

Town of Milton



Financial Forecast

Fiscal Years

2017-2021

Prepared by:

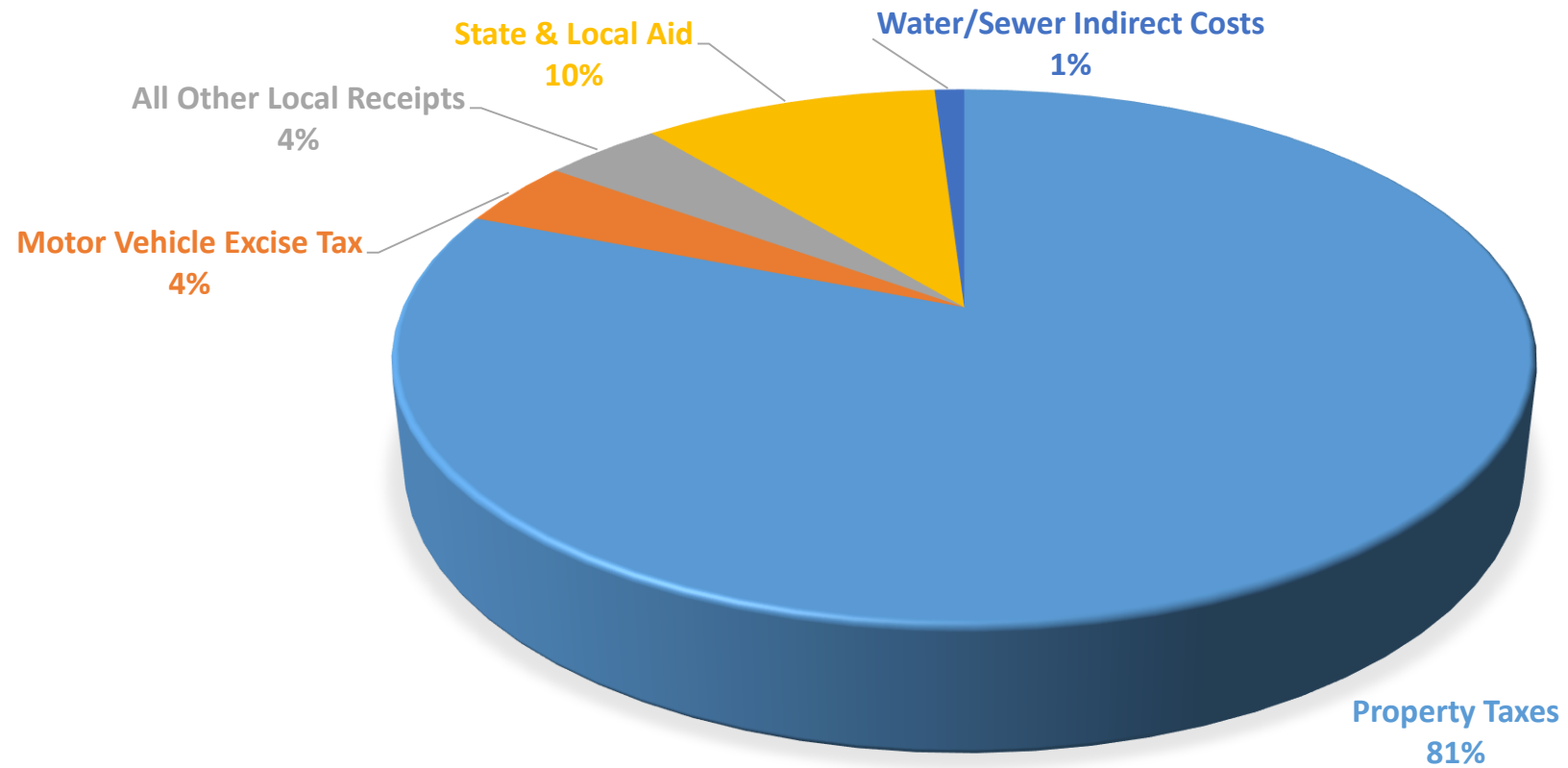
- Annemarie Fagan Town Administrator
- Amy Dexter Town Accountant
- Glenn Pavlicek Assistant Superintendent of School Business Affairs

Financial Forecast Procedures

Prepared two 5-Year Financial Forecasts as follows:

- The forecast assumes no changes in the structure of the Town government, consolidation of departments, regionalization or the method or manner in which services are delivered.
- All contractual obligations and unfunded mandates have been included in both forecast scenarios.
- Reviewed actual revenues and expenditures for FY 2007 – FY 2015
- Reviewed budgeted revenues and expenditures for FY 2016
- Needs Based Forecast - Requested all departments submit a “needs based” forecast for FY 2017 - FY 2021. This forecast represents those expenditures the department head and/or board/committee feel are necessary to provide the level of service required to effectively meet the needs of the residents of the Town. This forecast includes new positions in some departments which are summarized in the assumptions section of this presentation. In addition, annual wage adjustments have been projected to be in the 2% range.
- Inflation Based Level Dollar- This forecast was prepared using the FY 2016 budget as the base figures. Salary and wages are projected to increase approximately 3% annually for Town departments and 4.3% annually for the School department to account for wage adjustments of 2% plus step/lane increases. These assumptions are based upon historical figures. All contracts expire at the end of fiscal year 2016 and future wage adjustments are unknown at this time. General expenditures are projected to increase 3% for Town departments and 5% for the School department to account for inflation and increases in contractual costs.

General Fund Revenues As a Percentage of Total Forecast



Revenues / Other Financing Sources Forecast

	<u>2016 Budget</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>	<u>2020 Forecast</u>	<u>2021 Forecast</u>	<u>% of Total</u>
Property Taxes	\$ 70,830,078	\$ 73,416,684	\$ 75,688,498	\$ 78,017,108	\$ 80,403,934	\$ 82,850,429	81%
State & Local Aid	\$ 9,945,365	\$ 10,094,545	\$ 10,245,964	\$ 10,399,653	\$ 10,555,648	\$ 10,713,983	10%
Motor Vehicle Excise	\$ 3,300,000	\$ 3,366,000	\$ 3,433,320	\$ 3,501,986	\$ 3,572,026	\$ 3,643,467	4%
Water / Sewer Indirect Costs	\$ 1,007,231	\$ 1,022,339	\$ 1,037,675	\$ 1,053,240	\$ 1,069,038	\$ 1,085,074	1%
All Other Local Receipts	\$ 3,327,000	\$ 3,707,000	\$ 3,725,440	\$ 3,744,249	\$ 3,763,434	\$ 3,783,002	4%
Total Revenues	\$ 88,409,674	\$ 91,606,569	\$ 94,130,897	\$ 96,716,236	\$ 99,364,080	\$ 102,075,955	100%
% increase							

FY 16 to FY 21 Percentage Increase

15%

Revenue Assumptions

Property Taxes

Property taxes are the Town's major source of revenue representing approximately 81% of the general fund revenues. Property taxes are projected to increase 2.5% annually as allowed under Proposition 2 ½. The new growth for FY 16 is approximately \$750,000 compared to an original budget of \$375,000. The effect of this revised estimate on the FY 2016 tax levy has been reflected in the forecast for FY 2017 through FY 2021. Per the Chief Appraiser, the new growth is projected to be \$500,000 annually for FY 2017 to FY 2021 and has been reflected as such in the forecast for the related fiscal years.

State & Local Aid

State and local aid is the Town's second largest source of revenue representing approximately 10% of the general fund revenues. State and local aid is projected to increase 2% annually based upon historical trends.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes represent approximately 4% of the general fund revenues. The Town has experienced fluctuations in the amount collected annually. Motor vehicle excise collected annually for fiscal years 2011 to 2015 averaged \$3,256,951. Motor vehicle excise taxes have been projected to increase 2% annually for FY 2017 to FY 2021.

Revenue Assumptions (continued)

Water/Sewer Indirect Costs

Water/Sewer indirect costs represent an allocation of costs such as payroll and benefits paid out of the general fund which relate to water and sewer enterprise operations. These costs are reimbursed to the general fund by the water and sewer enterprise funds and are classified as revenue in the general fund. These water/sewer indirect costs represent approximately 1% of general fund revenues and are projected to increase 1.5% annually. This represents the average annual increase for the periods FY 2011 to FY 2015.

Other Local Receipts Forecast

	2016	2017	2018	2019	2020	2021	% of
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Total</u>
Trash & Recycling Fees	\$ 880,000	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000	23%
Licenses & Permits	\$ 760,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	25%
Penalties & Interest	\$ 540,000	\$ 670,000	\$ 670,000	\$ 670,000	\$ 670,000	\$ 670,000	18%
Cemetery Fees	\$ 432,000	\$ 418,000	\$ 426,360	\$ 434,887	\$ 443,585	\$ 452,457	12%
Fines & Forfeits	\$ 200,000	\$ 194,000	\$ 197,880	\$ 201,838	\$ 205,874	\$ 209,992	6%
Other Departmental Revenue	\$ 165,000	\$ 137,000	\$ 139,740	\$ 142,535	\$ 145,385	\$ 148,293	4%
Local Meals Tax	\$ 150,000	\$ 173,000	\$ 176,460	\$ 179,989	\$ 183,589	\$ 187,261	5%
Fees	\$ 100,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	4%
Payment in Lieu of Taxes	\$ 75,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	3%
Investment income	\$ 25,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	1%
Total Other Local Receipts	\$ 3,327,000	\$ 3,707,000	\$ 3,725,440	\$ 3,744,249	\$ 3,763,434	\$ 3,783,002	100%

Other Local Receipts / Other Financing Sources Assumptions

Other Local Receipts

Other local receipts represents 4% of the total general fund revenues. The other local receipts are forecasted to increase slightly for FY 2017 through FY 2021. These revenue projections were based upon historical trends.

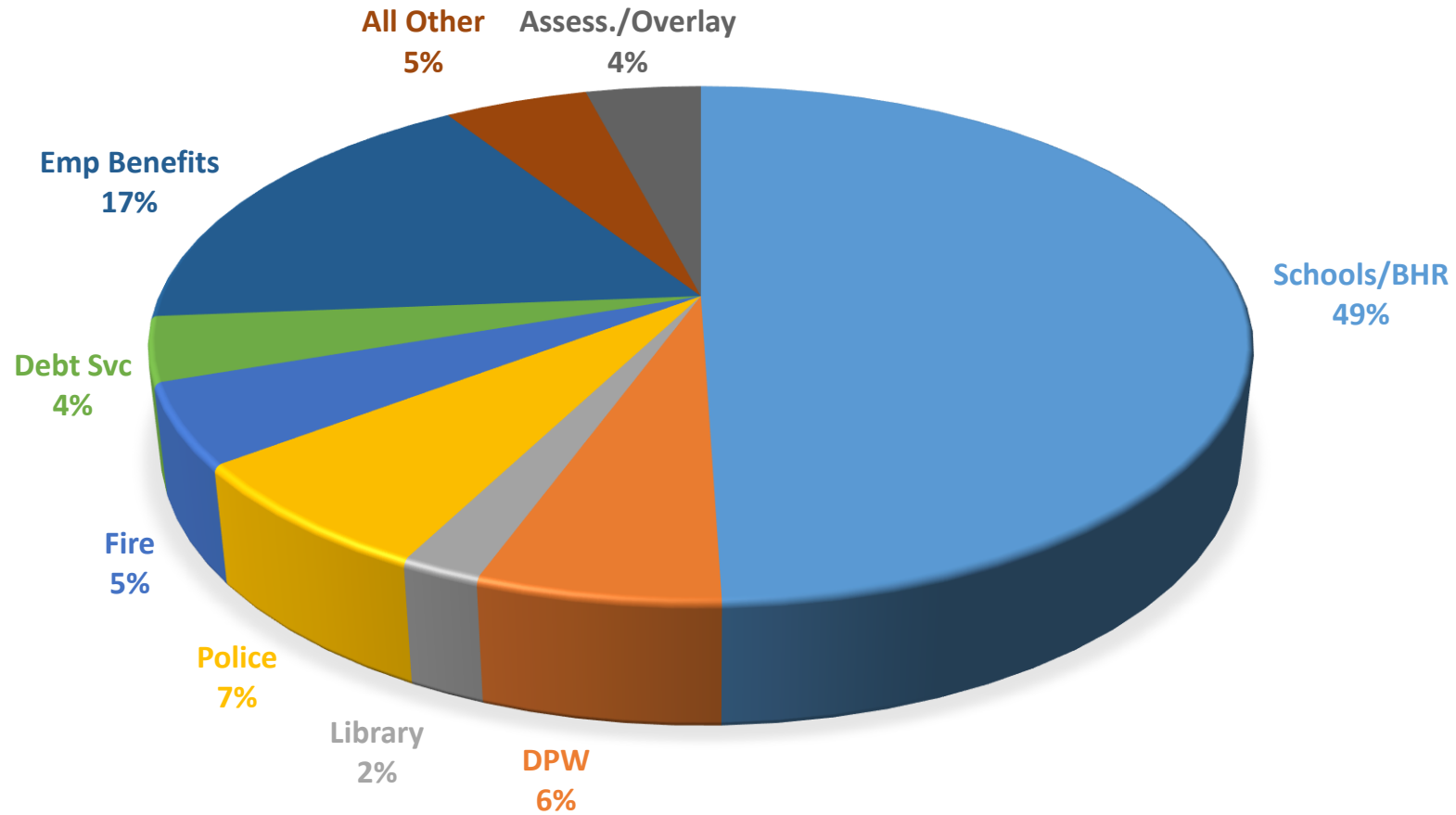
Other Financing Sources

Other financing sources represent transfers in from the capital stabilization fund (FY 2016), Police leash law fund and the overlay reserve. The transfers in from the capital stabilization fund in FY 2016 relate to the premium on bonds issued in FY 2014 and will be utilized for FY 2016 debt service. This transfer is not projected to continue in the future. The other transfers represent a transfer from the leash law fund (\$1,400) and a transfer from the overlay reserve (\$160,000) which are expected to remain level for FY 2017 through FY 2021. These estimates were based upon historical figures.

Free Cash

Free cash is certified by the Department of Revenue on an annual basis and is not available for appropriation until certified. Milton's certified free cash as of 6/30/15 is \$2,147,806. Best practices indicate that free cash only be used for non-recurring expenditures and not be used to fund normal recurring operating expenditures. The expenditures projected in the FY 2017 – 2021 forecast do not include any significant non-recurring operating expenses. Accordingly, the forecast does not include free cash as a source of funds. The Town is in the early stages of the budget process for FY 2017 and it is unknown at this time how much free cash, if any, will be used to fund non-recurring operating expenses for FY 2017.

Needs Based Expenditures As a Percentage of Total Forecast



Needs Based Expenditures Forecast

	2016 <u>Budget</u>	2017 <u>Forecast</u>	2018 <u>Forecast</u>	2019 <u>Forecast</u>	2020 <u>Forecast</u>	2021 <u>Forecast</u>	% of <u>Total</u>
Schools	\$ 40,747,500	\$ 42,548,079	\$ 44,846,246	\$ 47,338,741	\$ 49,967,764	\$ 52,769,151	48%
Blue Hills Regional	\$ 914,238	\$ 959,950	\$ 1,007,947	\$ 1,058,345	\$ 1,111,262	\$ 1,166,825	1%
DPW	\$ 4,333,713	\$ 5,738,857	\$ 5,891,200	\$ 6,048,867	\$ 6,316,804	\$ 6,511,600	6%
Police	\$ 6,839,656	\$ 7,182,361	\$ 7,373,994	\$ 7,419,909	\$ 7,541,733	\$ 7,581,352	7%
Fire	\$ 4,876,557	\$ 5,567,499	\$ 5,706,264	\$ 5,740,981	\$ 6,013,470	\$ 5,793,426	5%
Library	\$ 1,293,746	\$ 1,569,079	\$ 1,593,233	\$ 1,630,278	\$ 1,664,967	\$ 1,685,008	2%
Consolidated Facilities	\$ 941,524	\$ 996,988	\$ 1,009,836	\$ 1,028,342	\$ 1,047,294	\$ 1,050,672	1%
All Other Departments	\$ 7,583,888	\$ 6,391,915	\$ 6,590,777	\$ 6,718,843	\$ 6,898,571	\$ 6,986,048	5%
Debt Service	\$ 4,032,694	\$ 3,890,679	\$ 3,933,844	\$ 3,978,087	\$ 4,023,437	\$ 4,069,920	4%
Employee Benefits	\$ 15,792,037	\$ 16,339,901	\$ 16,875,957	\$ 17,436,172	\$ 18,021,835	\$ 18,534,203	17%
Subtotal	\$ 87,355,553	\$ 91,185,309	\$ 94,829,297	\$ 98,398,564	\$ 102,607,136	\$ 106,148,205	96%
Assessments/Offsets	\$ 3,414,777	\$ 3,483,073	\$ 3,552,734	\$ 3,623,789	\$ 3,696,264	\$ 3,770,190	3%
Overlay & Stabilization	\$ 941,251	\$ 988,878	\$ 1,005,538	\$ 1,022,601	\$ 1,040,077	\$ 1,057,975	1%
Subtotal	\$ 4,356,028	\$ 4,471,950	\$ 4,558,272	\$ 4,646,390	\$ 4,736,342	\$ 4,828,165	4%
Total Expenditures	\$ 91,711,581	\$ 95,657,259	\$ 99,387,569	\$ 103,044,954	\$ 107,343,478	\$ 110,976,371	100%
% Increase							

FY 16 to FY 21 Percentage Increase

21%

Needs Based Forecast Expenditure Assumptions

- All Departments were asked to submit needs based forecasts for FY 2017 to FY 2021 and narratives to explain major increases from the FY 2016 budget.
- State and County Assessments are projected to increase 2% annually based upon the average increase experienced over the last three fiscal years.
- Debt Service is projected to equal 1.9% of the tax levy plus the debt exclusion.
- Employee benefits is projected to increase 2% annually based upon the average increase experienced over the last three fiscal years.
- Appropriations to stabilization funds are projected to equal two-thirds of one percent of general fund revenues net of the debt exclusion which is consistent with historical calculations.
- All contractual obligations and unfunded mandates have been included.
- Needs based expenditure assumptions for the major departments are summarized on the following pages.

Schools – Needs Based

The School Department budget combined with the Blue Hills Regional School assessment account for 49% of the total general fund expenditures.

The School Department forecast is based upon the following assumptions:

- Staffing will remain relatively stable as NESDEC projections do not indicate an appreciable increase in enrollment.
- Salary increases for unionized staff are settled through FY 2016 and projected to have cost of living raises remaining in the 2% range beyond that.
- Non-salary costs are projected to increase at 3%, with the exception of utility costs (4%) and Special Education costs (6%).
- Enrollment projections are subject to great variation, due to the mobility of our population and the difficulty in projecting the number of families who choose private or parochial education.
- Unfunded State mandates are common, costly and unpredictable. Those that involve the need to add new programs are especially likely to incur higher costs.

Schools – Needs Based

The School Department forecast assumes the following priorities:

- Continuation of our initiatives to improve Early Literacy, including expansion of our preschool program.
- Expansion of inclusion opportunities for students with special needs.
- Maintaining our Science/STEM initiatives.
- Maintaining and upgrading our digital technology.
- Maintaining current class size and extracurricular offerings.

Police Department – Needs Based

The Police Department expenditures account for 7% of total general fund expenditures.

The Police Department forecast is based upon the following assumptions:

- ***Salary & Wages:*** The Police Department forecast includes a total of six new police officers over the next four years with funding for two current positions plus one new position in FY 2017, two new positions in FY 2018 and one new position in FY 2020. The addition of these six officers will raise the total staffing of the Milton Police Department (“MPD”) to 60 Officers by FY 2020. The current ratio of police officer to citizen in the U.S. is 2.3 to 2.5 thousand citizens. The addition of these officers will bring the department closer to the current U.S. ratio and would result in an approximate ratio of 2.1 to 2.5 per thousand citizens by FY 2020.
- ***General Expenditures:*** In order to account for the cost of inflation, general expenditures for the department have been forecasted to increase 3% annually.
- ***New Equipment:*** In order to account for the cost of inflation, new equipment expenditures for the department have been forecasted to increase 3% annually.

Department of Public Works – Needs Based

DPW expenditures account for 6% of the total general fund expenditures.

The DPW forecast is based upon the following assumptions:

Salary & Wages:

- An environmental coordinator position would be created in FY 2017. This position will be responsible for the administrative duties of the Conservation Commission, Solid Waste Programs, and Storm water programs.
- A junior civil engineer position would be created in FY 2017. This position will be responsible for the field inspection duties of the Conservation Commission, Solid Waste Programs, and Storm water programs as well as other DPW construction programs.
- Three new laborer/operator positions would be created, one in FY 2017 and two in FY 2018. These positions will be responsible for increased maintenance and repair of Storm water facilities.

DPW – Needs Based (continued)

- **General Expenditures:** The DPW forecast includes projected increases for a tree replacement program, vehicle maintenance and repairs, signs, roadway improvements and a traffic island maintenance program.
- **Solid Waste:** Solid waste expenditures are forecasted to decline in FY 2017 due to the newly negotiated solid waste contract. This savings will be offset by an increase in the National Pollution Discharge Elimination System Program (“NPDES”) referred to as Storm Water Management which is an unfunded federal mandate. The current solid waste contract will expire in FY 2019. Accordingly, the collection of refuse/refuse transfer/disposal and curbside recycling for FY 2020 and 2021 reflect a projected increase in costs related to standard market conditions.

Fire Department – Needs Based

The Fire Department expenditures account for 5% of total general fund expenditures.

The Fire Department forecast is based upon the following assumptions:

- ***Salary & Wages:*** The Fire Department forecast includes the funding for one fire lieutenant position in FY 2017 and an additional firefighter in FY 2018. The lieutenant position would serve as the department's training officer and would work a day shift providing continuity and quality control for the department's in service training. The current department staffing structure provides three working groups of fourteen and one working group running short at thirteen. The addition of a firefighter in FY 2018 would bring all three working groups to a full staffing level at fourteen each.
- ***General Expenditures:*** In order to account for the cost of inflation, general expenditures for the department have been forecasted to increase 3% annually.
- ***New Equipment:*** The current funding level for this line item is \$57,526 for FY 2016. There are no foreseen extraordinary equipment needs in the next five years. However, the appropriate level of funding required for new equipment is \$60,000, a slight increase from FY 2016 to 2017. A significant portion of the fire department's equipment such as turnout gear and self-contained breathing apparatus requires replacement at regular intervals due to mandated safety standards.

Library – Needs Based

The Library expenditures account for 2% of total general fund expenditures.

The Library forecast is based upon the following assumptions:

- **Salary & Wages:** The Library forecast includes the addition of five new positions in FY 2017 as follows:
 - Reference Librarian Full-time
 - Reference/Technology Librarian Full-time
 - Library Assistant – Technology Part-time
 - Children’s Librarian – Outreach Part-time
 - Library Assistant Full-time

These positions are necessary in order to meet the current demands for Library services which are at an all time high.
- **General Expenditures:** In order to account for the cost of inflation, general expenditures for the department have been forecasted to increase approximately 3% annually.
- **Books and Periodicals:** This expenditure has been forecasted to increase \$46,000 from \$114,000 to \$160,000 in FY 2017 in order to match state requirements. In addition, this expenditure is forecasted to increase approximately 4% annually for FY 2018 to FY 2021.
- **Information Technology:** This line is traditionally contract controlled. Based on the past several years we are expecting a 2% annual increase to IT related contracts.

Consolidated Facilities Department – Needs Based

The Consolidated Facilities Department expenditures account for 1% of total general fund expenditures.

The Consolidated Facilities forecast is based upon the following assumptions:

- ***Salary & Wages:*** The Consolidated Facilities Department forecast includes the addition of one full-time utility/maintenance position and one full-time craftsman position in FY 2017. The Consolidated Facilities Department needs to continue to grow its in-house staff in order to meet the needs of supporting 25 buildings and approximately 1,000,000 square feet of space. The addition of staff will help the department meet the challenges of maintaining the aging town facilities and limit the need to hire subcontract labor.
- ***General Expenditures:*** In order to account for the cost of inflation, general expenditures for the department have been forecasted to increase 3% annually.

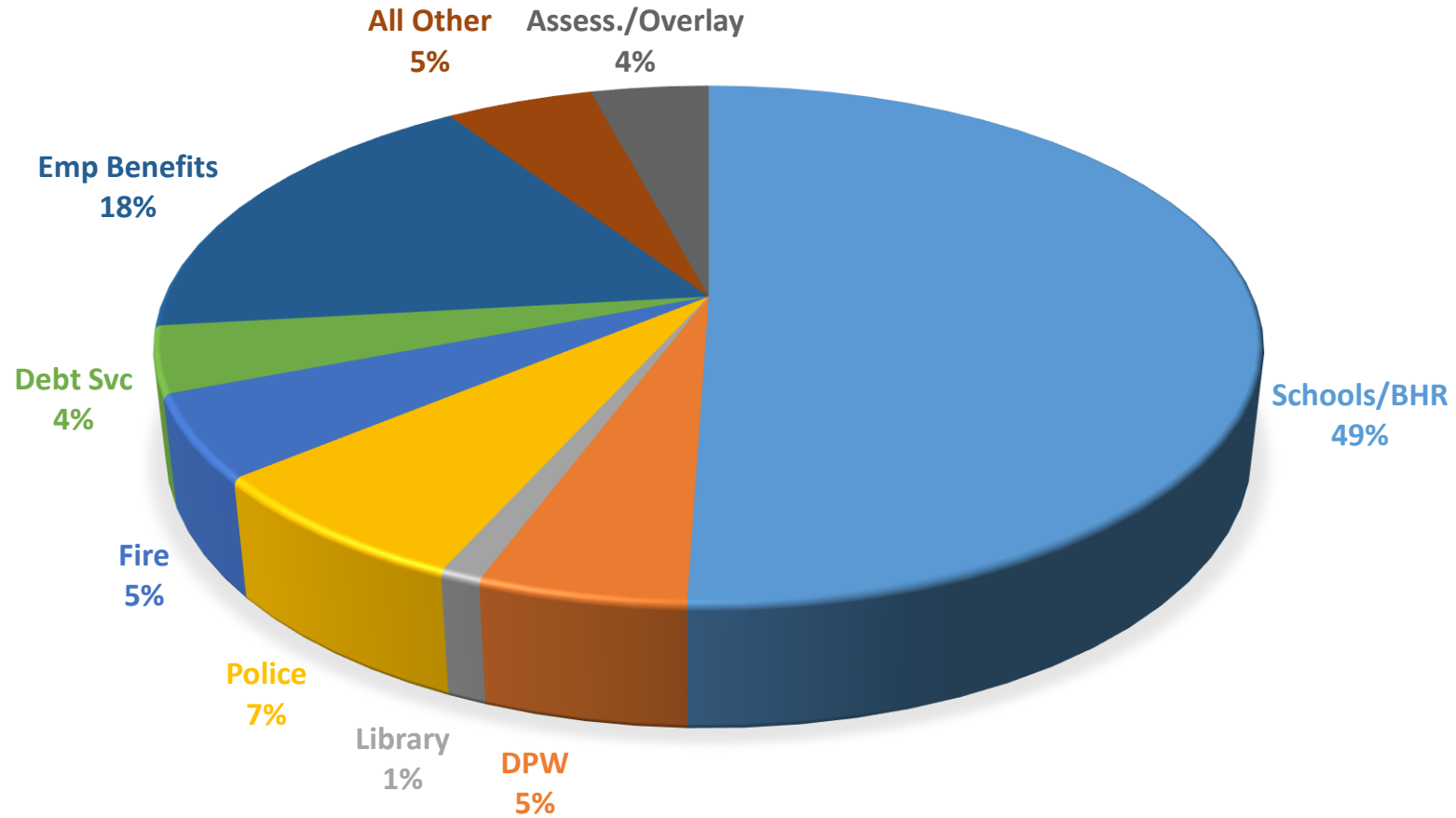
General Fund Forecast Summary
Needs Based
No Override / No Free Cash Use

	2016	2017	2018	2019	2020	2021
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenues	\$ 88,409,674	\$ 91,606,569	\$ 94,130,897	\$ 96,716,236	\$ 99,364,080	\$ 102,075,955
Expenditures	\$ 91,711,581	\$ 95,657,259	\$ 99,387,569	\$ 103,044,954	\$ 107,343,478	\$ 110,976,371
Net Revenues/Expenditures	\$ (3,301,907)	\$ (4,050,690)	\$ (5,256,672)	\$ (6,328,718)	\$ (7,979,398)	\$ (8,900,416)
Other Financing Sources	\$ 716,757	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400
Free Cash - One Time \$	\$ 2,585,150	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus(Deficit)	\$ 0	\$ (3,889,290)	\$ (5,095,272)	\$ (6,167,318)	\$ (7,817,998)	\$ (8,739,016)
Accumulated Surplus (Deficit)		\$ (3,889,290)	\$ (8,984,562)	\$ (15,151,880)	\$ (22,969,878)	\$ (31,708,894)

Needs Based - Year 5 Breakeven Override

	2017	2018	2019	2020	2021
	Forecast	Forecast	Forecast	Forecast	Forecast
Prior Year Tax Levy	\$ 68,656,179	\$ 77,222,584	\$ 79,494,398	\$ 81,823,008	\$ 84,209,834
Add: 2.5%	\$ 1,716,404	\$ 1,771,815	\$ 1,828,610	\$ 1,886,825	\$ 1,946,496
New Growth	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Override	\$ 6,350,000	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 77,222,584	\$ 79,494,398	\$ 81,823,008	\$ 84,209,834	\$ 86,656,329
Debt Exclusion	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100
Total Property Taxes	\$ 79,766,684	\$ 82,038,498	\$ 84,367,108	\$ 86,753,934	\$ 89,200,429
Other General Fund Revenue	\$ 18,189,885	\$ 18,442,398	\$ 18,699,128	\$ 18,960,146	\$ 19,225,526
Other Financing Sources	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400
Free Cash - One Time \$	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue and OFS	\$ 98,117,969	\$ 100,642,297	\$ 103,227,636	\$ 105,875,480	\$ 108,587,355
Expenditures	\$ 95,657,259	\$ 99,387,569	\$ 103,044,954	\$ 107,343,478	\$ 110,976,371
Surplus (Deficit)	\$ 2,460,710	\$ 1,254,728	\$ 182,682	\$ (1,467,998)	\$ (2,389,016)
Accumulated Surplus (Deficit)		\$ 3,715,438	\$ 3,898,119	\$ 2,430,121	\$ 41,106

Inflation Based Expenditures As a Percentage of Total Forecast



Inflation Based Level Dollar Expenditures Forecast

	2016 <u>Budget</u>	2017 <u>Forecast</u>	2018 <u>Forecast</u>	2019 <u>Forecast</u>	2020 <u>Forecast</u>	2021 <u>Forecast</u>	% of <u>Total</u>
Schools	\$ 40,747,500	\$ 42,000,867	\$ 44,306,497	\$ 46,790,821	\$ 49,411,307	\$ 52,203,755	48%
Blue Hills Regional	\$ 914,238	\$ 959,950	\$ 1,007,947	\$ 1,058,345	\$ 1,111,262	\$ 1,166,825	1%
DPW	\$ 4,333,713	\$ 4,380,353	\$ 4,489,844	\$ 4,603,689	\$ 5,006,960	\$ 5,151,729	5%
Police	\$ 6,839,656	\$ 7,041,110	\$ 7,248,608	\$ 7,462,330	\$ 7,682,464	\$ 7,909,202	7%
Fire	\$ 4,876,557	\$ 5,023,602	\$ 5,172,510	\$ 5,325,885	\$ 5,483,862	\$ 5,646,578	5%
Library	\$ 1,293,746	\$ 1,332,558	\$ 1,372,535	\$ 1,413,711	\$ 1,456,123	\$ 1,499,806	1%
Consolidated Facilities	\$ 941,524	\$ 969,770	\$ 998,863	\$ 1,028,829	\$ 1,059,694	\$ 1,091,484	1%
All Other Departments	\$ 7,583,888	\$ 6,463,032	\$ 6,628,958	\$ 6,847,294	\$ 7,024,263	\$ 7,256,437	5%
Debt Service	\$ 4,032,694	\$ 3,890,679	\$ 3,933,844	\$ 3,978,087	\$ 4,023,437	\$ 4,069,920	4%
Employee Benefits	\$ 15,792,037	\$ 16,339,901	\$ 16,875,957	\$ 17,436,172	\$ 18,021,835	\$ 18,534,203	17%
Subtotal	\$ 87,355,553	\$ 88,401,822	\$ 92,035,562	\$ 95,945,163	\$ 100,281,205	\$ 104,529,939	96%
Assessments/Offsets	\$ 3,414,777	\$ 3,483,073	\$ 3,552,734	\$ 3,623,789	\$ 3,696,264	\$ 3,770,190	3%
Overlay & Stabilization	\$ 941,251	\$ 988,878	\$ 1,005,538	\$ 1,022,601	\$ 1,040,077	\$ 1,057,975	1%
Subtotal	\$ 4,356,028	\$ 4,471,950	\$ 4,558,272	\$ 4,646,390	\$ 4,736,342	\$ 4,828,165	4%
Total Expenditures	\$ 91,711,581	\$ 92,873,772	\$ 96,593,834	\$ 100,591,553	\$ 105,017,547	\$ 109,358,105	100%

% Increase

FY 16 to FY 21 Percentage Increase

19%

Inflation Based Level Dollar Expenditure Assumptions

- All contractual obligations and unfunded mandates have been included.
- This forecast was prepared using the FY 2016 budget as the base figures.
- Salary and wages are projected to increase approximately 3% annually for Town departments and 4.3% annually for the School department to account for wage adjustments of 2% plus step/lane increases. These assumptions are based upon historical figures. All contracts expire at the end of fiscal year 2016 and future wage adjustments are unknown at this time.
- General expenditures are projected to increase 3% for Town departments and 5% for the School department to account for inflation and increases in contractual costs.

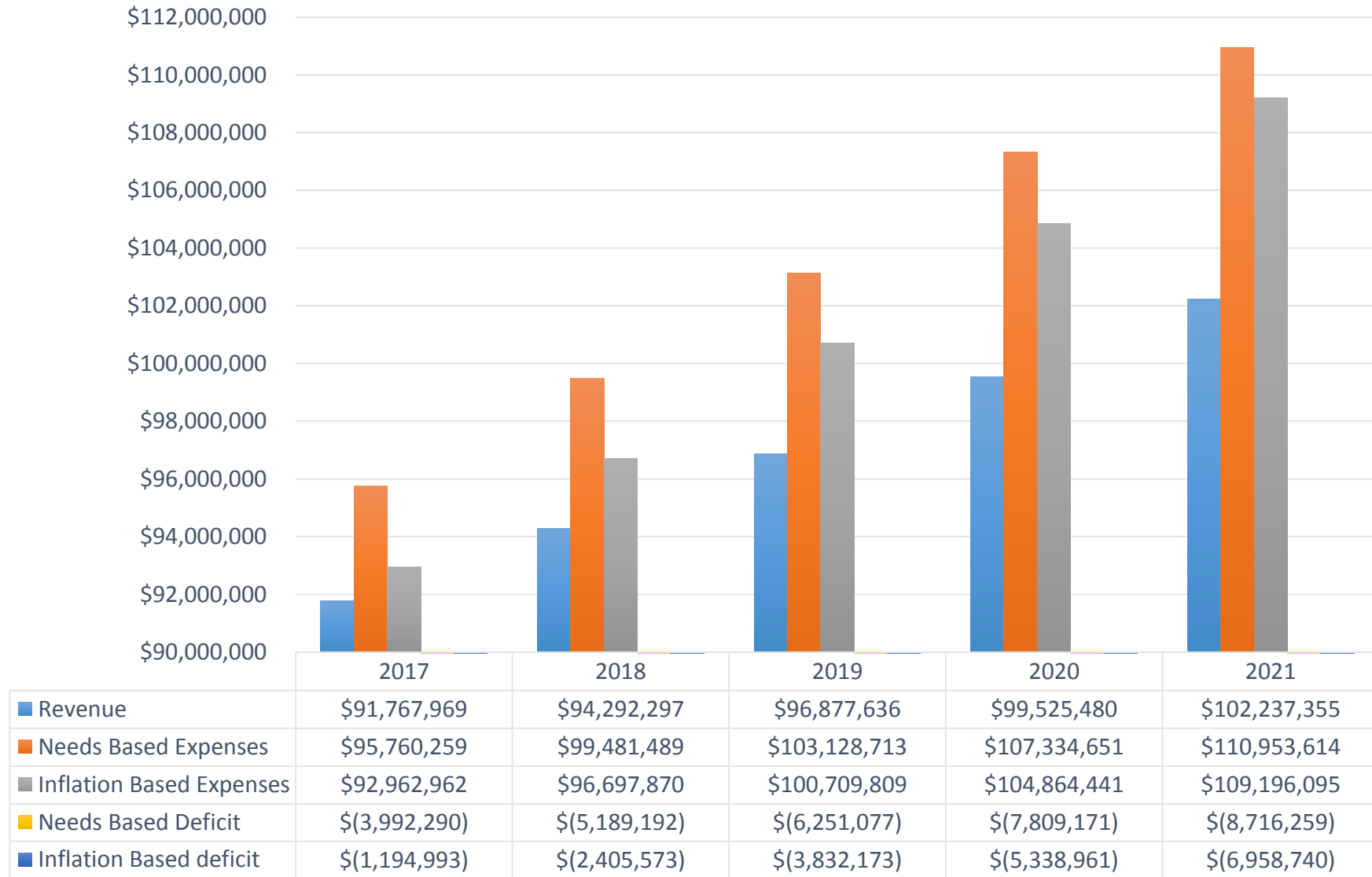
General Fund Forecast Summary
Inflation Based Level Dollar
No Override / No Free Cash Use

	2016	2017	2018	2019	2020	2021
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenues	\$ 88,409,674	\$ 91,606,569	\$ 94,130,897	\$ 96,716,236	\$ 99,364,080	\$ 102,075,955
Expenditures	\$ 91,711,581	\$ 92,873,772	\$ 96,593,834	\$ 100,591,553	\$ 105,017,547	\$ 109,358,105
Net Revenues/Expenditures	\$ (3,301,907)	\$ (1,267,203)	\$ (2,462,938)	\$ (3,875,317)	\$ (5,653,467)	\$ (7,282,150)
Other Financing Sources	\$ 716,757	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400
Free Cash - One Time \$	\$ 2,585,150	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus(Deficit)	\$ 0	\$ (1,105,803)	\$ (2,301,538)	\$ (3,713,917)	\$ (5,492,067)	\$ (7,120,750)
Accumulated Surplus (Deficit)		\$ (1,105,803)	\$ (3,407,341)	\$ (7,121,258)	\$ (12,613,325)	\$ (19,734,075)

Inflation Based Level Dollar - Year 5 Breakeven Override

	2017	2018	2019	2020	2021
	Forecast	Forecast	Forecast	Forecast	Forecast
Prior Year Tax Levy	\$ 68,656,179	\$ 74,822,584	\$ 77,094,398	\$ 79,423,008	\$ 81,809,834
Add: 2.5%	\$ 1,716,404	\$ 1,771,815	\$ 1,828,610	\$ 1,886,825	\$ 1,946,496
New Growth	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Override	\$ 3,950,000	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 74,822,584	\$ 77,094,398	\$ 79,423,008	\$ 81,809,834	\$ 84,256,329
Debt Exclusion	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100	\$ 2,544,100
Total Property Taxes	\$ 77,366,684	\$ 79,638,498	\$ 81,967,108	\$ 84,353,934	\$ 86,800,429
Other General Fund Revenue	\$ 18,189,885	\$ 18,442,398	\$ 18,699,128	\$ 18,960,146	\$ 19,225,526
Other Financing Sources	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400	\$ 161,400
Free Cash - One Time \$	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue and OFS	\$ 95,717,969	\$ 98,242,297	\$ 100,827,636	\$ 103,475,480	\$ 106,187,355
Expenditures	\$ 92,873,772	\$ 96,593,834	\$ 100,591,553	\$ 105,017,547	\$ 109,358,105
Surplus (Deficit)	\$ 2,844,197	\$ 1,648,462	\$ 236,083	\$ (1,542,067)	\$ (3,170,750)
Accumulated Surplus (Deficit)		\$ 4,492,659	\$ 4,728,742	\$ 3,186,675	\$ 15,925

Financial Forecast Summary



Summary of Projected Breakeven Override Scenarios:

<u>Description:</u>	<u>Year 2 Breakeven</u>	<u>Year 3 Breakeven</u>	<u>Year 4 Breakeven</u>	<u>Year 5 Breakeven</u>
Needs Based Override Amount	\$ 4,500,000	\$ 5,050,000	\$ 5,750,000	\$ 6,350,000
Inflation Based Level Dollar Override Amount	\$ 1,725,000	\$ 2,375,000	\$ 3,150,000	\$ 3,950,000

Note: Each \$1,000,000 equates to an approximate \$115 annual tax increase on a home with an assessed value of \$640,647

Financial Forecast Summary

- Total general fund revenues are forecasted to increase 15% over the next five fiscal years.
- Needs based expenditures are forecasted to increase 21% over the same period.
- If no action is taken, this will result in a projected accumulated deficit of (\$31,708,894) under the needs based forecast scenario by the end of FY 2021.
- Inflation based level dollar expenditures are forecasted to increase 19% over the same period.
- If no action is taken, this will result in a projected accumulated deficit of (\$19,734,075) under the inflation based level dollar forecast by the end of FY 2021.
- ***The forecast scenarios presented outline an unsustainable financial model. The Town must take action. Some suggested things to consider are:***
 - Identify new revenue sources
 - Significant cut to the services provided by all departments
 - Regionalization of services with other communities
 - Consolidation/reorganization of departments within the Town's organizational structure
 - Technology improvements which will result in streamlining operations
 - Operational override
 - Combination of the options stated above