

TOWN OF NORTHBOROUGH MASSACHUSETTS



Annual Budget
For the Fiscal Year
Beginning July 1, 2019 and ending June 30, 2020

Board of Selectmen

Dawn Rand, Chair
Jason Perreault, Vice-Chair
Leslie Rutan, Clerk
Julianne Hirsh
Timothy Kaelin

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 2019 Ends
- July 1st Fiscal Year 2020 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.

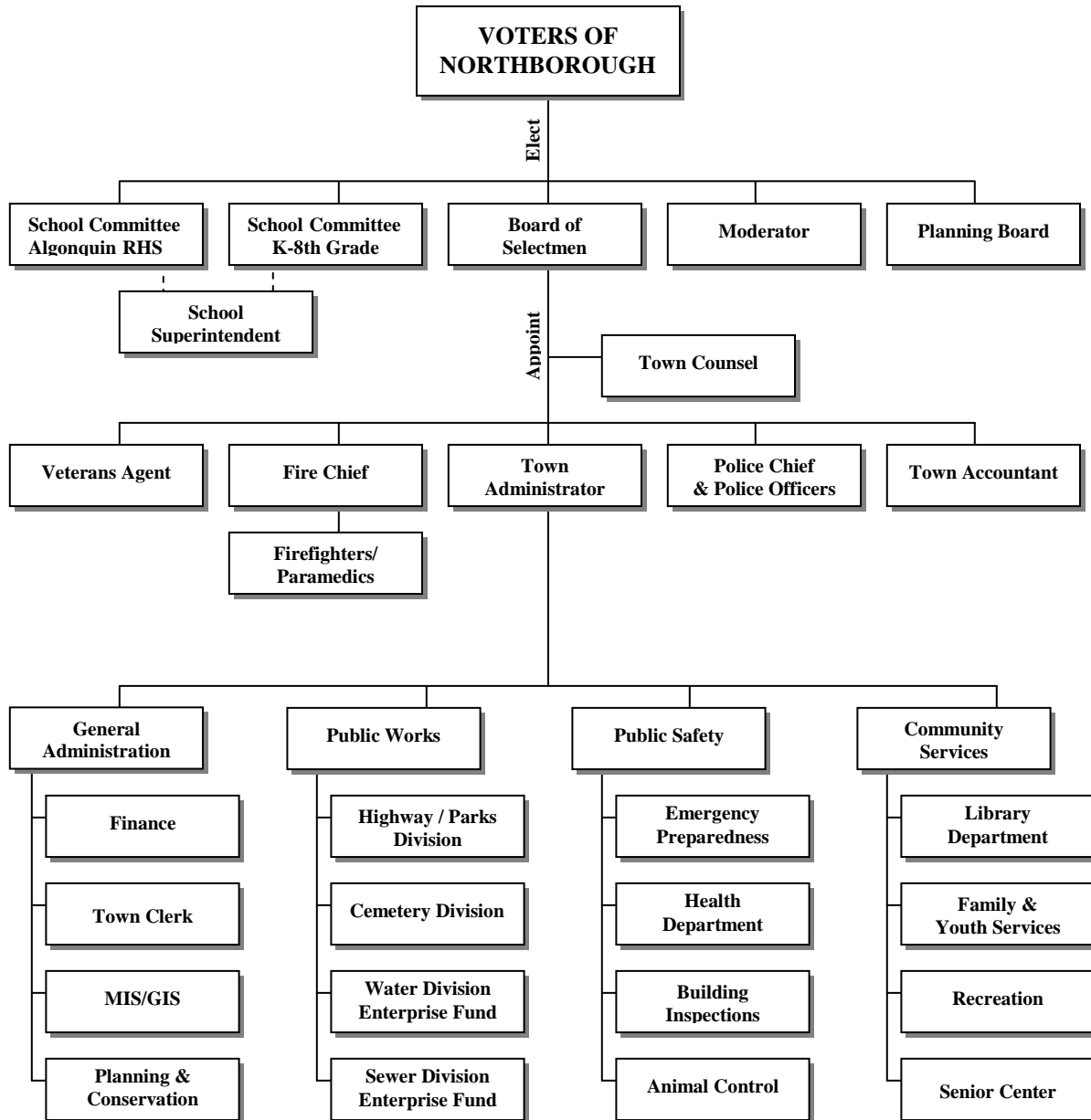
Fifth, Section 6 contains information on **Undistributed Expense Categories** such as Employee Benefits, Long-term Debt, Non-Appropriated Expenses and the FY2020 Warrant Articles.

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 FY2020 **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.

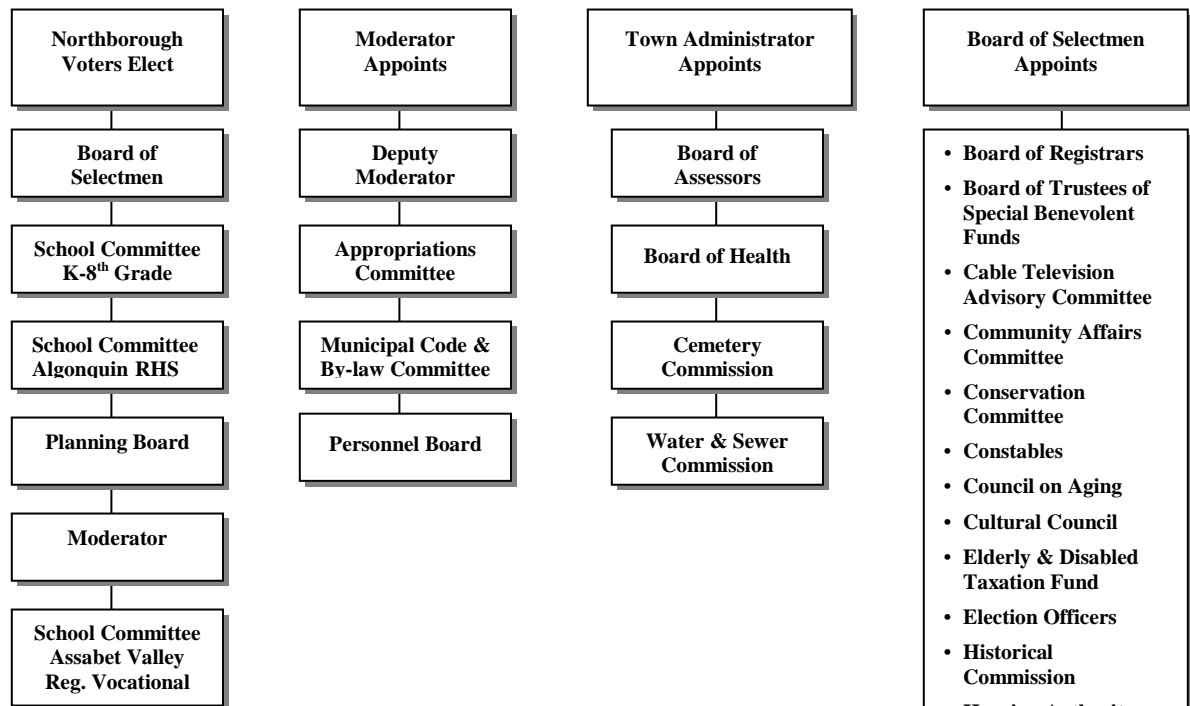
Town Organizational Chart



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: 7,912

Form of Government:

Town Administrator

Five-member Board of Selectmen

Open Town Meeting

FY2019 Tax Rate per Thousand:
\$17.15

**FY2019 Average Single Family
Home Value:** \$447,273

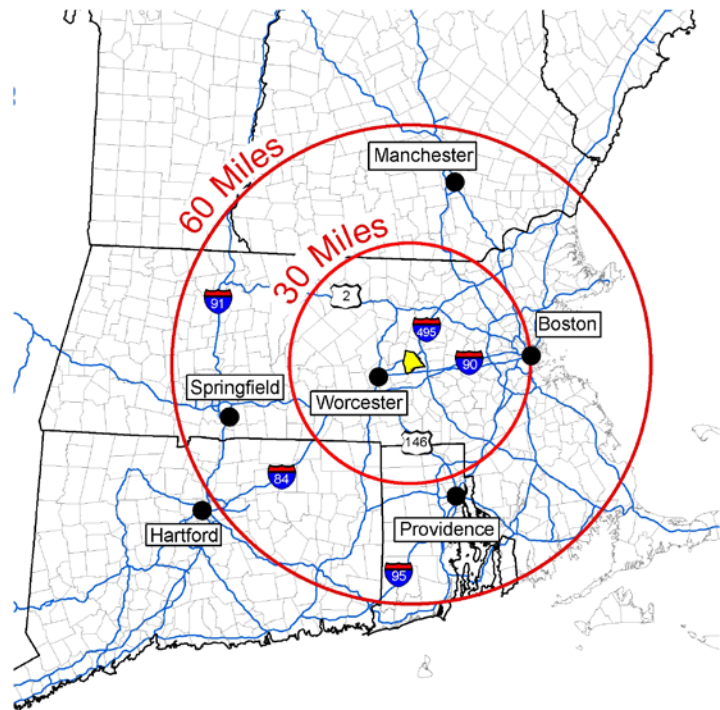
**FY2019 Average Single Family
Tax Bill:** \$7,671

**FY2019 Municipal Operating
Budget:** \$64,113,138

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

www.town.northborough.ma.us

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63 Main Street
Northborough, MA 01532
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townadmin@town.northborough.ma.us



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

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

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

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TOWN OF NORTHBOROUGH

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(508) 393-6996 Fax

MEMORANDUM

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

FROM: Town Administrator

SUBJECT: FY2020 Proposed Budget

DATE: March 22, 2019

I am pleased to present the Fiscal Year 2020 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 25th to discuss the FY2020 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 8th meeting.

Even though review of the budget details will continue right up until Town Meeting on April 22nd, 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 13, 2018 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 February 27th.

On December 13, 2018 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 FY2020 budget. The following goals and objectives are direct outcomes from that joint meeting.

Goals and objectives of the FY2020 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 FY2020 annual budget will be capped in accordance with the adopted Free Cash policy at \$500,000, or approximately 1% of the operating budget.
 - By ensuring that debt is never used to fund operating expenditures and is only issued for capital improvements greater than \$25,000 with a useful life of five years or more. In practice, the Town endeavors to pay cash for vehicle and equipment purchases under \$100,000 and only issues 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 8.8%. The FY2020 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 FY2020 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 expire June 30, 2019 and are currently under negotiation for FY2020. School Department contracts are scheduled to expire on June 30, 2020.
 - By advocating for legislative priorities at the State level that will improve the efficiency or effectiveness of local services, such as Other Post-Employment Benefits (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 comprehensive reviews of any major budget initiatives that seek to expand staffing or services.
 - By continuing to fund the OPEB plan in FY2020 at a minimum of \$550,000 in order to continue addressing the Town's \$44.8 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 FY2020 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 FY2020 budget.

Recent Developments

During the month of March, several significant budgetary items have been finalized, including Health Insurance, Debt Service, State Aid estimates, New Growth figures and the pending Solid Waste & Recycling contract bid. Collectively, these items represent the final pieces of the FY2020 budget.

- Health Insurance—The FY2020 health insurance budget request of \$5.85 million represents a modest increase of \$114,571, or 2% from the amount budgeted last year. Prior to FY2010 it was common to experience health insurance increases of 9-10% each year, which would consume the majority of new revenues and drive up overall budget increases.

Through collaborative negotiations with all its employee groups, the Town has successfully mitigated health insurance budget increases to sustainable levels for the past decade. However, the last three fiscal years have been particularly troublesome as market trends have required significant changes to plan design and carrier options in order to manage this potential budget-buster. In fact, the Town has spent approximately six months out of each of the last three years negotiating changes with both general government as well as school employees.

During FY2019 the Town was facing a 15.6% health insurance budget increase that would have necessitated significant service level reductions across all departments. To address the

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%
FY2019	3.80%
FY2020	2.00%
Average	3.15%



increase, the Town, working with the employee Insurance Advisory Committee (IAC), chose to bid out its health insurance seeking consolidation under a single carrier. Based upon the bid results and the recommendation of the IAC, Fallon Community Health Plan (Fallon) was awarded the contract. Not only did the Town successfully mitigate the increases in FY2019, but it received the lowest renewal increase in five years for FY2020. Although these negotiations have consumed significant time and resources, successful management of the annual health insurance budget remains the single most important factor for Northborough's fiscal sustainability.

- **Debt Service**—The proposed FY2020 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 FY2020, the total Debt Service for the General Fund is \$2.67 million, a decrease of \$134,429.

One key factor in limiting the increase in new 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 ongoing practice of funding 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 in 2015, 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**— The current budget model assumes Northborough's State Aid will increase 1% to \$5.40 million in FY2020. The estimate is based upon the Governor's FY2020 Budget which was released on January 23rd and projects Northborough's aid to increase by 0.77%. Despite State revenue projections expected to grow by 2.7% next fiscal year, the Town does not anticipate receiving much of an increase given past experience. 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 FY2020. As discussed at the December 13th 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 8.8% in FY2020. Historically, the Town does not receive its final State Aid figures until well after Town Meeting in April, so a conservative 1% estimate appears reasonable at this time, especially given concerns of a possible recession on the horizon.

- 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 \$514,500 in new FY2020 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 previous recession, 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 FY2019 Tax Classification Hearing held in November 2018, new growth is forecast to remain at these levels, barring any significant new development. More importantly, Northborough is getting closer to buildout as one of the last remaining large tracks of industrially zoned land in the southeast section of Town off Bartlett Street is under development. Buildout will eventually result in permanently lower levels of future new growth.
- Solid Waste and Recycling Budget—The last major outstanding budget issue is the Town's solid waste and recycling collection contract, which is set to expire on June 30, 2019. Historically the cost for the marketing and disposal of recyclable materials has been included in the collection contract. However, the recycling industry is currently going through a tumultuous period of adjusting to China's 2018 decision to basically get out of the international recycling business. The impact to Massachusetts is similar to that of the rest of the nation. In years past, the value of recyclable materials would offset the cost of collecting and sorting them, which is no longer the case. It can be summarized simply that there is far too much supply and very little demand.

It is anticipated that in FY2020 it will cost as much, if not more, to dispose of recycling as it does trash. As a result, the Town is anticipating that its next solid waste and recycling contract will increase by approximately 15% and require another \$200,000 in General Fund subsidy. Market instability is projected to continue until new material recovery facilities can be brought on-line here in the United States and in emerging countries around the world. For a full review of the pay-as-you-throw trash program, as well as a more detailed discussion regarding recent market issues, interested readers are referred to the Solid Waste Enterprise Fund budget contained in Section 8 of this budget document.

Assuming the Solid Waste and Recycling bid comes in as projected, 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 FY2020 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.

FY2020 PROPOSED BUDGET

EXPENDITURES	FY2019 Budget	FY2020 Proposed	Variance	% Change
General Government (Town)	\$21,634,080	\$22,391,273	\$757,193	3.50%
Schools				
Northborough K-8	\$24,265,593	\$24,928,558	\$662,965	2.73%
Algonquin Reg. HS 9-12	\$11,304,714	\$12,252,514	\$947,800	8.38%
Algonquin Debt Exclusion	\$610,774	\$621,442	\$10,668	1.75%
Assabet Valley	\$612,406	\$694,822	\$82,416	13.46%
Assabet Valley Debt	\$145,316	\$141,488	-\$3,828	-2.63%
Warrant Articles				
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Free Cash Capital Projects	\$1,360,000	\$861,167	-\$498,833	-36.68%
Transfer to Stabilization	\$200,000	\$200,000	\$0	0.00%
Transfer to OPEB Trust	\$500,000	\$550,000	\$50,000	10.00%
Zeh School Debt	\$371,447	\$350,578	-\$20,869	-5.62%
Colburn St. Debt Service	\$64,680	\$62,315	-\$2,365	-3.66%
Library Debt Service	\$373,605	\$364,928	-\$8,677	-2.32%
Senior Center Debt Service	\$409,145	\$394,645	-\$14,500	-3.54%
Lincoln Street Debt	\$1,100,275	\$1,075,875	-\$24,400	-2.22%
Other Funds	\$967,828	\$952,083	-\$15,745	-1.63%
Adjustments	-\$256,673		\$256,673	-100.00%
Subtotal General Fund	\$63,838,190	\$66,016,688	\$2,178,498	3.41%
Water Enterprise Funds	\$2,496,718	\$2,548,680	\$51,962	2.08%
Sewer Enterprise Fund	\$2,132,715	\$2,244,114	\$111,399	5.22%
Solid Waste Enterprise Fund	\$811,839	\$933,959	\$122,120	15.04%
Subtotal Enterprise Funds	\$5,441,272	\$5,726,753	\$285,481	5.25%
TOTAL ALL FUNDS	\$69,279,462	\$71,743,441	\$2,463,979	3.56%

At this point in time, based upon our latest projections, the overall General Fund budget increase is 3.41% with the proposed budgets for the key departments estimated to increase as follows:

- Northborough K-8 Schools increase \$662,965 or 2.73% to \$24,928,558



- General Government (Town) increases \$757,193, or 3.50% to \$22,391,273
- Assabet Valley Vocational High School combined operating and debt assessments increase by \$78,588, or 10.37% to \$836,310
- Algonquin Regional High School (ARHS) combined operating and debt assessments increase by \$958,467, or 8.04% to \$12,873,956

- **General Government Budget**

The total FY2020 General Government Budget (non-school) is \$22,391,273, which is an increase of \$757,193 or 3.50%. 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 \$292,500 to \$585,000 on a \$5.85 million budget. Clearly, the annual renewal of the Town's health insurance premiums is critical to the General Government budget, given that the entire FY2020 budget increase for all non-school departments is only \$757,193. 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, 2018, a total of 1,588 students attend the Northborough schools, with 1,008 students in grades K-5 at the four elementary schools and 580 students in grades 6-8 at the Middle School.

The FY2020 Budget for Northborough K-8 Schools is proposed at \$24,928,558, which is an increase of \$662,965, or 2.73%. The budget includes a reduction of 1.8 full-time equivalent positions based upon declining enrollment.

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

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 FY2020 operating assessment is \$12,252,514, which is a \$947,800 increase, or 8.38%. This significant increase is primarily due to 21 additional students attending the high school from Northborough. The debt for ARHS increases by \$10,668, or 1.75%, to \$621,442. Additionally, the debt exclusion will be reduced by \$220,000 which is the amount of the estimated FY2020 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 \$958,468, or 8.04%, to \$12,873,956.



- **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 FY2020 Assabet budget is \$21,960,000, which is an increase of \$896,000, or 4.25%.

As of October 1, 2018, 45 Northborough students attend Assabet Valley, which represents 5.38% of the FY2020 overall Assabet budget, or an operating assessment of \$694,822. This is an enrollment increase of 4 from the 41 Northborough students that attended Assabet Valley last year. Northborough's FY2020 share of the debt assessment from the completed building renovation project is \$141,488, which will continue to decline in subsequent years. The net effect of the combined Operating Assessment and new Debt Assessment is \$836,310, which is an overall FY2020 increase of \$78,588, or 10.37%.

- **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 FY2020-2025 Capital Improvement Program.

Overall, the Fiscal Year 2020 total operating budget for all funds is \$71,743,441 or a 3.56% increase over FY2019; 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 FY2019 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.



The conclusion of the FTMS analysis is that Northborough is in relatively good financial condition. The Town's financial reserves are strong at 8.8% and use of the \$4.56 million Stabilization (rainy day) Fund has not been necessary. The Town's debt level is manageable at 4.07% of the operating budget (4.93% including overlapping debt for ARHS and Assabet) 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 through successful negotiation of plan design changes and carrier consolidation with employee bargaining units.

Financial Trend Monitoring System Indicator Summary

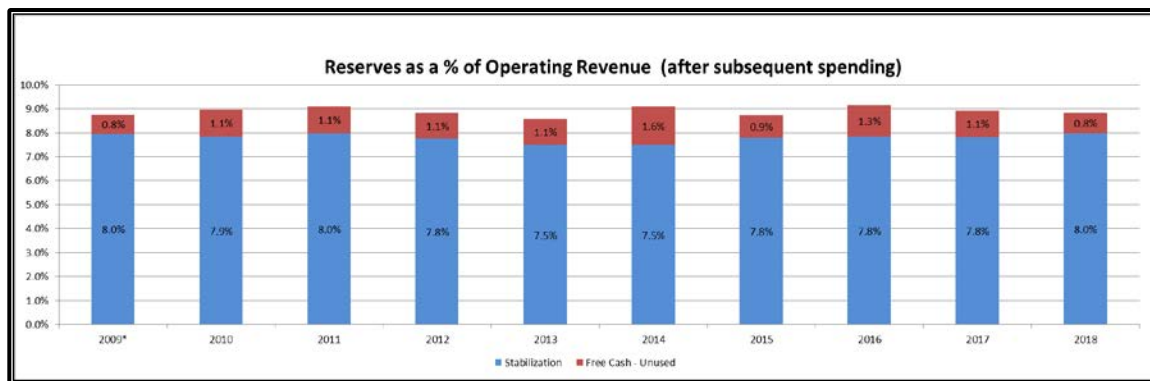
	Financial Indicator	FY2019
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable / Uncertain
5	Economic Growth Revenues	Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	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

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 concerns 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 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 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 Town's OPEB liability increased to \$44.88 million (net of trust fund balance) based on the most recent actuarial study, which was received at the close of FY2018. 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. In FY2015 the Town adopted the optional Meals Tax Surcharge and increased the Room Occupancy Tax in order to provide capacity within budget to begin funding the OPEB Trust Fund. Since FY2015 the General Fund budget has appropriated \$500,000 annually into the OPEB Trust Fund and in FY2020 that amount will be increased to \$550,000.

To date, the Town has appropriated \$2.5 million into the OPEB Trust Fund and the Fund balance as of February 28, 2019 is approximately \$3 million, exclusive of the planned contribution of \$550,000 in FY2020. 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 following page provides a five year history of Full-time Equivalent (FTE)¹ positions by department, including any proposed changes for FY2020.

In total, Town Government staffing is up 0.83 FTE from FY2019. The change includes the addition of a full-time facilities manager position to oversee the Town's public buildings. This full-time position is budgeted to start mid fiscal year, in January of 2020, and will be responsible for overseeing maintenance and repairs of all town-owned buildings under control of the Town Administrator.

Facilities management, maintenance and long-term planning are areas that have long been identified as a priority need. In 2013, the Board of Selectmen's ad hoc Staffing Committee heard requests from multiple departments, including the Library, Senior Center and Town Administration for a Facilities Manager to assist with building maintenance and improvement issues at the various Town facilities. The position was formally created as part of the Town's classification/compensation plan in 2005, but never funded, due to fiscal constraints. In recent years, the Town prioritized the hiring of an additional Police Officer and three additional Firefighter/Paramedics in accordance with the recommendations of the staffing study.

In addition to maintaining facilities presently in use by Town departments, there are a significant number of building/facility initiatives both underway, and contemplated in the near future, including the Fire Station building project, the ongoing assessment of White Cliffs, significant repairs to the Town Offices building, the potential return of the Old Town Hall building located at 4 West Main Street, as well as the Town's participation in the Green Communities program. The addition of this position is intended to provide a more centralized and dedicated approach to protect the millions of dollars of investments taxpayers have made in public facilities throughout Town. The position would lend technical assistance to Town departments during the Capital Improvement Planning process, including taking a leadership role in the bidding and oversight of approved capital projects. The Town has been successful in obtaining grants and other funding sources for projects, such as the Community Preservation Act, which have also added to the need for a dedicated facilities manager.

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 FY2016–FY2020

Town Government	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY2020 FTE	Change FY19- FY20
Executive Office	3.50	4.00	4.00	4.00	4.00	0.00
Public Buildings	0.50	0.50	0.50	0.50	1.50	1.00
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	2.00	2.00	2.00	2.00	0.00
Planning & Conservation	2.76	2.78	2.93	3.45	3.45	0.00
Police Department	28.50	29.50	29.50	30.50	30.50	0.00
Fire Department	21.53	22.41	23.35	23.35	23.18	-0.17
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	20.48	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	9.60	10.28	10.48	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	112.31	115.41	116.70	118.22	119.05	0.83
School Department (K-8)						
K-5 Teachers	56.00	56.00	52.50	52.00	52.00	0.00
Grade 6-8 Teachers	33.00	33.00	33.00	31.00	29.00	-2.00
Specialists	40.90	41.80	42.30	42.90	41.90	-1.00
Special Education Staff	40.15	45.10	46.60	46.10	46.30	0.20
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	105.30	97.74	95.00	93.30	94.30	1.00
K-8 Schools Subtotal	281.35	279.64	275.40	271.30	269.50	-1.80
Total Town & K-8 FTEs	393.66	395.05	392.10	389.52	388.55	-0.97

It is important to note that FY2019 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. A significant amount of time will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2020 through FY2022. Pending contract settlements, all FY2020 wage increases, including non-union personnel, are being budgeted centrally and not reflected in the individual General Government budgets.

With regard to the Northborough K-8 Schools there are 1.8 fewer FTEs in the FY2020 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

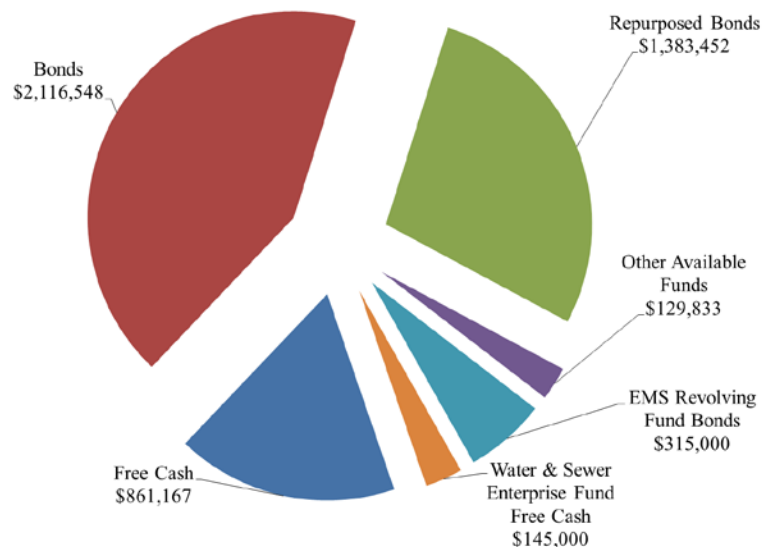
Enclosed in Section 9 of this document are the Town's Annual Capital Budget and FY2020-2025 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments and the Northborough K-8 School Department for FY2020.

Although the detail for proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2020 projects requires Town Meeting approval of specific Articles contained in the April 2019 Annual Town Meeting Warrant.

The proposed FY2020 Capital Budget totals \$4,951,000, which includes \$3.5 million for the design and land acquisition costs associated with the proposed Fire Station building project. The Capital Budget will use \$861,167 in Free Cash (one-time revenues), resulting in no additional tax impact. In addition to the use of Free Cash in FY2020, the Town will be repurposing \$1,383,452 in unexpended bond proceeds remaining from the recently completed Lincoln Street School Building Project. Massachusetts General Laws, Chapter 44, Section 20 allows for Town Meeting to approve the appropriation of the balance of any bond proceeds that remain from completed projects so long as they are being used for a project of similar term. The repurposing of these funds will provide another significant funding for the FY2020 Capital Budget with no additional tax impact on residents.

The pie chart below shows the breakdown of funding sources by category for the proposed FY2020 Capital Budget. With the exception of approximately \$2.1 million in new bonds needed for the Fire Station Project and \$315,000 in EMS Revolving Fund bonds for the new ambulance, the balance of the proposed expenditures will come from available funds.

FY2020 CAPITAL FUNDING SOURCES





FY2020 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE
Police		
	Police Cruiser Replacements	145,000
	Police Subtotal	\$145,000
Fire		
	Ambulance 1 Replacement	315,000
	Fire Station Design, OPM and Land Expenses	3,500,000
	Fire Subtotal	\$3,815,000
DPW: Highway Division		
	One-Ton Pickup Truck w/Plow	90,000
	20-Ton Dump Truck w/ Spreader & Plow	271,000
	Roadway Improvements/Maintenance	300,000
	Highway Subtotal	\$661,000
DPW: Sewer Enterprise Fund		
	Water/Sewer Garage Design	75,000
	Sewer Enterprise Fund Subtotal	\$75,000
DPW: Water Enterprise Fund		
	Assabet Water Storage Tank Rehabilitation Design	70,000
	Water Enterprise Fund Subtotal	\$70,000
Northborough K-8 Public Schools		
	Communication and Security Upgrades	185,000
	Northborough K-8 Schools Subtotal	\$185,000
TOTAL FY2020 CAPITAL BUDGET		\$4,951,000

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 FY2020 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.



FY2019 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 FY2019 several key goals and initiatives were achieved. These include:

1. GFOA Distinguished Budget Award Submission: The Town submitted its FY2019 budget to the Government Finance Officers Association's Distinguished Budget Award program. If successful, it will be the 9th consecutive national budget award for Northborough. 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 must 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 FY2019 Budget document must be rated "proficient" in all four categories, as well as the fourteen mandatory criteria within those categories, to receive the award. The FY2019 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 13, 2018 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 FY2018 with approximately \$2.23 million in Free Cash on June 30, 2018 and no material issues or deficiencies were noted in the annual audit.
4. Classification & Compensation Study: During FY2019 the Town began 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 continue into FY2020 and the results will be subject to negotiation for union positions. Potential FY2020 financial impacts have been budgeted centrally pending the outcome of the study and contract settlements.

5. FY2019 Capital Budget included \$1,870,000 in Projects with no additional tax impact: The approved FY2019 Capital Budget totaled \$1,870,000 of which \$1,360,000 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$510,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. Since FY2012 the Town has invested \$14 million in pay-as-you-go capital investments with no additional tax impact. That includes \$10.49 million in Free Cash and approximately \$3.51 million in other funding sources.
6. Pavement Management Plan and Improved Condition Index: During FY2019 the Town implemented the fourth 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 updated assessment, the Town's overall Road Surface Rating (RSR, formerly 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.
7. Solid Waste & Recycling Contract Bid: FY2019 is the last year of the three-year solid waste hauling and recycling contract. The Town conducted a policy review of the current Pay-as-you-throw (PAYT) program in terms of the existing service level (single stream recycling), bag fees and General Fund subsidy as part of the contract bid process. Given the turmoil caused by China's 2018 decision to effectively exit the recycling market, the Town opted to issue a bid for hauling and negotiate a separate contract directly with the recycling facility to better isolate and manage escalating recycling costs. It is anticipated that recycling disposal will soon cost more than trash disposal, and as a result, will require significant monitoring and active management during the upcoming contract.
8. Successfully Negotiated Health Insurance Plan Design Changes: For the 3rd consecutive year the Town successfully negotiated health insurance changes to balance the overall budget. Due to a combination of high claims and general market trends, the FY2019 Health Insurance budget was facing a 15.6 % increase. Without negotiated plan changes, the FY2019 budget was structurally unbalanced by \$653,037 and would have necessitated significant service level reductions across all departments. To address the 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 and the recommendation of the IAC, Fallon Community Health Plan (Fallon) was awarded the contract and the overall Health Insurance increase was mitigated to just 3.8%.



9. Master Plan: During FY2019 the Town began the process of updating 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. The Master Planning process is scheduled to be completed in the fall of 2019.

The focus of the Board of Selectmen and Town Administration continues to be on long-range planning initiatives, 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 FY2020.

Major Upcoming Issues or Projects

Looking forward to FY2020, 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 FY2020 include:

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2020 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2020 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 FY2019 the Fire Station Feasibility Study Committee completed its work. The Committee determined that the existing station is inadequate to meet the programmatic needs of the department and that the current site is also too small to accommodate a renovation/addition. As a result, the Committee issued a Request for Proposals to find land in the downtown area appropriate for a potential station site. Following an exhaustive process the Committee recommended acquisition of 61-65 Main Street with 10 Monroe as the preferred site for a new station. The proposed FY2020 Capital Budget includes \$3.5 million for the design and land acquisition costs associated with the proposed Fire Station building project. If approved, the project will be fully designed and bid during FY2020 and brought back for construction approval at the April 2020 Town Meeting.
3. 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 is 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.

4. All Collective Bargaining Agreements in Negotiations: All five of the Town's collective bargaining agreements are set to expire on June 30, 2019. The Town is in the process of negotiating fair and sustainable future increases for personnel covering FY2020 through FY2022. Included in the negotiations will be any impacts to union employees associated with the ongoing Classification & Compensation Study.
5. Cable TV License Renewals with Charter Communications and Verizon: During FY2020 the Town will complete negotiations for new cable licenses with Charter and Verizon, including new capital and operating agreements for PEG Access funding.
6. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2020; complete the Rice Avenue bridge/culvert replacement; manage the construction of the Downtown Common project; and develop new ADA compliant designs for Assabet Park. These projects as well as many smaller capital improvements scheduled throughout FY2020 will continue to add to the quality and economic vitality of the Northborough community.
7. Development of Information Technology/GIS 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. The Town will also be updating the functionality of its webpage with new software. Due to resource constraints this project was postponed to FY2020.
8. Historic White Cliffs Facility Reuse: During FY2019, the Town sought proposals from architectural and engineering firms to perform a comprehensive assessment of the historic White Cliffs facility acquired in FY2018. The Town selected DBVW Architects to conduct a multi-phase assessment of the building to assist the Town in its efforts to preserve the facility while considering potential future uses of the property. To date, the firm has employed technology to scan the building and capture information necessary to create floor plans and elevations, and has completed an initial assessment of the building envelope and shared preliminary findings with the



White Cliffs Committee. Following the development of construction documents and bidding, work will be completed to secure the building envelope while more detailed assessments of the existing conditions continue in FY2020.

Conclusion

The FY2020 Proposed Budget that follows is balanced pending passage of the final State Budget and meets the previously determined budget goals. The FY2020 Proposed Budget is within the budgetary increase allowable under limits of Proposition 2½, although it does make use of approximately \$900,000 in excess levy capacity in order to maintain current service levels. The budget attempts to minimize the tax impact while maintaining core services, especially at the Regional High School, where Northborough's rising enrollments have resulted in significant assessment increases.

Following this Budget Message is Section 1—Budget Summaries, which contains both the revenue and expenditure highlights of the FY2020 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 and Finance Director 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



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Budget Summaries

Section 1

Section 1-2

Balanced Budget

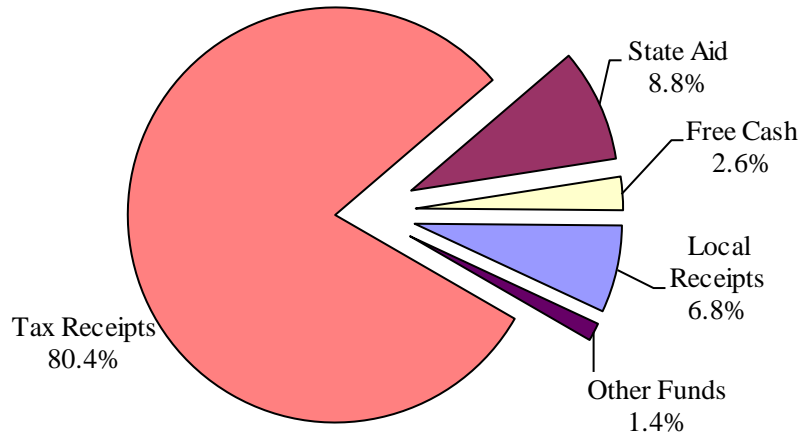


Table 1

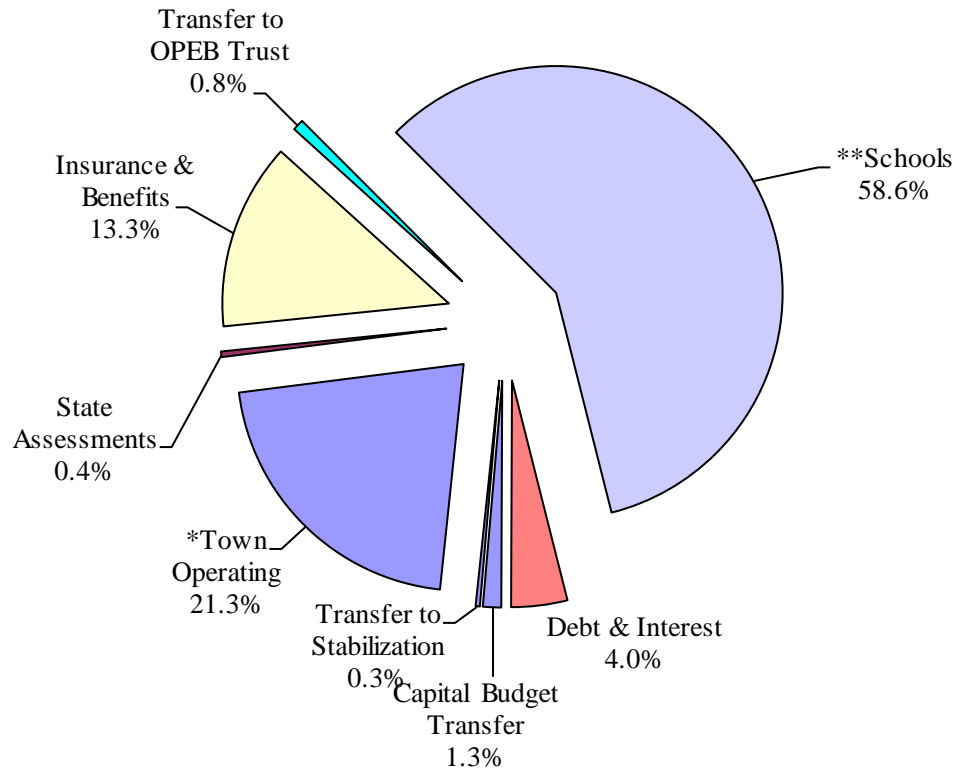
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2018--2020					
LEVY LIMIT CALCULATION	FY2018	PROPOSED FY2019	REVISED FY2019	PROPOSED FY2020	% CHANGE
Prior Year Levy Limit	\$47,349,942	\$49,116,899	\$49,116,899	\$50,983,446	
Add 2.5%	\$1,183,749	\$1,227,922	\$1,227,922	\$1,274,586	
Add New Growth	\$583,208	\$521,700	\$638,625	\$514,500	
Add Overrides	\$0	\$0	\$0	\$0	
True Levy Limit	\$49,116,899	\$50,866,521	\$50,983,446	\$52,772,532	
Add Debt Excl - Zeh School	\$7,311	(\$11,096)	(\$11,096)	(\$31,965)	
Add Debt Excl - Colburn St.	\$5,783	\$4,680	\$5,510	\$2,315	
Add Debt Excl - Library	\$383,394	\$373,062	\$373,062	\$364,428	
Add Debt Excl - Senior Center	\$407,828	\$396,196	\$396,196	\$383,272	
Add Debt Excl - Algonquin	\$660,574	\$610,774	\$610,774	\$621,442	
Less Debt Excl - Settlement	(\$217,999)	(\$218,000)	(\$220,659)	(\$220,000)	
Add Debt Excl - Lincoln Street	\$1,123,925	\$1,099,563	\$1,099,563	\$1,075,199	
Adjusted Levy Limit	\$51,487,715	\$53,121,700	\$53,236,796	\$54,967,223	
REVENUES					
Adjusted Levy Limit	\$51,487,715	\$53,121,700	\$53,236,796	\$54,967,223	
Less Unused Levy Capacity	(\$2,902,138)	(\$2,375,466)	(\$2,802,214)	(\$1,893,068)	
Total Tax Receipts	\$48,585,577	\$50,746,234	\$50,434,582	\$53,074,155	5.23%
State Aid	\$5,245,403	\$5,313,533	\$5,350,237	\$5,403,740	1.00%
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)	\$1,872,000	\$1,735,000	\$1,735,000	\$1,236,167	-28.75%
Local Receipts	\$4,168,000	\$4,468,000	\$4,468,000	\$4,468,000	0.00%
Other Funds	\$880,367	\$967,828	\$967,828	\$952,083	-1.63%
TOTAL GENERAL FUND REVENUES	\$61,633,890	\$64,113,138	\$63,838,190	\$66,016,688	3.41%
Water/Sewer Enterprise Funds	\$4,487,409	\$4,629,433	\$4,629,433	\$4,792,794	3.53%
Solid Waste Enterprise Fund	\$792,830	\$811,839	\$811,839	\$933,959	15.04%
TOTAL REVENUES	\$66,914,129	\$69,554,410	\$69,279,462	\$71,743,441	3.56%
EXPENDITURES					
Town	\$20,902,493	\$21,634,080	\$21,634,080	\$22,391,273	3.50%
Schools					
Northborough K-8	\$23,445,017	\$24,265,593	\$24,265,593	\$24,928,558	2.73%
Algonquin 9-12	\$10,406,326	\$11,322,989	\$11,304,714	\$12,252,514	8.38%
HS Debt Exclusion	\$660,574	\$610,774	\$610,774	\$621,442	1.75%
Warrant Articles					
Reserve Fund	\$175,000	\$175,000	\$175,000	\$175,000	
Capital / Other Articles	\$1,497,000	\$1,360,000	\$1,360,000	\$861,167	
Transfer to Stabilization	\$200,000	\$200,000	\$200,000	\$200,000	
Assabet	\$741,661	\$612,406	\$612,406	\$694,822	13.46%
Assabet Renovation Project	\$151,232	\$145,316	\$145,316	\$141,488	-2.63%
Transfer to OPEB Trust	\$500,000	\$500,000	\$500,000	\$550,000	
Zeh School Debt Service	\$389,854	\$371,447	\$371,447	\$350,578	
Colburn Street Debt Service	\$66,990	\$64,680	\$64,680	\$62,315	
Library Debt Service	\$383,985	\$373,605	\$373,605	\$364,928	
Senior Center Debt Service	\$422,195	\$409,145	\$409,145	\$394,645	
Lincoln Street Debt Service	\$1,124,675	\$1,100,275	\$1,100,275	\$1,075,875	
Other Funds	\$880,367	\$967,828	\$967,828	\$952,083	
Adjustments	(\$313,479)		(\$256,673)		
TOTAL GENERAL FUND EXPENDITURES	\$61,633,890	\$64,113,138	\$63,838,190	\$66,016,688	3.41%
Water Enterprise Fund	\$2,436,381	\$2,496,718	\$2,496,718	\$2,548,680	2.08%
Sewer Enterprise Fund	\$2,051,028	\$2,132,715	\$2,132,715	\$2,244,114	5.22%
Solid Waste Enterprise Fund	\$792,830	\$811,839	\$811,839	\$933,959	15.04%
TOTAL ALL FUNDS	\$66,914,129	\$69,554,410	\$69,279,462	\$71,743,441	3.56%



Fiscal Year 2020 Revenue Sources



Fiscal Year 2020 Expenditures



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

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



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Revenue Summary

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REVENUE SUMMARY

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

Property Taxes

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

Property taxes are levied on real property (land & buildings) and personal property 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 five 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 FY2020 by 5.23% or approximately \$2.64 million, to \$53.07 million. This increase includes the 2.5% increase of \$1,274,586 and an increase of \$514,500 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	FY2019	FY2020	% CHANGE
Prior Year Levy Limit	\$49,116,899	\$50,983,446	
Add 2.5%	\$1,227,922	\$1,274,586	
Add New Growth	\$638,625	\$514,500	
Add Overrides	\$0	\$0	
True Levy Limit	\$50,983,446	\$52,772,532	
Add Net Debt Exclusions	\$2,253,350	\$2,194,691	
Adjusted Levy Limit	\$53,236,796	\$54,967,223	
Less Unused Levy Capacity	(\$2,802,214)	(\$1,893,068)	
Total Tax Receipts	\$50,434,582	\$53,074,155	5.23%



State Aid

State Aid is Northborough's second largest revenue source and represents 8-10% of the General Fund budget. Together, State Aid and local property taxes account for approximately 90% of the General Fund budget. The proposed FY2020 budget assumes State Aid will increase 1% to \$5.40 million. The estimate is based upon the Governor's FY2020 Budget which was released on January 23, 2019.

The Governor's FY2020 Budget proposal is based upon a consensus tax revenue forecast that reflects an estimated growth rate of 2.7% in State revenues. Despite State revenue projections expected to grow next fiscal year, the Town does not anticipate receiving much of an increase based upon actual aid figures received in recent fiscal years. 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 estimate at this time.

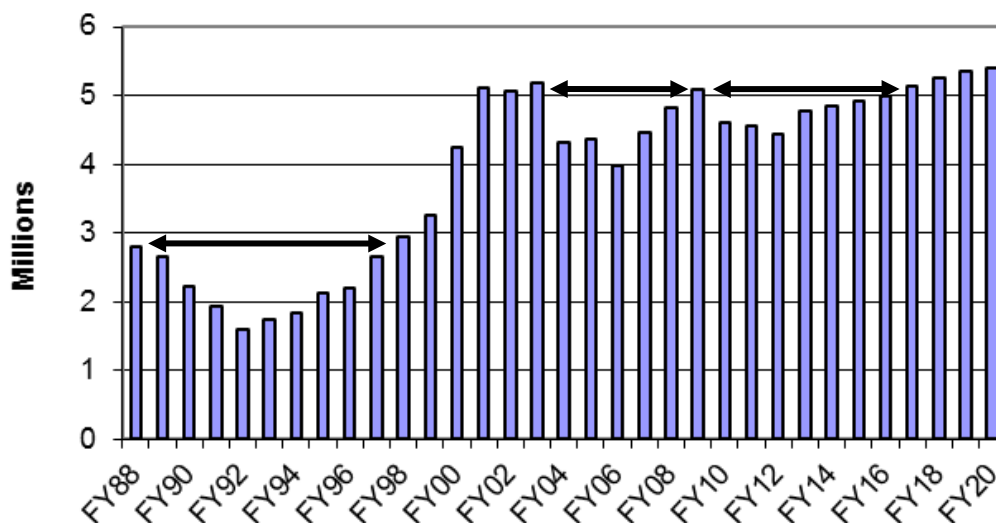
It is important to note that State Aid as a percentage of the budget has decreased from a high of 13% in FY2003 to just 8.8% in FY2020. Northborough has only recently received State Aid at a comparable level to FY2003; however, that is in nominal dollars and does not take into consideration the effect of inflation over those 17 years.

Table 3: State Aid in Millions

FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20*
4.78	4.84	4.93	5.00	5.14	5.25	5.35	5.40

*Estimated

Northborough State Aid FY1988-2020





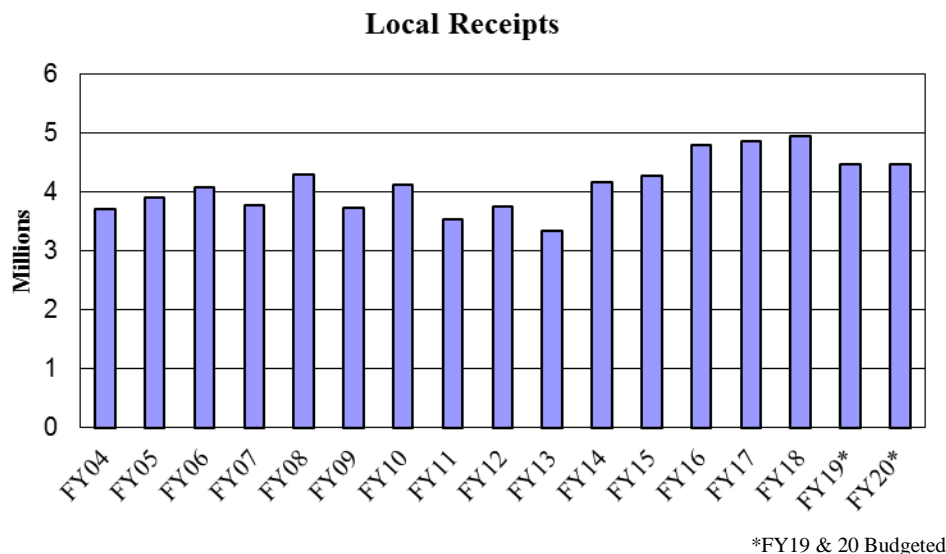
Revenue Summary

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Looking ahead to FY2020, 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 FY2020 assessment expense budget, and continue with the estimated 1% revenue increase. In this manner, any State Aid actually received above current estimates can only be used to reduce the local tax impact in FY2020.

Local Receipts

The third largest source of revenue for the General Fund budget is Local Receipts, which include 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 excise taxes which include Motor Vehicle Excise (MVE) and Hotel Rooms and Meals taxes. The total budgeted Local Receipts for FY2020 is \$4.47 million which is level with last year. The single largest source of revenue within the Local 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 Local Receipts shown in the above graph are the actual receipts from FY2004 through FY2018 and contain many one-time sources of funds, while the budgeted amounts are shown for both FY2019 and FY2020.

Until FY2010 Local 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.



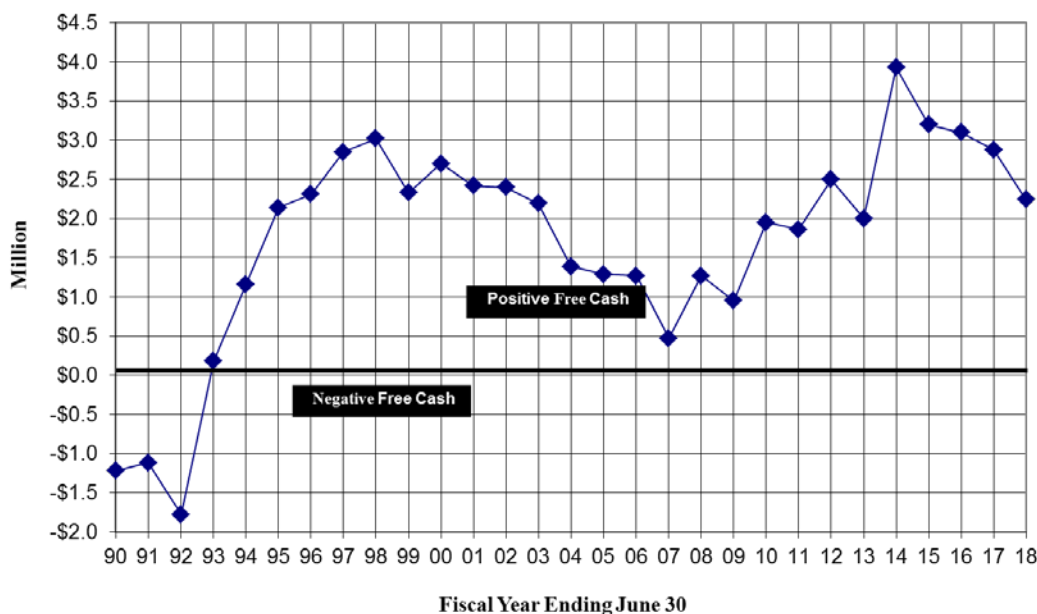
In general, the level of Local Receipts is greatly affected by outside economic conditions beyond the Town's control; especially as it relates to motor vehicle sales, building activity and permits fees. The actual revenue trend in the chart in the previous page reflects the general economic conditions.

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, 2018 was certified at \$2,236,167.

By far the single largest source of Available Funds is Free Cash. In FY2020, 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 FY1990-2018



*Source: Massachusetts Department of Revenue

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



Revenue Summary

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FY2020. As budgets continue to get tighter, year-end budget surpluses will continue to narrow, as has been the trend for the past several years.

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 FY2020 are projected to include transfers from special revenue funds to offset departmental budgets such as \$17,750 in Cemetery Sale of Lots income, \$12,264 in Cemetery Trust Fund income, \$6,741 in Conservation Commission fees, \$325,252 from the Fire/EMS Revolving Account, \$166,662 from the Recreation Revolving Account, \$72,624 from the Medicare Part D Subsidy, and \$32,677 from the Animal Control Revolving Account.

For the fourth year, there will be a substantial transfer in the amount of \$303,566 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 \$12,548 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 \$1,999 from the Department of Public Utilities Transportation Fund. These are a new revenue source, which are fees collected by the state derived from ride-sharing services such as Uber and Lyft. These revenues must be appropriated and are restricted to Roadway maintenance expenses.

In addition to Free Cash, these "Other" revenue sources total \$952,083 and will be used to off-set the municipal budgets as shown in Article 4 of the 2019 Annual Town Meeting Warrant.



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Expenditure Summary

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FY2020 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	FY2019 Budget	FY2020 Proposed Budget	\$ Change	% Change
GENERAL ADMINISTRATION				
<u>EXECUTIVE OFFICE</u>				
Selectmen	169,109	171,903	2,794	1.65%
Administrator	273,495	276,408	2,913	1.07%
Economic Development	1,300	1,300	-	0.00%
Town Reports	4,700	5,000	300	6.38%
<u>PUBLIC BUILDINGS</u>				
Town Hall/Public Bldgs.	503,416	542,143	38,727	7.69%
<u>FINANCE</u>				
Treasurer	334,463	308,390	(26,073)	-7.80%
Board of Assessors	291,740	300,080	8,340	2.86%
Town Accountant	167,251	181,422	14,171	8.47%
<u>MIS/GIS</u>				
MIS/GIS	513,303	482,454	(30,849)	-6.01%
<u>TOWN/CLERKS OFFICE</u>				
Town Clerk	136,631	137,739	1,108	0.81%
Election/Registration	44,670	34,725	(9,945)	-22.26%
<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	129,410	234,950	105,540	81.55%
<u>PLANNING & CONSERVATION</u>				
Conservation Commission	79,971	87,705	7,734	9.67%
Planning Board	183,227	183,871	644	0.35%
Zoning Board	5,154	5,154	-	0.00%
Earthwork Board	1,749	1,749	-	0.00%
PUBLIC SAFETY				
Police	2,708,985	2,791,931	82,946	3.06%
Fire	1,980,720	2,009,086	28,366	1.43%
Emergency Preparedness	7,000	2,000	(5,000)	-71.43%
Building	174,258	170,124	(4,134)	-2.37%
Gas Inspector	12,230	12,230	-	0.00%
Wire Inspector	21,865	22,031	166	0.76%
Sealer of Weights	8,000	8,000	-	0.00%
Board of Health	198,679	192,027	(6,652)	-3.35%
Animal Control	41,484	41,484	-	0.00%
PUBLIC WORKS				
Highway Admin.	159,014	165,960	6,946	4.37%
Hwy. Const. & Maint.	1,506,037	1,500,613	(5,424)	-0.36%
Parks	129,300	141,880	12,580	9.73%
Cemetery	142,548	151,840	9,292	6.52%
Engineering	154,602	155,613	1,011	0.65%
Snow & Ice	427,000	437,000	10,000	2.34%
Street Lighting	117,000	120,000	3,000	2.56%
Trees	46,000	46,000	-	0.00%
COMMUNITY SERVICES				
Council on Aging	289,986	295,632	5,646	1.95%
Library	838,777	851,602	12,825	1.53%
Recreation	149,168	150,163	995	0.67%
Youth Services	149,393	150,607	1,214	0.81%
Veterans Services	79,448	80,708	1,260	1.59%
Cable TV	361,298	303,566	(57,732)	-15.98%
Cultural Council	500	500	-	0.00%
Community Affairs Committee	500	500	-	0.00%
Historical Commission	500	500	-	0.00%

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Expenditure Summary



Department	FY2019 Budget	FY2020 Proposed Budget	\$ Change	% Change
UNDISTRIBUTED EXPENSES				
<u>EMPLOYEE BENEFITS & INSURANCE</u>				
Health Insurance	5,732,512	5,847,083	114,571	2.00%
Transfer to OPEB Trust	500,000	550,000	50,000	10.00%
Life Insurance	8,930	8,930	-	0.00%
Other Benefits/FICA	452,653	473,800	21,147	4.67%
Workers Comp	151,330	141,330	(10,000)	-6.61%
Retirement Assessments	1,790,753	2,047,554	256,801	14.34%
<u>BUILDING & LIABILITY INSURANCE</u>				
Bldg. & Liability Insur.	258,959	258,959	-	0.00%
<u>DEBT SERVICE</u>				
Debt Service	2,801,244	2,666,815	(134,429)	-4.80%
<u>STATE ASSESSMENTS</u>				
State Assessments	261,089	255,166	(5,923)	-2.27%
<u>NORFOLK AGRICULTURAL HIGH SCHOOL</u>				
Tuition/Transportation	-	-	-	-
<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	1,360,000	861,167	(498,833)	-36.68%
Other Financing Uses	217,160	417,160	200,000	92.10%
OTHER NON-APPROPRIATED AMOUNTS				
Reserve for Abatements	335,594	608,050	272,456	81.19%
Offsets	23,088	23,065	(23)	-0.10%
ENTERPRISE FUNDS				
Water	2,496,718	2,548,680	51,962	2.08%
Sewer	2,132,715	2,244,114	111,399	5.22%
Solid Waste	811,839	933,959	122,120	15.04%
GROSS TOTAL TOWN	32,340,660	33,104,617	763,957	2.36%
CALCULATION OF NET TOTAL TOWN				
Less Water Fund	(2,496,718)	(2,548,680)		
Less Sewer Fund	(2,132,715)	(2,244,114)		
Less Solid Waste	(811,839)	(933,959)		
Less Other Funds	(967,828)	(952,083)		
Less Recap Adjustments	256,672			
Less Debt Exclusion	(2,319,152)	(2,248,341)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Transfer to OPEB Trust	(500,000)	(550,000)		
Less Transfer to Stabilization	(200,000)	(200,000)		
Less Special Articles	(1,360,000)	(861,167)		
NET TOTAL TOWN	21,634,080	22,391,273		3.50%
CALCULATION OF TOWN APPROPRIATION				
GROSS TOTAL TOWN	32,340,660	33,104,617		
Less County Assessments	(1,790,753)	(2,047,554)		
Less State Assessments	(261,089)	(255,166)		
Less Reserve for Abatements	(335,594)	(608,050)		
Less Offsets	(23,088)	(23,065)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Stabilization Transfer Article	(200,000)	(200,000)		
Less Special Articles	(1,360,000)	(861,167)		
Less Other Financing Use	(217,160)	(417,160)		
Less Enterprise Funds	(5,441,272)	(5,726,753)		
Net Town Warrant Article 4	22,536,704	22,790,702		



Expenditure Summary

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General Administration

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

General Administration Summary

	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED	% CHANGE
<u>EXECUTIVE OFFICE</u>						
Selectmen	\$143,216	\$161,765	\$169,109	\$95,199	\$171,903	1.65%
Administrator	\$247,898	\$262,480	\$273,495	\$130,283	\$276,408	1.06%
Economic Development	\$1,180	\$850	\$1,300	\$0	\$1,300	0.00%
Town Reports	\$3,992	\$3,739	\$4,700	\$0	\$5,000	6.38%
Subtotal	\$396,285	\$428,834	\$448,604	\$225,482	\$454,611	1.34%
<u>PUBLIC BUILDINGS</u>						
	\$329,704	\$394,748	\$503,416	\$153,047	\$542,143	7.69%
Subtotal	\$329,704	\$394,748	\$503,416	\$153,047	\$542,143	7.69%
<u>FINANCE</u>						
Treasurer	\$316,234	\$351,040	\$334,463	\$158,526	\$308,390	-7.80%
Board of Assessors	\$258,287	\$250,772	\$291,740	\$126,189	\$300,080	2.86%
Town Accountant	\$152,227	\$155,921	\$167,251	\$76,464	\$181,422	8.47%
Subtotal	\$726,749	\$757,732	\$793,454	\$361,178	\$789,892	-0.45%
<u>MIS/GIS</u>						
	\$410,504	\$355,135	\$513,303	\$287,625	\$482,454	-6.01%
Subtotal	\$410,504	\$355,135	\$513,303	\$287,625	\$482,454	-6.01%
<u>TOWN CLERKS OFFICE</u>						
Town Clerk	\$123,353	\$131,625	\$136,631	\$66,274	\$137,739	0.81%
Elections/Registration	\$32,146	\$23,431	\$44,670	\$21,898	\$34,725	-22.26%
Subtotal	\$155,498	\$155,056	\$181,301	\$88,172	\$172,464	-4.87%
<u>ADVISORY BOARDS/SERVICES</u>						
Moderator	\$0	\$200	\$500	\$0	\$500	0.00%
Appropriations Committee	\$358	\$410	\$1,695	\$210	\$1,695	0.00%
Personnel Board	\$12,729	\$10,495	\$129,410	\$2,827	\$234,950	81.55%
Town Counsel	\$52,984	\$45,407	\$85,000	\$39,454	\$85,000	0.00%
Subtotal	\$66,071	\$56,512	\$216,605	\$42,491	\$322,145	48.72%
<u>PLANNING AND CONSERVATION</u>						
Town Planner/Planning Bd	\$155,309	\$163,494	\$183,227	\$81,883	\$183,871	0.35%
Zoning Board of Appeals	\$1,830	\$1,170	\$5,154	\$1,079	\$5,154	0.00%
Earthworks	\$248	\$1,484	\$1,749	\$15	\$1,749	0.00%
Conservation Commission	\$32,760	\$20,053	\$79,971	\$38,222	\$87,705	9.67%
Subtotal	\$190,146	\$186,200	\$270,101	\$121,199	\$278,479	3.10%



Section 1-14

Expenditure Summary

All five of the Town's collective bargaining agreements expire on June 30, 2019. The Town is in the process of negotiating fair and sustainable future increases for personnel covering FY2020 through FY2022. Included in the negotiations will be any impacts to union employees associated with the ongoing Classification & Compensation Study. As such, the FY2020 departmental budgets do not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally in the Personnel Board account pending successful completion of union negotiations.

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 \$6,007 or 1.34% in FY2020. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel.

- **Public Buildings**

The Public Building Account increases \$38,727, or 7.69% in FY2020. The increase is due to the addition of a full-time Facilities Manager in FY2020, which has been budgeted mid-year. The position will be responsible for coordination of the maintenance and repairs of Town Buildings, as well as assisting with preparation of the Town's Six-Year Capital Improvement Plan (CIP).

- **Finance Department**

During FY2019 the Finance Director/Treasurer-Collector retired, and the Town Accountant was promoted to Finance Director/Town Accountant. Overall, the department's FY2020 budget is down \$3,562 or 0.45% due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

Within the overall decrease shown, the Assessor's budget includes an increase of \$6,200 for contractual services in order to prepare for the State Department of Revenue's next full recertification of their values scheduled to occur in FY2021.

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

The MIS/GIS budget is decreasing by \$30,849, or 6%. The decrease is attributable to the reallocation of computer equipment monitoring expenses from MIS to the Police, Fire and Water/Sewer Budgets to better reflect actual expenditures. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The main departmental initiatives in FY2020 will be updating the website and the continued implementation of a \$40,000 State grant to create a comprehensive IT/GIS Strategic Plan focused on aligning technology investment with overall organizational priorities.



- **Town Clerk/Elections**

The combined FY2020 Town Clerk/Elections budget represents an overall decrease of \$8,837, or 4.87%. The decrease is primarily due to there being only two scheduled elections in FY2020 as opposed to the three held in FY2019. The FY2020 scheduled elections include the Presidential Primary on March 3, 2020, and the Annual Town Election on May 12, 2020. During FY2020 the department will be transitioning to one centralized polling location at the Melican Middle School in order to reduce disruption at the four elementary schools and increase efficiency of oversight. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

- **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.

At the start of FY2020 all five of the Town's collective bargaining agreements expire, effective June 30, 2019. As such, the FY2020 departmental budgets do not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally in the Personnel Board account pending successful completion of union negotiations.

- **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 FY2020 Planning and Conservation budget is up \$8,378, or 3%. The budget is essentially flat with the exception of an increase of \$7,734 associated with the hiring of a new full-time Conservation Agent. The part-time Conservation Agent position was increased to full-time in FY2019 and was originally budgeted at the lower end of the salary range, which was subsequently increased to match the hired candidate's credentials. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

**Public Safety**

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

Public Safety Summary

	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED	% CHANGE
<u>PUBLIC SAFETY</u>						
Police	\$2,491,758	\$2,552,028	\$2,708,985	\$1,255,056	\$2,791,931	3.06%
Fire	\$1,709,817	\$1,887,219	\$1,980,720	\$1,059,852	\$2,009,086	1.43%
Emergency Preparedness	\$0	\$0	\$7,000	\$0	\$2,000	-71.43%
Building Inspection	\$145,738	\$158,498	\$174,258	\$80,134	\$170,124	-2.37%
Gas Inspector	\$11,700	\$11,717	\$12,230	\$4,006	\$12,230	0.00%
Wiring Inspector	\$18,112	\$19,183	\$21,865	\$9,710	\$22,031	0.76%
Sealer Weights/Measures	\$5,000	\$5,000	\$8,000	\$0	\$8,000	0.00%
Health/Plumbing Inspector	\$179,669	\$171,910	\$198,679	\$84,226	\$192,027	-3.35%
Animal Control	\$39,418	\$39,819	\$41,484	\$20,011	\$41,484	0.00%
Subtotal	\$4,601,211	\$4,845,375	\$5,153,221	\$2,512,995	\$5,248,913	1.86%

- **Police Department**

Overall, the FY2020 Police Department Budget reflects an increase of \$82,946 or 3.06%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The budget increase includes \$22,682 to cover the full year's wages of a new Dispatcher that was added mid-year in FY2019 to address increased call volume associated with recent economic development as well as new State requirements to accept 911 cell phone calls and texts. The additional position allows for scheduling more than one Dispatcher during peak times and provides greater flexibility and coverage. The departmental budget increase also includes contractual Step increases for eight officers who are not at the max of the pay scale. Lastly, \$21,154 in computer services were reclassified from MIS to the Police Department to better reflect actual network monitoring costs associated with the Police Department.

- **Fire Department**

As presented, the FY2020 Fire Department Budget reflects an increase of \$28,366 or 1.43% in the General Fund appropriation. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



In addition to the General Fund appropriation of \$2,009,086 (which includes a transfer in of \$325,252 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$503,731 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 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.

The total FY2020 budget that supports the Fire/EMS services is \$2,512,817 (\$2,009,086 plus the Fire Department Revolving Fund direct charges of \$503,731).

- **Building Department**

There are no significant budget changes for the FY2020 Building Department. Overall, the departmental budgets for Building, Gas, Wiring and Sealer of Weights & Measures are down \$3,968 or 1.83% due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

- **Health Department**

Overall, the department's FY2020 budget decreases \$6,652, or 3.35%, due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. 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 FY2020 the revolving fund revenues proposed to be transferred in are \$32,677 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$8,807.

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

	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED	% CHANGE
PUBLIC WORKS						
Highway Admin.	\$121,893	\$115,164	\$159,014	\$48,695	\$165,960	4.37%
Hwy. Const. & Maint.	\$1,489,228	\$1,368,752	\$1,506,037	\$614,134	\$1,500,613	-0.36%
Parks	\$107,593	\$129,235	\$129,300	\$40,798	\$141,880	9.73%
Cemetery	\$94,742	\$74,995	\$142,548	\$39,638	\$151,840	6.52%
Engineering	\$120,916	\$133,260	\$154,602	\$59,715	\$155,613	0.65%
Snow & Ice	\$501,899	\$496,654	\$427,000	\$60,848	\$437,000	2.34%
Street Lighting	\$114,000	\$114,000	\$117,000	\$48,252	\$120,000	2.56%
Trees	\$33,298	\$40,727	\$46,000	\$35,647	\$46,000	0.00%
Subtotal	\$2,583,571	\$2,472,786	\$2,681,501	\$947,726	\$2,718,906	1.39%

Overall, the Department of Public Works General Fund budget is increasing \$37,405 or 1.39%. The majority of the increase is attributed to equipment replacement for the cemetery operations and contracted services associated with maintenance of the parks and monuments. There is also an increase of \$10,000 to the snow and ice budget to better reflect historic expenditures. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

¹ Please see the end of this Expenditure Summary for information regarding the Water, Sewer and Solid Waste Enterprise Funds. Section 8-5 of this budget document contains the detailed budget information regarding 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

	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED	% CHANGE
COMMUNITY SERVICES						
Senior Center/COA	\$262,812	\$272,735	\$289,986	\$141,810	\$295,632	1.95%
Library	\$764,101	\$811,254	\$838,777	\$390,915	\$851,602	1.53%
Recreation	\$141,332	\$145,270	\$149,168	\$71,943	\$150,163	0.67%
Family & Youth Services	\$138,268	\$143,584	\$149,393	\$62,452	\$150,607	0.81%
Veterans' Services	\$52,639	\$61,849	\$79,448	\$23,067	\$80,708	1.59%
Cable TV	\$323,597	\$222,515	\$361,298	\$126,762	\$303,566	-15.98%
Cultural Council	\$500	\$500	\$500	\$500	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$0	\$500	0.00%
Historic Dist. Commission	\$0	\$0	\$500	\$340	\$500	0.00%
Subtotal	\$1,683,750	\$1,658,207	\$1,869,570	\$817,789	\$1,833,778	1.91%

• Senior Center/Council on Aging

Overall, the departmental budget is up 1.95%, or \$5,646, which includes a \$3,000 increase in the building maintenance and repairs line to better reflect actual costs. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. During FY2019 the Friends of the Senior Center donated funds to pay for a second 19 hour per week position to help run the growing lunch and dinner program at the Senior Center known as the Bistro @ 119, which serves lunch Monday through Friday and dinner on Tuesday evenings. The goal is to fund the second position through program fees as the meals program continues to grow.

In addition to the appropriated budget supported by tax revenues, the Senior Center receives approximately \$32,000 in additional funds directly from the State Formula Grant which is used primarily to provide exercise programs to seniors. The formula grant (based on the number of seniors in Town) is not subject to Town Meeting appropriation.

• Family and Youth Services Department

There are no significant changes to the FY2020 Family and Youth Services Department budget, which is up 0.81%, or \$1,214. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



- **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% (\$19,208) of the overall administrative expenses in FY2020. 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 FY2020. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services as part of the Town's state aid revenue, the Town is required to budget for the benefit payments in full in advance of the reimbursement. Overall, the FY2020 Veterans' Services budget is increasing by 1.59%.

- **Library**

Overall, the FY2020 Library Budget is up 1.53%, or \$12,825. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The primary increases in the budget are for utility expenses and minor equipment replacement. In FY2020 the Library will also receive an estimated \$23,065 in State Aid that goes directly to the Library and does not require Town Meeting appropriation.

- **Recreation Department**

The FY2020 Recreation Department budget is financially self-sufficient by way of program fees. Program expenses, which includes payroll for part-time and seasonal staff, are paid directly from the Recreation Revolving Fund, while salaries and benefits for the full-time Recreation Director and Administrative Assistant are paid from the General Fund. Article 4 of the 2019 Annual Town Meeting Warrant contains a transfer of \$166,662 from the Recreation Revolving Fund to the General Fund, which is designed to cover the departmental expenses not directly paid 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 decreases in FY2020 by \$57,732 primarily due to completed capital expenditures. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. The Town is currently in negotiations with Verizon and Charter for cable contract renewals and as part of the negotiations the Town must balance the fees added to the cable bills with the desired level of services. One significant concern is that the cable industry continues to evolve and an increasing number of people are cutting the cable cord, resulting in declining cable revenues. The Town is legally prohibited from adding fees to phone or internet services, so declining cable fees will continue to put pressure on PEG Access funding for the coming years.



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.

In FY2019, the Town faced initial Health Insurance renewal quotes in double digit percentages, so with the intent to control costs for that year and into the future, the Town issued a Request for Proposals (RFP) for a sole carrier. With the results of the RFP, the recommendation was made to move to Fallon Community Health Plan. This change offered the traditional HMO plan as well as a limited network HMO plan at a lower cost as an option for employees. With the single provider, FY2019 saw a budget increase of 3.8% over the prior year to \$5.7 million. For FY2020, as a continuation of the plan consolidation with Fallon and having favorable claims data during FY2019, the Town signed a zero percent increase renewal for FY2020. This will result in a 2% increase in the budget to \$5.8 million, in order to account for new enrollments and transitions following retirements.

The second largest category of employee benefit costs after Health Insurance is the Worcester Regional Retirement System (WRRS). The total FY2020 Worcester Regional Retirement Assessment is \$2,118,897. The \$2,047,554 portion included in the General Fund budget does not include the retirement costs contained in the Water Enterprise Fund (\$33,340), the Sewer Enterprise Fund (\$22,227) or the Cable Access TV budget (\$15,776). The FY2020 General Fund increase of \$256,801 represents a significant 14% rise in costs, primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2035.

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

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



- **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 Town's OPEB liability increased to \$44.88 million (net of trust fund balance) based on the most recent actuarial study, which was received at the close of FY2018. Following the acknowledgment of OPEB in FY2009 as required by the 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. In FY2015 the Town adopted the optional Meals Tax Surcharge and increased the Room Occupancy Tax in order to provide capacity within the budget to begin funding the OPEB Trust Fund. Since FY2015 the General Fund budget has appropriated \$500,000 annually into the OPEB Trust Fund and in FY2020 that amount will be increased to \$550,000.

To date, the Town has appropriated \$2.5 million into the OPEB Trust Fund and the Fund balance as of February 28, 2019 is approximately \$3 million, exclusive of the planned contribution of \$550,000 in FY2020. 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. Based upon positive loss ratios, the Town's Building and Liability insurance has been level funded in FY2020.

- **Debt Service**

The proposed FY2020 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 FY2020, the total Debt Service for the General Fund is \$2.67 million, a decrease of \$134,429.

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 decrease \$5,923, or 2.27%, based on the Governor's initial budget assessment to Northborough of \$255,166. 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 72% of the expenses—Mosquito Control (\$64,210), Massachusetts Bay Transportation Authority (\$77,530) and Charter School sending tuition (\$42,312).

- **Stabilization Fund Contribution**

As of June 30, 2018, the balance in the Stabilization Fund is \$4.57 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 with Free Cash as the source. The FY2020 budget provides for another contribution to the Stabilization Fund of \$200,000 from Free Cash in order to maintain preferred reserve levels of approximately 8%. Future contributions to the Stabilization Account will require a yearly review of the Town's financial position. Overall, the Town's reserves remain within the acceptable levels prescribed by its financial policies, which is 5-10% of operating revenues. More information regarding the 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 FY2020 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, bond proceeds, and/or other available funds. In FY2020, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, and the FY2020 Capital Improvement Plan (CIP) which in total amounts to \$4,951,000. The funding sources for the CIP are \$861,167 from Free Cash, \$129,833 transfer from a prior year capital article, \$1,383,452 transfer from surplus bond proceeds from the completed Lincoln Street School project, \$115,000 from Water Enterprise Free Cash, and \$30,000 from Sewer Enterprise Free Cash. The CIP totals \$4,951,000, and together with the other warrant articles the total expenditures come to \$5,326,000.



The FY2020 Town Meeting Warrant Articles include the following:

- \$175,000 for the Appropriation Committee's Reserve Fund (Article 10)
- \$200,000 for the Stabilization Fund (Article 11)
- \$315,000 for Ambulance Replacement (Article 12)
- \$145,000 for three Police Cruiser Replacements (Article 13)
- \$90,000 for One-Ton Pickup Truck with Plow (Article 14)
- \$271,000 for 20-Ton Dump Truck w/ Spreader and Plow (Article 15)
- \$300,000 for Roadway Maintenance and Improvements (Article 16)
- \$75,000 for Water/Sewer Division Garage Design (Article 17)
- \$70,000 for Assabet Water Storage Tank Rehabilitation Design (Article 18)
- \$185,000 K-8 Public Schools Communication & Security Enhancements (Art. 19)
- \$3,500,000 for Fire Station Design, OPM, and Land Acquisition (Article 20)

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 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, 2018, a total of 1,588 students attend the Northborough schools, with 1,008 students in grades K-5 at the four elementary schools and 580 students in grades 6-8 at the Middle School.

Based on the Town's revenue forecast and declining enrollment, the Northborough K-8 School Budget will increase 2.73% in FY2020. Therefore, the FY2020 amount available for the Northborough K-8 School department is \$24,928,558. This represents an increase of \$662,965 from the \$24,265,593 appropriated last year.

• Algonquin Regional High School (ARHS)

As of October 1, 2018, a total of 894 Northborough students attend the Northborough-Southborough Regional High School. This represents 61.44% of the total 1,455 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%. However, the ARHS operating assessment increases \$947,800, or 8.38% to \$12,252,514 based upon Northborough enrollment and changes to the State's minimum contribution formula. The debt for ARHS increases by \$10,668, or 1.75%, to \$621,442. The net effect of the combined operating assessment and new debt service is an overall increase of \$958,468, or 8.04%, to \$12,873,956.

- **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 FY2020 Assabet budget is \$21,960,000, which is an increase of \$896,000, or 4.25%.

As of October 1, 2018, 45 Northborough students attend Assabet Valley, which represents 5.38% of the FY2020 overall Assabet budget, or an operating assessment of \$694,822. This is an enrollment increase of 4 from the 41 Northborough students that attended Assabet Valley last year. Northborough's FY2020 share of the debt assessment from the completed building renovation project is \$141,488, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$836,310, which is an increase of \$78,588, or 10.37%.

- **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 FY2020.

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

	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED	% CHANGE
ENTERPRISE FUNDS						
Water Enterprise Fund	\$2,670,210	\$2,436,381	\$2,496,718	\$985,409	\$2,548,680	2.08%
Sewer Enterprise Fund	\$1,588,281	\$2,051,028	\$2,132,715	\$597,593	\$2,244,114	5.22%
Solid Waste Enterprise	\$747,383	\$739,097	\$811,839	\$308,807	\$933,959	15.04%
Subtotal	\$5,005,873	\$5,226,506	\$5,441,272	\$1,891,809	\$5,726,753	5.25%

- **Water Enterprise Fund**

The FY2020 Water Enterprise Fund is budgeted at \$2,548,680 which is an increase of \$51,962 or 2.08%. This increase is due to a number of factors, the largest of which is a \$56,994 (49.7%) increase in contracted services. This account includes a number of modest increases for State mandated leak detection compliance, engineering costs related to the abandoned dam in Shrewsbury, introduction of a new value maintenance program, and some additional MIS/GIS costs. The second largest increase is a \$32,666 (2.6%) increase in the MWRA water assessment.

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. Based upon formal rate studies, the water utility user rates are expected to increase approximately 5% per year due to a combination of inflationary pressures (between 2% and 3% annually), annual water use fluctuations, and the need to make regular infrastructure investments.

- **Sewer Enterprise Fund**

The FY2020 Sewer Enterprise Fund is budgeted at \$2,244,114, which is an overall increase of \$111,399 or 5.22%. The budget reflects an estimated 5% increase in the Marlborough use charge of \$35,125. Annual debt payments have increased by \$34,510 to pay for recent capital projects, including the recently completed West Main Street Pump Station Improvements. Several smaller initiatives account for the remainder of the increase with the largest being the annual replacement of the grinder cartridges. The Town installed three sewer grinders to better manage solids at the pump stations. The equipment includes grinder teeth cartridges which are wear parts that require replacement approximately every three years at a cost of \$16,000 per unit. Other smaller initiatives include replacement of aging testing equipment and alarms, and system mapping services.

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 Plant 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 in anticipation of a large plant improvement payment to Marlborough. The sewer use charges for FY2019 increased by 5% to account for regular operating cost increases and periodic capital expenditures. A similar increase is expected in FY2020 based upon the most recent rate study.

- **Solid Waste Enterprise Fund**

The solid waste and recycling collection contract, which is set to expire on June 30, 2019, is one of the main budget drivers for FY2020. Historically the cost for the marketing and disposal of recyclable materials has been included in the collection contract. However, the recycling industry is currently going through a tumultuous period of adjusting to China's 2018 decision to basically get out of the international recycling business. The impact to Massachusetts is similar to that of the rest of the nation. In years past, the value of recyclable materials would offset the cost of collecting and sorting them, which is no longer the case. It can be summarized simply that there is far too much supply and very little demand.

It is anticipated that in FY2020 it will cost at least as much to dispose of recycling as it does trash. As a result, the Town is anticipating that its next solid waste and recycling contract will increase by approximately 15% and require another \$200,000 in General Fund subsidy. The FY2020 bag fee revenues are projected to be \$488,000 and the FY2020 expenses are estimated at \$933,959. As a result, a General Fund subsidy of \$417,160 is recommended in order to balance the Enterprise Fund, along with a fund balance allocation of \$28,799.

Market instability is projected to continue until new material recovery facilities can be brought on-line here in the United States and in emerging countries around the world. For a full review of the pay-as-you-throw trash program, as well as a more detailed discussion regarding recent market issues, interested readers are referred to the Solid Waste Enterprise Fund budget contained in Section 8 of this budget document.



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General Administration

Section 2



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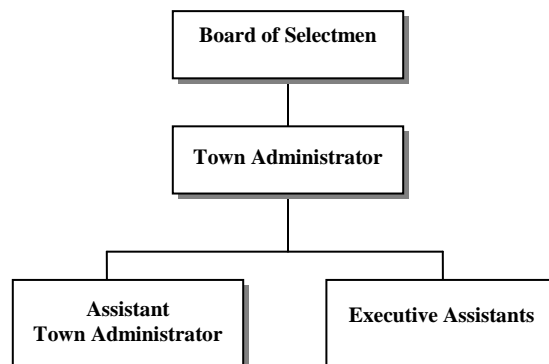


Executive Office Departmental Statement

The Executive Office of the Town of Northborough is made up of the Board of Selectmen and the Town Administrator. The Board of Selectmen is recognized by the General Laws of the Commonwealth of Massachusetts as the Town's body of chief elected officials with the authority to enact rules and regulations establishing Town policies not otherwise governed by bylaw, the Town Charter, or by statute. The Board is composed of five members who are elected to staggered three-year terms. The powers and duties of the Board of Selectmen include appointing the Town Administrator, Police Chief, Fire Chief and Town Accountant, as well as various boards, committees and commissions. The Board of Selectmen also issues 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 FY2019 Initiatives and Accomplishments

1. GFOA Distinguished Budget Award Submission: The Town submitted its FY2019 budget to the Government Finance Officers Association's Distinguished Budget Award program. If successful, it will be the 9th consecutive national budget award for Northborough. The award represents a significant achievement by the Town, reflecting the commitment of the Board of Selectmen and staff to meeting the highest principles of governmental budgeting. To receive the award, the Town must satisfy nationally recognized guidelines for effective budget presentation which 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.
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 of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee on December 13, 2018. 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 FY2018 with approximately \$2.23 million in Free Cash on June 30, 2018 and no material issues or deficiencies were noted in the annual audit.
4. Classification & Compensation Study: During FY2019 the Town began 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 continue into FY2020 and the results will be subject to negotiation for union positions. Potential FY2020 financial impacts have been budgeted centrally pending the outcome of the study and contract settlements.
5. FY2019 Capital Budget included \$1,870,000 in Projects with no additional tax impact: The approved FY2019 Capital Budget totaled \$1,870,000 of which \$1,360,000 was funded with Free Cash (one-time revenues), resulting in no additional tax impact. In addition \$510,000 in funding came from Water & Sewer Enterprise Fund balances with no additional impact on rate payers. Since FY2012 the Town has invested \$14 million in pay-as-you-go capital investments with no additional tax impact. That includes \$10.49 million in Free Cash and approximately \$3.51 million in other funding sources.



6. Pavement Management Plan and Improved Condition Index: During FY2019 the Town implemented the fourth 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 updated assessment, the Town's overall Road Surface Rating (RSR, formerly 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.
7. Solid Waste & Recycling Contract Bid: FY2019 was the last year of the three-year solid waste hauling and recycling contract. The Town conducted a policy review of the current Pay-as-you-throw (PAYT) program in terms of the existing service level (single stream recycling), bag fees and General Fund subsidy as part of the contract bid process. Given the turmoil caused by China's 2018 decision to effectively exit the recycling market, the Town opted to issue a bid for hauling and negotiate a separate contract directly with the recycling facility to better isolate and manage escalating recycling costs. It is anticipated that recycling disposal will soon cost as much as trash disposal, and as a result, will require significant monitoring and active management during the upcoming contract.
8. Awarded "Green Community" Designation: Northborough is now officially a Green Community. The Green Community Designation and Grant Program under the Massachusetts Department of Energy Resources' provides a road map along with financial and technical support to municipalities that 1) pledge to cut municipal energy use by 20 percent over 5 years; 2) reduce the life-cycle costs of buildings; 3) provide as-of-right siting for renewable energy/alternate energy facilities; 4) provide for expedited permitting; and 5) adhere to a policy of purchasing fuel efficient vehicles. Achievement of this designation will result in numerous grant-funded facility improvement projects over the coming years, including an immediate grant of approximately \$145,000.
9. Fire Station Feasibility Study: During FY2019 the Fire Station Feasibility Study Committee completed its work. The Committee determined that the existing station is inadequate to meet the programmatic needs of the department and that the current site is also too small to accommodate a renovation/addition. As a result, the Committee issued a Request for Proposals to find land in the downtown area appropriate for a potential station site. Following an exhaustive process the Committee recommended acquisition of 61-65 Main Street with 10 Monroe as the preferred site for a new station. The proposed FY2020 Capital Budget includes \$3.5 million for the design and land acquisition costs associated with the proposed Fire Station building project. If approved, the project will be fully designed and bid during FY2020 and brought back for construction approval at the April 2020 Town Meeting.
10. Historic White Cliffs Facility Reuse: During FY2019, the Town sought proposals from architectural and engineering firms to perform a comprehensive assessment of the historic White Cliffs facility acquired in FY2018. The Town selected DBVW Architects to conduct a multi-phase assessment of the building to assist the Town in its efforts to preserve the facility while considering potential future uses of the property. To date, the firm has employed technology to scan the building and capture information necessary to create floor plans and elevations, and has completed an initial assessment of the building envelope and shared preliminary findings with the White Cliffs Committee. Following the development of



construction documents and bidding, work will be completed to secure the building envelope while more detailed assessments of the existing conditions continue in FY2020.

11. Negotiate a new Inter-municipal Agreement (IMA) 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 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.
12. Successfully Negotiated Health Insurance Plan Design Changes: For the 3rd consecutive year the Town successfully negotiated health insurance changes to balance the overall budget. Due to a combination of high claims and general market trends, the FY2019 Health Insurance budget was facing a 15.6% increase. Without negotiated plan changes, the FY2019 budget was structurally unbalanced by \$653,037 and would have necessitated significant service level reductions across all departments. To address the 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 and the recommendation of the IAC, Fallon Community Health Plan (Fallon) was awarded the contract and the overall Health Insurance increase was mitigated to just 3.8%.
13. First Place Award for Annual Report: The Massachusetts Municipal Association presented Northborough with First Place for its 2017 Annual Town Report contest. The MMA's state-wide contest was created to recognize Towns that produce annual reports that serve as effective and informative tools in promoting an understanding of local government, and is the result of months of work by dedicated Town staff, committed to improving transparency and accountability in Northborough's Local Government. The Annual Report represents another excellent communication device to convey important information to residents and we are honored to be recognized at the state level for our efforts.

Executive Office FY2020 Goals and Initiatives

1. GFOA Distinguished Budget Award Program: Continue to refine the Town's Award winning budget for the FY2020 submission to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program. FY2020 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 Land Acquisition and Design: Once funding is approved, proceed with the requisite land acquisition and design for a new fire station. The goal is to have the new station fully designed and bid during FY2020 and brought back for construction approval at the April 2020 Town Meeting.
3. Historic White Cliffs Facility Reuse: Much progress was made during FY2019 regarding the preservation of the historic White Cliffs mansion. The White Cliffs Committee engaged an architectural firm which spent months assessing the structure and developing phased plans to protect this important historic asset from further deterioration. The Committee will continue



to meet throughout the coming year as it endeavors to save this important historic building and chart a course for finding a viable reuse that will ensure its long-term preservation.

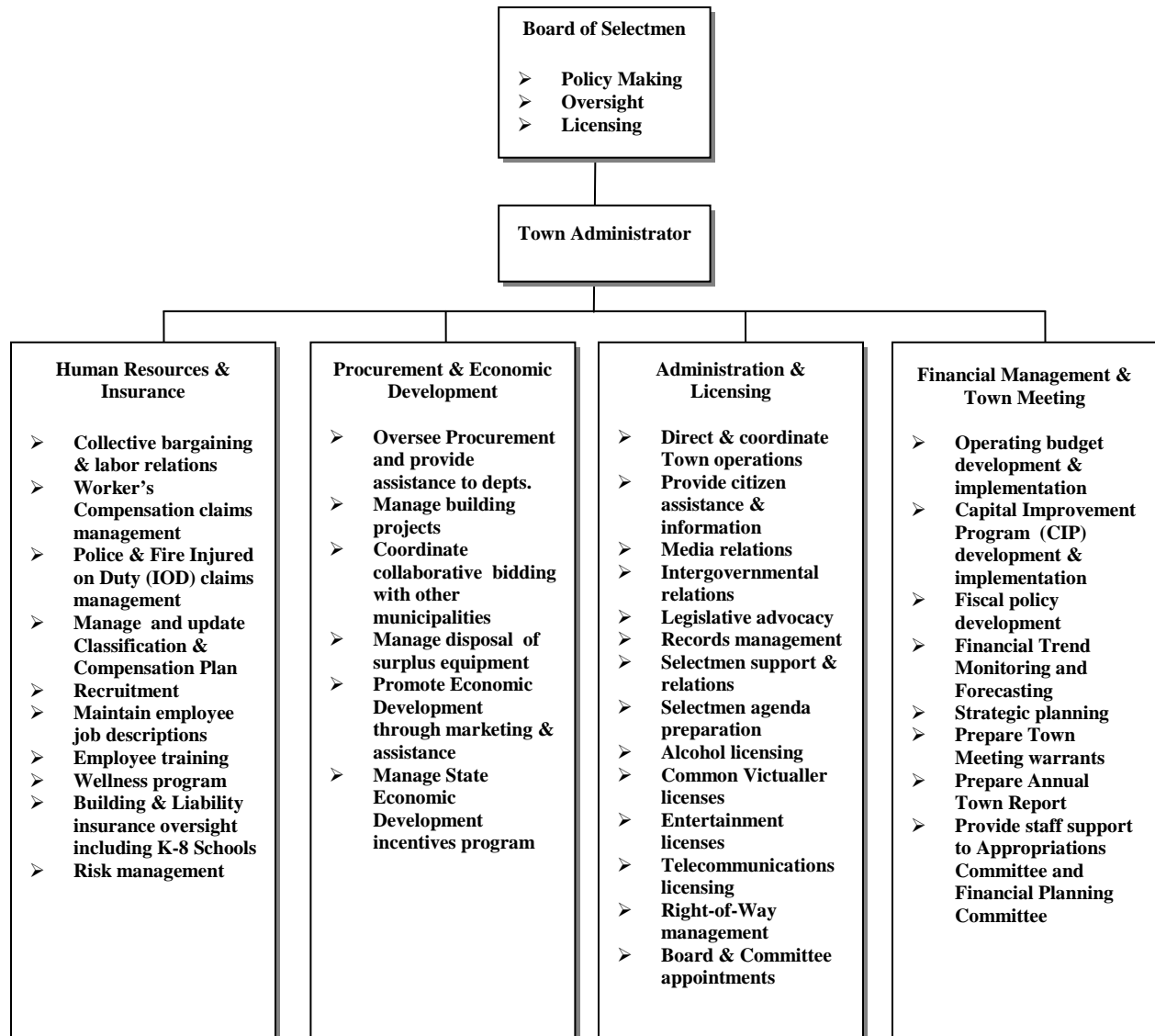
4. Litigation regarding Sewer Inter-municipal Agreement (IMA) with the City of Marlborough: The Town of Northborough anticipates going to trial during FY2020 to resolve the long-standing dispute with the City of Marlborough regarding sewer capacity and charges associated with the expired Inter-Municipal Agreement for sewer treatment services at the Marlborough Westerly Treatment Plant. For more detail please see Section 8-5 of this budget document.
5. All Collective Bargaining Agreements in Negotiations: All five of the Town's collective bargaining agreements expire on June 30, 2019. The Town is in the process of negotiating fair and sustainable future increases for personnel covering FY2020 through FY2022. Included in the negotiations will be any impacts to union employees associated with the ongoing Classification & Compensation Study.
6. Cable TV License Renewals with Charter Communications and Verizon: During FY2020 the Town will complete negotiations for new cable licenses with Charter and Verizon, including new capital and operating agreements for PEG Access funding.
7. Infrastructure Improvements: The Town will continue implementing the Pavement Management Plan in FY2020; complete the Rice Avenue bridge/culvert replacement; manage the construction of the Downtown Common project; and develop new ADA compliant designs for Assabet Park. These projects as well as many smaller capital improvements scheduled throughout FY2020 will continue to add to the quality and economic vitality of the Northborough community.
8. Development of Information Technology/GIS 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. The Town will also be updating the functionality of its webpage with new software.

Significant Budget Changes or Initiatives

There are no significant changes contained in the Executive Office budget. Overall, the budget is increasing \$6,007 or 1.34% in FY2020. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



Executive Office Programs and Services



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

Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 FTE
Town Administrator	1	1	1	1	1
Assistant Town Administrator	1	1	1	1	1
*Executive Assistants	1.5	2	2	2	2
Total Full-time Equivalent	3.50	4	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.

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Executive Office



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
BOARD OF SELECTMEN						
Personnel Services						
51110 Selectmen Stipends	5,356	5,356	5,356	6,240	3,120	6,240
51120 Executive Assistant	62,377	110,814	128,835	131,373	63,160	132,573
51220 Part-Time Executive Assistant	31,144	0	0	0	0	0
51410 Longevity Pay	650	650	800	800	1,600	1,600
SUBTOTAL	99,527	116,820	134,991	138,413	67,880	140,413
Expenses						
¹ 52850 Annual Independent Audit	22,449	22,898	23,355	23,821	23,821	24,535
53090 Advertising	339	415	295	850	197	850
56930 Town Meeting Expenses	32	0	0	500	0	500
57320 Subscriptions	425	425	485	600	425	600
57330 Memberships	2,491	2,551	2,613	2,675	2,676	2,755
57340 Meetings	160	107	26	1,250	20	1,250
57810 Unclassified	0	0	0	1,000	181	1,000
SUBTOTAL	25,896	26,396	26,774	30,696	27,319	31,490
TOTAL: SELECTMEN	125,422	143,216	161,765	169,109	95,199	171,903

¹ The FY2020 total cost of the annual audit is \$27,880. The cost is split 88% General Fund and 12% Water/Sewer Enterprise Funds



Executive Office

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	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
TOWN ADMINISTRATOR						
Personnel Services						
51100 Town Administrator	143,678	149,491	155,534	161,787	77,027	163,420
51120 Assistant Town Administrator	87,736	91,286	94,976	98,248	47,036	98,677
51410 Longevity Pay	550	550	1,350	700	700	850
SUBTOTAL	231,964	241,326	251,859	260,735	124,762	262,947
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	3,967	3,967	3,967	4,128	1,983	4,211
57310 Dues	1,436	1,255	1,553	1,632	1,745	1,850
57320 Subscriptions	695	764	868	700	1,097	1,100
57340 Meetings	941	585	4,232	3,500	695	3,500
SUBTOTAL	7,039	6,572	10,621	12,760	5,521	13,461
TOTAL: TOWN ADMINISTRATOR	239,004	247,898	262,480	273,495	130,283	276,408

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Executive Office



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ECONOMIC DEVELOPMENT						
Expenses						
54290 Office Supplies	0	0	0	200	0	200
57110 Travel/Mileage	0	0	0	0	0	0
57310 Dues	340	1,180	850	850	0	850
57320 Subscriptions	0	0	0	0	0	0
57340 Meetings	0	0	0	250	0	250
SUBTOTAL	340	1,180	850	1,300	0	1,300
TOTAL: ECONOMIC DEVELOPMENT	340	1,180	850	1,300	0	1,300

ANNUAL TOWN REPORTS

Expenses

52800 Contractual Services	1,400	1,400	1,470	1,800	0	1,800
53110 Printing	2,341	2,592	2,269	2,900	0	3,200
SUBTOTAL	3,741	3,992	3,739	4,700	0	5,000
TOTAL: ANNUAL TOWN REPORTS	3,741	3,992	3,739	4,700	0	5,000



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.

PUBLIC BUILDINGS					
Personnel Summary					
Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 FTE
Facilities Manager	0	0	0	0	1
Custodian	.5	.5	.5	.5	.5
Total Full-time Equivalent	.5	.5	.5	.5	1.5

***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.
- In FY2020 a full-time Facilities Manager is being added mid-year, effective January 1, 2020. The position will be responsible for coordination of the maintenance and repairs of Town Buildings, as well as assisting with preparation of the Town's Capital Improvement Plan.

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Public Buildings



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
PUBLIC BUILDINGS						
Personnel Services						
51100 Full-time Salaries	0	0	0	0	0	50,000
51300 Overtime	0	0	0	6,000	0	6,120
51410 Longevity	100	100	100	350	175	350
51970 Part-time Custodian	23,505	24,357	25,241	26,260	12,500	26,763
SUBTOTAL	23,605	24,457	25,341	32,610	12,675	83,233
Expenses						
52110 Utilities Town Office Building	44,878	41,302	45,924	56,990	15,919	58,000
52460 Office Machine Maintenance	13,648	10,250	10,349	16,200	3,611	16,200
52800 Contractual Services	0	3,250	227	3,000	110	3,000
53410 Telephone	26,020	25,246	27,153	30,000	10,798	30,000
53420 Postage	34,056	27,664	34,540	35,000	8,042	35,000
54290 Office Supplies	9,607	10,333	5,125	9,000	2,472	9,000
54490 Repairs and Maintenance	64,507	54,026	65,876	85,490	39,639	85,490
54590 Supplies	12,739	13,466	16,587	15,000	4,741	15,000
54820 Gasoline	77,619	78,957	116,077	165,800	39,458	150,000
58700 Water Charges	9,760	7,626	9,449	16,500	6,621	16,500
58705 Sewer Charges	3,596	4,186	6,090	6,200	2,720	6,720
58708 Solid Waste Charges	28,689	28,941	32,012	31,626	6,243	34,000
SUBTOTAL	325,118	305,247	369,407	470,806	140,372	458,910
TOTAL: PUBLIC BUILDINGS	348,723	329,704	394,748	503,416	153,047	542,143

Significant Budget Changes or Initiatives

The Public Building Account increases \$38,727, or 7.69% in FY2020. The increase is due to the addition of a full-time Facilities Manager in FY2020, which has been budgeted mid-year. The position will be responsible for coordination of the maintenance and repairs of Town Buildings, as well as assisting with preparation of the Town's Six-Year Capital Improvement Plan (CIP).



Finance Departmental Statement

The Finance Department consists 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, 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.

Assessing Division

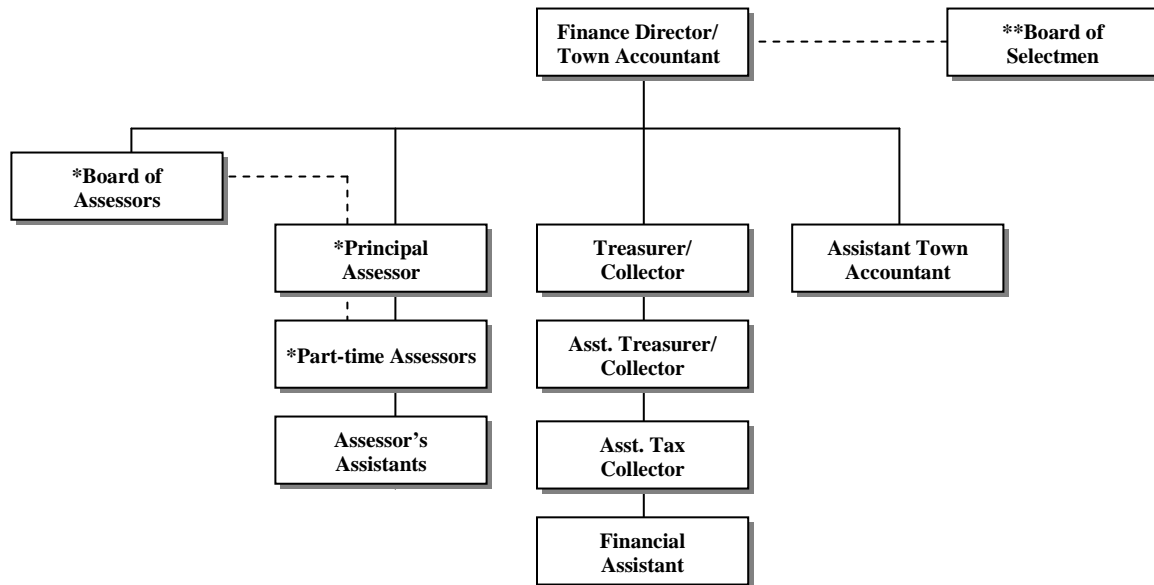
The primary role of the Assessor's Division, under the direction of the Board of Assessors, is the valuation of all real and personal property in the Town. The State Department of Revenue (DOR) requires that all property be valued at full and fair cash value which ensures that all property owners pay 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 analyze and adjust the values of all properties annually and, once every five years, undergo a full recertification. In addition to appraisal duties, the Assessor's Division is responsible for the administration of statutory tax exemptions; tax abatement filings for real estate and motor vehicle excise taxes; maintaining and updating records following Registry of Deeds transactions; processing of betterments; maintaining tax maps; maintaining records of exempt property; and defense of values at the Appellate Tax Board.

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 provides departments with financial reports. The Accounting Division is the internal auditor for the Town and ensures the Town's compliance with Generally Accepted Accounting Principles, Federal and State laws, and Town Meeting authorizations. The Finance Director serves as the Town Accountant in addition to the position's other responsibilities.



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. 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. In accordance with Town Code Chapter 9-128 and Chapter 1-36-030, the Town Administrator oversees the Finance Department and may appoint either the Town Accountant or the Treasurer-Collector to serve as Finance Director.



Finance FY2019 Initiatives and Accomplishments

Treasurer/Collector Division:

1. Transitioned employees' health insurance plans from multiple carriers to a single carrier, following RFP process which reduced costs.
2. Financial Team worked closely with the Assessing Division to maintain the tax rate approval schedule so that the Classification Hearing could continue being held in November for FY2019.
3. Actively pursued the real estate tax collection of several properties in tax title.

Assessing Division:

1. Successfully completed the FY2019 Revaluation Certification in compliance with Massachusetts Department of Revenue guidelines, allowing the tax rate to be set in November.
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 FY2018 annual independent audit of the Town's financial statements resulting in no material deficiencies and including compliance with Government Account Standards Boards (GASB) Statement #74 and Statement #75 in the financial statements.
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 FY2018.
3. Continue working on formal internal control policy and procedural manual as recommended by the Town's external auditor.

**Finance FY2020 Goals and Initiatives**

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

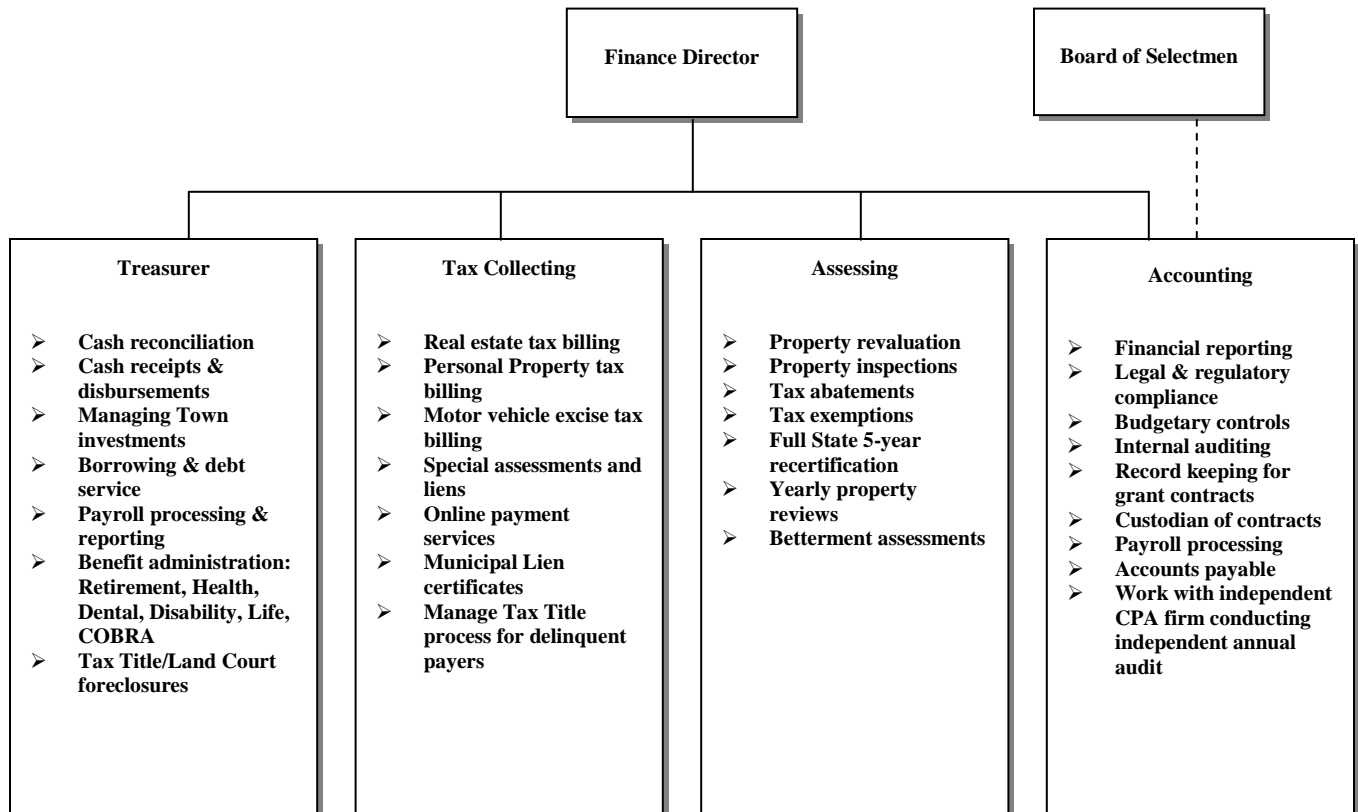
Significant Budget Changes or Initiatives

During FY2019 the Finance Director/Treasurer-Collector retired, and the Town Accountant was promoted to Finance Director/Town Accountant. Overall, the department's FY2020 budget is down \$3,562 or 0.45% due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

Within the overall decrease shown, the Assessor's budget includes an increase of \$6,200 for contractual services in order to prepare for the State Department of Revenue's next full recertification of their values scheduled to occur in FY2021.



Financial Offices Programs and Services



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

Position	FY 2016 FTE*	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 FTE
<u>Finance Director</u>	1	1	1	1	1
<u>Treasurer/Collector's Division</u>					
Treasurer/Collector	0	0	0	1	1
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	0	0
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).

- During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant.



Finance Department

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		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED
TREASURER/COLLECTOR							
Personnel Services							
51100	Treasurer/Collector Salary*	108,764	112,197	114,595	116,888	56,196	87,291
51120	Treasurer Office Staff Salaries	174,839	182,328	212,985	187,092	92,553	189,333
51410	Longevity Pay	2,000	1,650	1,650	1,800	1,800	1,150
51970	Treasurer's Stipend	1,000	1,000	1,000	1,000	1,000	1,000
	SUBTOTAL	286,603	297,175	330,231	306,780	151,549	278,774
Expenses							
52800	Contractual Services	829	203	0	1,800	0	1,800
53040	Computer Services	6,992	7,170	7,129	8,097	3,042	8,308
53090	Advertising	318	342	594	1,000	396	1,000
53110	Printing	4,870	4,446	5,487	6,773	0	7,595
53160	Banking Services	4,072	3,449	5,070	4,500	1,192	5,400
54290	Office Supplies	581	254	46	675	40	675
57110	Travel/Mileage	485	548	259	758	0	758
57310	Dues	390	390	330	475	360	475
57340	Meetings	165	1,063	437	1,765	373	1,765
57810	Unclassified	1,355	1,193	1,458	1,840	1,575	1,840
	SUBTOTAL	20,056	19,059	20,809	27,683	6,977	29,616
TOTAL: TREASURER/COLLECTOR		306,660	316,234	351,040	334,463	158,526	308,390

* During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant. Treasurer/Collector position is vacant and is budgeted at the midpoint of the range in anticipation of successful recruitment.

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Finance Department



		FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGET	FY2019 SIX MONTHS	FY2020 PROPOSED
ASSESSOR							
Personnel Services							
51100	Principal Assessor Salary	92,645	94,845	96,742	98,677	47,441	98,677
51120	Assessor Asst. Salaries	107,213	110,825	114,369	117,776	56,350	119,435
51130	PT Assessors Salaries	26,321	23,377	22,956	40,087	6,486	40,568
51410	Longevity	550	700	1,050	1,050	1,050	1,050
	SUBTOTAL	226,729	229,747	235,117	257,590	111,327	259,730
Expenses							
52800	Contractual Services	13,965	23,373	11,508	26,210	12,849	32,410
53090	Advertising	0	49	0	150	0	150
53110	Printing	219	438	0	750	232	750
54290	Office Supplies	197	115	0	500	0	500
57110	Travel/Mileage	812	1,001	1,266	2,600	144	2,600
57310	Dues	254	254	254	290	200	290
57320	Subscriptions	1,302	1,332	1,332	1,550	1,178	1,550
57340	Meetings	688	1,979	1,294	2,100	259	2,100
	SUBTOTAL	17,437	28,541	15,655	34,150	14,862	40,350
TOTAL: ASSESSOR		244,166	258,287	250,772	291,740	126,189	300,080



Finance Department

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		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED
ACCOUNTING							
Personnel Services							
51100	Town Accountant Salary*	92,985	94,845	96,742	98,677	47,441	116,888
51120	Asst. Accountant Salary	51,820	53,635	55,671	57,914	27,570	59,024
51410	Longevity	200	200	200	200	200	550
	SUBTOTAL	145,005	148,680	152,613	156,791	75,211	176,462
Expenses							
52800	Contractual Services	834	829	834	6,500	834	1,000
53110	Printing	422	596	166	450	174	450
54290	Office Supplies	0	82	279	200	0	200
57310	Dues	125	125	125	185	125	185
57320	Subscriptions	0	0	0	125	0	125
57340	Meetings	1,805	1,915	1,903	3,000	120	3,000
	SUBTOTAL	3,186	3,547	3,308	10,460	1,253	4,960
TOTAL: ACCOUNTING		148,191	152,227	155,921	167,251	76,464	181,422

* During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant.

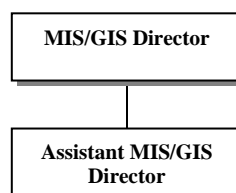


**Management Information Systems (MIS) & Geographic Information Systems (GIS)
Departmental Statement**

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 FY2019 Initiatives and Accomplishments**

1. A two-year server and storage upgrade project was completed in FY2019. The servers are located at Town Hall, the Police Department and Fire Department, and host over two dozen virtual servers running public safety, financial and other mission-critical applications.
2. Deployment of Microsoft Office 365 is taking place across FY2019 and FY2020, replacing older versions scheduled for retirement with Microsoft's new Office subscription service.
3. Work on an IT/GIS Strategic Plan began in FY2019 and will run through FY2020. The project was funded by a \$40,000 grant received through the State's Community Compact Grant and is intended to provide guidance for funding, staffing levels, policy development and a variety of operating procedures.
4. The 2018 Annual Town Meeting approved funding for a new aerial photography project, which is expected to take place in April of 2019 and will provide update planimetric data (pavement, structures, wetlands, etc.) and topographic data. The project is expected to last approximately 12 months.

MIS/GIS FY2020 Goals and Initiatives

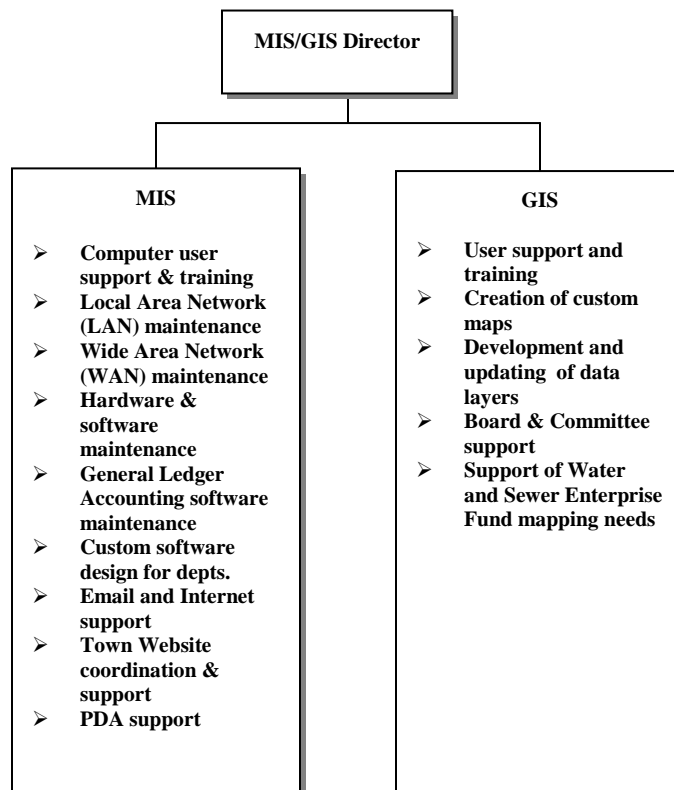
1. The FY2020 MIS/GIS budget reflects industry trends with an ever increasing move to a subscription model. Many products and services are now budgeted and procured as an annual subscription service. Microsoft Office 365, anti-virus applications, website and GIS web hosting, cloud applications and even training are all now budgeted annually as subscriptions. This allows the Town to utilize the latest versions of applications and service while providing a more consistent, predictable budget process.
2. As part of an effort to provide and maintain a secure network, existing training will be supplemented with an annual training program to educate Town staff about ransomware, phishing, social engineering and other security threats targeted at end users.
3. The MIS/GIS Department will work with the Police and Fire Department as they migrate to a new computer-aided dispatch system from NexGen and ESO Solutions (ambulance billing).
4. Several ongoing FY2019 projects will continue into FY2020, including the Office 365 migration, aerial photography project and the IT/GIS Strategic Planning Study.

Significant Budget Changes or Initiatives

The MIS/GIS budget is decreasing by \$30,849, or 6%. The decrease is attributable to the reallocation of computer equipment monitoring expenses from MIS to the Police, Fire and Water/Sewer Budgets to better reflect actual expenditures. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The main departmental initiatives in FY2020 will be updating the website and the continued implementation of a \$40,000 State grant to create a comprehensive IT/GIS Strategic Plan focused on aligning technology investment with overall organizational priorities.



MIS/GIS Programs and Services



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

Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 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 FY2020 salary total is \$98,677 (\$74,795 in the General Fund Budget and \$23,882 in the Water/Sewer Enterprise Fund Budgets). The salary as represented does not include FY2020 wage increases, pending settlement of collective bargaining agreements.

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MIS/GIS



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
MIS/GIS DEPARTMENT						
Personnel Services						
51110 MIS/GIS Director Salary (GF)	72,985	74,845	73,555	74,795	23,559	74,795
51120 Asst. MIS/GIS Director Salary	83,993	85,673	87,387	89,135	42,853	89,135
51410 Longevity Pay	850	1,000	1,150	1,150	1,150	1,150
SUBTOTAL	157,828	161,518	162,091	165,080	67,562	165,080
Expenses						
52800 Contractual Services	23,788	20,239	21,440	50,000	5,880	50,000
53040 Computer Services	27,960	25,860	41,141	41,534	24,210	40,898
53190 Training	3,000	6,900	0	11,400	0	9,500
53720 Computer Maintenance	79,951	100,634	113,847	124,699	87,900	133,830
54290 Office Supplies	13,225	15,366	13,811	14,140	6,258	12,845
57110 Travel/Mileage	296	58	0	397	0	426
57310 Dues	0	100	100	100	100	100
57320 Subscriptions	249	0	0	0	0	0
57340 Meetings	0	0	0	3,503	0	3,525
58690 New Equipment	45,033	79,831	2,705	102,450	95,716	66,250
SUBTOTAL	193,502	248,986	193,044	348,223	220,064	317,374
TOTAL: MIS/GIS	351,330	410,504	355,135	513,303	287,625	482,454

* The FY2020 salary total is \$98,677 (\$74,795 in the General Fund Budget and \$23,882 in the Water/Sewer Enterprise Fund Budgets)

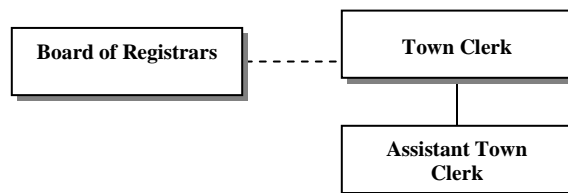


Town Clerk's Office Departmental Statement

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 FY2019 Initiatives and Accomplishments**

1. Implemented the use of electronic poll books for Town Meeting and Elections.
2. Successfully managed 2019 Town Election and 2018 State Primary, including early voting sessions for the November 6, 2018 State Election. A total of 1,800 people voted early.
3. Assumed responsibilities for a portion of the PAYT trash and recycling program. Process all payables and receivables. Manage all communications with residents.
4. Manage, track, and coordinate response to public records requests received by the Town.
5. Manage posting of meeting notices and agendas in accordance with Open Meeting Law requirements. All meeting notices for boards, committees, and commissions are posted in the Town Clerk's Office and on the Town's Website at least 48 hours prior to the meeting.
6. Distribute and track Conflict of Interest/Ethics training documentation for all employees and Town Officials.

Town Clerk's FY2020 Goals and Initiatives

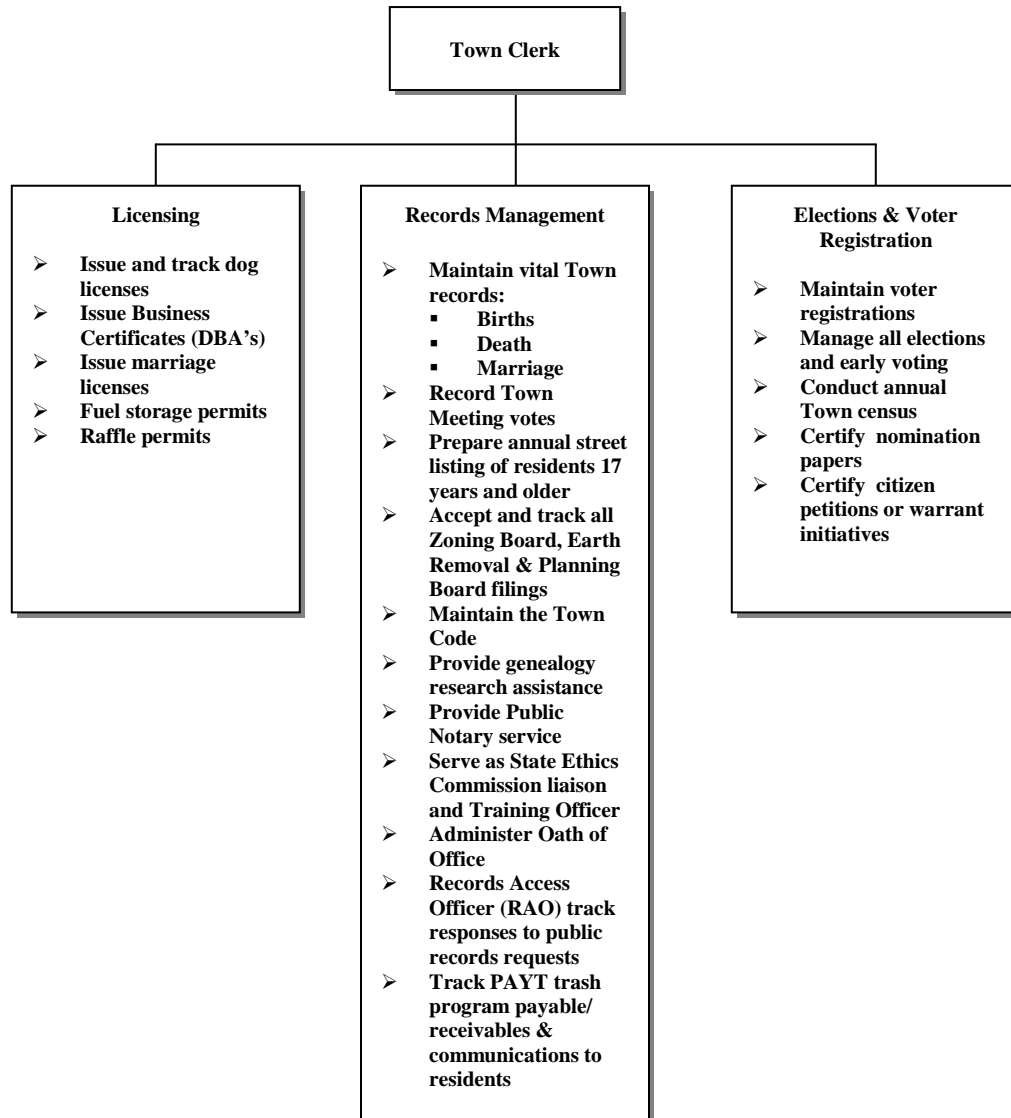
1. Continue to expand and promote credit card counter payments and online payments for the purchase of dog licenses and vital records (birth, death, marriage certificates).
2. Continue to assess need for additional historic records preservation, digitization, and storage needs for the Town's records.
3. Increase communication with residents through enhanced website content and integration of social media platforms.
4. Develop tracking tools for responding to and managing public records requests.
5. Continue development of improved payables and receivables methods for PAYT program.
6. Ensure the timely posting of all meeting agendas and minutes on the Town website.
7. Implement centralized polling for elections at the Middle School to improve efficiency and effectiveness of oversight.

Significant Budget Changes or Initiatives

The combined FY2020 Town Clerk/Elections budget represents an overall decrease of \$8,837, or 4.87%. The decrease is primarily due to there being only two scheduled elections in FY2020 as opposed to the three held in FY2019. The FY2020 scheduled elections include the Presidential Primary on March 3, 2020, and the Annual Town Election on May 12, 2020. During FY2020 the department will be transitioning to one centralized polling location at the Melick Middle School in order to reduce disruption at the four elementary schools and increase efficiency of oversight. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



Town Clerk's Programs and Services



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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Town Clerk	1	1	1	1	1
* Assistant Town Clerk	.98	1	1	1	1
Total Full-time Equivalent	1.98	2	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

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	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
TOWN CLERK'S OFFICE						
Personnel Services						
51110 Town Clerk Salary	81,852	84,996	87,387	89,135	42,853	89,135
51120 Assistant Town Clerk Salary	47,416	34,908	39,411	41,861	19,566	42,959
51410 Longevity Pay	800	800	950	950	950	950
51970 Stipend	1,000	1,015	1,000	1,000	1,000	1,000
SUBTOTAL	131,068	121,720	128,748	132,946	64,369	134,044
Expenses						
52800 Contractual Services	900	100	100	1,000	0	1,000
53190 Training	0	75	925	900	850	900
57110 Travel/Mileage	393	144	359	375	125	375
57310 Dues	305	310	410	410	185	420
57340 Meetings	828	1,004	1,083	1,000	744	1,000
SUBTOTAL	2,427	1,633	2,877	3,685	1,904	3,695
TOTAL: TOWN CLERK	133,495	123,353	131,625	136,631	66,274	137,739

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Town Clerk's Office



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ELECTIONS/VOTER REGISTRATION						
Personnel Services						
51240 Registrars	1,025	950	950	1,250	875	1,250
51250 Census Workers	4,029	5,080	6,006	5,848	2,924	6,137
51260 Town Election Workers	7,878	10,415	3,875	19,602	8,505	13,068
51270 Town Meeting Workers	304	208	220	640	1,333	640
SUBTOTAL	13,236	16,654	11,051	27,340	13,637	21,095
Expenses						
52720 Film Storage	265	270	296	255	0	255
52800 Contractual Services	5,233	5,812	4,475	9,250	3,266	6,500
53110 Printing	1,532	1,350	1,416	1,600	0	1,600
54290 Office Supplies	306	857	560	975	380	650
55820 Street Listing	684	1,470	1,898	900	0	900
55830 Census	1,360	2,027	1,851	1,800	0	1,800
55840 Election Expenses	1,193	2,534	847	1,800	3,601	1,200
57110 Travel/Mileage	249	409	58	75	231	50
57340 Meetings	110	763	981	675	783	675
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	10,932	15,492	12,381	17,330	8,262	13,630
TOTAL: ELECTIONS/VOTER REG	24,168	32,146	23,431	44,670	21,898	34,725



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.

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
MODERATOR							
Personnel Services							
51110	Moderator Stipend	150	0	150	150	0	150
51130	Deputy Moderator Stipend	50	0	50	50	0	50
	SUBTOTAL	200	0	200	200	0	200
Expenses							
57810	Moderator Expenses	0	0	0	300	0	300
	SUBTOTAL	0	0	0	300	0	300
TOTAL:	MODERATOR	200	0	200	500	0	500



Appropriations Committee

The Appropriations Committee consists of six members appointed by the Town Moderator for three-year terms. Under the Town Charter and bylaws, the role of the Appropriations Committee is to advise Town Meeting regarding all articles involving the appropriation or expenditure of money. Immediately following the presentation of a monetary article at Town Meeting, the Committee must report to the Meeting its recommendation of approval or disapproval of such appropriation or expenditure, together with the reasons therefore.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
APPROPRIATIONS						
Expenses						
53110 Printing	0		0	900	0	900
57310 Dues	204	204	210	240	210	240
57340 Meetings	178	154	200	555	0	555
57810 Unclassified	0	0	0	0	0	0
SUBTOTAL	382	358	410	1,695	210	1,695
TOTAL: APPROPRIATIONS	382	358	410	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.

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		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.

At the start of FY2020 all five of the Town's collective bargaining agreements expire, effective June 30, 2019. The Town is in the process of negotiating fair and sustainable future increases for personnel covering FY2020 through FY2022. Included in the negotiations will be any impacts to union employees associated with the ongoing Classification & Compensation Study. As such, the FY2020 departmental budgets do not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally in the Personnel Board account pending successful completion of union negotiations.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
PERSONNEL BOARD						
Expenses						
51980 Compensation Adjustments	0	0	0	124,460	0	230,000
53090 Advertising	4,957	6,013	4,020	1,000	661	1,000
53170 Drug & Alcohol Testing	1,816	6,147	5,891	2,000	1,836	2,000
53190 Training	0	0	334	1,000	0	1,000
57310 Dues	310	488	250	250	250	250
57340 Meetings	598	80	0	700	80	700
SUBTOTAL	7,681	12,729	10,495	129,410	2,827	234,950
TOTAL: PERSONNEL BOARD	7,681	12,729	10,495	129,410	2,827	234,950



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.

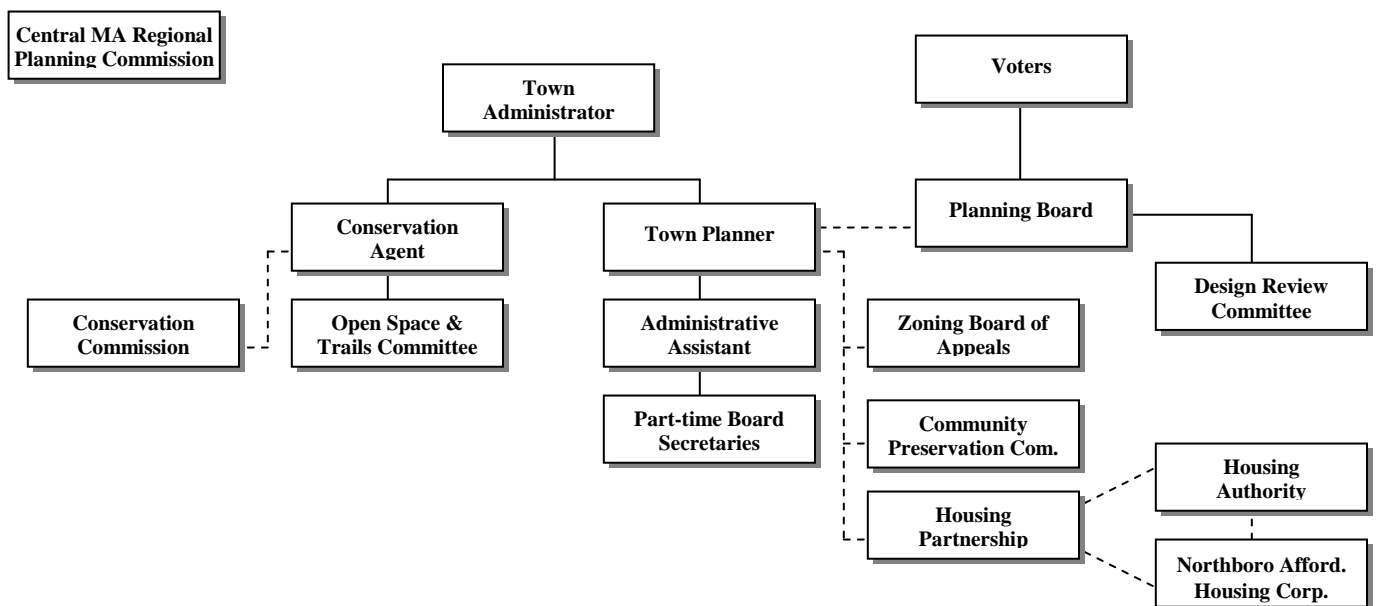
		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
TOWN COUNSEL							
Expenses							
53020	Legal Services	30,314	52,984	45,407	85,000	39,454	85,000
	SUBTOTAL	30,314	52,984	45,407	85,000	39,454	85,000
TOTAL:	TOWN COUNSEL	30,314	52,984	45,407	85,000	39,454	85,000



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 FY2019 Initiatives and Accomplishments

1. The Master Plan Committee was created and a consultant chosen to begin the process of developing a new comprehensive Master Plan for the community.
2. The Department continues to work with Shrewsbury and Westborough to explore the creation of a multi-use transportation path utilizing the former Boston Worcester Air Line Trail. The goal is to provide a paved commuting route for bikers and walkers linking Worcester with Framingham. Easement research has begun in Northborough.
3. Town adopted zoning bylaws prohibiting the sale of recreational and medical marijuana.
4. 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 waterway.
5. The Planning Board and the Department of Public Works started updating the Subdivision Rules and Regulations. Project completion is anticipated in FY2020.
6. Staff worked with Marlborough, Westborough and Southborough on the creation of the Boroughs Loop Trail, which is a continuous 33+ mile trail through all four communities. In November 2017, this group received a DCR Recreational Trails Grant for \$39,717 to implement the Boroughs Loop trail. Parts of the trail are now open to the public.
7. Staff worked with Berlin and the Sudbury Valley trustees to permanently protect 30+ acres of open space bordering the two communities.

Planning & Conservation FY2020 Goals and Initiatives

1. Work with Planning Board and other land use boards to prioritize Master Plan goals and develop implementation plans.
2. Update the Open Space and Recreation Plan.
3. Continue developing and publicizing the Boroughs Loop Trail.
4. Update Planning Board and Zoning Board of Appeals submittal forms with the goal of offering electronic application submission.
5. Prepare Planning Board, Zoning Board of Appeals and Conservation Commission files for electronic conversion.
6. Explore public access options utilizing the MWRA aqueduct bridge to connect northern and southern walking trails along the aqueduct.
7. Work with DPW, Planning Board and Zoning Board of Appeals to establish a sidewalk development policy.

**Significant Budget Changes or Initiatives**

Overall, the FY2020 Planning and Conservation budget is up \$8,378, or 3%. The budget is essentially flat with the exception of an increase of \$7,734 associated with the hiring of a full-time Conservation Agent. The part-time Conservation Agent position was increased to full-time in FY2019 and was originally budgeted at the lower end of the salary range, which was subsequently increased to match the hired candidate's credentials. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



PLANNING & CONSERVATION

Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Town Planner	1	1	1	1	1
Conservation Agent	.48	.48	.48	1	1
Administrative Assistant	1	1	1	1	1
Part-time Board Secretaries for					
Conservation Commission	.15	.15	.30	.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	0.05	0.07	0.07	0.07	0.07
Total Full-time Equivalent	2.76	2.78	2.93	3.45	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, 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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
PLANNING DEPARTMENT						
Personnel Services						
51100 Town Planner Salary	92,985	94,845	96,742	98,677	47,441	98,677
51120 Administrative Assistant wages	50,726	49,852	51,628	59,634	26,154	60,179
51140 Part-time Board Secretary wages	0	1,232	0	3,711	0	3,711
51410 Longevity Pay	1,000	1,300	1,300	1,300	1,300	1,300
SUBTOTAL	144,711	147,229	149,669	163,322	74,895	163,867
Expenses						
52800 Contractual Services	0	0	4,000	5,000	0	5,000
53090 Advertising	597	600	1,010	1,560	216	1,560
53110 Printing	1,128	0	1,715	2,250	595	2,250
54290 Office Supplies	816	567	571	850	602	850
*56820 Central MA RPC Assessment	3,672	3,764	3,858	3,955	3,955	4,054
57110 Travel/Mileage	1,891	1,387	1,217	2,100	717	2,100
57310 Dues	490	490	630	400	568	400
57320 Subscriptions	95	603	95	690	95	690
57340 Meetings	192	668	729	3,100	241	3,100
SUBTOTAL	8,882	8,079	13,825	19,905	6,988	20,004
TOTAL: PLANNING DEPARTMENT	153,593	155,309	163,494	183,227	81,883	183,871

* 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.

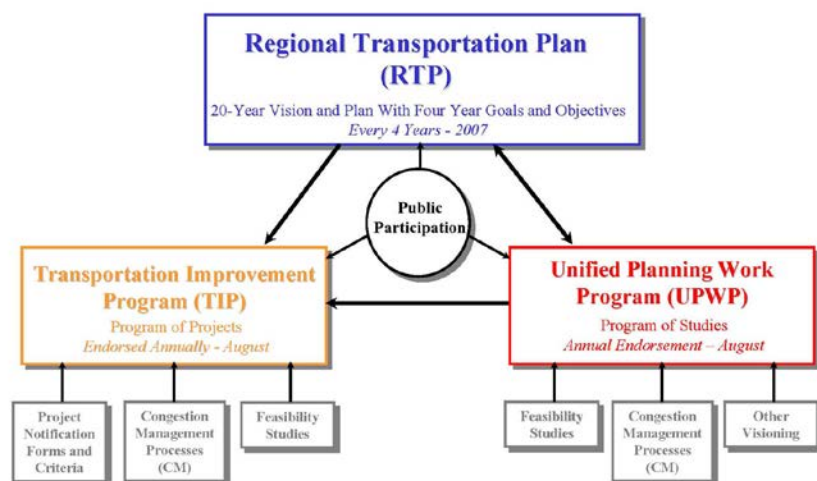
Central Massachusetts Metropolitan Planning Organization¹ (CMMPO)

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 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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ZONING BOARD OF APPEALS						
Personnel Services						
51140 Part-time Board Secretary wages	801	533	588	2,474	515	2,474
SUBTOTAL	801	533	588	2,474	515	2,474
Expenses						
53090 Advertising	939	1,052	567	2,200	564	2,200
53110 Printing	76	0	0	80	0	80
54290 Office Supplies	46	216	15	30	0	30
57310 Dues	0	0	0	70	0	70
57340 Meetings	30	30	0	300	0	300
SUBTOTAL	1,091	1,298	582	2,680	564	2,680
TOTAL: ZONING BOARD OF APPEALS	1,893	1,830	1,170	5,154	1,079	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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
CONSERVATION COMMISSION						
Personnel Services						
51120 Administrative Assistant wages	7,231	7,301	7,309	0	3,584	65,696
51140 Part-time Board Secretary wages	5,866	1,008	8,444	14,640	5,754	14,918
51220 Conservation Agent	24,745	21,530	2,265	58,240	27,794	0
SUBTOTAL	37,842	29,840	18,017	72,880	37,132	80,614
Expenses						
53090 Advertising	680	550	476	1,200	179	1,200
53110 Printing	76	0	0	400	0	400
54290 Office Supplies	252	90	333	450	201	450
55980 Field Supplies	12	150	0	250	0	250
57110 Travel/Mileage	0	0	0	981	41	981
57310 Dues	630	643	776	835	669	835
57340 Meetings	240	565	375	1,975	0	1,975
57840 Conserv. Property Maintenance	781	922	75	1,000	0	1,000
SUBTOTAL	2,671	2,920	2,035	7,091	1,090	7,091
TOTAL: CONSERVATION COMMISSION	40,513	32,760	20,053	79,971	38,222	87,705

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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
EARTHWORK BOARD						
Personnel Services						
51140 Part-time Board Secretary wages	766	248	1,297	1,549	0	1,549
SUBTOTAL	766	248	1,297	1,549	0	1,549
Expenses						
53090 Advertising	0	0	0	50	0	50
53110 Printing	12	0	0	50	15	50
57320 Subscriptions	0	0	187	100	0	100
SUBTOTAL	12	0	187	200	15	200
TOTAL: EARTHWORK BOARD	778	248	1,484	1,749	15	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 the General Fund 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 & Conservation 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. 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 \$100,000 in CPC funds for use by the NAHC. Article 28 of the April 2018 Annual Town Meeting appropriated \$100,000 in CPC funds for use by the NAHC. Using the CPC funds, NAHC worked with the non-profit Habitat for Humanity to develop 4 units of affordable housing in two historic buildings in the Town Center in 2019. Article 26 of the April 2019 Annual Town Meeting Warrant proposes to appropriate another \$100,000 in CPC funds for use by the NAHC in a yet to be determined project.



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Public Safety

Section 3



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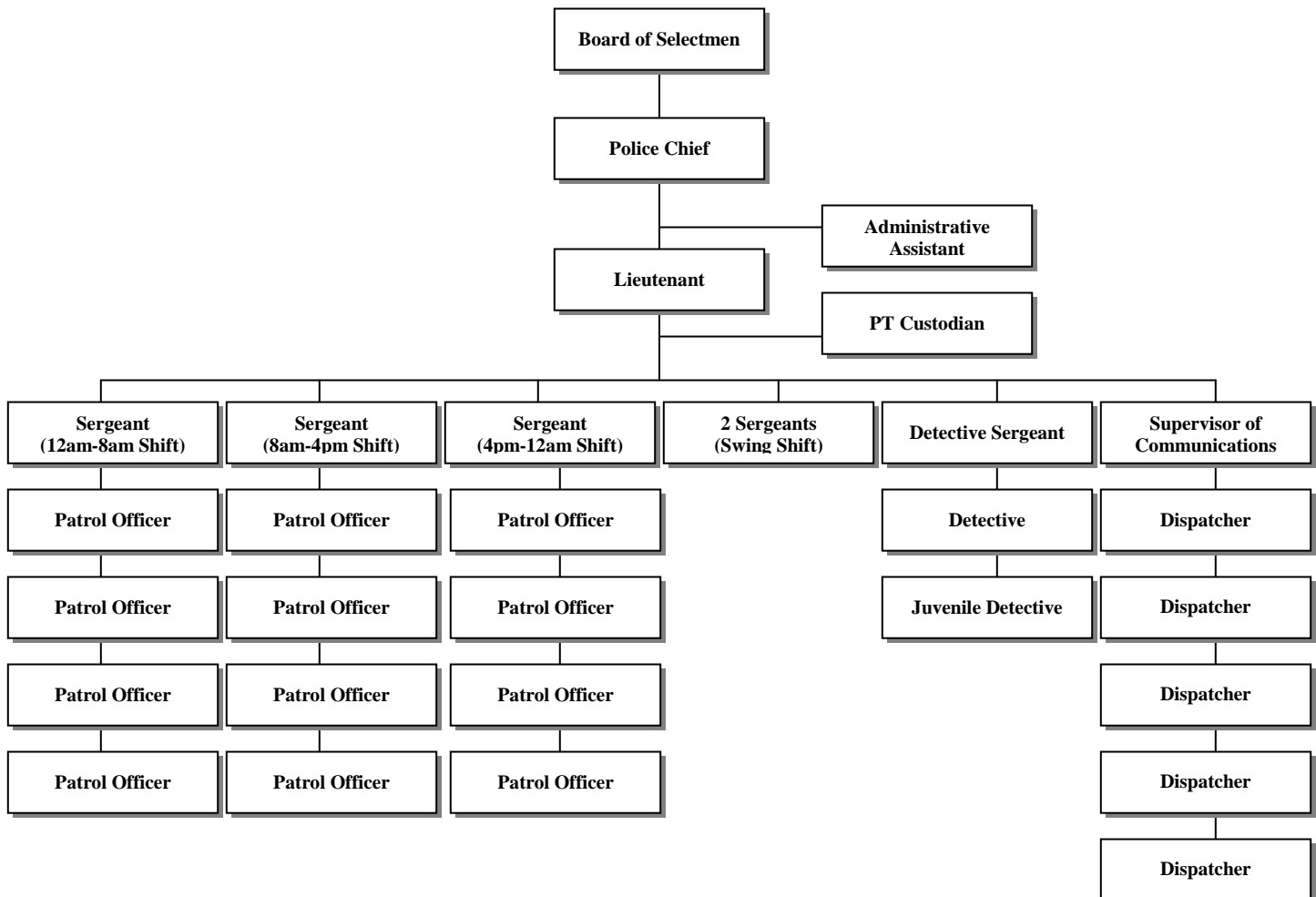


Police Department Mission Statement

The Northborough Police Department will provide 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 of all complaints of employee conduct.

Organizational Chart



**Police Department FY2019 Initiatives and Accomplishments**

1. In FY2019, the Police Department continued to serve the community with the following initiatives:
 - D.A.R.E (Drug Abuse Resistance Education) was offered in our Elementary School fifth grade classes. Funding through private contributions allowed the program to be expanded to include seventh grade students at Melican Middle School.
 - R.U.O.K.: A free, daily telephone 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.
 - Provided support to the Applefest Celebration, Memorial Day Parade, Recreation Department functions, numerous road races, and various community fund raising events.
2. Established a working group composed of stakeholders from the Police, Fire, and Public Works Departments to review the Town's communications center functions. The group meet regularly during the fiscal year to discuss various topics, including:
 - Policy and procedure review, including identification of areas and processes that work well and those in need of improvement or updating;
 - Communications center modernization improvements;
 - Work load and staff demands; and
 - Identified a replacement Computer Aided Dispatch system to replace our thirty year-old dispatch and records management system.
3. Maintained our aggressive crime prevention patrols specifically targeting banks and municipal property as part of our security check program.
4. Maintained an aggressive traffic enforcement program aimed at increasing roadway safety. This is the single most requested police service by our residents and the Department completed nearly 5,000 traffic enforcement actions.
5. Continued participation in the Massachusetts Police Accreditation Program to ensure that we maintain best practices, policies and procedures in accordance with national professional standards. The Department received a three-year accredited status renewal on October 24, 2018.
6. Continued implementation of our professional development and recognition program. This on-going voluntary program facilitates professional development and career guidance. Achievements are recognized through the issuance of uniform insignia indicating achievement of minimum standards and demonstration of competencies in identified areas.
7. Continued our participation with the CEMLEC (Central Mass Law Enforcement Council) ERT/SWAT unit.



Police Department FY2020 Goals and Initiatives

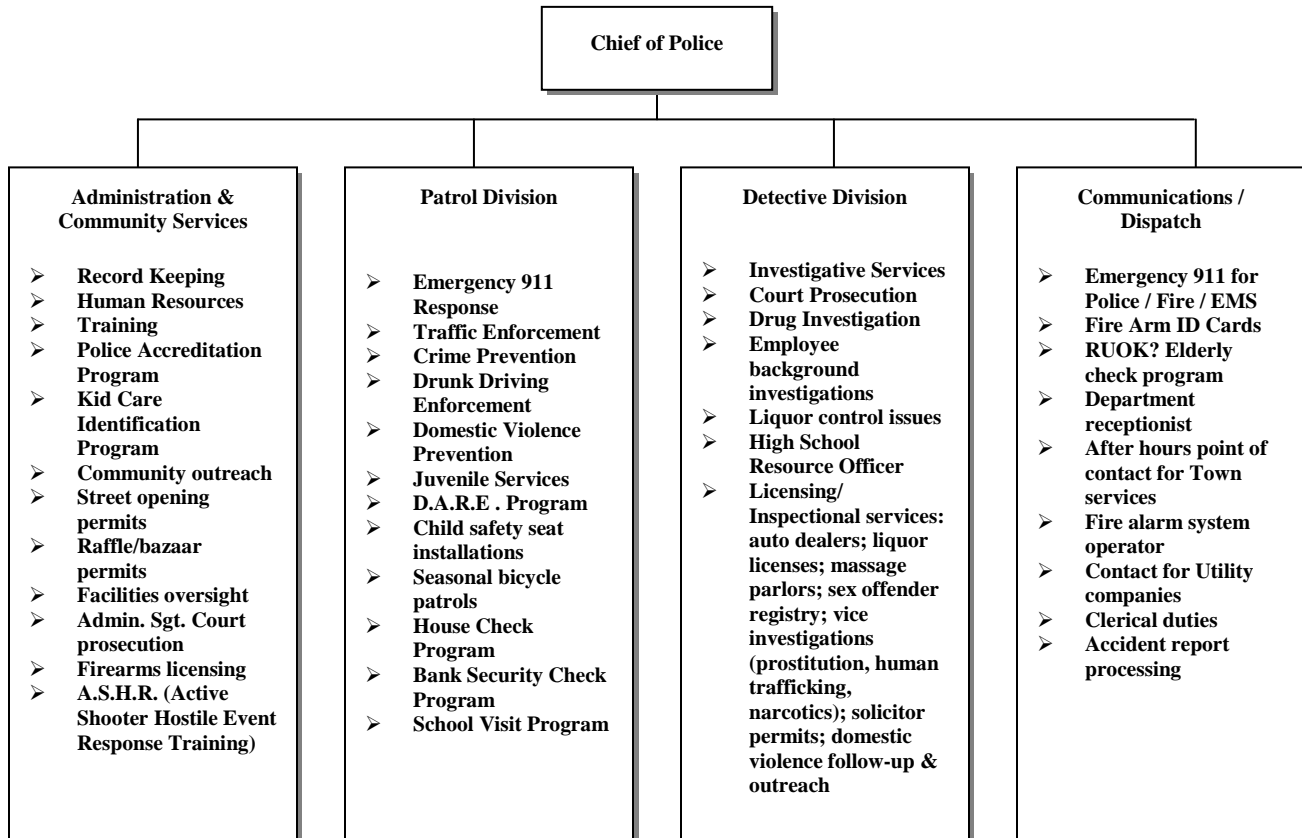
1. Maintain and improve services and programs identified in items one through seven above.
2. Establish a Jail Diversion / Co-responder program geared towards effectively handling persons with mental health issues and substance abuse disorders. This entails partnering with a mental health provider to respond to calls with officers. Grant funding is being sought.
3. Resume the Police Explorer / cadet program to increase our participation with youth of the community.
4. Expand the number of Special Police Officers to facilitate staffing details.
5. Further enhance the Department's community policing/community outreach efforts by expanding Programs such as "Coffee With a Cop," open house days, increased bike patrols and continued participation in the dementia friendly community program in partnership with the senior center staff.
6. Continue to emphasize and improve our school intruder response program (A.L.I.C.E.) imitated drills and provide training within the school system.
7. Seek grant or other funding for an ATV patrol vehicle to increase presence on the Town's trail system and provide additional mode of officer transportation for Applefest events such as the parade and fireworks. Vehicle being sought is electric to be in concert with the Green Communities initiative.
8. Obtain grant funding to establish a police K9 unit. This force multiplier is an invaluable tool in searching for lost children, seniors with dementia and apprehension of criminals on foot or in hiding. Grant opportunities exist to fully fund implementation of a K9 unit. Funding covers the costs that include purchasing the dog, training costs, kennel facilities at the officer's home, retrofitting a cruiser for the exclusive use of the K9 unit, and food and veterinary care for the animal for three years.

Significant Budget Changes or Initiatives

Overall, the FY2020 Police Department Budget reflects an increase of \$82,946 or 3.06%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The budget increase includes \$22,682 to cover the full year's wages of a new Dispatcher that was added mid-year in FY2019 to address increased call volume associated with recent economic development as well as new State requirements to accept 911 cell phone calls and texts. The additional position allows for scheduling more than one Dispatcher during peak times and provides greater flexibility and coverage. The departmental budget increase also includes contractual Step increases for eight officers who are not at the max of the pay scale. Lastly, \$21,154 in computer services were reclassified from MIS to the Police Department to better reflect actual network monitoring costs associated with the Police Department.



Police Programs and Services





Police Department

Section 3-5

POLICE DEPARTMENT

Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Chief of Police	1	1	1	1	1
Lieutenant	1	1	1	1	1
Sergeant	5	6	6	6	6
Patrol Officers	14	14	14	14	14
Supervisor of Communications	1	1	1	1	1
Dispatcher	5	5	5	6	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	29.5	29.5	30.5	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 FY2020 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. During FY2019 a sixth dispatcher was added mid-fiscal year and the FY2020 budget includes the full year's salary for that position.

Section 3-6

Police Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
POLICE DEPARTMENT						
Personnel Services						
51100 Police Chief Salary	136,558	120,213	122,617	125,070	59,648	125,070
51120 Administrative Assistant Salary	57,472	58,401	59,342	60,528	28,867	60,994
51150 Sergeant Salaries	286,787	411,023	428,716	435,840	208,099	435,840
51160 Patrol Officer Salaries	720,021	725,341	777,444	814,672	383,558	835,092
51170 Dispatcher Salaries	278,032	259,448	218,232	339,663	128,573	368,588
51180 Special Officers	0	0	0	0	0	5,000
51200 Detective Pay	9,137	9,281	9,612	11,715	4,902	11,715
51210 Lieutenant Salary	80,563	90,484	96,742	98,677	47,061	98,677
51300 General Overtime	176,428	172,610	129,072	135,653	50,354	130,653
51310 Dispatcher Overtime	40,718	56,831	63,727	29,960	29,980	29,960
51320 Christmas Overtime	2,895	2,787	2,780	2,328	0	2,328
51330 Dispatcher Christmas Overtime	866	862	848	954	0	954
51400 Longevity pay	8,500	7,850	8,600	8,800	10,075	9,025
51410 Dispatcher Longevity Pay	1,300	800	1,200	1,200	0	1,200
51420 Holiday Pay	44,207	48,899	51,450	52,866	23,828	53,711
51430 Dispatcher Holiday Pay	12,635	12,552	9,714	14,108	5,184	15,489
51440 Shift Differential	2,340	4,076	3,725	2,190	0	2,190
51450 Court Time	15,492	16,220	11,763	10,500	2,057	10,500
51460 Quinn Bill Educational Incentive	193,554	214,420	226,974	254,000	117,515	253,745
51470 Dispatcher EMD Stipend	0	0	0	6,000	0	7,000
51920 Uniforms	65,105	41,705	31,606	30,250	10,965	30,250
51930 In-service Training	17,603	5,950	5,275	8,000	5,136	8,000
51940 Fitness Incentive	17,000	17,300	19,100	22,800	6,100	22,800
51950 Roll Call	2,255	0	0	2,255	0	3,143
51960 Dispatcher Differential	2,145	0	715	2,044	0	2,044
51965 Officer In Charge Pay	1,490	975	976	0	727	0
51970 Part-time Custodian	23,595	24,267	25,241	26,260	12,500	26,724
SUBTOTAL	2,196,701	2,302,292	2,305,472	2,496,333	1,135,131	2,550,692



Police Department

Section 3-7

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
POLICE DEPARTMENT						
Expenses						
52110 Utilities	32,074	31,501	32,091	32,613	13,665	32,613
52690 Radio Equipment Maintenance	1,801	807	313	5,000	1,058	5,000
52800 Contractual Services	41,924	27,960	25,259	31,500	22,529	33,450
53110 Printing	679	454	1,065	600	0	600
53190 Training	23,062	23,438	19,613	15,000	10,364	15,000
53410 Telephone	13,559	11,744	14,034	17,156	8,626	16,990
53420 Postage	632	0	52	600	40	600
53430 Radio Line Rentals	5,901	6,443	6,353	6,552	2,647	6,552
53720 Computer Services	20,460	20,351	27,321	30,681	24,556	53,834
54290 Office Supplies	4,345	2,829	2,178	3,500	1,501	3,500
54490 Repairs & Maintenance	12,898	10,198	21,994	14,000	8,206	15,000
54590 Custodial Supplies	4,226	3,702	2,586	5,500	2,332	5,000
54850 Vehicle Maintenance	15,895	21,366	21,871	20,000	7,341	20,000
55970 Special Investigations	500	0	0	500	0	500
55980 Field Supplies	8,901	9,127	10,562	7,450	3,129	10,600
57810 Unclassified	2,208	2,605	2,507	2,000	751	2,000
58690 New Equipment	23,869	16,941	58,757	20,000	13,181	20,000
SUBTOTAL	212,935	189,466	246,557	212,652	119,925	241,239
TOTAL: POLICE	2,409,636	2,491,758	2,552,028	2,708,985	1,255,056	2,791,931

**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.

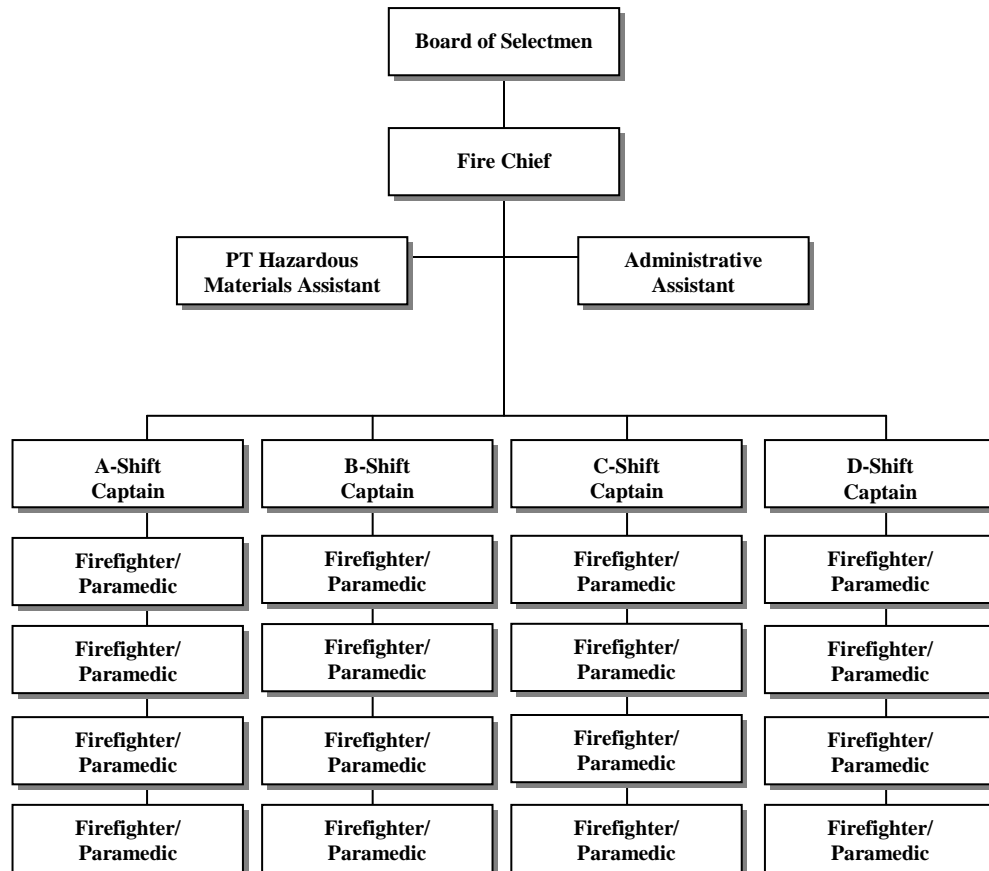
In keeping with the protection of life as its highest priority, the department is licensed by the state to operate its emergency medical ambulance service at the advance life support paramedic level. Through the department’s Paramedics, Advanced Emergency Medical Technicians (AEMT), and Basic Emergency 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 FY2019 Initiatives and Accomplishments**

1. Completed the feasibility study and preliminary design for new fire station.
2. Purchased Forestry Vehicle and placed it into service.
3. Continued moving forward with rebranding of vehicles and apparatus from green striped to red.
4. Continued transitioning of alarms currently monitored by the Fire Department to private Central Monitoring Stations.
5. Reviewed departmental fees for permits and services.
6. Received \$252,096 Federal Assistance to Firefighters Grant award to purchase 41 self-contained breathing apparatus (SCBA) units.

Fire Department FY2020 Goals and Initiatives

1. Implement a new Computer Aided Dispatch System and equip apparatus with appropriate hardware to receive dispatch information.
2. Complete the design and construction bidding for a new fire station.
3. Conduct a Request for Proposals (RFP) process for Ambulance Billing services.
4. Complete a review of the supplemental the water system including Draft Sites, Dry Hydrants, and Cisterns (both in and out of service).
5. Review, update, and implement new driver operator training program in alignment with N.F.P.A. 1002 2017 Edition.
6. Continue to work on succession planning and employee development.
7. Study the possibility of expanding the in-service inspection programs for businesses and commercial occupancies.



Significant Budget Changes or Initiatives

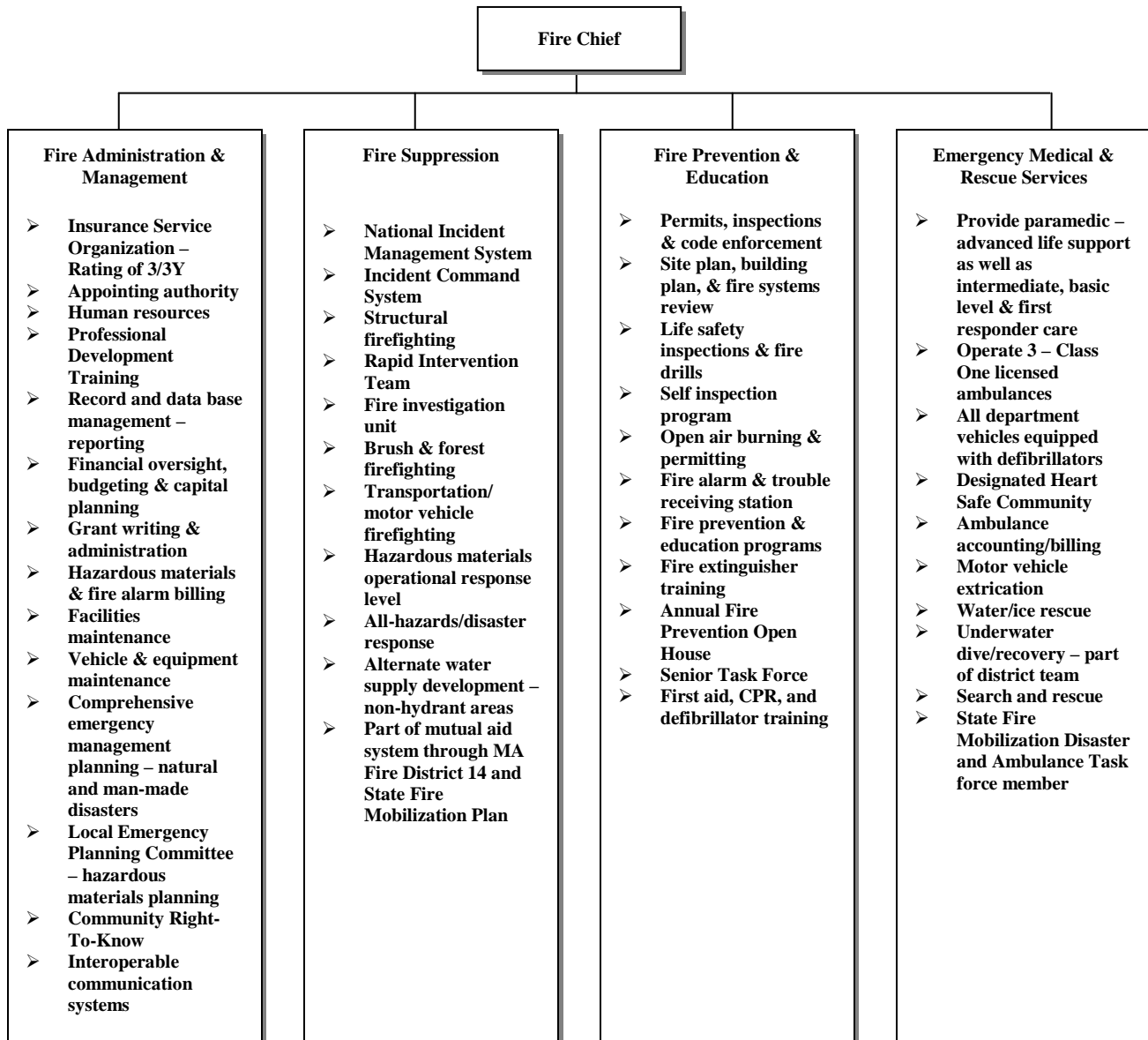
As presented, the FY2020 Fire Department Budget reflects an increase of \$28,366 or 1.43% in the General Fund appropriation. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

In addition to the General Fund appropriation of \$2,009,086 (which includes a transfer in of \$325,252 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$503,731 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 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.

The total FY2020 budget that supports the Fire/EMS services is \$2,512,817 (\$2,009,086 plus the Fire Department Revolving Fund direct charges of \$503,731).



Fire Programs and Services





Fire Department

Section 3-13

FIRE DEPARTMENT

Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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	1	1
Firefighter / EMT Advanced	1	0	0	0	0
Firefighter / Paramedic	11	13	14	15	15
Administrative Assistant	1	1	1	1	1
Office Assistant (ambulance billing)	0.18	0.18	0	0	0
Hazardous Materials Assistant	0.48	0.48	0.48	0.48	0.48
Call Firefighters	0.87	0.75	0.87	0.78	0.70
Total Full-time Equivalent	21.53	22.41	23.35	23.26	23.18

- The Part-time Office Assistant (0.18 FTE) position responsible for ambulance billing was eliminated in FY2018 and those duties absorbed by existing personnel.
- 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.
- In addition to the full-time professional Firefighters, there are currently 6 active Call Firefighters that work as-needed. During FY2020 Call Firefighter wages average \$23.71/hr. The Call wages budget is \$34,582. This results in approximately 0.70 FTEs ($\$34,582 / \$23.71 = 1,458.54$ hrs. per year / 52 weeks = 28.05 hrs. per week / 40hrs. per week = .70 FTE).
- The department employs a 19 hour per week (.48 FTE) Hazardous Materials Assistant.
- The FY2020 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 also Paramedics.

Section 3-14

Fire Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
FIRE DEPARTMENT						
Personnel Services						
51100 Fire Chief's Salary	99,252	107,137	111,469	121,024	56,550	122,221
51110 Administrative Salary	51,820	54,422	56,763	59,054	28,110	60,092
51115 Part-time Admin Salary	0	0	0	0	0	0
51120 Firefighters Salaries	985,892	1,085,866	1,141,013	1,202,292	572,962	1,201,481
51130 Part-time Salaries	0	0	0	0	0	0
51132 Hazardous Materials Assistant	14,717	21,444	19,026	26,483	8,065	26,735
51230 Call Firefighter wages	12,075	13,196	19,895	34,582	9,502	34,582
51300 Overtime	197,389	133,144	184,135	143,000	143,000	148,720
51410 Longevity Pay	10,500	10,300	10,200	10,200	10,200	9,600
51420 Fire Holiday Pay	39,490	45,036	47,374	50,867	22,724	51,851
51460 Educational Incentive	97,850	105,258	114,838	126,600	102,858	126,000
51930 In-service Training	28,785	22,627	44,549	38,764	36,764	40,316
51940 Participation Incentive	0	0		0	0	0
SUBTOTAL	1,537,769	1,598,430	1,749,263	1,812,866	990,736	1,821,598



Fire Department

Section 3-15

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
FIRE DEPARTMENT						
Expenses						
52110 Utilities	21,499	23,517	25,733	26,550	9,900	26,550
52410 Vehicle Maintenance	16,140	14,693	18,707	15,330	12,179	19,250
52415 Equipment Maintenance	6,249	3,355	7,079	5,670	89	12,125
52800 Contractual Services	0	0	633	2,000	735	2,400
53110 Printing	396	636	1,621	1,700	1,097	1,000
53190 Training Expenses	764	120	4,503	3,000	2,500	5,000
53210 Fire Prevention Education	700	779	605	1,500	0	1,500
53410 Telephone	2,282	1,595	1,760	2,806	1,226	3,720
53420 Postage	511	437	57	1,200	0	1,200
53720 Computer Services	11,666	6,881	15,585	20,545	13,999	27,600
54290 Office Supplies	1,676	550	701	1,000	110	1,000
54490 Building Maintenance	11,454	8,585	9,213	9,000	4,735	9,000
54590 Custodial Supplies	2,481	1,658	1,763	2,000	942	2,000
55130 Uniforms	18,755	21,315	22,098	22,000	5,282	23,500
55990 Materials & Supplies	11,989	11,291	12,390	12,560	4,437	12,750
57110 Travel / Mileage	74	71	362	490	8	490
57310 Dues	3,650	3,439	4,049	4,164	3,700	4,164
57320 Subscriptions	216	1,522	1,601	1,285	187	1,285
57340 Meetings	192	365	245	604	422	604
57360 NFPA 1500 Compliance	881	1,623	1,923	4,450	300	2,350
58530 Capital Outlay	22,736	8,956	7,330	30,000	7,270	30,000
SUBTOTAL	134,311	111,388	137,956	167,854	69,116	187,488
*TOTAL: FIRE	1,672,080	1,709,817	1,887,219	1,980,720	1,059,852	2,009,086

* In addition to the General Fund appropriation of \$2,009,086 (which includes a transfer in of \$325,252 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$503,731 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 FY2020 budget that supports the Fire/EMS services is \$2,512,817 (\$2,009,086 plus the Fire Department Revolving Fund direct charges of \$503,731).

Section 3-16

Fire Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
EMERGENCY PREPAREDNESS						
Personnel Services						
51130 Stipend for EP Director	0	0	0	5,000	0	0
51130 Stipend for Shelter Coordinator	583	0	0	1,000	0	1,000
SUBTOTAL	583	0	0	6,000	0	1,000
Expenses						
52690 Equipment Maintenance	0	0	0	0	0	0
53410 Telephone	0	0	0	0	0	0
55980 Field Supplies	0	0	0	1,000	0	1,000
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	0	0	0	1,000	0	1,000
TOTAL: EMERGENCY PREPAREDNESS	583	0	0	7,000	0	2,000

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. 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.

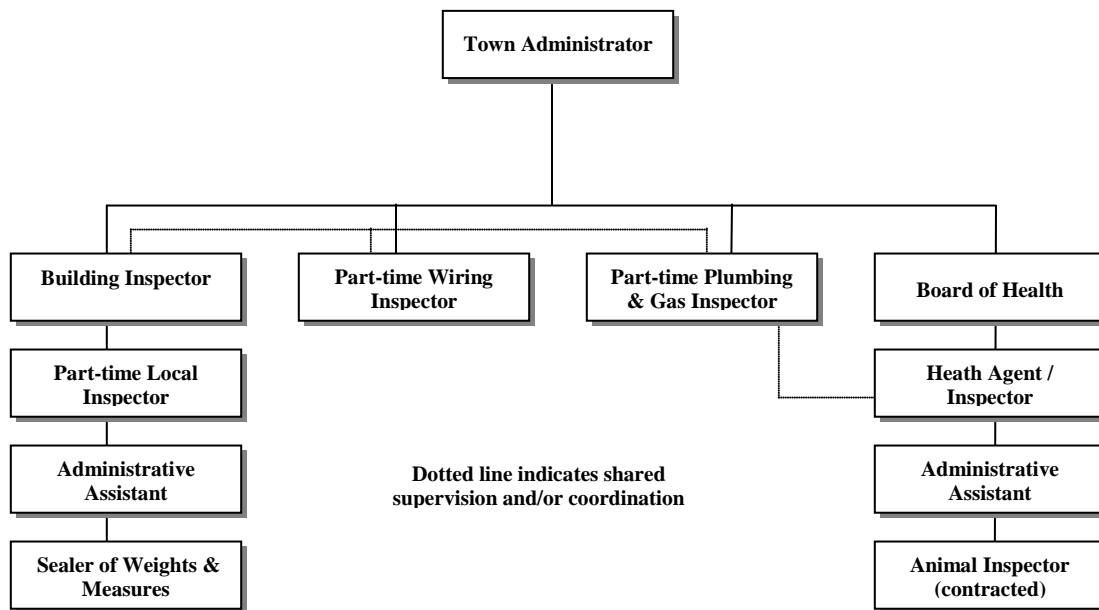
During FY2013 an Emergency Shelter Coordinator position was created and a stipend was added to the budget, which is continues in FY2020. The \$1,000 stipend budget line is split equally between the Coordinator and the Assistant Coordinator.



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 FY2019 Initiatives and Accomplishments**

1. The department processed, reviewed and issued 843 building and mechanical permits in 2018, an increase of 115 permits from 2017. About 40% of the building permits issued were for residential energy conservation repairs and upgrades related to window installations, insulation installation and solar panel installations.
2. The approximate total value of this permitted building and mechanical work is \$32,551,778.00, which represents a significant increase over the previous year.
3. Increased permit activity, coupled with new mandates contained in the Ninth Edition of the State Building Code, have significantly increased the inspectional workload of the department.
4. Construction was completed on a new 220,000 square foot warehouse building at 301 Bartlett Street and renovations were completed on a 50,000 square foot self-storage facility on Bearfoot Road.

Building Department FY2020 Goals and Objectives

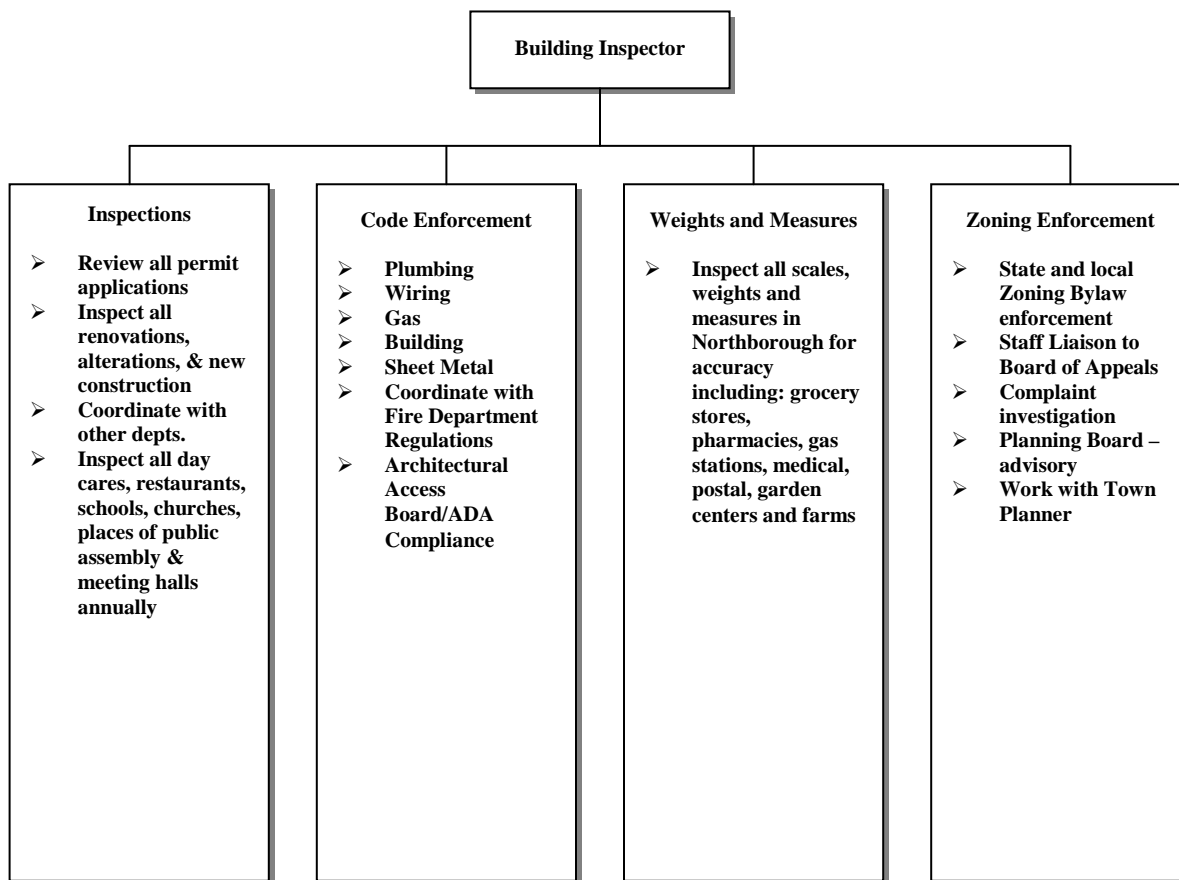
1. Staff will continue outreach efforts to educate contractors, homeowner and architects about significant changes contained in the Ninth Edition of the State Building Code, which became effective January 1, 2018. At the same time, staff will prepare for the adoption and implementation of the 10th Edition of the Building Code, expected to become effective sometime during FY2020.
2. The department will perform a comprehensive review of the current building, electrical, gas and plumbing permit fees to ensure they reflect current costs associated with providing inspectional services.
3. The department's website will be updated to reflect current code requirements, and will provide more information to architects, contractors, and homeowners alike.

Significant Budget Changes or Initiatives

There are no significant budget changes for the FY2020 Building Department. Overall, the departmental budgets for Building, Gas, Wiring and Sealer are down \$3,968 or 1.83% due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



Building Department Programs and Services



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

Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 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	0.25	0.25	0.25	0.25	0.25
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 Massachusetts 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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
BUILDING INSPECTOR						
Personnel Services						
51100 Building Inspector Salary	75,948	81,511	80,110	82,400	39,231	83,232
51120 Part-time Local Inspector wages	7,716	2,244	15,671	25,311	12,579	25,795
51140 Administrative Assistant	57,197	55,293	56,519	58,192	26,269	51,542
51410 Longevity Pay	425	500	250	250	500	0
SUBTOTAL	141,286	139,548	152,550	166,153	78,579	160,569
Expenses						
53190 Training	705	494	1,512	1,850	170	1,850
54290 Office Supplies	1,630	1,630	1,041	660	296	1,960
55980 Field Supplies	263	0	0	100	0	100
57110 Travel / Mileage	3,920	3,550	2,540	4,000	804	4,000
57310 Dues	185	390	210	575	285	575
57340 Meetings	275	0	646	920	0	920
58690 New Equipment	0	126	0	0	0	150
SUBTOTAL	6,978	6,190	5,949	8,105	1,555	9,555
TOTAL: BUILDING INSPECTOR	148,264	145,738	158,498	174,258	80,134	170,124

Section 3-22

Building Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
GAS INSPECTOR						
Personnel Services						
51130 Gas Inspector Salary	10,280	10,486	10,695	10,910	3,518	10,910
SUBTOTAL	10,280	10,486	10,695	10,910	3,518	10,910
Expenses						
53190 Training	40	0	0	125	0	125
54290 Office Supplies	60	375	180	225	0	225
57110 Travel / Mileage	998	824	827	880	463	880
57310 Dues	45	15	15	90	25	90
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	1,143	1,214	1,022	1,320	488	1,320
TOTAL: GAS INSPECTOR	11,423	11,700	11,717	12,230	4,006	12,230



Building Department

Section 3-23

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
WIRING INSPECTOR						
Personnel Services						
51130 PT Wiring Inspector Wages	17,529	14,839	16,849	18,185	8,568	18,351
51140 PT Permanent Wages	616	740	247	1,000	570	1,000
SUBTOTAL	18,146	15,579	17,095	19,185	9,138	19,351
Expenses						
53190 Training	119	415	0	250	0	250
54290 Office Supplies	165	371	363	430	45	430
57110 Travel / Mileage	1,922	1,747	1,725	2,000	527	2,000
SUBTOTAL	2,206	2,533	2,088	2,680	572	2,680
TOTAL: WIRING INSPECTOR	20,352	18,112	19,183	21,865	9,710	22,031

Section 3-24

Building Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 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	5,000	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	5,000	5,000	5,000	8,000	0	8,000
TOTAL: SEALER WEIGHTS/MEASURES	5,000	5,000	5,000	8,000	0	8,000



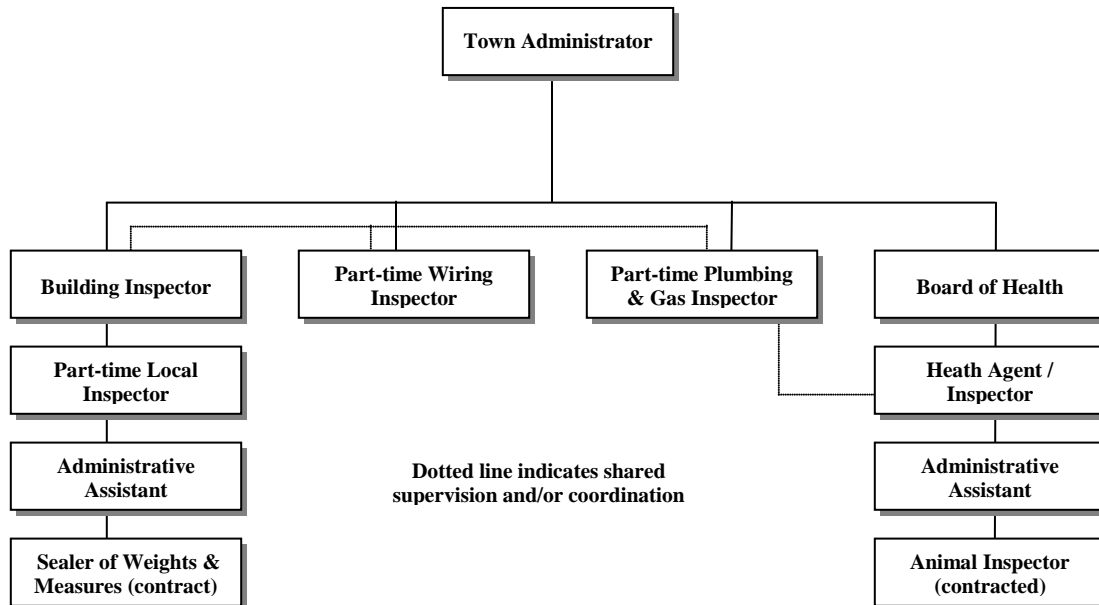
Health Department Mission Statement

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 five 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 FY2019 Initiatives and Accomplishments

1. Conducted all required inspections for food establishments, swimming pools and recreation camps. Reviewed plans as needed for new establishments and followed up on several food-borne illness complaints which included thorough investigations and reporting to the state's Department of Public Health. Continued to educate establishments of the importance of proper food safety practices and sanitation.
2. Permitted and inspected septic systems as required by Title V of the Mass Department of Environmental Protection. All septic systems, both new and repairs require and received a thorough plan review and multiple inspections before receiving compliance certificates. Reviewed and permitted new well permits.
3. 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 conducted 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.
4. Continued to develop and work with the recently established Task Force for the purpose of providing the opportunity for collaboration, community awareness, information and resource sharing among our departments. This valued collaboration ensures residents who may be facing unique challenges are connected to the right resources in Northborough.
5. Improved the Board of Health website to make it more user-friendly. Changes included removing redundant websites, updating forms, providing more relevant information and adding helpful resources to those who may need help with opioid and substance abuse. Information and resources related to substance use and prevention are also available at Town Offices outside the Health Department Office.
6. Worked with regional collaboratives to increase substance use prevention activities and awareness. The Health Department continued to work with the Substance Abuse Prevention Collaborate based out of Hudson and started in 2018 to work with the Mass Opioid Abuse Prevention Collaborative based in Framingham. Worked with the recently created the Northboro-Southboro Substance Abuse Prevention Coalition (NSSAPC) to continue increasing awareness and prevention of substance abuse.
7. Continued to update relevant emergency plans. Worked with the Region 2 Public Health Emergency Preparedness Coalition as well as other municipal departments to ensure compliance with state of federal guidelines. Participated in relevant drills and participated in required drills and Emergency Dispensing Site (EDS) visits.



Health Department FY 2020 Goals and Initiatives

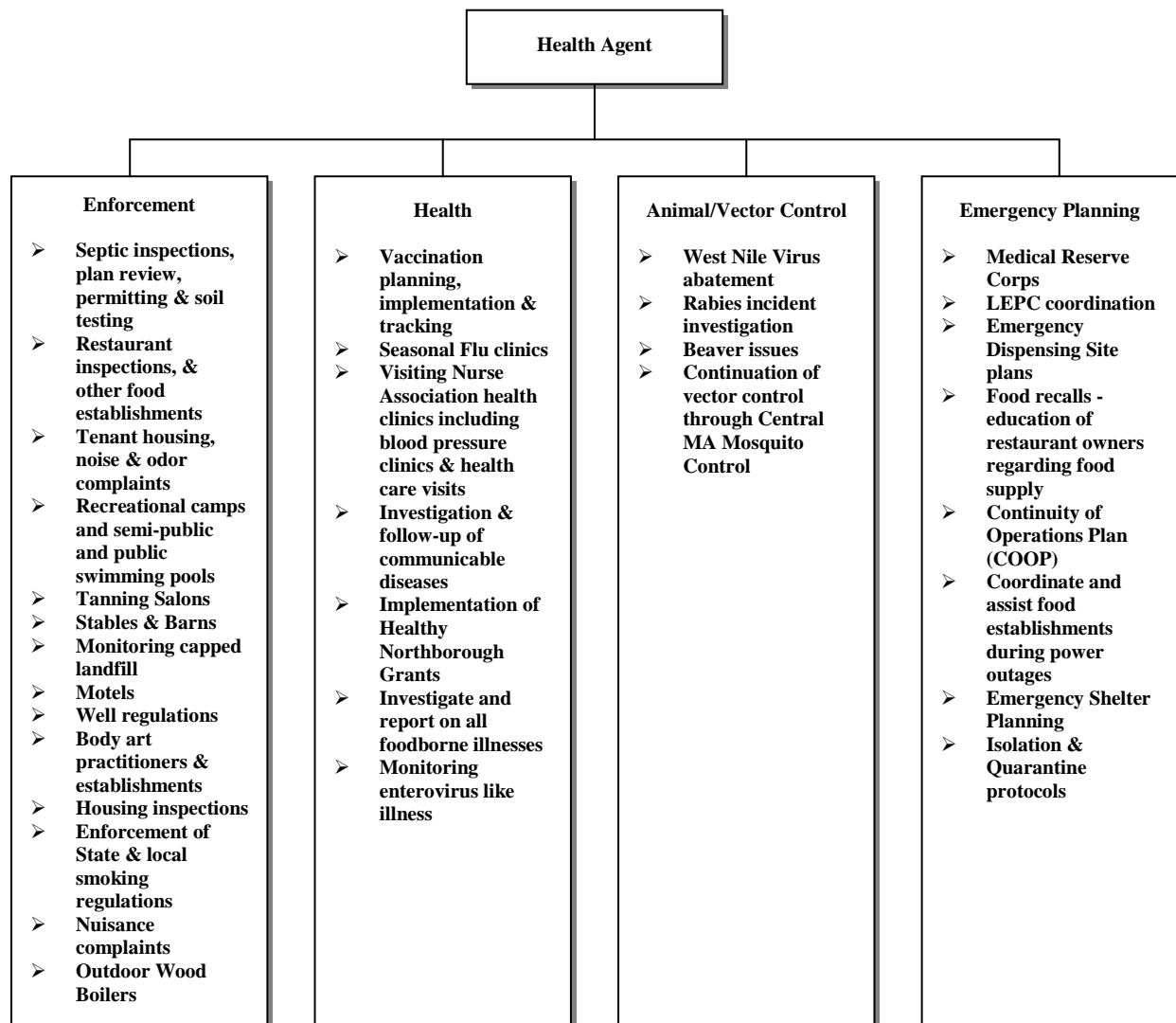
1. Ensure all permitted establishments are compliant with local and state regulations through the permit process and routine inspections as well as timely inspections for all complaints. Ensure all septic system applications are processed, approved and inspected in a timely fashion.
2. Continue to update and improve the Town's abilities to respond to town-wide and regional emergencies through updating plans, purchasing supplies as needed and with drills and trainings relating to Emergency Dispensing Sites and Sheltering Operations. A primary goal will be to work with the newly created South Central Mass Medical Reserve Corps to increase the number of local volunteers and to offer related trainings.
3. Improve Northborough's involvement in substance abuse prevention activities, especially regarding the heroin and opioid crisis. A primary goal will be to work with regional collaborates to improve public awareness, offer educational materials, and provide needed services and program information for those affected.

Significant Budget Changes or Initiatives

Overall, the department's FY2020 budget decreases \$6,652, or 3.35%, due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. 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 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 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.

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Health Department



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
HEALTH DEPARTMENT						
Personnel Services						
51100 Health Agent	75,686	85,673	67,280	75,700	36,134	75,949
51130 Part-time Plumbing Inspector	13,707	14,569	14,624	16,320	6,875	16,046
51140 Administrative Assistant wages	57,116	55,293	56,519	57,919	26,269	51,542
51220 Temporary wages	224	12,716	14,186	13,000	7,872	13,000
51410 Longevity Pay	425	500	250	250	0	0
SUBTOTAL	147,158	168,752	152,859	163,189	77,150	156,537
Expenses						
52800 Contractual Animal Inspector	4,153	14	0	1,000	0	1,000
53090 Advertising	0	143	420	250	0	250
53170 Testing	0	0	8,773	20,000	2,116	20,000
53990 Nursing Services	3,660	6,500	6,500	6,500	2,879	6,500
54290 Office Supplies	877	1,252	1,351	1,260	324	1,260
57110 Travel / Mileage	2,311	2,098	1,393	4,000	555	4,000
57310 Dues / Licensure Fees	340	210	150	785	385	785
57340 Meetings	655	645	465	1,195	739	1,195
57810 Unclassified	0	55	0	300	78	300
58690 New Equipment	0	0	0	200	0	200
SUBTOTAL	11,996	10,917	19,051	35,490	7,076	35,490
TOTAL: HEALTH DEPARTMENT	159,154	179,669	171,910	198,679	84,226	192,027



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 FY2020 the revolving fund revenues proposed to be transferred in are \$32,677 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$8,807.



Animal Control					
Personnel Summary					
Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 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 FY2020.

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

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	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
	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	38,743	39,418	39,819	41,484	20,011	41,484
SUBTOTAL	38,743	39,418	39,819	41,484	20,011	41,484
TOTAL: ANIMAL CONTROL	38,743	39,418	39,819	41,484	20,011	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 FY2020 the revolving fund revenues proposed to be transferred in are \$32,677 and the estimated cost for contractual Animal Control services is \$41,484, resulting in a net tax-supported service expense of \$8,807.



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Public Works

Section 4



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Public Works Departmental Statement

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

Highway Division

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

Parks Division

The Parks Division is responsible for maintaining and developing public playgrounds, parks and related facilities. 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

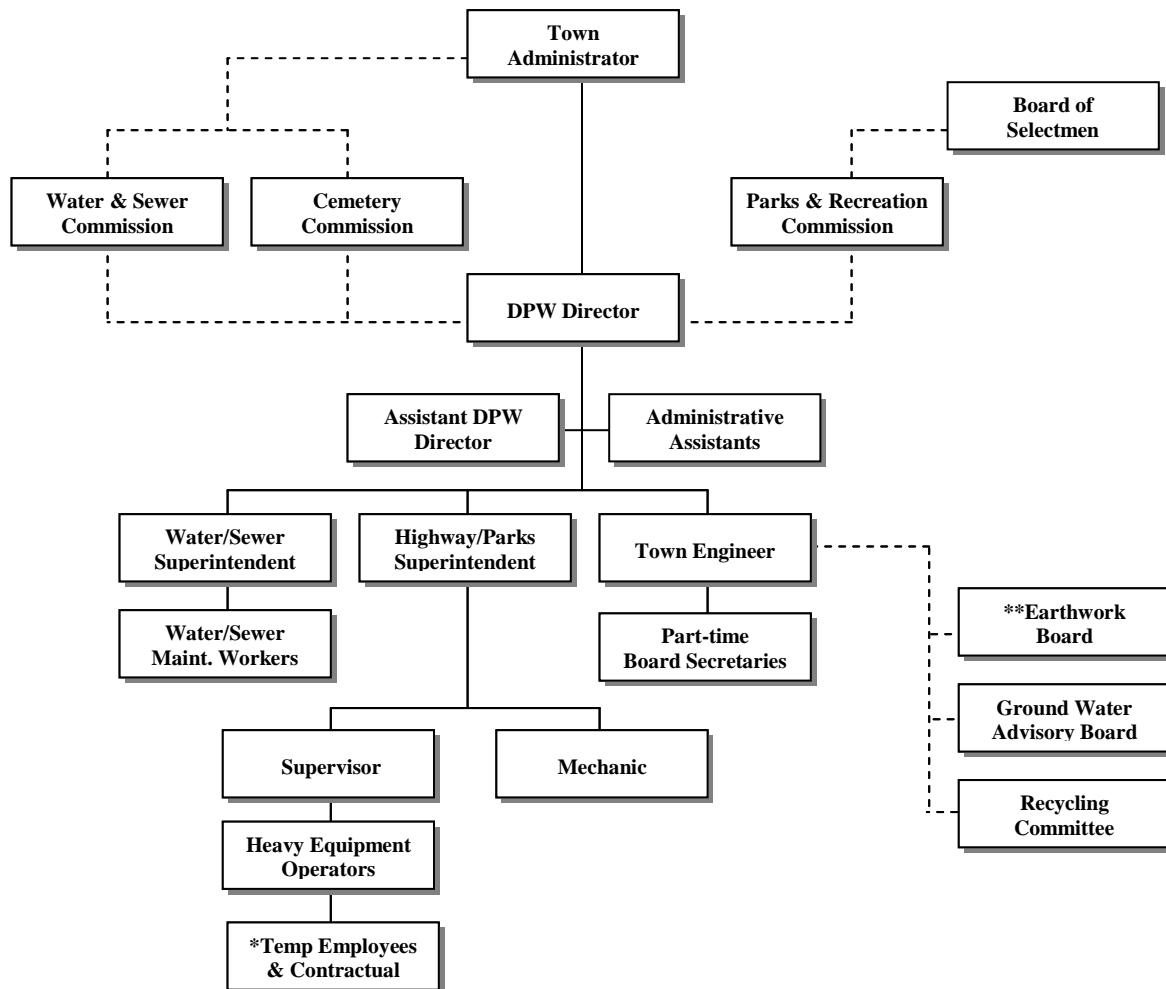
The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and 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 FY2019 Initiatives and Accomplishments****Highway/Parks & Cemetery Divisions:**

1. Funded various projects and equipment acquisitions as part of the approved FY2019 Capital Budget, including: the purchase of a street sweeper, skid steer, and one-ton truck with asphalt hot box. The Department continues to identify and plan for future projects and equipment needs through the Town's Capital Improvement Plan.
2. Completed replacement of the Fisher Street culvert.
3. Implemented approximately 11.3 miles of roadway maintenance and improvements including overlay, full depth reconstruction, and crack fill.
4. Replaced over 1,000 linear feet of failing guardrail with new steel guardrail.
5. Conducted snow plowing and treatment of over 90 miles of roads for all winter weather events in what turned out to be a very challenging season which included a Federal disaster declaration.
6. Constructed an accessible path to the Ellsworth McAfee Park pavilion.
7. Completed historic grave marker restoration in the colonial section of the Howard Street Cemetery.
8. Pruned or completely removed over 63 unhealthy, dead, or dying street trees located within the Town's right of way.
9. Completed design and permitting for replacement of a failing Rice Avenue culvert.
10. 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.
11. Finalized the Town's Stormwater Management Plan and Stormwater Pollution Prevention Plan as required by the Environmental Protection Agency (EPA) recently issued MS4 permit.
12. Prepared design and bidding documents for the Town Common and commenced construction.

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. In 2018 Household Hazardous Waste Day also included the collection of sharps.
3. In 2018 the Town received a \$6,000 grant under the Sustainable Materials Recovery Program which will be used to offset the cost of purchasing recycling bins as well as to offset the cost of producing and mailing the annual recycling calendar to each household in June.
4. The Town Engineer represented Northborough as its liaison to the Central Massachusetts Regional Stormwater Coalition (CMRSWC) as they work towards finding feasible ways to protect stormwater quality and to remain in compliance with the Federal Environmental Protection Agency. The CMRSWC is also working with the newly formed statewide coalition to share stormwater resources as future grants are not anticipated.

Water and Sewer Divisions:

1. Funded equipment acquisition as part of the approved FY2019 Capital Budget including the purchase of an excavator to aid in our ongoing maintenance and repair programs.
2. Conducted the second year of a 15-year Sanitary Sewer Inflow and Infiltration (I&I) Elimination Program as mandated by new State and Federal clean water regulations.
3. Produced design and bid documents for sanitary sewer collection system improvements as a result of the first year's I&I findings.
4. Completed construction of improvements to the West Main Street Sanitary Sewer Pump Station.
5. Replaced approximately 16 aging fire hydrants.
6. Installed solids handling improvements to the Route 20 sewer pump station.
7. Prepared an updated hydraulic model of the water distribution and storage system.
8. Continued our bi-annual hydrant flushing and periodic gate exercising program.
9. Finalized the water distribution model including storage tank needs and recommendations.

Department of Public Works FY2020 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.



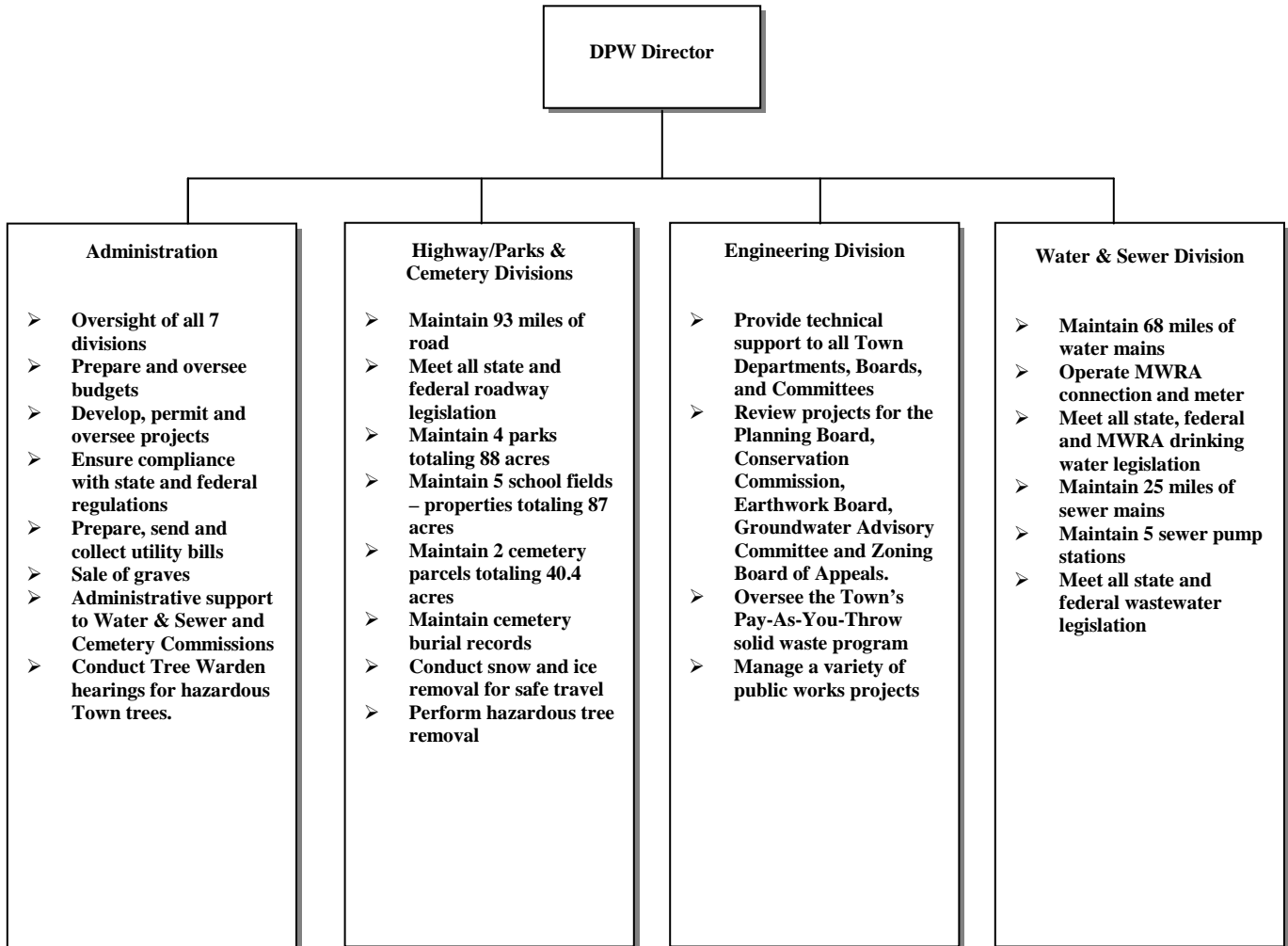
3. Replace roadside guardrail identified in our recently developed inventory.
4. Replace the Rice Avenue culvert with a new culvert including headwalls and guardrail.
5. Conduct a town-wide culvert inventory and preliminary condition assessment.
6. Continue compliance with unfunded drinking water mandates 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. Implement the Town's Stormwater Management Plan and Stormwater Pollution Prevention Plan as required by the EPA's final MS4 permit.
8. Commission the newly constructed Northborough Town Common.
9. Develop design documents for water and sewer department equipment storage building.
10. Prepare and submit permit design documents for water storage tank improvements.
11. Finalize the Reservoir Dam Feasibility Study.
12. Develop design documents and implement sewer pump station incremental improvements.

Significant Budget Changes or Initiatives

Overall, the Department of Public Works General Fund budget is increasing \$37,405 or 1.39%. The majority of the increase is attributed to equipment replacement for the cemetery operations and contract services associated with maintenance of the parks and monuments. There is also an increase of \$10,000 to the snow and ice budget to better reflect historic expenditures. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



DPW Programs and Subprograms



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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
<u>Administration</u>					
DPW Director	1	1	1	1	1
Assistant DPW Director	1	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	2	2
Mechanic	1	1	1	1	1
Heavy Equipment Operators	7	7	7	6	5
Light Equipment Operator	1	1	1	1	2
<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	20.48	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 are budgeted 60% in the Water Enterprise Fund budget and 40% in the Sewer Enterprise Fund budget.
- The FY2019 budget included 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

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DPW Personnel Table of FTEs by Division Budgets

DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2016 FTE	FY 2017 FTE	FY 2018 FTE	FY 2019 FTE	FY 2020 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	.5	.5	.5	.5	.5
Administrative Assistants	1	1	1	1	1
Highway/Parks Superintendent	1	1	1	1	1
Supervisor	1	1	1	1.25	1.25
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6.25	6.25	6	5
Light Equipment Operator	1	1	1	.5	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	.3	.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	.2	.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	20.48	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.

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Department of Public Works



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
HIGHWAY ADMINISTRATION						
Personnel Services						
151100 DPW Director Salary (50%)	58,928	56,350	57,176	59,487	28,316	60,075
51100 Assistant DPW Director (50%)	22,502	15,918	0	45,000	0	44,936
51410 Longevity Pay	0		0	0	0	0
SUBTOTAL	81,430	72,268	57,176	104,487	28,316	105,011
Expenses						
52110 Utilities	29,359	27,526	32,558	33,790	8,182	37,972
54290 Office Supplies	913	729	1,309	2,000	836	2,000
54490 Building Maintenance	15,656	19,888	22,215	15,725	10,908	17,325
57110 Travel/Mileage	833	763	720	1,000	159	1,075
57310 Dues	1,719	719	1,187	2,012	295	2,577
SUBTOTAL	48,480	49,625	57,988	54,527	20,379	60,949
TOTAL: HIGHWAY ADMINISTRATION	129,909	121,893	115,164	159,014	48,695	165,960

¹ Line 51100 includes 50% of the DPW Director and Assistant Director Salaries with 30% carried in the Water Enterprise Fund Budget and the other 20% included in the Sewer Enterprise Budget (see Section 8 of this Budget Document for detail on the Enterprise Budgets)



Department of Public Works

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FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
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HIGHWAY DIVISION CONSTRUCTION & MAINTENANCE

Personnel Services

51010 Labor Wages	621,532	645,602	607,726	634,542	283,771	584,603
51140 Wages Part-time Permanent	59,411	62,619	58,469	59,639	28,670	60,183
51300 Overtime	107,302	95,791	119,671	97,068	70,596	105,139
51410 Longevity Pay	5,400	5,150	4,200	3,700	4,350	4,050
51920 Uniforms	7,500	7,500	6,750	7,313	3,375	7,313
51970 Stipends	0	0	0	0	0	0
SUBTOTAL	801,145	816,663	796,815	802,262	390,761	761,288

Expenses

52690 Equipment Maintenance	86,391	81,861	74,405	83,415	31,184	83,415
52800 Contractual Services	21,676	35,318	39,421	44,750	35,736	57,250
55320 Materials & Supplies	12,393	15,790	13,342	13,500	5,426	14,000
55420 Safety Training, Dues & Licenses	3,810	2,607	2,244	6,910	90	6,910
58690 New Equipment	569	8,024	2,617	6,300	309	8,850
58710 Roadway Maintenance	170,502	397,987	365,087	400,000	94,834	410,000
58715 Storm water/Drainage	95,032	130,979	74,821	148,900	55,794	158,900
SUBTOTAL	390,374	672,565	571,937	703,775	223,372	739,325

TOTAL: HIGHWAY CONST & MAINT.

1,191,519	1,489,228	1,368,752	1,506,037	614,134	1,500,613
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Section 4-12

Department of Public Works



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
PARKS DIVISION						
Personnel Services						
² 51130 Labor Wages	0	0	0	0	0	0
51220 Seasonal Temporary Labor	51,796	52,000	70,424	49,500	27,373	49,980
51300 Overtime	0	0	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	51,796	52,000	70,424	49,500	27,373	49,980
Expenses						
51920 Uniforms	764	0	0	1,700	0	1,700
52110 Utilities	1,668	2,104	1,720	2,000	902	2,000
52610 Materials & Supplies	42,338	36,408	41,186	55,100	5,656	67,200
52800 Contractual Services	0	1,292	0	7,500	0	7,500
54710 Building Maintenance	294	3,762	2,217	4,000	6,867	4,000
58690 New Equipment	9,500	12,029	13,687	9,500	0	9,500
SUBTOTAL	54,564	55,594	58,810	79,800	13,425	91,900
TOTAL: PARKS DIVISION	106,360	107,593	129,235	129,300	40,798	141,880

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
CEMETERY DIVISION						
Personnel Services						
³ 51010 Labor Wages	41,977	45,802	32,684	78,697	30,260	79,764
⁴ 51100 Miscellaneous Labor	0	0	0	15,840	0	20,840
51300 Overtime	2,908	12,465	0	6,973	0	6,973
51410 Longevity Pay	350	350	500	500	0	375
51920 Uniforms	750	750	375	938	375	938
SUBTOTAL	45,985	59,367	33,559	102,948	30,635	108,890
Expenses						
52110 Utilities	743	1,007	2,276	1,000	168	1,000
52690 Equipment Maintenance	4,561	3,717	3,791	4,000	2,782	5,500
54490 Building Repair	0	3,512	4,232	4,800	1,498	4,100
54690 Materials & Supplies	13,490	15,110	16,155	17,000	4,554	17,100
58690 New Equipment / Capital	8,652	12,029	14,982	12,800	0	15,250
SUBTOTAL	27,445	35,375	41,436	39,600	9,003	42,950
TOTAL: CEMETERY DIVISION	73,430	94,742	74,995	142,548	39,638	151,840

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



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ENGINEERING						
Personnel Services						
51100 Town Engineer Salary ⁵	105,508	107,619	109,771	111,967	53,830	112,828
51410 Longevity Pay	500	500	500	650	650	650
SUBTOTAL	106,008	108,119	110,271	112,617	54,480	113,478
Expenses						
52800 Contractual Services	4,000	10,873	21,000	39,200	4,000	39,200
54290 Office Supplies	357	439	239	450	160	450
55980 Field Supplies	0	0	0	100	0	100
57110 Travel/Mileage	1,420	1,106	1,359	1,500	830	1,500
57310 Dues	224	380	238	285	245	435
57320 Subscriptions	150	0	153	150	0	150
57340 Meetings	175	0	0	300	0	300
SUBTOTAL	6,325	12,798	22,989	41,985	5,235	42,135
TOTAL: ENGINEERING	112,334	120,916	133,260	154,602	59,715	155,613

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
SNOW & ICE						
Personnel Services						
51220 Miscellaneous Labor	0	0	0	0	0	0
⁶ 51300 Overtime	62,874	134,251	127,325	107,000	11,272	112,000
SUBTOTAL	62,874	134,251	127,325	107,000	11,272	112,000
Expenses						
⁷ 52800 Contractual Services	46,666	96,486	126,445	92,000	8,980	92,000
55350 Salt & Additives	180,327	223,269	183,789	190,000	38,236	190,000
57810 Materials & Supplies	31,338	47,894	59,095	38,000	2,360	43,000
SUBTOTAL	258,331	367,648	369,329	320,000	49,576	325,000
TOTAL: SNOW & ICE	321,205	501,899	496,654	427,000	60,848	437,000

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



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
TREES						
Expenses						
52690 Equipment Maintenance	1,795	826	4,512	3,000	104	3,000
52800 Contractual Services	22,558	30,000	35,000	40,000	35,350	40,000
54700 Supplies	175	2,473	1,215	3,000	193	3,000
SUBTOTAL	24,528	33,298	40,727	46,000	35,647	46,000
TOTAL: TREES	24,528	33,298	40,727	46,000	35,647	46,000

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
STREET LIGHTING						
Expenses						
52130 Utilities	110,854	114,000	114,000	117,000	48,252	120,000
SUBTOTAL	110,854	114,000	114,000	117,000	48,252	120,000
TOTAL: STREET LIGHTING	110,854	114,000	114,000	117,000	48,252	120,000

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

Community Services

Section 5



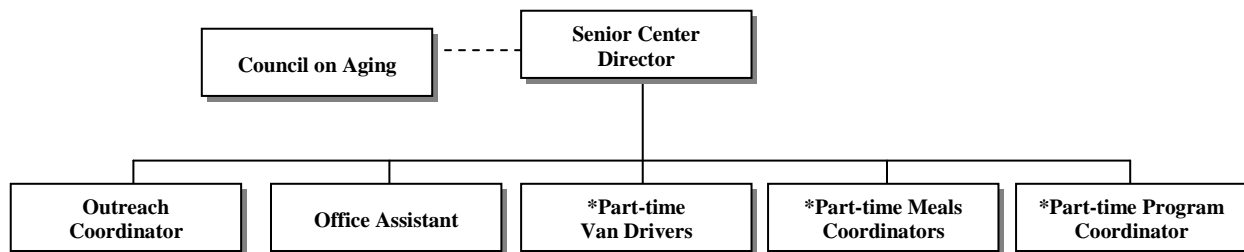
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Senior Center/Council on Aging Departmental Statement

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

Senior Center Organizational Chart



*One of the Part-time Meals Coordinator positions is funded through revenues generated by the senior center lunch and dinner program known as the Bistro @ 119 and the other is funded through donations from the Friends of the Senior Center. 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 FY2019 Initiatives and Accomplishments**

1. The “Come 2B Dementia Friendly” grant program ended in September 2018. In order to continue this important work, the communities of Northborough, Hudson and Marlborough sought additional grant funding to bring a new program called DayBreak into all 3 Senior Centers. Through a grant funded by MetroWest Health Foundation, the DayBreak program is an adult social day program designed to provide a respite for caregivers. The program provides socialization, lunch and activities for loved ones with dementia by offering three hours of structured quality time, three times per week at the Senior Centers for a suggested donation of \$15.00 per day. It has been so well utilized that the Towns have applied for a continuation of the grant funding through the MetroWest Health Foundation for next year.
2. The Senior Center continues to have a wonderful partnership with Algonquin Regional High School Community Action Program (CAP). In cooperation with the teacher in charge 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. Algonquin students are also actively volunteering in the Bistro@119 as well as the office at the Senior Center. We are fortunate to have so much help from volunteers in the community: The Friends of the Northborough Senior Center, students from Assabet Valley Collaborative, the DIVAS (Northborough Church of Christ), employees from National Grid, Avidia Bank and Iron Mountain and many individuals who help us manage such a vibrant, active Center.
3. The Bistro @119 continues to thrive with 11,486 meals served this year! This number puts the program on track to exceed the number of meals served during FY18. The Bistro is open 5 ½ hours per week serving lunch Monday – Thursday and dinner on Tuesday evenings. The program is completely self-supporting through the revenues it generates. The food, supplies and the wages for one of the Part-time Program Coordinator’s is all paid by the lunch and dinner receipts and the other position is paid for through a donation by the Friends of the Senior Center.
4. In the past few years the Center has used grants to reach out to populations who may be underserved. Through a BayPath grant the Center was able to make meaningful contacts with seniors who are Chinese and Indian. In keeping with that theme, we are currently reaching out to those seniors in the LGBT community. We are committed to ensuring that we are a welcoming Senior Center to all residents of Northborough and the surrounding communities.

Senior Center FY2020 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.
4. Continue expanding the Bistro @119 meals program to cover the expense of the new part-time Meals Coordinator position added in FY2019.



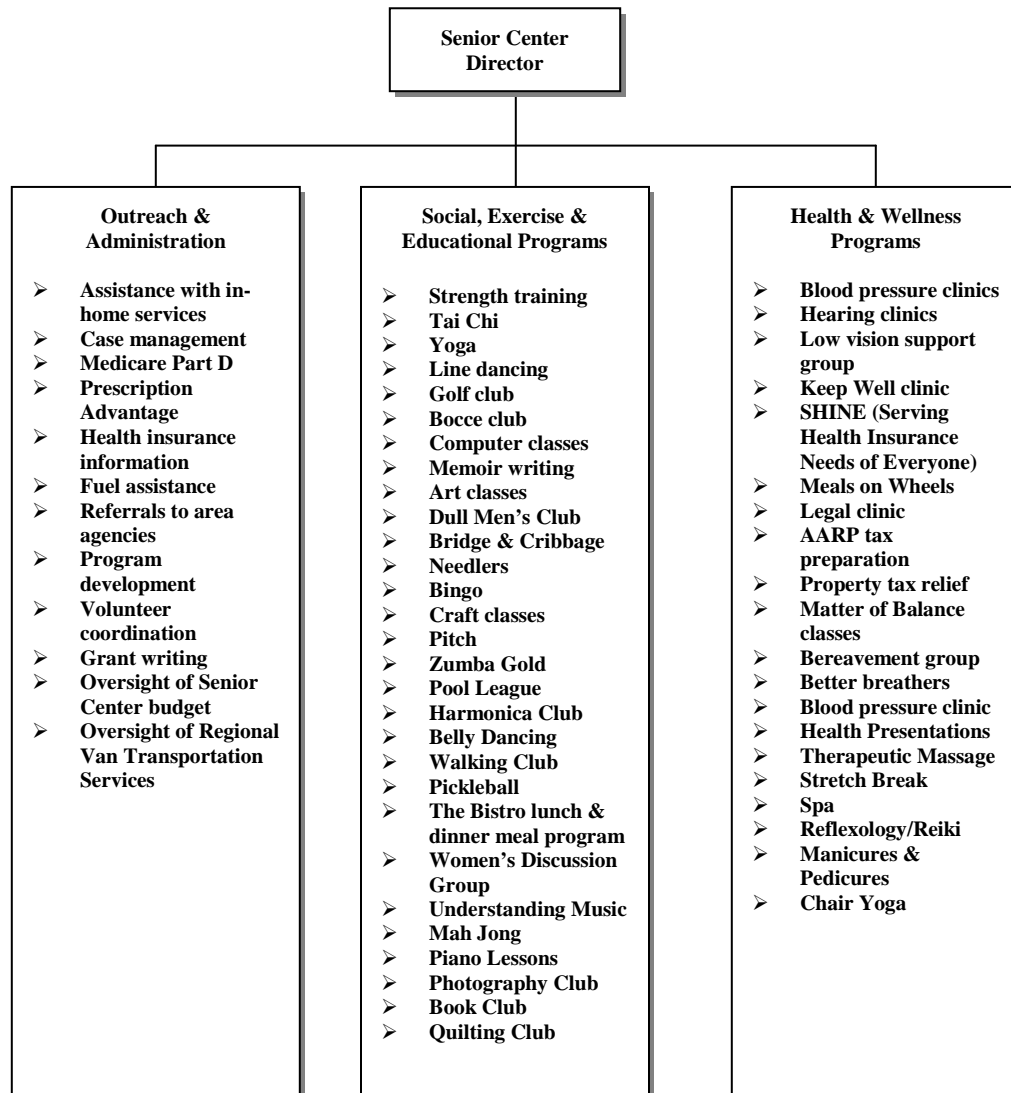
Significant Budget Changes or Initiatives

Overall, the departmental budget is up 1.95%, or \$5,646, which includes a \$3,000 increase in the building maintenance and repairs line to better reflect actual costs. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. During FY2019 the Friends of the Senior Center donated funds to pay for a second 19 hour per week position to help run the growing lunch and dinner program at the Senior Center known as the Bistro @ 119, which serves lunch Monday through Friday and dinner on Tuesday evenings. The goal is to fund the second position through program fees as the meals program continues to grow.

In addition to the appropriated budget supported by tax revenues, the Senior Center receives approximately \$32,000 in additional funds directly from the State Formula Grant which is used primarily to provide exercise programs to seniors. The formula grant (based on the number of seniors in Town) is not subject to Town Meeting appropriation.



Senior Center Programs and Services



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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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 below 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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Part-time Van Drivers	1.69	1.69	1.69	1.69	1.69
Part-time Bistro (meals) Coordinators	.48	.48	.48	.96	.96
Part-time Program Coordinator	0	.48	.48	.48	.48
Total Full-time Equivalent	2.17	2.65	2.65	3.13	3.13

- In addition to the staffing included in the General Fund, a 19hr/wk (.48 FTE) part-time Program Coordinator position was funded starting in FY2017 through the program revolving fund. The position is funded without tax revenues, using programs fees.
- Four part-time Van Drivers work approximately 15hrs/wk each for a total average of 67.5 hours per week (67.5hrs/40hrs = 1.69 FTEs). A fifth substitute driver is used as needed. The full cost of providing van service to seniors and disabled individuals in the Towns of Northborough, Boylston and Westborough is funded by the WRTA.
- There are two 19hr/wk (.96 FTEs) Meals Coordinator positions that run the lunch and dinner program at the Senior Center known as the Bistro @ 119. The program serves lunch Monday through Thursday and dinner on Tuesday evenings. One part-time positions is funded through program fees and the other, added in FY2019, is currently funded by donations from the Friends of the Senior Center. The goal is to fund the second position through program fees as the meals program continues to grow.

Section 5-6

Senior Center/COA



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
SENIOR CENTER						
Personnel Services						
51100 Director Salary	76,421	79,514	82,729	86,056	40,971	86,924
51120 Administrative Staff Wages	48,433	50,176	52,083	53,767	25,800	54,390
51140 Outreach Worker Wages	57,629	59,347	60,870	61,893	31,740	62,488
51410 Longevity Pay	1,000	1,200	1,200	1,200	1,200	1,200
SUBTOTAL	183,483	190,236	196,882	202,916	99,711	205,002
Expenses						
52110 Utilities	39,958	40,957	41,744	41,000	19,087	41,000
52800 Contractual Services ¹	11,858	26,564	26,643	39,000	11,703	37,000
53110 Printing	117	0	54	300	0	300
53420 Postage	221	326	317	400	151	400
54490 Repairs & Maintenance	13,186	1,998	3,421	2,000	9,029	7,000
54590 Custodial Supplies	1,487	1,311	2,023	1,700	1,008	1,700
55990 Senior Center Programs	292	529	329	1,000	9	1,000
57110 Travel/Mileage	341	386	441	850	0	850
57310 Dues	600	179	709	300	713	860
57340 Meetings	90	326	173	520	400	520
SUBTOTAL	68,150	72,575	75,853	87,070	42,099	90,630
TOTAL: SENIOR CENTER	251,633	262,812	272,735	289,986	141,810	295,632

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 allowed more program fee revenues to support actual services for seniors.

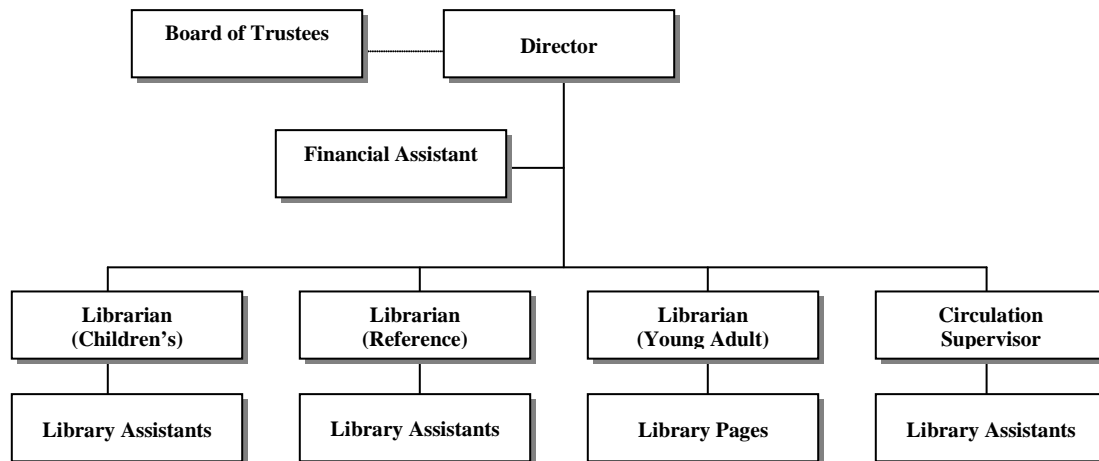


Library Departmental Statement

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 FY2019 Initiatives and Accomplishments

1. The Library celebrated its 150th birthday with a community-wide celebration on April 8, 2018, 150 years to the day after the Library was established at the first Trustees meeting at the home of Captain Cyrus Gale on April 8, 1868. The event featured a performance by Walt Whitman impersonator Stephen Collins, 19th century games for kids and remarks by Massachusetts Senate President Harriet Chandler. More than 200 people attended the event, which kicked-off a yearlong celebration of the Library's 150th anniversary, culminating in a 150th Jubilee at The Haven Country Club on April 6, 2019.
2. Participation in the Library's annual Summer Reading Program sponsored by the Children's Services department was up an astounding 68% from the prior year. A total of 3,065 people attended the 42 "Kids Rock!" summer reading-themed programs sponsored by the Library. Building upon the previous year's carnival-style kickoff success, the Library hosted a magic show at Ellsworth McAfee Park for the kickoff event, as well as a true carnival themed wrap-up party in August. Attendance for these two events alone was nearly 700 people.
3. We received approval at Annual Town Meeting to expend up to \$53,000 in Community Preservation Act funds in order to repair ongoing water penetration issues in the iconic Gale Library building. The repair will help preserve the historic character of the original building.
4. Successfully initiated the first year of a two-year Library Services and Technology Act (LSTA) grant for \$13,400 awarded by the MA Board of Library Commissioners called "Library On The Go." Designed to provide delivery library materials directly to people who either are permanently or temporarily homebound, the grant allowed us to hire a part-time, temporary Outreach Services Coordinator to manage the request, pick-up and delivery of items, supported by a small, but dedicated corps of volunteer Library Couriers.
5. Created a "Library of Things" that includes popular items for loan in non-traditional lending categories such as Games & Puzzles, Crafts & Hobbies, Science & Technology, Audiovisual Equipment and Musical Instruments. As the collection grows, we will continue to promote and maintain items for loan that are in high-demand, including a high-quality telescope, coloring kits, Go Pro cameras, Virtual Reality (VR) headsets, ukuleles and more!
6. Retained a certified Roving Archivist through a grant provided by the State Historical Records Advisory Board, who performed an assessment of our local history and archival collections. Following the assessment, the Adult Services staff developed a Board-approved Local History Collections Policy and is in the process of creating a collection inventory.
7. Working with the Library Trustees, the Friends of the Library established a permanent endowment fund at the Greater Worcester Community Foundation and donated \$15,000 in order to kick-start the endowment. The endowment fund will allow the Library to accept charitable gifts and bequests in order to build up the fund over time. As the fund begins to grow and generate interest, the funds will be used to supplement the Town's budgetary appropriations and help support technology needs, programmatic needs and special needs of the Library that are not met by the Town's annual operating budget.



Library FY2020 Goals and Initiatives

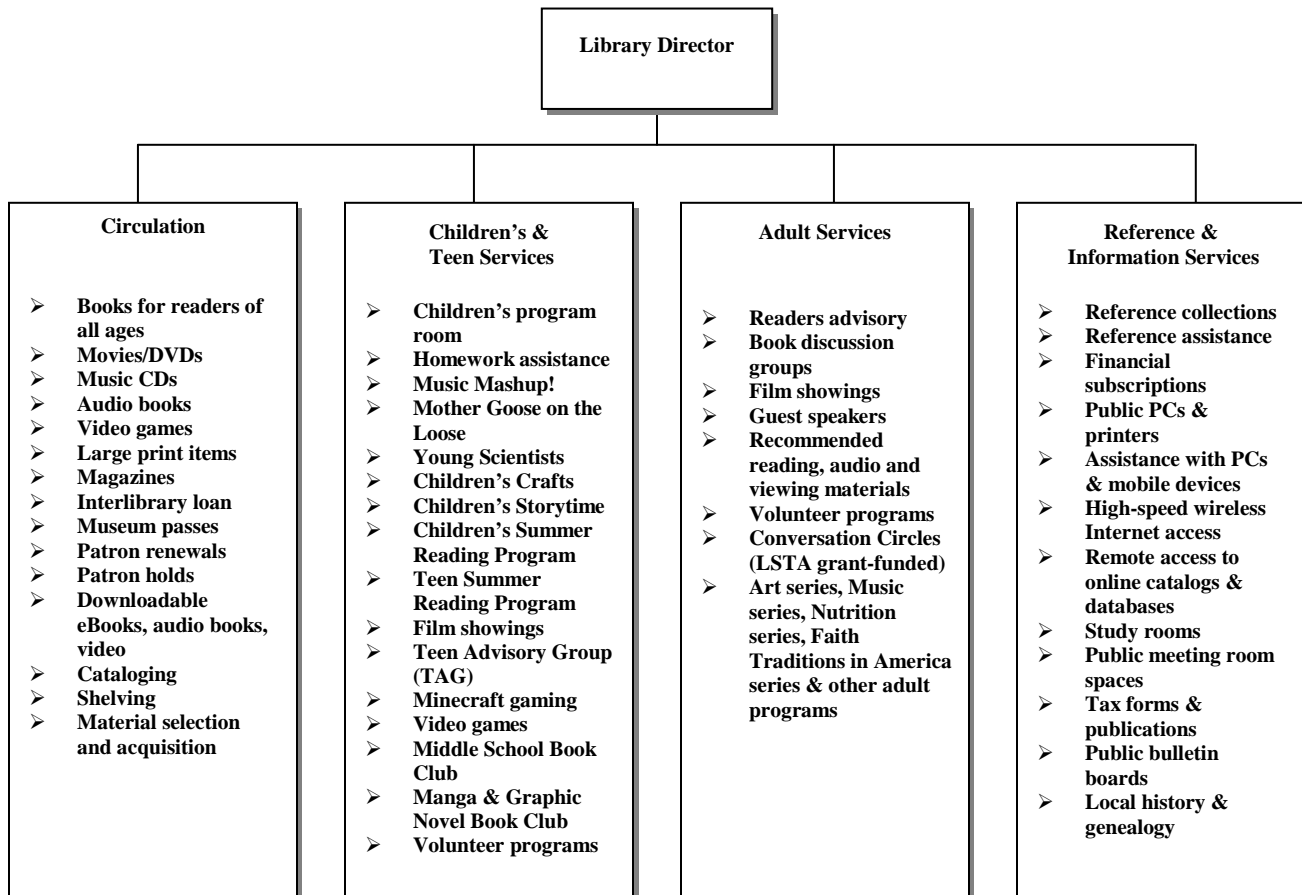
1. Investigate options to potentially expand Thursday evening hours from 5:00—8:30 PM, providing greater access to library services, including meeting and study spaces.
2. Apply for Community Preservation Commission funding to restore the solid oak sliding pocket doors that are original to the Gale Library building so that we can create small meeting and study spaces on an as-needed basis using the recessed doors.
3. Retain a library building consultant in order to develop a more formal building plan that includes re-purposing some spaces, incorporating more portable, flexible furnishings into the public spaces in order to provide opportunities for more meeting and study spaces, and to reimagine space that is currently underutilized so that we can maximize usage. As part of this process, we will complete a comprehensive building and space planning survey and engage target groups in focus meetings in order to obtain feedback about current layout and possible future uses of the building.
4. Pending approval of the Board of Trustees, undertake a formal fundraising campaign in order to raise additional funds for the Library based on a blended case statement of needs that includes the expansion of Library's operating hours, building and technology improvements, as well as a sizable endowment fund that can continue to grow and help sustain the Library in the future.
5. Provide wireless printing capability throughout the building so that patrons can send print commands to the public printer using their portable iOS or Android devices. Connect a coin-operated machine to the public printer so that patrons can pay for their prints and copies directly at the printer, instead of paying at the Adult Services desk.
6. Continue to plan strategically and invest in technology services in order provide a safe, secure environment and to keep up with information technology trends. Invest in more portable devices such as laptops and tablets, providing greater flexibility in how patrons use and access computer technology and equipment throughout the Library.
7. Continue to expand our electronic resources, including access to more online materials such as a growing array of electronic books and magazines, streaming audios and videos and other electronic content, as demand for these materials continues to grow.

Significant Budget Changes or Initiatives

Overall, the FY2020 Library Budget is up 1.53%, or \$12,825. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The primary increases in the budget are for utility expenses and minor equipment replacement. In FY2020 the Library will also receive an estimated \$23,065 in State Aid that goes directly to the Library and does not require Town Meeting appropriation.



Library Programs and Services





LIBRARY

Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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	3.4	3.4	3.4	3.4
Financial Assistant	1	1	1	1	1
Custodian	0	0	0	0	0
Pages	0.20	0.40	0.60	0.60	0.60
Total Full-time Equivalent	9.60	10.28	10.48	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



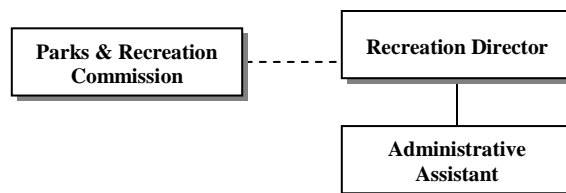
	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
LIBRARY						
Personnel Services						
51100 Professional Librarian Salaries	268,849	287,915	292,183	301,111	146,274	304,166
51120 Library Assistant Salaries	208,063	234,645	232,381	252,328	114,081	253,422
51140 Pages Salaries	3,314	7,186	10,953	13,728	5,288	15,113
51410 Longevity Pay	950	750	900	1,050	1,050	1,250
SUBTOTAL	481,176	530,496	536,418	568,217	266,694	573,951
Expenses						
52110 Utilities	35,931	38,086	37,267	38,000	21,000	39,500
52140 Fuel	5,702	7,416	8,558	8,755	1,100	9,230
52640 Equipment Maintenance	1,503	0	0	1,650	445	1,000
52680 HVAC Maintenance	14,912	6,707	10,606	12,500	4,786	11,500
52800 Contractual Services	50,181	38,070	42,785	44,740	24,121	45,194
53410 Telephone	2,930	3,090	3,305	3,120	1,423	3,324
54290 Office Supplies	15,088	13,105	15,427	16,425	5,561	17,228
54490 Building Maintenance	11,140	7,034	24,613	14,300	5,941	15,000
54590 Custodial Supplies	1,743	2,196	2,362	1,930	1,136	2,350
54690 Materials & Supplies	0	0	0	0	0	0
55120 Books and Periodicals	89,372	83,385	92,976	95,500	47,315	95,500
55130 Supplies	4,131	4,430	5,949	5,000	1,302	5,000
55290 Non-print Media	21,809	27,586	28,078	25,850	8,821	25,850
57110 Travel Mileage	0	274	225	200	81	225
57310 Dues	727	898	849	1,340	1,050	1,000
57340 Meetings	488	467	992	500	40	500
57810 Unclassified	216	125	208	250	0	250
58690 New Equipment	0	737	634	500	99	5,000
SUBTOTAL	255,873	233,606	274,836	270,560	124,221	277,651
TOTAL: LIBRARY	737,049	764,101	811,254	838,777	390,915	851,602



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 FY2019 Initiatives and Accomplishments**

1. Continued to provide comprehensive, quality recreational activities and programming. In FY2019 we offered 634 activities throughout the year.
2. Filled all 7 weeks of Summer Camp.
3. Added more adult programing at night in the gym.
4. Increased awareness of programs through the use of Facebook. We had over 1,141 followers as of October 2018.
5. Continued success with the Northborough Community Gardens, which consists of 30 lots that are available by lottery each year.

Recreation Department FY2020 Goals and Initiatives

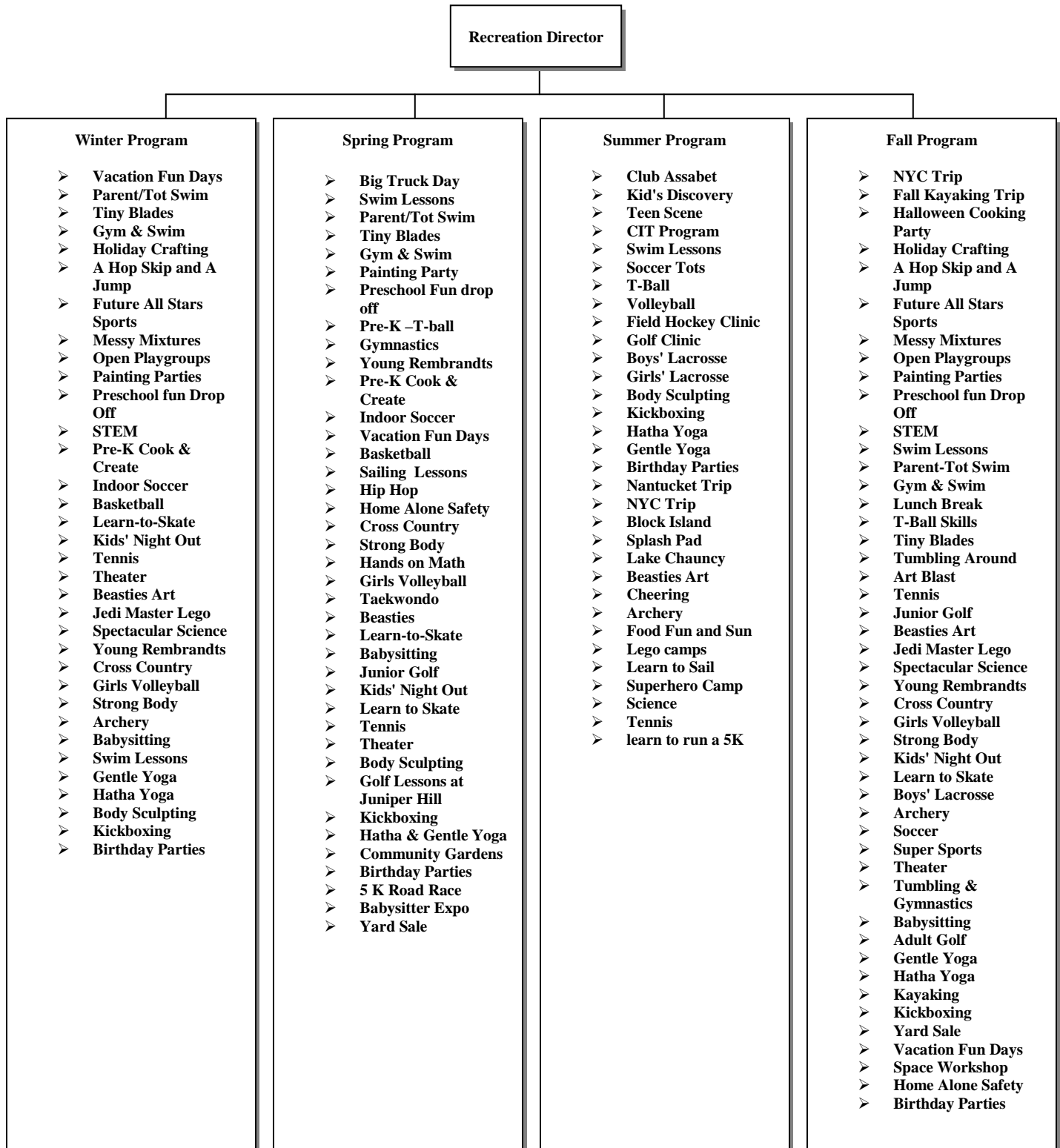
1. Anticipate the needs of the ever-changing community and structure programs accordingly.
2. Continue to increase awareness of Recreation Department programming to the community through social media and the website.
3. Increase awareness of the Challenger Program for those with physical and developmental challenges, ages 5 to 18, by expanding the current sports to other communities.
4. Continue funding 100% of the departmental budget with user fees.

Significant Budget Changes or Initiatives

The FY2020 Recreation Department budget is financially self-sufficient by way of program fees. Program expenses, which includes payroll for part-time and seasonal staff, are paid directly from the Recreation Revolving Fund, while salaries and benefits for the full-time Recreation Director and Administrative Assistant are paid from the General Fund. Article 4 of the 2019 Annual Town Meeting Warrant contains a transfer of \$166,662 from the Recreation Revolving Fund to the General Fund, which is designed to cover the departmental expenses not directly paid 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.



Recreation Department Programs and Services




RECREATION DEPARTMENT
Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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.



Recreation Department

Section 5-17

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
¹RECREATION DEPARTMENT						
Personnel Services						
51100 Director & Admin Salaries	136,451	140,632	144,420	148,318	71,093	149,313
51410 Longevity Pay	700	700	850	850	850	850
SUBTOTAL	137,151	141,332	145,270	149,168	71,943	150,163
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	137,151	141,332	145,270	149,168	71,943	150,163

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 \$166,662 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.



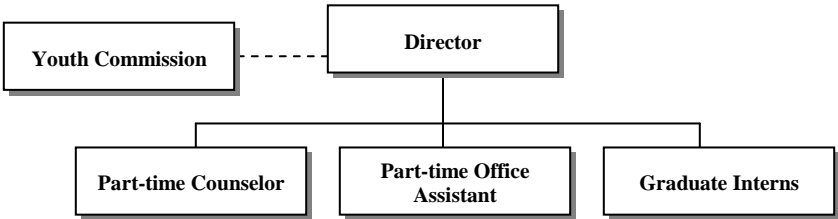
Family & Youth Services Departmental Statement

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 FY2019 Initiatives and Accomplishments

1. In 2018, the Department guided 954 residents to transcend the challenges of depression, anxiety, relationship issues, loneliness and academic concerns through confidential counseling, school-based therapy, parent consultation, crisis intervention, fuel and food assistance, case management and substance use prevention programs.
2. In 2018, the Department responded to requests from 515 residents resulting in 1,001 referrals to mental health services, medical loan equipment, community meals, furniture banks, legal aid and linkage to several other local, state and federal organizations.
3. When the Worcester Area Mission Society learned of “Northborough Cares” they invited us to speak at their April 24, 2018 Meeting. The audience was impressed with our work in formalizing existing partnerships that maximize resources for families.
4. Ashland, Framingham, Hudson, Natick, Northborough and Southborough teamed up to reduce youth substance use through Substance Abuse Prevention Collaborative and Caring Adults Action Team. Working with experts across the country, we provide the evidence-based programs, Hidden in Plain Sight and Positive Youth Development.
5. We continue to be an application site, along with the Senior Center, for the Federal Low Income Home Energy Assistance. South Middlesex Opportunity Council reported in 2018 136 Northborough residents received heating assistance, with a total dollar expenditure of \$109,403.
6. Due to the generosity of TEAMWORKS, we received camp scholarships and were able to offer six children the opportunity to attend a week at their summer camp.
7. We are most grateful for our community partnerships who help to enhance our work with children and families. This community investment, and hard work of our staff, enable us to collectively restore hope to the people we serve. Please see the extensive list of our partnerships on our Town Website.

Family & Youth Services FY2020 Goals and Initiatives

1. With the goal to reduce underage drinking and other substance use amongst youth, we will continue our collaborative work with others to advocate and raise awareness about the prevalence of substance use amongst MetroWest youth:
 - Central MetroWest Substance Abuse Prevention Collaborative:
 - Accept the membership invitation for the newly formed Steering Committee
 - Provide Letters of Support for grant applications by the Collaborative



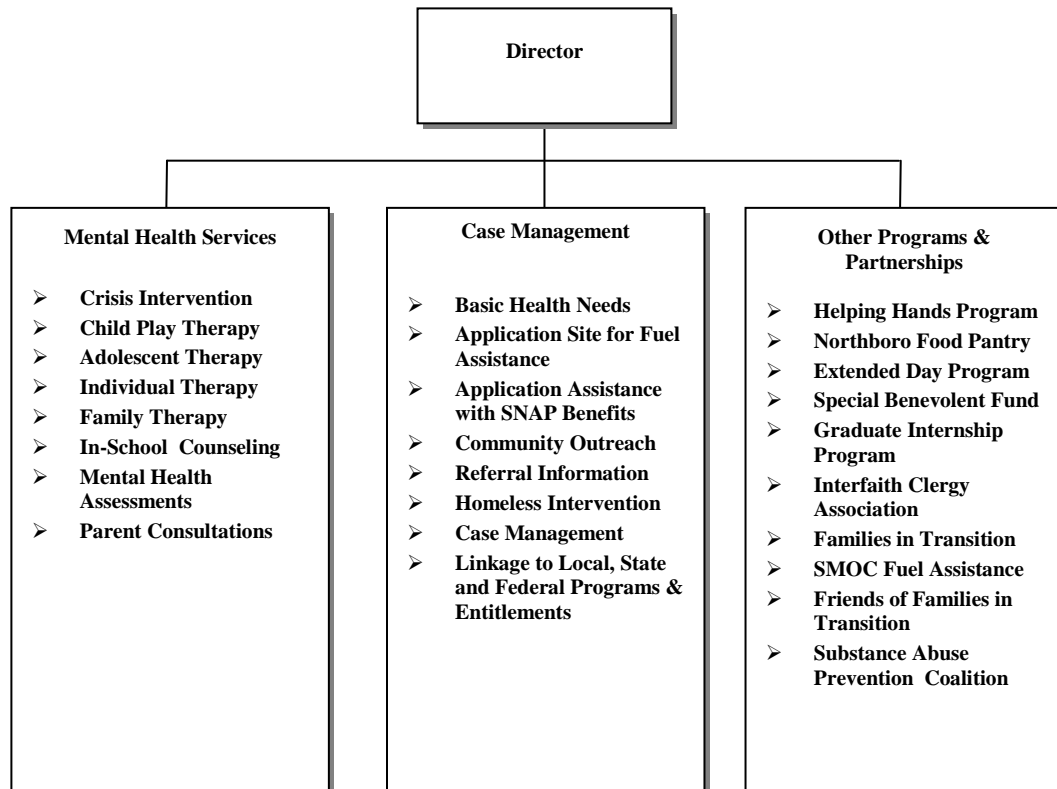
- Caring Adults Action Team:
 - Utilize evidence-based strategies to strengthen youth connections with adults
 - Provide additional Positive Youth Development trainings for caring adults
 - Northborough-Southborough Substance Abuse Prevention Coalition:
 - Co-Chair coalition meetings with the Southborough Youth & Family Director
 - Work with community members from both towns to reduce substance use and offer information for those needing treatment
 - Utilize evidence-based strategies to educate the community, promote healthy choices and foster resiliency for those in recovery
 - Continue to display Hidden in Plain Sight to teach parents how to determine if their child might be experimenting with or using drugs or alcohol
2. Seize opportunities to empower youth to have a voice in meetings with adults, for discussion, offering input and potential solutions to underage drinking:
- Encourage student involvement in the School's Health & Wellness Committee in order for adults to become better informed from a student perspective
 - Seek input from the High School Student Liaisons on the Youth Commission
3. Continue to raise awareness and advocate for mental health services, at a time in which the prevalence of disorders in children and adolescents is at an all-time high.
- Provide education about the impact of serious mental health disorders on the functional status of youth, especially in the areas of academics, social and home
 - Collaborate with the School District to address the service gap for mental health resources for children and families
 - Research strategies used by other States and Towns to address the need for mental health services through discussion at Youth & Family Network Meetings and researching sites such as the National Association of Social Workers.

Significant Budget Changes or Initiatives

There are no significant changes to the FY2020 Family and Youth Services Department budget, which is up 0.81%, or \$1,214. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.



Family & Youth Services Programs and Services



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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Office Assistant*	.48	.48	.48	.48	.48
Counselor	.48	.48	.48	.48	.48
Total Full-time Equivalent	1.96	1.96	1.96	1.96	1.96

Personnel Explanation:

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



Family & Youth Services

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	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
FAMILY & YOUTH SERVICES						
Personnel Services						
51100 Director Salary	83,993	85,673	87,387	89,135	42,853	89,135
51120 Part-time Counselor	25,209	28,101	29,653	30,860	13,222	31,437
51140 Part-time Admin. Asst Wages	19,949	19,275	20,981	22,971	4,511	23,180
51410 Longevity Pay	200	200	350	350	350	350
SUBTOTAL	129,352	133,249	138,370	143,316	60,935	144,102
Expenses						
53080 Clinical Consultants	450	1,525	1,000	2,600	0	2,600
53190 Training	320	788	943	1,020	220	1,020
53580 Program Supplies	614	773	1,166	1,200	530	1,200
57110 Travel/Mileage	887	1,360	1,805	832	528	1,260
57320 Subscriptions	225	573	300	425	239	425
SUBTOTAL	2,496	5,020	5,214	6,077	1,517	6,505
TOTAL: FAMILY & YOUTH SERVICES	131,848	138,268	143,584	149,393	62,452	150,607



Cable Access TV Departmental Statement

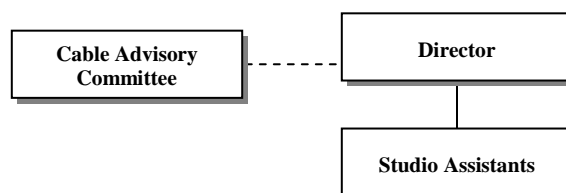
The Cable Access TV Department, under the direction of the Cable Access Director, is responsible for the operations of the three local access television stations, which are Public Access, Educational Access and Government Access Television. The Director is also responsible for overseeing the provisions 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 FY2019 Initiatives and Accomplishments

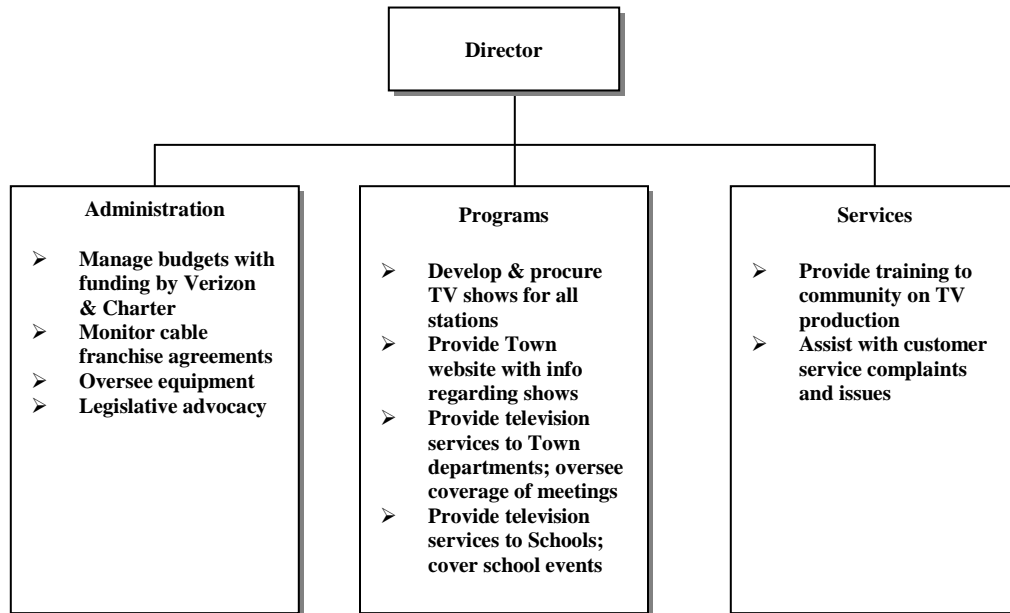
1. Added expandable Network Area Storage to provide efficient shared use of digital video resources and maintain archives of historical programming.
2. Continued to greatly expand the amount and quality of locally produced television shows.
3. Negotiate extended contracts with Charter and Verizon and work with legislators to protect and maintain funding for local television.
4. Continue to develop more efficient automated inventory and checkout systems.

Cable Access TV Department FY2020 Goals and Initiatives

1. Replace old studio cameras and promote the utilization of the state-of-the-art studio for use by both students and the community at large.
2. Expand meeting coverage.
3. Expand social media presence and ease of use website development.

Significant Budget Changes or Initiatives

Overall, the Cable Access budget decreases in FY2020 by \$57,732 primarily due to completed capital expenditures. Contractual capital and operational payments received from Charter Communications and Verizon continue to provide all departmental funding. The Town is currently in negotiations with Verizon and Charter for cable contract renewals and as part of the negotiations the Town must balance the fees added to the cable bills with the desired level of services. One significant concern is that the cable industry continues to evolve and an increasing number of people are cutting the cable cord, resulting in declining cable revenues. The Town is legally prohibited from adding fees to phone or internet services, so declining cable fees will continue to put pressure on PEG Access funding for the coming years.

**Cable Access TV Department Programs and Services**

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Studio Assistant	1.38	1.38	1.38	1.38	1.38
Seasonal Studio Assistants	.13	.13	.13	.13	.13
Total Full-time Equivalent	2.51	2.51	2.51	2.51	2.51

***Personnel Explanation¹:**

- There is one full-time Studio Assistant and 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.

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Cable Access TV



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
CABLE ACCESS TV						
Personnel Services						
51110 Director Salary	66,384	69,068	71,226	72,729	34,966	72,729
51120 Studio Assistants	38,917	61,400	62,991	74,071	29,960	80,531
51410 Longevity Pay	500	500	500	500	500	650
SUBTOTAL	105,801	130,968	134,718	147,300	65,426	153,910
Expenses						
51730 Town FICA Expense	0	0	0	0	0	2,232
51750 Town Health Insurance	14,988	33,153	38,080	32,998	32,998	32,998
52800 Contractual Services	2,170	2,170	3,153	4,500	1,647	12,500
53040 Computer Services	2,478	3,268	6,510	7,500	2,012	11,000
53410 Telephone	1,380	1,457	1,528	1,700	653	1,700
53720 Maintenance	331	405	0	2,000	0	2,000
54290 Office Supplies	1,064	4,440	2,187	5,500	571	5,000
54690 Studio Materials	5,579	8,701	18,836	11,500	5,906	15,500
56220 County Retirement Assessment	8,094	14,842	15,624	17,350	17,350	15,776
57110 Travel/Mileage	255	202	189	500	0	500
57310 Dues	300	350	350	450	200	450
58690 New Equipment/Capital	29,885	123,640	1,340	130,000	0	50,000
59990 Other Financing Uses	0	0	0	0	0	0
SUBTOTAL	66,523	192,629	87,797	213,998	61,337	149,656
TOTAL: CABLE ACCESS TV	172,325	323,597	222,515	361,298	126,762	303,566

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 FY2019 Accomplishments

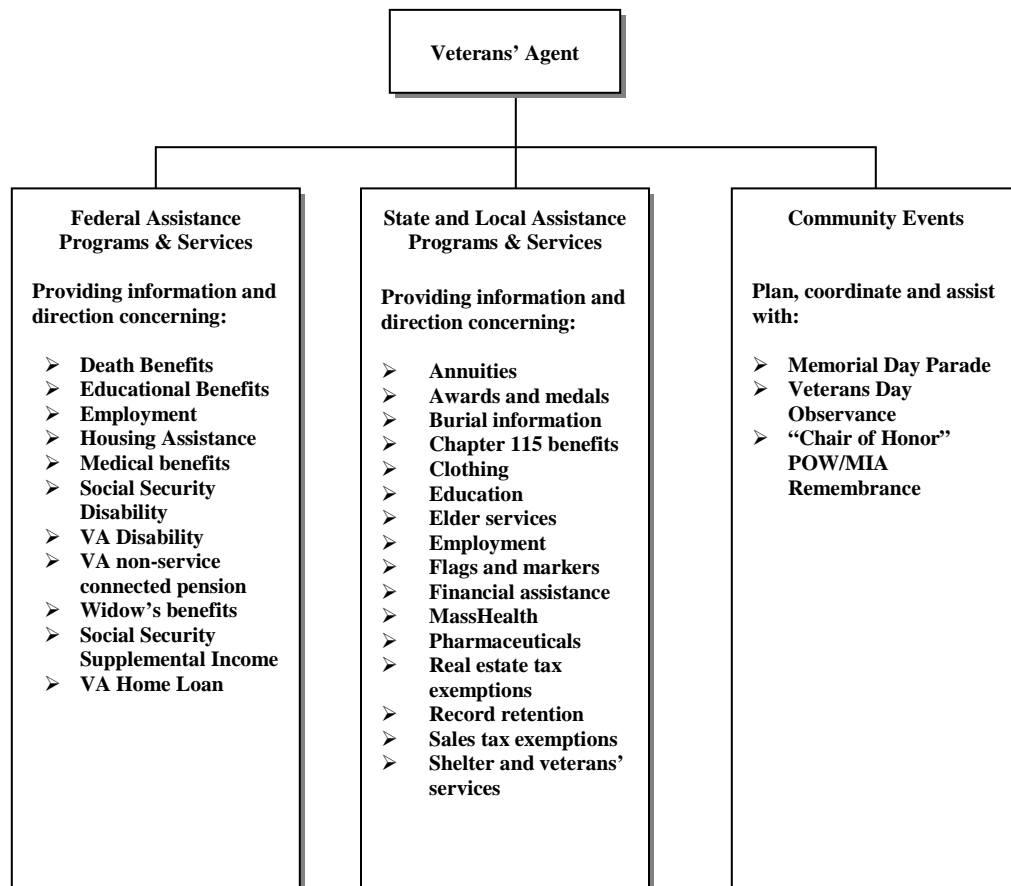
1. Continued to provide supportive services to active duty military, veterans and their families in partnership with local public and private organizations. The District coordinated, hosted and participated in events throughout the year, including various memorial services, Memorial Day and Veterans Day activities.
2. Veterans' Services staff continued to host and participate in various community events designed 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.
3. 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.
4. Continued to work in partnership with Northborough Senior Center staff to expand outreach efforts to identify low-income individuals eligible for additional financial assistance based on their service or that of a family member.
5. 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 \$1.6 million in annual VA benefits.



Significant Budget Changes or Initiatives

Since the formation of the Central Massachusetts Veterans' District in FY2014 with the Towns of Grafton, Shrewsbury and Westborough, Northborough's share of the District budget has remained stable at 16% (\$19,208) of the overall administrative expenses in FY2020.¹ 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 FY2020. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services as part of the Town's state aid revenue, the Town is required to budget for the benefit payments in full in advance of the reimbursement. Overall, the FY2020 Veterans' Services budget is increasing by 1.59%.

Veterans' Services Programs and Services



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



Veterans' Services

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VETERANS' SERVICES

Personnel Summary

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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.

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Veterans' Services



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 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	30,735	33,067	47,120	57,000	23,067	57,000
55090 District Expenses	13,524	15,890	11,905	17,948	0	19,208
57810 Unclassified	3,407	3,682	2,824	4,500	0	4,500
SUBTOTAL	47,666	52,639	61,849	79,448	23,067	80,708
TOTAL: VETERANS' SERVICES	47,666	52,639	61,849	79,448	23,067	80,708



Community Service Committees

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Cultural Council

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

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
CULTURAL COUNCIL							
Expenses							
57810	Unclassified	500	500	500	500	500	500
	SUBTOTAL	500	500	500	500	500	500
TOTAL: CULTURAL COUNCIL		500	500	500	500	500	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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
COMMUNITY AFFAIRS						
Expenses						
57810 Unclassified	500	500	500	500	0	500
SUBTOTAL	500	500	500	500	0	500
TOTAL: COMMUNITY AFFAIRS	500	500	500	500	0	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.

	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
HISTORIC DISTRICT COMMISSION						
Expenses						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
53110 Printing	0	0	0	0	0	0
57340 Meetings	225	0	0	500	340	500
58690 New equipment	0	0	0	0	0	0
SUBTOTAL	225	0	0	500	340	500
TOTAL: HISTORICAL COMMISSION	225	0	0	500	340	500



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Undistributed Expenses

Section 6



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Undistributed Expenses

Section 6-1

Undistributed Expenses

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	4,590,594	4,934,245	5,395,882	5,732,512	3,054,202	5,847,083
Transfer to OPEB Trust	500,000	500,000	500,000	500,000	500,000	550,000
Life Insurance	7,080	5,863	6,502	8,930	2,951	8,930
Other Benefits/FICA	381,928	379,909	403,110	452,653	200,396	473,800
Worcester Regional Retirement	1,415,244	1,531,756	1,612,608	1,790,753	1,790,753	2,047,554
Workers Comp	109,700	117,619	116,817	151,330	131,022	141,330
SUBTOTAL EMPLOYEE BENEFITS	7,004,546	7,469,392	8,034,919	8,636,178	5,679,324	9,068,697
Building & Liability Insurance						
	199,061	234,703	239,753	258,959	235,215	258,959
Debt Service	2,488,169	2,923,648	2,842,319	2,801,244	377,585	2,666,815
State Assessments	258,560	184,871	235,976	261,089	126,454	255,166
Reserve for Abatements¹	623,081	366,912	280,000	335,594	335,594	608,050
Cherry Sheet Offset Items²	19,972	21,604	22,559	23,088	23,088	23,065
Stabilization Fund Contribution	200,000	200,000	200,000	200,000	200,000	200,000
Reserve Fund³	0	0	0	175,000	0	175,000
Warrant Articles⁴	4,129,000	3,560,000	2,107,000	1,870,000	0	4,951,000
TOTAL: UNDISTRIBUTED EXPENSES	14,922,389	14,961,130	13,962,526	14,561,152	6,977,533	18,206,752

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. 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.

During FY2018, in an effort to control the escalating costs of health insurance, the Town issued a Request for Proposals to various health insurance providers. The result of that process was a move to consolidate carriers under the Fallon Community Health Plan for FY2019. 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). Due to favorable claims data, the renewal with Fallon will not result in any premium increase for FY2020. 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, 2019 a total of 291 active employees (87 Town and 204 K-8 School), and 203 retirees (59 Town and 144 K-8 School, including covered dependents) were enrolled in one of the Town's health insurance plans. The following rate schedule was used in budgeting for FY2020, following a confirmed zero percent increase renewal on active plans from Fallon:

Health Insurance Plan		7/1/2019 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2019 Town Monthly Expense		7/1/2019 Employee Monthly Expense		7/1/2019 Town Monthly Expense		7/1/2019 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

A number of years ago, the Town negotiated a 60% Town and 40% Town Employee share of any premium changes. Therefore in FY2020, the Town contribution will remain 65.5% of the monthly Fallon HMO premiums for Town employees due to the confirmed zero percent increase renewal from Fallon. 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 FY2020. 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 FY2020 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2020. The following rate schedule will be in place until the calendar year renewal.

Health Insurance Plan		1/1/2019 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
			1/1/2019 Town Monthly Expense	1/1/2019 Retiree Monthly Expense		
Fallon Senior	Ind	399.00	70%	279.30	30%	119.70
	Ind x2	798.00	70%	558.60	30%	239.40
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	402.43	51%	205.24	49%	197.19
	Ind x2	804.86	51%	410.48	49%	394.38

* 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

Section 6-4

Undistributed Expenses



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

In addition, to address 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 premium increases reasonable. The Town implemented higher co-pays for office and emergency room visits as well as higher copayments for inpatient and outpatient services. In addition, the Town began to offer an opt-out program, whereby an incentive is paid to those employees who were continuously covered for the previous 24 months and choose to "opt-out" of their health coverage provided other coverage is available to them. 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, which the Town also self-insured through its HRA.

In FY2019, the Town faced initial renewal quotes in double digit percentages, so with the intent to control costs for that year and into the future, the Town issued a Request for Proposals (RFP) for a sole provider. With the results of the RFP, the recommendation was made to move to Fallon Community Health Plan. This change offered the traditional HMO plan as well as a limited network HMO plan at a lower cost as an option for employees. With the single provider, FY2019 saw a budget increase of 3.8% over the prior year to \$5.7 million. For FY2020, as a continuation of the plan consolidation with Fallon and having favorable claims data during FY2019, the Town signed a zero percent increase renewal for FY2020. This will result in a 2% increase in the budget to \$5.8 million, as the migration factor is rebuilt into the budget, which is the amount included for new enrollments and transitions following retirements.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
HEALTH INSURANCE						
Expenses						
51750 Town Health Insurance	942,779	993,285	1,066,433	1,180,199	589,575	1,197,346
51755 Town Retiree Health Ins.	294,717	303,542	341,710	362,564	176,684	362,837
51800 School K-8 Health Insurance	2,825,639	3,043,485	3,324,449	3,469,138	1,915,210	3,513,248
51805 School K-8 Retiree Health Ins.	521,357	566,522	618,049	670,611	365,133	713,352
51850 Health Reimbursement Account	6,100	27,412	45,240	50,000	7,600	60,300
SUBTOTAL	4,590,594	4,934,245	5,395,882	5,732,512	3,054,202	5,847,083



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. The OPEB liability is defined as the present value of the benefit for retired and vested employees. The unfunded liability is the amount payable in the future, where the actuarial value of the benefits exceeds the value of funds previously set aside to pay the expense (in an irrevocable trust). The concept for recognizing OPEB was required by the Governmental Accounting Standards Board (GASB)⁵. Under the GASB's Statement #45, the Town was required to begin to be recognizing this liability in its financial statements starting FY2009.

The Town's first actuarial study calculated the liability to be \$90.4 million. However, following the adoption of MGL Chapter 32B, Section 18 in 2009, the Town's Unfunded Actuarial Accrued Liability (UAAL) for OPEB was greatly reduced to \$34.3 million. At the close of FY2011, an actuarial 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. 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 which was calculated to be \$37.4 million (net of the trust fund balance). The GASB has since clarified and replaced Statement #45, with Statements #74 and #75, and under GASB #75 the Town's latest liability was calculated to be \$44.88 million (Net OPEB Liability) under the new standards at the end of FY2018.

The Town adopted the local option Meals Tax surcharge and an increase in a Room Occupancy tax in FY2015 in part to help provide the capacity for an initial \$500,000 funding for the OPEB Trust Fund. In the next four years from FY2016 through FY2019 another \$500,000 per year has been transferred to the OPEB Trust fund. The funds have been invested with the state's Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund, which contains \$69.3 billion as of December 31, 2018, 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 FY2020 Budget provides for a \$550,000 contribution to the OPEB Trust Fund, which is a \$50,000 increase above the prior year's contribution. The increase is intended to recognize the growing liability, since the actuarial studies have involved medical cost trends growing faster than inflation, as well as longer life expectancies. Increased life expectancy, while positive, leads to a higher liability. Therefore the Town's annual contributions, although significant, are not yet lowering the liability. For the Town to have maintained a level Net OPEB liability from FY2017 – FY2018 it would have had to have contributed an additional \$2.1 million during FY2018. However, as the

⁵ The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.



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balance in the Trust Fund grows, the cumulative effect of positive investment returns will begin to be more substantial. In addition, when the unfunded pension liabilities are fulfilled by the Worcester Regional Retirement System's goal for full funding by 2035, the funds from the pension assessment should be redirected to address the unfunded OPEB liability.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	500,000	500,000	500,000	500,000	500,000	550,000
SUBTOTAL	500,000	500,000	500,000	500,000	500,000	550,000

Life Insurance

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	2,451	1,508	1,647	4,108.00	786	4,108
51745 School K-8 Life Insurance	4,628	4,355	4,855	4,822.00	2,165	4,822
SUBTOTAL	7,080	5,863	6,502	8,930	2,951	8,930



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 \$795/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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	116,969	108,634	115,068	110,679	66,284	125,620
51733 FICA School Share	238,851	255,296	261,684	265,634	129,241	271,083
51735 Unemployment Compensation	7,344	0	13,079	60,000	0	60,000
55090 Miscellaneous Benefits	18,764	15,979	13,279	16,340	4,872	17,097
SUBTOTAL	381,928	379,909	403,110	452,653	200,396	473,800



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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, while the system's actual funding schedule targets full funding by 2035. The total source of funding is the annual Town assessment together with employee contributions for each member unit.

The FY2020 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 \$30,084,261 as of January 1, 2018. 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, 2018, the State's contribution to this plan was \$1,235,515 on behalf of the Town.

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



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The total FY2020 Worcester Regional Retirement Assessment is \$2,118,897. The \$2,047,554 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$33,340), the Sewer Enterprise Fund (\$22,227) or the Cable Access TV budget (\$15,776)⁷.

The FY2020 General Fund increase of \$256,801 represents a significant 14% rise in costs, primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2035.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
WORCESTER REGIONAL RETIREMENT						
Expenses						
56220 Retirement Assessment	1,415,244	1,531,756	1,612,608	1,790,753	1,790,753	2,047,554
SUBTOTAL	1,415,244	1,531,756	1,612,608	1,790,753	1,790,753	2,047,554

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 \$10,000 or 6.6% budgetary decrease for FY2020. There are two key factors that drive fluctuations in Workers' Compensation insurance premiums: claims experience and payroll costs (higher payroll costs associated with increases in wage rates and salaries and/or additional staffing generally result in higher premiums). The Town has participated in a wide variety of safety training programs offered by its insurer, MIIA, that are intended to reduce work-related injuries. These programs are specifically designed to address risks faced by municipal employees, are offered free of charge, and help the Town proactively manage its claims risk, thereby keeping costs down. These factors have resulted in the Town being able to reduce its Workers' Compensation budget slightly for FY2020.

	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	109,119	114,363	116,432	146,330.00	128,682	136,330
53080 Police/Fire Injured on Duty (IOD) Medical Payments	581	3,256	385	5,000.00	2,341	5,000
SUBTOTAL	109,700	117,619	116,817	151,330	131,022	141,330

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.



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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 0% budgetary increase for FY2020 based on recent favorable claims experience.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	199,061	234,703	239,753	258,959	235,215	258,959
SUBTOTAL	199,061	234,703	239,753	258,959	235,215	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 the debt burden remains manageable.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	1,827,532	2,072,532	2,024,382	2,060,533	62,398	1,996,500
59150 Interest/Long-term Debt	659,680	851,115	782,757	740,711	315,187	670,315
59270 Interest/Temporary Loans	957	0	35,180	0	0	0
SUBTOTAL	2,488,169	2,923,648	2,842,319	2,801,244	377,585	2,666,815

For FY2020, the total Debt Service for the General Fund is \$2.67 million, a decrease of \$134,429. The largest component of the debt service budget in FY2020 is for the Lincoln Street School, which is \$1,075,875. This is a slight decrease from the FY2017 peak of \$1,144,882. Since the project is now finalized, being completed on time and approximately \$1.38 million under budget, it's anticipated that the surplus bond proceeds from this project will be used to fund the next phase of the Fire Station building project. In preparation for this, and other more significant building projects, issuance of debt for smaller capital projects has been curtailed to minimize the tax impact. This practice is in accordance with the Town's 2010 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 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 2018 EQV	\$2,982,076,900
Debt Limit (5% of EQV)	\$ 149,103,845

Northborough's total issued short and long term debt principal, both inside and outside the debt limit as of June 30, 2018, is \$30,191,534, significantly below the statutory debt limit.



Undistributed Expenses

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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 specifically defined Gross and Net debt limits for the annual General Fund debt service expressed as a percentage of the proposed budget.

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

The estimated FY2020 General Fund debt service budget is well under the local debt policy limits, as Gross General Fund Debt is 5.2% of the proposed budget, which is well within the Town's policy limits: \$2,666,815 plus \$762,930 in overlapping debt from the regional school districts divided by an expense budget of \$66,016,688. The Net General Fund debt represents only 4.6% of FY2020 expenditures, when \$382,543 in State School Building Authority payments are subtracted, again being well within the policy limit. See Appendix A, page 4 for more information on the Town's specific debt policy.

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 first bond issuance 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.

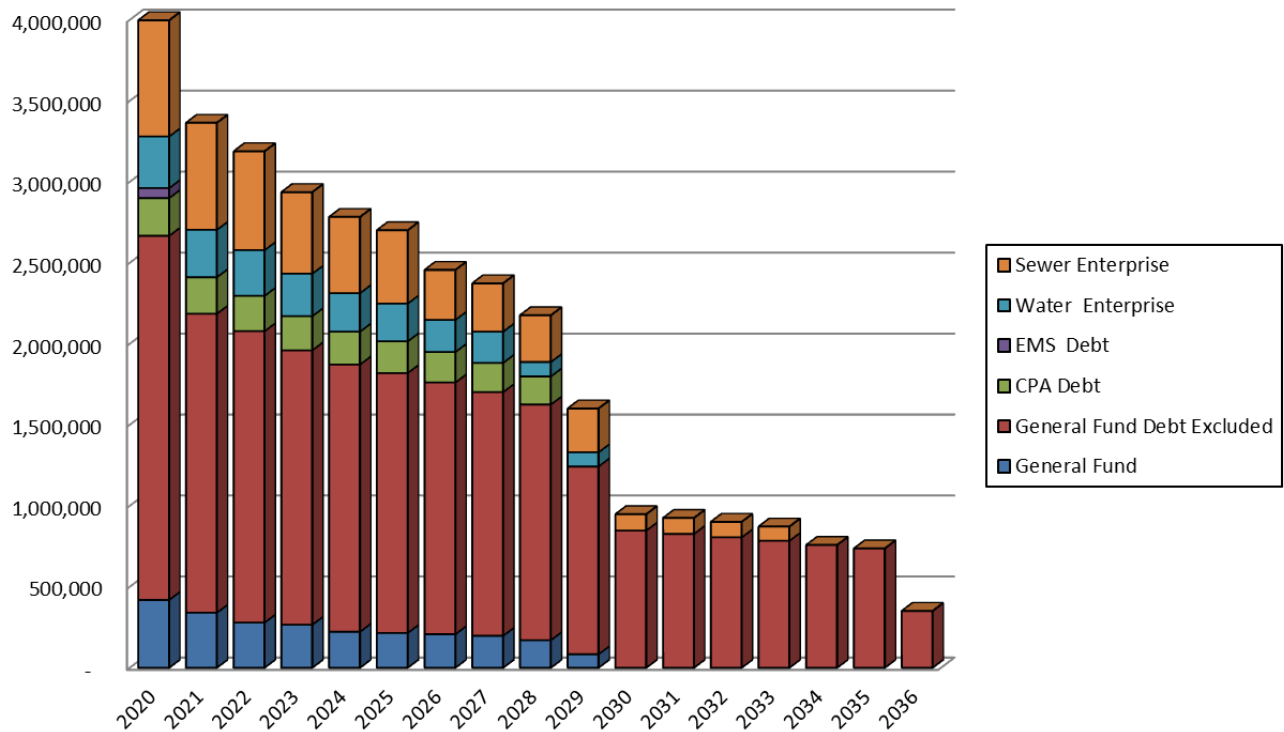
<u>Moody's</u> <u>Investor Service</u> <u>Bond Rating</u>
Aaa
➡ Aa1
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Total Long Term Debt Service - All Funds

The total long term annual debt service from FY2020 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 the Water and Sewer Enterprise Funds. The figures include all existing debt, including projections for items currently in short-term debt.



Total Long Term Annual Debt Service By Fund



Total Long Term Annual Debt Service By Fund

Fiscal Year	General Fund	General Fund Debt Excluded	CPA Debt	EMS Debt	Water Enterprise	Sewer Enterprise	Total Debt Service
Due	Fund	Debt Excluded	Debt	Debt	Enterprise	Enterprise	Debt Service
2020	418,474	2,248,341	232,858	61,500	318,973	716,542	3,996,687
2021	339,644	1,845,790	225,400	-	292,787	660,168	3,363,788
2022	278,714	1,799,263	217,942	-	282,182	609,740	3,187,840
2023	265,384	1,694,308	210,484	-	262,697	503,006	2,935,878
2024	222,166	1,649,793	203,026	-	237,794	469,913	2,782,692
2025	214,686	1,604,843	195,568	-	233,254	452,420	2,700,771
2026	207,020	1,553,979	188,110	-	198,588	307,982	2,455,679
2027	197,168	1,504,509	180,652	-	192,533	297,974	2,372,835
2028	170,400	1,454,919	173,194	-	89,075	287,967	2,175,554
2029	83,200	1,159,225	-	-	87,581	270,289	1,600,295
2030	-	846,775	-	-	-	100,650	947,425
2031	-	826,400	-	-	-	97,950	924,350
2032	-	805,100	-	-	-	95,250	900,350
2033	-	783,800	-	-	-	87,550	871,350
2034	-	757,500	-	-	-	-	757,500
2035	-	736,350	-	-	-	-	736,350
2036	-	350,200	-	-	-	-	350,200
Total	2,396,855	21,621,092	1,827,234	61,500	2,195,462	4,957,400	33,059,543



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

The FY2020 Assessments represented below are from the Governor's Budget. Historically, the Town does not receive its final State Assessments until well after Town Meeting in April. Three categories of State assessments account for approximately 72% 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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	50,238	58,514	60,159	59,379	29,694	64,210
56400 Air Pollution Assessment	5,269	5,401	5,229	5,367	2,688	5,418
56420 MBTA	74,302	74,530	72,019	74,866	37,434	77,530
56430 Regional transportation Ch 161 B	22,473	22,844	26,271	25,601	12,804	25,440
56450 Parking Surcharge Ch 90	8,760	7,960	7,960	7,960	3,984	7,960
56440 Special Education	0	0	0	0	0	152
56455 School Choice Sending Tuition	13,268	15,622	18,180	32,295	13,916	32,144
56460 Charter School Sending Tuition	84,250	0	46,158	55,621	25,934	42,312
SUBTOTAL	258,560	184,871	235,976	261,089	126,454	255,166



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 FY2020, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$608,050, which represents approximately 1.15% of the estimated tax levy.

Cherry Sheet Offset Items

Cherry Sheet Offset Items represent 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 FY2020 is \$23,065 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, 2018, the balance in the Stabilization Fund is \$4.57 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 with Free Cash as the source. The FY2020 budget provides for another contribution to the Stabilization Fund of \$200,000 from Free Cash 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.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	200,000	200,000	200,000	200,000	200,000	200,000
SUBTOTAL	200,000	200,000	200,000	200,000	200,000	200,000
TOTAL: STABILIZATION FUND CONTR.	200,000	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. A number of years ago this fund was budgeted at \$100,000, however during some years the budget for this fund had been reduced significantly due to financial constraints, specifically down to \$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 was level funded from FY2012 through FY2015 at \$150,000 annually. 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 from FY2017 through FY2019 per year. An appropriation of \$175,000 from Free Cash is again proposed for FY2020.

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.

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		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, bond proceeds, and/or other available funds. In FY2020, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, and the FY2020 Capital Improvement Plan (CIP) which in total amounts to \$4,951,000. The funding sources for the CIP are \$861,167 from Free Cash, \$129,833 transfer from a prior year capital article, \$1,383,452 transfer from surplus bond proceeds from the completed Lincoln Street School project, \$115,000 from Water Enterprise Free Cash, and \$30,000 from Sewer Enterprise Free Cash. The CIP totals \$4,951,000, and together with the other warrant articles the total expenditures come to \$5,326,000.

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 FY2020 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). This article is funded from Free Cash.
- \$200,000 for the Stabilization Fund—After multiple years without an appropriation, funding for the Stabilization Fund was restored in FY2016, and funded from FY2017 through FY2019 in the amount of \$200,000 per year (see page 6-17 for more detail). This article is funded from Free Cash.
- \$145,000 for Police Cruiser Replacements (CIP) — This request provides for the replacement of three 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. This article is funded from Free Cash.
- \$315,000 for Ambulance Replacement (CIP) – This request provides for the replacement of one of three ambulances that the Town currently operates (two per shift, and one in reserve). This article will be financed by debt, with the payments coming from the Fire Department's EMS Revolving Fund.
- \$3,500,000 for Fire Station Design, OPM, and Land Acquisition (CIP) — This request provides funds for Phase I of a project to build a new fire station, including buying land for the building to be sited. This article will be funded via a \$1,383,452 transfer from surplus bond proceeds remaining in the completed Lincoln Street School capital project fund, and new bonds in the amount of \$2,116,548.
- \$90,000 for One-Ton Pickup Truck with Plow (CIP)—This request provides funds to replace a public works truck and plow. This article is funded from Free Cash.



Section 6-20

Undistributed Expenses

- \$271,000 for 20-Ton Dump Truck w/ Spreader and Plow (CIP) — This request provides funds to replace a public works truck and related equipment. This article is funded from Free Cash.
- \$300,000 for Roadway Maintenance and Improvements (CIP)—This Article provides funds in addition to the State's Chapter 90 Transportation Bill allocation in order to maintain current road conditions in accordance with the Pavement Management Plan. This article is funded from Free Cash.
- \$75,000 for Water/Sewer Division Garage Design (CIP)—This request provides funds to design a garage for use by the Water and Sewer Division. This article will be funded by a transfer of \$45,000 from Water Enterprise Free Cash and \$30,000 from Sewer Enterprise Free Cash.
- \$70,000 for Assabet Water Storage Tank Rehabilitation Design (CIP)— This request is to fund the design and rehabilitation of an existing water tank in order to continue providing quality water services to the residents of Northborough. This article will be funded by a transfer from Water Enterprise Free Cash.
- \$185,000 K-8 Public Schools Communication and Security Enhancements (CIP) – This request is to provide for communication and security upgrades at the Town's four elementary and one middle school. This article will be funded from a transfer from the prior year's Zeh School boiler article in the amount of \$129,833 and Free Cash in the amount of \$55,167.



Undistributed Expenses

Section 6-21

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING							
SPECIAL WARRANT ARTICLES							
Expenses							
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				
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			

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)

FY2016 FY2017 FY2018 FY2019 FY2019 FY2020
BUDGETED¹⁰ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

TOWN MEETING SPECIAL WARRANT ARTICLES

Expenses						
51831 Sewer W Main Pump Station			400,000			
51832 Water Service Truck Replacement			100,000			
51833* Proctor School Roof Repairs	200,000		300,000			
52013* Police Cruiser Replacements	85,000	85,000	87,000	87,000		145,000
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		
52016* DPW Road Improvements		300,000	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		
52012 Fire Ambulance Replacement						315,000
52020 Fire Station Phase I						3,500,00
52014 DPW One-Ton Dump Truck						90,000
52015 DPW 20-Ton Dump Truck						271,000
52017 Water/Sewer Garage Design						75,000
52018 Assabet Water Tank Rehab.						70,000
52019 School K-8 Security Upgrades						185,000
SUBTOTAL	4,129,000	3,560,000	2,107,000	1,870,000		4,951,000
59810 Reserve Fund	175,000	175,000	175,000	175,000		175,000
59950 Stabilization Fund	200,000	200,000	200,000	200,000		200,000
TOTAL	4,504,000	3,935,000	2,482,000	2,245,000		5,326,000

*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



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Public Education

Section 7-1

Northborough K-8 Public Schools

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

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

In FY2020, the proposed K-8 School budget is an increase of \$662,965 or 2.73%.

	FY2015 ACTUAL	FY2016 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
NORTHBOROUGH K-8 SCHOOLS						
K-8 School Department	21,741,419	22,645,509	23,297,829	24,265,593	9,250,851	24,928,558
TOTAL	21,741,419	22,645,509	23,297,829	24,265,593	9,250,851	24,928,558

Northborough K-8 Public School											
Enrollment as of October 1, 2018											
	Grade										
School	Pre-K	K	1	2	3	4	5	6	7	8	Totals
Lincoln		41	40	40	48	43	37				249
Peaslee		40	38	54	63	42	40				277
Proctor		36	35	40	43	50	34				238
Zeh		34	40	40	43	42	45				244
Melican								181	201	198	580
	0	151	153	174	197	177	156	181	201	198	1588

*Approximately 40 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 FY2020 budget.****



Northborough-Southborough Regional High School

The Northborough-Southborough Regional 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 FY2020 operating assessment is \$12,252,514 which is a \$947,800 increase, or 8.38%. This significant increase is primarily due to 21 additional students attending the high school from Northborough. The debt for ARHS increases by \$10,668, or 1.75%, to \$621,442. Additionally, the debt exclusion will be reduced by \$220,000 which is the amount of the estimated FY2020 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 \$958,468, or 8.04%, to \$12,873,956.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ALGONQUIN REGIONAL HIGH SCHOOL						
19981 Algonquin Regional Assessment	9,421,675	10,071,650	10,406,325	11,304,714	5,655,403	12,252,514
19981 Debt- Exclusion – Prop 2 1/2	656,493	661,206	660,574	610,774	305,387	621,442
19981 Debt – Not Excluded	0	0	0	0	0	0
TOTAL	10,078,168	10,732,856	11,066,899	11,915,488	5,960,790	12,873,956

Algonquin Regional High School Enrollment as of October 1, 2018					
	Grade				
Town	9	10	11	12	Totals
Northborough	200	258	207	229	894
Southborough	135	135	137	147	554
Other	1	2	2	2	7
	336	395	346	378	1455

****For detailed information regarding the Northborough/Southborough Regional High School budget, initiatives and goals, please see the School Superintendent's FY2020 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 FY2020 budget is \$21,960,000 which is an increase of \$896,000, or 4.25%.

As of October 1, 2018, 45 Northborough students attend Assabet Valley, which represents 5.38% of the FY2020 overall Assabet budget, or an operating assessment of \$694,822. This is an enrollment increase of 4 from the 41 Northborough students that attended Assabet Valley last year. Northborough's FY2020 share of the debt assessment from the completed building renovation project is \$141,488, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$836,310, which is an increase of \$78,588, or 10.37%.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
ASSABET VALLEY REG TECH HIGH SCH						
53260 Assabet Regional Assessment	868,431	688,313	741,661	612,406	306,203	694,822
53265 Assabet Non-Excluded Debt	15,006	192,135	151,232	145,316	145,316	141,488
TOTAL	883,437	880,448	892,893	757,722	451,519	836,310

****For more information regarding the Assabet Valley Regional Technical High School budget, initiatives and goals, please see the Assabet Valley's School Superintendent's FY2020 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 FY2020.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
NORFOLK AGRICULTURAL HIGH SCHOOL						
56470 Norfolk Agricultural Assessment	47,594	48,979	27,042	0	0	0
TOTAL	47,594	48,979	27,042	0	0	0

Enterprise Funds

Section 8



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Solid Waste Enterprise Fund Statement

On January 1, 2003 the Town began a fee-based solid waste program commonly referred to as "Pay-As-You-Throw" (PAYT). The PAYT program is overseen by the Town Engineer and requires residents to use Town of Northborough designated trash bags in order to have their trash and recycling collected at curbside by the Town's contractor. The PAYT program is operated as an enterprise fund intended to generate fee revenue to cover 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 FY2020 Budget Changes or Initiatives

Recycling markets throughout the United States are going through a difficult and complicated transition. For many years China had been the primary market for our country's recyclable materials. They offered the unique benefit of available shipping containers here in the United States that needed to go back to China, which had been loaded with recyclable materials. In early 2018 China revised their specifications for acceptance of recyclable materials to an unachievably low contamination standard, which eliminated the option of exporting these commodities to China. This has resulted in the need for a fast and drastic change to market for recyclable materials here in the United States.

The impact to central Massachusetts is similar to that of the rest of our nation. In years past, the value of recyclable materials would offset the cost of collecting and sorting them, which is no longer the case. As an example, certain materials which are heavy and costly to process for recycling, such as glass, have no market value, while others have very limited value due to an overabundance of availability. It can be summarized simply that there is far too much supply with very little demand.

Market instability is projected to continue until new material recovery facilities can be brought on-line here in the United States and in emerging countries around the world. The cost of this transition unfortunately is being borne by communities such as ours. MassDEP regulates that recyclable materials may not enter the solid waste stream, therefore collection and processing is mandated. As of the issuance of this budget report the cost per ton to process recyclable materials exceeds the cost to dispose of solid waste which results in the significant increase to this enterprise fund's operating budget.



In accordance with the current trends in the recycling industry around the world, the Town is anticipating a significant increase from the current collection contract costs. The current collection contract with Republic Services, which has increased a very modest 4% in the last eight years, is set to expire at the end of this fiscal year and in order to get the best possible pricing going forward, the Town has issued an Invitation for Bids (IFB) for a new collection contract. The current trends in the recycling industry require the Town to conservatively estimate a 10% increase in collection costs for solid waste and recycling. The overall Solid Waste budget is estimated to increase by 15% as the proposed budget also includes a new cost for the disposal of the recyclable materials if necessary.

The FY2020 fee revenues are projected to be \$488,000 and the FY2020 expenses are estimated at \$933,959 leaving a projected general fund subsidy of \$417,160 with a transfer from the Solid Waste Fund Free Cash of \$28,799. In FY2020, 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.

As a result of the fees projected to be collected and the FY2020 expenses of \$933,959, a General Fund subsidy of \$417,160 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 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.

As can be seen in the Trash and Recycling Comparison Chart at the end of this section trash and recycling disposal tonnage has been fairly constant for the last several years. Consistent trash tonnage and consistent bag prices have resulted in a stable revenue stream of \$488,000 each of the last few years.

During FY2019, 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 FY2020.

In an effort to minimize additional staff workload the Town now works W.B. Mason to warehouse and distribute trash bags and bulk item labels to the authorized retailers at a cost of \$.02 per bag or label as the previous vendor Niman Paper was bought out by W. B. Mason last year. The total projected FY2019 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers, labels and their distribution) is estimated at \$50,000.



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 FY2020.

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 \$68.18/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 FY2020 has been estimated at \$70.00/ton, which will apply to the amount of trash disposed of between 7/1/19 and 6/30/20.

Projected Tonnage for FY2020:

Actual tonnage for the last 12 months (calendar year 2018) was 1,919 tons, which reflects a 1.9% decrease from the previous 12 months. Based on the number of new building permits for single family homes (11) during the last 12 months, the growth rate was 0.34%. The projected tonnage for FY2020 is approximately 1889 tons ($1,919 \times 0.981 \times 1.0034$). Therefore, using a conservative estimate of 2,100 tons of solid waste to be disposed of results in an FY2020 budget of \$147,000 based upon the projected tipping fee of \$70.00/ton.

Collection Costs:

As previously stated, an IFB has been issued but the bids had not been received at the time the budget was prepared. The proposed budget represents a 10% increase in both trash and recycling collection and a new cost for the disposal of the recyclable materials with an estimated cost of \$96,000. These estimated costs result in a 15% increase to the overall Solid Waste budget. The IFB, which traditionally required the hauler to assume the risk associated with the cost of marketing the recyclable materials also included an alternate bid whereby the Town would be responsible for paying the costs associated with the marketing of the recyclable materials in order to eliminate any mark up the haulers might add to their proposals.

Section 8-4

Solid Waste Enterprise Fund



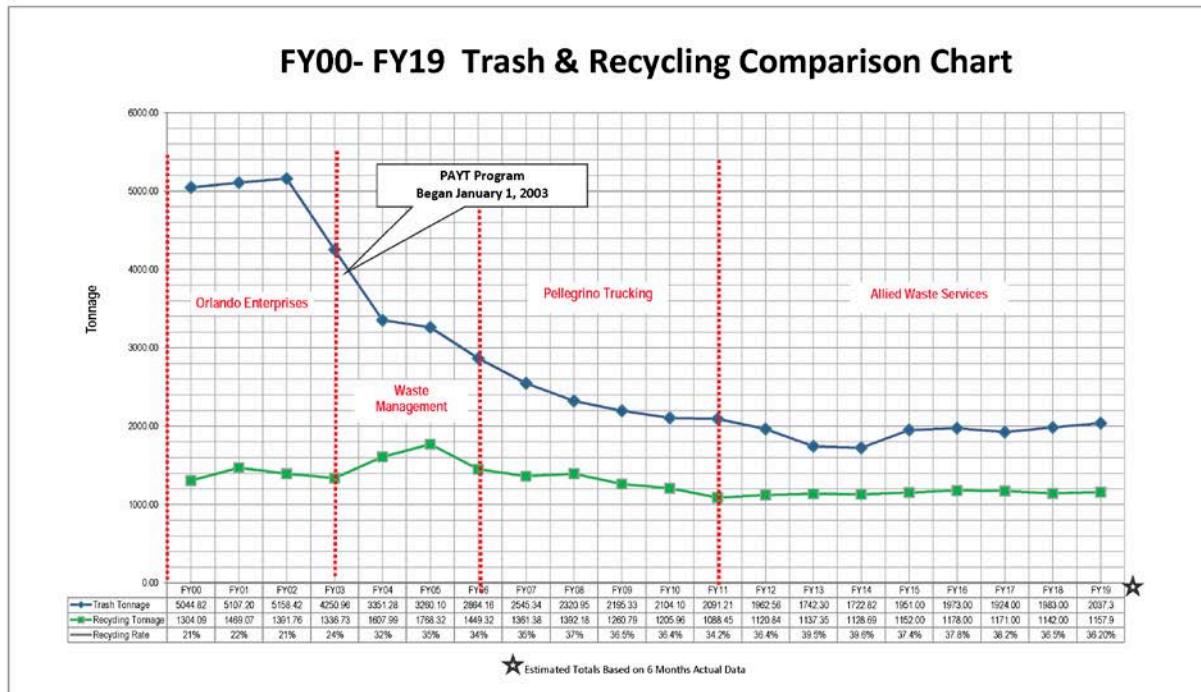
		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	6 MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	103,018	143,776	127,467	162,350	3,362	137,350
52910	Collection	475,000	476,538	481,955	494,190	247,095	543,609
57810	Disposal	126,547	127,069	129,675	145,299	58,350	243,000
59810	Extra Ordinary & Unforeseen Exp.	0	0	10,000	10,000	0	10,000
	SUBTOTAL	704,564	747,383	739,097	811,839	308,807	933,959
TOTAL:	SOLID WASTE	704,564	747,383	739,097	811,839	308,807	933,959

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:	\$50,000	
Disposal of Yard Waste	\$70,000	
SWANA Membership	\$225	
SWANA Meetings	\$125	
	Sub-total	\$137,350
Solid Waste & Recycling Collection :		
Trash Collection:	\$303,277	
Recycling Collection:	<u>\$240,332</u>	
	Sub-total	\$543,609
Solid Waste & Recycling Disposal:		
7/1/19 - 6/30/20: 2,100 tons x \$70.00/ton	\$147,000	
7/1/19 - 6/30/20: 1,200 tons x \$80.00/ton	<u>\$96,000</u>	
	Sub-total	\$243,000
Contingency Reserve		
	<u>\$ 10,000</u>	
	Sub-total	\$ 10,000
	Grand Total	\$933,959



Waste & Recycling Trends from FY2000 to FY2019



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 FY2020 is 3,058. In FY2020 that difference, multiplied by the projected disposal rate of \$70.00/ton, represents approximately \$217,118 in cost avoidance. This cost avoidance will continue to increase as disposal costs continue to rise in the future.



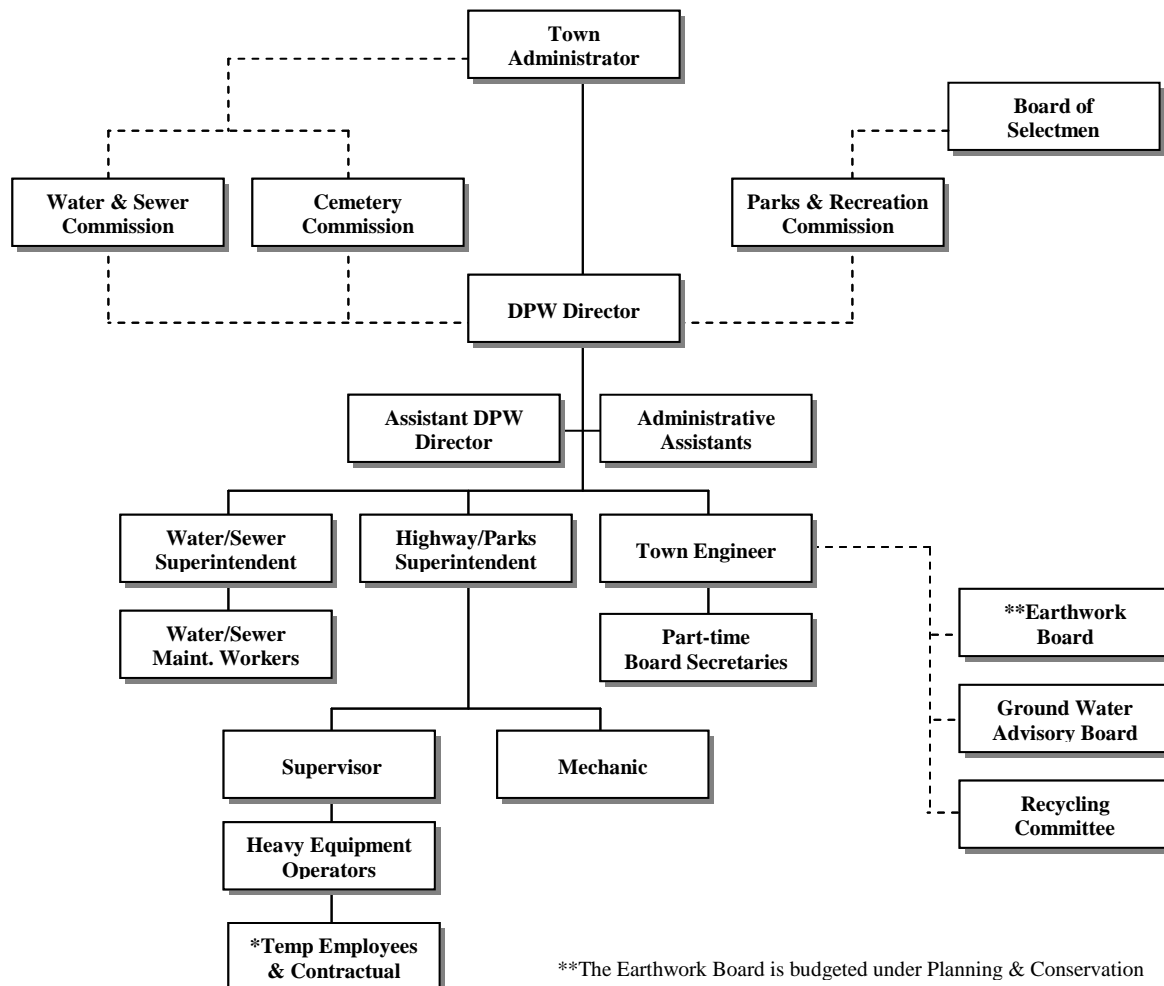
Water & Sewer Enterprise Funds

The Water and Sewer Divisions operate and maintain 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 then contracted with an engineering consultant to evaluate the Town's long-term water supply and distribution 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. The 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.

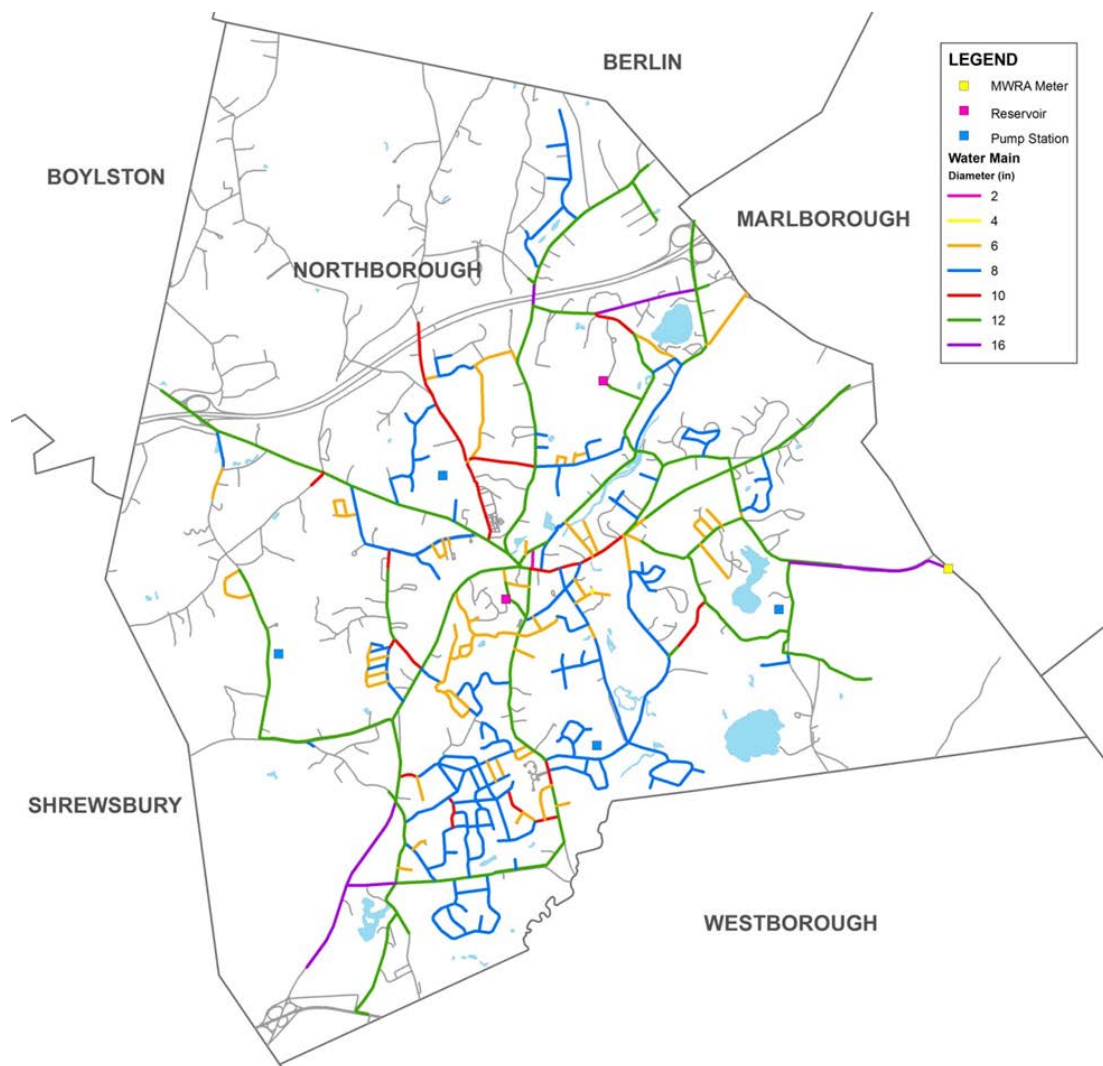


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, 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. At present, the Town receives 100% of its water from the MWRA and the four wells remain off-line in an emergency only capacity.

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 FY2020 Budget Changes or Initiatives

The FY2020 Water Enterprise Fund is budgeted at \$2,548,680 which is an increase of \$51,962 or 2.08%. This increase is due to a number of factors, the largest of which is a \$56,994 (49.7%) increase in contracted services. This account includes a number of modest increases for State mandated leak detection compliance, engineering costs related to the abandoned dam in Shrewsbury, introduction of a new value maintenance program, and some additional MIS/GIS costs. The second largest increase is a \$32,666 (2.6%) increase in the MWRA water assessment.

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. Based upon formal rate studies, the water utility user rates are expected to increase approximately 5% per year due to a combination of inflationary pressures (between 2% and 3% annually), annual water use fluctuations and the need to make regular infrastructure investments.

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 the Assabet water storage tank, and systematic replacement of vehicles and equipment.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
WATER ENTERPRISE FUND						
Personnel Services						
² 51010 Full-time Wages	143,119	159,215	162,405	166,773	77,155	169,856
³ 51100 Full-time Salary	48,858	43,361	62,467	62,339	16,990	63,007
⁴ 51120 Full-time Permanent wages	47,026	37,549	35,084	35,783	17,202	36,110
⁵ 51130 W&S Commissioner Stipends	1,080	1,080	1,080	1,080	0	1,080
⁶ 51135 GIS Salary	12,000	12,000	13,912	14,329	0	14,760
51300 Overtime	37,096	41,697	40,602	41,694	23,074	42,464
51410 Longevity Pay	1,560	1,320	1,170	1,320	1,320	1,410
51970 Stipends	850	1,800	900	900	0	900
51920 Uniforms	1,800	1,080	1,800	1,800	900	1,800
SUBTOTAL	293,389	299,102	319,420	326,018	136,640	331,387

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



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	8,876	9,319	12,495	13,174	13,174	13,438
51730 F.I.C.A.	4,453	4,453	4,587	3,785	0	4,806
51740 Life Insurance	88	88	88	88	0	88
51750 Health Insurance	39,828	43,421	55,488	53,307	0	49,481
52110 Utilities	14,808	15,126	16,000	16,000	5,207	16,500
52610 Building Maintenance	8,853	11,899	5,000	10,900	12,730	13,300
52620 Equipment Maintenance	14,446	22,328	18,000	18,000	2,604	18,000
52800 Contractual Services	71,022	34,209	116,570	114,700	32,433	171,694
52850 Audit	1,837	1,873	1,911	1,949	1,949	2,008
53020 Legal Services	2,570	1,499	5,000	5,000	0	5,000
53110 Printing	6,521	9,432	8,400	9,445	4,400	8,807
53170 Water Analysis	6,224	15,057	14,000	17,000	2,074	10,500
53190 Training	7,140	5,421	8,325	8,325	4,024	8,325
54290 Office Supplies	536	833	1,500	1,500	2,843	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	0	0	0	0	0	0
54390 MWRA Assessment	1,103,542	1,135,772	1,245,202	1,280,283	635,529	1,312,949
54400 Lyman Street Well	0	0	0	0	0	0
54410 Crawford Street Well	0	0	0	0	0	0
54420 Materials & Supplies	62,330	95,337	117,115	121,100	58,267	124,800
54820 Gasoline	10,545	10,545	10,545	10,545	0	10,545
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	37,175	40,394	42,527	47,225	47,225	33,340
57110 Travel/Mileage	525	521	600	600	101	600
57410 Liability/Building Insurance	15,235	15,997	16,798	17,639	17,639	17,639
58530 Capital Outlay	0	1,756	0	0	0	0
59810 Extraordinary and Unforeseen	0		75,000	75,000	0	75,000
59990 Other Financing Uses	132,000	560,000	0	0	0	0
SUBTOTAL	1,548,554	2,035,277	1,775,151	1,825,565	840,198	1,898,320



Water & Sewer Enterprise Funds

Section 8-11

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
WATER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	244,000	244,000	282,150	281,606	0	272,856
59150 Interest / Long Term Debt	77,133	68,444	59,660	52,929	8,570	46,117
59270 Interest / Temporary Loans	16,510	23,386	0	10,600	0	0
SUBTOTAL	337,643	335,831	341,810	345,135	8,570	318,973
TOTAL: WATER ENTERPRISE FUND	2,179,586	2,670,210	2,436,381	2,496,718	985,409	2,548,680

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.

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 gallons per day of sewer capacity for development of the southeast and southwest industrial areas. The Avalon Bay/Northborough Crossing development is now complete and discharges approximately 80,000 gallons per day. Not only does this use up the 50,000 gallons per day allocated for industrial development, but it also uses 30,000 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 30,000 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 4.15 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, an 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. Further evaluation by the Town's consultant in 2018 determined that subsurface disposal of effluent at the Haitsma property would likely result in the discharge entering the Assabet River due to the local hydrogeologic conditions, calling into question the viability of subsurface disposal at that location.

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

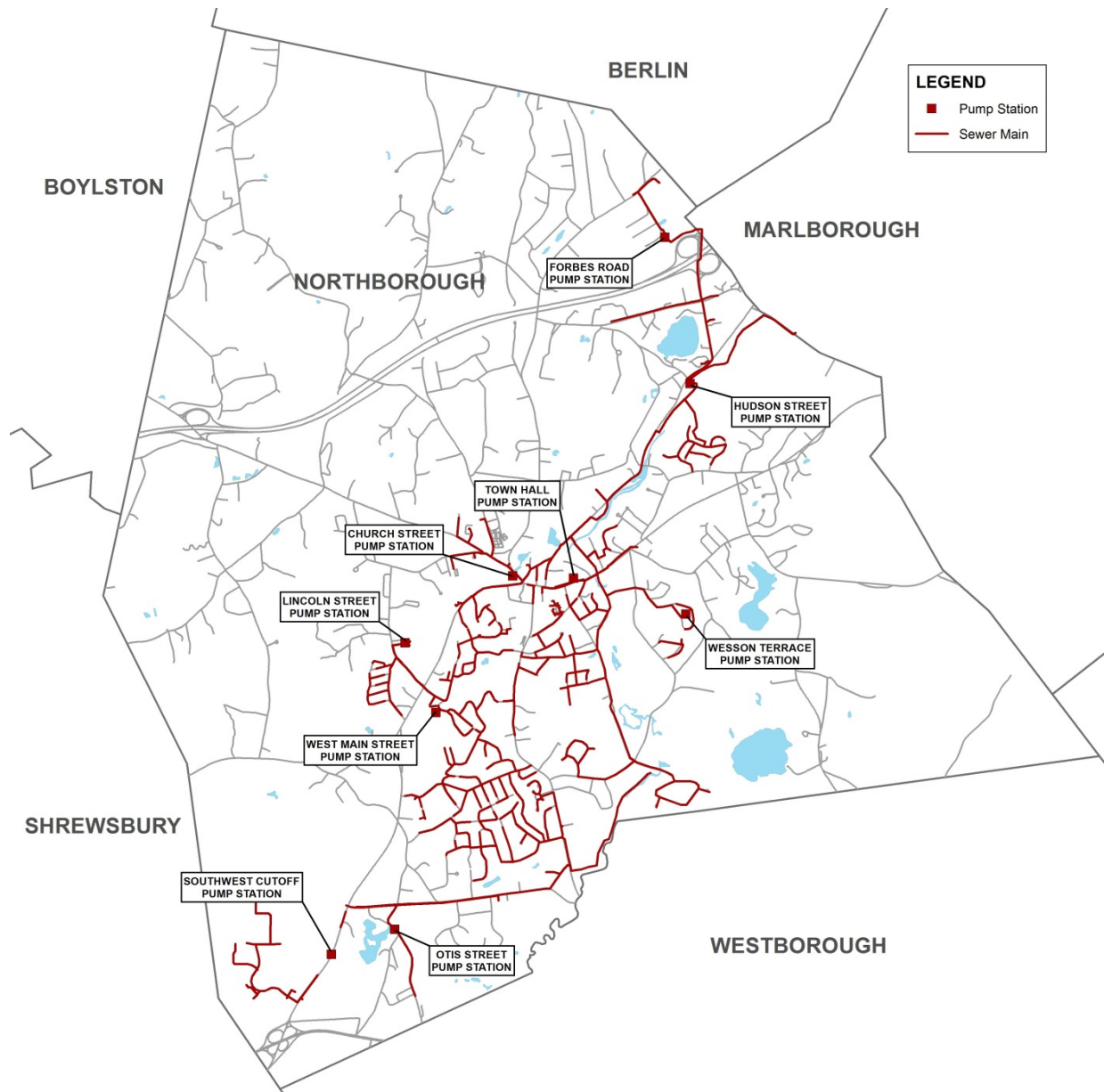
Section 8-14 Water & Sewer Enterprise Funds



capacity will be resolved, but the EPA has indicated that it intends to take up the matter as part of the renewal process for the existing NPDES permit for the Marlborough Westerly Plant

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

Northborough Sewer System Map





Water & Sewer Enterprise Funds

Section 8-15

Significant FY2020 Budget Changes or Initiatives

The FY2020 Sewer Enterprise Fund is budgeted at \$2,244,114, which is an overall increase of \$111,399 or 5.2%. The budget reflects an estimated 5% increase in the Marlborough use charge of \$35,125. Annual debt payments have increased by \$34,510 to pay for recent capital projects, including the recently completed West Main Street Pump Station Improvements. Several smaller initiatives account for the remainder of the increase with the largest being the annual replacement of the grinder cartridges. The Town installed three sewer grinders to better manage solids at the pump stations. The equipment includes grinder teeth cartridges which are wear parts that require replacement approximately every three years at a cost of \$16,000 per unit. Other smaller initiatives include replacement of ageing testing equipment and alarms, and system mapping services.

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 in anticipation of a large plant improvement payment to Marlborough. The sewer use charges for FY2019 increased by 5% to account for regular operating cost increases and periodic capital expenditures. A similar increase is expected in FY2020 based upon the most recent rate study.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	95,412	106,143	108,270	111,182	51,437	113,238
51100 Full-time Salary	32,572	28,907	41,645	41,559	11,326	42,005
51120 Full-time Permanent wages	31,351	24,996	23,389	23,856	11,468	24,074
⁷ 51130 W&S Commissioner Stipends	720	720	720	720	0	720
51135 GIS Salary	8,000	8,000	9,275	9,553	0	9,840
51300 Overtime	24,731	27,798	27,068	27,796	15,383	28,310
51410 Longevity Pay	1,040	880	760	880	880	940
51970 Stipends	1,000	1,200	1,000	1,000	0	1,000
51920 Uniforms	1,200	720	1,200	1,200	600	1,200
SUBTOTAL	196,026	199,365	213,327	217,746	91,094	221,327

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

Section 8-16 Water & Sewer Enterprise Funds



	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	5,917	6,213	7,810	8,234	8,234	8,399
51730 F.I.C.A.	2,978	2,978	3,068	2,523	0	3,210
51740 Life Insurance	59	59	59	59	0	59
51750 Health Insurance	26,552	28,948	36,992	35,538	0	32,988
52110 Utilities	45,026	49,498	51,640	51,640	17,765	57,518
52310 Marlborough Use Charge	400,000	400,000	638,600	702,500	200,000	737,625
52600 Building Maintenance	17,925	14,917	15,000	76,600	6,251	93,200
52620 Equipment Maintenance	15,892	33,332	35,000	35,000	2,348	35,000
52800 Contractual Services	22,825	2,786	48,780	128,200	11,097	151,232
52850 Audit	1,224	1,249	1,274	1,300	1,300	1,339
53020 Legal Services	14,631	33,938	50,000	50,000	0	50,000
53110 Printing	4,347	6,310	5,600	6,297	2,933	5,688
53170 Testing	1,610	1,610	2,000	2,000	0	6,400
53190 Training, Dues and Licenses	1,155	458	3,240	3,240	87	3,240
54290 Office Supplies	362	981	1,500	1,500	134	1,500
54420 Materials & Supplies	9,869	41,775	33,310	36,800	11,912	36,600
54820 Gasoline	7,030	7,030	7,030	7,030	0	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	24,786	26,932	28,354	31,486	31,486	22,227
57110 Mileage	238	307	400	400	67	400
57410 Liability/Building Insurance	10,158	10,665	11,199	11,759	11,759	11,759
58730 Capital Outlay	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	75,000	75,000	0	75,000
59990 Other Financing Uses	38,000	150,000	0	0	0	0
SUBTOTAL	650,582	819,986	1,055,856	1,267,106	305,374	1,340,414



Water & Sewer Enterprise Funds

Section 8-17

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
SEWER ENTERPRISE FUND						
Expenses (Debt Service)						
59100 Principal / Long Term Debt	419,843	415,281	579,853	484,852	170,666	476,102
59150 Interest /Long Term Debt	148,577	131,775	193,730	149,761	30,460	137,941
59270 Interest / Temporary Loans	1,651	21,875	8,262	13,250	0	68,330
SUBTOTAL	570,071	568,930	781,845	647,863	201,126	682,373
TOTAL: SEWER ENTERPRISE FUND	1,416,679	1,588,281	2,051,028	2,132,715	597,593	2,244,114



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Proposed Capital Improvement Program



2020 - 2025

Town of Northborough, Massachusetts

CAPITAL IMPROVEMENT PROGRAM

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John W. Coderre
Town Administrator

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March 12, 2019

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

It is my pleasure to submit herewith the Proposed FY2020-2025 Capital Improvement Program (CIP), the first year of which constitutes the requested FY2020 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 FY2020 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 FY2020 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 FY2018 (June 30, 2018) is available for use in the FY2020 (July 1, 2019) 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 FY2020 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 FY2018, Free Cash was certified at approximately \$2.23 million. Of the total Free Cash, \$861,167 will be used to finance the FY2020 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 FY2020 capital projects and will continue playing a significant role in funding future capital projects as well.

PROPOSED FY2020 FREE CASH PLAN			
Free Cash Certification as of 7/1/2018		2,236,167	100%
FY2020	Appropriated Reserve	-175,000	8%
FY2020	Operating Budget	-500,000	22%
FY2020	Stabilization Fund	-200,000	9%
FY2020	Capital Projects	-861,167	39%
Available Free Cash after FY2020 Plan		500,000	22%

In addition to funding capital projects in FY2020, 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 to appropriate money from a stabilization fund.

The Town currently maintains a Stabilization Fund for emergencies and unforeseen circumstances. As of June 30, 2018, the balance in the Town's Stabilization Fund is \$4.57 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 FY2020. The contribution is made possible by the positive amount of Free Cash certified on July 1, 2018.

Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's operating budget. Prior to the close of FY2018, the Town's total reserves (Stabilization Fund plus Free Cash) were at 8.1%, or \$5.21 million. As the operating budget continues to grow at a rate of 3-4% annually and the Stabilization Fund's interest earnings are less, 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 FY2020 is intended to maintain reserves at approximately 8.1%.

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 \$14 million in pay-as-you-go capital investments with no additional tax impact. That includes \$10.49 million in Free Cash and approximately \$3.51 million in other funding sources, exclusive of the \$861,167 in Free Cash expenditures planned for FY2020. 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 or the pending Fire Station Project.

FY2020 Proposed Capital Budget

The table on the following page represents the FY2020 proposed capital requests of the General Government Department and the Northborough K-8 Schools. The table also provides a matrix of the various sources of funding for the proposed projects.

Although the detail for these proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2020 projects requires Town Meeting approval of specific Articles contained in the April 2019 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.

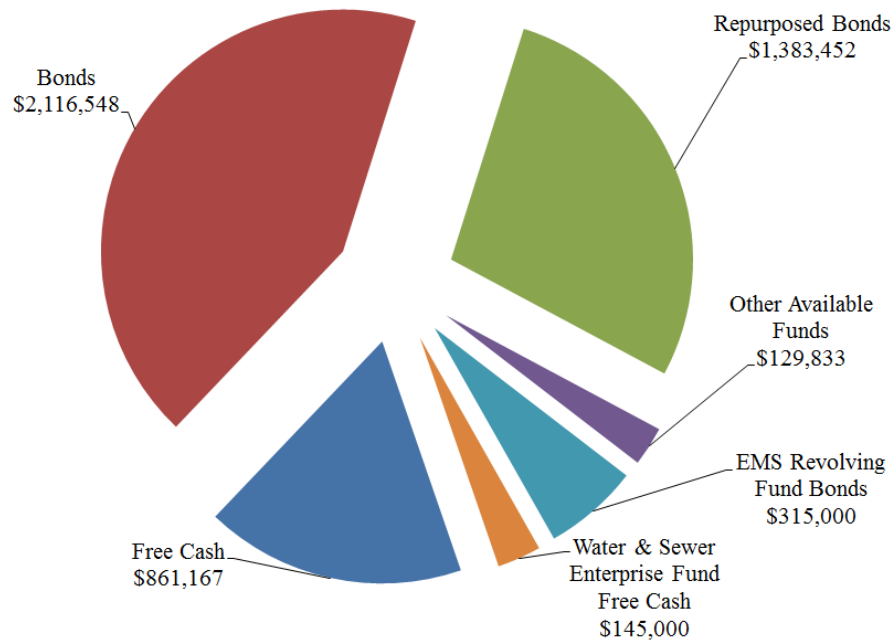
The proposed FY2020 Capital Budget totals \$4,951,000, which includes \$3.5 million for the design and land acquisition costs associated with the proposed Fire Station building project. Based upon the results of a Feasibility Study conducted in FY2019, it was determined that the existing fire station is inadequate to house the current Fire and EMS operations. The Study recommends the Town acquire land upon which to build a new Central Fire Station that will serve the entire Northborough Community for the foreseeable future.

FY2020 Proposed Capital Budget & Funding Sources

PROJECTS BY DEPARTMENT		EXPENDITURE	FUNDING SOURCES							
			Free Cash	Bonds	Repurposed bonds	Community Preservation	Other Funds	EMS Revolving Fund Bonds	Enterprise Funds	Enterprise Fund Bonds
Police	Police Cruiser Replacements	145,000	145,000							
	Police Subtotal	\$145,000								
Fire	Ambulance 1 Replacement	315,000						315,000		
	Fire Station Design, OPM and Land Expenses	3,500,000		2,116,548	1,383,452					
	Fire Subtotal	\$3,815,000								
DPW: Highway Division	One-Ton Pickup Truck w/Plow	90,000	90,000							
	20-Ton Dump Truck w/ Spreader & Plow	271,000	271,000							
	Roadway Improvements/Maintenance	300,000	300,000							
	Highway Subtotal	\$661,000								
DPW: Sewer Enterprise Fund	Water/Sewer Garage Design	75,000							75,000	
	Sewer Enterprise Fund Subtotal	\$75,000								
DPW: Water Enterprise Fund	Assabet Water Storage Tank Rehabilitation Design	70,000							70,000	
	Water Enterprise Fund Subtotal	\$70,000								
Northborough K-8 Public Schools	Communication and Security Upgrades	185,000	55,167				129,833			
	Northborough K-8 Schools Subtotal	\$185,000								
TOTAL FY2020 CAPITAL BUDGET		\$4,951,000	\$861,167	\$2,116,548	\$1,383,452	\$0	\$129,833	\$315,000	\$145,000	\$0

In addition to the use of Free Cash in FY2020, the Town will be repurposing the remaining budget from the recently completed Lincoln Street School Building Project. At the close of the project \$1,383,452 in unexpended bond proceeds remain available. Massachusetts General Laws, Chapter 44, Section 20 allows for Town Meeting to approve the appropriation of the balance of any bond proceeds that remain from completed projects. These remaining funds can be repurposed for any project for which a loan of a similar term or longer could be authorized. The repurposing of these funds will provide significant funding for the FY2020 Capital Budget with no additional tax impact on residents.

FY2020 Capital Funding Sources



Fire Station Building Project Needs Summary

- Built in 1975 the facility is 11,500 square feet on two levels. The site is limited at 0.99 acres with wetlands to the rear and inadequate room for expansion.
- Existing site access and egress onto Main St. is problematic for large apparatus due to road alignment.
- Originally built as a Volunteer Call Station there is inadequate space for the 23 staff working in the building. The facility also lacks appropriate accommodations for female firefighters.
- The apparatus bays are too small for modern fire apparatus and were not built for current ambulance service; EMS now represents 68% of all service calls.
- While the station is in need of routine upgrades to the mechanical, electrical and plumbing systems, it is fundamentally too small for current operations with no space to expand onsite.
- A programmatic assessment concluded that approximately 23,000 sf of space is needed to appropriately accommodate fire and EMS needs.
- A Request for Proposals (RFP) for land was issued to identify appropriate space in the downtown.
- Two sites were identified and the building committee unanimously identified 61-65 Main Street with 10 Monroe Street as the preferred site for a new station.
- A warrant article at the April 2019 Town Meeting seeks \$3.5 million for design and land acquisition to move forward with the project; \$1.38 million of which will be repurposed bond proceeds remaining from the completed Lincoln Street Building Project (no additional tax impact).

For additional information regarding each of the proposed FY2020 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 FY2020 will not be authorized at the 2019 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 primary goals of the Financial Planning Committee is to continue funding small capital items with available funds, such as Free Cash, and avoid the expenses associated with incurring debt for smaller capital items. FY2020 is the ninth 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 evolving service demands of our community. The Capital Improvement Program also recognizes the Town’s responsibility to limit such undertakings to a sustainable level that will preserve the fiscal integrity of the Town.

I wish to extend my sincere thanks to the Financial Planning Committee, School Superintendent, Department Heads and staff for their assistance in the preparation of this document.

Respectfully submitted,

John W. Coderre
Town Administrator

CAPITAL IMPROVEMENT PROGRAM

INTRODUCTION

In a continuing effort to provide “user friendly” documents to our citizens, the Town has endeavored to provide a straight forward introductory section that answers the most commonly asked questions regarding capital planning in Northborough. The following questions and answers define terms, describe processes, and detail the needs and benefits of Northborough’s capital planning activities.

I. What is the Capital Improvement Program?

The Capital Improvement Program (CIP) is a multi-year plan used to coordinate the financing and timing of major public improvements for the Town of Northborough. It contains a list of capital projects proposed for the Town within the next six years and reflects the recommendations of citizens, boards, commissions, and staff from each of the Town departments. The CIP identifies each proposed project and presents a summary description, estimate of cost, method of financing, and a schedule of implementation. The Capital Improvement Program constitutes a rational plan for preserving, as well as adding to the capital assets of the Town.

II. What are Capital Assets and Capital Projects?

A capital asset is a new or rehabilitated physical asset that is of a non-recurring nature, has a useful life of at least five years, and is of significant value. Capital projects are undertaken to acquire capital assets and are differentiated from ordinary repairs or maintenance of a recurring nature. Examples of capital projects include land acquisitions, construction or major improvements to public buildings, road construction, and the acquisition of large equipment. For our purposes, projects submitted must exceed \$25,000 in value for FY2020 to qualify for inclusion in the *Town of Northborough’s Capital Improvement Program*.

III. What is the difference between the Capital Improvement Program and the Capital Budget?

The first year of the CIP is the proposed Capital Budget. The Capital Budget consists of those capital projects which, through the Town Meeting process and in accordance with the Town Charter, are annually approved and funded. However, projects slated for subsequent years in the CIP serve on a planning basis only, and do not receive ultimate spending authority until they are incorporated into a capital budget and approved by Town Meeting.

IV. How is the Operating Budget Related to the Capital Budget?

The Town of Northborough prepares a Capital Budget separate from the Operating Budget, yet the two are closely linked. The annual Operating Budget provides for general municipal service delivery, including personnel service costs, supplies and other contractual services, and certain capital equipment. Revenues for the Operating Budget are derived primarily from recurring taxes, intergovernmental sources, and user fees. Appropriations to the annual Operating Budget are for a single fiscal year.

In contrast, the Capital Budget is a multi-year budget designed to expend monies which add to the physical assets of the Town. Capital projects typically require expenditures which take place beyond a single fiscal year; funding with debt because of significant costs to be shared by current and future beneficiaries; systematic acquisition over an extended period of time in order to implement major operating systems or programs; and scheduled replacement or maintenance of specific elements of physical assets. Revenues for capital projects are most often derived from the sale of municipal bonds (borrowing), State & Federal Grants (when available) or can be supported by one-time funding sources, such as donations and free cash.

Notwithstanding the differences between the two, the Operating and Capital Budgets are closely interwoven inasmuch as operating costs related to capital projects need to be estimated and provided for in the Operating Budget. Many capital projects, such as the Library Renovation/Expansion Project or new Senior Center, have an impact on the operating costs of those facilities once reopened. Town practice is to attempt to project the net effect a capital project will have on the operating budget. Maintenance and repair costs may be lower in a new facility, but it may cost more to run the larger facility as well. In addition, since most large capital projects are financed through municipal debt, repayment of that debt becomes part of the operating budget as well as the Town's fiscal forecasting models. The necessity to incur some degree of debt in order to finance the Capital Improvement Program carries with it the burden to effectively manage that debt within the Town's financial resources.

V. Why do we need a CIP?

The CIP provides a means of coordinating and centralizing the capital project requests of various departments and agencies, thus eliminating wasteful overlap, duplication, and delay. It focuses attention on Northborough's goals and financial capability by comprehensively considering not only what capital projects Northborough needs, but equally as important, what it can afford. Additionally, the formalized process allows more time for the study of projects, encourages public discussion of proposed undertakings, and allows Town citizens the opportunity to provide input, advice and recommendations with respect to proposed projects and expenditures.

VI. How does Capital Programming save the Town money?

Investors and bond rating agencies stress the value of a CIP for a municipality seeking to borrow funds. In fact, the six-year capital plan is referenced in every Offering Statement for Town of Northborough bonds. The absence of a rational, long-term planning instrument would weigh against the bond rating assigned to Northborough by rating agencies and the result would be higher interest rates on bond issues and more tax dollars going to pay for the interest on loans. Northborough currently enjoys a superior credit rating of Aa1 by Moody's Investor Service. This places Northborough within the same rating tier and just slightly below obligations of the United States Government. Thus, very real and tangible cost savings result from the use of our Capital Improvement Program.

Another financial benefit from the capital programming process is the avoidance of poorly timed projects. Good planning can ensure that capital improvement efforts are coordinated and costly duplication is avoided. In addition, significant savings can accrue to taxpayers when major capital financing is coordinated so that bond issues are sold infrequently, but at good times during the economic cycle to take advantage of low interest rates. The development of a Capital Improvement Program ensures sound fiscal and capital planning.

VII. How are Capital Projects financed?

An annual appropriation is typically included in the Operating Budget for capital expenditures as one of several funding sources to finance select capital projects. Other financing sources for Northborough's capital projects include state and federal grants, corporate donations, free cash, and debt. The single largest source of financing for capital projects is borrowing through the issuance of general obligation bonds. Much like mortgaging a house, borrowing allows the Town of Northborough to purchase expensive capital assets and spread the costs over the useful life of the asset, thus eliminating the need to temporarily raise taxes every time a large capital asset is acquired. In addition, debt allows current and future beneficiaries to share the cost of long-term capital improvements such as new schools, libraries or roads. All borrowing is done strictly in accordance with the Town Charter and Massachusetts General Laws (MGLs).

VIII. How is the CIP developed?

The process for preparing the FY2020-2025 Capital Improvement Program and its associated FY2020 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?

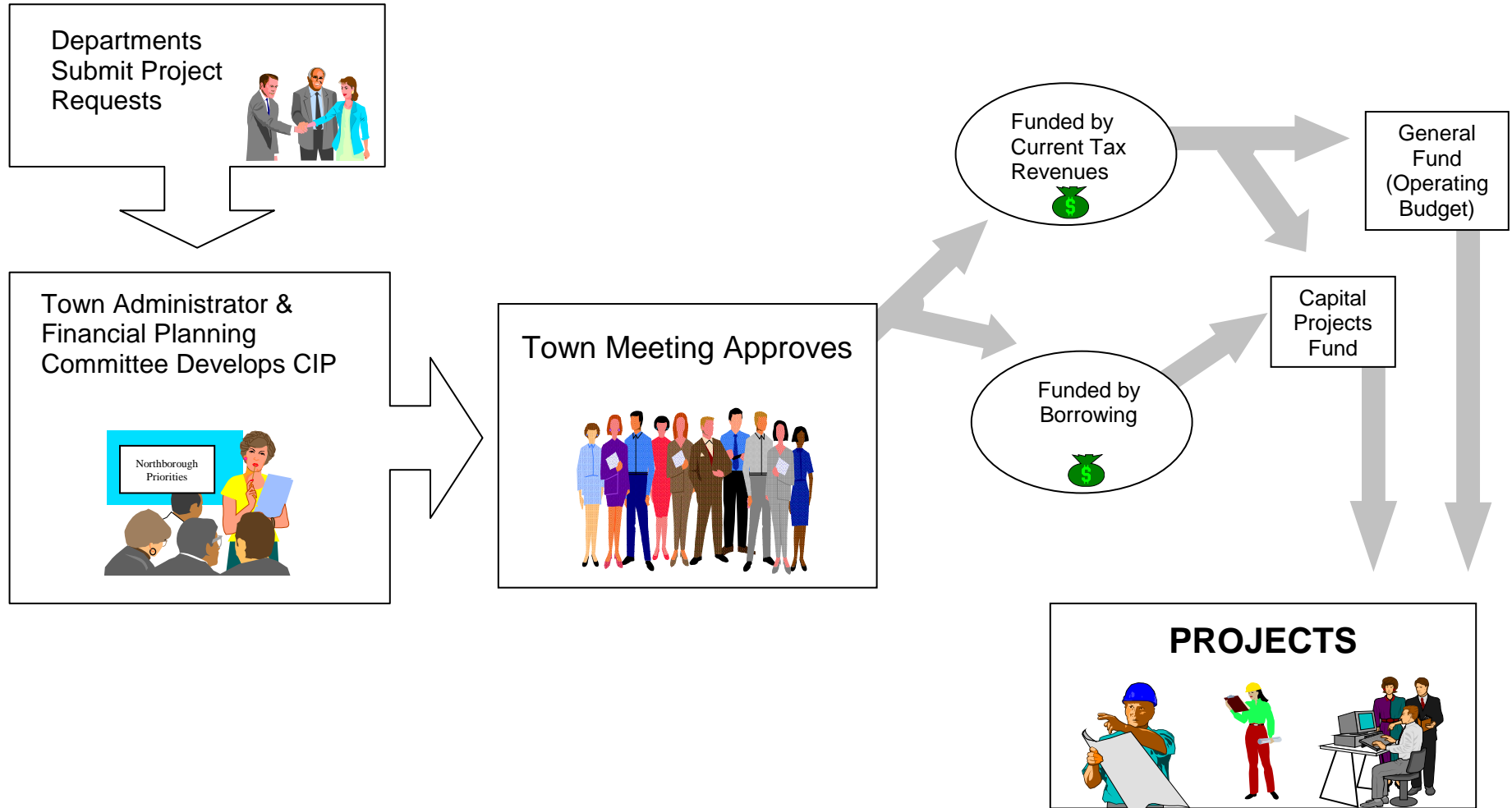
The CIP must be reviewed annually by Town departments and citizens to insure its effectiveness as a flexible, mid-range strategic plan that links the annual budget with our multi-year financial forecasts and the more static long-range Master Plan of Development. Each year, Town Meeting reviews the capital 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 2020-2025



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**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2020-2025**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Fire									
Fire Station Addition/Renovation	21	2	18,500,000	3,500,000	15,000,000				
Ambulance Replacement	22	5	640,000	315,000			325,000		
Car 4 Pick-Up Truck Replacement	23	6	80,000			80,000			
Car 1 SUV Replacement	24	6	76,000			76,000			
Rescue One Replacement	25	6	750,000					750,000	
Portable Radio Replacement	26	6	250,000						250,000
Engine 1 Replacement	27	2/6	750,000						750,000
Fire Subtotal			\$21,046,000	\$3,815,000	\$15,000,000	\$156,000	\$325,000	\$750,000	\$1,000,000
Police									
Police Cruiser Replacements	28	6	733,000	145,000	97,000	147,000	97,500	148,000	98,500
Emergency Generator Replacement	29	6	60,000						60,000
Communications Center Upgrades	30	6	60,000						60,000
Police Subtotal			\$853,000	\$145,000	\$97,000	\$147,000	\$97,500	\$148,000	\$218,500
Town Offices									
Town Offices Building Repair Project Phase 2	31	2/6	TBD		TBD				
Town Offices Building Repair Project Phase 3	32	2/6	TBD			TBD			
Town Hall Subtotal			\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2020-2025**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
DPW: Highway/Parks/Cemetery Division									
One-Ton Pick Up Truck w/plow	33	6	246,000	90,000	75,000		81,000		
20-Ton Dump Truck w/ Spreader & Plow	34	6	913,000	271,000		343,000		299,000	
Roadway Improvements/Maintenance	35	6	1,800,000	300,000	300,000	300,000	300,000	300,000	300,000
Assabet Park ADA Rehabilitation	36	2/6	500,000		500,000				
One-Ton Dump Truck w/Plow	37	6	357,000		110,000		119,000		128,000
Loader	38	2/6	257,000		257,000				
Hudson Street Drainage Improvements	39	2/6	200,000		200,000				
Highway Garage Renovation/Expansion	40	2	2,150,000			150,000		2,000,000	
Culvert Replacement Program	41	2/6	550,000			250,000			300,000
Wing Mower Replacement	42	6	75,000			75,000			
Street Sweeper	43	2/6	273,000				273,000		
Stump Grinder	44	6	65,000				65,000		
Backhoe Replacement	45	2/6	235,000					235,000	
Bucket Truck Replacement	46	6	260,000						260,000
Cemetery Niches	47	6	100,000						100,000
Memorial Field Pedestrian & Parking Improvements	48	6	TBD						TBD
Highway/Parks/Cemetery Subtotal			\$7,981,000	\$661,000	\$1,442,000	\$1,118,000	\$838,000	\$2,834,000	\$1,088,000

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2020-2025**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
DPW: Sewer Enterprise Fund									
Water/Sewer Garage Design & Improvements	49	7/8	675,000	75,000		600,000			
SCADA System	50	7/8	500,000			500,000			
Inflow & Infiltration (I&I) Mitigation	51	7	720,000				360,000		360,000
Wesson Terrace Pump Station Improvements	52	7	250,000				250,000		
Sewer Enterprise Fund Subtotal			\$2,145,000	\$75,000	\$0	\$1,100,000	\$610,000	\$0	\$360,000
DPW: Water Enterprise Fund									
Assabet Hill Water Tank Rehabilitation	53	8	795,000	70,000	725,000				
Reservoir Dam Compliance	54	6/8	900,000		100,000		800,000		
Utility Tractor	55	7/8	80,000			80,000			
Repair/Replace Water Mains and Services	56	8	450,000				50,000	400,000	
15-Ton Dump Truck	57	7/8	140,000					140,000	
One Ton Utility Body Truck w/Plow	58	7/8	110,000						110,000
Water Enterprise Fund Subtotal			\$2,475,000	\$70,000	\$825,000	\$80,000	\$850,000	\$540,000	\$110,000
TOTAL GENERAL GOVERNMENT (NON-SCHOOL)									
Fire Subtotal			\$21,046,000	\$3,815,000	\$15,000,000	\$156,000	\$325,000	\$750,000	\$1,000,000
Police Subtotal			\$853,000	\$145,000	\$97,000	\$147,000	\$97,500	\$148,000	\$218,500
Town Offices Subtotal			\$0	\$0	\$0	\$0	\$0	\$0	\$0
DPW: Highway/Parks/Cemetery Subtotal			\$7,981,000	\$661,000	\$1,442,000	\$1,118,000	\$838,000	\$2,834,000	\$1,088,000
DPW: Sewer Enterprise Fund Subtotal			\$2,145,000	\$75,000	\$0	\$1,100,000	\$610,000	\$0	\$360,000
DPW: Water Enterprise Fund Subtotal			\$2,475,000	\$70,000	\$825,000	\$80,000	\$850,000	\$540,000	\$110,000
TOTAL GENERAL GOVERNMENT			\$34,500,000	\$4,766,000	\$17,364,000	\$2,601,000	\$2,720,500	\$4,272,000	\$2,776,500

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2020-2025**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Northborough K-8 Public Schools									
Summary of School projects									
All K-8 Schools									
Communication and Security Enhancements	60	6	185,000	185,000					
Peaslee Elementary									
**Parking Lot/Walkway Paving	61	2/6	245,000		245,000				
**Floor Tile Replacement	62	6	50,000			50,000			
**Design / Fire & Sprinkler Systems	63	2/3	480,000				480,000		
Feasibility Study	64	2/3	500,000					500,000	
Architectural Fees & Construction	64	2/3	28,700,000						28,700,000
Zeh Elementary									
Pitched Roof Area Replacement	65	2/6	600,000			600,000			
Melican Middle School									
Walkway Paving	66	6	131,000		131,000				
Feasibility Study	67	2/3	500,000						500,000
Architect Fees/Renovation (TBD)	67	2/3	TBD						
Tennis Court Resurfacing/Fencing	68	2/6	100,000					100,000	
Northborough K-8 Public Schools Subtotal			\$31,491,000	\$185,000	\$376,000	\$650,000	\$480,000	\$600,000	\$29,200,000

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

Source of Funds Legend			
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund	(7) Sewer Enterprise Fund
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund

Part II


Projects Detail Sheets by Department
FY2020-2025



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CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FIRE STATION ADDITION/RENOVATION PROJECT - PHASE II								
Department: Fire				Category: Facility Improvements				
Description and Justification: This project provides for the 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 on the outcome of the Feasibility Study. The proposed funding source is \$2.1 million in new bonds and \$1.38 million in repurposed 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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design	2	3,500,000	3,500,000					
C. Land Acquisition								
D. Construction	2	15,000,000		15,000,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$18,500,000	\$3,500,000	\$15,000,000				
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: AMBULANCE REPLACEMENT	
Department: Fire	Category: Equipment Replacement
Description and Justification: <p>The Town operates an Advanced Life Support (ALS) ambulance service, which is physically housed in the Fire Station at 11 Pierce Street. There are two ambulances associated with this service, a front line ambulance and a back-up ambulance. The newest ambulance operates as the front-line responder and the older ambulance serves as the back-up. Typically, a new ambulance serves for about 8 years as a front-line responder and an additional four years as the back-up ambulance before being replaced. This request seeks to replace the 2012 ambulance in FY2020, at which time the 2016 ambulance would become the back-up. Purchase of new ambulances are funded entirely by EMS user fees. The planned, regularly scheduled replacement of emergency ambulances is critical to ensuring public safety.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: PICK-UP TRUCK REPLACEMENT								
Department: Fire				Category: Equipment Replacement				
<u>Description and Justification:</u> This request 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 1,300 emergency responses and over 2,000 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	80,000			80,000			
G. Contingency								
H. Other								
TOTAL		\$80,000			\$80,000			
<u>Source of Funds Legend</u>								
(1) Operating Revenues		(3) State Aid		(5) EMS Revolving Fund Fees		(7) Sewer Enterprise Fund Fees		
(2) Municipal GO Bonds		(4) Trust Funds		(6) Free Cash / Other		(8) Water Enterprise Fund Fees		


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: SUV REPLACEMENT								
Department: Fire				Category: Equipment Replacement				
Description and Justification: This request will replace the 2015 Chevy Tahoe command/communications vehicle which is a critical component of the Incident Command System. The vehicle carries vital communications equipment; contingency and emergency plans for facilities; chemical, firefighting, terrorism, and firefighting references; the tactical command board; command vests; and fire investigation tools. The vehicle will have served its frontline life span at the time of replacement. As in the past, the replacement vehicle will be a four-wheel drive sport utility vehicle used during wildfires and weather-related emergencies. Cost includes emergency warning devices, radios, command console, lettering and related installation charges. The command/communications vehicle provides vital communications and reference resources necessary to effective incident command.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	76,000			76,000			
G. Contingency								
H. Other								
TOTAL		\$76,000			\$76,000			
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: RESCUE 1 REPLACEMENT	
Department: Fire	Category: Equipment Replacement
<div style="display: flex;"> <div style="flex: 1; padding-right: 10px;"> <p><u>Description and Justification:</u></p> <p>This request 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.</p> </div> <div style="flex: 1;">  </div> </div>	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	750,000					750,000	
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: PORTABLE RADIO REPLACEMENT	
Department: Fire	Category: Equipment Replacement
<u>Description and Justification:</u> This request will replace the department's aging and outdated portable radios. The new portable radios are capable of communicating on multiple bands and will allow for clear and concise communications with all mutual aid partners as well as other town and school radio systems. The project includes the radio, microphone, charger, and carrying case and strap. We will continue to pursue other avenues for funding this project including all applicable grants available.	

RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	\$250,000						\$250,000
G. Contingency								
H. Other								
TOTAL		\$250,000						\$250,000
<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: ENGINE 1 REPLACEMENT																
Department: Fire				Category: Equipment Replacement												
Description and Justification: This request seeks to replace a 2005 Engine 1. In 2025 the vehicle will be 20 years old which is the expected useful life of this type of apparatus, including approximately 10 years of front-line service, 5 years back up service and 5 years reserve. The Insurance Services Office requires Northborough to maintain 3 pumping apparatus in order to sustain its current ISO rating, which residential and commercial fire insurance rates are based upon. Engine 1 is currently the back-up reserve pumper. The 2016 Engine 2 will become the reserve back-up pumper once the new replacement is purchased and takes over as the new front-line pumper.																
RECOMMENDED FINANCING																
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year													
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025								
A. Feasibility Study																
B. Design																
C. Land Acquisition																
D. Construction																
E. Furnishings/Equipment																
F. Departmental Equipment	2/6	\$750,000						\$750,000								
G. Contingency																
H. Other																
TOTAL		\$750,000						\$750,000								
Source of Funds Legend <table style="width:100%; border: none;"> <tr> <td>(1) Operating Revenues</td> <td>(3) State Aid</td> <td>(5) EMS Revolving Fund Fees</td> <td>(7) Sewer Enterprise Fund Fees</td> </tr> <tr> <td>(2) Municipal GO Bonds</td> <td>(4) Trust Funds</td> <td>(6) Free Cash / Other</td> <td>(8) Water Enterprise Fund Fees</td> </tr> </table>									(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees	(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees													
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees													


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: POLICE CRUISER REPLACEMENTS								
Department: Police				Category: Equipment Replacement				
Description and Justification: This request seeks to replace police vehicles as follows: one patrol vehicle and two administrative vehicles in FY2020; two patrol vehicles each FY2021, FY2023 and FY2025; two patrol vehicles and one detective vehicle FY2022; and 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 a six to eight year/ 100,000 expected useful life. Funding sought in FY2020 will provide for the replacement of a 2011 Ford Explorer, a 2014 Ford Explorer and 2015 Ford SUV Interceptor. The funding request includes the cost of outfitting vehicles with equipment, including radar and emergency warning equipment and replacement of 800MHz State Police radios. The State Police are upgrading to digital radios making our analog units incompatible. Maintaining two-way interoperable communication with the State Police is essential to our mission.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	733,000	145,000	97,000	147,000	97,500	148,000	98,500
G. Contingency								
H. Other								
TOTAL		\$733,000	\$145,000	\$97,000	\$147,000	\$97,500	\$148,000	\$98,500
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: EMERGENCY GENERATOR REPLACEMENT								
Department: Police				Category: Equipment Replacement				
<u>Description and Justification:</u> This request seeks funding for a replacement emergency back-up generator for the police station and the Town's emergency 911 communications center. The current generator is twenty-nine years old. Recent repairs to its water pump and block heater were completed. The radiator is leaking and repair estimates are \$8,000.00. Current building codes require generators to be located outside the building. The current generator is located inside the building.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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
<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: COMMUNICATIONS CENTER UPGRADES	
Department: Police	Category: Equipment Replacement
Description and Justification: The 2016 CIP communication center radio upgrade has been completed. This project seeks to replace the original 1980s vintage console and cabinets with streamlined, ergonomic modern consoles. This will replace the thirty years worth of add-on equipment and computers necessary for handling next generation 911 technologies and equipment. Our current console is a patchwork of older and new technology. Dispatchers must manage and monitor six computer monitor screens, the communications screen and 911 monitors which are scattered over the length of the console.	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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: TOWN OFFICES BUILDING REPAIR PROJECT PHASE 2								
Department: Town Administrator					Category: Facility Improvements			
Description and Justification: During FY2010 , using Community Preservation funding, the Town completed an analysis of the general 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 aging pipes and fixtures continue to fail. The report recommends upgrading most piping in the building, much of which is located behind walls. The report also recommended completely overhauling all restrooms in the building to comply with Americans with Disabilities Act standards, 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 re- configuration of the building, 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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				
Description and Justification: During FY2010 the Town used Community Preservation funding to complete an analysis of the general physical conditions and maintenance requirements of the Town Offices Building. The architectural and engineering study noted a number of electrical deficiencies in the building and recommended the following: electrical panel upgrades, elevator upgrades, enhancement of emergency egress lighting, improvements to exterior lighting and replacement of the building's aging generator. Additional review of the existing fire alarm panel was also recommended. These upgrades are being considered as part of an assessment of the overall office space needs/potential reconfiguration of the Town Offices that is currently under review by an architect. Recommendations, a work plan and funding request are expected to be further developed and presented during FY2021.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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: ONE TON PICKUP TRUCK WITH PLOW	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification: <p>This request replaces an existing 2000, 2003 and 2012 one-ton pickup trucks with 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 responsible for snow removal at the municipal buildings during the winter months. The useful life of these vehicles is 10 to 12 years. The FY2020 replacement vehicle will also include a covered utility body primarily for use in cemetery operations. The picture to the right represents a similar style truck.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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 | (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: 20-TON DUMP TRUCK WITH SPREADER & PLOW	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification: <p>This request will replace a 1999 truck in FY2020, a 2002 in FY2022, and a 2005 in FY2024 with new trucks with plows and spreaders. The useful life of these trucks is between 15 and 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 number of hours or miles would typically indicate, in spite of being washed after every salting event. Not only are these trucks used for snow removal operations, but also for hauling materials during the construction season. The picture to the right represents an example of a similar vehicle. The Town currently has ten of these trucks in service and has a program to replace one every other year, resulting in a 20-year replacement cycle. The FY2022 vehicle includes additional costs associated with replacement of a wing plow.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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: ROADWAY IMPROVEMENTS/MAINTENANCE								
Department: DPW - Highway				Category: Infrastructure Improvement				
Description and Justification: The Town's initial pavement management plan inventory and assessment was first completed in 2013 which measured an average Town-wide Roadway Surface Rating (RSR) of 71. In FY2015 the Legislature authorized a \$300 million Chapter 90 program; however, subsequent years' funding levels have been reduced to \$200 million. Annual spending of \$1.1 million is necessary to maintain or slightly improve our current pavement conditions. Under that standard, the Town's Annual Chapter 90 allocation of approximately \$500,000 plus a local appropriation of \$300,000 results in a \$300,000 funding gap, which would be filled if the statewide Chapter 90 funding were released at \$300 million. Our second update to pavement management assessment was completed in 2018 which found that, through implementation of our pavement management plan, the Town-wide RSR increased by slightly more than two points from 71 to 73.4.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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		
(2) Municipal GO Bonds			(4) Trust Funds			(6) Free Cash / Other		
						(7) Sewer Enterprise Fund Fees		
						(8) Water Enterprise Fund Fees		

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: ASSABET PARK ADA REHABILITATION	
Department: DPW - Highway	Category: Infrastructure Improvement
Description and Justification: This request seeks funds to reconfigure portions of Assabet Park and to 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 pedestrian circulation.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	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: ONE-TON DUMP TRUCK WITH PLOW								
Department: DPW - Highway					Category: Equipment Replacement			
Description and Justification: This request seeks to replace a 2008 and two 2012 one-ton dump trucks with similar model trucks. The one-ton dumps are the most used pieces of equipment in the DPW fleet. Public Works employees use these vehicles to perform daily tasks including moving materials and equipment that is carried and towed by these vehicles. These trucks are also paired with 20-ton trucks to perform snow removal operations in the winter months. The useful life of these vehicles is 10 to 12 years. At the time of replacement, the existing trucks will have reached the end of their useful lives. The Town currently has 7 one-ton dump body trucks in service and has a program to replace one every other year, resulting in a 14-year replacement cycle. The picture to the right represents a similar model pickup truck to be replaced.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	357,000		110,000		119,000		128,000
G. Contingency								
H. Other								
TOTAL		\$357,000		\$110,000		\$119,000		\$128,000
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: LOADER								
Department: DPW - Highway					Category: Equipment Replacement			
<u>Description and Justification:</u> This request is to replace the 2006 John Deere loader with a newer model. At the Public Works Garage, the loader is regularly used to transfer materials, rotate the compost piles and load the spreaders with salt for snow removal operations. Off-site, it is used throughout town on various construction projects as well as during snow removal operations. The loader is exposed to many different environments including corrosive materials which cause disintegration of the Public Works equipment. As the equipment ages, it requires additional mechanical and body work to keep it operational. The picture to the right represents an example of a new replacement loader.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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				
<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: HUDSON STREET DRAINAGE IMPROVEMENTS	
Department: DPW - Highway	Category: Infrastructure Improvement
Description and Justification: This request is to fund replacement of a portion 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. The damaged segment of the drainage system must be replaced prior to paving of this portion of Hudson Street.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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								
Department: DPW - Highway				Category: Facility Improvements				
Description and Justification: This request seeks to fund renovations to the Highway Garage located at 190 Main Street. The existing garage was built in 1984 and no longer meets the needs of the DPW. There is need for additional workspace to facilitate safe and efficient storage of materials as well as benchtop repair projects. The building is served by an onsite septic system which cannot accept discharge of truck wash water. In accordance with MassDEP requirements, an underground holding tank is required for this wastewater. This requires construction of a dedicated vehicle wash bay.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design	2	150,000			150,000			
C. Land Acquisition								
D. Construction	2	2,000,000					2,000,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$2,150,000			\$150,000		\$2,000,000	
Source of Funds Legend (1) Operating Revenues (3) State Aid (5) EMS Revolving Fund Fees (7) Sewer Enterprise Fund Fees (2) Municipal GO Bonds (4) Trust Funds (6) Free Cash / Other (8) Water Enterprise Fund Fees								

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: CULVERT REPLACEMENT PROGRAM	
Department: DPW - Highway	Category: Infrastructure Improvement
Description and Justification: The Town is in the process of developing a town-wide culvert inventory and condition assessment. Several culverts have been found in need of replacement due to deteriorated pipes and end treatments. This request seeks funds to replace/rehabilitate a culvert or multiple culverts every three years. The picture to the right depicts a recently inspected culvert which is in failing condition and in need of replacement.	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	550,000			250,000			300,000
G. Contingency								
H. Other								
TOTAL		\$550,000			\$250,000			\$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: WING MOWER REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification: This request is to replace the 2013 John Deere large area mower with a newer model. This mower is used to maintain all the large, town-owned fields including the fields at the elementary and middle schools as well as the cemetery. This is the only wide area mower in the current Public Works fleet. The picture to the right represents an example of a new replacement mower.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	75,000			75,000			
G. Contingency								
H. Other								
TOTAL		\$75,000			\$75,000			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: STREET SWEEPER	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification: This request seeks to replace the existing 2011 Elgin Pelican street sweeper. The useful life of a sweeper is approximately 10-12 years, and as the equipment ages, needed repairs become more costly and more frequent. 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 go down, it would take the remaining sweeper into Fall to do it alone. Renting sweepers has not been feasible because every town needs to sweep at the same time. Additionally, the new National Pollutant Discharge Elimination Systems (NPDES) permit may require an increase in sweeping cycles.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	2/6	273,000				273,000		
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$273,000				\$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: STUMP GRINDER	
Department: DPW - Highway	Category: Equipment Replacement
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 replacement stump grinder. The estimated cost to contract for these services is \$500 per stump which represents an annual cost of approximately \$12,500; an outright purchase of this piece of equipment is expected to have a payback period of less than 6-years.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	65,000				65,000		
G. Contingency								
H. Other								
TOTAL		\$65,000				\$65,000		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: BACKHOE REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	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: BUCKET TRUCK REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification: This request is to fund replacement of a 2009 model 15-ton bucket truck that is used by the Highway Division. This vehicle is used for trimming and removal of hazardous town trees, as well as a variety of other aerial tasks. The useful life of these vehicles is 10 to 12 years. The existing truck is a 2009 model year and will be at least 16 years old when it is replaced. The picture to the right represents an example of new similar model.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	260,000						260,000
G. Contingency								
H. Other								
TOTAL		\$260,000						\$260,000

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: CEMETERY NICHES	
Department: DPW - Highway	Category: Infrastructure Improvement
Description and Justification: A cemetery (cremation) niche is an above-ground burial space, in which a decedent's urn, containing their cremated remains, is placed and sealed. Similar to a mausoleum, there is structure with recessed compartments for placing cremation urns permanently. This request is to fund design of a cemetery niche area as well as construction of the Town's first cemetery niche. Municipal cemetery space is a limited supply and the addition of cemetery niches is an affordable way to extend the supply of accommodations without additional land acquisition.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	100,000						100,000
G. Contingency								
H. Other								
TOTAL		\$100,000						\$100,000

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: MEMORIAL FIELD PEDESTRIAN AND PARKING IMPROVEMENTS	
Department: DPW - Highway	Category: Infrastructure Improvement
Description and Justification: This request seeks to fund the design and construction of improvements to the parking and pedestrian circulation for both upper and lower Memorial Field. Work will include new parking configuration, spectator viewing areas, and pedestrian circulation to both fields as well as the recently renovated field building.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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

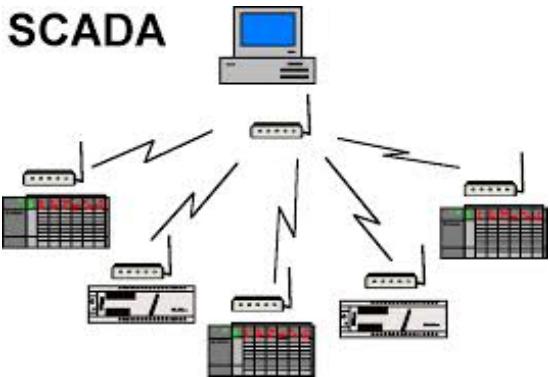
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: WATER AND SEWER GARAGE DESIGN & IMPROVEMENTS								
Department: Water & Sewer Enterprise				Category: Facility Improvements				
Description and Justification: This request seeks to fund the planning and design of renovations and expansion to the Water & Sewer Garage. The existing garage was originally constructed in 1964 to house only the Water Department. The Town installed sewers in the 1970's, and this expansion of the 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. Currently several pieces of equipment are stored outside with some utilizing on-board water, thus requiring it to be drained and winterized after each use, and others housing sophisticated global positioning and communication gear.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design	7/8	75,000	75,000					
C. Land Acquisition								
D. Construction	7/8	600,000			600,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$675,000	\$75,000		\$600,000			
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					

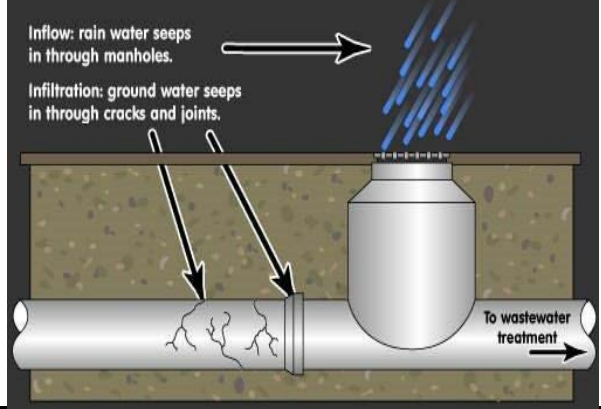
CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: SCADA SYSTEM								
Department: Sewer Enterprise				Category: Infrastructure Improvement				
Description and Justification: A fully encompassing SCADA (Supervisory Control And Data Acquisition) system is needed to monitor and efficiently manage the Town's utility infrastructure. Remote features to ensure adequate alarm response is critical to the health and wellbeing of the residents. Currently, the water tank, MWRA connection, and sewer 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 completion of a radio study and assessment in FY2015. Phase 2, in FY2022, will consist of construction and implementation of the system. The picture to the right is an example of how a SCADA system communicates to a main point of contact.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7/8	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: INFLOW AND INFILTRATION (I&I) MITIGATION								
Department: Sewer Enterprise				Category: Infrastructure Improvement				
Description and Justification: This request is to continue the implementation of our detailed Operations and Maintenance (O&M) Plan to mitigate inflow and infiltration (I&I) into the Town's sanitary sewer system. This inflow is from flowing stormwater and runoff making its way into manhole covers and grates. Inflow is the seeping of groundwater into the system through pipe connections, cracks in the manholes or other small openings in the system below grade. Mitigating this I&I greatly reduces the volumes of 'clean' water sent to the waste water treatment plant for processing. As required by a State mandate (314 CMR 12.04), municipalities need to implement a detailed O&M Plan to address I&I.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	720,000				360,000		360,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$720,000				\$360,000		\$360,000
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 PUMP STATION IMPROVEMENTS**

Department: **Sewer Enterprise**

Category: **Infrastructure Improvement**

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 and effective systems. The station requires back-up power with an automatic transfer switch.



RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	250,000				250,000		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$250,000				\$250,000		

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: ASSABET HILL WATER TANK REHABILITATION	
Department: Water Enterprise	Category: Infrastructure Improvement
Description and Justification: <p>As a result of the most recent tank inspections in 2015 which were performed as required by MassDEP, some concrete repairs and recoating are recommended for the Assabet Hill Tank which is a 3.5 million gallon concrete water storage tank. The Edmunds Hill Tank requires more extensive attention with minor welding repairs and a complete stripping and recoating. The cost associated with the Edmunds Hill one million gallon 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design	8	70,000	70,000					
C. Land Acquisition								
D. Construction	8	725,000		725,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$795,000	\$70,000	\$725,000				

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: RESERVOIR DAM COMPLIANCE								
Department: Water Enterprise				Category: Infrastructure Improvement				
<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 is to permanently breach the dam.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6/8	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	
Department: Water Enterprise	Category: Equipment Replacement
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. The tractor is also used to clear around hydrants during the winter months.	

RECOMMENDED FINANCING

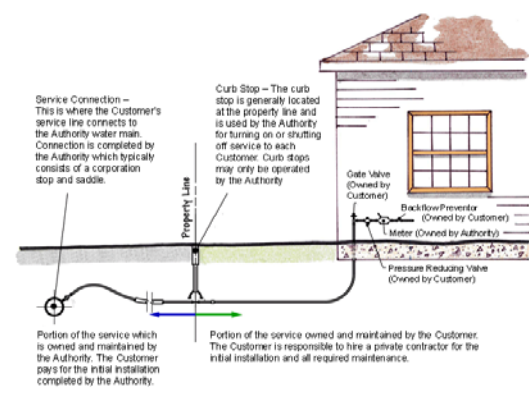
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	80,000			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 |

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: WATER MAIN & SERVICE LINE REPAIR REPLACEMENT PROGRAM	
Department: Water Enterprise	Category: Infrastructure Improvement
Description and Justification: <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. The 2023/2024 improvements are specifically to eliminate system restrictions.</p>	
 <p>The diagram illustrates the components of a water service line. It shows a 'Service Connection' where the customer's line meets the 'Authority water main'. A 'Curb Stop' is located at the property line, used for turning on or shutting off service. A 'Gate Valve' is owned by the customer, and a 'Backflow Preventer' is also owned by the customer. A 'Meter' is owned by the authority, and a 'Pressure Reducing Valve' is owned by the customer. The diagram also indicates the 'Portion of the service which is owned and maintained by the Authority' and the 'Portion of the service owned and maintained by the Customer'.</p>	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design	8	50,000				50,000		
C. Land Acquisition								
D. Construction	8	400,000					400,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$450,000				\$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: 15-TON DUMP TRUCK	
Department: Water Enterprise	Category: Equipment Replacement
Description and Justification: <p>This request is to purchase a 15-ton dump truck for use by the Water and Sewer Divisions. The current fleet of vehicles are smaller daily task vehicles. This truck will alleviate the need to use the highway department large dump truck when needed to move equipment and materials.</p>	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	140,000					140,000	
G. Contingency								
H. Other								
TOTAL		\$140,000					\$140,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: ONE TON UTILITY BODY TRUCK WITH PLOW	
Department: WATER ENTERPRISE	Category: Equipment Replacement
Description and Justification: <p>This request is to replace a 2003 utility body truck. This vehicle is used daily to perform the regular inspections and general maintenance of the Town's water and sewer system. It is a general response vehicle to all calls throughout the Water and Sewer Division. The new truck will also be used as a plow vehicle throughout Town. The picture to the right represents an example of a replacement truck.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	110,000						110,000
G. Contingency								
H. Other								
TOTAL		\$110,000						\$110,000

Source of Funds Legend


(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

Town of Northborough K-8 Schools

Project Detail Sheets


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: K-8 SCHOOLS COMMUNICATIONS AND SECURITY ENHANCEMENTS								
Department: Northborough Public Schools				Category: Facility Improvements				
Description and Justification: The project will include installation of a new telecommunications system, including a public address system, security card access (keyless entry) to buildings, and interior and exterior camera installations at Northborough's K-8 Schools. The telecommunications systems at the Melican Middle School and Proctor and Zeh Schools are unreliable and outdated analog systems that the District seeks to replace with a modern digital VoIP solution. Melican, Peaslee, Proctor and Zeh Schools do not currently have keyless entry systems in place. Replacing keys with a card-access system allows for a streamlined means of controlling faculty and staff access and provides greater building security. In addition, these facilities currently lack security cameras. Installation of cameras would allow the District to better monitor the campuses during and after school hours. The proposed equipment has been installed at Algonquin Regional High School and the Southborough Public Schools.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment	6	185,000	185,000					
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$185,000	\$185,000					
Source of Funds Legend (1) Operating Revenues (3) State Aid (5) EMS Revolving Fund Fees (7) Sewer Enterprise Fund Fees (2) Municipal GO Bonds (4) Trust Funds (6) Free Cash / Other (8) Water Enterprise Fund Fees								


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: PARKING LOT/WALKWAY PAVING - PEASLEE SCHOOL																
Department: Northborough Public Schools					Category: Facility Improvements											
Description and Justification: <p>This request seeks funding to repave the parking lot and asphalt walkways at the Peaslee Elementary School. The asphalt has been patched and crack sealed multiple times in recent years and is nearing the end of its useful life. The estimated cost to repave and restripe the Peaslee parking lot and walkways is \$245,000. 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 occur. The Town plans to request MSBA's assistance with this important project, but limited funding at the State level will impact how quickly grant funding is approved and the Town may need to take action if State assistance is delayed too long.</p>																
RECOMMENDED FINANCING																
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year													
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025								
A. Feasibility Study																
B. Design																
C. Land Acquisition																
D. Construction	2/6	245,000		245,000												
E. Furnishings/Equipment																
F. Departmental Equipment																
G. Contingency																
H. Other																
TOTAL		\$245,000		\$245,000												
Source of Funds Legend <table style="width:100%; border:none;"> <tr> <td>(1) Operating Revenues</td> <td>(3) State Aid</td> <td>(5) EMS Revolving Fund Fees</td> <td>(7) Sewer Enterprise Fund Fees</td> </tr> <tr> <td>(2) Municipal GO Bonds</td> <td>(4) Trust Funds</td> <td>(6) Free Cash / Other</td> <td>(8) Water Enterprise Fund Fees</td> </tr> </table>									(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees	(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees													
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees													


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FLOOR TILE REPLACEMENT - PEASLEE SCHOOL								
Department: Northborough Public Schools					Category: Facility Improvements			
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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	50,000			50,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$50,000			\$50,000			
Source of Funds Legend (1) Operating Revenues (3) State Aid (5) EMS Revolving Fund Fees (7) Sewer Enterprise Fund Fees (2) Municipal GO Bonds (4) Trust Funds (6) Free Cash / Other (8) Water Enterprise Fund Fees								

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: FIRE/SPRINKLER SYSTEM - PEASLEE SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
<u>Description and Justification:</u> In the event that the Peaslee School renovation project does not take place, the district should be proactive in building safety systems. This project would fund the design and installation of a new fire alarm and sprinkler system for the Peaslee School as recommended by the Fire Department. However, the decision to replace the systems must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project.	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |


CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: ADDITION/RENOVATION PROJECT - PEASLEE SCHOOL								
Department: Northborough Public Schools					Category: 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study	2/3	500,000					500,000	
B. Design								
C. Land Acquisition								
D. Construction	2/3	28,700,000						\$ 28,700,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$29,200,000					\$500,000	\$28,700,000
Source of Funds Legend								
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees					
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees					

CAPITAL IMPROVEMENT PROGRAM

PROJECT DETAIL SHEET

Project Title: ROOF REPAIRS - ZEH SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
<u>Description and Justification:</u> This project entails the replacement of the pitched asphalt shingled roof at the Zeh School. The existing roof is approximately 20 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 FY2022 and represents the replacement of approximately 20,000 square feet of shingle pitched roof with a metal roofing system carrying a warranty of 30 years and a projected lifespan of 50 years.	
	

RECOMMENDED FINANCING


	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	600,000			600,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$600,000			\$600,000			

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			
<u>Description and Justification:</u> 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.								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	131,000		131,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$131,000		\$131,000				
<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 - MELICAN MIDDLE SCHOOL								
Department: Northborough Public Schools				Category: Facility Improvements				
Description and Justification: 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 FY2025, were the MSBA to move forward with the Peaslee School addition/renovation feasibility study project proposed in FY2024, 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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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
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 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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
FY2020-2025

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 2019 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
Roger Leland	Town Moderator	April 2020
William Peterson, Jr.	Northborough K-8 School Committee	April 2021
T. Scott Rogers	Appropriations Committee	April 2021
Thomas Spataro	Planning Board	April 2019

Committee Activities

Meeting Date	Action
11/29/2018	Joint Meeting with Board of Selectmen, Financial Planning Committee, Appropriations Committee and Fire Station Building Committee. Presentation on the Fire Station Feasibility Study.
12/13/2018	Joint Meeting with Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee; Financial Trend Monitoring System Presentation and Five-Year Financial Projections
2/19/2019	Election of Officers; CIP Instruction Manual; Preliminary Free Cash Plan; Preliminary FY2020 Capital Budget; Police, Fire and DPW Project Updates and Capital Requests; Review of Meeting Schedule and Town Meeting Calendar
3/5/2019	Review of FY2020 Community Preservation Committee Project Requests; School Department Project Update and Capital Requests
3/12/2019	Financial Planning Committee recommendations and draft report
4/4/2019	Joint Meeting with Board of Selectmen, Appropriations Committee and Fire Station Building Committee Re: Fire Station Project Presentation

The Committee extends its appreciation to Town Administrator John Coderre and his Financial Team -- Assistant Town Administrator Kimberly Foster and Finance Director 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 FY2020, 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

Town submitted its FY2019 budget to the Government Finance Officers Association's Distinguished Budget Award Program. If successful, it will be the 9th consecutive nation budget award for Northborough. 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 FY2020 budget year marks the ninth 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 \$2.23M certified Free Cash balance, \$861,167 is allocated to FY2020 capital projects. This amount provides \$861,167 of capital investment in FY2020 that will have no additional impact on the tax rate.

Assuming this year's Capital Budget is approved, more than \$11.36M of capital expenditures will have been accomplished with Free Cash over the nine-year period FY2012-2020, 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 FY2020

The Committee has reviewed and prioritized the projects in the Capital Improvement Program for Fiscal Year 2020 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 is pleased to note that deleted from the FY2020 capital requests was the planned expenditure of \$290,000 for the Northborough Fire Department to replace its self-contained breathing apparatus (SCBA) packs. On its third try, the Department successfully obtained a Federal Assistance to Firefighters Grant to fund the project.

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 be included 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 Replacements	Police	\$145,000	2	YES
<ul style="list-style-type: none"> ▪ Purchase of three new vehicles to replace a 2011 Ford Explorer, a 2014 For Explorer and a 2015 SUV Interceptor. ▪ Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Fire Station Design, OPM and Land Expenses	Fire	\$3,500,000	3	YES
<ul style="list-style-type: none"> ▪ Provides for the design, construction bid documents and land acquisition for a new Fire Station. ▪ Funded from \$2.1M in new bonds and \$1.4M in repurposed bond proceeds from the now complete Lincoln Street School addition/renovation project (the \$1.4M repurposed bonds will not add any additional tax impact). 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Ambulance Replacement	Fire	\$315,000	2	YES
<ul style="list-style-type: none"> ▪ Replaces a 2012 ambulance. ▪ Funded from EMS Revolving Fund Fees. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
One-Ton Pickup Truck with Plow	Public Works - Highway	\$90,000	2	YES
<ul style="list-style-type: none"> ▪ Replaces a 2000 one-ton pickup truck with plow and will include a covered utility body primarily for use in cemetery operations. ▪ Funded from free cash. No additional impact to tax rate. 				

Municipal Departments (continued)

Project	Sponsor	Cost	Priority	Recommend Approval?
20-Ton Dump Truck with Spreader and Plow	Public Works - Highway	\$271,000	2	YES
<ul style="list-style-type: none"> Replaces a 1999 dump truck. 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
<ul style="list-style-type: none"> Funds needed to supplement the Pavement Management Plan due to reduction in State Chapter 90 Transportation Funding. Funded from free cash. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Water & Sewer Garage Design	Public Works – Water & Sewer	\$75,000	3	YES
<ul style="list-style-type: none"> Funds needed for the planning and design of renovations and expansion to the Water & Sewer Garage. Funded 60/40% split \$45,000 from Water Enterprise Fund Balance and \$30,000 from Sewer Enterprise Fund Balance. No additional impact to tax rate. 				

Project	Sponsor	Cost	Priority	Recommend Approval?
Assabet Hill Water Tank Rehabilitation Design	Public Works – Water	\$70,000	2	YES
<ul style="list-style-type: none"> Funds needed for the design and bid documents associated with the rehabilitation project for the Assabet Hill Tank. Funded from Water Enterprise Fund Balance. No additional impact to tax rate. 				

School Department

Project	Sponsor	Cost	Priority	Recommend Approval?
K-8 Schools Communications and Security Enhancements	Northborough K-8 Schools	\$185,000	1	YES
<ul style="list-style-type: none"> Funds needed for communications and security enhancements to Northborough's K-8 schools. Funded from free cash and other available funds. 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. The Committee has decided not to review or make recommendations on projects not meeting the \$25,000 minimum definition of a Capital Project for purposes of the Capital Improvement Plan.

Project	Sponsor	Cost	Priority	Recommend Approval?
White Cliffs Debt	Community Preservation Committee	\$239,100	N/A	YES
▪ Funds for the second debt service payment associated with the purchase of the White Cliffs at 167 Main Street.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Melican Middle School Field Lighting Phase II	Department of Public Works	\$290,770	N/A	YES
▪ Phase II funds to be used for construction and installation services associated with the replacement of field lighting at the Melican Middle School.				

Project	Sponsor	Cost	Priority	Recommend Approval?
Future Creation of Affordable Housing	Northborough Affordable Housing Corporation	\$150,000	N/A	YES
▪ Funds to be used by Northborough Affordable Housing Corporation for future creation of affordable housing.				

Respectfully submitted,
Northborough Financial Planning Committee
March 12, 2019

Financial Planning Committee Recommendations for FY2020 Capital Project Warrant Articles
Northborough Annual Town Meeting April 2019

Article	Project	Cost	Funding Source	Priority	Vote *	Recommend Approval?
12	Fire: Ambulance 1 Replacement	315,000	EMS Revolving Fund	2	(5-0-0)	YES
13	Police: Cruiser Replacements	145,000	Free Cash	2	(5-0-0)	YES
14	DPW: One-Ton Pickup Truck w/ Plow	90,000	Free Cash	2	(5-0-0)	YES
15	DPW: 20-Ton Pickup Truck w/ Spreader & Plow	271,000	Free Cash	2	(5-0-0)	YES
16	DPW: Roadway Improvements & Maintenance	300,000	Free Cash	2	(5-0-0)	YES
17	DPW: Water & Sewer Garage Design (60/40% split)	45,000	Water Enterprise Fund	3	(5-0-0)	YES
		30,000	Sewer Enterprise Fund	2	(5-0-0)	YES
18	DPW: Assabet Water Storage Tank Rehabilitation Design	70,000	Water Enterprise Fund	2	(5-0-0)	YES
19	K-8 Public Schools: Communications and Security Enhancements	185,000	Free Cash	1	(5-0-0)	YES
20	Fire: Station Design & Land Acquisition	3,500,000	Municipal Bonds	3	(5-0-0)	YES
23	CPC: Northborough Affordable Housing Corporation	150,000	CPA	**	(5-0-0)	YES
24	CPC: Melican Middle School Field Lighting	290,770	CPA	**	(5-0-0)	YES
25	CPC: White Cliffs Debt	239,100	CPA	**	(5-0-0)	YES

* Numerical votes shown in Yes-No-Abstain order relative to a motion to recommend approval. Fewer than six total votes reflects absence of one or more members.

** No capital project priority is assigned to CPA-funded projects.

APPENDIX A

FINANCIAL POLICIES AND OBJECTIVES

Originally adopted by Board of Selectmen on November 23, 2009
Revised November 8, 2010 (Free Cash Policy Added)

TOWN OF NORTHBOROUGH FINANCIAL MANAGEMENT POLICIES

I. OVERVIEW

It is the policy of the Town of Northborough that financial management is conducted with the objectives of providing municipal service in an efficient, effective and consistent manner that aligns with public policy goals as set forth by the Board of Selectmen.

To help ensure the Town's financial stewardship, an established program of managing the Town's finances is essential. To this end, the Board of Selectmen promulgates policies and procedures that are financially prudent and in the Town's best economic interest.

In adherence to this policy, the Town shall pursue the following objectives:

- To set forth operational principles that minimize the cost of government to the extent consistent with services desired by the public and that minimize financial risk;
- To continue effective financial management within the Town that conforms to generally accepted accounting principles;
- To simplify, clarify and modernize the financial systems of the Town as the need occurs;
- To provide increased public confidence in public financial management;
- To protect and enhance the Town's credit rating and prevent default on any municipal debts;
- And to provide safeguards to ensure the quality and integrity of the financial systems.

In order to attain the above objectives, the Board of Selectmen adopts the following policies.

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. The Town will utilize accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Government Accounting Standards Board (GASB), including compliance with GASB Statements 34, 40 and 45.
- B. An annual audit will be performed by an independent public accounting firm.
- C. A Management Letter shall be provided by the independent public accounting firm as a companion document to the annual audit.

III. GENERAL FUND

- A. Budget Goals and Objectives shall be determined annually by the Board of Selectmen in consultation with the Town Administrator. However, the annual operating budget as submitted to the Town must be balanced with the estimate of proposed expenditures for a given period less than or equal to the proposed means of financing these expenditures

(from various sources of funds or revenues). In short, for a budget to be balanced, proposed expenditures shall not exceed projected resources for the given period.

- B. The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. An average collection rate of at least 95% of current levy shall be maintained.
- C. Charges for services and other revenues shall be reviewed on a regular on-going basis at least every three years. Charges shall be adjusted as necessary to respond to changes in the cost of providing services. The Board of Selectmen may set specific cost recovery goals for individual departments or services as appropriate.
 - 1. Recreation Department—Recreational user charges and fees will be set to recover approximately 100% of the total direct costs associated with recreational programs.
- D. Reserves reflect a community's ability to react to unforeseen circumstances and to minimize or avoid borrowing for capital expenditures. Reserves should normally average between 5% and 10% of the Town's General Fund (operating budget) Expenditures. The Town will endeavor to continue its policy of maintaining reserves at 10% of General Fund Expenditures. Reserves are defined to include the Town's Stabilization Fund and Free Cash.

The Stabilization Fund is the Town's main reserve fund designed to provide financial stability for the Town while improving the Town's credit worthiness and flexibility. The provisions of this fund are dictated by Massachusetts General Law, Chapter 40, Section 5B. The Stabilization Fund may be appropriated for any lawful purpose. However, at no time can an appropriation placed into the fund exceed 10% of the previous year's real property tax levy, nor can the fund itself exceed 10% of the equalized value of the Town.

Free Cash reserves are the remaining, unrestricted funds from operations of the previous fiscal year; these include unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in budget line-items. Once certified, monies held in this reserve may be appropriated during the current budget year and may also be used as a source of revenues for the ensuing budget year.

The Town has historically used some portion of its Free Cash to subsidize the ensuing year's annual operating budget. However, it is the Town's goal to limit the amount of Free Cash used in the operating budget to a sustainable level and to use these available funds for non-recurring one-time expenses, such as capital items.

For purposes of this policy, the following are deemed to be appropriate uses of Free Cash:

- Appropriated Reserve – an amount to provide for extraordinary or unforeseen expenditures as authorized by MGL Chapter 40, Section 6.

- Operating Budget – in order to pursue a gradual transition from using Free Cash to fund recurring operational expenses, the Town will reduce its annual appropriation by \$100,000 each year until such time as the annual appropriation from Free Cash for the operating budget is lowered to \$500,000.
- Stabilization Fund – to fund or replenish the Stabilization Fund.
- Capital Improvement Program – to fund capital projects that would otherwise incur borrowing costs associated with the issuance of debt.
- Special Use – to augment the trust funds related to fringe benefits and unfunded liabilities related to employee fringe benefits.
- Extraordinary Deficits – to fund any potential deficits that would otherwise be carried over to the following fiscal year.
- Emergency Appropriations – to allow for fiscal flexibility.

The overall level of Financial Reserves is critical to maintaining the Town's Bond Rating and ensuring sufficient funds to manage unanticipated needs. Funds shall be allocated from Reserves only after an analysis has been prepared by the Town Administrator and presented to the Board of Selectmen. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources and provide sufficient cash balance for daily financial needs.

IV. CAPITAL IMPROVEMENTS

- A. The Town shall continue to prepare a six-year Capital Improvement Program (CIP) updated on an annual basis.
- B. Definitions of Capital Improvement Program/Project:
 1. Capital Improvement Program: A comprehensive list of major public improvement projects that are proposed for the Town's expenditure within the next six years. The CIP shall be reviewed annually.
 2. Capital Improvement Project: Items included within the Capital Improvement Program will involve the improvement or betterment of the physical plant of the Town of a non-recurring nature as differentiated from ordinary repairs or maintenance of a recurring nature. Projects include acquisition of land, improvement of facilities and the replacement/purchase of equipment with a useful life of at least five (5) years and a cost of \$25,000 or more.

V. DEBT MANAGEMENT

- A. A critical measure for bond rating agencies is the ratio of debt service payments to total expenditures. The Town recognizes that maintaining debt levels within industry standards allows the Town to more easily maintain its credit standing. Bond rating agencies consider individual community needs and circumstances (including emergencies) when evaluating the fiscal health of a community. Thus, while exceeding such limits could translate into a decrease in bond rating, such a decrease is not necessarily a totally negative factor in every case in a particular community. The Town's consideration of doing so, however, should be reserved for extraordinary or unforeseeable circumstances.
- B. The Town will endeavor to manage debt so as not to exceed the following ratios, which are reflective of municipal bonding standards:
- | | |
|--|---------|
| 1. Gross General Fund debt service/General Fund expenditures | 15% |
| and | |
| 2. Net General Fund debt service/General Fund expenditures | 8 – 10% |
- C. Definitions of Gross/Net Debt Service:
1. General Fund Gross Debt Service: Annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions. Excluded are Water and Sewer Utility Funds.
 2. General Fund Net Debt Service: After State reimbursement and State aid, the annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions (i.e., Gross Debt Service less reimbursements/aid). Excluded are Water and Sewer Utility Funds.
- D. When considering the use of debt, the Town shall be guided by the following:
1. Borrowing versus Cash—The Town will endeavor to finance Capital Improvement Projects with a total cost of less than \$50,000 through cash appropriation rather than borrowing.
 2. Useful Life—When borrowing, the Town will ensure that the term of bonds issued will not exceed the useful life of the project.
 3. Capital Expenditure versus Capital Improvement Project—Capital expenditures not meeting the definition of “Capital Improvement Projects” should be financed through inclusion within operating budgets.
- E. When considering debt financing strategies, the Town shall be guided by the following:

Exclusions from Proposition 2-1/2 Limits

The maximum amount a community can collect in taxes in a given year is its levy limit. Proposition 2½ (Massachusetts General Laws, Chapter 59, Section 21C) restricts growth in the levy limit from one year to the next by limiting the growth to an increase of not more than 2½% over the prior fiscal year plus any increase in valuation due to new growth in the community.

There are provisions that allow a community to exceed the limits of Proposition 2½. The “debt exclusion” option is a temporary tax increase used to raise additional taxes to fund capital projects for which the community may borrow as defined in Massachusetts General Laws, Chapter 44, Sections 7 and 8. The additional amount is added to the levy limit only during the life of the debt.

A community may also temporarily exceed the levy limit by raising additional taxes for a capital improvement in order to finance the purchase with cash. Such a “capital outlay expenditure exclusion” is used for the year in which the capital item is acquired.

The Town will continue its policy to raise appropriations for large projects, such as school or municipal buildings, outside the limits of Proposition 2½, in order to retain budget capacity within the limits of Proposition 2½.

State, Federal and Other Sources of Funding

State, Federal and other sources of funding including grants and reimbursements, will be aggressively sought for eligible Town and School capital projects.

VI. ENTERPRISE FUND MANAGEMENT

Enterprise funds (Water, Sewer and Solid Waste) should be fully self-sufficient operationally with user charges and fees set to recover all costs associated with the activities of these funds including capital expenditures. Enterprise Funds are governed by Massachusetts General Law, Ch. 44 §53F½.

VII. GIFTS AND GRANTS

- A. All grants shall be managed to comply with the laws, regulations and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.
- B. All gifts and grants shall be evaluated for suitability and consistency with Town policies. They shall be formally accepted by the Board of Selectmen after review and recommendation by the Town Administrator. Gifts and grants of funds are governed by Massachusetts General Law Ch. 44 §53A. Gifts of tangible property are governed by Massachusetts General Law Ch. 44 §53A½.

VIII. TRUST FUND MANAGEMENT

Trust Fund management shall be consistent with the legal requirements and spirit of each respective trust document and, to the maximum extent possible, realize the purpose the trusts were intended to achieve. All Trust Funds shall be invested in accordance with Section X of these policies.

IX. INVESTMENT POLICY FOR GENERAL FUNDS, SPECIAL REVENUE FUNDS, ENTERPRISE FUNDS AND CAPITAL PROJECTS FUNDS

- A. **Scope**—Section IX of this policy applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. Section X will deal with trust funds and any other funds with special circumstances such as stabilization funds. Massachusetts Teachers Retirement Board and the Worcester Regional Retirement Board are responsible for the investment of the pension funds.
- B. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
 - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
 - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.

3. Yield is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

C. Investment Instruments—Public investments in Massachusetts are not protected through provisions in State law. Therefore, they are largely uncollateralized. Many banking institutions are willing to put up collateral, albeit at a cost to the entity of a lower interest rate. The Treasurer negotiates for the highest rates possible, consistent with safety principles. **The Treasurer may legally invest in the following instruments:**

1. Massachusetts State Pooled Fund: Unlimited amounts (Pool is liquid)—The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer and currently managed by Fidelity Investments. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos) and U.S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the C.D.'s and takes delivery on the Repos and Treasuries.
2. U. S. Treasuries that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
3. U.S. Agency obligations that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
4. Bank accounts or Certificates of Deposit, hitherto termed C.D.'s. (Up to one year) which are fully collateralized through a third party agreement: Unlimited amounts.
5. Bank accounts and C.D.'s (Up to one year) insured by F.D.I.C. up to at present a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage. In some cases banking institutions carry additional insurance, Depository Insurance Fund of Massachusetts (D.I.F.M).
6. Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.

D. **Authorization**—The Treasurer has authority to invest municipal funds, subject to the statutes of the Commonwealth Massachusetts General Law Chapter 44 Section 55, 55A, & 55B.

E. **Restrictions**—Chapter 44, Section 55 set forth the several restrictions that the Treasurer must be aware of when making investment selections for short term operating funds.

1. A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
2. The Treasurer shall not make a deposit in any bank, trust company or banking company that he is associated with as an officer or employee or has been the same for any time during the three years immediately preceding the date of any such deposit.
3. All securities shall have a maturity from date of purchase of one year or less.
4. Purchases under an agreement with a trust company, national bank or banking company for repurchase at not less than original purchase price of said securities on a fixed date, for a term that shall not exceed ninety days.

X. INVESTMENT POLICY FOR TRUST FUNDS, STABILIZATION FUNDS AND COMMUNITY PRESERVATION ACT

A. **Scope**—Section X of this policy applies to funds that could be invested long term and includes accounts that are designated as Trust Funds, Stabilization Funds, Conservation Fund and Community Preservation Funds. These funds include all accounts that are received as scholarships and perpetual care receipts.

All accounts will be maintained separately receiving their proportionate interest allocation and any realized and unrealized gains or losses. The account will be established as a pooled investment portfolio unless otherwise stated. Any additional amounts added to such accounts will be maintained in this same manner.

B. **Authorization**—Massachusetts General Law Chapter 44, Section 54 pertains to the investment of Trust Funds. All trust funds shall fall under the control of the Treasurer unless otherwise provided or directed by the donor.

C. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with the safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
 - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
 - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
3. Yield is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

D. **Investment Instruments**—Massachusetts General Laws, Chapter 44 Section 54 states that money should be deposited into savings banks, trust companies incorporated under the laws of the commonwealth, banking companies incorporated under the laws of the commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under Chapter 29, Section 38A, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the Commonwealth.

Additionally the Treasurer may invest such funds in securities, other than mortgages or collateralized loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth; provided, that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company. **The Treasurer may invest in the following instruments:**

1. U. S. Treasuries that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).

2. U.S. Agency obligations that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).
3. Bank accounts or Certificates of Deposit, hitherto termed C.D.'s: Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third party agreement.
4. Bank accounts and C.D.'s (With no limit to the length of maturity from date of purchase), fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.M) presently with a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage.
5. Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.
6. Common and preferred stocks that are listed in the List of Legal Investments. Massachusetts General Law Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
7. Investment Funds that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
8. List of Legal Investments—All other items not separately identified here that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.

Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts List of Legal Investments issued by the Banking Commissioner each July. Each Trust Fund must be accounted for separately.

XI. INVESTMENT POLICY—OVERALL PROVISIONS

- A. **Diversification**—Diversification should be interpreted in two ways: 1) in terms of maturity, and 2) in terms of instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as

concentration in a specific institution, with the exception of U.S. Treasury obligations and agencies or investments fully collateralized.

- B. **Ethics**—The Treasurer and Assistant Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Town Administrator any material financial interest they may have in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that they have which could be related to the performance of the Town's investments. All municipal employees shall comply with the State Conflict of Interest Law, Massachusetts General Laws, Chapter 268A.
- C. **Standards of Care**—The standard of prudence to be used by the Treasurer shall be the “prudent person” standard set forth in Massachusetts General Laws Chapter 203C and shall be applied in the context of managing an overall portfolio. The Treasurer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well the probable income to be derived.”

- D. **Reporting Requirements**—On an annual basis, a report containing the following information will be prepared by the Treasurer and distributed to the Town Administrator. The report will include as a minimum requirement, the following information:
1. A listing of the individual accounts and individual securities held at the end of the reporting period.
 2. A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this Investment Policy.
 3. A summary of the income earned on a monthly basis and on a year to date basis.
 4. The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the Town's cash position.
 5. The report should demonstrate the degree of compliance with the tenets set forth in the Investment Policy.

APPENDIX B

FUND DESCRIPTIONS & BALANCES

Fund Descriptions

The financial operations of the Town are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the Town are accounted for through one of the funds or account groups listed below.

Governmental Funds

Most Town functions are financed through what are called Governmental Funds. These are the activities generally supported by “non-exchange” revenue, such as taxes. There are four types of governmental funds maintained by the Town: the General Fund, Special Revenue Funds, Permanent Funds, and the Capital Project Funds.

General Fund: The General Fund is the major operating fund of the Town government and it encompasses a majority of Town operations, and it is defined as covering all resources that are not required to be accounted for elsewhere. The General Fund is supported by revenues from real estate & personal property taxes, state aid, excise taxes, investment income, fines & forfeitures, and fees & charges. Most of the Town’s departments including the Schools are supported in whole or in part by the General Fund.

Special Revenue Funds: Special Revenue Funds are used to account for revenues that are legally restricted to specific purposes, with the exception of major capital projects and permanent funds. These revenues must be accounted for separately from the General Fund for a variety of reasons, and often span multiple fiscal years. The Town’s Special Revenue Funds are grouped into five categories:

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific program and use those revenues to support the program without appropriation. Revolving Funds are established by statute or by-law and may require reauthorization each year at Town Meeting. The Town maintains revolving funds for a number of purposes including Council on Aging, Family and Youth Services Department, Fire Department, Recreation Department, Library Lost Books, School Department Student Activities, and the School Lunch Program.
2. **Receipts Reserved for Appropriation:** The funds in this grouping are restricted to a specific use by statute and also require appropriation by Town Meeting. These funds include property insurance claims greater than \$100,000, monies from Cemetery sale of lots and graves, Net Premiums on Debt, 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, 2018. 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, 2018

	General Fund	School Construction Project	Nonmajor Governmental Funds	Total
Revenues:				
Property taxes	\$ 48,495,124	-	565,082	49,060,206
Excise and local option taxes	3,139,094	-	-	3,139,094
Payments in lieu of taxes	112,489	-	-	112,489
Departmental charges for services	262,592	-	2,568,595	2,831,187
Licenses and permits	569,280	-	-	569,280
Intergovernmental	11,188,401	363,866	2,224,262	13,776,529
Fines and forfeits	135,466	-	8,592	144,058
Investment income	196,628	-	11,165	207,793
Other	66,148	-	501,855	568,003
Total revenues	64,165,222	363,866	5,879,551	70,408,639
Expenditures:				
Current:				
General government	2,566,462	-	2,020,465	4,586,927
Public safety	4,777,810	-	458,732	5,236,542
Education	35,356,766	121,443	2,110,813	37,589,022
Public works	2,353,458	-	2,212,156	4,565,614
Human services	650,078	-	221,209	871,287
Recreation and culture	1,096,575	-	636,868	1,733,443
Intergovernmental	235,976	-	-	235,976
Employee benefits	13,232,355	-	-	13,232,355
Other	239,753	-	-	239,753
Debt service	2,842,659	-	45,900	2,888,559
Total expenditures	63,351,892	121,443	7,706,143	71,179,478
Excess (deficiency) of revenues over expenditures	813,330	242,423	(1,826,592)	(770,839)
Other financing sources (uses):				
Proceeds from bond issuance	-	-	819,000	819,000
Operating transfers in	859,137	-	1,745,159	2,604,296
Operating transfers out	(1,577,160)	-	(1,027,136)	(2,604,296)
Total other financing sources (uses)	(718,023)	-	1,537,023	819,000
Net changes in fund balances	95,307	242,423	(289,569)	48,161
Fund balance, beginning of year	9,516,356	1,124,799	10,114,885	20,756,040
Fund balance, end of year	\$ 9,611,663	1,367,222	9,825,316	20,804,201

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2018

	Water Enterprise Fund	Sewer Enterprise Fund	Total
Operating revenues:			
Charges for services	\$ 2,283,358	2,322,813	\$ 4,606,171
Special Assessments	94,426	136,115	230,541
Total operating revenues	2,377,784	2,458,928	4,836,712
Operating expenditures:			
Salaries, wages and employee benefits	499,139	327,978	827,117
Energy purchases	1,240,294	263,156	1,503,450
Other operating expenses	206,507	383,105	589,612
Depreciation	522,009	249,775	771,784
Total operating expenditures	2,467,949	1,224,014	3,691,963
Operating income	(90,165)	1,234,914	1,144,749
Nonoperating revenues (expenses):			
Interest income	12,085	47,864	59,949
Interest expense	(58,123)	(152,970)	(211,093)
Other	-	15,326	15,326
Total nonoperating revenues (expenses)	(46,038)	(89,780)	(135,818)
Income before transfers	(136,203)	1,145,134	1,008,931
Operating transfers in (out)	63,362	(63,362)	-
Changes in net position	(72,841)	1,081,772	1,008,931
Net position, beginning of year, restated	8,536,939	7,495,710	16,032,649
Net position, end of year	\$ 8,464,098	8,577,482	\$ 17,041,580

TOWN OF NORTHBOROUGH, MASSACHUSETTS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue		Capital Projects	Permanent	Totals
	School	Other			
Revenues:					
Property taxes	\$ -	565,082	-	-	565,082
Departmental charges for services	302,664	2,245,281	-	20,650	2,568,595
Licenses and permits	-	-	-	-	-
Intergovernmental	1,228,634	995,628	-	-	2,224,262
Fines and forfeits	-	8,592	-	-	8,592
Investment income	31	7,315	-	3,819	11,165
Other	-	470,326	-	31,529	501,855
Total revenues	1,531,329	4,292,224	-	55,998	5,879,551
Expenditures:					
Current:					
General government	-	1,964,481	55,984	-	2,020,465
Public safety	-	331,623	127,109	-	458,732
Education	1,241,263	529,808	339,742	-	2,110,813
Public works	-	1,226,970	984,885	301	2,212,156
Human services	-	221,209	-	-	221,209
Recreation and culture	-	613,619	-	23,249	636,868
Debt service	-	45,900	-	-	45,900
Total expenditures	1,241,263	4,933,610	1,507,720	23,550	7,706,143
Excess (deficiency) of revenues over expenditures	290,066	(641,386)	(1,507,720)	32,448	(1,826,592)
Other financing sources (uses):					
Proceeds from bond issuance	-	-	819,000	-	819,000
Operating transfers in	-	217,159	1,528,000	-	1,745,159
Operating transfers out	-	(940,184)	(81,554)	(5,398)	(1,027,136)
Net changes in fund balances	290,066	(1,364,411)	757,726	27,050	(289,569)
Fund balance, beginning of year	651,754	6,195,651	2,186,875	1,080,605	10,114,885
Fund balance, end of year	\$ 941,820	4,831,240	2,944,601	1,107,655	9,825,316

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 FY2018 is \$2,236,167 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$8,317,338, which also includes the Town's Stabilization Fund Balance of \$4,567,834.

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 FY2020 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 \$861,167 will be used to fund capital expenditures. With respect to the proposed FY2020 budget, no transfers from Stabilization are contemplated, while use of Free Cash in the total amount of \$1,736,167 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	FY2019	FY2020
Certified Free Cash as of June 30 prior year	\$ 2,877,855	\$ 2,236,167
Proposed* use for budget	\$ (2,235,000)	\$ (1,736,167)
Unappropriated Free Cash	\$ 642,855	\$ 500,000
Stabilization Fund Balance as of June 30	\$ 4,364,697	\$ 4,567,834
Investment Income/(Loss) as of December 31	\$ 2,796	\$ 60,426
Proposed* transfer into Stabilization	\$ 200,000	\$ 200,000
Stabilization Fund Balance	\$ 4,567,493	\$ 4,828,260
Total Reserves	\$ 5,210,348	\$ 5,328,260
Proposed Expenditure Budget	\$ 64,113,138	\$ 66,016,688
Reserves as Percentage of Budget	8.1%	8.1%

**Proposed use of Free Cash for FY2019 & FY2020 include a \$200,000 transfer to the Stabilization Fund.*

Free Cash will be recalculated for June 30, 2019 once FY2019 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2020 will reduce the amount shown in the preceding calculation, positive results from unspent appropriations and revenues above budget in FY2019 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	FY2018	FY2019
Certified Free Cash as of June 30	\$ 2,877,855	\$ 2,236,167
Stabilization Fund Balance as of June 30	\$ 4,364,697	\$ 4,567,834
Total Reserves	\$ 7,242,552	\$ 6,804,001
Adopted Budget	\$ 61,633,890	\$ 63,838,190
Reserves as Percentage of Budget	11.8%	10.7%

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 FY2020 the amount of Free Cash certified at June 30, 2018 allows for amounts to be appropriated for capital in addition to the limited amount used for the operating budget. In the case of FY2019, \$1,360,000 in capital expenditures were approved, and for FY2020 \$861,167 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	FY2017	FY2018
Certified Free Cash as of June 30	\$ 2,877,855	\$ 2,236,167
Stabilization Fund Balance as of June 30	\$ 4,364,697	\$ 4,567,834
Total Reserves	\$ 7,242,552	\$ 6,804,001
Total Revenues	\$ 58,308,748	\$ 59,719,452
Reserves as % of Operating Revenues	12.4%	11.4%
Reserves Subsequently Used (Proposed*)	\$ (2,035,000)	\$ (1,536,167)
Total Adjusted Reserves	\$ 5,207,552	\$ 5,267,834
Total Revenues	\$ 58,308,478	\$ 59,716,452
Reserves as % of Operating Revenues	8.9%	8.8%

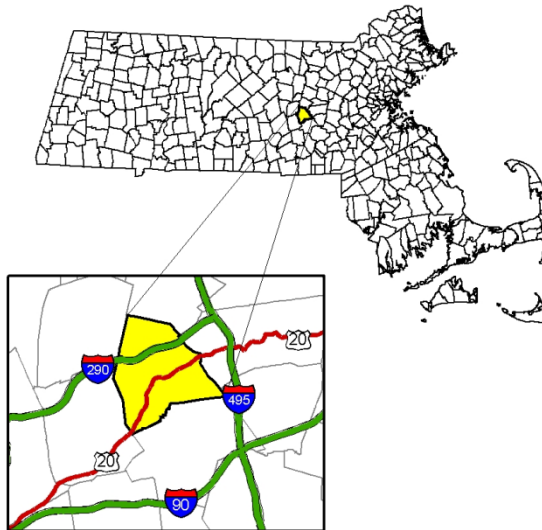
**Proposed use of Free Cash for FY2017 and FY2018 is reduced here by \$200,000 in each year to account for proposed transfers to the Stabilization Fund, since Stabilization funds are reserves.*



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Town of Northborough, MA Financial Trend Monitoring Report Fiscal Year 2019



FTM Report covers the period July 1, 2008 (FY2009) through June 30, 2019 (FY2019)

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I. INTRODUCTION—THE FINANCIAL TREND MONITORING SYSTEM

Welcome to the Town of Northborough’s Financial Trend Monitoring System (FTMS) Report. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. If employed correctly, the FTMS will help Town officials:

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

The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough’s overall financial condition.

What is Financial Condition?

Financial condition is broadly defined as the ability of a Town to maintain existing service levels, withstand local and regional economic disruptions, and meet the demands of natural growth, decline and change. It is often discussed from the perspectives of cash solvency, budgetary solvency, long-run solvency and service-level solvency.

In the narrowest sense, financial condition means the ability of the Town to pay its immediate obligations over the next 30 to 90 days in order to maintain operations. This is typically referred to as “cash solvency.”

Beyond meeting its monthly cash obligations, a Town must also be able to generate enough revenues during a fiscal year to meet all its expenditures, without incurring operational deficits. With few exceptions, such as snow and ice overdrafts, the Town is legally obligated to maintain “budgetary solvency,” or a balanced fiscal year budget, while providing services to residents.

In a broader sense, financial condition means the Town’s ability in the long-run to pay all the costs of doing business, including those which may not appear during the current fiscal year, such as pension costs and liabilities for other post-employment benefits. This long-run balance

Aspects of Financial Condition

- *Cash Solvency: A government's ability to pay immediate obligations,*
- *Budgetary Solvency: Its ability to pay financial obligations within the current fiscal period,*
- *Long-Run Solvency: Its ability to continue paying obligations in future fiscal periods, and*
- *Service-Level Solvency: The government's ability to continue providing the level of services expected by its constituents.*

between revenues and costs is referred to as “long-run solvency” and includes items such as debt commitments and investments designed to maintain capital facilities such as buildings and roads. As many municipalities know all too well, it is possible to defer such costs in the short-run, but failure to adequately invest in capital needs will cost more in the future and could even create issues of budgetary solvency if the needs go unmet for too long.

Lastly, financial condition must also be viewed from the perspective of the services that residents desire. “Service-level solvency” refers to the level and quality of the services that residents expect in order to maintain the health, safety and welfare of the community. A Town lacking service-level solvency might in all other respects be in sound financial condition, but be unable to support critical services at an adequate level. In a financial crisis situation, trying to maintain service-level solvency might result in a municipality experiencing cash, budgetary, or long-run solvency problems. That is why it is important to view the issue of financial condition from all four perspectives. During a prolonged period of 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, 2008 through June 30, 2019. Actual data has been presented for the Town’s General Fund for the Fiscal Years 2009 through 2019. 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-Cambridge-Newton, MA-NH” statistical area. Six months of calendar year 2018 was used for FY2019. CPI-U data is the Consumer Price Index for all urban consumers in the New England region. For the purpose of this analysis, FY2009 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 \$4.6 million Stabilization Fund has been unnecessary. In fact, the Town contributed \$200,000 to the Stabilization Fund during FY2019. 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 four more appropriations of \$500,000 from FY2016 through FY2019 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		FY2019
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	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

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Section III

Fiscal Indicator Analysis

Indicator 1: Property Tax Revenues

Formula:

Net Property Tax Revenues
Consumer Price Index

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

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

Description:

Property 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	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Property Tax Collections **	\$ 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	\$ 48,389,360	\$ 50,245,989
Less Debt Exclusions ***	\$ (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)	\$ (2,253,350)
Net Property Tax Revenues (nominal dollars)	\$ 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	\$ 46,018,544	\$ 47,992,639
Percent increase Tax Revenues over prior year	4.8%	5.2%	2.0%	3.6%	3.4%	6.7%	4.0%	5.3%	2.5%	3.5%	4.3%
CPI-U, 2009 Base Year ****	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	271.3	274.1
CPI-U adjustment for constant dollars	100.0%	98.9%	97.6%	95.3%	93.8%	92.5%	91.4%	90.7%	88.8%	86.3%	85.4%
Net Property Tax Revenues (constant dollars)	\$ 32,329,412	\$ 33,640,586	\$ 33,856,482	\$ 34,231,876	\$ 34,839,443	\$ 36,639,234	\$ 37,678,927	\$ 39,367,600	\$ 39,484,599	\$ 39,715,949	\$ 40,990,897
Percent increase Tax Revenues over prior year	4.8%	4.1%	0.6%	1.1%	1.8%	5.2%	2.8%	4.5%	0.3%	0.6%	3.2%

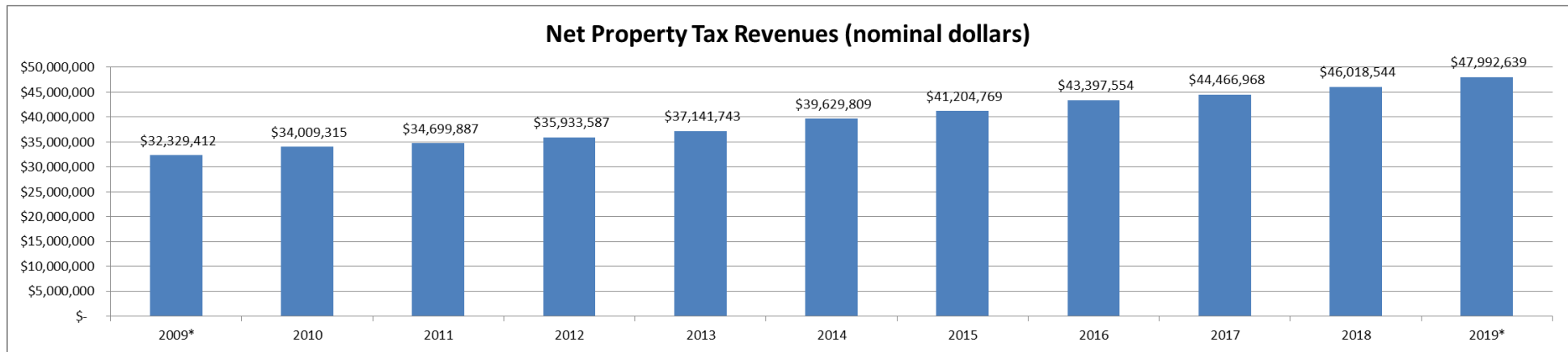
Notes:

*Proposition 2 1/2 Override approved in FY2009 (\$316,047); FY2019 shows budget numbers rather than actual, Source: Mass. DOR Tax Recap

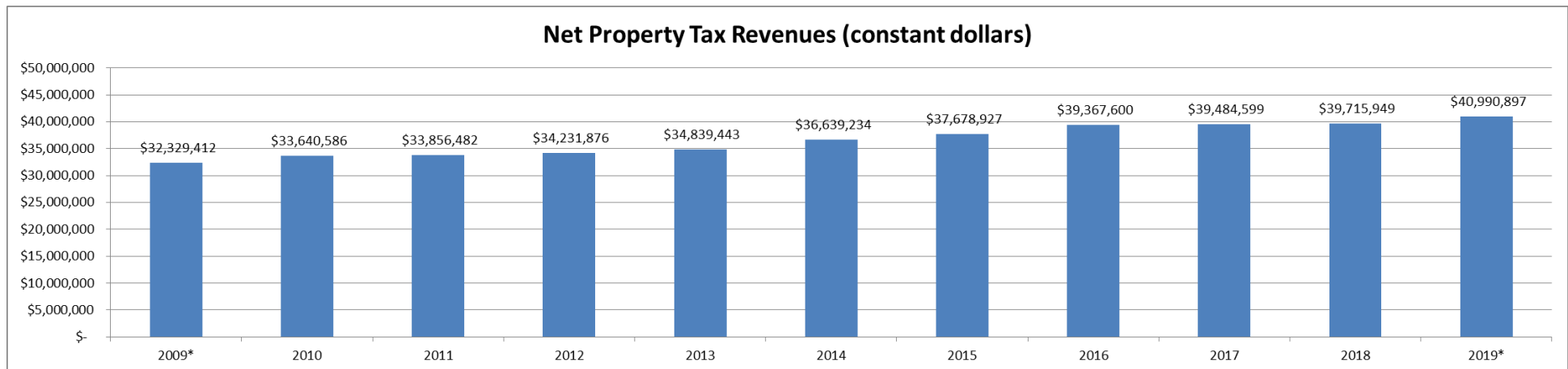
** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

*** Source: Mass. DOR, Tax Recaps

**** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Cambridge-Newton, MA-NH region), 6 months of calendar year 2018 used for FY2019



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 FY2009 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.

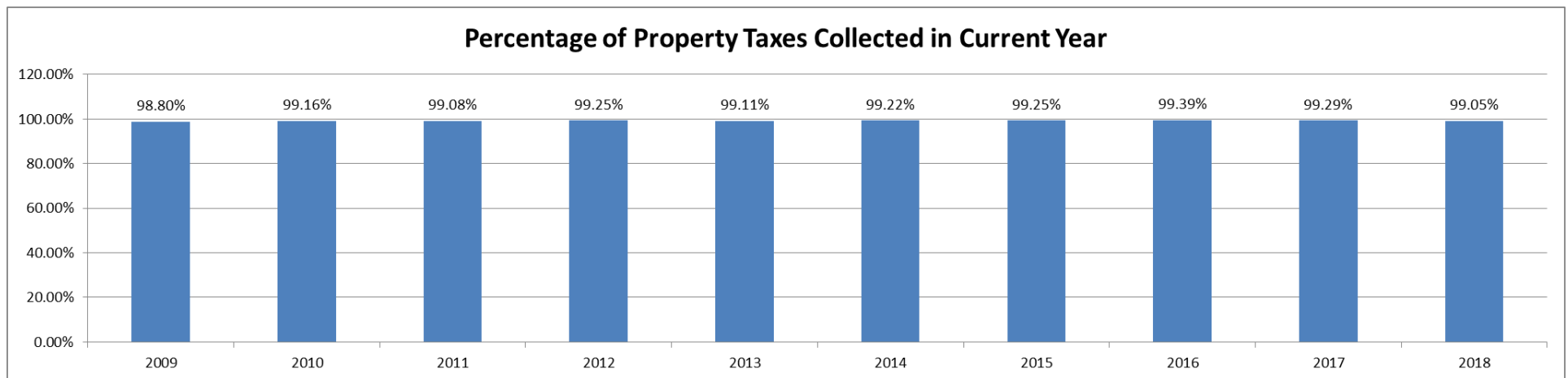
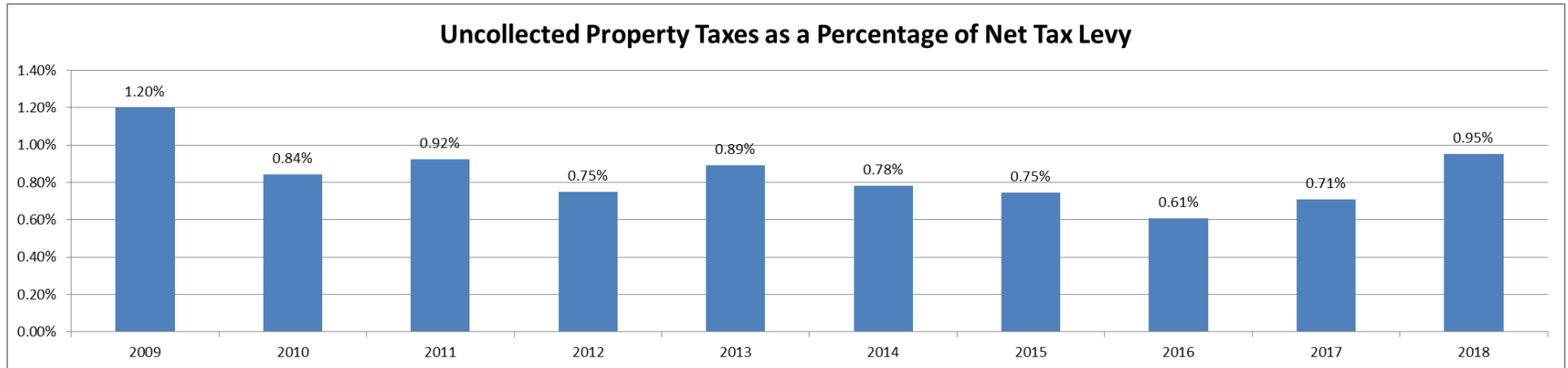
Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property Tax Levy *	\$ 34,239,613	\$ 35,640,190	\$ 36,695,635	\$ 38,402,738	\$ 40,143,508	\$ 41,333,959	\$ 42,977,124	\$ 45,068,900	\$ 46,873,992	\$ 48,585,577
Less Reserve for Abatements & Exemptions *	\$ (215,351)	\$ (284,717)	\$ (342,209)	\$ (351,739)	\$ (679,291)	\$ (530,787)	\$ (462,432)	\$ (623,081)	\$ (365,355)	\$ (280,000)
Net Property Tax Levy	\$ 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	\$ 48,305,577
Uncollected Taxes as of June 30 **	\$ 408,354	\$ 298,580	\$ 336,037	\$ 284,981	\$ 351,243	\$ 318,536	\$ 317,223	\$ 269,696	\$ 329,592	\$ 459,886
Uncollected taxes as a Percentage of Net Property Tax Levy	1.20%	0.84%	0.92%	0.75%	0.89%	0.78%	0.75%	0.61%	0.71%	0.95%
Percentage Collected in Current Year ***	98.80%	99.16%	99.08%	99.25%	99.11%	99.22%	99.25%	99.39%	99.29%	99.05%

Notes:

* Source: Mass. DOR, Tax Recaps

** Source: Mass. DOR Outstanding Receivables Report

*** Percent of Net Levy collected, abated, and/or taken during current year



Note: Property tax collections are shown net of reserves for abatements and exemptions, which the Town assumes will not be collected.

Indicator 3: Revenues and Expenditures per Capita

Formula:

$$\frac{\text{Net Operating Revenues or Expenditures (constant dollars)}}{\text{Population}}$$

Northborough Trend

X	Favorable
	Marginal/Improving
	Unfavorable
	Uncertain

Warning Trend: Decreasing revenues per capita and increasing operating expenditures per capita (measured in constant dollars) is considered a warning trend, especially if spending is increasing faster than revenues or if one-time revenues are consistently needed to achieve budgetary balance.

Description:

Revenues and expenditures per capita show changes relative to population. For enhanced analysis, revenues and expenditures per capita charted together provide a method to measure both sides of the municipal budget. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore the level of per capita revenues would remain constant. If per capita revenues are decreasing, the municipality may not be able to maintain existing service levels unless cost savings or new revenue sources are identified. Changes in per capita expenditures that reflect an increase may indicate that the cost of providing municipal services is outpacing the community's ability to pay for those services, especially if spending is greater than can be counted for by inflation or the addition of new services.

Analysis:

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	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures (Net of Capital Transfers)**	\$ 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	\$ 58,864,722
Revenues **	\$ 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	\$ 59,719,452
One Time Revenues Budgeted **	\$ 473,250	\$ 800,000	\$ 661,703	\$ 791,479	\$ 650,000	\$ 650,000	\$ 870,000	\$ 675,000	\$ 675,000	\$ 675,000
CPI-U, 2009 Base Year ***	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	271.3
CPI-U adjustment for constant dollars	100.0%	98.9%	97.6%	95.3%	93.8%	92.5%	91.4%	90.7%	88.8%	86.3%
Expenditures (constant dollars)	\$ 43,394,613	\$ 43,816,299	\$ 43,254,937	\$ 43,662,293	\$ 44,707,234	\$ 45,028,801	\$ 47,346,821	\$ 48,614,227	\$ 50,594,973	\$ 50,802,744
Revenues (constant dollars)	\$ 43,343,178	\$ 44,739,994	\$ 44,083,456	\$ 44,900,249	\$ 45,685,314	\$ 47,995,445	\$ 48,298,385	\$ 50,590,184	\$ 51,775,216	\$ 51,540,412
Population ****	14,575	14,498	14,632	14,798	14,643	14,754	14,550	14,553	14,810	14,889
Expenditures per capita (nominal dollars)	\$ 2,977	\$ 3,055	\$ 3,030	\$ 3,097	\$ 3,255	\$ 3,301	\$ 3,559	\$ 3,682	\$ 3,847	\$ 3,954
Revenues per capita (nominal dollars)	\$ 2,974	\$ 3,120	\$ 3,088	\$ 3,185	\$ 3,326	\$ 3,519	\$ 3,630	\$ 3,832	\$ 3,937	\$ 4,011
Expenditures per capita (constant dollars)	\$ 2,977	\$ 3,022	\$ 2,956	\$ 2,951	\$ 3,053	\$ 3,052	\$ 3,254	\$ 3,340	\$ 3,416	\$ 3,412
Revenues per capita (constant dollars)	\$ 2,974	\$ 3,086	\$ 3,013	\$ 3,034	\$ 3,120	\$ 3,253	\$ 3,319	\$ 3,476	\$ 3,496	\$ 3,462

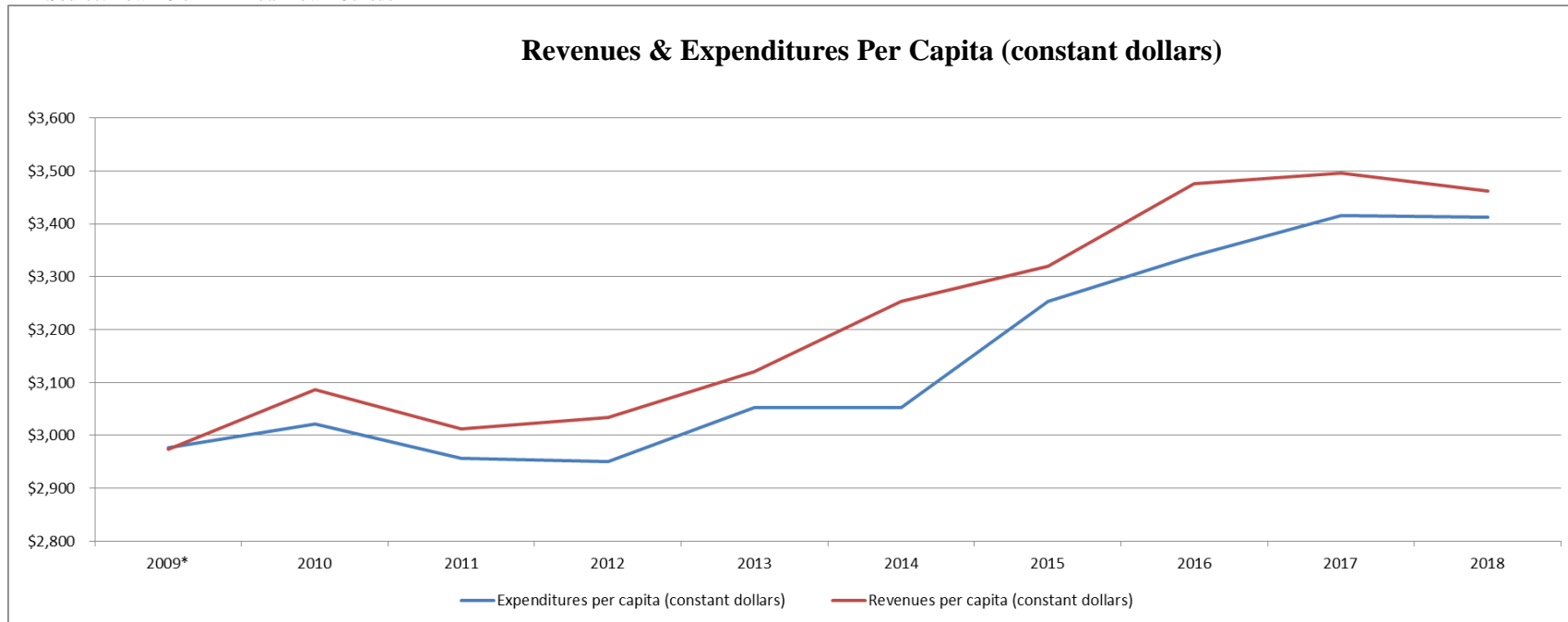
Notes:

*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, \$1,497,000 in FY2017, and \$1,360,000 in FY2018 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 FY2018. The amounts also include transfers to Stabilization: \$100,000 in FY2008 and \$200,000 in FY2015 through FY2018. FY2015 & FY2016 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2015 through FY2018 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-Cambridge-Newton, MA-NH 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 peaked in FY2003, when controlling for inflation (constant dollars) it represented 13.1% of revenues. As a percentage of revenue it has steadily declined from 10.6% in FY2009 to 8.6% in FY2019. 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 does not reflect changes in Federal/State grant programs that are reported outside of the General Fund.

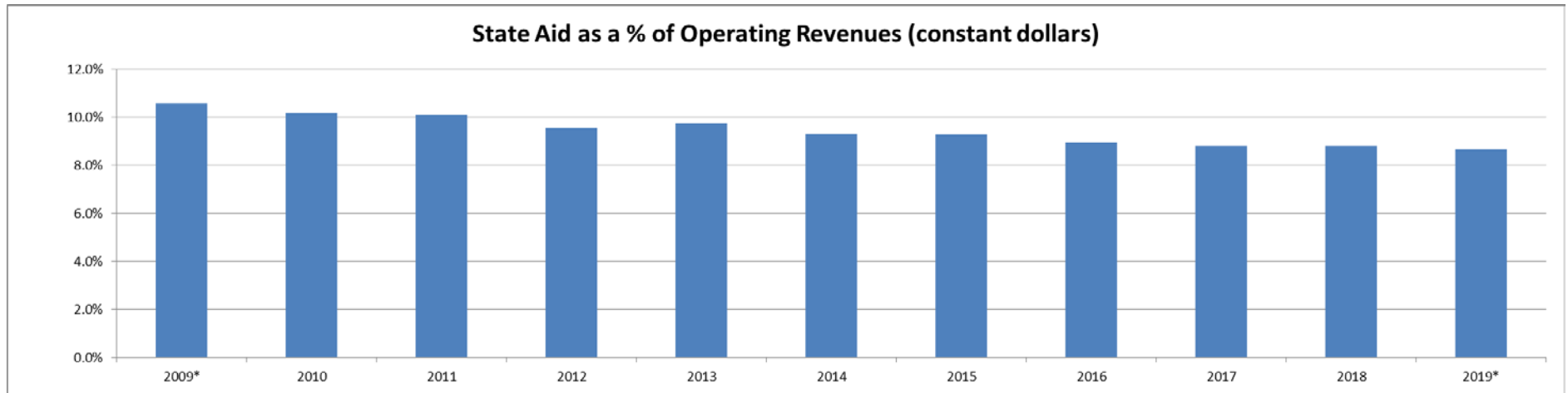
Fiscal Year*	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Operating Revenues**	\$ 43,343,178	\$ 45,230,381	\$ 45,181,626	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 58,308,478	\$ 59,719,452	\$ 61,603,190
State Aid Revenues***	\$ 5,201,804	\$ 5,213,984	\$ 4,945,569	\$ 4,873,203	\$ 5,134,652	\$ 5,211,800	\$ 5,283,338	\$ 5,380,417	\$ 5,519,526	\$ 5,650,296	\$ 5,709,692
Less School Building Reimbursement	\$ (615,942)	\$ (615,941)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net State Aid Revenues	\$ 4,585,862	\$ 4,598,043	\$ 4,563,026	\$ 4,490,660	\$ 4,752,109	\$ 4,829,257	\$ 4,900,795	\$ 4,997,874	\$ 5,136,983	\$ 5,267,753	\$ 5,327,149
CPI-U, 2009 Base Year ***	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	271.3	274.1
CPI-U adjustment for constant dollars	100.0%	98.9%	97.6%	95.3%	93.8%	92.5%	91.4%	90.7%	88.8%	86.3%	85.4%
Operating Revenues (constant dollars)	\$ 43,343,178	\$ 44,739,994	\$ 44,083,456	\$ 44,900,249	\$ 45,685,314	\$ 47,995,445	\$ 48,298,385	\$ 50,590,184	\$ 51,775,216	\$ 51,540,412	\$ 52,615,777
Net State Aid Revenue (constant dollars)	\$ 4,585,862	\$ 4,548,191	\$ 4,452,118	\$ 4,277,995	\$ 4,457,541	\$ 4,464,828	\$ 4,481,440	\$ 4,533,765	\$ 4,561,402	\$ 4,546,294	\$ 4,549,961
State Aid as a % of Operating Revenues (constant dollars)	10.6%	10.2%	10.1%	9.5%	9.8%	9.3%	9.3%	9.0%	8.8%	8.8%	8.6%

Notes:

* FY2009 reflects a \$352,035 cut in CH70 Education Aid which was replaced by a Federal ARRA grant (outside of general fund); FY2019 reflects budgeted revenues per Mass. DOR Tax Recap

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule (adjustment to exclude FEMA/MEMA and School Medicaid)

*** Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Cambridge-Newton, MA-NH region), 6 months of calendar year 2018 used for FY2019



*Note: FY2019 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. All of 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. However, it will be important for the Town to monitor the amount of available land for economic development and begin to plan for the inevitable implications of build-out. New growth trends for the past five years indicate that Northborough is maturing and the period of rapid economic development is plateauing.

Fiscal Year	2008	2009*	2010	2011	2012	2013	2014*	2015*	2016	2017	2018
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	\$59,719,452
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)	\$ (2,253,350)
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	\$57,466,102
Building Related Fees & Permits ****	\$ 411,490	\$ 215,027	\$ 749,803	\$ 405,896	\$ 388,874	\$ 297,249	\$ 349,709	\$ 354,927	\$ 423,959	\$ 272,656	\$ 444,276
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	\$ 2,659,943	\$ 2,642,515
Other Excise ****	\$ 78,852	\$ 65,676	\$ 42,643	\$ 57,196	\$ 92,342	\$ 69,372	\$ 314,356	\$ 421,973	\$ 441,201	\$ 507,883	\$ 450,667
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	\$ 583,208
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	\$ 4,134,637	\$ 4,120,666
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%	7.2%

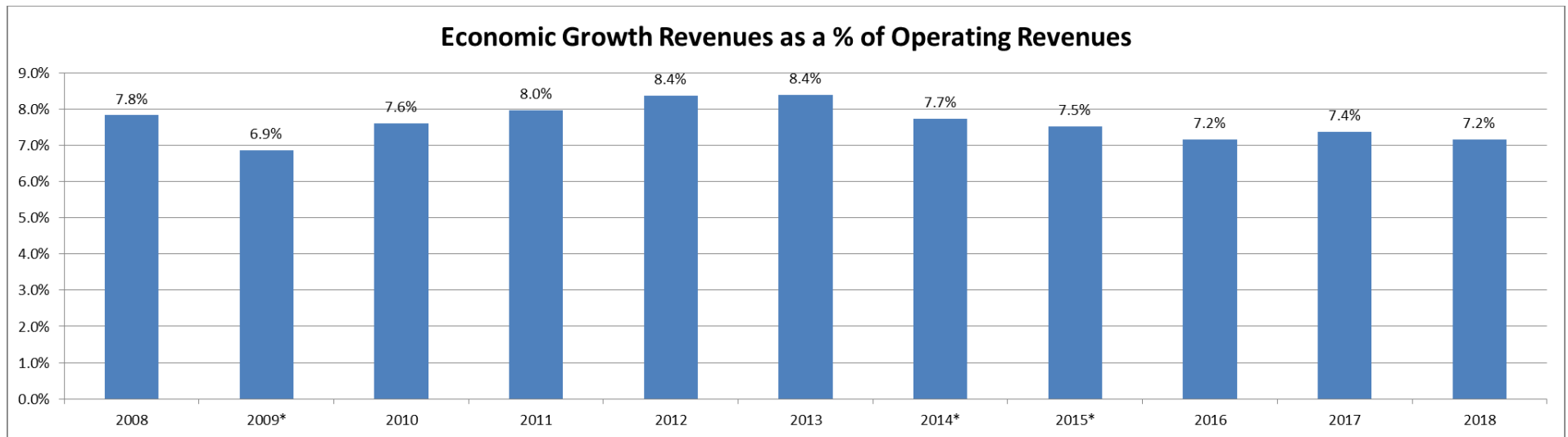
Notes:

*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 1.4% or \$875,000 in FY2019, where it will remain stable in accordance with the Free Cash Policy. From FY2016 to FY2019, Free Cash was also used to fund a \$200,000 transfer to Stabilization. FY2016 and FY2017 included \$20,000 transfers from Free Cash to a special 250th Anniversary Celebration fund each year. Free Cash has been used to fund \$10.5 million in pay as you go capital investment from FY2012 through FY2019.

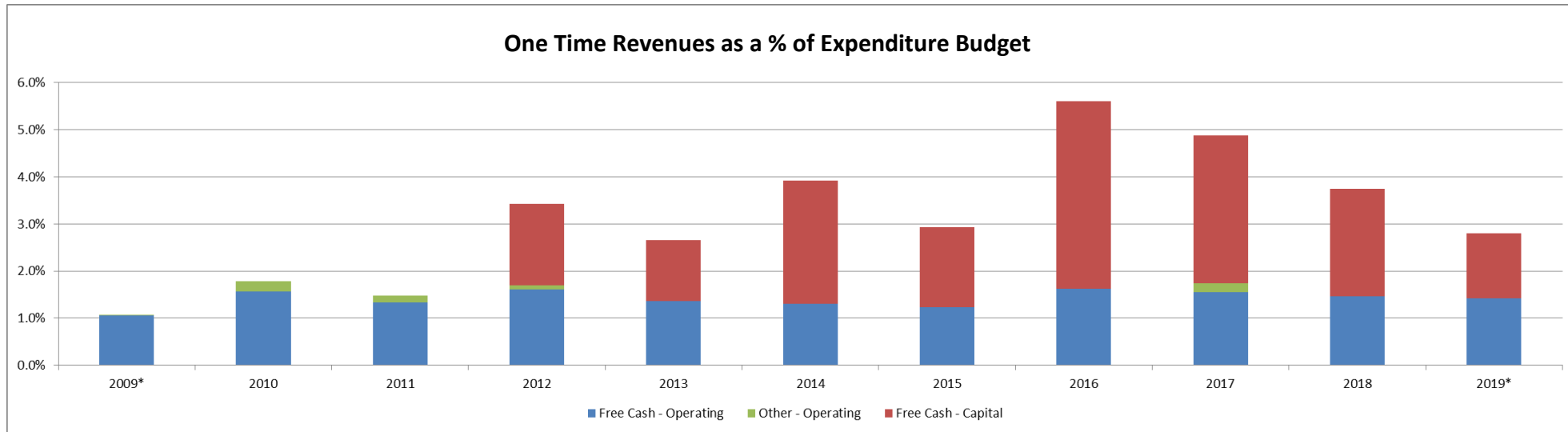
Fiscal Year	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Expenditure Budget **	\$ 44,350,863	\$ 44,912,699	\$ 44,910,225	\$ 46,665,590	\$ 47,769,858	\$ 49,997,242	\$ 52,697,038	\$ 55,128,393	\$ 57,855,289	\$ 59,634,331	\$ 61,919,509
Revenues Budgeted **	\$ 43,877,613	\$ 44,112,699	\$ 44,248,522	\$ 45,874,111	\$ 47,734,858	\$ 49,347,242	\$ 51,827,038	\$ 54,233,393	\$ 57,069,081	\$ 58,959,331	\$ 61,244,509
One Time Revenues Budgeted **	\$ 473,250	\$ 800,000	\$ 661,703	\$ 1,595,479	\$ 1,265,000	\$ 1,959,307	\$ 1,543,500	\$ 3,089,000	\$ 2,819,668	\$ 2,235,000	\$ 1,736,167
Free Cash Used for Operating Budget ***	\$ 470,000	\$ 700,000	\$ 600,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000	\$ 875,000
Free Cash Used for Capital	\$ -	\$ -	\$ -	\$ 804,000	\$ 615,000	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,460	\$ 1,360,000	\$ 861,167
Other One Time Revenues Used for Operating Budget ****	\$ 3,250	\$ 100,000	\$ 61,703	\$ 41,479	\$ -	\$ -	\$ -	\$ -	\$ 111,208	\$ -	\$ -
Percentage Free Cash Used for Operating Budget	1.1%	1.6%	1.3%	1.6%	1.4%	1.3%	1.2%	1.6%	1.5%	1.5%	1.4%
Percentage Free Cash Used for Capital	0.0%	0.0%	0.0%	1.7%	1.3%	2.6%	1.7%	4.0%	3.1%	2.3%	1.4%
Percentage Other Reserves used for Operating Budget	0.0%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
Total Percentage of One Time Revenue used for Operating Budget	1.1%	1.8%	1.5%	1.7%	1.4%	1.3%	1.2%	1.6%	1.7%	1.5%	1.4%
Total Percentage of One Time Revenue Used	1.1%	1.8%	1.5%	3.4%	2.6%	3.9%	2.9%	5.6%	4.9%	3.7%	2.8%

Notes: *Proposition 2 1/2 Override approved in FY2009 (\$316,047); Fiscal Year 2019 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 FY2017 (FY2018 CIP), and \$1,360,000 FY2018 (FY2019 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-FY2019. The amounts also include transfers to Stabilization: \$100,000/year in FY2007 & FY2008 and \$200,000/year from FY2016-FY2019. In addition, FY2016 & FY2017 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2016-FY2019 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-FY2019 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: FY2019 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	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 75% of the Town's operating budget and remain relatively stable. Health Insurance 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 Health Insurance changes is explained under Indicator #8.

Wages, salaries and employee benefits as a percentage of operating expenditures decreased .4% from FY2009 to FY2018. During this period the largest increase was in retirement assessments with an increase of .7%, employee benefits accounted for .2% which includes the first two annual contributions toward OPEB of \$500,000, while wages and salaries have decreased by 1.3%. 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 will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2020 through FY2022.

Fiscal Year	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures (Net of Capital Transfers)**	\$ 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	\$ 58,864,722
Less Education Assessments ****	\$ (9,886,394)	\$ (9,438,465)	\$ (9,508,787)	\$ (9,602,833)	\$ (9,978,962)	\$ (10,096,005)	\$ (10,500,042)	\$ (10,961,605)	\$ (11,662,283)	\$ (11,986,834)
Expenditures (Net of Capital Transfers & Education Assessments)	\$ 33,508,219	\$ 34,858,097	\$ 34,823,681	\$ 36,229,969	\$ 37,682,667	\$ 38,608,145	\$ 41,277,304	\$ 42,629,127	\$ 45,317,023	\$ 46,877,888
Municipal & K-8 School Department Wages ***	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987	\$ 26,510,041	\$ 27,221,285
Employee Benefits ****	\$ 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	\$ 6,406,254
Retirement Assessment ****	\$ 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	\$ 1,612,608
Total Wage & Benefit Costs	\$ 25,328,970	\$ 25,683,162	\$ 26,614,027	\$ 27,170,118	\$ 28,633,124	\$ 29,599,024	\$ 31,513,801	\$ 32,326,432	\$ 33,999,272	\$ 35,240,147
Salaries & Wages as a percentage of Operating Expenditures	59.4%	57.7%	60.3%	59.8%	60.7%	61.4%	60.3%	59.4%	58.5%	58.1%
Benefits as a percentage of Operating Expenditures	13.5%	13.2%	13.2%	12.1%	12.0%	12.0%	12.9%	13.1%	13.1%	13.7%
Retirement Assessments as a percentage of Operating Expenditures	2.7%	2.8%	2.9%	3.1%	3.2%	3.2%	3.2%	3.3%	3.4%	3.4%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	75.6%	73.7%	76.4%	75.0%	76.0%	76.7%	76.3%	75.8%	75.0%	75.2%

Notes:

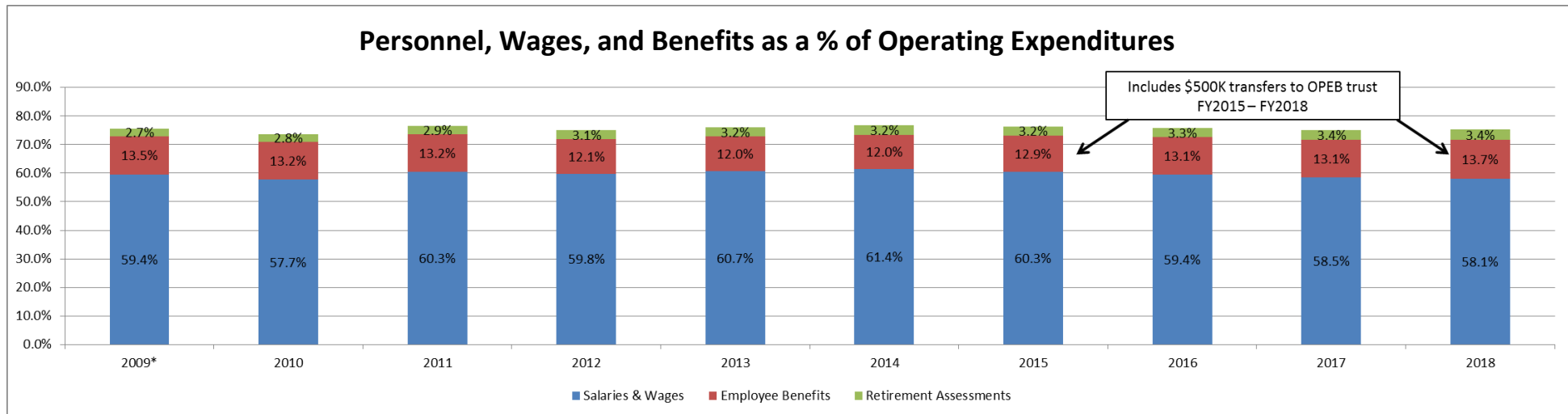
*Proposition 2 1/2 Override approved in FY2009 (\$316,047)

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, adjustment made to exclude transfers to capital project funds (FY2012-FY2018)

*** 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, FY2015-2018 include \$500,000/year transfers 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 increased 2.5% from FY2009 to FY2018. This includes the retirement assessment, which rose from 4.5% in FY2009 to 6.0% in FY2018, 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 FY2018 employee benefits are less than FY2010 at 21.9%, excluding the \$500,000 annual contribution to the OPEB liability trust that started in FY2015. It should be noted that a return to 10-15% annual increases in health insurance premium, would significantly impact future operating budgets for all departments.

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 with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. However, escalating market trends necessitated further plan design changes negotiated with all employee groups in FY2017 and FY2018. During FY2019 the Town issued a bid for a sole carrier to limit the overall budget increase to 3.8%. The move to a sole carrier resulted in a 0% renewal with a 2% budget increase for FY2020. Uncertainty in health insurance costs will continue to be an area of uncertainty and exposure moving forward.

Fiscal Year	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal & K-8 School Department Wages **	\$ 19,919,684	\$ 20,101,625	\$ 21,007,614	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987	\$ 26,510,041	\$ 27,221,285
Employee Benefits ***	\$ 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	\$ 5,962,161
Transfer to OPEB Trust Fund ***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Retirement Assessment ****	\$ 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	\$ 1,628,232
Total Benefit Costs	\$ 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	\$ 8,090,393
Benefits as a percentage of Wages & Salaries	22.7%	22.9%	21.9%	20.2%	19.8%	19.6%	19.3%	20.1%	20.5%	21.9%
OPEB Transfer as a percentage of Wages & Salaries	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	1.9%	1.8%
Retirement as a percentage of Wages & Salaries	4.5%	4.8%	4.8%	5.2%	5.3%	5.2%	5.2%	5.6%	5.8%	6.0%
Total Benefits Spending as percentage of Wages & Salaries	27.2%	27.8%	26.7%	25.4%	25.1%	24.8%	26.6%	27.7%	28.3%	29.7%

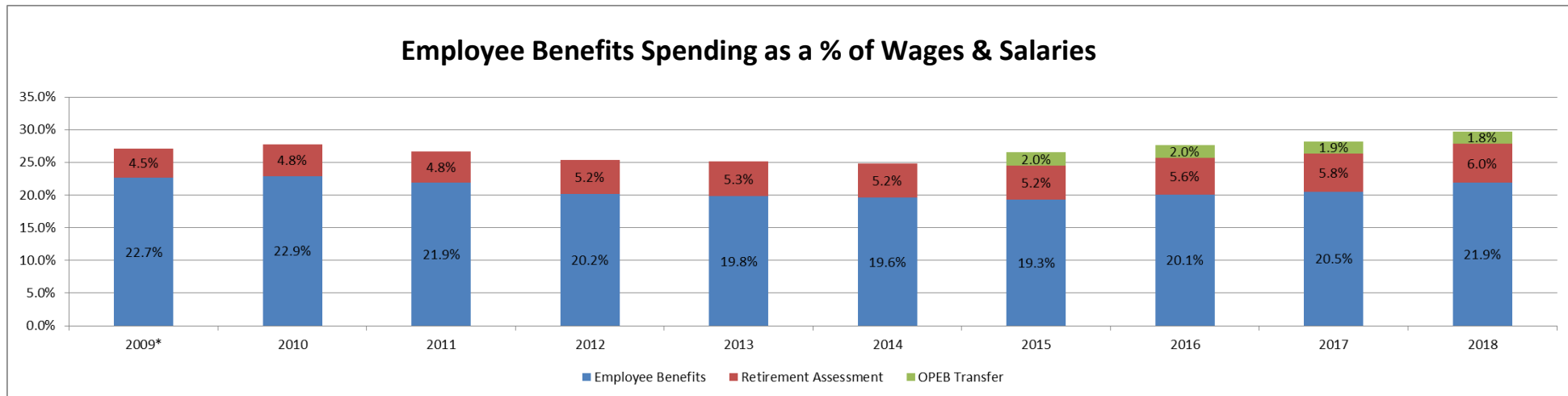
Notes:

*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-FY2018 include \$500,000 transfers to the 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 100 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, 2018, there were 398 Northborough participants with 227 active, 63 inactive, and 108 retired members.

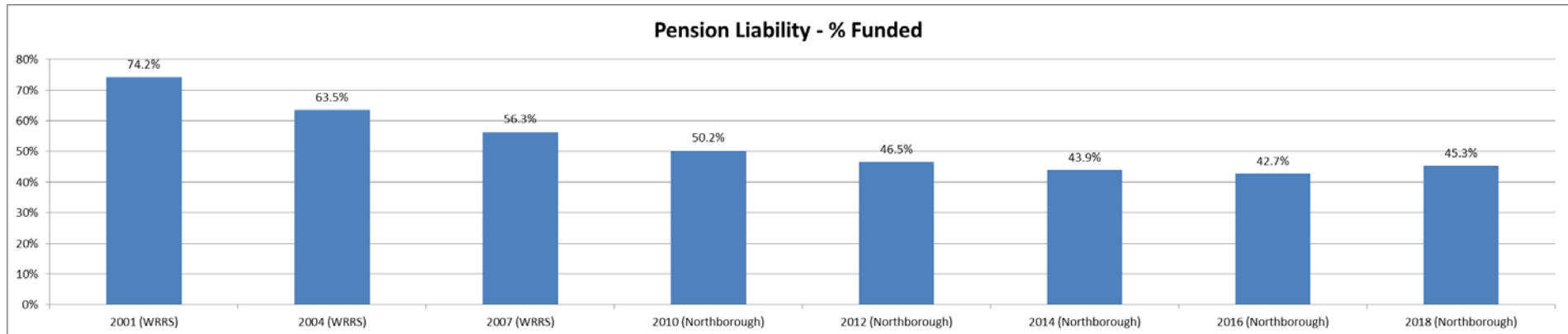
The majority of the Worcester Regional Retirement System's assets were transferred to the Massachusetts Pension Reserve Investment Trust (PRIT) Fund in July 2007. The \$69.3 Billion PRIT Fund manages the pension investments for the Massachusetts State Employees, the Teachers Retirement System as well 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	1/1/2018
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	1,459,223,833
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	685,488,133
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	773,735,700
Worcester Regional Retirement System - Percent Funded	74.2%	63.5%	56.3%	48.0%	44.4%	44.9%	43.4%	47.0%
Northborough - Estimated Accrued Liability				33,802,878	37,199,035	41,707,744	51,820,717	55,013,423
Northborough - Pension Assets				16,976,508	17,296,679	18,293,648	22,102,030	24,929,162
Northborough - Pension Liability-Unfunded				16,826,370	19,902,356	23,414,096	29,718,687	30,084,261
Northborough - Percent Funded				50.2%	46.5%	43.9%	42.7%	45.3%

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 \$44.88 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 FY2019 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 5.15% in FY2018.

While waiting to assess the outcome of possible legislative changes at the State level as described above, the Town continues to work with an actuary to determine future funding plan options. 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	FY2018
Total OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$35,381,934	\$36,566,852	\$39,143,474	\$47,326,709
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$500,000	\$1,051,207	\$1,734,723	\$2,438,590
Net OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$34,881,934	\$35,515,645	\$37,408,751	\$44,888,119
<i>Discount Rate</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>6.00%</i>	<i>5.25%</i>
Funded Ratio	0.00%	0.00%	0.00%	0.00%	1.43%	2.87%	4.43%	5.15%

*Note GASB 45 measurement date is July 1 of fiscal year (FY2009-FY2015), GASB 74 date is June 30th of current year (FY2016-2018)

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, 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 and the anticipated debt associated with a new fire station, debt is projected to remain well within policy limits.

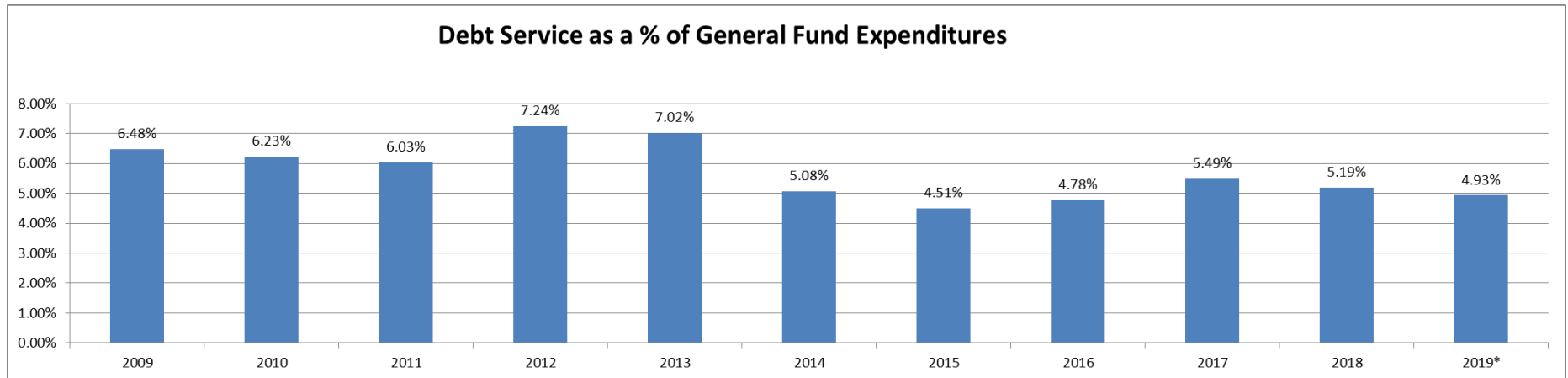
Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Debt Service**	\$ 1,790,064	\$ 2,265,276	\$ 1,923,505	\$ 2,489,898	\$ 2,481,623	\$ 2,307,032	\$ 2,050,723	\$ 2,488,169	\$ 2,923,647	\$ 2,842,319	\$ 2,900,732
Less School Building Reimbursement	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)
Net Debt Service	\$ 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	\$ 2,459,776	\$ 2,518,189
Overlapping Debt - Assabet Debt Assessment						\$ 1,044	\$ 8,186	\$ 15,006	\$ 192,135	\$ 151,232	\$ 145,316
Overlapping Debt - ARHS Debt Assessment	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 656,493	\$ 661,206	\$ 660,574	\$ 610,774
Less ARHS Legal Settlement ***								\$ (213,831)	\$ (215,948)	\$ (217,999)	\$ (220,659)
Net Overlapping ARHS Debt Assessment	\$ 1,404,375	\$ 875,871	\$ 1,131,427	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 442,662	\$ 445,258	\$ 442,575	\$ 390,115
Total Debt Service	\$ 2,811,896	\$ 2,758,604	\$ 2,672,389	\$ 3,374,984	\$ 3,388,174	\$ 2,585,294	\$ 2,333,600	\$ 2,563,294	\$ 3,178,497	\$ 3,053,583	\$ 3,053,620
General Fund Expenditures	\$ 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	\$ 58,864,722	\$ 61,919,509
Net Debt Service as % of GF Expenditures	3.24%	4.25%	3.48%	4.52%	4.35%	3.78%	3.22%	3.93%	4.39%	4.18%	4.07%
Overlapping Debt - ARHS as % of GF Expenditures	3.24%	1.98%	2.55%	2.72%	2.67%	1.30%	1.27%	1.23%	1.14%	1.12%	0.99%
Total Debt Service as a % of GF Expenditures	6.48%	6.23%	6.03%	7.24%	7.02%	5.08%	4.51%	4.78%	5.49%	5.19%	4.93%

Notes:

* FY2019 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:

$$\frac{\text{Financial Reserves}}{\text{Net Operating Revenues}}$$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Declining financial reserves as a percentage of net operating revenues.

Description:

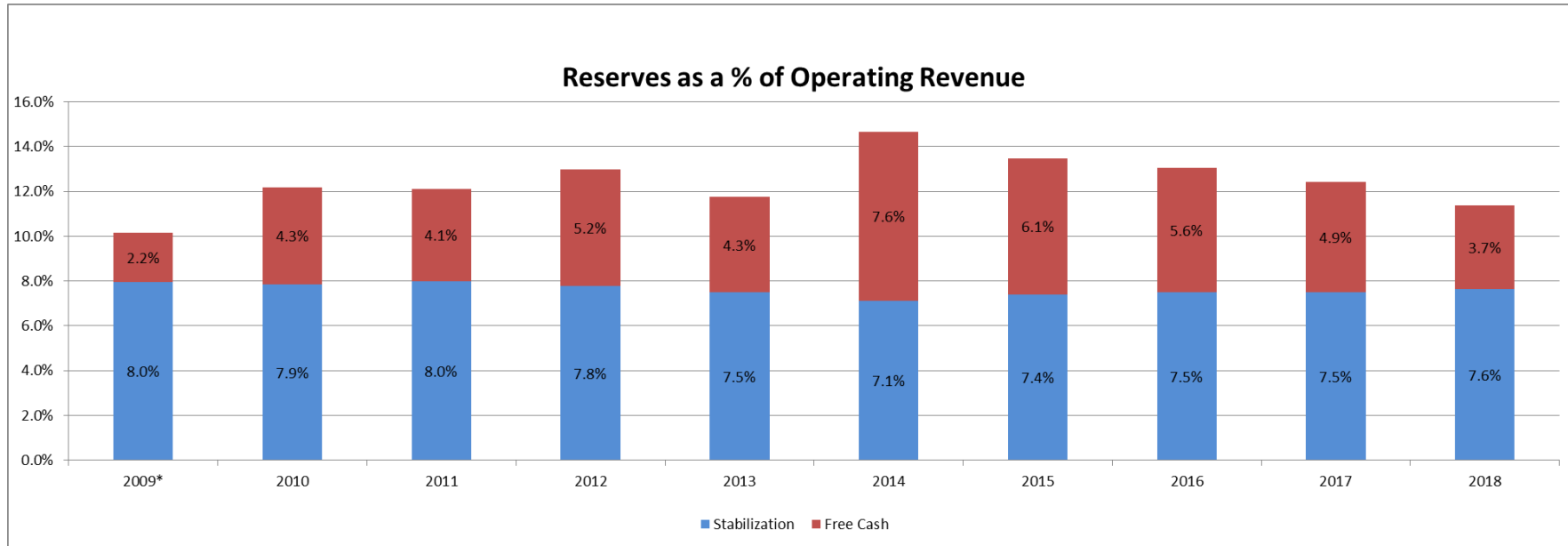
The size of a local government's fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Municipalities usually try to operate each year at a surplus to maintain positive fund balance and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

Analysis:

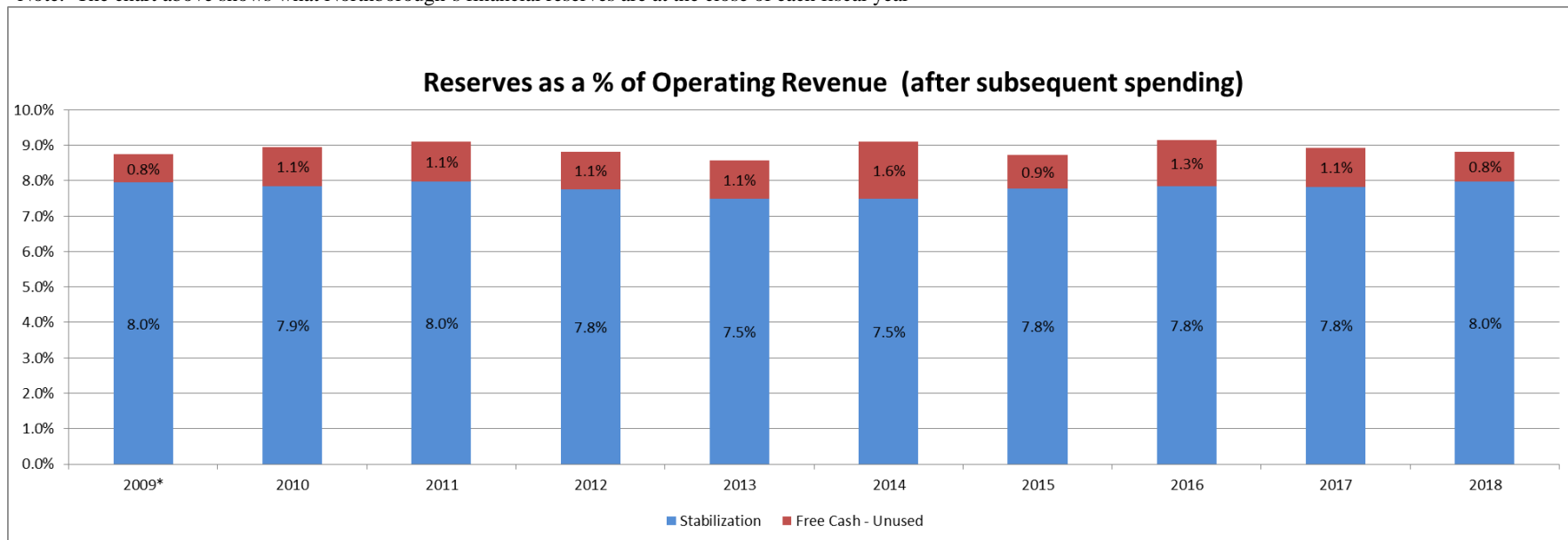
The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5% and 15% of operating revenues. Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. The reserves are defined to include the Town's Stabilization Fund and Free Cash. The Town's level of reserves adheres to this policy. During FY2016-FY2019, \$200,000 was added to the Stabilization Fund to ensure appropriate levels are maintained.

Fiscal Year	2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018
Certified Free Cash **	\$ 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	\$ 2,236,167
Stabilization Fund Balance **	\$ 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	\$ 4,567,834
Operating Revenues ***	\$ 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	\$ 59,719,452
Free Cash Percentage of Operating Revenue	2.2%	4.3%	4.1%	5.2%	4.3%	7.6%	6.1%	5.6%	4.9%	3.7%
Stabilization Percentage of Operating Revenue	8.0%	7.9%	8.0%	7.8%	7.5%	7.1%	7.4%	7.5%	7.5%	7.6%
Net Reserves Percentage of Operating Revenue	10.1%	12.2%	12.1%	13.0%	11.7%	14.7%	13.5%	13.1%	12.4%	11.4%
Free Cash Subsequently Used****	\$ 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	\$ 1,736,167
Free Cash Subsequently Used-Operating	\$ 600,000	\$ 650,000	\$ 750,000	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000	\$ 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	\$ 861,167
Free Cash Not Used	\$ 346,294	\$ 500,708	\$ 504,209	\$ 500,000	\$ 531,420	\$ 843,028	\$ 500,000	\$ 732,766	\$ 642,855	\$ 500,000
Percent Free Cash Subsequently Used	1.4%	3.2%	3.0%	4.2%	3.2%	6.0%	5.1%	4.3%	3.8%	2.9%
Percent Free Cash Not Used	0.8%	1.1%	1.1%	1.1%	1.1%	1.6%	0.9%	1.3%	1.1%	0.8%
Projected Stabilization Balance after transfer	8.0%	7.9%	8.0%	7.8%	7.5%	7.5%	7.8%	7.8%	7.8%	8.0%
Percent of Reserves after subs spending	8.8%	9.0%	9.1%	8.8%	8.6%	9.1%	8.7%	9.2%	8.9%	8.8%

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 FY2018 are projected FY2020 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.

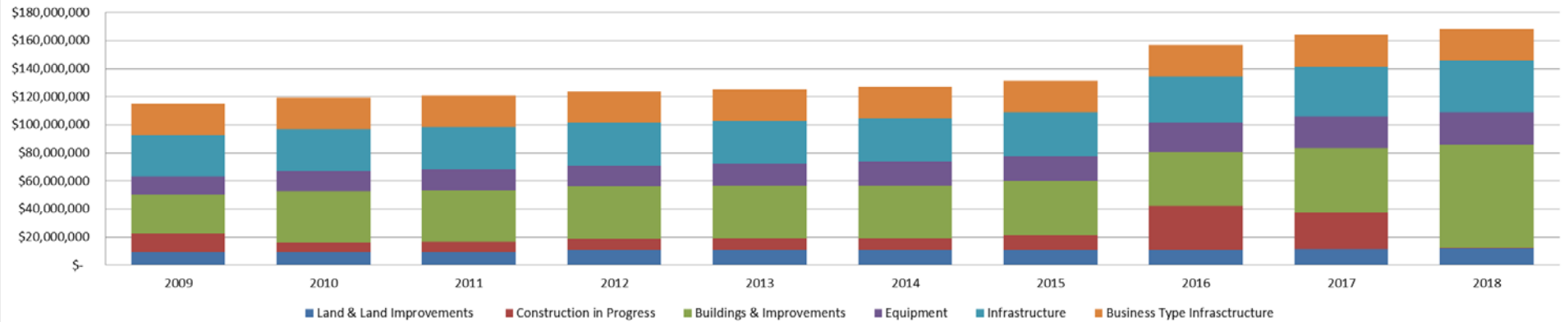
Analysis:

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 on page 38 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.

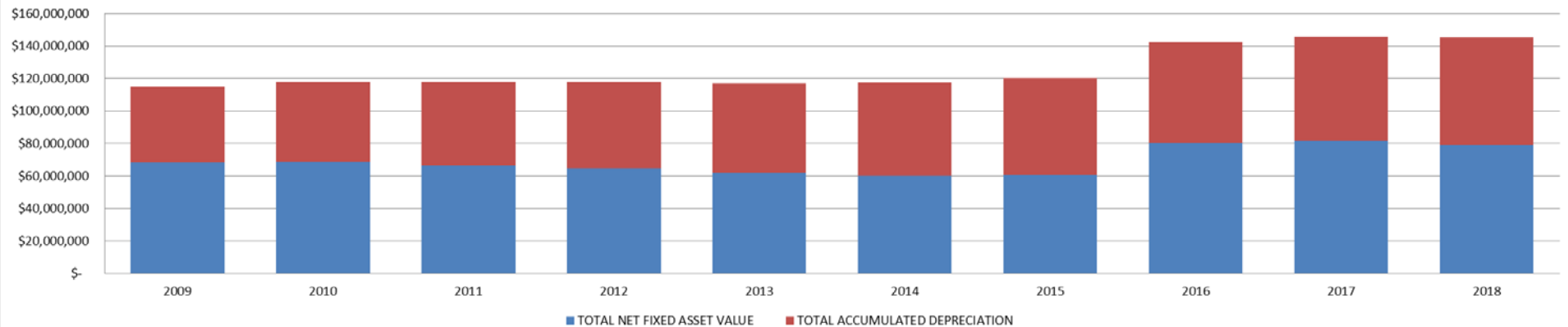
The large increase in value during FY2016 and FY2017 was directly related to the \$25 Million Lincoln Street School building project, which increased the category of "Construction in Progress." The bulk of the project was conducted over a relatively short period of time and was in use during FY2017. The project was completed in FY2018 and was moved to "Buildings & Improvements" and depreciation has begun.

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Land & Land Improvements	\$ 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	\$ 9,257,707
Construction in Progress	\$ 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	\$ 71,829
Buildings & Improvements	\$ 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	\$ 66,743,793
Equipment	\$ 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	\$ 19,591,386
Infrastructure	\$ 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	\$ 36,846,945
Gross Fixed Asset Value	\$ 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	\$ 132,511,660
Less Accumulated Depreciation	\$ (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)	\$ (59,214,063)
Net Fixed Asset Value	\$ 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	\$ 73,297,597
Business-Type Activities										
Land & Land Improvements	\$ 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	\$ 2,771,038
Construction in Progress	\$ 891,343	\$ 390,198	\$ 493,087	\$ 840,138	\$ 840,138	\$ 840,138	\$ 185,526	\$ 1,203,064	\$ 1,556,110	\$ 147,189
Buildings & Improvements	\$ 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	\$ 6,951,736
Equipment	\$ 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	\$ 3,525,563
Infrastructure	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,472,937	\$ 22,472,937	\$ 22,499,620	\$ 22,563,548
Gross Fixed Asset Value	\$ 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	\$ 35,959,074
Less Accumulated Depreciation	\$ (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)	\$ (17,490,599)
Net Fixed Asset Value	\$ 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	\$ 18,468,475
Governmental & Business-Type Activities										
Land & Land Improvements	\$ 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	\$ 12,028,745
Construction in Progress	\$ 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	\$ 219,018
Buildings & Improvements	\$ 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	\$ 73,695,529
Equipment	\$ 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	\$ 23,116,949
Infrastructure	\$ 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	\$ 36,846,945
Business Type Infrastructure	\$ 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	\$ 22,563,548
Gross Fixed Asset Value	\$ 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	\$ 168,470,734
Less Accumulated Depreciation	\$ (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)	\$ (76,704,662)
Net Fixed Asset Value	\$ 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	\$ 91,766,072
TOTAL GROSS FIXED ASSET VALUE	\$ 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	\$ 168,470,734
TOTAL ACCUMULATED DEPRECIATION	\$ (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)	\$ (76,704,662)
TOTAL NET FIXED ASSET VALUE	\$ 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	\$ 91,766,072
CPI-U, 2009 Base Year ****	234.2	236.7	240.0	245.8	249.6	253.3	256.1	258.1	263.7	271.3
CPI-U adjustment for constant dollars	100.0%	98.9%	97.6%	95.3%	93.8%	92.5%	91.4%	90.7%	88.8%	86.3%
TOTAL GROSS FIXED ASSET VALUE	\$ 114,903,000	\$ 117,977,706	\$ 117,667,401	\$ 118,034,909	\$ 117,217,906	\$ 117,385,905	\$ 120,209,437	\$ 142,381,404	\$ 145,660,791	\$ 145,397,366
TOTAL ACCUMULATED DEPRECIATION	\$ 46,525,158	\$ 48,933,421	\$ 51,465,203	\$ 53,294,453	\$ 55,342,289	\$ 57,394,648	\$ 59,535,459	\$ 62,159,172	\$ 64,118,112	\$ 66,199,366
TOTAL NET FIXED ASSET VALUE	\$ 68,377,842	\$ 69,044,284	\$ 66,202,198	\$ 64,740,457	\$ 61,875,618	\$ 59,991,257	\$ 60,673,978	\$ 80,222,232	\$ 81,542,679	\$ 79,198,000

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 Road Service Rating (RSR)

Northborough Trend

	Favorable
	Marginal
X	Improving
	Uncertain

Warning Trend: Declining overall average Road Service Rating (RSR)

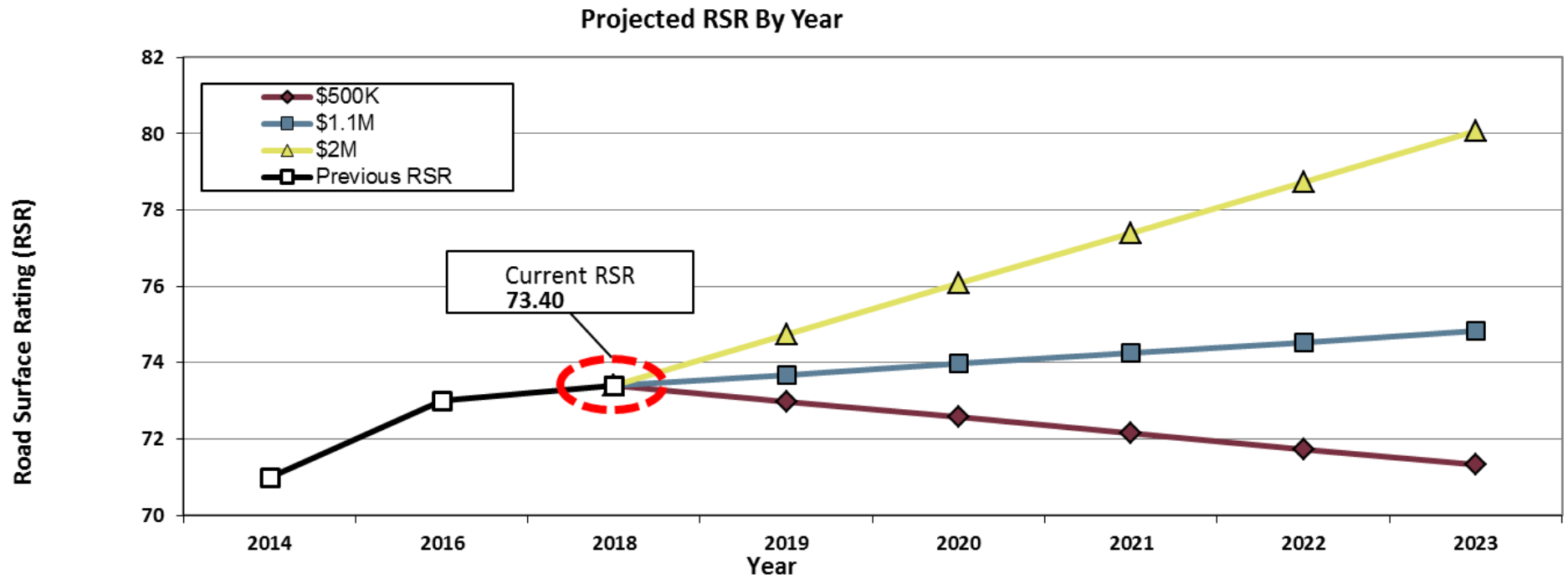
Description:

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 Road Service Rating (RSR) 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 RSR 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 RSR 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 \$1.1 Million annually to prevent further deterioration of its roadways. 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 implemented a Pavement Management Plan (PMP) in FY2016 with a budget of approximately \$1.1 Million. 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 \$1.1 Million 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 RSR has improved to 73.4. The chart on the following page projects the Town's overall average RSR for its roads based upon three funding scenarios with the middle line representing the current \$1.1 Million 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

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

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

A revenue driven model was the methodology used to prepare the financial projections. The projections began with FY2019 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 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
- 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 funding is increased to \$550,000 each year
- Employee benefit costs increase 5% per year
- Major capital projects, including debt exclusions, proceed in accordance with the six-year Capital Improvement Plan
- Key budgets increase in FY2020 to a forecasted 3.5% for Town Government, 3.23% for the K-8 School District, 7.0% for the Regional High School, and then 4% annually for all each year after

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 FY2020 in the Single Family Home category, then 1% through FY2024. Given these assumptions, the revenue and expenditure projections indicate that real estate taxes will increase between 4.1% to 7.0% 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, therefore a Proposition 2 ½ would be needed in FY2024. Based upon the model it will be important to revisit and update these forecasts annually and make adjustments as needed to protect the Town’s financial condition.

Five-Year Revenue Projections

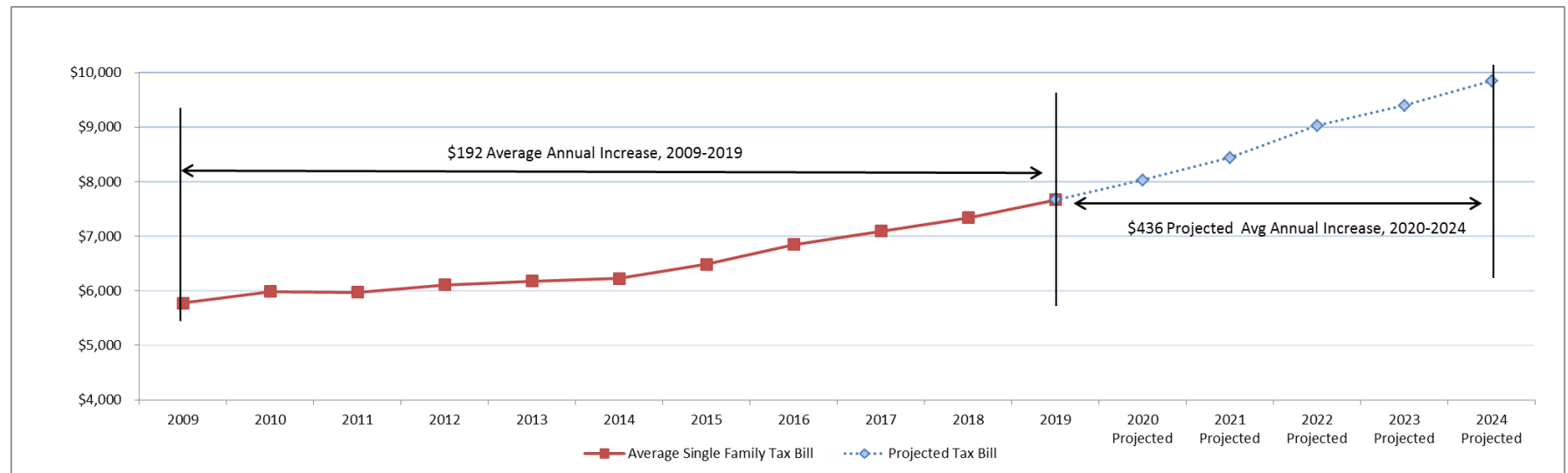
		FY2020	FY2021	FY2022	FY2023	FY2024
		Projection	Projection	Projection	Projection	Projection
General Fund Revenues						
	Prior Year Levy Limit	50,983,446	52,772,532	54,606,345	56,486,004	58,412,654
	2.5%	1,274,586	1,319,313	1,365,159	1,412,150	1,460,316
	New Growth	514,500	514,500	514,500	514,500	514,500
	Levy Limit	52,772,532	54,606,345	56,486,004	58,412,654	60,387,470
	Debt Exclusions	718,050	724,074	703,246	687,391	668,623
	ARHS Debt Exclusions	390,774	443,475	443,559	445,724	663,325
	Lincoln St Sch Bldg Debt Exclusion	1,075,199	1,050,836	1,026,182	998,130	973,476
	Fire Station Debt Exclusion	34,000	417,500	1,908,000	1,856,900	1,805,800
	Maximum Levy	54,990,555	57,242,231	60,566,991	62,400,799	64,498,694
	Unused Levy Capacity	(1,921,490)	(1,377,665)	(756,009)	(70,393)	468,918
	Total Tax Levy	53,069,065	55,864,566	59,810,982	62,330,406	64,967,612
	State Aid	5,403,739	5,457,776	5,512,354	5,567,478	5,623,152
	Estimated Receipts	3,962,000	3,962,000	3,962,000	3,962,000	3,962,000
	Other Local Receipts					
	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	1,061,167				
	MSBA	382,543				
	Meals/Rooms Tax	506,000	506,000	506,000	506,000	506,000
	Other Available Funds	967,828	967,828	967,828	967,828	967,828
	Total General Fund Revenues	66,027,342	67,433,170	71,434,164	74,008,712	76,701,592

Five-Year Expense Projections

		FY2020	FY2021	FY2022	FY2023	FY2024
		Projection	Projection	Projection	Projection	Projection
<u>General Fund Expenses</u>						
<u>Education</u>						
	Northborough K-8	25,049,372	26,051,347	27,093,401	28,177,137	29,304,222
	Algonquin 9-12	12,096,044	12,579,886	13,083,081	13,606,404	14,150,661
	ARHS Debt Service	610,774	663,475	663,559	665,724	663,325
	Assabet	737,128	766,613	797,278	829,169	862,336
	Assabet Renovation Project	141,488	137,660	133,832	130,004	126,176
	Lincoln Street School Building	1,075,875	1,051,475	1,026,775	998,675	973,975
<u>Town Departments</u>		12,903,621	13,419,766	13,956,556	14,514,819	15,095,411
<u>Undistributed Expenses</u>						
	Employee Benefits & Insurance	8,542,987	8,970,136	9,418,643	9,889,575	10,384,054
	Building & Liability Insurance	269,317	280,090	291,294	302,945	315,063
	Debt Service & CIP	1,624,939	1,551,459	2,959,201	2,817,916	2,703,784
	State Assessments	243,826	253,579	263,722	274,271	285,242
	Reserve Fund	175,000	175,000	175,000	175,000	175,000
	Special Warrant Articles - Capital	861,167				
	Solid Waste Subsidy	217,160	217,160	217,160	217,160	217,160
	OPEB Trust	550,000	550,000	550,000	550,000	550,000
	Stabilization Fund	200,000				
<u>Reserve for Abatements</u>		706,084	742,967	782,104	837,354	872,626
<u>Library & School Lunch Aid - Offsets</u>		22,559	22,559	22,559	22,559	22,559
<u>Total General Fund Expenses</u>		66,027,342	67,433,172	71,434,165	74,008,712	76,701,593

Projected Tax Impact

		FY2020 Projection	FY2021 Projection	FY2022 Projection	FY2023 Projection	FY2024 Projection
<u>Tax Impact</u>						
	Valuation	3,043,883,694	3,077,751,513	3,111,808,011	3,146,055,073	3,161,055,073
	Avg Single Fam	460,691	465,298	469,951	474,651	479,397
	Tax Rate	17.43	18.15	19.22	19.81	20.55
	Avg Tax Bill	8,032	8,446	9,033	9,404	9,853
	Increase (\$)	361	414	587	371	449
	Increase (%)	4.7%	5.2%	7.0%	4.1%	4.8%



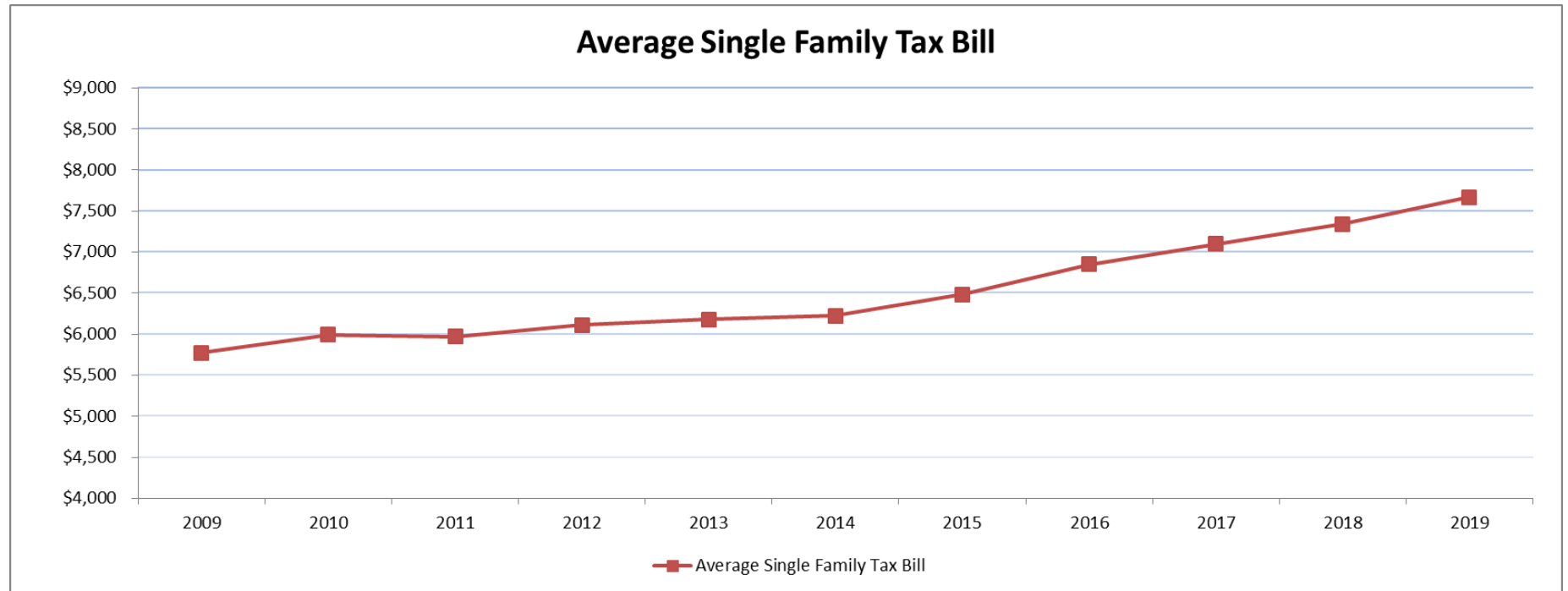
Section V

Appendices

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Appendix A: Average Residential Tax Bill



Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	\$ 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	\$ 1,813,690,200
Parcels	4,002	4,006	4,007	4,008	4,005	4,014	4,022	4,032	4,042	4,044	4,055
Average Single Family Home Value **	\$ 419,623	\$ 416,665	\$ 395,221	\$ 394,708	\$ 383,646	\$ 375,222	\$ 387,617	\$ 398,960	\$ 408,144	\$ 422,078	\$ 447,273
Tax Rate Per Thousand	\$ 13.76	\$ 14.38	\$ 15.11	\$ 15.49	\$ 16.11	\$ 16.59	\$ 16.73	\$ 17.17	\$ 17.39	\$ 17.39	\$ 17.15
Average Single Family Tax Bill	\$ 5,774	\$ 5,992	\$ 5,972	\$ 6,114	\$ 6,181	\$ 6,225	\$ 6,485	\$ 6,850	\$ 7,098	\$ 7,340	\$ 7,671
Increase over prior year	\$ 218	\$ 218	\$ (20)	\$ 142	\$ 67	\$ 44	\$ 260	\$ 365	\$ 247	\$ 242	\$ 331
Hi-Lo Rank**	52	49	53	55	59	63	63	63	62	62	61

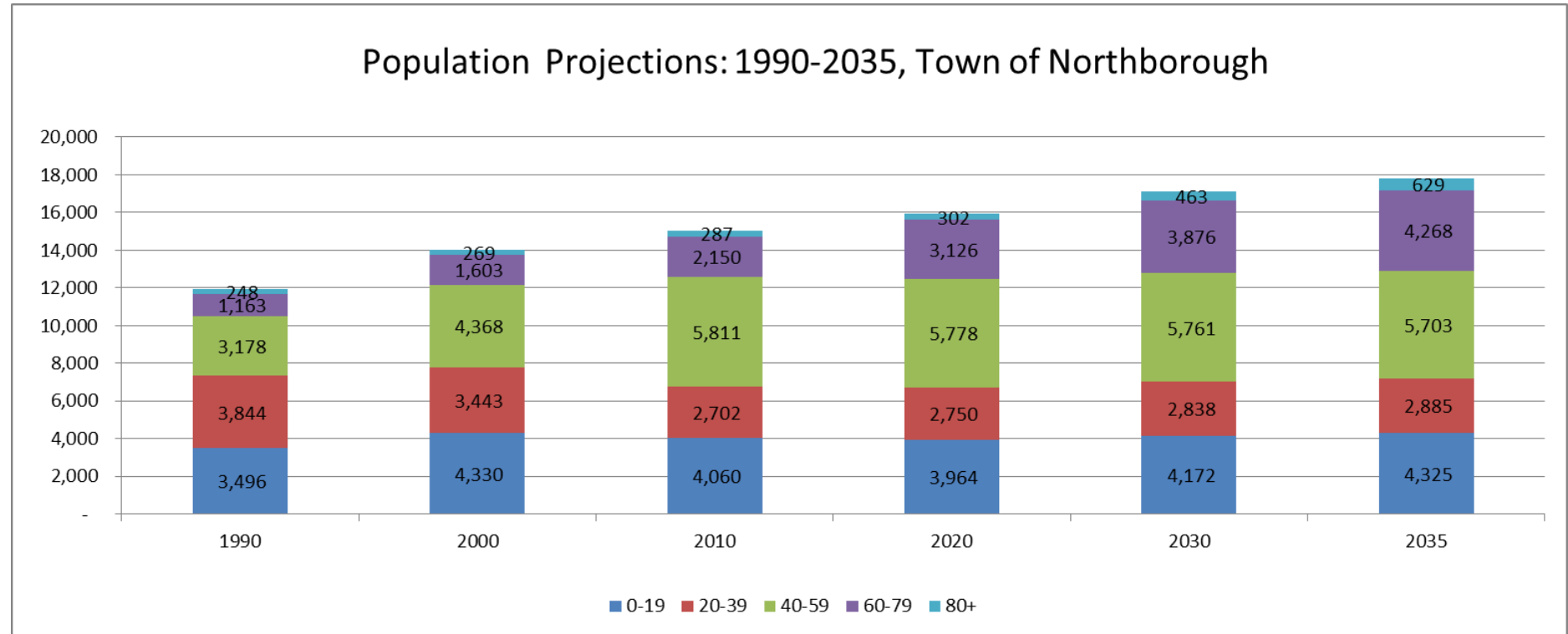
The FY2019 real estate tax bill for an average single family home in the Town of Northborough is \$7,671. This represents a \$192 average annual increase over the 10 years since FY2009. The Massachusetts Department of Revenue's "Hi-Lo" ranking, which is the rank of Massachusetts Cities and Town's average 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 and 61st for FY2019, 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 8 years, while preserving current service levels.

Notes:

* Source: Mass. DOR Tax Recap

** Source: Mass. DOR Databank

Appendix B: Population Projections



Age	1990	2000	2010	2020	2030	2035	Percent Change 2010-2035
0-19	3,496	4,330	4,060	3,964	4,172	4,325	6.53%
20-39	3,844	3,443	2,702	2,750	2,838	2,885	6.77%
40-59	3,178	4,368	5,811	5,778	5,761	5,703	-1.86%
60-79	1,163	1,603	2,150	3,126	3,876	4,268	98.51%
80+	248	269	287	302	463	629	119.16%
Total	11,929	14,013	15,010	15,920	17,110	17,810	18.65%

Population data and trends are extremely important to review and understand for the future allocation of resources. The projections provided by the Metropolitan Area Planning Council indicate that Northborough is expected to grow in population by 18.65% or 2,800 people over the next 25 years. The projections indicate Northborough's population is expected to rise gradually and will allow officials and policymakers to plan carefully for future needs. The school age population (0-19) is estimated to increase by 6.53%, and any future changes will need to be correlated with the estimates from the School Department to plan for the future needs of the children of Northborough. The largest growth is estimated in the over age 60 segment of the population with 2,460 more people over age 60 living in Northborough in the next 25 years.

APPENDIX D

GLOSSARY OF TERMS

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Governmental Accounting Standards Board (GASB): The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Law Enforcement Trust Fund: A revolving fund established to account for a portion of the proceeds from the sale of property seized from illegal drug-related activities. Funds may be expended to defray certain qualified law enforcement costs as outlined in MGL Ch. 94C, s 47. Funds from this account may be expended by the police chief without further appropriation.

Levy Ceiling: A levy ceiling is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion. (See Levy Limit)

Levy Limit: A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and

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personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion. (See Levy Ceiling)

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the Commonwealth to cities, towns, and regional school districts. Estimates of local aid are transmitted to cities, towns, and districts annually by the "Cherry Sheets." Most Cherry Sheet aid programs are considered general fund revenues and may be spent for any purpose, subject to appropriation.

Local Appropriation Authority: In a town, the town meeting has the power to appropriate funds, including the authorization of debt. In a city, the city council has the power upon the recommendation of the mayor.

Local Receipts: Locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. Annual estimates of local receipts are shown on the tax rate recapitulation sheet. (See Estimated Receipts)

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

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Massachusetts Municipal Depository Trust: An investment program, founded in 1977 under the supervision of the State Treasurer, in which

municipalities may pool excess cash for investment.

Minimum Required Local Contribution: The minimum that a city or town must appropriate from property taxes and other local revenues for the support of schools (Education Reform Act of 1993).

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, but also bonds of the state and agencies of the state.

Municipal Revenue Growth Factor (MRGF): An estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2 1/2 percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories and the change in selected unrestricted local receipts.

M.G.L.: Massachusetts General Laws.

Net School Spending (NSS): School budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education (DOE). (See Education Reform Act of 1993) Includes both school budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education.

New Growth: The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases

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caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as "personal services," "expenses," or "capital outlay."

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Offset Receipts: A local option that allows estimated receipts of a particular department to be earmarked for use of the department and appropriated to offset its annual operating budget. If accepted, MGL Ch. 44 §53E limits the amount of offset receipts appropriated to no more than the actual receipts collected for the prior fiscal year. The Director of Accounts must approve use of a higher amount before appropriation. Actual collections greater than the amount appropriated close to the general fund at year-end. If actual collections are less, the deficit must be raised in the next year's tax rate.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Other Amounts to be Raised: (Tax Recapitulation Sheet) Amounts not appropriated but raised through taxation. Generally, these are locally generated expenditures (e.g., overlay, teacher pay deferral, deficits) as well as state,

county and other special district charges. Because they must be funded in the annual budget, special consideration should be given to them when finalizing the budget recommendations to the city council or town meeting.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

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

Overlay Deficit: A deficit that occurs when the amount of overlay raised in a given year is insufficient to cover abatements, statutory exemptions, and uncollected taxes for that year.

Overlay 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.

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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

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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.)

Override: A vote by a community to permanently decrease the tax levy limit. As such, it is the opposite of an override. (See Override)

Undesignated Fund Balance: Monies in the various government funds as of June 30 that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Uniform Municipal Accounting System (UMAS): UMAS succeeds the so-called Statutory System (STAT) and is regarded as the professional standard for municipal accounting in Massachusetts. As a uniform system for local governments, it conforms to Generally Accepted Accounting Principles (GAAP), offers increased consistency in reporting and record keeping, as well as enhanced comparability of data among cities and towns.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

Warrant: An authorization for an action. For example, a town meeting warrant establishes the matters that may be acted on by that town meeting. A treasury warrant authorizes the

treasurer to pay specific bills. The assessors' warrant authorizes the tax collector to collect taxes in the amount and from the persons listed, respectively.



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