

TOWN OF DUNSTABLE

FINANCIAL FORECAST | A COMMUNITY COMPACT CABINET INITIATIVE

MARCH 2017



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114

www.mass.gov/dls



Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

March 17, 2017

Board of Selectmen
Town Hall
511 Main Street
Dunstable, MA 01827

Dear Board Members,

I am pleased to present the enclosed financial forecast for the Town of Dunstable as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Chief of the Division's Technical Assistance Bureau, at (617) 626-2358 or at blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

Table of Contents

Introduction	1
Community Profile.....	2
Financial Forecast	5
Revenues.....	7
Expenditures	19
Forecast Assumptions Table.....	30
Updating the Forecast.....	31
Additional Guidance	32
Appendix A: Revenue.....	33
Appendix B: New Growth.....	34
Appendix D: Available Funds.....	36
Appendix E: Expenditures	37
Appendix F: Enterprise Funds	40
Appendix G: Community Preservation Fund	41
Appendix H: Debt.....	42
Appendix I: Sample Policies.....	43

INTRODUCTION

At the request of the board of selectmen, the Division of Local Services (DLS) Technical Assistance Bureau developed a five-year financial forecast for the Town of Dunstable. This project is the result of the Community Compact Cabinet initiative (www.mass.gov/CCC), the goal of which is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government.

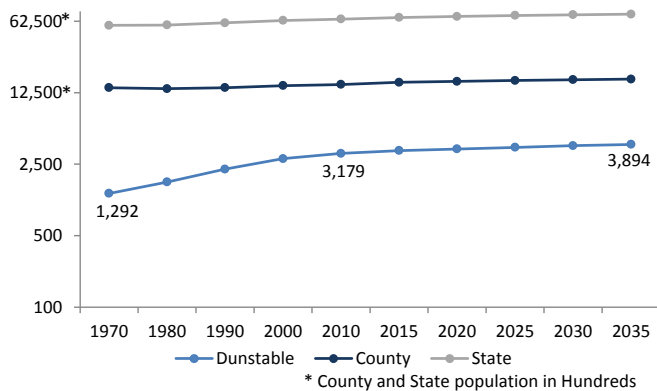
As a best practice, a financial forecast is an essential planning and policymaking tool that projects revenues and expenditures over a multiyear period. It is designed to allow a municipality to evaluate the impact of various decisions and policy choices over time (e.g., development and growth, collective bargaining, capital planning, long-term obligations, etc.). As a living document, the forecast includes reasonable assumptions that must be continually evaluated and updated to reflect changing circumstances and events. By doing so, the forecast provides a fair representation of the community's fiscal future to help guide the budget and strategic planning process.

To develop Dunstable's forecast, a team from the Technical Assistance Bureau met with local officials, reviewed budget related documents, and analyzed financial data. We also reviewed professional association guidance to measure standards and confirm recommended practices. The forecast offers a comprehensive look into the town's various revenue and expenditure components and the assumptions used to construct a five-year financial forecast. Accompanying this report is an Excel based financial forecasting tool and sample financial policies to support the implementation of recommended best practice. The source for all charts and graphs is the DLS databank unless otherwise noted.

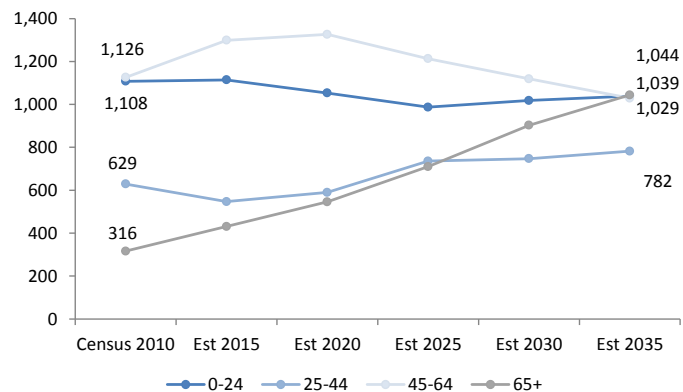
COMMUNITY PROFILE

The Town of Dunstable is a small, largely rural but growing community of about 3,200 residents located in northern central Middlesex County on the New Hampshire border. Though Dunstable began as a farming community and retains much of its agricultural landscape, the number of working farms is on the decline as the town's easy access to nearby Nashua New Hampshire makes it an increasingly appealing place for residential development. This is evidenced by the almost tripling of Dunstable's population over the past 30 years compared to the relatively slow growth in the rest of Middlesex County. Looking forward, the area's projected population trend is for level overall growth, although a strong uptick is projected for the over-65 demographic.

PROJECTED POPULATION¹



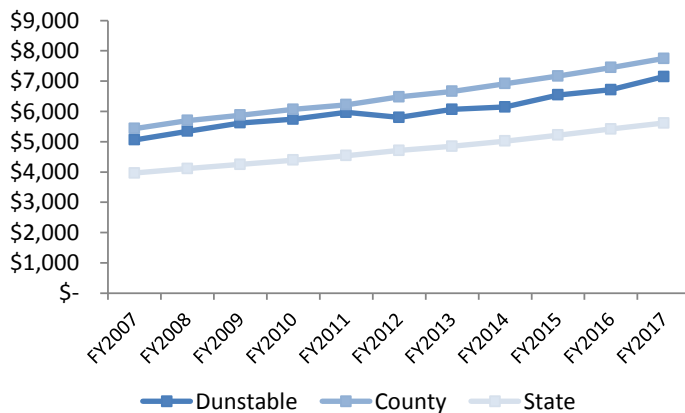
PROJECTED POPULATION BY AGE



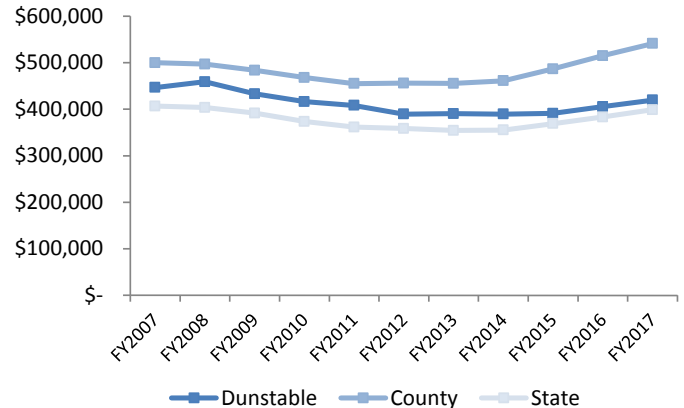
Middlesex County has the distinction of having seven communities in the state's top 10 for highest average single-family tax bills. Although Dunstable's average single-family tax bill of \$7,144 falls below the county average, it is still sufficiently above the statewide average. Over time, Dunstable's average single-family tax bill increases kept pace with the county's and rose slightly faster than the statewide average. Dunstable's average single-family home values have likewise mirrored these trends yet remain below the peak values set in 2007-2008.

¹ UMass Donahue Institute, Population Estimates Program, graph scaled for presentation

AVERAGE SINGLE FAMILY TAX BILL



AVERAGE SINGLE FAMILY HOME VALUE

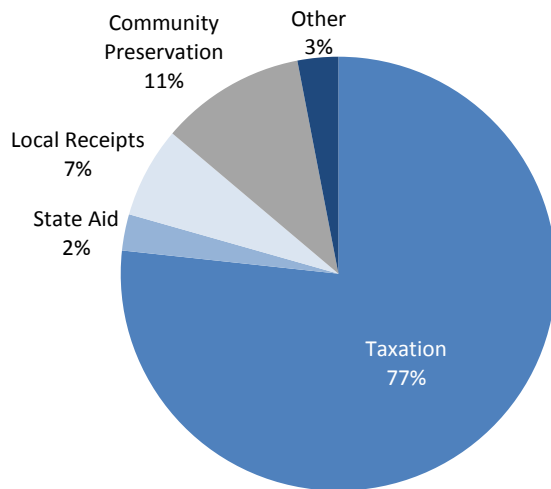


Dunstable's legislative power is vested in an open town meeting, while executive authority falls to the elected, three-member board of selectmen. In the absence of a charter, local bylaws and state statutes govern day-to-day operations. The selectmen are responsible for setting town goals, establishing policy, managing the affairs of the town, appointing local officials, and ensuring that town government is responsive to and reflective of the community's needs and values. To oversee daily matters and supervise all selectmen appointees, the board appoints a full-time town administrator who also serves as the designated budget coordinator, personnel director, chief procurement officer, community liaison, public relations director, and general manager of municipal affairs.

Currently operating with an annual budget of \$11M and having less than 25 full- and part-time permanent employees and 40 part-time and seasonal employees, the town offers a range of municipal services, including police, fire, highway, library, and senior and social services. The town delivers pre-k through 12th grade education as part of the Groton-Dunstable Regional School District (GDRSD) for a current combined enrollment of close to 2,400 students. A very small percentage (less than one percent) of Dunstable students opt to attend the Greater Lowell Technical High School (GLTHS), which serves 2,200 students from four area communities.

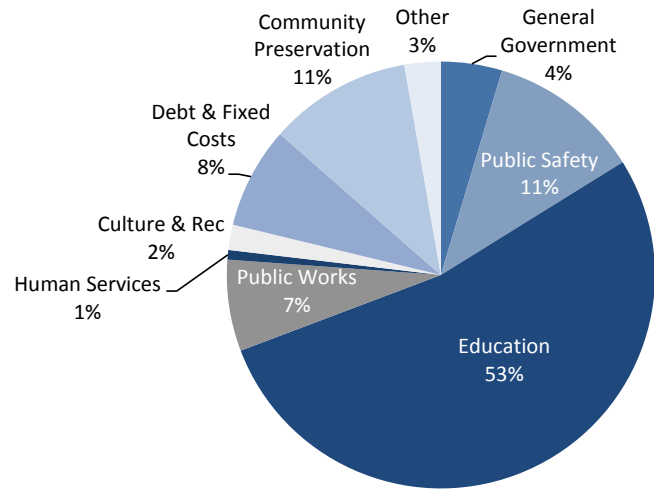
Funding for Dunstable's FY2017 budget comes from five sources: property taxes (77 percent), community preservation (taxes and state matching grant totaling 11 percent), local receipts (7 percent), and state aid and other available funds (together 5 percent). As for expenditures, the town spends 53 percent of its total budget on education, 11 percent on public safety, 11 percent on community preservation, 8 percent on debt and fixed costs, 7 percent on public works, 4 percent on general government, and the remainder on human services, culture and recreation, and other operations.

FY2017 TOTAL BUDGET REVENUE



\$11,066,176

FY2017 TOTAL BUDGETED EXPENDITURES²



\$11,066,176

Over the past several years, town residents have approved debt exclusion overrides for construction and limited equipment purchases, plus a few small operational overrides. However, just as many proposals have been defeated. Overall, with limited public appetite for overrides and absent significant revenue growth, Dunstable will continue to encounter difficulty in maintaining level services as costs increase. This reality underscores the necessity of careful budget planning informed by practical analysis.

Town officials laid out the following goals for this forecast:

- Educate and unify elected boards, committees, and town meeting on the town's fiscal condition
- Develop confidence in the town's financial direction
- Accurately depict Dunstable's prospective budget challenges for all stakeholders and community members
- Give the administration an effective budget planning tool to weather revenue fluctuations
- Ween the town off the use of one-time revenues to fund annual budgets and direct available resources to fund capital projects, improvements, and acquisitions

² FY2017 Town Meeting Appropriations

FINANCIAL FORECAST

Financial forecasting involves projecting revenues and expenditures over a period of time. This allows the town to identify challenges, analyze different scenarios, and budget sustainably for the future. The attached forecast is intended to:

- Capture annual, data-driven snapshots of the town's financial condition
- Project data for five-year periods
- Integrate with the town's annual budget process and be updated for each budget cycle
- Serve as a public document that provides financial information to the community, town meeting, and relevant boards and committees
- Protect or otherwise enhance the town's credit rating

In the accompanying Excel workbook, we provide a five-year forecast that contains summary pages and detailed revenue and expense worksheets. The summary page shown on the following page displays the general, enterprise, and community preservation funds and indicates either the amount of discretionary funds available (surplus) or the existing revenue gap (shortfall). On the following pages, each major revenue and expenditure category is defined in greater detail along with the assumptions used to build the forecasting tool.

FIVE-YEAR FINANCIAL FORECAST

General Fund	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenues	Budget	Projected	Projected	Projected	Projected	Projected
Property Tax Levy	8,488,764	8,898,710	9,086,851	9,344,736	9,603,638	9,688,442
State Aid Cherry Sheet	299,356	323,180	326,642	333,219	339,956	346,855
Estimated Local Receipts	749,500	768,575	788,272	808,499	829,264	850,675
Free Cash	225,000	105,000	35,000	35,000	35,000	35,000
Available Funds/Other Financing	47,551	-	-	-	-	-
Total Revenues	9,810,171	10,095,465	10,236,764	10,521,454	10,807,857	10,920,972

Expenditures	Budget					
General Government	511,889	536,618	551,884	555,518	559,225	563,005
Public Safety	1,274,904	1,306,550	1,320,835	1,326,856	1,332,993	1,339,246
Education	5,875,591	6,009,031	6,314,892	6,711,110	7,130,707	7,560,446
Public Works/Cemetery	765,426	778,254	787,856	795,944	804,156	812,495
Health and Human Services	80,383	84,275	86,553	88,281	89,573	90,890
Culture & Recreation	211,905	222,143	231,461	239,538	241,004	242,484
Debt Service/Capital Plan	270,664	265,040	257,420	249,640	191,700	24,100
State Assessments	3,310	3,360	3,410	3,461	3,513	3,566
Fixed Costs/Benefits	479,186	481,169	519,261	557,708	599,450	644,790
Risk Management	100,190	105,700	111,514	117,647	124,118	130,944
Misc/Other Uses	192,744	105,000	35,000	35,000	35,000	35,000
Other Amounts Raised	43,979	46,771	42,359	42,957	43,563	44,178
Total Expenditures	9,810,171	9,943,910	10,262,446	10,723,661	11,155,001	11,491,145
General Fund Surplus/(Shortfall)	(0)	151,555	(25,682)	(202,208)	(347,144)	(570,173)

Enterprise Funds

Enterprise Funds: Revenues - Budget	62,011	60,236	61,624	62,671	63,748	64,858
Enterprise Funds: Expenditures - Actual	62,011	60,236	61,624	62,671	63,748	64,858
Enterprise Surplus/(Shortfall)	0	0	0	0	0	0

Community Preservation

Community Pres Funds: Revenues - Budget ^①	1,193,994	283,279	290,361	297,620	305,061	312,688
Community Pres Funds: Expenditures - Actual	1,193,994	283,279	290,361	297,620	305,061	312,688
Enterprise Surplus/(Shortfall)	0	0	0	0	0	0

GRAND TOTAL REVENUES	11,066,176	10,438,980	10,588,749	10,881,745	11,176,667	11,298,518
GRAND TOTAL EXPENDITURES	11,066,176	10,287,425	10,614,431	11,083,952	11,523,810	11,868,691
Total Surplus/(Shortfall)	(0)	151,555	(25,682)	(202,208)	(347,144)	(570,173)

COLA Impact

GF Financial Impact of 2% COLA Increase		12,704	45,712	80,012	115,505	152,233
Total Surplus/(Shortfall) after COLA		138,851	(71,393)	(282,219)	(462,649)	(722,406)

① FY2017 includes unappropriated CPA reserves

REVENUES

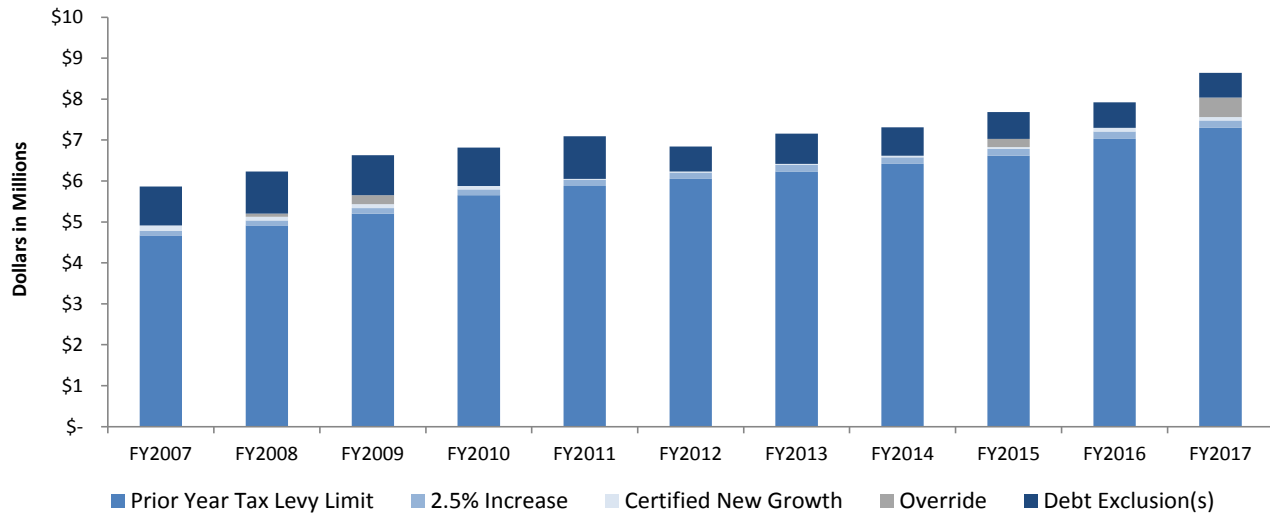
We recommend a moderately conservative approach to forecasting revenues. After reviewing historical information, conservative assumptions should be made about dollar or percentage adjustments to the current year's revenues to arrive at projections for the first forecast year. The same analysis should be made for each successive year and the forecast should be revised as new information becomes available or circumstances change. If projected revenues increase (e.g., Governor's budget, new growth, user fees, and free cash), then a corresponding expenditure increase may be made to the recommended operating or capital budget. Alternatively, the potential revenue gain could be diverted to reserves or be left unexpended and allowed to close at year-end to free cash.

TAX LEVY

The property tax levy is the revenue a community raises through real and personal property taxes, with year-to-year increases constrained by Proposition 2½. The annual growth in the tax levy limit increases automatically by 2.5 percent over the previous year's levy limit, plus an allowance for certain new construction and other additions to the tax rolls or new growth. A community may choose to permanently increase its levy limit through a voter-approved override or temporarily through a debt exclusion or capital outlay expenditure exclusion.

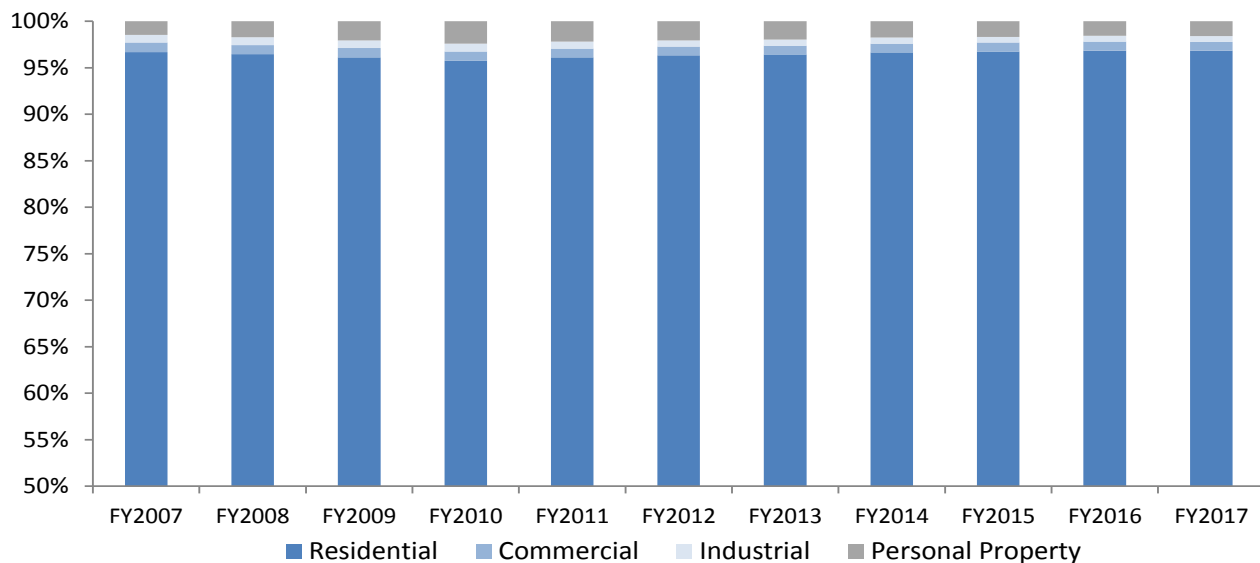
Like most communities in the state, Dunstable relies heavily on property taxes to fund operations, which has been hovering around 80 percent of the total operating budget. From 2005 to FY2017 Dunstable's tax levy grew from just over \$5.4 to \$8.6 million. This 57 percent increase included four permanent operational overrides totaling \$975,252 (the last one being \$475,000 just this year) in addition to debt exclusions for capital projects, including building renovations, land purchases and equipment. In FY2005, over \$1 million in excluded debt accounted for 19 percent of the tax levy. In FY2017, with a growing levy but \$400,000 less in excluded debt, the total levy is composed of only 7 percent excluded debt. The chart on the following page illustrates the dwindling debt exclusion, as well as the other levy components.

TAX LEVY COMPONENTS



The real estate portion of the tax levy consists of property classified as residential, open space, commercial or industrial. The non-real estate portion is personal property, which generally includes goods, equipment, furniture and other movable objects. Dunstable's residential class currently accounts for close to 97 percent of the total assessed value. The remaining 3 percent is divided between commercial, industrial, and personal property. As shown below, these classifications have stayed consistent for the past several years.

TAX LEVY CLASSIFICATION



Dunstable's board of assessors negotiated a 20-year payment in lieu of taxes (PILOT) agreement for a small portion of land adjoining the Town of Tynsborough that is being developed as a solar farm. Ratified by the voters at the May 2016, the developer will begin making annual payments in FY2018 of \$12,950 as part of the town's personal property tax levy for a total PILOT value of approximately \$250,000.

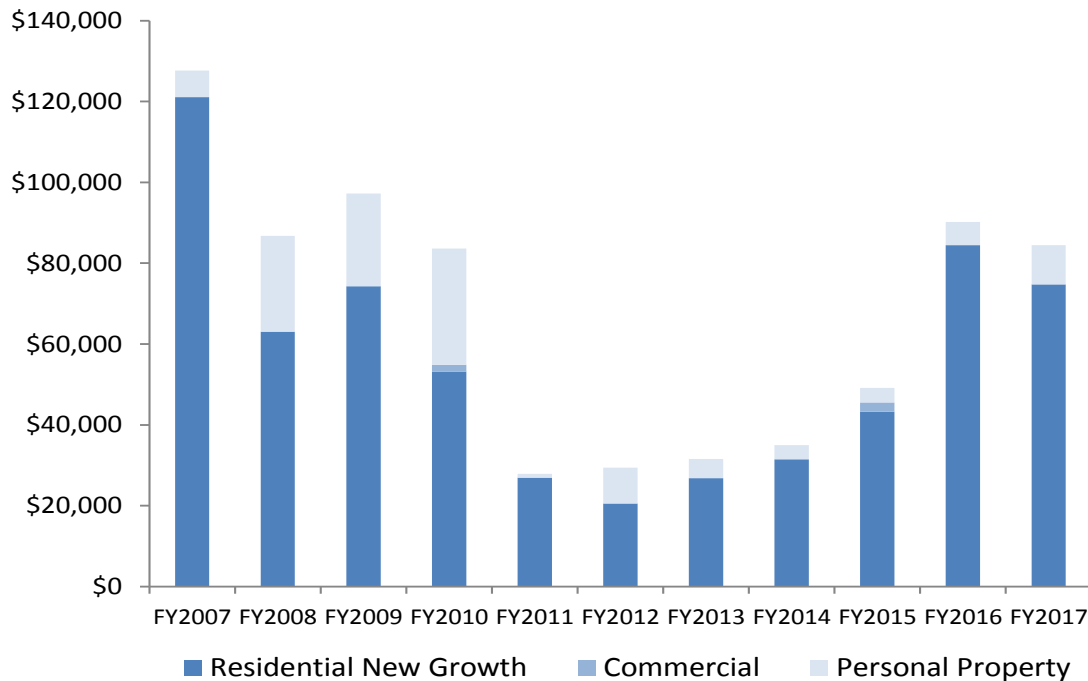
New Growth: New growth represents additional value added to the property tax base from new construction or improvements to existing properties. It can indicate whether or not the community is experiencing positive real estate development, and in turn, what to expect in terms of property tax growth. Conversely, it also can show what, if any, new expenditures to anticipate with new development (e.g., additional school children, public infrastructure, etc.). Since there may be high variation over a long period of time, it is useful to take the average of three-, five-, and ten-year periods when making projections. Town officials should also consult with their local community development and building departments about permits and proposed construction within the town or other nearby communities that might impact this analysis.

Assessors must value all real and personal property within their communities as of January 1 each year for the following fiscal year. Dunstable, having accepted Chapter 653 of the Acts of 1989, may include the assessment of any new structure, addition, demolition, improvement or alteration that occurs between January 1 and June 30 for the fiscal year beginning July 1. Any building activity that occurs after June 30 will be reflected in the assessing records the following January.

With no industrial base and only limited commercial and personal property, Dunstable's new growth is driven by the construction and renovation of single-family homes. Trends in new growth follow the general economy, and as with most communities, Dunstable saw a sharp decline after the 2008 recession. Since bottoming out in FY2011, there has been a steady increase, but so far, growth has returned to just 50 percent of the pre-recession activity.

Looking forward, there are currently three new subdivisions in various stages of development, which should fuel new growth for the next few years. Consequently, new growth in this forecast is projected just below the average of the last three years to reflect the expected activity on the horizon. Following is a chart that illustrates Dunstable's new growth by property class, followed by a table that displays the town's averages looking back 10, five, and three years. The assessors submit new growth and property value information to DLS on Schedule LA-13, typically in the fall. The forecast should be updated to reflect the new growth once certified by DLS.

NEW GROWTH BY CLASS



NEW GROWTH AVERAGES THRU FY2017

	Average Over Last 10 Years	Average Over Last 5 Years	Average Over Last 3 Years
Residential	49,874	52,163	67,494
Commercial	411	456	760
Personal Property	<u>11,247</u>	<u>5,461</u>	<u>6,355</u>
Total	\$61,532	\$58,080	\$74,608

Debt Exclusions: As of FY2017, Dunstable has seven voter-approved debt exclusions: three school projects, two town hall renovation projects, and two land purchases. The debt service on these obligations is scheduled to decrease by at least 5 percent annually until they are paid off. The projected debt assessment for GDRSD is based on information provided in the FY2017 superintendent's recommended budget. GLTHS assigned 2.42 percent of its total project cost and corresponding debt service to Dunstable and is included in the projection. The remaining town debt service projections are based on debt schedules provided by the town's financial advisor.

Any additions or changes to excluded debt should be updated on the forecast's debt worksheet to adjust the total tax levy. Debt exclusion information is entered on Schedule DE-1 on the tax recap.

CURRENT EXCLUDED DEBT

Project	Entity	Issued	Due
Town Hall Architect	Town	09/01/2002	05/15/2021
Town Hall Renovation	Town	09/01/2002	05/15/2021
River Street Land	Town	09/01/2002	05/15/2021
Henry Land - High Street	Town	11/15/2006	11/15/2016
Groton-Dunstable School District	Middle School	Various Dates	FY2025
Groton-Dunstable School District	High School	Various Dates	FY2029*
Greater Lowell Technical High School	High School	04/22/2016	FY2037

*Last payment date for current debt, the majority of which is High School building maturing in FY2022.

STATE AID

This 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. 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 cherry sheets may be found on the DLS Municipal Databank/Local Aid Section webpage, www.mass.gov/dls.

The FY2018 figures used in this forecast are based on the Governor's January budget submission (House 1). At less than 3 percent of total revenue, state aid is not a major revenue source for Dunstable; nonetheless it should be updated in the forecast as the state budget process unfolds.

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 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. Dunstable does not receive direct school funding for the Dunstable students who attend GDRSD or GLTHS. However the town currently receives a small amount of Chapter 70 aid for one student attending Essex Technical High

School (Essex Tech) on a tuition basis. Because of this limited amount, no Chapter 70 funding is forecast.

Understanding the Chapter 70 calculation is important because it is a driving factor, along with student populations, in the annual assessment amounts from the school districts. More information may be found on DESE's school finance webpage, www.doe.mass.edu/finance.

Unrestricted General Government Aid (UGGA): Based on equalized property value (EQV) and population, UGGA is funded from the state's general fund, which includes net lottery revenue, and the gaming local aid fund to provide general purpose assistance. Although increasing each of the last five years, UGGA in the two previous years declined. Therefore a conservative 2.5 percent annual increase is forecast.

Other Local Aid Accounts: Dunstable receives reimbursements for veterans benefits, certain local property exemptions, and state-owned land. Reimbursement for veterans benefits is 75 percent of the amounts spent for financial, medical, and burial benefits in the previous fiscal year. Property tax exemptions granted by the town to qualifying veterans, blind persons, surviving spouses, and elderly persons are fully reimbursed. Revenues lost due to tax-exempt, state-owned land are reimbursed based on property values and the latest three-year statewide average tax rate. Dunstable's state-owned land more than doubled in FY2017 to a value over \$3.3 million, resulting in a substantial increase in the town's reimbursement. Because each of these categories is based on the town's actual experience, the aid amounts can be somewhat predictable. For this forecast, veterans benefits are level funded, and reimbursements for exemptions and state-owned land are increased 0.5 percent annually.

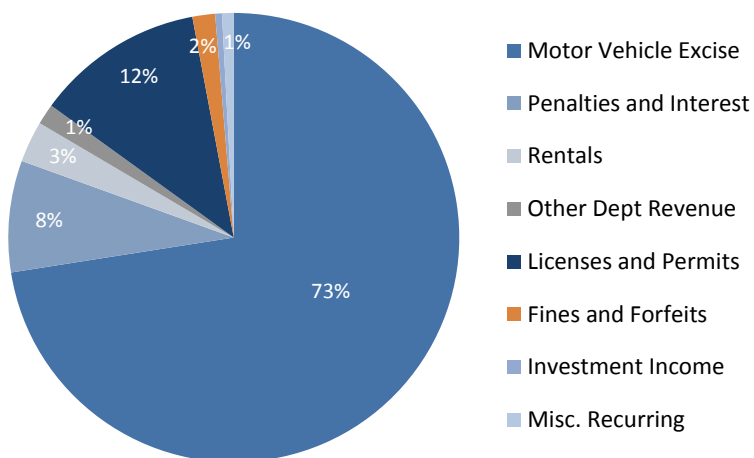
To encourage and supplement library services and resources, the state provides additional aid for public libraries to use strictly for library purposes. This amount offsets a corresponding appropriation and is increased 0.5 percent annually.

LOCAL RECEIPTS

Local Receipts: Local receipts are locally generated revenues other than real and personal property taxes, such as motor vehicle excise, penalties and interest, investment income, charges, and fees. Beginning in FY2017, these also include solid waste fees from the transfer station. At almost \$750,000, local receipts comprise close to 7 percent of Dunstable's total FY2017 budgeted revenue.

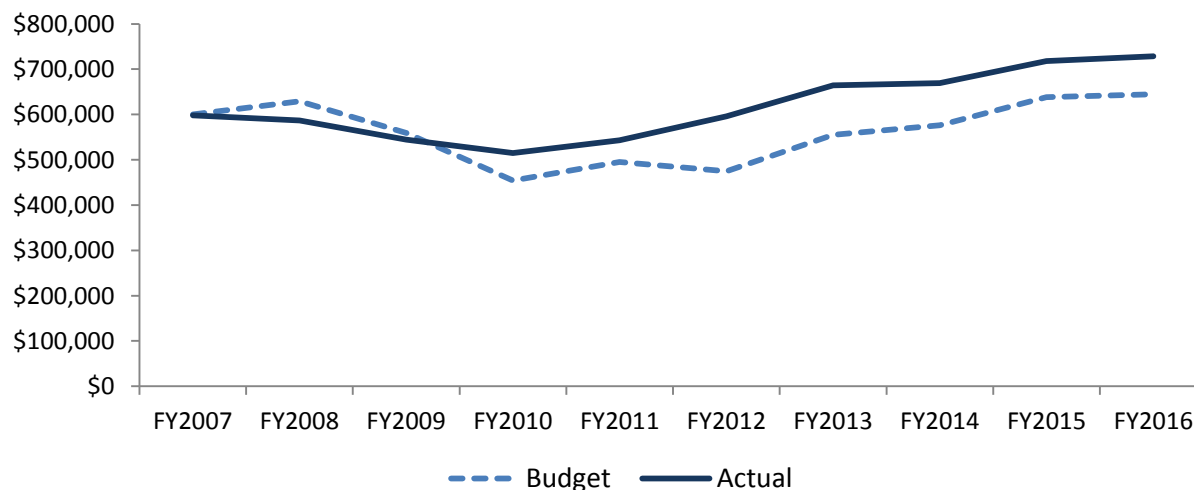
Historically, motor vehicle excise has comprised about 70 percent of the town's annual local receipts.

FY2016 ACTUAL LOCAL RECEIPTS



Local receipts generally reflect the health of the local economy and can have a significant impact on free cash. Policymakers should consider any negative historical trend as a warning indicator. Since FY2010, Dunstable's estimated local receipts have steadily increased, while consistently remaining below actual revenue received. A narrowing spread between actual and budgeted amounts underscores the importance of making conservative estimates.

BUDGET TO ACTUAL LOCAL RECEIPTS



All receipt categories have been conservatively forecast based on historical trends (see *Local Receipts* worksheet). Officials should monitor these receipts by comparing budget to actual to ensure that forecast figures continue to be reasonable. Local receipts are found on page 3 of the tax recap.

AVAILABLE FUNDS/OTHER FINANCING SOURCES

Aside from the tax levy, state aid, and local receipts, 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 like Chapter 90 highway funds and receipts reserved for appropriation. Dunstable's FY2017 budget funding includes \$273,000 of available funds, of which \$225,000 is free cash.

Historically, Dunstable's use of available funds has included interdepartmental transfers approved at town meeting and entered into tax recap Form B-2. Recently, these transfers have been made to fund Essex Tech tuition and transportation, and to establish other special revenue funds. Since these transfers are not new revenue sources, they are not projected forward as a revenue source.

Communities primarily maintain reserves (free cash, stabilization funds, and overlay surplus) to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Not recommended but sometimes necessary, a town may appropriate from reserves to fund some portion of the current budget, in effect using one-time revenue.

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. As reported on the following page, since FY2010, Dunstable's annual town meeting has voted to use free cash "to reduce the tax rate." However, these actions were actually required to fully fund the operating budget. In this time period, Dunstable's annual appropriated free cash as a percentage of the operating budget has averaged about 2.5 percent. Since free cash is the result of the spending and collection activity within a given fiscal year, relying on it in this way can be unsustainable because there is no guarantee the free cash used to balance this year's budget will be available for next year's expenses. It also suggests that the town may have a long-term structural budget deficit.

As recommended, Dunstable has also used small amounts of free cash for one-time expenditures, including capital items, engineering studies, and in FY2012, a transfer to the stabilization fund. Dunstable's average annual free cash certification since FY2010 has been \$303,255 and its average annual free cash appropriation has been 80 percent of the balance. Any unappropriated free cash at year-end is added to the succeeding year's certification.

FREE CASH APPROPRIATIONS

Fiscal Year	Annual Budget Funding	Snow & Ice Deficit	Previous Year Unpaid Bills	Capital Projects	Other	Total
FY2010	\$97,024	\$0	\$20,760	\$0	\$0	\$117,784
FY2011	67,976	46,917	16,724	10,000	10,900	152,517
FY2012	68,937	0	16,800	26,000	67,000	178,737
FY2013	62,096	0	0	0	10,000	72,096
FY2014	226,818	0	0	78,500	51,715	357,033
FY2015	200,000	25,000	546	46,390	49,200	321,136
FY2016	200,000	0	3,977	30,000	52,866	286,843
FY2017	200,000	0	0	10,000	15,000	225,000

Stabilization Funds: Dunstable has three stabilization funds established for different purposes as allowed in [M.G.L. c. 40, §5B](#): general, highway machinery, and water system. The highway machinery fund was established in May 2009 to finance related capital and equipment needs, and the water system fund was established in November 2015 to fund emergency water tank repairs and any expenses related to potential water system failures. Since FY2014, there have been no appropriations made to any of the stabilization funds. Balances accumulated in stabilization funds automatically carry forward from one fiscal year to the next including earned interest.

A historical analysis of reserve levels allows the town to identify negative trends and plan proactively. The Government Finance Officers Association (GFOA) recommends reserves that communities reserve between 5 and 15 percent of net operating revenue. Furthermore, credit rating agencies look more favorably on communities with healthy reserve levels. The table on the following page shows Dunstable's free cash and stabilization fund balances relative to total general fund budget from FY2010 to FY2016. Even without a stabilization funding plan and consistent use of free cash, the town has managed to keep the total reserve balance above 6 percent. Nevertheless, local officials should develop clear policies on when to appropriate from reserve funds and to designate a safe target balance.

As a best practice, free cash, the stabilization fund, or any nonrecurring revenue source should not be used to support the operating budget, reduce the tax rate or pay any recurring expenditures.

FREE CASH AND STABILIZATION BALANCES

Fiscal Year	Free Cash	Free Cash as % of Budget	General Stabilization Fund	Highway Maintenance Stabilization Fund	Water System Stabilization Fund	Total Stabilization Funds	Stabilization fund as % of Budget	Combined Reserves	Combined Reserves as % of GF Budget
FY2010	\$152,612	1.9%	\$324,263	\$10,016	\$0	\$334,279	4.2%	\$486,891	6.2%
FY2011	179,010	2.3%	295,864	10,026	0	305,890	4.0%	484,900	6.3%
FY2012	103,412	1.3%	346,759	10,030	0	356,789	4.5%	460,201	5.9%
FY2013	397,495	4.9%	382,632	10,032	0	392,664	4.8%	790,159	9.7%
FY2014	554,081	6.3%	313,403	10,034	0	323,436	3.7%	877,517	10.0%
FY2015	424,798	4.7%	314,030	10,036	0	324,066	3.6%	748,864	8.3%
FY2016	311,377	3.2%	265,168	10,036	50,005	325,208	3.3%	636,585	6.5%

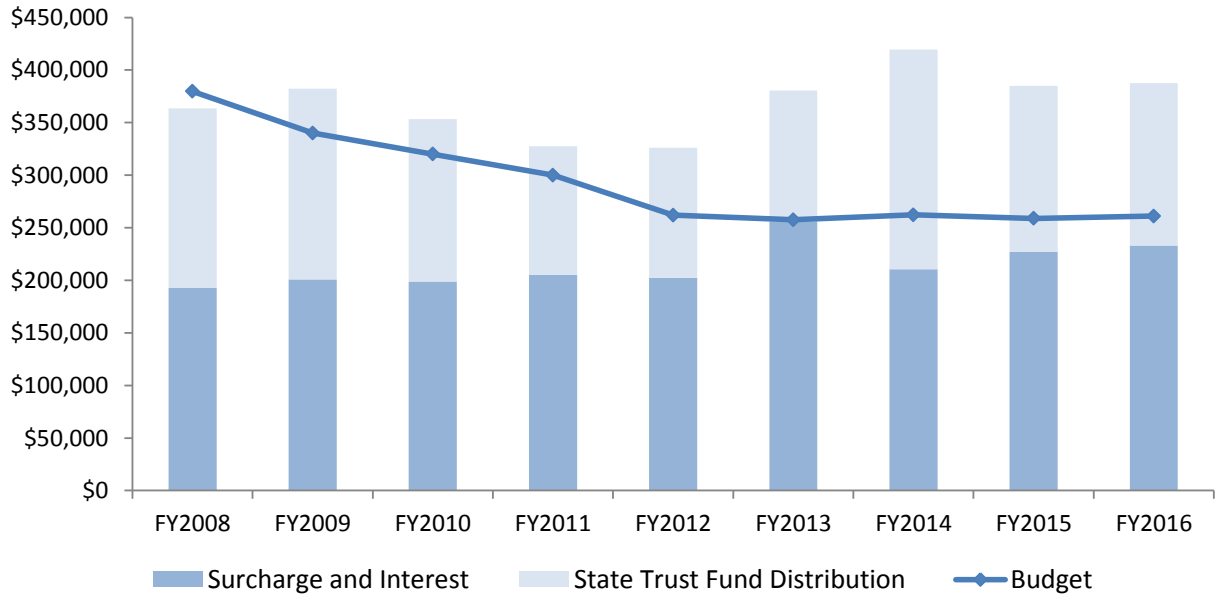
Overlay Surplus: Any balance in the overlay reserve account in excess of the remaining amount of the warrant to be collected or abated may be certified by the assessors as surplus and appropriated for any lawful purpose. Although Dunstable has not routinely used overlay surplus as an available source, it was used to supplement the FY2016 budget, leaving a balance of over \$76,000 in the overlay account. The overlay account should be reviewed annually as part of the budget process to determine if a portion can be declared surplus. Any unappropriated overlay surplus at the end of the fiscal year becomes free cash. The forecast does not project the availability or use of overlay surplus over the next five years. Overlay amounts can be found Schedule OL-1 of the tax recap.

Community Preservation Receipts: 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.

In May 2006, Dunstable residents voted overwhelmingly to establish a community preservation fund by assessing the full three percent surcharge on real estate bills and providing for associated state matching funds. As additional communities adopt the provision, the state's matching distributions have steadily declined. However three-percent communities such as Dunstable are eligible for supplemental annual distributions, resulting in Dunstable receiving an overall average match of 78 percent of the prior-year surcharge.

Continuing the town's conservative budgeting trend, both the surcharge and the state match are forecast to increase 2.5 percent annually. Community preservation receipts are found on Schedule A-4 of the tax recap (see *CPF* worksheet).

BUDGET TO ACTUAL COMMUNITY PRESERVATION FUND RECEIPTS



Chapter 90/Highway Funds: Based on an analysis of Dunstable's road miles, population and employment, the Massachusetts Department of Transportation annually notifies the town of Chapter 90 highway grant funds. Because the grant amount is offset by an appropriation subject to annual notification, the forecast does not include projections.

ENTERPRISE RECEIPTS

An enterprise fund ([MGL c. 44, § 53F½](#)) gives a community the flexibility to establish a separate accounting and financial reporting mechanism for municipal services for which fees are charged in exchange for goods or services. The given service's revenues and expenses are segregated into a fund with financial statements separate from the general fund.

Enterprise funds budget directly for certain costs, including personal services, expenses, capital expenditures, reserves, and an operating surplus. Indirect costs are those amounts budgeted in the general fund and allocated to the enterprise fund, and these typically include employee benefits, retirement, insurances, and debt service.

Through FY2016, Dunstable had two enterprise funds: water and transfer station (see *Enterprise Funds* worksheet). Because the fees for the transfer station were insufficient to support its operation without annual subsidies from the general fund, town meeting voted to discontinue it as an enterprise fund and effectively convert it back to a general government department in May 2016.

Water enterprise fund revenues for FY2017 were budgeted at \$62,011 based on user charges, other departmental revenue, and investment income. No retained earnings supplement was included in the budgeted revenue. Health insurance costs of \$6,000 were calculated and are reimbursed to the general fund as an indirect cost. Based on historical practice, we have set the revenue equal to projected budgets plus estimated indirect costs.

The Revenues worksheet has formula links to the *New Growth*, *Local Receipts*, and *Available Funds* worksheets and from them calculates a grand total.

EXPENDITURES

Dunstable should determine a particular approach for forecasting expenditures. The options to consider include a maintenance (level service) budget, a level funded budget, or a budget that adjusts expenditures by a specified percentage increase or decrease (either across the board or by department).

A maintenance budget projects what it costs to maintain the current level of staffing 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 a contract ends. Possible personnel costs associated with future contracts are 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 appropriation.

A level funded budget appropriates the same amount of money to each municipal department and is tantamount to a budget cut from the prior-year appropriation. Inflation in mandated costs and other fixed expenses still must be covered, usually at the expense of the general government operating budget.

Operating budget projections are based on a maintenance budget, with no major program changes envisioned in the near future. Increases are forecast based on historical expenditures and trends.

MUNICIPAL DEPARTMENTS

Departments are grouped by major categories consistent with town and state expenditure reporting (see *Expenditure* worksheet). Categories include: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture/Recreation. Broken out separately are Personal Services, Expenses, and Capital Outlay.

Personal Services: At the direction of the town administrator and the newly formed personnel board, Dunstable recently developed and accepted a wage classification and compensation schedule for all employees except the town administrator and the full-time police officers and sergeants covered by a collectively bargained contract.

The wage classification and compensation schedule, which is being implemented over three years beginning in FY2017, compares each employee's current hourly rate to the appropriate grade and step for the position. Employees currently compensated less than the schedule will be made whole over a three-year period. Employees in excess of the schedule will maintain at the current level. Per the draft schedule, all hourly rates increased 2 percent for FY2018. This was maintained in this forecast with no further projected rate increases. The police contract expires June 30, 2017 and again, no further increases are projected.

Proposed changes in personnel costs are captured separately in the cost-of-living adjustment (COLA) worksheet. The COLA worksheet estimates the impact of future contract settlements and compensation plan increases for approval by town meeting. By omitting personnel cost changes the forecast can determine the remaining revenue. At the same time, the COLA information provides policymakers with a tool to analyze future personnel costs.

For illustration and based on consistent historical appropriations, subsequent years (FY2019 through FY2022) are presented with a 2 percent COLA for employees covered by the wage and compensation plan. To consider different scenarios, percentage increases can be entered for each year to generate the estimated impacts. Elected officials are included on the worksheet without an increase. Although any increase in enterprise fund personal services would be borne by the enterprise fund, it is also included in the worksheet to show the impact. Only the general fund COLA impact is presented on the summary page.

FINANCIAL IMPACT OF COLA

		0%	2%	2%	2%	2%
	FY2017 Budgeted	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2021 Projected
Town Compensation Plan						
General Government	222,089	239,045	245,806	245,806	245,806	245,806
Police Non-Union	186,816	195,919	195,919	195,919	195,919	195,919
Firefighters	96,936	111,133	117,489	117,489	117,489	117,489
Inspectional Services	39,223	41,771	43,791	43,791	43,791	43,791
Highway	187,707	192,688	194,324	194,324	194,324	194,324
Snow	53,470	54,539	54,539	54,539	54,539	54,539
Transfer Station	17,053	17,460	17,460	17,460	17,460	17,460
Human Services	19,534	22,209	23,246	23,708	23,708	23,708
Culture/Recreation (Library)	69,651	78,466	86,348	92,974	92,974	92,974
Town Compensation	892,479	953,230	978,922	986,010	986,010	986,010
Financial Impact of COLA		0	19,862	40,559	61,977	84,139
		0%	0%	0%	0%	0%
Elected Officials						
Selectmen	1,800	1,800	1,800	1,800	1,800	1,800
Board of Assessors	900	900	900	900	900	900
Treasurer/Collector	55,927	61,207	66,150	66,150	66,150	66,150
Town Clerk	31,536	30,536	30,536	30,536	30,536	30,536
Total Elected Officials Compensation	90,163	94,443	99,386	99,386	99,386	99,386
Financial Impact of COLA		0	0	0	0	0
		2%	2%	2%	2%	2%
Collective Bargaining Unions						
Police	626,104	626,104	626,104	626,104	626,104	626,104
Total	626,104	626,104	626,104	626,104	626,104	626,104
Financial Impact of COLA		12,704	25,849	39,452	53,528	68,094
Financial Impact of COLA - General Fund		12,704	45,712	80,012	115,505	152,233

Expenses and Capital Outlay: Expenses are projected to increase by a conservative 2 percent per year. Historical expenditures have fluctuated greatly by department and require yearly examination for proper funding. Police is the only department with routine capital outlay (for vehicles), and it is projected to increase 1 percent. Other capital expenditures are captured in the Miscellaneous/Other Financing Uses section.

Education

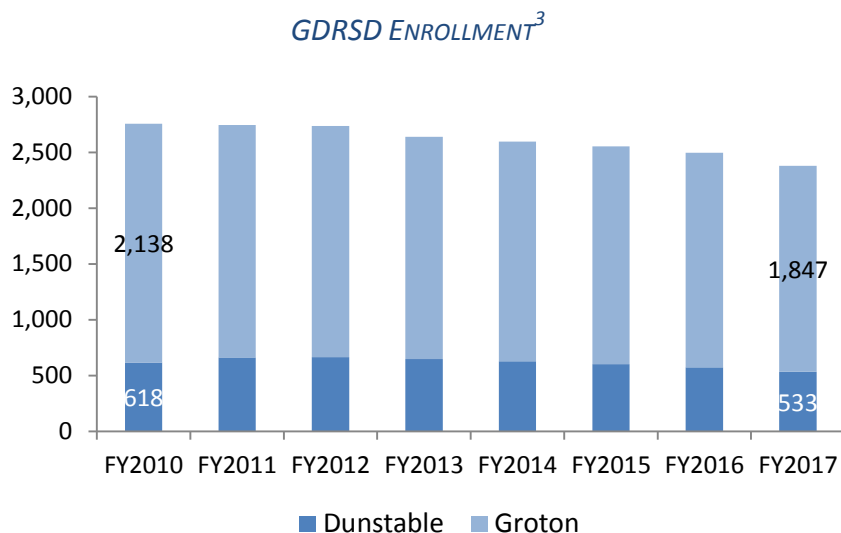
As stated in the revenue assumptions, DESE annually determines required net school spending (NSS), which is the sum of the Chapter 70 aid plus a required district contribution. The required contribution is allocated by DESE to the district's members based on foundation enrollment (the number of pupils for whom a school district is financially responsible as of October 1). GDRSD's budget has been exceeding DESE's NSS requirement, thereby requiring annual supplemental assessments from its member towns based on each town's percentage share of student enrollment. Two additional components make up the annual assessment, which are not part of the NSS calculation: 1) the debt service payments for the middle and high schools allocated on student enrollment in each of the buildings and 2) the transportation costs apportioned on district enrollment.

In addition, Dunstable is assessed for the students attending GLTHS based on a NSS requirement and required district contribution. The third portion of education expenditures is for students who elect to attend a vocational school to which Dunstable is not a member for a specific program. Currently there is one such student, and the same funding rules apply.

EDUCATION ASSESSMENTS

	FY2013	FY2014	FY2015	FY2016	FY2017
Groton-Dunstable Regional School District (GDRSD)					
Student Enrollment (DESE)	648	628	602	574	533
Required Minimum Contribution (DESE)	3,750,310	3,872,055	4,088,752	4,168,398	4,081,585
Supplemental & Transportation	303,331	290,170	553,144	611,392	1,163,391
Debt	421,568	397,500	416,802	392,694	361,264
Total Assessment	\$4,475,209	\$4,559,725	\$5,058,698	\$5,172,484	\$5,606,240
Change from Prior Year	1.70%	1.89%	10.94%	2.25%	8.39%
Greater Lowell Technical High School (GLTHS)					
Student Enrollment (DESE)	15	17	15	11	14
Required Minimum Contribution (DESE)	149,792	180,537	174,980	136,019	189,099
Supplemental & Transportation	1,973	4,232	2,336	2,702	8,151
Debt	0	1,600	25,134	24,223	21,065
Total Assessment	\$151,765	\$186,369	\$202,450	\$162,944	\$218,315
Change from Prior Year	-11.94%	22.80%	8.63%	-19.51%	33.98%
Essex Technical High School					
Student Enrollment (DESE)	1	0	0	1	1
Required Minimum Contribution (DESE)	8,271	0	0	10,239	10,950
Supplemental & Transportation	(8,271)	0	46,044	35,555	40,086
Total Assessment	\$0	\$0	\$46,044	\$45,794	\$51,036

Student enrollment at GDRSD has declined by more than 13 percent the past few years, and according to the UMass Donahue Institute Population Estimates Program, this trend is expected to continue for the school age population of both communities. However, due to the escalating cost of education, the total assessment has increased an average of 7.5 percent. With both communities experiencing almost equal rates of decline, the proportional debt allocation has remained steady. Following this trend, this forecast projects annual increases of 7 percent and projected debt equal to the provided schedule.



Budgeting for GLTSH and Essex Tech has fluctuated greatly due to varying enrollment. For GLTHS, the town's budgeted cost per student has increased an average of nine percent, exclusive of debt. This forecast assumes level GLTHS enrollment, a 10 percent annual budget increase, and debt equal to projected debt schedule. Although Essex Tech tuition has decreased over the last three years, this is not typical for education costs and not expected to continue. Therefore the forecast includes a 2 percent annual tuition increase. More usual is the rising transportation costs, which are forecast at a 10 percent annual increase.

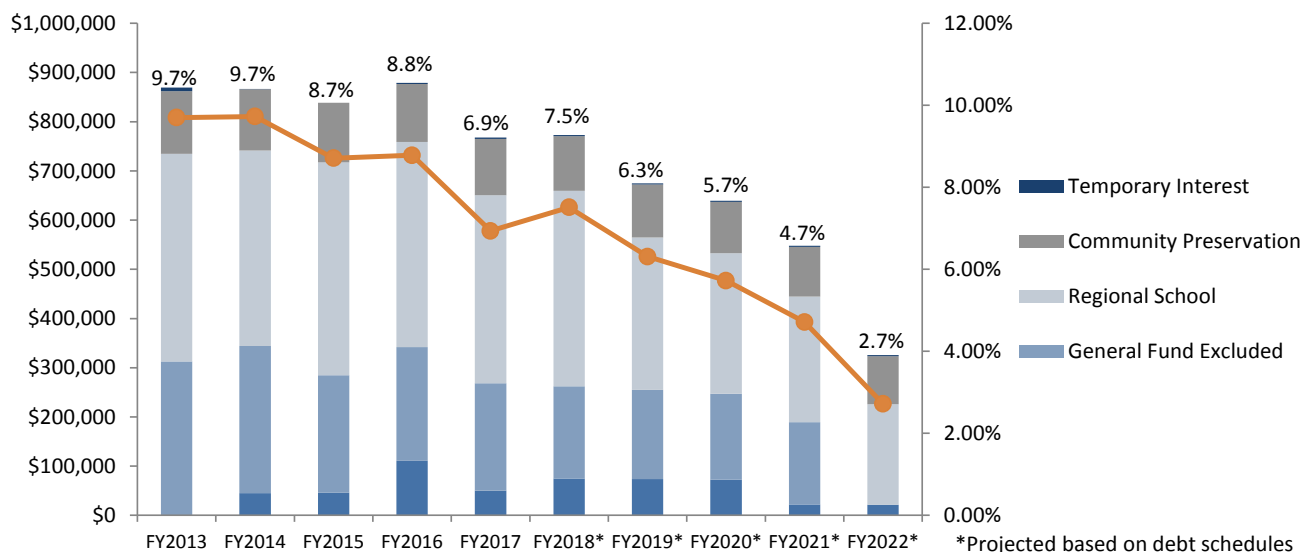
Debt Service and Capital

Projections for debt service are based on the town's existing payment schedules. The bulk of Dunstable's debt obligation is school construction projects, the majority of which will be paid off by FY2025. Because this retiring debt is excluded no additional funds will become available in the budget, although it will positively affect the tax rate. Community preservation debt is included on

³ Department of Elementary and Secondary Education

the debt worksheet, but it is funded directly through the community preservation fund. As a generally accepted benchmark, debt service should be maintained at 5 to 10 percent of operating revenue. Dunstable is now within this benchmark as the GDRSD debt retires. We recommend the town establish a debt policy that sets a target debt service level for the town to maintain.

DEBT SERVICE AS PERCENT OF BUDGET



In 2016, Dunstable adopted a new capital planning bylaw establishing a capital planning committee. The bylaw also defines a capital expenditure as having a useful life of five years and a cost of at least \$10,000. The committee will maintain a five-year capital improvements plan that will prioritize projects, analyze funding, and create a long-term financial plan achievable within the town's budget limitations. Only with the committee's recommendation will a capital expenditure be considered at town meeting. Our recommended debt policy would help support capital planning by setting borrowing parameters to maintain capital investment capacity. Any anticipated capital expenditures will need to be included in the forecast (see Debt Service/Capital Plan on the *Expenditures* worksheet).

Risk Management

Risk management comprises the town's casualty and liability insurances, including police and fire accident insurance, property and auto coverage, and public official bonds, which are all provided through the Massachusetts Interlocal Insurance Association (MIIA). Based on previous experience, these insurances are projected to increase 5.5 percent annually. The public official bonds are budgeted with the treasurer's expenses.

Employee Benefits

Employee benefits include group health and life insurances, retirement, Medicare, and workers' and unemployment compensations. Combined, these expenditures are \$480,000, or 4.9 percent of the total general fund operating budget approved for FY2017.

Group Health & Life Insurance: Dunstable offers medical insurance and group life insurance through MIIA for permanent employees regularly scheduled for 20 hours or more. Currently less than 25 employees are eligible, and approximately two-thirds of them elect to receive the benefit. Employees pay 25 percent of the premium, with the town paying the remaining 75 percent. Health insurance costs have fluctuated greatly over the last several years and there is no certainty as to the cost of future insurance plans, nor is it possible to predict the percentage of employees who will enroll in them. Given these factors, the projected increase is 10 percent annually but this will need to be carefully monitored.

Retirement: Dunstable is a member of the Middlesex County Retirement System (MCRS). Permanent employees working a minimum of 20 hours per week and earning at least \$5,000 per year must become members of the MCRS. For Dunstable, this is again less than 25 employees. MCRS's funding schedule increases each year and is estimated to be fully funded in 2035. Every other year, an actuarial valuation is prepared that takes into account system activity and investment return, so the numbers will change and should be revised accordingly. The town must make its annual retirement payment by December 31; however, it may make payment on July 1 for close to a 2 percent discount. In the January 1, 2016 valuation, the actuary used a 4 percent amortized unfunded liability payment to determine the FY2018 and FY2019 projected appropriations.

This forecast uses the actuary's July 1 FY2018 and FY2019 amounts, and projects the next three years to increase 5 percent annually from the FY2019 requirement. Because economic assumptions about investment earnings, future salary increases, and employee population are some of the driving components used to calculate the required appropriation, any instability in these factors can cause great fluctuations and require this budget item to be monitored and updated as amounts become known.

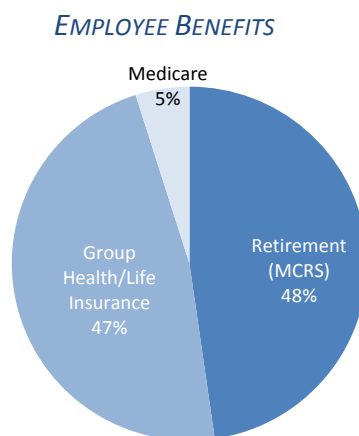
Part-time, seasonal or temporary employees who are not eligible to participate in the MCRS must be placed in Social Security or an equivalent retirement plan as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). A deferred compensation plan, which has a contribution level of at least 7.5 percent of an employee's gross compensation per pay period, is considered a

qualifying retirement plan and an appropriate vehicle for providing necessary benefits to employees not eligible for the MCRS. An advantage is that the town may avoid including employees in the Social Security system, which requires both employers and employees to contribute in excess of 7 percent of compensation by funding or requiring employees to contribute a total of at least 7.5 percent of compensation to the plan. All Dunstable employees not eligible for the MCRS are contributing to an OBRA plan.

OPEB: Other postemployment benefits (OPEB) are benefits other than pensions that are earned during the employee's active working career but not actually paid until after the employee retires. Dunstable has not adopted [M.G.L. c. 32B, §9A](#) and therefore has no obligation to contribute toward the cost of health insurance benefits for retirees and no OPEB liability.

Medicare: For all employees hired after April 1, 1986, a 1.45 percent Medicare tax is withheld from their paychecks and matching amounts paid by the community. The Medicare line has been increased for FY2018 and FY2019 as part of the three-year compensation plan implementation, which includes an adjustment for a 2 percent increase in FY2018. Because no further wage increases are included in this forecast, this line has been forecast with level funding after FY2019. The forecast will need to be revised with any personnel cost changes.

A corresponding 1.45 percent increase is factored into the COLA worksheet to more closely approximate the budgetary impact of any wage or collectively bargained increase scenarios.



Workers' Compensation/Injured on Duty: These programs are in place to make sure workers are protected by insurance if they are injured on the job or contract work-related illnesses. With its participation in the MIIA pool and slight claim activity, Dunstable includes this item in the risk management budget along with other general town insurances.

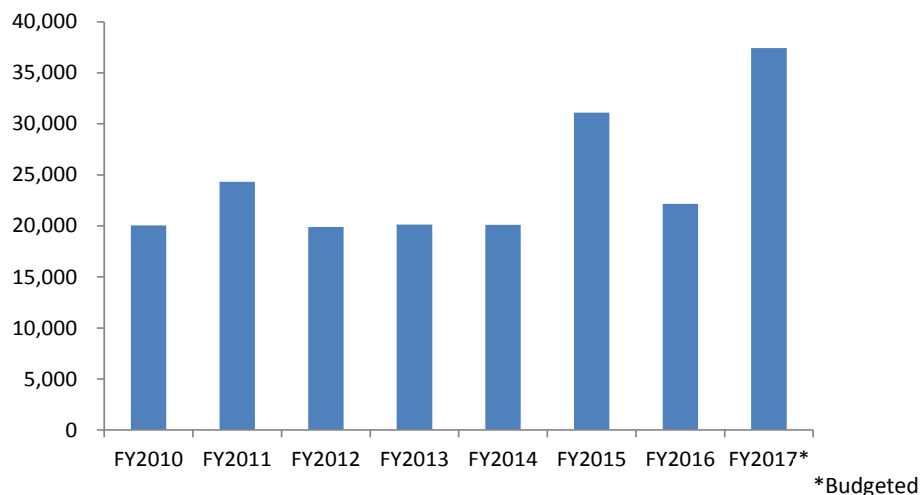
Unemployment Compensation: Unemployment compensation is designed to pay benefits to workers who lose their jobs through no fault of their own, and it is funded based on employees' salaries and claims filed. Dunstable maintains an unemployment compensation trust fund and therefore this expenditure is not included in the general fund budget. There has been no activity in the fund over the last several years, so no replenishing plan is forecast.

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, intergovernmental charges, and the allowance for property abatements and exemptions (overlay). Deficits and court judgments are not forecast and would need to be included in the event something materializes. The cherry sheet offsets are expenses that correspond to the aid figures that the state distributes to Dunstable for the Free Public Library. The library aid revenue increase is 0.5 percent, which is therefore the forecast's offset projection.

Historically, the required overlay increases in the years when the town's property values are recertified for full and fair market value. FY2018 and every subsequent fifth year will be recertification years. The overlay is projected to increase 2 percent annually for the next five years, with an additional \$5,000 in FY2018.

ABATEMENTS AND EXEMPTIONS CHARGED THROUGH 06/30/2017



STATE ASSESSMENTS

Dunstable pays two state assessments: 1) the costs to monitor air pollution levels and enforce air quality standards by the Department of Environmental Protection and 2) reimbursement to the Registry of Motor Vehicles (RMV) for marking licenses or registrations for non-renewal due to nonpayment of taxes or fines. Air pollution costs are capped at a 2.5 percent increase; however, Dunstable's historic average has been closer to 1.5 percent. The motor vehicle surcharge is based on actual RMV experience, which has been flat for the last three years after a significant increase. Both of these assessments are a very small percentage of the budget, and each forecast to increase by 1.5 percent annually.

MISCELLANEOUS/ OTHER FINANCING USES

Miscellaneous expenditures and transfers to other funds include the advisory committee's reserve fund, community preservation fund, special articles, transfers out of the general fund, and prior-year expenditures.

Reserve Fund: The advisory board reserve fund has been routinely budgeted at \$25,000, although in FY2015 an additional \$5,000 was appropriated, and free cash has been transferred to supplement the account in spring town meetings. The projection continues funding at \$25,000.

Community Preservation Expenditures: 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 have been level funded and debt projected according to the existing payment schedule. Capital projects are funded from the reserve and undesignated balances, so they are not projected in this forecast. The three statutory reserves (open space, historic, and community housing) are all budgeted at the required 10 percent of projected revenue and the balance to the undesignated reserve targeted at 20 percent. As a fund operating independent of the general fund, we have set the expenditures equal to the projected revenue by forecasting any remaining revenue in the appropriated/unreserved line.

Other: Special articles include capital outlay for equipment purchases, building maintenance, and departmental requests, funding prior-year unpaid bills, and snow and ice deficits funded from free cash, stabilization funds and other special revenue funds. In addition, the town may contribute to the general or other special purpose stabilization funds. Local policy should guide the balances of these funds with annual appropriations being made in pursuit of target levels. In FY2018, the

forecast provides an appropriation of \$85,000 into Dunstable's general stabilization fund, \$15,000 into the highway maintenance stabilization fund, and \$5,000 into the water system stabilization fund. Subsequent years project annual increases of \$25,000 to the general stabilization fund and \$5,000 to the other two funds. The projected revenue source for all these transfers is free cash to the extent available. No other use of free cash is projected, including the amount previously used to fund the budget.

Once the tax rate is set, a community may use available funds to supplement the current year's budget through June 30, which would be reported on the subsequent tax recap. In the current budget year, the prior-year expenditures are reported in this group, making sure that the budgeted revenues balance with gross appropriations as reported on the tax recap. When the fiscal year-end closing is completed, expenses would be reflected in the appropriate department from the prior year.

ENTERPRISE FUND

The forecast projections for the water enterprise fund mirror the town's historical financial budgeting practices.

Direct Costs: Wages for the two employees serving the water enterprise operation on a part-time basis are charged directly to the fund. These employees also serve general fund departments and are included in the wage and classification schedule.

Indirect Costs: Dunstable appropriates certain enterprise fund costs in the general fund, specifically group health and life insurances, pension contributions, and Medicare taxes. Annually, the employees' pro rata share of Medicare taxes and group health and life insurances are calculated as indirect costs, and enterprise receipts in the total amount are transferred to the general fund. As with the general fund, these costs are projected to increase 10 percent overall.

FORECAST ASSUMPTIONS TABLE

	FY2018	FY2019	FY2020	FY2021	FY2022
REVENUES:					
Levy	<ul style="list-style-type: none">▪ Conservative new growth estimates▪ Levy to the maximum allowable amount				
	<ul style="list-style-type: none">▪ Debt exclusion based on provided schedules figures				
State Aid	<ul style="list-style-type: none">▪ Chapter 70: payments made directly to the Groton-Dunstable School District and Greater Lowell Vocational Technical High School▪ UGGA increased 2.5 percent annually▪ Veterans benefits level funded▪ Exemptions, state-owned land, and the library offset increased 0.5 percent annually				
Local Receipts	<ul style="list-style-type: none">▪ Conservative projections – level funded to a maximum 5 percent				
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 activity thru June 2016. Not included as funding sources▪ Chapter 90/Highway Funds are not projected beyond FY2017▪ Overlay surplus is not projected				
EXPENDITURES:					
Personnel Services	<ul style="list-style-type: none">▪ Based on existing contract and the town’s compensation plan▪ COLA adjustment worksheet provided to estimate future potential settlements/increases▪ Future COLA increases are included at 2 percent for impact				
Expenses and Capital Outlay	<ul style="list-style-type: none">▪ Expenses are projected to increase 2 percent annually▪ Capital outlay is projected for police only increasing 1 percent annually				
Education	<ul style="list-style-type: none">▪ Regional school assessment is projected to increase 7 percent annually▪ Vocational technical school at 10 percent▪ Debt according to published projected schedule▪ Essex Agricultural tuition increase 2 percent and transportation 10 percent annually				
Debt Service	<ul style="list-style-type: none">▪ Based on existing payment schedules▪ Temporary interest is projected to be \$2,500 annually				
Capital Plan	<ul style="list-style-type: none">▪ No projections for a capital plan				
State Assessments	<ul style="list-style-type: none">▪ Other state assessments are projected to increase 1.5 percent annually				
Risk Management	<ul style="list-style-type: none">▪ Police & fire accident and property & auto insurances are all projected to increase 5.5 percent				
Employee Benefits	<ul style="list-style-type: none">▪ Group health and life insurance are projected to increase 10 percent annually▪ Retirement is projected to increase 5 percent annually▪ Medicare/FICA are level funded after compensation plan fully implemented▪ Workers’ compensation is forecast as level with risk management				
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 2 percent annually				
Miscellaneous	<ul style="list-style-type: none">▪ Community preservation receipts expense is equal to the estimated revenue▪ Transfers to all three stabilization funds are included and increase each year as noted<ul style="list-style-type: none">○ General Stabilization – Initial \$85,000 + \$25,000 annually○ Highway Maintenance Stabilization – Initial \$15,000 + \$5,000 annually○ Water System Stabilization - \$5,000 annually▪ Reserve fund is level at \$25,000				

UPDATING THE FORECAST

Annually, the town should update the forecast after the end of the fiscal year. The budget fiscal year should be updated to reflect actual expenditures, the current year's budget entered, and another column 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 and formulas. For these reasons, Dunstable should create a copy of the forecast in an Excel workbook before proceeding.

First: Insert a column after the last displayed year to each worksheet.

Second: 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. Repeat this process in each worksheet. There should always be a blank column between the last projected year and the dark gray column preceding the Average Percent Change and/or Projection Percent columns.

		Average	
FY2022		Percent	Projection
Projected		Change	Percent

Third: Enter actual expenditures for the recently closed fiscal year and the new budget as adopted. 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.

Particular attention should be paid to:

- State Aid – Enter final estimates.
- 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 available balances for the stabilization funds should be entered. Enter the free cash amount when certified by DLS.
- Debt — Enter from debt service payment schedules.

Fourth: When the new tax recap is approved by DLS, review and balance the current year's budgeted revenues (*Revenues* worksheet) to the recap figures and the budgeted expenditures to the revenues on the Summary worksheet (the total surplus/ (shortfall) should be zero). It is at this time that the new growth, levy limit, total tax levy, estimated receipts, and other amounts to be raised will be finalized.

ADDITIONAL GUIDANCE

The town administrator develops and produces the annual budget, including a detailed summary of revenue and expenses. On the summary, expenses are a combination of town meeting action and required other amounts, such as cherry sheet offsets and charges, overlay, and deficits. When budgeting, it is essential to capture all expenses; however, they must be separated when reporting on the tax recap. Amounts appropriated, including special articles and enterprise funds, are reported on page 4 of the recap and must reconcile to town meeting action. The other amounts are raised without town meeting action on page 2 of the recap. These together equal the total expenses.

On page 4 for the FY2017 tax recap, the amount to raise and appropriate for the general fund budget was the total budget (\$9,850,220). This included appropriations for the water enterprise fund, cherry sheet charges and offsets, overlay, and a special article, all of which were raised elsewhere. In total, \$109,113 was raised twice. Additionally, the budget amount on the summary sheet from which the \$9,850,220 was taken did not equal the amount appropriated by town meeting, thereby raising an additional \$2,890. The result of this error increased the tax rate by \$0.22 or \$94 on the average single family tax bill.

We recommend that the town administrator ensure the budget summary clearly identifies town meeting actions (i.e., total general fund budget, special articles, and enterprise fund budget) to be reported on page 4 of the recap versus the other items raised on page 2.

Additionally, we recommend for all annual and special town meeting warrants:

- Clearly identify funding sources and amounts in each motion
- Present balanced revenue and expenditure budgets for the enterprise fund
- Include a comprehensive funding chart summarizing all financial articles

Immediately following town meeting, the town accountant and town clerk should reconcile all votes and amounts. The town accountant should ensure that town meeting authorizations clearly reconcile to the amounts reported in the tax recapitulation schedules.

APPENDIX A: REVENUE

	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
PROPERTY TAX LEVY								
Prior Year Tax Levy Limit	6,616,546	7,031,079	7,297,086	8,038,988	8,313,963	8,595,812	8,884,707	9,180,825
Amended Prior Growth	-	-	-	-	-	-	-	-
2.5% Increase	165,414	175,777	182,427	200,975	207,849	214,895	222,118	229,521
Certified New Growth	49,119	90,230	84,475	74,000	74,000	74,000	74,000	74,000
Override	200,000	-	475,000	-	-	-	-	-
TAX LEVY LIMIT TOTAL	7,031,079	7,297,086	8,038,988	8,313,963	8,595,812	8,884,707	9,180,825	9,484,346
Debt Exclusion(s)	654,644	623,750	600,214	584,747	491,039	460,029	422,813	204,096
Other Adjustment	-	-	-	-	-	-	-	-
MAXIMUM ALLOWABLE LEVY ①	7,685,723	7,920,836	8,639,202	8,898,710	9,086,851	9,344,736	9,603,638	9,688,442
LESS Excess Tax Levy Capacity ②	5,405	3,143	150,438	-	-	-	-	-
TOTAL Tax Levy ③	7,680,318	7,917,693	8,488,764	8,898,710	9,086,851	9,344,736	9,603,638	9,688,442
① DLS, Gateway, Taxrate, Levy Limit ② DLS, Gateway, Taxrate, LA-5 ③ DLS, Gateway, Taxrate, Tax Rate Recap, Page 1								
STATE AID CHERRY SHEET								
Chapter 70 Education Aid	-	2,961	2,961	2,961	-	-	-	-
Unrestricted General Government Aid	218,858	226,737	236,487	245,710	251,853	258,149	264,603	271,218
Veterans Benefits	-	3,618	4,644	18,531	18,531	18,531	18,531	18,531
Exemptions VBS and Elderly	8,369	7,369	7,819	8,194	8,235	8,276	8,318	8,359
State Owned land	11,384	11,384	43,779	43,998	44,218	44,439	44,661	44,884
Public Libraries (offset)	3,657	3,670	3,666	3,786	3,805	3,824	3,843	3,862
TOTAL Cherry Sheet ④	242,268	255,739	299,356	323,180	326,642	333,219	339,956	346,855
④ municipal-databank-and-local-aid-unit								
ESTIMATED LOCAL RECEIPTS								
1. Motor Vehicle Excise	473,589	510,000	515,000	527,875	541,072	554,599	568,464	582,675
2. Other Excise	-	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Excises	23,000	15,000	47,500	48,600	49,800	51,000	52,200	53,500
4. Payment In Lieu of Taxes	-	-	-	-	-	-	-	-
5. Charges for Services-Water	-	-	-	-	-	-	-	-
6. Charges for Services-Sewer	-	-	-	-	-	-	-	-
7. Charges for Services-Hospital	-	-	-	-	-	-	-	-
8. Charges for Services-Solid Waste Fees	-	-	60,000	60,600	61,200	61,800	62,400	63,000
9. Other Charges for Services	-	-	-	-	-	-	-	-
10. Fees	-	-	-	-	-	-	-	-
11. Rentals	21,000	10,000	20,000	20,500	21,000	21,500	22,000	22,500
12. Dept. Revenue-Schools	-	-	-	-	-	-	-	-
13. Dept. Revenue-Libraries	-	-	-	-	-	-	-	-
14. Dept. Revenue-Cemeteries	-	-	-	-	-	-	-	-
15. Dept. Revenue-Recreation	-	-	-	-	-	-	-	-
16. Other Departmental Revenue	25,300	23,000	10,000	10,000	10,000	10,000	10,000	10,000
17. Licenses/Permits	46,500	75,000	80,000	84,000	88,200	92,600	97,200	102,000
18. Special Assessments	-	-	-	-	-	-	-	-
19. Fines and Forfeits	13,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
20. Investment Income	3,000	1,700	3,000	3,000	3,000	3,000	3,000	3,000
21. Medicaid Reimbursement	-	-	-	-	-	-	-	-
22. Misc. Recurring	3,000	-	4,000	4,000	4,000	4,000	4,000	4,000
23. Misc. Non-Recurring	30,152	-	-	-	-	-	-	-
TOTAL Local Receipts	638,541	644,700	749,500	768,575	788,272	808,499	829,264	850,675
AVAILABLE FUNDS								
Free Cash	321,136	286,843	225,000	105,000	35,000	35,000	35,000	35,000
Other Available Funds	124,794	45,800	47,551	-	-	-	-	-
TOTAL Available Funds	445,930	332,643	272,551	105,000	35,000	35,000	35,000	35,000
TOTAL GENERAL FUND REVENUES	9,007,057	9,150,775	9,810,171	10,095,465	10,236,764	10,521,454	10,807,857	10,920,972
ENTERPRISE FUNDS								
Water Fund	49,825	54,672	62,011	60,236	61,624	62,671	63,748	64,858
Water Retained Earnings	8,097	-	-	-	-	-	-	-
Transfer Station	67,635	64,743	-	-	-	-	-	-
Transfer Station Retained Earnings	-	-	-	-	-	-	-	-
TOTAL Enterprise Funds	125,557	119,415	62,011	60,236	61,624	62,671	63,748	64,858
COMMUNITY PRESERVATION FUND								
Community Preservation Fund	491,874	740,543	1,193,994	283,279	290,361	297,620	305,061	312,688
TOTAL Community Preservation Fund	491,874	740,543	1,193,994	283,279	290,361	297,620	305,061	312,688
GRAND TOTAL REVENUES	9,624,488	10,010,733	11,066,176	10,438,980	10,588,749	10,881,745	11,176,667	11,298,518

APPENDIX B: NEW GROWTH

	FY2005 Budget	FY2006 Budget	FY2007 Budget	FY2008 Budget	FY2009 Budget	FY2010 Budget	FY2011 Budget	FY2012 Budget	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Residential New Growth	135,598	160,349	121,135	63,056	74,317	53,160	26,877	20,515	26,830	31,503	43,256	84,431	74,794	67,500	67,500	67,500	67,500	67,500
Commercial (C)	0	0	0	0	0	1,724	109	0	0	0	2,279	0	0	0	0	0	0	0
Industrial (I)	-	0	0	0	0	0	0	0	0	0	0	0	0					
Personal Property (P)	5,779	5,257	6,520	23,719	22,904	28,777	878	8,885	4,755	3,488	3,584	5,799	9,681	6,500	6,500	6,500	6,500	6,500
CIP New Growth	5,779	5,257	6,520	23,719	22,904	30,501	987	8,885	4,755	3,488	5,863	5,799	9,681	6,500	6,500	6,500	6,500	6,500
TOTAL New Growth ①	141,377	165,606	127,655	86,775	97,221	83,661	27,864	29,400	31,585	34,991	49,119	90,230	84,475	74,000	74,000	74,000	74,000	74,000

① DLS, Gateway, Tax Rate, LA-13

Tax Levy Base Growth, column K

3-year average

Residential		139,027	114,847	86,169	63,511	51,451	33,517	24,741	26,283	33,863	53,063	67,494
CIP		5,852	11,832	17,714	25,708	18,131	13,458	4,876	5,709	4,702	5,050	7,114
Total		144,879	126,679	103,884	89,219	69,582	46,975	29,616	31,992	38,565	58,113	74,608

5-year average

Residential		110,891	94,403	67,709	47,585	40,340	31,777	29,796	41,307	52,163
CIP		12,836	17,780	16,926	17,399	13,606	9,723	4,796	5,758	5,917
Total		123,727	112,184	84,635	64,984	53,946	41,500	34,592	47,065	58,080

10-year average

Residential		71,334	62,100	54,508	49,874
CIP		11,280	11,288	11,342	11,658
Total		82,614	73,388	65,850	61,532

10-year HIGH

Residential	160,349	160,349	121,135	84,431
CIP	30,501	30,501	30,501	30,501

10-year LOW

Residential	20,515	20,515	20,515	20,515
CIP	987	987	987	987

APPENDIX C: LOCAL RECEIPTS

Budget Projections

	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
1. Motor Vehicle Excise	432,000	473,589	510,000	515,000	527,875	541,072	554,599	568,464	582,675
2a. Meals Excise	-	-	-	-	-	-	-	-	-
2b. Room Excise	-	-	-	-	-	-	-	-	-
2c. Other Excise	-	-	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Excises	41,600	23,000	15,000	47,500	48,600	49,800	51,000	52,200	53,500
4. Payment In Lieu of Taxes	-	-	-	-	-	-	-	-	-
5. Charges for Services-Water	-	-	-	-	-	-	-	-	-
6. Charges for Services-Sewer	-	-	-	-	-	-	-	-	-
7. Charges for Services-Hospital	-	-	-	-	-	-	-	-	-
8. Charges for Services-Solid Waste Fees ①	-	-	-	60,000	60,600	61,200	61,800	62,400	63,000
9. Other Charges for Services	-	-	-	-	-	-	-	-	-
10. Fees	-	-	-	-	-	-	-	-	-
11. Rentals	20,000	21,000	10,000	20,000	20,500	21,000	21,500	22,000	22,500
12. Dept. Revenue-Schools	-	-	-	-	-	-	-	-	-
13. Dept. Revenue-Libraries	-	-	-	-	-	-	-	-	-
14. Dept. Revenue-Cemeteries	-	-	-	-	-	-	-	-	-
15. Dept. Revenue-Recreation	-	-	-	-	-	-	-	-	-
16. Other Departmental Revenue	29,000	25,300	23,000	10,000	10,000	10,000	10,000	10,000	10,000
17. Licenses/Permits	37,800	46,500	75,000	80,000	84,000	88,200	92,600	97,200	102,000
18. Special Assessments	-	-	-	-	-	-	-	-	-
19. Fines and Forfeits	9,000	13,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
20. Investment Income	4,000	3,000	1,700	3,000	3,000	3,000	3,000	3,000	3,000
21. Medicaid Reimbursement	-	-	-	-	-	-	-	-	-
22. Misc. Recurring	3,000	3,000	-	4,000	4,000	4,000	4,000	4,000	4,000
23. Misc. Nonrecurring	-	30,152	-	-	-	-	-	-	-
TOTAL Local Receipts-Budget ②	576,400	638,541	644,700	749,500	768,575	788,272	808,499	829,264	850,675

① Prior to FY2017, Solid Waste Fees were recorded
in the Transfer Station Enterprise Fund

Actual

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual
1. Motor Vehicle Excise	481,473	514,420	527,995						
2a. Meals Excise	-	-	-						
2b. Room Excise	-	-	-						
2c. Other Excise	-	-	-						
3. Penalties/Interest on Taxes and Excises	23,277	31,216	58,452						
4. Payment In Lieu of Taxes	-	-	-						
5. Charges for Services-Water	-	-	-						
6. Charges for Services-Sewer	-	-	-						
7. Charges for Services-Hospital	-	-	-						
8. Charges for Services-Solid Waste Fees	-	-	-						
9. Other Charges for Services	-	-	-						
10. Fees	-	-	-						
11. Rentals	21,610	19,100	21,610						
12. Dept. Revenue-Schools	-	-	-						
13. Dept. Revenue-Libraries	-	-	-						
14. Dept. Revenue-Cemeteries	-	-	-						
15. Dept. Revenue-Recreation	-	-	-						
16. Other Departmental Revenue	38,064	26,092	10,833						
17. Licenses/Permits	54,405	78,947	87,839						
18. Special Assessments	-	-	-						
19. Fines and Forfeits	14,854	12,450	11,821						
20. Investment Income	3,454	2,694	3,545						
21. Medicaid Reimbursement	-	-	-						
22. Misc. Recurring	3,759	3,147	6,086						
23. Misc. Nonrecurring	28,390	30,152	-						
TOTAL Local Receipts-Actual ②	669,286	718,218	728,181	-	-	-	-	-	-
Difference: Actual over Budget	92,886	79,677	83,481						

② DLS, Gateway, Tax Rate, Tax Rate Recap, page 3

APPENDIX D: AVAILABLE FUNDS

	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Free Cash-Appropriated									
Prior Year Purposes	-	546	3,977	-	-	-	-	-	-
General Stabilization Fund	-	-	-	-	85,000	25,000	25,000	25,000	25,000
Highway Machinery Stabilization Fund	-	-	-	-	15,000	5,000	5,000	5,000	5,000
Snow & Ice Deficit	-	25,000	-	-	5,000	5,000	5,000	5,000	5,000
Capital Items/Special Articles	130,215	95,590	82,866	25,000	-	-	-	-	-
Reduce Tax Rate	226,818	200,000	200,000	200,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Free Cash Appropriated ①	357,033	321,136	286,843	225,000	105,000	35,000	35,000	35,000	35,000

Other Available Funds

General stabilization Fund (SF)	-	70,000	-	-	-	-	-	-	-
Interdepartmental Transfers	-	54,794	-	-	-	-	-	-	-
Overlay Surplus	-	-	-	28,920	-	-	-	-	-
Christmas Tree	-	-	-	-	-	-	-	-	-
Conservation Timber	-	-	45,800	18,632	-	-	-	-	-
Other/Other Stabilization Funds	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other Available Funds ②	0	124,794	45,800	47,551	0	0	0	0	0

TOTAL Available Funds	357,033	445,930	332,643	272,551	105,000	35,000	35,000	35,000	35,000
------------------------------	----------------	----------------	----------------	----------------	----------------	---------------	---------------	---------------	---------------

① DLS, Gateway, Tax Rate, Tax Rate Recap, pages 2 and 4 and town meeting minutes.

② DLS, Gateway, Tax Rate, B2 Other Funds.

Fiscal Year Certified as of:	2014 7/1/13	2015 7/1/14	2016 7/1/15	2017 7/1/16	2018 7/1/17	2019 7/1/18	2020 7/1/19	2021 7/1/20	2022 07/01/2021
Total General Fund Budget③	8,360,624	9,007,057	9,150,775	9,810,171					
Free Cash Certified Amount ④	554,081	424,798	311,377	284,617					
Free Cash as % of Total General Fund Budget	6.63	4.72	3.40	2.90					

③ DLS, Gateway, Tax Rate, Tax Rate Recap, page 2, minus line IIIb. 2, 3 and 4

④ DLS, Gateway, Tax Rate, B1 Free Cash

Available Balance as of:	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
General Stabilization Fund (SF) Available Balance⑤	382,632	313,403	314,030	265,168	350,168	375,168	400,168	425,168	450,168
Highway Machinery SF Available Balance ⑤	10,032	10,034	10,036	10,038	25,038	30,038	35,038	40,038	45,038
Water System SF Available Balance	-	-	-	50,005	55,005	60,005	65,005	70,005	75,005
Combined Stabilization Funds Available Balance	392,664	323,436	324,066	325,210	430,210	465,210	500,210	535,210	570,210
Combined SF as % of Total General Fund Budget	4.70	3.59	3.54	3.32					

APPENDIX E: EXPENDITURES

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
GENERAL GOVERNMENT									
Personal Services	209,620	245,926	294,523	312,252	333,488	345,192	345,192	345,192	345,192
Expenses	162,287	151,766	152,278	174,637	178,130	181,692	185,326	189,033	192,813
Capital Outlay	-	-	-	-	-	-	-	-	-
Reserve Fund	-	-	3,585	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL General Government	371,907	397,692	450,385	511,889	536,618	551,884	555,518	559,225	563,005
PUBLIC SAFETY									
Police Personal Services	717,831	733,500	756,932	812,920	822,023	822,023	822,023	822,023	822,023
Police Expenses	187,978	191,449	174,455	164,266	167,551	170,902	174,320	177,807	181,363
Police Capital Outlay	33,973	-	35,892	53,840	54,378	54,922	55,471	56,026	56,586
Total Police	939,781	924,949	967,278	1,031,026	1,043,953	1,047,848	1,051,815	1,055,856	1,059,972
Fire Personal Services	71,723	69,395	72,533	96,936	111,133	117,489	117,489	117,489	117,489
Fire Expenses	63,927	65,476	90,033	76,212	77,736	79,291	80,877	82,494	84,144
Fire Capital Outlay	-	-	-	-	-	-	-	-	-
Total Fire	135,650	134,871	162,565	173,148	188,869	196,780	198,366	199,983	201,633
Emergency Management PS	-	-	-	-	-	-	-	-	-
Emergency Management Expenses	2,000	2,688	4,010	6,007	6,127	6,250	6,375	6,502	6,632
Emergency Management Capital Outlay	-	-	-	-	-	-	-	-	-
Total Emergency Management	2,000	2,688	4,010	6,007	6,127	6,250	6,375	6,502	6,632
Inspectional Services Personal Services	27,187	29,732	32,635	39,223	41,771	43,791	43,791	43,791	43,791
Inspectional Services Expenses	1,061	1,198	1,115	1,500	1,530	1,561	1,592	1,624	1,656
Total Inspectional Services	28,248	30,930	33,750	40,723	43,301	45,352	45,383	45,415	45,447
Animal Control/Dog Officer	8,300	3,324	8,628	9,000	9,000	9,000	9,000	9,000	9,000
Tree Warden Expenses	10,649	75	21,478	15,000	15,300	15,606	15,918	16,236	16,561
Total Inspectional Services	18,949	3,399	30,106	24,000	24,300	24,606	24,918	25,236	25,561
TOTAL Public Safety	1,124,628	1,096,837	1,197,710	1,274,904	1,306,550	1,320,835	1,326,856	1,332,993	1,339,246
EDUCATION									
Groton-Dunstable Regional District	4,162,255	4,642,690	4,779,790	5,244,976	5,612,124	6,004,973	6,425,321	6,875,094	7,356,350
Groton-Dunstable Regional District Debt	397,500	416,021	392,694	361,264	359,770	273,562	250,136	220,664	169,851
Total G-D Public Schools	4,559,755	5,058,711	5,172,484	5,606,240	5,971,894	6,278,535	6,675,457	7,095,758	7,526,201
Greater Low ell Regional Technical HS	184,059	177,316	138,721	197,250	216,975	238,673	262,540	288,794	317,673
Greater Low ell Regional Tech HS Debt	-	16,399	24,223	21,065	37,137	36,357	35,653	34,949	34,245
Total GLT High School	184,059	193,715	162,944	218,315	254,112	275,030	298,193	323,743	351,918
Essex Agricultural	-	18,294	17,556	16,464	16,793	17,129	17,472	17,821	18,178
Essex Agricultural Transportation	-	27,750	30,625	34,572	38,029	41,832	46,015	50,617	55,679
Total Essex Agricultural School	-	46,044	48,181	51,036	54,822	58,961	63,487	68,438	73,856
TOTAL Education	4,743,814	5,298,470	5,383,609	5,875,591	6,009,031	6,314,892	6,711,110	7,130,707	7,560,446

--Continued on Next Page--

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
PUBLIC WORKS									
Highway/Cemetery Personal Services	172,231	174,347	178,084	187,707	192,688	194,324	194,324	194,324	194,324
Highway/Cemetery Expenses	169,325	205,616	180,157	206,936	211,075	215,296	219,602	223,994	228,474
Highway Capital Outlay		-	-	-	-	-	-	-	-
Total Highway/Cemetery	341,556	379,963	358,241	394,643	403,763	409,620	413,926	418,318	422,798
Snow Removal Personal Services	68,995	83,670	24,157	53,470	54,005	54,545	55,090	55,641	56,198
Snow Removal Expenses	238,272	197,343	171,586	229,710	232,007	234,327	236,670	239,037	241,428
Total Snow Removal	307,266	281,013	195,742	283,180	286,012	288,872	291,761	294,678	297,625
Transfer Station Personal Services	11,421	-	-	17,053	17,224	17,396	17,570	17,745	17,923
Transfer Station Expenses				70,550	71,256	71,968	72,688	73,415	74,149
Landfill Expenses	2,100	2,100	2,287	-	-	-	-	-	-
Total Transfer Station/Landfill	13,521	2,100	2,287	87,603	88,479	89,364	90,257	91,160	92,072
TOTAL Public Works	662,343	663,076	556,270	765,426	778,254	787,856	795,944	804,156	812,495
HEALTH & HUMAN SERVICES									
Personal Services	15,875	14,404	16,260	19,534	22,209	23,246	23,708	23,708	23,708
Expenses	23,520	27,305	37,905	60,849	62,066	63,307	64,573	65,865	67,182
Capital Outlay	-	-	-	-	-	-	-	-	-
TOTAL Human Services	39,395	41,709	54,165	80,383	84,275	86,553	88,281	89,573	90,890
CULTURE/RECREATION									
Personal Services	70,410	72,837	76,102	69,651	78,466	86,348	92,974	92,974	92,974
Expenses	140,947	126,281	137,616	142,254	143,677	145,113	146,564	148,030	149,510
Capital Outlay	-	-	-	-	-	-	-	-	-
TOTAL Culture/Recreation	211,357	199,118	213,719	211,905	222,143	231,461	239,538	241,004	242,484
DEBT SERVICE/CAPITAL PLAN									
Long-Term Debt	285,686	233,498	298,498	232,790	230,000	230,000	230,000	180,000	20,000
Long-Term Debt Interest	58,441	51,427	43,518	35,534	32,540	24,920	17,140	9,200	1,600
Temporary Interest	171	-	2,125	2,340	2,500	2,500	2,500	2,500	2,500
Projected New Debt Service	-	-	-	-	-	-	-	-	-
Capital/Special Articles	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
TOTAL Debt Service & Capital	344,298	284,925	344,141	270,664	265,040	257,420	249,640	191,700	24,100
RISK MANAGEMENT									
Municipal Insurance	93,170	98,254	94,735	100,190	105,700	111,514	117,647	124,118	130,944
TOTAL Risk Management	93,170	98,254	94,735	100,190	105,700	111,514	117,647	124,118	130,944
EMPLOYEE BENEFITS									
Retirement	186,704	198,716	215,351	228,686	206,969	219,591	230,571	242,099	254,204
Group Health/Life Insurance	194,045	197,525	192,463	227,000	249,700	274,670	302,137	332,351	365,586
Medicare/FICA	20,183	20,851	21,765	23,500	24,500	25,000	25,000	25,000	25,000
TOTAL Employee Benefits	400,932	417,093	429,579	479,186	481,169	519,261	557,708	599,450	644,790

--Continued on Next Page--

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
--	------------------	------------------	------------------	------------------	---------------------	---------------------	---------------------	---------------------	---------------------

STATE ASSESSMENTS

County Tax	-	-	-	-	-	-	-	-	-
Air Pollution	1,024	1,036	1,044	1,070	1,086	1,102	1,119	1,136	1,153
RMV Non-Renew al Surcharge	1,440	2,240	2,240	2,240	2,274	2,308	2,342	2,377	2,413
Adjustment	800	-	-	-	-	-	-	-	-
TOTAL State Assessments	3,264	3,276	3,284	3,310	3,360	3,410	3,461	3,513	3,566

MISC./ OTHER FINANCING USES

Prior Year Purposes	31,000	12,537	3,977	43,920	-	-	-	-	-
Special Articles	29,011	59,108	338,535	39,712	-	-	-	-	-
Transfer Station Subsidy	-	18,600	20,013	-	-	-	-	-	-
Transfer to Veterans Benefits Fund	-	8,615	-	-	-	-	-	-	-
Transfer to Land Trust	1,300	1,260	-	-	-	-	-	-	-
Transfer to Special Revenue Funds	-	-	-	-	-	-	-	-	-
Transfer to Stabilization Fund	70,000	-	-	-	85,000	25,000	25,000	25,000	25,000
Transfer to Highway Machinery Stab	-	-	-	-	15,000	5,000	5,000	5,000	5,000
Transfer to Water System Stabilization	-	-	-	-	5,000	5,000	5,000	5,000	5,000
Adjustment ^①	-	-	-	109,113	-	-	-	-	-
TOTAL Misc. Appropriations	131,311	100,120	362,525	192,744	105,000	35,000	35,000	35,000	35,000

TOTAL General Fund Appropriation	8,126,420	8,600,569	9,090,122	9,766,192	9,897,139	10,220,087	10,680,705	11,111,438	11,446,967
---	------------------	------------------	------------------	------------------	------------------	-------------------	-------------------	-------------------	-------------------

OTHER AMOUNTS TO BE RAISED

Deficits/Judgements/Tax title	-	-	-	-	-	-	-	-	-
Cherry Sheet Offsets	2,646	3,657	3,670	3,666	3,786	3,805	3,824	3,843	3,862
Snow and Ice Deficit	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Abatements & Exemptions (Overlay)	20,107	31,099	22,159	37,423	42,985	38,555	39,133	39,720	40,316
Other-FY2017 Appropriation Adjustment	-	-	-	2,890	-	-	-	-	-
TOTAL Other Amounts Raised	22,753	34,756	25,829	43,979	46,771	42,359	42,957	43,563	44,178

TOTAL General Fund and Other Amt	8,149,173	8,635,325	9,115,951	9,810,171	9,943,910	10,262,446	10,723,661	11,155,001	11,491,145
---	------------------	------------------	------------------	------------------	------------------	-------------------	-------------------	-------------------	-------------------

ENTERPRISE FUNDS

Water Fund	48,647	60,570	48,827	62,011	60,236	61,624	62,671	63,748	64,858
Transfer Station Fund	79,787	79,130	64,743	-	-	-	-	-	-
TOTAL Enterprise Funds	128,434	139,700	113,570	62,011	60,236	61,624	62,671	63,748	64,858

COMMUNITY PRESERVATION FUND

Community Preservation Fund Expenses	127,409	123,919	561,100	1,040,275	141,639	145,181	148,810	152,531	156,344
Community Preservation Fund Reserves	81,568	127,747	134,143	153,719	141,640	145,180	148,810	152,530	156,344
TOTAL Community Preservation Fund	208,977	251,666	695,243	1,193,994	283,279	290,361	297,620	305,061	312,688

GRAND TOTAL Expenditures	8,486,584	9,026,691	9,924,764	11,066,176	10,287,425	10,614,431	11,083,952	11,523,810	11,868,691
---------------------------------	------------------	------------------	------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

① Amount raised DLS, Gateway, Taxrate, Page 4 included amounts raised on Page 2

APPENDIX F: ENTERPRISE FUNDS

	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Enterprise Revenues ①									
Water Receipts	49,723	49,825	54,672	62,011	60,236	61,624	62,671	63,748	64,858
Water Retained Earnings	96,652	8,097	-	-	-	-	-	-	-
Water Revenue	146,375	57,922	54,672	62,011					
Transfer Station Receipts ②	73,875	67,635	64,743	-	-	-	-	-	-
Transfer Retained Earnings	33,326	-	-	-	-	-	-	-	-
Transfer Station GF Subsidy	-	-	-	-	-	-	-	-	-
Transfer Station Revenue	107,201	67,635	64,743	-					
TOTAL Enterprise Revenues-Budget	253,576	125,557	119,415	62,011	60,236	61,624	62,671	63,748	64,858

① DLS, Gateway, Tax Rate, A-2 Enterprise Funds

② Accounting for the Transfer Station moved to GF in FY2017

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual
Water Receipts	54,066	60,281	68,424						
Transfer Station Receipts	78,948	56,891	54,936						
TOTAL Enterprise Receipts-Actual	133,014	117,172	123,360	-	-	-	-	-	-

Difference: Receipts Actual over Budget

Water	4,343	10,456	13,752						
Transfer Station	5,073	(10,744)	(9,807)						

Retained Earning certified as of:

	6/30/13	6/30/14	6/30/15	6/30/16					
Water	56,545	8,097	13,015	14,797					
Transfer Station	(1,647)	3,513	(126)	(126)					

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Enterprise Expenditures ③									
Personal Services	16,863	17,819	19,388	21,603	18,840	19,211	19,211	19,211	19,211
Expenses/Reserve	24,093	23,880	22,986	34,408	35,096	35,798	36,514	37,244	37,989
Capital/Special Articles	2,678	13,305	13,881	-	-	-	-	-	-
Transfer for Indirect Costs	5,013	5,566	5,749	6,000	6,300	6,615	6,946	7,293	7,658
Prior Year Expenditures	-	-	-	-	-	-	-	-	-
Total Water	48,647	60,570	62,004	62,011	60,236	61,624	62,671	63,748	64,858
Personal Services	14,731	15,946	16,603	-	-	-	-	-	-
Expenses	65,056	63,184	54,991	-	-	-	-	-	-
Capital/Special Articles	-	-	-	-	-	-	-	-	-
Prior Year Costs from Retained Earnings	-	-	-	-	-	-	-	-	-
Total Transfer Station	79,787	79,130	71,594	-	-	-	-	-	-
TOTAL Enterprise Expenditures	128,434	139,700	133,598	62,011	60,236	61,624	62,671	63,748	64,858

③ DLS, Gateway, Schedule A, Part 5 Enterprise Funds

Enterprise Surplus/(Shortfall)	125,142	(14,143)	(14,183)	0	0	0	0	0	0
---------------------------------------	----------------	-----------------	-----------------	----------	----------	----------	----------	----------	----------

Enterprise Indirect Costs

Health Insurance	5,013	5,566	5,749	6,000	6,300	6,615	6,946	7,293	7,658
Pension	-	-	-	-	-	-	-	-	-
Shared Employees	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-
Departmental Charges	-	-	-	-	-	-	-	-	-
Total Water Indirect Costs	5,013	5,566	5,749	6,000	6,300	6,615	6,946	7,293	7,658
Total Enterprise Indirect Costs	5,013	5,566	5,749	6,000	6,300	6,615	6,946	7,293	7,658

APPENDIX G: COMMUNITY PRESERVATION FUND

	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Community Preservation Fund Revenue ①									
Surcharge	208,090	210,467	220,000	236,370	242,279	248,336	254,544	260,908	267,431
State Trust Fund Distribution	54,103	48,407	40,000	40,000	41,000	42,025	43,076	44,153	45,257
Interest	-	-	1,043	1,000	-	-	-	-	-
TOTAL CPF Annual Revenue-Budget	262,193	258,874	261,043	277,370	283,279	290,361	297,620	305,061	312,688
Fund Reserves or Balances voted at Town Meeting	26,000	233,000	479,500	916,624	-	-	-	-	-
TOTAL CPF Revenue-Budget	288,193	491,874	740,543	1,193,994	283,279	290,361	297,620	305,061	312,688

① DLS, Gateway, Tax Rate, A-4 Community Preservation Fi

Community Preservation Fund Actual ②									
Surcharge	210,478	225,823	231,277	-	-	-	-	-	-
State Trust Fund Distribution	209,004	157,662	154,544	-	-	-	-	-	-
Interest	1,351	1,418	1,687	-	-	-	-	-	-
TOTAL CPF Revenue-Actual	420,833	384,903	387,508	-	-	-	-	-	-
Difference: Actual over Budget	158,640	126,029	126,465	(277,370)	(283,279)	(290,361)	(297,620)	(305,061)	(312,688)

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Community Preservation Fund Expenditures ②									
Expenses.	1,844	1,792	13,700	9,000	9,000	9,000	9,000	9,000	9,000
Capital/Other Projects	-	-	364,500	293,618	-	-	-	-	-
Debt Service	125,565	122,127	117,900	114,650	111,000	107,360	104,080	100,800	97,520
Transfers to Other Funds/Land Purchase	-	-	65,000	-	-	-	-	-	-
Unappropriated/Unreserved	-	-	-	623,007	21,639	28,821	35,730	42,731	49,824
TOTAL CPF Expenditures	127,409	123,919	561,100	1,040,275	141,639	145,181	148,810	152,531	156,344

② DLS, Gateway, Schedule A, Part 3, Special Revenue

Community Preservation Fund Reserves ③									
Open Space/Historic/Comm Housing Reserves	78,600	77,662	78,312	83,211	84,984	87,108	89,286	91,518	93,806
Undesignated Reserve	2,968	50,085	55,831	70,508	56,656	58,072	59,524	61,012	62,538
TOTAL CPF Reserves	81,568	127,747	134,143	153,719	141,640	145,180	148,810	152,530	156,344

③ Dunstable Town Meeting Reports

CPF Surplus/(Shortfall)	237,856	366,237	171,765	345,637					
--------------------------------	----------------	----------------	----------------	----------------	--	--	--	--	--

APPENDIX H: DEBT

	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
General Fund Debt Service ①	45,332	46,302	110,959	50,000	74,700	73,800	72,900	22,000	21,600
General Fund Excluded Debt Service ①	298,795	238,623	231,056	218,324	187,840	181,120	174,240	167,200	-
Regional School Debt Service ①	397,500	432,420	416,917	382,329	396,907	309,919	285,789	255,613	204,096
Enterprise Debt Service ①	-	-	-	-	-	-	-	-	-
Community Preservation Debt Service ①	124,300	121,100	117,900	114,650	111,000	107,360	104,080	100,800	97,520
Temporary Interest ②	171	-	2,125	2,340	2,500	2,500	2,500	2,500	2,500
Total Debt	866,098	838,445	878,958	767,643	772,947	674,699	639,509	548,113	325,716

① Projected from bank debt service schedules, FY2017 reflects

amount adopted at Town Meeting

② Budgeted

Principal

Technology	45,332	45,708	45,708	-	-	-	-	-	-
Main Street Engineering	-	-	45,000	30,000	50,000	50,000	50,000	-	-
Salt Shed	-	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Principal	45,332	45,708	110,708	50,000	70,000	70,000	70,000	20,000	20,000

Interest

Technology	-	594	251	-	-	-	-	-	-
Main Street Engineering	-	-	-	-	1,500	1,000	500	-	-
Salt Shed	-	-	-	-	3,200	2,800	2,400	2,000	1,600
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Interest	-	594	251	-	4,700	3,800	2,900	2,000	1,600
TOTAL Debt Service Principal + Interest	45,332	46,302	110,959	50,000	74,700	73,800	72,900	22,000	21,600

Excluded Principal

Fire Truck	52,564	-	-	-	-	-	-	-	-
High Street Land Purchase - Henry	22,790	22,790	22,790	22,790	-	-	-	-	-
River Street Land Purchase - Pelletier	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-
Architect/Engineering Town Hall	7,000	7,000	7,000	7,000	7,000	7,000	6,500	6,500	-
Renovation Town Hall	83,000	83,000	83,000	78,000	78,000	78,000	78,500	78,500	-
Total Excluded Principal	240,354	187,790	187,790	182,790	160,000	160,000	160,000	160,000	-

Excluded Interest

Fire Truck	288	-	-	-	-	-	-	-	-
High Street Land Purchase - Henry	4,531	3,398	2,265	1,133	-	-	-	-	-
River Street Land Purchase - Pelletier	24,863	22,050	19,125	16,125	13,050	9,900	6,675	3,375	-
Architect/Engineering Town Hall	2,276	2,014	1,741	1,461	1,174	880	579	293	-
Renovation Town Hall	26,484	23,372	20,135	16,815	13,617	10,341	6,987	3,533	-
Total Excluded Interest	58,441	50,833	43,266	35,534	27,840	21,120	14,240	7,200	-
TOTAL Excluded Debt Service Principal + Interest	298,795	238,623	231,056	218,324	187,840	181,120	174,240	167,200	-

Regional School Debt (Excluded)

Groton-Dunstable School Projects (P & I)	397,500	416,021	392,694	361,264	359,770	273,562	250,136	220,664	169,851
Greater Lowell Technical HS③	-	16,399	24,223	21,065	37,137	36,357	35,653	34,949	34,245
Total Regional School Debt (Excluded)	397,500	432,420	416,917	382,329	396,907	309,919	285,789	255,613	204,096

Water Enterprise Debt

TOTAL Enterprise Fund Debt Service	-	-	-	-	-	-	-	-	-

Community Preservation Debt

Farm Land Purchase - Principal	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Farm Land Purchase - Interest	44,300	41,100	37,900	34,650	31,000	27,360	24,080	20,800	17,520
Projected New Debt Service					-	-	-	-	-
TOTAL Community Preservation Debt Service ④	124,300	121,100	117,900	114,650	111,000	107,360	104,080	100,800	97,520

① From bank debt service schedules

④ See Enterprise Funds tab

③ Greater Lowell Technical Debt not excluded until FY2017

APPENDIX I: SAMPLE POLICIES

FINANCIAL RESERVES

PURPOSE

To help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to and expending reserve funds. With well-planned sustainability, Dunstable can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town's credit rating and consequently its long-term cost to fund major projects.

APPLICABILITY

This policy pertains to short- and long-range budget decision making and applies to the Board of Selectmen, Town Administrator, and Finance Committee in those duties. It also applies to the related job duties of the Town Accountant, Water/Sewer Commissioners, and Board of Assessors.

APPLICABILITY

This policy pertains to short- and long-range budget decision making and applies to the Board of Selectmen, Town Administrator, Advisory Board, and School Committee in those duties. It also applies to the related job duties of the Town Accountant and the Board of Assessors.

POLICY

The Town of Dunstable commits to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain overall reserves in the level of [eight to ten] percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, retained earnings, and overlay surplus.

A. Free Cash

The Division of Local Services (DLS) defines free cash as "the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year." DLS must certify free cash before the Town can appropriate it.

By [September 15th] each year, the Town Accountant will submit to DLS a year-end balance sheet, free cash checklist, and year-end reporting checklist. Once DLS certifies free cash, the Town Accountant will review any reduction to the certified balance and provide the Town Administrator a detailed explanation and subsequent year remediation plan.

The Town will set a year-to-year goal of maintaining its free cash in the range of [three - five] percent of the annual budget. To achieve this, the Town Accountant will propose budgets with conservative revenue projections, and department heads will carefully manage their appropriations to produce excess income and budget turn backs.

The Town will endeavor to transfer a minimum of 50 percent of the certified free cash to the general stabilization fund. As much as practicable, the Town will limit its use of free cash to funding one-time expenditures (like capital projects or emergencies and other unanticipated expenditures). Alternately, budget decision makers may reserve a portion of the remaining 50 percent to avoid fully depleting the Town's free cash so that the succeeding year's calculation can begin with a positive balance.

B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. Prior to the adoption of this policy, the Town established and appropriated to a general stabilization fund and two special purpose stabilization funds: 1) highway machinery and 2) water system.

General Stabilization: The Town will endeavor to maintain a minimum balance of [five] percent of the current operating budget in its general stabilization fund. Withdrawals from general stabilization should only be used to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the [five] percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the withdrawal should be limited to [one-third] of the general stabilization fund balance. Further, the Town Accountant will develop a detailed plan to replenish the fund to the minimum level within the next [two] fiscal years.

Highway Machinery Stabilization: The Town appropriate annually to the highway capital and equipment stabilization fund so that over time it achieves a target balance sufficient to cover the Town's cash outlay for highway capital and equipment needs.

Water System Stabilization: The Town appropriate annually to the water system stabilization fund for the purpose of funding emergency hydropneumatic tank repairs, water system repairs in case of failure, and related services. If the purpose of the fund is changed, any money originally transferred from the water enterprise to this fund is restricted to water-related purposes. There is no restriction on general fund revenues appropriated to this fund.

Funding the special purpose stabilization funds enables the Town to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs.

C. Retained Earnings

The Town has a separate enterprise fund water service. By accounting for the utility's revenues and expenditures in an individual fund segregated from the general fund, the Town can identify the true costs of the service—direct, indirect, and capital—and recover these through user fees and other fees. Under this accounting, the Town may reserve the operation's generated surplus (referred to as retained earnings or, alternatively, as net assets unrestricted) rather than closing the amount out to the general fund at year-end.

For the enterprise fund, the Town will maintain a reserve amount at [20] percent of the utility's total budget, at minimum, but any reserve may be significantly higher if major infrastructure improvements are necessary. These reserves shall be used to provide rate stabilization and to fund major, future capital projects. To maintain the target reserve levels for the enterprise requires the Water department to periodically review, and when necessary, adjust user rates.

D. Overlay Surplus

The overlay is a reserve the Town uses to offset unrealized revenues resulting from property tax abatements and exemptions. Dunstable officials will prudently manage the overlay to avoid the need to raise overlay deficits in the tax levy.

At the conclusion of each fiscal year, the Board of Assessors will submit to the Town Administrator and the Town Accountant an update of the overlay reserve with data that includes, but is not limited to, the gross balance, potential abatement liabilities, and any transfers to surplus. If the balance exceeds the amount of potential liabilities, the Board of Selectmen may request that the Board of Assessors vote to declare those balances surplus available for use in the Town's capital improvement plan or for any other one-time expense.

REFERENCES

[M.G.L. c. 40, §5B](#)

[M.G.L. c. 59, §25](#)

[M.G.L. c. 44, §53F½](#)

DLS Best Practice: [Free Cash](#)

DLS Best Practice: [Reserve Policies](#)

DLS Best Practice: [Special Purpose Stabilization Funds](#)

DLS Informational Guideline Release 08-101: [Enterprise Funds](#)

DLS Informational Guideline Release 16-104: [Overlay and Overlay Surplus](#)

DLS Informational Guideline Release 04-201: [Creation of Multiple Stabilization Funds](#)

Government Finance Officers Association Best Practice: [Appropriate Level of Unrestricted Fund Balance in the General Fund](#)

EFFECTIVE DATE

This policy was adopted on []

FORECASTING

PURPOSE

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for evaluating revenue sources and the requirement to determine an expenditure strategy as part of the annual budget process and longer range fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions.

APPLICABILITY

This policy applies to the Board of Selectmen and Finance Committee in their budget analysis and decision-making responsibilities. It also applies to the job responsibilities of the Town Administrator, Town Accountant, and all the managers of revenue-generating departments, including the Town's Water Department.

POLICY

A. Revenue Guidelines

The Town will continuously seek to diversify its revenue to improve the equity and stability of sources. Each year and whenever appropriate, the Town will reexamine existing revenues and explore potential new sources. A balance will be sought between elastic and inelastic revenues to minimize any adverse effects caused by inflation or other economic changes. Additionally, intergovernmental revenues (e.g., local aid, grants) will be reviewed annually to determine their short- and long-term stability in order to minimize detrimental impacts.

The Town will avoid using one-time revenues to fund ongoing or recurring operating expenditures. These one-time revenue sources can include, but are not limited to, free cash, overlay surplus, sale of municipal equipment, legal settlements, insurance proceeds, and gifts. Additionally, the Town hereby establishes the following priority order when appropriating one-time revenues:

- General stabilization fund
- [Highway Machinery stabilization fund]
- [Water System stabilization fund]
- [Cash capital budget]
- [Other]

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenue. In such cases, the Town Administrator, in consultation with the Town Accountant, can recommend to the Board of Selectmen its use for operational appropriations. Such use will trigger the Town Administrator to develop an action plan with the Town Accountant to avoid continued reliance on one-time revenues.

Historically, bond premiums (net of issuance costs) have been considered general one-time revenue to be used as an available source. [Chapter 218 of the Acts of 2016](#) amends current law by allowing communities to either apply the proceeds to the issuance, thereby reducing the amount needed to borrow, or to place the money in a separate fund and appropriate it for a future capital project. (Note:

Premiums received for excluded debt must still be used to offset the stated interest costs of financing the project.)

State laws impose further restrictions on how certain types of one-time revenues may be used. The Town will consult the following General Laws when the revenue source is:

- Sale of real estate: [M.G.L. c. 44, §63](#) and [M.G.L. c. 44, §63A](#)
- Gifts and grants: [M.G.L. c. 44, §53A](#) and [M.G.L. c. 44, §53A½](#)

This policy further entails the following expectations regarding revenues:

- The Assessing department will maintain property assessments for the purpose of taxation at full and fair market value as prescribed by state law.
- Town departments that charge fees will annually review their fee schedules and propose adjustments when needed to ensure coverage of service costs.
- The Water department will set rates for the enterprise operations sufficient to cover all their direct, indirect, and capital improvement costs on self-supporting bases.
- The Building department will notify the Town Administrator of any moderate-to-large developments that could impact building permit volume.
- Department heads will strive to seek out all available grants and other aid and will carefully consider any related restrictive covenants or matching requirements (both dollar and level-of-effort) to determine the cost-benefit of pursuing them.
- Revenue estimates will be adjusted throughout the budget cycle as more information becomes available.

B. Expenditure Guidelines

Annually, the Town will determine a particular 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. 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.

C. Financial Forecast Guidelines

To determine the Town's operating capacity for each forthcoming fiscal year, the Town Accountant will annually create and provide the Town Administrator with a detailed budget forecast. The Town Accountant will also annually prepare a [five]-year financial projection of revenues and expenditures for all operating funds. These forecasts shall be used as planning tools in developing the following year's operating budget as well as the five-year capital improvement plan.

To ensure the Town's revenues are balanced and capable of supporting desired levels of services, forecasts for property taxes, local receipts, and state aid will be conservative based on historical trend analyses and will use generally accepted forecasting techniques and appropriate data. To avoid potential revenue deficits, estimates for local receipts (e.g., inspection fees, investment income, license fees)

should generally not exceed [90] percent of the prior year's actual collections without firm evidence that higher revenues are achievable.

Additionally, the Town's forecast model should assume that:

- The current level of services will be maintained.
- Property taxes (absent overrides) will grow at the limits of Proposition 2½.
- New growth will be projected conservatively, taking into account the Town's three-year average by property class.
- Local receipts and state aid will reflect economic cycles.
- Historical trends in the growth of specific operating expenses and employee benefits will prevail.
- Potential cost-of-living adjustment estimates for the impact of future contract settlements and compensation plan increases are included.
- Debt service on existing debt will be paid [and Capital Planning and Debt policies will be followed].
- Annual pension contributions will continue.
- Reserves will be built and maintained in compliance with its Financial Reserves policy.

REFERENCES

[Chapter 218 of the Acts of 2016](#), Section 67

[M.G.L. c. 44, §20](#)

[M.G.L. c. 44, §53A](#)

[M.G.L. c. 44, §53A½](#)

[M.G.L. c. 44, §63](#)

[M.G.L. c. 44, §63A](#)

Division of Local Services Best Practice: [Revenue and Expenditure Forecasting](#)

Division of Local Services Bulletin 2013-01B: [Bond Premiums and Debt Exclusions](#)

Government Finance Officers Association article: [Structuring the Revenue Forecasting Process](#)

EFFECTIVE DATE

This policy was adopted on []