	1,173,541

**General Fund  
Five Year Pro Forma  
Operating Budget**

<b>Description</b>	<b>Final Budget 2012 June 30, 2012</b>	<b>Final Budget 2013 June 30, 2013</b>	<b>Final Budget 2014 June 30, 2014</b>	<b>Final Budget 2015 June 30, 2015</b>	<b>ATM Budget 2016</b>	<b>Pro Forma 2017 September 8, 2015</b>	<b>Pro Forma 2018 September 8, 2015</b>	<b>Pro Forma 2019 September 8, 2015</b>	<b>Pro Forma 2020 September 8, 2015</b>	<b>Pro Forma 2021 September 8, 2015</b>
Public Works Department	4,778,984	5,020,896	5,021,902	5,231,027	5,431,792	5,642,790	5,855,634	6,077,364	6,308,374	6,549,078
Municipal Parking Program	55,000	55,000	70,250	71,445	97,730	100,604	103,589	106,690	109,915	113,267
Municipal Lighting Program	256,000	233,000	217,804	221,153	254,951	263,364	272,137	281,290	290,841	300,811
Public Facilities Department	7,754,286	7,772,462	8,003,190	8,071,939	8,604,923	8,907,878	9,215,591	9,535,451	9,867,989	10,213,762
Health and Human Services	465,494	488,712	515,549	583,929	1,431,702	1,488,332	1,544,824	1,603,549	1,664,599	1,728,068
Human Services	569,087	588,016	670,348	731,116						
Commission on Disabilities	550	550	550	2,050	2,050	2,122	2,194	2,268	2,345	2,425
Historical Commission	1,050	1,050	1,050	1,050	1,050	1,070	1,091	1,112	1,134	1,156
Library	1,369,274	1,382,743	1,419,551	1,475,200	1,554,181	1,614,986	1,674,457	1,734,888	1,797,593	1,862,660
Park & Recreation Commission	553,993	561,374	574,456	597,633	607,953	632,640	656,832	681,457	707,047	733,643
Memorial Park	750	750	750	750	750	765	779	795	810	826
Department Budgets	80,961,180	84,844,100	88,618,021	94,078,336	98,750,246	103,568,787	108,447,200	113,411,592	119,388,492	124,491,164
	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Budget</b>	<b>103,977,812</b>	<b>110,041,274</b>	<b>115,374,173</b>	<b>121,701,962</b>	<b>128,427,370</b>	<b>136,217,853</b>	<b>143,381,466</b>	<b>150,728,281</b>	<b>158,422,090</b>	<b>165,307,948</b>

**General Fund  
Five Year Pro Forma  
Capital and Other Appropriations**

Description	Final Budget 2012 June 30, 2012	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2016	ATM Budget 2016	Pro Forma 2017 September 8, 2015	Pro Forma 2018 September 8, 2015	Pro Forma 2019 September 8, 2015	Pro Forma 2020 September 8, 2015	Pro Forma 2021 September 8, 2015
<b><u>Other Financial Warrant Articles</u></b>										
Compensated Absences										
Facility Master Plan Study			150,000							
Warner Field			25,000							
Solar Facility Feasibility		15,000	15,000							
LED Conversion			28,070							
Tree Inventory Matching Funds			30,000							
Engineering Study for Energy Upgrades	50,000									
Unpaid Bills of Prior Years	248	4,346								
Senior Corps	15,000	15,000			15,000					
Property Tax Assistance Program	15,051	13,353	15,025	13,805	27,500					
Workers Compensation	494,288	325,000								
Blue Tree Replacement				35,000						
Federal Grant Match N2				5,000						
Planning Consultants					45,000					
Memorial Park Landscape Improvements					20,000					
At Grade Crossing Study					35,000					
Sidewalk Needs Assessment					100,000					
Public Facilities Maintenance Program					570,000					
DPW/PSAB Location Feasibility Study					40,000					
OPEB Funding					160,000					
<b>Special Purpose Articles</b>	<b>574,587</b>	<b>372,699</b>	<b>263,095</b>	<b>53,805</b>	<b>1,012,500</b>	<b>825,787</b>	<b>846,432</b>	<b>867,592</b>	<b>889,282</b>	<b>911,514</b>
General Fund Cash Capital	1,703,859	2,631,633	1,034,584	2,467,260	1,941,411	2,274,106	2,865,197	2,431,951	3,243,958	
General Fund Cash Capital Supplemental	80,000		1,543,081		73,000					3,341,277
Other Cash Capital	33,192	1,155,000	3,489,276	200,000	603,500					
<b>Capital Funded by Cash</b>	<b>1,817,051</b>	<b>3,786,633</b>	<b>6,066,941</b>	<b>2,667,260</b>	<b>2,617,911</b>	<b>2,274,106</b>	<b>2,865,197</b>	<b>2,431,951</b>	<b>3,243,958</b>	<b>3,341,277</b>
RTS Enterprise Fund	580,673	576,938	801,458	1,492,270	1,420,000	1,462,600	1,506,478	1,551,672	1,598,223	1,646,169
Sewer Enterprise Fund (Drains Program)	469,610	493,392	858,439	823,671	494,488	509,323	524,602	540,340	556,551	573,247
Stabilization Funds										
Capital Improvement Funds		923,098	616,980	40,695	1,053,000	41,712	42,755	43,824	44,920	46,043
<b>Appropriated to Other Funds</b>	<b>1,050,283</b>	<b>1,993,428</b>	<b>2,276,877</b>	<b>2,356,636</b>	<b>2,967,488</b>	<b>2,013,635</b>	<b>2,073,836</b>	<b>2,135,837</b>	<b>2,199,693</b>	<b>2,265,459</b>
<b>Total Other Appropriations</b>	<b>3,441,921</b>	<b>6,152,760</b>	<b>8,606,913</b>	<b>5,077,701</b>	<b>6,597,899</b>	<b>5,113,528</b>	<b>5,785,464</b>	<b>5,435,380</b>	<b>6,332,933</b>	<b>6,518,250</b>
Tax Recap Requirements	74,513	74,736	72,610	81,735	581,735	100,000	102,500	105,063	107,689	110,381
State and County Assessments	1,198,244	1,238,429	1,273,564	1,274,075	1,325,038	1,373,402	1,423,531	1,475,490	1,529,345	1,585,166
Provisions for Abatement and Exemptions	2,135,466	1,876,905	2,151,633	3,258,232	1,844,809	1,845,000	1,891,125	1,938,403	1,986,863	2,036,535
<b>Other Amounts to be Provided</b>	<b>3,408,223</b>	<b>3,190,070</b>	<b>3,497,807</b>	<b>4,614,042</b>	<b>3,751,582</b>	<b>3,318,402</b>	<b>3,417,156</b>	<b>3,518,956</b>	<b>3,623,898</b>	<b>3,732,082</b>

**General Fund  
Change in Salary and Wage Accounts  
FY2011 - FY2015**

	2010	2011		2012		2013		2014		2015	
Board of Selectmen	630,398	644,644	2.3%	649,992	0.8%	669,819	3.1%	691,474	3.2%	715,158	3.4%
Town Clerk	263,081	282,308	7.3%	281,663	-0.2%	296,301	5.2%	282,647	-4.6%	312,927	10.7%
Town Counsel	68,664	68,664	0.0%	68,664	0.0%	70,039	2.0%	71,790	2.5%	73,584	2.5%
Personnel Board	1,128	600	-46.8%	600	0.0%	600	0.0%	600	0.0%	0	-100.0%
Finance Department	1,326,597	1,342,043	1.2%	1,399,514	4.3%	1,600,620	14.4%	1,637,963	2.3%	1,690,829	3.2%
Finance Committee	29,993	27,493	-8.3%	28,524	3.8%	30,289	6.2%	31,668	4.6%	32,462	2.5%
Planning and Community Development	305,662	320,616	4.9%	347,327	8.3%	363,475	4.6%	389,725	7.2%	407,750	4.6%
<b>Municipal Administration</b>	<b>2,625,523</b>	<b>2,686,368</b>	<b>2.3%</b>	<b>2,776,284</b>	<b>3.3%</b>	<b>3,031,143</b>	<b>9.2%</b>	<b>3,105,867</b>	<b>2.5%</b>	<b>3,232,710</b>	<b>4.1%</b>
Police Department	4,771,895	4,884,190	2.4%	4,863,916	-0.4%	4,959,157	2.0%	5,175,845	4.4%	5,581,122	7.8%
Fire Department	5,722,539	5,812,408	1.6%	6,100,123	5.0%	6,249,767	2.5%	6,581,793	5.3%	6,758,282	2.7%
Building Department	444,020	445,919	0.4%	443,280	-0.6%	460,619	3.9%	528,614	14.8%	553,286	4.7%
<b>Public Safety</b>	<b>10,938,454</b>	<b>11,142,517</b>	<b>1.9%</b>	<b>11,407,319</b>	<b>2.4%</b>	<b>11,669,543</b>	<b>2.3%</b>	<b>12,286,252</b>	<b>5.3%</b>	<b>12,892,690</b>	<b>4.9%</b>
<b>Public Works (General Fund Only)</b>	<b>3,258,049</b>	<b>3,393,323</b>	<b>4.2%</b>	<b>3,049,989</b>	<b>-10.1%</b>	<b>3,109,481</b>	<b>2.0%</b>	<b>3,207,178</b>	<b>3.1%</b>	<b>3,339,322</b>	<b>4.1%</b>
<b>Public Facilities</b>	<b>2,875,501</b>	<b>2,870,212</b>	<b>-0.2%</b>	<b>3,087,351</b>	<b>7.6%</b>	<b>3,227,402</b>	<b>4.5%</b>	<b>3,407,208</b>	<b>5.6%</b>	<b>3,472,871</b>	<b>1.9%</b>
Health and Human Services	902,801	872,008	-3.4%	887,382	1.8%	912,469	2.8%	973,773	6.7%	1,073,830	10.3%
Commission on Disabilities										1,500	
Public Library	1,075,014	1,076,094	0.1%	1,077,213	0.1%	1,071,967	-0.5%	1,103,803	3.0%	1,156,157	4.7%
Park & Recreation Department	441,142	443,185	0.5%	443,118	0.0%	453,499	2.3%	468,456	3.3%	483,633	3.2%
<b>Community Services</b>	<b>2,418,957</b>	<b>2,391,287</b>	<b>-1.1%</b>	<b>2,407,713</b>	<b>0.7%</b>	<b>2,437,935</b>	<b>1.3%</b>	<b>2,546,032</b>	<b>4.4%</b>	<b>2,715,120</b>	<b>6.6%</b>
<b>1) Town Departments (including enterprise and facilities employees)</b>	<b>24,359,587</b>	<b>24,796,215</b>	<b>1.8%</b>	<b>25,282,302</b>	<b>2.0%</b>	<b>26,059,820</b>	<b>3.1%</b>	<b>27,199,186</b>	<b>4.4%</b>	<b>28,423,877</b>	<b>4.5%</b>
<b>2) School Department</b>	<b>39,247,086</b>	<b>40,264,790</b>	<b>2.6%</b>	<b>40,908,300</b>	<b>1.6%</b>	<b>43,903,789</b>	<b>7.3%</b>	<b>46,455,864</b>	<b>5.8%</b>	<b>49,856,876</b>	<b>7.3%</b>
<b>3) Total Salary and Wage (1+2)</b>	<b>63,606,673</b>	<b>65,061,005</b>	<b>2.3%</b>	<b>66,190,602</b>	<b>1.7%</b>	<b>69,963,609</b>	<b>5.7%</b>	<b>73,655,050</b>	<b>5.3%</b>	<b>78,280,753</b>	<b>6.3%</b>
Department of Public Works (Including Enterprise Employees)	<b>5,501,152</b>	<b>5,705,831</b>	<b>3.7%</b>	<b>5,603,635</b>	<b>-1.8%</b>	<b>5,693,797</b>	<b>1.6%</b>	<b>5,853,827</b>	<b>2.8%</b>	<b>6,110,486</b>	<b>4.4%</b>

**General Fund  
Five Year Pro Forma  
Consumer Price Index**

Consumer Price Index - All Urban Consumers (Northeast)	
CY	Annual
2009	229.34
2010	233.87
2011	241.00
2012	245.70
2013	249.04
2014	252.46
2010	1.97%
2011	3.05%
2012	1.95%
2013	1.36%
2014	1.38%
Five Year Average	1.94%
Three Year Average	1.56%

**Town of Needham  
General Fund  
Five Year Pro Forma  
Energy Prices**

Year	Regular Unleaded Gasoline Per Gallon - Boston Area			Fuel Oil #2 - Northeast			Electricity per kWh - Northeast				
	June Average Price	One Year % Change	Calendar Year Average Price	June Average Price	One Year % Change	Calendar Year Average Price	June Average Price	One Year % Change	Calendar Year Average Price		
2010	\$2.725	5.66%	\$2.75	\$2.743	11.78%	\$2.92	\$0.17		\$0.17		
2011	\$3.738	37.17%	\$3.51	\$3.805	38.72%	\$3.69	\$0.17		\$0.16		
2012	\$3.468	-7.22%	\$3.63	\$3.473	-8.73%	\$3.72	\$0.16	-5.88%	\$0.16		
2013	\$3.491	0.66%	\$3.50	\$3.529	1.61%	\$3.69	\$0.16		\$0.17		
2014	\$3.637	4.18%	\$3.37	\$3.746	6.15%	\$3.68	\$0.17	6.25%	\$0.17		
2015	\$2.691	-26.01%	NA	\$2.722	-27.34%	NA	\$0.18	5.88%	NA		
Average of the Annual % Change (Five Years)			1.76%	Average of the Annual % Change (Five Years)			2.08%	Average of the Annual % Change (Five Years)			1.25%
Average of the Annual % Change (Three Years)			-7.06%	Average of the Annual % Change (Three Years)			-6.52%	Average of the Annual % Change (Three Years)			4.04%
June 2015 Average Price % Change from June 2011 Average Price			-28.01%	June 2015 Average Price % Change from June 2011 Average Price			-28.46%	June 2015 Average Price % Change from June 2011 Average Price			5.88%
June 2015 Average Price % Change from June 2013 Average Price			-22.92%	June 2015 Average Price % Change from June 2013 Average Price			-22.87%	June 2015 Average Price % Change from June 2013 Average Price			12.50%

Year	Natural Gas Per Therm - Northeast			Automotive Diesel Fuel Per Gallon			
	June Average Price	One Year % Change	Calendar Year Average Price	June Average Price	One Year % Change	Calendar Year Average Price	
2010	\$1.231	-2.22%	\$1.28	\$3.061	14.56%	\$3.10	
2011	\$1.184	-3.82%	\$1.23	\$4.113	34.37%	\$4.00	
2012	\$1.052	-11.15%	\$1.11	\$3.988	-3.04%	\$4.13	
2013	\$1.153	9.60%	\$1.15	\$3.912	-1.91%	\$4.02	
2014	\$1.159	0.52%	\$1.15	\$4.085	4.42%	\$3.99	
2015	\$0.964	-16.82%	NA	\$3.098	-24.16%	NA	
Average of the Annual % Change (Five Years)			-4.33%	Average of the Annual % Change (Five Years)			1.94%
Average of the Annual % Change (Three Years)			-2.23%	Average of the Annual % Change (Three Years)			-7.21%
June 2015 Average Price % Change from June 2011 Average Price			-18.58%	June 2015 Average Price % Change from June 2011 Average Price			-24.68%
June 2015 Average Price % Change from June 2013 Average Price			-16.39%	June 2015 Average Price % Change from June 2013 Average Price			-20.81%