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**Northborough Appropriations Committee**

**Report**

**Northborough Annual Town Meeting**

**April 25, 2011**

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## Northborough Appropriations Committee Report Annual Town Meeting - April 25, 2011

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**T**he Northborough Appropriations Committee consists of six (6) members appointed by the Town Moderator for three-year terms.

The role of the Appropriations Committee, by statute and charter, is that of advisory to Town Meeting. All articles in the Town Meeting Warrant involving the appropriation or expenditure of money must be considered by the Appropriations Committee. It must recommend approval or disapproval of same, in whole or in part. Immediately after the presentation of such article at Town Meeting, the Committee must report to the Meeting its recommendation of approval or disapproval of such appropriation or expenditure, together with the reasons therefore.

Please keep in mind that projected tax impact numbers referenced within the report are estimates only and are made independent of any market adjustments to individual property values that the Board of Assessors may make for FY 2012. Any such market adjustments would modify the estimated tax impact on individual properties. The actual Tax Rate will be set by the State Department of Revenue in the fall of 2011 using FY 2012 Assessed Valuation for Properties.

As required by the Charter and Municipal Code and Bylaw of the Town of Northborough, we have made our recommendations to you on each money article based on the information available to us at the time of our deliberation and may be modified or changed on Town Meeting floor if

additional information is forthcoming. Town Meeting is the Legislative Body of the Town of Northborough; and the final

decision of approval or disapproval of each warrant article is ultimately up to you, the voters.

The Town of Northborough through the efforts of our Town Administrator and his outstanding financial team has been awarded the prestigious Distinguished Budget Presentation Award for its annual budget for the Fiscal Year beginning July 1, 2010. The award is given by the Government Finance Officers Association to budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and a communications device. Please access the Fiscal Year 2011-2012 Budget Document on the Town Website at <http://www.town.northborough.ma.us> to see for yourself what a marvelous tool we have to work with. It answers all questions about how your tax dollars are being expended. The information is easily located, and it is a true representation of our community's values, priorities and goals.

As indicated in last year's report, it has been and continues to be the intent of this committee to decrease the use of free cash to fund operating expenses and to move to a sounder financial policy of appropriating free cash to the Stabilization Fund Reserves and to fund one-time expenses, i.e., capital projects, to avoid incurring additional debt. In November, 2010, the Board of Selectmen adopted a new Free Cash Policy which has the unanimous support of both the

Appropriations Committee and the Financial Planning Committee. In keeping with this new policy, the FY2012 budget allocates \$804,000 of free cash toward one-time, non-recurring, capital expenditures and uses \$500,000 to off-set the operating budget. Additional details regarding this Free Cash Policy and Available Funds (including Free Cash) are available in the budget document on the Town's Website in Appendix A and Section 1-8 respectively.

The budget also reflects an anticipated reduction in State Aid funds. The exact number is not known at this time and will probably not be known until well after this Town Meeting adjourns; therefore, this budget assumes a 5% reduction in Chapter 70 aid from the level in the Governor's House 1 Budget. In total, State Aid is estimated to decrease by 5.83% to \$4.30 million, or \$266,725 below the FY2011 actual of \$4.57 million. As has been our practice, it is best to project these anticipated funds on a conservative basis.

The FY2012 budget is a balanced budget as required by statute; and has evolved through due diligence on the part of the Town Administrator, the Financial Team and Department Heads to reduce expenditures and to identify cost savings wherever possible while at the same time protecting core departmental services and missions and minimizing negative impacts on employees.

Northborough is in "good shape" when compared to the deficit problems some communities are facing in preparing their respective budgets. This is due in great measure to the efforts of working in a collegial manner with all departments – municipal and school – to affect a budget that falls within the

confines of Proposition 2 1/2; and to all of them, we say a very sincere "thank you."

As always, if you have any questions on our recommendations as a committee or on our votes as individuals, we will be pleased to answer any direct questions posed to us either collectively or individually during debate of a specific article.

Respectfully submitted,

Northborough Appropriations Committee:

- Elaine L. Kelly, Chair, (2012)
- Richard Nieber, Vice-Chair (2013)
- Robert D'Amico (2013)
- Janice Hight (2011)
- Dan McInnis (2012)
- Anthony Poteete (2011)

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
4	Municipal Budget <div style="text-align: right;">\$16,367,701</div> Less transfer... <u>892,079</u> Raised by taxation..... <div style="text-align: right;">\$15,475,622</div>	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Budget increase of \$635,765 or 3.99%</li> <li>• Budget falls within confines of Proposition 2½</li> <li>• Please refer to Page 20 of Annual Town Meeting Warrant for <i>Calculation of Net Total Town Budget and Calculation of Town Appropriation</i></li> <li>• Department budgets are flat; core services have been preserved and are sustainable.</li> </ul>
5	Water, Sewer & Solid Waste Funds <div style="text-align: right;">\$3,901,375</div>	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Operates as an Enterprise Account</li> <li>• User fees finance these operations</li> <li>• Property Tax not impacted with Water &amp; Sewer</li> </ul>
6	Water Fund Free Cash <div style="text-align: right;">\$61,000</div>	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To offset a FY2011 Water Enterprise Fund appropriation deficit</li> <li>• Funds to come out of Water Enterprise Fund Balance with no impact to taxes</li> <li>• Funds expended for leak detection and repair using in-house personnel and equipment                             <ul style="list-style-type: none"> <li>○ MWRA agreement requires this be done every two (2) years -- Town was in non-compliance</li> <li>○ Ten (10) leaks were detected totaling 55 gallons per minute (approximately 30 million gallons of water per year – close to 10% of Town's 300 million gallons usage per year)</li> <li>○ Appropriate process was followed and approved by DOR</li> </ul> </li> <li>• FY2012 Water Enterprise Fund Budget contains contingency line item for unforeseen emergency situations; i.e., pipe breaks, etc.</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
7	Northborough Public Schools \$18,702,867	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Budget increase of \$717,301 or 3.99%</li> <li>• Within confines of Proposition 2 1/2</li> <li>• The Appropriations Committee appreciates the efforts of the Northborough School Committee and the Superintendent of Schools in working in a cooperative and collegial manner with the Northborough Town Administrator and Appropriations to insure the continued delivery of excellent educational services to our students within the guidelines of the community's budget objectives.</li> </ul>
8	Northborough/Southborough Regional School District Assessment (Algonquin) \$ 9,085,345	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Budget and debt assessment increase of \$257,394 or 2.92%</li> <li>• Within confines of Proposition 2 1/2</li> <li>• Northborough's assessment for the N/S Regional budget is and represents: <ul style="list-style-type: none"> <li>Operational Budget Assessment: \$7,838,747</li> <li><u>Algonquin Debt Exclusion:</u> \$1,267,629</li> <li style="text-align: right;">\$9,106,376</li> <li>Less Minimum Contribution</li> <li style="text-align: right;"><u>Adjustment*</u> \$ 21,032</li> <li><u>Adjusted Total Assessment:</u> \$9,085,345</li> </ul> </li> </ul> <p>*Shift in minimum contribution required from the two Towns in June 2010 – Northborough &amp; Southborough – resulting in a difference of \$21,032. It was agreed not to change the FY2011 assessments but to recommend the adjustment for FY2012.</p>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
9	Assabet Valley Regional Vocational School District Assessment  \$517,488	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>Budget assessment represents decrease of \$163,348 or -23.99%</li> <li>Reflects a decrease in Northborough student enrollment from 53 to 41 (-22.6%)</li> </ul>
10	Authorization for Library Board of Trustees to Accept and Spend Grants	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>No appropriation or expenditure of town funds</li> <li>Allows Trustees to accept funds available from outside sources</li> <li>Must be voted on each year – housekeeping article</li> </ul>
11	Authorization for Board of Selectmen/Town to Apply for Grant Funds through Federal and/or State Agencies and to expend those funds	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>No appropriation or expenditure of town funds</li> <li>Allows application by Town for available federal and/or state grants</li> <li>Must be voted on each year – housekeeping article</li> </ul>
12	Combine Articles 13-18 for Reauthorization of Revolving Accounts	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>Revolving accounts must be reauthorized annually pursuant to provisions of Massachusetts General Laws, Chapter 44, Section 53E½ - housekeeping article</li> </ul>
13-18	Revolving Accounts Authorized under Article 12	<b>Unanimous Approval Under Article 12</b>		<ul style="list-style-type: none"> <li>All Revolving Accounts authorized under vote on Article 12 for Northborough Fire Department; Northborough Police Department; Dog Officer; Community Affairs Committee; Family &amp; Youth Services; Council on Aging</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
19	Reserve Fund  \$150,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Provides Town and K-8 Schools operations with an option for funding of extraordinary or unforeseen expenditures during the year</li> <li>• Authorized by state statute</li> <li>• Transfers from this account require Appropriations Committee approval</li> <li>• Beginning in FY2012 funds for this account will be appropriated from Free Cash</li> <li>• No impact on tax rate</li> <li>• This appropriation is made under the Town’s new Free Cash Policy adopted by the BOS in November 2010 with unanimous support of both the Appropriations Committee and the Financial Planning Committee*</li> </ul> <p><i>*Please reference Section 9-1, Capital Improvement Program and Page 2, Appendix A, in the Proposed Budget &amp; Capital Improvement Plan Document located on the Town’s Website for detailed information on the Town’s new Free Cash Policy.</i></p>
20	Fire Department ambulance purchase (CIP)  \$230,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• Replaces 2004 back-up ambulance which will have reached the end of its useful life in 2012</li> <li>• Funding Source: EMS Revolving Fund Fees</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 31</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
21	Fire Department pick-up truck purchase (CIP) \$60,000	Yes -- Unanimous	Approval	<ul style="list-style-type: none"> <li>▪ Replaces 2005, ¾-ton, four-wheel-drive pick-up truck</li> <li>▪ Funding Source: Free Cash</li> <li>▪ No impact on tax rate</li> <li>▪ Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 31</li> </ul>
22	Police Department purchase of public safety dispatch center telephone system (CIP) \$35,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To replace existing 1989 telephone system for the Town's public safety dispatch center</li> <li>• Funding Source: Free Cash</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 31</li> </ul>
23	DPW – Highway Division purchase of highway garage truck lift (CIP) \$60,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To replace existing truck lift in the highway garage which is original to the building and no longer operational</li> <li>• Without the truck lift, cost-effective in-house repairs to vehicles are not possible</li> <li>• Funding Source: Free Cash</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 31</li> </ul>
24	DPW – Highway Division purchase of one-ton pick-up truck with plow (CIP) \$ 39,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To replace a 1999 Ford F 350 one-ton dump truck which has exceeded its useful life of 10-12 years</li> <li>• Funding Source: Free Cash</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 32</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
25	DPW – Highway Division purchase of street sweeper \$164,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To replace existing 1999 Elgin Pelican sweeper which has a useful life of 10-12 years</li> <li>• Funding Source: Free Cash</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 32</li> </ul>
26	DPW – Highway Division purchase of one-ton dump truck with plow (CIP) \$ 71,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To replace existing 1999 Ford F 350 one-ton dump truck with same model truck</li> <li>• The one-ton dump truck is the most utilized piece of equipment in the fleet and existing vehicle has reached/exceeded its useful life of 10-12 years</li> <li>• Funding Source: Free Cash</li> <li>• No impact on tax rate</li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 32</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment						
27	Northborough School Department for roof repairs at the Peaslee School (CIP) <span style="float: right;">\$ 525,000</span>	Yes – Unanimous	<b>Approval</b>	<ul style="list-style-type: none"> <li>• To repair rubber membrane on all flat roofs at Peaslee</li> <li>• Peaked metal roof was replaced in 2005</li> <li>• Existing flat roof (installed in 1985) has exceeded its expected life span of 20 years and is deteriorating rapidly resulting in leaks during heavy rain or snow</li> <li>• This is a safety issue</li> <li>• Recommended replacement roof has a 35-year life expectancy and will protect the integrity of the infrastructure</li> <li>• It is neither cost effective nor feasible to postpone this roof replacement until 2016 when an addition/renovation project will be put forth for consideration</li> <li>• Funding Sources:                             <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">Free Cash:</td> <td style="text-align: right;">\$375,000</td> </tr> <tr> <td>General Obligation Bonds:</td> <td style="text-align: right;"><u>\$150,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$525,000</u></td> </tr> </table> </li> <li>• Concur With Financial Planning recommendation, 2011 Annual Town Meeting Warrant, Page 33</li> </ul>	Free Cash:	\$375,000	General Obligation Bonds:	<u>\$150,000</u>	Total	<u>\$525,000</u>
Free Cash:	\$375,000									
General Obligation Bonds:	<u>\$150,000</u>									
Total	<u>\$525,000</u>									

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
28	Northborough School Department "Green Project" (CIP)  \$1,200,000	Deferred	TBD	<ul style="list-style-type: none"> <li>▪ Boiler &amp; Window Replacement at Melican Middle School</li> <li>▪ "Green Project" would replace aging boiler and windows to improve energy efficiency and reduce operating costs.</li> <li>▪ Funding Sources: MSBA Reimbursement = 48.68% (MSBA Green Repair Program)</li> </ul> <p>Mitigation Funds from Avalon Bay Project (<i>one-time funds</i>)</p> <ul style="list-style-type: none"> <li>▪ No impact on Tax Rate</li> </ul> <p><i>Note: Appropriations is in favor of this project as initially presented; however, certain questions have arisen since our initial discussion and we are awaiting further information before making a recommendation.</i></p>
29	Northborough School Department Feasibility Study (CIP)  \$ 500,000	Deferred	TBD	<ul style="list-style-type: none"> <li>• Before a reimbursement-eligible, comprehensive school renovation/addition project can be executed, MSBA (Massachusetts Building Authority) requires a feasibility study be done; however, permission must be granted to the School District by MSBA to proceed with the feasibility study. To this date, this permission has not been received.</li> <li>• If permission is not received by the time this Article comes to the floor at Town Meeting, it will be necessary to pass over this Article.</li> </ul>
30	Establishment of Trust Fund to Cover Unfunded Actuarial Liability for Retirees' Health Care and Life Insurance Benefits	Yes – Unanimous	Approval	<ul style="list-style-type: none"> <li>• To provide for the establishment of a special trust fund for any appropriations made to cover the unfunded actuarial liability of health care and other post-employment benefits for Town and K-8 School retirees.</li> <li>• Approval does not bind the Town to anything; it simply provides a mechanism to start putting funds away should we choose to do so in the future.</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
31 - 35	NO APPROPRIATION OR EXPENDITURE OF MONEY REQUIRED – NO ACTION REQUIRED BY APPROPRIATIONS COMMITTEE			
36	Community Preservation Fund revenues to Northborough Affordable Housing Corporation for Redevelopment of Former Senior Center for Affordable Housing Purposes  <div style="text-align: right;">\$52,000</div>	Yes - Unanimous	Approval	<ul style="list-style-type: none"> <li>• Approval Recommended subject to a satisfactory written agreement between the NAHC and the Town of Northborough</li> <li>• Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li> </ul>
37	Community Preservation Fund revenues to Northborough Department of Public Works for Church Street Bridge Design and Stone Wall Repair Evaluation  <div style="text-align: right;">\$50,000</div>	Yes - Unanimous	Approval	<ul style="list-style-type: none"> <li>• Of historical significance to Town</li> <li>• Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li> </ul>
38	Community Preservation Fund Revenues to Community Preservation Historic Resources Reserve for Future Historical Property Preservation or Acquisitions  <div style="text-align: right;">\$52,000</div>	Yes - Unanimous	Approval	<ul style="list-style-type: none"> <li>▪ Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
39	Community Preservation Fund revenues to Northborough Historical Commission for purchase of signage to identify the John Brigham Mill Site on Whitney Street  \$ 1,500	Yes - Unanimous	Approval	<ul style="list-style-type: none"> <li>▪ Of historical significance to Town</li> <li>▪ Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li> </ul>
40	Vote to appropriate from Community Preservation Fund revenues.....\$250,000 Vote to appropriate from Community Preservation Open Space Reserve.....\$557,000 Vote to raise by borrowing .....\$500,000 under the Community Preservation Program Total.....\$1,307,000	Deferred	TBD	<ul style="list-style-type: none"> <li>• For the purpose of acquiring 55.6 +/- acres of land at 0 Green Street for open space preservation purposes</li> <li>• In addition to the requested \$1,307,000 in funding from the Community Preservation Program, this land acquisition requires further funding of \$200,000 from the Conservation Fund already approved by a vote of the Conservation Commission which results in a total land acquisition cost of <b>\$1,507,000</b>.</li> <li>• The cost for this land acquisition is to be borne through Community Preservation fund receipts from the CPA surcharge on the property tax combined with matching funds from the Commonwealth.</li> <li>• Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li> </ul>
41	Community Preservation Fund revenues to Community Open Space Reserve for purpose of future open space acquisitions  \$52,000	Deferred	TBD	<ul style="list-style-type: none"> <li>• Under the Community Preservation Act it is required that a minimum of 10% of annual CPA revenue be expended or reserved for Open Space.</li> <li>• This Article is to ensure compliance with CPA</li> <li>• If Article 40 is approved by Town Meeting, this article will be passed over.</li> </ul>

## Appropriations Committee Report -- Fiscal Year 2012

### Northborough Annual Town Meeting, April 25, 2011

Article	Purpose of Article	Vote	Recommendation	Comment
42	Community Preservation Fund revenues to Community Preservation Committee for expenses associated with the implementation of the CPA  \$24,000	Yes – Unanimous	Approval	<ul style="list-style-type: none"><li>• Within Scope of Community Preservation Act (See Q&amp;A, Page 20)</li></ul>
43-44	NO APPROPRIATION OR EXPENDITURE OF MONEY REQUIRED – NO ACTION REQUIRED BY APPROPRIATIONS COMMITTEE			

# **Appropriations Committee Report -- Fiscal Year 2012**

**Northborough Annual Town Meeting, April 25, 2011**

## **Selected Definitions**

**Excerpted from**

### **Association of Town Finance Committees Finance Committee Handbook**

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**Available Funds** - These are funds established through previous appropriations or results of favorable conditions. These may be appropriated to meet emergency or unforeseen expenses, large one-time or capital expenditures. Examples: Free Cash, Stabilization Fund, Overlay Surplus, Water Surplus, and enterprise retained earnings

**Enterprise Funds** - An accounting mechanism which allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy. With an enterprise fund, all costs of service delivery-direct, indirect, and capital costs-are identified. This allows the community to recover total service costs through user fees if it so chooses. Enterprise accounting also enables communities to reserve the "surplus" or retained earnings generated by the operation of the enterprise rather than closing it out at year end. **M.G.L Chapter 44: Section 53F1/2. Enterprise Funds** states services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

**Free Cash** - (Also Budgetary Fund Balance) Funds remaining from the operations of the previous fiscal year which are certified by DOR's Director of Accounts as available for appropriation. Remaining funds include unexpended free cash from the previous year, receipts in excess of estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount of remaining funds which can be certified as free cash. The calculation of free cash is made based on the balance sheet, which is submitted by the community's Auditor, Accountant, or Comptroller. Typically, a community will attempt to maintain a free cash balance of between 3 and 5 percent of its total budget as a hedge against unforeseen expenditures, to insure there will be an adequate reserve to prevent sharp fluctuations in the tax rate, and to prevent expensive short-term borrowing. (Maintenance of an adequate free cash level is not a luxury but a necessary component of sound local fiscal management. Credit rating agencies and other members of the financial community expect municipalities to maintain free cash reserves; judgments regarding a community's fiscal stability are made, in part, on the basis of free cash.) Also see Available Funds.

**Ratings** - Designations used by credit rating services to give relative indications of quality. Moody's ratings range from the highest Aaa down through Aa, A- 1, A, Baa- 1, Baa, Ba, B, Caa, Ca, C. Standard & Poor's ratings include: AAA, AA, A, BBB, BB, B, CCC, CC, C, DDD, DD, and D.  
*(Bond ratings are key indicators of a Town's financial strength and have a direct impact on the interest rates borne by the bonds.)*

# **Appropriations Committee Report -- Fiscal Year 2012**

## **Northborough Annual Town Meeting, April 25, 2011**

**Revolving Fund** - Allows a community to raise revenues from a specific service and use those revenues to support the service without appropriation. For departmental revolving funds, **M.G.L. Chapter 44: Section 53E1/2. Revolving funds** stipulates that each fund must be reauthorized each year at annual town meeting or by city council action, and that a limit on the total amount which may be spent from each fund must be established at that time. The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the town or city in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single department or board. Revolving funds for other programs as provided by statute are still allowed, and a departmental revolving fund may be implemented in addition to or in conjunction with other existing statutory revolving funds, provided that the departmental revolving fund does not conflict with provisions of other revolving funds.

**Stabilization Fund** - An account from which amounts may be appropriated for any lawful purpose. Prior to FY92, use of the Stabilization Fund was restricted to purposes for which towns and cities could legally borrow. Revisions to Chapter 40 s 5B removed this restriction and amounts from the Stabilization Fund can now be appropriated for any legal purpose. Towns may appropriate into this fund in any year an amount not to exceed ten percent of the prior year's tax levy or a larger amount with the approval of the Emergency Finance Board. The aggregate of the Stabilization Fund shall not exceed ten percent of the town's equalized value, and any interest shall be added to and become a part of the fund. A two-thirds vote of town meeting or city council is required to appropriate money from the Stabilization Fund.

\*Some definitions have been annotated in italics for purposes of clarity.

# Appropriations Committee Report -- Fiscal Year 2012

**Northborough Annual Town Meeting, April 25, 2011**

<b>Q&amp;A</b>				
Question	Answer			
What is the <u>estimated</u> projected tax rate impact of the FY 2012 Budget?*	<b>2012 Budget</b> <ul style="list-style-type: none"> <li>• Town</li> <li>• K-8 Schools</li> <li>• Regional High School Budgets' Assessments (Algonquin &amp; Assabet) with expenditure increases within limits of Proposition 2 ½:</li> </ul>			\$ 0.60 per thousand assessed valuation = 3.97%
What is the present tax rate?	FY 2011 tax rate = \$15.11 per thousand dollars assessed valuation -- (FY2010 = \$14.38)			
What is the estimated projected CPA surcharge for FY2012?	\$ 69.56	2011 = \$66.91 2010 = \$68.31		
What is the estimated projected tax rate for FY 2012?*	<u>FY2011 Tax Rate</u> \$ 15.11	<u>FY2012 Est. Tax Rate*</u> \$ 15.71	<u>Increase</u> \$ 0.60	<u>% Increase</u> 3.97

\*The projected tax rates are estimates only and are made independent of any market adjustments to individual property values that the Board of Assessors may make for FY 2012. Any such market adjustments would modify the estimated tax impact on individual properties. The actual Tax Rate would be set by the State Department of Revenue in the Fall of 2011 using FY 2012 Assessed Valuation for Properties.

# Appropriations Committee Report -- Fiscal Year 2012

## Northborough Annual Town Meeting, April 25, 2011

### Q&A

Question	Answer																															
<p>How will the estimated projected tax impact affect the average homeowner's tax bill?</p>	<p>Estimated FY 2012 Tax Impact on Average Single Family Home with FY 2011 Assessed Value of \$395,200<sup>1</sup>:</p> <ul style="list-style-type: none"> <li>• ...Base Budgets: Tax bill increase of<sup>2</sup>     \$237.12</li> <li>• ...CPA Surcharge: Increase of <sup>3</sup>             <u>\$ 2.65</u> <ul style="list-style-type: none"> <li>○ Total:     \$239.77</li> </ul> </li> </ul> <p>Estimated Tax Rate is based on FY2011 Assessed Valuation for Properties and Estimated New Growth for FY2012 as well as Revenue Projections for FY2012.</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="padding: 5px;">FY2011 Assessed Valuation for Properties</td> <td style="text-align: right; padding: 5px;">\$ 2,428,566,150</td> </tr> <tr> <td style="padding: 5px;">FY2012 Estimated New Growth</td> <td style="text-align: right; padding: 5px;"><u>\$ 38,000,000</u></td> </tr> <tr> <td></td> <td style="text-align: right; padding: 5px;">\$ 2,466,566,150</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;">FY2011 Actual Tax Bill</th> <th style="width: 10%;">FY2012 Estimated Tax Bill</th> <th style="width: 10%;">Increase</th> <th style="width: 10%;">% Increase</th> </tr> </thead> <tbody> <tr> <td>Property with FY2011 Assessed Valuation of \$395,200</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Base Tax Amount</td> <td style="text-align: right;">5,942.62</td> <td style="text-align: right;">6,117.69</td> <td style="text-align: right;">175.07</td> <td style="text-align: right;">2.95%</td> </tr> <tr> <td>Senior Center Debt Exclusion Amount</td> <td style="text-align: right;">28.85</td> <td style="text-align: right;">90.90</td> <td style="text-align: right;">62.05</td> <td></td> </tr> <tr> <td><b>Total Tax Amount *</b></td> <td style="text-align: right;"><b>5,971.47</b></td> <td style="text-align: right;"><b>6,208.59</b></td> <td style="text-align: right;"><b>237.12</b></td> <td style="text-align: right;"><b>3.97%</b></td> </tr> </tbody> </table> <p>*CPA Surcharge Not Included</p> <p><sup>1</sup> Single Family Home Average Assessed Value in 2010 = \$416,700.</p> <p><sup>2</sup> The projected tax rates are <u>estimates only and are made independent of any market adjustments to individual property values that the Board of Assessors may make for FY 2012</u>. Any such market adjustments would modify the estimated tax impact on individual properties. The actual Tax Rate would be set by the State Department of Revenue in the Fall of 2011 using FY 2012 Assessed Valuation for Properties.</p> <p><sup>3</sup> The total estimated FY2012 CPA Surcharge for the Average Single Family Home is \$69.56.</p>	FY2011 Assessed Valuation for Properties	\$ 2,428,566,150	FY2012 Estimated New Growth	<u>\$ 38,000,000</u>		\$ 2,466,566,150		FY2011 Actual Tax Bill	FY2012 Estimated Tax Bill	Increase	% Increase	Property with FY2011 Assessed Valuation of \$395,200					Base Tax Amount	5,942.62	6,117.69	175.07	2.95%	Senior Center Debt Exclusion Amount	28.85	90.90	62.05		<b>Total Tax Amount *</b>	<b>5,971.47</b>	<b>6,208.59</b>	<b>237.12</b>	<b>3.97%</b>
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# Appropriations Committee Report -- Fiscal Year 2012

## Northborough Annual Town Meeting, April 25, 2011

### Q&A

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<p>How much of the FY2012 Budget is allocated to employee benefit and insurance costs?</p>	<p>As of March 1, 2011, a total of 287 active employees (77 Town and 210 K-8 School), 107 retirees (31 Town and 76 K-8) and 32 dependents (8 Town and 24 School) enrolled in one of the Town's four (4) health insurance plans: Fallon HMO, Fallon PPO, Harvard/Pilgrim, Tufts.</p> <p>Please reference the FY2012 Budget Document on the Town Website: <a href="http://www.town.northborough.ma.us">http://www.town.northborough.ma.us</a> where detailed information is provided in Section 6, Pages 6-1 to 6-8 on <u>Undistributed Expense</u>.</p>														
<p>Where do the Town's Revenues come from?</p>	<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Projected Fiscal Year 2012 Revenue Sources</th> <th style="text-align: left;">Projected Fiscal Year 2012 Expenditures</th> </tr> </thead> <tbody> <tr> <td>Tax Receipts.....80.9%</td> <td>Schools .....59.1%<sup>1</sup></td> </tr> <tr> <td>State Aid .....09.8%</td> <td>Town Operating .....20.6%<sup>2</sup></td> </tr> <tr> <td>Departmental Receipts .....05.4%</td> <td>Insurance &amp; Benefits.....10.9%</td> </tr> <tr> <td>Free Cash.....03.0%</td> <td>Debt &amp; Interest.....05.2%</td> </tr> <tr> <td>Other Funds.....00.9%</td> <td>State &amp; County Assessments.....03.4%</td> </tr> <tr> <td></td> <td>Other Funds.....00.8%</td> </tr> </tbody> </table> <p><sup>1</sup>School Expenditures include: Northborough K-8 school operations, Algonquin Regional High School operations, ARHS Debt Service &amp; Assabet Valley Assessment</p> <p><sup>2</sup>Town Expenditures include Reserves for Abatements, Warrant Articles and Offsets</p>	Projected Fiscal Year 2012 Revenue Sources	Projected Fiscal Year 2012 Expenditures	Tax Receipts.....80.9%	Schools .....59.1% <sup>1</sup>	State Aid .....09.8%	Town Operating .....20.6% <sup>2</sup>	Departmental Receipts .....05.4%	Insurance & Benefits.....10.9%	Free Cash.....03.0%	Debt & Interest.....05.2%	Other Funds.....00.9%	State & County Assessments.....03.4%		Other Funds.....00.8%
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<p>What is the Cherry Sheet?</p>	<p>Named for the cherry colored paper on which it was originally printed, the Cherry Sheet is the official notification by the Commissioner of Revenue to municipalities and regional school districts of estimated state aid to be paid and charges to be assessed over the next fiscal year. Cherry Sheets are usually issued each spring, following enactment by the Legislature of the state budget for the following year.<sup>1</sup></p> <p><sup>1</sup>The Massachusetts Department of Revenue Division of Local Services FY2012 Local Aid Estimates (Cherry Sheets) are not included in this report, because the numbers are not finalized. This information can be accessed at the Massachusetts Department of Revenue Division of Local Services website.</p>														

# Appropriations Committee Report -- Fiscal Year 2012

## Northborough Annual Town Meeting, April 25, 2011

### Q&A

Question	Answer
What is Proposition 2 ½?	<ul style="list-style-type: none"> <li>• An initiative petition adopted by voters of the Commonwealth in 1980 and effected in 1982</li> <li>• Places two limitations on the amount of property taxes a city or town can raise by:               <ul style="list-style-type: none"> <li>○ Property tax levy (amount raised) cannot exceed 2 ½% of the full cash value of all taxable property of the city or town (levy ceiling)</li> <li>○ Property tax levy cannot increase from year to year by more than 2 ½% with certain exceptions for new growth or through overrides (permanent increases) and debt exclusions (temporary increases for life of bond) as adopted by the voters (levy limit)</li> </ul> </li> <li>• The levy limit provision affects the total amount of taxes to be raised by a city or town. It does not apply to an individual tax bill</li> </ul>
What is Tax Classification and How does it work with Proposition 2 ½?	<ul style="list-style-type: none"> <li>• The Classification amendment allows cities and towns to categorize real estate into different classes and to distribute the tax burden among these classes.</li> <li>• Proposition 2 ½ affects the total amount of tax that can be raised</li> <li>• Classification affects what classes of taxpayers will pay for what specific share of the total amount of tax</li> </ul>
How does Proposition 2 ½ affect the tax rate?	<ul style="list-style-type: none"> <li>• Proposition 2 ½ sets the maximum amount of property taxes (the levy) that a city or town can raise</li> <li>• Once the amount is determined, a tax rate is calculated by dividing the amount to be raised by the total valuation of the city or town.</li> <li>• Whether the tax rate for a community will increase or decrease from the prior year will depend upon the levy decided and whether property values appreciate, depreciate or remain steady in a particular community</li> </ul>
What is a regional school district?	<ul style="list-style-type: none"> <li>• Pursuant to the General Laws, a <b>regional school district is a body politic and corporate</b> with all of the powers and duties conferred by law upon school committees, with additional powers and duties as outlined in G.L. c71, §16.</li> <li>• A regional school district agreement approved and executed by member towns of the regional school district governs the district and its school committee (a public document is available in the Office of the Superintendent of Schools).</li> </ul>

# Appropriations Committee Report -- Fiscal Year 2012

## Northborough Annual Town Meeting, April 25, 2011

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<p>What is a Superintendency Union?</p>	<ul style="list-style-type: none"> <li>• An agreement that allows towns to share a Superintendent</li> <li>• Northborough is a member of Superintendency Union #3 which was in place long before the Regional School District was formed</li> <li>• Superintendency Union #3 includes the towns of Northborough and Southborough only. The Northborough-Southborough Regional School District (Algonquin Regional High School) sits and votes independently from the Union Committee, but share the same Superintendent.</li> <li>• The Union does not have a budget, therefore, costs for the Superintendent and the Central Office are apportioned to the member towns of Northborough and Southborough as part of their K-8 school budgets and to the Northborough-Southborough Regional School District Budget Assessment (Algonquin Regional High School) as follows:               <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-left: 20px;">○ Northborough</td> <td style="text-align: right;">40%</td> </tr> <tr> <td style="padding-left: 20px;">○ Southborough</td> <td style="text-align: right;">30%</td> </tr> <tr> <td style="padding-left: 20px;">○ Northborough-Southborough Regional School District</td> <td style="text-align: right;">30%</td> </tr> </table> </li> </ul>	○ Northborough	40%	○ Southborough	30%	○ Northborough-Southborough Regional School District	30%
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<p>What is the Community Preservation Act (CPA) and how does it work?</p>	<ul style="list-style-type: none"> <li>• The CPA, created in 2000, is statewide enabling legislation which allows cities and towns to exercise some control over local planning decisions by assisting communities by providing revenues to fund three core areas: acquisition and preservation of open space; creation and support of affordable housing; and acquisition and preservation of historic buildings.</li> <li>• It is funded through a surcharge of up to 3% of the real estate tax levy on real property.</li> <li>• Northborough adopted this Act by ballot vote in November, 2004 at a surcharge of 1.5%</li> <li>• The first \$100,000 of a home's assessed value is exempt from the surcharge</li> <li>• The cost to the average homeowner is approximately <b>\$69.56</b> in FY2012.</li> <li>• Minimum of 10% of annual revenues of the fund must be used for each of the three core community concerns.</li> <li>• Remaining 70% can be allocated for any combination of allowed uses, or for land for recreational use.</li> </ul>						