

TOWN OF NORTHBOROUGH MASSACHUSETTS



Annual Budget
For the Fiscal Year
Beginning July 1, 2018 and ending June 30, 2019

Board of Selectmen

Jason Perreault, Chair
Jeff Amberson, Vice-Chair
Leslie Rutan, Clerk
Dawn Rand
William Pantazis

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 2018 Ends
- July 1st Fiscal Year 2019 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.

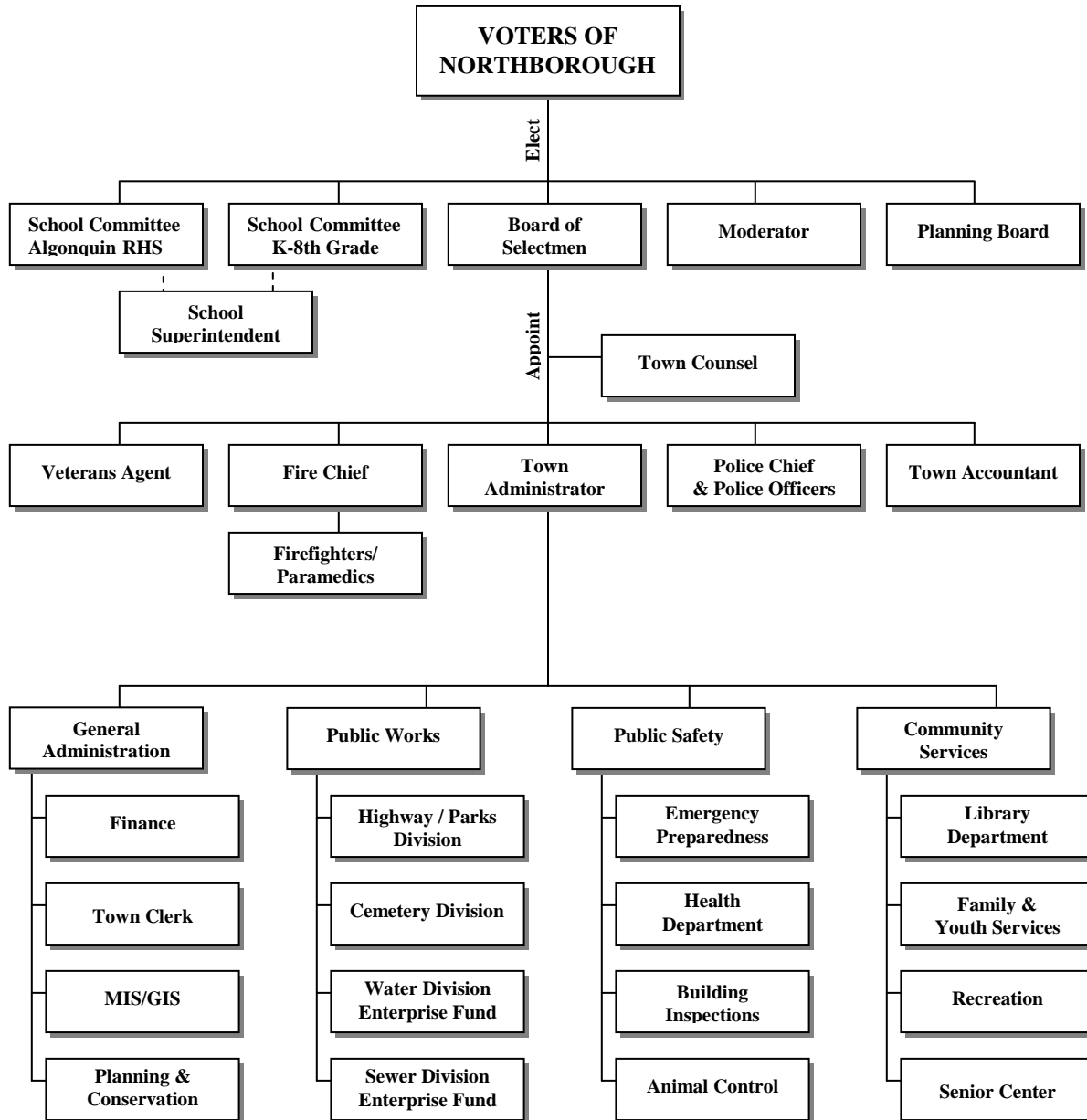
Fifth, Section 6 contains information on **Undistributed Expense Categories** such as Employee Benefits, Long-term Debt, Non-Appropriated Expenses and the FY2019 Warrant Articles.

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 FY2019 **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.

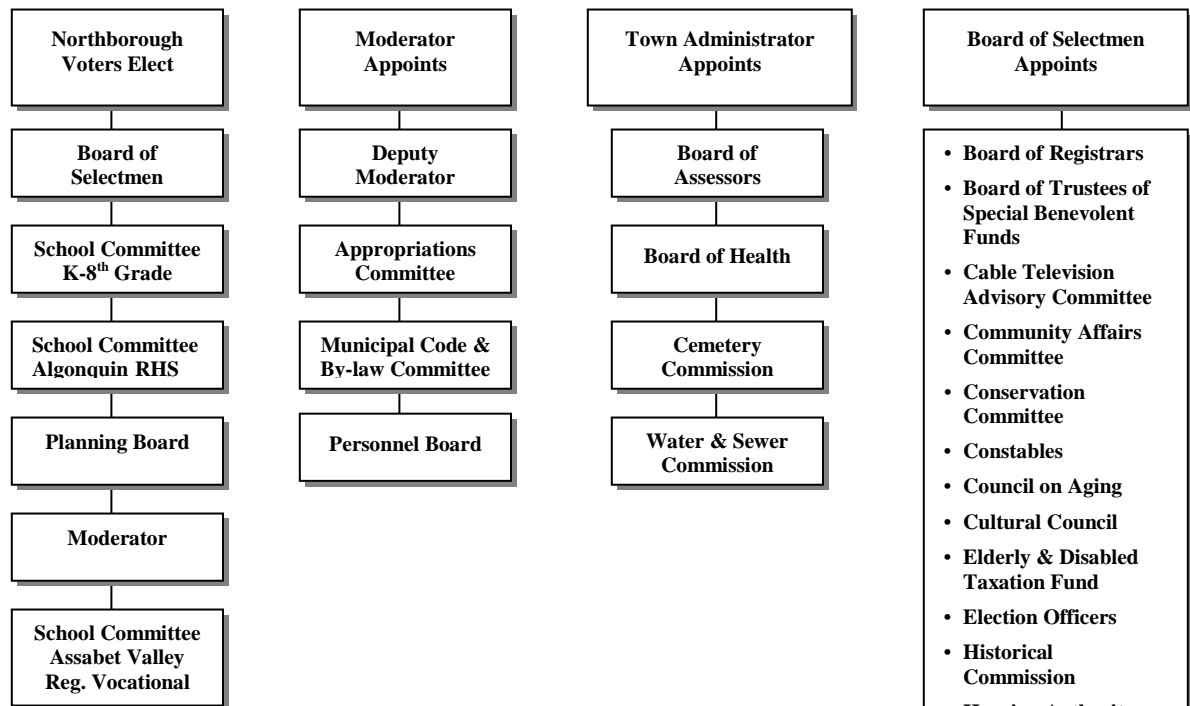
Town Organizational Chart



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: 92.7 Miles

County: Worcester

2015 Population: 15,042

2016 Labor Force: 7,860

Form of Government:

Town Administrator

Five-member Board of Selectmen

Open Town Meeting

FY2018 Tax Rate per Thousand:
\$17.39

**2018 Average Single Family
Home Value:** \$422,078

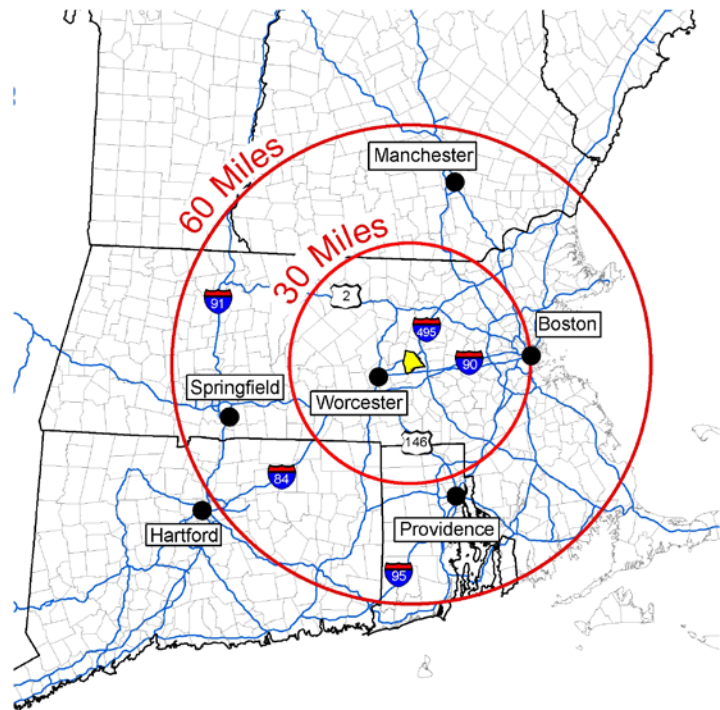
**2018 Average Single Family Tax
Bill:** \$7,340

**FY2018 Municipal Operating
Budget:** \$61,955,912

**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.

TABLE OF CONTENTS

Title page listing Board of Selectmen	<i>i</i>
Citizen's Guide to the Budget	<i>ii</i>
Town Organizational Chart	<i>iv</i>
Community Profile	<i>vi</i>
Table of Contents.	<i>vii</i>
 Town Administrator's Budget Message	 1-19
SECTION 1—BUDGET SUMMARIES	
Balanced Budget Summary	1-2
Revenue Budget Summaries	1-5
Expenditure Budget Summaries.	1-11
SECTION 2—GENERAL ADMINISTRATION	
Executive Office	2-1
Board of Selectmen	2-8
Town Administrator's Office	2-9
Economic Development (Community Development)	2-10
Town Reports	2-10
 Public Buildings	 2-11
 Finance Department	 2-13
Treasurer/Tax Collector	2-19
Assessing.	2-20
Accounting	2-21
 Management Information Systems /Geographic Information System (MIS/GIS)	 2-22
 Town Clerk's Office.	 2-27
Registrars & Elections	2-32
 Advisory Boards & Services	 2-33
Moderator.	2-33
Appropriations Committee	2-34
Financial Planning Committee	2-35
Personnel Board	2-36
Town Counsel/Legal Services	2-37
 Planning and Conservation.	 2-38
Town Planner/Planning Board	2-42
Central MA Regional Planning Commission.	2-43
Zoning Board of Appeals (ZBA)	2-44
Conservation Commission.	2-45
Earthwork Board	2-46
Community Preservation, and Open Space	2-47
Design Review Committee, Affordable Housing & Housing Partnership	2-48
Northborough Housing Authority & Northborough Affordable Housing Corp ...	2-49

TABLE OF CONTENTS

SECTION 3—PUBLIC SAFETY

Police Department	3-1
Fire Department / Emergency Medical Services (EMS)	3-8
Emergency Preparedness	3-16
Building Inspections Department	3-17
Gas Inspector	3-22
Plumbing Inspector (included in Health Department)	
Wiring Inspector	3-23
Sealer of Weights & Measures Inspector	3-24
Health Agent / Board of Health	3-25
Animal Control	3-31

SECTION 4—PUBLIC WORKS

Public Works Department	4-1
Highway Administration	4-10
Highway Division Construction & Maintenance	4-11
Parks Division	4-12
Cemetery Division	4-13
Water Division Enterprise Fund (see Section 8 for budget detail)	
Sewer Division Enterprise Fund (see Section 8 for budget detail)	
Engineering	4-14
Snow & Ice Removal	4-15
Public Trees	4-16
Street Lighting	4-16

SECTION 5—COMMUNITY SERVICES

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

TABLE OF CONTENTS

SECTION 6—UNDISTRIBUTED EXPENSES

Employee Benefits & Insurance (includes Northborough K-8 School employees)	6-1
Health Insurance	6-2
OPEB Trust	6-5
Life Insurance	6-6
Other Benefits/FICA	6-7
Worcester Regional Retirement Assessment	6-8
Worker's Compensation	6-10
 Building & Liability Insurance (includes Northborough K-8 Schools)	6-11
Debt Service.	6-12
Non-Appropriated Expenses.	6-15
State Assessments	6-15
Reserve for Abatements/Off-sets	6-16
Stabilization Fund Contribution	6-17
Reserve Fund (see also under Warrant Articles)	6-18
Warrant Articles.	6-19

SECTION 7—PUBLIC EDUCATION

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

SECTION 8—ENTERPRISE FUNDS

Solid Waste Enterprise Fund	8-1
Water Division and Sewer Division Enterprise Funds	8-6

SECTION 9—CAPITAL IMPROVEMENT PROGRAM

Transmittal.	9-1
Introduction.	9-7
Capital Projects Flow Chart.	9-12
Capital Improvement Program (summary of projects requested)	9-13
Project Detail by Functional Areas.	9-19
Financial Planning Committee Report.	9-69

APPENDICES

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



This Page Intentionally Blank



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: FY2019 Proposed Budget

DATE: March 23, 2018

I am pleased to present the Fiscal Year 2019 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 26th to discuss the FY2019 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 9th meeting.

Even though review of the budget details will continue right up until Town Meeting on April 23rd, 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 14, 2017 Financial Trend Monitoring System joint meeting. The Town has also received the final Assabet Valley assessment and the revised Algonquin Regional High School (ARHS) assessment, which was voted on March 14th.

On December 14, 2017 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 FY2019 budget. The following goals and objectives are direct outcomes from that joint meeting.

Goals and objectives of the FY2019 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 are 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 FY2019 annual budget will be capped in accordance with the adopted Free Cash policy at \$500,000, less than 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 reserves are at 8.1%. The FY2019 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 FY2019 Budget that is within the confines of Proposition 2½ and includes reasonable tax increases necessary to maintain current service levels.
 - 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 five non-school unions. All contracts provide for a sustainable 2% increase, effective July 1, 2018. FY2019 is the last year of a three year contract for each of the non-school unions; all school contracts will expire in FY2020.
 - 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, OPEB liabilities and capital investment.
 - By conducting a comprehensive review of major budget initiatives that seek to expand staffing or services.
 - By continuing to fund the OPEB plan in FY2019 at a minimum of \$500,000 in order to continue addressing the Town's \$37.4 million OPEB liability (net of trust fund balance).
 - By updating and funding the Pavement Management Plan (PMP) at \$1.1 million in order to continue addressing 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 FY2019 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 objectives for the FY2019 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 FY2019 budget.

- Health Insurance—The FY2019 health insurance budget request of \$5.73 million represents a total increase of \$210,158 or 3.8% 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 the majority of new revenues.

More recently, market trends are resulting in higher health insurance increases, necessitating further action. To this end, the Town successfully negotiated higher copays with all employee groups, effective July 1, 2017 (FY2018). The modifications mitigated the anticipated premium increases of 12%, but still resulted in an 8.33% budget increase.

Unfortunately, due to a combination of high claims and general market trends, the FY2019 Health Insurance budget is facing a 15.6 % increase. Without negotiated plan changes the FY2019 budget is structurally unbalanced by \$653,037.

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%
FY2018	8.33%

Average	3.21%
---------	-------



To address this increase, the Town, working with the employee Insurance Advisory Committee (IAC), bid out its health insurance seeking consolidation under a single carrier. Based upon the bid results, Fallon Community Health Plan (Fallon) was the carrier brought forward to the IAC for recommendation. At its meeting on January 30th, the IAC formally recommended consolidating to Fallon and negotiations began with each bargaining unit for their formal approval to implement the consolidation plan. To date, the Town has received commitments from all but one bargaining unit. We continue to engage in impact bargaining with the one remaining unit with the goal of implementing the IAC recommended consolidation plan, effective July 1, 2018.

- **Debt Service**—The proposed FY2019 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 FY2019, the total Debt Service budget for the General Fund is \$2.8 million, a decrease of \$157,836.

One key factor in limiting the increase in new FY2019 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 Northborough's State Aid will increase 1.3% over the \$5.24 million received in FY2018. The estimate is based upon the Governor's FY2019 Budget which was released on January 24th. Despite State revenue projections expected to grow by 3.5% next fiscal year, the Town does not anticipate receiving much of an increase, given the State has overestimated revenues for the past two fiscal years resulting in midyear reductions. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. The Town generally does a little better in terms of aid from the Legislature, in part, because they will have more up-to-date revenue information. However, it is clear that we are not going to see any meaningful increase again in FY2019. As discussed at the December 14th Financial Trend Monitoring Presentation, because State Aid continues to lag behind our general budget increases,



it has become an ever smaller percentage of our overall budget. State Aid declined from a high of 13.1% of revenues in FY2003 to just 8.9% in FY2019. 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 FY2019 tax revenues. This represents a 1% increase in the current total tax base of \$2.8 Billion. 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 steadily declined to \$31.7 million in FY2016. As discussed at the FY2018 Tax Classification Hearing held in November 2017, new growth is forecast to remain at these levels, barring any significant new development.

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 FY2019 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 4% with the proposed budgets for the key departments estimated to increase as follows:

- Northborough K-8 Schools increase \$820,576, or 3.5% to \$24,265,593
- General Government (Town) increases \$731,587, or 3.5% to \$21,634,080
- Assabet Valley Vocational High School combined operating and debt assessments decrease by \$135,171, or 15.14% to \$757,722
- Algonquin Regional High School (ARHS) combined operating and debt assessments increase by \$866,863, or 7.83% to \$11,933,763



FY2019 PROPOSED BUDGET

EXPENDITURES	FY2018 Budget	FY2019 Proposed	Variance	% Change
General Government (Town)	\$20,902,493	\$21,634,080	\$731,587	3.50%
Schools				
Northborough K-8	\$23,445,017	\$24,265,593	\$820,576	3.50%
Algonquin Reg. HS 9-12	\$10,406,326	\$11,322,989	\$916,663	8.81%
Algonquin Debt Exclusion	\$660,574	\$610,774	-\$49,800	-7.54%
Assabet Valley	\$741,661	\$612,406	-\$129,255	-17.43%
Assabet Valley Debt	\$151,232	\$145,316	-\$5,916	-3.91%
Warrant Articles				
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Free Cash Capital Projects	\$1,497,000	\$1,360,000	-\$137,000	-9.15%
Transfer to Stabilization	\$200,000	\$200,000	\$0	0.00%
Transfer to OPEB Trust	\$500,000	\$500,000	\$0	0.00%
Zeh School Debt	\$389,854	\$371,447	-\$18,407	-4.72%
Colburn St. Debt Service	\$66,990	\$64,680	-\$2,310	-3.45%
Library Debt Service	\$383,985	\$373,605	-\$10,380	-2.70%
Senior Center Debt Service	\$422,195	\$409,145	-\$13,050	-3.09%
Lincoln Street Debt	\$1,124,675	\$1,100,275	-\$24,400	-2.17%
Other Funds	\$880,367	\$967,828	\$87,461	9.93%
Adjustments	-\$313,479		\$313,479	-100.00%
Subtotal General Fund	\$61,633,890	\$64,113,138	\$2,479,248	4.02%
Water Enterprise Funds	\$2,436,381	\$2,496,718	\$60,337	2.48%
Sewer Enterprise Fund	\$2,051,028	\$2,132,715	\$81,687	3.98%
Solid Waste Enterprise Fund	\$792,830	\$811,839	\$19,009	2.40%
Subtotal Enterprise Funds	\$5,280,239	\$5,441,272	\$161,033	3.05%
TOTAL ALL FUNDS	\$66,914,129	\$69,554,410	\$2,640,281	3.95%

• **General Government Budget**

The total FY2019 General Government Budget (non-school) is \$21,634,080 which is an increase of \$731,587 or 3.5%. The balance of the document that follows this Budget Message provides detail regarding each departmental budget. However, it bears noting in this summary section how precarious the budget is year to year. Specifically, the health insurance budget can increase between 5-10% annually, which is \$285,000 to \$570,000 on a \$5.7 million budget. Clearly, the annual renewal of the Town's health insurance premiums is critical to the General Government budget, given that the entire FY2019 budget increase for all non-school departments is only \$731,587. It should also be noted that the health insurance cost 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 an affordable level, please refer to Section 6 of this budget document.



- **Northborough K-8 Schools**

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, 2017, a total of 1,648 students attend the Northborough schools, with 1,022 students in grades K-5 at the four elementary schools and 626 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 3.5% in FY2019. Therefore, the FY2019 amount available for the Northborough K-8 School department is \$24,265,593. This represents an increase of \$820,576 from the \$23,445,017 appropriated last year.

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

As of October 1, 2017, a total of 873 Northborough students attend the Northborough-Southborough Regional High School. This represents 59.31% of the total 1,472 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 3.5%. However, the ARHS operating assessment increases \$916,663, or 8.81% to \$11,322,989 based upon Northborough enrollment and changes to the State's minimum contribution formula. The debt for ARHS decreases by \$49,800, or 7.54% to \$610,774. The net effect of the combined operating assessment and new debt service is an overall budget increase of \$866,863, or 7.83%, to \$11,933,763.

- **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 FY2019 budget is \$21,064,000 which is a \$770,000 or 3.79% increase.

As of October 1, 2017, 41 Northborough students attend Assabet Valley, which represents 4.92% of the FY2019 overall Assabet budget, or an operating assessment of \$612,406. This is an enrollment decrease of 8 from the 49 Northborough students that attended Assabet Valley last year. Northborough's FY2019 share of the debt assessment from the completed building renovation project is \$145,316, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$757,722, which is a decrease of \$135,171, or 15.14%.

- **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 FY2019-2024 Capital Improvement Program.

Overall, the Fiscal Year 2019 total operating budget for all funds is \$69,554,410 or a 3.95% increase over FY2018; however, the increase includes one-time pay-as-you-go capital expenditures, a 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 FY2018 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, unfunded liabilities, changes in the tax base, one-time revenue dependencies, debt, capital investments, and external revenue dependencies. The updated FTMS Report is included in its entirety as Appendix C of this budget document.

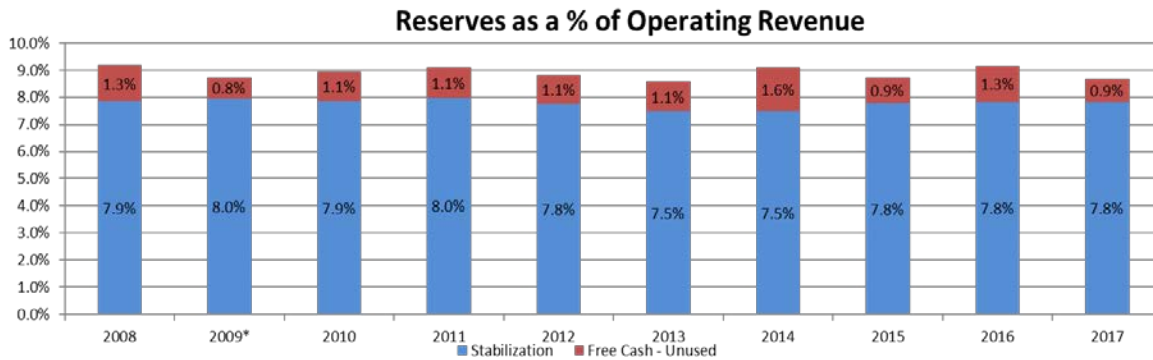
Financial Trend Monitoring System Indicator Summary

	Financial Indicator	FY2018
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	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	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 8.1% of the FY2019 Proposed Budget and use of the \$4.36 million Stabilization (rainy day) Fund has not been



necessary. The Town's debt level (including overlapping debt for ARHS and Assabet) is manageable at 5.5% 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. FY2018 included the addition of the last firefighter/paramedic position needed to reach the recommended public safety 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.

The OPEB liability increased to \$37.4 million (net of trust fund balance) based on the most recent actuarial study, received at the close of FY2017. Following the acknowledgment of OPEB in FY2009 as required by Government Accounting Standards Board (GASB), the Town has continued to contract with an actuary to update the liability, but also to develop a funding plan to address the liability. The Town adopted the Meals Tax Surcharge and increased the Room Occupancy Tax in order to provide capacity in the FY2015 budget to begin funding the OPEB Trust Fund. The FY2015, FY2016, FY2017 and FY2018 budgets have appropriated \$500,000 annually into the OPEB Trust Fund and the FY2019 budget sustains that level. At the close of FY2018 another GASB 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 75% 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 FY2019.

In total, Town Government staffing is up 1.52 FTEs from FY2018. The change includes the addition of a Public Safety Dispatcher to better manage peak call hours and the restoration of a full-time Conservation Agent which is currently budgeted at 19 hours 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 FY2015–FY2019

Town Government	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	Change FY18-FY19
Executive Office	3.50	3.50	4.00	4.00	4.00	0.00
Public Buildings	0.50	0.50	0.50	0.50	0.50	0.00
Financial Offices	9.50	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	1.98	1.98	2.00	2.00	2.00	0.00
Planning & Conservation	2.71	2.76	2.78	2.93	3.45	0.52
Police Department	28.50	28.50	29.50	29.50	30.50	1.00
Fire Department	20.45	21.53	22.41	23.35	23.35	0.00
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	18.48	20.48	20.48	20.48	20.48	0.00
Senior Center/COA	3.00	3.00	3.00	3.00	3.00	0.00
Library	9.40	9.60	10.28	10.48	10.48	0.00
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	108.98	112.31	115.41	116.70	118.22	1.52
School Department (K-8)						
K-5 Teachers	59.00	56.00	56.00	52.50	52.00	-0.50
Grade 6-8 Teachers	33.40	33.00	33.00	33.00	31.00	-2.00
Specialists	38.90	40.90	41.80	42.30	42.90	0.60
Special Education Staff	38.40	40.15	45.10	46.60	46.10	-0.50
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	109.30	105.30	97.74	95.00	93.30	-1.70
K-8 Schools Subtotal	285.00	281.35	279.64	275.40	271.30	-4.10
Total Town & K-8 FTEs	393.98	393.66	395.05	392.10	389.52	-2.58

It is important to note that all collective bargaining contracts are settled for FY2019 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 4.1 fewer FTEs in the FY2019 budget². Please refer to the Superintendent's budget presentation for more detail.

² K-8 staffing does not include Central Administration staff which is shared on a budgetary basis between Northborough K-8 Schools (40%), Southborough K-8 Schools (30%) and Algonquin Regional HS (30%).



Capital Budget

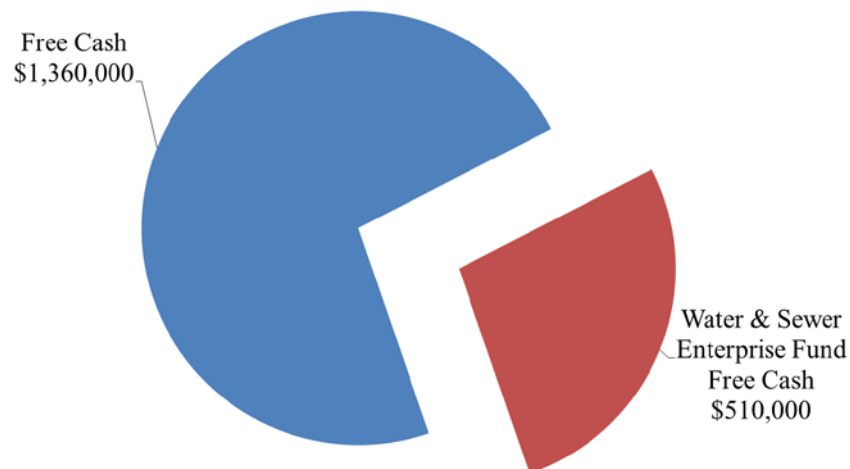
Enclosed in Section 9 of this document are the Town's Annual Capital Budget and FY2019-2024 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments and the Northborough K-8 School Department for FY2019.

Although the detail for proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2019 projects requires Town Meeting approval of specific Articles contained in the April 2018 Annual Town Meeting Warrant.

The proposed FY2019 Capital Budget totals \$1,870,000 of which \$1,360,000 is anticipated to be funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$510,000 in funding will come from the Water & Sewer Enterprise Fund balances with no additional impact on rate payers. All of the projects listed will be paid for using available funds, resulting in no additional tax or fee impact to residents.

The pie chart below shows the breakdown of funding sources by category for the proposed FY2019 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 73% of the FY2019 Capital Budget.

FY2019 CAPITAL FUNDING SOURCES





FY2019 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE
Police		
	Police Cruiser Replacement	87,000
	Police Subtotal	\$87,000
MIS/GIS		
	GIS Aerial Photography	140,000
	MIS/GIS Subtotal	\$140,000
DPW: Highway Division		
	One-Ton Dump Truck w/Plow & Hotbox	140,000
	Street Sweeper	231,000
	Skid Steer Replacement	105,000
	Roadway Improvements/Maintenance	300,000
	Highway Subtotal	\$776,000
DPW: Sewer Enterprise Fund		
	Excavator (60/40% split \$96K Water, \$64K Sewer)	64,000
	Sewer Enterprise Fund Subtotal	\$64,000
DPW: Water Enterprise Fund		
	Excavator (60/40% split \$96K Water, \$64K Sewer)	96,000
	Repair & Replace Water Mains	350,000
	Water Enterprise Fund Subtotal	\$446,000
Northborough K-8 Public Schools		
	Zeh School Boiler Replacement	357,000
	Northborough K-8 Schools Subtotal	\$357,000
	TOTAL FY19 CAPITAL BUDGET	\$1,870,000

Section 9 of this budget document contains Project Detail Sheets for every capital project included in the Town's Six-year CIP. Part III of the CIP contains the Financial Planning Committee's review and recommendations on the FY2019 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.



FY2018 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 FY2018 several key goals and initiatives were achieved. These include:

1. GFOA Distinguished Budget Award: The Town received its eighth consecutive national budget award in FY2018 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 FY2018 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2018 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 presented the results at a joint meeting on December 14, 2017 with the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report brings 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'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 FY2017 with approximately \$2.87 million in Free Cash on June 30, 2017 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. In FY2018 the final firefighter/paramedic was added and both the Police and Fire Departments are now at



their recommended staffing levels with the Fire Department now staffed at 5 personnel per shift. The only outstanding study recommendation is to add a deputy fire chief at some point in the future, resources permitting. The full Police and Fire staffing reports are available at <http://www.town.northborough.ma.us> under “Reports and Documents”.

5. Final Project Reimbursement for Lincoln Street Elementary School Project: At the April 2014 Town Meeting the preferred design solution for the Lincoln Street Elementary School Renovation/Addition project was presented and approved, followed by a successful debt exclusion vote at the May 12, 2014 Town election. The project was estimated to cost \$25.5 million, with the Massachusetts School Building Authority (MSBA) providing a maximum grant of \$10.4 million. The project was completed and opened on time for the 2016/2017 school year. During 2018 MSBA completed the final project audit and grant reimbursement to the Town totaling \$9.83 million. The final project was completed approximately \$1.38 million under budget. It is anticipated that the unused bond proceeds from this project will be used to fund the next phase of the Fire Station building project.
6. FY2018 Capital Budget included \$1,497,000 in Projects with no additional tax impact: The approved FY2018 Capital Budget totaled \$2,107,000 of which \$1,497,000 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$210,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. The only project requiring debt was \$400,000 for the Sewer Enterprise Fund West Main Street Pump Station Improvements. Since FY2012 more than \$9.1 million in Free Cash has been used to fund capital projects without adding any additional tax impact or debt.
7. Pavement Management Plan and Improved Condition Index: During FY2018 the Town implemented the third 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. According to the FY2018 updated assessment, the Town’s overall Pavement Condition Index (PCI) improved for the first time from a 71 to a 73 out of a potential score of 100. Subsequent annual appropriations will be necessary to maintain the plan, coupled with continued advocacy with the Massachusetts Municipal Association to get the State to increase Chapter 90 (transportation bond) funding.
8. Successfully Negotiated Health Insurance Plan Design Changes: The Town successfully negotiated higher copays and plan design changes with all employee groups, effective for the start of FY2018 on July 1, 2017. The modifications mitigated the anticipated premium increases of 12%. The new plan design resulted in an 8.3% health insurance budget increase for FY2018, avoiding approximately \$200,000 in additional costs.
9. Historic White Cliffs Facility Purchase & Sale Completed: With the lack of a buyer and demolition of the historic White Cliffs facility imminent, Town Meeting voted in April of 2016 to purchase the property with Community Preservation Act Funds. Prior to closing on the property, the Town conducted an environmental site assessment, which resulted in the identification of a large leaking underground



storage tank. Working with the seller the Town watched over the lengthy remediation of the property through its consultant to ensure all work was completed in accordance with the purchase and sale agreement. Side agreements for the preservation of artifacts that had been previously removed from the building and numerous extensions were negotiated to allow for the required remediation. On September 26, 2017, the Town finally closed on the property and assumed full ownership.

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 FY2019.

Major Upcoming Issues or Projects

Looking forward to FY2019, 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 FY2019 include:

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2019 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2019 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.
2. Fire Station Feasibility Study: During FY2018 the Fire Station Feasibility Study Committee issued a qualifications-based bid to hire an architectural/engineering firm to assess the Fire Station's location and building needs. Johnson Roberts Associates, Inc. was unanimously selected and the feasibility study is underway to determine if the existing Fire Station can be renovated and expanded on the current site, or if a new site is needed. A preferred design solution and site location is expected to be brought forward for Town Meeting consideration in FY2019.
3. Health Insurance Plan Design Changes to be Negotiated: During FY2018 the Town successfully negotiated health insurance plan design changes with all bargaining units that largely mitigated anticipated premium increases. Unfortunately, due to a combination of high claims and general market trends, the Town and employees are facing a \$927,000, or 13.57%, premium increase in FY2019.

To address this increase, the Town, working with the employee Insurance Advisory Committee (IAC), bid out its health insurance seeking one consolidated carrier. Based upon the bid results, Fallon was the carrier brought forward to the IAC for recommendation. At its meeting on January 30th, the IAC formally recommended consolidating to Fallon and negotiations began with each bargaining unit for their formal approval to implement the consolidation plan. To date, the Town has received commitments from all but one bargaining unit. We continue to engage in impact bargaining with the one remaining unit with the goal of implementing the IAC recommended consolidation plan, effective July 1, 2018.



4. Classification & Compensation Study: During FY2019 the Town will conduct a comprehensive Classification & Compensation study designed to review the current labor market to provide information to determine whether the Town's pay structure is appropriate or may need adjustment; provide insight and recommendations as to whether the Town's current compensation structure, policies and practices are effective or potentially in need of adjustment; determine if the current job classification structure is efficiently structured or may need the introduction of new job classes, mergers of existing classes or the re-titling of classes; and evaluate the Town's current job descriptions and the potential need to perform edits and/or major re-writes of the documents to ensure they accurately reflect current job duties and comply with all legal requirements. It is anticipated that the study will take the better part of a year to complete with the goal of bringing any proposed changes forward to the 2019 Town Meeting.
5. 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 to increase 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. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of the Westerly Wastewater Treatment Plant as well as Northborough's share of the \$30 million plant improvement project. For more information regarding the Town's sewer history and the EPA permit process, please see Section 8-5 of this budget document.

6. All Collective Bargaining Agreements to be Negotiated: FY2019 is the last year of the previously negotiated collective bargaining agreements for Dispatchers (2%), Police Patrol Officers (2%), Police Sergeants (2%), Fire (2%) and the Northborough Municipal Employees Association (2%). A significant amount of time during FY2019 will be devoted to negotiating fair and sustainable future increases for personnel in FY2020-FY2022, including possible modifications to health insurance plans.
7. Solid Waste Contract Negotiations: FY2019 is the last year of the existing solid waste hauling and recycling contract. The Town will need to conduct a policy review of the current Pay-as-you-throw (PAYT) program in terms of the existing service level (single stream recycling), bags fees and General Fund subsidy as part of any



contract renewal or bid. Given China's recent decision to restrict the amount and types of recycling it is willing to accept, it is anticipated that future recycling contracts will be significantly impacted.

8. Cable TV License Renewals with Charter Communications and Verizon: During FY2019 the Town will be negotiating new cable licenses with Charter and Verizon. The Verizon contract will expire on July 20, 2018 and Charter on October 16, 2018. The key contract highlights to the amendment include an additional capital grant and PEG Access operational funding. Also the ability to broadcast live from additional locations will be negotiated.
9. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2019; complete the Fisher Street bridge/culvert replacement; manage the design and construction of the expanded Downtown Common project to include the 20 Rear Gale property; and continue to provide time and resources to the White Cliffs Reuse Committee as it evaluates various options for preserving the historic facility. These projects as well as many smaller capital improvements scheduled throughout FY2019 will continue to add to the quality and economic vitality of the Northborough community.
10. Development of IT/MIS Strategic Plan: Using \$40,000 in funding received under the State Community Compact Grant program, the Town will hire an independent third party consultant to assist with the development of a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities.
11. Master Plan: During FY2019 the Town will complete a comprehensive update to its Master Plan, which is a comprehensive long-range plan intended to guide growth and development of the Town. It includes analysis, recommendations, and proposals for the community's population, economy, housing, transportation, preservation, energy, community facilities, and land use. It is based on public input, surveys, planning initiatives, existing development, physical characteristics, and social and economic conditions. While the plan has little direct authority, it is an expression of Northborough's intention for the future and provides guidance to accomplish that vision.

Conclusion

The FY2019 Proposed Budget that follows is balanced pending implementation of final health insurance plan changes being negotiated with all employee groups. The FY2019 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 FY2019 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



This Page Intentionally Blank

Budget Summaries

Section 1

Section 1-2

Balanced Budget

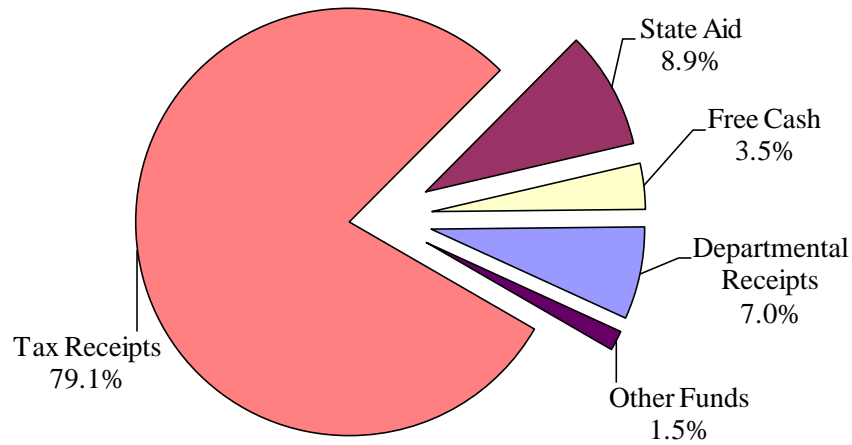


Table 1

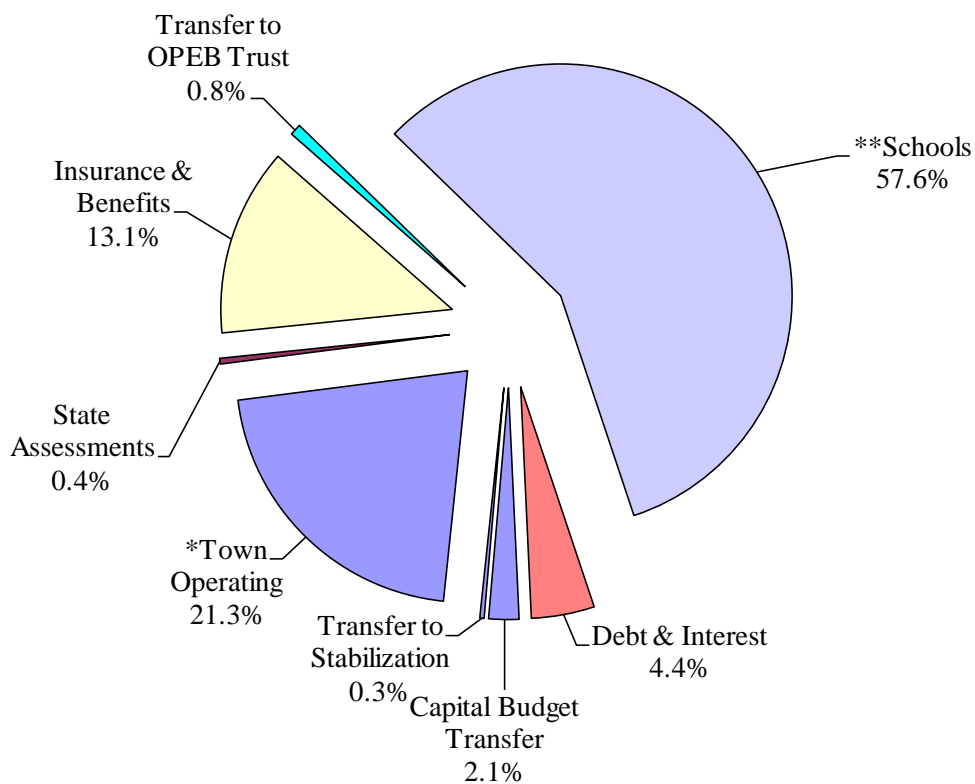
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2017--2019					
LEVY LIMIT CALCULATION	FY2017	PROPOSED FY2018	REVISED FY2018	PROPOSED FY2019	% CHANGE
Prior Year Levy Limit	\$45,517,841	\$47,349,942	\$47,349,942	\$49,116,899	
Add 2.5%	\$1,137,946	\$1,183,749	\$1,183,749	\$1,227,922	
Add New Growth	\$694,155	\$521,700	\$583,208	\$521,700	
Add Overrides	\$0	\$0	\$0	\$0	
True LEVY LIMIT	\$47,349,942	\$49,055,391	\$49,116,899	\$50,866,521	
Add Debt Excl - Zeh School	\$41,874	\$7,311	\$7,311	(\$11,096)	
Add Debt Excl - Colburn St.	\$6,406	\$6,990	\$5,783	\$4,680	
Add Debt Excl - Library	\$391,393	\$383,394	\$383,394	\$373,062	
Add Debt Excl - Senior Center	\$418,167	\$407,828	\$407,828	\$396,196	
Add Debt Excl - Algonquin	\$661,206	\$660,574	\$660,574	\$610,774	
Less Debt Excl -Settlement	(\$215,948)	(\$212,000)	(\$217,999)	(\$218,000)	
Add Debt Excl - Lincoln Street	\$1,032,891	\$1,123,925	\$1,123,925	\$1,099,563	
Adjusted LEVY LIMIT	\$49,685,931	\$51,433,413	\$51,487,715	\$53,121,700	
REVENUES					
Adjusted LEVY LIMIT	\$49,685,931	\$51,433,413	\$51,487,715	\$53,121,700	
Less Unused Levy Limit	(\$2,811,939)	(\$2,498,560)	(\$2,902,138)	(\$2,375,466)	
Total Tax Receipts	\$46,873,992	\$48,934,853	\$48,585,577	\$50,746,234	4.45%
State Aid	\$5,135,689	\$5,218,149	\$5,245,403	\$5,313,533	1.30%
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)	\$2,208,460	\$1,872,000	\$1,872,000	\$1,735,000	-7.32%
Departmental Receipts	\$4,168,000	\$4,168,000	\$4,168,000	\$4,468,000	7.20%
Other Funds	\$1,008,581	\$880,367	\$880,367	\$967,828	9.93%
TOTAL GENERAL FUND REVENUES	\$60,277,265	\$61,955,912	\$61,633,890	\$64,113,138	4.02%
Water/Sewer Enterprise Funds	\$3,969,895	\$4,487,409	\$4,487,409	\$4,629,433	3.16%
Solid Waste Enterprise Fund	\$768,350	\$792,830	\$792,830	\$811,839	2.40%
TOTAL REVENUES	\$65,015,510	\$67,236,151	\$66,914,129	\$69,554,410	3.95%
EXPENDITURES					
Town	\$20,137,277	\$20,902,493	\$20,902,493	\$21,634,080	3.50%
Schools					
Northborough K-8	\$22,719,843	\$23,445,017	\$23,445,017	\$24,265,593	3.50%
Algonquin 9-12	\$10,071,650	\$10,414,869	\$10,406,326	\$11,322,989	8.81%
HS Debt Exclusion	\$661,206	\$660,574	\$660,574	\$610,774	-7.54%
Warrant Articles					
Reserve Fund	\$175,000	\$175,000	\$175,000	\$175,000	
Capital / Other Articles	\$1,833,460	\$1,497,000	\$1,497,000	\$1,360,000	
Transfer to Stabilization	\$200,000	\$200,000	\$200,000	\$200,000	
Assabet	\$688,313	\$741,661	\$741,661	\$612,406	-17.43%
Assabet Renovation Project	\$192,135	\$151,232	\$151,232	\$145,316	-3.91%
Transfer to OPEB Trust	\$500,000	\$500,000	\$500,000	\$500,000	
Zeh School Debt Service	\$424,416	\$389,854	\$389,854	\$371,447	
Colburn Street Debt Service	\$69,245	\$66,990	\$66,990	\$64,680	
Library Debt Service	\$392,025	\$383,985	\$383,985	\$373,605	
Senior Center Debt Service	\$433,795	\$422,195	\$422,195	\$409,145	
Lincoln Street Debt Service	\$1,144,882	\$1,124,675	\$1,124,675	\$1,100,275	
Other Funds	\$1,008,581	\$880,367	\$880,367	\$967,828	
Adjustments	(\$374,563)		(\$313,479)		
TOTAL GENERAL FUND EXPENDITURES	\$60,277,265	\$61,955,912	\$61,633,890	\$64,113,138	4.02%
Water Enterprise Fund	\$2,251,473	\$2,436,381	\$2,436,381	\$2,496,718	2.48%
Sewer Enterprise Fund	\$1,718,422	\$2,051,028	\$2,051,028	\$2,132,715	3.98%
Solid Waste Enterprise Fund	\$768,350	\$792,830	\$792,830	\$811,839	2.40%
TOTAL ALL FUNDS	\$65,015,510	\$67,236,151	\$66,914,129	\$69,554,410	3.95%



Fiscal Year 2019 Revenue Sources



Fiscal Year 2019 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



This Page Intentionally Blank



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 FY2019 by 4.45% or approximately \$2.16 million, to \$50.75 million. This increase includes the 2.5% increase of \$1,227,922 and an increase of \$521,700 in estimated taxes from projected new growth. It also includes the value of any previously approved debt exclusions. 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	FY2018	FY2019	% CHANGE
Prior Year Levy Limit	\$47,349,942	\$49,116,899	
Add 2.5%	\$1,183,749	\$1,227,922	
Add New Growth	\$583,208	\$521,700	
Add Overrides	\$0	\$0	
True LEVY LIMIT	\$49,116,899	\$50,866,521	
Add Net Debt Exclusions	\$2,370,816	\$2,255,179	
Adjusted LEVY LIMIT	\$51,487,715	\$53,121,700	
REVENUES			
Adjusted LEVY LIMIT	\$51,487,715	\$53,121,700	
Less Unused Levy Limit	(\$2,902,138)	(\$2,375,466)	
Total Tax Receipts	\$48,585,577	\$50,746,234	4.45%



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 1.3% to \$5.31 million. The estimate is based upon the Governor's FY2019 Budget which was released on January 24, 2018.

The Governor's FY2019 Budget proposal is based upon a "consensus" tax revenue estimate that reflects 3.5% growth. Despite State revenue projections expected to grow next fiscal year, the Town does not anticipate receiving much of an increase, given the State has overestimated revenues for the past two fiscal years resulting in midyear reductions. 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 is a reasonable approach at this time.

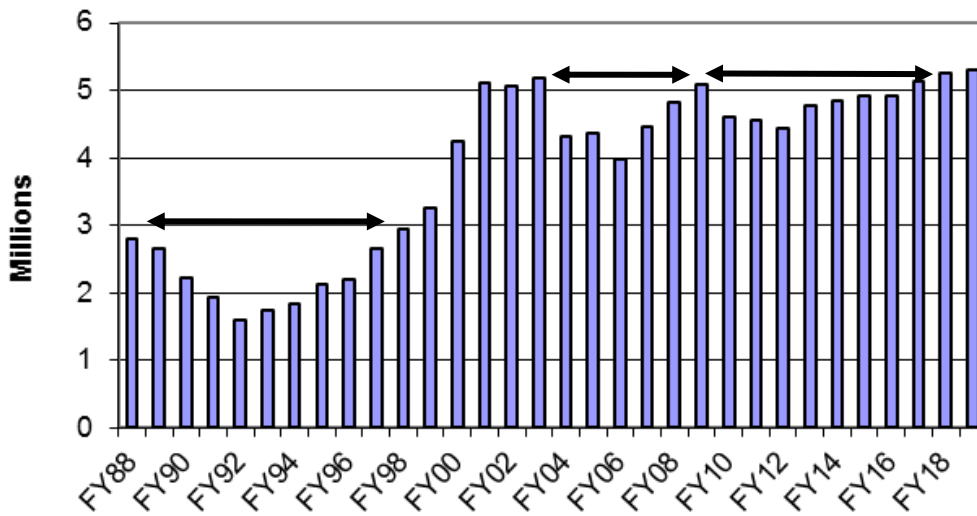
It is important to note that State Aid as a percentage of the budget has decreased from a high of 13% in FY2003 to just 8.9% in FY2019. Northborough has only recently received State Aid at a comparable level to FY2003; however, that is in nominal dollars and does not take into consideration the effect of inflation over those 16 years.

Table 3: State Aid in Millions

FY12	FY13	FY14	FY15	FY16	FY17	FY18	*FY19
4.44	4.78	4.84	4.92	4.92	5.13	5.25	5.31

*Estimated

Northborough State Aid FY1988-2019



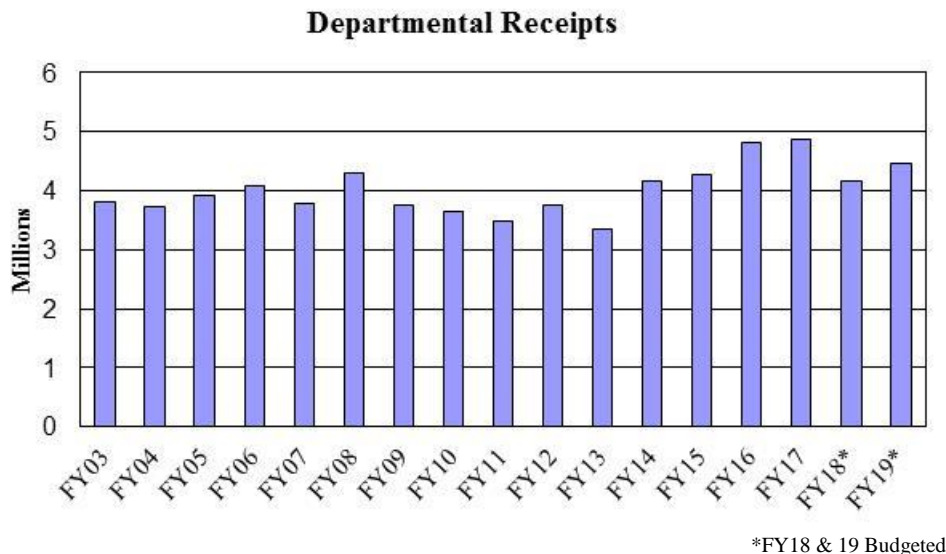
Looking ahead to FY2019, the Town has limited information regarding State Assessments and it is the net effect of the new aid and the increase in charges that really determines if Northborough is better off compared to the previous year. Given that



unknown, the Town has chosen to proceed with the Governor's Budget figures for the FY2019 budget. In this manner, any State Aid actually received above current estimates can only be used to reduce local taxes in FY2019.

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. This category also includes Motor Vehicle Excise (MVE) as well as Hotel and Meals taxes. The total budgeted Departmental Receipts for FY2019 are funded at \$4.47 million, a \$300,000 increase over last year. The single largest source of revenue within the Departmental Receipts category is the \$2.56 million budgeted for MVE taxes, which is a State tax collected by the municipality for its own use.



The Departmental Receipts shown in the above graph are the actual receipts from FY2003 through FY2017 and contain many one-time sources of funds, while the budgeted amounts are shown for both FY2018 and FY2019.

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 graph above going from FY2010 to FY2011.

More recently, the Meals Tax Surcharge of .75% and the increase in the local Room Occupancy Excise were adopted at the 2013 Town Meeting and the first funds received in FY2014. In FY2016 the Town also began receiving settlement payments from the Town of Southborough related to successful litigation over the ARHS building project.



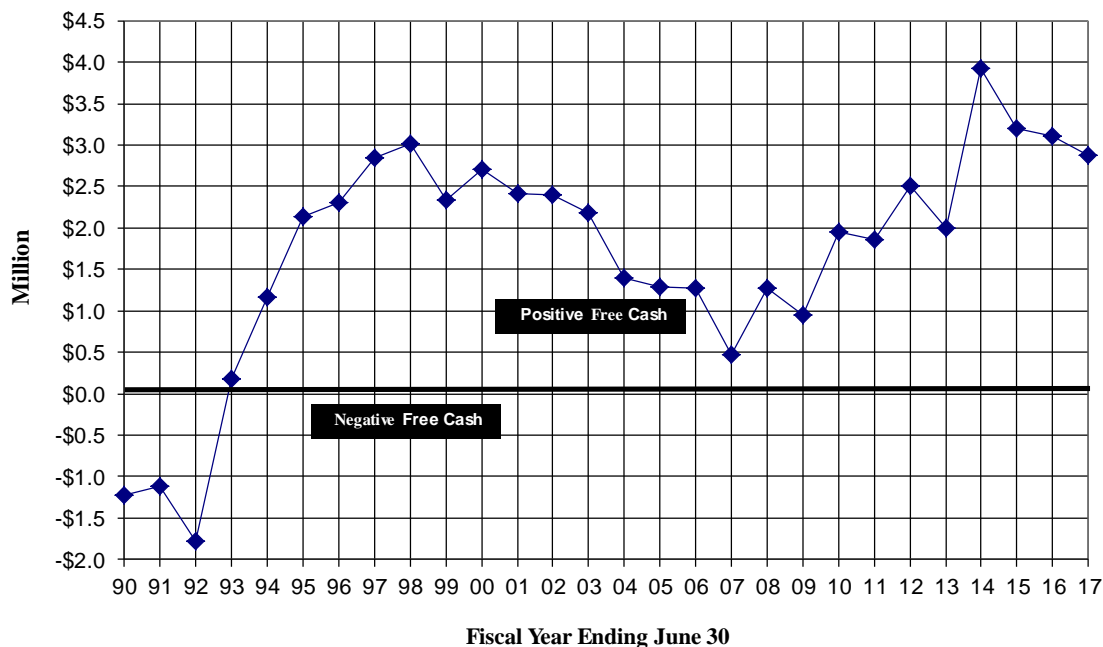
In general, the level of Departmental Receipts is greatly affected by outside economic conditions beyond the Town's control; especially as it relates to motor vehicle sales, building activity and permits fees. The actual revenue trend in the chart above reflects the generally improving economic conditions.

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, 2017 was certified at \$2,877,855.

By far the single largest source of Available Funds is Free Cash. In FY2019, 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 FY1990-2017



*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



Revenue Summary

Section 1-9

amount of \$500,000 in FY2012, approximately 1% of the budget, where it remains in FY2019. As budgets continue to get tighter, the amount of budget surplus will continue to tighten.

The chart on the previous 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 FY2019 are projected to include special revenue offsets in departmental budgets such as \$14,500 in Cemetery Sale of Lots income, \$346 in Cemetery Trust Fund income, \$6,245 in Conservation Commission fees, \$322,608 from the Fire/EMS Revolving Account, \$155,677 from the Recreation Revolving Account, \$61,418 from the Medicare Part D Subsidy, and \$27,000 from the Animal Control Revolving Account.

For the third year, there will be a substantial transfer in the amount of \$361,298 from the PEG Access and Cable Related Fund to the General Fund to cover the Cable Access Departmental costs. This is in accordance with recent requirements promulgated by the State Department of revenue.

In addition, there will be a transfer of \$14,204 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 FY2019 debt service for the Title V Septic program. FY2020 will be the final year for this transfer as the related debt will be paid off.

In addition to Free Cash, these "Other" revenue sources total \$967,828 and will be used to off-set the municipal budgets as shown in Article 4 of the 2018 Annual Town Meeting Warrant.



This Page Intentionally Blank



Expenditure Summary

Section 1-11

FY2019 EXPENDITURE SUMMARY

Following is a summary of the Town's General Government Budget (non-school), which details the 3.5% increase allowable under current revenue projections.

Department	FY2018 Budget	FY2019 Proposed Budget	\$ Change	% Change
GENERAL ADMINISTRATION				
<u>EXECUTIVE OFFICE</u>				
Selectmen	164,985	169,109	4,124	2.50%
Administrator	263,628	271,511	7,883	2.99%
Economic Development	1,300	1,300	-	0.00%
Town Reports	4,700	4,700	-	0.00%
<u>PUBLIC BUILDINGS</u>				
Town Hall/Public Bldgs.	503,156	503,156	-	0.00%
<u>FINANCE</u>				
Treasurer	325,017	333,947	8,930	2.75%
Board of Assessors	282,462	291,001	8,539	3.02%
Town Accountant	157,574	166,683	9,109	5.78%
<u>MIS/GIS</u>				
MIS/GIS	497,482	513,303	15,821	3.18%
<u>TOWN/CLERKS OFFICE</u>				
Town Clerk	132,553	135,702	3,149	2.38%
Election/Registration	23,526	44,670	21,144	89.88%
<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	69,753	154,950	85,197	122.14%
<u>PLANNING & CONSERVATION</u>				
Conservation Commission	47,834	79,971	32,137	67.18%
Planning Board	168,641	183,227	14,586	8.65%
Zoning Board	5,106	5,154	48	0.94%
Earthwork Board	1,484	1,749	265	17.86%
PUBLIC SAFETY				
Police	2,639,934	2,708,725	68,791	2.61%
Fire	1,919,170	1,973,665	54,495	2.84%
Emergency Preparedness	7,000	7,000	-	0.00%
Building	171,694	172,934	1,240	0.72%
Gas Inspector	12,016	12,230	214	1.78%
Wire Inspector	21,506	21,865	359	1.67%
Sealer of Weights	8,000	8,000	-	0.00%
Board of Health	195,119	197,675	2,556	1.31%
Animal Control	40,305	41,484	1,179	2.93%
PUBLIC WORKS				
Highway Admin.	157,976	158,425	449	0.28%
Hwy. Const. & Maint.	1,519,404	1,502,651	(16,753)	-1.10%
Parks	130,400	129,300	(1,100)	-0.84%
Cemetery	96,652	142,548	45,896	47.49%
Engineering	152,157	154,602	2,445	1.61%
Snow & Ice	387,000	427,000	40,000	10.34%
Street Lighting	114,000	117,000	3,000	2.63%
Trees	41,000	46,000	5,000	12.20%
COMMUNITY SERVICES				
Council on Aging	272,768	289,047	16,279	5.97%
Library	814,310	833,554	19,244	2.36%
Recreation	145,971	148,724	2,753	1.89%
Youth Services	145,754	149,073	3,319	2.28%
Veterans Services	78,635	79,448	813	1.03%
Cable TV	325,300	361,298	35,998	11.07%
Cultural Council	500	500	-	0.00%
Community Affairs Committee	500	500	-	0.00%
Historical Commission	500	500	-	0.00%

Section 1-12

Expenditure Summary



Department	FY2018 Budget	FY2019 Proposed Budget	\$ Change	% Change
UNDISTRIBUTED EXPENSES				
<u>EMPLOYEE BENEFITS & INSURANCE</u>				
Health Insurance	5,522,354	5,732,512	210,158	3.81%
Transfer to OPEB Trust	500,000	500,000	-	0.00%
Life Insurance	8,776	8,930	154	1.75%
Other Benefits/FICA	441,693	452,653	10,960	2.48%
Workers Comp	145,878	151,330	5,452	3.74%
Retirement Assessments	1,612,608	1,790,753	178,145	11.05%
<u>BUILDING & LIABILITY INSURANCE</u>				
Bldg. & Liability Insur.	256,395	258,959	2,564	1.00%
<u>DEBT SERVICE</u>				
Debt Service	2,959,080	2,801,244	(157,836)	-5.33%
<u>STATE ASSESSMENTS</u>				
State Assessments	206,610	234,448	27,838	13.47%
<u>NORFOLK AGRICULTURAL HIGH SCHOOL</u>				
Tuition/Transportation	50,000	-	(50,000)	-100.00%
<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	1,497,000	1,360,000	(137,000)	-9.15%
Other Financing Uses	217,160	217,160	-	0.00%
OTHER NON-APPROPRIATED AMOUNTS				
Reserve for Abatements	280,000	619,436	339,436	121.23%
Offsets	22,559	22,559	-	0.00%
ENTERPRISE FUNDS				
Water	2,436,381	2,496,718	60,337	2.48%
Sewer	2,051,028	2,132,715	81,687	3.98%
Solid Waste	792,830	811,839	19,009	2.40%
GROSS TOTAL TOWN	31,509,319	32,597,332	1,088,013	3.45%
CALCULATION OF NET TOTAL TOWN				
Less Water Fund	(2,436,381)	(2,496,718)		
Less Sewer Fund	(2,051,028)	(2,132,715)		
Less Solid Waste	(792,830)	(811,839)		
Less Other Funds	(880,367)	(967,828)		
Less Recap Adjustments	313,479			
Less Debt Exclusion	(2,387,699)	(2,319,152)		
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	(1,497,000)	(1,360,000)		
NET TOTAL TOWN	\$20,902,493	21,634,080		3.50%
CALCULATION OF TOWN APPROPRIATION				
GROSS TOTAL TOWN	31,509,319	32,597,332		
Less County Assessments	(1,612,608)	(1,790,753)		
Less State Assessments	(206,610)	(234,448)		
Less Reserve for Abatements	(280,000)	(619,436)		
Less Offsets	(22,559)	(22,559)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Stabilization Transfer Article	(200,000)	(200,000)		
Less Special Articles	(1,497,000)	(1,360,000)		
Less Other Financing Use	(217,160)	(217,160)		
Less Enterprise Funds	(5,280,239)	(5,441,272)		
Net Town Warrant Article 4	\$22,018,143	22,536,704		



Expenditure Summary

Section 1-13

General Administration

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

General Administration Summary

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED	% CHANGE
<u>EXECUTIVE OFFICE</u>						
Selectmen	\$125,422	\$143,216	\$164,985	\$91,956	\$169,109	2.50%
Administrator	\$239,004	\$247,898	\$263,628	\$124,895	\$271,511	2.99%
Economic Development	\$340	\$1,180	\$1,300	\$0	\$1,300	0.00%
Town Reports	\$3,741	\$3,992	\$4,700	\$0	\$4,700	0.00%
Subtotal	\$368,507	\$396,285	\$434,613	\$216,851	\$446,620	2.76%
<u>PUBLIC BUILDINGS</u>						
	\$348,723	\$329,704	\$503,156	\$121,380	\$503,156	0.00%
Subtotal	\$348,723	\$329,704	\$503,156	\$121,380	\$503,156	0.00%
<u>FINANCE</u>						
Treasurer	\$306,660	\$316,234	\$325,017	\$157,222	\$333,947	2.75%
Board of Assessors	\$244,166	\$258,287	\$282,462	\$123,667	\$291,001	3.02%
Town Accountant	\$148,191	\$152,227	\$157,574	\$74,456	\$166,683	5.78%
Subtotal	\$699,017	\$726,749	\$765,053	\$355,345	\$791,631	3.47%
<u>MIS/GIS</u>						
	\$351,330	\$410,504	\$497,482	\$189,607	\$513,303	3.18%
Subtotal	\$351,330	\$410,504	\$497,482	\$189,607	\$513,303	3.18%
<u>TOWN CLERKS OFFICE</u>						
Town Clerk	\$133,495	\$123,353	\$132,553	\$64,248	\$135,702	2.38%
Elections/Registration	\$24,168	\$32,146	\$23,526	\$5,528	\$44,670	89.88%
Subtotal	\$157,663	\$155,498	\$156,079	\$69,775	\$180,372	15.56%
<u>ADVISORY BOARDS/SERVICES</u>						
Moderator	\$200	\$0	\$500	\$0	\$500	0.00%
Appropriations Committee	\$382	\$358	\$1,695	\$210	\$1,695	0.00%
Personnel Board	\$7,681	\$12,729	\$69,753	\$2,327	\$154,950	122.14%
Town Counsel	\$30,314	\$52,984	\$85,000	\$17,104	\$85,000	0.00%
Subtotal	\$38,577	\$66,071	\$156,948	\$19,641	\$242,145	54.28%
<u>PLANNING AND CONSERVATION</u>						
Town Planner/Planning Bd	\$153,593	\$155,309	\$168,641	\$78,971	\$183,227	8.65%
Zoning Board of Appeals	\$1,893	\$1,830	\$5,106	\$588	\$5,154	0.94%
Earthworks	\$778	\$248	\$1,484	\$1,026	\$1,749	17.86%
Conservation Commission	\$40,513	\$32,760	\$47,834	\$10,245	\$79,971	67.18%
Subtotal	\$196,777	\$190,146	\$223,065	\$90,830	\$270,101	21.09%



Section 1-14

Expenditure Summary

The FY2019 budget reflects the costs of all union and non-union personnel cost of living (COLA) increases in the actual departmental budgets; however, all merit increases are centrally budgeted in the Personnel Board account. All collective bargaining contracts are settled for FY2019 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 \$12,007 or 2.76% in FY2019, which reflects a 2% general wage increase for all personnel. The budget also contains a modest increase in Board of Selectmen monthly stipends from \$85.83 to \$100, as these have not been modified in over 15 years.

- **Public Buildings**

The Public Building Account is level funded in FY2019. 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 FY2019 budget increases \$26,578 or 3.47% primarily due to general wage increases of 2% for union and non-union employees. The increase also includes one-time funding in the amount of \$5,500 in the Accounting Division to engage a consultant to assist in the creation of a formal internal control policy and procedural manual as recommended by the Town's auditor.

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

The MIS/GIS budget is increasing by \$15,821, or 3.18%. The bulk of the increase is attributable to the phased replacement of the Town's main computer servers and storage system, which will be completed in FY2019. The FY2019 budget also reflects a 2% wage increase for the two non-union personnel. The main departmental initiative in FY2019 will be the implementation of a \$40,000 State grant to create a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities. The Town received the grant under the State's Community Compact Program, which is designed to encourage municipalities to implement best practices in various service areas.

- **Town Clerk/Elections**

The combined FY2019 Town Clerk/Elections budget represents an overall increase of \$24,293, or 15.56%. The increase is primarily due to there being three scheduled elections in FY2019 as opposed to the one local election held in FY2018. The FY2019 scheduled elections include the State Primary on September 18, 2018 , the



State Election on November 6, 2018, and the Annual Town Election on May 14, 2019. The departmental budget as presented also contains 2% wage increases 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. The FY2019 budget includes funding for temporary coverage in the Finance Department related to the retirement of the Finance Director and a pending departmental reorganization.

- **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**

Overall, the FY2019 Planning and Conservation budget is up \$47,036, or 21%. The increase is primarily due to staffing increases in the Conservation Budget. The Part-time Conservation Agent position is being increased to full-time in FY2019 due to workload demands and office coverage needs. The expanded position will also provide staff support to the Open Space Committee and Trails Committee, which will free the Town Planner up to focus on the Master Planning Committee and the Historic White Cliffs Reuse Committee. The budget also includes a \$4,000 increase in contractual services for Planning Board consultants and reflects 2% wage increases 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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED	% CHANGE
<u>PUBLIC SAFETY</u>						
Police	\$2,409,636	\$2,491,758	\$2,640,879	\$1,258,312	\$2,708,725	2.57%
Fire	\$1,672,080	\$1,709,817	\$1,919,170	\$970,126	\$1,973,665	2.84%
Emergency Preparedness	\$583	\$0	\$7,000	\$0	\$7,000	0.00%
Building Inspection	\$148,264	\$145,738	\$171,694	\$70,670	\$172,934	0.72%
Gas Inspector	\$11,423	\$11,700	\$12,016	\$6,029	\$12,230	1.78%
Wiring Inspector	\$20,352	\$18,112	\$21,506	\$8,902	\$21,865	1.67%
Sealer Weights/Measures	\$5,000	\$5,000	\$8,000	\$0	\$8,000	0.00%
Health/Plumbing Inspector	\$159,154	\$179,669	\$195,119	\$90,700	\$197,675	1.31%
Animal Control	\$38,743	\$39,418	\$40,305	\$19,728	\$41,484	2.93%
Subtotal	\$4,465,235	\$4,601,211	\$5,015,689	\$2,424,467	\$5,143,578	2.55%

- **Police Department**

Overall, the FY2019 Police Department Budget reflects an increase of \$67,846 or 2.57%. The departmental budget as presented includes contractual wage increases for Union and Non-Union personnel. The budget increase includes \$22,183 for the addition of a new Dispatcher, which has been budgeted at mid-year. The need for additional dispatch personnel was highlighted in the recent staffing study. Increased call volume associated with recent economic development as well as new State requirements to accept 911 cell phone calls and texts has added to the dispatch center's workload. The additional staff will allow for scheduling more than one Dispatcher during peak times and provide greater flexibility and coverage. The addition of a sixth Dispatcher was a top priority request of the Police Chief and Fire Chief.

- **Fire Department**

As presented, the FY2019 Fire Department Budget reflects an increase of \$54,495 or 2.84% in the General Fund appropriation. The increase reflects general wage increases of 2% for Union and Non-Union personnel and a full year of the new Firefighter/Paramedic position that was added midyear in FY2018.

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. New Firefighter Paramedic positions were added in FY2016, FY2017 and FY2018. Now complete, the new staffing configuration results 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 was approved in FY2018.

In addition to the General Fund appropriation of \$1,973,665 (which includes a transfer in of \$322,608 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$452,789 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 FY2019 budget that supports the Fire/EMS services is \$2,426,454 (\$1,973,665 plus the Fire Department Revolving Fund direct charges of \$452,789). The direct Revolving Fund charges include ambulance billing services, overtime wages, 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 FY2019 Building Department. Overall, the departmental budgets for Building, Gas, Wiring and Sealer represent a modest increase of just \$1,813 or 0.85%.

- **Health Department**

Due to staffing changes, the FY2019 Health Department budget will only increase \$2,556, or 1.31% as new staff comes in at a lower salary. Some of the salary line savings was moved to the landfill testing line, which increases by \$10,400 due to new DEP testing requirements anticipated by our environmental consultant for the closed landfill. As with all General Fund budgets, the Health Department includes a 2% general wage increase for personnel. The budget also includes \$13,000 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.

- **Animal Control**

Beginning in FY2013 Animal Control services were outsourced through a contractual arrangement and the fees from dog licenses and fines brought into the General Fund as a transfer from the revolving fund to off-set the cost of the contract. In FY2019 the revolving fund revenues proposed to be transferred in are \$27,000 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$14,484.

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED	% CHANGE
PUBLIC WORKS						
Highway Admin.	\$129,909	\$121,893	\$157,976	\$47,029	\$158,425	0.28%
Hwy. Const. & Maint.	\$1,191,519	\$1,489,228	\$1,519,404	\$543,745	\$1,502,651	-1.10%
Parks	\$106,360	\$107,593	\$130,400	\$59,848	\$129,300	-0.84%
Cemetery	\$73,430	\$94,742	\$96,652	\$45,746	\$142,548	47.49%
Engineering	\$112,334	\$120,916	\$152,157	\$58,048	\$154,602	1.61%
Snow & Ice	\$321,205	\$501,899	\$387,000	\$72,439	\$427,000	10.34%
Street Lighting	\$110,854	\$114,000	\$114,000	\$48,419	\$117,000	2.63%
Trees	\$24,528	\$33,298	\$41,000	\$16,096	\$46,000	12.20%
Subtotal	\$2,070,139	\$2,583,571	\$2,598,589	\$891,371	\$2,677,526	3.04%

Overall, the Department of Public Works General Fund budget is up \$78,937 or 3.0%. Approximately half of the increase, \$40,000, is attributed to adjustments in the snow and ice budget which are based upon historic spending over the past five fiscal years. There is also a \$5,000 increase to funding for tree maintenance in anticipation of significant impacts to the Town's tree stock as a result of recent years' caterpillar and storm activity. The FY2019 budget 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 new fuel island and fire alarm systems, implementation of the required DPW facility Spill Prevention, Control, and Countermeasures Plan, improvements to roadway and roadside safety, compliant removal and disposal of street sweeping and catch basin debris, and repairs to our parks and monuments.

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED	% CHANGE
COMMUNITY SERVICES						
Senior Center/COA	\$251,633	\$262,812	\$272,768	\$132,714	\$289,047	5.97%
Library	\$737,049	\$764,101	\$814,310	\$394,291	\$833,554	2.36%
Recreation	\$137,151	\$141,332	\$145,971	\$70,013	\$148,724	1.89%
Family & Youth Services	\$131,848	\$138,268	\$145,754	\$67,468	\$149,073	2.28%
Veterans' Services	\$47,666	\$52,639	\$78,635	\$24,738	\$79,448	1.03%
Cable TV	\$0	\$323,597	\$325,300	\$125,543	\$361,298	11.07%
Cultural Council	\$500	\$500	\$500	\$430	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$500	\$500	0.00%
Historical Committee	\$225	\$0	\$500	\$0	\$500	0.00%
Subtotal	\$1,306,572	\$1,683,750	\$1,784,238	\$815,697	\$1,862,644	4.39%

- **Senior Center/Council on Aging**

Overall, the departmental budget is up 6%, or \$16,279 which includes an \$11,000 increase to reflect actual routine building maintenance costs, which were previously paid for from program revenues. This change will allow more program fee revenues to go directly to supporting actual services for seniors. Since opening the new center in 2010, the Senior Center has historically paid for most of its routine building cleaning and maintenance contracts through its program user fees. These costs have been slowly transitioned into the General Fund and in FY2019 that transition is now complete. The long-term goal is to use the programs fees to directly support the services provided to seniors and have the building maintenance costs supported as part of the base budget. The phased cost-sharing arrangement allowed the new center to open with minimal operational impacts to the budget during difficult budget years, but the time has come to complete the phasing initiative.

- **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 FY2019 Family & Youth Services budget, which is up \$3,319, or 2.28%. 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% (\$17,948) of the overall administrative expenses in FY2019. However, ordinary benefits for qualifying veterans and their families increased from \$39,760 to \$57,000 in FY2018 based upon projected needs, and will remain at that level in FY2019. 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 FY2019 Veterans' Services budget is increasing just 1%.

- **Library**

Overall, the FY2019 Library Budget is up 2.36%, or \$19,244. The departmental budget as presented includes a 2% wage increase for Union or Non-Union personnel. The primary increases in the budget are for utility expenses (\$4,880) and Contractual services (\$5,095) which includes the increase for the C/W MARS library network membership fee. In FY2019 the Library will also receive an estimated \$22,745 in State Aid that goes directly to the Library and does not require Town Meeting appropriation.

- **Recreation Department**

The FY2019 Recreation Department budget is financially self-sufficient by way of program fees. Salaries and benefits for the Recreation Director and Administrative Assistant are paid from the General Fund, but are funded by the Recreation Revolving Fund through a transfer of \$155,677 from the Revolving Fund to the General Fund within Article 4 of the 2018 Annual Town Meeting Warrant. Payroll for all part-time and seasonal staff as well as all departmental expenditures are paid directly from 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 increases in FY2019 by 11%, or \$35,998, primarily due to anticipated capital expenditures. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. With the exception of the planned capital expenditures and increased seasonal event coverage there are no significant budgetary changes in FY2019.



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 FY2019 health insurance budget request of \$5.73 million represents a total increase of \$210,158 or 3.8% 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.

More recently, market trends are resulting in higher health insurance increases, necessitating further action. To this end, the Town successfully negotiated higher copays with all employee groups, effective July 1, 2017 (FY2018). The modifications mitigated the anticipated premium increases of 12%, but still resulted in an 8.33% budget increase. Unfortunately, due to a combination of high claims and general market trends, the Town and employees were facing a \$927,000, or 13.57%, premium increase again in FY2019.

To address this increase, the Town, working with the employee Insurance Advisory Committee (IAC), bid out its health insurance seeking consolidation under a single carrier. Based upon the bid results, Fallon Community Health Plan (Fallon) was the carrier brought forward to the IAC for recommendation. At its meeting on January 30th, the IAC formally recommended consolidating to Fallon and negotiations began with each bargaining unit for their formal approval to implement the consolidation plan. To date, the Town has received commitments from all but one bargaining unit. We continue to engage in impact bargaining with the one remaining unit with the goal of implementing the IAC recommended consolidation plan, effective July 1, 2018.

The second largest category of employee benefit costs after Health Insurance is Worcester Regional Retirement System (WRRS). The total FY2019 WRRS assessment is \$1,886,814, which is an increase of 11%. The \$1,790,753 portion included in the General Fund budget does not include the retirement costs contained in the Water Enterprise Fund (\$47,225), the Sewer Enterprise Fund (\$31,486) or the Cable Access TV budget (\$17,350). The assessment is the amount due WRRS 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 employer's share of the WRRS through its assessment, the employer's share of the MTRS is paid by the State.

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 WRRS'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.

The OPEB liability increased to \$37.4 million (net of trust fund balance) based on the most recent actuarial study, received at the close of FY2017. Following the acknowledgment of OPEB in FY2009 as required by Government Accounting Standards Board (GASB), the Town has continued to contract with an actuary to update the liability, but also to develop a funding plan to address the liability. The Town adopted the Meals Tax Surcharge and increased the Room Occupancy Tax in order to provide capacity in the FY2015 budget to begin funding the OPEB Trust Fund. The FY2015, FY2016, FY2017 and FY2018 budgets have appropriated \$500,000 annually into the OPEB Trust Fund and the FY2019 budget sustains that level. At the close of FY2018 another GASB 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.

- **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. The Town's Building and Liability insurance premiums reflect a 1% budgetary increase for FY2019.

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



- **Debt Service**

The proposed FY2019 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 FY2019, the total Debt Service for the General Fund is \$2.80 million, a decrease of \$157,836.

One key factor in limiting the increase in new FY2019 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.

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 FY2019 State Assessments are projected to increase \$27,838, or 13.47%, based on the Governor's initial budget assessment to Northborough of \$ 234,448. 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 75% of the expenses—Mosquito Control (\$62,232), Massachusetts Bay Transportation Authority (\$74,866) and Charter School sending tuition (\$39,222).

- **Stabilization Fund Contribution**

As of June 30, 2017, the balance in the Stabilization Fund is \$4.36 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund from the Tax Levy. However, for several years the appropriation was not possible due to financial constraints. Beginning in FY2016, the contribution to Stabilization was restored and augmented for a contribution of \$200,000, with Free Cash being identified as a funding source through the town's Free Cash Policy. Additional annual contributions in the same amount were made during FY2017 and FY2018, while the FY2019 budget provides for another \$200,000 contribution in order to maintain preferred reserve levels of approximately 8%. 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 Town's Free Cash Policy can be found in Appendix A, and information regarding the Town's level of reserves can be found in Appendix B, pages 9 and 10.

- **Reserve Fund**

The FY2019 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 FY2019, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, funding the FY2019 Capital Budget with \$1,360,000 from Free Cash, \$350,000 to Repair and Replace Water Mains to be paid from Water Enterprise Free Cash, and \$160,000 to purchase an Excavator to paid from Water/Sewer Enterprise Free Cash. The Capital Budget totals \$1,870,000, and together with the other warrant articles the total expenditures come to \$2,245,000.

The FY2019 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
- \$140,000 for MIS Aerial Photography Plow
- \$140,000 for DPW One-Ton Dump Truck with Hot Box and Plow
- \$231,000 for Street Sweeper Replacement
- \$105,000 for Skid Steer Replacement
- \$300,000 for Roadway Maintenance and Improvements
- \$350,000 for Water Division – Water Main Repair and Replacement
- \$357,000 for School Department Zeh School Boiler Replacement

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, 2017, a total of 1,648 students attend the Northborough schools, with 1,022 students in grades K-5 at the four elementary schools and 626 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 3.5% in FY2019. Therefore, the FY2019 amount available for the Northborough K-8 School department is \$24,265,593. This represents an increase of \$820,576 from the \$23,445,017 appropriated last year.

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

As of October 1, 2017, a total of 873 Northborough students attend the Northborough-Southborough Regional High School. This represents 59.31% of the total 1,472 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 3.5%. However, the ARHS operating assessment increases \$916,663, or 8.81% to \$11,322,989 based upon Northborough enrollment and changes to the State's minimum contribution formula. The debt for ARHS decreases by \$49,800, or 7.54% to \$610,774. The net effect of the combined operating assessment and new debt service is an overall budget increase of \$866,863, or 7.83%, to \$11,933,763.

- **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 FY2019 budget is \$21,064,000 which is a \$770,000 or 3.79% increase.

As of October 1, 2016, 41 Northborough students attend Assabet Valley, which represents 4.92% of the FY2019 overall Assabet budget, or an operating assessment of \$612,406. This is an enrollment decrease of 8 from the 49 Northborough students that attended Assabet Valley last year. Northborough's FY2019 share of the debt assessment from the completed building renovation project is \$145,316, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$757,722, which is a decrease of \$135,171, or 15.14%.

- **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. Following graduation of the one attending student in 2018, no Northborough students are expected to attend this school in FY2019.

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED	% CHANGE
ENTERPRISE FUNDS						
Water Enterprise Fund	\$2,179,586	\$2,670,210	\$2,436,381	\$1,076,485	\$2,496,718	2.48%
Sewer Enterprise Fund	\$1,416,679	\$1,588,281	\$2,051,028	\$781,339	\$2,132,715	3.98%
Solid Waste Enterprise	\$704,564	\$747,383	\$792,830	\$363,859	\$811,839	2.40%
Subtotal	\$4,300,829	\$5,005,873	\$5,280,239	\$2,221,683	\$5,441,272	3.05%

• **Water Enterprise Fund**

The FY2019 Water Enterprise Fund is budgeted at \$2,496,718 which is an increase of \$60,337 or 2.48%. This increase is due to a number of factors, the single largest of which is a \$35,081 (2.8%) increase in the MWRA water assessment. Also included are modest increases for building maintenance at the Water and Sewer Garage, and implementation of the fourth stage of the Federal Unregulated Contaminant Monitoring Rule.

In the second quarter of FY2014, 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. The water utility user rates increased by 5% in FY2018 for the first time in several years, and are expected to increase by approximately 5% again in FY2019 following a formal rate study. These periodic rate increases are necessary due to inflationary pressures (between 2% and 3% annually), annual water use fluctuations and to support ongoing infrastructure investment.

• **Sewer Enterprise Fund**

The FY2019 Sewer Enterprise Fund is budgeted at \$2,132,715, which is an overall increase of \$81,687 or 3.98%. This budget reflects an estimated increase in the Marlborough use charge of \$63,900, and the introduction of an annual pump station improvement program, initially funded at \$60,000, which will provide better solids management, alarm communications and improve electrical redundancy. This program allows moderate and systematic improvements to the reliability of our pump stations through cost effective projects. Large scale station rebuilds may then be implemented more slowly over a longer period of time allowing a more stable debt service and rate structure. An \$80,000 annual Inflow and Infiltration (I&I) monitoring program has also been added to the operational budget as required MassDEP in conjunction with



their Collection Management, Operation, and Maintenance requirements. The result of this program will be the systematic elimination of I&I from our sanitary sewer collection system. The overall budgetary impact of these initiatives is being offset by a \$133,982 reduction in debt service.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of 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, FY2017, and FY2018. The sewer rates are also expected to increase in FY2019, following a formal rate study.

- **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 FY2019 fee revenues are projected to be \$488,000 and the FY2019 expenses are estimated at \$811,839 leaving a projected general fund subsidy of \$217,160 inclusive of a transfer from the Solid Waste Fund Free Cash of \$106,679.

In 2016 the Town entered into a new three-year agreement with Republic Services to continue collection service to the Town through FY2019. Under this previous agreement, collection costs which were held constant at \$475,000 for the entire five year duration of the contract. The first year of the contract was again held constant at \$475,000 and then increased by 2% in FY2018 and another 2% in FY2019.



This Page Intentionally Blank

General Administration

Section 2



This Page Intentionally Blank

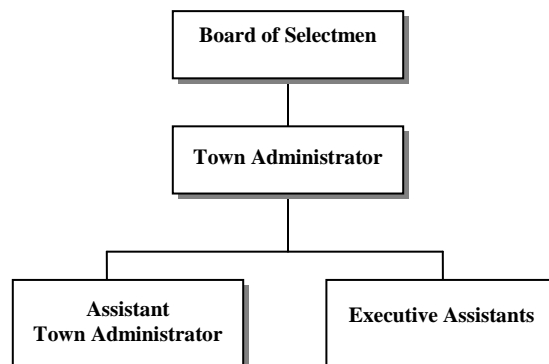


Executive Office Departmental Statement

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 FY2018 Initiatives and Accomplishments

1. GFOA Distinguished Budget Award: The Town received its eighth consecutive national budget award in FY2018 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 FY2018 Budget document was rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2018 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 presented the results at a joint meeting on December 14, 2017 with the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report brings 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'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 FY2017 with approximately \$2.87 million in Free Cash on June 30, 2017 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. In FY2018 the final firefighter/paramedic was added and both the Police and Fire Departments are now at their recommended staffing levels with the Fire Department now staffed at 5 personnel per shift. The only outstanding study recommendation is to add a deputy fire chief at some point in the future, resources permitting. The full Police and Fire staffing reports are available at <http://www.town.northborough.ma.us> under "Reports and Documents".
5. Final Project Reimbursement for Lincoln Street Elementary School Project: At the April 2014 Town Meeting the preferred design solution for the Lincoln Street Elementary School Renovation/Addition project was presented and approved, followed by a successful debt exclusion vote at the May 12, 2014 Town election. The project was estimated to cost \$25.5 million, with the Massachusetts School Building Authority (MSBA) providing a maximum grant of \$10.4 million. The project was completed and opened on time for the 2016/2017



school year. During 2018 MSBA completed the final project audit and grant reimbursement to the Town totaling \$9.83 million. The final project was completed approximately \$1.38 million under budget. It is anticipated that the unused bond proceeds from this project will be used to fund the next phase of the Fire Station building project.

6. FY2018 Capital Budget included \$1,497,000 in Projects with no additional tax impact: The approved FY2018 Capital Budget totaled \$2,107,000 of which \$1,497,000 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$210,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. The only project requiring debt was \$400,000 for the Sewer Enterprise Fund West Main Street Pump Station Improvements. Since FY2012 more than \$9.1 million in Free Cash has been used to fund capital projects without adding any additional tax impact or debt.
7. Pavement Management Plan and Improved Condition Index: During FY2018 the Town implemented the third 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. According to the FY2018 updated assessment, the Town's overall Pavement Condition Index (PCI) improved for the first time from a 71 to a 73 out of a potential score of 100. Subsequent annual appropriations will be necessary to maintain the plan, coupled with continued advocacy with the Massachusetts Municipal Association to get the State to increase Chapter 90 (transportation bond) funding from \$200 to \$300 million statewide.
8. Successfully Negotiated Health Insurance Plan Design Changes: The Town successfully negotiated higher copays and plan design changes with all employee groups, effective for the start of FY2018 on July 1, 2017. The modifications mitigated the anticipated premium increases of 12%. The new plan design resulted in an 8.3% health insurance budget increase for FY2018, avoiding approximately \$200,000 in additional costs.
9. Historic White Cliffs Facility Purchase & Sale Completed: With the lack of a buyer and demolition of the historic White Cliffs facility imminent, Town Meeting voted in April of 2016 to purchase the property with Community Preservation Act Funds. Prior to closing on the property, the Town conducted an environmental site assessment, which resulted in the identification of a large leaking underground storage tank. Working with the seller the Town watched over the lengthy remediation of the property through its consultant to ensure all work was completed in accordance with the purchase and sale agreement. Side agreements for the preservation of artifacts that had been previously removed from the building and numerous extensions were negotiated to allow for the required remediation. On September 26, 2017, the Town finally closed on the property and assumed full ownership.

Executive Office FY2019 Goals and Initiatives

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2019 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2019 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.



2. Fire Station Feasibility Study: During FY2018 the Fire Station Feasibility Study Committee issued a qualifications-based bid to hire an architectural/engineering firm to assess the Fire Station's location and building needs. Johnson Roberts Associates, Inc. was unanimously selected and the feasibility study is underway to determine if the existing Fire Station can be renovated and expanded on the current site, or if a new site is needed. A preferred design solution and site location is expected to be brought forward for Town Meeting consideration in FY2019.
3. Health Insurance Plan Design Changes to be Negotiated: During FY2018 the Town successfully negotiated health insurance plan design changes with all bargaining units that largely mitigated anticipated premium increases. Unfortunately, due to a combination of high claims and general market trends, the Town and employees are facing a \$927,000, or 13.57%, premium increase in FY2019.

To address this increase, the Town, working with the employee Insurance Advisory Committee (IAC), bid out its health insurance seeking one consolidated carrier. Based upon the bid results, Fallon was the carrier brought forward to the IAC for recommendation. At its meeting on January 30th, the IAC formally recommended consolidating to Fallon and negotiations began with each bargaining unit for their formal approval to implement the consolidation plan. To date, the Town has received commitments from all but one bargaining unit. We continue to engage in impact bargaining with the one remaining unit with the goal of implementing the IAC recommended consolidation plan, effective July 1, 2018.

4. Classification & Compensation Study: During FY2019 the Town will conduct a comprehensive Classification & Compensation study designed to review the current labor market to provide information to determine whether the Town's pay structure is appropriate or may need adjustment; provide insight and recommendations as to whether the Town's current compensation structure, policies and practices are effective or potentially in need of adjustment; determine if the current job classification structure is efficiently structured or may need the introduction of new job classes, mergers of existing classes or the re-titling of classes; and evaluate the Town's current job descriptions and the potential need to perform edits and/or major re-writes of the documents to ensure they accurately reflect current job duties and comply with all legal requirements. It is anticipated that the study will take the better part of a year to complete with the goal of bringing any proposed changes forward to the 2019 Town Meeting.
5. 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 to increase 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. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of the Westerly Wastewater Treatment Plant as well as Northborough's share of the \$30 million plant improvement project. For more information regarding the Town's sewer history and the EPA permit process, please see Section 8-5 of this budget document.

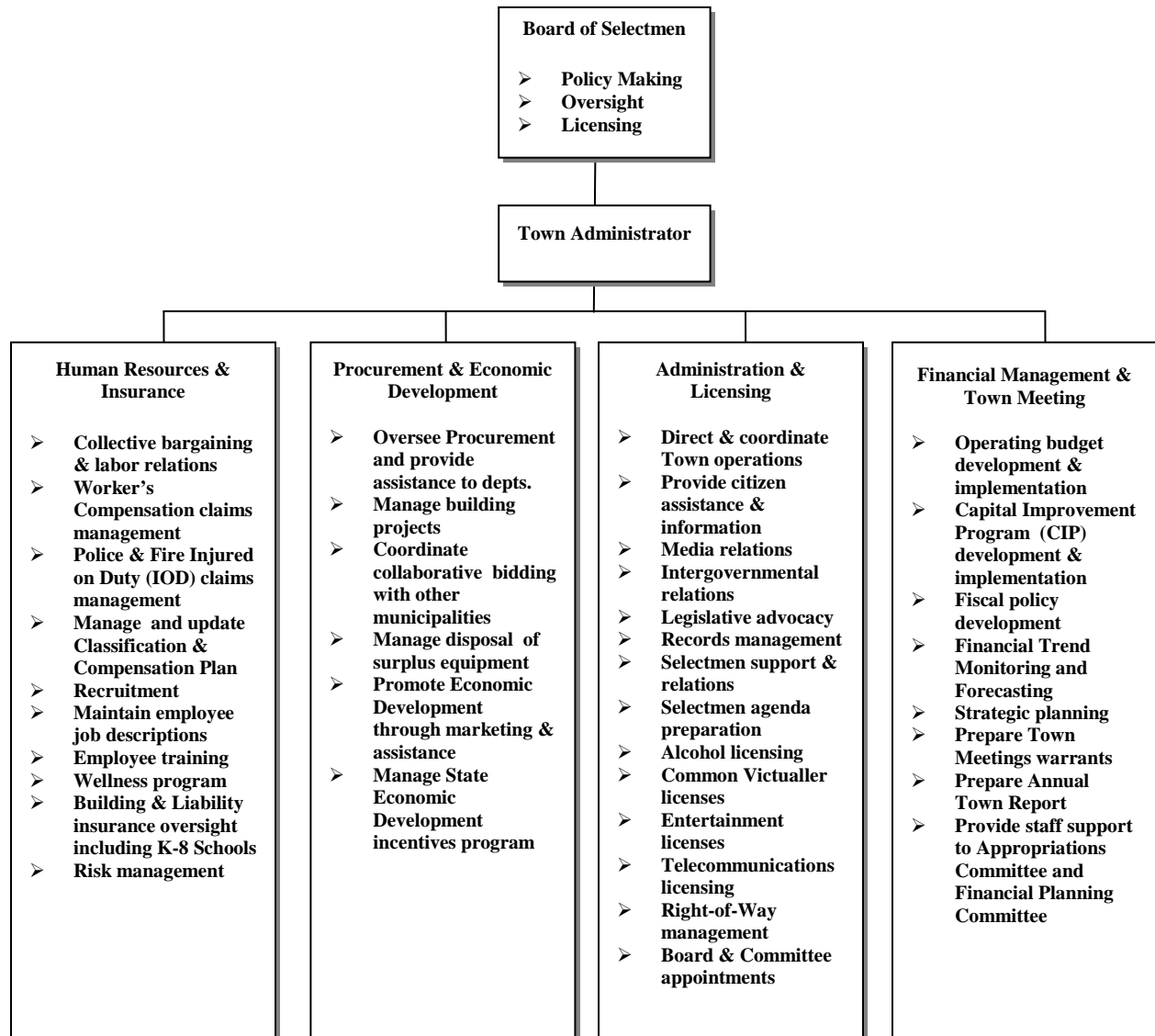
6. All Collective Bargaining Agreements to be Negotiated: FY2019 is the last year of the previously negotiated collective bargaining agreements for Dispatchers (2%), Police Patrol Officers (2%), Police Sergeants (2%), Fire (2%) and the Northborough Municipal Employees Association (2%). A significant amount of time during FY2019 will be devoted to negotiating fair and sustainable future increases for personnel in FY2020-FY2022, including possible modifications to health insurance plans.
7. Solid Waste Contract Negotiations: FY2019 is the last year of the existing solid waste hauling and recycling contract. The Town will need to conduct a policy review of the current Pay-as-you-throw (PAYT) program in terms of the existing service level (single stream recycling), bags fees and General Fund subsidy as part of any contract renewal or bid. Given China's recent decision to restrict the amount and types of recycling it is willing to accept, it is anticipated that future recycling contracts will be significantly impacted.
8. Cable TV License Renewals with Charter Communications and Verizon: During FY2019 the Town will be negotiating new cable licenses with Charter and Verizon. The Verizon contract will expire on July 20, 2018 and Charter on October 16, 2018. The key contract highlights to the amendment include an additional capital grant and PEG Access operational funding. Also the ability to broadcast live from additional locations will be negotiated.
9. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2019; complete the Fisher Street bridge/culvert replacement; manage the design and construction of the expanded Downtown Common project to include the 20 Rear Gale property; and continue to provide time and resources to the White Cliffs Reuse Committee as it evaluates various options for preserving the historic facility. These projects as well as many smaller capital improvements scheduled throughout FY2019 will continue to add to the quality and economic vitality of the Northborough community.
10. Development of IT/MIS Strategic Plan: Using \$40,000 in funding received under the State Community Compact Grant program, the Town will hire an independent third party consultant to assist with the development of a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities.

Significant Budget Changes or Initiatives

There are no significant changes contained in the Executive Office budget. Overall, the budget is increasing \$12,007 or 2.76% in FY2019, which reflects a 2% general wage increase for all personnel. The budget also contains a modest increase in Board of Selectmen monthly stipends from \$85.83 to \$100, as these have not been modified in over 15 years.



Executive Office Programs and Services



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

Position	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE
Town Administrator	1	1	1	1	1
Assistant Town Administrator	1	1	1	1	1
*Executive Assistants	1.5	1.5	2	2	2
Total Full-time Equivalent	3.50	3.50	4	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



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
BOARD OF SELECTMEN						
Personnel Services						
51110 Selectmen Stipends	5,356	5,356	5,356	5,356	2,678	6,240
51120 Executive Assistant	61,015	62,377	110,814	128,836	61,940	131,373
51220 Part-Time Executive Assistant	30,391	31,144	0	0	0	0
51410 Longevity Pay	650	650	650	650	800	800
SUBTOTAL	97,412	99,527	116,820	134,842	65,418	138,413
Expenses						
¹ 52850 Annual Independent Audit	22,009	22,449	22,898	23,355	23,355	23,821
53090 Advertising	93	339	415	850	137	850
56930 Town Meeting Expenses	0	32	0	500	0	500
57320 Subscriptions	425	425	425	600	425	600
57330 Memberships	2,444	2,491	2,551	2,588	2,613	2,675
57340 Meetings	326	160	107	1,250	9	1,250
57810 Unclassified	342	0	0	1,000	0	1,000
SUBTOTAL	25,639	25,896	26,396	30,143	26,539	30,696
TOTAL: SELECTMEN	123,051	125,422	143,216	164,985	91,956	169,109

¹ The FY2019 total cost of the annual audit is \$27,070. The cost is split 88% General Fund and 12% Water/Sewer Enterprise Funds



Executive Office

Section 2-9

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
TOWN ADMINISTRATOR						
Personnel Services						
51100 Town Administrator	138,092	143,678	149,491	155,534	74,036	160,216
51120 Assistant Town Administrator	83,512	87,736	91,286	94,977	45,209	97,835
51410 Longevity Pay	550	550	550	550	1,350	700
SUBTOTAL	222,154	231,964	241,326	251,061	120,595	258,751
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	3,870	3,967	3,967	3,967	1,983	4,128
57310 Dues	1,511	1,436	1,255	1,600	248	1,632
57320 Subscriptions	642	695	764	700	868	700
57340 Meetings	3,103	941	585	3,500	1,200	3,500
SUBTOTAL	9,126	7,039	6,572	12,567	4,300	12,760
TOTAL: TOWN ADMINISTRATOR	231,279	239,004	247,898	263,628	124,895	271,511

Section 2-10

Executive Office



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ECONOMIC DEVELOPMENT						
Expenses						
54290 Office Supplies	0	0	0	200	0	200
57110 Travel/Mileage	0	0	0	235	0	0
57310 Dues	0	340	1,180	340	0	850
57320 Subscriptions	0	0	0	50	0	0
57340 Meetings	0	0	0	475	0	250
SUBTOTAL	0	340	1,180	1,300	0	1,300
TOTAL: ECONOMIC DEVELOPMENT	0	340	1,180	1,300	0	1,300

ANNUAL TOWN REPORTS

Expenses						
52800 Contractual Services	2,694	1,400	1,400	1,800	0	1,800
53110 Printing	1,717	2,341	2,592	2,900	0	2,900
SUBTOTAL	4,411	3,741	3,992	4,700	0	4,700
TOTAL: ANNUAL TOWN REPORTS	4,411	3,741	3,992	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 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 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.

Section 2-12

Public Buildings



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
PUBLIC BUILDINGS						
Personnel Services						
51100 Full-time Salaries	0	0	0	0	0	0
51300 Overtime	849	0	0	5,768	0	6,000
51410 Longevity	100	100	100	100	100	350
51970 Part-time Custodian	22,501	23,505	24,357	25,242	12,015	26,000
SUBTOTAL	23,450	23,605	24,457	31,110	12,115	32,350
Expenses						
52110 Utilities Town Office Building	43,244	44,878	41,302	56,990	14,909	56,990
52460 Office Machine Maintenance	12,061	13,648	10,250	16,200	3,676	16,200
52800 Contractual Services	0	0	3,250	3,000	0	3,000
53410 Telephone	25,656	26,020	25,246	30,000	14,318	30,000
53420 Postage	31,866	34,056	27,664	35,000	11,580	35,000
54290 Office Supplies	7,174	9,607	10,333	9,000	1,649	9,000
54490 Repairs and Maintenance	71,016	64,507	54,026	86,730	9,578	85,490
54590 Supplies	11,749	12,739	13,466	12,000	5,959	15,000
54820 Gasoline	123,191	77,619	78,957	170,000	29,573	165,800
58700 Water Charges	8,628	9,760	7,626	16,500	6,208	16,500
58705 Sewer Charges	2,942	3,596	4,186	5,000	2,882	6,200
58708 Solid Waste Charges	30,033	28,689	28,941	31,626	8,935	31,626
SUBTOTAL	367,561	325,118	305,247	472,046	109,265	470,806
TOTAL: PUBLIC BUILDINGS	391,011	348,723	329,704	503,156	121,380	503,156

Significant Budget Changes or Initiatives

The Public Building Account is level funded in FY2019. 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

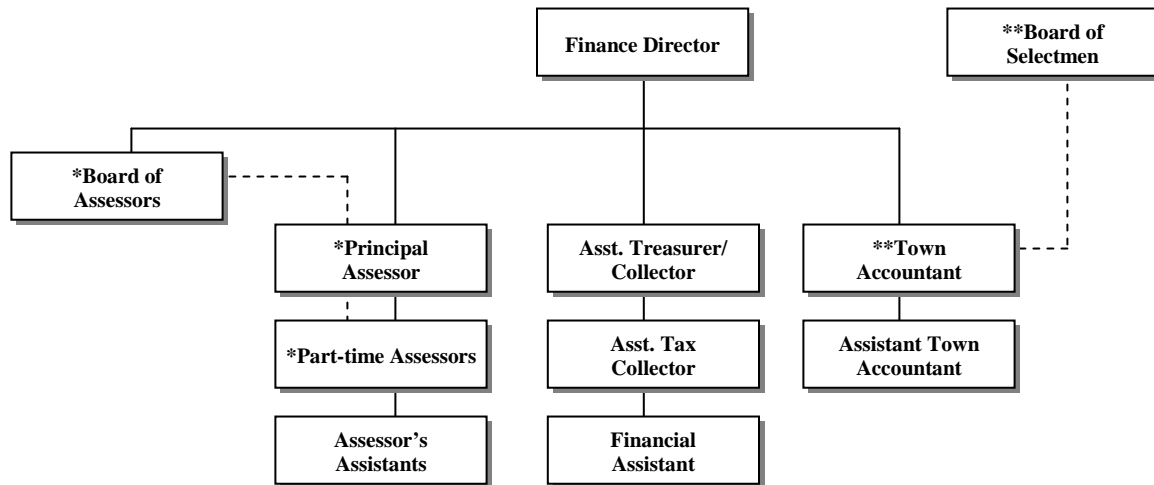
The primary role of the Assessor's Division, under the direction of the Board of Assessors, is the valuation of all real and personal property in the Town. The State Department of Revenue (DOR) requires that all property be valued at full and fair cash value which ensures that all property owners pay 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 FY2018 Initiatives and Accomplishments

Treasurer/Collector Division:

1. The Financial Team worked closely with the Assessing Division and the tax rate approval schedule in order to continue to hold a November Classification Hearing in FY2018.
2. Expanded the use of pay on-line options with a transition to Invoice Cloud for the Library and Pay Pal for the Building and Board of Health Departments.
3. Actively pursued the real estate tax collection and filed for foreclosure on several properties in tax title.

Assessing Division:

1. Successful completion of FY2018 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 FY2017 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 FY2017.
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 FY2019 Goals and Initiatives**

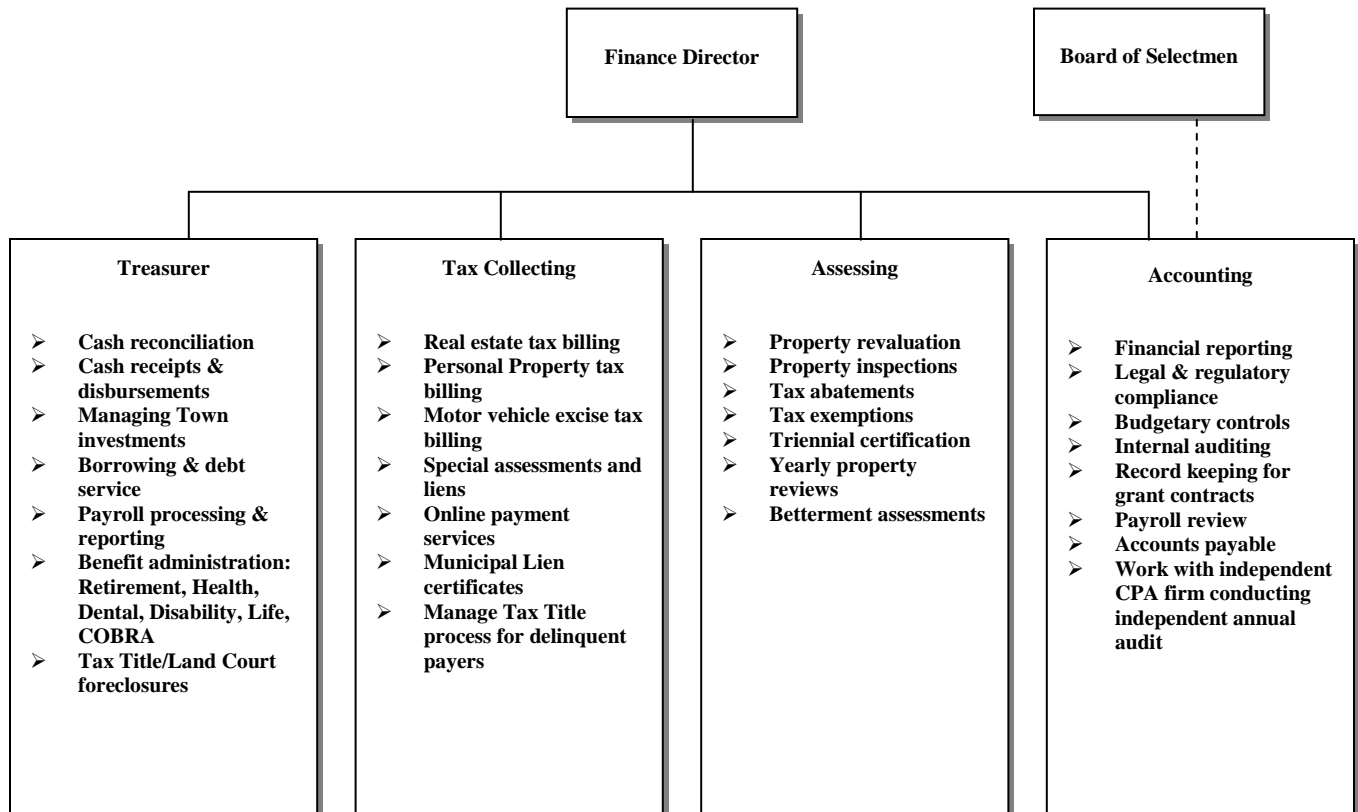
1. Continue progress towards complete integration of the Financial Offices with improved communication, cross training and sharing of resources.
2. Continue to work to improve our budget document for the Government Finance Officers Association Distinguished Budget Award which requires the Town to implement 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. Working with a CPA firm, create a formal internal control policy and procedural manual.
6. 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 FY2019 budget increases \$26,578 or 3.47% primarily due to general wage increases of 2% for union and non-union employees. The increase also includes one-time funding in the amount of \$5,500 in the Accounting Division to engage a consultant to assist in the creation of a formal internal control policy and procedural manual as recommended by the Town's auditor.



Financial Offices Programs and Subprograms



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

Position	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 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	1	1	1	1	1
Total Full-time Equivalents	9.5	9.5	9.5	9.5	9.5

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



Finance Department

Section 2-19

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED
TREASURER/COLLECTOR							
Personnel Services							
51100	Finance Director Salary	104,535	108,764	112,197	114,596	55,094	116,888
51120	Treasurer Office Staff Salaries	168,563	174,839	182,328	182,221	93,429	186,576
51410	Longevity Pay	1,850	2,000	1,650	1,650	1,650	1,800
51970	Treasurer's Stipend	1,000	1,000	1,000	1,000	1,000	1,000
SUBTOTAL		275,948	286,603	297,175	299,467	151,172	306,264
Expenses							
52800	Contractual Services	1,253	829	203	1,800	0	1,800
53040	Computer Services	6,425	6,992	7,170	7,389	2,886	8,097
53090	Advertising	393	318	342	1,000	324	1,000
53110	Printing	4,825	4,870	4,446	6,723	0	6,773
53160	Banking Services	1,765	4,072	3,449	3,900	652	4,500
54290	Office Supplies	290	581	254	675	46	675
57110	Travel/Mileage	281	485	548	758	0	758
57310	Dues	390	390	390	475	330	475
57340	Meetings	699	165	1,063	990	387	1,765
57810	Unclassified	3,299	1,355	1,193	1,840	1,425	1,840
SUBTOTAL		19,620	20,056	19,059	25,550	6,050	27,683
TOTAL: TREASURER/COLLECTOR		295,569	306,660	316,234	325,017	157,222	333,947

Section 2-20

Finance Department



		FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGET	FY2018 SIX MONTHS	FY2019 PROPOSED
ASSESSOR							
Personnel Services							
51100	Principal Assessor Salary	89,601	92,645	94,845	96,742	46,511	98,677
51120	Assessor Asst. Salaries	94,823	107,213	110,825	114,369	54,720	117,208
51130	PT Assessors Salaries	24,962	26,321	23,377	38,751	12,100	39,916
51410	Longevity	550	550	700	1,050	1,050	1,050
	SUBTOTAL	209,936	226,729	229,747	250,912	114,380	256,851
Expenses							
52800	Contractual Services	25,305	13,965	23,373	23,910	6,672	26,210
53090	Advertising	104	0	49	150	0	150
53110	Printing	41	219	438	750	0	750
54290	Office Supplies	499	197	115	500	0	500
57110	Travel/Mileage	1,226	812	1,001	2,600	478	2,600
57310	Dues	429	254	254	290	254	290
57320	Subscriptions	1,227	1,302	1,332	1,550	1,158	1,550
57340	Meetings	1,549	688	1,979	1,800	724	2,100
	SUBTOTAL	30,379	17,437	28,541	31,550	9,286	34,150
TOTAL: ASSESSOR		240,315	244,166	258,287	282,462	123,667	291,001



Finance Department

Section 2-21

FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED

ACCOUNTING

Personnel Services

51100	Accountant Salary	91,162	92,985	94,845	96,742	46,511	98,677
51120	Asst. Accountant Salary	44,938	51,820	53,635	55,672	26,500	57,346
51410	Longevity	200	200	200	200	200	200
SUBTOTAL		136,299	145,005	148,680	152,614	73,211	156,223

Expenses

52800	Contractual Services	834	834	829	1,000	834	6,500
53110	Printing	118	422	596	450	166	450
54290	Office Supplies	0	0	82	200	0	200
57310	Dues	125	125	125	185	125	185
57320	Subscriptions	0	0	0	125	0	125
57340	Meetings	2,351	1,805	1,915	3,000	120	3,000
SUBTOTAL		3,427	3,186	3,547	4,960	1,245	10,460

TOTAL: ACCOUNTING

139,727	148,191	152,227	157,574	74,456	166,683
----------------	----------------	----------------	----------------	---------------	----------------

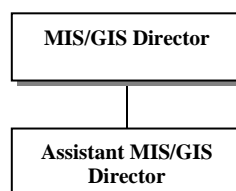


**Management Information Systems (MIS) & Geographic Information Systems (GIS)
Departmental Statement**

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 FY2018 Initiatives and Accomplishments

1. Server replacements and storage upgrades are planned for last quarter of FY18 and will continue into the 1st quarter of FY19.
2. The amounts and variety of data available for mobile use is increasing. This benefits an assortment of applications in DPW, Building and Public Safety Departments. Balancing the need for increased mobility while maintaining data security and appropriate backups is an ever important focus for the MIS/GIS Department.

MIS/GIS FY2019 Goals and Initiatives

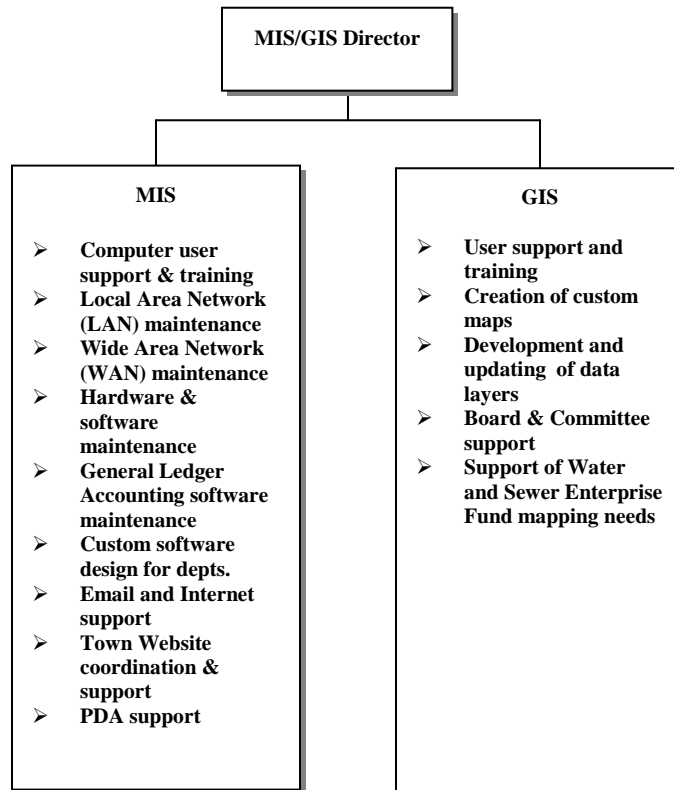
1. Replacement of servers and storage running public safety and financial applications at the Police and Fire Departments and at Town Hall will wrap up in FY19. Storage upgrades will address growing data capacity requirements and provide redundancy to protect critical data.
2. Retired versions of Microsoft Office will be transitioned to Microsoft's O365 subscription platform. Training opportunities for O365 and a variety of other applications will be provided through Lynda.com.
3. Using \$40,000 in funding received under the State Community Compact Grant program the Town will hire an independent third party consultant to provide assistance with the development of a comprehensive IT/GIS Strategic Plan. The Plan will focus on aligning technology investment with overall priorities by assessing organizational needs, including training and support, using input from all stakeholders; assessing the adequacy of operating and capital inputs, including staffing levels and consultant services; and assess the need for appropriate policy development and security.

Significant Budget Changes or Initiatives

The MIS/GIS budget is increasing by \$15,821, or 3.18%. The bulk of the increase is attributable to the phased replacement of the Town's main computer servers and storage system, which will be completed in FY2019. The FY2019 budget also reflects a 2% wage increase for the two non-union personnel. The main departmental initiative in FY2019 will be the implementation of a \$40,000 State grant to create a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities. The Town received the grant under the State's Community Compact Program, which is designed to encourage municipalities to implement best practices in various service areas.



MIS/GIS Programs and Services



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

Position	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 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 FY2019 salary total is \$98,677 (\$74,795 in the General Fund Budget and \$23,882 in the Water/Sewer Enterprise Fund Budgets).

Section 2-26

MIS/GIS



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
MIS/GIS DEPARTMENT						
Personnel Services						
51110 MIS/GIS Director Salary (GF)	71,162	72,985	74,845	73,558	23,324	74,795
51120 Asst. MIS/GIS Director Salary	82,346	83,993	85,673	87,386	42,013	89,135
51410 Longevity Pay	850	850	1,000	1,000	1,150	1,150
SUBTOTAL	154,358	157,828	161,518	161,944	66,486	165,080
Expenses						
52800 Contractual Services	23,150	23,788	20,239	50,000	6,555	50,000
53040 Computer Services	30,046	27,960	25,860	42,110	25,226	41,534
53190 Training	0	3,000	6,900	7,750	0	11,400
53720 Computer Maintenance	54,331	79,951	100,634	116,318	83,783	124,699
54290 Office Supplies	11,387	13,225	15,366	12,360	5,925	14,140
57110 Travel/Mileage	0	296	58	397	0	397
57310 Dues	0	0	100	100	100	100
57320 Subscriptions	100	249	0	250	0	0
57340 Meetings	199	0	0	3,503	0	3,503
58690 New Equipment	65,873	45,033	79,831	102,750	1,532	102,450
SUBTOTAL	185,086	193,502	248,986	335,538	123,121	348,223
TOTAL: MIS/GIS	339,444	351,330	410,504	497,482	189,607	513,303

* The FY2019 salary total is \$98,677 (\$74,795 in the General Fund Budget and \$23,882 in the Water/Sewer Enterprise Fund Budgets)

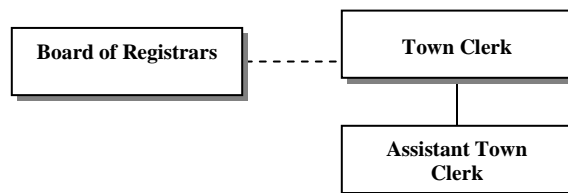


Town Clerk's Office Departmental Statement

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 FY2018 Initiatives and Accomplishments

1. Records Access Officer; manage, track, and coordinate response to public records requests received by the Town. Serve as a liaison and resource for other departments.
2. Continue to manage the requirements under the Open Meeting Law for the posting of meeting notices and agendas. All meeting notices for boards, committees, and commissions are physically posted in the Town Clerk's Office and posted on the Town's Website at least 48 hours prior to the meeting.
3. 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. Contribute and manage Town News on the Town's website.
4. Distribute and track Conflict of Interest Law, Ethics Training, and Open Meeting Law for all employees and Town Officials as required.

Town Clerk's FY2019 Goals and Initiatives

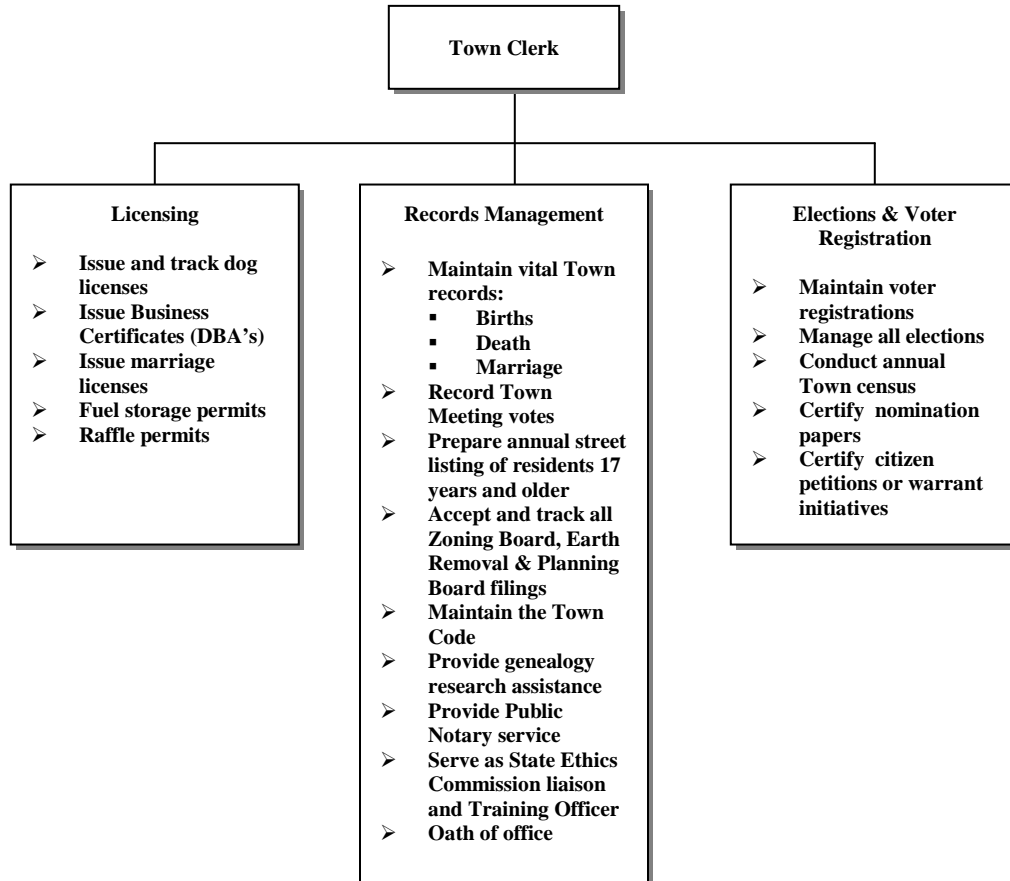
1. Increase communication with residents through enhanced website content and integration of social media platforms. Assist with the implementation of new phone/voicemail system for Town Hall Offices.
2. Continue to expand and promote credit card payments and online payments for the purchase of dog licenses and vital records (birth, death, marriage certificates).
3. Continue to assess need for additional historic records preservation, digitization, and storage needs for Town records.
4. Develop tracking and management tools for responding to and managing public records requests.

Significant Budget Changes or Initiatives

The combined FY2019 Town Clerk/Elections budget represents an overall increase of \$24,293, or 15.56%. The increase is primarily due to there being three scheduled elections in FY2019 as opposed to the one local election held in FY2018. The FY2019 scheduled elections include: the State Primary on September 18, 2018; the State Election on November 6, 2018; and the Annual Town Election on May 14, 2019. The departmental budget as presented also contains 2% wage increases for union and non-union personnel.



Town Clerk's Programs and Services



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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	FTE
Town Clerk	1	1	1	1	1
* Assistant Town Clerk	.98	.98	1	1	1
Total Full-time Equivalent	1.98	1.98	2	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 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

Section 2-31

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
TOWN CLERK'S OFFICE						
Personnel Services						
51110 Town Clerk Salary	78,670	81,852	84,996	87,387	42,013	89,135
51120 Assistant Town Clerk Salary	46,015	47,416	34,908	39,796	18,918	40,932
51410 Longevity Pay	800	800	800	800	950	950
51970 Stipend	1,000	1,000	1,015	1,000	1,000	1,000
SUBTOTAL	126,485	131,068	121,720	128,983	62,880	132,017
Expenses						
52800 Contractual Services	900	900	100	1,000	0	1,000
53190 Training	900	0	75	900	850	900
57110 Travel/Mileage	321	393	144	375	218	375
57310 Dues	305	305	310	295	125	410
57340 Meetings	736	828	1,004	1,000	175	1,000
SUBTOTAL	3,162	2,427	1,633	3,570	1,368	3,685
TOTAL: TOWN CLERK	129,647	133,495	123,353	132,553	64,248	135,702

Section 2-32

Town Clerk's Office



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ELECTIONS/VOTER REGISTRATION						
Personnel Services						
51240 Registrars	1,349	1,025	950	1,250	875	1,250
51250 Census Workers	8,347	4,029	5,080	5,622	2,703	5,848
51260 Town Election Workers	10,072	7,878	10,415	6,534	0	19,602
51270 Town Meeting Workers	562	304	208	640	0	640
SUBTOTAL	20,330	13,236	16,654	14,046	3,578	27,340
Expenses						
52720 Film Storage	234	265	270	255	0	255
52800 Contractual Services	5,353	5,233	5,812	3,750	1,000	9,250
53110 Printing	1,408	1,532	1,350	1,600	0	1,600
54290 Office Supplies	274	306	857	325	0	975
55820 Street Listing	474	684	1,470	750	0	900
55830 Census	1,468	1,360	2,027	1,500	0	1,800
55840 Election Expenses	1,932	1,193	2,534	600	0	1,800
57110 Travel/Mileage	318	249	409	25	19	75
57340 Meetings	833	110	763	675	931	675
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	12,294	10,932	15,492	9,480	1,950	17,330
TOTAL: ELECTIONS/VOTER REG	32,624	24,168	32,146	23,526	5,528	44,670



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.

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
MODERATOR							
Personnel Services							
51110	Moderator Stipend	150	150	0	150	0	150
51130	Deputy Moderator Stipend	50	50	0	50	0	50
	SUBTOTAL	200	200	0	200	0	200
Expenses							
57810	Moderator Expenses	0	0	0	300	0	300
	SUBTOTAL	0	0	0	300	0	300
TOTAL:	MODERATOR	200	200	0	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.

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
APPROPRIATIONS							
Expenses							
53110 Printing		0	0	0	900	0	900
57310 Dues		204	204	204	240	210	240
57340 Meetings		171	178	154	555	0	555
57810 Unclassified		0	0	0	0	0	0
SUBTOTAL		375	382	358	1,695	210	1,695
TOTAL:	APPROPRIATIONS	375	382	358	1,695	210	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.

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
PERSONNEL BOARD						
Expenses						
51980 Compensation Adjustments	0	0	0	64,803	0	150,000
53090 Advertising	1,630	4,957	6,013	1,000	0	1,000
53170 Drug & Alcohol Testing	1,659	1,816	6,147	2,000	1,413	2,000
53190 Training	400	0	0	1,000	330	1,000
57310 Dues	250	310	488	250	334	250
57340 Meetings	194	598	80	700	250	700
SUBTOTAL	4,133	7,681	12,729	69,753	2,327	154,950
TOTAL: PERSONNEL BOARD	4,133	7,681	12,729	69,753	2,327	154,950



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 capital projects or Water & Sewer Enterprise Funds are reflected in those budgets.

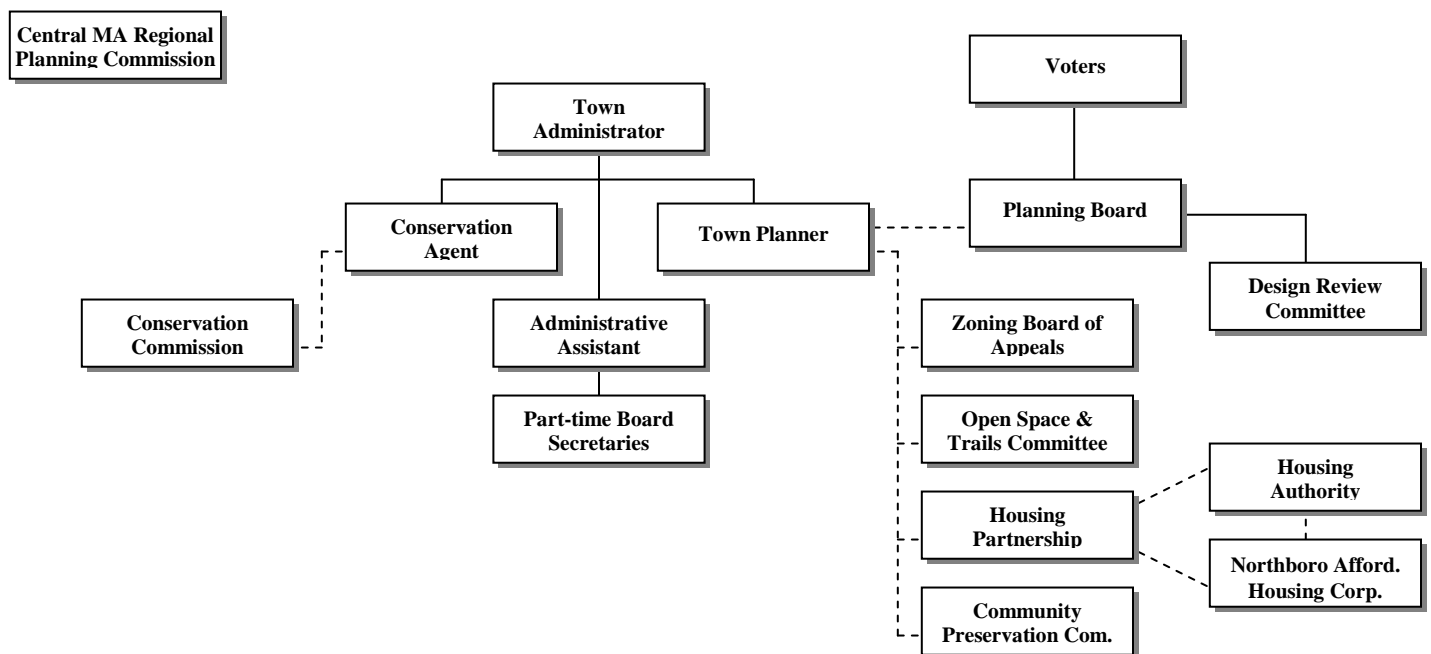
		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
TOWN COUNSEL							
Expenses							
53020	Legal Services	35,017	30,314	52,984	85,000	17,104	85,000
	SUBTOTAL	35,017	30,314	52,984	85,000	17,104	85,000
TOTAL:	TOWN COUNSEL	12,054	35,017	30,314	85,000	31,961	85,000



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 FY2018 Initiatives and Accomplishments

1. Master Plan consultant was chosen and Master Plan Committee was created to begin process of developing a comprehensive Master Plan for the community.
2. 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. Goal is to provide a paved commuting route for bikers and walkers linking Worcester with Framingham. Easement research has begun in Northborough.
3. A lakes and pond specialist was hired to work with the Conservation Commission 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.
4. The Town Planner and Assistant Town Administrator participated in a multi-community regional effort to submit a proposal regarding the second headquarters for Amazon. The proposal entitled "495 Crossroads" includes the towns of Northborough, Westborough, Southborough, and Hudson in addition to the City of Marlborough.
5. The Town Planner and Planning Board are developing zoning bylaw modifications for the 2018 annual town meeting to address the temporary moratoriums adopted at the 2017 annual town meeting for recreational marijuana and two-family dwelling units.
6. The Planning Board and the Department of Public Works have begun updating the Subdivision Rules and Regulations.

Planning & Conservation FY2019 Goals and Initiatives

1. Work with Planning Board and other land use boards to prioritize Master Plan goals and develop implementation plan.
2. Continue working with the Open Space Committee and Conservation Commission to implement Open Space and Recreation Plan Action Plan items. Develop outreach campaign for landowners whose land meets criteria for protection in accordance with the Open Space and Recreation Plan.
3. Update Planning Board and Zoning Board of Appeals submittal forms with the goal of offering electronic application submission.
4. Prepare Planning Board, Zoning Board of Appeals, and Conservation Commission files for electronic conversion.
5. Explore public access options utilizing the MWRA aqueduct bridge to connect northern and southern walking trails along the aqueduct.
6. Work with DPW, Planning Board and Zoning Board of Appeals to establish a sidewalk development policy and seek initial funding at 2019 Annual Town Meeting.

**Significant Budget Changes or Initiatives**

Overall, the FY2019 Planning and Conservation budget is up \$47,036, or 21%. The increase is primarily due to staffing increases in the Conservation Budget. The Part-time Conservation Agent position is being increased to full-time in FY2019 due to workload demands and office coverage needs. The expanded position will also provide staff support to the Open Space Committee and Trails Committee, which will free the Town Planner up to focus on the Master Planning Committee and the Historic White Cliffs Reuse Committee. The budget also includes a \$4,000 increase in contractual services for Planning Board consultants and reflects 2% wage increases for all union and non-union personnel.



PLANNING & CONSERVATION

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	FTE
Town Planner	1	1	1	1	1
Conservation Agent	.48	.48	.48	.48	1
Administrative Assistant	1	1	1	1	1
Part-time Board Secretaries for					
Conservation Commission	.15	.15	.15	.30	.30
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	0.05	0.07	0.07	0.07
Total Full-time Equivalent	2.71	2.76	2.78	2.93	3.45

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

- 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 12 hours per week, or 0.30 FTE (12hrs/40hrs = 0.30 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).
- In FY2019 the 19/hr per week Conservation Agent was increased to full-time based upon workload and office coverage needs. The position will also provide staff support to the Trails Committee and Open Space Committee.



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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
PLANNING DEPARTMENT						
Personnel Services						
51100 Town Planner Salary	91,162	92,985	94,845	96,742	46,510	98,677
51120 Administrative Assistant wages	48,824	50,726	49,852	51,161	24,849	59,634
51140 Part-time Board Secretary wages	0	0	1,232	3,629	0	3,711
51410 Longevity Pay	1,000	1,000	1,300	1,300	1,300	1,300
SUBTOTAL	140,986	144,711	147,229	152,832	72,659	163,322
Expenses						
52800 Contractual Services	0	0	0	1,000	0	5,000
53090 Advertising	667	597	600	1,560	158	1,560
53110 Printing	0	1,128	0	2,250	500	2,250
54290 Office Supplies	458	816	567	850	275	850
*56820 Central MA RPC Assessment	3,583	3,672	3,764	3,859	3,858	3,955
57110 Travel/Mileage	1,768	1,891	1,387	2,100	435	2,100
57310 Dues	490	490	490	400	630	400
57320 Subscriptions	290	95	603	690	95	690
57340 Meetings	838	192	668	3,100	360	3,100
SUBTOTAL	8,093	8,882	8,079	15,809	6,312	19,905
TOTAL: PLANNING DEPARTMENT	149,079	153,593	155,309	168,641	78,971	183,227

* 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.

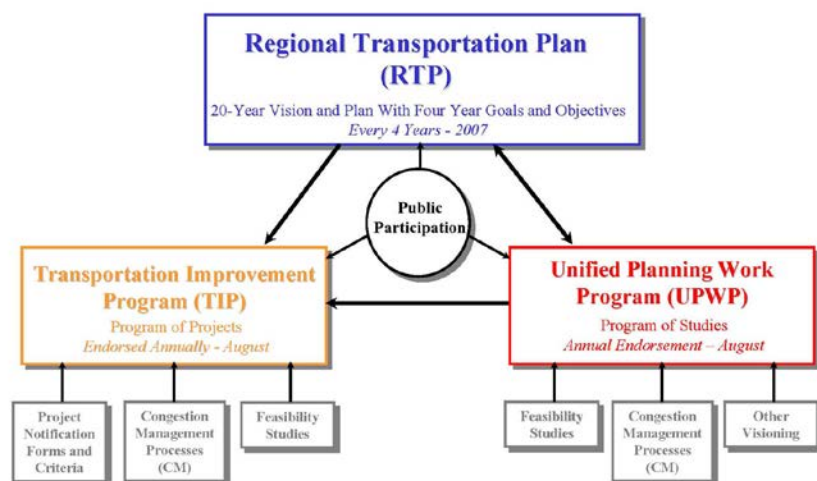
Central Massachusetts Metropolitan Planning Organization¹ (CMMPO)

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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ZONING BOARD OF APPEALS						
Personnel Services						
51140 Part-time Board Secretary wages	1,143	801	533	2,426	297	2,474
SUBTOTAL	1,143	801	533	2,426	297	2,474
Expenses						
53090 Advertising	1,108	939	1,052	2,200	276	2,200
53110 Printing	0	76	0	80	0	80
54290 Office Supplies	46	46	216	30	15	30
57310 Dues	0	0	0	70	0	70
57340 Meetings	0	30	30	300	0	300
SUBTOTAL	1,154	1,091	1,298	2,680	291	2,680
TOTAL: ZONING BOARD OF APPEALS	2,297	1,893	1,830	5,106	588	5,154



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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
CONSERVATION COMMISSION						
Personnel Services						
51120 Administrative Assistant wages	6,924	7,231	7,301	7,309	3,514	0
51140 Part-time Board Secretary wages	1,247	5,866	1,008	6,184	3,606	14,640
51220 Conservation Agent	24,026	24,745	21,530	27,268	2,085	58,240
SUBTOTAL	32,197	37,842	29,840	40,761	9,205	72,880
Expenses						
53090 Advertising	845	680	550	1,200	150	1,200
53110 Printing	0	76	0	400	0	400
54290 Office Supplies	3,207	252	90	450	114	450
55980 Field Supplies	60	12	150	250	0	250
57110 Travel/Mileage	142	0	0	963	0	981
57310 Dues	753	630	643	835	776	835
57340 Meetings	685	240	565	1,975	0	1,975
57840 Consv. Property Maintenance	0	781	922	1,000	0	1,000
SUBTOTAL	5,691	2,671	2,920	7,073	1,040	7,091
TOTAL: CONSERVATION COMMISSION	37,888	40,513	32,760	47,834	10,245	79,971

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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
EARTHWORK BOARD						
Personnel Services						
51140 Part-time Board Secretary wages	119	766	248	1,284	839	1,549
SUBTOTAL	119	766	248	1,284	839	1,549
Expenses						
53090 Advertising	0	0	0	50	0	50
53110 Printing	0	12	0	50	0	50
57320 Subscriptions	0	0	0	100	187	100
SUBTOTAL	0	12	0	200	187	200
TOTAL: EARTHWORK BOARD	119	778	248	1,484	1,026	1,749



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 develop 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 appropriated another \$100,000 in CPC funds for use by the NAHC. Article 28 of the April 2018 Annual town Meeting Warrant proposes to appropriate another \$100,000 in CPC funds for use by the NAHC.



This Page Intentionally Blank

Public Safety

Section 3



This Page Intentionally Blank

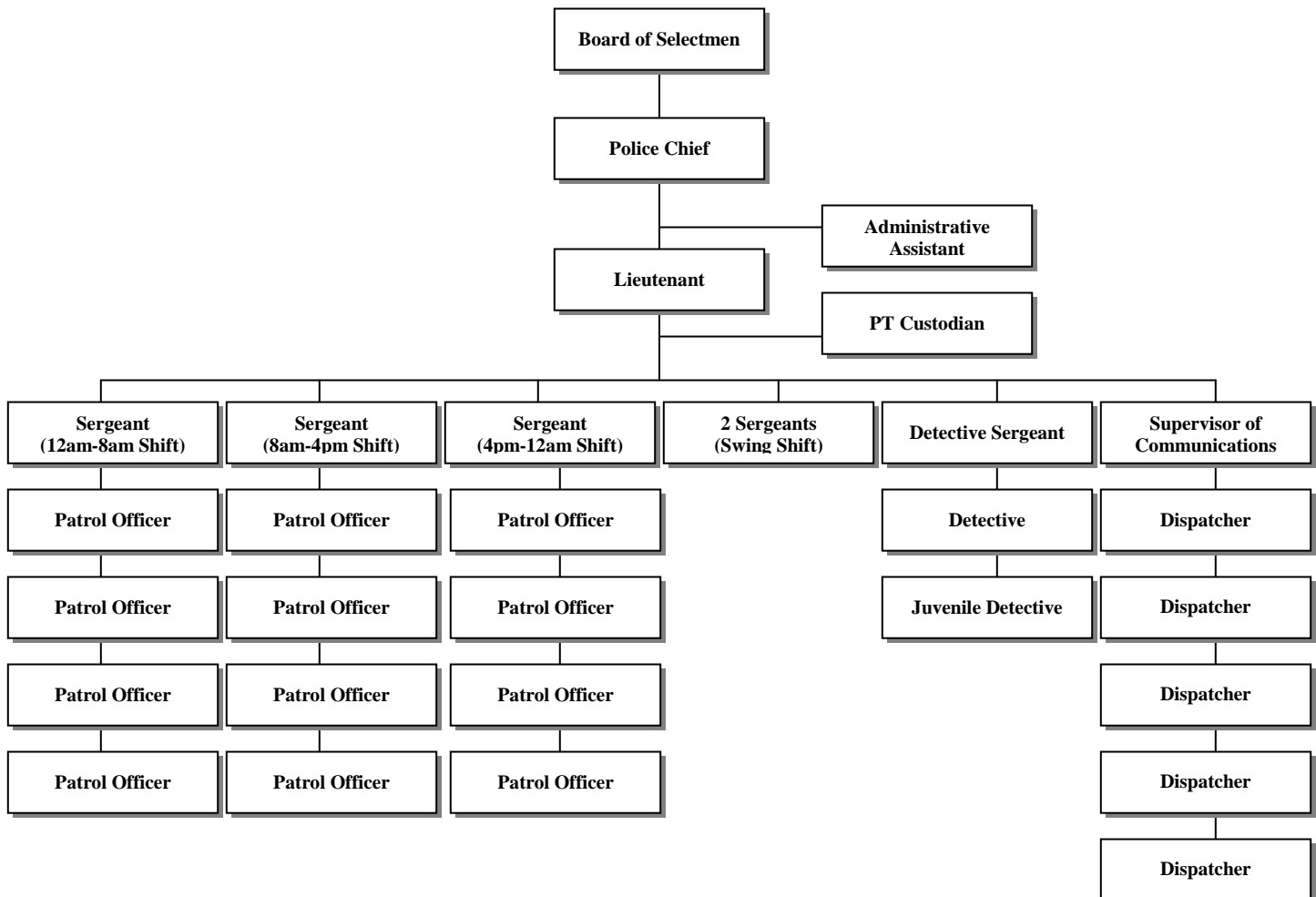


Police Department Mission Statement

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



**Police Department FY2018 Initiatives and Accomplishments**

1. In FY2018, The Police department continued to provide the community with the following initiatives:
 - *D.A.R.E.: (Drug Abuse Resistance Education)* in our Elementary School fifth grade classes, funded partially by private contributions;
 - *R.U.O.K.:* A free, daily call to check on the welfare of senior citizens and shut-ins;
 - Child Safety Seat Installations by our trained and certified Police Officer installer (a free service);
 - Supported the following community functions: Applefest, Memorial Day Parade, Recreation Department functions and numerous road races.
2. Established a working group composed of stakeholders (Police, Fire, DPW) to review the communications center functions. This group has met twice during the fiscal year to discuss topics that include:
 - Policy and procedure review;
 - Identification of areas and processes that work well and those in need of improvement and/or updating;
 - Communications center modernization improvements;
 - Work load and staff demands.
3. Maintained our aggressive crime prevention patrols specifically targeting banks, business and municipal property as part of our security check program.
4. Maintained an aggressive traffic enforcement program aimed at increased roadway safety. This is the single most requested police service by our residents. Officers completed 4,000 traffic enforcement actions.
5. Continued participation in the Massachusetts Police Accreditation Program to ensure that we maintain best practices, policies and procedures according to current national professional standards.
6. Continued implementation of our professional development and recognition program. Achievements are recognized through the issuance of uniform insignia indicating achievement of minimum standards and demonstration of competencies in identified areas.
7. Provided advanced management training for the Lieutenant through the Roger Williams University mid-level management and command school.
8. Provided supervisory training for two newly promoted Sergeants at Roger Williams University supervisor training program.
9. One officer successfully passed the entry requirements earning a position on the Central Massachusetts Law Enforcement Council Emergency Response Team (*CEMLEC ERT*).



Police Department FY2019 Goals and Initiatives

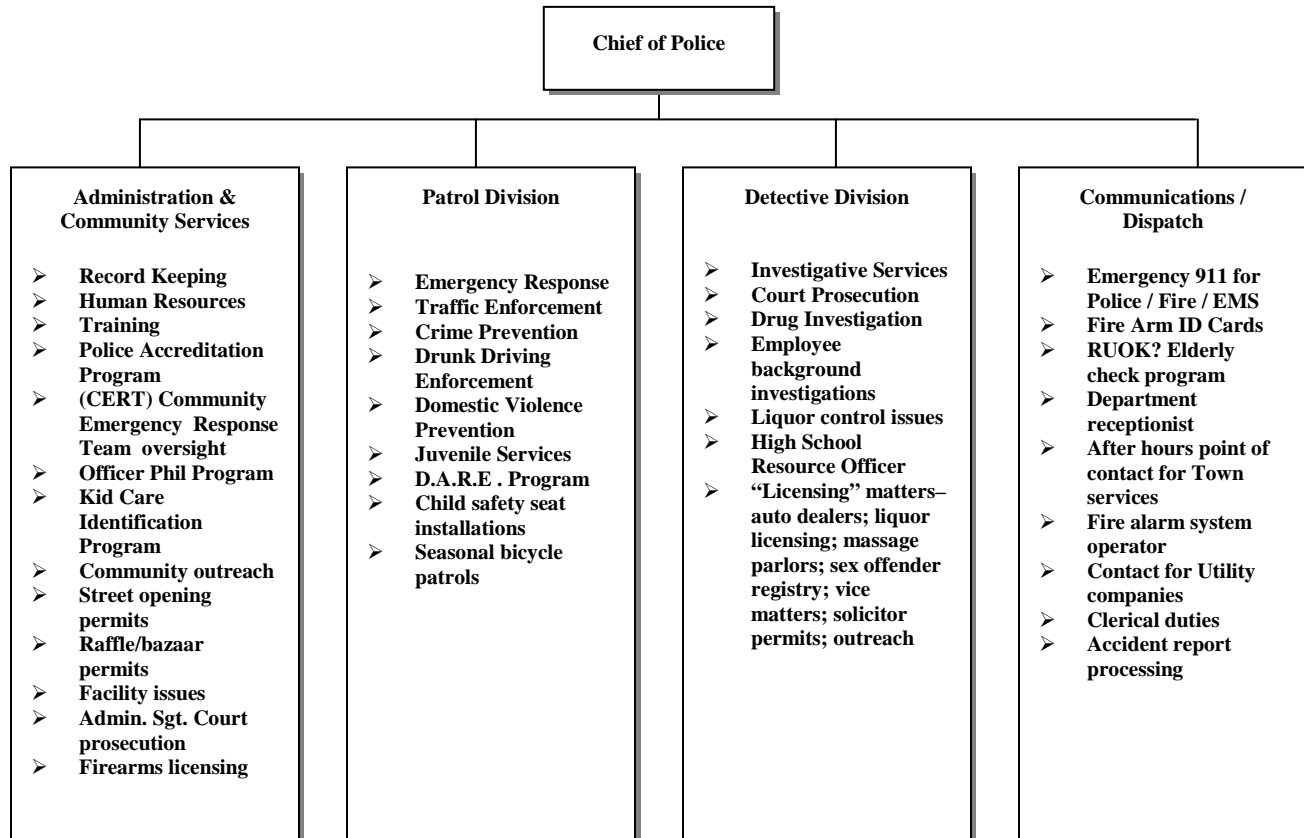
1. Maintain and improve services and programs identified in items one through nine above.
2. Establish a juvenile justice diversion program geared towards resolving misdemeanor and non-violent juvenile offenses through a voluntary community based program.
3. Continue to expand community policing/outreach efforts by expanding programs such as *"Coffee With a Cop,"* open house days and increased bike patrols.
4. Continue to emphasize and improve the school intruder response program (A.L.I.C.E.) by conducting drills and provide training within the school system.
5. Implement building maintenance and repairs designed to enhance the facility, including carpet replacement, tile repairs and painting.

Significant Budget Changes or Initiatives

Overall, the FY2019 Police Department Budget reflects an increase of \$67,846 or 2.57%. The departmental budget as presented includes contractual wage increases for Union and Non-Union personnel. The budget increase includes \$22,183 for the addition of a new Dispatcher, which has been budgeted at mid-year. The need for additional dispatch personnel was highlighted in the recent staffing study. Increased call volume associated with recent economic development as well as new State requirements to accept 911 cell phone calls and texts has added to the dispatch center's workload. The additional staff will allow for scheduling more than one Dispatcher during peak times and provide greater flexibility and coverage. The addition of a sixth Dispatcher was a top priority request of the Police Chief and Fire Chief.



Police Programs and Services





Police Department

Section 3-5

POLICE DEPARTMENT

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	FTE
Chief of Police	1	1	1	1	1
Lieutenant	1	1	1	1	1
Sergeant	5	5	6	6	6
Patrol Officers	14	14	14	14	14
Supervisor of Communications	1	1	1	1	1
Dispatcher	5	5	5	5	6
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	29.5	29.5	30.5

*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 FY2019 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. The study also recommended further review of the dispatching function with the goal of adding a second dispatcher during peak call times. The FY2019 budget includes the addition of a sixth dispatcher, which has been budgeted at mid-fiscal year.

Section 3-6

Police Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
POLICE DEPARTMENT						
Personnel Services						
51100 Police Chief Salary	115,545	136,558	120,213	122,617	58,479	125,070
51120 Administrative Assistant Salary	56,125	57,472	58,401	59,343	28,302	60,528
51150 Sergeant Salaries	331,169	286,787	411,023	427,296	204,661	435,840
51160 Patrol Officer Salaries	761,179	720,021	725,341	782,464	368,740	814,672
51170 Dispatcher Salaries	253,310	278,032	259,448	327,499	119,284	339,663
51200 Detective Pay	8,958	9,137	9,281	11,522	4,806	11,715
51210 Lieutenant Salary	92,908	80,563	90,484	96,742	46,138	98,677
51300 General Overtime	131,804	176,428	172,610	135,653	78,389	135,653
51310 Dispatcher Overtime	39,184	40,718	56,831	29,960	30,926	29,960
51320 Christmas Overtime	3,120	2,895	2,787	2,277	0	2,328
51330 Dispatcher Christmas Overtime	0	866	862	933	0	954
51400 Longevity pay	9,150	8,500	7,850	8,600	8,600	8,800
51410 Dispatcher Longevity Pay	1,350	1,300	800	1,675	1,200	1,200
51420 Holiday Pay	49,835	44,207	48,899	50,959	22,975	52,866
51430 Dispatcher Holiday Pay	12,084	12,635	12,552	13,799	4,847	14,108
51440 Shift Differential	4,434	2,340	4,076	2,190	766	2,190
51450 Court Time	13,103	15,492	16,220	10,500	4,689	10,500
51460 Quinn Bill Educational Incentive	212,325	193,554	214,420	249,210	114,459	254,000
51470 Dispatcher EMD Stipend	0	0	0	5,100	0	6,000
51920 Uniforms	33,838	65,105	41,705	29,650	10,774	30,250
51930 In-service Training	15,586	17,603	5,950	8,000	4,864	8,000
51940 Fitness Incentive	16,600	17,000	17,300	22,400	8,400	22,800
51950 Roll Call	498	2,255	0	2,255	0	2,255
51960 Dispatcher Differential	1,494	2,145	0	2,044	715	2,044
51965 Officer In Charge Pay	1,503	1,490	975	0	374	0
51970 Part-time Custodian	22,501	23,595	24,267	24,335	12,015	26,000
SUBTOTAL	2,187,603	2,196,701	2,302,292	2,427,023	1,134,402	2,496,073



Police Department

Section 3-7

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
POLICE DEPARTMENT						
Expenses						
52110 Utilities	32,268	32,074	31,501	32,613	14,515	32,613
52690 Radio Equipment Maintenance	5,924	1,801	807	5,000	313	5,000
52800 Contractual Services	25,045	41,924	27,960	28,530	18,514	31,500
53110 Printing	639	679	454	600	577	600
53190 Training	13,351	23,062	23,438	20,250	12,169	15,000
53410 Telephone	14,229	13,559	11,744	14,500	6,138	17,156
53420 Postage	792	632	0	600	34	600
53430 Radio Line Rentals	5,828	5,901	6,443	6,552	2,647	6,552
53720 Computer Services	16,461	20,460	20,351	30,271	21,595	30,681
54290 Office Supplies	6,254	4,345	2,829	3,500	661	3,500
54490 Repairs & Maintenance	13,482	12,898	10,198	14,500	9,103	14,000
54590 Custodial Supplies	6,969	4,226	3,702	5,500	422	5,500
54850 Vehicle Maintenance	30,873	15,895	21,366	20,000	5,186	20,000
55970 Special Investigations	0	500	0	500	0	500
55980 Field Supplies	5,053	8,901	9,127	7,100	4,277	7,450
57810 Unclassified	3,101	2,208	2,605	2,000	1,354	2,000
58690 New Equipment	43,898	23,869	16,941	21,840	26,405	20,000
SUBTOTAL	224,168	212,935	189,466	213,856	123,910	212,652
TOTAL: POLICE	2,411,772	2,409,636	2,491,758	2,640,879	1,258,312	2,708,725

**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.

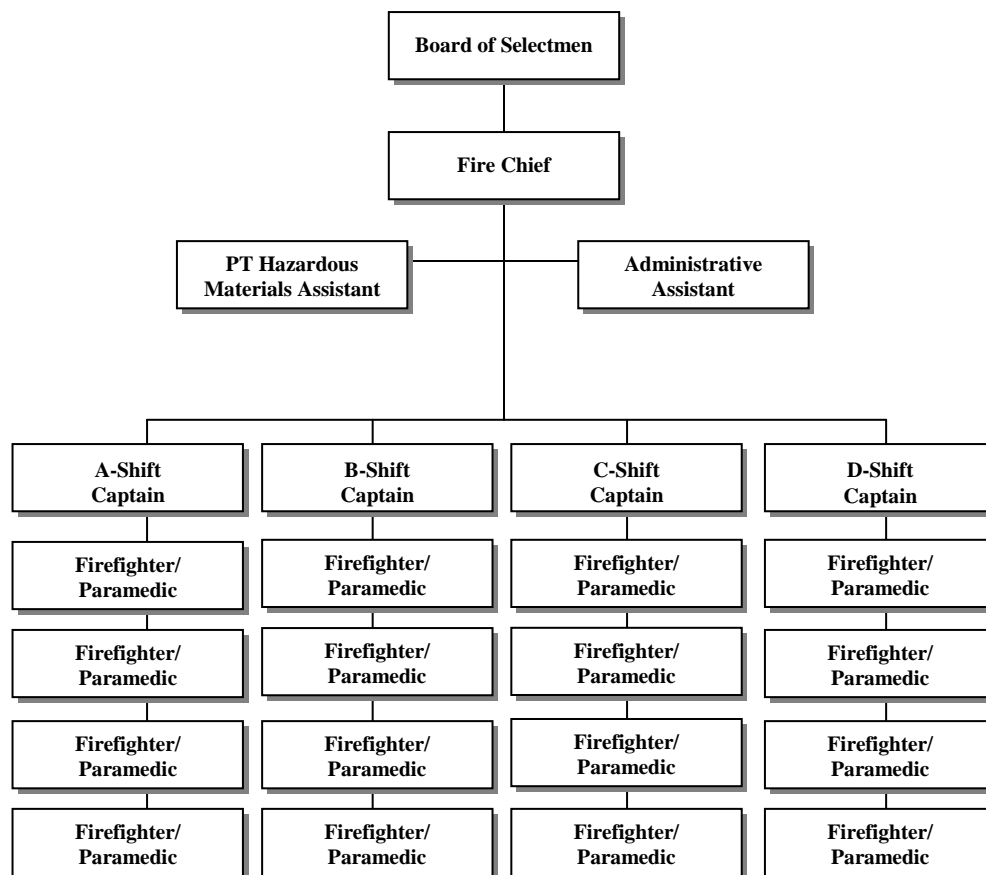
In keeping with the protection of life as its highest priority, the department is licensed by the state to operate its emergency medical ambulance service at the advance life support paramedic level. Through the department’s Paramedics, Advanced Emergency Medical Technicians (AEMT), and Basic Emergency 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 14 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 FY2018 Initiatives and Accomplishments**

1. The Department has fully implemented FireHouse Records Management System. This conversion enables us to provide improved statistical information to be utilized while making operational and administrative decisions.
2. Completed the hiring process for line personnel as defined in the Center for Public Safety Management staffing study.
3. Created and classified a job description for a Deputy Chiefs' position as recommended in the Center for Public Safety Management study. Hiring of the Deputy Chief position is subject to future appropriation.
4. Through the new Emergency Dispatch Committee operational improvements and efficiencies were brought forward for implementation. The Committee is intended to improve communications and efficiencies between the various public safety departments who all rely on dispatch services.
5. A new comprehensive training program was implemented, resulting in cost savings.
6. Facilitated Local Emergency Planning Committee Table Top Drill in conjunction with Massachusetts Emergency Management Agency.
7. Updated the Town's Hazard Mitigation Plan in conjunction with Central Massachusetts Regional Planning Commission.

Fire Department FY2019 Goals and Initiatives

1. Complete the feasibility study and design for new fire station.
2. Receive and complete the building of the new Forestry Vehicle and place it into service.
3. Continue moving forward with Fire Department rebranding of the vehicles.
4. Complete the review of potentially transitioning alarms currently monitored by the Fire Department to a private central monitoring station.
5. Issue a Request for Proposals for Ambulance Billing services.
6. Review and update all department fees for Permits and Ambulance Services.



Significant Budget Changes or Initiatives

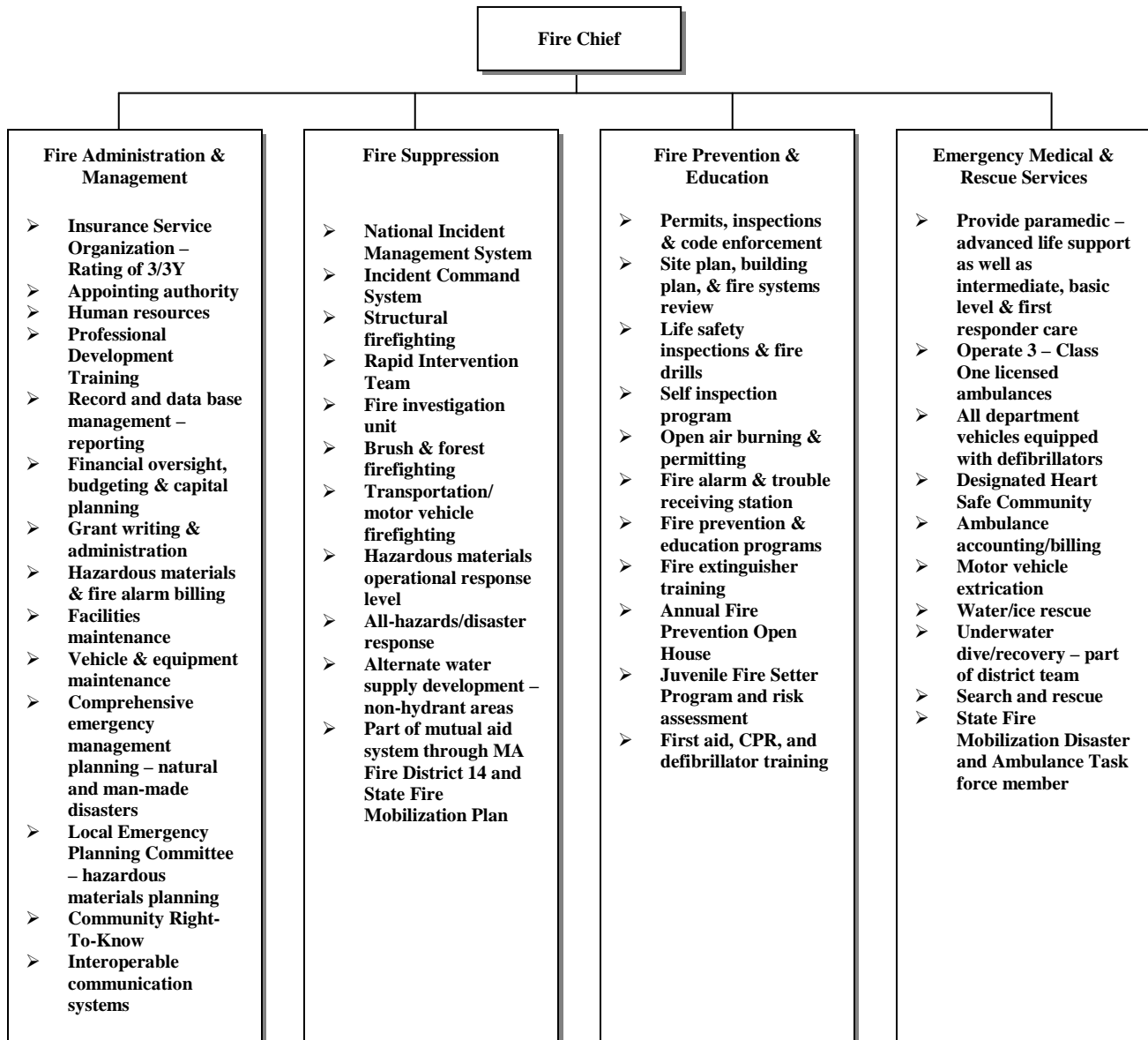
As presented, the FY2019 Fire Department Budget reflects an increase of \$54,495 or 2.84% in the General Fund appropriation. The increase reflects general wage increases of 2% for Union and Non-Union personnel and a full year of the new Firefighter/Paramedic position that was added midyear in FY2018.

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. New Firefighter Paramedic positions were added in FY2016, FY2017 and FY2018. Now complete, the new staffing configuration results 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 was approved in FY2018.

In addition to the General Fund appropriation of \$1,973,665 (which includes a transfer in of \$322,608 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$452,789 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 FY2019 budget that supports the Fire/EMS services is \$2,426,454 (\$1,973,665 plus the Fire Department Revolving Fund direct charges of \$452,789). The direct Revolving Fund charges include ambulance billing services, overtime wages, 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

Section 3-13

FIRE DEPARTMENT

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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	1
Firefighter / EMT Advanced	1	1	0	0	0
Firefighter / Paramedic	10	11	13	14	15
Administrative Assistant	1	1	1	1	1
Office Assistant (ambulance billing)	0.18	0.18	0.18	0	0
Hazardous Materials Assistant	0.48	0.48	0.48	0.48	0.48
Call Firefighters	0.79	0.87	0.75	0.87	0.78
Total Full-time Equivalent	20.45	21.53	22.41	23.35	23.26

- During FY2018 a full-time Firefighter/Paramedic position was 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 fifteen are Paramedics.
- In addition to the full-time professional Firefighters, there are currently 8 active Call Firefighters that work as-needed. During FY2019 Call Firefighter wages average \$21.37/hr. The Call wages budget is \$34,582. This results in approximately 0.78 FTEs ($\$34,582 / \$21.37 = 1,618 \text{ hrs per year} / 52 \text{ weeks} = \underline{31.12 \text{ hrs per week}} / 40 \text{ hrs per week} = .78 \text{ FTE}$).
- 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.

Section 3-14

Fire Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
FIRE DEPARTMENT						
Personnel Services						
51100 Fire Chief's Salary	131,482	99,252	107,137	111,470	53,060	114,825
51110 Administrative Salary	66,391	51,820	54,422	56,764	27,020	58,469
51115 Part-time Admin Salary	1,721	0	0	0	0	0
51120 Firefighters Salaries	967,507	985,892	1,085,866	1,178,989	537,408	1,202,292
51130 Part-time Salaries	0	0	0	0	0	0
51132 Hazardous Materials Assistant	15,421	14,717	21,444	25,446	10,398	26,212
51230 Call Firefighter wages	6,047	12,075	13,196	34,582	10,081	34,582
51300 Overtime	178,917	197,389	133,144	139,135	121,160	143,000
51410 Longevity Pay	11,550	10,500	10,300	11,100	10,200	10,200
51420 Fire Holiday Pay	44,368	39,490	45,036	49,881	20,939	50,867
51460 Educational Incentive	103,400	97,850	105,258	115,075	95,038	126,600
51930 In-service Training	39,405	28,785	22,627	38,764	25,437	38,764
51940 Participation Incentive	0	0	0	0	0	0
SUBTOTAL	1,566,208	1,537,769	1,598,430	1,761,206	910,741	1,805,811



Fire Department

Section 3-15

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
FIRE DEPARTMENT						
Expenses						
52110 Utilities	24,549	21,499	23,517	29,500	8,836	26,550
52410 Equipment Maintenance	17,520	22,389	18,048	19,756	9,538	21,000
52800 Contractual Services	0	0	0	800	0	2,000
53110 Printing	416	396	636	500	298	1,700
53190 Training Expenses	684	764	120	1,000	1,095	3,000
53210 Fire Prevention Education	866	700	779	1,850	553	1,500
53410 Telephone	2,047	2,282	1,595	1,760	1,760	2,806
53420 Postage	372	511	437	1,200	0	1,200
53720 Computer Services	8,833	11,666	6,881	17,545	12,553	20,545
54290 Office Supplies	1,119	1,676	550	1,755	600	1,000
54490 Building Maintenance	8,824	11,454	8,585	9,000	5,083	9,000
54590 Custodial Supplies	2,321	2,481	1,658	2,000	495	2,000
55130 Uniforms	20,645	18,755	21,315	20,400	8,541	22,000
55990 Materials & Supplies	11,579	11,989	11,291	11,961	4,170	12,560
57110 Travel / Mileage	69	74	71	490	0	490
57310 Dues	3,389	3,650	3,439	4,855	3,795	4,164
57320 Subscriptions	1,256	216	1,522	1,363	186	1,285
57340 Meetings	215	192	365	604	60	604
57360 NFPA 1500 Compliance	2,272	881	1,623	1,625	655	4,450
58530 Capital Outlay	23,353	22,736	8,956	30,000	1,166	30,000
SUBTOTAL	130,328	134,311	111,388	157,964	59,384	167,854
*TOTAL: FIRE	1,696,537	1,672,080	1,709,817	1,919,170	970,126	1,973,665

* In addition to the General Fund appropriation of \$1,973,665 (which includes a transfer in of \$322,608 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$452,789 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 FY2019 budget that supports the Fire/EMS services is \$2,426,454 (\$1,973,665 plus the Fire Department Revolving Fund direct charges of \$452,789).

Section 3-16

Fire Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
EMERGENCY PREPAREDNESS						
Personnel Services						
51130 Stipend for EP Director	5,888	0	0	5,000	0	5,000
51130 Stipend for Shelter Coordinator	1,000	583	0	1,000	0	1,000
SUBTOTAL	6,888	583	0	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	1,041	0	0	1,000	0	1,000
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	1,041	0	0	1,000	0	1,000
TOTAL: EMERGENCY PREPAREDNESS	7,928	583	0	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.

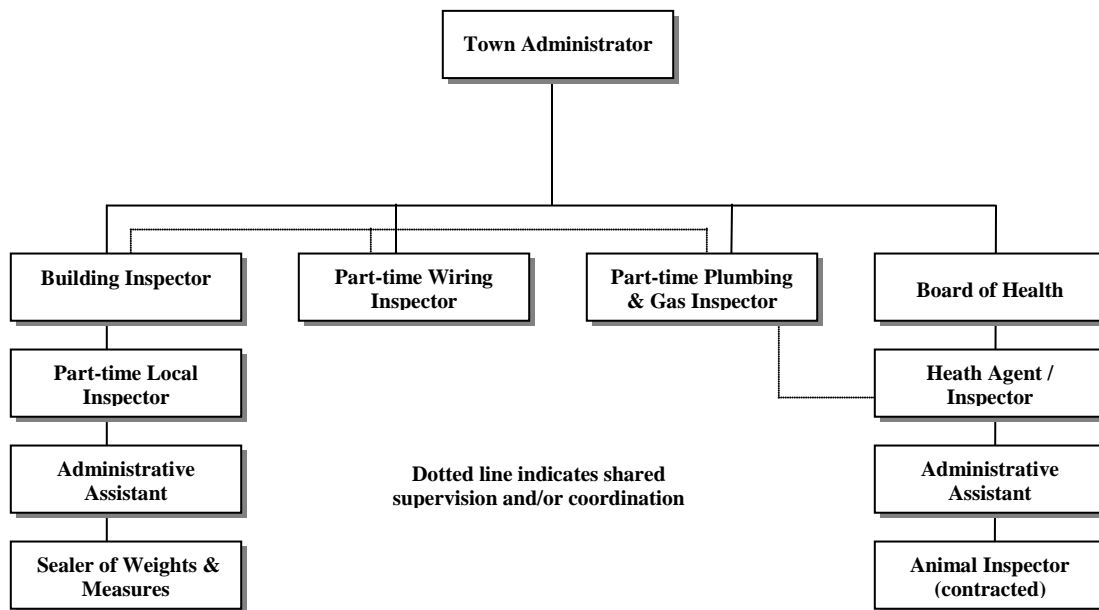
During FY2013 an Emergency Shelter Coordinator position was created and a stipend was added to the budget, which is continued in FY2019. The \$1,000 stipend budget line is split equally between the Coordinator and the Assistant Coordinator.



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.

**Building Department FY2018 Initiatives and Accomplishments**

1. During calendar year 2017, the Building Department issued 634 building permits. The total estimated construction value of this permitted work was \$24.5 million.
2. The Ninth Edition of the State Building Code went into effect on January 1, 2018 containing significant amendments to the previous edition. Building Department staff engaged in outreach efforts to educate permit applicants on the new requirements contained in the Ninth Edition.
3. The Building Department fully implemented its electronic permitting software, ViewPermit. Online permit submission allows applicants the flexibility to submit their application outside of normal business hours, has allowed staff to be more responsive to applicant inquiries and has resulted in a streamlined process which has yield significant time savings for staff.

Building Department FY2019 Goals and Objectives

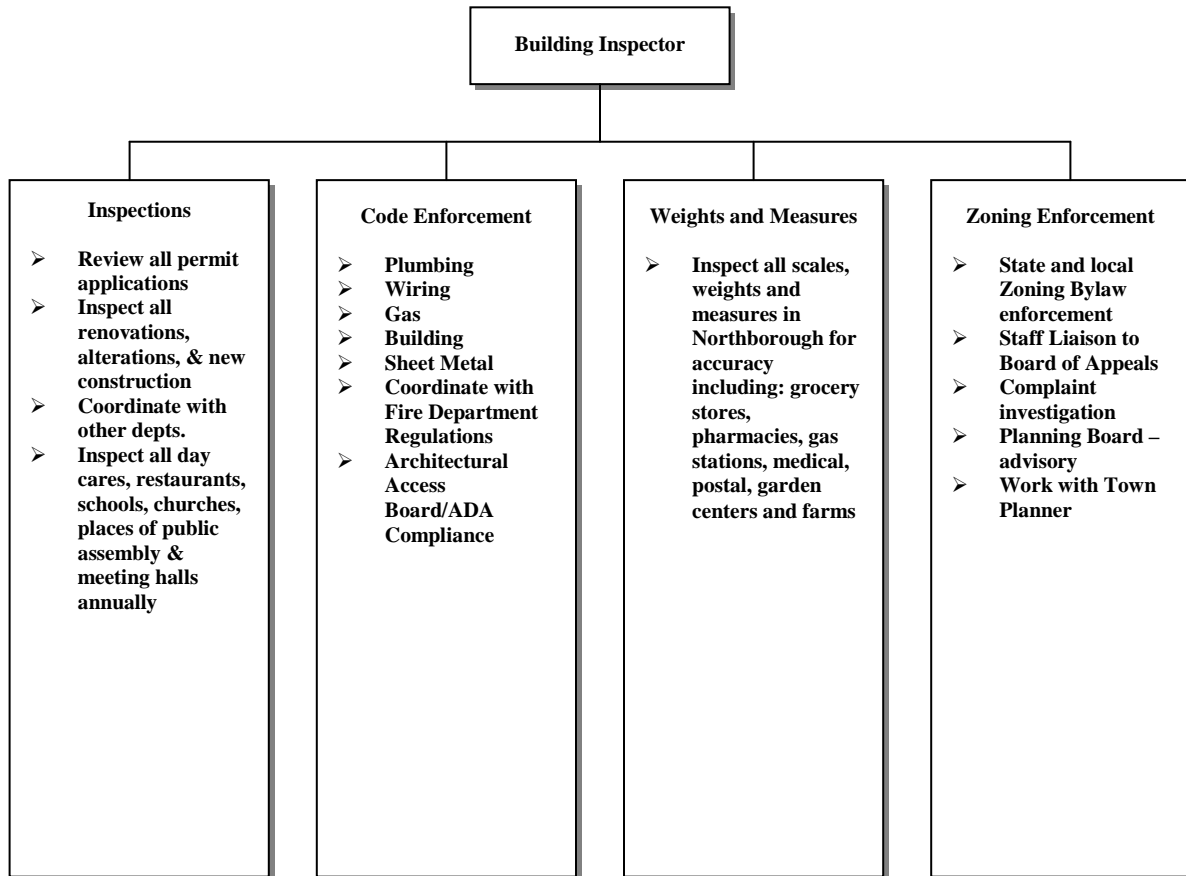
1. Staff will continue outreach efforts to educate contractors, homeowner and architects of the significant changes contained in the Ninth Edition of the State Building Code, which went into effect on January 1, 2018.
2. Review and update the current building, electrical, gas and plumbing permit fees to ensure they reflect current costs associated with departmental activities.
3. Perform a comprehensive review and update of the Department's web page to ensure users have access to the most current information available.

Significant Budget Changes or Initiatives

There are no significant budget changes for the FY2019 Building Department. Overall, the departmental budgets for Building, Gas, Wiring and Sealer represent a modest increase of just \$1,813 or 0.85%.



Building Department Programs and Services



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

Position	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 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 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.



Building Department

Section 3-21

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
BUILDING INSPECTOR						
Personnel Services						
51100 Building Inspector Salary	71,356	75,948	81,511	85,089	38,571	81,600
51120 Part-time Local Inspector wages	10,696	7,716	2,244	21,450	3,623	25,061
51140 Administrative Assistant	57,605	57,197	55,293	56,520	27,045	57,918
51410 Longevity Pay	350	425	500	250	250	250
SUBTOTAL	140,006	141,286	139,548	163,309	69,489	164,829
Expenses						
53190 Training	35	705	494	1,850	70	1,850
54290 Office Supplies	658	1,630	1,630	660	94	660
55980 Field Supplies	0	263	0	100	0	100
57110 Travel / Mileage	2,737	3,920	3,550	4,400	807	4,000
57310 Dues	355	185	390	455	210	575
57340 Meetings	65	275	0	920	0	920
58690 New Equipment	0	0	126	0	0	0
SUBTOTAL	3,850	6,978	6,190	8,385	1,181	8,105
TOTAL: BUILDING INSPECTOR	143,856	148,264	145,738	171,694	70,670	172,934

Section 3-22

Building Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
GAS INSPECTOR						
Personnel Services						
51130 Gas Inspector Salary	10,079	10,280	10,486	10,696	5,348	10,910
SUBTOTAL	10,079	10,280	10,486	10,696	5,348	10,910
Expenses						
53190 Training	30	40	0	125	0	125
54290 Office Supplies	107	60	375	225	180	225
57110 Travel / Mileage	873	998	824	880	486	880
57310 Dues	45	45	15	90	15	90
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	1,055	1,143	1,214	1,320	681	1,320
TOTAL: GAS INSPECTOR	11,134	11,423	11,700	12,016	6,029	12,230



Building Department

Section 3-23

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WIRING INSPECTOR						
Personnel Services						
51130 PT Wiring Inspector Wages	16,602	17,529	14,839	17,826	8,090	18,185
51140 PT Permanent wages	216	616	740	1,000	123	1,000
SUBTOTAL	16,818	18,146	15,579	18,826	8,213	19,185
Expenses						
53190 Training	0	119	415	250	0	250
54290 Office Supplies	180	165	371	430	60	430
57110 Travel / Mileage	1,923	1,922	1,747	2,000	629	2,000
SUBTOTAL	2,103	2,206	2,533	2,680	689	2,680
TOTAL: WIRING INSPECTOR	18,921	20,352	18,112	21,506	8,902	21,865

Section 3-24

Building Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 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	5,000	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	5,000	5,000	8,000	0	8,000
TOTAL: SEALER WEIGHTS/MEASURES	3,500	5,000	5,000	8,000	0	8,000



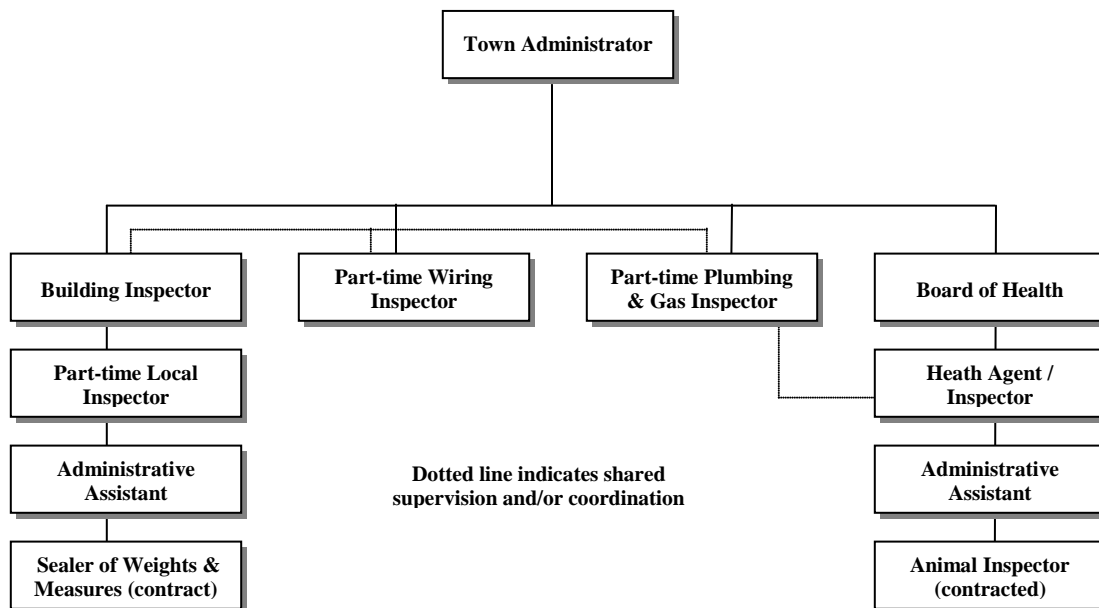
Health Department Mission Statement

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 FY2018 Initiatives and Accomplishments**

1. Reviewed construction layout plans, observed construction and set up for many new food establishments within Northborough Shops. 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. The Health Department held two flu clinics, one at Melican Middle School and one at the Senior Center. The Health Department also conducts blood pressure clinics for the community. We continue to collaborate by way of grants, with Mass in Motion and the Prevention and Wellness Trust to promote healthy living.
3. We successfully launched E-permitting and permit tracking software in Town called View Permit. Our department continues to work with customers and contractors to get everyone accustomed to the new program.
4. We continue to assist the Northborough community with code compliance initiatives and inspections for food, septic, well, housing, pools, camps, tobacco, landfill and emergency preparedness. We paid special attention to the Ebola, Tick Borne Illnesses, West Nile and the Zika virus through collaboration with the State. Our department then provided educational outreach to the community. We also offer residents free smoking cessation counseling, home safety visits, Tai-Chi and A Matter of Balance programs, to increase balance, strength and flexibility.
5. We 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, the Northboro-Southboro Substance Abuse Prevention Coalition (NSSAPC) and the Department of Family and 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 Corps (MRC) Volunteers are continuously needed and recruited to help support emergency preparedness efforts.
7. The Northborough Health Department partnered up with the Southborough Health Department and created the Northboro-Southboro Substance Abuse Prevention Coalition (NSSAPC). To date, we have provided Narcan training to these communities, a Hidden in Plain Sights demonstration, showing the widely acclaimed movie "If Only" at schools and connected our communities to numerous resources for substance abuse treatment or support.



Health Department FY 2019 Goals and Initiatives

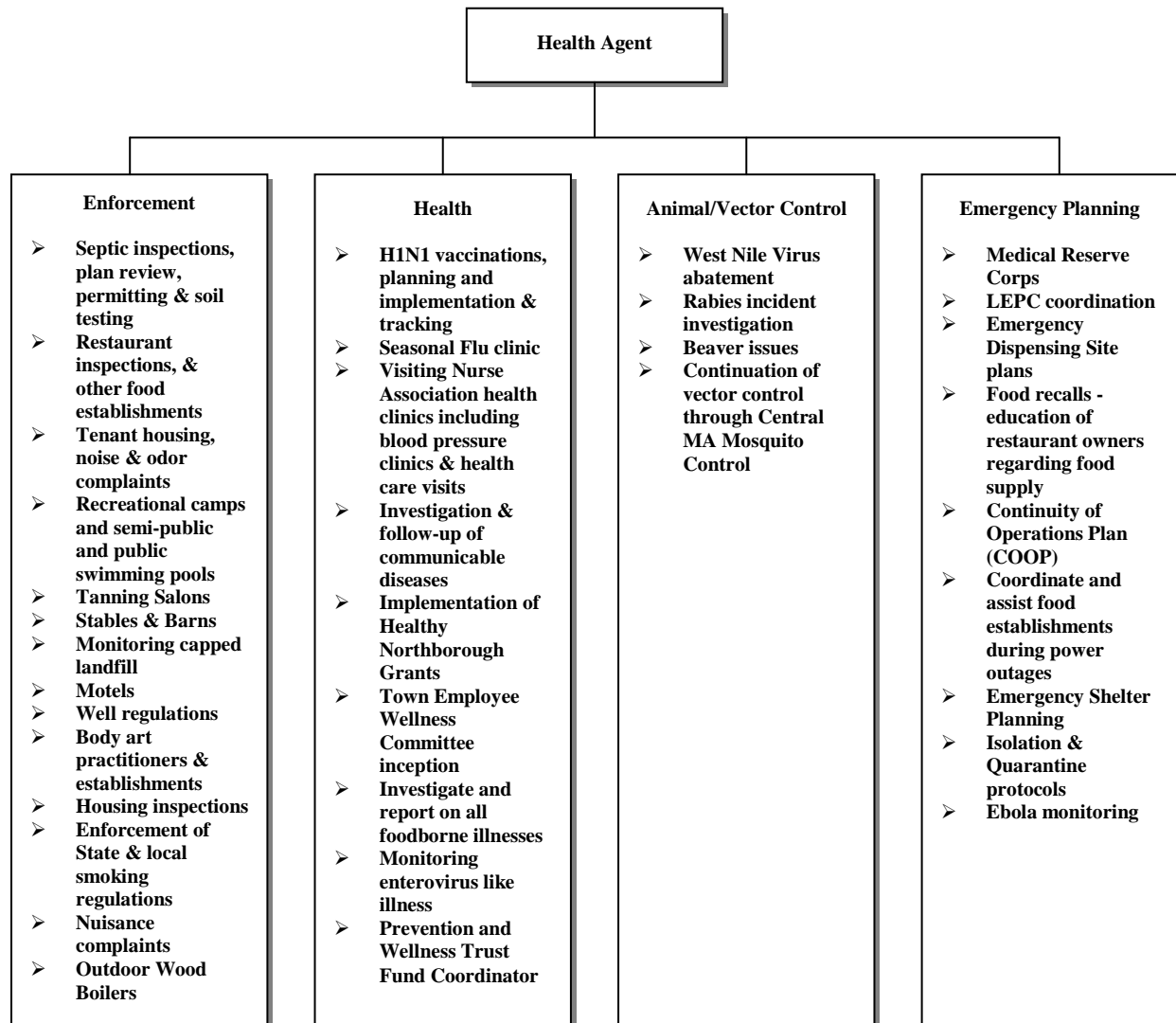
1. Under Federal and State guidelines, we are currently working to update our operational shelter plans to include animals. We are also focusing on updating our Emergency Dispensing Sites, in the event we would have to inoculate a large amount of people in a short period of time. The goal is to gather needed equipment and to validate the plans in an exercise. This will help to validate plans, develop staff competencies and practice.
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 within the school systems.
3. The Health Department will work with local medical facilities in Town in order to identify a suitable location to dispose of syringes. Shattuck's Pharmacy disposed of the community's sharps for many years until closing in 2017.

Significant Budget Changes or Initiatives

Due to staffing changes, the FY2019 Health Department budget will only increase \$2,556, or 1.31% as new staff comes in at a lower salary. Some of the salary line savings was moved to the landfill testing line, which increases by \$10,400 due to new DEP testing requirements anticipated by our environmental consultant for the closed landfill. As with all General Fund budgets, the Health Department includes a 2% general wage increase for personnel. The budget also includes \$13,000 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 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 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.

Section 3-30

Health Department



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
HEALTH DEPARTMENT						
Personnel Services						
51100 Health Agent	77,937	75,686	85,673	87,387	41,173	74,970
51130 Part-time Plumbing Inspector	13,820	13,707	14,569	15,761	7,494	16,046
51140 Administrative Assistant wages	57,605	57,116	55,293	56,520	27,045	57,919
51220 Temporary wages	0	224	12,716	10,000	6,970	13,000
51410 Longevity Pay	550	425	500	250	250	250
SUBTOTAL	149,911	147,158	168,752	169,918	82,931	162,185
Expenses						
52800 Contractual Animal Inspector	0	4,153	14	1,000	0	1,000
53090 Advertising	171	0	143	250	0	250
53170 Testing	2,683	0	0	9,600	2,996	20,000
53990 Nursing Services	3,210	3,660	6,500	6,500	3,250	6,500
54290 Office Supplies	1,146	877	1,252	1,260	422	1,260
57110 Travel / Mileage	2,378	2,311	2,098	4,200	551	4,000
57310 Dues / Licensure Fees	316	340	210	791	150	785
57340 Meetings	1,485	655	645	1,100	400	1,195
57810 Unclassified	65	0	55	300	0	300
58690 New Equipment	0	0	0	200	0	200
SUBTOTAL	11,454	11,996	10,917	25,201	7,769	35,490
TOTAL: HEALTH DEPARTMENT	161,365	159,154	179,669	195,119	90,700	197,675



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

Beginning in FY2013 Animal Control services were outsourced through a contractual arrangement and the fees from dog licenses and fines brought into the General Fund as a transfer from the revolving fund to off-set the cost of the contract. In FY2019 the revolving fund revenues proposed to be transferred in are \$27,000 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$14,484.



Animal Control

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	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 FY2019.

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.



Animal Control

Section 3-31

	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	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						
52800 Contractual ACO Services	38,810	38,743	39,418	40,305	19,728	41,484
SUBTOTAL	38,810	38,743	39,418	40,305	19,728	41,484
TOTAL: ANIMAL CONTROL	38,810	38,743	39,418	40,305	19,728	41,484

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 FY2019 the revolving fund revenues proposed to be transferred in are \$27,000 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$14,484.



This Page Intentionally Blank

Public Works

Section 4



This Page Intentionally Blank



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. Under the current staffing model the same staff performs the duties of the Highway and Parks Divisions.

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

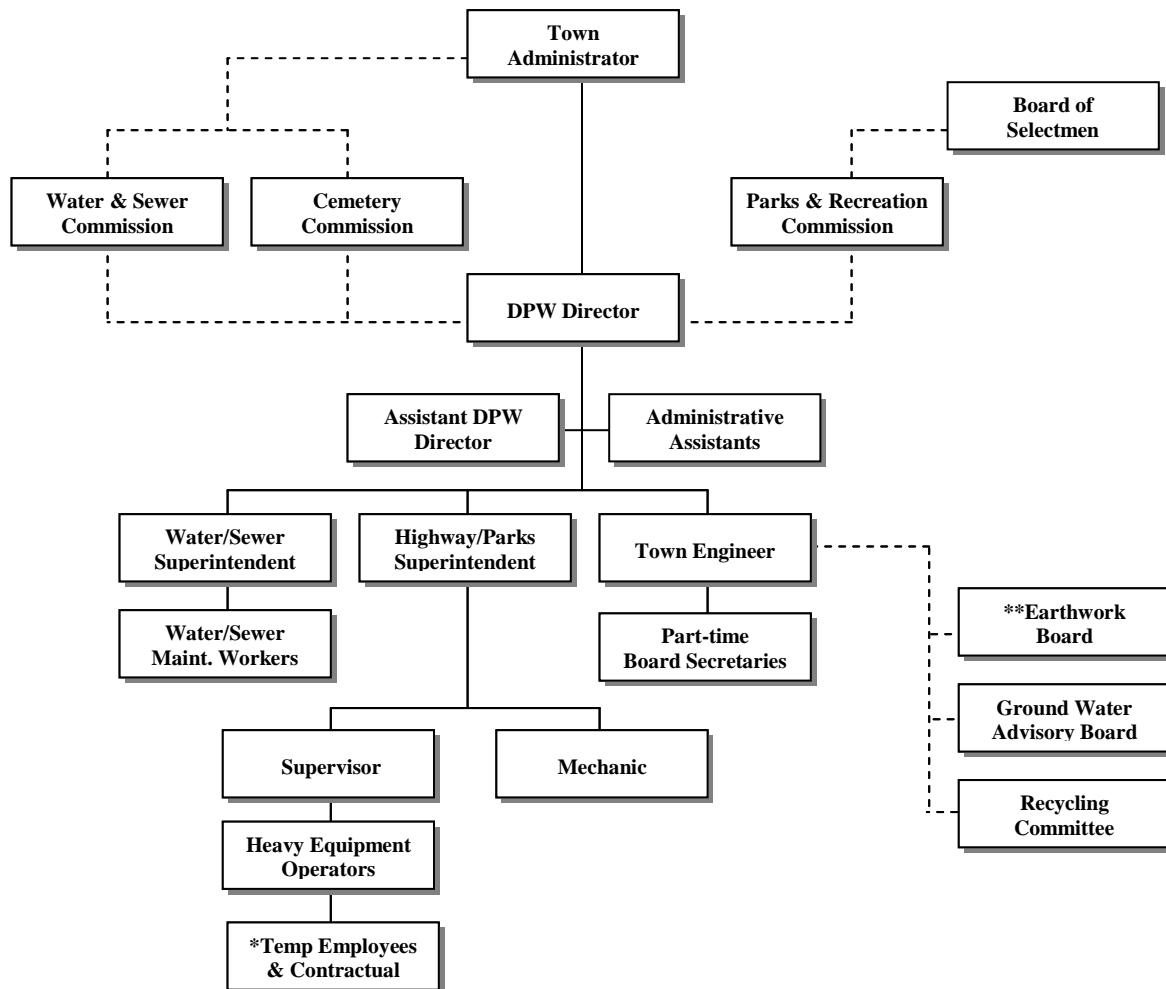
The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and 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 FY2018 Initiatives and Accomplishments****Highway/Parks & Cemetery Divisions:**

1. Funded various projects and equipment acquisitions as part of the approved FY2018 Capital Budget, including: the purchase of a 6-wheel Mack dump truck with plow and spreader, two one-ton dump body trucks, and a brush chipper. The Department continues to identify and plan for future projects and equipment needs through the Town's Capital Improvement Plan.
2. Substantially completed design for the replacement of the Fisher Street culvert.
3. Implemented approximately 11 miles of roadway maintenance and improvements including overlay, full depth reconstruction, crack fill, and chip seal.
4. Replaced over 1,000 linear feet of failing guardrail with new steel guardrail and installed 300 linear feet of new timber guardrail.
5. Conducted snow plowing and treatment of over 90 miles of roads for all winter weather events in what turned out to be an average snow but heavy ice 2016/2017 winter season.
6. Completed a ground penetrating radar survey of the Brigham Street Cemetery.
7. Constructed an accessible path to the Ellsworth McAfee Park pavilion.
8. Procured grave marker restoration services for the Howard Street Cemetery colonial section.
9. Replaced the failing Crawford Street stone retaining wall.
10. Pruned or completely removed over 62 unhealthy, dead, or dying street trees located within the Town's right of way.
11. Obtained GIS data for all Town catch basins with the assistance of a \$10,000 grant.

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 prior due to the constraints on the state budget. In 2016 and 2017 the Town received a \$4,200 grant each year 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.

Water and Sewer Divisions:

1. Completed the system wide meter replacement program and provided on-line account access to our customers.
2. Funded equipment acquisitions as part of the approved FY2018 Capital Budget including the purchase of a one-ton service truck with plow and a pipe inspection camera.
3. Conducted the first year of a 15-year Sanitary Sewer Inflow and Infiltration Elimination Program as mandated by new State and Federal clean water regulations.
4. Completed design and began construction of improvements to the West Main Street Sanitary Sewer Pump Station.
5. Replaced approximately 20 aging fire hydrants.
6. Prepared an updated hydraulic model of the water distribution and storage system.
7. Continued our bi-annual hydrant flushing and periodic gate exercising program.
8. Completed the annual system wide leak detection survey.

Department of Public Works FY2019 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 proficiently 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 compromised roadside guardrail identified in the updated inventory.
4. Replace the Fisher Street culvert with a new superstructure, deck, and approaches.
5. Prepare design documents for replacement of failing Rice Avenue culvert.
6. 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).
 - d. Unregulated Contaminant Monitoring Rule (UCMR) Phase 4.



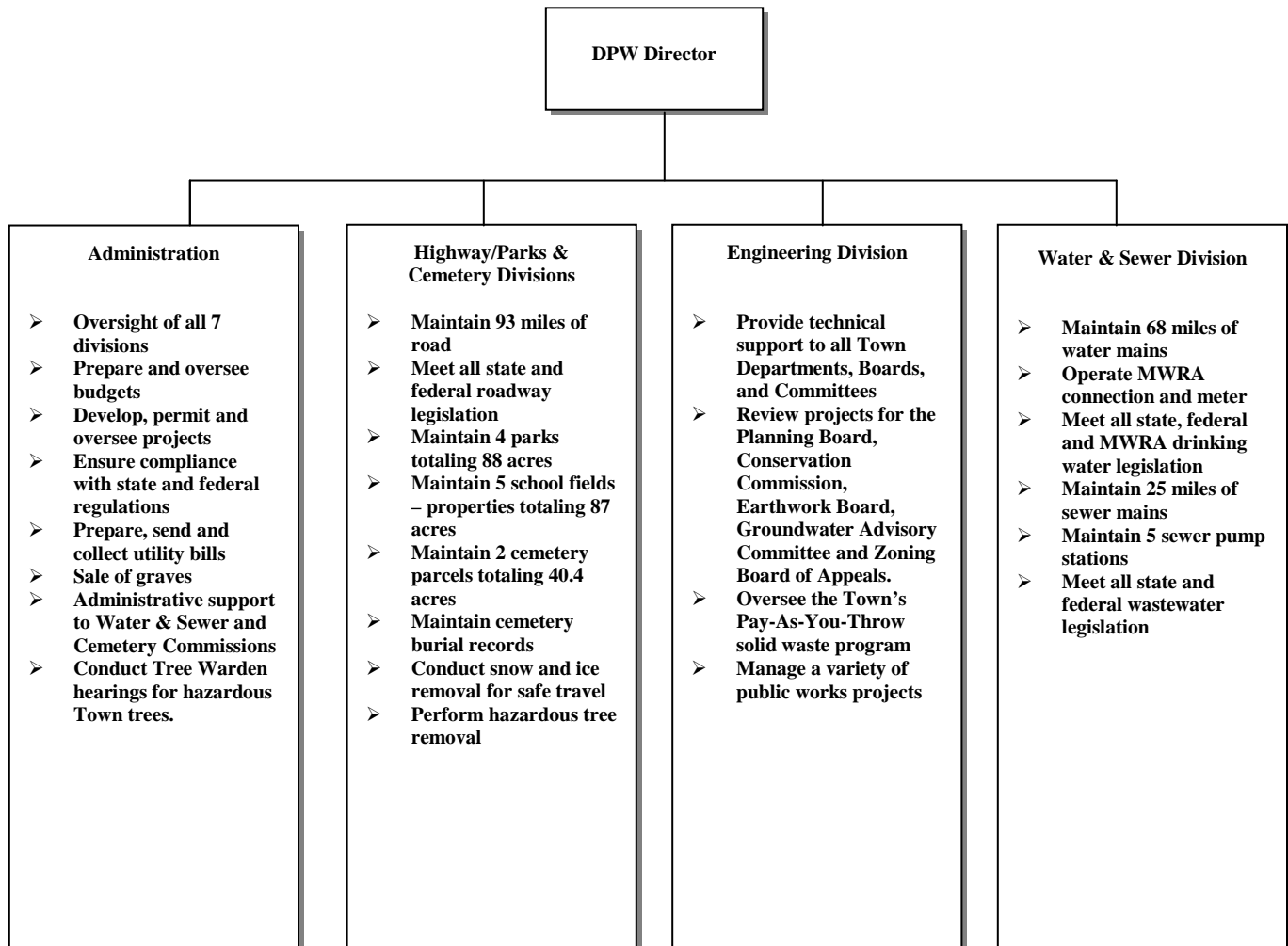
7. Oversee the Town's Stormwater Management Plan and administer a new plan with the Environmental Protection Agency (EPA) based on the recent release of the final MS4 permit.
8. Complete mechanical, communication, and control improvements to the West Main Street Sanitary Sewer Pump Station.
9. Oversee the design and construction of the approved Northborough Town Common project.
10. Maintain and improve the White Cliffs grounds.
11. Finalize the water distribution model including storage tank needs and recommendations.
12. Prepare design documents for a water and sewer Supervisory Control and Data Acquisition system.

Significant Budget Changes or Initiatives

Overall, the Department of Public Works General Fund budget is up \$78,937 or 3.0%. Approximately half of the increase, \$40,000, is attributed to adjustments in the snow and ice budget which are based upon historic spending over the past five fiscal years. There is also a \$5,000 increase to funding for tree maintenance in anticipation of significant impacts to our street tree stock as a result of recent years' caterpillar and storm activity. The FY2019 budget 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 new fuel island and fire alarm systems, implementation of the required DPW facility Spill Prevention, Control, and Countermeasures Plan, improvements to roadway and roadside safety, compliant removal and disposal of street sweeping and catch basin debris, repairs to our parks and monuments.



DPW Programs and Subprograms



**DEPARTMENT OF PUBLIC WORKS****Personnel Summary**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	FTE
<u>Administration</u>					
DPW Director	1	1	1	1	1
Assistant DPW Director	0	1	1	1	1
Administrative Assistants	2.48	2.48	2.48	2.48	2.48
<u>Engineering Division</u>					
Town Engineer	1	1	1	1	1
<u>Highway/Parks/Cemetery Division</u>					
Highway/Parks Superintendent	1	1	1	1	1
Highway/Parks/Cemetery Supervisor	1	1	1	1	2
Mechanic	1	1	1	1	1
Heavy Equipment Operators	7	7	7	7	6
Light Equipment Operator	0	1	1	1	1
<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	18.48	20.48	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 last 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 FY2019 budget includes a second Supervisor position that is budgeted 75% in the Cemetery Division and 25% in Highway/Parks. The new Supervisor was a promotion and no new staff was added.



Department of Public Works

Section 4-9

DPW Personnel Table of FTEs by Division Budgets

DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2015 FTE	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE
<u>Administration</u>					
Budgeted in Divisions below					
<u>Engineering Division</u>					
Town Engineer	1	1	1	1	1
<u>Highway/Parks Division</u>					
DPW Director	.5	.5	.5	.5	.5
Assistant DPW Director	0	.5	.5	.5	.5
Administrative Assistants	1	1	1	1	1
Highway/Parks Superintendent	1	1	1	1	1
Supervisor	1	1	1	1	1.25
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6.25	6.25	6.25	6
Light Equipment Operator	0	1	1	1	.5
<u>Cemetery Division</u>					
Supervisor	0	0	0	0	.75
Heavy Equipment Operator	.75	.75	.75	.75	0
Light Equipment Operator	0	0	0	0	.5
<u>Water Division Enterprise Fund</u>					
DPW Director	.3	.3	.3	.3	.3
Assistant DPW Director	0	.3	.3	.3	.3
Administrative Assistants	.89	.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	.2	.2	.2	.2
Administrative Assistants	.59	.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	18.48	20.48	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



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
HIGHWAY ADMINISTRATION						
Personnel Services						
¹ 51100 DPW Director Salary (50%)	57,305	58,928	56,350	57,178	27,216	58,898
51100 Assistant DPW Director (50%)	0	22,502	15,918	47,500	0	45,000
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	57,305	81,430	72,268	104,678	27,216	103,898
Expenses						
52110 Utilities	32,377	29,359	27,526	33,768	7,427	33,790
54290 Office Supplies	2,393	913	729	2,000	516	2,000
54490 Building Maintenance	5,960	15,656	19,888	14,700	10,730	15,725
57110 Travel/Mileage	227	833	763	1,000	238	1,000
57310 Dues	1,069	1,719	719	1,830	902	2,012
SUBTOTAL	42,026	48,480	49,625	53,298	19,813	54,527
TOTAL: HIGHWAY ADMINISTRATION	99,330	129,909	121,893	157,976	47,029	158,425

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

Section 4-11

FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

HIGHWAY DIVISION CONSTRUCTION & MAINTENANCE

Personnel Services

51010 Labor Wages	558,785	621,532	645,602	663,172	296,791	631,156
51140 Wages Part-time Permanent	58,109	59,411	62,619	58,473	28,110	59,639
51300 Overtime	109,174	107,302	95,791	92,709	65,807	97,068
51410 Longevity Pay	4,725	5,400	5,150	5,150	4,200	3,700
51920 Uniforms	6,750	7,500	7,500	7,500	3,375	7,313
51970 Stipends	0	0	0	0	0	0
SUBTOTAL	737,543	801,145	816,663	827,004	398,283	798,876

Expenses

52690 Equipment Maintenance	81,625	86,391	81,861	81,815	24,054	83,415
52800 Contractual Services	345,558	21,676	35,318	37,750	18,781	44,750
55320 Materials & Supplies	11,296	12,393	15,790	13,500	4,338	13,500
55420 Safety Training, Dues & Licenses	2,218	3,810	2,607	6,910	158	6,910
58690 New Equipment	22,404	569	8,024	5,025	2,102	6,300
58710 Roadway Maintenance	47,007	170,502	397,987	400,000	34,730	400,000
58715 Storm water/Drainage	53,419	95,032	130,979	147,400	61,300	148,900
SUBTOTAL	563,527	390,374	672,565	692,400	145,462	703,775

TOTAL: HIGHWAY CONST & MAINT.

1,301,071	1,191,519	1,489,228	1,519,404	543,745	1,502,651
------------------	------------------	------------------	------------------	----------------	------------------

Section 4-12

Department of Public Works



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
PARKS DIVISION						
Personnel Services						
² 51130 Labor Wages	0	0	0	0	0	0
51220 Seasonal Temporary Labor	60,987	51,796	52,000	60,000	32,482	49,500
51300 Overtime	216	0	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	61,202	51,796	52,000	60,000	32,482	49,500
Expenses						
51920 Uniforms	0	764	0	1,700	0	1,700
52110 Utilities	1,554	1,668	2,104	2,000	1,108	2,000
52610 Materials & Supplies	36,555	42,338	36,408	48,200	11,618	55,100
52800 Contractual Services	0	0	1,292	0	0	7,500
54710 Building Maintenance	20,562	294	3,762	4,000	954	4,000
58690 New Equipment	7,204	9,500	12,029	14,500	13,687	9,500
SUBTOTAL	65,875	54,564	55,594	70,400	27,366	79,800
TOTAL: PARKS DIVISION	127,077	106,360	107,593	130,400	59,848	129,300

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

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
CEMETERY DIVISION						
Personnel Services						
³ 51010 Labor Wages	40,187	41,977	45,802	44,663	21,465	78,697
⁴ 51100 Miscellaneous Labor	0	0	0	0	0	15,840
51300 Overtime	0	2,908	12,465	7,389	0	6,973
51410 Longevity Pay	350	350	350	500	500	500
51920 Uniforms	750	750	750	750	375	938
SUBTOTAL	41,287	45,985	59,367	53,302	22,340	102,948
Expenses						
52110 Utilities	603	743	1,007	750	777	1,000
52690 Equipment Maintenance	0	4,561	3,717	3,000	1,912	4,000
54490 Building Repair	12,159	0	3,512	6,600	0	4,800
54690 Materials & Supplies	18,675	13,490	15,110	17,000	7,510	17,000
58690 New Equipment / Capital	7,204	8,652	12,029	16,000	13,207	12,800
SUBTOTAL	38,642	27,445	35,375	43,350	23,406	39,600
TOTAL: CEMETERY DIVISION	79,929	73,430	94,742	96,652	45,746	142,548

³ FY2019 represents a new Supervisor position budgeted 75% in Cemetery and 25% in highway/parks to accurately reflect the time dedicated to the Cemetery Division

⁴ Seasonal summer help dedicated exclusively to the cemetery is now budgeted in line 51100 to more accurately represent the resources devoted to the Cemetery Division

Section 4-14

Department of Public Works



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ENGINEERING						
Personnel Services						
51100 Town Engineer Salary ⁵	103,440	105,508	107,619	109,772	52,775	111,967
51410 Longevity Pay	500	500	500	500	500	650
SUBTOTAL	103,940	106,008	108,119	110,272	53,275	112,617
Expenses						
52800 Contractual Services	3,000	4,000	10,873	39,200	4,000	39,200
54290 Office Supplies	451	357	439	350	46	450
55980 Field Supplies	0	0	0	100	0	100
57110 Travel/Mileage	1,587	1,420	1,106	1,500	491	1,500
57310 Dues	218	224	380	285	238	285
57320 Subscriptions	150	150	0	150	0	150
57340 Meetings	155	175	0	300	0	300
SUBTOTAL	5,561	6,325	12,798	41,885	4,774	41,985
TOTAL: ENGINEERING	109,501	112,334	120,916	152,157	58,048	154,602

⁵ 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

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
SNOW & ICE						
Personnel Services						
51220 Miscellaneous Labor	0	0	0	0	0	0
⁶ 51300 Overtime	159,665	62,874	134,251	82,000	13,422	107,000
SUBTOTAL	159,665	62,874	134,251	82,000	13,422	107,000
Expenses						
⁷ 52800 Contractual Services	151,894	46,666	96,486	91,000	5,495	92,000
55350 Salt & Additives	178,221	180,327	223,269	180,000	47,452	190,000
57810 Materials & Supplies	70,073	31,338	47,894	34,000	6,070	38,000
SUBTOTAL	400,187	258,331	367,648	305,000	59,017	320,000
TOTAL: SNOW & ICE	559,852	321,205	501,899	387,000	72,439	427,000

⁶ Line 51300 contains Overtime funds for DPW employees that plow snow during winter operation

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

Section 4-16

Department of Public Works



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
TREES						
Expenses						
52690 Equipment Maintenance	3,143	1,795	826	3,000	4,586	3,000
52800 Contractual Services	19,930	22,558	30,000	35,000	10,868	40,000
54700 Supplies	1,736	175	2,473	3,000	643	3,000
SUBTOTAL	24,809	24,528	33,298	41,000	16,096	46,000
TOTAL: TREES	24,809	24,528	33,298	41,000	16,096	46,000

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
STREET LIGHTING						
Expenses						
52130 Utilities	104,121	110,854	114,000	114,000	48,419	117,000
SUBTOTAL	104,121	110,854	114,000	114,000	48,419	117,000
TOTAL: STREET LIGHTING	104,121	110,854	114,000	114,000	48,419	117,000

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

Community Services

Section 5



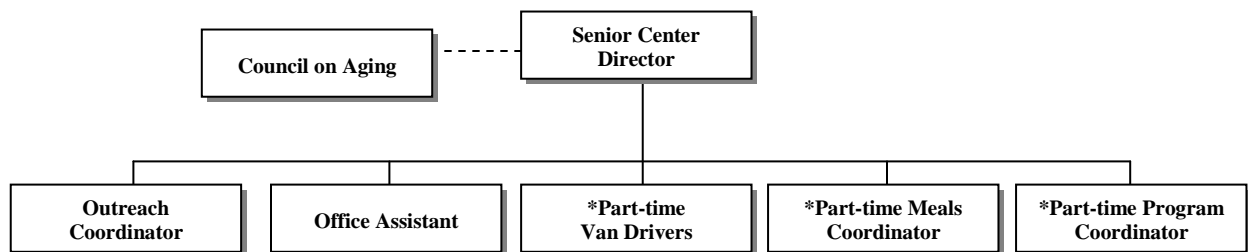
This Page Intentionally Blank



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 FY2018 Initiatives and Accomplishments**

1. We continue to have a 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 have iPads, webcams and Skype at the Senior Center that are available at these times. This past summer, a group of students taught computer classes at the Senior Center that included Facebook, Smart Phone Use, You Tube/Netflix, Twitter/Snapchat/Instagram, Internet Search, Internet Safety/False News, Spotify/iTunes. These students have gotten rave reviews for their knowledge and teaching abilities. 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 Marlboro and Hudson, this grassroots initiative, Come 2B Dementia Friendly, raises awareness of the disease and reduces stigma while educating emergency responders, faith communities, businesses and all other sectors of the community. We very much appreciated the assistance of the Northborough Police Department in distributing the packets of information regarding Dementia to all businesses in our community. In October 2017, we embarked on another grant awarded by BayPath in which we are working on Cultural Competency-Outreach to Underserved Populations. Our work on this project will conclude in September 2018.
3. The Bistro @119 continues to thrive with 11,486 meals served this year! This number puts us on track to exceed the whopping 8960 meals served during FY17. 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 FY2019 Goals and Initiatives

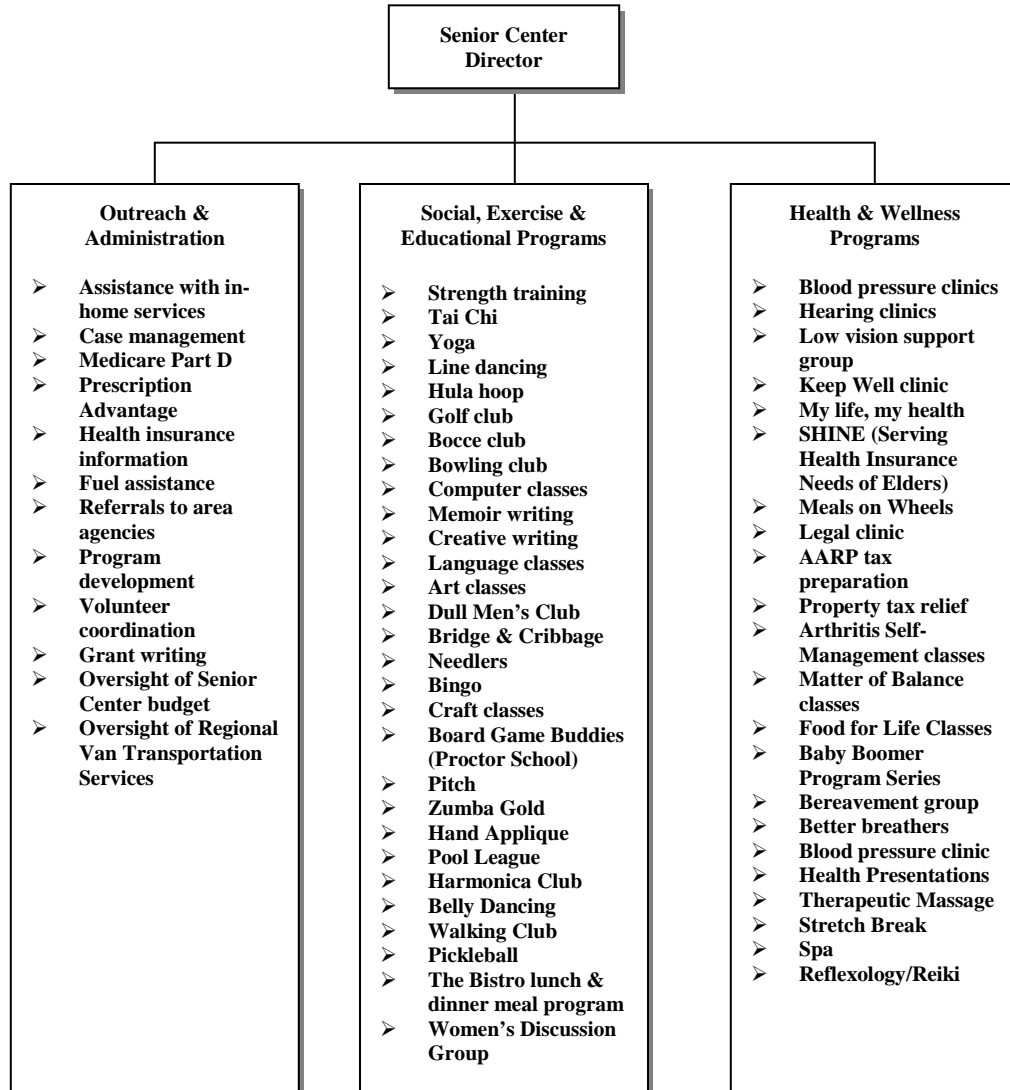
1. Increase and enhance programs and activities at the Senior Center.
2. Increase the number of volunteers and participants at the Senior Center. Expand the volunteers from the High School.
3. Expand revenue producing programs to help financial sustainability.

Significant Budget Changes or Initiatives

Overall, the departmental budget is up 6%, or \$16,279 which includes an \$11,000 increase to reflect actual routine building maintenance costs, which were previously paid for from program revenues. This change will allow more program fee revenues to go directly to supporting actual services for seniors. Since opening the new center in 2010, the Senior Center has historically paid for most of its routine building cleaning and maintenance contracts through its program user fees. These costs have been slowly transitioned into the General Fund and in FY2019 that transition is now complete. The long-term goal is to use the programs fees to directly support the services provided to seniors and have the building maintenance costs supported as part of the base budget. The phased cost-sharing arrangement allowed the new center to open with minimal operational impacts to the budget during difficult budget years, but the time has come to complete the phasing initiative.



Senior Center Programs and Services



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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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 2015	FY 2016	FY 2017	FY 2018	FY 2019
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	.48	.48	.48
Total Full-time Equivalent	2.17	2.17	2.65	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 that was funded starting in 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 ($67.5\text{hrs}/40\text{hrs} = 1.69$ 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. The position has been self-funded through program revenues since FY2013.

Section 5-6

Senior Center/COA



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
SENIOR CENTER						
Personnel Services						
51100 Director Salary	72,741	76,421	79,514	82,730	39,380	85,220
51120 Administrative Staff Wages	46,467	48,433	50,176	52,084	24,790	53,664
51140 Outreach Worker Wages	55,606	57,629	59,347	60,684	31,120	61,893
51410 Longevity Pay	700	1,000	1,200	1,200	1,200	1,200
SUBTOTAL	175,514	183,483	190,236	196,698	96,490	201,977
Expenses						
52110 Utilities	34,190	39,958	40,957	41,000	19,031	41,000
52800 Contractual Services ¹	16,715	11,858	26,564	28,000	12,176	38,417
53110 Printing	0	117	0	300	0	300
53420 Postage	350	221	326	400	167	400
54490 Repairs & Maintenance	3,482	13,186	1,998	2,000	2,429	2,000
54590 Custodial Supplies	1,624	1,487	1,311	1,700	986	1,700
55990 Senior Center Programs	185	292	529	1,000	59	1,000
57110 Travel/Mileage	372	341	386	850	0	850
57310 Dues	597	600	179	300	709	300
57340 Meetings	15	90	326	520	668	520
SUBTOTAL	57,530	68,150	72,575	76,070	36,224	86,487
TOTAL: SENIOR CENTER	233,044	251,633	262,812	272,768	132,714	288,464

¹ FY2019 Contractual Services line includes an additional \$11,000 to cover all routine building cleaning and maintenance contracts, which were previously funded out of the program revolving fund. This change will allow more program fee revenues to support actual services for seniors.

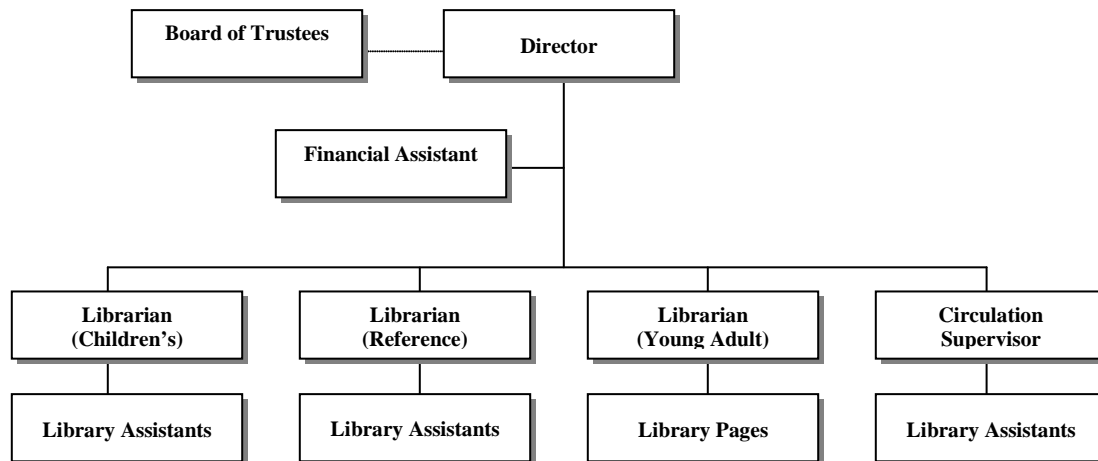


Library Departmental Statement

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 FY2018 Initiatives and Accomplishments

1. Both the number of programs offered by the Library and the total attendance at programs for children, teens and adults continued to increase significantly this past fiscal year. The number of programs sponsored by the Library increased 2.5% from 675 to 691 programs, and attendance at programs increased 14,463 to 16,680 people, 15.3% increase. We continued to offer popular educational programs for adults, including a Music Series, a Weight Control Series and a Faith Traditions in America series, attracting new adult audiences to the Library.
2. We successfully completed a \$10,000 Library Services and Technology Act (LSTA) grant from the Massachusetts Board of Library Commissioners called "Mind In the Making" designed to offer new play-and-learn spaces in our children's room, based on new research about the benefits of intentional learning activities in improving executive function skills.
3. We received a second Library Services and Technology Act (LSTA) grant from the Massachusetts Board of Library Commissioners for \$13,400 in order to provide outreach services to homebound residents in Northborough. This two-year grant, which was one of the few "Innovative" grants awarded by the MBLC, will be completed in October 2019.
4. We successfully recruited a new Trustee to fill an open seat on the Library Board and fulfill a three-year term. The Board of Trustees also engaged a fundraising consultant in order to do a feasibility study and create a formal Development Plan designed to lay the groundwork for a sustained fundraising and development effort.
5. As part of a formal Technology Plan developed by the Technology Committee, we continued to explore emerging technologies and installed a new digital display screen in our children's room, helping to integrate digital technology into our marketing and communications. A second digital screen will be installed in the coming year, thanks to funding from the Friends.
6. The Board of Trustees launched the Library's third 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. We are making progress toward our goal of creating a permanent endowment fund that will be used to supplement Town operating funds. The Board has raised more than \$40,000 to date through its annual appeal efforts.
7. The Marketing Committee continued to develop its Marketing and Communications Plan, following our successful rebranding the previous year. We redesigned our monthly newsletter, the *Gale Forecast*, both in print and electronic format, we updated our website to reflect our new brand and redesigned our flyers and posters in order to create a consistent, clear and compelling message about our programs and services. The Public Relations Committee of the Massachusetts Library Association (MLA) recognized these efforts and presented us with an award for the Library's new brand, logo and tagline at the annual MLA Conference in Hyannis, MA.
8. The Library was one of a select group of libraries from across the state chosen to participate in a new program called "Word of Mouth Marketing" under the auspices of the Massachusetts Library System (MLS). This innovative marketing program is designed to leverage social networks and non-traditional marketing methods in order to reach new audiences and raise awareness about the Library's programs and services.



9. We successfully implemented a new mobile app designed by Boopsie so that patrons can access the Library's website and online catalog using their mobile devices.

Library FY2019 Goals and Initiatives

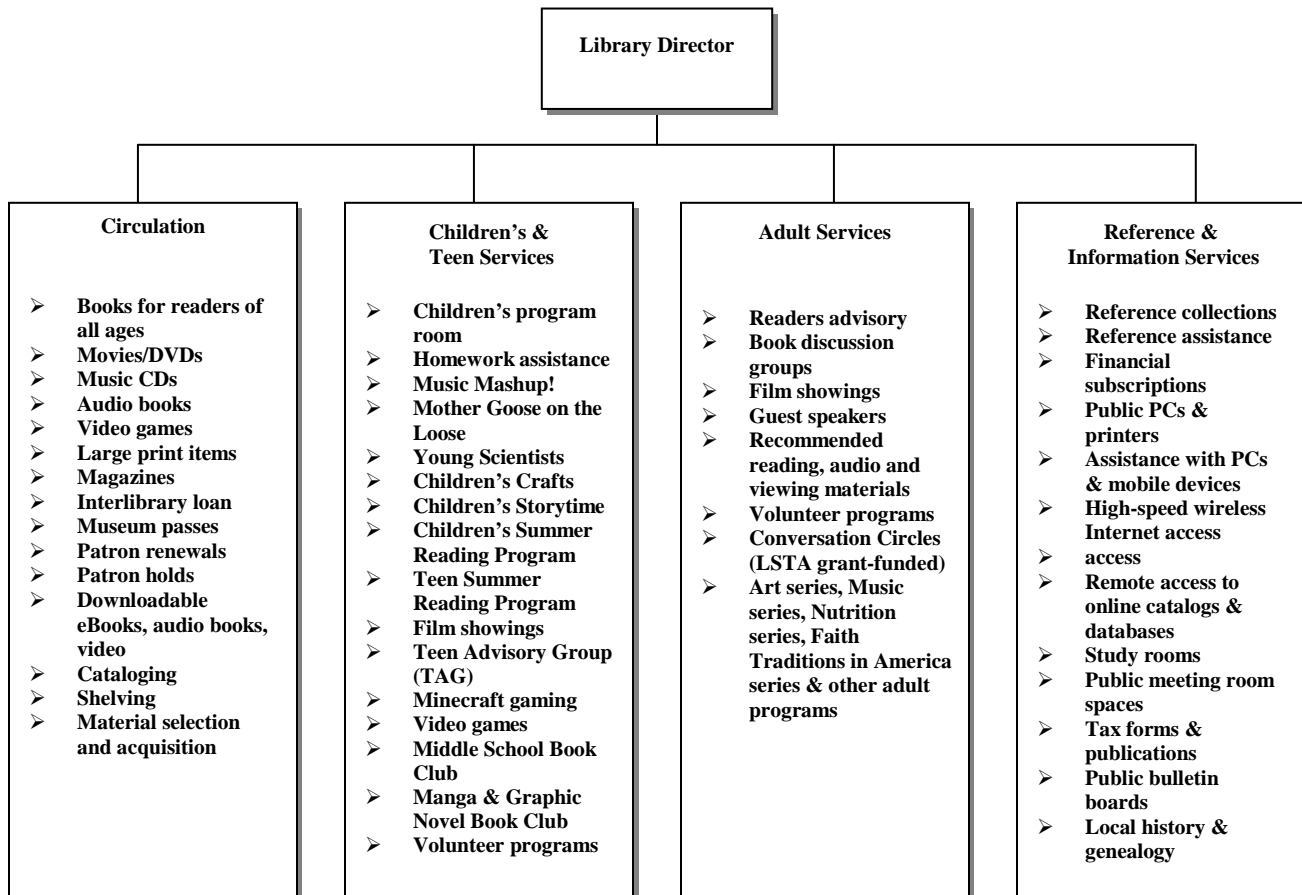
1. Continue to work with the Library's Technology Committee to create a multi-year Technology Plan which will encompass the library's short-term and long-term technology and equipment needs, new and emerging technologies, such as wireless mobile devices, wireless printing and access to electronic information resources. We will also begin collecting and loaning do-it-yourself kits so that patrons can collaborate on a variety of DIY projects and make things at home using resources from the Library.
2. Working with a professional fundraising consultant, create a multi-year Development Plan that will lay the groundwork for a sustained development effort, including establishing a permanent endowment fund, helping to ensure the library's future growth and development.
3. We plan to implement the two-year LSTA grant for \$13,400 we received from the Massachusetts Board of Library Commissioners (MBLC), including hiring a part-time temporary Outreach Coordinator who will help to recruit a core group of volunteers to help deliver materials to those who are permanently or temporarily homebound and who are not able to physically get to the Library.
4. Working with Town Administration, Police and Fire personnel, we will create an Emergency Response Plan that incorporates policies and procedures designed to protect the patrons, staff, building and collections of the Library in the event of a natural disaster or other emergency. We will also continue to be active members of the Town's Local Emergency Planning Committee.
5. The Adult Services staff will be implementing a Special Collections Plan designed to organize, identify, protect and preserve our local history collections in order to make them more accessible to the public. As part of this effort, we will be working with a Roving Archivist, pending a grant request to the State Historical Records Advisory Board (SHRAB).

Significant Budget Changes or Initiatives

Overall, the FY2019 Library Budget is up 2.36%, or \$19,244. The departmental budget as presented includes a 2% wage increase for Union or Non-Union personnel. The primary increases in the budget are for utility expenses (\$4,880) and Contractual services (\$5,095) which includes the increase for the C/W MARS library network membership fee. In FY2019 the Library will also receive an estimated \$22,745 in State Aid that goes directly to the Library and does not require Town Meeting appropriation.



Library Programs and Services





LIBRARY

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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	2.92	2.92	3.4	3.4	3.4
Financial Assistant	1	1	1	1	1
Custodian	0	0	0	0	0
Pages	0	0.20	0.40	0.60	0.60
Total Full-time Equivalent	9.40	9.60	10.28	10.48	10.48

*Personnel Explanation:

- Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)
- 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. Similar Page positions were added in FY2016 and FY2017. 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.

Section 5-12

Library



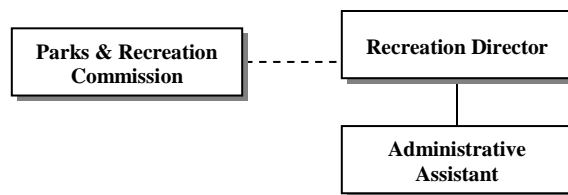
	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
LIBRARY						
Personnel Services						
51100 Professional Librarian Salaries	285,257	268,849	287,915	289,748	138,285	298,376
51120 Library Assistant Salaries	213,326	208,063	234,645	251,421	110,208	249,840
51140 Pages Salaries	0	3,314	7,186	13,728	5,393	13,728
51410 Longevity Pay	1,700	950	750	750	900	1,050
SUBTOTAL	500,282	481,176	530,496	555,647	254,785	562,994
Expenses						
52110 Utilities	31,987	35,931	38,086	33,120	20,473	38,000
52140 Fuel	9,864	5,702	7,416	8,755	800	8,755
52640 Equipment Maintenance	1,649	1,503	0	1,650	0	1,650
52680 HVAC Maintenance	21,453	14,912	6,707	12,500	5,349	12,500
52800 Contractual Services	38,209	50,181	38,070	39,645	28,245	44,740
53410 Telephone	2,844	2,930	3,090	3,120	1,604	3,120
54290 Office Supplies	11,050	15,088	13,105	16,423	8,314	16,425
54490 Building Maintenance	14,247	11,140	7,034	14,300	7,842	14,300
54590 Custodial Supplies	1,673	1,743	2,196	1,800	1,092	1,930
54690 Materials & Supplies	0	0	0	100	0	0
55120 Books and Periodicals	83,403	89,372	83,385	94,950	51,268	95,500
55130 Supplies	4,066	4,131	4,430	5,500	2,568	5,000
55290 Non-print Media	22,832	21,809	27,586	24,550	11,021	25,850
57110 Travel Mileage	0	0	274	200	0	200
57310 Dues	708	727	898	800	690	1,340
57340 Meetings	222	488	467	500	230	500
57810 Unclassified	1,151	216	125	250	9	250
58690 New Equipment	3,750	0	737	500	0	500
SUBTOTAL	249,106	255,873	233,606	258,663	139,506	270,560
TOTAL: LIBRARY	749,388	737,049	764,101	814,310	394,291	833,554



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 FY2018 Initiatives and Accomplishments**

1. Continued to provide comprehensive, quality recreational activities and programming. In FY2018 we offered 669 activities throughout the year.
2. Filled all 8 weeks of Summer Camp.
3. Added a full day summer preschool camp that filled all weeks.
4. Assumed responsibility for managing the Summer kids basketball league in town.
5. Supervised 5 – 6 birthday parties at the Town Hall Gym site each weekend.
6. Added more adult programing at night in the gym.
7. Increased awareness of programs through the use of Facebook. The Department has over 986 followers as of October 2017.
8. Continued our success with the Northborough Community Gardens. We have 30 plots that are all used and given out by lottery each year.

Recreation Department FY2019 Goals and Initiatives

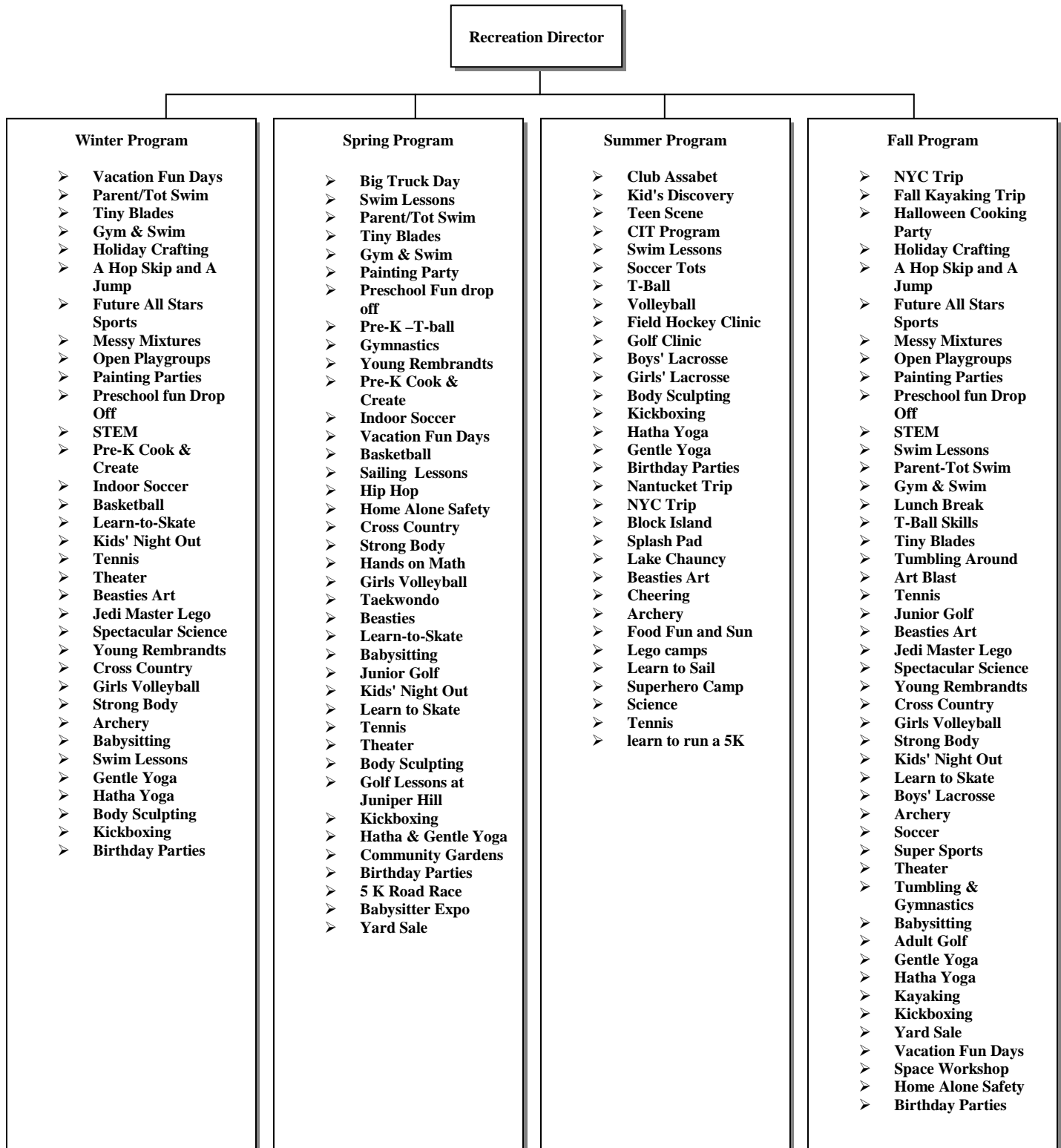
1. To meet the ever-changing needs and abilities of residents and non-residents by providing comprehensive, quality recreational activities and programming.
2. Continue to increase awareness of Recreation Department programming to the community through social media and the website.
3. To encourage the continuation of cooperation with the Recreation Department, neighboring governmental agencies and the school district.
4. Seek out sponsors for leagues to offset expenses.
5. Continue to develop leagues which bring in high revenues and fulfill the needs of the Community.
6. Increase Challenger Awareness by expanding the current sports to other communities.
7. To continue to expand self-sustaining programming for the community.

Significant Budget Changes or Initiatives

The FY2019 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 2018 Annual Town Meeting Warrant contains a transfer of \$155,677 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
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

Section 5-17

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
¹RECREATION DEPARTMENT						
Personnel Services						
51100 Director & Asst Dir salaries	131,206	136,451	140,632	145,121	69,163	147,874
51410 Longevity Pay	550	700	700	850	850	850
SUBTOTAL	131,756	137,151	141,332	145,971	70,013	148,724
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	131,756	137,151	141,332	145,971	70,013	148,724

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 \$155,677 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.



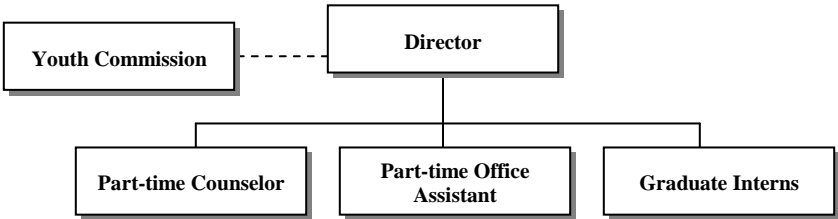
Family & Youth Services Departmental Statement

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 FY2018 Initiatives and Accomplishments

1. In 2017 the Department guided 926 residents to transcend the challenges of depression, anxiety, grief, loneliness and homelessness through professional counseling, school-based therapy, a bereavement group, crisis intervention, fuel and food assistance, case management and referral services.
2. In 2017 the Department responded to requests from 432 residents resulting in 1,004 referrals to mental health providers, medical clinics, food and fuel assistance programs, community meals, legal aid resources, furniture banks and other local, state and federal organizations.
3. The Department continues to address substance use among adolescents and young adults. Metro West Adolescent Health Survey data indicate drinking and other drug abuse rates exceeded the regional rate in Ashland, Framingham, Northborough, Southborough, Hudson and Natick. In response, these towns formed the Substance Use Prevention Collaborative and provided the following programs to Northborough residents:
 - Andrea Egmont “Build Them Up” Training: Introducing Positive Youth Development using the Search Institute’s 40 Developmental Assets to foster asset building and enhance protective factors in youth;
 - Mark Wahlberg Youth Foundation: “If Only” a film for parents to raise awareness about the dangers of prescription drug misuse; followed by a Panel Discussion about drug use and addiction;
 - Prior to the screening of “If Only” we provided a Resource Fair to share information with residents;
 - Hidden in Plain Sight: An educational awareness program for parents designed to help them identify potential items that they may find in their child’s room that could be a sign of risky behavior;
 - Northborough Police Department Training: Opioid overdose recognition and use of Narcan for reversal.
4. The Department hosted a Clinical Psychology Doctoral Intern from William James College who initiated a bereavement support group at the Senior Center for residents dealing with loss. It was so well-received the Senior Center established it as an ongoing group.
5. Due to the generosity of TEAMWORKS, the Department received summer camp scholarships and we were able to offer two children the opportunity to attend a week at summer camp at no cost.
6. Family & Youth Services and the Senior Center continue to be Application Sites for the Federal Low Income Home Energy Assistance Program. According to South Middlesex Opportunity Council FY 2017 City/Town Report, 137 Northborough residents received heating assistance, with a total dollar expended of \$90,054.19.
7. The Department participated in the ARHS Mental Health Forum sponsored by the Junior Class History Students. The panel included Adjustment and Guidance Counselors as well as Northborough and Southborough Clinicians.

**Family & Youth Services FY2019 Goals and Initiatives**

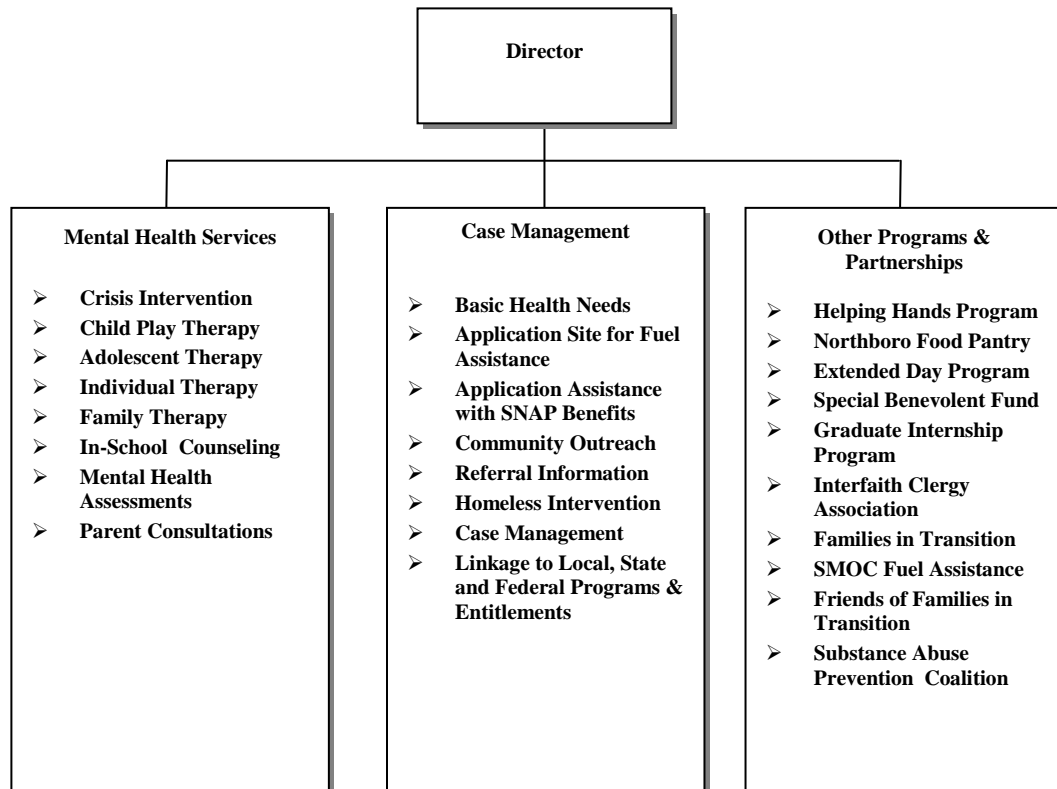
1. Continue efforts to reduce underage drinking and other substance misuse by advocacy and raising awareness through:
 - The Central MetroWest Substance Abuse Prevention Collaborative with the goal to use evidence-based strategies to limit youth access to alcohol and strengthen connections with caring adults;
 - The Northborough-Southborough Substance Abuse Prevention Collaborative;
 - The Caring Adult Action Team with the goal to build capacity of local organizations to connect youth in meaningful ways that help to prevent and reduce youth substance misuse;
 - The School District's Health & Wellness Committee; and
 - Updates from members of the Youth Commission Meetings (composed of high school student liaisons, school staff and other community members).
2. Continue to raise awareness about the need for mental health resources to address the increased prevalence of children and adolescents presenting with mental health issues through:
 - Continued collaboration with the Schools to address student's mental health needs;
 - Continued participation in the School District's Mental Health Providers Meeting;
 - Attendance at monthly meetings with the principals and support staff at Melican Middle School;
 - Continued discussion at Youth & Family Services Network Meetings and Youth Commission Meetings; and
 - Case presentations and discussions at Northborough Cares Meetings.
3. In partnership with Algonquin Regional High School, Southborough Youth and Family Services, identify and create additional opportunities to empower and celebrate the important role of youth and families.

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 FY2019 Family & Youth Services budget, which is up \$3,319, or 2.28%. 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
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

Section 5-23

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
FAMILY & YOUTH SERVICES						
Personnel Services						
51100 Director Salary	82,185	83,993	85,673	87,387	42,013	89,135
51120 Part-time Counselor	1,887	25,209	28,101	29,645	13,823	30,540
51140 Part-time Admin. Asst Wages	17,562	19,949	19,275	22,295	9,986	22,971
51410 Longevity Pay	200	200	200	350	350	350
SUBTOTAL	101,834	129,352	133,249	139,677	66,171	142,996
Expenses						
53080 Clinical Consultants	2,602	450	1,525	2,600	0	2,600
53190 Training	747	320	788	1,020	200	1,020
53580 Program Supplies	1,435	614	773	1,200	589	1,200
57110 Travel/Mileage	908	887	1,360	832	432	832
57320 Subscriptions	347	225	573	425	75	425
SUBTOTAL	6,039	2,496	5,020	6,077	1,296	6,077
TOTAL: FAMILY & YOUTH SERVICES	107,873	131,848	138,268	145,754	67,468	149,073



Cable Access TV Departmental Statement

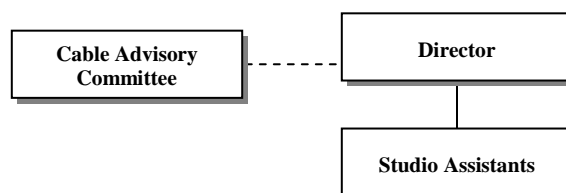
The Cable Access TV Department, under the direction of the Cable Access Director, is responsible for the operations of the three local access television stations, which are Public Access, Educational Access and Government Access Television. The Director is also responsible for overseeing the provisions 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 FY2018 Initiatives and Accomplishments

1. Completed the upgrade of our playback server enabling High Definition video on demand replay, adaptive playback on all equipment (TV, computer, phone), and easier scheduling.
2. Continued to greatly expand the amount and quality of locally produced television shows.

Cable Access TV Department FY2019 Goals and Initiatives

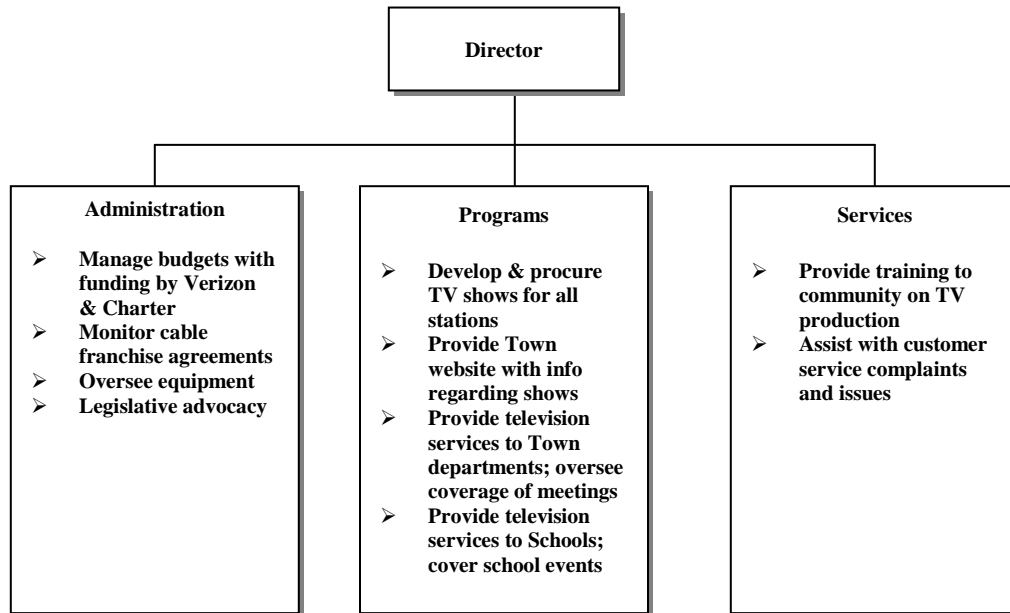
1. Initiate advanced inventory and checkout system.
2. Purchase and installation of complete TV studio LED lighting changeover.
3. Setup portable robotic camera system for live broadcasts from any internet accessible location.
4. Substantially increase municipal meeting and high school sports coverage.

Significant Budget Changes or Initiatives

Overall, the Cable Access budget increases in FY2019 by \$35,998 primarily due to anticipated capital expenditures. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. With the exception of the planned capital expenditures and increased seasonal event coverage there are no significant budgetary changes in FY2019.



Cable Access TV Department Programs and Services



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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Studio Assistant	.48	1.38	1.38	1.38	1.38
Seasonal Studio Assistants	.25	.13	.13	.13	.13
Total Full-time Equivalent	1.73	2.51	2.51	2.51	2.51

***Personnel Explanation¹:**

- 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).

¹ Cable Access personnel are not reflected in the summary personnel table in the Budget Message as the positions are funded through cable license fees and not tax revenues.

Section 5-28

Cable Access TV



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
CABLE ACCESS TV						
Personnel Services						
51110 Director Salary	63,800	66,384	69,068	71,862	34,207	72,729
51120 Studio Assistants	32,971	38,917	61,400	63,552	29,765	74,071
51410 Longevity Pay	500	500	500	500	500	500
SUBTOTAL	97,272	105,801	130,968	135,914	64,472	147,300
Expenses						
51750 Town Health Insurance	14,602	14,988	33,153	37,654	38,080	32,998
52800 Contractual Services	109	2,170	2,170	2,500	0	4,500
53040 Computer Services	3,111	2,478	3,268	6,507	2,013	7,500
53410 Telephone	1,303	1,380	1,457	1,600	613	1,700
53720 Maintenance	60	331	405	2,000	0	2,000
54290 Office Supplies	900	1,064	4,440	4,600	760	5,500
54690 Studio Materials	5,749	5,579	8,701	28,000	3,781	11,500
56220 County Retirement Assessment	7,473	8,094	14,842	15,625	15,624	17,350
57110 Travel/Mileage	0	255	202	500	0	500
57310 Dues	200	300	350	400	200	450
58690 New Equipment/Capital	23,482	29,885	123,640	90,000	0	130,000
59990 Other Financing Uses	0	0	0	0	0	0
SUBTOTAL	56,989	66,523	192,629	189,386	61,071	213,998
TOTAL: CABLE ACCESS TV	154,260	172,325	323,597	325,300	125,543	361,298

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 law² 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.

² 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 FY2018 Accomplishments

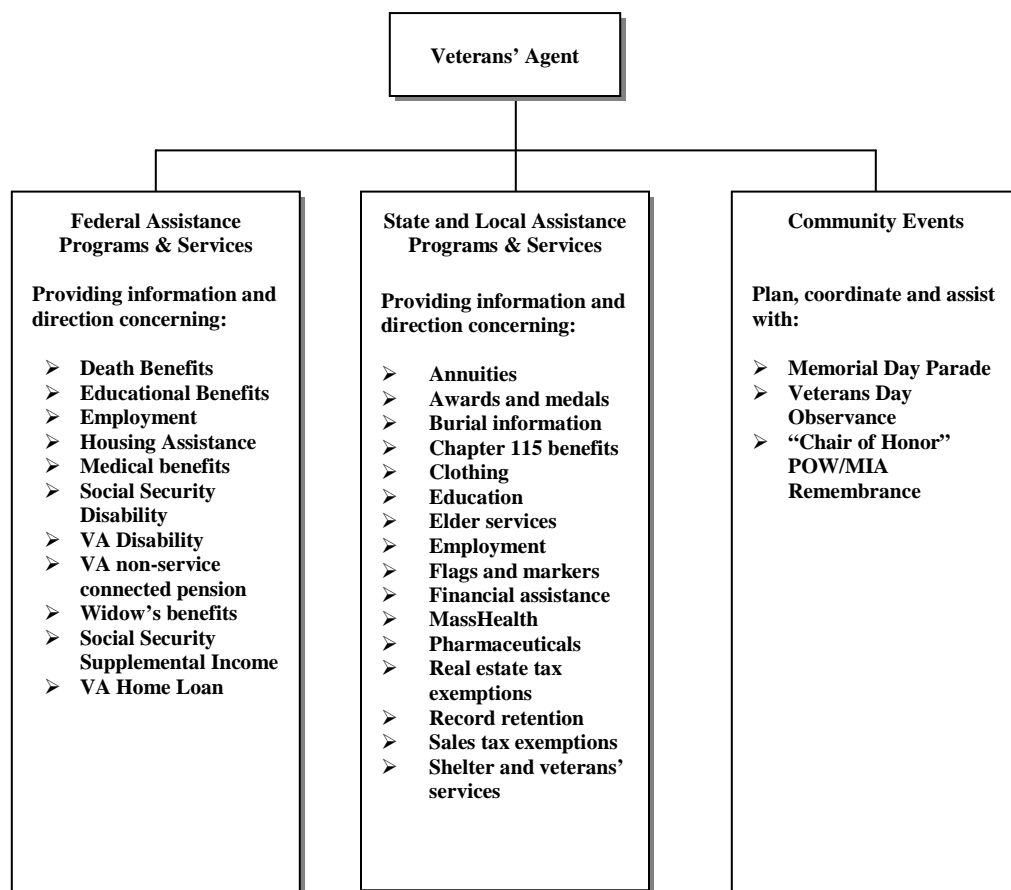
1. Continued to provide supportive services to active duty military and veterans in partnership with several local public and private organizations. Events included the following:
 - Sending care packages to military service members currently serving overseas;
 - The Veterans' Community hosted and/or participated in Armed Forces Day, Memorial Day, Vietnam Remembrance, Veterans' Day, Pearl Harbor Day, Applefest and Wreaths Across America events;
 - Veterans' Services staff continued to participate in various community and educational events to educate and inform Veterans, their families and the community at large about the variety of federal, state and local programs and benefits that are available.
2. Served as a resource for various local businesses regarding the veteran community, most especially in regards to various forms of military paperwork, employee veteran status, employment practices and transition assistance.
3. Through expanded outreach efforts and improved coordination with the Northborough Senior Center staff, identified low-income individuals eligible for additional financial assistance based on their service or that of a family member.
4. Continue to support a high volume of claims to the Department of Veterans Affairs for medical care, disability and survivor's pensions. Northborough residents received a combined total of \$347,233 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% (\$17,948) of the overall administrative expenses in FY2019.¹ However, ordinary benefits for qualifying veterans and their families increased from \$39,760 to \$57,000 in FY2018 based upon projected needs, and will remain at that level in FY2019. 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 FY2019 Veterans' Services budget increased by 1%.

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

Section 5-31

VETERANS' SERVICES

Personnel Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Position	FTE	FTE	FTE	FTE	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.

Section 5-32

Veterans' Services



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 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	14,224	30,735	33,067	57,000	24,738	57,000
55090 District Expenses	12,509	13,524	15,890	17,135	0	17,948
57810 Unclassified	4,651	3,407	3,682	4,500	0	4,500
SUBTOTAL	31,384	47,666	52,639	78,635	24,738	79,448
TOTAL: VETERANS' SERVICES	31,384	47,666	52,639	78,635	24,738	79,448



Community Service Committees

Section 5-33

Cultural Council

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

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
CULTURAL COUNCIL							
Expenses							
57810	Unclassified	500	500	500	500	430	500
	SUBTOTAL	500	500	500	500	430	500
TOTAL: CULTURAL COUNCIL		500	500	500	500	430	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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 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	75	225	0	500	0	0
58690 New equipment	0	0	0	0	0	0
SUBTOTAL	75	225	0	500	0	500
TOTAL: HISTORICAL COMMISSION	75	225	0	500	0	500



This Page Intentionally Blank

Undistributed Expenses

Section 6



This Page Intentionally Blank



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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	4,336,371	4,590,594	4,934,245	5,522,354	2,826,850	5,732,512
Transfer to OPEB Trust	500,000	500,000	500,000	500,000	500,000	500,000
Life Insurance	5,930	7,080	5,863	8,776	3,202	8,930
Other Benefits/FICA	364,210	381,928	379,909	441,693	195,414	452,653
Worcester Regional Retirement	1,306,702	1,415,244	1,531,756	1,612,608	1,612,608	1,790,753
Workers Comp	101,440	109,700	117,619	145,878	115,356	151,330
SUBTOTAL EMPLOYEE BENEFITS	6,614,653	7,004,545	7,469,392	8,231,309	5,253,430	8,636,178
Building & Liability Insurance						
	180,631	199,061	234,703	256,395	239,303	258,959
Debt Service	2,050,723	2,488,169	2,923,648	2,959,080	853,211	2,801,244
State Assessments	275,498	258,560	184,871	206,610	105,929	234,448
Reserve for Abatements¹	462,432	623,081	366,912	280,000	280,000	619,436
Cherry Sheet Offset Items²	27,591	19,972	21,604	22,559	22,559	22,559
Stabilization Fund Contribution	0	200,000	200,000	200,000	200,000	200,000
Reserve Fund³	0	0	0	175,000	0	175,000
Warrant Articles⁴	28,610,053	4,129,000	3,560,000	2,107,000	0	1,870,000
TOTAL: UNDISTRIBUTED EXPENSES	38,221,581	14,922,388	14,961,130	14,437,953	6,954,432	14,817,824

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.

As of July 1, 2018, in an effort to control the escalating costs of health insurance, the Town issued a Request for Proposals to various health care providers. The result of that process was a move to consolidate carriers under the Fallon Community Health Plan. Under Fallon, the Town offers a Select HMO plan with a broad network, a Direct HMO plan with limited network, and continues to offer the Fallon Preferred Provider Plan (PPO). As a benefit of retirement, former Town employees are also eligible for group health insurance coverage. Retirees under the age of 65 or otherwise not Medicare eligible 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, 2018 a total of 300 active employees (86 Town and 214 K-8 School), 141 retirees (47 Town and 94 K-8 School) and 56 retiree dependents (12 Town and 44 School) were enrolled in one of the Town's health insurance plans.

The following estimated rate schedule was used in budgeting for FY2019.

Health Insurance Plan		7/1/2018 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2018 Town Monthly Expense		7/1/2018 Employee Monthly Expense		7/1/2018 Town Monthly Expense		7/1/2018 Employee Monthly Expense	
Fallon Select HMO	Ind	807.68	65.5%	529.12	34.5%	278.56	75%	605.76	25%	201.92
	Fam	2,099.92	65.5%	1,374.88	34.5%	725.04	75%	1,574.94	25%	524.98
Fallon Direct HMO	Ind	726.91	65.5%	476.13	34.5%	250.78	75%	545.18	25%	181.73
	Fam	1,889.90	65.5%	1,237.88	34.5%	652.02	75%	1,417.43	25%	472.47
Fallon Pref Care PPO	Ind	969.22	50.0%	484.61	50.0%	484.61	50%	484.61	50%	484.61
	Fam	2,519.90	50.0%	1,259.95	50.00%	1,259.95	50%	1,259.95	50%	1,259.95



Undistributed Expenses

Section 6-3

Several years ago, the Town negotiated a 60% Town and 40% Town employee share of any premium changes. Therefore in FY2019, the Town contribution will be 65.5% of the monthly Fallon HMO premiums for Town employees. 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 FY2019. In accordance with Chapter 32B, the Town pays 50% of the monthly premium for the Fallon PPO Plan for both K-8 School and Town employees. The employees pay the remaining premium through bi-weekly payroll deductions.

The FY2019 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2019. The following rate schedule was in place until the calendar year renewal.

Health Insurance Plan		1/1/2018 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
				1/1/2018 Town Monthly Expense		1/1/2018 Retiree Monthly Expense
Fallon Senior	Ind	405.00	70%	283.50	30%	121.50
	Ind x2	810.00	70%	567.00	30%	243.00
Tufts Medicare	Ind	599.00	70%	419.30	30%	179.70
Complement	Ind x2	1198.00	70%	838.60	30%	359.40
Tufts Medicare	Ind	310.00	70%	217.00	30%	93.00
Preferred	Ind x2	620.00	70%	434.00	30%	186.00
MEDEX 2	Ind	389.78	51%	198.79	49%	190.99
	Ind x2	779.56	51%	397.58	49%	381.98

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

Section 6-4

Undistributed Expenses



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 added separate higher copayments 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.

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 copayments for inpatient and outpatient services.

Again in FY2018, with unfavorable claims data, the employee groups conceded to further changes in plan design and higher co-pays for office visits and specialists. A co-pay for High Tech Imaging was also introduced.

In an effort to control the cost of health insurance in FY2019 and into the future, the Town issued a Request for Proposals and once again negotiations have been undertaken with employee groups. With the results of the RFP, the recommendation was made to move to a sole source option with one provider, Fallon Community Health Plan. This change offers the traditional HMO plan as well as a limited network HMO plan at a lower cost, which may appeal to some employees. With these changes, the budget request is \$5.7 million, which represents a total increase of \$210,158 or 3.8% from the amount budgeted last year.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
HEALTH INSURANCE						
Expenses						
51750 Town Health Insurance	897,501	942,779	993,285	1,172,664	507,257	1,180,199
51755 Town Retiree Health Ins.	269,071	294,717	303,542	346,145	177,282	362,564
51800 School K-8 Health Insurance	2,686,213	2,825,639	3,043,485	3,337,251	1,814,834	3,469,138
51805 School K-8 Retiree Health Ins.	481,973	521,357	566,522	616,294	310,473	670,611
51850 Health Reimbursement Account	1,613	6,100	27,412	50,000	17,005	50,000
SUBTOTAL	4,336,371	4,590,594	4,934,245	5,522,354	2,826,850	5,732,512



Undistributed Expenses

Section 6-5

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 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 next actuarial study was completed at the close of FY2015 and the UAAL increased to \$34.9 million and as required, another actuarial update was conducted for the close of FY2017. The most recent OPEB Liability was calculated to be \$37.4M (net of the trust fund balance).

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, FY2017 and FY2018 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 \$71.9 billion as of December 31, 2017, 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 FY2019 Budget once again provides for a \$500,000 contribution to the OPEB Trust Fund.

	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	500,000	500,000	500,000	500,000	500,000	500,000
SUBTOTAL	500,000	500,000	500,000	500,000	500,000	500,000

Life Insurance

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.



Section 6-6

Undistributed Expenses

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 policy for the Town Administrator pursuant to the employment contract.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	1,540	2,451	1,508	4,106	739	4,108
51745 School K-8 Life Insurance	4,390	4,628	4,355	4,670	2,464	4,822
SUBTOTAL	5,930	7,080	5,863	8,776	3,202	8,930



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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	95,750	116,969	108,634	107,456	54,387	110,679
51733 FICA School Share	237,603	238,851	255,296	257,897	126,960	265,634
51735 Unemployment Compensation	12,090	7,344	0	60,000	5,929	60,000
55090 Miscellaneous Benefits	18,768	18,764	15,979	16,340	8,139	16,340
SUBTOTAL	364,210	381,928	379,909	441,693	195,414	452,653



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 one hundred (100) 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 FY2019 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, 2017, the State's contribution to this plan was \$1,124,583,000. The Town's proportionate share of these contributions was \$2,484,203.

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



Undistributed Expenses

Section 6-9

The total FY2019 Worcester Regional Retirement Assessment is \$1,886,814. The \$1,790,753 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$47,225), the Sewer Enterprise Fund (\$31,486) or the Cable Access TV budget (\$17,350)⁷.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WORCESTER REGIONAL RETIREMENT						
Expenses						
56220 Retirement Assessment	1,306,702	1,415,244	1,531,756	1,612,608	1,612,608	1,790,753
SUBTOTAL	1,306,702	1,415,244	1,531,756	1,612,608	1,612,608	1,790,753

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 3.7% budgetary increase for FY2019. 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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	98,758	109,119	114,363	140,878	115,251	146,330
53080 Police/Fire Injured on Duty (IOD) Medical Payments	2,682	581	3,256	5,000	105	5,000
SUBTOTAL	101,440	109,700	117,619	145,878	115,356	151,330

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 1% budgetary increase for FY2019.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	180,631	199,061	234,703	256,395	239,303	258,959
SUBTOTAL	180,631	199,061	234,703	256,395	239,303	258,959



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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	1,536,532	1,827,532	2,072,532	2,136,383	344,532	2,060,533
59150 Interest/Long-term Debt	514,191	659,680	851,115	822,697	508,679	740,711
59270 Interest/Temporary Loans	0	957	0	0	0	0
SUBTOTAL	2,050,723	2,488,169	2,923,648	2,959,080	853,211	2,801,244

For FY2019, the total Debt Service for the General Fund is \$2.80 million, a decrease of \$157,836.

The FY2019 Lincoln Street School Debt service is \$1,100,275 and it has decreased slightly from the FY2017 peak of \$1,144,882. The Lincoln Street School Building Project has now been finalized. It was completed on time and approximately \$1.34 Million under budget. It is anticipated that the unused bond proceeds from this project will be used to fund the next phase of the Fire Station Building project. 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, in accordance with the Town's FY2010 Free Cash Policy, 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



Northborough's total issued and outstanding long term debt principal, both inside and outside the debt limit as of June 30, 2017, is \$27,917,525, 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 FY2019 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.

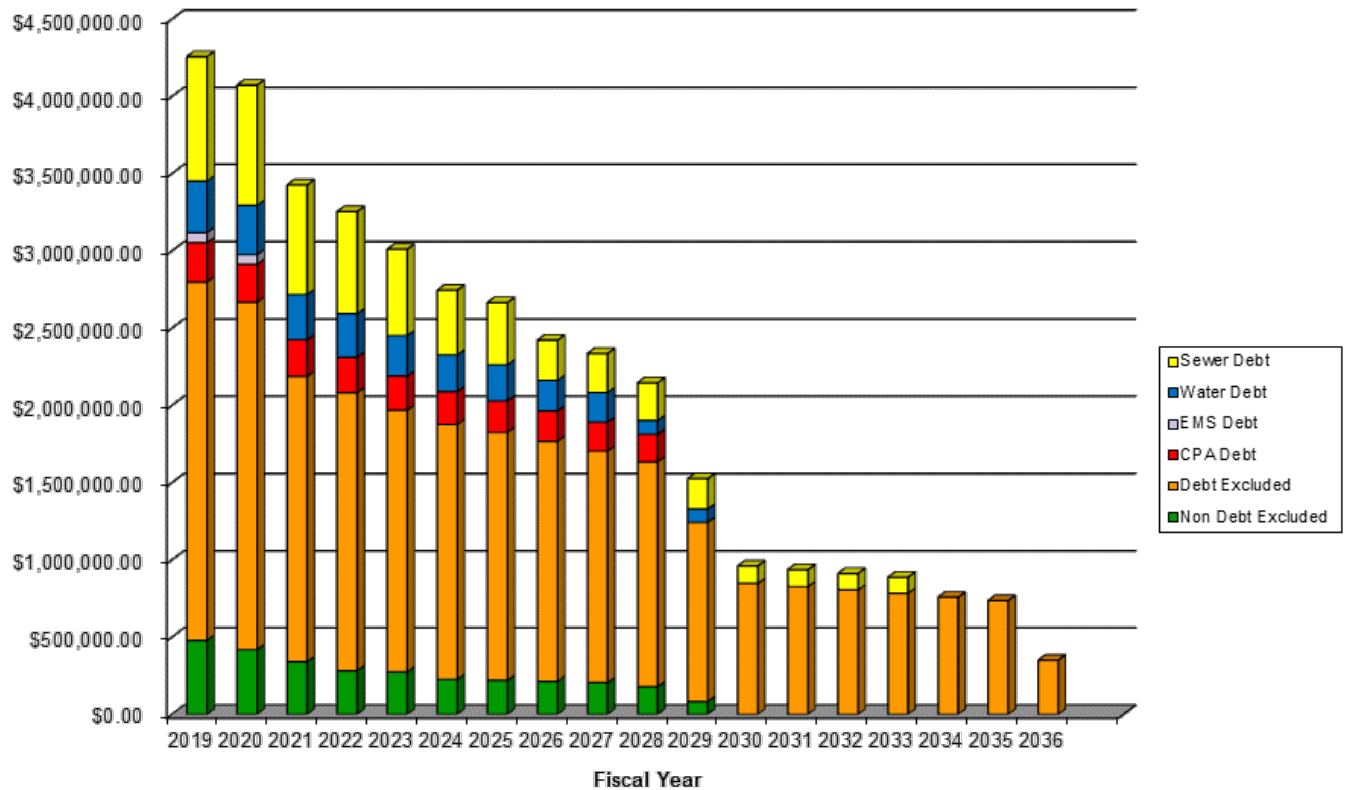
<u>Moody's</u> <u>Investor Service</u> <u>Bond Rating</u>
Aaa
➡ Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2

Total Long Term Debt Service - All Funds

The total long term annual debt service from FY2019 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	CPA	EMS	Water Enterprise	Sewer Enterprise	Total
Due	Fund	Debt Excluded	Debt	Debt	Fund	Fund	Debt Service
2019	478,686	2,319,152	255,000	64,260	334,534	804,735	4,256,366
2020	418,749	2,248,341	246,500	61,880	318,973	777,592	4,072,034
2021	341,081	1,845,790	238,000		292,787	708,356	3,426,014
2022	282,314	1,799,263	229,500		282,182	660,456	3,253,714
2023	274,096	1,694,308	221,000		262,697	558,050	3,010,150
2024	226,791	1,649,793	212,500		237,794	417,985	2,744,863
2025	220,386	1,604,843	204,000		233,254	402,420	2,664,903
2026	213,795	1,553,979	195,500		198,588	259,910	2,421,772
2027	205,018	1,499,236	187,000		192,070	251,830	2,335,154
2028	179,325	1,454,919	178,500		89,075	243,750	2,145,569
2029	83,200	1,159,225			87,581	195,575	1,525,581
2030		846,775				113,000	959,775
2031		826,400				109,750	936,150
2032		805,100				106,500	911,600
2033		783,800				103,250	887,050
2034		757,500					757,500
2035		736,350					736,350
2036		350,200					350,200
	2,923,441	23,934,971	2,167,500	126,140	2,529,534	5,713,159	37,394,745



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 75% of the expenses—Mosquito Control, MBTA and Charter School Assessments.

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

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	54,437	50,238	58,514	60,159	30,084	62,232
56400 Air Pollution Assessment	5,149	5,269	5,401	5,229	2,616	5,367
56420 MBTA	72,455	74,302	74,530	72,019	36,012	74,866
56430 Regional transportation Ch 161 B	23,570	22,473	22,844	26,271	13,140	25,601
56450 Parking Surcharge Ch 90	8,760	8,760	7,960	7,960	3,984	7,960
56455 School Choice Sending Tuition	28,586	13,268	15,622	18,555	9,465	19,200
56460 Charter School Sending Tuition	82,541	84,250	0	16,417	10,628	39,222
SUBTOTAL	275,498	258,560	184,871	206,610	105,929	234,448



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 FY2019, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$619,436, which represents approximately 1.22% of the estimated tax levy.

Cherry Sheet Offset Items

Cherry Sheet Offset Items represents State Aid revenue that is included with the Town's revenue estimates that are provided by the State called the "Cherry Sheet." The estimates include specific revenue items dedicated to be used for certain purposes, and are received and expended outside the General Fund. Therefore the General Fund expenditure budget must reflect an "offset" for this anticipated revenue.

The only offset item for FY2019 is \$22,559 estimated 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, 2017, the balance in the Stabilization Fund is \$4.36 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 FY2019 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.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	0	200,000	200,000	200,000	200,000	200,000
SUBTOTAL	0	200,000	200,000	200,000	200,000	200,000
TOTAL: STABILIZATION FUND CONTR.	0	200,000	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 FY2018. An appropriation of \$175,000 from Free Cash is again proposed for FY2019.

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.

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		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 FY2019, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, funding the FY2019 Capital Budget with \$1,360,000 from Free Cash, \$350,000 to Repair and Replace Water Mains to be paid from Water Enterprise Free Cash, and \$160,000 to purchase an Excavator to be paid from Water/Sewer Enterprise Free Cash. The Capital Budget totals \$1,870,000, and together with the other warrant articles the total expenditures come to \$2,245,000.

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 FY2019 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 FY2018 included again in FY2019 in the amount of \$200,000 (see page 6-17 for more detail).
- \$87,000 for Police Cruiser Replacements — This request provides for the replacement of two patrol vehicles for the use of the Police Department. Included in the funding request is the cost of outfitting the vehicles with ancillary equipment, including radars and emergency warning equipment.
- \$140,000 for MIS Aerial Photography—This request provides for the new aerial photography project to update the Town's Geographic Information System.
- \$140,000 for DPW One-Ton Dump Truck with Hot Box and Plow — This request provides funds to replace a 2008 model year vehicle with a one-ton cab and chassis truck outfitted with an asphalt hot box. The truck will also have a plow to aid in snow removal operations. The 2008 vehicle has surpassed its useful life expectancy of about 10 to 12 years.
- \$231,000 for Street Sweeper Replacement —This request provides funds to replace the existing 2007 Elgin Pelican Street Sweeper. The useful life expectancy is approximately 10 years.
- \$105,000 for Skid Steer Replacement — This request provides funds to replace a 2006 John Deere Skid Steer.
- \$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.



Section 6-20

Undistributed Expenses

- \$160,000 for Water/Sewer Division Excavator—This request provides funds to purchase an excavator for the use by the Water and Sewer Division. The excavator will supplement a 2005 backhoe that was transferred from the Highway Division. This article will be funded by a transfer from Water and Sewer Enterprise Free Cash.
- \$350,000 for Water Division – Water Main Repair and Replacement— 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 article will be funded by a transfer from Water Enterprise Free Cash and will be used for system improvements in the Park Street and Winn Street neighborhood.
- \$357,000 for School Department Zeh School Boiler Replacement —This Article provides funds to replace the 1999 Boiler at the Zeh School. this project consists of installing two 2,500,000 BTU Lochinvar Crest Boilers. The new boilers are more fuel efficient with an estimated fuel savings of around 35 to 40 percent. Two variable speed drives will be installed to reduce electric energy consumption. The expected useful life of the new boiler is 20 years.



Undistributed Expenses

Section 6-21

		FY2015	FY2016	FY2017	FY2018	FY2018	FY2019
		BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING							
SPECIAL WARRANT ARTICLES							
Expenses							
51521	Fire Car One 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	65,000					
51519	Lincoln Street School Add/Ren	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				
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				
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				
51722	Police Station Roof Replacement			90,000			
51723	DPW Church St Culvert			2,000,000			

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)

FY2015 FY2016 FY2017 FY2018 FY2018 FY2019
BUDGETED¹⁰ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

TOWN MEETING SPECIAL WARRANT ARTICLES

Expenses						
51724 DPW Dump Truck Replacement			215,000			
51725 DPW Sidewalk Machine			180,000			
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		
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		
51830 Sewer Inspection Camera				110,000		
51831 Sewer W Main Pump Station				400,000		
51832 Water Service Truck Replacement				100,000		
51833* Proctor School Roof Repairs		200,000		300,000		
51915* Police Cruiser Replacements		85,000	85,000	87,000		87,000
51916 GIS Aerial Photography						140,000
51917 DPW One-Ton Dump Truck						140,000
51918 DPW Street Sweeper						231,000
51919 DPW Skid Steer						105,000
51920* DPW Road Improvements			300,000	300,000		300,000
51921 Water Dept. Excavator						160,000
51922 Water Main Repairs						350,000
51923 Zeh School Boiler Replacement						357,000
SUBTOTAL	28,610,053	4,129,000	3,560,000	2,107,000		1,870,000
59810 Reserve Fund	150,000	175,000	175,000	175,000		175,000
59950 Stabilization Fund		200,000	200,000	200,000		200,000
TOTAL	28,760,053	4,504,000	3,935,000	2,482,000		2,245,000

*Multiple account numbers combined for display purposes

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



This Page Intentionally Blank



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 FY2019, the proposed K-8 School budget is an increase of \$820,576 or 3.50%.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
NORTHBOROUGH K-8 SCHOOLS						
K-8 School Department	20,942,278	21,741,419	22,645,509	23,445,017	8,818,087	24,265,593
TOTAL	20,942,278	21,741,419	22,645,509	23,445,017	8,818,087	24,265,593

Northborough K-8 Public School											
Enrollment as of October 1, 2017											
	Pre K	K	1	2	3	4	5	6	7	8	Totals
Lincoln		40	38	45	43	39	50				255
Peaslee		33	51	65	43	39	44				275
Proctor		31	37	44	52	33	52				249
Zeh		35	40	43	42	43	40				243
Melican								200	205	221	626
	0	139	166	197	180	154	186	200	205	221	1648

*Beginning in 2017, approximately 30 Northborough Pre-K students attend school in Southborough

****For detailed information regarding the Northborough K-8 Public School budget, initiatives and goals, please see the School Superintendent's FY2019 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. 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 FY2019 operating assessment is \$11,322,989 which is a \$916,663 increase, or 8.81%. This significant increase is primarily due to 38 additional students attending the high school from Northborough. The debt for ARHS decreases by \$49,800, or -7.54%, to \$610,774. Additionally, the debt exclusion will be reduced by \$218,000 which is the amount of the estimated FY2019 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project. The net effect of the combined operating assessment and new debt service is an overall budget increase of \$866,863, or 7.83%, to \$11,933,763.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ALGONQUIN REGIONAL HIGH SCHOOL						
19981 Algonquin Regional Assessment	9,006,343	9,421,675	10,071,650	10,406,326	5,204,587	11,322,989
19981 Debt- Exclusion – Prop 2 1/2	657,234	656,493	661,206	660,574	330,287	610,774
19981 Debt – Not Excluded	0	0	0	0	0	0
TOTAL	9,663,576	10,078,168	10,732,856	11,066,900	5,534,874	11,933,763

Algonquin Regional High School					
Enrollment as of October 1, 2017					
School	9	10	11	12	Totals
Northborough	244	208	217	204	873
Southborough	141	143	146	162	592
Other	2	2	2	1	7
	387	353	365	367	1472

****For detailed information regarding the Northborough/Southborough Regional High School budget, initiatives and goals, please see the School Superintendent's FY2019 budget.****



Public Education

Section 7-3

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 FY2019 budget is \$21,064,000 which is a \$770,000 or 3.79% increase.

As of October 1, 2017, 41 Northborough students attend Assabet Valley, which represents 4.92% of the FY2019 overall Assabet budget, or an operating assessment of \$612,406. This is an enrollment decrease of 8 from the 49 Northborough students that attended Assabet Valley last year. Northborough's FY2019 share of the debt assessment from the completed building renovation project is \$145,316, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$757,722, which is a decrease of \$135,171, or 15.14%.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
ASSABET VALLEY REG TECH HIGH SCH						
53260 Assabet Regional Assessment	828,280	868,431	688,313	741,661	370,831	612,406
53265 Assabet Non-Excluded Debt	8,186	15,006	192,135	151,232	75,616	145,316
TOTAL	836,466	883,437	880,448	892,893	446,447	757,722

****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. Following graduation of the one attending student in 2018, no Northborough students are expected to attend this school in FY2019.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
NORFOLK AGRICULTURAL HIGH SCHOOL						
56470 Norfolk Agricultural Assessment	43,594	47,594	48,979	50,000	0	0
TOTAL	43,594	47,594	48,979	50,000	0	0

Enterprise Funds

Section 8



This Page Intentionally Blank



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 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 FY2019 Budget Changes or Initiatives

The Solid Waste Enterprise Fund does not generate sufficient revenue to cover all its expenses. The total FY2019 fee revenues are projected to be \$488,000 and the FY2019 expenses are estimated at \$811,839 leaving a projected general fund subsidy of \$217,160 with a transfer from the Solid Waste Fund Free Cash of \$106,679. In FY2019, 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.

In 2016 the Town entered into a new three-year agreement with Republic Services to continue collection service to the Town through FY2019. Under this previous agreement, collection costs which were held constant at \$475,000 for the entire five year duration of the contract. The first year of the contract was again held constant at \$475,000 and then increased by 2% in FY2018 and another 2% in FY2019.

As a result of the fees projected to be collected and the FY2019 expenses of \$811,839, a General Fund subsidy of \$217,160 is recommended in order to balance the Enterprise Fund. Following is a detailed explanation regarding projected revenues, overhead costs, disposal costs, 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.



Section 8-2

Solid Waste Enterprise Fund

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 FY2018, the Town received \$5,400 as part of the Department of Environmental Protection's Recycling Dividends Fund 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 FY2019.

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 FY2019 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 list of acceptable items 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 FY2019.

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 \$67.14/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 FY2019 has been estimated at \$69.19/ton, which will apply to the amount of trash disposed of between 7/1/18 and 6/30/19.

Projected Tonnage for FY2019:

Actual tonnage for the last 12 months (calendar year 2017) was 1,956 tons, which reflects a 2.2% increase from the previous 12 months. Based on the number of new building permits for single family homes (17) during the last 12 months, the growth rate was 0.34%. The projected tonnage for FY2019 is approximately 2,006 tons ($1,956 \times 1.022 \times 1.0034$). Therefore, using a conservative estimate of 2,100 tons of solid waste to be disposed of results in an FY2019 budget of \$145,299 based upon the projected tipping fee of \$69.19/ton.



Solid Waste Enterprise Fund

Section 8-3

Collection Costs:

In 2016 the Town entered into a new three-year agreement with Republic Services to continue service to the Town through FY2019. Under this agreement, collection costs will increase by 2% in FY2019. The total FY2019 collection costs are \$494,190 which consists of \$275,706 for Trash Collection and \$218,484 for Recycling Collection and Disposal.

		FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 6 MONTHS	FY2019 PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	105,865	103,018	143,776	162,350	68,113	162,350
52910	Trash Collection/Hauler	475,369	475,000	476,538	484,500	239,685	494,190
57810	Trash Disposal-Wheelabrator	136,683	126,547	127,069	135,980	56,062	145,299
59810	Extra Ordinary & Unforeseen Exp.	0	0	0	10,000	0	10,000
	SUBTOTAL	717,917	704,564	747,383	792,830	363,859	811,839
TOTAL:	SOLID WASTE	717,917	704,564	747,383	792,830	363,859	811,839

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	\$125
Sub-total	\$162,350

Solid Waste & Recycling Collection – Allied Waste Services :

Trash Collection:	\$275,706
Recycling:	\$218,484
Sub-total	\$494,190

Trash Disposal - Wheelabrator Millbury, Inc.:

7/1/18 - 6/30/19: 2,100 tons x \$69.19/ton	\$145,299
Sub-total	\$145,299

Contingency Reserve	\$ 10,000
Sub-total	\$ 10,000

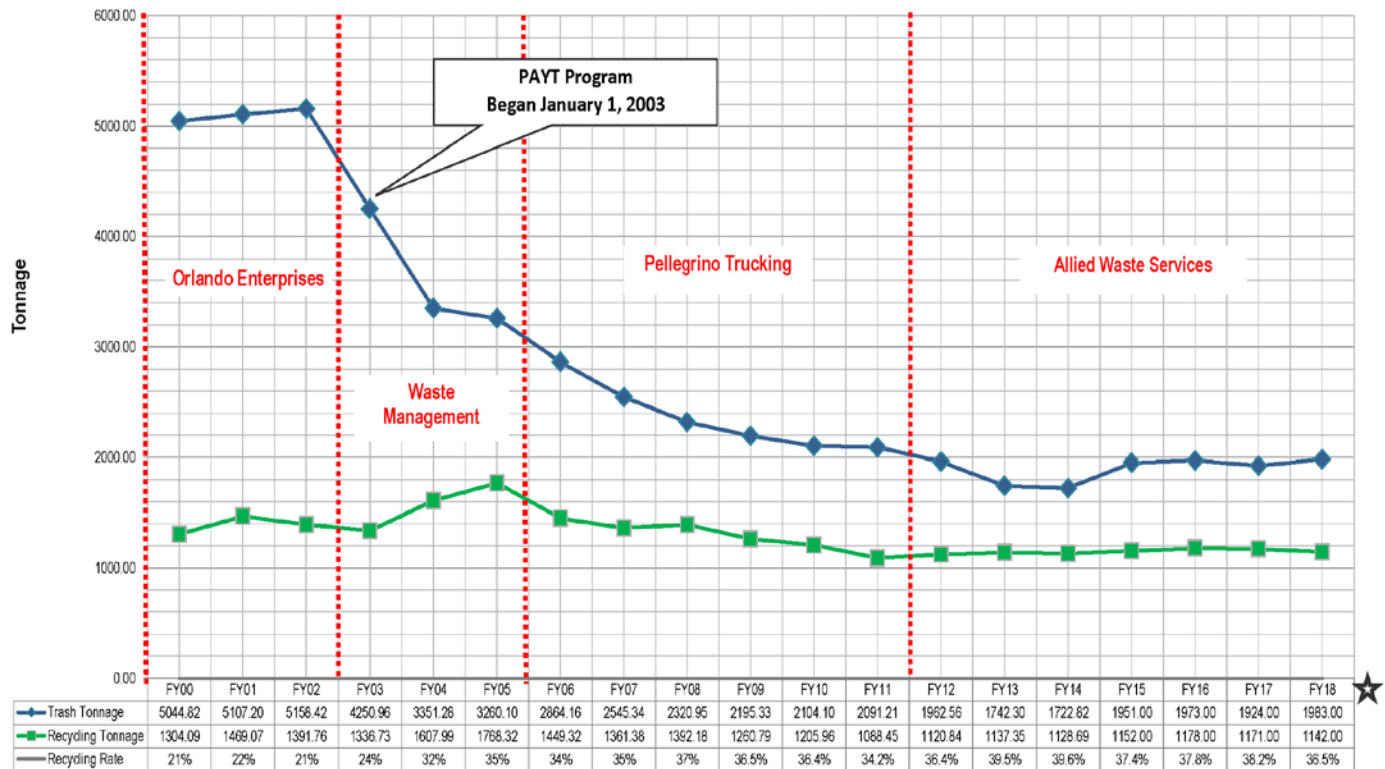
Grand Total \$811,839



Waste & Recycling Trends from FY2000 to FY2018

Trash & Recycling Comparison Chart
FY00- FY18

Cardboard Recycling Began July 1, 1997



★ 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 1,722 tons in FY2014 and has only recently started to increase slightly. In addition, recycling rates have risen from 21% in FY2002 to approximately 39% in FY2014 and are holding steady. The difference between the 5,158 tons of trash in FY 2002 and the 2,100 tons of trash projected to be disposed in FY2019 is 3,058. In FY2019 that difference, multiplied by the projected disposal rate of \$69.19/ton, represents approximately \$211,583 in cost avoidance. This cost avoidance will continue to increase as disposal costs continue to rise in the future.



This Page Intentionally Blank



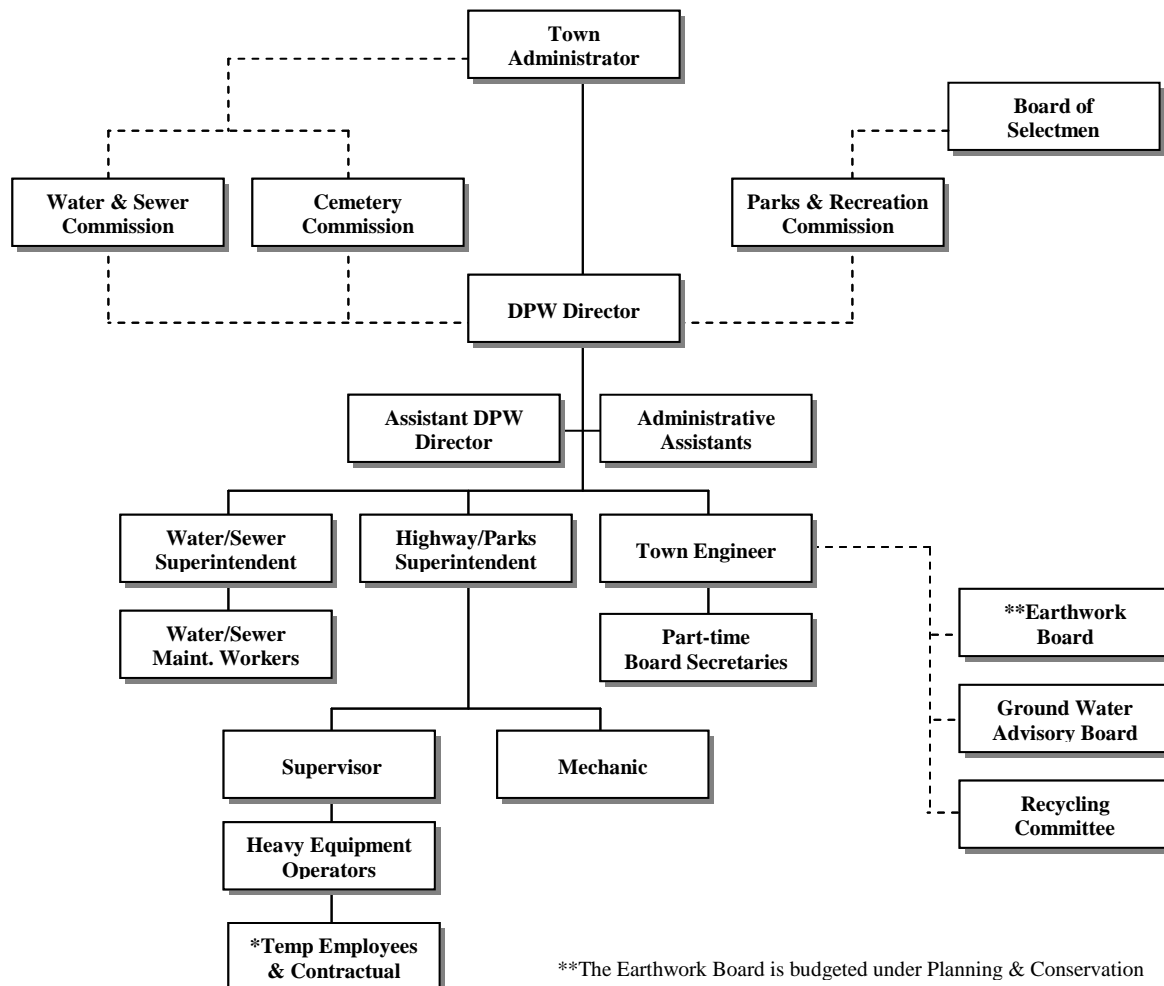
Water & Sewer Enterprise Funds

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.

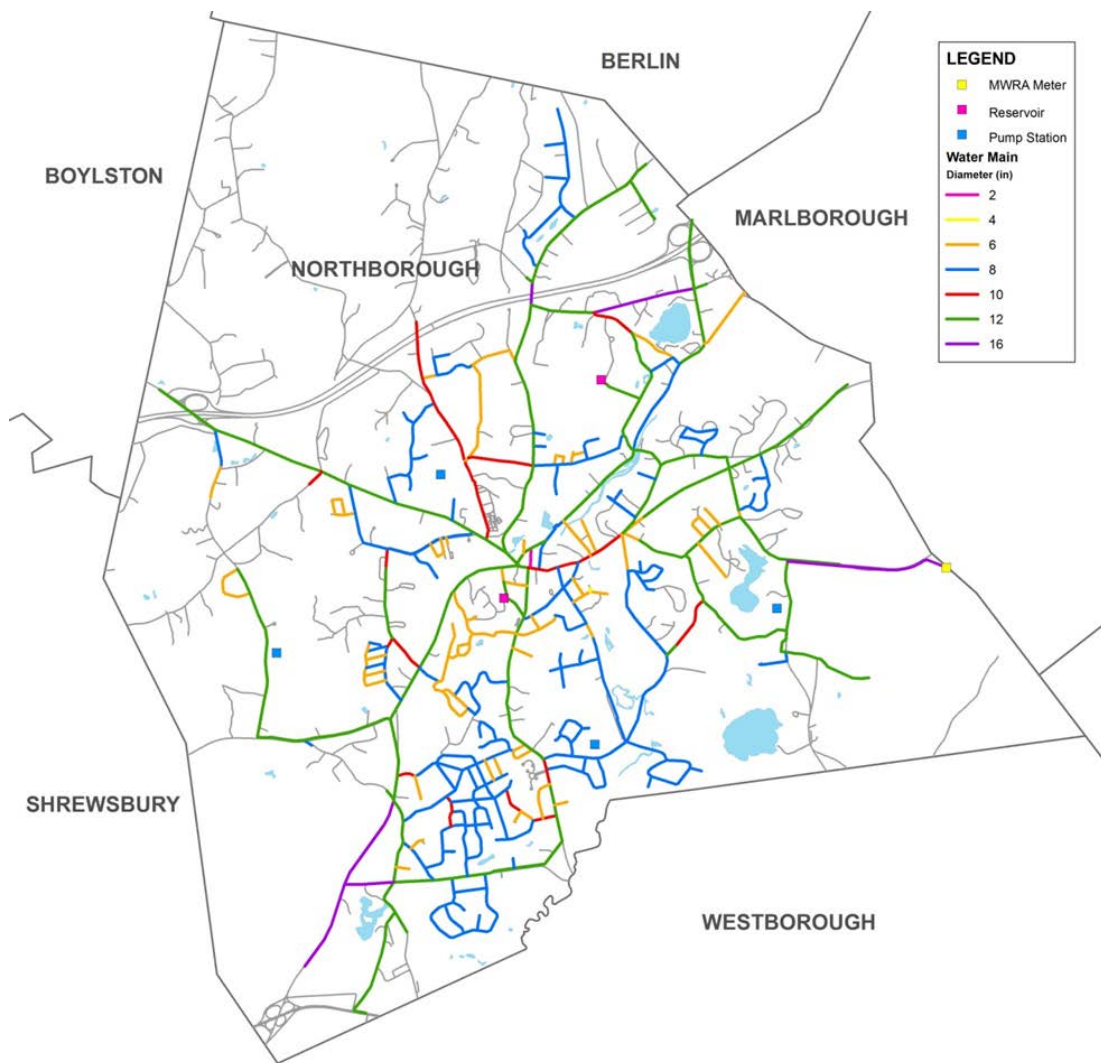


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, 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 FY2019 Budget Changes or Initiatives

The FY2019 Water Enterprise Fund is budgeted at \$2,496,718 which is an increase of \$60,337 or 2.5%. This increase is due to a number of factors, the single largest of which is a \$35,081 (2.8%) increase in the MWRA water assessment. Also included are modest increases for building maintenance at the Water and Sewer Garage, and implementation of the fourth stage of the Federal Unregulated Contaminant Monitoring Rule.

In the second quarter of FY2014, 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. The water utility user rates increased by 5% in FY2018 for the first time in several years, and are expected to increase by approximately 5% again in FY2019 following a formal rate study. These periodic rate increases are necessary due to inflationary pressures (between 2% and 3% annually), annual water use fluctuations and to support ongoing infrastructure investment.

A primary focus for the DPW Water Division Enterprise Fund is the successful implementation of the Capital Improvement Plan. The plan is the result of a multi-disciplinary approach to infrastructure management. It includes replacement of poor condition and undersized water mains in concert with roadway improvement projects, repairs and improvements to both water storage tanks, and systematic replacement of vehicles and equipment.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	142,384	143,119	159,215	162,405	76,970	166,773
³ 51100 Full-time Salary	34,383	48,858	43,361	62,467	16,330	62,339
⁴ 51120 Full-time Permanent wages	43,401	47,026	37,549	35,084	16,866	35,783
⁵ 51130 W&S Commissioner Stipends	2,242	1,080	1,080	1,080	0	1,080
⁶ 51135 GIS Salary	12,000	12,000	12,000	13,912	13,912	14,329
51300 Overtime	36,748	37,096	41,697	40,602	19,445	41,694
51410 Longevity Pay	1,425	1,560	1,320	1,170	1,230	1,320
51970 Stipends	1,080	850	1,800	900	0	900
51920 Uniforms	2,175	1,800	1,080	1,800	900	1,800
SUBTOTAL	275,837	293,389	299,102	319,420	145,653	326,018

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



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	8,617	8,876	9,319	12,495	12,495	13,174
51730 F.I.C.A.	3,836	4,453	4,453	4,587	4,587	3,785
51740 Life Insurance	88	88	88	88	88	88
51750 Health Insurance	43,828	39,828	43,421	55,488	55,488	53,307
52110 Utilities	12,180	14,808	15,126	16,000	5,208	16,000
52610 Building Maintenance	6,624	8,853	11,899	5,000	2,164	10,900
52620 Equipment Maintenance	6,266	14,446	22,328	18,000	1,872	18,000
52800 Contractual Services	67,226	71,022	34,209	116,570	73,763	114,700
52850 Audit	1,801	1,837	1,873	1,911	1,911	1,949
53020 Legal Services	1,538	2,570	1,499	5,000	833	5,000
53110 Printing	6,373	6,521	9,432	8,400	4,895	9,445
53170 Water Analysis	3,180	6,224	15,057	14,000	3,736	17,000
53190 Training	5,482	7,140	5,421	8,325	3,672	8,325
54290 Office Supplies	2,225	536	833	1,500	187	1,500
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	0	0	0	0	0	0
54380 Brigham Street Well	30	0	0	0	0	0
54390 MWRA Assessment	1,044,443	1,103,542	1,135,772	1,245,202	620,147	1,280,283
54400 Lyman Street Well	1,860	0	0	0	0	0
54410 Crawford Street Well	15	0	0	0	0	0
54420 Materials & Supplies	44,932	62,330	95,337	117,115	39,906	121,100
54820 Gasoline	10,238	10,545	10,545	10,545	10,545	10,545
55990 Chemicals	0	0		0	0	0
56220 Worcester Regional Retirement	34,324	37,175	40,394	42,527	42,527	47,225
57110 Travel/Mileage	161	525	521	600	180	600
57410 Liability/Building Insurance	14,791	15,235	15,997	16,798	16,798	17,639
58530 Capital Outlay	675	0	1,756	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	81,000	132,000	560,000	0	0	0
SUBTOTAL	1,401,733	1,548,554	2,035,277	1,775,151	901,002	1,825,565



Water & Sewer Enterprise Funds

Section 8-11

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
WATER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	253,000	244,000	244,000	282,150	0	281,606
59150 Interest / Long Term Debt	85,947	77,133	68,444	59,660	29,830	52,929
59270 Interest / Temporary Loans	0	16,510	23,386	0	0	10,600
SUBTOTAL	338,947	337,643	335,831	341,810	29,830	345,135
TOTAL: WATER ENTERPRISE FUND	2,016,517	2,179,586	2,670,210	2,436,381	1,076,485	2,496,718

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.

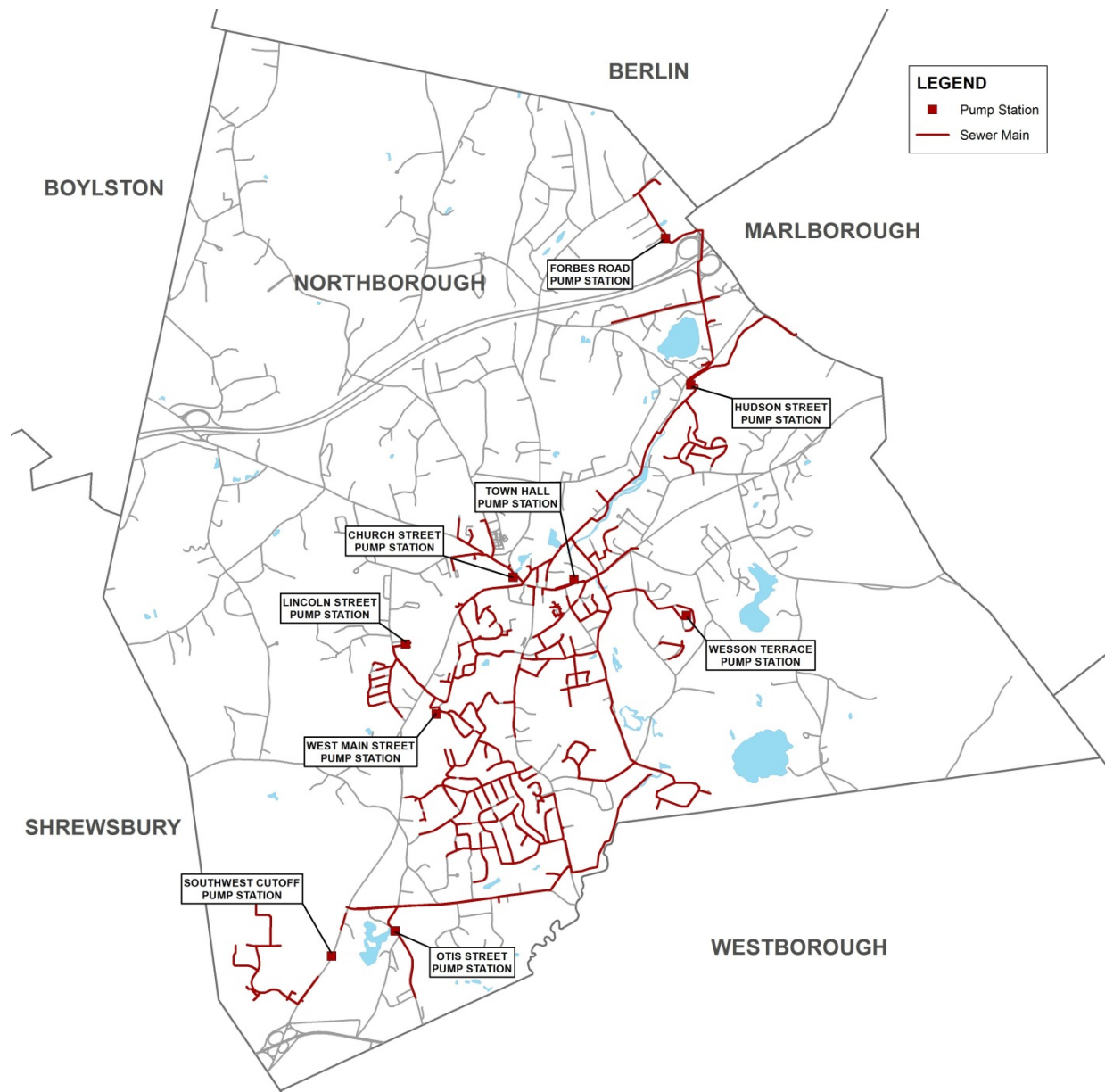
Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great 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 FY2019 Budget Changes or Initiatives

The FY2019 Sewer Enterprise Fund is budgeted at \$2,132,715, which is an overall increase of \$81,687 or 4.0%. This budget reflects an estimated increase in the Marlborough use charge of \$63,900, and the introduction of an annual pump station improvement program, initially funded at \$60,000, which will provide better solids management, alarm communications and improve electrical redundancy. This program allows moderate and systematic improvements to the reliability of our pump stations through cost effective projects. Large scale station rebuilds may then be implemented more slowly over a longer period of time allowing a more stable debt service and rate structure. An \$80,000 annual Inflow and Infiltration (I&I) monitoring program has also been added to the operational budget as required MassDEP in conjunction with their Collection Management, Operation, and Maintenance requirements. The result of this program will be the systematic elimination of I&I from our sanitary sewer collection system. The overall budgetary impact of these initiatives is being offset by a \$133,982 reduction in debt service.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of 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, FY2017, and FY2018. The sewer rates are also expected to increase in FY2019, following a formal rate study.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	94,922	95,412	106,143	108,270	51,313	111,182
51100 Full-time Salary	22,922	32,572	28,907	41,645	10,887	41,559
51120 Full-time Permanent wages	28,934	31,351	24,996	23,389	11,244	23,856
⁷ 51130 W&S Commissioner Stipends	1,494	720	720	720	0	720
51135 GIS Salary	8,000	8,000	8,000	9,275	9,275	9,553
51300 Overtime	24,498	24,731	27,798	27,068	12,963	27,796
51410 Longevity Pay	950	1,040	880	760	820	880
51970 Stipends	720	1,000	1,200	1,000	0	1,000
51920 Uniforms	450	1,200	720	1,200	600	1,200
SUBTOTAL	182,891	196,026	199,365	213,327	97,102	217,746

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



	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	5,745	5,917	6,213	7,810	7,810	8,234
51730 F.I.C.A.	2,813	2,978	2,978	3,068	3,068	2,523
51740 Life Insurance	59	59	59	59	59	59
51750 Health Insurance	29,219	26,552	28,948	36,992	36,992	35,538
52110 Utilities	37,600	45,026	49,498	51,640	18,019	51,640
52310 Marlborough Use Charge	456,826	400,000	400,000	638,600	300,000	702,500
52600 Building Maintenance	9,108	17,925	14,917	15,000	4,392	76,600
52620 Equipment Maintenance	22,322	15,892	33,332	35,000	4,982	35,000
52800 Contractual Services	30,449	22,825	2,786	48,780	4,623	128,200
52850 Audit	1,200	1,224	1,249	1,274	1,274	1,300
53020 Legal Services	2,888	14,631	33,938	50,000	6,050	50,000
53110 Printing	4,248	4,347	6,310	5,600	3,263	6,297
53170 Testing	1,610	1,610	1,610	2,000	805	2,000
53190 Training, Dues and Licenses	1,025	1,155	458	3,240	2,201	3,240
54290 Office Supplies	1,462	362	981	1,500	125	1,500
54420 Materials & Supplies	16,060	9,869	41,775	33,310	17,675	36,800
54820 Gasoline	6,825	7,030	7,030	7,030	7,030	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	22,885	24,786	26,932	28,354	28,354	31,486
57110 Mileage	91	238	307	400	120	400
57410 Liability/Building Insurance	9,862	10,158	10,665	11,199	11,199	11,759
58730 Capital Outlay	450	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
59990 Other Financing Uses	54,000	38,000	150,000	0	0	0
SUBTOTAL	716,746	650,582	819,986	1,055,856	458,042	1,267,106



Water & Sewer Enterprise Funds

Section 8-17

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGETED	FY2018 SIX MONTHS	FY2019 PROPOSED
SEWER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	426,446	419,843	415,281	579,853	165,563	484,852
59150 Interest /Long Term Debt	165,271	148,577	131,775	193,730	60,632	149,761
59270 Interest / Temporary Loans	0	1,651	21,875	8,262	0	13,250
SUBTOTAL	591,717	570,071	568,930	781,845	226,195	647,863
TOTAL: SEWER ENTERPRISE FUND	1,491,355	1,416,679	1,588,281	2,051,028	781,339	2,132,715



This Page Intentionally Blank

Proposed Capital Improvement Program



2019 - 2024

Town of Northborough, Massachusetts

CAPITAL IMPROVEMENT PROGRAM

Table of Contents

Town Administrator’s Transmittal Letter	1
FY2019 Proposed Capital Budget	5
Introduction of Frequently Asked Questions	7
Capital Projects Flow Chart.....	12
Part I Capital Improvement Program FY2018-2023 Summary by Department	13
Part II Project Detail Sheets by Department	19
Fire/EMS Department.....	21-26
Police Department.....	27
Town Offices.....	28-29
Management Information Systems/Geographic Information Systems (MIS/GIS)	30
Department of Public Works: Highway Division.....	31-45
Department of Public Works: Sewer Enterprise Fund.	46-52
Department of Public Works: Water Enterprise Fund.	53-57
Northborough K-8 Public Schools	58-68
Part III Financial Planning Committee Report	69



John W. Coderre
Town Administrator

Office of the Town Administrator

63 Main Street
Northborough, MA 01532

(508) 393-5040
Fax: (508) 393-6996

March 12, 2018

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

It is my pleasure to submit herewith the Proposed FY2019-2024 Capital Improvement Program (CIP), the first year of which constitutes the requested FY2019 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 previous years, the CIP is incorporated in its entirety as Section 9 of the annual Operating Budget document. While the physical document continues to be refined, the main focus again in FY2019 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 FY2019 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 FY2017 (June 30, 2017) is available for use in the FY2019 (July 1, 2018) 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 FY2019 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 FY2017, Free Cash was certified at approximately \$2.87 million. Of the total Free Cash, \$1.36 million will be used to finance the FY2019 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 FY2019 capital projects and will continue playing a significant role in funding future capital projects as well.

PROPOSED FY2019 FREE CASH PLAN			
Free Cash Certification as of 7/1/2017		2,877,855	100.00%
FY2019 Appropriated Reserve		-175,000	6%
FY2019 Operating Budget		-500,000	17%
FY2019 Stabilization Fund		-200,000	7%
FY2019 Capital Projects		-1,360,000	47%
Available Free Cash after FY2019 Plan		642,855	22%

In addition to funding capital projects in FY2019, 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, 2017, the balance in the Town's Stabilization Fund is \$4.36 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 FY2019. The contribution is made possible by the positive amount of Free Cash certified on July 1, 2017.

Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's operating budget. Prior to the close of FY2017, the Town's total reserves (Stabilization Fund plus Free Cash) were at 8.2%, or \$5.07 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 FY2019 is intended to maintain reserves at approximately 7.8%.

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 \$13.24 million in pay-as-you-go capital investments with no additional tax impact. That includes \$9.1 million in Free Cash and approximately \$4.1 million in other funding sources, exclusive of the \$1.36 million in Free Cash expenditures planned for FY2019. 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.

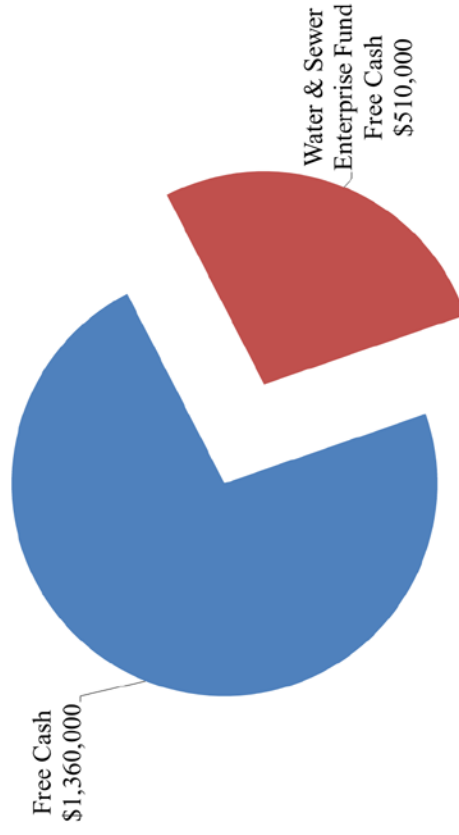
FY2019 Proposed Capital Budget

In terms of the FY2019 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 FY2019 projects requires Town Meeting approval of specific Articles contained in the April 2018 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 FY2019 Capital Budget totals \$1,870,000 of which \$1,360,000 is anticipated to be funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$510,000 in funding will come from the Water & Sewer Enterprise Fund balances with no additional impact on rate payers. All of the projects listed will be paid for using available funds, resulting in no additional tax or fee impact to residents.

FY2019 Capital Funding Sources



FY2019 Proposed Capital Budget

PROJECTS BY DEPARTMENT	EXPENDITURE
Police	
Police Cruiser Replacement	87,000
Police Subtotal	\$87,000
MIS/GIS	
GIS Aerial Photography	140,000
MIS/GIS Subtotal	\$140,000
DPW: Highway Division	
One-Ton Dump Truck w/Plow & Hotbox	140,000
Street Sweeper	231,000
Skid Steer Replacement	105,000
Roadway Improvements/Maintenance	300,000
Highway Subtotal	\$776,000
DPW: Sewer Enterprise Fund	
Excavator (60/40% split \$96K Water, \$64K Sewer)	64,000
Sewer Enterprise Fund Subtotal	\$64,000
DPW: Water Enterprise Fund	
Excavator (60/40% split \$96K Water, \$64K Sewer)	96,000
Repair & Replace Water Mains	350,000
Water Enterprise Fund Subtotal	\$446,000
Northborough K-8 Public Schools	
Zeh School Boiler Replacement	357,000
Northborough K-8 Schools Subtotal	\$357,000
TOTAL FY19 CAPITAL BUDGET	1,870,000

For additional information regarding each of the proposed FY2019 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.

It should be clearly noted that projects listed in the Capital Improvement Program for years other than FY2019 will not be authorized at the 2018 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. FY2019 is the eighth 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 positive strides towards maintaining its physical assets through the 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



This Page Intentionally Blank

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 FY2019 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.

CAPITAL IMPROVEMENT PROGRAM

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).

VIII. How is the CIP developed?

The process for preparing the FY2019-2024 Capital Improvement Program and its associated FY2019 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?

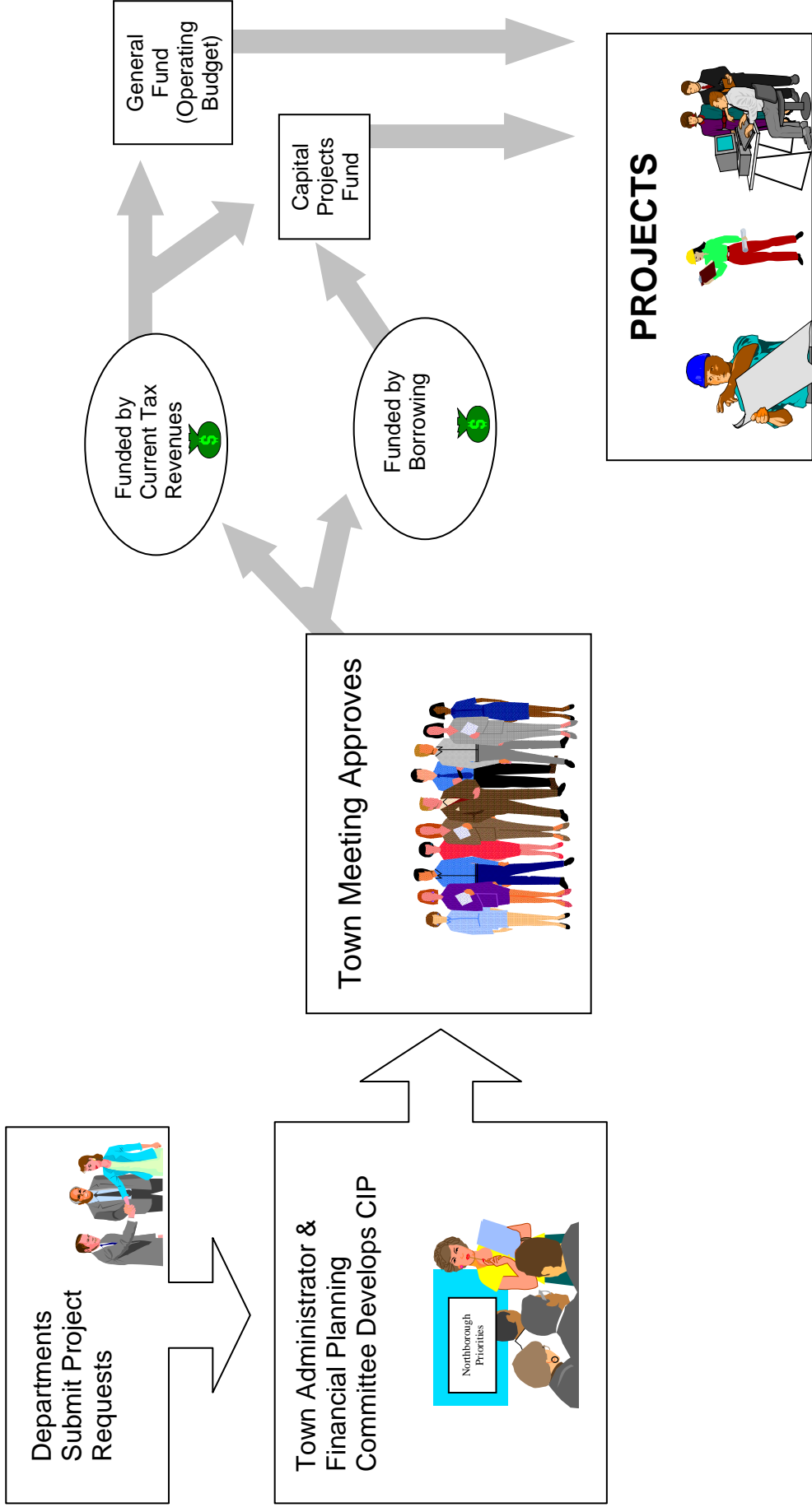
The CIP must be reviewed annually by Town departments and citizens to insure its effectiveness as a flexible, mid-range strategic plan that links the annual budget with our multi-year financial forecasts and the more static long-range Master Plan of Development. Each year, Town Meeting reviews the capital 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 2019-2024



This Page Intentionally Blank

PROJECTS BY DEPARTMENT										FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		Page #	Source of Funds	Six-Year Total											
Fire															
Fire Station Addition/Renovation	21	2		TBD											
Ambulance Replacement	22	5		640,000				TBD						325,000	
SCBA Replacement	23	6		290,000				315,000							
Pick-Up Truck Replacement	24	6		80,000				290,000				80,000			
Car One Replacement	25	6		76,000									76,000		750,000
Rescue One Replacement	26	6		750,000											
Fire Subtotal				\$1,836,000			\$0	\$605,000		\$80,000		\$76,000		\$325,000	\$750,000
Police															
Police Cruiser Replacement	27	6		657,000			87,000	130,500		87,000		132,000		87,500	133,000
Police Subtotal				\$657,000			\$87,000	\$130,500		\$87,000		\$132,000		\$87,500	\$133,000
Town Offices															
Town Offices Building Repair Project Phase 2	28	2/6		TBD				TBD							
Town Offices Building Repair Project Phase 3	29	2/6		TBD						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			\$140,000	\$0		\$0		\$0		\$0	\$0

PROJECTS BY DEPARTMENT									
	Page #	Source of Funds	Six-Year Total	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
DPW: Highway/Parks/Cemetery Division									
One-Ton Dump Truck w/Plow & Hotbox	31	6	369,000	140,000		110,000		119,000	
Street Sweeper	32	2/6	504,000	231,000				273,000	
Skid Steer	33	6	105,000	105,000					
Roadway Improvements/Maintenance	34	6	1,800,000	300,000	300,000	300,000	300,000	300,000	300,000
Six-Wheel Dump Truck w/ Spreader & Plow	35	6	913,000		271,000		343,000		299,000
Memorial Field Building Improvements	36	6	50,000		50,000				
Memorial Field Parking Lot Wall and Stairs	37	6	TBD			TBD			
One Ton Pick Up Truck w/plow	38	6	246,000		90,000	75,000		81,000	
Stump Grinder	39	6	60,000		60,000				
Loader	40	2/6	257,000			257,000			
Hudson Street Drainage Improvements	41	2/6	200,000			200,000			
Highway Garage Renovation/Expansion	42	2	TBD				TBD		TBD
Wing Mower Replacement	43	6	75,000				75,000		
Backhoe Replacement	44	6	235,000						235,000
Assabet Park ADA Rehabilitation	45	6	500,000						500,000
Highway/Parks/Cemetery Subtotal			\$5,314,000	\$776,000	\$771,000	\$942,000	\$718,000	\$773,000	\$1,334,000

Part II


Projects Detail Sheets by Department
FY2019-2024



This Page Intentionally Blank


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FIRE STATION ADDITION/RENOVATION PROJECT - PHASE II									
Department: Fire		Category:		Facility Improvements					
Description and Justification:		 <p>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 Town engaged an architect and a Feasibility Study is currently underway to better define the proposed project location, design and cost estimates. In FY2020, funding will be sought for design development, construction bid documents, and potential land acquisition, based upon the outcome of the Feasibility Study. The proposed funding source is the repurposing of unexpended bond proceeds that were initially borrowed to finance the now complete Lincoln Street School Additiona/Renovation project. These funds can only be used for another debt-excluded project with a 20-year life and would offset future costs of a fire station renovation/addition project.</p>							
RECOMMENDED FINANCING									
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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					
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		Category: Equipment Replacement						
Department: Fire								
<u>Description and Justification:</u> 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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	5	640,000		315,000			325,000	
G. Contingency								
H. Other								
TOTAL		\$640,000		\$315,000			\$325,000	
<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:	SELF-CONTAINED BREATHING APPARATUS (SCBA) REPLACEMENT	
Department:	Fire	Category: Equipment Replacement
Description and Justification:	<p>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.</p>	



RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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		Category: Equipment Replacement						
Department: Fire								
<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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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			
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: CAR ONE REPLACEMENT		Category: Equipment Replacement						
Department: Fire								
<p><u>Description and Justification:</u></p> <p>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.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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		
<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: RESCUE ONE REPLACEMENT		Category: Equipment Replacement						
Department: Fire								
Description and Justification: This project seeks to replace a 2004 Rescue Pumper. This is a multi-purpose vehicle, designed and equipped to respond to motor vehicle accidents, hazardous materials calls, building fires, water rescues, technical rescues and other service calls. At the time of replacement this vehicle will be 20 years old and beyond its expected useful life for front-line service.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	750,000						750000
G. Contingency								
H. Other								
TOTAL		\$750,000						\$750,000
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: Equipment Replacement
Description and Justification: <p>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 FY2019, FY2021, and FY2023; one patrol vehicle and two administrative vehicles in FY2020; two patrol vehicles and one detective vehicle in FY2022; two detective vehicles and one patrol vehicle in FY2024. Patrol vehicles are typically used for four years/100,000 miles, while detective and administrative vehicles have about a six to eight year/100,000 expected useful life. Funding sought in FY2019 will provide for the purchase of two new patrol vehicles which will replace a 2013 Dodge Charger Sedan and a 2015 Ford SUV Interceptor. Included in the funding request is the cost of outfitting the vehicles with equipment, including radars and emergency warning equipment.</p>		
		

RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	657,000	87,000	130,500	87,000	132,000	87,500	133,000
G. Contingency								
H. Other								
TOTAL		\$657,000	\$87,000	\$130,500	\$87,000	\$132,000	\$87,500	\$133,000

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: Facility Improvements
<u>Description and Justification:</u> 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 FY2020.			
			

RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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: Facility Improvements								
<p><u>Description and Justification:</u></p> <p>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 FY2020.</p>									
									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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				
<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: GIS AERIAL PHOTOGRAPHY		Category: Infrastructure Improvement					
Department: MIS/GIS							
Description and Justification: The Town first obtained aerial photography in 1997 and then updated it in 2008. In 2019 a new aerial photography project is planned to update the Town's Geographic Information System 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							
	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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					
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 & HOTBOX		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification: This request seeks to replace one-ton dump trucks with similar model trucks. These vehicles are the most heavily used equipment in the DPW fleet and have a useful life of 10 - 12 years. The FY2019 request seeks to replace a 2008 model year vehicle with a one-ton cab and chassis truck outfitted with an asphalt hot box. The asphalt hot box will allow for year-round use of hot patching material to more effectively and more permanently repair potholes, especially during the winter months. This truck will also have a plow to aid in snow removal operations. The picture to the right represents a similar new model hot box which will be mounted on the vehicle chassis. The FY2021 and FY2023 requests seek funding to replace model year 2006 and 2012 vehicles with one-ton dump trucks.								
RECOMMENDED FINANCING								
		Estimated Expenditures by Fiscal Year						
	Source of Funds	Total Six - Year Cost	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	369,000	140,000		110,000		119,000	
G. Contingency								
H. Other								
TOTAL		\$369,000	\$140,000		\$110,000		\$119,000	
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		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification:		 <p>This request is to replace the existing 2007 Elgin Pelican street sweeper in FY2019 and the 2011 model in FY2023. The useful life of a sweeper is approximately 10 years. As it ages the repairs become more costly. Using the department's two sweepers, it takes staff approximately 10 weeks to sweep the entire Town between early March and late June. If one sweeper were to be unavailable, it would take the remaining sweeper into the Fall to complete it alone. Renting sweepers is not feasible because every town needs to sweep at the same time. Additionally, the new National Pollutant Discharge Elimination Systems (NPDES) permit requires consistent annual sweeping cycles to minimize contaminants entering the wetlands through the stormwater system.</p>						
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	6	504,000	231,000				273,000	
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$504,000	\$231,000				\$273,000	
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: SKID STEER		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification: 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 multi-purpose with numerous attachments including a broom, road cutting saw, forks, asphalt miller, etc. This is also used during seasonal maintenance 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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	105,000	105,000					
G. Contingency								
H. Other								
TOTAL		\$105,000	\$105,000					
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: ROADWAY IMPROVEMENTS/MAINTENANCE			Category: Infrastructure Improvement					
Department: DPW - Highway								
Description and Justification:								
During 2013 the Town completed a comprehensive Pavement Management study which assessed the condition of all the Town's roadways. According to the study, the Town's overall pavement condition index (PCI) score was 71 out of 100. The study concluded that the Town needs to invest at least \$1.1 million per year 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. However, beginning in FY2017, Chapter 90 funds were reduced to the previous level of \$500,000. This request is for an additional \$300,000 in Free Cash annually 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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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: SIX-WHEEL DUMP TRUCK WITH SPREADER & PLOW		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification: This request seeks to replace a 1999 International truck with a dump truck with a plow and spreader in FY2020. 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 every other year. In FY2022, a 2002 model-year truck will be replaced and a 2005 truck is scheduled for replacement in FY2024. The costs shown in the out years include an inflation factor and the FY2022 replacement will be a more expensive four-wheel drive model.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	913,000		271,000		343,000		299,000
G. Contingency								
H. Other								
TOTAL		\$913,000		\$271,000		\$343,000		\$299,000
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 BUILDING IMPROVEMENTS									
Department: DPW - Highway		Category:		Facility Improvement					
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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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					
<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: MEMORIAL FIELD PARKING LOT WALL & STAIRS RECONSTRUCTION		<div>Category: Infrastructure Improvement</div> <div></div>						
Department: DPW - Highway								
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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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: ONE TON PICKUP TRUCK WITH PLOW		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification: 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.								
								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	246,000		90,000	75,000		81,000	
G. Contingency								
H. Other								
TOTAL		\$246,000		\$90,000	\$75,000		\$81,000	
Source of Funds Legend (1) Operating Revenues (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees								


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: STUMP GRINDER		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification: 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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	60,000		60,000				
G. Contingency								
H. Other								
TOTAL		\$60,000		\$60,000				
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		Category: Equipment Replacement
Department: DPW - Highway		
Description and Justification:		 <p>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.</p>

RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	257,000			257,000			
G. Contingency								
H. Other								
TOTAL		\$257,000			\$257,000			

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: Infrastructure Improvement							
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	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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: HIGHWAY GARAGE RENOVATION /EXPANSION		Category:		Facility Improvements				
Department: DPW - Highway								
Description and Justification:								
<p>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.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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
<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: WING MOWER REPLACEMENT		Category: Equipment Replacement						
Department: DPW - Highway								
Description and Justification:								
<p>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.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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 (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees								


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: BACKHOE		Category: Equipment Replacement					
Department: DPW - Highway							
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 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	235,000					235,000
G. Contingency							
H. Other							
TOTAL		\$235,000					\$235,000
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: ASSABET PARK ADA REHABILITATION		Category: Infrastructure Improvement					
Department: DPW - Highway							
Description and Justification:		 <p>This request seeks funds to reconfigure portions of Assabet Park and replace equipment and surfaces within the playground area. Assabet Park is one of the most popular parks in Town specifically for younger age children. Currently the playground area is not compliant with the Massachusetts Architectural Access Board accessibility requirements (521 CMR 19) and requires substantial surface and equipment improvements to allow safe and efficient use by all residents. The overall park space is in need of reconfiguration to maintain and expand features for the target age group of children and to incorporate better parking and pedestrian circulation.</p>					
RECOMMENDED FINANCING							
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study							
B. Design							
C. Land Acquisition							
D. Construction	6	500,000					500,000
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				


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: WATER/SEWER GARAGE IMPROVEMENTS		Category: Facility Improvements						
Department: Water & Sewer Enterprise								
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. The costs associated with this project are expected to be shared between the Water and Sewer Enterprise funds with 60% of the costs borne by Water and 40% by Sewer.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7/8	75,000		75,000			TBD	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$75,000		\$75,000			TBD	
Source of Funds Legend (1) Operating Revenues (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees								


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FORBES ROAD SEWER PUMP STATION IMPROVEMENTS								
Department: Sewer Enterprise	Category: Infrastructure Improvement							
<u>Description and Justification:</u> 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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	500,000			500,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$500,000			\$500,000			
<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					

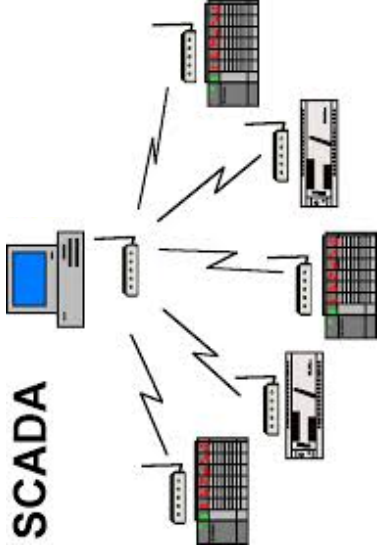
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: CHURCH STREET SEWER PUMP STATION IMPROVEMENTS									
Department: Sewer Enterprise	Category: Infrastructure Improvement								
<div><div>Description and Justification:</div><div>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.</div><div></div></div>									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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						

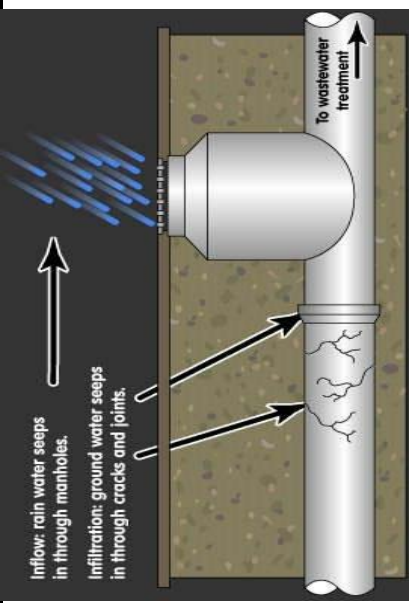
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: SCADA SYSTEM		Category: Infrastructure Improvement						
Department: Sewer Enterprise								
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 FY2022, 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 2019	FY 2020	FY 2021	FY 2022	FY 2023	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 (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees								


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: INFLOW AND INFILTRATION (I&I) MITIGATION		Category: Infrastructure Improvement						
Department: Sewer Enterprise								
Description and Justification:		 <p>Inflow: rain water seeps in through manholes. Infiltration: ground water seeps in through cracks and joints.</p>						
<p>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.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	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: WESSON TERRACE SEWER PUMP STATION IMPROVEMENTS									
Department: Sewer Enterprise	Category: Infrastructure Improvement								
<div><div>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.</div><div></div></div>									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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: Infrastructure Improvement								
<p><u>Description and Justification:</u></p> <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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
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
<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		Category: Equipment Replacement						
Department: Water Enterprise and Sewer Enterprise								
Description and Justification: This request seeks to fund an excavator for use by the Water and Sewer Division. The excavator will supplement a 2005 backhoe that was transferred to the Water and Sewer Division from the Highway Division. This piece of equipment will be used for water and sewer construction and repair projects including water and sewer service line excavations, gate valve repairs and hydrant replacements throughout Town. The useful life of this type of equipment is 10 to 12 years. The excavator will be paid for with available funds from the Water and Sewer Enterprise Funds at a 60/40 split with Water paying \$96,000 and Sewer paying \$64,000. The picture to the right represents an example of a new excavator.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	160,000	160,000					
G. Contingency								
H. Other								
TOTAL		\$160,000	\$160,000					
Source of Funds Legend (1) Operating Revenues (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees								

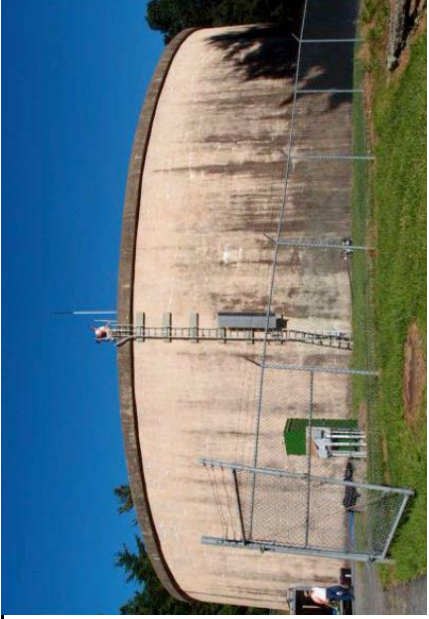
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: WATER MAIN & SERVICE LINE REPAIR REPLACEMENT PROGRAM									
Department: Water Enterprise	Category: Infrastructure Improvement								
<p>Description and Justification:</p> <p>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 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. Funding sought in FY2019 will be used for system improvements in the Park Street and Winn Street neighborhood. Funding sought in FY2023 will be used to design system improvements in the Assabet Drive neighborhood, with construction funded in FY2024.</p>									
<p>Curb Stop - The curb stop is used to shut off water to the service line at the property line and is used by the Authority to shut off water to the service line in the event of a leak. Curb stops may only be operated by the Authority.</p> <p>Service Connection - This is where the Customer's service line connects to the Authority's main. The connection is completed by the Authority which typically consists of a corporation stop and saddle.</p> <p>Backflow Preventer - Backflow preventers are installed to prevent backflow of water from the service line into the Authority's main.</p> <p>Gate Valve - The gate valve is used to shut off water to the service line at the property line and is used by the Customer to shut off water to the service line in the event of a leak.</p> <p>Pressure Reducing Valve - Pressure reducing valves are installed to maintain a constant pressure in the service line.</p> <p>Portion of the service owned and maintained by the Customer. The Customer is responsible to hire a private contractor for the initial installation and all required maintenance.</p>									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
A. Feasibility Study									
B. Design		50,000					50,000		
C. Land Acquisition									
D. Construction	8	750,000	350,000						400,000
E. Furnishings/Equipment									
F. Departmental Equipment									
G. Contingency									
H. Other									
TOTAL		\$800,000	\$350,000					\$50,000	\$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 STORAGE TANK REPLACEMENT/REHABILITATION									
Department: Water Enterprise	Category: Infrastructure Improvement								
<p><u>Description and Justification:</u></p> <p>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.</p>									
									
RECOMMENDED FINANCING									
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
A. Feasibility Study									
B. Design									
C. Land Acquisition									
D. Construction	8	850,000		100,000	750,000				
E. Furnishings/Equipment									
F. Departmental Equipment									
G. Contingency									
H. Other									
TOTAL		\$850,000		\$100,000	\$750,000				
<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: RESERVOIR DAM COMPLIANCE		Category: Infrastructure Improvement							
Department: Water Enterprise									
<u>Description and Justification:</u> 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									
	<div>Source of Funds</div>		<div>Total Six - Year Cost</div>	Estimated Expenditures by Fiscal Year					
				FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study									
B. Design									
C. Land Acquisition									
D. Construction	8	900,000			100,000		800,000		
E. Furnishings/Equipment									
F. Departmental Equipment									
G. Contingency									
H. Other									
TOTAL		\$900,000			\$100,000		\$800,000		
<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: UTILITY TRACTOR		Category: Equipment Replacement						
Department: Water Enterprise								
Description and Justification:								
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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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		Category: Facility Improvements					
Department: Northborough Public Schools							
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 \$50,000. 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 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 (2) Municipal GO Bonds (3) State Aid (4) Trust Funds (5) EMS Revolving Fund Fees (6) Free Cash / Other (7) Sewer Enterprise Fund Fees (8) Water Enterprise Fund Fees							


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: PARKING LOT/WALKWAY PAVING - PEASLEE SCHOOL									
Department: Northborough Public Schools	Category: Facility Improvements								
Description and Justification: 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 \$230,000. 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.									
									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
A. Feasibility Study									
B. Design									
C. Land Acquisition									
D. Construction	2/6	230,000		230,000					
E. Furnishings/Equipment									
F. Departmental Equipment									
G. Contingency									
H. Other									
TOTAL		\$230,000		\$230,000					
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: FIRE/SPRINKLER SYSTEM - PEASLEE SCHOOL		Category: Facility Improvements					
Department: Northborough Public Schools							
<u>Description and Justification:</u> <p>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.</p>							
RECOMMENDED FINANCING							
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A. Feasibility Study							
B. Design	2/3	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				\$480,000	
<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: ADDITION/RENOVATION PROJECT - PEASLEE SCHOOL								
Department: Northborough Public Schools	Category: Facility Improvements							
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 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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: BOILER REPLACEMENT - ZEH SCHOOL		
Department: Northborough Public Schools	Category: Facility Improvements	
<u>Description and Justification:</u> <p>The Zeh School's current cast iron Burnham boiler was installed during renovations in 1999 and is almost 20 years old. Since the manufacturer changed its boiler design in 2004, replacement parts for older models are extremely difficult to obtain. As a result, efforts to address ongoing persistent leaks that have plagued the deteriorating boiler have only been possible through the use of salvaged parts. Presently, the boiler is run around the clock to attempt to reduce leakage and maintain the boiler's operability. The proposed boiler replacement project consists of installing two 2,500,000 BTU boilers. The new boilers are more fuel efficient with an estimated fuel savings of around 35 to 40 percent, or approximately \$22,000 per year for heating, exclusive of any potential electricity savings. Two variable speed drives will be installed to reduce electric energy consumption. The expected useful life of the new boiler is 20 years.</p>		
		

RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design	6	20,000	20,000					
C. Land Acquisition								
D. Construction	6	327,200	327,200					
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency	6	9,800	9,800					
H. Other								
TOTAL		\$357,000	\$357,000					

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: Facility Improvements
Description and Justification:	<p>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.</p> 	

RECOMMENDED FINANCING


	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	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: Facility Improvements						
<p><u>Description and Justification:</u></p> <p>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 \$131,000.</p>							
							
RECOMMENDED FINANCING							
Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year					
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
A. Feasibility Study							
B. Design							
C. Land Acquisition							
D. Construction	6		131,000				
E. Furnishings/Equipment							
F. Departmental Equipment							
G. Contingency							
H. Other							
TOTAL	\$131,000		\$131,000				
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		Category: Facility Improvements							
Department: Northborough Public Schools									
<u>Description and Justification:</u> 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 FY2023, were the MSBA to move forward with the Peaslee School addition/renovation feasibility study project proposed in FY2022, the Melican Middle School project would likely be pushed out.									
RECOMMENDED FINANCING									
	Source of Funds			Total Six - Year Cost	Estimated Expenditures by Fiscal Year				
					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						TBD	
E. Furnishings/Equipment									
F. Departmental Equipment									
G. Contingency									
H. Other									
TOTAL		\$500,000					\$500,000	TBD	
<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						

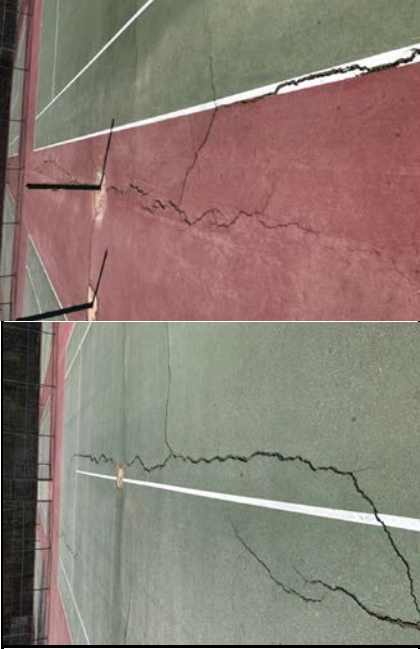
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: INTEGRATED TELEPHONE/CLOCK/BELL SYSTEM - MELICAN MIDDLE SCHOOL									
Department: Northborough Public Schools	Category: Facility Improvements								
<p><u>Description and Justification:</u></p> <p>This request seeks funding to replace the existing modular telephone and clock/bell systems at the Melican Middle School which were originally installed in 1998 and 1999. The system is in need of new wiring and the intercom system works intermittently. The antiquated systems will be nearly 25 years old at the time of replacement.</p>									
									
RECOMMENDED FINANCING									
	Source of Funds	Total Six - Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
A. Feasibility Study									
B. Design									
C. Land Acquisition									
D. Construction									
E. Furnishings/Equipment	2/6	200,000							200,000
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: TENNIS COURT RESURFACING & FENCING - MELICAN MIDDLE SCHOOL									
Department: Northborough Public Schools	Category: Facility Improvements								
Description and Justification: This project seeks funding to resurface the tennis courts at the Melican Middle School, repair or replace the nets as needed and to install new fencing around the courts. The tennis courts were milled and resurfaced in 1996 are now cracking from weather conditions and use by the public and students. Sections of the fencing have suffered damage from frost heaves.									
									
RECOMMENDED FINANCING									
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year						
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
A. Feasibility Study									
B. Design									
C. Land Acquisition									
D. Construction	2/6	100,000							100,000
E. Furnishings/Equipment									
F. Departmental Equipment									
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						

Part III

Report of the Financial Planning Committee
FY2019-2024

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 2018 the Committee was composed of the following members:

Member	Appointed By	Term Expires
David DeVries, Chair	Town Moderator	April 2020
Michael Hodge, Vice-Chair	Town Moderator	April 2019
Heidi Bourque-Gleason	Northborough K-8 School Committee	April 2018
Roger Leland	Town Moderator	April 2020
Richard Smith	Appropriations Committee	April 2018
Thomas Spataro	Planning Board	April 2019

Fiscal Year 2018 Committee Activities

Meeting Date	Action
12/14/2017	Joint Meeting with Board of Selectmen, Appropriations, K-8 School committee, for Financial Trend Monitoring System Update and Five-Year Financial Projections.
2/8/2018	FY19 Budget Update and CIP summary overview, Free Cash Discussion, and Police capital requests. Updates on Lincoln Street School, White Cliffs, and Health Insurance.
2/22/2018	Reorganization: David DeVries, Chair; Michael Hodge, Vice-Chair. Review Department of Public Works, MIS/GIS, K8 Schools and Fire department capital requests.
2/28/2018	Review Draft CIP and Capital Budget. Review of draft FPC report and committee recommendations.

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 and Lynda LePoer for their 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 2019, the Committee is pleased to recommend this Capital Improvement Program as an effective tool for managing the Town's finances with respect to Capital Projects for the next six years.

Communication, Transparency, and Best Practices in Town Finance

For the eighth consecutive year, the Committee congratulates the Town Administrator and his Financial Team for receiving the Government Finance Officers Association (GFOA) Budget Presentation Award for the Town's FY18 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 FY19 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.); office and technology 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 \$2.8M certified Free Cash balance, \$1.36M is allocated to FY19 capital projects. This amount provides \$1.36M of capital investment in FY19 that will have no additional impact on the tax rate.

Assuming this year's Capital Budget is approved, more than \$10.5M of capital expenditures will have been accomplished with Free Cash over the eight-year period FY 2012-2019, 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 Projects for FY2019

The Committee has reviewed the projects in the Capital Improvement Program for Fiscal Year 2019 and has prioritized as follows:

Priority	Description
1	Projects that involve correcting a current Safety or Health issue, and/or to meet a Federal or State legal requirement
2	Projects that are necessary to maintain the Town's current infrastructure: <i>Buildings</i> - Projects necessary to maintain existing Town buildings, not including projects to expand or modernize facilities. <i>Equipment</i> - Projects necessary to replace old existing equipment, which is no longer cost effective to repair with similar equipment
3	Projects that are required to increase capacity of existing facilities in order to accommodate the increase in growth of the Town.
4	Projects that are designed to modernize and upgrade existing Town facilities.

The 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. The Committee votes are 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.

Municipal Departments

Project	Sponsor	Cost	Priority	Recommend Approval?
Police Cruiser Replacement	Police	\$87,000	2	YES (4-0-0)
<ul style="list-style-type: none"> Replaces a 2013 Dodge Charger and a 2015 Ford SUV Interceptor. Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
GIS Aerial Photography	MIS / GIS	\$140,000	2	YES (4-0-0)
<ul style="list-style-type: none"> Updates Photogrammetry, Planimetric and Topographic Data. Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
One Ton Truck w/ Hot Box & Plow	Public Works - Highway	\$140,000	2	YES (4-0-0)
<ul style="list-style-type: none"> Replaces a 2008 one-ton truck with new vehicle outfitted with an asphalt box. Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Street Sweeper Replacement	Public Works - Highway	\$231,000	2	YES (4-0-0)
<ul style="list-style-type: none"> Replaces a 2007 Street Sweeper. Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Skid Steer Replacement	Public Works - Highway	\$105,000	2	YES (4-0-0)
<ul style="list-style-type: none"> Replaces a 2006 Skid Steer Loader. 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 (4-0-0)
<ul style="list-style-type: none"> Funds needed to supplement the Pavement Management Plan due to FY2019 reduction in State Chapter 90 Transportation Funding. Funded from free cash. No additional impact to tax rate. 				

Municipal Departments (continued)

Project	Sponsor	Cost	Priority	Recommend Approval?
Mini Excavator	Public Works – Water & Sewer	\$160,000	2	YES (4-0-0)
▪ Excavator (60/40% split \$96K Water Enterprise Funds / \$64K Sewer Enterprise Funds).				

Project	Sponsor	Cost	Priority	Recommend Approval?
Repair & Replace Water Mains	Public Works – Water	\$350,000	2	YES (4-0-0)
<ul style="list-style-type: none"> ▪ Replaces Water Mains and Service Lines ▪ Funded from Water Enterprise Funds. 				

School Department

Project	Sponsor	Cost	Priority	Recommend Approval?
Boiler Replacement - Zeh School	Northborough Schools	\$357,000	2	YES (4-0-0)
<ul style="list-style-type: none"> ▪ Funds Replacement of the Boiler. ▪ 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?
Library Roof & Interior Repairs	Northborough Free Library	\$53,000	N/A	YES (4-0-0)
<ul style="list-style-type: none"> Funds to be used for repair and restoration of slate roof and chimney masonry and interior painting. 				

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

Project	Sponsor	Cost	Priority	Recommend Approval?
First Parish Unitarian Universalist Church Restoration	First Parish Church	\$52,000	N/A	YES (4-0-0)
<ul style="list-style-type: none"> Funds the installation of a handicap access ramp on the west side of the Meeting House. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Town Common Phase III	Department of Public Works	\$115,000	N/A	YES (4-0-0)
<ul style="list-style-type: none"> Phase III of the Town Common project: design and construction costs associated with the donated parcel at 20 Rear Gale Street. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Melican Middle School Field Lighting Phase I	Department of Public Works	\$287,250	N/A	YES (4-0-0)
<ul style="list-style-type: none"> Phase I of II; funds design/engineering services associated with the replacement of field lighting at the Melican Middle School. 				

Respectfully submitted,
 Northborough Financial Planning Committee
 February 28, 2018

Financial Planning Committee Recommendations for FY2019 Capital Project Warrant Articles
Northborough Annual Town Meeting April 2018

Article	Project	Cost	Funding Source	Priority	Vote *	Recommend Approval?
	Police: Cruiser Replacement	87,000	Free Cash	2	(4-0-0)	YES
	MIS/GIS: Photography	140,000	Free Cash	2	(4-0-0)	YES
	DPW: One-Ton Dump Truck w/ Hot Box	140,000	Free Cash	2	(4-0-0)	YES
	DPW: Street Sweeper	231,000	Free Cash	2	(4-0-0)	YES
	DPW: Skid Steer	105,000	Free Cash	2	(4-0-0)	YES
	DPW: Road Improvements & Maintenance	300,000	Free Cash	2	(4-0-0)	YES
	Sewer: Excavator (60/40% split)	64,000	Sewer Enterprise Fund	2	(4-0-0)	YES
	Water: Excavator (60/40% split)	96,000	Water Enterprise Fund	2	(4-0-0)	YES
	Water: Repair / Replace Water Mains	350,000	Water Enterprise Fund	2	(4-0-0)	YES
	School: Zeh School Boiler Replacement	357,000	Free Cash	2	(4-0-0)	YES
	CPA: Gale Library Roof & Interior Repairs	53,000	CPA	**	(4-0-0)	YES
	CPA: Northborough Affordable Housing Corporation	100,000	CPA	**	(4-0-0)	YES
	CPA: First Parish Access Ramp	52,000	CPA	**	(4-0-0)	YES
	CPA: Town Common – Phase III	115,000	CPA	**	(4-0-0)	YES
	CPA: Melican Middle School Field Lighting	287,250	CPA	**	(4-0-0)	YES
	CPA: White Cliffs Debt	255,000	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.



This Page Intentionally Blank

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, Conservation Wetland Protection fees, and Cable Access Television.
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 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, and gifts made to specific departments. 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, 2017. 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, 2017

	General Fund	School Construction Project	Nonmajor Governmental Funds	Total
Revenues:				
Property taxes	\$ 46,788,840	-	542,796	47,331,636
Excise and local option taxes	3,208,378	-	-	3,208,378
Payments in lieu of taxes	112,489	-	-	112,489
Departmental charges for services	255,891	-	2,791,595	3,047,486
Licenses and permits	398,660	-	-	398,660
Intergovernmental	10,930,156	848,880	1,508,665	13,287,701
Fines and forfeits	145,987	-	64,439	210,426
Investment income	120,056	-	(3,844)	116,212
Other	100,428	-	684,811	785,239
Total revenues	62,060,885	848,880	5,588,462	68,498,227
Expenditures:				
Current:				
General government	2,643,207	-	1,083,472	3,726,679
Public safety	4,458,744	-	155,936	4,614,680
Education	34,514,869	2,727,349	1,906,869	39,149,087
Public works	2,712,853	-	3,285,683	5,998,536
Human services	634,121	-	205,661	839,782
Recreation and culture	1,016,557	-	790,317	1,806,874
Intergovernmental	184,871	-	-	184,871
Employee benefits	12,508,508	-	-	12,508,508
Other	234,703	-	-	234,703
Debt service	2,924,217	-	46,800	2,971,017
Total expenditures	61,832,650	2,727,349	7,474,738	72,034,737
Excess (deficiency) of revenues over expenditures	228,235	(1,878,469)	(1,886,276)	(3,536,510)
Other financing sources (uses):				
Proceeds from bond issuance	-	-	-	-
Operating transfers in	1,263,282	-	1,835,930	3,099,212
Operating transfers out	(1,716,176)	-	(1,383,036)	(3,099,212)
Total other financing sources (uses)	(452,894)	-	452,894	-
Net changes in fund balances	(224,659)	(1,878,469)	(1,433,382)	(3,536,510)
Fund balance, beginning of year	9,741,015	3,003,268	11,548,267	24,292,550
Fund balance, end of year	\$ 9,516,356	1,124,799	10,114,885	20,756,040

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2017

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Operating revenues:			
Charges for services	\$ 2,353,245	2,059,259	\$ 4,412,504
Special Assessments	24,547	38,907	63,454
Total operating revenues	2,377,792	2,098,166	4,475,958
Operating expenditures:			
Salaries, wages and employee benefits	408,916	272,586	681,502
Energy purchases	1,135,772	584,587	1,720,359
Other operating expenses	219,058	323,545	542,603
Depreciation	501,540	225,005	726,545
Total operating expenditures	2,265,286	1,405,723	3,671,009
Operating income	112,506	692,443	804,949
Nonoperating revenues (expenses):			
Interest income	10,391	23,654	34,045
Interest expense	(89,412)	(154,840)	(244,252)
Other	-	21,365	21,365
Total nonoperating revenues (expenses)	(79,021)	(109,821)	(188,842)
Income before transfers	33,485	582,622	616,107
Operating transfers in (out)	24,548	(24,548)	-
Changes in net position	58,033	558,074	616,107
Net position, beginning of year, restated	8,517,165	6,963,140	15,480,305
Net position, end of year	\$ 8,575,198	7,521,214	\$ 16,096,412

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	<u>Special Revenue</u>		Capital Projects	Permanent	Totals
	School	Other			
Revenues:					
Property taxes	\$ -	542,796	-	-	542,796
Departmental charges for services	311,786	2,460,559	-	19,250	2,791,595
Licenses and permits	-	-	-	-	-
Intergovernmental	1,075,207	433,458	-	-	1,508,665
Fines and forfeits	-	64,439	-	-	64,439
Investment income	7	(1,923)	-	(1,928)	(3,844)
Other	-	613,007	-	71,804	684,811
Total revenues	1,387,000	4,112,336	-	89,126	5,588,462
Expenditures:					
Current:					
General government	-	1,083,472	-	-	1,083,472
Public safety	-	69,933	86,003	-	155,936
Education	1,392,748	513,917	204	-	1,906,869
Public works	-	868,544	2,416,838	301	3,285,683
Human services	-	205,661	-	-	205,661
Recreation and culture	-	745,999	4,428	39,890	790,317
Debt service	-	46,800	-	-	46,800
Total expenditures	1,392,748	3,534,326	2,507,473	40,191	7,474,738
Excess (deficiency) of revenues over expenditures	(5,748)	578,010	(2,507,473)	48,935	(1,886,276)
Other financing sources (uses):					
Proceeds from bond issuance	-	-	-	-	-
Operating transfers in	-	273,789	1,562,141	-	1,835,930
Operating transfers out	-	(1,197,363)	(126,193)	(59,480)	(1,383,036)
Net changes in fund balances	(5,748)	(345,564)	(1,071,525)	(10,545)	(1,433,382)
Fund balance, beginning of year	657,502	6,541,215	3,258,400	1,091,150	11,548,267
Fund balance, end of year	\$ 651,754	6,195,651	2,186,875	1,080,605	10,114,885

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 FY2017 is \$2,877,855 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$8,513,706, which also includes the Town's Stabilization Fund Balance of \$4,364,697.

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 FY2019 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 \$1,360,000 will be used to fund capital expenditures. With respect to the proposed FY2019 budget, no transfers from Stabilization are contemplated, while use of Free Cash in the total amount of \$2,235,000 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	FY2018	FY2019
Certified Free Cash as of June 30 prior year	\$ 3,104,766	\$ 2,877,855
Proposed* use for budget	\$ (2,372,000)	\$ (2,235,000)
Unappropriated Free Cash	\$ 732,766	\$ 642,855
Stabilization Fund Balance as of June 30	\$ 4,173,427	\$ 4,364,697
Investment Income/(Loss) as of December 31	\$ (32,151)	\$ 2,796
Proposed* transfer into Stabilization	\$ 200,000	\$ 200,000
Stabilization Fund Balance	\$ 4,341,276	\$ 4,567,493
Total Reserves	\$ 5,074,042	\$ 5,210,348
Proposed Expenditure Budget	\$ 61,955,912	\$ 64,113,138
Reserves as Percentage of Budget	8.2%	8.1%

**Proposed use of Free Cash for FY2018 & FY2019 include a \$200,000 transfer to the Stabilization Fund.*

Free Cash will be recalculated for June 30, 2018 once FY2018 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2019 will reduce the amount shown in the preceding calculation, positive results from unspent appropriations and revenues above budget in FY2018 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	FY2017	FY2018
Certified Free Cash as of June 30	\$ 3,104,766	\$ 2,877,855
Stabilization Fund Balance as of June 30	\$ 4,173,427	\$ 4,364,697
Total Reserves	\$ 7,278,193	\$ 7,242,552
Adopted Budget	\$ 60,277,265	\$ 61,633,890
Reserves as Percentage of Budget	12.1%	11.8%

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 FY2019, the amount of Free Cash certified at June 30, 2017 allows for amounts to be appropriated for capital in addition to the limited amount used for the operating budget. In the case of FY2018, \$1,497,000 in capital expenditures were approved, and for FY2019 \$1,360,000 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	FY2016	FY2017
Certified Free Cash as of June 30	\$ 3,104,766	\$ 2,877,855
Stabilization Fund Balance as of June 30	\$ 4,173,427	\$ 4,364,697
Total Reserves	\$ 7,278,193	\$ 7,242,552
Total Revenues	\$ 55,768,963	\$ 58,308,748
Reserves as % of Operating Revenues	13.1%	12.4%
Reserves Subsequently Used (Proposed*)	\$ (2,172,000)	\$ (2,035,000)
Total Adjusted Reserves	\$ 5,106,193	\$ 5,207,552
Total Revenues	\$ 55,768,963	\$ 58,308,478
Reserves as % of Operating Revenues	9.2%	8.9%

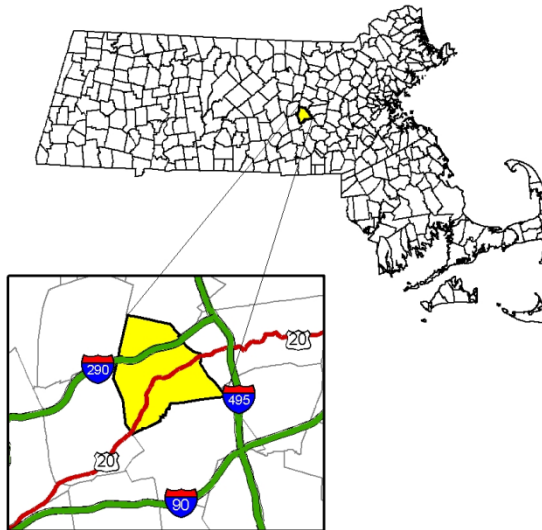
**Proposed use of Free Cash for FY2017 and FY2018, is reduced here by \$200,000 in each year to account for proposed transfers to the Stabilization Fund, since Stabilization funds are reserves.*



This Page Intentionally Blank



Town of Northborough, MA Financial Trend Monitoring Report Fiscal Year 2018



FTM Report covers the period July 1, 2007 (FY2008) through June 30, 2018 (FY2018)



This Page Intentionally Blank

TABLE OF CONTENTS

I.	Introduction	2
II.	Executive Summary.....	7
III.	Fiscal Indicator Analysis.....	11
	1. Property Tax Revenues.....	12
	2. Uncollected Property Taxes.....	14
	3. Revenues & Expenditures per Capita.....	16
	4. State Aid (Intergovernmental Revenues).....	18
	5. Economic Growth Revenues.....	20
	6. Use of One-Time Revenues.....	22
	7. Personnel Costs.....	24
	8. Employee Benefits.....	26
	9. Pension Liability.....	28
	10. Other Post-Employment Benefits (OPEB) Liability.....	30
	11. Debt Service Expenditures.....	32
	12. Financial Reserves/Fund Balance.....	34
	13. Capital Investment—Overall Fixed Assets.....	36
	14. Capital Investment—Pavement Management.....	39
IV.	Five-Year Financial Forecast—Revenue and Expenditure Projections.....	41
V.	Appendices.....	47
	A. Average Residential Tax Bill	
	B. Population Projections	

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 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, 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, capital investments 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, 2007 through June 30, 2018. Actual data has been presented for the Town's General Fund for the Fiscal Years 2008 through 2018. 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 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 2017 was used for FY2018. CPI-U data is the Consumer Price Index for all urban consumers in the New England region. For the purpose of this analysis, FY2008 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 \$4.4 million Stabilization Fund has been unnecessary. In fact, the Town contributed \$200,000 to the Stabilization Fund during FY2018. 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. From a service level solvency standpoint, the Town increased staffing levels in police, fire, and general administration following a comprehensive staffing study. The incremental staffing expansions were completed over several years.

- **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 the level of State Aid and future health insurance premium increases remain significant areas of exposure for the annual operating budget. It appears the Town is heading into another period of significant health insurance increases that have the potential to significantly impact the annual budget process.

- **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 ensured 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 at a comparable rate.

- **Long-Range Budget Considerations**

The Town must continue to make annual investments in its facilities, infrastructure and unfunded liabilities.

- **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 three more appropriations of \$500,000 from FY2016 through FY2018 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		FY2018
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	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	Improving

This page intentionally blank



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 tax revenue is 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. An override was approved to provide additional funding for public schools in the amount of \$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	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Property Tax Collections **	\$ 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	\$ 46,802,957	\$ 48,305,577
Less Debt Exclusions ***	\$ (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)	\$ (2,370,816)
Net Property Tax Revenues (nominal dollars)	\$ 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	\$ 44,466,968	\$ 45,934,761
Percent increase Tax Revenues over prior year	8.3%	4.8%	5.2%	2.0%	3.6%	3.4%	6.7%	4.0%	5.3%	2.5%	3.3%
CPI-U, 2008 Base Year ****	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	265.6
CPI-U adjustment for constant dollars	100.0%	98.9%	97.8%	96.5%	94.2%	92.8%	91.4%	90.4%	89.7%	87.8%	87.2%
Net Property Tax Revenues (constant dollars)	\$ 30,838,146	\$ 31,973,467	\$ 33,270,205	\$ 33,483,725	\$ 33,854,985	\$ 34,455,863	\$ 36,235,838	\$ 37,264,084	\$ 38,934,165	\$ 39,049,876	\$ 40,050,966
Percent increase Tax Revenues over prior year	5.3%	3.7%	4.1%	0.6%	1.1%	1.8%	5.2%	2.8%	4.5%	0.3%	2.6%

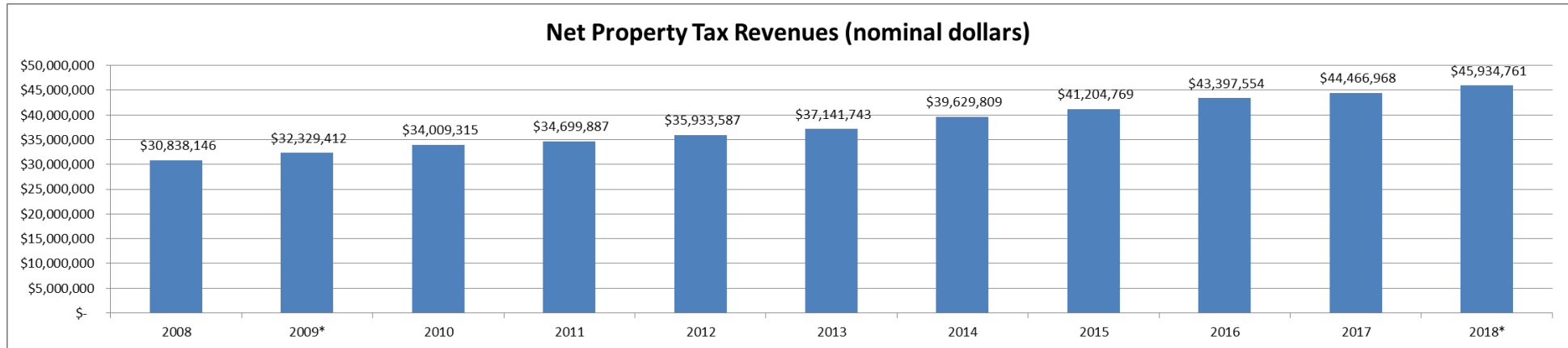
Notes:

*Proposition 2 1/2 Override approved in FY2009 (\$316,047); FY2018 shows budget numbers rather than actual, Source: Mass. DOR Tax Recap

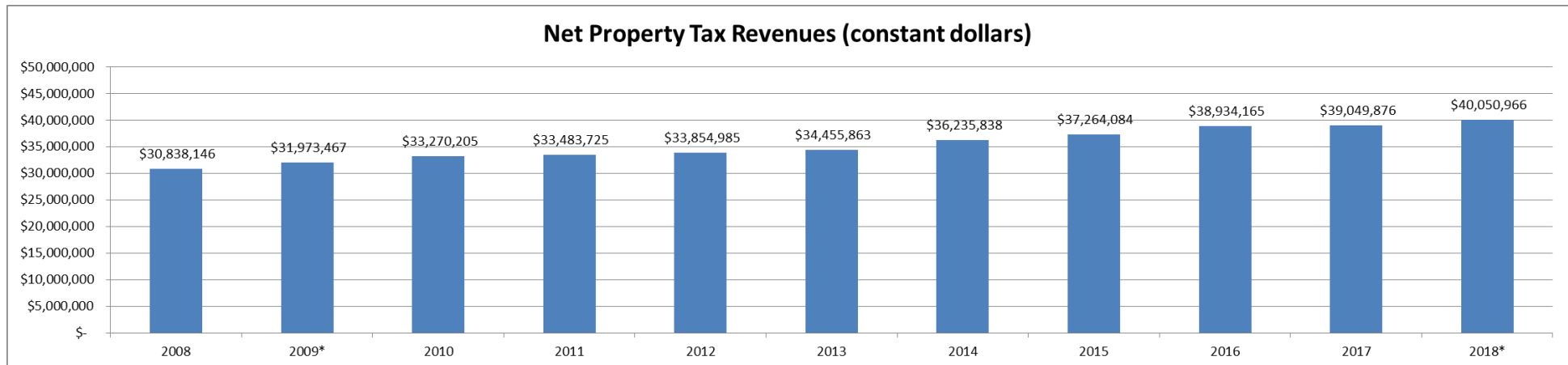
** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

*** Source: Mass. DOR, Tax Recaps

**** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Brockton-Nashua region), 6 months of calendar year 2017 used for FY2018



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 FY2008 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 trend remains both positive and stable.

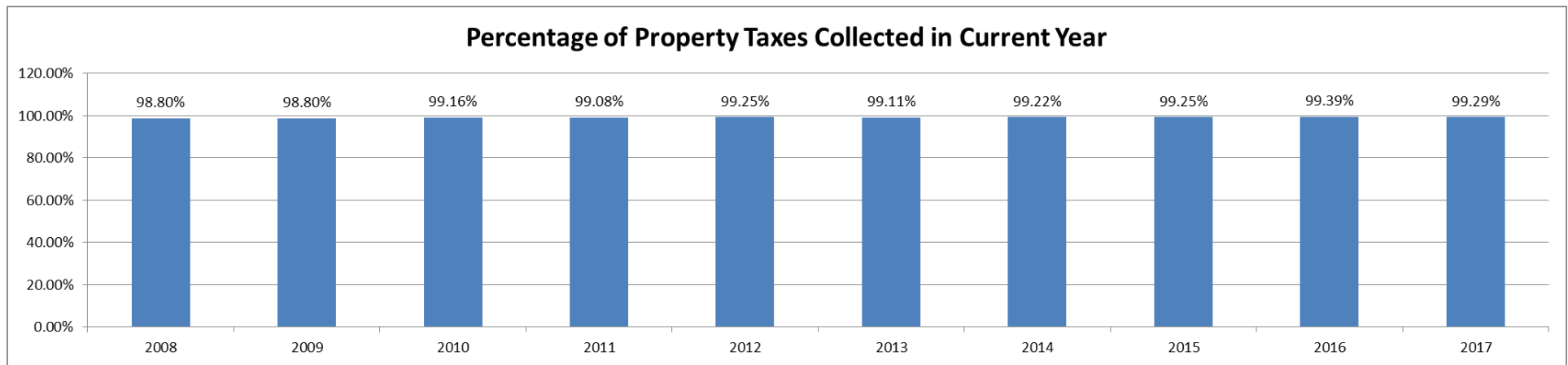
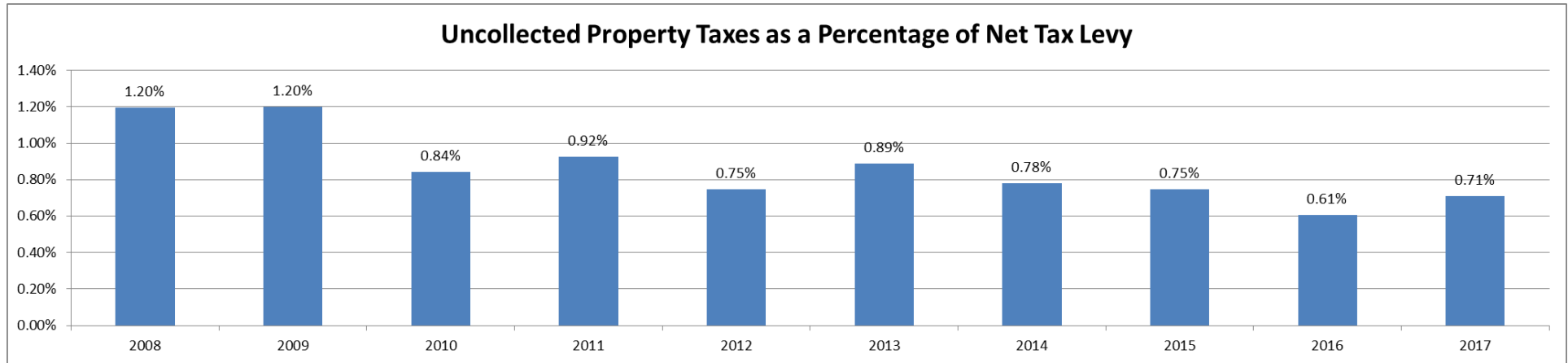
Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Property Tax Levy *	\$ 32,600,217	\$ 34,239,613	\$ 35,640,190	\$ 36,695,635	\$ 38,402,738	\$ 40,143,508	\$ 41,333,959	\$ 42,977,124	\$ 45,068,900	\$ 46,873,992
Less Reserve for Abatements & Exemptions *	\$ (249,386)	\$ (215,351)	\$ (284,717)	\$ (342,209)	\$ (351,739)	\$ (679,291)	\$ (530,787)	\$ (462,432)	\$ (623,081)	\$ (365,355)
Net Property Tax Levy	\$ 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	\$ 46,508,636
Uncollected Taxes as of June 30 **	\$ 386,596	\$ 408,354	\$ 298,580	\$ 336,037	\$ 284,981	\$ 351,243	\$ 318,536	\$ 317,223	\$ 269,696	\$ 329,592
Uncollected taxes as a Percentage of Net Property Tax Levy	1.20%	1.20%	0.84%	0.92%	0.75%	0.89%	0.78%	0.75%	0.61%	0.71%
Percentage Collected in Current Year ***	98.80%	98.80%	99.16%	99.08%	99.25%	99.11%	99.22%	99.25%	99.39%	99.29%

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 abateements 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:

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 \$175,000 used annually 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 from \$150,000 to \$175,000.

Fiscal Year	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures (Net of Capital Transfers)**	\$ 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	\$ 56,979,306
Revenues **	\$ 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	\$ 58,308,478
One Time Revenues Budgeted **	\$ 1,040,000	\$ 473,250	\$ 800,000	\$ 661,703	\$ 791,479	\$ 650,000	\$ 650,000	\$ 870,000	\$ 675,000	\$ 675,000
CPI-U, 2008 Base Year ***	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7
CPI-U adjustment for constant dollars	100.0%	98.9%	97.8%	96.5%	94.2%	92.8%	91.4%	90.4%	89.7%	87.8%
Expenditures (constant dollars)	\$ 42,106,943	\$ 42,916,841	\$ 43,333,884	\$ 42,778,703	\$ 43,181,573	\$ 44,215,010	\$ 44,533,036	\$ 46,825,536	\$ 48,078,987	\$ 50,037,925
Revenues (constant dollars)	\$ 42,390,894	\$ 42,865,972	\$ 44,247,409	\$ 43,598,099	\$ 44,405,900	\$ 45,182,321	\$ 47,467,018	\$ 47,766,622	\$ 50,033,189	\$ 51,205,174
Population ****	14,550	14,575	14,498	14,632	14,798	14,643	14,754	14,550	14,553	14,810
Expenditures per capita (nominal dollars)	\$ 2,894	\$ 2,977	\$ 3,055	\$ 3,030	\$ 3,097	\$ 3,255	\$ 3,301	\$ 3,559	\$ 3,682	\$ 3,847
Revenues per capita (nominal dollars)	\$ 2,913	\$ 2,974	\$ 3,120	\$ 3,088	\$ 3,185	\$ 3,326	\$ 3,519	\$ 3,630	\$ 3,832	\$ 3,937
Expenditures per capita (constant dollars)	\$ 2,894	\$ 2,945	\$ 2,989	\$ 2,924	\$ 2,918	\$ 3,020	\$ 3,018	\$ 3,218	\$ 3,304	\$ 3,379
Revenues per capita (constant dollars)	\$ 2,913	\$ 2,941	\$ 3,052	\$ 2,980	\$ 3,001	\$ 3,086	\$ 3,217	\$ 3,283	\$ 3,438	\$ 3,457

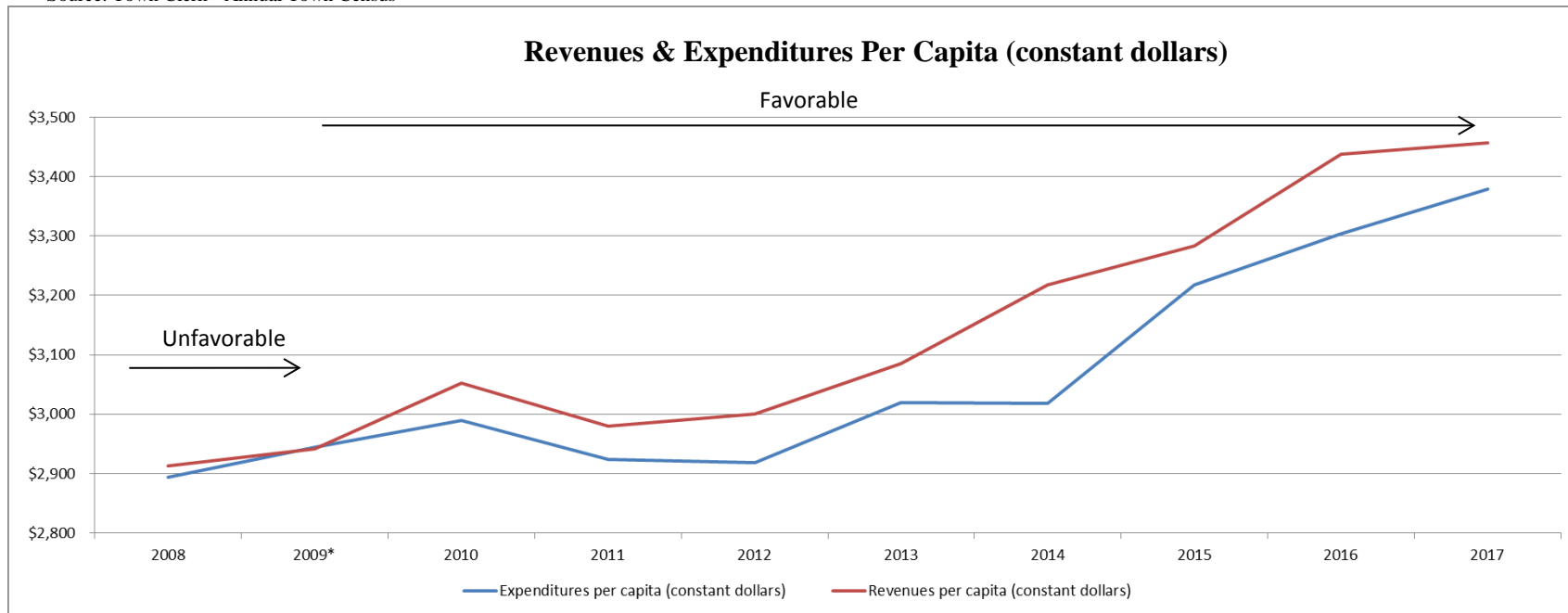
Notes:

*Proposition 2 1/2 Override approved in 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, \$1,813,460 in FY2016, and \$1,497,000 in FY2017 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 through FY2017. The amounts also include transfers to Stabilization: \$100,000 in FY2008 and \$200,000 in FY2015 through FY2017. FY2015 & FY2016 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2015 through FY2017 transfers to Stabilization and FY2015 & FY2016 transfers to the Anniversary Fund came from Free Cash. FY2016 was also adjusted to negate effect of a \$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 8.5% in FY2018. 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*	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Operating Revenues**	\$ 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	\$ 58,308,478	\$ 61,633,890
State Aid Revenues***	\$ 5,464,855	\$ 5,201,804	\$ 5,213,984	\$ 4,945,569	\$ 4,873,203	\$ 5,134,652	\$ 5,211,800	\$ 5,283,338	\$ 5,380,417	\$ 5,578,544	\$ 5,627,946
Less School Building Reimbursement	\$ (650,933)	\$ (615,942)	\$ (615,941)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net State Aid Revenues	\$ 4,813,922	\$ 4,585,862	\$ 4,598,043	\$ 4,563,026	\$ 4,490,660	\$ 4,752,109	\$ 4,829,257	\$ 4,900,795	\$ 4,997,874	\$ 5,196,001	\$ 5,245,403
CPI-U, 2007 Base Year ****	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	265.6
CPI-U adjustment for constant dollars	100.0%	98.9%	97.8%	96.5%	94.2%	92.8%	91.4%	90.4%	89.7%	87.8%	87.2%
Operating Revenues (constant dollars)	\$ 42,390,894	\$ 42,865,972	\$ 44,247,409	\$ 43,598,099	\$ 44,405,900	\$ 45,182,321	\$ 47,467,018	\$ 47,766,622	\$ 50,033,189	\$ 51,205,174	\$ 53,739,190
Net State Aid Revenue (constant dollars)	\$ 4,813,922	\$ 4,535,372	\$ 4,498,116	\$ 4,403,101	\$ 4,230,895	\$ 4,408,463	\$ 4,415,670	\$ 4,432,100	\$ 4,483,848	\$ 4,563,009	\$ 4,573,518
State Aid as a % of Operating Revenues (constant dollars)	11.4%	10.6%	10.2%	10.1%	9.5%	9.8%	9.3%	9.3%	9.0%	8.9%	8.5%

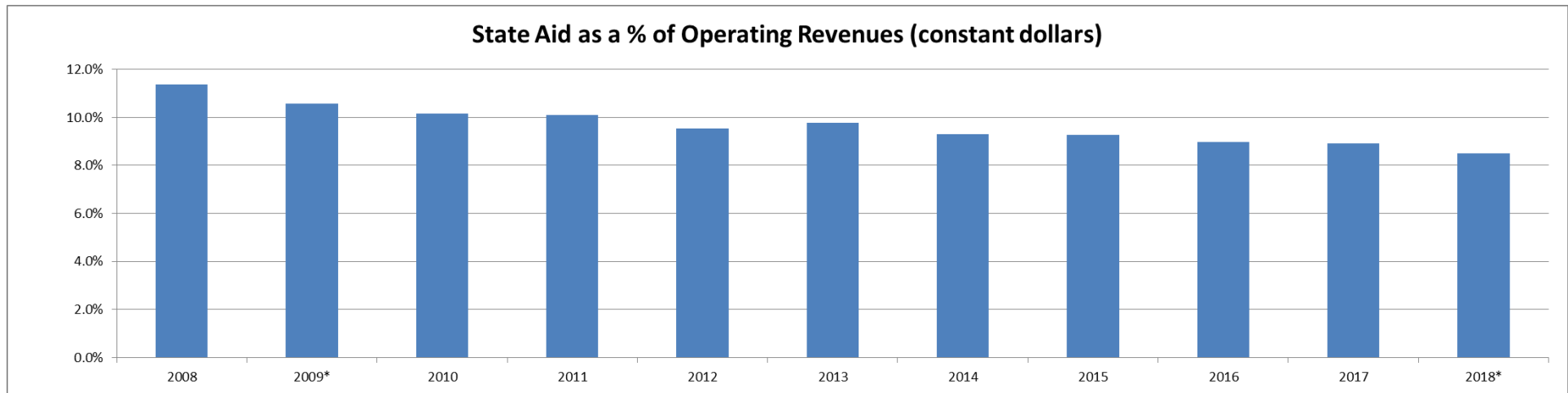
Notes:

* FY2009 reflects a \$352,035 cut in CH70 Education Aid which was replaced by a Federal ARRA grant (outside of general fund); FY2018 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 2017 used for FY2018



*Note: FY2018 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, local option hotel and meals tax, 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, including 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	2008	2009*	2010	2011	2012	2013	2014*	2015*	2016	2017
Revenues **	\$ 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	\$ 58,308,478
Less Debt Exclusions ***	\$ (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 Revenues (nominal dollars)	\$ 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	\$ 55,972,489
Building Related Fees & Permits ****	\$ 411,490	\$ 215,027	\$ 749,803	\$ 405,896	\$ 388,874	\$ 297,249	\$ 349,709	\$ 354,927	\$ 423,959	\$ 272,656
Motor Vehicle Excise ***	\$ 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	\$ 2,657,727
Other Excise ****	\$ 78,852	\$ 65,676	\$ 42,643	\$ 57,196	\$ 92,342	\$ 69,372	\$ 314,356	\$ 421,973	\$ 441,201	\$ 507,883
Levy Growth (New Growth) ***	\$ 673,617	\$ 676,247	\$ 720,133	\$ 975,576	\$ 1,229,983	\$ 1,439,307	\$ 826,728	\$ 629,818	\$ 529,520	\$ 694,155
Total Economic Growth Revenues	\$ 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	\$ 4,132,421
Economic Growth Revenues as a % of Operating Revenues	7.8%	6.9%	7.6%	8.0%	8.4%	8.4%	7.7%	7.5%	7.2%	7.4%

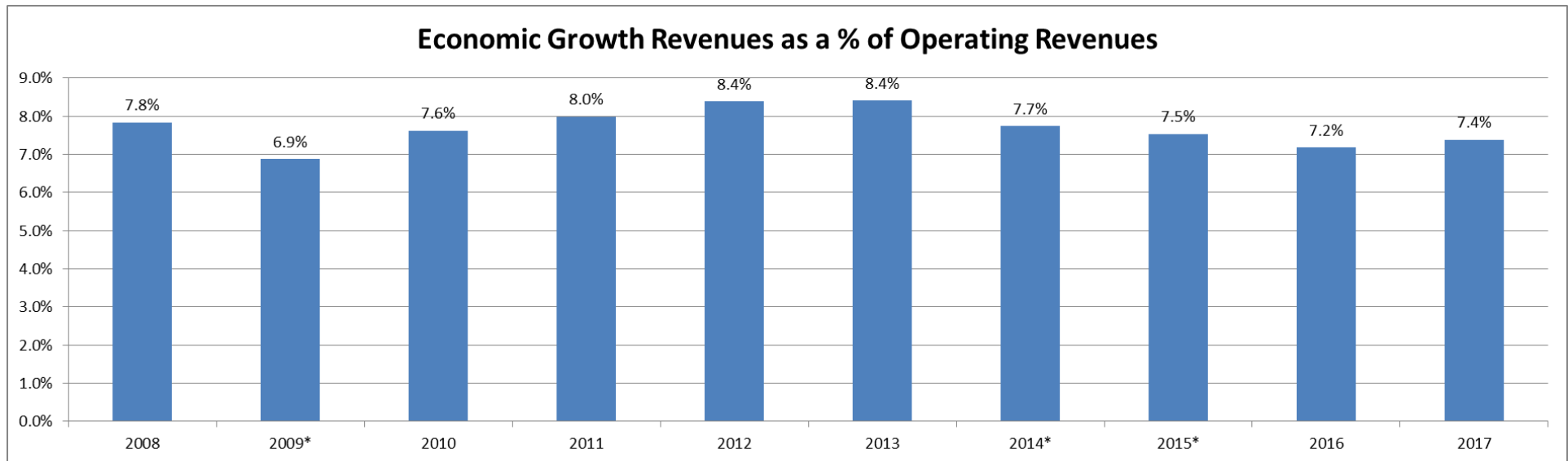
Notes:

*Proposition 2 1/2 Override approved in 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 4-6%), and the 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 recent 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 1.5% or \$875,000 in FY2018, where it will remain stable in accordance with the Free Cash Policy. In FY2016 and the FY2017 budget, Free Cash was also used to fund a \$200,000 transfer to Stabilization and a \$20,000 transfer to a special 250th Anniversary Celebration fund each year. FY2018 also included a \$200,000 transfer from Free Cash to the Stabilization Fund. Free Cash has been used to fund \$9.1 million in pay as you go capital investment from FY2012 through FY2018.

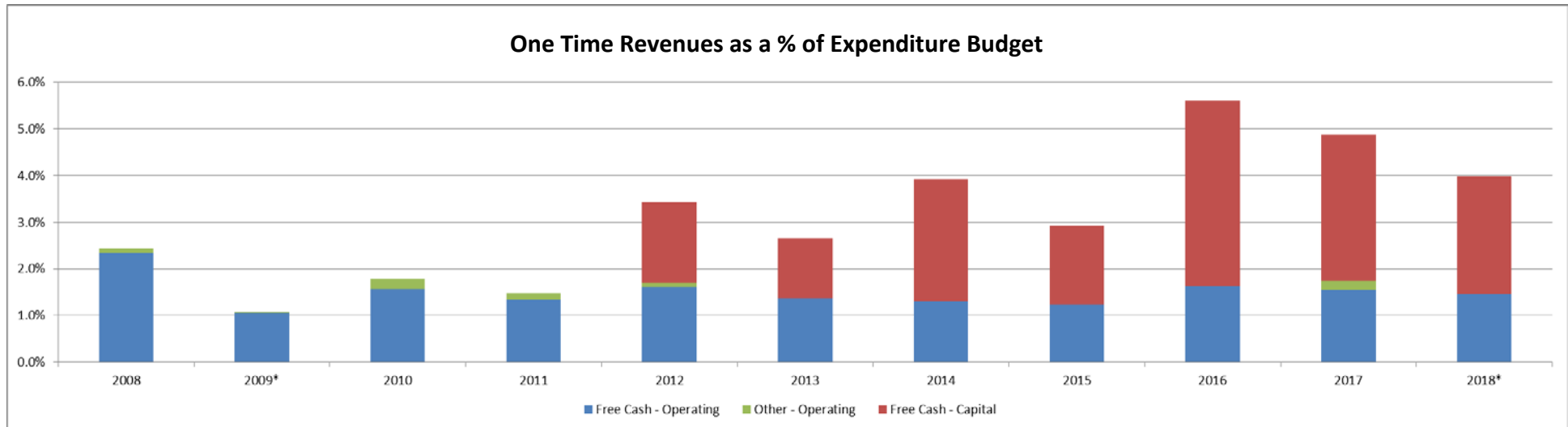
Fiscal Year	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Expenditure Budget **	\$ 42,760,582	\$ 44,350,863	\$ 44,912,699	\$ 44,910,225	\$ 46,665,590	\$ 47,769,858	\$ 49,997,242	\$ 52,697,038	\$ 55,128,393	\$ 57,855,289	\$ 59,634,331
Revenues Budgeted **	\$ 41,720,582	\$ 43,877,613	\$ 44,112,699	\$ 44,248,522	\$ 45,874,111	\$ 47,734,858	\$ 49,347,242	\$ 51,827,038	\$ 54,233,393	\$ 57,069,081	\$ 58,959,331
One Time Revenues Budgeted **	\$ 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	\$ 2,819,668
Free Cash Used for Operating Budget ***	\$ 1,000,000	\$ 470,000	\$ 700,000	\$ 600,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000
Free Cash Used for Capital	\$ -	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,460	\$ 1,497,000
Other One Time Revenues Used for Operating Budget ****	\$ 40,000	\$ 3,250	\$ 100,000	\$ 61,703	\$ 41,479	\$ -	\$ -	\$ -	\$ -	\$ 111,208	\$ -
Percentage Free Cash Used for Operating Budget	2.3%	1.1%	1.6%	1.3%	1.6%	1.4%	1.3%	1.2%	1.6%	1.5%	1.5%
Percentage Free Cash Used for Capital	0.0%	0.0%	0.0%	0.0%	1.7%	1.3%	2.6%	1.7%	4.0%	3.1%	2.5%
Percentage Other Reserves used for Operating Budget	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%
Total Percentage of One Time Revenue used for Operating Budget	2.4%	1.1%	1.8%	1.5%	1.7%	1.4%	1.3%	1.2%	1.6%	1.7%	1.5%
Total Percentage of One Time Revenue Used	2.4%	1.1%	1.8%	1.5%	3.4%	2.6%	3.9%	2.9%	5.6%	4.9%	4.7%

Notes: *Proposition 2 1/2 Override approved in FY2009 (\$316,047); Fiscal Year 2018 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), \$1,813,460 in FY2016 (FY2017 CIP), and \$1,497,000 in FY2017 (FY2018 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-FY2018. The amounts also include transfers to Stabilization: \$100,000/year in FY2007 & FY2008 and \$200,000 in FY2016-FY2018. In addition, FY2016 & FY2017 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. Note that the FY2016-FY2018 transfers to Stabilization and FY2015 & FY2016 transfers to 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 FY2008-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-FY2018 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 FY2008-2010 are Overlay Surplus and from FY2011-2012, & 2017 are Debt Exclusion Reserves.



*Note: FY2018 reflects budgeted revenues per the Mass. DOR Tax Recap

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:

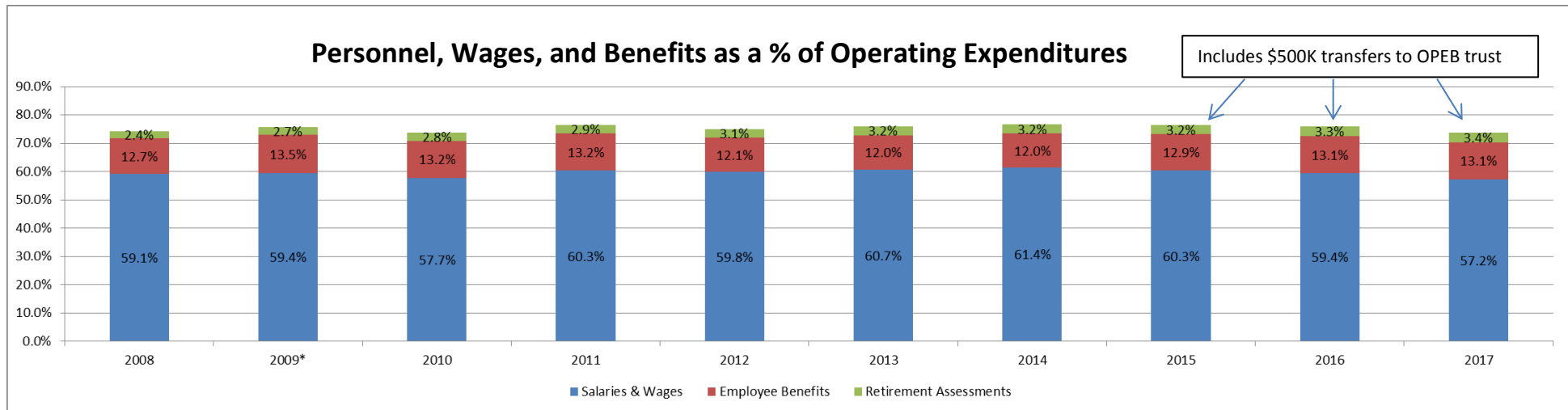
Overall, personnel wages and benefits represent approximately 74% of the Town's operating budget and remain relatively stable. Following an eight year period of mitigated Health Insurance budget increases, the Town is once again facing double-digit increases that threaten to imbalance operating budgets. Plan design changes and carrier consolidation were negotiated with all employee groups in FY2018 and FY2019, but it is anticipated to be an exposure for the foreseeable future. More detail regarding the plan design changes is explained under Indicator #8.

Wages, salaries and employee benefits as a percentage of operating expenditures decreased .5% from FY2008 to FY2017. The largest increase was in retirement assessments with an increase of 1.0%, employee benefits accounted for .4% which includes the first two annual contributions toward OPEB of \$500,000, while wages and salaries have decreased by 1.9%. 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.

FY2019 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. A significant amount of time in FY2019 will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2020 through FY2022.

Fiscal Year	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures (Net of Capital Transfers)**	\$ 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	\$ 56,979,306
Less Education Assessments ****	\$ (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)	\$ (11,613,304)
Expenditures (Net of Capital Transfers & Education Assessments)	\$ 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	\$ 45,366,002
Municipal & K-8 School Department Wages ***	\$ 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	\$ 25,952,641
Employee Benefits ****	\$ 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	\$ 5,942,633
Retirement Assessment ****	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244	\$ 1,546,598
Total Wage & Benefit Costs	\$ 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	\$ 33,441,872
Salaries & Wages as a percentage of Operating Expenditures	59.1%	59.4%	57.7%	60.3%	59.8%	60.7%	61.4%	60.3%	59.4%	57.2%
Benefits as a percentage of Operating Expenditures	12.7%	13.5%	13.2%	13.2%	12.1%	12.0%	12.0%	12.9%	13.1%	13.1%
Retirement Assessments as a percentage of Operating Expenditures	2.4%	2.7%	2.8%	2.9%	3.1%	3.2%	3.2%	3.2%	3.3%	3.4%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	74.2%	75.6%	73.7%	76.4%	75.0%	76.0%	76.7%	76.3%	75.8%	73.7%

Notes:
 *Proposition 2 1/2 Override approved in FY2009 (\$316,047)
 ** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, adjustment made to exclude transfers to capital project funds (FY2012-FY2017)
 *** 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:
$$\frac{\text{Employee Benefits}}{\text{Wages \& Salaries}}$$

Northborough Trend

	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 3.4% from FY2008 through FY2017. This includes the retirement assessment, which has risen from 4.1% in FY2008 to 6.0% in FY2017, 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 FY2017 employee benefits are less than FY2010 at 21.0%, not including \$500,000 annually contributed to the OPEB liability trust starting in FY2015. 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 FY2018 health insurance budget of \$5.5 million represents an increase of \$424,844, or 8.3%, from the amount budgeted in FY2017. Overall plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 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 8.3% in FY2018. Escalation and uncertainty in the market continue to be problematic leading into FY2019.

Fiscal Year	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
Municipal & K-8 School Department Wages **	\$ 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	\$ 25,952,641
Employee Benefits ***	\$ 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	\$ 5,442,633
Transfer to OPEB Trust Fund ***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 500,000
Retirement Assessment ****	\$ 773,438	\$ 892,411	\$ 974,865	\$ 1,006,365	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244	\$ 1,546,598
Total Benefit Costs	\$ 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	\$ 7,489,231
Benefits as a percentage of Wages & Salaries	21.4%	22.7%	22.9%	21.9%	20.2%	19.8%	19.6%	19.3%	20.1%	21.0%
OPEB Transfer as a percentage of Wages & Salaries	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	1.9%
Retirement as a percentage of Wages & Salaries	4.1%	4.5%	4.8%	4.8%	5.2%	5.3%	5.2%	5.2%	5.6%	6.0%
Total Benefits Spending as percentage of Wages & Salaries	25.5%	27.2%	27.8%	26.7%	25.4%	25.1%	24.8%	26.6%	27.7%	28.9%

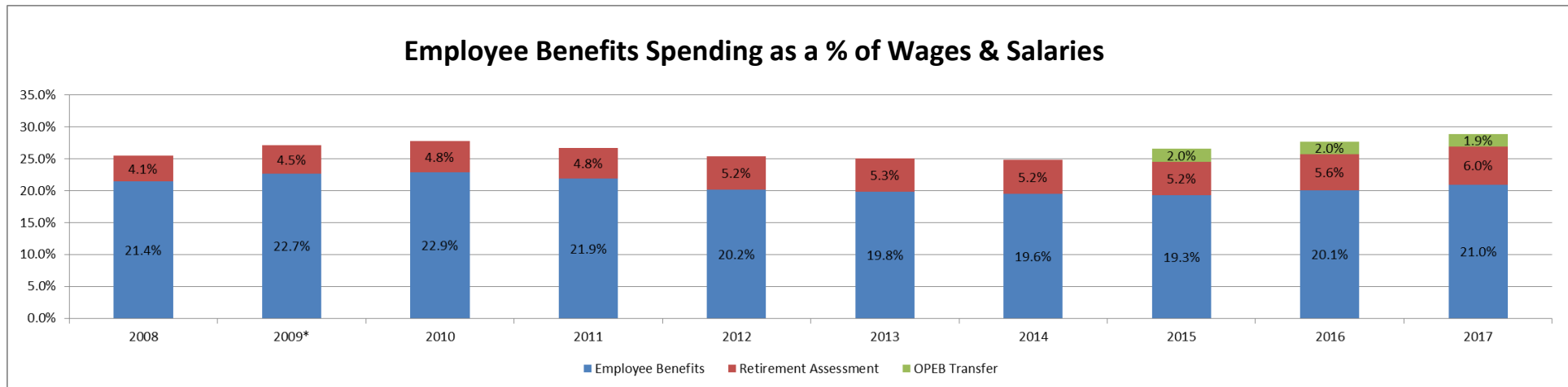
Notes:

*Proposition 2 1/2 Override approved in 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-FY2017 Include \$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 99 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, 2016, there were 397 Northborough participants with 218 active, 71 inactive and 108 retired members.

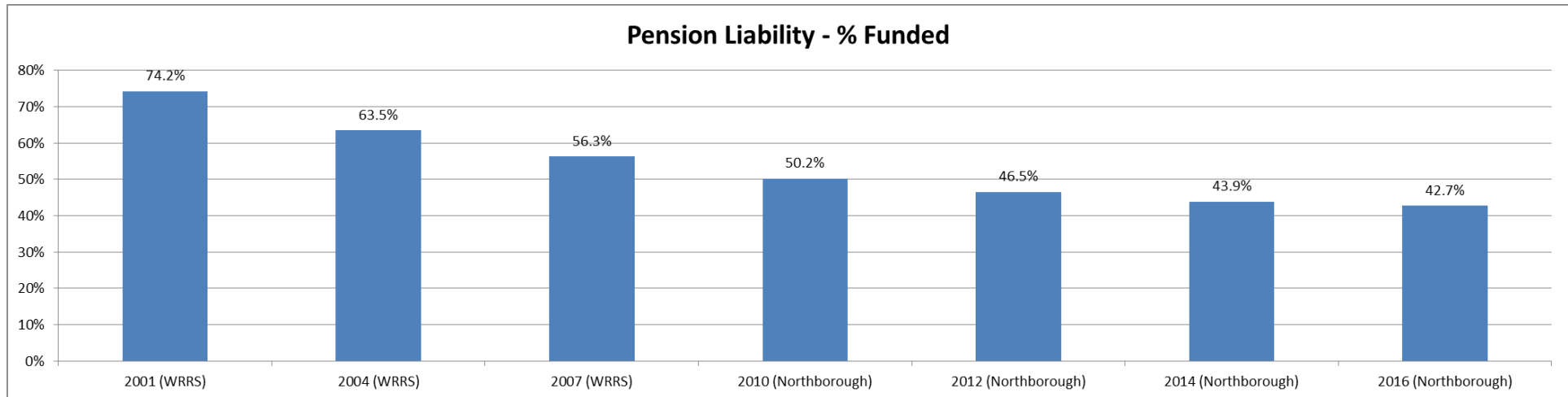
The majority of assets of the Worcester Regional Retirement System were transferred to the Massachusetts Pension Reserve Investment Trust (PRIT) Fund in July 2007. The \$71.9 Billion PRIT Fund manages the pension investments for the Massachusetts State Employees, the Teachers Retirement System as well 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	1/1/2016
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	1,369,390,456
Worcester Regional Retirement System- Pension Assets		316,389,108	350,879,900	389,758,785	413,976,785	436,671,982	488,346,471	594,790,118
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	774,600,338
Worcester Regional Retirement System - Percent Funded		74.2%	63.5%	56.3%	48.0%	44.4%	44.9%	43.4%
Northborough - Estimated Accrued Liability					33,802,878	37,199,035	41,707,744	51,820,717
Northborough - Pension Assets					16,976,508	17,296,679	18,293,648	22,102,030
Northborough - Pension Liability-Unfunded					16,826,370	19,902,356	23,414,096	29,718,687
Northborough - Percent Funded					50.2%	46.5%	43.9%	42.7%

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 grew to \$34.9 million upon revaluation. GASB has since issued statements 74 and 75, changing the standards moderately. The Town's Net OPEB Liability was measured to be \$37.4 million under the new GASB standards, which include the Town's contributions to the OPEB Trust Fund.

The Town created the Trust Fund at the April 2011 Annual Town Meeting to set aside funds to reduce the liability, and then appropriated \$500,000 annually from FY2015 through FY2018 with the intention to continue that level of annual funding. 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. Based upon these Trust Fund contributions, the funding ratio improved to 4.43% in FY2017.

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.

Reporting Period*	FY2009 Original	FY2009 Revised	FY2011	FY2013	FY2015	FY2016	FY2017
Total OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$35,381,934	\$36,566,852	\$39,143,474
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,051,207	\$ 1,734,723
Net OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$34,881,934	\$35,515,645	\$37,408,751
Funded Ratio	0.00%	0.00%	0.00%	0.00%	1.43%	2.87%	4.43%

*Note GASB 45 measurement date is July 1 of fiscal year (FY2009-FY2015), GASB 74/75 date is June 30th of current year (FY2016-2017)

Source: Town Actuarial Valuation Studies, Original study conducted effective July 1, 2008 (FY2009), and revaluations conducted for July 1 of 2010, 2012, 2014, and 2016

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 the 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% recommended 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 increased in FY2016 and FY2017 as \$7.390 Million of the \$14.85 Million total debt for the Lincoln Street School building project was issued in June 2015 and \$7.354 Million issued in January 2016. Even with the addition of the Lincoln Street School bonds, debt is projected to remain well within policy limits.

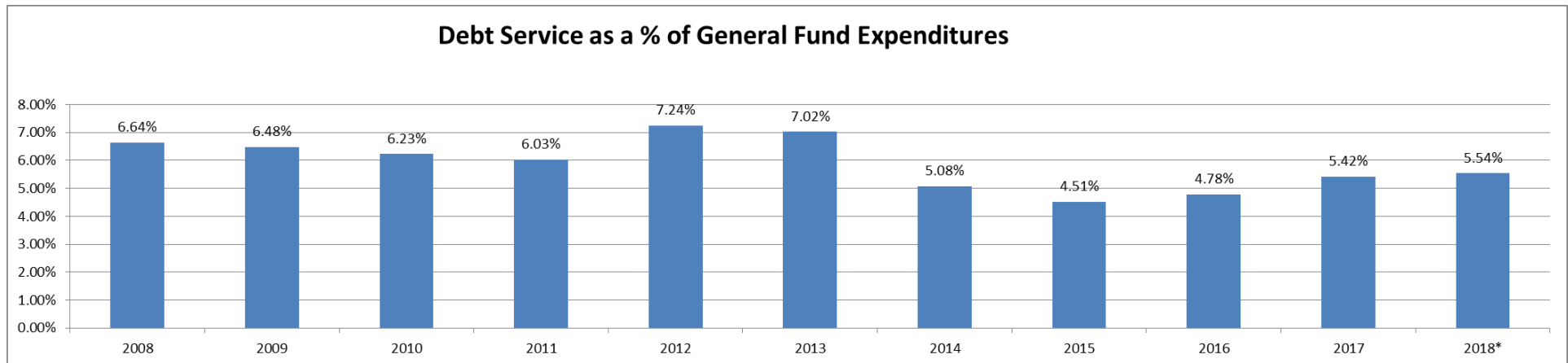
Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Debt Service**	\$ 1,561,156	\$ 1,790,064	\$ 2,265,276	\$ 1,923,505	\$ 2,489,898	\$ 2,481,623	\$ 2,307,032	\$ 2,050,723	\$ 2,488,169	\$ 2,923,647	\$ 2,900,732
Less School Building Reimbursement	\$ (409,777)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net Debt Service	\$ 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	\$ 2,541,104	\$ 2,518,189
Overlapping Debt - Assabet Debt Assessment							\$ 1,044	\$ 8,186	\$ 15,006	\$ 151,232	\$ 192,135
Overlapping Debt - ARHS Debt Assessment	\$ 1,645,780	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 656,493	\$ 660,574	\$ 661,206
Less ARHS Legal Settlement ***									\$ (213,831)	\$ (217,999)	\$ (215,948)
Net Overlapping ARHS Debt Assessment	\$ 1,645,780	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 442,662	\$ 442,575	\$ 445,258
Total Debt Service	\$ 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	\$ 3,134,911	\$ 3,155,582
General Fund Expenditures	\$ 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	\$ 56,979,306
Net Debt Service as % of GF Expenditures	2.73%	3.24%	4.25%	3.48%	4.52%	4.35%	3.78%	3.22%	3.93%	4.39%	4.42%
Overlapping Debt - ARHS as % of GF Expenditures	3.91%	3.24%	1.98%	2.55%	2.72%	2.67%	1.30%	1.27%	1.23%	1.14%	1.16%
Total Debt Service as a % of GF Expenditures	6.64%	6.48%	6.23%	6.03%	7.24%	7.02%	5.08%	4.51%	4.78%	5.42%	5.54%

Notes:

* FY2018 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:

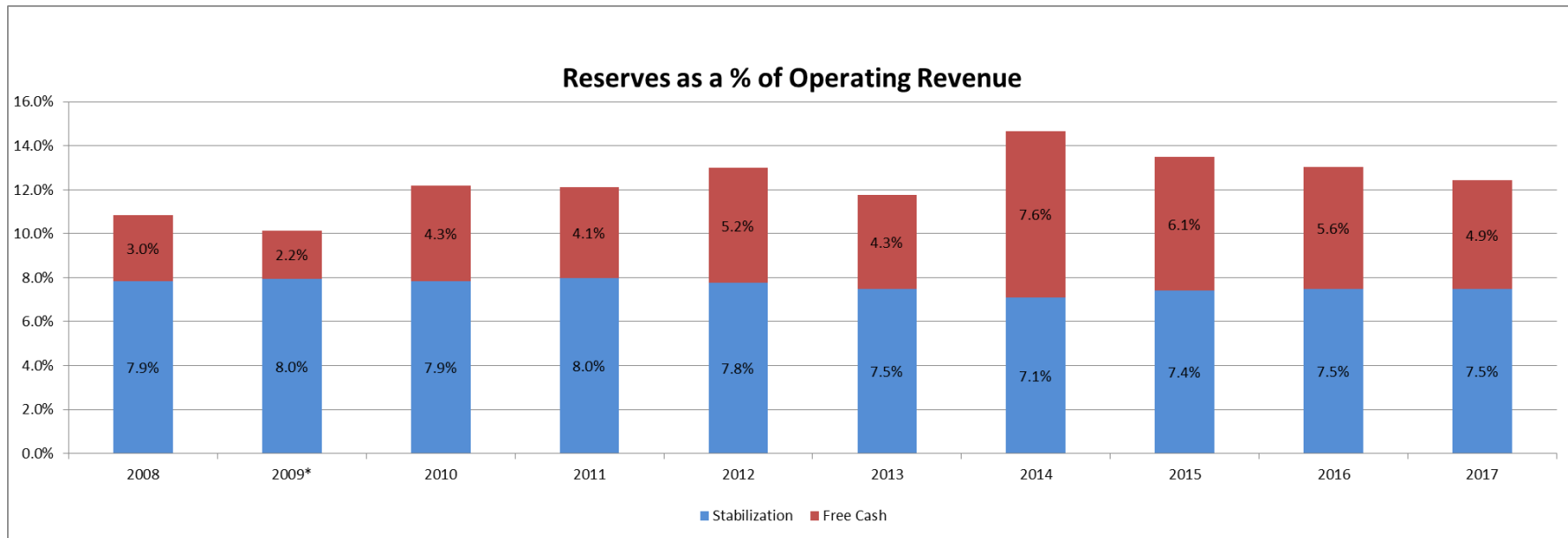
The size of a local government's fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Municipalities usually try to operate each year at a surplus to maintain positive fund balance and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

Analysis:

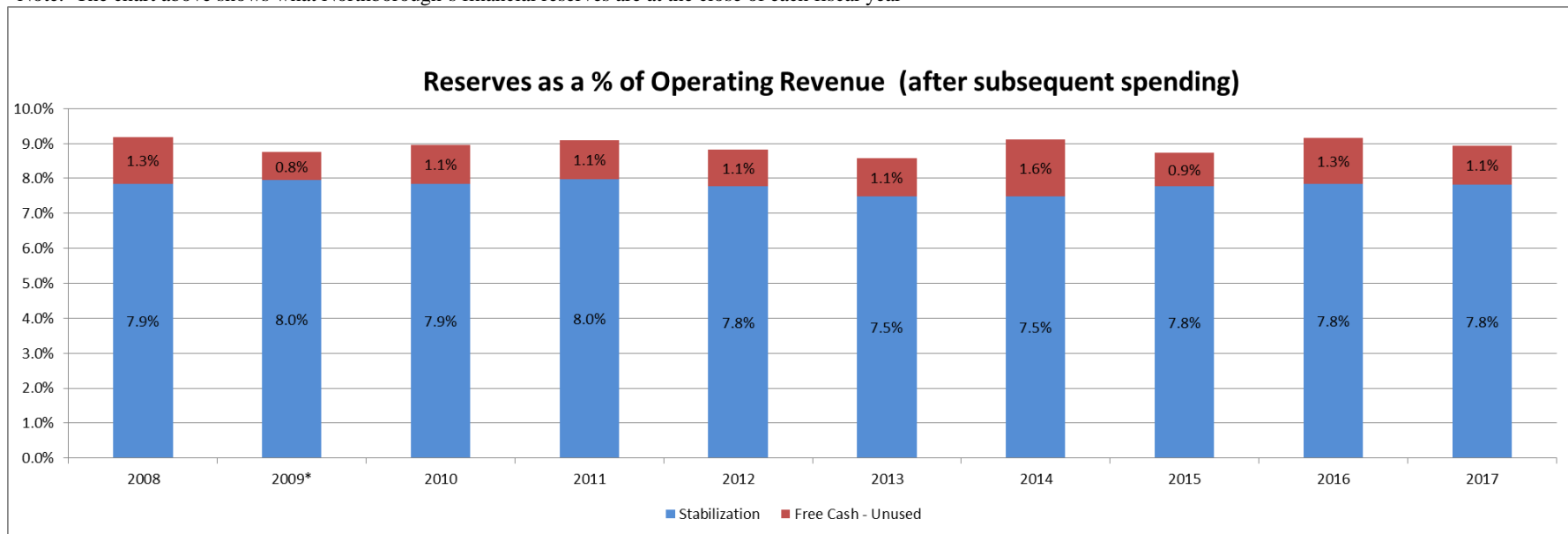
The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5% and 15% of operating revenues. Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. The reserves are defined to include the Town's Stabilization Fund and Free Cash. The Town's level of reserves is in accordance with this policy. In FY2016-FY2018, \$200,000 was added to the Stabilization Fund to ensure appropriate levels are maintained.

Fiscal Year	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
Certified Free Cash **	\$ 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	\$ 2,877,855
Stabilization Fund Balance **	\$ 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	\$ 4,364,697
Operating Revenues ***	\$ 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	\$ 58,308,478
Free Cash Percentage of Operating Revenue	3.0%	2.2%	4.3%	4.1%	5.2%	4.3%	7.6%	6.1%	5.6%	4.9%
Stabilization Percentage of Operating Revenue	7.9%	8.0%	7.9%	8.0%	7.8%	7.5%	7.1%	7.4%	7.5%	7.5%
Net Reserves Percentage of Operating Revenue	10.8%	10.1%	12.2%	12.1%	13.0%	11.7%	14.7%	13.5%	13.1%	12.4%
Free Cash Subsequently Used****	\$ 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	\$ 2,235,000
Free Cash Subsequently Used-Operating	\$ 700,000	\$ 600,000	\$ 650,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000	\$ 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	\$ 1,360,000
Free Cash Not Used	\$ 565,111	\$ 346,294	\$ 500,708	\$ 504,209	\$ 500,000	\$ 531,420	\$ 843,028	\$ 500,000	\$ 732,766	\$ 642,855
Percent Free Cash Subsequently Used	1.7%	1.4%	3.2%	3.0%	4.2%	3.2%	6.0%	5.1%	4.3%	3.8%
Percent Free Cash Not Used	1.3%	0.8%	1.1%	1.1%	1.1%	1.1%	1.6%	0.9%	1.3%	1.1%
Projected Stabilization Balance after transfer	7.9%	8.0%	7.9%	8.0%	7.8%	7.5%	7.5%	7.8%	7.8%	7.8%
Percent of Reserves after subs spending	9.2%	8.8%	9.0%	9.1%	8.8%	8.6%	9.1%	8.7%	9.2%	8.9%

Notes: *Proposition 2 1/2 Override approved in 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. 2016 Free Cash voted for use by April, 2017 ATM toward FY2018 budget; Figures shown for FY2017 are projected FY2019 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.

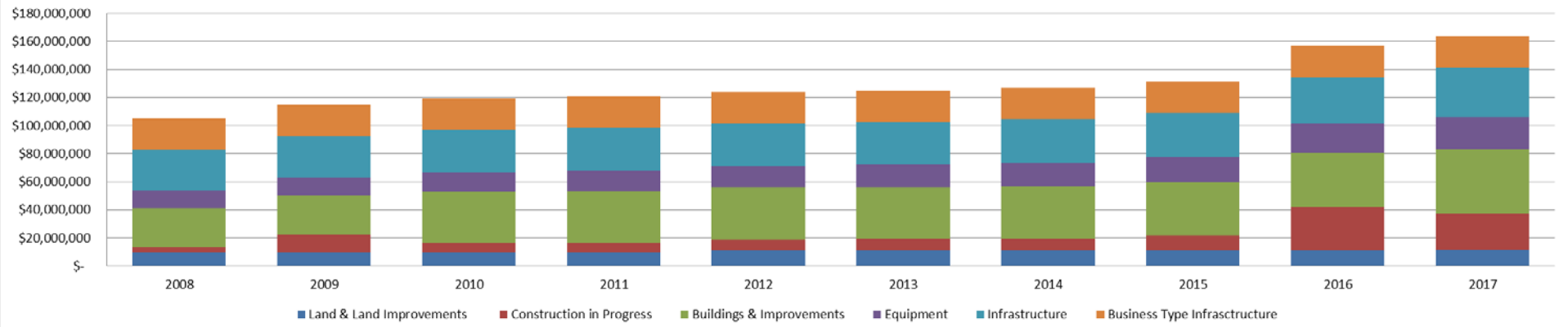
Analysis:

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.

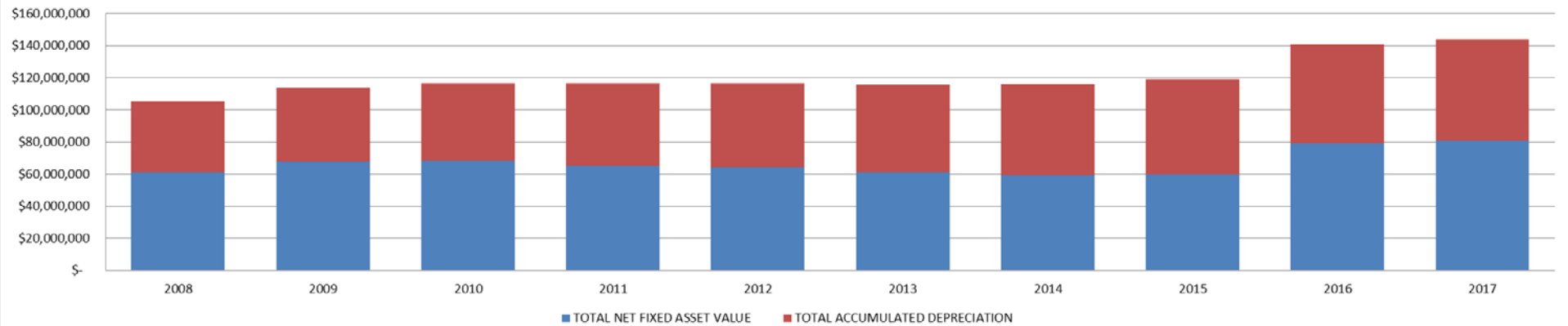
The large increase in value during FY2016 and FY2017 was directly related to the \$25M Lincoln Street School building project, which increased category of "Construction in Progress." The bulk of the project was conducted over a relatively short period of time and was in use during FY2017. The project was completed in FY2018, and will then move to "Buildings & Improvements" and will begin to be depreciated.

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Land & Land Improvements	\$ 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	\$ 8,677,043
Construction in Progress	\$ 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	\$ 24,531,608
Buildings & Improvements	\$ 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	\$ 40,495,673
Equipment	\$ 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	\$ 19,072,190
Infrastructure	\$ 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	\$ 35,554,210
Gross Fixed Asset Value	\$ 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	\$ 128,330,724
Less Accumulated Depreciation	\$ (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)	\$ (55,423,074)
Net Fixed Asset Value	\$ 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	\$ 72,907,650
Business-Type Activities										
Land & Land Improvements	\$ 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	\$ 2,771,038
Construction in Progress	\$ 471,848	\$ 891,343	\$ 390,198	\$ 493,087	\$ 840,138	\$ 840,138	\$ 840,138	\$ 185,526	\$ 1,203,064	\$ 1,556,110
Buildings & Improvements	\$ 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	\$ 5,389,390
Equipment	\$ 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	\$ 3,494,134
Infrastructure	\$ 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	\$ 22,499,620
Gross Fixed Asset Value	\$ 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	\$ 35,710,292
Less Accumulated Depreciation	\$ (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)	\$ (16,785,790)
Net Fixed Asset Value	\$ 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	\$ 18,924,502
Governmental & Business-Type Activities										
Land & Land Improvements	\$ 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	\$ 11,448,081
Construction in Progress	\$ 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	\$ 26,087,718
Buildings & Improvements	\$ 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	\$ 45,885,063
Equipment	\$ 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	\$ 22,566,324
Infrastructure	\$ 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	\$ 35,554,210
Business Type Infrastructure	\$ 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	\$ 22,499,620
Gross Fixed Asset Value	\$ 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	\$ 164,041,016
Less Accumulated Depreciation	\$ (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)	\$ (72,208,864)
Net Fixed Asset Value	\$ 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	\$ 91,832,152
TOTAL GROSS FIXED ASSET VALUE	\$ 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	\$ 164,041,016
TOTAL ACCUMULATED DEPRECIATION	\$ (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)	\$ (72,208,864)
TOTAL NET FIXED ASSET VALUE	\$ 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	\$ 91,832,152
CPI-U, 2008 Base Year ****	231.6	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7
CPI-U adjustment for constant dollars	100.0%	98.9%	97.8%	96.5%	94.2%	92.8%	91.4%	90.4%	89.7%	87.8%
TOTAL GROSS FIXED ASSET VALUE	\$ 105,180,649	\$ 113,637,925	\$ 116,678,778	\$ 116,371,889	\$ 116,735,352	\$ 115,927,344	\$ 116,093,493	\$ 118,885,938	\$ 140,813,793	\$ 144,057,074
TOTAL ACCUMULATED DEPRECIATION	\$ 44,105,630	\$ 46,012,919	\$ 48,394,667	\$ 50,898,574	\$ 52,707,684	\$ 54,732,973	\$ 56,762,736	\$ 58,879,977	\$ 61,474,803	\$ 63,412,175
TOTAL NET FIXED ASSET VALUE	\$ 61,075,019	\$ 67,625,006	\$ 68,284,111	\$ 65,473,315	\$ 64,027,668	\$ 61,194,371	\$ 59,330,757	\$ 60,005,961	\$ 79,338,990	\$ 80,644,899

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	Improving
	Uncertain

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

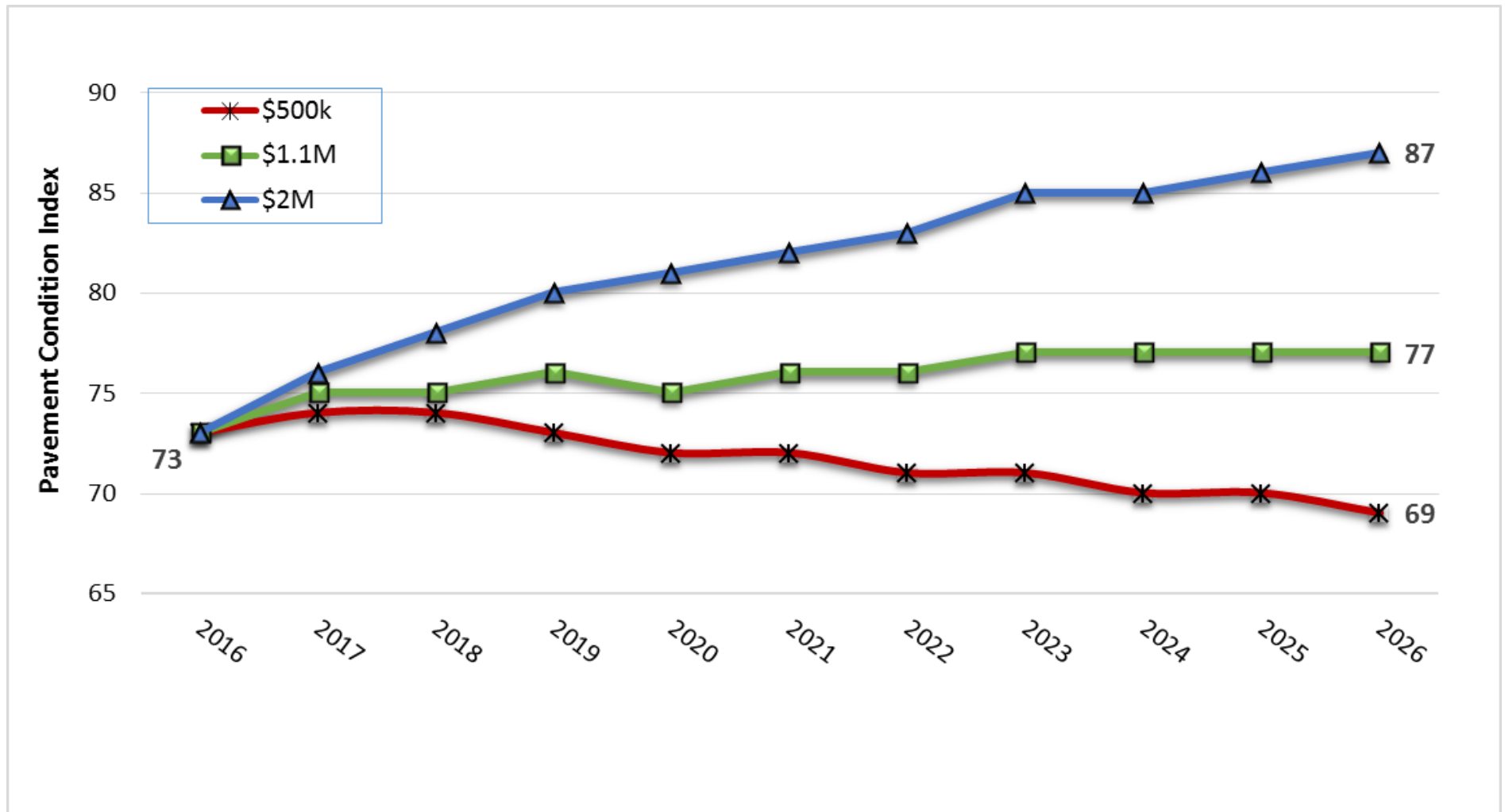
Description:

One of the Town's most significant assets is its pavement network, or its 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) calculation on a 0 - 100 scale. 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 often 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 its first comprehensive pavement management study which assessed the condition of all the Town's roadways. The results of the study were used to develop a multiyear maintenance and rehabilitation plan for Northborough's roadways. The study determined that the Town's initial overall PCI of 71 would deteriorate over time if it continued to only invest the State's Chapter 90 Roadway Funds, which are approximately \$500,000 per year. The study determined that the Town must spend at least \$1.1M annually to prevent its roadways from deteriorating further. Ultimately, deferring investment in our roadways would negatively impact the Town's financial condition by increasing future costs and reducing the Town's ability to fund other services.

Based upon the study the Town put a Pavement Management Plan (PMP) in place with a budget of approximately \$1.1M annually beginning in FY2016. Following a one-time increase in Chapter 90 Funds, the State reduced its support back to approximately \$500,000 in FY2017, where it remains today. The Town's \$1.1M PMP consists of approximately \$500,000 in State Chapter 90 funds, \$300,000 in roadway maintenance funds from the DPW operating budget, and \$300,000 in Free Cash appropriated in the Capital Budget. Based upon the increased level of infrastructure investment since FY2016, the Town's overall PCI improved to a 73. The chart on the following page projects the Town's overall average PCI for its roads based upon three funding scenarios with the middle line representing the current \$1.1M plan. Future progress will require identification of additional resources, including a commitment from the State Legislature to increase Chapter 90 Funds statewide from \$200 million to \$300 million. If that occurs, Northborough would receive an estimated \$275,000 in additional roadway funds.



Section IV

Five-Year Financial Forecast— Revenue and Expenditure Projections

This page intentionally blank



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 to maintain service levels
- No operational budget overrides are requested
- State aid is increased by 1% annually
- Local receipts such as motor vehicle excise are level funded
- Adherence to our comprehensive financial policies (no one-time gimmicks)

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 our six-year capital plan
- Key budgets increase a modest 3.59% in FY2019, then 4% annually

Financial Outlook

Additionally, a market adjustment has been applied to the valuation of an Average Single Family Home and Total Valuation. The model assumes a 3% increase in FY2019 in the Single Family Home category, then 1% through FY2023. Given these assumptions, the revenue and expenditure projections indicate that real estate taxes will increase between 3.6% to 5.0% 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 FY2023.

Five-Year Revenue Projections

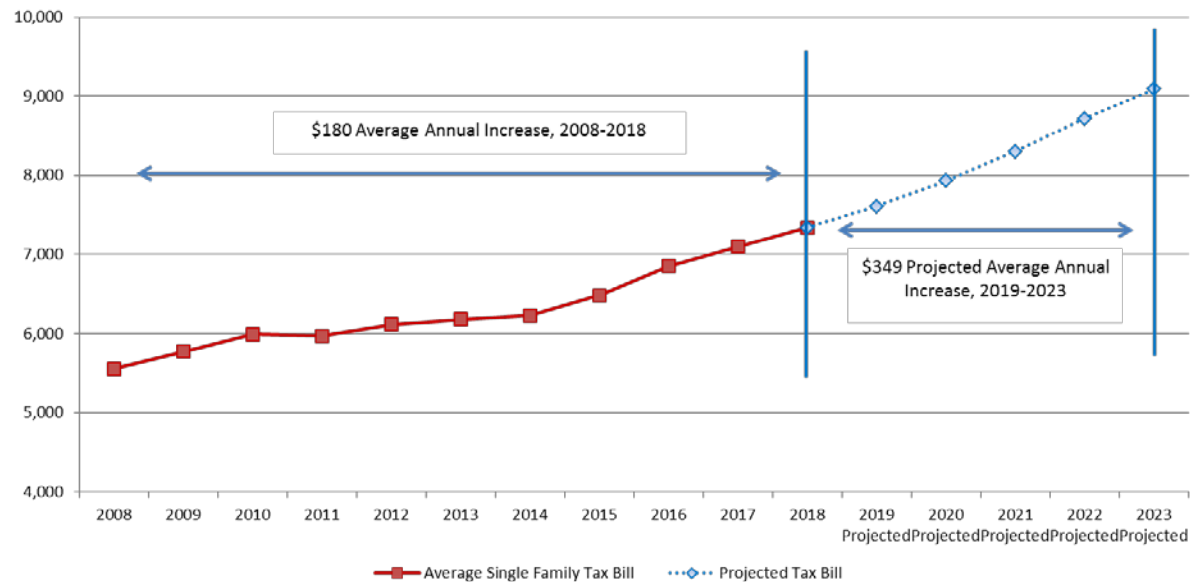
		FY2019	FY2020	FY2021	FY2022	FY2023
		Projection	Projection	Projection	Projection	Projection
<u>General Fund Revenues</u>						
	Prior Year Levy Limit	49,116,899	50,866,521	52,659,884	54,498,081	56,382,233
	2.5%	1,227,922	1,271,663	1,316,497	1,362,452	1,409,556
	New Growth	521,700	521,700	521,700	521,700	521,700
	Levy Limit	50,866,521	52,659,884	54,498,081	56,382,233	58,313,489
	Debt Exclusions	773,938	718,051	724,074	703,246	627,391
	ARHS Debt Exclusions	442,574	443,359	441,846	441,930	444,083
	Lincoln St Sch Bldg Debt Exclusion	1,099,563	1,075,199	1,050,836	1,026,182	998,130
	Maximum Levy	53,182,596	54,896,494	56,714,838	58,553,591	60,383,093
	Unused Levy Capacity	(2,902,138)	(2,363,350)	(1,688,020)	(683,655)	2,684
Total Tax Levy		50,280,458	52,533,144	55,026,818	57,869,936	60,385,777
State Aid		5,297,857	5,350,836	5,404,344	5,458,387	5,512,971
Estimated Receipts		3,962,000	3,962,000	3,962,000	3,962,000	3,962,000
<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	1,702,855				
	MSBA	382,543	382,543			
	Meals/Rooms Tax	506,000	506,000	506,000	506,000	506,000
	Other Available Funds	915,347	915,347	915,347	915,347	915,347
Total General Fund Revenues		63,722,060	64,324,870	66,489,509	69,386,670	71,957,095

Five-Year Expense Projections

<u>General Fund Expenses</u>					
<u>Education</u>					
Northborough K-8	24,286,888	25,258,364	26,268,698	27,319,446	28,412,224
Algonquin 9-12	10,779,999	11,211,199	11,659,647	12,126,033	12,611,074
ARHS Debt Service	660,574	662,174	661,359	659,846	659,930
Assabet	604,732	628,921	654,078	680,241	707,451
Assabet Renovation Project	145,316	141,488	137,660	133,832	130,004
Lincoln Street School Building	1,100,275	1,075,252	1,051,475	1,026,775	998,675
<u>Town Departments</u>	12,546,136	13,047,981	13,569,901	14,112,697	14,677,205
<u>Undistributed Expenses</u>					
Employee Benefits & Insurance	8,117,874	8,523,768	8,949,957	9,397,454	9,867,327
Building & Liability Insurance	266,651	277,317	288,410	299,946	311,944
Debt Service	1,700,968	1,606,290	1,315,734	1,653,601	1,554,991
State Assessments	214,874	223,469	232,408	241,704	251,373
Reserve Fund	175,000	175,000	175,000	175,000	175,000
Special Warrant Articles - Capital	1,502,855				
Solid Waste Subsidy	217,160	217,160	217,160	217,160	217,160
OPEB Trust	500,000	550,000	550,000	550,000	550,000
Stabilization Fund	200,000				
<u>Reserve for Abatements</u>	680,198	703,926	735,464	770,375	810,179
<u>Library & School Lunch Aid - Offsets</u>	22,559	22,559	22,559	22,559	22,559
Total General Fund Expenses	63,722,060	64,324,869	66,489,509	69,386,670	71,957,095

Projected Tax Impact

		FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection	FY2023 Projection
<u>Tax Impact</u>						
	Valuation	2,875,086,680	2,907,667,575	2,940,424,279	2,973,358,550	3,006,472,163
	Avg Single Fam	434,740	439,088	443,479	447,913	452,393
	Tax Rate	17.49	18.07	18.71	19.46	20.09
	Avg Tax Bill	7,603	7,933	8,299	8,718	9,086
	Increase (\$)	263	330	366	418	369
	Increase (%)	3.6%	4.3%	4.6%	5.0%	4.2%



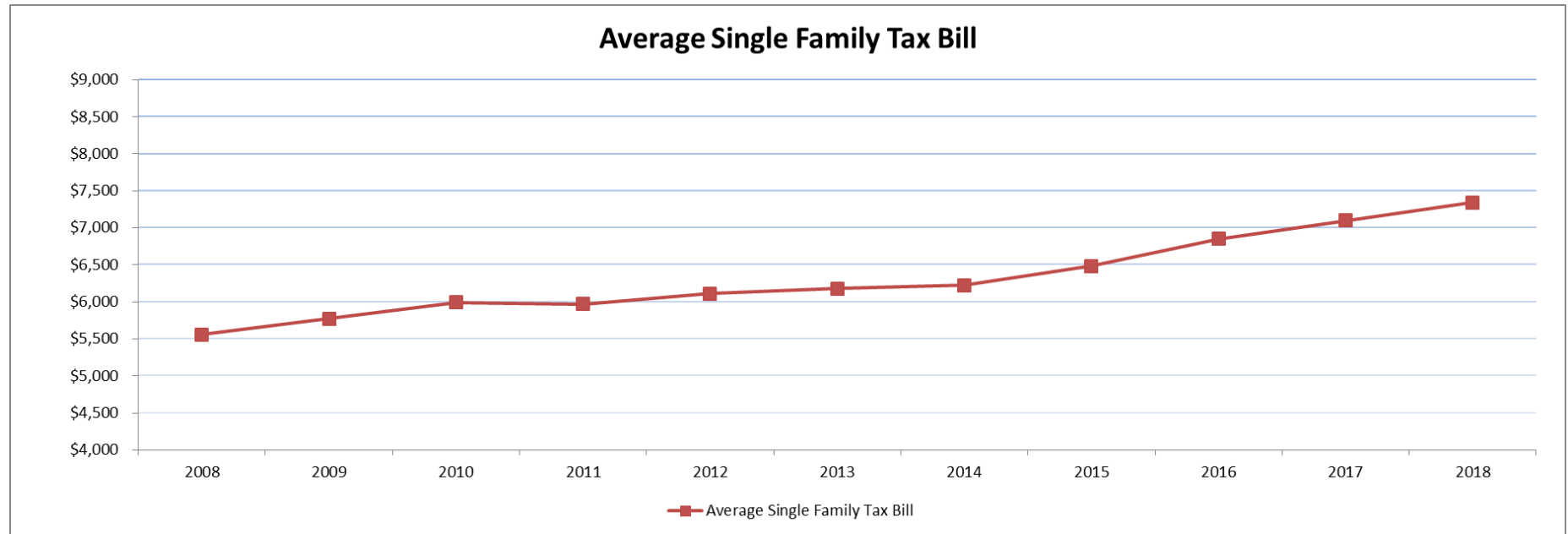
Section V

Appendices

This page intentionally blank



Appendix A: Average Residential Tax Bill



Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value	\$ 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	\$ 1,706,883,000
Parcels	3,999	4,002	4,006	4,007	4,008	4,005	4,014	4,022	4,032	4,042	4,044
Average Single Family Home Value **	\$ 418,409	\$ 419,623	\$ 416,665	\$ 395,221	\$ 394,708	\$ 383,646	\$ 375,222	\$ 387,617	\$ 398,960	\$ 408,144	\$ 422,078
Tax Rate Per Thousand	\$ 13.28	\$ 13.76	\$ 14.38	\$ 15.11	\$ 15.49	\$ 16.11	\$ 16.59	\$ 16.73	\$ 17.17	\$ 17.39	\$ 17.39
Average Single Family Tax Bill	\$ 5,556	\$ 5,774	\$ 5,992	\$ 5,972	\$ 6,114	\$ 6,181	\$ 6,225	\$ 6,485	\$ 6,850	\$ 7,098	\$ 7,340
Increase over prior year	\$ 201	\$ 218	\$ 218	\$ (20)	\$ 142	\$ 67	\$ 44	\$ 260	\$ 365	\$ 247	\$ 242
Hi-Lo Rank**	50	52	49	53	55	59	63	63	63	62	62

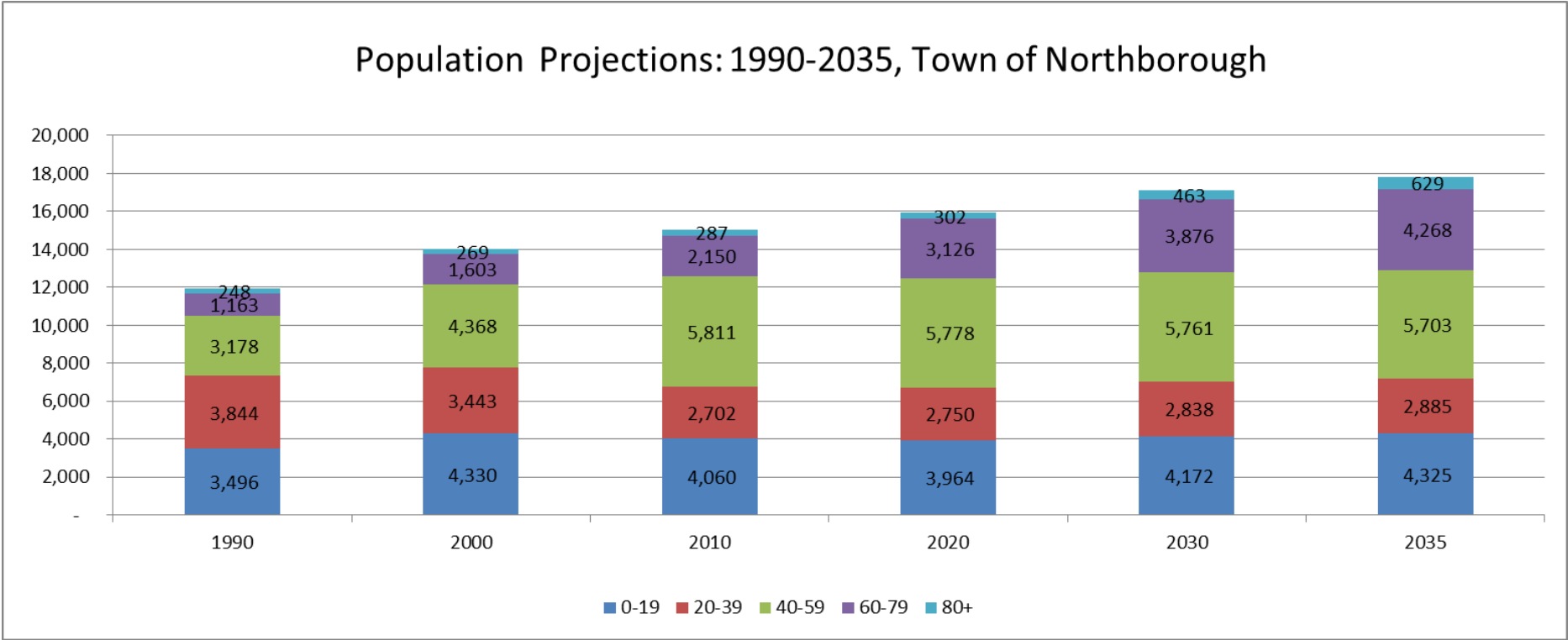
The FY2018 real estate tax bill for an average single family home in the Town of Northborough is \$7,340. This represents a \$178 average annual increase over the 10 years since FY2008. The Massachusetts Department of Revenue's "Hi-Lo" ranking, which is the rank of Massachusetts Cities and Town's average single family tax bills, indicates Northborough's tax bill dropped to a low point in FY2014. Northborough had the 63rd highest tax bill in the state from FY2014 through FY2016, and while that ranking has risen to 62nd highest for FY2017 & FY2018, 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 7 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.



This Page Intentionally Blank

APPENDIX D

GLOSSARY OF TERMS

Glossary of Terms

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the bond since the date of the last interest payment, and in the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appellate Tax Board (ATB): Appointed by the governor, the ATB has jurisdiction to decide appeals from local decisions relating to property taxes, motor vehicle excises, state owned land (SOL) valuations, exemption eligibility, property classification, and equalized valuations.

Appropriation: An authorization granted by a town meeting, city council or other legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended. (See Encumbrance, Free Cash)

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts,

assessed valuation is based on the property's full and fair cash value as set by the Assessors. (See Full and Fair Cash Value)

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions; (d) financial statements and schedules; and (e) statistical tables, supplementary comments, and recommendations. It is almost always accompanied by a management letter.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1

Glossary of Terms

is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bond Anticipation Note (BAN): Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

Bond Authorization: The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond issue)

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining unissued authorizations must be rescinded by town meeting or the city council to be removed from community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Budget Message: A statement that, among other things, offers context by summarizing the main points of a budget, explains priorities, describes underlying policies that drive funding decisions, and otherwise justifies the expenditure plan and provides a vision for the future.

Budget Unit: A board or department to which the municipality's legislative body appropriates funds.

Capital Assets: All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each

Glossary of Terms

recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Capital Improvements Program: A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

Capital Outlay Expenditure Exclusion: A temporary increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a community-wide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling.

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Management: The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Cemetery Perpetual Care: These funds are donated by individuals for the care of grave sites. According to Ch. 114, s 25, funds from this account must be invested and spent as directed by perpetual care agreements. If no agreements exist, interest (but not principal) may be used as directed by the cemetery commissioners for the purpose of maintaining cemeteries.

Certification: Verification of authenticity. Can refer to the action of a bank, trust company, or DOR's Bureau of Accounts (BOA) in the

issuance of State House Notes, to confirm the genuineness of the municipal signatures and seal on bond issues. The certifying agency may also supervise the printing of bonds and otherwise safeguard their preparation against fraud, counterfeiting, or overissue. Also refers to the certification by the Bureau of Local Assessment (BLA) that a community's assessed values represent full and fair cash value (FFCV). (See Triennial Certification)

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Cherry Sheet: Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior period for certain programs or services. Links to the Cherry Sheets are located on the DLS website at www.mass.gov/dls. (See Cherry Sheet Assessments, Estimated Receipts)

Cherry Sheet Assessments: Estimates of annual charges to cover the cost of certain state and county programs.

Cherry Sheet Offset Items: Local aid that may be spent without appropriation in the budget, but which must be spent for specific municipal and regional school district programs. Current offset items include racial equality grants, school lunch grants, and public libraries grants. (See Offset Receipts)

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of

Glossary of Terms

the tax burden is to be borne by each class of real property and by personal property owners. (see Classification of the Tax Rate).

Classification of the Tax Rate: Each year, the selectmen or city council vote whether to exercise certain tax rate options. Those options include choosing a residential factor (MGL Ch. 40 §56), and determining whether to offer an open space discount, a residential exemption (Ch. 59, §5C), and/or a small commercial exemption (Ch. 59, §5I) to property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Community Preservation Act (CPA): Enacted as MGL Ch. 44B in 2000, CPA permits cities and towns accepting its provisions to establish a restricted fund from which monies can be appropriated only for a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation, and restoration of historic resources; and c) the acquisition, creation and preservation of land for recreational use; d) the creation, preservation and support of community housing; and e) the rehabilitation and restoration of open space, land for recreational use and community housing that is acquired or created using monies from the fund. Acceptance requires town meeting or city council approval or a citizen petition, together with referendum approval by majority vote. The local program is funded by a local surcharge up to 3 percent on real property tax bills and matching dollars from the state generated from registry of deeds fees. (See DOR IGR 00-209 as amended by IGR 01-207 and IGR 02-208)

Community Preservation Fund: A special revenue fund established pursuant to MGL Ch. 44B to receive all monies collected to support a community preservation program, including but not limited to, tax surcharge receipts, proceeds from borrowings, funds received from the Commonwealth, and proceeds from the sale of certain real estate.

Compensating Balance Agreement: An alternative to the payment of direct fees for banking services. In this case, a bank specifies a minimum balance that the municipality must maintain in non-interest bearing accounts. The bank can then lend this money (subject to a reserve requirement) and earn interest, which will at least cover the cost of services provided to the municipality. Compensating balance agreements are permitted under MGL Ch. 44 §53F and must be approved annually by town meeting or the city council.

Conservation Fund: A city or town may appropriate money to a conservation fund. This money may be expended by the conservation commission for lawful conservation purposes as described in MGL Ch. 40 §8C. The money may also be expended by the conservation commission for damages arising from an eminent domain taking provided that the taking was approved by a two-thirds vote of city council or town meeting.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Authorization: Formal approval by a two thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Exclusion: An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By

Glossary of Terms

approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Debt Limit: The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that is chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. (See DOR IGR 08-101)

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the commonwealth that is subject to local taxation. EQVs have historically been

used as variables in distributing certain state aid accounts and for determining county assessments and certain other costs. The Commissioner of Revenue, in accordance with M.G.L. Ch. 58 s 10C, is charged with the responsibility of bi-annually determining an equalized valuation for each town and city in the Commonwealth.

Estimated Receipts: A term that typically refers to anticipated local revenues listed on page three of the Tax Recapitulation Sheet. Projections of local revenues are often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Excess and Deficiency (E&D): Also called the "surplus revenue" account, this is the amount by which cash, accounts receivable, and other assets exceed a regional school district's liabilities and reserves as certified by the Director of Accounts. The calculation is based on a year-end balance sheet, which is submitted to DOR by the district's auditor, accountant, or comptroller as of June 30. The regional school committee must apply certified amounts exceeding five percent of the district's prior year operating and capital costs to reduce the assessment on member cities and towns. Important: E&D is not available for appropriation until certified by the Director of Accounts.

Excess Levy Capacity: The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or council must be informed of excess levying capacity and evidence of such acknowledgment must be submitted to DOR when setting the tax rate.

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and

Glossary of Terms

cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fiscal Year (FY): Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. Since 1976, the federal government fiscal year has begun on October 1 and ended September 30.

Fixed Assets: Long-lived, tangible assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Foundation Budget: The spending target imposed by the Education Reform Act of 1993 for each school district as the level necessary to provide an adequate education for all students.

Free Cash: (Also Budgetary Fund Balance) Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax

recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)

Full and Fair Cash Value (FFCV): Fair cash value has been defined by the Massachusetts Supreme Judicial Court as "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner." (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956))

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self balancing set of accounts that is segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing the financial records of a municipality into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities

Glossary of Terms

whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal town meeting/city council appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking body including the school committee of a municipality.

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

Glossary of Terms

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

Glossary of Terms

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 Surplus: Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within 10 days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue, i.e., it becomes a part of free cash.

Override: A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount. (See Underride.)

Override Capacity: The difference between a community's levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

Glossary of Terms

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 authorized by bylaw by the legislative body, and that a limit on the total amount that may be spent from each fund must be established annually. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits.

Sale of Cemetery Lots Fund: A fund established to account for proceeds of the sale of cemetery lots. The proceeds may only be appropriated to pay for the cost of the land, its

Glossary of Terms

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. A majority vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into the stabilization fund. Appropriation from the stabilization fund requires a two-thirds majority vote. (See DOR IGR 04-201)

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

Tax Rate Recapitulation Sheet (Recap Sheet): A document submitted by a city or town to the DOR in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1).

Tax Title (or Tax Taking): A collection procedure that secures a city or town's lien on real property and protects the municipality's right to payment of overdue property taxes. Otherwise, the lien expires if five years elapse from the January 1 assessment date and the property has been transferred to another owner. If amounts remain outstanding on the property after issuing a demand for overdue property taxes and after publishing a notice of tax taking, the collector may take the property for the city or town. After properly recording the instrument of taking, the collector transfers responsibility for collecting the overdue amounts to the treasurer. After six months, the treasurer may initiate foreclosure proceedings.

Tax Title Foreclosure: The procedure initiated by a city or town treasurer in Land Court or through land of low value to obtain legal title to real property already in tax title and on which property taxes are over due. The treasurer must wait at least six months from the date of a tax taking to initiate Land Court foreclosure proceedings (MGL Ch. 60 §65).

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

Glossary of Terms

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.)

Underride: 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.



This Page Intentionally Blank