

# TOWN ADMINISTRATOR'S PRELIMINARY FISCAL YEAR 2017 BUDGET MESSAGE

January 25, 2016

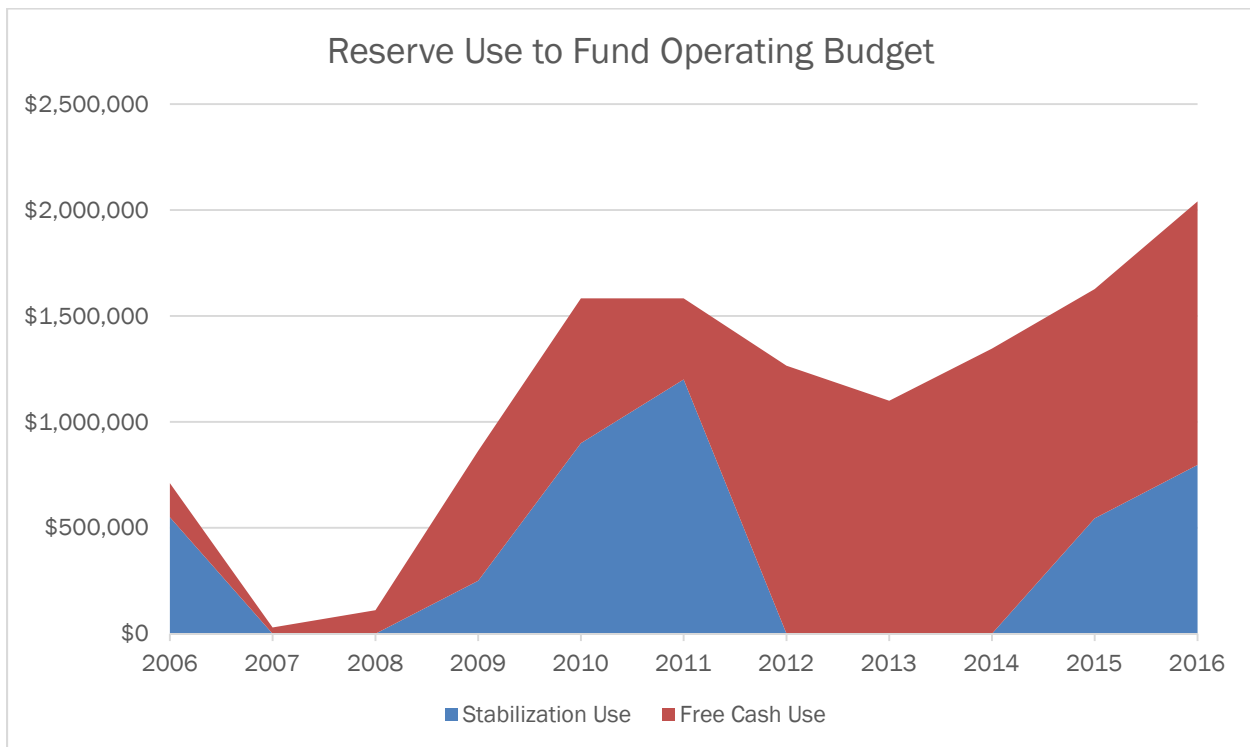
David A. Colton, Town Administrator

## Introduction.

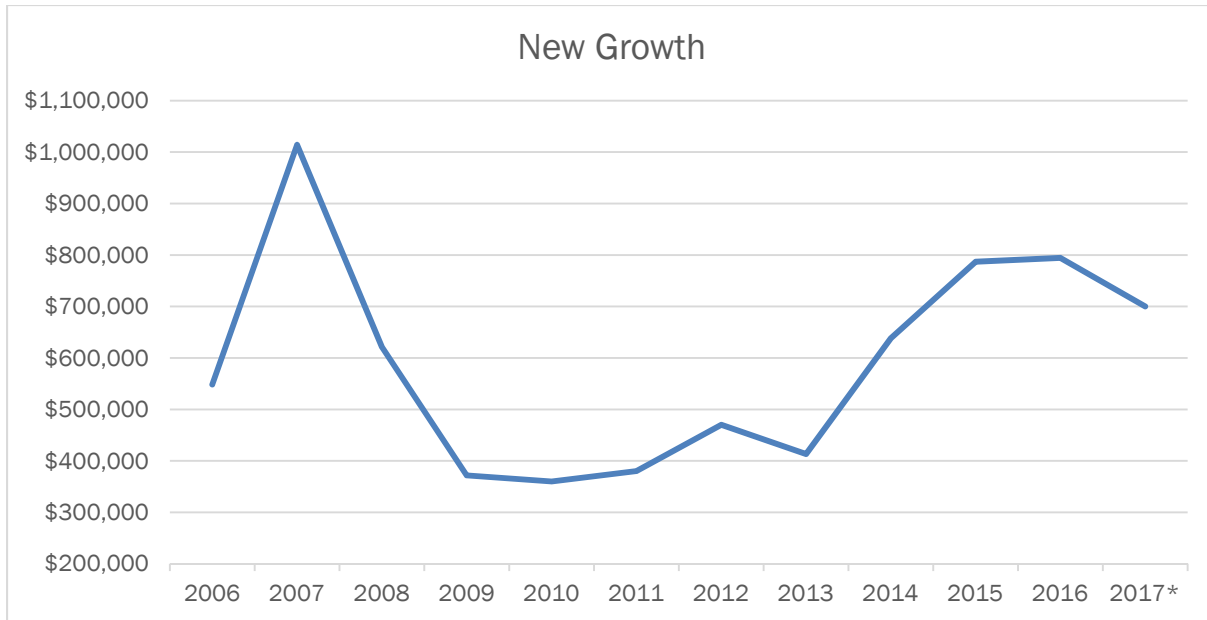
Fiscal Year 2017 will be the most challenging year since the great recession. Several factors will contribute to make it very difficult to provide a budget that continues services at current levels. Moreover, without a new source of revenue it will be impossible to present a budget that we can sustain for more than one year.

## Revenue.

Since the onset of the recession and subsequent deep cuts to state aid to the town, we have been using reserve funds to close a revenue deficit at a rate, if unabated; will result in serious cutbacks in essential services unless replaced with a reliable revenue source. Fiscal year 2016 was the first year that state aid returned to 2008 dollar levels, however, when adjusted for inflation it continues to fall short.



One revenue source that has shown promise is new growth, which has been steadily increasing since 2013 as the economy has recovered from the great recession. The chart below displays a conservatively estimated \$700,000 for projected new growth in FY2017.



### Revenue: New Growth

New growth (the growth in property values due to new construction and renovation) is an essential element of municipal revenue. Easton has historically placed a high value on protecting open and wet lands. While this ultimately adds value to the community, new development is necessary in appropriate areas to keep pace with the demand for services. Without the growth in 2016 we would have faced cuts in service levels or a faster decline in reserve fund balances. The new growth of \$794,155 in FY 2016, essentially, paid for the equivalent of increases in Public Safety (\$344,279), Benefits and insurance (\$190,162), and Public Works (\$242,186). Without new growth, we would have, arguably, fewer Police, Firefighters, and DPW workers.

The top three producers of new growth in Real Estate Tax Levy in 2016 were:

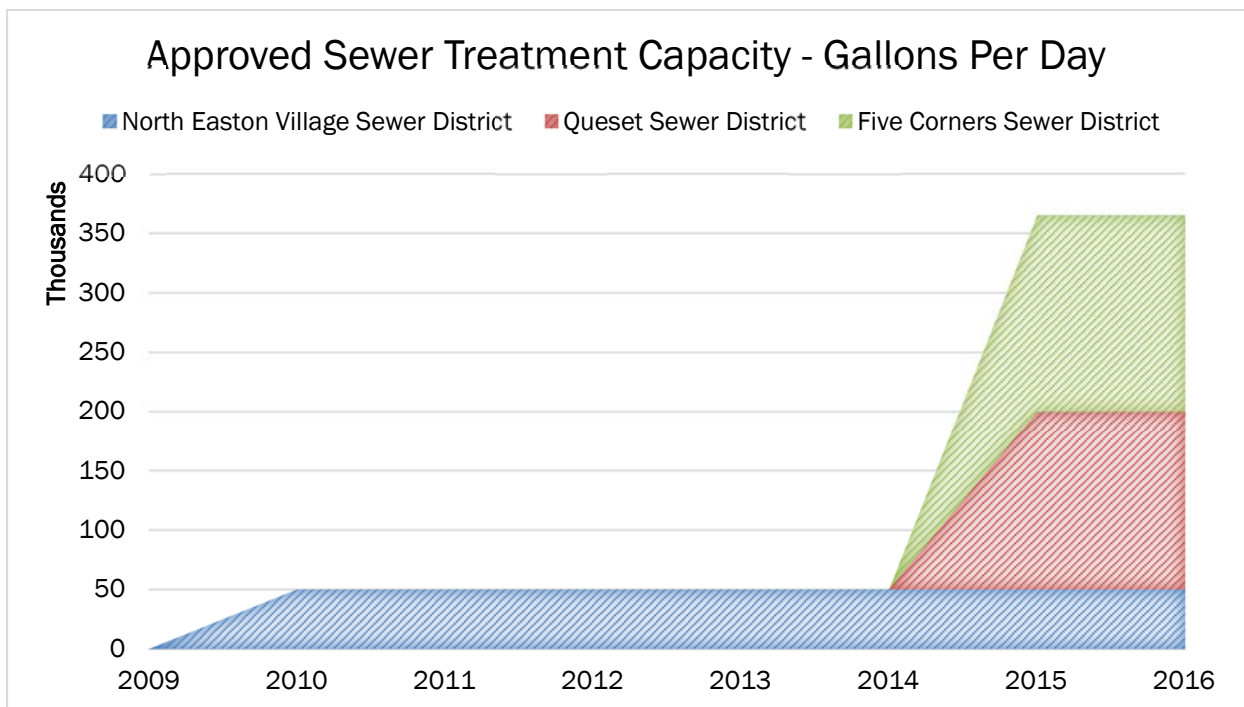
- 678 Depot St, Assisted Living, \$5,945,300 (property value)
- 11 Roosevelt Dr., Apartments, \$3,634,900 (property value)
- 244 Washington St., Apartments, \$2,112,200 (property value)

These properties accounted for 24% of all new growth, and were all housing related. A more broad selection of development, including business, is desirable, and next year's growth will include at least one new office building (3 Washington Place). Understanding the significance of this revenue source, the Town has been adopting policies and granting approvals to enhance and diversify growth. Actions that promote new growth include:

- **Expansion of sewer infrastructure**

One of the most powerful growth incentives is the improvement of public infrastructure; specifically, public wastewater treatment capacity. Many businesses, including larger restaurants and some light industry, are unable to function without expensive on-site wastewater treatment plants or public sewers. Before 2010, Easton had zero gallons of public treatment capacity available. This necessitated the use of private septic or other wastewater treatment on site for businesses and industries in town, and severely limited the use of certain areas in Easton. Town Officials would routinely meet with prospective business owners wanting to maximize the use of their property and expand their operations within our existing zoning bylaws, only to find out that they were limited by their existing private septic capacity.

To remedy this, the Town has led a concerted effort in over the past six years to make available public wastewater treatment capacity in targeted areas to spur economic growth and protection of our environment. One needs to look no further than North Easton Village to see the immediate impact that public sewer capacity has on growth. Below you will see the expansion of permitted sewer treatment capacity from zero gallons per day in 2009 to 365,000 gallons per day today.



- **Inclusive housing policy**

Two of the three largest sources of new growth are the direct result of housing policies which recognizes that a diversity of housing types is needed. Easton’s inclusive housing policy stems not just from market signals, but also detailed analyses conducted by area experts and our own Master Plan Steering Committee.

Throughout the fall of 2013 and early winter of 2014, Dr. Barry Bluestone of Northeastern University's Dukakis Center for Urban and Regional Policy worked with the Town of Easton to produce an Economic Development Self-Assessment Tool which examined Easton's current economic strengths and weaknesses compared to surrounding municipalities. Among the key conclusions of the Assessment include that by 2030, the town will need more but smaller housing units for the same number of people as the population ages and families have fewer children.

Given the increasingly high threshold for purchasing a large single-family home in Easton, a diversity of housing types is needed for our community to remain economically competitive. Smaller ownership units, rental units, and residential units affordable as work-force housing will help Easton attract and retain the working families needed to sustain our school system and support our local businesses – both as patrons and as workers – as our population ages and our average family size decreases.

Easton's Master Plan, completed in 2014, shows that despite Easton's overall population growth, the number of residents between 25 and 34 years declined 33 percent from 1980 to 2010, and the 0 to 4 cohort has declined 25 percent since 2000. Easton's 65 and over population is projected to increase to 5,481 by 2030. Among neighboring communities, all experienced a loss of young adults (age 20-34) between 1990 and 2010, while growth rates for children declined. While Easton's poverty rate is below the State average, about 3% of both individuals and families in Easton are living in poverty, as are about 7% of individuals 65 and older.

Ensuring Easton has a mix of housing types with at least 10% of our housing units affordable to families earning 80% or less of the Area Median Income – \$65,800 for a four-person house-hold in Easton – will help us keep our growing elderly population in town, help us attract and retain working families, and help us generate the revenue and business activity we need to keep Easton economically competitive. This in turn will help Easton's economy to grow, increase property values, lower tax rates, and produce tax levy growth to offset increases in cost.

- **Zoning reform**

The Town is currently working on a comprehensive update of the Town's outdated zoning bylaw. First adopted in 1973, and amended nearly every year since, the Bylaw has become an antiquated, outdated and confusing document. The focus of the recoding is on making the Bylaw clearer and more consistent in order to better serve both residents and developers. Importantly, the Town has included the development community in the process in order to ensure that the new Bylaw encourages smart, pragmatic land development, while clarifying the Town's expectations and requirements.

Taking advantage of newly available sewer capacity, the Town designed a new zoning district to entice development to the Route 138/Route 123 corridor. Passed at Annual Town Meeting in May, 2015, the district encourages property improvements and additional development in the area by allowing greater density and allowing more buildable area, while ensuring development occurs in a quality manner that expresses Easton's character. This new district, coupled with the availability of public sewer, has opened opportunities for significant commercial development within the corridor.

The Town drafted zoning changes for Downtown North Easton Village. Because the area was developed well before the institution of zoning, almost none of the properties in the area meet the requirements of the current Business District. This situation makes it difficult for property owners to make even small improvements, and even more challenging for owners interested in more significant business development. The new zoning requirements would encourage development in and around the sewer district by making existing lots legal, and adding additional flexibility within the historic context of the area. The proposed zoning improvements were tabled at Special Town meeting in November and will be again brought before the Town in the spring.

- **Streamlined permitting**

Ask any developer or business owner; the timeliness of permit approval is a critical component in selecting the municipality within which they do business. Identified as a core strength of the Town by Dr. Bluestone's Economic Development Self-Assessment Tool, Easton began converting from antiquated paper permitting in the Conservation Commission in 2011, and has since expanded its entirely electronic-permitting to include Inspectional Services, the Planning and Zoning Board, the Office of the Selectmen, and the Board of Health. During the next year, we will bring all Police, Fire, and Clerk's permits online, making Easton's permitting process entirely paperless. Utilization of the e-permitting software enables our staff to more rapidly respond to the needs of our business community, encouraging business development and growth throughout Easton.

- **Changing perceptions**

Taking steps to incentivize growth through infrastructure improvements and zoning policy are but one part of the equation. If there is a negative cognitive association between "Easton" and "doing business", it hurts our bottom line. Promoting Easton as a great place to live, work, and visit is an essential function for the Town, and the Economic Development Council, made up of local business owners and town officials, is playing an important role in changing the perception of Easton to a community that is receptive to economic development. Charged in 2014 following the direction of Selectman Smith, the Council has begun the important work of bridging the divide between public and private to identify commonsense areas for improvement within our community to promote economic growth

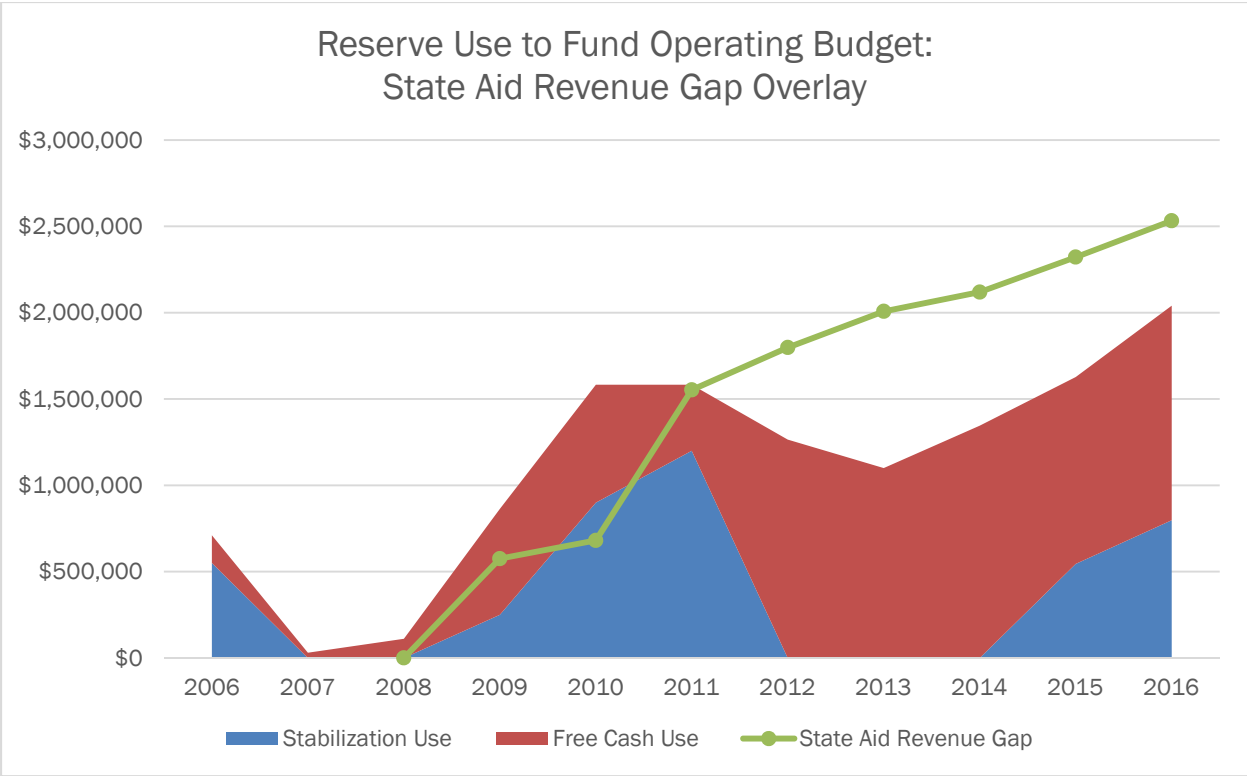
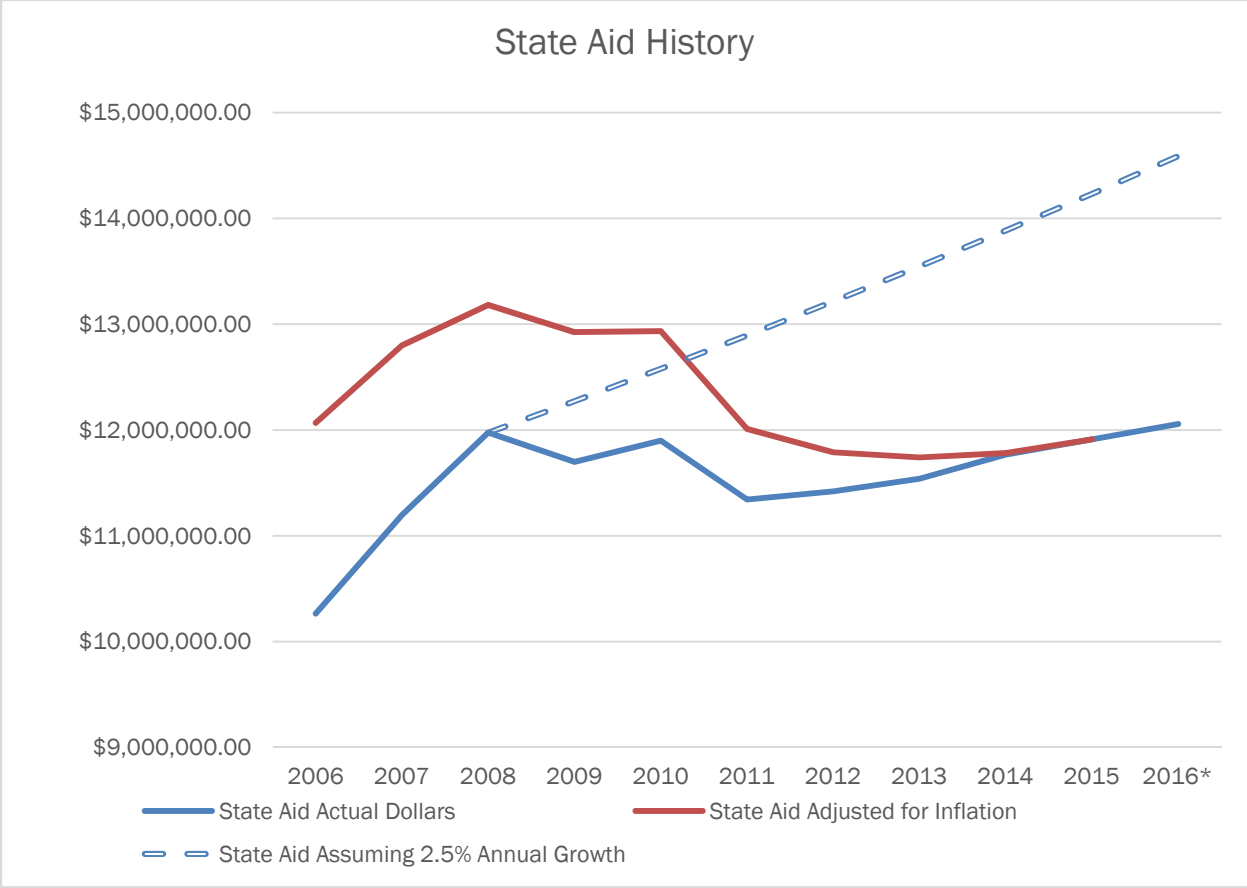
and a more secure tax base. The Council worked in 2015 to issue a request for proposals for a videography firm to produce an episodic series devoted to highlighting all of the great amenities that Easton has to offer – promoting our community to businesses and citizens alike.

### **Revenue: Local Receipts and State Revenue**

Another promising source of revenue is ambulance receipts, which are the result of more personnel made available through the expense budget to staff ambulances and improved reimbursement arrangements with health insurance companies. Revenue from ambulance operations has grown by 169% from FY2007 to FY2015. Annual average receipts from FY2007 through 2011 were \$561,427. The FY2011 through 2015 annual average is \$997,363. This coincides with a period of time that included a steady increase in the number of Firefighter/Paramedics employed by the town and the cancellation, by the town, of an unfavorable agreement with a major health insurer. We estimate ambulance receipts for FY2017 at \$1.3M, which is approximately the amount actually collected in FY2015. While ambulance receipts have shown dramatic improvement, we believe they have peaked and don't foresee a great deal of continued growth.

Despite our efforts, they have not been enough to offset declining or stagnant revenues in other areas such as State Aid. Prior to the recession, state aid had historically increased each year, some years by nearly 10 percent. As the graph below displays, state aid peaked in FY2008 and began declining in actual dollars until FY2012. However, when adjusted for inflation, state aid has deteriorated from FY2008 through FY2014 and has since stagnated, depriving the Town of a vital source of sustainable revenue. In fact, state aid has declined from nearly a quarter of our total revenue in FY2008 to 18 % in FY2016.

The shrinking proportion of state revenue has forced an increasing reliance upon taxation and use of stabilization funds to fill the hole. The dashed line in the state aid history chart illustrates where levels of state aid would fall had it increased at a modest 2 ½ percent annually (which is a smaller rate of increase than was the norm before the recession). The revenue hole resulting from the post-recession cuts to state aid is more than \$2.5 million. In fact, the growing state aid revenue gap closely mirrors and even exceeds the Town's increasing use of reserve funds to balance the budget.



## Expenses.

At some point, the process of draining reserves must end. However, revenue growth has not been sufficient to both replenish reserves and keep pace with rising costs. Rising costs in one area can be offset by savings in others. We have been successful in reducing the cost of health insurance and energy, for example, but have been hit hard with costs we cannot control.

- **Energy.** The Town has taken advantage of solar energy incentives and falling oil prices to lower the cost of electricity. The Town's electric bills will decline by \$111,000 in FY2017 due to a recent and timely power procurement in addition to the savings realized in FY2016 due to the solar facility coming online. In addition, the ESCO project which is implanting energy conservation measures will save in excess of \$200,000 next year.
- **Employee Health Insurance.** The Town, only one year ago, entered into a three-year agreement with its union employees and retirees to move from its health insurer to the Group Insurance Commission. This move saved both the Town and its employee's money. The Town saved more than \$335,000. Under the GIC employees have more plan choices, at a variety of premium levels. To encourage employees to choose lower cost plans, therefore saving the Town even more money, we are offering a new incentive program for FY2017.
- **Snow and Ice.** We all remember last winter and the \$894,103 snow and ice deficit that it created. We have opted to amortize this deficit over three years, as permitted by the state in response to last year's record snowfall. The FY2017 payment will be \$298,035. In addition, to lessen the severity of snow and ice deficits in the future we have permanently increased the snow and ice budget by \$200,000. This adds \$498,035 to the FY2017 budget that is necessary, but unforeseen nonetheless.
- **Pensions.** The Bristol County Retirement Board has informed us that our pension assessment will increase by \$329,371. We are able to reduce this by \$72,175 by taking advantage of an early payment option.
- **Regional School Assessment.** Although the regional school assessment is not finalized, based on a conversation with the Superintendent we are expecting a sizable increase of almost \$130,000.

## Approaching a Balanced Budget.

Attempting to balance this budget without using any further funding from stabilization produces a budget that funds only the increases in uncontrollable and fixed costs such as health insurance, pensions, regional school and other state charges. Operational budgets



(Public Safety, Schools, Public Works, General Government and Health and Community Services) would see no increase. This would result in retrenchment, most likely to include layoffs and reductions in service delivery.

Alternatively, utilizing the stabilization fund to fund the uncontrollable and fixed costs would allow a modest 2% increase in the operating budgets which would enable us to squeeze through for one more year. The Stabilization fund would be significantly reduced, limiting our ability to respond to a crisis and could affect our credit rating.

Without new revenue from a proposition 2 ½ override or some other source, budget cuts are postponed for one year and deeper cuts in FY2018 will be necessary. Since the FY2018 budget cannot continue to rely on the stabilization account, the FY2018 budget, all other things being equal, would fall back to 2% below FY2016 levels. This is a major structural funding deficit for FY2018 and means that the minimum dollar amount of any proposed override must be sufficient to fill this hole.

Before we can begin to discuss an override budget we need to nail down the balanced budget from which the contingent budget will emerge. This effort is challenging in and of itself and may result in a major shift in expectations about FY2017. To illustrate the dilemma please consider the following scenarios:

1. A Balanced Budget without the use of Stabilization funds

**a. Revenue by source and % change over FY 16**

i. Taxation	\$ 52,511,679	+3.48
ii. Local Receipts	\$ 6,644,550	+7.91
iii. State Aid	\$ 12,213,229	+1.24
iv. School Building	\$ 983,980	0.00
v. Other sources	<u>\$ 1,800,377</u>	<u>-42.15</u>
vi. Total General Fund	<b><u>\$74,153,815</u></b>	<b><u>+1.49</u></b>

**b. Expense by use and % change over FY 16**

i. Town Departments	\$15,620,331	0.00
ii. Education	\$38,157,137	0.00
iii. Regional School	\$ 836,331	+18.38
iv. Debt Service	\$ 5,000,835	+ 2.42
v. EE benefits, etc.	\$12,961,008	+ 6.67
vi. Other	<u>\$ 1,578,173</u>	<u>+ 2.00</u>
vii. Total General Fund	<b><u>\$74,153,815</u></b>	<b><u>+1.49</u></b>

This scenario would require level funded Town and School budgets; and further analysis would be required to determine the necessary number of layoffs.

2. A Balanced Budget utilizing stabilization funds to off-set the increases in debt-service, employee benefits, other insurance, the regional school assessment, and state and county assessments. This would add \$1,089,548 to the bottom line, which is slightly more than 2% of the combined town and school operating budgets. Rounding it down to 2% would provide a \$1,075,549 increase. The resulting 2% budget would look like this:

**a. Revenue by source and % change over FY 16**

i. Taxation	\$52,511,679	+3.48
ii. Local Receipts	\$ 6,644,550	+7.91
iii. State Aid	\$12,213,229	+1.24
iv. School Building	\$ 983,980	0.00
v. Other sources	<u>\$ 2,875,926</u>	<u>-7.59</u>
Total General Fund	<u>\$75,229,364</u>	<u>+2.96</u>

**b. Expense by use and % change over FY 16**

i. Town Departments	\$15,932,737	+2.00
ii. Education	\$38,920,279	+2.00
iii. Regional School	\$ 836,331	+18.38
iv. Debt Service	\$ 5,000,835	+2.42
v. EE benefits, etc.	\$12,961,008	+6.67
vi. Other	<u>\$ 1,578,173</u>	<u>+2.00</u>
Total General Fund	<u>\$75,229,364</u>	<u>+2.96</u>

The implications of this scenario are that a 2% increase will likely still result in some reduction in service that further analysis could quantify. I do suspect that the consequences will be serious, but manageable. The larger implication is that the stabilization fund is significantly reduced, leaving a balance of about \$525,000.

Obviously, revenue will vary from this projection, but not at amounts that are going to make a material difference. This memo does not include the actual local aid amounts due to be proposed by the Governor later this week. If they exceed our estimate, we will use less stabilization; if they fall short the 2% budget will be further reduced. Expense projections that are most likely to change are for the regional school and health insurance. The Group Insurance Commission will make rate decisions in March. Again, any changes in favor of

increased revenue or lower expenses will reduce the amount taken from stabilization. Any negative change will reduce the 2% budget.

Finally, there are some one-time monies expected. The first Avalon Bay mitigation payment of \$650,000 (out of the total of \$2.65M) should be received in the next month or two, and should be used to rebuild the stabilization fund. A FEMA reimbursement for last year's winter storms of approximately \$300,000 is in process which will be held until the winter ends as a hedge against a snow and ice deficit because we have no room to carry one over into FY2017.

The bottom line is that we are likely looking at operating budget increases of +/-2% with the prospect of **major** cuts in FY2018 without a significant override.

### **Override.**

Any override must, at a minimum, address the structural revenue deficit. If we appropriate \$680,262 from stabilization to fund a 2% budget, the three year average appropriated annually from stabilization becomes \$674,135. We must recognize that we have an annually recurring hole to fill of roughly \$700,000.

Select Department Heads were asked to submit two budgets. One that represents level services and one that contains recommended service improvements. The 2% budget is a fair representation of the level services budget. The departments asked to submit requests for additional funding were Police, Fire, Public Works, and Health and Community Services. While the department heads will discuss these in detail at future meetings, in summary these departments' submitted requests totaling \$1,317,035, as follows:

- Public Works \$505,910
- Police \$280,938
- Fire & Ambulance \$278,367
- Health & Community Services \$251,820

These request do not include health insurance for new employees which should be estimated at the Town's cost for the most popular family plan or \$15,353 per employee. These requests would add 12 employees so the total requested increase rises to \$1,501,271.

Public Works is requesting additional personnel and expense funding to improve building maintenance, roadway maintenance and engineering capabilities. This includes a Plumber, Carpenter, Highway Craftsman, and Engineer; \$200,000 for building maintenance expense,

and \$50,000 for roadway maintenance expense. In fact, the largest portion of this request (\$319,790) is for building maintenance.

The Police department is requesting funding for three additional patrol officers. This will bring the department to a total of 38 uniformed personnel.

The Fire department is requesting funding for four additional firefighter/paramedics, and a Deputy Chief. This includes a reduction in overtime of over \$70,000 resulting from the additional staff.

The Health and Community Services Department request includes a reorganization plan that would result in a net addition of one half time employee and a \$221,000 addition to the debt service budget to pay for a complete renovation of Frothingham Hall. The Hall, which serves as our recreation, veterans, and senior center is dated with, among other deficiencies, inaccessible restrooms and entrances, a leaky roof, and a layout that inhibits its full use.

## **Recommendations.**

### **1. Adopt the 2% Budget**

In my opinion, the Town has passed the point of no return with regard to stabilization. Without an override or an unexpected source of sustainable revenue, there will be significant budget cuts either this year or next. The 2% budget would delay the cuts for one year. I would choose this option for two important reasons. **First**, the taxpayers of the town deserve the opportunity to weigh-in on this discussion in the way only an override election can provide. **Second**, the year this action provides gives us time to take steps to limit the damage from layoffs.

### **2. Seek an Override**

With due respect to the department heads who worked hard to present budgets that are, in a perfect world, in the best interest of the town, I recommend that the Selectmen consider an override which includes **\$1,969,313** (\$531,958 less than requested) containing the following Town-side elements:

- a. Reserves \$1,000,000, to fill the structural deficit.
- b. Police \$220,938, a sufficient amount to add three much needed patrol officers.
- c. Highway \$100,000, to provide additional roadway maintenance funds without any new positions.
- d. Building and Grounds \$319,790, the full request which includes a plumber, carpenter and \$200,000 in additional maintenance funds.
- e. Health and Community Services \$251,820, which includes the debt service for Frothingham Hall and one net new half-time position.

- f. Employee health insurance \$76,765, to fund benefits for 5 new positions.

*This dollar amount represents only Town departments and reserve fund requests, and does not include any additional funding for the School Department override request, which is yet to be determined by the School Committee and Superintendent of Schools.*

As you can see, I eliminated the Fire department request in its entirety and reduced the DPW request by about \$85,000. Although the Chief has made (and will make it to you at an upcoming meeting) a compelling case for the Deputy Chief and additional firefighters I am not recommending it for three reasons. First, the employee benefit burden of five positions is too high and offsets the savings in overtime. Second, the Fire department has benefited from increases over the past few years making it adequately staffed at present time. Third, I have asked the Audit Committee to study the connection between public safety staffing and overtime and hope they include it in the scope of services for an operational audit.

As for the engineer, I have also asked the Audit Committee to look at whether adding engineering staff would produce cost savings versus outside contractors and hope they will include it in the scope for the operational audit.

**3. Seek to re-open the health insurance agreement with ALL unions to shift additional premium cost from the town to the employees.**

The Town, only one year ago, entered into an agreement with its union employees and retirees to move from its health insurer to the Group Insurance Commission. This move saved both the Town and its employees' money. The Town saved over \$335,000. I recommend that we reopen the health insurance agreement with our unions to increase the employee contribution to their annual healthcare premium. Although this would be met with great resistance and would have an uncertain outcome, it is clear that health insurance costs continue to be an unsustainable burden on the budget within the confines of proposition 2 1/2. For example, each 5% shift in the premium cost share from the Town to the employee would save the town roughly \$467,000.

**4. Freeze all non-union department head pay at current levels.**

While the savings would be small, it is an important symbolic step.

**5. Freeze hiring across the Town and Schools.**

This would help create reductions in staff through attrition, rather than layoffs.

**6. Consider a set of fee increases for programs and services across the Town and School.**

Having user fees that accurately reflect the cost of the program or service reduces the reliance on taxation.

Attached are budget summary sheets showing the 2% budget option and the override contingencies both as requested by department heads and recommended by the Town Administrator. I will present the full budget document in greater detail at your next meeting.

David A. Colton  
Town Administrator

**TOWN OF EASTON  
FISCAL YEAR 2017 PRELIMINARY BUDGET FORECAST**

	% Increase (Decrease) FY15 v FY16	FY14 Actual	FY15 Actual	FY15 Budget	FY16 Budget	FY17 Recommended (2% Operating Incr	FY17 Recomm. vs. FY16 Bud \$ Difference	FY17 Recomm. vs. FY16 Bud % Difference	FY17 Proj. Vs. FY16 Budget % Difference	FY17 Override Request	FY17 Override Recommended
<b>REVENUES</b>											
<b>TAXATION</b>											
Prior Year Levy Limit	4.31%	43,192,211	43,884,820	44,467,167	46,381,975	48,335,679	1,953,704	4.21%	4.21%		
Proposition 2 1/2 levy limit increase	4.27%	-	1,112,077	1,112,077	1,159,549	1,208,392	48,843	4.21%	4.21%	2,501,271	1,969,313
New Growth	0.93%	638,204	786,804	786,804	794,155	700,000	(94,155)	-11.86%	-11.86%		
<b>TAX LEVY LIMIT</b>	<b>4.25%</b>	<b>43,830,415</b>	<b>45,783,701</b>	<b>46,366,048</b>	<b>48,335,679</b>	<b>50,244,071</b>	<b>1,908,392</b>	<b>3.95%</b>	<b>3.95%</b>	<b>2,501,271</b>	<b>1,969,313</b>
Debt Exclusion	-6.37%	2,612,158	2,575,814	2,575,814	2,411,825	2,267,608	(144,217)	-5.98%	-5.98%		
Other Taxes	0.00%	487,686	965,244	-	-	-	-		0.00%		
<b>TOTAL TAXATION</b>	<b>3.69%</b>	<b>46,930,259</b>	<b>49,324,759</b>	<b>48,941,862</b>	<b>50,747,504</b>	<b>52,511,679</b>	<b>1,764,175</b>	<b>3.48%</b>	<b>3.48%</b>	<b>2,501,271</b>	<b>1,969,313</b>
<b>LOCAL RECEIPTS</b>											
Motor Vehicle Excise	3.36%	3,231,966	3,362,887	2,975,000	3,075,000	3,300,000	225,000	7.32%	7.32%		
Licenses & Permits	3.70%	850,399	724,717	675,000	700,000	707,000	7,000	1.00%	1.00%		
Ambulance	7.32%	1,194,550	1,310,509	1,025,000	1,100,000	1,300,000	200,000	18.18%	9.09%		
Fees	-6.00%	250,926	239,121	250,000	235,000	237,350	2,350	1.00%	1.00%		
Meals Tax	3.64%	279,621	299,599	275,000	285,000	300,000	15,000	5.26%	5.26%		
Penalties and Interest	0.00%	412,867	587,065	335,000	335,000	338,350	3,350	1.00%	1.00%		
Fines and Forfeitures	-40.00%	47,151	18,955	30,000	18,000	18,180	180	1.00%	1.00%		
Investment Income	25.00%	24,970	26,691	20,000	25,000	25,250	250	1.00%	1.00%		
Medicare D. Subsidy	-60.00%	124,450	219,855	125,000	50,000	-	(50,000)	-100.00%	-100.00%		
Medicaid Reimbursement	0.00%	109,641	173,200	100,000	100,000	151,000	51,000	51.00%	51.00%		
SE Regional School Reimb	0.00%	50,000	50,000	50,000	50,000	50,000	-	0.00%	0.00%		
Supplemental Taxes	-23.64%	82,990	54,777	55,000	42,000	42,420	420	1.00%	1.00%		
Miscellaneous Revenue	40.07%	193,577	244,958	101,797	142,592	175,000	32,408	22.73%	22.73%		
<b>TOTAL: LOCAL RECEIPTS</b>	<b>2.34%</b>	<b>6,853,108</b>	<b>7,312,334</b>	<b>6,016,797</b>	<b>6,157,592</b>	<b>6,644,550</b>	<b>486,958</b>	<b>7.91%</b>	<b>6.28%</b>	<b>-</b>	<b>-</b>
<b>CHERRY SHEET REVENUE (STATE AID)</b>											
State Aid Chapter 70	0.97%	9,437,566	9,531,741	9,531,741	9,624,016	9,720,256	96,240	1.00%	1.00%		
Unrestricted General Government Aid	3.60%	1,896,016	1,948,596	1,948,596	2,018,745	2,069,214	50,469	2.50%	2.50%		
Charter Tuition Reimbursement	305.85%	75,147	28,908	9,823	39,867	40,266	399	1.00%	1.00%		
Veterans Benefits	-0.85%	183,546	193,094	196,741	195,066	197,017	1,951	1.00%	1.00%		
State Owned Land	0.00%	67,499	87,151	87,151	87,151	87,151	-	0.00%	0.00%		
Exemptions: Vets, Blind, Surv Sp & Elderly	1.26%	98,844	98,956	97,114	98,342	99,325	983	1.00%	1.00%		
Homeless Transportation	0.00%	8,821	19,369	0	-	-	-	0.00%	0.00%		
<b>TOTAL: CHERRY SHEET REVENUE (STATE AID)</b>	<b>1.62%</b>	<b>11,767,439</b>	<b>11,907,815</b>	<b>11,871,166</b>	<b>12,063,187</b>	<b>12,213,229</b>	<b>150,042</b>	<b>1.24%</b>	<b>1.24%</b>	<b>-</b>	<b>-</b>
<b>SCHOOL BLDG ASSISTANCE</b>	<b>0.00%</b>	<b>983,980</b>	<b>983,980</b>	<b>983,980</b>	<b>983,980</b>	<b>983,980</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>		
<b>OTHER FINANCIAL SOURCES (OFS) - RECURRING</b>											
Transfer from Special Revenue (Ames Funds/Septic Bett)	-14.22%	399,438	610,527	610,527	523,685	492,571	(31,114)	-5.94%	-5.94%		
Transfer from Trust Funds (Stabilization, Conservation)	44.63%	6,740	551,239	551,239	797,278	686,037	(111,241)	-13.95%	-99.28%	(1,000,000)	(1,000,000)
Use of Free Cash	14.87%	1,345,777	1,082,332	1,082,332	1,243,288	1,149,565	(93,723)	-7.54%	-7.54%		
Other	-100.00%	-	12,729	12,729	-	-	-	0.00%	0.00%		
<b>TOTAL: OTHER FINANCING SOURCES (OFS)</b>	<b>13.62%</b>	<b>1,751,955</b>	<b>2,256,827</b>	<b>2,256,827</b>	<b>2,564,251</b>	<b>2,328,173</b>	<b>(236,078)</b>	<b>-9.21%</b>	<b>-35.74%</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>3.49%</b>	<b>68,286,741</b>	<b>71,785,715</b>	<b>70,070,632</b>	<b>72,516,514</b>	<b>74,681,611</b>	<b>2,165,097</b>	<b>2.99%</b>	<b>1.91%</b>	<b>1,501,271</b>	<b>969,313</b>
<b>ENTERPRISE FUNDS</b>											
Water Enterprise Fund	1.26%	2,922,231	3,101,162	2,852,584	2,888,409	2,808,290	(80,119)	-2.77%	0.00%		
Sewer Enterprise Fund	27.27%	150,252	504,474	275,000	350,000	350,000	-	0.00%	0.00%		
Solid Waste & Recycling Enterprise Fund	-0.10%	1,019,593	1,076,399	1,020,000	1,019,000	1,019,000	-	0.00%	0.00%		
<b>TOTAL ENTERPRISE FUND REVENUE</b>	<b>2.65%</b>	<b>4,092,076</b>	<b>4,682,035</b>	<b>4,147,584</b>	<b>4,257,409</b>	<b>4,177,290</b>	<b>(80,119)</b>	<b>-1.88%</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL: ALL REVENUES</b>	<b>3.44%</b>	<b>72,378,817</b>	<b>76,467,750</b>	<b>74,218,216</b>	<b>76,773,923</b>	<b>78,858,901</b>	<b>2,084,978</b>	<b>2.72%</b>	<b>1.80%</b>	<b>1,501,271</b>	<b>969,313</b>

**TOWN OF EASTON  
FISCAL YEAR 2017 PRELIMINARY BUDGET FORECAST**

	% Increase (Decrease) FY15 v FY16	FY14 Actual	FY15 Actual	FY15 Budget	FY16 Budget	FY17 Recommended (2% Operating Incr	FY17 Recomm. vs. FY16 Bud \$ Difference	FY17 Recomm. vs. FY16 Bud % Difference	FY17 Proj. Vs. FY16 Budget % Difference	FY17 Override Request	FY17 Override Recommended
<b>EXPENDITURES</b>											
<b>GENERAL GOVERNMENT - 100's</b>											
Selectmen	3.00%	344,914	350,484	350,506	361,021	375,076	14,055	3.89%	3.00%		
Finance Committee	0.00%	1,493	1,154	1,500	1,500	1,500	-	0.00%	0.00%		
Reserve Fund	0.00%	-	-	60,000	60,000	60,000	-	0.00%	0.00%		
Town Accountant	6.78%	197,510	202,893	204,237	218,081	222,861	4,780	2.19%	6.78%		
Assessors	0.00%	233,232	242,842	244,076	244,076	245,774	1,698	0.70%	0.00%		
Treasurer/Collector	2.18%	327,266	332,473	344,823	352,348	355,015	2,667	0.76%	2.18%		
Town Counsel	-3.57%	98,899	139,916	140,000	135,000	135,000	-	0.00%	0.00%		
Information Technology	2.75%	183,630	203,383	203,804	209,414	209,414	-	0.00%	2.75%		
Town Clerk	0.11%	192,101	213,107	213,107	213,333	231,759	18,426	8.64%	0.11%		
Planning & Community Development	1.08%	250,006	268,079	268,121	271,029	309,680	38,651	14.26%	1.08%		
Other General Government	7.94%	87,908	91,790	91,900	99,200	98,900	(300)	-0.30%	7.94%		
<b>TOTAL: GENERAL GOVERNMENT</b>	<b>2.02%</b>	<b>1,916,959</b>	<b>2,046,121</b>	<b>2,122,074</b>	<b>2,165,002</b>	<b>2,244,979</b>	<b>79,977</b>	<b>3.69%</b>	<b>2.31%</b>	<b>-</b>	<b>-</b>
<b>PUBLIC SAFETY - 200's</b>											
Police	3.54%	3,781,531	3,907,807	3,908,285	4,046,737	4,138,517	91,780	2.27%	3.54%	280,938	220,938
Public Safety Dispatch	-1.62%	510,636	557,646	588,439	578,887	637,391	58,504	10.11%	0.00%		
Fire	7.25%	2,991,640	3,179,422	3,181,172	3,411,954	3,533,283	121,329	3.56%	7.25%	52,777	
Ambulance	-5.65%	527,930	585,527	607,127	572,801	602,901	30,100	5.25%	0.00%	225,590	
Inspectional Services	6.18%	281,283	292,483	300,512	319,070	284,536	(34,534)	-10.82%	6.18%		
<b>TOTAL: PUBLIC SAFETY</b>	<b>4.01%</b>	<b>8,093,020</b>	<b>8,522,885</b>	<b>8,585,535</b>	<b>8,929,449</b>	<b>9,196,628</b>	<b>267,179</b>	<b>2.99%</b>	<b>4.60%</b>	<b>559,305</b>	<b>220,938</b>
<b>PUBLIC WORKS - 400's</b>											
General Operating	0.53%	583,463	533,312	559,509	562,475	574,266	11,791	2.10%	0.53%	82,750	
Buildings and Grounds	0.19%	947,863	973,924	883,902	885,594	896,251	10,657	1.20%	0.19%	319,790	319,790
Highway	3.60%	966,466	980,131	1,043,978	1,081,586	1,113,837	32,251	2.98%	3.60%	103,370	100,000
Snow and Ice	105.99%	626,609	1,082,803	188,700	388,700	388,700	-	0.00%	105.99%		
<b>TOTAL: PUBLIC WORKS</b>	<b>9.05%</b>	<b>3,124,401</b>	<b>3,570,170</b>	<b>2,676,089</b>	<b>2,918,355</b>	<b>2,973,054</b>	<b>54,699</b>	<b>1.87%</b>	<b>15.61%</b>	<b>505,910</b>	<b>419,790</b>
<b>HEALTH AND COMMUNITY SERVICES</b>											
Health and Community Services	0.00%	-	-	-	1,086,544	1,017,427	(69,117)	-6.36%	20.70%	251,820	251,820
Board of Health	-100.00%	210,763	218,189	225,618	-	-	-	-	0.00%		
Council on Aging	-100.00%	256,850	280,442	280,442	-	-	-	-	0.00%		
Veterans Agent	-100.00%	332,161	350,539	352,216	-	-	-	-	0.00%		
Recreation	-100.00%	31,950	41,950	41,950	-	-	-	-	0.00%		
<b>TOTAL: HEALTH AND COMMUNITY SERVICES</b>	<b>20.70%</b>	<b>831,724</b>	<b>891,120</b>	<b>900,226</b>	<b>1,086,544</b>	<b>1,017,427</b>	<b>(69,117)</b>	<b>-6.36%</b>	<b>20.70%</b>	<b>251,820</b>	<b>251,820</b>
<b>LIBRARY</b>											
LIBRARY	8.77%	465,370	478,964	478,964	520,981	500,649	(20,332)	-3.90%	8.77%		
<b>TOTAL: LIBRARY</b>	<b>8.77%</b>	<b>465,370</b>	<b>478,964</b>	<b>478,964</b>	<b>520,981</b>	<b>500,649</b>	<b>(20,332)</b>	<b>-3.90%</b>	<b>8.77%</b>	<b>-</b>	<b>-</b>
<b>SUBTOTAL - TOWN DEPARTMENT COSTS</b>	<b>5.81%</b>	<b>14,431,474</b>	<b>15,509,260</b>	<b>14,762,888</b>	<b>15,620,331</b>	<b>15,932,737</b>	<b>312,406</b>	<b>2.00%</b>	<b>7.60%</b>	<b>1,317,035</b>	<b>892,548</b>
<b>EDUCATION</b>											
School Department	3.69%	35,210,686	36,727,461	36,799,137	38,157,137	38,920,280	763,143	2.00%	3.69%		
Southeastern Regional School Assessment	19.22%	626,802	592,575	592,576	706,492	836,331	129,839	18.38%	19.22%		
<b>SUBTOTAL - EDUCATION</b>	<b>3.94%</b>	<b>35,837,488</b>	<b>37,320,036</b>	<b>37,391,713</b>	<b>38,863,629</b>	<b>39,756,611</b>	<b>892,982</b>	<b>2.30%</b>	<b>3.97%</b>	<b>-</b>	<b>-</b>
<b>FIXED COSTS</b>											
<b>Debt and Interest</b>											
Non-exempt Town	20.65%	1,094,411	1,058,239	1,051,629	1,268,802	1,438,406	169,604	13.37%	16.66%		
Non-exempt School	2.97%	164,160	189,818	212,007	218,298	310,841	92,543	42.39%	2.97%		
Exempt Town	0.00%	-	-	-	-	-	-	0.00%	0.00%		
Exempt School	-4.61%	3,596,136	3,494,301	3,559,794	3,395,805	3,251,588	(144,217)	-4.25%	-4.25%		
Capital Budget Reserve	-100.00%	-	-	431	-	-	-	0.00%	0.00%		
<b>SUBTOTAL - Debt Service</b>	<b>1.22%</b>	<b>4,854,707</b>	<b>4,742,358</b>	<b>4,823,861</b>	<b>4,882,905</b>	<b>5,000,835</b>	<b>117,930</b>	<b>2.42%</b>	<b>1.51%</b>	<b>-</b>	<b>-</b>



**TOWN OF EASTON  
FISCAL YEAR 2017 PRELIMINARY BUDGET FORECAST**

	% Increase (Decrease) FY15 v FY16	FY14 Actual	FY15 Actual	FY15 Budget	FY16 Budget	FY17 Recommended (2% Operating Incr	FY17 Recomm. vs. FY16 Bud \$ Difference	FY17 Recomm. vs. FY16 Bud % Difference	FY17 Proj. Vs. FY16 Budget % Difference	FY17 Override Request	FY17 Override Recommended
<b>EMPLOYEE BENEFITS AND OTHER INSURANCE</b>											
Employee Health Insurance	-4.37%	7,266,422	7,639,700	7,658,925	7,323,925	7,836,599	512,674	7.00%	0.00%	184,236	76,765
Health Town Active	-3.74%	1,601,766	1,705,029	1,738,061	1,673,061	1,790,175	117,114	7.00%	0.00%	184,236	76,765
Health School Active	-4.43%	3,809,580	4,014,515	3,947,377	3,772,377	4,036,443	264,066	7.00%	0.00%		
Health Town Retiree	-4.88%	603,103	617,149	614,342	584,342	625,246	40,904	7.00%	0.00%		
Health School Retiree	-4.78%	1,251,973	1,303,007	1,359,145	1,294,145	1,384,735	90,590	7.00%	0.00%		
Retirement Assessment	12.97%	2,973,871	3,093,467	3,093,467	3,494,713	3,751,909	257,196	7.36%	12.97%		
Workers Compensation Insurance	23.81%	334,534	168,881	210,000	260,000	280,000	20,000	7.69%	35.74%	-	-
Town Employees	100.00%	79,953	31,407	35,000	70,000	70,000	-	0.00%	100.00%		
School Employees	0.00%	157,234	114,644	140,000	140,000	160,000	20,000	14.29%	0.00%		
Police IOD Medical	25.00%	44,759	9,535	20,000	25,000	25,000	-	0.00%	25.00%		
Fire IOD Medical	66.67%	52,588	13,295	15,000	25,000	25,000	-	0.00%	66.67%		
Property/Liability Insurance	3.70%	381,219	408,170	405,000	420,000	405,000	(15,000)	-3.57%	3.71%	-	-
Town	4.55%	206,394	228,873	220,000	230,000	235,000	5,000	2.17%	4.55%		
School	2.70%	174,825	179,297	185,000	190,000	170,000	(20,000)	-10.53%	2.70%		
Medicare-Town Share	0.00%	153,083	169,050	170,000	170,000	190,000	20,000	11.76%	0.00%		
Medicare-School Share	4.76%	390,017	410,282	420,000	440,000	455,000	15,000	3.41%	4.76%		
Collective Bargaining Reserve	0.00%	-	-	-	39,059	40,000	941	2.41%	2.41%		
Other	0.00%	4,007	3,584	2,500	2,500	2,500	-	0.00%	0.00%		
<b>SUBTOTAL - EE BENEFITS AND OTHER INS.</b>	<b>1.59%</b>	<b>11,503,153</b>	<b>11,893,134</b>	<b>11,959,892</b>	<b>12,150,197</b>	<b>12,961,008</b>	<b>810,811</b>	<b>6.67%</b>	<b>4.80%</b>	<b>184,236</b>	<b>76,765</b>
<b>OTHER EXPENDITURES</b>											
County and State Assessments	11.89%	762,966	811,201	747,784	836,671	870,138	33,467	4.00%	11.89%		
Other Amounts to be Raised	-23.78%	611,035	932,247	932,247	710,534	708,035	(2,499)	-0.35%	0.13%	-	-
Snow & Ice Deficit/Other Deficits	-42.56%	222,500	523,174	523,174	300,534	298,035	(2,499)	-0.83%	0.00%		
Overlay	0.23%	388,535	409,073	409,073	410,000	410,000	-	0.00%	0.23%		
Transfer to Trust Funds (Stabilization, etc.)	0.00%	-	-	-	-	-	-	-	0.00%		
<b>TOTAL: OTHER EXPENDITURES</b>	<b>-7.91%</b>	<b>1,374,001</b>	<b>1,743,448</b>	<b>1,680,031</b>	<b>1,547,205</b>	<b>1,578,173</b>	<b>30,968</b>	<b>2.00%</b>	<b>6.49%</b>	<b>-</b>	<b>-</b>
<b>SUBTOTAL: GENERAL FUND</b>	<b>3.46%</b>	<b>68,000,823</b>	<b>71,208,236</b>	<b>70,618,385</b>	<b>73,064,267</b>	<b>75,229,364</b>	<b>2,165,097</b>	<b>2.96%</b>	<b>4.77%</b>	<b>1,501,271</b>	<b>969,313</b>
<b>ENTERPRISE</b>											
Water	1.55%	2,173,397	2,206,348	2,304,831	2,340,656	2,260,537	(80,119)	-3.42%	0.00%		
Sewer	27.27%	273,967	274,659	275,000	350,000	350,000	-	0.00%	0.00%		
Solid Waste & Recycling	-0.10%	955,341	1,011,669	1,020,000	1,019,000	1,019,000	-	0.00%	0.00%		
<b>SUBTOTAL: ENTERPRISE</b>	<b>3.05%</b>	<b>3,402,705</b>	<b>3,492,676</b>	<b>3,599,831</b>	<b>3,709,656</b>	<b>3,629,537</b>	<b>(80,119)</b>	<b>-2.16%</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL: ALL EXPENDITURES</b>	<b>3.44%</b>	<b>71,403,528</b>	<b>74,700,912</b>	<b>74,218,216</b>	<b>76,773,923</b>	<b>78,858,901</b>	<b>2,084,978</b>	<b>2.72%</b>	<b>4.54%</b>	<b>1,501,271</b>	<b>969,313</b>
<b>BUDGET GAP</b>		<b>975,289</b>	<b>1,766,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>