

Town of Needham
General Fund
Revenue and Expense
FY 2012 – FY 2016 Pro Forma

Presented
to
Board of Selectmen
August 17, 2010

Town of Needham
General Fund Revenue and Expense Pro Forma
FY 2012 – FY 2016

Overview

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 budgetarily neutral, so the reader can get a clearer picture of the budget. In this analysis we present the current FY 2011 operating budget, the immediate three prior fiscal year final adjusted budgets (2010, 2009, and 2008), 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 FY 2011 operating budget adopted at the May 2010 Annual Town Meeting is the base year on which annual changes are based. The FY 2012 estimate incorporates the proposed and required changes to the current budget to be considered at the November 2010 Special Town Meeting and by the Department of Revenue during the tax rate setting process.

The estimated expenditure requests for FY 2012 at \$111,173,206 are \$1,647,899 less than that shown on the Pro Forma last year for FY2012. The revenue figure is \$1,377,999 higher than that shown for 2012 last year. Yet, the incremental gap between estimated revenue and estimated expenditures grew. The primary reason for this development is that a number of one-time funding sources were used to support recurring operating costs, particularly in education.

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 have also removed the debt excluded revenue and MSBA payments, if any, from the revenue projections, as they are offsetting. We have adjusted the FY 2011 revenue budget to reflect the adoption of the 2011 State Budget. In addition, local revenues have been lowered based on actual revenue collections, and the estimate for new growth revenue has been increased by \$200,000. Overall, the

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growth rate in net general fund revenue is expected to be lower than in past years. Revenues are forecast to improve slowly, and the estimates are in keeping with our conservative approach.

Property Taxes and Local Receipts

Although the national real estate market is not what it was during the previous decade, development and investment in existing residential real estate in Needham remains remarkably stable in comparison. We allow for the annual 2.5% increase in the tax levy each year and an additional 1.2% increase for new growth, similar to prior years. As noted previously we have made no allowance for operating overrides, and we have removed the debt exclusion revenue as we have removed the debt exclusion payments from this report.

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. The FY 2011 local receipts estimate has been reduced based on the lower actual excise tax collections, lower investment income, lower Medicaid reimbursements, and overall anemic miscellaneous receipts. We did not expect the "Cash for Clunkers" program to have an impact on excise revenue for Needham last year; and it did not. The Town saw its motor vehicle excise revenue decline yet another year. The actual FY 2010 excise revenue was \$3.88 million compared to \$4.13 million for FY 2009. The Town plans on excise revenue to be 10% to 15% above budget estimates; the estimate for FY 2010 was \$3.8 million. The FY 2011 estimate has now been lowered to \$3.5 million and we look ahead to FY 2012 with a level dollar assumption. Given that motor vehicle excise usually 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.

The meals tax revenue for FY 2010 was on target with our assumptions, which was an amount that would be significantly lower than state-wide estimates. The Town adopted the 0.75% meals tax last fall, and for the portion of the year that the tax was collected, the Town received \$110 thousand; our assumption for a full year was \$100 to \$130 thousand. Investment income for FY 2010 was just under \$500,000, the budget estimate was for \$545,000. Interest rates are not expected to increase in the near future, so this revenue estimate has been reduced. Overall, 2010 local receipts were less than 2009 local receipts.

The FY 2012 local receipt estimate is being held level dollar in order to rebuild the Town's financial position. For FY 2013, we assume 3.25% growth in local revenues and investment income. The out years, in keeping with a gradual economic recovery assumption, project local receipts to be increased by 3.75% in FY 2014; 4.00% in FY 2015, and 4.25% for FY 2016.

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State Aid

Although state aid for 2011 has been budgeted at a higher amount than forecasted, reasonable concerns have been raised by various economists and the Massachusetts Taxpayers Foundation as to whether the Commonwealth will actually be able to meet the promised amount of local aid. We assume a 3.5% increase in Chapter 70 Education Cherry Sheet aid in FY 2012, and then a declining rate of increase of 2.5% in FY 2013, then 1.5% in FY 2014 forward. The “make whole” provisions still promised by the State to cities and towns regarding educational aid is the primary basis for this assumption, although the State has fallen short in being able to meet this obligation in prior years. We have assumed that the State will eliminate funding of the Police Career Incentive Pay program in FY 2012. The FY 2011 state appropriation is only a fraction of that which it was previously. In FY 2007, the Town received \$120,498; for FY 2011 we are scheduled to receive \$12,624, a tenth of the amount received four years earlier. We have held all other Cherry Sheet programs at level dollar over the five years.

There are three notable reasons we take this position. A slow recovery from the recession is still projected, which may limit the State’s ability to increase funding to cities and towns. As noted earlier, there are concerns that the State may not be able to honor its 2011 pledges. A second concern is Question 3 on the November State ballot, which, if passed would roll back the sales and use tax from 6.25% to 3%. At a rate of 3% and with 2/3 of that rate already committed to other purposes (MSBA and Regional Transit), this would require a reduction in available revenue to fund State programs.

A third reason is a recent study released by the Federal Reserve Bank of Boston’s New England Public Policy Center. The Center has recommended that the local aid formulas and methods of distribution be changed so that more local aid is directed towards poorer and larger communities. The study came about as consequence of the fiscal distress experienced by the City of Springfield. The Center developed a measure to determine the fiscal gap between municipal costs and revenue capacity at the local level. Given the stature of the Center, we should expect that the Legislature and the Governor will give more than a cursory look at this recommendation.

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.

Other Revenues

We continue to assume that abatement and exemption activity will remain predictable, and have made allowances that \$500,000 in overlay surplus should be available for appropriation each year. We are still in the process of

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tabulating FY 2010 financial activities and preparing for the financial audit. We will not have a firm estimate of Free Cash until the fall. Early indications for 2012 Free Cash are between \$3.2 and \$3.8 million; we have assumed \$3.3 million for FY 2012 for the purposes of this Pro Forma. The FY 2013 Free Cash figure and beyond were determined by increasing the FY 2012 estimate by the percentage change in the prior year's general fund core revenue (real estate tax, state aid, and local receipts). The annual change in this revenue ranges between three and four percent. Free Cash is also affected by extraordinary turn backs, one-time revenue, allowances made for uncollectable receivables, and deficits in other funds. The Pro Forma continues to assume that any Free Cash amount in excess of the operating budget allocation will be used for increased capital investment or reserved in the capital funds for ongoing future needs, hence reducing the Town's dependence on reserves to fund recurring operating expenses, and/or to fund other non-operating costs. In recognition that most every year there are some additional resources which become available for appropriation, we have included \$200,000 in the FY 2012 revenue assumption and grow the amount by 10% per year. Parking meter revenue is projected to provide \$40,000 in 2012 and increase modestly at 2.5% per year.

Expenditures

The FY 2011 budget is the base year on which the out year estimates are calculated. With respect to department expenditures, except where otherwise noted, we assume a 3.25% increase in wages and salary expense for FY 2012, 3.50% for FY 2013 and 4% for FY 2014 forward. Furthermore, other than as outlined below, all other budget items are assumed at a 2.77% annual increase, consistent with the average increase in the consumer price index (Northeast Index of all urban consumers) for the past five full calendar years (2005 – 2009). This index is used 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 year Pro Forma was 3.46%, previous was 3.32%, and the year before was 3.38%.

Town Wide Expenses

We still expect 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 to 5% for FY 2012, after adjusting for the expected \$250,000 reduction in health insurance premium expense in the FY 2011 operating budget as a result of the recent collective bargaining agreement with the Needham School Teachers Union. The new agreement effective for FY 2011 requires all existing and new members to transition from the standard HMO offerings to the so-called Rate Saver HMO offerings. Expecting further progress in this area, we have pegged the increase in FY 2013 forward at 4.75% per year. With respect to retiree health insurance and the insurance liability

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fund, we have relied upon the July 2009 actuarial schedule. However, the actuarial study will be updated based on July 2010 data. We anticipate that a new schedule will be necessary and the OPEB line will be amended at a future date. The Town has a two year agreement for its general and liability insurance policy which allows the Town to keep this line level with exception of a \$7,500 increase in FY 2012 as an allowance for the Town Hall. This line also covers deductibles, small claims, and risk management expenses. The general insurance budget is expected to grow by 3% per year for FY 2014 to FY 2016. There is also a \$7,500 allowance associated with the opening of a senior center in FY 2014.

The retirement assessment is based on a revised actuarial funding schedule that is pending approval of PERAC; the noncontributory retirement growth is pegged at 2.77% per year. The Retirement System assessment for FY 2012 is \$4,722,592 which will increase by 4.5% per year. The system is projected now to be fully funded in 2027.

The unemployment budget is assumed to increase by 4% per year. Workers compensation is increased by 4% per year starting in FY 2012, as is the performance pay pool. Debt service within the levy limit is maintained at approximately 3% of general revenue.

The reserve fund allowance is based on a formula of 1.4% of the operating budget, excluding debt, OPEB, and retirement. Those three budgets have been excluded from the calculation as they are known amounts each budget year and therefore a call on the reserve fund from these programs is not expected. The formula provides for a reserve fund at a level similar to recent budgets.

Public Schools

The Needham Public Schools operating budget has two adjustments for FY 2012. The salary line is increased by \$310,000 to reflect the amount required in FY 2011 to cover the recent collective bargaining agreement with the Teachers Union. The other adjustment is \$615,900 to the expense budget to reflect the portion of the current school budget that is being supported by Federal stimulus monies for FY 2011. We have also assumed a 3.25% additional increase in the personnel expenditure line for FY 2012 (the same as municipal departments); increasing to 4.5% in FY 2013, then to 5.0% in FY 2014 forward. SPED tuition and related costs for FY2011 (\$3,936,081) are still expected to moderate in time, but for FY 2012 and FY 2013 are estimated at a 4.5% growth rate. The SPED budget is projected to increase by 4.0% in FY 2014 through FY 2016. All other expenses are projected at 2.77% increase annually.

The Minuteman School assessment fluctuates significantly year to year, because the assessment is a factor of the

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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. Last year we used 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 was increased for FY 2012 by the five year average change of 6.23%. This model does not work for this year. After dropping the 2006 assessment (the earliest year) of \$610,213 and adding the 2011 assessment (the latest year) of \$369,261, the model suggests that the assessment would decrease by approximately 8% per year, which is unlikely. For the purposes of this Pro Forma, we have used the FY 2010 assessment figure of \$435,733 as the FY 2012 figure and assume a 5% annual increase thereafter.

New Facilities and Building Maintenance

We have also incorporated into the Pro Forma operating cost estimates to the various budgets for the renovated Town Hall, the Newman School HVAC replacement, and a Senior Center. Although the full impact of each building will occur over two fiscal years, we have assumed the full estimated operating cost impact in the fiscal year in which the building is expected to open. This additional cost by department is also shown in an attached table. The Public Facilities Department budget accounts for most of the energy costs incurred by the Town to run its facilities. This budget also pays for the basic maintenance and repairs to town and school buildings. Steps undertaken by the Town, through management, energy efficiency efforts, and favorable bid pricing, coupled with the reduction in the high prices of a couple years ago, have ensured that this expense is not growing at the rate seen previously. The Town is locked into a favorable electric supply contract with TransCanada until December 2014. For the purposes of this Pro Forma, we assume an overall increase in non-salary lines of 3% per year for public facilities expenses. In addition to the increase in costs associated with the opening of new facilities, we have estimated the Department's personnel cost to increase by 3.75% in FY 2012, and then mirror general government with 3.5% in FY 2013 and 4.0% thereafter.

Municipal Departments

The Town Clerk's budget, in addition to the assumed growth rate in salary and wage expenses of 3.25, 3.50 and 4.0 percent also provides for an additional \$25,000 in the budget years that a State or Presidential election is held (FY2013 and FY2015). The \$25,000 is removed from the salary line in the non-state election years. The Planning and Economic Development and the Community Development budgets also have a one-time budget adjustment for salary and wages in addition to the overall percent changes. To account for the full-year implementation of the reorganization plan, \$5,000 has been added to Planning and \$25,000 to Community Development.

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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 ever growing reliance on and use of technology, we assume a continued 5% annual increase on the portion of the ITC budget that pays for license and maintenance fees and equipment.

In the area of public safety, with recent turnover and a greater number of uniformed personnel in the step range, salary and wage expense lines are projected to increase by 3.85% in FY 2012, 4.10% in FY 2013, and 4.75% in FY 2014 through FY 2016. The annual equipment replacement cost for the Police Department is forecast at 3.5% per year. All other expenses for Fire and Police are projected at 2.77%.

The municipal parking program budget includes the commuter lots for which the Town pays rent and a portion of receipts to the MBTA. As the MBTA mandates increases in the parking fee, the Town should see more revenue, but it will also see a respective increase in the payments to the MBTA. It should be noted that the Town has not reached an agreement with the MBTA on the continuance of a lease. It is possible that the current arrangement may end. However, for the purposes of this Pro Forma, we assume a 5% increase per year.

Another specific adjustment included in the Pro Forma is for professional and technical services in the Town Counsel's budget. We have increased the FY 2012 budget by \$50,000 and then factored a 5% growth rate for FY 2013 forward. We still plan for a permanent increase in the snow and ice budget from \$200,000 to \$400,000 for FY 2012; the assumed increase for FY 2010 was not implemented. We then provide for an annual growth rate of 2.5% per year beginning in FY 2013. 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 have incorporated a modest approach towards increasing the General Fund cash capital investment with Free Cash. The concept would set a predetermined ceiling on the amount of Free Cash that would be proposed to support operating expenses. The amount of Free Cash that would offset the operating budget is an amount equal to 2% of the prior year appropriated departmental budgets or the actual turn back, whichever is lower. The balance of the Free Cash would be directed to cash capital investment or reserved for future capital investment. An advantage of this approach is that it reduces the operating budget dependence on Free Cash to an amount that has proven over time to be a recurring level. Furthermore, other concerns have been raised that if the Free Cash dollar allocation to the operating budget is a fixed dollar amount, the purchasing power

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of that fixed amount is lessen over time. The change in the Free Cash allocation would be a factor of departmental turn backs and changes in the department budgets. If the percent is 2%, 2% of a growing total number would increase the amount of Free Cash that is returned to the operating budget.

The RTS contribution is assumed to increase by \$125,000 in FY2012 and then by an average 4% per year thereafter. The total for other financial warrant articles for FY 2012 is \$125,000 and is increased by \$5,000 per year. The provision for abatements and exemptions is estimate to be approximately \$1 million for FY 2011 and then increases annually at the same percent rate as the Tax Levy, 3.7% per year. The provision for abatements will be increased should additional new growth revenue be realized for the FY 2011 tax year, which will help buffer the current overlay provisions. If the increased revenue is not realized in FY 2011, it will impact the amount of the gap for FY 2012, a revaluation year. We have assumed a 4% increase for Other Amounts to be Provided, and assessments from the State and County governments.

End.

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
FY 2012 to FY 2016**

Description	FY 2008 W/O Excluded Debt June 30, 2008	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010*	FY 2011 W/O Excluded Debt Adjusted Budget	FY 2012 Pro Forma August 17, 2010	FY 2013 Pro Forma August 17, 2010	FY 2014 Pro Forma August 17, 2010	FY 2015 Pro Forma August 17, 2010	FY 2016 Pro Forma August 17, 2010
General Fund									
Property Tax Revenue	\$72,209,627	\$76,167,223	\$81,827,663	\$85,012,688	\$88,158,157	\$91,420,009	\$94,802,550	\$98,310,244	\$101,947,723
State Aid	\$7,601,727	\$8,630,994	\$7,710,750	\$8,227,013	\$8,445,072	\$8,616,418	\$8,724,519	\$8,834,283	\$8,945,735
Local Receipts	\$9,059,700	\$8,448,294	\$8,085,545	\$7,440,000	\$7,440,000	\$7,681,800	\$7,969,868	\$8,288,662	\$8,640,930
Other Revenues & Reserves	\$537,376	\$1,086,334	\$929,804	\$1,396,385	\$740,000	\$761,000	\$784,025	\$809,276	\$836,973
Free Cash	\$3,266,326	\$5,810,170	\$3,145,416	\$3,568,037	\$3,300,000	\$3,410,247	\$3,530,703	\$3,654,559	\$3,783,578
Reimbursements	\$1,602,801	\$1,710,496	\$1,760,595	\$1,415,000	\$1,415,000	\$1,457,450	\$1,501,174	\$1,546,209	\$1,592,595
Revenues	\$94,277,557	\$101,853,511	\$103,459,773	\$107,059,123	\$109,498,230	\$113,346,924	\$117,312,838	\$121,443,232	\$125,747,534
	5.6%	8.0%	1.6%	3.5%	2.3%	3.5%	3.5%	3.5%	3.5%
Operating Budget									
Townwide Expense Group	\$19,989,271	\$21,084,041	\$21,272,658	\$23,351,953	\$24,336,230	\$25,402,667	\$26,559,135	\$27,744,530	\$28,983,560
Department Budgets	\$69,649,865	\$72,946,835	\$77,165,396	\$77,915,921	\$81,907,415	\$85,428,201	\$89,343,854	\$93,370,617	\$97,532,570
Total Operating Budget	\$89,639,136	\$94,030,876	\$98,438,054	\$101,267,874	\$106,243,645	\$110,830,868	\$115,902,989	\$121,115,147	\$126,516,130
Other Appropriations									
Special Financial Articles	\$169,945	\$156,142	\$875,276	\$526,446	\$125,000	\$130,000	\$135,000	\$140,000	\$145,000
Appropriated to Other Funds	\$807,594	\$1,382,584	\$590,681	\$754,216	\$779,216	\$810,385	\$842,800	\$876,512	\$911,573
Capital Financed by Revenue	\$1,613,764	\$4,003,629	\$1,446,129	\$2,311,749	\$1,741,682	\$1,772,099	\$1,822,139	\$1,867,682	\$1,916,166
Total Other Appropriations	\$2,591,303	\$5,542,355	\$2,912,086	\$3,592,411	\$2,645,898	\$2,712,483	\$2,799,939	\$2,884,194	\$2,972,738
Other Amounts to be Provided	\$2,047,118	\$2,280,279	\$2,109,633	\$2,198,837	\$2,283,663	\$2,371,766	\$2,463,274	\$2,558,317	\$2,657,034
Expenditures	\$94,277,557	\$101,853,511	\$103,459,773	\$107,059,122	\$111,173,206	\$115,915,118	\$121,166,202	\$126,557,658	\$132,145,902
I Surplus/(Deficit)	(\$0)	(\$0)	\$0	\$0	(\$1,674,976)	(\$2,568,194)	(\$3,853,364)	(\$5,114,426)	(\$6,398,369)
II Incremental Gap						(\$893,218)	(\$1,285,171)	(\$1,261,062)	(\$1,283,942)

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

Description	FY 2008 W/O Excluded Debt June 30, 2008	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010*	FY 2011 W/O Excluded Debt Adjusted Budget	FY 2012 Pro Forma August 17, 2010	FY 2013 Pro Forma August 17, 2010	FY 2014 Pro Forma August 17, 2010	FY 2015 Pro Forma August 17, 2010	FY 2016 Pro Forma August 17, 2010
Local Receipts									
Motor Vehicle Excise	\$3,995,000	\$3,800,000	\$3,800,000	\$3,490,000	\$3,490,000	\$3,603,425	\$3,738,553	\$3,888,096	\$4,053,340
Investment Income	\$900,000	\$650,000	\$545,000	\$400,000	\$400,000	\$413,000	\$428,488	\$445,627	\$464,566
Other Local Receipts	\$4,164,700	\$3,998,294	\$3,740,545	\$3,550,000	\$3,550,000	\$3,665,375	\$3,802,827	\$3,954,940	\$4,123,025
SUBTOTAL	\$9,059,700	\$8,448,294	\$8,085,545	\$7,440,000	\$7,440,000	\$7,681,800	\$7,969,868	\$8,288,662	\$8,640,930
								\$0	
Real & Personal Property Tax									
Real & Personal Property w/o Exclusions	\$72,209,627	\$76,167,223	\$81,827,663	\$85,012,688	\$88,158,157	\$91,420,009	\$94,802,550	\$98,310,244	\$101,947,723
State Aid									
State Aid for Education	\$5,190,177	\$6,209,013	\$6,031,907	\$6,622,455	\$6,853,138	\$7,023,680	\$7,128,562	\$7,235,018	\$7,343,071
State Aid for General Government	\$2,411,550	\$2,421,981	\$1,678,843	\$1,604,558	\$1,591,934	\$1,592,738	\$1,595,957	\$1,599,264	\$1,602,664
SUBTOTAL	\$79,811,354	\$84,798,217	\$89,538,413	\$93,239,701	\$96,603,230	\$100,036,427	\$103,527,069	\$107,144,526	\$110,893,457
Other General Revenues & Reserves									
Budgetary Fund Balance (Free Cash)	\$3,266,326	\$5,810,170	\$3,145,416	\$3,568,037	\$3,300,000	\$3,410,247	\$3,530,703	\$3,654,559	\$3,783,578
Overlay Surplus	\$400,263	\$400,000	\$500,000	\$500,200	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Parking Meter Receipts	\$85,000	\$67,000	\$67,000	\$25,000	\$40,000	\$41,000	\$42,025	\$43,076	\$44,153
C&D Reserve	\$21,895	Depleted	Depleted	Depleted					
Other Funding Sources	\$30,218	\$619,334	\$362,804	\$871,185	\$200,000	\$220,000	\$242,000	\$266,200	\$292,820
SUBTOTAL	\$3,803,702	\$6,896,504	\$4,075,220	\$4,964,422	\$4,040,000	\$4,171,247	\$4,314,728	\$4,463,834	\$4,620,551
Total GF Revenue	\$92,674,756	\$100,143,015	\$101,699,178	\$105,644,123	\$108,083,230	\$111,889,474	\$115,811,664	\$119,897,023	\$124,154,939
Reimbursements									
Reimbursements due from Enterprise Funds	\$1,602,801	\$1,710,496	\$1,760,595	\$1,415,000	\$1,415,000	\$1,457,450	\$1,501,174	\$1,546,209	\$1,592,595
Available for Expenditures	\$94,277,557	\$101,853,511	\$103,459,773	\$107,059,123	\$109,498,230	\$113,346,924	\$117,312,838	\$121,443,232	\$125,747,534

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

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	W/O Excluded Debt June 30, 2008	W/O Excluded Debt June 30, 2009	W/O Excluded Debt June 30, 2010*	W/O Excluded Debt ATM Budget	Pro Forma August 17, 2010	Pro Forma August 17, 2010			
General Government	\$3,225,167	\$3,472,841	\$3,523,343	\$3,539,581	\$3,707,288	\$3,864,702	\$3,990,617	\$4,171,593	\$4,309,837
Land Use and Development	\$304,311	\$321,812	\$335,665	\$343,203	\$384,221	\$397,456	\$412,987	\$429,128	\$445,905
Public Safety	\$10,730,174	\$11,256,601	\$11,657,060	\$11,812,664	\$12,258,611	\$12,750,387	\$13,339,547	\$13,956,177	\$14,601,566
Education	\$41,371,214	\$43,012,911	\$45,818,618	\$46,483,339	\$49,014,699	\$51,178,841	\$53,636,912	\$56,214,564	\$58,917,663
Public Works	\$4,905,791	\$5,157,249	\$5,418,999	\$5,443,079	\$5,810,909	\$6,002,992	\$6,219,725	\$6,444,567	\$6,677,829
Public Facilities	\$6,444,030	\$6,922,833	\$7,502,492	\$7,379,717	\$7,725,169	\$8,126,038	\$8,518,828	\$8,807,391	\$9,105,930
Community Services	\$2,669,178	\$2,802,588	\$2,909,219	\$2,914,338	\$3,006,519	\$3,107,786	\$3,225,237	\$3,347,197	\$3,473,840
Department Budgets	\$69,649,865	\$72,946,835	\$77,165,396	\$77,915,921	\$81,907,415	\$85,428,201	\$89,343,854	\$93,370,617	\$97,532,570
Change from Prior Year	5.3%	4.7%	5.8%	1.0%	5.1%	4.3%	4.6%	4.5%	4.5%
Townwide Expense Group	\$19,989,271	\$21,084,041	\$21,272,658	\$23,351,953	\$24,336,230	\$25,402,667	\$26,559,135	\$27,744,530	\$28,983,560
Change from Prior Year	8.5%	5.5%	0.9%	9.8%	4.2%	4.4%	4.6%	4.5%	4.5%
General Fund Operating Budget	\$89,639,136	\$94,030,876	\$98,438,054	\$101,267,874	\$106,243,645	\$110,830,868	\$115,902,989	\$121,115,147	\$126,516,130
Change from Prior Year	6.0%	4.9%	4.7%	2.9%	4.9%	4.3%	4.6%	4.5%	4.5%

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

Operating Budgets

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	W/O Excluded Debt	W/O Excluded Debt	W/O Excluded Debt	W/O Excluded Debt	Pro Forma				
	June 30, 2008	June 30, 2009	June 30, 2010*	ATM Budget	August 17, 2010				
Town Wide Group									
Retirement (Chapter 34)	\$117,000	\$119,000	\$89,000	\$59,400	\$61,045	\$62,736	\$64,474	\$66,260	\$68,095
Retirement Contributory System	\$3,979,000	\$4,121,326	\$4,271,094	\$4,552,978	\$4,722,592	\$4,935,109	\$5,157,189	\$5,389,262	\$5,631,779
Health Insurance	\$8,078,000	\$8,258,510	\$8,867,300	\$9,799,125	\$10,052,413	\$10,529,903	\$11,045,247	\$11,569,897	\$12,119,467
Retiree Insurance & Insurance Liability Fund	\$3,502,950	\$3,702,211	\$3,446,556	\$3,626,375	\$3,906,275	\$4,089,195	\$4,280,703	\$4,481,204	\$4,691,120
Unemployment Compensation	\$85,000	\$88,400	\$92,000	\$140,000	\$145,600	\$151,424	\$157,481	\$163,780	\$170,331
Debt Service	\$2,557,295	\$2,654,127	\$2,747,025	\$2,967,712	\$3,121,297	\$3,231,547	\$3,344,908	\$3,462,996	\$3,586,032
Worker's Compensation	\$385,000	\$385,000	\$385,000	\$400,000	\$416,000	\$432,640	\$449,946	\$467,943	\$486,661
General and Self Insurance (40 S13)	\$475,000	\$500,000	\$525,000	\$525,000	\$532,500	\$532,500	\$555,975	\$572,654	\$589,834
Performance Pay Pool#		\$55,616	\$9,075	\$30,000	\$31,200	\$32,448	\$33,746	\$35,096	\$36,500
Reserve Fund##	\$810,026	\$1,199,851	\$840,608	\$1,251,363	\$1,347,308	\$1,405,165	\$1,469,466	\$1,535,438	\$1,603,742
Townwide Expense Group	\$19,989,271	\$21,084,041	\$21,272,658	\$23,351,953	\$24,336,230	\$25,402,667	\$26,559,135	\$27,744,530	\$28,983,560
Board of Selectmen and Office of the Town Manager	\$670,740	\$752,549	\$796,848	\$801,189	\$833,953	\$861,875	\$894,158	\$927,671	\$962,463
Town Clerk & Board of Registrars	\$288,556	\$312,862	\$297,061	\$321,578	\$331,841	\$368,161	\$357,377	\$396,148	\$386,455
Town Counsel	\$258,964	\$260,479	\$262,164	\$262,164	\$314,396	\$329,052	\$344,771	\$361,246	\$378,515
Personnel Board	\$11,601	\$11,641	\$11,628	\$11,600	\$11,924	\$12,259	\$12,606	\$12,964	\$13,332
Finance Department	\$1,966,109	\$2,104,549	\$2,124,349	\$2,114,432	\$2,185,632	\$2,262,787	\$2,349,929	\$2,440,531	\$2,534,735
Finance Committee	\$29,197	\$30,761	\$31,293	\$28,618	\$29,543	\$30,568	\$31,776	\$33,032	\$34,338
General Government	\$3,225,167	\$3,472,841	\$3,523,343	\$3,539,581	\$3,707,288	\$3,864,702	\$3,990,617	\$4,171,593	\$4,309,837
Planning Department	\$206,529	\$218,051	\$225,593	\$232,007	\$244,468	\$252,901	\$262,803	\$273,096	\$283,794
Community Development				\$111,196	\$139,753	\$144,555	\$150,184	\$156,033	\$162,111

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

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	W/O Excluded Debt June 30, 2008	W/O Excluded Debt June 30, 2009	W/O Excluded Debt June 30, 2010*	W/O Excluded Debt ATM Budget	Pro Forma August 17, 2010				
Conservation Department	\$70,253	\$74,453	\$80,807	\$0	\$0	\$0	\$0	\$0	\$0
Board of Appeals	\$27,529	\$29,308	\$29,265	\$0	\$0	\$0	\$0	\$0	\$0
Land Use and Development Total	\$304,311	\$321,812	\$335,665	\$343,203	\$384,221	\$397,456	\$412,987	\$429,128	\$445,905
Police Department & Animal Control	\$4,730,199	\$4,939,789	\$5,168,615	\$5,279,417	\$5,479,478	\$5,699,830	\$5,963,412	\$6,239,301	\$6,528,076
Fire Department & Emergency Medical Services	\$5,579,018	\$5,878,772	\$6,028,743	\$6,071,646	\$6,302,605	\$6,557,468	\$6,863,527	\$7,183,973	\$7,519,486
Building Inspector & Weights and Measures	\$420,957	\$438,040	\$459,702	\$461,601	\$476,528	\$493,089	\$512,608	\$532,903	\$554,004
Public Safety Total	\$10,730,174	\$11,256,601	\$11,657,060	\$11,812,664	\$12,258,611	\$12,750,387	\$13,339,547	\$13,956,177	\$14,601,566
Minuteman School District Assessment	\$571,356	\$377,427	\$435,733	\$369,261	\$435,733	\$457,520	\$480,396	\$504,415	\$529,636
Needham Public Schools	\$40,799,858	\$42,635,484	\$45,382,885	\$46,114,078	\$48,578,966	\$50,721,321	\$53,156,517	\$55,710,149	\$58,388,027
Education	\$41,371,214	\$43,012,911	\$45,818,618	\$46,483,339	\$49,014,699	\$51,178,841	\$53,636,912	\$56,214,564	\$58,917,663
Department of Public Works	\$4,394,891	\$4,624,849	\$4,850,799	\$4,906,879	\$5,253,547	\$5,423,567	\$5,617,296	\$5,818,147	\$6,026,389
Municipal Parking Program	\$203,900	\$203,900	\$282,900	\$282,900	\$297,045	\$311,897	\$327,492	\$343,867	\$361,060
Municipal Lighting Program	\$307,000	\$328,500	\$285,300	\$253,300	\$260,316	\$267,527	\$274,938	\$282,553	\$290,380
Public Works Total	\$4,905,791	\$5,157,249	\$5,418,999	\$5,443,079	\$5,810,909	\$6,002,992	\$6,219,725	\$6,444,567	\$6,677,829
Department of Public Facilities	\$6,444,030	\$6,922,833	\$7,502,492	\$7,379,717	\$7,725,169	\$8,126,038	\$8,518,828	\$8,807,391	\$9,105,930
Public Facilities Total	\$6,444,030	\$6,922,833	\$7,502,492	\$7,379,717	\$7,725,169	\$8,126,038	\$8,518,828	\$8,807,391	\$9,105,930

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

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	W/O Excluded Debt June 30, 2008	W/O Excluded Debt June 30, 2009	W/O Excluded Debt June 30, 2010*	W/O Excluded Debt ATM Budget	Pro Forma August 17, 2010				
Health Department	\$388,682	\$433,529	\$451,763	\$459,841	\$474,417	\$490,445	\$509,065	\$528,402	\$548,484
Diversified Community Social Service	\$508,468	\$541,200	\$565,063	\$564,400	\$582,373	\$602,177	\$625,262	\$649,242	\$674,153
Commission on Disabilities	\$550	\$550	\$550	\$550	\$565	\$581	\$597	\$614	\$631
Historical Commission	\$550	\$1,050	\$1,050	\$1,050	\$1,079	\$1,109	\$1,140	\$1,171	\$1,204
Needham Public Library	\$1,235,652	\$1,284,500	\$1,338,026	\$1,333,687	\$1,375,780	\$1,421,975	\$1,475,466	\$1,531,002	\$1,588,663
Park & Recreation Department	\$534,526	\$541,009	\$552,017	\$554,060	\$571,535	\$590,707	\$612,895	\$635,930	\$659,846
Memorial Park	\$750	\$750	\$750	\$750	\$771	\$792	\$814	\$837	\$860
Community Services Total	\$2,669,178	\$2,802,588	\$2,909,219	\$2,914,338	\$3,006,519	\$3,107,786	\$3,225,237	\$3,347,197	\$3,473,840
Department Budgets	\$69,649,865	\$72,946,835	\$77,165,396	\$77,915,921	\$81,907,415	\$85,428,201	\$89,343,854	\$93,370,617	\$97,532,570
Total Budget	\$89,639,136	\$94,030,876	\$98,438,054	\$101,267,874	\$106,243,645	\$110,830,868	\$115,902,989	\$121,115,147	\$126,516,130

**Town of Needham
General Fund
Changes in Salary and Wage Accounts
FY 2001 to FY 2010**

Description	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
General Government	\$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	\$2,319,861
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%	2.8%
Land Use	\$131,532	\$148,816	\$167,117	\$166,021	\$169,110	\$179,096	\$202,066	\$275,146	\$289,157	\$305,662
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%	5.7%
Public Safety	\$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	\$10,938,454
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%	3.5%
Public Works	\$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	\$3,258,049
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%	3.8%
Public Facilities	\$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	\$2,875,501
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%	10.2%
Community Services	\$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	\$2,418,957
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%	3.8%
Municipal Departments	\$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	\$22,116,484
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%	4.4%
School Department	\$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	\$39,247,086
Percent Change from Prior Year	6.3%	5.4%	5.2%	3.0%	3.6%	7.7%	3.5%	4.9%	6.9%	5.3%

	FY 2001	%	FY 2002	%	FY 2003	%	FY 2004	%	FY 2005	%	FY 2006	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%
Board of Selectmen	\$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%	\$630,398	7.6%
Town Clerk	\$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%	\$263,081	-4.8%
Town Counsel	\$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%	\$68,664	2.5%
Personnel Board	\$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%	\$1,128	-31.3%
Finance Department	\$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%	\$1,326,597	2.3%
Finance Committee	\$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%	\$29,993	2.5%
General Government Total	\$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%	\$2,319,861	2.8%
Planning Department	\$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%	\$207,833	5.6%
Community Development	\$29,937	3.9%	\$31,576	5.5%	\$43,699	38.4%	\$44,280	1.3%	\$44,950	1.5%	\$47,432	5.5%	\$64,255	35.5%	\$86,677	34.9%	\$92,366	6.6%	\$97,829	5.9%
Land Use and Development Total	\$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%	\$305,662	5.7%
Police Department	\$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%	\$4,771,895	5.4%
Fire Department	\$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%	\$5,722,539	1.9%
Building Inspector	\$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%	\$444,020	5.1%
Public Safety Total	\$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%	\$10,938,454	3.5%
Department of Public Works	\$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%	\$3,258,049	3.8%
Department of Public Facilities	\$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%	\$2,875,501	10.2%
Health Department	\$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%	\$377,408	3.7%
Diversified Community Social Service	\$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%	\$525,393	4.7%
Needham Public Library	\$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%	\$1,075,014	4.0%
Park & Recreation Department	\$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%	\$441,142	2.6%
Community Services Total	\$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%	\$2,418,957	3.8%
Town Departments	\$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%	\$22,116,484	4.4%
School Department	\$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%	\$39,247,086	5.3%
Total GF Salary and Wages	\$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%	\$61,363,570	4.9%

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

Description	FY 2012 Town Hall	FY 2013 Newman	FY 2014 Senior Center	FY 2015	FY 2016
Townwide Expense Group					
Town Wide Expenses	\$20,832		\$22,674		
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					
Department of Public Works					
Department of Public Facilities Personnel Expenses	\$44,986 \$80,095	\$154,000	\$45,983 \$71,740		
Department of Public Facilities	\$125,081	\$154,000	\$117,723		
Total	\$153,413	\$154,000	\$140,397		