EDWARD J. COLLINS, JR. CENTER FOR PUBLIC MANAGEMENT
JOHN W. McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES
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March 10, 2016

Honorable Daniel Rivera
Mayor
City of Lawrence
200 Common Street
Lawrence, MA 01840

Re: Proposed Five-Year Financial Forecast

Dear Mayor Rivera:

The Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts Boston is pleased to submit to you the Five-Year Financial Forecast and associated Users' Guide and Assumptions. The forecast is intended to provide policymakers with the information they need to make informed decisions around the city's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations. The Users' Guide documents the data sources and assumptions used to generate the forecast and provide direction on how to keep the forecast up-to-date and relevant as each fiscal year moves forward.

The Center would like to acknowledge the invaluable support provided to the project team by the State overseer and his staff in the development of these proposals and also the review provided by the City's finance director. Center staff is available to answer any questions you or City staff may have as you utilize the forecast and users' guide in decision making.

Respectfully,

Stephen McGoldrick
Director

City of Lawrence

Summary of Projected General Fund Revenues and Expenditures

Revenues	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Property Tax Levy	62,272,715	65,165,509	68,130,623	71,169,865	74,285,088	77,478,192
State Aid Cherry Sheet	199,347,014	201,008,339	201,695,944	203,385,034	205,118,389	206,892,923
SBA Reimbursement	5,522,087	5,522,087	5,522,087	5,522,087	5,522,087	5,522,087
Estimated Local Receipts	10,968,668	10,978,409	11,045,683	11,120,032	11,201,048	11,288,372
Available Funds/Other Financing	7,163,376	616,490	647,314	679,680	713,664	749,347
Total Revenues	285,273,860	283,290,833	287,041,651	291,876,698	296,840,276	301,930,922

Expenditures	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
General Government	6,180,149	6,205,206	6,230,514	6,256,074	6,281,890	6,307,965
Public Safety	25,665,293	25,679,367	25,693,581	25,707,938	25,722,439	25,737,084
Education	176,096,932	177,073,754	177,725,606	179,426,918	181,225,795	183,125,120
Public Works/Cemetery	8,949,675	9,010,727	9,072,389	9,134,667	9,197,569	9,261,099
Human Services	1,218,677	1,227,928	1,237,272	1,246,708	1,256,240	1,265,866
Culture & Recreation	1,078,894	1,080,881	1,082,888	1,084,915	1,086,962	1,089,030
Debt Service/Capital Plan	11,184,692	11,674,453	12,207,763	12,730,317	13,238,778	13,513,256
Deficit Notes	1,477,766	1,471,075	1,493,525	1,520,625	1,547,325	1,568,628
Intergovernmental	21,261,458	22,244,158	23,016,517	23,817,145	24,647,087	25,507,426
Fixed Costs/Benefits	24,050,692	25,461,582	26,966,016	28,570,587	30,282,370	32,108,954
Risk Management	264,090	297,124	335,046	378,591	428,600	486,043
Other Amounts Raised	1,034,806	900,588	1,004,721	929,563	958,057	987,645
Free Cash/Other Fin. Uses	6,810,736	326,526	326,526	326,526	326,526	351,526
Total Expenditures	285,273,860	282,653,368	286,392,363	291,130,575	296,199,638	301,309,642
Difference	0	637,465	649,288	746,123	640,637	621,280
Collective Bargaining Impact	723,279	1,461,024	2,213,523	2,981,073	3,763,974	4,562,532
Revenue after COLA	-723,279	-823,558	-1,564,235	-2,234,950	-3,123,336	-3,941,253

City of Lawrence

Revenue Projections

	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Pro-Forma Recap	Projection Percent	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
PROPERTY TAX LEVY										
Prior Year Tax Levy Limit	52,315,585	54,832,417	57,459,512	60,555,260		63,711,774	66,604,568	69,569,682	72,608,924	75,724,147
2.5% Increase	1,307,890	1,370,810	1,436,488	1,513,882		1,592,794	1,665,114	1,739,242	1,815,223	1,893,104
Certified New Growth	1,168,546	1,256,285	1,659,260	1,642,632	0.00%	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
TAX LEVY LIMIT TOTAL	54,792,021	57,459,512	60,555,260	63,711,774		66,604,568	69,569,682	72,608,924	75,724,147	78,917,251
LESS Excess Tax Levy Capacity	30,623	776	1,472,383	1,439,059	0.00%	1,439,059	1,439,059	1,439,059	1,439,059	1,439,059
TOTAL Tax Levy	54,761,398	57,458,736	59,082,877	62,272,715		65,165,509	68,130,623	71,169,865	74,285,088	77,478,192
STATE AID CHERRY SHEET										
Chapter 70 Education Aid	152,157,597	159,086,308	169,171,876	177,628,396	NSS	177,930,156	178,468,607	179,964,295	181,462,946	182,964,093
Charter Tuition Reimbursement	3,489,599	2,491,369	3,419,136	2,655,952	NSS	3,243,449	2,919,104	2,627,194	2,364,474	2,128,027
School Lunch	112,400	112,824	116,633	0	0.00%	0	0	0	0	0
Unrestricted General Government Aid	16,607,385	16,999,949	17,471,389	18,100,359	2.50%	18,878,674	19,350,641	19,834,407	20,330,267	20,838,524
Veterans Benefits	394,944	727,251	727,022	686,219	0.00%	686,219	686,219	686,219	686,219	686,219
Exemptions VBS and Elderly	134,383	122,483	116,102	118,353	0.00%	111,268	111,268	111,268	111,268	111,268
State Owned land	4,287	4,372	5,428	5,428	0.00%	5,384	5,384	5,384	5,384	5,384
Public Libraries	113,214	113,315	156,119	152,307	1.00%	153,189	154,721	156,268	157,831	159,409
TOTAL Cherry Sheet	173,013,809	179,657,871	191,183,705	199,347,014		201,008,339	201,695,944	203,385,034	205,118,389	206,892,923
MSBA REIMBURSEMENT										
TOTAL MSBA	7,000,688	7,000,688	5,522,087	5,522,087	0.00%	5,522,087	5,522,087	5,522,087	5,522,087	5,522,087
ESTIMATED LOCAL RECEIPTS										
Motor Vehicle Excise	3,100,000	3,150,000	3,207,758	3,281,665	2.00%	3,347,298	3,414,244	3,482,529	3,552,180	3,623,223
Meals Excise	In other	470,000	470,000	470,000	3.00%	484,100	498,623	513,582	528,989	544,859
Room Excise	In other	120,000	140,000	140,000	3.00%	144,200	148,526	152,982	157,571	162,298
Other Excise	1,170,000	570,000	570,000	513,000	-10.00%	461,700	415,530	373,977	336,579	302,921
Penalties/Interest on Taxes and Excises	925,000	1,110,000	1,000,000	943,758	0.00%	943,758	943,758	943,758	943,758	943,758
Payments in Lieu of Taxes	500,000	575,000	530,000	547,000	0.00%	547,000	547,000	547,000	547,000	547,000
Other Charges for Services	1,177,974	1,306,500	1,366,250	1,251,880	0.00%	1,251,880	1,251,880	1,251,880	1,251,880	1,251,880
Fees	65,000	35,000	55,000	5,000	0.00%	5,000	5,000	5,000	5,000	5,000
Other Departmental Revenue	65,000	65,000	65,000	58,000	0.00%	58,000	58,000	58,000	58,000	58,000
Licenses/Permits	1,170,922	1,072,500	1,332,930	1,355,365	2.00%	1,382,472	1,410,122	1,438,324	1,467,091	1,496,432
Fines and Forfeits	767,000	920,000	1,014,000	758,000	0.00%	758,000	758,000	758,000	758,000	758,000
Investment Income	140,000	165,000	195,000	180,000	0.00%	180,000	180,000	180,000	180,000	180,000
Medicaid Reimbursement	In misc. recurring	1,520,000	1,800,000	1,400,000	0.00%	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Miscellaneous Recurring	1,743,800	514,472	15,000	15,000	0.00%	15,000	15,000	15,000	15,000	15,000
Miscellaneous Non-Recurring	0	0	0	50,000	-100.00%	0	0	0	0	0
TOTAL Local Receipts	10,824,696	11,593,472	11,760,938	10,968,668		10,978,409	11,045,683	11,120,032	11,201,048	11,288,372
AVAILABLE FUNDS/OTHER FINANCING										
Free Cash Apprpropriated for Prior Year Purposes	1,385,813	4,389,234	3,858,896	6,576,243		0	0	0	0	0
Free Cash Appropriated for Current Year Purposes				0						
Free Cash Apprpropriated to Reduce Tax Rate	0	0	0	0						
Other Available Funds	0	348,201	0	0						
Transfer from Enterprise Funds: Indirect Costs	0	342,000	342,000	587,133	5.00%	616,490	647,314	679,680	713,664	749,347
TOTAL Available Funds	1,385,813	4,737,435	3,858,896	7,163,376		616,490	647,314	679,680	713,664	749,347
TOTAL GENERAL FUND REVENUES	**246,986,404**	**260,448,202**	**271,408,503**	**285,273,860**		**283,290,833**	**287,041,651**	**291,876,698**	**296,840,276**	**301,930,922**

City of Lawrence

Expenditure Projections

	FY2013 Actuals	FY2014 Actuals	FY2015 Actuals	FY2016 Pro-Forma Recap	Projection Percent	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
GENERAL GOVERNMENT										
Personal Services	3,172,218	3,460,224	3,487,154	3,674,451	0.00%	3,674,451	3,674,451	3,674,451	3,674,451	3,674,451
Expenses	2,657,373	2,348,619	2,857,021	2,505,698	1.00%	2,530,755	2,556,063	2,581,623	2,607,439	2,633,514
TOTAL General Government	**5,829,591**	**5,808,843**	**6,344,175**	**6,180,149**		**6,205,206**	**6,230,514**	**6,256,074**	**6,281,890**	**6,307,965**
PUBLIC SAFETY										
Police Personal Services	10,577,026	10,797,258	10,897,479	11,816,450	0.00%	11,816,450	11,816,450	11,816,450	11,816,450	11,816,450
Police Expenses	766,516	682,677	686,688	686,403	1.00%	693,267	700,200	707,202	714,274	721,416
Police Total	11,343,542	11,479,935	11,584,167	12,502,853		12,509,717	12,516,649	12,523,651	12,530,723	12,537,866
Fire Personal Services	7,983,926	10,740,371	11,688,537	11,397,386	0.00%	11,397,386	11,397,386	11,397,386	11,397,386	11,397,386
Fire Expenses	889,853	674,686	612,014	699,497	1.00%	706,492	713,557	720,692	727,899	735,178
Fire Total	8,873,779	11,415,057	12,300,551	12,096,883		12,103,878	12,110,943	12,118,078	12,125,285	12,132,564
Inspectional Services Personal Services	855,027	981,221	913,466	1,044,057	0.00%	1,044,057	1,044,057	1,044,057	1,044,057	1,044,057
Inspectional Services Expenses	20,717	13,714	19,375	21,500	1.00%	21,715	21,932	22,151	22,373	22,597
Inspectional Services Total	875,744	994,935	932,841	1,065,557		1,065,772	1,065,989	1,066,208	1,066,430	1,066,654
TOTAL Public Safety	**21,093,065**	**23,889,927**	**24,817,559**	**25,665,293**		**25,679,367**	**25,693,581**	**25,707,938**	**25,722,439**	**25,737,084**
EDUCATION										
Lawrence Public Schools	148,561,355	158,746,456	158,689,484	164,131,579	See NSS	164,967,324	164,709,799	165,427,733	166,163,046	166,911,906
Transportation			6,786,693	7,971,240	7.50%	8,569,083	9,211,764	9,902,647	10,645,345	11,443,746
Adult Education			900,000	957,523	1.00%	967,098	976,769	986,537	996,402	1,006,366
Total Lawrence Public Schools	148,561,355	158,746,456	166,376,177	173,060,342		174,503,505	174,898,332	176,316,917	177,804,794	179,362,018
Greater Lawrence Assessment	1,760,204	1,795,713	2,118,467	2,336,590	10.00%	2,570,249	2,827,274	3,110,001	3,421,001	3,763,102
Essex Tuition	474,051	477,020	651,464	700,000	0.00%	0	0	0	0	0
TOTAL Education	**150,795,610**	**161,019,189**	**169,146,108**	**176,096,932**		**177,073,754**	**177,725,606**	**179,426,918**	**181,225,795**	**183,125,120**
PUBLIC WORKS										
DPW/Cemetery Personal Services	2,585,610	2,704,576	2,884,083	2,844,522	0.00%	2,844,522	2,844,522	2,844,522	2,844,522	2,844,522
DPW/Cemetery Expenses	7,074,558	7,719,279	8,632,828	6,105,153	1.00%	6,166,205	6,227,867	6,290,145	6,353,047	6,416,577
TOTAL Public Works	**9,660,168**	**10,423,855**	**11,516,911**	**8,949,675**		**9,010,727**	**9,072,389**	**9,134,667**	**9,197,569**	**9,261,099**
HUMAN SERVICES										
Personal Services	211,766	219,853	240,635	293,577	0.00%	293,577	293,577	293,577	293,577	293,577
Expenses	980,092	1,024,575	963,050	925,100	1.00%	934,351	943,695	953,131	962,663	972,289
TOTAL Human Services	**1,191,858**	**1,244,428**	**1,203,685**	**1,218,677**		**1,227,928**	**1,237,272**	**1,246,708**	**1,256,240**	**1,265,866**
CULTURE/RECREATION										
Personal Services	775,024	817,900	789,995	880,194	0.00%	880,194	880,194	880,194	880,194	880,194
Expenses	196,783	220,834	192,858	198,700	1.00%	200,687	202,694	204,721	206,768	208,836
TOTAL Culture/Recreation	**971,807**	**1,038,734**	**982,853**	**1,078,894**		**1,080,881**	**1,082,888**	**1,084,915**	**1,086,962**	**1,089,030**
DEBT SERVICE/CAPITAL PLAN										
Existing School Debt Service	10,644,863	10,608,587		8,307,702		8,221,952	8,386,200	8,331,700	8,127,700	8,076,450
Existing General Government Debt Service	4,337,841	4,160,404		2,876,990		2,902,251	2,895,813	2,772,663	2,267,988	2,243,288
New Growth Capital Investment						300,000	600,000	900,000	1,180,000	1,220,000
New Debt - Level percent general revenues						250,250	325,750	725,954	1,663,090	1,973,518
TOTAL Debt Service	**14,982,703**	**14,768,991**	**12,662,458**	**11,184,692**		**11,674,453**	**12,207,763**	**12,730,317**	**13,238,778**	**13,513,256**
DEFICIT NOTES										
TOTAL Deficit Notes				**1,477,766**		1,471,075	1,493,525	1,520,625	1,547,325	1,568,628

Expenditure Projections

	FY2013 Actuals	FY2014 Actuals	FY2015 Actuals	FY2016 Pro-Forma Recap	Projection Percent	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
STATE ASSESSMENTS										
Air Pollution	15,059	15,400	15,369	15,769	1.50%	16,163	16,405	16,652	16,901	17,155
RMV Non-Renewal Surcharge			362,960	362,960	1.00%	362,960	366,590	370,255	373,958	377,698
Regional Transit	643,778	653,518	731,952	729,681	1.00%	913,191	922,323	931,546	940,862	950,270
Special Education	55,520	71,725	113,899	118,455	5.00%	118,455	124,378	130,597	137,126	143,983
School Choice Sending Tuition	316,421	277,001	360,107	372,271	NSS	444,484	444,484	444,484	444,484	444,484
Charter School Sending Tuition	14,471,199	15,874,515	17,988,844	19,662,322	NSS	20,388,905	21,142,337	21,923,611	22,733,755	23,573,837
TOTAL State Assessments	**15,501,977**	**16,892,159**	**19,573,131**	**21,261,458**		**22,244,158**	**23,016,517**	**23,817,145**	**24,647,087**	**25,507,426**
EMPLOYEE BENEFITS										
Unemployment Compensation	566	131,182	200,642	100,000	1.00%	101,000	102,010	103,030	104,060	105,101
Medicare	494,146	523,789	515,000	580,000	1.00%	585,800	591,658	597,575	603,550	609,586
Retirement	8,316,259	7,970,336	7,913,172	8,500,000	3.50%	8,797,500	9,105,413	9,424,102	9,753,946	10,095,334
Non Contributory Retirement	117,894	94,156	89,232	91,786	-1.00%	90,868	89,959	89,060	88,169	87,288
Group Insurance Commission	11,870,928	13,226,974	13,516,532	14,172,174	7.50%	15,235,087	16,377,719	17,606,047	18,926,501	20,345,989
Group Life Insurance	12,856	12,454	17,000	14,000	1.00%	14,140	14,281	14,424	14,568	14,714
Dental Insurance	416,349	524,996	577,676	592,732	7.50%	637,187	684,976	736,349	791,575	850,943
TOTAL Employee Benefits	**21,228,998**	**22,483,887**	**22,829,254**	**24,050,692**		**25,461,582**	**26,966,016**	**28,570,587**	**30,282,370**	**32,108,954**
RISK MANAGEMENT										
Fire Insurance	41,902	43,868	50,000	47,000	1.00%	47,470	47,945	48,424	48,908	49,397
Auto Insurance	123,126	153,401	191,068	217,090	15.00%	249,654	287,102	330,167	379,692	436,646
TOTAL Risk Management	**165,028**	**197,269**	**241,068**	**264,090**		**297,124**	**335,046**	**378,591**	**428,600**	**486,043**
OTHER AMOUNTS TO BE RAISED										
Deficits/Judgements/Tax title	168	0	1,124	260,000	0.00%	100,000	100,000	100,000	100,000	100,000
Cherry Sheet Offsets	225,614	226,139	272,752	152,307	1.00%	153,189	154,721	156,268	157,831	159,409
Abatements & Exemptions (Overlay)	500,612	500,000	700,000	622,499	4.00%	647,399	750,000	673,295	700,227	728,236
TOTAL Other Amounts Raised	**726,394**	**726,139**	**973,876**	**1,034,806**		**900,588**	**1,004,721**	**929,563**	**958,057**	**987,645**
FREE CASH EXPENDITURES										
Free Cash: Prior Year Costs				6,576,243						
Free Cash: Current Year Costs				0						
Free Cash Appropriated to Stabilization				0						
TOTAL Free Cash Appropriations				6,576,243		0	0	0	0	0
MISC./ OTHER FINANCING USES										
Intergovernmental				76,526	0.00%	76,526	76,526	76,526	76,526	101,526
Other Financing Uses				157,967	0.00%	250,000	250,000	250,000	250,000	250,000
TOTAL Misc./Other Financing Uses				234,493		326,526	326,526	326,526	326,526	351,526
TOTAL GENERAL FUND	**242,147,199**	**258,493,421**	**270,291,078**	**285,273,860**		**282,653,368**	**286,392,363**	**291,130,575**	**296,199,638**	**301,309,642**

Lawrence Financial Forecast: Users' Guide and Assumptions

March 2016

Edward J. Collins, Jr. Center for Public Management

McCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES

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FINANCIAL FORECAST: USERS' GUIDE AND ASSUMPTIONS

INTRODUCTION

The object of the City of Lawrence financial forecast is to conservatively project revenues and expenditures five years into the future (FY2017-FY2021). The forecast is intended to provide policymakers with the information they need to make informed decisions around the city's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations.

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

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

The model is structured as a series of Excel worksheets. Revenues are projected in detail in the "Revenues" worksheet and detailed expenditure projections are contained in an "Expenditures" worksheet. The totals from the detailed revenue and expenditure projections flow into a "Summary" worksheet which reveals projected future operating surpluses or deficits. More detailed sheets are available for more in-depth analysis of issues like new growth (Growth), net school spending requirements, Chapter 70 and the city's minimum local contribution (NSS), and local receipts (Receipts). An additional worksheet that estimates the impact of cost-of-living increases (COLA) in general government collective bargaining agreements flows directly to the City's bottom line and is shown in the Summary worksheet.

REVENUE PROJECTIONS

Tax Levy– Annual tax levy growth is constrained by Proposition 2 1/2, the Massachusetts General Law that limits the annual growth in a municipality's total tax levy to 2.5 percent, plus an allowance for certain new construction and other additions to the tax rolls.

The forecast projects new growth to be $1.3 million each year of the forecast. This is $300,000 above new growth revenue estimates used in prior budgets. (A specific proposal for how to utilize these additional funds to address unmet needs is contained in the Expenditure Projections section of this report.) Actual new growth is likely to average closer to $1.5 million over the next two to three fiscal years. This is based upon the average new levy growth experienced during the last two years (FY2015-FY2016) and reflects the strong growth in building permit activity that has taken place to date in calendar year 2015 as compared to calendar year 2013 and 2014. As of mid-December of 2015, 1,896 permits had been issued for a total value of $82.6 million. Comparatively, during 2013, 1,024 permits were issued with a total value of $44.4 million and in 2014 1,168 permits were issued with a total value of $51 million. When a large 2015 permit related to the tax exempt Lawrence General Hospital is removed, the net permit value in 2015 is $62.6 million. This supports a strong, yet conservative, conclusion that new growth in FY2017 (based on permits issued in 2015 and assessed as of January 1, 2016) will at least equal FY2016 levels. Going forward, city officials will need to monitor building permit activity regularly throughout calendar year 2016 to determine if building permit activity continues to follow the strong recent trend.

Also influencing the projected tax levy is the continued strong personal property growth in the city as well as the city's intention to distribute "Forms of List" to personal property owners for the first time during FY2017. Owners of personal property are required to file a return by March 1st that identifies and describes their personal property including the make and year of manufacture, as well as the purchase price so that local assessors can include these values in determining new growth and tax assessments for the upcoming fiscal year. However, it should be recognized that personal property growth can be volatile and should be monitored closely going forward.

The tax levy projections also factor in Tax Increment Financing (TIF) properties that will contribute to new growth during the forecast period. The TIF exemption is an exemption of a percentage of the increase in a parcel's value over its base value in the year before the exemption was granted. The exemption can last for up to twenty years, and the percentage of the increased value that will be exempt can be up to 100%. Both the duration of the exemption and the percentage of increased value that will be exempt are fixed by the municipal vote that adopts the TIF plan. Several of these TIF exemptions are reaching the end of the agreement period and will contribute to additional new levy growth going forward. For example, the Washington Mills property is expected to contribute about $5 million in new growth value as the valuation of this property becomes 100 percent taxable in FY2017.
In addition, Urban Redevelopment Excise properties (121A) will also be returning to the tax rolls. M.G.L. Chapter 121A exempts urban redevelopment corporations from real and personal property taxes and special assessments but imposes a Chapter 121A excise which is less onerous than taxation under M.G.L. Chapter 59 Assessment of Local Taxes. The rationale for Chapter 121A is to facilitate development of residential, commercial and industrial projects in areas with high tax rates or with less desirable locations. The developer would pay a reduced amount that could be easily calculated over the life of the

agreement (ranging from 15 to 40 years). The state collects this excise revenue from these property owners and remits the excise to the appropriate community. In FY2016, these properties contributed about $200,000 to Lawrence's certified new growth and additional 121A properties are scheduled to return to the tax rolls, generating about $200,000 in new growth in FY2020.

The forecast anticipates that the city's unused levy capacity will remain stable at the FY2016 level ($1.44 million) throughout the forecast period.

New growth is reported to the State each year on Form LA-13 which is typically submitted in late summer or early fall prior to setting a tax rate. Levy limit information is published each year by the Division of Local Services (https://dlsgateway.dor.state.ma.us/gateway/Login) and should be reviewed periodically in late summer and early fall as growth is certified.

State Aid Cherry Sheet

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

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

In Lawrence, nearly 90 percent, or $177.6 million of the city's $199.3 million total FY2016 cherry sheet aid, comes from Chapter 70 state school aid. Historically, Lawrence has been a so-called "foundation aid" community, with a formula goal to keep city education spending at a level that matches the foundation budget. In other words, Lawrence's net school spending requirement has been equal to the city's foundation budget. As a result, in simple terms, Lawrence's Chapter 70 aid has been a function of the growth in the city's foundation budget less the city's required local contribution. The city's required local contribution is increased annually based on the municipal revenue growth factor (MRGF) that estimates the annual growth in general municipal revenues that support school spending. The foundation budget takes into account the recent enrollment trends at the Lawrence Public Schools and also factors in inflation levels from the previous year. In the Governor's FY2017 budget proposal these two factors combined to change the city's status with regard to the Chapter 70 formula. First, the city's enrollment at Lawrence Public Schools has declined by close to 100 pupils and, second, the inflation rate applied to the FY2017 foundation budget was a negative .2 percent. Together, these factors caused the city's foundation budget to decrease slightly for FY2017. With no growth in the foundation budget, the city transitions from a foundation aid community to a minimum aid community. In his FY2017 budget proposal, the Governor has set minimum aid at $20 per pupil. For Lawrence, this lowers annual Chapter 70 aid increases considerably with only about $300,000 in new FY2017 aid compared to the $8.4 million increase the city received in FY2016.

The forecast incorporates the data from the Governor's FY2017 Chapter 70 proposal for Lawrence. To project Chapter 70 in subsequent years, the forecast anticipates growth in the foundation budget at 1 percent per year, a level considerably lower than the average annual historical change of 4.8 percent. This takes into account the recent negative inflation (about negative 0.2 percent) that will be applied to the FY2017 foundation budget calculations and the fact that enrollment at Lawrence Public Schools has leveled off.

Pupils attending charter schools that live in Lawrence are included in the city's foundation budget calculations and, as a result, charter school assessments for these pupils count toward meeting the city's spending requirement. Enrollment at charter schools is projected to continue to grow as two of the existing charter schools are adding a grade per year to move from serving grades Pre-K-4 to Pre-K-8. A third charter school currently has large enrollments in the lower grades with the intention of gradually expanding enrollment.

The city's total minimum contribution is expected to increase at 4.2 percent, reflective of the city's most recent municipal revenue growth factor and close to the 5.17 percent it has increased on average over the last four years. This assumes that the city will continue to be considered well below its target local effort based on its income and property wealth. In large part, this is reflective of historically low spending from local resources prior to the Education Reform Act of 1993. Consequently, Lawrence will have to increase its contribution by an additional 2 percent above the city's calculated municipal revenue growth factor.

Aid to Lawrence Public Schools is determined by the district's proportionate share of total foundation and minimum required contributions. The city's total foundation budget and minimum required contribution are then allocated between the Lawrence Public Schools and the Greater Lawrence Vocational district. The share of each allocated to Lawrence Public Schools has declined slightly in the Governor's FY2017 budget proposal and this is also a contributing factor to the decline in foundation for the Lawrence Public Schools in FY2017. As explained earlier, this changes the city's status in the formula and results in minimum aid of $20 per pupil in the Governor's FY2017 budget.

This projection assumes that the state will continue to fund Chapter 70 at the levels necessary to keep communities at their foundation budgets. It does not factor in any of the recent recommendations of the Foundation Budget Review Commission to substantially increase certain foundation budget calculations. If this occurs, this would substantially benefit the Lawrence Public Schools and the Chapter 70 figures included in this forecast will need to be re-examined.

While we have factored in the recommendations contained in the Governor's budget, it is recommended that city officials revisit the projection of Chapter 70 funding as the state budget process progresses this Spring. However, the Department of Elementary and Secondary Education (DESE) only publishes detailed Chapter 70 numbers for the Governor's budget and the final state budget on its school finance page under the Chapter 70 heading: http://www.doe.mass.edu/finance/chapter70/. In the Chapter 70 State Aid and Spending Requirement section, click on the FY2017 Chapter 70 link and then open the "Complete Formula Spreadsheet." In the index select "Lawrence" and then go the "regional allocation" tab. This will provide local officials with the information on the city's total foundation budget and minimum contributions, as well as the proportions to allocate to Lawrence Public Schools (LPS) and Greater Lawrence Vocational. When combined with cherry sheet data on charter tuition and reimbursement, school choice tuition and municipal costs to support schools, the appropriation amount necessary for Lawrence Public Schools to meet net school spending is calculated. Narrative associated with this spreadsheet will also provide city officials with information about whether additional funding has been added to the foundation budget based on the recommendations of the Foundation Budget Review Commission.

Unrestricted General Government Aid (UGGA) – UGGA is projected to grow at a rate of 4.3 percent consistent with the Governor's FY2017 budget proposal. Going forward, this account is projected to grow at 2.5 percent per year. In recent years, when new aid has been added to this account, it has been distributed based on the proportion of existing aid received by a community relative to the total amount of aid to all communities. For example, if a community's existing UGGA represents 2 percent of the total amount statewide, any new distribution to this community will be 2 percent of the amount added to the state total. Due to Lawrence's relatively low property values it has historically received a relatively large share of this aid. While Lawrence was hit hard by the earlier cuts rendered on a percentage basis, as aid has been restored, the city has benefited by the approach used to add the aid back based on existing proportions of UGGA aid.

To keep UGGA and the other cherry sheet accounts below up to date, city officials will need to monitor the local aid estimates published by the Division of Local Services at each juncture of the state budget process: http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/cherry-sheets/. The first of these estimates will come after the release of the Governor's FY2017 budget in late January of 2016 followed by the House Ways and Means Committee budget in mid-April, the final House budget in late April, the Senate Ways and Means budget in mid-May and final Senate budget in late May. The Conference Committee's budget, which resolves differences in the two legislative versions of the budget, is typically issued in late June. Final cherry sheets reflect any vetoes by the Governor and/or any legislative overrides of these vetoes.

Charter Tuition Reimbursement – Charter school tuition reimbursement is the city's third largest cherry sheet aid account. Aid to Lawrence from this account is a function of the city's total charter tuition assessment and the state funding of this account. Funding for the charter reimbursement has been controversial and levels have fluctuated over the last four years. As a consequence, the forecast includes a projection that this reimbursement will increase to about $3.2 million for FY2017 based on the Governor's budget. The Governor proposes both new funding ($20 million) and a new reimbursement formula in his budget that impacts the FY2017 reimbursement for Lawrence. For FY2018 and beyond, the charter reimbursement has been forecast to decline 10 percent per year, reflecting the rapid declined in the reimbursement after the first year of increased charter tuition, as well as the political volatility regarding funding levels for this account.

Other Local Aid accounts – These accounts consist primarily of reimbursements for veterans' benefits, certain local property exemptions, and state-owned land. The forecast has factored in the Governor's budget estimates for these local aid accounts and then level funded these minor accounts over the next five years. Aid to Public Libraries is considered a cherry sheet offset and may be spent without an appropriation by the city's libraries. This account has no real impact on the forecast since it is also raised on the expenditure side, essentially pulling it out of the general revenue mix for direct use by the library without appropriation.

MSBA Reimbursement – This revenue reflects the state's share of school construction costs from the old reimbursement program. This revenue has been level funded through the forecast period, though this payment ends after FY2021.

Local Estimated Receipts – Local estimated receipts are locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. Annual estimates of local receipts are shown on the tax rate recapitulation sheet. In total, the city's budget expectation for estimated receipt revenues have changed little from FY2011 to FY2016. In fact, these budgets decreased by an average of 1.44 percent per year during this period. However, actual receipts grew by a moderate 3.19 percent per year from FY2011 to FY2015 and actual receipts have exceeded budget estimates by an average of $1.855 million for the most recent three years (FY2013 to FY2015). In contrast, in the two years before FY2013, actuals only exceeded estimates by an average of $313,224.

A direct correlation exists between the performance of these receipts and the city's free cash certifications. As recently as the period from FY2006 through FY2010, the city had no available free cash at all, including the early years of this period where the city's free cash was significantly in deficit. Given the importance of local estimated receipts in building positive free cash balances, the forecast has projected local receipts conservatively for all five projection years. For example, modest growth is projected in motor vehicle, meals and rooms excises, as well as license and permit revenue. The projection also takes into account the fact that the city's revenue from Urban Redevelopment Excise is declining based on properties returning to the tax rolls.

Going forward, city officials will need to closely monitor actual receipts as compared to budget estimates for all categories based on information from the Comptroller's records.

Available Funds/Other Financing Sources – In prior years, the city has appropriated free cash after the tax rate was set such that these appropriations are reflected on the following year's tax recapitulation sheet. For example, appearing on the FY2016 tax rate is $6,576,243 in free cash appropriated for FY2015 costs. For the most part, these appropriations were for capital items, a litigation reserve, and the snow and ice deficit that arose after the difficult winter in FY2015. As a best practice, the forecast includes no routine future use of available funds for the city's operating budget. However, given that the snow and ice account is traditionally underfunded, future appropriations from free cash to offset these expenses may be necessary in future years.

The inter-fund transfers from the enterprise funds to the general fund are recognized as other financing sources in the general fund in these projections. For tax rate setting purposes, it is important to remember that this revenue should not be double counted by reporting it in the general fund, but rather it should be reported only as revenue of the enterprises.

Enterprise Funds – For forecasting revenues and expenditures for the water/sewer enterprise fund we assumed that rates would be unchanged for the forecast years. We assume that future debt service for capital needs will be offset by appropriations from the enterprise's substantial retained earnings ($17 million on 7/1/2015). We forecast both revenues and expenditures to remain the same and have increased the payments from the enterprise funds to the general fund for indirect costs by 5 percent per year to reflect rising forecast health insurance and pensions costs.

Expenditure Projections

<u>Municipal Departments</u> – In the forecast, departments have been grouped by major categories consistent with city and state expenditure reporting. These categories include General Government, Public Safety, Education, Public Works, Human Services and Culture and Recreation. Personal services and expenses have been broken out separately.

Personal service expenses have been level funded as collective bargaining contracts are not yet settled. However, in the COLA worksheet, estimates can be generated based on various settlement scenarios. Also included is the estimated salaries of employees that are funded by grants in the public safety and community development areas. These estimates of grant salaries should be periodically assessed to determine if they are still reasonable. Note that the COLA estimates do not include the impact of salary increases for enterprise fund employees or school employees. The rationale for this is that any negotiated increases to enterprise fund employees will be accommodated within existing enterprise fund revenues. In a similar manner, school salary increases will be provided for within the required city appropriation to meet net school spending and will not impact general city finances.

Expenses have been projected to increase by 1 percent per year, reflective of recent relatively low inflation rates.

<u>Education</u> – To determine spending at Lawrence Public Schools, the school committee appropriation needed to meet state net school spending requirements is first calculated. As stated in the revenue assumptions, this is accomplished by projecting future foundation budgets and the minimum local contributions from the city. Working from the resulting estimated net school spending requirement, the projected FY2017 charter and choice assessments ($17.6 million net of the estimated charter reimbursement) is subtracted as well as the forecasted municipal expenditures that support the schools ($4.18 million). The remaining amount is the appropriation necessary to meet net school spending (See chart below for summary).

Projected FY2017 School Committee Appropriation	
LPS Foundation budget	$185,788,082
LPS Minimum Contribution	$8,809,108
LPS Chapter 70 aid	$177,930,156
Required Net School Spending	**$186,739,264**
Less Indirect Costs:	
Net Charter/Choice Assesments	-$17,589,940
Municipal Costs	-$4,182,000
School Committee Appropriation to meet Net School Spending	**$164,967,323**

Other appropriations in the education category include transportation expenses and adult education, neither of which constitutes a net school spending eligible expense. In the forecast, transportation costs have been projected to increase by 7.5 percent per year each year based on the fact that the city's transportation contract expires at the end of this fiscal year and a new contract will likely be more expensive. There is little competition for busing services in the area and the current contractor is having difficulty retaining drivers. To stem this trend, the contractor is planning on increasing drivers' pay by as much as 15 to 20 percent going forward. Adult education is forecast to grow a modest 1 percent per year.

Finally, the education category includes the city's assessment to the Greater Lawrence Vocational School. These assessments have grown rapidly in recent years and based on this recent historical growth they have been forecast to increase by 10 percent and 7.5 percent, respectively, over the forecast period. Expenses for Essex Tech are included in the Lawrence Public School appropriation.

Debt Service/Capital Plan – Debt service has been projected based on the city's existing general purpose debt. It does not include any debt related to the enterprise funds as this debt is financed with enterprise fund revenues and does not impact the general fund. Debt service includes the impact of the advanced refunding of city general obligation debt expected in late December of 2015. The advanced refunding is essentially the refinancing of existing debt to take advantage of lower interest rates and generate budget savings on a present value basis. With the proceeds from the refinancing, the old issue is paid off and a new debt schedule arises on the new loan terms.

City payments on the deficit notes outstanding are shown separately and are based on the pro-forma schedule prepared by the city's financial advisors. Though it is normally illegal to borrow for operating purposes, special legislation authorized the city to borrow for operating purposes to stabilize its finances. The borrowing is done as a series of notes rather than a long-term issuance and the city has up to 20 years to pay off all of the deficit borrowing.

In addition to acknowledging existing debt for which the city is responsible, the five year forecast offers alternatives on how to fund additional capital projects over the next five years. This is particularly important as the city is in the process of developing a comprehensive five year capital plan for FY2017-FY2021.

The first approach to create a funding source for debt-funded capital projects is derived by maintaining new debt at a fixed percentage of prior year general revenue. For example, in FY2016, net debt service (gross debt service less MSBA aid funded debt and deficit borrowing) was slightly more than 6 percent of prior year net operating revenues. Net operating revenues are defined as total revenue from the tax levy, all general state aid (excluding earmarked school and library aid) and local receipts. Going forward, it is assumed that net debt service will be maintained at this relative 6.35 percent share. This methodology ensures that the city is maintaining the level of investment it currently makes into the future as revenue grows.

A second approach earmarks additional funding for capital investment from the city's projected new levy growth. This method recognizes the growth occurring in the city and captures a portion of this revenue to re-invest. This gives the city flexibility to make direct payment for capital projects, instead of borrowing. Where feasible, pay as you go funding is less expensive since interest costs are not incurred.

In the financial forecast, $300,000 has been allocated for either pay as you go projects or additional debt service for capital purchases, compounding annually (e.g., $300,000 in FY2017, $600,000 in FY2018, $900,000 in FY2019, etc.) until total capital investment from both approaches reaches 7.5 percent of prior year net revenue. This capital is funded entirely by estimated new growth in the future forecast years.

State Assessments – By far, the most significant of these assessments is the city's assessment for charter school tuition. This assessment is estimated to be $19.6 million in FY2016, or more than 92 percent of the city's total state assessments. Enrollment at city charter schools is projected to continue to grow as two schools are expected to add a grade per year for each of the next few years. In addition, a third school is accepting larger classes in the lower grades with the intention of gradually becoming a larger school. Therefore, the forecast incorporates the Governor's FY2017 budget proposal and projects that charter tuitions will continue to increase rise at the same rate of growth as in FY2017 (3.7 percent) for each year of the forecast.

School choice tuition has been fairly low in the city in recent years, though it increases in FY2017 to $444,484 from an estimated $372,271 in FY2016. This tuition assessment is level funded in subsequent years.

Other state assessments include Registry of Motor Vehicles surcharges, air pollution control, SPED assessments for students in state hospital schools, and regional transit assessments. With the exception of SPED assessments that have been projected to increase 5 percent per year, these costs have been forecast to change only slightly (1 or 1.5 percent) over the forecast period.

Similar to the cherry sheet state aid accounts, city officials should monitor the state's release of local aid estimates as the state budget process unfolds beginning in late January of 2016 when the Governor releases his 2017 budget proposal.

Employee Benefits

Pension costs - City pension costs are projected based on the estimated appropriations issued by the Public Employee Retirement Administration Commission (PERAC). The city's payments require a 3.42 percent increasing funding schedule over the projection years to reach full funding by 2038. The city is due for a new actuarial study as of January 2016 so these numbers will likely change when this is done.

The city budgets the school's share of retirement costs for non-teachers in the school budget and pension costs are also allocated to each enterprise fund. The city's share of the total assessment is about 91 percent, with the Greater Lawrence Vocational School District, the Lawrence Housing Authority, and the regional transit system contributing the remaining 9 percent. When school and enterprise fund pension costs are removed, the city appropriates slightly more than half of the city's share of the assessment. The forecast assumes that these percentages remain stable over the forecast period and have forecast pension costs to increase by 3.5 percent per year consistent with the PERAC funding schedule.

Health Insurance – The city receives its health insurance through the state's Group Insurance Commission (GIC). The GIC offers insurance to over 400,000 subscribers and has been relatively successful at keeping health costs low through increasing employee co-payments and deductibles.

Similar to pension costs, the city also budgets health insurance directly in the school budget and the enterprise fund budgets. Consequently, the city's budget for health insurance only reflects costs for general fund municipal employees. Between FY2013 and FY2016, health insurance has increased by close to 20 percent. Consistent with historical growth, health insurance costs have been forecast to increase by 7.5 percent each year.

Medicare – Medicare has been forecast to increase at 1 percent per year. This reflects the impact of a stable workforce with modest increases in salaries from sources (e.g., longevity) other than cost of living adjustments.

Unemployment – Unemployment is forecast to increase 1 percent as well.

Non-contributory Retirement – Non-contributory retirement is forecast to decrease by 1 percent per year reflective of the downward trend in these costs in recent years.

Dental and Life Insurance – Dental insurance costs have been growing rapidly in recent years, increasing by more than 10 percent per year. Dental insurance costs have been projected to increase by 7.5 percent per year through the forecast period. Life insurance is a very minor cost and this cost has been fairly stable. It has been projected to increase by 1 percent per year.

Employee benefits have a significant impact on city finances and should be monitored on an ongoing basis. In particular, the health insurance projections should be reviewed when the GIC issues its new rates for FY2017, typically in March. Pension costs should also be reviewed when the city's new actuarial study is complete for January 1, 2016.

Risk Management – Fire insurance has been stable over recent years and is projected to grow by only 1 percent. Auto insurance is a more significant and faster growing cost, with average annual increases over 20 percent. For the forecast period, auto insurance has been projected to increase by 15 percent per year.

Other Amounts Raised – Other amounts raised include the annual allowance for abatements and exemptions (overlay) and cherry sheet offsets. The overlay has been projected to increase by 4 percent per year, moving in tandem with the growth in the tax levy. The forecast increases the overlay to $750,000 in FY2018 when the city will undergo state certification of its property values.

Cherry sheet offsets consist of Public Library aid in the amount of $153,307. This has been forecast to grow at 1 percent per year. As an offset, however, this increase has no impact on the budget as these receipts are earmarked for library spending without appropriation. As such, any growth in this revenue is offset on the expenditure side of the forecast to essentially remove this aid from the city's general revenues.

Amounts raised for tax title purposes have been forecast forward at the $100,000 level to support a more aggressive collection effort.

Free Cash/Miscellaneous/Other Financing Uses - As a best practice, the forecast includes no routine free cash expenditures.

Included in this category as well are two miscellaneous expenses; an intergovernmental assessment ($76,526) to the Merrimack Valley Planning Commission and a payback to the pension system for cost of living increases. The debt to the pension system for prior cost of living increases for non-contributory retirees is substantial ($1.9 million) and the repayment schedule stretches into FY2034 with payments increasing at five year intervals. Other than a $25,000 increase in the pension payback amount scheduled for FY2021, expenses have been forecast to continue at the same amounts. Annual amounts for the payback increase to as much as $150,000 in the last several years of the schedule however.

PROCESS FOR UPDATING FORECAST MODEL FOR NEXT YEAR

The process for updating the forecasting spreadsheet to reflect a new base year is fairly straightforward, but it must be done systematically and with care to update formulas as necessary. Consequently, it is strongly recommended that users save a separate back-up file of the spreadsheet before any changes are saved in the spreadsheet they are updating. Generally, the updating of the spreadsheet should occur at the very end of the current fiscal year or early in the next fiscal year, after the city's budget for next year has been adopted by the city council and final cherry sheets are issued. This also coincides with when the city prepares a pro-forma recap for submission to the Division of Local Services. As such, the city should use the revenue estimates from the pro-forma recap to populate the revenue side of the model as the new base year. The city's budget for the upcoming year should be used as the new base year data on the expenditure side and the previous year's budget data updated to reflect actual spending as this becomes available after the city's books are closed.

The forecasting spreadsheets consist of the following worksheets: Revenues, Expenditures, Summary, Growth, Net School Spending (NSS), Receipts, Debt (percentage calculations), and Cost-of-Living adjustments (COLAs). In general, these sheets should be updated by inserting a new column to the left of the "Projection Percent" column. After this is completed, cell references in the first forecast year should be updated. Specific processes for each sheet are described below.

<u>Revenues</u> – Add a column to the left of the Projection Percent column that is shaded in yellow. This will be the column where the new budget data will be entered which at first will be based on the city's pro-forma recap submission. Next, the formulas in the first projection year will need to be updated to reference the new column where the budget data will be input. Formulas in subsequent years of the forecast should update, but care should be taken to make sure that they are working as expected. Finally, the fiscal year labels for the projection years will have to be updated (for example, as FY2017 becomes the base year of the forecast, FY2018 will become the first forecast year). A new column is then added at the far right for a fifth forecast year and formulas can be copied as appropriate from the adjacent, prior year column.

<u>Expenditures</u> – Similar to the Revenue worksheet update, a new column must be added to the left of the Projection Percent column for entering the new budget approved by city council. Cell references in the first projection year will need to be updated so that they refer to the appropriate cells in the new column with the budget data. Labels on the column headings of the projection years will also need to be updated and a column added at the far right so that the model continues to be a five year forecast. Formulas can be copied into this column from the adjacent column to the left.

<u>Summary</u> – In the Summary worksheet, cell references should be updated to reflect the new base year (e.g., FY2017 rather than FY2016) and a new column (with formulas) added to the right for a fifth forecast year.

<u>Receipts</u> – In the local receipts detail sheet, it is likely that two columns need to be added to the left of the columns that measure average percent change. One of the columns is for the FY2016 actual receipts when they are available and the other is for the FY2017 budget estimates. The two percent change columns then need to be updated so that the historical averages include the new data added. Next, cell references should be updated in the first forecast year to reference the new budget data entered for FY2017. Column headings for forecast years should be updated to reflect new fiscal years and a column should be added to the far right for an additional forecast year. Formulas for subsequent forecast years should be checked to be sure they are working properly as well.

NSS – To update the NSS sheet, add a column to the left of the average percent change column in the spreadsheet. In late June or early July, the Department of Elementary and Secondary Education (DESE) releases the final net school spending, minimum local contributions and Chapter 70 aid figures, so these numbers should be available when the city prepares its pro-forma recap for DLS**.** The average percent change formulas will need to be updated to include the new year of historical data and cell references in the first forecast year should now refer to the data in the new column with the most recent actual data. The charter and choice historical data will need to be re-arranged slightly with the "cut and paste" functions so that it isn't separated by a blank column (due to the column added above).

Growth – The new growth sheet provides a ten year history of prior certified new levy growth for the city. Updating this sheet merely requires replacing forecasted growth with actual certified growth as this occurs each year.

ABOUT THE CENTER

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

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