

Town of Needham
General Fund
Revenue and Expense
FY2019 – FY2023 Pro Forma

September 12, 2017

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FY2019 – FY2023

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 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. In order to direct focus on service and operational costs and sustainability of the services, the cash capital program is not included in the analysis. The Town's capital program is addressed in more detail in the five-year capital improvement program and planned funding recommendations which are updated annually. The Town has greater flexibility and more options to amend and change its capital expenditure plans without negatively impacting day-to-day operations. The capital program is amended based on the swings of its primary funding source Free Cash, and other available funds which are usually restricted to particular capital expenditures. The inclusion of capital in the operating Pro Forma can distort the challenges of paying for ongoing services with recurring revenues. The Pro Forma does include estimates for related operating expenses that may be incurred as a result of a capital project approval. The Pro Forma also includes a forecast of service demand improvements that are likely to be recommended by management and which have been discussed with policy-making boards and committees as priorities.

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 cannot 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 of

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focus in each year is the incremental amount shown on Line II (see page 23). As 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 a revised FY2018 budget based on anticipated actions to be requested at the October 2017 Special Town Meeting, approved transfers, current revenue estimates, the immediate four prior fiscal year final adjusted budgets (2017, 2016, 2015, and 2014), and a five year outlook. Effective with the FY2017 budget, we consolidated the General Fund appropriated expenses for electric and natural gas energy from the various department budgets, the solar electric generation costs, and municipal lighting expenses into a single program budget named Needham Electric, Light, and Gas Program (ELG) which was added to the Townwide Expense group. For the purposes of this analysis, we include those costs with the department budgets, not the Townwide group. This report also reflects the organizational change approved by the Board Selectmen that moves the Public Facilities operations to the Department of Public Works as the Building Maintenance division. The budgets of FY2019 reflect the movement of the Public Facilities operations to DPW. Unless otherwise stated, the revised FY2018 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 as they are budgetarily neutral.

The current FY2018 general fund operating budget stands at \$152,704,148, of which \$8,215,236 relates to CPA or excluded general fund debt service, resulting in a base budget of \$144,488,912. Based on anticipated actions at the October 2017 Special Town Meeting, the adjusted budget, which is the base from which the out years are calculated, is \$144,968,912. Of this amount, \$69,156,335 is appropriated directly to the Needham Public Schools and Minuteman Regional High School (approximately 48% of the total operating budget). Townwide expenses (exclusive of the Classification Performance and Settlements reserve (CPS) and ELG program) account for \$35,310,734 or approximately

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24% of the total. The balance of \$40,501,843 is allocated amongst the 19 other Town department budgets (which include CPS and ELG amounts for this forecast). The department 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 school buildings), facilities, parks and fields, human service programs for the young and old, veterans and disabled, promotion and protection of 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 70% of the operating budget for municipal departments is related to personnel. When including the Needham Public Schools and Townwide expense budgets that are personnel-related, this share of the budget grows to 80%. Of the municipal departments, most of the non-personnel costs are in the Public Facilities Department (prior years), the Department of Public Works, and the ELG program, of which a significant portion 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, Out-of-District Tuition, Professional & Technical, Public Works Supplies, Recreation, Rental and Leases, Repairs and Maintenance, School Transportation, 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 changes in actual expenditures over the three and five year periods, current contractual obligations, cost trends for budgetarily significant expense categories, overall economic trends, and local practices.

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The estimated expenditure requests for FY2019 at \$160,875,442 are \$6,645,336 more than the revised expenditure total for FY2018; this assumes favorable action on requests pending for the October 2, 2017 Special Town Meeting. The projected revenue figure is \$157,533,196 compared to \$154,230,106 estimated for FY2018 - an increase of \$3,303,090. The gap between estimated revenue and estimated expenditures for FY2019 is \$3,342,246. The incremental gap between estimated revenue and expenditures in each of the out years is higher. Many other costs are in keeping with prior assumptions, but some come with a higher expense growth rate than before, based on the Town's actual spending.

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 adjusted the FY2018 revenue budget for the purposes of this report, based on anticipated actions to be taken at the October 2017 Special Town Meeting. Total available for expenditure (see page 24) is estimated to increase between 2.1% and 4.8% each year. However, core revenue (property taxes, state aid, and local receipts), most of which is considered recurring revenue, runs higher between 4.9% and 3.7% over the FY2019 – FY2023 timeframe (see page 23), which is better than the prior estimates. General Fund recurring revenue is estimated at 4.9% for FY2019, then at 4.4% for FY2020, 4.6% for FY2021, 3.7% for FY2022, and then by 3.7% for FY2023.

Property Taxes

We anticipate higher New Growth tax revenue in 2019 and 2020, a significant amount coming from the continuing expansion in Needham Crossing, and a recognition of the 75% portion of the New Growth property tax revenue for the TripAdvisor building, which was part of a Tax Incremental Financing (TIF) agreement and becomes available to the Town by FY2021. We have also assumed an increase of \$600,000 in personal property tax from NBC Universal in FY2020. NBC Universal has entered into a TIF plan with the Town which delays the recognition of a portion of the New

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Growth tax revenue that is expected from their development in Needham Crossing which construction is expected to begin this year. The first four years of the plan has 70% of the new growth tax revenue exempted, which drops to 5% in year five and then to just 1% for the final five years of the ten year plan. As reported in the past several forecasts, Needham's residential market remains strong, and allows us to keep an assumed minimum increase in new growth of 1.5%. We assume an increase in property tax revenue without an override in FY2019 at 5.0%, FY2020 with the inclusion of the new personal property revenue from NBC an increase of 4.6%, and increasing by 5.0% in FY2021 with the recapture of the TripAdvisor new growth tax, then growth of 4.1% in FY2022, with 4.0% assumed for FY2023. All years are higher than assumed in the previous report.

State Aid

No changes in the assumptions for state aid have been made from that which was noted in the report last year. We continue to forecast a one percent 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 one percent in FY2019 and then be level dollar in FY2020. Over the three remaining years we assume level dollar for FY2022, and an increase of one percent for FY2021 and FY2023. Although growth in state lottery revenue has slowed in the last year, the expectation is that one or more casinos will open in Massachusetts within the next four years, and we have continued our assumption that Unrestricted General Government Aid (UGGA) will increase by two and one half percent each year from FY2019 to FY2023. 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, and therefore we 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

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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 FY2019 we kept our previous estimate that most local receipts will increase by three percent, except interest income which we assume a four percent growth rate, and Medicaid reimbursements which we assume that revenue source could be reduced by the Federal Government and therefore have factored a 20% decline. We use the same percent change assumption for all the out years. With the construction of at least one additional hotel planned in Needham Crossing, we still assume an additional increase of \$125,000 in the hotel excise over the forecasted percent increase of three percent for FY2019, and now have assumed that an additional \$75,000 can be recognized over the assumed growth rate for FY2020. We have assumed an increase in park and recreation receipts of \$120,000 over a two year period in addition to the three percent assumed growth rate due to the opening of the new Rosemary Pool. We have assumed an additional increase in motor vehicle excise revenue of \$200,000 over the three percent growth assumption for FY2019. With changes expected to various fees and more billable ambulance runs with the addition of a second full-time ambulance, we have assumed a higher growth in revenue in the coming years.

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 FY2019 appropriations, then \$750,000 for FY2020, and then increasing to \$1,000,000. As mentioned earlier we have removed the cash capital program from this analysis and as such the primary revenue funding source of Free Cash. However, we continue to assume that an amount of Free Cash will be used for operating and other programs and hence estimate that amount of Free Cash available annually at 2% of

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the final appropriated operating budget, excluding the reserve fund, of the closed budget year before the annual Town Meeting appropriation for the upcoming fiscal year budget or the actual turn back, whichever is less. So for FY2019, the two percent calculation would be based on the FY2017 budget. The FY2019 Free Cash estimate available for such appropriations appears lower than FY2018; however this is because a significant amount of Free Cash was used to fund the stabilization funds at the 2017 Annual Town Meeting and Special Town Meeting (\$2,115,041). The FY2018 operating

budget was funded with \$2,689,482 in Free Cash. The Free Cash estimate for FY2019 is \$2,716,198. The total amount of Free Cash is impacted by the rate of growth in core revenues (property tax, state aid, and local receipts) and is also affected by extraordinary turn backs, one-time revenue, allowances made for uncollectable receivables, and deficits in other funds. We continue to emphasize that Free Cash 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.

Consumer Price Index - All Urban Consumers (Northeast)	
Calendar Year	Annual Index
2011	241.00
2012	245.70
2013	249.04
2014	252.46
2015	252.19
2016	254.85
2012	1.95%
2013	1.36%
2014	1.38%
2015	-0.11%
2016	1.06%
Five Year Average	1.13%
Three Year Average	0.77%

Expenditures

The FY2018 revised budget is the base year on which the out year estimates are calculated (see pages 25-30). With respect to department expenditures, we assume a 3.75% increase in total wage and salary expenses for FY2019 which is the same as estimated for FY2019 in the report last year. We also have lowered our assumption from last year that annual wage and salary growth for police

and fire departments will be three and one half percent in FY2019 based on contracts, but then assume they will grow at four percent in FY2020 and beyond. We assume the school wages will increase by four percent in FY2019 and then by four and one half percent for the out years, except where otherwise noted. Furthermore, other than as outlined below,

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all expense budget lines are assumed at a 1.13% annual increase, consistent with the average change in the consumer price index (Northeast Index of all urban consumers) over the past five full calendar years (2012 – 2016). This factor is 0.39% lower than the five year average used last year. As with the decrease in the prior reports this decrease in the CPI average was affected by the much lower energy prices over the past 12 to 36 months which has been reflected in the costs of goods and services. However the trend of an ever lower inflation rate cannot be assumed to continue indefinitely. Indeed the inflation rate for CY2016 was 1.06% which compares to a decline in the rate for CY2015 of -0.11%. However, 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: 1.52%, 1.94%, 1.67%, and 2.20%, respectively. The 1.13% rate is the lowest average the Town has relied upon for forecasting in many years. 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, or are a significant portion of certain budgets which merit extra analysis. They include energy, repairs and maintenance services for buildings, equipment, and vehicles, software and technology, professional and technical services, and other property related services, all of concern in the prior report.

Facility Focused Changes

The Town usually incurs additional expenses, when a facility is added, expanded, or significantly altered, for the operation and maintenance of the facility itself. When a new building is opened, the programs operating in the new facility may or may not change, and changes in program costs are not specifically driven by the new facility. But the maintenance of the facility is driven by the change. Therefore, we have estimated the additional budgetary costs for each facility identified for funding or have already been funded. To the extent that expanded programs result solely because of the new facility, as identified by the related department(s), estimates of those costs have been incorporated into the analysis. We have also incorporated into the Pro Forma operating cost estimates to the various budgets for the

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Williams elementary school, and the Rosemary Complex now under construction. There will also be increased operating costs for the proposed new Fire Station #2, the new Police/Fire Public Safety Complex, a new Memorial Park building, and a proposed DPW storage building at the RTS site. We have also calculated the increased building operating costs related to the planned High School expansion.

Costs for maintenance have been derived using a square foot approach that is based on the total gross area of the building maintained, including corridors, offices and common space. Costs include personnel and related benefits, property insurance, outside contracts, utilities, gas, electricity, trash collection/disposal, and equipment and supplies for custodial, maintenance, and grounds. Outside contracts include expense for those hired for specialized jobs to maintain or repair building systems or equipment. The cost assumptions for the facilities was based on a study published by American School and University that identified the national average costs for school facilities in 2009. Those rates have been increased by the change in the CPI from 2009 to 2016, and adjusted by 9% to reflect the higher costs in the Northeast over other areas of the country. Personnel costs are based on Needham's wage schedules and cost of benefits.

The Williams School is anticipated to open in either the fall of 2019 (FY2020) or fall of 2020 (FY2021); we have assumed 2019. The Rosemary Pool/Office Complex is assumed to open in summer of 2018 (FY2019); a new DPW storage facility is projected to open in FY2020. The proposed new Memorial Park building is assumed to have a budget impact starting in FY2019. The impact on the building maintenance budget for the expanded High School is assumed for FY2020. Fire Station #2 is assumed to open in FY2021; and the new Police/Fire Public Safety Complex is projected to open in phases with the new Fire Station operating in FY2022 and the Police Station in FY2023. Increased expenses have been assumed in energy, benefits and insurance, police, public facilities, public works and park and recreation. The opening of the Rosemary complex is assumed to require one custodian complemented by seasonal contract cleaning for the bath house, additional part-time seasonal help for the pool and building, program expenses, and operating capital. There

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would also be increased building and grounds operating expenses. The new elementary school is expected to require two additional custodians to clean and maintain the building, and three additional traffic supervisors in the Police Department. There will be increased costs for building insurance, and building and grounds expenses. The new DPW storage facility is expected to increase building and some grounds expenses; no additional staff is necessary. An increase for building insurance is expected. The reconstruction of Fire Station #2 will necessitate an additional custodian, and increased building and grounds expenses as well as building insurance. The public safety complex is projected to require an additional 1.5 FTE custodial staff, increased building and liability insurance, and property and grounds maintenance expenses. The Memorial Park building will also require daily custodial assistance beginning in FY2020. The High School expansion will increase contracted service costs and building insurance. All new facilities are expected to increase the Town's energy costs. The increased expenses for four of the facilities – the Rosemary Complex, the Williams School, Fire Station #2, and the Public Safety Building are net of amounts currently budgeted for those existing or related facilities. The forecast assumes that 75% of the existing maintenance budget for the Hillside School will transfer to the new school – the balance is reserved for the current building. The DPW storage facility is new, and no current budget is allocated for such a facility, hence the estimate has no offset. The projected costs associated with the new facilities will occur over five or more fiscal years. This additional cost by function is shown in the attached tables (see page 31).

Service Delivery Demand Focused Changes

We have also incorporated in the Pro Forma operating cost estimates for increased demands on resources and services and expanded services anticipated to be delivered over the next five years; chiefly in the areas of public safety and education. The commercial development in Town has brought new life to Needham Crossing and area business districts. Long-awaited and significant infrastructure improvements by the Commonwealth and joint efforts by the City of Newton and the Town are currently underway and have helped to make this growth possible. The Town has realized increased revenues of a recurring nature, but development understandably has also brought added demands on Town services.

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Commercial sector growth has particularly impacted public works and public safety services, and residential growth has impacted education and human services. Over the next five years, we anticipate adding police officers, and fully-staffing a second ambulance. The projected municipal personnel costs are based on Needham's wage rates and benefit costs; the costs associated with implementing full day kindergarten are based on a memo prepared by the Director of Financial Operations for Needham Schools that was revised in December 2015. The additional cost by function is shown in the attached tables (see page 32).

Townwide Expenses

The assumption for the general insurance budget is the same as last year, a general increase of 3.5% per year, plus the new facilities. This budget also reflects additional increases for new and renovated facilities anticipated to open over the next five years. Debt service within the levy limit is maintained at approximately 3% of general core revenue.

Group health insurance, employee benefits and administrative costs is the largest of the Townwide budgets. The most significant portion of this budget is health insurance. Health insurance and related costs continue to be a challenge and most of our prior assumptions still hold true. After a few years of moderate increases in the Town's health insurance budget, the Town saw a general increase in health premium rates for FY2015 for most plans between 5.7% and 17.8%. The three major Rate Saver Health plans the Town offers through the West Suburban Health Group, HCHP, Tufts, and Blue Cross saw increases of approximately 14.5%, 8.6%, and 13.9% respectively; and premiums increased again for FY2017 by 8.5%, 5.5%, and 5.0%. Increases for FY2018 were even higher, and more than anticipated, requiring the need for a supplemental appropriation of \$480,000 to the health insurance budget. The increase to the Rate Saver Plans was an across the board 15%. With medical inflation projected to continue to be higher than most expenses, but with continued expectation that the marketplace will act to lessen this phenomena, and the fact that we are actively looking to new plan designs, which will need to be done in consultation with the employee unions (Town and School), we are relying on the medical inflation assumption used in the most recent OPEB actuarial update. This report assumes a

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7.5% increase for FY2019 (previously it was 6.5%), 7.0% for FY2020 (previously 6.0%), 6.5% for FY2021 (previously 5.5%), 6.0% for FY2022 (previously 5%), and for FY2023 we assume a 5.5% increase. It should be noted that the West Suburban Health Group will no longer offer the current range of plan offerings as of July 1, 2018. The structure of the replacement plans will impact future projections. This budget is also increased to reflect the estimated increased benefit costs for added staff that is projected to be hired based on increased service demands, new programs (e.g., full day kindergarten), and the opening of new facilities. The increases in the cost of health care also impact the cost of retiree health care and the OPEB assessment.

With respect to retiree health insurance and other post-employment benefit costs (OPEB), we have relied upon the July 2016 actuarial schedule. The Town continues its efforts to reduce the return assumption to meet the future obligations in a moderate manner. This is a fiscally prudent move that benefits the Town now and into the future. The 2016 report showed that fund balance continues to increase, but so too has the liability.

The retirement assessment is based on an actuarial funding schedule plus the noncontributory pension payments. The Contributory Retirement System lowered its rate of return assumption from 8% to 7.75% a few years ago, and will continue to evaluate the assumption when the next asset valuation is done. The budget for the retirement assessment for FY2018 is \$7,332,277 and FY2019 is \$7,976,686, an increase of 8.8%. The Retirement System is required to update its actuarial assessment of its unfunded liability at least once every three years. We anticipate the assessment will increase sharply again and therefore have assumed a nine percent increase for the annual assessment for FY2020 and the out years. The system is still projected to be fully funded in 2030. There is no longer any noncontributory pensioner so no allocation is required going forward.

The Workers Compensation budget, which also funds the injured on duty expenses related to public safety personnel, has been estimated at 3.5% per year, and the Classification Performance and Settlements reserve is assumed at the

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general annual increase of 3.75%.

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

The Town has made a concerted investment in energy efficiency, but with a greater number of facilities, more technology, greater emphasis on building comfort and air quality (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 the operating budget.

The past few years, the Town has benefitted from the decrease in the prices for gasoline, diesel fuel, and heating oil. This trend is not likely to continue. This will place added pressure on Town resources. Gasoline and diesel prices have been at some of the lowest levels in several years, but prices are now increasing, and we anticipate higher costs in the coming years. Price changes with these expenses can have a major impact on the Town's operating budget flexibility and our ability to pay for other expenses. We assume a 10% increase in the budgets for fuel in FY2019, but then assume a two percent increase in the out years.

As mentioned in the report last year, the cost of electricity and natural gas continues to be positive, with pricing much more stable. The Town continues to have favorable contract pricing for electric and natural gas supply, but the regulated portions of the services continue in flux. There continue to be congestion issues with the natural gas supply

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which will keep prices higher for New England compared to the rest of the country. Nonetheless we have maintained our growth rate assumption for natural gas expenses at 2.0% assumed last year. We also assume electricity will grow at 2.0% per year, the same as last year. We have also factored in increased costs for electric and natural gas for the new facilities that are assumed to open over the five year period.

Building and Equipment Repairs and Maintenance

Not including Townwide Expenses and the Minuteman assessments, the combination of repair and maintenance and other property related services expenses account for more than 15% of total actual expenditures over the four immediate past fiscal years (FY2014 – FY2017). The portion of the FY2018 Town and School Department expense budgets that is allocated to these expenses is more than 14%. 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. We assume these repair and maintenance expenses will continue to grow and have increased our assumption of the annual growth rate at 4.5% plus costs connected to the new facilities. The budgets which include an allowance for repairs and maintenance are Board of Selectmen/Town Manager, (FY2018 budgeted amount for these expenses is \$12,389); Town Clerk (\$4,350); Finance Department (\$27,500); Police Department (\$38,900); Fire Department (\$67,307); School Department (\$173,218); Public Works including building maintenance (\$809,133); Library (\$2,096); and Park and Recreation (\$15,000).

Other property related services, including expenses such as outside service contracts for cleaning two school buildings and several park facilities, pest control of all facilities, road repair work, and field maintenance, have increased at an average of 9.5% for the last four completed fiscal years. We have maintained our assumption last year that the annual

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increase will be 5.9% for each of the five years. The budgets impacted by this assumption include, Public Works including building maintenance (the FY2018 amount allocated is \$1,508,890); Municipal Parking (\$36,400 or 35% of the budget); Park and Recreation (\$20,000). These costs 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 matter expertise to Town and School departments or to Town Boards and Committees. Nearly 11% of total actual expenditures for the immediate four year period, excluding SPED and training, have been spent on professional and technical services. Approximately 32% of the FY2018 Town and School expense budgets is for professional services contracts (including SPED). For the purposes of this Pro Forma, but excluding SPED, software, or training-related expenses, we assume this expense will grow at 4.25% per year; a decrease of 3.45% from the assumption last year. The department budgets impacted by this assumption include, Board of Selectmen (FY2018 budgeted amount for these expenses is \$75,450); Town Clerk (\$12,200); Department (\$251,490); Planning and Community Development (\$4,150); Police Department (\$13,000); Fire Department (\$48,583); Building Department (\$23,231); School Department (\$743,556); Public Works and building maintenance (\$278,508); Public Facilities Construction (\$6,200); Health and Human Services Department (\$117,570); and Park and Recreation (\$2,450). We have assumed the amount budgeted for training and development under professional and technical services will increase at the 1.13% CPI average. Software is assumed at the same 4.5% as in prior reports.

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 has been higher due to additional services funded by an operating override or attributed to increased head count and/or hours. However, the trend may not be able to

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continue without increased revenues far above what is customary. As stated at the opening of this update, we have not assumed an operating override in forecasting operating expenses, and therefore do not assume increases in staff, except as noted for the implementation of full day kindergarten. For the purpose of this Pro Forma we have assumed a 4.0% increase in the personnel expenses for FY2019 and 4.5% in the out years. These are comparable to the rates assumed for the report last year, but except for FY2019, which is lower, the annual percent increase is slightly higher than before. 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 only to be increased again to \$3,261,020 for FY2016, then to \$3,899,596 for FY2017. The School Department allocated \$3,924,596 for SPED in FY2018. Uncertainties and great fluctuations in the number of students and tuitions are a concern, and therefore we maintained our SPED cost assumption of a 6% increase for FY2019 and 4.5% for the out years. As mentioned previously, repairs and maintenance is assumed at 4.5% per year and Professional and Technical services other than SPED and training is assumed at 4.25% per year. We have increased our assumption that school transportation costs will grow at 4% per year rather than 3%; for FY2018 the School Department has budgeted \$1,904,143 for school transportation, a decrease from the \$1,955,973 budgeted for FY2017. The School Department has budgeted \$648,518 for school technology for FY2018, similar to our assumption for Town operating technology capital expense growth of 2.6% per year, we have applied the same rate to this expense for the schools. All other expenses are projected at a 1.13% 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 assumed a 6% growth rate in the assessment. In addition we have incorporated in the analysis an increase in the assessment for debt service for the new school to be built. The amount added for debt comes from the February 3, 2016 memo, prepared by the Assistant Town Manger/Director of Finance, to the Board of Selectmen and Finance

Town of Needham
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Committee. The project is now underway and will have an impact on the FY2019 assessment. The FY2018 budget is \$806,252; the FY2017 budget was \$766,061, FY2016 was \$623,614, FY2015 was \$893,211 and FY2014 was \$733,961.

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 (FY2019 will be \$30,139 more, the higher amount will be backed out in the subsequent year respectively.) As mentioned previously, repairs and maintenance is assumed at 4.5% per year and professional and technical services at 4.25% per year. All other expenses are projected at a 1.13% increase annually.

We have assumed that the legal professional expense budget will increase at 3% per year and the salary line will grow at 2.75% per year which is lower than general wages, which are the assumption from last year. All other expenses are projected at a 1.13% increase annually.

The Finance Department, which includes the Information Technology Center, is charged with providing and supporting technology systems for all Town departments, which insofar as practical or otherwise necessitated, are centralized under that department. A major cost item is software licensing. The Town continues to see this cost growing faster than the CPI, and we still estimate that it will at 4.5% per year. The FY2018 budget allocation for software related costs is \$330,750 which is approximately 40% of the department's expense budget. 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 4.5% per year and professional and technical services at 4.25% per year. Operating capital is assumed at 2.6%, the same as last year. This budget also assumes one additional technology position will be added in FY2019.

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There is also an additional \$2,500 added to the expense portion of the budget in FY2019 for incidental costs related to hiring an additional technology position. All other expenses are projected at the 1.13% CPI.

Salary and wage expenses for the Police Department are assumed to increase by approximately 3.5% for FY2019, and then at 4.0% for the out years. This budget also assumes an additional officer in FY2019, another officer in FY2020, and two more in FY2021. In each of the three fiscal years that staff is added, the Police Department's expense budget is also increased: \$2,500 in FY2019, \$2,500 in FY2020, and \$5,000 in FY2021. As noted earlier, both salary and expense lines are increased in FY2020 attributable to the opening of the new Williams School, which is assumed to require three additional traffic supervisors. The salary estimate for the new school costs is \$38,991 and expenses will increase by \$657. The gasoline budget for the Police Department is estimated at the same rates as noted above under energy and fuel costs. The Police Department budget for FY2018 is \$62,280 which compares to \$74,530 budgeted for FY2017 and \$89,265 for FY2016. As mentioned previously, repairs and maintenance is assumed at 4.5% per year. Operating capital for cruiser replacement is assumed at 2.6% per year, the same as last year. All other expenses are projected at the 1.13% CPI rate for each of the five years.

Salary and wage expenses for the Fire Department are assumed to increase by approximately by 3.5% for FY2019, and then increase to 4% for the out years. This budget also assumes that four firefighter/paramedics will be added to the Department in FY2020 to expand the emergency medical response services by staffing two ambulances full-time. The expense budget is increased by \$10,000 in FY2020 for related expenses of adding staff and having two full-time ambulances. 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 is assumed at 10% increase for FY2019 and then 2% per year thereafter. The department budgeted \$27,538 for fuel for FY2018. Similar to the Finance Department, the Fire Department's software related costs (\$14,064) are expected to grow at 4.5% per year. Repairs and maintenance is assumed at 4.5% per year and the operating capital line is assumed at 2.6% per year. All other expenses are projected

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at the 1.13% CPI rate for each of the five years.

The Department of Public Works budget effective for FY2019 is inclusive of the building maintenance operations so those amounts that were budgeted for salary and wages (\$3,481,612) and expenses (\$2,727,235) for the Public Facilities Operations division have been moved from PFD to DPW. The adjusted salary and wage lines for FY2019 are assumed at the same rates as most other departments at 3.75% for each of the five years. Salary and wages are also increased for additional staff to be hired both in response to increased demands on the department to maintain and support the existing facilities in Town, and for the new and larger facilities projected to open over the next five years. We have included an additional custodian position (\$47,062) and an additional licensed trades position in FY2019 (\$70,988), plus \$3,500 in added expenses. We have also assumed a new professional position of contract manager in FY2023 (\$87,824) plus \$1,000 in added expenses. In connection to the new facilities, we have assumed an additional senior custodian in FY2019 (\$58,445), an additional 2.5 FTE custodial staff positions in FY2020 (\$121,185), another senior custodian in FY2021 (\$62,004), one additional senior custodian in FY2022 (\$63,864), and .5 FTE additional custodial staff in FY2023 (\$26,484). We have also estimated the additional expenses to be incurred by the department for the new facilities FY2019 through FY2023, at \$81,894, \$215,232, \$47,238, \$60,814, and \$40,544 respectively. Also note that we have increased the ELG program budget in each of the five years for the anticipated increase electric and natural gas demand. The department also budgets for heating oil for the Town and school buildings for which we have assumed a 10% increase for FY2019 and then 2% annual increase thereafter. The amount budgeted for heating oil for FY2018 is \$116,331 a decrease from the \$134,179 budgeted for FY2017, and the \$183,940 budgeted for FY2016. The combined department budget for FY2018 included an allocation for gasoline/diesel of \$121,181 which increases by 10% for FY2019 and then a 2% increase annually. The repairs and maintenance services line is a significant expense (\$809,133) which is assumed at 4.5% per year, and other property related service line (\$1,508,890) is increased at 5.9% per year. The \$36,450 allocation for software is assumed to increase at 4.5% per year, the same as last year, and as noted earlier professional and technical services expense are estimated at 4.25% per year. We continue to recommend an annual

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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. All other expenses are projected at the 1.13% CPI rate for each of the five years.

The Health and Human Service budget is expected to track with Town overall for salary and wages at 3.75% per year. The COA division has \$4,000 budget for fuel for its bus transportation program and that line is estimated to increase by the same percentages as the other budgets for fuel. Also, noted earlier the Department's professional and technical services expense line is increased by 4.25% per year. This budget also pays the West Suburban Veterans District (WSVD) assessment, budgeted at \$76,658 for FY2018 is assumed at a 3% annual growth rate. No additional ongoing expenses are anticipated for the Department that would be related to the opening of the new Rosemary Complex. All other expenses are projected at the 1.13% CPI rate for each of the five years.

The Library budget salary and wage line will follow the general assumed increases for the five year period. Software related expenses (\$69,750 for FY2018) are assumed at 4.5% year – the same as the report last year, and the repairs and maintenance expenses are assumed at 4.5% per year. Library Materials, budgeted at \$258,543 for FY2018 is assumed to increase by 2.5% per year. All other expenses are projected at the 1.13% CPI rate for each of the five years.

The Park and Recreation Department budget will be impacted by the reopening of the Rosemary Pool in 2018. In addition to the general wage increase assumption of 3.75%, we have also increased the estimate for salary and wages by \$122,460 for FY2019 for additional part-time and seasonal help with the new Rosemary Pool facility. Funding of these wages were removed from the department budget for FY2018, hence making the increase to wages seem higher than it has been in prior years. We anticipate the new facility will required additional support services and the Department will incur other general fund expenses and therefore have added \$17,183 to the expense line in FY2019.

**Town of Needham
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FY2019 – FY2023**

We have also included \$10,000 for operating capital in FY2019. The facility maintenance and energy costs are reflected in the DPW and ELG program budgets. As with the other department, the repairs and maintenance line is assumed at 4.5% per year, and the other property related services expense is increased by 5.9% annually. The Department's modest \$2,450 for professional and technical services is increased by 4.25% per year. All other expenses are projected at the 1.13% CPI rate for each of the five years.

We have not made any estimates as to added cost for the Memorial Park budget as a result of a new facility to be built, but have made allowances in the DPW and ELG program budgets for the new facility in FY2019 and FY2020.

Other Appropriations and Expenditures

We have maintained our formula approach on the amount of Free Cash that may be used to offset the operating budget to be an amount not more than 2.0% of the prior year's appropriated operating budget, excluding the Reserve Fund, 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 payment of \$1,462,500 to the RTS enterprise is assumed to increase by three percent per year. We have also assumed the drains program expense will increase by three percent per year; the payment in FY2018 was \$491,749 a decrease from the FY2017 amount of \$519,846. The three percent assumption is the same as last year for both RTS and Drains. The total for other financial warrant articles is assumed to increase at an annual rate of three and half percent per year from an assumed base of \$1,065,000 for FY2019, which is the average for the prior three year period which includes the maintenance program. The major ongoing annual expense in this category is the public facilities maintenance program article. The amount appropriated for the program for FY2018 is \$610,000 and for FY2017 was

Town of Needham
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FY2019 – FY2023

\$590,000. We have also assumed that a minimum appropriation to the Athletic Facility Improvement Fund will be made each year (FY2018 was \$31,455) 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 four percent per year. We have also included appropriation assumption to the Debt Service Stabilization Fund (DSSF) from recurring revenue for FY2019 of \$1,631,874. We assume that no appropriation from recurring revenue would be made to the DSSF for FY2020 as those funds would be used to help offset some of the added costs that would be incurred for the additional public safety and school personnel proposed to hire for public safety and full day kindergarten. The provision for abatements and exemptions is estimated to increase annually at an average rate of two and half percent. We have assumed an approximate 1.7% increase for assessments from the State and County governments (based on the actual five year average (FY2013 – FY2017)), and an assumption of \$70,000 for other tax recap requirements for FY2019 then increased by 1.7% per year thereafter. These assumptions are lower than last year.

End.

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
FY2019 - FY2023

Description	Final Budget 2014	Final Budget 2015	Final Budget 2016	Final Budget 2017	Revised 2018	Pro Forma 2019	Pro Forma 2020	Pro Forma 2021	Pro Forma 2022	Pro Forma 2023
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017		September 12, 2017	September 12, 2017	September 12, 2017	September 12, 2017	September 12, 2017
General Fund										
Property Tax Revenue*	98,898,128	106,751,910	113,216,581	118,902,927	124,353,984	130,571,683	136,590,408	143,480,052	149,319,690	155,292,478
State Aid*	9,601,356	9,966,189	10,116,618	10,468,210	11,025,399	11,159,729	11,203,495	11,340,967	11,387,013	11,527,749
Local Receipts*	8,037,000	8,136,500	8,410,500	9,681,380	10,463,200	11,284,696	11,964,557	12,352,799	12,715,087	13,096,727
Other Revenues and Sources	638,070	692,500	979,800	1,095,212	1,175,000	500,000	750,000	1,000,000	1,000,000	1,000,000
Free Cash & Reserves	2,568,431	1,685,088	3,536,964	3,551,255	5,949,523	2,716,198	3,027,629	3,218,766	3,379,852	3,536,744
Reimbursements	1,668,967	1,696,408	1,341,813	1,375,433	1,263,000	1,300,890	1,339,917	1,380,114	1,421,518	1,464,163
Total	121,411,952	128,928,595	137,602,276	145,074,417	154,230,106	157,533,196	164,876,005	172,772,698	179,223,160	185,917,860
*Core Revenue	116,536,484	124,854,599	131,743,699	139,052,517	145,842,583	153,016,108	159,758,460	167,173,818	173,421,791	179,916,953
Core Revenue Change	5.3%	7.1%	5.5%	5.5%	4.9%	4.9%	4.4%	4.6%	3.7%	3.7%
Appropriations and Other Commitments										
Operating Budget	115,374,173	121,704,112	129,236,419	137,264,263	144,968,912	153,227,866	162,901,775	171,050,737	178,986,396	187,320,649
Special Financial Articles	263,095	53,805	972,500	1,039,138	1,185,000	1,065,000	1,102,275	1,140,855	1,180,785	1,222,112
Appropriated to Other Funds	2,276,877	2,356,636	3,042,430	3,566,605	5,251,164	3,677,464	2,107,284	2,170,843	2,236,322	2,303,780
Other Obligations & Adjustments	3,497,807	4,814,042	4,350,927	3,204,411	2,825,030	2,905,111	2,966,498	3,029,229	3,093,333	3,158,843
Total	121,411,952	128,928,595	137,602,276	145,074,417	154,230,106	160,875,442	169,077,833	177,391,663	185,496,836	194,005,383
I Surplus/(Deficit)	(0)	0	0	0	0	(3,342,246)	(4,201,828)	(4,618,965)	(6,273,676)	(8,087,524)
II Incremental Gap							(859,582)	(417,137)	(1,654,711)	(1,813,848)

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

Description	Final Budget 2014	Final Budget 2015	Final Budget 2016	Final Budget 2017	Revised 2018	Pro Forma 2019	Pro Forma 2020	Pro Forma 2021	Pro Forma 2022	Pro Forma 2023
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017		September 12, 2017	September 12, 2017	September 12, 2017	September 12, 2017	September 12, 2017
Real & Personal Property Tax										
Real & Personal Property Tax w/o Exclusions	98,898,128	105,203,500	113,216,581	118,902,927	124,353,984	130,571,683	136,590,408	143,480,052	149,319,690	155,292,478
General Override		1,548,410								
Debt Exclusion Taxes										
SUBTOTAL	98,898,128	106,751,910	113,216,581	118,902,927	124,353,984	130,571,683	136,590,408	143,480,052	149,319,690	155,292,478
State Aid										
State Aid for Education	7,968,430	8,276,905	8,376,469	8,675,729	9,172,575	9,264,176	9,264,115	9,356,634	9,356,574	9,450,020
State Aid For General Government	1,632,926	1,689,284	1,740,149	1,792,481	1,852,824	1,895,552	1,939,380	1,984,333	2,030,439	2,077,728
SBA/MSBA Programs										
SUBTOTAL	9,601,356	9,966,189	10,116,618	10,468,210	11,025,399	11,159,729	11,203,495	11,340,967	11,387,013	11,527,749
Local Receipts										
Motor Vehicle Excise	3,850,000	3,925,000	4,085,000	4,400,000	4,750,000	5,092,500	5,245,275	5,402,633	5,564,712	5,731,654
Licenses & Permits	1,300,000	1,427,700	1,430,000	1,529,385	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078
Investment Income	67,500	67,500	67,500	67,500	100,000	104,000	108,160	112,486	116,986	121,665
Other Local Receipts	2,819,500	2,716,300	2,828,000	3,684,495	4,068,200	4,496,846	4,972,031	5,149,416	5,294,478	5,452,329
SUBTOTAL	8,037,000	8,136,500	8,410,500	9,681,380	10,463,200	11,284,696	11,964,557	12,352,799	12,715,087	13,096,727
CORE Revenue	116,536,484	124,854,599	131,743,699	139,052,517	145,842,583	153,016,108	159,758,460	167,173,818	173,421,791	179,916,953
Other Revenues and Sources										
Overlay Surplus	500,000	652,500	847,500	995,916	1,175,000	500,000	750,000	1,000,000	1,000,000	1,000,000
Parking Meter Receipts	40,000	40,000	65,000	70,000						
Unexpended Articles and Other Sources	98,070		67,300	29,296						
SUBTOTAL	638,070	692,500	979,800	1,095,212	1,175,000	500,000	750,000	1,000,000	1,000,000	1,000,000
Free Cash & Reserves										
Free Cash	2,568,431	1,685,088	3,536,964	3,551,255	5,949,523	2,716,198	3,027,629	3,218,766	3,379,852	3,536,744
SUBTOTAL	2,568,431	1,685,088	3,536,964	3,551,255	5,949,523	2,716,198	3,027,629	3,218,766	3,379,852	3,536,744
Total General Fund Revenue	119,742,985	127,232,187	136,260,463	143,698,984	152,967,106	156,232,306	163,536,088	171,392,584	177,801,642	184,453,697
Reimbursements										
Reimbursements due from Other Funds	1,668,967	1,696,408	1,341,813	1,375,433	1,263,000	1,300,890	1,339,917	1,380,114	1,421,518	1,464,163
Available for Expenditure	121,411,952	128,928,595	137,602,276	145,074,417	154,230,106	157,533,196	164,876,005	172,772,698	179,223,160	185,917,860
Percent Change	4.7%	6.2%	6.7%	5.4%	6.3%	2.1%	4.7%	4.8%	3.7%	3.7%

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
Townwide (excluding ELG Program)	26,756,152	27,625,776	30,219,132	32,349,312	35,527,133	38,546,761	41,610,512	44,295,293	46,946,897	49,692,836
Board of Selectmen & Town Manager	798,415	824,899	896,835	880,131	984,167	1,020,227	1,057,645	1,096,472	1,136,762	1,178,570
Town Clerk & Board of Registrars	321,912	360,377	366,834	404,665	377,560	425,167	424,234	455,521	439,586	487,568
Town Counsel	305,790	327,584	329,422	329,442	329,442	339,062	348,964	359,158	369,650	380,451
Personnel Board	15,600	15,000	15,000	15,000						
Finance Department	2,472,468	2,511,808	2,561,047	2,652,281	2,720,797	2,913,812	3,020,340	3,130,955	3,245,818	3,365,095
Finance Committee	32,893	33,687	35,225	36,983	37,879	39,267	40,706	42,199	43,748	45,354
Planning and Community Development	418,043	436,068	491,954	522,538	541,943	561,606	582,000	603,151	625,089	647,842
Police Department	5,624,023	6,062,776	6,244,476	6,502,837	6,617,576	6,917,029	7,295,517	7,724,771	8,024,016	8,335,079
Fire Department	6,844,275	7,080,020	7,215,713	7,519,528	7,935,850	8,211,681	8,832,678	9,179,488	9,540,104	9,915,079
Building Inspector	559,654	584,326	610,070	705,770	742,482	769,775	798,089	827,463	857,937	889,551
Minuteman Assessment	733,961	893,211	654,134	766,061	806,252	1,207,158	1,249,662	1,456,984	1,502,164	1,550,801
Needham Public Schools	53,995,587	57,961,288	61,480,687	65,189,914	68,350,083	71,099,035	75,320,709	78,612,459	82,050,684	85,641,936
Department of Public Facilities	8,003,190	8,071,939	8,681,080	6,349,762	6,719,124	529,095	548,616	568,867	589,874	611,667
Electric, Light & Gas Program	217,804	221,153	254,951	3,462,195	3,558,040	3,707,840	3,877,817	4,017,965	4,131,436	4,236,139
Department of Public Works	5,021,902	5,231,027	5,453,328	5,720,266	5,768,710	12,693,711	13,495,672	14,123,748	14,762,888	15,453,342
Municipal Parking Program	70,250	71,445	97,730	99,864	103,905	108,158	112,605	117,258	122,125	127,218
Health and Human Services	1,185,897	1,315,045	1,436,095	1,557,082	1,696,943	1,758,100	1,821,201	1,886,643	1,954,515	2,024,908
Commission on Disabilities	550	2,050	2,050	2,050	2,050	2,112	2,177	2,244	2,313	2,385
Historical Commission	1,050	1,050	1,050	1,050	1,050	1,062	1,074	1,086	1,098	1,111
Needham Public Library	1,419,551	1,475,200	1,578,602	1,594,282	1,658,387	1,720,689	1,781,991	1,845,528	1,911,384	1,979,645
Park & Recreation Department	574,456	597,633	610,254	602,500	488,789	655,761	678,799	702,709	727,523	753,278
Memorial Park	750	750	750	750	750	758	767	776	784	793
Department Budgets (including ELG)	88,618,021	94,078,336	99,017,287	104,914,951	109,441,779	114,681,106	121,291,263	126,755,444	132,039,499	137,627,813
General Fund Operating Budget without Excluded and CPA Debt	115,374,173	121,704,112	129,236,419	137,264,263	144,968,912	153,227,866	162,901,775	171,050,737	178,986,396	187,320,649
Change for Prior Year	4.8%	5.5%	6.2%	6.2%	5.6%	5.7%	6.3%	5.0%	4.6%	4.7%

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
General Government	4,365,121	4,509,423	4,696,317	4,841,040	4,991,788	5,299,141	5,473,889	5,687,456	5,860,653	6,104,881
Change from Prior Year	0.7%	3.3%	4.1%	3.1%	3.1%	6.2%	3.3%	3.9%	3.0%	4.2%
Public Safety	13,027,952	13,727,122	14,070,259	14,728,135	15,295,908	15,898,485	16,926,284	17,731,722	18,422,057	19,139,709
Change from Prior Year	4.1%	5.4%	2.5%	4.7%	3.9%	3.9%	6.5%	4.8%	3.9%	3.9%
Education	54,729,548	58,854,499	62,134,821	65,955,975	69,156,335	72,306,193	76,570,371	80,069,443	83,552,847	87,192,737
Change from Prior Year	5.5%	7.5%	5.6%	6.1%	4.9%	4.6%	5.9%	4.6%	4.4%	4.4%
Public Facilities (includes EGL Program)	8,220,994	8,293,092	8,936,031	9,811,957	10,277,164	4,236,935	4,426,433	4,586,832	4,721,310	4,847,806
Change from Prior Year	2.7%	0.9%	7.8%	9.8%	4.7%	-58.8%	4.5%	3.6%	2.9%	2.7%
Public Works	5,092,152	5,302,472	5,551,058	5,820,130	5,872,615	12,801,869	13,608,277	14,241,006	14,885,013	15,580,561
Change from Prior Year	0.3%	4.1%	4.7%	4.8%	0.9%	118.0%	6.3%	4.6%	4.5%	4.7%
Community Services	3,182,254	3,391,728	3,628,801	3,757,714	3,847,969	4,138,483	4,286,009	4,438,986	4,597,618	4,762,120
Change from Prior Year	5.3%	6.6%	7.0%	3.6%	2.4%	7.5%	3.6%	3.6%	3.6%	3.6%
Townwide Expense Group (excludes ELG Progr	26,756,152	27,625,776	30,219,132	32,349,312	35,527,133	38,546,761	41,610,512	44,295,293	46,946,897	49,692,836
Change from Prior Year	6.2%	3.3%	9.4%	7.0%	9.8%	8.5%	7.9%	6.5%	6.0%	5.8%

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
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Townwide Expense Budgets

Casualty, Liability, Property & Self Insurance Program	525,000	542,000	560,000	582,400	606,200	636,867	699,557	733,192	772,264	808,233
General Fund Debt Service within the Levy Limit*	3,470,211	3,760,097	4,139,883	4,030,070	4,358,722	4,590,483	4,792,754	5,015,215	5,202,654	5,397,509
Group Health Insurance, Employee Benefits & Administrative Costs	9,841,409	10,298,872	11,770,207	13,220,510	14,429,197	15,666,669	17,322,272	18,552,810	19,699,614	20,841,574
Electric, Light & Gas Program (ELG Program)	217,804	221,153	254,951	3,462,195	3,558,040	3,707,840	3,877,817	4,017,965	4,131,436	4,236,139
Other Post Employment Benefits	5,535,139	5,140,198	5,336,302	5,568,923	6,115,455	6,925,851	7,197,109	7,479,088	7,772,214	8,076,933
Retirement Assessments	5,454,554	5,656,200	6,185,312	6,724,500	7,332,277	7,976,686	8,699,374	9,487,537	10,347,108	11,284,556
Workers Compensation	467,550	586,252	609,702	634,090	656,283	679,253	703,027	727,633	753,100	779,458
Classification Performance & Settlements	14,046		92,959	134,443	216,399	224,514	232,933	241,668	250,731	260,133
Reserve Fund	1,448,243	1,642,157	1,524,767	1,454,376	1,812,600	1,846,438	1,963,487	2,058,150	2,149,213	2,244,441

Total	26,973,956	27,846,929	30,474,083	35,811,507	39,085,173	42,254,600	45,488,329	48,313,258	51,078,333	53,928,975
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Board of Selectmen & Town Manager										
Salary & Wages	691,474	715,158	785,523	762,789	846,088	877,816	910,734	944,887	980,320	1,017,082
Expenses	106,941	109,741	111,312	117,342	138,079	142,411	146,910	151,585	156,441	161,487
Capital										
Total	798,415	824,899	896,835	880,131	984,167	1,020,227	1,057,645	1,096,472	1,136,762	1,178,570

Town Clerk & Board of Registrars										
Salary & Wages	282,647	312,927	321,314	351,915	329,145	375,678	373,636	403,777	386,659	433,419
Expenses	39,265	47,450	45,520	52,750	48,415	49,489	50,599	51,744	52,927	54,150
Capital										
Total	321,912	360,377	366,834	404,665	377,560	425,167	424,234	455,521	439,586	487,568

Town Counsel										
Salary & Wages	71,790	73,584	75,422	75,442	75,442	77,517	79,648	81,839	84,089	86,402
Expenses	234,000	254,000	254,000	254,000	254,000	261,545	269,316	277,319	285,561	294,050
Total	305,790	327,584	329,422	329,442	329,442	339,062	348,964	359,158	369,650	380,451

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
Personnel Board										
Salary & Wages	600		15,000							
Expenses	15,000	15,000		15,000						
Total	15,600	15,000	15,000	15,000						
Finance Department										
Salary & Wages	1,637,963	1,690,829	1,709,311	1,759,051	1,816,698	1,976,070	2,050,173	2,127,054	2,206,819	2,289,575
Expenses	797,005	783,479	813,261	824,755	835,624	867,486	898,085	929,945	963,121	997,669
Capital	37,500	37,500	38,475	68,475	68,475	70,255	72,082	73,956	75,879	77,852
Total	2,472,468	2,511,808	2,561,047	2,652,281	2,720,797	2,913,812	3,020,340	3,130,955	3,245,818	3,365,095
Finance Committee										
Salary & Wages	31,668	32,462	34,000	35,733	36,629	38,003	39,428	40,906	42,440	44,032
Expenses	1,225	1,225	1,225	1,250	1,250	1,264	1,278	1,293	1,307	1,322
Total	32,893	33,687	35,225	36,983	37,879	39,267	40,706	42,199	43,748	45,354
Planning and Community Development										
Salary & Wages	389,725	407,750	463,636	493,930	511,815	531,008	550,921	571,580	593,015	615,253
Expenses	28,318	28,318	28,318	28,608	30,128	30,598	31,079	31,571	32,074	32,589
Total	418,043	436,068	491,954	522,538	541,943	561,606	582,000	603,151	625,089	647,842
Police Department										
Salary & Wages	5,175,845	5,581,122	5,765,222	5,967,300	6,139,368	6,421,117	6,785,830	7,199,149	7,487,115	7,786,599
Expenses	292,426	306,930	312,290	306,635	304,090	317,267	326,398	337,566	343,957	350,518
Capital	155,752	174,724	166,964	228,902	174,118	178,645	183,290	188,055	192,945	197,961
Total	5,624,023	6,062,776	6,244,476	6,502,837	6,617,576	6,917,029	7,295,517	7,724,771	8,024,016	8,335,079
Fire Department										
Salary & Wages	6,581,793	6,758,282	6,894,466	7,173,457	7,552,956	7,817,309	8,418,678	8,755,425	9,105,642	9,469,868
Expenses	262,482	288,907	300,936	322,236	352,248	362,929	381,739	390,964	400,503	410,368
Capital	32,831	20,311	20,311	23,835	30,646	31,443	32,260	33,099	33,960	34,843
Total	6,844,275	7,080,020	7,215,713	7,519,528	7,935,850	8,211,681	8,832,678	9,179,488	9,540,104	9,915,079
Building Department										
Salary & Wages	528,614	553,286	579,030	654,730	691,442	717,371	744,272	772,183	801,140	831,182
Expenses	31,040	31,040	31,040	51,040	51,040	52,404	53,817	55,280	56,797	58,369
Total	559,654	584,326	610,070	705,770	742,482	769,775	798,089	827,463	857,937	889,551
Minuteman Assessment										
Total	733,961	893,211	654,134	766,061	806,252	1,207,158	1,249,662	1,456,984	1,502,164	1,550,801

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
Needham Public Schools										
Total	53,995,587	57,961,288	61,480,687	65,189,914	68,350,083	71,099,035	75,320,709	78,612,459	82,050,684	85,641,936
Department of Public Facilities										
Salary & Wages	3,407,208	3,472,871	3,652,434	3,787,885	3,972,394	509,186	528,281	548,091	568,645	589,969
Expenses	4,595,982	4,599,068	5,028,646	2,561,877	2,746,730	19,909	20,335	20,775	21,229	21,698
Capital										
Total	8,003,190	8,071,939	8,681,080	6,349,762	6,719,124	529,095	548,616	568,867	589,874	611,667
Department of Public Works										
Salary & Wages	3,207,178	3,339,322	3,483,097	3,611,038	3,717,139	7,645,199	8,053,079	8,417,074	8,796,578	9,240,758
Expenses	1,406,974	1,485,421	1,548,231	1,662,389	1,597,235	4,588,957	4,977,749	5,236,471	5,490,676	5,731,446
Capital	7,750	6,284	18,000	38,800	42,216	43,314	44,440	45,595	46,781	47,997
Other	400,000	400,000	404,000	408,039	412,120	416,241	420,404	424,608	428,854	433,142
Total	5,021,902	5,231,027	5,453,328	5,720,266	5,768,710	12,693,711	13,495,672	14,123,748	14,762,888	15,453,342
Municipal Parking Program										
Other	70,250	71,445	97,730	99,864	103,905	108,158	112,605	117,258	122,125	127,218
Total	70,250	71,445	97,730	99,864	103,905	108,158	112,605	117,258	122,125	127,218
Health and Human Services Department										
Salary & Wages	973,773	1,073,830	1,152,753	1,301,022	1,394,100	1,446,379	1,500,618	1,556,891	1,615,275	1,675,847
Expenses	212,124	241,215	283,342	256,060	302,843	311,722	320,583	329,752	339,240	349,061
Capital										
Total	1,185,897	1,315,045	1,436,095	1,557,082	1,696,943	1,758,100	1,821,201	1,886,643	1,954,515	2,024,908
Commission on Disabilities										
Salary & Wages		1,500	1,500	1,500	1,500	1,556	1,615	1,675	1,738	1,803
Expenses	550	550	550	550	550	556	563	569	575	582
Total	550	2,050	2,050	2,050	2,050	2,112	2,177	2,244	2,313	2,385
Historical Commission										
Salary & Wages										
Expenses	1,050	1,050	1,050	1,050	1,050	1,062	1,074	1,086	1,098	1,111
Total	1,050	1,050	1,050	1,050	1,050	1,062	1,074	1,086	1,098	1,111
Needham Public Library										
Salary & Wages	1,103,803	1,156,157	1,250,534	1,265,264	1,310,073	1,362,476	1,413,569	1,466,578	1,521,574	1,578,633
Expenses	315,748	319,043	328,068	329,018	348,314	358,213	368,422	378,950	389,810	401,012
Total	1,419,551	1,475,200	1,578,602	1,594,282	1,658,387	1,720,689	1,781,991	1,845,528	1,911,384	1,979,645

General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget

	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2017	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
Park & Recreation Department										
Salary & Wages	468,456	483,633	496,254	498,000	391,972	529,131	548,973	569,560	590,918	613,078
Expenses	106,000	114,000	114,000	104,500	96,817	116,630	119,566	122,622	125,804	129,119
Capital						10,000	10,260	10,527	10,800	11,081
Total	574,456	597,633	610,254	602,500	488,789	655,761	678,799	702,709	727,523	753,278
Memorial Park										
Salary & Wages										
Expenses	750	750	750	750	750	758	767	776	784	793
Total	750	750	750	750	750	758	767	776	784	793
Department Budget Total	88,400,217	93,857,183	98,762,336	101,452,756	105,883,739	110,973,266	117,413,446	122,737,479	127,908,063	133,391,674
Total Operating Budget	115,374,173	121,704,112	129,236,419	137,264,263	144,968,912	153,227,866	162,901,775	171,050,737	178,986,396	187,320,649

**General Fund
Five Year Pro Forma
Facility Focused Changes**

Group	FY2019 Amount	FTE	FY2020 Amount	FTE	FY2021 Amount	FTE	FY2022 Amount	FTE	FY2023 Amount	FTE
	Rosemary Complex & Memorial Park		High School & Williams School & DPW Storage		Fire Station #2		Public Safety Complex		Public Safety Complex Police	

Benefits and Related Costs	30,865		82,599		32,684		33,635		23,994	
Other Expenses	9,450		40,400		9,150		13,410		8,940	
Townwide Expenses	40,315		122,999		41,834		47,045		32,934	

Salary & Wages			38,991							
Expenses			657							
Operating Capital										
Public Safety			39,648							

Salary & Wages	58,445	1.0	121,185	2.5	62,004	1.0	63,864	1.0	26,484	0.5
Expenses	160,533		311,052		109,830		93,926		62,618	
Operating Capital										
Facilities and Infrastructure	218,978	1.0	432,237	2.5	171,834	1.0	157,790	1.0	89,102	0.5

Salary & Wages	122,460									
Expenses	17,183									
Operating Capital	10,000									
Community Services	149,643									

Total	408,936	1.0	594,884	2.5	213,668	1.0	204,835	1.0	122,036	0.5
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Personnel and Benefits	211,770	1.0	242,775	2.5	94,688	1.0	97,499	1.0	50,478	0.5
Expenses	187,166		352,109		118,980		107,336		71,558	
Operating Capital	10,000									
Total	408,936	1.0	594,884	2.5	213,668	1.0	204,835	1.0	122,036	0.5

**General Fund
Five Year Pro Forma
Service Demand Focused Changes**

Group	FY2019 Amount	FTE	FY2020 Amount	FTE	FY2021 Amount	FTE	FY2022 Amount	FTE	FY2023 Amount	FTE
Benefits and Related Costs Other Expenses	124,417		476,337		71,907				34,487	
Townwide Expenses	124,417		476,337		71,907				34,487	
Salary & Wages Expenses Operating Capital	91,246 2,500	1.0								
General Government	93,746	1.0								
Salary & Wages Expenses Operating Capital	66,871 2,500	1.0	357,553 12,500	5.0	141,886 5,000	2.0				
Public Safety	69,371	1.0	370,053	5.0	146,886	2.0				
Salary & Wages Expenses Operating Capital			1,039,986 75,771	19.5						
Education			1,115,757	19.5						
Salary & Wages Expenses Operating Capital	118,050 3,500	2.0							87,824 1,000	1.0
Facilities and Infrastructure	121,550	2.0							88,824	1.0
Total	409,084	4.0	1,962,147	24.5	218,793	2.0			123,311	1.0
Personnel and Benefits Expenses Operating Capital	400,584 8,500	4.0	1,873,876 88,271	24.5	213,793 5,000	2.0			122,311 1,000	1.0
Total	409,084	4.0	1,962,147	24.5	218,793	2.0			123,311	1.0

**General Fund
Five Year Pro Forma
Other Expenditures**

Description	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2016	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
<u>Other Financial Warrant Articles</u>										
Federal Grant Match N2		5,000								
Unpaid Bill of Prior Year				5,916						
Solar Facility Feasibility	15,000									
Matching Funds N2 Innovation District					20,000					
Memorial Park Landscape Improvements			20,000							
Warner Field	25,000									
LED Conversion	28,070									
Tree Inventory Matching Funds	30,000									
At Grade Crossing Study			35,000							
Blue Tree Replacement		35,000								
Environmental Assessment of Needham Land					35,000					
Planning Consultants			45,000							
Senior Corps			15,000	15,000	15,000					
Full-Day Kindergarten Space Study					50,000					
Fire Pre-Planning Inspection Program				55,000						
Emergency Preparedness				70,000						
Classification and Compensation Study					80,000					
Eliot School Traffic Safety Improvements				90,000						
Property Tax Assistance Program	15,025	13,805	27,500	13,222	25,000					
Sidewalk Needs Assessment			100,000							
Town-Owned Land Surveys					100,000					
Facility Master Plan Study	150,000									
OPEB Funding			160,000							
NPDES Permit Development				200,000						
Fleet Refurbishment					250,000					
Public Facilities Maintenance Program			570,000	590,000	610,000					
Special Purpose Articles	263,095	53,805	972,500	1,039,138	1,185,000	1,065,000	1,102,275	1,140,855	1,180,785	1,222,112
RTS Enterprise Fund	801,458	1,492,270	1,420,000	1,420,000	1,462,500	1,506,375	1,551,566	1,598,113	1,646,057	1,695,438
Sewer Enterprise Fund (Drains Program)	858,439	823,671	569,430	519,846	491,749	506,501	521,697	537,347	553,468	570,072
Stabilization Funds										
Capital Improvement Funds	616,980	40,695	1,053,000	693,978	2,205,041	32,713	34,022	35,383	36,798	38,270
Debt Service Stabilization Fund				932,781	1,091,874	1,631,874				
Appropriated to Other Funds	2,276,877	2,356,636	3,042,430	3,566,605	5,251,164	3,677,464	2,107,284	2,170,843	2,236,322	2,303,780
Total Other Appropriations	2,539,972	2,410,441	4,014,930	4,605,743	6,436,164	4,742,464	3,209,559	3,311,698	3,417,107	3,525,892

**General Fund
Five Year Pro Forma
Other Expenditures**

Description	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Final Budget 2017 June 30, 2016	Revised 2018	Pro Forma 2019 September 12, 2017	Pro Forma 2020 September 12, 2017	Pro Forma 2021 September 12, 2017	Pro Forma 2022 September 12, 2017	Pro Forma 2023 September 12, 2017
Amounts to be Raised										
Tax Recap Requirements	72,610	81,735	49,755	49,085	49,739	70,000	71,190	72,400	73,631	74,883
State and County Assessments	\$1,273,564	\$1,274,075	\$1,291,397	\$1,299,850	\$1,312,794	\$1,335,111	\$1,357,808	\$1,380,891	\$1,404,366	\$1,428,241
Total Non-Appropriated Expenses	\$1,346,174	\$1,355,810	\$1,341,152	\$1,348,935	\$1,362,533	\$1,405,111	\$1,428,998	\$1,453,291	\$1,477,997	\$1,503,123
Provisions for Abatement and Exemptions	\$2,151,633	\$3,258,232	\$3,009,775	\$1,855,476	\$1,462,497	\$1,500,000	\$1,537,500	\$1,575,938	\$1,615,336	\$1,655,719
Other Amounts to be Provided	\$3,497,807	\$4,614,042	\$4,350,927	\$3,204,411	\$2,825,030	\$2,905,111	\$2,966,498	\$3,029,229	\$3,093,333	\$3,158,843

General Fund
Change in Salary and Wage Accounts
FY2013 - FY2018

	2013		2014		2015		2016		2017		FY18 - ATM	%
Board of Selectmen	669,819	3.1%	691,474	3.2%	715,158	3.4%	785,523	9.8%	762,789	-2.9%	846,088	10.9%
Town Clerk	296,301	5.2%	282,647	-4.6%	312,927	10.7%	321,314	2.7%	351,915	9.5%	329,145	-6.5%
Town Counsel	70,039	2.0%	71,790	2.5%	73,584	2.5%	75,422	2.5%	75,442	0.0%	75,442	
Personnel Board	600		600			-100.0%	15,000			-100.0%		
Finance Department	1,600,620	14.4%	1,637,963	2.3%	1,690,829	3.2%	1,709,311	1.1%	1,759,051	2.9%	1,816,698	3.3%
Finance Committee	30,289	6.2%	31,668	4.6%	32,462	2.5%	34,000	4.7%	35,733	5.1%	36,629	2.5%
Planning and Community Development	363,475	4.6%	389,725	7.2%	407,750	4.6%	463,636	13.7%	493,930	6.5%	511,815	3.6%
Municipal Administration	3,031,143	9.2%	3,105,867	2.5%	3,232,710	4.1%	3,404,206	5.3%	3,478,860	2.2%	3,615,817	3.9%
Police Department	4,959,157	2.0%	5,175,845	4.4%	5,581,122	7.8%	5,765,222	3.3%	5,967,300	3.5%	6,139,368	2.9%
Fire Department	6,249,767	2.5%	6,581,793	5.3%	6,758,282	2.7%	6,894,466	2.0%	7,173,457	4.0%	7,552,956	5.3%
Building Department	460,619	3.9%	528,614	14.8%	553,286	4.7%	579,030	4.7%	654,730	13.1%	691,442	5.6%
Public Safety	11,669,543	2.3%	12,286,252	5.3%	12,892,690	4.9%	13,238,718	2.7%	13,795,487	4.2%	14,383,766	4.3%
Public Works (General Fund Only)	3,109,481	2.0%	3,207,178	3.1%	3,339,322	4.1%	3,483,097	4.3%	3,611,038	3.7%	3,673,538	1.7%
Public Facilities	3,227,402	4.5%	3,407,208	5.6%	3,472,871	1.9%	3,652,434	5.2%	3,787,885	3.7%	3,972,394	4.9%
Health and Human Services	912,469	2.8%	973,773	6.7%	1,073,830	10.3%	1,152,753	7.3%	1,301,022	12.9%	1,394,100	7.2%
Commission on Disabilities					1,500		1,500		1,500		1,500	
Public Library	1,071,967	-0.5%	1,103,803	3.0%	1,156,157	4.7%	1,250,534	8.2%	1,265,264	1.2%	1,310,073	3.5%
Park & Recreation Department	453,499	2.3%	468,456	3.3%	483,633	3.2%	496,254	2.6%	498,000	0.4%	391,972	-21.3%
Community Services	2,437,935	1.3%	2,546,032	4.4%	2,715,120	6.6%	2,901,041	6.8%	3,065,786	5.7%	3,097,645	1.0%
1) Town Departments (including enterprise and facilities employees)	26,059,820	3.1%	27,199,186	4.4%	28,423,877	4.5%	29,512,339	3.8%	30,660,480	3.9%	31,690,737	3.6%
2) School Department	43,903,789	7.3%	46,455,864	5.8%	49,856,876	7.3%	53,277,248	6.9%	55,095,622	3.4%	58,736,969	7.3%
3) Total Salary and Wage (1+2)	69,963,609	5.7%	73,655,050	5.3%	78,280,753	6.3%	82,789,587	5.8%	85,756,102	3.6%	90,427,706	6.0%
Department of Public Works (Including Enterprise Employees)	5,693,797	1.6%	5,853,827	2.8%	6,110,486	4.4%	6,315,940	3.4%	6,532,462	3.4%	6,621,115	1.5%

**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		
2012	\$3.468	-7.2%	\$3.63	\$3.473	-8.7%	\$3.72	\$0.162	-1.82%	\$0.16		
2013	\$3.491	0.7%	\$3.50	\$3.529	1.6%	\$3.69	\$0.164	1.23%	\$0.17		
2014	\$3.637	4.2%	\$3.37	\$3.746	6.1%	\$3.68	\$0.171	4.27%	\$0.17		
2015	\$2.691	-26.0%	\$2.34	\$2.722	-27.3%	\$2.59	\$0.178	4.09%	\$0.17		
2016	\$2.259	-16.1%	\$2.08	\$2.125	-21.9%	\$2.09	\$0.166	-6.74%	\$0.17		
2017	\$2.242	-0.8%	NA	\$2.262	6.4%	NA	\$0.175	5.42%	NA		
Average of the Annual % Change (Five Years)			-7.59%	Average of the Annual % Change (Five Years)			-7.01%	Average of the Annual % Change (Five Years)			1.66%
Average of the Annual % Change (Three Years)			-14.27%	Average of the Annual % Change (Three Years)			-14.27%	Average of the Annual % Change (Three Years)			0.92%
June 2017 Average Price % Change from June 2013			-35.78%	June 2017 Average Price % Change from June 2013			-35.90%	June 2017 Average Price % Change from June 2013			6.71%
June 2017 Average Price % Change from June 2015			-16.69%	June 2017 Average Price % Change from June 2015			-16.90%	June 2017 Average Price % Change from June 2015			-1.69%

Note CPI revised June 2016 Prices

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	
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	\$1.139	-1.21%	\$1.15	\$4.085	4.42%	\$3.99	
2015	\$0.964	-15.36%	\$0.99	\$3.098	-24.16%	\$2.94	
2016	\$0.964		\$0.98	\$2.490	-19.63%	\$2.41	
2017	\$1.114	15.56%	NA	\$2.650	6.43%	NA	
Average of the Annual % Change (Five Years)			1.72%	Average of the Annual % Change (Five Years)			-6.97%
Average of the Annual % Change (Three Years)			0.07%	Average of the Annual % Change (Three Years)			-12.45%
June 2017 Average Price % Change from June 2013			-3.38%	June 2017 Average Price % Change from June 2013			-32.26%
June 2017 Average Price % Change from June 2015			15.56%	June 2017 Average Price % Change from June 2015			-14.46%