

# ***TOWN OF NORTHBOROUGH MASSACHUSETTS***



Annual Budget  
For the Fiscal Year  
Beginning July 1, 2013 and ending June 30, 2014

## **Board of Selectmen**

*William Pantazis, Chair*  
*Leslie Rutan, Vice-Chair*  
*Jeff Amberson, Clerk*  
*Dawn Rand*  
*Aaron Hutchins*

## A CITIZEN'S GUIDE TO THE BUDGET

Congratulations! If you are reading this it means you are interested in better understanding one of the most important documents produced by your community. The Annual Budget document is much more than just numbers; it is a reflection of our community's values, priorities and goals. The Budget document serves as a policy document, a financial guide and a communications device to its residents. To this end, it is designed to be as user-friendly as possible. This guide was created to help orient interested readers by providing a brief overview of the budget process, as well as an explanation of the organization of the budget document itself. We hope you find this introductory guide a useful tool as you better acquaint yourself with the latest financial and planning information for the Town of Northborough.

### THE BUDGET PROCESS

The Town of Northborough operates under State statutes and the Home Rule Charter as amended to establish the Selectmen-Town Administrator form of government. The legislative body of Northborough is an Open Town Meeting comprised of all registered voters. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects except for specific instances where statutes or regulations do not require appropriation. Any amendments to appropriations require Town Meeting vote at either a regular or Special Town Meeting. The procedures for Town Meeting are specified in Chapter 1-80 of the Town of Northborough Code. Annual Town Meeting is always held on the fourth Monday in April.

While this document contains detailed departmental budgets, it should be noted that these details are provided for information purposes only. The final budget vote of Town Meeting constitutes the legal budget authority which ultimately governs the manner and amount of local funding expended during the fiscal year. This budget presents only the General Fund, which is required by state statute to be appropriated by Town Meeting.

Readers should also obtain a copy of the Annual Town Meeting Warrant book which contains the actual budget articles to be voted upon. Town Meeting Warrant Articles contain additional funding sources such as Revolving Funds used to offset specific departmental budgets. A more detailed explanation and overview of the Town's larger fund structure and basis of accounting can be found in Appendix B.

### BUDGET CALENDAR

#### August/September

- Identify Goals & Strategic Needs

#### October

- Capital Budget Manual sent out to Departments

#### November

- Capital Requests Submitted & Reviewed by Financial Planning Committee
- Operating Budget Request Manual sent out to Departments

#### December

- Town Administrator Reviews Requests and Develops Operating Budget
- Town Administrator & Financial Planning Committee Develop Capital Budget

#### January/February

- Proposed Capital Budget Presented to Appropriations Committee
- Preliminary Operating Budget Presented to Appropriations Committee

#### February/March

- Appropriations Committee Holds Public Budget Hearings with Departments
- Proposed Budget Presented to Board of Selectmen and Appropriations Committee

#### April

- Proposed Operating and Capital Budgets Presented to Annual Town Meeting

#### June/July

- June 30<sup>th</sup> Current Fiscal Year 2013 Ends
- July 1<sup>st</sup> Fiscal Year 2014 Begins
- State Budget typically passed with Final State Aid numbers (a/k/a "Cherry Sheets")

#### November

- Tax Classification Hearing & Final Tax Rate Set

## A CITIZEN'S GUIDE TO THE BUDGET

Budget documents are traditionally difficult to read, especially if you are not familiar with the organization. One reason is that most of us do not work with written budgets everyday and thus are uncertain as to where we should focus our attention. For this reason the Town's budget has been consciously organized to provide a "big-picture" overview first, followed by progressively more detailed information. This document respects both your time and your need to understand complex financial issues at a level that allows you to actively participate in the discussion in a meaningful way. In order to address these issues, and to assist interested readers in making the budget understandable, we would like to suggest that it be read in the following order:

### HOW TO READ THE BUDGET

First, Appendix D at the back of this document contains a **Glossary of Terms** that the reader may want to refer to when using this document.

Second, the **Town Administrator's Budget Message** contains the overall philosophy upon which the budget was developed as well as an explanation of any significant increases or decreases in the level of services being provided in the current fiscal year as well as what will be provided during the upcoming fiscal year. Immediately following the Budget Message is the Town's **Vision Statement** and a general **Community Profile**.

Third, the budget itself is contained in **Budget Highlights & Summaries Section 1**. This segment provides budget summaries which display revenue and expenditure histories as well as proposed appropriations for the coming fiscal year. This section identifies significant budget issues, and explains the Town Administrator's rationale for budget recommendations.

Fourth, since the budget document is designed to present summary information first, and progressively become more in-depth, Sections 2 through 5 are designed to provide **Departmental Detail** according to functional budget categories such as Public Safety, Community Services, etc.

Included in this detail are departmental mission statements, organizational charts, staffing histories, and goals for the upcoming fiscal year. These sections, explain in detail how the expenditures contained in the Budget Highlights section were arrived at and what services will be provided to Town residents.

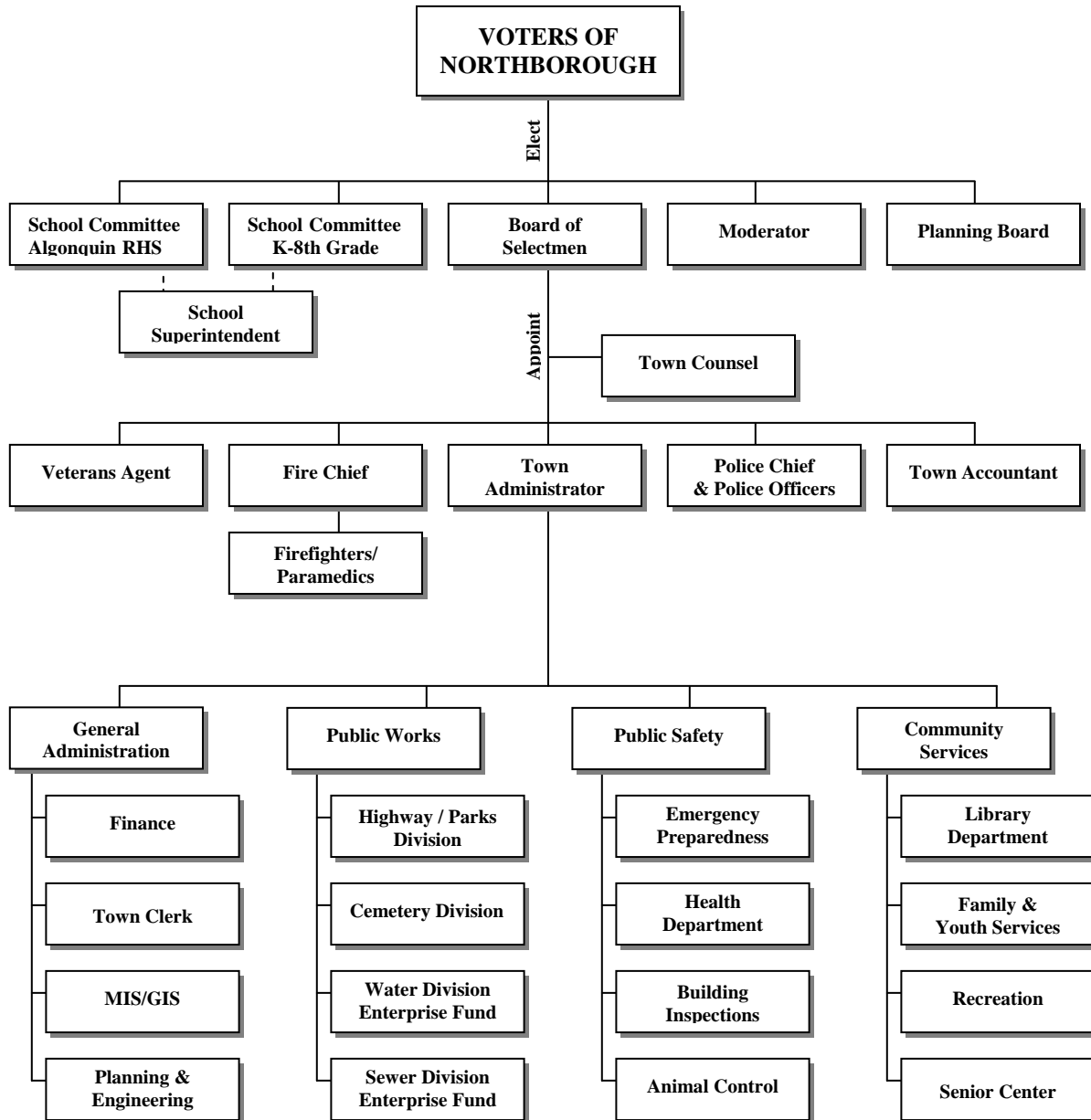
Fifth, Section 6 contains information on **Undistributed Expense Categories** such as Employee Benefits, Long-term Debt, Non-Appropriated Expenses and the FY2014 Warrant Articles.

Sixth, Section 7 contains the basic budgets for Schools. Please refer to the separately published **School Department** budget documents for more detail.

Seventh, Section 8 contains **Water, Sewer and Solid Waste Enterprise Fund budgets**.

Lastly, Section 9 details the FY2014 **Capital Projects Budget** and contains detailed information on the Town's Six-Year **Capital Improvement Program**. This is where the Town comprehensively plans for major projects that typically require funding with debt, such as new or renovated buildings and large equipment acquisitions. Contained within Section 9 is an additional reader's "introduction" guide that explains Northborough's Capital Planning process in a straight-forward manner.

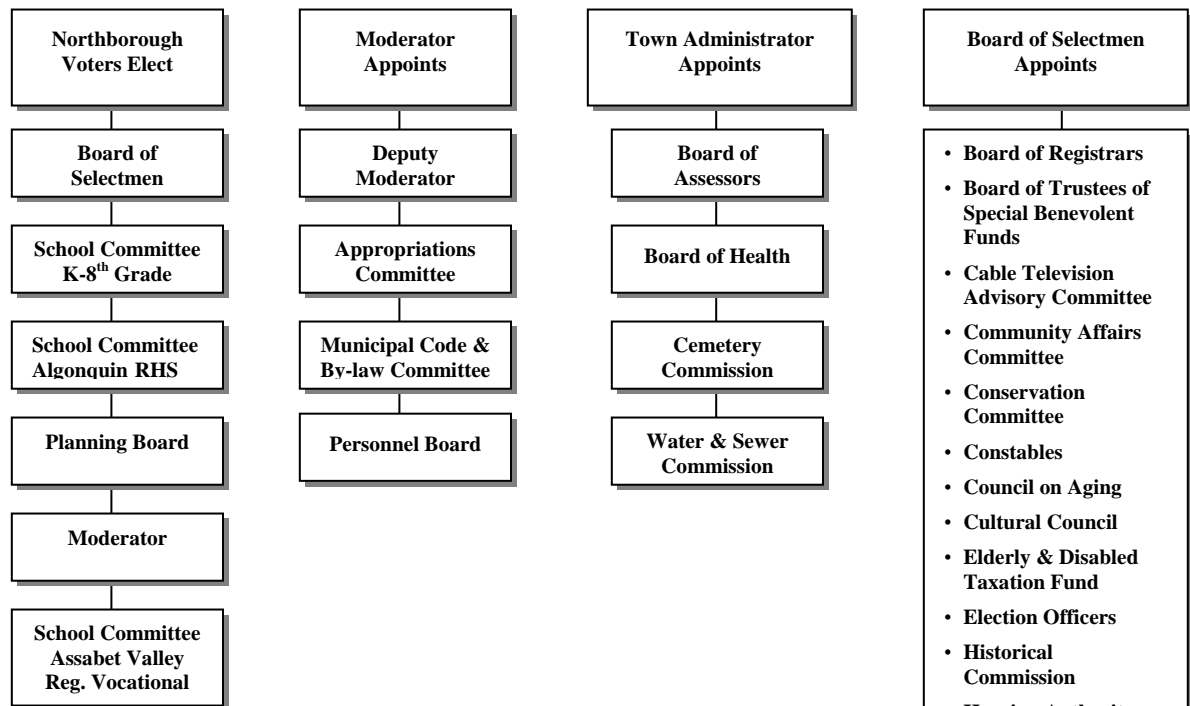
# Town Organizational Chart



## Personnel Appointing Authority

- Voters elect the Board of Selectmen, School Committees, Planning Board and Town Moderator.
- The Northborough K-8 School Committee and the Algonquin Regional High School Committee appoint the Superintendent.
- The Board of Selectmen appoint the Town Administrator, Fire Chief (Chief appoints firefighters/paramedics), Police Chief, Police Officers, Town Counsel, Town Accountant and Veterans Agent. The Selectmen also appoint the Library Board of Trustees, which operates under their general administrative direction to appoint the Library Director and staff.
- The Town Administrator appoints all other Town Personnel and is responsible for overall budgeting and financial coordination between departments. At the pleasure of the Board of Selectmen the day-to-day activities of Town Counsel, the Town Accountant and the Veterans Agent coordinate through the Town Administrator's Office.

# Boards and Committees



## Boards & Committees with Multiple Appointing Authorities

- **Financial Planning Committee:** The Financial Planning Committee consists of six members, three appointed by the Moderator, one by the Planning Board, one by the School Committee, and one by the Appropriations Committee for three-year terms.
- **Earthwork Board:** The Earthwork Board consists of five members, one each appointed by the Moderator, the Board of Selectmen, the Conservation Commission, the Zoning Board of Appeals and the Planning Board for three-year terms.
- **Groundwater Advisory:** The Groundwater Advisory Committee consists of five members, one each appointed by the Planning Board, the Conservation Commission, the Board of Health, the Board of Selectmen and the Water & Sewer Commission for indefinite terms.
- **Community Preservation Committee (CPC):** The CPC consists of nine members, one each from the Open Space Committee, the Conservation Committee, the Planning Board, the Parks & Recreation Commission, the Historical Commission, the Housing Authority, and three members appointed by the Board of Selectmen for three-year terms.
- **Open Space Committee:** The Open Space Committee consists of seven members, one each from the Planning Board, Conservation Commission, Parks & Recreation Commission, Board of Selectmen, and three members and two alternates appointed by the Board of Selectmen for three-year terms. The **Trails Committee** is a subcommittee of the Open Space Committee.
- **Housing Partnership:** The Housing Partnership Committee consists of nine members, one each from the Board of Selectmen, Planning Board, Housing Authority, Council on Aging and five members appointed by the Board of Selectmen, one of which must be a realtor, for three-year terms.
- **LEPC:** The Northborough Local Emergency Planning Committee is a committee established through the Federal Emergency Planning and Right-To-Know Act (EPCRA) of 1986. Local, State, and Federal members work together to formulate emergency planning for hazardous materials within Northborough, exercise the plan annually, maintain training for hazardous materials emergencies, and provide information on hazardous materials to the public. Membership includes: State and Local Elected Officials, Hospitals, Firefighters, Environmental Groups, Law Enforcement Personnel, News Media, Civil Defense Officials, Community Groups, Public Health Officials, Transportation Resources, and Hazardous Materials Facilities.
- **Various Ad Hoc Committees:** In addition to the Boards and Committees listed here, at any time there may also exist several ad hoc committees formed by various bodies to study specific issues such as building committees, Wind Committee, Solid Waste Advisory Committee, etc.

## *IN THE CENTER OF IT ALL*

### *NORTHBOROUGH, MASSACHUSETTS*

#### COMMUNITY PROFILE

**Incorporated:** 1776

**Land Area:** 18.72 Sq. Miles

**Public Roads:** 92.76 Miles

**County:** Worcester

**2010 Population:** 14,155

**2011 Labor Force:** 8,263

**Form of Government:**

Town Administrator

Five-member Board of Selectmen

Open Town Meeting

**FY2013 Tax Rate per Thousand:**  
16.11

**2013 Average Single Family  
Home Value:** \$383,646

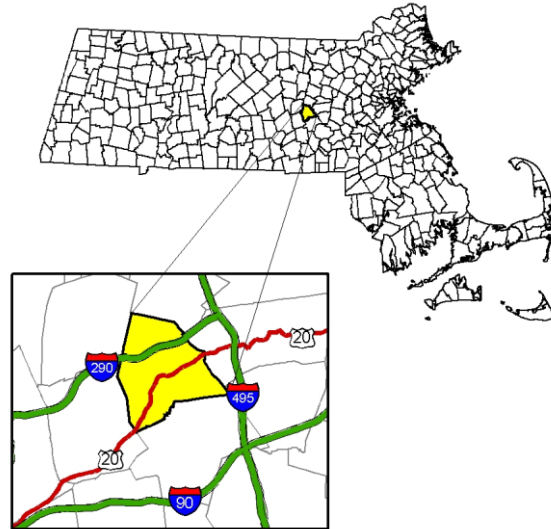
**2013 Average Single Family Tax  
Bill:** \$6,181

**FY13 Municipal Operating  
Budget:** \$49,659,402

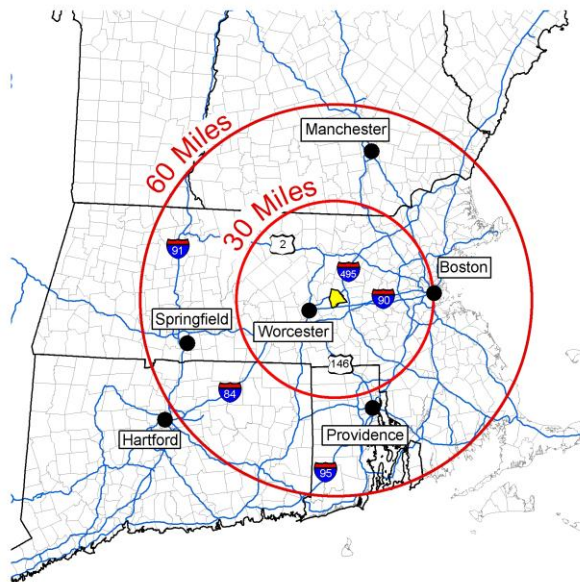
**To find out more about  
Northborough's municipal  
services, please visit:**

[www.town.northborough.ma.us](http://www.town.northborough.ma.us)

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The Town of Northborough is a suburban community which offers classic New England charm while providing access to educational opportunities, a mix of retail establishments and restaurants, a variety of housing options, and a stable and prospering business environment. These attributes make Northborough an attractive community in which to live, shop and work. Because Northborough is centrally located and in close proximity to I-495, I-290 and the Mass Pike I-90, it is a desirable area for travelers heading to Boston, New Hampshire, Rhode Island and Connecticut.



## **TABLE OF CONTENTS**

Title page listing Board of Selectmen .....	<i>i</i>
Citizen's Guide to the Budget .....	<i>ii</i>
Town Organizational Chart .....	<i>iv</i>
Community Profile .....	<i>vi</i>
 Town Administrator's Budget Message .....	 1-15
<b>SECTION 1—BUDGET SUMMARIES</b>	
Balanced Budget Summary .....	1-2
Revenue Budget Summaries .....	1-5
Expenditure Budget Summaries .....	1-11
<b>SECTION 2—GENERAL ADMINISTRATION</b>	
Executive Office .....	2-1
Board of Selectmen .....	2-6
Town Administrator's Office .....	2-7
Economic Development (Community Development) .....	2-8
Town Reports .....	2-8
 Public Buildings .....	 2-9
 Finance Department .....	 2-11
Treasurer/Tax Collector .....	2-17
Assessing .....	2-18
Accounting .....	2-19
 Management Information Systems /Geographic Information System (MIS/GIS) .....	 2-20
 Town Clerk's Office .....	 2-25
Registrars & Elections .....	2-30
 Advisory Boards & Services .....	 2-31
Moderator .....	2-31
Appropriations Committee .....	2-32
Financial Planning Committee .....	2-33
Personnel Board .....	2-34
Town Counsel/Legal Services .....	2-35
 Planning and Engineering .....	 2-36
Town Planner/Planning Board .....	2-41
Central MA Regional Planning Commission .....	2-42
Zoning Board of Appeals (ZBA) .....	2-43
Town Engineer .....	2-44
Conservation Commission .....	2-45
Earthwork Board .....	2-46
Community Preservation, and Open Space .....	2-47
Design Review Committee, Affordable Housing & Historic Preservation .....	2-48
Northborough Housing Authority & Northborough Affordable Housing Corp ...	2-49

## **TABLE OF CONTENTS**

### **SECTION 3—PUBLIC SAFETY**

Police Department . . . . .	3-1
Fire Department / Emergency Medical Services (EMS) . . . . .	3-7
Emergency Preparedness . . . . .	3-15
Building Inspections Department . . . . .	3-16
Gas Inspector . . . . .	3-21
Plumbing Inspector (included in Health Department)	
Electrical Inspector . . . . .	3-22
Sealer of Weights & Measures Inspector . . . . .	3-23
Health Agent / Board of Health . . . . .	3-24
Animal Control . . . . .	3-30

### **SECTION 4—PUBLIC WORKS**

Public Works Department . . . . .	4-1
DPW Administration . . . . .	4-10
Highway/Parks Division . . . . .	4-11
Parks . . . . .	4-12
Cemetery Division . . . . .	4-13
Water Division Enterprise Fund (see Section 8 for budget detail)	
Sewer Division Enterprise Fund (see Section 8 for budget detail)	
Snow & Ice Removal . . . . .	4-14
Public Trees . . . . .	4-15
Street Lighting . . . . .	4-15

### **SECTION 5—COMMUNITY SERVICES**

Senior Center/ Council on Aging . . . . .	5-1
Library Department . . . . .	5-7
Recreation Department . . . . .	5-13
Family & Youth Services Department . . . . .	5-18
Public Access Cable Television . . . . .	5-24
Veteran Services . . . . .	5-29
Cultural Council . . . . .	5-33
Community Affairs Committee . . . . .	5-34
Historical Commission . . . . .	5-35



## **TABLE OF CONTENTS**

### **SECTION 6—UNDISTRIBUTED EXPENSES**

Employee Benefits & Insurance (includes Northborough K-8 School employees) . . . . .	6-1
Health Insurance . . . . .	6-2
Life Insurance . . . . .	6-5
Other Benefits/FICA . . . . .	6-6
Worcester Regional Retirement Assessment . . . . .	6-7
Worker's Compensation . . . . .	6-9
Building & Liability Insurance (includes Northborough K-8 Schools) . . . . .	6-10
Debt Service. . . . .	6-11
Non-Appropriated Expenses. . . . .	6-14
State Assessments . . . . .	6-14
Reserve for Abatements/Off-sets . . . . .	6-15
Stabilization Fund Contribution . . . . .	6-16
Reserve Fund (see also under Warrant Articles) . . . . .	6-17
Warrant Articles. . . . .	6-18

### **SECTION 7—PUBLIC EDUCATION**

Northborough K-8 Public Schools. . . . .	7-1
Algonquin Regional High School (ARHS) . . . . .	7-2
Assabet Valley Regional Technical High School. . . . .	7-3
Agricultural High School Assessment . . . . .	7-4
Charter Schools (Please see Non-Appropriated Expenses)	

### **SECTION 8—ENTERPRISE FUNDS**

Solid Waste Enterprise Fund . . . . .	8-1
Water Division Enterprise Fund . . . . .	8-5
Sewer Division Enterprise Fund . . . . .	8-5

### **SECTION 9—CAPITAL IMPROVEMENT PROGRAM**

Transmittal. . . . .	9-1
Introduction. . . . .	9-7
Capital Projects Flow Chart. . . . .	9-12
Capital Improvement Program (summary of projects requested) . . . . .	9-13
Project Detail by Functional Areas. . . . .	9-19
Financial Planning Committee Report. . . . .	9-63

### **APPENDICES**

- A. Financial Management Policies & Objectives
- B. Fund Descriptions and Balances
- C. Financial Trend Monitoring Report
- D. Glossary of Terms



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## TOWN OF NORTHBOROUGH

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### **MEMORANDUM**

TO: Honorable Chairman and Members of the Board of Selectmen  
and the Appropriations Committee

FROM: Town Administrator

SUBJECT: FY2014 Proposed Budget

DATE: March 22, 2013

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I am pleased to present the Fiscal Year 2014 Proposed Budget, which incorporates the latest information available regarding revenue projections and departmental expenditure requests. As you know, the Board will be holding its annual joint budget hearing with the Appropriations Committee on March 25<sup>th</sup> to discuss the FY2014 Proposed Budget.

While the Appropriations Committee has been holding public meetings for months to review departmental budgets, they typically begin voting their recommendations after the joint public hearing. Likewise, the Board of Selectmen will be voting its support for the various budgets and articles at its April 8<sup>th</sup> meeting.

As previously presented to the Board, the Northborough K-8 School Budget and General Government Budget have been developed in conformance with the goals and objectives established by the Board of Selectmen. While the Algonquin Regional High School (ARHS) Assessment increased significantly due to a change in the Chapter 70 State formula, the net effect of the reduced debt exclusion kept that increase from becoming problematic during this budget cycle. Additional review is still ongoing with regard to the potential impacts of the Chapter 70 formula changes in FY2015 and FY2016.

In review, the FY2014 budgetary goals that were previously established by the Board are as follows:

#### **Goals of the FY2014 Budget:**

- Develop a FY2014 Budget that is within the confines of Proposition 2 ½ and in conformance with the Town's comprehensive financial policies.
- Minimize tax increases.
- Maintain a level services budget, while identifying opportunities to improve service delivery efficiency and effectiveness.



- Negotiate sustainable collective bargaining agreements with the Town's five unions, effective July 1, 2013.
- Protect the Board of Selectmen's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.
- Protect the Town's ability to finance its services on a continuing basis beyond FY2014 through enhanced long-term financial planning.

### **Recent Developments**

During the month of March, several significant budgetary items have been finalized, including Health Insurance, Debt Service, revised State Aid estimates and new growth figures. Collectively, these items represent the final pieces of the FY2014 budget.

- **Health Insurance**—The FY2014 budget request of \$4.76 million represents a total increase of \$93,282, or just 2% from the amount budgeted last year. Plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 have continued to limit budgetary impacts for the fifth consecutive year. In fact, the average annual increase for the last five years has only been about 2.7%. Prior to FY2010 it was common to experience health insurance to increases of 8-10% each year, which would consume \$450,000 or more of new revenues. Given the reasonable FY2014 premium increases, there are no immediate plans to modify health insurance plans for FY2014. However, all the General Government collective bargaining contracts contain a "reopener clause" so that discussions about health insurance options can take place should premiums begin escalating again at an unsustainable rate.
- **Debt Service**—The proposed FY2014 debt service budget provides for the payment of principal and interest costs for long and short term bonds issued by the Town for General Fund purposes. For FY2014, the total Debt Service budget for the General Fund is \$2.35 million, a decrease of \$177,339. The decrease is primarily attributable to the Town's Free Cash policy whereby smaller capital items are now being purchased using available funds, such as Free Cash, instead of financing with debt. For a detailed explanation of the Town's Free Cash Policy and the recent efforts to fund more pay-as-you-go capital projects, interested readers should refer to Section 9 of this budget document.

Bond Anticipation Notes were issued last year in the amount of \$1.6 million for various borrowing authorizations including the Melican Middle School roof repair, a Community Preservation Act land acquisition, a water fund project and to purchase departmental equipment. The temporary one-year bond anticipation notes will mature in April 2013, when the notes will be permanently financed with a bond offering which will include the Town share of the Lincoln Street School feasibility project. At that point, our current Aa2 Bond Rating will be evaluated with a very thorough review process by Moody's Investors Service.

### **BOND RATING SYMBOLS**

<b>Moody's Investor Service</b>	
Aaa	
Aa1	
➔ <b>Aa2</b>	
Aa3	
A1	
A2	
A3	
Baa1	
Baa2	
Baa3	
Ba1	
Ba2	
Ba3	
B1	
B2	
B3	



It is important to note that throughout the recent recessionary period, Northborough has maintained its favorable bond rating of Aa2. Affirmation of our bond rating reflects the rating agency's confidence in the Town's ability to manage through the current economic cycle. At a time of fiscal uncertainty, this independent assessment illustrates how our planning efforts and fiscal discipline produce very real and tangible results—lower rates on bonds resulting in less tax dollars going to pay for interest.

- State Aid—Preliminary budget models assume State Aid will be level funded based on the actual amount received in FY2013. To date, that assumption appears to be on track as the Governor's Budget released on January 23, 2013 has Northborough's State Aid basically level funded at \$4.7 million, minus the increase in State assessments. Although the Governor's Budget proposal contains new taxes that the Legislature has indicated they may not support, Northborough's Legislative Delegation advised the Board of Selectmen at their March 11<sup>th</sup> meeting to be conservative and not plan on any increase. While the House and Senate still have to make their State Aid figures known, which may not be until well after Town Meeting, level funding appears reasonable for planning purposes.
- New Growth—In accordance with Proposition 2½, a municipality is allowed to increase its levy limit each year by an amount based on the value of new development and other growth in the tax base. The purpose of this provision is to recognize that new development results in additional municipal costs. During FY2013 the Town realized \$92.9 million in new growth. However, the FY2014 revenue budget assumes just \$30 million in new growth and \$483,300 in additional tax revenue, since the value of the recently completed 640,000 square foot Northborough Crossing mall was captured in FY2013. The record levels of new growth experienced over the past several budget cycles is projected to return back to average levels in the coming years.

Now that these major budgetary components are settled, the remainder of the General Government departmental budgets have been finalized. With the possible exception of a State Aid resolution agreement passing in the Legislature, we do not anticipate any other significant financial information coming forward prior to the April Town Meeting.

### **Budget in Brief**

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Similar to prior budgets, the FY2014 Proposed Budget relies on projections regarding available revenue, thereby accepting the limits of the Town's financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes in accordance with Proposition 2½. Added to these revenues are State Aid, Departmental Receipts such as fees, permits, interest earned and Available Funds such as Free Cash and Special Revenues.

At this point in time, based upon our latest projections, the proposed budgets for the key departments are estimated to increase as follows:

- Northborough K-8 Schools increase \$877,287, or 4.5% to \$20,372,564
- General Government (Town) increases \$777,566, or 4.5% to \$18,056,813



- Assabet Valley Regional Technical High School Operating Assessment decreases by \$9,706, or 1.48% to \$646,939
  - The initial debt service for the new renovation project is just \$1,044
- Algonquin Operating Assessment increases \$801,892, or 9.98% to \$8,835,115
  - The debt for ARHS decreases by \$629,333, or 48.82% to \$659,761

### FY2014 PROPOSED BUDGET

EXPENDITURES	FY2013 Budget	FY2014 Proposed	Variance	% Change
General Government (Town)	\$17,279,247	\$18,056,813	\$777,566	4.50%
Schools				
Northborough K-8	\$19,495,277	\$20,372,564	\$877,287	4.50%
Algonquin Reg. HS 9-12	\$8,033,223	\$8,835,115	\$801,892	9.98%
Algonquin Debt Exclusion	\$1,289,094	\$659,761	-\$629,333	-48.82%
Assabet Valley	\$656,645	\$646,939	-\$9,706	-1.48%
Assabet Valley Debt	\$0	\$1,044	\$1,044	100.00%
Warrant Articles				
Reserve Fund	\$150,000	\$150,000	\$0	0.00%
Free Cash Capital Projects	\$715,000	\$1,309,307	\$594,307	83.12%
Zeh School Debt	\$501,040	\$483,320	-\$17,720	-3.54%
Colburn St. Debt Service	\$79,963	\$75,845	-\$4,118	-5.15%
Library Debt Service	\$419,595	\$414,195	-\$5,400	-1.29%
Senior Center Debt Service	\$599,855	\$465,695	-\$134,160	-22.37%
Other Funds	\$373,365	\$352,584	-\$20,781	-5.57%
Adjustments	\$209,929	\$0	-\$209,929	-100.00%
<b>Subtotal General Fund</b>	<b>\$49,802,233</b>	<b>\$51,823,182</b>	<b>\$2,020,949</b>	<b>4.06%</b>
Water Enterprise Funds	\$2,017,630	\$2,169,985	\$152,355	7.55%
Sewer Enterprise Fund	\$1,443,932	\$1,448,115	\$4,183	0.29%
Solid Waste Enterprise Fund	\$781,090	\$759,099	-\$21,991	-2.82%
<b>Subtotal Enterprise Funds</b>	<b>\$4,242,652</b>	<b>\$4,377,199</b>	<b>\$134,547</b>	<b>3.17%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$54,044,885</b>	<b>\$56,200,381</b>	<b>\$2,155,496</b>	<b>3.99%</b>

#### • General Government Budget

The total FY2014 General Government Budget (non-school) is \$18,056,813, which is an increase of \$777,566, or 4.5%. The balance of the document that follows this Budget Message provides detail regarding each departmental budget. However, it bears noting in this summary section how precarious the budget is year to year. Specifically, the health insurance budget can increase between 5-10% annually, which is \$235,000 to \$470,000 on a \$4.7 million budget. Clearly, the annual renewal of the Town's health insurance premiums is critical to the General Government budget,



given that the entire FY2014 budget increase for all non-school departments is only \$777,566. It should also be noted that the health insurance costs for all K-8 School employees is carried within the General Government Budget. For detailed information regarding recent initiatives undertaken by the Town to keep the health insurance renewals to a reasonable level, please refer to Section 6 of this budget document.

- **Northborough K-8**

The Northborough K-8 Public School System serves children in grades Kindergarten through 8. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade 5. There is also one middle school, the Robert E. Melican Middle School, which serves grades 6, 7 and 8. As of October 1, 2012, a total of 1,891 students attend the Northborough schools, with 1,249 students in grades K-5 at the four town elementary schools and 642 students in grades 6-8 at the Middle School.

Based on the Town's revenue forecast, it is projected that the Town's General Government Budget and the Northborough K-8 Schools may increase by 4.50% in FY2014. Therefore, the FY2014 amount available for the Northborough K-8 School department is \$20,372,564. This represents an increase of \$877,287 from the \$19,495,277 appropriated last year.

- **Algonquin Regional High School (ARHS)**

As of October 1, 2012, a total of 863 Northborough students attend the Northborough-Southborough Regional High School. This represents 58.39% of the total student enrollment in grades 9-12. The Northborough-Southborough budget is composed of an operating assessment and a debt payment related to the completed renovation/addition project. In FY2014 the operating assessment increases \$801,892, or 9.98% to \$8,835,115. The significant increase is attributable to two factors: 1) an increased enrollment of 50 more students from Northborough, and 2) a change in the State's Chapter 70 formula that shifted more of the operating assessment onto Northborough in FY2014. However, the debt for ARHS decreases in FY2014 by \$629,333, or 48.82% to \$659,761. It is important to note that the net effect of changes to the ARHS assessment and debt service is an overall increase of 1.85%, or \$172,559.

A significant effort will need to be made in the coming year to better understand and attempt to forecast the impacts of changes to the Chapter 70 formula, since a similar shift in FY2015 will clearly create a state of fiscal distress for Northborough's finances.

- **Assabet Valley Regional Technical High School**

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. The total FY2014 budget is \$17,794,000 which is a \$194,000 increase, or 1.12%.



A \$62.4 million building renovation project was approved last year by all member communities. The Massachusetts School Building Authority voted to fund 53.48% of the project and construction will begin in the summer of 2013. Northborough's debt assessment associated with the project will be \$1,044 in FY2014, \$15,660 in FY2015 and \$39,413 in FY2016. The debt assessment will peak in FY2017 at \$166,934.

As of October 1, 2012, 46 Northborough students attend Assabet Valley, which represents 6.53% of the FY2014 budget, or an operating assessment of \$646,939. This is a decrease from the 49 Northborough students on October 1, 2011. The total FY2014 assessment, including the \$1,044 in debt service is \$647,983.

• **Special Warrant Articles**

In additional to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. The warrant articles contain proposed funding using a combination of repurposed bond proceeds and Free Cash. The use of these funding sources results in no additional tax impact. In FY2014, these warrant articles include \$150,000 for the Reserve Fund from Free Cash, funding the FY2014 Capital Budget with \$1,309,307 from Free Cash and \$197,193 from repurposed bond proceeds. The warrant articles total \$1,656,500.

A detailed description of the proposed warrant articles, including their funding sources, is provided in Section 6-18 through 6-19 of this budget document. Further detail regarding the capital project warrant articles is contained in Section 9, the Town's Annual Capital Budget and FY2014-2019 Capital Improvement Program (CIP).

Overall, the Fiscal Year 2014 total operating budget for all funds is \$56,200,381 or a 3.99% increase over FY2013. An in-depth review of revenues and expenditures is provided in the Budget Summaries Section 1 that follows this Budget Message.

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**Financial Condition and Outlook**

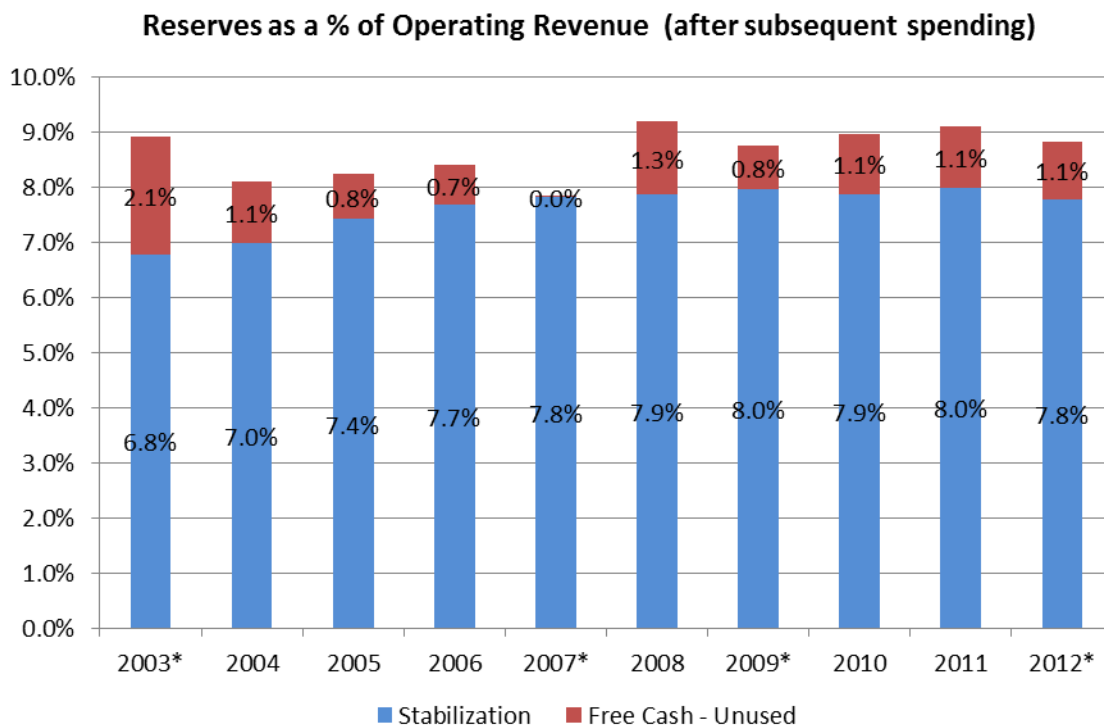
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During FY2013 the Town completed its first Financial Trend Monitoring System (FTMS) analysis designed to assess the Town's Financial Condition. The FTMS, as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town's budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over a period of time, can be used to monitor changes in the Town's financial condition. The financial indicators include such areas as revenue and expenditure trends, financial reserves, changes in the tax base, one-time revenue dependencies, debt, and external revenue dependencies. The new FTMS Report is included in its entirety as Appendix C of this budget document.





The conclusion of the FTMS analysis is that Northborough is in relatively good financial condition, especially considering the economic climate of the past several years. The Town's financial reserves are strong at 8.9% and the use of the \$3.6 million Stabilization (rainy day) Fund has not been necessary. The Town's debt level is manageable and our bond rating of Aa2 has been maintained through the worst of the recessionary period. The Town continues to have favorable economic growth and reliance on one-time revenues in the operating budget has been significantly curtailed. Further, the impact of rising health insurance costs has been mitigated by successful negotiation of plan design changes with municipal bargaining units.



Based on the FTMS analysis, it is apparent that long-run solvency surrounding unfunded pension liability and Other Post-Employment Benefits (OPEB) obligations are potential emerging problems for the Town. Uncertainties surrounding the level of State Aid and future increases in health insurance premiums remain significant areas of potential exposure to be watched during future budget cycles.

It is clear that the adoption of the Free Cash Policy in 2010 strengthened the Town's financial condition by decreasing its reliance on one-time revenues in the operating budget. In addition, the use of Free Cash for significant capital investment has insured that one-time funds are primarily used for one-time expenditures. The growth in revenue from property taxes, which has kept pace with inflation, as well as excellent tax collections are financial strengths for the Town. While expenditures per capita have risen indicating an increase in service needs, the Town's revenues per capita have increased as well.



The Town of Northborough is growing, yet the budgetary resources devoted to personnel have remained very stable. The need to address this growth and maintain service-level solvency may require a corresponding increase in personnel in the future.

### Financial Trend Monitoring System Indicator Summary

	Financial Indicator	FY2013
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Marginal/Improving
4	State Aid (Intergovernmental Revenues)	Unfavorable/Uncertain
5	Economic Growth Revenues	Favorable/Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Marginal
8	Employee Benefits	Favorable/Uncertain
9	Pension Liability	Unfavorable
10	Other Post Employment (OPEB) Liability	Unfavorable
11	Debt Service Expenditures	Favorable
12	Financial Reserve/Fund Balance	Favorable

Moving forward, it will be important for the Town to plan for and eventually fund its OPEB liability. An OPEB Trust Fund was established at the April 2011 Town Meeting for this purpose. Identification of additional revenue sources such as the adoption of the Local Option Meals Tax or Room Occupancy Tax should also be explored to alleviate the tax burden on residents. Given the reasonable increases in health insurance over the past several years, no action is required during this budget cycle.

For a more detailed explanation regarding the individual fiscal indicators and FTMS, interested readers are encouraged to review the introductory section to Appendix C.



## Personnel Summary

Overall, personnel wages and benefits represent approximately 60% of the Town's operating budget and remain relatively stable. Although health insurance previously increased at double-digit rates annually, the Town has been able to mitigate these increases since FY2009 through negotiated plan design changes with the employees. As vacancies occur, every effort is made to re-examine positions with a view toward restructuring, reducing or eliminating the position, where possible. The table below provides a four year history of Full-time Equivalent (FTE)<sup>1</sup> positions by department, including any proposed changes for FY2014.

### TOWN OF NORTHBOROUGH PERSONNEL SUMMARY FY2010–FY2014

Town Government	FY 2010 FTE	FY 2011 FTE	FY 2012 FTE	FY 2013 FTE	FY 2014 FTE	Change FY13-FY14
Executive Office	3.75	3.75	3.75	3.75	3.75	0.00
Public Buildings	0.50	0.50	0.50	0.50	0.50	0.00
Financial Offices	9.25	9.25	9.35	9.35	9.38	0.03
MIS/GIS	2.00	2.00	2.00	2.00	2.00	0.00
Town Clerk's Office	2.00	2.00	2.00	2.00	2.00	0.00
Planning & Engineering	3.21	3.23	3.23	3.73	3.73	0.00
Police Department	27.50	27.50	27.50	27.50	28.50	1.00
Fire Department	19.73	19.73	19.71	19.67	20.43	0.76
Building Department	2.80	2.80	2.80	2.80	2.80	0.00
Health Department	2.20	2.20	2.20	2.20	2.20	0.00
Dog Officer	1.00	1.00	1.00	0.00	0.00	0.00
Dept. of Public Works	16.75	16.75	16.75	16.88	17.00	0.12
Senior Center/COA	2.89	2.89	2.86	3.00	3.00	0.00
Library	9.19	9.51	9.16	9.15	9.36	0.21
Recreation	2.00	2.00	2.00	2.00	2.00	0.00
Family & Youth Services	1.96	1.96	1.96	1.96	1.96	0.00
Cable Access TV	1.75	1.75	1.75	1.75	1.75	0.00
Veterans' Services	0.29	0.29	0.29	0.29	0.00	-0.29
<b>Town Subtotal</b>	<b>108.77</b>	<b>109.11</b>	<b>108.81</b>	<b>108.53</b>	<b>110.36</b>	<b>1.83</b>
<b>School Department (K-8)</b>						
K-5 Teachers	62.50	62.50	63.50	64.00	63.50	-0.50
Grade 6-8 Teachers	34.20	34.20	33.40	33.40	32.90	-0.50
Specialists	34.30	34.30	35.30	35.80	35.39	-0.41
Special Education Staff	37.60	37.60	37.60	38.80	41.65	2.85
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	96.60	96.60	96.60	105.60	107.10	1.50
<b>K-8 Schools Subtotal</b>	<b>271.20</b>	<b>271.20</b>	<b>272.40</b>	<b>283.60</b>	<b>286.54</b>	<b>2.94</b>
<b>Total Town &amp; K-8 FTEs</b>	<b>379.97</b>	<b>380.31</b>	<b>381.21</b>	<b>392.13</b>	<b>396.90</b>	<b>4.77</b>

<sup>1</sup> Full Time Equivalents are based upon 40 hours per week (i.e., 30hrs/40hrs = .75 FTE)



Overall, Town Government staffing is up 1.83 FTEs from FY2013. During FY2014 the hiring of a new Patrol Officer was authorized in order to backfill the absence left by an officer that was injured on duty. The Police Department budget as presented still carries the cost of the injured officer's salary, which is required by law, as well as the new hire. The cost of a new hire was budgeted in FY2014 in order to get the Department back to its authorized strength of 20 sworn Officers. In addition to the Police Officer, a new position is being proposed in the Fire Department in order to facilitate better customer service with regard to fire inspections and plan design reviews. Further detail on specific positions is provided within the departmental personnel summaries contained in Budget Sections 2 through 5.

It is important to note that FY2013 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Fire and the Northborough Municipal Employees Association. A significant amount of time in FY2013 will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2014 through FY2016. Pending contract settlements, all FY2014 wage increases, including non-union personnel, is being budgeted centrally and not reflected in the individual General Government budgets.

With regard to the Northborough K-8 Schools there are 2.94 new FTEs in the FY2014 budget. Please refer to the Superintendent's budget presentation for more detail.

### **Capital Budget**

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Enclosed in Section 9 of this document are the Town's Annual Capital Budget and FY2014-2019 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments, as well as the Northborough K-8 School Department for FY2014.

One significant change to this year's CIP is the temporary elimination of all Water and Sewer Enterprise Projects from the plan, pending further review. This was done at the request of the new DPW Director who is currently in the process of reviewing all previously submitted projects for accuracy and priority. His review is discussed in detail on pages 9-5 and 9-6 of the CIP.

Although the detail for proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2014 projects requires Town Meeting approval of specific Articles contained in the April 2013 Annual Town Meeting Warrant.

The proposed FY2014 Capital Budget totals \$1,506,500, of which \$1,309,307 is anticipated to be funded with Free Cash and \$197,193 is to be funded with repurposed bond proceeds. The proposed funding approach eliminates any additional tax impact on residents and will add no new debt service to the operating budget.

The pie chart on the opposite page shows the breakdown of funding sources by category for the proposed FY2014 Capital Budget. It is important to note that only a couple of years ago virtually all projects contained in the CIP were funded with debt. Today, there



are dedicated funding sources for capital projects, such as Free Cash, which is funding approximately 87% of the Capital Budget.

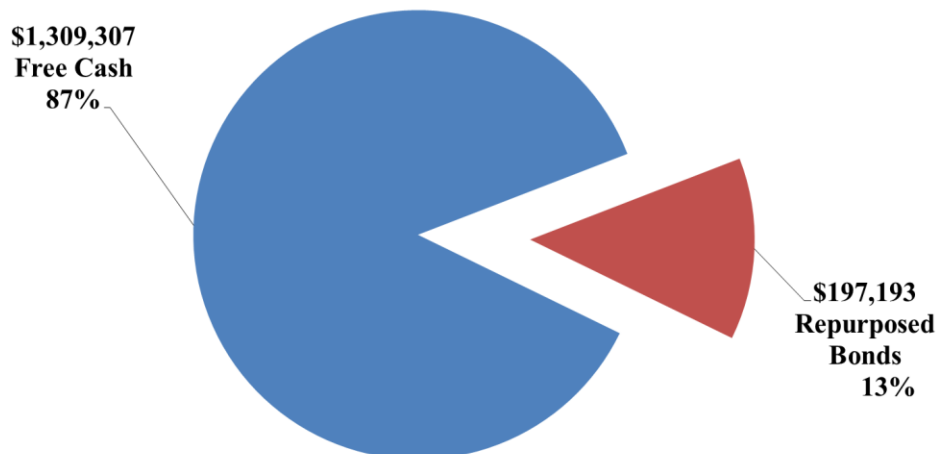
Section 9 of this budget document contains Project Detail Sheets for every capital project included in the Town's 6-year CIP. Part III of the CIP contains the Financial Planning Committee's review and recommendations on the FY2014 Capital Projects and the CIP as a whole. The Financial Planning Committee's role is to act in an advisory capacity to Town Officials and the citizens at Town Meeting, so the Committee's input and comments are an important part of the Town's capital planning process.

The full CIP included in Section 9 of this budget document contains a question and answer introduction that provides a user-friendly overview of Capital Planning in Northborough.

### FY2014 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE
Fire		
	SCBA Compressor Replacement	50,000
	Emergency Shelter Trailer	28,000
	<b>Fire Subtotal</b>	<b>\$78,000</b>
DPW: Highway Division		
	Salt Shed Replacement	800,000
	Fueling Island Replacement/Relocation	425,000
	Front-end Loader	203,500
	<b>Highway Subtotal</b>	<b>\$1,428,500</b>
<b>TOTAL FY14 CAPITAL BUDGET</b>		<b>\$1,506,500</b>

### FY2014 CAPITAL BUDGET FUNDING SOURCES





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### **FY2013 Goals & Accomplishments**

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The most important aspect of the budget process is the generation of operational and financial plans, program review and the establishment of goals and objectives that will serve the citizens of the community in this and future years. The financial data that is generated is intended to support the Town's policies, programs and objectives that are identified and articulated during the budget process. The budget serves not only as a financial plan, but also as a short-term strategic plan linked to our more long-term objectives and vision for our community.

During FY2013 several key goals and initiatives were achieved. These include:

1. GFOA Distinguished Budget Award: The Town received its third consecutive national budget award in FY2013 from the Government Finance Officers Association. The award represents a significant achievement by the Town. It reflects the commitment of the Board of Selectmen and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the Town had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the Town's budget serves as a policy document, a financial plan, an operations guide and a communication device.

The Town's FY2013 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2013 Budget passed Town Meeting with the unanimous support of the Board of Selectmen, Appropriations Committee, Financial Planning Committee and the School Department.

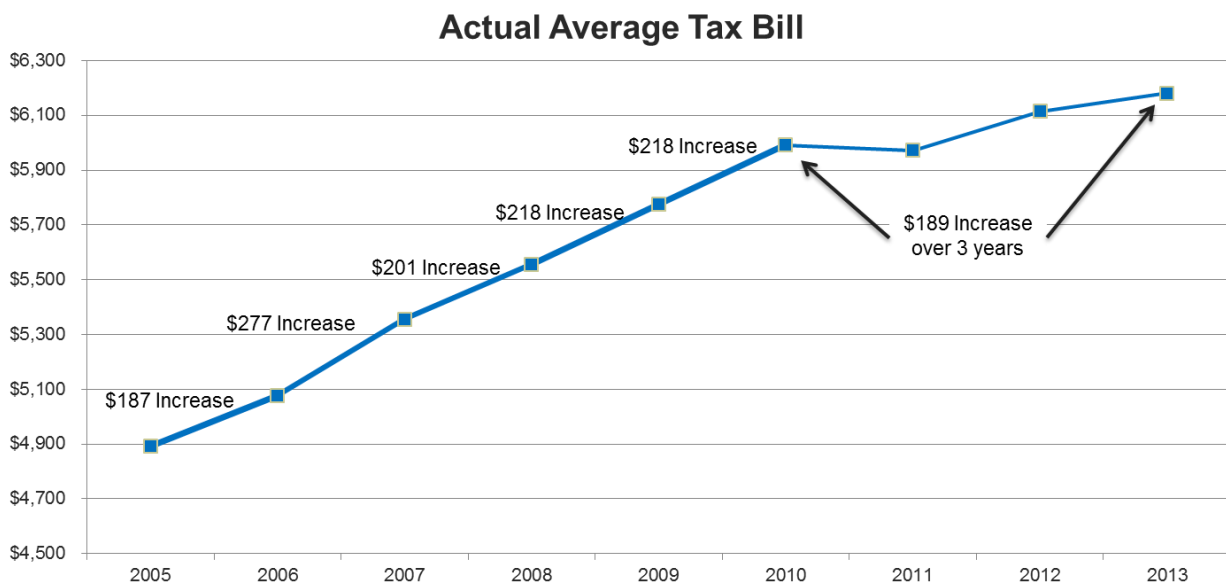
2. Implemented a New Financial Trend Monitoring System: As previously discussed, the Financial Team completed the Town's first Financial Trend Monitoring System (FTMS) Report. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. If employed correctly, the FTMS will help Town officials:

- Gain a better understanding of the Town's current financial condition.
- Identify hidden and emerging problems before they reach serious proportions.
- Present a straightforward picture of the Town's financial strengths and weaknesses to elected and appointed officials, citizens and credit rating firms.
- Reinforce the need for long-range considerations during the annual budget process.
- Provide a starting place for setting, reviewing and updating of financial policies that guide financial decision-making.

The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough's overall financial condition. The new FTMS Report is included in its entirety as Appendix C of this budget document.



3. Clean Annual Audit: The Town closed out FY2012 with \$2.45 million in Free Cash on June 30, 2012 and no material issues or deficiencies were noted in the annual audit. In fact, the audit is the cleanest review in memory for the Town.
4. Minimized the FY2013 Tax Impact on Residents: The 2012 Annual Town Meeting approved a FY2013 Budget that had an estimated tax impact of \$193 for the average single family home. Due to conservative estimates concerning State Aid and strong economic development (new growth), the actual tax impact for the average single-family home was only \$67, or \$126 less than estimated. The average single family tax bill increased from \$6,114 in FY2012 to \$6,181 for FY2013. In terms of trend, the modest FY2013 tax increase translates into a \$189 total increase for the last three fiscal years combined.



5. Annual Town Report Second Place Award: On January 26, 2013, at the Award Ceremony of the Massachusetts Municipal Association's 2013 Annual Meeting and Trade Show, the MMA presented the Town of Northborough with a Second Place Award Certificate in Category 1 (population 12,500 and up) of the MMA's Annual Town Report Contest. Town Reports serve to communicate important information to town residents. It is used as an effective and informative tool in promoting an understanding of local government.

MMA judging criteria for the annual town-report contest include cover design and layout; logical arrangement of material; basic information, such as Town Meeting warrants and results and reports from boards and commissions; summaries of the town's achievements and evidence of planning for the future; broad reader appeal with concise yet comprehensive information; and graphic presentation, which enhances a citizen's understanding of town government.





6. Successfully Implemented DPW Transition: During FY2013 the Town successfully transitioned to a new Director. During the transition, a complete review and analysis of the various departmental functions was conducted, resulting in several new initiatives designed to improve operational efficiency and planning. Based upon the work done during FY2013, a proposed reorganization of the DPW was approved by the Board of Selectmen that will go to Town Meeting for approval, effective July 1, 2013 (FY2014).
7. FY2013 Capital Budget Approved \$3,086,000 in Projects with approximately \$260,000 funded through debt. The balance of the FY2013 Capital Budget, or 91% of all project expenses, were funded using a combination of Free Cash, Massachusetts School Building Authority (MSBA) grants, available mitigation funds, Community Preservation Funds, Enterprise Funds, donations and repurposed bond proceeds from completed capital projects. The funding approach limited the FY2013 additional tax impact on residents to about \$260,000 in new debt.

The focus of the Board of Selectmen and Town Administration continues to be on enhancing communication through quality publications, good financial planning and the encouragement of appropriate economic development. These key areas of focus will continue as we move into FY2014.

### **Major Upcoming Issues or Projects**

Looking forward to FY2014, the primary issues likely to continue dominating much of our focus over the next year involve financial planning and various capital projects. The primary projects in FY2014 include:

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2014 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2014 enhancements will focus on more long-range financial planning and refinement of the FTMS, as well as the introduction of meaningful performance measures into the operating budgets.
2. Lincoln Street Feasibility Study and Renovation/Addition Project: At the April 2012 Annual Town Meeting, \$500,000 was approved as part of the FY2013 Capital Budget to conduct a Feasibility Study of the Lincoln Street Elementary School. Since receiving approval, the Town has worked with MSBA to appoint a building committee, conduct a site visit, review the school's maintenance history, complete the design enrollment certification process, and hire an Owner's Project Manager (OPM). During March of 2013 it is anticipated that an architect for the project will be selected and the feasibility phase will commence.

As originally conceived, the Town was hoping to bring a project back to Town Meeting for possible funding in April of 2013. However, after extensive discussions with MSBA, as well as the OPM, it was determined that such an aggressive schedule would not be possible. Based upon the project timeline negotiated with MSBA, it is





anticipated that the feasibility phase of the project will take place between March and July of 2013, culminating with MSBA's approval of a preferred design solution. From July through December 2013 the architect will complete the schematic design phase of the project, including a professional cost estimate. The project schedule then allows for discussion of the project's justification and funding needs during the FY2015 Capital Budget process. The final objective is to seek funding approval for the renovation/addition project at the April 2014 Annual Town Meeting.

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### Conclusion

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The FY2014 Proposed Budget that follows is balanced pending passage of the final State Budget and meets the previously determined budget goals. The FY2014 Proposed Budget is within the budgetary increase allowable under limits of Proposition 2½, minimizes the tax impact while maintaining a level services budget, does not impact core services and does not require any reductions in General Government personnel. However, out of necessity, most of the cuts and reductions made since FY2010 persist in the FY2014 Proposed Budget. These impacts are fully detailed in the Departmental Budget pages contained in Sections 2 through 5.

Following this Budget Message is Section 1—Budget Summaries, which contains both the revenue and expenditure highlights of the FY2014 Proposed Budget and further details the challenges and opportunities facing the Town of Northborough.

I would like to take this opportunity to thank the members of the Financial Team—Assistant Town Administrator Kimberly Hood, Finance Director June Hubbard-Ward and Town Accountant Jason Little for their tireless contributions. I would also like to thank Superintendent of Schools Charles Gobron for his excellent communication and cooperation during this past year. The level of professionalism and sense of teamwork exhibited by all the financial Boards and Committees in Northborough is something our community can be proud of.

Respectfully submitted,

John W. Coderre  
Town Administrator

# **Budget Summaries**

## **Section 1**

# Section 1-2

# Balanced Budget

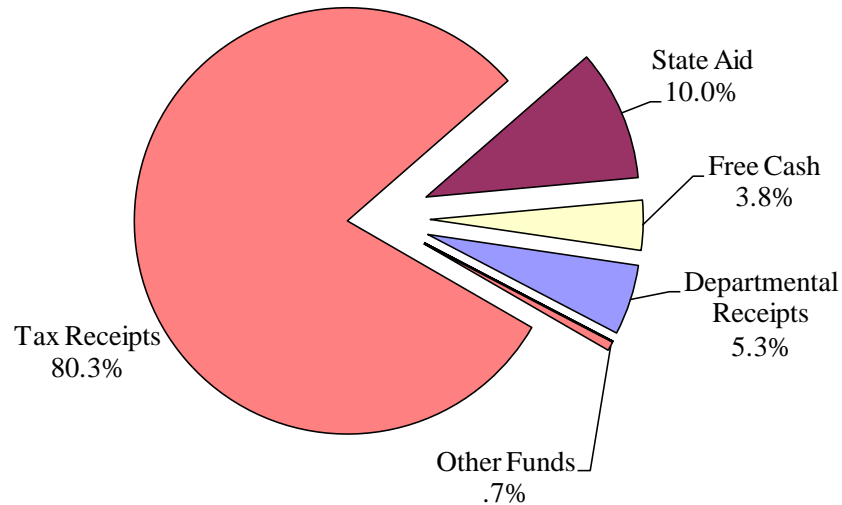


Table 1

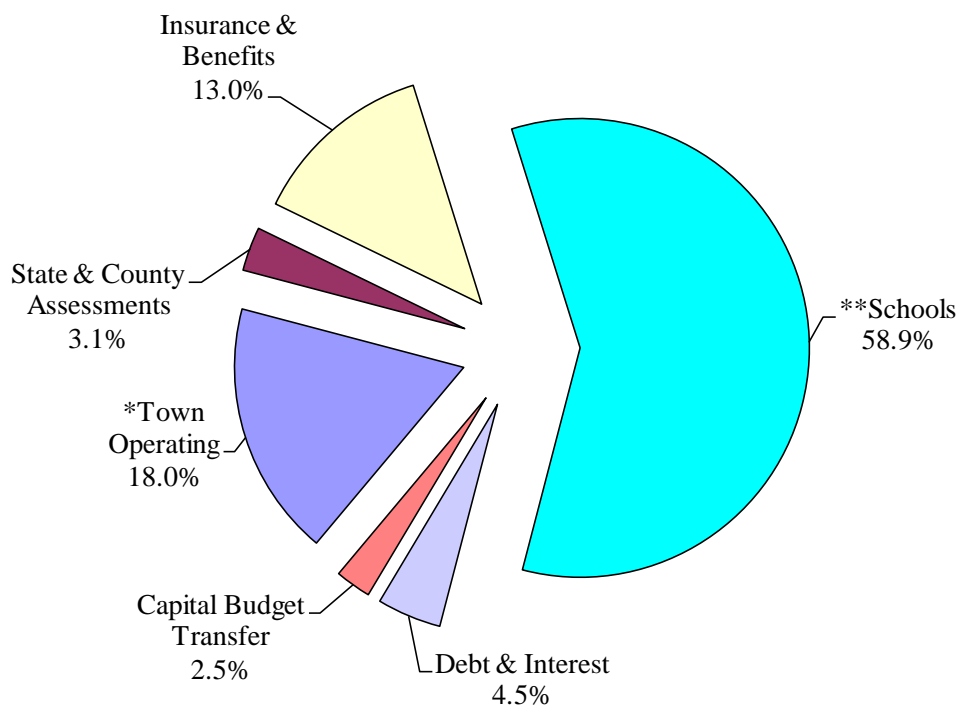
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2012--2014					
LEVY LIMIT CALCULATION	FY2012	FY2013	REVISED FY2013	PROPOSED FY2014	% CHANGE
Prior Year Levy Limit	\$35,854,901	\$37,981,257	\$37,981,257	\$40,370,095	
Add 2.5%	\$896,373	\$949,531	\$949,531	\$1,009,252	
Add New Growth	\$1,229,983	\$588,620	\$1,439,307	\$483,300	
Add Overrides	\$0	\$0	\$0	\$0	
True LEVY LIMIT	\$37,981,257	\$39,519,408	\$40,370,095	\$41,862,647	
Add Debt Excl - Zeh School	\$138,012	\$118,497	\$118,497	\$100,777	
Add Debt Excl - Colburn St.	\$25,099	\$29,963	\$33,423	\$25,845	
Add Debt Excl - Library	\$424,205	\$418,832	\$418,832	\$413,460	
Add Debt Excl - Senior Center	\$546,822	\$579,734	\$579,734	\$446,601	
Add Debt Excl - Algonquin	\$1,267,629	\$1,289,094	\$1,289,094	\$659,761	
Adjusted LEVY LIMIT	\$40,383,024	\$41,955,528	\$42,809,676	\$43,509,091	
<b>REVENUES</b>					
Adjusted LEVY LIMIT	\$40,383,024	\$41,955,528	\$42,809,676	\$43,509,091	
Less Unused Levy Limit	(\$1,980,286)	(\$1,741,491)	(\$2,666,167)	(\$1,918,160)	
Total Tax Receipts	\$38,402,738	\$40,214,037	\$40,143,508	\$41,590,931	3.61%
State Aid	\$4,438,719	\$4,563,457	\$4,776,817	\$4,776,817	0.00%
MSBA Payments	\$382,543	\$382,543	\$382,543	\$382,543	
Free Cash (Operating)	\$500,000	\$500,000	\$500,000	\$500,000	0.00%
Free Cash (Capital/Reserve)	\$954,000	\$865,000	\$865,000	\$1,459,307	
Departmental Receipts	\$2,585,178	\$2,761,000	\$2,761,000	\$2,761,000	
Other Revenue Sources	\$88,887	\$0	\$0	\$0	
Other Funds	\$392,079	\$373,365	\$373,365	\$352,584	-5.57%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$47,744,144</b>	<b>\$49,659,402</b>	<b>\$49,802,233</b>	<b>\$51,823,182</b>	<b>4.06%</b>
Water/Sewer Enterprise Funds	\$3,234,805	\$3,461,562	\$3,461,562	\$3,618,100	
Solid Waste Enterprise Fund	\$727,570	\$781,090	\$781,090	\$759,099	
<b>TOTAL REVENUES</b>	<b>\$51,706,519</b>	<b>\$53,902,054</b>	<b>\$54,044,885</b>	<b>\$56,200,381</b>	<b>3.99%</b>
<b>EXPENDITURES</b>					
Town	\$16,576,910	\$17,279,247	\$17,279,247	\$18,056,813	4.50%
Schools					
Northborough K-8	\$18,702,867	\$19,495,277	\$19,495,277	\$20,372,564	4.50%
Algonquin 9-12	\$7,817,716	\$8,100,321	\$8,033,223	\$8,835,115	9.98%
HS Debt Exclusion	\$1,267,629	\$1,289,094	\$1,289,094	\$659,761	-48.82%
Warrant Articles					
Reserve Fund	\$150,000	\$150,000	\$150,000	\$150,000	
Capital Articles	\$804,000	\$715,000	\$715,000	\$1,309,307	
Assabet	\$517,488	\$656,645	\$656,645	\$646,939	-1.48%
Assabet Renovation Project		\$0	\$0	\$1,044	
Zeh School Debt Service	\$520,567	\$501,040	\$501,040	\$483,320	
Colburn Street Debt Service	\$79,997	\$79,963	\$79,963	\$75,845	
Library Debt Service	\$424,995	\$419,595	\$419,595	\$414,195	
Senior Center Debt Service	\$609,135	\$599,855	\$599,855	\$465,695	
Other Funds	\$392,079	\$373,365	\$373,365	\$352,584	
Adjustments	(\$119,239)	\$0	\$209,929	\$0	
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$47,744,144</b>	<b>\$49,659,402</b>	<b>\$49,802,233</b>	<b>\$51,823,182</b>	<b>4.06%</b>
Water Enterprise Fund	\$1,922,930	\$2,017,630	\$2,017,630	\$2,169,985	7.55%
Sewer Enterprise Fund	\$1,311,875	\$1,443,932	\$1,443,932	\$1,448,115	0.29%
Solid Waste Enterprise Fund	\$727,570	\$781,090	\$781,090	\$759,099	-2.82%
<b>TOTAL ALL FUNDS</b>	<b>\$51,706,519</b>	<b>\$53,902,054</b>	<b>\$54,044,885</b>	<b>\$56,200,381</b>	<b>3.99%</b>



## Fiscal Year 2014 Revenue Sources



## Fiscal Year 2014 Expenditures



\*Town Expenditures include Reserves for Abatements, Appropriation Reserve Fund, and Offsets

\*\*School Expenditures include Northboro K-8 schools operations, Algonquin Regional High School operations, Algonquin Regional High School Debt Service & Assabet Valley Assessment



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### **REVENUE SUMMARY**

The Town's General Fund revenue (excluding the Water & Sewer Enterprise and Solid Waste Enterprise Funds) is divided into four main categories: property taxes, state aid, local receipts and available funds.

### **Property Taxes**

Property taxes are the single largest revenue source for the Town and historically provide approximately 80% of the General Fund budget. Typically, year to year variations of 1% or 2% are the result of external factors beyond the Town's control, such as the level of State Aid, building activity, or fluctuations in interest rates.

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Northborough's non-manufacturing business firms. In accordance with State law, the Town's Board of Assessors determine the value of all real and personal property, which is revalued at fair market value every three years. Northborough's next revaluation will be performed during FY2016; however, interim adjustments are performed each year when a full revaluation is not required.

Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½ percent of their "full and fair cash value." This limit is known as the "levy ceiling." Additionally, annual levy increases may not exceed 2 ½ percent more than the previous year's levy plus the taxes from any new growth value for properties added to the tax rolls. Any Proposition 2½ override or debt exclusion amounts approved on the Annual Election Ballot are also added to the levy limit.

As the Town's primary revenue source, property taxes are expected to increase in FY2014 by approximately \$1.45 million, to \$41.59 million. This increase includes the allowable 2.5% increase of \$1,009,252 plus \$483,300 in estimated taxes from projected new growth. The value of new growth is budgeted conservatively. A conservative approach is necessary because new growth revenue is derived from the value of new development and other growth in the tax base. The rate of this development is greatly influenced and ultimately determined by economic factors in the private sector.

**Table 2**

<b>LEVY LIMIT CALCULATION</b>	<b>FY2013</b>	<b>FY2014</b>	<b>% CHANGE</b>
Prior Year Levy Limit	\$37,981,257	\$40,370,095	
Add 2.5%	\$949,531	\$1,009,252	
Add New Growth	\$1,439,307	\$483,300	
Add Overrides	\$0	\$0	
True LEVY LIMIT	\$40,370,095	\$41,862,647	
Add Net Debt Exclusions	\$2,439,581	\$1,646,444	
Adjusted LEVY LIMIT	\$42,809,676	\$43,509,091	
<b>REVENUES</b>			
Adjusted LEVY LIMIT	\$42,809,676	\$43,509,091	
Less Unused Levy Limit	(\$2,666,167)	(\$1,918,160)	
Total Tax Receipts	\$40,143,508	\$41,590,931	3.61%



### State Aid

State Aid is Northborough's second largest revenue source and represents approximately 10% of the General Fund budget. Together, State Aid and local property taxes account for approximately 90% of the General Fund budget. Looking forward, this revenue source continues to be one of the most unpredictable items in the FY2014 budget forecasts and therefore, an area of concern.

On January 23, 2013, the Governor released his House 1 Budget, which contained his projected FY2014 State Aid figures. Under the Governor's proposed FY2014 budget, Northborough's State Aid would be increased by \$84,659 but at the same time our State Assessments will also increase by \$53,791. However, the Governor's budget is predicated on an increase in the state income tax from 5.25% to 6.25% as well as other changes that would require legislative approval. In FY2013, we received a 1% mid-year 9C cut in State Aid. For these reasons, the FY2014 budget has been prepared assuming that State Aid will be level-funded.

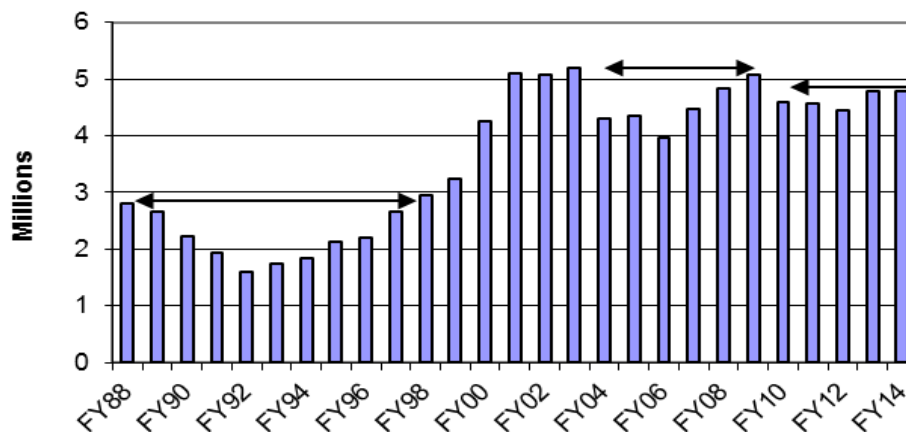
As you will note in Table 3, our State Aid is still lower than the high of \$5.08 million in FY2009, and history shows that it may be several more years before State Aid returns to pre-recession levels.

**Table 3: State Aid in Millions**

FY08	FY09	FY10	FY11	FY12	FY13	FY14*
4.83	5.08	4.6	4.57	4.44	4.77	4.77

\*Estimated

**Northborough State Aid FY1988-2014**

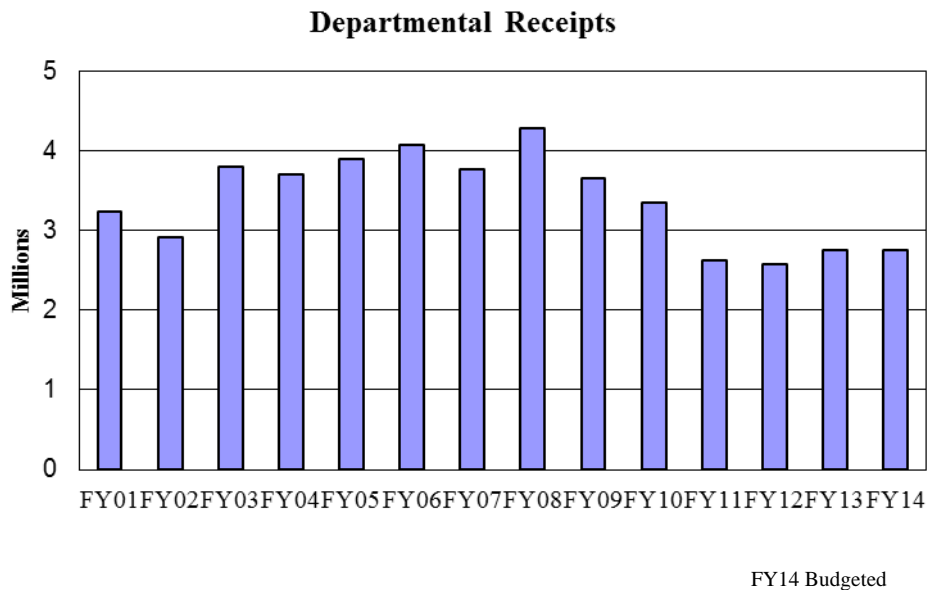


It remains to be seen how closely the Legislature's State Aid figures will align with the Governor's. However, final information regarding State Aid accounts may not be made available until well after April Town Meeting; therefore, a conservative approach is necessary.



### Departmental Receipts

The third largest source of revenue for the General Fund budget is Departmental Receipts, which includes a variety of fees, permits, fines and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. The total budgeted Departmental Receipts for FY2014 is \$2.76 million. This amount is level-funded from the previous year. The single largest source of funds within this category is motor vehicle excise taxes, which is a State tax collected by the municipality for its own use. The level of miscellaneous receipts is greatly affected by outside economic conditions.



Until FY2010 Departmental Receipts included revenues from the Town's pay-as-you-throw (PAYT) trash program, which generated approximately \$500,000 annually in bag sales. Beginning in FY2011, the PAYT revenues were moved into the Solid Waste Enterprise Fund budget. That change in accounting represents a significant part of the reduction shown in the chart above going from FY2010 to FY2011. Interested readers may refer to Section 8 of this budget document for more detailed information regarding the PAYT Solid Waste Enterprise Fund program budget and projected revenues.

Further, in FY2010 the budget for motor vehicle excise and investment income decreased by approximately \$300,000 as fewer new cars were being purchased and the low interest rates, together with our collateralized investments, reduced the Town's investment income. An increase in both the amount billed and the number of bills allowed us to increase our departmental receipt budget by \$175,000 in FY2013. The growth in motor vehicle revenue was likely due to the impact of the Avalon Bay 382 unit apartment complex. The estimated Motor Vehicle Revenue for FY2014 remains the same at \$1,850,000.



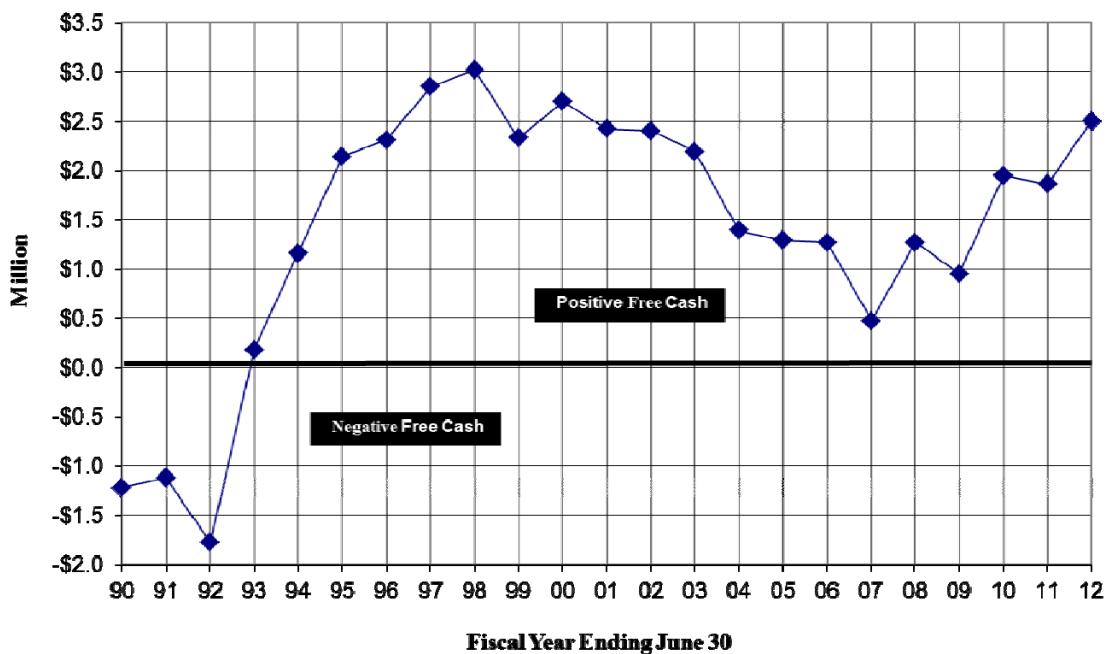


### Available Funds (including Free Cash)

The last category of revenue for the Town is monies in various Special Revenue funds and certified Free Cash available for appropriation from prior years.

By far the single largest source of Available Funds is Free Cash. In FY2014, the budget proposes once again to use \$500,000 in Free Cash to off-set the operating budget. Free Cash is an available fund that is composed of the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in appropriated budget line-items. After the June 30<sup>th</sup> close of the fiscal year, the Town's Free Cash is certified by the State Department of Revenue and only then is it available for appropriation

### **Certified Free Cash FY1990-2012**



\*Source: Massachusetts Department of Revenue

Historically, the Town of Northborough had relied on over \$1 million of Free Cash to balance the operating budget and continued this practice for many years. However, the dependency upon one-time available funds to supply a portion of the foundation for the operating budget essentially created a rolling “structural deficit” which became an additional financial burden during the recent recession. Use of Free Cash in the operating budget has been systematically phased down over the past several years from \$700,000 in FY2010, down to \$600,000 in FY2011, and ultimately, reaching the Free Cash policy target amount of \$500,000 in FY2012 and FY2013, where it remains in FY2014.



The chart on the opposite page illustrates the unpredictability of Free Cash as a budgeted revenue source since it is heavily influenced by economic activity and political decision-making at the State Legislature. Any amount of Free Cash used in the operating budget must be reasonably expected to recur in subsequent years. If the Town fails to generate sufficient Free Cash to replenish what was used, as was the case in FY2007, a structural deficit materializes that could result in significant service reductions. More importantly, that structural shortfall carries forward into subsequent fiscal years.

For these reasons, the Board of Selectmen adopted a Free Cash Policy in November 2010 with the unanimous support of both the Appropriations Committee and the Financial Planning Committee. The new policy identifies the acceptable uses of Free Cash for mainly one-time expenses and provides for a maximum level of \$500,000 for use in the operating budget. The new Free Cash Policy can be found on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The Free Cash Policy is also discussed at length in the transmittal letter of the Capital Improvement Plan contained in pages 9-1 through 9-6 of this document.

Other sources of Available Funds to be used in FY2014 are projected to include special revenue offsets in departmental budgets such as \$12,000 in Cemetery Sale of Lots income, \$13,000 in Cemetery Trust Fund income, \$3,060 in Conservation Commission fees, \$72,500 from the Police Revolving Account, \$24,500 from the Police IOD Claim Fund, \$76,160 from the Fire/EMS Revolving Account, \$100,000 from the Recreation Revolving Account and \$27,000 from the Animal Control Revolving Account.

There will be a transfer of \$19,830 from Debt Exclusion Premium reserves. These are funds that were received as premiums when bonds or notes were issued for debt excluded projects. The total net premiums are allocated over the term of the obligation, held in reserve and then transferred to offset the amount of the debt exclusion added to the tax rate.

A final source of Available Funds is a transfer of \$4,534 from Title V Septic Reserve. This is the amount of the Debt Service due for the Title V loan program for FY2014. The funds have been collected from the special assessments that are apportioned onto the real estate tax bills of homeowners that participated in the program to repair and install septic systems. These funds will pay the FY2014 debt service for the Title V Septic program.

In addition to Free Cash, these "Other" revenue sources total \$352,584 and will be used to off-set the municipal budgets as shown in Article 4 of the Town Meeting Warrant.



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## Expenditure Summary

## Section 1-11

### **FY2014 EXPENDITURE SUMMARY**

Following is a summary of the Town's General Government Budget (non-school), which details the 4.50% increase allowable under current revenue projections.

<b>TOWN GENERAL FUND BUDGET SUMMARY</b>					
	Department	FY2013 Budget	FY2014 Proposed Budget	\$ Change	% Change
<b>GENERAL ADMINISTRATION</b>					
<b><u>EXECUTIVE OFFICE</u></b>					
	Selectmen	139,018	136,334	-2,684	-1.93%
	Administrator	215,386	218,392	3,006	1.40%
	Economic Development	1,300	1,300	0	0.00%
	Town Reports	4,425	4,425	0	0.00%
<b><u>PUBLIC BUILDINGS</u></b>					
	Town Hall/Public Bldgs.	412,808	423,803	10,995	2.66%
<b><u>FINANCE</u></b>					
	Treasurer	279,268	282,036	2,768	0.99%
	Board of Assessors	266,385	283,011	16,626	6.24%
	Town Accountant	137,077	138,827	1,750	1.28%
<b><u>MIS/GIS</u></b>					
	MIS/GIS	356,876	357,598	722	0.20%
<b><u>TOWN/CLERKS OFFICE</u></b>					
	Town Clerk	124,111	140,441	16,330	13.16%
	Election/Registration	40,118	24,058	-16,060	-40.03%
<b><u>ADVISORY BOARDS/SERVICES</u></b>					
	Moderator	500	500	0	0.00%
	Appropriations Committee	1,695	1,695	0	0.00%
	Town Counsel	85,000	85,000	0	0.00%
	Personnel Board	61,683	389,950	328,267	532.18%
<b><u>PLANNING &amp; ENGINEERING</u></b>					
	Conservation Commission	39,135	44,632	5,497	14.05%
	Planning Board	126,919	128,192	1,273	1.00%
	Zoning Board	4,868	4,868	0	0.00%
	Earthwork Board	1,711	1,711	0	0.00%
	Engineering	145,956	146,334	378	0.26%
<b><u>PUBLIC SAFETY</u></b>					
	Police	2,237,078	2,262,066	24,988	1.12%
	Fire	1,328,263	1,329,771	1,508	0.11%
	Emergency Preparedness	7,250	9,500	2,250	31.03%
	Building	162,385	165,159	2,774	1.71%
	Gas Inspector	10,658	11,101	443	4.16%
	Wire Inspector	19,775	19,989	214	1.08%
	Sealer of Weights	8,000	8,000	0	0.00%
	Board of Health	167,936	169,878	1,942	1.16%
	Animal Control	40,000	40,000	0	0.00%
<b><u>PUBLIC WORKS</u></b>					
	Highway Admin.	108,201	100,101	-8,100	-7.49%
	Hwy. Const. & Maint.	905,721	927,596	21,875	2.42%
	Parks	95,900	104,400	8,500	8.86%
	Cemetery	53,782	66,042	12,260	22.80%
	Snow & Ice	199,700	246,200	46,500	23.28%
	Street Lighting	100,000	102,500	2,500	2.50%
	Trees	25,000	25,000	0	0.00%

# Section 1-12

# Expenditure Summary



Department	FY2013 Budget	FY2014 Proposed Budget	\$ Change	% Change
<b>COMMUNITY SERVICES</b>				
Council on Aging	211,986	220,959	8,973	4.23%
Library	679,362	689,369	10,007	1.47%
Recreation	121,117	122,937	1,820	1.50%
Youth Services	126,951	128,702	1,751	1.38%
Veterans Services	59,584	90,500	30,916	51.89%
Cable TV	0	0	0	
Cultural Council	500	500	0	0.00%
Community Affairs Committee	500	500	0	0.00%
Historical Commission	500	500	0	0.00%
<b>UNDISTRIBUTED EXPENSES</b>				
<b><u>EMPLOYEE BENEFITS &amp; INSURANCE</u></b>				
Health Insurance	4,664,094	4,757,376	93,282	2.00%
Life Insurance	8,730	8,730	0	0.00%
Other Benefits/FICA	361,693	388,750	27,057	7.48%
Workers Comp	104,704	106,798	2,094	2.00%
Retirement Assessments	1,210,083	1,241,407	31,324	2.59%
<b><u>BUILDING &amp; LIABILITY INSURANCE</u></b>				
Bldg. & Liability Insur.	213,955	218,234	4,279	2.00%
<b><u>DEBT SERVICE</u></b>				
Debt Service	2,525,046	2,347,707	-177,339	-7.02%
<b><u>STATE ASSESSMENTS</u></b>				
State Assessments	310,356	364,147	53,791	17.33%
<b><u>STABILIZATION FUND CONTRIBUTION</u></b>				
Stabilization Fund	0	0	0	
<b><u>RESERVE FUND</u></b>				
Reserve Fund	150,000	150,000	0	0.00%
<b><u>SPECIAL WARRANT ARTICLES</u></b>				
Special Articles	715,000	1,309,307	594,307	83.12%
Other Financing Uses	247,570	239,099	-8,471	-3.42%
<b>OTHER NON-APPROPRIATED AMOUNTS</b>				
Reserve for Abatements	679,291	500,000	-179,291	-26.39%
Offsets	23,084	21,827	-1,257	-5.45%
<b>ENTERPRISE FUNDS</b>				
Water	2,017,630	2,169,985	152,355	7.55%
Sewer	1,443,932	1,448,115	4,183	0.29%
Solid Waste	781,090	759,099	-21,991	-2.82%
<b>GROSS TOTAL TOWN</b>	<b>24,570,646</b>	<b>25,684,958</b>	<b>1,114,312</b>	<b>4.54%</b>
<b>CALCULATION OF NET TOTAL TOWN</b>				
Less Water Fund	-2,017,630	-2,169,985		
Less Sewer Fund	-1,443,932	-1,448,115		
Less Solid Waste	-781,090	-759,099		
Less Other Funds	-373,365	-352,584		
Less Debt Service Raised on Recap	-15,562			
Less Overlay Raised on Recap	-328,691			
Less State Assessment Adj	134,324			
Less Debt Exclusion	-1,600,453	-1,439,055		
Less Reserve Fund Article	-150,000	-150,000		
Less Special Articles	-715,000	-1,309,307		
<b>NET TOTAL TOWN</b>	<b>\$17,279,247</b>	<b>\$18,056,813</b>		<b>4.50%</b>
<b>CALCULATION OF TOWN APPROPRIATION</b>				
GROSS TOTAL TOWN	24,570,646	25,684,958		
Less County Assessments	-1,210,083	-1,241,407		
Less State Assessments	-310,356	-364,147		
Less Reserve for Abatements	-679,291	-500,000		
Less Debt Service on Recap	-15,562			
Less Offsets	-23,084	-21,827		
Less Reserve Fund Article	-150,000	-150,000		
Less Special Articles	-715,000	-1,309,307		
Less Other Financing Use	-247,570	-239,099		
Less Enterprise Funds	-4,242,652	-4,377,199		
<b>Net Town Warrant Article 4</b>	<b>\$16,977,048</b>	<b>\$17,481,972</b>		



## Expenditure Summary

## Section 1-13

### **General Administration**

The first of the budget categories is General Administration. This category includes the offices and departments which support the direct service departments of the Town through overall management, legal services, financial management (including collecting of revenues and the maintenance of financial records), administration of elections, Management Information Systems/Geographic Information Systems (MIS/GIS), personnel administration and related ancillary services. General Administration also currently includes planning and engineering services.

### **General Administration Summary**

	<b>FY2011 ACTUAL</b>	<b>FY2012 ACTUAL</b>	<b>FY2013 BUDGETED</b>	<b>FY2013 SIX MONTHS</b>	<b>FY2014 PROPOSED</b>	<b>% CHANGE</b>
<b><u>EXECUTIVE OFFICE</u></b>						
Selectmen	\$130,173	\$134,651	\$139,018	\$78,425	\$136,334	-1.93%
Administrator	\$198,749	\$203,846	\$215,386	\$98,965	\$218,392	1.40%
Economic Development	\$491	\$388	\$1,300	\$87	\$1,300	0.00%
Town Reports	\$4,425	\$4,384	\$4,425	\$0	\$4,425	0.00%
<b>Subtotal</b>	<b>\$333,838</b>	<b>\$343,269</b>	<b>\$360,129</b>	<b>\$177,477</b>	<b>\$360,451</b>	<b>0.09%</b>
<b><u>PUBLIC BUILDINGS</u></b>						
	\$330,459	\$369,596	\$412,808	\$144,026	\$423,803	2.66%
<b>Subtotal</b>	<b>\$330,459</b>	<b>\$369,596</b>	<b>\$412,808</b>	<b>\$144,026</b>	<b>\$423,803</b>	<b>2.66%</b>
<b><u>FINANCE</u></b>						
Treasurer	\$266,212	\$269,682	\$279,268	\$126,714	\$282,036	0.99%
Board of Assessors	\$218,432	\$203,781	\$266,385	\$107,667	\$283,011	6.24%
Town Accountant	\$116,568	\$132,759	\$137,077	\$62,342	\$138,827	1.28%
<b>Subtotal</b>	<b>\$601,212</b>	<b>\$606,222</b>	<b>\$682,730</b>	<b>\$296,723</b>	<b>\$703,874</b>	<b>3.10%</b>
<b><u>MIS/GIS</u></b>						
	\$249,332	\$271,059	\$356,876	\$155,349	\$357,598	0.20%
<b>Subtotal</b>	<b>\$249,332</b>	<b>\$271,059</b>	<b>\$356,876</b>	<b>\$155,349</b>	<b>\$357,598</b>	<b>0.20%</b>
<b><u>TOWN CLERKS OFFICE</u></b>						
Town Clerk	\$118,907	\$121,624	\$124,111	\$58,616	\$140,441	13.16%
Elections/Registration	\$27,016	\$23,312	\$40,118	\$16,200	\$24,058	-40.03%
<b>Subtotal</b>	<b>\$145,923</b>	<b>\$144,936</b>	<b>\$164,229</b>	<b>\$74,816</b>	<b>\$164,499</b>	<b>0.16%</b>
<b><u>ADVISORY BOARDS/SERVICES</u></b>						
Moderator	\$200	\$200	\$500	\$0	\$500	0.00%
Appropriations Committee	\$150	\$340	\$1,695	\$200	\$1,695	0.00%
Personnel Board	\$7,453	\$7,228	\$61,683	\$2,760	\$389,950	532.18%
Town Counsel	\$69,106	\$70,599	\$85,000	\$9,723	\$85,000	0.00%
<b>Subtotal</b>	<b>\$76,909</b>	<b>\$78,367</b>	<b>\$148,878</b>	<b>\$12,683</b>	<b>\$477,145</b>	<b>220.49%</b>
<b><u>PLANNING AND ENGINEERING</u></b>						
Town Planner/Planning Bd	\$116,211	\$117,942	\$126,919	\$57,960	\$128,192	1.00%
Zoning Board of Appeals	\$2,634	\$2,260	\$4,868	\$328	\$4,868	0.00%
Engineering	\$120,719	\$121,896	\$145,956	\$56,654	\$146,334	0.26%
Earthworks	\$1,441	\$1,479	\$1,711	\$446	\$1,711	0.00%
Conservation Commission	\$15,960	\$15,175	\$39,135	\$9,527	\$44,632	14.05%
<b>Subtotal</b>	<b>\$256,964</b>	<b>\$258,752</b>	<b>\$318,589</b>	<b>\$124,916</b>	<b>\$325,737</b>	<b>2.24%</b>



In FY2014 General Administration is budgeted at \$2.81 million, which is an overall increase of 15%. The majority of this increase is actually due to the central budgeting of costs associated with outstanding union contracts. FY2013 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Fire and the Northborough Municipal Employees Association. A significant amount of time in FY2013 will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2014 through FY2016. Pending contract settlements, all FY2014 wage increases, including non-union personnel, are being budgeted centrally in the Personnel Board Account and not reflected in the individual General Government (non-school) budgets

Following are the key changes of significance:

- **Executive Office**

There are no significant budget changes planned for the Executive Office in FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel. Given the level of Federal Funds anticipated in FY2014, the Selectmen's Budget no longer contains the \$3,500 for a single audit.

- **Public Buildings**

The Public Buildings account is up \$10,995, or 2.66%, from the previous year, primarily due to increased costs for gasoline and diesel fuel.

- **Finance Department**

Overall, the Finance Department's FY2014 budget is up 3.1%, or \$21,144. Approximately \$20,000 of the increase is due to the contractual services line under the Assessor's Division. In FY2014 the Assessing Division plans to initiate a State-mandated comprehensive data collection project to physically inspect parcels of real property and conduct a conversion project for the valuation method of condominiums. There is also a minor increase in the hours of the Assistant Town Accountant from 34 hours per week to 35 hours per week. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

- **Management Information System/Geographic Information Systems (MIS/GIS)**

There are no significant budget changes planned for MIS/GIS Department in FY2014. The MIS/GIS budget is increasing \$722 or 0.20%. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

- **Town Clerk/Elections**

Although the combined Town Clerk/Elections budget is only up 0.16%, or \$270, the Elections budget is actually down approximately \$16,000 due to fewer elections in FY2014 while the Town Clerk's contractual services budget is up by approximately \$16,000. The cost savings in the FY2014 Elections budget is due to there being only one election during FY2014 as opposed to three in FY2013. The Town Election is scheduled for May, 12, 2014. The increase in the Town Clerk's contractual services line is for a codification service that will update the Town Code. The scope of



codification services includes research and review to identify conflicts, inconsistencies and other problem areas in need of updating or correction; the creation of an index; the printing of 10 copies of the Code; and the preparation of Code adoption legislation and a disposition list to document the final disposition of all Code-relevant legislation. Basically, the general by-laws of the Town will be comprehensively reviewed and updated. It is estimated that this project will take between twelve and eighteen months to complete.

- **Advisory Boards/Services**

- **Personnel Board**

- During FY2014 the Personnel Board account contains all wages increases for General Government (non-school) union and non-union employees, pending settlement of collective bargaining agreements. During FY2014 the hiring of a new full-time position in the Fire Department was authorized but the funding for that position has been budgeted in the Personnel Board Account while the details of the position are finalized. The account also includes limited Town-wide training, drug testing and legal expenses associated with labor negotiations, employee transition expenses and merit pay.

- **Town Counsel**

- The budget for Town Counsel has been maintained at its FY2013 level of \$85,000.

- **Planning and Engineering**

Overall, the Planning and Engineering Budgets are up \$7,148, or 2.24%. The majority of the increase is attributable to the mid-year addition of a Part-time Conservation Agent in FY2013, which is now being budgeted for the full twelve months of FY2014. The full impact of this \$24,795 part-time position is also being off-set by a \$7,000 reduction in the Conservation property maintenance account for completed weed control treatment to Bartlett Pond in FY2013.

In FY2014 there is a reorganization proposal that will move the Town Engineer into DPW. A copy of the full reorganization study report is available on the Town's web page.





## Section 1-16

## Expenditure Summary

### **Public Safety**

Public Safety consists of police, fire, emergency management services, inspections & enforcement, public health and animal control services.

### **Public Safety Summary**

	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED	% CHANGE
<b><u>PUBLIC SAFETY</u></b>						
Police	\$2,117,399	\$2,190,077	\$2,237,078	\$1,050,999	\$2,262,066	1.12%
Fire	\$1,217,556	\$1,236,336	\$1,328,263	\$589,537	\$1,329,771	0.11%
Emergency Preparedness	\$5,516	\$6,530	\$7,250	\$1,108	\$9,500	31.03%
Building Inspection	\$151,221	\$154,258	\$162,385	\$87,796	\$165,159	1.71%
Gas Inspector	\$10,351	\$10,293	\$10,658	\$5,260	\$11,101	4.16%
Wiring Inspector	\$17,304	\$20,900	\$19,775	\$8,625	\$19,989	1.08%
Sealer Weights/Measures	\$4,579	\$3,811	\$8,000	\$0	\$8,000	0.00%
Health/Plumbing Inspector	\$140,626	\$149,485	\$167,936	\$65,036	\$169,878	1.16%
Animal Control	\$53,513	\$53,967	\$40,000	\$18,700	\$40,000	0.00%
<b>Subtotal</b>	<b>\$3,718,064</b>	<b>\$3,825,657</b>	<b>\$3,981,345</b>	<b>\$1,827,061</b>	<b>\$4,015,464</b>	<b>0.86%</b>

#### • **Police Department**

Overall, the FY2014 Police Department Budget is increasing \$24,988, or 1.12%. Personnel wage adjustments for non-union personnel, Patrol Officers, Police Sergeants and Dispatchers are not reflected in these figures pending contract settlements for FY2014. During FY2014 the hiring of a new Patrol Officer was authorized in order to backfill the absence left by an officer that was injured on duty. The budget as presented still carries the cost of the injured officer's salary, which is required by law, as well as the new hire. The cost of a new hire was budgeted in FY2014 in order to get the Department back to its authorized strength of 20 sworn Officers. In addition, there is \$7,386 in the contractual services line for a new Town-wide emergency notification system that will replace the now defunct Reverse 911 system previously run by the Worcester County Sheriff's Office.

Not reflected in the operating budget is another \$105,000 planned for use out of the Police Revolving fund to purchase three new cruisers.

#### • **Fire Department**

As presented, the FY2014 Fire Department Budget is up just \$1,508, or 0.11%. However, personnel wage adjustments for Firefighters, Captains and non-union personnel are not reflected in the departmental budget pending contract settlements for FY2014. During FY2013 the Building Inspector, who also served as the part-time Fire Marshal for 10 hours per week, retired. During FY2014 the hiring of a new position in the department was authorized but the funding for that position has been budgeted centrally while the details of the position are finalized. The FY2014 budget also increases the capital outlay line item to \$30,000 in order to continue purchasing



hose and protective gear as an operational expense rather than funding through the capital budget.

In addition to the total General Fund budget of \$1,329,771 the Fire/EMS budget also receives funding from fees charged for ambulance services. Expenses that are paid directly from the Revolving Fund total \$550,685. With the inclusion of the expenses paid from the Revolving Fund the total FY2014 expenditures for the Fire Department are anticipated to be \$1,880,456 (\$1,329,771+\$550,685).

- **Building Department**

There are no significant budgetary changes planned during FY2014. With the hiring of the new Building Inspector a travel/mileage reimbursement line item was added to the FY2014 budget to reflect that the Town will no longer be providing a vehicle. During FY2014 the Town will contract with the MA Office of Consumer Affairs & Business Regulation (OCABR)—Division of Standards (DOS) to provide all Sealer of Weights & Measures services for \$8,000. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

- **Health Department**

There are no significant budgetary changes planned during FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

- **Animal Control**

During FY2012 the Dog Officer position became vacant due to a retirement. As vacancies occur, every effort is made to re-examine positions with a view toward restructuring, reducing or eliminating the position, where possible. In reviewing the service demands for the Dog Officer, as well as the full cost of providing the service, the Town decided to investigate outsourcing the duties in lieu of hiring another full-time employee.

After completing a detailed financial analysis of the alternatives, it was determined that contracting out for the service could reduce direct and indirect budgetary costs from approximately \$120,000 per year down to about \$40,000. This analysis included a review of the direct departmental expenses such as wages and the rental of kennel facilities, as well as costs accounted for elsewhere in the budget, such as health insurance, pension costs, vehicle gasoline and insurance. Some of the potential savings were also derived through cost avoidances, such as eliminating the need to purchase and maintain a new vehicle.

Beginning in FY2013 the fees from dog licenses and fines come into the General Fund as revenue that largely off-sets the costs of the Animal Control services contract. In FY2014 those revenues are projected to be \$27,000.

**Public Works**

The Department of Public Works (DPW) consists of multiple Divisions collectively responsible for maintaining and improving the Town's public spaces and infrastructure. This includes the maintenance and development of Town roads, sidewalks, public trees, cemeteries, parks, public grounds and buildings, as well as the Town water supply system and wastewater/sewerage system. In addition to general administration the Divisions within the Department include: Highway, Parks, Cemetery, Water and Sewer.

**Public Works Summary**

	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED	% CHANGE
<b><u>PUBLIC WORKS</u></b>						
Highway Admin.	\$84,258	\$77,702	\$108,201	\$31,035	\$100,101	-7.49%
Hwy. Const. & Maint.	\$773,396	\$774,639	\$905,721	\$356,736	\$927,596	2.42%
Parks	\$78,042	\$84,151	\$95,900	\$27,927	\$104,400	8.86%
Cemetery	\$41,418	\$47,961	\$53,782	\$19,574	\$66,042	22.80%
Snow & Ice	\$416,199	\$160,286	\$199,700	\$58,253	\$246,200	23.28%
Street Lighting	\$98,366	\$99,610	\$100,000	\$47,672	\$102,500	2.50%
Trees	\$6,793	\$8,000	\$25,000	\$2,513	\$25,000	0.00%
<b>Subtotal</b>	<b>\$1,498,471</b>	<b>\$1,252,349</b>	<b>\$1,488,304</b>	<b>\$543,711</b>	<b>\$1,571,839</b>	<b>5.61%</b>

Overall, the DPW budget is up \$83,535, or 5.61%. The majority of the increase is in the snow & ice budget, which is being increased by \$46,500 to better reflect actual expenditures in recent years. Additional increases include the purchase of \$30,000 of capital equipment in the cemetery, parks, highway, and snow & ice budgets. The equipment includes a zero-turn lawn mower and replacement tires for a front-end loader. The mower is necessary to continue the care and maintenance of the public spaces (parks, cemeteries, monuments, etc.) throughout Town. The Administrative Assistant line reflects an increase of 5 hours per week for FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

As in previous years, the budget continues to rely upon seasonal help in the parks and cemetery divisions. The temporary help has continued its importance in the DPW because staffing remains at reduced levels.

During the last five years, the DPW has undergone numerous changes and experienced significant staffing impacts due to the recent recession. The formal structure of the Department and some of the position classifications no longer represent the day-to-day operations and structure. With the hiring of a new DPW Director in March 2012, the time has come to formally reorganize the Department so that form follows function and the Department can effectively meet its growing service demands. The proposed reorganization includes moving the Town Engineer under DPW and creating a Highway Superintendent position and a Water/Sewer Superintendent position. If approved, no additional staff will be hired in FY2014. The full DPW analysis and reorganization plan is available on the Town's website.



## Expenditure Summary

## Section 1-19

### Community Services

Section 5 of the Budget contains the category of human services, cultural and recreational programs and departments. These include the Senior Center/Council on Aging, Library, Recreation, Family & Youth Services, Veterans' Services, Cable Access TV, as well as various Boards and Committees.

### Community Services Summary

	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED	% CHANGE
<b>COMMUNITY SERVICES</b>						
Senior Center/COA	\$181,680	\$211,929	\$211,986	\$107,837	\$220,959	4.23%
Library	\$576,815	\$643,272	\$679,362	\$314,645	\$689,369	1.47%
Recreation	\$113,511	\$116,410	\$121,117	\$55,439	\$122,937	1.50%
Family & Youth Services	\$107,613	\$120,767	\$126,951	\$53,857	\$128,702	1.38%
Veterans' Services	\$29,006	\$39,693	\$59,584	\$18,495	\$90,500	51.89%
Cable TV	\$0	\$0	\$0	\$0	\$0	0.00%
Cultural Council	\$500	\$500	\$500	\$0	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$0	\$500	0.00%
Historical Committee	\$227	\$335	\$500	\$0	\$500	0.00%
<b>Subtotal</b>	<b>\$1,009,851</b>	<b>\$1,133,406</b>	<b>\$1,200,500</b>	<b>\$550,274</b>	<b>\$1,253,967</b>	<b>4.45%</b>

- **Senior Center/Council on Aging**

Overall, the FY2014 Senior Center Budget is up 4.2%, or \$8,973. However, the increase does not include any FY2014 wage increases which are budgeted centrally pending union contract settlement. The majority of the increase reflected in this budget is due to the addition of \$7,000 to the contractual services line. The Friends of the Senior Center had originally donated \$60,000 when the center first opened to off-set the General Fund expenses. The last of these donations will be used up in FY2013 and the General Fund will continue to absorb the costs in a phased approach with \$15,000 also coming from the transportation revolving fund for a total of \$32,000.

- **Family and Youth Services Department**

The Department continues to seek grant funding to expand counseling services and to rely on graduate-level student interns to meet service demands. There are no significant changes in the FY2014 Family & Youth Services budget. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

- **Veterans' Services**

The director salary line in the Veterans budget was increased from \$18,729 in FY2013 to \$51,000 in FY2014 based on recent Department of Veterans' Services (DVS) regulations mandating increased staffing for Districts. For FY2014 Northborough, Grafton, Shrewsbury and Westborough are seeking approval from the Secretary of DVS to formally establish a four-town Central Massachusetts Veterans' Services



District. If this proposal is not approved by the State, the Town would be required to either hire a full-time Agent just for Northborough, or hire additional District staff to meet the new unfunded staffing mandates. The increase in the salary line would cover the worst-case scenario in FY2014, in which our personnel costs would more than double to \$51,000.

The benefit line in the Veterans' budget was increased from \$10,500 to \$30,000 in FY2013 to reflect the increased demand for services as veterans begin returning from overseas. The \$30,000 was carried into the FY2014 budget as well. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services, it is still the responsibility of the Town to budget adequate benefits on the front end to cover those expenses.

- **Library**

Overall, the FY2014 Library Budget is up 1.47%, or \$10,007, compared to FY2013 due primarily to increased building expenses. During FY2014, staff transitions provided an opportunity to move all Library Assistants to either 19 hour/week or 40 hour/week positions. While this action resulted in a slight increase in the FTE count for Library Assistants, it also effectively reduced the number of benefit-eligible positions by one. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

In FY2010 the Library reduced its hours on Monday mornings and Thursday evenings. The reduced schedule will continue by necessity during FY2014, with the Library open to the public 53 hours per week.

- **Recreation Department**

From FY2009 through FY2013 the Recreation Department has been financially self-sufficient through its program fees. Salaries and benefits for the Recreation Director and Administrative Assistant are funded through the Revolving Account, as well as payroll for all part-time seasonal staff. Unfortunately, due to a decrease in projected revenues for FY2014, Article 4 of the Town Meeting Warrant will contain a transfer of only \$100,000 from the Recreation Revolving Fund to the General Fund, which is sufficient to cover most, but not all, of the departmental expenses. It is the goal of the Department to achieve self-sufficiency again in FY2015.



### **Undistributed Expenses**

The Town's practice is to budget certain overhead costs in the aggregate rather than distributing costs by department or program. These overhead costs include employee benefits of health insurance, life insurance, Worcester Regional Retirement contributions, unemployment compensation and workers' compensation insurance; comprehensive building and liability insurance; debt service; non-appropriated expenses such as State Assessments and reserves for abatements; stabilization fund contributions; a reserve fund for extraordinary and unforeseen expenses; and various Town Meeting special warrant articles.

#### **• Employee Benefits & Insurance**

Employees Benefits and Insurance represent the budgetary requirements for health and life insurance coverage for both Town and K-8 School employees and retirees as well as other benefits such as FICA expense, Worcester Regional Retirement contributions, unemployment compensation and workers' compensation insurance.

With regard to Health Insurance, the FY2014 budget request of \$4.76 million represents a total increase of just \$93,282, or 2.00%, from the amount budgeted last year. While the premiums for some individual health insurance plans may slightly increase, plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 have helped limit budgetary increases again in FY2014. In addition, the Town worked closely with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. Given the reasonable FY2014 premium increases, there are no immediate plans to modify health insurance plans for FY2014. However, all the General Government collective bargaining contracts contain a "reopener clause" so that discussions about health insurance options can take place should premiums begin escalating again at an unsustainable rate.

The second largest category of employee benefit costs after Health Insurance is Worcester Regional Retirement (WRR). The proposed FY2014 budget request for the WRR assessment represents an increase of \$31,324, or 2.59%, due to Northborough's local share of the funding schedule. The assessment is the amount due WRR for the pension system for the Town's non-teaching employees. School teachers belong to the Massachusetts Teachers Retirement System (MTRS). While the Town is responsible for the WRR assessment, the Commonwealth of Massachusetts is assessed annually by the MTRS.

It is important to note that a municipal employee hired after 1996 will contribute 9% of their total compensation plus another 2% of any regular compensation over \$30,000 to the retirement system. This employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.<sup>1</sup>

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<sup>1</sup> Information from Actuary, James R. Lamenzo of the Public Employee Retirement Administration (PERAC).



The 2011 Municipal Relief Act extended the time frame for fully funding the pension system's liability to the year 2040. The FY2014 Assessment will be the second year of a three-year phase in to the actuarial method of assessment calculation.

- **Building & Liability Insurance**

Building and Liability insurance includes property and liability coverage for all Town-owned property as well as all Town officials, elected and appointed. During FY2010 the Town bid out all its Workers' Compensation, Injured-on-Duty (IOD) and Building & Liability Insurance. Due to aggressive risk management practices, the budgets for FY2010, FY2011, FY2012 and FY2013 were level-funded. The Town's Building and Liability insurance premiums reflect a 2.0% budgetary increase in FY2014.

- **Debt Service**

The proposed FY2014 debt service budget provides for the payment of principal and interest costs for long and short term bonds issued by the Town for General Fund purposes. For FY2014, the total Debt Service budget for the General Fund is \$2.35 million, a decrease of \$177,339. The decrease is primarily attributable to the Town's Free Cash policy whereby smaller capital items are purchased using available funds instead of financing with debt. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the recent efforts to fund more pay-as-you-go capital projects.

The debt service appropriations for the Water & Sewer Enterprise Funds appear in their respective budgets (Section 8 of this budget document).

- **State Assessments**

The FY2014 State Assessments are projected to increase by \$53,791, based on the Governor's House 1 Budget. The increase is primarily attributable to the \$59,000 increase in the School Choice Sending Tuition assessment.

- **Stabilization Fund Contribution**

The FY2014 budget does not provide for a contribution to the Stabilization Fund. Available Free Cash funds that could have been allocated to the Stabilization Fund were instead used to fund additional pay-as-you-go capital items, thereby avoiding unnecessary finance charges. The FY2014 Stabilization Fund, together with overall financial reserves of the Town remain within 8-10% of the operating budget per the Town's policy guideline.

- **Reserve Fund**

Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. Transfers from this account require the approval of the Appropriations Committee. In FY2011, the Board of Selectmen adopted a Free Cash Policy and identified the Reserve Fund as an appropriate use of Free Cash. Beginning with FY2012 the Reserve Fund has been appropriated from Free Cash as a separate Warrant Article at Town Meeting. The FY2014 proposed Reserve Fund amount is \$150,000.



### • **Special Warrant Articles**

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. In FY2014 these warrant articles include \$150,000 for the Reserve Fund, and the funding for the FY2014 Capital Budget of \$1,506,500. The warrant articles total \$1,656,500.

The FY2014 Town Meeting Warrant Articles include the following:

- \$150,000 for the Appropriation Committee's Reserve Fund
- \$50,000 for Self Contained Breathing Apparatus (SCBA) Air Compressor
- \$28,000 for an Emergency Shelter Trailer and Supplies
- \$800,000 for the DPW Salt Shed Replacement
- \$425,000 for the Highway Garage Fuel Island Replacement
- \$203,500 for a DPW Loader

The warrant articles contain proposed funding for these items using a combination of repurposed bond proceeds and Free Cash. The use of these funding sources results in no additional tax impact.

The Board of Selectmen adopted a Free Cash Policy in November 2010, which provides a funding source for projects, other than municipal bonds. The Free Cash Policy is on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The Free Cash Policy and plan are discussed at length in the transmittal letter of the Capital Improvement Plan contained in pages Section 9-1 through 9-6 of this document.



**Public Education****• Northborough K-8**

Based upon the revenue forecasts, it was projected that the Town's General Government Budget and the Northborough K-8 Schools may increase by 4.50% in FY2014. Therefore, the FY2014 amount available for the Northborough K-8 School department is \$20,372,564. This represents an increase of \$877,287 from the \$19.5 million appropriated last year. Northborough K-8 School budget includes 2.94 new FTEs in FY2014. As of October 1, 2012, a total of 1,891 students attend the Northborough schools—enrollment of 1,249 students in grades K-5 at the four Town elementary schools and an enrollment of 642 students for grades 6-8 at the Middle School.

**• Algonquin Regional High School**

As of October 1, 2012, a total of 863 Northborough students attend the Northborough-Southborough Regional High School. This represents 58.39% of the total student enrollment in grades 9-12. The Northborough-Southborough budget is composed of an operating assessment and a debt payment related to the completed renovation/addition project. In FY2014 the operating assessment increases \$801,892, or 9.98% to \$8,835,115. The significant increase is attributable to two factors: 1) an increased enrollment of 50 more students from Northborough, and 2) a change in the State's Chapter 70 formula that shifted more of the operating assessment onto Northborough in FY2014. However, the debt for ARHS decreases in FY2014 by \$629,333, or 48.82% to \$659,761. It is important to note that the net effect of changes to the ARHS assessment and debt service is an overall increase of 1.85%, or \$172,559.

**• Assabet Valley Regional Technical High School**

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. As of October 1, 2012, 46 Northborough students attend Assabet Valley, which represents 6.53% of the FY2014 budget, or an operating assessment of \$646,939. This is a decrease from the 49 Northborough students on October 1, 2011. The total FY2014 budget is \$17,794,000 which is a \$194,000 or 1.12% increase.

A \$62.4 million building renovation project has been approved by all of the member communities. The Massachusetts School Building Authority voted to fund 53.48% of the project. The construction will begin in the summer of 2013. Northborough's debt assessment will be \$1,044 in FY2014, \$15,660 in FY2015 and \$39,413 in FY2016. The debt assessment will peak in FY2017 at \$166,934.

**• Norfolk County Agricultural High School**

In prior years the Town has borne the expense of tuition and transportation to the NCAHS in the Town's portion of the budget. Once accepted, the Town is required to bear the cost of both tuition and transportation. There are no students expected to attend this school in FY2014.



### **Enterprise Funds**

#### **• Water and Sewer Enterprise Funds**

The Water and Sewer Funds have been established as Enterprise Funds separate from the General Fund. The expenditures for both the Water and Sewer Funds are financed by water and sewer rate revenues.

The Town has recently contracted with an engineering consultant to evaluate the Town's water needs. The evaluation will use historical population data and regional studies to project future water system demands for a 20-year period. Raw and finished water quality data will be reviewed to determine required improvements for treatment facilities to comply with current and future drinking water standards. These local well supplies will be contrasted with MWRA interconnections and a cost-benefit analysis will be performed to see if the Town should:

- Utilize the Town's existing wells (and possibly additional subsurface supplies through exploration) with added treatment facilities to meet the water consumption demands,
- Utilize the Town's existing wells along with MWRA interconnection for summer peak demands, or
- Utilize MWRA interconnection for all water supply needs.

In order to fully determine the preferred scenario outlined above, a water system master plan is being developed. This master plan focuses on the entire potable water system and its ability to provide the Town with the most cost effective method of delivering safe, clean potable water to the residents.

The most important initiative for the DPW Water Division Enterprise Fund will be the reactivation of the Lyman Street well. Since there is a significant cost to the water currently purchased from the MWRA, by pumping and possibly treating our own well water in the future, the Town can minimize the amount of water purchased from MWRA and thereby reduce our Water Enterprise Fund expenses.

The proposed FY2014 Water Enterprise Fund budget of \$2,169,985 is predicated on a transfer of \$80,987 from Water Fund Free Cash and represents a 7.55% increase.

In accordance with our Intermunicipal Agreement, capital improvement projects are also underway to increase the sewer capacity at the Marlborough Westerly Wastewater Treatment Plant. As a result, the near future will present many critical issues for the Sewer Division, including both budgetary considerations and the potential significant rate impact for Northborough's share of this \$30 million expansion project.

The proposed FY2014 Sewer Enterprise Fund budget of \$1,448,115 is predicated on a transfer of \$142,439 from Sewer Fund Free Cash and represents a 0.29% increase.



	FY2013 Budget	FY2014 Budget	% Change
Water Enterprise Fund	\$ 2,017,630	\$ 2,169,985	+7.55%
Sewer Enterprise Fund	\$ 1,443,932	\$ 1,448,115	+0.29%

• **Solid Waste Fund**

The Solid Waste Enterprise Fund does not currently generate sufficient revenue to cover all its expenses. In Fall 2000, the Town issued an Invitation for Bids (IFB) for solid waste and recyclable materials collection and disposal. In January 2011, the Board of Selectmen voted to retain the current Pay-As-You-Throw (PAYT) program. As a result of the 2010 IFB, a significant savings in the collection cost is being realized. The five-year contract has fixed the collection costs at \$475,000 annually.

The Total PAYT fee revenues are estimated to be \$470,000 in FY2014 and the expenses are estimated to be \$759,099, leaving a projected shortfall of \$239,099 with a transfer from the Solid Waste Fund Free Cash of \$50,000. In FY2014, the appropriation will once again include a \$50,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for an unforeseen event in the coming year. It should be noted that the \$50,000 emergency reserve will stay with the fund and only be spent in an emergency. It is expected that the solid waste budget will remain stable and sustainable over the balance of the remaining three years of the hauling contract.

Given the policy decision by the Board of Selectmen to retain the PAYT program in its current form and prices obtained from the IFB, a \$239,099 General Fund subsidy in FY2014 is necessary in order to balance the Enterprise Fund. This is a \$8,471 decrease from the \$247,570 General Fund subsidy in FY2013. The total PAYT FY2014 budget at \$759,099, is also a decrease of \$21,991 or 2.82% from FY2013.

	FY2013 Budget	FY2014 Budget	% Change
Solid Waste Enterprise Fund	\$ 781,090	\$ 759,099	-2.82%

# **General Administration**

## **Section 2**



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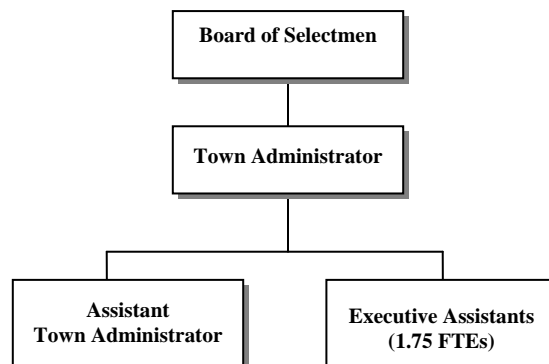


### Executive Office Departmental Statement

The Executive Office of the Town of Northborough is made up of the Board of Selectmen and the Town Administrator. The Board of Selectmen is recognized by the General Laws of the Commonwealth of Massachusetts as the Town's body of chief elected officials with the authority to enact rules and regulations establishing Town policies not otherwise governed by bylaw, the Town Charter, or by statute. The Board is composed of five members who are elected to staggered three-year terms. The powers and duties of the Board of Selectmen include appointing the Town Administrator, Police Chief, Fire Chief and Town Accountant, as well as various boards, committees and commissions. The Board of Selectmen also issue certain licenses and permits such as alcohol, car dealerships, common victualler, and entertainment; enforce special sections of the Town Code; and regulate the public ways.

The Town Administrator is appointed by the Board of Selectmen and is the senior appointed officer of the Town. The Town Administrator is responsible for managing the day-to-day operations of municipal government as outlined in Article IV of the Town Charter. The Town Administrator appoints and removes department heads, subordinates and employees, and members of certain boards and commissions for which no other method is provided in the Town Charter or in the general laws. The Town Administrator works closely with the Board of Selectmen to develop and implement policies and goals for the efficient and effective administration of Town government.

### Executive Office Organizational Chart





### Executive Office FY2013 Initiatives and Accomplishments

1. GFOA Distinguished Budget Award: The Town received its third consecutive national budget award in FY2013 from the Government Finance Officers Association. The award represents a significant achievement by the Town. It reflects the commitment of the Board of Selectmen and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the Town had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the Town's budget serves as a policy document, a financial plan, an operations guide and a communications device.

The Town's FY2013 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2013 Budget passed Town Meeting with the unanimous support of the Board of Selectmen, Appropriations Committee, Financial Planning Committee and the School Department.

2. Implemented a New Financial Trend Monitoring System: The Financial Trend Monitoring System (FTMS), as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town's budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over a period of time, can be used to monitor changes in the Town's financial condition. The financial indicators include such things as revenue and expenditure trends, financial reserves, changes in the tax base, one-time revenue dependencies, debt, and external revenue dependencies. The new FTMS Report is included in its entirety as Appendix C of this budget document.
3. Clean Annual Audit: The Town closed out FY2012 with \$2.45 million in Free Cash on June 30, 2012 and no material issues or deficiencies were noted in the annual audit. In fact, the audit is the cleanest review in memory for the Town.
4. Annual Town Report Second Place Award: On January 26, 2013, at the Award Ceremony of the Massachusetts Municipal Association's 2013 Annual Meeting and Trade Show, the MMA presented the Town of Northborough with a Second Place Award Certificate in Category 1 (population 12,500 and up) of the MMA's Annual Town Report Contest. Town Reports serve to communicate important information to town residents. It is used as an effective and informative tool in promoting an understanding of local government.

MMA judging criteria for the annual town-report contest include cover design and layout; logical arrangement of material; basic information, such as Town Meeting warrants and results and reports from boards and commissions; summaries of the town's achievements and evidence of planning for the future; broad reader appeal with concise yet comprehensive information; and graphic presentation, which enhances a citizen's understanding of town government.



5. Successfully Implemented DPW Transition: During FY2013 the Town successfully transitioned to a new Director. During the transition, a complete review and analysis of the various departmental functions was conducted, resulting in several new initiatives designed to improve operational efficiency and planning. Based upon the work done during FY2013, a proposed reorganization of the DPW was approved by the Board of Selectmen that will go to Town Meeting for approval, effective July 1, 2013 (FY2014).
6. FY2013 Capital Budget Approved \$3,086,000 in Projects with only \$260,000 funded through debt. The balance of the FY2013 Capital Budget, or 91% of all project expenses, were funded using a combination of Free Cash, Massachusetts School Building Authority (MSBA) grants, available mitigation funds, Community Preservation Funds, Enterprise Funds, donations and repurposed bond proceeds from completed capital projects. The funding approach limited the FY2013 additional tax impact on residents to just \$260,000 in new debt.

### Executive Office FY2014 Goals and Initiatives

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2014 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2014 enhancements will focus on more long-range financial planning and refinement of the FTMS, as well as the introduction of meaningful performance measures into the operating budgets.
2. Lincoln Street Feasibility Study and Renovation/Addition Project: At the April 2012 Annual Town Meeting, \$500,000 was approved as part of the FY2013 Capital Budget to conduct a Feasibility Study of the Lincoln Street Elementary School. Since receiving approval, the Town has worked with MSBA to appoint a building committee, conduct a site visit, review the school's maintenance history, complete the design enrollment certification process, and hire an Owner's Project Manager (OPM). During March of 2013 it is anticipated that an architect for the project will be selected and the feasibility phase will commence.

As originally conceived, the Town was hoping to bring a project back to Town Meeting for possible funding in April of 2013. However, after extensive discussions with MSBA, as well as the OPM, it was determined that such an aggressive schedule would not be possible. Based upon the project timeline negotiated with MSBA, it is anticipated that the feasibility phase of the project will take place between March and July of 2013, culminating with MSBA's approval of a preferred design solution. From July through December 2013 the architect will complete the schematic design phase of the project, including a professional cost estimate. The project schedule then allows for discussion of the project's justification and funding needs during the FY2015 Capital Budget process. The final objective is to seek funding approval for the renovation/addition project at the April 2014 Annual Town Meeting.

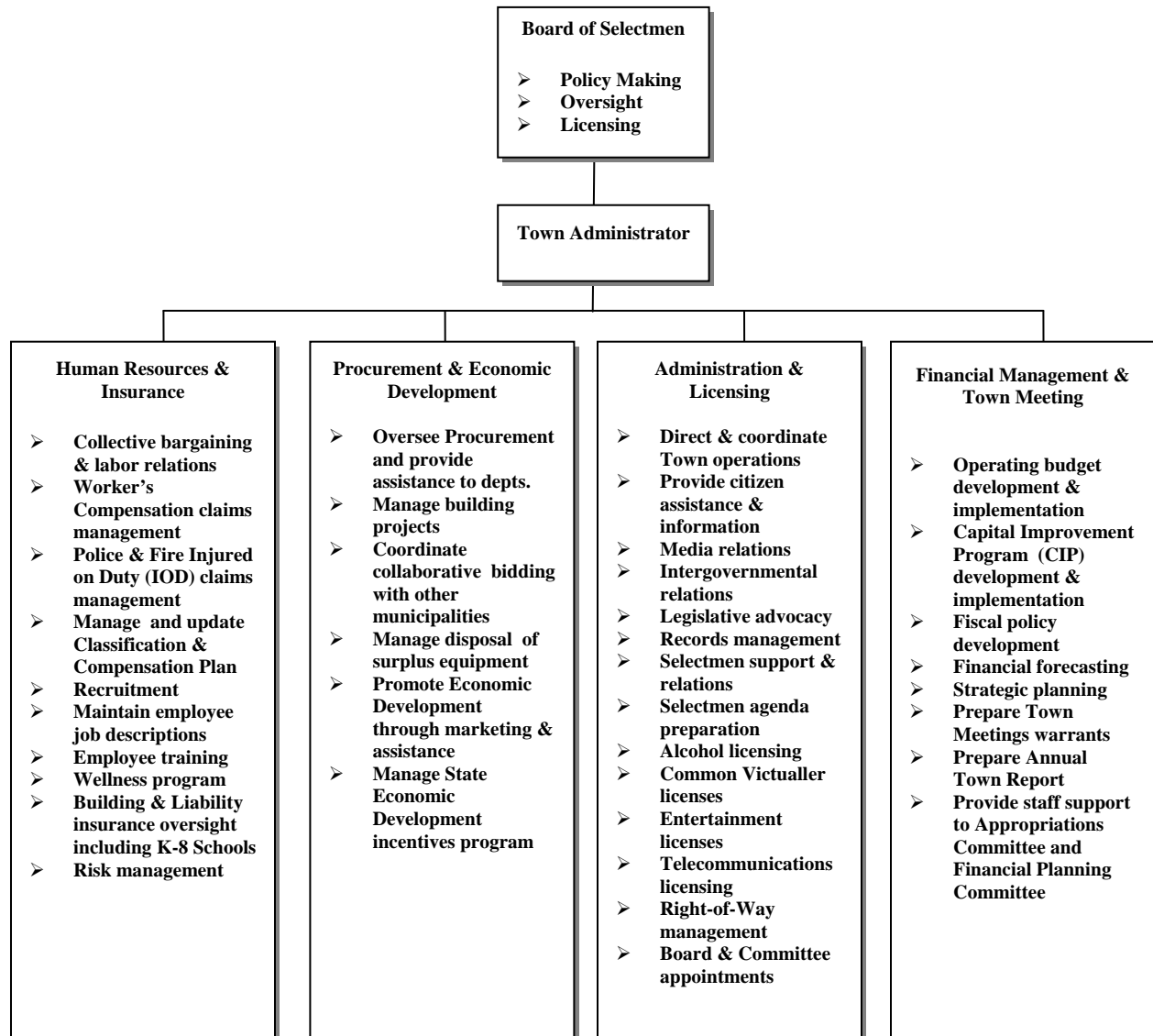
### Significant Budget Changes or Initiatives

There are no significant budget changes planned for the Executive Office in FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.





## Executive Office Programs and Services





<b>EXECUTIVE OFFICE</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Town Administrator	1	1	1	1	1
Assistant Town Administrator	1	1	1	1	1
*Executive Assistants	1.75	1.75	1.75	1.75	1.75
<b>Total Full-time Equivalent</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>

\*Personnel Explanation:

Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)

## Section 2-6

## Executive Office



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>BOARD OF SELECTMEN</b>						
<b>Personnel Services</b>						
51110 Selectmen Stipends	5,356	5,356	5,356	5,356	2,678	5,356
51120 Executive Assistant	56,000	57,399	57,900	58,344	26,928	58,569
51220 Part-Time Executive Assistant	41,920	42,884	43,460	43,758	20,196	43,927
51410 Longevity Pay	700	700	700	1,000	1,000	1,000
<b>SUBTOTAL</b>	<b>103,976</b>	<b>106,339</b>	<b>107,416</b>	<b>108,458</b>	<b>50,802</b>	<b>108,852</b>
<b>Expenses</b>						
52850 Annual Independent Audit	19,300	19,940	24,040	24,655	24,655	21,577
53090 Advertising	224	98	65	250	0	250
56930 Town Meeting Expenses	326	218	170	500	0	500
57320 Subscriptions	0	808	190	600	425	600
57330 Memberships	2,255	2,305	2,305	2,305	2,289	2,305
57340 Meetings	0	60	263	1,250	0	1,250
57810 Unclassified	69	404	202	1,000	254	1,000
<b>SUBTOTAL</b>	<b>22,173</b>	<b>23,834</b>	<b>27,235</b>	<b>30,560</b>	<b>27,623</b>	<b>27,482</b>
<b>TOTAL: SELECTMEN</b>	<b>126,149</b>	<b>130,173</b>	<b>134,651</b>	<b>139,018</b>	<b>78,425</b>	<b>136,334</b>



## Executive Office

## Section 2-7

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>TOWN ADMINISTRATOR</b>						
<b>Personnel Services</b>						
51100 Town Administrator	118,450	121,411	123,849	127,593	58,305	128,856
51120 Assistant Town Administrator	66,950	68,624	71,384	75,689	34,248	77,171
51410 Longevity Pay	200	200	200	200	200	350
<b>SUBTOTAL</b>	<b>185,600</b>	<b>190,235</b>	<b>195,433</b>	<b>203,482</b>	<b>92,753</b>	<b>206,377</b>
<b>Expenses</b>						
53110 Printing	765	912	0	1,600	0	1,600
54290 Office Supplies	25	0	31	1,200	0	1,200
57110 Travel/Mileage	3,600	3,600	3,600	3,704	1,800	3,815
57310 Dues	1,247	1,317	1,398	1,350	352	1,350
57320 Subscriptions	403	765	345	550	445	550
57340 Meetings	1,336	1,920	3,040	3,500	3,615	3,500
<b>SUBTOTAL</b>	<b>7,376</b>	<b>8,514</b>	<b>8,413</b>	<b>11,904</b>	<b>6,212</b>	<b>12,015</b>
<b>TOTAL: TOWN ADMINISTRATOR</b>	<b>192,976</b>	<b>198,749</b>	<b>203,846</b>	<b>215,386</b>	<b>98,965</b>	<b>218,392</b>

## Section 2-8

## Executive Office



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ECONOMIC DEVELOPMENT</b>						
<b>Expenses</b>						
54290 Office Supplies	0	156	53	200	0	200
57110 Travel/Mileage	0	0	0	235	0	235
57310 Dues	335	335	335	275	0	275
57320 Subscriptions	0	0	0	50	0	50
57340 Meetings	40	0	0	540	87	540
<b>SUBTOTAL</b>	<b>375</b>	<b>491</b>	<b>388</b>	<b>1,300</b>	<b>87</b>	<b>1,300</b>
<b>TOTAL: ECONOMIC DEVELOPMENT</b>	<b>375</b>	<b>491</b>	<b>388</b>	<b>1,300</b>	<b>87</b>	<b>1,300</b>

### ANNUAL TOWN REPORTS

<b>Expenses</b>						
52800 Contractual Services	1,400	2,970	1,400	1,400	0	1,400
53110 Printing	2,623	1,455	2,984	3,025	0	3,025
<b>SUBTOTAL</b>	<b>4,023</b>	<b>4,425</b>	<b>4,384</b>	<b>4,425</b>	<b>0</b>	<b>4,425</b>
<b>TOTAL: ANNUAL TOWN REPORTS</b>	<b>4,023</b>	<b>4,425</b>	<b>4,384</b>	<b>4,425</b>	<b>0</b>	<b>4,425</b>



## Public Buildings Departmental Statement

The Public Buildings Account provides for various costs associated with the Town Office Building as well as other Town facilities, including:

1. Gasoline and diesel fuel used by all Town vehicles.
2. The cost of electricity and natural gas to heat the Town Office Building (the Town works cooperatively with the Northborough K-8 Schools and the Regional School District to purchase fixed rate electricity under an aggregation program overseen by the Massachusetts Municipal Association).
3. The Public Buildings account provides funds for the payment of water & sewer user fees to the Water & Sewer Enterprise Funds for use by Town Buildings and Facilities (Town Hall, Library, Fire Station, Police Station, Public Works Garage, Cemetery, Parks and Senior Center). Also included is water consumption for fire suppression and fire training.
4. The account provides funds for the payment of Solid Waste fees for solid waste collection and disposal services provided to Town buildings and facilities.

In FY1998 a new position of Facility Manager was originally proposed. The new position would have been responsible for coordinating the maintenance and repair of Town Buildings. To date, that position remains unfilled due to budget limitations. During FY2009 a full-time custodian position was added and split between the Town Office Building and the Police Station. The position replaced a contractual cleaning service.

PUBLIC BUILDINGS					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Custodian	.5	.5	.5	.5	.5
<b>Total Full-time Equivalent</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>

**\*Personnel Explanation:**

Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)

There is a full-time custodian that works 20 hours per week (.5 FTE) in the Town Offices Building and 20 hours per week in the Police Station.

## Section 2-10

## Public Buildings



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>PUBLIC BUILDINGS</b>						
<b>Personnel Services</b>						
51100 Full-time Salaries	0	0	0	0	0	0
51970 Part-time Custodian	19,210	19,784	20,180	20,715	9,466	20,995
<b>SUBTOTAL</b>	<b>19,210</b>	<b>19,784</b>	<b>20,180</b>	<b>20,715</b>	<b>9,466</b>	<b>20,995</b>
<b>Expenses</b>						
52110 Utilities Town Office Building	40,143	45,671	36,865	56,990	13,969	56,990
52460 Office Machine Maintenance	11,570	14,266	12,663	15,000	3,919	15,000
52800 Contractual Services	0	0	0	3,000	0	3,000
53410 Telephone	26,034	15,286	25,794	30,000	13,104	30,000
53420 Postage	32,461	33,612	34,061	35,000	11,038	35,000
54290 Office Supplies	6,197	6,294	5,486	9,000	1,643	9,000
54490 Repairs and Maintenance	31,549	22,324	19,183	32,140	12,374	32,140
54590 Supplies	10,053	8,861	12,091	11,000	5,616	11,000
54820 Gasoline	118,900	124,101	160,439	151,150	57,145	160,000
58700 Water Charges	7,952	10,691	10,130	15,000	5,634	16,500
58705 Sewer Charges	1,829	2,234	2,376	3,000	1,198	3,300
58708 Solid Waste Charges	25,495	27,337	30,327	30,813	8,921	30,878
<b>SUBTOTAL</b>	<b>312,183</b>	<b>310,675</b>	<b>349,416</b>	<b>392,093</b>	<b>134,560</b>	<b>402,808</b>
<b>TOTAL: PUBLIC BUILDINGS</b>	<b>331,393</b>	<b>330,459</b>	<b>369,596</b>	<b>412,808</b>	<b>144,026</b>	<b>423,803</b>



### **Finance Departmental Statement**

The Finance Department consist of three Divisions that work closely with the Town Administrator's Office to prepare the information needed to reach essential management decisions and formulate fiscal policies. These Divisions include Treasurer/Collector, Assessors and Accounting. Below is a description of each.

#### **Treasurer/Collector Division**

The Treasurer/Collector's Office is responsible for billing and collection of real estate taxes, motor vehicle excise taxes, and various permit or license receipts. In addition, the Division is responsible for reconciliation of bank accounts, warrants, long and short-term investments, long and short-term borrowing, payroll processing, income tax reporting, and benefit administration for active and retired employees (health, dental, disability, and life insurance). The Treasurer/Collector's Division receives, manages and disperses all funds of the Town in accordance with Massachusetts General Laws and the Town of Northborough Financial Policies contained in Appendix A of the Annual Budget Document. The Finance Director serves as the Treasurer/Collector in addition to the position's other responsibilities.

#### **Assessing Division**

The primary role of the Assessor's Division, under the direction of the Board of Assessors, is the valuation of all real and personal property in the Town. The State Department of Revenue (DOR) requires that all property be valued at full and fair cash value which ensures that all property owners pay their fair share of the yearly tax burden. The Assessor's Division is responsible for meeting and adhering to strict certification requirements of the DOR. To meet these requirements, the Assessors are obligated to revalue all properties yearly and, once every three years, undergo a state recertification audit. In addition to appraisal duties, the Assessor's Division is responsible for the processing of statutory tax exemptions; tax abatement filings for real estate and motor vehicle excise taxes; maintaining and updating records of deeds received from the Registry of Deeds; processing of water and sewer betterments; maintaining records of exempt property, and defending Appellate Tax Board cases.

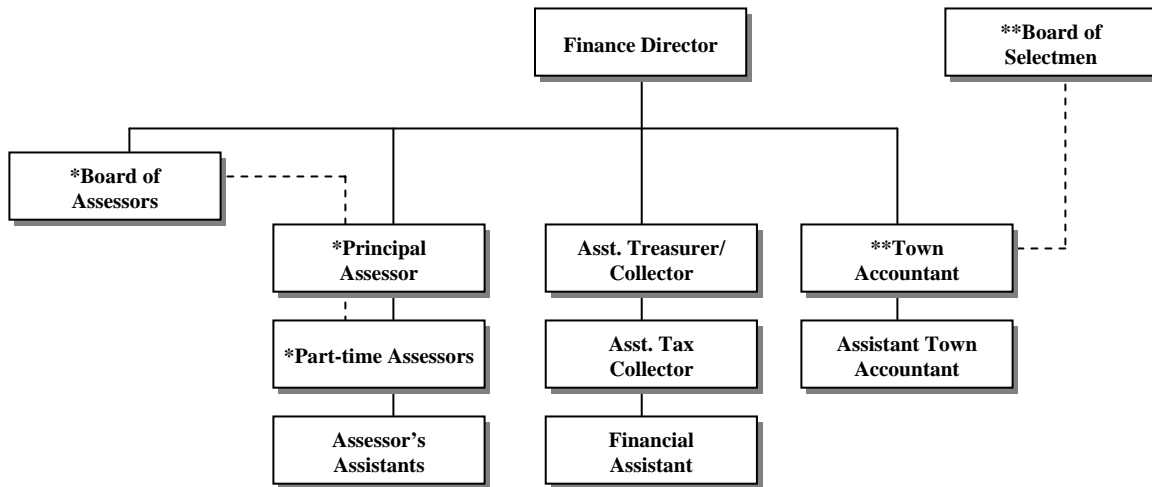
#### **Accounting Division**

The Accounting Division is responsible for record keeping of all financial transactions of the Town; processing of all bills, warrants, receipts, payroll and ledgers; keeps records of all contracts and grants and supplies departments with financial reports and payroll information. The Accounting Division ensures the Town is in compliance with Generally Accepted Accounting Principles, Federal and State laws, and Town Meeting authorizations.





Finance Department Organizational Chart

Organizational Chart Notes:

\*The Board of Assessors consists of three members appointed by the Town Administrator for three-year terms. The Principal Assessor along with two Part-time Assessors serve as the Board of Assessors. The Part-time Assessors are also responsible for performing the field inspection work necessary for the appraisal of all real estate and personal properties in Town.

\*\*In accordance with the Town Charter the Town Accountant position is appointed by the Board of Selectmen, but coordinates on a daily basis through the Finance Director to prepare the financial information needed to reach essential management decisions and formulate fiscal policies. The Board of Selectmen also contracts with a certified public accounting firm annually to conduct an independent audit of all records and accounts of the Town. The Assistant Town Accountant position is appointed by the Town Administrator.



### Finance FY2013 Initiatives and Accomplishments

#### **Treasurer/Collector Division:**

1. Our Financial Team worked closely on a transition plan for the Assessing Division due to the planned retirement of the Principal Assessor with special significance given that FY2013 was a triennial certification year.
2. The Financial Team worked closely with the Department of Public Works to assist the new DPW Director with various financial aspects of the department.
3. Foreclosed on two properties and actively pursued the collection of several significant properties in tax title.
4. Successfully upgraded to MUNIS 9.3 software for the tax billing software. Continued to participate in a Computer Technology Working Group to enhance the use of technology.

#### **Assessing Division:**

1. Successfully completed the triennial certification of real and personal property as required by the Department of Revenue with a certified tax rate approved at \$16.11 per thousand.
2. Prepared and presented information to the Board of Selectmen during the Annual Tax Classification Public Hearing resulting in the decision to maintain a single tax rate for all classes of property during FY2013.
3. Monitored and identified the new growth in Town resulting in approximately \$92.9 million in value added to the tax levy during FY2013 and over \$1.2 million in new tax revenue.
4. Assisted over 150 senior citizens with filing exemption forms in order to obtain property tax relief.

#### **Accounting Division:**

1. Completed the FY2012 annual independent audit resulting in no material deficiencies and addressing critical management letter comments.
2. Submitted reports to the State Department of Revenue in order to accurately certify free cash for the close of FY2012.



3. Progress was made toward closing prior year capital projects balances so that remaining balances can provide a source for the Town's Capital Improvement Plan at the 2013 Annual Town Meeting.
4. Achieved compliance with Government Account Standards Board (GASB) Statement 45 and implemented Statement 54 for its second year starting with the FY2012 financial statements.

### **Finance Department FY2014 Goals and Initiatives**

1. Continue progress toward complete integration of the Financial Offices with improved communication, cross training and sharing of resources.
2. Continue to work to improve our budget document for the Government Finance Officers Association Distinguished Budget Award which requires the Town to implement Best Practices in public budgeting.
3. Continue to work on comprehensive financial and investment policies to improve financial procedures and expand internal controls to efficiently manage the Town's financial resources.
4. Continue to expand utilization of technology and improve communication utilizing the Town's webpage.
5. Continue to maintain collection rates of at least 95% of current levy pursuant to the Town's financial policies contained in Appendix A of the annual budget document.

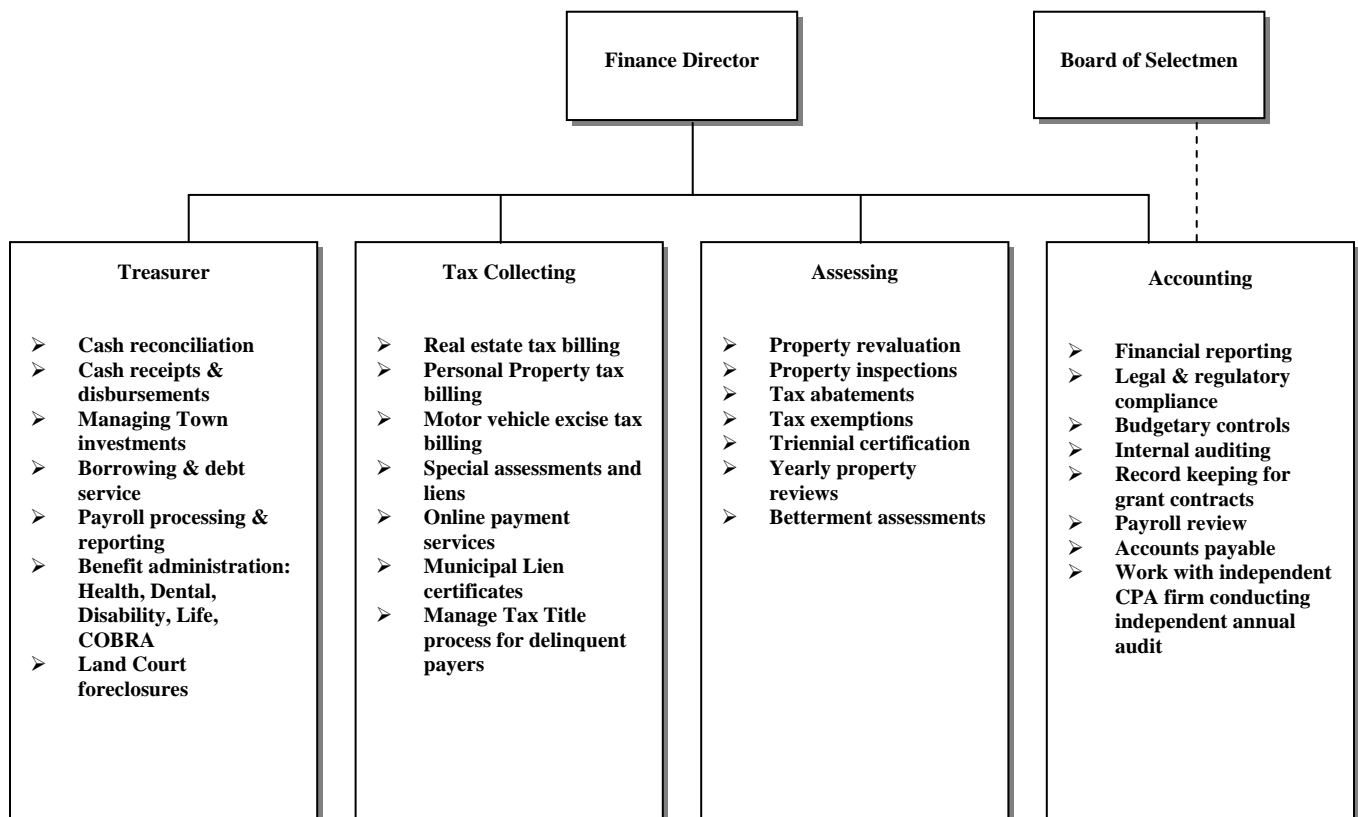
### **Significant Budget Changes or Initiatives**

Overall, the Finance Department's FY2014 budget is up 3.1%, or \$21,144. Approximately \$20,000 of the increase is due to the contractual services line under the Assessor's Division. In FY2014 the Assessing Division plans to initiate a State-mandated comprehensive data collection project to physically inspect parcels of real property and conduct a conversion project for the valuation method of condominiums. There is also a minor increase in the hours of the Assistant Town Accountant from 34 hours per week to 35 hours per week.

The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



## Financial Offices Programs and Subprograms





<b>FINANCIAL OFFICES</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
<u>Finance Director</u>	0	1	1	1	1
<u>Treasurer/Collector's Division</u>					
Treasurer/Collector	1	0	0	0	0
Assistant Treasurer/Collector	1	1	1	1	1
Assistant Tax Collector	1	1	1	1	1
* Financial Assistant	1.5	1	1	1	1
<u>Assessing Division</u>					
Principal Assessor	1	1	1	1	1
Part-time Assessors (2)	.5	.5	.5	.5	.5
Assessor's Assistants	2	2	2	2	2
<u>Accounting Division</u>					
Town Accountant	1	1	1	1	1
* Assistant Accountant	.75	.75	.85	.85	.88
<b>Total Full-time Equivalents</b>	<b>9.75</b>	<b>9.25</b>	<b>9.35</b>	<b>9.35</b>	<b>9.38</b>

**\*Personnel Explanation:**

Full-time Equivalents are based upon 40 hrs per wk (34hrs/40hrs = .85 FTE). During FY2010 a part-time, 20 hour per week Financial Assistant position in the Treasurer's Office was eliminated. Previously, the Assistant Town Accountant position was also reduced from 40 hours per week to 30 hours per week. In FY2012, the budget will restore 4 hours per week to the Assistant Accountant position. In FY2014, the budget restored another 1 hour per week (34-35 hrs./wk.). The increase in hours is intended to allow our Town Accountant more time to address our higher level professional and managerial needs as a highly valued member of the Financial Team.

During FY2011 the Treasurer/Collector was promoted to Finance Director as part of a Town Meeting approved reorganization.



# Finance Department

## Section 2-17

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGET	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>TREASURER/COLLECTOR</b>						
<b>Personnel Services</b>						
51100 Finance Director Salary	83,801	91,410	93,753	96,588	44,137	97,544
51120 Treasurer Office Staff Salaries	148,478	152,946	155,257	158,490	72,682	160,152
51410 Longevity Pay	1,050	1,200	1,400	1,400	1,400	1,550
51970 Treasurer's Stipend	1,000	1,000	1,000	1,000	1,000	1,000
<b>SUBTOTAL</b>	<b>234,328</b>	<b>246,556</b>	<b>251,410</b>	<b>257,478</b>	<b>119,219</b>	<b>260,246</b>
<b>Expenses</b>						
52800 Contractual Services	1,239	1,279	1,103	1,500	474	1,500
53040 Computer Services	5,620	5,809	5,706	6,429	2,703	6,429
53090 Advertising	623	710	656	1,000	929	1,000
53110 Printing	5,427	5,687	5,155	6,723	800	6,723
53160 Banking Services	1,233	1,529	1,244	1,400	256	1,400
54290 Office Supplies	631	831	1,297	675	287	675
57110 Travel/Mileage	307	155	467	758	87	758
57310 Dues	255	475	335	475	430	475
57340 Meetings	370	795	637	990	180	990
57810 Unclassified	1,807	2,387	1,673	1,840	1,350	1,840
	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>17,512</b>	<b>19,656</b>	<b>18,272</b>	<b>21,790</b>	<b>7,495</b>	<b>21,790</b>
<b>TOTAL: TREASURER/COLLECTOR</b>	<b>251,841</b>	<b>266,212</b>	<b>269,682</b>	<b>279,268</b>	<b>126,714</b>	<b>282,036</b>

## Section 2-18

## Finance Department



		FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGET	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ASSESSOR</b>							
<b>Personnel Services</b>							
51100	Principal Assessor Salary	83,801	85,895	86,754	87,622	52,520	82,000
51120	Assessor Asst. Salaries	77,180	86,548	88,152	91,139	41,405	91,852
51130	PT Assessors Salaries	26,977	30,378	22,403	31,460	10,225	32,095
51410	Longevity	650	650	1,000	1,000	200	200
	<b>SUBTOTAL</b>	<b>188,608</b>	<b>203,471</b>	<b>198,310</b>	<b>211,221</b>	<b>104,349</b>	<b>206,147</b>
<b>Expenses</b>							
52800	Contractual Services	39,203	11,358	2,026	50,550	40	71,000
53090	Advertising	561	-	68	150	49	150
53110	Printing	281	433	365	285	485	285
54290	Office Supplies	10	529	19	200	20	200
57110	Travel/Mileage	1,015	880	1,198	1,200	606	2,400
57310	Dues	356	409	444	444	415	444
57320	Subscriptions	1,027	1,048	829	1,135	941	1,185
57340	Meetings	323	304	521	1,200	762	1,200
	<b>SUBTOTAL</b>	<b>42,777</b>	<b>14,961</b>	<b>5,471</b>	<b>55,164</b>	<b>3,318</b>	<b>76,864</b>
<b>TOTAL: ASSESSOR</b>		<b>231,385</b>	<b>218,432</b>	<b>203,781</b>	<b>266,385</b>	<b>107,667</b>	<b>283,011</b>



## Finance Department

## Section 2-19

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED
<b>ACCOUNTING</b>							
<b>Personnel Services</b>							
51100	Accountant Salary	72,100	74,913	86,755	87,622	40,441	87,622
51120	Asst. Accountant Salary	35,987	37,067	42,799	43,980	20,098	45,895
51410	Longevity	200	200	200	350	350	350
	<b>SUBTOTAL</b>	<b>108,287</b>	<b>112,181</b>	<b>129,753</b>	<b>131,952</b>	<b>60,889</b>	<b>133,867</b>
<b>Expenses</b>							
52800	Contractual Services	4,785	1,236	834	1,000	834	1,000
53110	Printing	159	1,086	57	450	0	450
54290	Office Supplies	212	315	162	200	0	200
57310	Dues	105	125	125	150	125	185
57320	Subscriptions	0	-	167	125	0	125
57340	Meetings	2,525	1,626	1,661	3,200	493	3,000
	<b>SUBTOTAL</b>	<b>7,786</b>	<b>4,387</b>	<b>3,006</b>	<b>5,125</b>	<b>1,452</b>	<b>4,960</b>
<b>TOTAL: ACCOUNTING</b>		<b>116,073</b>	<b>116,568</b>	<b>132,759</b>	<b>137,077</b>	<b>62,342</b>	<b>138,827</b>





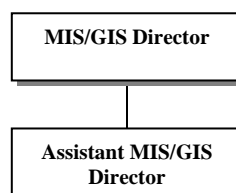
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**Management Information Systems (MIS) & Geographic Information Systems (GIS)  
Departmental Statement**

The MIS/GIS Department is charged with coordinating the implementation and application of information technology throughout Town. The Department was formed in 1997 in order to manage a number of warrant articles passed at previous Town Meetings. The articles sought to modernize the technology in use at Town Offices as well as to implement a Geographic Information System (GIS). GIS is a system of hardware and software used for storage, retrieval, mapping and analysis of geographic data. In the simplest terms, GIS is the merging of cartography and database technology.

The mission of MIS is to enhance public service by improving interdepartmental communication and providing efficient and effective information for decision-making purposes. This enhancement is accomplished by proactively maintaining all network systems to minimize downtime and maximize employee productivity.

The mission of GIS is to improve access to spatially related information for decision-making purposes for Town staff, various Board and Committees and the general public by making various maps and information layers such as wetlands, utilities and topography readily available in a user friendly format.

**MIS/GIS Organizational Chart**



### **MIS/GIS FY2013 Initiatives and Accomplishments**

1. The Town's suite of financial applications, known as MUNIS, was successfully migrated to a Windows/SQL environment. This involved the deployment of new hardware and software along with a conversion of the Town's financial databases. The Town's DPW, Assessors, Accounting and Treasurer/Collectors Departments worked collectively over several months to test the new environment and ensure a smooth transition.
2. A new backup and recovery system has been implemented for the Town's network, replacing outdated equipment and updating the methodology for how data is stored and archived. The new system centralizes backup management, provides significantly more storage capacity and reduces the time needed for backing up and restoring data.
3. The Town's GIS database was updated to reflect MassGIS parcel mapping standards. This initiative ensures a minimum level of spatial accuracy and increases the availability and compatibility of GIS data across communities. GIS applications in planning, property assessment, utility management and public safety will be greatly improved as a result.

### **MIS/GIS FY2014 Goals and Initiatives**

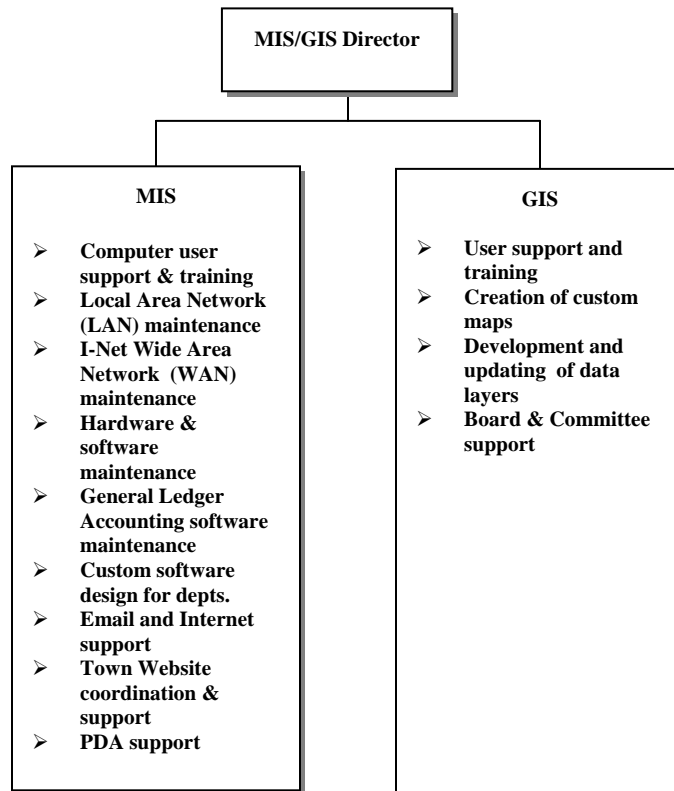
1. The Town is considering various comprehensive permit tracking software options available and anticipates completing its review and potentially implementing a solution in FY2014. The goal of this project is to streamline the Town's current permitting processes across numerous departments, including the Building Department, Board of Health, ZBA, Conservation Commission and other Town departments.
2. A number of servers are at the end of their useful life and will be virtualized in FY2014. Benefits will include reduced hardware costs and simplified backup and recovery procedures.
3. Networking equipment (switches & routers) used in the Town's I-Net along Main Street will be replaced in FY2014. This fiber infrastructure is leased from Charter Communications and links together the Police Department, Highway Barn, Town Hall, Library and Fire Department.

### **Significant Budget Changes or Initiatives**

The MIS/GIS budget is increasing \$722 or 0.20%. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



## MIS/GIS Programs and Services





<b>MIS/GIS DEPARTMENT</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
* MIS/GIS Director	1	1	1	1	1
Assistant MIS/GIS Director	1	1	1	1	1
<b>Total Full-time Equivalent</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

\*Personnel Explanation:

Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

The MIS/GIS Director's time and salary is shared between the General Fund and the Water/Sewer Enterprise Funds. The FY2014 salary total is \$87,622 (\$67,622 in the General Fund Budget, \$12,000 in the Water Enterprise Fund Budget and \$8,000 in the Sewer Enterprise Fund Budget).

## Section 2-24

## MIS/GIS



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>MIS/GIS DEPARTMENT</b>						
<b>Personnel Services</b>						
51110 MIS/GIS Director Salary (GF)	63,801	65,895	66,755	67,622	20,441	67,622
51120 Asst. MIS/GIS Director Salary	75,697	77,589	78,365	79,149	36,530	79,149
51410 Longevity Pay	550	550	700	700	700	700
<b>SUBTOTAL</b>	<b>140,047</b>	<b>144,035</b>	<b>145,819</b>	<b>147,471</b>	<b>57,671</b>	<b>147,471</b>
<b>Expenses</b>						
52800 Contractual Services	491	1,482	3,500	22,500	150	30,000
53040 Computer Services	27,609	34,383	33,641	36,340	9,322	36,040
53190 Training	0	-	4,528	9,150	0	9,225
53720 Computer Maintenance	41,635	41,217	51,177	67,575	55,166	73,023
54290 Office Supplies	11,796	13,487	14,079	15,765	6,543	15,355
57110 Travel/Mileage	95	75	0	493	0	501
57310 Dues	100	75	100	175	0	175
57320 Subscriptions	140	187	20	375	0	250
57340 Meetings	0	-	0	1,782	0	3,558
58690 New Equipment	8,506	14,392	18,194	55,250	26,496	42,000
<b>SUBTOTAL</b>	<b>90,372</b>	<b>105,298</b>	<b>125,239</b>	<b>209,405</b>	<b>97,678</b>	<b>210,127</b>
<b>TOTAL: MIS/GIS</b>	<b>230,419</b>	<b>249,332</b>	<b>271,059</b>	<b>356,876</b>	<b>155,349</b>	<b>357,598</b>

\* The MIS/GIS Director's salary is shared between the General Fund and the Water/Sewer Enterprise Funds. The FY2013 salary total is \$87,622 (\$67,622 in the General Fund Budget above, \$12,000 in the Water Enterprise Fund Budget and \$8,000 in the Sewer Enterprise Fund Budget).

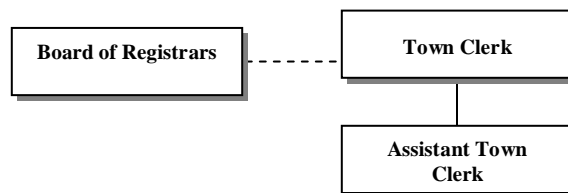


### Town Clerk's Office Departmental Statement

The Town Clerk's Office is responsible for maintaining vital public records and information so that they are easy to locate, up-to-date, accurate and preserved for future generations. The Town Clerk is also the chief election official and supervises the Town's election activities including the development of the ballots, managing election equipment and set-up, hiring and training election officials, certifying, reporting, and recording election results. The Town Clerk is an ex officio member of the Board of Registrars.

The Registrar Board consists of three members appointed by the Board of Selectmen to three-year terms. The members of the Board of Registrars of Voters shall represent the two leading political parties, and in no case shall an appointment be made so as to cause the Board to have more than two members, including the Town Clerk, of the same political party. The Board of Registrars of Voters supervises the qualification of persons to vote; certifies the names of voters on nomination papers and petition forms; and holds hearings and decides all disputes relating to these matters.

### Town Clerk's Office Organizational Chart



**Town Clerk's FY2013 Initiatives and Accomplishments**

1. Successfully managed the Presidential Primary, State Primary and State Election during 2012.
2. Continued to manage the requirements under the revised Open Meeting Law for the posting of meeting notices and agendas. All meeting notices for boards, committees, and commissions are physically posted in the Town Clerk's Office and posted on the Town's Website at least 48 hours prior to the meeting.
3. Continued to manage the Meeting Calendar on the homepage of the Town's website, which displays all Board and Committee meetings, along with agendas, and minutes when available.
4. Distributed and tracked Conflict of Interest/Ethics training documentation for all employees and Town Officials as required.

**Town Clerk's FY2014 Goals and Initiatives**

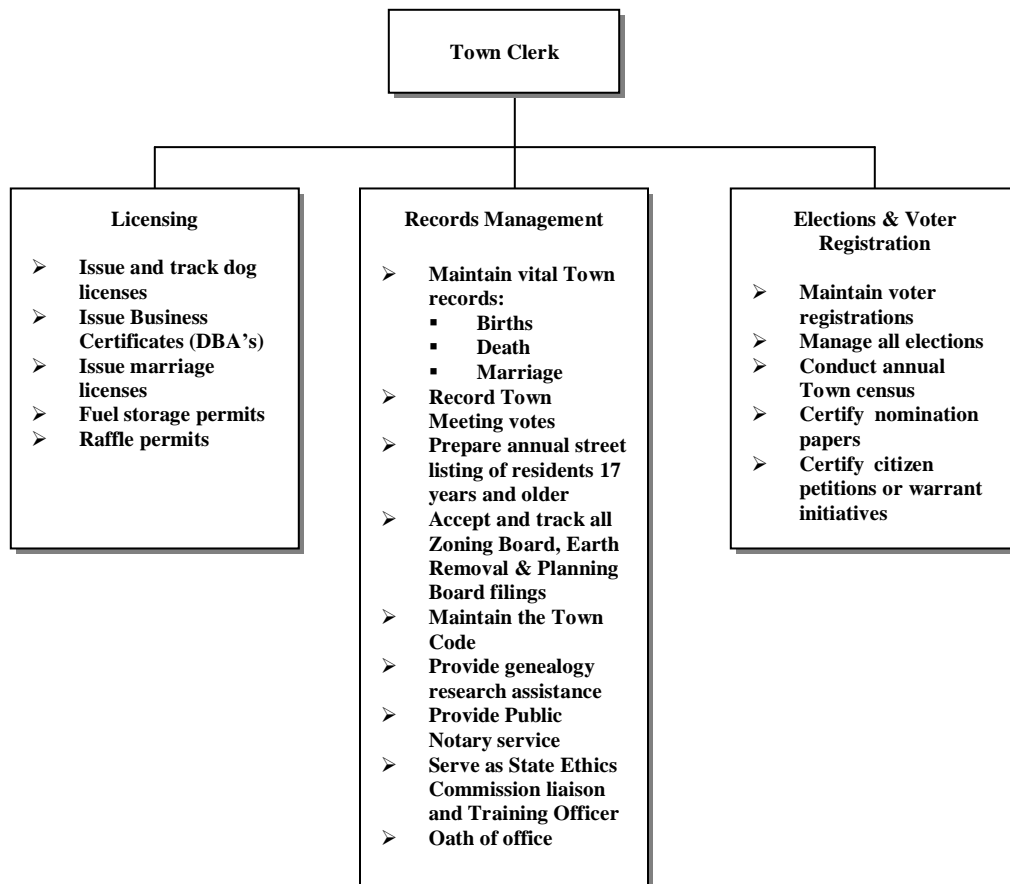
1. Continue to expand and promote credit card counter payments and online payments for the purchase of dog licenses and vital records (birth, death, marriage certificates). This will allow residents to use a credit card in the office when paying for a dog license or vital record. During FY2014 additional items will be added for online purchase or at the counter using credit cards or electronic checks.
2. Begin the next phase of historic record preservation using the funding requested from the Community Preservation Committee. Plans are also being made for improved storage of historic records.
3. Recodification of the Town Code through the use of consulting services in order to bring better order and eliminate outdated or inconsistent content. The last time a recodification project was completed in Northborough was 1997.

**Significant Budget Changes or Initiatives**

Although the combined Town Clerk/Elections budget is only up 0.16%, or \$270, the Elections budget is actually down approximately \$16,000 due to fewer elections in FY2014 and the Town Clerk's contractual services budget is up by approximately \$16,000. The cost savings in the FY2014 Elections budget is because there were three elections in FY2013 and only one planned for FY2014—the Town Election scheduled for May, 12, 2014. The increase in the Town Clerk's contractual services line is for a codification service that will update the Town Code. The scope of codification services includes research and review to identify conflicts, inconsistencies and other problem areas in need of updating or correction; the creation of an index; the printing of 10 copies of the Code; and the preparation of Code adoption legislation and a disposition list to document the final disposition of all Code-relevant legislation. Basically, the general by-laws of the Town will be comprehensively reviewed and updated. It is estimated that this project will take between twelve and eighteen months to complete.



## Town Clerk's Programs and Services





**TOWN CLERK'S OFFICE****Personnel Summary**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Position</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
Town Clerk	1	1	1	1	1
* Assistant Town Clerk	1	1	1	1	1
<b>Total Full-time Equivalent</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**\*Personnel Explanation:**

The Assistant Town Clerk's annual salary is split between the Town Clerk budget and the Elections/Registration budget. Thirty-five hours are reflected in the Town Clerk's budget and five hours per week are reflected in the Elections budget under Census Worker.

In addition to the two full-time staff in the Town Clerk's Office, there are three Registrars, ten Town Meeting workers and approximately forty election workers (wardens, clerks, tellers, counters) that staff the four voting precincts during each election. Voting precincts are located at the elementary schools. The cost of these election workers is reflected in the Elections budget, in addition to expenses for school custodians working during the elections. Election Workers are not considered permanent employees and must be appointed annually by the Board of Selectmen.



## Town Clerk's Office

## Section 2-29

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>TOWN CLERK'S OFFICE</b>						
<b>Personnel Services</b>						
51110 Town Clerk Salary	67,480	69,167	70,556	72,689	33,216	73,408
51120 Assistant Town Clerk Salary	44,268	45,602	45,992	46,337	21,386	46,337
51410 Longevity Pay	1,000	1,000	1,000	1,000	1,150	800
51970 Stipend	1,000	1,000	1,000	1,000	1,000	1,000
<b>SUBTOTAL</b>	<b>113,748</b>	<b>116,769</b>	<b>118,548</b>	<b>121,026</b>	<b>56,753</b>	<b>121,545</b>
<b>Expenses</b>						
52800 Contractual Services	200	800	400	500	0	17,195
53190 Training	0	0	1,050	900	850	0
57110 Travel/Mileage	512	317	568	400	314	406
57310 Dues	200	285	285	285	125	295
57340 Meetings	920	736	773	1,000	575	1,000
<b>SUBTOTAL</b>	<b>1,832</b>	<b>2,138</b>	<b>3,076</b>	<b>3,085</b>	<b>1,864</b>	<b>18,896</b>
<b>TOTAL: TOWN CLERK</b>	<b>115,580</b>	<b>118,907</b>	<b>121,624</b>	<b>124,111</b>	<b>58,616</b>	<b>140,441</b>

## Section 2-30

## Town Clerk's Office



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ELECTIONS/VOTER REGISTRATION</b>						
<b>Personnel Services</b>						
51240 Registrars	1,450	1,250	1,250	1,250	950	1,250
51250 Census Workers	6,124	6,515	6,570	6,620	3,055	6,620
51260 Town Election Workers	3,310	7,738	5,528	14,586	5,715	6,176
51270 Town Meeting Workers	0	256	0	512	0	512
<b>SUBTOTAL</b>	<b>10,884</b>	<b>15,758</b>	<b>13,348</b>	<b>22,968</b>	<b>9,721</b>	<b>14,558</b>
<b>Expenses</b>						
52720 Film Storage	198	198	198	200	218	200
52800 Contractual Services	2,665	4,241	4,079	9,250	4,128	3,750
53110 Printing	1,066	1,466	1,421	1,600	0	1,600
54290 Office Supplies	0	69	205	975	377	325
55820 Street Listing	1,931	1,236	927	1,300	0	1,000
55830 Census	1,003	1,036	1,052	1,200	0	1,200
55840 Election Expenses	977	1,838	1,271	1,800	1,360	600
57110 Travel/Mileage	155	222	204	150	157	150
57340 Meetings	498	952	608	675	240	675
58690 New Equipment	0		0	0	0	0
<b>SUBTOTAL</b>	<b>8,493</b>	<b>11,258</b>	<b>9,964</b>	<b>17,150</b>	<b>6,480</b>	<b>9,500</b>
<b>TOTAL: ELECTIONS/VOTER REG</b>	<b>19,377</b>	<b>27,016</b>	<b>23,312</b>	<b>40,118</b>	<b>16,200</b>	<b>24,058</b>



## Town Moderator

The Moderator is the presiding officer at Town Meeting. This is an elective office held for a one-year term. It is the responsibility of the Moderator to conduct the meeting so that all issues are discussed and voted upon in a business-like manner. The Moderator appoints the Appropriations Committee, Personnel Board and three of the six members of the Financial Planning Committee. The Moderator also appoints a deputy moderator to serve in the event of his/her absence or disability, subject to approval by Town Meeting.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>MODERATOR</b>							
<b>Personnel Services</b>							
51110	Moderator Stipend	150	150	150	150	0	150
51130	Deputy Moderator Stipend	50	50	50	50	0	50
	<b>SUBTOTAL</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>200</b>
<b>Expenses</b>							
57810	Moderator Expenses	0	0	0	300	0	300
	<b>SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>300</b>
<b>TOTAL:</b>	<b>MODERATOR</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>500</b>	<b>0</b>	<b>500</b>



### Appropriations Committee

The Appropriations Committee consists of six members appointed by the Town Moderator for three-year terms. Under the Town Charter and bylaws, the role of the Appropriations Committee is to advise Town Meeting regarding all articles involving the appropriation or expenditure of money. Immediately following the presentation of a monetary 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.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>APPROPRIATIONS</b>							
<b>Expenses</b>							
53110	Printing	572	0	0	900	0	900
57310	Dues	200	0	0	240	0	240
57340	Meetings	146	150	340	555	200	555
57810	Unclassified	0	0	0	0	0	0
	<b>SUBTOTAL</b>	<b>918</b>	<b>150</b>	<b>340</b>	<b>1,695</b>	<b>200</b>	<b>1,695</b>
<b>TOTAL:</b>	<b>APPROPRIATIONS</b>	<b>918</b>	<b>150</b>	<b>340</b>	<b>1,695</b>	<b>200</b>	<b>1,695</b>



### Financial Planning Committee

The Financial Planning Committee consists of six members, three appointed by the Moderator, one by the Planning Board, one by the School Committee, and one by the Appropriations Committee for three-year terms. The Financial Planning Committee serves in a research, study and advisory capacity to the Board of Selectmen, the Appropriations Committee and the Town Administrator on long-range and short-range financial planning matters, and assists the Town Administrator in the development of a five-year capital improvement program as provided for in the Town Charter.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>FINANCIAL PLANNING</b>							
<b>Expenses</b>							
53110 Printing		0	0	0	0	0	0
57310 Dues		0	0	0	0	0	0
57340 Meetings		0	0	0	0	0	0
57810 Unclassified		0	0	0	0	0	0
<b>SUBTOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL:</b>	<b>FINANCIAL PLANNING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



### Personnel Board

The Personnel Board consists of six members appointed by the Moderator for three-year terms. The Board is responsible for the administration of the classification and compensation plans and exercises this responsibility through the Town Administrator according to the provisions of the Consolidated Personnel Bylaw for the Town of Northborough, as amended. This budget account reflects costs associated with merit pay, limited town-wide training, drug testing and legal expenses associated with collective bargaining negotiations. The account is also used for consultant or temporary labor services associated with personnel transitions. During the course of the fiscal year funds are transferred out as appropriate and reflected in the departmental budgets, such as a settled labor contract. Any unused funds are closed out to free cash at the end of the fiscal year.

During FY2014 the Personnel Board account contains all wages increases for General Government (non-school) union and non-union employees, pending settlement of collective bargaining agreements. During FY2014 the hiring of a new full-time position in the Fire Department was authorized but the funding for that position has also been budgeted in the Personnel Board Account while the details of the position are finalized.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>PERSONNEL BOARD</b>						
<b>Expenses</b>						
51980 Compensation Adjustments	0	3,000	0	57,733	0	385,000
52800 Contractual Services	0	0	0	0	0	0
53170 Drug & Alcohol Testing	0	0	3,090	0	752	1,000
53190 Training	730	1,995	1,870	2,000	574	2,000
57310 Dues	204	1,500	1,772	1,000	1,074	1,000
57320 Subscriptions	385	353	325	250	250	250
57340 Meetings	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>420</b>	<b>605</b>	<b>170</b>	<b>700</b>	<b>109</b>	<b>700</b>
<b>TOTAL: PERSONNEL BOARD</b>	<b>1,739</b>	<b>7,453</b>	<b>7,228</b>	<b>61,683</b>	<b>2,760</b>	<b>389,950</b>



## Town Counsel

Town Counsel is appointed by the Board of Selectmen for an indefinite term. Town Counsel serves as counsel to Town Officers and Committees and attends to the Town's legal affairs at the request of the Town Administrator. Under the Town bylaws, Town Counsel reviews all Warrant Articles prior to Town Meeting and serves as a resource during all Town Meeting proceedings.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>TOWN COUNSEL</b>							
<b>Expenses</b>							
53020	Legal Services	68,669	69,106	70,599	85,000	9,723	85,000
	<b>SUBTOTAL</b>	<b>68,669</b>	<b>69,106</b>	<b>70,599</b>	<b>85,000</b>	<b>9,723</b>	<b>85,000</b>
<b>TOTAL:</b>	<b>TOWN COUNSEL</b>	<b>68,669</b>	<b>69,106</b>	<b>70,599</b>	<b>85,000</b>	<b>9,723</b>	<b>85,000</b>

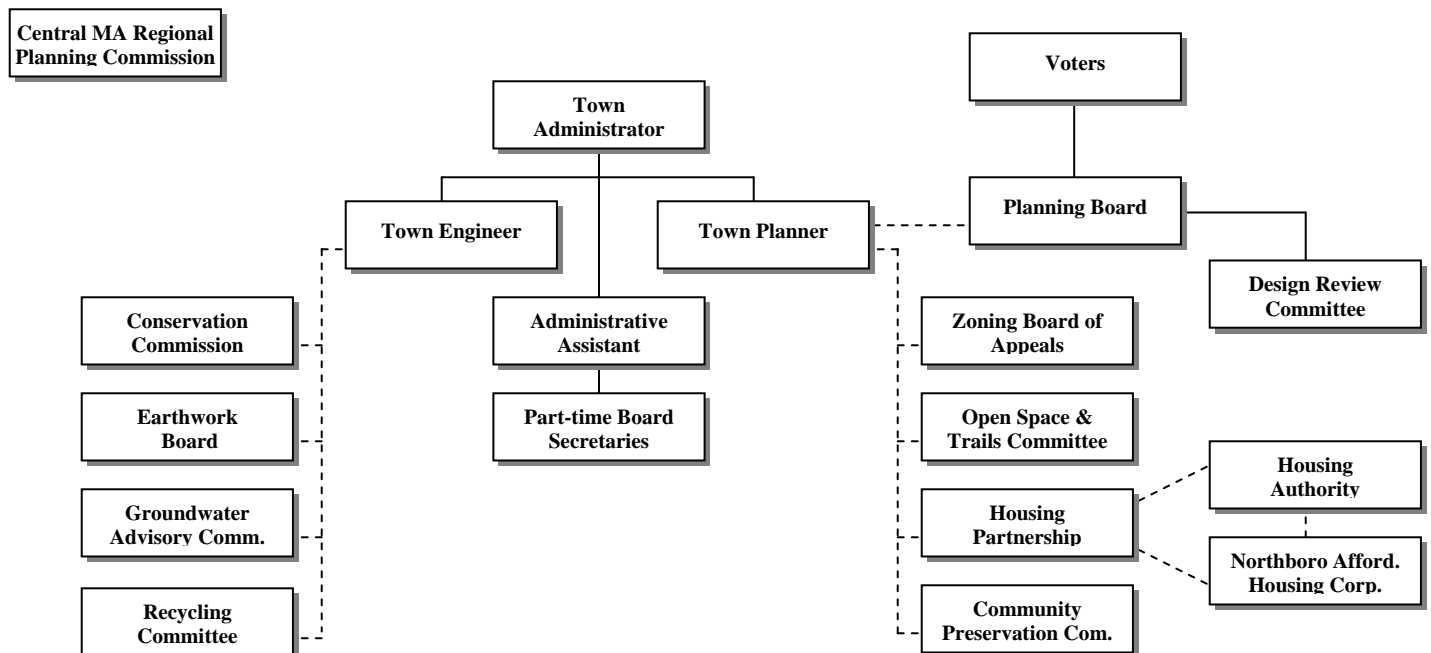




### Planning & Engineering Departmental Statement

The Planning and Engineering Offices encompass a number of Boards, Commissions, Committees and affiliated organizations which together manage growth and promote the highest quality of development within the Town. These bodies are served by the Town Planner and Town Engineer who provide technical support and information regarding land use and development to the Planning Board, Zoning Board of Appeals, Conservation Commission, Earthwork Board, Groundwater Advisory Committee, Open Space Committee, Trails Committee, Northborough Housing Partnership and Community Preservation Committee. The Town Engineer also oversees the Solid Waste Enterprise Fund and works with the Recycling Committee to minimize waste. Affiliate organizations include the Central Massachusetts Regional Planning Commission (CMRPC), the Northborough Housing Authority and the Northborough Affordable Housing Corporation (NAHC). Below is an organizational chart that provides a graphic representation of their relationship to Town staff and each other. A detailed description of each is included in the pages that follow.

### Planning & Engineering Organizational Chart



#### Organizational Chart Notes:

- Voters elect the Planning Board.
- The Town Administrator appoints all staff positions.
- The Northborough Affordable Housing Corporation (NAHC) is a registered 501(c)(3) non-profit corporation that is a legally separate entity from Town Government, but works in close relationship with the Northborough Housing Authority and the Northborough Housing Partnership. NAHC has received funding from the Town through the Community Preservation Committee to develop affordable housing in Northborough.
- All other Boards and Committees are appointed by either the Selectmen or a combination of various Boards as detailed in the descriptions on the following pages.
- Central MA Regional Planning Commission has a Representative appointed by the Selectmen and a representative appointed by the Planning Board.



### Planning & Engineering FY2013 Initiatives and Accomplishments

#### Planning

1. The Town Planner and Housing Partnership completed the final draft of the Affordable Housing Needs Analysis and Housing Production Plan with assistance from Community Opportunities Group, Inc. This Plan was funded entirely by Community Preservation Act funds.
2. The Town received a \$60,000 implementation grant from the Department of Public Health through its Mass in Motion program for Phase III of the Childhood Obesity Initiative called "Building a Healthy Northborough". BMI (body mass index) rates decreased in the Town as documented through data collected by the Department of Public Health.

The Town Planner, Health Agent, Recreation Director, and Family & Youth Services Director worked collaboratively to complete the Phase I Needs Assessment and Strategic Plan which was the basis for the Phase II & III grant applications. With this additional funding, the group was able to accomplish the following:

- An additional twenty community gardens were planted at Valentine Road bringing the total to thirty.
  - Gardens were also planted at each elementary school.
  - A restaurant initiative was started to highlight healthy food options in existing restaurants. Recognition and awards were given to nine participating restaurants.
  - Take 10! continues to operate at the Zeh Elementary School and has been added to the curriculum at all the elementary schools.
  - Catch Kids Club (CKC) continues to operate as part of the Northborough Extended Day Program.
  - The content of the Building a Healthy Northborough community newsletter has expanded and the newsletter continues to be distributed on a quarterly basis throughout town.
  - Walking maps have been created with the assistance of WalkBoston and will soon be printed for distribution.
  - A Facebook page was established for Building a Healthy Northborough.
  - A Wellness Subcommittee was formed in the public schools; wellness guidelines were developed and approved by the school system; and the subcommittee is developing a website.
3. The Planning Board adopted Design Review Guidelines in 2012.
  4. A large scale scanner/copier was purchased with Community Preservation Act funds and a scanning project has begun to scan all plans submitted to the town. A master cataloging system will be created for inclusion on the Town's website.
  5. The Planning Department participated in a four-town regional effort to promote economic development through the outdoor amenities available to employers and employees of the region. With the assistance of state grant funds, the Central MA Regional Planning Commission and the Metropolitan Area Planning Council are directing this effort with the communities of Northborough, Marlborough, Southborough, and Westborough.

**Engineering**

1. The Engineering Department worked with the Recycling Committee on the annual swap meet - TAKE IT OR LEAVE IT DAY – which was again held at the DPW Garage at 190 Main Street and was expanded to include scrap metal collection and cardboard. This past year the Northborough Junior Women's Club again organized a Styrofoam recycling day which did not coincide with TAKE IT OR LEAVE IT DAY at the DPW Garage, but was also very successful. The annual Household Hazardous Waste Day continues to be successful each fall.
2. The Town Engineer, working with the Conservation Commission, awarded a contract to Aquatic Control Technologies of Sutton, Massachusetts for an Herbicide Treatment at Bartlett Pond to control nuisance vegetation as part of a plan to promote continued recreational use of Bartlett Pond.
3. The Town Engineer working with the Massachusetts Department of Transportation (Mass DOT) and the traffic consultant Greenman-Pedersen, Inc. (GPI) saw the construction for the Downtown Traffic Improvements awarded to Tropeano Construction begin this past spring. The proposed project includes two upgraded signals at the intersections of Main Street (Route 20) with Church Street and South Street and the installation of a new signal at the Patty Lane, Main Street and Hudson Street intersection. Work should be completed during the summer of 2013.

**Planning & Engineering FY2014 Goals and Initiatives****Planning**

1. Complete Housing Needs Analysis and Housing Production Plan. Work with Housing Partnership to implement goals.
2. Work with Open Space Committee to implement Open Space and Recreation Plan Action Plan items.
3. Update Planning Board and Zoning Board of Appeals submittal forms with the goal of offering electronic application submission.
4. Prepare Planning Board, Zoning Board of Appeals, and Conservation Commission files for electronic conversion.
5. Secure public access along the MWRA aqueduct for walking trails and connect existing trail system to aqueduct.

**Engineering**

1. Work with the Massachusetts Department of Transportation (MDOT) and their contractor to complete the downtown traffic improvements and discuss future traffic signal needs along Route 20 in Northborough.



2. Work with the Conservation Commission to hire a contractor to apply a supplemental herbicide application at Bartlett Pond.
3. Work with the DPW and our consultant Greenman-Pedersen, Inc. (GPI) on the evaluation of the Church Street bridge over Cold Harbor Brook. The evaluation will determine if the bridge can be rebuilt or needs to be replaced. Funding for the evaluation is being provided by Community Preservation Act funds.
4. Work with the DPW and GIS Directors on the Stormwater Management Plan and provide the filing of a new plan with Environmental Protection Agency, which is now anticipated to be filed during the summer of 2013.
5. Continue to work with the Recycling Committee to increase recycling and to reduce the volume of trash to be disposed at the Wheelabrator-Millbury Waste to Energy facility.
6. Begin process of updating the Groundwater Protection Overlay District Zoning Bylaw with the Town Planner, DPW Director and Health Agent.

### **Significant Budget Changes or Initiatives**

Overall, the Planning and Engineering Budgets are up \$7,148, or 2.24%. The majority of the increase is attributable to the mid-year addition of a Part-time Conservation Agent in FY2013, which is now being budgeted for the full twelve months of FY2014. The full impact of this \$24,795 Part-time position is also being off-set by a \$7,000 reduction in the Conservation property maintenance account for completed weed control treatment to Bartlett Pond in FY2013.

In FY2014 there is a reorganization proposal that will move the Town Engineer into DPW. A copy of the full reorganization study report is available on the Town's web page.

The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



PLANNING & ENGINEERING					
Personnel Summary					
Position	FY 2010 FTE	FY 2011 FTE	FY 2012 FTE	FY 2013 FTE	FY 2014 FTE
Town Planner	1	1	1	1	1
Town Engineer	1	1	1	1	1
Assistant Town Engineer	0	0	0	0	0
Part-time Conservation Agent	0	0	0	.5	.5
Administrative Assistant	1	1	1	1	1
Part-time Board Secretaries for					
Conservation Commission	.13	.15	.15	.15	.15
Earthwork	0.03	0.03	0.03	0.03	0.03
Zoning Board of Appeals	0.05	0.05	0.05	0.05	0.05
<b>Total Full-time Equivalent</b>	<b>3.21</b>	<b>3.23</b>	<b>3.23</b>	<b>3.73</b>	<b>3.73</b>

**\*Personnel Explanation:**

Full Time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

The Town Planner and Town Engineer share one full-time Administrative Assistant. The salary is divided as follows: 5 hours per week for Conservation, 15 hours per week for Engineering and 20 hours per week for Planning. The Administrative Assistant also takes the minutes at the Planning Board meetings. The individual budgets reflect this division of salary.

There are two part-time Board Secretaries that take minutes at the meetings of the Conservation Commission, Earthwork Board, and Zoning Board of Appeals.

Conservation was budgeted at 5hrs/wk in FY10 and was increased to 6 hours per week in FY11, or 0.15 FTE (6hrs/40hrs = 0.15 FTE)

Earthwork is budgeted at 5.5 hrs per month, or 0.03 FTE (averages 1.27 hours per week/40hrs)

ZBA is budgeted at 8 hrs per month, or 0.05 FTE (averages 1.85hrs wk/40hrs)

The Assistant Town Engineer position remains vacant due to fiscal constraints. The position was previously dedicated at 20 hours per week for Conservation Commission work. During FY2013 a Part-time Conservation Agent was added in order to free up engineering resources for DPW project support.

In FY2014 there is a reorganization proposal that will move the Town Engineer into DPW. A copy of the full reorganization study report is available on the Town's web page.



## Town Planner

The Town Planner provides technical support to all Town Departments, Boards and Committees as requested. The Town Planner serves as staff liaison to the Planning Board, Zoning Board of Appeals, Open Space Committee, Trails Committee, Community Preservation Committee, Design Review Committee and the Housing Partnership. The position is also responsible for oversight of the Zoning Bylaw, Subdivision Rules & Regulations, Master Plan, Community Development Plan, Open Space & Recreation Plan and Housing Plan. The Town Planner works with various state agencies as a Town representative on local issues (e.g., Central Mass Regional Planning Commission, and MA Department of Housing and Community Development).

## Planning Board

The Planning Board is the regulatory agency most responsible for ensuring that development occurs in a manner that is beneficial to the Town. The Planning Board is responsible for enforcing the Zoning Act (MGL c. 40A), Subdivision Control Law (MGL c. 41, section 81K-81GG), the Northborough Zoning Bylaw and the Northborough Subdivision Rules and Regulations. The Planning Board reviews all plans for subdivisions, common driveways, wireless communication facilities, and site plans; works with the Town Planner in accomplishing goals as set forth in the Master Plan, Community Development Plan, and Open Space & Recreation Plan; and maintains the Zoning Bylaw and Subdivision Rules & Regulations. The Board consists of five officials elected by the voters of Northborough for three-year terms.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>PLANNING DEPARTMENT</b>						
<b>Personnel Services</b>						
51100 Town Planner Salary	78,412	81,469	83,104	85,617	39,124	86,464
51120 Administrative Assistant wages	24,419	25,150	25,619	26,276	12,034	26,581
51410 Longevity Pay	650	650	800	1,000	1,000	1,000
<b>SUBTOTAL</b>	<b>103,481</b>	<b>107,269</b>	<b>109,523</b>	<b>112,893</b>	<b>52,157</b>	<b>114,045</b>
<b>Expenses</b>						
52800 Contractual Services	0	0	0	200	0	200
53090 Advertising	1,441	404	382	1,560	186	1,560
53110 Printing	75	1,203	0	2,250	0	2,250
54290 Office Supplies	457	555	1,413	460	236	460
56820 Central MA RPC Assessment	3,376	3,376	3,376	3,411	3,410	3,496
57110 Travel/Mileage	1,602	1,533	1,873	1,980	776	2,016
57310 Dues	450	450	460	400	395	400
57320 Subscriptions	542	85	365	665	250	665
57340 Meetings	755	1,336	549	3,100	550	3,100
<b>SUBTOTAL</b>	<b>8,697</b>	<b>8,942</b>	<b>8,419</b>	<b>14,026</b>	<b>5,803</b>	<b>14,147</b>
<b>TOTAL: PLANNING DEPARTMENT</b>	<b>112,178</b>	<b>116,211</b>	<b>117,942</b>	<b>126,919</b>	<b>57,960</b>	<b>128,192</b>

\* The Planning Board budget contains an assessment for the Central Massachusetts Regional Planning Commission.



### Central Massachusetts Regional Planning Commission (CMRPC)

The Planning Board budget includes an assessment for the Central Massachusetts Regional Planning Commission (CMRPC). The Board of Selectmen and Planning Board each appoint a representative to the CMRPC each year as do other member communities. The CMRPC, formed in 1963, is the designated regional planning entity for the Central Massachusetts region, which includes the City of Worcester and the surrounding 39 communities. This region encompasses the southern two-thirds of Worcester County. CMRPC provides municipal and regional planning for Land Use and Transportation, as well as a variety of Community Development services, Transit Planning for the region's transit authority, Geographic Information Services (GIS), staffing for MORE (Municipalities Organized for Regional Effectiveness) and other programs. CMRPC collaborates with local, regional, state and federal officials, as well as with legislators, in order to bring a regional perspective and a coordinated approach to the planning and development that occurs in this region. The ultimate goal of this agency is to improve the quality of life for those who work and live in the Central Massachusetts region.

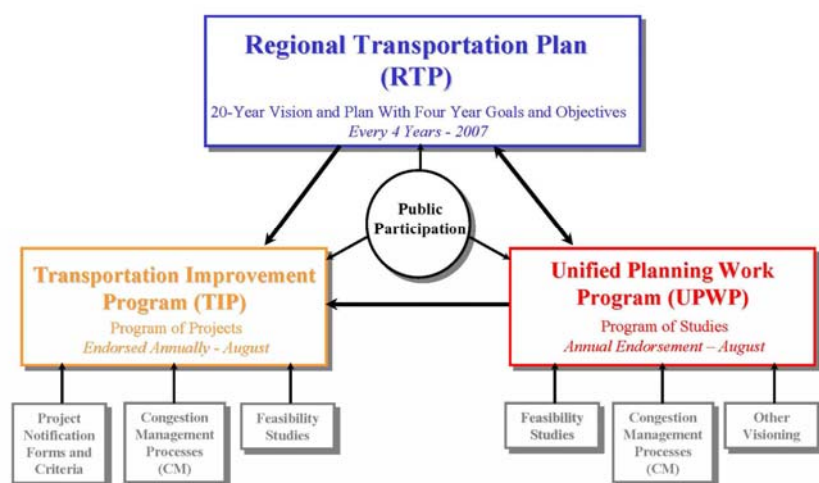
### Central Massachusetts Metropolitan Planning Organization<sup>1</sup> (CMMPO)

The Central Massachusetts Metropolitan Planning Organization (CMMPO) was established in 1976 to undertake the comprehensive, continuing, and cooperative transportation planning process required by the United States Department of Transportation. The Central MA Regional Planning Commission (CMRPC) is one of ten members of the CMMPO and it is the staff to this organization as well.

The CMMPO is responsible for preparing and updating the Regional Transportation Plan (RTP), the Transportation Improvement Program (TIP), the Unified Planning Work Program (UPWP) and the Public Outreach Plan (POP) for the Central Massachusetts region that includes the City of Worcester and the surrounding 39 communities.

The RTP is a long-range planning document that describes the region's current transportation system and how that system should be maintained or modified over the next 20 years. The new federal planning provisions passed in August of 2005, requires the CMMPO to update the RTP every 4 years, since it presides over a region that does not meet federal air quality standards for ozone. The TIP lists federal-aid eligible highway, bridge and transit projects that are expected to be implemented over the next 5 years. A new list is compiled over the course of every year and endorsed by the CMMPO.

Relationship of CMMPO Documents to One Another



<sup>1</sup> Description and graphic taken directly from the CMRPC website located at <http://www.cmrpc.org>

**Zoning Board of Appeals (ZBA)**

The Zoning Board of Appeals consists of five members and two alternates appointed by the Board of Selectmen for three-year terms. The ZBA hears petitions and applications for variances, special permits, comprehensive permits and other appeals under the Zoning Act (MGL c. 40A), the Anti-Snob Zoning Act (MGL c. 40B) and the Northborough Zoning Bylaw. The ZBA hears all appeals of actions taken by the Building Inspector on matters which arise out of the enforcement of Town Bylaws relating to the construction, reconstruction, demolition or repair of buildings and other structures within the Town. The ZBA also hears and decides all appeals of actions taken by the Planning Board and other Town officers under the Zoning Bylaws.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ZONING BOARD OF APPEALS</b>						
<b>Personnel Services</b>						
51140 Part-time Board Secretary wages	1,056	1,088	1,360	2,198	0	2,198
<b>SUBTOTAL</b>	<b>1,056</b>	<b>1,088</b>	<b>1,360</b>	<b>2,198</b>	<b>0</b>	<b>2,198</b>
<b>Expenses</b>						
53090 Advertising	1,926	1,280	760	2,200	328	2,200
53110 Printing	0	0	110	80	0	80
54290 Office Supplies	0	266	30	30	0	30
57310 Dues	0	0	0	60	0	60
57320 Subscriptions	0	0	0	0	0	0
57340 Meetings	0	0	0	300	0	300
<b>SUBTOTAL</b>	<b>1,926</b>	<b>1,546</b>	<b>900</b>	<b>2,670</b>	<b>328</b>	<b>2,670</b>
<b>TOTAL: ZONING BOARD OF APPEALS</b>	<b>2,982</b>	<b>2,634</b>	<b>2,260</b>	<b>4,868</b>	<b>328</b>	<b>4,868</b>





### Engineering

The Town Engineer provides technical support to all Town Departments, Boards, and Committees as requested. The Town Engineer reviews a variety of projects for the Planning Board, Conservation Commission, Earthwork Board, Groundwater Advisory Committee and Zoning Board of Appeals. The position is also responsible for oversight of the Town Pay-As-You-Throw solid waste program which is shown separately under the Solid Waste Enterprise Fund portion of this budget document. The Town Engineer works with various state agencies as a Town representative on local issues (e.g., Mass Highway, Central Mass Regional Planning Commission, MA Executive Office of Environmental Affairs, and US Department of Environmental Protection). The Town Engineer serves as the primary staff liaison to the Conservation Commission, Earthwork Board, Groundwater Advisory Committee and the Recycling Committee.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ENGINEERING</b>						
<b>Personnel Services</b>						
51100 Town Engineer Salary	95,087	97,464	98,439	99,423	45,888	99,423
51120 Administrative Assistant wages	18,314	18,863	19,214	19,708	9,025	19,936
51410 Longevity Pay	350	350	550	550	350	700
<b>SUBTOTAL</b>	<b>113,751</b>	<b>116,677</b>	<b>118,203</b>	<b>119,681</b>	<b>55,263</b>	<b>120,059</b>
<b>Expenses</b>						
52800 Contractual Services	0	0	0	21,700	0	21,700
54290 Office Supplies	302	239	748	365	226	365
55980 Field Supplies	0	138	0	100	0	100
57110 Travel/Mileage	2,895	2,674	2,504	3,000	961	3,000
57310 Dues	231	176	181	360	205	360
57320 Subscriptions	96	0	96	150	0	150
57340 Meetings	60	815	165	600	0	600
<b>SUBTOTAL</b>	<b>3,585</b>	<b>4,043</b>	<b>3,694</b>	<b>26,275</b>	<b>1,392</b>	<b>26,275</b>
<b>TOTAL: ENGINEERING</b>	<b>117,336</b>	<b>120,719</b>	<b>121,896</b>	<b>145,956</b>	<b>56,654</b>	<b>146,334</b>



## Conservation Commission

The Conservation Commission consists of seven members appointed by the Board of Selectmen for three-year terms. The purpose of the Commission is to promote and develop the natural resources and to protect the watershed resources of the Town as provided for under MGL Ch. 40, Section 8C, as amended. The Conservation Commission's charge is to protect the wetlands, related water resources and adjoining land areas in Northborough as mandated by the Wetlands Protection Act and the Northborough Wetlands Bylaw.<sup>2</sup> This is achieved through a permitting process designed to minimize the impact of activities on wetland resource areas, including public or private water supply, groundwater, flood control, erosion and sedimentation control, storm damage prevention, water pollution prevention, fisheries, freshwater shellfish, wildlife habitat, recreation, aesthetics, agriculture and aquaculture values. Activities proposed within 100 feet of any resource area are subject to review by the Commission. Resource areas include freshwater wetlands, bordering vegetated wetlands, marshes, wet meadows, bogs or swamps; any bank, beach, lake, river, pond, stream or any land under said waters; any land subject to flooding or inundation by groundwater. Any project in any riverfront area is also subject to review by the Commission. The Commission adheres to the existing regulations of MGL Chapter 131, Section 40, the Wetlands Protection Act.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>CONSERVATION COMMISSION</b>						
<b>Personnel Services</b>						
51120 Administrative Assistant wages	6,105	6,287	6,405	6,518	3,008	6,646
51220 Part-time Conservation Agent	0	0	0	13,000	2,883	24,795
51140 Part-time Board Secretary wages	5,839	6,701	7,076	7,192	2,850	7,166
<b>SUBTOTAL</b>	<b>11,944</b>	<b>12,988</b>	<b>13,480</b>	<b>26,710</b>	<b>8,741</b>	<b>38,607</b>
<b>Expenses</b>						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	579	497	688	1,200	197	1,200
53110 Printing	0	0	0	400	0	400
54290 Office Supplies	13	266	50	100	40	100
55980 Field Supplies	0	0	54	100	0	100
57110 Travel/Mileage	0	0	0	0	0	600
57310 Dues	483	518	533	585	549	585
57340 Meetings	1,470	190	370	1,540	0	1,540
57840 Consv. Property Maintenance	1,000	1,500	0	8,500	0	1,500
<b>SUBTOTAL</b>	<b>3,545</b>	<b>2,971</b>	<b>1,695</b>	<b>12,425</b>	<b>786</b>	<b>6,025</b>
<b>TOTAL: CONSERVATION COMMISSION</b>	<b>15,489</b>	<b>15,960</b>	<b>15,175</b>	<b>39,135</b>	<b>9,527</b>	<b>44,632</b>

<sup>2</sup> The Conservation Commission charges permit fees to all applicants. These fees return to the General Fund budget under "Other Funds" and have the effect of an off-set to the Conservation Commission budget.



### Earthwork Board

The Earthwork Board consists of five members, one each appointed by the Moderator, the Board of Selectmen, the Conservation Commission, the Zoning Board of Appeals and the Planning Board for three-year terms. The Earthwork Board was created in 1971 to implement the Earth Removal Bylaw which, at the time, was passed primarily to prevent soil stripping and the creation of unsafe and unsightly conditions in Town. The Earthwork Board conducts hearings and issues permits for the removal of earth material from any land not in public use in accordance with Town Bylaws.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>EARTHWORK BOARD</b>						
<b>Personnel Services</b>						
51140 Part-time Board Secretary wages	1,445	1,441	1,479	1,511	446	1,511
<b>SUBTOTAL</b>	<b>1,445</b>	<b>1,441</b>	<b>1,479</b>	<b>1,511</b>	<b>446</b>	<b>1,511</b>
<b>Expenses</b>						
53090 Advertising	12	0	0	50	0	50
53110 Printing	0	0	0	50	0	50
57320 Subscriptions	0	0	0	100	0	100
<b>SUBTOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>200</b>
<b>TOTAL: EARTHWORK BOARD</b>	<b>1,457</b>	<b>1,441</b>	<b>1,479</b>	<b>1,711</b>	<b>446</b>	<b>1,711</b>



### **Community Preservation Committee**

The Town Planner is the staff liaison to the Community Preservation Committee (CPC) which is responsible for the expenditures authorized by the adoption of the Community Preservation Act (CPA). The Committee evaluates community preservation needs, develops a long-range community preservation plan, and makes recommendations for the CPA Fund expenditures at Town Meeting.

The CPC consists of nine members, one each from the Open Space Committee, the Conservation Committee, the Planning Board, the Parks & Recreation Commission, the Historical Commission, the Housing Authority and three members appointed by the Board of Selectmen for three-year terms. The CPA is a funding tool to assist communities with the protection and acquisition of open space, preservation of historic resources, and the creation of affordable housing. The CPA provides for local autonomy in deciding where and how funds will be spent. It is the responsibility of the Committee (CPC) to consult with Town departments and boards and community organizations; evaluate community preservation needs, develop a long-range community preservation plan; and make recommendations for CPA fund expenditures at Town Meeting.

For an explanation of CPC funding please refer to the individual Town Meeting Warrant Articles, as the revenues and expenditures for the CPC are outside this budget. The expenses associated with the Board Secretary for the CPC meetings are paid for directly from CPA funds and not reflected in the Planning & Engineering budget.

### **Open Space Committee**

The Open Space Committee consists of seven members, one each from the Planning Board, Conservation Commission, Parks & Recreation Commission, Board of Selectmen and three members and two alternates appointed by the Board of Selectmen for three-year terms. The Open Space Committee is responsible for the identification and preparation of proposals for Town Meeting of properties to be acquired for open space and/or recreational use. The Open Space Committee also considers alternative methods for open space preservation, including but not limited to grants, donations, and conservation easements.

#### ➤ **Trails Committee**

The Northborough Trails Committee is a subcommittee of the Northborough Open Space Committee. The Trails Committee works to develop and maintain a viable recreational trail system in Northborough on public and private property by utilizing volunteers from the community.

Both the Open Space Committee and the Trails Committee have received funding through individual Town Meeting Warrant Articles funded by the Community Preservation Committee.



### **Design Review Committee**

The Design Review Committee is a five member board appointed by the Planning Board per Section 7-03-050 E of the Zoning Bylaw. The DRC consists of a member of the Planning Board, an architect, a landscape architect, a member nominated by the Chamber of Commerce, and an interested resident, or a balance as close to that representation as possible. The DRC works with applicants in an advisory capacity in reviewing the design review components of the site plan such as design of building, landscaping and placement of building on the site. Written recommendations are then provided to the applicable board.

### **Affordable Housing**

There are several affordable housing agencies active within the Town of Northborough, each serving separate functions, but sharing the mutual goal of addressing the affordable housing needs in the community. Some of these agencies are direct agents of the Town, while others are affiliated with the Town in some way, but legally separate from Town Government. The Town Planner serves as the liaison to these various affordable housing organizations, which are described below.

### **Housing Partnership Committee**

The Housing Partnership Committee consists of nine members, one each from the Board of Selectmen, Planning Board, Housing Authority, Council on Aging and five members appointed by the Board of Selectmen, one of which must be a realtor, for three-year terms. The purpose of the Northborough Housing Partnership is to formulate and implement a Housing Policy for the Town of Northborough that will work toward the provision of decent, safe and affordable housing for all of Northborough's residents.

The local Housing Partnership was established by the Board of Selectmen to allow the community to gain control of the process of affordable housing development by initiating a process that will combine growth management with affordable housing initiatives in a positive way. Rather than simply react to the imposition of comprehensive permit proposals under MGL c. 40B, which might burden services, disrupt neighborhoods and be otherwise inappropriate to the community and environment, the Partnership may establish pro-active guidelines for the preservation and production of acceptable and appropriate affordable housing development and support and encourage housing initiatives that meet these criteria.

The primary objectives of the Partnership are: to facilitate an increase in the supply of affordable housing in the Town; establish a housing policy and a housing action plan; survey the current housing stock to determine specific unmet needs for varying categories of housing; identify and research available sites including Town-owned land; and recommend and coordinate specific procedures for the implementation of its objectives with other entities, including the Board of Selectmen, the Town Administrator, the Zoning Board of Appeals, the Planning Board, and other appropriate boards, committees, agencies or for-profit or non-profit organizations such as the Housing Authority and the Affordable Housing Corporation.



### **Northborough Housing Authority**

The Northborough Housing Authority (NHA) consists of four members appointed by the Board of Selectmen and one governor-appointed member for five-year terms. The Director is appointed by the Housing Authority. The Housing Authority is a public agency which provides housing for low-income, elderly and handicapped and families. The Housing Authority is regulated by the Commonwealth of Massachusetts through the Department of Housing and Community Development (DHCD) and must adhere to their regulations and funding requirements. The Authority has the local management responsibilities for housing for the elderly under its jurisdiction in the Town, and is responsible for the clearance of substandard, decadent or blighted open areas or the provision of housing for families of low income or engaging in land assembly and redevelopment, including the preservation, restoration or relocation of historical buildings.

The NHA developed and manages one hundred four (104) senior housing units located in two areas of town and twenty-six (26) units of family housing scattered throughout town.

### **Northborough Affordable Housing Corporation (NAHC)**

The Northborough Affordable Housing Corporation exists for the purpose of assessing the housing needs of the Town of Northborough and to create housing to be made available to low and moderate income people. The Corporation may acquire land on which appropriate housing could be built or may acquire existing buildings which could be converted into appropriate housing. The Corporation is a private, non-profit entity which exists independent of any other organization and is empowered to raise funds and to own and transfer property in a manner consistent with its mission to increase the supply of affordable housing in the town of Northborough. The NAHC is not controlled by the Department of Housing and Community Development (DHCD) as the Northborough Housing Authority is, and can apply for funding as well as develop property without DHCD restrictions.

To date, the only source of funding to the NAHC has been Community Preservation Funds voted by Town Meeting and transferred to the NAHC to pursue its mission. Town Meeting appropriated \$303,000 in April 2008, \$150,000 in April 2009, \$150,000 in April 2010 and \$52,000 in 2011 to NAHC, pursuant to the Community Preservation Act. Although the use of these funds is at the sole discretion of NAHC, the Town has entered into an agreement with NAHC to use these funds to renovate the former Senior Center building located on Centre Drive.



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# **Public Safety**

## **Section 3**





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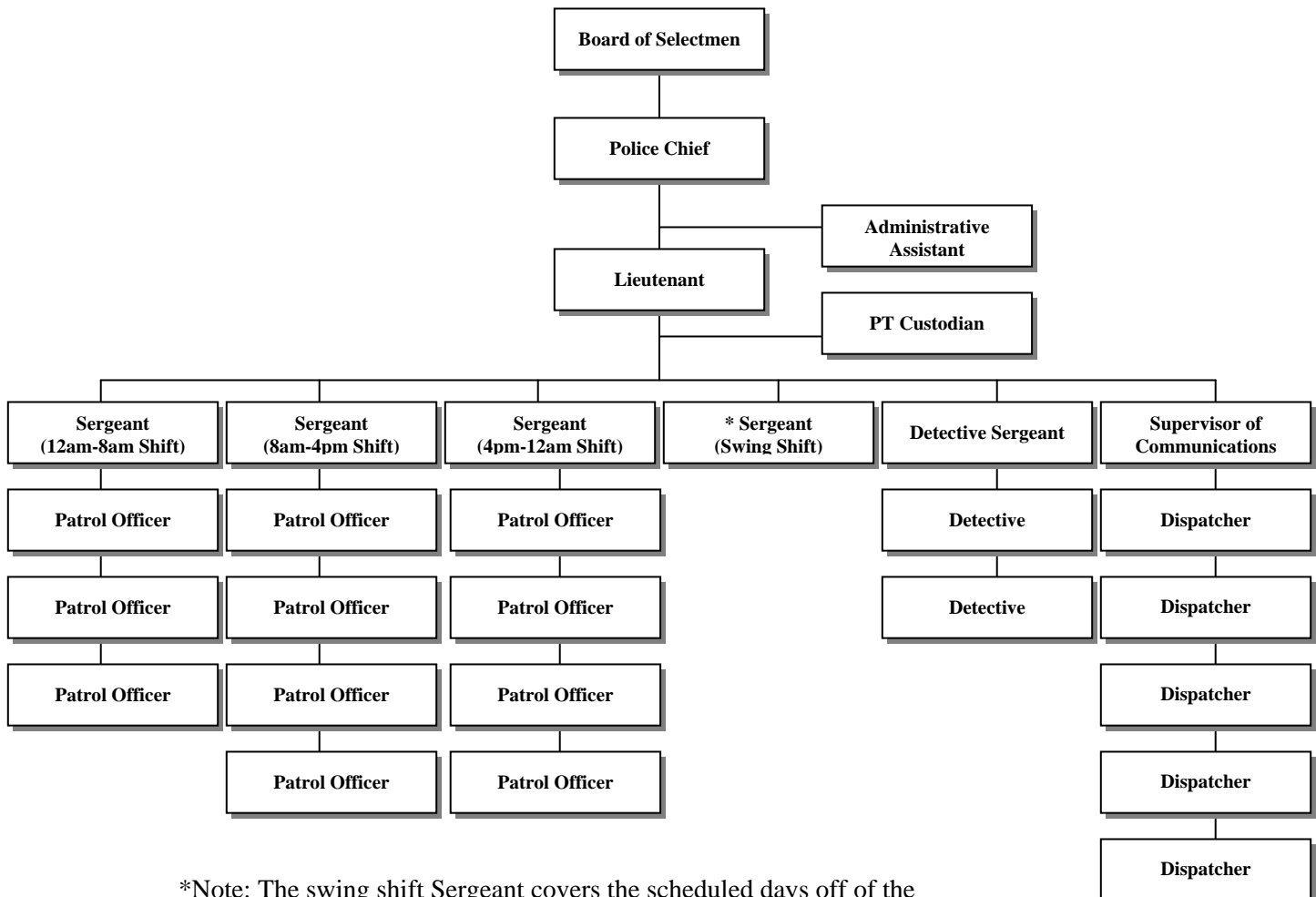


## Police Department Mission Statement

The Northborough Police Department will provide for the residents and visitors to the Town of Northborough the highest level of public safety which restores and preserves a quality of life that makes this community a desirable place within which to live, visit or work, by:

- Emphasizing a pro-active, preventative and problem solving approach to policing; protecting people and property; preserving the peace, order and dignity of individuals, and providing fair and equitable enforcement of all laws.
- Establishing community-wide partnerships around issues of public safety and fostering the trust and confidence of the citizenry while working on solutions to root causes of problems.
- Instituting a process of integrity and responsiveness that provides timely investigations and dispositions to all complaints of employee conduct.

## Organizational Chart



\*Note: The swing shift Sergeant covers the scheduled days off of the supervisors on the evening and midnight shifts



### Police Department FY2013 Initiatives and Accomplishments

1. In these austere fiscal times and with the complete loss of Community Policing Grant funds from the Commonwealth of Massachusetts, we continued to provide the citizens of Northborough with:
  - a. **“DARE”** (Drug Abuse Resistance Education) in our Elementary School fifth grade classes, completely funded by private contributions;
  - b. **“Officer Phil”**, a child personal safety program offered in grades K-3, completely funded by local businesses;
  - c. **“RUOK”**, a free, daily telephone call to check on the welfare of senior citizens and shut-ins;
  - d. Child Safety Seat Installations by our trained and certified Police Officer installer, a free service; and
  - e. Support town functions, such as Applefest, Big Truck Day, the Memorial Day Parade and Recreation Department functions.
2. Continued our proactive crime prevention patrols of buildings, parks, schools and related properties.
3. Continued our participation in the Massachusetts Police Accreditation Program.
4. Continued implementation of a voluntary professional development program, which, through a structured, formalized approach, assists staff in identifying personal development and career goals, and developing individual plans to facilitate achieving these goals. Visible recognition of progression towards achievement of goals and advancement is accomplished through the issuance of insignia indicating achievement of minimum standards and demonstration competencies in identified areas.
5. Continued our comprehensive review of the communications function, including:
  - a. Policy and procedure review; and
  - b. Continued identification of areas in need of improvement, such as:
    - i. Basic, advanced and in-service training for communications personnel
    - ii. Review and/or revise communications performance standards
    - iii. Physical environment and improvements

### Police Department FY2014 Goals and Initiatives

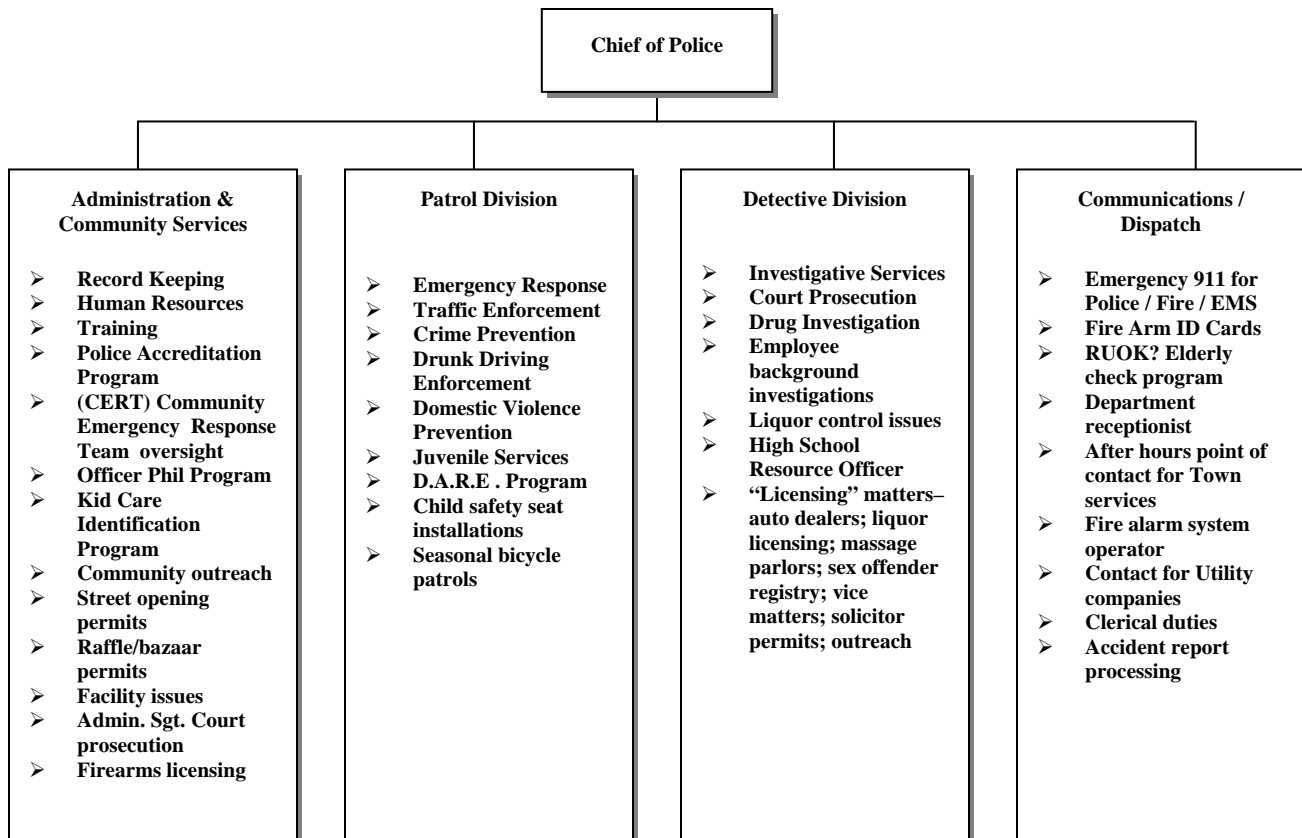
1. Maintain our high-profile involvement in items 1a through 1e above.
2. Continue the labor-intensive efforts outlined in items 2 thru 5 above for a second year.
3. Work to address an increasing workload with available assets, identifying those current services that may have to be curtailed unless sufficient staffing is obtained.

### Significant Budget Changes or Initiatives

Overall, the FY2014 Police Department Budget is increasing \$24,988, or 1.12%. Personnel wage adjustments for non-union personnel, Patrol Officers, Police Sergeants and Dispatchers are not reflected in these figures pending contract settlements for FY2014. During FY2014 the hiring of a new Patrol Officer was authorized in order to backfill the absence left by an officer that was injured on duty. The budget as presented still carries the cost of the injured officer's salary, which is required by law, as well as the new hire. The cost of a new hire was budgeted in FY2014 in order to get the Department back to its authorized strength of 20 sworn Officers. In addition, there is \$7,386 in the contractual services line for a new Town-wide emergency notification system that will replace the now defunct Reverse 911 system previously run by the Worcester County Sheriff's Office.



## Police Programs and Services





<b>POLICE DEPARTMENT</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Chief of Police	1	1	1	1	1
Lieutenant	1	1	1	1	1
Sergeant	5	5	5	5	5
Patrol Officers	13	13	13	13	13
Supervisor of Communications	1	1	1	1	1
Dispatcher	5	5	5	5	5
Administrative Assistant	1	1	1	1	1
Custodian	0.5	0.5	0.5	0.5	0.5
<b>Total Full-time Equivalent</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>

**\*Personnel Explanation:**

Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

The Custodian position is one full-time position split 20 hours per week at the police station and 20 hours per week at the Town Offices building. The other half of this position is reflected in the Public Buildings account.

There are 20 sworn Officers in the Department including the Chief of Police. During FY2014 a new hire was authorized in order to backfill the absence left by an officer that was injured on duty. The budget as presented still carries the cost of the injured officer's salary as well as the new hire.

A recurring problem experienced by the Northborough Fire and Police Departments is the lack of availability of insurance funds when an employee is out on Injured-On-Duty (IOD) leave in accordance with Massachusetts General Laws Chapter 41, Section 111F. Unlike other departments where injured employees receive pay directly from a worker's compensation fund, per State law Fire and Police Departments continue making weekly salary payments to the injured employee from the departmental budget. The Town purchases insurance to reimburse the departments for this, but State law currently does not allow those insurance proceeds to be used by the affected departments to replace the IOD payments. Instead, those funds go to the General Fund and cannot be used until they are appropriated at a later Town Meeting. The Town is seeking a Home Rule Petition under Article 29 of the April 2013 Annual Town Meeting Warrant remedy this situation.



## Police Department

## Section 3-5

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>POLICE DEPARTMENT</b>						
<b>Personnel Services</b>						
51100 Police Chief Salary	106,214	108,870	109,958	111,059	50,830	111,059
51120 Administrative Assistant Salary	51,574	52,868	53,390	53,931	24,590	53,931
51150 Sergeant Salaries	318,711	316,481	318,159	315,665	142,890	315,665
51160 Patrol Officer Salaries	675,945	673,057	676,250	691,203	311,044	729,529
51170 Dispatcher Salaries	236,757	228,606	240,885	294,443	122,562	284,959
51200 Detective Pay	7,899	8,527	8,525	8,559	4,263	8,559
51210 Lieutenant Salary	83,801	87,541	88,416	87,622	40,104	87,622
51300 General Overtime	88,260	124,661	111,834	102,235	61,515	102,235
51310 Dispatcher Overtime	19,719	31,752	43,293	27,320	21,560	31,588
51320 Christmas Overtime	2,225	2,212	2,266	2,277	0	2,277
51330 Dispatcher Christmas Overtime	709	778	728	564	0	738
51400 Longevity pay	10,350	7,950	8,250	8,700	9,100	9,050
51410 Dispatcher Longevity Pay	1,350	950	950	1,750	1,350	1,750
51420 Holiday Pay	45,233	44,924	45,476	46,145	20,698	47,755
51430 Dispatcher Holiday Pay	10,928	10,809	11,581	12,467	5,164	12,004
51440 Shift Differential	2,732	3,156	2,174	2,190	616	2,190
51450 Court Time	10,868	5,019	4,647	10,500	1,912	10,500
51460 Quinn Bill Educational Incentive	125,910	202,812	211,957	214,178	105,171	201,337
51920 Uniforms	30,190	32,171	35,183	33,925	16,640	35,100
51930 In-service Training	2,090	0	1,561	4,000	0	4,000
51940 Fitness Incentive	18,736	15,600	17,000	21,400	8,600	22,400
51950 Roll Call	395	0	1,407	0	713	1,406
51960 Dispatcher Differential	3,005	2,148	1,826	2,044	588	2,326
51965 Officer In Charge Pay	3,077	2,158	1,941	2,200	371	2,392
51970 Part-time Custodian	18,474	19,784	20,103	20,388	9,466	20,995
<b>SUBTOTAL</b>	<b>1,875,149</b>	<b>1,982,832</b>	<b>2,017,760</b>	<b>2,074,765</b>	<b>959,747</b>	<b>2,101,367</b>

## Section 3-6

## Police Department



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>POLICE DEPARTMENT</b>						
<b>Expenses</b>						
52110 Utilities	33,309	31,512	28,633	32,613	12,996	32,613
52690 Radio Equipment Maintenance	4,421	3,016	5,867	3,000	5,987	3,500
52800 Contractual Services	13,188	15,808	19,507	15,800	9,842	23,186
53110 Printing	326	450	495	500	0	500
53190 Training	2,641	3,104	7,311	5,000	6,789	7,500
53410 Telephone	13,918	12,621	12,704	13,500	5,971	13,500
53420 Postage	560	328	506	500	0	500
53430 Radio Line Rentals	5,228	5,853	5,707	5,900	2,425	5,900
53720 Computer Services	16,050	18,840	19,327	25,000	15,800	25,000
54290 Office Supplies	2,925	2,722	2,095	2,000	1,643	2,000
54490 Repairs & Maintenance	15,966	7,725	17,436	10,000	2,330	10,000
54590 Custodial Supplies	7,790	4,910	6,263	5,500	2,222	5,500
54840 Oil	0	0	0	0	0	0
54850 Vehicle Maintenance	30,901	18,484	24,069	20,000	13,907	20,000
55970 Special Investigations	0	0	0	0	0	500
55980 Field Supplies	2,955	3,652	4,014	4,000	3,315	4,000
57810 Unclassified	2,355	1,098	1,454	1,500	525	1,500
58690 New Equipment	1,958	4,445	16,928	17,500	7,501	5,000
<b>SUBTOTAL</b>	<b>154,489</b>	<b>134,567</b>	<b>172,317</b>	<b>162,313</b>	<b>91,252</b>	<b>160,699</b>
<b>TOTAL: POLICE</b>	<b>2,029,638</b>	<b>2,117,399</b>	<b>2,190,077</b>	<b>2,237,078</b>	<b>1,050,999</b>	<b>2,262,066</b>



### **Fire Department Mission Statement**

*“To promote and deliver life safety by providing efficient, professional, high quality, cost effective, and timely protective services including fire suppression, emergency medical services, fire prevention, disaster response management, public safety education, and code enforcement.”*

The Northborough Fire Department is charged with the protection of life and property from fire through direct fire suppression efforts, prevention, inspectional services, self-inspection programs, fire code enforcement and public fire education. The department also provides a Fire Investigation Unit of trained fire investigators to determine the cause and origin of fires. These department investigators work closely with the Town’s Police Department, Office of the State Fire Marshal’s Fire and Explosion Investigation Unit and the Federal Bureau of Alcohol, Tobacco and Firearms.

In keeping with the protection of life as our highest priority, the department is licensed by the state to operate its emergency medical ambulance service at the advance life support paramedic level. Through the department’s paramedics, intermediates, and EMTs, the highest standard of pre-hospital emergency care is provided to those in need.

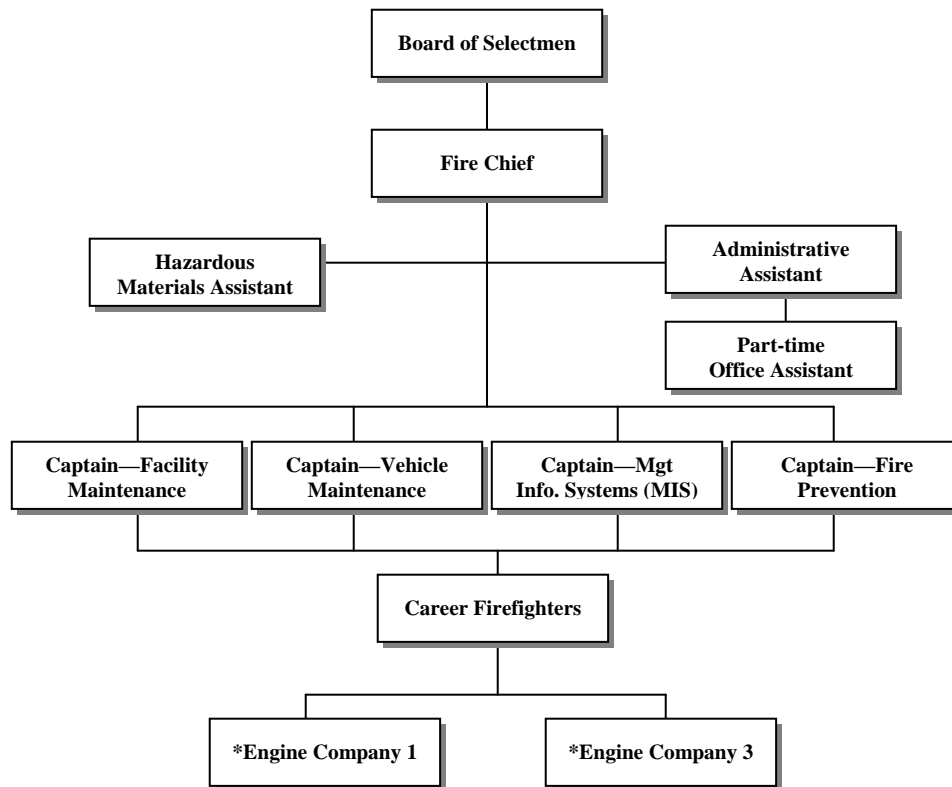
The department also is equipped to handle a wide variety of rescue services ranging from motor vehicle extrication to water and ice rescue. Fire and EMS mutual aid is coordinated through Massachusetts Fire District Fourteen with hazardous materials response and mitigation provided on a regional basis through the Massachusetts Department of Fire Services.

Through an all-hazards approach to manmade and natural disasters, the department provides and prepares for a planned response and coordination effort by all town departments through the town’s Comprehensive Emergency Management Plan and Hazardous Materials Plan approved by the Massachusetts Emergency Management Agency. The department also plays the lead role for the framework of the Local Emergency Planning Committee.





## Organizational Chart

**\*Engine Company**

For the purpose of emergency recall, the Fire Department is broken down into two on-call engine companies to respond when staffing or additional resources are required to supplement on-duty career personnel. The off-duty personnel are recalled through alerting radios and alpha-numeric pagers. Career members are also issued two-way portable radios.

These engine companies are on call for rotating two-week periods and consist of twelve personnel - two Captains, four career Firefighter/Paramedics or EMTs, and six on-call Firefighters or Firefighter/EMTs. In the event of multiple/serious incidents or a working fire requiring all off-duty personnel, a First Alarm is transmitted recalling both Engine Company One and Three as well as the Chief of the Department.

Through a combination department of career and on-call personnel, the department provides these fire, EMS, and rescue services. Career Firefighters cover the fire station on a 24/7 basis with the on-duty staffing consisting of one Captain/EMT, two Firefighter/Paramedics, and a Firefighter/EMT or EMT Intermediate.



### Fire Services FY2013 Initiatives and Accomplishments

1. Maintained service levels and response times through a budget authorization of sixteen career positions or four full-time employees per shift.
2. Conducted an “After-Action” Report following the October 2011 snowstorm in relation to lessons learned and interaction with the Comprehensive Emergency Management Action Plan.
3. Filed comprehensive reimbursement requests with the Federal Emergency Management Agency (FEMA) and the Federal Highway Administration (FHWA) for protective measures and debris removal following Hurricane Irene and the 2011 snowstorm. Seventy-five percent reimbursement was received from FEMA and one hundred percent reimbursement is pending with FHWA.
4. Exercised the Town’s Comprehensive Emergency Management Plan in real time with Hurricane Sandy.
5. Submitted Assistance to Firefighters’ Grant for wild land personal protective clothing. The grant made the approval phase but was not awarded due to insufficient funds.
6. Received two grants from the Massachusetts Emergency Management Agency for five interoperable portable radios, office supplies, and equipment directly related to the development of the Town’s Comprehensive Emergency and Hazardous Materials Plans and the operation of the Local Emergency Planning Committee.
7. The Massachusetts Department of Public Health’s Office of Emergency Medical Services inspected and renewed the Department’s license to operate two paramedic-advanced life support ambulances.
8. Issued specifications for the installation and wiring of a new emergency generator for the Fire Station with installation completed in January 2013.
9. Oversaw the mandated Federal Communications Commission requirement of narrow banding all Fire Department and Department of Public Works radios and equipment.
10. Executed a purchase order in December 2012 for new engine/tender apparatus.
11. Conducted a promotional examination and oral review board to fill a Captain position that became vacant following a retirement.
12. Interviewed and hired a Firefighter/Paramedic to fill a vacancy created by the promotion of an existing Department member to the position of Captain.
13. Replaced and upgraded cardiac monitors on both ambulances and the rescue truck.

**Fire Services FY2014 Goals and Initiatives**

1. Communicate and facilitate discussion for the immediate need to increase staffing within budget resources while recognizing the above-average service demand and increased fire and EMS responses resulting from commercial and residential development throughout the Town, including Northborough Crossing and Avalon Bay.
2. Continue to utilize a customer service evaluation tool for direct customer input as to the Department's performance as well as to meeting our customers' expectations.
3. Continue to foster open and positive communication and interaction with all Department members with an emphasis on their contribution and on firefighter safety and survival.
4. Attempt to recruit Call Firefighters in conformance with unfunded state physical and medical mandates.
5. Evaluate advances in structural personal protective equipment (PPE) from various manufacturers and begin to purchase new PPE based on experience and wear testing. The Department is currently evaluating PPE from five manufacturers.
6. Through Massachusetts Fire District Fourteen and the Massachusetts Department of Fire Services, address mutual aid needs, specialized equipment, and training to augment departmental incidents and hazardous materials responses.
7. Continue to apply for Assistance to Firefighters' Grants and Staffing for Adequate Fire and Emergency Response (SAFER) grants for supplemental full-time career staffing.
8. Explore alternative funding sources for Departmental operations and capital needs, as well as life safety and fire prevention programs through public and private partnerships.
9. Expand the database of Departmental equipment through a newly-instituted computer-based scanning system.
10. Advocate for the renovation/addition of the current Fire Station or construction of a new station through completion of a feasibility study previously authorized by Town Meeting.

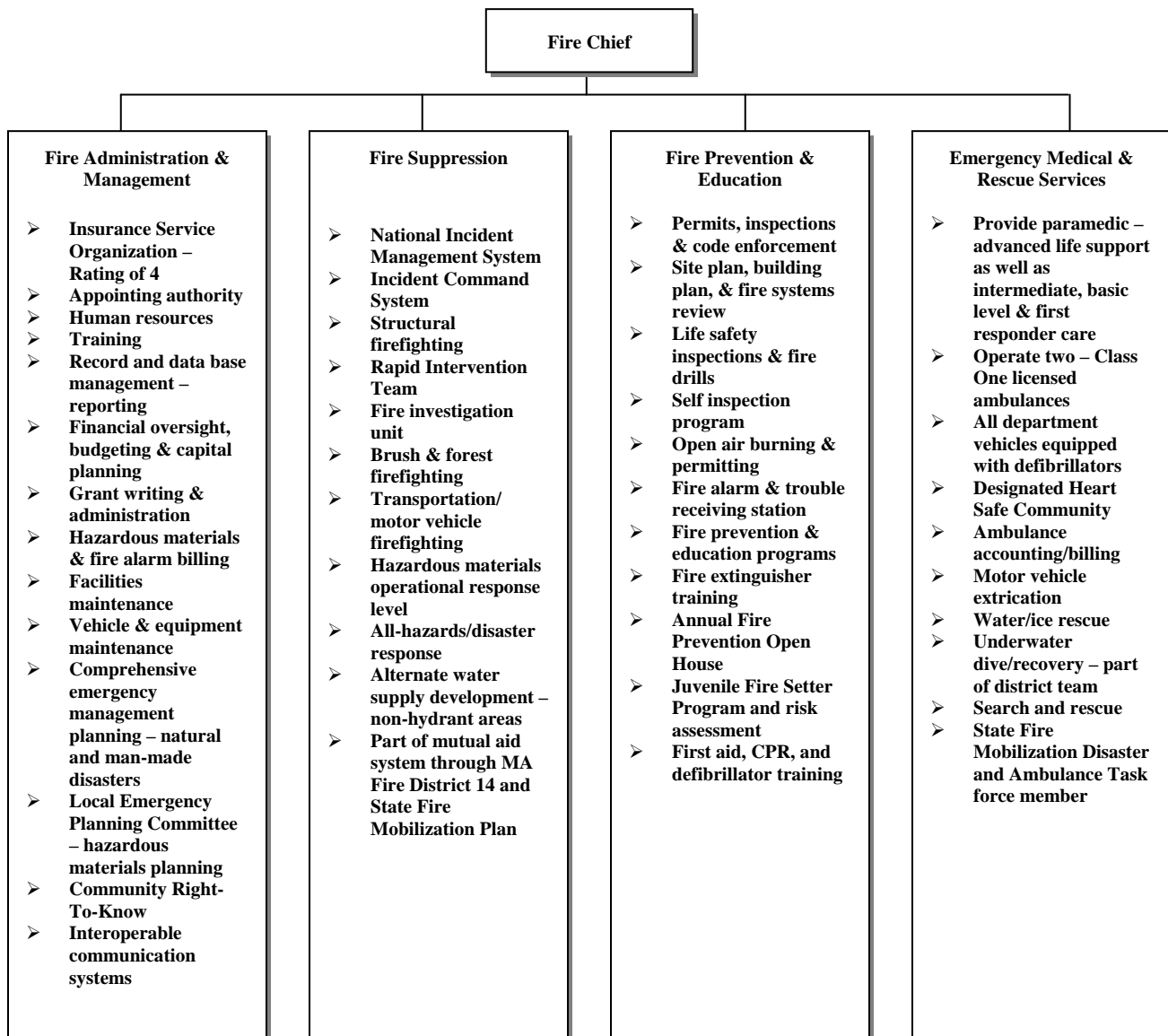
**Significant Budget Changes or Initiatives**

As presented, the FY2014 Fire Department Budget is up just \$1,508, or 0.11%. However, personnel wage adjustments for Firefighters, Captains and non-union personnel are not reflected in the departmental budget pending contract settlements for FY2014. During FY2013 the Building Inspector, who also served as the part-time Fire Marshal for 10 hours per week, retired from the Town. Half the position was paid by the General Fund and half from the EMS account. During FY2014 the hiring of a new position in the department was authorized but the funding for that position has been budgeted centrally while the details of the position are finalized.

The FY2014 budget also increases the capital outlay line item to \$30,000 in order to continue purchasing hose and protective gear as an operational expense rather than funding through the capital budget.



## Fire Programs and Services





<b>FIRE DEPARTMENT</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Fire Chief	1	1	1	1	1
Fire Captain	4	4	4	4	4
Firefighter / EMT Basic	2	2	2	2	2
Firefighter / EMT Intermediate	1	1	1	1	1
Firefighter / Paramedic	9	9	9	9	9
Fire Marshal	0.25	0.25	0.25	0.25	0
NEW POSITION TBD					1
Administrative Assistant	1	1	1	1	1
Office Assistant (ambulance billing)	0.18	0.18	0.18	0.18	0.18
Hazardous Materials Assistant	0.48	0.48	0.48	0.48	0.48
Call Firefighters	0.82	0.82	0.80	0.76	0.77
<b>Total Full-time Equivalent</b>	<b>19.73</b>	<b>19.73</b>	<b>19.71</b>	<b>19.67</b>	<b>20.43</b>

- Current Fire Department staffing is comprised of 17 full-time career members consisting of a Fire Chief, four Captain/EMTs, and twelve Firefighter/EMTs of which nine are Paramedics. Northborough Firefighters provide a dual role in both fire suppression/prevention and fire-based emergency medical ambulance transportation. In 2000, a comprehensive plan to upgrade the Department's standard of pre-hospital ambulance care from the intermediate level to the paramedic advanced life support level was approved. As part of its Massachusetts license and staffing waiver, the Department has hired only Firefighter/Paramedics in an attempt to provide two Firefighter/Paramedics on each of the four, rotating twenty-four hour work shifts.
- In addition to the full-time professional Firefighters, there are approximately 7 active Call Firefighters that work as-needed. During FY2014 Call Firefighter wages average \$21.64/hr and the total budget for Call wages is \$34,582 (\$13,833 included in the General Fund budget and \$20,749 paid for from the EMS revolving account). The result is the full-time equivalent of approximately 0.76 FTEs ( $\$34,582 / \$21.64 = 1,598 \text{ hrs per year} / 52 \text{ weeks} = \underline{30.73 \text{ hrs per week}} / 40 \text{ hrs per week} = .77 \text{ FTEs}$ ).
- During FY2013 the Building Inspector, who also served as the part-time Fire Marshal for 10 hours per week, retired from the Town. Half the position was paid by the General Fund and half from the EMS account. During FY2014 the hiring of a new position in the department was authorized but the funding for that position has been budgeted centrally while the details of the position are finalized.
- The 19 hour per week (.48 FTE) Hazardous Materials Assistant is funded from a combination of the Fire Department budget and the EMS revolving account and the Hazardous Materials revolving account.
- The Office Assistant that handles ambulance billing works approximately 7 hrs per week, or 0.18 FTE. The position is funded by the EMS revolving fund.



## Fire Department

## Section 3-13

	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>FIRE DEPARTMENT</b>						
<b>Personnel Services</b>						
51100 Fire Chief's Salary	103,602	106,192	108,322	110,776	50,997	111,058
51110 Administrative Salary	45,036	46,388	46,844	47,138	21,756	47,138
51120 Firefighters Salaries	792,699	820,590	819,117	859,643	395,334	860,899
51130 Part-time Salaries	6,462	6,624	6,715	6,807	1,644	0
51132 Hazardous Materials Assistant	0	0	0	7,000	2,578	7,007
51230 Call Firefighter wages	6,111	5,754	5,643	13,833	3,144	13,833
51300 Overtime	77,635	79,989	90,151	86,703	35,702	87,555
51410 Longevity Pay	5,800	10,050	10,050	11,150	11,150	11,300
51420 Fire Holiday Pay	15,302	15,409	15,641	16,414	7,426	16,440
51460 Educational Incentive	5,888	6,750	6,925	8,625	1,713	8,375
51930 In-service Training	17,475	14,574	19,956	17,560	10,126	17,562
51940 Participation Incentive	303	204	0	1,000	0	1,000
<b>SUBTOTAL</b>	<b>1,076,313</b>	<b>1,112,525</b>	<b>1,129,366</b>	<b>1,186,649</b>	<b>541,569</b>	<b>1,182,167</b>

## Section 3-14

## Fire Department



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>FIRE DEPARTMENT</b>						
<b>Expenses</b>						
52110 Utilities	21,181	23,445	20,028	29,500	6,988	29,500
52410 Equipment Maintenance	16,266	19,821	18,455	18,500	3,636	19,756
53110 Printing	119	332	210	500	0	500
53190 Training Expenses	271	559	142	750	232	750
53210 Fire Prevention Education	134	715	138	1,850	0	1,850
53410 Telephone	2,453	2,512	2,604	2,950	2,178	1,960
53420 Postage	824	574	511	1,200	99	1,200
53720 Computer Services	11,460	11,101	10,670	11,622	8,626	11,895
54290 Office Supplies	1,022	1,381	1,561	1,755	676	1,755
54490 Building Maintenance	10,108	6,231	10,192	9,000	4,913	9,000
54590 Custodial Supplies	2,325	2,296	2,952	2,000	884	2,000
55130 Uniforms	13,515	14,814	21,146	18,700	12,859	18,700
55990 Materials & Supplies	14,894	11,196	11,311	11,900	4,579	11,961
57110 Travel / Mileage	167	155	166	490	11	490
57310 Dues	2,049	2,929	2,369	2,565	1,365	2,790
57320 Subscriptions	1,055	1,063	990	1,103	150	1,268
57340 Meetings	109	153	203	604	103	604
57360 NFPA 1500 Compliance	1,606	2,853	1,770	1,625	670	1,625
58530 Capital Outlay	14,032	2,902	1,551	25,000	0	30,000
<b>SUBTOTAL</b>	<b>113,589</b>	<b>105,031</b>	<b>106,970</b>	<b>141,614</b>	<b>47,968</b>	<b>147,604</b>
<b>TOTAL: FIRE</b>	<b>1,189,901</b>	<b>1,217,556</b>	<b>1,236,336</b>	<b>1,328,263</b>	<b>589,537</b>	<b>1,329,771</b>

In addition to the total General Fund budget above of \$1,329,771 the Fire/EMS budget also receives funding from fees charged for ambulance services. The EMS Revolving Fund directly contributes financially to the salary, benefits, operation, and capital purchases relating to the operation of the Town's paramedic ambulance service. There are two types of expenditures from the Fund, a budgeted transfer to the General Fund and expenses that are charged directly to the Fund. The budgeted transfer to the General Fund captures the cost of one firefighter/paramedic FTE salary and fringe benefits to be paid from the General Fund. For FY2014 this amount is \$76,160. Expenses that are paid directly from the Revolving Fund total \$550,685 and include administrative wages (12.5%), ambulance billing services, overtime wages (70%), training wages (50%), holiday pay (60%), EMT stipends (100%), Academic/Professional Certification stipends (50%), call firefighter wages (60%), call firefighter supplies and equipment, licensing fees, related maintenance and operational expenses of the ambulances and equipment, rescue pumper, and extrication equipment. The account also provides for the capital purchase of ambulances. With the inclusion of these expenses paid from the Revolving Fund the total expenditures for the Fire Department are anticipated to be \$1,880,456 (\$1,329,771+\$550,685).



## Fire Department

## Section 3-15

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>EMERGENCY PREPAREDNESS</b>						
<b>Personnel Services</b>						
51130 Stipend for EP Director	5,000	5,125	5,280	5,500	0	5,500
51130 Stipend for Shelter Coordinator	0	0	0	500	0	1,000
<b>SUBTOTAL</b>	<b>5,000</b>	<b>5,125</b>	<b>5,280</b>	<b>6,000</b>	<b>0</b>	<b>6,500</b>
<b>Expenses</b>						
52690 Equipment Maintenance	0	0	0	0	0	0
53410 Telephone	0	0	0	0	0	0
55980 Field Supplies	0	391	1,250	1,250	1,108	3,000
58690 New Equipment	0		0	0	0	0
<b>SUBTOTAL</b>	<b>0</b>	<b>391</b>	<b>1,250</b>	<b>1,250</b>	<b>1,108</b>	<b>3,000</b>
<b>TOTAL: EMERGENCY PREPAREDNESS</b>	<b>5,000</b>	<b>5,516</b>	<b>6,530</b>	<b>7,250</b>	<b>1,108</b>	<b>9,500</b>

The Northborough Local Emergency Planning Committee (LEPC) is a Northborough committee established through the federal Emergency Planning and Right-To-Know Act (EPCRA) of 1986. Local, State and Federal members work together to formulate emergency planning for hazardous materials within Northborough, exercise the plan annually, maintain training for hazardous materials emergencies and provide information on hazardous materials to the public.

The Fire Chief is the Emergency Preparedness Director for the Town and coordinates the LEPC. The budget for Emergency Preparedness includes a stipend for this position. Membership in the LEPC includes State and Local Elected Officials, Hospitals, Firefighters, Environmental Groups, Law Enforcement Personnel, News Media, Civil Defense Officials, Community Groups, Public Health Officials, Transportation Resources and Hazardous Materials Facilities. This committee maintains the Town of Northborough Hazardous Materials Plan. Input from all of the groups within the LEPC membership is incorporated into hazardous materials planning.

The Northborough LEPC is a fully certified Stand-Alone Local Emergency Planning Committee by the Massachusetts State Emergency Response Commission (SERC). Re-Certification was issued in 2012. Certification is given for a three year period.

During FY2013 an emergency Shelter Coordinator stipend was added to the budget.

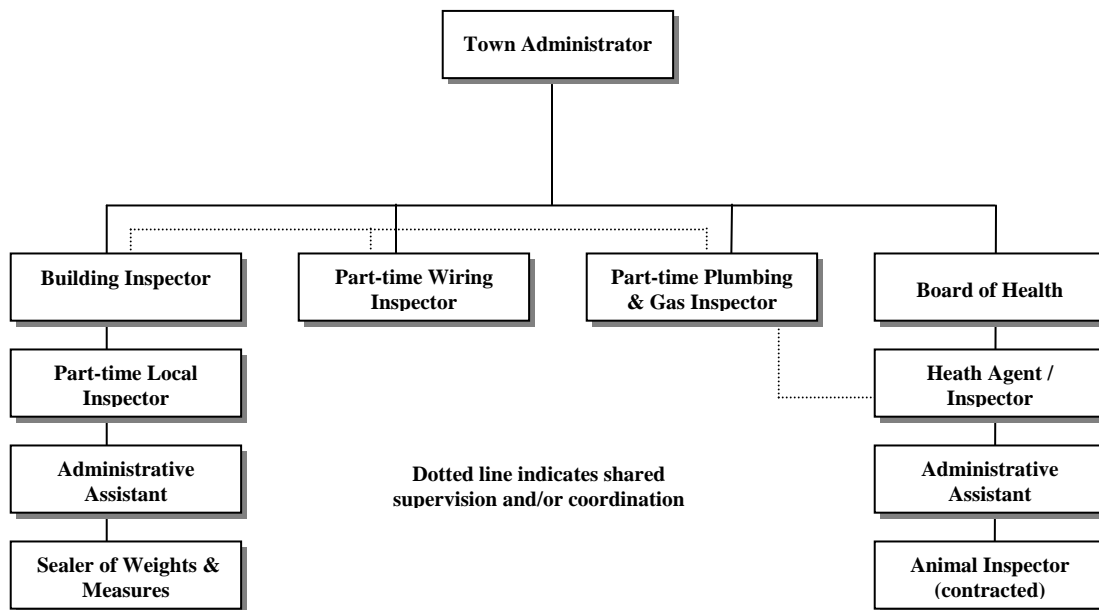




### Building Department Mission Statement

The Building Department is responsible for administering and enforcing Massachusetts Codes regarding building, sheet metal, plumbing, gas, and electrical work; as well as the rules and regulations of the Massachusetts Architectural Access Board. In addition, the department administers and enforces all Town of Northborough Zoning By-laws. It is the mission of the Building Department to strive to ensure public safety, health and welfare through inspection activities and continuous enforcement of all codes, rules and regulations designed to detect and correct improper and/or unsafe building practices and land uses within the Town.

### Organizational Chart



Note: The Building Department and the Health Department share an office suite and two Administrative Assistants that are cross-trained. The Health Agent also has some oversight responsibilities with regard to the Plumbing Inspector.



### **Building Department FY2013 Initiatives and Accomplishments**

1. Coordinated plan reviews and inspections for a major renovation project at Wal-Mart on Otis Street. The project is ongoing with an anticipated completion date in late 2013.
2. Provided plan review and inspectional services for the following commercial projects: Fed Ex (Bartlett Street), Genzyme (Forbes Road), United Bank (Church Street) and IHOP and Qdoba restaurants (Northborough Crossing).
3. Continued to work with developers to complete plan reviews and issue permits related to the construction of residential units at Weber Lane, Brody Way and Cyrus Way. Continued to assist developer as construction of the 41 residential-unit, adult community at Lydia's Way nears completion. Provided plan review and inspectional services during construction of four mixed-used buildings totaling 10, 140 square feet at 269-273 West Main Street.
4. Continued education and enforcement efforts related to the Town's local sign bylaw.

### **Building Department FY 2014 Goals and Initiatives**

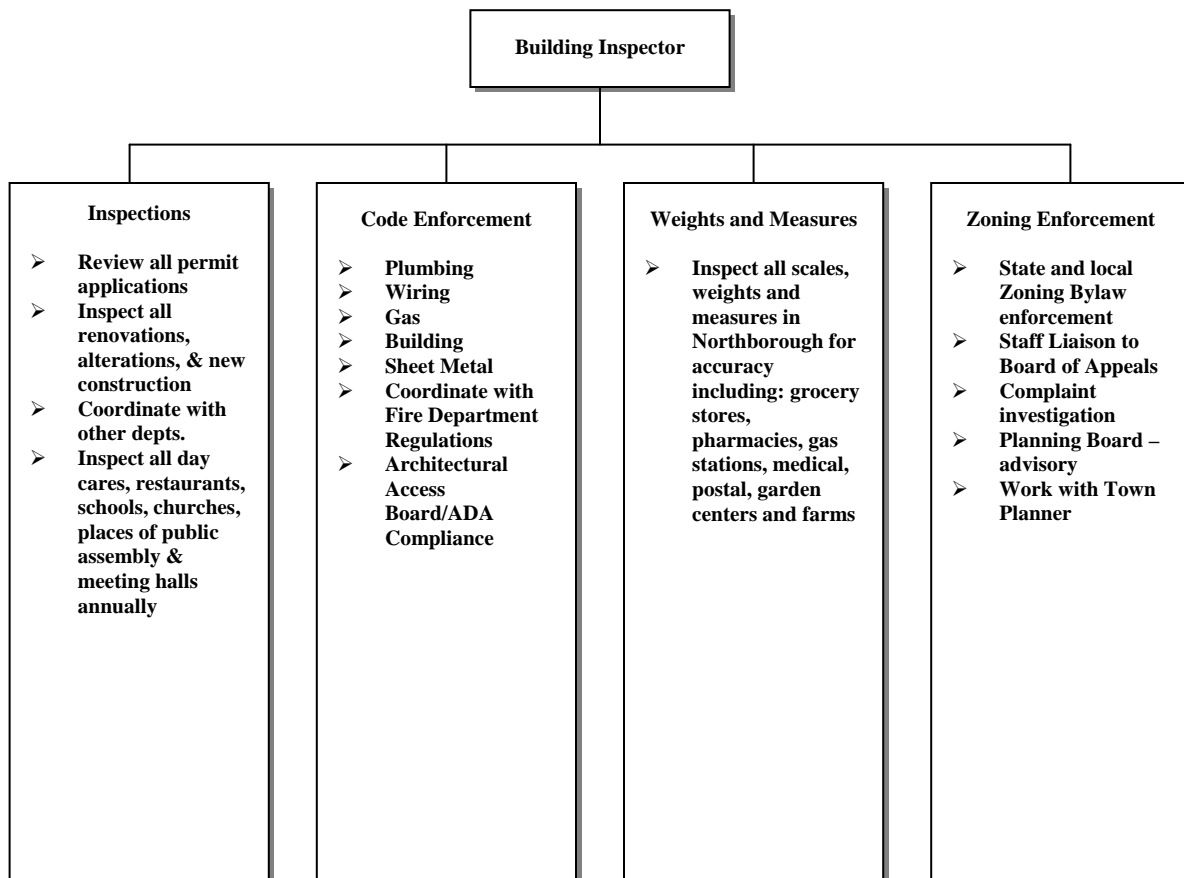
1. The Building Department will make a concerted effort to perform outreach to homeowners within the community in an effort to increase understanding of the building code and the permit and review process. This increased public education and awareness is aimed at ultimately increasing code compliance.
2. Work with several other departments to evaluate permit tracking software systems which could allow for online submissions of plans and E-permitting.
3. Under the direction of the new Inspector of Buildings/Zoning Enforcement Officer hired in November of 2012, continue to review current departmental operations and identify opportunities to streamline or simplify current processes to facilitate ease of use for both external customers (residents and developers) as well as other Town departments involved in the process (e.g., introduce online permitting for relatively simple building, gas and electrical permits).

### **Significant Budget Changes or Initiatives**

There are no significant budgetary changes planned during FY2014. With the hiring of the new Building Inspector a travel/mileage reimbursement line item was added to the FY2014 budget to reflect that the Town will no longer be providing a vehicle. During FY2014 the Town will contract with the MA Office of Consumer Affairs & Business Regulation (OCABR)—Division of Standards (DOS) to provide all Sealer of Weights & Measures services. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



## Building Department Programs and Services



**BUILDING DEPARTMENT****Personnel Summary**

<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Building Inspector	1	1	1	1	1
Part-time Local Building Inspector	0.40	0.40	0.40	0.40	0.40
Part-time Wiring Inspector	.25	.25	.25	.25	.25
Part-time Gas Inspector	0.15	0.15	0.15	0.15	0.15
Part-time Plumbing Inspector	See	Health	Dept		
Administrative Assistant	1	1	1	1	1
PT Sealer of Weights & Measures	Stipend	Stipend	Stipend	Contract	Contract
<b>Total Full-time Equivalent</b>	<b>2.80</b>	<b>2.80</b>	<b>2.80</b>	<b>2.80</b>	<b>2.80</b>

**\*Personnel Explanation:**

- Full Time Equivalents are based upon 40hrs per wk (30hrs/40hrs = .75 FTE).
- One individual serves as both the Part-time Plumbing Inspector 8hrs per week (0.20 FTE) and the Part-time Gas Inspector 6hrs per week (0.15 FTE). The Part-time Plumbing Inspector's wages are reflected in the Health Department budget.
- Beginning in FY2013 the Town contracted with the MA Office of Consumer Affairs & Business Regulation (OCABR)—Division of Standards (DOS) to provide all Sealer of Weights & Measures services, including the inspections required at the new 640,000 square foot Northborough Crossing shopping plaza. DOR is the State agency responsible for enforcing all laws, rules, and regulations relating to weights and measures and the use of weighing and measuring devices in commercial transactions. Under the contract agreement with DOR, the Town receives all the fees associated with the inspections, which are used to fund the \$8,000 contract for services.

## Section 3-20

## Building Department



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>BUILDING INSPECTOR</b>						
<b>Personnel Services</b>						
51100 Building Inspector Salary	73,843	75,689	77,709	79,300	46,430	78,000
51120 Part-time Local Inspector wages	19,115	21,073	21,844	25,684	15,265	25,684
51130 Part-time Salaries	0	0	0	0	0	0
51140 Administrative Assistant	49,705	51,187	52,139	53,061	24,490	53,620
51220 Temporary Part-time Wages	0	0	0	0	0	0
51410 Longevity Pay	700	775	850	1,000	350	350
<b>SUBTOTAL</b>	<b>143,363</b>	<b>148,725</b>	<b>152,542</b>	<b>159,045</b>	<b>86,534</b>	<b>157,654</b>
<b>Expenses</b>						
53190 Training	206	110	25	600	0	1,050
54290 Office Supplies	359	442	126	350	187	1,010
54850 Vehicle Maintenance	1,081	1,210	137	1,000	190	0
55980 Field Supplies	0	0	0	100	0	100
57110 Travel / Mileage	420	544	777	600	695	4,100
57310 Dues	165	165	190	190	190	340
57340 Meetings	55	25	460	500	0	905
58690 New Equipment	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>2,285</b>	<b>2,496</b>	<b>1,716</b>	<b>3,340</b>	<b>1,262</b>	<b>7,505</b>
<b>TOTAL: BUILDING INSPECTOR</b>	<b>145,648</b>	<b>151,221</b>	<b>154,258</b>	<b>162,385</b>	<b>87,796</b>	<b>165,159</b>



## Building Department

## Section 3-21

	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>GAS INSPECTOR</b>						
<b>Personnel Services</b>						
51130 Gas Inspector Salary	9,265	9,496	9,591	9,688	4,844	9,688
<b>SUBTOTAL</b>	<b>9,265</b>	<b>9,496</b>	<b>9,591</b>	<b>9,688</b>	<b>4,844</b>	<b>9,688</b>
<b>Expenses</b>						
53190 Training	30	0	15	125	0	125
54290 Office Supplies	105	256	46	155	0	225
57110 Travel / Mileage	426	424	577	500	401	873
57310 Dues	125	75	65	90	15	90
58690 New Equipment	0	100	0	100	0	100
<b>SUBTOTAL</b>	<b>686</b>	<b>855</b>	<b>702</b>	<b>970</b>	<b>416</b>	<b>1,413</b>
<b>TOTAL: GAS INSPECTOR</b>	<b>9,950</b>	<b>10,351</b>	<b>10,293</b>	<b>10,658</b>	<b>5,260</b>	<b>11,101</b>

## Section 3-22

## Building Department



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>WIRING INSPECTOR</b>						
<b>Personnel Services</b>						
51130 PT Wiring Inspector Wages	12,715	14,775	18,208	15,975	7,757	16,209
51140 PT Permanent wages	467	299	332	1,000	302	1,000
<b>SUBTOTAL</b>	<b>13,182</b>	<b>15,074</b>	<b>18,540</b>	<b>16,975</b>	<b>8,059</b>	<b>17,209</b>
<b>Expenses</b>						
53190 Training	0	199	0	250	0	250
54290 Office Supplies	260	434	263	550	88	530
57110 Travel / Mileage	1,507	1,597	2,097	2,000	478	2,000
<b>SUBTOTAL</b>	<b>1,767</b>	<b>2,230</b>	<b>2,360</b>	<b>2,800</b>	<b>566</b>	<b>2,780</b>
<b>TOTAL: WIRING INSPECTOR</b>	<b>14,949</b>	<b>17,304</b>	<b>20,900</b>	<b>19,775</b>	<b>8,625</b>	<b>19,989</b>



## Building Department

## Section 3-23

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SEALER OF WEIGHTS &amp; MEASURES</b>						
<b>Personnel Services</b>						
51130 Sealer Salary	4,000	4,000	3,498	0	0	0
<b>SUBTOTAL</b>	<b>4,000</b>	<b>4,000</b>	<b>3,498</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
52800 Contractual Services	0	0	0	8,000	0	8,000
53190 Training	0	0	0	0	0	0
54290 Office Supplies	115	51	0	0	0	0
57110 Travel / Mileage	528	528	313	0	0	0
57310 Dues	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>643</b>	<b>579</b>	<b>313</b>	<b>8,000</b>	<b>0</b>	<b>8,000</b>
<b>TOTAL: SEALER WEIGHTS/MEASURES</b>	<b>4,643</b>	<b>4,579</b>	<b>3,811</b>	<b>8,000</b>	<b>0</b>	<b>8,000</b>





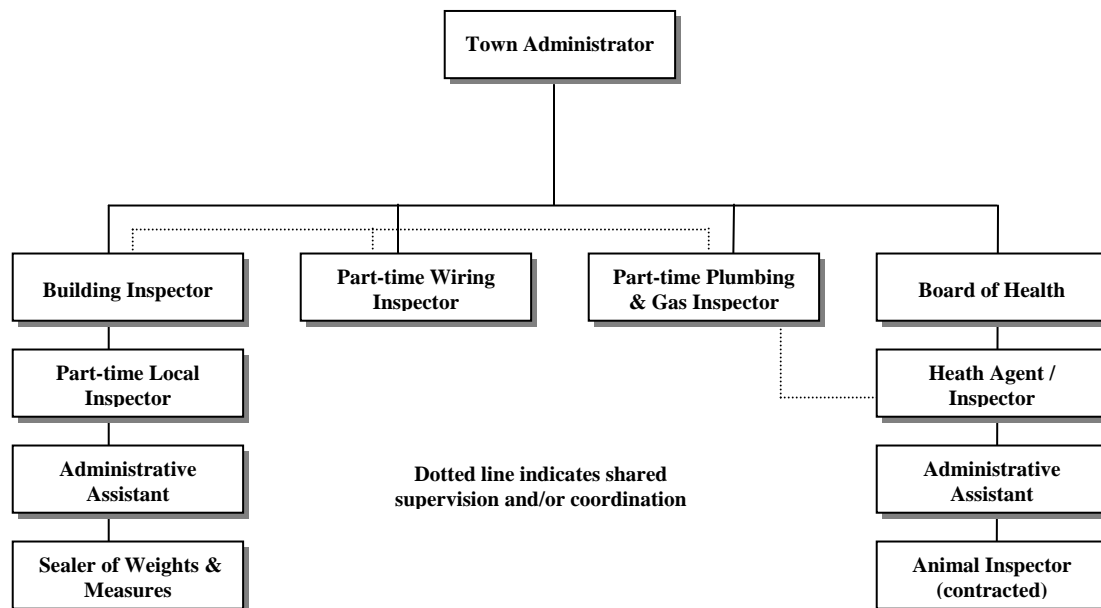
### Health Department Mission Statement

The Health Department and the Board of Health are dedicated to keeping the Town of Northborough a healthy and environmentally safe place to live. We strive to do this through the development and implementation of programs that seek to prevent the outbreak of infectious diseases and by controlling environmental health hazards. Through enforcement of State statutes and regulations regarding on-site sewerage treatment and disposal systems (Title V), restaurant sanitation and tobacco control we further endeavor to protect, preserve and improve the health of our citizens. We promote sanitary living conditions for all our residents and strive to protect the environment from damage and pollution.

### Board of Health

The Board of Health is composed of three members appointed by the Town Administrator. Each member shall serve a term of three years. The Board of Health shall work under the general policy direction of the Board of Selectmen and shall have the responsibility for the formulation and enforcement of regulations affecting the environment and the public health. The Board shall have all the powers and duties and obligations that boards of health may have under the Constitution and laws of the Commonwealth and the State Sanitary Codes, the Town Charter, Town Bylaws and the Administrative Code.

### Organizational Chart



Note: The Building Department and the Health Department share an office suite and two Administrative Assistants that are cross-trained. The Health Agent also has some oversight responsibilities with regard to the Plumbing Inspector.



### **Health Department FY2013 Initiatives and Accomplishments**

1. The Town received a \$60,000 implementation grant from the Department of Public Health through its Mass in Motion program for phase III of its Childhood Obesity Initiative, "Building a Healthy Northborough." Body Mass Index rates decreased in the Town of Northborough as documented through data collected by the Department of Public Health. The Health Agent, Recreation Director, Family & Youth Services Director and Town Planner worked collaboratively to complete the Phase I Needs Assessment and Strategic Plan, which was the basis for the phase II & III grant application. With this funding the group was able to accomplish the following: added twenty community gardens to the ten existing gardens located on Valentine Road; implemented an initiative to highlight healthy food options in restaurants; Take 10! continued at the Zeh Elementary School and was added to the curriculum at all elementary schools; Catch Kids Club (CKC) was continued by the afterschool program Northborough Extended Day Program or NEDP; Building a Healthy Northborough community newsletter was distributed quarterly in Town; walking maps were created with the assistance of WalkBoston; and a Facebook page was established for Building a Healthy Northborough. A wellness subcommittee was formed and a set of wellness guidelines were developed and approved by the school system. The group is also working towards developing a website over the next year.
2. Reviewed plans, observed construction and actively inspected new food service establishments throughout Town (e.g., YOWZA, IHOP, Starbucks, Burger King, China Moon, Walmart expansion, Qdoba).
3. Conducted outreach and educational efforts to promote awareness of seasonal flu and how to reduce transmission. Held flu clinics to vaccinate the public.
4. Continued wellness promotion through Employee Health & Wellness Committee.
5. Conducted compliance inspections of new State Allergen Regulation regarding protection of those with celiac disease or life threatening allergies in all licensed food establishments.
6. Developed protocols and procedures to react to EEE and West Nile Virus threats.
7. Developed procedures and protocol with all food establishments as to necessary protective measures required in the event of a power outage.

### **Health Department FY2014 Goals and Initiatives**

1. Further develop plans for the Emergency Dispensing Site, including identification of potential ways to distribute medications quickly and effectively.
2. Develop plans to meet Emergency Shelter needs, including active recruitment of volunteers who will staff a shelter if one should be needed. Include training initiatives and development of appropriate preparedness paperwork.



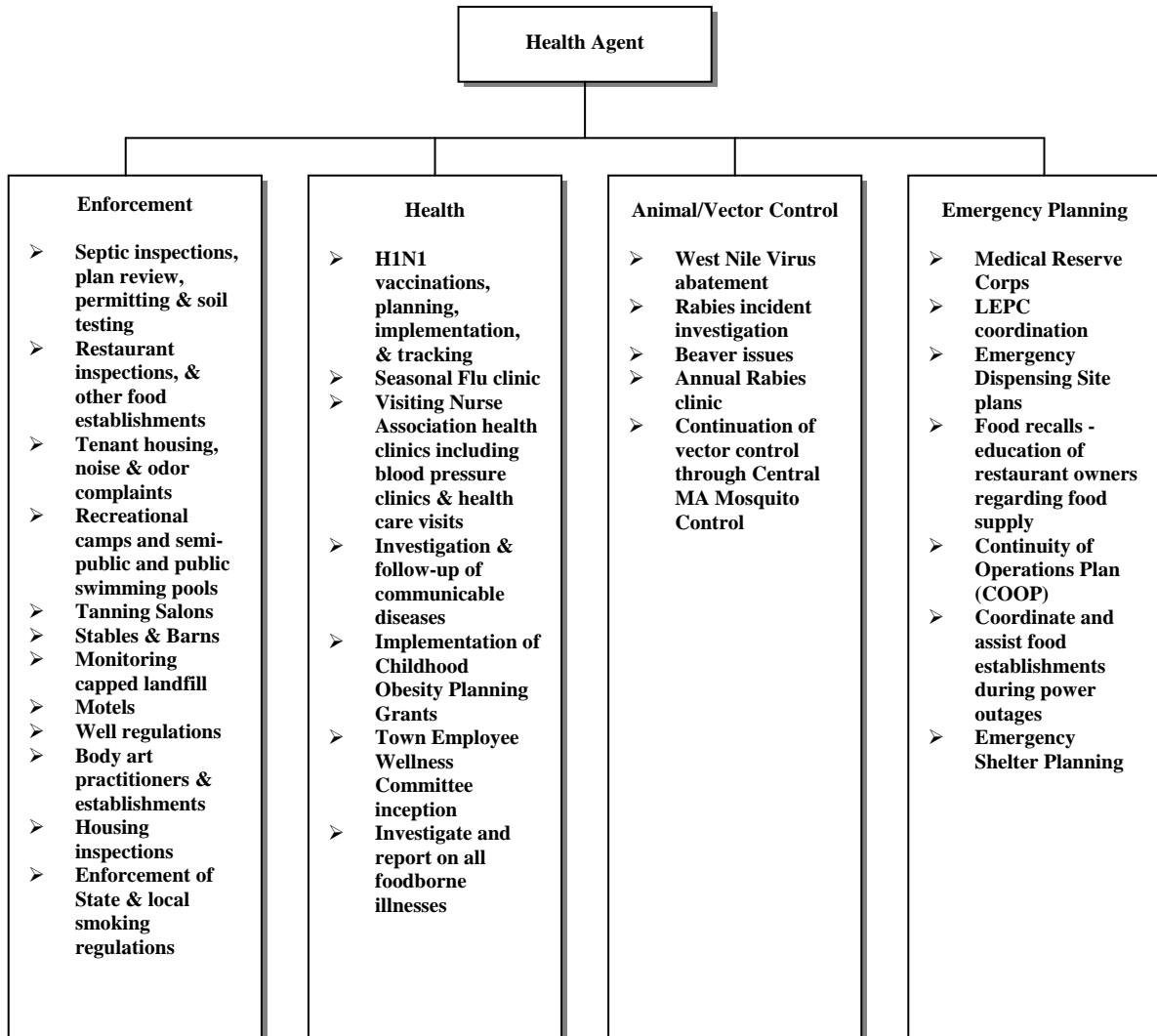
3. The Town has recently been awarded an implementation grant from the Mass in Motion initiative which will extend phase III of "Building a Healthy Northborough" by an additional year. The Health Agent, Recreation Director, Family & Youth Services Director and Town Planner worked collaboratively to complete the Phase I Needs Assessment and Strategic Plan, which was the basis for the phase II & III grant application. Through the continuation of this initiative an additional \$60,000 was awarded to fund the following initiatives: Work with restaurants and food establishments to improve the availability and identification of healthful foods. The Health Agent will work with a nutritionist and a graduate student to assist food establishments in offering healthy meal options and/or reduced sodium content, serving sizes and incorporate a healthy balance of fruits and vegetables and low-fat foods in some menu items. In addition, website development will continue.
4. Continue to assist new and existing home owners and business establishments in meeting code compliance standards related to food, septic, well and tobacco regulations.
5. Continue to build relationship with schools to monitor and effectively track absenteeism.
6. Work with several other departments to evaluate permit tracking software systems which could allow for online submissions of plans and E-permitting.

#### **Significant Budget Changes or Initiatives**

There are no significant budgetary changes planned during FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



## Health Department Programs and Services





<b>HEALTH DEPARTMENT</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Health Agent	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Part-time Plumbing Inspector	0.20	0.20	0.20	0.20	0.20
Animal Inspector	contractual	contractual	contractual	contractual	contractual
<b>Total Full-time Equivalent</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>

**\*Personnel Explanation:**

- Full Time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).
- One individual serves as both the Part-time Plumbing Inspector 8hrs per week (8hrs/40 hrs = 0.20 FTE) and the Part-time Gas Inspector 6hrs per week (6hrs/40hrs = 0.15 FTE). The Part-time Plumbing Inspector's wages are reflected in the Health Department budget. The part-time Gas Inspector's wages are reflected in the Building Department's Budget.
- The Animal Inspector is a contractual position.



## Health Department

## Section 3-29

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>HEALTH DEPARTMENT</b>						
<b>Personnel Services</b>						
51100 Health Agent	60,581	60,417	58,433	67,196	30,405	68,513
51120 Part-time Animal Inspector	1,500	0	0	0	0	0
51130 Part-time Plumbing Inspector	12,001	17,874	26,530	14,417	6,760	14,417
51140 Administrative Assistant wages	49,705	51,187	52,139	53,212	24,490	53,620
51220 Temporary wages	0	0	0	0	0	0
51410 Longevity Pay	200	275	350	550	550	550
<b>SUBTOTAL</b>	<b>123,987</b>	<b>129,753</b>	<b>137,452</b>	<b>135,375</b>	<b>62,204</b>	<b>137,100</b>
<b>Expenses</b>						
52800 Contractual Animal Inspector	1,636	2,260	2,010	6,000	0	6,000
53090 Advertising	0	55	0	250	0	250
53170 Testing	0	240	1,412	12,480	0	12,480
53990 Nursing Services	4,326	4,035	3,795	6,500	645	6,500
54290 Office Supplies	593	825	987	1,740	350	1,740
57110 Travel / Mileage	2,763	2,645	3,096	4,299	1,138	4,416
57310 Dues	361	221	306	492	175	492
57320 Subscriptions	0	0	0	0	0	0
57340 Meetings	145	100	365	500	327	600
57810 Unclassified	103	422	63	100	167	100
58690 New Equipment	16	71	0	200	31	200
<b>SUBTOTAL</b>	<b>9,944</b>	<b>10,873</b>	<b>12,033</b>	<b>32,561</b>	<b>2,832</b>	<b>32,778</b>
<b>TOTAL: HEALTH DEPARTMENT</b>	<b>133,931</b>	<b>140,626</b>	<b>149,485</b>	<b>167,936</b>	<b>65,036</b>	<b>169,878</b>



### **Animal Control Services Statement**

Animal Control has primary responsibility for the enforcement of Chapter 2-24 of the Town Code—Dogs and Other Animals, as amended, and Massachusetts General Laws, Chapter 140—Licenses, Sections 136A through 175 (regulation of dogs and other animals) as amended, and any other applicable laws or regulations. Duties include, but are not limited to licensing enforcement; enforcing state and local leash laws and regulations; investigating complaints relative to alleged violations of laws, bylaws and regulations related to domesticated animals; and participating in any hearings before the Board of Selectmen and/or prosecution of cases in Court as needed. Animal Control is also responsible for assisting with general animal-related situations, as appropriate.

### **Significant Budget Changes or Initiatives**

During FY2012 the Dog Officer position became vacant due to a retirement. As vacancies occur, every effort is made to re-examine positions with a view toward restructuring, reducing or eliminating the position, where possible. In reviewing the service demands for the Dog Officer, as well as the full cost of providing the service, the Town decided to investigate outsourcing the duties in lieu of hiring another full-time employee.

After completing a detailed financial analysis of the alternatives, it was determined that contracting out for the service could reduce direct and indirect budgetary costs from approximately \$120,000 per year down to about \$40,000. This analysis included a review of the direct departmental expenses such as wages and the rental of kennel facilities, as well as costs accounted for elsewhere in the budget, such as health insurance, pension costs, vehicle gasoline and insurance. Some of the potential savings were also derived through cost avoidances, such as eliminating the need to purchase and maintain a new vehicle.

It should be noted that the FY2012 Dog Officer budget was funded through a combination of General Fund Revenues (taxes) and Revolving Fund Revenues (fee & fine revenues). The combination of these two sources of funding represented most of the direct resources expended for the Dog Officer service. Beginning in FY2013 the fees from dog licenses and fines came into the General Fund as revenue that largely off-sets the costs of the Animal Control services contract. In FY2014 those revenues are projected to be \$27,000.



<b>Animal Control</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Dog Officer	1	1	1	Contracted	Contracted
Assistant Dog Officer	as needed	as needed	as needed	Contracted	Contracted
<b>Total Full-time Equivalent</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

**\*Personnel Explanation:**

- **FY2013 Personnel Table Explanation:** During FY2012 the position of Dog Officer became vacant due to a retirement. Following a detailed analysis the Town opted to contract out for the service at significant savings. The contractual arrangement will continue during FY2014.

Prior to the outsourcing of the Animal Control services in FY2013 there were two on-call Assistant Dog Officers that served on an “as-needed” basis to cover absences of the full-time Dog Officer. The costs associated with the Assistant Dog Officers were funded through the Dog Officer’s Revolving Fund where dog license fees and related fines are collected and deposited for use in support of the service. These positions were eliminated in FY2013.



## Section 3-32

## Animal Control



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ANIMAL CONTROL</b>						
<b>Personnel Services</b>						
51130 Dog Officer Salary (35hrs/wk)	51,284	52,563	27,317	0	0	0
51410 Longevity Pay	950	950	0	0	0	0
<b>SUBTOTAL</b>	<b>52,234</b>	<b>53,513</b>	<b>27,317</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
51920 Uniforms	0	0	0	0	0	0
52800 Contractual ACO Services	0	0	26,650	40,000	18,700	40,000
<b>SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>26,650</b>	<b>40,000</b>	<b>18,700</b>	<b>40,000</b>
<b>TOTAL: ANIMAL CONTROL</b>	<b>52,234</b>	<b>53,513</b>	<b>53,967</b>	<b>40,000</b>	<b>18,700</b>	<b>40,000</b>

The FY2013 and FY2014 Animal Control budgets reflect the change from using Town employees to contracting out for the service.

The FY2012 and earlier Dog Officer budgets above reflect only the General Fund contribution, which supported 35 hours per week of the Dog Officer's salary. An additional 5 hours per week of the salary was paid directly from the Dog Officer's Revolving Fund along with various other departmental expenses.

### **Dog Officer's Revolving Fund Explanation:**

The Revolving Fund is where dog license fees and related fines are collected and deposited for use in support of the service. The full FY2012 budget for the Dog Officer service was the combination of the General Fund Budget of \$53,967, plus the Revolving Fund Budget contribution of \$25,598, for a total of \$79,565 (exclusive of benefits and other indirect expenses accounted for elsewhere in the Town Budget).

Beginning in FY2013 the fees from dog licenses and fines went into the General Fund as a transfer to off-set the costs of the Animal Control services contract. In FY2014 the revolving fund revenues are projected to be \$27,000 and the estimated cost for contractual Animal Control services is \$40,000, resulting in a net tax-supported service expense of \$13,000.

# **Public Works**

## **Section 4**



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### **Public Works Departmental Statement**

The Department of Public Works (DPW) consists of multiple Divisions collectively responsible for maintaining and improving the Town's public spaces and infrastructure. This includes the maintenance and development of Town roads, sidewalks, public trees, cemeteries, parks, public grounds and buildings, as well as the Town water supply system and wastewater/sewerage system. In addition to general administration, the Divisions within the Department include: Highway, Parks, Cemetery, Water and Sewer. For budget information regarding the Water and Sewer Divisions, please see Enterprise Funds, Section 8 of this document.

#### **Highway Division**

The Highway Division is responsible for all repairs, street openings, new construction of public ways, sidewalk construction and repair, drainage, snow removal and other matters having to do with the proper maintenance and development of the Town's road system. The Highway Division also maintains the trees within the right-of-way along the public roads.

#### **Parks Division**

The Parks Division is responsible for maintaining and developing public playgrounds, parks and related facilities. Given the reduction in staffing over the years, there has become very little distinction between Highway Division employees and Parks Division employees.

#### **Cemetery Division**

The Cemetery Division operates, maintains and develops the public burial grounds of the Town and related facilities. There is a small cemetery on Brigham Street which has few headstones and is often referred to as the old "Indian Burial Ground". The main burial ground in Town is the Howard Street Cemetery which has two portions: the older, historic section and the north section, or the Kaiser Cemetery, named for the family from whom the land was purchased. The original section is 18.65 acres and the active North section is 21.71 acres.

#### **Water and Sewer Divisions (Enterprise Funds)**

The Water and Sewer Divisions operate, maintain and develop the Town's public water and sewer systems and related facilities. The Water and Sewer Divisions are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It 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, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community the option to recover total service costs through user fees.

For purposes of providing a departmental overview and personnel summary, the Water & Sewer Division is included here within the DPW Section 4 of the budget. The actual budgets associated with the Water and Sewer enterprise funds are contained in Section 8 of this budget document.



### **Related Advisory Boards and Commissions**

In addition to the various DPW Divisions, there are several advisory Boards and Commissions related to the DPW's mission and functions. These include:

#### **Cemetery Commission**

The Cemetery Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence and management of all public burial grounds. The DPW Director serves as the staff liaison to the Cemetery Commission.

#### **Parks & Recreation Commission**

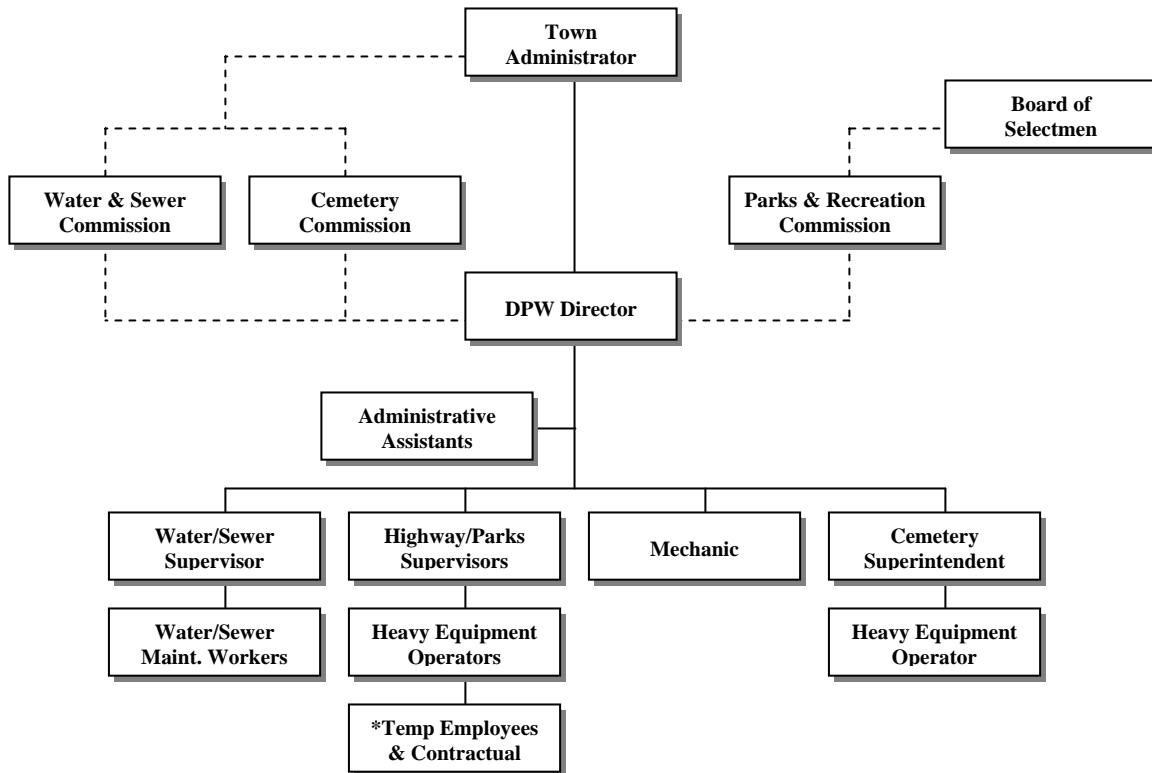
The Parks & Recreation Commission consists of five members appointed by the Board of Selectmen for three-year terms. The Commission is responsible for the development of policies, rules and regulations pertaining to the care, superintendence and management of the public recreation programs, facilities and public parks and playgrounds under its control. The DPW Director serves as one of the staff liaisons to the Parks & Recreation Commission and is responsible for the physical maintenance of the facilities. The other staff liaison is the Recreation Director, who is responsible for the Recreation Department programs on those facilities.

#### **Water & Sewer Commission**

The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and facilities and the Town's sewerage system. The DPW Director serves as the staff liaison to the Water & Sewer Commission.



### DPW Organizational Chart



#### Organizational Chart Notes:

\*The Highway/Parks Division and Cemetery Division use temporary, seasonal employees to augment park maintenance in the summer months and contractual snow plow operators to supplement DPW staff during winter operations.

**DPW FY2013 Initiatives and Accomplishments****Highway Division:**

1. On October 29, 2012 Northborough sustained heavy rains and high winds from Hurricane Sandy, which resulted in downed trees and power lines, widespread power outages and localized flooding. During the storm and in its aftermath, DPW staff removed downed trees and cleared debris blocking roadways throughout Town. Debris was also cleared from the Town's right-of-way and public lands. Brush drop-off at the Highway Garage was expanded to allow residents greater opportunity to dispose of debris removed from their yards. During the storm, staff assisted public safety personnel with road closures and cleared debris from overflowing catch basins.
2. Under the supervision of a new Director hired in March of 2012, many of the Departmental functions were re-evaluated during FY2013. This assessment identified the need for a new master plan, a critical tool to help shift the Department to a higher level of proficiency and accountability. Additionally, the Public Works Department completed a pavement management plan, which has provided a complete inventory of roadways and roadway conditions throughout Town.
3. Staff provided regular maintenance operations (mowing, weeding, trimming, pruning, and re-setting of grave markers) at the cemetery located on Howard Street in addition to laying out plots and preparing plots for burials.
4. DPW staff, aided by temporary seasonal staff, performed regular grounds and equipment maintenance at the Town's parks, including Ellsworth-McAfee Park, Assabet Park and Memorial Field. Staff repaired damaged playground equipment and repaired structures damaged by vandalism.
5. The following items, presented as part of the FY2013 Capital Budget and approved by Town Meeting in April 2012, were purchased: a Ford F-350 one-ton pick-up truck and a sidewalk machine (snow plow, snow blower and sweeper attachment). The Department continues to identify and plan for future equipment needs through the Town's Capital Improvement Plan.
6. In collaboration with the "Building a Healthy Northborough Initiative," DPW staff expanded the community garden on Valentine Road by adding an additional 20 garden plots and another water spigot for the convenience of the users of the garden.
7. The DPW staff assisted the Northborough K-8 Schools with snow removal, grounds maintenance and tree removal.
8. Repair and replacement of street, traffic and regulatory signs, including continued installation of new street signs to comply with federal mandates. Repainting of crosswalks and centerlines throughout Town is performed annually.
9. The DPW conducted snow plowing and/or treatment operations for all winter events. This year, in lieu of a sand-salt mix, the DPW used straight salt enhanced by a product called SafeMelt®. Roadway maintenance salt treated with SafeMelt can be applied at rates up to 30% less than dry material. Use of the product is also expected to result in reduced overtime



spent on call-backs for re-application of material, less time and labor used in springtime cleanup as well as a savings to remove (street sweep) and dispose of the material.

10. The Highway Division also played an essential role in the Church Street bridge (over Cold Harbor Brook) investigation. Widening of the bridge is being evaluated to accommodate an additional lane of vehicular traffic. Evaluation of the structure is necessary to determine if the structure type can be rehabilitated or will require replacement. This project was funded by the Community Preservation Unreserved Fund under Article 37 of the April 2011 Annual Town Meeting. The Public Works Department provided labor and equipment required to perform the extensive subsurface structural investigations.

### **Water and Sewer Division:**

1. The Water Division staff continues the meter replacement program to upgrade all meters to radio read.
2. A water system master plan focuses on the entire potable water system and its ability to provide the Town with the most cost effective method of delivering safe, clean potable water to residents. The study includes reviewing sustainable sources of water supply as well as evaluating the current distribution model, calibrating the model and calculating storage and system operating pressures. A Rate Study will also be performed to comprehensively evaluate tiered rate structures and the effect of various capital improvement project costs on the rates.
3. A comprehensive review and subsequent revisions were made to the Water System Emergency Response Plan (ERP) and the Cross Connection Control Plan (CCCP).

### **Department of Public Works FY2014 Goals and Initiatives**

1. Develop a holistic approach to infrastructure management and improvement by combining the recommendations from the pavement management plan, water master plan and the comprehensive wastewater management plan to effectively prioritize future capital improvement projects.
2. Upgrade the portion of the track at Ellsworth McAfee Park that was not repaired as part of the playground project in 2009. Following construction of the playset, the northerly quarter of the track perpendicular to South Street was excavated, graded, rolled and paved. The remainder of the track has deteriorated over time, and there is significant crumbling and pitting of the pavement. In conjunction with this project, staff will continue replacement of guard rails at Ellsworth-McAfee Park.
3. Bring the Lyman Street Well back online. In June 2011, during routine bacteria sampling, the Lyman Street well tested positive for E. Coli contamination in the raw water sample from the well, at which time the well was taken offline. (Note: no bacteria was found in any sampling taken from the system.) A proposed upgrade was submitted to the Department of Environmental Protection to construct a new building near the well to house a calcium hypochlorite tablet feed system and raw water sample port. The necessary upgrades to the well have been designed and approved by DEP.





4. Replace and upgrade radio-read water meters which are necessary to ensure the consumers are charged fairly based upon the quantities of water that they consume. Meters provide a record of water use, can encourage conservation, and can help detect leaks and establish accountability. It is also vitally important to keep the metering and billing system current.
5. Plan for the budgetary impact of the Marlborough Westerly Wastewater Treatment Plant expansion and develop a public information campaign to communicate the impact to the users.
6. Perform cosmetic repairs to the water tanks in the coming years.
7. Compliance with new unfunded requirements of the Revised Total Coliform Rule (RTCR), the Federal 'Lead Free Legislation' (Reduction of Lead in Drinking Water Act), and the Unregulated Contaminant Monitoring Rule #3 (UCMR3).

### **Significant Budget Changes or Initiatives**

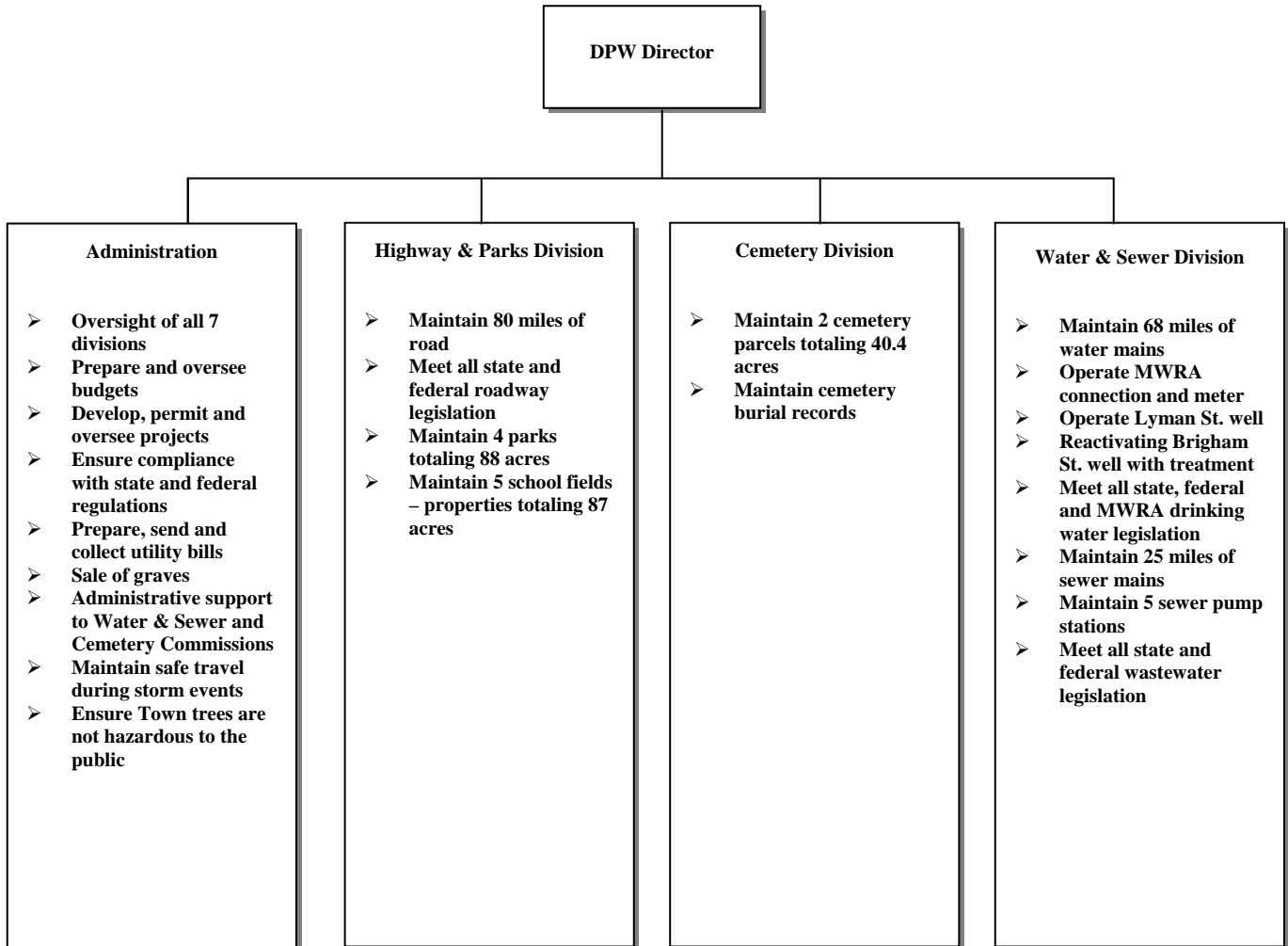
Overall, the DPW budget is up \$83,535, or 5.61%. The majority of the increase is in the snow & ice budget which is being increased by \$46,500, to better reflect actual expenditures in recent years. Additional increases include the purchase of \$30,000 of capital equipment in the cemetery, parks, highway, and snow & ice budgets. The equipment includes a zero-turn lawn mower and replacement tires for a front-end loader. The mower is necessary to continue the care and maintenance of the public spaces (parks, cemeteries, monuments, etc.) throughout Town. The Administrative Assistant line reflects an increase of 5 hours per week for FY2014. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

As in previous years, the budget continues to rely upon seasonal help in the parks and cemetery divisions. The temporary help has continued its importance in the DPW because staffing remains at reduced levels.

During the last five years, the DPW has undergone numerous changes and experienced significant staffing impacts due to the recent recession. The formal structure of the department and some of the position classifications no longer represent the day-to-day operations and structure. With the hiring of a new DPW Director in March 2012, the time has come to formally reorganize the department so that form follows function and the department can effectively meet its growing service demands. The proposed reorganization includes moving the Town Engineer under DPW and creating a Highway Superintendent position and a Water/Sewer Superintendent position. If approved, no additional staff will be hired in FY14. The full DPW analysis and reorganization plan is available on the Town's website.



## DPW Programs and Subprograms





DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2010 FTE	FY 2011 FTE	FY 2012 FTE	FY 2013 FTE	FY 2014 FTE
<u>Administration</u>					
DPW Director	1	1	1	1	1
Assistant DPW Director	0	0	0	0	0
Administrative Assistants	1.75	1.75	1.75	1.88	2
<u>Highway/Parks Division</u>					
Highway/Parks Supervisors	2	2	2	2	2
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6	6	6	6	6
Light Equipment Operator	0	0	0	0	0
<u>Cemetery Division</u>					
Cemetery Superintendent	0	0	0	0	0
Heavy Equipment Operator	1	1	1	1	1
<u>Water &amp; Sewer Division</u>					
Water/Sewer Supervisor	1	1	1	1	1
Water/Sewer Maintenance Workers	3	3	3	3	3
<b>Total Full-time Equivalents</b>	<b>16.75</b>	<b>16.75</b>	<b>16.75</b>	<b>16.88</b>	<b>17</b>

\*Personnel Explanation: Full-time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- During FY2007 the Assistant Director was promoted to DPW Director and the Assistant Position was left unfilled. During FY2009 the Cemetery Superintendent position and a Highway/Parks Heavy Equipment Operator position became vacant and both were left unfilled due to financial constraints. These reductions in personnel have all been continued in FY2014.
- The Highway/Parks Division and Cemetery Division use temporary, seasonal employees to augment park maintenance in the summer months and contractual snow plow operators to supplement DPW staff during winter operations. The FY2014 budget contains funding in the Parks budget to hire additional seasonal help.
- The DPW Director's salary is budgeted 20 hrs/week (.5 FTE) in the General Fund (under Highway Administration), 12 hrs/week (.3 FTE) in the Water Enterprise Fund and 8 hrs/week (.2 FTE) in the Sewer Enterprise Fund budget (See Section 8 of this budget document for Enterprise Fund detail). The 80 hrs/week (2 FTEs) of Administrative Assistants are budgeted 24 hrs/week (.6 FTE) in the Water Enterprise Fund, 16 hrs/week (.4 FTE) in the Sewer Enterprise Fund and 40 hrs/week (1 FTE) in the DPW Highway Division. The Water/Sewer Maintenance Workers wages are budgeted 60% in the Water Enterprise Fund budget and 40% in the Sewer Enterprise Fund budget.



## \*\*DPW Personnel Table of FTEs by Division Budgets\*\*

DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2010 FTE	FY 2011 FTE	FY 2012 FTE	FY 2013 FTE	FY 2014 FTE
<u>Administration</u>					
Budgeted in Divisions below					
<u>Highway/Parks Division</u>					
DPW Director	.5	.5	.5	.5	.5
Administrative Assistants	.87	.87	.87	.94	1
Highway/Parks Supervisors	2	2	2	2	2
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6.25	6.25	6.25	6.25
Light Equipment Operator	0	0	0	0	0
<u>Cemetery Division</u>					
Cemetery Superintendent	0	0	0	0	0
Heavy Equipment Operator	.75	.75	.75	.75	.75
<u>Water Division Enterprise Fund</u>					
DPW Director	.3	.3	.3	.3	.3
Administrative Assistants	.53	.53	.53	.56	.6
Water/Sewer Supervisor	.6	.6	.6	.6	.6
Water/Sewer Maintenance Workers	1.8	1.8	1.8	1.8	1.8
<u>Sewer Division Enterprise Fund</u>					
DPW Director	.2	.2	.2	.2	.2
Administrative Assistants	.35	.35	.35	.38	.4
Water/Sewer Supervisor	.4	.4	.4	.4	.4
Water/Sewer Maintenance Workers	1.2	1.2	1.2	1.2	1.2
<b>Total Full-time Equivalents</b>	<b>16.75</b>	<b>16.75</b>	<b>16.75</b>	<b>16.88</b>	<b>17</b>

The table above represents how the personnel in the table on the previous page are budgeted, as opposed to how many full-time equivalents exist by position title. The distinction is important due to the existence of the Water and Sewer Enterprise Funds and the accounting required to capture all of the costs associated with these services, so that the fee structures may be set to cover 100% of the direct and indirect costs. In other words, there is one full-time DPW Director, but that individual's time is spend 50% on general DPW matters, 30% on Water and 20% on Sewer, so from a budgeting standpoint the position salary expense is divided and accounted for among the Divisional budgets.

For more detail on enterprise fund budgets, please refer to Section 8 of this budget document.

## Section 4-10

## Department of Public Works



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>HIGHWAY ADMINISTRATION</b>						
<b>Personnel Services</b>						
<sup>1</sup> 51100 DPW Director Salary (50%)	52,205	53,510	32,487	53,571	24,240	53,571
51410 Longevity Pay	250	325	0	0	0	0
<b>SUBTOTAL</b>	<b>52,455</b>	<b>53,835</b>	<b>32,487</b>	<b>53,571</b>	<b>24,240</b>	<b>53,571</b>
<b>Expenses</b>						
52110 Utilities	9,162	8,256	9,215	10,000	1,487	10,000
52140 Fuel	19,747	11,326	12,920	20,000	1,448	15,000
53090 Advertising	150	414	66	250	70	500
53410 Telephone	3,146	4,445	3,959	5,380	1,441	5,380
54290 Office Supplies	227	650	533	250	1,266	1,000
54490 Building Maintenance	2,633	3,835	16,812	17,000	535	11,200
54590 Custodial Supplies	1,155	1,310	1,309	1,000	212	2,000
57110 Travel/Mileage	0	0	118	0	136	400
57310 Dues	175	185	283	750	200	1,050
<b>SUBTOTAL</b>	<b>36,394</b>	<b>30,422</b>	<b>45,215</b>	<b>54,630</b>	<b>6,795</b>	<b>46,530</b>
<b>TOTAL: HIGHWAY ADMINISTRATION</b>	<b>88,849</b>	<b>84,258</b>	<b>77,702</b>	<b>108,201</b>	<b>31,035</b>	<b>100,101</b>

<sup>1</sup> Line 51100 includes 50% of the DPW Director's Salary with 30% carried in the Water Enterprise Fund Budget and the other 20% included in the Sewer Enterprise Budget (see Section 8 of this Budget Document for detail on the Enterprise Budgets)



# Department of Public Works

# Section 4-11

FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

## HIGHWAY DIVISION CONSTRUCTION & MAINTENANCE

### Personnel Services

51010 Labor Wages	493,909	511,378	519,170	527,757	242,299	532,500
<sup>2</sup> 51100 Salaries Full-time	0	0	0	0	0	0
<sup>3</sup> 51140 Wages Part-time Permanent	46,198	47,467	53,048	51,922	23,964	55,771
51300 Overtime	111,844	71,064	44,612	95,067	39,132	110,000
51410 Longevity Pay	4,275	5,100	5,250	5,525	5,525	5,675
51970 Stipends	0	0	2,730	1,500	120	0
<b>SUBTOTAL</b>	<b>656,227</b>	<b>635,010</b>	<b>624,810</b>	<b>681,771</b>	<b>311,040</b>	<b>703,946</b>

### Expenses

51920 Uniforms	6,474	6,778	6,397	6,300	488	6,300
52690 Equipment Maintenance	60,547	68,851	61,689	64,650	16,323	67,000
52800 Contractual Services	4,079	3,799	6,970	5,000	1,997	5,000
54840 Oil	2,982	2,538	6,552	4,000	0	4,000
55320 Supplies	3,672	9,575	26,533	10,000	3,165	10,000
55420 Materials	0	0	0	0	0	3,350
58690 New Equipment	5,638	3,318	6,765	17,000	13,247	11,000
58710 Roadway Maintenance	42,959	33,048	25,410	72,000	9,929	72,000
58715 Drainage	923	10,479	9,515	45,000	548	45,000
<b>SUBTOTAL</b>	<b>127,274</b>	<b>138,386</b>	<b>149,829</b>	<b>223,950</b>	<b>45,696</b>	<b>223,650</b>

### TOTAL: HIGHWAY CONST & MAINT.

<b>783,501</b>	<b>773,396</b>	<b>774,639</b>	<b>905,721</b>	<b>356,736</b>	<b>927,596</b>
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<sup>2</sup> Line 51100 represents the vacant Assistant DPW Director position's salary

<sup>3</sup> Line 51140 represents 37.5 hours per week of Administrative Assistant time dedicated to the Highway Division

## Section 4-12

## Department of Public Works



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>PARKS DIVISION</b>						
<b>Personnel Services</b>						
<sup>4</sup> 51130 Labor Wages	30,000	27,720	14,805	0	0	0
51220 Seasonal Temporary Labor	14,700	19,442	26,872	55,975	21,245	56,575
51300 Overtime	4,167	3,300	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>48,867</b>	<b>50,462</b>	<b>41,677</b>	<b>55,975</b>	<b>21,245</b>	<b>56,575</b>
<b>Expenses</b>						
51920 Uniforms	696	558	518	1,200	0	600
52110 Utilities	1,998	1,648	1,418	2,000	975	2,000
52610 Building Maintenance	3,225	3,182	8,407	3,225	2,032	3,225
52650 Equipment Maintenance	5,708	5,373	4,322	5,500	1,942	5,500
52800 Contractual Services	2,498	2,996	0	0	0	0
54610 Grounds Care	15,529	11,608	12,407	23,000	1,646	23,000
54710 Supplies	3,439	2,214	3,407	5,000	88	5,000
58690 New Equipment	0	0	11,995	0	0	8,500
<b>SUBTOTAL</b>	<b>33,094</b>	<b>27,580</b>	<b>42,474</b>	<b>39,925</b>	<b>6,682</b>	<b>47,825</b>
<b>TOTAL: PARKS DIVISION</b>	<b>81,961</b>	<b>78,042</b>	<b>84,151</b>	<b>95,900</b>	<b>27,927</b>	<b>104,400</b>

<sup>4</sup> Funding previously included in Line 51130 has been collapsed into Line 51220 to fund seasonal/temporary help instead of a permanent laborer position



## Department of Public Works

## Section 4-13

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>CEMETERY DIVISION</b>						
<b>Personnel Services</b>						
51010 Labor Wages	35,029	35,672	36,717	37,722	17,237	38,242
<sup>5</sup> 51100 Superintendent's Salary	0	0	0	0	0	0
51300 Overtime	3,503	1,170	3,820	0	0	0
51410 Longevity Pay	200	200	200	350	350	350
<b>SUBTOTAL</b>	<b>38,732</b>	<b>37,041</b>	<b>40,737</b>	<b>38,072</b>	<b>17,587</b>	<b>38,592</b>
<b>Expenses</b>						
51920 Uniforms	700	700	700	700	219	700
52110 Utilities	945	300	293	1,260	20	500
52140 Fuel	1,318	0	289	0	0	0
52690 Equipment Maintenance	2,429	1,127	2,433	2,000	122	3,000
54290 Office Supplies	100	0	0	0	0	0
54490 Building Repair	452	0	0	600	0	600
54590 Custodial Supplies	0	0	0	0	0	0
54690 Material & Supplies	1,090	0	213	11,000	1,626	11,000
54840 Oil	150	0	0	150	0	150
57310 Dues	0	0	0	0	0	0
58690 New Equipment Capital	13,196	2,250	3,295	0	0	11,500
<b>SUBTOTAL</b>	<b>20,380</b>	<b>4,376</b>	<b>7,224</b>	<b>15,710</b>	<b>1,988</b>	<b>27,450</b>
<b>TOTAL: CEMETERY DIVISION</b>	<b>59,112</b>	<b>41,418</b>	<b>47,961</b>	<b>53,782</b>	<b>19,574</b>	<b>66,042</b>

<sup>5</sup> During FY2009 the Cemetery Superintendent position became vacant and has since been left unfilled due to financial constraints.



## Section 4-14

## Department of Public Works



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SNOW &amp; ICE</b>						
<b>Personnel Services</b>						
51220 Miscellaneous Labor	0	0	0	0	0	0
<sup>6</sup> 51300 Overtime	8,074	103,003	39,058	7,200	836	7,200
<b>SUBTOTAL</b>	<b>8,074</b>	<b>103,003</b>	<b>39,058</b>	<b>7,200</b>	<b>836</b>	<b>7,200</b>
<b>Expenses</b>						
<sup>7</sup> 52800 Contractual Services	43,560	96,224	26,687	46,000	1,916	66,000
55350 Salt	135,961	152,126	63,246	110,000	51,810	160,000
55360 Sand	41,635	53,675	19,610	30,000	0	0
57810 Unclassified	7,232	11,170	11,686	6,500	3,690	13,000
<b>SUBTOTAL</b>	<b>228,388</b>	<b>313,196</b>	<b>121,229</b>	<b>192,500</b>	<b>57,416</b>	<b>199,000</b>
<b>TOTAL: SNOW &amp; ICE</b>	<b>236,462</b>	<b>416,199</b>	<b>160,286</b>	<b>199,700</b>	<b>58,253</b>	<b>246,200</b>

<sup>6</sup> Line 51300 contains Overtime funds for Water & Sewer employees that plow snow for the Highway Division during winter operation

<sup>7</sup> The DPW uses contractual snow plow services to supplement Town staff and equipment during winter operations



## Department of Public Works

## Section 4-15

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>TREES</b>						
<b>Expenses</b>						
52690 Equipment Maintenance	581	500	687	1,000	185	3,000
52800 Contractual Services	6,500	5,293	7,313	22,000	2,328	20,000
54700 Supplies	919	1,000	0	2,000	0	2,000
<b>SUBTOTAL</b>	<b>8,000</b>	<b>6,793</b>	<b>8,000</b>	<b>25,000</b>	<b>2,513</b>	<b>25,000</b>
<b>TOTAL: TREES</b>	<b>8,000</b>	<b>6,793</b>	<b>8,000</b>	<b>25,000</b>	<b>2,513</b>	<b>25,000</b>

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>STREET LIGHTING</b>						
<b>Expenses</b>						
52130 Utilities	91,703	98,366	99,610	100,000	47,672	102,500
<b>SUBTOTAL</b>	<b>91,703</b>	<b>98,366</b>	<b>99,610</b>	<b>100,000</b>	<b>47,672</b>	<b>102,500</b>
<b>TOTAL: STREET LIGHTING</b>	<b>91,703</b>	<b>98,366</b>	<b>99,610</b>	<b>100,000</b>	<b>47,672</b>	<b>102,500</b>

**NOTE:** Please see Section 8 Enterprise Fund of this document for the detailed Water & Sewer Division budgets.



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# **Community Services**

## **Section 5**



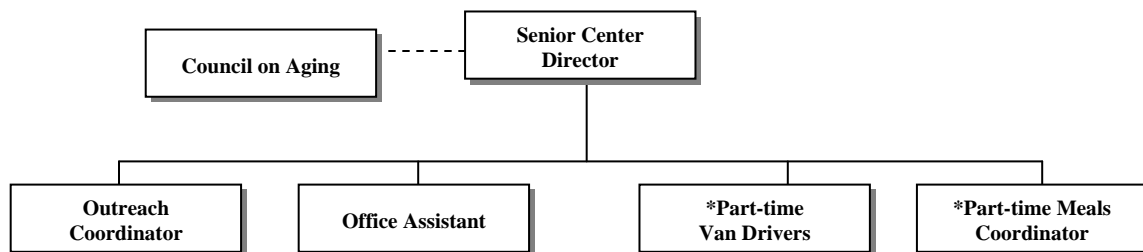
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### Senior Center/Council on Aging Departmental Statement

The role of the Senior Center/Council on Aging is to improve the quality of life for the mature citizens of our community. We do this through support, advocacy, planning, coordination, and implementation of programs that bring mature citizens together for social, recreational, and educational purposes. We seek to educate the entire community and enlist its support and participation. The Council on Aging consists of nine members appointed by the Board of Selectmen for three-year terms.

### Senior Center Organizational Chart



\*The Part-time Meals Coordinator position is funded through revenues generated by the senior center lunch program known as the Bistro @ 119. The Part-time Van Driver positions are funded through an agreement with the Worcester Regional Transit Authority. Please see the Personnel Tables on pages 5-4 and 5-5 for more detail.



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**Senior Center FY2013 Initiatives and Accomplishments**

1. Continued to expand programs and class schedules to incorporate new and innovative programs including Job Search, Baby Boomer series, Piano Lessons, and Women's Discussion Group. These new classes join a packed schedule of exercise, educational, art and leisure activities at the Senior Center.
2. Continued to expand programming on Tuesday evenings (Senior Center is open until 9:00 PM) to allow seniors who may remain in the workforce to participate in classes. Pool Lessons and ESL classes were incorporated into the schedule that already included craft classes such as Hand Applique and Sewing. The evening hours also provide community groups with meeting space (i.e., Garden Club, Cub Scouts, Helping Hands, etc.)
3. The Center was awarded a grant from BayPath Elder Services, Inc. that allowed us to offer several series of "Here's to Your Health" classes, including "Food for Life" and "A Matter of Balance". Each course provides scientifically tested curriculums that are a real benefit to seniors in our community.
4. Continued to serve lunch Monday – Thursday and dinner on Tuesday evenings at The Bistro @119. The dinner menu included the choice of a hot or cold entrée including beverages and dessert with entertainment added to at least one dinner per month. We have showcased local and professional talent in this very popular venue. This addition has proved to be very successful with 40-70 people dining weekly. The Bistro @ 119 is open to the public for both lunch and dinner.
5. Through a generous donation by the Friends of the Northborough Senior Center, Inc. a Part-time, Temporary Meals Program position was created. This position is responsible for management of the Bistro @119. Due to the success of the Bistro, the position is now funded through the revenues generated by the Bistro and is no longer dependent on the Friends' donation.

**Senior Center FY2014 Goals and Initiatives**

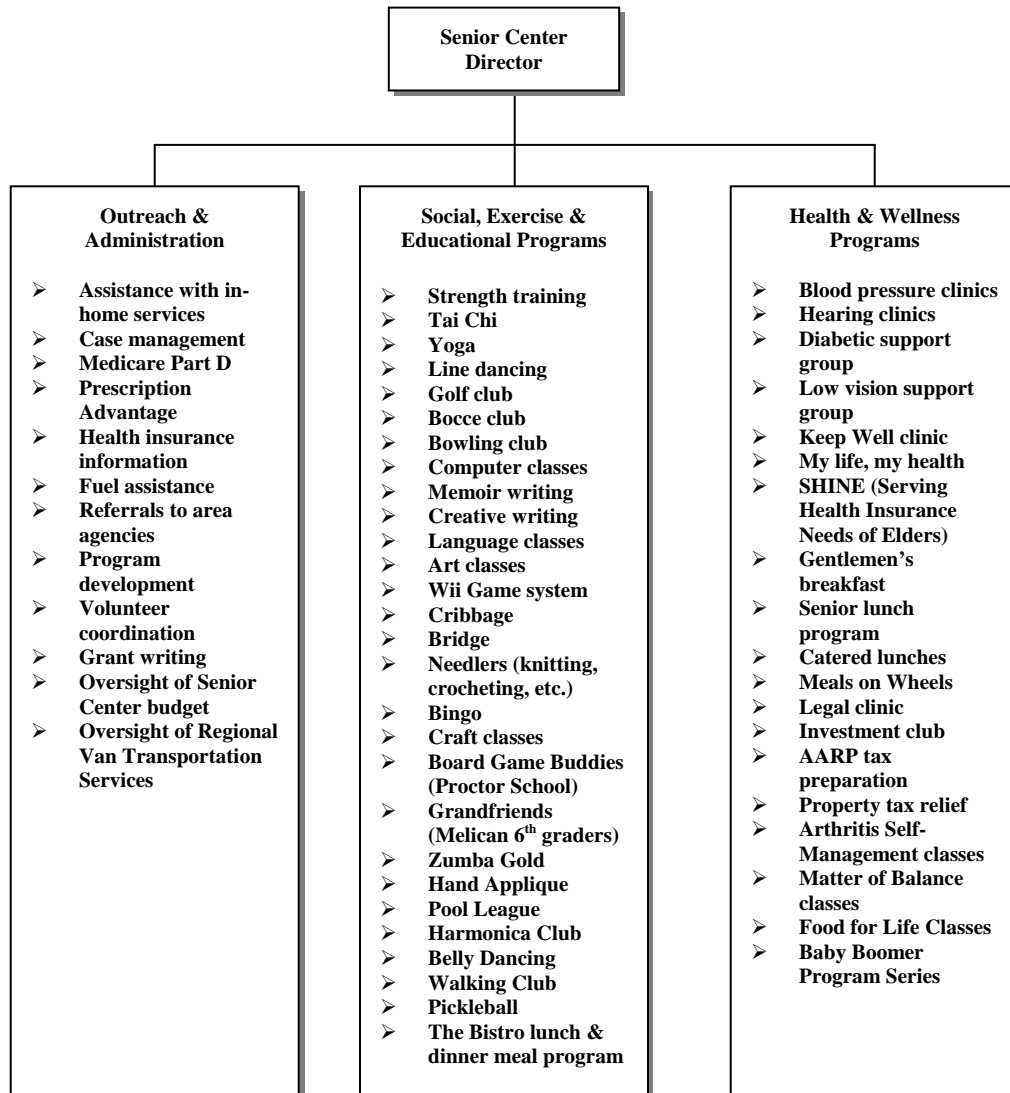
1. Increase and enhance programs and activities at the Senior Center.
2. Increase the number of volunteers and participants at the Senior Center.
3. Expand revenue producing programs to help provide financial sustainability and offset personnel expenses currently funded through grants and/or donations.

**Significant Budget Changes or Initiatives**

Overall, the FY2014 Senior Center Budget is up 4.2%, or \$8,973. However, the increase does not include any FY2014 wage increases which are budgeted centrally pending union contract settlement. The majority of the increase reflected in this budget is due to the addition of \$7,000 to the contractual services line. The Friends of the Senior Center had originally donated \$60,000 when the center first opened to off-set the General Fund expenses. The last of these donations will be used up in FY2013 and the General Fund will continue to absorb the costs in a phased approach with \$15,000 also coming from the transportation revolving fund for a total of \$32,000.



## Senior Center Programs and Services







<b>SENIOR CENTER</b>				
<b>Personnel Summary</b>				
<b>Position</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Director	1	1	1	1
Office Assistant	1.03	1	1	1
Outreach Coordinator	0.86	0.86	1	1
<b>Total Full-time Equivalent</b>	<b>2.89</b>	<b>2.86</b>	<b>3</b>	<b>3</b>

\*Personnel Explanation:

- During FY2011 there were two part-time Office Assistants. One worked 27hrs per week (27hrs/40hrs = 0.68 FTE) and the other worked 14hrs per week (14hrs/40hrs = 0.35 FTE). In FY2011 the 14hr position became vacant and the 27hr position became full-time at 40hrs per week. This change was brought forward in FY2012, resulting in a negligible decrease of 0.03 FTEs. The position is budgeted at 1 FTE during FY2013 and FY21014.
- During FY2012 there were two budgeted part-time Outreach Coordinators. One worked 19hrs per week (19hrs/40hrs = 0.48 FTE) and the other worked 15hrs per week (15hrs/40hrs = 0.38 FTE). After the 15hr position became vacant the 19hr position became full-time at 40hrs per week. This change occurred in FY2013 and remains in FY2014.

In addition to the personnel table above, there are positions funded outside of the General Fund. Please refer to the table on the next page for an explanation of those positions not carried in the official personnel count.

**Additional staffing funded outside the General Fund (tax revenues):**

<b>SENIOR CENTER</b>				
<b>Personnel Summary</b>				
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Position</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
Part-time Program Coordinator	.48	.38	0	0
Part-time Van Drivers	1.69	1.69	1.69	1.69
Part-time Bistro (meals) Coordinator	0	.38	.48	.48
<b>Total Full-time Equivalent</b>	<b>2.17</b>	<b>2.45</b>	<b>2.17</b>	<b>2.17</b>

- In addition to the staffing included in the General Fund, there was a 19hr/wk (.48 FTE) part-time Program Coordinator position funded during FY2011 and FY2012 through a grant from BayPath Elder Services, Inc. and a donation from the Friends of the Northborough Senior Center, Inc. Funding for the position ended in FY2013.
- There are also four part-time Van Drivers that work approximately 15 hours per week each for a total average of 67.5 hours per week ( $67.5\text{hrs}/40\text{hrs} = 1.69$  FTEs). The vans are owned by the Worcester Regional Transit Authority (WRTA), which also pays the wages for the drivers.

Prior to July 2008 the WRTA contracted with AVCOA (Assabet Valley Council on Aging) to provide transportation for senior citizens and handicapped individuals. AVCOA existed for 23 years and previously provided transportation services to Northborough, Westborough, Boylston, Southborough and Marlborough. During 2008 the City of Marlborough and the Town of Southborough decided to leave WRTA and join the newly created MetroWest Regional Transit Authority.

Due to fiscal constraints, the WRTA decided not to renew their contract with AVCOA which expired on June 30, 2008. The WRTA approached Northborough to be the lead agency in providing transportation to the three remaining towns of Northborough, Boylston and Westborough. On July 1, 2008 the Town entered into a contract with the WRTA to provide administrative oversight for the transportation service. According to the contract, the Town uses three WRTA vehicles to provide service to Northborough five days per week, and two days a week to the Towns of Boylston and Westborough. Residents book their trips through PBSI (Paratransit Brokerage Services, Inc.) of Worcester and the drivers report to the Senior Center daily to pick up their schedule for the day. The full cost of providing this service to the three towns is reimbursed by the WRTA to the Town of Northborough.

- During FY2012 the Friends of the Senior Center donated funds to hire a part-time Meals Coordinator position to help run the lunch and dinner program known as the Bistro @ 119. The program serves lunch Monday through Friday and dinner on Tuesday evenings. This position continued in FY2013 and is now self-funded through program revenues.

## Section 5-6

## Senior Center/COA



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SENIOR CENTER</b>						
<b>Personnel Services</b>						
51100 Director Salary	61,792	63,337	64,608	66,562	30,417	67,221
51120 Administrative Staff Wages	39,565	36,130	37,493	42,661	17,789	43,305
51140 Outreach Worker Wages	26,333	27,855	48,841	50,793	24,739	51,463
51220 Part-time wages	0	0	0	0	0	0
51290 Custodian Wages	0	0	0	0	0	0
51410 Longevity Pay	350	700	700	700	700	700
<b>SUBTOTAL</b>	<b>128,041</b>	<b>128,022</b>	<b>151,642</b>	<b>160,716</b>	<b>73,644</b>	<b>162,689</b>
<b>Expenses</b>						
52110 Utilities	17,010	32,680	32,816	34,200	14,141	34,200
52730 Transportation	0	0	0	0	0	0
52770 Special Trips	0	0	0	0	0	0
52800 Contractual Services <sup>1</sup>	11,717	17,149	7,044	10,000	10,230	17,000
53110 Printing	284	296	227	300	0	300
53420 Postage	425	364	144	400	193	400
54490 Repairs & Maintenance	0	0	17,591	2,000	9,995	2,000
54590 Custodial Supplies	626	1,733	1,240	1,700	565	1,700
55990 Senior Center Programs	707	759	431	1,000	243	1,000
57110 Travel/Mileage	588	336	369	850	0	850
57310 Dues	572	262	423	300	538	300
57340 Meetings	83	78	0	520	575	520
<b>SUBTOTAL</b>	<b>32,013</b>	<b>53,657</b>	<b>60,287</b>	<b>51,270</b>	<b>36,480</b>	<b>58,270</b>
<b>TOTAL: SENIOR CENTER</b>	<b>160,054</b>	<b>181,680</b>	<b>211,929</b>	<b>211,986</b>	<b>110,125</b>	<b>220,959</b>

<sup>1</sup> FY2014 Contractual Services line does not include an additional \$15,000 to be paid directly from the transportation revolving fund.

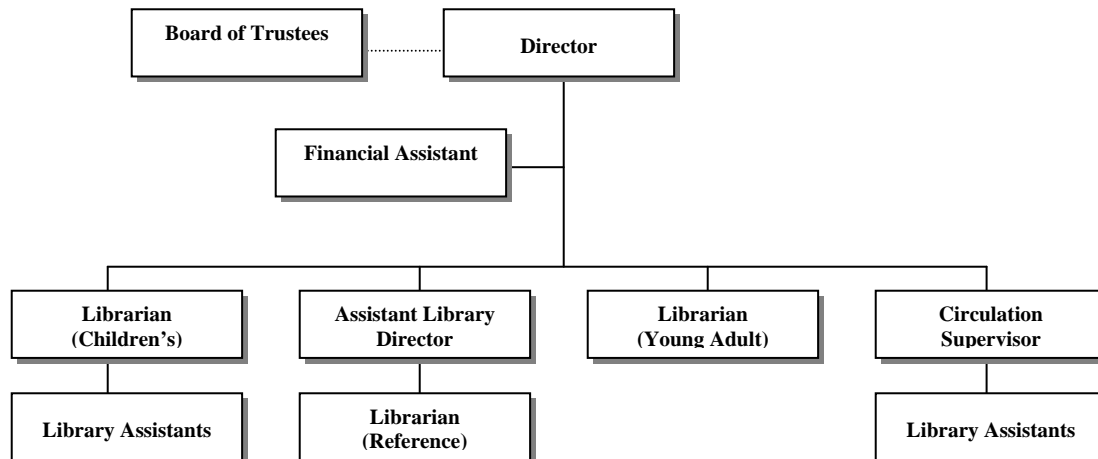


## Library Departmental Statement

The Mission of the Northborough Free Library is to provide its customers with a selection of printed, recorded, or electronic materials for all ages. Materials are purchased for recreation, independent learning, and vocational and educational support. In addition, the Library provides access to materials and information in other libraries or organizations, and from remote electronic databases. The Library also serves as a center of community activity, with programs for preschoolers to the elderly; a meeting place for civic, cultural, social, and other non-profit organizations; and a distribution point for local information.

The Board of Library Trustees consists of nine members appointed by the Board of Selectmen for three-year terms. The Trustees have the responsibility for the care, superintendence and management of the Northborough Free Library.

## Library Organizational Chart





### Library FY2013 Initiatives and Accomplishments

1. Switched to new software platform, Evergreen, with C/W MARS. Evergreen is an open-source integrated library software (ILS) program. The switchover took place over Memorial Day weekend, 2012. The first few months of FY 2013 were challenging for both staff and patrons, and library staff helped many of our patrons access their accounts and learn how to search the catalog in this new environment.
2. Changed many internal procedures, such as cataloging and circulation functions, to comply with Evergreen protocol.
3. Provided input to the C/W MARS network as well as the MassLnc project on improvements to the open-source software.
4. Joined MHEC, the Massachusetts Higher Education Consortium, to take advantage of cooperative pricing for library materials, supplies, and other products and services. Discounted purchasing had originally been done through our Regional Library Services, which turned the process over to MHEC. The Regional cooperative was for library items only.
5. Entered into a new copier contract which includes the public copier with coin machine. Investigated printer contracts to replace some of the staff and public computer printers.
6. Ran summer program for children up to grade 6 with 624 children registered. Children read 5284.5 hours; pre-readers listened to 3327.45 books. We offered 64 programs with an attendance of 1,499. 57 volunteers in grades 6-12 gave 432 hours of their time.
7. Ran teen summer reading program with 45 teens registered. 140 teens attended 5 programs during the summer.
8. Offered at least one adult program per month in addition to supporting book discussion groups (the library provides the space and acquires multiple copies of books through interlibrary loan). Programs included a panel of two mystery authors, a pastel drawing workshop, a slide show on historic route 20, and a talk on the value of rare and old books. Partnered with National Novel Writing Month (NaNoWriMo) to be a designated writing space in November.
9. Introduced new children's programs including Mother/Daughter, Mother/Son book discussions, and a "Country Club" series of activities based on foreign countries.
10. Included additional intergenerational programming, including craft projects and performances.
11. Worked with committee of Trustees and staff to develop a survey to send to households regarding library services. Responses will determine some of the direction for the library in the coming years.



12. Added Mango, an on-line service for Northborough card holders to learn any of 40 foreign languages. Includes English as a second language component.
13. Started a reference question tracking system to assess collection needs and to respond to patrons' needs with materials and programs.
14. Completed evaluation of print reference collection; rearranged some collections with newly available shelf space.
15. Investigated a self-service fax service for the public with an outside vendor based on public demand.
16. Installed new main doors.

### **Library FY2014 Goals and Initiatives**

1. Incorporate additional ebook readers and/or other electronic devices for loan or in-library use, particularly in the children's room.
2. Expand collection of ebooks available for download on patron devices.
3. Begin a pilot collection of video games for adults to supplement the very popular collections in the children's and teen rooms.
4. Expand collection of non-print materials such as DVDs and audiobooks, as well as downloadable video and audio materials.

### **Significant Budget Changes or Initiatives**

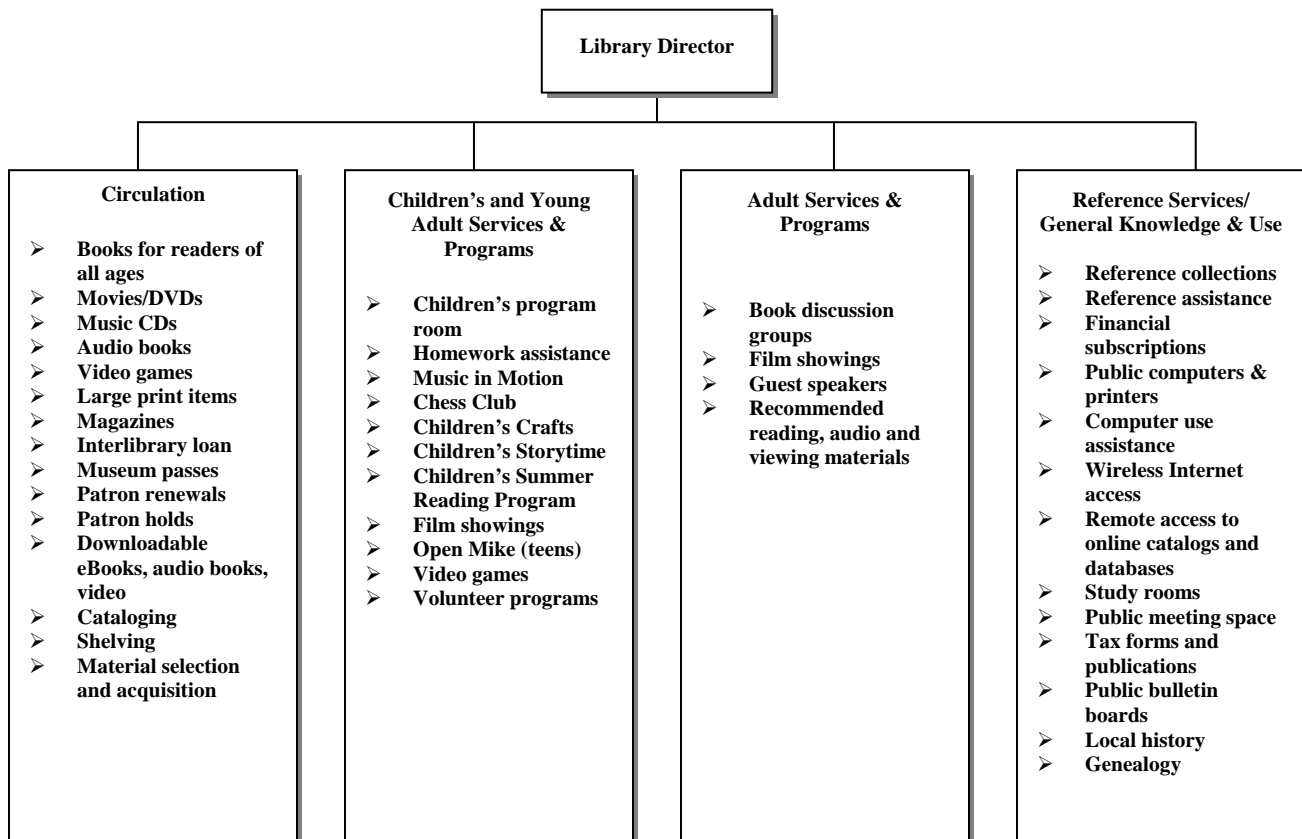
Overall, the FY2014 Library Budget is up 1.47%, or \$10,007, compared to FY2013 due primarily to increased building expenses. During FY2014, staff transitions provided an opportunity to move all Library Assistants to either 19 hour/week or 40 hour/week positions. While this action resulted in a slight increase in the FTE count for Library Assistants, it also effectively reduced the number of benefit-eligible positions by one.

The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.

In FY2010 the Library reduced its hours on Monday mornings and Thursday evenings. The reduced schedule will continue by necessity during FY2014, with the Library open to the public 53 hours per week.



## Library Programs and Services





<b>LIBRARY</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Director	1	1	1	1	1
Assistant Library Director	0	0	0	0	0
Librarians	2	3	3.48	3.48	3.48
Circulation Supervisor	.88	.88	.88	.88	1
Library Assistants	4.33	3.65	2.82	2.81	2.90
Financial Assistant	0.98	0.98	0.98	0.98	0.98
Custodian	0	0	0	0	0
Pages	0	0	0	0	0
<b>Total Full-time Equivalent</b>	<b>9.19</b>	<b>9.51</b>	<b>9.16</b>	<b>9.15</b>	<b>9.36</b>

**\*Personnel Explanation:**

- Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)
- During FY2011 various part-time Library Assistant positions either went unfilled or became vacant. In FY2012 budget resources were reallocated from the open Library Assistant positions to add another 0.48 FTE Librarian position. The reduction in total FTEs was a function of the higher wage rates for Librarians. In FY2013 minor adjustments to the scheduling of the Library Assistants' hours resulted in the FTE count going to 9.15.
- For FY2014, staff transitions provided an opportunity to move all Library Assistants to either 19 hour/week or 40 hour/week positions. While this action resulted in a slight increase in the FTE count for Library Assistants, it also effectively reduced the number of benefit-eligible positions by one. Additionally, the Circulation Supervisor position increased from 35 hours/week to 40 hours/week resulting in the overall FTE count going to 9.36.
- Custodial services are provided through a contractual cleaning service.



## Section 5-12

## Library



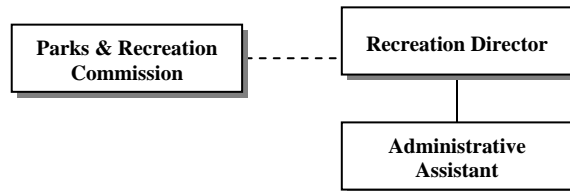
	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>LIBRARY</b>						
<b>Personnel Services</b>						
51100 Professional Librarian Salaries	196,699	240,367	244,891	266,623	115,886	253,806
51120 Library Assistant Salaries	201,303	195,049	198,382	199,329	91,997	208,825
51140 Pages Salaries	3,424	0	0	0	0	0
51290 Part-time Custodian Wages	0	0	0	0	0	0
51300 Overtime	0	0	0	0	0	0
51410 Longevity Pay	2,200	2,200	1,700	2,000	2,000	1,650
<b>SUBTOTAL</b>	<b>403,626</b>	<b>437,616</b>	<b>444,973</b>	<b>467,952</b>	<b>209,883</b>	<b>464,281</b>
<b>Expenses</b>						
52110 Utilities	24,933	23,928	28,305	27,000	16,197	29,500
52140 Fuel	5,425	6,731	6,487	7,000	794	7,500
52640 Equipment Maintenance	695	641	847	1,000	40	1,000
52680 HVAC Maintenance	0	6,213	7,740	7,500	5,016	8,500
52800 Contractual Services	55,019	37,963	39,274	37,973	22,373	38,869
53090 Advertising	223	211	137	0	0	0
53410 Telephone	1,563	1,479	1,522	2,565	1,194	2,666
54290 Office Supplies	10,002	9,428	10,950	10,950	4,043	15,155
54490 Building Maintenance	5,116	9,136	9,434	10,400	7,598	12,800
54590 Custodial Supplies	1,020	915	2,231	1,352	512	1,543
54690 Materials & Supplies	245	56	86	250	45	250
55120 Books and Periodicals	68,469	20,631	66,087	78,775	38,747	80,000
55130 Supplies	3,463	2,368	4,059	3,800	1,334	3,850
55290 Non-print Media	20,215	18,809	20,221	21,410	6,339	22,000
57110 Travel Mileage	0	0	0	150	0	150
57210 Out of State Travel	0	0	0	0	0	0
57310 Dues	680	605	750	775	530	795
57340 Meetings	490	0	0	260	0	260
57810 Unclassified	75	84	171	250	0	250
58690 New Equipment	308	0	0	0	0	0
<b>SUBTOTAL</b>	<b>197,940</b>	<b>139,199</b>	<b>198,299</b>	<b>211,410</b>	<b>104,763</b>	<b>225,088</b>
<b>TOTAL: LIBRARY</b>	<b>601,566</b>	<b>576,815</b>	<b>643,272</b>	<b>679,362</b>	<b>314,645</b>	<b>689,369</b>



### Recreation Departmental Statement

The mission of the Northborough Recreation Department is to provide Northborough and area residents with comprehensive programs, activities, and facilities that encourage health, fitness, cultural, recreational, educational, and social opportunities in our community. The Department offers a wide variety of programming opportunities for individuals of all ages, from infants through seniors. We utilize all of our Town parks, Recreation Center, Town Hall Gym, schools, library, and private locations in providing programs for the public.

### Recreation Department Organizational Chart





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**Recreation Department FY2013 Initiatives and Accomplishments**

1. Continued to expand afterschool programming at each of the four elementary schools; programming is offered Monday through Friday throughout the school year.
2. Added a new program, "Recreation Fun Days," during school breaks and staff development days. Children in grades K-5 who attend the program spend a fun-filled day participating in gym games, sports games, science projects, arts and crafts, a Wii tournament, and more. The program has averaged 35 participants/day during the 2012-13 school year.
3. The Friends of Northborough Recreation raised over \$5,000 to be used for summer camp scholarships in 2013.
4. As of December 1, 2012, Northborough Recreation had 10,877 program participants, 7,458 of whom are Northborough Residents.
5. Continued funding from the MetroWest Community Health Care Foundation for the Town's Childhood Obesity Initiative called "Building a Healthy Northborough" provided support for the following initiatives: 30 community gardens were planted and gardens were also planted at each elementary school; A pilot program called Take 10! was started at the Zeh Elementary School; Catch Kids Club (CKC) was initiated by the afterschool program Northborough Extended Day Program or NEDP; Building a Healthy Northborough community newsletter was produced quarterly; WalkBoston assisted in the development of maps that highlight walking routes throughout Town; and a Facebook page was established for Building a Healthy Northborough.

**Recreation Department FY2014 Goals and Initiatives**

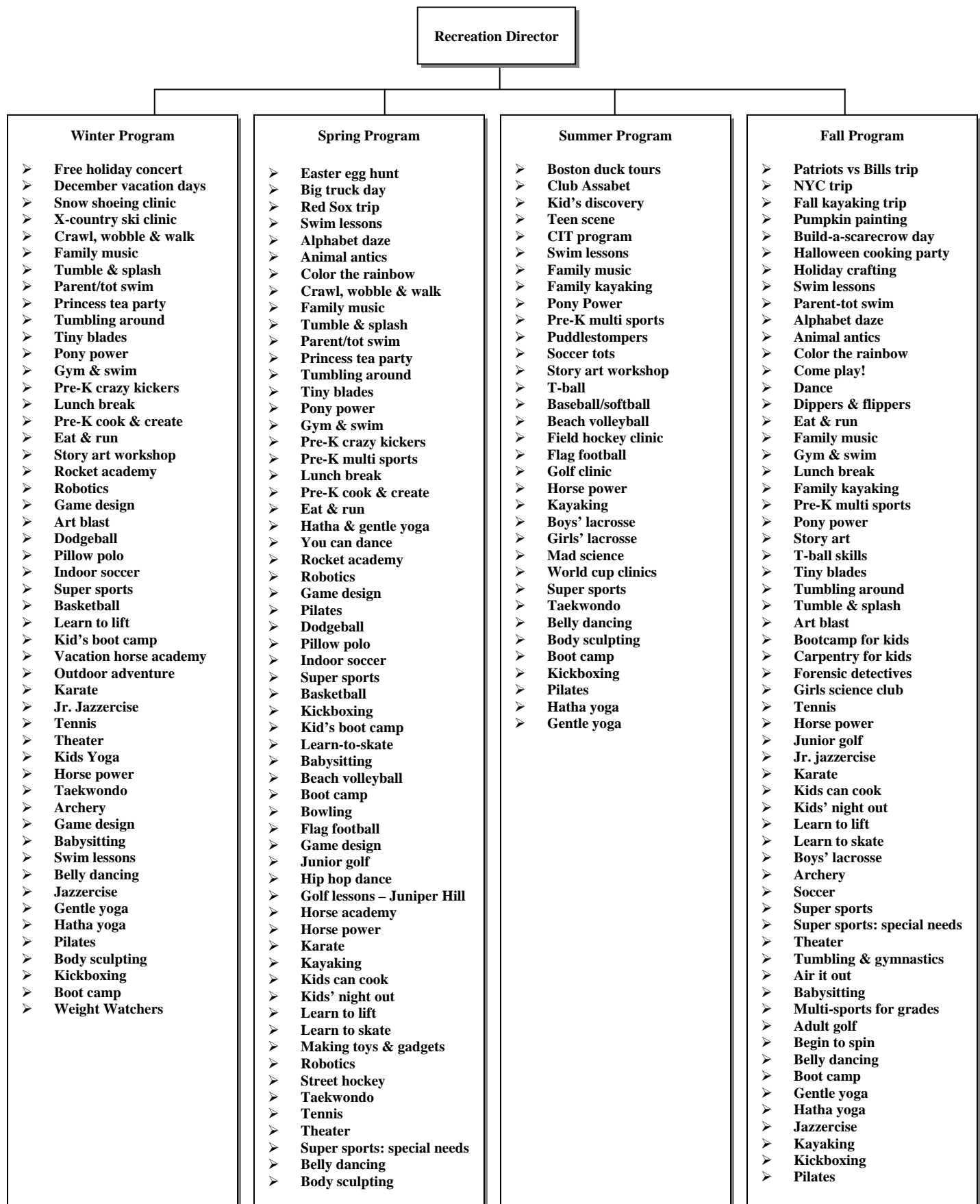
1. To continue to increase the number of recreational activities and programming available to residents of Northborough and encourage the development of new facilities.
2. To market the recreational opportunities available from the Recreation Department through direct mailing of four seasonal brochures, promotion of the website, and utilization of the growing e-mail distribution list.
3. To cover 100% of the FY2014 direct budget expenses associated with the Recreation Department operations through program fees.

**Significant Budget Changes or Initiatives**

From FY2009 through FY2013 the Recreation Department has been financially self-sufficient through its program fees. Salaries and benefits for the Recreation Director and Administrative Assistant are funded through the Revolving Account, as well as payroll for all part-time seasonal staff. Unfortunately, due to a decrease in projected revenues for FY2014, Article 4 of the Town Meeting Warrant will contain a transfer of only \$100,000 from the Recreation Revolving Fund to the General Fund, which is sufficient to cover most, but not all, of the departmental expenses. It is the goal of the department to achieve self-sufficiency again in FY2015.



## Recreation Department Programs and Services





RECREATION DEPARTMENT					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Recreation Director	1	1	1	1	1
Full-time Administrative Assistant	1	1	1	1	1
<b>Total Full-time Equivalent</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**\*Personnel Explanation:**

From FY2009 through FY2013 the Recreation Department has been financially self-sufficient by way of program fees. Salaries and benefits for the Recreation Director and Administrative Assistant are funded through the Revolving Account, as well as payroll for all part-time seasonal staff. Unfortunately, due to a decrease in projected revenues for FY2014, Article 4 of the Town Meeting Warrant will contain a transfer of \$100,000 from the Recreation Revolving Fund to the General Fund, which is sufficient to cover most, but not all, of the departmental expenses. It is the goal of the department to generate full funding in FY2015.

The Recreation office also employs approximately 30 part-time, seasonal temporary staff for their programs throughout the year. All seasonal staff are paid directly out of the Revolving Account. The funds in the Revolving Account are generated from program fees. These include the Club Assabet Summer Camp staff and the Kid's Discovery & Teen Scene Summer Camp staff.



## Recreation Department

## Section 5-17

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b><sup>1</sup>RECREATION DEPARTMENT</b>						
<b>Personnel Services</b>						
51100 Director & Asst Dir salaries	109,292	113,111	116,010	120,567	54,889	122,387
51140 Part-time Permanent wages	0		0	0	0	0
51410 Longevity Pay	200	400	400	550	550	550
<b>SUBTOTAL</b>	<b>109,492</b>	<b>113,511</b>	<b>116,410</b>	<b>121,117</b>	<b>55,439</b>	<b>122,937</b>
<b>Expenses</b>						
52800 Contractual Services	918	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
54710 Supplies	0	0	0	0	0	0
57110 Travel/Mileage	0	0	0	0	0	0
57310 Dues	0	0	0	0	0	0
57340 Meetings	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>918</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL: RECREATION DEPARTMENT</b>	<b>110,410</b>	<b>113,511</b>	<b>116,410</b>	<b>121,117</b>	<b>55,439</b>	<b>122,937</b>

<sup>1</sup> Salaries and benefits for the Recreation Director and Administrative Assistant are funded through the Revolving Account, as well as payroll for all part-time seasonal staff. Under Article 4 of the Town Meeting Warrant there is a transfer of \$100,000 from the Recreation Revolving Fund to the General Fund sufficient to cover the majority of these costs.



### Family & Youth Services Departmental Statement

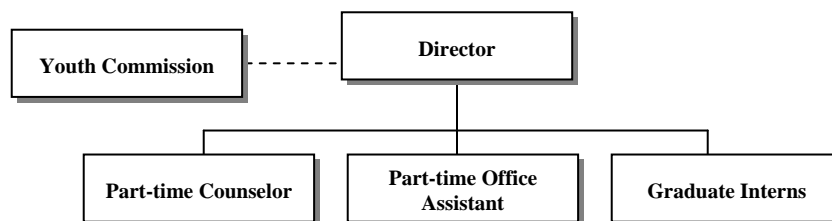
The mission of the Family & Youth Services (FYS) Department is to identify and respond to the Town's human service needs to enhance the lives of Northborough youth, families and individuals of all ages. FYS services are shaped by community need and developed through ongoing collaboration with the Youth Commission, schools, police, fire and other Town departments and organizations.

### Youth Commission

The Youth Commission consists of seven members appointed by the Board of Selectmen for three-year terms. The Commission investigates and conducts programs for the youth of the Town, and is responsible for the care, superintendence and management of such programs. The Commission also evaluates community needs and advocates for the development and support of resources for Northborough families. Student liaisons from the high school also participate in the monthly meetings.

The Commission is a vehicle to carry out programs which may be designed or established to meet the opportunities, challenges and problems of the youth and their families of Northborough and in conjunction with any similar or related programs of any agency of the Commonwealth or any agency of the federal government. Members of the clergy in Northborough serve as honorary members of the Youth Commission and are entitled to all the privileges of the members except the right to vote. Associate members shall be elected by a majority vote of the members of the Youth Commission from those persons in the Town indicating their desire to be so associated. Associate members shall be entitled to all the privileges of members except the right to vote.

### Family & Youth Services Organizational Chart



\*The Office Assistant and Counselor positions are part-time positions (19 hours per week).



### Family & Youth Services FY2013 Initiatives and Accomplishments

1. For the 4th consecutive year, the Town received grant funds to support its “Building a Healthy Northborough” initiative. Beginning in 2008, the MetroWest Health Foundation awarded grant funds to the Town of Northborough to support a community-wide initiative to create healthy eating and physical activity opportunities for children and their families. Over these past years our initiative experienced tremendous growth and success. Results of a Body Mass Index screening conducted during the 2010-2011 school year by the Department of Public Health, Northborough has fewer overweight children than many other towns.

Due to the success of “Building a Healthy Northborough,” the Town of Northborough was selected as one of 14 communities to participate in Mass in Motion, a state-wide effort led by the Massachusetts Department of Public Health to prevent childhood obesity. Subsequently, the Town was awarded an additional \$60,000 from Mass in Motion to support the expansion and continuation of “Building a Healthy Northborough.”

2. In 2012, Family & Youth Services assisted a total of 943 residents for a 32% increase in service delivery from 2011. This was accomplished due to our dedicated staff and the support of two Boston College Graduate Interns. We provided support to residents dealing with serious problems such as family illness, loss of a young parent, divorce, depression, suicidal ideation, domestic violence and financial issues.
3. Our Department continues to be successful in increasing awareness of resources available to residents. This is evidenced by the increase in the number of clients we assisted in applying for the Supplemental Nutritional Assistance Program and the Low-Income Home Energy Assistance Program.
4. Family & Youth Services continues to work in collaboration with the Youth Commission, Helping Hands, Food Pantry, Northborough Extended Day Programs, schools, police, clergy, Town Departments and several other local, state and federal programs. Our partnerships are especially important at this time in light of the continual increased need for all of our services. We expect that this need will continue to grow due in large part to the sluggish recovery of the economy.

This growth is also seen in the number of residents participating in the Holiday Program coordinated by Helping Hands. The Holiday Program Coordinator reports 145 families composed of 445 family members were assisted in 2012 compare to 121 families composed of 382 family members in 2011.

5. During the Academic Year 2012–2013 Family & Youth Services recruited two Boston College Graduate Interns who played a key role in helping us to meet the increased demand for services.
6. In 2012, Family & Youth Services staff and Graduate Interns completed the training on Bully Proofing provided by the Northborough Public School System. In addition, we have also been trained to implement the evidenced-based Parenting Program, “1-2-3 Magic”.





### **Family & Youth Services FY2014 Goals and Initiatives**

1. Although we were able to avoid a wait list for our services this past year, we expect that there will be a continual increased need for our services. It will be important to strive to develop strategies to address the growing number of residents seeking assistance in light of limited resources and several years of level-funding.

Strategies to address this will include advocating for additional personnel through the municipal budget process; identifying potential opportunities of new revenue sources (banks, foundations) and continued networking with community partnerships and other towns' Youth & Family Services Departments.

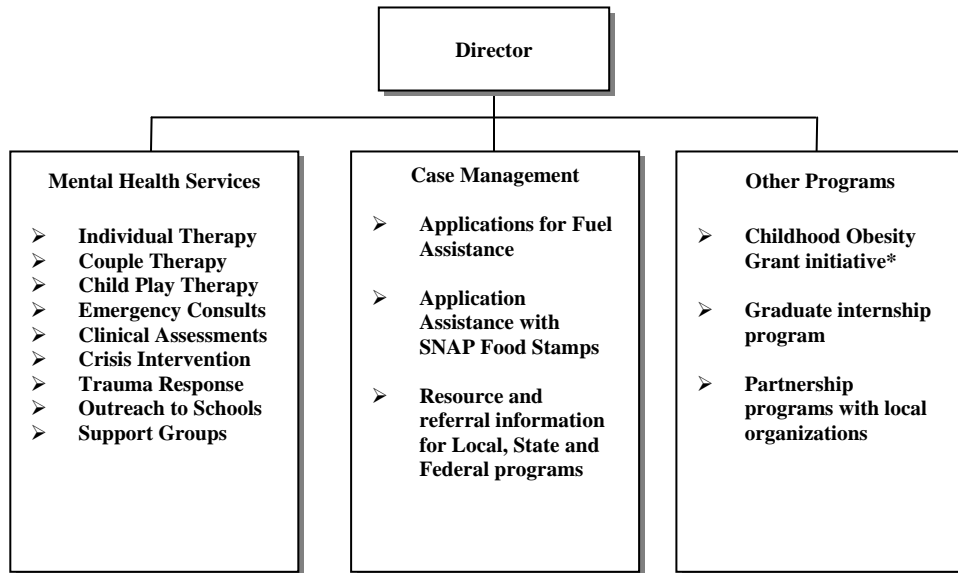
2. Strive to maintain service levels through creative avenues. For instance, recruiting an additional Graduate Intern for the upcoming 2013-2014 Academic Year and review various ways to deliver services such as the provision of more groups versus individual therapy.
3. Coordinate a community-wide initiative to identify and respond to the increased needs of residents and the impact this has on community organizations. The purpose of this initiative would be to collectively strategize ways to address these growing needs. Family & Youth Services will coordinate a meeting with Helping Hands, the Food Pantry, Youth Commission Members, the schools, clergy, Northborough Extended Day Programs, Northborough Police & Fire, as well as other Town departments and organizations.
4. In collaboration with the Northborough Extended Day Programs, Inc. we will implement a new evidenced-based program for Northborough parents. This Parent Training Workshop called "1-2-3 Magic" will be provided to parents struggling to effectively deal with their child's behavioral issues.
5. Continue our active participation in the "Building a Healthy Northborough" initiative.
6. Continue to respond to the increased number of residents in need of life management skills through the provision of education and practical assistance. The goals of this enhanced service focus are to provide residents with more effective means to address their basic needs, therefore increasing their confidence and their sense of hope about their future. Becoming more independent will ultimately lead to a sense of empowerment. Practical assistance includes help with resume writing, role playing for job interviews, etc.

### **Significant Budget Changes or Initiatives**

The Department continues to seek grant funding to expand counseling services and to rely on graduate-level student interns to meet service demands. There are no significant changes in the FY2014 Family & Youth Services budget. The budget as presented does not reflect any FY2014 wage increases, which have been budgeted centrally pending settlement of collective bargaining agreements and wages for non-union personnel.



### Family & Youth Services Programs and Services



\* These programs are funded through the MetroWest Community Health Care Foundation.



<b>FAMILY &amp; YOUTH SERVICES</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Director	1	1	1	1	1
Assistant Director*	0	0	0	0	0
Administrative Assistant**	0	0	0	0	0
Office Assistant**	.48	.48	.48	.48	.48
Counselor***	.48	.48	.48	.48	.48
<b>Total Full-time Equivalent</b>	<b>1.96</b>	<b>1.96</b>	<b>1.96</b>	<b>1.96</b>	<b>1.96</b>

**\*Personnel Explanation:**

\*The Assistant Director position has been held vacant since 2006 due to the Town's financial limitations.

\*\*The full-time Administrative Assistant position was reduced to a 19 hours per week (19hrs/40hrs = .48 FTE) Office Assistant position in FY2008. The position is partially funded through an agreement with Northborough Extended Day Program (NEDP), a private non-profit entity which shares office space with FYS.

\*\*\*The part-time Counselor position was reduced during FY2008 from 24 hours per week (24hrs/40hrs = .6 FTE) to 19 hours per week (19hrs/40hrs = .48 FTE).



## Family & Youth Services

## Section 5-23

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>FAMILY &amp; YOUTH SERVICES</b>						
<b>Personnel Services</b>						
51100 Director Salary	69,380	72,831	74,293	76,539	34,976	77,297
51120 Part-time Counselor	11,077	14,345	25,543	26,484	10,696	26,848
51130 Asst. Director Salary	0	0	0	0	0	0
51140 Part-time Admin. Asst Wages	16,196	17,024	16,886	18,294	7,318	18,547
51410 Longevity Pay	0	0	0	200	200	200
<b>SUBTOTAL</b>	<b>96,653</b>	<b>104,201</b>	<b>116,722</b>	<b>121,517</b>	<b>53,190</b>	<b>122,892</b>
<b>Expenses</b>						
53080 Clinical Consultants	1,775	1,750	500	3,000	0	2,600
53190 Training	763	395	805	600	120	750
53580 Program Supplies	639	288	1,336	625	121	1,200
57110 Travel/Mileage	610	657	1,179	767	270	900
57320 Subscriptions	225	322	225	442	157	360
<b>SUBTOTAL</b>	<b>4,011</b>	<b>3,412</b>	<b>4,045</b>	<b>5,434</b>	<b>668</b>	<b>5,810</b>
<b>TOTAL: FAMILY &amp; YOUTH SERVICES</b>	<b>100,665</b>	<b>107,613</b>	<b>120,767</b>	<b>126,951</b>	<b>53,857</b>	<b>128,702</b>



### **Cable Access TV Departmental Statement**

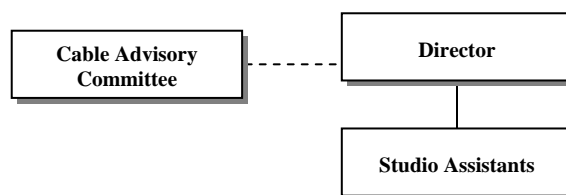
The Cable Access TV Department, under the direction of the Cable Access Director, is responsible for the operations of the three local access television stations, which are Public Access, Educational Access and Government Access Television. The Director is also responsible for overseeing the provisions of the Town's Cable TV contracts with Charter Communications and Verizon.

Northborough Community Access Television is a public television cablecast forum to facilitate the non-commercial expression of its member community for educational, entertainment and informational use. It actively promotes and provides all necessary training and assistance to encourage the creation of diverse and unique local programming for Northborough cable television subscribers and the community as a whole.

### **Cable Advisory Committee**

The Cable Advisory Committee consists of seven members appointed by the Board of Selectmen for three-year terms. The purpose of the Committee is to act on behalf of the issuing authority of the Town; to formulate and publish operating rules for the local access channels; and to promote the use of local access cable television within the Town.

### **Cable Access TV Department Organizational Chart**





### **Cable Access TV Department FY2013 Initiatives and Accomplishments**

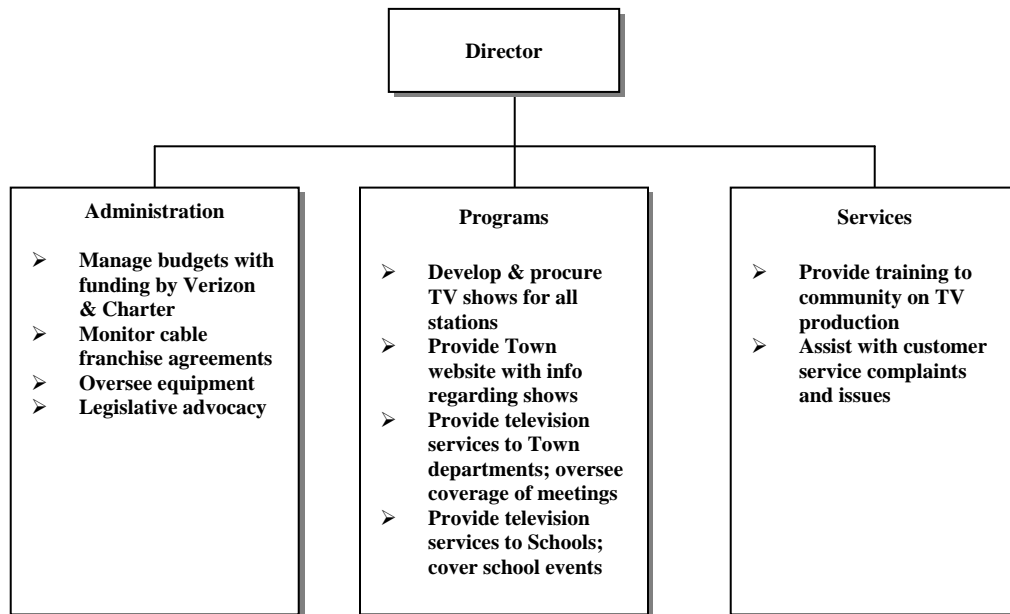
1. Continued to increase local educational programming including sports, performance, informational and classroom activities. Expanded core group of student television producers who assist with videotaping of school and community events.
2. Completed ascertainment of community's cable television needs in anticipation of Charter Communications' license renewal in October 2013.
3. Purchased equipment and trained volunteer producers at the Northborough Senior Center in order to expand informational programming for the Town's Seniors and other community viewers.
4. Expanded the show library available as Video on Demand through the Town's website as well as Northborough Cable Access Television's Facebook page.

### **Cable Access TV Department FY2014 Goals and Initiatives**

1. Continued expansion of Senior Center programs for television as well as expanded cablecast of historical, community promotional, informational and entertaining shows for viewers.
2. Utilize Social Media to promote and showcase the opportunities available through local Public, Educational and Government television for citizens to train and create unique and diverse television shows of local interest.

### **Significant Budget Changes or Initiatives**

Contracted capital payments received from Charter Communications and Verizon continue to provide funding for equipment upgrades that allow for more advanced and expanded community programming and training. FY2014 will continue to reflect only a small increase in the operating budget with stable personnel hours and a minimal increase of operating funding provided through the cable contracts with Charter and Verizon.

**Cable Access TV Department Programs and Services**



<b>CABLE ACCESS TV DEPARTMENT</b>					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Director	1	1	1	1	1
Studio Assistant	.50	.50	.50	.50	.50
Seasonal Studio Assistants	.25	.25	.25	.25	.25
<b>Total Full-time Equivalent</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>

\*Personnel Explanation:

The Studio Assistant works 20hrs per week (20hrs/40hrs = .50 FTE).

The Seasonal Studio Assistants work part-time for a total of 10hrs per week (10hrs/40hrs = .25 FTE).



## Section 5-28

## Cable Access TV



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGET	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>CABLE ACCESS TV</b>						
<b>Personnel Services</b>						
51110 Director Salary	54,728	56,015	57,221	58,368	26,939	59,535
51120 Studio Assistant	14,827	16,538	20,037	26,769	9,218	27,305
51410 Longevity Pay	350	350	350	350	350	350
<b>SUBTOTAL</b>	<b>69,904</b>	<b>72,903</b>	<b>77,608</b>	<b>85,487</b>	<b>36,507</b>	<b>87,190</b>
<b>Expenses</b>						
52800 Contracted Services	200	410	1,881	12,250	1,137	12,250
53040 Computer Services	1,540	1,905	2,309	12,600	2,926	26,500
53720 Maintenance	0	74	1,215	1,300	493	1,400
53410 Telephone	1,011	1,258	1,201	2,600	0	4,000
54290 Office Supplies	8,099	4,449	2,248	3,750	0	4,750
54690 Studio Materials	0	0	0	9,750	1,722	9,750
57110 Travel	0	0	0	50	0	75
57310 Dues	130	165	100	300	100	300
57320 Subscriptions	24	33	0	0	0	0
51750 Health Insurance	16,304	17,282	17,183	17,184	17,184	15,279
58220 Retirement Assessment	5,578	5,756	6,396	6,921	6,921	7,100
58690 New Equipment	40,805	77,643	20,878	62,100	20,361	66,500
<b>SUBTOTAL</b>	<b>73,690</b>	<b>108,975</b>	<b>53,412</b>	<b>128,805</b>	<b>50,845</b>	<b>147,904</b>
<b>TOTAL: CABLE ACCESS TV</b>	<b>143,595</b>	<b>181,878</b>	<b>131,020</b>	<b>214,292</b>	<b>87,351</b>	<b>235,094</b>
<b>GENERAL FUND EXPENSE (TAX DOLLARS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Cable Access TV Special Revenue Fund Explanation:**

The budget shown above reflects the total budget for this department, as well as the General Fund appropriation, which is zero, since the revenue and expenses for the Cable Access TV are entirely received and paid from a Special Revenue Fund. The sources of funding are solely those received in relation to the Town's Cable Franchise contracts with Charter Communications and Verizon, and the limits for expenditures are imposed based on funds on hand.

The table above does reflect the categories of funds expended from the Special Revenue Fund, for which the full-time director's salary, health insurance benefits, and retirement assessment are accommodated. In addition, the capital expenses, utility, and maintenance costs for the cable studio are paid from the fund. The budget table above is provided for informational purposes only and is not subject to Town Meeting appropriation. No tax dollars are used to directly support the Cable Access TV Department.



### **Veterans' Services Department**

The Department of Veterans' Services program is established in accordance with Massachusetts General Law, Chapter 115. The purpose of the program is to provide information, advice and assistance regarding benefits to veterans, as well as their spouses and dependents.

On July 1, 1999 the Town of Northborough entered into a District (D26) together with the Towns of Grafton and Shrewsbury as part of the Commonwealth of Massachusetts, Department of Veterans' Services. The Veterans' Agent for the Town of Northborough is appointed by the three member towns as the District Director of Veterans' Services, Veterans' Officer and Burial Agent.

The Veterans' Services Department is supervised by the Office of the Commissioner of Veterans' Services. The Veterans' Agent works with veterans to obtain benefits including employment, vocational or other educational opportunities, hospitalization, medical care, burial and other veterans' benefits. The approved benefits paid to Northborough veterans are subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services. Administrative costs, including salary are not reimbursable and the reimbursement is received as State aid revenue approximately twelve to fifteen months after the expenditure.

### **Veterans' Services FY2014 Goals and Initiatives**

Since July 1, 1999, the Town of Northborough has partnered with the Towns of Shrewsbury and Grafton to establish a veterans services district for the provision of Chapter 115 benefits, authorized by the Department of Veterans Services (DVS). In April 2011, DVS issued a handbook entitled "A Guide for Establishing Veterans' Services Districts under Chapter 115." In addition to defining the roles and duties of personnel in a District, the handbook also established minimum personnel staffing requirements for such districts.

In March of 2013, the Towns of Northborough, Grafton, Shrewsbury and Westborough submitted a proposal to the Secretary of the Department of Veterans' Services, seeking to form a new Veterans' Services District pursuant to M.G.L. Chapter 115, Sections 10 and 11, which, respectively, establish the legislative framework for a veterans services district and a district board. If approved, the four Towns would enter into an agreement formalizing the creation of the Central Massachusetts Veterans' District effective July 1, 2013.

The application submitted by the four towns proposes a cost-effective means to comply with the minimum staffing mandate, and would provide for the appointment of a full-time Veterans Services Officer, two part-time Veterans Agents, and utilize existing administrative support staff in each Town to assist with the administration of veterans' benefits. Additionally, these staff would establish regular offices hours in each of the four towns, and Veterans seeking services will free to meet with an agent in any location.

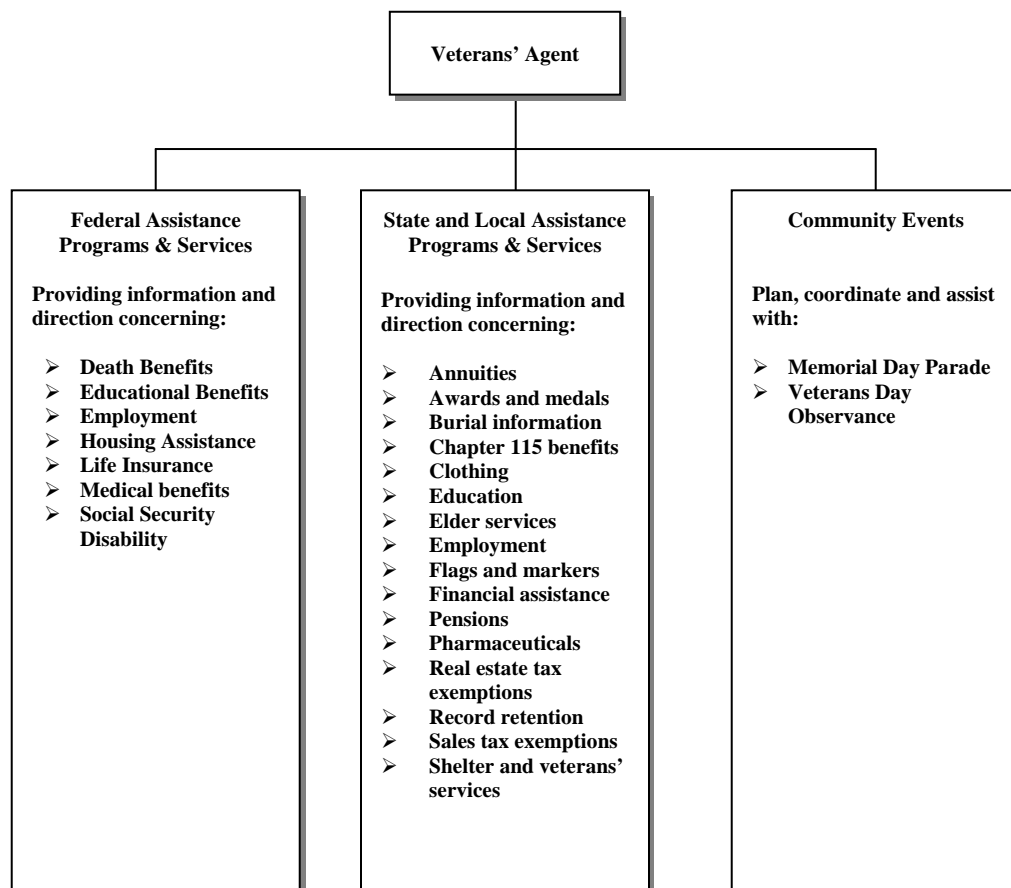


### Significant Budget Changes or Initiatives

The director salary line in the Veterans budget was increased from \$18,729 in FY2013 to \$51,000 in FY2014 based on recent Department of Veterans' Services regulations mandating increased staffing for Districts. As noted under the FY2014 Goals and Initiatives section on the previous page, Northborough, Grafton, Shrewsbury and Westborough are seeking approval from the Secretary of DVS to formally establish a four-town Central Massachusetts Veterans' Services District. If this proposal is not approved by the State, the Town would be required to either hire a full-time Agent just for Northborough, or hire additional District staff to meet the new unfunded staffing mandates. The increase in the salary line would cover the worst-case scenario in FY2014, in which our personnel costs would more than double from \$19,000 to \$51,000.

The benefit line in the Veterans budget was increased from \$10,500 in FY2012 to \$30,000 in FY2013 to reflect the increased demand for services as veterans begin returning from overseas. During FY2012 a mid-year transfer was required from the Appropriations Committee Reserve Account to accommodate the increased benefit demand. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services, it is still the responsibility of the Town to budget adequate benefits on the front end to cover those expenses.

### Veterans' Services Programs and Services





## Veterans' Services

## Section 5-31

VETERANS' SERVICES					
<b>Personnel Summary</b>					
<b>Position</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>	<b>FY 2012 FTE</b>	<b>FY 2013 FTE</b>	<b>FY 2014 FTE</b>
Veterans' Agent	.29	.29	.29	.29	New District
<b>Total Full-time Equivalent</b>	<b>.29</b>	<b>.29</b>	<b>.29</b>	<b>.29</b>	<b>0</b>

### \*Personnel Explanation:

As proposed in our application to establish a four-town District for FY2014, the Town of Northborough would share a full-time Director and two part-time Agents with the Towns of Grafton, Shrewsbury and Westborough. Final District staffing is subject to Department of Veterans' Services approval of the pending application; see Significant Budget Changes explanation on the previous page for more detail.

## Section 5-32

## Veterans' Services



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>VETERANS' SERVICES</b>						
<b>Personnel Services</b>						
51130 Director Salary	17,912	18,360	18,543	18,729	9,364	51,000
<b>SUBTOTAL</b>	<b>17,912</b>	<b>18,360</b>	<b>18,543</b>	<b>18,729</b>	<b>9,364</b>	<b>51,000</b>
<b>Expenses</b>						
55030 Ordinary Benefits	4,501	4,948	17,095	35,000	8,208	35,000
55090 District Expenses	890	661	100	1,155	253	0
57340 Meetings	0	0	0	200	0	0
57810 Unclassified	2,956	5,038	3,955	4,500	670	4,500
<b>SUBTOTAL</b>	<b>8,347</b>	<b>10,647</b>	<b>21,150</b>	<b>40,855</b>	<b>9,130</b>	<b>39,500</b>
<b>TOTAL: VETERANS' SERVICES</b>	<b>26,259</b>	<b>29,006</b>	<b>39,693</b>	<b>59,584</b>	<b>18,495</b>	<b>90,500</b>



## Community Service Committees

## Section 5-33

### Cultural Council

The Cultural Council consists of seven members appointed by the Board of Selectmen for three-year terms. The Cultural Council plans, coordinates and monitors funding for community arts programs in the Town of Northborough. Funding, which is received on a limited basis from the State, is augmented through various fundraising events.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>CULTURAL COUNCIL</b>							
<b>Expenses</b>							
57810	Unclassified	500	500	500	500	0	500
	<b>SUBTOTAL</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>
<b>TOTAL:</b>	<b>CULTURAL COUNCIL</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>



### Community Affairs

The Community Affairs Committee consists of nine members appointed by the Board of Selectmen for three-year terms. The purpose of the Committee is to promote community life and publicity for the Town by holding functions such as social events, heritage days, parades, and other Town events for the enjoyment of the citizens.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>COMMUNITY AFFAIRS</b>						
<b>Expenses</b>						
57810 Unclassified	500	500	500	500	0	500
<b>SUBTOTAL</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>
<b>TOTAL: COMMUNITY AFFAIRS</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>

**Historical Commission**

The Historical Commission consists of not less than three nor more than seven members appointed by the Board of Selectmen for three-year terms. The Commission conducts research into places of historic value and seeks to coordinate the activities of unofficial bodies organized for similar purposes. The Commission may acquire by gift, purchase or otherwise, artifacts, books, paintings, and other materials of historic value and provides a proper place for the storage and display of any such materials. The Commission may recommend the certification of places of interest as historical landmarks to the Town Meeting for the purpose of protecting and preserving such places. The Commission may acquire in the name of the Town by gift, purchase, grant, bequest, devise, lease or otherwise the fee or lesser interest in real or personal property of significant historical value and may manage the same. (MGL Ch. 40, Section 8D)

The Commission compiles and maintains an inventory of the Town's historic assets; initiates and encourages activities to educate and to broaden community awareness of Northborough's historical heritage; works with individuals, public and private groups to promote preservation; encourages and supports local historic districts; provides preservation information and guidance; maintains a close working relationship with the Northborough Historical Society; and solicits preservation funding from local, state and private agencies. Its mission is to identify, evaluate and preserve the historical heritage of the town of Northborough.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>HISTORICAL COMMISSION</b>						
<b>Expenses</b>						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
53110 Printing	115	157	0	0	0	0
57340 Meetings	35	70	100	500	0	500
58690 New equipment	0	0	235	0	0	0
<b>SUBTOTAL</b>	<b>150</b>	<b>227</b>	<b>335</b>	<b>500</b>	<b>0</b>	<b>500</b>
<b>TOTAL: HISTORICAL COMMISSION</b>	<b>150</b>	<b>227</b>	<b>335</b>	<b>500</b>	<b>0</b>	<b>500</b>





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# **Undistributed Expenses**

## **Section 6**



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## Undistributed Expenses

## Section 6-1

### Undistributed Expenses

In its operation the Town budgets certain overhead costs in the aggregate rather than distributing costs by department or program. These overhead costs include employee benefits of health insurance, life insurance, Worcester Regional Retirement contributions, unemployment compensation and worker's compensation insurance; comprehensive building and liability insurance; debt service; non-appropriated expenses such as State Assessments and reserves for abatements; stabilization fund contributions; a reserve fund for extraordinary and unforeseen expenses; and various Town Meeting special warrant articles. In the pages that follow each of these undistributed expenses are explained in more detail. A summary of these expenses is shown below.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>UNDISTRIBUTED EXPENSES SUMMARY</b>						
<b>EMPLOYEE BENEFITS&amp; INSURANCE</b>						
Health Insurance	3,795,744	3,873,469	4,238,709	4,664,094	2,022,800	4,757,376
Life Insurance	7,004	7,023	7,179	8,730	2,934	8,730
Other Benefits/FICA	312,663	322,225	344,611	361,693	180,351	388,750
County Assessments	974,865	1,006,365	1,118,191	1,210,083	1,210,083	1,241,407
Workers Comp	85,828	78,103	89,841	104,704	80,594	106,798
<b>SUBTOTAL EMPLOYEE BENEFITS</b>	<b>5,176,104</b>	<b>5,287,185</b>	<b>5,798,531</b>	<b>6,349,304</b>	<b>3,496,762</b>	<b>6,503,061</b>
<b>Building &amp; Liability Insurance</b>	166,126	125,879	137,565	213,955	139,113	218,234
<b>Debt Service</b>	2,265,276	1,953,195	2,460,465	2,525,046	377,205	2,347,707
<b>State Assessments</b>	459,224	469,196	423,427	310,356	139,311	364,147
<b>Reserve for Abatements<sup>1</sup></b>	286,021	342,209	351,739	679,291	0	500,000
<b>Cherry Sheet Offset Items<sup>2</sup></b>	22,263	20,514	22,815	23,084	0	21,827
<b>Stabilization Fund Contribution</b>	0	0	0	0	0	0
<b>Reserve Fund<sup>3</sup></b>	0	0	150,000	150,000	0	150,000
<b>Warrant Articles</b>	0	127,600	904,000	3,086,000	3,086,000	1,506,500
<b>TOTAL:    UNDISTRIBUTED EXPENSES</b>	<b>8,375,014</b>	<b>8,325,778</b>	<b>10,248,542</b>	<b>13,337,036</b>	<b>7,238,391</b>	<b>11,611,476</b>

<sup>1</sup> Amounts displayed reflect an offset to revenue rather than actual expenditures and reflect what was provided for abatements and exemptions from the property tax levy as determined by the Assessors in each year.

<sup>2</sup> Amounts displayed reflect an offset to revenue rather than actual expenditures. The amounts are the portion of total budgeted state aid that is restricted to uses in other funds, and will be received outside of the general fund (i.e. School Lunch and Library programs).

<sup>3</sup> Amounts displayed reflect the Reserve Fund budget from which amounts may be transferred to other departments to cover extraordinary/unforeseen expenses, expenditures are not made directly from the fund.



### Employee Benefits and Insurance Statement

The employee benefits and insurance provided to the employees of the Town of Northborough (including those who work for the Northborough K-8 Public Schools) include both the required and contractually agreed upon benefits to protect their health, provide for their income security if they are injured on the job, and provide for their eventual retirement from the Town. Employee benefits represents the cost of providing health and life insurance for Town and K-8 School employees as well as for workers' compensation, unemployment, FICA/Medicare tax, and the Town's assessment from the Worcester Regional Retirement System.

#### Health Insurance

Pursuant to MGL Chapter 32B, as a benefit of employment, any active, permanent employee of the Town who works in excess of twenty hours per week is eligible for group health insurance coverage.

The Town offers the choice of four health insurance plans to its active employees: Fallon Health Maintenance Plan (HMO), Fallon Preferred Provider Plan (PPO), Harvard/Pilgrim HMO and Tufts HMO. As a benefit of retirement, former Town employees are also eligible for group health insurance coverage. Retirees under the age of 65 are covered on the active employee plans with the same contribution as the Town employees. The Town offers four senior plans for Medicare eligible retirees: Fallon Senior, Tufts Complement, Tufts Premier and MEDEX.

As of March 1, 2013 a total of 273 active employees (82 Town and 191 K-8 School), 120 retirees (36 Town and 84 K-8 School) and 38 dependents (10 Town and 28 School) were enrolled in one of the Town's health insurance plans.

The following estimated rate schedule was used in budgeting for FY2014.

Health Insurance Plan		7/1/2013 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2013 Town Monthly Expense		7/1/2013 Employee Monthly Expense		7/1/2013 Town Monthly Expense		7/1/2013 Employee Monthly Expense	
Fallon	Ind	730.24	66%	482.65	34%	247.59	75%	547.68	25%	182.56
	Fam	1,898.62	66%	1,254.11	34%	644.51	75%	1,423.97	25%	474.65
Fallon Pref Care PPO	Ind	876.28	50%	438.14	50%	438.14	50%	438.14	50%	438.14
	Fam	2,278.34	50%	1,139.17	50%	1,139.17	50%	1,139.17	50%	1,139.17
Harvard/Pilgrim	Ind	686.73	68%	468.40	32%	218.33	75%	515.05	25%	171.68
	Fam	1,785.49	68%	1,216.82	32%	568.67	75%	1,339.12	25%	446.37
Tufts	Ind	680.50	68%	459.90	32%	220.60	75%	510.38	25%	170.12
	Fam	1,769.26	68%	1,195.68	32%	573.58	75%	1,326.95	25%	442.31



## Undistributed Expenses

## Section 6-3

Several years ago, the Town negotiated a 60% Town and 40% Town employee share of any premium changes. Therefore in FY2014, the Town contribution will be 66% to 68% of the monthly HMO premiums for Town employees depending upon the specific health plan. Beginning in FY2012, the Town contribution decreased from 80% to 75% of the monthly HMO premiums for K-8 School employees and the 75% contribution will remain in place for FY2014. In accordance with Chapter 32B, the Town pays 50% of the monthly premium for the Fallon Preferred Provider Plan for both K-8 School and Town employees. The employees pay the remaining premium through bi-weekly payroll deductions.

The FY2014 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2014. The following rate schedule was in place until the calendar year renewal.

Health Insurance Plan		1/1/2013 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
			1/1/2013 Town Monthly Expense		1/1/2013 Retiree Monthly Expense	
<b>Fallon Senior</b>	Ind	286.00	<b>70%</b>	200.20	<b>30%</b>	85.80
	Ind x2	572.00	<b>70%</b>	400.40	<b>30%</b>	171.60
<b>Tufts Medicare</b>	Ind	443.00	<b>70%</b>	310.10	<b>30%</b>	132.90
<b>Complement</b>	Ind x2	886.00	<b>70%</b>	620.20	<b>30%</b>	265.80
<b>Tufts Medicare</b>	Ind	246.00	<b>70%</b>	172.20	<b>30%</b>	73.80
<b>Preferred</b>	Ind x2	492.00	<b>70%</b>	344.40	<b>30%</b>	147.60
<b>MEDEX</b>	Ind	551.02	<b>51%</b>	281.02	<b>49%</b>	270.00
	Ind x2	1,102.04	<b>51%</b>	562.04	<b>49%</b>	540.00

\* Enrollment in the Senior Plans require participation in Medicare Parts A & B

The Town pays 70% of the monthly Senior Plan HMO premiums for all the retirees. In accordance with Chapter 32B, the Town pays 51% of the monthly premium for the MEDEX Plan. The retirees pay the remaining premium through monthly deductions from their retirement allowances.

In the past, the Town had experienced significant increases in its Health Insurance premiums. In order to address these rising costs, during FY2010 the Town successfully negotiated Health Insurance plan design changes with all employee groups that resulted in approximately \$400,000 in FY2010 budgetary cost avoidance. With the adoption of new plan design changes in FY2010, the Town experienced a nearly flat budget increase. In FY2010, the Town also moved to new plans with higher co-payments for office visits and prescription drugs, and for the first time deductibles for inpatient and outpatient services. A Flexible Spending Account was established to allow employees to make contributions to their account through payroll deductions and pay for dependent care and medical expenses on a pre-tax basis. A health insurance reimbursement account was created to reimburse employees for deductible payments made to health care plans for in-patient and out-patient hospital visits. These plan design changes and programs remain in place for FY2014.

## Section 6-4

## Undistributed Expenses



The Town unanimously adopted MGL Chapter 32B, Section 18 at the Annual Town Meeting in April 2009. The adoption of Chapter 32B, Section 18 requires Medicare eligible retirees to move out of the HMO active health plans and into Medicare supplement or "Senior Plans," which are specifically designed for the medical needs of seniors and will effectively share these health care costs with the Federal Medicare program. By adopting Section 18 the Town's GASB 45 Unfunded Actuarial Accrued Liability (AAL) for Other Post Employment Benefits (OPEB) for retiree medical benefits was greatly reduced from \$90.4 million to \$34.3 million.<sup>4</sup> At the close of FY2011, a GASB 45 update was required and due to the implementation of Section 18, our AAL has been reduced to \$28.1 million. By introducing a variety of Senior Plans the Town continues to realize savings as Medicare eligible retirees and their spouses are required to transition to these lower cost Senior Plans.

Another GASB 45 actuarial update will need to be conducted at the close of FY2013. The Town continues to monitor proposed legislative changes regarding the local obligation for retiree health insurance that would affect our OPEB liability.

The FY2014 budget request of \$4.76 million represents a total increase of \$93,282 or 2.00% from the amount budgeted last year.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>HEALTH INSURANCE</b>						
<b>Expenses</b>						
51750 Town Health Insurance	932,021	986,985	1,139,821	1,455,460	518,681	1,477,326
51800 School K-8 Health Insurance	2,857,803	2,879,976	3,091,888	3,198,634	1,503,819	3,270,050
51850 Health Reimbursement Account	5,920	6,509	7,000	10,000	300	10,000
<b>SUBTOTAL</b>	<b>3,795,744</b>	<b>3,873,469</b>	<b>4,238,709</b>	<b>4,664,094</b>	<b>2,022,800</b>	<b>4,757,376</b>

<sup>4</sup> The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.



## Undistributed Expenses

## Section 6-5

### Life Insurance

The Town provides a group life insurance program available to all employees and contracts with Boston Mutual Life. All Town and K-8 School employees who choose to enroll are insured for \$5,000. In addition, Town and School Retirees are insured for \$2,000. This budget covers the Town's 50% portion of the premium. Employee payroll deductions and retiree contributions fund the balance of the premium costs. This budget also covers term life insurance policies for the Police Chief and the Town Administrator pursuant to their respective employment contracts.

	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>LIFE INSURANCE</b>						
<b>Expenses</b>						
51740 Town Life insurance	2,452	2,459	2,449	4,244	694	4,244
51745 School K-8 Life Insurance	4,552	4,564	4,729	4,486	2,240	4,486
<b>SUBTOTAL</b>	<b>7,004</b>	<b>7,023</b>	<b>7,179</b>	<b>8,730</b>	<b>2,934</b>	<b>8,730</b>





### **Other Benefits / Federal Insurance Contributions Act (FICA) Tax**

Federal Insurance Contributions Act (FICA) tax is a payroll (or employment) tax imposed by the Federal Government on both employees and employers. As a result of Federal legislation, all local government employees hired after March 31, 1986 are considered Medicare Qualified Government Employees or MQGE and are required to be covered under the Medicare program. The Town is responsible for a matching Medicare payroll tax of 1.45% on all these employees. Annual increases in this tax liability have been reflective of a rise in total Town payroll subject to this tax, as more senior employees whose wages were not subject to the tax depart and are replaced by newly hired employees whose wages are now fully subject to this tax liability.

### **Unemployment Assistance**

The Town does not pay unemployment insurance, but instead, is assessed by the State Division of Unemployment Assistance (DUA) on a pay-as-you-go basis for the cost of any and all benefits actually paid to its former Town and K-8 School employees. Presently, the Town is liable for up to 50 weeks of benefits per claimant – up to 30 weeks of regular benefits and up to 20 weeks of additional federally-legislated “extended benefits”. Claimants receive a weekly benefit payment that is typically about half of their average weekly wage, up to a maximum benefit amount which is currently \$625/week, plus a dependency allowance of \$25 per week for each dependent child. The Town is responsible for reimbursing the State for 100% of the benefits paid to former employees. There is an inherent complexity in tracking unemployment costs and estimating liability given that an employee’s “benefit year” may cross fiscal years, claimants may be subject to partial benefits if they have other earnings, and claimants who become unemployed more than once during a benefit year may reactivate a prior claim and resume collecting benefits.

### **Miscellaneous Benefits**

Miscellaneous benefits include payment of a portion of sick leave for eligible retiring employees (capped at \$3,000 each), payment of the deferred compensation benefit for the Town Administrator pursuant to the employment contract, and the fee assessed by the deferred compensation program provider.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>OTHER BENEFITS/FICA</b>						
<b>Expenses</b>						
51730 FICA Town Share	79,008	83,293	84,624	88,588	40,926	94,138
51733 FICA School Share	183,479	195,518	202,268	197,212	102,875	218,568
51735 Unemployment Compensation	42,569	35,629	43,777	60,000	26,338	60,000
55090 Miscellaneous Benefits	7,607	7,785	13,942	15,893	10,212	16,044
<b>SUBTOTAL</b>	<b>312,663</b>	<b>322,225</b>	<b>344,611</b>	<b>361,693</b>	<b>180,351</b>	<b>388,750</b>



### **Worcester Regional Retirement Assessment**

The Town participates in the Worcester Regional Retirement System which is a contributory retirement system comprised of ninety four (94) member towns and districts from Worcester County. Subject to the provisions of Chapter 32B and 34B of the Massachusetts General Laws, the retirement system, as well as all public retirement systems in Massachusetts, is overseen by the Public Employee Retirement Administration Commission (PERAC).

The Public Employee Retirement Administration Commission, through an actuarial study determines the appropriate funding schedule for the retirement system's total Unfunded Actuarial Accrued Liability (UAAL). The Municipal Relief Act of 2010 extended the requirement for full funding of the pension system's liability until the year 2040. The total source of funding is the annual Town assessment together with employee contributions for each member unit.

The FY2014 assessment is the second of a three-year phase in to the actuarial method of assessment calculation. Previously, the Worcester Regional Retirement System based its assessment to each member unit upon actual payroll. The actuarial method of assessment, once fully implemented, will base the assessment on an actuarial determination using the employee age, service and average salary data of each individual member unit. The Town of Northborough's system's total Unfunded Actuarial Accrued Liability is \$19,902,356 as of January 1, 2012. The Worcester Regional Retirement System regards the actuarial method as a "more fair and transparent way of assessing each unit's true liability" and noted that this is also consistent with the standards of the Government Accounting Standards Board (GASB).

In recent years there have been changes to Massachusetts pension benefits brought about by various Pension Reform legislation in an attempt to reign in pension liability costs. The liability had increased due to lack of performance in investments and the inability of the pay-as-you-go funding to keep pace with the defined benefits. It is important to note that a municipal employee hired after 1996 will contribute 9% of their total compensation plus another 2% of any regular compensation over \$30,000 to the retirement system. This employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.<sup>5</sup> The Town's assessment together with the employee contributions are intended to meet the pension costs for all Town and Northborough K-8 School (non-teaching positions) retirees covered by this retirement system, as well as to amortize over time the previous unfunded pension liability created by insufficient contributions by member units over a number of years.

It should be noted that Northborough K-8 School teachers are not part of the Worcester Regional Retirement System, but are instead covered by the Massachusetts Teachers' Retirement System which is governed by MGL, Chapter 32. Teacher retirement costs are funded directly with an appropriation by the Commonwealth of Massachusetts and employee contributions. For the fiscal year ended June 30, 2012, the State's contribution to this plan on behalf of the Town was \$3,285,388.

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<sup>5</sup> Information from Actuary, James R. Lamenzo of the Public Employee Retirement Administration (PERAC).

## Section 6-8

## Undistributed Expenses



The total FY2014 Worcester Regional Retirement Assessment is \$1,302,857. The \$1,241,407 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$32,609), the Sewer Enterprise Fund (\$21,741) or the Cable Access TV (\$7,100)<sup>6</sup>.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>WORCESTER REGIONAL RETIREMENT</b>							
<b>Expenses</b>							
56220	Retirement Assessment	974,865	1,006,365	1,118,191	1,210,083	1,210,083	1,241,407
	<b>SUBTOTAL</b>	<b>974,865</b>	<b>1,006,365</b>	<b>1,118,191</b>	<b>1,210,083</b>	<b>1,210,083</b>	<b>1,241,407</b>

<sup>6</sup> The Water & Sewer Enterprise Funds are designed to capture all costs associated with the service and are fully explained in Section 8 of this budget document. The Cable Public Access TV Department is funded by fees added to the cable TV subscriber bills, which pay for the related retirement costs of the Cable Access Director (see Section 5 of the budget for more information regarding Public Access TV.)



## Undistributed Expenses

## Section 6-9

### Worker's Compensation Insurance

Worker's Compensation is available to those employees injured on the job. The Town is insured through the Massachusetts Interlocal Insurance Agency (MIIA) which is owned and operated by the municipalities of Massachusetts<sup>7</sup>. Employees injured on the job receive 60% of their pay tax-free and the Town is responsible for 100% of associated medical bills.

Also included in this budget are medical payments to cover separated police and fire personnel. MGL, Chapter 41, Section 100B requires the Town to continue to pay for related medical payments and associated expenses for retired police and fire employees injured on duty. The actual Injured on Duty (IOD) insurance premium for police and fire personnel is contained in the Building & Liability Insurance budget.

	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>WORKERS' COMPENSATION INSURANCE</b>						
<b>Expenses</b>						
51710 Workers' Compensation	82,965	75,894	86,688	99,704	79,529	101,798
53080 Police/Fire Injured on Duty (IOD) Medical Payments	2,863	2,209	3,154	5,000	1,066	5,000
<b>SUBTOTAL</b>	<b>85,828</b>	<b>78,103</b>	<b>89,841</b>	<b>104,704</b>	<b>80,594</b>	<b>106,798</b>

<sup>7</sup> Massachusetts Interlocal Insurance Association (MIIA) was incorporated by the Massachusetts Municipal Association in 1982 as a nonprofit organization to provide insurance services to the cities, towns and other governmental entities in Massachusetts that are members of the MMA. MIIA insures approximately 300 cities and towns across Massachusetts.



### Building & Liability Insurance

This budget category includes property and liability coverage for all Town owned property, as well as liability coverage for all elected and appointed Town officials.

In addition, because fire and police personnel are not eligible under Massachusetts law for regular worker's compensation coverage, a separate insurance policy with premiums based largely on claims experience is purchased to cover these personnel for injuries incurred in the line of duty. The police and fire MGL Chapter 41 Section 111F Injured on Duty (IOD) premium is also included here. Under this statute, public safety employees injured on duty receive 100% of their regular earnings. These IOD earnings are considered non-taxable wages by both the Department of Revenue and the Internal Revenue Service.

The Town's Building and Liability insurance premiums reflect a 2.00% budgetary increase for FY2014.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>BUILDING &amp; LIABILITY INSURANCE</b>						
<b>Expenses</b>						
57410 Building & Liability Ins.	166,126	125,879	137,565	213,955	139,113	218,234
<b>SUBTOTAL</b>	<b>166,126</b>	<b>125,879</b>	<b>137,565</b>	<b>213,955</b>	<b>139,113</b>	<b>218,234</b>



## Undistributed Expenses

## Section 6-11

### Debt Service

Debt Service appropriations provide for the payment of principal and interest costs for long and short term bonds issued by the Town for capital projects for General Fund purposes. The debt service appropriations for the Water & Sewer Enterprise Funds appear in their respective budgets (Section 8 of this budget document).

Typically, larger projects such as the Senior Center are bonded for twenty years, while the financing for other General Fund projects and equipment is retired within five to ten years. The Town's goal is to finance capital projects for the shortest feasible term over the useful life of the project in accordance with the terms outlined in Massachusetts General Laws. This ensures that our debt burden will remain manageable. Additionally in our most recent ratings review, Moody's Investors Service indicated their expectation that our debt position should remain manageable. Moody's cited our overall debt burden at 1.8% of our Equalized Valuation and our average rate of 71.4% principal amortization within the next ten years as indicators of a manageable debt burden.

	FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>DEBT SERVICE</b>						
<b>Expenses</b>						
59100 Principal/Long-term Debt	1,617,021	1,428,085	1,802,063	1,727,834	64,534	1,739,784
59150 Interest/Long-term Debt	484,940	384,645	639,798	593,433	297,109	576,875
59270 Interest/Temporary Loans	163,314	140,464	18,603	203,779	15,562	31,048
<b>SUBTOTAL</b>	<b>2,265,276</b>	<b>1,953,195</b>	<b>2,460,465</b>	<b>2,525,046</b>	<b>377,205</b>	<b>2,347,707</b>

Bond Anticipation Notes were issued last year in the amount of \$1.6 million for various borrowing authorizations for the Melican Middle School roof repair, CPA land acquisition, a water fund project and to purchase departmental equipment. The temporary one-year bond anticipation notes will mature and in April 2013, the notes will be permanently financed with a bond offering which will include the Town share of the Lincoln Street School feasibility project. Therefore, in the near future, our current Aa2 Bond Rating will be evaluated with a very thorough review process by Moody's Investors Service.

For FY2014, the total Debt Service budget for the General Fund is \$2.35 million, a decrease of \$177,339. The decrease is primarily attributable to the Town's Free Cash policy whereby smaller capital items are purchased using available funds instead of financing with debt. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the recent efforts to fund more pay-as-you-go capital projects.



### Statutory Debt Limit

The aggregate level of our outstanding debt obligation is limited by State law. The statutory debt limit is established by Massachusetts General Laws, Chapter 44, Section 10 at 5% of our total Equalized Valuation (EQV). The EQV is determined every other year by the State Department of Revenue.

Northborough's 2012 EQV	\$2,664,457,400
Debt Limit (5% of EQV)	\$ 133,222,870

Northborough's total issued and outstanding long term debt principal, both inside and outside the debt limit as of June 30, 2012, is \$23,642,335, significantly below the statutory debt limit.

### Debt Policy Limits

Further there is a local limit placed on Northborough's debt obligation through the Debt Policy adopted by the Board of Selectmen in September 2000. The Debt Policy provides for specific Gross and Net debt limits for the annual General Fund debt service expressed as a percentage of the proposed budget.

Gross GF Debt Limit	Not to Exceed	15%
Net GF Debt Limit	Not to Exceed	8% – 10%

At the time of the printing of this document, we were preparing to issue \$1.8 million in General Obligation Bonds. Even with this additional debt, the estimated FY2014 General Fund debt service budget appears to be well under the local debt policy limits. The exact debt ratio will be available at the April 2013 Annual Town Meeting.

### **BOND RATING SYMBOLS**

### Bond Rating

In order to comply with complex tax regulations, secure access to the municipal bond market, and assure a competitive climate for bids, the Town uses the services of Bond Counsel, a Financial Advisor and a private credit rating agency to prepare for the issuance of bonds.

The credit rating agency, Moody's Investors Service, recently recalibrated municipal bond ratings to a global scale which is now comparable with corporate bond ratings. This recalibration brought the Town's previous rating of Aa3 up to a bond rating of Aa2.

<b>Moody's Investor Service</b>
Aaa
Aa1
➡Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2
B3



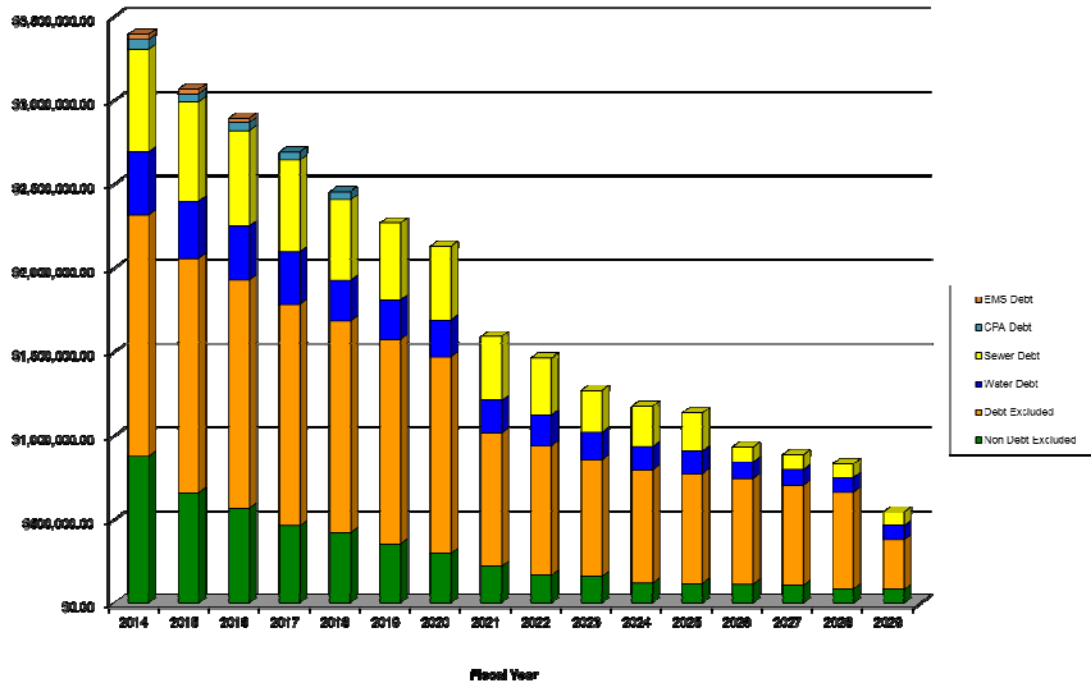
## Undistributed Expenses

## Section 6-13

### Total Long Term Debt Service - All Funds

The total long term annual debt service from FY2014 through FY2029, including both principal and interest, is shown below. The interest on the April 2013 bonds has been included at an estimated 2.75% rate. The chart indicates the amount of long term debt service for the General Fund (both Debt Excluded and Non-Excluded), as well as the long term debt service for the Community Preservation Act (CPA) Fund, Emergency Medical Services and Water & Sewer Enterprise Funds.

**Total Long Term Annual Debt Service By Fund**



Total Long Term Annual Debt Service By Fund							
Fiscal Year	General	General Fund	CPA	EMS	Water Enterprise	Sewer Enterprise	Total
Due	Fund	Debt Excluded	Debt	Debt	Fund	Fund	Debt Service
2014	877,605	1,439,055	59,408	31,173	375,814	611,097	3,394,151
2015	659,127	1,399,096	49,950	26,375	340,409	591,717	3,066,675
2016	568,660	1,360,272	48,713	25,688	322,478	568,682	2,894,492
2017	463,297	1,319,481	47,475		313,532	547,472	2,691,257
2018	422,404	1,263,024	46,238		242,709	479,971	2,454,345
2019	354,559	1,218,877			236,678	458,612	2,268,726
2020	298,011	1,172,466			220,967	439,092	2,130,536
2021	222,756	794,315			194,631	379,356	1,591,059
2022	166,889	772,488			183,876	340,956	1,464,209
2023	161,571	695,633			164,241	248,050	1,269,495
2024	122,166	675,818			139,189	237,485	1,174,658
2025	118,686	655,568			134,649	226,770	1,135,673
2026	115,020	629,404			99,983	89,110	933,516
2027	109,168	597,511			93,465	85,880	886,024
2028	86,400	576,044			89,075	82,650	834,169
2029	83,200	296,400			87,581	79,325	546,506
	4,829,519	14,865,449	251,783	83,235	3,239,278	5,466,226	28,735,490





### Non-Appropriated Expenses

Beyond the specific appropriations contained within the Budget Article and other Town Meeting articles, the Town must account for those expenses which do not require votes for appropriations. This category of mandated expenditures and assessments are automatically added to the tax rate without appropriation. Such costs include various state assessments for services such as: charter schools, county services, prior year budget overdrafts in snow and ice removal, court judgments, and an amount estimated for tax abatements and exemptions or the overlay.

#### State Assessments

Three categories of State assessments account for approximately 66% of the expenses—Mosquito Control, MBTA and Charter Schools.

##### 1. Mosquito Control Assessment

Pursuant to MGL Ch. 252, §5A (Ch. 2, §41, Acts of 1986) there are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. Each district is also allocated a proportional share of expenses for the State Reclamation Board that administers these programs.

##### 2. Massachusetts Bay Transportation Authority (MBTA)

For services rendered to those cities and towns within the Authority, an assessment will be administered in order to maintain and operate regional public transportation.

##### 3. Charter School Assessment

To assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools shall receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share equal to the state average of what districts pay per pupil in principal and interest for land and buildings.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>STATE ASSESSMENTS</b>						
<b>Expenses</b>						
56390 Mosquito Control Assessment	44,730	44,376	45,349	48,507	24,255	51,418
56400 Air Pollution Assessment	4,439	4,539	4,744	4,769	2,385	5,093
56410 County Assessment ch. 35	13,524	0	0	0	0	0
56420 MBTA	73,790	75,790	75,090	75,030	37,516	68,597
56430 Regional transportation Ch 161 B	19,272	16,871	17,265	16,983	8,492	24,144
56440 Charge Against Receipts--SPED	0	0	0	0	0	12,557
56450 Parking Surcharge Ch 90	9,180	10,100	8,120	8,120	4,400	8,800
56455 School Choice Sending Tuition	0	0	15,000	15,000	24,667	74,000
56460 Charter School Sending Tuition	294,289	317,520	257,859	141,947	37,596	119,538
<b>SUBTOTAL</b>	<b>459,224</b>	<b>469,196</b>	<b>423,427</b>	<b>310,356</b>	<b>139,311</b>	<b>364,147</b>



### **Reserve for Abatements**

The Reserve or Allowance for Abatements and Exemptions or Overlay is an account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year. The overlay reserve need not be funded by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

The Board of Assessors process a variety of statutory exemption applications for elderly, veteran, blind and hardship taxpayers. If approved, the exemptions are funded by the Overlay Reserve for Abatements and Exemptions.

Additionally, the taxpayers may file for an abatement of their property taxes. If approved, the exemptions are funded by the Overlay Reserve for Abatements and Exemptions. Typically in a full revaluation year, the amount required to be funded for the Overlay is higher than in a non-revaluation year due to an increase in the volume of abatement applications. In FY2014 our proposed funding for the Overlay Reserve for Abatements and Exemptions is \$500,000, which represents approximately 1.2% of the estimated tax levy.

FY2013 was a revaluation year and the amount of \$679,291 shown in the table in Section 6-1 included \$518,907 raised for the current year, and an additional \$160,384 which was raised to cover an extraordinary abatement due to a telecommunications company following the conclusion of a court case at the state level. The property was taxed in a prior year in this case and was "centrally valued," meaning the state assigned the value rather than local assessors.

### **Cherry Sheet Offset Items**

Cherry Sheet Offset Items are local aid that may be spent without appropriation in the budget, but which must be spent for specific municipal and regional school district programs.

Current offset items for FY2014 include \$7,294 for school lunch grants and \$14,533 for public libraries grants.



### Stabilization Fund Contribution

The Stabilization fund is designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund.

As of June 30, 2012, the balance in the Stabilization Fund is \$3.66 Million. Historically the budget has provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, in recent fiscal years the appropriation has not been possible due to financial constraints. Overall, our reserves remain within the acceptable levels prescribed by our financial policies. More information regarding our level of reserves can be found in Appendix B, pages 9 and 10.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>STABILIZATION FUND CONTRIBUTION</b>						
<b>Expenses</b>						
59950 Stabilization Fund	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL: STABILIZATION FUND CONTR.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Undistributed Expenses

## Section 6-17

### Reserve Fund

Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. Transfers from this account require the approval of the Appropriations Committee. Historically the fund has contained approximately \$118,500 at the start of the budget year. In recent fiscal years the fund has been significantly less due to financial constraints, specifically \$75,000 in FY2010 and \$80,000 in FY2011. In FY2012, the Board of Selectmen adopted a Free Cash Policy and identified the Reserve Fund as an appropriate use of Free Cash. Beginning in FY2012 the Reserve Fund was appropriated from Free Cash as a separate Warrant Article at Town Meeting. The FY2014 proposed Reserve Fund amount is level funded from FY2012 and FY2013 at \$150,000.

Most commonly, the Reserve Fund account has been used to make up for any snow and ice budget overdrafts. The table below shows past year “actuals” as zero because the budgeted funds were transferred into other accounts in order to balance them.

		FY2010	FY2011	FY2012	FY2013	FY2013	FY2014
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>RESERVE FUND</b>							
<b>Expenses</b>							
59810 Reserve Fund		0	0	0	0	0	See warrant
<b>SUBTOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Articles</b>
<b>TOTAL:</b>	<b>RESERVE FUND</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



### Warrant Articles

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. The warrant articles contain proposed funding using a combination of repurposed bond proceeds and Free Cash. The use of these funding sources results in no additional tax impact. In FY2014, these warrant articles include \$150,000 for the Reserve Fund from Free Cash, funding the FY2014 Capital Budget with \$1,309,307 from Free Cash and \$197,193 from repurposed bond proceeds. The warrant articles total \$1,656,500.

During November of 2010 the Board of Selectmen adopted a Free Cash Policy, which now provides a funding source for projects, other than municipal bonds. The Free Cash Policy is on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The Free Cash Policy and plan are discussed at length in the transmittal letter of the Capital Improvement Plan contained in pages Section 9-1 through 9-6 of this document.

In summary, the FY2014 Town Meeting Warrant Articles include the following:

1. \$150,000 for the Appropriation Committee's Reserve Fund—Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year
2. \$50,000 for Self Contained Breathing Apparatus (SCBA) Air Compressor—This project will replace the Fire Department's current SCBA air compressor which was purchased in 1991. The compressor is used to refill depleted SCBA bottles with purified, pressurized breathing air for firefighting and dive rescue.
3. \$28,000 for an Emergency Shelter Trailer and Supplies—This request is for a 24-foot trailer stocked with cots, blankets and other supplies necessary for emergency sheltering operations. As a result of the increased frequency of extreme weather events in recent years, the Town has enhanced its emergency sheltering planning activities and has identified both the human and physical resources needed to provide residents with temporary shelter facilities in the event of natural or manmade disasters.
4. \$800,000 for DPW Salt Shed Replacement—This request seeks funding to replace the existing salt shed with a new structure adequate in size to store the salt used during snow removal operations. The existing salt shed is currently in disrepair – the wood frame is disintegrating, the doors cannot close, the roof leaks (causing salt to freeze in extreme temperatures) and the walls are bowing outward.
5. \$425,000 for Highway Garage Fuel Island Replacement— This project seeks funding for the construction of a new fuel island with above-ground fuel tanks (unleaded& diesel), dispensers and canopy to replace the existing underground fuel tanks and dispensers at the Public Works facility.
6. \$203,500 for DPW Loader—This request is to replace the 1997 Caterpillar 938 loader with a new model. Used on an almost daily basis, the loader is one of the most heavily-used pieces of equipment in the Public Works fleet.



# Undistributed Expenses

## Section 6-19

	FY2010 BUDGETED <sup>8</sup>	FY2011 BUDGETED	FY2012 BUDGETED	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>TOWN MEETING</b>						
<b>SPECIAL WARRANT ARTICLES</b>						
<b>Expenses</b>						
52022 Declaratory Judgment ARHS	0	100,000	0	0	0	0
58018 Voting Machines	0	27,600	0	0	0	0
59810 Reserve Fund ART 19 <sup>9</sup>	0	0	150,000	150,000	0	150,000
Fire Pickup	0	0	60,000	0	0	0
Police Phone System	0	0	35,000	0	0	0
DPW Truck Lift	0	0	60,000	0	0	0
DPW Pickup w/ Plow	0	0	39,000	0	0	0
DPW Street Sweeper	0	0	164,000	0	0	0
DPW Hwy Dump Truck	0	0	71,000	0	0	0
Peaslee School Roof	0	0	375,000	0	0	0
Emergency 10/29/12 Storm Exp.	0	0	100,000	0	0	0
Fire Engine Tender Truck	0	0	0	350,000	350,000	0
Narrowband Radio Conversion	0	0	0	85,000	85,000	0
Town Offices Building Repair	0	0	0	1,152,000	1,152,000	0
Ellsworth McAfee Park Track	0	0	0	40,000	40,000	0
DPW One-Ton Service Truck	0	0	0	56,000	56,000	0
Sidewalk Plow	0	0	0	153,000	153,000	0
Portable Emergency Generator	0	0	0	100,000	100,000	0
Lyman Street Well Repairs	0	0	0	250,000	250,000	0
Lincoln School Feasibility Study	0	0	0	500,000	500,000	0
Middle School Emer Generator	0	0	0	400,000	400,000	0
Fire SCBA Compressor	0	0	0	0	0	50,000
Emergency Shelter Trailer	0	0	0	0	0	28,000
DPW Salt Shed Replacement	0	0	0	0	0	800,000
DPW Fueling Island	0	0	0	0	0	425,000
DPW Front-end Loader	0	0	0	0	0	203,500
<b>SUBTOTAL</b>	<b>0</b>	<b>127,600</b>	<b>1,054,000</b>	<b>3,236,000</b>	<b>3,086,000</b>	<b>1,656,500</b>

<sup>8</sup> Amounts in the table reflect the total budget for the article in the column of the year proposed. Warrant articles are generally multi-year and reflect transfers from the General Fund to Capital Project Funds rather than actual expenditures, which may cross fiscal years, therefore the depiction of budget rather than actual expenditures is used in this case. There were no warrants articles to spend current resources in FY2010.

<sup>9</sup> Amounts in the table reflect the Reserve Fund budgeted and appropriated as a separate article from the Town's operating budget. The source for the fund is Free Cash starting in FY2012. The Reserve Fund within the Town budget was \$75,000 in FY2010 and \$80,000 in FY2011.



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# **Public Education**

## **Section 7**





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Northborough K-8 Public Schools

It is the mission of the Public Schools of Northborough to maximize academic achievement, social responsibility and lifelong learning by attending to the intellectual and developmental needs of individual students in supportive classroom environments.

The Northborough School Committee consists of five (5) members elected by the voters of the Town of Northborough. The Northborough Public School System serves children in grades Kindergarten through 8. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade 5. There is also one middle school, the Robert E. Melican Middle School, which serves grades 6, 7 and 8.

As of October 1, 2012, a total of 1,891 students attend the Northborough schools—enrollment of 1,249 students in grades K-5 at the four town elementary schools and an enrollment of 642 students for grades 6-8 at the Middle School. In FY2014, the proposed K-8 School budget is an increase of \$877,287 or 4.50%.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>NORTHBOROUGH K-8 SCHOOLS</b>						
K-8 School Department	17,450,696	17,791,049	18,453,076	19,495,277	6,131,763	20,372,564
<b>TOTAL</b>	<b>17,450,696</b>	<b>17,791,049</b>	<b>18,453,076</b>	<b>19,495,277</b>	<b>6,131,763</b>	<b>20,372,564</b>

**\*\*For detailed information regarding the Northborough K-8 Public School budget, initiatives and goals, please see the School Superintendent's FY2014 budget.\*\***



### Northborough-Southborough Regional High School

The Northborough-Southborough Regional High School Committee consists of five (5) members from Northborough and five (5) members from Southborough. The Northborough-Southborough Regional School District houses students from grades 9 through 12 in Algonquin Regional High School. Algonquin is a comprehensive high school; that is, a school designed to meet the needs of a variety of students, including students preparing to enter a four-year college or university, students who will continue their education for a shorter period of time in a junior college, vocational or technical school, and students preparing to enter the workforce. The school is organized in a Lower School for grades 9-10 and an Upper School for grades 11-12. An Instructional Support Unit serves all students in all grades. Approximately 90% of Algonquin graduates enter post-secondary education institutions

As of October 1, 2012, a total of 863 Northborough students attend the Northborough-Southborough Regional High School. This represents 58.39% of the total student enrollment in grades 9-12. The Northborough-Southborough budget is composed of an operating assessment and a debt payment related to the completed renovation/addition project. In FY2014 the operating assessment increases \$801,892, or 9.98% to \$8,835,115. However, the debt for ARHS decreases by \$623,862, or 48.82% to \$659,761.

It is important to note that the net effect of changes to the ARHS assessment and debt service is an overall increase of 1.85%, or \$172,559.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ALGONQUIN REGIONAL HIGH SCHOOL</b>						
19981 Algonquin Regional Assessment	7,962,259	7,696,524	7,817,716	8,033,223	4,050,161	8,835,115
19981 Debt- Exclusion – Prop 2 1/2	875,871	1,131,427	1,267,629	1,289,094	644,547	659,761
19981 Debt – Not Excluded	0	0	0	0	0	0
<b>TOTAL</b>	<b>8,838,130</b>	<b>8,827,951</b>	<b>9,085,345</b>	<b>9,322,317</b>	<b>4,694,708</b>	<b>9,494,876</b>

**\*\*For detailed information regarding the Northborough/Southborough Regional High School budget, initiatives and goals, please see the School Superintendent's FY2014 budget.\*\***



## Assabet Valley Regional Technical High School

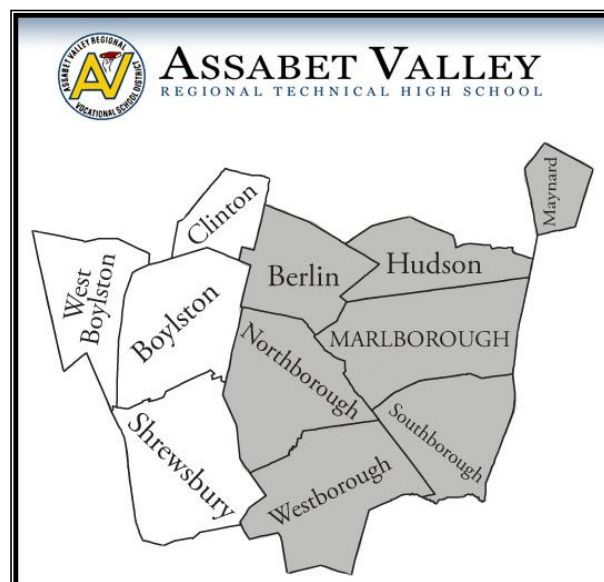
Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. The total FY2014 budget is \$17,794,000 which is a \$194,000 or 1.12% increase.

A \$62.4 million building renovation project has been approved by all of the member communities. The Massachusetts School Building Authority voted to fund 53.48% of the project. The construction will begin in the summer of 2013. Northborough's debt assessment will be \$1,044 in FY2014, \$15,660 in FY2015 and \$39,413 in FY2016. The debt assessment will peak in FY2017 at \$166,934.

As of October 1, 2012, 46 Northborough students attend Assabet Valley, which represents 6.53% of the FY2014 budget, or an operating assessment of \$646,939. This is a decrease from the 49 Northborough students on October 1, 2011. The total FY2014 assessment, including the \$1,044 in debt service is \$647,983.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>ASSABET VALLEY REG TECH HIGH SCH</b>						
53260 Assabet Regional Assessment	600,335	680,836	517,488	656,645	328,323	647,983
<b>TOTAL</b>	<b>600,335</b>	<b>680,836</b>	<b>517,488</b>	<b>656,645</b>	<b>328,323</b>	<b>647,983</b>

**\*\*For more information regarding the Assabet Valley Regional Technical High School budget, initiatives and goals, please see the Assabet Valley's School Superintendent's FY2014 budget.\*\***





### Norfolk County Agricultural High School

Norfolk County Agricultural High School (NCAHS) is a public high school in Walpole Massachusetts that offers academic and vocational training to 489 students from 27 towns, one city and more than 40 out of county (tuition) towns.

In prior years the Town has borne the expense of tuition and transportation to the NCAHS in the Town's portion of the budget. This expense is borne by the Town because students have the freedom to seek admission to schools with state-approved vocational technical education programs pursuant to M.G.L. c. 74 603 CMR 4.00 and are known as Chapter 74 approved programs. Since the Town of Northborough did not offer the particular vocational technical education program in which the student was interested, either at the high school or the regional vocational technical high school to which the town belongs, the student then had the option to apply to any school which offered such a program.

In this case the student applied for admission and was accepted, under the Chapter 74 non-resident option, to the NCAHS program. Once accepted the Town is required to bear the cost of both tuition and transportation.

There are no students expected to attend this school for the next fiscal year.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>NORFOLK AGRICULTURAL HIGH SCHOOL</b>						
56470 Norfolk Agricultural Assessment	33,277	0	0	0	0	0
<b>TOTAL</b>	<b>33,277</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# **Enterprise Funds**

## **Section 8**



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### **Solid Waste Enterprise Fund Statement**

On January 1, 2003 the Town began a fee-based solid waste program commonly referred to as "Pay-As-You-Throw" (PAYT). The PAYT program is overseen by the Town Engineer and requires residents to use Town of Northborough designated trash bags in order to have their trash recycling collected at curbside by the Town's contractor. The PAYT program is operated as an enterprise fund intended to generate fee revenue to cover all solid waste and recycling collection and disposal costs previously provided within the tax base.

An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It 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, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community the option to recover total service costs through user fees. Enterprise accounting also enables communities to reserve as unrestricted the "surplus" or net assets generated by the operation of the enterprise rather than closing it out to the General Fund at year-end. Services that may be treated as enterprises include, but are not limited to, solid waste, water and sewer services.

### **Significant FY2014 Budget Changes or Initiatives**

The Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses. Total fee revenues are estimated in FY2014 to be \$470,000 and the expenses \$759,099, leaving a projected general fund subsidy of \$239,099 with a transfer from the Solid Waste Fund Free Cash of \$50,000. In FY2014, the appropriation will again contain a \$50,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for the potential of an unforeseen event in the coming year.

In 2010, the Engineering Department issued an Invitation for Bids (IFB) for solid waste and recyclable materials collection and disposal. As part of this IFB, alternate prices were sought for a container-based program with single-stream recycling. In January of 2011, after much discussion and a significant amount of feedback from the residents, the Board of Selectmen voted to retain the current Pay-As-You-Throw (PAYT) program. As a result of the IFB, a significant savings in the collection cost is being realized. FY2014 will be the third year of a five year contract which sets the collection costs at \$475,000 per year. This collection cost contract results in a significant savings of more than \$31,000 over the last year of the previous contract. As a result of the decision by the Board of Selectmen and the favorable prices in the contract, a \$239,099 General Fund subsidy is recommended in FY2014 in order to balance the Enterprise Fund. The total PAYT FY2014 budget is \$759,099. Below is a detailed explanation regarding overhead costs, projected waste tonnage tip fees, and collection cost.

### **PAYT Revenues and Overhead Costs:**

The Town continues to offer two sizes of bags and anticipates the possibility of a significant increase in the cost of the bags from the manufacturer, due to the effect of increases in fuel costs and other factors affecting the resin used in the manufacture of the bags.





The bag fee was last revised in January of 2007 to better cover costs associated with the program and is currently set at \$3.00/large bag and \$1.50/small bag. Additional fees were also created to help reduce the shortfall between revenues and expenditures. A fee of \$10 per box was instituted for the disposal of hazardous waste at the annual Household Hazardous Waste Day event in September of 2005. In addition, a sticker fee of \$10 per item for the disposal of large/bulky items set out at the curb was instituted in March of 2006.

In an effort to minimize additional staff workload the Town has also contracted with Niman Paper Supply for the distribution of bags and bulk item labels to the authorized retailers. The distribution cost is \$.02 per bag or label.

Total projected FY2014 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers and their distribution) is estimated at \$75,000.

In the past the Town has received various grants from the Massachusetts Department of Environmental Protection (DEP) for a number of items in support of the recycling program such as bins, calendars and flyers. However, due to potential state budget cuts these grants may no longer be available and are anticipated to be paid by the Town. The approximate value of these items is \$4,000.

**Disposal Costs and Projected Tip Fee:**

In accordance with the Waste Disposal Agreement with Wheelabrator Millbury, Inc. which went into effect in 2006, the tip fee is adjusted each year on July 1<sup>st</sup> based upon the amount of change in the Consumer Price Index for urban wage earners and clerical workers-Northeast Urban. As outlined in the agreement the current tip fee is \$74.01/ton. Based upon the most recent information from the Bureau of Labor and Statistics and the formula in the agreement, the tip fee for FY2014 has been estimated at \$75.21/ton, which will apply to the amount of trash disposed of between 7/1/13 and 6/30/14.

Although the costs associated with solid waste disposal at Wheelabrator Millbury, Inc. have increased substantially due to the tip fee formula as outlined above, the new contract also included several changes which have resulted in some savings for the Town. The contractual clause regarding "pass through" costs resulting from regulatory changes has been removed, and therefore, the costs previously associated with ash processing, bag house improvements, mercury-bearing waste separation and the Section 4 landfill liner upgrade have all been eliminated resulting in a savings of approximately \$16,000 per year.

**Projected Tonnage for FY2013:**

Actual tonnage for the last 12 months (calendar year 2012) is 1816 tons (which is actually a 13.2% decrease from the previous 12 months). Based on the number of new building permits for single family homes during the last 12 months, the growth rate for this year was 37 new units ÷ 4830 existing homes = 0.8%. Projected Tonnage: (1816 x 1.008) = 1830, which is rounded to 1900 tons for budgeting purposes.



## Solid Waste Enterprise Fund

## Section 8-3

### Collection Costs:

On July 1, 2011 the Town began a five year contract with Central Mass Disposal, Inc.(CMD) of Auburn, Massachusetts for solid waste and recycling collection. In March of 2012, CMD was subsequently bought out by Allied Waste Services, Inc., who will honor the original contract with CMD which contains collection costs in each of the remaining four years to be the same price with no increase. The FY2014 total collection contract cost of \$475,000 includes \$265,000 for Trash Collection and \$210,000 for Recycling Collection.

		FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SOLID WASTE ENTERPRISE FUND</b>							
<b>Expenses</b>	<b>Services</b>						
52810	Unclassified	19,735	79,898	91,200	91,200	43,122	91,200
52910	Trash Collection/Hauler	530,444	504,884	475,000	475,000	197,916	475,000
57810	Trash Disposal-Wheelabrator	147,927	148,194	161,370	164,890	44,619	142,899
59810	Extra Ordinary & Unforeseen Exp	0	0	0	50,000	0	50,000
	<b>SUBTOTAL</b>	<b>698,105</b>	<b>732,976</b>	<b>727,570</b>	<b>781,090</b>	<b>285,657</b>	<b>759,099</b>
<b>TOTAL:</b>	<b>SOLID WASTE</b>	<b>698,105</b>	<b>732,976</b>	<b>727,570</b>	<b>781,090</b>	<b>285,657</b>	<b>759,099</b>

### Additional Solid Waste Budget Detail

#### Unclassified :

Newsletter, training and misc. supplies:	\$4,000
Disposal of illegal dumping:	\$2,000
Household Hazardous Waste Day:	\$10,000
Pay-As-You-Throw costs:	\$75,000
SWANA Membership	\$100
SWANA Meetings	\$100
Sub-total	\$91,200

#### Solid Waste & Recycling Collection – Allied Waste Services :

Trash Collection:	\$265,000
Recycling:	\$210,000
Sub-total	\$475,000

#### Trash Disposal - Wheelabrator Millbury, Inc.:

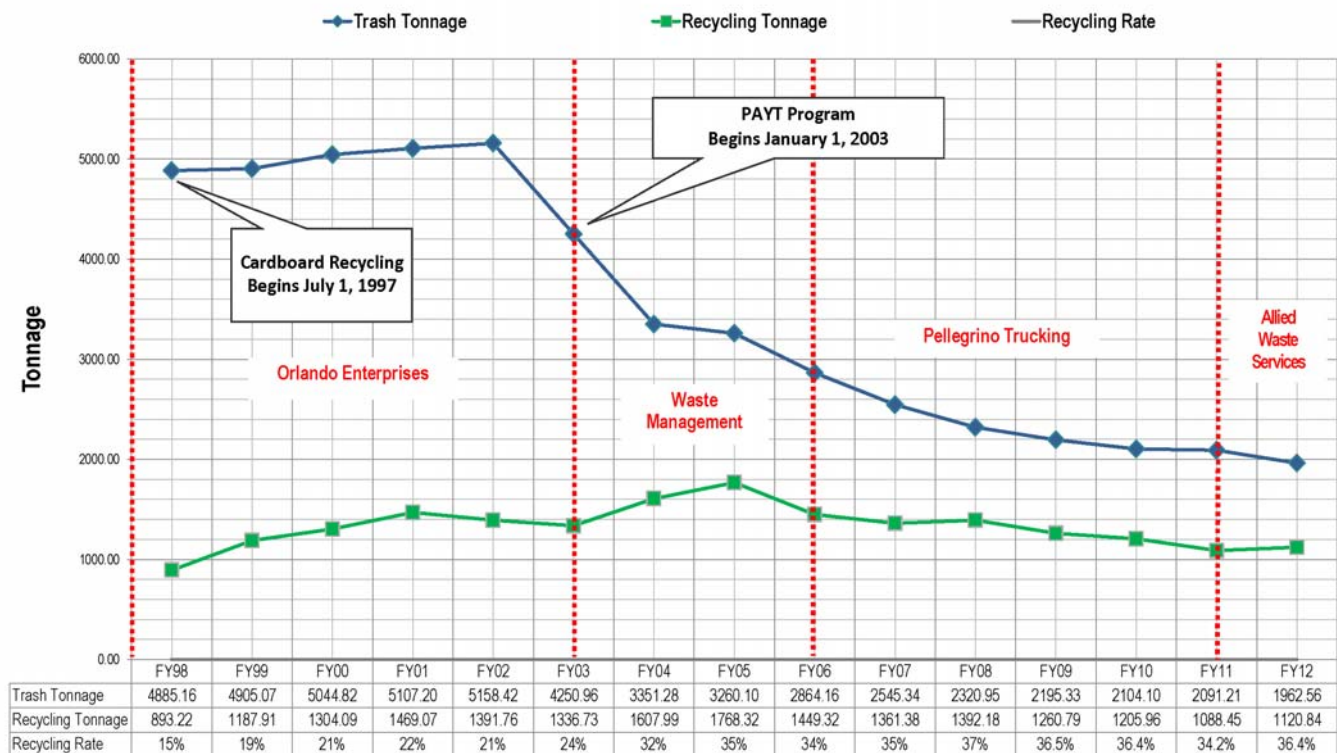
7/1/13 - 6/30/14: 1900 tons x \$75.21	\$142,899
Sub-total	\$142,899

Contingency Reserve	\$ 50,000
Sub-total	\$ 50,000

**Grand Total \$759,099**



## Waste &amp; Recycling Trends from FY1998 to FY2012



Since its inception on January 1, 2003 the PAYT program has provided significant incentive to participants to reduce waste and increase recycling. Trash went from a high of 5,158 tons in FY2002 steadily downward to 1,963 tons in FY2012. In addition, recycling rates over the same time period went from 21% in FY2002 to over 36% in FY2012. The difference between 5,158 tons of trash and 1,963 tons of trash is 3,195. In FY2013 that difference, multiplied by the projected tonnage disposal rate of \$75.21, represents approximately \$240,296 in cost avoidance. That cost avoidance will become increasingly more important as disposal costs continue to rise in the future.



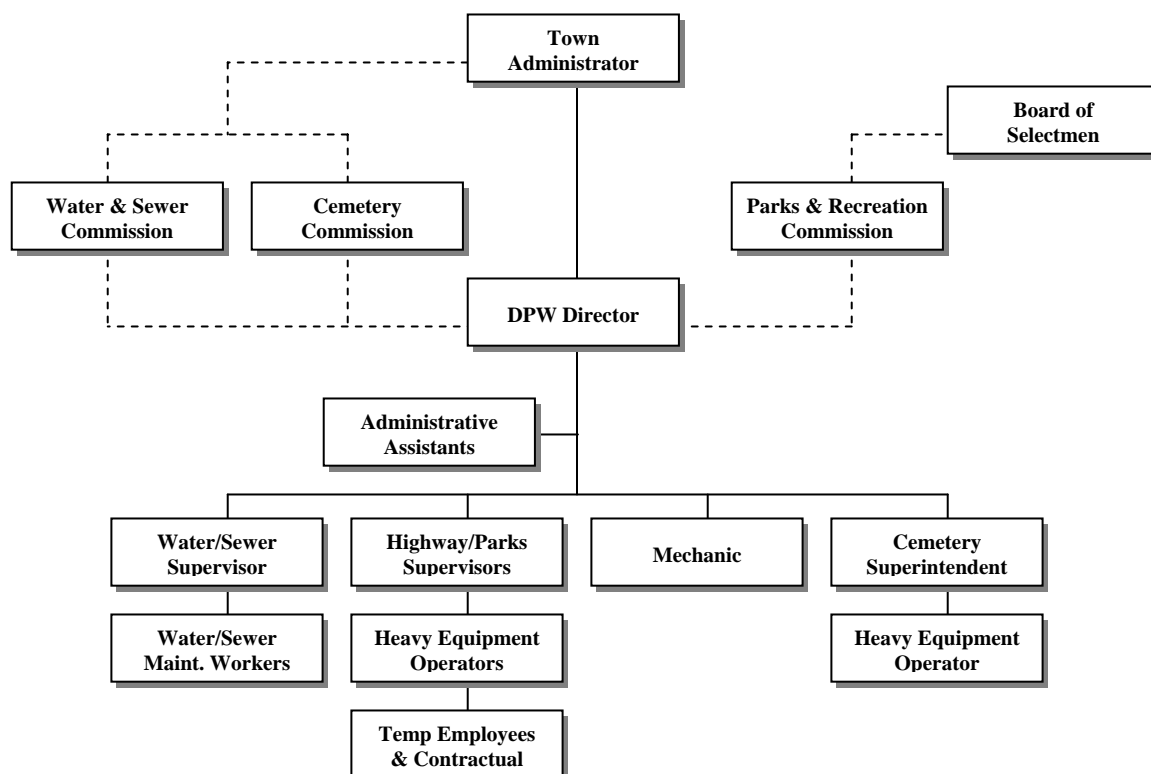
## Water & Sewer Enterprise Funds

The Water and Sewer Divisions operate, maintain and develop the Town's public water and sewer systems and related facilities. The Water and Sewer Divisions are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It 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, if any. 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 chooses. For purposes of providing a departmental overview, personnel summary and goals/objectives, the Water & Sewer Divisions are included within Department of Public Works (DPW) Section 4 of the budget. The actual line item budgets associated with the Water and Sewer enterprise funds are contained here in Section 8 of this budget document.

### Water & Sewer Commission

In addition to the DPW staff, the Water & Sewer Commission provides advisory oversight to the enterprise funds. The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and facilities and the Town's sewerage system. The DPW Director serves as the staff liaison to the Water & Sewer Commission.

### DPW Organizational Chart





### **Background on the Northborough Water System**

Northborough's Water System was first authorized by the State Legislature in 1882. A small portion of Town was originally served from the Northborough Reservoir located in Shrewsbury and Boylston before it was taken out of service in 1955. The connection to what is now called the Massachusetts Water Resources Authority (MWRA)<sup>1</sup> was initiated in 1954. The Town's four wells came online later. The Brigham Street well was brought online in 1956; the Lyman Street well was brought online in 1964; the Crawford Street well was brought online in 1969; and the Howard Street well was brought online in 1994.

In the past, the Town operated its own wells and supplemented production from the wells with water purchased from the MWRA. The MWRA water was originally provided directly from the Wachusett Aqueduct. When the Wachusett Aqueduct was shut down for repair in 2000, the water provided by the MWRA to the Town came through a connection in Bartlett Street. This is connected to the new MWRA Carroll Water Treatment facility in Marlborough.

From 2000 to 2009, all the Town's water was being purchased from the MWRA because the well water was chemically incompatible with the water being provided by the MWRA. The Town well water has a pH of 6.5, and the new MWRA water source has a pH of 9. The higher pH in the MWRA water causes the Town's well water to drop the naturally occurring iron and manganese out of solution and turn the water red.

To address requirements of the Safe Drinking Water Act and to make the Town's water compatible, treatment alternatives were evaluated. The Town's consultant designed a new chemical addition facility at the Lyman Street well which the Town subsequently built. The Lyman Street well was reactivated in 2009 and produced approximately 225,000 gallons per day of the necessary 1 million gallons per day of average daily water usage in Northborough. Unfortunately, in June 2011, routine testing of the Lyman Street well indicated the presence of bacteria and the well was taken offline.

The Town has recently contracted with an engineering consultant to evaluate the Town's water needs. The evaluation will use historical population data and regional studies to project future water system demands for a 20-year period. Raw and finished water quality data will be reviewed to determine required improvements for treatment facilities to comply with current and future drinking water standards. These local well supplies will be contrasted with MWRA interconnections and a cost-benefit analysis will be performed to see if the Town should:

- Utilize the Town's existing wells (and possibly additional subsurface supplies through exploration) with added treatment facilities to meet the water consumption demands,
- Utilize the Town's existing wells along with MWRA interconnection for summer peak demands, or
- Utilize MWRA interconnection for all water supply needs.

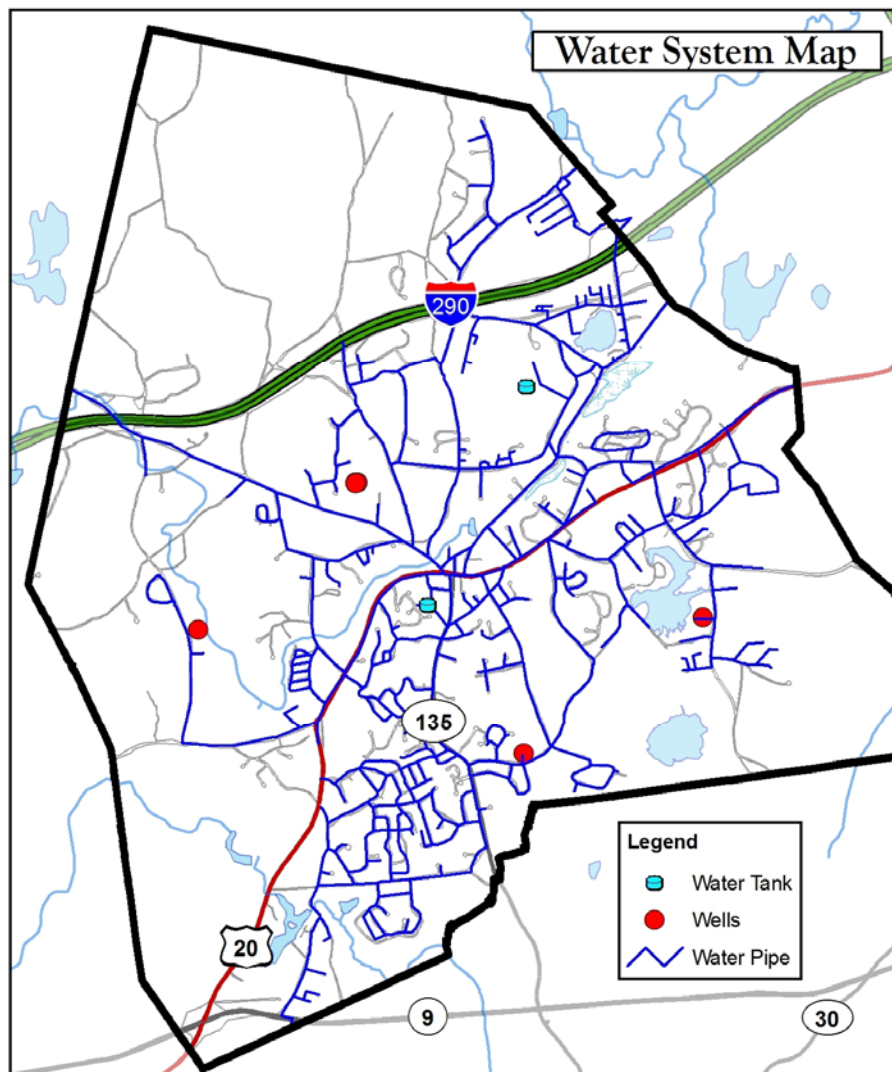
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<sup>1</sup> MWRA is the Massachusetts Water Resources Authority. It is a public authority established by an enabling act enacted in 1984. The enabling act is Chapter 372 of the Acts of 1984. MWRA is an independent authority that provides wholesale water and sewer services to its customer communities, and funds its operations primarily through user assessments and charges. The MWRA was created by the legislature in 1984 and inherited operations and facilities beginning in 1985 from the Metropolitan District Commission, a century-old department of state government.



In order to fully determine the preferred scenario outlined above, a water system master plan is being developed. This master plan focuses on the entire potable water system and its ability to provide the Town with the most cost effective method of delivering safe, clean potable water to the residents. The study includes reviewing sustainable sources of water supply as well as evaluating the current distribution model, calibrating the model and calculating storage and system operating pressures. Results from the water system master plan will govern the need to further assess the development of water treatment facilities throughout Town.

Approximately 80% of the Town receives water from the public water supply system. The map below shows the water system service area.





### Significant FY2014 Budget Changes or Initiatives

The most important initiative for the DPW Water Division Enterprise Fund will be the reactivation of the Lyman Street well. Since there is a significant cost to the water currently purchased from the MWRA, by pumping and possibly treating our own well water in the future, the Town can minimize the amount of water purchased from MWRA and thereby reduce our Water Enterprise Fund expenses.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>WATER ENTERPRISE FUND</b>						
<b>Personnel Services</b>						
<sup>2</sup> 51010 Full-time Wages	132,383	136,380	138,007	139,152	64,224	140,289
<sup>3</sup> 51100 Full-time Salary	31,323	32,106	19,492	31,512	14,544	32,143
<sup>4</sup> 51120 Full-time Permanent wages	27,719	28,480	31,829	31,154	14,378	33,463
51130 Part-time Salaries	1,350	1,350	1,080	1,080	0	1,080
<sup>5</sup> 51135 GIS Salary	12,000	12,000	12,000	12,000	12,000	12,360
51300 Overtime	25,190	36,874	36,638	34,246	13,564	35,072
51410 Longevity Pay	1,605	1,785	1,590	1,635	1,635	1,815
51970 Stipends	1,275	1,020	1,020	1,020	0	800
<b>SUBTOTAL</b>	<b>232,845</b>	<b>249,996</b>	<b>241,656</b>	<b>251,799</b>	<b>120,345</b>	<b>257,022</b>

<sup>2</sup> Line 51010 represents the 60% of the Water/Sewer Supervisor salary as well a 60% of the Water/Sewer Maintenance Workers' wages. The other 40% of these personnel expenses are included in the Sewer Enterprise Fund budget.

<sup>3</sup> Line 51100 represents 30% (12 hrs per week) of the DPW Director's salary. Another 20% is reflected in the Sewer Enterprise Fund Budget and the balance (50%) is included in the DPW budget Section 4 of this document.

<sup>4</sup> Line 51120 represents 21 hours per week of an Administrative Assistant

<sup>5</sup> Line 51135 represents 14.3% (6 hours per week) of the GIS Director's time supporting the Water Enterprise fund. Another 9.5% (4 hours per week) is reflected in the Sewer Enterprise Fund Budget.



# Water & Sewer Enterprise Funds

## Section 8-9

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>WATER ENTERPRISE FUND</b>						
<b>Expenses</b>						
51710 Workers' Compensation	7,923	7,923	8,122	8,122	8,122	8,366
51730 F.I.C.A.	3,179	2,753	3,414	3,836	3,836	3,836
51740 Life Insurance	110	110	88	88	88	88
51750 Health Insurance	51,835	38,778	44,362	50,274	50,274	42,083
51920 Uniforms	1,676	1,680	1,751	1,680	561	1,680
52110 Electricity	1,696	1,717	1,690	2,300	387	2,000
52610 Building Maintenance	2,400	5,656	1,919	3,000	2,606	3,000
52620 Equipment Maintenance	11,391	12,913	13,105	20,000	3,043	18,000
52800 Contractual Services	5,510	33,352	59,098	73,000	1,446	84,000
52850 Audit	1,620	1,632	1,680	1,731	1,731	1,765
53020 Legal Services	7,129	3,986	2,378	9,000	908	9,000
53110 Printing	9,490	10,084	5,477	6,120	1,755	6,300
53170 Water Analysis	6,429	11,700	7,624	10,000	290	47,500
53190 Training	559	360	789	650	16	5,933
53410 Telephone	6,429	4,730	3,854	7,200	1,656	3,816
54290 Office Supplies	164	200	198	500	1,203	500
54350 Howard Street Well	0	0	686	0	0	0
54370 Private Work	540	1,555	25	1,000	0	0
54380 Brigham Street Well	0	0	750,478	1,000	0	120
54390 Hudson Street Well/MWRA	826,744	797,120	2,396	884,392	442,537	1,026,774
54400 Lyman Street Well	8,200	13,254	267	18,000	260	15,000
54410 Crawford Street Well	736	442	11,843	1,000	40	120
54420 Distribution of Materials	128	37,435	9,650	15,000	8,036	30,000
54820 Gasoline	12,051	12,051	2,693	9,650	9,650	9,939
54840 Natural Gas	3,005	3,620	0	5,000	362	5,000
55990 Chemicals	30,652	35,365	0	40,000	0	40,000
56220 Worcester Regional Retirement	25,608	33,044	29,372	31,786	31,786	32,609
57110 Travel/Mileage	0	0	71	360	82	360
57310 Dues	3,475	3,190	3,014	3,005	40	0
57340 Meetings	0	0	0	0	0	0
57410 Liability/Building Insurance	12,862	12,862	14,062	14,062	14,062	14,360
57810 Unclassified	84	104		0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	0	0	59,786	0	0	0
<b>SUBTOTAL</b>	<b>1,041,624</b>	<b>1,087,615</b>	<b>1,039,892</b>	<b>1,296,756</b>	<b>584,776</b>	<b>1,487,149</b>



## Section 8-10 Water & Sewer Enterprise Funds



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>WATER ENTERPRISE FUND</b>						
<b>Expenses (Capital)</b>						
58530 Capital Outlay	11,662	29,734	37,273	50,400	1,611	50,000
<b>SUBTOTAL</b>	<b>11,662</b>	<b>29,734</b>	<b>37,273</b>	<b>50,400</b>	<b>1,611</b>	<b>50,000</b>
	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>WATER ENTERPRISE FUND</b>						
<b>Expenses (Debt Service)</b>						
59100 Principal / Long Term Debt	292,400	300,616	361,524	308,700	15,000	278,770
59150 Interest / Long Term Debt	114,479	102,510	112,730	101,395	50,834	97,044
59270 Interest / Temporary Loans	8,451	8,451	0	8,580	0	0
<b>SUBTOTAL</b>	<b>415,331</b>	<b>411,578</b>	<b>474,254</b>	<b>418,675</b>	<b>65,834</b>	<b>375,814</b>
<b>TOTAL: WATER ENTERPRISE FUND</b>	<b>1,701,463</b>	<b>1,778,922</b>	<b>1,793,074</b>	<b>2,017,630</b>	<b>772,566</b>	<b>2,169,985</b>



### **Background on the Northborough Sewer System**

The Town operates a collection system of sewer pipes that bring sewerage to the City of Marlborough's Westerly Wastewater Treatment Plant where it is treated and discharged into the Assabet River. When the sewer system was started in the mid 1960's it was designed to service only the central portion of Town. While sewer pipe installation did not start until the 1970's, in 1964 land was purchased for a Northborough sewage treatment plant on Boundary Street.

In the late 1960's when the Town of Northborough attempted to obtain approvals from the Massachusetts Department of Environmental Protection (DEP) and the Federal Environmental Protection Agency (EPA) regulators for a sewerage treatment plant, the Town was told that since Marlborough was building a plant across Boundary Street, that the regulators would not allow two plants across the street and side-by-side with each other on the river. As a result, the Town of Northborough was required to become a tenant in the Marlborough Westerly Wastewater Treatment Plant by entering into an Intermunicipal Agreement with the City of Marlborough for sewerage treatment.

In 1970, the Town of Northborough entered into the first of two twenty-year agreements with Marlborough for 800,000 gallons per day (gpd). The Marlborough Westerly Plant has a design capacity of 2.89 million gallons per day (mgpd). Therefore, Marlborough's portion is 2.09 mgpd and Northborough's is 0.80 mgpd. While our sewer pipe installation has continued into the present in accordance with a Master Plan initially generated in the early 1980's, the Town's sewer capacity at the Westerly Plant has not changed since the original 1970 agreement. It has remained at 0.80 mgpd for forty years.

### **Sewer service area and future capacity needs**

In the late 1970's the Town hired the engineering firm of Camp Dresser & McKee (CDM) to begin developing the sewer system and mapping out the sewer service area for the Town. It was estimated that the sewerage to be contributed by the users in the original sewer service area would use the full 0.80 mgpd of sewer capacity. Therefore, as long as the Town's capacity at the treatment plant remains at 0.80 mgpd, it cannot provide sewer to any other parts of Town currently outside of the sewer service area.

During 2000, CDM updated the sewer service area and determined that there was only 50,000 gpd of sewer capacity for development of the southeast and southwest industrial areas. The Avalon Bay/Northborough Crossing development is projected to use 130,000 gpd of sewer capacity. Not only does this use up the 50,000 gpd allocated for industrial development, but it also uses 80,000 gpd more of capacity previously targeted for existing residential areas in Town. Therefore, it is critical for the Town to pursue additional capacity at the Marlborough Westerly Wastewater Treatment Plant. Should the Town not be successful in getting additional capacity, the amount of capacity previously designated for users within the sewer service area will need to be reduced by 80,000 gpd to stay within our 0.80 mgpd.

## Section 8-12      Water & Sewer Enterprise Funds

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### Assabet Consortium Study

In 2000, Town Meeting authorized \$500,000 to study the Town's current sewer needs through the Assabet River Consortium Study. The Assabet Consortium Study is a collaboration of the six towns whose sewerage treatment plants discharge to the Assabet River; these include Northborough, Marlborough, Westborough, Shrewsbury, Hudson and Maynard. As part of the discharge permit for each sewerage treatment plant (there are four) each Town must produce a study that evaluates the effect of the treatment plant's discharge on the Assabet River. The engineering firm of Fay, Spofford & Thorndike (FST), was hired to do the study for the Town of Northborough. FST inventoried the Board of Health records for septic system failures, excessive pumping, Building Department records for building construction, soils maps, zoning and other applicable files and information to calculate the sewer capacity necessary to service the entire Town of Northborough. They determined that the Town, including existing users, would need 1.25 million gallons of sewer capacity per day. This means that there is not enough capacity in the existing sewage treatment plant for the Town to provide sewer to every area that needs it. Marlborough's consultant determined that Marlborough also needed additional capacity. Between Northborough & Marlborough the total sewage treatment capacity needed is 4.15 million gallons. With the plant capacity permitted for 2.89 mgpd, the deficit is 1.26 mgpd.

Through the Assabet Consortium Study process, the DEP and EPA originally informed the Town that no additional flows would be permitted into the Assabet River. Therefore, the additional 1.15 mgpd of capacity necessary for Northborough and Marlborough must be handled by infiltrating it into the ground through subsurface discharge. Even though the effluent water is treated to just about drinkable standards, the DEP and EPA goal is to replenish the ground water rather than let it flow away down the river.

### Haitsma Property Acquisition

At the August 10, 2004 Special Town Meeting the Town opted to purchase, through the Chapter 61A tax relief statute, the Haitsma farm at 455 Main Street. The primary purpose of this land was to serve future sewer utility expansion, thus allowing proper build-out and economic development of the Town. According to the Town's consultants, the additional 1.5 million gallons per day of sewer capacity could be achieved through subsurface disposal on the Haitsma property, if needed. However, the cost would be significantly higher than discharging to the river. Consultants for Marlborough and Northborough proposed putting all the additional flows into the river because of the negative environmental impact of clearing all the land necessary to put the additional flows into the ground as well as the additional energy costs of the subsurface disposal.

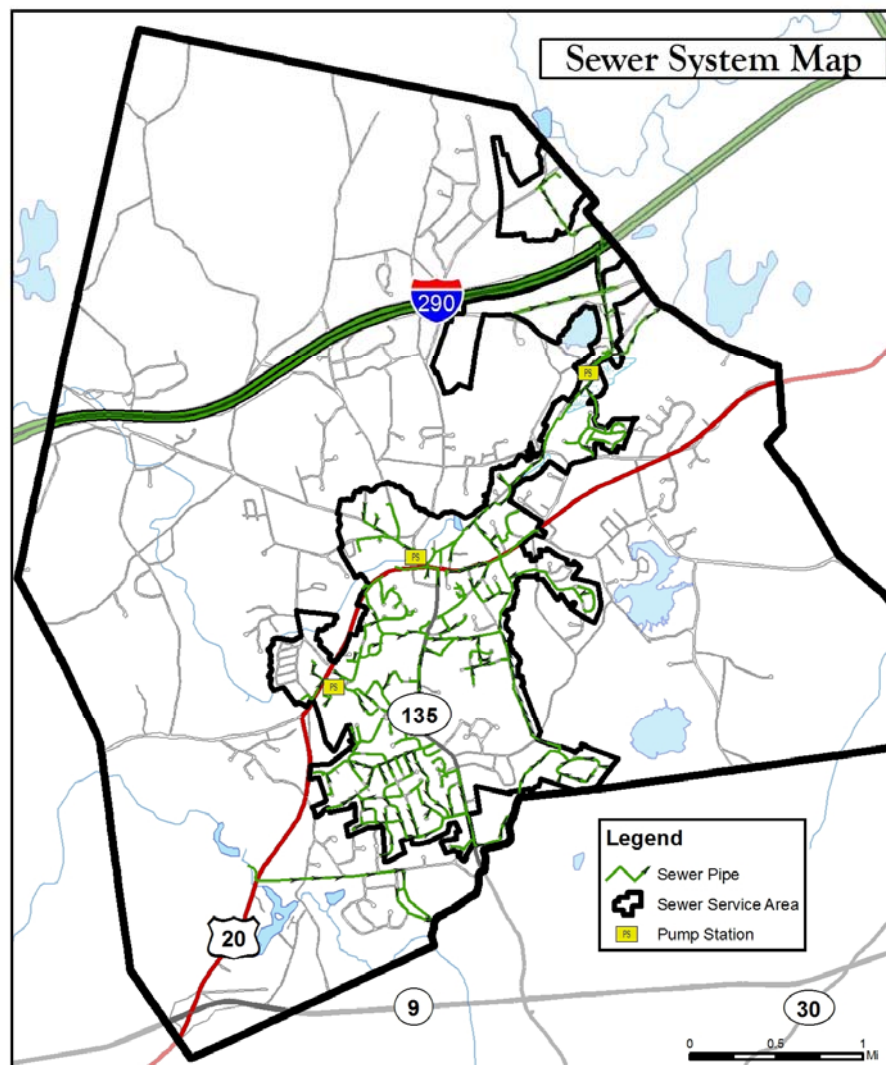
### Status of the Marlborough Westerly plant expansion

On November 16, 2009, after spending more than 8 years working with both the State DEP and Federal EPA, the National Pollutant Discharge Elimination System (NPDES) Permit modification for the Marlborough Westerly Treatment Plant was finally granted. This is the permit that allows the Westerly Treatment plant additional flow into the Assabet River, instead of more expensive alternatives such as subsurface disposal on the Haitsma property. The NPDES permit modification also included significant and expensive upgrades to water treatment, particularly with regard to phosphorus discharge limits.



Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great results on the quality of the effluent, it is coming at a significant increase in operational costs. Pursuant to our Inter-municipal Agreement the Town of Northborough will owe 30% of the cost of construction. It remains to be seen how the issue of additional capacity will be resolved, but the EPA has indicated that it intends to take up the matter as part of the renewal process for the existing NPDES permit for the Marlborough Westerly Plant.

Approximately 30% of the Town has access to the sewer wastewater system. The map below shows the sewer system service area.



## Section 8-14      Water & Sewer Enterprise Funds



### Significant FY2014 Budget Changes or Initiatives

The most critical issue facing the DPW Sewer Division Enterprise Fund continues to be the acquisition of the NPDES permit modifications necessary for additional capacity at the Marlborough Westerly Plant. Currently under construction, we are continuing to plan for both the additional capacity as well as the potential for a significant sewer rate impact for Northborough's share of this \$30 million expansion project. Our current estimate is that sewer rates may need to double in coming years in order to finance the project. The Town is aggressively seeking all possible alternative funding sources.

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SEWER ENTERPRISE FUND</b>						
<b>Personnel Services</b>						
51010 Full-time Wages	88,256	90,920	92005	92,768	42,816	93,526
51100 Full-time Salary	20,882	21,404	12995	21,008	9,696	21,429
51120 Full-time Permanent wages	18,479	18,987	21219	20,769	9,586	22,309
51130 Part-time Salaries	450	450	720	720	0	720
51135 GIS Salary	8,000	8,000	8000	8,000	8,000	8,240
51300 Overtime	16,793	25,843	24425	22,831	9,043	23,381
51410 Longevity Pay	1,070	1,190	1060	1,090	1,090	1,210
51970 Stipends	425	680	680	680	0	900
<b>SUBTOTAL</b>	<b>154,355</b>	<b>167,475</b>	<b>161104</b>	<b>167,866</b>	<b>80,230</b>	<b>171,715</b>



## Water & Sewer Enterprise Funds

## Section 8-15

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SEWER ENTERPRISE FUND</b>						
<b>Expenses</b>						
51710 Workers' Compensation Ins.	5,282	5,282	5415	5,415	5,415	5,577
51730 F.I.C.A.	2,120	1,836	2275	2,813	2,813	2,813
51740 Life Insurance	37	37	59	59	59	59
51750 Health Insurance	34,557	25,851	29575	33,516	33,516	28,055
51920 Uniforms	834	1,109	1033	1,120	374	1,120
52110 Utilities	31,901	28,644	26165	33,000	5,672	41,500
52310 Marlborough Use Charge	148,625	132,275	169445	297,500	88,734	350,000
52600 Building Maintenance	4,290	17,408	16327	5,000	4,675	5,000
52620 Equipment Maintenance	0	0	5429	2,500	2,086	32,200
52800 Contractual Services	0	0	766	25,000	96	25,000
52850 Audit	1,080	1,088	1120	1,154	1,154	1,177
53020 Legal Services	3,043	3,416	3902	5,000	1,304	5,000
53080 Consultant Rate Studies	0	0	0	0	1,170	0
53110 Printing	0	0	3409	4,080	0	4,200
53170 Testing	0	0	1610	1,700	1,077	1,800
53190 Training, Dues and Licenses	0	0	0	0	0	1,720
53410 Telephone	2,115	2,201	2254	2,200	0	3,900
54290 Office Supplies	0	0	0	0	0	500
54420 Distribution of Materials	0	0	210	2,500	0	2,500
54820 Gasoline	4,017	4,017	6500	6,500	6,500	6,626
55990 Chemicals	0	0	0	2,500	0	0
56220 Worcester Regional Retirement	17,504	11,015	19583	21,192	21,192	21,741
57110 Mileage	0	0	47	240	54	240
57410 Liability/Building Insurance	8,575	8,575	9175	9,175	9,175	9,574
57810 Unclassified	0	0	0	0	802	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
<b>SUBTOTAL</b>	<b>263,980</b>	<b>242,753</b>	<b>304299</b>	<b>537,164</b>	<b>185,869</b>	<b>625,302</b>

## Section 8-16 Water & Sewer Enterprise Funds



	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SEWER ENTERPRISE FUND</b>						
<b>Expenses (Capital)</b>						
58530 Capital Outlay	0	0	3532	33,600	1,074	40,000
<b>SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>3532</b>	<b>33,600</b>	<b>1,074</b>	<b>40,000</b>

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGETED	FY2013 SIX MONTHS	FY2014 PROPOSED
<b>SEWER ENTERPRISE FUND</b>						
<b>Expenses (Debt Service)</b>						
59100 Principal / Long Term Debt	344,641	443,590	444,638	451,690	170,563	448,008
59150 Interest / Long Term Debt	198,001	224,589	209,904	178,612	101,850	163,090
59270 Interest / Temporary Loans	192,596	1,047	0	0	0	0
59990 Other Financing Uses	0	0	0	75,000	75,000	0
<b>SUBTOTAL</b>	<b>735,239</b>	<b>669,226</b>	<b>654,542</b>	<b>705,302</b>	<b>347,413</b>	<b>611,098</b>

<b>TOTAL: SEWER ENTERPRISE FUND</b>	<b>1,153,574</b>	<b>1,079,454</b>	<b>1,123,476</b>	<b>1,443,932</b>	<b>614,586</b>	<b>1,448,115</b>
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# *Proposed Capital Improvement Program*



*2014 - 2019*

*Town of Northborough, Massachusetts*



# ***CAPITAL IMPROVEMENT PROGRAM***

## **Table of Contents**

<b>Town Administrator's Transmittal Letter</b> .....	1
FY2014 Proposed Capital Budget .....	3
<b>Introduction of Frequently Asked Questions</b> .....	7
Capital Projects Flow Chart .....	12
<b>Part I     Capital Improvement Program FY2014-2019 Summary by Department</b> .....	13
<b>Part II    Project Detail Sheets by Department</b> .....	19
Fire/EMS Department .....	21-28
Police Department .....	29-31
Town Offices .....	32-33
Planning Department .....	34
Management Information Systems/Geographic Information Systems (MIS/GIS) .....	35-36
Parks & Recreation Commission .....	37
Department of Public Works: Highway/Parks/Cemetery Divisions .....	38-52
Northborough K-8 Public Schools .....	53-61
<b>Part III   Financial Planning Committee Report</b> .....	63-76



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Town Administrator

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March 4, 2013

To: Board of Selectmen  
Financial Planning Committee  
Appropriations Committee

It is my pleasure to submit herewith the Proposed FY2014-2019 Capital Improvement Program (CIP), the first year of which constitutes the requested FY2014 Capital Budget. Each year, Town Meeting reviews the Proposed Capital Budget and adopts it by voting to appropriate funds for each recommended capital project. The planned acquisition of capital associated with the annual appropriation is an important component of the Town's capital plan.

As in recent years, the CIP is incorporated in its entirety as Section 9 of the annual Operating Budget document. While the physical document continues to be improved, the main focus again in FY2014 is on the financing of the projects themselves, as the Town seeks to fund more projects using available funds such as Free Cash, without incurring debt. In addition to using available Free Cash, the preparation of our FY2014 Capital Budget included another concerted effort to close out completed capital projects and repurpose available bond proceeds to fund new projects.

### **The Free Cash Policy**

The process of preparing the CIP and the FY2014 Capital Budget has remained essentially the same in recent years. However, the Board of Selectmen adopted a Free Cash Policy in November of 2010, which provides a recurring funding source for projects, other than municipal bonds. Interested readers are encouraged to refer to the complete Free Cash Policy on page 2 of Appendix A of this budget document, which contains the Town's comprehensive financial policies.

In its most basic definition, Free Cash is the fiscal year-end combination of revenues that come in higher than estimated and expenditures that come in lower than budgeted. After the June 30th close of the fiscal year, the Town's Free Cash is certified by the State Department of Revenue and available for appropriation. Free Cash that was certified at the close of FY2012 (June 30, 2012) is available for use in the FY2014 (July 1, 2013) Capital Budget.

The adopted Free Cash Policy attempts to align one-time revenues with appropriate one-time expenditures, thereby minimizing the level at which recurring expenses, such as personnel, are dependent upon this non-recurring revenue source. To that end, the following are explicitly authorized uses of Free Cash under the adopted policy:

1. Appropriation Committee's Reserve Fund
2. Limited (\$500,000) Subsidy of the Operating Budget
3. Contribution to the Town's Stabilization Fund
4. Fund Projects in the Capital Improvement Program
5. Extraordinary Deficits & Emergency Appropriations

Under the policy, one appropriate use of Free Cash is to fund capital projects that would otherwise incur borrowing costs associated with the issuance of debt. The financing of small capital projects or equipment is not considered a best practice for a community our size. Although perfectly legal, the Town has moved away from incurring debt for vehicles and small equipment purchases.

Bond rating agencies prefer to see Towns use a pay-as-you-go approach for smaller capital projects. The one-time nature of Free Cash makes it an excellent match for one-time capital expenditures. If for some reason sufficient Free Cash does not materialize in a given year, the Town may borrow for capital projects, or delay them, without causing immediate impact to the operating budget and related services.

#### **The FY2014 Free Cash Plan**

The Free Cash Policy represents the Town's agreed upon and principled approach to how this unpredictable revenue source will be used. The policy guides our decision-making process based upon sound financial planning practices and sets realistic and sustainable goals. The Free Cash Plan is the

annual implementation of how actual Free Cash will be used during the budget process in the context of our policy guidelines, including funding of any capital projects. As always, any use of Free Cash remains subject to Town Meeting approval and appropriation.

At the conclusion of FY2012 Free Cash was certified at \$2.45 million. Of the total Free Cash, \$1.3 million is available to finance the FY2014 Capital Budget. Projects financed using Free Cash will not increase taxes or result in the payment of finance charges. The use of Free Cash is a significant funding source for FY2014 capital projects and it will likely play a significant role in funding future capital projects as well.

#### **FY2014 Proposed Free Cash Plan**

Free Cash Certification 7/1/2012		2,459,307.00	100.00%
FY2014	Appropriated Reserve	-150,000.00	6.10%
FY2014	Operating Budget FY2013	-500,000.00	20.33%
FY2014	Stabilization Fund	0.00	0.00%
FY2014	Capital Projects	-1,309,307.00	53.24%
Available Free Cash after FY2014 Plan		500,000.00	20.33%

In addition to the use of Free Cash in FY2014, the Town will also be using other one-time revenues in the form of repurposed bond proceeds to finance capital projects.

#### **Repurposed Bond Proceeds**

Massachusetts General Laws, Chapter 44, Section 20 allows for Town Meeting to approve the appropriation of the balance of any bond proceeds that remain from completed projects. These remaining funds can be repurposed for any project for which a loan of a similar term or longer could be authorized. The repurposing of these funds will provide significant

funding for the FY2014 Capital Budget with no additional tax impact on residents.

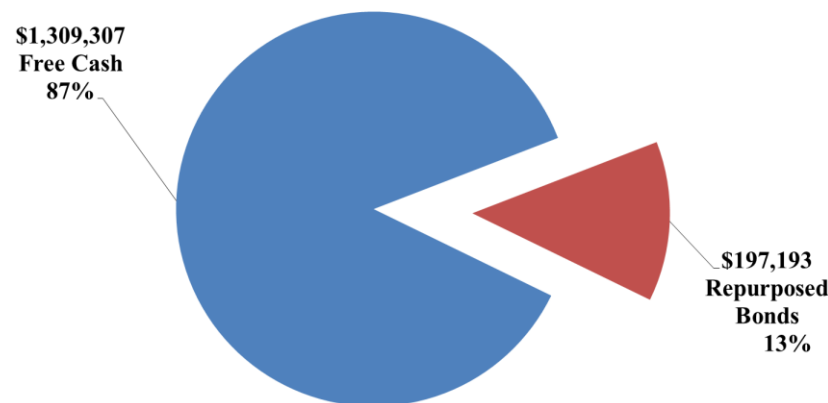
At this time, it is anticipated that \$197,193 in repurposed bonds will be used to fund the various projects contained in the proposed FY2014 Capital Budget. Below is a summary table of those previously issued, but remaining bond proceeds.

#### FY2014 Repurposed Bonds

Date of Approval	Warrant Article	Original Purpose	Unexpended Amount
4/28/2008	#21	119 Colburn St. Remediation	\$ 146,708
4/23/2001	#34	Street Repairs- Green Street	\$ 18,399
4/23/2001	#35	Street Repairs- Howard Street	\$ 19,845
4/26/2000	#33	Street Repairs - Maple Lane	\$ 12,241
<b>Total Bonds to be Repurposed</b>			<b>\$ 197,193</b>

As discussed in FY2013, the amount of repurposed bonds is significantly less this year, as the backlog of completed projects is being cleared from the books. Looking forward, the Town anticipates closing out completed projects on a routine schedule with equipment purchases lapsing one year after authorization and building projects closing after three years.

#### FY2014 Capital Funding Sources



#### FY2014 Proposed Capital Budget

The table on this page represents the proposed FY2014 Capital Budget for the General Town Government and Northborough K-8 Schools.

Although the detail for these proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2014 projects requires Town Meeting approval of specific Articles contained in the April 2013 Annual Warrant. The adoption of the Capital Budget and any associated borrowing is done strictly in accordance with the Town Charter and Massachusetts General Laws.

The proposed FY2014 Capital Budget totals \$1,506,500, of which \$1,309,307 is anticipated to be funded with Free Cash and \$197,193 is to be funded with repurposed bond proceeds.

#### FY2014 Proposed Capital Budget

PROJECTS BY DEPARTMENT		EXPENDITURE
<b>Fire</b>		
	SCBA Compressor Replacement	50,000
	Emergency Shelter Trailer	28,000
	<b>Fire Subtotal</b>	<b>\$78,000</b>
<b>DPW: Highway Division</b>		
	Salt Shed Replacement	800,000
	Fueling Island Replacement/Relocation	425,000
	Front-end Loader	203,500
	<b>Highway Subtotal</b>	<b>\$1,428,500</b>
<b>TOTAL FY14 CAPITAL BUDGET</b>		<b>\$1,506,500</b>

The proposed funding approach eliminates any additional tax impact on residents and will add no new debt service to the operating budget.

For additional information regarding each of the proposed FY2014 Capital Budget projects, please refer to the Project Detail Sheets contained in Part II of this document. Project Detail Sheets are also included for each project contained in the six-year CIP.

It should be clearly noted that projects listed in the Capital Improvement Program for years other than FY2014 will not be authorized at the 2013 Annual Town Meeting. Projects in these “out years” serve mainly as a guide for future planning and are subject to further review before incorporation into a future capital budget. Both the Capital Improvement Program (CIP) and the Capital Budget are developed annually in accordance with Section 6-4 of the Northborough Home Rule Charter. One of the long-term goals of the Financial Planning Committee has been to move toward funding small capital items with available funds, such as Free Cash, and avoid the expense associated with incurring debt for smaller capital items. FY2014 is the third year such an approach is being followed, since adoption of the Free Cash Policy.

As a reminder, Part III of this CIP document contains the Financial Planning Committee’s evaluation and recommendation report on the proposed capital projects. The report is an excellent reference for citizens reviewing the CIP and provides additional detail regarding how projects are prioritized. Interested readers are strongly encouraged to review the report.

#### **Update on Various Capital Project Studies**

In addition to the proposed FY2014 Capital Budget, it is important to provide an update on a few significant capital initiatives that are ongoing, such as the Lincoln Street

Elementary School Feasibility Study, and various studies pertaining to Public Works and the Water/Sewer Enterprise Funds.

#### **Lincoln Street Elementary School Project**

At the April 2012 Annual Town Meeting, \$500,000 was approved as part of the FY2013 Capital Budget to conduct a Feasibility Study of the Lincoln Street Elementary School. The "Statement of Interest" (SOI) that was submitted to the Massachusetts School Building Authority (MSBA) is essentially the justification for the project for which the Town is requesting MSBA grant funding. That SOI is still available for viewing on the Town's website under "documents and reports.”

Since receiving approval, the Town has worked with MSBA to appoint a building committee, conduct a site visit, review the school’s maintenance history, complete the design enrollment certification process, and hire an Owner’s Project Manager (OPM). During March of 2013 it is anticipated that an architect for the project will be selected and the feasibility phase will commence.

As originally conceived, the Town was hoping to bring a project back to Town Meeting for possible funding in April of 2013. However, after extensive discussions with MSBA, as well as the OPM, it was determined that such an aggressive schedule would not be possible. In exchange for 48% project funding, the Town must comply with all MSBA requirements and timelines, which could not be met in time for the 2013 Town Meeting.

Based upon the project timeline negotiated with MSBA, it is anticipated that the feasibility phase of the project will take place between March and July of 2013, culminating with MSBA’s approval of a preferred design solution. From July through December 2013 the architect will complete the

schematic design phase of the project, including a professional cost estimate.

The project schedule then allows for discussion of the project's justification and funding needs during the FY2015 Capital Budget process. The final objective is to seek funding approval for the renovation/addition project at the April 2014 Annual Town Meeting.

### **Lincoln Street School Building Project Needs Summary**

- Built in 1965 on 7.5 acres, the facility is 43,400 gross square feet on a single level with sixteen classrooms.
- Existing driveway and parking area have very restrictive access and parking for bus / parent drop off and pick up.
- Project anticipates a renovation and addition, therefore likely to require a multi-phase construction project.
- Planning studies have identified inadequate space for current and future program demands such as special education inclusion, speech services, occupational and physical therapy, technology and library/media. Physical education, art and music have been relocated or modified in order to make room for the full range of educational programming that exists today.
- Specific infrastructure deficiencies include: original single pane windows, heating/ventilation system, plumbing and limited electrical distribution.
- Due to the age of the building, the facility does not comply with current code requirements in many areas of the building including life safety and handicap access.

### Department of Public Works

One significant change to this year's CIP is the temporary elimination of all Water and Sewer Enterprise Projects from the plan, pending further review. This was done at the request of the new DPW Director who is currently in the process of reviewing all previously submitted projects for accuracy and priority. As part of that review, the following studies are currently underway.

#### 1. Water System Master Plan

A water system master plan focuses on the entire potable water system and its ability to provide the Town with the most cost effective method of delivering safe, clean potable water to the residents. The study includes reviewing sustainable sources of water supply as well as evaluating the current distribution model, calibrating the model and calculating storage and system operating pressures. The review also includes a Water and Sewer Rate Study so the Town is able to comprehensively evaluate tiered rate structures and the effects various capital improvement project costs will have on the rates. The Water System Master Plan is made up of multiple tasks including:

- Water Supply Analysis
- Distribution System Evaluation
- Water and Sewer Rate Study
- Review of the Water & Sewer Regulations
- Potential Well Site Identification and Evaluation
- Aquifer Testing
- Water Audit
- Service Meter Program Study

#### 2. Water Treatment Plant

Results from the Water System Master Plan will govern the need to further assess the development of water

treatment facilities throughout Town. Without the information from the Master Plan as outlined above, it is impossible to ascertain the necessity for a treatment facility in the area of the Brigham Street Well (Milk Porridge/Sunset area of Town). Related to the discussion of a treatment facility is the possible sewerage of these areas to protect the water supply.

3. Pavement Management Plan

Another important item playing a role in the overall utility improvements in Town is the ongoing pavement management plan. A pavement management plan provides a complete inventory of roads in Town. The list provides an un-biased approach to evaluating the condition of roadways in order to develop a logical and systematic approach to maintenance efforts. By analyzing the roadways on a construction index scale and weighing the results based on the level of use, the roadway network can be evaluated purely on the overall condition of the roadway, its structural integrity and cost to maintain.

4. DPW Garage Feasibility Study

The engineering firm of Weston & Sampson was recently contracted to expand upon the 2006 highway garage study by having a comprehensive feasibility study performed which will analyze the operations and assess the condition of the existing building in order to identify the most cost effective and efficient facility necessary to meet the needs of a consolidated DPW.

The preliminary study results included the preparation of a Master Plan for the site to allow the Town to initially address the immediate needs of the DPW including, but not limited to, a new salt storage structure and a new fueling facility being proposed as part of the FY2014 Capital Budget.

**Closing Comments**

In closing, it is obvious that the Town continues to make great strides towards improving its Capital Improvement Program. The attached Capital Budget continues to recognize the Town's ongoing responsibility to maintain its capital facilities, equipment and infrastructure, and to make the capital investments necessary to meet the service demands of our community. The Capital Improvement Program also recognizes the Town's responsibility to limit such undertakings to a sustainable level that will preserve the fiscal integrity of the Town.

I wish to extend my sincere thanks to the Financial Planning Committee, School Superintendent, Department Heads and staff for their assistance in the preparation of this document.

Respectfully submitted,

John W. Coderre  
Town Administrator

## **INTRODUCTION**

In a continuing effort to provide “user friendly” documents to our citizens, the Town has endeavored to provide a straight forward introductory section that answers the most commonly asked questions regarding capital planning in Northborough. The following questions and answers define terms, describe processes, and detail the needs and benefits of Northborough’s capital planning activities.

### **I. What is the Capital Improvement Program?**

The Capital Improvement Program (CIP) is a multi-year plan used to coordinate the financing and timing of major public improvements for the Town of Northborough. It contains a list of capital projects proposed for the Town within the next six years and reflects the recommendations of citizens, boards, commissions, and staff from each of the Town departments. The CIP identifies each proposed project and presents a summary description, estimate of cost, method of financing, and a schedule of implementation. The Capital Improvement Program constitutes a rational plan for preserving, as well as adding to the capital assets of the Town.

### **II. What are Capital Assets and Capital Projects?**

A capital asset is a new or rehabilitated physical asset that is of a non-recurring nature, has a useful life of at least five years, and is of significant value. Capital projects are undertaken to acquire capital assets and are differentiated from ordinary repairs or maintenance of a recurring nature. Examples of capital projects include land acquisitions, construction or major improvements to public buildings, road construction, and the acquisition of large equipment. For our purposes, projects submitted must exceed \$25,000 in value for FY2014 to qualify for inclusion in the *Town of Northborough’s Capital Improvement Program*.

### **III. What is the difference between the Capital Improvement Program and the Capital Budget?**

The first year of the CIP is the proposed Capital Budget. The Capital Budget consists of those capital projects which, through the Town Meeting process and in accordance with the Town Charter, are annually approved and funded. However, projects slated for subsequent years in the CIP serve on a planning basis only, and do not receive ultimate spending authority until they are incorporated into a capital budget and approved by Town Meeting.



**IV. How is the Operating Budget Related to the Capital Budget?**

The Town of Northborough prepares a Capital Budget separate from the Operating Budget, yet the two are closely linked. The annual Operating Budget provides for general municipal service delivery, including personnel service costs, supplies and other contractual services, and certain capital equipment. Revenues for the Operating Budget are derived primarily from recurring taxes, intergovernmental sources, and user fees. Appropriations to the annual Operating Budget are for a single fiscal year.

In contrast, the Capital Budget is a multi-year budget designed to expend monies which add to the physical assets of the Town. Capital projects typically require expenditures which take place beyond a single fiscal year; funding with debt because of significant costs to be shared by current and future beneficiaries; systematic acquisition over an extended period of time in order to implement major operating systems or programs; and scheduled replacement or maintenance of specific elements of physical assets. Revenues for capital projects are most often derived from the sale of municipal bonds (borrowing), State & Federal Grants (when available) or can be supported by one-time funding sources, such as donations and free cash.

Notwithstanding the differences between the two, the Operating and Capital Budgets are closely interwoven inasmuch as operating costs related to capital projects need to be estimated and provided for in the Operating Budget. Many capital projects, such as the Library Renovation/Expansion Project or new Senior Center, have an impact on the operating costs of those facilities once reopened. Town practice is to attempt to project the net effect a capital project will have on the operating budget. Maintenance and repair costs may be lower in a new facility, but it may cost more to run the larger facility as well. In addition, since most capital projects are financed through municipal debt, repayment of that debt becomes part of the operating budget as well as the Town's fiscal forecasting models. The necessity to incur some degree of debt in order to finance the Capital Improvement Program carries with it the burden to effectively manage that debt within the Town's financial resources.

**V. Why do we need a CIP?**

The CIP provides a means of coordinating and centralizing the capital project requests of various departments and agencies, thus eliminating wasteful overlap, duplication, and delay. It focuses attention on Northborough's goals and financial capability by comprehensively considering not only what capital projects Northborough needs, but equally as important, what it can afford. Additionally, the formalized process allows more time for the study of projects, encourages public discussion of proposed undertakings, and allows Town citizens the opportunity to provide input, advice and recommendations with respect to proposed projects and expenditures.

**VI. How does Capital Programming save the Town money?**

Investors and bond rating agencies stress the value of a CIP for a municipality seeking to borrow funds. In fact, the six-year capital plan is referenced in every Offering Statement for Town of Northborough bonds. The absence of a rational, long-term planning instrument would weigh against the bond rating assigned to Northborough by rating agencies and the result would be higher interest rates on bond issues and more tax dollars going to pay for the interest on loans. Northborough currently enjoys a superior credit rating of Aa2 by Moody's Investor Service. This places Northborough within the same rating tier and just slightly below obligations of the United States Government. Thus, very real and tangible cost savings result from the use of our Capital Improvement Program.

Another financial benefit from the capital programming process is the avoidance of poorly timed projects. Good planning can ensure that capital improvement efforts are coordinated and costly duplication is avoided. In addition, significant savings can accrue to taxpayers when major capital financing is coordinated so that bond issues are sold infrequently, but at good times during the economic cycle to take advantage of low interest rates. The development of a Capital Improvement Program ensures sound fiscal and capital planning.

**VII. How are Capital Projects financed?**

An annual appropriation is typically included in the Operating Budget for capital expenditures as one of several funding sources to finance select capital projects. Other financing sources for Northborough's capital projects include state and federal grants, corporate donations, free cash, and debt. The single largest source of financing for capital projects is borrowing through the issuance of general obligation bonds. Much like mortgaging a house, borrowing allows the Town of Northborough to purchase expensive capital assets and spread the costs over the useful life of the asset, thus eliminating the need to temporarily raise taxes every time a large capital asset is acquired. In addition, debt allows current and future beneficiaries to share the cost of long-term capital improvements such as new schools, libraries or roads. All borrowing is done strictly in accordance with the Town Charter and Massachusetts General Laws (MGLs).

### **VIII. How is the CIP developed?**

The process for preparing the FY2014-2019 Capital Improvement Program and its associated FY2014 Capital Budget is essentially the same as in past years. It involves active participation by Department Heads working in conjunction with the Financial (Capital) Planning Committee. The Capital Budget is prepared in the context of a six-year determination of need by Departments, in conjunction with the Town's overall financial capacity to affordably accommodate the required debt service payments. Projected debt service payments and budgetary impacts are forecast annually to help ensure affordability and sustainability of the Capital Improvement Program.

Proposed projects are reviewed and prioritized based upon commonly used criteria such as health and safety factors, legal obligations and mandates, fiscal impact, environmental impact, community economic effects, and aesthetic and social effects on the quality of life experienced by Northborough residents. Projects are also examined in terms of their relationship to other projects, the Master Plan of Development, and their compatibility with Town-wide goals and objectives.

The process can be described as an iterative cycle with several distinct procedural steps. These steps and the approximate time frame in which they typically occur are described below. The process is also graphically illustrated in the Capital Projects Flow Chart following this introduction.

- *Late Summer*—Following Town Meeting after the approval of that year's Capital Budget, Departments are provided with their previously submitted six year requests for review, update and the addition of the next sixth year. While requests generally remain the same as in the initial request, there are occasionally changed circumstances which necessitate alterations to the requests. This information is returned to the Town Administrator for General Government projects and to the School Superintendent for initial review.
- *Late Autumn / Early Winter* —The Financial Planning Committee meets to receive the compiled information and begin scheduling meetings with the various Departments to evaluate the projects. The Financial Planning Committee and the Town Administrator meet to review the requests of specific Departments and the needs of the overall Town organization. The preliminary debt schedules are updated and various financial forecasts completed in order to provide context to the Capital Budget as well as the six-year Capital Improvement Program.
- *January/February*—The Capital Budget is finalized within the parameters of the established funding target plus any available funds such as free cash or previously approved but unexpended bond proceeds. In making final decisions, the process includes a determination of actual needs and the prioritization of need based upon legal mandate, public safety, and the effect of deferral. Projects not approved for funding are typically deferred into the next budget year.

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### ***CAPITAL IMPROVEMENT PROGRAM***

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- *March/April*—The Proposed Capital Budget is presented to the Board of Selectmen and Appropriations Committee.
- *April*—The Capital Budget is presented to Town Meeting for approval; and the process begins again.

Throughout the ensuing fiscal year, Town staff monitors all the approved projects and the following fall the Financial Planning Committee reconvenes to update the CIP all over again.

#### **IX. Why must the CIP be continually updated?**

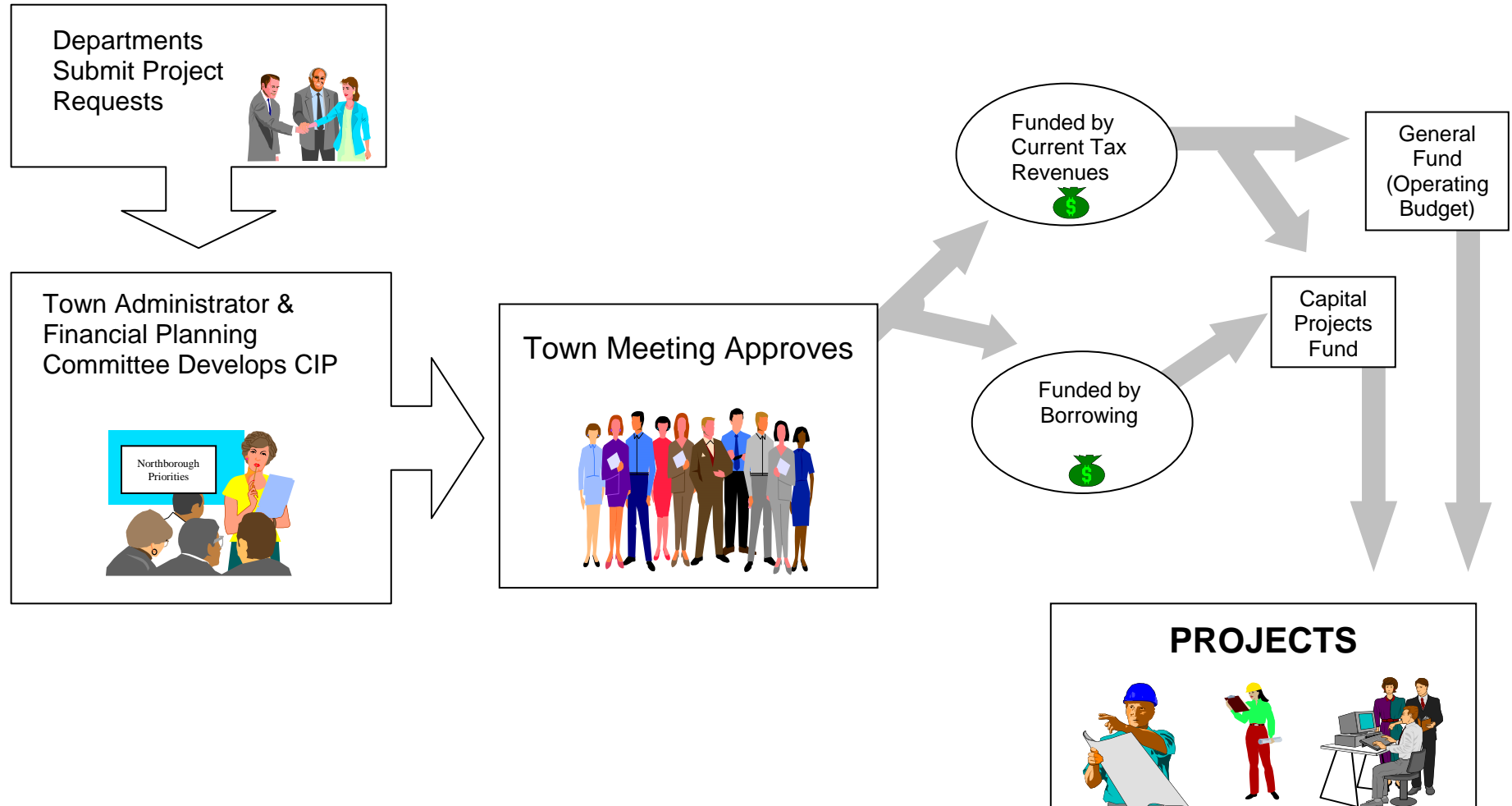
The CIP must be reviewed annually by Town departments and citizens to insure its effectiveness as a flexible, mid-range strategic plan that links the annual budget with our multi-year financial forecasts and the more static long-range Master Plan of Development. Each year, Town Meeting reviews the capital projects recommended by the Financial Planning Committee and the Town Administrator through the CIP development process and approves a Capital Budget. Unfunded projects and those slated for subsequent years in the plan are acknowledged on a planning basis only and do not receive ultimate expenditure authority until they are incorporated into a Capital Budget and approved by Town Meeting. In this respect, the CIP can be thought of as a “rolling” process because unfunded projects and those farther out in years typically move up after each year of review. However, it is important to note that each project contained in the CIP must be recommended every subsequent year and as priorities and monetary constraints change, projects may be moved up, moved back, or even eliminated from the plan. This comprehensive annual review is critical to maintaining fiscal responsibility as well as ensuring the future education, safety, and welfare of Northborough residents.

## CAPITAL PROJECTS FLOW CHART

### DEVELOPMENT

### REVIEW & APPROVAL

### IMPLEMENTATION



# **Part I**

## **Capital Improvement Program Summary Fiscal Years 2014-2019**



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**Town of Northborough  
Capital Improvement Program Summary  
Fiscal Years 2014-2019**

PROJECTS BY DEPARTMENT		Page #	Source of Funds	Six-Year Total	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Fire</b>										
	SCBA Compressor Replacement	21	6	50,000	50,000					
New	Emergency Shelter Trailer	22	6	28,000	28,000					
	Fire Station Addition/Renovation	23	2	6,650,000		650,000	6,000,000			
	Car One Replacement	24	6	66,000		66,000				
	Forestry One Replacement	25	2/6	175,000		175,000				
	Engine 2 Replacement	26	2/6	663,000			663,000			
	Ambulance Replacement	27	5	280,000			280,000			
	Pick-Up Truck Replacement	28	6	80,000				80,000		
<b>Fire Subtotal</b>				<b>\$7,992,000</b>	<b>\$78,000</b>	<b>\$891,000</b>	<b>\$6,943,000</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Police</b>										
	Police Station Roof Replacement	29	2/6	80,000		80,000				
	Communications Dispatch Console	30	2/6	132,500			132,500			
New	Police Station CCTV Replacement	31	6	40,000				40,000		
<b>Police Subtotal</b>				<b>\$252,500</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$132,500</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Town Offices</b>										
	Town Offices Building Repair Project Phase 2	32	2/6	500,000			500,000			
	Town Offices Building Repair Project Phase 3	33	2/6	250,000					250,000	
<b>Town Hall Subtotal</b>				<b>\$750,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>
<b>Planning Department</b>										
	Master Plan	34	6	100,000		100,000				
<b>Planning Dept Subtotal</b>				<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



**Town of Northborough  
Capital Improvement Program Summary  
Fiscal Years 2014-2019**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Management Information Systems/Geographic Information Systems</b>									
New Wide-Area Fiber Network	35	6	80,000		80,000				
New GIS Aerial Photography	36	6	100,000						100,000
<b>MIS/GIS Subtotal</b>			<b>\$180,000</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
<b>Parks &amp; Recreation Commission</b>									
Lincoln Elementary School Irrigation	37	6	30,000			30,000			
<b>Parks &amp; Rec Comm Subtotal</b>			<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DPW: Highway/Parks/Cemetery Division</b>									
Salt Shed Replacement	38	2/6	800,000	800,000					
Fueling Island Tank Replacement & Relocation	39	6	425,000	425,000					
Front-end Loader	40	6	203,500	203,500					
All Purpose Tractor	41	6	55,000		55,000				
Mini Excavator	42	6	70,000		70,000				
6-wheel Dump Trucks w/ Sander & Plow	43	2/6	615,000		195,000		205,000		215,000
Roadside Mower Replacement	44	2/6	120,000		120,000				
Wing Mower Replacement	45	2/6	50,000		50,000				
One Ton Dump Trucks w/Plow	46	6	152,000			74,000	78,000		
Backhoe Replacement	47	2/6	130,000			130,000			
Sidewalk Plow	48	2/6	160,000			160,000			
Stump Grinder Replacement	49	6	50,000				50,000		
Vac Truck	50	2/6	260,000					260,000	
Street Sweeper	51	2/6	180,000					180,000	
Highway Garage Renovation/Expansion	52	2	0				TBD		TBD
<b>Highway/Parks/Cemetery Subtotal</b>			<b>\$3,270,500</b>	<b>\$1,428,500</b>	<b>\$490,000</b>	<b>\$364,000</b>	<b>\$333,000</b>	<b>\$440,000</b>	<b>\$215,000</b>

Town of Northborough  
Capital Improvement Program Summary  
Fiscal Years 2014-2019

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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DPW: Sewer Enterprise Fund

**Under Review**

Sewer Enterprise Fund Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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DPW: Water Enterprise Fund

**Under Review**

Water Enterprise Fund Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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**TOTAL GENERAL GOVERNMENT (NON-SCHOOL)**

Fire Subtotal	\$7,992,000	\$78,000	\$891,000	\$6,943,000	\$80,000	\$0	\$0
Police Subtotal	\$252,500	\$0	\$80,000	\$132,500	\$40,000	\$0	\$0
Town Offices Subtotal	\$750,000	\$0	\$0	\$500,000	\$0	\$250,000	\$0
Planning Dept Subtotal	\$100,000	\$0	\$100,000	\$0	\$0	\$0	\$0
MIS/GIS Subtotal	\$180,000	\$0	\$80,000	\$0	\$0	\$0	\$100,000
Parks & Rec Comm Subtotal	\$30,000	\$0	\$0	\$30,000	\$0	\$0	\$0
DPW: Highway/Parks/Cemetery Subtotal	\$3,270,500	\$1,428,500	\$490,000	\$364,000	\$333,000	\$440,000	\$215,000
DPW: Sewer Enterprise Fund Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DPW: Water Enterprise Fund Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$12,575,000</b>	<b>\$1,506,500</b>	<b>\$1,641,000</b>	<b>\$7,969,500</b>	<b>\$453,000</b>	<b>\$690,000</b>	<b>\$315,000</b>

**Town of Northborough  
Capital Improvement Program Summary  
Fiscal Years 2014-2019**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Northborough K-8 Public Schools</b>	53								
<b>Summary of School projects</b>									
Lincoln Elementary									
Feasibility Study (\$500,000 approved FY13)									
Architectural Fees/Renovation	54	2/3	14,000,000		14,000,000				
Peaslee Elementary									
Feasibility Study	55	2/3	500,000				500,000		
Architectural Fees/Renovation	55	2/3	14,313,000					14,313,000	
**Design / Fire & Sprinkler Systems	56	2/3	384,000				TBD	384,000	
**Floor Tile Replacement	57	2/6	40,000			40,000			
Proctor Elementary									
Roof Repairs	58	2/6	85,000			85,000			
Melican Middle School									
Feasibility Study	59	2/3	500,000						500,000
Architect Fees/Renovation FY20 (\$43 million)		2/3							
Hot Water Heater Tank Replacement	60	2/6	72,000		72,000				
Parking Lot/ Sidewalk Paving	61	2/6	194,000			194,000			
<b>Northborough K-8 Public Schools Subtotal</b>			<b>\$30,088,000</b>	<b>\$0</b>	<b>\$14,072,000</b>	<b>\$319,000</b>	<b>\$500,000</b>	<b>\$14,697,000</b>	<b>\$500,000</b>

\*\*If Lincoln Street School or Peaslee School renovation projects do not move forward, these projects will need to be included in the capital plan for funding.

<b>Source of Funds Legend</b>			
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund

## **Part II**

Projects Detail Sheets by Department  
FY2014-2019



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**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Self-contained Breathing Apparatus (SCBA) Air Compressor**

Department: **Fire**

Category: **2-B**

Description and Justification:

The requested project will replace the Department's current self-contained breathing apparatus (SCBA) air compressor which was purchased in 1991. The compressor is used to refill depleted SCBA bottles with purified, pressurized breathing air for firefighting and dive rescue. The compressor also contains four air storage bottles for filling multiple SCBA bottles and an enclosed filling station which is rated to contain a 4,500 psi exploding air bottle. The new compressor will be capable of producing 6,000 psi and will have 6,000 psi storage bottles installed. This increased pressure and storage will greatly increase fill speed and compressed air storage capabilities. Safe filling of SCBA and compressed air quality are critical to firefighter safety. The new system will be National Fire Protection Association compliant.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	50000	50000					
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$50,000</b>	<b>\$50,000</b>					

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Emergency Shelter Trailer and Supplies**

Department: **Fire**

Category:

Description and Justification:

This request is for a 24-foot trailer (similar to the one pictured at right) stocked with cots, blankets and other supplies necessary for emergency sheltering operations. As a result of the increased frequency of extreme weather events in recent years, the Town has enhanced its emergency sheltering planning activities and has identified both the human and physical resources needed to provide temporary sheltering to residents. Following the October 29, 2011 Nor'easter, the Town opened an emergency shelter at the Senior Center to house and feed residents affected by the multi-day, town-wide power outage. While the operation was highly successful overall, the difficulty in locating and borrowing the most basic of shelter supplies-- cots and blankets-- from another community or emergency agency in the aftermath of the storm highlighted the need for the Town to ensure its self sufficiency in this area in the immediate future. The trailer will provide storage and ease of transport of the supplies to the Town's primary shelter site at the Melican Middle School or any alternate site that may be established.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	6		\$28,000					
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>			<b>\$28,000</b>					

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Fire Station Renovation/Addition Project (11 Pierce Street)**

Department: **Fire/EMS**

Category: **1-C**

**Description and Justification:**

This project will provide for the renovation or relocation of the existing 1974 fire station. The projected life span of the current building was twenty-five years and the bathrooms, kitchens and dormitory spaces are in need of significant expansion. The roof membrane will be approaching nineteen years old, and the sewer connection is in need of improvement. Hose storage, maintenance and self-contained breathing apparatus maintenance areas are inadequate. Increased service demands on staff and equipment have resulted in increased fire suppression, prevention and emergency medical services that need to be provided to insure that the mission of the Town's fire services is met. Previously appropriated funds in the amount of \$75,000 will be used to complete a limited Feasibility Study to better define the proposed project location, design and cost estimates.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design	2	650000		650000				
C. Land Acquisition								
D. Construction	2	6000000			6000000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$6,650,000</b>		<b>\$650,000</b>	<b>\$6,000,000</b>			


Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Car One Replacement</b>	
<b>Department:     Fire</b>	<b>Category:    2-B</b>
<b>Description and Justification:</b> <p>This request will replace the 2008 Chevy Tahoe command/communications vehicle which is a critical component of the Incident Command System. The vehicle carries vital communications equipment; contingency and emergency plans for facilities; chemical, firefighting, terrorism, and firefighting references; the tactical command board; command vests; and fire investigation tools. The vehicle will have served its frontline life span at the time of replacement. As in the past, the replacement vehicle will be a four-wheel drive sport utility vehicle useful during wildfires and weather-related emergencies. Cost includes emergency warning devices, radios, command console, lettering and related installation charges. The command/communications vehicle provides vital communications and reference resources necessary to effective incident command.</p>	

**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	66000		66000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$66,000</b>		<b>\$66,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Forestry One Replacement</b>	
<b>Department:     Fire</b>	<b>Category:    2-B</b>
<b>Description and Justification:</b> <p>This project seeks to replace a 1999 F-550 diesel forestry/brush truck with a newer model truck with a portable pump and 300-gallon water tank. As the primary response brush truck, this vehicle is equipped with traditional fire storage compartments for equipment and two hose reels for rapid attack on forest and brush fires. At the proposed time of replacement, the existing vehicle will be 17 years old and will have exceeded its useful life. The vehicle is also used to perform inspections, respond to medical calls and serves as a primary response unit during natural disasters for town-wide assessments. Maintenance costs are currently included within the operating budget.</p>	
	

**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	175000		175000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$175,000</b>		<b>\$175,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Engine 2 Replacement</b>	
<b>Department:     Fire</b>	<b>Category:     1-C</b>
<b>Description and Justification:</b> <p>This project seeks to replace the 1996 Engine 2. In 2016 the vehicle will be 20 years old and well beyond its expected useful life, which is typically about 10 years for front-line service. The Insurance Services Office requires Northborough to maintain 3 pumping apparatus in order to sustain its ISO rating of 4, which residential and commercial fire insurance rates are based upon. Engine 2 is currently the back-up reserve pumper and carries the "Jaws of Life", and has a 2,000 gallon portable water storage tank and extra hose for areas not served by municipal water supply. The 2005 Engine 1 will become the reserve back-up pumper once the new replacement is purchased and takes over as the new front-line pumper.</p>	
	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	663000			663000			
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$663,000</b>			<b>\$663,000</b>			

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Ambulance Replacement**

Department: **Fire/EMS**

Category: **1-C**

Description and Justification:

The Town operates an ambulance service, which is physically housed in the Fire Station at 11 Pierce Street. There are two ambulances associated with this service: the front line ambulance which was purchased in FY2012, and the 2008 back-up ambulance. This request proposes to replace the back-up 2008 ambulance in FY2016. The newest ambulance becomes the front-line responder and the older ambulance becomes the back-up. Typically, a new ambulance serves for about 8 years as a front-line responder and an additional four years as the back-up ambulance before being replaced. Purchase of new ambulances are funded entirely by EMS user fees. The planned, regularly scheduled replacement of emergency ambulances is critical to ensuring public safety.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	5	280000			280000			
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$280,000</b>			<b>\$280,000</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Pick-up Truck Replacement**

Department: **Fire**

Category: **2-B**

Description and Justification:

This project seeks to replace a 2011, one-ton, four-wheel-drive crew cab pick-up truck. This vehicle is used to carry personnel, equipment and bulk supplies. It is also used for performing inspections and investigations, and will be six years old at the time of the requested replacement. This vehicle responds to over thirteen hundred emergency responses and over two thousand inspections, investigations and fire alarm service calls each year. This vehicle also serves as the department's primary tow vehicle for its various trailered equipment. The annual operating cost is already contained within the vehicle maintenance budget.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	80000				80000		
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$80,000</b>				<b>\$80,000</b>		

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Police Station Roof Replacement**

Department: **Police**

Category:

Description and Justification:

The Police Station roof is original to the building at 211 Main Street, which was constructed in 1989. Some shingles have been compromised and lichens have infiltrated significant areas of the north face of the roof. During January of 2009 a professional assessment was conducted which indicated the roof to be in "fair" condition but recommended scheduling its replacement during FY2015. According to the review, a new asphalt shingle roof is estimated to cost \$80,000 and is expected to last approximately 25 years, while a new metal roof is estimated to cost \$150,000 with an expected life of fifty years. At this time, a replacement asphalt roof is being included in the CIP for FY2015. As with all public sector building projects the Town is required to pay the State-mandated "prevailing wage" for all labor on this project.



211 MAIN STREET

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	80000		80000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$80,000</b>		<b>\$80,000</b>				

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Public Safety Communications Dispatch Console**

Department: **Police/Fire/DPW**

Category:

Description and Justification:

The existing two-position, analog-based public safety dispatch console is twenty-five years old (installed in 1988 but of older design) and is experiencing significant maintenance issues. There is no additional space available for needed expansion, which has resulted in a "cobbled" system of critical two-way radios and computer equipment. Some components are no longer manufactured, requiring innovative attempts to keep essential components operational. All police, fire, emergency medical services and public works personnel and equipment are dispatched from the Town's public safety dispatch center, located within the Police Department at 211 Main Street. Post 9/11 attempts at interoperability are hampered by an infrastructure designed in pre-computer times. This essential equipment is relied upon and expected to be fully operational on a 24/7 basis.



**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	132500			132500			
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$132,500</b>			<b>\$132,500</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Public Station Video System Replacement</b>	
<b>Department:     Police</b>	<b>Category:    B</b>
<b>Description and Justification:</b> <p>The Police Station has a circa-1989 closed circuit video (CCTV) security system. Components have begun to fail. Current technology utilizes digital cameras on a computer network, which is not compatible with the old CCTV technology. We currently can record just one camera at a time, a major disadvantage when we have more than one prisoner in custody. The new system will replace all outdated CCTV cameras with new digital equipment tied to a new computer server and digital recorder. Every camera will record in real time. Possible events such as slip-and-fall accidents in our parking lot will be captured, as will the movements of every person in our custody. This system will profoundly reduce our liability exposure and fully document the handling of all persons, whether in custody or visiting the facility.</p>	
	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	40000				40000		
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$40,000</b>				<b>\$40,000</b>		

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

**Project Title: Town Offices Building Repairs Phase 2**

**Department: Town Administrator**

**Category: 3-A**

**Description and Justification:**

During FY2010 the Town used Community Preservation funding to complete an analysis of the general physical conditions and maintenance requirements of the Town Offices Building. The architectural and engineering study noted that expenses related to maintaining the aging plumbing system in the building were likely to increase as the aging pipes and fixtures continue to experience failures. The report recommends upgrading most of the piping in the building, much of which is located behind walls. Additionally, the report recommended completely overhauling all of the restrooms in the building to comply with standards under the Americans with Disabilities Act. The project is also anticipated to include further review and upgrades related to the building's sanitary sewer system.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	500000			500000			
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$500,000</b>			<b>\$500,000</b>			

**Source of Funds Legend**

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Town Offices Building Repairs Phase 3**

Department: **Town Administrator**

Category: **3-A**

**Description and Justification:**

During FY2010 the Town used Community Preservation funding to complete an analysis of the general physical conditions and maintenance requirements of the Town Offices Building. The architectural and engineering study noted a number of electrical deficiencies in the building and recommended the following: electrical panel upgrades, elevator upgrades, enhancement of emergency egress lighting, improvements to exterior lighting and replacement of the building's aging generator. Additional review of the existing fire alarm panel was also recommended.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	250000					250000	
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$250,000</b>					<b>\$250,000</b>	

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Master Plan Update</b>	
<b>Department:     Planning Department</b>	<b>Category:</b>
<b>Description and Justification:</b> <p>The last update of the Master Plan was completed in November 1997. Prior to that, the Plan was updated in 1988. If the project is successfully funded in 2015, it will be approximately a twenty-year time frame since the last update. Given this time span, the changes in the economy, and the modifications to the built environment, it is necessary for a comprehensive approach for this Town-wide planning document. The Master Plan will include the Town's vision &amp; goals and analysis of the demographics, growth trends, land use &amp; zoning, economic development, housing, open space &amp; recreation, transportation, municipal facilities &amp; services, natural resources and implementation program. A Master Plan is a necessary land use planning tool.</p>	



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other	6	100000		100000				
<b>TOTAL</b>		<b>\$100,000</b>		<b>\$100,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

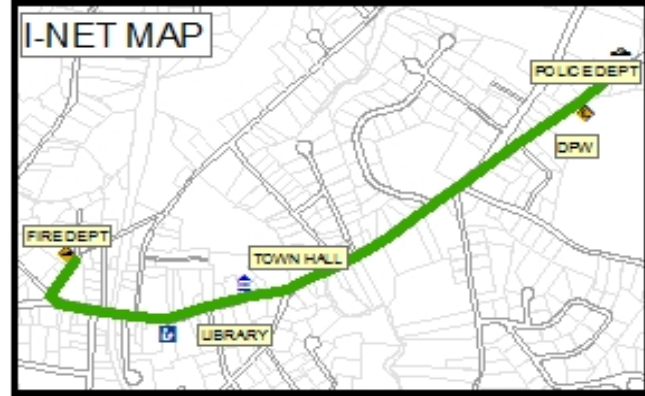
Project Title: **New Wide-Area Fiber Network**

Department: **MIS/GIS**

Category: **2**

**Description and Justification:**

The Town's I-NET currently utilizes a fiber infrastructure for network connectivity between 4 facilities along an approximately 1 mile stretch of Main Street (Police Department, Town Hall, Library and Fire Department). Starting in 2000, the Town leased this "dark fiber" from Charter Communications with the Town owning and maintaining all of the equipment (switches, routers, etc.) at each site. Under this project the Town would contract with a vendor to run new fiber along the same route and avoid the ever increasing I-NET-related costs which are currently \$17,000 annually. Payback on investment is estimated at 5 years or less. The fiber would be Town-owned and would ensure a cost-effective communications infrastructure with room for growth in the years ahead.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	80000		80000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$80,000</b>						

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Aerial Photography**

Department: **MIS/GIS**

Category: **2**

**Description and Justification:**

The Town first obtained aerial photography in 1997 and then updated it in 2008. In 2019, a new aerial photography project is planned to update the Town's GIS with all development activity occurring in the previous 10 years. This project will obtain new photogrammetry and update the Town's planimetric (buildings, pavement, utilities and other features visible from the air) and topographic data (elevation data in the form of 2' contours and spot elevations).



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other	6	100000						100000
<b>TOTAL</b>		<b>\$100,000</b>						<b>\$100,000</b>

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Lincoln Street School Irrigation**

Department: **Parks and Recreation Commission**

Category: **2-B**

Description and Justification:

This request is to install a complete irrigation system for the lower baseball/softball field at the rear of the Lincoln Street School. The project includes, but is not limited to, water well, irrigation control system, electrical circuitry, underground piping and sprinkler heads. There is currently no irrigation at this site or any of the elementary schools in Northborough, which limits the field usage. Irrigation will allow for the implementation of a year-round maintenance program. In the past, various youth athletic groups have provided funding to offset the cost of irrigation projects as well as aided with ongoing field maintenance. Moving forward, this project will need to be re-evaluated in the context of the pending Lincoln Street School renovation/addition project Feasibility Study scheduled for funding in FY2015.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	30000			30000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$30,000</b>			<b>\$30,000</b>			

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Salt Shed Replacement**

Department: **DPW - Highway**

Category: **2B**

Description and Justification:

This request is to replace the existing salt shed with a new structure adequate in size to store the salt used during snow removal operations. The existing salt shed is currently in disrepair - the wood frame is disintegrating, the doors cannot close, the roof leaks (causing the salt to freeze in extreme temperatures) and the walls are bowing outward. The existing storage structure is original to the Public Works facility (c.1986) and is in need of replacement. An increased storage volume is necessary to support the new process of using straight salt for snow removal operations. Environmental regulations prohibit stockpiled salt from migrating into resource areas. In order to preclude this from happening and to eliminate the effects of precipitation on the salt pile, the salt must be stored under cover. This project will ensure compliance with stormwater regulations by addressing protection of the stockpiled salt.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	800000	800000					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$800,000</b>	<b>\$800,000</b>					

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Highway Garage Fuel Island Replacement**

Department: **DPW - Highway**

Category: **2B**

Description and Justification:

This request is for the construction of a new fuel island with above-ground fuel tanks (unleaded & diesel), dispensers and canopy to replace the existing underground fuel tanks and dispensers at the Public Works facility. The new island will be sited in a more secure location at the Public Works yard. The proposed relocation is the result of an extensive site evaluation and master plan of the Public Works site which enhances traffic flow while segregating operational space from public space for improved safety and functionality. These tanks provide unleaded and diesel fuel to all municipal entities including Police, Fire and Public Works. The existing tanks are original to the facility (c. 1986) and are in need of replacement. An appropriation of \$356,000 was previously approved and will be supplemented by the request below to complete not only replacement, but relocation on the site.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	425000	425000					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$425,000</b>	<b>\$425,000</b>					


Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title: Loader</b>	
<b>Department: DPW - Highway</b>	<b>Category: 2-B</b>
<b>Description and Justification:</b> <p>This request is to replace the 1997 Caterpillar 938 loader with a new model. Used on an almost daily basis, the loader is one of the most heavily-used pieces of equipment in the Public Works fleet. At the Public Works Garage, the loader is regularly used to transfer materials, rotate the compost piles and load the spreaders with salt for snow removal operations. Off-site, it is used throughout Town on various construction projects as well as during snow removal operations. In 2012, the loader reached 9,000 hours of usage. The loader is exposed to many different environments including corrosive materials which negatively impacts the useful life of Public Works equipment. As the equipment ages, it requires additional mechanical and body work to keep it operational. The picture to the right represents an example of a replacement loader.</p>	
	

**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	203500	203500					
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$203,500</b>	<b>\$203,500</b>					

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title: All-Purpose Tractor</b>	
<b>Department: DPW - Highway</b>	<b>Category: 2-B</b>
<b>Description and Justification:</b>  This request is for a compact tractor to be used by the DPW at the cemetery for backfilling of graves and general clean-up in areas that are inaccessible to the larger machines. It will also be used to mow the large open-space areas in Town that are only done 2-3 times per year (conservation areas, easements, etc.). The tractor will replace 1986 and 1987 tractors that are well past their useful lives. The Northborough K-8 Schools is also seeking funding for a similar tractor in FY2015. DPW is currently working with the Schools' maintenance department to spec out a tractor that will serve both needs so it can be shared. If successful, the tractor currently listed under the School department's FY2015 request may be eliminated.	

**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	55000		55000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$55,000</b>		<b>\$55,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Mini Excavator</b>	
<b>Department:     DPW - Highway/Parks/Cemetery Divisions</b>	<b>Category:    2-B</b>
<b>Description and Justification:</b>  This request is for a mini excavator to be used by the DPW at the cemetery and for various other roadway projects. As the number of gravesites at the cemetery increases, it becomes more difficult to maneuver the larger backhoe between the graves. The mini excavator will also be used by the Highway Division when it cleans and installs drains, culverts and swales that are inaccessible to the larger machine.	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	70000		70000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$70,000</b>		<b>\$70,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **6-Wheel Dump Truck with Sander and Plow**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This request is to schedule replacement of the Town's 1990, 1994 and 1997 6-wheel dump trucks with sanders & plows over the next six years. The useful life of the vehicle is 15-20 years. Due to the caustic nature of the salt these vehicles carry for snow removal operations, the metal bodies disintegrate much sooner than the hours or miles would indicate, in spite of being washed after every snow/ice event. Not only are these trucks used for snow removal, but also for plowing and hauling materials during the construction months. The Town owns 1 spreader-only vehicle, 4 dump trucks and 3 integrated spreader/dumps.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	615000		195000		205000		215000
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$615,000</b>		<b>\$195,000</b>		<b>\$205,000</b>		<b>\$215,000</b>

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Roadside Mower**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This request is to replace the existing 2000 John Deere tractor with a side-boom mower and articulating arm as shown in the picture to the right. This is used to cut back brush along the edges of the roadway. The 2000 tractor is small for the mower. There has been an ongoing issue with the side windshield being shattered by the brush being cut. An appropriately sized tractor would sit up higher, above the cutting zone, which would preclude the branches and shrubs from flying back at the windshield. It is also unstable at full boom extension because of the inadequate weight of the tractor. Metal plates plus boxes weighing a half ton, have been welded to the opposite side of the existing tractor to try to counter balance the boom arm.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	120000		120000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$120,000</b>		<b>\$120,000</b>				

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Wing Mower Replacement**

Department: **DPW - Highway**

Category: **2B**

Description and Justification:

This request is to replace the 2007 Hustler Range-Wing wide area mower with a new model. This mower is used at all the large, town-owned fields including the cemetery and the fields at the elementary and middle schools. This is the only wide area mower in the current Public Works fleet. The picture to the right represents an example of a new replacement mower.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	50000		50000				
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$50,000</b>		<b>\$50,000</b>				

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **One-Ton Dump Truck w/ Plow Replacement**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This request is to phase replacement of the 2000 and 2006 one-ton dump trucks with new model trucks. These vehicles are used daily to move small equipment such as mowers, message boards, light towers, etc. and to assist with the daily functions of the DPW as well as plowing snow during the winter. The vehicles will be past their expected useful lives of 10-12 years at the time of scheduled replacement.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	152000			74000	78000		
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$152,000</b>			<b>\$74,000</b>	<b>\$78,000</b>		

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:      Backhoe Replacement</b>	
<b>Department:      DPW - Highway</b>	<b>Category:    2-B</b>
<b>Description and Justification:</b>  This request is to replace the Highway Division's 2005 backhoe, which will be more than 10 years old and at the end of its expected useful life in FY2016. The backhoe is one of the most heavily used pieces of equipment in the DPW's fleet, and is regularly used for snow removal operations, cemetery operations, drainage and catch basin repairs, tree removal, road construction, and for processing materials at the Highway Garage. The picture to the right represents an example of a replacement backhoe.	



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	130000			130000			
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$130,000</b>			<b>\$130,000</b>			

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Sidewalk Machine Replacement**

Department: **DPW - Highway**

Category:

Description and Justification:

This request is to replace an existing 2002 sidewalk machine. This vehicle will supplement the Town's newer 2012 sidewalk machine. These vehicles are used to clear the snow from various sidewalks throughout Town. The aging 2002 sidewalk machine is experiencing increased down time due to malfunctioning. The sidewalk machine is exposed to many different environments including corrosive materials which cause disintegration of the Public Works equipment. As the equipment ages, it requires additional mechanical and body work to keep it operational. Sidewalk machines are expected to last approximately ten years.



**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	160000			160,000			
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$160,000</b>			<b>\$160,000</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:     Stump Grinder Replacement</b>	
<b>Department:     DPW - HIGHWAY</b>	<b>Category:    2B</b>
<b>Description and Justification:</b> <p>This request is to replace the 1996 Vermeer stump grinder. This piece of equipment is used to grind the stumps flush after tree removal. The picture to the right represents an example of a new replacement stump grinder.</p>	
	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	50000				50000		
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$50,000</b>				<b>\$50,000</b>		

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Vacuum Truck Replacement**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This request seeks to replace the 1994 vacuum truck that is used in the regular cleaning and repair of catch basins and storm drains, to unclog sewer lines, and to alleviate flooding/overflowing catch basins due to heavy rains and melting snows. The truck is a critical piece of equipment used to comply with DEP regulations requiring more frequent maintenance of the Town's catch basins and drains. At the time of replacement, the existing truck will be more than 23 years old and will have surpassed its useful life. Currently, the truck requires significant maintenance to keep it operational. The picture to the right is of a new replacement vehicle.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	260000					260000	
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$260,000</b>					<b>\$260,000</b>	

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Street Sweeper Replacement**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This request is to replace the existing 2007 Elgin Pelican street sweeper. The useful life of a sweeper is approximately 10 years. As it ages the repairs become more costly. The department has 2 sweepers that take 16 weeks to sweep the entire town between early March and late June. If one sweeper were to go down, it would take the remaining sweeper into Fall to do it alone. Renting sweepers has not been feasible because every town needs to sweep at the same time. New National Pollutant Discharge Elimination Systems (NPDES) permit may require an increase in sweeping cycles in the future.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	180000					180000	
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$180,000</b>					<b>\$180,000</b>	

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **Garage Project - Design & Construction**

Department: **DPW - Highway**

Category: **2-B**

Description and Justification:

This project is for the design and construction of renovations to the Highway Garage. In 2006, Weston & Sampson completed an initial evaluation report which identified deficiencies in the building. In 2012, Weston & Sampson was again hired to conduct a comprehensive feasibility study, to include analysis of Public Works operations as well as assessment of the condition of the existing building. Regulations have changed in many areas since the garage was originally constructed in 1984. This project would implement the changes required to meet the environmental health & safety issues identified by Weston & Sampson. The garage also needs expansion to keep the department's vehicles and equipment under cover. Given the expense of the vehicles and equipment, they should be under cover to protect the Town's capital investment.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design	2					TBD		
C. Land Acquisition								
D. Construction	2							TBD
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>						<b>TBD</b>		<b>TBD</b>

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees


# Town of Northborough K-8 Schools

## Project Detail Sheets




**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:      ADDITION/RENOVATION PROJECT - LINCOLN STREET SCHOOL</b>																
<b>Department:      NORTHBOROUGH PUBLIC SCHOOLS</b>				<b>Category:      2-B</b>												
<b>Description and Justification:</b> At the April 2012 Annual Town Meeting, \$500,000 was approved as part of the FY2013 Capital Budget to conduct a Feasibility Study of the Lincoln Street Elementary School. Since receiving approval, the Town has worked with MSBA to appoint a building committee, conduct a site visit, review the school's maintenance history, complete the design enrollment certification process, and hire an Owner's Project Manager (OPM). Based upon the project timeline negotiated with MSBA, it is anticipated that the feasibility phase of the project will take place between March and July of 2013, culminating with MSBA's approval of a preferred design solution. From July - December 2013 the architect will complete the schematic design phase of the project, including a professional cost estimate. The project schedule allows for discussion of the project's justification and funding needs during the FY2015 Capital Budget process. The final objective is to seek funding approval for the renovation/addition project at the April 2014 Annual Town Meeting. .																
<b>RECOMMENDED FINANCING</b>																
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year													
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019								
A. Feasibility Study																
B. Design																
C. Land Acquisition																
D. Construction	2/3	14000000		14000000												
E. Furnishings/Equipment																
F. Departmental Equipment																
G. Contingency																
H. Other																
<b>TOTAL</b>		<b>\$14,000,000</b>		<b>\$14,000,000</b>												
<b>Source of Funds Legend</b> <table style="width:100%; border:none;"> <tr> <td>(1) Operating Revenues</td> <td>(3) State Aid</td> <td>(5) EMS Revolving Fund Fees</td> <td>(7) Sewer Enterprise Fund Fees</td> </tr> <tr> <td>(2) Municipal GO Bonds</td> <td>(4) Trust Funds</td> <td>(6) Free Cash / Other</td> <td>(8) Water Enterprise Fund Fees</td> </tr> </table>									(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees	(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees													
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees													

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:</b> <b>ADDITION/RENOVATION PROJECT - PEASLEE SCHOOL</b>	
<b>Department:</b> <b>NORTHBOROUGH PUBLIC SCHOOLS</b>	<b>Category:</b>
<b>Description and Justification:</b> <p>This project entails the feasibility study, design and construction for an addition/renovation of the Peaslee School. The goal of the project is to modernize and expand Peaslee School to a condition that rectifies current deficiencies and satisfies projected future requirements for educational programs and student enrollment. A Statement of Interest (SOI) for this project will be submitted to the Massachusetts School Building Authority (MSBA) at the appropriate time. To qualify for funding, the district must follow MSBA statutes and regulations which require MSBA collaboration and approval at each step of the process.</p>	
	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study	2/3	500000				500000		
B. Design								
C. Land Acquisition								
D. Construction	2/3	14313000					14313000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$14,813,000</b>				<b>\$500,000</b>	<b>\$14,313,000</b>	


Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |



**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title: FIRE/SPRINKLER SYSTEM - PEASLEE SCHOOL</b>	
<b>Department: NORTHBOROUGH PUBLIC SCHOOLS</b>	<b>Category:</b>
<u>Description and Justification:</u>  In the event that the Peaslee School renovation project does not take place, the district should be proactive in building safety systems. This project represents a life/safety issue and would fund the design and installation of a code compliant fire alarm and sprinkler system for the Peaslee School as recommended by the Fire Department. The projected costs are as follows: - Design costs - TBD - Fire alarm system - \$80,000 - Sprinkler system - \$304,000	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study	2/3	TBD				TBD		
B. Design								
C. Land Acquisition								
D. Construction	2/3	384000					384000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>TBD</b>			<b>TBD</b>		<b>\$384,000</b>	

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **FLOOR TILE REPLACEMENT - PEASLEE SCHOOL**

Department: **NORTHBOROUGH PUBLIC SCHOOLS**

Category:

Description and Justification:

This project entails the replacement of classroom asbestos floor tiles that are lifting and causing uneven surfaces. The project represents the need to maintain the current infrastructure at the Peaslee School in the event that the Peaslee School renovation project does not move forward.



**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	40000			40000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$40,000</b>			<b>\$40,000</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **ROOF REPAIRS - PROCTOR SCHOOL**

Department: **NORTHBOROUGH PUBLIC SCHOOLS**

Category:

Description and Justification:

This project entails needed repair to the flat roof over the gymnasium and cafeteria at the Proctor School. This is a long-term solution to correct the current issues with leaking of the 16-year-old flat roof. It is based upon a roof inspection conducted in September 2009. The repairs will prevent water infiltration especially in the gymnasium area, prevent damage to the wood flooring and will carry a 30-year warranty.



**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	85000			85000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$85,000</b>			<b>\$85,000</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:</b> <b>ADDITION/RENOVATION PROJECT (FY'19/FY'20) - MELICAN MIDDLE SCHOOL</b>	
<b>Department:</b> <b>NORTHBOROUGH PUBLIC SCHOOLS</b>	<b>Category:</b>
<b>Description and Justification:</b>  <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>This project entails the feasibility study, design and construction for an addition/renovation of the Melican Middle School. The goal of the project is to modernize and expand Melican Middle School to a condition that rectifies current deficiencies and satisfies projected future requirements for educational programs and student enrollment. A Statement of Interest (SOI) for this project will be submitted to the Massachusetts School Building Authority (MSBA) at the appropriate time. To qualify for funding, the district must follow MSBA statutes and regulations which require MSBA collaboration and approval at each step of the process.</p> </div> <div style="width: 35%; text-align: center;">  </div> </div>	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study	2/3	500000						500000
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$500,000</b>						<b>\$500,000</b>

Source of Funds Legend

- |                        |                 |                             |                                |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid   | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other       | (8) Water Enterprise Fund Fees |

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

Project Title: **HOT WATER HEATER STORAGE TANKS - LINCOLN STREET, PEASLEE & PROCTOR SCHOOLS**

Department: **NORTHBOROUGH PUBLIC SCHOOLS**

Category:

Description and Justification:

This project seeks to replace the hot water heaters and storage tanks at the Lincoln Street, Peaslee and Proctor Schools. As part of our continued work towards energy efficiency, replacement of the water heaters and down-sizing of the storage tanks with insulated stainless storage tanks will result in savings. The Lincoln water tank is aged and the storage tank is uninsulated and experiencing corrosion. The Peaslee water heater is currently turned off due to failure. The main heating boiler is used for hot water. Proctor has a 16-year-old uninsulated tank and heater that required specialized service annually. Please note that the scope of this project would be reduced if the Lincoln Street School renovation project moves forward.



**RECOMMENDED FINANCING**


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	72000		72000				
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$72,000</b>		<b>\$72,000</b>				

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

**CAPITAL IMPROVEMENT PROGRAM**

**PROJECT DETAIL SHEET**

<b>Project Title:      PARKING LOT/SIDEWALK PAVING - PEASLEE SCHOOL/MELICAN MIDDLE SCHOOL</b>	
<b>Department:      NORTHBOROUGH PUBLIC SCHOOLS</b>	<b>Category:</b>
<b>Description and Justification:</b>  <p>This request combines re-paving of the parking lot and asphalt walkways at the Peaslee School with the re-paving of sidewalks and sealcoating of the parking lot at Melican Middle School. The asphalt area at Peaslee has become dangerous to students, staff and public that use the building. The re-paving of sidewalks at Melican is necessary due to the numerous cracks. Sealcoating the parking lot is necessary to maintain the \$70,000 re-paving project completed in 1998. The cost to re-pave and re-stripe the Peaslee parking lot is \$108,000 and to re-pave walkways is \$22,000. The cost to remove and replace Melican walkways is \$56,000 and to sealcoat and re-stripe parking lot is \$8,000.</p>	
	

**RECOMMENDED FINANCING**

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	194000			194000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
<b>TOTAL</b>		<b>\$194,000</b>			<b>\$194,000</b>			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees



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## **Part III**

Report of the Financial Planning Committee  
Fiscal Years 2014-2019



## **Report of the Financial Planning Committee**

The role of the Financial Planning Committee is to serve in a research, study and advisory capacity to the Board of Selectmen, the Appropriations Committee and the Administrative Office on short and long-range financial planning matters, and to assist in the development of a Capital Improvement Program. During Fiscal Year 2013 the Committee was comprised of the following members:

Member	Appointed By	Term Expires
Jason Perreault, Chair	Planning Board	April 2013
Michael Hodge, Vice-Chair	Town Moderator	April 2013
Heidi Bourque-Gleason	Northborough K-8 School Committee	April 2015
David DeVries	Town Moderator	April 2014
Roger Leland	Town Moderator	April 2014
Richard Smith	Appropriations Committee	April 2015

### **Fiscal Year 2013 Committee Activities**

Meeting Date	Action
November 8, 2012	Reorganization: Jason Perreault, Chair; Michael Hodge, Vice-Chair. Review FY13Capital Improvement Plan budget and process. Review preliminary Free Cash Plan. Updates on Assabet Valley and Lincoln Street School building projects.
December 6 2012	Discuss capital project categorization/priority rating.
January 17, 2013	Review K-8 School Department capital projects.
January 24, 2013	Review Dept. of Public Works capital projects.
January 31, 2013	Review Police Dept. capital projects. Discussion of Fiscal Trend Monitoring System (FTMS) project.
February 14, 2013	Presentation of FTMS (with Selectmen and Appropriations).
February 21, 2013	Review Fire Dept. capital projects. Overview of FY14 capital budget and financing options.
February 28, 2013	Review Community Preservation Act capital projects. Vote Committee recommendations on FY14 capital projects.
March 26, 2013	Tour of Dept. of Public Works municipal garage and grounds.
March 28, 2013	Review debt service/policy with Finance Director. Review final committee report.

The Committee extends its appreciation to Town Administrator John Coderre and his Financial Team -- Assistant Town Administrator Kimberly Hood, Finance Director June Hubbard-Ward, and Town Accountant Jason Little -- for their input and assistance throughout the Committee's process. Special thanks to Executive Assistant MJ Fredette for her capable administrative support.

## **Committee General Comments**

The major role of the Financial Planning Committee is to review all submitted projects included in the Capital Improvement Program, comment upon their viability and make its final recommendations, which includes consideration of the guidelines set forth under the Debt Policy adopted by the Board of Selectmen in September 2000. These guidelines were developed to assist the Town in determining how much debt can safely be incurred, and are consistent with those recommended by the Massachusetts Department of Revenue, namely:

- Determine debt that can be incurred without jeopardizing credit standing and causing financial hardship;
- Incorporate affordability guidelines for expenditures;
- Include review of the Capital Improvement Program; and
- Indicate appropriate uses for and acceptable amounts of debt.

The Committee has reviewed the projects included in the six-year Capital Improvement Program at meetings held with the various departments proposing these projects. At these meetings, department heads presented information and data to justify the need, cost, and implementation timeframe for the projects. It is the strong opinion of the Committee that in order for the Capital Improvement Program to be an effective tool for managing the Town's capital investment, department heads must have confidence that their submitted projects will be implemented within the timeframe planned in the Program. The Committee recognizes that the municipal and school administrations have worked hard to anticipate capital needs, submit projects into the Plan, and distribute those projects over the six-year planning period so as to comply with the constraints of the Town's Debt Policy.

At this writing, debt service projections and metrics were not yet finalized and available to the Committee, but conservative preliminary estimates prepared by the Town Administrator indicate that the Program will be well within the guidelines set forth in the Debt Policy both for Credit Standing and Affordability.

Subject to verification of compliance with Debt Policy guidelines, and to comments and recommendations made herein for specific capital projects proposed for Fiscal Year 2014, the Committee is pleased to recommend this Capital Improvement Program as an effective tool for managing the Town's finances with respect to Capital Projects for the next six years.

**Communication, Transparency, and Best Practices in Town Finance**

For the third consecutive year, the Committee congratulates the Town Administrator and his Financial Team for receiving the Government Finance Officers Association (GFOA) Budget Presentation Award for the Town's FY13 budget document. To be recognized, the budget document must satisfy demanding criteria which evaluate it as a policy document, a financial plan, an operations guide, and a communications tool. Further, GFOA raises the bar by requiring past award winners to demonstrate ever greater clarity and completeness in their budget document. To repeat as a GFOA award winner reflects the continuing efforts of the Financial Team to improve communication and transparency in Town finance and apply best practices to municipal budgeting.

**Fiscal Trend Monitoring System (FTMS)**

The Financial Team has developed a system to monitor trends in an initial set of twelve fiscal indicators. The observed indicators will provide early warning of the onset of fiscal distress (a temporary imbalance between the Town's financial commitments and its anticipated revenues), allowing the Town sufficient time to take mitigating action and to prevent decline into fiscal crisis (inability of the Town to meet its obligations and/or maintain existing service levels). The Committee welcomes this additional budget management tool, and will follow its use and refinement in the coming years.

**Rescind Authorization for Unissued Bonds / Repurpose Unused Bond Proceeds**

Following the Financial Team's review of the status of past capital projects, two measures may be taken at Town Meeting that will 1) strengthen the Town's financial position, and 2) apply unused funds from prior years' capital projects to FY14 capital projects, thereby funding them with no additional impact to the tax rate.

The first measure -- rescinding authorization for unissued bonds -- addresses the case where a combination of lower than expected costs and/or higher than expected alternate funding sources materialize prior to bond issuance; thus, the actual amount issued is less than the full amount authorized by Town Meeting. The unused portion of the authorization remains open on the Town's books, representing additional debt the Town potentially could incur. Rescinding the unused authorization eliminates that perceived exposure and further strengthens the Town's financial position, particularly as it relates to bond rating. Rescission may be the subject of a single warrant article.

The second measure -- repurposing of unused bond proceeds -- addresses the case where a combination of lower than expected costs and/or higher than expected alternate funding sources materialize after bond issuance; thus, bond proceeds exceed what is actually needed to complete the capital project for which the bond was issued. Massachusetts General Law Chapter 44 Section 20 allows for Town Meeting to approve the appropriation of the balance of any bond proceeds that remain from completed projects; said remaining funds can be reallocated to any project for which debt of a similar term, or longer, could be authorized. Repurposed bond proceeds may be cited in specific capital spending warrant articles for which they are proposed to be applied as a source of funding.

### **Free Cash Policy**

The FY14 budget year marks the third implementation of the recently adopted Free Cash Policy. Under this policy, one defined use of available free cash is to pay for capital projects. Examples of suitable projects include DPW and Public Safety vehicles and equipment; building infrastructure components (heating, cooling, electrical, plumbing, etc.); telecommunication systems; office and cafeteria equipment; and capital project feasibility studies and needs analyses. In the past, the Town funded projects of this scale with debt, a practice discouraged by bond rating agencies. Under the Free Cash policy, such capital items are now funded from free cash and other available one-time revenues. Debt capacity is conserved for larger projects such as building construction and renovation, major roadway construction and repair, water/sewer infrastructure, and land acquisition for municipal use or to preserve open space.

From the \$2.459M certified free cash balance, \$1.309M is allocated to FY14 capital projects. This amount, in combination with the planned use of \$197K of repurposed capital project bond proceeds, provides for a proposed total capital investment of \$1.506M in FY14 -- with no impact to the tax rate.

### **School Renovation Projects and Capital Repair Contingencies**

The Lincoln Street School building project, which has been accepted by the Massachusetts School Building Authority (MSBA) as a reimbursement-eligible project, is now proceeding through the feasibility phase in accordance with MSBA's process and timeline. The Owner's Project Manager has been hired, and the hiring of the Designer is in progress. Following completion of the feasibility phase, it is anticipated that a request for construction funding will be presented at April 2014 Town Meeting for the FY15 budget. Lincoln Street School is the first of three K-8 schools slated for phased renovation in the Capital Improvement Plan.

In addition to comprehensive renovation projects proposed for Lincoln Street, Peaslee, and Melican schools, the Capital Improvement Plan may include contingencies for capital repairs that will be needed if those renovations do not proceed within their planned timelines. Examples of such contingencies include boiler and school roof replacement projects carried out in recent years. However, only the greater costs of the comprehensive renovation projects are included in the Town's debt service projections; costs of contingency projects for FY15 and beyond are omitted.

### **Funding Conveyed to Outside Entities**

In recent years, concern has been expressed over the practice of transferring Town funds to an outside Entity whose mission is aligned with a Town interest, but which is not a Town body and which can expend the funds without further oversight and approval by the Town. In the opinion of the Committee (shared by other Town officials and bodies), it is appropriate and prudent that a formal legal understanding be established between the Town and such an Entity, to provide for a suitable level of accountability, transparency, and disclosure relating to the disposition of conveyed funds. This helps safeguard the Town's interest in the conveyed funds, and provides feedback to inform citizens' subsequent decisions whether to convey additional funding.

Execution of such an agreement, satisfactory to the Town, will be a necessary condition for the Committee to make a favorable recommendation to allocate funding to outside entities.

### **Apportionment of ARHS State Construction Grant**

Disagreement continues over how the state grant for the Algonquin Regional High School construction project should have been apportioned by the Regional School District to the member towns of Northborough and Southborough: whether by the capital cost sharing formula of the Regional Agreement (which the District has in fact done); or according to provisions of MGL Chapter 70B, which govern state reimbursement to school districts for school construction projects.

The Committee estimates that Northborough has received approximately \$1.5M LESS in grant under the District's treatment than it would under the MGL Chapter 70B grant apportionment formula.

Significant points of the dispute, summarized in these Committee reports over the past several years, are not repeated here.

In November 2010, having exhausted all options for diplomatic resolution, Northborough filed a request for declaratory judgment, seeking the Court's interpretation of the relevant language in MGL Chapter 70B. The Town now awaits a resolution as the matter makes its way through legal channels.

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**CAPITAL IMPROVEMENT PROGRAM**

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**Capital Projects for FY14**

The Committee has reviewed the projects in the Capital Improvement Program for Fiscal Year 2014 and has prioritized as follows:

Priority	Description
1	Projects that involve correcting a current Safety or Health issue, and/or to meet a Federal or State legal requirement
2	Projects that are necessary to maintain the Town's current infrastructure:  <i>Buildings</i> - Projects necessary to maintain existing Town buildings, not including projects to expand or modernize facilities.  <i>Equipment</i> - Projects necessary to replace old existing equipment, which is no longer cost effective to repair with similar equipment
3	Projects that are required to increase capacity of existing facilities in order to accommodate the increase in growth of the Town.
4	Projects that are designed to modernize and upgrade existing Town facilities.

The following sections present the committee's recommendation for each proposed capital project appearing in a warrant article, with committee vote shown in parentheses. Numerical votes are shown in Yes-No-Abstain order relative to a motion to recommend approval. Fewer than six total votes reflect the absence of one or more members at the time of the vote.

Planned sources of funding are noted in the comments for each project.

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***CAPITAL IMPROVEMENT PROGRAM***

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**Municipal Departments**

Project	Sponsor	Cost	Priority	Recommend Approval?
Rescind Authorization for Unissued Bonds	Town Administrator	--	N/A	Recommendation to be offered at Town Meeting
<ul style="list-style-type: none"><li>▪ Rescind bond authorizations for prior capital projects that are no longer needed, because actual project cost was lower than estimated, and/or because alternate sources of funding (e.g. grant) were higher than anticipated.</li><li>▪ Further strengthen Town balance sheet in the eyes of bond rating agencies by eliminating open "lines of credit" that were not and will not be used.</li><li>▪ No impact to tax rate.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
SCBA Compressor Replacement	Fire	\$50,000	2	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ Replacement of 1991 Self-Contained Breathing Apparatus (SCBA) air compressor which is reaching end of useful life.</li><li>▪ Used to refill depleted SCBA air bottles used for firefighting and dive rescue.</li><li>▪ New compressor will increase capability from 4500 psi to 6000 psi.</li><li>▪ Funded from free cash. No impact to tax rate.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
Emergency Shelter Trailer	Fire	\$28,000	1	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ An important component of the Town's self-sufficient emergency sheltering capability.</li><li>▪ Provides for mobile deployment of cots, blankets and other supplies to sheltering site.</li><li>▪ Funded from free cash. No impact to tax rate.</li></ul>				

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**CAPITAL IMPROVEMENT PROGRAM**

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**Municipal Departments (continued)**

Project	Sponsor	Cost	Priority	Recommend Approval?
Salt Shed Replacement	Public Works - Highway	\$800,000	2	YES (6-0-0)
<ul style="list-style-type: none"><li>Existing salt shed built c. 1986 is in very poor condition and must be replaced.</li><li>Larger shed needed for increased volume and processing of salt used (no sand).</li><li>Requested appropriation is supported by professional cost estimates.</li><li>Funded from free cash and repurposed capital bond proceeds. No additional impact to tax rate.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
Fueling Island Replacement/Relocation	Public Works - Highway	\$425,000	2	YES (6-0-0)
<ul style="list-style-type: none"><li>Relocate fueling island for improved traffic flow, security, safety, and functionality of the municipal garage site.</li><li>Supplements a prior appropriation of \$365,000 for replacement of c. 1986 fuel tanks.</li><li>This appropriation is funded from free cash. No impact to tax rate.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
Front-End Loader	Public Works - Highway	\$203,500	2	YES (6-0-0)
<ul style="list-style-type: none"><li>Replace 1997 loader which is reaching end of useful life (9000 hours to date) and is becoming increasingly costly to maintain.</li><li>One of the most heavily used pieces of equipment both at municipal garage site and at construction sites in Town.</li><li>Exposed to harsh environmental conditions and handles corrosive materials.</li><li>Funded from free cash. No impact to tax rate.</li></ul>				



## **K-8 Public Schools**

The K-8 Schools have no capital project requests for FY14.

The Lincoln Street School building project, which has been accepted by the Massachusetts School Building Authority (MSBA) as a reimbursement-eligible project, is now proceeding through the feasibility phase in accordance with MSBA's process and timeline. The Owner's Project Manager has been hired, and the hiring of the Designer is in progress. Following completion of the feasibility phase, it is anticipated that a request for construction funding will be presented at April 2014 Town Meeting for the FY15 budget.

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**CAPITAL IMPROVEMENT PROGRAM**

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**Community Preservation Act Projects**

Certain projects to be funded with Community Preservation Act monies may be presented at Town Meeting. Although often capital in nature, these projects are not necessarily incorporated into the Capital Improvement Plan. Nevertheless, the Financial Planning Committee, in its financial advisory capacity, strives to review projects approved by the CPC and offer its recommendations at Town Meeting. Because CPA projects do not compete for funding with Capital Improvement Plan projects, no Priority is assigned.

Project	Sponsor	Cost	Priority	Recommend Approval?
Viewing Deck Renovation at Memorial Field - Phase I	Parks and Recreation	\$15,000	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ This is a planning and design phase, to be followed by a future request to fund construction.</li><li>▪ Goal is to replace the existing observation deck and evaluate / improve handicap access to deck and snack shack.</li><li>▪ Change to state CPA program now allows CPA funding to be used to renovate and maintain recreational facilities that were NOT initially created using CPA funding.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
Assabet Park Shading Project - Phase I	Parks and Recreation	\$15,000	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ This is a planning and design phase, to be followed by a future request to fund construction.</li><li>▪ Create shaded areas for the protection and enjoyment of park visitors.</li><li>▪ Recent storms destroyed trees in the vicinity of the park that provided natural shade.</li><li>▪ Change to state CPA program now allows CPA funding to be used to renovate and maintain recreational facilities that were NOT initially created using CPA funding.</li></ul>				

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**CAPITAL IMPROVEMENT PROGRAM**

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**Community Preservation Act Projects (continued)**

Project	Sponsor	Cost	Priority	Recommend Approval?
Transfer to Conservation Fund	Open Space Committee	\$150,000	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ Replenish Conservation Fund, which has been depleted by recent land acquisition and/or protection measures for open space preservation.</li><li>▪ Have financial resources in place to act quickly when land acquisition and conservation opportunities arise, subject to recommendation by Open Space Committee or Conservation Commission, consistent with goals and priorities of the Town's Open Space Plan, and in compliance with CPA regulations.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
CPC Debt Service	Community Preservation Committee	\$59,408	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ Apply CPA funding to pay debt service on debt issued as a component of the FY12 CPA Green Street land purchase for open space preservation.</li><li>▪ First annual installment of a 5-year financing term.</li></ul>				

Project	Sponsor	Cost	Priority	Recommend Approval?
Preservation and Storage of Town Records - Phase IV	Town Clerk and Historical Commission	\$30,000	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ Continuation of efforts to preserve and store fragile existing paper records, and to create digitized copies in a consistent medium/format. Includes shelving for proper storage of records.</li></ul>				

***CAPITAL IMPROVEMENT PROGRAM***

Community Preservation Act Projects (continued)

Project	Sponsor	Cost	Priority	Recommend Approval?
Redevelopment of Old Northborough Senior Center	Northborough Affordable Housing Corporation	\$52,000	N/A	YES (6-0-0)
<ul style="list-style-type: none"><li>▪ Additional funding for redevelopment of former Senior Center at 1 Centre Drive to add four additional affordable housing units to the existing affordable housing units at that site.</li><li>▪ Reflects new building code requirements (two means of egress per unit; sprinklers) plus construction cost escalation since 2010 estimate.</li><li>▪ Funding is subject to funding agreement with the Town (see "Funding Conveyed to Outside Entities" in General Comments section). Any funds not actually needed to complete the project will be returned to the Town's Affordable Housing Reserve CPA account.</li></ul>				

Respectfully submitted,  
Northborough Financial Planning Committee  
March 16, 2013

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**CAPITAL IMPROVEMENT PROGRAM**

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Financial Planning Committee Recommendations for FY14 Capital Project Warrant Articles  
Northborough Annual Town Meeting April 2013

Article	Project	Cost	Funding Source	Priority	Vote *	Recommend Approval?
	Rescind Authorization for Unissued Bonds	--	N/A	--	TBD	TBD
	Fire: SCBA Air Compressor	50,000	Free Cash	2	6-0-0	YES
	Fire: Emergency Shelter Trailer	28,000	Free Cash	1	6-0-0	YES
	DPW: Salt Shed Replacement	800,000	Free Cash, Repurposed Bonds	2	6-0-0	YES
	DPW: Fueling Island Replace/Relocate	425,000	Free Cash	2	6-0-0	YES
	DPW: Front-End Loader	203,500	Free Cash	2	6-0-0	YES
	CPA: Memorial Field Deck - Design	15,000	CPA	***	6-0-0	YES
	CPA: Assabet Park Shade - Design	15,000	CPA	***	6-0-0	YES
	CPA: Conservation Reserve Fund	150,000	CPA	***	6-0-0	YES
	CPA: Debt Service for Green St. Purchase	59,408	CPA	***	6-0-0	YES
	CPA: Town Record Preservation IV	30,000	CPA	***	6-0-0	YES
	CPA: Affordable Housing / Former Sr Ctr	52,000	CPA	***	6-0-0	YES

\* Numerical votes shown in Yes-No-Abstain order relative to a motion to recommend approval. Fewer than six total votes reflects absence of one or more members.

\*\* More information needed. The Committee will offer its recommendation at Town Meeting.

\*\*\* No capital project priority is assigned to CPA-funded projects.

# **APPENDIX A**

## **FINANCIAL POLICIES AND OBJECTIVES**

Originally adopted by Board of Selectmen on November 23, 2009

Revised November 8, 2010 (Free Cash Policy Added)

# **TOWN OF NORTHBOROUGH FINANCIAL MANAGEMENT POLICIES**

## **I. OVERVIEW**

It is the policy of the Town of Northborough that financial management is conducted with the objectives of providing municipal service in an efficient, effective and consistent manner that aligns with public policy goals as set forth by the Board of Selectmen.

To help ensure the Town's financial stewardship, an established program of managing the Town's finances is essential. To this end, the Board of Selectmen promulgates policies and procedures that are financially prudent and in the Town's best economic interest.

In adherence to this policy, the Town shall pursue the following objectives:

- To set forth operational principles that minimize the cost of government to the extent consistent with services desired by the public and that minimize financial risk;
- To continue effective financial management within the Town that conforms to generally accepted accounting principles;
- To simplify, clarify and modernize the financial systems of the Town as the need occurs;
- To provide increased public confidence in public financial management;
- To protect and enhance the Town's credit rating and prevent default on any municipal debts;
- And to provide safeguards to ensure the quality and integrity of the financial systems.

In order to attain the above objectives, the Board of Selectmen adopts the following policies.

## **II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING**

- A. The Town will utilize accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Government Accounting Standards Board (GASB), including compliance with GASB Statements 34, 40 and 45.
- B. An annual audit will be performed by an independent public accounting firm.
- C. A Management Letter shall be provided by the independent public accounting firm as a companion document to the annual audit.

## **III. GENERAL FUND**

- A. Budget Goals and Objectives shall be determined annually by the Board of Selectmen in consultation with the Town Administrator. However, the annual operating budget as submitted to the Town must be balanced with the estimate of proposed expenditures for a given period less than or equal to the proposed means of financing these expenditures

(from various sources of funds or revenues). In short, for a budget to be balanced, proposed expenditures shall not exceed projected resources for the given period.

- B. The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. An average collection rate of at least 95% of current levy shall be maintained.
- C. Charges for services and other revenues shall be reviewed on a regular on-going basis at least every three years. Charges shall be adjusted as necessary to respond to changes in the cost of providing services. The Board of Selectmen may set specific cost recovery goals for individual departments or services as appropriate.
  - 1. Recreation Department—Recreational user charges and fees will be set to recover approximately 100% of the total direct costs associated with recreational programs.
- D. Reserves reflect a community's ability to react to unforeseen circumstances and to minimize or avoid borrowing for capital expenditures. Reserves should normally average between 5% and 10% of the Town's General Fund (operating budget) Expenditures. The Town will endeavor to continue its policy of maintaining reserves at 10% of General Fund Expenditures. Reserves are defined to include the Town's Stabilization Fund and Free Cash.

The Stabilization Fund is the Town's main reserve fund designed to provide financial stability for the Town while improving the Town's credit worthiness and flexibility. The provisions of this fund are dictated by Massachusetts General Law, Chapter 40, Section 5B. The Stabilization Fund may be appropriated for any lawful purpose. However, at no time can an appropriation placed into the fund exceed 10% of the previous year's real property tax levy, nor can the fund itself exceed 10% of the equalized value of the Town.

Free Cash reserves are the remaining, unrestricted funds from operations of the previous fiscal year; these include unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in budget line-items. Once certified, monies held in this reserve may be appropriated during the current budget year and may also be used as a source of revenues for the ensuing budget year.

The Town has historically used some portion of its Free Cash to subsidize the ensuing year's annual operating budget. However, it is the Town's goal to limit the amount of Free Cash used in the operating budget to a sustainable level and to use these available funds for non-recurring one-time expenses, such as capital items.

For purposes of this policy, the following are deemed to be appropriate uses of Free Cash:

- Appropriated Reserve – an amount to provide for extraordinary or unforeseen expenditures as authorized by MGL Chapter 40, Section 6.



- Operating Budget – in order to pursue a gradual transition from using Free Cash to fund recurring operational expenses, the Town will reduce its annual appropriation by \$100,000 each year until such time as the annual appropriation from Free Cash for the operating budget is lowered to \$500,000.
- Stabilization Fund – to fund or replenish the Stabilization Fund.
- Capital Improvement Program – to fund capital projects that would otherwise incur borrowing costs associated with the issuance of debt.
- Special Use – to augment the trust funds related to fringe benefits and unfunded liabilities related to employee fringe benefits.
- Extraordinary Deficits – to fund any potential deficits that would otherwise be carried over to the following fiscal year.
- Emergency Appropriations – to allow for fiscal flexibility.

The overall level of Financial Reserves is critical to maintaining the Town's Bond Rating and ensuring sufficient funds to manage unanticipated needs. Funds shall be allocated from Reserves only after an analysis has been prepared by the Town Administrator and presented to the Board of Selectmen. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources and provide sufficient cash balance for daily financial needs.

#### IV. CAPITAL IMPROVEMENTS

- A. The Town shall continue to prepare a six-year Capital Improvement Program (CIP) updated on an annual basis.
- B. Definitions of Capital Improvement Program/Project:
  1. Capital Improvement Program: A comprehensive list of major public improvement projects that are proposed for the Town's expenditure within the next six years. The CIP shall be reviewed annually.
  2. Capital Improvement Project: Items included within the Capital Improvement Program will involve the improvement or betterment of the physical plant of the Town of a non-recurring nature as differentiated from ordinary repairs or maintenance of a recurring nature. Projects include acquisition of land, improvement of facilities and the replacement/purchase of equipment with a useful life of at least five (5) years and a cost of \$25,000 or more.

## V. DEBT MANAGEMENT

A. A critical measure for bond rating agencies is the ratio of debt service payments to total expenditures. The Town recognizes that maintaining debt levels within industry standards allows the Town to more easily maintain its credit standing. Bond rating agencies consider individual community needs and circumstances (including emergencies) when evaluating the fiscal health of a community. Thus, while exceeding such limits could translate into a decrease in bond rating, such a decrease is not necessarily a totally negative factor in every case in a particular community. The Town's consideration of doing so, however, should be reserved for extraordinary or unforeseeable circumstances.

B. The Town will endeavor to manage debt so as not to exceed the following ratios, which are reflective of municipal bonding standards:

- |  |         |
|--|---------|
| 1. Gross General Fund debt service/General Fund expenditures | 15%     |
| and  |         |
| 2. Net General Fund debt service/General Fund expenditures   | 8 – 10% |

C. Definitions of Gross/Net Debt Service:

1. General Fund Gross Debt Service: Annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions. Excluded are Water and Sewer Utility Funds.
2. General Fund Net Debt Service: After State reimbursement and State aid, the annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions (i.e., Gross Debt Service less reimbursements/aid). Excluded are Water and Sewer Utility Funds.

D. When considering the use of debt, the Town shall be guided by the following:

1. Borrowing versus Cash—The Town will endeavor to finance Capital Improvement Projects with a total cost of less than \$50,000 through cash appropriation rather than borrowing.
2. Useful Life—When borrowing, the Town will ensure that the term of bonds issued will not exceed the useful life of the project.
3. Capital Expenditure versus Capital Improvement Project—Capital expenditures not meeting the definition of "Capital Improvement Projects" should be financed through inclusion within operating budgets.

E. When considering debt financing strategies, the Town shall be guided by the following:

#### Exclusions from Proposition 2-1/2 Limits

The maximum amount a community can collect in taxes in a given year is its levy limit. Proposition 2½ (Massachusetts General Laws, Chapter 59, Section 21C) restricts growth in the levy limit from one year to the next by limiting the growth to an increase of not more than 2½% over the prior fiscal year plus any increase in valuation due to new growth in the community.

There are provisions that allow a community to exceed the limits of Proposition 2½. The “debt exclusion” option is a temporary tax increase used to raise additional taxes to fund capital projects for which the community may borrow as defined in Massachusetts General Laws, Chapter 44, Sections 7 and 8. The additional amount is added to the levy limit only during the life of the debt.

A community may also temporarily exceed the levy limit by raising additional taxes for a capital improvement in order to finance the purchase with cash. Such a “capital outlay expenditure exclusion” is used for the year in which the capital item is acquired.

The Town will continue its policy to raise appropriations for large projects, such as school or municipal buildings, outside the limits of Proposition 2½, in order to retain budget capacity within the limits of Proposition 2½.

#### State, Federal and Other Sources of Funding

State, Federal and other sources of funding including grants and reimbursements, will be aggressively sought for eligible Town and School capital projects.

### **VI. ENTERPRISE FUND MANAGEMENT**

Enterprise funds (Water, Sewer and Solid Waste) should be fully self-sufficient operationally with user charges and fees set to recover all costs associated with the activities of these funds including capital expenditures. Enterprise Funds are governed by Massachusetts General Law, Ch. 44 §53F½.

### **VII. GIFTS AND GRANTS**

- A. All grants shall be managed to comply with the laws, regulations and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.
- B. All gifts and grants shall be evaluated for suitability and consistency with Town policies. They shall be formally accepted by the Board of Selectmen after review and recommendation by the Town Administrator. Gifts and grants of funds are governed by Massachusetts General Law Ch. 44 §53A. Gifts of tangible property are governed by Massachusetts General Law Ch. 44 §53A½.

## VIII. TRUST FUND MANAGEMENT

Trust Fund management shall be consistent with the legal requirements and spirit of each respective trust document and, to the maximum extent possible, realize the purpose the trusts were intended to achieve. All Trust Funds shall be invested in accordance with Section X of these policies.

## IX. INVESTMENT POLICY FOR GENERAL FUNDS, SPECIAL REVENUE FUNDS, ENTERPRISE FUNDS AND CAPITAL PROJECTS FUNDS

- A. **Scope**—Section IX of this policy applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. Section X will deal with trust funds and any other funds with special circumstances such as stabilization funds. Massachusetts Teachers Retirement Board and the Worcester Regional Retirement Board are responsible for the investment of the pension funds.
- B. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
  - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
  - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.

3. *Yield* is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

**C. Investment Instruments**—Public investments in Massachusetts are not protected through provisions in State law. Therefore, they are largely uncollateralized. Many banking institutions are willing to put up collateral, albeit at a cost to the entity of a lower interest rate. The Treasurer negotiates for the highest rates possible, consistent with safety principles. **The Treasurer may legally invest in the following instruments:**

1. *Massachusetts State Pooled Fund: Unlimited amounts (Pool is liquid)*—The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer and currently managed by Fidelity Investments. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos) and U.S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the C.D.'s and takes delivery on the Repos and Treasuries.
2. *U. S. Treasuries* that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
3. *U.S. Agency obligations* that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
4. *Bank accounts or Certificates of Deposit*, hitherto termed C.D.'s. (Up to one year) which are fully collateralized through a third party agreement: Unlimited amounts.
5. *Bank accounts and C.D.'s* (Up to one year) insured by F.D.I.C. up to at present a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage. In some cases banking institutions carry additional insurance, Depository Insurance Fund of Massachusetts (D.I.F.M).
6. *Unsecured bank deposits* of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.

- D. **Authorization**—The Treasurer has authority to invest municipal funds, subject to the statutes of the Commonwealth Massachusetts General Law Chapter 44 Section 55, 55A, & 55B.
- E. **Restrictions**—Chapter 44, Section 55 set forth the several restrictions that the Treasurer must be aware of when making investment selections for short term operating funds.
1. A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
  2. The Treasurer shall not make a deposit in any bank, trust company or banking company that he is associated with as an officer or employee or has been the same for any time during the three years immediately preceding the date of any such deposit.
  3. All securities shall have a maturity from date of purchase of one year or less.
  4. Purchases under an agreement with a trust company, national bank or banking company for repurchase at not less than original purchase price of said securities on a fixed date, for a term that shall not exceed ninety days.

## **X. INVESTMENT POLICY FOR TRUST FUNDS, STABILIZATION FUNDS AND COMMUNITY PRESERVATION ACT**

- A. **Scope**—Section X of this policy applies to funds that could be invested long term and includes accounts that are designated as Trust Funds, Stabilization Funds, Conservation Fund and Community Preservation Funds. These funds include all accounts that are received as scholarships and perpetual care receipts.

All accounts will be maintained separately receiving their proportionate interest allocation and any realized and unrealized gains or losses. The account will be established as a pooled investment portfolio unless otherwise stated. Any additional amounts added to such accounts will be maintained in this same manner.

- B. **Authorization**—Massachusetts General Law Chapter 44, Section 54 pertains to the investment of Trust Funds. All trust funds shall fall under the control of the Treasurer unless otherwise provided or directed by the donor.
- C. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with the safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
  - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
  - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
3. Yield is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

D. **Investment Instruments**—Massachusetts General Laws, Chapter 44 Section 54 states that money should be deposited into savings banks, trust companies incorporated under the laws of the commonwealth, banking companies incorporated under the laws of the commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under Chapter 29, Section 38A, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the Commonwealth.

Additionally the Treasurer may invest such funds in securities, other than mortgages or collateralized loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth; provided, that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company. **The Treasurer may invest in the following instruments:**

1. U. S. Treasuries that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).

2. U.S. Agency obligations that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).
3. Bank accounts or Certificates of Deposit, hitherto termed C.D.'s: Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third party agreement.
4. Bank accounts and C.D.'s (With no limit to the length of maturity from date of purchase), fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.M) presently with a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage.
5. Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.
6. Common and preferred stocks that are listed in the List of Legal Investments. Massachusetts General Law Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
7. Investment Funds that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
8. List of Legal Investments—All other items not separately identified here that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.

Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts List of Legal Investments issued by the Banking Commissioner each July. Each Trust Fund must be accounted for separately.

## **XI. INVESTMENT POLICY—OVERALL PROVISIONS**

- A. **Diversification**—Diversification should be interpreted in two ways: 1) in terms of maturity, and 2) in terms of instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as



concentration in a specific institution, with the exception of U.S. Treasury obligations and agencies or investments fully collateralized.

- B. **Ethics**—The Treasurer and Assistant Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Town Administrator any material financial interest they may have in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that they have which could be related to the performance of the Town's investments. All municipal employees shall comply with the State Conflict of Interest Law, Massachusetts General Laws, Chapter 268A.
- C. **Standards of Care**—The standard of prudence to be used by the Treasurer shall be the “prudent person” standard set forth in Massachusetts General Laws Chapter 203C and shall be applied in the context of managing an overall portfolio. The Treasurer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well the probable income to be derived.”

- D. **Reporting Requirements**—On an annual basis, a report containing the following information will be prepared by the Treasurer and distributed to the Town Administrator. The report will include as a minimum requirement, the following information:
1. A listing of the individual accounts and individual securities held at the end of the reporting period.
  2. A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this Investment Policy.
  3. A summary of the income earned on a monthly basis and on a year to date basis.
  4. The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the Town's cash position.
  5. The report should demonstrate the degree of compliance with the tenets set forth in the Investment Policy.

# **APPENDIX B**

## **FUND DESCRIPTIONS & BALANCES**

## Fund Descriptions

The financial operations of the Town are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the Town are accounted for through one of the funds or account groups listed below.

### Governmental Funds

Most Town functions are financed through what are called Governmental Funds. These are the activities generally supported by “non-exchange” revenue, such as taxes. There are four types of governmental funds maintained by the Town: the General Fund, Special Revenue Funds, Permanent Funds, and the Capital Projects Fund.

**General Fund:** The General Fund is the major operating fund of the Town government and it encompasses a majority of Town operations, and it is defined as covering all resources that are not required to be accounted for elsewhere. The General Fund is supported by revenues from real estate & personal property taxes, state aid, excise taxes, investment income, fines & forfeitures, and fees & charges. Most of the Town’s departments including the Schools are supported in whole or in part by the General Fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for revenues that are legally restricted to specific purposes, with the exception of major capital projects and permanent funds. These revenues must be accounted for separately from the General Fund for a variety of reasons, and often span multiple fiscal years. The Town’s Special Revenue Funds are grouped into five categories:

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific program and use those revenues to support the program without appropriation. Revolving Funds are established by statute or by-law and may require reauthorization each year at Town Meeting. The Town maintains revolving funds for a number of purposes including Council on Aging, Family and Youth Services Department, Fire Department, Police Department, Recreation Department, Library Lost Books, School Department Student Activities, and the School Lunch Program.
2. **Receipts Reserved for Appropriation:** The funds in this grouping are restricted to a specific use by statute and also require appropriation by Town Meeting. These funds include property insurance claims greater than \$20,000, monies from Cemetery sale of lots and graves, Premiums received on Excluded Debt, and Conservation Wetland Protection fees.
3. **School Grants:** The School Grant Funds account for specially financed education programs using revenue from grants received from the Federal or State government. These include the State Kindergarten Enhancement grant, the State Special Education Revolving Fund (Circuit Breaker), and Federal Title I and Title IIA grants.

4. **Other Intergovernmental Funds:** These funds account for revenues received by the Town from the Federal or State government for specific purposes other than education. These include a variety of grants such as the Chapter 90 Highway Program, State Election Grants, State Library Aid, and the Elderly Formula Grant.
5. **Other Special Revenue Funds:** These funds account for any other miscellaneous special revenues not included in the previous categories. These include private donations for specific purposes, such as grants received from private or non-profit foundations, gifts made to specific departments, and payments from developers for infrastructure improvements related to proposed projects. This category also includes the Community Preservation Fund and the Conservation Fund.

**Permanent Funds:** Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the government and its citizens. Many times such funds are referred to as ‘Trust’ funds, and the acceptance of such funds generally involves acceptance by Town Meeting for each fund’s individual specifications and/or requirements. There are two accounts associated with each permanent fund, the expendable income, and the non-expendable principal.

1. **Expendable Trust Funds:** This heading accounts for the expendable income portion of the permanent funds. This heading is also used to account for funds received by the Town in a trustee capacity where both the principal and earnings of the fund may be expended on a restricted basis for the benefit of the Town or its Citizens. This includes the Scholarship Tax Check-off Fund and the Elderly/Disabled Fund.
2. **Non-expendable Trusts:** are used to account for trusts where the principal must remain intact. Generally income earned on the non-expendable trust principal may be expended in accordance with the conditions of a trust instrument or statute, and is accounted for in the previous category. An example is the Cemetery Department’s Perpetual Care Trust.

**Capital Projects Fund:** The Capital Projects Fund is used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by other dedicated funds, such as the Community Preservation Act Fund or Chapter 90 Highway Funds. In addition to “projects,” the Town’s Capital Projects Fund also accounts for capital outlay for items purchased pursuant to the town’s capital plan, such as Departmental Equipment. The source of funding for this fund is primarily proceeds from the Town’s issuance of bonds, but may also be derived from private sources, grants, or transfers from other Town funds.

## **Proprietary (Enterprise) Funds**

Proprietary Funds cover the town's "business-type" activities, and are referred to as such in the financial statements. These statements comprise the Water and Sewer Enterprise Funds of the Town. All direct and indirect costs including overhead of each service are intended to be captured by user fees and/or general fund subsidies. These funds account for their own fixed assets and long term liabilities. Although the long term debt of the funds is ultimately the legal obligation of the general fund, it is budgeted and paid for by the Enterprise Fund for which the project was approved. Town Meeting has approved the use of the Enterprise Fund accounting for the Water, Sewer, and Solid Waste utilities. However for the purposes of the financial statements only the Water and Sewer Funds are considered "business-type" activities.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town is the trustee, or fiduciary, and the government and its citizenry do not benefit directly from such funds. This means that the Town is responsible for assets in a purely custodial manner that can be used only for the trust beneficiaries and Agency Funds. Under this heading the Town maintains only Agency Funds, such funds for "special detail" for overtime labor billed to outside parties, collection of Deputy Fees payable to the Deputy Collector, firearms licenses payable to the Commonwealth, and fees derived from and expenses related to the use of school facilities by outside parties.

## **Account Groups**

The last category of fund account entities maintained by the Town is the Account Groups. For which there are two, the General Long-term Debt Account Group and the General Fixed Assets Account Group.

The first of these groups is the General Long-term Debt Account Group which accounts for the balances due on long-term debt that the Town has approved. The liabilities accounted for in this fund extend to future years, versus those that affect the current year alone shown in other funds. When borrowing is approved the liability is increased in this fund, and when debt is paid down or rescinded the liability is reduced.

The second of these groups is the General Fixed Asset Account Group. As infrastructure is developed, construction completed, and capital outlays are made, the Town's inventory of Fixed Assets is increased. The value of these assets is then depreciated on a fixed schedule annually.

## **Basis of Accounting**

By necessity the Town produces financial reports that have different bases of accounting. Since the goal of financial reporting is to provide useful information to its users, the measurement focuses of reporting must change with respect to the needs of the audience.

The day to day method of accounting used by the Town is UMAS, the Commonwealth of Massachusetts' Universal Municipal Accounting System. This accounting system is prescribed by the Commonwealth of Massachusetts Department of Revenue and is intended to demonstrate compliance with state statutes and local near-term decisions (e.g. budget). This system prescribes the use of the modified accrual basis of accounting, which is the basis used by all governmental fund types. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers that property taxes are available if they are collected within 60 days after year-end. Expenditures are recorded when the liability is incurred. Principal and interest on general long-term debt are recorded as liabilities in the fiscal years that the payments are due.

The full accrual basis of accounting is used for the Town's financial statements, which are produced based on generally accepted accounting principles (GAAP). The statements report information about the Town with a broad overview. The statements use accounting methods most similar to those used by a private-sector business and are typically used to demonstrate the long term financial position of the Town. The users of this information are often bond rating agencies and others seeking information consistent with entities in other states. The Government Accounting Standards Board (GASB) issues guidance for how GAAP based financial statements should be prepared for government entities. The accrual basis of accounting is utilized by the proprietary and agency funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

## **Budgeting**

An annual budget is adopted for the Town's General and Enterprise Funds. Although legislative approval is required for capital projects, borrowing authorizations, and other warrant articles, annual budgets are not prepared for any other fund. Note however that although there are informational budgets presented for capital spending with regard to the Capital Improvement Plan and also by the Community Preservation Committee for spending from the Community Preservation Act Fund, the related spending for such purposes is approved article by article versus the adoption of an annual consolidated budget.

The Town's annual budget is adopted on a statutory basis, specific to the Commonwealth of Massachusetts, and it differs in some respects from GAAP. The major differences between the budget and GAAP basis are that:

1. Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
2. For the budget, encumbrances are treated as expenditures in the year the commitment is made. Also, certain appropriations, known as special articles, do not lapse and are treated as budgetary expenditures in the year they are authorized as opposed to when the liability is actually incurred (GAAP).
3. The depreciation of Fixed Assets is not recognized as a current expense on a budgetary basis, except to the extent that actual maintenance costs are included in departmental budgets.

Following are three tables which are excerpted from the Town's financial statements prepared on a GAAP basis. These tables display the results of operations for the fiscal year ending June 30, 2012. There's one table for Governmental Funds and one for Proprietary Funds. Since Fiduciary funds do not involve the measurement of operations, there is no corresponding table for that grouping.

Under GASB Statement 34, and further by Statement 54, "major funds" are defined as individual funds that have reached a significant threshold with respect to total fund balance, and have dedicated revenue sources. "Major Funds" must be shown separately from the general fund. The remaining individual funds are aggregated in the "Non-major" category for the purposes of the financial statements. The third and final table displayed is the statement for the "Non-major" Governmental Funds.

**TOWN OF NORTHBOROUGH, MASSACHUSETTS**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2012

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Property taxes	\$ 38,258,094	436,592	38,694,686
Excise taxes	2,171,749	-	2,171,749
Payments in lieu of taxes	107,169	-	107,169
Departmental charges for services	207,119	2,345,585	2,552,704
Licenses and permits	517,665	159,806	677,471
Intergovernmental	8,338,116	2,228,019	10,566,135
Fines and forfeits	1,580	190,741	192,321
Investment income	85,822	40,944	126,766
Other	337,536	657,490	995,026
Total revenues	50,024,850	6,059,177	56,084,027
Expenditures:			
Current:			
General government	2,107,412	1,722,650	3,830,062
Public safety	3,823,221	807,954	4,631,175
Education	28,195,237	2,933,011	31,128,248
Public works	1,311,760	1,323,613	2,635,373
Human services	527,103	136,817	663,920
Recreation and culture	847,820	512,101	1,359,921
Intergovernmental	423,427	-	423,427
Employee benefits	9,090,928	-	9,090,928
Other	137,565	-	137,565
Debt service	2,461,963	6,632	2,468,595
Total expenditures	48,926,436	7,442,778	56,369,214
Excess (deficiency) of revenues over expenditures	1,098,414	(1,383,601)	(285,187)
Other financing sources (uses):			
Operating transfers in	371,273	1,401,570	1,772,843
Operating transfers out	(1,051,570)	(721,273)	(1,772,843)
Total other financing sources (uses)	(680,297)	680,297	-
Net changes in fund balances	418,117	(703,304)	(285,187)
Fund balance, beginning of year	8,331,458	8,924,049	17,255,507
Fund balance, end of year	\$ 8,749,575	8,220,745	16,970,320

The notes to the financial statements are an integral part of this statement.



**TOWN OF NORTHBOROUGH, MASSACHUSETTS**

## Statement of Revenues, Expenses and Changes in Fund Net Assets

## Proprietary Funds

For the Year Ended June 30, 2012

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Operating revenues:			
Charges for services	\$ 1,886,542	1,020,340	\$ 2,906,882
Special Assessments	143,360	337,321	480,681
Total operating revenues	2,029,902	1,357,661	3,387,563
Operating expenditures:			
Salaries, wages and employee benefits	359,587	243,908	603,495
Energy purchases	750,478	169,445	919,923
Other operating expenses	140,903	195,140	336,043
Depreciation	301,916	207,006	508,922
Total operating expenditures	1,552,884	815,499	2,368,383
Operating income	477,018	542,162	1,019,180
Nonoperating revenues (expenses):			
Interest income	1,660	3,616	5,276
Interest expense	(109,977)	(173,083)	(283,060)
Other	-	3,592	3,592
Total nonoperating revenues (expenses)	(108,317)	(165,875)	(274,192)
Income before transfers	368,701	376,287	744,988
Operating transfers in (out)	-	-	-
Changes in net assets	368,701	376,287	744,988
Net assets, beginning of year	7,215,308	7,057,759	14,273,067
Net assets, end of year	\$ 7,584,009	7,434,046	\$ 15,018,055

The notes to the financial statements are an integral part of this statement.

**TOWN OF NORTHBOROUGH, MASSACHUSETTS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2012

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals</u>
	<u>School</u>	<u>Other</u>			
Revenues:					
Property taxes	\$ -	436,592	-	-	436,592
Departmental charges for services	334,947	1,989,813	-	20,825	2,345,585
Licenses and permits	-	159,806	-	-	159,806
Intergovernmental	1,284,494	682,398	261,127	-	2,228,019
Fines and forfeits	-	190,741	-	-	190,741
Investment income	63	30,392	-	10,489	40,944
Other	-	612,051	20,598	24,841	657,490
Total revenues	1,619,504	4,101,793	281,725	56,155	6,059,177
Expenditures:					
Current:					
General government	-	1,703,865	-	18,785	1,722,650
Public safety	-	740,860	67,094	-	807,954
Education	1,338,288	500,196	1,094,527	-	2,933,011
Public works	-	969,925	353,688	-	1,323,613
Human services	-	136,817	-	-	136,817
Recreation and culture	-	503,756	8,345	-	512,101
Employee benefits	-	-	-	-	-
Debt service	-	6,632	-	-	6,632
Total expenditures	1,338,288	4,562,051	1,523,654	18,785	7,442,778
Excess (deficiency) of revenues over expenditures	281,216	(460,258)	(1,241,929)	37,370	(1,383,601)
Other financing sources (uses):					
Proceeds from issuance of bonds	-	-	-	-	-
Operating transfers in	-	247,570	1,154,000	-	1,401,570
Operating transfers out	-	(721,273)	-	-	(721,273)
Net changes in fund balances	281,216	(933,961)	(87,929)	37,370	(703,304)
Fund balance, beginning of year	577,161	6,251,839	1,378,685	716,364	8,924,049
Fund balance, end of year	\$ 858,377	5,317,878	1,290,756	753,734	8,220,745

## Changes in Fund Balance

### General Fund

It is important to note that while the General Fund's fund balance shown on the preceding GAAP based statements is a measure of resources that are available to the Town on a long-term basis, the full amount is not available for appropriation in its entirety on a statutory basis. Under Massachusetts General Law, the Massachusetts Department of Revenue (DOR) certifies the amount available, which is referred to as "Free Cash." This certified amount is available for appropriation by the legislative body. The amount certified by the DOR at the close of FY2012 is \$2,459,307 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$3,008,047.

Within the Town's Financial Policies (See Appendix A), is a reserve policy which defines reserves as being the combination of Free Cash & Stabilization Fund Balances. This reserve policy requires that the Town maintain reserves at a level of between 5 to 10% of the Town's General Fund expenditures. Under the Free Cash plan for the proposed FY2014 budget, the amount of \$500,000 will be used for the operating budget, \$150,000 will be used to fund the Appropriations Committee Reserve Fund, and \$1,309,307 will be used to fund capital expenditures. With respect to the proposed FY2014 budget, no transfers from Stabilization are contemplated, while use of Free Cash in the total amount of \$1,959,307 is proposed.

The following schedule demonstrates the Town's compliance with its fiscal policies, and that the proposed use of Free Cash for the current year will not yield a significant change in Fund Balance from the budget proposed in the prior year. The figures shown below reflect the amounts that are contemplated at the time of Town Meeting:

PROPOSED BUDGET	FY2013	FY2014
Certified Free Cash as of June 30 prior year	\$ 1,869,209	\$ 2,459,307
Proposed use for budget	\$ (1,365,000)	\$ (1,959,307)
Unappropriated Certified Free Cash	\$ 504,209	\$ 500,000
Stabilization Fund Balance as of June 30	\$ 3,605,888	\$ 3,660,076
Investment Income through December 31	\$ 25,638	\$ 13,745
Stabilization Fund Balance as of December 31	\$ 3,631,526	\$ 3,673,821
Total Reserves	\$ 4,135,735	\$ 4,173,821
Proposed Expenditure Budget	\$ 49,659,402	\$ 51,823,182
Reserves as Percentage of Budget	8.3%	8.0%

Free Cash will be recalculated for June 30, 2013 once FY2013 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2014 will reduce the amount shown in the preceding calculation, positive results from unspent appropriations and revenues above budget in FY2013 will add to the balance. Note that the figure for the adopted budget is determined when the Town's tax rate is set later during the current fiscal year (Tax Recapitulation). The adopted budget changes from the proposed due to a number of factors, primarily assessments that are estimated at the time of Town Meeting, and finalized when the property tax rate is set and approved by the DOR. The following table shows the Town's reserves as calculated following the adoption of the budget and most recent Free Cash certifications (at close of prior fiscal year):

ADOPTED BUDGET	FY2012	FY2013
Certified Free Cash as of June 30	\$ 1,869,209	\$ 2,459,307
Stabilization Fund Balance as of June 30	\$ 3,605,888	\$ 3,660,076
Total Reserves	\$ 5,475,097	\$ 6,119,383
Adopted Budget	\$ 47,744,144	\$ 49,802,233
Reserves as Percentage of Budget	11.5%	12.3%

The preceding two tables demonstrate the Town's approach to maintain sufficient reserves through conservative fiscal policies, and shows the approach that is used to develop its free cash plan. For FY2014, the increase of Free Cash certified at June 30, 2012 allows for amounts to be appropriated for capital in addition to the operating budget. In the case of FY2013, \$615,000 in capital expenditures were approved, and for FY2014 \$1,309,307 is being contemplated for capital expenditures. This approach allows for sufficient reserves to be maintained, while at the same time reserves are used to fund one-time expenses such as capital purchases.

Additionally, for the purposes of long term trend analysis, the level of the Town's reserves are compared to "Operating Revenues" as an indicator in its Financial Trend Monitoring System (FTMS) rather than the expenditure budget (see Appendix C for further information). "Operating Revenues" reflect the actual cash received in the General Fund during the fiscal year, and does not include the use of Free Cash or other "one-time revenues", or accruals. The indicator compares the percentage of reserves remaining at the close of the year to actual revenue. The indicator, also seeks to reflect allocations or reservations subsequently made, to reflect spending decisions made after balances are certified. The table below shows the data excerpted for the most recently closed two years included in the analysis:

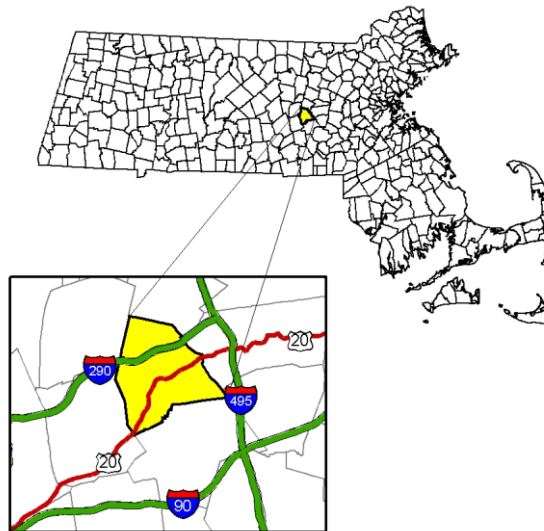
RESERVES VS. OPERATING REVENUES	FY2011	FY2012
Certified Free Cash as of June 30	\$ 1,869,209	\$ 2,459,307
Stabilization Fund Balance as of June 30	\$ 3,605,888	\$ 3,660,076
Total Reserves	\$ 5,475,097	\$ 6,119,383
Total Revenues	\$ 45,181,626	\$ 47,132,299
Reserves as % of Operating Revenues	12.1%	13.0%
Reserves Subsequently Used	\$ (1,365,000)	\$ (1,959,307)
Total Adjusted Reserves	\$ 4,110,097	\$ 4,160,076
Total Revenues	\$ 45,181,626	\$ 47,132,299
Reserves as % of Operating Revenues	9.1%	8.8%



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# **Town of Northborough, MA Financial Trend Monitoring Report Fiscal Year 2013**



**FTM Report covers the period July 1, 2002 (FY2003) through June 30, 2013 (FY2013)**



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## TABLE OF CONTENTS

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<b>I.</b>	<b>Introduction.....</b>	<b>2</b>
<b>II.</b>	<b>Executive Summary.....</b>	<b>7</b>
<b>III.</b>	<b>Financial Indicator Analysis.....</b>	<b>11</b>
	1. Property Tax Revenues.....	12
	2. Uncollected Property Taxes .....	14
	3. Revenues & Expenditures per Capita.....	16
	4. State Aid (Intergovernmental Revenues).....	18
	5. Economic Growth Revenues.....	20
	6. Use of One-Time Revenues .....	22
	7. Personnel Costs.....	24
	8. Employee Benefits.....	26
	9. Pension Liability.....	28
	10. Other Post-Employment Benefits (OPEB) Liability.....	30
	11. Debt Service Expenditures.....	32
	12. Financial Reserves/Fund Balance.....	34
<b>IV.</b>	<b>Supplemental Information .....</b>	<b>37</b>
	Average Residential Tax Bill .....	38
	Population Projections .....	39



## I. INTRODUCTION—THE FINANCIAL TREND MONITORING SYSTEM

Welcome to the Town of Northborough’s Financial Trend Monitoring System (FTMS) Report. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. If employed correctly, the FTMS will help Town officials:

- Gain a better understanding of the Town’s current financial condition.
- Identify hidden and emerging problems before they reach serious proportions.
- Present a straightforward picture of the Town’s financial strengths and weaknesses to elected and appointed officials, citizens, and credit rating firms.
- Reinforce the need for long-range considerations during the annual budget process.
- Provide a starting place for setting, reviewing and updating of financial policies that guide financial decision-making.

The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough’s overall financial condition.

### What is Financial Condition?

Financial condition is broadly defined as the ability of a Town to maintain existing service levels, withstand local and regional economic disruptions, and meet the demands of natural growth, decline and change. It is often discussed from the perspectives of cash solvency, budgetary solvency, long-run solvency and service-level solvency.

In the narrowest sense, financial condition means the ability of the Town to pay its immediate obligations over the next 30 to 90 days in order to maintain operations. This is typically referred to as “cash solvency.”

Beyond meeting its monthly cash obligations, a Town must also be able to generate enough revenues during a fiscal year to meet all its expenditures, without incurring operational deficits. With few exceptions, such as snow and ice overdrafts, the Town is legally obligated to maintain “budgetary solvency,” or a balanced fiscal year budget, while providing services to residents.

#### ***Aspects of Financial Condition***

- ***Cash Solvency:*** A government’s ability to pay immediate obligations,
- ***Budgetary Solvency:*** Its ability to pay financial obligations within the current fiscal period,
- ***Long-Run Solvency:*** Its ability to continue paying obligations in future fiscal periods, and
- ***Service-Level Solvency:*** The government’s ability to continue providing the level of services expected by its constituents.

In a broader sense, financial condition means the Town's ability in the long-run to pay all the costs of doing business, including those which may not appear during the current fiscal year, such as pension costs and liabilities for other post-employment benefits. This long-run balance between revenues and costs is referred to as "long-run solvency" and includes items such as debt commitments and investments designed to maintain capital facilities such as buildings and roads. As many municipalities know all too well, it is possible to defer such costs in the short-run, but failure to adequately invest in capital needs will cost more in the future and could even create issues of budgetary solvency if the needs go unmet for too long.

Lastly, financial condition must also be viewed from the perspective of the services that residents desire. "Service-level solvency" refers to the level and quality of the services that residents expect in order to maintain the health, safety and welfare of the community. A Town lacking service-level solvency might in all other respects be in sound financial condition, but be unable to support critical services at an adequate level. In a financial crisis situation, trying to maintain service-level solvency might result in a municipality experiencing cash, budgetary, or long-run solvency problems. That is why it is important to view the issue of financial condition from all four perspectives. During this prolonged period of chronic fiscal constraint, the goal is to prevent fiscal distress, which is a temporary imbalance, from becoming fiscal crisis where obligations can no longer be met.

#### ***Fiscal Distress vs. Fiscal Crisis***

- *Fiscal Distress: imbalance between the level of financial resources the Town has committed and its potential available resources*
- *Fiscal Crisis: occurs when the local government can no longer pay its bills or provide existing levels of service*

Although unforeseen events can sometimes create a fiscal crisis, the signs of fiscal distress are often revealed in several recurring indicators. These include structural, economic, demographic and institutional factors. The indicators might manifest in an erosion of the economic base, a significant change in population size, or an interruption in the tax base. A loss of financial independence (through a greater reliance on intergovernmental revenues), a decline in productivity, or a large amount of immediate local government costs can also be indicative of the development of financial imbalances. For the Town of Northborough, which is in relatively good financial condition despite several years of fiscal constraints, the FTMS will help provide a systematic way to monitor changes and anticipate future problems.

### **What is a Financial Trend Monitoring System?**

The Financial Trend Monitoring System (FTMS), as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town's budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over

a period of time, can be used to monitor changes in financial condition. The financial indicators include such things as revenue and expenditure trends, financial reserves, changes in the tax base, one-time revenue dependencies, debt, and external revenue dependencies.

## What are Financial Indicators?

Financial indicators are the primary tools of the Financial Trend Monitoring System. They represent a way to quantify changes in the factors with which they are associated. Many aspects of financial condition cannot be measured explicitly; however, by quantifying indicators and plotting them over a period of time, decision-makers can begin to monitor and evaluate the Town's financial performance. The use of these indicators will not provide answers as to why a problem is occurring or what the appropriate solution is, but it may provide the opportunity to make an informed management response.

### Expenditure Indicators

Expenditures are a rough measure of a local government's service output. Generally, the more a local government spends in constant dollars, the more services it is providing, although this axiom does not take into account how effective the services are or how efficiently they are delivered. To determine whether a government is living within its revenues, the first issue to consider is expenditure growth rate.

Because local governments are required to have a balanced budget, it would seem unlikely that expenditure growth would exceed revenue growth. Nevertheless, the annual budget can be balanced in a number of subtle ways that will create a long-run imbalance in which expenditure outlays and commitments grow faster than revenues. Some of the more common ways are to use non-recurring revenues (one-time monies), to borrow (pay for operating capital through a long-term capital improvement plan), or make use of reserve funds (Stabilization or Free Cash) to fund operational expenses. Other ways are to defer maintenance on capital items or to defer funding of a future liability, such as a pension obligation or other retiree benefits. In each case, the annual budget remains balanced, but the long-run budget develops a deficit. Although long-run deficits might, conceivably, be made up through windfalls such as additional State Aid, grants, or other revenue surges, allowing such deficits to develop is risky.

A second issue to consider is expenditure flexibility. Expenditure flexibility is a measure of a local government's freedom to adjust its service levels to changing conditions, and considers the level of mandatory or fixed costs. Ideally, a government's expenditure growth rate will not exceed its revenue

### ***Objectives of the FTMS***

- *Predict: so that the Town can be prepared to deal with fiscal distress before it becomes fiscal crisis,*
- *Avert: and take action to avoid fiscal crisis,*
- *Mitigate: through corrective action and/or policy changes regain sound financial footing, or at least contain the problem, and*
- *Prevent: a recurrence of fiscal distress after the Town addresses the current issue or crisis (i.e., reliance on one-time revenues or health insurance increases).*

growth rate, and the government will have maximum flexibility to adjust spending. An increase in mandatory costs, such as debt service, employee benefits, and property and other insurances, renders a government less able to adjust to change.

### Revenue Indicators

Revenues determine the capacity of a local government to provide service. Important issues to consider in revenue analysis are growth, flexibility, dependability, diversity, administration, and elasticity. Under ideal conditions, revenues would grow at a rate equal to or greater than the combined effects of inflation and expenditures. They would be sufficiently flexible (free from spending restrictions) to allow adjustments to changing conditions. They would be balanced between elastic and inelastic in relation to inflation and the economic base; that is, some would grow with inflation and the economic base and others would remain relatively constant. Revenue sources would be diversified—not overly dependent on residential, commercial, or industrial land uses, or on external funding sources, such as discretionary State Aid. User fees would be regularly evaluated to cover cost increases.

Analyzing revenue structure will help to identify the following types of problems:

- Deterioration of the revenue base
- Practices or policies that may adversely affect revenue yields
- Poor revenue-estimating practices
- Inefficiency in the collection and administration of revenues
- Overdependence on obsolete or intergovernmental revenue sources
- User fees that are not covering the cost of services

This analysis may be used to provide the framework for the development of new, and update of existing fiscal policies to guide budget development.

### **Which Fiscal Indicators are included in the report?**

Although the comprehensive ICMA model contains dozens of potential indicators for measuring municipal financial condition, a relevant sample has been selected as part of Northborough's Financial Trend Monitoring Report (FTMR). Others were omitted because either they are not applicable to Northborough's situation or because we do not have the data to be able to consistently develop these indicators at this time. We hope to be able to expand the indicators included in the report in the future. The twelve indicators that have been selected for use in monitoring the Town of Northborough's financial condition are displayed graphically on the following pages and were chosen based upon the availability of data and their appropriateness for Northborough. The selected indicators include:

1. Property Tax Revenues
2. Uncollected Property Taxes
3. Revenues & Expenditures per Capita
4. State Aid (Intergovernmental Revenues)
5. Economic Growth Revenues
6. Use of One-Time Revenues
7. Personnel Costs
8. Employee Benefits
9. Pension Liability
10. Other Post-Employment Benefits (OPEB) Liability
11. Debt Service Expenditures
12. Financial Reserves/Fund Balance

The FTMR is intended to assist the Town's Administration, Board of Selectmen, Appropriations Committee and the Financial Planning Committee in setting long-range policy priorities, and can provide a logical way of introducing long-range considerations into the annual budget process. The following report has been developed using the ICMA manual entitled Evaluating Financial Condition, A Handbook for Local Government.

### **What Methodology was used to compile the data in the report?**

The Financial Trend Monitoring System (FTMS) analysis covers the period of July 1, 2002 through June 30, 2013. Actual data has been presented for the Town's General Fund for the Fiscal Years 2003 through 2013. The actual data is taken from the Audited Financial Statements; Budget Comparison Schedules and Department of Revenue (DOR) Tax Rate Recapitulation reports as well as from various other DOR reports. Adjustments and exceptions are noted in the report.

Constant dollars are nominal dollars adjusted for inflation using data from the U.S. Department of Labor, Bureau of Labor Statistics for the Boston-Brockton-Nashua statistical area. Six months of calendar year 2012 was used for FY2013. CPI-U data is the Consumer Price Index for all urban consumers in the New England region. For the purpose of this analysis, FY2003 is the base year beginning at 100%.

Population data used in the per capita computations is taken from the Town Clerk's Annual Town Census.

## Section II

### Executive Summary

## FTMR Executive Summary

- **Current Financial Condition**

Northborough is in relatively good financial condition especially considering the economic climate of the past several recessionary years. The Town's financial reserves are strong and the use of the \$3.6 million Stabilization Fund has not been necessary. Debt level is manageable and our bond rating of Aa2 has been maintained for several years. The Town continues to have favorable economic growth and reliance on one-time revenues in the operating budget has been significantly curtailed. Further, the impact of rising health insurance costs has been mitigated by successful negotiation of plan design changes with our local bargaining units.

- **Identify Emerging Problems**

Based on the analysis, it is apparent that long-run solvency surrounding unfunded pension liability and OPEB obligations are potential emerging problems for the Town of Northborough. Uncertainty surrounding the level of State Aid and future increases in health insurance premiums remain a significant area of exposure for the annual operating budget.

- **Financial Strengths and Weaknesses**

The adoption of the Free Cash Policy in 2010 strengthened the Town's financial condition with less reliance on one-time revenues in the operating budget. In addition, the use of Free Cash for significant capital investment has insured that one-time funds are only utilized for one-time expenditures. The growth in revenue from property taxes, which has kept pace with inflation, as well as excellent tax collections are financial strengths for the Town. While expenditures per capita have risen indicating an increase in service needs, the Town's revenues per capita have increased as well.

- **Long-Range Budget Considerations**

The Town of Northborough is growing, yet the budgetary resources devoted to personnel has remained very stable. The need to address this growth and maintain service-level solvency may require a corresponding increase in personnel in the future.

- **Policy Updates**

Moving forward it will be important for the Town to plan for and eventually fund the OPEB liability. The OPEB Trust Fund was established at the April 2011 Town Meeting for this purpose. Identification of additional revenue sources such as the adoption of the Meals Tax or Room Occupancy surcharge should also be explored to alleviate the tax burden on residents. Given the reasonable increases in health insurance over the past several years, no action is required during this budget cycle.

## Financial Indicator

**FY2013**

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1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Marginal/Improving
4	State Aid (Intergovernmental Revenues)	Unfavorable/Uncertain
5	Economic Growth Revenues	Favorable/Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Marginal
8	Employee Benefits	Favorable/Uncertain
9	Pension Liability	Unfavorable
10	Other Post Employment (OPEB) Liability	Unfavorable
11	Debt Service Expenditures	Favorable
12	Financial Reserve/Fund Balance	Favorable



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## Section III

### Financial Indicator Analysis

## Indicator 1: Property Tax Revenues

### Formula:

$$\frac{\text{Net Property Tax Revenues}}{\text{Consumer Price Index}}$$

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** A decline in property tax revenues (measured in constant dollars).

### Description:

Property tax revenue is the primary source of revenue for municipal government and accounts for over 80% of Northborough's revenue. A decline in or diminished growth rate of property taxes can have a number of causes. It may reflect an overall decline in property values, a decline in economic health, default on property taxes by property owners, or the movement of retail or industrial operations to other communities. Increases to property taxes are limited by the confines of Proposition 2 ½ and any potential revenue increases from an override would need to be weighed carefully with the additional tax impact upon residents.

**Analysis:** The analysis shows that property tax revenue adjusted to constant dollars is positive and therefore has kept pace with inflation. Further, the Town's revenue growth has occurred with minimal operating Proposition 2 ½ overrides. Overrides were approved to provide additional funding for public schools in the amounts of \$487,370 in FY2003, \$362,734 in FY2007 and \$316,047 in FY2009. The other years that had property tax revenue increases over the Proposition 2.5% limit used excess levy capacity from the preceding year to increase the tax levy. This excess levy capacity was generated from conservative budget estimates of new growth.

Fiscal Year	2003*	2004	2005	2006	2007*	2008	2009*	2010	2011	2012	2013*
Property Tax Collections **	\$ 23,784,620	\$ 26,996,422	\$ 27,498,892	\$ 28,834,468	\$ 30,400,203	\$ 32,721,073	\$ 34,270,290	\$ 35,765,428	\$ 36,555,771	\$ 38,335,354	\$ 39,564,217
Less Debt Exclusions ***	\$ (645,888)	\$ (2,341,902)	\$ (1,796,046)	\$ (1,576,581)	\$ (1,936,396)	\$ (1,882,927)	\$ (1,940,878)	\$ (1,756,113)	\$ (1,855,884)	\$ (2,401,767)	\$ (2,439,581)
Net Property Tax Revenues (nominal dollars)	\$ 23,138,732	\$ 24,654,520	\$ 25,702,846	\$ 27,257,887	\$ 28,463,807	\$ 30,838,146	\$ 32,329,412	\$ 34,009,315	\$ 34,699,887	\$ 35,933,587	\$ 37,124,636
Percent increase Tax Revenues over prior year		6.6%	4.3%	6.1%	4.4%	8.3%	4.8%	5.2%	2.0%	3.6%	3.3%
CPI-U, 2003 Base Year ****	200.3	207.3	212.1	220.5	225.1	231.6	234.2	236.7	240.0	245.8	246.6
CPI-U adjustment for constant dollars	100.0%	96.6%	94.4%	90.9%	89.0%	86.5%	85.5%	84.6%	83.5%	81.5%	81.2%
Net Property Tax Revenues (constant dollars)	\$ 23,138,732	\$ 23,827,746	\$ 24,272,890	\$ 24,766,409	\$ 25,332,921	\$ 26,673,464	\$ 27,655,460	\$ 28,777,074	\$ 28,961,757	\$ 29,282,879	\$ 30,156,437
Percent increase Tax Revenues over prior year		3.0%	1.9%	2.0%	2.3%	5.3%	3.7%	4.1%	0.6%	1.1%	3.0%

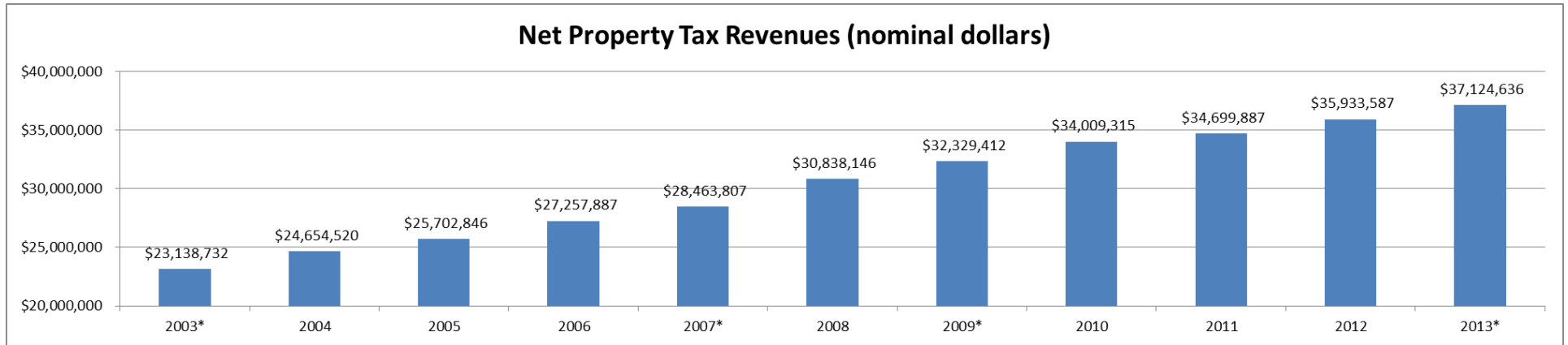
#### Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047); FY2013 shows budget numbers rather than actual, Source: Mass. DOR Tax Recap

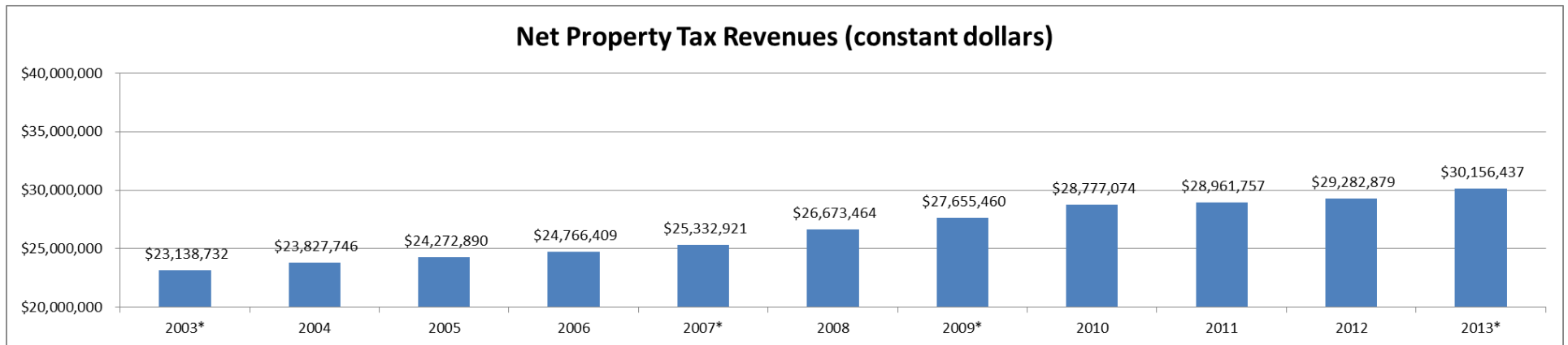
\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

\*\*\* Source: Mass. DOR, Tax Recaps

\*\*\*\* Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of calendar year 2012 used for FY2013



Note: The chart above shows net property tax revenues that have not been adjusted for inflation



Note: The chart above shows net property tax revenues adjusted for inflation using FY2003 as the base year

## Indicator 2: Uncollected Property Taxes

### Formula:

Uncollected Property Taxes (as of June 30)  
Net Property Tax Levy

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** Increasing amount of uncollected property taxes as a percentage of net property tax levy.

### Description:

Uncollected property taxes as a percentage of the net tax levy of 5% or more is considered negative by bond rating organizations. An increase in uncollected property taxes could signal an overall decline or potential instability in the tax base of the town. As uncollected property taxes rise, liquidity is decreased and there is less cash on hand to pay bills or to invest. This early warning indicator is particularly critical to watch during periods of economic decline or uncertainty.

### Analysis:

Property taxes provide over 80% of Northborough's operating revenue, representing the single most important source of revenue. The analysis below indicates that Northborough's property tax collection rate is excellent. The Town consistently collects 99% of property taxes in each fiscal year. The Town's stable trend is positive and even shows a slight increase in an already outstanding collection rate.

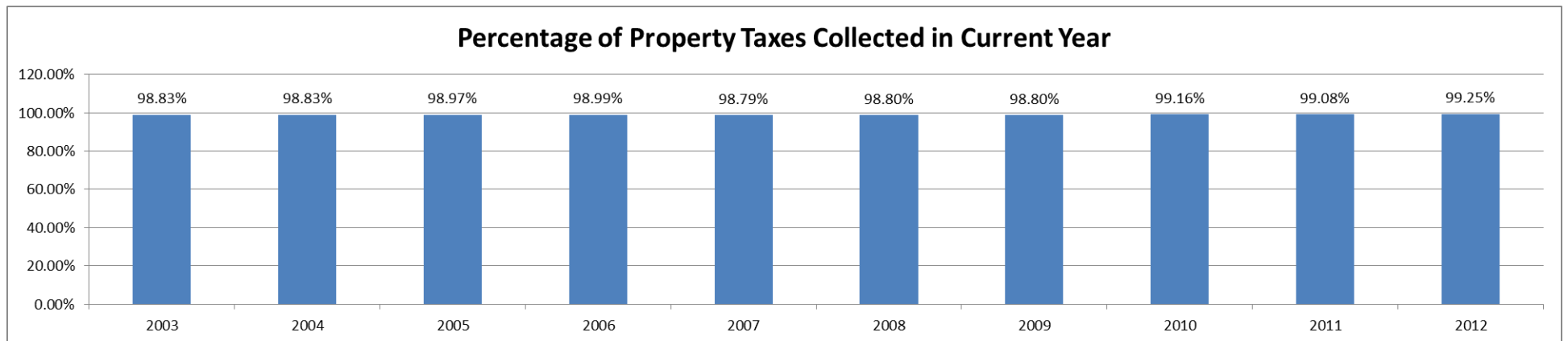
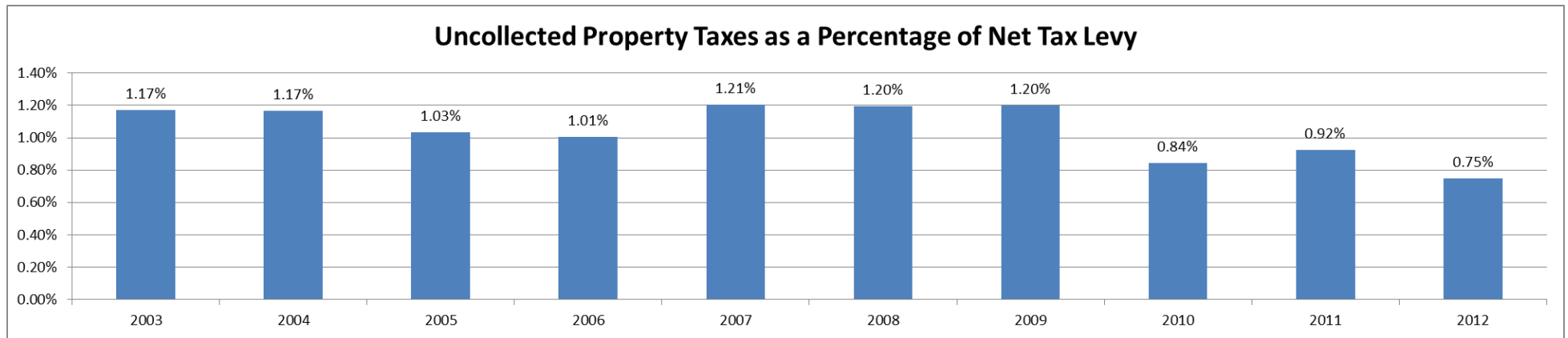
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Tax Levy *	\$ 23,808,395	\$ 27,217,019	\$ 27,576,561	\$ 28,700,649	\$ 30,739,726	\$ 32,600,217	\$ 34,239,613	\$ 35,640,190	\$ 36,695,635	\$ 38,402,738
Less Reserve for Abatements & Exemptions *	\$ (189,645)	\$ (228,056)	\$ (243,951)	\$ (210,981)	\$ (262,428)	\$ (249,386)	\$ (215,351)	\$ (284,717)	\$ (342,209)	\$ (351,739)
Net Property Tax Levy	\$ 23,618,750	\$ 26,988,963	\$ 27,332,610	\$ 28,489,668	\$ 30,477,298	\$ 32,350,830	\$ 34,024,262	\$ 35,355,473	\$ 36,353,426	\$ 38,050,999
Uncollected Taxes as of June 30 **	\$ 276,192	\$ 315,298	\$ 281,921	\$ 286,399	\$ 367,275	\$ 386,596	\$ 408,354	\$ 298,580	\$ 336,037	\$ 284,981
Uncollected taxes as a Percentage of Net Property Tax Levy	1.17%	1.17%	1.03%	1.01%	1.21%	1.20%	1.20%	0.84%	0.92%	0.75%
Percentage Collected in Current Year ***	98.83%	98.83%	98.97%	98.99%	98.79%	98.80%	98.80%	99.16%	99.08%	99.25%

Notes:

\* Source: Mass. DOR, Tax Recaps

\*\* Source: Mass. DOR Outstanding Receivables Report

\*\*\* Percent of Net Levy collected, abated, and/or taken during current year



Note: Property tax collections are shown net of reserves for abatements and exemptions, which the Town assumes will not be collected.

### Indicator 3: Revenues and Expenditures per Capita

**Formula:**

$$\frac{\text{Net Operating Revenues or Expenditures (constant dollars)}}{\text{Population}}$$

**Northborough Trend**

	Favorable
X	Marginal/Improving
	Unfavorable
	Uncertain

**Warning Trend:** Decreasing revenues per capita and increasing operating expenditures per capita (measured in constant dollars) is considered a warning trend, especially if spending is increasing faster than revenues or if one-time revenues are consistently needed to achieve budgetary balance.

**Description:**

Revenues and expenditures per capita show changes relative to population. For further analysis, revenues and expenditures per capita charted together provide a method to measure both sides of the municipal budget. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore the level of per capita revenues would remain constant. If per capita revenues are decreasing, the municipality may not be able to maintain existing service levels unless cost savings or new revenue sources are found. Changes in per capita expenditures that reflect an increase may indicate that the cost of providing municipal services is outpacing the community's ability to pay for those services, especially if spending is greater than can be counted for by inflation or the addition of new services.

**Analysis:**

From FY2003 through FY2008, expenditures per capita exceeded revenues per capita due to the use of one-time funds in the operating budget, mainly from Free Cash. With a significant reduction in the Free Cash available for the FY2009 operating budget, the need for a policy revision was apparent. With the subsequent adoption of the Free Cash Policy in November 2010, the use of one-time revenue for the operating budget was phased down and capped at \$500,000, with an additional \$150,000 used for the Appropriations Committee Reserve Fund<sup>1</sup>. Therefore from FY2010 forward, the Town's revenues per capita exceed expenditures per capita. The funds represented by the difference are now closed to surplus (i.e. Free Cash ) and are then available to fund capital items and other one-time expenditures in accordance with the Free Cash Policy.

<sup>1</sup> Reserve Fund is an amount set aside annually within the budget of the town to provide a funding source for extraordinary or unforeseen expenditures. The Appropriations Committee can authorize transfers from this fund. If unused, these funds return to Free Cash at the close of the Fiscal Year.

Fiscal Year	2003*	2004	2005	2006	2007*	2008	2009*	2010	2011	2012
Expenditures (Net of Capital Transfers)**	\$ 32,799,208	\$ 35,543,475	\$ 36,360,145	\$ 37,623,327	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 45,832,802
Revenues **	\$ 32,626,221	\$ 35,100,823	\$ 35,791,676	\$ 37,583,206	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299
One Time Revenues Budgeted **	\$ 1,200,000	\$ 1,194,180	\$ 1,500,000	\$ 1,100,000	\$ 1,100,000	\$ 1,040,000	\$ 473,250	\$ 800,000	\$ 661,703	\$ 791,479
CPI-U, 2003 Base Year ***	200.3	207.3	212.1	220.5	225.1	231.6	234.2	236.7	240.0	245.8
CPI-U adjustment for constant dollars	100.0%	96.6%	94.4%	90.9%	89.0%	86.5%	85.5%	84.6%	83.5%	81.5%
Expenditures (constant dollars)	\$ 32,799,208	\$ 34,351,547	\$ 34,337,280	\$ 34,184,406	\$ 35,918,890	\$ 36,420,413	\$ 37,120,934	\$ 37,481,656	\$ 37,001,452	\$ 37,349,915
Revenues (constant dollars)	\$ 32,626,221	\$ 33,923,739	\$ 33,800,437	\$ 34,147,953	\$ 35,134,028	\$ 36,666,016	\$ 37,076,935	\$ 38,271,809	\$ 37,710,189	\$ 38,408,897
Population ****	14,080	14,293	14,505	14,726	14,685	14,550	14,575	14,498	14,632	14,798
Expenditures per capita (nominal dollars)	\$ 2,329	\$ 2,487	\$ 2,507	\$ 2,555	\$ 2,748	\$ 2,894	\$ 2,977	\$ 3,055	\$ 3,030	\$ 3,097
Revenues per capita (nominal dollars)	\$ 2,317	\$ 2,456	\$ 2,468	\$ 2,552	\$ 2,688	\$ 2,913	\$ 2,974	\$ 3,120	\$ 3,088	\$ 3,185
Expenditures per capita (constant dollars)	\$ 2,329	\$ 2,403	\$ 2,367	\$ 2,321	\$ 2,446	\$ 2,503	\$ 2,547	\$ 2,585	\$ 2,529	\$ 2,524
Revenues per capita (constant dollars)	\$ 2,317	\$ 2,373	\$ 2,330	\$ 2,319	\$ 2,393	\$ 2,520	\$ 2,544	\$ 2,640	\$ 2,577	\$ 2,596

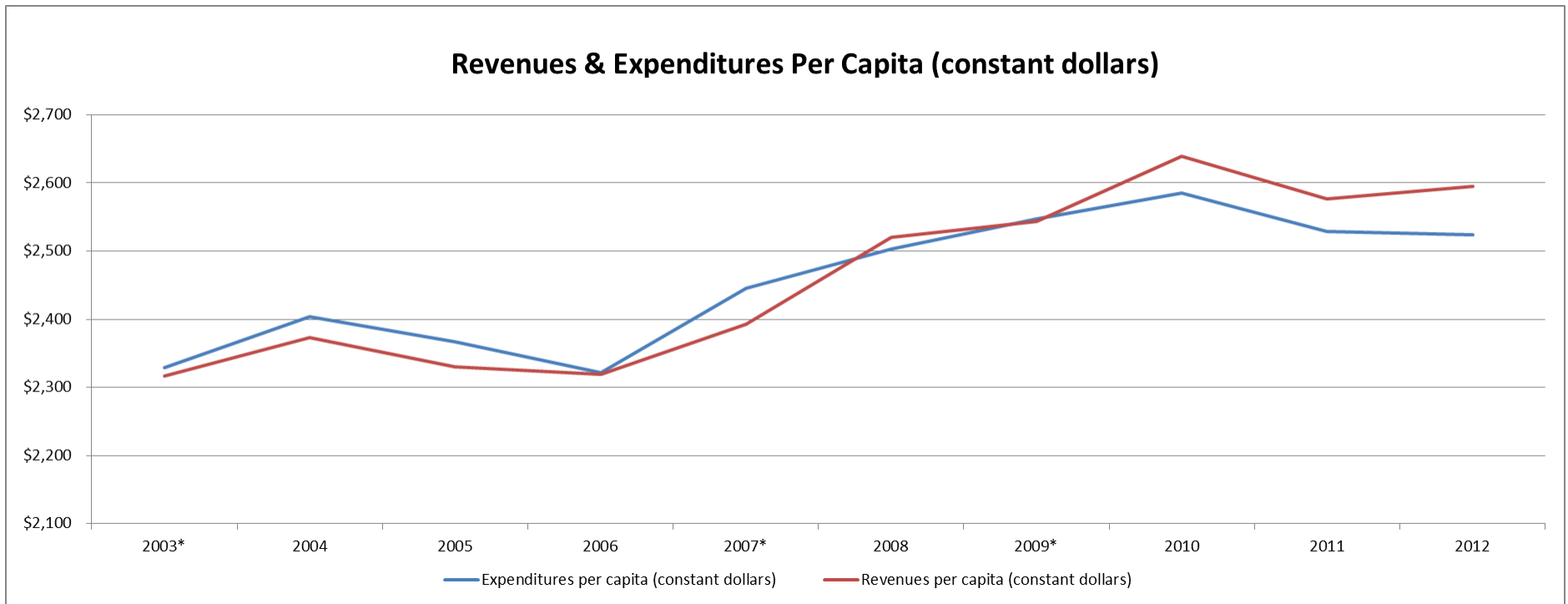
Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047)

\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, adjustment made to exclude transfers to capital project funds \$804,000 in FY2012 following Town's Free Cash Policy

\*\*\* Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of calendar year 2012 used for FY2013

\*\*\*\*Source: Town Clerk - Annual Town Census





## Indicator 4: State Aid (Intergovernmental Revenues)

**Formula:**

$$\frac{\text{Net State Aid Revenues}}{\text{Operating Revenues}}$$

**Northborough Trend**

	Favorable
	Marginal
X	Unfavorable
X	Uncertain

**Warning Trend:** Significant increases or decreases in State Aid (intergovernmental revenues) as a percentage of operating revenues.

**Description:**

A reduction in State Aid as a percentage of operating revenues is generally perceived as a warning trend. However, intergovernmental revenues as a percentage of the operating budget are also important because an overdependence upon such revenues can be harmful. State governments struggle with their own budget problems and when the economy is not robust, frequently they have reduced aid to local governments. The reduction of intergovernmental funds leaves the municipal government with the dilemma of cutting programs or funding them from general fund revenues. Any decline in intergovernmental funding is difficult for a municipality to absorb.

**Analysis:**

The level of State Aid and other intergovernmental revenues provided to municipalities is a continuing concern in Massachusetts<sup>2</sup>. State mandates are imposed on already strained municipal budgets with no corresponding funding. State Aid to Northborough generally represents approximately 10% of total municipal revenue with the exception of FY2003 when State Aid represented 13.1% of revenue. Northborough's State Aid has yet to be restored to the peak levels reached in FY2003, especially when controlling for inflation (constant dollars). Due to the uncertainty in the level of State Aid provided from year to year, this represents an unfavorable trend with an uncertain outlook for the Town of Northborough. The potential for the Commonwealth to cut State Aid requires the Town to carefully monitor these revenues, and to have contingency plans if State Aid were reduced.

<sup>2</sup> This indicator may not reflect changes in Federal/State grant programs that are reported outside of the General Fund.

Fiscal Year*	2003	2004	2005	2006	2007	2008	2009*	2010	2011	2012	2013*
Operating Revenues**	\$ 32,626,221	\$ 35,100,823	\$ 35,791,676	\$ 37,583,206	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 47,734,858
State Aid Revenues***	\$ 4,980,879	\$ 4,317,207	\$ 4,408,500	\$ 4,597,277	\$ 5,090,155	\$ 5,464,855	\$ 5,201,804	\$ 5,213,984	\$ 4,945,569	\$ 4,873,203	\$ 5,136,276
Less School Building Reimbursement	\$ (698,728)	\$ (669,211)	\$ (675,720)	\$ (679,053)	\$ (650,933)	\$ (650,933)	\$ (615,942)	\$ (615,941)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net State Aid Revenues	\$ 4,282,151	\$ 3,647,996	\$ 3,732,780	\$ 3,918,224	\$ 4,439,222	\$ 4,813,922	\$ 4,585,862	\$ 4,598,043	\$ 4,563,026	\$ 4,490,660	\$ 4,753,733
CPI-U, 2003 Base Year ****	200.3	207.3	212.1	220.5	225.1	231.6	234.2	236.7	240.0	245.8	246.6
CPI-U adjustment for constant dollars	100.0%	96.6%	94.4%	90.9%	89.0%	86.5%	85.5%	84.6%	83.5%	81.5%	81.2%
Operating Revenues (constant dollars)	\$ 32,626,221	\$ 33,923,739	\$ 33,800,437	\$ 34,147,953	\$ 35,134,028	\$ 36,666,016	\$ 37,076,935	\$ 38,271,809	\$ 37,710,189	\$ 38,408,897	\$ 38,775,147
Net State Aid Revenue (constant dollars)	\$ 4,282,151	\$ 3,525,663	\$ 3,525,110	\$ 3,560,083	\$ 3,950,928	\$ 4,163,803	\$ 3,922,871	\$ 3,890,647	\$ 3,808,463	\$ 3,659,514	\$ 3,861,469
State Aid as a % of Operating Revenues (constant)	13.1%	10.4%	10.4%	10.4%	11.2%	11.4%	10.6%	10.2%	10.1%	9.5%	10.0%

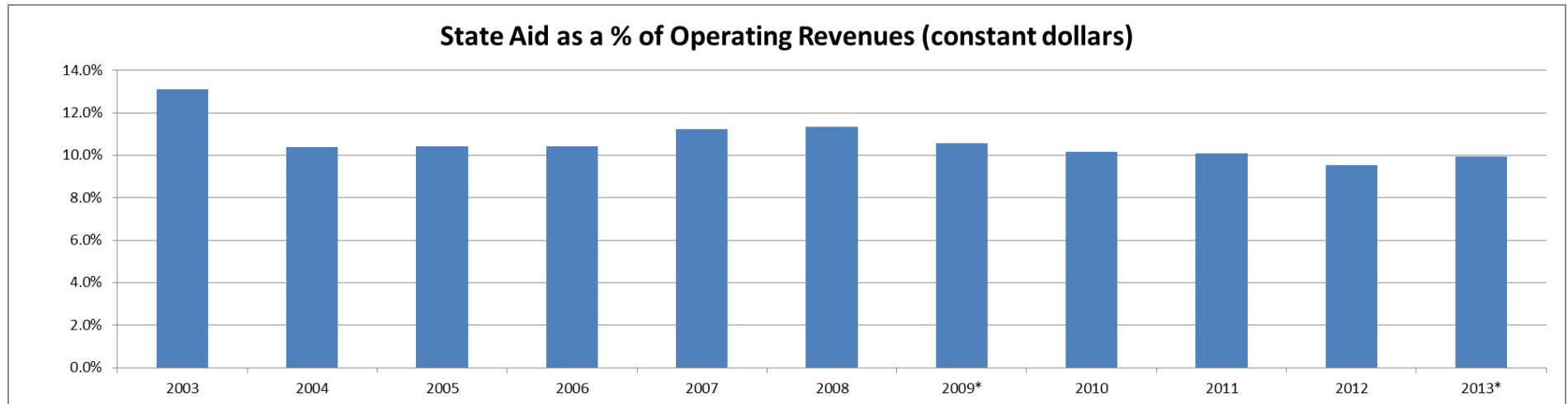
Notes:

\* FY2009 reflects a \$352,035 cut in CH70 Education Aid which was replaced by a Federal ARRA grant (outside of general fund); FY2013 reflects budgeted revenues per Mass. DOR Tax Recap

\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

\*\*\* Source: Budget Comparison Schedule (adjustment to exclude FEMA/MEMA and School Medicaid in FY2012)

\*\*\*\* Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of CY2012 used for FY2013



\*Note: FY2013 reflects budgeted revenues per the Mass. DOR Tax Recap

## Indicator 5: Economic Growth Revenues

### Formula:

$$\frac{\text{Economic Growth Revenues}}{\text{Net Operating Revenues}}$$

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
X	Uncertain

**Warning Trend:** Decreasing amount of economic growth operating revenues as a percentage of net operating revenues

### Description:

Revenues related to economic growth (elastic revenue sources) include tax levy growth from new development, motor vehicle excise taxes, as well as building permits and construction related permit fees. These revenues are sensitive to changes in the level of economic activity. A decrease in new economic development and building permit fees may be a leading indicator of smaller future increases in the tax levy.

### Analysis:

Northborough's revenues from economic growth have increased since FY2009 despite a weak State and national economy. An important factor has been the construction of a 382 unit apartment complex known as Avalon Bay beginning in FY2010 and the recent completion of the 640,000 square foot Northborough Crossing Shopping Center in FY2013. Although the past several years have seen a positive trend in Northborough's economic revenues, future growth is uncertain as these major projects are now completed and there are fewer significant developments currently in the permitting stage. Looking forward, the Town's future revenue from economic growth remains uncertain.

Fiscal Year	2003*	2004	2005	2006	2007*	2008	2009*	2010	2011	2012
Revenues **	\$ 32,626,221	\$ 35,100,823	\$ 35,791,676	\$ 37,583,206	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299
Less Debt Exclusions ***	\$ (645,888)	\$ (2,341,902)	\$ (1,796,046)	\$ (1,576,581)	\$ (1,936,396)	\$ (1,882,927)	\$ (1,940,878)	\$ (1,756,113)	\$ (1,855,884)	\$ (2,401,767)
Net Revenues (nominal dollars)	\$ 31,980,333	\$ 32,758,921	\$ 33,995,630	\$ 36,006,625	\$ 37,539,833	\$ 40,507,967	\$ 41,402,300	\$ 43,474,268	\$ 43,325,742	\$ 44,730,532
Building Related Fees & Permits ****	\$ 504,468	\$ 195,711	\$ 400,348	\$ 493,049	\$ 260,864	\$ 411,490	\$ 215,027	\$ 749,803	\$ 405,896	\$ 384,836
Motor Vehicle Excise ***	\$ 2,161,185	\$ 1,934,777	\$ 1,936,356	\$ 1,933,222	\$ 1,858,223	\$ 2,011,037	\$ 1,887,442	\$ 1,799,335	\$ 2,019,845	\$ 2,040,212
Other Excise ****	\$ 157,377	\$ 74,473	\$ 69,893	\$ 67,965	\$ 64,208	\$ 78,852	\$ 65,676	\$ 42,643	\$ 57,196	\$ 92,342
Levy Growth (New Growth) ***	\$ 551,353	\$ 610,361	\$ 687,840	\$ 670,495	\$ 711,720	\$ 673,617	\$ 676,247	\$ 720,133	\$ 975,576	\$ 1,229,983
Total Economic Growth Revenues	\$ 3,374,383	\$ 2,815,322	\$ 3,094,437	\$ 3,164,731	\$ 2,895,015	\$ 3,174,995	\$ 2,844,392	\$ 3,311,913	\$ 3,458,513	\$ 3,747,374
Economic Growth Revenues as a % of Operating Revenues	10.6%	8.6%	9.1%	8.8%	7.7%	7.8%	6.9%	7.6%	8.0%	8.4%

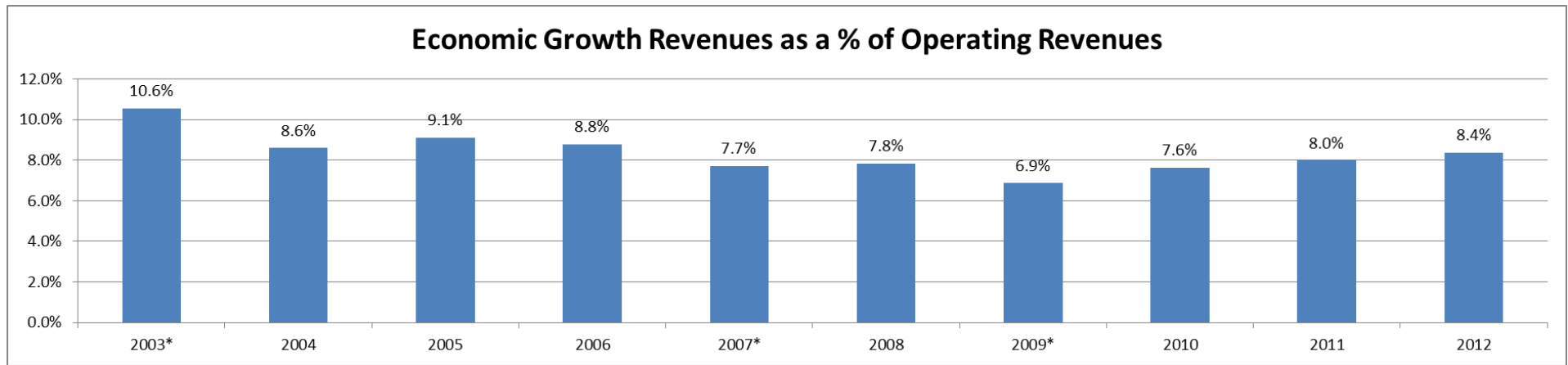
Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047)

\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

\*\*\* Source: Mass. DOR Tax Recaps

\*\*\*\* Source: General Ledger Detail, Revenue from Building, Wiring, Planning Board, ZBA Fees & Permits; Other Excise includes Hotel/Motel



## Indicator 6: Use of One-Time Revenues

### Formula:

$$\frac{\text{One-Time Operating Revenues}}{\text{Operating Budget}}$$

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** Increasing use of one-time operating revenues as a percentage of operating budget.

### Description:

One-time revenues are sources that cannot reasonably be expected to recur, such as a single-purpose federal grant, an inter-fund transfer, or use of reserves. Municipalities will sometimes use reserves and one-time revenues to balance an operating budget. However the continued use of one-time revenues to support operations is not sustainable. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels. It can also mean that the municipality is incurring operating deficits and would have little room to maneuver if there were a downturn in revenue. Use of one-time revenues also increases the probability that a municipality will have to make significant cutbacks if such revenues cease to be available as may happen when reserves are depleted. Therefore, increased dependence on one-time revenues to support operations can place operations and municipal services at risk.

### Analysis:

Northborough's use of one-time revenue to fund the operating budget was significantly curtailed during the past several years. The Free Cash Policy adopted in 2010 limited the use of Free Cash to one-time expenditures with a limited amount to be used toward the operating budget. Any additional Free Cash above this level is used to fund one-time capital expenditures, or for emergency spending. One-time revenue in the operating budget has declined from a high of 4.3% or \$1.5 Million in FY2005 to 1.4% or \$650,000 in FY2013, where it will remain stable in accordance with the Free Cash Policy.

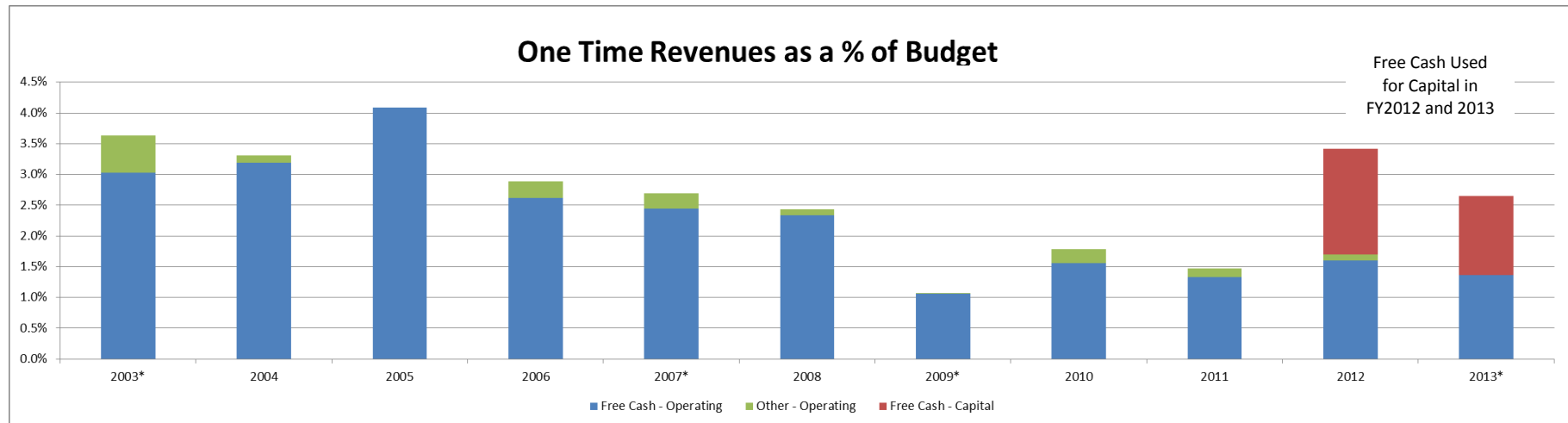
Fiscal Year	2003*	2004	2005	2006	2007*	2008	2009*	2010	2011	2012	2013*
Expenditure Budget **	\$ 33,052,174	\$ 36,052,853	\$ 36,714,951	\$ 38,136,483	\$ 40,820,271	\$ 42,760,582	\$ 44,350,863	\$ 44,912,699	\$ 44,910,225	\$ 46,665,590	\$ 47,769,858
Revenues Budgeted **	\$ 31,852,174	\$ 34,858,673	\$ 35,214,951	\$ 37,036,483	\$ 39,720,271	\$ 41,720,582	\$ 43,877,613	\$ 44,112,699	\$ 44,248,522	\$ 45,874,111	\$ 47,734,858
One Time Revenues Budgeted **	\$ 1,200,000	\$ 1,194,180	\$ 1,500,000	\$ 1,100,000	\$ 1,100,000	\$ 1,040,000	\$ 473,250	\$ 800,000	\$ 661,703	\$ 1,595,479	\$ 1,265,000
Free Cash Used for Operating Budget ***	\$ 1,000,000	\$ 1,149,180	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 470,000	\$ 700,000	\$ 600,000	\$ 750,000	\$ 650,000
Free Cash Used for Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000
Other One Time Revenues Used for Operating Budget ****	\$ 200,000	\$ 45,000	\$ -	\$ 100,000	\$ 100,000	\$ 40,000	\$ 3,250	\$ 100,000	\$ 61,703	\$ 41,479	\$ -
Percentage Free Cash Used for Operating Budget	3.0%	3.2%	4.1%	2.6%	2.4%	2.3%	1.1%	1.6%	1.3%	1.6%	1.4%
Percentage Free Cash Used for Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.3%
Percentage Other Reserves used for Operating Budget	0.6%	0.1%	0.0%	0.3%	0.2%	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%
Total Percentage of One Time Revenue used for Operating Budget	3.6%	3.3%	4.1%	2.9%	2.7%	2.4%	1.1%	1.8%	1.5%	1.7%	1.4%
Total Percentage of One time Revenue Used	3.6%	3.3%	4.1%	2.9%	2.7%	2.4%	1.1%	1.8%	1.5%	3.4%	2.6%

Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047); Fiscal Year 2013 Source: Mass. DOR Tax Recap

\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule / Mass. DOR Tax Recaps

\*\*\* Other One Time Revenues from FY2003-2010 are Overlay Surplus & FY2011-2012 are Debt Exclusion Reserves



## Indicator 7: Personnel Costs

**Formula:**

Personnel Wages & Benefits  
Net Operating Budget

**Northborough Trend**

	Favorable
X	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** Increasing personnel costs as a percentage of operating expenditures.

**Description:**

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends. First, it may point to future increased pension and health insurance costs since both of these items are related to the number and compensation level of employees. Second, if salaries and wages as a percentage of operating expenditures are increasing, it may be an indicator that resources are not available to adequately fund capital and/or infrastructure needs.

**Analysis:**

Overall, personnel wages and benefits represent approximately 60% of the Town's operating budget and remain relatively stable. Although health insurance previously increased at double-digit rates annually, the Town has been able to mitigate these increases since FY2009 through negotiated plan design changes with the employees. More detail regarding the plan design changes is explained under Indicator #8.

Wages, salaries and employee benefits as a percentage of operating expenditures increased 2.7% from FY2007 to FY2012. The largest increase was in salaries and wages with an increase of 1.9%, employee benefits accounted for only 0.3% and increases in the amount of the annual retirement assessment were 0.6% of the increase. In recent years many municipalities have experienced a dramatic increase in health insurance obligations. This expenditure trend, although increasing, represents a stable rate of growth. Looking forward, the rate of growth is contingent upon negotiating future collective bargaining agreements that are sustainable, as well as balancing the addition of any new staff with new, recurring revenue sources.

FY2013 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers (0%), Police Sergeants (0%), Dispatchers (1%), Fire (1%) and the Northborough Municipal Employees Association (1%). A significant amount of time in FY2013 will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2014 through FY2016.

Fiscal Year	2007*	2008	2009*	2010	2011	2012
Expenditures (Net of Capital Transfers)**	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 45,832,802
Municipal & K-8 School Department Wages ***	\$ 18,336,853	\$ 19,021,305	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351
Employee Benefits **	\$ 3,756,553	\$ 4,077,623	\$ 4,516,875	\$ 4,606,672	\$ 4,600,048	\$ 4,381,576
Retirement Assessment***	\$ 732,717	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191
Total Wage & Benefit Costs	\$ 22,826,123	\$ 23,872,366	\$ 25,328,970	\$ 25,683,162	\$ 26,614,027	\$ 27,170,118
Salaries & Wages as a percentage of Operating Expenditures	45.4%	45.2%	45.9%	45.4%	47.4%	47.3%
Benefits as a percentage of Operating Expenditures	9.3%	9.7%	10.4%	10.4%	10.4%	9.6%
Retirement Assessments as a percentage of Operating Expenditures	1.8%	1.8%	2.1%	2.2%	2.3%	2.4%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	56.6%	56.7%	58.4%	58.0%	60.0%	59.3%

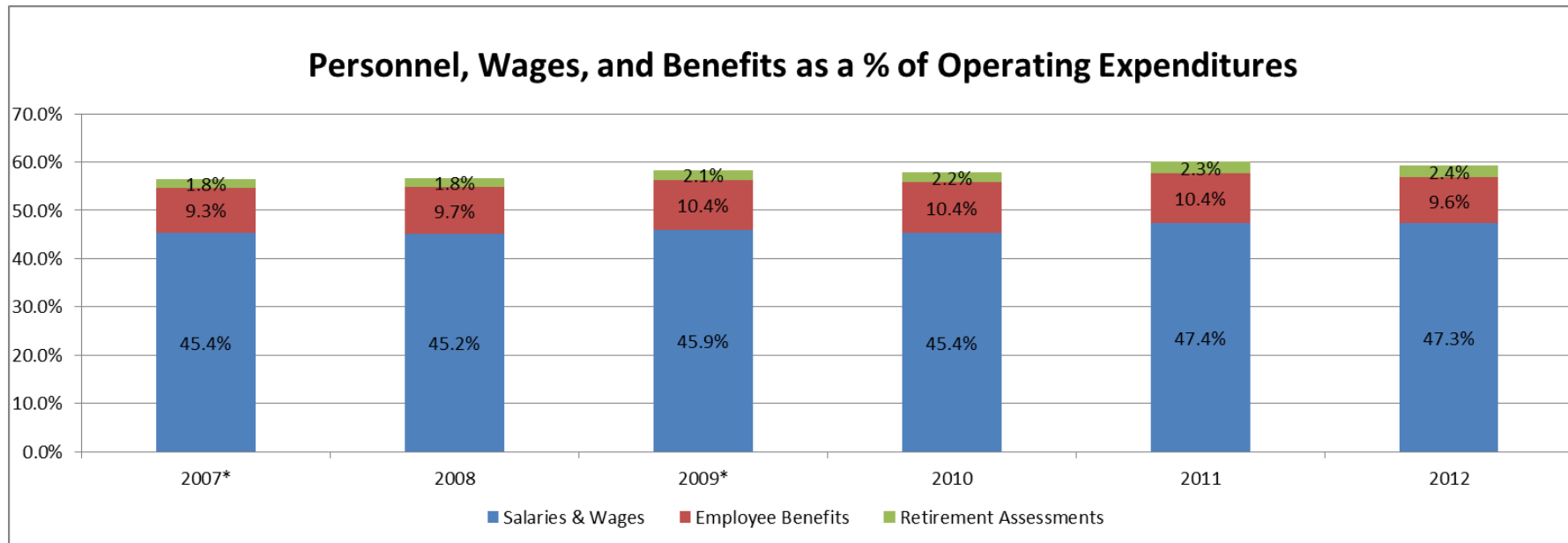
Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047)

\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule (less Retirement), adjustment made to FY2012 to exclude \$804,000 transfer to Capital Project Fund

\*\*\* From Mass. DOR Schedule A report - General Fund Salaries; Does not include Enterprise Funds

\*\*\*\* From General Ledger Detail, General Fund Retirement Assessment





## Indicator 8: Employee Benefits

### Formula:

Employee Benefits  
Wages & Salaries

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
X	Uncertain

**Warning Trend:** Increasing employee benefit costs as a percentage of salaries and wages.

### Description:

The two most significant benefit items to consider in personnel discussions are health insurance and pensions. Both of these are, for the most part, prescribed by Commonwealth law, and municipalities are limited in the changes they can make to these items (pensions more so than health insurance). As employers, municipalities must offer health insurance to all benefit-eligible employees and current employees become vested in the pension system after ten years of creditable service. Municipalities do have some ability to manage and control both health insurance and pension costs. For example, communities can work to reduce their health insurance premium contribution rates, increase co-pays/deductibles, or move to the State Group Insurance Commission (GIC). Prudent management of staffing levels is also critical as increases in staffing increase both health insurance and pension costs.

### Analysis:

Overall, employee benefits as a percentage of wages and salaries has increased less than 1% from FY2007 through FY2012. However, the retirement assessment has consistently increased, rising from 4.0% in FY2007 to 5.2% in FY2012. In analyzing the employee benefits alone, which are primarily composed of the cost of health insurance, employee benefits increased to a peak of 22.9% in FY2010. Plan design changes to health insurance that were implemented in FY2010 have halted that increasing trend and employee benefits have now decreased to 20.2 % of wages and salaries in FY2012. It should be noted that if health insurance premiums were to return to 10-15% annual increases, there would be a significant impact on future operating budgets for all departments.

The FY2013 health insurance budget of \$4.66 million represents a total increase of just \$150,847, or 3.34%, from the amount budgeted last year. While the premiums for some individual health insurance plans may increase, plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 have helped limit budgetary increases again in FY2013. In addition, the Town worked closely with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. Given the reasonable FY2013 premium increases, there are no immediate plans to further modify health insurance plans during FY2013.

Fiscal Year	2007*	2008	2009*	2010	2011	2012
Municipal & K-8 School Department Wages **	\$ 18,336,853	\$ 19,021,305	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351
Employee Benefits ***	\$ 3,756,553	\$ 4,077,623	\$ 4,516,875	\$ 4,606,672	\$ 4,600,048	\$ 4,381,576
Retirement Assessment ****	\$ 732,717	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191
Total Benefit Costs	\$ 4,489,270	\$ 4,851,061	\$ 5,409,286	\$ 5,581,537	\$ 5,606,413	\$ 5,499,767
Benefits as a percentage of Wages & Salaries	20.5%	21.4%	22.7%	22.9%	21.9%	20.2%
Retirement as a percentage of Wages & Salaries	4.0%	4.1%	4.5%	4.8%	4.8%	5.2%
Total Benefits Spending as percentage of Wages & Salaries	24.5%	25.5%	27.2%	27.8%	26.7%	25.4%

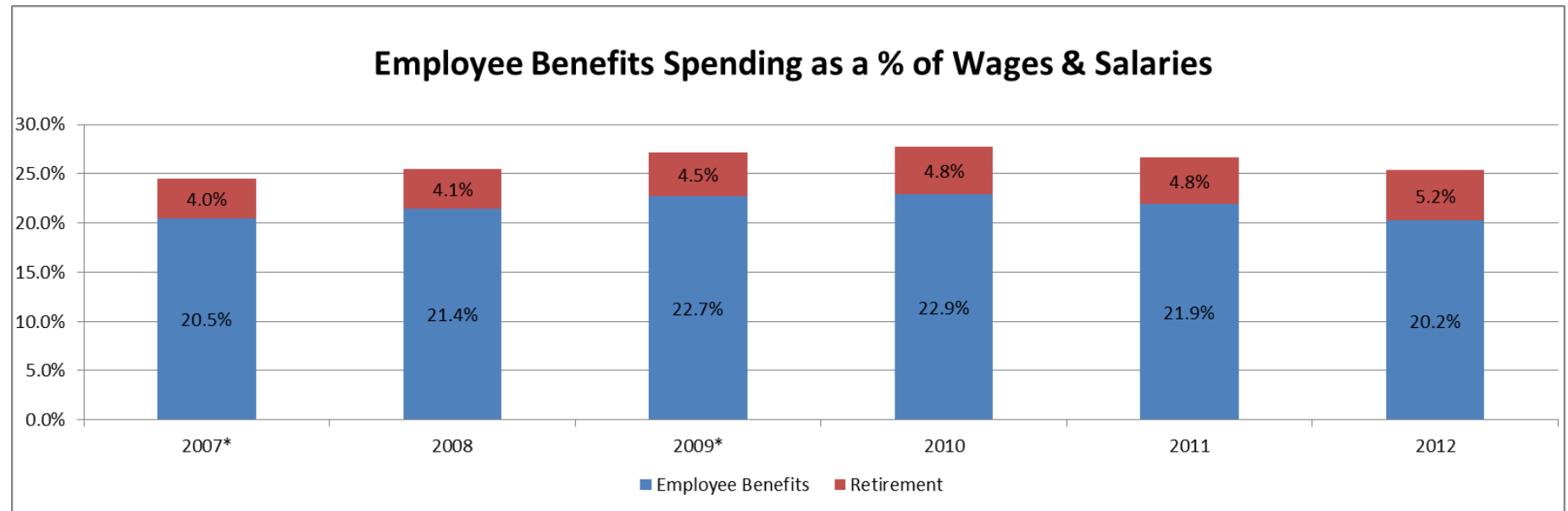
Notes:

\*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047);

\*\* From Mass. DOR Schedule A report - General Fund Salaries; Does not include Enterprise Funds

\*\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule (less Retirement)

\*\*\*\* From General Ledger Detail, General Fund Retirement Assessment



## Indicator 9: Pension Liability

### Formula:

$$\frac{\text{Pension Assets}}{\text{Pension Liability}}$$

### Northborough Trend

	Favorable
	Marginal
X	Unfavorable
	Uncertain

**Warning Trend:** Unfunded liability or increase in unfunded liability.

### Description:

An unfunded liability is one that has been incurred during the current or prior year, which does not have to be paid until a future year and for which reserves have not been set aside. It is a legal commitment to pay at some time in the future. If such obligations are permitted to grow over a long period of time, they can have a substantial effect on a government's financial condition.

### Analysis:

Northborough is one of 95 governmental units that comprise the Worcester Regional Retirement System (WRRS). This regional system provides pension benefits for the retired municipal employees of the Town of Northborough. As of January 1, 2012, there were 342 Northborough participants with 197 active, 52 inactive and 93 retired members.

The assets of the Worcester Regional Retirement System were transferred to the Massachusetts Pension Reserve Investment Trust (PRIT) Fund in July 2007. The \$50.8 billion PRIT Fund manages the pension investments for the Massachusetts State Employees, the Teachers Retirement System as well as several local retirement systems<sup>3</sup>. The PRIT Fund is professionally managed by the Pension Reserves Investment Management Board.

Actuarial valuations are now individually prepared for each member unit and are completed every two years. Recent pension reform legislation has introduced benefit changes that were intended to reduce our pension liability in the future. Therefore, these changes should lead to an improved level of funding with the next actuarial valuation scheduled for January 1, 2014. In accordance with MGL, Chapter 32, Section 22F, the retirement system is required to be fully funded by the year 2040. The system is funded through both investment performance and assessments to member communities. Northborough's unfunded pension liability remains an area of concern. The constant decrease in funding level of our pension liability represents a negative trend for Northborough. Investment performance has been volatile and as we progress toward the full funding mandate of 2040, annual assessments to member communities may increase.

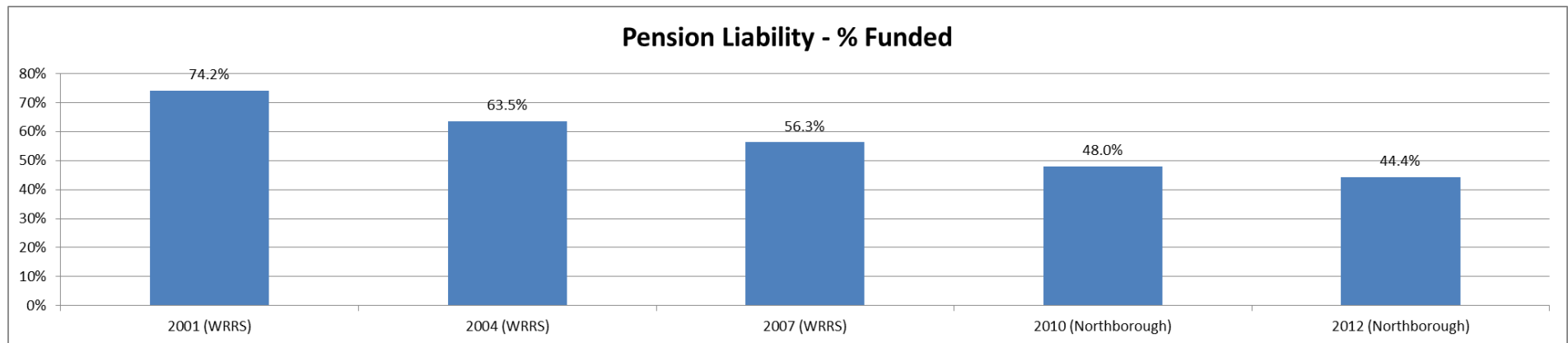
<sup>3</sup> PRIT Fund assets as of November 30, 2012

Year		1/1/2001	1/1/2004	1/1/2007	1/1/2010	1/1/2012
Worcester Regional Retirement System - Estimated Accrued Liability		426,280,953	552,773,550	692,768,325	863,002,067	982,796,782
Worcester Regional Retirement System- Pension Assets		316,389,108	350,879,900	389,758,785	413,976,785	436,671,982
Worcester Regional Retirement System - Pension Liability - Unfunded		109,891,845	201,893,650	303,009,540	449,025,282	546,124,800
Worcester Regional Retirement System - Percent Funded		74.2%	63.5%	56.3%	48.0%	44.4%
Northborough - Estimated Accrued Liability					33,802,878	37,199,035
Northborough - Pension Assets					16,976,508	17,296,679
Northborough - Pension Liability-Unfunded					16,826,370	19,902,356
Northborough - Percent Funded					50.2%	46.5%

Sources:

Public Employee Retirement Administration Annual Report

Worcester Regional Retirement System Valuation Results Report



## Indicator 10: Other Post-Employment Benefits (OPEB) Liability

**Formula:**  
$$\frac{\text{OPEB Assets}}{\text{OPEB Liability}}$$

Northborough Trend

	Favorable
	Marginal
X	Unfavorable
	Uncertain

**Warning Trend:** Unfunded liability or increase in unfunded liability for Other Post-Employment Benefits (OPEB).

### **Description:**

An unfunded liability is one that has been incurred during the current or prior year, which does not have to be paid until a future year and for which reserves have not been set aside. It is a legal commitment to pay at some time in the future. If such obligations are permitted to grow over a long period of time, they can have a substantial effect on a government's financial condition.

### **Analysis:**

OPEBs are the set of benefits offered to retirees and their dependents other than pensions. These benefits mainly consist of medical insurance. Currently, employees who retire at age 55 having worked for at least 20 hours per week for at least ten years are eligible to receive these medical benefits for life. Unlike pensions, these medical benefits are not adjusted to account for full or part-time work, years of service, or age of the recipient at the time of retirement.

Obligations for Other Post-Employment Benefits (OPEBs) represent a \$30 billion liability for municipalities in the Commonwealth. The magnitude of these costs becomes even more relevant as bond rating agencies are looking to require that OPEB liabilities be reported on municipal balance sheets.

In 2011, the state enacted municipal health insurance reform, giving municipal officials a set of tools to change plan design features for active employees and retirees. But even with this authority, municipalities have little or no control over the primary drivers of general health care costs. With communities having little or no recourse for raising revenues in the Proposition 2 ½ era, if untouched, this unsustainable cost will crowd out funding for other key line items in municipal budgets, threatening jobs and core municipal services.

On December 20, 2012, a special commission charged with studying OPEBs issued its final report which recognized that the current thresholds for benefits are unsustainable. If adopted, the Commission's recommendations to increase eligibility standards are estimated to save

communities between \$9 billion and \$12 billion in OPEB costs over the next 30 years. The Governor is currently preparing to file legislation, which is expected to contain many of the Commission's recommendations, and would likely be debated before legislative committees in early spring.

In terms of what has been done to date in Northborough, in addition to FY2010 plan design changes the Town also unanimously adopted MGL Chapter 32B, Section 18 at the Annual Town Meeting in April 2009. The adoption of Chapter 32B, Section 18 required Medicare eligible retirees to move out of the HMO active health plans on 7/1/10 and into Medicare supplement or "Senior Plans," which are specifically designed for the medical needs of seniors and effectively shares these health care costs with the Medicare program. By adopting Section 18 the Town's GASB 45 Actuarial Accrued Liability (AAL) for Other Post-Employment Benefits (OPEB) for retiree medical benefits was immediately reduced from \$90.4 million to \$34.3 million. Current liabilities have further reduced to an estimated \$28 million based upon favorable employee demographics and medical premium trends.

The Town created an OPEB Trust Fund at the April 2011 Annual Town Meeting for setting aside future OPEB funds to reduce this liability. The Town is waiting to assess the outcome of possible changes at the State level described above and is currently working with an actuary to develop funding plan options for the Town. Discussion on how best to address OPEB liabilities will become a key issue during upcoming budget cycles.

<b>Actuarial Valuation Date</b>	<b>7/1/2008 Original</b>	<b>7/1/2008 Revised</b>	<b>7/1/2009</b>	<b>7/1/2010</b>
<b>Unfunded Actuarial Accrued Liability</b>	<b>\$90,444,000</b>	<b>\$34,289,000</b>	<b>\$36,023,000</b>	<b>\$28,072,976</b>
<b>Actuarial Value of Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Funded Ratio</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

Source:  
Town Actuarial Valuation Studies

## Indicator 11: Debt Service Expenditures

**Formula:**

$$\frac{\text{Debt Service Expenditures}}{\text{Operating Expenditures}}$$

**Northborough Trend**

X	Favorable
	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** Increasing debt service expenditures as a percentage of total net operating expenditures.

**Description:**

Debt service is defined here as the amount of principal and interest that a municipality must pay each year on bonded long and short term debt. Increasing debt service reduces expenditure flexibility by adding to the Town's obligations. Overlapping debt is the bonded debt of another jurisdiction that is issued against the tax base of the community. Taken together, the total debt service represents a significant part of a municipality's fixed costs and its increase may indicate excessive debt and fiscal strain.

**Analysis:**

The total debt service for Northborough is comprised of both the general obligation bonds of the Town as well as the overlapping debt associated with the Northborough's share for the Algonquin Regional High School (ARHS). Once permanent bonds are issued, these fixed expenses are mandatory. Therefore, significant levels of debt service can serve to limit flexibility in funding operating budgets. The Town's Debt Policy provides that the Town will endeavor to manage debt so as not to exceed a ratio of 5% to 10% of the net general fund debt service to total general fund expenditures. Since FY2003, our levels of debt service are well within this range with the exception of FY2004. That was the first year of the \$10 Million, 10-year bond issued for the ARHS Building Project with the debt structured with a significant \$1,850,000 principal payment in the first year.

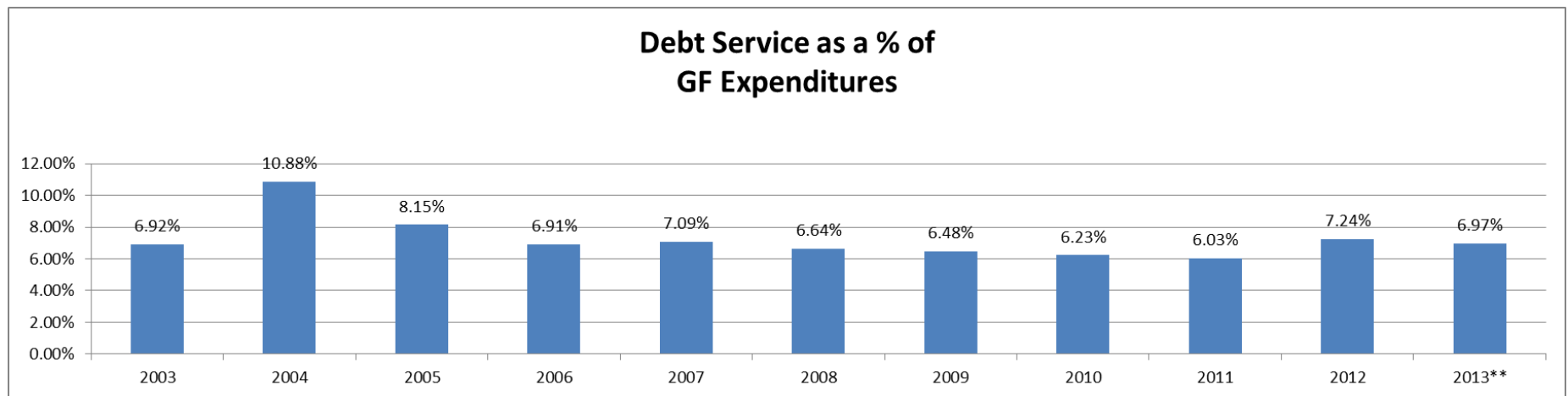
Overall, the Town's level of debt service is within the 5% to 10% suggested by the debt policy and represents an appropriate level of capital investment in infrastructure. The credit rating agency, Moody's Investors Service indicated in a recent review that the Town's "overall debt burden will remain manageable" and noted that the principal amortization of 71.4% within 10 years was favorable. The trend is downward with future debt service expected to decrease from the 6.97% level in FY2013 as the \$10 Million ARHS Building project bond will be fully satisfied in FY2013.

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013**
Debt Service*	\$ 2,046,988	\$ 2,111,474	\$ 1,806,232	\$ 1,640,033	\$ 1,509,743	\$ 1,561,156	\$ 1,790,064	\$ 2,265,276	\$ 1,923,505	\$ 2,489,898	\$ 2,509,484
Less School Building Reimbursement	\$ (392,632)	\$ (388,706)	\$ (392,632)	\$ (392,632)	\$ (392,632)	\$ (409,777)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net Debt Service	\$ 1,654,356	\$ 1,722,768	\$ 1,413,600	\$ 1,247,401	\$ 1,117,111	\$ 1,151,379	\$ 1,407,521	\$ 1,882,733	\$ 1,540,962	\$ 2,107,355	\$ 2,126,941
Overlapping Debt - ARHS Debt Assessment	\$ 615,260	\$ 2,146,071	\$ 1,549,256	\$ 1,352,934	\$ 1,745,150	\$ 1,645,780	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094
Total Debt Service	\$ 2,269,616	\$ 3,868,839	\$ 2,962,856	\$ 2,600,335	\$ 2,862,261	\$ 2,797,159	\$ 2,811,896	\$ 2,758,604	\$ 2,672,389	\$ 3,374,984	\$ 3,416,035
General Fund Expenditures	\$ 32,799,208	\$ 35,543,475	\$ 36,360,145	\$ 37,623,327	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 46,636,802	\$ 48,999,858
Net Debt Service as % of GF Expenditures	5.04%	4.85%	3.89%	3.32%	2.77%	2.73%	3.24%	4.25%	3.48%	4.52%	4.34%
Overlapping Debt - ARHS as % of GF Expenditures	1.88%	6.04%	4.26%	3.60%	4.32%	3.91%	3.24%	1.98%	2.55%	2.72%	2.63%
Total Debt Service as a % of GF Expenditures	6.92%	10.88%	8.15%	6.91%	7.09%	6.64%	6.48%	6.23%	6.03%	7.24%	6.97%

Notes:

\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, FY2008, FY2009 & FY2011 budgeted amounts

\*\* FY2013 as Budgeted





## Indicator 12: Financial Reserves/Fund Balance

### Formula:

Financial Reserves  
Net Operating Revenues

### Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

**Warning Trend:** Declining financial reserves as a percentage of net operating revenues.

### Description:

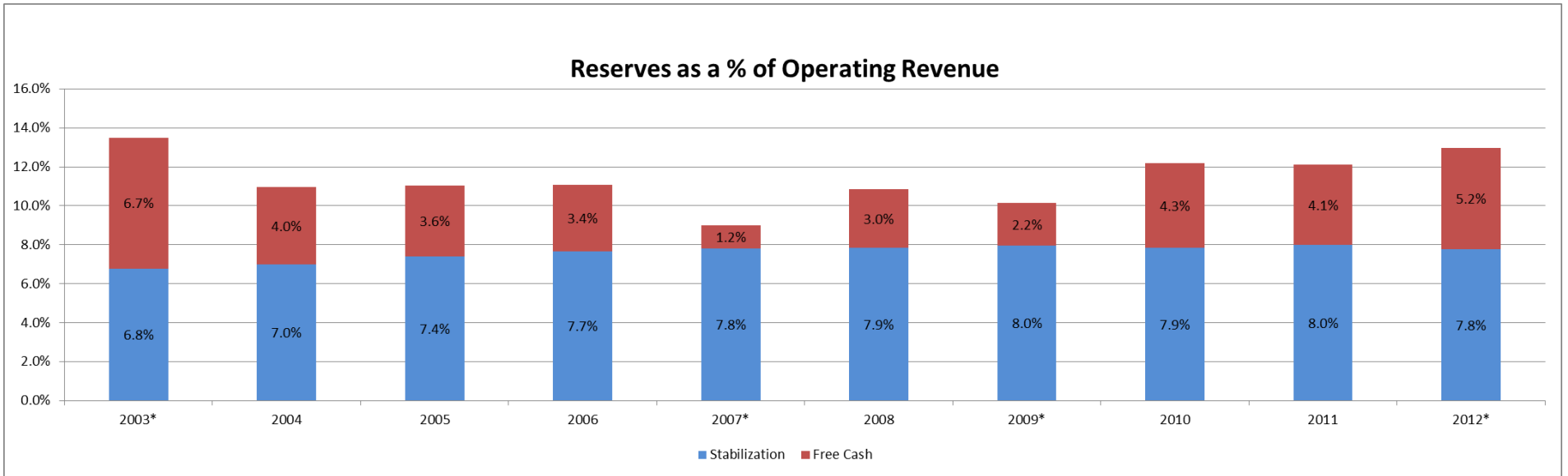
The size of a local government's fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Municipalities usually try to operate each year at a surplus to maintain positive fund balance and thus maintain adequate reserves. An unplanned decline in fund balance may mean that the municipality will be unable to meet a future need.

### Analysis:

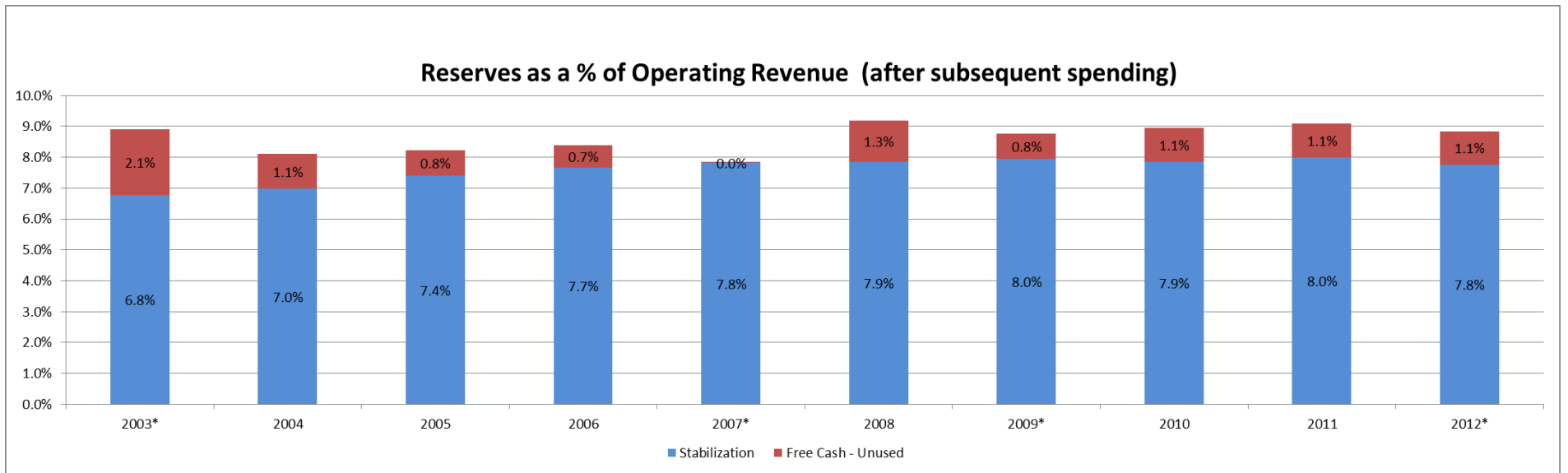
The Government Finance Officers Association (GFOA) recommends the undesignated fund balance should be between 5% to 15% of operating revenues. Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. The reserves are defined to include the Town's Stabilization Fund and Free Cash. The Town's level of reserves is therefore in accordance with the Town policy.

Fiscal Year	2003*	2004	2005	2006	2007*	2008	2009*	2010	2011	2012*
Certified Free Cash **	\$ 2,192,279	\$ 1,392,178	\$ 1,289,670	\$ 1,273,342	\$ 470,988	\$ 1,265,111	\$ 946,294	\$ 1,954,708	\$ 1,869,209	\$ 2,459,307
Stabilization Fund Balance **	\$ 2,210,689	\$ 2,449,754	\$ 2,654,063	\$ 2,881,521	\$ 3,085,177	\$ 3,329,086	\$ 3,447,529	\$ 3,551,789	\$ 3,605,888	\$ 3,660,077
Operating Revenues ***	\$ 32,626,221	\$ 35,100,823	\$ 35,791,676	\$ 37,583,206	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299
Free Cash Percentage of Operating Revenue	6.7%	4.0%	3.6%	3.4%	1.2%	3.0%	2.2%	4.3%	4.1%	5.2%
Stabilization Percentage of Operating Revenue	6.8%	7.0%	7.4%	7.7%	7.8%	7.9%	8.0%	7.9%	8.0%	7.8%
Net Reserves Percentage of Operating Revenue	13.5%	10.9%	11.0%	11.1%	9.0%	10.8%	10.1%	12.2%	12.1%	13.0%
Free Cash Subsequently Used****	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 470,000	\$ 700,000	\$ 600,000	\$ 1,454,000	\$ 1,365,000	\$ 1,959,307
Free Cash Subsequently Used-Operating	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 470,000	\$ 700,000	\$ 600,000	\$ 650,000	\$ 750,000	\$ 650,000
Free Cash Subsequently Used-Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000	\$ 1,309,307
Percent Free Cash Subsequently Used	4.6%	2.8%	2.8%	2.7%	1.2%	1.7%	1.4%	3.2%	3.0%	4.2%
Percent Free Cash Not Used	2.1%	1.1%	0.8%	0.7%	0.0%	1.3%	0.8%	1.1%	1.1%	1.1%

Notes: \*Proposition 2 1/2 Overrides were approved in FY2003 (\$487,370), FY2007 (\$362,734), & FY2009 (\$316,047), \*\* Source: Free Cash & Stabilization at end of fiscal year, Mass. DOR Databank, \*\*\* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, \*\*\*\* Source: Mass. DOR Tax Recaps, amounts subsequently spent by Town Meeting, e.g. 2003 Free Cash voted for use by April, 2004 ATM toward FY2005 budget; Figures shown for FY2012 are projected FY2014 budget



\*Note: The chart above shows what Northborough's financial reserves are at the close of each fiscal year



\*Note: The chart above shows Northborough's financial reserves at the start of the new fiscal year after a portion of Free Cash is spent in accordance with the Town's Free Cash Policy.

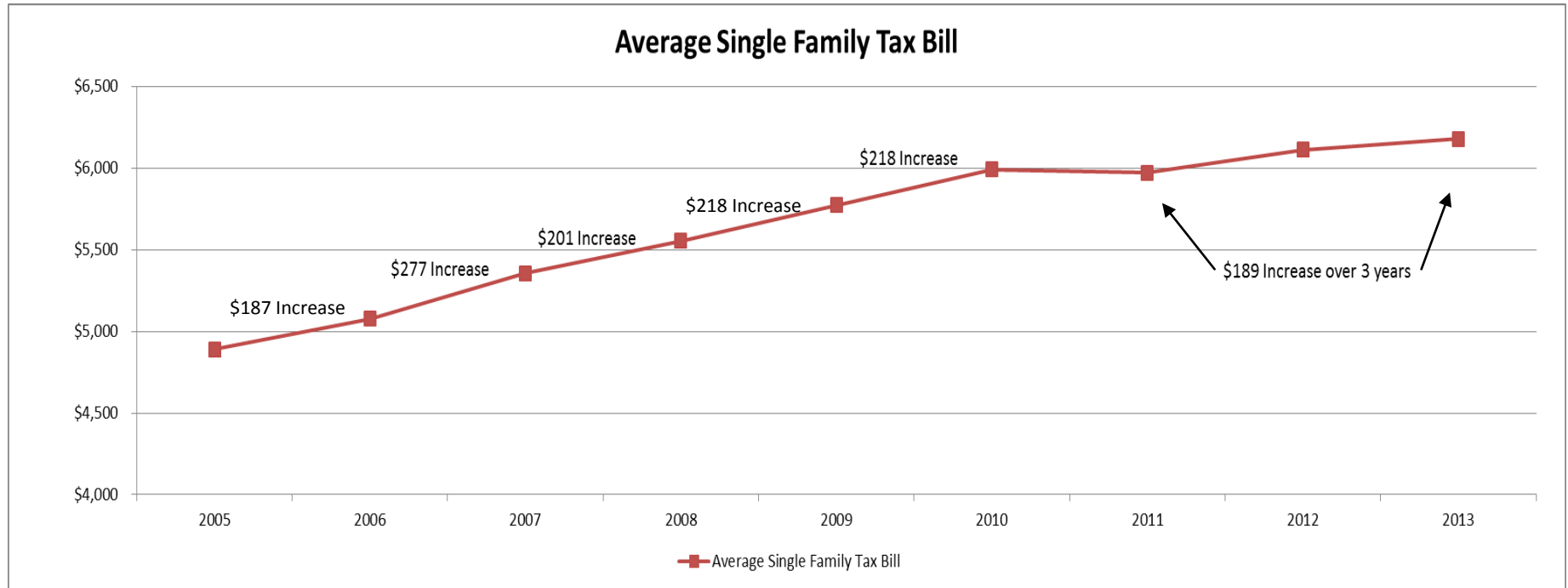
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## Section IV

### Supplemental Information

## Average Residential Tax Bill



Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value	\$1,442,443,100	\$1,640,196,100	\$1,723,718,900	\$1,673,218,700	\$1,679,332,500	\$1,669,159,700	\$1,583,648,800	\$1,581,989,200	\$1,536,502,300
Parcels	3,928	3,963	3,988	3,999	4,002	4,006	4,007	4,008	4,005
Average Single Family Home Value **	\$ 367,221	\$ 413,877	\$ 432,226	\$ 418,409	\$ 419,623	\$ 416,665	\$ 395,221	\$ 394,708	\$ 383,646
Tax Rate Per Thousand	\$ 13.32	\$ 12.27	\$ 12.39	\$ 13.28	\$ 13.76	\$ 14.38	\$ 15.11	\$ 15.49	\$ 16.11
Average Single Family Tax Bill	\$ 4,891	\$ 5,078	\$ 5,355	\$ 5,556	\$ 5,774	\$ 5,992	\$ 5,972	\$ 6,114	\$ 6,181
Increase over prior year	\$ (11)	\$ 187	\$ 277	\$ 201	\$ 218	\$ 218	\$ (20)	\$ 142	\$ 67
Hi-Lo Rank**	49	52	51	50	52	49	53	55	59

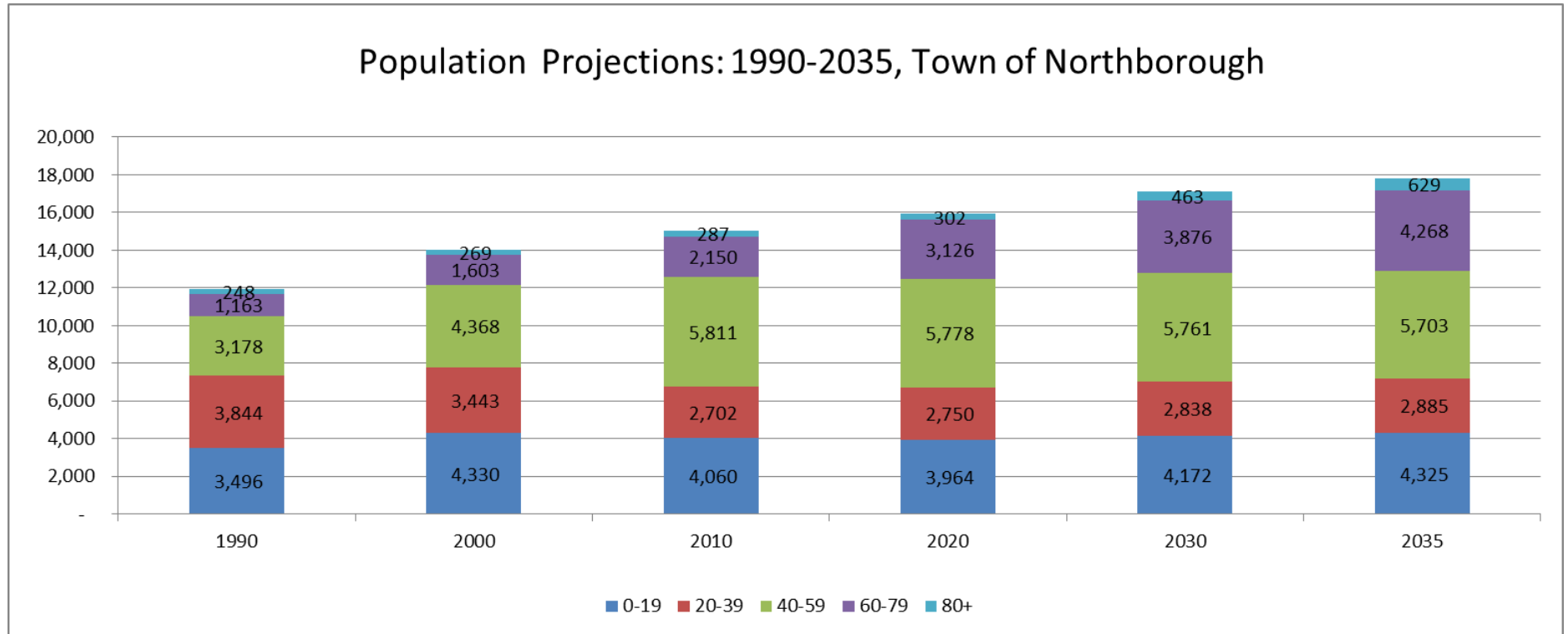
The FY2013 real estate tax bill for an average single family home in the Town of Northborough is \$6,181. This represents only a \$189 increase since FY2010. Previous yearly increases since the base year of FY2005 have averaged \$220 per year. Further, Northborough's Hi-Lo rank for the average single family home has dropped to a low point. It is the 59th highest in FY2013 and has fallen from the 49th highest in FY2010. The Board of Selectmen have established a budget goal to minimize the tax impact in the last three fiscal years.

### Notes:

\* Source: Mass. DOR Tax Recap

\*\* Source: Mass. DOR Databank

## Population Projections



Age	1990	2000	2010	2020	2030	2035	Percent Change 2010-2035
0-19	3,496	4,330	4,060	3,964	4,172	4,325	6.53%
20-39	3,844	3,443	2,702	2,750	2,838	2,885	6.77%
40-59	3,178	4,368	5,811	5,778	5,761	5,703	-1.86%
60-79	1,163	1,603	2,150	3,126	3,876	4,268	98.51%
80+	248	269	287	302	463	629	119.16%
<b>Total</b>	<b>11,929</b>	<b>14,013</b>	<b>15,010</b>	<b>15,920</b>	<b>17,110</b>	<b>17,810</b>	<b>18.65%</b>

Population data and trends are extremely important to review and understand for the future allocation of resources. The projections provided by the Metropolitan Area Planning Council indicate that Northborough is expected to grow in population by 18.65% or 2,800 people over the next 25 years. The projections indicate Northborough's population is expected to rise gradually and will allow officials and policymakers to plan carefully for future needs. The school age population (0-19) is estimated to increase by 6.53%, and any future changes will need to be correlated with the estimates from the School Department to plan for the future needs of the children of Northborough. The largest growth is estimated in the over age 60 segment of the population with 2,460 more people over age 60 living in Northborough in the next 25 years.

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# **APPENDIX D**

## **GLOSSARY OF TERMS**



## Glossary of Terms

**Abatement:** A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

**Accounting System:** The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

**Accrued Interest:** The amount of interest that has accumulated on the bond since the date of the last interest payment, and in the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

**Amortization:** The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

**Appellate Tax Board (ATB):** Appointed by the governor, the ATB has jurisdiction to decide appeals from local decisions relating to property taxes, motor vehicle excises, state owned land (SOL) valuations, exemption eligibility, property classification, and equalized valuations.

**Appropriation:** An authorization granted by a town meeting, city council or other legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended. (See Encumbrance, Free Cash)

**Arbitrage:** As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

**Assessed Valuation:** A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts,

assessed valuation is based on the property's full and fair cash value as set by the Assessors. (See Full and Fair Cash Value)

**Audit:** An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating the fiscal performance of a community.

**Audit Report:** Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions; (d) financial statements and schedules; and (e) statistical tables, supplementary comments, and recommendations. It is almost always accompanied by a management letter.

**Available Funds:** Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

**Balance Sheet:** A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

**Betterments (Special Assessments):** Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1

## Glossary of Terms

is added to the tax bill until the betterment has been paid.

**Bond:** A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

**Bond and Interest Record:** (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

**Bond Anticipation Note (BAN):** Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

**Bond Authorization:** The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond issue)

**Bonds Authorized and Unissued:** Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by town meeting or the city council to be removed from community's books.

**Bond Issue:** Generally, the sale of a certain number of bonds at one time by a governmental unit.

**Bond Rating (Municipal):** A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

**Budget:** A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

**Budget Message:** A statement that, among other things, offers context by summarizing the main points of a budget, explains priorities, describes underlying policies that drive funding decisions, and otherwise justifies the expenditure plan and provides a vision for the future.

**Budget Unit:** A board or department to which the municipality's legislative body appropriates funds.

**Capital Assets:** All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

**Capital Budget:** An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each

## Glossary of Terms

recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

**Capital Improvements Program:** A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

**Capital Outlay Expenditure Exclusion:** A temporary increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a community-wide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling.

**Cash:** Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

**Cash Management:** The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

**Cemetery Perpetual Care:** These funds are donated by individuals for the care of grave sites. According to Ch. 114, s 25, funds from this account must be invested and spent as directed by perpetual care agreements. If no agreements exist, interest (but not principal) may be used as directed by the cemetery commissioners for the purpose of maintaining cemeteries.

**Certification:** Verification of authenticity. Can refer to the action of a bank, trust company, or DOR's Bureau of Accounts (BOA) in the

issuance of State House Notes, to confirm the genuineness of the municipal signatures and seal on bond issues. The certifying agency may also supervise the printing of bonds and otherwise safeguard their preparation against fraud, counterfeiting, or overissue. Also refers to the certification by the Bureau of Local Assessment (BLA) that a community's assessed values represent full and fair cash value (FFCV). (See Triennial Certification)

**Certificate of Deposit (CD):** A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

**Cherry Sheet:** Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior period for certain programs or services. Links to the Cherry Sheets are located on the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls). (See Cherry Sheet Assessments, Estimated Receipts)

**Cherry Sheet Assessments:** Estimates of annual charges to cover the cost of certain state and county programs.

**Cherry Sheet Offset Items:** Local aid that may be spent without appropriation in the budget, but which must be spent for specific municipal and regional school district programs. Current offset items include racial equality grants, school lunch grants, and public libraries grants. (See Offset Receipts)

**Classification of Real Property:** Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of

## Glossary of Terms

the tax burden is to be borne by each class of real property and by personal property owners. (see Classification of the Tax Rate).

**Classification of the Tax Rate:** Each year, the selectmen or city council vote whether to exercise certain tax rate options. Those options include choosing a residential factor (MGL Ch. 40 §56), and determining whether to offer an open space discount, a residential exemption (Ch. 59, §5C), and/or a small commercial exemption (Ch. 59, §5I) to property owners.

**Collective Bargaining:** The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

**Community Preservation Act (CPA):** Enacted as MGL Ch. 44B in 2000, CPA permits cities and towns accepting its provisions to establish a restricted fund from which monies can be appropriated only for a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation, and restoration of historic resources; and c) the acquisition, creation and preservation of land for recreational use; d) the creation, preservation and support of community housing; and e) the rehabilitation and restoration of open space, land for recreational use and community housing that is acquired or created using monies from the fund. Acceptance requires town meeting or city council approval or a citizen petition, together with referendum approval by majority vote. The local program is funded by a local surcharge up to 3 percent on real property tax bills and matching dollars from the state generated from registry of deeds fees. (See DOR IGR 00-209 as amended by IGR 01-207 and IGR 02-208)

**Community Preservation Fund:** A special revenue fund established pursuant to MGL Ch. 44B to receive all monies collected to support a community preservation program, including but not limited to, tax surcharge receipts, proceeds from borrowings, funds received from the Commonwealth, and proceeds from the sale of certain real estate.

**Compensating Balance Agreement:** An alternative to the payment of direct fees for banking services. In this case, a bank specifies a minimum balance that the municipality must maintain in non-interest bearing accounts. The bank can then lend this money (subject to a reserve requirement) and earn interest, which will at least cover the cost of services provided to the municipality. Compensating balance agreements are permitted under MGL Ch. 44 §53F and must be approved annually by town meeting or the city council.

**Conservation Fund:** A city or town may appropriate money to a conservation fund. This money may be expended by the conservation commission for lawful conservation purposes as described in MGL Ch. 40 §8C. The money may also be expended by the conservation commission for damages arising from an eminent domain taking provided that the taking was approved by a two-thirds vote of city council or town meeting.

**Consumer Price Index:** The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

**Cost-Benefit Analysis:** A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

**Debt Authorization:** Formal approval by a two thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

**Debt Burden:** The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

**Debt Exclusion:** An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By

## Glossary of Terms

approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

**Debt Limit:** The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

**Debt Service:** The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

**Encumbrance:** A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that is chargeable to, but not yet paid from, a specific appropriation account.

**Enterprise Funds:** An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It 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, if any. 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 chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. (See DOR IGR 08-101)

**Equalized Valuations (EQVs):** The determination of the full and fair cash value of all property in the commonwealth that is subject to local taxation. EQVs have historically been

used as variables in distributing certain state aid accounts and for determining county assessments and certain other costs. The Commissioner of Revenue, in accordance with M.G.L. Ch. 58 s 10C, is charged with the responsibility of bi-annually determining an equalized valuation for each town and city in the Commonwealth.

**Estimated Receipts:** A term that typically refers to anticipated local revenues listed on page three of the Tax Recapitulation Sheet. Projections of local revenues are often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

**Excess and Deficiency (E&D):** Also called the "surplus revenue" account, this is the amount by which cash, accounts receivable, and other assets exceed a regional school district's liabilities and reserves as certified by the Director of Accounts. The calculation is based on a year-end balance sheet, which is submitted to DOR by the district's auditor, accountant, or comptroller as of June 30. The regional school committee must apply certified amounts exceeding five percent of the district's prior year operating and capital costs to reduce the assessment on member cities and towns. Important: E&D is not available for appropriation until certified by the Director of Accounts.

**Excess Levy Capacity:** The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or council must be informed of excess levying capacity and evidence of such acknowledgment must be submitted to DOR when setting the tax rate.

**Exemptions:** A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and

## Glossary of Terms

cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

**Expenditure:** An outlay of money made by municipalities to provide the programs and services within their approved budget.

**Fiduciary Funds:** Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**Fiscal Year (FY):** Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. Since 1976, the federal government fiscal year has begun on October 1 and ended September 30.

**Fixed Assets:** Long-lived, tangible assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

**Fixed Costs:** Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

**Float:** The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

**Foundation Budget:** The spending target imposed by the Education Reform Act of 1993 for each school district as the level necessary to provide an adequate education for all students.

**Free Cash:** (Also Budgetary Fund Balance) Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax

recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)

**Full and Fair Cash Value (FFCV):** Fair cash value has been defined by the Massachusetts Supreme Judicial Court as "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner." (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956))

**Full Faith and Credit:** A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

**Fund:** An accounting entity with a self balancing set of accounts that is segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

**Fund Accounting:** Organizing the financial records of a municipality into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities

## Glossary of Terms

whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

**GASB 34:** A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

**GASB 45:** This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

**General Fund:** The fund used to account for most financial resources and activities governed by the normal town meeting/city council appropriation process.

**General Obligation Bonds:** Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

**Governing Body:** A board, committee, commission, or other executive or policymaking body including the school committee of a municipality.

**Governmental Accounting Standards Board (GASB):** The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

**Indirect Cost:** Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these

costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

**Interest:** Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

**Interest Rate:** The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

**Investments:** Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

**Law Enforcement Trust Fund:** A revolving fund established to account for a portion of the proceeds from the sale of property seized from illegal drug-related activities. Funds may be expended to defray certain qualified law enforcement costs as outlined in MGL Ch. 94C, s 47. Funds from this account may be expended by the police chief without further appropriation.

**Levy Ceiling:** A levy ceiling is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion. (See Levy Limit)

**Levy Limit:** A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt

## Glossary of Terms

exclusion, or special exclusion. (See Levy Ceiling)

**Line Item Budget:** A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

**Local Aid:** Revenue allocated by the Commonwealth to cities, towns, and regional school districts. Estimates of local aid are transmitted to cities, towns, and districts annually by the "Cherry Sheets." Most Cherry Sheet aid programs are considered general fund revenues and may be spent for any purpose, subject to appropriation.

**Local Appropriation Authority:** In a town, the town meeting has the power to appropriate funds, including the authorization of debt. In a city, the city council has the power upon the recommendation of the mayor.

**Local Receipts:** 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. (See Estimated Receipts)

**Maturity Date:** The date that the principal of a bond becomes due and payable in full.

**Massachusetts Municipal Depository Trust:** An investment program, founded in 1977 under the supervision of the State Treasurer, in which municipalities may pool excess cash for investment.

**Minimum Required Local Contribution:** The minimum that a city or town must appropriate from property taxes and other local revenues for the support of schools (Education Reform Act of 1993).

**Municipal(s):** (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political

subdivisions, such as cities, towns, school districts, special districts, but also bonds of the state and agencies of the state.

**Municipal Revenue Growth Factor (MRGF):** An estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2 1/2 percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories and the change in selected unrestricted local receipts.

**M.G.L.:** Massachusetts General Laws.

**Net School Spending (NSS):** School budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education (DOE). (See Education Reform Act of 1993) Includes both school budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education.

**New Growth:** The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.



## Glossary of Terms

**Note:** A short-term loan, typically with a maturity date of a year or less.

**Objects of Expenditures:** A classification of expenditures that is used for coding any department disbursement, such as “personal services,” “expenses,” or “capital outlay.”

**Official Statement:** A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

**Offset Receipts:** A local option that allows estimated receipts of a particular department to be earmarked for use of the department and appropriated to offset its annual operating budget. If accepted, MGL Ch. 44 §53E limits the amount of offset receipts appropriated to no more than the actual receipts collected for the prior fiscal year. The Director of Accounts must approve use of a higher amount before appropriation. Actual collections greater than the amount appropriated close to the general fund at year-end. If actual collections are less, the deficit must be raised in the next year’s tax rate.

**Operating Budget:** A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

**Other Amounts to be Raised:** (Tax Recapitulation Sheet) Amounts not appropriated but raised through taxation. Generally, these are locally generated expenditures (e.g., overlay, teacher pay deferral, deficits) as well as state, county and other special district charges. Because they must be funded in the annual budget, special consideration should be given to them when finalizing the budget recommendations to the city council or town meeting.

**Overlapping Debt:** A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

**Overlay:** (Overlay Reserve or Allowance for Abatements and Exemptions) An account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year. The overlay reserve need not be funded by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

**Overlay Deficit:** A deficit that occurs when the amount of overlay raised in a given year is insufficient to cover abatements, statutory exemptions, and uncollected taxes for that year. Overlay deficits must be provided for in the next fiscal year.

**Overlay Surplus:** Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within 10 days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is “closed” to surplus revenue, i.e., it becomes a part of free cash.

**Override:** A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount. (See Underride.)

**Override Capacity:** The difference between a community’s levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

**Performance Budget:** A budget that stresses output both in terms of economy and efficiency.

**Principal:** The face amount of a bond, exclusive of accrued interest.

**Program:** A combination of activities to accomplish an end.

## Glossary of Terms

**Program Budget:** A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

**Proposition 2½:** A state law enacted in 1980, Proposition 2½ regulates local property tax administration and limits the amount of revenue a city or town may raise from local property taxes each year to fund municipal operations.

**Purchased Services:** The cost of services that are provided by a vendor.

**Refunding of Debt:** Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

**Reserve for Abatements and Exemptions:** (See Overlay)

**Reserve Fund:** An amount set aside annually within the budget of a city (not to exceed 3 percent of the tax levy for the preceding year) or town (not to exceed 5 percent of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by town meeting. In a city, transfers from this fund may be voted by the city council upon recommendation of the mayor.

**Revaluation:** The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors' analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information. Every three years, assessors must submit property values to the DOR for certification. Assessors must also maintain fair cash values in the years between certifications so that each taxpayer in the community pays his or her share of the cost of local government in

proportion to the value of his property. (See Triennial Certification)

**Revenue Anticipation Borrowing:** Cities, towns and districts may issue temporary notes in anticipation of taxes (TANs) or other revenue (RANs). The amount of this type of borrowing is limited to the total of the prior year's tax levy, the net amount collected in motor vehicle and trailer excise in the prior year and payments made by the Commonwealth in lieu of taxes in the prior year. According to MGL Ch. 44 s 4, cities, towns and districts may borrow for up to one year in anticipation of such revenue.

**Revenue Anticipation Note (RAN):** A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations. (See Bond Anticipation Note)

**Revenue Bond:** A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

**Revolving Fund:** Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For departmental revolving funds, MGL Ch. 44 §53E½ 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 that 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 city or town in the most recent fiscal year, and no more than one percent of the amount raised by taxation may be administered by a single fund. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits.

**Sale of Cemetery Lots Fund:** A fund established to account for proceeds of the sale of cemetery lots. The proceeds may only be appropriated to pay for the cost of the land, its care and improvement or the enlargement of the cemetery under provisions of MGL Ch. 114 §15.

## Glossary of Terms

**Sale of Real Estate Fund:** A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure. MGL Chapter 44 s 63 states that such proceeds shall be applied first to the retirement of debt on the property sold. In the absence of such debt, funds may generally be used for purposes for which the town or city is authorized to borrow for a period of five years or more.

**Security:** For Massachusetts municipalities, bonds or notes evidencing a legal debt on the part of the issuer.

**Special Assessments:** (See Betterments)

**Special Exclusion:** For a few limited capital purposes, a community may exceed its levy limit or levy ceiling without voter approval. Presently, there are two special expenditure exclusions: 1) water and sewer project debt service costs which reduce the water and sewer rates by the same amount; and 2) a program to assist homeowners to repair or replace faulty septic systems, remove underground fuel storage tanks, or remove dangerous levels of lead paint to meet public health and safety code requirements. In the second special exclusion, homeowners repay the municipality for the cost plus interest apportioned over a period of time, not to exceed 20 years (similar to betterments).

**Stabilization Fund:** A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund. (See DOR IGR 04-201)

**Surplus Revenue:** The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

**Tax Rate:** The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

**Tax Rate Recapitulation Sheet (Recap Sheet):** A document submitted by a city or town to the DOR in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1).

**Tax Title (or Tax Taking):** A collection procedure that secures a city or town's lien on real property and protects the municipality's right to payment of overdue property taxes. Otherwise, the lien expires if five years elapse from the January 1 assessment date and the property has been transferred to another owner. If amounts remain outstanding on the property after issuing a demand for overdue property taxes and after publishing a notice of tax taking, the collector may take the property for the city or town. After properly recording the instrument of taking, the collector transfers responsibility for collecting the overdue amounts to the treasurer. After six months, the treasurer may initiate foreclosure proceedings.

**Tax Title Foreclosure:** The procedure initiated by a city or town treasurer in Land Court or through land of low value to obtain legal title to real property already in tax title and on which property taxes are over due. The treasurer must wait at least six months from the date of a tax taking to initiate Land Court foreclosure proceedings (MGL Ch. 60 §65).

**Triennial Certification:** The Commissioner of Revenue, through the Bureau of Local Assessment, is required to review local assessed values every three years and to certify that they

## Glossary of Terms

represent full and fair cash value (FFCV). Refer to MGL Ch. 40 §56 and Ch. 59 §2A(c).

**Trust Fund:** In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by town meeting. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

**Uncollected Funds:** Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves and they are not available for disbursement.)

**Override:** A vote by a community to permanently decrease the tax levy limit. As such, it is the opposite of an override. (See Override)

**Undesignated Fund Balance:** Monies in the various government funds as of June 30 that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

**Uniform Municipal Accounting System (UMAS):** UMAS succeeds the so-called Statutory System (STAT) and is regarded as the professional standard for municipal accounting in Massachusetts. As a uniform system for local governments, it conforms to Generally Accepted Accounting Principles (GAAP), offers increased consistency in reporting and record keeping, as well as enhanced comparability of data among cities and towns.

**Unreserved Fund Balance (Surplus Revenue Account):** The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as

"accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

**Valuation (100 Percent):** The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

**Warrant:** An authorization for an action. For example, a town meeting warrant establishes the matters that may be acted on by that town meeting. A treasury warrant authorizes the treasurer to pay specific bills. The assessors' warrant authorizes the tax collector to collect taxes in the amount and from the persons listed, respectively.



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