

Long Range Financial Forecast

Town of Framingham



Fiscal Year 2012 to 2016

Office of the Chief Financial Officer

Fall Special Town Meeting

October 19, 2010

Executive Summary

The purpose of this report is to provide Town Officials, Framingham Taxpayers and citizens with relevant information regarding the financial state of the Town and the outlook for the next five years. This forecast deals only with the General Fund which is funded by property taxes, state aid, fees and fines from departments and other miscellaneous revenue. The expenditures included are all the Town departments (including education) and fixed costs for insurances, debt service and state assessments. The forecast does not include the Enterprise Funds for Water and Sewer operations nor special programs funded by federal and state grants.

This document is not the budget plan for the next five years. It is a forecast of the impact of the current spending obligations and the estimated revenue for fiscal year 2012 through 2016. It is a decision-making tool. If used correctly Town officials should be able to understand the corrections needed to produce balanced budgets annually.

This does not mean that balancing the budget will be an easy task. This report states that estimated expenditures clearly outpace anticipated revenue. For fiscal year 2012, the deficit amount is expected to be more than \$6.9 million. By fiscal year 2016 that deficit grows to \$27.3 million. It assumes no overrides of Proposition 2 ½; assumes a decrease in state aid for FY12 and lower local revenues. Expenditures are not unreasonably increased. There are not large wage contracts, reserves are not fully funded, nor are unfunded liabilities paid off. There are still substantial expenditures left untouched.

The constraints to balanced finances are on both sides of the ledger: Framingham does not have any authority to determine its own revenues; and certain expenditures are either state mandated or legally restricted such that change is almost impossible. With regard to revenues, 75% of revenue, property tax, is capped at 2.5% increase per year. State aid is dropping from 15% to 14% of total revenue as funds have been cut since FY 2009. Local receipts include some taxes which are dependent upon state approval and distribution; they cannot be increased by the authority of any official body in Framingham. In addition, new growth in property taxes, prior year increases to unrestricted government aid and increasing local fees triggers a factor in the Chapter 70 education aid formula which **negatively** impacts the level of Chapter 70 aid we receive; even if we collect less revenue from the increased rate. On the expenditure side there are more than \$27 million in state and federal mandates which the state and federal government *do not fund*. In addition, major budget busting components such as pensions and health insurance require legislative changes that the state legislature *will not* address.

In the past three fiscal years the Town has trimmed millions from its General Fund budget. More than 85 positions were cut; every single department has been negatively impacted. To cut the budget for FY12 and future years will require wholesale change in how and what we provide for services and how we compensate those who provide the service. Even if the state provides additional aid and closes tax loopholes, the budget will need to be reduced and services reduced or eliminated.

Revenue Growth

Revenue in the near term is not expected to increase very much at all. In fact, with the exception of property tax revenues, which increase by the maximum 2.5%, the other two major revenue sources decrease in FY12. Total General Fund revenue is projected to increase by \$1.8 million, or less than 1% in FY12; \$5.8 million or 2.7% in FY13; almost \$7.8 million or 3.5% in FY14; nearly \$8.3 million or 3.6% in FY15; and about \$9.2 million or 3.9% in FY16. Revenue estimates for FY12 and FY13 are particularly concerning where total revenue growth is less than 3%. The details of revenue growth assumptions for each of the major categories are included in the following subsections and in the charts and graphs included at the end of this report.

Property Taxes

Property taxes are projected to increase by 2.5% as restricted by law. The rule is that the total tax levy from the prior year is multiplied by 2.5% to get the maximum next year levy. The total levy of the prior year includes the base tax levy, plus the taxable amount of new growth in value. For example, the FY12 Property tax levy is the FY11 property tax levy of \$156,382,250, plus the FY11 new growth amount of \$1,451,061, increased by 2.5%. This new total is \$161,779,144. Estimating total property tax revenue for FY12 would be the new levy developed from the FY11 base, plus projected new tax growth for FY12. You can follow this logic in Chart 2 on page 13, by moving across the property tax section of the page.

Increasing tax revenue to the maximum tax levy on an annual basis generates approximately \$5.1 million in additional revenue for FY12. This assumes a smaller amount of new growth than FY11, reflecting the economic times, even assuming major projects in Technology Park. New growth in taxes is not expected to approach prior year levels for the length of this forecast. Therefore tax revenue is not expected to increase more than \$5.8 million in any given year. The property tax amounts in this forecast does not include any provision for an override of Proposition 2 ½.

There is some relief to low tax growth that can be approved by the state Legislature: close the property tax loophole for telecommunications equipment. Two years ago the state Legislature enacted a bill that included making telephone poles and wires across a public way taxable. That brought \$1.5 million in property tax revenue to Framingham at a time when it was really needed. However, that closed only half of the loophole; the other half of the loophole is pending appeal in Superior Court or more appropriately, pending action by the state Legislature. This is not a new tax; it is an existing tax all other utility providers pay. This specific exemption for telecommunications was created in the early 1900s as an incentive for the telephone companies to invest in their infrastructure, the time is past for this exemption. The property tax revenue amounts in this forecast do not include the proceeds of closing this loophole.

State Aid

State aid includes Chapter 70 education aid, unrestricted general government aid, charter school reimbursements, payments for loss of property tax for state owned land, and reimbursements for tax

exemptions for Veterans, the elderly and surviving spouses of each. In the case of Framingham, it also includes reimbursement of debt service by the School building Authority in the amount of \$2,510,995 for the next five years. The forecast anticipates that state aid will decrease as a total percent of revenue from 15% in FY12 to 14% in FY13 and FY14 before moving back up to 15% in FY15 and FY16. This is indicated in graphs 2 through 7 beginning on page 14.

In the last two years, the state has subsidized Chapter 70 education aid with millions of dollars of stimulus money from the federal government. In FY12 this will no longer be available. The forecast for Chapter 70 aid for FY12 assumes a 5% cut from the FY11 amount and a modest 2% increase for FY13. In the past two years the state has cut General Government aid by more than \$3 million. In FY2007, the state corrected the Chapter 70 formula by including the median income of a community as a variable. The change was very advantageous for Framingham; in FY08 we received a 28% increase in Chapter 70 aid. This change was intended to be adjusted over 5 years. However, in FY2009 the adjustment fell apart because of the economy. This forecast does not anticipate the state fully funding Chapter 70 aid. Growth in FY15 and FY16 is at 10% and 12%.

What is now called "Unrestricted General Government Aid" was previously known as Lottery Assistance and Additional Assistance. In FY09 these two amounts totaled \$12,382,325. In FY10 the two items were combined and cut to \$8,765,666. In FY11 this revenue sources was further cut to \$8,415,039. This is a 32% decrease, a loss of almost \$4 million in three fiscal years. In addition, state funding of police education, the so-called Quinn bill, has been essentially eliminated over the last two fiscal years, a loss of almost \$500,000. This forecast assumes no funding for the Quinn bill.

This forecast anticipates a cut to General Government aid of 5% in FY12, level funding in FY13 and only 1% -1.5% growth for the rest of the forecast. There will be a long economic recovery, funded by the local businesses but we do not expect the state to return the investment to the cities and towns in the near or long term.

There is no assumption of the drastic changes to state aid that could occur if Question 3, the reduction of sales tax from 6.25% to 3% is passed by voters in the November election and implemented by the Legislature.

Local Receipts

Local receipts are those taxes, fees, fines, rentals and charges made specifically by the Town of Framingham. It comprises 8% of total revenue for FY12, down from 9% in prior years. The largest component is vehicle excise taxes, which is function of a state set rate, a state dictated value, and requires a booming level of car sales to stay level. A decrease of 10% is estimated for FY12 as car sales are not rebounding.

The recently instituted meals tax was originally proposed at 2% for the municipal budgets and was hijacked by the state when finally enacted. Framingham along with all other municipalities was *allowed* by the state to set a .25% meals tax. The state *allowed* the local room tax to increase by 2%, but this is a much smaller revenue source than meals tax and is impacted greatly by a slow economy. This forecast

assumes a slight decrease in meals and a 10% decrease in room tax in FY12 and a 1% decrease in the combined set of taxes for FY13. Growth in this category is modest at 1% in the out years of the forecast.

User fees, penalties, interest and fines are projected to remain flat for FY12, but grow at modest rates for FY13 through FY16. There is no increase in individual rates assumed in the forecast for these revenue sources. Licenses and permits are anticipated to decrease by 8.5%

Overhead Charges Assessed to the Enterprise Funds (Enterprise Indirect)

State regulation allows a municipality to charge other funds for the overhead costs to manage the programs and the finances of the specific fund. The charges must be proportional to the level of effort spent by staff and managers and the direct costs of overhead expenses. The Town created a computer model that calculates salaries, operating costs, insurances and legal costs that are dedicated to managing the water and sewer departments. This model is reviewed periodically for accuracy and the amounts adjusted for the annual increase in costs. The rate of growth for this forecast is 3%. The indirect charges provide \$2.6 million in revenue to the General Fund in FY12 and grow to almost \$3 million in FY16.

Free Cash

Free cash is essentially the amount of money left over and unrestricted in the General Fund at the end of the fiscal year. The Town's policy for the use of free cash allows the use of up to \$1.5 million for the operating budget in the next budget cycle (i.e. FY09 free cash is used in the FY11 budget). The remaining amount of free cash is then allocated to the Stabilization Fund (40%), capital projects (20%) and to remain in General Fund balance (40%). This does not necessarily mean there will be funds available for all of these allocations. In FY09 there was only \$1.2 million of free cash to be used, so no funds were available for the stabilization fund or capital projects or to remain in the fund balance. In FY11, \$1.5 million was used in the operating budget and the allocation for the stabilization fund was \$106,328. In this forecast free cash is estimated at \$2 million to \$2.2 million; \$1.5 million is used for the operating budget and the allocation to the stabilization fund is made according to the Town policy. The allocation to the capital budget is projected at \$100,000 starting in FY14 and continuing through FY16. It is recommended to be postponed for FY12 and FY13 in order to have a moderated amount undesignated in the General Fund balance for what is projected to be two very bad revenue balances.

Other Revenue

Miscellaneous revenue includes parking meter revenue and funds allocated from the consumer protection fund. These revenue sources total less than \$100,000 per year and are estimated to be level for the term of the forecast.

Expenditure growth

Spending by Cost Type

Salaries

Employee salaries are 49% of the total \$211.6 million budget for FY11. In FY12 the percentage is the same. But over the long range forecast salaries as a percent of the total budget actually decrease to 47%. This is primarily due to the assumption that collective bargaining agreements have little or no cost of living adjustment (COLA) and that step increases are minimal. In the case of the School Department a 0% COLA is budgeted for the next contract, with step increases remaining at 5%. With regard to combined municipal departments a 1% COLA is anticipated with step increases remaining at 2-3%. The forecast takes into account that more than 65% of municipal department employees are at the top step, thereby reducing the total annual increase. The salaries category is merely wages it does not include the value of benefits, and is therefore not total compensation.

Operating Costs

Operating costs total 48% of the total budget in FY11, but is projected to increase to 51% of the budget over the term of the forecast. This is primarily due to substantial increases in health insurance at a rate of 8%. School operating costs, which include Special education, increase at a rate of 6%. Snow and ice removal costs rise at a rate of 7%, liability insurance increases by 10%, pension costs increasing at 4.5%, and debt service increases for FY12 and 13 of 23% and 39%. Debt service however, is projected at the worst case scenario of approving all capital projects and is the one thing in this category we will be able to control. Operating cost does not include energy spending (see below).

Energy Expenditures

Energy spending has been continually decreasing over the term of these long range forecasts. In the last forecast energy spending was expected to range from \$5.2 million to \$5.9 million from FY12 to FY15. However, due to the completion of a number of energy efficient capital projects and the renegotiation of electricity usage rates in the last year and half, energy spending is \$1.2 million to \$1.5 million *less* in this forecast. In July of 2010, electricity rates were renegotiated reducing the rates for the next five years, saving an estimated \$110,000 per year. In FY12 anticipated spending is almost \$4.1 million and will grow to \$4.6 million by FY16, a rate of 3% per year. Energy costs have now dropped to 2% of the total FY11 budget.

Health Insurance

Health insurance cost is 16% of the total \$211.6 million FY11 budget. For the term of this forecast it is projected to grow to more than 21% of the budget and 25% of the budget by 2020, if no action is taken to reduce costs. Framingham is one of the highest if not the highest community in the state as a percent of total budget. The Town negotiates health insurance benefits separately from wages with a public employees committee under the rules of Section 19 of Mass General Laws Chapter 32B. This was an

option chosen by Framingham in 1993 in an effort to control costs, but it has not borne fruit. The average annual increase since 1993 is 8.8% with some years as high as 15%. The last several years have seen General Fund appropriations in the single digits, but this is a function more of moderate claims versus reasonable costs. The Town still pays 89% of the HMO cost per employee which covers 91% of family plans and 79% of single plans. Unless changes are made to health insurance plans and contribution rates, this benefit will cause the rest of the budget to collapse - impacting education, police and fire services, trash removal, road repair, code enforcement recreation programs. The detailed projections are provided in Chart 4 on pages 23 and 24 and Graph 9 on page 25.

Liability Insurance

Liability insurance covers all Town owned buildings, equipment, parks, infrastructure, professional services and public officials. The recent trend is growth of 10% per year. This includes discounts for training programs, prompt payment and capital planning. This helps reduce our premium payments by tens of thousands of dollars.

Retirement

The Framingham Retirement System covers all Town employees except teachers. The Framingham pension plan is a defined benefit plan which means that the retiree will have a fixed percentage of salary as a pension payment. The Retirement system covers 1,153 active employees and 771 retirees. The average pension in the Framingham retirement system is \$20,613. Annual retirement costs for the General fund are expected to increase by 2.3% for FY12 and 4.6% for future years based on the funding schedule adopted this past July. The funding schedule is listed in Chart 5 on page 26. There is a more detailed description of the pension fund and the unfunded liability in the Unfunded Liability section of this report.

Municipal Departmental Spending

Combined municipal departmental expenditures for FY12 are expected to grow 3.6% and range in growth from 3.8% to 4% through FY16. Salaries are 75% of total municipal department spending of \$48 million in FY11 and is expected to increase to 76% of spending by FY16, assuming 1% COLA for the next set of collective bargaining contracts. Operating costs are 21% of total departmental spending, but is expected to decrease to 20% by FY16. Energy costs are 3.7% of total spending should decrease to less than 3.5% by FY16.

Education Spending

The spending forecast for education includes Framingham Public Schools (FPS) and Keefe Technical School. Keefe Tech is funded by assessment to the member towns within the region. Framingham is the largest and pays the largest proportional share. The assessment is a function of a local contribution that is net of state aid and offset by school revenues. The Keefe Tech School Committee has aggressively pursued cost saving measures that have resulted in either budget decreases or no growth.

In FY11 the Framingham assessment for Keefe Tech actually decreased from the prior year. This was a combination of a level budget and a decrease in the number of students from Framingham. However, the total student population at Keefe increased. These conservative budgets have been produced even as the state has reduced transportation aid and education aid to regional schools. The forecast anticipates the Keefe Tech assessment to increase by 3%, assuming another decrease in regional school aid from the state. Long range the assessment is projected to increase at 4%. The specific amounts estimated for the Keefe Tech assessment are found in Chart 3 on page 20 and 21.

Framingham Public Schools total cost is projected to increase 4.3% in FY12, growing to 4.4% in FY16. The components of this increase include salary growth of 4% in FY12 through FY16; anticipating a 0% COLA for the next set of collective bargaining contracts. Operating costs increase 6% annually for the term of the forecast. This assumes that Special Education costs are half of the operating cost and increase at 10%. Energy costs increase 3% annually and small capital costs grow 2% annually. Salaries are 77% of the total school budget of \$88.6 million for FY11, but are expected to shift a percentage point to operating by FY16, again due to the increasing special education costs.

Note: In the summary chart (Chart 1) on page 11, the expenditure amounts are Framingham Public Schools and Keefe Technical combined.

Unfunded Liabilities

Stabilization Fund

The Stabilization Fund is the Town's savings account. Town policy requires the fund to be 5% of the annual budget. At this time, the Stabilization Fund is underfunded by \$3.7 million. The current funding source is the recently passed room and meals tax revenues and a portion of the prior year certified free cash. Even if we dedicated all the additional room and meals tax money and the policy portion of free cash, the stabilization fund will not be minimally funded until 2014. Any diversion of these funds will mean continuing this unfunded liability into 2015 and beyond.

Pension Fund

The annual pension fund contribution paid from the General Fund includes the normal annual pension cost for retirees and a contribution to the unfunded liability for the future cost of retirees and future retirees. Retirement systems across the state are required to fully fund their pension obligations based on an actuarial approved schedule. The Framingham Retirement System has invested its fund with the state's Pension Reserves Investment Trust (PRIT). The approved rate of return for the fund is 8% over the long term. In the 2008 valuation the fund made great strides, increasing its funding percentage to more than 75% from less than 67%. In addition, the high returns of that time frame allowed the Retirement Board to vote a schedule that would bring the fund to full funding of the pension liability by 2026 versus the statute deadline of 2028. However, the economic hardship that began in the last quarter of 2008 has taken its toll on all funds, including the state PRIT fund. The fund lost 29.5% in the last quarter of 2008. The fund has been performing well since then, especially in the last two quarters,

but damage was done. As part of the FY11 budget the state passed legislation to extend the full funding schedule first to 2030, then to 2040. This was done in an effort to ease the budget impact on both the state and municipal budgets as the Pension Fund assessments would have to increase drastically to maintain the 2028 full funding deadline. In January of 2010, a new actuarial valuation was done, and the good news was that some of the impact of the "great recession" had been mitigated. A comparison of the funding schedules is included as Chart 6 on page 28. The highlighted section of the chart indicates the immediate impact. It also indicates the time frame for an updated valuation which may further mitigate the impact of the last year.

Other Post Employment Benefits (OPEB)

The unfunded liability "other post employment benefits" is the future cost of health insurance for current retirees and future retirees. National accounting rules (GASB 45) mandated that government entities identify this cost in 2007 and for those entities that had budgets greater than \$100 million, record it as a liability in their financial statements in 2008. Framingham complied with this rule and performed an actuarial study that sets the liability at \$216.9 million covering 3,433 participants. The funding of this liability is not mandated at this time, and in this economy may be allowed some delay. However, the proposed funding schedule including in Chart 7 on page 29 would require an annual appropriation of \$14.5 million for FY12. This amount is not included in the deficit projection and would push the deficits projection for FY12 to \$21 million and FY16 to \$44 million. Clearly this would break the Town.

Unfunded Mandates

Unfunded mandates are state or federal required programs or standards placed on the Town/School district without funding the additional cost to implement and operate these requirements. In some cases the state has mandated programs or procedures and actually *taken away* money (i.e. local district busing).

Education mandates that are unfunded total 23 different items worth more than \$21.3 million dollars. These programs include, but are not limited to, Basic education which is under funded by more than \$11 million, Special education, local Special education programs and Special education transportation which totals \$5.6 million, Curriculum frameworks (\$250,000), School nurse credentials (\$220,000); federal homelessness funding (\$215,000); English Language learners (\$350,000) and MCAS testing (\$250,000).

Police education mandates under the Quinn bill total more than \$1.5 million; rather than change the law to either repeal the requirement or give municipalities flexibility to negotiate with their unions, the state Legislature chose to eliminate the funding, handcuffing every city and town with a police department; even those who have language in their contracts to handle a funding change. The state required changes in: (1) fire codes for night clubs that more than doubled the local inspection process; (2) trench regulations which require permits, inspections and penalties on private property; (3) continually changing building codes before the public knows what the old one were, requiring local inspection departments to continually re-train and re-certify their inspection department staff (4) require local

inspectors/officials to certify state mandated business requirements like workers compensation coverage and compliance with prevailing wage; (5) ethics training for every employee and contractor and (6) open meeting law recordkeeping requirements.

The argument at the state level is that a town can create a fee to offset the cost; however the fee does not offset the total cost, it would be unaffordable to the fee payer. Secondly, creating new property development, receiving increased state aid for general government and increasing local fees increases a little know item called the "municipal revenue growth factor", which negatively impacts the formula for Chapter 70 education aid...it actually decreases state aid.

In closing, this report is intended to be a clear, thorough explanation of the financial variables confronting the Town and the Town's decision-makers. It does not go into minute detail, but any citizen of the Town is welcome in the Office of the CFO to obtain more detail.

Glossary of Terms used in the Long Range Financial Forecast

Total Property Valuation

The assessed value of all property in the Town, including taxable and non taxable property. This includes residential, commercial and personal property.

Tax Levy

The amount of taxes due in the current year based on the total valuation, divided by \$1,000, and multiplied by the tax rates. This amount cannot grow by more than 2.5% per year. This is the item that is restricted by proposition 2 ½.

New Growth

The amount of tax revenue generated by newly developed or redeveloped property. The incremental difference in value is taxed at the appropriate rate, residential or commercial, to arrive at the additional revenue. In the next fiscal year, this same revenue is now included in the base levy and is no longer considered new growth.

Chapter 70 education aid

State funds to support local education based on a formula that sets a foundation amount for each municipality. Named for the Massachusetts General Law that created it.

Charter School Reimbursements

Sending districts receive assistance through the charter tuition reimbursement formula in December, March and June for those students that elect to attend a charter school. Sending districts are reimbursed a portion of the costs associated with pupils attending charter schools beginning with the second quarterly distribution.

Municipal Revenue Growth Factor

An estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2½ percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories, and the change in selected unrestricted local receipts.

Public Employee Committee (PEC)

The body created under Chapter 32B Section 19, also called the Health Coalition. It is the Committee of representatives of all the Town employee unions. This is the body that negotiates health insurance benefits for Town of Framingham employees.

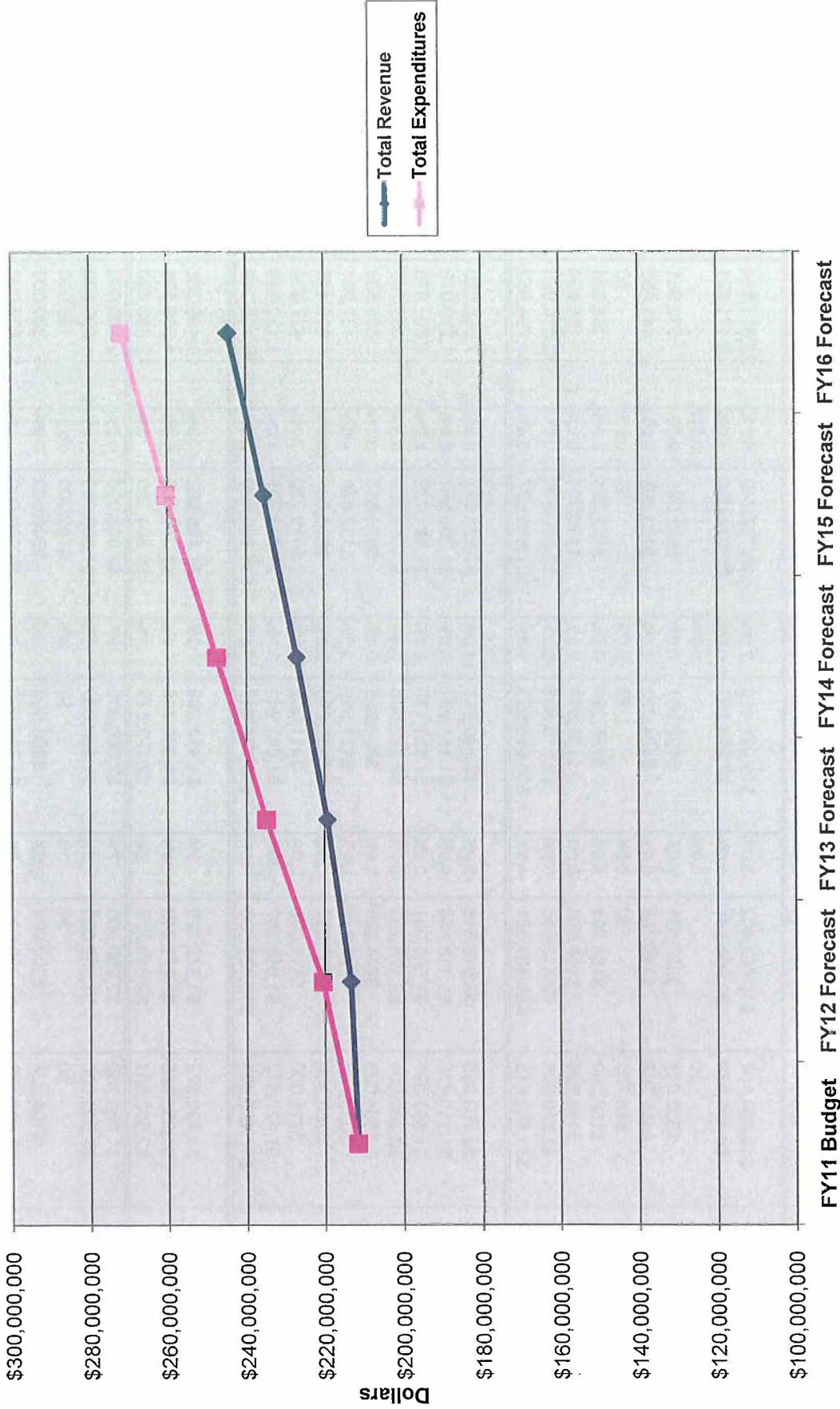
Section 19

A section of MGL Chapter 32B that creates a committee of public employee union representatives to bargain health insurance coverage as a uniform group, also called coalition bargaining. A municipality must adopt this section locally in order bargain health insurance via coalition bargaining. Section 19 also prohibits the comingling of collective bargaining for wages with bargaining for health insurance and vice versa. Note: the Town of Framingham adopted Section 19 in 1993.

FY2011 - FY2016 Budget Gap

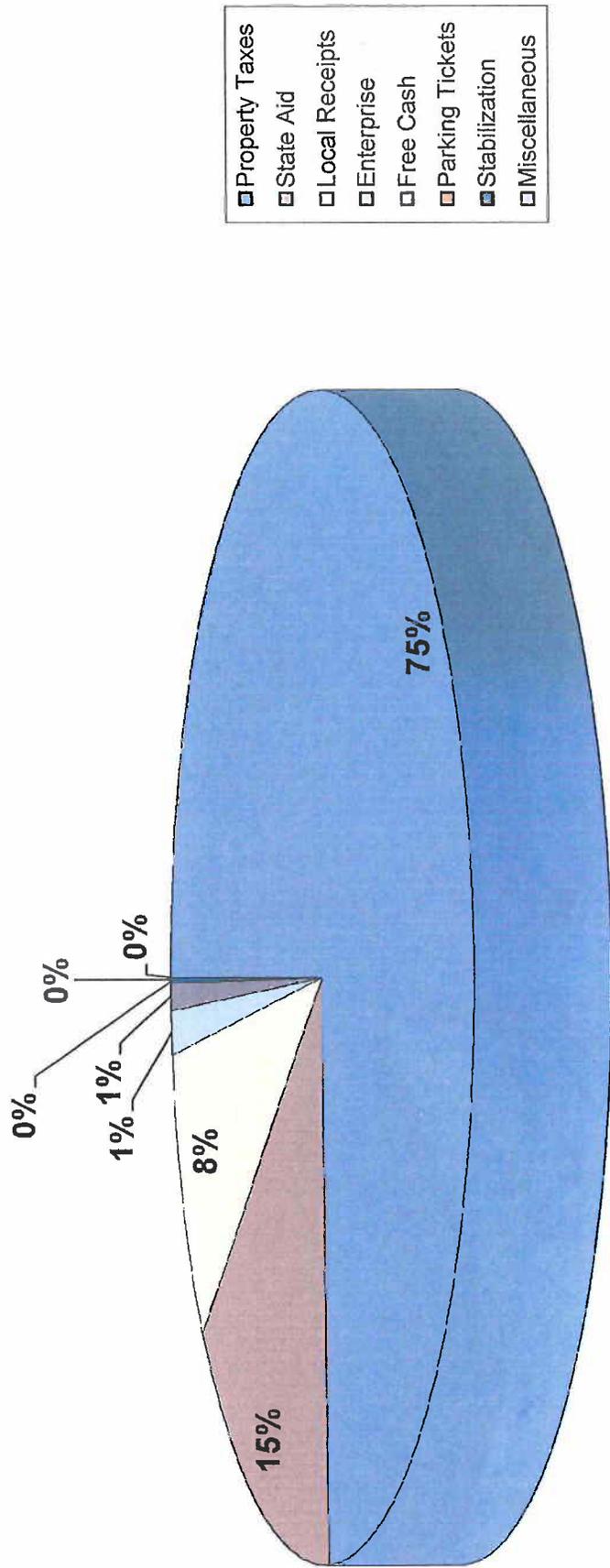
	FY11 Budget	FY12 Forecast	FY13 Forecast	FY14 Forecast	FY15 Forecast	FY16 Forecast
Revenue						
Property Taxes	\$157,833,311	\$162,989,144	\$168,292,022	\$173,758,177	\$179,405,045	\$185,245,201
State Aid	\$31,882,413	\$30,433,561	\$30,814,923	\$32,615,637	\$34,794,952	\$37,663,723
Local Receipts	\$17,465,881	\$15,637,096	\$15,720,942	\$16,039,526	\$16,408,249	\$16,790,341
Enterprise Indirect Trnsfr	\$2,563,897	\$2,643,378	\$2,722,679	\$2,804,360	\$2,888,490	\$2,975,145
Free Cash	\$1,606,328	\$1,700,000	\$1,700,000	\$1,800,000	\$1,800,000	\$1,800,000
Parking Tickets	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000
Stabilization Fund	\$198,958	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$23,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Total Revenue	\$211,639,788	\$213,484,179	\$219,331,566	\$227,098,699	\$235,377,735	\$244,555,410
Revenue Growth Rate		0.9%	2.7%	3.5%	3.6%	3.9%
Expenditures						
Municipal Departments	\$48,000,850	\$49,708,108	\$51,720,829	\$53,691,105	\$55,866,875	\$57,984,390
School Departments	\$97,120,060	\$101,228,133	\$105,604,549	\$110,177,024	\$114,954,692	\$119,947,135
Insurances	\$38,002,323	\$40,939,996	\$44,392,072	\$47,734,656	\$51,451,768	\$55,465,475
Retirement	\$10,284,024	\$10,429,299	\$10,897,387	\$11,382,484	\$11,890,117	\$12,423,714
Debt Service	\$8,335,104	\$10,179,965	\$14,039,254	\$16,216,345	\$17,834,808	\$17,653,156
Stabilization/Reserves	\$2,708,626	\$2,005,680	\$2,005,680	\$2,005,680	\$2,005,680	\$2,005,680
Miscellaneous				\$0		
Non Appropriations	\$7,182,151	\$5,935,699	\$6,063,276	\$6,173,173	\$6,285,204	\$6,399,413
Total Expenditures	\$211,633,138	\$220,426,879	\$234,723,047	\$247,380,467	\$260,289,144	\$271,878,963
Expenditure Growth Rate		4.2%	6.5%	5.4%	5.2%	4.5%
Projected Balance	6,650	(6,942,701)	(15,391,481)	(20,281,768)	(24,911,409)	(27,323,553)

Budget Gap FY2012-FY2016

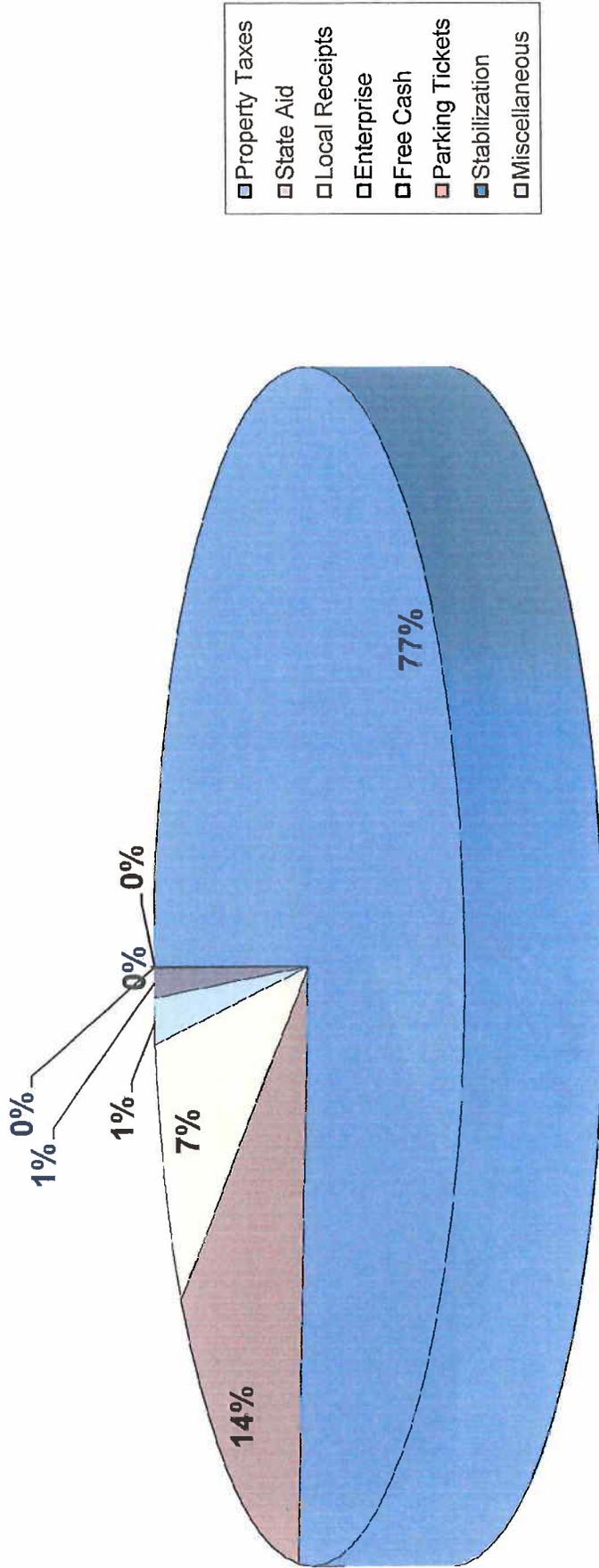


Revenue Type	FY11 Voted	FY12	%	FY13	%	FY14	%	FY15	%	FY16	%
Town Property Taxes											
Property Tax Levy	\$156,382,250	\$161,779,144	3.5%	\$167,063,872	3.3%	\$172,499,323	3.3%	\$178,102,131	3.2%	\$183,890,171	3.2%
New Growth Estimate	\$1,451,061	\$1,210,000	-17%	\$1,228,150	1.5%	\$1,258,854	2.5%	\$1,302,914	3.5%	\$1,355,030	4.0%
Total Taxes	\$157,833,311	\$162,989,144	3.3%	\$168,292,022	3.3%	\$173,758,177	3.2%	\$179,405,045	3.2%	\$185,245,201	3.3%
State Aid											
Chapter 70	\$19,634,107	\$18,652,402	-5.0%	\$19,025,450	2.0%	\$20,737,740	9.0%	22,811,514	10.0%	25,548,896	12.0%
Unrestricted Gen'l Govt Aid	\$8,415,039	\$7,994,287	-5.0%	\$7,994,287	0.0%	\$8,074,230	1.0%	8,171,121	1.2%	8,293,687	1.5%
Additional Assistance	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Charter Schools	\$532,981	\$532,981	0.0%	\$532,981	0.0%	\$532,981	0.0%	532,981	0.0%	532,981	0.0%
State Owned Land	\$415,708	\$415,708	0.0%	\$424,022	2.0%	\$432,503	2.0%	441,153	2.0%	449,976	2.0%
Police Career Incentive	\$46,395	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Elderly/Surviving Spouses	\$158,294	\$158,294	0.0%	\$158,294	0.0%	\$158,294	0.0%	158,294	0.0%	158,294	0.0%
Veterans	\$168,894	\$168,894	0.0%	\$168,894	0.0%	\$168,894	0.0%	168,894	0.0%	168,894	0.0%
SBA Reimbursements	\$2,510,995	\$2,510,995	0.0%	\$2,510,995	0.0%	\$2,510,995	0.0%	\$2,510,995	0.0%	2,510,995	0.0%
Total State Aid	\$31,882,413	\$30,433,561	-4.5%	\$30,814,923	1.3%	\$32,615,637	5.8%	34,794,952	6.7%	37,663,723	8.2%
Local Receipts											
Excise & other Taxes	\$8,703,095	\$7,919,816	-9.0%	\$7,840,618	-1.0%	\$7,879,821	0.5%	7,958,620	1.0%	8,038,206	1.0%
User Fees	\$1,118,438	\$1,118,438	0.0%	\$1,151,991	3.0%	\$1,209,591	5.0%	1,270,070	5.0%	1,333,574	5.0%
Penalties, Interest, Fines	\$1,501,091	\$1,501,091	0.0%	\$1,531,113	2.0%	\$1,561,735	2.0%	1,592,970	2.0%	1,624,829	2.0%
Licenses & Permits	\$2,380,604	\$2,178,253	-8.5%	\$2,243,600	3.0%	\$2,344,562	4.5%	2,461,790	5.0%	2,584,880	5.0%
PILOT	\$834,025	\$804,025	-3.6%	\$804,025	0.0%	\$809,653	0.7%	809,653	0.0%	809,653	0.0%
Investment Income	\$323,765	\$123,840	-62%	\$127,555	3.0%	\$132,658	4.0%	137,964	4.0%	143,482	4.0%
Rental	\$766,346	\$567,096	-26%	\$567,096	0.0%	\$596,585	5.2%	620,448	4.0%	645,266	4.0%
Loring Arena	\$411,000	\$411,000	0.0%	\$411,000	0.0%	\$419,220	2.0%	427,604	2.0%	436,156	2.0%
Miscellaneous	\$1,427,517	\$1,013,537	-29%	\$1,043,943	3.0%	\$1,085,701	4.0%	1,129,129	4.0%	1,174,294	4.0%
Total Local Receipts	\$17,465,881	\$15,637,096	-10%	\$15,720,942	0.5%	\$16,039,526	2.0%	16,408,249	2.3%	16,790,341	2.3%
Enterprise Indirect Transfer											
Water Indirect	\$1,330,872	\$1,372,129	3%	\$1,413,293	3%	\$1,455,692	3%	1,499,362	3%	1,544,343	3.0%
Sewer Indirect	\$1,233,025	\$1,271,249	3%	\$1,309,386	3%	\$1,348,668	3%	1,389,128	3%	1,430,802	3.0%
Total Indirect	\$2,563,897	\$2,643,378	3%	\$2,722,679	3%	\$2,804,360	3%	2,888,490	3%	2,975,145	3.0%
Certified Free Cash	\$1,869,250	\$2,000,000	7%	\$2,000,000	0%	\$2,000,000	0%	2,200,000	10%	2,200,000	0.0%
Operating	\$1,500,000	\$1,500,000	0%	\$1,500,000	0%	\$1,500,000	0%	1,500,000	0.0%	1,500,000	0.0%
Capital	\$0	\$0	0%	\$0	0%	\$100,000	100%	100,000	0.0%	100,000	0.0%
Stabilization	\$106,328	\$200,000	100%	\$200,000	0%	\$200,000	0%	200,000	0.0%	200,000	0.0%
Total Used in Budget	\$1,606,328	\$1,700,000	6%	\$1,700,000	0%	\$1,800,000	6%	\$1,800,000	0.0%	1,800,000	0.0%
Parking Tickets	\$66,000	\$66,000	0.0%	\$66,000	0.0%	\$66,000	0.0%	\$66,000	0.0%	\$66,000	0.0%
Stabilization Fund	\$198,958	\$0	-100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$23,000	\$15,000	-35%	\$15,000	0.0%	\$15,000	0.0%	\$15,000	0.0%	\$15,000	0.0%
Grand Total	\$211,639,789	\$213,484,179	0.9%	\$219,331,566	2.7%	\$227,098,699	3.5%	\$235,377,735	3.6%	\$244,555,410	3.9%
Annual Dollar growth		\$1,844,390		\$5,847,388		\$7,767,132		\$8,279,036		\$9,177,675	

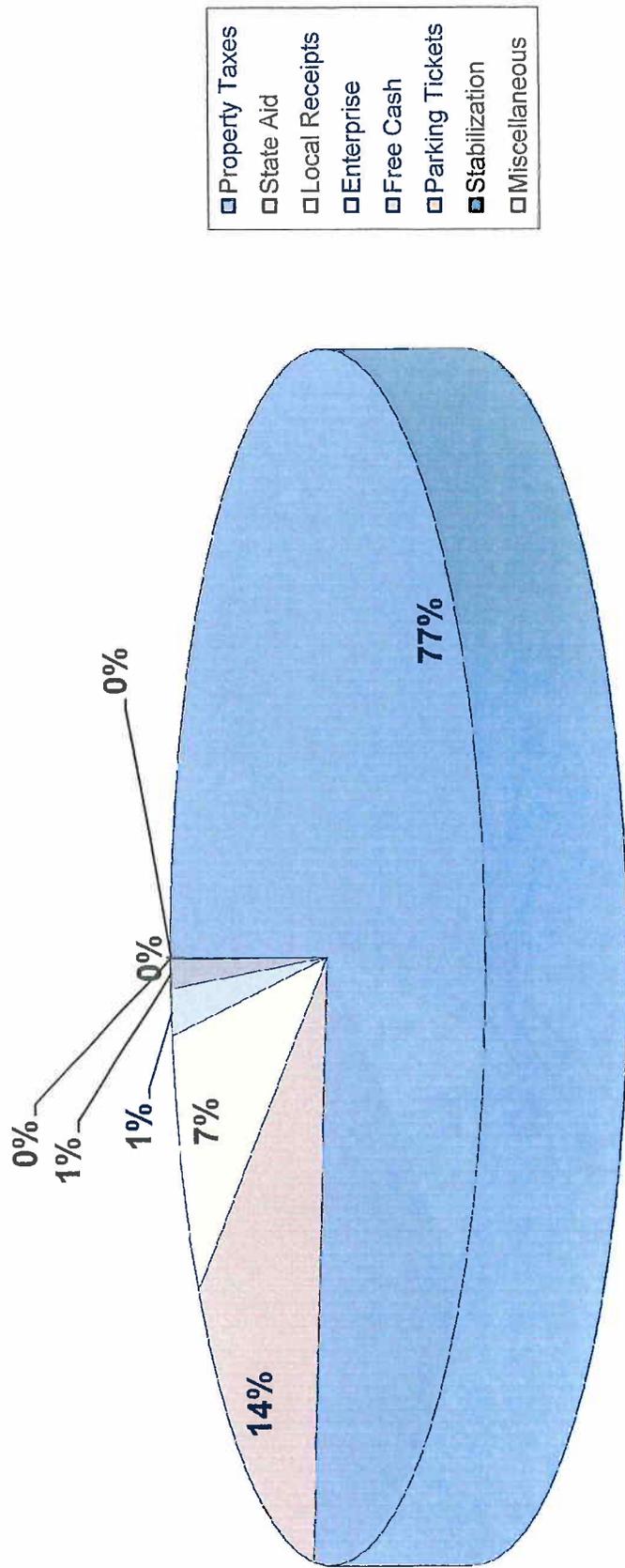
FY11 Revenue by Type



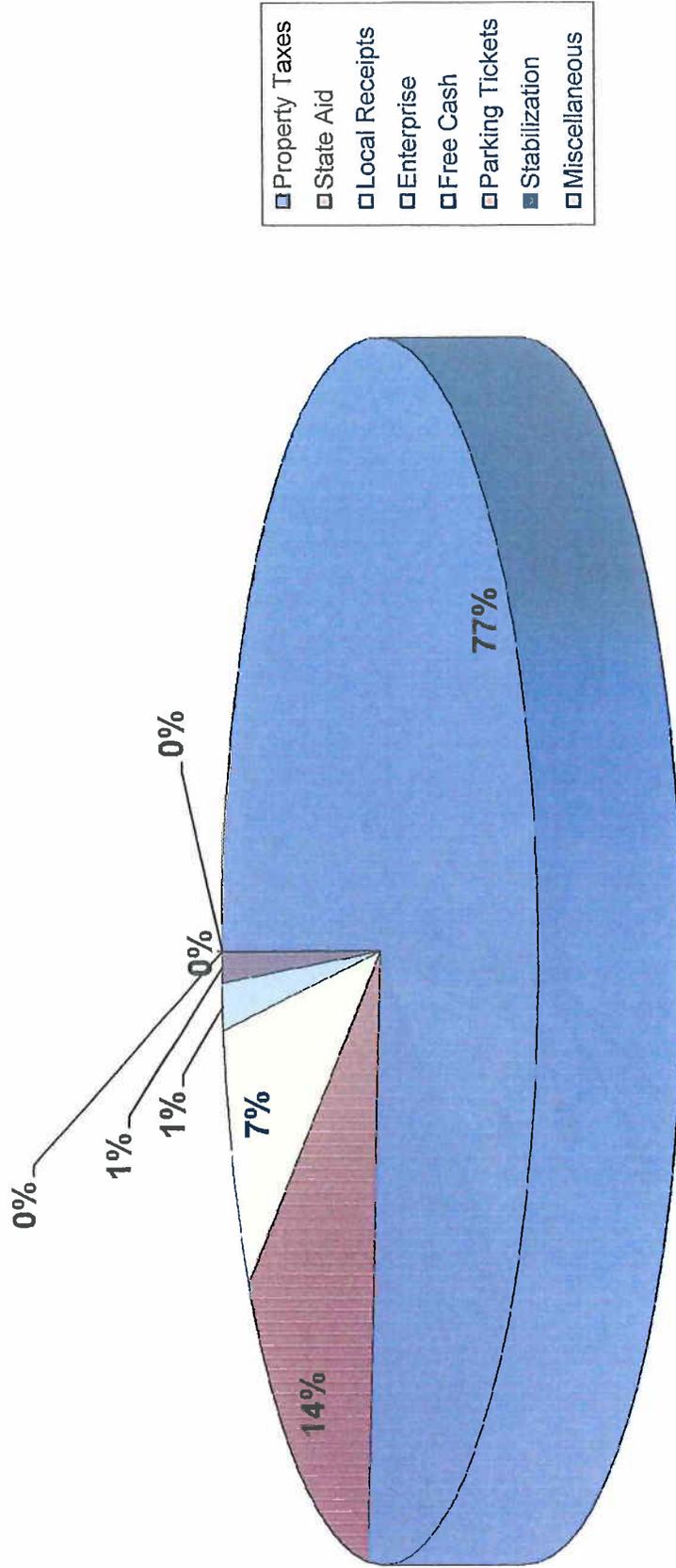
FY12 Revenue by Type



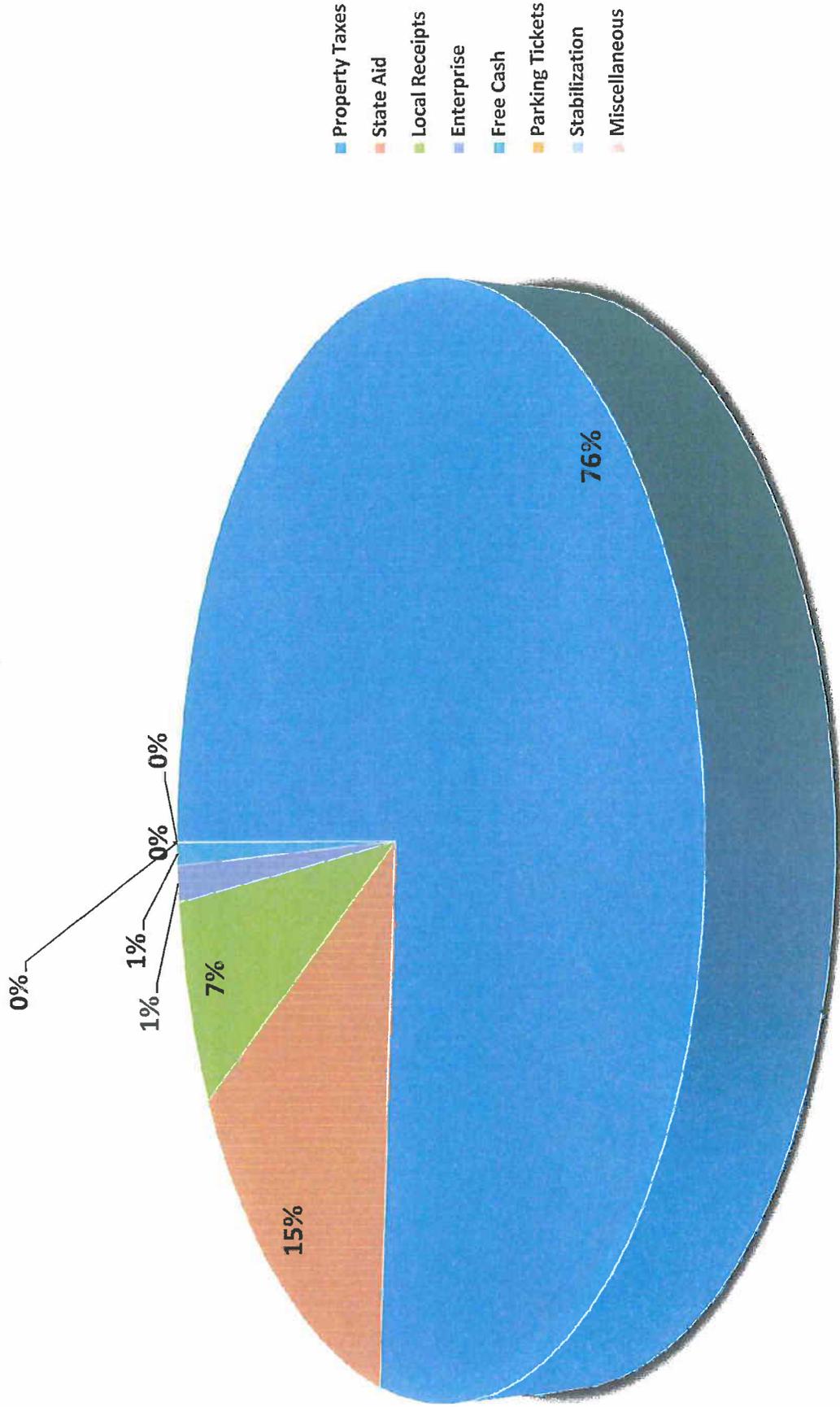
FY13 Revenue Types



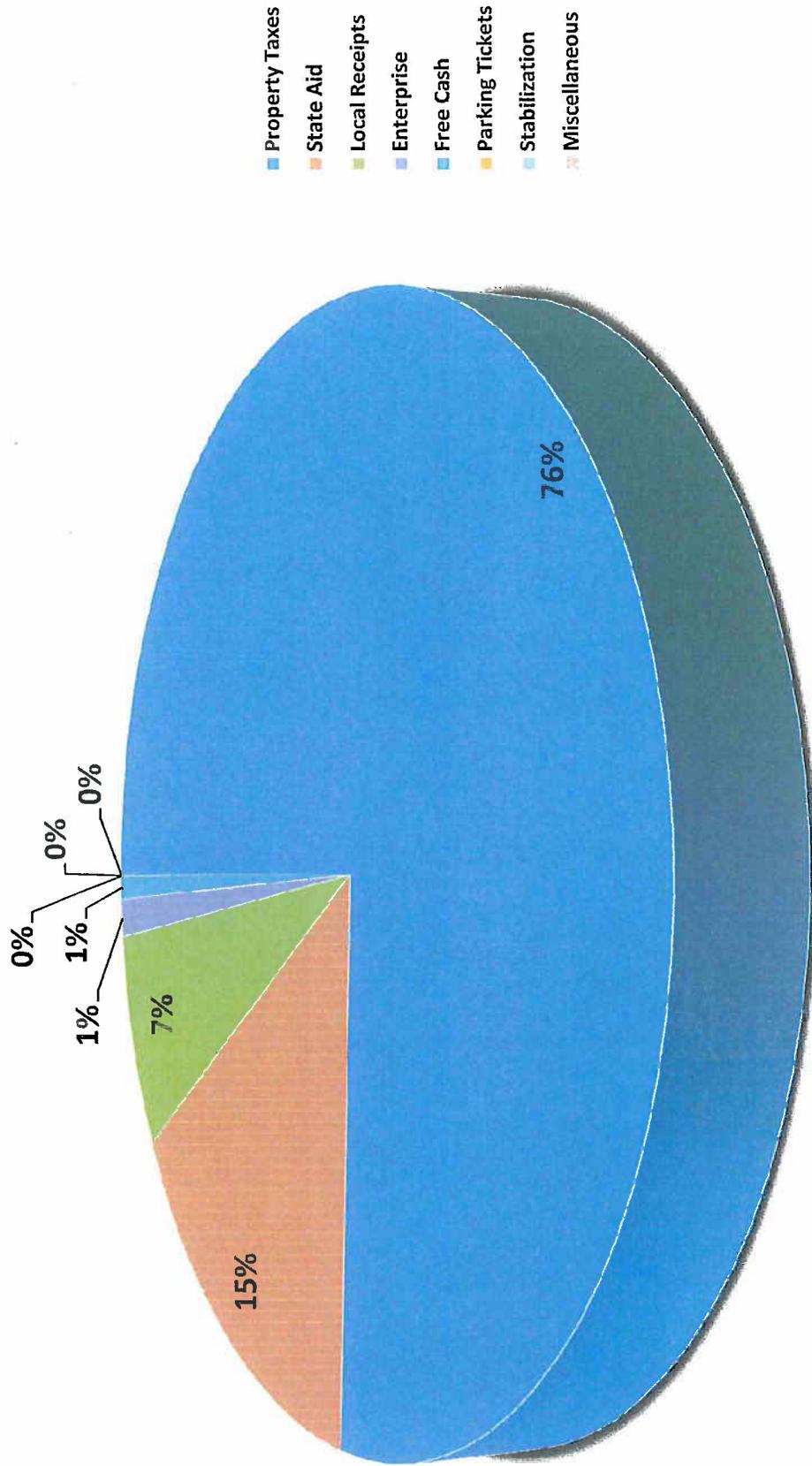
FY14 Revenue by Type



FY15 Revenue by Type

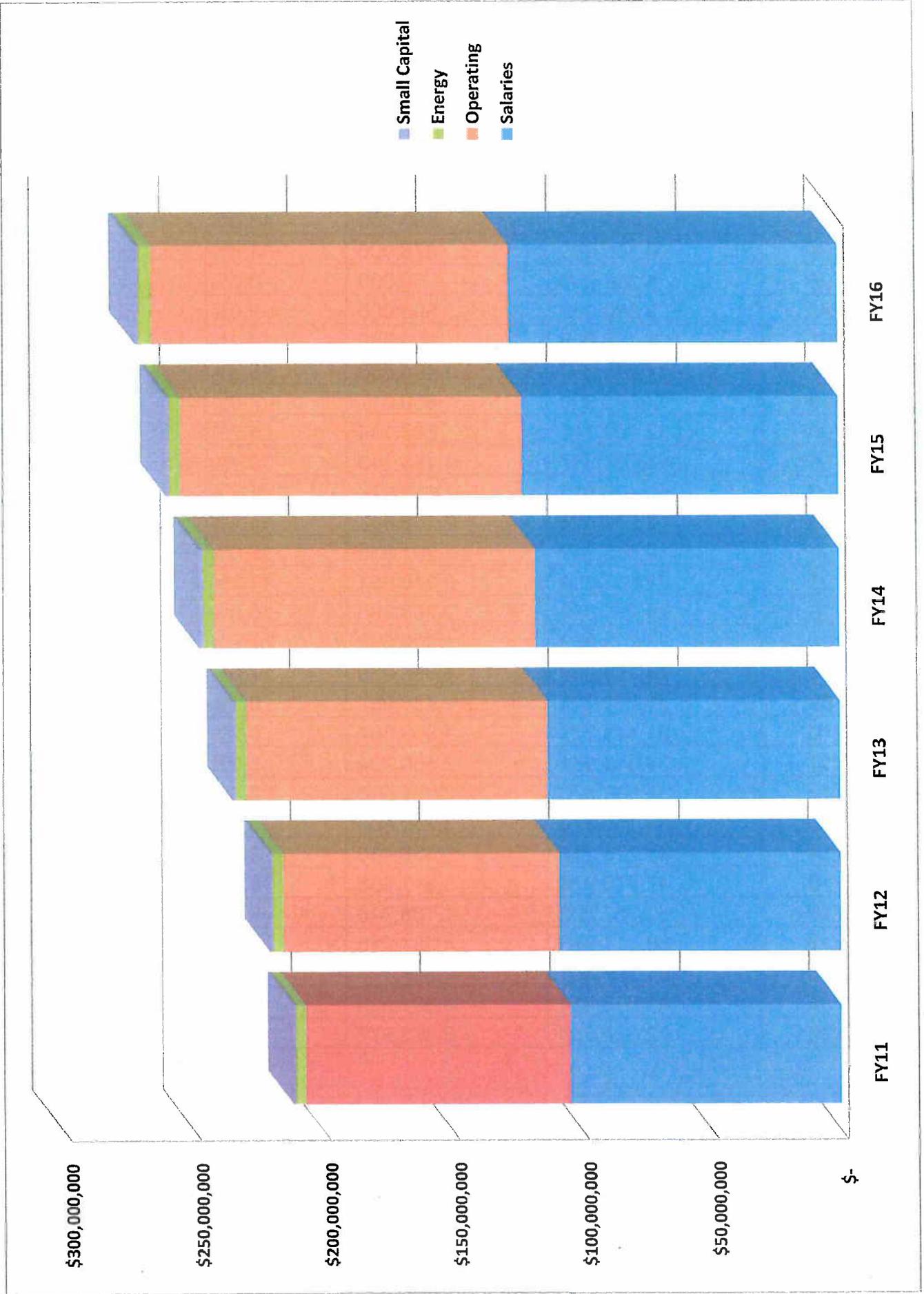


FY16 Revenue by Type



Department	Total					
	FY11	FY12	FY13	FY14	FY15	FY16
Accounting	438,426	436,284	449,292	462,690	476,487	490,697
Animal Control	162,885	163,987	168,935	173,701	178,819	184,091
Assessing	441,961	445,393	464,854	470,670	483,852	497,411
Building Inspection	697,106	711,701	731,848	753,196	775,171	797,794
Building Services	1,484,706	1,545,900	1,598,112	1,651,608	1,714,467	1,766,381
Cemeteries	26,190	27,500	28,000	29,000	30,000	30,500
CFO	255,347	262,536	271,303	280,243	289,362	298,664
Comm Develop	286,348	293,507	302,247	311,381	320,722	330,344
Conservation	115,886	118,230	121,033	123,912	126,870	129,909
Council on Aging	340,313	350,024	360,080	370,434	381,094	392,070
DPW Admin	469,105	480,096	497,416	516,318	531,301	546,723
DPW Engineering	746,024	769,466	802,910	835,739	871,016	896,165
DPW Fleet	996,495	1,025,243	1,062,273	1,103,544	1,147,962	1,188,215
DPW Highway	2,900,654	3,021,758	3,132,151	3,251,920	3,377,936	3,478,258
DPW Sanitation	3,727,348	3,825,741	3,940,326	4,048,266	4,133,142	4,257,368
DPW Snow & Ice	900,000	966,948	1,032,701	1,097,519	1,166,682	1,240,489
Elections	184,939	131,767	193,720	141,531	195,777	160,241
Emergency Mngmt	93,356	95,143	98,789	102,580	105,538	108,584
Fire Department	11,910,781	12,379,023	12,915,658	13,476,117	14,065,532	14,678,567
Human Resources	219,316	224,437	230,803	237,352	244,090	251,023
Legal Services	623,080	641,772	661,026	680,856	701,282	722,320
Library	2,575,840	2,688,988	2,803,161	2,927,327	3,055,125	3,188,572
Loring Arena	471,619	468,685	481,446	497,820	526,785	541,593
Parks & Recreation	2,179,523	2,246,432	2,337,271	2,426,736	2,521,543	2,620,393
Planning Board	200,877	205,612	211,395	217,347	223,474	229,781
Police Department	11,192,857	11,641,819	12,159,163	12,699,055	13,263,387	13,847,376
Public Health	555,470	569,800	586,894	607,501	627,636	646,315
Purchasing	81,624	83,256	84,922	86,620	88,352	90,119
Selectmn/Town Mgr	628,317	647,297	662,645	685,549	702,025	722,591
Streetlights	476,732	494,896	505,726	517,761	538,471	560,010
Technology Svices	1,238,781	1,315,675	1,351,569	1,388,260	1,437,508	1,477,933
Town Clerk	241,329	247,303	254,601	262,115	269,853	277,820
Treasurer/Collector	563,079	571,517	587,342	603,615	620,349	637,558
Veterans	369,424	386,355	401,178	416,575	432,568	449,180
Weights & Measures	123,124	140,176	143,931	147,799	151,783	155,886
Zoning Board	81,987	83,840	86,111	88,449	90,913	93,449
Subtotal	48,000,850	49,708,108	51,720,829	53,691,105	55,866,875	57,984,390
School Department*	88,695,969	92,551,319	96,580,663	100,792,182	105,194,457	109,796,490
Keefe Tech Assess	8,424,091	8,676,814	9,023,886	9,384,842	9,760,235	10,150,645
Subtotal School	97,120,060	101,228,133	105,604,549	110,177,024	114,954,692	119,947,135
Town Committees	4,800	4,800	4,800	4,800	4,800	4,800
FinComm	880	880	880	880	880	880
Reserve Fund	400,000	400,000	400,000	400,000	400,000	400,000
Salary Reserve	841,860	-	-	-	-	-
Stabilization Fund	1,461,086	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Subtotal	2,708,626	2,005,680	2,005,680	2,005,680	2,005,680	2,005,680

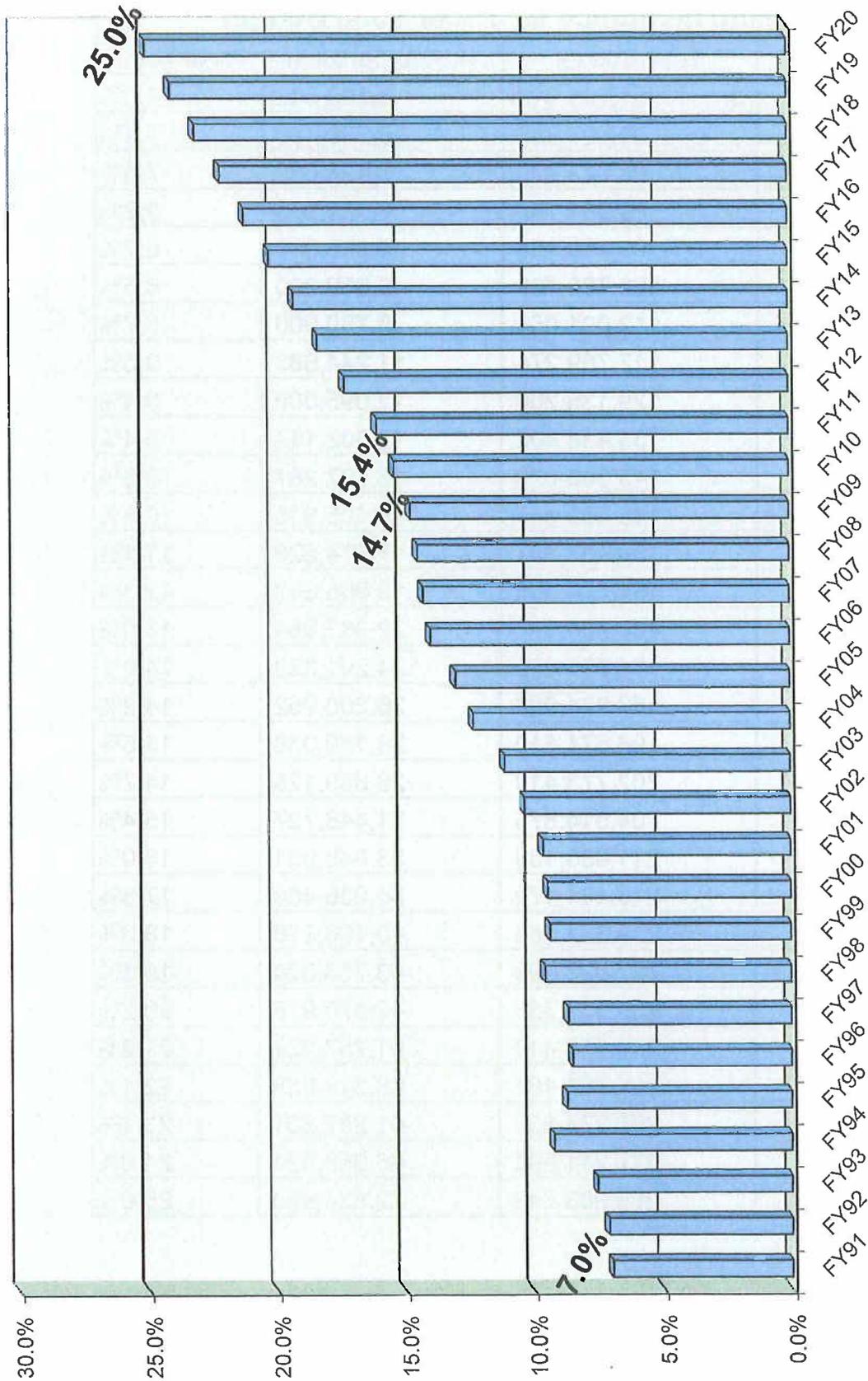
Department	Total					
	FY11	FY12	FY13	FY14	FY15	FY16
Insurances						
Liability Insurance	1,053,490	1,158,839	1,274,723	1,402,195	1,542,415	1,696,656
Self Insurance	30,000	30,000	30,000	30,000	30,000	30,000
Health Insurance	33,948,961	36,936,470	40,186,879	43,401,829	46,873,976	50,623,894
Unemployment	750,000	500,000	500,000	400,000	400,000	400,000
Workers Comp	661,894	685,060	705,612	726,780	748,584	771,041
Sick Leave Buyback	70,000	70,000	60,000	60,000	60,000	60,000
Medicaid Part 1	50,000	50,000	50,000	50,000	50,000	50,000
P&F Retired Medical	5,000	5,000	5,000	5,000	5,000	5,000
Medicare/FICA	1,432,978	1,504,627	1,579,858	1,658,851	1,741,794	1,828,883
Subtotal Insurances	38,002,323	40,939,996	44,392,072	47,734,656	51,451,768	55,465,475
Retirement						
Contributory	10,212,219	10,355,340	10,818,924	11,304,020	11,811,653	12,342,897
Non-contributory	71,805	76,178	78,463	78,463	78,463	80,817
Subtotal Retirement	10,284,024	10,431,518	10,897,387	11,382,484	11,890,117	12,423,714
Debt Service						
P & I Bonds	8,042,765	9,881,259	13,728,863	15,898,934	17,505,027	17,315,636
BAN Interest	165,000	165,000	170,000	170,000	175,000	175,000
Interest on Abatemnt	127,339	133,706	140,391	147,411	154,781	162,520
Subtotal Debt Service	8,335,104	10,179,965	14,039,254	16,216,345	17,834,808	17,653,156
Non Appropriations						
Tax Title	30,000	30,000	30,000	30,000	30,000	30,000
Teachers Pay Defer	198,958	-	-	-	-	-
Cherry Sheet Charge	3,934,469	4,013,158	4,093,422	4,154,823	4,217,145	4,280,402
Snow & Ice Deficit	1,172,343					
Tax Overlay	1,846,381	1,892,541	1,939,854	1,988,350	2,038,059	2,089,011
Subtotal Non App	7,182,151	5,935,699	6,063,276	6,173,173	6,285,204	6,399,413
Grand Total	211,633,138	220,429,098	234,723,047	247,380,467	260,289,144	271,878,963



Health Insurance Annual Growth in Expenditures			
Fiscal Year	Appropriated	Incr frm Prior Year	% Growth
FY91	6,383,512		
FY92	6,538,400	154,888	2.4%
FY93	7,425,000	886,600	13.6%
FY94	8,300,000	875,000	11.8%
FY95	8,350,000	50,000	0.6%
FY96	8,850,000	500,000	6.0%
FY97	9,750,000	900,000	10.2%
FY98	11,244,683	1,494,683	15.3%
FY99	12,095,000	850,317	7.6%
FY00	12,602,144	507,144	4.2%
FY01	13,787,287	1,185,143	9.4%
FY02	15,405,915	1,618,628	11.7%
FY03	17,574,528	2,168,613	14.1%
FY04	19,866,363	2,291,835	13.0%
FY05	22,083,054	2,216,691	11.2%
FY06	24,291,359	2,208,305	10.0%
FY07	26,200,952	1,909,593	7.9%
FY08	28,159,038	1,958,086	7.5%
FY09	29,889,125	1,730,087	6.1%
FY10	31,448,727	1,559,602	5.2%
FY11	33,948,961	2,500,234	8.0%
FY12	36,936,470	2,987,510	8.8%
FY13	40,186,879	3,250,408	8.8%
FY14	43,723,324	3,536,445	8.8%
FY15	47,570,976	3,847,653	8.8%
FY16	51,757,222	4,186,246	8.8%
FY17	56,311,858	4,554,636	8.8%
FY18	61,267,301	4,955,443	8.8%
FY19	66,658,824	5,391,523	8.8%
FY20	72,524,800	5,865,977	8.8%

Health Insurance as a % of Total Budget			
Fiscal Year	Total Budget	HI Appropriation	% of Total
FY91	\$ 91,135,913	6,383,512	7.0%
FY92	91,607,392	6,538,400	7.1%
FY93	98,023,975	7,425,000	7.6%
FY94	89,944,748	8,300,000	9.2%
FY95	95,499,158	8,350,000	8.7%
FY96	103,762,769	8,850,000	8.5%
FY97	112,091,954	9,750,000	8.7%
FY98	117,769,274	11,244,683	9.5%
FY99	129,135,200	12,095,000	9.4%
FY00	133,438,402	12,602,144	9.4%
FY01	143,306,570	13,787,287	9.6%
FY02	149,509,347	15,405,915	10.3%
FY03	158,452,391	17,574,528	11.1%
FY04	161,529,959	19,866,363	12.3%
FY05	169,986,065	22,083,054	13.0%
FY06	174,007,922	24,291,359	14.0%
FY07	183,924,927	26,200,952	14.2%
FY08	194,671,110	28,159,038	14.5%
FY09	202,773,419	29,889,125	14.7%
FY10	204,514,875	31,448,727	15.4%
FY11	211,633,138	33,948,961	16.0%
FY12	213,484,179	36,936,469	17.3%
FY13	219,331,566	40,186,879	18.3%
FY14	227,098,699	43,723,324	19.3%
FY15	235,377,735	47,570,976	20.2%
FY16	244,555,410	51,757,222	21.2%
FY17	254,582,181	56,311,858	22.1%
FY18	265,274,633	61,267,301	23.1%
FY19	277,211,991	66,658,824	24.0%
FY20	289,963,743	72,524,800	25.0%

Health Insurance as a % of Total Budget



Pension Funding Schedule 2011 to 2030

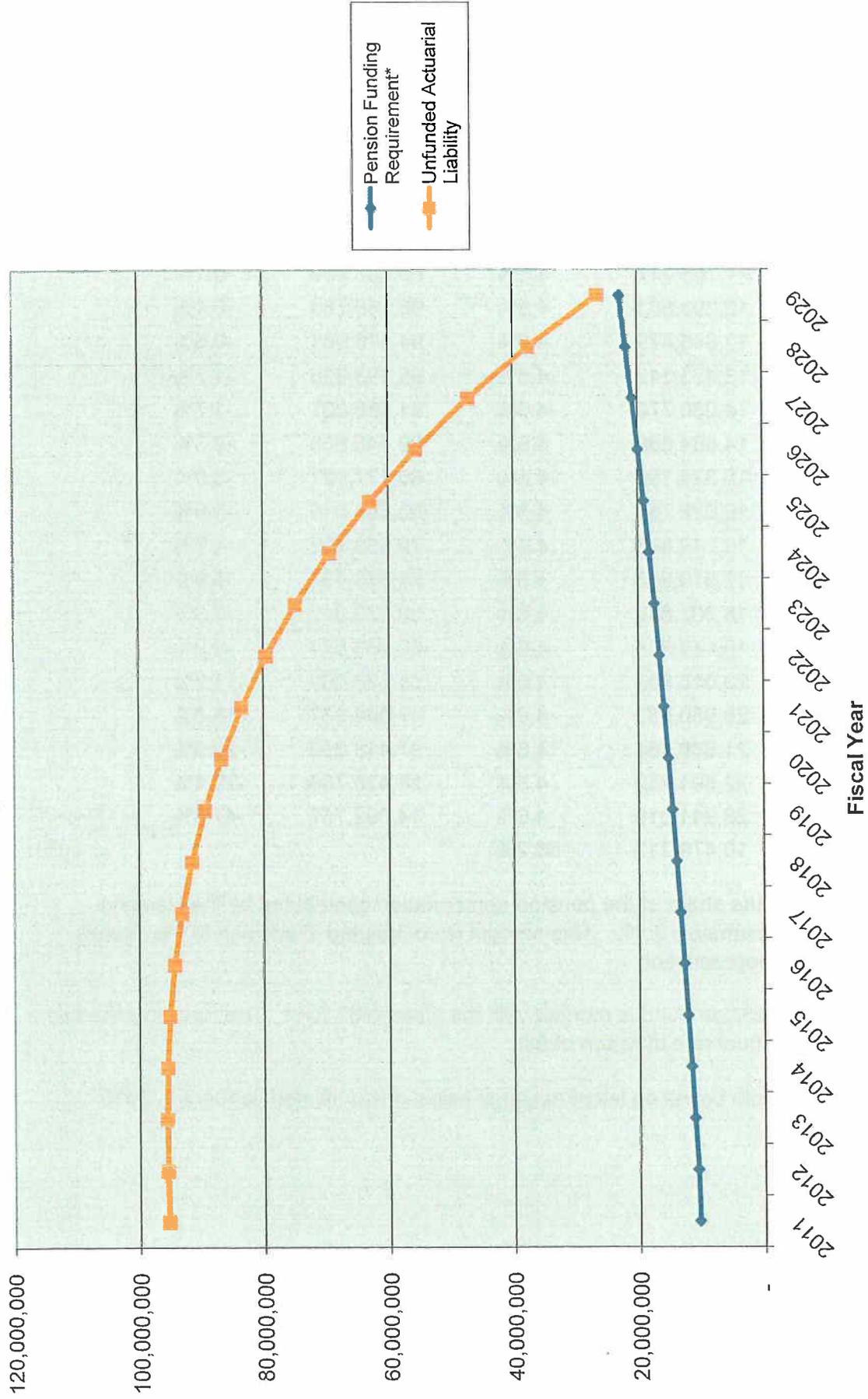
Fiscal Year	Pension Funding Requirement*	% Inc from Prior Year	Unfunded Actuarial Liability	% Change from Prior Year
2011	10,540,359		95,314,038	
2012	10,777,831	2.3%	95,519,607	0.2%
2013	11,260,329	4.5%	95,696,048	0.2%
2014	11,765,217	4.5%	95,587,998	-0.1%
2015	12,293,561	4.5%	95,160,755	-0.4%
2016	12,846,479	4.5%	94,376,361	-0.8%
2017	13,425,142	4.5%	93,193,326	-1.3%
2018	14,030,779	4.5%	91,566,321	-1.7%
2019	14,664,680	4.5%	89,445,858	-2.3%
2020	15,328,199	4.5%	86,777,927	-3.0%
2021	16,022,754	4.5%	83,503,618	-3.8%
2022	16,749,833	4.5%	79,558,702	-4.7%
2023	17,510,998	4.5%	74,873,184	-5.9%
2024	18,307,889	4.6%	69,370,817	-7.3%
2025	19,142,224	4.6%	62,968,571	-9.2%
2026	20,015,808	4.6%	55,576,069	-11.7%
2027	20,930,533	4.6%	47,094,967	-15.3%
2028	21,888,386	4.6%	37,418,290	-20.5%
2029	22,891,452	4.6%	26,429,708	-29.4%
2030	23,941,919	4.6%	14,002,757	-47.0%
2031	10,479,213	-56.2%		

* This includes the share of the pension appropriation contributed by the Housing Authority, approximately 3.1%. This amount is contributed in addition to the Town's General Fund appropriation.

Framingham Pension Fund is merged with the state PRIT fund. The funding schedule assumes an annual rate of return of 8%.

Funding Schedule based on latest actuarial valuation completed January 1, 2010.

Pension Funding Schedule



Effect of the "Great Recession" on the Framingham Pension Funding Schedule

Fiscal Year	Pension Funding Requirement, 2008 Valuation	Pension Funding Requirement, 2010 Valuation	Difference	Unfunded Actuarial Liability, 2008 Valuation	Unfunded Actuarial Liability, 2010 Valuation	Difference
2011	\$10,540,359	\$10,540,359	\$0	\$64,569,809	\$95,314,038	\$30,744,229
2012	\$10,763,527	\$10,777,831	\$14,304	\$62,547,702	\$95,519,607	\$32,971,905
2013	\$10,998,096	\$11,260,329	\$262,233	\$60,345,858	\$95,696,048	\$35,350,190
2014	\$11,244,690	\$11,765,217	\$520,527	\$57,949,851	\$95,587,998	\$37,638,147
2015	\$11,503,970	\$12,293,561	\$789,591	\$55,344,105	\$95,160,755	\$39,816,650
2016	\$11,776,629	\$12,846,479	\$1,069,850	\$52,511,795	\$94,376,361	\$41,864,566
2017	\$12,063,403	\$13,425,142	\$1,361,739	\$49,434,750	\$93,193,326	\$43,758,576
2018	\$12,365,064	\$14,030,779	\$1,665,715	\$46,093,347	\$91,566,321	\$45,472,974
2019	\$12,682,431	\$14,664,680	\$1,982,249	\$42,466,392	\$89,445,858	\$46,979,466
2020	\$13,016,363	\$15,328,199	\$2,311,836	\$38,530,993	\$86,777,927	\$48,246,934
2021	\$13,367,771	\$16,022,754	\$2,654,983	\$34,262,431	\$83,503,618	\$49,241,187
2022	\$13,737,613	\$16,749,833	\$3,012,220	\$29,634,007	\$79,558,702	\$49,924,695
2023	\$14,126,900	\$17,510,998	\$3,384,098	\$24,616,885	\$74,873,184	\$50,256,299
2024	\$14,536,700	\$18,307,889	\$3,771,189	\$19,179,923	\$69,370,817	\$50,190,894
2025	\$14,968,140	\$19,142,224	\$4,174,084	\$13,289,489	\$62,968,571	\$49,679,082
2026	\$15,422,406	\$20,015,808	\$4,593,402	\$6,909,257	\$55,576,069	\$48,666,812
2027	\$8,974,221	\$20,930,533	\$11,956,312	\$0	\$47,094,967	\$47,094,967
2028	\$0	\$21,888,386	\$21,888,386	\$0	\$37,418,290	\$37,418,290
2029	\$0	\$22,891,452	\$22,891,452	\$0	\$26,429,708	\$26,429,708
2030	\$0	\$23,941,919	\$23,941,919	\$0	\$14,002,757	\$14,002,757
2031	\$0	\$10,479,213	\$10,479,213	\$0	\$0	\$0
Totals	\$212,088,283	\$334,813,585	\$122,725,302			

OPEB Funding Schedule 2007 to 2038

Fiscal Year	OPEB Funding Requirement*	% Inc from Prior Year
2009	12,181,487	
2010	13,038,426	7.0%
2011	13,851,398	6.2%
2012	14,535,686	4.9%
2013	15,126,837	4.1%
2014	15,615,719	3.2%
2015	16,241,018	4.0%
2016	16,853,938	3.8%
2017	17,658,075	4.8%
2018	18,673,134	5.7%
2019	19,534,171	4.6%
2020	20,425,227	4.6%
2021	21,172,719	3.7%
2022	22,032,359	4.1%
2023	22,799,112	3.5%
2024	23,441,794	2.8%
2025	24,178,686	3.1%
2026	25,174,186	4.1%
2027	26,210,673	4.1%
2028	27,289,836	4.1%
2029	28,413,430	4.1%
2030	29,583,285	4.1%
2031	30,801,307	4.1%
2032	32,069,478	4.1%
2033	33,389,862	4.1%
2034	34,764,610	4.1%
2035	36,195,961	4.1%
2036	37,686,244	4.1%
2037	39,237,885	4.1%
2038	40,853,412	4.1%
2039	42,535,454	4.1%

This schedule assumes a return rate if 8% and the creation of a restricted trust fund. All investment gains must be re-invested in the fund in order to maintain this schedule.

The schedule is calculated based on calendar year 2009 values forward.