

Town of Needham
General Fund
Revenue and Expense
FY 2011 – FY 2015 Pro Forma

Board of Selectmen
August 11, 2009

Intentionally Blank

Town of Needham
General Fund Revenue and Expense Pro Forma
FY 2011 – FY 2015

Overview

In order to assist the reader we have removed the excluded debt and the offsetting revenue. Due to the large lump sum payments that the Town received from the MSBA to clear up the back log of reimbursements on several school projects, the Town experienced noticeable swings in revenue and expenses although neither is permanent. For the purposes of this report, we have removed the debt exclusions, which are revenue neutral, so that the reader can get a clearer picture of the budget. In this analysis we present the current FY 2010 operating budget, the immediate three prior fiscal year final adjusted budgets (2009, 2008, and 2007), and a five year outlook. 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 estimate 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 in Line II. With any forecast based on past trends and future assumptions, revenues and expenses are better known as we come into the actual year. 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 current FY 2010 operating budget is the base year on which annual changes are based.

Revenues

We have assumed no operating overrides for any of the fiscal years. As stated earlier, because we have removed the excluded debt from the expenditure side, we too have removed the debt excluded revenue and MSBA payments, if any, from the revenue projections, as they are offsetting. We have also not assumed increases in local revenue from the local option meals tax or an increase in room excise. Inclusion of these revenues prior to passage by Town Meeting would require an estimate of revenue based on insufficient data. Indeed the Department of Revenue has significantly reduced the maximum allowable estimate for communities which have adopted the taxes for FY 2010.

Property Taxes and Local Receipts

We allow for the annual 2.5% increase in the tax levy each year and an additional 1.2% increase for new growth. The local receipt estimate assumes a 5% reduction in FY 2011, except for motor vehicle excise which is estimated at level dollar for FY 2011, and investment income, which will drop to \$450,000 a reduction of 31%). FY 2012, we assume 2.5% growth in local revenues and investment income, and a 2% growth in excise revenue. The out years

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assume a return to a 4% growth rate for all receipts. The excise estimate is based on slower vehicle sales during most of FY 2009, and the fact that the Town still has not returned to a level of excise receipts to generate a higher year end turn back. We do not expect that the "Cash for Clunkers" program will have as great an impact on excise revenue as one would anticipate. The program is design to encourage trade in of older and less fuel efficient vehicles. In part due to the socioeconomics of Needham, the average vehicle age in Needham is not as old as in other urban or less wealthy communities; therefore the incremental dollar valuation change is not as great. Also, since the Town plans on a certain level of recurring Free Cash, our practice is to estimate local receipts in such a manner as to generate surplus to provide for the following year's Free Cash estimate. Further, given that motor vehicle excise is the largest local receipt category, a shortfall in this revenue stream could materially impact the Town's Free Cash position in the succeeding year.

State Aid

We assume a 10% reduction in Chapter 70 education Cherry Sheet aid in FY 2011, but an increase of 2% in FY 2012, growing to a 3.75% in FY 2013 forward. The "make whole" provisions promised by the State to cities and towns regarding educational aid that was factored into the previous Pro Forma did not materialize; indeed state aid was reduced in FY 2010, on top of a reduction in FY 2009. We have also assumed that the state will eliminate funding of the Police Career Incentive Pay program in FY2011. The Additional Assistance payment to Needham had been held at \$259,216 per year for twelve consecutive years until FY 2003, when it was reduced by the Governor mid-year. The funding was reduced again in FY 2004 to \$205,993. Overall, Additional Assistance was reduced to just 12% of the amount the Town received in FY 1985 (\$1,685,400). We have thought for some years that this program would be further reduced or eliminated outright, this happened with the FY 2010 state aid plan. The State has again promoted a "new" local aid program, called Unrestricted General Government Aid, by combining monies that were previously funding Additional Assistance and Lottery. The net result was less aid to Needham.

The assumption for FY 2011 is a 10% reduction in all aid programs, except Library aid which we assume a growth of 1%. We assume that the local aid accounts will be the same dollar amount in FY 2012 as in FY 2011. FY 2013 and forward, we assume a modest growth of 3% per year in all aid programs except Chapter 70 and Library aid, as noted above.

Because all MSBA funds are used to offset the exclude 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.

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Other Revenues

We continue to assume that abatement and exemption activity will remain predictable, thereby providing \$400,000 per year in available surplus. We have readjusted the Free Cash figure for FY 2011 to \$2,800,000. This decrease is reflective of the significant loss of revenue during the past year and continued tightening of operating budget turn backs. We do expect with conservative revenue forecasting that Free Cash will grow again. Beginning in FY 2012 we assume Free Cash to grow to \$3,200,000, then \$3,500,000 in FY 2013, and grow at the traditional rate of recurring revenue of 4% in the out years. 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, hence reducing the Town's dependence on reserves to fund recurring operating expenses, and/or to fund other non-operating costs.

Expenditures

The Pro Forma has been updated to reflect the current FY 2010 budget. The FY 2010 budget is the base year on which the out year estimates are calculated. With respect to department expenditures, we continue to assume a 4% annual increase in total wage and salary expenses, except where otherwise noted. Furthermore, other than as outlined below, all other budget items are assumed at a 3.46% annual increase, consistent with the average increase in the consumer price index (Northeast Index of all urban consumers) of the past five full calendar years (2004 – 2008). This index is used in consideration that the marketplace in which the Town purchases goods and services extends beyond the local Boston Metropolitan area, and therefore is more reflective of the mix of vendors from which the Town purchases. The calculated average with the same index in the prior year Pro Forma was 3.32%, and the year before was 3.38%.

New Facilities

We have also incorporated into the Pro Forma operating cost estimates to the various budgets for the Public Services Administration Building (PSAB) at 500 Dedham Avenue, the new Town Hall, the Newman School HVAC replacement, and a Senior Center. Although the full impact of each building will occur over two years, we have assumed the full estimated operating cost impact in the Fiscal Year in which the building first opens. This additional cost by department is also shown in an attached table.

Town Wide Expenses

We still see more favorable news with a continued moderation in health insurance costs. Therefore we have held our rate increase assumption at the same level as used in the previous year, lowering the rate of increase for FY 2011 at 7%; FY 2012 and the out years at 5%. With respect to retiree health insurance and the insurance liability

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fund, we have relied upon the July 2007 actuarial schedule. However, the actuarial will be updated based on July 2009 data. We do anticipate an increase in the annual cost due to the investment climate, which we assume will be buffered in part by movement to higher deductible plans. The general insurance increased is pegged at 3.46% per year.

The retirement assessment is based on the current actuarial funding schedule; the noncontributory retirement growth is pegged at 4% per year. The Retirement System is required to update its funding schedule effective for FY 2012 and we expect a very significant increase based on an approximate 30% loss in fund balance during 2008. Current market conditions are improving which will help to lessen the impact. Regardless, the loss during 2008 is momentous and its impact in FY2012 cannot be underestimated. The unemployment budget is assumed to increase by 4.00% per year. Workers compensation is increased by 3.46% per year starting in FY 2011. The reserve fund is level dollar for FY 2011 and at 4% per year beginning in FY 2013. Debt service within the levy limit increases is maintained at approximately 3% of general revenue.

Energy and Utilities

The Town is locked into a favorable electric supply contract through December 2011; however, the electric transmission and distribution charges are not fixed. There has also been some moderation with pricing of all energy sources; this is not expected to continue. Based on moderation in electric pricing, energy conservation efforts, and switching when possible from oil to natural gas heating, we expect the budget growth to slow for these commodities. Gasoline, diesel, and heating oil continue to be volatile, particularly heating oil, which continues to exceed the annual budget allowance. The CPI increase for natural gas for the 5-year and 10-year averages have change dramatically from last year, with 5.66% and 3.13% this year compared to 8.95% and 8.04%, respectively last year. This is an indication of the remarkable swing in energy pricing. The immediate 3-year average for natural gas prices (FY 2007 – FY 2009) is down 2.65% from the same period last year. For the purpose of this Pro Forma we assume a 6% average increase for heating oil for FY 2011 – FY 2015, and the CPI average of 3.46% for electric and natural gas budgets plus the additional amounts for the new facilities.

The Boston area CPI average increase for gasoline over the 10-year period (FY 2000 to FY 2009) has been 11.96% compared to the ten year average calculated last year of 16.31% and the previous year of 11.77%. Diesel fuel prices have declined from record highs last year but the three year average (FY 2007 – FY 2009) is 5.87%; the ten year average is 12.96%. For the purposes of this Pro Forma we have assumed a 6% annual growth rate in the portion of the budget that is related to fuel and petroleum byproducts. The above allowances are reflected in the department budgets for which heating oil, fuel, and petroleum based products are a significant portion of the non-

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personnel budget. The percent of the 2010 budget that is allocated for the related fuel and petroleum based products is shown in parenthesis: Police Department (42%), Fire Department (20%), Department of Public Works (40%), and Department of Public Facilities (17%). We have also provided (see separate table) the associated energy costs for PSAB, Town Hall, Newman HVAC, and a Senior Center in the appropriate budgets.

Public Schools

The Needham Public Schools operating budget projection assumes an average personnel expenditure growth of 4% (the same as municipal departments), a moderated growth rate in the out-of-district tuition budget at 5% for FY 2011 over the FY 2010 budget of \$2,740,829 (46% of the non-personnel budget), with a .25% increase in the annual growth assumption per year going forward (FY 2012 at 5.25%; FY 2013 at 5.50%; FY 2015 at 5.75%; FY 2015 at 6%) and a 3.46% growth in all other expenses. The Minuteman School assessment fluctuates significantly year to year, because the assessment is a factor of the DOE net school spending calculation, the number of students attending from Needham, and the percentage that the Needham student enrollment bears to the total enrollment. Therefore, we have use a model of averages; the estimate was calculated by taking the average of the actual assessment paid by the Town from 2006 to 2010 (\$529,000) using that figure as the FY 2011 base the assessment is increased for FY 2012 by the five year average change of 6.23%. This same percentage is used for FY 2013 to FY 2015.

Municipal Departments

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. With the continued reliance on and use of technology, the department has been experiencing cost increases of between 4% and 8% per year; this has been due to an increase in the number of users, expanded technology, and increases in annual maintenance and license agreement fees. Technology license and maintenance fees account for 28% of the non-personnel portion of the Finance Department budget; this Pro Forma as in past years assumes a continued 5% increase per year.

The municipal parking program budget includes the commuter lots for which the Town pays rent and a portion of the receipts to the MBTA. As the MBTA orders increases in the parking fee, the Town should see more revenue, but it will also se a respective increase in the rental payment to the MBTA. It should be noted that the Town is in the process of negotiating a new lease with the MBTA. The Pro Forma assumes a 5% growth rate in this line item.

Another specific adjustment included in the Pro Forma is for professional and technical services in the Town

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Counsel's budget which is factored at a 5% growth rate. We have still planned for a 5% per year increase in the base Snow and Ice budget (\$200,000) beginning in FY 2011; the assumed increase for FY 2010 was not implemented. 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.

Other Appropriations and Expenditures

Lastly, for the purpose of this forecast, we assume the same dollar general fund cash capital investment for FY 2011 as was appropriated in FY 2010 (\$1,145,416). We forecast that the cash capital budget will increase to \$1,500,000 for FY 2012 and the same for FY 2013; and then grow by the current CPI average of 3.46% for FY 2014 forward. We assume that excess Free Cash will be directed toward additional capital investment. We have also provided for a \$100,000 contribution to the capital improvement funds for FY 2011 and grow that investment at a 4% rate for the out years. The RTS contribution is assumed to increase by the average CPI of 3.46% per year. The total for other financial warrant articles for FY 2011 is \$110,000 and is projected to grow at the rate of inflation. The provision for abatements and exemptions is shown at a lower than adequate level for FY2011, but is readjusted to \$1,100,000 for the FY 2012 revaluation year, and then grows by 3.75% per year until the 2015 revaluation year. The provision for abatements will be increased should additional new growth revenue be realized for the FY 2010 tax year, which will help buffer the current overlay provisions. If the increased revenue is not realized in FY 2010, it will impact the amount of the gap for FY 2011.

End.

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
FY 2011 to FY 2015**

Description	FY 2007 w/u Excluded Debt June 30, 2007	FY 2008 w/u Excluded Debt June 30, 2008	FY 2009 w/u Excluded Debt June 30, 2009 **	FY 2010 w/u Excluded Debt Current Budget	FY 2011 Pro Forma August 11, 2009	FY 2012 Pro Forma August 11, 2009	FY 2013 Pro Forma August 11, 2009	FY 2014 Pro Forma August 11, 2009	FY 2015 Pro Forma August 11, 2009
General Fund									
Property Tax Revenue	\$68,048,781	\$72,209,627	\$76,167,223	\$81,062,063	\$84,061,360	\$87,171,630	\$90,396,980	\$93,741,668	\$97,210,110
State Aid	\$6,801,800	\$7,601,727	\$8,630,994	\$7,711,693	\$6,920,660	\$7,028,849	\$7,280,489	\$7,541,222	\$7,811,377
Local Receipts	\$8,559,500	\$9,059,700	\$8,448,294	\$8,720,000	\$8,306,500	\$8,495,163	\$8,834,969	\$9,188,368	\$9,555,902
Other Revenues & Reserves	\$565,299	\$537,376	\$467,000	\$700,713	\$425,000	\$427,500	\$430,250	\$433,275	\$436,603
Free Cash	\$3,895,235	\$3,266,326	\$5,810,170	\$3,145,416	\$2,800,000	\$3,200,000	\$3,500,000	\$3,640,000	\$3,785,600
Reimbursements	\$1,442,278	\$1,602,801	\$1,710,496	\$1,753,258	\$1,753,258	\$1,797,089	\$1,842,017	\$1,888,067	\$1,935,269
Revenues	\$89,312,893	\$94,277,556	\$101,234,177	\$103,093,143	\$104,266,777	\$108,120,231	\$112,284,705	\$116,432,600	\$120,734,861
	6.09%	5.56%	7.38%	1.84%	1.14%	3.70%	3.85%	3.69%	3.70%
Operating Budget									
Town Wide Expense Group	\$18,424,825	\$19,989,271	\$21,084,041	\$22,034,171	\$23,294,951	\$24,340,526	\$25,418,185	\$26,558,594	\$27,723,553
Department Budgets	\$66,162,326	\$69,649,865	\$72,946,245	\$77,195,068	\$80,517,443	\$83,879,603	\$87,430,047	\$91,097,348	\$94,805,127
Total Operating Budget	\$84,587,151	\$89,639,136	\$94,030,286	\$99,229,239	\$103,812,394	\$108,220,129	\$112,848,232	\$117,655,943	\$122,528,679
Other Appropriations									
Special Financial Articles	\$246,341	\$173,608	\$109,899	\$35,000	\$110,000	\$113,806	\$117,744	\$121,818	\$126,033
Appropriated to Other Funds	\$522,412	\$807,594	\$1,437,584	\$535,681	\$654,216	\$677,391	\$701,391	\$726,243	\$751,978
Capital Financed by Revenue	\$1,723,724	\$1,610,100	\$3,376,129	\$1,321,129	\$1,145,416	\$1,500,000	\$1,500,000	\$1,551,900	\$1,605,596
Total Other Appropriations	\$2,492,477	\$2,591,302	\$4,923,612	\$1,891,810	\$1,909,632	\$2,291,197	\$2,319,134	\$2,399,961	\$2,483,607
Other Amounts to be Provided									
	\$2,233,264	\$2,047,118	\$2,280,279	\$1,972,094	\$2,032,456	\$2,309,779	\$2,382,111	\$2,456,796	\$2,605,465
Expenditures	\$89,312,892	\$94,277,556	\$101,234,177	\$103,093,143	\$107,754,481	\$112,821,105	\$117,549,477	\$122,512,699	\$127,617,751
I Surplus/(Deficit)	\$0	\$0	\$0	\$0	(\$3,487,704)	(\$4,700,874)	(\$5,264,772)	(\$6,080,099)	(\$6,882,890)
II Incremental Gap					(\$3,487,704)	(\$1,213,170)	(\$563,898)	(\$815,328)	(\$802,790)

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
General Fund Revenues**

Description	FY 2007 W/O Excluded Debt June 30, 2007	FY 2008 W/O Excluded Debt June 30, 2008	FY 2009 W/O Excluded Debt June 30, 2009**	FY 2010 W/O Excluded Debt Current Budget	FY 2011 Pro Forma August 11, 2009	FY 2012 Pro Forma August 11, 2009	FY 2013 Pro Forma August 11, 2009	FY 2014 Pro Forma August 11, 2009	FY 2015 Pro Forma August 11, 2009
Local Receipts									
Motor Vehicle Excise	\$3,995,000	\$3,995,000	\$3,800,000	\$3,800,000	\$3,800,000	\$3,876,000	\$4,031,040	\$4,192,282	\$4,359,973
Investment Income	\$900,000	\$900,000	\$650,000	\$650,000	\$450,000	\$461,250	\$479,700	\$498,888	\$518,844
Other Local Receipts	\$3,664,500	\$4,164,700	\$3,998,294	\$4,270,000	\$4,056,500	\$4,157,913	\$4,324,229	\$4,497,198	\$4,677,086
SUBTOTAL	\$8,559,500	\$9,059,700	\$8,448,294	\$8,720,000	\$8,306,500	\$8,495,163	\$8,834,969	\$9,188,368	\$9,555,902
						(\$0)	(\$0)		
Real & Personal Property Tax									
Real & Personal Property w/o Exclusions	\$68,048,781	\$72,209,627	\$76,167,223	\$81,062,063	\$84,061,360	\$87,171,630	\$90,396,980	\$93,741,668	\$97,210,110
State Aid									
State Aid for Education	\$4,453,656	\$5,190,177	\$6,209,013	\$6,031,907	\$5,428,716	\$5,536,653	\$5,744,038	\$5,959,193	\$6,182,409
State Aid for General Government	\$2,348,144	\$2,411,550	\$2,421,981	\$1,679,786	\$1,491,944	\$1,492,196	\$1,536,451	\$1,582,029	\$1,628,968
SUBTOTAL	\$74,850,581	\$79,811,354	\$84,798,217	\$88,773,756	\$90,982,019	\$94,200,479	\$97,677,470	\$101,282,890	\$105,021,488
Other General Revenues & Reserves									
Budgetary Fund Balance (Free Cash)	\$3,895,235	\$3,266,326	\$5,810,170	\$3,145,416	\$2,800,000	\$3,200,000	\$3,500,000	\$3,640,000	\$3,785,600
Overlay Surplus	\$407,299	\$400,263	\$400,000	\$500,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Parking Meter Receipts	\$85,000	\$85,000	\$67,000	\$67,000	\$25,000	\$27,500	\$30,250	\$33,275	\$36,603
C&D Reserve	\$20,000	\$21,895	Depleted	Depleted					
Other Funding Sources	\$53,000	\$30,218		\$133,713					
SUBTOTAL	\$4,460,534	\$3,803,702	\$6,277,170	\$3,846,129	\$3,225,000	\$3,627,500	\$3,930,250	\$4,073,275	\$4,222,203
Total GF Revenue	\$87,870,615	\$92,674,755	\$99,523,681	\$101,339,885	\$102,513,519	\$106,323,142	\$110,442,689	\$114,544,533	\$118,799,593
Reimbursements									
Reimbursements due from Enterprise Funds	\$1,442,278	\$1,602,801	\$1,710,496	\$1,753,258	\$1,753,258	\$1,797,089	\$1,842,017	\$1,888,067	\$1,935,269
Available for Expenditures	\$89,312,893	\$94,277,556	\$101,234,177	\$103,093,143	\$104,266,777	\$108,120,231	\$112,284,705	\$116,432,600	\$120,734,861

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget**

Description	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	W/O Excluded Debt	Pro Forma	Pro Forma	Pro Forma	Pro Forma				
	June 30, 2007	June 30, 2008	June 30, 2009**	Current Budget	August 11, 2009				
General Government	\$3,127,801	\$3,225,167	\$3,472,251	\$3,512,258	\$3,652,662	\$3,806,240	\$3,958,485	\$4,116,888	\$4,281,701
Land Use and Development	\$221,521	\$304,311	\$321,812	\$334,384	\$347,605	\$361,350	\$375,640	\$390,495	\$405,938
Public Safety	\$10,408,188	\$10,730,174	\$11,256,601	\$11,461,963	\$11,921,098	\$12,398,712	\$12,895,553	\$13,412,400	\$13,950,065
Education	\$38,712,954	\$41,371,214	\$43,012,911	\$45,818,618	\$47,736,941	\$49,675,546	\$51,700,855	\$53,817,340	\$56,029,795
Public Works	\$4,829,982	\$4,905,791	\$5,157,249	\$5,415,350	\$5,643,374	\$5,881,638	\$6,128,020	\$6,385,673	\$6,653,823
Public Facilities	\$6,301,065	\$6,444,030	\$6,922,833	\$7,744,980	\$8,194,595	\$8,616,841	\$9,109,481	\$9,584,990	\$9,961,694
Community Services	\$2,560,815	\$2,669,178	\$2,802,588	\$2,907,515	\$3,021,168	\$3,139,276	\$3,262,013	\$3,389,562	\$3,522,111
Department Budgets	\$66,162,326	\$69,649,865	\$72,946,245	\$77,195,068	\$80,517,443	\$83,879,603	\$87,430,047	\$91,097,348	\$94,805,127
	6.3%	5.3%	0.1%	5.8%	4.3%	4.2%	4.2%	4.2%	4.1%
Town Wide Expense Group	\$18,424,825	\$19,989,271	\$21,084,041	\$22,034,171	\$23,294,951	\$24,340,526	\$25,418,185	\$26,558,594	\$27,723,553
	6.5%	8.5%	-25.7%	4.5%	5.7%	4.5%	4.4%	4.5%	4.4%
General Fund Operating Budget	\$84,587,151	\$89,639,136	\$94,030,286	\$99,229,239	\$103,812,394	\$108,220,129	\$112,848,232	\$117,655,943	\$122,528,679
	6.4%	6.0%	-7.1%	5.5%	4.6%	4.2%	4.3%	4.3%	4.1%

**Town of Needham
General Fund
New Facilities Operational Cost Estimate**

Description	FY 2011 PSAB	FY 2012 Town Hall	FY 2013 Newman	FY 2014 Senior Center	FY 2015
Town Wide Group					
Town Wide Expenses	\$20,803	\$18,332		\$20,174	
Board of Selectmen/Town Manager Personnel Expenses		\$7,500			
Board of Selectmen/Town Manager		\$7,500			
Needham Public Schools Personnel Expenses					
Needham Public Schools					
Department of Public Works Personnel Expenses	\$1,695	\$2,134		\$635	
Department of Public Works	\$1,695	\$2,134		\$635	
Department of Public Facilities Personnel Expenses	\$43,889 \$101,471	\$20,222 \$80,095	\$154,000	\$45,983 \$71,740	
Department of Public Facilities	\$145,360	\$100,317	\$154,000	\$117,723	
Total	\$167,858	\$128,283	\$154,000	\$138,532	

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budgets**

Description	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	W/O Excluded Debt June 30, 2007	W/O Excluded Debt June 30, 2008	W/O Excluded Debt June 30, 2009**	W/O Excluded Debt Current Budget	Pro Forma August 11, 2009	Pro Forma August 11, 2009			
Town Wide Group									
Retirement (Chapter 34)	\$135,000	\$117,000	\$119,000	\$89,000	\$92,560	\$96,262	\$100,113	\$104,117	\$108,282
Retirement Contributory System	\$3,835,000	\$3,979,000	\$4,121,326	\$4,271,094	\$4,425,997	\$4,586,191	\$4,751,841	\$4,923,111	\$5,100,174
Health Insurance	\$10,295,000	\$8,078,000	\$8,258,510	\$8,867,300	\$9,503,814	\$9,992,337	\$10,491,954	\$11,031,725	\$11,583,311
Retiree Insurance & Insurance Liability Fund	\$380,000	\$3,502,950	\$3,702,211	\$3,446,556	\$3,626,375	\$3,810,726	\$3,999,113	\$4,191,019	\$4,385,916
Unemployment Compensation	\$73,118	\$85,000	\$88,400	\$92,000	\$95,680	\$99,507	\$103,487	\$107,627	\$111,932
Debt Service	\$2,423,921	\$2,557,295	\$2,654,127	\$2,747,025	\$2,978,656	\$3,080,869	\$3,195,373	\$3,314,138	\$3,437,322
Worker's Compensation	\$385,000	\$385,000	\$385,000	\$385,000	\$398,321	\$412,103	\$426,362	\$441,114	\$456,376
General and Self Insurance (40 S13)	\$450,000	\$475,000	\$500,000	\$525,000	\$548,165	\$572,132	\$591,927	\$617,408	\$638,770
Performance Pay Pool#	\$39,271	\$0	\$55,616	\$354,688	\$368,876	\$383,631	\$398,976	\$414,935	\$431,532
Reserve Fund##	\$408,515	\$810,026	\$1,199,851	\$1,256,508	\$1,256,508	\$1,306,768	\$1,359,039	\$1,413,401	\$1,469,937
Town Wide Expenses	\$18,424,825	\$19,989,271	\$21,084,041	\$22,034,171	\$23,294,951	\$24,340,526	\$25,418,185	\$26,558,594	\$27,723,553
Board of Selectmen and Office of the Town Manager	\$638,312	\$670,740	\$752,549	\$791,284	\$822,037	\$861,488	\$894,945	\$929,705	\$965,821
Town Clerk & Board of Registrars	\$281,834	\$288,556	\$312,862	\$297,061	\$308,760	\$320,921	\$333,561	\$346,700	\$360,358
Town Counsel	\$238,137	\$258,964	\$260,489	\$262,164	\$274,532	\$287,488	\$301,062	\$315,283	\$330,183
Personnel Board	\$11,641	\$11,601	\$11,641	\$11,628	\$12,036	\$12,459	\$12,897	\$13,350	\$13,819
Finance Department	\$1,930,018	\$1,966,109	\$2,104,549	\$2,118,828	\$2,202,759	\$2,290,052	\$2,380,843	\$2,475,272	\$2,573,488
Finance Committee	\$27,859	\$29,197	\$30,161	\$31,293	\$32,538	\$33,832	\$35,178	\$36,577	\$38,032
General Government	\$3,127,801	\$3,225,167	\$3,472,251	\$3,512,258	\$3,652,662	\$3,806,240	\$3,958,485	\$4,116,888	\$4,281,701
Planning Department	\$148,871	\$206,529	\$218,051	\$225,593	\$234,529	\$243,819	\$253,478	\$263,520	\$273,960
Conservation Department	\$45,975	\$70,253	\$74,453	\$79,526	\$82,663	\$85,924	\$89,314	\$92,838	\$96,501
Board of Appeals	\$26,675	\$27,529	\$29,308	\$29,265	\$30,414	\$31,607	\$32,848	\$34,137	\$35,478
Land Use and Development Total	\$221,521	\$304,311	\$321,812	\$334,384	\$347,605	\$361,350	\$375,640	\$390,495	\$405,938
Police Department & Animal Control	\$4,619,590	\$4,730,199	\$4,939,789	\$5,168,615	\$5,376,179	\$5,592,133	\$5,816,819	\$6,050,595	\$6,293,829
Fire Department & Emergency Medical Services	\$5,390,542	\$5,579,018	\$5,878,772	\$5,833,646	\$6,066,913	\$6,309,540	\$6,561,904	\$6,824,397	\$7,097,428
Building Inspector & Weights and Measures	\$398,056	\$420,957	\$438,040	\$459,702	\$478,005	\$497,038	\$516,829	\$537,408	\$558,808
Public Safety Total	\$10,408,188	\$10,730,174	\$11,256,601	\$11,461,963	\$11,921,098	\$12,398,712	\$12,895,553	\$13,412,400	\$13,950,065
Minuteman School District Assessment	\$655,143	\$571,356	\$377,427	\$435,733	\$529,000	\$561,957	\$596,967	\$634,158	\$673,666
Needham Public Schools	\$38,057,811	\$40,799,858	\$42,635,484	\$45,382,885	\$47,207,941	\$49,113,589	\$51,103,889	\$53,183,183	\$55,356,130

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budgets**

Description	FY 2007 W/O Excluded Debt June 30, 2007	FY 2008 W/O Excluded Debt June 30, 2008	FY 2009 W/O Excluded Debt June 30, 2009**	FY 2010 W/O Excluded Debt Current Budget	FY 2011 Pro Forma August 11, 2009	FY 2012 Pro Forma August 11, 2009	FY 2013 Pro Forma August 11, 2009	FY 2014 Pro Forma August 11, 2009	FY 2015 Pro Forma August 11, 2009
Education	\$38,712,954	\$41,371,214	\$43,012,911	\$45,818,618	\$47,736,941	\$49,675,546	\$51,700,855	\$53,817,340	\$56,029,795
Department of Public Works	\$4,298,082	\$4,394,891	\$4,624,849	\$4,847,150	\$5,051,157	\$5,264,356	\$5,484,577	\$5,714,923	\$5,954,570
Municipal Parking Program	\$203,900	\$203,900	\$203,900	\$282,900	\$297,045	\$311,897	\$327,492	\$343,867	\$361,060
Municipal Lighting Program	\$328,000	\$307,000	\$328,500	\$285,300	\$295,171	\$305,384	\$315,951	\$326,882	\$338,193
Public Works Total	\$4,829,982	\$4,905,791	\$5,157,249	\$5,415,350	\$5,643,374	\$5,881,638	\$6,128,020	\$6,385,673	\$6,653,823
Department of Public Facilities	\$6,301,065	\$6,444,030	\$6,922,833	\$7,744,980	\$8,194,595	\$8,616,841	\$9,109,481	\$9,584,990	\$9,961,694
Public Facilities Total	\$6,301,065	\$6,444,030	\$6,922,833	\$7,744,980	\$8,194,595	\$8,616,841	\$9,109,481	\$9,584,990	\$9,961,694
Health Department	\$361,464	\$388,682	\$433,529	\$451,763	\$469,432	\$487,794	\$506,876	\$526,706	\$547,314
Diversified Community Social Service	\$506,763	\$508,468	\$541,200	\$563,359	\$585,679	\$608,885	\$633,011	\$658,094	\$684,172
Commission on Disabilities	\$550	\$550	\$550	\$550	\$569	\$589	\$609	\$630	\$652
Historical Commission	\$550	\$550	\$1,050	\$1,050	\$1,086	\$1,124	\$1,163	\$1,203	\$1,245
Needham Public Library	\$1,191,195	\$1,235,652	\$1,284,500	\$1,338,026	\$1,390,127	\$1,444,262	\$1,500,513	\$1,558,960	\$1,619,691
Park & Recreation Department	\$499,793	\$534,526	\$541,009	\$552,017	\$573,499	\$595,819	\$619,011	\$643,109	\$668,147
Memorial Park	\$500	\$750	\$750	\$750	\$776	\$803	\$831	\$859	\$889
Community Services Total	\$2,560,815	\$2,669,178	\$2,802,588	\$2,907,515	\$3,021,168	\$3,139,276	\$3,262,013	\$3,389,562	\$3,522,111
Department Budgets	\$66,162,326	\$69,649,865	\$72,946,245	\$77,195,068	\$80,517,443	\$83,879,603	\$87,430,047	\$91,097,348	\$94,805,127
Total Budget	\$84,587,151	\$89,639,136	\$94,030,286	\$99,229,239	\$103,812,394	\$108,220,129	\$112,848,232	\$117,655,943	\$122,528,679

**Town of Needham
General Fund
Changes in Salary and Wage Accounts
FY 2000 to FY 2009**

Description	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009									
General Government	\$1,573,403	\$1,620,764	\$1,727,822	\$1,813,110	\$1,771,314	\$1,821,122	\$1,861,841	\$2,096,237	\$2,149,201	\$2,256,559									
Percent Change for Group from Prior Year		3.0%	6.6%	4.9%	-2.3%	2.8%	2.2%	12.6%	2.5%	5.0%									
Land Use	\$133,561	\$131,532	\$148,816	\$167,117	\$166,021	\$169,110	\$179,096	\$202,066	\$275,146	\$289,157									
Percent Change for Group from Prior Year		-1.5%	13.1%	12.3%	-0.7%	1.9%	5.9%	12.8%	36.2%	5.1%									
Public Safety	\$8,108,133	\$8,304,185	\$8,768,817	\$8,903,510	\$9,069,911	\$9,199,598	\$9,616,189	\$9,794,881	\$10,045,611	\$10,568,291									
Percent Change for Group from Prior Year		2.4%	5.6%	1.5%	1.9%	1.4%	4.5%	1.9%	2.6%	5.2%									
Public Works	\$2,195,907	\$2,250,082	\$2,338,081	\$2,505,037	\$2,446,938	\$2,615,781	\$2,708,592	\$2,962,632	\$2,971,552	\$3,137,945									
Percent Change for Group from Prior Year		2.5%	3.9%	7.1%	-2.3%	6.9%	3.5%	9.4%	0.3%	5.6%									
Public Facilities	\$1,979,536	\$2,102,054	\$2,149,577	\$2,275,845	\$2,221,182	\$2,330,197	\$2,327,509	\$2,432,903	\$2,540,529	\$2,608,373									
Percent Change for Group from Prior Year		6.2%	2.3%	5.9%	-2.4%	4.9%	-0.1%	4.5%	4.4%	2.7%									
Community Services	\$1,608,228	\$1,694,071	\$1,755,222	\$1,852,131	\$1,873,645	\$1,919,096	\$2,054,106	\$2,162,084	\$2,238,383	\$2,329,580									
Percent Change for Group from Prior Year		5.3%	3.6%	5.5%	1.2%	2.4%	7.0%	5.3%	3.5%	4.1%									
Municipal Departments	\$15,598,768	\$16,102,688	\$16,888,335	\$17,516,750	\$17,549,011	\$18,054,904	\$18,747,333	\$19,650,803	\$20,220,422	\$21,189,905									
Percent Change for Group from Prior Year		3.2%	4.9%	3.7%	0.2%	2.9%	3.8%	4.8%	2.9%	4.8%									
School Department	\$23,737,838	\$25,239,225	\$26,594,024	\$27,966,072	\$28,796,240	\$29,835,477	\$32,139,137	\$33,251,907	\$34,895,067	\$37,287,966									
Percent Change from Prior Year		6.3%	5.4%	5.2%	3.0%	3.6%	7.7%	3.5%	4.9%	6.9%									
	FY 2000	FY 2001	% Change	FY 2002	% Change	FY 2003	% Change	FY 2004	% Change	FY 2005	% Change	FY 2006	% Change	FY 2007	% Change	FY 2008	% Change	FY 2009	% Change
Board of Selectmen	\$336,510	\$348,672	3.6%	\$362,624	4.0%	\$387,669	6.9%	\$384,993	-0.7%	\$397,189	3.2%	\$430,590	8.4%	\$488,912	13.5%	\$504,290	3.1%	\$586,099	16.2%
Town Clerk	\$165,814	\$186,162	12.3%	\$195,943	5.3%	\$208,814	6.6%	\$214,965	2.9%	\$219,465	2.1%	\$205,048	-6.6%	\$251,009	22.4%	\$258,026	2.8%	\$276,327	7.1%
Town Counsel	\$53,380	\$54,715	2.5%	\$56,356	3.0%	\$58,192	3.3%	\$59,750	2.7%	\$61,244	2.5%	\$63,081	3.0%	\$64,637	2.5%	\$65,464	1.3%	\$66,989	2.3%
Personnel Board	\$1,820	\$1,866	2.5%	\$1,922	3.0%	\$1,985	3.3%	\$1,523	-23.3%	\$1,562	2.6%	\$3,109	99.0%	\$1,641	-47.2%	\$1,601	-2.4%	\$1,641	2.5%
Finance Department	\$991,018	\$1,003,866	1.3%	\$1,084,730	8.1%	\$1,128,535	4.0%	\$1,084,833	-3.9%	\$1,116,037	2.9%	\$1,133,619	1.6%	\$1,262,829	11.4%	\$1,291,273	2.3%	\$1,296,242	0.4%
Finance Committee	\$24,861	\$25,483	2.5%	\$26,247	3.0%	\$27,915	6.4%	\$25,250	-9.5%	\$25,625	1.5%	\$26,394	3.0%	\$27,209	3.1%	\$28,547	4.9%	\$29,261	2.5%
General Government Total	\$1,573,403	\$1,620,764	3.0%	\$1,727,822	6.6%	\$1,813,110	4.9%	\$1,771,314	-2.3%	\$1,821,122	2.8%	\$1,861,841	2.2%	\$2,096,237	12.6%	\$2,149,201	2.5%	\$2,256,559	5.0%
Planning Department	\$104,745	\$101,595	-3.0%	\$117,240	15.4%	\$123,418	5.3%	\$121,741	-1.4%	\$124,160	2.0%	\$131,664	6.0%	\$137,811	4.7%	\$188,469	36.8%	\$196,791	4.4%
Conservation Department	\$22,871	\$23,843	4.2%	\$24,799	4.0%	\$27,805	12.1%	\$29,317	5.4%	\$29,613	1.0%	\$31,646	6.9%	\$40,870	29.1%	\$62,438	52.8%	\$66,348	6.3%
Board of Appeals	\$5,945	\$6,094	2.5%	\$6,777	11.2%	\$15,894	134.5%	\$14,963	-5.9%	\$15,337	2.5%	\$15,786	2.9%	\$23,385	48.1%	\$24,239	3.7%	\$26,018	7.3%
Land Use and Development Total	\$133,561	\$131,532	-1.5%	\$148,816	13.1%	\$167,117	12.3%	\$166,021	-0.7%	\$169,110	1.9%	\$179,096	5.9%	\$202,066	12.8%	\$275,146	36.2%	\$289,157	5.1%
Police Department	\$3,454,410	\$3,549,515	2.8%	\$3,784,623	6.6%	\$3,838,209	1.4%	\$3,836,266	-0.1%	\$3,950,138	3.0%	\$4,096,350	3.7%	\$4,256,517	3.9%	\$4,307,656	1.2%	\$4,529,149	5.1%
Fire Department	\$4,422,162	\$4,468,323	1.0%	\$4,724,362	5.7%	\$4,802,431	1.7%	\$4,957,565	3.2%	\$4,970,245	0.3%	\$5,159,042	3.8%	\$5,152,611	-0.1%	\$5,330,631	3.5%	\$5,616,784	5.4%
Building Inspector	\$231,561	\$286,347	23.7%	\$259,832	-9.3%	\$262,870	1.2%	\$276,080	5.0%	\$279,215	1.1%	\$360,797	29.2%	\$385,753	6.9%	\$407,324	5.6%	\$422,358	3.7%
Public Safety Total	\$8,108,133	\$8,304,185	2.4%	\$8,768,817	5.6%	\$8,903,510	1.5%	\$9,069,911	1.9%	\$9,199,598	1.4%	\$9,616,189	4.5%	\$9,794,881	1.9%	\$10,045,611	2.6%	\$10,568,291	5.2%
Department of Public Works	\$2,195,907	\$2,250,082	2.5%	\$2,338,081	3.9%	\$2,505,037	7.1%	\$2,446,938	-2.3%	\$2,615,781	6.9%	\$2,708,592	3.5%	\$2,962,632	9.4%	\$2,971,552	0.3%	\$3,137,945	5.6%
Department of Public Facilities	\$1,979,536	\$2,102,054	6.2%	\$2,149,577	2.3%	\$2,275,845	5.9%	\$2,221,182	-2.4%	\$2,330,197	4.9%	\$2,327,509	-0.1%	\$2,432,903	4.5%	\$2,540,529	4.4%	\$2,608,373	2.7%
Health Department	\$241,436	\$256,929	6.4%	\$258,411	0.6%	\$274,472	6.2%	\$281,167	2.4%	\$289,816	3.1%	\$304,968	5.2%	\$318,046	4.3%	\$344,624	8.4%	\$364,066	5.6%
Diversified Community Social Service	\$378,010	\$395,954	4.7%	\$406,646	2.7%	\$430,709	5.9%	\$438,386	1.8%	\$449,286	2.5%	\$478,503	6.5%	\$468,797	-2.0%	\$469,698	0.2%	\$501,839	6.8%
Needham Public Library	\$675,346	\$710,857	5.3%	\$744,536	4.7%	\$772,654	3.8%	\$774,050	0.2%	\$791,118	2.2%	\$867,514	9.7%	\$963,323	11.0%	\$1,000,410	3.8%	\$1,033,541	3.3%
Park & Recreation Department	\$313,436	\$330,331	5.4%	\$345,629	4.6%	\$374,296	8.3%	\$380,042	1.5%	\$388,876	2.3%	\$403,121	3.7%	\$411,918	2.2%	\$423,651	2.8%	\$430,134	1.5%
Community Services Total	\$1,608,228	\$1,694,071	5.3%	\$1,755,222	3.6%	\$1,852,131	5.5%	\$1,873,645	1.2%	\$1,919,096	2.4%	\$2,054,106	7.0%	\$2,162,084	5.3%	\$2,238,383	3.5%	\$2,329,580	4.1%

Town of Needham
General Fund
Changes in Salary and Wage Accounts
FY 2000 to FY 2009

Description	FY 2000	FY 2001		FY 2002		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009	
Town Departments	\$15,598,768	\$16,102,688	3.2%	\$16,888,335	4.9%	\$17,516,750	3.7%	\$17,549,011	0.2%	\$18,054,904	2.9%	\$18,747,333	3.8%	\$19,650,803	4.8%	\$20,220,422	2.9%	\$21,189,905	4.8%
School Department	\$23,737,838	\$25,239,225	6.3%	\$26,594,024	5.4%	\$27,966,072	5.2%	\$28,796,240	3.0%	\$29,835,477	3.6%	\$32,139,137	7.7%	\$33,251,907	3.5%	\$34,895,067	4.9%	\$37,287,966	6.9%
Total GF Salary and Wages	\$39,336,606	\$41,341,913	5.1%	\$43,482,359	5.2%	\$45,482,822	4.6%	\$46,345,251	1.9%	\$47,890,381	3.3%	\$50,886,470	6.3%	\$52,902,710	4.0%	\$55,115,489	4.2%	\$58,477,871	6.1%

**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
1998	\$1.05		\$1.06	\$0.87		\$0.88	\$0.12		\$0.12
1999	\$1.13	7.3%	\$1.15	\$0.83	-4.4%	\$0.89	\$0.12	-0.8%	\$0.12
2000	\$1.64	44.8%	\$1.55	\$1.25	50.3%	\$1.37	\$0.12	0.0%	\$0.12
2001	\$1.74	6.5%	\$1.47	\$1.31	4.8%	\$1.31	\$0.12	1.7%	\$0.12
2002	\$1.38	-20.8%	\$1.35	\$1.14	-13.0%	\$1.16	\$0.12	-4.1%	\$0.11
2003	\$1.50	8.4%	\$1.61	\$1.31	14.5%	\$1.41	\$0.12	3.4%	\$0.12
2004	\$2.14	42.9%	\$1.91	\$1.54	17.4%	\$1.65	\$0.13	3.3%	\$0.12
2005	\$2.16	1.0%	\$2.30	\$2.07	34.7%	\$2.22	\$0.13	6.3%	\$0.13
2006	\$3.01	39.5%	\$2.60	\$2.55	23.5%	\$2.50	\$0.15	14.2%	\$0.14
2007	\$3.07	1.9%	\$2.75	\$2.57	0.5%	\$2.69	\$0.17	7.8%	\$0.15
2008	\$4.04	31.6%	\$3.18	\$4.61	79.6%	\$3.77	\$0.17	3.0%	\$0.16
2009	\$2.58	-36.1%	NA	\$2.45	-46.7%	NA	\$0.17	0.0%	\$0.17
	Five Year Average	7.57%		Five Year Average	18.31%		Five Year Average	6.28%	

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
1998	\$0.84		\$0.86			
1999	\$0.82	-1.9%	\$0.85			
2000	\$0.86	4.9%	\$0.92			
2001	\$1.08	25.2%	\$1.09			
2002	\$0.90	-17.3%	\$0.93			
2003	\$1.12	24.8%	\$1.12	\$1.68		\$1.73
2004	\$1.15	3.3%	\$1.20	\$1.88	11.8%	\$1.96
2005	\$1.24	7.4%	\$1.38	\$2.46	31.0%	\$2.57
2006	\$1.44	16.2%	\$1.49	\$3.05	23.9%	\$2.88
2007	\$1.44	-0.3%	\$1.46	\$2.95	-3.3%	\$2.99
2008	\$1.70	18.1%	\$1.65	\$4.91	66.5%	\$4.07
2009	\$1.26	-25.8%	NA	\$2.67	-45.6%	NA
	Five Year Average	3.13%		Five Year Average	14.51%	