

Topsfield Financial Forecast: Users' Guide and Assumptions

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INTRODUCTION

The object of the Town of Topsfield's financial forecast is to conservatively project revenues and expenditures five years into the future (FY2018-FY2022). The forecast is intended to provide policymakers with the information they need to make informed decisions around the Town's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations.

Revenue and expenditure forecasting is a powerful financial planning tool that can be used to isolate the impact of particular future events and determine their effects on the Town's financial picture. The forecasting model is designed using reasonable assumptions about a wide variety of future events and, by using these assumptions along with known facts, a comprehensive view of the Town's fiscal outlook emerges. Though potential exists that any one item in the forecast may be less than accurate, when taken as a whole, a well-built model presents a fair representation of the Town's future finances.

The approach used in the forecast model for the Town of Topsfield assumes that current service levels will be maintained in the future years of the forecast. The model also assumes that existing Massachusetts General Laws and regulations will remain unchanged over the forecast period. However, as new information becomes available here forward, the assumptions and estimates used in the current projections will need to be regularly reevaluated by Town officials to determine if they are still appropriate and reasonable.

The forecast is structured as a series of Excel worksheets. Revenues are projected in detail in the "Revenue Projections" worksheet and expenditures are projected in detail in an "Expenditure Projections" worksheet. The totals from the detailed revenue and expenditure projections flow into a "Summary" worksheet which reveals projected future operating surpluses or deficits. More detailed sheets are available for more in-depth analysis of issues like new growth (Growth), debt excluded from Proposition 2 ½ limits and all other non-excluded town debt ("Non-Exempt Debt Summary" and "Exempt Debt Summary") and local receipts (Receipts). An additional worksheet estimates the impact of cost-of-living increases ("COLA") for collective bargaining agreements and salaries.

REVENUE PROJECTIONS

PROPERTY TAX LEVY

Annual tax levy growth is constrained by Proposition 2 1/2, the Massachusetts General Law that limits the annual growth in a municipality's total tax levy to 2.5 percent, plus an allowance for certain new construction and other additions to the tax rolls. The law also allows a city or town to increase taxes beyond this levy limit with voter approval. An override of this limit by voters becomes a permanent part of the tax levy calculation in future years and is best used for recurring expenses in the regular operating budget. In FY2017, Topsfield approved a permanent school operating override of \$140,000.

A debt exclusion may also be approved by voters to increase the levy limit temporarily to fund capital projects. Generally, these projects are financed by borrowing and the annual debt service is added to the levy limit each year until the project is paid off.

The FY2018-FY2022 forecast for Topsfield projects new growth to remain relatively low compared to past years, when new growth ranged from \$110,000 to \$460,000.¹ The Town has determined that there will be little new residential or commercial construction, which will have an impact on Town revenues going forward. Certified new growth for FY2017 is \$85,629 and for FY2018-FY2022, this forecast uses \$85,000 each year. New growth is reported to the State each year on Form LA-13 which is typically submitted in late summer or early fall prior to setting a tax rate.

Topsfield has approved a number of debt exclusions in the past. As debt is issued, the Town Accountant completes the DE-1 schedule to calculate the annual debt service that can be raised outside the proposition 2 /12 limits. Recently, the Town approved a debt exclusion for the Town Hall addition and renovation. Future debt costs for this project will be covered by property tax dollars outside the limits of proposition 2 ½ and are therefore reflected in both the revenue projections and the expenditure projections.

The forecast anticipates that the Town's will maintain its practice of allowing some unused levy capacity each year throughout the forecast period. The Town's current policy is to maintain a minimum of \$100,000 in excess tax capacity. For FY2017, the excess tax levy capacity is approximately \$465,000. The forecast maintains excess tax capacity at \$100,000.

Levy limit information is published each year by the Division of Local Services (<https://dls.gateway.dor.state.ma.us/gateway/Login>) and should be reviewed by Town officials periodically in late summer and early fall as growth is certified.

¹ The 10-year average (FY2007-FY2016) for new growth is \$233,883.

STATE AID CHERRY SHEET

Chapter 70 – Chapter 70 education aid is determined each year by the State Department of Elementary and Secondary Education (DESE) using a complex formula. The formula entails calculating a foundation budget for each municipality or school district based on the number and characteristics of the pupils (e.g., low income, bilingual or vocational) in the district. The foundation budget represents the minimum level of spending necessary to provide an adequate education in each district. Generally, in communities with sufficient resources, required school spending (aka, “net school spending”) is well above the calculated foundation budget, reflective of historically high education spending. In communities with fewer resources and lower historical spending on education, the formula seeks to maintain required net school spending at a level at least as high as the foundation budget.

To determine the relative contributions from municipal revenues versus state Chapter 70 aid necessary to meet required education spending levels, DESE calculates target levels of local (municipal) contribution and target levels of (state) Chapter 70 aid. These calculations are based on the total income of a municipality’s residents and the total property wealth of the municipality. For example, if a community has sufficient income and property wealth to cover 60 percent of the foundation budget, then the State aid target is 40 percent of foundation. Income is measured using State Department of Revenue total income by community from state tax returns and property wealth is measured using equalized property values for each community. Equalized property values are determined by the state every two years and control for differences in local assessing practices. In cases where a municipality has a low ability to pay, less is required from the municipality and state Chapter 70 aid fills the gap between the foundation budget and the required local contribution.

Topsfield provides elementary education locally at the Proctor Elementary School and the Steward Elementary School, and receives Chapter 70 state school aid to offset some of the costs to educate these pupils. Topsfield’s high school pupils attend the Masconomet Regional School District and the regional school receives Chapter 70 school aid directly from the state for the member towns’ pupils. In FY2017, state Chapter 70 aid contributed \$1,140,038 to Topsfield compared to \$1,093,858 in FY2016 for an increase of \$46,180 (4%).

As mentioned earlier, Chapter 70 aid on behalf of Topsfield’s high school students is sent directly to the Masconomet Regional School District. As such, this revenue is not factored into the revenue projections in the financial forecast.

This forecast projects a conservative 2% increase in Chapter 70 aid. Past state aid has ranged widely from \$25 per pupil to \$65 per pupil and it is recommended that Town officials revisit the projection of Chapter 70 funding as the State budget process progresses. However, DESE only publishes detailed Chapter 70 numbers for the Governor’s budget and the final State budget on its school finance page under the Chapter 70 heading: <http://www.doe.mass.edu/finance/chapter70/>. .

Unrestricted General Government Aid (UGGA) –Topsfield received \$589,756 in this category for FY2017 compared to \$545,793 in FY2016 for an increase of \$43,963 (8%). UGGA is projected to grow at a conservative rate of 2.5% for this projection.

To keep UGGA and the other cherry sheet accounts up to date, Town officials will need to monitor the local aid estimates published by the Division of Local Services at each juncture of the state budget

process: <http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/cherry-sheets/>.

The first of these estimates will come after the release of the Governor's FY2018 budget in late January of 2017 followed by the House Ways and Means Committee budget in mid-April, the final House budget in late April, the Senate Ways and Means budget in mid-May, and final Senate budget in late May. The Conference Committee's budget, which resolves differences in the two legislative versions of the budget, is typically issued in late June. Final cherry sheets reflect any vetoes by the Governor and/or any legislative overrides of these vetoes.

Veterans Benefits and Exemptions for Veterans and Elderly – These accounts consist of reimbursements for veterans' benefits and certain local property exemptions for qualified individuals. In FY2017, the Town will receive \$21,929 in reimbursements compared to \$18,967. This forecast assumes level reimbursements.

State Owned Land – This item is for a State contribution for land owned by the Commonwealth within the town. In FY2017, the Town will receive \$124,197 compared to \$125,693 in FY2016. The forecast assumes level funding.

Aid to Public Libraries -- This item is a cherry sheet offset and may be spent without an appropriation by the Town's library. This account has no impact on the forecast since it is also raised on the expenditure side, essentially pulling these revenues out of the general revenue mix for direct use by the library.

LOCAL ESTIMATED RECEIPTS

Local estimated receipts are locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, payments in lieu of taxes, penalties and interest on taxes, departmental revenue, fines, and permit fees. Topsfield reports on 11 categories of local receipts. The history of local receipts versus actual receipts is shown on the local receipts worksheet in the forecast file. The Town has a practice of conservatively budgeting these items and routinely collects \$400,000 more than was budgeted. In FY2016, the figure was nearly \$500,000 (\$493,282), resulting in a revenue collection that was 1.35 times the revenue expectation. As a result, local receipts in excess of estimates have been a primary factor in the Town's free cash certifications.

In FY2016, the Town collected \$1,920,256 in local receipts versus \$1,782,545 in FY2015 for an increase of \$137,711 (7.8%). Motor vehicle excise revenue (\$1,135,971 in FY2016) is the Town's largest local receipt constituting about 59 percent of the total estimated receipts. Other significant local receipts include license and permits, fees, and other departmental revenue. The Town has not adopted the State authorized room excise or meals tax. For forecast purposes, motor vehicle excise is projected to increase 5% per year and other items to remain stable. This results in a net projection increase of 3.2% per year.

Going forward, Town officials should review charges for fees and permits and the pros and cons of adopting the local option taxes.

ENTERPRISE FUNDS

Water Budget and Indirect Costs - The Town utilizes an enterprise fund for its Water Department.

Revenues generated are used to cover all water costs, including capital outlay and indirect costs. Revenues listed in this section are used to cover all of the water costs projected in the expenditure section. As part of the tax rate setting process, the Town Accountant completes a form submitted to the State that details all water revenues and expenditures.

Solid Waste Fund – These funds are used for professional engineering and monitoring services related to the capping and closure of the Town’s sanitary landfill.

AVAILABLE FUNDS/OTHER FINANCING SOURCES

Available Funds for Operating Budget- This line item represents funds that are dedicated to offset expenditures in the expenditure section.

Capital Outlay articles from other accounts - This line item funds various one-time expenses and capital items typically from the left-over balances from prior appropriations. Each year, the Town Accountant in cooperation with the Town Administrator and Finance Committee reviews accounts for these unexpended appropriations. The forecast does not estimate these amounts for future years.

Chapter 90 Funds – This is the money provided by the State for road work maintenance and construction.

Other Articles from available funds – Periodically there are other items that are funded by the Town from non-tax sources.

FREE CASH

Free Cash for Reserves - The Town has utilized free cash to fund the Finance Committee Reserve Fund, the Capital Stabilization Fund, the General Stabilization Fund, the OPEB Fund, the Employee Separation Reserve, and the Salary/Wage Reserve. The financial forecast assumes that the Finance Committee Reserve Fund will be included as part of the regular budget and not funded by use of free cash because it is a recurring budget expense.

Free Cash for Other Purposes – The Town supports social service activities to the Tri-Town Council and Senior Care via free cash. In addition, in FY2017, the Town had a one-time expense for upgrading the Tri-Town accounting software.

Free Cash for Capital Projects- In the financial forecast, the amount of free cash projected to be spent on annual capital projects is \$300,000 increasing each year at the rate of budget growth which is forecast as 3% per year.. The final amount will be determined upon completion of the Capital Improvement Plan (CIP) project that is currently underway.

Free Cash to Support Operating Budget – Annually, the Town utilizes an amount of free cash to provide additional funding support for the budget. The forecast assumes the continued use of just over \$1 million each year, of which \$358,500 is for the annual operating budget. The Town’s free cash policy is to maintain a minimum of \$600,000 at the commencement of each fiscal year. The Town’s history of free cash is included in a worksheet in the projection file. As part of the financial policy development

effort, the practice of using free cash to support the operating budget will be discussed, as it is not considered a best practice.

EXPENDITURE PROJECTIONS

MUNICIPAL DEPARTMENTS

In the forecast, Town departments have been grouped by major categories consistent with Town budget and state expenditure reporting. The department budgets are reported as follows: General Government, Public Safety, Public Works & Facilities, Human Services, and Culture & Recreation. The Water Department is an enterprise fund and reported separately.

Wage settlements for all union and non-union expire at the end of FY2017. For projection purposes, the impacts of wage settlements beyond FY2017 have also been factored into the COLA salary worksheet for the five year forecast. The forecast utilizes a 2% cola but is intended as an example of cost impact moving forward and not a recommendation for any wage settlements. In addition, many Town employees are eligible for annual step increases. The forecast utilizes a 2.75% step increase across the board. As the Town's detailed budget is prepared, this cost factor will be reduced by those employees who are not eligible for a step increase. Cost impacts have been included in the Expenditure worksheet within each Salary and Wages line item. The COLA worksheet allows for simulation of other wage agreements and step amounts.

Other Expenses have been projected to increase by 3% per year, which is a Finance Committee beginning guideline. As the budget review proceeds, adjustments can be made in the forecast. .

EDUCATION

Topsfield School Department – The Topsfield School Department, under the jurisdiction of the Topsfield School Committee, provides education services at two schools, Steward Elementary (K-3) and Proctor (4-6). The forecast utilizes the 3% increase factor which is a Finance Committee beginning guideline. As budget review proceeds, adjustments can be made in the forecast.

Masconomet Assessment and Debt - Topsfield, Boxford, and Middleton comprise the Masconomet Regional School District which provides education in two facilities located in Boxford. These include a middle school for grades 7-8 and a high school for grades 9-12. These schools are led by the Masconomet School Committee which includes one elected representative from each town. Budget costs are assessed to each member community based upon the number of students. In FY2017, Topsfield' operating budget assessment was 26.54% of the Masconomet Regional School District's net general fund operating budget. In addition, member communities are assess a proportionate share of net debt service. For FY2017, Topsfield's share of the debt assessment was 26.46%. This model utilizes the Finance Committee guideline of a 3% increase in the assessment for the operating budget and a share of the debt based upon the actual debt schedule from Masconomet for future years. These assessments will changes as new student counts occur. The last year for the debt assessment will be FY2023.

North Shore Vocational School (NSVS) – Topsfield sends some students to the North Shore Vocational

School. This item reflects its share of the annual NSVS budget. This assessment will change as new student counts occur.

DEBT SERVICE

General Fund Non-Exempt - Debt Service costs in this category are funded within the limits of Proposition 2 ½. FY2022 is the last year for debt payments for existing bonded projects, as they will all be paid off in the current fiscal year. However, the Town has a number of borrowings that have been approved; the projected debt costs for these projects and items are shown in the column entitled “Authorized/Unissued Non-Exempt”. However, actual debt costs will be based upon timing, amount and interest rate and debt structure as determined by the Town Treasurer with the assistance of the Town’s financial advisor. .

General Fund Prop 2 ½ Exempt - Debt Service costs in this category are funded outside the limits of Proposition 2 ½. FY2022 is the last year for debt payments for existing bonded projects. In the forecast, the second column lists the actual existing debt service for excluded projects. The next column Authorized/Unissued Non-Exempt lists the projected debt costs for the Town Hall project that was recently approved at Town Meeting and a general election. However, actual debt costs will be based upon timing, amount and interest rate and debt structure as determined by the Town Treasurer with the assistance of the Town’s financial advisor. .

EMPLOYEE BENEFITS

Retirement - Town pension costs are projected based on the estimated appropriations issued by the Public Employee Retirement Administration Commission (PERAC) for the Essex County Retirement System. The appropriation letter from PERAC breaks down the assessments to the member towns, school districts, and housing authorities and shows the percentage of the total borne by each entity. The allocation for Topsfield is detailed in the Retirement worksheet. The current share of retirement costs for Topsfield is 3.54%. The forecast applies this percentage to the future appropriation amounts identified by PERAC as necessary to maintain the pension funding schedule going forward. Though this is the best information available at this time, Town officials should be aware that the Essex County appropriation needs are due to be updated in FY2018. This will likely result in changes to these projected pension costs for Topsfield and should be monitored in future years to reflect any revisions in the necessary funding.

Unemployment – Unemployment is level funded at \$60,000 each year of the forecast, reflecting the fact that the Town has not incurred significant unemployment costs as a result of layoffs in recent years.

Health Insurance – The Town receives its health insurance through the Massachusetts Interlocal Insurance Association (MIIA) a health insurance program representing many Massachusetts communities. The forecast is utilizing current estimates from MIIA of an annual 13% increase in rates. This early estimate will be updated over the next few months as MIIA reviews costs and the Town reviews its health insurance program.

Life Insurance – The Town offers a small cost shared life insurance plan for employees. No growth is anticipated for this item. The cost has been level funded at \$6,855 for this projection.

Medicare – The Town must contribute 1.45% of wages to Medicare for employees hired after 1986. In the forecast, Medicare has been projected at \$175,266 with an increase of 4.75 percent per year thereafter. This reflects the impact of negotiated salary and step increases for employees.

PROPERTY/LIABILITY INSURANCES

Workers Compensation- Topsfield participates in the MIIA workers compensation program. Early estimates of workers comp rates and payroll changes are projected at 10% per year. These projections will be refined as the budget process progresses and the forecast can be updated based upon new information.

Property/Liability Insurance - This insurance covers municipal buildings and contents, motor vehicles and public official liability insurance. These costs have been relatively stable in recent years and have been forecast to grow modestly at 2.5%.

ENTERPRISE FUNDS

The Water Department is a self-sufficient operation. All of the direct costs for water are listed in this category. The water share for all of the indirect costs are budgeted within the various operating budgets and are allocated in the enterprise report submitted to the State when the tax rate is set. These costs are offset by water revenues as indirect costs in the revenue detail worksheet.

OTHER AMOUNTS TO BE RAISED

The cherry sheet offset in Topsfield is for Public Library aid. Library aid is forecast to remain stable. As an offset, however, any change has no impact on the budget as these receipts are earmarked for library spending without appropriation. As such, any growth in this revenue is offset on the expenditure side of the forecast to essentially remove this aid from the city's general revenues.

Other amounts raised also include the annual allowance for abatements and exemptions (Overlay). The overlay has been projected to increase by 2.5% per year. In a revaluation year, a community typically has more abatement requests, so a good practice is to increase the overlay to reflect the risk of additional abatements. This model should be updated to reflect the update year.

STATE AND COUNTY ASSESSMENTS

All State assessments included in the forecast are based on the Cherry Sheet estimates published by the Division of Local Services for the FY2017 budget. The most significant of the State assessments in Topsfield are the mosquito control assessment and the Massachusetts Bay Transit Authority (MBTA). The mosquito control assessment has been projected to increase by 2.5% per year and the MBTA assessment is also forecast to grow 2.5% per year, consistent with the limitations on the overall annual growth of these assessments. All other assessments are projected to remain constant.

Similar to the cherry sheet state aid accounts on the revenue side, Town officials should continue to monitor the state budget process for FY2018 and follow the release of local aid estimates until the State budget process concludes with the issuance of final FY2018 Cherry Sheets.

FREE CASH -RESERVES

Finance Committee Reserve Fund- In FY2017 and previous years, the reserve fund was budgeted using free cash. The forecast assumes that this practice will change in FY2018 and the Reserve Fund will be part of the annual budget.

Capital Stabilization Fund- Topsfield established a capital stabilization Fund in FY2015 to set aside money for future capital projects with \$10,000 from free cash. In FY16 and FY17, \$100,000 was transferred to this fund from free cash. With interest, as of July 1, 2016, this fund has a balance of \$221,614. No money has been appropriated out of this fund. The continued use of this fund will be discussed as the CIP project and recommendations are drafted in the upcoming months.

General Stabilization Fund- Topsfield appropriates free cash to a General Stabilization Fund. The Town's policy is to maintain a minimum of \$1,000,000 in this fund with a minimum annual contribution of \$10,000. As of July 1, 2016, the balance is \$1,172,549. For the last 2 fiscal years, the Town has appropriated \$25,000 each year.

OPEB Fund- Other Post-Employment Benefits (mainly retiree health insurance) is a significant future cost for municipalities in Massachusetts and across the U.S. Unlike Massachusetts retirement law, there is no requirement to put money aside for these future costs that are being incurred as employee work. State law does provide a mechanism for municipalities to set aside funds voluntarily in a special fund to accumulate money to pay for these future costs. Topsfield has established such a fund and in FY2017, appropriated \$100,000 from free cash. This forecast continues that practice. As of October 30, 2016, the balance in the General Fund OPEB is \$529,391.98 and \$32,821.42 in the Water Enterprise OPEB.

Employee Separation Reserve - This item is a set aside for accumulated benefits that an employee is entitled to upon separation from service. The forecast projects a level amount over the next five years.

Salary/Wage Reserve- This line is an appropriation for unsettled wage increases for the fiscal year. The forecast does not include amounts in this line item for the 5 year period because potential wage increases are shown in each departmental projection using the COLA worksheet.

FREE CASH – OTHER PURPOSES

Landfill Maintenance – This line is for the maintenance of the Town's sanitary landfill and recreation fields.

Social Service Agencies - These lines are for appropriations from free cash to support the Tri-Town Council and Senior Care.

Free Cash – Capital Outlay- This item represents the amount of money appropriated from free cash to fund capital outlay. The forecast assumes a continuing commitment to fund capital. The use of free cash and other sources of funding will be discussed as the CIP project and recommendations are drafted in the upcoming months.

ARTICLES FROM OTHER AVAILABLE FUNDS

Capital Outlay Articles from Other Accounts-- Topsfield has a practice of funding some capital outlay by transferring and re-appropriating funds from so called “tailings”, i.e., funds no longer required for their original purpose. In FY2017, the Town utilized \$250,546 for various capital projects. This forecast does not forecast funds for this purpose in future years because it cannot be anticipated.

Chapter 90 Highway Funds – This amount is the State annual allocation for road work.

Other Non-Capital Articles - Periodically, there are other Town Meeting articles that are funded from funds that may be available for appropriation or transfer.

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PROCESS TO UPDATE FORECAST

Description of Worksheets

The Topsfield Revenue/Expenditure Forecast file has a number of interconnected worksheets. The following describes the worksheets which include:

- Summary
- Revenue Projections
- Growth
- Capital
- Expenditure Projections
- Non-Exempt Debt Summary
- Exempt Debt Summary
- Water Debt Summary
- Short Term BAN Debt
- Projected Debt Service for Authorized/Unissued Bonds
- MASCO Debt
- Retirement
- COLA and Wages

Summary – This worksheet rolls up from the Revenue and Expenditure forecast details to provide a quick overview of the five year plan.

Revenue Projections – This worksheet is used to list the details of the various revenue categories and the assumptions that are used in the projections. The Final Recap column will require manual data entry each year to input actual revenues collected. Future year projections are calculated utilizing the straight-line percentage change column on the far right. If no growth is expected, a 0 should be input in the “percentage projection” column. If a revenue is not projected to grow linearly, the revenue expectations should be input manually into the forecast. Once the final tax recap is approved, any changes in the revenue detail must be made in this worksheet.

Growth – This worksheet is a summary of the new growth taxes that the Town can raise within the limits of Proposition 2 ½ for the fiscal year. Once the final growth amount is calculated by the Assessors, the Selectmen set the tax rate, and the tax recap is approved by the State, the final amounts will need to be added to the worksheet. When updating the forecast each year, the Finance Team should discuss any changes in the growth projections.

Capital Investment– The capital worksheet brings together the Town’s existing general fund debt service, estimated debt for projects approved by Town Meeting and other capital appropriations with the funding anticipated to be available for the Town’s developing capital plan. The underlying assumption in this worksheet is that a minimum of \$300,000 will be available on a recurring annual basis to finance capital items and a minimum of \$100,000 will be appropriated annually to the Capital Stabilization fund. The worksheet also calculates the Town’s annual general fund capital investment as a percent of net revenues, which excludes the enterprise fund. The Town’s FY2017 capital investment as

a percent of net revenue is 4.23 percent. Going forward, the Town's investment increases by FY2020 to 5.78 percent of net revenue as a result of the new debt for the town hall renovation. It is anticipated the new CIP debt projects that are contemplated in the FY2018-FY2022CIP plan will maintain the Town's investment at a minimum of 5.78%. This tab can be used on an iterative basis to identify the amount of capital investment needed to reach the Town's target for capital as a percent of prior year revenues, as will be established in the Town's financial policies.

Expenditure Projections – This worksheet lists the details of the various departments and other expenses categories that are in the Town budget warrant article. In addition, it lists all the financial appropriation warrant articles for Town Meeting. Finally, it lists other expenditure categories that do not require Town Meeting approval but that are expenses that must be included in the tax rate setting process. The wage line for each department is automatically changed when the user enters information into the COLA worksheet. The user must also enter manually or use the cost increase straight-line factor for the other cost items listed.

Non-Exempt Debt Summary – This worksheet summarizes the Town's debt service by fiscal year for debt that is funded by the General Fund within the limits of Proposition 2 /12. The cost information includes both existing debt and an estimate of debt for projects that have been approved by Town Meeting but not yet permanently borrowed. This worksheet must be updated whenever the Town issues permanent debt and/or adds new debt authorizations approved by Town Meeting. The Town Treasurer and the Financial Advisor play an invaluable tool in maintaining this data.

Exempt Debt Summary – This worksheet summarizes the Town's debt service by fiscal year for debt that is excluded from the limits of Proposition 2 ½, i.e., has been approved by a voter override. The cost information includes both existing debt and an estimate of debt for projects that have been approved by Town Meeting but not yet permanently borrowed. This worksheet must be updated whenever the Town issues permanent debt and/or adds new debt authorizations approved by Town Meeting. The Town Treasurer and the Financial Advisor play an invaluable tool in maintaining this data. The data in this spreadsheet is linked to the Revenue Projections tab as each year exempt debt is funded by an increase to the tax levy.

Water Debt Summary – This worksheet summarizes the Town's debt service by fiscal year for debt funded by the Water Enterprise Fund. The cost information includes both existing debt and an estimate of debt for projects that have been approved by Town Meeting but not yet permanently borrowed. This worksheet must be updated whenever the Town issues permanent debt and/or adds new debt authorizations approved by Town Meeting. The Town Treasurer and the Financial Advisor play an invaluable tool in maintaining this data.

Short Term BANS – This worksheet estimates the interest cost for the upcoming fiscal year for short term borrowing for projects that have been approved by prior Town Meetings. The Financial Advisor and Town Treasurer work together to estimate this cost.

Projected Long Term Debt Service for Authorized/Unissued Debt – This worksheet projects the timing and estimated debt service for projects that have been approved by Town Meeting but have not yet been permanently borrowed. The Financial Advisor, Town Treasurer, and Town Administrator work together to time the issue and principal amount based on needs, budget impact and market.

Retirement – This worksheet lists the current PERAC retirement appropriation for Essex County and

Topsfield's share. The funding schedule is updated by an actuary hired by the County every 3 years and Information will be provided to Topsfield to update the forecast.

COLA and Wages – This worksheet provides the user with multiple “what if” scenarios on COLA and step increases. Factors entered into the COLA and/or step cells automatically update the department wage line in the Expenditure Projections detail.

Steps to Update

The process for updating the forecasting spreadsheet to reflect a new base year must be done systematically and with care as changes to certain data and formulas will be needed. As a result, it is strongly recommended that users save a separate back-up file of the spreadsheet before any changes are saved in the spreadsheet they are updating.

Generally, the updating of the Revenue and Expenditure spreadsheets should occur after the end of the current fiscal year after the Town's budget for next year has been adopted by Town Meeting and final cherry sheets are issued. Both spreadsheets must be updated one final time when the tax recap approved by the State.

This final step will update the structure of the forecast to make room for a new Year 5. To do this, insert a column to the right of the last Projection year in both the Revenue and Expenditure spreadsheets and copy the data and formulas from the prior column. This step will add the data for the last year of the five year forecast. This same process should be followed for all tabs of the worksheet.

Data for what was previously the base year of the forecast must also be updated with actuals. For the FY2018-FY2022 forecast, the base year was FY2017 and included revenues and expenditure expectations approved in the Town's adopted budget. These must now be replaced with actual revenues and expenditures. The new base year will then need to be updated using that year's approved budget. The first update will change the forecast to FY2019-FY2023 and FY2018 will become the base year.

After the base year has been updated, the user is now ready to prepare the five year forecasts working with the appropriate individual worksheets. To forecast the first year revenues or expenditures, a percent change is applied to the base year to yield the projected amount. To project the second year, the percent change is applied to the first forecast year as the base. In other words, the selected percent change is applied to each year of the forecast. This is accomplished by modifying, if appropriate, the percentage change column to reflect recent experience and new information/expectations

In some instances, the user may find that it is easier to simply enter values for certain items. This is fine as long as the user remembers to replace the formulas later if they want to determine the projections based on percent change in other years.

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APPENDIX: FY2018-FY2022 FORECAST SPREADSHEETS

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TOPSFIELD**5 YEAR SUMMARY OF PROJECTED REVENUES AND EXPENDITURES**

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenues						
Property Tax Levy	21,969,048	23,176,293	23,690,293	24,557,755	24,979,428	25,595,450
State Aid	1,887,064	1,924,609	1,962,978	2,002,190	2,042,264	2,083,219
Local Receipts	1,448,081	1,493,531	1,541,248	1,591,344	1,643,938	1,699,157
Water & Solid Waste Funds	1,348,351	1,738,127	1,671,853	1,718,595	1,490,744	1,561,096
Other Available Funds	672,927	359,900	399,900	359,900	359,900	359,900
Free Cash	940,052	1,008,852	1,021,309	1,034,136	1,047,345	1,060,946
Total Revenues	28,265,523	29,701,312	30,287,580	31,263,921	31,563,620	32,359,767

Expenditures

General Government	1,255,727	1,408,985	1,474,590	1,522,947	1,593,578	1,657,191
Public Safety	2,462,991	2,576,551	2,695,424	2,819,862	2,950,126	3,086,492
Education	14,818,836	15,255,022	15,704,093	16,165,070	16,434,837	16,924,145
Public Works	1,610,790	1,657,713	1,691,047	1,742,008	1,795,122	1,850,484
Human Services	242,836	252,409	262,443	272,958	283,979	295,529
Culture & Recreation	573,491	598,298	624,214	651,291	679,581	709,141
Debt Service- GF Non-Exempt	100,747	154,528	219,196	214,930	206,390	201,814
Debt Service- GF Prop 2 1/2 Exempt	552,739	699,560	571,290	781,990	735,530	661,300
Employee Benefits	3,351,269	3,691,557	4,078,882	4,511,093	4,993,659	5,493,616
Prop/Liability Insurances	399,665	416,150	433,584	452,041	471,602	492,354
Enterprise Funds	1,235,304	1,616,036	1,539,995	1,576,189	1,336,945	1,394,993
Other Amounts to be Raised	200,665	205,372	210,196	215,141	220,210	225,405
State and County Assessments	294,285	300,336	306,538	312,894	319,410	326,089
Free Cash - Reserves	405,000	308,360	311,817	315,374	319,035	322,801
Free Cash - Other Purposes	61,560	42,000	42,000	42,000	42,000	42,000
Free Cash - Capital	115,000	300,000	309,000	318,270	327,818	337,653
Available Funds - Capital	303,227	TBD	TBD	TBD	TBD	TBD
Available Funds - Ch 90	271,591	271,591	271,591	271,591	271,591	271,591
Available Funds - Other Articles	9,800	TBD	40,000	TBD	TBD	TBD
Total Expenditures	28,265,523	29,754,469	30,785,899	32,185,650	32,981,413	34,292,597

Surplus/Deficit	0	-53,157	-498,319	-921,729	-1,417,793	-1,932,830
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TOWN OF TOPSFIELD FIVE YEAR REVENUE PROJECTION

Revenue Projections TOPSFIELD	FY2017 Final Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	Projection Percent	Notes
PROPERTY TAX LEVY								
Prior Year Tax Levy Limit	20,915,197	21,663,706	22,290,299	22,932,556	23,590,870	24,265,642		
2.5% Increase	522,880	541,593	557,257	573,314	589,772	606,641		
Prop 2 1/2 Override	140,000	0	0	0	0	0		
Certified New Growth	85,629	85,000	85,000	85,000	85,000	85,000	See Growth	
TAX Levy Limit Total	21,663,706	22,290,299	22,932,556	23,590,870	24,265,642	24,957,283		
Debt Exclusions	791,002	985,994	857,737	1,066,885	813,786	738,167	See Debt & MASCO	
Maximum Allowable Levy	22,454,708	23,276,293	23,790,293	24,657,755	25,079,428	25,695,450		
Excess Tax Levy Capacity	(485,660)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)		
TOTAL Actual Tax Levy	21,969,048	23,176,293	23,690,293	24,557,755	24,979,428	25,595,450		
STATE AID CHERRY SHEET								
Chapter 70 Education Aid	1,140,038	1,162,839	1,186,096	1,209,817	1,234,014	1,258,694	2.00%	
Unrestricted General Government Aid	589,756	604,500	619,612	635,103	650,980	667,255	2.50%	
Veterans Benefits	5,588	5,588	5,588	5,588	5,588	5,588	0.00%	
Exemptions VBS and Elderly	16,341	16,341	16,341	16,341	16,341	16,341	0.00%	
State Owned Land	124,197	124,197	124,197	124,197	124,197	124,197	0.00%	
Public Libraries Offset	11,144	11,144	11,144	11,144	11,144	11,144	0.00%	
TOTAL Cherry Sheet	1,887,064	1,924,609	1,962,978	2,002,190	2,042,264	2,083,219		
ESTIMATED LOCAL RECEIPTS								
Motor Vehicle Excise	905,000	950,250	997,763	1,047,651	1,100,033	1,155,035	5.00%	
Other Excise- Room	0	0	0	0	0	0	0.00%	
Meals tax	0	0	0	0	0	0	0.00%	
Penalties/Interest on Taxes and Excises	26,000	26,000	26,000	26,000	26,000	26,000	0.00%	
Payments in Lieu of Taxes	76,581	76,581	76,581	76,581	76,581	76,581	0.00%	
Other Charge for Services	8,000	8,000	8,000	8,000	8,000	8,000	0.00%	
Fees	82,000	82,000	82,000	82,000	82,000	82,000	0.00%	
Other Departmental Revenue	88,000	88,000	88,000	88,000	88,000	88,000	0.00%	
Licenses/Permits	190,000	190,000	190,000	190,000	190,000	190,000	0.00%	
Fines and Forfeits	49,000	49,000	49,000	49,000	49,000	49,000	0.00%	
Investment Income	13,000	13,000	13,000	13,000	13,000	13,000	0.00%	
Misc Recurring	500	500	500	500	500	500	0.00%	
Misc Non-Recurring	0	0	0	0	0	0	0.00%	
Medicaid Reimbursement	10,000	10,200	10,404	10,612	10,824	11,041	2.00%	
TOTAL Local Receipts	1,448,081	1,493,531	1,541,248	1,591,344	1,643,938	1,699,157		
ENTERPRISE FUNDS								
For Water Budget	1,196,604	1,616,036	1,539,995	1,576,189	1,336,945	1,394,993		see expenditure projections
For Water Indirect Costs	113,047	122,091	131,858	142,407	153,799	166,103	8.00%	see Water tax recap form
Solid Waste Fund	38,700	0	0	0	0	0		
TOTAL Enterprise Funds	1,348,351	1,738,127	1,671,853	1,718,595	1,490,744	1,561,096		
AVAILABLE FUNDS/OTHER FINANCING								
Available Funds for Operating Budget	88,309	88,309	88,309	88,309	88,309	88,309		
Capital Outlay articles from other accounts	303,227	TBD	TBD	TBD	TBD	TBD		
Chapter 90 Highway Funds	271,591	271,591	271,591	271,591	271,591	271,591		
Other articles from other accounts	9,800	TBD	40,000	TBD	TBD	TBD		
TOTAL Other Available Funds	672,927	359,900	399,900	359,900	359,900	359,900		
FREE CASH								
Free Cash for Reserves	405,000	308,360	311,817	315,374	319,035	322,801		see expenditure projections
Free Cash for Other Purposes	61,560	42,000	42,000	42,000	42,000	42,000		see expenditure projections
Free Cash for Capital Projects	115,000	300,000	309,000	318,270	327,818	337,653		see expenditure projections
Free Cash to support Operating Budget	358,492	358,492	358,492	358,492	358,492	358,492		
TOTAL Free cash	940,052	1,008,852	1,021,309	1,034,136	1,047,345	1,060,946		
TOTAL REVENUES	28,265,523	29,701,312	30,287,580	31,263,921	31,563,620	32,359,767		

TOPSFIELD
NEW GROWTH by Property Class

FY	NEW GROWTH	Residential	Open Space	Commercial	Industrial	Personal Property
2017	85,629	55,877		9,193		20,559
2016	342,461	217,038	0	3,816	0	121,607
2015	417,940	387,295	0	7,361	0	23,284
2014	459,862	397,970	0	1,909	1,376	58,607
2013	174,438	142,624	0	1,102	1,568	29,144
2012	120,986	75,191	0	3,627	0	42,168
2011	116,429	74,958	0	3,644	0	37,827
2010	110,265	82,294	0	8,125	0	19,846
2009	221,457	105,495	0	10,397	2,518	103,047
2008	184,068	154,402	0	2,984	0	26,682
2007	190,928	166,871	0	0	0	24,057
10 year AVERAGE	233,883	180,414		4,297	546	48,627

Expenditure Projections TOPSFIELD	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	Projection Percent	Notes
GENERAL GOVERNMENT								
Salaries & Wages	863,501	904,992	948,477	994,051	1,041,816	1,091,875	see cola tab	
Finance Committee Reserve Fund	frre cash	100,000	100,000	100,000	100,000	100,000		moved from Free Cash to Budget
Other Expenses	392,226	403,993	426,113	428,896	451,763	465,316	3.00%	10K GASB 45 FY19 and F21
TOTAL	1,255,727	1,408,985	1,474,590	1,522,947	1,593,578	1,657,191		
PUBLIC SAFETY								
Salaries & Wages	2,197,811	2,303,416	2,414,095	2,530,092	2,651,663	2,779,076	see cola tab	move Tree Warden from Recreation
Other Expenses	265,180	273,135	281,329	289,769	298,462	307,416	3.00%	
TOTAL	2,462,991	2,576,551	2,695,424	2,819,862	2,950,126	3,086,492		
EDUCATION								
Elementary Schools	7,602,224	7,830,291	8,065,199	8,307,155	8,556,370	8,813,061	3.00%	
Masconomet Assessment	6,739,123	6,941,297	7,149,536	7,364,022	7,584,942	7,812,491	3.00%	
Masconomet Debt	286,226	286,434	286,447	284,895	78,256	76,867	See Debt tab	
North Shore Voc Tech	191,263	197,001	202,911	208,998	215,268	221,726	3.00%	
TOTAL	14,818,836	15,255,022	15,704,093	16,165,070	16,434,837	16,924,145		
PUBLIC WORKS & FACILITIES								
Salaries & Wages	655,172	686,653	719,647	754,226	790,466	828,448	see cola tab	move Parks & Cemetery from Recreation
Other Expenses	514,728	530,170	546,075	562,457	579,331	596,711	3.00%	
Solid Waste/HHW/Recycling	411,363	411,363	425,325	425,325	425,325	425,325		move from Human Services
Capital Leases	29,527	29,527						
TOTAL	1,610,790	1,657,713	1,691,047	1,742,008	1,795,122	1,850,484		
HUMAN SERVICES								
Salaries & Wages	199,238	208,811	218,845	229,360	240,381	251,931	see cola tab	
Other Expenses	43,598	43,598	43,598	43,598	43,598	43,598	0.00%	
TOTAL	242,836	252,409	262,443	272,958	283,979	295,529		
CULTURE and RECREATION								
Salaries & Wages	421,174	441,411	462,621	484,850	508,147	532,564	see cola tab	
Other Expenses	152,317	156,887	161,593	166,441	171,434	176,577	3.00%	
TOTAL	573,491	598,298	624,214	651,291	679,581	709,141		
DEBT SERVICE- GF Non-Exempt								
Existing General Fund Debt- Non Exempt	6,200	6,050	10,900	10,500	10,300	5,100	See Existing Debt Tab	
Existing General Fund Prin Paydown- Non Exem	74,000	46,000					See Short Term Tab	
BAN Interest - Non-Exempt	18,047	30,093					See Short Term Tab	
Authorized/Unissued- NonExempt	0	69,885	205,796	201,930	193,590	194,214	See Proj Auth Tab	
Issuance Cost	2,500	2,500	2,500	2,500	2,500	2,500		
TOTAL	100,747	154,528	219,196	214,930	206,390	201,814		
DEBT SERVICE- GF Prop 2 1/2 exempt								
Existing General Fund Debt- Prop 2 1/2 Exempt	552,739	550,278	446,290	436,990	321,540	198,900	See Existing Debt Tab	
BAN Interest - Exempt		24,282					See Short Term Tab	
Authorized/Unissued- Prop 2 1/2 Exempt		125,000	125,000	345,000	413,990	462,400	See Proj Auth Tab	
TOTAL	552,739	699,560	571,290	781,990	735,530	661,300		
EMPLOYEE BENEFITS								
Retirement	1,057,155	1,130,075	1,209,180	1,293,823	1,384,390	1,442,178	see Retirement	Essex County system schedule
Unemployment	60,000	60,000	60,000	60,000	60,000	60,000	0.00%	
Health Insurance	2,038,793	2,303,836	2,603,335	2,941,768	3,324,198	3,756,344	13.00%	
Life insurance	6,855	6,855	6,855	6,855	6,855	6,855	0.00%	
Medicare (1.45%)	175,266	183,591	192,312	201,447	211,015	221,038	4.75%	increase at rate of payroll growth
Admin Fees	7,200	7,200	7,200	7,200	7,200	7,200	0.00%	
HRA Inpatient Hospital	6,000	0	0	0	0	0		
TOTAL	3,351,269	3,691,557	4,078,882	4,511,093	4,993,659	5,493,616		
PROPERTY/LIABILITY INSURANCES								
Workers Comp	64,923	71,415	78,557	86,413	95,054	104,559	10.00%	MIIA

Expenditure Projections TOPSFIELD	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	Projection Percent	Notes
Property/Liability	196,113	201,996	208,056	214,298	220,727	227,349	3.00%	MIIA
Accident-Police	136,979	141,088	145,321	149,681	154,171	158,796	3.00%	
Surety Bonds	1,650	1,650	1,650	1,650	1,650	1,650	0.00%	
TOTAL	399,665	416,150	433,584	452,041	471,602	492,354		
ENTERPRISE FUNDS								
Water Salaries & Wages	290,685	304,652	319,291	334,633	350,712	367,564	see cola tab	
Other Expenses	323,630	333,339	343,339	353,639	364,248	375,176	3.00%	
Reserve Fund	356,000	370,240	385,050	400,452	416,470	433,128	4.00%	
Emergency Fund	52,000	52,000	52,000	52,000	52,000	52,000		
Debt Insurance	5,000	5,000	5,000	5,000	5,000	5,000		
Interst For BANS	11,598	29,452						
Existing Debt Service	157,691	100,903	99,415	97,015	84,615	82,375	See Debt tab	
Principal Paydown		82,000						
Autho/Unissued Debt Service	0	338,450	335,900	333,450	63,900	79,750	See Debt tab	
Solid Waste -Landfill Monitoring	38,700							
TOTAL	1,235,304	1,616,036	1,539,995	1,576,189	1,336,945	1,394,993		
OTHER AMOUNTS TO BE RAISED								
Cherry Sheet offset	11,144	11,144	11,144	11,144	11,144	11,144	0.00%	
Emerson Field Lease	1,250	1,250	1,250	1,250	1,250	1,250		
Overlay	188,271	192,978	197,802	202,747	207,816	213,011	2.50%	Revaluation update in FY2019
TOTAL	200,665	205,372	210,196	215,141	220,210	225,405		
STATE and COUNTY ASSESSMENTS								
Essex County Regional Communications Center	103,869	106,466	109,127	111,856	114,652	117,518	2.50%	\$16.26 per capita
Mosquito Control	44,262	44,262	44,262	44,262	44,262	44,262	0.00%	
Air Pollution	2,418	2,418	2,418	2,418	2,418	2,418	0.00%	
Metropolitan Arera Planning Council	3,240	3,240	3,240	3,240	3,240	3,240	0.00%	
RMV Non-Renewal Surcharge	2,340	2,340	2,340	2,340	2,340	2,340	0.00%	
MBTA	138,156	141,610	145,150	148,779	152,498	156,311	2.50%	
TOTAL	294,285	300,336	306,538	312,894	319,410	326,089		
FREE CASH - RESERVES								
Fin Com Reserve Fund	100,000	see Gen Gov						
Capital Stabilization Fund	100,000	103,000	106,090	109,273	112,551	115,927	3.00%	based on GF revenue growth
General Stabilization Fund	25,000	25,000	25,000	25,000	25,000	25,000		
OPEB Fund	100,000	100,000	100,000	100,000	100,000	100,000		
Employee Separation Reserve	62,000	62,000	62,000	62,000	62,000	62,000		accumulated benefits
Salary/Wage Reserve	18,000	18,360	18,727	19,102	19,484	19,873	2.00%	FY18-FY22 included in dept budgets
TOTAL	405,000	308,360	311,817	315,374	319,035	322,801		
FREE CASH - OTHER PURPOSES								
Landfill Maintenance	20,000	20,000	20,000	20,000	20,000	20,000		
Social Service Agencies	22,000	22,000	22,000	22,000	22,000	22,000		Tri-town council, Senior Care
Tri Town IT Acct Software	19,560							Art 20 FY17
TOTAL	61,560	42,000	42,000	42,000	42,000	42,000		
FREE CASH - CAPITAL								
Capital Outlay	115,000	300,000	309,000	318,270	327,818	337,653	3.00%	based on GF revenue growth
TOTAL	115,000	300,000	309,000	318,270	327,818	337,653		
ARTICLES FROM AVAILABLE FUNDS								
Capital Outlay articles from other accounts	303,227	TBD	TBD	TBD	TBD	TBD		
Chapter 90 Highway Funds	271,591	271,591	271,591	271,591	271,591	271,591		
Other non capital warrant articles	9,800	TBD	40,000	TBD	TBD	TBD		FY19 40K for reval
TOTAL	584,618	271,591	311,591	271,591	271,591	271,591		
TOTAL EXPENDITURES	28,265,523	29,754,469	30,785,899	32,185,650	32,981,413	34,292,597		

Topsfield Capital Investment

	Bud FY2017	Proj FY2018	Proj FY2019	Proj FY2020	Proj FY2021	Proj FY2022
<u>Existing Capital Investment</u>						
Existing Non-Exempt Debt Service	80,200	46,000	10,900	10,500	10,300	5,100
Authorized and Unissued Non-Exempt Debt	52,050	69,885	205,796	201,930	193,590	194,214
Capital Stabilization Fund	100,000					
Capital Articles Pay As You Go	115,000					
Existing Town Exempt Debt Service	504,779	550,278	446,290	436,990	321,540	198,900
Existing MASCO Exempt Debt Service	286,223	286,434	286,447	284,895	78,256	76,867
Authorized and Unissued Exempt Debt		125,000	125,000	345,000	413,990	462,400
Total Existing Capital Investment	1,138,252	1,077,597	1,074,433	1,279,315	1,017,676	937,481
<u>New Capital Investment</u>						
Capital Stabilization Fund		103,000	106,090	109,273	112,551	115,927
Capital Articles Pay As You Go		300,000	309,000	318,270	327,818	337,653
Total New Capital Investment		403,000	415,090	427,543	440,369	453,580
<u>Total Existing & New Capital Investment</u>	1,138,252	1,480,597	1,489,523	1,706,858	1,458,045	1,391,061
<u>Revenue Projection (less Enterprise Funds))</u>	26,917,172	27,963,185	28,615,728	29,545,325	30,072,875	30,798,671
<u>Capital Investment as % PY Revenue</u>	4.23%	5.29%	5.21%	5.78%	4.85%	4.52%

TOPSFIELD GENERAL FUND NON- EXEMPT DEBT SERVICE & PAY AS YOU GO

FISCAL YEAR	Existing General Fund Debt Service	Pay Down Principal	Auth/Unissued Estimated Debt Service	FY18-FY22 CIP Proposed Capital Stabilization	FY18-FY22 CIP Proposed Capital Pay Go	GRAND TOTAL	Total Budget From Rev Proj Model (less Water)	as % of Budget
2017	6,200	74,000		100,000	115,000	295,200	26,692,773	1.1%
2018	6,050	46,000	69,885	103,000	300,000	524,935	27,571,173	1.9%
2019	10,900		205,796	106,090	309,000	631,786	28,183,333	2.2%
2020	10,500		201,930	109,273	318,270	639,973	29,152,539	2.2%
2021	10,300		193,590	112,551	327,818	644,259	29,679,691	2.2%
2022	5,100		194,214	115,927	337,653	652,894	30,405,079	2.1%
2023			174,213	TBD	TBD	174,213		
2024			171,025	TBD	TBD	171,025		
2025			167,275	TBD	TBD	167,275		
2026			144,600	TBD	TBD	144,600		
2027			111,300	TBD	TBD	111,300		
2028			103,480	TBD	TBD	103,480		
2029			90,930	TBD	TBD	90,930		
2030			88,680	TBD	TBD	88,680		
2031			86,430	TBD	TBD	86,430		
2032			93,180	TBD	TBD	93,180		
2033			88,630	TBD	TBD	88,630		
2034			74,170	TBD	TBD	74,170		
2035			71,070	TBD	TBD	71,070		
2036			38,110	TBD	TBD	38,110		
2037						0		
TOTAL	49,050	120,000	2,368,508	646,841	1,707,741	4,892,140		

TOPSFIELD EXEMPT DEBT SERVICE

FISCAL YEAR	Town Exempt Debt Service	MASCO Net Exempt Debt Service	Auth/Unissued Estimated Debt Service	FY18-FY22 CIP Proposed Exempt Debt Service	GRAND TOTAL
2017	504,779	286,223			791,002
2018	550,278	286,434	125,000		961,712
2019	446,290	286,447	125,000		857,737
2020	436,990	284,895	345,000		1,066,885
2021	321,540	78,256	413,990		813,786
2022	198,900	76,867	462,400		738,167
2023		209,762	618,025		827,787
2024			618,050		618,050
2025			617,725		617,725
2026			617,050		617,050
2027			616,025		616,025
2028			619,650		619,650
2029			617,750		617,750
2030			620,500		620,500
2031			622,725		622,725
2032			619,425		619,425
2033			615,775		615,775
2034			616,775		616,775
2035			612,250		612,250
2036			607,375		607,375
2037			607,150		607,150
2038			601,400		601,400
2039			600,300		600,300
2040			603,675		603,675
2041			591,350		591,350
2042			598,850		598,850
2043			585,475		585,475
2044			566,925		566,925
2045			543,375		543,375
TOTAL	2,458,777		15,408,990	0	19,376,651

TOPSFIELD WATER DEBT AND CAPITAL

FISCAL YEAR	Existing WATER Debt Service	Pay Down	Auth/Unissued Estimated Debt Service	FY2018-FY2022 CIP Proposed Pay Go	FY2018-FY2022 CIP Proposed Debt (estimated)	GRAND TOTAL
2017	157,691					157,691
2018	100,903	82,000	338,450			521,353
2019	99,415		335,900			435,315
2020	97,015		333,450			430,465
2021	84,615		63,900			148,515
2022	82,375		79,750			162,125
2023	74,750		78,100			152,850
2024	72,313		76,450			148,763
2025	69,875		74,800			144,675
2026	67,438		73,150			140,588
2027			71,500			71,500
2028			69,850			69,850
2029			68,200			68,200
2030			66,550			66,550
2031			64,900			64,900
2032			63,250			63,250
2033			61,600			61,600
2034			59,950			59,950
2035			58,300			58,300
2036			56,650			56,650
2037						0
TOTAL	906,390	82,000	2,094,700	0	0	3,083,090

SHORT TERM BAN - ISSUE DATE 10/21/2016

Date Approved	Reference	Amount Auth	BAN Amount Issued	FY2018 Prin Paydown	FY2018 Int
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Non-Exempt Debt					
Fire Ladder Truck	5/6/2014	Ch 44 7(9)	1,000,000.00	1,000,000.00	19,000.00
					5,291.77
					10,788.42
					107.82
Fire Rescue Vehicle	5/6/2014	Ch 44 7(9)	210,000.00	210,000.00	27,000.00
Town Hall Remodeling	5/5/2015	Ch 44 7(3A) - 30 years	177,000.00	177,000.00	3,399.43
Equipment-Catch Basin/Cleaner	5/5/2015	Ch 44 7(9) 5 years	165,000.00	165,000.00	2,865.21
School Remodeling -Painting	5/5/2015	Ch 44 7(3A) - 30 years	165,000.00	165,000.00	2,671.06
Proctor, Steward Elem Schools - Roof study	5/5/2015	Ch 44 7(21) 5 years	135,000.00	110,000.00	1,780.60
Proctor HVAC Planning	5/5/2015	Ch 44 7(21) 5 years	49,000.00	49,000.00	793.12
School Building Remodeling - Hallways	5/5/2015	Ch 44 7(3A) - 30 years	20,000.00	20,000.00	323.76
School Building Remodeling - Lavs	5/5/2015	Ch 44 7(3A) - 30 years	60,000.00	60,000.00	971.19
School Sidewalk Repair - Steward Elem	5/5/2015	Ch 44 7(6) 15 years	48,000.00	48,000.00	777.03
			20,000.00		323.76
TOTAL				46,000.00	30,093.17

Exempt Debt					
Town Hall Design/Remodeling	5/3/2016	Ch 44 7(5) 7(3A)	9,859,000.00	1,500,000.00	24,282.37

Water Debt					
Water Mains	5/6/2014	Ch 44 8	1,100,000	1,018,000	82,000
Water Treatment Planning	5/6/2014	Ch 44 8	800,000	800,000	16,492
					12,960
TOTAL				82,000	29,452

TOPSFIELD PROJECTED LONG-TERM DEBT-- AUTHORIZED UNISSUED DEBT

From Financial Advisor

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Authorized/Unissued Exempt Debt																	
Town Hall Planning (1,006,000) & Addition (8,853,000)																	
Projected rates:Short Term 1.5%-2%			100,000	74,000	125,000	285,000	295,000	305,000	315,000	325,000	340,000	350,000	365,000	380,000	390,000	400,000	415,000
Long Term: 3.5%	125,000	125,000	245,000	339,990	337,400	333,025	323,050	312,725	302,050	291,025	279,650	267,750	255,500	242,725	229,425	215,775	201,775
Exempt Estimated Debt Total	125,000	125,000	345,000	413,990	462,400	618,025	618,050	617,725	617,050	616,025	619,650	617,750	620,500	622,725	619,425	615,775	616,775

Authorized/Unissued Non-Exempt Debt																	
Highway Sander/Plow truck																	
145,000.00																	
Rescue One Vehicle	27,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000									
210,000.00	1,575	3,150	3,150	3,000	2,500	2,250	1,875	1,500									
Ladder Truck	19,000	45,000	45,000	45,000	45,000	50,000	50,000	50,000	55,000	55,000	55,000	60,000	60,000	60,000	65,000	65,000	70,000
1,000,000.00	15,000	28,320	26,970	25,620	24,270	22,920	21,420	19,920	18,420	16,770	15,120	13,470	11,670	9,870	8,070	6,120	4,170
Catch Basin Cleaner/Plow		25,000	20,000	20,000	20,000	20,000	20,000	20,000									
165,000.00	2,475	2,888	2,800	2,400	2,250	2,000	1,800	1,200	300								
Elem Schools Exterior Painting		10,000	10,000	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000						
135,000.00	1,650	4,050	3,750	3,450	3,150	2,700	2,250	1,800	1,350	900	450						
Sidewalk Repairs - Steward		5,000	5,000	5,000	5,000												
20,000.00		350	300	200	113												
Hallway Flooring - Proctor		5,000	7,500	7,500	7,500	7,500	7,500	7,500	10,000								
60,000.00		1,050	1,100	950	900	813	750	525	300								
Library HVAC Design - Proctor		5,000	5,000	5,000	5,000												
20,000.00	300	350	300	200	113												
Lavatory Renovations - Proctor		9,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000							
48,000.00		1,470	1,320	1,170	1,020	870	720	570	420	270							
Roof Study - Elementary Schools		12,500	12,500	12,500	11,500												
49,000.00	735	858	730	540	288												
Town Hall Exterior Envelope Rprs		10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	20,000	17,000	
227,000.00	2,150	6,810	6,510	6,060	5,610	5,160	4,710	4,260	3,810	3,360	2,910	2,460	2,010	1,560	110	510	
Estimated Non-Exempt Debt Total	69,885	205,796	201,930	193,590	194,214	174,213	171,025	167,275	144,600	111,300	103,480	90,930	88,680	86,430	93,180	88,630	74,170

WATER FUND DEBT

AUTHORIZED UNISSUED DEBT																	
Water Mains - Washington St.	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
(Self-Supporting) 1,100,000	10,450	9,900	9,450	8,900	24,750	23,100	21,450	19,800	18,150	16,500	14,850	13,200	11,550	9,900	8,250	6,600	4,950
Water Treatment Plant Design	267,000	267,000	267,000														
(Self-Supporting) 800,000	6,000	4,000	2,000														
Estimated Water Debt Ttotal	338,450	335,900	333,450	63,900	79,750	78,100	76,450	74,800	73,150	71,500	69,850	68,200	66,550	64,900	63,250	61,600	59,950

TOPSFIELD PROJECTED LONG TERM DEBT From Financial Advisor

	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>
Authorized/Unissued Exempt Debt											
Town Hall Planning (1,006,000) & Addition (1,000,000)											
Projected rates:Short Term 1.5%-2%	425,000	435,000	450,000	460,000	475,000	495,000	500,000	525,000	530,000	530,000	525,000
Long Term: 3.5%	187,250	172,375	157,150	141,400	125,300	108,675	91,350	73,850	55,475	36,925	18,375
Exempt Estimated Debt Total	612,250	607,375	607,150	601,400	600,300	603,675	591,350	598,850	585,475	566,925	543,375

Authorized/Unissued Non-Exempt Debt

Highway Sander/Plow truck											
Rescue One Vehicle											
Ladder Truck											
Catch Basin Cleaner/Plow											
Elem Schools Exterior Painting											
Sidewalk Repairs - Steward											
Hallway Flooring - Proctor											
Library HVAC Design - Proctor											
Lavatory Renovations - Proctor											
Roof Study - Elementary Schools											
Town Hall Exterior Envelope Rprs											
Estimated Non-Exempt Debt Total	71,070	38,110	0	0	0	0	0	0	0	0	0

WATER FUND DEBT

AUTHORIZED UNISSUED DEBT		
Water Mains - Washington St.	55,000	55,000
(Self-Supporting)	3,300	1,650
Water Treatment Plant Design		
(Self-Supporting)	800,000	
Estimated Water Debt Ttotal	58,300	56,650

SOURCE: MASCO BUDGET DEBT SCHEDULE

							SHARE *
FISCAL YEAR		PRINCIPAL	INTEREST	TOTAL	SBAB REIMB	NET DEBT	26.46%
2016		1,780,000	599,745	2,379,745	1,291,498	1,088,247	287,950.16
2017		1,845,000	528,225	2,373,225	1,291,498	1,081,727	286,224.96
2018		1,920,000	454,015	2,374,015	1,291,498	1,082,517	286,434.00
2019		2,000,000	374,065	2,374,065	1,291,498	1,082,567	286,447.23
2020		2,085,000	283,200	2,368,200	1,291,498	1,076,702	284,895.35
2021		1,405,000	182,250	1,587,250	1,291,498	295,752	78,255.98
2022		1,470,000	112,000	1,582,000	1,291,498	290,502	76,866.83
2023		755,000	37,750	792,750	-	792,750	209,761.65

*TOPSFIELD PAYS PERCENTAGE (BOXFORD & MIDDLETON ALSO) Debt is Excluded from Prop 2 1/2

TOWN OF TOPSFIELD FIVE YEAR RETIREMENT PROJECTION

	Topsfield % Retirement Share	PERAC Total Funding Schedule	Topsfield Retirement Share
FY2017	0.0354	29,433,068	1,041,931
FY2018	0.0354	31,923,019	1,130,075
FY2019	0.0354	34,157,631	1,209,180
FY2020	0.0354	36,548,665	1,293,823
FY2021	0.0354	39,107,071	1,384,390
FY2022	0.0354	40,739,500	1,442,178

Town of Topsfield

Estimated Impact of Wage Cost Increases

	FY2018	FY2019	FY2020	FY2021	FY2022
COLA Factor	102.00%	102.00%	102.00%	102.00%	102.00%
Step Increase Factor	102.75%	102.75%	102.75%	102.75%	102.75%

Salary and Wages	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
GENERAL GOVERNMENT	863,501	904,992	948,477	994,051	1,041,816	1,091,875
PUBLIC SAFETY	2,197,811	2,303,416	2,414,095	2,530,092	2,651,663	2,779,076
PUBLIC WORKS	655,172	686,653	719,647	754,226	790,466	828,448
HUMAN SERVICES	199,238	208,811	218,845	229,360	240,381	251,931
CULTURE & RECREATION	421,174	441,411	462,621	484,850	508,147	532,564
WATER ENTERPRISE	290,685	304,652	319,291	334,633	350,712	367,564
TOTAL	4,627,581	4,849,936	5,082,976	5,327,213	5,583,185	5,851,457
Total Financial Impact		222,355	233,039	244,237	255,973	268,272
% Change		4.8%	4.8%	4.8%	4.8%	4.8%

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ABOUT THE CENTER

The Edward J. Collins, Jr. Center for Public Management in the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston was established in 2008 to improve the efficiency and effectiveness of all levels of government. The Center is funded by the Commonwealth and through fees charged for its services.



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