

Town of Needham
General Fund
Revenue and Expense
FY2013 – FY2017 Pro Forma

Presented
to
Board of Selectmen
August 16, 2011

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Town of Needham
General Fund Revenue and Expense Pro Forma
FY2013 – FY2017

Overview

The Town's three year "Bridge to 2013" strategy lands us in an environment of great uncertainty, and we remain cautious about revenue growth. The purpose of developing the Pro Forma budget is to allow for early planning for the FY2013 budget. An underlying purpose of the Pro Forma is to anticipate and prepare contingency plans for the operation of the government and continuation of the primary services and functions in a sustainable way.

As in prior years, we forecast revenues and expenditures in a conservative manner, reflective of current and anticipated trends. Although each year the variance between the revenue estimates and expenditure estimates grows, the line of focus should be the incremental gap. Because the Town can not approve a deficit budget, (so the gap between revenue and expenses is closed every year), the deficit is not growing by the amount shown on Line I, but rather the gap to be closed in each year is the incremental amount shown on Line II. With any forecast based on past trends and future assumptions, revenues and expenses are better known as we come into the actual year. It is important to note that, even in the best of recent economic climates, the Pro Forma budget reflected a gap between estimated revenues and expenditures.

The FY2012 operating budget adopted at the May 2011 Annual Town Meeting is the base year on which annual changes are based. The FY2012 estimate incorporates the proposed and required changes to the current budget to be considered at the November 2011 Special Town Meeting and by the Department of Revenue during the tax rate setting process.

In this analysis, we present the current FY2012 operating budget, the immediate three prior fiscal year final adjusted budgets (2011, 2010, and 2009), and a five year outlook. For the purposes of this report, we have removed the debt exclusions, which are budgetarily neutral.

The estimated expenditure requests for FY2013 at \$115,279,136 are \$635,982 less than that shown on the Pro Forma last year for FY2013. The projected revenue figure is \$403,711 less than that shown for 2013 in the August, 2010 Pro Forma. Yet, the incremental gap between estimated revenue and estimated expenditures declined. A major reason for this narrowing is that operating budgets, particularly salaries and wages, have been contained at a lower rate of growth in comparison with the earlier part of the decade. Two years of zero COLA - or minimum COLA in exchange for a transfer of employee groups to the Rate-Saver health plans which have been on average

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15% lower in cost than the traditional HMO plans – has resulted in the lower salary growth. There continued to be funding of ongoing operating expenses with one-time funding sources, particularly in education.

Revenues

We have assumed no operating overrides for any of the fiscal years. As stated earlier, because we have removed the excluded debt from the expenditure side, we have also removed the debt-excluded revenue and MSBA payments, if any, from the revenue projections, as they are offsetting. We have adjusted the FY2012 revenue budget to reflect the adoption of the 2012 State Budget. In addition, the local revenue estimate for FY2012 has been modified based on actual revenue collections in FY2011 and a recent slow down in some receipts this summer. The current estimate for new growth revenue has not changed. Overall, we still anticipate that the growth rate in net general fund revenue is expected to be lower than in past years. Revenues are forecast to improve slowly. With new concerns of a “double-dip” recession, we have scaled back some of the revenue growth assumptions from last year and the estimates are in keeping with our conservative approach.

Property Taxes and Local Receipts

The local revenue picture can be described as “more of the same, but weaker.” The national real estate market is still dreary and more market correction is forecasted by national economists. Yet, the residential real estate picture in Needham still remains remarkably stable in comparison. We allow for the annual 2.5% increase in the tax levy each year but have lowered the new growth revenue assumption to 0.9%. As noted previously we have made no allowance for operating overrides, and we have removed the debt exclusion revenue as we have removed the debt exclusion payments from this report.

Since the Town plans on a certain level of recurring Free Cash, our practice is to estimate local receipts in such a manner as to generate surplus to provide for the following year’s Free Cash estimate. The FY2012 local receipts estimate has been reduced based on new concerns of the possibility of a double-dip recession. Some revenues in FY2011 showed improvement, notably, motor vehicle excise and building permits and other revenues which are indicators of economic activity. Meals tax and room excise were also better, but all are sensitive and affected by the local and national economy. Most departmental receipts were flat, and commuter parking receipts declined as the MBTA took control of the parking operations (and associated revenue) in the third quarter of FY2011. No commuter parking revenue is expected going forward. The Town saw motor vehicle excise revenue increase over the prior year’s actual for the first time since 2008. The actual FY2011 excise revenue was \$4.25 million compared to \$3.88 million in FY2010, and was more in line with the \$4.13 million in FY2009. The FY2012 estimate has been increased to \$3.38 million and we look ahead to FY2013 with a 3% growth assumption. Given that motor vehicle

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excise usually is the largest local receipt category, a shortfall in this revenue stream could materially impact the Town's Free Cash position in the succeeding year, and therefore our estimates continue to be conservative and held below actual collections.

For the second year in a row, even after a downward estimate from the amount assumed at the time of the Annual Town Meeting, investment income came in under the budget estimate. FY2011 unaudited actual revenue is \$271,692 compared to a budget estimate of \$325,000; FY2010 actual was \$497,129 compared to a budget estimate of \$545,000; and FY2009 actual was \$714,066 compared to a budget estimate of \$650,000. Looking back further than FY2009, actual investment income was \$1,253,286 (FY2008), \$1,573,613 (FY2007), and \$1,041,352 (FY2006). The original estimate for FY2012 was level dollar to the FY2011 budget, but based on 1) actual interest income for FY2011 and 2) statements by the Federal Reserve that interest rates will be kept at the current levels for the next year, we have lowered the estimate for FY2012 to \$200,000 and have lowered the estimate in FY2013 to \$125,000.

For FY2013, we have lowered our local receipt growth assumption from the 3.25% shown last year for FY2013 to 3.00% (except for investment income which, as noted earlier, has been reduced to \$125,000). The out years, in keeping with a slower economic recovery assumption, project local receipts to be increased by 3.50% in FY2014; 4.00% in FY2015 and FY2016, and 4.25% for FY2016.

State Aid

Although state aid for 2012 has been budgeted at a higher amount than originally forecasted, reasonable concerns are still raised as to whether the Commonwealth will be able to sustain that level of growth in aid to the communities. We assume a 2.5% increase in the annual Chapter 70 Education Cherry Sheet aid to Needham which is based on the "make whole" provisions promised by the State to cities and towns regarding educational aid. We assume Unrestricted General Government Aid (UGGA) will grow at 2.00% per year. UGGA is an outgrowth from the former state aid programs titled Lottery and Additional Assistance. UGGA funding is less than the funding that the Town received under the two previous programs, but the State had been reducing funding for those programs for a number of years. The 2.00% growth factor is based on the State not diverting lottery funds from the municipalities. We accounted for the elimination of the Police Career Incentive Pay program in FY2012. We have held all other Cherry Sheet programs at level dollar over the five years.

Because all MSBA funds are used to offset the excluded debt service, and since we have removed excluded debt expense from the Pro Forma, we have not included the remaining MSBA payments in this analysis.

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Other Revenues

We continue to assume that abatement and exemption activity will remain predictable, and have made allowances that \$500,000 in overlay surplus should be available for appropriation each year. We are still in the process of tabulating FY2011 financial activities and preparing for the financial audit. We will not have a firm estimate of Free Cash until the fall. Early indications for 2013 Free Cash will be similar to 2012, but at this time we assume a lower amount at \$3.0 million for FY2013 for the purposes of this Pro Forma. The FY2014 Free Cash figure and beyond were determined by increasing the FY2013 estimate by the percentage change in the prior year's general fund core revenue (real estate tax, state aid, and local receipts). The annual change in this revenue category is in the three percent range. Free Cash is also affected by extraordinary turn backs, one-time revenue, allowances made for uncollectable receivables, and deficits in other funds. The Pro Forma continues to assume that any Free Cash amount in excess of the operating budget allocation will be used for increased capital investment or reserved in the capital funds for ongoing future needs. This strategy reduces the Town's dependence on reserves to fund recurring operating expenses, and/or to fund other non-operating costs. In recognition that most every year there are some additional resources which become available for appropriation, we have included \$50,000 in the FY2013 revenue assumption and grow the amount by 3.00% per year. The \$50,000 estimate is the five year average, after excluding operating budget reallocation towards capital and reserves, that has been appropriated for capital and special warrant articles. Parking meter revenue is projected to provide \$40,000 annually.

Expenditures

The FY2012 budget is the base year on which the out year estimates are calculated. With respect to department expenditures, except where otherwise noted, we assume a 3.4% increase in wage and salary expenses for FY2013, 3.9% for FY2014, and 4% for FY2015 forward. Furthermore, other than as outlined below, all other budget items are assumed at a 2.43% annual increase, consistent with the average increase in the consumer price index (Northeast Index of all urban consumers) for the past five full calendar years (2006 – 2010). This index is used in consideration of the fact that the marketplace in which the Town purchases goods and services extends beyond the local Boston Metropolitan area, and this index is therefore more reflective of the mix of vendors from which the Town purchases. The calculated average with the same index in the prior three years was: 2.77%, 3.46%, and 3.32%, respectively.

Town Wide Expenses

As a result of recent efforts in collective bargaining, all teaching staff in the Needham Public Schools transitioned to lower premium health insurance plans in FY2011. Approximately 250 School and Town employees moved to the

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lower premium plans in FY2012. Although we expect more progress in this effort, medical inflation and health care costs continue to rise and therefore we assume 7% increase in health insurance premiums in FY2013, lowering to a 5% increase for FY2014, and have pegged the increase in FY2015 forward at 4.75% per year. With respect to retiree health insurance and the insurance liability fund, we have relied upon the July 2009 actuarial schedule. However, the actuarial study will be updated this year, and we have estimated a 10% increase for FY2013 based on two years of insurance premium increases. The schedule is expected to increase by approximately 4.5% per year after FY2013. We anticipate that a new schedule will be necessary and the OPEB line will be amended at a future date. The general insurance budget is expected to grow at the five-year CPI average of 2.43% per year with a one-time adjustment of \$7,500 for the senior center in FY2014. This line also covers deductibles, small claims, and risk management expenses.

The retirement assessment is based on the current actuarial funding schedule. The noncontributory retirement growth is pegged at same rate of growth as general salaries and wages. The Retirement System assessment for FY2013 is \$4,896,240 which will increase by approximately 4% per year based on the updated actuarial analysis. The system is projected to be fully funded in 2027.

The unemployment budget is assumed to increase by 4% per year as is the workers compensation fund. The performance pay pool increase is based on the same averages as the salary and wage lines. Debt service within the levy limit is maintained at approximately 3% of general revenue.

The reserve fund allowance is based on a formula of 1.4% of the operating budget, excluding debt, OPEB, and retirement. Those three budgets have been excluded from the calculation as they are known amounts each budget year and therefore a call on the reserve fund from these programs is not expected. The formula provides for a reserve fund at a level similar to recent budgets.

Public Schools

The Needham Public Schools operating budget has an adjustment of \$500,900 for FY2013. This adjustment is to reflect the portion of the current school budget that is being supported by one-time funds in FY2012. We have also assumed a 3.4% additional increase in the personnel expenditure line for FY2013 (the same as municipal departments); increasing to 3.9% in FY2014, then to 4% in FY2015 forward. SPED tuition and related costs are still expected to moderate in time, but for FY2013 are estimated at a 4.5% growth rate. The SPED budget is projected to increase by 4% in FY2014 and FY2015, and to increase by 3.75% FY2016 forward. All other expenses are projected at a 2.43% increase annually. The increases in the SPED budget may be mitigated by increased

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funding by the Commonwealth through the circuit breaker program.

The Minuteman School assessment fluctuates significantly year to year, because the assessment is a factor of the Department of Education's net school spending calculation, the number of students attending from Needham, and the percentage that the Needham student enrollment bears to the total enrollment. In the past, we projected this line using the average of the actual assessment paid by the Town over the past five years. Based on significant increases in Minuteman enrollment from Needham in the last two years, for the purposes of this Pro Forma, we have used the FY2012 assessment figure of \$562,637 as the FY2013 figure and assume a 5% annual increase thereafter.

New Facilities and Building Maintenance

We have also incorporated into the Pro Forma operating cost estimates to the various budgets for the Newman School HVAC replacement (FY2013), and a new Senior Center (FY2014). Although the full impact of each building will occur over two fiscal years, we have assumed the full estimated operating cost impact in the fiscal year in which the building is expected to open. This additional cost by department is also shown in an attached table. The Public Facilities Department budget accounts for most of the energy costs incurred by the Town to run its facilities. This budget also pays for the basic maintenance and repairs to Town and School buildings. Steps undertaken by the Town, through management, energy efficiency efforts, and favorable bid pricing, coupled with the reduction in the high prices of a couple years ago, have ensured that this expense is not growing at the rate seen previously. The Town is locked into a favorable electric supply contract with TransCanada until December 2014. However, diesel fuel, gasoline, and heating oil are still volatile with the prices fluctuating greatly over the past 24 months.

The five year average change in gasoline prices in the Boston area has been over 5%; the FY2011 change was more than 37% over the FY2010. Heating oil prices have been even more variable, with the average over the past five fiscal years of nearly 17%. The price per gallon from June 2010 to June 2011 increased more than 28%. The Town has been converting its facilities to natural gas heat, so the impact of the increase in heating oil will not be as would have been true five years ago. The heating oil budget impact is assumed at 5% for FY2013, declining to 3% increase for FY2014, 2.75% for FY2015, and the five year CPI average for FY2016 and FY2017. The gasoline budget line is assumed at an 8% increase for FY2013 with the rate of increase declining by 1% per year. For the purposes of this Pro Forma, we assume an overall increase in non-salary lines of 2.43% per year for public facilities expenses. In addition to the increase in costs associated with the opening of new facilities, we have estimated the Department's personnel cost to mirror general government with 3.4% in FY2013, 3.9% in FY2014, and 4% thereafter.

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The estimates noted above and for other departments below for energy also serve as a proxy for increased costs that may be passed on by contractors and suppliers due to higher energy and delivery costs.

Municipal Departments

The Town Clerk's budget, in addition to the assumed growth rate in salary and wage expenses of 3.4%, 3.9% and 4%, also provides for an additional \$25,000 in the budget years that a State or Presidential election is held (FY2013, FY2015, and FY2017). We have increased the FY2013 Town Counsel expense budget by \$18,000 and also factored a 6.65% growth rate for FY2013 forward.

The Finance Department, which includes the Information Technology Center, is charged with providing and supporting data processing services for all Town departments, which insofar as practical or otherwise necessitated, are centralized under that department. As in previous years, we must continue to assume a continued 5% annual increase on the portion of the ITC budget that pays for license and maintenance fees and equipment.

In the area of public safety, all three budgets' salary and wage lines (Police, Fire, and Building) are expected to follow general government, increasing at 3.4%, 3.9% and 4%. The gasoline budget for the Police Department is estimated at an 8% increase in FY2013, with the rate of increase dropping by 1% per year (FY2014 at 7%; FY2015 at 6%; FY2016 at 5%; FY2017 at 4%) The Fire Department fuel line is also impacted by the higher cost of fuel, but with a greater reliance on diesel fuel than gasoline, this budget expense is assumed at a 10% increase for FY2013 over FY2012, with the rate of increase declining (similar to gasoline) by 1% per year. The five year average change in diesel fuel pricings in the northeast has been over 13%. The June 2011 average price of \$4.11 per gallon is more than 34% over the June 2010 average price of \$3.06. The annual equipment replacement cost for the Police Department is forecast at 3.5% per year. All other expenses for Building, Fire, and Police are projected to increase at 2.43%.

The municipal parking program budget no longer includes the commuter parking lots, which were transferred to the MBTA in the first quarter of CY2011. This program includes rent to the MBTA for a portion of the Chapel Street Lot, and maintenance and repair expenses for all municipal lots. For the purposes of this Pro Forma, we assume a 2.43% increase per year.

DPW salary and wages are pegged at the same rates as all the other departments and expenses are estimated at an annual rate of 2.43%. However, similar to public safety and public facilities, DPW incurs expense for diesel and

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gasoline. The DPW vehicle supplies line, which includes fuel, is assumed to grow 8% in FY2013, and then the rate of increase will decline by 1% per year. The DPW expense line is increased by an additional \$2,500 for operating costs associated with the senior center. Another specific adjustment includes an annual increase in the snow and ice budget of 2.5% per year. This is the only operating budget line in which deficit spending is allowed. However, any such deficit must be extinguished by the next fiscal year.

One other department with an adjustment for fuel costs is Human Services. The \$3,000 annual allocation for the Council on Aging has been increased by the same allowance for fuel as DPW.

Other Appropriations and Expenditures

Lastly, for the purpose of this forecast, we have maintained the recommended approach towards increasing the General Fund cash capital investment with Free Cash. The amount of Free Cash that is used to offset the operating budget is an amount equal to 2% of the prior year appropriated departmental budgets or the actual turn back, whichever is lower. The balance of Free Cash is directed to cash capital investment or reserved for future capital investment. The annual cash capital investment is assumed to increase at the estimated percent change in core revenue. The FY2012 cash capital of \$1,703,859 is the base year of which the formula is applied.

The RTS payment is assumed to increase by three percent a year, as is the drains program in the Sewer Enterprise budget. The total for other financial warrant articles is assumed to increase at an annual rate of 2.5% over the current \$230,299 appropriated to date for FY2012. The provision for abatements and exemptions is estimate to be approximately \$1.3 million for FY2012 and then increases annually at 3.5 percent per year. The provision for abatements will be increased should additional new growth revenue be realized for the FY2012 tax year, which will help buffer the current overlay provisions. If the increased revenue is not realized in FY2012, it will impact the amount of the gap for FY2012, a revaluation year. We have assumed a 4% increase for Other Amounts to be Provided, and assessments from the State and County governments.

End.

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
FY 2013 to FY 2017**

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	W/O Excluded Debt June 30, 2009	W/O Excluded Debt June 30, 2010*	W/O Excluded Debt June 30, 2011*	W/O Excluded Debt Current	Pro Forma August 16, 2011	Pro Forma August 16, 2011	Pro Forma August 16, 2011	Pro Forma August 16, 2011	Pro Forma August 16, 2011
General Fund									
Property Tax Revenue*	\$76,143,133	\$81,827,663	\$85,798,117	\$89,032,003	\$92,059,091	\$95,189,100	\$98,425,529	\$101,771,997	\$105,232,245
State Aid*	\$8,630,994	\$7,710,750	\$8,227,013	\$8,578,273	\$8,780,462	\$8,987,568	\$9,199,713	\$9,417,018	\$9,639,611
Local Receipts*	\$8,448,294	\$8,085,545	\$7,125,664	\$6,922,000	\$7,048,660	\$7,295,363	\$7,587,178	\$7,890,665	\$8,226,018
Other Revenues & Reserves	\$1,110,423	\$929,804	\$1,404,029	\$680,000	\$590,000	\$591,500	\$593,045	\$594,636	\$596,275
Free Cash	\$5,810,170	\$3,145,416	\$3,568,037	\$3,380,269	\$3,000,000	\$3,096,313	\$3,199,166	\$3,306,512	\$3,417,500
Reimbursements	\$1,710,496	\$1,760,595	\$1,659,715	\$1,765,000	\$1,465,000	\$1,500,600	\$1,537,064	\$1,574,415	\$1,612,673
Revenues	\$101,853,510	\$103,459,773	\$107,782,575	\$110,357,545	\$112,943,213	\$116,660,444	\$120,541,695	\$124,555,244	\$128,724,323
*CORE Revenue Change	4.9%	4.7%	3.6%	3.3%	3.2%	3.3%	3.4%	3.4%	3.4%
Operating Budget									
Townwide Expense Group	\$21,084,041	\$21,272,658	\$23,279,311	\$24,061,013	\$25,683,864	\$26,811,853	\$27,940,202	\$29,115,839	\$30,342,763
Department Budgets	\$72,946,835	\$77,165,396	\$78,366,208	\$80,760,037	\$84,058,364	\$87,300,302	\$90,656,639	\$94,076,614	\$97,659,218
Total Operating Budget	\$94,030,876	\$98,438,054	\$101,645,519	\$104,821,050	\$109,742,228	\$114,112,155	\$118,596,841	\$123,192,453	\$128,001,981
Other Appropriations									
Special Financial Articles	\$101,142	\$84,091	\$66,446	\$230,299	\$236,056	\$241,958	\$248,007	\$254,207	\$260,562
Appropriated to Other Funds	\$1,382,584	\$590,681	\$975,434	\$1,017,283	\$1,047,801	\$1,079,236	\$1,111,613	\$1,144,961	\$1,179,310
Capital Funded by Cash	\$4,003,629	\$1,495,220	\$2,271,749	\$1,793,859	\$1,758,560	\$1,816,976	\$1,877,332	\$1,940,325	\$2,005,455
Total Other Appropriations	\$5,487,355	\$2,169,992	\$3,313,629	\$3,041,441	\$3,042,418	\$3,138,169	\$3,236,951	\$3,339,493	\$3,445,327
Other Amounts to be Provided	\$2,335,279	\$2,851,727	\$2,823,427	\$2,455,054	\$2,494,490	\$2,587,802	\$2,684,620	\$2,785,077	\$2,889,310
Expenditures	\$101,853,511	\$103,459,773	\$107,782,575	\$110,317,545	\$115,279,136	\$119,838,126	\$124,518,413	\$129,317,023	\$134,336,617
I Surplus/(Deficit)	(\$0)	\$0	(\$0)	\$40,000	(\$2,335,923)	(\$3,177,682)	(\$3,976,718)	(\$4,761,779)	(\$5,612,294)
II Incremental Gap						(\$841,759)	(\$799,036)	(\$785,061)	(\$850,515)

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
General Fund Revenues**

Description	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010	FY 2011 W/O Excluded Debt June 30, 2011*	FY 2012 W/O Excluded Debt Current	FY 2013 Pro Forma August 16, 2011	FY 2014 Pro Forma August 16, 2011	FY 2015 Pro Forma August 16, 2011	FY 2016 Pro Forma August 16, 2011	FY 2017 Pro Forma August 16, 2011
Local Receipts									
Motor Vehicle Excise	\$3,800,000	\$3,800,000	\$3,250,000	\$3,375,000	\$3,476,250	\$3,597,919	\$3,741,836	\$3,891,509	\$4,056,898
Investment Income	\$650,000	\$545,000	\$325,000	\$200,000	\$125,000	\$129,375	\$134,550	\$139,932	\$145,879
Other Local Receipts	\$3,998,294	\$3,740,545	\$3,550,664	\$3,347,000	\$3,447,410	\$3,568,069	\$3,710,792	\$3,859,224	\$4,023,241
SUBTOTAL	\$8,448,294	\$8,085,545	\$7,125,664	\$6,922,000	\$7,048,660	\$7,295,363	\$7,587,178	\$7,890,665	\$8,226,018
Real & Personal Property Tax									
Real & Personal Property w/o Exclusions	\$76,143,133	\$81,827,663	\$85,798,117	\$89,032,003	\$92,059,091	\$95,189,100	\$98,425,529	\$101,771,997	\$105,232,245
State Aid									
State Aid for Education	\$6,209,013	\$6,031,907	\$6,622,455	\$7,084,895	\$7,259,688	\$7,438,851	\$7,622,493	\$7,810,726	\$8,003,664
State Aid for General Government SBA/MSBA Programs	\$2,421,981	\$1,678,843	\$1,604,558	\$1,493,378	\$1,520,774	\$1,548,717	\$1,577,220	\$1,606,293	\$1,635,947
SUBTOTAL	\$84,774,127	\$89,538,413	\$94,025,130	\$97,610,276	\$100,839,553	\$104,176,668	\$107,625,242	\$111,189,016	\$114,871,857
Other General Revenues & Reserves									
Budgetary Fund Balance (Free Cash)	\$5,810,170	\$3,145,416	\$3,568,037	\$3,380,269	\$3,000,000	\$3,096,313	\$3,199,166	\$3,306,512	\$3,417,500
Overlay Surplus	\$400,000	\$500,000	\$500,199	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Parking Meter Receipts	\$67,000	\$67,000	\$25,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
C&D Reserve									
Stabilization Funds									
Other Funding Sources	\$643,424	\$362,804	\$878,830	\$140,000	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
SUBTOTAL	\$6,920,593	\$4,075,220	\$4,972,066	\$4,060,269	\$3,590,000	\$3,687,813	\$3,792,211	\$3,901,149	\$4,013,775
Total GF Revenue	\$100,143,014	\$101,699,178	\$106,122,860	\$108,592,545	\$111,478,213	\$115,159,844	\$119,004,631	\$122,980,829	\$127,111,650
Reimbursements									
Reimbursements due from Other Funds	\$1,710,496	\$1,760,595	\$1,659,715	\$1,765,000	\$1,465,000	\$1,500,600	\$1,537,064	\$1,574,415	\$1,612,673
Available for Expenditures	\$101,853,510	\$103,459,773	\$107,782,575	\$110,357,545	\$112,943,213	\$116,660,444	\$120,541,695	\$124,555,244	\$128,724,323

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budget**

Description	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010	FY 2011 W/O Excluded Debt June 30, 2011*	FY 2012 W/O Excluded Debt Current	FY 2013 Pro Forma August 16, 2011	FY 2014 Pro Forma August 16, 2011	FY 2015 Pro Forma August 16, 2011	FY 2016 Pro Forma August 16, 2011	FY 2017 Pro Forma August 16, 2011
General Government	\$3,472,841	\$3,523,343	\$3,544,486	\$3,625,375	\$3,798,289	\$3,920,371	\$4,100,159	\$4,237,474	\$4,415,680
Land Use and Development	\$321,812	\$335,665	\$348,934	\$369,378	\$382,003	\$396,475	\$411,867	\$427,864	\$444,490
Public Safety	\$11,256,601	\$11,657,060	\$11,812,664	\$12,030,242	\$12,454,032	\$12,938,938	\$13,453,739	\$13,987,596	\$14,541,060
Education	\$43,012,911	\$45,818,618	\$46,910,339	\$48,999,008	\$51,027,507	\$52,980,584	\$55,054,276	\$57,199,588	\$59,429,353
Public Works	\$5,157,249	\$5,418,999	\$5,443,079	\$5,065,200	\$5,236,710	\$5,426,755	\$5,621,768	\$5,820,781	\$6,023,541
Public Facilities	\$6,922,833	\$7,502,492	\$7,387,362	\$7,725,555	\$8,117,203	\$8,487,538	\$8,748,253	\$9,015,343	\$9,291,104
Community Services	\$2,802,588	\$2,909,219	\$2,919,344	\$2,945,279	\$3,042,619	\$3,149,641	\$3,266,576	\$3,387,968	\$3,513,990
Department Budgets	\$72,946,835	\$77,165,396	\$78,366,208	\$80,760,037	\$84,058,364	\$87,300,302	\$90,656,639	\$94,076,614	\$97,659,218
Change from Prior Year	4.7%	5.8%	1.6%	3.1%	4.1%	3.9%	3.8%	3.8%	3.8%
Townwide Expense Group	\$21,084,041	\$21,272,658	\$23,279,311	\$24,061,013	\$25,683,864	\$26,811,853	\$27,940,202	\$29,115,839	\$30,342,763
Change from Prior Year	5.5%	0.9%	9.4%	3.4%	6.7%	4.4%	4.2%	4.2%	4.2%
General Fund Operating Budget	\$94,030,876	\$98,438,054	\$101,645,519	\$104,821,050	\$109,742,228	\$114,112,155	\$118,596,841	\$123,192,453	\$128,001,981
Change from Prior Year	4.9%	4.7%	3.3%	3.1%	4.7%	4.0%	3.9%	3.9%	3.9%

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budgets**

Description	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010	FY 2011 W/O Excluded Debt June 30, 2011*	FY 2012 W/O Excluded Debt Current	FY 2013 Pro Forma August 16, 2011	FY 2014 Pro Forma August 16, 2011	FY 2015 Pro Forma August 16, 2011	FY 2016 Pro Forma August 16, 2011	FY 2017 Pro Forma August 16, 2011
Town Wide Group									
Retirement Ch34	119,000	89,000	59,400	32,700	33,877	35,198	36,606	38,071	39,593
Retirement Contributory System	4,121,326	4,271,094	4,552,978	4,722,775	4,896,240	5,075,822	5,261,721	5,454,147	5,653,313
Health Insurance	8,258,510	8,867,300	9,549,125	9,601,203	10,273,287	10,802,126	11,315,227	11,852,700	12,415,703
Retiree Insurance & Insurance Liability Fund	3,702,211	3,446,556	3,626,375	3,906,275	4,498,115	4,700,530	4,912,053	5,133,096	5,364,085
Unemployment Compensation	88,400	92,000	140,000	140,000	145,600	151,424	157,481	163,780	170,331
Debt Service	2,654,127	2,747,025	2,967,712	3,421,297	3,236,646	3,344,161	3,456,373	3,572,390	3,692,936
Worker's Compensation	385,000	385,000	400,000	450,000	468,000	486,720	506,189	526,436	547,494
General and Self Insurance	500,000	525,000	525,000	525,000	537,758	558,325	571,892	585,789	600,024
Performance Pay Pool#	55,616	9,075	14,358	202,000	208,868	217,014	225,694	234,722	244,111
Reserve Fund##	1,199,851	840,608	1,444,363	1,059,763	1,385,474	1,440,534	1,496,965	1,554,707	1,615,172
Townwide Expense Group	21,084,041	21,272,658	23,279,311	24,061,013	25,683,864	26,811,853	27,940,202	29,115,839	30,342,763
Board of Selectmen and Office of the Town Manager	752,549	796,848	806,094	803,113	829,548	859,545	891,350	924,365	958,636
Town Clerk & Board of Registrars	312,862	297,061	321,578	317,680	353,389	341,595	379,628	369,167	408,272
Town Counsel	260,479	262,164	262,164	298,664	334,362	354,643	376,270	399,257	423,691
Personnel Board	11,641	11,628	11,600	11,600	11,888	12,186	12,493	12,807	13,129
Finance Department	2,104,549	2,124,349	2,114,432	2,164,861	2,238,624	2,320,753	2,407,522	2,497,684	2,576,408
Finance Committee	30,761	31,293	28,618	29,457	30,476	31,649	32,897	34,195	35,544
General Government	3,472,841	3,523,343	3,544,486	3,625,375	3,798,289	3,920,371	4,100,159	4,237,474	4,415,680
Planning Department	218,051	225,593	234,488	248,936	257,473	267,266	277,686	288,515	299,772
Community Development			114,446	120,442	124,531	129,209	134,182	139,349	144,718
Conservation Department	74,453	80,807	0	0	0	0	0	0	0
Board of Appeals	29,308	29,265	0	0	0	0	0	0	0
Land Use and Development Total	321,812	335,665	348,934	369,378	382,003	396,475	411,867	427,864	444,490

**Town of Needham
General Fund
Five Year Pro Forma - Excluding Debt Exclusions
Operating Budgets**

Description	FY 2009 W/O Excluded Debt June 30, 2009	FY 2010 W/O Excluded Debt June 30, 2010	FY 2011 W/O Excluded Debt June 30, 2011*	FY 2012 W/O Excluded Debt Current	FY 2013 Pro Forma August 16, 2011	FY 2014 Pro Forma August 16, 2011	FY 2015 Pro Forma August 16, 2011	FY 2016 Pro Forma August 16, 2011	FY 2017 Pro Forma August 16, 2011
Police Department	4,939,789	5,168,615	5,279,417	5,225,460	5,411,121	5,622,671	5,846,745	6,078,660	6,318,594
Fire Department	5,878,772	6,028,743	6,071,646	6,336,574	6,558,489	6,813,193	7,084,063	7,365,359	7,657,424
Building Inspector	438,040	459,702	461,601	468,208	484,423	503,073	522,931	543,577	565,042
Public Safety Total	11,256,601	11,657,060	11,812,664	12,030,242	12,454,032	12,938,938	13,453,739	13,987,596	14,541,060
Minuteman School District Assessment	377,427	435,733	369,261	562,637	562,637	590,769	620,307	651,323	683,889
Needham Public Schools	42,635,484	45,382,885	46,541,078	48,436,371	50,464,870	52,389,816	54,433,969	56,548,265	58,745,465
Education	43,012,911	45,818,618	46,910,339	48,999,008	51,027,507	52,980,584	55,054,276	57,199,588	59,429,353
Department of Public Works	4,624,849	4,850,799	4,906,879	4,754,200	4,918,153	5,100,457	5,287,541	5,478,432	5,672,873
Municipal Parking Program	203,900	282,900	282,900	55,000	56,337	57,705	59,108	60,544	62,015
Municipal Lighting Program	328,500	285,300	253,300	256,000	262,221	268,593	275,120	281,805	288,653
Public Works Total	5,157,249	5,418,999	5,443,079	5,065,200	5,236,710	5,426,755	5,621,768	5,820,781	6,023,541
Department of Public Facilities	6,922,833	7,502,492	7,387,362	7,725,555	8,117,203	8,487,538	8,748,253	9,015,343	9,291,104
Public Facilities Total	6,922,833	7,502,492	7,387,362	7,725,555	8,117,203	8,487,538	8,748,253	9,015,343	9,291,104
Health Department	433,529	451,763	459,841	462,130	477,482	494,947	513,480	532,723	552,704
Human Services	541,200	565,063	566,156	564,243	583,406	601,778	624,739	648,592	673,371
Commission on Disabilities	550	550	550	550	563	577	591	605	620
Historical Commission	1,050	1,050	1,050	1,050	1,076	1,102	1,128	1,156	1,184
Needham Public Library	1,284,500	1,338,026	1,336,937	1,365,286	1,409,946	1,460,536	1,514,147	1,569,785	1,627,529
Park & Recreation Department	541,009	552,017	554,060	551,270	569,378	589,914	611,685	634,281	657,736
Memorial Park	750	750	750	750	768	787	806	826	846
Community Services Total	2,802,588	2,909,219	2,919,344	2,945,279	3,042,619	3,149,641	3,266,576	3,387,968	3,513,990
Department Budgets	72,946,835	77,165,396	78,366,208	80,760,037	84,058,364	87,300,302	90,656,639	94,076,614	97,659,218
Total Budget	94,030,876	98,438,054	101,645,519	104,821,050	109,742,228	114,112,155	118,596,841	123,192,453	128,001,981

**Town of Needham
General Fund
Changes in Salary and Wage Accounts
FY 2002 to FY 2011**

Description	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011										
General Government	\$1,727,822	\$1,813,110	\$1,771,314	\$1,821,122	\$1,861,841	\$2,096,237	\$2,149,201	\$2,256,559	\$2,319,861	\$2,365,752										
Percent Change for Group from Prior Year	6.6%	4.9%	-2.3%	2.8%	2.2%	12.6%	2.5%	5.0%	2.8%	2.0%										
Land Use	\$148,816	\$167,117	\$166,021	\$169,110	\$179,096	\$202,066	\$275,146	\$289,157	\$305,662	\$320,366										
Percent Change for Group from Prior Year	13.1%	12.3%	-0.7%	1.9%	5.9%	12.8%	36.2%	5.1%	5.2%	4.8%										
Public Safety	\$8,768,817	\$8,903,510	\$9,069,911	\$9,199,598	\$9,616,189	\$9,794,881	\$10,045,611	\$10,568,291	\$10,938,454	\$11,142,517										
Percent Change for Group from Prior Year	5.6%	1.5%	1.9%	1.4%	4.5%	1.9%	2.6%	5.2%	3.5%	1.9%										
Public Works	\$2,338,081	\$2,505,037	\$2,446,938	\$2,615,781	\$2,708,592	\$2,962,632	\$2,971,552	\$3,137,945	\$3,258,049	\$3,393,323										
Percent Change for Group from Prior Year	3.9%	7.1%	-2.3%	6.9%	3.5%	9.4%	0.3%	5.6%	3.8%	4.2%										
Public Facilities	\$2,149,577	\$2,275,845	\$2,221,182	\$2,330,197	\$2,327,509	\$2,432,903	\$2,540,529	\$2,608,373	\$2,875,501	\$2,870,212										
Percent Change for Group from Prior Year	2.3%	5.9%	-2.4%	4.9%	-0.1%	4.5%	4.4%	2.7%	10.2%	-0.2%										
Community Services	\$1,755,222	\$1,852,131	\$1,873,645	\$1,919,096	\$2,054,106	\$2,162,084	\$2,238,383	\$2,329,580	\$2,418,957	\$2,391,287										
Percent Change for Group from Prior Year	3.6%	5.5%	1.2%	2.4%	7.0%	5.3%	3.5%	4.1%	3.8%	-1.1%										
Municipal Departments	\$16,888,335	\$17,516,750	\$17,549,011	\$18,054,904	\$18,747,333	\$19,650,803	\$20,220,422	\$21,189,905	\$22,116,484	\$22,483,457										
Percent Change for Group from Prior Year	4.9%	3.7%	0.2%	2.9%	3.8%	4.8%	2.9%	4.8%	4.4%	1.7%										
Total Town Departments w/o PFD	\$14,738,758	\$15,240,905	\$15,327,829	\$15,724,707	\$16,419,824	\$17,217,900	\$17,679,893	\$18,581,532	\$19,240,983	\$19,613,245										
Percent Change From Prior Year Comparable	5.3%	3.4%	0.6%	2.6%	4.4%	4.9%	2.7%	5.1%	3.5%	1.9%										
School Department	\$26,594,024	\$27,966,072	\$28,796,240	\$29,835,477	\$32,139,137	\$33,251,907	\$34,895,067	\$37,287,966	\$39,247,086	\$40,264,790										
Percent Change from Prior Year	5.4%	5.2%	3.0%	3.6%	7.7%	3.5%	4.9%	6.9%	5.3%	2.6%										
	FY 2002	%	FY 2003	%	FY 2004	%	FY 2005	%	FY 2006	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%
Board of Selectmen	\$362,624	4.0%	\$387,669	7.6%	\$384,993	-0.7%	\$397,189	3.2%	\$430,590	8.4%	\$488,912	13.5%	\$504,290	3.1%	\$586,099	16.2%	\$630,398	7.6%	\$644,644	2.3%
Town Clerk	\$195,943	5.3%	\$208,814	6.6%	\$214,965	2.9%	\$219,465	2.1%	\$205,048	-6.6%	\$251,009	22.4%	\$258,026	2.8%	\$276,327	7.1%	\$263,081	-4.8%	\$282,308	7.3%
Town Counsel	\$56,356	3.0%	\$58,192	3.3%	\$59,750	2.7%	\$61,244	2.5%	\$63,081	3.0%	\$64,637	2.5%	\$65,464	1.3%	\$66,989	2.3%	\$68,664	2.5%	\$68,664	0.0%
Personnel Board	\$1,922	3.0%	\$1,985	3.3%	\$1,523	-23.3%	\$1,562	2.6%	\$3,109	99.0%	\$1,641	-47.2%	\$1,601	-2.4%	\$1,641	2.5%	\$1,128	-31.3%	\$600	-46.8%
Finance Department	\$1,084,730	8.1%	\$1,128,535	4.0%	\$1,084,833	-3.9%	\$1,116,037	2.9%	\$1,133,619	1.6%	\$1,262,829	11.4%	\$1,291,273	2.3%	\$1,296,242	0.4%	\$1,326,597	2.3%	\$1,342,043	1.2%
Finance Committee	\$26,247	3.0%	\$27,915	6.4%	\$25,250	-9.5%	\$25,625	1.5%	\$26,394	3.0%	\$27,209	3.1%	\$28,547	4.9%	\$29,261	2.5%	\$29,993	2.5%	\$27,493	-8.3%
General Government Total	\$1,727,822	6.6%	\$1,813,110	4.9%	\$1,771,314	-2.3%	\$1,821,122	2.8%	\$1,861,841	2.2%	\$2,096,237	12.6%	\$2,149,201	2.5%	\$2,256,559	5.0%	\$2,319,861	2.8%	\$2,365,752	2.0%
Planning Department	\$117,240	15.4%	\$123,418	5.3%	\$121,741	-1.4%	\$124,160	2.0%	\$131,664	6.0%	\$137,811	4.7%	\$188,469	36.8%	\$196,791	4.4%	\$207,833	5.6%	\$218,028	4.9%
Community Development	\$31,576	5.5%	\$43,699	38.4%	\$44,280	1.3%	\$44,950	1.5%	\$47,432	5.5%	\$64,255	35.5%	\$86,677	34.9%	\$92,366	6.6%	\$97,829	5.9%	\$102,338	4.6%
Land Use and Development Total	\$148,816	13.1%	\$167,117	12.3%	\$166,021	-0.7%	\$169,110	1.9%	\$179,096	5.9%	\$202,066	12.8%	\$275,146	36.2%	\$289,157	5.1%	\$305,662	5.7%	\$320,366	4.8%
Police Department	\$3,784,623	6.6%	\$3,838,209	1.4%	\$3,836,266	-0.1%	\$3,950,138	3.0%	\$4,096,350	3.7%	\$4,256,517	3.9%	\$4,307,656	1.2%	\$4,529,149	5.1%	\$4,771,895	5.4%	\$4,884,190	2.4%
Fire Department	\$4,724,362	5.7%	\$4,802,431	1.7%	\$4,957,565	3.2%	\$4,970,245	0.3%	\$5,159,042	3.8%	\$5,152,611	-0.1%	\$5,330,631	3.5%	\$5,616,784	5.4%	\$5,722,539	1.9%	\$5,812,408	1.6%
Building Inspector	\$259,832	-9.3%	\$262,870	1.2%	\$276,080	5.0%	\$279,215	1.1%	\$360,797	29.2%	\$385,753	6.9%	\$407,324	5.6%	\$422,358	3.7%	\$444,020	5.1%	\$445,919	0.4%
Public Safety Total	\$8,768,817	5.6%	\$8,903,510	1.5%	\$9,069,911	1.9%	\$9,199,598	1.4%	\$9,616,189	4.5%	\$9,794,881	1.9%	\$10,045,611	2.6%	\$10,568,291	5.2%	\$10,938,454	3.5%	\$11,142,517	1.9%
Department of Public Works	\$2,338,081	3.9%	\$2,505,037	7.1%	\$2,446,938	-2.3%	\$2,615,781	6.9%	\$2,708,592	3.5%	\$2,962,632	9.4%	\$2,971,552	0.3%	\$3,137,945	5.6%	\$3,258,049	3.8%	\$3,393,323	4.2%
Department of Public Facilities	\$2,149,577	2.3%	\$2,275,845	5.9%	\$2,221,182	-2.4%	\$2,330,197	4.9%	\$2,327,509	-0.1%	\$2,432,903	4.5%	\$2,540,529	4.4%	\$2,608,373	2.7%	\$2,875,501	10.2%	\$2,870,212	-0.2%
Health Department	\$258,411	0.6%	\$274,472	6.2%	\$281,167	2.4%	\$289,816	3.1%	\$304,968	5.2%	\$318,046	4.3%	\$344,624	8.4%	\$364,066	5.6%	\$377,408	3.7%	\$383,012	1.5%
Diversified Community Social Service	\$406,646	2.7%	\$430,709	5.9%	\$438,386	1.8%	\$449,286	2.5%	\$478,503	6.5%	\$468,797	-2.0%	\$469,698	0.2%	\$501,839	6.8%	\$525,393	4.7%	\$488,996	-6.9%
Needham Public Library	\$744,536	4.7%	\$772,654	3.8%	\$774,050	0.2%	\$791,118	2.2%	\$867,514	9.7%	\$963,323	11.0%	\$1,000,410	3.8%	\$1,033,541	3.3%	\$1,075,014	4.0%	\$1,076,094	0.1%
Park & Recreation Department	\$345,629	4.6%	\$374,296	8.3%	\$380,042	1.5%	\$388,876	2.3%	\$403,121	3.7%	\$411,918	2.2%	\$423,651	2.8%	\$430,134	1.5%	\$441,142	2.6%	\$443,185	0.5%
Community Services Total	\$1,755,222	3.6%	\$1,852,131	5.5%	\$1,873,645	1.2%	\$1,919,096	2.4%	\$2,054,106	7.0%	\$2,162,084	5.3%	\$2,238,383	3.5%	\$2,329,580	4.1%	\$2,418,957	3.8%	\$2,391,287	-1.1%
Town Departments	\$16,888,335	4.9%	\$17,516,750	3.7%	\$17,549,011	0.2%	\$18,054,904	2.9%	\$18,747,333	3.8%	\$19,650,803	4.8%	\$20,220,422	2.9%	\$21,189,905	4.8%	\$22,116,484	4.4%	\$22,483,457	1.7%
School Department	\$26,594,024	5.4%	\$27,966,072	5.2%	\$28,796,240	3.0%	\$29,835,477	3.6%	\$32,139,137	7.7%	\$33,251,907	3.5%	\$34,895,067	4.9%	\$37,287,966	6.9%	\$39,247,086	5.3%	\$40,264,790	2.6%
Total Salary and Wages	\$43,482,359	5.2%	\$45,482,822	4.6%	\$46,345,251	1.9%	\$47,890,381	3.3%	\$50,886,470	6.3%	\$52,902,710	4.0%	\$55,115,489	4.2%	\$58,477,871	6.1%	\$61,363,570	4.9%	\$62,748,247	2.3%

**Town of Needham
General Fund
New Facilities Operational Cost Estimate**

Description	FY 2013 Newman	FY 2014 Senior Center	FY 2015	FY 2016	FY 2017
Townwide Expense Group					
Town Wide Expenses		\$22,674			
Department of Public Works Personnel Expenses		\$2,500			
Department of Public Works		\$2,500			
Department of Public Facilities Personnel Expenses	\$154,000	\$45,983 \$71,740			
Department of Public Facilities	\$154,000	\$117,723			
Diversified Community Social Service Personnel Expenses					
Diversified Community Social Service					
Total	\$154,000	\$142,897			

**Town of Needham
General Fund
Five Year Pro Forma
Energy Prices**

Year	Regular Unleaded Gasoline Per Gallon - Boston Area			Fuel Oil #2 - Northeast			Electricity per kWh - Northeast		
	June	One Year	Calendar Year	June	One Year	Calendar Year	June	One Year	Calendar Year
	Average Price	% Change	Average Price	Average Price	% Change	Average Price	Average Price	% Change	Average Price
2007	\$3.07	1.86%	\$2.75	\$2.57	0.47%	\$2.69	\$0.17	13.33%	\$0.15
2008	\$4.04	31.59%	\$3.18	\$4.61	79.58%	\$3.77	\$0.17	0.00%	\$0.16
2009	\$2.58	-36.10%	\$2.31	\$2.45	-46.74%	\$2.54	\$0.17	0.00%	\$0.16
2010	\$2.73	5.66%	\$2.75	\$2.74	11.78%	\$2.92	\$0.17	0.00%	\$0.17
2011	\$3.74	37.17%	NA	\$3.81	38.72%	NA	\$0.17	0.00%	NA
	Five Year Average	8.04%		Five Year Average	16.76%		Five Year Average	2.67%	

Year	Natural Gas Per Therm - Northeast			Automotive Diesel Fuel Per Gallon		
	June	One Year	Calendar Year	June	One Year	Calendar Year
	Average Price	% Change	Average Price	Average Price	% Change	Average Price
2007	\$1.44	-0.28%	\$1.46	\$2.95	-3.31%	\$2.99
2008	\$1.70	18.11%	\$1.65	\$4.91	66.54%	\$4.07
2009	\$1.26	-25.77%	\$1.36	\$2.67	-45.61%	\$2.68
2010	\$1.23	-2.22%	\$1.28	\$3.06	14.56%	\$3.10
2011	\$1.21	-1.54%	NA	\$4.11	34.37%	NA
	Five Year Average	-2.34%		Five Year Average	13.31%	