

Town of Needham
General Fund
Revenue and Expense
FY2018 – FY2022 Pro Forma

September 6, 2016

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FY2018 – FY2022

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. For the first time, the FY2018 – FY2022 Pro Forma includes a forecast of service delivery 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 focus in each year is the incremental amount shown on Line II (see page 25). 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 the FY2017 operating budget as approved at the May 2016 Annual Town Meeting, a revised FY2017 budget based on anticipated actions to be requested at the October 2016 Special Town Meeting, approved

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transfers, current revenue estimates, the immediate four prior fiscal year final adjusted budgets (2016, 2015, 2014, and 2013), 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 appropriated department budgets. Unless otherwise stated, the revised FY2017 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 FY2017 general fund operating budget stands at \$144,228,127, of which \$ 7,101,768 relates to CPA or excluded general fund debt service, resulting in a base budget of \$137,126,359. Based on anticipated actions at the October 2016 Special Town Meeting, the adjusted budget, which is the base from which the out years are calculated, is \$137,174,264. Of this amount, \$65,955,975 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 \$32,244,870 or approximately 24% of the total. The balance of \$38,973,419 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

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costs are in the Public Facilities Department, the Department of Public Works, and 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, Professional & Technical, Public Works Supplies, Recreation, Rental and Leases, Repairs and Maintenance, Travel, and Vehicular Supplies. In addition, the accounting system tracks regular, temporary, overtime, and other salary and wage expenses, as well as operating capital appropriations and Townwide expenses. In developing estimates for the Pro Forma, we look at average changes in actual expenditures over the immediate three, five, and ten year periods, current contractual obligations, cost trends for budgetarily significant expense categories, overall economic trends, and local practices.

The estimated expenditure requests for FY2018 at \$155,535,476 are \$ 7,379,075 more than the revised expenditure total for FY2017; this assumes favorable action on requests pending for the October 5, 2016 Special Town Meeting. The projected revenue figure is \$153,365,113 compared to \$148,156,401 estimated for FY2017 - an increase of \$5,208,712. The gap between estimated revenue and estimated expenditures for FY2018 of \$2,170,363 is lower when compared to the \$2,343,088 figure shown as the incremental gap for FY2018 in the September 18, 2015 Pro Forma. The incremental gap between estimated revenue and expenditures in each of the out years when compared to the September 18, 2015 report (FY2019 – FY2021) is greater for FY2019 (\$2,066,168 vs \$2,011,899); much lower for FY2020 (\$2,846,000 vs. \$3,786,951); and also lower for FY2021 (\$1,354,120 vs. \$2,027,723). The current report includes FY2022 which shows an incremental gap of \$2,114,841. The major influences on the trends are higher revenue estimates, higher Free Cash

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assumptions, lower wage growth inflation rates, and much lower energy costs. 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 FY2017 revenue budget for the purposes of this report, based on anticipated actions to be taken at the October 2016 Special Town Meeting. Total available for expenditure (see page 26) is estimated to increase between 3.9% and 3.3% each year, which is similar to the Pro Forma last year. However, core revenue (property taxes, state aid, and local receipts), most of which is considered recurring revenue, runs higher between 4.3% and 3.3% over the FY2018 – FY2022 timeframe (see page 25), which is better than the prior estimates. General Fund recurring revenue is estimated at 4.3% for FY2018, then 3.9% for FY2019, lowering to 3.6% for FY2020, then increasing to 3.9% for FY2021 and then 3.2% more per year for FY2022.

Property Taxes

We anticipate higher New Growth tax revenue in 2018 and 2019, 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. 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%. We allow for the annual 2.5% increase in the tax levy each year, and have increased the New Growth revenue assumption for FY2018 to 2.00% from 1.65%, FY2019 at 1.65%, and FY2020 at 1.3%. The FY2021 new growth rate increase at 1.7% is inclusive of the prior new growth revenue that was deferred under the TIF agreement with TripAdvisor. The increased assumed for FY2022 is 1.0%.

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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 1.0% annual reduction in all state aid accounts for each of the five years except for two of the major state aid programs. Chapter 70, which is the greatest percent of the overall aid from the Commonwealth for Needham, is assumed to be level dollar in FY2018, and then increase by 1.0% in FY2019. Over the three remaining years we assume level dollar for FY2020 and FY2022, and an increase of 1.0% for FY2021. With the continued growth in state lottery proceeds and the expectation that one or more casinos may be open in Massachusetts within the next four years, we have continued our assumption that Unrestricted General Government Aid (UGGA) will increase by 2.0% for FY2018 and then increase by 2.5% each year for FY2019 through FY2022. 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 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 FY2018 we kept our previous estimate that most local receipts will increase by 3.5%, and the out years will increase by 3% per year. With the construction of at least one additional hotel planned in Needham Crossing, we still assume an additional increase of \$250,000 in the hotel excise over the forecasted percent increase of 3.5% for FY2018, and now have

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assumed that an additional \$125,000 can be recognized over the assumed growth rate for FY2019. We have assumed a reduction in park and recreation receipts of \$24,000 for FY2018 due to the closure of Rosemary Pool, but assumed an increase of \$80,000 in FY2020 for the opening of the new complex.

Other Revenues

We continue to assume that abatement and exemption activity will remain predictable, and have made allowances that \$750,000 in overlay surplus should be available for appropriation each year – an increase of \$250,000 over the assumption in the report last year. We do not anticipate a firm Free Cash figure until the fall, but early indications for 2017 Free Cash (to be appropriated for FY2018) are between \$5.8 and \$6.6 million. For the purpose of this Pro Forma, we have assumed Free Cash will be \$5,900,000, which is approximately the average amount Free Cash appropriated for the budget years FY2013 – FY2017. The current FY2018 estimate is higher than the estimate for FY2018 in the report last year. The Free Cash estimate is increased annually by the rate of growth in core revenues (property tax, state aid, and local receipts); the annual change in this revenue category is between 4.3% and 3.3%, which is also higher than assumed in the report last year. Free Cash is also affected by extraordinary turn backs, one-time revenue, allowances made for uncollectable receivables, and deficits in other funds. The Pro Forma continues to assume that any Free Cash amount in excess of the operating budget allocation will be used for increased capital investment or reserved in the capital funds for ongoing future needs. This strategy reduces the Town's dependence on reserves to fund recurring operating expenses, and/or to fund other non-operating costs. In recognition that most every year there are some additional resources which become available for appropriation, we have kept the \$103,000 miscellaneous revenue assumption for FY2018 and grow the amount by three percent per year. Parking meter revenue is still projected to increase and will provide \$75,000 for FY2018 and increase annually at two percent per year thereafter, as assumed last year.

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Expenditures

The FY2017 revised budget is the base year on which the out year estimates are calculated (see pages 29 - 33). With respect to department expenditures, we assume a 3.75% increase in total wage and salary expenses for FY2018 which is lower than estimated for FY2018 in the report last year (3.9%). We also have lowered our assumption from last year that annual wage and salary growth for most departments will be 3.75% thereafter (compared to 3.9%), except where otherwise noted. Furthermore, other than as outlined below, all expense budget lines are assumed at a 1.52% annual

Consumer Price Index - All Urban Consumers (Northeast)	
Calendar Year	Annual Index
2010	233.87
2011	241.00
2012	245.70
2013	249.04
2014	252.46
2015	252.19
2011	3.05%
2012	1.95%
2013	1.36%
2014	1.38%
2015	-0.11%
Five Year Average	1.52%
Three Year Average	0.87%

increase, consistent with the average change in the consumer price index (Northeast Index of all urban consumers) over the past five full calendar years (2011 – 2015). This factor is 0.42% lower than the five year average used last year. This decrease in the CPI average was affected by the much lower energy prices over the past 12 to 24 months which has been reflected in the costs of goods and services. The inflation rate for CY2015 was actually a -0.11%, but the volatility in the energy markets, worldwide, the U.S., and the region can result in a significant increase in the inflation rate in the coming years. 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: 1.94%, 1.67%,

2.20%, and 2.32%, respectively. The 1.52% 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,

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equipment, and vehicles, software and technology, professional and technical services, and other property related services.

Facility Focused Changes

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, nor are changes in program costs 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 in the Facility Financing Summary as it comes on line. To the extent that expanded programs result solely due to the new facility and have been 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 new elementary school planned for Central Avenue, a renovated Fire Station #2, and a new public safety complex. There will also be increased operational costs with the opening of a new pool/office complex at Rosemary Lake, a proposed DPW storage building, and a renovated or reconstructed Memorial Park building.

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, 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.

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The Hillside 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 estimated to open in summer of 2018 (FY2019); a new DPW vehicle storage facility is projected to open in FY2020, which could serve as a temporary fire station while station #2 is under renovation. Fire Station #2 is assumed to reopen in FY2021; and a new Fire/Police Public Safety Complex is projected to open in FY2022. The scope and estimated opening date for a new Memorial Park building are not yet known, and therefore no cost assumption has been included in the report. 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 .5 FTE custodian, additional part-time seasonal help for the pool and building, program expenses, and operating capital. There would also be increased building and grounds operating expenses. The new elementary school on Central Avenue is expected to require two additional FTEs in Public Facilities 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 vehicle 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 .5 FTE custodian in PFD, 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. All new facilities are expected to increase the Town's energy costs. The increased expenses for four of the facilities – the Rosemary Complex, the Central Avenue 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 Hillside will transfer to the new school – the balance is reserved for the current building. The DPW vehicle 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 pages 35 - 36).

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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. 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 School that was revised in December 2015. The additional cost by function is shown in the attached tables (see pages 37 - 38).

Townwide Expenses

The general insurance budget increase is based on the average change of 3.5% per year over the next five years. This is a decrease of .50% from the report last year. 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 premiums rates for FY2015 for most plans between 5.7% and 17.8%,

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and in FY2016 all health plans increased between 8.6% and 20%. Increases in premium rates for FY2017 were not as high, but are still beyond a manageable level ranging between 3.0% and 8.6%. With medical inflation projected to continue to be higher than most expenses, but with great expectation that the marketplace will act to lessen this phenomena, we are relying on the medical inflation assumption used in the most recent OPEB actuarial update. This report assumes a 7.0% increase in FY2018, 6.5% in FY2019, 6.0% in FY2020, 5.5% in FY2021, and 5.0% in FY2022. Those increases are slightly higher than we assumed last year (6.75%, 6.25%, and 5.25% respectively). 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.

With respect to retiree health insurance and other post-employment benefit costs (OPEB), we have relied upon the July 2015 actuarial schedule with a rate of return assumption of 7.50%; the rate was decreased from 7.75% to 7.50% as 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 2015 report showed that fund balance continues to increase, but so too has the liability. The Town's OPEB fund assets were \$18.4 million which compares to \$15.5 in 2013. However, the Town's unfunded liability grew from \$48.9 million in 2013 to \$62.4 million in 2015. The Town's funded ratio decreased slightly from 24.1% to 22.8%. The annual payment estimates for FY2018 – FY2022 are taken from the 2015 OPEB valuation update. The next major update is expected for 2017 which will likely change the funding requirements in the future.

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 retirement assessment for FY2018 is

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\$7,332,555 and FY2019 is \$7,995,647 both an increase of 9%. The budget assumption for FY2020 forward is an annual increase of 4.4%. The system is still projected to be fully funded in 2030. The noncontributory pension portion of the budget is assumed to increase by 3.5% per year.

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

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

Energy and Fuel Costs

Excluding the Townwide Expense budgets, the Needham Public School expenses, and the Minuteman School assessments, the greatest percent of the Town's expense budgets was related to energy. Over a ten-year period (FY2006 – FY2015), approximately 1/3 of total actual expenses (excluding, Townwide, Schools, and Personnel) have been energy related. More than 33% of the total Town Department expense budgets (which include the ELG program) for FY2017 is allocated for electricity, natural gas and heating oil for Town buildings (including schools). Price changes with these expenses can have a major impact on the Town's operating budget flexibility and ability to pay for other expenses. As mentioned earlier energy prices have come down significantly over the past few years, which contributed to the lower average CPI, and the negative CPI for 2015. 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

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have made it harder to forecast. Even minor changes in the rate estimates will have evident impact on the operating budget.

The change in gasoline prices in the Boston area over recent years has been significant in some years and flat in others. The June over June average price per gallon increased by more than 37% in 2011 and decreased by more than 7% in June 2012. June 2013 saw the average price increase by less than one percent from the previous fiscal year, and increased by another 4% in June 2014. But, gasoline prices have declined significantly in the last two years, with an average price in June 2015 that was more than 26% lower than the prior year, and June 2016 price declined by another 16%. When looking at the average price by calendar year, the 2011 average price per gallon was \$3.51 which increased to \$3.63 per gallon in 2012. The price in 2013 dropped to \$3.50, then dropped to \$3.37 in 2014, and then fell by more than a dollar to \$2.34 in 2015. Diesel fuel pricing also reflects wide swings, with the average June over June average price per gallon increasing by more than 34% in one year and declining by more than 24% in another year. However the average calendar year price per gallon has declined every year since 2012 when the average price was \$4.13, which dropped to \$4.02 in 2013, then decreased to \$3.99 in 2014, and comparable to gasoline, decreased by more than a dollar to \$2.94 per gallon in 2015. A similar picture for heating oil plays out, with the average calendar price declining every year since 2012 when the average price was \$3.72 per gallon, then \$3.69, \$3.68, and \$2.59 per gallon for years 2013, 2014, and 2015, respectively. The three year average percent change for gasoline, diesel, and heating oil were minus 12.63%, a minus 13.12%, and a minus 3.01%, respectively. For the purpose of the Pro Forma, we assume the budgets for gasoline and diesel will increase by 2.0% per year, which is reduced from the 3% assumption last year. We also lowered the rate of increase for heating oil to 2% per year, which is a decrease from the 4% assumption last year.

As mentioned in the report last year, the cost of electricity and natural gas continue 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 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 lowered our growth rate assumption for natural gas expenses to 2.0% per year from the 2.5% assumed last year. We also assume electricity will grow at 2.0% per year, which is slightly higher than last year (1.94%). 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, the Needham Schools expenses, and the Minuteman assessments, the combination of repair and maintenance and other property related services expenses account for more than 22% of total actual expenditures over the past ten years. The portion of the FY2017 Town Department expense budgets that is allocated to these expenses is more than 23%. Most of the expenses are unavoidable, and if the work is not done, in order to save money in the short run or due to lack of funds, higher and more frequent and expensive capital improvements become necessary, as well as a greater chance of loss of use of an asset because of disrepair. The Town has invested much into its facilities over the past 15 years, enlarged several buildings, reopened a school, and added two new buildings. An increased level of repair and maintenance of the buildings is to be expected. The Town and School departments have also prioritized efforts to maintain and repair equipment and vehicles. The actual expenditures for building and equipment repair services have increased on average, over a ten year period (FY2006 – FY2015) at approximately 5.8%; over the immediate five year period at 11.1%, and the last three years at 6.2% (see insert on the next page). We assume these expenses will continue to grow and have increased our assumption that the annual growth rate will be 6.2% rather than 5.7% used last year. The budgets which include an allowance for repairs and maintenance are Board of Selectmen/Town Manager, (FY2017 budgeted amount for these expenses is \$12,389); Town Clerk (\$4,350); Finance Department (\$13,000); Police Department (\$37,100); Fire Department (\$64,252); School Department (\$178,078); Public Works (\$146,500); Public Facilities (\$638,868); Library (\$2,096); and Park and Recreation (\$15,000).

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Select Municipal Expense Changes	10 Year Average	5 Year Average	3 Year Average
Energy	4.2%	1.2%	2.0%
Repairs and Maintenance	5.8%	11.1%	6.2%
Rental and Leases	-11.1%	-30.3%	-33.2%
Other Property Related	13.4%	5.5%	5.9%
Professional & Technical	7.7%	10.6%	20.7%
Communications	2.4%	7.0%	5.5%
Other Purchased Services	-10.0%	-11.9%	-25.1%
Office Supplies	-0.6%	0.3%	3.7%
Building & Equipment Supplies	15.5%	-5.9%	-13.5%
Custodial Supplies	3.9%	1.2%	-1.6%
Grounds Keeping Supplies	32.6%	23.0%	-6.0%
Vehicular Supplies	2.7%	-1.0%	-4.0%
Medical Supplies	6.0%	2.9%	5.5%
Public Works Supplies	-0.7%	-1.7%	9.5%
Other Supplies & Equipment	2.9%	3.7%	4.8%
Governmental Charges	123.5%	72.4%	11.1%
Travel & Mileage	-3.9%	1.0%	7.2%
Dues & Subscriptions	2.3%	4.1%	3.8%
Other - Expenses	49.3%	79.2%	74.4%
Expenses Overall	3.7%	1.7%	2.1%

Other property related services include expenses such as outside service contracts for cleaning two school buildings and several park facilities, pest control of all facilities, road repair work, and field maintenance have increased at an average of 13.4% for last ten years. The five year average was 5.5% and the three year average was 5.9%. We have assumed an annual increase of 5.9% for each of the five years; this is a 2/10% increase over the previous report. The budgets impacted by this assumption include, Public Works (the FY2017 amount budget is \$764,264 or approximately 48% of the department expense budget); Municipal Parking (\$30,400 or 30%); Public Facilities (\$713,878 or 28%); and Park and Recreation (\$17,300 or 17%). Therefore these costs do have a significant impact on the Town's operations and flexibility.

Professional and Technical Services

In addition to the staff, the Town and Public Schools depend on various outside consultants and businesses for professional and technical services in rendering services to the general public. Some firms provide direct services to residents and businesses, whereas other firms provide subject matter expertise to Town and School departments or to Town Boards and Committees. Nearly 11% of total actual expenditures for the ten year period, excluding SPED and training, have been spent on professional and technical services.

Approximately 13.3% of the FY2017 Town expense budgets are for professional services contracts. The Town's overall

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average change in actual expenses based on the ten year period (FY2006 – FY2015) for professional and technical services was 7.7%, and the past five years at 10.6%, and the past three years at 20.7%. For the purposes of this Pro Forma, but not including SPED, software, or training-related expenses, we assume this expense will grow at 7.7% per year; an increase of 1.7% from the assumption last year. The department budgets impacted by this assumption include, Board of Selectmen (FY2017 budgeted amount for these expenses is \$46,200); Town Clerk (\$17,200); Personnel Board (\$15,000); Finance Department (\$255,650); Planning and Community Development (\$3,700); Fire Department (\$4,872); Building Department (\$23,231); School Department (\$811,018); Public Works (\$39,000); Public Facilities (\$141,969); Health and Human Services Department (\$88,580); and Park and Recreation (\$450). We have assumed the amount budgeted for training and development under professional and technical services will increase at the 1.52% CPI average. Software is assumed at the same 4.5% as in the 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 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 4.5% increase in the personnel expenses for FY2018 and the out years. These are comparable to the rates assumed for the report last year, but except for FY2018, 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. The School Department allocated \$3,899,596 for SPED in FY2017. Uncertainties and great fluctuations in the number of students and tuitions are a concern, and therefore we maintained our SPED cost assumption of 9% increase

Town of Needham
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FY2018 – FY2022

for FY2018, 6% in FY2019, and 4.5% for the out years. As mentioned previously, repairs and maintenance is assumed at 6.2% per year and Professional and Technical services other than SPED and training is assumed at 7.7% per year. We have also maintained our assumption that school transportation costs will grow at 3% per year; for FY2017 the School Department has budgeted \$1,955,973 for school transportation compared to \$1,873,500 for FY2016. All other expenses are projected at a 1.52% 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 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 (pending approval at the September 20, 2016 election). 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 Committee. The project is assumed to begin in 2017 and would have an impact on the FY2018 assessment. The FY2017 budget is \$762,686 but is expected to increase to \$766,061 at the October 2016 Special Town Meeting (the FY2016 budget 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:

Board of Selectmen/Town Manager budget includes an additional professional position for FY2018. There is also an additional \$2,500 in expense added to the budget for related expenses. As mentioned previously, repairs and maintenance is assumed at 6.2% per year and professional and technical services at 7.7% per year. All other expenses are projected at a 1.52% increase annually.

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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 (FY2018 will be \$28,000 less, and 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 6.2% per year and professional and technical services at 7.7% per year. All other expenses are projected at a 1.52% increase annually.

We have assumed that the legal professional expense budget will increase at 3% per year which is comparable to the ten year average of actual legal expenses (FY2006 – FY2015) at 2.2% per year, and the salary line will grow at 2.75% per year which is lower than general wages. All other expenses are projected at a 1.52% 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, and 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 FY2017 budget allocation for software related costs is \$320,900 which is approximately 39% 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 6.2% per year and professional and technical services at 7.7% per year. Operating capital is assumed at 2.6%, a decline of 4/10% from the assumption last year. This budget also assumes one additional technology position will be added in FY2019. 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 1.52% CPI.

The Town has taken deliberate steps over the past several years toward increasing staff and resources in the land use departments of the Town (Planning and Community Development). Effective with FY2016 the two land use department

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budgets were combined into a single budget. The budget is now grouped with General Government departments. We have reduced the salary and wage increase assumption for this department to be the same as overall general government at 3.75% per year. Previously we assumed salary and wages for FY2018 at 5.3%, and then decreasing to 4.6% for FY2019, then to 3.9% for FY2020 and FY2021. As indicated earlier, the professional and technical expense line is assumed to increase by 7.7% per year. All other expenses are projected at the 1.52% CPI rate for each of the five years.

Salary and wage expenses for the Police Department are assumed to increase by approximately 4.5% for FY2018, 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 Central Avenue 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 cost at 2% per year, the Police Department budget for FY2017 is \$74,530 which compares to \$89,265 budgeted in FY2016. As mentioned previously, repairs and maintenance is assumed at 6.2% per year. Operating capital for cruiser replacement is assumed at 2.6% per year, a decrease of 4/10% from the prior report. All other expenses are projected at the 1.52% CPI rate for each of the five years.

Salary and wage expenses for the Fire Department are assumed to increase by approximately by 4.75% for FY2018, and then drop 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

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General Fund Revenue and Expense Pro Forma
FY2018 – FY2022

greater reliance on diesel fuel than gasoline, this budget expense is assumed at 2% per year noted above, which is a decrease from the 3% assumption in the prior report. The department budgeted \$26,501 for fuel in FY2017, which is a decrease from the FY2016 allocation of \$32,951. Similar to the Finance Department, the Fire Department's software related costs (\$13,142) are expected to grow at 4.5% per year. Repairs and maintenance is assumed at 6.2% per year and the operating capital line is assumed at 2.6% per year. All other expenses are projected at the 1.52% CPI rate for each of the five years.

Public Facilities salary and wage lines are assumed at the same rates as most other departments at 3.75% for each of the five years, which is a decrease from the 3.9% assumed last year. 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 professional position of contract manager in FY2018 (\$71,409), and an additional licensed trades position in FY2020 (\$74,446). In connection to the new facilities, we have assume an additional .5 FTE custodian in FY2019 (\$24,034), 2.0 FTE custodial staff in FY2020 (\$104,834), another .5 FTE custodian in FY2021 (\$25,677), and 1.5 FTE additional custodial staff in FY2022 (\$88,897). We have also estimated the additional expenses to be incurred by the department for the new facilities FY2019 through FY2022, at \$19,305, \$85,283, \$20,684, and \$54,327 respectively. Also note that we have increased the ELG program budget in each of the four 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 2% annual increase in that line item, previously we assumed a 4% increase. The amount budgeted for heating oil in FY2017 is \$134,179 compared to \$183,940 budgeted in FY2016. Public Facilities also includes an allocation for gasoline of \$21,324 for FY2017, which is down from the \$24,180 for FY2016, we have assumed a 2% increase annually. The repairs and maintenance services line is a significant expense which is assumed at 6.2% per year, compared to 5.7% assumed in the report last year. Other property related service line is increased at 5.9% per year, compared to the 5.7% rate assumed previously. The \$17,000 allocation for software is assumed to increase at 4.5% per year, the same

Town of Needham
General Fund Revenue and Expense Pro Forma
FY2018 – FY2022

as last year, and as noted earlier professional and technical services expense are estimated at 7.7% per year. All other expenses are projected at the 1.52% CPI rate for each of the five years.

DPW salary and wages are pegged at the same rates as most other departments at 3.75% for FY2018 and the out years which is a decrease from the prior estimate of 3.9%. Similar to public safety and public facilities, DPW incurs expense for diesel and gasoline; unlike those departments, DPW also covers the cost of fuel for other departments including Finance (Assessing), Planning and Community Development (Conservation), Building Department, and pool vehicles. DPW is the sole fuel depot for all operations: General Government, Building, Fire, and Police, Needham Public Schools, Public Facilities, Health and Human Services, and by agreement the Needham Housing Authority. The Needham Housing Authority is billed for the supplied fuel and the revenue is included in the local receipt estimate each year. The DPW vehicle supplies line, which includes fuel, is assumed to grow at the 2%, decreased from the 3% assumption; the FY2017 budget allocation is \$112,489 compared to the \$129,383 allocated in FY2016. DPW has \$11,750 allocated for software expenses which is increased by 4.5% per year. As discussed above, repairs and maintenance is assumed at 6.2% per year as is other property related services. Professional and technical services are adjusted by 7.7% per year. The operating capital line is assumed at a 2.6% increase annually. All other expenses are projected at the 1.52% CPI rate for each of the five years. The expense portion of the DPW budget has also been increased in FY2019 through FY2022 for estimated additional expenses that DPW may incur with the opening of the five new facilities, mainly parks and forestry related. The increases are \$4,374 in FY2019, \$31,637 in FY202, \$4,010, in FY2021, and \$8,913 for FY2022 for the Rosemary Complex, New Elementary School, Storage Facility, Fire Station #2, and Public Safety Complex. We have assumed no additional staff will be added for these buildings. We continue to recommend an annual increase in the snow and ice budget of at least 1.0% per year. This is the only operating budget line in which deficit spending is allowed. However, any such deficit must be extinguished by the next fiscal year.

The Public Health and Human Service budgets were combined effective for FY2016 and now are one budget under the

Town of Needham
General Fund Revenue and Expense Pro Forma
FY2018 – FY2022

name of Health and Human Services Department. This 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 2% per year. Also, noted earlier the Department's professional and technical services expense line is increased by 7.7% per year. This budget also pays the West Suburban Veterans District (WSVD) assessment, budgeted at \$74,500 for FY2017 and 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 1.52% CPI rate for each of the five years.

With the changes to the wage rates for many temporary, seasonal, and part-time positions, which the Library has a heavy reliance on minimum wage workers, we have assumed the Library salary and wage budget will increase at 4% for FY2018. The out years are assumed at the 3.75% rate. Software related expenses (\$64,030 for FY2017) are assumed at 4.5% year – the same as the report last year, and the repairs and maintenance expenses are assumed at 6.2% per year. All other expenses are projected at the 1.52 CPI rate for each of the five years.

Similar to the Library, the Park and Recreation Department relies on many temporary, seasonal, and part-time employees. Therefore, we have assumed the same percentage changes for salary and wages as with the Library: 4% for FY2018 and 3.75% for the out years. We have also increase the estimate for salary and wages by \$8,460 for FY2019 for additional part-time and seasonal help with the new Rosemary Pool facility. We anticipate the new facility will required additional support services and the Department will incur other general fund expenses and therefore have added \$10,000 to the expense line in FY2019. We have also included \$10,000 for operating capital in FY2019. The facility maintenance and energy costs are reflected in the PFD and ELG program budgets. As with the other department, the repairs and maintenance line is assumed at 6.2% per year, and the other property related services expense is increased by 5.9% annually. The Department's modest \$450 for professional and technical services is increased by 7.7% per year. All other expenses are projected at the 1.52% CPI rate for each of the five years.

**Town of Needham
General Fund Revenue and Expense Pro Forma
FY2018 – FY2022**

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, as the size, scope and timing have not yet been determined. We anticipate most added costs would be include by public facilities and public works as well as increased energy expenses.

Other Appropriations and Expenditures

Lastly, for the purpose of this forecast, we have maintained the recommended approach towards increasing the General Fund cash capital investment with Free Cash. We have revised the 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. Previously the model was not more than 2% of the Departmental Budgets. However, reducing reliance on Free Cash (even on the portion that we have a high degree of confidence will be available from year to year) is considered a credit enhancement, and provides an added source of security against an unexpected drop in revenue. The balance of Free Cash is directed to cash capital investment or reserved for future capital investment. The annual cash capital investment is assumed to grow at 3.5% per year from the revised FY2017 amount. The capital estimate is a combination of the recommended Tier One amounts found in the FY2017-FY2021 Capital Improvement Plan and any additional amount between the 3.5% increase in the capital allocation less the Tier One recommendation (see page 39). For example, the revised FY2017 cash capital appropriation (assumes favorable action by Town Meeting on the \$250,000 cash capital request for October) of \$2,941,117 would be increased by 3.5% for FY2018 to \$3,044,056. From this amount we would subtract the Tier One Capital recommendation for FY2018 found in the prior capital plan (FY2017-FY2021) of \$2,817,648 which provides an additional \$226,408 (\$3,044,056 - \$2,817,648) for capital funding for FY2018. The prior report assumed a 3% increase in cash capital spending; however the higher growth rate is due to the higher Free Cash assumption used in this report.

The annual payment of \$1,420,000 to the RTS enterprise is assumed to increase by 3% per year. We have also assumed the drains program expense will increase by 3% per year; the payment in FY2017 is \$519,846. The three

Town of Needham
General Fund Revenue and Expense Pro Forma
FY2018 – FY2022

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 2.5% per year from the revised FY2017 amount. The major ongoing annual expense in this category is the public facilities maintenance program article. The amount appropriated for the program for FY2017 was \$590,000. We have also assumed that a minimum appropriation to the Athletic Facility Improvement Fund will be made each year (FY2017 was \$44,496) 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 4% per year. We have also included appropriation assumption to the Debt Service Stabilization Fund (DSSF) from recurring revenue for FY2018 of \$612,595 and \$862,595 for FY2019. 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 2.5%. We have assumed an approximate 3.7% increase for assessments from the State and County governments (based on the actual five year average (FY2012 – FY2016), and an assumption of \$70,000 for other tax recap requirements for FY2018 then increased by 3.7% per year thereafter.

End.

**General Fund
Five Year Pro Forma - Excluding Debt Exclusions
FY2018 - FY2022**

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
General Fund											
Property Tax Revenue*	93,736,831	98,898,128	106,751,910	113,216,581	119,173,789	119,173,789	124,536,610	129,704,879	134,633,664	140,305,371	145,216,059
State Aid*	9,314,364	9,601,356	9,966,189	10,116,618	10,324,149	10,468,210	10,500,881	10,629,507	10,672,499	10,804,176	10,849,406
Local Receipts*	7,654,632	8,037,000	8,136,500	8,410,500	9,446,818	9,710,818	10,253,222	10,685,818	11,086,393	11,418,985	11,761,554
Other Revenues and Sources	1,703,018	1,138,070	692,500	1,683,868	1,147,212	1,397,212	928,000	932,590	937,303	942,141	947,110
Free Cash & Reserves	5,366,720	8,135,372	4,152,348	5,931,875	6,190,372	6,190,372	5,900,000	6,151,402	6,393,981	6,621,438	6,881,227
Reimbursements	1,608,539	1,668,967	1,696,408	1,341,813	1,216,000	1,216,000	1,246,400	1,277,560	1,309,499	1,342,236	1,375,792
Total	119,384,104	127,478,893	131,395,855	140,701,255	147,498,340	148,156,401	153,365,113	159,381,757	165,033,338	171,434,348	177,031,148
*Core Revenue	110,705,827	116,536,484	124,854,599	131,743,699	138,944,756	139,352,817	145,290,713	151,020,205	156,392,556	162,528,532	167,827,019
Core Revenue Change	4.7%	5.3%	7.1%	5.5%	5.5%	5.8%	4.3%	3.9%	3.6%	3.9%	3.3%
Appropriations and Other Commitments											
Operating Budget	110,041,274	115,374,173	121,704,112	129,236,419	137,126,359	137,174,264	144,992,446	152,518,857	161,562,950	168,992,002	176,367,245
Special Financial Articles	372,699	263,095	53,805	1,358,568	749,138	999,138	1,024,116	1,049,719	1,075,962	1,102,861	1,130,433
Capital Funded by Cash	3,786,633	6,066,941	2,667,260	2,712,911	2,691,117	2,941,117	3,044,056	3,150,598	3,260,869	3,374,999	3,493,124
Appropriated to Other Funds	1,993,428	2,276,877	2,356,636	3,042,430	3,566,605	3,566,605	2,656,912	2,968,704	2,169,774	2,235,368	2,302,949
Other Obligations & Adjustments	3,190,070	3,497,807	4,614,042	4,350,927	3,365,121	3,475,277	3,817,944	3,930,408	4,046,314	4,165,769	4,288,888
Total	119,384,104	127,478,893	131,395,855	140,701,255	147,498,340	148,156,401	155,535,476	163,618,287	172,115,868	179,870,999	187,582,640
I Surplus/(Deficit)	0	(0)	0	0	0	0	(2,170,363)	(4,236,531)	(7,082,531)	(8,436,651)	(10,551,491)
II Incremental Gap								(2,066,168)	(2,846,000)	(1,354,120)	(2,114,841)

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Real & Personal Property Tax											
Real & Personal Property Tax w/o Exclusions	93,736,831	98,898,128	105,203,500	113,216,581	119,173,789	119,173,789	124,536,610	129,704,879	134,633,664	140,305,371	145,216,059
General Override			1,548,410								
Debt Exclusion Taxes											
SUBTOTAL	93,736,831	98,898,128	106,751,910	113,216,581	119,173,789	119,173,789	124,536,610	129,704,879	134,633,664	140,305,371	145,216,059
State Aid											
State Aid for Education	7,708,707	7,968,430	8,276,905	8,376,469	8,584,000	8,675,729	8,675,686	8,762,357	8,762,314	8,849,853	8,849,812
State Aid For General Government	1,605,657	1,632,926	1,689,284	1,740,149	1,740,149	1,792,481	1,825,196	1,867,151	1,910,184	1,954,323	1,999,594
SBA/MSBA Programs											
SUBTOTAL	9,314,364	9,601,356	9,966,189	10,116,618	10,324,149	10,468,210	10,500,881	10,629,507	10,672,499	10,804,176	10,849,406
Local Receipts											
Motor Vehicle Excise	3,670,000	3,850,000	3,925,000	4,085,000	4,225,000	4,450,000	4,583,500	4,721,005	4,862,635	5,008,514	5,158,770
Licenses & Permits	1,115,000	1,300,000	1,427,700	1,430,000	1,520,000	1,520,000	1,573,200	1,620,396	1,669,008	1,719,078	1,770,650
Investment Income	80,000	67,500	67,500	67,500	67,500	67,500	69,525	71,611	73,759	75,972	78,251
Other Local Receipts	2,789,632	2,819,500	2,716,300	2,828,000	3,634,318	3,673,318	4,026,997	4,272,807	4,480,991	4,615,420	4,753,883
SUBTOTAL	7,654,632	8,037,000	8,136,500	8,410,500	9,446,818	9,710,818	10,253,222	10,685,818	11,086,393	11,418,985	11,761,554
CORE Revenue	110,705,827	116,536,484	124,854,599	131,743,699	138,944,756	139,352,817	145,290,713	151,020,205	156,392,556	162,528,532	167,827,019
Other Revenues and Sources											
Overlay Surplus	500,000	1,000,000	652,500	885,195	995,916	995,916	750,000	750,000	750,000	750,000	750,000
Parking Meter Receipts	40,000	40,000	40,000	65,000	70,000	70,000	75,000	76,500	78,030	79,591	81,182
Restricted Proceeds	28,018										
Unexpended Articles and Other Sources	485,000	98,070		733,673	81,296	331,296	103,000	106,090	109,273	112,551	115,927
Reuse of Operating Budget	650,000										
SUBTOTAL	1,703,018	1,138,070	692,500	1,683,868	1,147,212	1,397,212	928,000	932,590	937,303	942,141	947,110
Free Cash & Reserves											
Stabilization Funds											
Free Cash	5,366,720	8,135,372	4,152,348	5,931,875	6,190,372	6,190,372	5,900,000	6,151,402	6,393,981	6,621,438	6,881,227
SUBTOTAL	5,366,720	8,135,372	4,152,348	5,931,875	6,190,372	6,190,372	5,900,000	6,151,402	6,393,981	6,621,438	6,881,227
Total General Fund Revenue	117,775,565	125,809,926	129,699,447	139,359,442	146,282,340	146,940,401	152,118,713	158,104,197	163,723,839	170,092,112	175,655,356
Reimbursements											
Reimbursements due from Other Funds	1,608,539	1,668,967	1,696,408	1,341,813	1,216,000	1,216,000	1,246,400	1,277,560	1,309,499	1,342,236	1,375,792
Available for Expenditure	119,384,104	127,478,893	131,395,855	140,701,255	147,498,340	148,156,401	153,365,113	159,381,757	165,033,338	171,434,348	177,031,148
Percent Change	7.1%	6.8%	3.1%	7.1%	4.8%	5.3%	3.5%	3.9%	3.5%	3.9%	3.3%

General Fund
Five Year Pro Form
General Fund Recurring Revenue Detail

Line Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Real & Personal Property Tax										
Real & Personal Property w/o Exclusions	89,636,531	93,756,886	98,925,881	106,870,366	113,229,253	119,173,789	124,536,610	129,704,879	134,633,664	140,305,371
Annual Allowance	2,240,913	2,343,970	2,473,157	2,671,812	2,830,732	2,979,345	3,113,415	3,242,622	3,365,842	3,507,634
New Growth	1,879,442	2,825,025	3,922,530	3,684,955	3,113,804	2,383,476	2,054,854	1,686,163	1,346,337	1,403,054
Captured Prior New Growth		1,914	388	2,120					959,529	
Other Adjustments	(20,055)	(29,667)	(118,456)	(12,672)						
General Override			1,548,410							
Total General Levy	93,736,831	98,898,128	106,751,910	113,216,581	119,173,789	124,536,610	129,704,879	134,633,664	140,305,371	145,216,059

Line Description STATE AID	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Chapter 70	7,633,990	7,901,802	8,239,740	8,373,790	8,584,000	8,671,395	8,758,109	8,758,109	8,845,690	8,845,690
School Transportation										
School Construction										
Charter School Tuition Reimbursement	42,269	36,217	5,358	2,679		4,291	4,248	4,205	4,163	4,122
School Lunch	32,448	30,411	31,807							
Unrestricted General Government Aid	1,476,550	1,511,453	1,553,368	1,609,289	1,609,289	1,712,058	1,754,859	1,798,731	1,843,699	1,889,791
Police Career Incentive										
Veterans Benefits	17,735	22,877	34,352	31,593	31,593	28,495	28,495	28,495	28,495	28,495
Chapter 59 Elderly Exemptions	81,584	68,897	64,136	62,012	62,012	48,424	47,940	47,460	46,986	46,516
Public Library Aid	29,788	29,699	37,428	37,255	37,255	36,219	35,857	35,498	35,143	34,792
Total Line	9,314,364	9,601,356	9,966,189	10,116,618	10,324,149	10,500,881	10,629,507	10,672,499	10,804,176	10,849,406

General Fund
Five Year Pro Form
General Fund Recurring Revenue Detail

Line Description LOCAL RECEIPTS	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Motor Vehicle Excise	3,670,000	3,850,000	3,925,000	4,085,000	4,225,000	4,583,500	4,721,005	4,862,635	5,008,514	5,158,770
Other Excise	690,000	795,000	935,000	1,035,000	1,085,000	1,372,975	1,539,164	1,585,339	1,632,899	1,681,886
Penalties & Interest	265,000	230,000	195,000	195,000	195,000	201,825	207,880	214,116	220,540	227,156
Payment in Lieu of Tax	45,000	45,000	45,000	45,000	45,000	46,575	47,972	49,411	50,894	52,421
Charges for Services	555,000	555,000	555,000	570,000	1,310,500	1,433,475	1,476,479	1,520,774	1,566,397	1,613,389
Fees	90,000	90,000	90,000	100,000	100,000	103,500	106,605	109,803	113,097	116,490
Rents	150,000	165,000	167,000	170,000	170,000	175,950	181,229	186,665	192,265	198,033
Library Department Income	50,000	50,000	50,000	42,500	42,500	43,988	45,307	46,666	48,066	49,508
Recreation Department Income	250,000	225,000	200,000	213,000	213,000	158,825	163,590	248,497	255,952	263,631
Other Department Income	334,000	400,000	354,000	320,000	320,000	331,200	341,136	351,370	361,911	372,769
Licenses & Permits	1,115,000	1,300,000	1,427,700	1,430,000	1,520,000	1,573,200	1,620,396	1,669,008	1,719,078	1,770,650
Fines	156,000	129,500	112,000	117,000	117,000	121,095	124,728	128,470	132,324	136,293
Investment Income	80,000	67,500	67,500	67,500	67,500	69,525	71,611	73,759	75,972	78,251
Medicaid Reimbursement			3,300	10,000	25,000	25,875	26,651	27,451	28,274	29,123
Miscellaneous Income	135,000	134,000	10,000	10,500	11,318	11,714	12,066	12,428	12,800	13,184
Miscellaneous Income - Nonrec	69,632	5,633								
Adjustment Funds Used for Exc		(4,633)								
Total Line	7,654,632	8,037,000	8,136,500	8,410,500	9,446,818	10,253,222	10,685,818	11,086,393	11,418,985	11,761,554

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
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Townwide Expense Budgets

Casualty, Liability, Property & Self Insurance Program	525,000	525,000	542,000	560,000	582,400	582,400	602,784	626,481	660,408	687,183	720,174
General Fund Debt Service within the Levy Limit*	3,231,127	3,470,211	3,760,097	4,139,883	4,060,071	4,060,071	4,358,721	4,530,606	4,691,777	4,875,856	5,034,811
Group Health Insurance, Employee Benefits & Administrative Costs	9,758,775	9,841,409	10,298,872	11,770,207	13,197,691	13,220,510	14,196,003	15,222,335	16,632,078	17,626,065	18,552,042
Electric, Light & Gas Program (ELG Program)	233,000	217,804	221,153	254,951	3,414,290	3,462,195	3,514,820	3,606,382	3,829,170	3,943,223	4,103,741
Other Post Employment Benefits	4,923,887	5,535,139	5,140,198	5,336,302	5,568,923	5,568,923	6,072,283	6,347,740	6,635,773	6,936,960	7,251,906
Retirement Assessments	5,030,821	5,454,554	5,656,200	6,185,312	6,724,500	6,724,500	7,332,555	7,995,647	8,343,079	8,705,524	9,083,752
Workers Compensation	450,000	467,550	586,252	609,702	634,090	634,090	656,283	679,253	703,027	727,633	753,100
Classification Performance & Settlements	19,133	14,046		92,959	600,000	449,448	465,179	481,460	498,311	515,752	533,803
Reserve Fund	1,258,431	1,448,243	1,642,157	1,524,767	1,541,875	1,454,376	1,756,612	1,845,195	1,959,066	2,049,932	2,139,995

Total	25,430,174	26,973,956	27,846,929	30,474,083	36,323,840	36,156,513	38,955,240	41,335,099	43,952,689	46,068,128	48,173,324
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Board of Selectmen & Town Manager											
Salary & Wages	669,819	691,474	715,158	785,523	755,962	755,962	837,878	869,298	901,897	935,718	970,807
Expenses	156,433	106,941	109,741	111,312	117,342	117,342	125,061	130,614	136,527	142,826	149,538
Total	826,252	798,415	824,899	896,835	873,304	873,304	962,938	999,912	1,038,424	1,078,544	1,120,345

Town Clerk & Board of Registrars											
Salary & Wages	296,301	282,647	312,927	321,314	345,579	345,579	330,538	373,073	371,993	402,164	384,803
Expenses	45,552	39,265	47,450	45,520	52,750	52,750	54,818	57,013	59,342	61,815	64,444
Total	341,853	321,912	360,377	366,834	398,329	398,329	385,357	430,085	431,335	463,980	449,248

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Town Counsel											
Salary & Wages	70,039	71,790	73,584	75,422	75,442	75,442	77,517	79,648	81,839	84,089	86,402
Expenses	230,000	234,000	254,000	254,000	254,000	254,000	261,620	269,469	277,553	285,879	294,456
Total	300,039	305,790	327,584	329,422	329,442	329,442	339,137	349,117	359,391	369,968	380,857
Personnel Board											
Salary & Wages	600	600		15,000							
Expenses	11,000	15,000	15,000		15,000	15,000	16,155	17,399	18,739	20,182	21,736
Total	11,600	15,600	15,000	15,000	15,000	15,000	16,155	17,399	18,739	20,182	21,736
Finance Department											
Salary & Wages	1,600,620	1,637,963	1,690,829	1,709,311	1,747,977	1,747,977	1,813,526	1,970,537	2,044,433	2,121,099	2,200,640
Expenses	793,865	797,005	783,479	813,261	824,755	824,755	863,197	906,400	949,554	995,278	1,043,745
Capital	37,500	37,500	37,500	38,475	68,475	68,475	70,255	72,082	73,956	75,879	77,852
Total	2,431,985	2,472,468	2,511,808	2,561,047	2,641,207	2,641,207	2,746,978	2,949,020	3,067,942	3,192,256	3,322,237
Finance Committee											
Salary & Wages	30,289	31,668	32,462	34,000	35,733	35,733	37,073	38,463	39,906	41,402	42,955
Expenses	1,075	1,225	1,225	1,225	1,250	1,250	1,269	1,288	1,308	1,328	1,348
Total	31,364	32,893	33,687	35,225	36,983	36,983	38,342	39,752	41,213	42,730	44,303
Planning and Community Development											
Salary & Wages	363,475	389,725	407,750	463,636	486,742	486,742	504,995	523,932	543,580	563,964	585,112
Expenses	28,318	28,318	28,318	28,318	28,608	28,608	29,272	29,963	30,683	31,435	32,221
Total	391,793	418,043	436,068	491,954	515,350	515,350	534,266	553,895	574,263	595,399	617,333
Police Department											
Salary & Wages	4,959,157	5,175,845	5,581,122	5,765,222	5,967,300	5,967,300	6,235,829	6,557,862	6,933,543	7,363,278	7,657,809
Expenses	280,835	292,426	306,930	312,290	306,635	306,635	313,390	322,862	333,257	345,782	353,634
Capital	266,948	155,752	174,724	166,964	228,902	228,902	234,853	240,960	247,225	253,652	260,247
Total	5,506,940	5,624,023	6,062,776	6,244,476	6,502,837	6,502,837	6,784,072	7,121,684	7,514,025	7,962,712	8,271,690
Fire Department											
Salary & Wages	6,249,767	6,581,793	6,758,282	6,894,466	6,942,435	6,942,435	7,626,201	7,931,249	8,574,639	8,917,624	9,274,329
Expenses	253,965	262,482	288,907	300,936	322,236	322,236	317,228	311,755	315,797	309,485	302,646
Capital	11,711		32,831	20,311	23,835	23,835	24,455	25,091	25,743	26,412	27,099
Total	6,515,443	6,844,275	7,080,020	7,215,713	7,288,506	7,288,506	7,967,883	8,268,094	8,916,178	9,253,521	9,604,074
Building Department											
Salary & Wages	460,619	528,614	553,286	579,030	651,327	651,327	675,752	701,092	727,383	754,660	782,960
Expenses	28,940	31,040	31,040	31,040	51,040	51,040	53,251	55,607	58,118	60,795	63,650
Total	489,559	559,654	584,326	610,070	702,367	702,367	729,003	756,700	785,501	815,455	846,610
Minuteman Assessment											
Total	780,038	733,961	893,211	654,134	762,686	766,061	882,787	1,213,277	1,256,148	1,463,859	1,509,451

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Needham Public Schools											
Total	51,112,681	53,995,587	57,961,288	61,480,687	65,189,914	65,189,914	68,219,205	71,273,190	75,516,821	78,833,752	82,300,406
Department of Public Facilities											
Salary & Wages	3,227,402	3,407,208	3,472,871	3,652,434	3,619,482	3,770,034	3,982,819	4,230,655	4,494,139	4,688,346	4,953,056
Expenses	4,545,060	4,595,982	4,599,068	5,028,646	2,561,877	2,561,877	2,672,011	2,812,265	3,020,589	3,172,464	3,365,588
Capital											
Total	7,772,462	8,003,190	8,071,939	8,681,080	6,181,359	6,331,911	6,654,830	7,042,920	7,514,727	7,860,810	8,318,643
Department of Public Works											
Salary & Wages	3,109,481	3,207,178	3,339,322	3,483,097	3,589,558	3,589,558	3,724,166	3,863,823	4,008,716	4,159,043	4,315,007
Expenses	1,384,915	1,406,974	1,485,421	1,548,231	1,542,389	1,542,389	1,609,465	1,684,546	1,790,802	1,873,984	1,966,449
Capital	126,500	7,750	6,284	18,000	38,800	38,800	39,809	40,844	41,906	42,995	44,113
Other	400,000	400,000	400,000	404,000	408,039	408,039	412,119	416,241	420,403	424,607	428,853
Total	5,020,896	5,021,902	5,231,027	5,453,328	5,578,786	5,578,786	5,785,559	6,005,453	6,261,827	6,500,629	6,754,423
Municipal Parking Program											
Other	55,000	70,250	71,445	97,730	99,864	99,864	103,192	106,666	110,296	114,088	118,051
Total	55,000	70,250	71,445	97,730	99,864	99,864	103,192	106,666	110,296	114,088	118,051
Health and Human Services Department											
Salary & Wages	912,469	973,773	1,073,830	1,152,753	1,235,205	1,296,510	1,345,129	1,395,571	1,447,905	1,502,202	1,558,534
Expenses	164,259	212,124	241,215	283,342	256,060	256,060	266,548	277,651	289,410	301,873	315,089
Total	1,076,728	1,185,897	1,315,045	1,436,095	1,491,265	1,552,570	1,611,677	1,673,222	1,737,316	1,804,075	1,873,623
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	550	571	593	616	641	667
Total	550	550	2,050	2,050	2,050	2,050	2,127	2,207	2,291	2,379	2,470
Historical Commission											
Salary & Wages											
Expenses	1,050	1,050	1,050	1,050	1,050	1,050	1,066	1,082	1,099	1,115	1,132
Total	1,050	1,050	1,050	1,050	1,050	1,050	1,066	1,082	1,099	1,115	1,132
Needham Public Library											
Salary & Wages	1,071,967	1,103,803	1,156,157	1,250,534	1,262,855	1,262,855	1,313,369	1,362,621	1,413,719	1,466,733	1,521,736
Expenses	310,776	315,748	319,043	328,068	329,018	329,018	336,025	343,231	350,642	358,267	366,113
Total	1,382,743	1,419,551	1,475,200	1,578,602	1,591,873	1,591,873	1,649,394	1,705,852	1,764,361	1,825,000	1,887,849
Park & Recreation Department											
Salary & Wages	453,499	468,456	483,633	496,254	495,097	495,097	514,901	542,670	563,020	584,133	606,038
Expenses	107,875	106,000	114,000	114,000	104,500	104,500	107,576	120,789	124,299	127,964	131,792
Capital								10,000	10,260	10,527	10,800
Total	561,374	574,456	597,633	610,254	599,597	599,597	622,477	673,459	697,579	722,623	748,631

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Memorial Park											
Salary & Wages											
Expenses	750	750	750	750	750	750	761	773	785	797	809
Total	750	750	750	750	750	750	761	773	785	797	809
Department Budget Total	84,611,100	88,400,217	93,857,183	98,762,336	100,802,519	101,017,751	106,037,207	111,183,758	117,610,260	122,923,874	128,193,921
Total Operating Budget	110,041,274	115,374,173	121,704,112	129,236,419	137,126,359	137,174,264	144,992,446	152,518,857	161,562,950	168,992,002	176,367,245

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Townwide (excluding ELG Program)	25,197,174	26,756,152	27,625,776	30,219,132	32,909,550	32,694,318	35,440,419	37,728,717	40,123,519	42,124,905	44,069,582
Board of Selectmen & Town Manager	826,252	798,415	824,899	896,835	873,304	873,304	962,938	999,912	1,038,424	1,078,544	1,120,345
Town Clerk & Board of Registrars	341,853	321,912	360,377	366,834	398,329	398,329	385,357	430,085	431,335	463,980	449,248
Town Counsel	300,039	305,790	327,584	329,422	329,442	329,442	339,137	349,117	359,391	369,968	380,857
Personnel Board	11,600	15,600	15,000	15,000	15,000	15,000	16,155	17,399	18,739	20,182	21,736
Finance Department	2,431,985	2,472,468	2,511,808	2,561,047	2,641,207	2,641,207	2,746,978	2,949,020	3,067,942	3,192,256	3,322,237
Finance Committee	31,364	32,893	33,687	35,225	36,983	36,983	38,342	39,752	41,213	42,730	44,303
Planning and Community Development	391,793	418,043	436,068	491,954	515,350	515,350	534,266	553,895	574,263	595,399	617,333
Police Department	5,506,940	5,624,023	6,062,776	6,244,476	6,502,837	6,502,837	6,784,072	7,121,684	7,514,025	7,962,712	8,271,690
Fire Department	6,515,443	6,844,275	7,080,020	7,215,713	7,288,506	7,288,506	7,967,883	8,268,094	8,916,178	9,253,521	9,604,074
Building Inspector	489,559	559,654	584,326	610,070	702,367	702,367	729,003	756,700	785,501	815,455	846,610
Minuteman Assessment	780,038	733,961	893,211	654,134	762,686	766,061	882,787	1,213,277	1,256,148	1,463,859	1,509,451
Needham Public Schools	51,112,681	53,995,587	57,961,288	61,480,687	65,189,914	65,189,914	68,219,205	71,273,190	75,516,821	78,833,752	82,300,406
Department of Public Facilities	7,772,462	8,003,190	8,071,939	8,681,080	6,181,359	6,331,911	6,654,830	7,042,920	7,514,727	7,860,810	8,318,643
Electric, Light & Gas Program	233,000	217,804	221,153	254,951	3,414,290	3,462,195	3,514,820	3,606,382	3,829,170	3,943,223	4,103,741
Department of Public Works	5,020,896	5,021,902	5,231,027	5,453,328	5,578,786	5,578,786	5,785,559	6,005,453	6,261,827	6,500,629	6,754,423
Municipal Parking Program	55,000	70,250	71,445	97,730	99,864	99,864	103,192	106,666	110,296	114,088	118,051
Health and Human Services	1,076,728	1,185,897	1,315,045	1,436,095	1,491,265	1,552,570	1,611,677	1,673,222	1,737,316	1,804,075	1,873,623
Commission on Disabilities	550	550	2,050	2,050	2,050	2,050	2,127	2,207	2,291	2,379	2,470
Historical Commission	1,050	1,050	1,050	1,050	1,050	1,050	1,066	1,082	1,099	1,115	1,132
Needham Public Library	1,382,743	1,419,551	1,475,200	1,578,602	1,591,873	1,591,873	1,649,394	1,705,852	1,764,361	1,825,000	1,887,849
Park & Recreation Department	561,374	574,456	597,633	610,254	599,597	599,597	622,477	673,459	697,579	722,623	748,631
Memorial Park	750	750	750	750	750	750	761	773	785	797	809
Department Budgets (including ELG Program)	84,844,100	88,618,021	94,078,336	99,017,287	104,216,809	104,479,946	109,552,027	114,790,139	121,439,431	126,867,097	132,297,663

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	ATM Budget 2017	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
General Fund Operating Budget without Excluded and CPA Debt	110,041,274	115,374,173	121,704,112	129,236,419	137,126,359	137,174,264	144,992,446	152,518,857	161,562,950	168,992,002	176,367,245
Change for Prior Year		4.8%	5.5%	6.2%	6.1%	6.1%	5.7%	5.2%	5.9%	4.6%	4.4%
General Government	4,334,886	4,365,121	4,509,423	4,696,317	4,809,615	4,809,615	5,023,173	5,339,180	5,531,307	5,763,058	5,956,058
Change from Prior Year		0.7%	3.3%	4.1%	2.4%	2.4%	4.4%	6.3%	3.6%	4.2%	3.3%
Public Safety	12,511,942	13,027,952	13,727,122	14,070,259	14,493,710	14,493,710	15,480,958	16,146,477	17,215,704	18,031,688	18,722,375
Change from Prior Year		4.1%	5.4%	2.5%	3.0%	3.0%	6.8%	4.3%	6.6%	4.7%	3.8%
Education	51,892,719	54,729,548	58,854,499	62,134,821	65,952,600	65,955,975	69,101,992	72,486,467	76,772,969	80,297,611	83,809,858
Change from Prior Year		5.5%	7.5%	5.6%	6.1%	6.1%	4.8%	4.9%	5.9%	4.6%	4.4%
Public Facilities (includes EGL I	8,005,462	8,220,994	8,293,092	8,936,031	9,595,649	9,794,106	10,169,651	10,649,302	11,343,898	11,804,032	12,422,385
Change from Prior Year		2.7%	0.9%	7.8%	7.4%	9.6%	3.8%	4.7%	6.5%	4.1%	5.2%
Public Works	5,075,896	5,092,152	5,302,472	5,551,058	5,678,650	5,678,650	5,888,751	6,112,119	6,372,122	6,614,717	6,872,473
Change from Prior Year		0.3%	4.1%	4.7%	2.3%	2.3%	3.7%	3.8%	4.3%	3.8%	3.9%
Community Services	3,023,195	3,182,254	3,391,728	3,628,801	3,686,585	3,747,890	3,887,503	4,056,595	4,203,430	4,355,990	4,514,514
Change from Prior Year		5.3%	6.6%	7.0%	1.6%	3.3%	3.7%	4.3%	3.6%	3.6%	3.6%
Townwide Expense Group (exc	25,197,174	26,756,152	27,625,776	30,219,132	32,909,550	32,694,318	35,440,419	37,728,717	40,123,519	42,124,905	44,069,582
Change from Prior Year		6.2%	3.3%	9.4%	8.9%	8.2%	8.4%	6.5%	6.3%	5.0%	4.6%

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

Group	FY2018 Amount	FTE	FY2019 Amount Rosemary Complex	FTE	FY2020 Amount New School	FTE	FY2021 Amount Fire Station #2	FTE	FY2022 Amount Public Safety Complex	FTE
Benefits and Related Costs			16,570		50,774		16,433		44,673	
Other Expenses			2,600		12,000		3,660		8,940	
Townwide Expenses			19,170		62,774		20,093		53,613	
Salary & Wages										
Expenses										
Operating Capital										
General Government										
Salary & Wages					38,991					
Expenses					657					
Operating Capital										
Public Safety					39,648					
Salary & Wages										
Expenses										
Operating Capital										
Education										
Salary & Wages			24,034	0.5	104,834	2.0	25,677	0.5	88,897	1.5
Expenses			45,142		267,581		62,163		144,894	
Operating Capital										
Facilities and Infrastructure			69,176	0.5	372,415	2.0	87,840	0.5	233,791	1.5

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

Group	FY2018 Amount	FTE	FY2019 Amount Rosemary Complex	FTE	FY2020 Amount New School	FTE	FY2021 Amount Fire Station #2	FTE	FY2022 Amount Public Safety Complex	FTE
Salary & Wages			8,460							
Expenses			10,000							
Operating Capital			10,000							
Community Services			28,460							
Total			116,806	0.5	474,837	2.0	107,933	0.5	287,404	1.5
Personnel and Benefits			49,064	0.5	194,599	2.0	42,110	0.5	133,570	1.5
Expenses			57,742		280,238		65,823		153,834	
Operating Capital			10,000							
Total			116,806	0.5	474,837	2.0	107,933	0.5	287,404	1.5

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

Group	FY2018 Amount	FTE	FY2019 Amount	FTE	FY2020 Amount	FTE	FY2021 Amount	FTE	FY2022 Amount	FTE
Benefits and Related Costs Other Expenses	50,057		87,022		445,629		62,790			
Townwide Expenses	50,057		87,022		445,629		62,790			
Salary & Wages Expenses Operating Capital	53,567 2,500	1.0	89,004 2,500	1.0						
General Government	56,067	1.0	91,504	1.0						
Salary & Wages Expenses Operating Capital			72,600 2,500	1.0	400,516 12,500	5.0	152,393 5,000	2.0		
Public Safety			75,100	1.0	413,016	5.0	157,393	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	71,409	1.0	74,446	1.0						
Facilities and Infrastructure	71,409	1.0	74,446	1.0						

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

Group	FY2018 Amount	FTE	FY2019 Amount	FTE	FY2020 Amount	FTE	FY2021 Amount	FTE	FY2022 Amount	FTE
Salary & Wages										
Expenses										
Operating Capital										
Community Services										
Total	177,533	2.0	328,072	3.0	1,974,402	24.5	220,183	2.0		
Personnel and Benefits	175,033	2.0	323,072	3.0	1,886,131	24.5	215,183	2.0		
Expenses	2,500		5,000		88,271		5,000			
Operating Capital										
Total	177,533	2.0	328,072	3.0	1,974,402	24.5	220,183	2.0		

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
<u>Other Financial Warrant Articles</u>										
At Grade Crossing Study				35,000						
Blue Tree Replacement			35,000							
DPW/PSAB Location Feasibility Study				40,000						
Eliot School Traffic Safety Improvements					90,000					
Emergency Preparedness					70,000					
Facility Master Plan Study		150,000								
Federal Grant Match N2			5,000							
Fire Pre-Planning Inspection					55,000					
LED Conversion		28,070								
Memorial Park Landscape Improvements				20,000						
NPDES Permit Development					160,000					
OPEB Funding				160,000						
Planning Consultants				45,000						
Property Tax Assistance	13,353	15,025	13,805	27,500	13,222					
Public Facilities Maintenance				570,000	590,000					
Pump Station Improvements				116,143						
Roll Off Containers				48,000						
Senior Corps	15,000			15,000	15,000					
Sidewalk Needs Assessment				100,000						
Solar Facility Feasibility	15,000	15,000								
Tree Inventory Matching Funds		30,000								
Unpaid Bills of Prior Years	4,346									
Unpaid Bills of Prior Years					5,916					
Warner Field Rehabilitation Program		25,000		181,925						
Workers Compensation	325,000									
Special Purpose Articles	372,699	263,095	53,805	1,358,568	999,138	1,024,116	1,049,719	1,075,962	1,102,861	1,130,433
General Fund Cash Capital	2,631,633	1,034,584	2,467,260	1,941,411	1,491,117	2,817,648	2,743,481	2,708,440	3,263,625	
General Fund Cash Capital Supp		1,543,081		168,000	250,000	226,408	407,117	552,429	111,374	3,493,124
Other Cash Capital	1,155,000	3,489,276	200,000	603,500	1,200,000					
Capital Funded by Cash	3,786,633	6,066,941	2,667,260	2,712,911	2,941,117	3,044,056	3,150,598	3,260,869	3,374,999	3,493,124
					3,044,056					
RTS Enterprise Fund	576,938	801,458	1,492,270	1,420,000	1,420,000	1,462,600	1,506,478	1,551,672	1,598,223	1,646,169
Sewer Enterprise Fund (Drains I	493,392	858,439	823,671	569,430	519,846	535,441	551,505	568,050	585,091	602,644
Capital Improvement Funds	923,098	616,980	40,695	1,053,000	693,978	46,276	48,127	50,052	52,054	54,136
Debt Service Stabilization Fund					932,781	612,595	862,595			
Appropriated to Other Funds	1,993,428	2,276,877	2,356,636	3,042,430	3,566,605	2,656,912	2,968,704	2,169,774	2,235,368	2,302,949
Total Other Appropriations	6,152,760	8,606,913	5,077,701	7,113,909	7,506,860	6,725,085	7,169,022	6,506,605	6,713,229	6,926,507

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

Description	Final Budget 2013 June 30, 2013	Final Budget 2014 June 30, 2014	Final Budget 2015 June 30, 2015	Final Budget 2016 June 30, 2016	Revised 2017	Pro Forma 2018 September 6, 2016	Pro Forma 2019 September 6, 2016	Pro Forma 2020 September 6, 2016	Pro Forma 2021 September 6, 2016	Pro Forma 2022 September 6, 2016
Tax Recap Requirements	74,736	72,610	81,735	49,755	49,085	70,000	72,590	75,276	78,061	80,949
State and County Assessments	\$1,238,429	\$1,273,564	\$1,274,075	\$1,291,397	\$1,299,850	\$1,347,944	\$1,397,818	\$1,449,538	\$1,503,171	\$1,558,788
Provisions for Abatement and E:	\$1,876,905	\$2,151,633	\$3,258,232	\$3,009,775	\$2,126,342	\$2,400,000	\$2,460,000	\$2,521,500	\$2,584,538	\$2,649,151
Other Amounts to be Provided	\$3,190,070	\$3,497,807	\$4,614,042	\$4,350,927	\$3,475,277	\$3,817,944	\$3,930,408	\$4,046,314	\$4,165,769	\$4,288,888

**General Fund
Change in Salary and Wage Accounts
FY2012 - FY2017**

	2012		2013		2014		2015		2016		FY17 - ATM	%
Board of Selectmen	649,992	0.8%	669,819	3.1%	691,474	3.2%	715,158	3.4%	785,523	9.8%	755,962	-3.8%
Town Clerk	281,663	-0.2%	296,301	5.2%	282,647	-4.6%	312,927	10.7%	321,314	2.7%	345,579	7.6%
Town Counsel	68,664		70,039	2.0%	71,790	2.5%	73,584	2.5%	75,422	2.5%	75,442	0.0%
Personnel Board	600		600		600			-100.0%	15,000			-100.0%
Finance Department	1,399,514	4.3%	1,600,620	14.4%	1,637,963	2.3%	1,690,829	3.2%	1,709,311	1.1%	1,747,977	2.3%
Finance Committee	28,524	3.8%	30,289	6.2%	31,668	4.6%	32,462	2.5%	34,000	4.7%	35,733	5.1%
Planning and Community Development	347,327	8.3%	363,475	4.6%	389,725	7.2%	407,750	4.6%	463,636	13.7%	486,742	5.0%
Municipal Administration	2,776,284	3.3%	3,031,143	9.2%	3,105,867	2.5%	3,232,710	4.1%	3,404,206	5.3%	3,447,435	1.3%
Police Department	4,863,916	-0.4%	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%
Fire Department	6,100,123	5.0%	6,249,767	2.5%	6,581,793	5.3%	6,758,282	2.7%	6,894,466	2.0%	6,942,435	0.7%
Building Department	443,280	-0.6%	460,619	3.9%	528,614	14.8%	553,286	4.7%	579,030	4.7%	651,327	12.5%
Public Safety	11,407,319	2.4%	11,669,543	2.3%	12,286,252	5.3%	12,892,690	4.9%	13,238,718	2.7%	13,561,062	2.4%
Public Works (General Fund Only)	3,049,989	-10.1%	3,109,481	2.0%	3,207,178	3.1%	3,339,322	4.1%	3,483,097	4.3%	3,589,558	3.1%
Public Facilities	3,087,351	7.6%	3,227,402	4.5%	3,407,208	5.6%	3,472,871	1.9%	3,652,434	5.2%	3,619,482	-0.9%
Health and Human Services	887,382	1.8%	912,469	2.8%	973,773	6.7%	1,073,830	10.3%	1,152,753	7.3%	1,235,205	7.2%
Commission on Disabilities							1,500		1,500		1,500	
Public Library	1,077,213	0.1%	1,071,967	-0.5%	1,103,803	3.0%	1,156,157	4.7%	1,250,534	8.2%	1,262,855	1.0%
Park & Recreation Department	443,118	0.0%	453,499	2.3%	468,456	3.3%	483,633	3.2%	496,254	2.6%	495,097	-0.2%
Community Services	2,407,713	0.7%	2,437,935	1.3%	2,546,032	4.4%	2,715,120	6.6%	2,901,041	6.8%	2,994,657	3.2%
1) Town Departments (including enterprise and facilities employees)	25,282,302	2.0%	26,059,820	3.1%	27,199,186	4.4%	28,423,877	4.5%	29,512,339	3.8%	30,133,618	2.2%
2) School Department	40,908,300	1.6%	43,903,789	7.3%	46,455,864	5.8%	49,856,876	7.3%	53,277,248	6.9%	55,679,870	4.8%
3) Total Salary and Wage (1+2)	66,190,602	1.7%	69,963,609	5.7%	73,655,050	5.3%	78,280,753	6.3%	82,789,587	5.8%	85,813,488	3.9%
Department of Public Works (Including Enterprise Employees)	5,603,635	-1.8%	5,693,797	1.6%	5,853,827	2.8%	6,110,486	4.4%	6,315,940	3.4%	6,510,982	3.2%

**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
2011	\$3.738	37.17%	\$3.51	\$3.805	38.72%	\$3.69	\$0.17		\$0.16
2012	\$3.468	-7.22%	\$3.63	\$3.473	-8.73%	\$3.72	\$0.16	-5.88%	\$0.16
2013	\$3.491	0.66%	\$3.50	\$3.529	1.61%	\$3.69	\$0.16		\$0.17
2014	\$3.637	4.18%	\$3.37	\$3.746	6.15%	\$3.68	\$0.17	6.25%	\$0.17
2015	\$2.691	-26.01%	\$2.34	\$2.125	-43.27%	\$2.59	\$0.18	5.88%	\$0.17
2016	\$2.259	-16.05%	NA	\$2.722	28.09%	NA	\$0.17	-5.56%	NA
	Average of the Annual % Change (Five Years)			Average of the Annual % Change (Five Years)			Average of the Annual % Change (Five Years)		
	-8.89%			-3.23%			0.14%		
	Average of the Annual % Change (Three Years)			Average of the Annual % Change (Three Years)			Average of the Annual % Change (Three Years)		
	-12.63%			-3.01%			2.19%		
	June 2016 Average Price % Change from June 2012			June 2016 Average Price % Change from June 2012			June 2016 Average Price % Change from June 2012		
	-34.86%			-21.62%			6.25%		
	June 2016 Average Price % Change from June 2014			June 2016 Average Price % Change from June 2014			June 2016 Average Price % Change from June 2014		
	-37.89%			-27.34%					

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
2011	\$1.184	-3.82%	\$1.23	\$4.113	34.37%	\$4.00
2012	\$1.052	-11.15%	\$1.11	\$3.988	-3.04%	\$4.13
2013	\$1.153	9.60%	\$1.15	\$3.912	-1.91%	\$4.02
2014	\$1.159	0.52%	\$1.15	\$4.085	4.42%	\$3.99
2015	\$0.964	-16.82%	\$0.99	\$3.098	-24.16%	\$2.94
2016	\$0.964		NA	\$2.490	-19.63%	NA
	Average of the Annual % Change (Five Years)			Average of the Annual % Change (Five Years)		
	-3.57%			-8.86%		
	Average of the Annual % Change (Three Years)			Average of the Annual % Change (Three Years)		
	-5.43%			-13.12%		
	June 2016 Average Price % Change from June 2012			June 2016 Average Price % Change from June 2012		
	-8.37%			-37.56%		
	June 2016 Average Price % Change from June 2014			June 2016 Average Price % Change from June 2014		
	-16.82%			-39.05%		