

Town of Northborough Massachusetts



Proposed Budget & Capital Improvement Plan

Fiscal Year 2017-2018

John W. Coderre
Town Administrator



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Northborough
Massachusetts**

For the Fiscal Year Beginning

July 1, 2016

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Northborough, Massachusetts for its annual budget for the Fiscal Year beginning July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

TOWN OF NORTHBOROUGH MASSACHUSETTS



Annual Budget
For the Fiscal Year
Beginning July 1, 2017 and ending June 30, 2018

Board of Selectmen

William Pantazis, Chair

Dawn Rand, Vice-Chair

Jeff Amberson, Clerk

Leslie Rutan

Jason Perreault

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 Manual sent to Departments

December

- Town Administrator Reviews Requests and Develops Operating Budget
- Town Administrator & Financial Planning Committee Develop Capital Budget
- Financial Trends and Forecast Report Updated

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 30th Current Fiscal Year 2017 Ends
- July 1st Fiscal Year 2018 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.

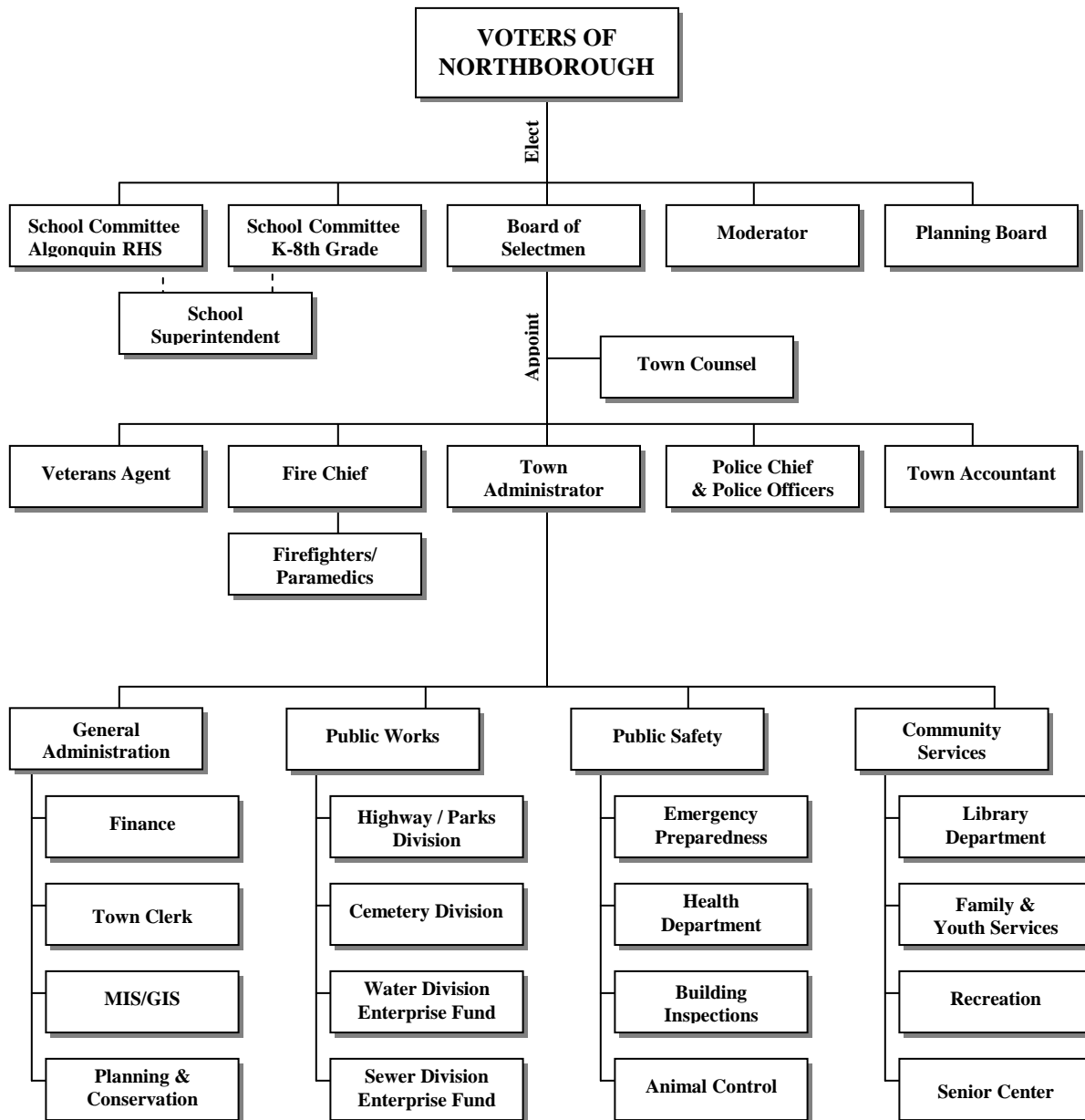
Fifth, Section 6 contains information on **Undistributed Expense Categories** such as Employee Benefits, Long-term Debt, Non-Appropriated Expenses and the FY2018 Warrant Articles.

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 FY2018 **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.

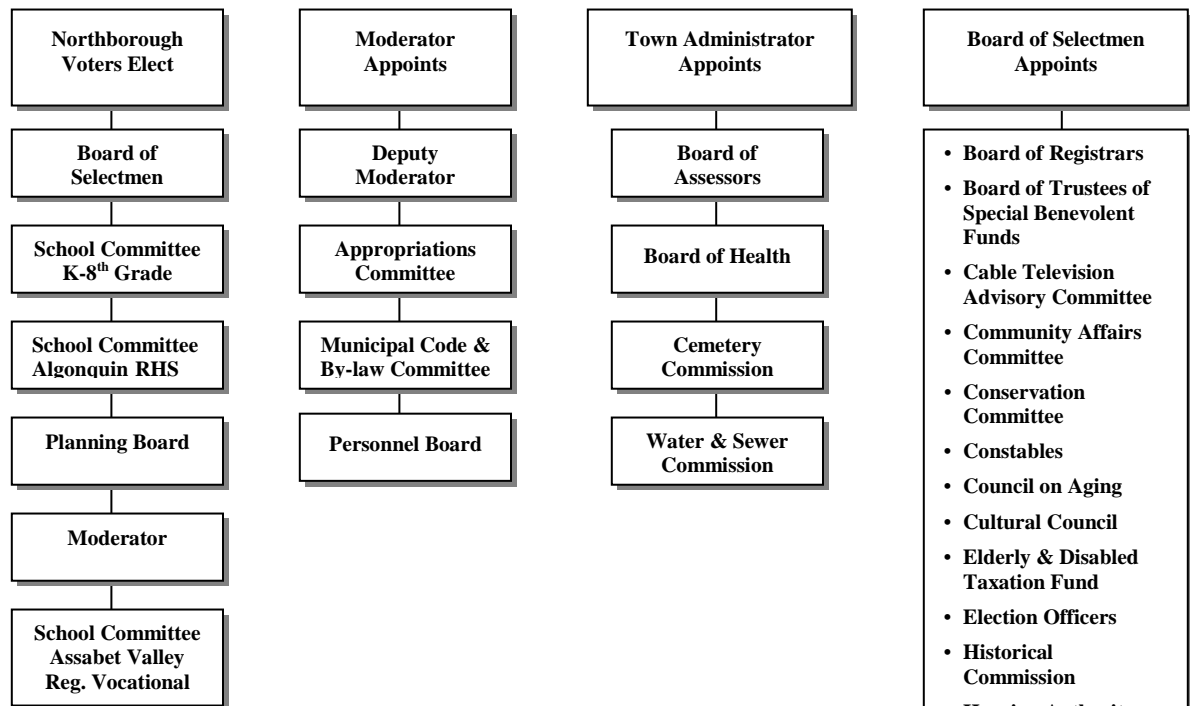
Town Organizational Chart



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. In accordance with the Board of Selectmen's Department Reporting Policy 9-128-010, the day-to-day activities of the Police Chief, Fire Chief, Town Counsel, Town Accountant 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, Staffing 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

2016 Population: 14,895

2015 Labor Force: 7,920

Form of Government:

Town Administrator

Five-member Board of Selectmen

Open Town Meeting

FY2017 Tax Rate per Thousand:
\$17.39

**2017 Average Single Family
Home Value:** \$408,144

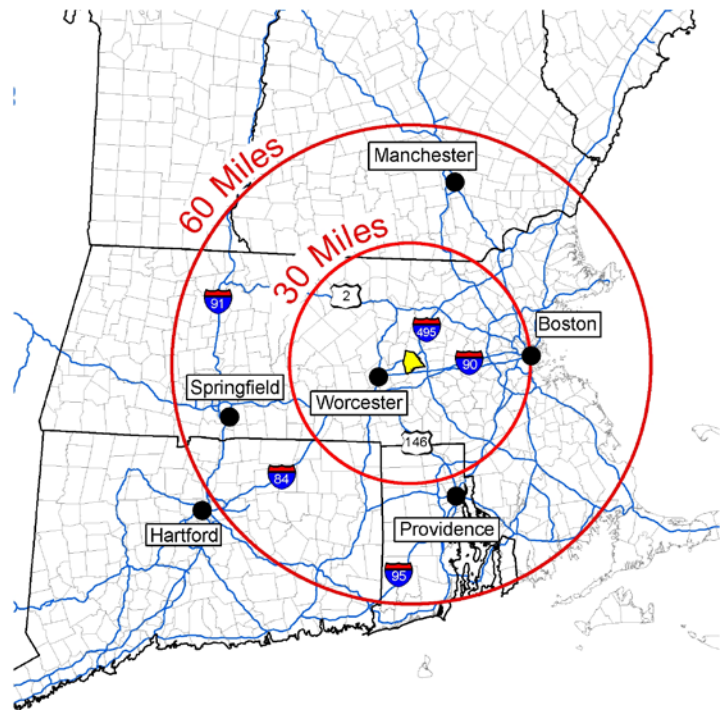
**2017 Average Single Family Tax
Bill:** \$7,098

**FY2017 Municipal Operating
Budget:** \$60,658,656

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

www.town.northborough.ma.us

Town Offices
63 Main Street
Northborough, MA 01532
Phone: (508) 393 – 5040
Fax: (508) 393 - 6996
townadmin@town.northborough.ma.us



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.

Northborough provides a broad range of general government services including police and fire protection; water and sewer; public works; parks and recreation; a senior center; and a library.

Northborough's school system consists of the Northborough Public Schools, grades kindergarten through 8, and the Algonquin Regional High School, grades 9 – 12. Technical education at the high school level is provided through the Assabet Valley Regional Technical High School.

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TOWN OF NORTHBOROUGH

Town Offices
63 Main Street
Northborough, MA 01532-1994
(508) 393-5040 Phone
(508) 393-6996 Fax

MEMORANDUM

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

FROM: Town Administrator

SUBJECT: FY2018 Proposed Budget

DATE: March 24, 2017

I am pleased to present the Fiscal Year 2018 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 27th to discuss the FY2018 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 10th meeting.

Even though review of the budget details will continue right up until Town Meeting on April 24th, the Northborough K-8 School Budget and General Government Budget are complete and were developed in conformance with the goals and objectives discussed at the December 15, 2016 Financial Trend Monitoring System joint meeting. The Town has also received the final Assabet Valley and Algonquin Regional High School (ARHS) assessments.

On December 15, 2016 the Board of Selectmen, Appropriations Committee, Financial Planning Committee and the K-8 School Committee all met together to hear the latest update of the Financial Trend Monitoring System (FTMS) as well as the five-year financial forecasts. The group discussed revenue projections, the various financial indicators and the implications of the information for the upcoming FY2018 budget. The following goals and objectives are direct outcomes from that joint meeting.

Goals and objectives of the FY2018 Budget:

1. To protect and improve the Town's overall Financial Condition, which is broadly defined as our ability to maintain existing service levels; withstand local and



regional economic disruptions; and meet the demands of natural growth, decline, and change.

- By continuing to review and update the Town's Financial Trend Monitoring System in order to identify problems and opportunities early, so that appropriate action can be taken.
 - By annually revising the Town's Five-year Financial Projections, to see if the underlying assumptions require modification based upon changing conditions or data.
 - By engaging the Town's policy-making boards and committees in regular discussions that reinforce the need for long-range considerations in the annual budget process, so that important policy decisions are not controlled by financial problems or emergencies. To this end, multiple joint meetings were held during the budget process to discuss financial trends, projections, staffing studies and major capital improvements.
2. To develop a budget that is in conformance with the Town's comprehensive financial policies and does not rely on one-time gimmicks or unsustainable practices.
- By ensuring that current revenues are sufficient to support current operating expenditures. Use of one-time Free Cash in the FY2018 annual budget is capped in accordance with the adopted Free Cash policy at \$500,000, or approximately 1% of the operating budget.
 - By ensuring that debt is never used to fund operating expenditures and is only issued for capital improvements greater than \$25,000 with a useful life of five years or more. In practice, the Town endeavors to pay cash for vehicle and equipment purchases under \$100,000 and only issue debt for major facility or infrastructure improvements.
 - By maintaining adequate financial reserves of between 5-10% of the operating budget to deal with unexpected natural or economic disruptions. Current fiscal year reserves are at 8%. The FY2018 Budget will seek to maintain a comparable level of reserves by including a \$200,000 appropriation from Free Cash into the Stabilization Fund.
3. To maintain Northborough as an affordable place to live and operate a business
- By developing a FY2018 Budget that is within the confines of Proposition 2 ½ and includes reasonable tax increases necessary to maintain current service levels. It is anticipated that due to a relatively stagnant revenue outlook and debt service for the Lincoln Street School project, the FY2018 Budget will require tax increases absent improving State Aid and/or significant economic development.
 - By encouraging economic development through maintenance of a single tax rate without artificial surcharges on businesses.
 - By negotiating sustainable collective bargaining agreements with the Town's unions. As of this writing all union contracts have settled for a 2% FY2018 general wage increase.



- By advocating for legislative priorities at the State level that will improve the efficiency or effectiveness of local services, such as OPEB reform and changes to various revenue sharing models.
- 4. To protect the Town's long-run solvency beyond the immediate budget cycle by developing clear policies regarding issues such as debt, pension obligations, Other Post-Employment Benefit (OPEB) liabilities and capital investment.
 - By conducting a comprehensive review of major budget initiatives that seek to expand staffing or services. During FY2016 the Town completed detailed staffing and operational reviews of the Police and Fire Departments to determine appropriate and sustainable service levels. Implementation of those studies is ongoing and will continue in FY2018 with the addition of one full-time firefighter/paramedic position mid fiscal year.
 - By continuing to fund the OPEB plan in FY2018 at a minimum of \$500,000 in order to continue addressing the Town's \$34.9 million OPEB liability. Serious consideration will be given to increasing future contributions, resources permitting.
 - By updating and funding the Pavement Management Plan (PMP) at \$1.1 million in order to address long-term infrastructure and roadway improvements.
 - By annually reviewing the Town's Six-year Capital Improvement Plan (CIP) in conjunction with the adopted debt and free cash policies.

As the FY2018 budget process unfolded, individual departmental goals and objectives were developed within these Town-wide umbrella goals to ensure that long-term perspectives that span beyond just the upcoming fiscal year are taken into consideration. In addition to these overriding goals and initiatives, each departmental budget contains more detailed goals and objects for the FY2018 budget.

Recent Developments

During the month of March, several significant budgetary items have been finalized, including Health Insurance, Debt Service, State Aid estimates and new growth figures. Collectively, these items represent the final pieces of the FY2018 budget.

- Health Insurance—The FY2018 health insurance budget request of \$5.52 million represents a total increase of \$424,844 or 8.3% from the amount budgeted last year. Plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 limited budgetary impacts for eight consecutive years. Prior to FY2010 it was common to experience health insurance increases of 8-10% each year, which would consume \$450,000 or more of new revenues.

Market trends appear to indicate a return to higher health insurance increases, necessitating another round of plan design changes. To this end, the Town successfully negotiated higher

Health Insurance Budget Increases	
FY2007	9.88%
FY2008	9.31%
FY2009	11.43%
Average	10.20%
FY2010	0.72%
FY2011	2.99%
FY2012	4.49%
FY2013	3.34%
FY2014	2.00%
FY2015	1.00%
FY2016	3.00%
FY2017	3.00%
Average	2.57%



copays and deductibles with all employee groups, effective July 1, 2016 (FY2017). The modifications largely mitigated the anticipated premium increases of 7-9%.

Unfortunately, at the time of this writing the FY2018 Health Insurance budget increase appears to be closer to 12% and not 8.3%. It is important to note that the FY2018 Budget as presented assumes approximately \$200,000 in savings due to plan design changes to employee health insurance benefits. Those plan design changes are currently under negotiation with all Northborough Town and School unions. Should those negotiations be unsuccessful, it will become necessary to reduce the existing General Government Budget and Northborough K-8 School budgets by a comparable amount.

- **Debt Service**—The proposed FY2018 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 FY2018, the total Debt Service budget for the General Fund is \$2.96 million, a decrease of \$75,051. This decrease takes into consideration the overall higher level of debt from the previous two years which was the result of the new debt issued for the Lincoln Street School project.

One key factor in limiting the increase in new FY2018 debt service is the Town's Free Cash policy whereby smaller capital items are 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.

Of significant note is that in conjunction with the bond issuances for the Lincoln Street School project, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management they commented that *"the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies."* The 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.

BOND RATING SYMBOLS

Moody's Investor Service

Aaa
➔ Aa1
Aa2
Aa3

A1
A2
A3

Baa1
Baa2
Baa3

Ba1
Ba2
Ba3

B1
B2
B3

- **State Aid**—Current budget models assume State Aid will increase 1.6% over the \$5.14 million received during FY2017. The estimate is based upon the Governor's FY2018 Budget which was released on January 25th. Despite State revenue projections expected to grow by 3.9% next fiscal year, the Massachusetts Taxpayers Foundation (MTF) estimates the State still faces a structural deficit of more than \$800 million in FY2018, due to overly optimistic revenue projections. Given the State's financial issues, it appears unlikely that State Aid will increase much beyond the Governor's estimate. Over the coming months the House and Senate will release their respective



budget proposals and work out the differences through a joint committee. Historically, the Town does not receive its final State Aid figures until well after Town Meeting in April, so using the Governor's budget appears to be a reasonable approach at this time.

- **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. New Growth is estimated at \$30 million based upon an analysis of building permits and ongoing construction projects, which will result in approximately \$521,700 in new FY2018 tax revenues. Strong development activity was Northborough's primary source of new revenue during the recent recessionary period, hitting a peak of over \$92 million in new growth during FY2013; however, it has steadily declined to \$31.7 million in FY2016. As discussed at the FY2017 Tax Classification Hearing held in November 2016, new growth is forecast to remain at these levels, barring any significant new development coming to Town.

Again, assuming budgetary savings are realized from successful health insurance negotiations, the remainder of the General Government departmental budgets are set. With the exception of a possible State Aid Resolution passing in the Legislature, we do not anticipate any other significant financial information coming forward prior to the April Town Meeting.

Budget in Brief

Similar to prior budgets, the FY2018 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 overall General Fund budget increase is 2.78% with the proposed budgets for the key departments estimated to increase as follows:

- Northborough K-8 Schools increase \$725,174 or 3.19% to \$23,445,017
- General Government (Town) increases \$765,216 or 3.8% to \$20,902,493
- Assabet Valley Vocational High School combined operating and debt assessments increase by \$12,445, or 1.41% to \$892,893
- Algonquin Regional High School (ARHS) combined operating and debt assessments increase by \$342,587, or 3.19% to \$11,075,443



FY2018 PROPOSED BUDGET

EXPENDITURES	FY2017 Budget	FY2018 Proposed	Variance	% Change
General Government (Town)	\$20,137,277	\$20,902,493	\$765,216	3.80%
Schools				
Northborough K-8	\$22,719,843	\$23,445,017	\$725,174	3.19%
Algonquin Reg. HS 9-12	\$10,071,650	\$10,414,869	\$343,219	3.41%
Algonquin Debt Exclusion	\$661,206	\$660,574	-\$632	-0.10%
Assabet Valley	\$688,313	\$741,661	\$53,348	7.75%
Assabet Valley Debt	\$192,135	\$151,232	-\$40,903	-21.29%
Warrant Articles				
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Free Cash Capital Projects	\$1,833,460	\$1,497,000	-\$336,460	-18.35%
Transfer to Stabilization	\$200,000	\$200,000	\$0	0.00%
Transfer to OPEB Trust	\$500,000	\$500,000	\$0	0.00%
Zeh School Debt	\$424,416	\$389,854	-\$34,562	-8.14%
Colburn St. Debt Service	\$69,245	\$66,990	-\$2,255	-3.26%
Library Debt Service	\$392,025	\$383,985	-\$8,040	-2.05%
Senior Center Debt Service	\$433,795	\$422,195	-\$11,600	-2.67%
Lincoln Street Debt	\$1,144,882	\$1,124,675	-\$20,207	-1.76%
Other Funds	\$1,008,581	\$880,367	-\$128,214	-12.71%
Adjustments	-\$374,563	\$0	\$374,563	-100.00%
Subtotal General Fund	\$60,277,265	\$61,955,912	\$1,678,647	2.78%
Water Enterprise Funds	\$2,251,473	\$2,436,381	\$184,908	8.21%
Sewer Enterprise Fund	\$1,718,422	\$2,051,028	\$332,606	19.36%
Solid Waste Enterprise Fund	\$768,350	\$792,830	\$24,480	3.19%
Subtotal Enterprise Funds	\$4,738,245	\$5,280,239	\$541,994	11.44%
TOTAL ALL FUNDS	\$65,015,510	\$67,236,151	\$2,220,641	3.42%

• **General Government Budget**

The total FY2018 General Government Budget (non-school) is \$20,902,493 which is an increase of \$765,216 or 3.8%. 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 \$276,000 to \$552,000 on a \$5.52 million budget. Clearly, the annual renewal of the Town's health insurance premiums is critical to the General Government budget, given that the entire FY2018 budget increase for all non-school departments is only \$765,216. 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, 2016, a total of 1,753 students attend the Northborough schools, with 1,085 students in grades K-5 at the four elementary schools and 668 students in grades 6-8 at the Middle School.

Based on the Town's revenue forecast, it is projected that the Northborough K-8 School Budget may increase by 3.19% in FY2018. Therefore, the FY2018 amount available for the Northborough K-8 School department is \$23,445,017. This represents an increase of \$725,174 from the \$22,719,843 appropriated last year.

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

As of October 1, 2016, a total of 838 Northborough students attend the Northborough-Southborough Regional High School. This represents 57.95% of the total 1,446 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. The overall Algonquin Regional High School (ARHS) budget is increasing 3.8%. However, the ARHS operating assessment increases \$343,218, or 3.41% to \$10,414,869 based upon Northborough enrollment and changes to the State's minimum contribution formula. The debt for ARHS decreases by \$632, or 0.10% to \$660,574. The net effect of the combined operating assessment and new debt service is an overall increase of \$342,587, or 3.19%.

- **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 FY2018 budget is \$20,294,000 which is a \$684,000 or 3.49% increase.

As of October 1, 2016, 49 Northborough students attend Assabet Valley, which represents 6.14% of the FY2018 overall Assabet budget, or an operating assessment of \$741,661. This is an enrollment increase of 3 from the 46 Northborough students that attended Assabet Valley last year. Northborough's FY2018 share of the debt assessment from the completed building renovation project is \$151,232, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$892,893, which is an increase of \$12,445, or 1.41%.

- **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. A detailed description of the proposed warrant articles, including their funding sources, is provided in Section 6-19 through 6-22 of this budget document. Further



detail regarding the capital project warrant articles is contained in Section 9, the Town's Annual Capital Budget and FY2018-2023 Capital Improvement Program.

Overall, the Fiscal Year 2018 total operating budget for all funds is \$67,236,151 or a 3.42% increase over FY2017; however, the increase includes one-time pay-as-you-go capital expenditures, a one-time contribution to the Stabilization Fund and increases to the Water & Sewer Enterprise Funds. An in-depth review of revenues and expenditures is provided in the Budget Summaries Section 1 that follows this Budget Message.

Financial Condition and Outlook

During FY2017 the Town updated its 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 updated FTMS Report is included in its entirety as Appendix C of this budget document.

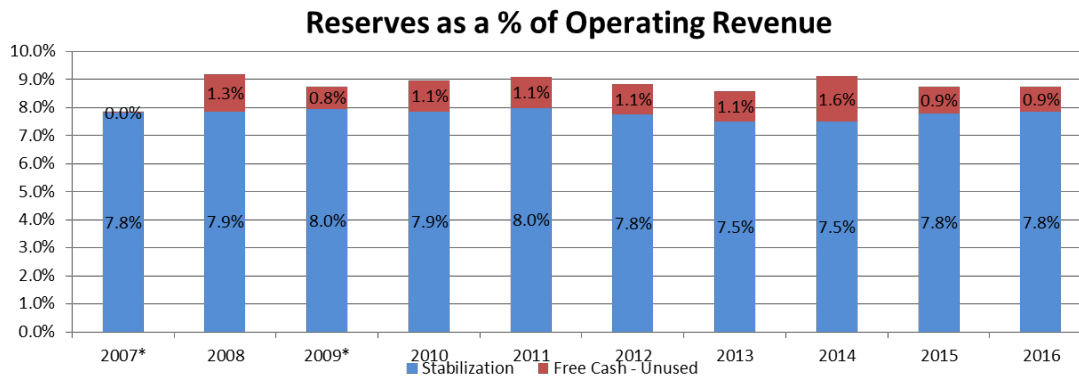
Financial Trend Monitoring System Indicator Summary

	Financial Indicator	FY2017
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable / Uncertain
5	Economic Growth Revenues	Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Marginal / Stable
8	Employee Benefits	Favorable / Uncertain
9	Pension Liability	Unfavorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserves/Fund Balance	Favorable
13	Capital Investment—Overall fixed asset values	Favorable
14	Capital Investment—Pavement Management	Unfavorable / Improving

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 approximately 8% and the use of the \$4.17 million Stabilization (rainy day) Fund has not been necessary. The Town's debt level is



manageable at 4.8% of the operating budget and its bond rating was upgraded to Aa1 in 2015. Although recent economic development has dropped back in line with historic levels, the tax base remains strong and diverse. Capital investments continue and reliance on one-time revenues in the operating budget has been curtailed to approximately 1% of the operating budget. Further, the impact of rising health insurance costs has been mitigated since FY2010 by successful negotiation of plan design changes with employee bargaining units, although it appears future increases will be challenging.



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 ensured 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 proportionally as well.

The Town of Northborough has experienced significant economic development in recent years but staffing remained relatively level during the last recessionary period. In order to maintain service-level solvency the Town conducted a comprehensive review of Town-wide staffing in 2014. The resulting Interim Report and a draft request for proposals for consulting services were presented to the Board of Selectmen in March of 2014. During FY2015 comprehensive assessments of the Police and Fire Departments were conducted by an independent third party consultant. While the studies concluded that staffing needs were significantly less than requested, some increases were warranted for coverage reasons. As a result, the Town added two police officers, created a new Sergeant position, and added three firefighter/paramedics to reach a new shift staffing of five personnel. The FY2018 Budget includes the addition of the last firefighter/paramedic position needed to reach the recommended staffing levels.



Moving forward, it will be important for the Town to continue to refine the funding plan for its Other Post-Employment Benefits liability. Other Post-Employment Benefits (OPEB) are the benefits, other than retiree pensions, offered to retirees and their dependents. These benefits mainly consist of medical insurance. OPEB liability is the present value of benefits for retired and vested employees. An unfunded liability reflects an incurred obligation, payable in the future, for which no reserves have been set aside.

Without a funding source for this obligation, the liability increased to \$34.9 million based on the actuarial study received at the close of FY2015. The Town previously contracted with an actuary to develop an initial funding plan to begin to address this liability. The adoption of the Meals Tax Surcharge and increase in Room Occupancy revenue provided capacity in the FY2015 budget for initial funding in the amount of \$500,000 for the OPEB Trust Fund. The FY2016 and FY2017 budgets appropriated another \$500,000 each into the OPEB Trust fund and the FY2018 budget sustains that level. At the close of FY2017 another Government Accounting Standards Board (GASB) 45 actuarial update will be conducted to assess the long-run impact of the current plan. In addition to funding the liability, the Town continues to advocate for proposed legislative changes at the State level regarding the local obligation for retiree health insurance that would reduce its OPEB liability.

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

Personnel Summary

Overall, personnel wages and benefits represent approximately 76% of the Town's operating budget and remain relatively stable. 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 on the opposite page provides a five year history of Full-time Equivalent (FTE)¹ positions by department, including any proposed changes for FY2018.

In total, Town Government staffing is up 1.14 FTEs from FY2017. The change includes the addition of a Firefighter/Paramedic in accordance with the recently completed public safety staffing studies. The new Firefighter position is the last addition needed to get to five staff per shift, which is the recommended staffing level. In addition to the full-time firefighter position, an 8 hour per week Library Page position is being restored in FY2018.

Further detail on specific positions is provided within the departmental personnel summaries contained in Budget Sections 2 through 5.

¹ Full Time Equivalents are based upon 40 hours per week (i.e., 30hrs/40hrs = .75 FTE). The Cable Access TV staff are not shown as part of the summary table as they are funded through cable license fees.



TOWN OF NORTHBOROUGH PERSONNEL SUMMARY FY2014–FY2018

Town Government	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	Change FY17-FY18
Executive Office	3.75	3.50	3.50	4.00	4.00	0.00
Public Buildings	0.50	0.50	0.50	0.50	0.50	0.00
Financial Offices	9.38	9.50	9.50	9.50	9.50	0.00
MIS/GIS	2.00	2.00	2.00	2.00	2.00	0.00
Town Clerk's Office	2.00	1.98	1.98	2.00	2.00	0.00
Planning & Conservation	3.71	2.71	2.76	2.78	2.78	0.00
Police Department	28.50	28.50	28.50	29.50	29.50	0.00
Fire Department	20.43	20.45	21.53	22.41	23.35	0.94
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	contract	contract	contract	contract	contract	0.00
Dept. of Public Works	17.00	18.48	20.48	20.48	20.48	0.00
Senior Center/COA	3.00	3.00	3.00	3.00	3.00	0.00
Library	9.36	9.40	9.60	10.28	10.48	0.20
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
Veterans' Services	district	district	district	district	district	0.00
Town Subtotal	108.59	108.98	112.31	115.41	116.55	1.14
School Department (K-8)						
K-5 Teachers	63.50	59.00	56.00	56.00	52.50	-3.50
Grade 6-8 Teachers	32.90	33.40	33.00	33.00	33.00	0.00
Specialists	35.39	38.90	40.90	41.80	42.30	0.50
Special Education Staff	41.65	38.40	40.15	45.10	46.60	1.50
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	107.10	109.30	105.30	97.74	95.00	-2.74
K-8 Schools Subtotal	286.54	285.00	281.35	279.64	275.40	-4.24
Total Town & K-8 FTEs	395.13	393.98	393.66	395.05	391.95	-3.10

It is important to note that all collective bargaining contracts are settled for FY2018 and include a 2% cost of living (COLA) wage increase for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. Non-union personnel are also budgeted at a 2% COLA.

With regard to the Northborough K-8 Schools there are 4.24 fewer FTEs in the FY2018 budget. Please refer to the Superintendent's budget presentation for more detail.



Capital Budget

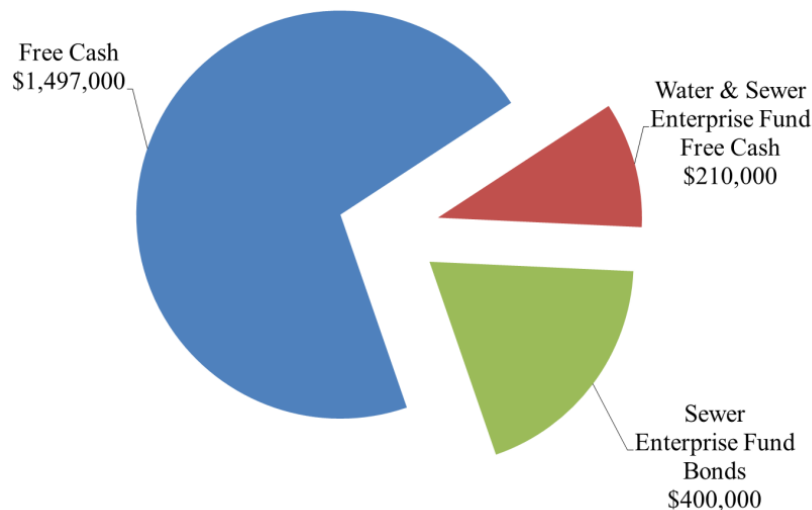
Enclosed in Section 9 of this document are the Town's Annual Capital Budget and FY2018-2023 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments and the Northborough K-8 School Department for FY2018.

Although the detail for proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2018 projects requires Town Meeting approval of specific Articles contained in the April 2017 Annual Town Meeting Warrant.

The proposed FY2018 Capital Budget totals \$2,107,000 of which \$1,497,000 is anticipated to be funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$210,000 in funding will come from the Water & Sewer Enterprise Fund balance with no additional impact on rate payers. Out of the projects listed in the table to the right the only debt being proposed is \$400,000 for the Sewer Enterprise Fund West Main Street Pump Station Improvements. Debt for this project will be financed with sewer user fees, not general fund tax dollars. The balance of the projects listed will be paid for using available funds, resulting in no additional tax or fee impact to the residents.

The pie chart below shows the breakdown of funding sources by category for the proposed FY2018 Capital Budget. It is important to note that prior to FY2010 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 over 71% of the FY2018 Capital Budget.

FY2018 CAPITAL FUNDING SOURCES





FY2018 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE
Police		
	Police Cruiser Replacement	87,000
	Police Subtotal	\$87,000
Fire		
	Forestry Unit Replacement	65,000
	Highway Subtotal	\$65,000
DPW: Highway Division		
	Six-Wheel Dump Truck w/ Spreader & Plow	240,000
	One-Ton Dump Truck w/Plow	95,000
	One-Ton Truck w/Chip Body & Plow	95,000
	Crawford Street Retaining Wall	200,000
	Chipper	65,000
	Fisher Street Culvert Replacement Design	50,000
	Roadway Improvements/Maintenance	300,000
	Highway Subtotal	\$1,045,000
DPW: Sewer Enterprise Fund		
	Line Inspection Camera	110,000
	West Main St. Pump Station Improvements	400,000
	Sewer Enterprise Fund Subtotal	\$510,000
DPW: Water Enterprise Fund		
	One Ton Service Truck w/Plow	100,000
	Water Enterprise Fund Subtotal	\$100,000
Northborough K-8 Public Schools		
	Proctor Elementary Pitched Roof Replacement	300,000
	Northborough K-8 Schools Subtotal	\$300,000
	TOTAL FY18 CAPITAL BUDGET	2,107,000

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 FY2018 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 also contains a question and answer introduction that provides a user-friendly overview of Capital Planning in Northborough.



FY2017 Goals & Accomplishments

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 FY2017 several key goals and initiatives were achieved. These include:

1. GFOA Distinguished Budget Award: The Town received its seventh consecutive national budget award in FY2017 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 FY2017 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2017 Budget passed Town Meeting with the unanimous support of the Board of Selectmen, Appropriations Committee, Financial Planning Committee and the School Committee.

2. Financial Trend Monitoring Report Updated: The Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and held a joint meeting on December 15, 2016 with the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee to review the results. 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. The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough's overall financial condition. The updated FTMS Report is included in its entirety as Appendix C of this budget document.
3. Clean Annual Audit and Positive Free Cash: The Town closed out FY2016 with approximately \$3.1 million in Free Cash on June 30, 2016 and no material issues or deficiencies were noted in the annual audit.
4. Implementation of the Comprehensive Police & Fire Department Operational Reviews: Following the Interim Report of the Selectmen's Ad Hoc Staffing Committee in March of 2014, proposals were sought for consulting services to conduct comprehensive staffing and operational reviews of the Police and Fire Departments. Based upon the report recommendations one police officer and one firefighter/paramedic were added in FY2017. Beyond FY2017 the studies recommend adding one more firefighter/paramedic in FY2018 and a deputy chief at some point in



the future, resources permitting. The full staffing reports are available on the Town's webpage <http://www.town.northborough.ma.us> under "Reports and Documents".

5. Successfully Completed the 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. Following Town Meeting approval work on the study commenced, resulting in the hiring of a project management firm (Strategic Building Solutions) and an architectural firm (Lamoureux-Pagano Associates). The Lincoln Street School Building Committee, which includes town officials, school officials and citizens, worked in partnership with the Massachusetts School Building Authority (MSBA) to develop a preferred design solution, which was unanimously endorsed by the Building Committee, K-8 School Committee and MSBA.

At the April 2014 Town Meeting the preferred design solution was presented and approved, followed by a successful debt exclusion vote at the May 12, 2014 Town election ballot. The project was estimated to cost \$25.5 million, with MSBA providing a maximum grant of \$10.4 million. As of this writing the project is 99% complete, ahead of schedule and approximately \$1 million under budget. In accordance with MSBA policies, the final project closeout and grant reimbursement calculation will take place 10 months following substantial completion, which is expected to be in July of 2017. The facility is fully operational with just minor loaming and seeding to be completed in the spring of 2017.

6. FY2017 Capital Budget included \$1,813,460 in Projects with no additional tax impact: The approved FY2017 Capital Budget totaled \$3,540,000, of which \$1,813,460 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$170,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. Since FY2012 more than \$7.62 million in Free Cash has been used to fund capital projects without adding any additional tax impact or debt.
7. Implementation of the Pavement Management Plan: During FY2017 the Town implemented the second year of a comprehensive pavement management plan. Through a combination of State and local funding sources the Town invested approximately \$1.1 million in roadway infrastructure with the goal of maintaining or improving the Town's average pavement condition index score of 71 out of 100. Subsequent annual appropriations will be necessary in order to maintain the plan, coupled with continued advocacy with the Massachusetts Municipal Association (MMA) to get the State to increase its Chapter 90 (transportation bond) funding from \$200 to \$300 million statewide.
8. Successfully Negotiated all Collective Bargaining Contracts for FY2018: The Town successfully negotiated sustainable collective bargaining contracts with all five of its unions for FY2018: Police Dispatchers (2%), Police Patrol Officers (2%), Police Sergeants (2%), Fire (2%), and Northborough Municipal Employees Association (2%).



9. Successfully Negotiated Health Insurance Plan Design Changes: The Town successfully negotiated higher copays and deductibles with all employee groups, effective for the start of FY2017 on July 1, 2016. The modifications largely mitigated the anticipated premium increases of 7-9%. The new plan design resulted in a 3% health insurance budget increase for FY2017.
10. Department Head Recruitments Completed: During FY2017 the Town successfully conducted a Police Chief recruitment and contract negotiation process. The DPW Director recruitment was also completed, resulting in the promotion of the Assistant DPW Director.
11. 250th Town Anniversary Celebration Events: In March 2014, the Northborough Board of Selectmen created a 250th Town Anniversary Committee to plan events during the 2016 calendar year for the 250th Anniversary Celebration of Northborough. The Committee planned and coordinated a series of events, learning activities, social and cultural opportunities which led to an expanded awareness and appreciation by all of the rich 250 year history of the Town of Northborough.

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 FY2018.

Major Upcoming Issues or Projects

Looking forward to FY2018, 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 FY2018 include:

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2018 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2017 enhancements will continue to focus on long-range financial planning and refinement of the FTMS, as well as the introduction of meaningful performance measures into the operating budgets. Results from the comprehensive Staffing Study will be incorporated into the financial projections as implementation proceeds in FY2018.
2. Fire Station Feasibility Study: During FY2017 the Town formed a Fire Station Feasibility Study Committee which is charged with issuing a Request for Qualifications (RFQ) to hire an architectural/engineering firm to assess the Fire Station's location and building needs. The goal of the feasibility study is to determine if the existing Fire Station can be renovated and expanded at the current location, or if a new site is needed. The feasibility study will include the development of conceptual designs and cost estimates for funding consideration at a future Town Meeting.
3. Health Insurance Plan Design Changes to be Negotiated: During FY2017 the Town successfully negotiated health insurance plan design changes with all bargaining units



that largely mitigated the anticipated premium increases. Unfortunately, the FY2018 anticipated health insurance budget increase of 12% will once again necessitate negotiating plan design changes with all bargaining units in order to get the overall FY2018 budget increase down to 8%. Although the average health insurance budget increase for the last eight years has remained manageable at just 2.57%, ongoing market uncertainty appears to be signaling a period of escalation that will require active management in FY2018 and FY2019. The Town's Insurance Advisory Committee (IAC) has been meeting regularly to gather information and make recommendations regarding the various options.

4. Negotiate a new Inter-municipal Agreement (IMA) with the City of Marlborough: The Town of Northborough does not own its own sewer treatment plant, but instead sends its flow to the City of Marlborough's Westerly Treatment Plant under a long-standing IMA that dates back to the 1960s. 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. The permit allowed the Westerly Treatment Plant additional sewer capacity by increasing the permitted flow of treated effluent into the Assabet River.

Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly rescinded the NPDES permit on February 23, 2010. However, since the granting of the initial permit, Marlborough has completed a \$30 million expansion and upgrade project at the plant. A major ongoing initiative will be increasing Northborough's advocacy to get the EPA's NPDES Permit released and subsequently negotiate a new IMA with Marlborough. Release of the permit and securing additional sewer capacity through a new IMA is critical to Northborough's future economic development. For more information regarding the Town's sewer history and the EPA permit process, please see Section 8-5 of this budget document.

5. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2018; move forward with the completion of the Church Street bridge/culvert replacement; manage the design and construction of the Downtown Common project; and continue to provide time and resources to the Community Preservation Committee as it evaluates the various options for preserving the historic White Cliffs facility. These projects as well as many smaller capital improvements scheduled throughout FY2018 will continue to add to the quality and economic vitality of the Northborough community.

Conclusion

The FY2018 Proposed Budget that follows is balanced pending implementation of final health insurance plan design changes being negotiated with all employee groups. The FY2018 Proposed Budget is within the budgetary increase allowable under the limits of Proposition 2½, minimizes the tax impact while maintaining a level services budget, does not impact core services and provides for a modest increase to personnel.



Following this Budget Message is Section 1—Budget Summaries, which contains both the revenue and expenditure highlights of the FY2018 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 Foster, Finance Director June Hubbard-Ward and Town Accountant Jason Little for their tireless contributions. I would also like to thank Superintendent of Schools Christine Johnson for her 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 I am proud to be a part of.

Respectfully submitted,

John W. Coderre
Town Administrator

Budget Summaries

Section 1

Section 1-2

Balanced Budget

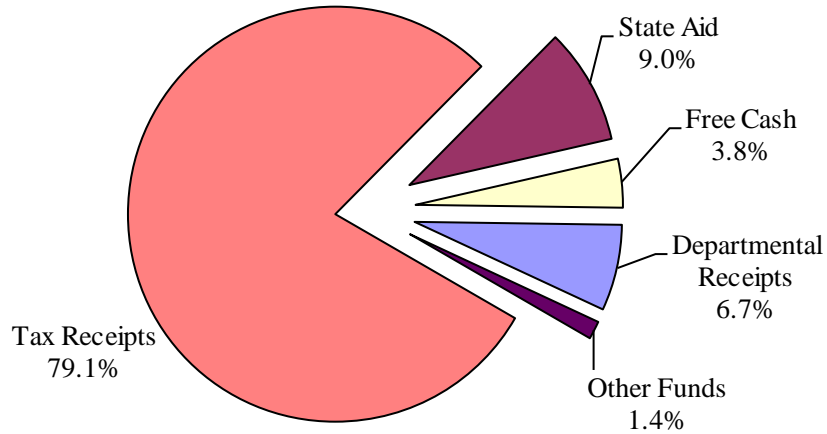


Table 1

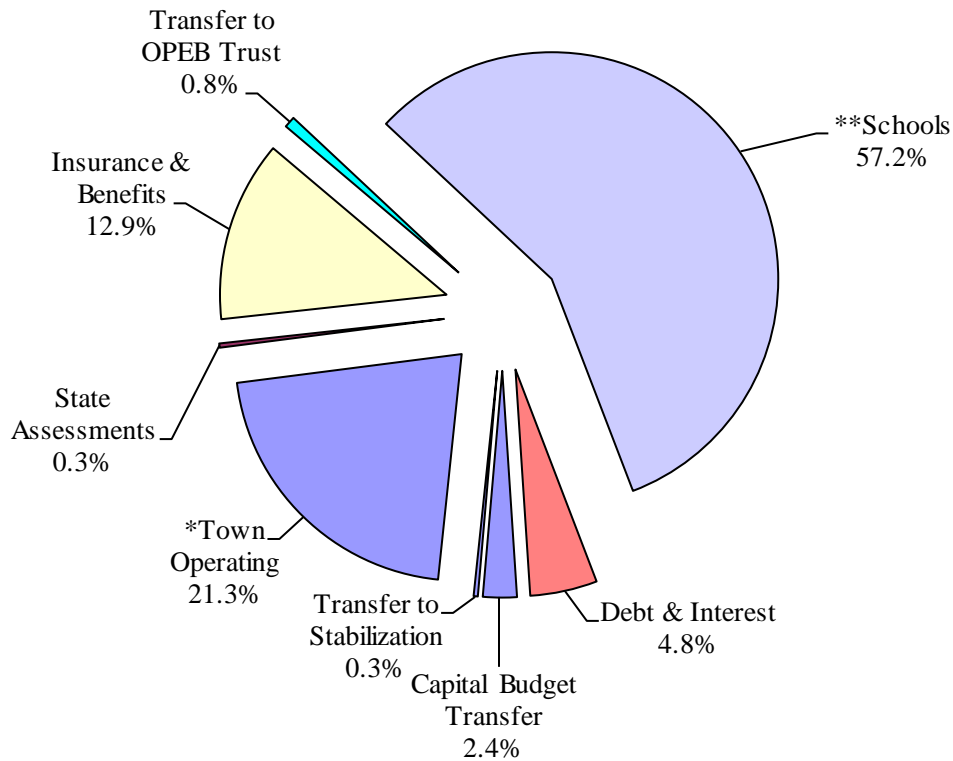
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2016--2018					
LEVY LIMIT CALCULATION	FY2016	PROPOSED FY2017	REVISED FY2017	PROPOSED FY2018	% CHANGE
Prior Year Levy Limit	\$43,891,045	\$45,517,841	\$45,517,841	\$47,349,942	
Add 2.5%	\$1,097,276	\$1,137,946	\$1,137,946	\$1,183,749	
Add New Growth	\$529,520	\$515,100	\$694,155	\$521,700	
Add Overrides	\$0	\$0	\$0	\$0	
True LEVY LIMIT	\$45,517,841	\$47,170,887	\$47,349,942	\$49,055,391	
Add Debt Excl - Zeh School	\$61,467	\$41,876	\$41,874	\$7,311	
Add Debt Excl - Colburn St.	\$13,746	\$9,245	\$6,406	\$6,990	
Add Debt Excl - Library	\$398,725	\$391,393	\$391,393	\$383,394	
Add Debt Excl - Senior Center	\$428,507	\$418,167	\$418,167	\$407,828	
Add Debt Excl - Algonquin	\$656,493	\$661,206	\$661,206	\$660,574	
Less Debt Excl -Settlement	(\$213,831)	(\$212,000)	(\$215,948)	(\$212,000)	
Add Debt Excl - Lincoln Street	\$563,200	\$1,032,956	\$1,032,891	\$1,123,925	
Adjusted LEVY LIMIT	\$47,426,148	\$49,513,730	\$49,685,931	\$51,433,413	
REVENUES					
Adjusted LEVY LIMIT	\$47,426,148	\$49,513,730	\$49,685,931	\$51,433,413	
Less Unused Levy Limit	(\$2,357,248)	(\$2,121,732)	(\$2,811,939)	(\$2,498,560)	
Total Tax Receipts	\$45,068,900	\$47,391,998	\$46,873,992	\$48,934,853	4.40%
State Aid	\$4,995,353	\$5,072,074	\$5,135,689	\$5,218,149	1.61%
MSBA Payments	\$382,543	\$382,543	\$382,543	\$382,543	0.00%
Free Cash (Operating)	\$500,000	\$500,000	\$500,000	\$500,000	0.00%
Free Cash (Capital/Reserve)	\$2,589,000	\$2,208,460	\$2,208,460	\$1,872,000	-15.24%
Departmental Receipts	\$3,595,592	\$3,745,000	\$3,768,000	\$3,768,000	0.00%
Meals/Rooms Tax	\$300,000	\$350,000	\$400,000	\$400,000	0.00%
Other Funds	\$534,058	\$1,008,581	\$1,008,581	\$880,367	-12.71%
TOTAL GENERAL FUND REVENUES	\$57,965,446	\$60,658,656	\$60,277,265	\$61,955,912	2.78%
Water/Sewer Enterprise Funds	\$3,889,270	\$3,969,895	\$3,969,895	\$4,487,409	13.04%
Solid Waste Enterprise Fund	\$767,000	\$768,350	\$768,350	\$792,830	3.19%
TOTAL REVENUES	\$62,621,716	\$65,396,901	\$65,015,510	\$67,236,151	3.42%
EXPENDITURES					
Town	\$19,456,306	\$20,137,277	\$20,137,277	\$20,902,493	3.80%
Schools					
Northborough K-8	\$21,951,539	\$22,719,843	\$22,719,843	\$23,445,017	3.19%
Algonquin 9-12	\$9,421,675	\$10,078,475	\$10,071,650	\$10,414,869	3.41%
HS Debt Exclusion	\$656,493	\$661,206	\$661,206	\$660,574	-0.10%
Warrant Articles					
Reserve Fund	\$175,000	\$175,000	\$175,000	\$175,000	
Capital / Other Articles	\$2,214,000	\$1,833,460	\$1,833,460	\$1,497,000	
Transfer to Stabilization	\$200,000	\$200,000	\$200,000	\$200,000	
Assabet	\$868,431	\$688,313	\$688,313	\$741,661	7.75%
Assabet Renovation Project	\$15,006	\$192,135	\$192,135	\$151,232	-21.29%
Transfer to OPEB Trust	\$500,000	\$500,000	\$500,000	\$500,000	
Zeh School Debt Service	\$444,010	\$424,419	\$424,416	\$389,854	
Colburn Street Debt Service	\$71,473	\$69,245	\$69,245	\$66,990	
Library Debt Service	\$399,395	\$392,025	\$392,025	\$383,985	
Senior Center Debt Service	\$445,395	\$433,795	\$433,795	\$422,195	
Lincoln Street Debt Service	\$675,000	\$1,144,882	\$1,144,882	\$1,124,675	
Other Funds	\$534,058	\$1,008,581	\$1,008,581	\$880,367	
Adjustments	(\$62,335)		(\$374,563)		
TOTAL GENERAL FUND EXPENDITURES	\$57,965,446	\$60,658,656	\$60,277,265	\$61,955,912	2.78%
Water Enterprise Fund	\$2,230,328	\$2,251,473	\$2,251,473	\$2,436,381	8.21%
Sewer Enterprise Fund	\$1,658,942	\$1,718,422	\$1,718,422	\$2,051,028	19.36%
Solid Waste Enterprise Fund	\$767,000	\$768,350	\$768,350	\$792,830	3.19%
TOTAL ALL FUNDS	\$62,621,716	\$65,396,901	\$65,015,510	\$67,236,151	3.42%



Fiscal Year 2018 Revenue Sources



Fiscal Year 2018 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, departmental 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 used by Northborough's non-manufacturing business firms. In accordance with State law, the Town's Board of Assessors determines the fair market value of all property every three years. Northborough's next revaluation will be performed during FY2021; however, interim adjustments are performed each year when a full revaluation is not required.

Under the provisions of Proposition 2½, property taxes may not exceed 2½ percent of their "full and fair cash value." This limit is known as the "levy ceiling." Additionally, annual levy increases may not exceed 2½ percent more than the previous year's levy plus the taxes from any new growth value. 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 FY2018 by approximately \$2.06 million, to \$48.93 million. This increase includes the 2.5% increase of \$1,183,749, a slight increase of \$521,700 in estimated taxes from projected new growth. The value of new growth is budgeted conservatively at \$30 million. 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

LEVY LIMIT CALCULATION	FY2017	FY2018	% CHANGE
Prior Year Levy Limit	\$45,517,841	\$47,349,942	
Add 2.5%	\$1,137,946	\$1,183,749	
Add New Growth	\$694,155	\$521,700	
Add Overrides	\$0	\$0	
True LEVY LIMIT	\$47,349,942	\$49,055,391	
Add Net Debt Exclusions	\$2,335,989	\$2,378,022	
Adjusted LEVY LIMIT	\$49,685,931	\$51,433,413	
REVENUES			
Adjusted LEVY LIMIT	\$49,685,931	\$51,433,413	
Less Unused Levy Limit	(\$2,811,939)	(\$2,498,560)	
Total Tax Receipts	\$46,873,992	\$48,934,853	4.40%



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. The current budget model assumes State Aid will increase 1.6% to \$5.2 million. The estimate is based upon the Governor's FY2018 Budget which was released on January 25, 2017.

Despite State revenue projections expected to grow by 3.9% next fiscal year, the Massachusetts Taxpayers Foundation (MTF) estimates the State still faces a structural deficit of more than \$800 million in FY2018, due to overly optimistic revenue projections. Given the State's financial issues, it appears unlikely that State Aid will increase much beyond the Governor's estimate. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. Historically, the Town does not receive its final State Aid figures until well after Town Meeting in April, so using the Governor's budget appears to be a reasonable approach at this time.

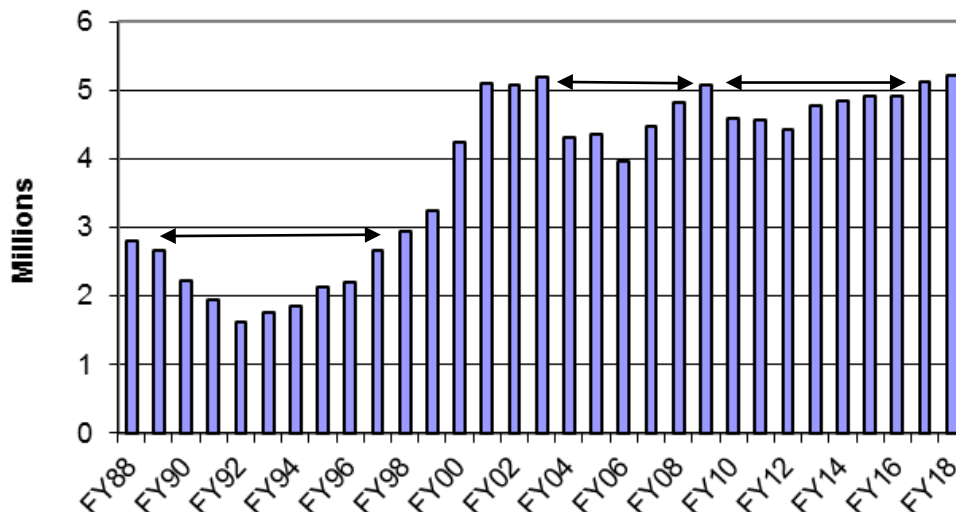
It is important to note that State Aid as a percentage of the budget has decreased from a high of 13% in FY2003 to just 9% in FY2018. Northborough is only now receiving State Aid at levels comparable to FY2003; however, that is in nominal dollars and does not take into consideration the effect of inflation over those 15 years.

Table 3: State Aid in Millions

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18*
4.57	4.44	4.78	4.84	4.9	4.9	5.1	5.2

*Estimated

Northborough State Aid FY1988-2018





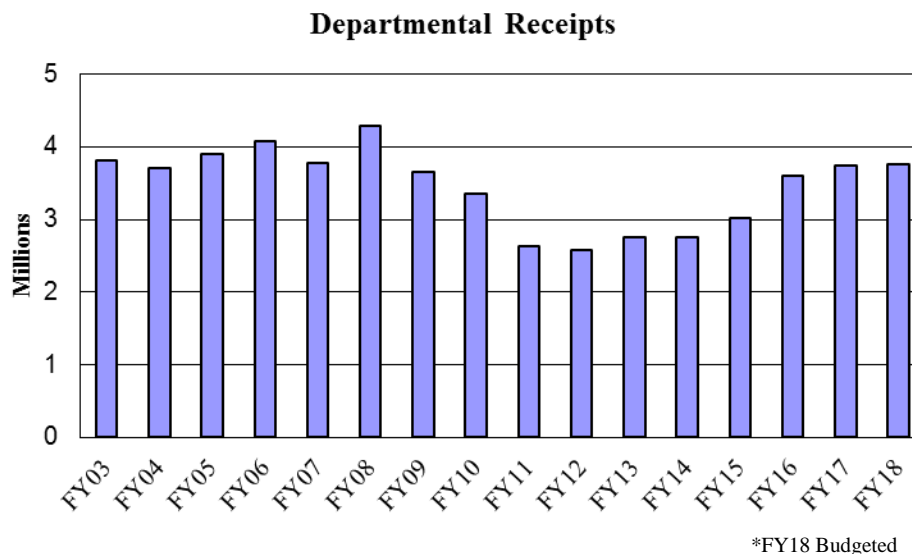
Revenue Summary

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Looking ahead to FY2018, the Town has limited information regarding State Assessments and it is the net effect of the new aid and the increase in charges that really determines if Northborough is better off compared to the previous year. Given that unknown, the Town has chosen to proceed with the Governor's Budget figures for the FY2018 budget. In this manner, any State Aid actually received above current estimates can only be used to reduce local taxes in FY2018.

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 FY2018 are level funded at \$3.7 million. The single largest source of revenue within the Departmental Receipts category is the \$2.4 million received for motor vehicle excise taxes, which is a State tax collected by the municipality for its own use.



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.

In general, the level of Departmental Receipts is greatly affected by outside economic conditions beyond the Town's control; especially as it relates to motor vehicle sales, building activity and permits fees. The revenue trend in the chart above reflects the generally improving economic conditions.

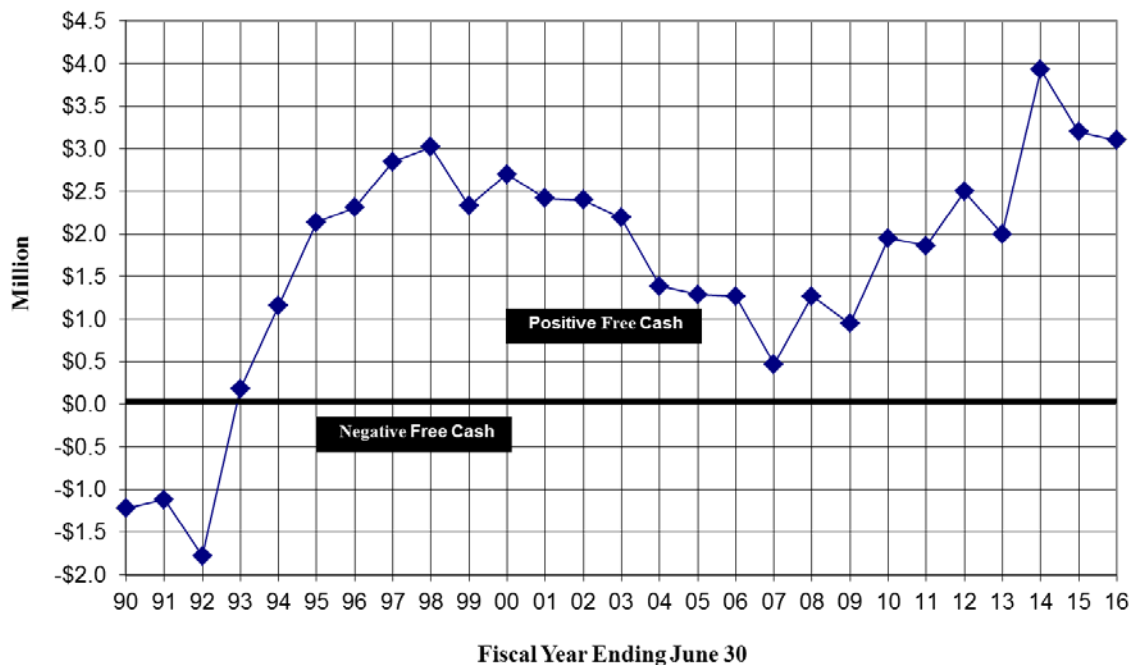


Available Funds (including Free Cash)

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. General Fund Free Cash as of July 1, 2016 was certified at \$3,104,766.

By far the single largest source of Available Funds is Free Cash. In FY2018, 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 30th 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 FY1990-2016



*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 was systematically phased down over 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, where it remains in FY2018.



Revenue Summary

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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 by 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 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 (approximately 1%). The 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 FY2018 are projected to include special revenue offsets in departmental budgets such as \$17,000 in Cemetery Sale of Lots income, \$5,398 in Cemetery Trust Fund income, \$5,770 in Conservation Commission fees, \$308,742 from the Fire/EMS Revolving Account, \$161,259 from the Recreation Revolving Account, \$9,659 from the Medicare Part D Subsidy, and \$27,000 from the Animal Control Revolving Account.

For the second year, there will be a transfer in the amount of \$325,300 from the Cable Access Account to the special revenue fund for the PEG Access and Cable Related Fund, in accordance with recent requirements promulgated by the State Department of revenue.

In addition, there will be a transfer of \$15,707 from premium reserves. The premium reserves are funds that were received 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 \$4,532 from Title V Septic Reserve. These 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 FY2018 debt service for the Title V Septic program.

In addition to Free Cash, these "Other" revenue sources total \$880,367 and will be used to off-set the municipal budgets as shown in Article 4 of the 2017 Annual Town Meeting Warrant.



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Expenditure Summary

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FY2018 EXPENDITURE SUMMARY

Following is a summary of the Town's General Government Budget (non-school), which details the 3.8% increase allowable under current revenue projections.

Department	FY2017 Budget	FY2018 Proposed Budget	\$ Change	% Change
GENERAL ADMINISTRATION				
<u>EXECUTIVE OFFICE</u>				
Selectmen	161,580	164,985	3,405	2.11%
Administrator	253,900	261,147	7,247	2.85%
Economic Development	1,300	1,300	-	0.00%
Town Reports	4,700	4,700	-	0.00%
<u>PUBLIC BUILDINGS</u>				
Town Hall/Public Bldgs.	502,906	502,906	-	0.00%
<u>FINANCE</u>				
Treasurer	315,387	324,320	8,933	2.83%
Board of Assessors	273,044	281,525	8,481	3.11%
Town Accountant	153,369	157,022	3,653	2.38%
<u>MIS/GIS</u>				
MIS/GIS	477,792	497,482	19,690	4.12%
<u>TOWN/CLERKS OFFICE</u>				
Town Clerk	132,354	132,105	(249)	-0.19%
Election/Registration	42,379	23,526	(18,853)	-44.49%
<u>ADVISORY BOARDS/SERVICES</u>				
Moderator	500	500	-	0.00%
Appropriations Committee	1,695	1,695	-	0.00%
Town Counsel	85,000	85,000	-	0.00%
Personnel Board	142,165	89,950	(52,215)	-36.73%
<u>PLANNING & CONSERVATION</u>				
Conservation Commission	47,569	47,834	265	0.56%
Planning Board	165,466	168,641	3,175	1.92%
Zoning Board	5,011	5,106	95	1.90%
Earthwork Board	1,433	1,484	51	3.56%
PUBLIC SAFETY				
Police	2,562,246	2,638,724	76,478	2.98%
Fire	1,826,033	1,917,252	91,219	5.00%
Emergency Preparedness	7,000	7,000	-	0.00%
Building	171,716	171,428	(288)	-0.17%
Gas Inspector	11,807	12,016	209	1.77%
Wire Inspector	21,200	21,506	306	1.44%
Sealer of Weights	8,000	8,000	-	0.00%
Board of Health	194,230	194,853	623	0.32%
Animal Control	39,915	40,305	390	0.98%
PUBLIC WORKS				
Highway Admin.	162,813	157,409	(5,404)	-3.32%
Hwy. Const. & Maint.	1,479,170	1,516,003	36,833	2.49%
Parks	128,000	130,400	2,400	1.88%
Cemetery	94,742	96,652	1,910	2.02%
Engineering	151,070	152,157	1,087	0.72%
Snow & Ice	346,200	387,000	40,800	11.79%
Street Lighting	114,000	114,000	-	0.00%
Trees	36,000	41,000	5,000	13.89%
COMMUNITY SERVICES				
Council on Aging	262,812	271,428	8,616	3.28%
Library	767,691	809,673	41,982	5.47%
Recreation	141,053	145,259	4,206	2.98%
Youth Services	141,757	145,239	3,482	2.46%
Veterans Services	60,253	78,635	18,382	30.51%
Cable TV	365,000	325,300	(39,700)	-10.88%
Cultural Council	500	500	-	0.00%
Community Affairs Committee	500	500	-	0.00%
Historical Commission	500	500	-	0.00%

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Expenditure Summary



Department	FY2017 Budget	FY2018 Proposed Budget	\$ Change	% Change
UNDISTRIBUTED EXPENSES				
<u>EMPLOYEE BENEFITS & INSURANCE</u>				
Health Insurance	5,097,510	5,522,354	424,844	8.33%
Transfer to OPEB Trust	500,000	500,000	-	0.00%
Life Insurance	8,730	8,776	46	0.53%
Other Benefits/FICA	432,727	441,693	8,966	2.07%
Workers Comp	119,497	145,878	26,381	22.08%
Retirement Assessments	1,531,756	1,612,608	80,852	5.28%
<u>BUILDING & LIABILITY INSURANCE</u>				
Bldg. & Liability Insur.	248,927	256,395	7,468	3.00%
<u>DEBT SERVICE</u>				
Debt Service	3,034,131	2,959,080	(75,051)	-2.47%
<u>STATE ASSESSMENTS</u>				
State Assessments	199,758	188,000	(11,758)	-5.89%
<u>NORFOLK AGRICULTURAL HIGH SCHOOL</u>				
Tuition/Transportation	95,188	50,000	(45,188)	-47.47%
<u>STABILIZATION FUND CONTRIBUTION</u>				
Stabilization Fund	200,000	200,000	-	0.00%
<u>RESERVE FUND</u>				
Reserve Fund	175,000	175,000	-	0.00%
<u>SPECIAL WARRANT ARTICLES</u>				
Special Articles	1,833,460	1,497,000	(336,460)	-18.35%
Other Financing Uses	217,160	217,160	-	0.00%
OTHER NON-APPROPRIATED AMOUNTS				
Reserve for Abatements	366,912	612,089	245,177	66.82%
Offsets	21,604	22,559	955	4.42%
ENTERPRISE FUNDS				
Water	2,251,473	2,436,381	184,908	8.21%
Sewer	1,718,422	2,051,028	332,606	19.36%
Solid Waste	768,350	792,830	24,480	3.19%
GROSS TOTAL TOWN	30,682,363	31,822,798	1,140,435	3.72%
CALCULATION OF NET TOTAL TOWN				
Less Water Fund	(2,251,473)	(2,436,381)		
Less Sewer Fund	(1,718,422)	(2,051,028)		
Less Solid Waste	(768,350)	(792,830)		
Less Other Funds	(1,008,581)	(880,367)		
Less Recap Adjustments	374,563			
Less Debt Exclusion	(2,464,363)	(2,387,699)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Transfer to OPEB Trust	(500,000)	(500,000)		
Less Transfer to Stabilization	(200,000)	(200,000)		
Less Special Articles	(1,833,460)	(1,497,000)		
NET TOTAL TOWN	\$20,137,277	20,902,493		3.80%
CALCULATION OF TOWN APPROPRIATION				
GROSS TOTAL TOWN	30,682,363	31,822,798		
Less County Assessments	(1,531,756)	(1,612,608)		
Less State Assessments	(199,758)	(188,000)		
Less Reserve for Abatements	(366,912)	(612,089)		
Less Offsets	(21,604)	(22,559)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Stabilization Transfer Article	(200,000)	(200,000)		
Less Special Articles	(1,833,460)	(1,497,000)		
Less Other Financing Use	(217,160)	(217,160)		
Less Enterprise Funds	(4,738,245)	(5,280,239)		
Net Town Warrant Article 4	\$21,398,468	22,018,143		



Expenditure Summary

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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 includes planning and conservation services.

General Administration Summary

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED	% CHANGE
<u>EXECUTIVE OFFICE</u>						
Selectmen	\$123,051	\$125,422	\$161,580	\$85,587	\$164,985	2.11%
Administrator	\$231,279	\$239,004	\$253,900	\$119,929	\$261,147	2.85%
Economic Development	\$0	\$340	\$1,300	\$340	\$1,300	0.00%
Town Reports	\$4,411	\$3,741	\$4,700	\$0	\$4,700	0.00%
Subtotal	\$358,741	\$368,507	\$421,480	\$205,856	\$432,132	2.53%
<u>PUBLIC BUILDINGS</u>						
	\$391,011	\$348,723	\$502,906	\$105,670	\$502,906	0.00%
Subtotal	\$391,011	\$348,723	\$502,906	\$105,670	\$502,906	0.00%
<u>FINANCE</u>						
Treasurer	\$295,569	\$306,660	\$315,387	\$147,117	\$324,320	2.83%
Board of Assessors	\$240,315	\$244,166	\$273,044	\$121,538	\$281,525	3.11%
Town Accountant	\$139,727	\$148,191	\$153,369	\$72,763	\$157,022	2.38%
Subtotal	\$675,610	\$699,017	\$741,800	\$341,418	\$762,867	2.84%
<u>MIS/GIS</u>						
	\$339,444	\$351,330	\$477,792	\$167,757	\$497,482	4.12%
Subtotal	\$339,444	\$351,330	\$477,792	\$167,757	\$497,482	4.12%
<u>TOWN CLERKS OFFICE</u>						
Town Clerk	\$129,647	\$133,495	\$132,354	\$58,530	\$132,105	-0.19%
Elections/Registration	\$32,624	\$24,168	\$42,379	\$16,546	\$23,526	-44.49%
Subtotal	\$162,271	\$157,663	\$174,733	\$75,076	\$155,631	-10.93%
<u>ADVISORY BOARDS/SERVICES</u>						
Moderator	\$200	\$200	\$500	\$0	\$500	0.00%
Appropriations Committee	\$375	\$382	\$1,695	\$204	\$1,695	0.00%
Personnel Board	\$4,133	\$7,681	\$142,165	\$2,469	\$89,950	-36.73%
Town Counsel	\$35,017	\$30,314	\$85,000	\$31,961	\$85,000	0.00%
Subtotal	\$39,724	\$38,577	\$229,360	\$34,633	\$177,145	-22.77%
<u>PLANNING AND CONSERVATION</u>						
Town Planner/Planning Bd	\$149,079	\$153,593	\$165,466	\$77,021	\$168,641	1.92%
Zoning Board of Appeals	\$2,297	\$1,893	\$5,011	\$602	\$5,106	1.90%
Earthworks	\$119	\$778	\$1,433	\$248	\$1,484	3.56%
Conservation Commission	\$37,888	\$40,513	\$47,569	\$17,373	\$47,834	0.56%
Subtotal	\$189,384	\$196,777	\$219,479	\$95,243	\$223,065	1.63%



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Expenditure Summary

In FY2018 General Administration is budgeted at \$2.75 million, which is an overall decrease of 0.59%. The decrease is primarily attributable to the central budgeting of costs associated with outstanding union contracts in FY2017. The FY2018 budget reflects the costs of all union and non-union personnel cost of living (COLA) increases in the actual departmental budgets. All collective bargaining contracts are settled for FY2018 and include a 2% COLA increase for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. Non-union personnel are also budgeted at a 2% COLA.

Following are the key changes of significance for the General Government Departments:

- **Executive Office**

There are no significant changes contained in the Executive Office budget. Overall, the budget is increasing \$10,652 or 2.53% in FY2018, which reflects a 2% general wage increase for all personnel.

- **Public Buildings**

The Public Building Account is level funded in FY2018. The budget continues to support the completion of ongoing minor building repairs and maintenance projects that do not meet the minimum \$25,000 threshold for inclusion in the Capital Improvement Plan. The budget as presented includes a 2% wage increase for the part-time custodian position.

- **Finance Department**

There are no significant changes in the Finance Department. Overall, the department's FY2018 budget increases \$21,067 or 2.84% primarily due to general wage increases of 2% for union and non-union employees.

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

The MIS/GIS budget is increasing by \$19,690, or 4.12%. The bulk of the increase is attributable to the phased replacement of the Town's main computer servers and storage system, which will be 6-7 years old at the time of replacement. The FY2018 budget reflects a 2% wage increase for the two non-union personnel.

- **Town Clerk/Elections**

The combined FY2018 Town Clerk/Elections budget represents an overall decrease of \$19,102, or 10.93%. The decrease is due primarily to only one election (Annual Town Election on May 8, 2018) being held in FY2018 as opposed to the three held in FY2017. The departmental budget as presented contains a 2% wage increase for union and non-union personnel.

- **Advisory Boards/Services**

- **Personnel Board**

This budget account reflects costs associated with merit pay, limited town-wide training, DOT required drug testing and legal expenses associated with collective bargaining. 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 following a settled labor contract. During FY2017 this account contained all wage increases for General Government (non-school) union and non-union employees, pending contract settlements. The FY2018 budget is significantly reduced as all general wage increases are now reflected in the appropriate departmental budgets.

➤ **Town Counsel**

The budget for Town Counsel is level funded at \$85,000. 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. The budget represents general legal services. Legal expenses associated with specific building projects or Water & Sewer Enterprise Funds are reflected in those budgets.

• **Planning and Conservation**

There are no significant changes relative to Planning and Conservation. Overall, the various Planning and Conservation budgets are up just \$3,586, or 1.63%. The FY2018 budget reflects a 2% wage increase for all union and non-union personnel.

**Public Safety**

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

Public Safety Summary

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED	% CHANGE
<u>PUBLIC SAFETY</u>						
Police	\$2,411,772	\$2,409,636	\$2,562,246	\$1,186,555	\$2,638,724	2.98%
Fire	\$1,696,537	\$1,672,080	\$1,826,033	\$919,024	\$1,917,252	5.00%
Emergency Preparedness	\$7,928	\$583	\$7,000	\$0	\$7,000	0.00%
Building Inspection	\$143,856	\$148,264	\$171,716	\$72,275	\$171,428	-0.17%
Gas Inspector	\$11,134	\$11,423	\$11,807	\$5,918	\$12,016	1.77%
Wiring Inspector	\$18,921	\$20,352	\$21,200	\$8,799	\$21,506	1.44%
Sealer Weights/Measures	\$3,500	\$5,000	\$8,000	\$0	\$8,000	0.00%
Health/Plumbing Inspector	\$161,365	\$159,154	\$194,230	\$88,178	\$194,853	0.32%
Animal Control	\$38,810	\$38,743	\$39,915	\$19,505	\$40,305	0.98%
Subtotal	\$4,493,822	\$4,465,235	\$4,842,147	\$2,300,254	\$5,011,084	3.49%

- **Police Department**

Overall, the FY2018 Police Department Budget reflects an increase of \$76,478 or 2.98%. The departmental budget as presented includes contractual wage increases for Union and Non-Union personnel, as well as a full year's salary for the mid-year position added in FY2017 as part of the staffing study recommendation. Looking forward, the increase in staffing is expected to reduce overtime expenses. However, given the recent turnover and the need to send newly hired officers through the police academy before they are available to work, the reduction in overtime is not likely to be realized until FY2019.

- **Fire Department**

As presented, the FY2018 Fire Department Budget reflects an increase of \$91,219 or 5% in the General Fund appropriation. The increase reflects general wage increases of 2% for Union and non-union personnel and the addition of one new Firefighter/Paramedic position halfway through the fiscal year. Approximately \$55,000 of the proposed increase is related to the increase in staffing.

During FY2016 the Board of Selectmen's Ad Hoc Staffing Committee with its Consultant completed a comprehensive operational review and staffing analysis of the department. One key recommendation of the study was to move from a four to a five person shift configuration, which at the time, necessitated the hiring of three additional Firefighter/Paramedics. Two out of the three recommend hires were completed in



FY2016 and FY2017, with the final position proposed to be filled in the second half of FY2018. Once complete, the new staffing configuration will result in improved Firefighter safety and emergency response. The final staffing recommendation from the study is to hire a Deputy Fire Chief at some point in the future, resources permitting. In preparation for that time, a new position classification and job description is being created.

In addition to the General Fund appropriation of \$1,917,252 (which includes a transfer in of \$308,742 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$407,734 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The total FY2018 budget that supports the Fire/EMS services is \$2,324,986 (\$1,917,252 plus the Fire Department Revolving Fund direct charges of \$407,734). The direct Revolving Fund charges include ambulance billing services, overtime wages, call firefighter supplies and equipment, licensing fees, related maintenance and operational expenses of the ambulances and related equipment. The account also pays for the debt service associated with the purchase of ambulances.

- **Building Department**

There are no significant budget changes for the FY2018 Building Department. However the Department recently implemented new permitting software that allows greater ease of use and coordination as well as enhanced online features for the public. Overall, the departmental budgets for Building, Gas, Wiring and Sealer represent a modest increase of just \$227.

- **Health Department**

The Health Department budget as presented is an increase of just \$623, which is basically level funded. As with all General Fund budgets, the Health Department includes a 2% general wage increase for personnel. However, the general wage increase is being offset by lower costs associated with the hiring of a new administrative assistant. As in past years, the budget also includes \$10,000 in the temporary wages line in order to provide office coverage during scheduled leaves as well as general back-up for the department's only health agent.

Section 1-18

Expenditure Summary



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 and engineering, the Divisions within the Department include: Highway, Parks, Cemetery, Water and Sewer¹.

Public Works Summary

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED	% CHANGE
PUBLIC WORKS						
Highway Admin.	\$99,330	\$129,909	\$162,813	\$57,573	\$157,409	-3.32%
Hwy. Const. & Maint.	\$1,301,071	\$1,191,519	\$1,479,170	\$626,590	\$1,516,003	2.49%
Parks	\$127,077	\$106,360	\$128,000	\$56,459	\$130,400	1.88%
Cemetery	\$79,929	\$73,430	\$94,742	\$39,213	\$96,652	2.02%
Engineering	\$109,501	\$112,334	\$151,070	\$57,312	\$152,157	0.72%
Snow & Ice	\$559,852	\$321,205	\$346,200	\$84,588	\$387,000	11.79%
Street Lighting	\$104,121	\$110,854	\$114,000	\$37,785	\$114,000	0.00%
Trees	\$24,809	\$24,528	\$36,000	\$15,623	\$41,000	13.89%
Subtotal	\$2,405,689	\$2,070,139	\$2,511,995	\$975,142	\$2,594,621	3.29%

Overall, the Department of Public Works General Fund budget is up \$82,626 or 3.29%. The majority of the increase is due to a \$40,800 increase in funding for snow and ice to better reflect actual historic spending. The FY2018 budget also includes a 2% general wage increase for all contractual and non-union personnel. The major department initiatives supported by the General Fund address safety and environmental compliance and improvements. These include mandated safety inspections of the new fuel island and fire alarm systems, development and implementation of the required DPW facility Spill Prevention, Control, and Countermeasures Plan, and compliant removal and disposal of street sweeping and catch basin debris.

¹ Please see Section 8-5 for information regarding the Water & Sewer Enterprise Fund budgets



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

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED	% CHANGE
COMMUNITY SERVICES						
Senior Center/COA	\$233,044	\$251,633	\$262,812	\$140,371	\$271,428	3.28%
Library	\$749,388	\$737,049	\$767,691	\$369,401	\$809,673	5.47%
Recreation	\$131,756	\$137,151	\$141,053	\$67,714	\$145,259	2.98%
Family & Youth Services	\$107,873	\$131,848	\$141,757	\$64,122	\$145,239	2.46%
Veterans' Services	\$31,384	\$47,666	\$60,253	\$24,428	\$78,635	30.51%
Cable TV	\$0	\$0	\$365,000	\$114,142	\$325,300	-10.88%
Cultural Council	\$500	\$500	\$500	\$80	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$500	\$500	0.00%
Historical Committee	\$75	\$225	\$500	\$0	\$500	0.00%
Subtotal	\$1,254,519	\$1,306,572	\$1,740,066	\$780,758	\$1,777,034	2.12%

- **Senior Center/Council on Aging**

There are no significant changes for the FY2018 Senior Center budget. Overall, the departmental budget is up 3.28%, or \$8,616 which includes a \$3,000 increase for building maintenance costs. The departmental budget as presented includes 2% wage increases for Union and non-union personnel. As in previous years, \$11,259 will be expended directly from the Senior Center's program revolving fund to supplement the contractual services line which is used to pay for the cleaning and maintenance of the building.

- **Family and Youth Services Department**

The Department continues to seek grant funding to expand counseling services and relies on graduate-level student interns to help meet service demands. There are no significant changes in the FY2018 Family & Youth Services budget, which is up \$3,482, or 2.46%. The budget as presented includes a 2% wage increases for union and non-union employees.



- **Veterans' Services**

Since the formation of the Central Massachusetts Veterans' District in FY2014 with the Towns of Grafton, Shrewsbury and Westborough, Northborough's share of the District budget has remained stable at 16% (\$17,135) of the overall administrative expenses in FY2018. However, ordinary benefits for qualifying veterans and their families increased from \$39,760 to \$57,000 in FY2018 based upon projected needs. 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, pending reimbursement. Overall, the FY2018 Veterans' Services budget increased by \$18,382, or 30.51%.

- **Library**

Overall, the FY2018 Library Budget is up 5.47%, or \$41,982. The departmental budget as presented includes a 2% wage increase for union or non-Union personnel. The budget also includes the restoration of a part-time Library Page position at \$4,576. An additional \$5,575 was added to the books, supplies and non-print media budgets to keep the materials budget in line with State requirements.

- **Recreation Department**

The FY2018 Recreation Department budget is 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 and seasonal staff. Article 4 of the 2017 Annual Town Meeting Warrant contains a transfer of \$161,259 from the Recreation Revolving Fund to the General Fund, which is sufficient to cover all departmental expenses not directly paid for through the Revolving Fund. The Recreation Department's goal moving forward is to continue funding 100% of its budget with program revenues so that no tax dollars are used for departmental services.

- **Cable Access TV**

Overall, the Cable Access budget decreases in FY2018 by \$39,700 following completion of recent equipment upgrades. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. With the exception of planned equipment upgrades in the Selectmen's Meeting Room, there are no significant budgetary changes in FY2018.



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.

The FY2018 health insurance budget request of \$5.52 million represents a total increase of \$424,844 or 8.33% from the amount budgeted last year. Plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 limited budgetary impacts for eight consecutive years. Prior to FY2010 it was common to experience health insurance increases of 8-10% each year, which would consume \$450,000 or more of new revenues. Market trends appear to indicate a return to higher health insurance increases, necessitating another round of plan design changes. To this end, the Town successfully negotiated higher copays and deductibles with all employee groups, effective July 1, 2016 (FY2017). The modifications largely mitigated the anticipated premium increases of 7-9%.

Unfortunately, at the time of this writing the FY2018 Health Insurance budget increase appears to be closer to 12% and not 8.3%. It is important to note that the FY2018 Budget as presented assumes approximately \$200,000 in savings due to plan design changes to employee health insurance benefits. Those plan design changes are currently under negotiation with all Northborough Town and School unions. Should those negotiations be unsuccessful, it will become necessary to reduce the existing General Government Budget and Northborough K-8 School budgets by a comparable amount.

The second largest category of employee benefit costs after Health Insurance is Worcester Regional Retirement (WRR). The total FY2018 Worcester Regional Retirement Assessment is \$1,699,113, which is an increase of 5.28%. The \$1,612,608 portion included in the General Fund budget does not include the retirement costs contained in the Water Enterprise Fund (\$42,527), the Sewer Enterprise Fund (\$28,354) or the Cable Access TV budget (\$15,624). 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. Such an employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.²

The 2011 Municipal Relief Act extended the time frame for fully funding the pension system's liability to the year 2040. However, the WRR system's funding plan calls for full funding to be reached in 2035.

- **Transfer to OPEB Trust**

Other Post-Employment Benefits (OPEB) are the benefits, other than retiree pensions, offered to retirees and their dependents. These benefits mainly consist of medical insurance. OPEB liability is the present value of benefits for retired and vested employees. An unfunded liability reflects an incurred obligation, payable in the future, for which no reserves have been set aside.

Without a funding source for this obligation, the Unfunded Actuarial Accrued Liability (UAAL) increased to \$34.9 million based on the actuarial study received at the close of FY2015 and the Town contracted with an actuary to develop an initial funding plan to begin to address this liability.

In April of 2013 the adoption of the Meals Tax Surcharge and increase in Room Occupancy revenue provided the capacity in the FY2015 budget for initial funding in the amount of \$500,000 for the Other Post Employment Benefit (OPEB) Trust Fund. Another \$500,000 was transferred to the OPEB Trust Fund in FY2016 and again in FY2017. The funds have been invested with the state's Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund, which contains \$62.7 billion as of December 31, 2016, is the state retiree pension fund as well as the pension fund for 93 local Massachusetts Retirement Systems. These funds are professionally managed by the Pension Reserves Investment Management Board.

Another GASB 45 actuarial update will be conducted at the close of FY2017. Meanwhile, the Town continues to advocate for proposed legislative changes regarding the local obligation for retiree health insurance that would positively affect its OPEB liability. The FY2018 Budget provides once again for a \$500,000 contribution to the OPEB Trust Fund.

- **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 and rebate incentives the Town was able to hold insurance increases to a minimum for several years. However, given changing market conditions and the increased cost for police and fire coverage, the Town's Building and Liability insurance budget is anticipating a 3% increase in FY2018 at a total cost of \$256,395.

² Information from Actuary, James R. Lamenzo of the Public Employee Retirement Administration (PERAC).



- **Debt Service**

The proposed FY2018 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 FY2018, the total Debt Service budget for the General Fund is \$2.96 million, a decrease of \$75,051. This decrease takes into consideration the overall higher level of debt from the previous two years which was the result of the new debt issued for the Lincoln Street School project.

One key factor in limiting the increase in new FY2018 debt service is the Town's Free Cash policy whereby smaller capital items are 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.

Of significant note is that in conjunction with the bond issuances for the Lincoln Street School project, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management they commented that "the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies." The 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.

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

- **State Assessments**

The FY2018 State Assessments are projected to decrease \$9,742 or 4.93%, based on the Governor's initial budget assessment to Northborough of \$188,000. However, the Town will not know its final assessments until after the State Legislature completes its budget process, which typically wraps up well after Town Meeting. Three categories of State Assessments account for over 80% of the expenses—Mosquito Control (\$59,821), Massachusetts Bay Transportation Authority (\$72,019) and Regional Transportation (\$26,271).

- **Stabilization Fund Contribution**

As of June 30, 2016, the balance in the Stabilization Fund is \$4.17 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years the appropriation was not possible due to financial constraints. Beginning in FY2016, the contribution to the Stabilization Fund was restored and augmented with additional funding for a total contribution of \$200,000. The FY2018 budget provides for another contribution to the Stabilization Fund of \$200,000 in order to maintain preferred reserve levels of approximately 8%. Future contributions to the Stabilization Account will require a yearly review of the Town's financial position.



Overall, the Town's reserves remain within the acceptable levels prescribed by its financial policies, which is 5-10% of operating revenues. More information regarding the level of reserves can be found in Appendix B, pages 9 and 10.

• **Reserve Fund**

The FY2018 Reserve Fund is level funded at \$175,000. 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 without the need for calling a Special Town Meeting. Transfers from this account only require approval of the Appropriations Committee. Historically, the Reserve Fund account has been used to make up for any snow and ice budget overdrafts.

• **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. The warrant articles contain proposed funding using a combination of Free Cash and bond proceeds. In FY2018, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, funding the FY2018 Capital Budget with \$1,497,000 from Free Cash, \$400,000 to be borrowed for the West Main Street Pump Station with the debt service paid by the Sewer Enterprise Fund, \$110,000 for a Sewer Inspection Camera to be paid from Sewer Enterprise Free Cash, and \$100,000 to purchase a Water/Sewer Truck to be paid from Water/Sewer Enterprise Free Cash. The Capital Budget totals \$2,107,000, and together with the other warrant articles the total expenditures come to \$2,482,000.

The FY2018 Town Meeting Warrant Articles include the following:

- \$175,000 for the Appropriation Committee's Reserve Fund
- \$200,000 for the Stabilization Fund
- \$65,000 for Fire Forestry Truck
- \$87,000 for Police Cruiser Replacements
- \$240,000 for DPW Six-Wheel Dump Truck with Spreader and Plow
- \$95,000 for DPW One-Ton Dump Truck with Plow
- \$95,000 for DPW One-Ton Dump Truck with Chip Body and Plow
- \$65,000 for DPW Chipper
- \$50,000 for DPW Fisher Street Culvert Replacement
- \$200,000 for DPW Crawford Street Slope Easements & Retaining Wall
- \$300,000 for Roadway Maintenance and Improvements
- \$110,000 for Sewer Division Sewer Inspection Camera
- \$400,000 for Sewer Division – W. Main Street Sewer Pump Station Improvements
- \$100,000 for Water/Sewer Division One-Ton Service Truck with Plow



- \$300,000 for School Department Proctor School Roof Repairs

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 can be found on page 2 of Appendix A of this budget document, and is further discussed 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**

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, 2016, a total of 1,753 students attend the Northborough schools, with 1,085 students in grades K-5 at the four elementary schools and 668 students in grades 6-8 at the Middle School.

Based on the Town's revenue forecast, it is projected that the Northborough K-8 School Budget may increase by 3.19% in FY2018. Therefore, the FY2018 amount available for the Northborough K-8 School department is \$23,445,017. This represents an increase of \$725,174 from the \$22,719,843 appropriated last year.

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

As of October 1, 2016, a total of 838 Northborough students attend the Northborough-Southborough Regional High School. This represents 57.95% of the total 1,446 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. The overall Algonquin Regional High School (ARHS) budget is increasing 3.8%. However, the ARHS operating assessment increases \$343,218, or 3.41% to \$10,414,869 based upon Northborough enrollment and changes to the State's minimum contribution formula. The debt for ARHS decreases by \$631, or 0.10% to \$660,574. The net effect of the combined operating assessment and new debt service is an overall increase of \$342,587, or 3.19%.

- **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 FY2018 budget is \$20,294,000 which is a \$684,000 or 3.49% increase.

As of October 1, 2016, 49 Northborough students attend Assabet Valley, which represents 6.14% of the FY2018 overall Assabet budget, or an operating assessment of \$741,661. This is an enrollment increase of 3 from the 46 Northborough students that attended Assabet Valley last year. Northborough's FY2018 share of the debt assessment from the completed building renovation project is \$151,232, which will



continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$892,893, which is an increase of \$12,445, or 1.41%.

• **Norfolk County Agricultural High School (NCAHS)**

In prior years Northborough 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. Once accepted, the Town is required to bear the full cost of both tuition and transportation. One Northborough student is expected to attend this school in FY2018 at a total estimated cost of \$50,000, which down from two students budgeted in FY2017.

Enterprise Funds

Water, Sewer and Solid Waste services 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.

Enterprise Funds Summary

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED	% CHANGE
<u>ENTERPRISE FUNDS</u>						
Water Enterprise Fund	\$2,016,517	\$2,179,586	\$2,251,473	\$947,030	\$2,436,381	8.21%
Sewer Enterprise Fund	\$1,491,355	\$1,416,679	\$1,718,422	\$681,503	\$2,051,028	19.36%
Solid Waste Enterprise	\$717,917	\$704,564	\$768,350	\$295,602	\$792,830	3.19%
Subtotal	\$4,225,788	\$4,300,829	\$4,738,245	\$1,924,135	\$5,280,239	11.44%

• **Water Enterprise Fund**

The FY2018 Water Enterprise Fund is budgeted at \$2,436,381 which is an increase of \$184,908, or 8.21%. The majority of the increase is attributable to three items: 1) a \$104,954 increase in the Massachusetts Water Resources Authority assessment; 2) a modest \$11,056 increase in debt service; and 3) a new \$65,000 phased hydrant replacement program.



Although the Water Enterprise budget is increasing 8.21%, rates will not be going up at a comparable rate. Approximately two-thirds of the increased MWRA³ assessment is the result of a 19 million gallon increase in the Town's water consumption since FY2016, which is attributable to recent economic development; specifically, new restaurants at the Northborough Crossing Mall expansion. In FY2018 the water utility user rates are expected to increase approximately 5% following a formal rate study. The anticipated rate increase will be the first in four years and is necessary to keep pace with normal operational expenses.

- **Sewer Enterprise Fund**

The FY2018 Sewer Enterprise Fund is budgeted at \$2,051,028, which is an increase of \$332,606 or 19.36%. This budget reflects an estimated increase in the Marlborough use charge of \$58,081 and \$226,110 in debt services expenses related to the Hudson Street Pump Station Improvement project. These two items account for 85.4% of this year's proposed budget increase.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough which has now been submitted to the Worcester Superior Court. These legal proceedings will establish our contribution to the operational expenses for the Westerly Wastewater Treatment Plant (WWTP) as well as Northborough's share of the \$30 million plant improvement project. Sewer rates were recently increased in the second quarters of FY2014, FY2016, and FY2017. The sewer use charges are also expected to increase for FY2018 follow a formal rate study and we expect the rates to continue to increase due to increased operational costs at the WWTP.

- **Solid Waste Enterprise Fund**

By policy design, the Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses and is augmented with a subsidy by the General Fund. The total FY2018 fee revenues are projected to be \$488,000 and the FY2018 expenses are estimated at \$792,830, requiring a projected general fund subsidy of \$217,160, inclusive of a transfer from the Solid Waste Fund Free Cash of \$87,670.

Last year the Town entered into a new three-year agreement with Allied Waste Services of Massachusetts to continue collection service to the Town through FY2019. Under the new agreement, collection costs which were held constant at \$475,000 for the last six years, will increase by 2% in FY2018.

³ 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.



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General Administration

Section 2



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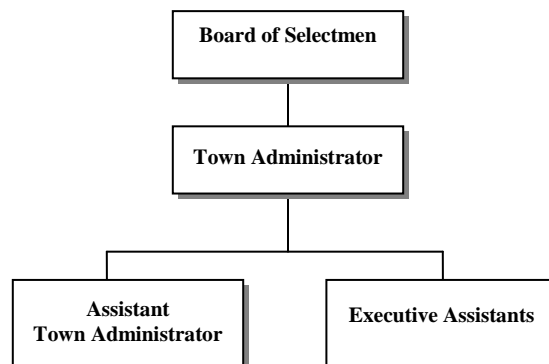


Executive Office Departmental Statement

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 FY2017 Initiatives and Accomplishments

1. GFOA Distinguished Budget Award: The Town received its seventh consecutive national budget award in FY2017 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 FY2017 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2017 Budget passed Town Meeting with the unanimous support of the Board of Selectmen, Appropriations Committee, Financial Planning Committee and the School Committee.

2. Financial Trend Monitoring Report Updated: The Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and held a joint meeting on December 15, 2016 with the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee to review the results. 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. The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough's overall financial condition. The updated FTMS Report is included in its entirety as Appendix C of this budget document.
3. Clean Annual Audit and Positive Free Cash: The Town closed out FY2016 with approximately \$3.1 million in Free Cash on June 30, 2016 and no material issues or deficiencies were noted in the annual audit.
4. Implementation of the Comprehensive Police & Fire Department Operational Reviews: Following the Interim Report of the Selectmen's Ad Hoc Staffing Committee in March of 2014, proposals were sought for consulting services to conduct comprehensive staffing and operational reviews of the Police and Fire Departments. Based upon the report recommendations one police officer and one firefighter/paramedic were added in FY2017. Beyond FY2017 the studies recommend adding one more firefighter/paramedic in FY2018 and a deputy chief at some point in the future, resources permitting. The full staffing reports are available on the Town's webpage <http://www.town.northborough.ma.us> under "Reports and Documents".
5. Successfully Completed the 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. Following Town Meeting approval work on the study commenced, resulting in the hiring of a project management firm (Strategic Building Solutions) and an architectural firm (Lamoureux-Pagano Associates). The Lincoln Street School Building Committee, which includes town officials, school officials and citizens, worked in partnership with the Massachusetts School



Building Authority (MSBA) to develop a preferred design solution, which was unanimously endorsed by the Building Committee, K-8 School Committee and MSBA.

At the April 2014 Town Meeting the preferred design solution was presented and approved, followed by a successful debt exclusion vote at the May 12, 2014 Town election ballot. The project was estimated to cost \$25.5 million, with MSBA providing a maximum grant of \$10.4 million. As of this writing the project is 99% complete, ahead of schedule and approximately \$1 million under budget. In accordance with MSBA policies, the final project closeout and grant reimbursement calculation will take place 10 months following substantial completion, which is expected to be in July of 2017. The facility is fully operational with just minor loaming and seeding to be completed in the spring of 2017.

6. FY2017 Capital Budget included \$1,813,460 in Projects with no additional tax impact: The approved FY2017 Capital Budget totaled \$3,540,000, of which \$1,813,460 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$170,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. Since FY2012 more than \$7.62 million in Free Cash has been used to fund capital projects without adding any additional tax impact or debt.
7. Implementation of the Pavement Management Plan: During FY2017 the Town implemented the second year of a comprehensive pavement management plan. Through a combination of State and local funding sources the Town invested approximately \$1.1 million in roadway infrastructure with the goal of maintaining or improving the Town's average pavement condition index score of 71 out of 100. Subsequent annual appropriations will be necessary in order to maintain the plan, coupled with continued advocacy with the Massachusetts Municipal Association (MMA) to get the State to increase its Chapter 90 (transportation bond) funding from \$200 to \$300 million statewide.
8. Successfully Negotiated all Collective Bargaining Contracts for FY2018: The Town successfully negotiated sustainable collective bargaining contracts with all five of its unions for FY2018: Police Dispatchers (2%), Police Patrol Officers (2%), Police Sergeants (2%), Fire (2%), and Northborough Municipal Employees Association (2%).
9. Successfully Negotiated Health Insurance Plan Design Changes: The Town successfully negotiated higher copays and deductibles with all employee groups, effective for the start of FY2017 on July 1, 2016. The modifications largely mitigated the anticipated premium increases of 7-9%. The new plan design resulted in a 3% health insurance budget increase for FY2017.
10. Department Head Recruitments Completed: During FY2017 the Town successfully conducted a Police Chief recruitment and contract negotiation process. The DPW Director recruitment was also completed, resulting in the promotion of the Assistant DPW Director.
11. 250th Town Anniversary Celebration Events: In March 2014, the Northborough Board of Selectmen created a 250th Town Anniversary Committee to plan events during the 2016 calendar year for the 250th Anniversary Celebration of Northborough. The Committee planned and coordinated a series of events, learning activities, social and cultural



opportunities which led to an expanded awareness and appreciation by all of the rich 250 year history of the Town of Northborough.

Executive Office FY2018 Goals and Initiatives

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2018 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2017 enhancements will continue to focus on long-range financial planning and refinement of the FTMS, as well as the introduction of meaningful performance measures into the operating budgets. Results from the comprehensive Staffing Study will be incorporated into the financial projections as implementation proceeds in FY2018.
2. Fire Station Feasibility Study: During FY2017 the Town formed a Fire Station Feasibility Study Committee which is charged with issuing a Request for Qualifications (RFQ) to hire an architectural/engineering firm to assess the Fire Station's location and building needs. The goal of the feasibility study is to determine if the existing Fire Station can be renovated and expanded at the current location, or if a new site is needed. The feasibility study will include the development of conceptual designs and cost estimates for funding consideration at a future Town Meeting.
3. Health Insurance Plan Design Changes to be Negotiated: During FY2017 the Town successfully negotiated health insurance plan design changes with all bargaining units that largely mitigated the anticipated premium increases. Unfortunately, the FY2018 anticipated health insurance budget increase of 12% will once again necessitate negotiating plan design changes with all bargaining units in order to get the overall FY2018 budget increase down to 8%. Although the average health insurance budget increase for the last eight years has remained manageable at just 2.57%, ongoing market uncertainty appears to be signaling a period of escalation that will require active management in FY2018 and FY2019. The Town's Insurance Advisory Committee (IAC) has been meeting regularly to gather information and make recommendations regarding the various options.
4. Negotiate a new Inter-municipal Agreement (IMA) with the City of Marlborough: The Town of Northborough does not own its own sewer treatment plant, but instead sends its flow to the City of Marlborough's Westerly Treatment Plant under a long-standing IMA that dates back to the 1960s. 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. The permit allowed the Westerly Treatment Plant additional sewer capacity by increasing the permitted flow of treated effluent into the Assabet River.

Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly rescinded the NPDES permit on February 23, 2010. However, since the granting of the initial permit, Marlborough has completed a \$30 million expansion and upgrade project at the plant. A major ongoing initiative will be increasing Northborough's advocacy to get the EPA's NPDES Permit released and subsequently negotiate a new IMA with Marlborough. Release of the permit and securing additional sewer capacity through a new IMA is critical to



Northborough's future economic development. For more information regarding the Town's sewer history and the EPA permit process, please see Section 8-5 of this budget document.

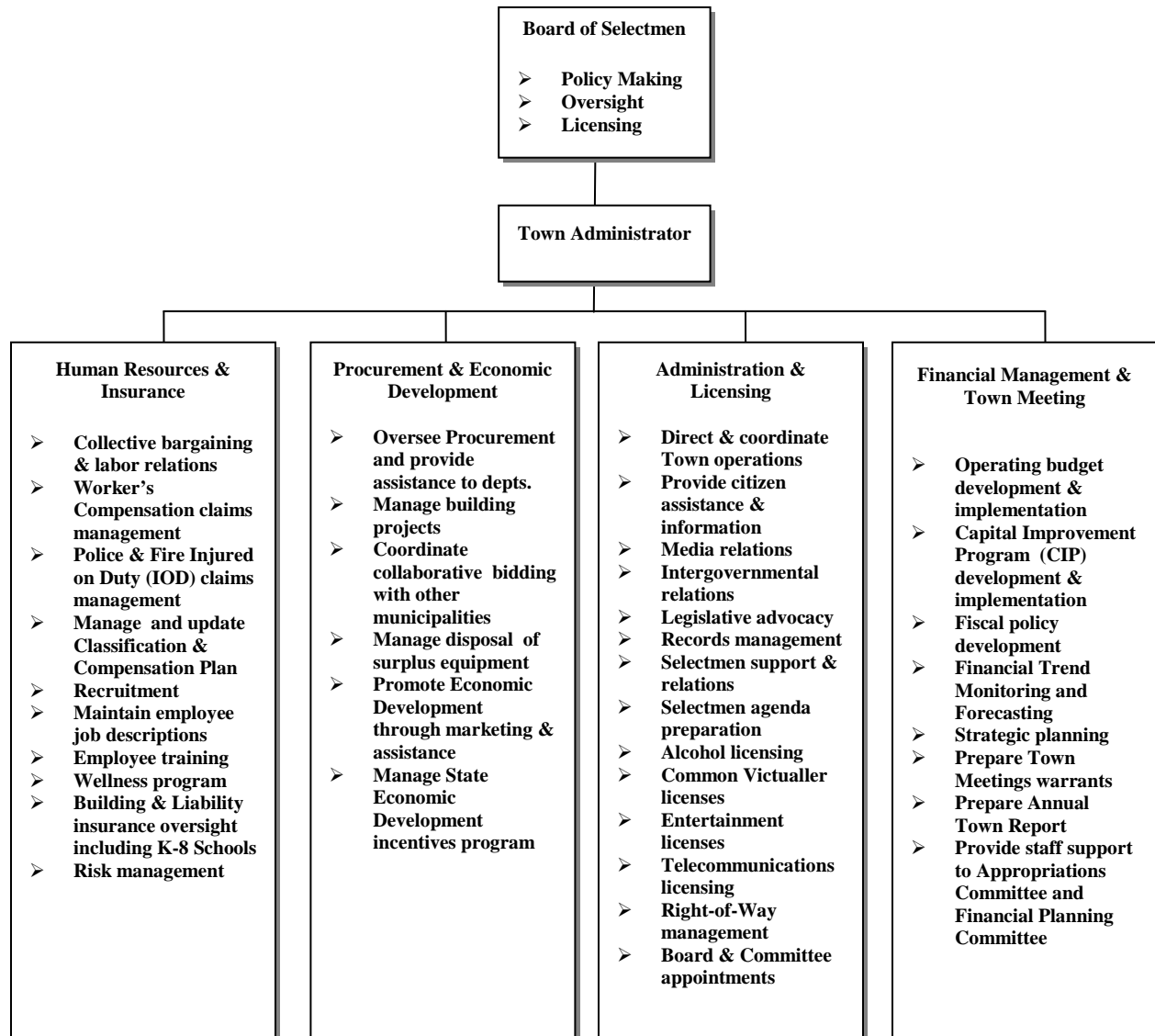
5. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2018; move forward with the completion of the Church Street bridge/culvert replacement; manage the design and construction of the Downtown Common project; and continue to provide time and resources to the Community Preservation Committee as it evaluates the various options for preserving the historic White Cliffs facility. These projects as well as many smaller capital improvements scheduled throughout FY2018 will continue to add to the quality and economic vitality of the Northborough community.

Significant Budget Changes or Initiatives

There are no significant changes contained in the Executive Office budget. Overall, the budget is increasing \$10,652 or 2.53% in FY2018, which reflects a 2% general wage increase for all personnel.



Executive Office Programs and Services



**EXECUTIVE OFFICE****Personnel Summary**

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
Town Administrator	1	1	1	1	1
Assistant Town Administrator	1	1	1	1	1
*Executive Assistants	1.75	1.5	1.5	2	2
Total Full-time Equivalent	3.75	3.50	3.50	4	4

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

- In FY2017 a part-time Executive Assistant position that was previously reduced in FY2015 was restored. The FY2015 reduction was an effort to job share a position between the Selectmen's Office and the Town Clerk's Office; however scheduling conflicts and new State-mandates added workload that necessitated increasing staff.

Section 2-8

Executive Office



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
BOARD OF SELECTMEN						
Personnel Services						
51110 Selectmen Stipends	5,356	5,356	5,356	5,356	4,044	5,356
51120 Executive Assistant	32,768	61,015	62,377	125,948	54,800	128,836
51220 Part-Time Executive Assistant	29,983	30,391	31,144	0	0	0
51410 Longevity Pay	650	650	650	650	650	650
SUBTOTAL	68,757	97,412	99,527	131,954	59,494	134,842
Expenses						
¹ 52850 Annual Independent Audit	21,578	22,009	22,449	22,898	22,898	23,355
53090 Advertising	44	93	339	850	153	850
56930 Town Meeting Expenses	0	0	32	500	0	500
57320 Subscriptions	425	425	425	600	425	600
57330 Memberships	2,516	2,444	2,491	2,528	2,551	2,588
57340 Meetings	0	326	160	1,250	66	1,250
57810 Unclassified	107	342	0	1,000	0	1,000
SUBTOTAL	24,669	25,639	25,896	29,626	26,093	30,143
TOTAL: SELECTMEN	93,426	123,051	125,422	161,580	85,587	164,985

¹ The FY2018 total cost of the annual audit is \$26,540. The cost is split 88% General Fund and 12% Water/Sewer Enterprise Funds



Executive Office

Section 2-9

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
TOWN ADMINISTRATOR						
Personnel Services						
51100 Town Administrator	132,728	138,092	143,678	149,495	71,345	153,994
51120 Assistant Town Administrator	79,491	83,512	87,736	91,288	43,566	94,036
51410 Longevity Pay	350	550	550	550	550	550
SUBTOTAL	212,568	222,154	231,964	241,333	115,461	248,580
Expenses						
53110 Printing	0	0	0	1,600	0	1,600
54290 Office Supplies	0	0	0	1,200	0	1,200
57110 Travel/Mileage	3,836	3,870	3,967	3,967	1,983	3,967
57310 Dues	1,312	1,511	1,436	1,600	1,255	1,600
57320 Subscriptions	637	642	695	700	764	700
57340 Meetings	3,333	3,103	941	3,500	465	3,500
SUBTOTAL	9,119	9,126	7,039	12,567	4,468	12,567
TOTAL: TOWN ADMINISTRATOR	221,687	231,279	239,004	253,900	119,929	261,147

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Executive Office



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ECONOMIC DEVELOPMENT						
Expenses						
54290 Office Supplies	5	0	0	200	0	200
57110 Travel/Mileage	0	0	0	235	0	235
57310 Dues	0	0	340	340	340	340
57320 Subscriptions	0	0	0	50	0	50
57340 Meetings	340	0	0	475	0	475
SUBTOTAL	345	0	340	1,300	340	1,300
TOTAL: ECONOMIC DEVELOPMENT	345	0	340	1,300	340	1,300

ANNUAL TOWN REPORTS

Expenses						
52800 Contractual Services	1,716	2,694	1,400	1,800	0	1,800
53110 Printing	2,709	1,717	2,341	2,900	0	2,900
SUBTOTAL	4,425	4,411	3,741	4,700	0	4,700
TOTAL: ANNUAL TOWN REPORTS	4,425	4,411	3,741	4,700	0	4,700



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).
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. In 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					
Personnel Summary					
Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
Custodian	.5	.5	.5	.5	.5
Total Full-time Equivalent	.5	.5	.5	.5	.5

***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.

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Public Buildings



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
PUBLIC BUILDINGS						
Personnel Services						
51100 Full-time Salaries	0	0	0	0	0	0
51300 Overtime	0	849	0	5,437	0	5,768
51410 Longevity	100	100	100	100	100	100
51970 Part-time Custodian	22,814	22,501	23,505	24,379	11,416	24,992
SUBTOTAL	22,914	23,450	23,605	29,916	11,516	30,860
Expenses						
52110 Utilities Town Office Building	41,975	43,244	44,878	56,990	24,589	56,990
52460 Office Machine Maintenance	13,384	12,061	13,648	16,200	4,876	16,200
52800 Contractual Services	400	0	0	3,000	0	3,000
53410 Telephone	25,875	25,656	26,020	30,000	12,472	30,000
53420 Postage	29,499	31,866	34,056	35,000	12,844	35,000
54290 Office Supplies	5,386	7,174	9,607	9,000	4,877	9,000
54490 Repairs and Maintenance	32,116	71,016	64,507	90,000	13,246	86,730
54590 Supplies	13,366	11,749	12,739	12,000	2,697	12,000
54820 Gasoline	157,042	123,191	77,619	170,000	6,514	170,000
58700 Water Charges	9,233	8,628	9,760	16,500	5,037	16,500
58705 Sewer Charges	2,741	2,942	3,596	3,300	2,002	5,000
58708 Solid Waste Charges	20,777	30,033	28,689	31,000	5,000	31,626
SUBTOTAL	351,793	367,561	325,118	472,990	94,154	472,046
TOTAL: PUBLIC BUILDINGS	374,708	391,011	348,723	502,906	105,670	502,906

Significant Budget Changes or Initiatives

The Public Building Account is level funded in FY2018. The budget continues to support the completion of ongoing minor building repairs and maintenance projects that do not meet the minimum \$25,000 threshold for inclusion in the Capital Improvement Plan. The budget as presented includes a 2% wage increase for the part-time custodian position.



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 the receipt of various permits and licenses. 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

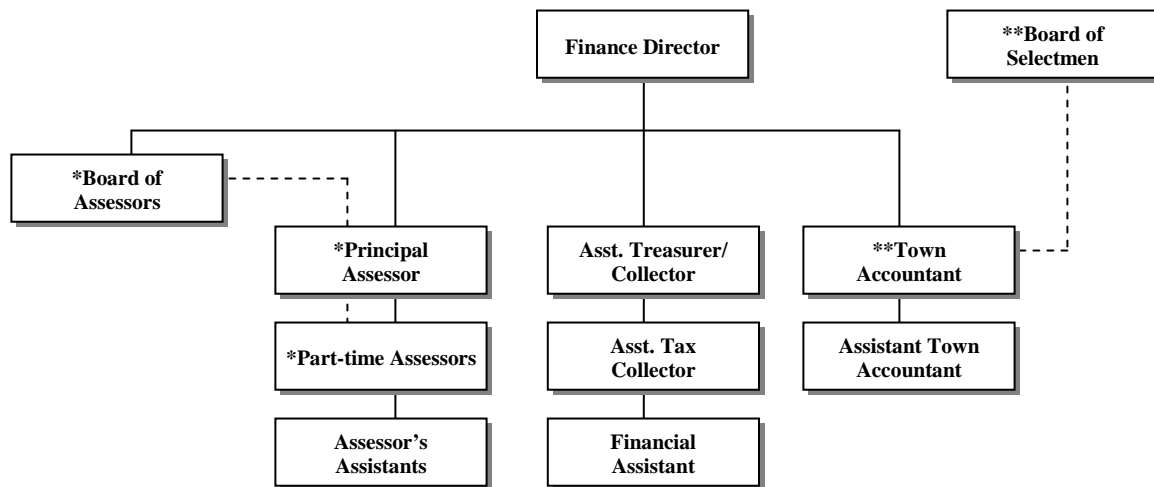
The primary role of the Assessor's Division, under the direction of the Board of Assessors, is the valuation of all real and personal property in the Town. The State Department of Revenue (DOR) requires that all property be valued at full and fair cash value which ensures that all property owners pay 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 FY2017 Initiatives and Accomplishments

Treasurer/Collector Division:

1. Transitioned to an updated version of Harpers Payroll Service.
2. Our Financial Team worked closely with the Assessing Division with the tax rate approval schedule in order to continue to hold a November Classification Hearing in FY2017.
3. Implemented a change in online payment processing from MCC to Invoice Cloud.
4. Actively pursued the real estate tax collection of several properties in tax title.

Assessing Division:

1. Successful completion of FY2017 Revaluation Certification in compliance with Massachusetts Department of Revenue guidelines.
2. Continued to comply with Department of Revenue requirements for physical property inspections.
3. Assisted over 150 Senior residents with applications for real estate tax relief programs.
4. Established information continuity for assignment of map, lot & street numbers including map updates provided to other departments.

Accounting Division:

1. Completed the FY2016 annual independent audit of the Town's financial statements resulting in no material deficiencies.
2. Timely submission of all required reports to the Department of Revenue including all supporting documents used to accurately certify Free Cash for the close of FY2015.
3. Continued progress toward closing prior year capital projects balances so that remaining balances can provide a source for the Town's Capital Improvement Program.
4. Prepared for compliance with Government Account Standards Boards (GASB) Statement #74 and Statement #75 in the financial statements.

**Finance FY2018 Goals and Initiatives**

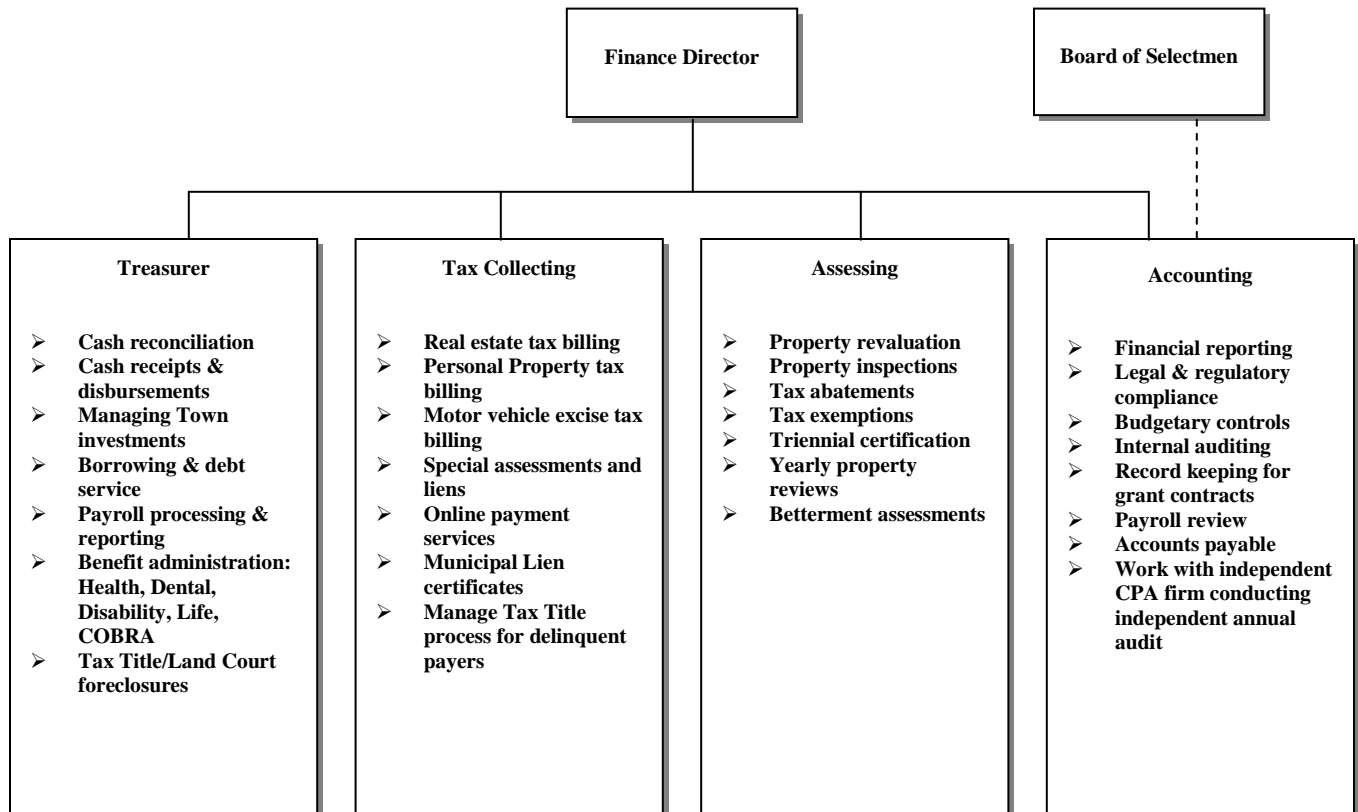
1. Continue progress towards complete integration of the Financial Offices with improved communication, cross training and sharing of resources.
2. Continue to work to improve our budget document for the Government Finance Officers Association Distinguished Budget Award which requires the Town to implement Best Practices in public budgeting.
3. Continue to work with our comprehensive financial and investment policies to improve financial procedures and expand internal controls to efficiently manage our 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

There are no significant changes in the Finance Department. Overall, the department's FY2018 budget increases \$21,067 or 2.84% primarily due to general wage increases of 2% for union and non-union employees.



Financial Offices Programs and Subprograms



**FINANCIAL OFFICES****Personnel Summary**

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
<u>Finance Director</u>	1	1	1	1	1
<u>Treasurer/Collector's Division</u>					
Treasurer/Collector	0	0	0	0	0
Assistant Treasurer/Collector	1	1	1	1	1
Assistant Tax Collector	1	1	1	1	1
Financial Assistant	1	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	.88	1	1	1	1
Total Full-time Equivalents	9.38	9.5	9.5	9.5	9.5

*Personnel Explanation: Full-time Equivalents are based upon 40 hrs per wk (34hrs/40hrs = .85 FTE).

During the last recessionary period the Assistant Town Accountant position was reduced from 40 hours per week to 30 hours per week. In FY2012, the budget restored 4 hours per week to the Assistant Accountant position. In FY2014, the budget restored another 1 hour per week (34-35 hrs/week). In FY2015, the Assistant Town Accountant position was fully restored to 40 hours per week where it remains. The restoration allows the Town Accountant more time to address higher level professional and managerial needs.

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



Finance Department

Section 2-19

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2017 SIX MONTHS	FY2018 PROPOSED
TREASURER/COLLECTOR						
Personnel Services						
51100 Finance Director Salary	100,475	104,535	108,764	112,198	54,008	114,596
51120 Treasurer Office Staff Salaries	167,051	168,563	174,839	176,489	84,508	181,524
51410 Longevity Pay	1,550	1,850	2,000	1,650	1,650	1,650
51970 Treasurer's Stipend	1,000	1,000	1,000	1,000	1,000	1,000
SUBTOTAL	270,076	275,948	286,603	291,337	141,166	298,770
Expenses						
52800 Contractual Services	1,462	1,253	829	1,800	110	1,800
53040 Computer Services	6,131	6,425	6,992	7,389	2,953	7,389
53090 Advertising	351	393	318	1,000	342	1,000
53110 Printing	5,040	4,825	4,870	6,723	0	6,723
53160 Banking Services	1,717	1,765	4,072	2,400	557	3,900
54290 Office Supplies	1,113	290	581	675	254	675
57110 Travel/Mileage	578	281	485	758	0	758
57310 Dues	375	390	390	475	390	475
57340 Meetings	781	699	165	990	295	990
57810 Unclassified	1,737	3,299	1,355	1,840	1,050	1,840
SUBTOTAL	19,284	19,620	20,056	24,050	5,951	25,550
TOTAL: TREASURER/COLLECTOR	289,359	295,569	306,660	315,387	147,117	324,320

Section 2-20

Finance Department



		FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2017 SIX MONTHS	FY2018 PROPOSED
ASSESSOR							
Personnel Services							
51100	Principal Assessor Salary	85,289	89,601	92,645	94,846	45,717	96,742
51120	Assessor Asst. Salaries	93,282	94,823	107,213	110,293	51,918	113,817
51130	PT Assessors Salaries	22,268	24,962	26,321	37,061	12,695	38,366
51410	Longevity	200	550	550	700	700	1,050
	SUBTOTAL	201,039	209,936	226,729	242,900	111,030	249,975
Expenses							
52800	Contractual Services	46,942	25,305	13,965	22,550	7,255	23,910
53090	Advertising	44	104	0	150	0	150
53110	Printing	615	41	219	750	158	750
54290	Office Supplies	22	499	197	500	115	500
57110	Travel/Mileage	1,202	1,226	812	2,600	385	2,600
57310	Dues	254	429	254	444	254	290
57320	Subscriptions	1,177	1,227	1,302	1,350	1,158	1,550
57340	Meetings	1,106	1,549	688	1,800	1,184	1,800
	SUBTOTAL	51,361	30,379	17,437	30,144	10,509	31,550
TOTAL: ASSESSOR		252,400	240,315	244,166	273,044	121,538	281,525



Finance Department

Section 2-21

FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED

ACCOUNTING

Personnel Services

51100	Accountant Salary	89,374	91,162	92,985	94,846	45,717	96,742
51120	Asst. Accountant Salary	40,073	44,938	51,820	53,363	25,095	55,120
51410	Longevity	350	200	200	200	200	200
SUBTOTAL		129,798	136,299	145,005	148,409	71,011	152,062

Expenses

52800	Contractual Services	834	834	834	1,000	834	1,000
53110	Printing	114	118	422	450	596	450
54290	Office Supplies	264	0	0	200	82	200
57310	Dues	200	125	125	185	125	185
57320	Subscriptions	0	0	0	125	0	125
57340	Meetings	1,010	2,351	1,805	3,000	115	3,000
SUBTOTAL		2,422	3,427	3,186	4,960	1,752	4,960

TOTAL: ACCOUNTING

132,220	139,727	148,191	153,369	72,763	157,022
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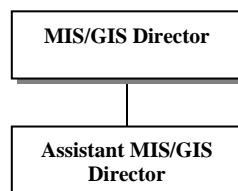
Management Information Systems (MIS) & Geographic Information Systems (GIS) Departmental Statement

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 FY2017 Initiatives and Accomplishments

1. The Town completed its migration to a hosted email solution in FY17, replacing an on premise Microsoft Exchange server that had been in use since 2003. New archiving functionality was introduced along with enhanced protection from email-based threats and malware.
2. In fiscal year 2017 a new network management and monitoring system was deployed. The new system proactively examines the health and performance of critical systems, provides alerts and initiates corrective measures.

MIS/GIS FY2018 Goals and Initiatives

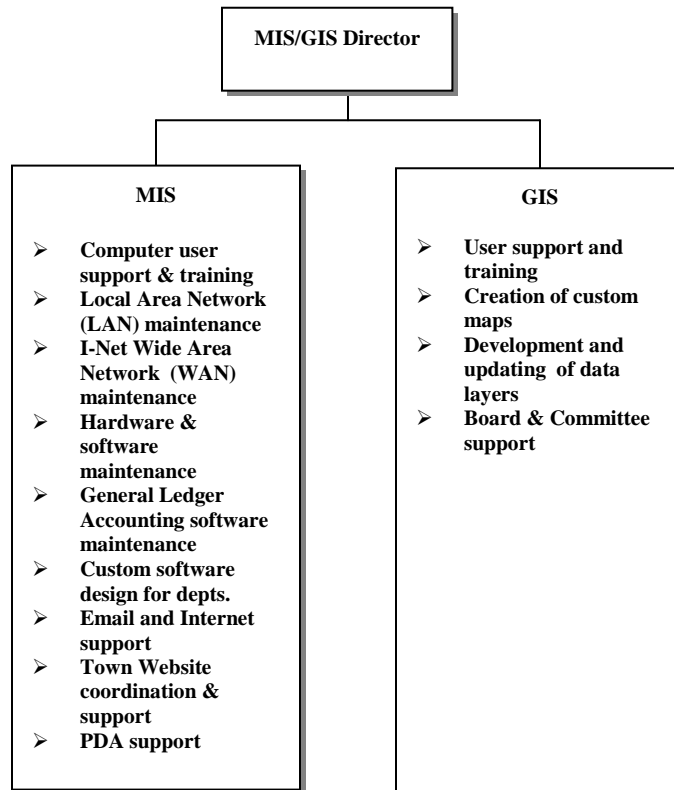
1. Server replacements and storage upgrades are planned for FY18 and FY19. Servers running public safety and financial applications at the Police and Fire Departments and at Town Hall will be replaced over a two-year period. Storage upgrades will address growing data capacity requirements and provide redundancy to protect critical data.
2. Ensuring a secure network environment will remain a priority throughout the upcoming fiscal year. Constantly evolving threats to computer security and increased regulatory compliance require that the Town keep up to date with security solutions, best practices and industry standards. A review of tools and methods including data encryption, security practices and policies and network monitoring will be amongst the MIS Department's priorities in FY18.

Significant Budget Changes or Initiatives

The MIS/GIS budget is increasing by \$19,690, or 4.12%. The bulk of the increase is attributable to the phased replacement of the Town's main computer servers and storage system, which will be 6-7 years old at the time of replacement. The FY2018 budget reflects a 2% wage increase for the two non-union personnel.



MIS/GIS Programs and Services



**MIS/GIS DEPARTMENT****Personnel Summary**

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
* MIS/GIS Director	1	1	1	1	1
Assistant MIS/GIS Director	1	1	1	1	1
Total Full-time Equivalent	2	2	2	2	2

*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 FY2018 salary total is \$96,742 (\$73,558 in the General Fund Budget and \$23,184 in the Water/Sewer Enterprise Fund Budgets).

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MIS/GIS



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
MIS/GIS DEPARTMENT						
Personnel Services						
51110 MIS/GIS Director Salary (GF)	69,374	71,162	72,985	74,846	25,717	73,558
51120 Asst. MIS/GIS Director Salary	80,732	82,346	83,993	85,674	41,296	87,386
51410 Longevity Pay	850	850	850	1,000	1,000	1,000
SUBTOTAL	150,956	154,358	157,828	161,520	68,012	161,944
Expenses						
52800 Contractual Services	4,475	23,150	23,788	50,000	6,218	50,000
53040 Computer Services	34,985	30,046	27,960	41,670	22,589	42,110
53190 Training	1,250	0	3,000	9,175	0	7,750
53720 Computer Maintenance	39,251	54,331	79,951	115,791	60,475	116,318
54290 Office Supplies	15,548	11,387	13,225	15,860	7,182	12,360
57110 Travel/Mileage	78	0	296	401	58	397
57310 Dues	0	0	0	450	0	100
57320 Subscriptions	24	100	249	250	0	250
57340 Meetings	0	199	0	3,505	0	3,503
58690 New Equipment	9,076	65,873	45,033	79,170	3,223	102,750
SUBTOTAL	104,687	185,086	193,502	316,272	99,744	335,538
TOTAL: MIS/GIS	255,644	339,444	351,330	477,792	167,757	497,482

* The FY2018 salary total is \$96,742 (\$73,558 in the General Fund Budget and \$23,184 in the Water/Sewer Enterprise Fund Budgets).

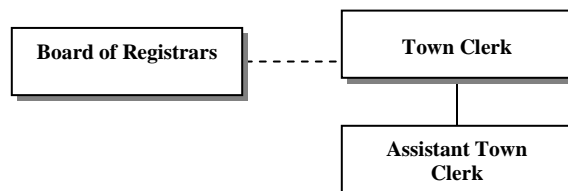


Town Clerk's Office Departmental Statement

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 FY2017 Initiatives and Accomplishments**

1. Implemented the use of new optical scan voting equipment.
2. Successfully managed 2016 Primary Election and 2016 Presidential Election.
3. Successfully managed the first ever Early Voting sessions in Massachusetts for the November 8th Presidential Election. Conducted Early Voting sessions at Town Hall, Senior Center, and local nursing home/assisted living facility. Offered additional evening and weekend hours during the two week Early Voting Period.
4. Managed, tracked, and coordinated response to public records requests received by the Town.
5. Continue 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.
6. Continue 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. Contribute and manage Town News on the Town's website.
7. Distribute and track Conflict of Interest/Ethics training documentation for all employees and Town Officials as required.

Town Clerk's FY2018 Goals and Initiatives

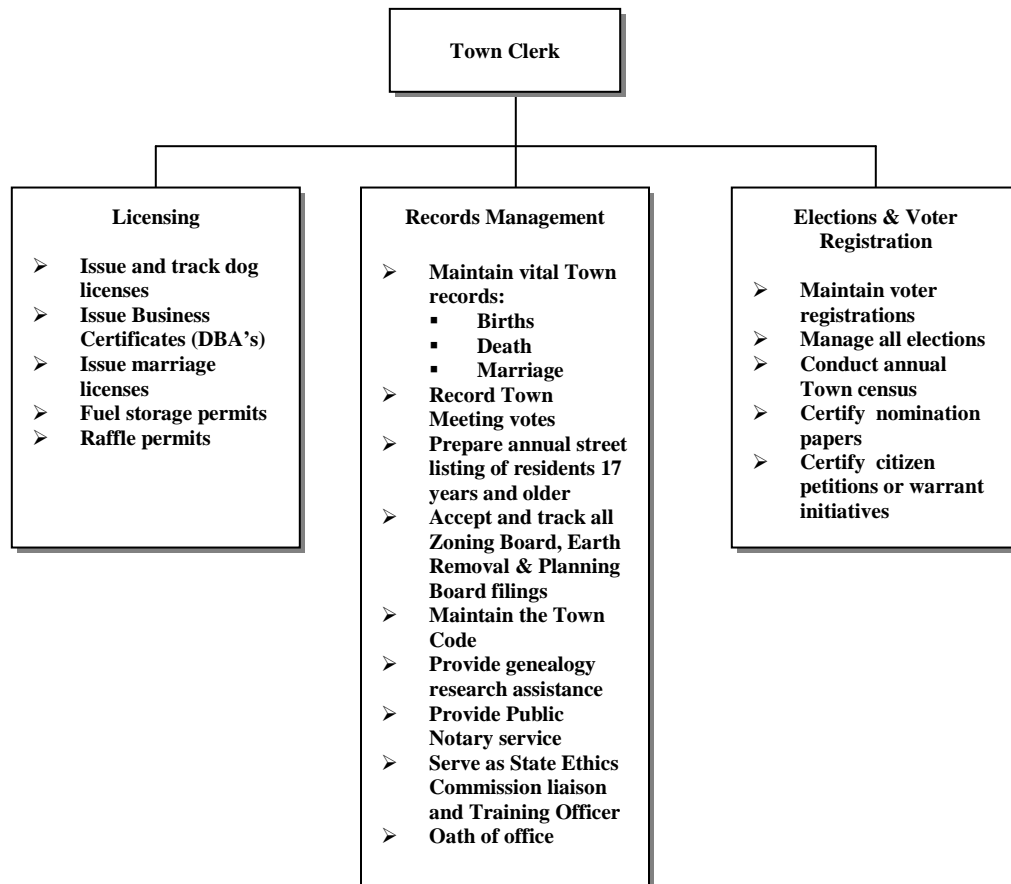
1. Continue to expand and promote credit card counter payments and online payments for the purchase of dog licenses and vital records (birth, death, marriage certificates). This allows customers to use a credit card in the office when paying for a dog license or vital record.
2. Continue to assess need for additional historic records preservation, digitization, and storage needs for the Town's records.
3. Increase communication with residents through enhanced website content and integration of social media platforms.
4. Develop tracking and management tools for responding to and managing public records requests.

Significant Budget Changes or Initiatives

The combined FY2018 Town Clerk/Elections budget represents an overall decrease of \$19,102, or 10.93%. The decrease is due primarily to only one election (Annual Town Election on May 8, 2018) being held in FY2018 as opposed to the three held in FY2017. The departmental budget as presented contains a 2% wage increase for union and non-union personnel.



Town Clerk's Programs and Services



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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Town Clerk	1	1	1	1	1
* Assistant Town Clerk	1	.98	.98	2	2
Total Full-time Equivalent	2	1.98	1.98	2	2

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

- During FY2015 and FY2016 the Assistant Town Clerk position was filled by one part-time employee working 19 hours per week, plus another part-time employee who split their time 20 hours per week in the Town Administrator's Office and 20 hours per week in the Town Clerk's Office. Due to scheduling and coverage conflicts, the Assistant Town Clerk was being returned to one full-time employee in FY2017. The full-time Assistant Town Clerk position is budgeted 35 hours per week under the Town Clerk and 5 hours per week under Census Worker in the elections budget.
- In addition to the 2 permanent FTEs 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, as well as additional expenses for school custodians working during the elections. Election Workers are not considered permanent employees and require annual appointment by the Board of Selectmen.



Town Clerk's Office

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	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
TOWN CLERK'S OFFICE						
Personnel Services						
51110 Town Clerk Salary	75,614	78,670	81,852	84,998	40,645	87,387
51120 Assistant Town Clerk Salary	42,075	46,015	47,416	41,961	14,813	39,348
51410 Longevity Pay	800	800	800	800	800	800
51970 Stipend	1,000	1,000	1,000	1,000	1,000	1,000
SUBTOTAL	119,489	126,485	131,068	128,759	57,257	128,535
Expenses						
52800 Contractual Services	900	900	900	1,000	0	1,000
53190 Training	0	900	0	900	0	900
57110 Travel/Mileage	513	321	393	400	144	375
57310 Dues	295	305	305	295	125	295
57340 Meetings	1,091	736	828	1,000	1,004	1,000
SUBTOTAL	2,799	3,162	2,427	3,595	1,273	3,570
TOTAL: TOWN CLERK	122,287	129,647	133,495	132,354	58,530	132,105

Section 2-32

Town Clerk's Office



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ELECTIONS/VOTER REGISTRATION						
Personnel Services						
51240 Registrars	1,100	1,349	1,025	1,250	875	1,250
51250 Census Workers	6,620	8,347	4,029	5,995	1,972	5,622
51260 Town Election Workers	4,103	10,072	7,878	17,842	7,669	6,534
51270 Town Meeting Workers	1,252	562	304	512	0	640
SUBTOTAL	13,074	20,330	13,236	25,599	10,516	14,046
Expenses						
52720 Film Storage	231	234	265	255	270	255
52800 Contractual Services	4,639	5,353	5,233	9,250	2,946	3,750
53110 Printing	1,451	1,408	1,532	1,600	0	1,600
54290 Office Supplies	39	274	306	975	449	325
55820 Street Listing	1,118	474	684	650	0	750
55830 Census	1,506	1,468	1,360	1,500	0	1,500
55840 Election Expenses	595	1,932	1,193	1,800	1,797	600
57110 Travel/Mileage	91	318	249	75	257	25
57340 Meetings	601	833	110	675	310	675
58690 New Equipment	0	0	0	0	0	
SUBTOTAL	10,272	12,294	10,932	16,780	6,030	9,480
TOTAL: ELECTIONS/VOTER REG	23,346	32,624	24,168	42,379	16,546	23,526



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.

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
MODERATOR							
Personnel Services							
51110	Moderator Stipend	150	150	150	150	0	150
51130	Deputy Moderator Stipend	50	50	50	50	0	50
	SUBTOTAL	200	200	200	200	0	200
Expenses							
57810	Moderator Expenses	0	0	0	300	0	300
	SUBTOTAL	0	0	0	300	0	300
TOTAL:	MODERATOR	200	200	200	500	0	500



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.

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
APPROPRIATIONS							
Expenses							
53110	Printing	0	0	0	900	0	900
57310	Dues	0	204	204	240	204	240
57340	Meetings	308	171	178	555	0	555
57810	Unclassified	0	0	0	0	0	0
	SUBTOTAL	308	375	382	1,695	204	1,695
TOTAL:	APPROPRIATIONS	308	375	382	1,695	204	1,695



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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
FINANCIAL PLANNING						
Expenses						
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
SUBTOTAL	0	0	0	0	0	0
TOTAL: FINANCIAL PLANNING	0	0	0	0	0	0



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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
PERSONNEL BOARD						
Expenses						
51980 Compensation Adjustments	0	0	0	137,215	0	85,000
53090 Advertising	3,319	1,630	4,957	1,000	1,633	1,000
53170 Drug & Alcohol Testing	2,145	1,659	1,816	2,000	267	2,000
53190 Training	1,672	400	0	1,000	0	1,000
57310 Dues	250	250	310	250	488	250
57340 Meetings	50	194	598	700	80	700
SUBTOTAL	7,436	4,133	7,681	142,165	2,469	89,950
TOTAL: PERSONNEL BOARD	7,436	4,133	7,681	142,165	2,469	89,950



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. The budget below represents general legal services. Legal expenses associated with specific building projects or Water & Sewer Enterprise Funds are reflected in those budgets.

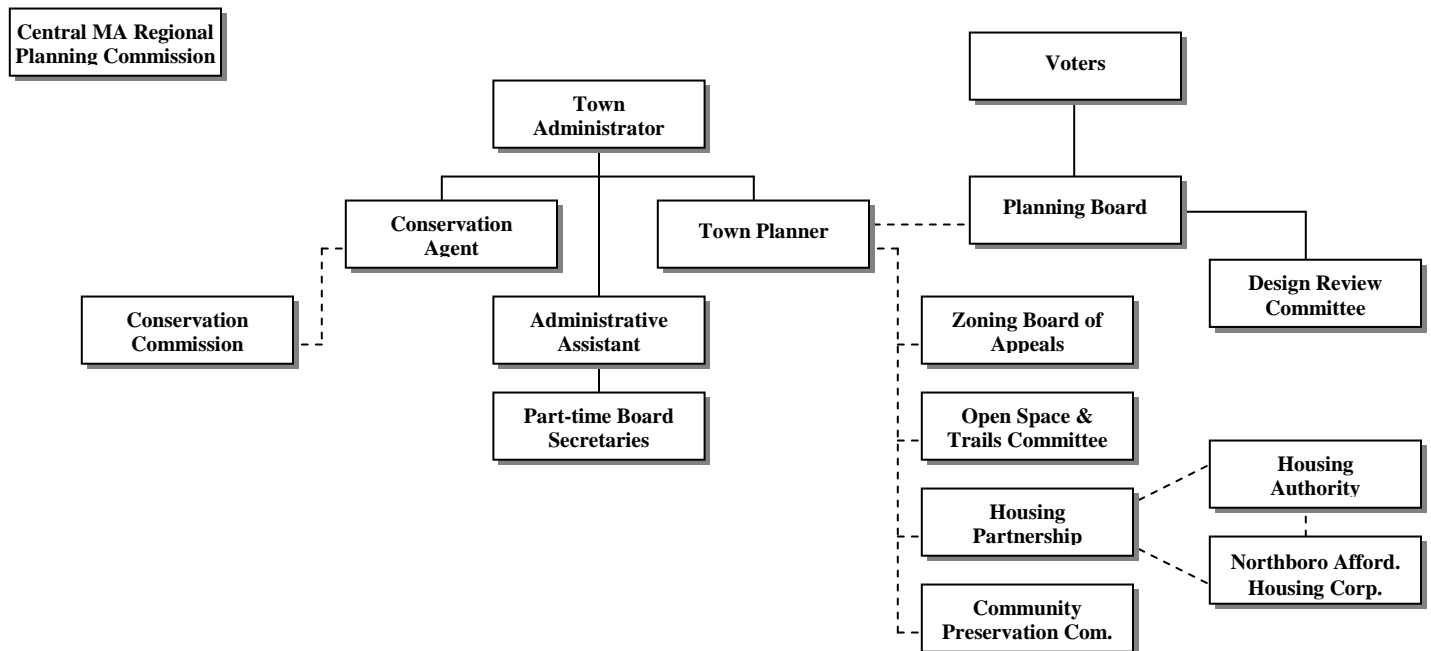
		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
TOWN COUNSEL							
Expenses							
53020	Legal Services	12,054	35,017	30,314	85,000	31,961	85,000
	SUBTOTAL	12,054	35,017	30,314	85,000	31,961	85,000
TOTAL:	TOWN COUNSEL	12,054	35,017	30,314	85,000	31,961	85,000



Planning & Conservation Departmental Statement

The Planning and Conservation 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, Conservation Agent, Town Engineer and Building Inspector/Zoning Enforcement Officer who provide technical support and information regarding land use and development to the Planning Board, Zoning Board of Appeals, Conservation Commission, Earthwork Board, Open Space Committee, Trails Committee, Northborough Housing Partnership and Community Preservation Committee. 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 & Conservation 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 & Conservation FY2017 Initiatives and Accomplishments

1. The Planning Department continues to work with Shrewsbury and Westborough to explore the creation of multi-use transportation path utilizing the former Boston Worcester Air Line Trail. The goal is to provide a paved commuting route for bikers and walkers linking Worcester with Framingham. Easement research has begun in Northborough.
2. The Town Planner and Assistant Town Administrator participated in a multi-town regional effort to study transportation issues relating to economic development. The communities of Northborough, Marlborough, Southborough, Westborough, Hudson and Hopkinton are involved in this on-going research. Additional infrastructure issues such as sewer capacity will also be examined.
3. The Planning Department, Open Space Committee, Conservation Commission, and MA Department of Conservation Resources worked to permanently protect twenty-two acres of land in Northborough as part of the Tri-Town Landscape Protection Project.
4. The Planning Board and the Department of Public Works have begun updating the Subdivision Rules and Regulations.
5. The 12-18 month process of developing a comprehensive Master Plan has begun. The existing Master Plan was last updated in 1997.

Planning & Conservation FY2018 Goals and Initiatives

1. Work with the Open Space Committee to implement the Open Space and Recreation Plan's action items. Develop outreach campaign for landowners whose land meets criteria for protection in accordance with the Open Space and Recreation Plan.
2. Update Planning Board and Zoning Board of Appeals submittal forms with the goal of offering an electronic application process.
3. Explore public access options utilizing the MWRA aqueduct bridge to connect northern and southern walking trails.
4. Work with DPW, Planning Board and Open Space Committee to create a sidewalk development policy and funding plan.
5. Work with the Conservation Commission to hire a contractor to apply a supplemental herbicide application at Bartlett Pond to control vegetation as part of the plan to promote continued recreational use of the pond.

Significant Budget Changes or Initiatives

There are no significant changes relative to Planning and Conservation. Overall, the various Planning and Conservation budgets are up just \$3,586, or 1.63%. The FY2018 budget reflects a 2% wage increase for all union and non-union personnel.

**PLANNING & CONSERVATION****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Town Planner	1	1	1	1	1
Town Engineer (moved to DPW)	1	0	0	0	0
Part-time Conservation Agent	.48	.48	.48	.48	.48
Administrative Assistant	1	1	1	1	1
Part-time Board Secretaries for					
Conservation Commission	.15	.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
Planning Board	0	0	0.05	0.07	0.07
Total Full-time Equivalent	3.71	2.71	2.76	2.78	2.78

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

- The Town Planner and Conservation Agent share one full-time Administrative Assistant. The salary is budgeted as 5 hours per week for Conservation and 35 hours per week for Planning. The individual budgets reflect this division of salary. In order to increase daily office support, beginning in FY2016 a part-time Board Secretary was added at 8hrs per month and increased to 12hrs per month in FY2017 to free up the Administrative Assistant from taking the minutes at the Planning Board meetings.
- There are two part-time Board Secretaries that take minutes at the meetings of the Planning Board, Conservation Commission, Earthwork Board, and Zoning Board of Appeals. Conservation is 6 hours per week, 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). Planning Board is budgeted at 12 hrs per month, or 0.07 FTE (averages 2.77hrs wk/40hrs).
- During FY2015 there was a Town Meeting approved reorganization that moved the Town Engineer into DPW.



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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
PLANNING DEPARTMENT						
Personnel Services						
51100 Town Planner Salary	88,775	91,162	92,985	94,846	45,717	96,742
51120 Administrative Assistant wages	27,113	48,824	50,726	50,025	24,088	51,161
51140 Part-time Board Secretary wages	0	0	0	3,496	0	3,629
51410 Longevity Pay	1,000	1,000	1,000	1,300	1,300	1,300
SUBTOTAL	116,888	140,986	144,711	149,667	71,105	152,832
Expenses						
52800 Contractual Services	0	0	0	1,000	0	1,000
53090 Advertising	1,852	667	597	1,560	228	1,560
53110 Printing	1,247	0	1,128	2,250	0	2,250
54290 Office Supplies	944	458	816	850	102	850
56820 Central MA RPC Assessment	3,495	3,583	3,672	3,765	3,764	3,859
57110 Travel/Mileage	1,918	1,768	1,891	2,184	652	2,100
57310 Dues	480	490	490	400	490	400
57320 Subscriptions	280	290	95	690	341	690
57340 Meetings	657	838	192	3,100	339	3,100
SUBTOTAL	10,872	8,093	8,882	15,799	5,916	15,809
TOTAL: PLANNING DEPARTMENT	127,760	149,079	153,593	165,466	77,021	168,641

* 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 Organization¹ (CMMPO)

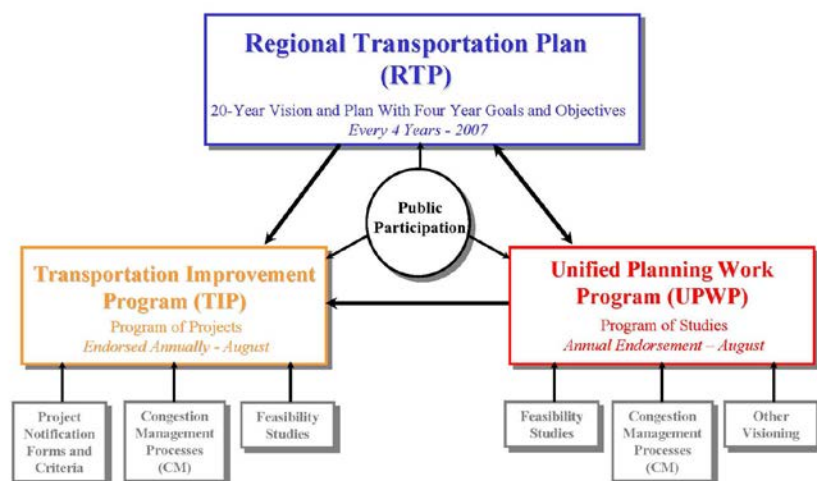
The Central Massachusetts Metropolitan Planning Organization (CMMPO) was established in 1976 to undertake the comprehensive, continuing, and cooperative transportation planning process required by the United States Department of Transportation. The Central MA Regional Planning Commission (CMRPC) is one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



¹ 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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ZONING BOARD OF APPEALS						
Personnel Services						
51140 Part-time Board Secretary wages	957	1,143	801	2,331	124	2,426
SUBTOTAL	957	1,143	801	2,331	124	2,426
Expenses						
53090 Advertising	1,663	1,108	939	2,200	448	2,200
53110 Printing	70	0	76	80	0	80
54290 Office Supplies	16	46	46	30	0	30
57310 Dues	71	0	0	70	0	70
57340 Meetings	300	0	30	300	30	300
SUBTOTAL	2,119	1,154	1,091	2,680	478	2,680
TOTAL: ZONING BOARD OF APPEALS	3,076	2,297	1,893	5,011	602	5,106



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.² 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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
CONSERVATION COMMISSION						
Personnel Services						
51120 Administrative Assistant wages	6,778	6,924	7,231	7,684	3,513	7,309
51220 Part-time Conservation Agent	6,699	1,247	5,866	5,843	0	6,184
51140 Part-time Board Secretary wages	25,543	24,026	24,745	25,760	12,602	27,268
SUBTOTAL	39,020	32,197	37,842	39,287	16,114	40,761
Expenses						
53090 Advertising	591	845	680	1,200	220	1,200
53110 Printing	0	0	76	400	0	400
54290 Office Supplies	39	3,207	252	150	0	450
55980 Field Supplies	0	60	12	250	0	250
57110 Travel/Mileage	462	142	0	972	0	963
57310 Dues	660	753	630	835	643	835
57340 Meetings	345	685	240	1,975	95	1,975
57840 Consv. Property Maintenance	1,097	0	781	2,500	300	1,000
SUBTOTAL	3,194	5,691	2,671	8,282	1,258	7,073
TOTAL: CONSERVATION COMMISSION	42,214	37,888	40,513	47,569	17,373	47,834

² 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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
EARTHWORK BOARD						
Personnel Services						
51140 Part-time Board Secretary wages	1,435	119	766	1,233	248	1,284
SUBTOTAL	1,435	119	766	1,233	248	1,284
Expenses						
53090 Advertising	0	0	0	50	0	50
53110 Printing	48	0	12	50	0	50
57320 Subscriptions	0	0	0	100	0	100
SUBTOTAL	48	0	12	200	0	200
TOTAL: EARTHWORK BOARD	1,483	119	778	1,433	248	1,484



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 was at the sole discretion of NAHC, the Town entered into an agreement with NAHC to use these funds to renovate the former Senior Center building located on Centre Drive. Construction of four new apartments at the former Senior Center was completed in 2014.

Under Article 57 of the April 2015 Annual Town Meeting another \$500,000 was appropriated to NAHC for future creation of affordable housing, contingent upon a written contract with the Town. NAHC is working with the non-profit Habitat for Humanity to pursue the development of several units of affordable housing in the Town Center. Article 38 of the April 2016 Annual Town Meeting appropriated another \$100,000 in CPC funds for the NAHC. Article 42 of the April 2017 Annual Town Meeting proposes to appropriate another \$100,000 in CPC funds for use by the NAHC.

Public Safety

Section 3



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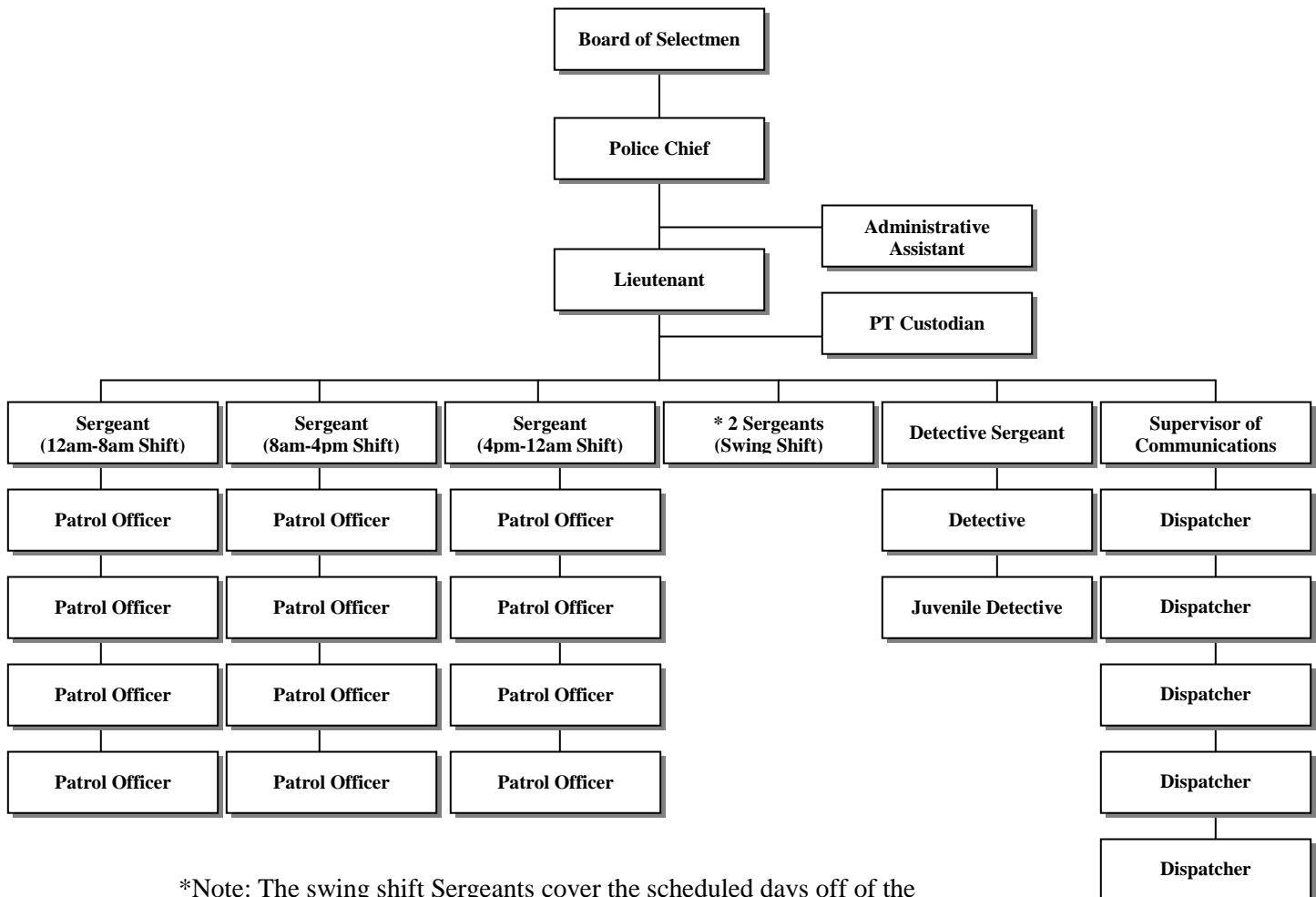


Police Department Mission Statement

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 Sergeants cover the scheduled days off of the supervisors on the evening and midnight shifts



Police Department FY2017 Initiatives and Accomplishments

1. In FY2017, the Police Department continued to provide the community with the following initiatives:
 - *D.A.R.E. (Drug Abuse Resistance Education)*: Offered in our Elementary School fifth grade classes, funded partially by private contributions;
 - *Officer Phil Program*: A personal safety program offered in grades K-3, completely funded by local businesses;
 - *R.U.O.K.*: A free, daily telephone call to check on the welfare of senior citizens and shut-ins;
 - Free child safety seat installations by our trained and certified Police Officer; and
 - Support of annual community events such as Applefest, the Memorial Day Parade, Recreation Department functions and numerous road races.
2. Completed technology upgrades to the public safety communications center that were funded by a FY2016 CIP appropriation.
3. Established a working group composed of Town staff from the Police, Fire and DPW Departments to review the communications center function to include 1) policy and procedure review; 2) identification of areas and processes that currently work well and those in need of improvement and/or updating; and 3) the physical environment and modernization improvements.
4. Maintained aggressive crime prevention patrols specifically through a building and property security check program.
5. Completed 4,300 traffic enforcement actions. This is the single most requested police service by residents.
6. Continued participation in the Massachusetts Police Accreditation Program.
7. Promoted a Patrol Officer to a sixth Sergeant's position, as recommended by the Center for Public Safety Management staffing study.

Police Department FY2018 Goals and Initiatives

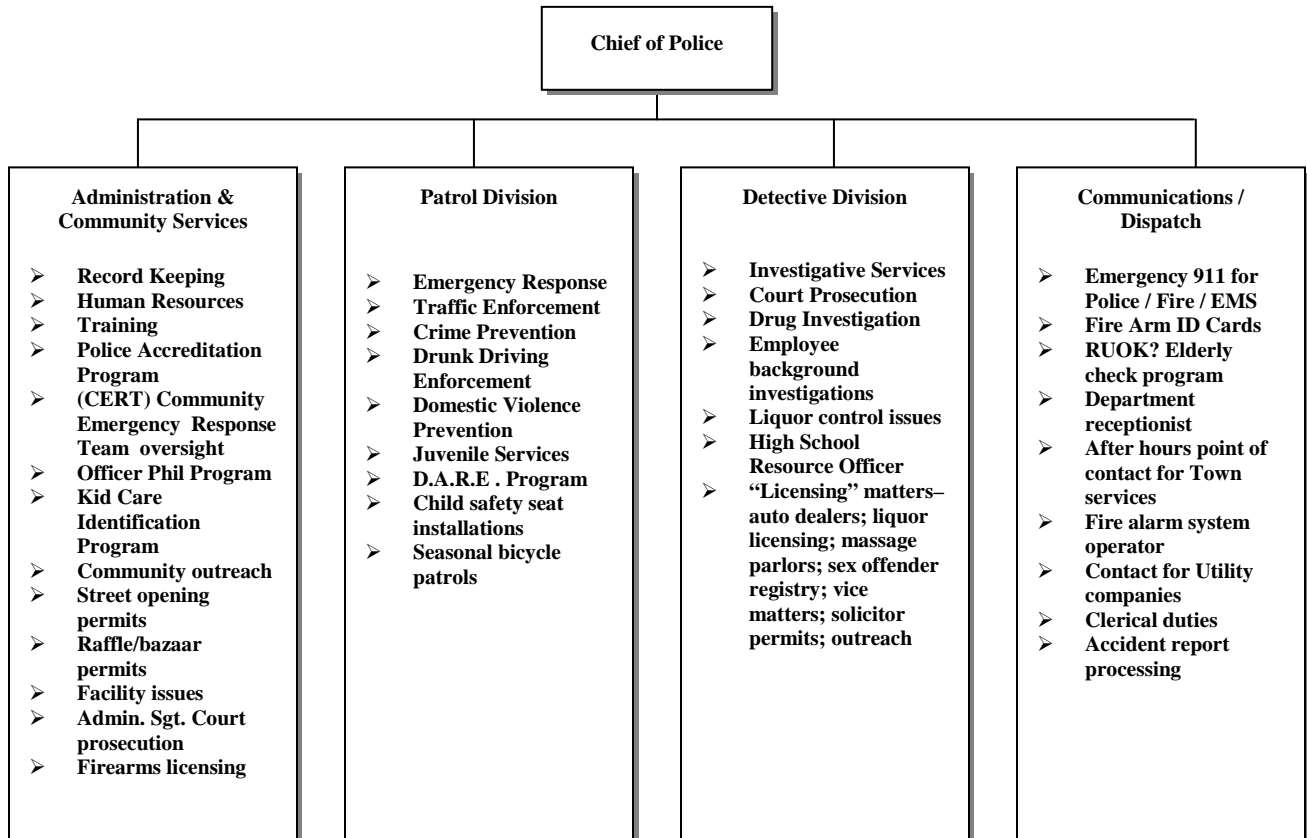
1. Continue to maintain and improve services and programs identified in Items 1-7 above.
2. Increase participation in Central Massachusetts Law Enforcement Council (CEMLEC) specialty units.
3. Establish a juvenile justice diversion program geared towards resolving misdemeanor and non-violent juvenile offenses through a voluntary community based program.
4. Expand community policing and outreach efforts by expanding Programs such as "*Coffee With a Cop*," open house days and increased bike patrols.
5. Continued emphasis and improvement of our school intruder response program (A.L.I.C.E.)
6. Provide supervisory, managerial and leadership training to all newly-promoted supervisory and managerial personnel.

Significant Budget Changes or Initiatives

Overall, the FY2018 Police Department Budget reflects an increase of \$76,478 or 2.98%. The departmental budget as presented includes contractual wage increases for Union and Non-Union personnel, as well as a full year's salary for the mid-year position added in FY2017 as part of the staffing study recommendation. Looking forward, the increase in staffing is expected to reduce overtime expenses. However, given the recent turnover and the need to send newly hired officers through the police academy before they are available to work, the reduction in overtime is not likely to be realized until FY2019.



Police Programs and Services



**POLICE DEPARTMENT****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Chief of Police	1	1	1	1	1
Lieutenant	1	1	1	1	1
Sergeant	5	5	5	6	6
Patrol Officers	14	14	14	14	14
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
Total Full-time Equivalent	28.5	28.5	28.5	29.5	29.5

***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.

The FY2018 budget authorizes 22 sworn Officers in the Department, including the Chief of Police. During FY2016, a consultant engaged by the Board of Selectmen's ad hoc staffing committee issued findings from its comprehensive operational and staffing study. The study recommended adding another position in the form of a sixth Sergeant in FY2017 to improve shift coverage and supervision. The position was primarily intended to improve coverage on the 12AM-8AM shift and reduce future overtime expenses.



Police Department

Section 3-5

FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

POLICE DEPARTMENT

Personnel Services

51100 Police Chief Salary	113,279	115,545	136,558	120,214	57,573	122,617
51120 Administrative Assistant Salary	55,019	56,125	57,472	58,178	27,970	58,398
51150 Sergeant Salaries	324,124	331,169	286,787	417,147	183,951	427,296
51160 Patrol Officer Salaries	690,942	761,179	720,021	743,261	310,387	782,464
51170 Dispatcher Salaries	234,807	253,310	278,032	320,294	151,724	326,539
51200 Detective Pay	8,696	8,958	9,137	10,760	4,569	11,522
51210 Lieutenant Salary	91,087	92,908	80,563	94,845	41,063	96,742
51300 General Overtime	146,528	131,804	176,428	135,653	86,153	135,653
51310 Dispatcher Overtime	32,480	39,184	40,718	34,160	26,854	29,960
51320 Christmas Overtime	2,256	3,120	2,895	2,016	0	2,277
51330 Dispatcher Christmas Overtime	1,099	0	866	879	0	933
51400 Longevity pay	8,950	9,150	8,500	8,200	7,850	8,600
51410 Dispatcher Longevity Pay	1,750	1,350	1,300	800	800	1,675
51420 Holiday Pay	45,935	49,835	44,207	51,152	20,876	50,959
51430 Dispatcher Holiday Pay	11,520	12,084	12,635	13,061	6,046	13,799
51440 Shift Differential	1,442	4,434	2,340	2,190	1,129	2,190
51450 Court Time	14,244	13,103	15,492	10,500	7,131	10,500
51460 Quinn Bill Educational Incentive	201,739	212,325	193,554	240,146	104,823	249,210
51470 Dispatcher EMD Stipend	0	0	0	0	0	5,100
51920 Uniforms	41,618	33,838	65,105	35,100	17,891	29,650
51930 In-service Training	8,065	15,586	17,603	8,000	3,492	8,000
51940 Fitness Incentive	16,000	16,600	17,000	22,900	9,000	22,400
51950 Roll Call	922	498	2,255	1,406	0	2,255
51960 Dispatcher Differential	649	1,494	2,145	2,044	0	2,044
51965 Officer In Charge Pay	2,110	1,503	1,490	0	234	0
51970 Part-time Custodian	21,270	22,501	23,595	24,379	11,325	24,085
SUBTOTAL	2,076,530	2,187,603	2,196,701	2,357,285	1,080,841	2,424,868

Section 3-6

Police Department



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
POLICE DEPARTMENT						
Expenses						
52110 Utilities	31,108	32,268	32,074	32,613	14,930	32,613
52690 Radio Equipment Maintenance	9,909	5,924	1,801	5,000	195	5,000
52800 Contractual Services	26,288	25,045	41,924	27,696	21,280	28,530
53110 Printing	577	639	679	500	149	600
53190 Training	13,583	13,351	23,062	10,000	13,937	20,250
53410 Telephone	14,919	14,229	13,559	14,500	4,674	14,500
53420 Postage	1,284	792	632	500	0	600
53430 Radio Line Rentals	6,552	5,828	5,901	6,552	3,169	6,552
53720 Computer Services	20,310	16,461	20,460	30,000	16,465	30,271
54290 Office Supplies	3,940	6,254	4,345	3,000	1,319	3,500
54490 Repairs & Maintenance	5,763	13,482	12,898	10,000	6,757	14,500
54590 Custodial Supplies	5,414	6,969	4,226	5,500	2,210	5,500
54850 Vehicle Maintenance	24,450	30,873	15,895	22,000	5,512	20,000
55970 Special Investigations	400	0	500	500	0	500
55980 Field Supplies	10,433	5,053	8,901	7,100	1,976	7,100
57810 Unclassified	3,903	3,101	2,208	2,000	1,481	2,000
58690 New Equipment	20,523	43,898	23,869	27,500	11,662	21,840
SUBTOTAL	199,357	224,168	212,935	204,961	105,715	213,856
TOTAL: POLICE	2,275,887	2,411,772	2,409,636	2,562,246	1,186,555	2,638,724



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, Fire District 14 Fire Investigation Unit, Office of the State Fire Marshal’s Fire and Explosion Investigation Unit as well as the Federal Bureau of Alcohol, Tobacco and Firearms.

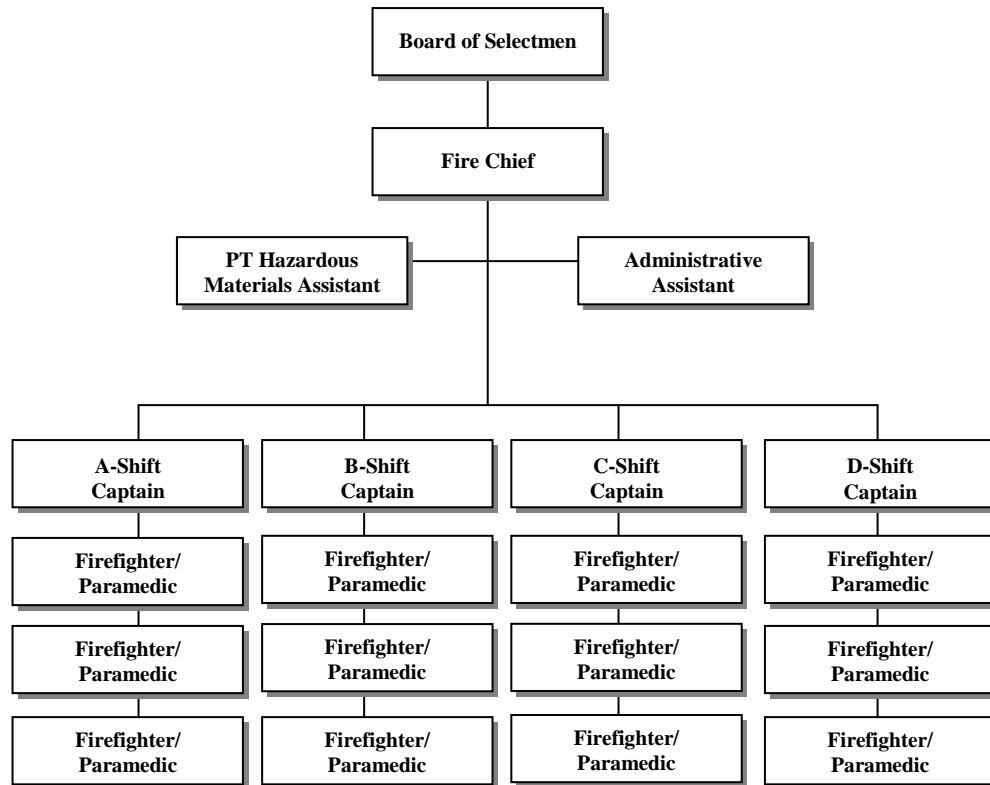
In keeping with the protection of life as its highest priority, the department is licensed by the state to operate its emergency medical ambulance service at the advance life support paramedic level. Through the department’s Paramedics, Advanced Emergency Medical Technicians (AEMT), and Basic Emergency Medical Technicians (EMT-B), the highest standard of pre-hospital emergency care is provided to those in need.

The department is also 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 (CEMP) and Hazardous Materials Plan approved by the Massachusetts Emergency Management Agency (MEMA). The department also plays the lead role for the framework of the Local Emergency Planning Committee (LEPC).



Organizational Chart



Through a combination of career and on-call personnel, the department provides fire suppression/prevention, EMS and rescue services. Career Firefighters cover the fire station on a 24/7 basis with four shifts consisting of a Captain and four Firefighter/Paramedics.



Fire Services FY2017 Initiatives and Accomplishments

1. Conducted a review of the Department Fleet. Based on the condition of apparatus and its operational use, a maintenance program and a replacement plan schedule were developed.
2. Hired an additional Firefighter/Paramedic during FY2017 consistent with the staffing recommendations detailed in the Center for Public Safety Management's report. This hire results in three out of four shifts staffed at the recommended level of 5 personnel.
3. Implemented a Records Management System.
4. Updated and expanded a comprehensive department manual containing all General Orders, Standard Operating Guidelines, Rules and Regulations, Codes of Conduct and Ethics, and the Department Mission statement.
5. A building committee has been established by the Board of Selectmen to allow us to move forward with a feasibility study to determine the needs for an addition/renovation or replacement of the current fire station as outlined in the Center for Public Safety Management study.
6. A new department training officer and a training committee has been appointed. They have begun reviewing all department training programs and are creating a comprehensive, ongoing training program. We have also developed a professional development program for all department officers and anticipate the program beginning in early 2017.
7. We have entered into automatic aid response agreements with Westborough and Shrewsbury in an effort to increase the level of response which has resulted in increased safety for all residents and emergency personnel.
8. A complete review of all department operations was conducted and many changes have been implemented to improve response levels, increase firefighter safety, and to provide a better service to all of our customers.

**Fire Services FY2018 Goals and Initiatives**

1. Complete full implementation of the Fire House Records Management System.
2. Working with the building committee to complete designs for a new and or renovated station.
3. Complete hiring recommendations for shift personnel as recommended by the Center for Public Safety Management study.
4. Complete a review of current dispatch procedures, software, and equipment to ensure that all emergency calls are handled quickly and efficiently.

Significant Budget Changes or Initiatives

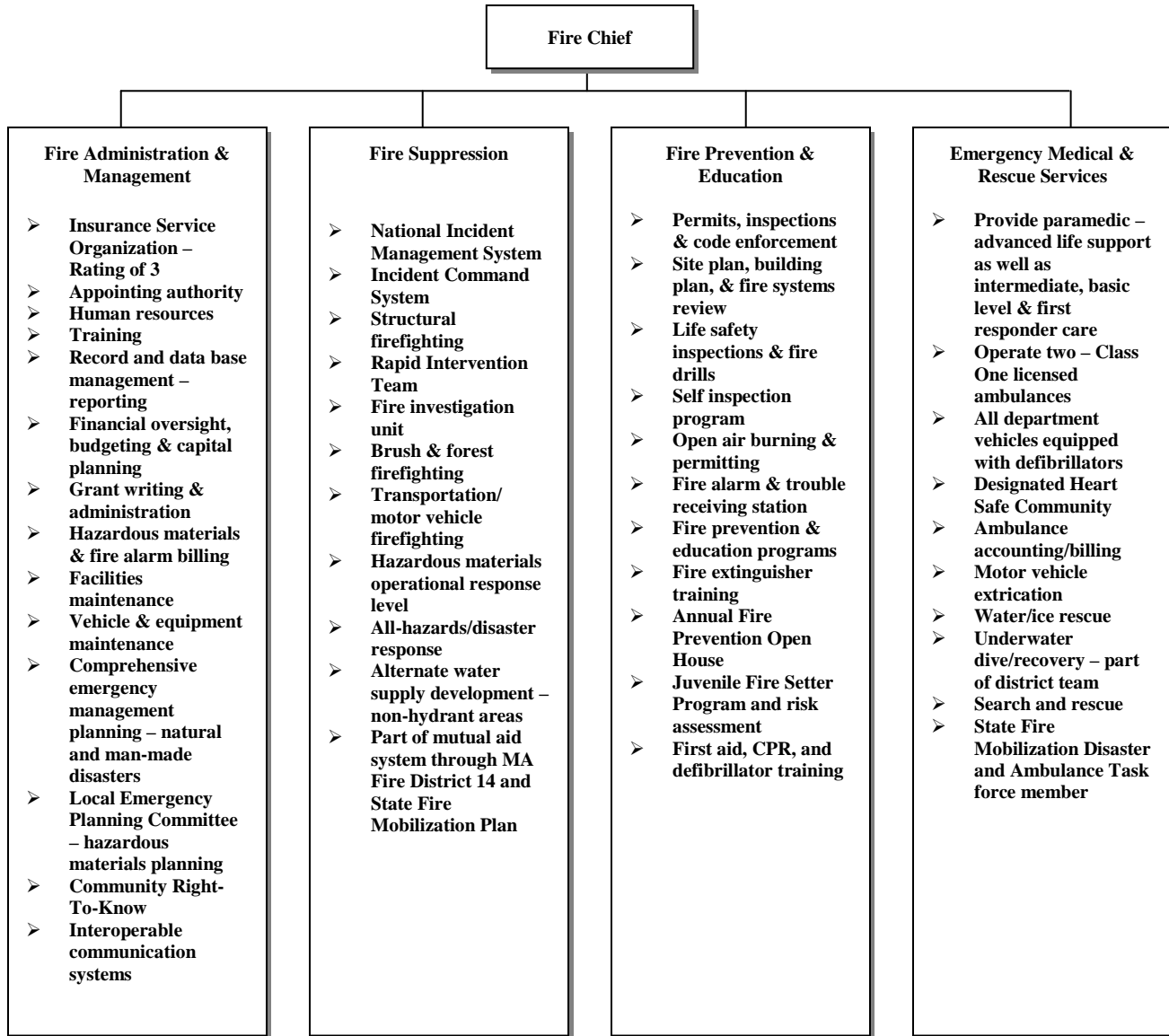
As presented, the FY2018 Fire Department Budget reflects an increase of \$91,219 or 5% in the General Fund appropriation. The increase reflects general wage increases of 2% for Union and Non-Union personnel and the addition of one new Firefighter/Paramedic position halfway through the fiscal year. Approximately \$55,000 of the proposed increase is related to the increase in staffing.

During FY2016 the Board of Selectmen's Ad Hoc Staffing Committee with its Consultant completed a comprehensive operational review and staffing analysis of the department. One key recommendation of the study was to move from a four to a five person shift configuration, which at the time, necessitated the hiring of three additional Firefighter/Paramedics. Two out of the three recommend hires were completed in FY2016 and FY2017, with the final position proposed to be filled in the second half of FY2018. Once complete, the new staffing configuration will result in improved Firefighter safety and emergency response. The final staffing recommendation from the study is to hire a Deputy Fire Chief at some point in the future, resources permitting. In preparation for that time, a new position classification and job description is being created.

In addition to the General Fund appropriation of \$1,917,252 (which includes a transfer in of \$308,742 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$407,734 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The total FY2018 budget that supports the Fire/EMS services is \$2,324,986 (\$1,917,252 plus the Fire Department Revolving Fund direct charges of \$407,734). The direct Revolving Fund charges include ambulance billing services, overtime wages, call firefighter supplies and equipment, licensing fees, related maintenance and operational expenses of the ambulances and related equipment. The account also pays for the debt service associated with the purchase of ambulances.



Fire Programs and Services



**FIRE DEPARTMENT****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Fire Chief	1	1	1	1	1
Fire Captain	4	4	4	4	4
Firefighter / EMT Basic	2	2	2	2	2
Firefighter / EMT Advanced	1	1	1	0	0
Firefighter / Paramedic	10	10	11	13	14
Administrative Assistant	1	1	1	1	1
Office Assistant (ambulance billing)	0.18	0.18	0.18	0.18	0
Hazardous Materials Assistant	0.48	0.48	0.48	0.48	0.48
Call Firefighters	0.77	0.79	0.87	0.75	0.87
Total Full-time Equivalent	20.43	20.45	21.53	22.41	23.35

- During FY2018 another full-time Firefighter/Paramedic position is being added mid-year, effective January 1, 2018. This last additional position meets the goal of the 2015 staffing study to increase coverage to five personnel per shift (one Captain and four firefighters). The recommended shift configuration allows sufficient personnel to simultaneously staff one fire call and one ambulance call, or two ambulance calls at once without relying on mutual aid. The five person shift configuration also provides enhanced firefighter safety and overall emergency coverage. The FY2018 Fire Department authorized staffing is composed of 21 full-time career members consisting of a Fire Chief, four Captain/EMTs, and sixteen Firefighters, of which fourteen are Paramedics.
- In addition to the full-time professional Firefighters, there are currently 4 active Call Firefighters that work as-needed. During FY2018 Call Firefighter wages average \$19.21/hr. The Call wages budget is \$34,582. This results in approximately 0.87 FTEs ($\$34,582 / \$19.21 = 1,800 \text{ hrs per year} / 52 \text{ weeks} = \underline{34.62 \text{ hrs per week}} / 40 \text{ hrs per week} = .87 \text{ FTE}$).
- The department employs a 19 hour per week (.48 FTE) Hazardous Materials Assistant.
- The Part-time Office Assistant (0.18 FTE) position responsible for ambulance billing was eliminated in FY2018 and those duties absorbed by existing personnel.



Fire Department

Section 3-13

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
FIRE DEPARTMENT						
Personnel Services						
51100 Fire Chief's Salary	113,279	131,482	99,252	107,141	51,211	110,366
51110 Administrative Salary	48,296	66,391	51,820	54,047	25,170	56,202
51115 Part-time Admin Salary	0	1,721	0	7,674	0	0
51120 Firefighters Salaries	907,430	967,507	985,892	1,099,319	521,124	1,178,989
51130 Part-time Salaries	0	0	0	0	0	0
51132 Hazardous Materials Assistant	4,135	15,421	14,717	26,670	8,550	25,194
51230 Call Firefighter wages	8,099	6,047	12,075	34,582	6,731	34,582
51300 Overtime	86,733	178,917	197,389	133,144	133,144	139,135
51410 Longevity Pay	11,300	11,550	10,500	10,300	10,300	11,100
51420 Fire Holiday Pay	16,919	44,368	39,490	45,428	20,129	49,881
51460 Educational Incentive	5,975	103,400	97,850	114,650	86,608	115,075
51930 In-service Training	23,303	39,405	28,785	38,764	8,510	38,764
51940 Participation Incentive	921	0	0	2,000	0	0
SUBTOTAL	1,226,390	1,566,208	1,537,769	1,673,719	871,477	1,759,288

Section 3-14

Fire Department



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
FIRE DEPARTMENT						
Expenses						
52110 Utilities	22,014	24,549	21,499	29,500	9,945	29,500
52410 Equipment Maintenance	19,961	17,520	22,389	19,756	3,527	19,756
52800 Contractual Services	214	0	0	0	0	800
53110 Printing	235	416	396	500	173	500
53190 Training Expenses	533	684	764	1,000	120	1,000
53210 Fire Prevention Education	1,684	866	700	1,850	779	1,850
53410 Telephone	1,870	2,047	2,282	1,645	1,595	1,760
53420 Postage	285	372	511	1,200	275	1,200
53720 Computer Services	8,995	8,833	11,666	12,678	4,390	17,545
54290 Office Supplies	831	1,119	1,676	1,755	502	1,755
54490 Building Maintenance	10,114	8,824	11,454	9,000	4,799	9,000
54590 Custodial Supplies	1,947	2,321	2,481	2,000	494	2,000
55130 Uniforms	19,879	20,645	18,755	20,400	12,472	20,400
55990 Materials & Supplies	11,275	11,579	11,989	11,961	3,254	11,961
57110 Travel / Mileage	232	69	74	490	0	490
57310 Dues	2,369	3,389	3,650	4,855	2,900	4,855
57320 Subscriptions	1,205	1,256	216	1,495	21	1,363
57340 Meetings	341	215	192	604	30	604
57360 NFPA 1500 Compliance	1,725	2,272	881	1,625	478	1,625
58530 Capital Outlay	27,902	23,353	22,736	30,000	1,794	30,000
SUBTOTAL	133,612	130,328	134,311	152,314	47,546	157,964
*TOTAL: FIRE	1,360,002	1,696,537	1,672,080	1,826,033	919,024	1,917,252

* In addition to the General Fund appropriation of \$1,917,252 (which includes a transfer in of \$308,742 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$407,734 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The total FY2018 budget that supports the Fire/EMS services is \$2,324,985 (\$1,917,251 plus the Fire Department Revolving Fund direct charges of \$407,734).



Fire Department

Section 3-15

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
EMERGENCY PREPAREDNESS						
Personnel Services						
51130 Stipend for EP Director	5,659	5,888	0	5,000	0	5,000
51130 Stipend for Shelter Coordinator	1,000	1,000	583	1,000	0	1,000
SUBTOTAL	6,659	6,888	583	6,000	0	6,000
Expenses						
52690 Equipment Maintenance	0	0	0	0	0	0
53410 Telephone	0	0	0	0	0	0
55980 Field Supplies	0	1,041	0	1,000	0	1,000
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	0	1,041	0	1,000	0	1,000
TOTAL: EMERGENCY PREPAREDNESS	6,659	7,928	583	7,000	0	7,000

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 on October 14, 2014 and is valid for a five-year period.

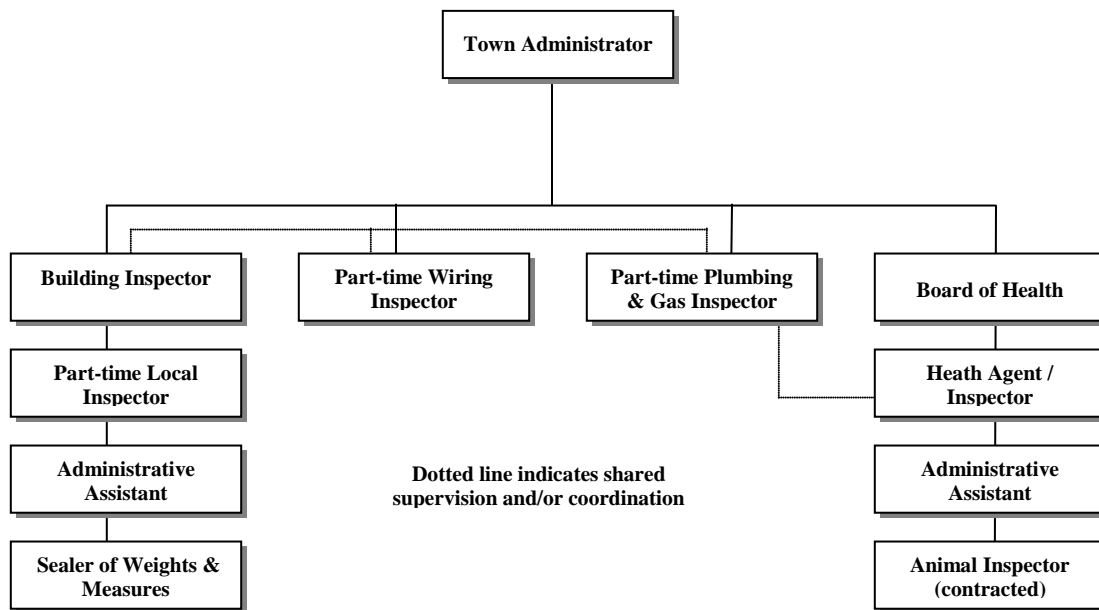
During FY2013 an Emergency Shelter Coordinator position was created and a stipend was added to the budget, which is continued in FY2018. The \$1,000 stipend budget line is split equally between the Coordinator and the Assistant Coordinator.



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.



FY2017 Initiatives and Accomplishments

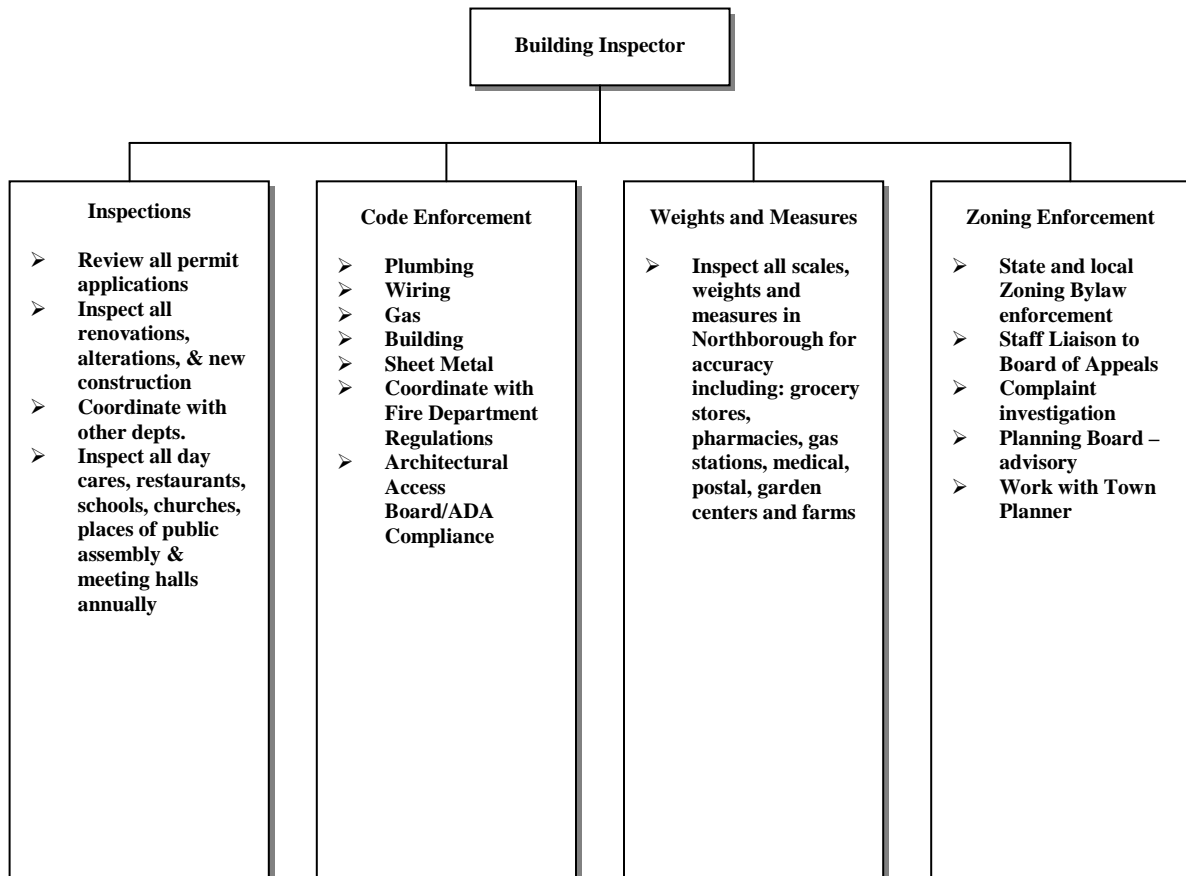
1. The Lincoln Street Elementary School Building Project was completed on time.
2. The second phase of the Northborough Crossing Mall is underway. Several new restaurants including Tia Juans Margaritas Mexican Restaurant, Applebee's Neighborhood Grill & Bar, Anthony's Coal Fired Pizza and Mooyah's, opened for business in the Fall of 2016. The building department continues to work with the developers of this ongoing project.
3. The new permit/inspection software, called View Permit, has been implemented. Permit applications can now be submitted online. The applicant will benefit from the ease of use with this new process, while allowing the Town to be more efficient in the review/inspection/approval process.

FY2018 Goals and Objectives

1. Continue to provide citizens, business owners, and design professionals with exceptional customer service; by improving the permit review time and communication within municipal departments responsible for the review and approval of permits.
2. Implement a campaign for educating the public on current code changes that regulate and impact the construction, alteration, or renovation of new and existing residential and commercial properties within the Commonwealth; as well as providing the public with a better understanding of the role the Building Department has with regard to public safety within the community.
3. Research and update existing building, electrical, gas and plumbing permit fees to ensure they reflect current costs associated with plan review and inspections.
4. Improve response to public concerns with regards to possible zoning and code violations within the community.
5. Provide guidance to the public as to the Zoning Board of Appeals process.
6. Implement view inspect as part of the new permitting and inspection software purchased by the town. View inspect is a software program that allows inspectors to conduct real time inspections and log the results to the software program while in the field. The inspections can be logged and documented with more accuracy and any notes or conditions from the inspections, as well as photos may be up loaded to each permit.

Significant Budget Changes or Initiatives

There are no significant budget changes for the FY2018 Building Department. However the Department recently implemented new permitting software that allows greater ease of use and coordination as well as enhanced online features for the public. Overall, the departmental budgets for Building, Gas, Wiring and Sealer represent a modest increase of just \$227.

**Building Department Programs and Services**

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

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
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	Contract	Contract	Contract	Contract	Contract
Total Full-time Equivalent	2.80	2.80	2.80	2.80	2.80

***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. DOS 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.

Section 3-20

Building Department



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
BUILDING INSPECTOR						
Personnel Services						
51100 Building Inspector Salary	76,776	71,356	75,948	83,350	38,300	85,089
51120 Part-time Local Inspector wages	22,661	10,696	7,716	22,339	2,244	21,450
51140 Administrative Assistant	55,182	57,605	57,197	56,817	27,386	56,254
51410 Longevity Pay	350	350	425	425	500	250
SUBTOTAL	154,969	140,006	141,286	162,931	68,431	163,043
Expenses						
53190 Training	367	35	705	1,850	125	1,850
54290 Office Supplies	846	658	1,630	660	1,157	660
54850 Vehicle Maintenance	0	0	0	0	0	0
55980 Field Supplies	10	0	263	100	0	100
57110 Travel / Mileage	2,460	2,737	3,920	4,500	2,172	4,400
57310 Dues	215	355	185	355	390	455
57340 Meetings	235	65	275	920	0	920
58690 New Equipment	0	0	0	400	0	0
SUBTOTAL	4,133	3,850	6,978	8,785	3,845	8,385
TOTAL: BUILDING INSPECTOR	159,102	143,856	148,264	171,716	72,275	171,428



Building Department

Section 3-21

	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
GAS INSPECTOR						
Personnel Services						
51130 Gas Inspector Salary	9,881	10,079	10,280	10,487	5,243	10,696
SUBTOTAL	9,881	10,079	10,280	10,487	5,243	10,696
Expenses						
53190 Training	0	30	40	125	0	125
54290 Office Supplies	60	107	60	225	0	225
57110 Travel / Mileage	547	873	998	880	660	880
57310 Dues	45	45	45	90	15	90
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	652	1,055	1,143	1,320	675	1,320
TOTAL: GAS INSPECTOR	10,533	11,134	11,423	11,807	5,918	12,016

Section 3-22

Building Department



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WIRING INSPECTOR						
Personnel Services						
51130 PT Wiring Inspector Wages	14,822	16,602	17,529	17,520	7,562	17,826
51140 PT Permanent wages	123	216	616	1,000	431	1,000
SUBTOTAL	14,945	16,818	18,146	18,520	7,994	18,826
Expenses						
52800 Contracted services	0	0	0	0	0	0
53190 Training	387	0	119	250	0	250
54290 Office Supplies	195	180	165	430	60	430
57110 Travel / Mileage	1,810	1,923	1,922	2,000	745	2,000
SUBTOTAL	2,393	2,103	2,206	2,680	805	2,680
TOTAL: WIRING INSPECTOR	17,338	18,921	20,352	21,200	8,799	21,506



Building Department

Section 3-23

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEALER OF WEIGHTS & MEASURES						
Personnel Services						
51130 Sealer Salary	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
52800 Contractual Services	3,500	3,500	5,000	8,000	0	8,000
53190 Training	0	0	0	0	0	0
54290 Office Supplies	0	0	0	0	0	0
57110 Travel / Mileage	0	0	0	0	0	0
57310 Dues	0	0	0	0	0	0
SUBTOTAL	3,500	3,500	5,000	8,000	0	8,000
TOTAL: SEALER WEIGHTS/MEASURES	3,500	3,500	5,000	8,000	0	8,000



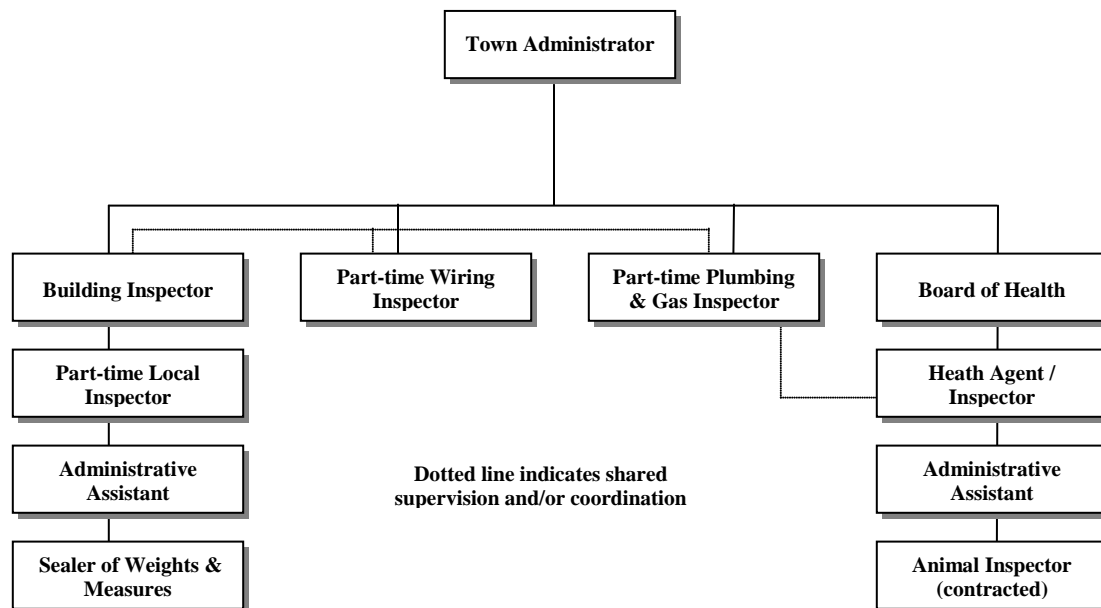
Health Department Mission Statement

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 serves a term of three years. The Board of Health works under the general policy direction of the Board of Selectmen and has 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 FY2017 Initiatives and Accomplishments

1. Reviewed construction layout plans, observed construction and set up for several new food establishments in Town including Tia Juan's Margaritas Restaurant, Applebee's Neighborhood Grill & Bar, Mooyah's, Dunkin Donuts, etc. This entailed conducting the final steps necessary toward approval including pre-operational inspections, collaboration with various departments and final permitting steps.
2. Conducted outreach and educational efforts to promote awareness of seasonal flu and how to reduce transmission. Held two flu clinics at the Senior Center to vaccinate the public as well as conducted blood pressure clinics for the community. Continued grant collaboration with Mass in Motion and the Prevention and Wellness Trust to promote healthy living.
3. Worked to take the final steps with implementing an E-permitting and permit tracking software in Town called View Permit. We are currently in a soft launch phase, working with the contractors to get them accustomed to the new online program.
4. Continue to assist the Northborough community with code compliance initiatives and inspections for food, septic, well, housing, pools, camps, tobacco and emergency preparedness. We paid special attention to the Ebola and Zika virus, Opioid Crisis as well as drought conditions through collaboration with the state and then provided educational outreach to the community. We also offered free smoking cessation counseling, home safety visits, Tai-Chi and A Matter of Balance, to increase balance, strength and flexibility.
5. Continue to build great relations with the schools and the community through collaborating with the Health and Wellness Advisory Committee, Northborough Cares, Come 2 B Dementia Friendly, the Northborough Food Pantry, Helping Hands, Families in Transition and the Department of Family & Youth Services.
6. Several Town departments came together and created a Task Force for the purpose of providing the opportunity for collaboration, community awareness, information and resource sharing among our departments. All shelter trailers have been inventoried and Medical Reserve Core Volunteers are continuously needed and recruited to help support emergency preparedness efforts.
7. The Board of Health revised their septic regulations to allow for lots having a minimum lot area of 20,000 s.f. or less, to maintain a minimum setback requirement of 10 feet from a property line to the primary soil absorption systems. All septic system repairs shall provide for a minimum 10 foot setback from the septic system to property lines.

**Health Department FY 2018 Goals and Initiatives**

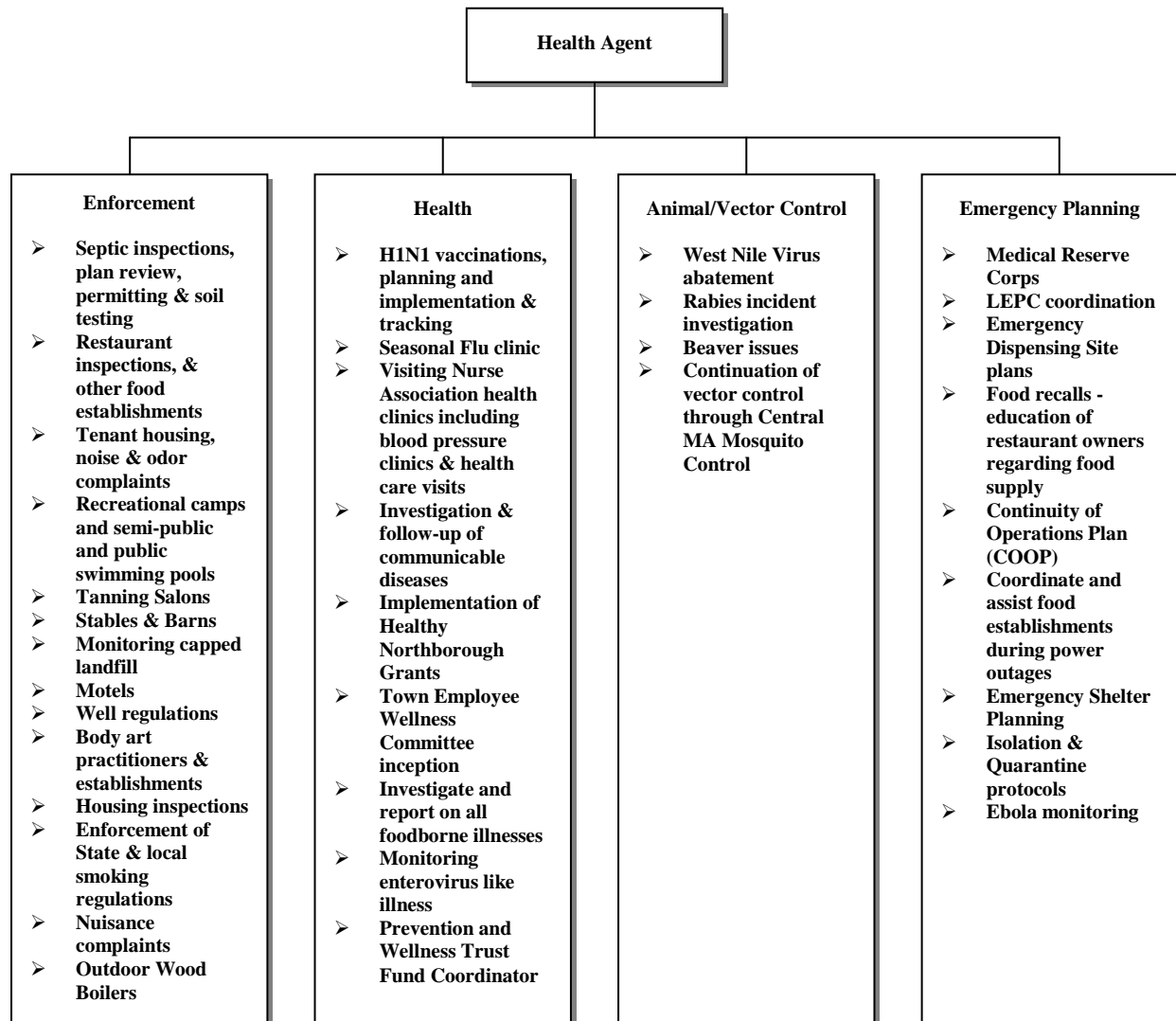
1. Under federal and state guidelines, we are currently working to create an operational animal shelter plan. The goal is to gather needed equipment and to validate the plans in an exercise. This will help to validate plans, develop staff competencies and practice. Participants should have an awareness of their roles and be reasonably comfortable with them.
2. Much work has been done to help combat the opioid epidemic including the formation of an Opioid Coalition in conjunction with Southborough. We have joined forces with clergy, the school and public safety to name a few. Continued work will be done to localize our current plans and to provide more outreach and resources for the communities of Northborough and Southborough and to run prevention programs in the school systems.
3. The Health Department was able to assist and support the Northborough Housing Authority in its efforts to go smoke free in their buildings with an effective date of April 1, 2016. We will continue to implement smoke free initiatives during the last year of our Prevention and Wellness Trust grant. We also aim to continue offering free tobacco cessation counseling to all Northborough residents.

Significant Budget Changes or Initiatives

The Health Department budget as presented is an increase of just \$623, which is basically level funded. As with all General Fund budgets, the Health Department includes a 2% general wage increase for personnel. However, the general wage increase is being offset by lower costs associated with the hiring of a new administrative assistant. As in past years, the budget also includes \$10,000 in the temporary wages line in order to provide office coverage during scheduled leaves as well as general back-up for the department's only health agent.



Health Department Programs and Services



**HEALTH DEPARTMENT****Personnel Summary**

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
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
Total Full-time Equivalent	2.20	2.20	2.20	2.20	2.20

***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 service covered as part of the Animal Control contract.



Health Department

Section 3-29

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
HEALTH DEPARTMENT						
Personnel Services						
51100 Health Agent	71,010	77,937	75,686	85,674	41,296	87,387
51120 Part-time Animal Inspector	0	0	0	0	0	0
51130 Part-time Plumbing Inspector	13,421	13,820	13,707	15,481	7,578	15,761
51140 Administrative Assistant wages	55,182	57,605	57,116	57,654	27,386	56,254
51220 Temporary wages	0	0	224	10,000	6,648	10,000
51410 Longevity Pay	550	550	425	425	500	250
SUBTOTAL	140,162	149,911	147,158	169,234	83,408	169,652
Expenses						
52800 Contractual Animal Inspector	0	0	4,153	1,000	0	1,000
53090 Advertising	0	171	0	250	143	250
53170 Testing	3,477	2,683	0	9,600	0	9,600
53990 Nursing Services	3,915	3,210	3,660	6,500	3,250	6,500
54290 Office Supplies	1,324	1,146	877	1,260	371	1,260
57110 Travel / Mileage	2,574	2,378	2,311	4,416	490	4,200
57310 Dues / Licensure Fees	482	316	340	570	150	791
57340 Meetings	911	1,485	655	900	310	1,100
57810 Unclassified	0	65	0	300	55	300
58690 New Equipment	197	0	0	200	0	200
SUBTOTAL	12,879	11,454	11,996	24,996	4,769	25,201
TOTAL: HEALTH DEPARTMENT	153,042	161,365	159,154	194,230	88,178	194,853



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 a transfer from the revolving fund that largely off-sets the costs of the Animal Control services contract. In FY2018, this transfer is budgeted at \$27,000. Other departmental expenses continue to be funded by the revolving fund.



Animal Control					
Personnel Summary					
Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
Dog Officer	Contracted	Contracted	Contracted	Contracted	Contracted
Assistant Dog Officer	Contracted	Contracted	Contracted	Contracted	Contracted
Total Full-time Equivalent	0	0	0	0	0

***Personnel 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 continues during FY2018.

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



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ANIMAL CONTROL						
Personnel Services						
51130 Dog Officer Salary	0	0	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
51920 Uniforms	0	0	0	0	0	0
52800 Contractual ACO Services	37,834	38,810	38,743	39,915	19,505	40,305
SUBTOTAL	37,834	38,810	38,743	39,915	19,505	40,305
TOTAL: ANIMAL CONTROL	37,834	38,810	38,743	39,915	19,505	40,305

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. 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 FY2018 the revolving fund revenues proposed to be transferred in are \$27,000 and the estimated cost for contractual Animal Control services is \$40,305, resulting in a net tax-supported service expense of \$13,305.

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, Engineering, 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 Kizer 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.

Engineering Division

The Engineering Division 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 Division 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).

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

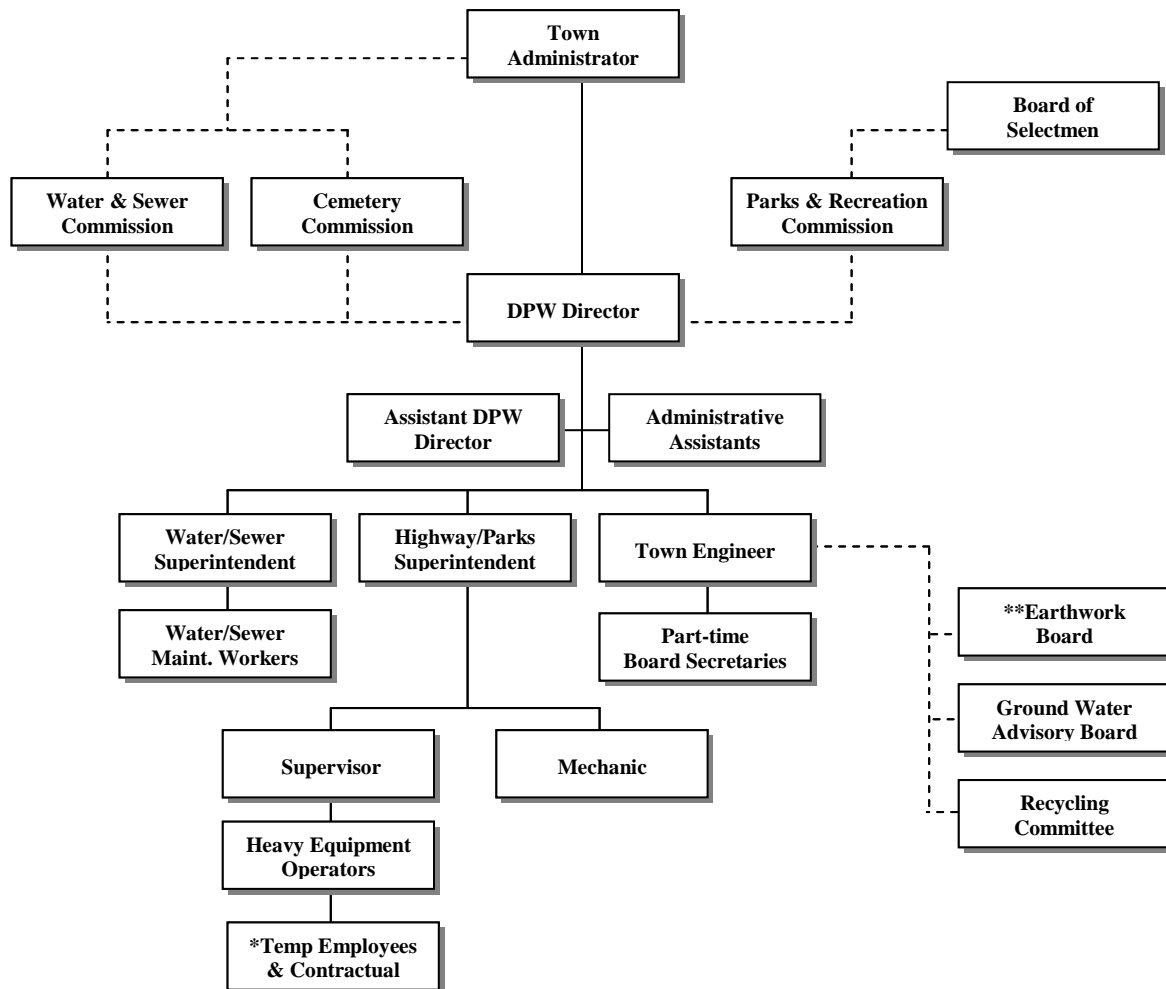
The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and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

Groundwater Advisory Committee

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. The Committee exists to protect, preserve and maintain the existing and potential groundwater supply and groundwater recharge areas within the known aquifers of the town.



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.

**The Earthwork Board is budgeted under Planning & Conservation

**DPW FY2017 Initiatives and Accomplishments****Highway/Parks & Cemetery Divisions:**

1. Funded various projects and equipment acquisitions as part of the approved FY2017 Capital Budget, including: the purchase of a 6-wheel Mack dump truck with plow and spreader and a sidewalk machine with numerous attachments. The Department continues to identify and plan for future projects and equipment needs through the Town's Capital Improvement Plan.
2. Completed design and bidding of the Church Street Culvert Project. Bids were opened in January 2016; construction got underway shortly thereafter and is scheduled for completion in the Spring of 2017.
3. Performed a town-wide roadway and guardrail condition evaluation as part of our Pavement Management Program; result shows a slightly improved pavement condition index of 73 due to the continued funding support for this program.
4. Implemented approximately 19 miles of roadway maintenance and improvements including overlay, full depth patch, crack fill, and chip seal.
5. Replaced over 1,400 linear feet failing guardrail with new steel guardrail and installed 275 linear feet of new timber guardrail.
6. Conducted snow plowing and treatment of over 90 miles of roads for all winter weather events in what turned out to be a lighter than normal 2015/2016 winter season.
7. Completed a historic property line survey of the Brigham Street Cemetery.
8. With help from the Assabet Valley Technical High School, we rehabilitated the Ellsworth-McAfee Park pavilion and gazebo, replaced the roofs on the cemetery tomb and the Town Hall pump station.
9. Observation platform construction was completed at the Memorial Field concession stand.
10. Pruned or completely removed over 56 unhealthy, dead, or dying street trees located within the Town's right of way.

Engineering Division:

1. The Engineering Department worked with the Recycling Committee on the annual swap meet "Take It or Leave It Day." The event included the collection of scrap metal, hard plastics and cardboard in order to assist residents with some of the items which are not collected at the curb throughout the year. The Northborough Junior Women's Club also organized Styrofoam recycling as part of this event.
2. The annual Household Hazardous Waste Day continues to be successful each fall. This past year the event was again held at the DPW Garage at 190 Main Street and included the collection of scrap metal.
3. During 2015 the Massachusetts Department of Environmental Protection (DEP) restored some Grant programs which had been eliminated a number of years ago due to the



constraints on the state budget. In 2016, the Town received a \$4,200 grant under the Sustainable Materials Recovery Program which will be used to offset the cost of purchasing recycling bins as well as to offset the cost of producing and mailing the annual recycling calendar to each household in June.

4. The Town Engineer represented Northborough as its liaison to the Central Massachusetts Regional Stormwater Coalition (CMRSWC) as they work towards finding feasible ways to protect stormwater quality and to remain in compliance with the Federal Environmental Protection Agency. The CMRSWC is also working to form a statewide coalition to share stormwater resources as future grants are not anticipated.

Water and Sewer Divisions:

1. Achieved substantial completion of the installation of new electronic water meters as part of the Town-wide water meter upgrade program which was funded as part of the approved FY2015 Capital Budget. The remaining 5% of meter changes will be performed by Town personnel during the coming months.
2. Completed \$1.5 million in upgrades and improvements to the Hudson Street Sewer Pump Station.
3. Funded equipment acquisitions as part of the approved FY2017 Capital Budget including the purchase of a one-ton dump body with plow and a water valve maintenance trailer.
4. Began the first year of a 15-year Sanitary Sewer Inflow and Infiltration Elimination Program as mandated by new State and Federal clean water regulations.
5. Adopted an updated *Regulations for Users of the Northborough Water Supply and Distribution System* (last revised in 1996).
6. Continued working on an update to the *Regulations Governing the Discharge of Waters and Waste into the Public Sewer System* (last revised in 1993).

Department of Public Works FY2018 Goals and Initiatives

1. Continue the all-inclusive approach to infrastructure management and improvement by combining the recommendations from the pavement management program, water master plan and the comprehensive wastewater management plan to efficiently manage operations and prioritize future capital improvement projects.
2. Selectively implement the pavement management plan according to recommendations by the consultants and Public Works staff.
3. Replace roadside guardrail identified in our recently completed inventory assessment.
4. Continue compliance with unfunded drinking water mandates including:
 - a. Revised Total Coliform Rule;
 - b. Reduction of Lead in Drinking Water Act;



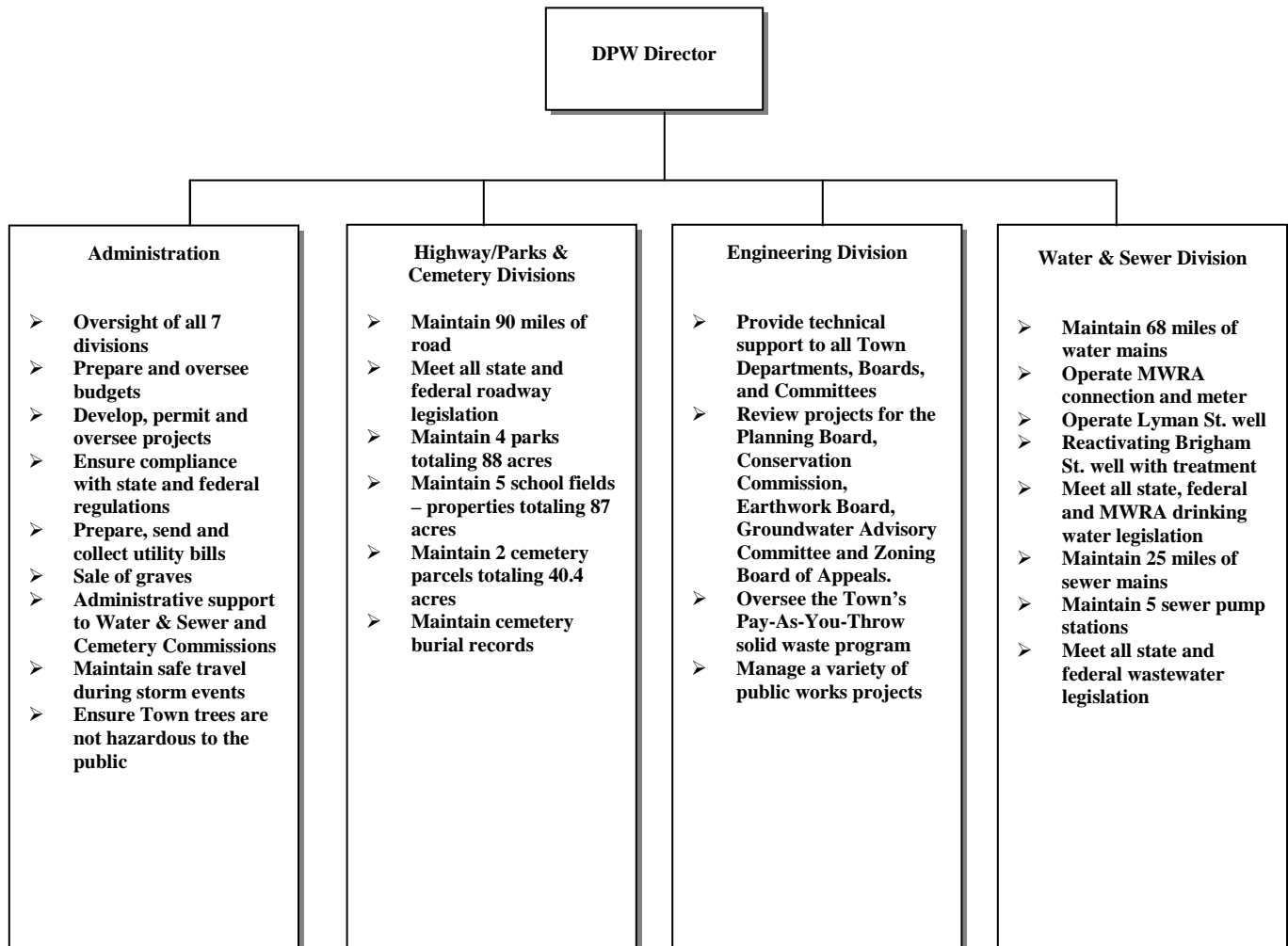
- c. Revisions to the Water Management Act (WMA) including the Sustainable Water Management Initiative (SWMI).
5. Oversee the Town's Stormwater Management Plan and administer a new plan with the Environmental Protection Agency (EPA) based on the recent release of the final Small Municipal Separate Storm Sewer System (MS4) permit.
6. Implement the first year of physical improvements of the sanitary sewer inflow and infiltration elimination program.
7. Prepare design and construction cost estimate documents for improvements to the Fisher Street culvert.
8. Begin a system wide program of sanitary sewer pump station improvements.
9. Complete construction improvements to the Church Street culvert.
10. Assist with the ongoing infrastructure GIS system.
11. Develop design documents for Town Common.

Significant Budget Changes or Initiatives

Overall, the Department of Public Works General Fund budget is up \$82,626 or 3.29%. The majority of the increase is due to a \$40,800 increase in funding for snow and ice to better reflect actual historic spending. The FY2018 budget also includes a 2% general wage increase for all contractual and non-union personnel. The major department initiatives supported by the General Fund address safety and environmental compliance and improvements. These include mandated safety inspections of the new fuel island and fire alarm systems, development and implementation of the required DPW facility Spill Prevention, Control, and Countermeasures Plan, and compliant removal and disposal of street sweeping and catch basin debris.



DPW Programs and Subprograms





DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
<u>Administration</u>					
DPW Director	1	1	1	1	1
Assistant DPW Director	0	0	1	1	1
Administrative Assistants	2	2.48	2.48	2.48	2.48
<u>Engineering Division</u>					
Town Engineer	0	1	1	1	1
<u>Highway/Parks Division</u>					
Highway/Parks Superintendent	0	1	1	1	1
Highway/Parks Supervisors	2	1	1	1	1
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6.25	6.25	6.25	6.25
Light Equipment Operator	0	0	1	1	1
<u>Cemetery Division</u>					
Cemetery Superintendent	0	0	0	0	0
Heavy Equipment Operator	.75	.75	.75	.75	.75
<u>Water & Sewer Division</u>					
Water/Sewer Supervisor	1	1	1	1	1
Water/Sewer Maintenance Workers	3	3	3	3	3
Total Full-time Equivalents	17	18.48	20.48	20.48	20.48

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

- The FY2016 budget restored the Assistant Director position and a Light Equipment Operator position which were cut from the budget during the recent recession.
- The Highway/Parks & Cemetery Divisions use seasonal staff to augment park maintenance in the summer and contract snow plow operators to supplement staff during winter operations.
- The DPW Director's salary, Assistant Director's salary and wages for the two full-time Administrative Assistants are budgeted 50% in the General Fund (under Highway Administration), 30% in the Water Enterprise Fund and 20% in the Sewer Enterprise Fund budget (See Section 8 of this budget document for Enterprise Fund detail). Wages for the Water/Sewer Maintenance Workers and the 19 hr/week per week Administrative Assistant added in FY2015 are budgeted 60% in the Water Enterprise Fund budget and 40% in the Sewer Enterprise Fund budget.
- The Town Engineer was moved into DPW as part of a 2013 Town Meeting approved reorganization. The Town Engineer position was previously part of the Planning Department.



Department of Public Works

Section 4-9

DPW Personnel Table of FTEs by Division Budgets

DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE
<u>Administration</u>					
Budgeted in Divisions below					
<u>Engineering Division</u>					
Town Engineer	0	1	1	1	1
<u>Highway/Parks Division</u>					
DPW Director	.5	.5	.5	.5	.5
Assistant DPW Director	0	0	.5	.5	.5
Administrative Assistants	1	1	1	1	1
Highway/Parks Superintendent	0	1	1	1	1
Highway/Parks Supervisors	2	1	1	1	1
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6.25	6.25	6.25	6.25
Light Equipment Operator	0	0	1	1	1
<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
Assistant DPW Director	0	0	.3	.3	.3
Administrative Assistants	.6	.89	.89	.89	.89
Water/Sewer Superintendent	0	0	0	0	0
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
Assistant DPW Director	0	0	.2	.2	.2
Administrative Assistants	.4	.59	.59	.59	.59
Water/Sewer Superintendent	0	0	0	0	0
Water/Sewer Supervisor	.4	.4	.4	.4	.4
Water/Sewer Maintenance Workers	1.2	1.2	1.2	1.2	1.2
Total Full-time Equivalents	17	18.48	20.48	20.48	20.48

The table above represents how personnel in the table on the previous page are budgeted, as opposed to how many full-time equivalents exist by 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. For more detail on enterprise fund budgets, please refer to Section 8 of this budget document.

Section 4-10

Department of Public Works



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
HIGHWAY ADMINISTRATION						
Personnel Services						
¹ 51100 DPW Director Salary (50%)	55,180	57,305	58,928	60,107	27,602	56,611
51100 Assistant DPW Director (50%)	0	0	22,502	47,500	15,918	47,500
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	55,180	57,305	81,430	107,607	43,520	104,111
Expenses						
52110 Utilities	28,927	32,377	29,359	35,506	7,503	33,768
54290 Office Supplies	1,969	2,393	913	2,000	320	2,000
54490 Building Maintenance	6,338	5,960	15,656	14,700	5,703	14,700
57110 Travel/Mileage	326	227	833	1,000	298	1,000
57310 Dues	1,083	1,069	1,719	2,000	230	1,830
SUBTOTAL	38,642	42,026	48,480	55,206	14,053	53,298
TOTAL: HIGHWAY ADMINISTRATION	93,823	99,330	129,909	162,813	57,573	157,409

¹ Line 51100 includes 50% of the DPW Director and Assistant Director Salaries 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

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FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
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HIGHWAY DIVISION CONSTRUCTION & MAINTENANCE

Personnel Services

51010 Labor Wages	531,401	558,785	621,532	641,574	302,652	659,771
51100 Salaries Full-time	0	0	0	0	0	0
51140 Wages Part-time Permanent	56,888	58,109	59,411	59,977	31,910	58,473
51300 Overtime	93,343	109,174	107,302	89,444	64,183	92,709
51410 Longevity Pay	4,725	4,725	5,400	5,550	5,150	5,150
51920 Uniforms	6,555	6,750	7,500	7,500	3,750	7,500
51970 Stipends	1,080	0	0	0	0	0
SUBTOTAL	693,991	737,543	801,145	804,045	407,645	823,603

Expenses

52690 Equipment Maintenance	80,304	81,625	86,391	81,815	22,750	81,815
52800 Contractual Services	24,220	345,558	21,676	33,000	6,985	37,750
55320 Materials & Supplies	6,119	11,296	12,393	16,000	4,044	13,500
55420 Safety Training, Dues & Licenses	4,916	2,218	3,810	6,910	64	6,910
58690 New Equipment	8,756	22,404	569	10,000	1,403	5,025
58710 Roadway Maintenance	54,993	47,007	170,502	400,000	88,052	400,000
58715 Storm water/Drainage	46,499	53,419	95,032	127,400	95,647	147,400
SUBTOTAL	225,806	563,527	390,374	675,125	218,945	692,400

TOTAL: HIGHWAY CONST & MAINT.

919,797	1,301,071	1,191,519	1,479,170	626,590	1,516,003
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Section 4-12

Department of Public Works



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
PARKS DIVISION						
Personnel Services						
² 51130 Labor Wages	0	0	0	0	0	0
51220 Seasonal Temporary Labor	58,859	60,987	51,796	60,000	26,608	60,000
51300 Overtime	0	216	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	58,859	61,202	51,796	60,000	26,608	60,000
Expenses						
51920 Uniforms	600	0	764	1,800	0	1,700
52110 Utilities	1,621	1,554	1,668	2,000	1,322	2,000
52610 Materials & Supplies	29,749	36,555	42,338	47,200	13,817	48,200
52800 Contractual Services	0	0	0	0	0	0
54710 Building Maintenance	2,500	20,562	294	2,500	2,684	4,000
58690 New Equipment	8,425	7,204	9,500	14,500	12,029	14,500
SUBTOTAL	42,895	65,875	54,564	68,000	29,851	70,400
TOTAL: PARKS DIVISION	101,754	127,077	106,360	128,000	56,459	130,400

² 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

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
CEMETERY DIVISION						
Personnel Services						
51010 Labor Wages	39,009	40,187	41,977	42,175	21,037	44,663
³ 51100 Superintendent's Salary	0	0	0	0	0	0
51300 Overtime	1,708	0	2,908	7,067	0	7,389
51410 Longevity Pay	350	350	350	350	350	500
51920 Uniforms	750	750	750	750	375	750
SUBTOTAL	41,817	41,287	45,985	50,342	21,762	53,302
Expenses						
52110 Utilities	387	603	743	500	715	750
52690 Equipment Maintenance	2,436	0	4,561	3,000	355	3,000
54490 Building Repair	771	12,159	0	8,600	3,512	6,600
54690 Materials & Supplies	10,363	18,675	13,490	16,300	839	17,000
58690 New Equipment / Capital	11,346	7,204	8,652	16,000	12,029	16,000
SUBTOTAL	25,302	38,642	27,445	44,400	17,451	43,350
TOTAL: CEMETERY DIVISION	67,119	79,929	73,430	94,742	39,213	96,652

³ During FY2009 the Cemetery Superintendent position became vacant and the duties were subsequently absorbed into the highway/parks and administration functions.

Section 4-14

Department of Public Works



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ENGINEERING						
Personnel Services						
51100 Town Engineer Salary ⁴	101,412	103,440	105,508	107,620	51,874	109,772
51120 Administrative Assistant wages	20,335	0	0	0	0	0
51410 Longevity Pay	500	500	500	500	500	500
SUBTOTAL	122,246	103,940	106,008	108,120	52,374	110,272
Expenses						
52800 Contractual Services	0	3,000	4,000	40,000	4,000	39,200
54290 Office Supplies	353	451	357	350	70	350
55980 Field Supplies	68	0	0	100	0	100
57110 Travel/Mileage	1,722	1,587	1,420	1,500	489	1,500
57310 Dues	211	218	224	350	380	285
57320 Subscriptions	56	150	150	150	0	150
57340 Meetings	80	155	175	500	0	300
SUBTOTAL	2,490	5,561	6,325	42,950	4,939	41,885
TOTAL: ENGINEERING	124,736	109,501	112,334	151,070	57,312	152,157

⁴ The Town Engineer was moved from the Planning Department into DPW in FY2015. The shared administrative assistant stayed with the Planning Office and was deleted from the Engineering budget in FY2015.



Department of Public Works

Section 4-15

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SNOW & ICE						
Personnel Services						
51220 Miscellaneous Labor	0	0	0	0	0	0
⁵ 51300 Overtime	134,227	159,665	62,874	82,200	18,766	82,000
SUBTOTAL	134,227	159,665	62,874	82,200	18,766	82,000
Expenses						
⁶ 52800 Contractual Services	109,885	151,894	46,666	91,000	6,288	91,000
55350 Salt	233,137	178,221	180,327	160,000	58,063	180,000
55360 Sand	0	0	0	0	0	0
57810 Materials & Supplies	37,071	70,073	31,338	13,000	1,471	34,000
SUBTOTAL	380,092	400,187	258,331	264,000	65,822	305,000
TOTAL: SNOW & ICE	514,320	559,852	321,205	346,200	84,588	387,000

⁵ Line 51300 contains Overtime funds for DPW employees that plow snow during winter operation

⁶ The DPW uses contractual snow plow services to supplement Town staff and equipment during winter operations

Section 4-16

Department of Public Works



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
TREES						
Expenses						
52690 Equipment Maintenance	4,224	3,143	1,795	3,000	823	3,000
52800 Contractual Services	20,111	19,930	22,558	30,000	14,800	35,000
54700 Supplies	513	1,736	175	3,000	0	3,000
SUBTOTAL	24,849	24,809	24,528	36,000	15,623	41,000
TOTAL: TREES	24,849	24,809	24,528	36,000	15,623	41,000

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
STREET LIGHTING						
Expenses						
52130 Utilities	100,484	104,121	110,854	114,000	37,785	114,000
SUBTOTAL	100,484	104,121	110,854	114,000	37,785	114,000
TOTAL: STREET LIGHTING	100,484	104,121	110,854	114,000	37,785	114,000

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

Community Services

Section 5



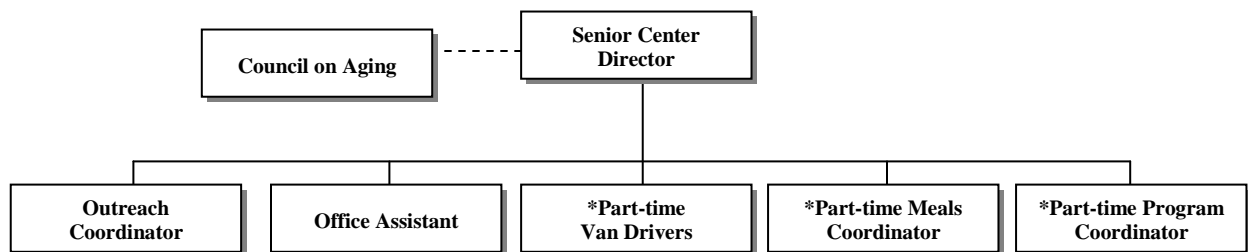
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Senior Center/Council on Aging Departmental Statement

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 and dinner program known as the Bistro @ 119. The Part-time Program Coordinator position is funded through program revenues. 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.

**Senior Center FY2017 Initiatives and Accomplishments**

1. We continued our wonderful partnership with Algonquin Regional High School Community Action Program (CAP). In cooperation with Eileen Palmer, teacher and leader of CAP, students come to the Senior Center 1-2 times per month for Technology Afternoons. During these times, students help seniors with their e-readers, iPads, cell phones, tablets or lap tops. We also have iPads, webcams and Skype at the Senior Center that are available at these times. The participating students have received rave reviews from the seniors for their knowledge and teaching abilities. A group of bi-lingual students host a group of Chinese seniors each month at the high school. Our teacher, Carol Parker, leads the group in Survival English and the students provide interpretation at each of these classes. This program has also provided a path to offer outreach services to an underserved population. Students are an integral part of our volunteer staff in the office as well as the Bistro @ 119.
2. Our work on a grant that was written by the Executive Director of BayPath Elder Services, Inc., continues to create a dementia friendly community. Along with Marlborough and Hudson, this grassroots initiative, Come 2 B Dementia Friendly, raises awareness of the disease and seeks to reduce stigma while educating emergency responders, faith communities, businesses and all other sectors of the community. We are taking a proactive approach to addressing Alzheimer's disease and related dementias as Northborough, like communities across the country, faces a rapidly aging demographic. Statistically, 1 in 9 individuals over the age of 65 has Alzheimer's disease, while 1 in 3 over the age of 85 has the disease. An action team with representatives from all parts of our community has formed to carry on the important work into the next fiscal year.
3. The Bistro @ 119 continues to thrive with a whopping 8,960 meals served this year! The Bistro is open 5 ½ hours per week serving lunch Monday – Thursday and dinner on Tuesday evenings. This program is completely self-supporting through the revenues it generates. The food, supplies and the wages for the Program Coordinator's position are all paid by the lunch and dinner receipts.

Senior Center FY2018 Goals and Initiatives

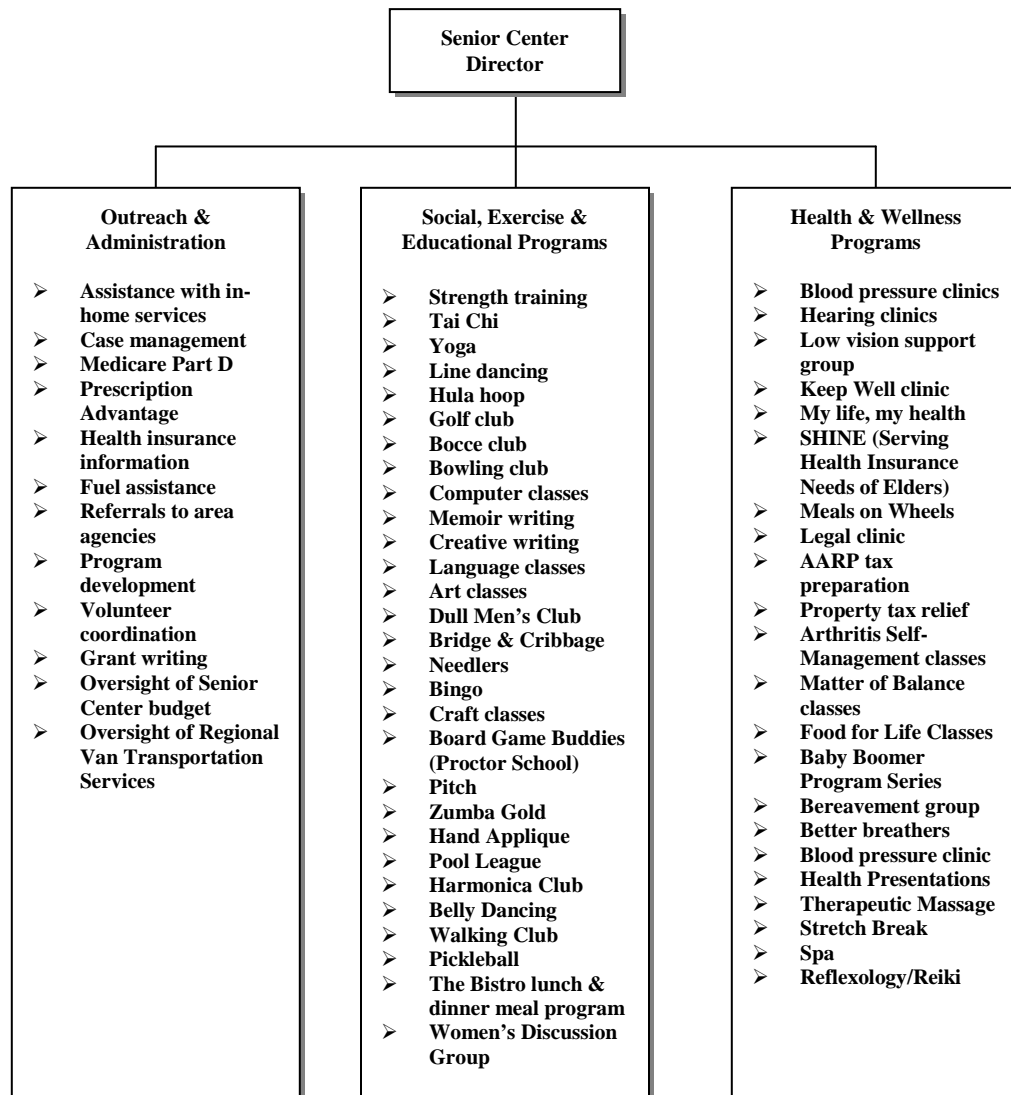
1. Increase and enhance programs and activities at the Senior Center.
2. Increase the number of volunteers, including high school volunteers, and participants at the Senior Center.
3. Expand revenue-producing programs to help provide financial sustainability.

Significant Budget Changes or Initiatives

There are no significant changes for the FY2018 Senior Center budget. Overall, the departmental budget is up 3.28%, or \$8,616 which includes a \$3,000 increase for building maintenance costs. The departmental budget as presented includes 2% wage increases for Union and Non-Union personnel. As in previous years, \$11,259 will be expended directly from the Senior Center's program revolving fund to supplement the contractual services line which is used to pay for the cleaning and maintenance of the building.



Senior Center Programs and Services



**SENIOR CENTER****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Office Assistant	1	1	1	1	1
Outreach Coordinator	1	1	1	1	1
Total Full-time Equivalent	3	3	3	3	3

*Personnel Explanation:

- 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):**

SENIOR CENTER					
Personnel Summary					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Part-time Van Drivers	1.69	1.69	1.69	1.69	1.69
Part-time Bistro (meals) Coordinator	.48	.48	.48	.48	.48
Part-time Program Coordinator	0	0	0	.48	.48
Total Full-time Equivalent	2.17	2.17	2.17	2.65	2.65

- In addition to the staffing included in the General Fund, there was a 19hr/wk (.48 FTE) part-time Program Coordinator position funded during FY2017 through the program revolving fund. The position is funded without tax revenues, using programs fees.
- 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 (67.5hrs/40hrs = 1.69 FTEs). There is a fifth substitute driver used as needed. The vans are owned by the Worcester Regional Transit Authority (WRTA), which also reimburses the Town for the wages of 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



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SENIOR CENTER						
Personnel Services						
51100 Director Salary	69,240	72,741	76,421	79,517	38,007	81,910
51120 Administrative Staff Wages	42,372	46,467	48,433	49,909	23,478	51,564
51140 Outreach Worker Wages	53,033	55,606	57,629	59,116	29,783	60,684
51220 Part-time wages	0	0	0	0	0	0
51290 Custodian Wages	0	0	0	0	0	0
51410 Longevity Pay	700	700	1,000	1,200	1,200	1,200
SUBTOTAL	165,345	175,514	183,483	189,742	92,468	195,358
Expenses						
52110 Utilities	40,164	34,190	39,958	41,000	20,446	41,000
52730 Transportation	0	0	0	0	0	0
52770 Special Trips	0	0	0	0	0	0
52800 Contractual Services ¹	7,026	16,715	11,858	25,000	14,146	28,000
53110 Printing	0	0	117	300	0	300
53420 Postage	364	350	221	400	205	400
54490 Repairs & Maintenance	11,209	3,482	13,186	2,000	11,467	2,000
54590 Custodial Supplies	1,404	1,624	1,487	1,700	600	1,700
55990 Senior Center Programs	165	185	292	1,000	186	1,000
57110 Travel/Mileage	371	372	341	850	0	850
57310 Dues	210	597	600	300	656	300
57340 Meetings	0	15	90	520	196	520
SUBTOTAL	60,913	57,530	68,150	73,070	47,902	76,070
TOTAL: SENIOR CENTER	226,258	233,044	251,633	262,812	140,371	271,428

¹ FY2018 Contractual Services line does not include an additional \$11,259 to be paid directly from the Senior Center's program revolving fund.

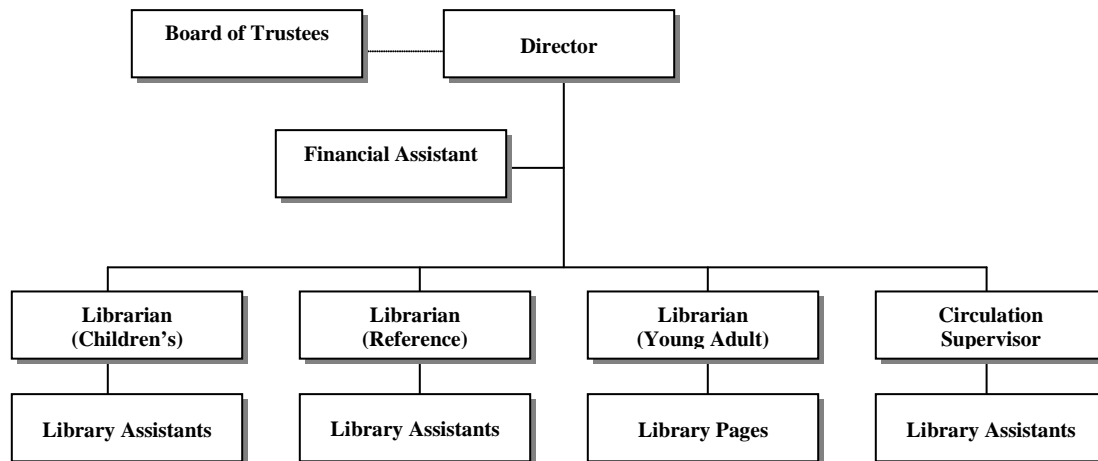


Library Departmental Statement

The mission of the Northborough Free Library is to provide materials, space, access and opportunities for members of the community to learn and discover; to enrich their lives and further their personal goals; and to engage with others in a comfortable environment. 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, as well as 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 FY2017 Initiatives and Accomplishments

1. Successfully launched our new brand, including a new logo, tagline and style guide governing our online and print communications in October 2016. The logo reflects the façade of the original Gale Library building, which was built in 1895. The new tagline, Your Place To Connect, reflects the Library as both a physical place where the community gathers to meet friends and neighbors for programs and meetings, to check out the newest books and materials, as well as an online portal and technology learning center that connects people to the world, providing library services 24/7 at the click of a mouse.
2. Library usage continued to increase significantly this past year. The total number of visits to the Library rose 10% to more than 127,000 visits. Both the number of programs offered by the Library and the total attendance at programs for children, teens and adults also increased significantly: We offered 675 programs and events to nearly 14,500 people, a 150% increase in program attendance! We also continued our popular series of programs for adults, including another Art Series, a Nutrition Series and a Photography Series, attracting new adult audiences to the Library.
3. We successfully completed the second year of our two-year Conversation Circles grant program, using \$12,500 in Library Services and Technology Act (LSTA) funds awarded by Massachusetts Board of Library Commissioners (MBLC). More than 100 people participated in the Conversation Circles during the grant period, providing them with an opportunity to meet with others interested in improving their English language skills in a non-threatening and supportive environment.
4. The annual Summer Reading Club program attracted about 560 participants in grades K - 5, who logged 5,565 hours of reading, a 37% increase! Nearly 1,000 children attended our 34 summer reading-themed programs.
5. We installed a new network managing our 21 public computers in a Windows domain environment, streamlining the technology services we provide to Library patrons in a much more secure, efficient and cost-effective way.
6. Working with students in Technology Instructor Julie Doyle's Technology Club at Algonquin Regional High School, we inaugurated a series of "Tech Nights @ the Library" designed help residents learn how to use their mobile devices in order to access online databases and other electronic resources. These informal Tech Nights will continue to be offered in the future.
7. Received a \$10,000 Mind in the Making grant from the Massachusetts Board of Library Commissioners geared toward infants, toddlers and children up through age 6 designed to create intentional "learn and play" spaces in order to promote more interactive learning opportunities from a young age.
8. The Board of Trustees launched the Library's second annual fund appeal with a goal of raising \$20,000 in funds for the Library, helping to supplement the operating funds we receive from the Town. Our long-term goal is to create an endowment fund that will be used to supplement Town operating funds.



Library FY2018 Goals and Initiatives

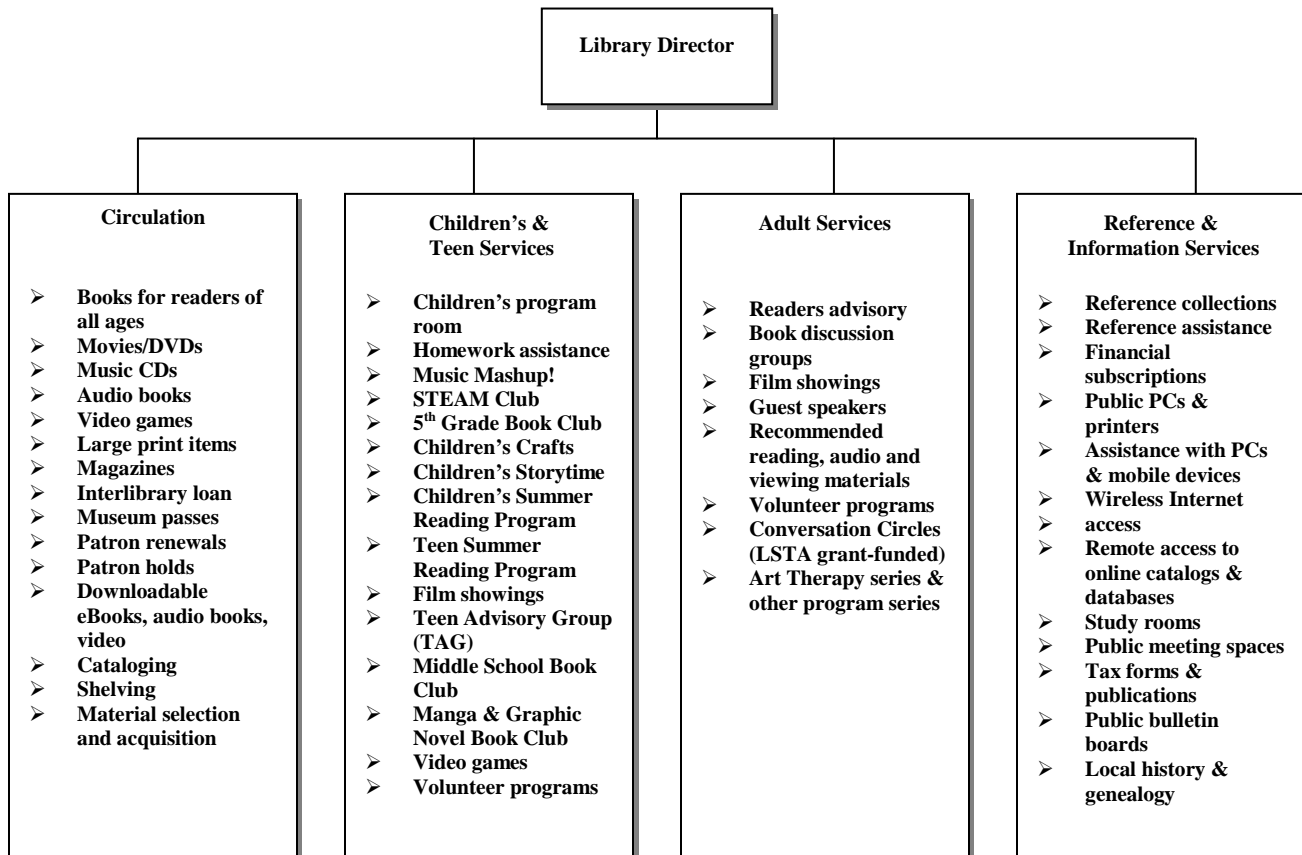
1. Continue to investigate opportunities to increase the library's operating hours.
2. Continue to work with the Library's Technology Committee to create a multi-year Technology Plan which will encompass the library's short-term and long-term technology and equipment needs, new and emerging technologies, such as wireless mobile devices, wireless printing, access to electronic information resources, as well as a Makerspace or Innovation Lab.
3. Continue to work with the Branding & Marketing Committee to create a multi-year Marketing Plan designed to communicate a consistent, clear and compelling message about the library's programs and services using both print and online resources.
4. Continue to work with the Development Committee to create a multi-year Development Plan that will lay the groundwork for a sustained development effort, helping to ensure the library's future growth and development.
5. Continue to support opportunities for lifelong learning for adults by offering free online classes such as Massive Open Online Classes (MOOCs) or similar online courses on a variety of topics, either in our computer lab or in one of our meeting rooms.
6. Working with other Town departments, including staff at the Senior Center, the Recreation Department, the Police Department, as well as social service agencies and volunteers, we plan to explore the feasibility of expanding services to those in the community who are homebound due to physical impairments or mobility issues.
7. Working with our Technology Committee, we plan to develop a collaborative online gaming environment using Minecraft that will engage tweens and teens using this popular gaming platform, offering a secure way to create "virtual worlds" using a variety of gaming tools.

Significant Budget Changes or Initiatives

Overall, the FY2018 Library Budget is up 5.47%, or \$41,982. The departmental budget as presented includes a 2% wage increase for Union or Non-Union personnel. The budget also includes the restoration of a part-time Library Page position at \$4,576. An additional \$5,575 was added to the books, supplies and non-print media budgets to keep the materials budget in line with State requirements.



Library Programs and Services





LIBRARY

Personnel Summary

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Assistant Library Director	0	0	0	0	0
Librarians	3.48	3.48	3.48	3.48	3.48
Circulation Supervisor	1	1	1	1	1
Library Assistants	2.90	2.92	2.92	3.4	3.4
Financial Assistant	0.98	1	1	1	1
Custodian	0	0	0	0	0
Pages	0	0	0.20	0.40	0.60
Total Full-time Equivalent	9.36	9.40	9.60	10.28	10.48

*Personnel Explanation:

- Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)
- 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. Additionally, the Circulation Supervisor position increased from 35 hours/week to 40 hours/week resulting in the overall FTE count going to 9.36. Similarly, in FY2015, the Financial Assistant position increased from 39 to 40 hours/week.
- During FY2017 funding previously used for temporary library substitutes was reduced in order to add a new, permanent 19 hour/week (.48 FTE) Library Assistant. The addition of a permanent, part-time position will improve service continuity and coverage.
- During FY2018 one 8 hour/week (0.20 FTE) Page position was added into the budget. A similar Page position was added in FY2017 as well. Not included in the FTE count above are any Page positions funded through donations by the Friends of the Northborough Library.
- Custodial services are provided through a contractual cleaning service.

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Library



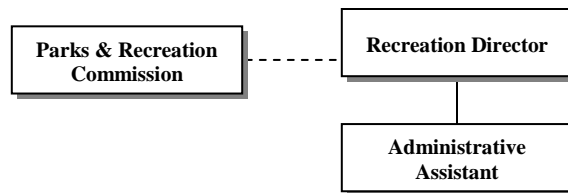
	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
LIBRARY						
Personnel Services						
51100 Professional Librarian Salaries	257,286	285,257	268,849	275,868	137,668	286,909
51120 Library Assistant Salaries	210,907	213,326	208,063	234,709	109,347	249,623
51140 Pages Salaries	0	0	3,314	8,320	2,975	13,728
51290 Part-time Custodian Wages	0	0	0	0	0	0
51300 Overtime	0	0	0	0	0	0
51410 Longevity Pay	2,050	1,700	950	750	750	750
SUBTOTAL	470,243	500,282	481,176	519,647	250,739	551,010
Expenses						
52110 Utilities	30,191	31,987	35,931	32,000	21,649	33,120
52140 Fuel	7,852	9,864	5,702	8,500	966	8,755
52640 Equipment Maintenance	548	1,649	1,503	1,650	0	1,650
52680 HVAC Maintenance	11,080	21,453	14,912	10,750	2,984	12,500
52800 Contractual Services	37,769	38,209	50,181	41,090	23,970	39,645
53090 Advertising	514	978	0	0	0	0
53410 Telephone	2,634	2,844	2,930	3,000	1,529	3,120
54290 Office Supplies	12,954	11,050	15,088	13,783	6,146	16,423
54490 Building Maintenance	10,880	14,247	11,140	14,000	2,534	14,300
54590 Custodial Supplies	1,526	1,673	1,743	1,596	997	1,800
54690 Materials & Supplies	0	0	0	100	0	100
55120 Books and Periodicals	79,662	83,403	89,372	90,575	44,492	94,950
55130 Supplies	4,463	4,066	4,131	5,000	2,018	5,500
55290 Non-print Media	23,024	22,832	21,809	23,350	9,950	24,550
57110 Travel Mileage	136	0	0	200	0	200
57310 Dues	695	708	727	800	524	800
57340 Meetings	274	222	488	500	42	500
57810 Unclassified	128	174	216	250	124	250
58690 New Equipment	0	3,750	0	900	737	500
SUBTOTAL	224,329	249,106	255,873	248,044	118,662	258,663
TOTAL: LIBRARY	694,573	749,388	737,049	767,691	369,401	809,673



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 all ages. We utilize all of our Town parks, Recreation Center, Town Hall Gym, schools, library, and private locations in providing programs for the public. Our department offers programs for infants through seniors.

Recreation Department Organizational Chart



**Recreation Department FY2017 Initiatives and Accomplishments**

1. Continued providing comprehensive, quality recreational activities and programming. Newly added programming in FY2017 included Bollywood Dancing for children and adults; Get Set for Kindergarten (preschoolers); sewing classes for grade schoolers; Kids Yoga (6-10 year olds); and Intro to TRX for Adults.
2. Northborough Recreation had 16,775 members as of November 3, 2016; 9,354 are Northborough Residents and 7,421 are non-residents.
3. Participation in the Challenger Sports programs, which serves individuals ages 5 – 22 with intellectual or physical disabilities, increased with more than 100 individual players and volunteer “buddies” participating in the soccer, basketball and baseball programs. These programs are offered at no cost to participants due to a generous donation from the Fidrych Foundation.
4. The Community Gardens continue to generate significant interest with the demand for plots exceeding the 30 plots currently available.
5. Bollywood Dancing for kids and Adults.

Recreation Department FY2018 Goals and Initiatives

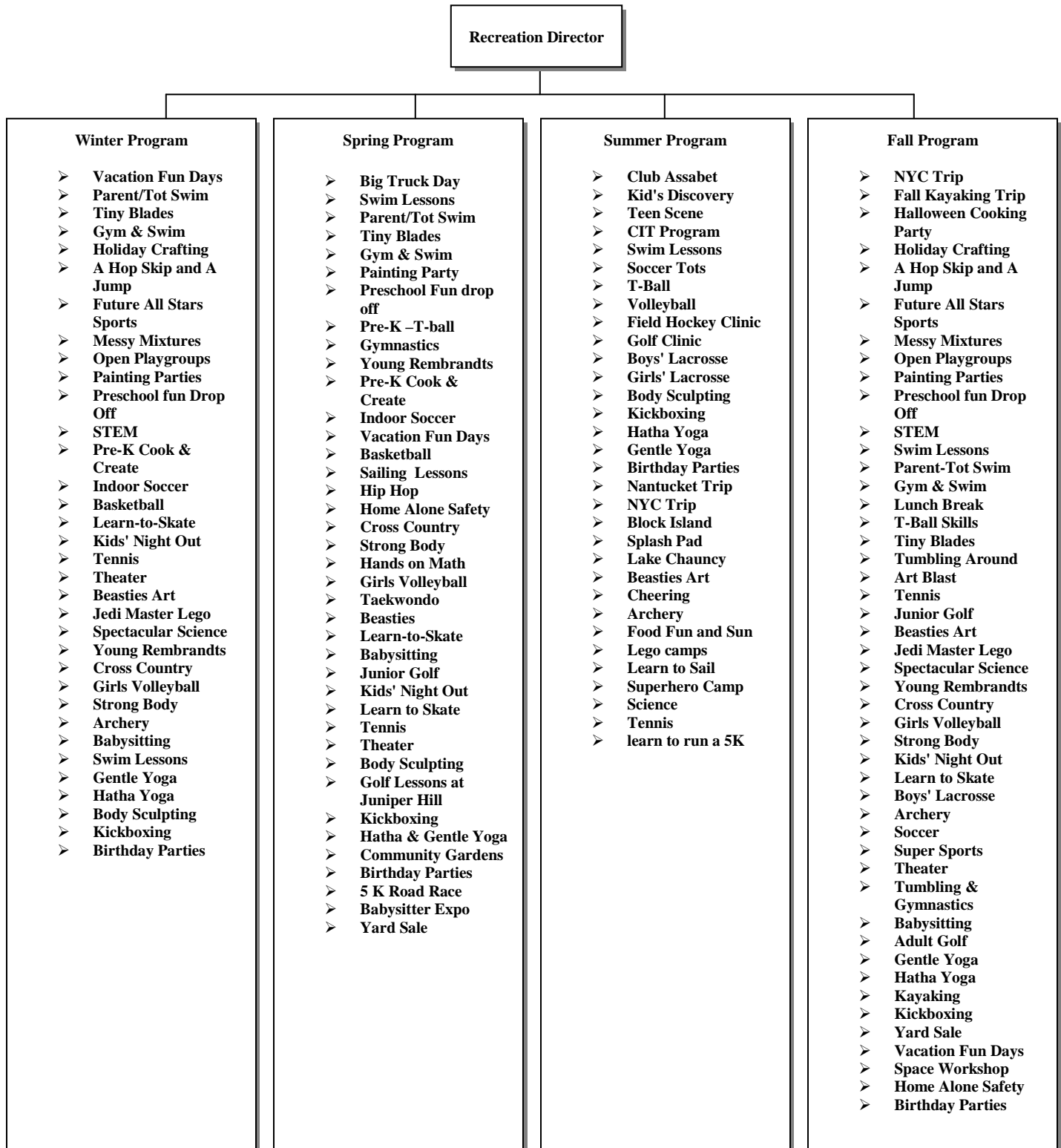
1. To meet the ever-changing needs and abilities of residents and non-residents by providing comprehensive, quality recreational activities and programming.
2. Add full day preschool programming to our summer camps schedule.
3. Increase awareness of Recreation Department programs offered to the community through social media and the website.
4. Find sponsors for leagues to offset expenses.
5. Continue to develop and expand sports leagues to meet Community interests.
6. Increase Challenger Programming by expanding the available sports.

Significant Budget Changes or Initiatives

The FY2018 Recreation Department budget is 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 and seasonal staff. Article 4 of the 2017 Annual Town Meeting Warrant contains a transfer of \$161,259 from the Recreation Revolving Fund to the General Fund, which is sufficient to cover all departmental expenses not directly paid for through the Revolving Fund. The Recreation Department’s goal moving forward is to continue funding 100% of its budget with program revenues so that no tax dollars are used for departmental services.



Recreation Department Programs and Services




RECREATION DEPARTMENT
Personnel Summary

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Recreation Director	1	1	1	1	1
Full-time Administrative Assistant	1	1	1	1	1
Total Full-time Equivalent	2	2	2	2	2

***Personnel Explanation:**

Salaries and benefits for the full-time Recreation Director and Administrative Assistant are funded through the Revolving Account, as well as payroll for all part-time and seasonal staff.

The Recreation office also employs a 19hr/wk Program Coordinator and approximately 30 part-time, seasonal temporary staff for their programs throughout the year. All part-time and seasonal staff are paid directly out of the Revolving Account. The funds in the Revolving Account are generated from program fees.



Recreation Department

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	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
¹RECREATION DEPARTMENT						
Personnel Services						
51100 Director & Asst Dir salaries	126,051	131,206	136,451	140,353	67,014	144,559
51140 Part-time Permanent wages	0	0	0	0	0	0
51410 Longevity Pay	550	550	700	700	700	700
SUBTOTAL	126,601	131,756	137,151	141,053	67,714	145,259
Expenses						
52800 Contractual Services	0	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
SUBTOTAL	0	0	0	0	0	0
TOTAL: RECREATION DEPARTMENT	126,601	131,756	137,151	141,053	67,714	145,259

¹ Salaries and benefits for the full-time Recreation Director and Administrative Assistant are funded through a transfer from the Revolving Account. Under Article 4 of the Town Meeting Warrant there is a transfer of \$161,259 from the Recreation Revolving Fund to the General Fund sufficient to cover 100% of the personnel salaries and benefits. All part-time and seasonal employees as well as programmatic expenses are paid directly out of the Recreation Revolving Fund.



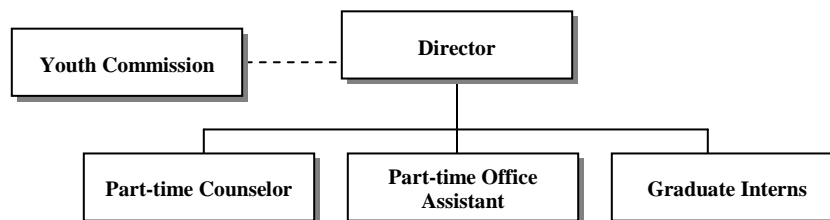
Family & Youth Services Departmental Statement

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.

Family & Youth Services Organizational Chart



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



Family & Youth Services FY2017 Initiatives and Accomplishments

1. The Department continues to be the Town's centralized source for human service needs. In 2016, our dedicated staff and graduate intern assisted **960 residents**. We did this through professional counseling, school-based therapy, mental health assessments, crisis intervention, application assistance for fuel, food and housing, referral services, case management and linkage to town, state and federal resources.
2. We continue to provide residents with an extensive network of referrals. In 2016, we responded to requests from **359 residents** who received **976 referrals** to social service and mental health providers.
3. A prevailing theme in 2016 was the increased number of families turning to us for basic human needs. For instance, several residents faced eviction as a result of the sudden unemployment of a parent due to a major medical issue. Others presented in crisis due to the State's decision to close hotels as temporary shelters. Although we offered new resources, many are still homeless due to long waitlists for shelter.
4. To address this housing crisis, our staff responded in several ways. We attended housing forums to network with new providers and expand our knowledge base for housing resources. We met with the Director of Habitat for Humanity and we provided residents with information about affordable housing opportunities. We continue to be in the forefront of this issue through advocacy and raising awareness.
5. For the 3rd consecutive year we forged a new collegial partnership due to the excellent reputation of our Internship Program. In September 2016, we accepted a Doctorate of Clinical Psychology Intern from William James College. This also marks the 1st time that we have accepted a Doctorate Intern.
6. In December 2016, our Intern worked with the Senior Center to provide a program for Northborough's mature residents. The program focus was to support residents during the Holiday Season who may be dealing with loss or loneliness. The program was well-received and may continue on as a support group.
7. Family & Youth Services and the Senior Center are Application Sites for the Federal Low Income Home Energy Assistance Program. According to South Middlesex Opportunity Council FY 2016 City/Town Report, **136 residents** received heating assistance, with a total dollar expended of **\$84,024.95**.
8. On May 24, 2016, the Directors of Family & Youth Services and Friends of Families in Transition initiated the first meeting of "Northborough Cares." This new group formalizes existing community partnerships to maximize support to residents. Team members also include the Northborough Schools, Food Pantry, Helping Hands and the Town Departments of Health, Fire, Police and Senior Center.
9. In July 2016, the Director joined the Town Task Force initiated by the Senior Center Director to provide Departments the opportunity for collaboration, information and



resource sharing. The group addresses complex issues across Departments such as hoarding, protective services, housing and more.

10. Data from the Metro West Adolescent Health Survey indicated that certain drinking and other drug use rates in 6 communities exceed the regional rate. In an effort to reduce these rates the Substance Abuse Prevention Collaborative was formed to serve Ashland, Framingham, Northborough, Southborough, Natick and Hudson. The Northborough-Southborough Substance Abuse Coalition was also formed to reduce substance abuse rates, including opioid use. The Director participates in both of these initiatives.

Family & Youth Services FY2018 Goals and Initiatives

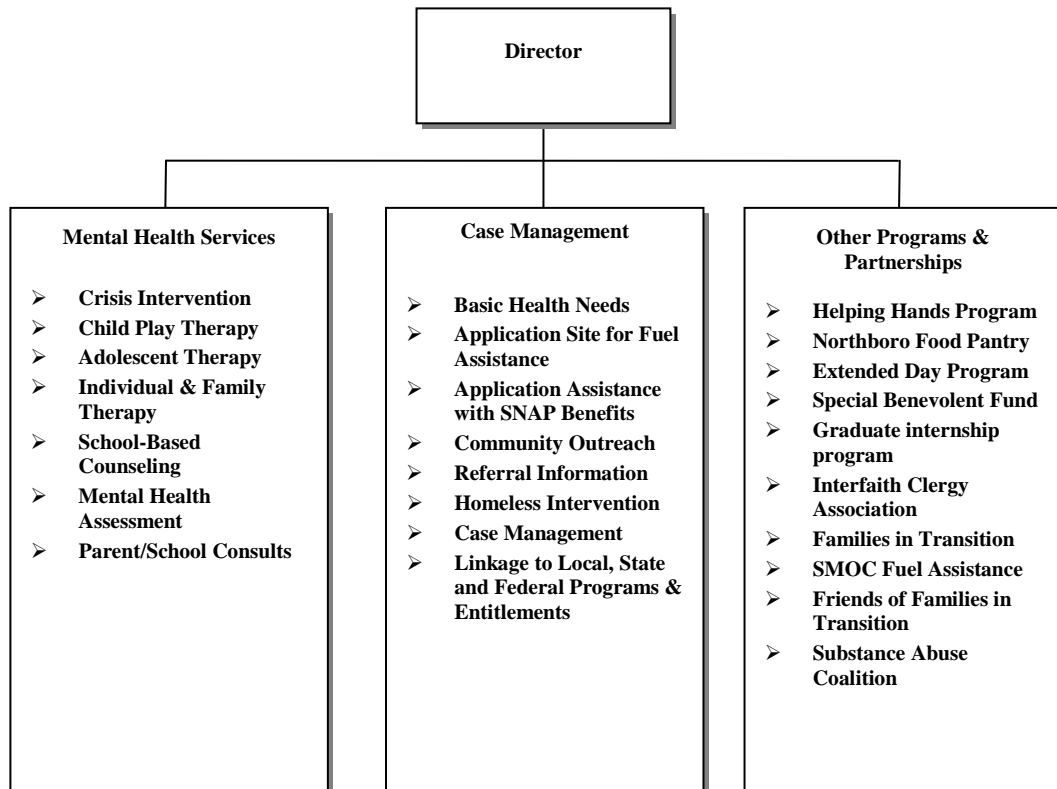
1. Family & Youth Services will continue to advocate and raise awareness about the current housing crisis in Massachusetts. This will occur through active participation in:
 - The Friends of Families in Transition Meetings
 - The Quarterly Youth & Family Network Meetings
 - The Local Office of Human Services Counsel
 - Case presentations at Northborough Cares Meeting
 - Attendance at the Town Task Force Meeting
2. Family & Youth Services will continue to work to reduce underage drinking and other substance misuse through active participation on:
 - The Substance Abuse Prevention Collaborative with the goal to use evidence-based strategies to limit youth access to alcohol and strengthen connections with caring adults
 - The Caring Adult Action Team with the goal to build the capacity of local organizations to connect youth in meaningful ways that help to prevent and reduce youth substance misuse
 - The Northborough-Southborough Substance Abuse Coalition
 - The School District's Health & Wellness Committee
3. Family & Youth Services will expand our resource network of referral information with special emphasis on housing resources and mental health/substance abuse treatment programs for adolescents through:
 - Scheduled on-site visits with Central Mass providers who serve homeless families to update our Housing Resource Manual
 - Scheduled on-site visits with Central Mass adolescent substance abuse providers to update our Substance Abuse Resource Manual for Adolescents
 - Participation in the School District's quarterly meetings for Providers

Significant Budget Changes or Initiatives

The Department continues to seek grant funding to expand counseling services and relies on graduate-level student interns to help meet service demands. There are no significant changes in the FY2018 Family & Youth Services budget, which is up \$3,482, or 2.46%. The budget as presented includes a 2% wage increases for union and non-union employees.



Family & Youth Services Programs and Services



**FAMILY & YOUTH SERVICES****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Office Assistant*	.48	.48	.48	.48	.48
Counselor	.48	.48	.48	.48	.48
Total Full-time Equivalent	1.96	1.96	1.96	1.96	1.96

Personnel Explanation:

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



Family & Youth Services

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	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
FAMILY & YOUTH SERVICES						
Personnel Services						
51100 Director Salary	79,619	82,185	83,993	85,674	41,296	87,387
51120 Part-time Counselor	17,832	1,887	25,209	28,422	12,459	29,353
51130 Asst. Director Salary	0	0	0	0	0	0
51140 Part-time Admin. Asst Wages	19,077	17,562	19,949	21,367	8,540	22,072
51410 Longevity Pay	200	200	200	200	200	350
SUBTOTAL	116,728	101,834	129,352	135,663	62,495	139,162
Expenses						
53080 Clinical Consultants	1,600	2,602	450	2,600	0	2,600
53190 Training	760	747	320	1,020	458	1,020
53580 Program Supplies	201	1,435	614	1,200	479	1,200
57110 Travel/Mileage	1,209	908	887	832	451	832
57320 Subscriptions	265	347	225	442	239	425
SUBTOTAL	4,036	6,039	2,496	6,094	1,627	6,077
TOTAL: FAMILY & YOUTH SERVICES	120,764	107,873	131,848	141,757	64,122	145,239



Cable Access TV Departmental Statement

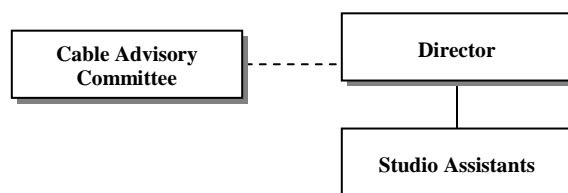
The Cable Access TV Department, under the direction of the Cable Access Director, is responsible for the operations of the three local access television stations, which are Public Access, Educational Access and Government Access Television. The Director is also responsible for overseeing the provisions 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 five to 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 FY2017 Initiatives and Accomplishments

1. 100% coverage of the Town's 250th Anniversary Celebration events created a surge in NCAT viewers. The 250th events have been digitally saved for the Historical Society as well as availability for streaming playback via Facebook and YouTube.
2. More than tripled local, municipal and school coverage of events, including presentations at the Senior Center, Historical Society, Library and schools including coverage of the Lincoln St. renovation project.

Cable Access TV Department FY2018 Goals and Initiatives

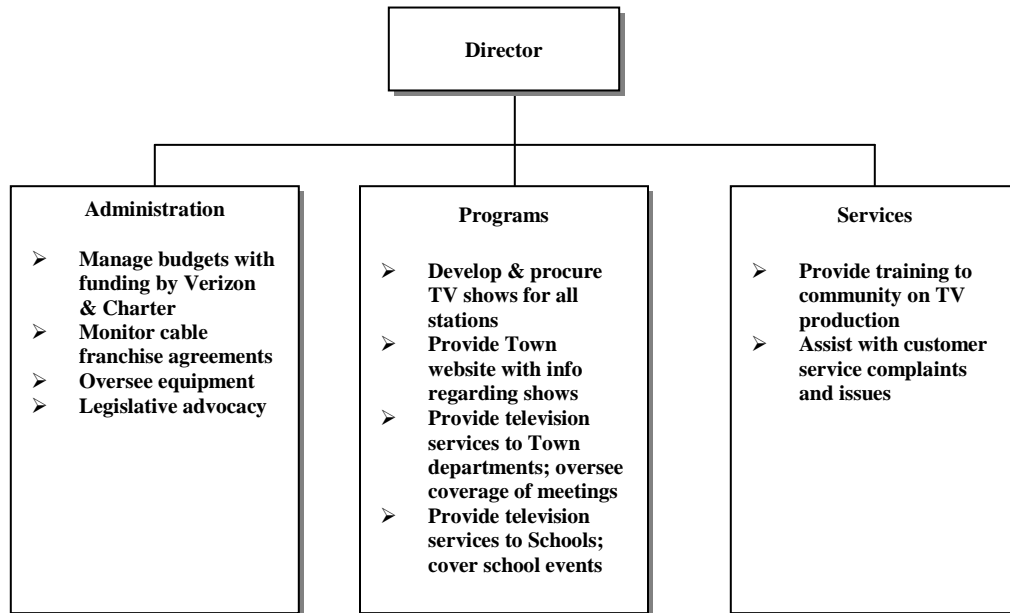
1. Continue to expand programming from the Northborough Senior Center working on a series of shows promoting the Center as well as providing broadcasting of relevant informational and entertaining shows of interest to our increasing senior population.
2. Increase municipal informational videos for playback via the Town's webpage.
3. Expand and fully utilize the new programming server and signage to enable live network broadcasts throughout Northborough and enabling ease of use live broadcasts integrating with the Town's emergency planning.

Significant Budget Changes or Initiatives

Overall, the Cable Access budget decreases in FY2018 by \$39,700 following completion of recent equipment upgrades. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. With the exception of planned equipment upgrades in the Selectmen's Meeting Room, there are no significant budgetary changes in FY2018.



Cable Access TV Department Programs and Services



**CABLE ACCESS TV DEPARTMENT****Personnel Summary**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Studio Assistant	.50	.48	1.38	1.38	1.38
Seasonal Studio Assistants	.25	.25	.13	.13	.13
Total Full-time Equivalent	1.75	1.73	2.51	2.51	2.51

***Personnel Explanation:**

- A full-time Studio Assistant was added mid-year during FY2015 due to increased revenues received from the Charter and Verizon cable franchise renewals. There is also one permanent part-time Studio Assistant budgeted at 15hrs/wk on average (.38 FTE).
- In addition to the two full-time positions and one permanent part-time position, the Department also uses Seasonal Studio Assistants that work as needed to cover community events for a total of 5hrs per week on average (5hrs/40hrs = .13 FTE).
- All Cable Access Departmental personnel and benefit expenses are financed through Charter and Verizon Cable Contract fees with no funding coming directly from the General Fund (tax dollars).

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Cable Access TV



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
CABLE ACCESS TV						
Personnel Services						
51110 Director Salary	61,326	63,800	66,384	67,046	33,014	71,862
51120 Studio Assistants	30,459	32,971	38,917	54,226	28,178	63,552
51410 Longevity Pay	350	500	500	500	500	500
SUBTOTAL	92,135	97,272	105,801	121,772	61,693	135,914
Expenses						
51750 Town Health Insurance	15,279	14,602	14,988	33,153	33,153	37,654
52800 Contractual Services	13,607	109	2,170	6,000	0	2,500
53040 Computer Services	4,990	3,111	2,478	4,700	969	6,507
53410 Telephone	1,222	1,303	1,380	1,600	725	1,600
53720 Maintenance	0	60	331	2,000	155	2,000
54290 Office Supplies	1,496	900	1,064	4,600	2,246	4,600
54690 Studio Materials	1,540	5,749	5,579	8,000	122	28,000
56220 County Retirement Assessment	7,100	7,473	8,094	14,841	14,842	15,625
57110 Travel/Mileage	0	0	255	500	0	500
57310 Dues	200	200	300	400	200	400
58690 New Equipment/Capital	42,656	23,482	29,885	167,434	38	90,000
59990 Other Financing Uses	46,000	0	0	0	0	0
SUBTOTAL	134,088	56,989	66,523	243,228	52,449	189,386
TOTAL: CABLE ACCESS TV	226,224	154,260	172,325	365,000	114,142	325,300

Cable Access TV Special Revenue Fund Explanation:

The department's budget is within the Town's General Fund, however it is financed 100% by contractual payments from its two contracted providers, Charter Communications and Verizon. These revenues are held in reserve outside of the General Fund in a Special Revenue Fund. The funds are voted to be transferred in via the Town's annual budget article. In effect, there are no tax dollars used to support the department.

It should be noted that in prior years, the budgets and expenditures displayed in the table above were intended to be informational, because the department's expenses and revenues were carried within a Special Revenue Fund. However beginning in FY2017, state law¹ requires the expenses be brought explicitly into the General Fund, while the revenues continued to be received in the Special Revenue Fund. As in the current year, no tax dollars were used to support the department.

¹ Massachusetts General Law Chapter 44 §53F ¾



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, 2013, the Town of Northborough entered into an agreement with the Towns of Grafton, Shrewsbury and Westborough to form the Central Massachusetts Veterans' Services District. Oversight of the District is provided by the Secretary of the Commonwealth of Massachusetts Department of Veterans' Services and the District's Veteran's Advisory Board. The locally-appointed 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 FY2017 Accomplishments

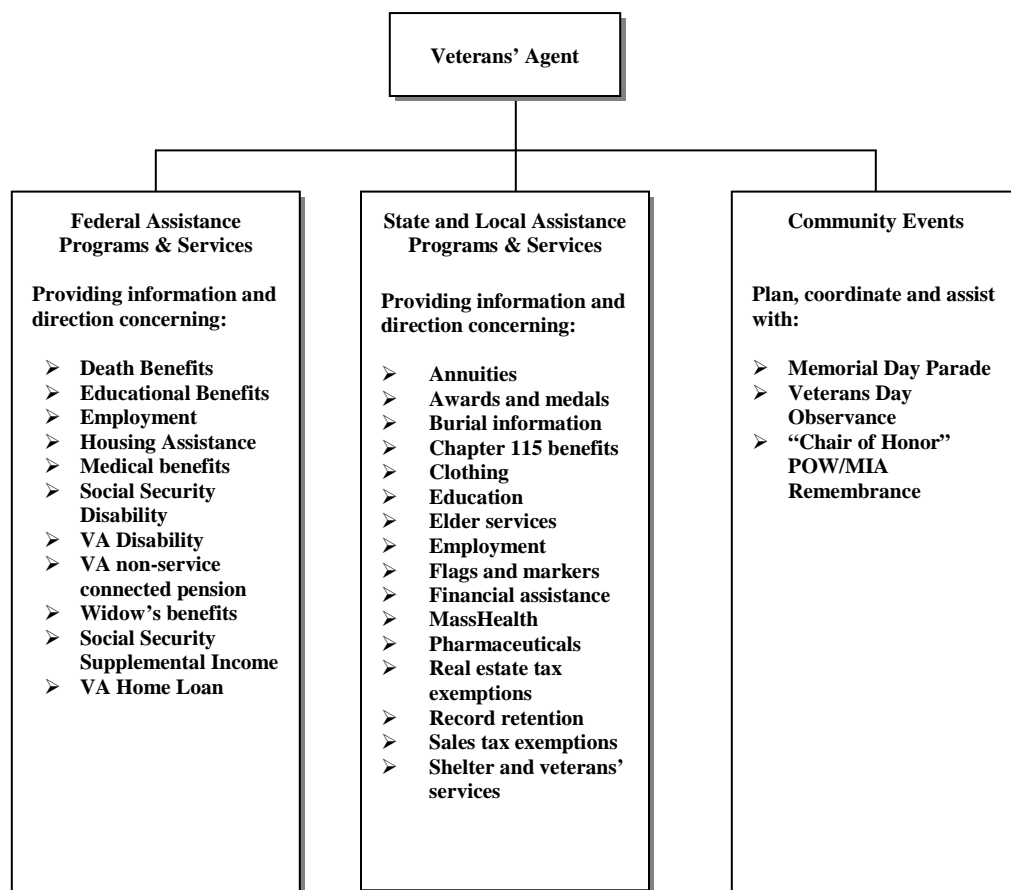
1. Worked closely with several public and private organizations to introduce supportive services to active duty military and veterans, to include charity events, care package drives, and various community focused initiatives. Examples of this include:
 - Packages were sent to military service members currently serving in Afghanistan, Kuwait, and Iraq;
 - Hosted and/or participated in Armed Forces Day, Memorial Day, Vietnam Remembrance, Veterans' Day, Pearl Harbor Day, Applefest, Northborough's 250th, Wreaths Across America and many more;
 - Participated in various community and educational events statewide to introduce a balanced and factual overview of the veteran community as it exists today.
2. Served as a resource for various local businesses regarding the veteran community, most especially in regards to various forms of military paperwork, employment practices and transition assistance.
3. Served as a resource for the MA US Army Casualty Assistance Officer to ensure that the families of fallen service members in Massachusetts received prompt and accurate information regarding various state and federal benefits programs.
4. Established a schedule allowing for visits to various retirement communities to ensure that each person within the district has access to services, regardless of transportation or health issues.
5. Nearly doubled the number of claims submitted to the Department of Veterans Affairs for medical care, disability, and survivor's pensions. Northborough residents receive a combined total approaching \$2 million in annual VA benefits.



Significant Budget Changes or Initiatives

Since the formation of the Central Massachusetts Veterans' District in FY2014 with the Towns of Grafton, Shrewsbury and Westborough, Northborough's share of the District budget has remained stable at 16% (\$17,135) of the overall administrative expenses in FY2018.¹ However, ordinary benefits for qualifying veterans and their families increased from \$39,760 to \$57,000 in FY2018 based upon projected needs. 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, pending reimbursement. Overall, the FY2018 Veterans' Services budget increased by \$18,382, or 30.5%.

Veterans' Services Programs and Services



¹ Under the District Agreement, Northborough is responsible for 16% of the administrative expenses of the District. This is proportionally equivalent to Northborough's population relative to the total District population.



Veterans' Services

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VETERANS' SERVICES

Personnel Summary

Position	FY 2014 FTE	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2017 FTE
Veterans' Agent	New District	District	District	District	District
Total Full-time Equivalent	0	0	0	0	0

*Personnel Explanation:

Effective in FY2014 the Town of Northborough shares a full-time Director and two part-time Agents with the Towns of Grafton, Shrewsbury and Westborough. District personnel are technically employees of the Town of Grafton, which serves as the host community for the District. Northborough is billed quarterly for its 16% share of administrative expenses, including personnel.

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Veterans' Services



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
VETERANS' SERVICES						
Personnel Services						
51130 Director Salary	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
55030 Ordinary Benefits	24,191	14,224	30,735	39,760	16,432	57,000
55090 District Expenses	13,232	12,509	13,524	15,993	7,926	17,135
57340 Meetings	0	0	0	0	0	0
57810 Unclassified	2,935	4,651	3,407	4,500	70	4,500
SUBTOTAL	40,358	31,384	47,666	60,253	24,428	78,635
TOTAL: VETERANS' SERVICES	40,358	31,384	47,666	60,253	24,428	78,635



Community Service Committees

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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.

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
CULTURAL COUNCIL							
Expenses							
57810	Unclassified	500	500	500	500	80	500
	SUBTOTAL	500	500	500	500	80	500
TOTAL:	CULTURAL COUNCIL	500	500	500	500	80	500



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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
COMMUNITY AFFAIRS						
Expenses						
57810 Unclassified	500	500	500	500	500	500
SUBTOTAL	500	500	500	500	500	500
TOTAL: COMMUNITY AFFAIRS	500	500	500	500	500	500



Historic District Commission

The Historic District Commission (MGL Ch. 40, Section 14) consists of 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 provide 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.

	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
HISTORIC DISTRICT COMMISSION						
Expenses						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
53110 Printing	0	0	0	0	0	0
57340 Meetings	113	75	225	500	0	500
58690 New equipment	370	0	0	0	0	0
SUBTOTAL	483	75	225	500	0	500
TOTAL: HISTORICAL COMMISSION	483	75	225	500	0	500



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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 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. In the pages that follow each of these undistributed expenses are explained in more detail. A summary of these expenses is shown below.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	4,161,545	4,336,371	4,590,594	5,097,510	2,586,252	5,522,354
Transfer to OPEB Trust	0	500,000	500,000	500,000	500,000	500,000
Life Insurance	5,867	5,930	7,080	8,730	3,092	8,776
Other Benefits/FICA	380,818	364,210	381,928	432,727	181,215	441,693
Worcester Regional Retirement	1,241,407	1,306,702	1,415,244	1,531,756	1,531,756	1,612,608
Workers Comp	94,880	101,440	109,700	119,497	117,409	145,878
SUBTOTAL EMPLOYEE BENEFITS	5,884,517	6,614,653	7,004,546	7,690,220	4,919,724	8,231,309
Building & Liability Insurance	177,119	180,631	199,061	248,927	220,211	256,395
Debt Service	2,307,032	2,050,723	2,488,169	3,034,131	427,993	2,959,080
State Assessments	326,754	275,498	258,560	197,742	91,937	188,000
Reserve for Abatements¹	530,787	462,432	623,081	366,912	366,912	612,089
Cherry Sheet Offset Items²	21,827	27,591	19,972	21,604	21,604	22,559
Stabilization Fund Contribution	0	0	200,000	200,000	200,000	200,000
Reserve Fund³	0	0	0	175,000	0	175,000
Warrant Articles⁴	1,506,500	28,610,053	4,129,000	3,560,000	0	2,107,000
TOTAL: UNDISTRIBUTED EXPENSES	10,754,536	38,221,581	14,922,389	15,494,536	6,248,381	14,751,432

¹ 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.

² 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 public library grants). Beginning in FY2016 the only offset is for public library grants.

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

⁴ Amounts displayed in this row reflect budgets rather than actual expenditures because articles are generally multi-year and reflect either transfers to Capital Project Funds or Borrowing Authorizations.



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 Preferred and MEDEX.

As of March 1, 2017 a total of 289 active employees (82 Town and 207 K-8 School), 139 retirees (46 Town and 93 K-8 School) and 51 retiree dependents (10 Town and 41 School) were enrolled in one of the Town's health insurance plans.

The following estimated rate schedule was used in budgeting for FY2018.

Health Insurance Plan		7/1/2017 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2017 Town Monthly Expense		7/1/2017 Employee Monthly Expense		7/1/2017 Town Monthly Expense		7/1/2017 Employee Monthly Expense	
Fallon	Ind	770.25	66%	506.66	34%	263.59	75%	577.69	25%	192.56
	Fam	2,002.63	66%	1,316.51	34%	686.12	75%	1,501.97	25%	500.66
Fallon Pref Care PPO	Ind	924.31	50%	462.15	50%	462.16	50%	462.16	50%	462.15
	Fam	2,404.22	50%	1,202.11	50%	1,202.11	50%	1,202.11	50%	1,202.11
Harvard/Pilgrim	Ind	876.47	66%	582.24	34%	294.23	75%	657.36	25%	219.11
	Fam	2,278.83	66%	1,512.83	34%	766.00	75%	1,709.12	25%	569.71
Tufts	Ind	793.45	67%	527.68	33%	265.77	75%	595.08	25%	198.37
	Fam	2,062.91	67%	1,371.88	33%	691.03	75%	1,547.18	25%	515.73



Undistributed Expenses

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Several years ago, the Town negotiated a 60% Town and 40% Town employee share of any premium changes. Therefore in FY2018, the Town contribution will be 65% to 67% of the monthly HMO premiums for Town employees depending upon the specific health plan. Beginning in FY2012, the Town's contribution decreased from 80% to 75% of the monthly HMO premiums for K-8 School employees and the 75% contribution remains in place for FY2018. 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 FY2018 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2018. The following rate schedule was in place until the calendar year renewal.

Health Insurance Plan		1/1/2017 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
			1/1/2017 Town Monthly Expense		1/1/2017 Retiree Monthly Expense	
Fallon Senior	Ind	349.00	70%	244.30	30%	104.70
	Ind x2	698.00	70%	488.60	30%	209.40
Tufts Medicare	Ind	548.00	70%	383.60	30%	164.40
Complement	Ind x2	1,096.00	70%	767.20	30%	328.80
Tufts Medicare	Ind	292.00	70%	204.40	30%	87.60
Preferred	Ind x2	584.00	70%	408.80	30%	175.20
MEDEX 2	Ind	383.71	51%	195.69	49%	188.02
	Ind x2	767.42	51%	391.38	49%	376.04

* 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. In 2017 the Town changed the MEDEX plan offered from MEDEX 3 to MEDEX 2. 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. 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 introducing a variety of Senior Plans

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Undistributed Expenses



the Town continues to realize savings as Medicare-eligible retirees and their spouses are required to transition to these lower cost Senior Plans.

In addition, to address the 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 self-administered health reimbursement arrangement (HRA) was created to reimburse employees for the copayments made for inpatient and outpatient services.

Last year, in FY2017, healthcare costs were escalating and plan design changes were negotiated to keep the premiums at a reasonable increase. The Town implemented higher co-pays for office and emergency room visits as well as higher deductibles for inpatient and outpatient services.

Due to market uncertainty and unfavorable claims data the FY2018 renewals are trending high, and again negotiations have been undertaken with employee groups for further plan design changes. The negotiated changes are required to bring the budget request down to \$5.5 million, which represents a total increase of \$424,844 or 8.33% from the amount budgeted last year. It's expected that considerable discussion will take place in the next year surrounding options for further controlling these costs.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
HEALTH INSURANCE						
Expenses						
51750 Town Health Insurance	896,751	897,501	942,779	1,078,375	491,493	1,172,664
51755 Town Retiree Health Ins.	249,017	269,071	294,717	316,495	153,502	346,145
51800 School K-8 Health Insurance	2,536,665	2,686,213	2,825,639	3,094,242	1,651,639	3,337,251
51805 School K-8 Retiree Health Ins.	475,392	481,973	521,357	558,398	284,156	616,294
51850 Health Reimbursement Account	3,720	1,613	6,100	50,000	5,462	50,000
SUBTOTAL	4,161,545	4,336,371	4,590,594	5,097,510	2,586,252	5,522,354



Undistributed Expenses

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Transfer to OPEB Trust

Other Post-Employment Benefits (OPEB) are the benefits, other than retiree pensions, offered to retirees and their dependents. These benefits mainly consist of medical insurance. OPEB liability is the present value of benefits for retired and vested employees. An unfunded liability reflects an incurred obligation, payable in the future, for which no reserves have been set aside.

Following the adoption of MGL Chapter 32B, Section 18 in 2009, the Town's GASB 45 Unfunded Actuarial Accrued Liability (UAAL) for Other Post-Employment Benefits (OPEB) for retiree medical benefits was greatly reduced from \$90.4 million to \$34.3 million.⁵ At the close of FY2011, a GASB 45 update was required and due to the implementation of Section 18, the Town's UAAL was further reduced to \$28.1 million.

Without a funding source for this obligation, the UAAL increased to \$32.6 million based on the actuarial study received at the close of FY2013 and the Town contracted with an actuary to develop an initial funding plan to begin to address this liability.

The most recent actuarial study was completed at the close of FY2015 and the UAAL increased to \$34.9 million and as required, another GASB 45 actuarial update will be conducted for the close of FY2017. This study is currently underway, but not yet finalized.

The adoption of the Meals Tax Surcharge and increase in Room Occupancy revenue provided the capacity for the initial \$500,000 funding in FY2015 for the OPEB Trust Fund. In FY2016 and FY2017 another \$500,000 for each year was transferred to the OPEB Trust fund.

The OPEB Trust Fund has now been established and the funds have been invested with the state's Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund, which contains \$62.7 billion as of December 31, 2016, is the state retiree pension fund as well as the pension fund for 93 local Massachusetts Retirement Systems. These funds are professionally managed by the Pension Reserves Investment Management Board.

The Town continues to advocate for proposed legislative changes regarding the local obligation for retiree health insurance that would positively affect its OPEB liability. The FY2018 Budget once again provides for a \$500,000 contribution to the OPEB Trust Fund.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	0	500,000	500,000	500,000	500,000	500,000
SUBTOTAL	0	500,000	500,000	500,000	500,000	500,000

⁵ 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, 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.

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Undistributed Expenses



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 a term life insurance policies for the Town Administrator pursuant to the employment contract.

	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	1,522	1,540	2,451	4,060	746	4,106
51745 School K-8 Life Insurance	4,345	4,390	4,628	4,670	2,347	4,670
SUBTOTAL	5,867	5,930	7,080	8,730	3,092	8,776



Undistributed Expenses

Section 6-7

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 (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 these employees. Annual increases in this tax liability reflect a rise in the payroll subject to this tax.

Massachusetts is one of a handful of “non-Social Security” states. Most full-time employees, as members of contributory retirement systems, pay into defined-benefit public pension systems instead of Social Security. The Town is not subject to the 6.2% matching FICA tax and Town employees do not earn Social Security “credits” or “quarters” for their service.

Part-time and temporary employees who are not covered by the contributory retirement system are required to participate in an alternative as permitted by the federal Omnibus Budget Reconciliation Act of 1990. Such employees pay into a defined contribution plan at a rate of 7.5%. There is no employer cost for this program.

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 former Town and K-8 School employees. Currently, the maximum number of weeks an individual may receive benefits is 30 and the maximum weekly benefit amount is currently \$742/week, plus a dependency allowance of \$25 per week for each dependent child. The Town is responsible for reimbursing the State 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.

Miscellaneous Benefits

Miscellaneous benefits include payment of a portion of sick leave for eligible retiring employees (capped at \$3,000 each), OBRA payments for the Senior Work Program, 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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	89,581	95,750	116,969	106,843	50,390	107,456
51733 FICA School Share	230,429	237,603	238,851	249,840	122,785	257,897
51735 Unemployment Compensation	48,755	12,090	7,344	60,000	0	60,000
55090 Miscellaneous Benefits	12,053	18,768	18,764	16,044	8,040	16,340
SUBTOTAL	380,818	364,210	381,928	432,727	181,215	441,693



Section 6-8

Undistributed Expenses

Worcester Regional Retirement Assessment

The Town participates in the Worcester Regional Retirement System which is a contributory retirement system composed of ninety-six (96) 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).

PERAC, 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 to the year 2040. The total source of funding is the annual Town assessment together with employee contributions for each member unit.

The FY2018 assessment was prepared using the full actuarial method of assessment calculation. Previously, the Worcester Regional Retirement System based its assessment to each member unit upon its proportional amount of payroll. The actuarial method of assessment, now fully implemented, calculates 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 total Unfunded Actuarial Accrued Liability is \$29,718,687 as of January 1, 2016. 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 rein 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 non-public safety employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.⁶ 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, 2016, the State's contribution to this plan was \$1,021,930,000. The Town's proportionate share of these contributions was \$2,226,813.

⁶ Information from Actuary James R. Lamenzo of the Public Employee Retirement Administration (PERAC).



Undistributed Expenses

Section 6-9

The total FY2018 Worcester Regional Retirement Assessment is \$1,699,113. The \$1,612,608 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$42,527), the Sewer Enterprise Fund (\$28,354) or the Cable Access TV budget (\$15,624)⁷.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WORCESTER REGIONAL RETIREMENT						
Expenses						
56220 Retirement Assessment	1,241,407	1,306,702	1,415,244	1,531,756	1,531,756	1,612,608
SUBTOTAL	1,241,407	1,306,702	1,415,244	1,531,756	1,531,756	1,612,608

⁷ 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 full-time Cable Access staff (see Section 5 of the budget for more information regarding Public Access TV).



Workers' Compensation Insurance

Workers' 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.⁸ 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 and Liability Insurance budget.

The Town's Workers' Compensation insurance premiums reflect a 22% budgetary increase for FY2018. There are two key contributors to this increase: higher payroll costs (associated with increases in wage rates and salaries as well as expenses resulting from additional staffing) and increased claims. During recent years, both the Town of Northborough, as well as the larger pool of communities participating in MIIA's workers' compensation program, have experienced increased claim costs. Additionally, the Commonwealth of Massachusetts implemented a statewide workers' compensation rate hike on July 1, 2016.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	92,419	98,758	109,119	114,497	114,363	140,878
53080 Police/Fire Injured on Duty (IOD) Medical Payments	2,461	2,682	581	5,000	3,046	5,000
SUBTOTAL	94,880	101,440	109,700	119,497	117,409	145,878

⁸ 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.



Undistributed Expenses

Section 6-11

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 workers' compensation coverage, a separate insurance policy with premiums based largely on claims experience is purchased to cover these personnel for injuries sustained 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 3% budgetary increase for FY2018.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	177,119	180,631	199,061	248,927	220,211	256,395
SUBTOTAL	177,119	180,631	199,061	248,927	220,211	256,395



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 Lincoln Street School 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.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	1,739,784	1,536,532	1,827,532	2,072,533	4,532	2,136,383
59150 Interest/Long-term Debt	567,248	514,191	659,680	851,116	423,461	822,697
59270 Interest/Temporary Loans	0	0	957	110,482	0	0
SUBTOTAL	2,307,032	2,050,723	2,488,169	3,034,131	427,993	2,959,080

For FY2018, the total Debt Service budget for the General Fund is \$2.96 million, a decrease of \$75,051. The budget reflects the addition of the first of ten installments for the \$1,027,000, Church Street Culvert construction project.

The FY2018 Lincoln Street School Debt service is \$1,124,675 and it has decreased slightly from the FY2017 peak of \$1,144,882. In preparation for this significant School building project and to minimize the tax impact for this debt excluded project, issuance of debt for smaller capital projects has been curtailed and in accordance with the Town's Free Cash Policy for the past five years, as these smaller capital items have been purchased using available funds. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the recent successful efforts to fund more pay-as-you-go capital projects.

Statutory Debt Limit

The aggregate level of the Town of Northborough's 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 2016 EQV	\$2,719,405,300
Debt Limit (5% of EQV)	\$ 135,970,265



Undistributed Expenses

Section 6-13

Northborough's total issued and outstanding long term debt principal, both inside and outside the debt limit as of June 30, 2016, is \$29,729,007, significantly below the statutory debt limit.

Debt Policy Limits

There is an additional local limit placed on Northborough's total 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%

The estimated FY2018 General Fund debt service budget is well under the local debt policy limits, as net General Fund debt represents only 5.5% of FY2018 expenditures.

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.

In May 2015, in conjunction with the bond issuances for the Lincoln Street School project, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management they commented that *"the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies."* The 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.

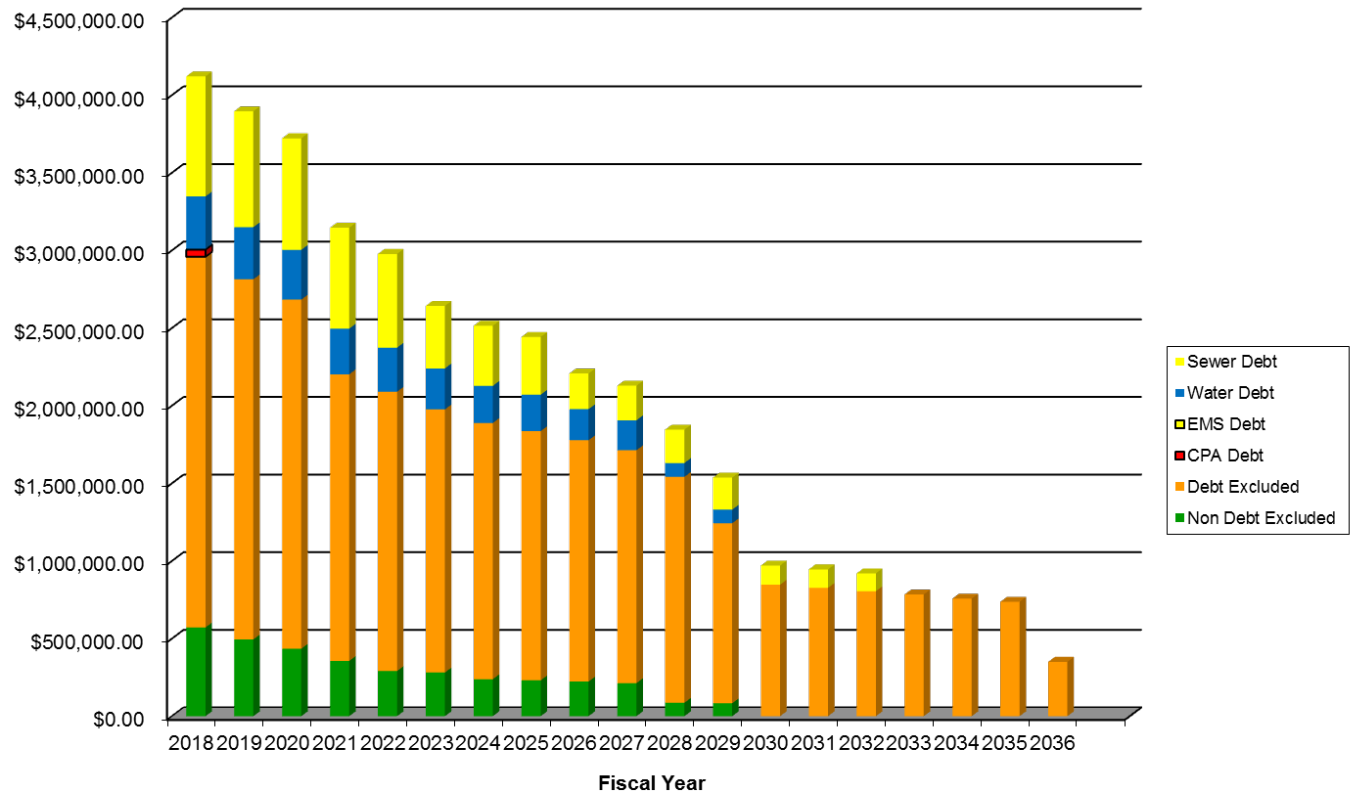
Moody's Investor Service Bond Rating
Aaa
➔ Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2

Total Long Term Debt Service - All Funds

The total long term annual debt service from FY2018 through FY2036, including both principal and interest, is shown on the following page. 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 Fund.



Total Long Term Annual Debt Service By Fund



Total Long Term Annual Debt Service By Fund							
Fiscal Year	General Fund	General Fund Debt Excluded	CPA Debt	EMS Debt	Water Enterprise Fund	Sewer Enterprise Fund	Total Debt Service
Due							
2018	571,380	2,387,699	45,900		341,809	773,582	4,120,370
2019	494,246	2,319,152			335,928	746,212	3,895,539
2020	434,174	2,248,341			320,367	718,292	3,721,174
2021	355,394	1,845,790			294,181	650,156	3,145,521
2022	290,514	1,799,263			283,576	603,356	2,976,709
2023	281,384	1,694,308			264,091	402,050	2,641,833
2024	238,166	1,649,793			239,189	387,085	2,514,233
2025	230,686	1,604,843			234,649	371,970	2,442,148
2026	223,020	1,553,979			199,983	229,910	2,206,891
2027	213,168	1,499,236			193,465	222,280	2,128,149
2028	86,400	1,454,919			89,075	214,650	1,845,044
2029	83,200	1,159,225			87,581	206,925	1,536,931
2030		846,775				123,200	969,975
2031		826,400				118,800	945,200
2032		805,100				114,400	919,500
2033		783,800					783,800
2034		757,500					757,500
2035		736,350					736,350
2036		350,200					350,200
Total	3,501,731	26,322,670	45,900	-	2,883,895	5,882,869	38,637,065



Undistributed Expenses

Section 6-15

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 80% of the expenses—Mosquito Control, MBTA and Regional Transportation.

1. Mosquito Control Assessment: Pursuant to MGL Chapter 252, Section 5A (Chapter 2, Section 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 is administered in order to maintain and operate regional public transportation.
3. Regional Transportation Assessment: To assess municipalities in order to provide for a system of regional transportation authorities to develop, finance, and contract for the operation of transportation facilities and service outside the Metropolitan Boston area. Northborough is serviced by the Worcester Regional Transportation Authority (WRTA).

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	53,226	54,437	50,238	58,514	29,259	59,821
56400 Air Pollution Assessment	5,093	5,149	5,269	5,401	2,701	5,229
56410 County Assessment ch. 35	0	0	0	0	0	0
56420 MBTA	68,597	72,455	74,302	74,530	37,266	72,019
56430 Regional transportation Ch 161 B	24,144	23,570	22,473	22,844	11,424	26,271
56440 Charge Against Receipts--SPED	0	0	0	0	0	0
56450 Parking Surcharge Ch 90	8,760	8,760	8,760	8,760	4,114	7,960
56455 School Choice Sending Tuition	47,171	28,586	13,268	13,400	7,173	16,700
56460 Charter School Sending Tuition	119,763	82,541	84,250	14,293	0	0
SUBTOTAL	326,754	275,498	258,560	197,742	91,937	188,000



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, taxpayers may file for an abatement of their property taxes. If approved, the exemptions are funded by the Overlay Reserve for Abatements and Exemptions.

Massachusetts' Municipal Modernization Act passed and went into effect in November 2016. The new law created a single overlay reserve to cover the costs of potential abatements or exemptions granted by the assessors or ordered by the Appellate Tax Board for any fiscal year. Now all balances in all overlay accounts for prior years will be merged into a single overlay account. An amount will still need to be raised each year to be sure there are sufficient funds to cover all the abatements and exemptions, however the amount raised in the current year may be reduced at the time the tax rate is set in November if sufficient surplus remains in the reserve.

In FY2018, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$612,089, which represents approximately 1.25% of the estimated tax levy.

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.

The only offset item for FY2018 is \$22,559 for public library 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 Chapter 40, Section 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 is required to establish, amend the purpose of, or appropriate money from the stabilization fund. However, funds may be appropriated into the fund by a simple majority vote.

As of June 30, 2016, the balance in the Stabilization Fund is \$4.17 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years the appropriation was not possible due to financial constraints. Beginning in FY2016, the contribution to the Stabilization Fund was restored and augmented with additional funding for a total contribution of \$200,000. The FY2018 budget provides for another contribution to the Stabilization Fund of \$200,000 in order to maintain preferred reserve levels of approximately 8%. Future contributions to the Stabilization Account will require a yearly review of the Town's financial position.

Overall, the Town's reserves remain within the acceptable levels prescribed by its financial policies, which is 5-10% of operating revenues. Detailed information regarding the level of reserves can be found in Appendix B, pages 9 and 10.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	0	0	200,000	200,000	200,000	200,000
SUBTOTAL	0	0	200,000	200,000	200,000	200,000
TOTAL: STABILIZATION FUND CONTR.	0	0	200,000	200,000	200,000	200,000

***The transfer to the Stabilization Fund is voted as a separate warrant article, and is not included in the warrant article for the Town Budget. ***



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 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 had 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 Reserve Fund amount was level funded from FY2012, FY2013, FY2014 and FY2015 at \$150,000. In FY2016, to meet the increasing need, the budget provided for an appropriation in the Reserve Fund of \$175,000. The appropriation to the Reserve Fund remained funded at \$175,000 in FY2017, and \$175,000 is again proposed for FY2018.

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 budgeted funds are transferred into other accounts when approved by the Committee, rather than expenses being charged directly to the Reserve Fund.

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
RESERVE FUND							
Expenses							
59810	Reserve Fund	0	0	0	175,000	0	175,000
	SUBTOTAL	0	0	0	175,000	0	175,000
TOTAL:	RESERVE FUND	0	0	0	175,000	0	175,000

The transfer to the Reserve Fund is voted as a separate warrant article, and is not included in the warrant article for the Town Budget.



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 Free Cash and bond proceeds. In FY2018, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, funding the FY2018 Capital Budget with \$1,497,000 from Free Cash, \$400,000 to be borrowed for the West Main Street Pump Station with the debt service paid by the Sewer Enterprise Fund, \$110,000 for a Sewer Inspection Camera to be paid from Sewer Enterprise Free Cash, and \$100,000 to purchase a Water/Sewer Truck to be paid from Water/Sewer Enterprise Free Cash. The Capital Budget totals \$2,107,000, and together with the other warrant articles the total expenditures come to \$2,482,000.

Effective in FY2012 the Board of Selectmen adopted a Free Cash Policy, 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 Section 9-1 through 9-6 of this document.

In summary, the FY2018 Town Meeting Warrant Articles include the following:

- \$175,000 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 (see page 6-18 for more detail).
- \$200,000 for the Stabilization Fund—After multiple years without an appropriation, funding for the Stabilization Fund was restored in FY2016, funded in FY2017 and included again in FY2018 in the amount of \$200,000 (see page 6-17 for more detail).
- \$65,000 for Fire Forestry Truck — This request provides for the purchase of one new forestry truck to replace two existing 2005 forestry trucks for the Fire Department. This acquisition will permanently reduce the Fire Department's fleet by one vehicle.
- \$87,000 for Police Cruiser Replacements — This request provides for the purchase of two new patrol vehicles for the use of the Police Department. Included in the funding request is the cost of outfitting the vehicles with ancillary equipment and mobile data terminals.
- \$240,000 for DPW Six-Wheel Dump Truck with Spreader and Plow — This request provides for the purchase of one new six-wheel dump truck with a spreader and plow to replace a 1995 International truck that has surpassed its useful life expectancy of about 15 to 20 years.
- \$95,000 for DPW One-Ton Dump Truck with Plow — This request provides funds for the purchase of one-ton dump truck with plow to replace a 2006 dump truck. The 2006 dump truck has surpassed its useful life expectancy of about 10 to 12 years.
- \$95,000 for DPW One-Ton Dump Truck with Chip Body and Plow — This request provides funds for the purchase of one new one-ton dump truck with a chip body and a plow to replace a 2000 one-ton cab and chassis truck which has surpassed its useful life expectancy of about 15 to 20 years.



- \$65,000 for DPW Chipper — This request provides funds for the purchase of a chipper to replace a 2009 Brush Bandit Chipper.
- \$50,000 for DPW Fisher Street Culvert Replacement — This request provides funds for the design and construction bid documents for replacement of the Fisher Street culvert over Cold Harbor Brook. The current structural support and decking is in poor condition and needs to be replaced. Once design and construction bid documents are complete, funding will be sought in FY2019 to construct the new culvert. Replacement of the culvert is part of a comprehensive roadway improvement plan.
- \$200,000 for DPW Crawford Street Slope Easements & Retaining Wall — This Article provides for the acceptance of two easements along Crawford Street to allow the DPW to repair an existing stone retaining wall and slope the land within the easements in a reasonable manner, thereby reducing the height of the retaining wall. It also provides funds for the design and construction of a 200 linear foot replacement retaining wall on Crawford Street.
- \$300,000 for Roadway Maintenance and Improvements — This Article provides funds in addition to the FY2018 Chapter 90 allocation in order to maintain current road conditions in accordance with the Pavement Management Plan.
- \$110,000 for Sewer Division Sewer Inspection Camera — This request provides funds to purchase a skid-mounted sewer camera and recorder system that can fit into the back of a pickup truck. The camera is used to inspect sewer mains and laterals before and after cleaning, locate breaks/roots or cracks in pipes, measure the defects of the pipe on screen and aid in determining causes for sinkholes in the roadway without having to excavate – saving time, materials and disruption of services.
- \$400,000 for Sewer Division – West Main Street Sewer Pump Station Improvements — This Article provides funds for the design and construction improvements to the West Main Street Sewer Pump Station located adjacent to the Post Office on West Main Street. The station was built in 1996. In addition to the original design flows, it now received sewerage from all the restaurants in and around West Main Street as well as the assisted living facility and Lincoln Street Sewer Pump Station. The station is significantly under sized because of increased flows, therefore the alarm/notification system and pumps are in need of upgrading to more efficient and effective systems. This article is a borrowing authorization, with the debt service on the bonds to be paid by the Sewer Enterprise Fund.
- \$100,000 for Water/Sewer Division Ione-Ton Service Truck with Plow — This Article provides funds to purchase of a one-ton service truck with plow to replace a 2008 utility body truck with on-board fuel tank and crane. This vehicle is used daily to perform the regular inspections and general maintenance of the Town's water and sewer system. This article will be funded by a transfer from Water and Sewer Enterprise Free Cash.
- \$300,000 for School Department Proctor School Roof Repairs — This Article provides funds for roof repairs to the Proctor School. This is the second phase of the roof project and involves replacement of the 13,000 square feet of shingled pitched roof with a metal roofing system carrying a warranty of 30 years and a projected life span of 50 years.



Undistributed Expenses

Section 6-21

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING							
SPECIAL WARRANT ARTICLES							
Expenses							
51421	Fire SCBA Compressor	50,000					
51422	Emergency Shelter Trailer	28,000					
51424	DPW Salt Shed Replacement	800,000					
51425	DPW Fueling Island	425,000					
51423	DPW Front-end Loader	203,500					
51521	Fire Car On Replacement		66,000				
51522	Fire Forestry One Replacement		175,000				
51523	Police Closed Circuit TV System		53,500				
51524	MIS Wide Area Fiber Network		110,000				
51525	DPW Six-wheel Dump Truck/Plow		195,000				
51526	DPW Wing Mower Replacement		55,000				
51527	DPW Tractor Replacement		55,000				
51528	Church Street Culvert Design		120,000				
51529	Otis Street Culvert Design		110,000				
51534	DPW Vacuum/Jetter		100,000				
51533	DPW W&S One Ton Truck Replc		65,000				
51519	Lincoln Street School Ren/Add'n		25,530,553				
51530	Hudson St Sewer Pump Station		150,000				
51531	Meter Replacement/Billing system		1,500,000				
51532	Edmund Hill Water Tank Rehab		325,000				
51619	Fire Engine 2 Replacement			688,000			
51620	Fire Ambulance Replacement			280,000			
51621	Fire SCBA Bottles Replacement			45,000			
51622	Police Cruiser Replacements			85,000			
51623	Police Dispatch Console			161,000			
51624	Master Plan			130,000			
51625	DPW Otis St Culvert			325,000			
51626	DPW Road Mower Replacement			130,000			
51627	DPW Dump Truck Replacement			90,000			
51628	DPW Pickup Truck Replacement			60,000			
51629	DPW Backhoe Replacement			145,000			
51630	DPW Mini Excavator			85,000			

⁹ 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 or Borrowing Authorizations rather than actual expenditures, which may cross fiscal years, therefore the depiction of budget rather than actual expenditures is used in this case.

Section 6-22

Undistributed Expenses



(Continued)

FY2014 FY2015 FY2016 FY2017 FY2017 FY2018
BUDGETED¹⁰ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

TOWN MEETING SPECIAL WARRANT ARTICLES

Expenses						
51631 DPW E/M Park Improvements			50,000			
51632 Hudson St Sewer Improvements			1,500,000			
51633 Water Service Truck Replacement			75,000			
51634 Water Pickup Truck Replacement			60,000			
51635 Proctor School Roof Repairs			200,000			
51721 Police Cruiser Replacements				85,000		
51722 Police Station Roof Replacement				90,000		
51723 DPW Church St Culvert				2,000,000		
51724 DPW Dump Truck Replacement				215,000		
51725 DPW Sidewalk Machine				180,000		
51726 DPW Road Improvements				300,000		
51727 Sewer Inflow & Infiltration Study				500,000		
51728 Water Valve Maintenance Trailer				75,000		
51729 Water Dump Truck Replacement				95,000		
59990 250 th Celebration Committee			20,000	20,000		
51821 Fire Forestry Truck						65,000
51822 Police Cruiser Replacements						87,000
51823 DPW Six-Wheel Dump Truck						240,000
51824 DPW One Ton Dump Truck						95,000
51825 DPW Dump Truck w/ Chip Body						95,000
51826 DPW Chipper						65,000
51827 DPW Fisher Street Culvert Plans						50,000
51828 DPW Crawford St Retaining Wall						200,000
51829 DPW Road Improvements						300,000
51830 Sewer Inspection Camera						110,000
51831 Sewer W Main St Pump Stn						400,000
51832 Water Service Truck Replacement						100,000
51833 Proctor School Roof Repairs						300,000
SUBTOTAL	1,506,500	28,610,053	4,129,000	3,560,000	0	2,107,000
59810 Reserve Fund	150,000	150,000	175,000	175,000	0	175,000
59950 Stabilization Fund			200,000	200,000	0	200,000
TOTAL	1,656,500	28,760,053	4,504,000	3,935,000	0	2,482,000

¹⁰ 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 or Borrowing Authorizations rather than actual expenditures, which may cross fiscal years, therefore the depiction of budget rather than actual expenditures is used in this case.

Public Education

Section 7



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Public Education

Section 7-1

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 eighth. 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 five. There is also one middle school, the Robert E. Melican Middle School, which serves grades six through eight.

In FY2018, the proposed K-8 School budget is an increase of \$725,174 or 3.19%.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
NORTHBOROUGH K-8 SCHOOLS						
K-8 School Department	20,161,637	20,942,278	21,741,419	22,719,843	8,697,513	23,445,017
TOTAL	20,161,637	20,942,278	21,741,419	22,719,843	8,697,513	23,445,017

Northborough K-8 Public School											
Enrollment as of October 1, 2016											
School	Pre K	K	1	2	3	4	5	6	7	8	Totals
Lincoln		38	41	40	39	50	57				265
Peaslee		41	53	46	38	47	44				269
Proctor		34	40	51	32	48	43				248
Zeh	30	53	41	40	43	41	55				303
Melican								210	214	244	668
	30	166	175	177	152	186	199	210	214	244	1753

****For detailed information regarding the Northborough K-8 Public School budget, initiatives and goals, please see the School Superintendent's FY2018 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 nine through twelve 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 nine through ten and an Upper School for grades eleven through twelve. An Instructional Support Unit serves all students in all grades. Approximately 90% of Algonquin graduates enter post-secondary education institutions

The Northborough-Southborough Regional High School budget is composed of an operating assessment and a debt payment related to the completed renovation/addition project. The FY2018 operating assessment is \$10,414,869 which is a \$343,219 or 3.41% increase. The debt for ARHS decreases by \$632 or 0.10% to \$660,574. Additionally, the debt exclusion will be reduced by \$212,000 which is the amount of the estimated FY2018 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ALGONQUIN REGIONAL HIGH SCHOOL						
19981 Algonquin Regional Assessment	8,788,262	9,006,343	9,421,675	10,071,650	5,036,963	10,414,869
19981 Debt- Exclusion – Prop 2 1/2	659,760	657,234	656,493	661,206	330,603	660,574
19981 Debt – Not Excluded	0	0	0	0	0	0
TOTAL	9,448,022	9,663,576	10,078,168	10,732,856	5,367,566	11,075,443

Algonquin Regional High School					
Enrollment as of October 1, 2016					
Grade	9	10	11	12	Totals
Northborough	206	221	199	212	838
Southborough	143	148	158	152	601
Other	2	2	1	2	7
	351	371	358	366	1446

****For detailed information regarding the Northborough/Southborough Regional High School budget, initiatives and goals, please see the School Superintendent's FY2018 budget.****

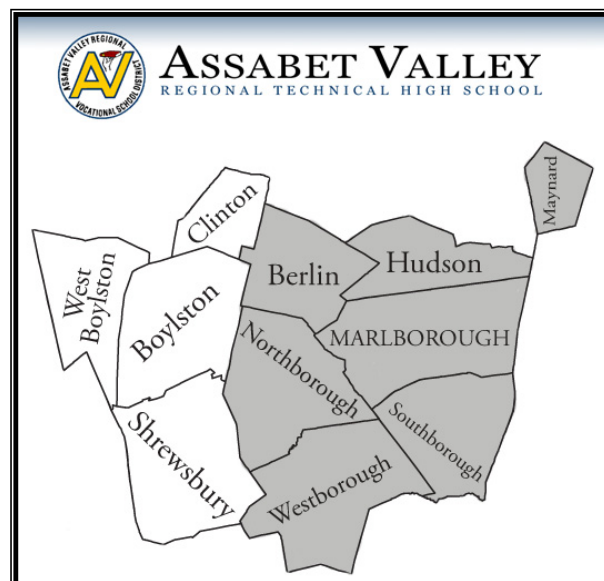
**Assabet Valley Regional Technical High School**

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 FY2018 budget is \$20,294,000 which is a \$684,000 or 3.49% increase.

As of October 1, 2016, 49 Northborough students attend Assabet Valley, which represents 6.14% of the FY2018 overall Assabet budget, or an operating assessment of \$741,661. This is an enrollment increase of 3 from the 46 Northborough students that attended Assabet Valley last year. Northborough's FY2018 share of the debt assessment from the completed building renovation project is \$151,232, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$892,893, which is an increase of \$12,445, or 1.41%.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
ASSABET VALLEY REG TECH HIGH SCH						
53260 Assabet Regional Assessment	646,939	828,280	868,431	688,313	344,157	741,661
53265 Assabet Non-Excluded Debt	1,044	8,186	15,006	192,135	192,135	151,232
TOTAL	647,983	836,466	883,437	880,448	536,292	892,893

****For more information regarding the Assabet Valley Regional Technical High School budget, initiatives and goals, please see the Assabet Valley's School Superintendent's FY2018 budget.****





Norfolk County Agricultural High School

Norfolk County Agricultural High School (NCAHS) is a public high school that currently enrolls over 500 students from the 28 towns of Norfolk County as well as more than 40 out-of-county (tuition) towns.

In prior years Northborough 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 full cost of both tuition and transportation. One Northborough student is expected to attend this school in FY2018, which down from two budgeted in FY2017.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
NORFOLK AGRICULTURAL HIGH SCHOOL						
56470 Norfolk Agricultural Assessment	0	43,594	47,594	95,188	7,500	50,000
TOTAL	0	43,594	47,594	95,188	7,500	50,000

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 and 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 FY2018 Budget Changes or Initiatives

The Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses. The total FY2018 fee revenues are projected to be \$488,000 and the FY2018 expenses are estimated at \$792,830, requiring a projected general fund subsidy of \$217,160 along with a transfer from the Solid Waste Fund Free Cash of \$87,670. In FY2018, the appropriation will again contain a \$10,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for the potential of an unforeseen event in the coming year.

Last year the Town entered into a new three-year agreement with Allied Waste Services of Massachusetts to continue collection service to the Town through FY2019. Under the new agreement, collection costs which were held constant at \$475,000 for the entire five year duration of the previous contract and the first year of this contract, will increase by 2% in FY2018 and another 2% in FY2019.

As a result of the fees projected to be collected and the FY2018 expenses of \$792,830, a General Fund subsidy of \$217,160 is recommended in order to balance the Enterprise Fund. Below is a detailed explanation regarding projected revenues, overhead costs, disposal costs and projected tip fees, projected tonnage and collection costs.

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 remains 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.

During FY2017, the Town again received \$4,200 as part of the Recycling Dividends Funds program which provides payments to municipalities that have implemented specific programs and policies proven to maximize reuse, recycling and waste reduction. This money will be used to offset the cost of purchasing recycling bins and to offset the cost of producing and mailing the recycling calendar to each household in June. Due to the possibility of future state budget cuts the Solid Waste budget also includes \$5,000 to cover these costs in FY2018.

In an effort to minimize additional staff workload the Town continues to contract with Niman Paper Supply for the warehousing and distribution of trash bags and bulk item labels to the authorized retailers at a cost of \$.02 per bag or label. Total projected FY2018 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers and their distribution) is estimated at \$75,000.

The Solid Waste budget also includes the cost of removing and disposing of the yard waste material (brush, leaves and grass) residents dispose of at the Highway Garage. The State Department of Environmental Protection banned yard waste which includes grass and leaves from the wastes that can be disposed of in landfills and incinerators/resource recovery facilities in 1991. The total cost for disposal of all yard waste is estimated to be \$70,000 for FY2018.

Disposal Costs and Projected Tip Fee:

In accordance with the Waste Disposal Agreement with Wheelabrator Millbury, Inc. as revised in 2014 the tip fee is to be adjusted each year on July 1st based upon the amount of change in the Consumer Price Index (CPI) for urban wage earners and clerical workers-Northeast Urban beginning on July 1, 2017. As outlined in the agreement the current tip fee is \$66.00/ton and based upon the most recent information from the Bureau of Labor and Statistics and the formula in the agreement, the tip fee for FY2018 has been estimated at \$67.99/ton, which will apply to the amount of trash disposed of between 7/1/17 and 6/30/18.

Projected Tonnage for FY2018:

Actual tonnage for the last 12 months was 1,927 tons, and reflects an 0.77% decrease from the previous 12 months. Based on the number of new building permits for new single family homes, during the last 12 months, the growth rate for this year was 0.3%. The projected tonnage for FY2018 is approximately 1,933 tons (1,927 X 1.003). Therefore, using a conservative estimate of 2,000 tons of solid waste to be disposed of, results in an FY2018 budget of \$135,980 based upon the projected tipping fee of \$67.99/ton.

Collection Costs:

Under the current agreement with Allied Waste Services, collection costs will increase by 2% in FY2018 and 2% in FY2019. The total FY2018 collection costs are \$484,500 which consists of \$270,300 for trash collection and \$214,200 for recycling collection and disposal.



Solid Waste Enterprise Fund

Section 8-3

		FY2014	FY2015	FY2016	FY2017	FY2017	FY2018
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	21,647	105,865	103,018	151,350	54,594	162,350
52910	Trash Collection/Hauler	485,075	475,369	475,000	475,000	198,505	484,500
57810	Trash Disposal-Wheelabrator	142,470	136,683	126,547	132,000	42,503	135,980
59810	Extraordinary & Unforeseen Expenses	0	0	0	10,000	0	10,000
	SUBTOTAL	649,192	717,917	704,564	768,350	295,602	792,830
TOTAL:	SOLID WASTE	649,192	717,917	704,564	768,350	295,602	792,830

Additional Solid Waste Budget Detail

Unclassified :

Newsletter, training, bins and misc. supplies:	\$5,000
Disposal of illegal dumping:	\$2,000
Household Hazardous Waste Day:	\$10,000
Pay-As-You-Throw costs:	\$75,000
Disposal of Yard Waste	\$70,000
SWANA Membership	\$225
SWANA Meetings	<u>\$125</u>
Sub-total	\$162,350

Solid Waste & Recycling Collection – Allied Waste Services :

Trash Collection:	\$270,300
Recycling:	<u>\$214,200</u>
Sub-total	\$484,500

Trash Disposal - Wheelabrator Millbury, Inc.:

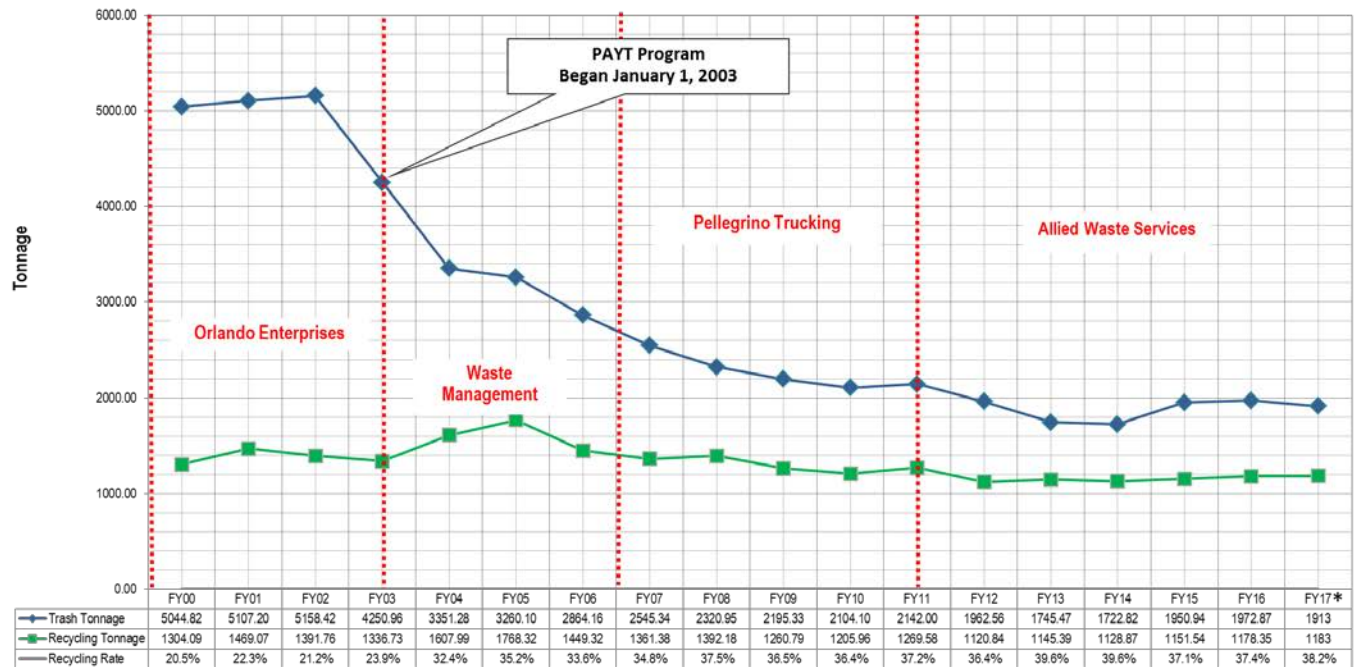
7/1/17 - 6/30/18: 2,000 tons x \$67.99/ton	<u>\$135,980</u>
Sub-total	\$135,980

Contingency Reserve	<u>\$ 10,000</u>
Sub-total	\$ 10,000

Grand Total \$792,830



Waste & Recycling Trends from FY2000 to FY2017



* Estimated Totals Based on 6 Months Actual Data

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 1,902 tons in FY2013 and has only recently started to increase slightly. In addition, recycling rates have risen from 21% in FY2002 and are now holding steady at approximately 38%. The difference between the 5,158 tons of trash in FY 2002 and the 2,000 tons of trash projected to be disposed in FY2018 is 3,124. In FY2018 that difference, multiplied by the projected disposal rate of \$67.99/ton, represents approximately \$214,712 in cost avoidance. This cost avoidance will continue to increase as disposal costs continue to rise in the future.



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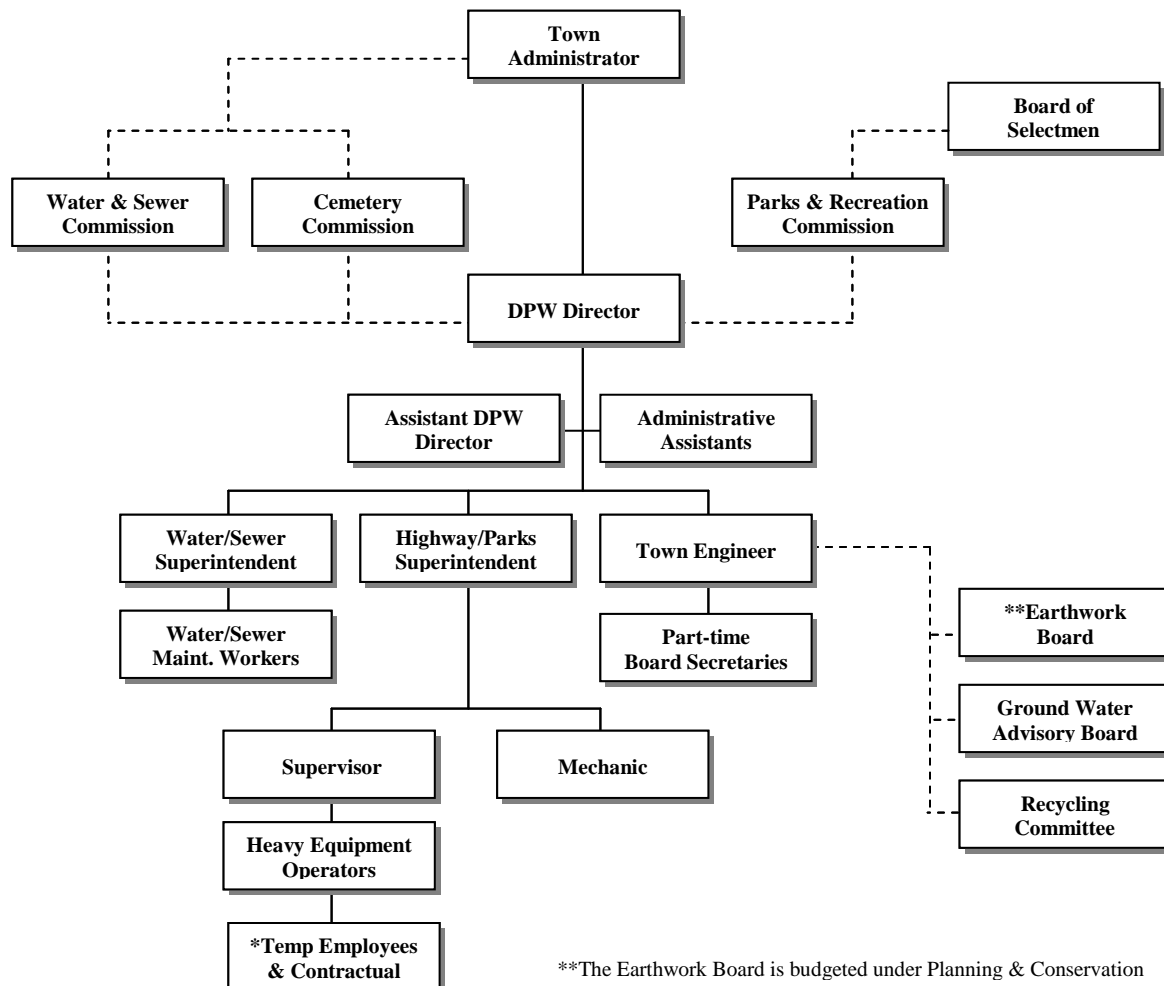
Water & Sewer Enterprise Funds

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



**The Earthwork Board is budgeted under Planning & Conservation



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)¹ 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 of 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 recently contracted with an engineering consultant to evaluate the Town's water needs. The evaluation used 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 were then contrasted with MWRA interconnections and a cost-benefit analysis 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.

¹ The MWRA is a public authority established under Chapter 372 of the Acts of 1984. The 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.

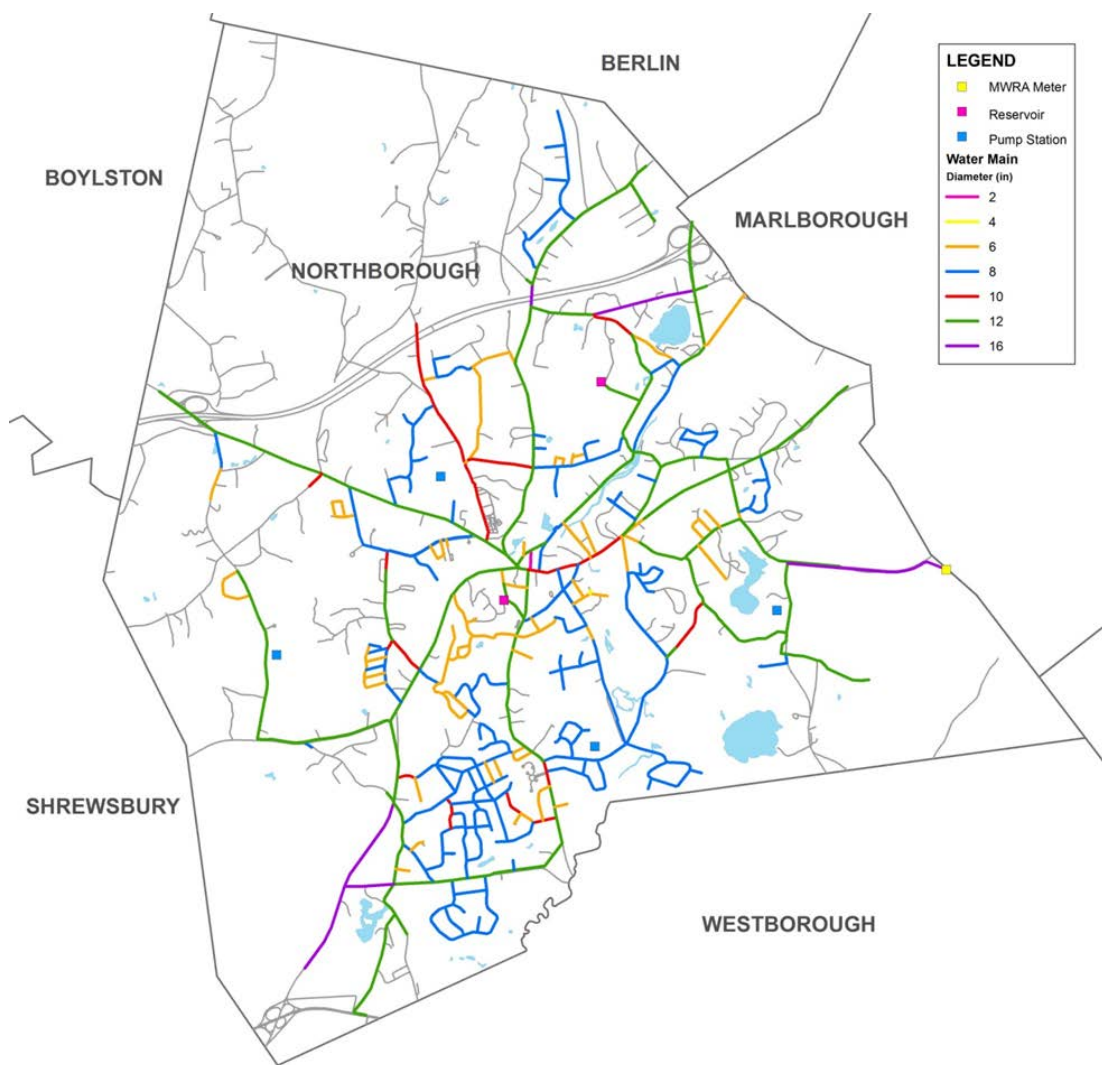


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, clean potable water to the residents. The study included 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 evaluation determined that while our distribution system is basically sound, the town-owned wells cannot supply the current water demand of an average of 0.87 million gallons per day (MGD) and a maximum or peak demand of 1.73 MGD. The Town is capable of pumping 1.02 MGD but it is limited by the Department of Environmental Protection to withdrawal of only 0.74 MGD from the aquifer. As of this writing, the various options are still under review and a preferred supply model has not yet been determined.

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

Northborough Water System Map





Water & Sewer Enterprise Funds

Section 8-9

Significant FY2018 Budget Changes or Initiatives

The FY2018 Water Enterprise Fund is budgeted at \$2,436,381 which is an increase of \$184,908, or 8.2%. The majority of the increase is attributable to three items: 1) a \$104,954 (9.2%) increase in the MWRA water assessment; 2) a modest \$11,056 increase in debt service; and 3) a new \$65,000 hydrant replacement program. Additionally, several required periodic facility inspections will occur in FY2018, including both water storage tanks, as well as the Reservoir Dam.

Approximately two-thirds of the increased MWRA assessment is the result of a 19 million gallon increase in the Town's water consumption since FY2016. However, increased consumption yields higher revenues, ultimately mitigating the impact of higher usage levels on Town water rates. The \$11,056 increase in debt service is the result of the recent \$1.5 million meter replacement program. The water meters reached the end of their useful 20 year life necessitating replacement. The new meters more accurately capture actual usage, off-setting some of the expense. More importantly, available fund balance within the Water Enterprise Fund will be transferred into the budget to off-set the rate impact. Lastly, a \$65,000 hydrant replacement program originally funded in the Capital Budget was moved into the operating budget, since it represents a routine, recurring maintenance expense. The Town has approximately 575 hydrants and plans to replace about 18 per year on an ongoing basis. The cost of the hydrant replacement will come from the Enterprise Fund balance.

The water utility rates have not increased in the last four years. In FY2018 the water utility user rates are expected to increase approximately 5% following a formal rate study. Rates have remained level since FY2014, when a base charge was added to each water account to recover a portion of fixed costs paid from the enterprise funds such as debt, meter reading, billing and collection regardless of the amount of water usage. This moderate rate increase will support the larger budget increase by utilizing a surplus of retained earnings for principal debt pay-down.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	144,348	142,384	143,119	155,353	75,164	162,405
³ 51100 Full-time Salary	33,108	34,383	48,858	63,857	26,112	62,467
⁴ 51120 Full-time Permanent wages	34,133	43,401	47,026	35,460	19,151	35,084
⁵ 51130 W&S Commissioner Stipends	1,080	2,242	1,080	1,080	0	1,080
⁶ 51135 GIS Salary	12,000	12,000	12,000	13,507	12,000	13,912
51300 Overtime	32,695	36,748	37,096	38,839	19,375	40,602
51410 Longevity Pay	1,815	1,425	1,560	1,560	1,320	1,170
51970 Stipends	850	1,080	850	900	0	900
51920 Uniforms	1,800	2,175	1,800	1,800	900	1,800
SUBTOTAL	261,829	275,837	293,389	312,356	154,023	319,420

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

³ Line 51100 represents 30% (12 hrs/ week) of the DPW Director and Asst Director salaries. 20% is reflected in the Sewer Enterprise Fund Budget and the balance (50%) is included in the DPW budget Section 4 of this document.

⁴ Line 51120 represents 24 hours per week of an Administrative Assistant

⁵ Line 51130 represents the three Water & Sewer Commissioners who receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

⁶ Line 51135 represents 14.3% (6 hours per week) of the GIS Director's time supporting the Water Enterprise fund.

Section 8-10

Water & Sewer Enterprise Funds



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	8,366	8,617	8,876	9,319	9,319	12,495
51730 F.I.C.A.	3,836	3,836	4,453	4,453	4,453	4,587
51740 Life Insurance	88	88	88	88	88	88
51750 Health Insurance	42,083	43,828	39,828	43,421	43,421	55,488
52110 Utilities	6,908	12,180	14,808	16,000	5,065	16,000
52610 Building Maintenance	1,592	6,624	8,853	5,000	2,185	5,000
52620 Equipment Maintenance	11,489	6,266	14,446	18,000	2,317	18,000
52800 Contractual Services	30,189	67,226	71,022	93,400	4,207	116,570
52850 Audit	1,765	1,801	1,837	1,873	1,873	1,911
53020 Legal Services	963	1,538	2,570	5,000	833	5,000
53110 Printing	7,326	6,373	6,521	8,400	2,658	8,400
53170 Water Analysis	6,365	3,180	6,224	18,500	2,210	14,000
53190 Training	8,853	5,482	7,140	8,325	35	8,325
54290 Office Supplies	1,513	2,225	536	1,500	214	1,500
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	93	0	0	0	0	0
54380 Brigham Street Well	14	30	0	0	0	0
54390 MWRA Assessment	1,024,847	1,044,443	1,103,542	1,140,248	567,886	1,245,202
54400 Lyman Street Well	2,609	1,860	0	0	0	0
54410 Crawford Street Well	304	15	0	0	0	0
54420 Materials & Supplies	16,057	44,932	62,330	92,300	33,027	117,115
54820 Gasoline	9,939	10,238	10,545	10,545	10,545	10,545
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	32,609	34,324	37,175	40,394	40,394	42,527
57110 Travel/Mileage	223	161	525	600	179	600
57310 Dues	488	0	0	0	0	0
57410 Liability/Building Insurance	14,360	14,791	15,235	15,997	15,997	16,798
58530 Capital Outlay	18,089	675	0	0	1,756	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	39,000	81,000	132,000	0	0	0
SUBTOTAL	1,289,968	1,401,733	1,548,554	1,608,363	748,660	1,775,151



Water & Sewer Enterprise Funds

Section 8-11

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
WATER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	278,770	253,000	244,000	244,000	10,000	282,150
59150 Interest / Long Term Debt	95,368	85,947	77,133	68,445	34,347	59,660
59270 Interest / Temporary Loans	0	0	16,510	18,309	0	0
SUBTOTAL	374,138	338,947	337,643	330,754	44,347	341,810
TOTAL: WATER ENTERPRISE FUND	1,925,935	2,016,517	2,179,586	2,251,473	947,030	2,436,381

Section 8-12 Water & Sewer Enterprise Funds



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 for a sewerage treatment plant from the Massachusetts Department of Public Health, the regulators told the Town that since Marlborough was building a plant across Boundary Street, that they 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. The Marlborough Westerly Plant has a design capacity of 2.89 million gallons per day (MGD). Therefore, Marlborough's portion is 2.09 MGD and Northborough's is 0.80 MGD. 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 MGD 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 MGD of sewer capacity. Therefore, as long as the Town's capacity at the treatment plant remains at 0.80 MGD, 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 was projected to use 130,000 gallons per day of sewer capacity. Not only does this use up the 50,000 gallons per day allocated for industrial development, but it also uses 80,000 gallons per day 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 gallons per day to stay within our 0.80 MGD.

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 MGD. 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 MGD. With the plant capacity permitted for 2.89 MGD, the deficit is 1.26 MGD.

Through the Assabet Consortium Study process, the Department of Environmental Protection (DEP) and the Federal Environmental Protection Agency (EPA) originally informed the Town that no additional flows would be permitted into the Assabet River. Therefore, the additional 1.15 MGD 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 MGD 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.

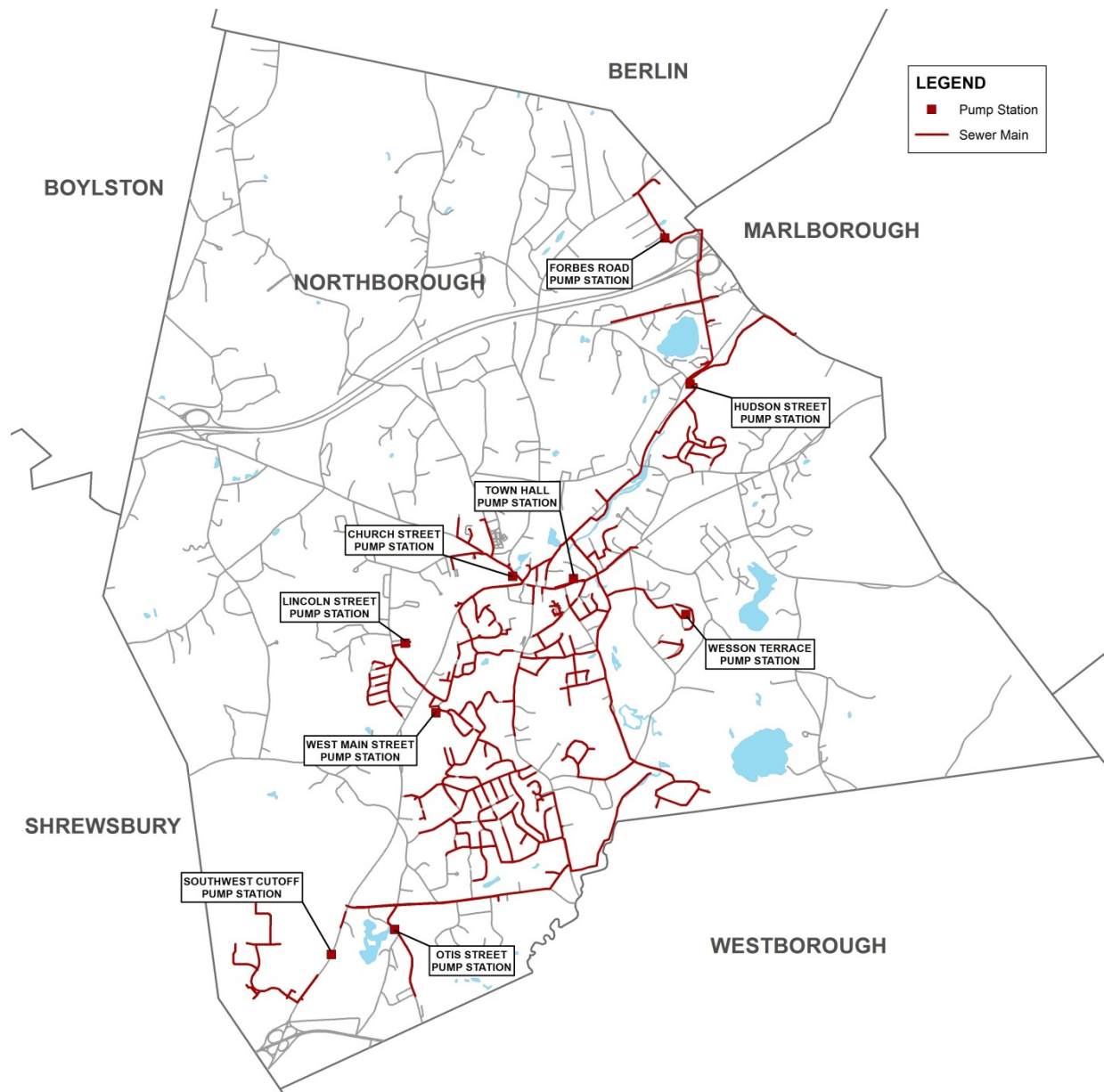
Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great results on the quality of the effluent, it is coming at a significant increase in operational costs. Under the proposed Intermunicipal 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.

Section 8-14 Water & Sewer Enterprise Funds



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

Northborough Sewer System Map





Water & Sewer Enterprise Funds

Section 8-15

Significant FY2018 Budget Changes or Initiatives

The FY2018 Sewer Enterprise Fund is budgeted at \$2,051,028, which is an increase of \$332,606 or 19.4%. This budget reflects an estimated increase in the Marlborough use charge of \$58,081 and \$226,110 in debt services expenses related to the Hudson Street Pump Station Improvement project. These two items account for 85.4% of this year's proposed budget increase.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough which has now been submitted to the Worcester Superior Court. These legal proceedings will establish our contribution to the operational expenses for the Westerly Wastewater Treatment Plan as well as Northborough's share of the \$30 million plant improvement project. Sewer rates were recently increased in the second quarters of FY2014, FY2016, and FY2017. The sewer use charges are also expected to increase for FY2018 and we expect the rates to continue to increase.

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	96,232	94,922	95,412	103,569	50,110	108,270
51100 Full-time Salary	22,072	22,922	32,572	42,572	17,408	41,645
51120 Full-time Permanent wages	22,755	28,934	31,351	23,640	12,775	23,389
⁷ 51130 W&S Commissioner Stipends	720	1,494	720	720	0	720
51135 GIS Salary	8,000	8,000	8,000	8,742	8,000	9,275
51300 Overtime	20,939	24,498	24,731	25,893	12,917	27,068
51410 Longevity Pay	1,210	950	1,040	1,040	880	760
51970 Stipends	950	720	1,000	1,000	0	1,000
51920 Uniforms	1,200	450	1,200	1,200	600	1,200
SUBTOTAL	174,078	182,891	196,026	208,376	102,690	213,327

⁷ Line 51130 represents the three Water & Sewer Commissioners receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

Section 8-16 Water & Sewer Enterprise Funds



	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	5,577	5,745	5,917	6,213	6,213	7,810
51730 F.I.C.A.	2,813	2,813	2,978	2,978	2,978	3,068
51740 Life Insurance	59	59	59	59	59	59
51750 Health Insurance	28,055	29,219	26,552	28,948	28,948	36,992
52110 Utilities	34,334	37,600	45,026	50,800	17,959	51,640
52310 Marlborough Use Charge	383,267	456,826	400,000	580,519	200,000	638,600
52600 Building Maintenance	5,438	9,108	17,925	15,000	6,751	15,000
52620 Equipment Maintenance	10,046	22,322	15,892	42,200	6,085	35,000
52800 Contractual Services	6,347	30,449	22,825	31,000	1,169	48,780
52850 Audit	1,177	1,200	1,224	1,249	1,249	1,274
53020 Legal Services	1,498	2,888	14,631	5,000	7,438	50,000
53080 Consultants/Studies	0	0	0	0	0	0
53110 Printing	4,884	4,248	4,347	5,600	1,772	5,600
53170 Testing	1,610	1,610	1,610	2,000	0	2,000
53190 Training, Dues and Licenses	948	1,025	1,155	3,240	70	3,240
54290 Office Supplies	1,008	1,462	362	1,500	423	1,500
54420 Materials & Supplies	506	16,060	9,869	46,100	19,042	33,310
54820 Gasoline	6,626	6,825	7,030	7,030	7,030	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	21,741	22,885	24,786	26,932	26,932	28,354
57110 Mileage	138	91	238	400	119	400
57410 Liability/Building Insurance	9,574	9,862	10,158	10,665	10,665	11,199
58730 Capital Outlay	12,586	450	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	126,000	54,000	38,000	0	0	0
SUBTOTAL	664,234	716,746	650,582	942,433	344,900	1,055,856



Water & Sewer Enterprise Funds

Section 8-17

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGETED	FY2017 SIX MONTHS	FY2018 PROPOSED
SEWER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	430,209	426,446	419,843	436,004	165,563	579,853
59150 Interest /Long Term Debt	180,889	165,271	148,577	111,469	68,350	193,730
59270 Interest / Temporary Loans	0	0	1,651	20,140	0	8,262
SUBTOTAL	611,097	591,717	570,071	567,613	233,913	781,845
TOTAL: SEWER ENTERPRISE FUND	1,449,409	1,491,355	1,416,679	1,718,422	681,503	2,051,028



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Proposed Capital Improvement Program



2018 - 2023

Town of Northborough, Massachusetts

SECTION 9: CAPITAL IMPROVEMENT PROGRAM

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John W. Coderre
Town Administrator

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March 13, 2017

To: Board of Selectmen, Financial Planning Committee,
Appropriations Committee

It is my pleasure to submit herewith the Proposed FY2018-2023 Capital Improvement Program (CIP), the first year of which constitutes the requested FY2018 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 FY2018 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.

The Free Cash Policy

The process of preparing the CIP and the FY2018 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 FY2016 (June 30, 2016) is available for use in the FY2018 (July 1, 2017) 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 unpredictable 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 FY2018 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 FY2016, Free Cash was certified at approximately \$3.1 million. Of the total Free Cash, approximately \$1.5 million will be used to finance the FY2018 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 FY2018 capital projects and it is likely to continue playing a significant role in funding future capital projects as well.

FY2018 Proposed Free Cash Plan

PROPOSED FY2018 FREE CASH PLAN			
Free Cash Certification as of 7/1/2016		3,104,766	100.00%
FY2018	Appropriated Reserve	-175,000	6%
FY2018	Operating Budget	-500,000	16%
FY2018	Stabilization Fund	-200,000	6%
FY2018	Capital Projects	-1,497,000	48%
Available Free Cash after FY2018 Plan		732,766	24%

In addition to funding capital projects in FY2018, the Free Cash Plan also includes a \$200,000 contribution to the Stabilization Fund. The Stabilization Fund is designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose in accordance with MGL Chapter 40, Section 5B. Communities may establish one or more stabilization funds for different purposes. Any interest shall be added to and become a part of the funds. A two-thirds vote of Town

Meeting is required appropriate money from a stabilization fund.

The Town currently maintains a Stabilization Fund for emergencies and unforeseen circumstances. As of June 30, 2016, the balance in the Town's Stabilization Fund is \$4.17 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years during the recession the appropriation was not possible due to financial constraints. During FY2016 the Stabilization Fund contribution was restored at \$200,000 and is planned to continue at that level in FY2018. The contribution is made possible by the positive amount of Free Cash certified on July 1, 2016.

Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's operating budget. Prior to the close of FY2016, the Town's total reserves (Stabilization Fund plus Free Cash) were at 7.6%, or \$4.62 million. As the operating budget continues to grow at a rate of 3-4% annually and the Stabilization Fund's interest earnings are less than 1% annually, the relative level of reserves has been declining, despite the fact that the Town has not drawn upon the Stabilization Fund. The planned contribution of \$200,000 in FY2018 is intended to maintain reserves at approximately 8.2%.

The value of strong financial reserves was realized firsthand during FY2016 when the Town issued its share of the bonds associated with the \$25.5 million Lincoln Street School renovation/addition project. As part of the process the Town's credit worthiness was rated by Moody's Investor's Service, which provided an independent, third-party assessment of Northborough's financial condition. The review resulted in an upgraded bond rating of Aa1 and specifically called out the Town's "healthy reserves" as a contributing factor.

It is important to note that Northborough's Free Cash Policy has been a major success story for the Town. Since FY2012 the Town has invested \$11.74 million in pay-as-you-go capital investments with no additional tax impact. That includes \$7.6 million in Free Cash and approximately \$4.1 million in other funding sources, exclusive of the \$1.5 million in Free Cash expenditures planned for FY2018. The clear result has been less tax dollars going to pay for interest on loans and a declining debt burden that has made room for debt associated with significant capital projects such as the Lincoln Street School.

Lincoln Street Elementary School Project

While no additional capital funds are being sought for the Lincoln Street Elementary School Project in FY2018, because of the project's significance, a summary and project update is included in this transmittal letter.

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. Following Town Meeting approval work on the study commenced, resulting in the hiring of a project management firm (Strategic Building Solutions, LLC) and an architectural firm (Lamoureux Pagano & Associates). The Lincoln Street School Building Committee, which includes town officials, school officials and citizens, worked in partnership with the Massachusetts School Building Authority (MSBA) to develop a preferred design solution, which was unanimously endorsed by the Building Committee, K-8 School Committee and MSBA.

At the April 2014 Town Meeting the preferred design solution was presented and approved, followed by a successful debt

exclusion vote at the May 12, 2014 Town election ballot. The project budget is \$25.5 million, with MSBA providing a maximum grant of \$10.4 million.

As of this writing the project is approximately 98% complete, on schedule and under budget with minimal change orders. The school reopened to rave reviews and was formally rededicated on September 15, 2016. The remaining site work left on the punch list will be completed in the Spring of 2017 with final MSBA project closeout scheduled for late July. The Project is estimated to be over \$1 million under budget.

FY2018 Proposed Capital Budget

In terms of the FY2018 Proposed Capital budget, the table on the following page represents the capital projects being brought forward by 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 FY2018 projects requires Town Meeting approval of specific Articles contained in the April 2017 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.

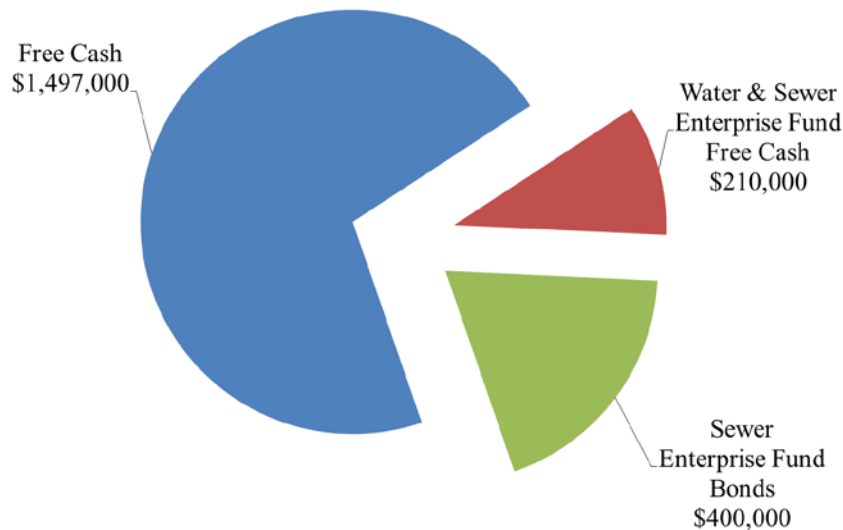
The proposed FY2018 Capital Budget totals \$2,107,000 of which \$1,497,000 is anticipated to be funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$210,000 in funding will come from the Water & Sewer Enterprise Fund balance with no additional impact on rate payers. Out of the projects listed in the table to the right the only debt being proposed is \$400,000 for the Sewer Enterprise Fund West Main Street Pump Station

Lincoln Street School Building Project Overview

- 270 student, K-5 neighborhood school designed to comply with Massachusetts School Building Authority (MSBA) guidelines for state reimbursement
- 45,000 sf major renovation, 8,000 sf addition, capitalizing on recent roof replacement
- Site Improvements
 1. Separate bus and car circulation for improved flow and safety
 2. Emergency access route around the facility
 3. Connection to town sewer system
 4. Community use recreational fields and play areas
- School Program Improvements
 1. Appropriate Kindergarten suite
 2. Expanded Special Education facilities to support inclusion and resource programs
 3. New Gymnasium facility positioned for community use
 4. Expanded Media Center facility in former Gymnasium
 5. Fully renovated classrooms with wireless infrastructure
 6. Improved Administration, Health and Teacher Planning areas.
- Systems and Code Improvements
 1. Upgrade facility for full accessibility
 2. Add fire suppression system
 3. Replacement electrical, telecommunications, security, and IT systems
 4. Replacement heating, ventilating and plumbing systems
 5. Seismic code upgrades
 6. Replacement windows with insulated units
 7. Sustainable design features to qualify for 2% additional state reimbursement
 8. Hazardous material abatement

Improvements. Debt for this project will be financed with sewer user fees, not general fund tax dollars. The balance of the projects listed will be paid for using available funds, resulting in no additional tax or fee impact to the residents.

FY2018 Capital Funding Sources



For additional information regarding each of the proposed FY2018 Capital Budget projects, please refer to the Project Detail Sheets in Part II of this document. Project Detail Sheets are also included for each project contained in the six-year CIP.

FY2018 Proposed Capital Budget

PROJECTS BY DEPARTMENT		EXPENDITURE
Police		
	Police Cruiser Replacement	87,000
	Police Subtotal	\$87,000
Fire		
	Forestry Unit Replacement	65,000
	Highway Subtotal	\$65,000
DPW: Highway Division		
	Six-Wheel Dump Truck w/ Spreader & Plow	240,000
	One-Ton Dump Truck w/Plow	95,000
	One-Ton Truck w/Chip Body & Plow	95,000
	Crawford Street Retaining Wall	200,000
	Chipper	65,000
	Fisher Street Culvert Replacement Design	50,000
	Roadway Improvements/Maintenance	300,000
	Highway Subtotal	\$1,045,000
DPW: Sewer Enterprise Fund		
	Line Inspection Camera	110,000
	West Main St. Pump Station Improvements	400,000
	Sewer Enterprise Fund Subtotal	\$510,000
DPW: Water Enterprise Fund		
	One Ton Service Truck w/Plow	100,000
	Water Enterprise Fund Subtotal	\$100,000
Northborough K-8 Public Schools		
	Proctor Elementary Pitched Roof Replacement	300,000
	Northborough K-8 Schools Subtotal	\$300,000
TOTAL FY18 CAPITAL BUDGET		2,107,000

It should be clearly noted that projects listed in the Capital Improvement Program for years other than FY2018 will not be authorized at the 2017 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. FY2018 is the seventh year such an approach is being followed, since adoption of the Free Cash Policy in 2010.

As a reminder, Part III of this CIP document contains the Financial Planning Committee’s evaluation and recommendation of 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.

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

CAPITAL IMPROVEMENT PROGRAM

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 FY2018 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 large 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 Aa1 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).

CAPITAL IMPROVEMENT PROGRAM

VIII. How is the CIP developed?

The process for preparing the FY2018-2023 Capital Improvement Program and its associated FY2018 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.

CAPITAL IMPROVEMENT PROGRAM

- *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?

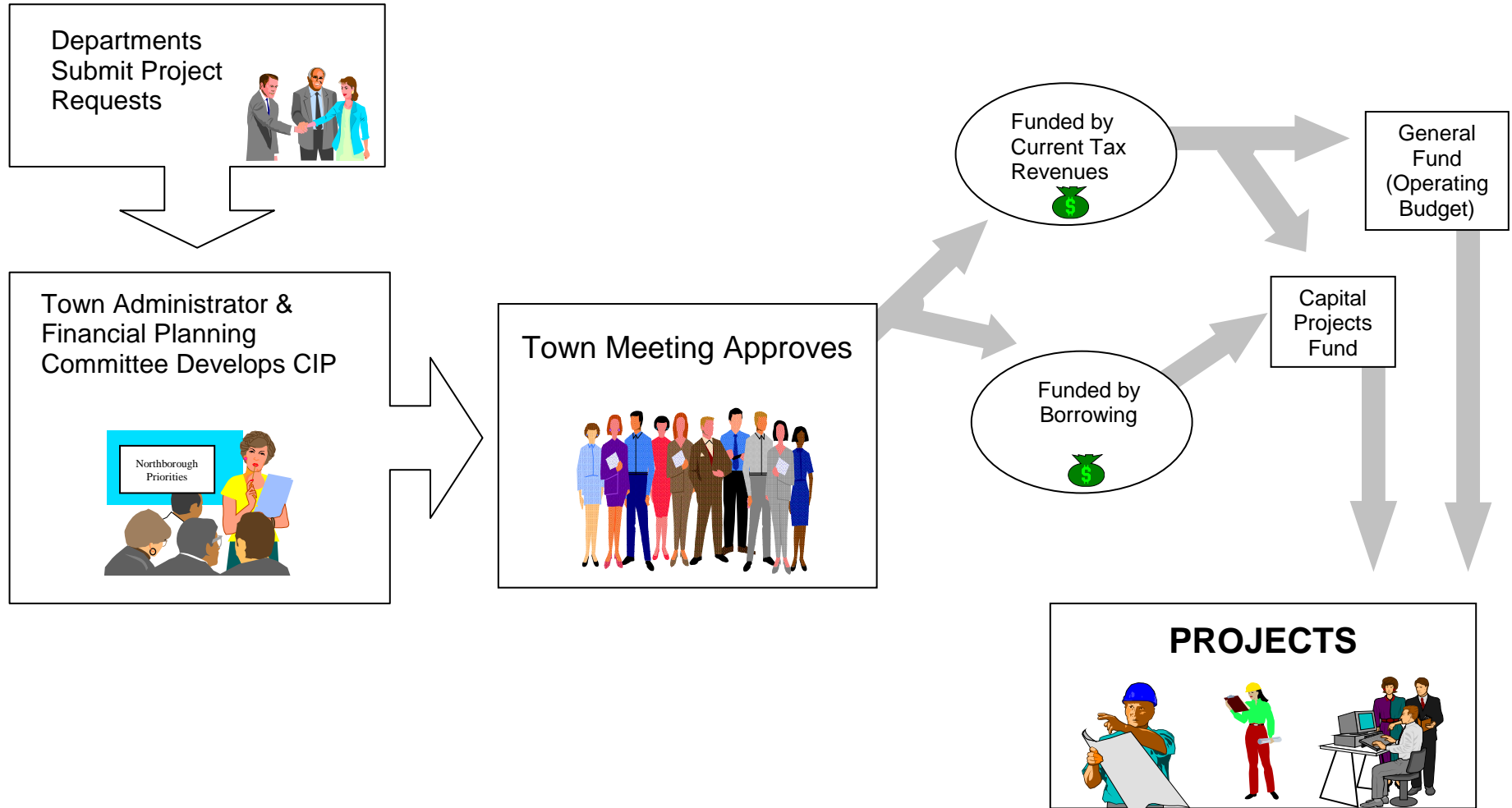
The CIP must be reviewed annually by Town departments and citizens to insure its effectiveness as a flexible, mid-range strategic plan that links the annual budget with our multi-year financial forecasts and the more static long-range Master Plan of Development. Each year, Town Meeting reviews the capital 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 2018-2023



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**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2018-2023**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fire									
Forestry Truck Replacement	21	6	65,000	65,000					
Fire Station Addition/Renovation	22	2	650,000		650,000	TBD			
Ambulance Replacement	23	5	315,000			315,000			
SCBA Replacement	24	6	290,000			290,000			
Pick-Up Truck Replacement	25	6	80,000				80,000		
Car One Replacement	26	6	76,000					76,000	
Fire Subtotal			\$1,476,000	\$65,000	\$650,000	\$605,000	\$80,000	\$76,000	\$0
Police									
Police Cruiser Replacement	27	6	609,000	87,000	87,000	130,500	87,000	130,500	87,000
Police Subtotal			\$609,000	\$87,000	\$87,000	\$130,500	\$87,000	\$130,500	\$87,000
Town Offices									
Town Offices Building Repair Project Phase 2	28	2/6	0		TBD				
Town Offices Building Repair Project Phase 3	29	2/6	0			TBD			
Town Hall Subtotal			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Information Systems/Geographic Information Systems									
GIS Aerial Photography	30	6	140,000		140,000				
MIS/GIS Subtotal			\$140,000	\$0	\$140,000	\$0	\$0	\$0	\$0

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2018-2023**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
DPW: Highway/Parks/Cemetery Division									
Six-Wheel Dump Truck w/ Spreader & Plow	31	6	1,149,000	240,000	255,000		288,000		366,000
One-Ton Dump Truck w/Plow	32	6	309,000	95,000		103,000		111,000	
One-Ton Truck w/Chip Body & Plow	33	6	95,000	95,000					
Chipper	34	6	65,000	65,000					
Fisher Street Culvert Replacement	35	2/6	300,000	50,000	250,000				
Crawford Street Retaining Wall Replacement	36	6	200,000	200,000					
Roadway Improvements/Maintenance	37	6	1,800,000	300,000	300,000	300,000	300,000	300,000	300,000
Street Sweeper	38	2/6	498,000		231,000			267,000	
Pleasant Street Culvert Replacement	39	2/6	150,000		150,000				
Memorial Field Building Improvements	40	6	50,000			50,000			
Memorial Field Parking Lot Wall and Stairs	41	6	TBD			TBD			
Loader	42	2/6	255,000			255,000			
Skid Steer	43	6	100,000			100,000			
Hudson Street Drainage Improvements	44	2/6	200,000				200,000		
One Ton Pick Up Truck w/plow	45	6	145,400				70,000		75,400
Stump Grinder	46	6	65,000					65,000	
Highway Garage Renovation/Expansion	47	2	TBD					TBD	TBD
Wing Mower Replacement	48	6	75,000					75,000	
Backhoe Replacement	49	6	224,500						224,500
Highway/Parks/Cemetery Subtotal			\$5,680,900	\$1,045,000	\$1,186,000	\$808,000	\$858,000	\$818,000	\$965,900

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2018-2023**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
DPW: Sewer Enterprise Fund									
Sewer Line Inspection Camera	50	7	110,000	110,000					
West Main St. Pump Station Improvements	51	7	400,000	400,000					
SCADA System	52	7	700,000		700,000				
Inflow & Infiltration Mitigation	53	7	600,000			300,000			300,000
Forbes Road Pump Station Improvements	54	7	400,000			400,000			
Sewer Extension - Phase 1	55	7	2,175,000				175,000	2,000,000	
Church Street Pump Station Improvements	56	7	400,000					400,000	
Town Hall Pump Station Improvements	57	7	350,000						350,000
Wesson Terrace Pump Station Improvements	58	7	400,000						400,000
Water/Sewer Garage Improvements	59	7/8	TBD						TBD
Sewer Enterprise Fund Subtotal			\$5,535,000	\$510,000	\$700,000	\$700,000	\$175,000	\$2,400,000	\$1,050,000
DPW: Water Enterprise Fund									
One-Ton Service Truck w/Plow	60	7/8	100,000	100,000					
Excavator	61	8	170,000		170,000				
Repair/Replace Water Mains and Services	62	8	1,100,000		100,000	1,000,000			
Water Storage Tank Rehab/Replacement	63	8	TBD			TBD			
Reservoir Dam Compliance	64	8	800,000				800,000		
Utility Tractor	65	7/8	80,000					80,000	
Water Enterprise Fund Subtotal			\$2,250,000	\$100,000	\$270,000	\$1,000,000	\$800,000	\$80,000	\$0
TOTAL GENERAL GOVERNMENT (NON-SCHOOL)									
Fire Subtotal			\$1,476,000	\$65,000	\$650,000	\$605,000	\$80,000	\$76,000	\$0
Police Subtotal			\$609,000	\$87,000	\$87,000	\$130,500	\$87,000	\$130,500	\$87,000
Town Offices Subtotal			\$0	\$0	\$0	\$0	\$0	\$0	\$0
MIS/GIS Subtotal			\$140,000	\$0	\$140,000	\$0	\$0	\$0	\$0
DPW: Highway/Parks/Cemetery Subtotal			\$5,680,900	\$1,045,000	\$1,186,000	\$808,000	\$858,000	\$818,000	\$965,900
DPW: Sewer Enterprise Fund Subtotal			\$5,535,000	\$510,000	\$700,000	\$700,000	\$175,000	\$2,400,000	\$1,050,000
DPW: Water Enterprise Fund Subtotal			\$2,250,000	\$100,000	\$270,000	\$1,000,000	\$800,000	\$80,000	\$0
TOTAL GENERAL GOVERNMENT			\$15,690,900	\$1,807,000	\$3,033,000	\$3,243,500	\$2,000,000	\$3,504,500	\$2,102,900

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2018-2023**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Northborough K-8 Public Schools									
Summary of School projects									
Peaslee Elementary									
**Floor Tile Replacement	67	6	40,000		40,000				
**Parking Lot/Walkway Paving	68	2/6	238,000		238,000				
**Design / Fire & Sprinkler Systems	69	2/3	480,000		TBD	480,000			
Feasibility Study	70	2/3	500,000				500,000		
Architectural Fees & Construction	70	2/3	28,700,000						28,700,000
Proctor Elementary									
Roof Repairs	71	6	300,000	300,000					
Zeh Elementary									
Boiler Replacement	72	2/6	350,000				350,000		
Roof Repairs	73	2/6	430,000						430,000
Melican Middle School									
Walkway Paving	74	6	115,000		115,000				
Feasibility Study	75	2/3	500,000					500,000	
Architect Fees/Renovation (est TBD in FY2024)	75	2/3	TBD						
Northborough K-8 Public Schools Subtotal			\$31,653,000	\$300,000	\$393,000	\$480,000	\$850,000	\$500,000	\$29,130,000

**If Peaslee School renovation projects does not move forward, these projects will need to be included in the capital plan for funding.

Source of Funds Legend			
(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
FY2018-2023



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CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FORESTRY TRUCK REPLACEMENT								
Department: Fire				Category: 2B: Scheduled Equipment Replacement				
<u>Description and Justification:</u> <p>This request is to replace two existing, outdated 2005 Forestry Trucks with one new vehicle. The goal of the project is to reduce the total number of vehicles by one, while at the same time acquiring a piece of equipment specifically designed to function off-road and fight brush fires. The two existing vehicles to be replaced were repurposed trucks that were retrofitted with skid unit tanks; however, the vehicles were not originally designed to carry the weight of the water tanks and, as a result, are limited in their off-road capabilities and prone to maintenance issues. If funded, the \$65,000 request would be used to purchase a new vehicle cab and chassis similar to the one pictured to the right, and to reuse the existing skid unit tanks, warning lights, radios and other equipment. The end result will be a Forestry Truck designed to safely function as intended, while at the same time reduce ongoing maintenance and insurance expenses.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	65,000	65,000					
G. Contingency								
H. Other								
TOTAL		\$65,000	\$65,000					
<u>Source of Funds Legend</u>								
(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 ADDITION/RENOVATION PROJECT (11 PIERCE STREET)								
Department: Fire					Category: 2B			
Description and Justification: This project provides for the renovation/addition, or relocation, of the existing fire station located at 11 Pierce Street. Built in 1974, the station's main systems are all in need of replacement and updating, including HVAC, roof, electrical and plumbing. More importantly, the operational areas lack the appropriate space and accommodations needed for today's staff and equipment. The facility was built 43 years ago primarily as a call fire department and was never intended to house the number of staff and large equipment in use today. Previously appropriated funds in the amount of \$75,000 will be used to complete a Feasibility Study to better define the proposed project location, design and cost estimates. Depending upon the study's findings, the project may seek funds in FY2019 for design development and construction documents, or seek the full amount needed to design and construct the project. Preliminary cost estimates range from \$7-9 million, depending upon the project approach and potential need to acquire land.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	2	650,000		650,000				
C. Land Acquisition								
D. Construction	2	TBD			TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$650,000		\$650,000	TBD			
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	Category: 2B
Description and Justification: <p>The Town operates an Advanced Life Support (ALS) ambulance service, which is physically housed in the Fire Station at 11 Pierce Street. There are two ambulances associated with this service, a front line ambulance and a back-up ambulance. The newest ambulance operates as the front-line responder and the older ambulance serves as 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. This request seeks to replace the 2012 ambulance in FY2020, at which time the 2016 ambulance would become the back-up. 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.</p>	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	315,000			315,000			
G. Contingency								
H. Other								
TOTAL		\$315,000			\$315,000			

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: SELF-CONTAINED BREATHING APPARATUS (SCBA) REPLACEMENT								
Department: Fire					Category: 2B			
Description and Justification: The request will replace the Department's 35 self-contained breathing apparatus (SCBA) units. These units provide a firefighter with breathing air, low air alarms, buddy breathing capabilities, man down warning device features, PAK-Tracker locator, face piece and voice emitter. The units are worn by firefighters during fires, hazardous materials incidents, carbon monoxide incidents and would be crucial in a weapons of mass destruction attack. The current units have been upgraded three times to the National Fire Protection Association (NFPA) standard. The units will range from 19 to 27 years old by FY2020, and will be well past their useful life. SCBA units must conform to NFPA and OSHA standard specifications. One SCBA unit is required for each seating position on the respective fire apparatus along with a spare SCBA air bottle. The Town is aggressively pursuing grant opportunities to help off-set the total cost of the unit replacements.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	290,000			290,000			
G. Contingency								
H. Other								
TOTAL		\$290,000			\$290,000			
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: 2B				
<u>Description and Justification:</u> 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. 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. Funding for the annual operating/maintenance costs associated with this vehicle is included in the Department's vehicle maintenance budget.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	80,000				80,000		
G. Contingency								
H. Other								
TOTAL		\$80,000				\$80,000		
<u>Source of Funds Legend</u>								
(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: CAR ONE REPLACEMENT								
Department: Fire					Category: 2B			
Description and Justification: This request will replace the 2015 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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	76,000					76,000	
G. Contingency								
H. Other								
TOTAL		\$76,000					\$76,000	
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 CRUISER REPLACEMENT								
Department: Police				Category: 2B: Scheduled Equipment Replacement				
Description and Justification: The Police Department has 13 vehicles in total--eight patrol vehicles, three detective vehicles and two administrative vehicles (Chief & Lieutenant). This request seeks to replace police vehicles on the following schedule: two patrol vehicles each in FY2018, FY2019, FY2021 and FY2023; one patrol vehicle and two administrative vehicles in FY2020; two patrol vehicles and one detective vehicle in FY2022. The patrol vehicles are typically used for four years/100,000 miles, while detective and administrative vehicles have about an eight year/100,000 expected useful life. Funding sought in FY2018 will provide for the purchase of two new patrol vehicles (Ford Expedition & Dodge Charger) off the regional bid list and will replace a 2013 Ford Sedan Interceptor and a 2014 Ford Expedition SUV Interceptor. Included in the funding request is the cost of outfitting the vehicles with ancillary equipment and mobile data terminals.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	609,000	87,000	87,000	130,500	87,000	130,500	87,000
G. Contingency								
H. Other								
TOTAL		\$609,000	\$87,000	\$87,000	\$130,500	\$87,000	\$130,500	\$87,000
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 REPAIR PROJECT PHASE 2								
Department: Town Administrator					Category:			
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 as well as further review of the building's sanitary sewer system. These upgrades are being considered as part of an assessment of the overall office space needs/potential reconfiguration of the Town Offices that is currently under review by an architect. Recommendations, a work plan and funding request are expected to be further developed and presented during FY2018.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	TBD		TBD				
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD		TBD				
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 REPAIR PROJECT PHASE 3								
Department: Town Administrator					Category:			
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. These upgrades are being considered as part of an assessment of the overall office space needs/potential reconfiguration of the Town Offices that is currently under review by an architect. Recommendations, a work plan and funding request are expected to be further developed and presented during FY2018.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	TBD			TBD			
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD			TBD			
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: **GIS AERIAL PHOTOGRAPHY**

Department: **MIS/GIS**

Category:

Description and Justification:

The Town first obtained aerial photography in 1997 and then updated it 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 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other	6	140,000		140,000				
TOTAL		\$140,000		\$140,000				

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: SIX-WHEEL DUMP TRUCK WITH SPREADER & PLOW	
Department: DPW - Highway	Category: 2B
Description and Justification: <p>This request seeks to replace a 1995 International truck with a dump truck with a plow and spreader in FY2018. This truck has surpassed its useful life expectancy of about 15 to 20 years. Due to the caustic nature of the salt and chemical additives used in snow removal operations, the metal bodies of these vehicles disintegrate much sooner than the total number of hours or miles would typically indicate, in spite of being washed after every salting event. The picture to the right represents an example of a similar six-wheel dump truck. The Town currently has ten large six-wheel dump trucks with plows in service and will seek to replace an additional vehicle in each of the years FY2019, FY2021 and FY2023. The costs shown in the out years include an inflation factor based upon past experiences.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	1,149,000	240,000	255,000		288,000		366,000
G. Contingency								
H. Other								
TOTAL		\$1,149,000	\$240,000	\$255,000		\$288,000		\$366,000

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 WITH PLOW	
Department: DPW - Highway	Category: 2B
Description and Justification: This request seeks to replace existing one-ton dump trucks with similar model trucks. The one-ton dumps are the most used equipment in the DPW fleet. The Public Works employees use these vehicles to perform their everyday tasks including moving materials and equipment that is carried and towed by these vehicles. These trucks are also paired with large 6-wheel dump trucks to perform snow removal. The useful life of these vehicles is 10 to 12 years. At the time of replacement, the existing trucks will have reached the end of their useful lives. The FY2018 request seeks to replace a 2006 model year truck. The picture to the right represents one of the models to be replaced.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	309,000	95,000		103,000		111,000	
G. Contingency								
H. Other								
TOTAL		\$309,000	\$95,000		\$103,000		\$111,000	

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 TRUCK WITH CHIP BODY & PLOW	
Department: DPW - Highway	Category: 2B
Description and Justification: This request replaces an existing 2000 one-ton cab and chassis truck with a chip body. The truck is used to tow the chipper and leaf vacuum to perform regular maintenance and cleanup at all the Town-owned parks and properties. This truck will also have a plow to aid in snow removal operations. The picture to the right represents a similar new model chip body mounted on a cab and chassis.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	95,000	95,000					
G. Contingency								
H. Other								
TOTAL		\$95,000	\$95,000					

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: CHIPPER	
Department: DPW - Highway	Category: 2B
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><u>Description and Justification:</u></p> <p>This request is to replace the Department's 2009 Brush Bandit Chipper. This piece of equipment is used to chip all limbs and trees throughout the Town including Christmas Trees and brush brought to the garage by the residents. The picture to the right represents an example of a new replacement chipper.</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 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	65,000	65,000					
G. Contingency								
H. Other								
TOTAL		\$65,000	\$65,000					

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: FISHER STREET CULVERT REPLACEMENT	
Department: DPW - Highway	Category: 2B
Description and Justification: This FY2018 request is to fund the design for replacement of the Fisher Street culvert over Cold Harbor Brook. The current superstructure (structural support and decking) is in poor condition and needs to be replaced. The webbing of the steel support beams are rotted and the guardrails are in need of replacement. Once the design and construction bid documents are complete the second phase is to seek funding in FY2019 to construct the new culvert.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	6	50,000	50,000					
C. Land Acquisition								
D. Construction	2/6	250,000		250,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$300,000	\$50,000	\$250,000				

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: CRAWFORD STREET RETAINING WALL								
Department: DPW - Highway				Category: 2B				
<u>Description and Justification:</u> In response to a hit and run car accident in 2015, DPW personnel discovered a compromised dry stone masonry wall. Roadway material is being lost through the joints resulting in an undulating roadway surface which is worsening. This request seeks funding to design a replacement wall and develop plans and specifications for public bid. The design is expected to consist of a short modular block retaining wall with vegetated slope. The new wall and roadway surface treatment will include a guardrail for protection.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	6	25,000	25,000					
C. Land Acquisition								
D. Construction	6	175,000	175,000					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$200,000	\$200,000					
<u>Source of Funds Legend</u>								
(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: ROADWAY IMPROVEMENTS/MAINTENANCE								
Department: DPW - Highway					Category: 2B			
Description and Justification: During 2013 the Town completed a comprehensive Pavement Management study which assessed the Town's overall pavement condition index (PCI) score as 71 out of 100. The study concluded that the Town needs to invest at least \$1.1 million per year just to prevent the overall PCI from declining. The Town's budget for roadway improvements consists of State Chapter 90 transportation funds combined with local funding. Chapter 90 funds were increased to approximately \$800,000 during FY2016, which paired with the DPW budget appropriation of \$300,000, met the minimum requisite funding. During 2016, an update to the Pavement management Study found the Townwide PCI slightly improved to a score of 73. Unfortunately, Chapter 90 funds were reduced to \$500,000 in FY2017 and are expected to remain at that level for FY2018. This request is for an additional \$300,000 in Free Cash to maintain the plan while the Town continues to lobby the State for increased future Chapter 90 funding.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	1,800,000	300,000	300,000	300,000	300,000	300,000	300,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$1,800,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
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

Department: DPW - Highway

Category:

Description and Justification:

This request is to replace the 2007 Elgin Pelican street sweeper in FY2019 and the 2011 model in FY2022. The useful life of a sweeper is approximately ten years, and as sweepers age, they become more costly to repair. Using the department's two sweepers, it takes staff approximately ten weeks to sweep the entire Town from early March to late June. If one sweeper were to go down, it would take the remaining sweeper into the Fall to complete sweeping townwide. Renting sweepers has not been feasible because every town needs to sweep at the same time. Additionally, the new National Pollutant Discharge Elimination Systems (NPDES) permit may require more frequent sweeping.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	498,000		231,000			267,000	
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$498,000		\$231,000			\$267,000	

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: PLEASANT STREET CULVERT REPLACEMENT	
Department: DPW - Highway	Category:
Description and Justification: This request is to fund the replacement of the Pleasant Street culvert near Church Street. The current 24" corrugated metal pipe is in poor condition and needs to be replaced. The bottom of the pipe is completely missing due to corrosion.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	150,000		150,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$150,000		\$150,000				

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: MEMORIAL FIELD PARKING LOT WALL & STAIRS RECONSTRUCTION	
Department: DPW - Highway	Category:
Description and Justification: This request seeks to fund the design and construction of improvements to the spectator access and viewing area adjacent to the Memorial Field parking area. Currently the stairs are constructed of pressure-treated landscape timbers that are in poor condition and are becoming a danger to the users and spectators of the fields. Erosion has caused exposed gravel areas that also pose a risk when spectators access the fields from the parking lot. Proper spectator access, grading, loaming and seeding is required to improve this area.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	TBD			TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD			TBD			

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: MEMORIAL FIELD BUILDING IMPROVEMENTS	
Department: DPW - Highway	Category:
Description and Justification: This request seeks to fund the rehabilitation of the building at Memorial Field. Overall the building has suffered damage through weathering as well as hits from foul balls. The vinyl siding and trim needs to be replaced with cement-board siding and new exterior doors are needed to properly secure the facility.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	50,000			50,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$50,000			\$50,000			

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: LOADER								
Department: DPW - Highway					Category:			
<u>Description and Justification:</u> This request is to replace the 2006 John Deere loader with a newer model. 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. The loader 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. The picture to the right represents an example of a new loader.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	255,000			255,000			
G. Contingency								
H. Other								
TOTAL		\$255,000			\$255,000			
<u>Source of Funds Legend</u>								
(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: SKID STEER	
Department: DPW - Highway	Category:
<u>Description and Justification:</u> This request is to replace a 2006 John Deere skid steer. This piece of equipment is used regularly by the Highway Division on various roadway projects throughout Town. It is a multi-purpose vehicle with multiple attachments including a broom, road cutting saw, forks, etc. This is also used during seasonal maintenance (mulch, etc.) at various parks and municipal buildings. The picture to the right represents an example of a new skid steer.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	100,000			100,000			
G. Contingency								
H. Other								
TOTAL		\$100,000			\$100,000			

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: HUDSON STREET DRAINAGE IMPROVEMENTS	
Department: DPW - Highway	Category:
Description and Justification: This request is to fund portions of the replacement of the underground drainage system on Hudson Street near Solomon Pond Road. Approximately 600 linear feet of the corrugated metal pipe drain system under Hudson Street is corroded causing failures in the roadway.	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	200,000				200,000		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$200,000				\$200,000		

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 PICKUP TRUCK WITH PLOW	
Department: DPW - Highway	Category: 2B
Description and Justification: <p>This request replaces existing 2012 one-ton pickup trucks with a similar models. Pickup trucks are the most used equipment in the fleet. The Public Works employees use these vehicles to perform their everyday tasks including moving materials and equipment that is carried and towed by these vehicles. These trucks are also paired with large 6-wheel dump trucks to perform snow removal during the winter months. The useful life of these vehicles is 10 to 12 years. The picture to the right represents a similar new model pickup truck.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	145,400				70,000		75,400
G. Contingency								
H. Other								
TOTAL		\$145,400				\$70,000		\$75,400

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: STUMP GRINDER	
Department: DPW - Highway	Category:
Description and Justification: <p>This request is to replace the Department's 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 stump grinder.</p>	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	65,000					65,000	
G. Contingency								
H. Other								
TOTAL		\$65,000					\$65,000	

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 RENOVATION /EXPANSION								
Department: DPW - Highway					Category:			
Description and Justification: This request seeks to fund the design and construction of renovations to the Highway Garage. The existing garage was built in 1984 and no longer meets the needs of the DPW. The Engineering firm Weston and Sampson recently expanded upon their 2006 feasibility study to prepare a master site plan. This study analyzed the operations and assessed the condition of the existing building to identify the most cost effective and efficient renovations and additions required to meet the needs of a consolidated DPW.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	2	TBD					TBD	
C. Land Acquisition								
D. Construction	2	TBD						TBD
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD					TBD	TBD
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 2013 John Deere large area mower with a newer model. This mower is used at all the large, town-owned fields including the fields at the elementary and middle schools as well as the cemetery. 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 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	75,000					75,000	
G. Contingency								
H. Other								
TOTAL		\$75,000					\$75,000	

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: BACKHOE	
Department: DPW - Highway	Category: 2B
Description and Justification: This request is to replace a 2005 model backhoe that is used by the Highway Division. This backhoe is used for drainage and roadway repairs, plowing of streets throughout Town and digging graves in the cemeteries. The long reach of a backhoe is necessary to properly excavate (repair, maintain and install) drain pipes and structures (catch basins, manholes, culverts, swales, etc.) throughout Town. The useful life of these vehicles is 10 to 12 years, the existing backhoe is a 2005 model year and will be at least 18 years old when it is replaced. The picture to the right represents an example of new similar model backhoe.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	224,500						224,500
G. Contingency								
H. Other								
TOTAL		\$224,500						\$224,500

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: SEWER INSPECTION CAMERA SYSTEM	
Department: Sewer Enterprise	Category: 2B
Description and Justification: This is a skid-mounted sewer camera and recorder system that can fit into the back of a pickup truck. The camera is used to inspect sewer mains and laterals before and after cleaning, locate breaks/roots or cracks in pipes, measure the defects of the pipe on screen and aid in determining causes for sinkholes in the roadway without having to excavate - saving time, materials and disruption of services. The project will be financed from available funds within the sewer enterprise fund and will not require the issuance of debt.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7	110,000	110,000					
G. Contingency								
H. Other								
TOTAL		\$110,000	\$110,000					

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: WEST MAIN STREET SEWER PUMP STATION IMPROVEMENTS	
Department: Sewer Enterprise	Category: 2B
Description and Justification: <p>This request is to fund the design and construction of improvements to the West Main Street Sewer Pump Station located adjacent to the United States Post Office on West Main Street. This station was built in 1996. In addition to the original design flows, it now receives sewage from all the restaurants in and around West Main Street as well as the assisted living facility and the Lincoln Street Sewer Pump Station. The station is significantly undersized because of the increased flows, therefore the alarm/notification system and pumps are in need of upgrading to more efficient & effective systems.</p>	
	

RECOMMENDED FINANCING

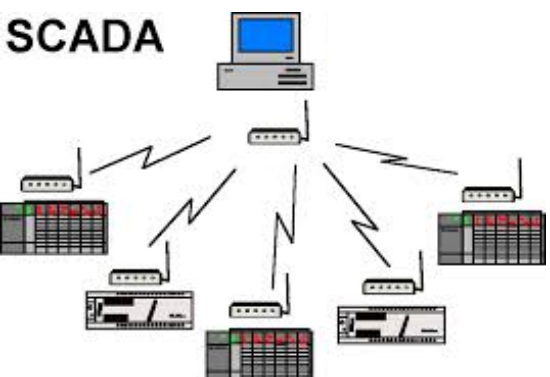
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	7	50,000	50,000					
C. Land Acquisition								
D. Construction	7	350,000	350,000					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000	\$400,000					

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: SCADA SYSTEM	
Department: Sewer Enterprise	Category:
Description and Justification: A fully encompassing SCADA (Supervisory Control And Data Acquisition) system is needed to monitor and efficiently manage the Town's sewer infrastructure. Remote features to ensure adequate alarm response are critical to the health and wellbeing of residents. Currently, the pump stations are not technologically connected to a main point of contact/computer. Alarms that are received are simply 'general' in nature and do not alert the on-call responder to the potential issue, creating a delay in adequate and proper mitigation. This project consists of two phases. Phase 1 entailed the completion of an assessment and design in FY2015. Phase 2, in FY2018, will consist of the construction and implementation of the system. The picture to the right is an example of how an SCADA system communicates to a main point of contact.	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	700,000			700,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$700,000			\$700,000			

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

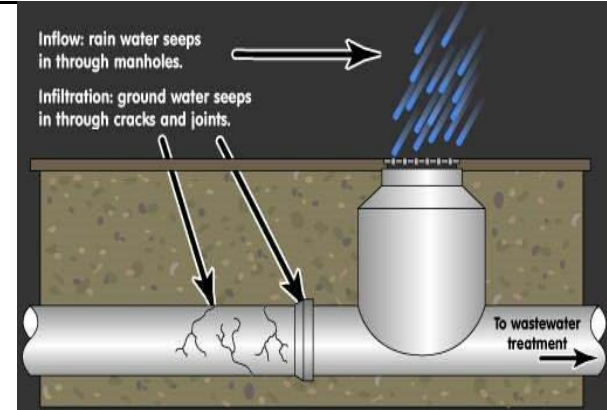
Project Title: **INFLOW AND INFILTRATION (I&I) MITIGATION**

Department: **Sewer Enterprise**

Category:

Description and Justification:

This request is to continue the comprehensive study and implementation of the detailed Operations and Maintenance (O&M) Plan to mitigate inflow and infiltration into the Town's sanitary sewer system. This infiltration is from flowing stormwater and runoff making its way into manhole covers and grates and the seeping of groundwater into the system through pipe connections, cracks in the manholes or other small openings in the system below grade. Identifying and mitigating this I&I greatly reduces the volume of 'clean' water sent to the waste water treatment plant for processing. As required by a State mandate (314 CMR 12.04), municipalities must develop a detailed O&M Plan to address I&I.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	600,000			300,000			300,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$600,000						\$300,000

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: **FORBES ROAD SEWER PUMP STATION IMPROVEMENTS**

Department: **Sewer Enterprise**

Category:

Description and Justification:

This request is to fund the design and construction of improvements to the Forbes Road Sewer Pump Station. This station receives sewage from the industrial businesses in the Whitney Street area. This station dates back to 1978. The alarm/notification system and pumps are in need of upgrading to more efficient and effective systems.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	400,000			400,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000			\$400,000			

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: SEWER EXTENSION - PHASE I	
Department: Sewer Enterprise	Category: 3D
Description and Justification: <p>This request is to design and construct an extension of the municipal sewer system in accordance with recommendations made in the 2007 Comprehensive Wastewater Management Plan (CWMP). The CWMP referenced sewer extensions in various areas of Town. These areas are currently under further review to verify specific septic failure rates, soil conditions and potential cost impacts of installing the sewers versus the cost of septic system replacement.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	7	175,000				175,000		
C. Land Acquisition								
D. Construction	7	2,000,000					2,000,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$2,175,000				\$175,000	\$2,000,000	

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: **CHURCH STREET SEWER PUMP STATION IMPROVEMENTS**

Department: **Sewer Enterprise**

Category:

Description and Justification:

This request is to fund the design and construction of improvements to the Church Street Sewer Pump Station located adjacent to the old Fire Station on Church Street. This station dates back to 1998. The alarm/notification system and pumps are in need of upgrading to more efficient & effective systems.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	400,000					400,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000					\$400,000	

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 HALL SEWER PUMP STATION IMPROVEMENTS	
Department: Sewer Enterprise	Category:
Description and Justification: <p>This request is to fund the design and construction of improvements to the Town Hall Sewer Pump Station. This station was constructed in 1982. It receives sewage from the Town Hall as well as Centre Drive and discharges it to the gravity system in Hudson Street. This station is not adequately accessible by the staff to inspect, has confined space entry limitations and is in need of new energy efficient pumps, control system, stairs, roof, etc. The station currently has no pump failure alarm system and no backup power.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	350,000						350,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$350,000						\$350,000

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: **WESSON TERRACE SEWER PUMP STATION IMPROVEMENTS**

Department: **Sewer Enterprise**

Category:

Description and Justification:

This request is to fund the design and construction of improvements to the Wesson Terrace Sewer Pump Station. This station dates back to 2000. The alarm/notification system and pumps are in need of upgrading to more efficient & effective systems.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	400,000						400,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000						\$400,000

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: WATER/SEWER GARAGE IMPROVEMENTS								
Department: Water & Sewer Enterprise					Category:			
Description and Justification: This request seeks to fund the design and construction of renovations to the Water and Sewer Garage. The existing garage was originally constructed in 1964 to house only the Water Department. The Town installed sewer in the 1970's, and this expansion of departmental operations required additional staff and equipment that was not contemplated when the original garage was built. The current facility is undersized for the number of vehicles and equipment it houses. It requires security improvements and HVAC and electrical upgrades to allow the Town to maximize the benefits of new technologies, including electronic alarms and monitoring systems.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7/8	TBD						TBD
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD						TBD
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 SERVICE TRUCK W/PLOW								
Department: Water Enterprise				Category: 2B				
<u>Description and Justification:</u> This request is to replace a 2008 utility body truck with on-board fuel tank and crane. This vehicle is used daily to perform the regular inspections and general maintenance of the Town's water and sewer system. The fuel tank is used to transport fuel to various pump stations and equipment. The crane is used to lift the sewer pumps from the wet wells for serviceability. It is a general response vehicle to all calls throughout the water and sewer division. The new truck will also be used as a plow vehicle throughout Town. The picture to the right represents an example of a replacement truck.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	100,000	100,000					
G. Contingency								
H. Other								
TOTAL		\$100,000	\$100,000					
<u>Source of Funds Legend</u>								
(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: **EXCAVATOR**

Department: **Water Enterprise**

Category: **2B**

Description and Justification:

This request seeks to fund a mini-excavator for use by the Water and Sewer Division. This piece of equipment will be used to install, repair and maintain water and sewer services and hydrants throughout Town. The mini-excavator is more maneuverable than the larger backhoe when excavating in tight spaces and lessens the impact to surfaces and traffic. The expected useful life of this machinery is 10 to 12 years. The picture to the right represents an example of a new mini-excavator.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	8	170,000		170,000				
G. Contingency								
H. Other								
TOTAL		\$170,000		\$170,000				

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

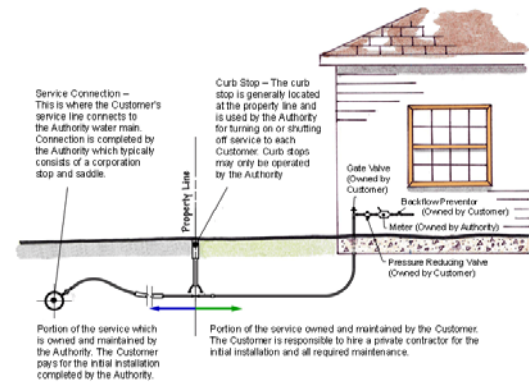
Project Title: **MAIN & SERVICE REPLACEMENT PROGRAM**

Department: **Water Enterprise**

Category:

Description and Justification:

This request is to fund a Water Main and Service Replacement Program as part of an ongoing commitment to provide quality water services to the residents of Northborough. This project focuses on replacing old, plastic or undersized mains and services with reliable new materials which will significantly improve reliability, flow and fire protection while reducing the likelihood of breaks or leaks in the system. These improvements will positively effect the lives of the resident of Northborough for years to come.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design	8	100,000		100,000				
C. Land Acquisition								
D. Construction	8	1,000,000			1,000,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$1,100,000		\$100,000	\$1,000,000			

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: WATER STORAGE TANK REPLACEMENT/REHABILITATION	
Department: Water Enterprise	Category:
<u>Description and Justification:</u> As a result of the most recent tank inspections in September 2015 which were performed as required by MassDEP, some small repairs and a recoating are recommended for the Assabet Hill Tank which is a 3.5 MG concrete water storage tank. The Edmunds Hill Tank requires similar attention with minor welding repairs and a complete recoating. The cost associated with the Edmunds Hill 1.0 MG steel tank is far more than Assabet due to the complexity of steel tank stripping and coating. A tank disposition and recommendations report is being prepared which will make recommendations for both tanks based upon condition, hydraulics, storage requirements and a cost benefit analysis. The Assabet Hill Tank is shown in the picture to the right.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	8	TBD			TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD			TBD			

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: RESERVOIR DAM REMOVAL	
Department: Water Enterprise	Category:
Description and Justification: Reservoir Dam is owned by Northborough and located between Shrewsbury and Boylston. This structure is a significant hazard, poor condition dam. The Office of Dam Safety has ordered Northborough to either bring the dam into compliance or permanently breach the dam. This request seeks funding to permanently breach the dam.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	8	800,000				800,000		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$800,000				\$800,000		

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: UTILITY TRACTOR	
Department: Water Enterprise	Category:
Description and Justification: <p>This request is to replace a 2003 Kubota utility tractor. This tractor is a multi-purpose piece of equipment that is used throughout Town to clear the water and sewer cross-country easements in the summer growing months as well as spring & fall cleanups with the large blower attachment as well as clearing around hydrants during the winter months.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	80,000					80,000	
G. Contingency								
H. Other								
TOTAL		\$80,000					\$80,000	

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

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 estimated cost to replace the tiles in three classrooms is \$40,000. However, the decision to replace the tiles must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project. Ongoing monitoring occurs to ensure no safety issues are present while awaiting replacement.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	40,000		40,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$40,000		\$40,000				
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: PARKING LOT/WALKWAY PAVING - PEASLEE SCHOOL																
Department: Northborough Public Schools					Category:											
Description and Justification: <p>This request seeks funding to repave the parking lot and asphalt walkways at the Peaslee Elementary School. The asphalt has been patched and crack sealed multiple times in recent years and is nearing the end of its useful life. The estimated cost to repave and restripe the Peaslee parking lot and walkways is \$238,000. However, the decision to repave must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project. If a comprehensive project is undertaken, it is inevitable that significant reconfiguration of the building parking lot and circulation would be needed. The Town continues with its plans to request MSBA's assistance with this important project, but limited funding at the State level will impact how quickly grant funding is approved and the Town may need to take action if State assistance is delayed too long.</p>																
RECOMMENDED FINANCING																
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year													
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023								
A. Feasibility Study																
B. Design																
C. Land Acquisition																
D. Construction	2/6	238,000		238,000												
E. Furnishings/Equipment																
F. Departmental Equipment																
G. Contingency																
H. Other																
TOTAL		\$238,000		\$238,000												
<u>Source of Funds Legend</u> <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

Project Title: FIRE/SPRINKLER SYSTEM - PEASLEE SCHOOL	
Department: Northborough Public Schools	Category:
<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 would fund the design and installation of a new fire alarm and sprinkler system for the Peaslee School as recommended by the Fire Department. However, the decision to replace the systems must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design		TBD		TBD				
C. Land Acquisition								
D. Construction	2/3	480,000			480,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$480,000		TBD	\$480,000			

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: ADDITION/RENOVATION PROJECT - PEASLEE SCHOOL	
Department: Northborough Public Schools	Category:
Description and Justification: This project entails the feasibility study, design and construction for an renovation/addition of the Peaslee Elementary 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.	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study	2/3	500,000				500,000		
B. Design								
C. Land Acquisition								
D. Construction	2/3	28,700,000						\$ 28,700,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$29,200,000				\$500,000		\$28,700,000

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:

During FY2016 the first phase of this project included the repair and restoration of the 38,000 square feet of flat roof at the Proctor School. The work included the application of a urethane water-proofing membrane designed to restore and increase the lifespan of the roof by a minimum of ten years. The blackened portions of the roof shown in the photo to the right represents the area that was restored .

This FY2018 request represents the second phase of the roof project and involves replacement of the 13,000 square feet of shingled pitched roof with a metal roofing system carrying a warranty of 30 years and a projected life span of 50 years. An updated roof study was conducted in 2016 which estimates the pitched roof replacement at \$300,000. The project would be funded using one-time revenues (free cash) with no debt or additional tax impact.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	300,000	300,000					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$300,000	\$300,000					

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: BOILER REPLACEMENT - ZEH SCHOOL	
Department: Northborough Public Schools	Category:
<u>Description and Justification:</u> The current Burnham boiler was installed as part of the Zeh School renovation in 1999. Although the boiler is only 18 years old, Burnham changed its boiler design in 2004 and replacement parts for their older models are now extremely difficult to obtain. While currently operational, a reliable and energy-efficient heating system is necessary for the Zeh School.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	350,000				350,000		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$350,000				\$350,000		

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 - ZEH SCHOOL	
Department: Northborough Public Schools	Category:
<u>Description and Justification:</u> This project entails the replacement of the pitched asphalt shingled roof at the Zeh School. The existing roof is approximately 18 years old and has experienced multiple repairs over the past several years due to blown off shingles caused by high wind events and quality of current shingles. The shingles are also beginning to display thermal cracking. This project is slated for FY2023 and represents the replacement of approximately 20,000 square feet of shingle pitched roof with a metal roofing system carrying a warranty of 30 years and a projected lifespan of 50 years.	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	430,000						430,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$430,000						\$430,000

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: WALKWAY PAVING - MELICAN MIDDLE SCHOOL	
Department: Northborough Public Schools	Category:
Description and Justification: This request seeks funding to repave sidewalks and sealcoat the parking lot at the Melican Middle School. Repaving of sidewalks at Melican is necessary due to the numerous cracks. Sealcoating the parking lot is necessary to maintain the \$70,000 repaving project completed in 1998. The cost to remove and replace Melican walkways and to sealcoat and restripe the parking lot is estimated at \$115,000.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	115,000		115,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$115,000		\$115,000				

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: ADDITION/RENOVATION PROJECT - MELICAN MIDDLE SCHOOL	
Department: Northborough Public Schools	Category:
Description and Justification: <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. While a placeholder for this project has been included in FY2022, were the MSBA to move forward with the Peaslee School addition/renovation project proposed in FY2021, the Melican Middle School project would likely be pushed out.</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 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study	2/3	500,000					500,000	
B. Design								
C. Land Acquisition								
D. Construction	2/3	TBD						
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$500,000					\$500,000	

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

Part III

Report of the Financial Planning Committee
FY2018-2023

CAPITAL IMPROVEMENT PROGRAM

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 2017 the Committee was composed of the following members:

Member	Appointed By	Term Expires
David DeVries, Chair	Town Moderator	April 2017
Michael Hodge, Vice-Chair	Town Moderator	April 2019
Heidi Bourque-Gleason	Northborough K-8 School Committee	April 2018
Roger Leland	Town Moderator	April 2017
Richard Smith	Appropriations Committee	April 2018
Thomas Spataro	Planning Board	April 2019

Fiscal Year 2017 Committee Activities

Meeting Date	Action
12/15/2016	Joint Meeting with Board of Selectmen, Appropriations and K-8 School Committee for Financial Trend Monitoring System Update and Five-Year Financial Projections.
1/12/2017	Reorganization: David DeVries, Chair; Michael Hodge, Vice-Chair. FY18 Budget Update and CIP summary overview, Free Cash Discussion and Police capital requests.
1/26/2017	Review Department of Public Works and Fire Department capital requests.
2/15/2017	Review School capital requests, Draft CIP and Capital Budget.
2/23/2017	Review of draft FPC report and committee recommendations.
3/9/2017	Joint Meeting with Appropriations Committee; Presentation of Community Preservation Committee Warrant Articles

The Committee extends its appreciation to Town Administrator John Coderre and his Financial Team -- Assistant Town Administrator Kimberly Foster, Finance Director June Hubbard-Ward, and Town Accountant Jason Little -- for their input and assistance throughout the Committee's process. Special thanks to Diane Wackell 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 2018, 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.

CAPITAL IMPROVEMENT PROGRAM

Communication, Transparency, and Best Practices in Town Finance

For the seventh consecutive year, the Committee congratulates the Town Administrator and his Financial Team for receiving the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the Town's Fiscal Year 2017 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.

Free Cash Policy

The Fiscal Year 2018 budget year marks the seventh implementation of the Town's 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.); communication systems and office and equipment; and capital project design fees, 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 \$3.1M certified free cash balance, \$1.49M is allocated to Fiscal Year 2018 capital projects. This amount provides \$1.49M of capital investment in Fiscal Year 2018 that will have no additional impact on the tax rate. (Note: Other proposed capital projects for Fiscal Year 2018 are funded through water and sewer enterprise fees).

Assuming this year's proposal is approved, more than \$9.12M of capital expenditures will have been accomplished with Free Cash over the seven-year period FY 2012-2018, which otherwise would have been financed with debt. Meanwhile, the Town's component of debt service attributable to small capital expenditures has been nearly eliminated, reclaiming capacity within the Proposition 2 ½ levy limit to address upcoming capital projects of larger scale.

CAPITAL IMPROVEMENT PROGRAM

Capital Projects for FY2018

The Committee has reviewed the projects in the Capital Improvement Program for Fiscal Year 2018 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 growth of the Town.
4	Projects that are designed to modernize and upgrade existing Town facilities.

The committee considers all the capital projects proposed, and that have been in the Capital Plan for many years. From those proposals, the committee recommends the capital projects below in this year's warrant articles. Committee vote is 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.

CAPITAL IMPROVEMENT PROGRAM

Municipal Departments

Project	Sponsor	Cost	Priority	Recommend Approval?
Forestry Truck Replacement	Fire	\$65,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces two 2005 Forestry trucks.Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Police Cruiser Replacement	Police	\$87,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces a 2013 Ford Sedan and a 2014 Ford Expedition.Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Six Wheel Dump Truck w/Spreader & Plow	Public Works - Highway	\$240,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces a 1995 Six Wheel Dump Truck w/Spreader & Plow.Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
One Ton Dump Truck w/Plow	Public Works - Highway	\$95,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces a 2006 dump truck.Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
One Ton Truck w/ Chip Body & Plow	Public Works - Highway	\$95,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces a 2000 cab and chassis with chip body.Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Chipper	Public Works - Highway	\$65,000	2	YES (5-0-0)
<ul style="list-style-type: none">Replaces a 2009 Chipper.Funded from free cash. No additional impact to tax rate.				

CAPITAL IMPROVEMENT PROGRAM

Municipal Departments (continued)

Project	Sponsor	Cost	Priority	Recommend Approval?
Fisher Street Culvert Replacement	Public Works – Highway	\$50,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Funds to design and create construction documents to replace bridge.▪ Funded from free cash. No additional impact to tax rate				

Project	Sponsor	Cost	Priority	Recommend Approval?
Crawford Street Retaining Wall	Public Works - Highway	\$200,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Funds to design and replace hit and run damaged retaining wall.▪ Funded from free cash. No additional impact to tax rate				

Project	Sponsor	Cost	Priority	Recommend Approval?
Road Improvements & Maintenance	Public Works - Highway	\$300,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Supplemental funding for the Pavement Management Plan due to FY2018 reduction in State Chapter 90 Transportation Funding.▪ Funded from free cash. No additional impact to tax rate.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Sewer Inspection Camera System	Public Works – Sewer	\$110,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Funds a sewer inspection camera.▪ Funded from Sewer Enterprise Funds.				

Project	Sponsor	Cost	Priority	Recommend Approval?
West Main Street Sewer Pump Station Improvements	Public Works – Sewer	\$400,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Funds to design and construct improvements to Pump Station.▪ Funded from Sewer Enterprise Funds.				

Project	Sponsor	Cost	Priority	Recommend Approval?
One-Ton Service Truck w/Plow	Public Works – Water	\$100,000	2	YES (5-0-0)
<ul style="list-style-type: none">▪ Replaces a 2008 utility body truck.▪ Funded from Water Enterprise Funds.				

CAPITAL IMPROVEMENT PROGRAM

School Department

Project	Sponsor	Cost	Priority	Recommend Approval?
Roof Repairs – Proctor School	Northborough Schools	\$300,000	2	YES (5-0-0)
<ul style="list-style-type: none">Funds the repair and restoration of the pitched roof.Funded from free cash. No additional impact to tax rate.				

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?
Future creation of affordable housing	Northborough Affordable Housing Corporation (NAHC)	\$100,000	N/A	YES (4-0-0)
<ul style="list-style-type: none">Funds to be used by NAHC for future creation of affordable housing.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Creation of a Town Common	Department of Public Works	\$377,400	N/A	YES (4-0-0)
<ul style="list-style-type: none">Funds Phase II of the Town Common project which entails the actual construction of the Common at 0, 39 and 45 West Main Street.				

Respectfully submitted,
Northborough Financial Planning Committee
February 23, 2017

CAPITAL IMPROVEMENT PROGRAM

Financial Planning Committee Recommendations for FY2018 Capital Project Warrant Articles
Northborough Annual Town Meeting April 2017

Article	Project	Cost	Funding Source	Priority	Vote *	Recommend Approval?
21	Fire: Forestry Truck	65,000	Free Cash	2	(5-0-0)	YES
22	Police: Cruiser Replacement	87,000	Free Cash	2	(5-0-0)	YES
23	DPW: Six-Wheel Dump	240,000	Free Cash	2	(5-0-0)	YES
24	DPW: One-Ton Dump Truck	95,000	Free Cash	2	(5-0-0)	YES
25	DPW: One-Ton Chip Truck	95,000	Free Cash	2	(5-0-0)	YES
26	DPW: Chipper	65,000	Free Cash	2	(5-0-0)	YES
27	DPW: Fisher St Culvert	50,000	Free Cash	2	(5-0-0)	YES
28	DPW: Crawford St Wall	200,000	Free Cash	2	(5-0-0)	YES
29	DPW: Road Improvements & Maintenance	300,000	Free Cash	2	(5-0-0)	YES
30	Sewer: Inspection Camera	110,000	Sewer Enterprise Fund	2	(5-0-0)	YES
31	Sewer: West Main St Pump Station	400,000	Sewer Enterprise Fund	2	(5-0-0)	YES
32	Water: One-Ton Service Truck	100,000	Water & Sewer Enterprise Funds	2	(5-0-0)	YES
33	School: Roof Repairs	300,000	Free Cash	2	(5-0-0)	YES
42	CPA: Transfer to Northborough Affordable Housing Corporation	100,000	CPA	**	(4-0-0)	YES
43	CPA: Town Common	377,400	CPA	**	(4-0-0)	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.

** 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 Project Funds.

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, 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 \$100,000, monies from Cemetery sale of lots and graves, Net Premiums on 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 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 Project Funds: The Capital Project Funds are 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 Project Funds also account for capital outlay for items purchased pursuant to the town’s capital plan, such as Departmental Equipment. The source of funding for these funds are 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, 2016. 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. For reference, you may access a complete version of the Town's audited financial statements online at: http://www.town.northborough.ma.us/Pages/NorthboroughMA_Accounting Hardcopies of the financial statements from each year are filed with the Town Clerk's office.

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 "Nonmajor" category for the purposes of the financial statements. The third and final table displayed is the statement for the "Nonmajor" Governmental Funds.

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	General Fund	School Construction Project	Nonmajor Governmental Funds	Total
Revenues:				
Property taxes	\$ 45,273,341	-	517,966	45,791,307
Excise and local option taxes	2,950,735	-	-	2,950,735
Payments in lieu of taxes	111,171	-	-	111,171
Departmental charges for services	238,500	-	2,885,773	3,124,273
Licenses and permits	551,557	-	29,034	580,591
Intergovernmental	9,667,243	7,508,292	3,013,827	20,189,362
Fines and forfeits	138,358	-	3,004	141,362
Investment income	140,465	-	70,210	210,675
Other	186,486	-	972,390	1,158,876
Total revenues	59,257,856	7,508,292	7,492,204	74,258,352
Expenditures:				
Current:				
General government	2,400,757	-	372,237	2,772,994
Public safety	4,315,029	-	1,484,212	5,799,241
Education	32,987,808	18,824,568	2,146,902	53,959,278
Public works	1,977,998	-	3,601,975	5,579,973
Human services	590,301	-	190,269	780,570
Recreation and culture	981,975	-	798,712	1,780,687
Intergovernmental	258,560	-	-	258,560
Employee benefits	10,625,854	-	-	10,625,854
Other	199,061	-	-	199,061
Debt service	2,488,971	-	73,200	2,562,171
Total expenditures	56,826,314	18,824,568	8,667,507	84,318,389
Excess (deficiency) of revenues over expenditures	2,431,542	(11,316,276)	(1,175,303)	(10,060,037)
Other financing sources (uses):				
Proceeds from bond issuance	-	6,800,000	-	6,800,000
Operating transfers in	536,867	664,000	2,426,380	3,627,247
Operating transfers out	(2,426,380)	-	(1,200,867)	(3,627,247)
Total other financing sources (uses)	(1,889,513)	7,464,000	1,225,513	6,800,000
Net changes in fund balances	542,029	(3,852,276)	50,210	(3,260,037)
Fund balance, beginning of year	9,198,986	6,855,544	11,498,057	27,552,587
Fund balance, end of year	\$ 9,741,015	3,003,268	11,548,267	24,292,550

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2016

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Operating revenues:			
Charges for services	\$ 2,114,905	1,558,886	\$ 3,673,791
Special Assessments	72,645	268,872	341,517
Total operating revenues	2,187,550	1,827,758	4,015,308
Operating expenditures:			
Salaries, wages and employee benefits	446,414	298,055	744,469
Energy purchases	1,103,542	2,351,599	3,455,141
Other operating expenses	222,520	157,249	379,769
Depreciation	431,767	216,455	648,222
Total operating expenditures	2,204,243	3,023,358	5,227,601
Operating income	(16,693)	(1,195,600)	(1,212,293)
Nonoperating revenues (expenses):			
Interest income	8,897	14,451	23,348
Interest expense	(91,327)	(134,588)	(225,915)
Other	-	(11,402)	(11,402)
Total nonoperating revenues (expenses)	(82,430)	(131,539)	(213,969)
Income before transfers	(99,123)	(1,327,139)	(1,426,262)
Operating transfers in (out)	38,000	(38,000)	-
Changes in net position	(61,123)	(1,365,139)	(1,426,262)
Net position, beginning of year, restated	8,578,288	8,328,279	16,906,567
Net position, end of year	\$ 8,517,165	6,963,140	\$ 15,480,305

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

		Special Revenue				
		School	Other	Capital Projects	Permanent	Totals
Revenues:						
Property taxes	\$	-	517,966	-	-	517,966
Departmental charges for services		288,915	2,581,108	-	15,750	2,885,773
Licenses and permits		-	29,034	-	-	29,034
Intergovernmental		1,182,022	1,831,805	-	-	3,013,827
Fines and forfeits		-	3,004	-	-	3,004
Investment income		28	54,395	-	15,787	70,210
Other		-	927,803	-	44,587	972,390
Total revenues		1,470,965	5,945,115	-	76,124	7,492,204
Expenditures:						
Current:						
General government		-	358,462	-	13,775	372,237
Public safety		-	358,728	1,125,484	-	1,484,212
Education		1,479,714	487,421	179,767	-	2,146,902
Public works		-	2,197,944	1,404,017	14	3,601,975
Human services		-	190,269	-	-	190,269
Recreation and culture		-	773,805	-	24,907	798,712
Debt service		-	73,200	-	-	73,200
Total expenditures		1,479,714	4,439,829	2,709,268	38,696	8,667,507
Excess (deficiency) of revenues over expenditures		(8,749)	1,505,286	(2,709,268)	37,428	(1,175,303)
Other financing sources (uses):						
Proceeds from bond issuance		-	-	-	-	-
Operating transfers in		-	612,920	1,813,460	-	2,426,380
Operating transfers out		-	(1,196,226)	-	(4,641)	(1,200,867)
Net changes in fund balances		(8,749)	921,980	(895,808)	32,787	50,210
Fund balance, beginning of year		666,251	5,619,235	4,154,208	1,058,363	11,498,057
Fund balance, end of year		\$ 657,502	6,541,215	3,258,400	1,091,150	11,548,267

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 FY2016 is \$3,104,766 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$8,393,173, which also includes the Town's Stabilization Fund Balance of \$4,173,427.

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 FY2018 budget, the amount of \$500,000 will be used for the operating budget, \$175,000 will be used to fund the Appropriations Committee Reserve Fund, \$200,000 will be transferred into Stabilization, and \$1,497,000 will be used to fund capital expenditures. With respect to the proposed FY2018 budget, no transfers from Stabilization are contemplated, while use of Free Cash in the total amount of \$2,372,000 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	FY2017	FY2018
Certified Free Cash as of June 30 prior year	\$ 3,208,889	\$ 3,104,766
Proposed* use for budget	\$ (2,708,460)	\$ (2,372,000)
Unappropriated Free Cash	\$ 500,429	\$ 732,766
Stabilization Fund Balance as of June 30	\$ 3,913,018	\$ 4,173,427
Investment Income/(Loss) as of December 31	\$ 7,709	\$ (32,151)
Proposed* transfer into Stabilization	\$ 200,000	\$ 200,000
Stabilization Fund Balance	\$ 4,120,727	\$ 4,341,276
Total Reserves	\$ 4,621,156	\$ 5,074,042
Proposed Expenditure Budget	\$ 60,658,656	\$ 61,955,912
Reserves as Percentage of Budget	7.6%	8.2%

**Proposed use of Free Cash for FY2017 & FY2018 include a \$200,000 transfer to the Stabilization Fund.*

Free Cash will be recalculated for June 30, 2017 once FY2017 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2018 will reduce the amount shown in the preceding calculation, positive results from unspent appropriations and revenues above budget in FY2017 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	FY2016	FY2017
Certified Free Cash as of June 30	\$ 3,208,889	\$ 3,104,766
Stabilization Fund Balance as of June 30	\$ 3,913,018	\$ 4,173,427
Total Reserves	\$ 7,121,907	\$ 7,278,193
Adopted Budget	\$ 57,965,446	\$ 60,277,265
Reserves as Percentage of Budget	12.3%	12.1%

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 FY2018, the amount of Free Cash certified at June 30, 2016 allows for amounts to be appropriated for capital in addition to the limited amount used for the operating budget. In the case of FY2017, \$1,833,460 in capital and certain other one-time expenditures (i.e. \$1,813,460 for capital and \$20,000 for the Town's 250th Anniversary Celebration) were approved, and for FY2018 \$1,497,000 is proposed for capital expenditures. This approach allows for sufficient reserves to be maintained, while at the same time reserves can be 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	FY2015	FY2016
Certified Free Cash as of June 30	\$ 3,208,889	\$ 3,104,766
Stabilization Fund Balance as of June 30	\$ 3,913,018	\$ 4,173,427
Total Reserves	\$ 7,121,907	\$ 7,278,193
Total Revenues	\$ 52,817,953	\$ 55,768,963
Reserves as % of Operating Revenues	13.5%	13.1%
Reserves Subsequently Used (Proposed*)	\$ (2,508,460)	\$ (2,172,000)
Total Adjusted Reserves	\$ 4,613,447	\$ 5,106,193
Total Revenues	\$ 52,817,953	\$ 55,768,963
Reserves as % of Operating Revenues	8.7%	9.2%

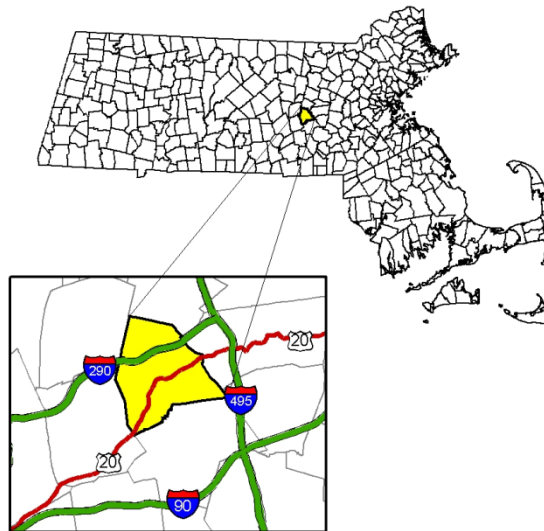
**Proposed use of Free Cash for FY2017 and FY2018, is reduced here by \$200,000 in each year to account for proposed transfers to the Stabilization Fund, since Stabilization funds are reserves.*



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Town of Northborough, MA Financial Trend Monitoring Report Fiscal Year 2017



FTM Report covers the period July 1, 2006 (FY2007) through June 30, 2017 (FY2017)



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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.

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

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.*

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 a 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 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.

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).*

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. In FY2015 we added a new indicator, Capital Investment, to the report, and hope to further expand the indicators included in the report in the future. The fourteen 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
13. Capital Investment – Overall Fixed Assets
14. Capital Investment – Pavement Management

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, 2006 through June 30, 2017. Actual data has been presented for the Town's General Fund for the Fiscal Years 2007 through 2017. 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 2016 was used for FY2017. CPI-U data is the Consumer Price Index for all urban consumers in the New England region. For the purpose of this analysis, FY2007 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. The Town's financial reserves are strong and the use of the \$4.2 million Stabilization Fund has been unnecessary. In fact, the Town contributed \$200,000 to the Stabilization Fund during FY2017. Debt is manageable and our bond rating was upgraded to Aa1 in May of 2015. The Town continues to have favorable economic growth, a strong diversified tax base 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 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, OPEB obligations and capital investment in Pavement Management are potential emerging problems. Uncertainty surrounding State Aid levels and future health insurance premium increases remain significant areas of exposure for the annual operating budget. From a service-level solvency standpoint, the Town implemented the recommendations from the completed Public Safety staffing studies and incrementally increased staffing in both police and fire services. Obviously, any increases in full-time staffing will have a multiplier effect on the budget for health insurance, pension and OPEB costs, which is why any staffing expansions must continue to be incremental and measured.

- **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 proportionally.

- **Long-Range Budget Considerations**

The Town of Northborough experienced significant economic growth in recent years and a corresponding increase in staffing; especially public safety. The need to monitor this growth and maintain service-level solvency in the future will be an ongoing process.

- **Policy Updates**

Moving forward it will be important for the Town to continue to fund the OPEB liability. The OPEB Trust Fund was established at the April 2011 Town Meeting for this purpose, and during FY2015 the first annual transfer was made to the Trust (\$500,000). Now two more appropriations of \$500,000 in FY2016 & FY2017 have also been made to the Trust. Identification of additional revenue sources like the Meals Tax or Room Occupancy surcharge (adopted in FY2014), should also be explored to alleviate the tax burden on residents. Economic development policies and programs should be reviewed in order to stimulate ongoing development of the tax base.

Financial Indicator Summary

FY2017

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

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Section III

Fiscal Indicator Analysis

Indicator 1: Property Tax Revenues

Formula:

Net Property Tax Revenues
Consumer Price Index

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: A decline in property tax revenues (measured in constant dollars).

Description:

Property taxes are the primary source of revenue for municipal government and accounts for approximately 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 \$362,734 in FY2007 and \$316,047 in FY2009. The other years that had property tax revenue increases over the Proposition 2 ½ 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	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017*
Property Tax Collections **	\$ 30,400,203	\$ 32,721,073	\$ 34,270,290	\$ 35,765,428	\$ 36,555,771	\$ 38,335,354	\$ 39,581,324	\$ 41,265,841	\$ 42,786,189	\$ 45,305,861	\$ 46,657,080
Less Debt Exclusions ***	\$ (1,936,396)	\$ (1,882,927)	\$ (1,940,878)	\$ (1,756,113)	\$ (1,855,884)	\$ (2,401,767)	\$ (2,439,581)	\$ (1,636,032)	\$ (1,581,420)	\$ (1,908,307)	\$ (2,335,989)
Net Property Tax Revenues (nominal dollars)	\$ 28,463,807	\$ 30,838,146	\$ 32,329,412	\$ 34,009,315	\$ 34,699,887	\$ 35,933,587	\$ 37,141,743	\$ 39,629,809	\$ 41,204,769	\$ 43,397,554	\$ 44,321,091
Percent increase Tax Revenues over prior year	4.4%	8.3%	4.8%	5.2%	2.0%	3.6%	3.4%	6.7%	4.0%	5.3%	2.1%
CPI-U, 2007 Base Year ****	225.1	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	259.2
CPI-U adjustment for constant dollars	100.0%	97.2%	96.1%	95.1%	93.8%	91.6%	90.2%	88.9%	87.9%	87.2%	86.8%
Net Property Tax Revenues (constant dollars)	\$ 28,469,498	\$ 29,976,019	\$ 31,079,601	\$ 32,340,087	\$ 32,547,637	\$ 32,908,518	\$ 33,492,597	\$ 35,222,811	\$ 36,222,311	\$ 37,845,702	\$ 38,492,050
Percent increase Tax Revenues over prior year	4.4%	5.3%	3.7%	4.1%	0.6%	1.1%	1.8%	5.2%	2.8%	4.5%	1.7%

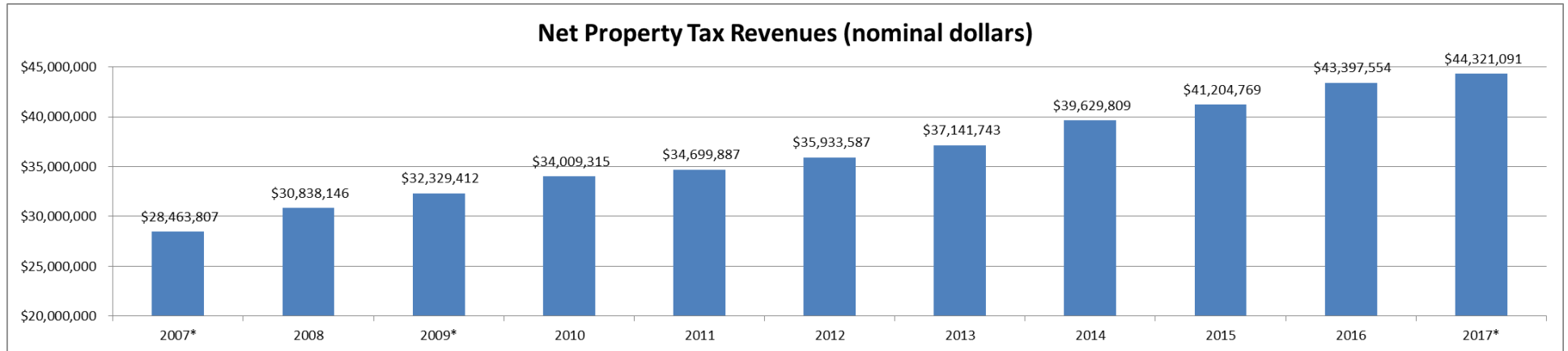
Notes:

*Proposition 2 1/2 Overrides were approved in FY2007 (\$362,734) & FY2009 (\$316,047); FY2017 shows budget numbers rather than actual, Source: Mass. DOR Tax Recap

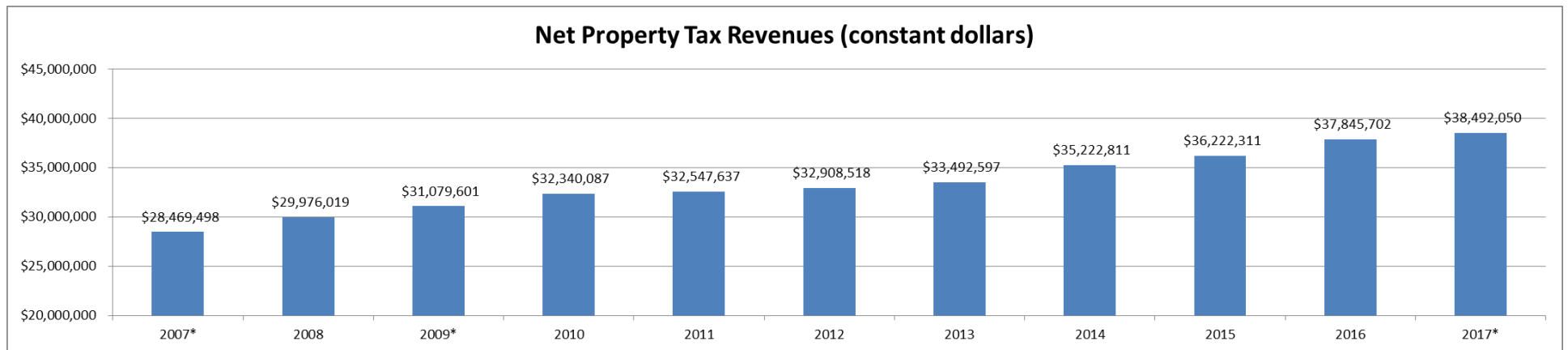
** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

*** Source: Mass. DOR, Tax Recaps

**** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of calendar year 2016 used for FY2017



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 FY2007 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 approximately 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.

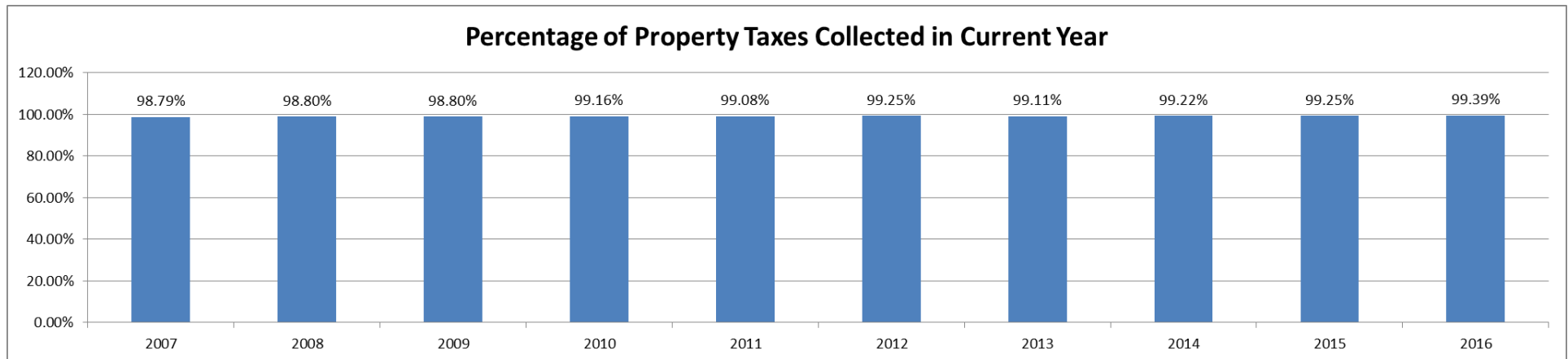
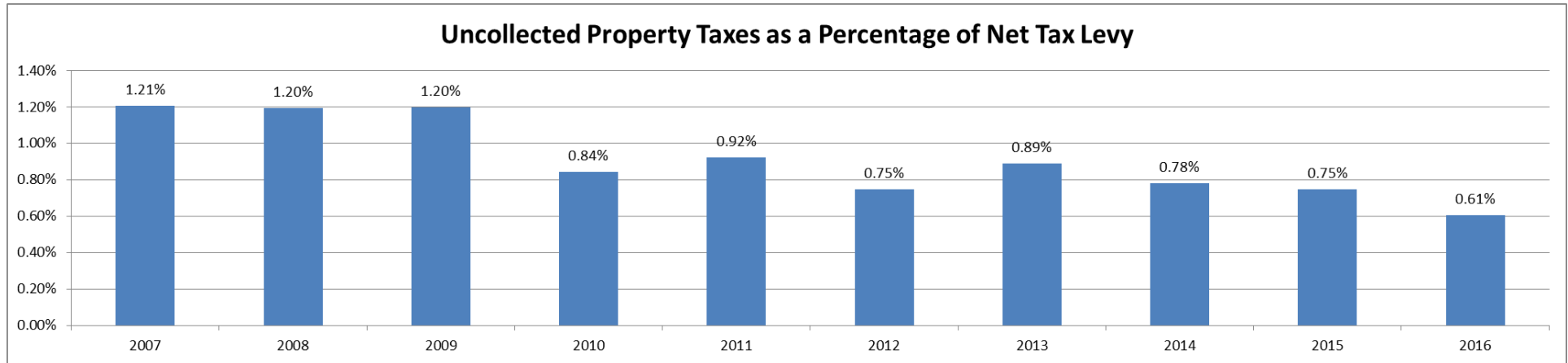
Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Property Tax Levy *	\$ 30,739,726	\$ 32,600,217	\$ 34,239,613	\$ 35,640,190	\$ 36,695,635	\$ 38,402,738	\$ 40,143,508	\$ 41,333,959	\$ 42,977,124	\$ 45,068,900
Less Reserve for Abatements & Exemptions *	\$ (262,428)	\$ (249,386)	\$ (215,351)	\$ (284,717)	\$ (342,209)	\$ (351,739)	\$ (679,291)	\$ (530,787)	\$ (462,432)	\$ (623,081)
Net Property Tax Levy	\$ 30,477,298	\$ 32,350,830	\$ 34,024,262	\$ 35,355,473	\$ 36,353,426	\$ 38,050,999	\$ 39,464,217	\$ 40,803,172	\$ 42,514,692	\$ 44,445,819
Uncollected Taxes as of June 30 **	\$ 367,275	\$ 386,596	\$ 408,354	\$ 298,580	\$ 336,037	\$ 284,981	\$ 351,243	\$ 318,536	\$ 317,223	\$ 269,696
Uncollected taxes as a Percentage of Net Property Tax Levy	1.21%	1.20%	1.20%	0.84%	0.92%	0.75%	0.89%	0.78%	0.75%	0.61%
Percentage Collected in Current Year ***	98.79%	98.80%	98.80%	99.16%	99.08%	99.25%	99.11%	99.22%	99.25%	99.39%

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

X	Favorable
	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 enhanced 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 identified. 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 FY2007 through FY2008, expenditures per capita exceeded revenues per capita due to the use of one-time funds in the operating budget, primarily 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, increased to \$175,000 in FY2016, used for the Appropriations Committee Reserve Fund¹. 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.

¹ The 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. Beginning in FY2016 the Reserve Fund was increased to \$175,000.

Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016
Expenditures (Net of Capital Transfers)**	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 45,832,802	\$ 47,661,629	\$ 48,704,150	\$ 51,777,346	\$ 53,590,732
Revenues **	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963
One Time Revenues Budgeted **	\$ 1,100,000	\$ 1,040,000	\$ 473,250	\$ 800,000	\$ 661,703	\$ 791,479	\$ 650,000	\$ 650,000	\$ 870,000	\$ 675,000
CPI-U, 2007 Base Year ***	225.1	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1
CPI-U adjustment for constant dollars	100.0%	97.2%	96.1%	95.1%	93.8%	91.6%	90.2%	88.9%	87.9%	87.2%
Expenditures (constant dollars)	\$ 40,366,162	\$ 40,929,780	\$ 41,717,036	\$ 42,122,420	\$ 41,582,760	\$ 41,974,367	\$ 42,978,913	\$ 43,288,048	\$ 45,516,457	\$ 46,734,866
Revenues (constant dollars)	\$ 39,484,122	\$ 41,205,793	\$ 41,667,589	\$ 43,010,406	\$ 42,379,249	\$ 43,164,466	\$ 43,919,181	\$ 46,140,006	\$ 46,431,235	\$ 48,634,436
Population ****	14,685	14,550	14,575	14,498	14,632	14,798	14,643	14,754	14,550	14,553
Expenditures per capita (nominal dollars)	\$ 2,748	\$ 2,894	\$ 2,977	\$ 3,055	\$ 3,030	\$ 3,097	\$ 3,255	\$ 3,301	\$ 3,559	\$ 3,682
Revenues per capita (nominal dollars)	\$ 2,688	\$ 2,913	\$ 2,974	\$ 3,120	\$ 3,088	\$ 3,185	\$ 3,326	\$ 3,519	\$ 3,630	\$ 3,832
Expenditures per capita (constant dollars)	\$ 2,749	\$ 2,813	\$ 2,862	\$ 2,905	\$ 2,842	\$ 2,836	\$ 2,935	\$ 2,934	\$ 3,128	\$ 3,211
Revenues per capita (constant dollars)	\$ 2,689	\$ 2,832	\$ 2,859	\$ 2,967	\$ 2,896	\$ 2,917	\$ 2,999	\$ 3,127	\$ 3,191	\$ 3,342

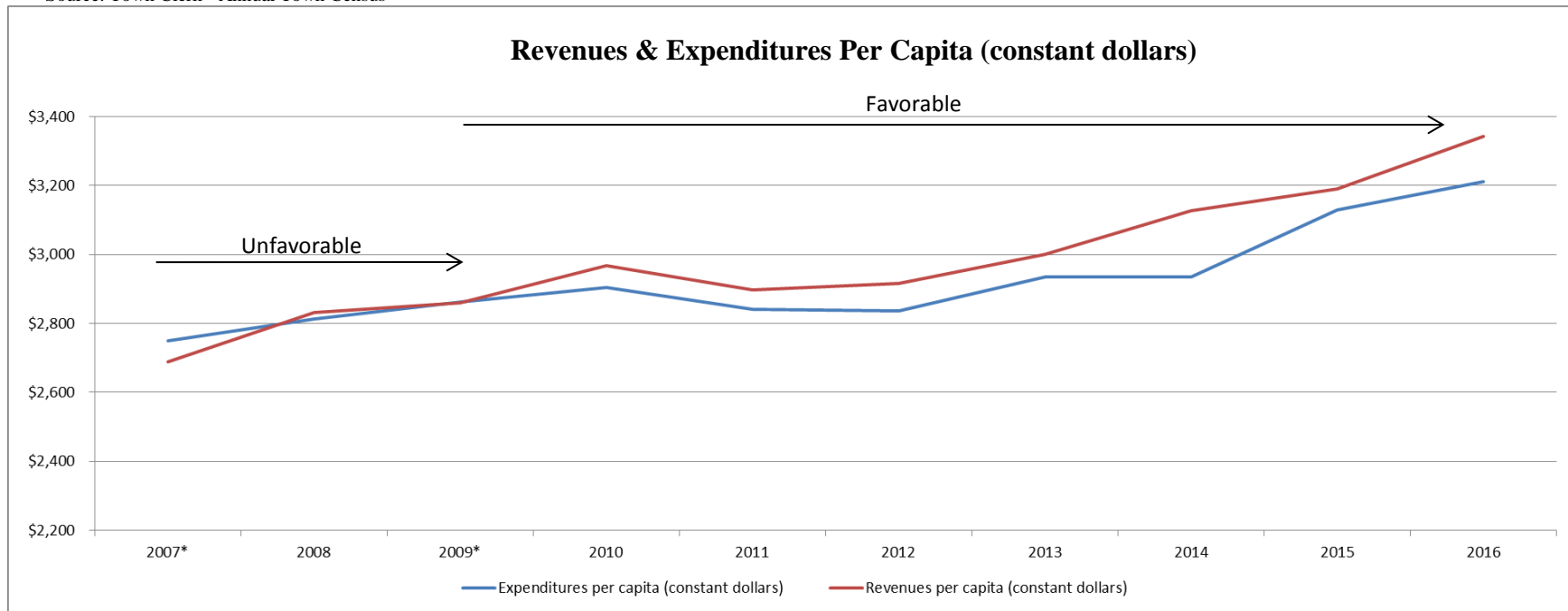
Notes:

*Proposition 2 1/2 Overrides were approved in FY2007 (\$362,734) & FY2009 (\$316,047)

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, including operating transfers but adjustments were made to exclude transfers to capital project funds: \$804,000 in FY2012, \$615,000 in FY2013, \$2,202,807 in FY2014, \$2,194,000 in FY2015, and \$1,813,460 in FY2016 following Town's Free Cash Policy. The amounts do include transfers for the Solid Waste Enterprise Fund subsidy: \$301,447 in FY2011, \$247,570 in FY2012 & FY2013, \$239,099 in FY2014, and \$217,160 in FY2015 & FY2016. The amounts also include transfers to Stabilization: \$100,000/year in FY2007 & FY2008 and \$200,000 in FY2015 & FY2016. FY2015 & FY2016 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2015 & FY2016 transfers to Stabilization and Anniversary Fund came from Free Cash (One Time Revenues). FY2016 was also adjusted to negate effect of \$375,760 Mass Land Grant transferred to Conservation Fund.

*** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region)

****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: Volatility of 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 Massachusetts². 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. Northborough's State Aid has yet to be restored to the peak levels reached in FY2003, when controlling for inflation (constant dollars) it represented 13.1% of revenues. As a percentage of revenue it has steadily declined from 11.4% in FY2008 to 9.0% in FY2017. 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.

² This indicator may not reflect changes in Federal/State grant programs that are reported outside of the General Fund.

Fiscal Year*	2007	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017*
Operating Revenues**	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 57,069,081
State Aid Revenues***	\$ 5,090,155	\$ 5,464,855	\$ 5,201,804	\$ 5,213,984	\$ 4,945,569	\$ 4,873,203	\$ 5,134,652	\$ 5,211,800	\$ 5,283,338	\$ 5,594,248	\$ 5,496,628
Less School Building Reimbursement	\$ (650,933)	\$ (650,933)	\$ (615,942)	\$ (615,941)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net State Aid Revenues	\$ 4,439,222	\$ 4,813,922	\$ 4,585,862	\$ 4,598,043	\$ 4,563,026	\$ 4,490,660	\$ 4,752,109	\$ 4,829,257	\$ 4,900,795	\$ 5,211,705	\$ 5,114,085
CPI-U, 2007 Base Year ****	225.1	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	259.2
CPI-U adjustment for constant dollars	100.0%	97.2%	96.1%	95.1%	93.8%	91.6%	90.2%	88.9%	87.9%	87.2%	86.8%
Operating Revenues (constant dollars)	\$ 39,484,122	\$ 41,205,793	\$ 41,667,589	\$ 43,010,406	\$ 42,379,249	\$ 43,164,466	\$ 43,919,181	\$ 46,140,006	\$ 46,431,235	\$ 48,634,436	\$ 49,563,445
Net State Aid Revenue (constant dollars)	\$ 4,440,109	\$ 4,679,342	\$ 4,408,579	\$ 4,372,364	\$ 4,280,005	\$ 4,112,614	\$ 4,285,218	\$ 4,292,224	\$ 4,308,194	\$ 4,544,971	\$ 4,441,489
State Aid as a % of Operating Revenues (constant dollars)	11.2%	11.4%	10.6%	10.2%	10.1%	9.5%	9.8%	9.3%	9.3%	9.3%	9.0%

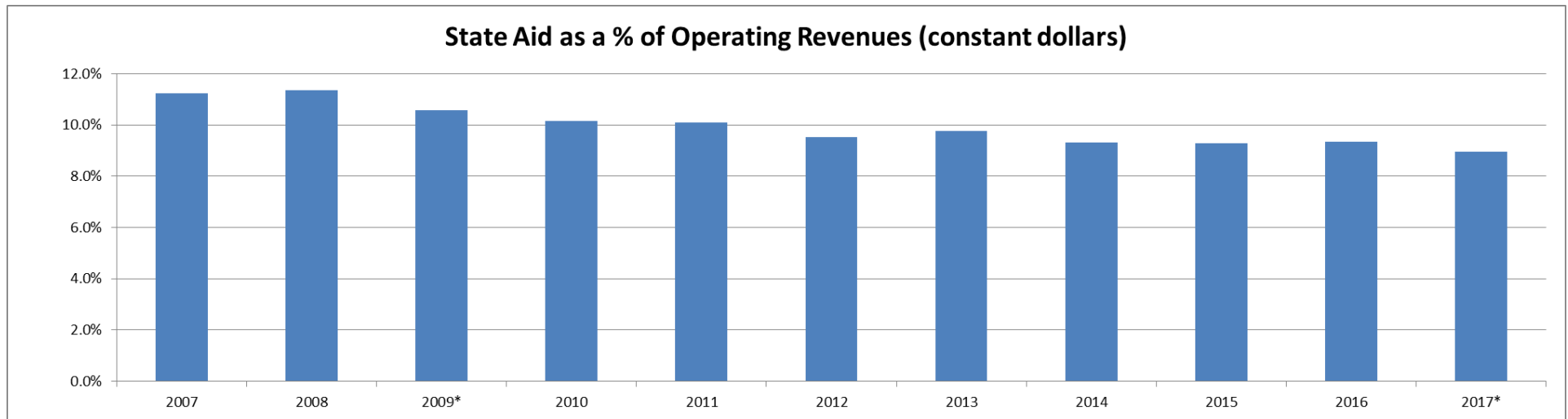
Notes:

* FY2009 reflects a \$352,035 cut in CH70 Education Aid which was replaced by a Federal ARRA grant (outside of general fund); FY2017 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)

**** Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of calendar year 2016 used for FY2017



*Note: FY2017 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

	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 increased from FY2009 through FY2013 despite a weak State and national economy. An important component was the construction of a 382 unit apartment complex known as Avalon Bay beginning in FY2010 and the completion of the 640,000 square foot Northborough Crossing Shopping Center in FY2013. Although recent 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. However, all the variables that have contributed to the Town's past economic development success, available land, preferential business tax structure, streamlined development process and prime location all remain and it is simply a matter of when the next significant development will occur.

Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014*	2015*	2016
Revenues **	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963
Less Debt Exclusions ***	\$ (1,936,396)	\$ (1,882,927)	\$ (1,940,878)	\$ (1,756,113)	\$ (1,855,884)	\$ (2,401,767)	\$ (2,439,581)	\$ (1,636,032)	\$ (1,581,420)	\$ (1,908,307)
Net Revenues (nominal dollars)	\$ 37,539,833	\$ 40,507,967	\$ 41,402,300	\$ 43,474,268	\$ 43,325,742	\$ 44,730,532	\$ 46,264,762	\$ 50,276,907	\$ 51,236,533	\$ 53,860,656
Building Related Fees & Permits ****	\$ 260,864	\$ 411,490	\$ 215,027	\$ 749,803	\$ 405,896	\$ 388,874	\$ 297,249	\$ 349,709	\$ 354,927	\$ 423,959
Motor Vehicle Excise ***	\$ 1,858,223	\$ 2,011,037	\$ 1,887,442	\$ 1,799,335	\$ 2,019,845	\$ 2,040,212	\$ 2,080,090	\$ 2,401,053	\$ 2,454,484	\$ 2,469,504
Other Excise ****	\$ 64,208	\$ 78,852	\$ 65,676	\$ 42,643	\$ 57,196	\$ 92,342	\$ 69,372	\$ 314,356	\$ 421,973	\$ 441,201
Levy Growth (New Growth) ***	\$ 711,720	\$ 673,617	\$ 676,247	\$ 720,133	\$ 975,576	\$ 1,229,983	\$ 1,439,307	\$ 826,728	\$ 629,818	\$ 529,520
Total Economic Growth Revenues	\$ 2,895,015	\$ 3,174,995	\$ 2,844,392	\$ 3,311,913	\$ 3,458,513	\$ 3,751,411	\$ 3,886,019	\$ 3,891,846	\$ 3,861,201	\$ 3,864,185
Economic Growth Revenues as a % of Operating Revenues	7.7%	7.8%	6.9%	7.6%	8.0%	8.4%	8.4%	7.7%	7.5%	7.2%

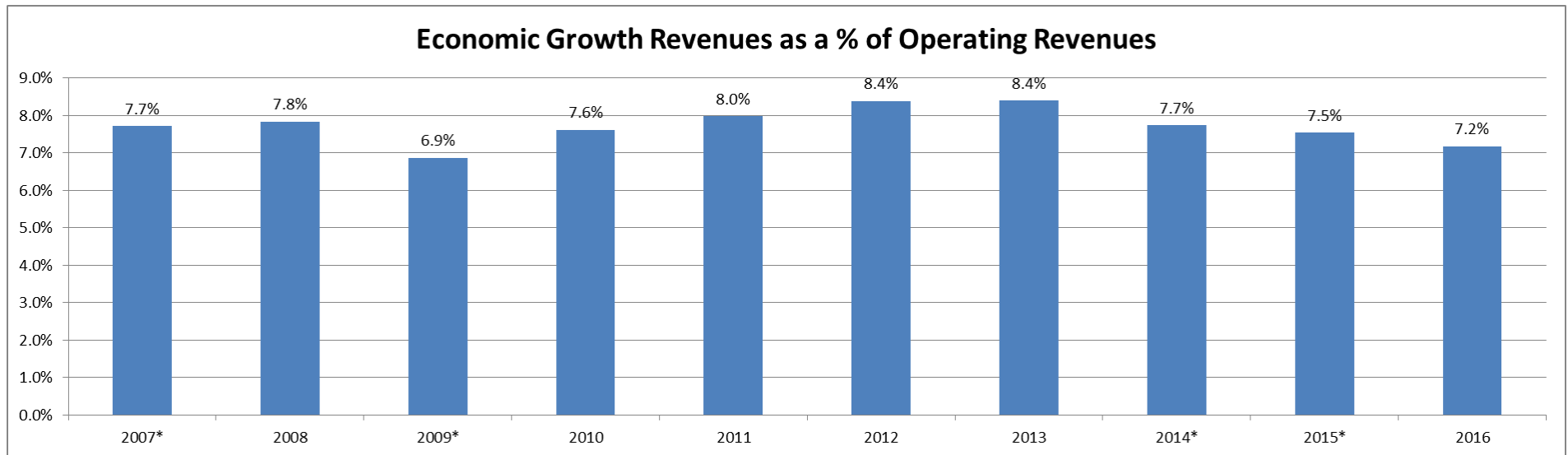
Notes:

*Proposition 2 1/2 Overrides were approved in FY2007 (\$362,734), & FY2009 (\$316,047); Meals Tax Surcharge (.75%) added & Hotel/Motel excise increased (from 4-6%) in FY2014 (10 Months), full year of these new excise taxes are recognized starting in FY2015

** 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 and Meals Tax



*Note: FY2014 reflects 10 months of an adopted excise tax increase on hotel rooms (from 4% to 6%), and adoption of a restaurant meals tax (.75%). FY2015 reflects a full 12 months of these enhanced revenues.

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 4.1%, or \$1.5 Million in FY2005, to 1.6%, or \$895,000 in FY2016, where it will remain stable in accordance with the Free Cash Policy. In FY2016 and FY2017, Free Cash was used to fund a \$200,000 annual transfer to Stabilization and a \$20,000/year transfer to a special 250th Anniversary Celebration. Free Cash has been used to fund \$7.6 million in pay as you go capital investment from FY2012 through FY2017.

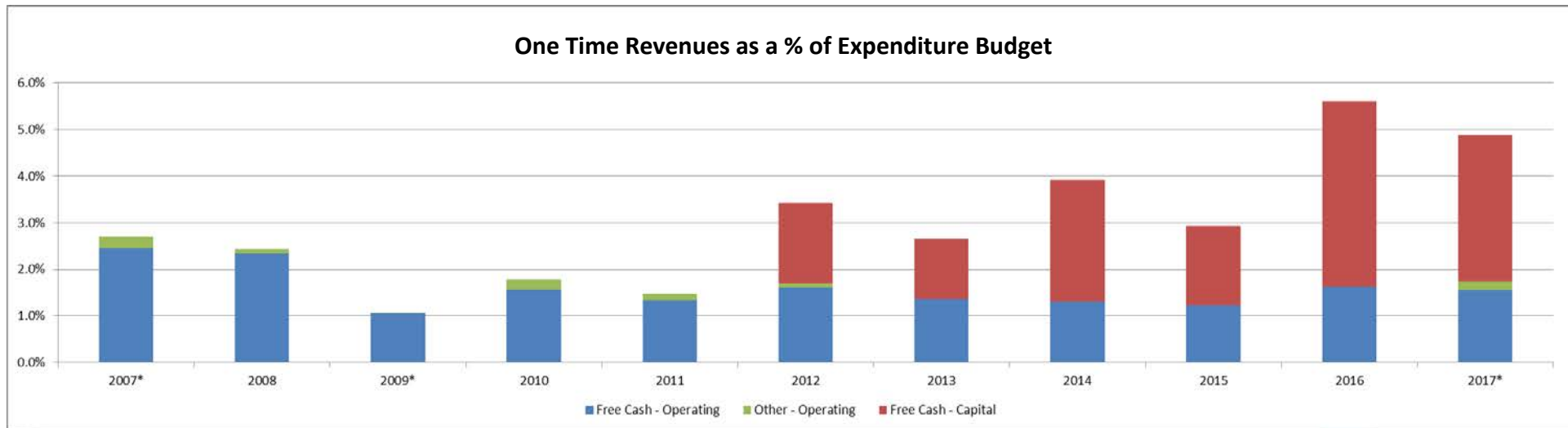
Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017*
Expenditure Budget **	\$ 40,820,271	\$ 42,760,582	\$ 44,350,863	\$ 44,912,699	\$ 44,910,225	\$ 46,665,590	\$ 47,769,858	\$ 49,997,242	\$ 52,697,038	\$ 55,128,393	\$ 57,855,289
Revenues Budgeted **	\$ 39,720,271	\$ 41,720,582	\$ 43,877,613	\$ 44,112,699	\$ 44,248,522	\$ 45,874,111	\$ 47,734,858	\$ 49,347,242	\$ 51,827,038	\$ 54,233,393	\$ 57,069,081
One Time Revenues Budgeted **	\$ 1,100,000	\$ 1,040,000	\$ 473,250	\$ 800,000	\$ 661,703	\$ 1,595,479	\$ 1,265,000	\$ 1,959,307	\$ 1,543,500	\$ 3,089,000	\$ 2,819,668
Free Cash Used for Operating Budget ***	\$ 1,000,000	\$ 1,000,000	\$ 470,000	\$ 700,000	\$ 600,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000
Free Cash Used for Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,460
Other One Time Revenues Used for Operating Budget ****	\$ 100,000	\$ 40,000	\$ 3,250	\$ 100,000	\$ 61,703	\$ 41,479	\$ -	\$ -	\$ -	\$ -	\$ 111,208
Percentage Free Cash Used for Operating Budget	2.4%	2.3%	1.1%	1.6%	1.3%	1.6%	1.4%	1.3%	1.2%	1.6%	1.5%
Percentage Free Cash Used for Capital	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.3%	2.6%	1.7%	4.0%	3.1%
Percentage Other Reserves used for Operating Budget	0.2%	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%
Total Percentage of One Time Revenue used for Operating Budget	2.7%	2.4%	1.1%	1.8%	1.5%	1.7%	1.4%	1.3%	1.2%	1.6%	1.7%
Total Percentage of One Time Revenue Used	2.7%	2.4%	1.1%	1.8%	1.5%	3.4%	2.6%	3.9%	2.9%	5.6%	4.9%

Notes: *Proposition 2 1/2 Overrides were approved in FY2007 (\$362,734) & FY2009 (\$316,047); Fiscal Year 2017 Source: Mass. DOR Tax Recap

**Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, including operating transfers but adjustments were made to exclude transfers to capital project funds (CIP): \$804,000 in FY2012, \$615,000 in FY2013, \$2,202,807 in FY2014 (note: this year reflects \$1,309,307 FY2014 CIP & \$893,500 FY2015 CIP), \$2,194,000 in FY2015 (FY2016 CIP), and \$1,813,460 in FY2016 (FY2017 CIP). The amounts include the operating transfer subsidizing the Solid Waste Enterprise Fund: \$301,447 in FY2011, \$247,570 in FY2012 & FY2013, \$239,099 in FY2014, and \$217,160 in FY2015-FY2017. The amounts also include transfers to Stabilization: \$100,000/year in FY2007 & FY2008 and \$200,000 in FY2016&FY2017. In addition, FY2016 & FY2017 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. Note that the FY2016 & FY2017 transfers to Stabilization and Anniversary Fund came from Free Cash (One Time Revenues). FY2016 was also adjusted to negate effect of \$375,760 Mass Land Grant transferred to Conservation Fund.

*** From FY2007-FY2011, the amount reflects solely direct operating budget support. In FY2012 - FY2017 \$500,000 is for direct operating budget. For FY2012 \$100,000 supplemental appropriation made from Free Cash for Emergency Expenses Starting FY2012, the Reserve Fund is funded from Free Cash, and FY2012 – FY2015 includes \$150,000 while FY2016&FY2017 includes \$175,000 for the Reserve; FY2016 & FY2017 also include \$20,000 transferred to the 250th Anniversary Celebration Fund in addition to \$200,000 transferred to Stabilization.

**** Other One Time Revenues from FY2003-2010 are Overlay Surplus and from FY2011-2012, & 2017 are Debt Exclusion Reserves.



Indicator 7: Personnel Costs

Formula:

$$\frac{\text{Personnel Wages \& Benefits}}{\text{Net Operating Budget}}$$

Northborough Trend

	Favorable
X	Marginal/Stable
	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 76% 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 1.1% from FY2007 to FY2016. The largest increase was in retirement assessments with an increase of .9%, employee benefits accounted for .8% which includes the first two annual contributions toward OPEB of \$500,000, while wages and salaries have decreased by .6%. 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.

FY2016 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Dispatchers, Fire and the Northborough Municipal Employees Association. Successful negotiation of successor agreements for fiscal years 2017, 2018 and 2019 will be critical to maintaining future stability of this indicator.

Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016
Expenditures (Net of Capital Transfers)**	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 45,832,802	\$ 47,661,629	\$ 48,704,150	\$ 51,777,346	\$ 53,590,732
Less Education Assessments ****	\$ (9,806,323)	\$ (9,922,381)	\$ (9,886,394)	\$ (9,438,465)	\$ (9,508,787)	\$ (9,602,833)	\$ (9,978,962)	\$ (10,096,005)	\$ (10,500,042)	\$ (10,961,605)
Expenditures (Net of Capital Transfers & Education Assessments)	\$ 30,551,769	\$ 32,184,562	\$ 33,508,219	\$ 34,858,097	\$ 34,823,681	\$ 36,229,969	\$ 37,682,667	\$ 38,608,145	\$ 41,277,304	\$ 42,629,127
Municipal & K-8 School Department Wages ***	\$ 18,336,853	\$ 19,021,305	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987
Employee Benefits ****	\$ 3,756,553	\$ 4,077,623	\$ 4,516,875	\$ 4,606,672	\$ 4,600,048	\$ 4,381,576	\$ 4,537,088	\$ 4,643,198	\$ 5,305,019	\$ 5,588,201
Retirement Assessment ****	\$ 732,717	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244
Total Wage & Benefit Costs	\$ 22,826,123	\$ 23,872,366	\$ 25,328,970	\$ 25,683,162	\$ 26,614,027	\$ 27,170,118	\$ 28,633,124	\$ 29,599,024	\$ 31,513,801	\$ 32,326,432
Salaries & Wages as a percentage of Operating Expenditures	60.0%	59.1%	59.4%	57.7%	60.3%	59.8%	60.7%	61.4%	60.3%	59.4%
Benefits as a percentage of Operating Expenditures	12.3%	12.7%	13.5%	13.2%	13.2%	12.1%	12.0%	12.0%	12.9%	13.1%
Retirement Assessments as a percentage of Operating Expenditures	2.4%	2.4%	2.7%	2.8%	2.9%	3.1%	3.2%	3.2%	3.2%	3.3%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	74.7%	74.2%	75.6%	73.7%	76.4%	75.0%	76.0%	76.7%	76.3%	75.8%

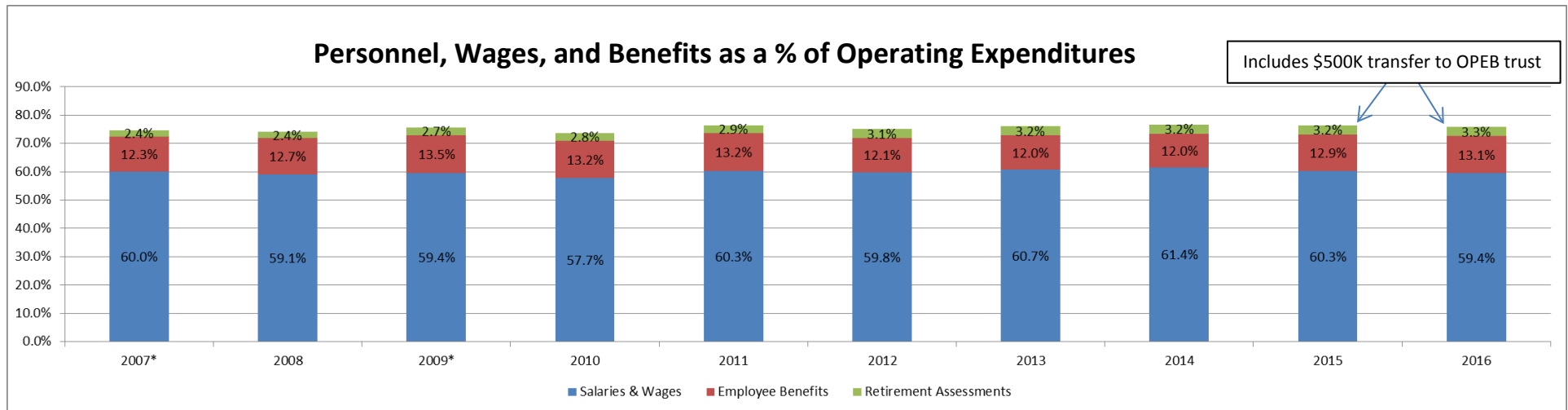
Notes:

*Proposition 2 1/2 Overrides were approved in FY2007 (\$362,734) & FY2009 (\$316,047)

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, adjustment made to exclude transfers to capital project funds (FY2012-FY2016)

*** From Mass. DOR Schedule A report - General Fund Salaries; Does not include Enterprise Funds

**** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, Retirement and Education Assessments taken from detail, FY2015 & FY2016 includes \$500,000 transfer to OPEB trust fund. Note that Education assessments are deducted because the underlying percentages of the assessments related to salaries and wages are not available. It would not be accurate to view the education assessments as an expenditure without recognizing that a large percentage of regional school districts expenses are salaries and wages, therefore the related totals are removed from this calculation.



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 have increased 3.2% from FY2007 through FY2016. This includes the retirement assessment, which has risen from 4.0% in FY2007 to 5.6% in FY2016, primarily due to implementation of a funding plan to eliminate the unfunded liability by 2035. Employee benefits alone, which are primarily composed of the cost of health insurance, increased to a peak of 22.9% in FY2010. Health insurance plan design changes implemented in FY2010 halted that increasing trend, and FY2016 employee benefits are less than FY2010 at 22.1%, inclusive of \$500,000 annually contributed to the OPEB liability trust. 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 FY2017 health insurance budget of \$5.1 million represents an increase of \$148,472, or 3%, from the amount budgeted in FY2016. Overall plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 have helped limit budgetary increases over time. In addition, the Town worked closely with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. However, given the escalating market trends emerging for premium increases, plan designs were further modified to limit the overall budget increase to 3% in FY2017. Escalation and uncertainty in the market continue to be problematic leading into FY2018.

Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016
Municipal & K-8 School Department Wages **	\$ 18,336,853	\$ 19,021,305	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987
Employee Benefits ***	\$ 3,756,553	\$ 4,077,623	\$ 4,516,875	\$ 4,606,672	\$ 4,600,048	\$ 4,381,576	\$ 4,537,088	\$ 4,643,198	\$ 4,805,019	\$ 5,088,201
Transfer to OPEB Trust Fund ***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
Retirement Assessment ****	\$ 732,717	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244
Total Benefit Costs	\$ 4,489,270	\$ 4,851,061	\$ 5,409,286	\$ 5,581,537	\$ 5,606,413	\$ 5,499,767	\$ 5,747,171	\$ 5,884,605	\$ 6,611,721	\$ 7,003,445
Benefits as a percentage of Wages & Salaries	20.5%	21.4%	22.7%	22.9%	21.9%	20.2%	19.8%	19.6%	19.3%	20.1%
OPEB Transfer as a percentage of Wages & Salaries	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%
Retirement as a percentage of Wages & Salaries	4.0%	4.1%	4.5%	4.8%	4.8%	5.2%	5.3%	5.2%	5.2%	5.6%
Total Benefits Spending as percentage of Wages & Salaries	24.5%	25.5%	27.2%	27.8%	26.7%	25.4%	25.1%	24.8%	26.6%	27.7%

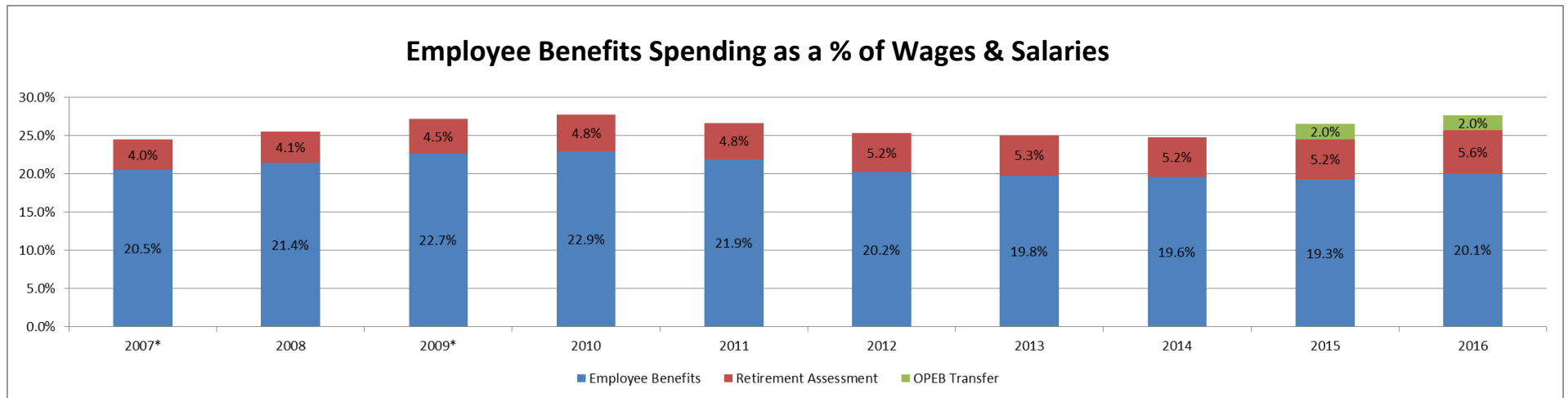
Notes:

*Proposition 2 1/2 Overrides were approved in 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, FY2015&FY2016 Includes \$500,000 transfer to OPEB trust fund

**** 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 96 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, 2014, there were 367 Northborough participants with 212 active, 55 inactive and 100 retired members.

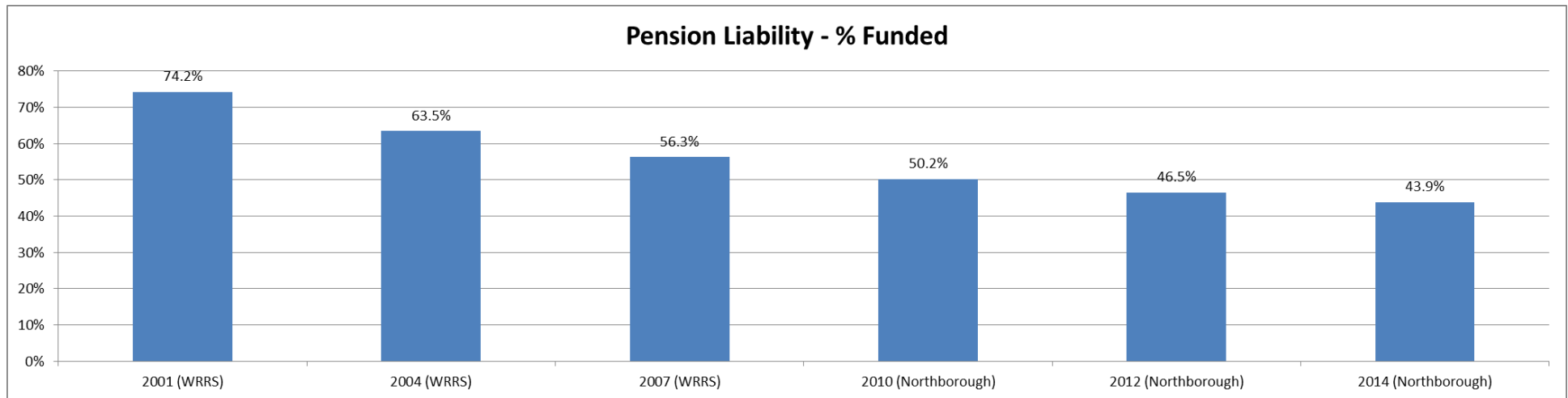
The majority of assets of the Worcester Regional Retirement System were transferred to the Massachusetts Pension Reserve Investment Trust (PRIT) Fund in July 2007. The \$57.9 billion PRIT Fund manages the pension investments for the Massachusetts State Employees, the Teachers Retirement System as well as several local retirement systems. 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 introduced benefit changes intended to reduce the Town's future pension liability. In accordance with MGL, Chapter 32, Section 22F, the retirement system is required to be fully funded by the year 2040; however, the Worcester Regional Retirement System has implemented a more ambitious funding schedule and plans to be fully funded in 2035, well in advance of the mandatory deadline.

Northborough's unfunded pension liability remains an area of concern to be monitored. The system is funded through employee contributions, investment performance and assessments to member communities. The overall 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 plan for 2035 and the mandate of 2040, annual assessments to member communities may increase. It is important to note that while Town of Northborough officials must continue to track progress toward full funding, they do not control the funding schedule directly.

Year		1/1/2001	1/1/2004	1/1/2007	1/1/2010	1/1/2012	1/1/2014
Worcester Regional Retirement System - Estimated Accrued Liability		426,280,953	552,773,550	692,768,325	863,002,067	982,796,782	1,087,769,903
Worcester Regional Retirement System- Pension Assets		316,389,108	350,879,900	389,758,785	413,976,785	436,671,982	488,346,471
Worcester Regional Retirement System - Pension Liability - Unfunded		109,891,845	201,893,650	303,009,540	449,025,282	546,124,800	599,423,432
Worcester Regional Retirement System - Percent Funded		74.2%	63.5%	56.3%	48.0%	44.4%	44.9%
Northborough - Estimated Accrued Liability					33,802,878	37,199,035	41,707,744
Northborough - Pension Assets					16,976,508	17,296,679	18,293,648
Northborough - Pension Liability-Unfunded					16,826,370	19,902,356	23,414,096
Northborough - Percent Funded					50.2%	46.5%	43.9%

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/Improving
	Uncertain

Warning Trend: 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 the Governmental Accounting Standards Board (GASB) now requires that OPEB liabilities be reported on municipal balance sheets. This information is of particular interest to bond rating agencies and investors.

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 unaddressed, 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. Legislation, which contains many of the Commission's recommendations, has been proposed but is still being debated by the Legislature.

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 Unfunded Actuarial Accrued Liability (UAAL) for Other Post-Employment Benefits (OPEB) for retiree medical benefits was immediately reduced from \$90.4 million to \$34.3 million. Upon the first revaluation the liability was further reduced to an estimated \$28.1 million, however without committing funds to an irrevocable trust fund the UAAL has grown to \$34.9 million upon the most recent valuation.

The Town created an OPEB Trust Fund at the April 2011 Annual Town Meeting for setting aside future OPEB funds to reduce this liability and then appropriated \$500,000 in FY2015, and another \$500,000 in FY2016 with the intention to continue that level of contribution annually. The OPEB funds have been invested with the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment trust fund established to invest the assets of the Massachusetts Teachers and Employees Retirement Systems as well as the assets of various County, Authority, District and Municipal Retirement Systems throughout the Commonwealth. The PRIT Fund is professionally managed by the Pension Reserves Investment Management Board.

While the Town is waiting to assess the outcome of possible legislative changes at the State level as described above, the Town is currently working with an actuary to develop future funding plan options for the Town. Discussion on how best to address OPEB liabilities will continue to be a key issue during future budget cycles.

Actuarial Valuation Date	7/1/2008	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014	7/1/2015
	Original	Revised	Estimated		Estimated		Estimated		Estimated
Unfunded Actuarial Accrued Liability	\$90,444,000	\$34,289,000	\$36,023,000	\$28,072,976	\$29,623,142	\$32,638,652	\$35,252,772	\$34,881,934	\$36,696,603
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,051,207
Funded Ratio	0%	0%	0%	0%	0%	0%	0%	1%	3%

Source: Town Actuarial Valuation Studies

Original study conducted effective July 1, 2008 (FY2009), and revaluations conducted for July 1, 2010, July 1, 2012, and July 1, 2014

Per GASB 45 full valuations must be done no less frequently than every two years.

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) and Assabet Valley Regional Vocational High School. 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 FY2004, our levels of debt service have remained well within this range with the exception of FY2004 which 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. Debt service as a percentage of the budget decreased from 7.02% in FY2013 to 4.51% in FY2015 due to the \$10 million ARHS Building project bond being fully satisfied in FY2013. However, the percentage will increase again in the future years as the \$14.85 million total debt for the Lincoln Street School building project was issued in two phases during 2015 and 2016. Even with the addition of the Lincoln Street School bond, debt is projected to remain well within policy limits.

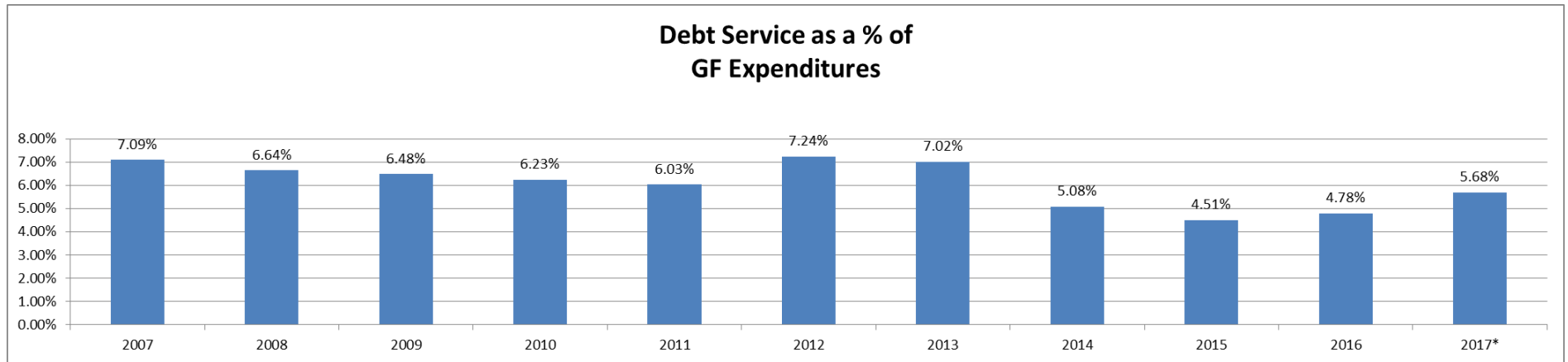
Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Debt Service**	\$ 1,509,743	\$ 1,561,156	\$ 1,790,064	\$ 2,265,276	\$ 1,923,505	\$ 2,489,898	\$ 2,481,623	\$ 2,307,032	\$ 2,050,723	\$ 2,488,169	\$ 3,034,131
Less School Building Reimbursement	\$ (392,632)	\$ (409,777)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net Debt Service	\$ 1,117,111	\$ 1,151,379	\$ 1,407,521	\$ 1,882,733	\$ 1,540,962	\$ 2,107,355	\$ 2,099,080	\$ 1,924,489	\$ 1,668,180	\$ 2,105,626	\$ 2,651,588
Overlapping Debt - Assabet Debt Assessment								\$ 1,044	\$ 8,186	\$ 15,006	\$ 192,135
Overlapping Debt - ARHS Debt Assessment	\$ 1,745,150	\$ 1,645,780	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 656,493	\$ 661,206
Less ARHS Legal Settlement ***										\$ (213,831)	\$ (215,948)
Net Overlapping ARHS Debt Assessment	\$ 1,745,150	\$ 1,645,780	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 442,662	\$ 445,258
Total Debt Service	\$ 2,862,261	\$ 2,797,159	\$ 2,811,896	\$ 2,758,604	\$ 2,672,389	\$ 3,374,984	\$ 3,388,174	\$ 2,585,294	\$ 2,333,600	\$ 2,563,294	\$ 3,288,981
General Fund Expenditures	\$ 40,358,092	\$ 42,106,943	\$ 43,394,613	\$ 44,296,562	\$ 44,332,468	\$ 46,636,802	\$ 48,276,629	\$ 50,906,957	\$ 51,777,346	\$ 53,590,732	\$ 57,855,289
Net Debt Service as % of GF Expenditures	2.77%	2.73%	3.24%	4.25%	3.48%	4.52%	4.35%	3.78%	3.22%	3.93%	4.58%
Overlapping Debt - ARHS as % of GF Expenditures	4.32%	3.91%	3.24%	1.98%	2.55%	2.72%	2.67%	1.30%	1.27%	1.23%	1.14%
Total Debt Service as a % of GF Expenditures	7.09%	6.64%	6.48%	6.23%	6.03%	7.24%	7.02%	5.08%	4.51%	4.78%	5.68%

Notes:

* FY2017 as Budgeted

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, as budgeted (adjusted for principal paid down)

*** Court judgement following over-assessment, payments to come annually from FY2016 through FY2023



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:

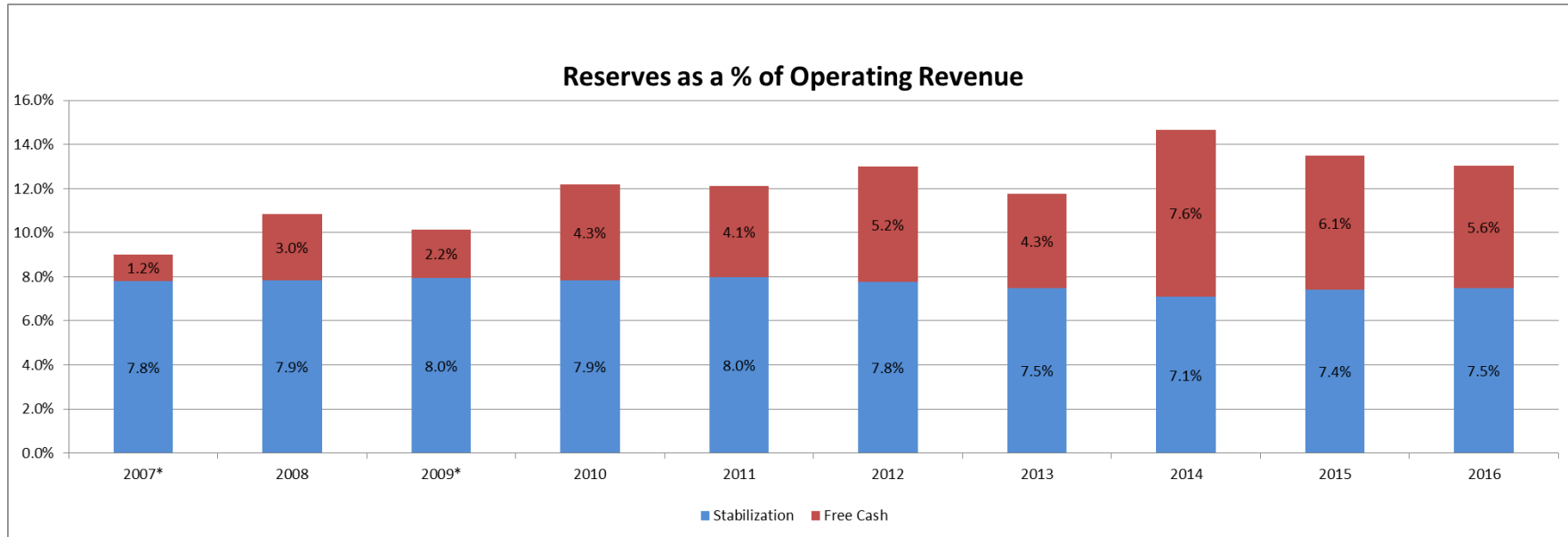
The size of a local government's fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Municipalities usually try to operate each year at a surplus to maintain positive fund balance and thus maintain adequate reserves. An unplanned decline in fund balance may mean that the municipality will be unable to meet a future need.

Analysis:

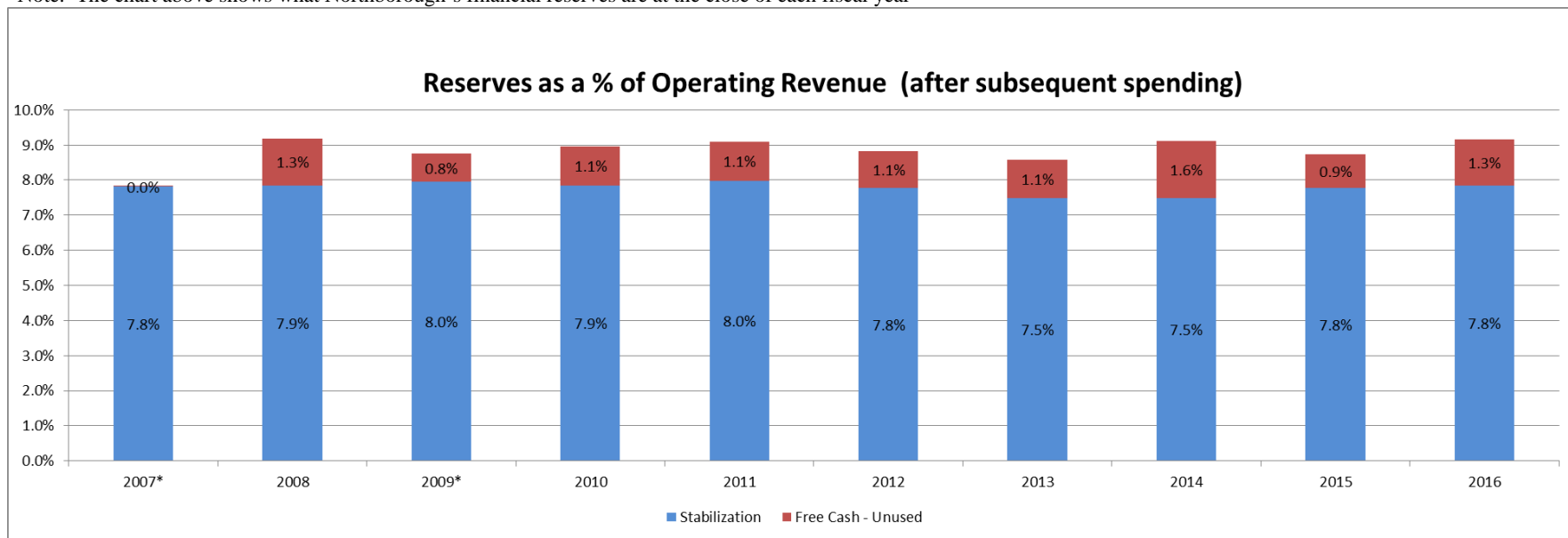
The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5% and 15% of operating revenues. Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. The reserves are defined to include the Town's Stabilization Fund and Free Cash. The Town's level of reserves is in accordance with this policy. In FY2016 & FY2017, \$200,000 was added to the Stabilization Fund to ensure appropriate levels are maintained.

Fiscal Year	2007*	2008	2009*	2010	2011	2012	2013	2014	2015	2016
Certified Free Cash **	\$ 470,988	\$ 1,265,111	\$ 946,294	\$ 1,954,708	\$ 1,869,209	\$ 2,459,307	\$ 2,074,920	\$ 3,932,028	\$ 3,208,889	\$ 3,104,766
Stabilization Fund Balance **	\$ 3,085,177	\$ 3,329,086	\$ 3,447,529	\$ 3,551,789	\$ 3,605,888	\$ 3,660,077	\$ 3,646,820	\$ 3,686,792	\$ 3,913,018	\$ 4,173,427
Operating Revenues ***	\$ 39,476,229	\$ 42,390,894	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963
Free Cash Percentage of Operating Revenue	1.2%	3.0%	2.2%	4.3%	4.1%	5.2%	4.3%	7.6%	6.1%	5.6%
Stabilization Percentage of Operating Revenue	7.8%	7.9%	8.0%	7.9%	8.0%	7.8%	7.5%	7.1%	7.4%	7.5%
Net Reserves Percentage of Operating Revenue	9.0%	10.8%	10.1%	12.2%	12.1%	13.0%	11.7%	14.7%	13.5%	13.1%
Free Cash Subsequently Used****	\$ 470,000	\$ 700,000	\$ 600,000	\$ 1,454,000	\$ 1,365,000	\$ 1,959,307	\$ 1,543,500	\$ 3,089,000	\$ 2,708,889	\$ 2,372,000
Free Cash Subsequently Used-Operating	\$ 470,000	\$ 700,000	\$ 600,000	\$ 650,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000
Free Cash Subsequently Used-Capital	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,889	\$ 1,497,000
Free Cash Not Used	\$ 988	\$ 565,111	\$ 346,294	\$ 500,708	\$ 504,209	\$ 500,000	\$ 531,420	\$ 843,028	\$ 500,000	\$ 732,766
Percent Free Cash Subsequently Used	1.2%	1.7%	1.4%	3.2%	3.0%	4.2%	3.2%	6.0%	5.1%	4.3%
Percent Free Cash Not Used	0.0%	1.3%	0.8%	1.1%	1.1%	1.1%	1.1%	1.6%	0.9%	1.3%
Projected Stabilization Balance after transfer	7.8%	7.9%	8.0%	7.9%	8.0%	7.8%	7.5%	7.5%	7.8%	7.8%
Percent of Reserves after subs spending	7.8%	9.2%	8.8%	9.0%	9.1%	8.8%	8.6%	9.1%	8.7%	9.2%

Notes: *Proposition 2 1/2 Overrides were approved in 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. 2009 Free Cash voted for use by April, 2009 ATM toward FY2010 budget; Figures shown for FY2016 are projected FY2018 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.

Indicator 13: Capital Investment – Overall Fixed Assets

Formula:

Fixed Asset Values
Consumer Price Index

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Declining values

Description:

The majority of the Town's Assets shown on its balance sheet are its fixed assets. These are sometimes referred to as "physical assets" or the "capital plant." The assets consist of town-owned land, buildings, equipment and its entire infrastructure, which includes roads, sidewalks, catch basins, water/sewer mains, etc. For the financial statements most gross values are then "depreciated" over the useful life of the asset, meaning that the expense for purchasing the asset is recorded incrementally over its useful life rather than solely in the year it was acquired, while the value of the asset is lessened over time.

Local governments will frequently defer investment in capital assets, in order to devote resources to operating expenses in the face of scarce resources. When maintenance is deferred, it can lead to increased costs for replacement rather than maintenance.

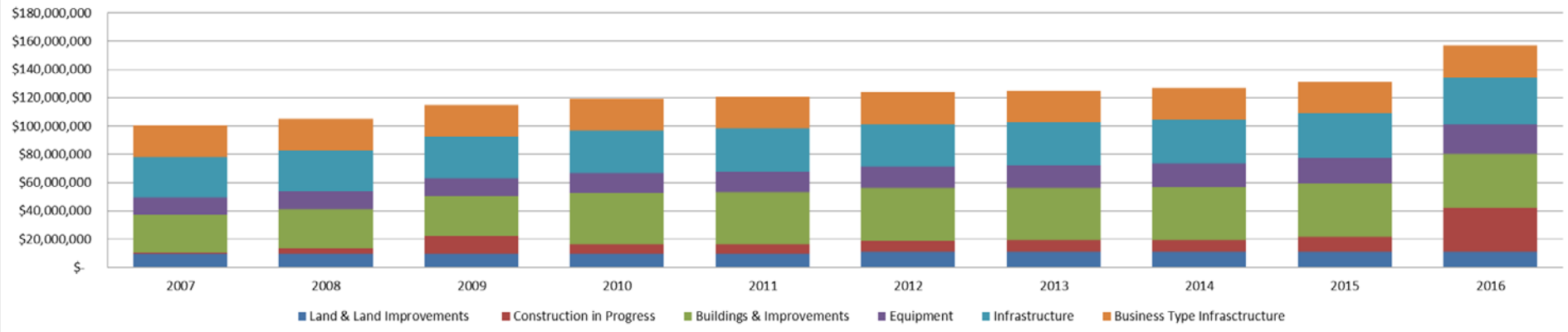
Analysis:

The analysis reflects that the Town has continued its effort to maintain its fixed asset values, while adjusting for the effects of inflation and depreciation. The first graph reflects the gross value of the assets, and the underlying categories that make up the Town's assets, while the second graph reflects that the net values of the assets in service remain relatively constant after accounting for depreciation and inflation.

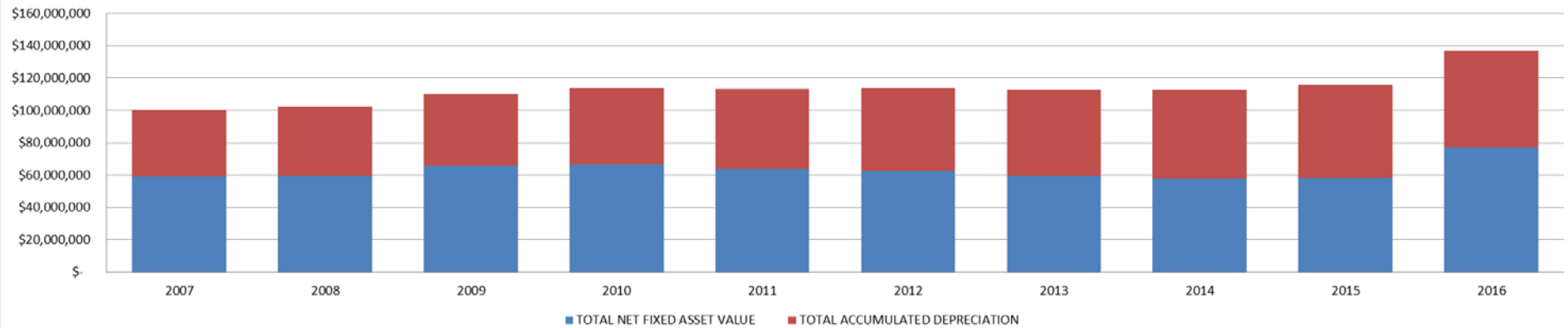
The large increase in value during FY2016 was directly related to the \$25 million Lincoln Street School building project, which increased category of "Construction in Progress." The project was conducted over a relatively short period of time and is back in use in FY2017. Once complete, it will then move to "Buildings & Improvements" and will begin to be depreciated.

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Land & Land Improvements	\$ 6,836,364	\$ 6,844,803	\$ 6,891,319	\$ 6,891,319	\$ 6,893,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175
Construction in Progress	\$ 558,560	\$ 3,338,904	\$ 11,907,123	\$ 6,357,921	\$ 6,487,688	\$ 7,051,508	\$ 7,414,195	\$ 7,620,105	\$ 10,613,372	\$ 30,053,278
Buildings & Improvements	\$ 23,546,392	\$ 23,616,707	\$ 23,846,205	\$ 31,601,625	\$ 32,028,074	\$ 32,564,954	\$ 32,590,754	\$ 32,597,691	\$ 32,707,691	\$ 32,957,457
Equipment	\$ 10,903,486	\$ 11,673,880	\$ 11,632,195	\$ 12,985,461	\$ 13,247,370	\$ 13,799,152	\$ 14,333,553	\$ 15,463,209	\$ 16,071,873	\$ 17,809,356
Infrastructure	\$ 28,481,765	\$ 28,971,274	\$ 29,432,686	\$ 29,948,314	\$ 30,325,194	\$ 30,373,250	\$ 30,423,281	\$ 30,902,882	\$ 31,230,260	\$ 33,071,226
Gross Fixed Asset Value	\$ 70,326,567	\$ 74,445,568	\$ 83,709,528	\$ 87,784,640	\$ 88,981,501	\$ 91,922,039	\$ 92,894,958	\$ 94,717,062	\$ 98,756,371	\$ 122,024,492
Less Accumulated Depreciation	\$ (29,913,832)	\$ (32,280,563)	\$ (34,172,749)	\$ (36,566,516)	\$ (39,313,220)	\$ (42,024,286)	\$ (44,587,392)	\$ (47,180,124)	\$ (49,695,524)	\$ (52,462,991)
Net Fixed Asset Value	\$ 40,412,735	\$ 42,165,005	\$ 49,536,779	\$ 51,218,124	\$ 49,668,281	\$ 49,897,753	\$ 48,307,566	\$ 47,536,938	\$ 49,060,847	\$ 69,561,501
Business-Type Activities										
Land & Land Improvements	\$ 2,769,498	\$ 2,769,498	\$ 2,769,498	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038
Construction in Progress	\$ 261,585	\$ 471,848	\$ 891,343	\$ 390,198	\$ 493,087	\$ 840,138	\$ 840,138	\$ 840,138	\$ 185,526	\$ 1,203,064
Buildings & Improvements	\$ 3,455,724	\$ 3,955,724	\$ 3,955,724	\$ 4,703,635	\$ 4,703,635	\$ 4,703,635	\$ 4,703,635	\$ 4,703,635	\$ 5,389,390	\$ 5,389,390
Equipment	\$ 1,216,628	\$ 1,216,628	\$ 1,216,628	\$ 1,261,049	\$ 1,289,093	\$ 1,305,449	\$ 1,393,986	\$ 1,575,046	\$ 1,882,889	\$ 3,095,678
Infrastructure	\$ 22,135,335	\$ 22,321,383	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,281	\$ 22,472,937	\$ 22,472,937
Gross Fixed Asset Value	\$ 29,838,770	\$ 30,735,081	\$ 31,193,472	\$ 31,486,199	\$ 31,617,132	\$ 31,980,539	\$ 32,069,076	\$ 32,250,138	\$ 32,701,780	\$ 34,932,107
Less Accumulated Depreciation	\$ (11,277,673)	\$ (11,825,067)	\$ (12,352,409)	\$ (12,903,256)	\$ (13,434,041)	\$ (13,919,503)	\$ (14,412,089)	\$ (14,899,201)	\$ (15,411,023)	\$ (16,059,245)
Net Fixed Asset Value	\$ 18,561,097	\$ 18,910,014	\$ 18,841,063	\$ 18,582,943	\$ 18,183,091	\$ 18,061,036	\$ 17,656,987	\$ 17,350,937	\$ 17,290,757	\$ 18,872,862
Governmental & Business-Type Activities										
Land & Land Improvements	\$ 9,605,862	\$ 9,614,301	\$ 9,660,817	\$ 9,662,357	\$ 9,664,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213
Construction in Progress	\$ 820,145	\$ 3,810,752	\$ 12,798,466	\$ 6,748,119	\$ 6,980,775	\$ 7,891,646	\$ 8,254,333	\$ 8,460,243	\$ 10,798,898	\$ 31,256,342
Buildings & Improvements	\$ 27,002,116	\$ 27,572,431	\$ 27,801,929	\$ 36,305,260	\$ 36,731,709	\$ 37,268,589	\$ 37,294,389	\$ 37,301,326	\$ 38,097,081	\$ 38,346,847
Equipment	\$ 12,120,114	\$ 12,890,508	\$ 12,848,823	\$ 14,246,510	\$ 14,536,463	\$ 15,104,601	\$ 15,727,539	\$ 17,038,255	\$ 17,954,762	\$ 20,905,034
Infrastructure	\$ 28,481,765	\$ 28,971,274	\$ 29,432,686	\$ 29,948,314	\$ 30,325,194	\$ 30,373,250	\$ 30,423,281	\$ 30,902,882	\$ 31,230,260	\$ 33,071,226
Business Type Infrastructure	\$ 22,135,335	\$ 22,321,383	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,281	\$ 22,472,937	\$ 22,472,937
Gross Fixed Asset Value	\$ 100,165,337	\$ 105,180,649	\$ 114,903,000	\$ 119,270,839	\$ 120,598,633	\$ 123,902,578	\$ 124,964,034	\$ 126,967,200	\$ 131,458,151	\$ 156,956,599
Less Accumulated Depreciation	\$ (41,191,505)	\$ (44,105,630)	\$ (46,525,158)	\$ (49,469,772)	\$ (52,747,261)	\$ (55,943,789)	\$ (58,999,481)	\$ (62,079,325)	\$ (65,106,547)	\$ (68,522,236)
Net Fixed Asset Value	\$ 58,973,832	\$ 61,075,019	\$ 68,377,842	\$ 69,801,067	\$ 67,851,372	\$ 67,958,789	\$ 65,964,553	\$ 64,887,875	\$ 66,351,604	\$ 88,434,363
TOTAL GROSS FIXED ASSET VALUE	\$ 100,165,337	\$ 105,180,649	\$ 114,903,000	\$ 119,270,839	\$ 120,598,633	\$ 123,902,578	\$ 124,964,034	\$ 126,967,200	\$ 131,458,151	\$ 156,956,599
TOTAL ACCUMULATED DEPRECIATION	\$ (41,191,505)	\$ (44,105,630)	\$ (46,525,158)	\$ (49,469,772)	\$ (52,747,261)	\$ (55,943,789)	\$ (58,999,481)	\$ (62,079,325)	\$ (65,106,547)	\$ (68,522,236)
TOTAL NET FIXED ASSET VALUE	\$ 58,973,832	\$ 61,075,019	\$ 68,377,842	\$ 69,801,067	\$ 67,851,372	\$ 67,958,789	\$ 65,964,553	\$ 64,887,875	\$ 66,351,604	\$ 88,434,363
CPI-U, 2005 Base Year ****	225.1	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1
CPI-U adjustment for constant dollars	100.0%	97.2%	96.1%	95.1%	93.8%	91.6%	90.2%	88.9%	87.9%	87.2%
TOTAL GROSS FIXED ASSET VALUE	\$ 100,185,365	\$ 102,240,166	\$ 110,461,005	\$ 113,416,847	\$ 113,118,538	\$ 113,471,839	\$ 112,686,420	\$ 112,847,924	\$ 115,562,302	\$ 136,877,131
TOTAL ACCUMULATED DEPRECIATION	\$ 41,199,741	\$ 42,872,591	\$ 44,726,558	\$ 47,041,721	\$ 49,475,627	\$ 51,234,161	\$ 53,202,831	\$ 55,175,848	\$ 57,233,898	\$ 59,756,182
TOTAL NET FIXED ASSET VALUE	\$ 58,985,624	\$ 59,367,575	\$ 65,734,447	\$ 66,375,126	\$ 63,642,910	\$ 62,237,678	\$ 59,483,590	\$ 57,672,076	\$ 58,328,404	\$ 77,120,949

Gross Fixed Asset Value Nominal Dollars - Governmental & Business-Type Activities



Fixed Asset Values Constant Dollars - Governmental & Business-Type Activities



Indicator 14: Capital Investment - Pavement Management

Formula:

Average Pavement Condition Index (PCI)

Northborough Trend

	Favorable
	Marginal
X	Unfavorable/Improving
	Uncertain

Warning Trend: Declining overall average Pavement Condition Index (PCI)

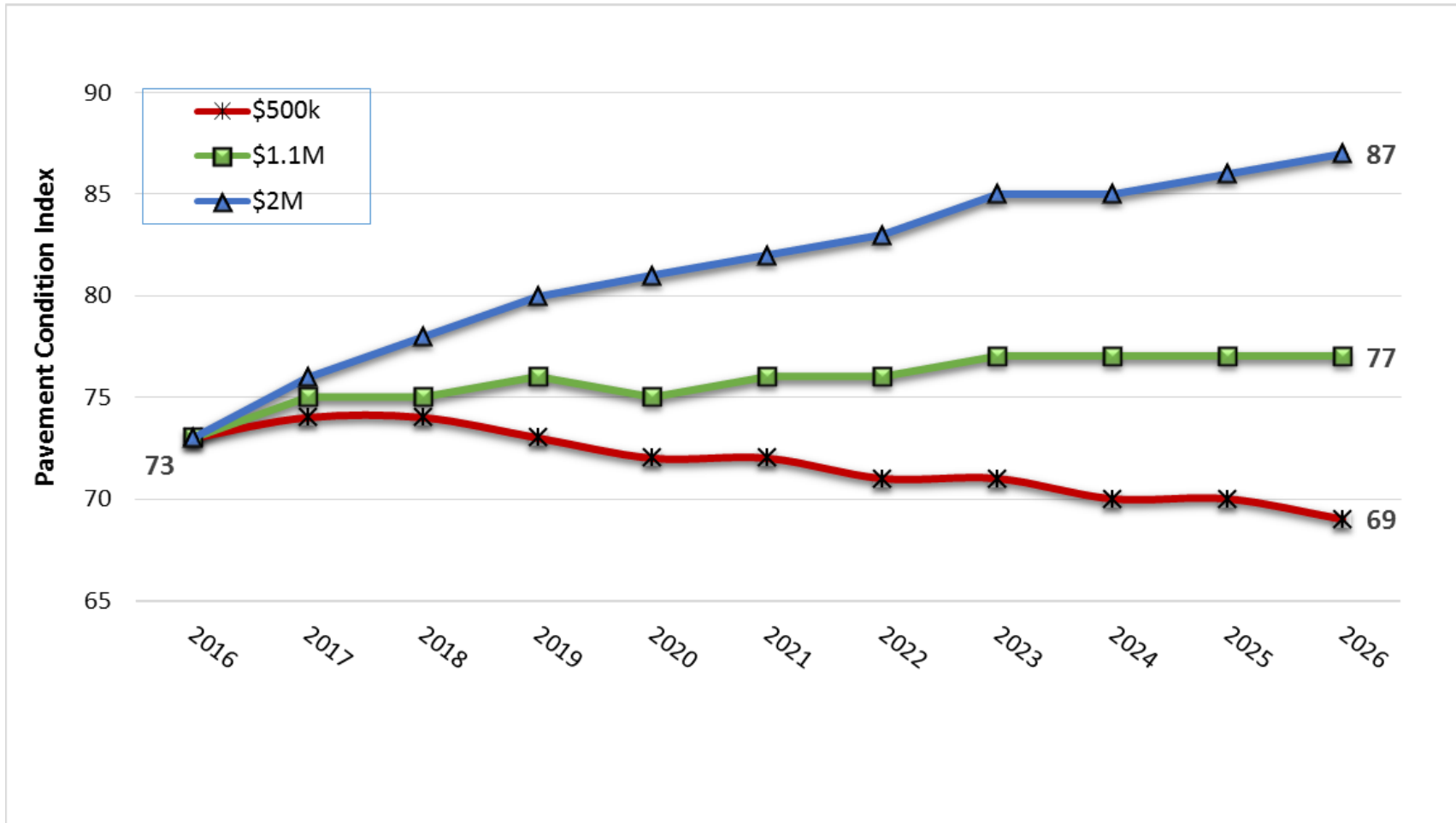
Description:

One of the Town's most significant assets is its pavement network, or roadways. Pavement management is the practice of planning for pavement maintenance and rehabilitation with the goal of maximizing the value and life of a pavement network. Pavement management involves inventorying, assessing, evaluating and scoring roads using a Pavement Condition Index (PCI) scale of 0 -100. This process ultimately allows the Town to define treatment options and test various budget scenarios and projects the impact on the Town's overall PCI based upon funding scenarios. Local governments will frequently defer investment in capital assets, in order to devote resources to operating expenses in the face of scarce resources. When maintenance is deferred, it can lead to increased costs for replacement rather than maintenance.

Analysis:

During FY2015, the Town completed a comprehensive pavement management study which assessed the condition of the Town's roadways. The results of the study are being used to assist officials in the development of a more aggressive roadway maintenance and rehabilitation plan, the implementation of which will involve a higher rate of investment in the "infrastructure" category using local resources as well as leveraging state resources. Notably, only 4% of the Town's roadways are currently in excellent condition and in need of no maintenance, and over one quarter (27%) of the roads are in such poor condition that they require reclamation or reconstruction. Ultimately, deferring investment in our roadways will negatively impact the Town's financial condition by increasing costs and reducing the Town's ability to fund other services.

The study projects that were the Town to continue its previous annual investment of \$475,000 over the next ten years, the backlog of roadway maintenance work would increase from \$17 million to almost \$44 million. The Town is actively working to develop and fund a pavement management plan that maximizes the value and life of the Town's pavement network. The chart on the opposite page projects the Town's overall average PCI for its roads based upon three funding levels. The Town's goal in FY2016 was to fund the Pavement Management Plan at \$1.1 million annually in order to maintain or improve the average PCI score. After two years of implementation of the plan Northborough's PCI improved slightly from 71 to 73. However, increased Chapter 90 Funds have not yet materialized. Moving forward, it is clear that the policy goal of improving the overall average PCI of the Town's roads will require identification of additional resources, including a commitment from the Legislature to increase Chapter 90 funds statewide from \$200 million to \$300 million.



Section IV

Five-Year Financial Forecast— Revenue and Expenditure Projections

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IV. FIVE-YEAR FINANCIAL FORECAST—REVENUE AND EXPENDITURE PROJECTIONS

The following pages contain the Five-Year Financial Forecast of revenue and expenditures along with a projected financial outlook for the Town of Northborough.

A revenue driven model was the methodology used to prepare the financial projections. The projections began with FY2017 as the base and were calculated out five years using the Proposition 2 ½ allowable annual budget growth. The projections focused on the top three revenue sources, which are real estate taxes, state aid and motor vehicle excise taxes. Together these sources represent approximately 95% of our total revenue.

The revenue projections were calculated with the following assumptions:

- Real estate taxes increase by the allowable amount under Proposition 2 ½
- New growth is estimated at \$30 million annually
- Existing unused levy capacity is available for use
- No operational budget overrides are requested
- State Aid increases by 1% annually
- Local receipts such as motor vehicle excise are level funded
- Adherence to the Town’s adopted financial policies

The expenditure projections were calculated with the following assumptions:

- OPEB is funded at \$500,000 each year
- Employee benefit costs increase 5% per year
- Major capital projects, including debt exclusions, proceed in accordance with the six-year Capital Improvement Plan
- School and General Government budgets increase a modest 3.5% in FY2018, then 4% annually

Financial Outlook

Additionally, a market adjustment has been applied to the valuation of an Average Single Family Home. The model assumes a 1% increase in FY2018 through FY2022. Given these assumptions, the revenue and expenditure projections indicate that real estate taxes will increase between 4.5% to 5.1% annually. This model assumes no major “budget surprises” and no significant staffing or increase in service levels. It is important to note that with these conservative estimates, the model indicates that the existing levy capacity will be depleted by FY2022, absent significant economic development and/or increases to State Aid.

Five-Year Revenue Projections

		FY2018	FY2019	FY2020	FY2021	FY2022
		Projection	Projection	Projection	Projection	Projection
<u>General Fund Revenues</u>						
	Prior Year Levy Limit	47,349,942	49,055,391	50,803,475	52,595,262	54,431,844
	2.5%	1,183,749	1,226,385	1,270,087	1,314,882	1,360,796
	New Growth	521,700	521,700	521,700	521,700	521,700
	Levy Limit	49,055,391	50,803,475	52,595,262	54,431,844	56,314,340
	Debt Exclusions	805,523	822,842	778,051	784,074	763,246
	ARHS Debt Exclusions	449,206	450,515	449,700	448,186	448,270
	Lincoln St Sch Bldg Debt Exclusion	1,123,925	1,099,619	1,075,252	1,050,885	1,026,182
	Maximum Levy	51,434,045	53,176,452	54,898,266	56,714,989	58,552,038
	Unused Levy Capacity	(2,353,249)	(1,847,442)	(1,190,846)	(246,489)	353,029
Total Tax Levy		49,080,796	51,329,010	53,707,420	56,468,500	58,905,067
State Aid		5,187,046	5,238,916	5,291,306	5,344,219	5,397,661
Estimated Receipts		3,768,000	3,768,000	3,768,000	3,768,000	3,768,000
<u>Other Local Receipts</u>						
	Free Cash - Operating Budget	500,000	500,000	500,000	500,000	500,000
	Free Cash - Appropriated Reserve	175,000	175,000	175,000	175,000	175,000
	Free Cash - Capital/Other					
	MSBA	382,543	382,543	382,543		
	Meals/Rooms Tax	400,000	400,000	400,000	400,000	400,000
	Other Available Funds	784,024	784,024	784,024	784,024	784,024
Total General Fund Revenues		60,277,409	62,577,493	65,008,293	67,439,743	69,929,752

Five-Year Expense Projections

		FY2018	FY2019	FY2020	FY2021	FY2022
		Projection	Projection	Projection	Projection	Projection
<u>General Fund Expenses</u>						
<u>Education</u>						
	Northborough K-8	23,515,038	24,455,639	25,433,865	26,451,219	27,509,268
	Algonquin 9-12	10,424,158	10,841,124	11,274,769	11,725,760	12,194,790
	ARHS Debt Service	661,206	662,515	661,700	660,186	660,270
	Assabet	786,971	818,450	851,188	885,235	920,645
	Assabet Renovation Project	151,232	145,316	141,488	137,660	133,832
	Lincoln Street School Building	1,124,675	1,099,619	1,075,252	1,050,885	1,026,227
<u>Town Departments</u>		12,170,119	12,656,924	13,163,201	13,689,729	14,237,318
<u>Undistributed Expenses</u>						
	Employee Benefits & Insurance	7,629,062	8,010,515	8,411,041	8,831,593	9,273,172
	Building & Liability Insurance	258,884	269,239	280,009	291,209	302,858
	Debt Service	1,703,005	1,728,303	1,787,412	1,749,273	1,645,357
	State Assessments	205,652	213,878	222,433	231,330	240,583
	Reserve Fund	175,000	175,000	175,000	175,000	175,000
	Special Warrant Articles - Capital					
	Solid Waste Subsidy	217,160	217,160	217,160	217,160	217,160
	OPEB Trust	550,000	550,000	550,000	550,000	550,000
	Stabilization Fund					
<u>Reserve for Abatements</u>		685,276	713,839	743,804	773,531	823,300
<u>Library & School Lunch Aid - Offsets</u>		19,972	19,972	19,972	19,972	19,972
<u>Total General Fund Expenses</u>		60,277,409	62,577,493	65,008,293	67,439,743	69,929,752

Projected Tax Impact

		FY2018 Projection	FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection
<u>Tax Impact</u>						
	Valuation	2,725,456,677	2,755,456,677	2,785,456,677	2,815,456,677	2,845,456,677
	Avg Single Fam *	412,225	416,348	420,511	424,716	428,963
	Tax Rate	18.01	18.63	19.28	20.06	20.70
	Avg Tax Bill	7,423	7,756	8,108	8,518	8,880
	Increase (\$)	326	332	352	410	362
	Increase (%)	4.6%	4.5%	4.5%	5.1%	4.2%
* Assumes 1% increase in value in FY2018-FY2022						



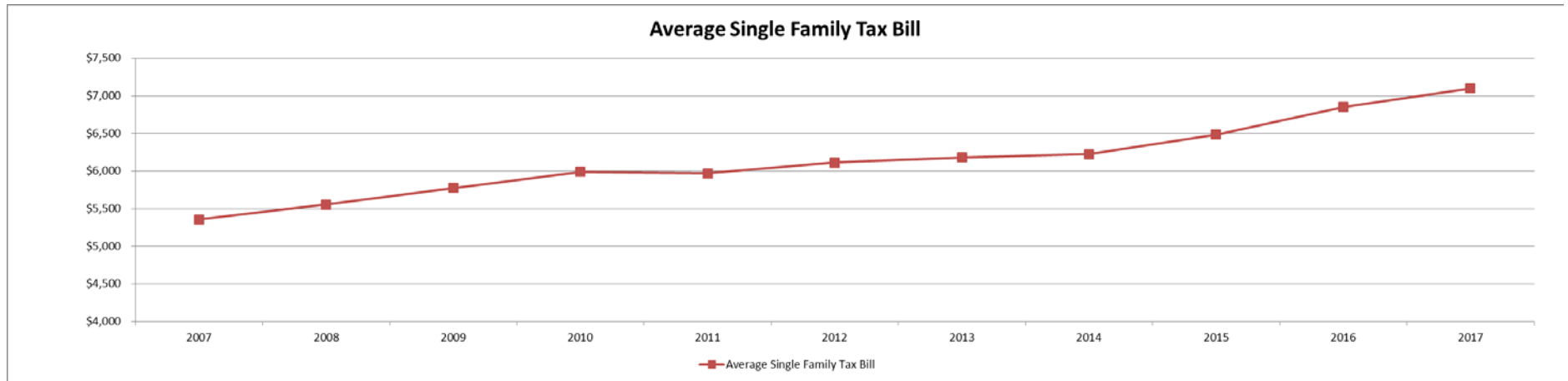
Section V

Appendices

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Appendix A: Average Residential Tax Bill



Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value	\$ 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	\$ 1,506,142,900	\$ 1,558,995,700	\$ 1,608,609,300	\$ 1,649,717,300
Parcels	3,988	3,999	4,002	4,006	4,007	4,008	4,005	4,014	4,022	4,032	4,042
Average Single Family Home Value **	\$ 432,226	\$ 418,409	\$ 419,623	\$ 416,665	\$ 395,221	\$ 394,708	\$ 383,646	\$ 375,222	\$ 387,617	\$ 398,960	\$ 408,144
Tax Rate Per Thousand	\$ 12.39	\$ 13.28	\$ 13.76	\$ 14.38	\$ 15.11	\$ 15.49	\$ 16.11	\$ 16.59	\$ 16.73	\$ 17.17	\$ 17.39
Average Single Family Tax Bill	\$ 5,355	\$ 5,556	\$ 5,774	\$ 5,992	\$ 5,972	\$ 6,114	\$ 6,181	\$ 6,225	\$ 6,485	\$ 6,850	\$ 7,098
Increase over prior year	\$ 277	\$ 201	\$ 218	\$ 218	\$ (20)	\$ 142	\$ 67	\$ 44	\$ 260	\$ 365	\$ 247
Hi-Lo Rank**	51	50	52	49	53	55	59	63	63	63	62

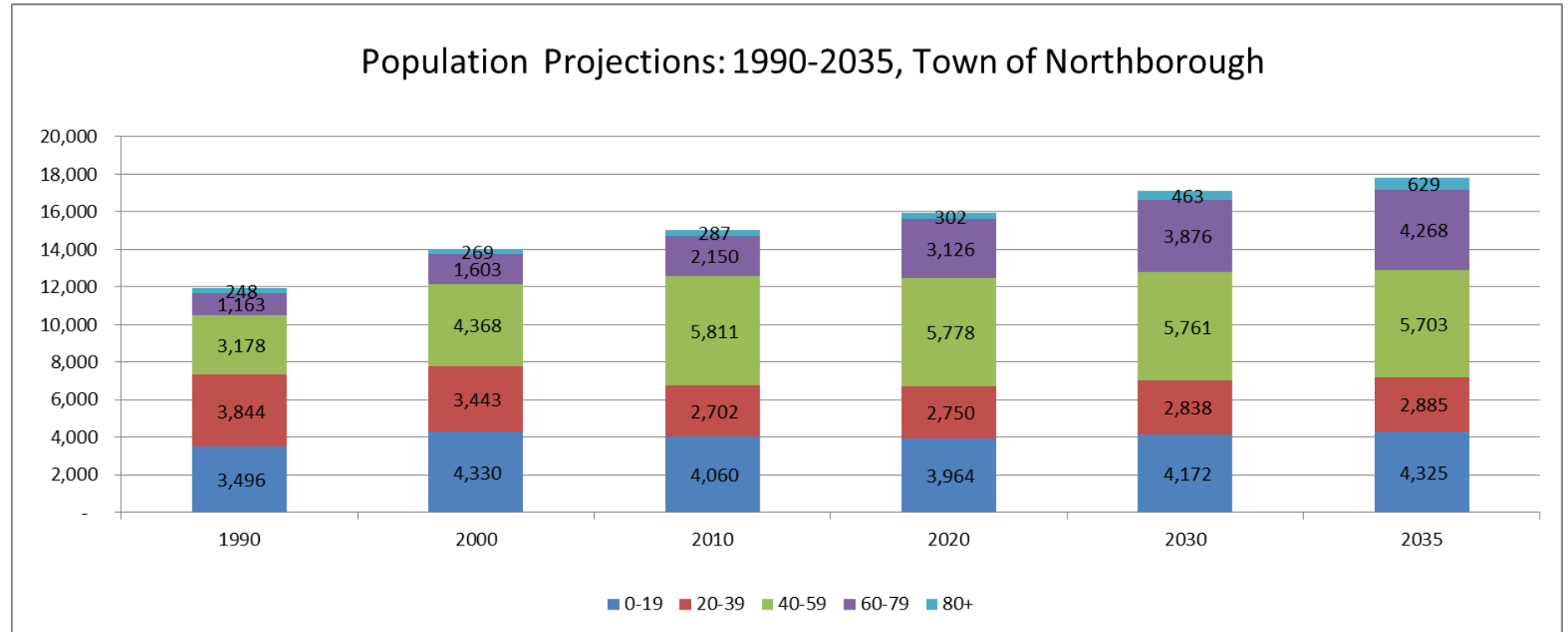
The FY2017 real estate tax bill for an average single family home in the Town of Northborough is \$7,098. This represents a \$174 average annual increase over the 10 years since FY2007. The Massachusetts Department of Revenue's "Hi-Lo" ranking, which is the rank of Massachusetts Cities and Town's average single family tax bills, for Northborough's tax bill has dropped to a low point in FY2014. Northborough had the 63rd highest in the state in FY2014 through FY2016, and while that ranking has risen to 62nd highest for FY2017, the Town's rank has fallen from being the 49th highest in FY2010. The Board of Selectmen have established a budget goal to minimize the tax impact during the most recent 6 years, while preserving current service levels.

Notes:

* Source: Mass. DOR Tax Recap

** Source: Mass. DOR Databank

Appendix B: 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%
Total	11,929	14,013	15,010	15,920	17,110	17,810	18.65%

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.

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

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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

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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. (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

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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

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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

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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

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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.

Government Finance Officers Association (GFOA): This organization provides leadership to the government finance profession through education, research and the promotion and recognition of best practices.

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

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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 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)

Massachusetts School Building Authority (MSBA): A quasi-independent government authority that partners with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable and cost-effective public school facilities.

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

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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.

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

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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.

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

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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.

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

Glossary of Terms

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 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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