

FINANCIAL FORECAST

USER MANUAL

JUNE 2023



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

FMRB | Financial Management Resource Bureau

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INTRODUCTION

A financial forecast is an essential planning and policymaking tool that projects revenues and expenditures over a multiyear period. A well-designed forecast allows a municipality to evaluate the impact of various decisions and policy choices, identify challenges, analyze different scenarios, and budget sustainably for the future. The forecast should be based on reasonable assumptions that are documented, continually evaluated, and updated to reflect changing circumstances and events. By doing so, it provides a fair representation of the community's fiscal future to help guide strategic and budget planning processes.

A forecast is intended to:

- Promote transparency that provides financial information to the community
- Project data over a five-year period
- Capture annual, data-driven snapshots of a community's financial condition
- Protect or enhance a community's credit rating
- Determine capital and one-time spending
- Analyze the impact of personal service costs

Similar to a community's budget process, financial forecasting involves a team of officials who gather data, develop available revenue projections, analyze expenditures, consider financial policies, and review available financing tools (e.g., debt, exclusions, reserves). The forecast serves as a framework that reasonably projects resources among competing needs, takes into consideration past practices, and highlights the impact of today's decisions into the future. Local officials must determine whether spending levels are sustainable to ensure that budgets are structurally balanced. Unlike an annual budget that must be balanced, a forecast will often show a gap between proposed expenses and available revenues that must be resolved during the annual budget process.

As with the annual operating budget, a forecast needs to be monitored throughout the fiscal year. If projected revenues change as a result of an increase in local aid, new growth, user fees or free cash, then a corresponding increase in operating or capital spending may be proposed. Alternatively, any potential revenue gain could be diverted to reserves or be left unexpended and closed to free cash. Conversely, if revenues decline, local officials must make difficult decisions to meet the community's priorities when balancing the budget. The forecast should use conservative revenue estimates to minimize the risk of needing to modify revenues and thereby reduce expenditure plans. After the

conclusion of the fiscal year, the forecast must be revised with final budget amounts and prior year actual spending to establish next year's foundation.

To enhance the forecast's usability, the community should adopt formal financial policies on topics including financial reserves, capital planning, indirect costs allocation, debt management, and other postemployment benefits (OPEB) liability. A core set of financial policies provides guidance necessary for making decisions regarding the use of community resources. The forecast should be continually reviewed and adjusted to conform to financial policies.

FINANCIAL FORECAST WORKBOOK

The Division of Local Services (DLS) developed the accompanying Excel workbook as a tool for forecasting all the operating revenues and expenditures that appear on a community's Tax Rate Recapitulation Sheet (tax recap). The tax recap includes all estimated revenues and appropriations and other legally required amount to be raised that impacts the property tax rate.

The forecast is comprised of three summary pages and detailed supporting revenue and expense worksheets. The Summary worksheet combines the revenues and expenditures drawn from the Revenue, Expenditures, Enterprise Funds, Community Preservation (CPF), and Cost-of-Living Allowances (COLA) worksheets. The Summary includes the general fund at the top, enterprise funds and community preservation below, and the amount of discretionary funds available (surplus) or the revenue gap (shortfall) for each of them. In addition, it builds in the effects of any potential COLA adjustments the community may grant going forward. Also presented are fiscal year-end balances for important reserve accounts (i.e., general, special purpose stabilization, and OPEB funds) based on annual appropriations, consistent with policy or practice, nominal annual interest earnings, and scheduled transfers and appropriations.

The Revenue summary page combines the four major revenue groupings from the detailed Tax Levy, State Aid, Local Receipts, Offset Receipts, and Available Funds worksheets. The Expenditures page presents the operating budget, debt, and pay-as-you-go capital, or one-time spending purposes. Because enterprise and community preservation funds are separate from the general fund, their revenues and expenditures are presented on separate worksheets that are linked to the Summary, Revenue, and Expenditures worksheets. The linked worksheets allow the user to input variables into specific categories of revenues and expenditures and determine their impact on summarized projected funds available for future discretionary proposes.

Each spreadsheet has a combination of built-in formulas and cells linked to other worksheets with subtotal lines in light blue and total lines in dark blue. For many revenue and expenditure lines, there are two percentage projection columns to the far right. One reflects the average percentage change, and the other is the projection percentage. Altering the projection percentage will yield a different outcome in the corresponding projection years. However, some forecasted figures are based on data from a different worksheet, which is indicated in the projection column. The update to that particular field is done on the associated worksheet.

Examples of Average % and Projection Columns			
Average % Change	Projection Percent	Average % Change	Projection Percent
7.99%	<u>See Debt</u>	2.75%	2.00%

By including general, enterprise, and community preservation fund worksheets, this template is designed to accommodate the finances of all cities and towns. As such, if a non-general fund group, category, column, or line item is not needed, it can be hidden for a more concise overall presentation by right-clicking on the applicable worksheet tab, column, or individual row line within a worksheet and selecting 'HIDE'. Because the worksheets are linked throughout the tool, deleting information may result in errors or a deficiency in the forecast. Restated, to maintain the tool's effectiveness, **do not delete** tabs, columns, or lines within any worksheet.

On another cautionary note, we recommend that the community maintain one official working copy of the forecast residing on a community computer with one individual responsible for adjusting and updating. As a safeguard to correct any possible deleted formulas or overwritten references, we recommend maintaining a backed up, original copy of the forecast workbook. All changes should be kept in the included Change Log worksheet that summarizes them by date and provides brief explanation for each. This will help preserve the forecast's integrity and prevent multiple competing copies that could cause confusion. One final template worksheet, Assumptions, documents and summarizes the decisions made in developing the forecast.

At the beginning of each worksheet section in this manual is a box detailing the data and source required to complete the individual worksheet. Each worksheet requiring data input is likewise footnoted with the source location. Within the Revenues section are samples of the forms from the DLS Gateway taxrate application that are the predominate source of information for multiple worksheets. All the forms or schedules needed to complete the forecast are also summarized with

the corresponding DLS or Department of Elementary and Secondary Education (DESE) electronic location in the appendix. Additional financial, demographic, and economic data for all cities and towns is available in the DLS [Municipal Finance Trend Dashboard](#). The dashboard is a multiyear composition of required municipal submissions to DLS, financial statements, state agency databases, and the US census. If you are not able to locate something and/or need assistance, please send a message via fmr@dor.state.ma.us and a Financial Management Resource Bureau (FMRB) member will reply. Sample policies can be downloaded from the DLS [website](#).

SUMMARY PROJECTED REVENUES AND EXPENDITURES

The first worksheet in the financial forecast is the Summary worksheet, which includes revenues and expenditures pulled from all subsequent worksheets. This worksheet provides an at-a-glance summary result of all the forecast assumptions, providing the basis for future discussion and policy decisions.

When the current fiscal year's tax recap is approved (identified as the Budget year throughout the template), the forecast should be updated to reflect the final budget. At this point, the current year total revenues and expenditures as presented on this worksheet should be in balance. If there is a variance, a careful review of the supporting entries should be performed to identify and correct the error. For all subsequent years, a variance between revenues and expenditures is expected.

Summary of Projected Revenues and Expenditures

General Fund	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__
Revenues	Budget	Projected Yr1	Projected Yr2	Projected Yr3	Projected Yr4	Projected Yr5
Property Tax Levy	20,335,626	21,201,518	21,570,472	22,333,968	23,093,218	23,876,713
State Aid Cherry Sheet	804,792	853,410	869,982	886,936	904,281	922,027
MSBA School Construction	-	-	-	-	-	-
Estimated Local & Offset Receipts	1,964,836	1,972,556	1,980,314	1,988,112	1,995,948	2,003,824
Available Funds/Other Financing Sources	1,344,800	520,000	-	-	-	-
Total General Fund Revenues	24,450,054	24,547,484	24,420,768	25,209,016	25,993,447	26,802,564
Total Revenue Percentage Change	5.8%	0.4%	-0.5%	3.2%	3.1%	3.1%
Expenditures						
General Government	1,106,342	1,116,294	1,126,445	1,136,799	1,147,361	1,158,134
Public Safety	3,377,884	3,363,101	3,373,023	3,383,143	3,393,465	3,403,994
Education	12,903,765	13,156,614	13,414,461	13,679,951	13,942,309	14,201,718
Public Works	1,460,012	1,474,077	1,488,423	1,503,056	1,517,982	1,533,206
Health & Human Services	387,041	389,609	392,228	394,900	397,625	400,404
Culture & Recreation	322,380	324,888	327,446	330,055	332,716	335,431
Debt Service	824,738	647,087	272,420	272,615	258,931	259,369
Risk Management	57,950	58,639	59,348	60,078	60,830	61,605
Employee Benefits	1,471,991	1,611,690	1,765,224	1,933,973	2,119,455	2,323,340
Reserves and Miscellaneous	655,000	385,000	385,000	385,000	385,000	385,000
State Assessments	58,803	60,411	61,330	62,263	63,211	64,173
Other Amounts Raised	158,584	162,152	165,200	168,308	171,479	174,713
Other Financing Uses	1,344,800	600,000	600,000	600,000	600,000	600,000
Offset for Enterprise Indirect Costs	-	-	-	-	-	-
Total General Fund Expenditures	24,129,290	23,349,562	23,430,548	23,910,141	24,390,364	24,901,086
General Fund Surplus/(Shortfall)	320,764	1,197,922	990,220	1,298,875	1,603,084	1,901,478
Total Expenditures Percentage Change	9.1%	-3.2%	0.3%	2.0%	2.0%	2.1%
Enterprise Funds						
Enterprise Funds: Revenues	2,359,759	2,143,523	1,572,083	1,591,676	1,634,259	1,648,914
Enterprise Funds: Expenditures	2,680,523	2,470,180	1,793,002	1,810,273	1,813,869	1,826,873
Enterprise Surplus/(Shortfall)	(320,764)	(326,657)	(220,919)	(218,597)	(179,610)	(177,959)
Total Enterprise Percentage Change	25.1%	-9.2%	-26.7%	1.2%	2.7%	0.9%
Community Preservation						
Community Pres Funds: Revenues	1,075,831	183,580	183,580	183,580	183,580	183,580
Community Pres Funds: Expenditures	1,075,831	183,580	183,580	183,580	183,580	183,580
CPA Surplus/(Shortfall)	-	-	-	-	-	-
Total Community Preservation Percentage Change	8.3%	-82.9%	0.0%	0.0%	0.0%	0.0%
GRAND TOTAL - All Funds						
General Fund	24,450,054	24,547,484	24,420,768	25,209,016	25,993,447	26,802,564
Enterprise	2,359,759	2,143,523	1,572,083	1,591,676	1,634,259	1,648,914
Community Preservation	1,075,831	183,580	183,580	183,580	183,580	183,580
REVENUES Grand Total	27,885,644	26,874,587	26,176,431	26,984,272	27,811,286	28,635,058
General Fund	24,129,290	23,349,562	23,430,548	23,910,141	24,390,364	24,901,086
Enterprise	2,680,523	2,470,180	1,793,002	1,810,273	1,813,869	1,826,873
Community Preservation	1,075,831	183,580	183,580	183,580	183,580	183,580
EXPENDITURES Grand Total	27,885,644	26,003,321	25,407,130	25,903,994	26,387,813	26,911,539
Total Surplus/(Shortfall)	-	871,265	769,301	1,080,278	1,423,474	1,723,519
COLA Impact						
Financial Impact of GF COLA Increase		68,238	137,663	220,537	305,068	404,026
Total Surplus/(Shortfall) after COLA	-	803,027	631,638	859,741	1,118,406	1,319,493
Fiscal Year-End Balances						
	Balance 6/30/20__	Balance 6/30/20__	Balance 6/30/20__	Balance 6/30/20__	Balance 6/30/20__	Balance 6/30/20__
General Stabilization	4,587,266	4,734,139	4,781,480	4,829,295	4,877,588	4,926,364
General Stabilization as a % of GF Budget Revenues	18.8%	19.3%	19.6%	19.2%	18.8%	18.4%
Capital	1,025,785	1,036,043	1,046,403	1,056,867	1,067,436	1,078,110
OPEB	875,237	879,613	984,511	1,089,934	1,195,883	1,302,363

REVENUES

We recommend a moderately conservative approach to forecasting revenues. After reviewing historical information, conservative assumptions should be made about dollar and percentage adjustments to the current year's revenues to arrive at projections for the first forecast year. The same analysis should be made for each successive year, and the forecast should be revised as new information becomes available or circumstances change.

We offer the following guidelines for the formulation of revenue assumptions:

- Confine projections of the property tax levy to the limits of Proposition 2½ (absent any overrides) and take into consideration consensus decisions regarding the community's level of excess levy capacity
- Factor the community's three-, five- and 10-year averages by property class and seek advice from the board of assessors for new growth projections
- Annually review the levy limit's relationship to the levy ceiling (2.5% of the community's real and personal property total value) to identify potential override capacity and to guard against the levy limit approaching or hitting the ceiling impacting future levy growth
- Correspond local aid projections with economic cycles
- Reflect trends in school choice, enrollments, tuition, and charter assessments for Chapter 70 educational aid
- Do not exceed 90 percent of the prior year's actual collections for local receipts estimates (e.g., motor vehicle excise, inspection fees, etc.) without firm evidence that higher revenues are achievable
- Reimburse the general fund for enterprise fund indirect costs
- Comply with financial policies to build and maintain reserves
- Do not project one-time revenues to fund ongoing or recurring operating expenditures
- Annually determine sustainability of grant funded programs

REVENUE SUMMARY

The Revenue summary worksheet data is drawn from the Tax Levy, Local Receipts, Offset Receipts, Available Funds, Enterprise, and Community Preservation Funds worksheets. To ensure the revenues for all fiscal years are accounted for, there are reference cells under the grand total line comparing

the calculated total (from above) to the tax recap total (input). The recap total is the only information directly entered to this worksheet.

Revenues Projections Worksheet

	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
PROPERTY TAX LEVY						
Levy Limit	19,498,443	20,245,904	21,012,052	21,797,353	22,602,287	23,427,344
Debt Exclusion(s)	818,277	673,739	538,443	517,105	485,705	443,743
Capital Expenditure Exclusion(s)	-	-	-	-	-	-
All Other Adjustment	-	-	-	-	-	-
Maximum Allowable Levy	20,316,720	20,919,643	21,550,495	22,314,458	23,087,992	23,871,087
LESS Excess Tax Levy Capacity	18,906	-	-	-	-	-
TOTAL Tax Levy	20,335,626	20,919,643	21,550,495	22,314,458	23,087,992	23,871,087
STATE AID CHERRY SHEET						
Education Aid	35,382	39,799	39,799	39,799	39,799	39,799
General Government Aid	760,213	803,834	820,406	837,360	854,705	872,451
Offsets	9,197	9,777	9,777	9,777	9,777	9,777
TOTAL Cherry Sheet	804,792	853,410	869,982	886,936	904,281	922,027
MSBA School Construction	-	-	-	-	-	-
ESTIMATED LOCAL and OFFSET RECEIPTS						
Estimated Receipts	1,964,836	1,972,556	1,980,314	1,988,112	1,995,948	2,003,824
Offset Receipts	-	-	-	-	-	-
TOTAL Estimated Local and Offset Receipts	1,964,836	1,972,556	1,980,314	1,988,112	1,995,948	2,003,824
AVAILABLE FUNDS/OTHER FINANCING						
Free Cash	1,280,500	520,000	-	-	-	-
Other Available Funds	64,300	-	-	-	-	-
TOTAL Available Funds	1,344,800	520,000	-	-	-	-
TOTAL GENERAL FUND REVENUES	24,450,054	24,265,609	24,400,791	25,189,506	25,988,221	26,796,938
ENTERPRISE FUNDS						
Water Fund	888,200	841,964	963,752	971,193	978,645	981,187
Water Retained Earnings	373,750	322,000	-	-	-	-
Other Available Funds	-	-	-	-	-	-
Sewer Fund	799,559	799,559	809,273	819,570	829,998	840,060
Sewer Retained Earnings	298,250	180,000	-	-	-	-
Other Available Funds	-	-	-	-	-	-
TOTAL ENTERPRISE REVENUES	2,359,759	2,143,523	1,773,025	1,790,763	1,808,643	1,821,247
CPA FUNDS						
Surcharge	420,250	183,580	183,580	183,580	183,580	183,580
State Match	161,526	-	-	-	-	-
Other Available Funds	494,055	-	-	-	-	-
TOTAL CPA REVENUES	1,075,831	183,580	183,580	183,580	183,580	183,580
GRAND TOTAL REVENUES	27,885,644	26,592,712	26,357,396	27,163,849	27,980,444	28,801,765
<i>Tax Recap Total</i>	27,885,644					
<i>Difference</i>	-					

TAX LEVY

The property tax levy is the revenue a community raises through real and personal property taxes, with year-to-year increases dictated by Proposition 2½. The annual growth in the tax levy limit increases automatically by 2.5% over the previous year's levy limit plus an allowance for new growth. A community may vote to increase its levy limit permanently through an override or temporarily through a debt exclusion or capital outlay exclusion.

Forecast Worksheet	Data	Source Information
Tax Levy	Levy Limit	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, Levy Limit worksheet ▪ DLS Gateway, Taxrate, Tax Rate Recap, page 1
	New Growth Dollars by Property Class	<ul style="list-style-type: none"> ▪ DLS, Gateway, Taxrate, LA-13 Tax Levy Base Growth ▪ Discussions with assessors ▪ DLS, Gateway, Taxrate, LA-13A Amended Tax Levy Base Growth
	Levy Ceiling	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, Levy Limit worksheet ▪ DLS Gateway, Taxrate, LA-4 Assessment/Classification
	Debt Exclusion	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, DE-1 Debt Exclusions ▪ Bank debt schedules of debt excluded purposes ▪ Reimbursement adjustments amortization schedule ▪ Discussions with treasurer and accountant
	Capital Exclusions	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, Levy Limit worksheet
	Overlay	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, Tax Rate Recap page 2 ▪ DLS Gateway, Taxrate, OL-1 Overlay

Using the identified source information and discussions with financial officers, the levy history and projections may be constructed. The levy limit and certified new growth history dating back to 2006 provide insight on activity as it relates to fiscal impacts of the economy, override history, and new growth trends.

Below is a copy of the Levy Limit worksheet identifying the components required to arrive at each year's levy limit. This information is reported in the Levy Limit section of the Levy worksheet. By entering the initial Prior Year Levy Limit (A) (FY2005 on the template), the 2.5% increase is calculated and carried forward for all subsequent years. After the first levy limit, the only other information needing input for this section is any amended growth information (A1, C1)) or override (D).

Levy Limit (From Tax Recap)**II. TO CALCULATE THE FY20__ LEVY LIMIT**

A. FY__ (prior year) Levy Limit from I.	18,653,622	
A1. ADD Amended FY__ (prior year) Growth	40,119	
B. ADD (IIA + IIA1)*2.5%	467,344	
C. ADD FY20__ New Growth	337,358	
C1. ADD FY20__ New Growth Adjustment	0	
D. ADD FY20__ Override	0	
E. ADD FY20__ Subtotal	19,498,443	
F. FY20__ Levy Ceiling	29,369,767	II 19,498,443 FY20__ Levy Limit

III. TO CALCULATE THE FY20__ MAXIMUM ALLOWABLE LEVY

A. FY20__ Levy Limit from II.	19,498,443
B. FY20__ Debt Exclusion(s)	1,085,023
C. FY20__ Capital Expenditure Exclusion(s)	0
D. FY20__ Stabilization Fund Override	0
E. FY20__ Other Adjustment	0
F. FY20__ Water/Sewer	0
G. FY20__ Maximum Allowable Levy	20,583,466

Proposition 2½ places two limits on a community, the levy limit and the levy ceiling, which is 2.5% of the community's real and personal property total value. The total taxable property value is found at the bottom of the Assessment/Classification form or LA-4 and page 1 of the Tax Rate Recap and entered in the Levy Ceiling section of the Levy worksheet. The levy ceiling and override capacity are automatically calculated, with the override capacity being the difference between the levy limit and levy ceiling. As each year's values are finalized, enter the total property value in the levy ceiling section of the Tax Levy worksheet.

If the levy limit is projected to be equal or exceed the levy ceiling, the Override Capacity will display a negative figure amount and "Over levy ceiling" will appear. This message will appear in subsequent years because the total taxable property value is updated and entered annually after DLS certifies the community's values. When the property value increases to the point that the levy ceiling is greater than the levy limit (levy ceiling * 2.5% > levy limit), the message will cease.

LA-4 Assessment/Classification Form

Property Type	Parcel Count	Class1 Residential	Class2 Open Space	Class3 Commercial	Class4 Industrial	Class5 Pers Prop
101	2,286	962,611,300				
102	165	50,471,700				
MISC 103, 109	16	6,541,600				
104	67	19,924,400				
105	14	4,041,000				
111-125	19	12,525,500				
130-32, 106	339	40,913,500				
200-231	0		0			
300-393	43			15,350,100		
400-442	37				9,298,800	
450-452	0				0	
CH 61 Land	8	5	0	27,538		
CH 61A Land	8	13	0	172,873		
CH 61B Land	11	23	0	2,001,956		
012-043	28	14,048,724	0	4,875,530	1,282,742	
501	81					1,988,490
502	41					2,040,150
53	0					0
504	3					10,260,910
505	7					3,004,500
506	1					10,883,600
508	4					736,820
550-552	1					1,788,930
TOTALS	3,220	1,111,077,724	0	22,427,997	10,581,542	30,703,400
Real and Personal Property Total Value						1,174,790,663
Exempt Parcel Count & Value					142	119,411,900

New growth represents additional value added to the property tax base from new construction or improvements to existing properties and other additions to the tax rolls. It can indicate whether or not the community is experiencing real estate development, and in turn, what to expect in terms of property tax growth. Conversely, it also can show what, if any, new expenditures to anticipate with new developments (e.g., additional school children, public infrastructure, etc.). Officials should consult with the building and planning departments about permits and proposed construction within the city or town and nearby communities that might impact this analysis.

Assessors must value all real and personal property within their community as of January 1st each year for the following fiscal year and should provide input to local officials on the trends and influences on new growth that they should consider. Because of these trends, it is useful to analyze

multiple time periods when making projections. Using the average dollar growth figures by property class or using different figures is a local decision.

Annually, one of the first steps in setting the tax rate is DLS approval the Tax Base Levy Growth or form LA-13, known simply as new growth approval. As depicted below, the Tax Levy Growth (column K), new growth dollars by property class, should be entered into the New Growth section of the Tax Levy worksheet for each fiscal year. The information will automatically update the New Growth line in the Levy Limit section.

LA-13 Tax Base Levy Growth Form (except – columns (A) thru (H) not shown)			
Property Class	(C) New Growth Valuation	(D) PY Tax Rate	(E) Tax Levy Growth
RESIDENTIAL			
SINGLE FAMILY (101)	9,737,600		
CONDOMINIUM (102)	6,063,100		
TWO & THREE FAMILY (104 & 105)	103,400		
MULTI - FAMILY (111-125)	0		
VACANT LAND (130-132 & 106)	1,272,360		
ALL OTHERS (103, 109, 012-018)	29,900		
TOTAL RESIDENTIAL	17,206,360	17.23	296,466
OPEN SPACE	0		
OPEN SPACE - CHAPTER 61, 61A, 61B	0		
TOTAL OPEN SPACE	0	0	0
COMMERCIAL	0		
COMMERCIAL - CHAPTER 61, 61A, 61B	0		
TOTAL COMMERCIAL	0	17.23	0
INDUSTRIAL	0	17.23	0
PERSONAL PROPERTY	2,373,296	17.23	40,892
TOTAL REAL & PERSONAL	19,579,656		337,358

To assist with new growth analysis, there are tables calculating the three-year, five-year, and ten-year certified new growth averages of at the bottom of the worksheet. Any spikes in these periods should be identified and noted for possible adjustments to the multiyear averages.

New Growth Averages

	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__
3-year average						
Residential	343,541					
Commercial/Industrial	439					
Personal Property	30,270					
Total	374,250					
5-year average						
Residential	248,304					
Commercial/Industrial	681					
Personal Property	23,083					
Total	272,068					
10-year average						
Residential	192,646					
Commercial/Industrial	3,339					
Personal Property	22,406					
Total	218,391					

Proposition 2½ allows a community to raise funds for certain purposes above the amount of its levy limit (or levy ceiling) by means of debt and capital exclusions based on voter-approved ballot purposes, thereby creating the maximum allowable levy. The annual debt service costs net of adjustments (i.e., reimbursements, excessive amounts raised in the prior year, and bond premiums applied) should be documented and entered on the Reimbursement/Adjustment line in the DE-1 Debt Exclusion section of the Tax Levy worksheet. With the gross excluded debt amounts that are automatically updated from the total section of the Debt worksheet, the resulting net excluded debt service will update the Debt Exclusion(s) line in the Levy Limit section. This amount must equal the amounts reported on form DE-1 as only the net debt service may be added to the tax levy.

DE-1 Debt Exclusion

	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__
GF Gross Excluded Debt Service	605,078	497,088	122,420	122,615	108,931	109,369
RSD Gross Excluded Debt Service	480,381	458,951	436,000	414,000	382,000	340,000
Reimbursement/Adjustments	(436)	(425)	-	-	-	-
NET Excluded Debt Service	1,085,023	955,614	558,420	536,615	490,931	449,369

Note: Bond premiums applied are classified as receipts reserved for appropriation that are allocated based on an amortization schedule, appropriated annually by the legislative body, and reported on forms DE-1 and B-2 (Other Funds). For additional information, see DLS Informational Guideline Release 17-22: [Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt](#).

To analyze prospective debt exclusions, the community should obtain a preliminary annual debt payment schedule based on reasonable annual interest cost and principal amounts from its financial advisor. [Financial Calculators](#) are available on the DLS website to provide what-if scenarios.

Historical capital outlay expenditure exclusions, or excluded funds for specific capital project costs, are found on the tax recap Levy Limit sheet and entered with the debt exclusion information in the Levy Limit section of the Tax Levy worksheet. All planned or projected capital outlay amounts to be raised in the levy must be offset by a one-time purpose for which they are authorized. In the forecast template, these amounts should be added to the CIP worksheet and included on the Expenditure worksheet.

Likewise, historical exclusion information for a stabilization fund override, water/sewer project, or other adjustment are also found on the tax recap Levy Limit and entered into same portion of the Tax Levy worksheet. Like the debt exclusion section that links to the appropriate debt issuances, a section should be added in the debt worksheet to capture historical and prospective information that may be linked directly to the Tax Levy worksheet for these exclusions. Update the current stabilization override each year when policymakers vote the amount and use historical practices and written policy to establish the projected amounts.

The Levy Limit worksheet below highlights the maximum allowable levy - the previously calculated levy limit plus any voter approved exclusions or adjustments.

Levy Limit (From Tax Recap)**II. TO CALCULATE THE FY20__ LEVY LIMIT**

A. FY__ (prior year) Levy Limit from I.	18,653,622	
A1. ADD Amended FY__ (prior year) Growth	40,119	
B. ADD (IIA + IIA1)*2.5%	467,344	
C. ADD FY20__ New Growth	337,358	
C1. ADD FY20__ New Growth Adjustment	0	
D. ADD FY20__ Override	0	
E. ADD FY20__ Subtotal	19,498,443	
F. FY20__ Levy Ceiling	29,369,767	II 19,498,443 FY20__ Levy Limit

III. TO CALCULATE THE FY20__ MAXIMUM ALLOWABLE LEVY

A. FY20__ Levy Limit from II.	19,498,443
B. FY20__ Debt Exclusion(s)	1,085,023
C. FY20__ Capital Expenditure Exclusion(s)	0
D. FY20__ Stabilization Fund Override	0
E. FY20__ Other Adjustment	0
F. FY20__ Water/Sewer	0
G. FY20__ Maximum Allowable Levy	20,583,466

Until DLS approves the community's tax recap, the projected levy is set equal to the maximum allowable levy limit. After approval, the actual dollar levy amount to be raised as reported on page 1 of the Tax Rate Recap should be entered in the Total Levy line in the appropriate fiscal year column. The difference between the maximum allowable levy and the total levy, or excess levy capacity is automatically calculated. This is verified against the LA-5 Certification.

LA-5 Certification

Public Hearing Notice published on: Date 11/01/20__ Time 9:00 AM at Town Hall, Main Street by Public Notice

Public Hearing Held on: Date 11/15/20__ Time 6:00 PM at Town Hall, Main Street Adopted on Date 11/15/20__

The LA-5 excess capacity for the current fiscal year is calculated as 247,839.63 The LA-5 excess capacity for the prior fiscal year is calculated as 3,113.88

As described in the sections above, and based on the levy history, levy projections are calculated on the Tax Levy worksheet as shown on the following page.

Tax Levy Limit / Excess Capacity / New Growth Worksheet

	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
LEVY LIMIT						
Prior Year Tax Levy Limit	18,653,622	19,498,443	20,245,904	21,012,052	21,797,353	22,602,287
Amended Prior Growth	40,119	-	-	-	-	-
Proposition 2.5% Increase	467,344	487,461	506,148	525,301	544,934	565,057
New Growth	337,358	260,000	260,000	260,000	260,000	260,000
Override	-	-	-	-	-	-
SUB-TOTAL Levy Limit	19,498,443	20,245,904	21,012,052	21,797,353	22,602,287	23,427,344
Debt Exclusion(s)	1,085,023	955,614	558,420	536,615	490,931	449,369
Capital Exclusion(s)	-	-	-	-	-	-
Stabilization Fund Override	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-
Water/Sewer	-	-	-	-	-	-
TOTAL Maximum Allowable Tax Levy	20,583,466	21,201,518	21,570,472	22,333,968	23,093,218	23,876,713
<i>Year-to-year percentage change</i>	<i>4.0%</i>	<i>3.0%</i>	<i>1.7%</i>	<i>3.5%</i>	<i>3.4%</i>	<i>3.4%</i>
Excess Levy Capacity	(247,840)	-	-	-	-	-
TOTAL Levy (Approved by DLS)	20,335,626					
<i>Year-to-year percentage change</i>	<i>2.8%</i>	<i>(100.0%)</i>				
LEVY CEILING						
Total Taxable Property Value	1,174,790,663	1,235,810,306	-	-	-	-
Levy Ceiling	29,369,767	30,895,258	-	-	-	-
Override Capacity	9,871,324	10,649,354	(21,012,052)	(21,797,353)	(22,602,287)	(23,427,344)
NEW GROWTH						
Residential	296,466	250,000	250,000	250,000	250,000	250,000
Commercial (C)	-	-	-	-	-	-
Industrial (I)	-	-	-	-	-	-
Personal Property (P)	40,892	10,000	10,000	10,000	10,000	10,000
TOTAL New Growth	337,358	260,000	260,000	260,000	260,000	260,000
<i>Year-to-year percentage change</i>	<i>(7.8%)</i>	<i>(22.9%)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

To complete the levy picture, the amount raised annually for overlay raised is also included on the Tax Levy worksheet. The overlay information is found on the Overlay form or OL-1, along with page 2 (line IId) of the Tax Rate Recap. Because overlay is amount required to be raised, or an expenditure, the OL-1 is discussed in the Other Amounts to be Raised of the Expenditure section.

When filling in the historical tax levy information from Gateway, it is recommended that it is entered for all fiscal years in the following order.

- 1) Levy Ceiling
- 2) New Growth
- 3) Excluded Debt Service (Debt tab) and DE-1 Reimbursements/Adjustments (Tax Levy tab) simultaneously, and
- 4) Overlay Reserve (Recap p. 2 IId) and Total Levy-Approved by DLS (Recap p. 2 IVc) simultaneously.

The final step is to compare the resulting forecast Levy Limit against the Gateway figures, entering the FY2005 levy limit in cell C7, and then Amended Growth, Overrides, Capital Exclusions, and other adjustments where necessary.

STATE AID

State aid is the combination of program revenues and reimbursements a community receives from the state as reported on the cherry sheet, which is the official notification from DLS of estimated aid to be paid and charges to be assessed. The many distribution and reimbursement programs past and present are listed for historical purposes and the cells are linked to the Revenue summary page. As previously stated, the worksheet is designed to accommodate all program line items. Non-applicable line items should be hidden for ease of use, **not deleted**.

Forecast Worksheet	Data	Source Information
State Aid	Cherry sheets	<ul style="list-style-type: none"> FY06-FY09 cherry sheet figures are found under <i>Historical Cherry Sheet</i> heading, selecting the fiscal year and community by name For FY2011 to date, select the <i>Trends in Municipal Cherry Sheet Aid</i> worksheet and use the drop down menu to select the community name
	Property Tax Reimbursements	<ul style="list-style-type: none"> DLS, Gateway, Misc Forms, MDM-1 Discussions with assessors
	Net School Spending	<ul style="list-style-type: none"> <i>Chapter 70 Program</i>, fiscal year Chapter 70 Aid and Net School Spending Requirements, <i>Complete Formula spreadsheet</i> <ul style="list-style-type: none"> Regional Allocation tab Summary tab Obtain the End of Year (EOY) report approved by DESE Compliance with Net School Spending Requirements https://www.doe.mass.edu/finance/chapter70/compliance.html
	Choice Receiving Tuition	<ul style="list-style-type: none"> School Choice, FY School Choice Tuition <i>spreadsheet</i>

Aid proposals begin with the Governor's budget to the legislature in late January and continue through the spring and into June, when the House and Senate approve the final budget. The state budget progress, reflecting each aid proposal and the final aid amounts, can be found on the DLS Municipal Databank/Local Aid Section's webpage under preliminary cherry sheet estimates. As estimated revenues change for the ensuing fiscal year, the new amounts should be monitored and once final, entered into the State Aid worksheet. As it is best to take a more conservative approach

for all aid categories until the final budget is adopted, care should be taken as the different legislative proposals are published during the state budget process. Historical summary data is available under trends in cherry sheet aid.

General Government Aid

Noneducational state aid accounts include Unrestricted General Government Aid (UGGA), regional library aid, veterans benefits, certain local property exemptions, and state-owned land. Distributed to communities based on equalized property valuation (EQV) and population, UGGA provides general purpose assistance. When projecting UGGA, consider the recent history and current state budget environment, using a conservative percentage change to not over-anticipate this funding source. Adjust the forecast and potentially the forecast amounts when the final state budget is adopted.

Reimbursement for veteran's benefits is 75% of the amounts spent for allowable financial, medical, and burial benefits in the previous fiscal year. Property tax exemptions granted by the community are fully reimbursed. Revenues lost due to tax-exempt, state-owned land are reimbursed based on the community's state-owned land value compared to the value of all state-owned land, with the values adjusted every two years. Because each of these categories is based on the community's actual experience, the aid amounts can be somewhat predictable. As for offset receipts reserved for direct expenditure, the projected revenue and corresponding appropriation are generally level funded in the forecast.

Education Aid

Chapter 70: Using complex formulas, the Department of Elementary and Secondary Education (DESE) annually determines the total school foundation budget, minimum local contributions, and allocation of foundation budget between local and regional school districts. DESE then calculates the distribution of Chapter 70 educational aid and determines required net school spending (NSS) amounts. A community's required local contribution is a historical figure that takes into account an estimate of the percentage change in revenue growth (municipal revenue growth factor, or MRGF), enrollment trends, and inflation levels from the previous year. Officials should review historical trends in these areas to use as a benchmark for forecasting purposes. Communities that are full members of a regional school district will not receive Chapter 70 aid as the aid is provided directly to the district.

Although Chapter 70 aid amounts are reported on the cherry sheet, we suggest that the local officials familiarize themselves with the actual calculation. Therefore, an additional NSS worksheet to analyze local school district finances and detail the DESE calculations that demonstrate spending

expectations, required local contributions, and resulting state aid is provided. Because this worksheet is supplemental to the cherry sheet data, it is not linked to any other worksheet in this forecast.

Information about educational program funding and charges needed to complete the additional worksheet is found on the Department of Elementary and Secondary Education (DESE) website, <http://www.doe.mass.edu/>. Under the Administration and Finance, Chapter 70 Program heading are data (Excel workbooks) and reports on Chapter 70 funding, NSS requirements, and enrollment data.

For any given year, under the Chapter 70 Aid and Net School Spending Requirements heading, chose a year then select the *complete formula spreadsheet* to see detailed calculations of foundation enrollment, foundation budget, Chapter 70 aid, and required local contributions for each school district. In the Index tab, select the school district name. From the Regional Allocation tab, total foundation budget, total local contribution, foundation enrollment, and allocation of foundation budget are found.

Complete Formula Spreadsheet: Regional Allocation Tab

Community	Community	Region 1	Region 2	Combined Total for All Districts
<u>Prior Year Data (for comparison purposes)</u>				
1 FY__ (prior) foundation enrollment	178	113		291
2 FY__ (prior) foundation budget	1,888,347	1,194,457		3,082,804
3 Each district's share of municipality's combined FY__ (prior) foundation	61.25%	38.75%		100.00%
4 FY__ (prior) required contribution	1,281,224	810,427		2,091,651
<u>FY__ apportionment of contribution among community's districts</u>				
5 FY__ total unapportioned required contribution ('municipal contribution' sheet row 19 or 25)				0
6 FY__ foundation enrollment	170	120		290
7 FY__ foundation budget	1,873,208	1,323,103		3,196,311
8 Each district's share of municipality's total FY__ foundation	58.61%	41.39%		100.00%
9 FY__ Required Contribution	1,214,531	857,860		2,072,391
10 Change FY__ to FY__ (prior) (9 - 4)	(66,693)	47,433		(19,260)

The foundation aid and required NSS calculations are found on the Summary tab. Note that when using the NSS worksheet in the forecast to calculate foundation aid, any community adjustments to minimum aid, non-operating district reduction, additional incremental aid, or transitional relief need to be factored to agree with the DESE calculation and cherry sheet amount. If the current year foundation aid is less than the previous year aid, the community will receive a dollar per pupil increase in foundation, designated as minimum aid.

Complete Formula Spreadsheet: Summary Tab

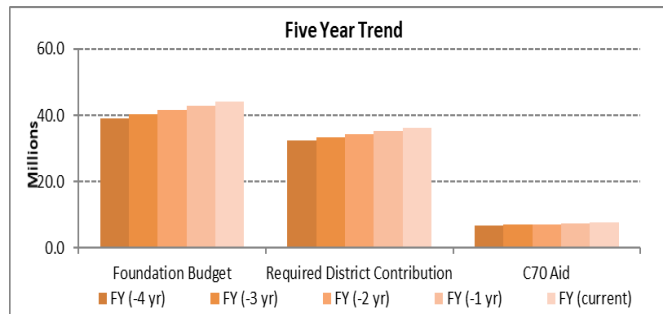
FY__ Chapter 70 Summary

Aid Calculation FY (current)

Prior Year Aid	
1 Chapter 70 FY(prior)	608,437
Foundation Aid	
2 Foundation budget FY (current)	1,873,208
3 Required district contribution FY (current)	1,214,531
4 Foundation aid (2 -3)	658,677
5 Increase over FY19 (4 - 1)	50,240
Minimum Aid	
6 Minimum \$30 per pupil increase	0
7 Minimum aid amount	0
(if line 6 - line 5 > 0, then line 6 - line 5, otherwise 0)	
Minimum Aid Adjustment	
9 Minimum aid adjustment	0
10 Aid adjustment increment	0
(if line 9 - line 8 > 0, then line 9 - line 8, otherwise 0)	
Non-Operating District Reduction to Foundation	
11 Reduction to foundation	0
FY (current) Chapter 70 Aid	
Sum of line 1, 5, 7, 10 minus 11	658,677

Comparison to FY (prior)

	FY (prior)	FY (current)	Change	Pct Chg
Enrollment	178	170	(8)	-4.49%
Foundation budget	1,888,347	1,873,208	(15,139)	-0.80%
Required district contribution	1,281,224	1,214,531	(66,693)	-5.21%
Chapter 70 aid	608,437	658,677	50,240	8.26%
Required net school spending (NSS)	1,889,661	1,873,208	(16,453)	-0.87%
Target aid share	32.15%	35.16%		
C70 % of foundation	32.22%	35.16%		
Required NSS % of foundation	100.07%	100.00%		



Charter Tuition Reimbursement: Charter tuition aid reimburses sending districts a portion of the costs associated with pupils attending charter schools based on projected upcoming school year enrollment and tuition rates using data collected each year from charter schools. There are two programs that directly offset this tuition: transition aid and facilities aid.

The reimbursement formula for transitional aid to districts is 100% of any tuition increase in the first year, 60% in the second year, and 40% in the third year. The [Student Opportunity Act](#) requires 75% of the total state obligation to be funded in FY2021, 90% in FY2022, and 100% in FY2023 and subsequent years. Because charter schools are not eligible for state financing for school construction, facilities aid offsets the entire cost of facilities tuition, simulating the direct aid districts receive from the state's School Building Authority for capital projects. Unlike transition aid, facilities aid is not formula based. The aid is a one to one reimbursement of the districts per pupil facilities tuition, which is currently \$938 per pupil. Due to recent changes to the charter tuition reimbursement calculation, officials should monitor DESE's Tuition, Reimbursements and Enrollment reports (updated twice each year after the initial projection), confer with school business administrators, and conservatively estimate future reimbursements.

School Choice Receiving Tuition: if the community receives students through the Inter-District School Choice program, the state distributes funds to receiving districts from school choice tuition assessed against sending districts. Because these students are not included in the foundation budget or counted in the enrollment, tuition received cannot be used to meet NSS requirements. The community deposits the funds into a school choice revolving fund that is available for expenditure by the school committee without further appropriation. Generally, a forecast would level fund this revenue source.

[Inter-District School Choice](#) program and [Charter School](#) finance information is also available on the DESE website under Administration and Finance, Inter-District School Choice.

Historical state aid figures from the cherry sheets are entered in the State Aid worksheet. Projected years are based on the forecast projection percent cell at the end of each row.

State Aid Worksheet – State Aid						
	FY20__ Final Est	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
STATE AID						
Chapter 70 Education Aid	35,382	39,799	39,799	39,799	39,799	39,799
School Transportation	-	-	-	-	-	-
Charter Tuition Reimbursement	-	-	-	-	-	-
Smart Growth School Reimbursement	-	-	-	-	-	-
School Lunch (offset)						
School Choice Receiving Tuition (Offset)	-	-	-	-	-	-
Unrestricted General Government Aid	550,495	565,358	579,492	593,979	608,829	624,049
Local Share pf Racing Taxes	-	-	-	-	-	-
Regional Public Libraries	-	-	-	-	-	-
Police Career Incentive						
Urban Revitalization	-	-	-	-	-	-
Veterans Benefits	13,372	16,004	16,004	16,004	16,004	16,004
Exemptions VBS and Elderly	21,673	21,334	21,761	22,196	22,640	23,093
State Owned Land	174,673	201,138	203,149	205,181	207,233	209,305
Public Libraries (offset)	9,197	9,777	9,777	9,777	9,777	9,777
TOTAL Cherry Sheet Receipts	804,792	853,410	869,982	886,936	904,281	922,027
<i>Year-to-year percentage change</i>	4.7%	6.0%	1.9%	1.9%	2.0%	2.0%

LOCAL AND OFFSET RECEIPTS

Local receipts are locally generated revenues other than real and personal property taxes. Local receipts include motor vehicle and other excises, penalties and interest, investment income, fees, and charges. Offset receipts, which are not included in local receipts and are permitted by local option ([M.G.L. c. 44, § 53E](#)), allows a particular department's estimated receipts to be earmarked for the department's use and appropriated to offset its annual operating budget.

Forecast Worksheet	Data	Source Information
Local Receipts	Local Receipts Not Allocated	<ul style="list-style-type: none"> DLS Gateway, Taxrate, Tax Rate Recap, page 3 Discussions with department heads, accountant, and treasurer
Offset Receipts	Offset Receipts	<ul style="list-style-type: none"> DLS Gateway, Taxrate, Offset Receipts Form A-1 Discussions with department heads, accountant, and treasurer

Local receipts generally reflect the health of the local economy and can significantly impact free cash. They also affect the MRGF calculation, which can trigger an increase in the NSS requirement. For these reasons, all receipts are generally conservatively projected with a target of no more than 90% of the previous year actual revenue.

Both prior year actual receipts and current year estimated receipts information is found on page 3 of the Tax Rate Recap. Receipts that are included in the MRGF calculation are noted with an arrow (→) in the first column. Offset receipts are reported in the same manner (prior year actual and current year estimated) and are found on form A-1.

Tax Recap Estimated Receipts			
Receipt Type Description		(a) Prior FY Actual Receipts	(b) Current FY Estimated Receipts
→	1 MOTOR VEHICLE EXCISE	1,294,655	1,050,000
	2 OTHER EXCISE		0
→	a. Meals	0	0
→	b. Room	0	0
→	c. Other	0	0
→	d. Cannabis	0	0
→	3 PENALTIES AND INTEREST ON TAXES AND EXCISES	229,450	115,000
→	4 PAYMENTS IN LIEU OF TAXES	209	186
	5 CHARGES FOR SERVICES - WATER	0	0
	6 CHARGES FOR SERVICES - SEWER	0	0
	7 CHARGES FOR SERVICES - HOSPITAL	0	0
	8 CHARGES FOR SERVICES - SOLID WASTE FEES	0	0
	9 OTHER CHARGES FOR SERVICES	0	0
	10 FEES	137,813	114,214
	a. Cannabis Impact Fee	0	0
	b. Community Impact Fee Short Term Rentals	0	0
	11 RENTALS	0	0
	12 DEPARTMENTAL REVENUE - SCHOOLS	0	0
	13 DEPARTMENTAL REVENUE - LIBRARIES	0	0
	14 DEPARTMENTAL REVENUE - CEMETERIES	0	0
	15 DEPARTMENTAL REVENUE - RECREATION	0	0
	16 OTHER DEPARTMENTAL REVENUE	498,434	494,000
	17 LICENSES AND PERMITS	247,765	150,000
	18 SPECIAL ASSESSMENTS	0	0
→	19 FINES AND FORFEITS	37,385	31,000
→	20 INVESTMENT INCOME	12,660	10,000
→	21 MEDICAID REIMBURSEMENT	0	0
→	22 MISCELLANEOUS RECURRING (UPLOAD REQUIRED)	0	436
	23 MISCELLANEOUS NON-RECURRING (UPLOAD REQUIRED)	25,600	0
	24 TOTALS	2,483,971	1,964,836
→	Written documentation should be submitted to support increases/ decreases between fiscal years to be used in calculating the Municipal Revenue Growth Factor (MRGF).		

Enter the historical local receipt budget and actual figures from the recap in the Local Receipts worksheet and if applicable the Offset Receipts worksheet. Projected years are based on the forecast projection percent cell at the end of each row.

Local Receipts Worksheet (excerpt)

Budgeted	FY20__ Budget Yr-2	FY20__ Budget Yr-1	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
1. Motor Vehicle Excise	1,060,000	1,050,000	1,050,000	1,055,250	1,060,526	1,065,829	1,071,158	1,076,514
2a. Meals Excise	-	-	-	-	-	-	-	-
2b. Room Excise	-	-	-	-	-	-	-	-
2c. Other Excise-Boat	-	-	-	-	-	-	-	-
2d. Cannabis	-	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Ex	116,250	115,000	115,000	115,000	115,000	115,000	115,000	115,000
4. Payment In Lieu of Taxes	186	186	186	186	186	186	186	186
22. Misc. Recurring	-	-	436	436	436	436	436	436
23. Misc. Non-Recurring	-	-	-	-	-	-	-	-
TOTAL Local Receipts-Budget	1,961,286	1,964,836	1,964,836	1,972,556	1,980,314	1,988,112	1,995,948	2,003,824
Percent of Previous Year Actual	83.2%	79.9%	79.1%					
Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual
1. Motor Vehicle Excise	1,257,326	1,294,655	-	-	-	-	-	-
2a. Meals Excise	-	-	-	-	-	-	-	-
2b. Room Excise	-	-	-	-	-	-	-	-
2c. Other Excise-Boat	-	-	-	-	-	-	-	-
2d. Cannabis	-	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Ex	142,517	229,450	-	-	-	-	-	-
22. Misc. Recurring	-	-	-	-	-	-	-	-
23. Misc. Non-Recurring	62,762	25,600	-	-	-	-	-	-
TOTAL Local Receipts-Actual	2,457,885	2,483,971	-	-	-	-	-	-
Difference: Actual over Budget	496,599	519,135						
Percent of Over Actual	25.3%	26.4%						

Note: Not all rows from the forecast are shown above (2c. through 21)

Offset Receipts Worksheet (excerpt)

Budgeted	FY20__ Budget Yr-2	FY20__ Budget Yr-1	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
1 Water	-	-	-	-	-	-	-	-
2 Sewer	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
TOTAL Offset Receipts-Budget	-	-	-	-	-	-	-	-
Percent of Previous Year Actual								
Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual	FY20__ Actual
1 Water	-	-	-	-	-	-	-	-
2 Sewer	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
TOTAL Offset Receipts-Actual	-	-	-	-	-	-	-	-
Difference: Actual over Budget								
Percent of Over Actual								

AVAILABLE FUNDS/OTHER FINANCING SOURCES

Aside from locally generated revenues and state aid, a community may be able to draw on other funding sources. These can include appropriations of reserves, such as available free cash and stabilization funds, as well as other recurring or nonrecurring sources of revenue and special revenue sources, for instance overlay surplus and receipts reserved for appropriation.

Forecast Worksheet	Data	Source Information
Available Funds	Available funds & balances	<ul style="list-style-type: none">▪ Balance sheet▪ DLS Gateway, Taxrate, Free Cash Form B-1▪ DLS Gateway, Taxrate, Other Funds Form B-2▪ DLS Gateway, Taxrate, Tax Rate Recap page 4▪ Discussions with accountant and treasurer▪ Certified legislative body meeting votes from municipal clerk

Communities primarily maintain reserves to have budgetary flexibility for unexpected events, significant disruptions in revenue-expenditure patterns, and to provide a source of available funds for future capital expenditures. Not recommended but sometimes necessary, a community may appropriate from reserves to fund some portion of the current operating budget, in effect using one-time revenue. As a best practice, the community should avoid using free cash, stabilization funds, or any other nonrecurring revenue to support the operating budget, reduce the tax rate, or pay any recurring expenditures.

Free Cash

A community's free cash represents the amount of unrestricted funds available for appropriation that have been certified by DLS as of July 1. After certification, it may be used for the current or ensuing fiscal years and is reported on the B-1 Free Cash form, which ties to the amounts reported on page 4 (column (c)) of the respective fiscal year Tax Rate Recaps. Legislative meeting minutes or the accounting officer can provide details of the free cash appropriation purposes. Each appropriation should be reviewed and identified for the purpose: prior-year expenses, transfers to stabilization, another reserve(s), OPEB trust funds, other special purpose, capital expenditures, current operating expenses, or tax rate reduction.

Because there is no guarantee a community will have future free cash, it should not be projected. Once free cash is certified as available, the forecast may be updated.

B-1 Free Cash**PART I**

1	7/1/20__ (prior year) Free Cash Certification	1,407,901.00	Date Certified 10/19/20__
	ADD:		
2	Free Cash Update Part I	0.00	
	TOTAL	1,407,901.00	
	Subtract Free Cash Appropriated From This Certification		
3	FY 20__ (prior year) Recap	410,750.00	
4	FY 20__ Recap (check to Recap page 4, column c)	370,500.00	
5	FY 20__ Recap appropriated on or before June 30th to reduce the tax rate	0.00	To Recap pg 2 Part IIId 1a
	Balance of Unappropriated Free Cash Part I	626,651.00	

PART II

1	7/1/20__ Free Cash Certification	2,188,358.00	Date Certified 10/20/20__
	ADD:		
2	Free Cash Update Part II		
	TOTAL	2,188,358.00	
	Subtract Free Cash Appropriated From This Certification		
3	FY 20__ Recap (check to Recap page 4, column c)	910,000.00	
4	FY 20__ Recap appropriated on or after July 1st to reduce the tax rate		To Recap pg 2 Part IIId 1b
	Balance of Unappropriated Free Cash Part II	1,278,358.00	

Other Available Funds

Other available funds include stabilization fund(s), receipts reserved for appropriation, bond premiums, overlay surplus, and other one-time revenues. By statute, these must be appropriated by the legislative body for purposes for which a community may expend funds and are reported on the form B-2.

B-2 Other Funds

Date of Appropriation	Source of Fund	Use of Fund	Col. A Amount in Fund When Approp. was Made	Col. B Amount of Appropriation
5/5/20__	Capital Stabilization	DPW-Truck with plow	2,435,124.62	34,750.00
5/5/20__	Capital Stabilization	Town hall windows	2,400,374.62	24,550.00
5/5/20__	Cemetery reserved	Update cemetery plaques	125,467.00	5,000.00
			TOTAL	64,300.00

(Must equal Recap page 4 column d)

Enter the historical use of free cash and other available funds from town meeting or council minutes and form B-2 into the Available Funds worksheet. These amounts tie to the amounts reported on

page 4 (column (d)) of the respective fiscal year Tax Rate Recaps. If it is the intent of the community to use stabilization fund balances in future years, enter the amount into the projection year. The appropriation will be subtracted from the projected balances located on the bottom of the worksheet to monitor available fund balances and ensure the funds are not depleted. (Appropriations to the fund are likewise added.) As with free cash, there should only be revenue projections of other financing sources if the anticipated appropriation is from an identifiable balance or recurring source of revenue.

A section of the Available Funds worksheet in the template is dedicated to six stabilization funds highlighted in purple. If the community has special stabilization funds, enter name into one of the number lines and hide any lines not needed. The purpose of segregating these funds is to record appropriations in and out of the funds to maintain a projected annual fund balance thus enabling policymakers to monitor the funds' availability. To assist with completing the Available Funds worksheet, use certified town meeting or council minutes and budgetary and Tax Recap page 4 documentation.

Available Funds Worksheet						
	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
Free Cash-Appropriated						
Prior Year Purposes	80,000	12,000	-	-	-	-
General Reserve Fund (Fin Com)	-	-	-	-	-	-
Snow & Ice	120,000	70,000	-	-	-	-
Stabilization Funds:						
General	500,000	100,000	-	-	-	-
Capital	-	-	-	-	-	-
Additional Stabilization	-	-	-	-	-	-
Current year purposes	-	13,000	-	-	-	-
Special Projects/CIP	580,500	325,000	-	-	-	-
OPEB Trust	-	-	-	-	-	-
Transfer to other reserve/fund	-	-	-	-	-	-
Other	-	-	-	-	-	-
Reduce Tax Rate	-	-	-	-	-	-
Total Free Cash Appropriated	1,280,500	520,000	-	-	-	-
From Other Available Funds						
Stabilization Funds:						
General	-	-	-	-	-	-
Capital	59,300	-	-	-	-	-
Additional Stabilization	-	-	-	-	-	-
Receipts Reserved for Appropriation	-	-	-	-	-	-
Overlay Surplus	-	-	-	-	-	-
Repurpose/rescind previous articles	-	-	-	-	-	-
Budgetary transfers	-	-	-	-	-	-
Chapter 90 (no longer appropriated after FY2017)	-	-	-	-	-	-
Other Funds	5,000	-	-	-	-	-
	-	-	-	-	-	-
Total Other Available Funds	64,300	-	-	-	-	-
TOTAL Available Funds	1,344,800	520,000	-	-	-	-

Note: A sample Tax Rate Recap page 4 from a supplemental Excel workbook is shown in the appendix. We encourage municipal clerks and accounting officials to use this tool to enter legislative body actions by article into page 4. Lines may be added to page 4 to record each action and mirror the worksheet. This workbook should then be uploaded in Gateway. Also included in the workbook and shown in the appendix is an impact analysis to assist the accounting official or budget officer with the drawdown of available funds during town or council meetings.

ENTERPRISE RECEIPTS AND RETAINED EARNINGS

An enterprise fund ([M.G.L. c. 44, § 53F½](#)) gives a community the flexibility to establish a separate accounting and financial reporting mechanism for a municipal service for which a fee is charged in exchange for goods or services.

Forecast Worksheet	Data	Source Information
Enterprise Funds	Estimated receipts	<ul style="list-style-type: none"> ▪ DLS Gateway, Taxrate, Enterprise Funds Form A-2 (An A-2 for each enterprise fund) ▪ Discussions with department head, accountant, and treasurer
	Retained earnings	<ul style="list-style-type: none"> ▪ Balance sheet

The given service's revenues and expenses are segregated into a fund with financial statements separate from the general fund. Consequently, the enterprise retains its year-end retained earnings, which must be certified by DLS to be available for appropriation. Because an enterprise fund is separate from the general fund, both the revenues and expenditures are both included in its own Enterprise Funds worksheet. The estimated receipts and retained earnings budgeted by fiscal year for each enterprise fund are taken from the A-2 form.

Enterprise Funds, Chapter 44, Section 53F½ Form A-2

	(a) FY 20__ (prior) Actual Revenues	(b) FY 20__ Est. Revenues
Enterprise revenues and available funds		
User charges	589,340.70	589,000.00
Other departmental revenue	637,511.77	296,400.00
Investment income	2,844.20	2,800.00
Total revenues	1,229,696.67	888,200.00
Retained earnings appropriated from July 1 (prior FY) Certification	-	272,000.00
Retained earnings appropriated from July 1 (current FY) Certification		101,750.00
Other enterprise available funds		
Total revenues and available funds	1,229,696.67	1,261,950.00

* Written documentation should be uploaded to support increases of estimated vs actual revenues

** Retained earnings must be certified by the Director of Accounts prior to appropriation

Enter the final budget amounts and prior year actuals as found on the A-2 form. As with free cash in the general fund, enterprise fund retained earnings should be not used as a revenue source for ongoing operations, rather for infrastructure and other capital expenses. The budgeted revenues should balance with the budgeted expenditures if it is the community's expectation for it to be self-supporting. If an enterprise is to be subsidized (generally by the general fund) provisions should be made in accordance with policy that documents the level, source, and calculation of the required subsidy. Further analysis will be required to project the revenue in both the subsidizing fund and the enterprise fund to build the forecast accordingly.

Enterprise Funds Worksheet (Revenue)

	FY20__ Budget Yr-1	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
1st Enterprise Revenues - Water							
User Charges	607,980	589,000	841,964	963,752	971,193	978,645	981,187
Other Revenue	318,170	299,200	-	-	-	-	-
TOTAL Water Revenue	926,150	888,200	841,964	963,752	971,193	978,645	981,187
Retained Earnings	150,000	373,750	322,000	-	-	-	-
Water Stabilization Fund	-	-	-	-	-	-	-
Other available funds	-	-	-	-	-	-	-
TOTAL Water Enterprise Revenues-Budget	1,076,150	1,261,950	1,163,964	963,752	971,193	978,645	981,187
Budget to Actual Revenues							
Receipts - Actual	1,229,697	-	-	-	-	-	-
Difference: Receipts Actual over Budget	303,547	(888,200)	(841,964)	(963,752)	(971,193)	(978,645)	(981,187)
Percent of Over Actual	32.8%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%

COMMUNITY PRESERVATION FUND

Communities may adopt the Community Preservation Act, as outlined in M.G.L. c. 44B, to establish a fund for open space protection, historic preservation, affordable housing, and outdoor recreation. Operating independently of the general fund, revenue sources for this fund are local property tax

surcharges up to three percent and annual matching distributions from the state trust fund established for this purpose. Trust fund receipts are primarily surcharges on real estate transactions at the Registry of Deeds. In the past, the trust fund has also received funding from state budget surpluses.

Due to the popularity of the program and increasing participation, the annual state match amount is uncertain. Therefore, communities should be conservative when estimating this revenue source.

Forecast Worksheet	Data	Source Information
Community Preservation Fund	Estimated receipts	<ul style="list-style-type: none"> DLS Gateway, Taxrate, Community Preservation Fund Form A-4 Discussions with accountant and treasurer
	Fund Reserves	<ul style="list-style-type: none"> Balance sheet
	State Match	<ul style="list-style-type: none"> Fiscal Year State CPA Match

Additional information and resources regarding the [Community Preservation Act](#) is found on the DLS website.

Community Preservation Fund, Chapter 44B Form A-4		(a) FY 20__ (prior) Actual Revenues	(b) FY 20__ Est. Revenues
1. Annual Revenues and other available Funds			
Surcharge		427,158.93	420,250.00
State trust fund distribution		127,046.00	161,526.00
Other (i.e. Interest, OFS appropriated to the fund-CH44B 3-b1/2)		32,849.37	-
1A. Total Annual Revenues		587,054.30	581,776.00
Fund reserves and/or balances voted at City/Town meetings(s)			494,054.51
Other			-
Total Revenues and Available Funds	(To Recap page 2, Part IIIB, Line 4)		1,075,830.51
2. Appropriations and Reservations			
Projects, Acquisitions, Debt service and Other			325,475.00
Administrative Expenses (5% or less of 1A - Total annual revenues)			15,000.00
Reservations (10% min of 1A - for each Reserve, if not voted within Appropriations)			168,579.51
Budgeted reserve to be appropriated			-
Prior Year Deficits			-
Total Appropriations and Reservations	(To Recap page 4, Col g)		509,054.51
3. Other (unappropriated, unreserved)	(To Recap page 2, Part IIIB, Line 8)		566,776.00
TOTAL Appropriations and Reservations and Other			1,075,830.51

Enter the final budget amounts and prior year actuals as found on the A-4 form. The budgeted revenues should balance with the budgeted expenditures.

Community Preservation Funds Worksheet (Revenue)

	FY20__ Budget Yr-1	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
Community Preservation Fund Revenue							
Surcharge	410,000	420,250	183,580	183,580	183,580	183,580	183,580
State Trust Fund Distribution	127,046	161,526	-	-	-	-	-
Other - Interest, OFS	-	-	-	-	-	-	-
TOTAL CPF Revenue	537,046	581,776	183,580	183,580	183,580	183,580	183,580
Fund Reserves or Balances voted at Town Meeting	456,426	494,055	-	-	-	-	-
Other Appropriated	-	-	-	-	-	-	-
TOTAL CPF Revenue-Budget	993,472	1,075,831	183,580	183,580	183,580	183,580	183,580
Budget to Actual Revenues							
Surcharge	427,159	-	-	-	-	-	-
State Trust Fund Distribution	127,046	-	-	-	-	-	-
Other - Interest, OFS	32,849	-	-	-	-	-	-
TOTAL CPF Revenue-Actual	587,054	-	-	-	-	-	-
Difference: Receipts Actual over Budget	50,008	(581,776)	(183,580)	(183,580)	(183,580)	(183,580)	(183,580)
Percent of Over Actual	9.3%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%

EXPENDITURES

Annually, policymakers must determine a well-defined budget approach for forecasting expenditures, either maintenance (level service), level funded, or one that adjusts expenditures by specified increase or decrease percentages (either across the board or by department).

A maintenance budget projects the costs needed to maintain the current staffing level and mix of services into the future. Negotiated collective bargaining cost increases, salary step increases, and longevity pay can all be projected to the year the contracts end. Possible personnel costs associated with future contracts should not be included because the purpose of the forecast is to determine what revenue is left after the maintenance budget is funded. Because of contractual obligations and the impact of inflation on expenses, a maintenance budget will almost always be greater than the prior year's appropriation.

A level-funded budget appropriates the same amount of money to each municipal department as in the prior year and is tantamount to a budget cut because inflation in mandated costs and other fixed expenses still must be covered.

As previously stated, the purpose of the forecast is to reasonably project revenues and expenditures, not to balance them. If there is a revenue gap, the annual budget process must bring them into balance. Otherwise, if there are surplus revenues, policymakers will determine potential uses (future personal, service, or capital spending), development of reserves, or lower property taxes.

We offer the following principles to guide the formulation of expenditure assumptions:

- The baseline for projections will be the current level of services
- Growth of operating expenses and employee benefits will be based on historical trends
- Only known increases due to a compensation plan or schedule for the salaries/wages of regular employees will be factored in the projections
- Potential cost-of-living adjustments to account for the impact of future contract settlements and compensation plan increases will be calculated on a separate worksheet of the forecast and tie back to the Summary worksheet
- Policymakers will work with the school committee(s) to receive timely, long-term estimates of district expenses
- Annual pension contributions and appropriations to amortize other postemployment benefit liabilities will be appropriated
- All existing debt service obligations will be included and adhere to the capital planning and debt management policies

EXPENDITURES SUMMARY

Budget expenditures are summarized in the Expenditures worksheet, which includes the municipal and education budgets, risk management, employee benefits, state and county charges, intergovernmental assessments, miscellaneous appropriations, and other amounts raised. Due to the level of detail necessary, a community's debt, capital improvements or one-time expenditures, and enterprise and community preservation funds are projected in separate worksheets and linked into this summary sheet.

Forecast Worksheet	Data	Source Information
Expenditures	Municipal departments	<ul style="list-style-type: none"> ▪ Budget to actual expenditure reports ▪ Collective bargaining agreement(s), if applicable ▪ Compensation plan, if applicable ▪ Multiyear contracts ▪ Intergovernmental assessment information
	Education	<ul style="list-style-type: none"> ▪ Local district budget to actual expenditure reports ▪ Regional district(s) assessment letter ▪ Chapter 70 Program, fiscal year Chapter 70 Aid and Net School Spending Requirements, <i>Complete Formula spreadsheet</i> <ul style="list-style-type: none"> ○ Regional Allocation tab ○ Summary tab

		<ul style="list-style-type: none"> Obtain the End of Year (EOY) report approved by DESE Compliance with Net School Spending Requirements https://www.doe.mass.edu/finance/chapter70/compliance.html
	Risk Management	<ul style="list-style-type: none"> Workers' and unemployment compensation policies Casualty, liability, auto, and property insurance coverage information
	Employee Benefits	<ul style="list-style-type: none"> Health insurance plan information Retirement system's biennial funding schedule and annual appropriation letters (PERAC) OPEB funding schedule
	State Assessments (State Aid Worksheet)	<ul style="list-style-type: none"> FY06-FY09 cherry sheet figures are found under Historical Cherry Sheet heading, selecting the fiscal year and community by name For FY2010 to date, select the Trends in Municipal Cherry Sheet Aid worksheet and use the drop down menu to select the community name Inter-District School Choice, FY Inter-District School Choice Tuition spreadsheet Charter Schools, Tuition, Reimbursements and Enrollment
	Intergovernmental Assessments	<ul style="list-style-type: none"> Regional agreements Funding schedules
	Miscellaneous	<ul style="list-style-type: none"> Actuarial and audit service contracts
	Other Amounts to be Raised (Cherry Sheet Offsets)	<ul style="list-style-type: none"> FY06-FY09 cherry sheet figures are found under Historical Cherry Sheet heading, selecting the fiscal year and community by name For FY2010 to date, select the Trends in Municipal Cherry Sheet Aid worksheet and use the drop down menu to select the community name DLS Gateway, Taxrate, Form OL-1 Discussions with assessors
	Other Financing Uses	<ul style="list-style-type: none"> DLS Gateway, Taxrate, Other Funds Form B-2 Town or council meeting minutes

Municipal Departments

In this forecast, departments are grouped by major categories consistent with community and state expenditure reporting (see the *Expenditures* worksheet). These include: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture and Recreation. Broken out separately are personal services, expenses, and capital outlay. Because the forecast does not need all the departmental detail of the budget and that information is generally available, it is often easier to link the operating budget to the Expenditure worksheet, for both the current budget year and for prior year expenditures. In this case, take caution to maintain any linked files in one folder on a single drive. Moving the files between drives can often result in broken or erroneous links.

Expenditure Worksheet

	FY20 Actual	FY20 Budget	FY20 Projected Yr1	FY20 Projected Yr2	FY20 Projected Yr3	FY20 Projected Yr4	FY20 Projected Yr5	Average % Change	Projection Percent
GENERAL GOVERNMENT									
Personal Services	588,580	608,724	608,724	608,724	608,724	608,724	608,724	2.52%	See Position Control Also see COLA
Expenses	347,763	497,618	507,570	517,721	528,075	538,637	549,410	12.20%	2.00%
Capital	-	-	-	-	-	-	-		2.00%
TOTAL General Government	936,344	1,106,342	1,116,294	1,126,445	1,136,799	1,147,361	1,158,134	5.98%	
PUBLIC SAFETY									
Police Personal Services	1,524,842	1,564,086	1,564,086	1,564,086	1,564,086	1,564,086	1,564,086	2.17%	See Position Control Also see COLA
Police Expenses	130,228	143,250	146,115	149,037	152,018	155,058	158,159	1.75%	2.00%
Police Capital Outlay	40,000	40,000	40,000	40,000	40,000	40,000	40,000	3.52%	0.00%
Total Police	1,695,071	1,747,336	1,750,201	1,753,123	1,756,104	1,759,144	1,762,245	2.15%	
Fire Personal Services	817,288	912,814	912,814	912,814	912,814	912,814	912,814	6.80%	See Position Control Also see COLA
Fire Expenses	172,326	192,105	195,947	199,866	203,863	207,940	212,099	10.35%	2.00%
Fire Capital Outlay	15,500	15,500	15,500	15,500	15,500	15,500	15,500	2.40%	0.00%
Total Fire	1,005,114	1,120,419	1,124,261	1,128,180	1,132,177	1,136,254	1,140,413	7.27%	
Other Public Safety Personal Services	388,300	334,597	334,597	334,597	334,597	334,597	334,597	-0.73%	See Position Control Also see COLA
Other Public Safety Expenses	128,402	151,022	154,042	157,123	160,265	163,470	166,739	10.56%	2.00%
Other Public Safety Capital Outlay	23,185	24,510	25,000	25,000	25,000	25,000	25,000	-4.66%	0.00%
Total Other Services	539,887	510,129	488,639	491,720	494,862	498,067	501,336	0.41%	
TOTAL Public Safety	3,240,071	3,377,884	3,363,101	3,373,023	3,383,143	3,393,465	3,403,994	3.30%	
EDUCATION									
School Committee Personal Services	-	2,250	2,250	2,250	2,250	2,250	2,250		0.00%
Regional District Expense	10,732,757	11,128,345	11,350,912	11,577,930	11,809,489	12,045,679	12,286,593	5.75%	2.00%
Regional District Capital Assessment	512,143	463,712	442,912	420,000	398,000	366,000	324,000	-12.80%	
Total Regional District	11,244,900	11,594,307	11,796,074	12,000,180	12,209,739	12,413,929	12,612,843	4.25%	
Vocational/Technical Expense	1,355,580	1,292,789	1,344,501	1,398,281	1,454,212	1,512,380	1,572,875	4.59%	4.00%
Vocational/Technical Capital Assessment	17,306	16,669	16,039	16,000	16,000	16,000	16,000	-5.05%	See Debt
Total Vocational/Technical	1,372,886	1,309,458	1,360,540	1,414,281	1,470,212	1,528,380	1,588,875	4.43%	
Other Education Expenses	-	-	-	-	-	-	-		0.00%
TOTAL Education	12,617,786	12,903,765	13,156,614	13,414,461	13,679,951	13,942,309	14,201,718	4.24%	

Personal Services: When factoring personal services projections, identify collective bargaining agreements, personal contracts, elected official stipends, and exempt/city or town wage and compensation plan employees. Review each document relative to the various municipal positions to identify increases (e.g., cost-of-living adjustment, step, longevity, and stipends) over the duration of the forecast. The community's bylaws or ordinances may also dictate how personal services increases are calculated. The expenditure worksheet of the forecast should reflect only provisions in effect.

Proposed changes in personnel costs are captured separately in the Cost-of-Living Adjustment (COLA) worksheet to provide policymakers with a tool to analyze future cost impacts. The COLA worksheet estimates the impact by contract or classification to be appropriated by the legislative body. By omitting personal service cost changes in the line-item projections, the forecast determines the remaining revenue available to fund any such adjustments.

To consider different scenarios, percentage increases can be entered for each year by employee class and bargaining unit to generate estimated impacts. Information entered in this worksheet is a high-level approximation that provides a reasonable number for forecasting. A more detailed analysis by employee is required to prepare the actual budget. A sample position control worksheet that provides the detail by employee to determine the actual cost of any contractual or personal services

schedule adjustment based on position, step, grade, longevity, stipends, or other compensation for the budget and more accurate forecasting is included in the forecast template and the appendix.

Enterprise fund projections are included in the COLA worksheet but not on the Summary sheet because the impact for a given fund would be offset by estimated receipts.

COLA Worksheet						
	FY20 Budget	FY20 Projected Yr1	FY20 Projected Yr2	FY20 Projected Yr3	FY20 Projected Yr4	FY20 Projected Yr5
		2.00%	2.00%	2.00%	2.00%	2.00%
Exempt/Compensation & Classification Plan Employees						
General Government	483,724	483,724	483,724	483,724	483,724	483,724
Public Safety	219,900	219,900	219,900	219,900	219,900	219,900
Public Works	75,300	75,300	75,300	75,300	75,300	75,300
Health and Human Services	258,653	258,653	258,653	258,653	258,653	258,653
Culture and Recreation	196,983	196,983	196,983	196,983	196,983	196,983
	-	-	-	-	-	-
Total Exempt/Compensation Plan	1,234,560	1,234,560	1,234,560	1,234,560	1,234,560	1,234,560
Financial Impact of COLA	-	24,691	49,876	75,565	101,767	128,494
Individual Employment Contracts						
Town Administrator/Manager	125,000	125,000	125,000	125,000	125,000	125,000
Police Chief	135,000	135,000	135,000	135,000	135,000	135,000
Fire Chief	135,000	135,000	135,000	135,000	135,000	135,000
	-	-	-	-	-	-
Total Employment Contracts	395,000	395,000	395,000	395,000	395,000	395,000
Financial Impact of COLA	-	7,900	15,958	24,177	32,561	41,112
		1.50%	1.50%	2.00%	2.00%	2.50%
Collective Bargaining Agreements						
Police	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Firefighters	727,000	727,000	727,000	727,000	727,000	727,000
Department of Public Works	389,472	389,472	389,472	389,472	389,472	389,472
Other	-	-	-	-	-	-
Total CBA	2,376,472	2,376,472	2,376,472	2,376,472	2,376,472	2,376,472
Financial Impact of COLA	-	35,647	71,829	120,795	170,740	234,420
Financial Impact of COLA - General Fund	-	68,238	137,663	220,537	305,068	404,026

Expenses: Historical expenditures may fluctuate greatly by department and require yearly examination for proper funding. When a community participates in regional or shared programs, annual assessments are charged to the members based on a formula or participation cost. Examples include regional planning, veterans programs, inspectional services, and health programs. The historical experience of each program should be reviewed when selecting the forecast percentage increases. The community may also have multiyear contractual agreements with known increases. A community may enter select projection increases as needed.

Capital Outlay: Departmental capital outlay are appropriations within the annual budget. They are routinely replaced items that have been historically included with the operating expenses. The departmental appropriations are meant to be expended in the year appropriated. Unspent appropriations should close at yearend.

Snow and Ice Budget: Because communities are permitted to deficit spend snow and ice accounts with the approval of the local chief administrative officer (mayor, select board or other under charter), this account's actual expenditures are often overlooked in the budget process. In conjunction with the public works director, the financial officers should look at historical spending trends with a goal of properly funding this item instead of needing to fund a shortfall with other available funds or using subsequent year resources for current year expenses.

Snow & Ice Worksheet												
	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__	FY20__
Original Appropriation	150,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	220,000	230,000	240,000
Actual Expenditure	363,130	281,475	204,488	350,912	106,245	247,814	341,008	381,913	209,970	342,970	343,580	291,342
Surplus/(Deficit)	(213,130)	(71,475)	5,512	(140,912)	103,755	(37,814)	(131,008)	(171,913)	30	(122,970)	(113,580)	(51,342)
Less:												
Supplemental appropriation	-	-	-	140,912	-	91,000	132,000	175,000	-	123,000	120,000	52,000
State reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
Federal reimbursement	-	-	-	-	-	52,676	-	-	-	-	-	-
Deficit raised in subsequent year	(213,130)	(71,475)	0	0	0	0	0	0	0	0	0	0
5-year Average		287,106	258,954	284,000	261,250	238,187	250,093	285,578	257,390	304,735	323,888	313,955
10-year Average							268,600	272,266	270,695	282,992	281,037	282,024

Education

Education expenditures include local school district, regional school districts, vocational and technical schools, and out-of-district assessments for students attending any school in which the community is not a member. As detailed in Revenues, DESE determines the community's annual required NSS amount, which is the sum of the Chapter 70 aid plus a required district contribution. The local school's combined municipal costs, local school committee appropriations, and projected inter-district school choice sending amounts must meet or exceed the projected NSS requirement.

For regional school districts, the costs may include an operating assessment and separate transportation and debt/capital assessments. The operating assessment consists of the required NSS amount determined by DESE for each district member and additional spending above the minimum as determined by each community's percentage share of the student enrollment for the prior October 1. When considering the projected increase for a regional school district, local officials should review historical increases and student enrollments. The apportionment of any debt/capital assessment, on the other hand, is determined by regional agreement. Please note that when regional

district debt is excluded, it is presented in the Debt worksheet (rather than with the operating assessment) and is linked to the debt exclusion row in the Tax Levy worksheet.

Annually, each school district prepares an End of Year (EOY) report for DESE, which details the district's direct and indirect spending for the year just concluded and budgeted figures for the ensuing year. This document is available upon request from DESE school finance and district support ([EOYR and District Spending Comparisons](#)) as a resource to understand district spending.

DESE EOY:				
	FY__ (prior) Budgeted Net School Spending Community XXXXX	School Committee	City or Town	Total
40	23. Administration (1000)	131,215	0	131,215
41	24. Instruction (2000)	1,632,733	0	1,632,733
42	25. Attendance-Health (3100, 3200)	71,390	0	71,390
43	26. Food Services (3400)	11,734		11,734
44	27. Athletics/Student Activities/ Security (3500,3600)	0	0	0
45	28. Maintenance (4000)	232,144	0	232,144
46	29. Employee Benefits (5100)	2,100	60,325	62,425
47	30. Insurance (5200)	0	371,178	371,178
48	31. Retired Employee Insurance (5250)	0	18,560	18,560
49	32. Rentals (5300)	0	0	0
50	33. Short Term Interest RAN's (5400)	0	0	0
51	34. Tuition (9000)	7,600	336,441	344,041
52	35. Total School Spending (23 through 34)	2,088,916	786,504	2,875,420
53	36. Revenues			
54	36a) FY20__ Budgeted School Revenues	0		0
55	36b) Projected FY20__ Charter Reimbursement (Local Districts)		14,935	14,935
56	36c) Subtotal, Net School Spending Revenues (36a+36b)	0	14,935	14,935
57				
58	37. Net School Spending (35 - 36)	2,088,916	771,569	2,860,485
59	38. FY20__ Required Net School Spending			1,889,661
60	39. Carry-Over Into FY20__ (21)			0
61	40. Total FY20__ Requirement (38 + 39)			1,889,661
62	41. Deficiency (40 - 37)			0

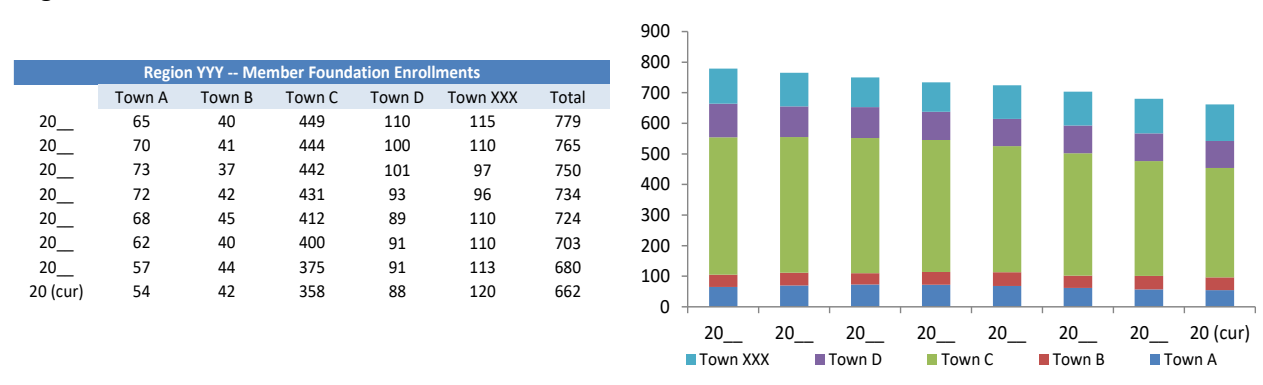
Similar to the data used for the Chapter 70 analysis, additional information for regional district spending requirements and population factors is available from DESE and the regional school district's budget to provide an understanding of the required and supplemental expenses for the individual community and the full regional, along with the region's change in enrollment the same period. A sample Regional School Share worksheet is included in the template to assist with the analysis of regional school spending.

Regional School District Expenditures

Region YYY								
Town XXX Share of Region YYY								
	Foundation Budget	Minimum Contribution (A)	Additional Contribution (B)	Transportation & Other Non-NSS (C)	Budgeted Operating Assessment (A+B+C)	Capital & Debt Assessment	Total Budgeted Assessments	Total Assessment Incr/(Decr)
FY20__	1,058,249	795,317	341,305	54,007	1,190,629	85,982	1,276,611	
FY20__	1,039,680	761,132	372,072	62,614	1,195,818	84,046	1,279,864	0.25%
FY20__	925,968	741,397	392,045	68,853	1,202,295	80,076	1,282,371	0.20%
FY20__	944,777	766,149	382,845	67,040	1,216,034	75,923	1,291,957	0.75%
FY20__	1,097,997	854,352	430,621	62,600	1,347,573	74,113	1,421,686	10.04%
FY20__	1,118,029	834,221	470,033	63,711	1,367,965	73,341	1,441,306	1.38%
FY20__	1,194,457	810,427	517,851	79,448	1,407,726	74,109	1,481,835	2.81%
FY20 (cur)	1,323,103	857,860	612,438	84,155	1,554,453	75,838	1,630,291	10.02%
5-yr change	\$397,135	\$116,463	\$220,393	\$15,302	\$352,158	(\$4,238)	\$347,920	

Region YYY (All Members)								
	Foundation Budget	Minimum Contribution (A)	Ch 70 (B)	Required Net School Spending (A+B)	Budgeted Net School Spending	Spending Above NSS	Required Local Contribution Incr/(Decr)	School Spending Incr/(Decr)
FY20__	7,159,285	4,518,959	3,114,108	7,633,067	9,997,042	31.0%		
FY20__	7,221,048	4,622,819	3,133,233	7,756,052	10,439,781	34.6%	2.30%	1.61%
FY20__	7,159,547	4,689,344	3,151,983	7,841,327	10,535,874	34.4%	1.44%	1.10%
FY20__	7,223,607	4,822,063	3,170,333	7,992,396	10,866,932	36.0%	2.83%	1.93%
FY20__	7,226,816	4,870,971	3,210,153	8,081,124	10,915,011	35.1%	1.01%	1.11%
FY20__	7,135,055	4,768,992	3,231,273	8,000,265	12,525,179	56.6%	-2.09%	-1.00%
FY20__	7,177,310	4,802,721	3,251,703	8,054,424	13,144,018	63.2%	0.71%	0.68%
FY20 (cur)	7,288,091	4,949,918	3,264,963	8,214,881	13,288,555	61.8%	3.06%	1.99%
5-yr change	\$128,544	\$260,574	\$112,980	\$373,554	\$2,752,681			

Regional School Foundation Enrollment



With all projections of education spending, be cognizant of what expenditures meet NSS and what do not (i.e., transportation, capital, and debt), regional enrollment shifts, and charter and choice tuition cost impacts. More information on school charter and choice costs is in the State Assessment section.

Risk Management

Risk management comprises the community's workers' and unemployment compensations, casualty and liability insurances, including police and fire accident insurances, property and auto coverage, and public official bonds. Based on historical fluctuations, claims history, and discussions with local officials, a reasonable projected increase should be determined.

Employee Benefits

Employee benefits include group health and life insurance, Medicare, retirement, and OPEB.

- Health and life Insurance: The community's health insurance expenses are based on the plan provider, the percentage of premiums paid by active and retired employees, and the number of employees and retirees enrolled. Officials should speak to their plan provider for rate change trends for projection percentages. Self-insured communities should seek guidance from their paid insurance consultant.
- Medicare: For all employees hired after April 1, 1986, a 1.45% Medicare tax is withheld from their paychecks and matching amounts paid by the community. With nonunion salary and wage increases subject to legislative action, the projected increase is tied to the increase granted each year. The forecast will need to be revised with any personnel cost changes.
- Retirement: The community should use the biennial funding schedule for its retirement system approved by the Public Employee Retirement Administration Commission ([PERAC](#)) and the annual appropriation letters. While officials should be cognizant of historical increases, the assumed rate of investment return, and market conditions when analyzing estimated projection increases, communities with their own retirement systems should use the funding schedule from the most recent actuarial valuation for projected appropriation amounts. Communities that are members of a county retirement system should seek input from the system administrator when estimating projections increases. As new valuations are completed and PERAC annual appropriation letters issued, these estimates should be updated.

Reserves and Miscellaneous

Reserves include the finance committee's or council's reserve funds and appropriations to other reserve funds such as stabilization and OPEB trust. The annual appropriation for the finance committee's reserve is often level-funded each year but should be reviewed. Please note that because the purpose of this reserve is to provide supplemental funding for unforeseen or unanticipated expenses, funds are transferred to the applicable line item and expended, therefore this account will always reflect zero dollars expended.

Miscellaneous appropriations include items that may not follow traditional projection rules, such as actuarial and audit contractual services or local assessments. An actuarial analysis of the OPEB obligation must be performed every two years. Audit services may be contracted on a one, two, or three-year basis. The current scheduled contract amounts should be entered into the forecast and updated when renegotiated.

State Assessments

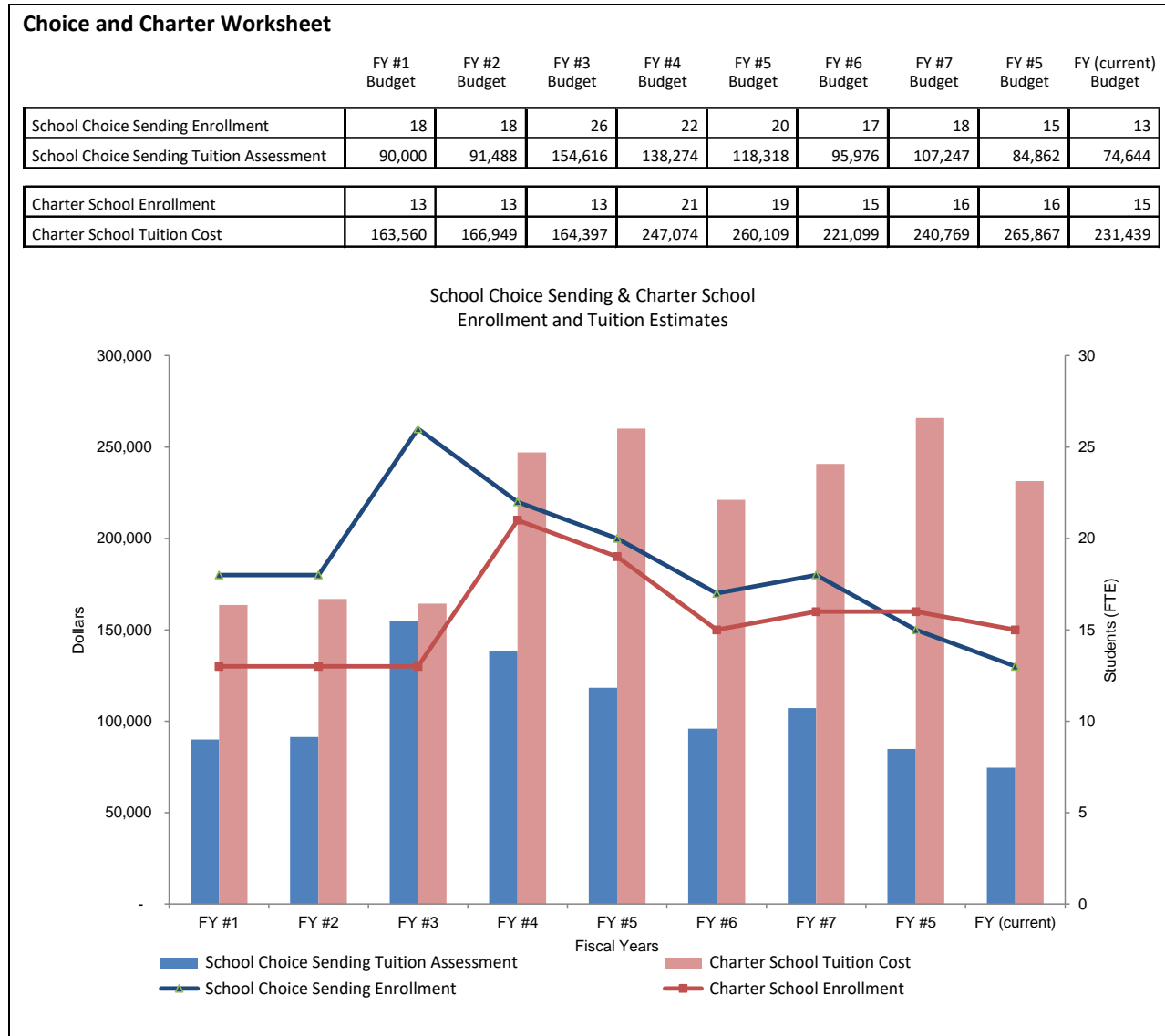
A community pays state assessments for participating in various state and regional programs reported on the cherry sheet. These include county assessments, state assessments and charges, transportation authority assessments, annual charges against receipts, and tuition assessments. For each program that the community participates in and is assessed for, officials should review the historical experience when selecting the projected percentage increase.

As with the state aid receipts, historical assessment figures from the cherry sheets are entered in the State Aid worksheet. Projected years are based on the forecast projection percent cell at the end of each row. The State Aid worksheet for assessments is linked in total to the state assessments section of the Expenditure worksheet. The template is designed to accommodate all assessment items and non-applicable items should be hidden for ease of use, **not deleted**.

State Aid Worksheet – State Assessments						
	FY20 Final Est	FY20 Projected Yr1	FY20 Projected Yr2	FY20 Projected Yr3	FY20 Projected Yr4	FY20 Projected Yr5
STATE ASSESSMENTS						
County Tax	-	-	-	-	-	-
Suffolk County Retirement	-	-	-	-	-	-
Essex County Regional Comm Center	-	-	-	-	-	-
Retired Employees Health Insurance	-	-	-	-	-	-
Retired Teachers Health Insurance	-	-	-	-	-	-
Mosquito Control	-	-	-	-	-	-
Air Pollution	2,399	2,484	2,509	2,534	2,559	2,585
Metropolitan Area Planning Council	-	-	-	-	-	-
Old Colony Planning Council	-	-	-	-	-	-
RMV Non-Renewal Surcharge	4,800	5,040	5,141	5,244	5,348	5,455
MBTA	51,604	52,887	53,680	54,486	55,303	56,132
Boston Metro Transit District	-	-	-	-	-	-
Regional Transit	-	-	-	-	-	-
Multi-year Repayment Program	-	-	-	-	-	-
Special Education	-	-	-	-	-	-
STRAP Repayment	-	-	-	-	-	-
School Choice Sending Tuition	-	-	-	-	-	-
Charter School Sending Tuition	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL Cherry Sheet Assessments	58,803	60,411	61,330	62,263	63,211	64,173
<i>Year-to-year percentage change</i>	9.1%	2.7%	1.5%	1.5%	1.5%	1.5%

Enrollment and tuition assessments should be analyzed when projecting inter-district school choice sending and charter school tuition assessments. As with other educational information, information on inter-district school choice and charter school finance and enrollment is available in the Administration and Finance section on the [DESE website](#).

To assist in the analysis of choice and charter enrollment and costs, a chart has been included in the forecast template to summarize the assessments. A sample of the chart is provided below.



Other Amounts to be Raised

Typically raised on the tax recap sheet rather than through operating budgets, these amounts include prior-year deficits, court judgments, cherry sheet offsets, and the allowance for property abatements and exemptions (overlay).

- Specific tax title expenses not included in the annual budget (as a recurring expense, it is best to raise these expenses in the annual operating budget)
- Deficits and court judgments are not forecast and must be included in the event something materializes
- Cherry sheet offsets designated for specific purposes (i.e., public libraries and inter-district school choice receiving tuition) must be raised prior to reimbursement (linked to the State Aid worksheet)
- Overlay projections are based on the annual cost of granted abatements and exemptions and potential liabilities

Because of recent legislative revisions to the overlay account, it is considered a single account for all fiscal years. Using form OL-1, analyze granted abatement and exempts, confer with the assessors to determine potential pending Appellate Tax Board or court cases, and review outstanding receivable balances to project annual funding amounts. Even if the overlay account balance is adequate, it is a best practice to project an overlay amount each year to maintain budget continuity.

Overlay Form OL-1	
<u>Overlay Available</u>	
1. Overlay Balance as of 6/30/___	552,125
2. Overlay from current FY (Tax Rate Recap Page 2 IId)	149,387
3. Overlay Balance Available (Add lines 1 and 2)	701,512
<u>Overlay Use</u>	
4. Overlay Transferred to Overlay Surplus after 7/1/___	165,000
5. Other Overlay Charges after 7/1/___	0
6. 5 year Average Abatements And Exemptions Granted thru 6/30/___	105,726
7. Overlay Balance Needed (Add lines 4 thru 6)	270,726
8. Overlay Balance Available in excess of Overlay Balance Needed (negative indicates a Shortfall) (subtract line 7 from line 3)	430,786
<u>Potential Future Liabilities</u>	
9. Real Estate Tax Receivables as of 6/30/___	643,255
10. Personal Property Tax Receivables as of 6/30/___	27,154
11. Pending ATB or Court decision(s)	77,001
12. Total Potential Future Liabilities	747,410

Abatements and Exemptions Granted				
FY	FY	FY	FY	FY
90,075	110,865	112,260	105,337	110,094
5-yr average				105,726

Overlay information is entered in the Tax Levy worksheet and linked to the abatements and exemptions (overlay) line in the Expenditure worksheet.

Overlay Reserve

	Budget	Projected Yr1	Projected Yr2	Projected Yr3	Projected Yr4	Projected Yr5
Allowance for Abatements/Exemptions	149,387	152,375	155,423	158,531	161,702	164,936
TOTAL Overlay Reserve	149,387	152,375	155,423	158,531	161,702	164,936
<i>Year-to-year percentage change</i>	<i>(18.9%)</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>

Other Financing Uses

Other financing uses records the expenditure of free cash and other available funds authorized at the annual or special town meeting, generally by a special article or at any council meeting. These include transfers to other funds, including special revenue, stabilization, and OPEB funds. Also included are any prior-year purposes, including an appropriation to cover a prior year snow and ice deficit. Once the tax rate is set, the community may use available funds to supplement the current year's budget through June 30 and report the use on the subsequent tax recap.

In the current budget year, all uses of available funds, including prior-year expenditures and multiyear projects are reported in this group. For the budget year forecast to balance, meaning the budgeted revenues equal gross appropriations as reported on the tax recap, all legislative actions must be recorded. When the fiscal year-end closing is completed, actual expenses are reflected in the appropriate department from any prior year appropriation.

As noted in the available funds revenue section, the stabilization funds are linked to the expenditures and associated fund balances.

Expenditure Worksheet (continued)

	FY20 Actual	FY20 Budget	FY20 Projected Yr1	FY20 Projected Yr2	FY20 Projected Yr3	FY20 Projected Yr4	FY20 Projected Yr5	Average % Change	Projection Percent
RESERVES and MISCELLANEOUS									
Reserve Fund	-	25,000	25,000	25,000	25,000	25,000	25,000		0.00%
Miscellaneous (e.g., audit, OPEB valuation)	-	-	10,000	10,000	10,000	10,000	10,000		0.00%
Stabilization Funds:	-	-	-	-	-	-	-		0.00%
General	-	-	-	-	-	-	-		
Capital	-	-	-	-	-	-	-		
OPEB Trust (budgetary)	-	100,000	100,000	100,000	100,000	100,000	100,000		0.00%
Other	448,098	530,000	250,000	250,000	250,000	250,000	250,000	-6.14%	0.00%
TOTAL Reserves and Miscellaneous	448,098	655,000	385,000	385,000	385,000	385,000	385,000	1.77%	0.00%
STATE ASSESSMENTS									
TOTAL State Assessments	57,904	58,803	60,411	61,330	62,263	63,211	64,173	1.13%	See State Aid
OTHER AMOUNTS TO BE RAISED									
Deficits/Judgements/Tax Title	-	-	-	-	-	-	-		
Cherry Sheet Offsets	9,138	9,197	9,777	9,777	9,777	9,777	9,777	2.02%	See Revenues
Abatements & Exemptions (Overlay)	184,135	149,387	152,375	155,423	158,531	161,702	164,936		See Tax Levy
Other Amounts	-	-	-	-	-	-	-		
TOTAL Other Amounts Raised	193,273	158,584	162,152	165,200	168,308	171,479	174,713	415.70%	
OTHER FINANCING USES									
Prior Year Purposes	10,000	80,000	-	-	-	-	-		See Available Funds
Snow & Ice (current shortfall/prior FY deficit)	123,000	120,000	-	-	-	-	-		
Capital/Special Projects	386,000	639,800	500,000	500,000	500,000	500,000	500,000		See CIP
Current Year Special Articles	34,750	5,000	-	-	-	-	-		
Transfer to Stabilization Funds	-	500,000	100,000	100,000	100,000	100,000	100,000		See Available Funds
Repurpose/rescind previous articles	45,750	-	-	-	-	-	-		
Transfer to/from Other Funds	4,000	-	-	-	-	-	-		
OPEB Trust (Free cash transfer into fund)	-	-	-	-	-	-	-		See Available Funds
TOTAL Other Financing Uses	603,500	1,344,800	600,000	600,000	600,000	600,000	600,000		

DEBT

Projections of debt service are based on the community's existing payment schedules.

Forecast Worksheet	Data	Source Information
Debt	Long-term debt	<ul style="list-style-type: none"> Bank repayment schedules Preliminary figures for new issues Discussions with accountant and treasurer
	Short-term debt	<ul style="list-style-type: none"> Estimate of short-term interest cost
	Regional debt	<ul style="list-style-type: none"> Assessment letter and regional budget

The Debt worksheet is detailed by principal and interest payment for each issue by debt category: general fund, excluded, enterprise, community preservation fund, and regional school district, both within the levy and excluded. As new debt issues are approved, they are entered into this worksheet, with the debt exclusion data linking to the DE-1 Debt Exclusion section of the Tax Levy worksheet. As detailed in the Tax Levy section, the gross excluded debt amounts from this worksheet are offset by any adjustments or reimbursements to calculate the net excluded debt service to be raised in the tax levy and reported on form DE-1.

Communities should have capital planning and debt policies that establish a target level for outstanding debt. To meet this target, maintain a consistent debt level, and provide for an offset for future debt payments, the community should annually appropriate at least the amount of retired debt to a reserve fund, such as a capital stabilization fund. Including these amounts with the actual debt payments will enable the community's total debt service budget to remain within the target range.

The Debt worksheet includes a GF Target Debt section below the General Fund Debt to provide the opportunity to build in a debt service reserve. The two methods available are: a percentage of recurring revenue or a target dollar amount. Both methods subtract the total general fund debt service for that year. Recurring revenue is calculated from the Revenues worksheet as the prior year's total tax levy net of any exclusions or adjustments plus state aid and local and offset receipts.

Calculating Debt Service to Remain at Target Example:

Policy target for non-excluded general fund debt:	2%	OR	Policy target for non-excluded general fund debt:	150,000
Recurring Revenue:			Total Non-excluded General Fund Debt Service	89,995
Total Tax Levy	20,335,626		Debt Service Reserve to Remain at Target	60,005
Less Debt Exclusions	(1,085,023)			
Plus State Aid	804,792			
Plus Local and Offset Receipts	1,964,836			
Total	22,020,231			
Target Non-excluded General Fund Debt	440,405			
Total Non-excluded General Fund Debt Service	89,995			
Debt Service Reserve to Remain at Target	350,410			

These two methods are precalculated in the Debt worksheet based on the dollar and percentage amounts entered in the shaded cells to the right. The community has the option to select which method is used and the resulting amounts to be appropriated to the reserve. These amounts are linked to the debt section of the Expenditure worksheet.

Debt Worksheet (excerpt)

	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
GF Debt Service	89,995	73,041	74,344	72,647	34,435	38,634
Gross Excluded Debt Service	605,078	497,088	122,420	122,615	108,931	109,369
Enterprise Debt Service	334,570	208,663	213,795	211,293	208,911	206,651
Community Preservation Debt Service	292,150	291,975	296,575	295,950	295,175	289,325
Debt Service Reserve to Remain at Target	60,005	76,959	75,656	77,353	115,565	111,366
Total GF and Enterprise Debt	1,381,798	1,147,726	782,790	779,858	763,017	755,345
RSD Debt Service	-	-	-	-	-	-
RSD Excluded Debt Service	480,381	458,951	436,000	414,000	382,000	340,000
Short Term Debt Service	69,660	-	-	-	-	-
Total Debt	1,931,839	1,606,677	1,218,790	1,193,858	1,145,017	1,095,345

General Fund Debt Service

Playground	5,500	5,500	8,500	8,500	8,500	8,500
Ambulance	33,786	18,500	18,500	18,500	-	-
Public Works Equipment	18,500	18,500	18,500	18,500	-	-
Town Hall Remodel	15,000	15,000	15,000	15,000	15,000	20,000
TOTAL GF Debt Service Principal	72,786	57,500	60,500	60,500	23,500	28,500

Playground	2,835	2,588	2,313	2,036	1,760	1,484
Ambulance	1,700	1,214	728	243	-	-
Public Works Equipment	1,700	1,214	728	243	-	-
Town Hall Remodel	10,975	10,525	10,075	9,625	9,175	8,650
Total GF Debt Service Interest	17,209	15,541	13,844	12,147	10,935	10,134
Total GF Debt Service	89,995	73,041	74,344	72,647	34,435	38,634

GF Target Debt Calculation

Target Dollar Level	60,005	76,959	75,656	77,353	115,565	111,366	150,000
Target Percentage	350,410	388,396	402,903	420,801	475,615	488,430	2.0%
Debt Service Reserve to Remain at Target	60,005	76,959	75,656	77,353	115,565	111,366	Select option

Excluded Debt Service

Public Safety Building	222,714	249,000	-	-	-	-
Conservation Land	102,000	106,000	-	-	-	-
Townwide Engineering Services	120,937	-	-	-	-	-
Townwide Infrastructure	18,000	18,000	18,000	18,000	4,000	4,500
Fire Engine	73,500	73,500	73,500	76,000	78,500	80,500
Total Excluded Principal	537,151	446,500	91,500	94,000	82,500	85,000

Public Safety Building	23,160	12,450	-	-	-	-
Conservation Land	9,890	5,300	-	-	-	-
Townwide Engineering Services	123	-	-	-	-	-
Townwide Infrastructure	2,873	2,425	1,978	1,510	1,226	1,126
Fire Engine	31,883	30,413	28,943	27,105	25,205	23,243
Total Excluded Interest	67,928	50,588	30,920	28,615	26,431	24,369
Total Excluded Debt Service	605,078	497,088	122,420	122,615	108,931	109,369

CAPITAL IMPROVEMENT PLAN

The community's five-year capital plan should be built into the forecast on the CIP worksheet. CIP and one-time expenditures are summarized in the Other Financing Uses section of the Expenditure worksheet, or the enterprise or community preservation projects in those respective worksheets.

Forecast Worksheet	Data	Source Information
CIP	Capital requests	<ul style="list-style-type: none"> 5-year capital plan Intergovernmental assessment information
	One-time/ special purposes	<ul style="list-style-type: none"> Non-operating budget special articles from town or council meeting minutes Discussions with department heads

Funding for capital items often comes from debt (both exclusion and non-excluded), free cash, retained earnings, stabilization funds, or other reserves. All general fund capital spending is projected to be funded by the levy until such time that other funds are available. While as a practice free cash should not be projected, a community's capital investment policy may include the use of free cash. In this instance, the projected use of free cash will offset the capital spending to comply with the policy and this worksheet should be updated annually after free cash is certified. Capital and one-time expenditures for an enterprise fund should be built into the enterprise budget and offset by estimated receipts though future certified retained earnings, which may be used when available. If the community preservation committee enters into a sizable project that requires long-term debt, it is included on the debt worksheet and carries over to the CPF worksheet.

CIP Worksheet (excerpt)						
GENERAL FUND			FY20__	FY20__	FY20__	FY20__
dept #		Project Name	Budget	Projected Yr1	Projected Yr2	Projected Yr3
122	Selectmen	250th Anniversary	3,500	-	-	-
141	Assessors	Mapping	-	30,501	29,705	28,910
161	Town Clerk	Scan Tabulator	7,500	-	-	-
192	Facilities	Stab/Repair Old Town Hall	-	25,000	-	-
		Carpentry/Painting Town Hall	24,450	-	-	-
		Foundation Work	-	-	85,000	85,000
			-	-	-	85,000
			-	-	-	-
		TOTAL General Government	35,450	55,501	114,705	113,910
						113,114
210	Police	Ford Interceptor/Explorer	-	48,397	-	51,344
		Server Upgrade	7,000	-	-	-
			-	-	-	-
		Subtotal Police	7,000	48,397	-	51,344
220	Fire	SCBA	15,000	-	15,000	-
		Bunker Gear	-	10,000	-	-
			-	-	-	-
			-	-	-	-
		Subtotal Fire	15,000	10,000	15,000	-
		TOTAL Public Safety	22,000	58,397	15,000	51,344
						-
						55,000

ENTERPRISE FUNDS

Segregated into separate funds, an enterprise service's budget includes direct, indirect, debt, and capital expenditures.

Forecast Worksheet	Data	Source Information
Enterprise Funds	Direct, indirect, debt, and capital expenditures	<ul style="list-style-type: none"> Budget to actual expenditure reports Collective bargaining agreement(s), if applicable Compensation plan, if applicable Multiyear contracts Intergovernmental assessment information Discussions with department head, accountant, and treasurer Indirect Cost Allocation policy

Constructing enterprise fund budgets should follow the same process for municipal departments. If it is the community's expectation that a fund will be self-supporting, then its estimated revenues should be set equal to its projected expenditures, taking care to ensure the historical billing and collection rates are sufficient. Based on the prior fiscal year's ending results, DLS certifies a fund's retained earnings, so they may be used to fund future infrastructure and capital needs.

Enterprise Funds Worksheet (Expenses)							
	FY20__ Actual	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
Enterprise Expenditures							
Personal Services	233,503	263,872	263,872	263,872	263,872	263,872	263,872
Expenses	354,092	484,731	395,397	403,305	411,371	419,598	427,990
Debt	335,344	382,695	382,695	296,575	295,950	295,175	289,325
Capital Expenditures	204,438	322,000	322,000	-	-	-	-
OPEB	-	-	-	-	-	-	-
Transfer to Stabilization	-	-	-	-	-	-	-
Total Expenditures	1,127,377	1,453,298	1,363,964	963,752	971,193	978,645	981,187
Indirect Expenses	-	-	-	-	-	-	-
Enterprise Surplus/(Shortfall)	(51,227)	(191,348)	(200,000)	-	-	-	-

COMMUNITY PRESERVATION FUND

Expenditures from the community preservation fund are grouped in two categories: 1) expenses for administrative, capital, and debt service and 2) statutory reserves and undesignated fund balance. Administrative expenses should be forecast in the same manner as general fund expenses and debt projected according to the existing payment schedule. The three statutory reserves (open space, historic, and community housing) should be budgeted at the required 10 percent of projected surcharge and state match revenue and up to five percent for administrative expenses with the balance to the undesignated reserve. Capital projects are funded from the reserve and undesignated balances, so they are not detailed in this forecast.

Forecast Worksheet	Data	Source Information
Community Preservation Fund	Fund reservations, administrative, debt, and capital expenditures	<ul style="list-style-type: none"> Budget to actual expenditure reports Community Preservation Committee Discussions with accountant and treasurer

As a fund operating independent of the general fund, the expenditures are set to equal the projected revenue by forecasting any remaining revenue in the appropriated/unreserved line.

Community Preservation Funds Worksheet (Expenses)							
	FY20__ Actual	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
Community Preservation Fund Expenditures							
Expenses	190,470	-	-	-	-	-	-
Capital/Other Projects	-	325,475	-	-	-	-	-
Debt Service	292,175	-	-	-	-	-	-
Transfers to Other Funds/Land Purchase	-	-	-	-	-	-	-
Unappropriated/Unreserved	-	566,776	119,327	119,327	119,327	119,327	119,327
TOTAL CPF Expenditures	482,645	892,251	119,327	119,327	119,327	119,327	119,327
Community Preservation Fund Reserves							
Open Space/Historic/Comm Housing Reserves	-	168,580	55,074	55,074	55,074	55,074	55,074
Administrative Expenses	-	15,000	9,179	9,179	9,179	9,179	9,179
Budgeted Reserve	-	-	-	-	-	-	-
TOTAL CPF Reserves	-	183,580	64,253	64,253	64,253	64,253	64,253
TOTAL CPF Expenditures	482,645	1,075,831	183,580	183,580	183,580	183,580	183,580
CPF Surplus/(Shortfall)	104,409	-	-	-	-	-	-

SAMPLE FORECAST ASSUMPTIONS TABLE

The Assumptions worksheet is used to document and summarize the decisions made in developing the forecast.

REVENUES:	
Levy	<ul style="list-style-type: none"> Conservative new growth estimates. New growth projections provided by the assessing director and community & economic development director Levy to the maximum allowable amount
State Aid	<ul style="list-style-type: none"> Chapter 70: Calculated based on: <ul style="list-style-type: none"> Total foundation budget and foundation enrollment remain level Chapter 70 aid increases are projected at \$30 per pupil based on local enrollment (minimum aid) School choice receiving tuition is level funded Due to funding formula, charter reimbursement is reduced 10% annually UGGA increased 2.5% annually Other local aid accounts are level funded
Local Receipts	<ul style="list-style-type: none"> Conservative projections, 1% increase or 90% of prior year actuals, whichever is less
Offset Receipts	<ul style="list-style-type: none"> Conservative projections, level funded
Available Funds/ Other Financing Resources	<ul style="list-style-type: none"> Free cash certifications are not projected Stabilization funds show available balances as calculated on year-to-date activity <ul style="list-style-type: none"> less appropriations made to date plus investment income on the balance projected at 1% (based on current bank account interest provided by the treasurer) Overlay surplus is not projected
Enterprise Receipts	<ul style="list-style-type: none"> Revenues are set equal to annual budget amounts
Community Preservation Fund	<ul style="list-style-type: none"> Revenues are conservatively projected and do not include state matching amounts
EXPENDITURES:	
Personal Services	<ul style="list-style-type: none"> Reflect current collective bargaining agreements and annual personal service increases as voted by legislative body <ul style="list-style-type: none"> Future collective bargaining agreements and other personal service increases (e.g., education, uniforms and other stipends) are not included Nonunion and elected officials subject to annual legislative vote and are level funded at current budgeted figures COLA adjustment worksheet provided to estimate future potential increases
Expenses	<ul style="list-style-type: none"> Expenses are projected to increase 2% annually An exception, ambulance service costs are projected at 10% each year Snow & ice budget increased based on review of expenditures (see worksheet)
Education	<ul style="list-style-type: none"> Local school appropriation projected to increase 3% annually Annually, regional assessment is projected to increase 3% Vocational tuition is projected increase 5% annually and transportation 2%
Debt Service	<ul style="list-style-type: none"> Based on existing payment schedules provided Preliminary figures for a public safety building issue are included in projections
Capital Plan	<ul style="list-style-type: none"> Projected based on the current CIP
Risk Management	<ul style="list-style-type: none"> Casualty/liability insurances is forecasted to increase 3% each year

	<ul style="list-style-type: none"> Workers' compensation is forecast to increase 7% each year Unemployment compensation and police and fire accidental insurance are level funded
Employee Benefits	<ul style="list-style-type: none"> Health and life insurance are projected to increase 8% annually Retirement is projected to increase 7.5% annually Medicare is level funded annually and needs to be updated with any personal service cost changes
Reserves and Miscellaneous	<ul style="list-style-type: none"> Reserve fund is level funded at \$60,000 Audit expense is forecasted to be \$16,500, \$17,000, \$17,500 per new contract and level funded in remaining years Actuarial service costs are forecasted to be \$750 every two years OPEB is level funded
Other Amounts To Be Raised	<ul style="list-style-type: none"> Cherry sheet offsets expenses are equal to the estimated revenues Overlay is forecast to increase 2½% annually
State Assessments	<ul style="list-style-type: none"> Inter-District School Choice Sending assessment is level funded annually School Charter is projected to increase 5% annually Regional transit is projected to increase 2.5% each year RMV non-renewal surcharge is level funded Air pollution is projected to increase 1% annually
Other Financing Uses	<ul style="list-style-type: none"> There are no regular transfers to the stabilization fund Bond premium use according to amortization schedule provided by treasurer
Enterprise Funds	<ul style="list-style-type: none"> Includes direct personal services, expenses, indirect, and capital expenses
Community Preservation Fund	<ul style="list-style-type: none"> Expenditures are an offset to the projected revenues Reserves are funded at statutory levels

UPDATING THE FORECAST

Minimally, a community should update the forecast after the final budget is approved, at the end of each fiscal year, and upon approval of the tax recapitulation filing. When town meeting or council adopts the ensuing fiscal year budget, it should be entered into the appropriate column. After the fiscal year's books are closed, the completed fiscal year should be converted from "budget" to "actual" and reflect the expenditures as of June 30 and the actual revenues should be entered in the appropriate spreadsheets where designated. It is also at this time that another column should be added to maintain the five-year forecast model. The process of making these changes is straightforward, but great care should be taken to preserve the spreadsheets, formulas, and links year over year. For these reasons, it is advisable that only one person works on the forecast and creates a copy of the Excel forecast workbook before proceeding.

Beginning with the last worksheet in the workbook (COLA) and moving to the left for each worksheet (finishing with the Summary):

- Insert a column after the last displayed year.
- Highlight the last projected column from the fiscal year to the bottom, and then from the bottom (a + will be in the corner) drag it to the right, creating a copy of the content and all links under a new fiscal year.
- Maintain a blank column between the last projected year and the Average Percent Change and/or Projection Percent columns.

FY20__ Projected		5-yr Average % Change	Projection Percent
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After creating the new column, the Projection Percent will carry forward to columns added in the above step, although the historical average percentage should be updated to include the recently closed fiscal year.

Specific attention should be paid to:

- Local Receipts – Enter the actual collections on the lower part of the worksheet.
- Available funds – At the close of the fiscal year, the 6/30 stabilization fund and OPEB available balances should be entered. Enter free cash and retained earnings amounts when certified by DLS.
- Debt — Enter from debt service payment schedules.
- CIP Expenditures – When an item or project is funded, the budgeted amount is entered into the worksheet and carries into the expenditure and enterprise worksheets. Rather than reporting the expenditures that may occur over multiple years, the budgeted figure is retained as actual.

When the new tax recap is approved by DLS, the new growth, levy limit, total tax levy, estimated receipts, and other amounts to be raised will be finalized. At this point, review and balance the current year's budgeted revenues (Tax Levy, State Aid, Receipts, Available Funds, Enterprise Funds, and Community Preservation Fund) linked to the Revenue worksheet) to the approved recap figures and the final total budgeted expenditures to the revenues on the Summary worksheet. The total surplus/(shortfall) should be zero, indicating a balanced budget and thereby completing the budget year.

APPENDIX

MUNICIPAL FORECASTING HELPFUL REFERENCES AND LINKS

Division of Local Services	https://www.mass.gov/orgs/division-of-local-services
Financial Management Resource Bureau (FMRB)	https://www.mass.gov/financial-management-resource-bureau or fmr@dor.state.ma.us
FMRB reports	https://www.mass.gov/consulting-reports
Municipal Best Practices	https://www.mass.gov/municipal-best-practices
Financial Calculators for Debt Service and Tax Impact	https://www.mass.gov/info-details/municipal-finance-tools-and-templates
DLS Gateway	https://dls.gateway.dor.state.ma.us/gateway/Login
Municipal Finance Trend Dashboard	https://www.mass.gov/service-details/municipal-finance-trend-dashboard
Databank	http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/
Levy Limit Worksheet	DLS Gateway, Taxrate, Levy Limit worksheet
Tax Recap	DLS Gateway, Taxrate, Taxrate Recap
New Growth	DLS Gateway, Taxrate, LA-13 Tax Levy Base Growth
Real and Personal Property Values	DLS Gateway, Taxrate, LA-4 Assessment/Classification
Debt Exclusions	DLS Gateway, Taxrate, DE-1 Debt Exclusions DLS Informational Guideline Release 17-22: <i>Premiums and Surplus Proceeds for Proposition 2½ Excluded Debt.</i>
Cherry Sheet Manual	https://www.mass.gov/doc/cherry-sheet-manual
Cherry Sheet Estimates, Local Aid Payments and Municipal Revenue Growth Factors (MRGF) Historical Cherry Sheet spreadsheets (FY1981 to FY2009)	https://www.mass.gov/lists/municipal-revenue-growth-factors-mrgfs Spreadsheets by fiscal year
Trends in Regional Cherry Sheet Aid, FY2010 to present (State Totals & by Individual Regional Schools)	https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=CherrySheets.CSbyProgMunis.cs_prog_munis_MAIN https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=CherrySheets.CSbyProgMunis.cs_prog_regsc_hls_MAIN
Property Tax Reimbursements	DLS Gateway, Misc Forms, MDM-1
Dept. of Elementary and Secondary Education (DESE)	www.doe.mass.edu
Chapter 70 program, Net School Spending, Foundation Budget, and Local Contribution	www.doe.mass.edu/finance/chapter70 , Complete Formula spreadsheet
DESE End of Year (EOY) report	DESE Compliance with Net School Spending Requirements https://www.doe.mass.edu/finance/chapter70/compliance.html From school business office or DESE School Finance, 781-338-6585 or sfinance@doe.mass.edu

Charter Schools, Tuition, Reimbursements and Enrollment	www.doe.mass.edu/charter/finance
Inter-District Choice, Tuition Out, Tuition In, and Enrollment	www.doe.mass.edu/finance/schoolchoice , District Summary spreadsheet
Local Receipts	DLS Gateway, Taxrate, Tax Rate Recap
Offset Receipts	DLS Gateway, Taxrate, A-1 Offset Receipts
Free Cash	DLS Gateway, Taxrate, B-1 Free Cash
Stabilization Funds	DLS Informational Guideline Release 17-20
Other Available Funds	DLS Gateway, Taxrate, B-2 Other Funds
Enterprise Funds	DLS Gateway, Taxrate, A-2 Enterprise Funds
Enterprise Fund Manual	https://www.mass.gov/service-details/accounting-policy-and-procedures
Community Preservation Fund	DLS Gateway, Taxrate, A-4 CPF
Community Preservation Act (CPA) Payments, Decile Reports and Other Information	https://www.mass.gov/lists/community-preservation-act-cpa-payments-decile-reports-and-other-information#community-preservation-act-state-matches-
DLS CFP Guidance (as amended)	DLS Informational Guideline Release 00-209
Community Preservation Fund Financing Sources	https://www.communitypreservation.org/technical-assistance/files/custom-cpa-fund-financing-sources-chart
Community Preservation Coalition	https://www.communitypreservation.org/
Overlay and Overlay Surplus	DLS Informational Guideline Release 17-23
OPEB	DLS Informational Guideline Release 19-10
Appropriation Transfers	DLS Informational Guideline Release 17-13

TAX RATE, TAXRATE RECAP PAGE 4 TEMPLATE

Appropriations (Annual Budget)											
ART #	Description	Total Appropriations	Raise & Appropriate	Free Cash	Other Available Funds	Offset Receipts	Enterprise Funds	CPA	Department Revolving Funds	Borrowing Authorization	
List all financial authorizations. Verify amounts and totals and enter by article on Page 4 of the Tax Rate Recap		(Calculated - total of columns D thru J)	(Funding sources not provided in columns E thru J)	(Must equal B-1)	(Must equal total on B-2)	Funding source	(Must equal total on A-1)	(Must equal total on A-2)	(Must equal total on A-4)	Authorizations - for revolving fund include only those pursuant to c 44, sec 53E 1/2	
		-	-	-	-		-	-	-		
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AVAILABLE FUND IMPACT ANALYSIS

Appropriation Sources and Uses														
Impacts on Available Fund Accounts														
	Free Cash	General Stabilization	[Special Purpose] Stabilization	[Receipts Reserved]	[Receipts Reserved]	Overlay Surplus	PEG Access	[Other Available Funds]	CPF Open Space	CPF Housing	CPF Historical	CPF Open Space	CPF Undesignated	CPF Budget Reserve
Balances as of (meeting/date)	100,000.00	1,472,861.30	481,236.25											
ART # Description														
Annual														
16 Police vehicle	(35,000.00)													
20 Annual General Stabilization	(25,000.00)	25,000.00												
21 Annual Capital Stabilization	(25,000.00)		25,000.00											
Amount Appropriated at Annual	(85,000.00)	25,000.00	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ART # Description														
Special														
2 Unpaid Bills	(150.00)													
Amount Appropriated at Special	(150.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND Total Appropriated	(85,150.00)	25,000.00	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Remaining Balances After all Articles (Annula and	14,850.00	1,497,861.30	506,236.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<div> <div>Recap Forms</div> <div>B-1</div> <div>B-2</div> <div>A-4</div> </div>														

Notes: Add rows as needed to record all articles using available funds as a source
 Customize/add columns to include all sources of available funds
 Use an Impact worksheet for each meeting session - annual budget, fall, special
 The Grant Total Appropriated for all meetings must equal the totals on Tax Rate schedules B-1 (free cash), B-2 (other funds) , and A-4 (CPF) as indicated
 The Grand Total Appropriated must also equal the appropriations as detailed on the **Annual worksheet** and entered on page 4 of the Tax Rate Recap (by category - B-1, B-2, and A-4)
 Add columns and lines as needed to reflect all legislative action by funding source

POSITION CONTROL WORKSHEET SAMPLE

Name	Position	Anniversary Date	Longevity Date	Exempt CBA Elected	FY__ Step	Next step Date	FY20__ Budget	FY20__ Projected Yr1	FY20__ Projected Yr2	FY20__ Projected Yr3	FY20__ Projected Yr4	FY20__ Projected Yr5
	Accounting Officer	10/30/00	10/30/00	Exempt	Max		98,840	98,840	98,840	98,840	98,840	98,840
	Analyst	7/30/18	7/30/18	Clerical Union	2	7/30/20__	47,070	48,011	48,971	49,950	49,950	49,950
							0	0	0	0	0	0
Accounting							145,910	146,851	147,811	148,790	148,790	148,790
	Assessor	n/a	n/a	Elected			2,500	2,500	2,500	2,500	2,500	2,500
	Assessor	n/a	n/a	Elected			2,500	2,500	2,500	2,500	2,500	2,500
	Assessor	n/a	n/a	Elected			2,500	2,500	2,500	2,500	2,500	2,500
	Assessing Director	4/17/16	4/17/16	Dept. Head	4	4/17/20__	92,025	93,866	93,866	93,866	93,866	93,866
	Administrative assistant	7/1/85		Clerical Union	Max		46,970	46,970	46,970	46,970	46,970	46,970
Assessing							146,495	148,336	148,336	148,336	148,336	148,336

GENERAL GOVERNMENT

Elected			7,500	7,500	7,500	7,500	7,500	7,500
Dept. Head			92,025	93,866	93,866	93,866	93,866	93,866
Exempt			98,840	98,840	98,840	98,840	98,840	98,840
Clerical Union			94,040	94,981	95,941	96,920	96,920	96,920