

Budget Summaries

Section 1

Section 1-2

Balanced Budget

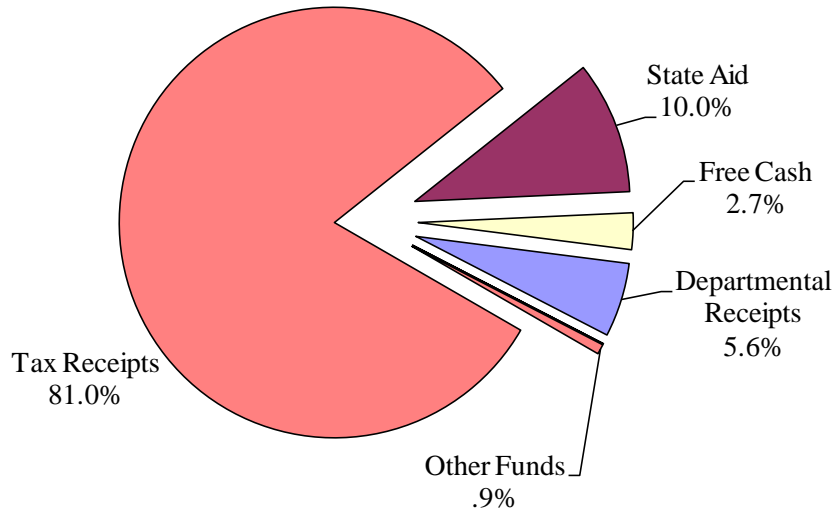


Table 1

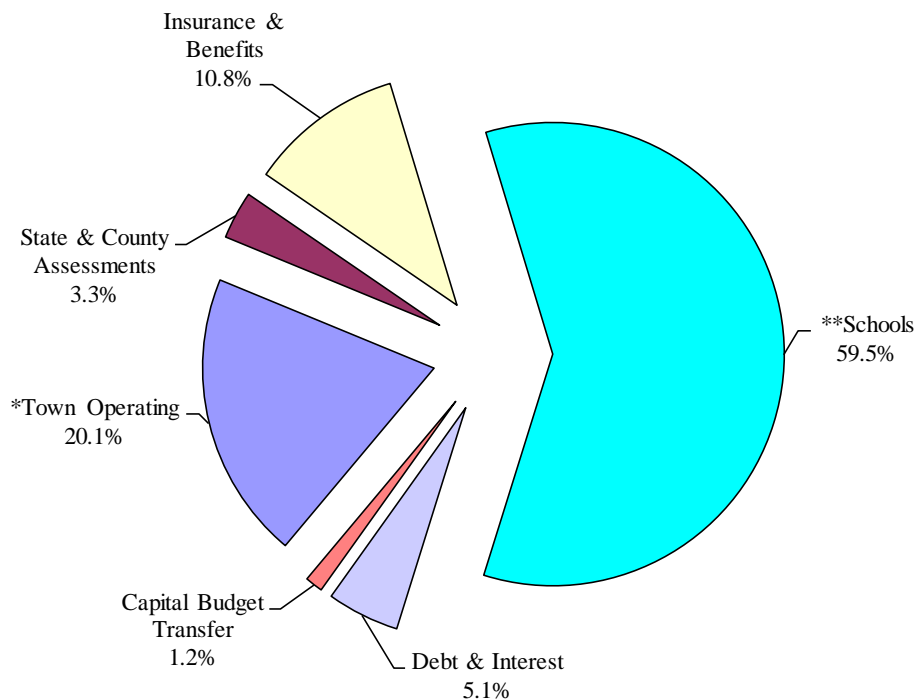
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2011--2013					
LEVY LIMIT CALCULATION	FY2011	FY2012	REVISED FY2012	FY2013	% CHANGE
Prior Year Levy Limit	\$34,028,610	\$35,854,901	\$35,854,901	\$37,981,257	
Add 2.5%	\$850,715	\$896,373	\$896,373	\$949,531	
Add New Growth	\$975,576	\$574,180	\$1,229,983	\$588,620	
Add Overrides	\$0	\$0	\$0	\$0	
True LEVY LIMIT	\$35,854,901	\$37,325,454	\$37,981,257	\$39,519,408	
Add Debt Excl - Zeh School	\$158,287	\$138,024	\$138,012	\$118,497	
Add Debt Excl - Colburn St.	\$13,393	\$29,998	\$25,099	\$29,963	
Add Debt Excl - Library	\$375,191	\$424,205	\$424,205	\$418,832	
Add Debt Excl - Senior Center	\$177,586	\$567,492	\$546,822	\$579,734	
Add Debt Excl - Algonquin	\$1,131,427	\$1,267,629	\$1,267,629	\$1,289,094	
Adjusted LEVY LIMIT	\$37,710,785	\$39,752,802	\$40,383,024	\$41,955,528	
REVENUES					
Adjusted LEVY LIMIT	\$37,710,785	\$39,752,802	\$40,383,024	\$41,955,528	
Less Unused Levy Limit	(\$1,015,151)	(\$1,008,620)	(\$1,980,286)	(\$1,741,491)	
Total Tax Receipts	\$36,695,635	\$38,744,182	\$38,402,738	\$40,214,037	4.72%
State Aid	\$4,572,126	\$4,305,401	\$4,438,719	\$4,563,457	2.81%
MSBA Payments	\$382,543	\$382,543	\$382,543	\$382,543	
Free Cash (Operating)	\$600,000	\$500,000	\$500,000	\$500,000	0.00%
Free Cash (Capital/Reserve)		\$954,000	\$954,000	\$865,000	
Departmental Receipts	\$2,631,632	\$2,585,178	\$2,585,178	\$2,761,000	
Other Revenue Sources	\$0	\$0	\$88,887	\$0	
Other Funds	\$391,012	\$392,079	\$392,079	\$373,365	-4.77%
TOTAL GENERAL FUND REVENUES	\$45,272,948	\$47,863,383	\$47,744,144	\$49,659,402	4.01%
Water/Sewer Enterprise Funds	\$2,919,787	\$3,234,805	\$3,234,805	\$3,386,562	
Solid Waste Enterprise Fund	\$826,447	\$727,570	\$727,570	\$781,090	
TOTAL REVENUES	\$49,019,182	\$51,825,758	\$51,706,519	\$53,827,054	4.10%
EXPENDITURES					
Town	\$15,941,145	\$16,576,910	\$16,576,910	\$17,279,247	4.24%
Schools					
Northborough K-8	\$17,985,566	\$18,702,867	\$18,702,867	\$19,495,277	4.24%
Algonquin 9-12	\$7,696,524	\$7,817,716	\$7,817,716	\$8,100,321	3.61%
HS Debt Exclusion	\$1,131,427	\$1,267,629	\$1,267,629	\$1,289,094	
Warrant Articles					
Declaratory Judgement	\$100,000	\$0	\$0	\$0	
Election Equipment	\$27,600	\$0	\$0	\$0	
Reserve Fund		\$150,000	\$150,000	\$150,000	
Capital Articles		\$804,000	\$804,000	\$715,000	
Assabet	\$680,836	\$517,488	\$517,488	\$656,645	26.89%
Assabet Renovation Project				\$0	
Zeh School Debt Service	\$540,830	\$520,567	\$520,567	\$501,040	
Colburn Street Debt Service	\$81,922	\$79,997	\$79,997	\$79,963	
Library Debt Service	\$430,395	\$424,995	\$424,995	\$419,595	
Senior Center Debt Service	\$255,170	\$609,135	\$609,135	\$599,855	
Other Funds	\$391,012	\$392,079	\$392,079	\$373,365	
Adjustments	\$10,521	\$0	(\$119,239)	\$0	
TOTAL GENERAL FUND EXPENDITURES	\$45,272,948	\$47,863,383	\$47,744,144	\$49,659,402	4.01%
Water Enterprise Fund	\$1,725,110	\$1,922,930	\$1,922,930	\$2,017,630	4.92%
Sewer Enterprise Fund	\$1,194,677	\$1,311,875	\$1,311,875	\$1,368,932	4.35%
Solid Waste Enterprise Fund	\$826,447	\$727,570	\$727,570	\$781,090	7.36%
TOTAL ALL FUNDS	\$49,019,182	\$51,825,758	\$51,706,519	\$53,827,054	4.10%



Fiscal Year 2013 Revenue Sources



Fiscal Year 2013 Expenditures



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

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



This Page Intentionally Blank



Revenue Summary

Section 1-5

REVENUE SUMMARY

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

Property Taxes

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

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Northborough's non-manufacturing business firms. In accordance with State law, the Town's Board of Assessors determine the value of all real and personal property, which is revalued at fair market value every three years. Northborough's next revaluation will be performed during FY2013; however, interim adjustments are performed each year when a full revaluation is not required.

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

As the Town's primary revenue source, property taxes are expected to increase in FY2013 by approximately \$1.81 million, to \$40.21 million. This increase includes the allowable 2.5% increase of \$949,531 plus \$588,620 in estimated taxes from projected new growth. The value of new growth is budgeted conservatively. A conservative approach is necessary because new growth revenue is derived from the value of new development and other growth in the tax base. The rate of this development is greatly influenced and ultimately determined by economic factors in the private sector.

Table 2

LEVY LIMIT CALCULATION	FY2012	FY2013	% CHANGE
Prior Year Levy Limit	\$35,854,901	\$37,981,257	
Add 2.5%	\$896,373	\$949,531	
Add New Growth	\$1,229,983	\$588,620	
Add Overrides	\$0	\$0	
True LEVY LIMIT	\$37,981,257	\$39,519,408	
Add Net Debt Exclusions	\$2,401,767	\$2,436,120	
Adjusted LEVY LIMIT	\$40,383,024	\$41,955,528	
REVENUES			
Adjusted LEVY LIMIT	\$40,383,024	\$41,955,528	
Less Unused Levy Limit	(\$1,980,286)	(\$1,741,491)	
Total Tax Receipts	\$38,402,738	\$40,214,037	4.72%



State Aid

State Aid is Northborough's second largest revenue source and represents approximately 10% of the General Fund budget. Together, State Aid and local taxes account for approximately 90% of the General Fund budget. Looking forward, this revenue source continues to be one of the most unpredictable items in the FY2013 budget forecasts and, therefore, an area of concern.

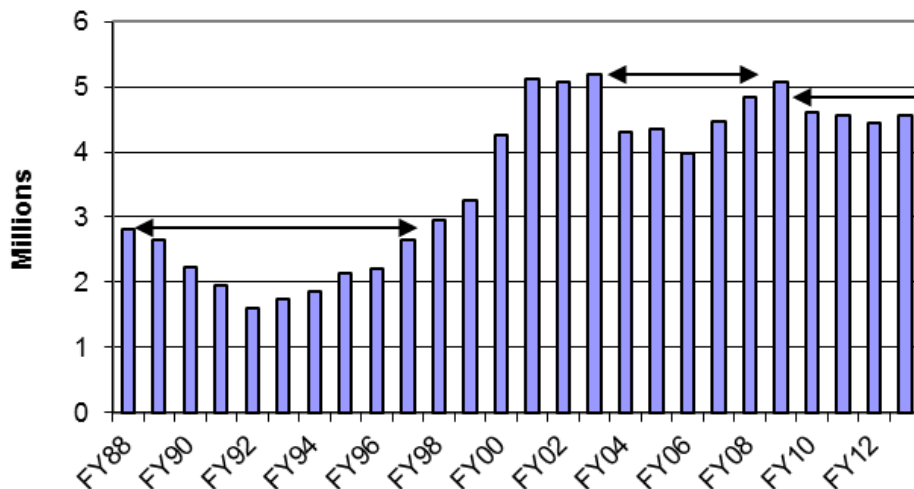
On January 25, 2012, the Governor released his House 2 Budget, which contained his projected FY2013 State Aid figures. Under the Governor's proposed FY2013 budget, Northborough's State Aid would be increased by \$124,738 but at the same time our State Assessments will also increase by \$68,253. Together, this represents a modest gain of \$56,485 in funding.

In total, State Aid is estimated to increase by 2.81% to \$4.56 million, or \$124,738 above the FY2012 actual of \$4.44 million. As you will note in Table 3, our State Aid is still lower than the high of \$5.08 million in FY2009, and history shows that it may be several more years before State Aid returns to pre-recession levels.

Table 3: State Aid in Millions

FY07	FY08	FY09	FY10	FY11	FY12	FY13
4.47	4.83	5.08	4.60	4.57	4.44	4.56
						*Estimated

Northborough State Aid FY1988-2013

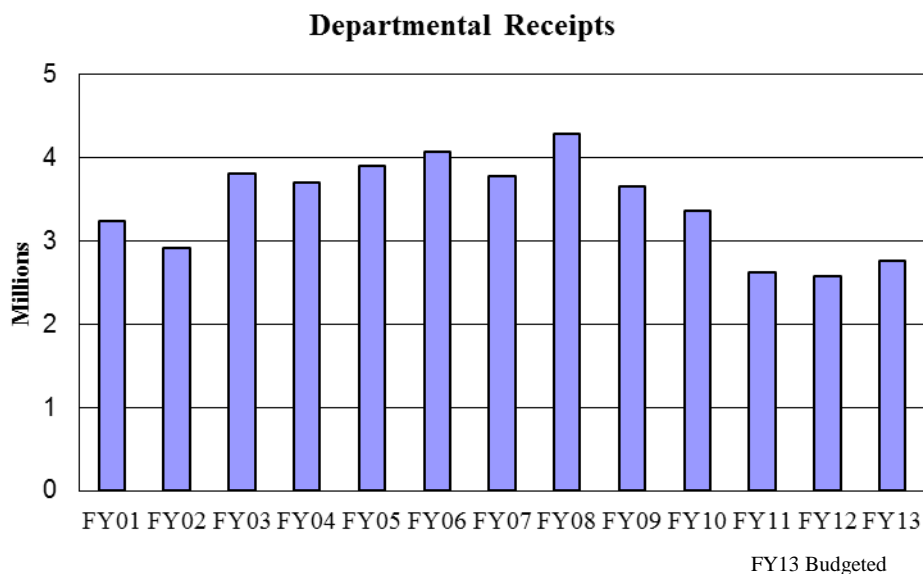


It remains to be seen how closely the Legislature's State Aid figures will align with the Governor's. However, final information regarding State Aid accounts may not be made available until well after April Town Meeting; therefore, a conservative approach is necessary.



Departmental Receipts

The third largest source of revenue for the General Fund budget is Departmental Receipts, which includes a variety of fees, permits, fines and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. The total budgeted Departmental Receipts for FY2013 is \$2.76 million. This represents an increase of \$175,000 over the budgeted \$2.56 million in FY2012 mainly due to an increase in our expected motor vehicle excise revenue. The single largest source of funds within this category is motor vehicle excise taxes, which is a State tax collected by the municipality for its own use. The level of miscellaneous receipts is greatly affected by outside economic conditions.



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

Further, in FY2010 the budget for motor vehicle excise and investment income decreased by approximately \$300,000 as fewer new cars were being purchased and the low interest rates, together with our collateralized investments, reduced the Town's investment income. An analysis of actual FY2011 motor vehicle revenue combined with an increase in the first 2012 commitment in both the amount billed and the number of bills has allowed us to increase our departmental receipt budget by \$175,000 in FY2013. The growth in motor vehicle revenue is likely due to the impact of the newly constructed Avalon Bay 382 unit apartment complex.

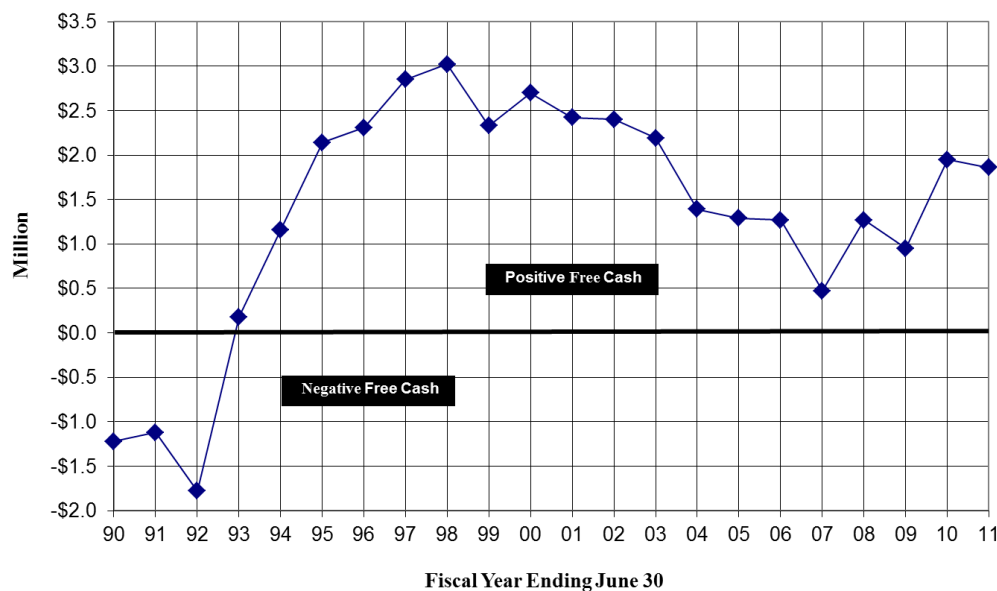


Available Funds (including Free Cash)

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

By far the single largest source of Available Funds is Free Cash. In FY2013, 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 FY1990-2011



*Source: Massachusetts Department of Revenue

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



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

For these reasons, the Board of Selectmen adopted a Free Cash Policy in November 2010 with the unanimous support of both the Appropriations Committee and the Financial Planning Committee. The new policy identifies the acceptable uses of Free Cash for mainly one-time expenses and provides for a maximum level of \$500,000 for use in the operating budget. The new Free Cash Policy can be found on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The new Free Cash Policy is also discussed at length in the transmittal letter of the Capital Improvement Plan contained in pages 9-1 through 9-5 of this document.

Other sources of Available Funds to be used in FY2013 are projected to include special revenue offsets in departmental budgets such as \$23,000 in Cemetery Sale of Lots income, \$10,000 in Cemetery Trust Fund income, \$10,000 in Conservation Commission fees, \$72,500 from the Police Revolving Account, \$77,447 from the Fire/EMS Revolving Account, \$120,000 from the Recreation Revolving Account and \$35,000 from the Animal Control Revolving Account.

There will be a transfer of \$20,884 from Debt Exclusion Premium reserves. These are funds that were received as premiums when bonds or notes were issued for debt excluded projects. The total net premiums are allocated over the term of the obligation, held in reserve and then transferred to offset the amount of the debt exclusion added to the tax rate.

A final source of Available Funds is a transfer of \$4,534 from Title V Septic Reserve. This is the amount of the Debt Service due for the Title V loan program for FY2013. The funds have been collected from the special assessments that are apportioned onto the real estate tax bills of homeowners that participated in the program to repair and install septic systems. These funds will pay the FY2013 debt service for the Title V Septic program.

In addition to Free Cash, these "Other" revenue sources total \$373,365 and will be used to off-set the municipal budgets as shown in Article 4 of the Town Meeting Warrant.



This Page Intentionally Blank



Expenditure Summary

Section 1-11

FY2013 EXPENDITURE SUMMARY

Following is a summary of the Town's General Government Budget (non-school), which details the 4.24% increase allowable under current revenue projections.

TOWN GENERAL FUND BUDGET SUMMARY				
Department	FY2012 Budget	FY2013 Proposed Budget	\$ Change	% Change
GENERAL ADMINISTRATION				
<u>EXECUTIVE OFFICE</u>				
Selectmen	137,366	139,018	1,652	1.20%
Administrator	207,243	212,637	5,394	2.60%
Economic Development	1,300	1,300	0	0.00%
Town Reports	4,425	4,425	0	0.00%
<u>PUBLIC BUILDINGS</u>				
Town Hall/Public Bldgs.	389,093	412,602	23,509	6.04%
<u>FINANCE</u>				
Treasurer	272,787	277,280	4,493	1.65%
Board of Assessors	255,732	265,173	9,441	3.69%
Town Accountant	134,881	136,643	1,762	1.31%
<u>MIS/GIS</u>				
MIS/GIS	324,359	356,876	32,517	10.03%
<u>TOWN/CLERKS OFFICE</u>				
Town Clerk	121,637	123,391	1,754	1.44%
Election/Registration	31,242	40,118	8,876	28.41%
<u>ADVISORY BOARDS/SERVICES</u>				
Moderator	500	500	0	0.00%
Appropriations Committee	1,695	1,695	0	0.00%
Town Counsel	85,000	85,000	0	0.00%
Personnel Board	36,532	83,950	47,418	129.80%
<u>PLANNING & ENGINEERING</u>				
Conservation Commission	19,880	39,084	19,204	96.60%
Planning Board	122,515	125,868	3,353	2.74%
Zoning Board	4,846	4,868	22	0.45%
Earthworks Board	1,645	1,711	66	4.01%
Engineering	136,480	145,803	9,323	6.83%
<u>PUBLIC SAFETY</u>				
Police	2,167,248	2,236,872	69,624	3.21%
Fire	1,287,211	1,327,905	40,694	3.16%
Emergency Preparedness	6,750	7,250	500	7.41%
Building	159,521	162,234	2,713	1.70%
Gas Inspector	10,547	10,658	111	1.05%
Wire Inspector	19,337	19,775	438	2.27%
Sealer of Weights	5,028	8,000	2,972	59.11%
Board of Health	160,923	166,467	5,544	3.45%
Animal Control	53,967	40,000	(13,967)	-25.88%
<u>PUBLIC WORKS</u>				
Highway Admin.	106,486	107,150	664	0.62%
Hwy. Const. & Maint.	820,311	902,988	82,677	10.08%
Parks	109,348	95,900	(13,448)	-12.30%
Cemetery	52,838	53,407	569	1.08%
Snow & Ice	189,700	199,700	10,000	5.27%
Street Lighting	100,000	100,000	0	0.00%
Trees	8,000	25,000	17,000	212.50%

Section 1-12

Expenditure Summary



Department	FY2012 Budget	FY2013 Proposed Budget	\$ Change	% Change
COMMUNITY SERVICES				
Council on Aging	204,025	210,411	6,386	3.13%
Library	657,086	676,420	19,334	2.94%
Recreation	116,415	119,477	3,062	2.63%
Youth Services	123,033	125,748	2,715	2.21%
Veterans Services	34,899	59,584	24,685	70.73%
Cable TV	0	0	0	
Cultural Council	500	500	0	0.00%
Community Affairs Committee	500	500	0	0.00%
Historical Commission	500	500	0	0.00%
UNDISTRIBUTED EXPENSES				
<u>EMPLOYEE BENEFITS & INSURANCE</u>				
Health Insurance	4,513,248	4,664,094	150,846	3.34%
Life Insurance	8,730	8,730	0	0.00%
Other Benefits/FICA	356,739	361,693	4,954	1.39%
Workers Comp	101,800	104,704	2,904	2.85%
Retirement Assessments	1,118,192	1,210,083	91,891	8.22%
<u>BUILDING & LIABILITY INSURANCE</u>				
Bldg. & Liability Insur.	213,955	213,955	0	0.00%
<u>DEBT SERVICE</u>				
Debt Service	2,489,898	2,509,484	19,586	0.79%
<u>STATE ASSESSMENTS</u>				
State Assessments	376,427	444,680	68,253	18.13%
<u>STABILIZATION FUND CONTRIBUTION</u>				
Stabilization Fund	0	0	0	
<u>RESERVE FUND</u>				
Reserve Fund	150,000	150,000	0	0.00%
<u>SPECIAL WARRANT ARTICLES</u>				
Special Articles	804,000	715,000	(89,000)	-11.07%
Other Financing Uses	247,570	247,570	0	0.00%
OTHER NON-APPROPRIATED AMOUNTS				
Reserve for Abatements	351,739	350,600	(1,139)	-0.32%
Offsets	22,815	23,084	269	1.18%
ENTERPRISE FUNDS				
Water	1,861,930	2,017,630	155,700	8.36%
Water Appropriation Deficit	61,000	0	(61,000)	-100.00%
Sewer	1,311,875	1,368,932	57,057	4.35%
Solid Waste	727,570	781,090	53,520	7.36%
GROSS TOTAL TOWN	23,400,819	24,285,717	884,898	3.78%
CALCULATION OF NET TOTAL TOWN				
Less Water Fund	-1,861,930	-2,017,630		
Less Water Fund Free Cash Art	-61,000	0		
Less Sewer Fund	-1,311,875	-1,368,932		
Less Solid Waste	-727,570	-781,090		
Less Other Funds	-392,079	-373,365		
Less Overlay Raised on Recap	-11,739			
Less State Assessment Adj	130,978			
Less Debt Exclusion	-1,634,694	-1,600,453		
Less Reserve Fund Article	-150,000	-150,000		
Less Special Articles	-804,000	-715,000		
NET TOTAL TOWN	\$16,576,910	\$17,279,247		4.24%
CALCULATION OF TOWN APPROPRIATION				
GROSS TOTAL TOWN	23,400,819	24,285,717		
Less County Assessments	-1,118,192	-1,210,083		
Less State Assessments	-376,427	-444,680		
Less Reserve for Abatements	-351,739	-350,600		
Less Offsets	-22,815	-23,084		
Less Reserve Fund Article	-150,000	-150,000		
Less Special Articles	-804,000	-715,000		
Less Other Financing Use	-247,570	-247,570		
Less Enterprise Funds	-3,962,375	-4,167,652		
Net Town Warrant Article 4	\$16,367,701	\$16,977,048		



Expenditure Summary

Section 1-13

General Administration

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

General Administration Summary

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGETED	FY2012 SIX MONTHS	FY2013 PROPOSED	% CHANGE
<u>EXECUTIVE OFFICE</u>						
Selectmen	\$131,121	\$130,173	\$137,366	\$76,878	\$139,018	1.20%
Administrator	\$212,280	\$198,749	\$207,243	\$93,073	\$212,637	2.60%
Economic Development	\$343	\$491	\$1,300	\$0	\$1,300	0.00%
Town Reports	\$3,998	\$4,425	\$4,425	\$0	\$4,425	0.00%
Subtotal	\$347,742	\$333,838	\$350,334	\$169,952	\$357,380	2.01%
<u>PUBLIC BUILDINGS</u>						
	\$335,111	\$330,459	\$389,093	\$152,991	\$412,602	6.04%
Subtotal	\$335,111	\$330,459	\$389,093	\$152,991	\$412,602	6.04%
<u>FINANCE</u>						
Treasurer	\$266,907	\$266,212	\$272,787	\$124,572	\$277,280	1.65%
Board of Assessors	\$217,366	\$218,432	\$255,732	\$97,715	\$265,173	3.69%
Town Accountant	\$122,429	\$116,568	\$134,881	\$61,212	\$136,643	1.31%
Subtotal	\$606,702	\$601,212	\$663,400	\$283,499	\$679,096	2.37%
<u>MIS/GIS</u>						
	\$248,797	\$249,332	\$324,359	\$149,058	\$356,876	10.03%
Subtotal	\$248,797	\$249,332	\$324,359	\$149,058	\$356,876	10.03%
<u>TOWN CLERKS OFFICE</u>						
Town Clerk	\$112,902	\$118,907	\$121,637	\$57,292	\$123,391	1.44%
Elections/Registration	\$28,735	\$27,016	\$31,242	\$4,689	\$40,118	28.41%
Subtotal	\$141,638	\$145,923	\$152,879	\$61,981	\$163,509	6.95%
<u>ADVISORY BOARDS/SERVICES</u>						
Moderator	\$200	\$200	\$500	\$0	\$500	0.00%
Appropriations Committee	\$825	\$150	\$1,695	\$200	\$1,695	0.00%
Personnel Board	\$1,472	\$7,453	\$36,532	\$2,592	\$83,950	129.80%
Town Counsel	\$58,610	\$69,106	\$85,000	\$26,186	\$85,000	0.00%
Subtotal	\$61,107	\$76,909	\$123,727	\$28,979	\$171,145	38.32%
<u>PLANNING AND ENGINEERING</u>						
Town Planner/Planning Bd	\$109,227	\$116,211	\$122,515	\$56,235	\$125,868	2.74%
Zoning Board of Appeals	\$2,775	\$2,634	\$4,846	\$564	\$4,868	0.45%
Engineering	\$116,200	\$120,719	\$136,480	\$56,426	\$145,803	6.83%
Earthworks	\$1,456	\$1,441	\$1,645	\$753	\$1,711	4.01%
Conservation Commission	\$12,646	\$15,960	\$19,880	\$6,826	\$39,084	96.60%
Subtotal	\$242,304	\$256,964	\$285,366	\$120,805	\$317,334	11.20%



Section 1-14

Expenditure Summary

In FY2013 General Administration is budgeted at \$2.46 million, which is an overall increase of 7.37%. The majority of this increase is actually a reflection of accounting transfers from the Personnel Board to the various departmental budgets related to merit increases and collective bargaining agreements. The Personnel Board account is reflected as a budgetary increase of \$47,418; however, the account was actually funded at \$74,100 last year. Any unused funds are closed out to free cash at the end of the fiscal year.

The Town has successfully negotiated sustainable collective bargaining agreements with Public Safety Dispatchers (1%), Police Sergeants (0%), Police Patrol Officers (0%), Fire (1%), and Northborough Municipal Employees Association (1%) in FY2013. Non-union employee wage increases are budgeted at 1% in FY2013. Therefore, individual departmental budgets include the wage increases above for the various union and non-union personnel.

Following are the key changes of significance:

- **Executive Office**

There are no significant budget changes planned for the Executive Office in FY2013. The Selectmen's Budget contains \$3,500 in the event that the receipt of Federal Funds is significant enough to require a single audit. The wage adjustments in FY2013 for non-union personnel are budgeted at 1%.

- **Public Buildings**

The Public Buildings account is up \$23,509, or 6%, from the previous year, primarily due to anticipated increases for gasoline and diesel fuel.

- **Finance Department**

The Finance Department budget is up \$15,696, or 2.37% in FY2013. A significant portion of this increase is due to FY2013 being a revaluation year. The triennial recertification process began on January 1, 2012 and will continue until the new valuations and tax rate are certified by the Department of Revenue, Bureau of Local Assessment in the Fall of 2012. In order to meet the field work requirements of the triennial recertification, additional contractual services are needed.

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

The MIS/GIS budget is increasing \$32,517, or 10.03%. Approximately \$24,000 of the increase is due to hardware and software purchases for the planned migration of the Town's financial applications (MUNIS). MUNIS currently operates in the Linux operating system using an Informix database. This environment is scheduled to be retired by the vendor in April 2013, with the last 1099s being issued in 2012. Accordingly, a migration to Microsoft's Windows Server operating system and SQL Server database is scheduled to occur shortly after the current fiscal year is closed in late summer or early fall.



- **Town Clerk/Elections**

There are no significant changes in the Town Clerk's budget; however, there is an \$8,876 increase in the Elections/Voter Registration Budget due to the three elections scheduled during FY2013. There were only two elections budgeted in FY2012 (the Presidential Primary and the Annual Town Election).

The FY2013 scheduled elections are as follows:

- State Primary Election September 6, 2012
- State General Election November 6, 2012
- Annual Town Election May 13, 2013

- **Advisory Boards/Services**

- **Personnel Board**

The account includes limited town-wide training, drug testing and legal expenses associated with labor negotiations, employee transition expenses and merit pay. The account includes resources that will be used to hire temporary services necessary during anticipated transitions in the Finance Department's Assessing Division as well as the Building Department.

- **Town Counsel**

The budget for Town Counsel has been maintained at its FY2012 level of \$85,000.

- **Planning and Engineering**

Overall, the Planning and Engineering Budgets are up \$31,968, or 11.21%. A significant portion of the increase is attributable to the mid-year addition of a Part-time Conservation Agent that is being proposed in order to free up engineering resources for DPW project support. Previously, there was an Assistant Town Engineer position that was dedicated at 20 hours per week for Conservation Commission work, but the position has been left unfilled due to financial constraints. The Town Engineer's time has subsequently been taken up by Conservation-related duties at the expense of higher priority engineering projects that require attention. The FY2013 Conservation Budget contains \$13,000 to fund the position beginning January 1, 2013. Also contained in the Conservation budget is a \$7,500 increase for a follow-up weed control treatment to Bartlett Pond.



Section 1-16

Expenditure Summary

Public Safety

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

Public Safety Summary

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGETED	FY2012 SIX MONTHS	FY2013 PROPOSED	% CHANGE
<u>PUBLIC SAFETY</u>						
Police	\$2,029,638	\$2,117,399	\$2,167,248	\$1,063,552	\$2,236,872	3.21%
Fire	\$1,189,901	\$1,217,556	\$1,287,211	\$573,298	\$1,327,905	3.16%
Emergency Preparedness	\$5,000	\$5,516	\$6,750	\$1,250	\$7,250	7.41%
Building Inspection	\$145,648	\$151,221	\$159,521	\$73,112	\$162,234	1.70%
Gas Inspector	\$9,950	\$10,351	\$10,547	\$5,387	\$10,658	1.05%
Wiring Inspector	\$14,949	\$17,304	\$19,337	\$8,858	\$19,775	2.27%
Sealer Weights/Measures	\$4,643	\$4,579	\$5,028	\$1,621	\$8,000	59.11%
Health/Plumbing Inspector	\$133,931	\$140,626	\$160,923	\$69,483	\$166,467	3.45%
Animal Control	\$52,234	\$53,513	\$53,967	\$34,432	\$40,000	-25.88%
Subtotal	\$3,585,985	\$3,718,064	\$3,870,532	\$1,830,992	\$3,979,161	2.81%

• **Police Department**

Personnel wage adjustments include Patrol Officers (0%), Police Sergeants (0%) and Dispatchers (1%) in accordance with the approved collective bargaining agreements currently in place. Increases in overtime and equipment maintenance have been adjusted to better reflect historic levels. Overall, the FY2013 Police Department budget is up \$69,624, or 3.21%.

• **Fire Department**

The budget as presented includes a 1% wage increase for all Union and non-union personnel in FY2013. FY2013 expenses include the restoration of \$25,000 to the capital outlay line in order to return to purchasing hose and protective gear as an operational expense rather than funding through the capital budget. During FY2010 the General Fund portion of the Hazardous Materials position was temporarily shifted to the Hazardous Materials Revolving Fund. The FY2013 budget returns \$7,000 of the Hazardous Material Assistant position back to the General Fund because the position can no longer be sustained through the revolving fund. Overall, the FY2013 Fire Department budget increases \$40,694, or 3.16%.

During FY2013 an Emergency Shelter Coordinator stipend of \$500 was also added to the Emergency Preparedness Budget as part of a new initiative to better prepare for coordinating shelter services.



- **Building Department**

There are no significant budgetary changes planned during FY2013. The budget reflects a 1% wage increase for both union and non-union personnel. During FY2013 the Town increased the Sealer of Weights and Measures budget from \$5,028 to \$8,000 and is reviewing the possibility of contracting out for these services, which have increased dramatically due to the opening of the 640,000 square foot shopping plaza know as Northborough Crossing.

- **Health Department**

There are no significant budgetary changes planned during FY2013 and the budget reflects a 1% wage increase for both union and non-union personnel. The Nursing Service line remains slightly increased to satisfy the increased need for communicable disease tracking investigation and follow up.

- **Animal Control**

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

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

It should be noted that the previous year's FY2012 Dog Officer budget was funded through a combination of General Fund Revenues (taxes) and Revolving Fund Revenues (fee & fine revenues). The combination of these two sources of funding represented most of the direct resources expended for the Dog Officer service. In FY2013 the fees from dog licenses and fines will come into the General Fund as revenue that will largely off-set the anticipated costs of an Animal Control services contract. In FY2013 those revenues are projected to be \$35,000.

At the time of this writing the Town is in the process of conducting a formal "Request for Proposals" (RFP) process in compliance with MGL c. 30B procurement laws. The goal of the RFP is to enter into a multiple-year contract for both Animal Control and Animal Inspector services. Animal Inspector services are currently budgeted under the contractual services line of the Health Department.

**Public Works**

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

Public Works Summary

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGETED	FY2012 SIX MONTHS	FY2013 PROPOSED	% CHANGE
<u>PUBLIC WORKS</u>						
Highway Admin.	\$88,849	\$84,258	\$106,486	\$26,834	\$107,150	0.62%
Hwy. Const. & Maint.	\$783,501	\$773,396	\$820,311	\$381,434	\$902,988	10.08%
Parks	\$81,961	\$78,042	\$109,348	\$51,027	\$95,900	-12.30%
Cemetery	\$59,112	\$41,418	\$52,838	\$22,472	\$53,407	1.08%
Snow & Ice	\$236,462	\$416,199	\$189,700	\$43,570	\$199,700	5.27%
Street Lighting	\$91,703	\$98,366	\$100,000	\$49,911	\$100,000	0.00%
Trees	\$8,000	\$6,793	\$8,000	\$7,094	\$25,000	212.50%
Subtotal	\$1,349,589	\$1,498,471	\$1,386,683	\$ 582,343	\$1,484,145	7.03%

Overall, the DPW budget is up \$97,462, or 7.03%. The majority of the increase is in tree removal and drainage work. The FY2013 tree budget is being increased by \$17,000 to help eliminate a backlog in trees that need to be removed. The drainage budget is increasing \$30,000 in order to complete various projects that were postponed during previous budget cycles due to fiscal constraints.

In terms of personnel expenses, the budget reflects a 1% wage increase for both union and non-union employees. However, there is a small increase of 5 hours per week in the Administrative Assistant line. The budget continues to rely upon seasonal help in the parks and cemetery divisions. The temporary help has become increasingly important because the DPW continues to operate with reduced staffing. During FY2007, the Assistant Director was promoted to DPW Director, and the Assistant position has remained vacant. During FY2009, the Cemetery Superintendent position and a Highway/Parks Heavy Equipment Operator position became vacant and both have remained unfilled. These reductions in permanent personnel have all been continued in FY2013.



Expenditure Summary

Section 1-19

Community Services

Section 5 of the Budget contains the category of human service, 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

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGETED	FY2012 SIX MONTHS	FY2013 PROPOSED	% CHANGE
COMMUNITY SERVICES						
Senior Center/COA	\$160,054	\$181,680	\$204,025	\$97,888	\$210,411	3.13%
Library	\$601,566	\$576,815	\$657,086	\$303,564	\$676,420	2.94%
Recreation	\$110,410	\$113,511	\$116,415	\$53,245	\$119,477	2.63%
Family & Youth Services	\$100,665	\$107,613	\$123,033	\$54,220	\$125,748	2.21%
Veterans' Services	\$26,259	\$29,006	\$34,899	\$18,753	\$59,584	70.73%
Cable TV	\$0	\$0	\$0	\$0	\$0	0.00%
Cultural Council	\$500	\$500	\$500	\$0	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$0	\$500	0.00%
Historical Committee	\$150	\$227	\$500	\$40	\$500	0.00%
Subtotal	\$1,000,104	\$1,009,851	\$1,136,958	\$527,709	\$1,193,140	4.94%

- **Senior Center/Council on Aging**

Overall, the FY2013 Senior Center Budget is up just 3.13%, or \$6,386. The two previously part-time Outreach Coordinator positions have been consolidated into one full-time position (.86 FTE to 1 FTE). The increase in personnel costs is partially offset by reduced electricity costs due to lower rates on a new Town-wide contract. In FY2013 the Friends committed to making available previously donated but unused funds in the amount of \$21,462 toward the contractual services line of the budget, which is used to pay for the cleaning of the center. The \$21,462 donation is in addition to the \$10,000 shown in line 52800 of the Senior Center budget.

- **Family and Youth Services Department**

The Department continues to seek grant funding to expand counseling services and to rely on graduate-level student interns to meet service demands. There are no significant changes in the FY2013 Family & Youth Services budget. The FY2013 wage increases for non-union personnel are budgeted at 1%.

- **Veterans' Services**

The Veterans' Services Budget is partially offset by reimbursement received from the Towns of Grafton and Shrewsbury who participate with Northborough in a Veterans District created in 1999. The creation of this District achieved compliance with the State Statute requiring each Town have a full-time Veterans' Agent (Northborough's Veterans' Agent is scheduled only part-time). The Towns of Grafton and Shrewsbury provide reimbursement for a portion of expenses paid by Northborough for our



Veterans' Agent, who also serves those towns. Reimbursed expenses include health insurance, cellular telephone and professional development.

The benefit line in the Veterans budget was increased from \$10,500 in FY2012 to \$30,000 in FY2013 to reflect the increased demand for services as veterans begin returning from overseas. During FY2012 a mid-year transfer was required from the Appropriations Committee Reserve Account to accommodate the increased benefit demand. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services, it is still the responsibility of the Town to budget adequate benefits on the front end to cover those expenses. There are no other significant changes proposed in the FY2013 Veterans' Services budget.

- **Library**

Overall, the FY2013 Library Budget is up 2.94%, or \$19,334, compared to FY2012 due primarily to another increase in the books and periodicals line of \$12,700. Ongoing restoration of the books and periodicals budget is necessary to ensure that the Northborough Library is able to maintain its State Certification and inter-library loan privileges. With the FY2013 increase, the library now meets the 15% books and materials level required for State Certification. The Library budget as presented also reflects a 1% wage increase for union and 1% wage increase for non-union personnel.

- **Recreation Department**

The Recreation Department is fully self-sufficient and financed by programmatic fees, rather than property taxes. The cost of the salary for the Recreation Director and the Department's full-time Administrative Assistant, as well as the cost of benefits for these positions, are included in the FY2013 General Fund Budget as an expenditure. All of the costs in the FY2013 General Fund Budget for salaries and benefits will be financed through a transfer from the Recreation Department Revolving Account to the General Fund. The transfer part of Article 4 of the Annual Town Meeting Warrant.



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

With regard to Health Insurance, the FY2013 budget request of \$4.66 million represents a total increase of just \$150,847, or 3.34%, from the amount budgeted last year. While the premiums for some individual health insurance plans may increase significantly, plan design changes and the adoption of Chapter 32B, Section 18 in FY2010 have helped limit budgetary increases again in FY2013. In addition, the Town worked closely with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. Given the reasonable FY2013 premium increases, there are no immediate plans to modify health insurance plans for FY2013. However, all the General Government collective bargaining contracts expire at the close of FY2013, so further discussion about health insurance options will likely take place during FY2013 for possible implementation in FY2014. It should be noted that if health insurance premiums begin increasing again at 10-15%, there will be significant impacts on future operating budgets for all departments.

The second largest category of employee benefit costs after Health Insurance is Worcester Regional Retirement (WRR). The proposed FY2013 budget request for the WRR assessment represents an increase of \$91,891, or 8.22%, due to Northborough's local share of the funding schedule. The assessment is the amount due to WRR for the pension system for the Town's non-teaching employees. School teachers belong to the Massachusetts Teachers Retirement System (MTRS). While the Town is responsible for the WRR assessment, the Commonwealth of Massachusetts is assessed annually by the MTRS.

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

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



The 2011 Municipal Relief Act extended the time frame for fully funding the pension system's liability to the year 2040. The FY2013 Assessment will be the first of a three-year phase in to the actuarial method of assessment calculation.

- **Building & Liability Insurance**

Building and Liability insurance includes property and liability coverage for all Town-owned property as well as all Town officials, elected and appointed. During FY2010 the Town bid out all its Workers' Compensation, Injured-on-Duty (IOD) and Building & Liability Insurance and was able to achieve 0% budgetary increases for FY2010, FY2011 and FY2012. Due to aggressive risk management practices, the Town's Building and Liability insurance premiums were again held to a 0% budgetary increase in FY2013.

- **Debt Service**

The proposed FY2013 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 FY2013, the total Debt Service budget for the General Fund is \$2.51 million, a slight increase of \$19,586. The full impact of the completed Senior Center building project was absorbed into the debt service budget during FY2012.

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

- **State Assessments**

The FY2013 State Assessments are projected to increase by \$68,253, based on the Governor's House 2 Budget. The increase is primarily attributable to the \$62,065 increase in the assessment for Northborough students attending Charter schools as well as a \$5,000 increase to School Choice Sending Tuition assessment.

- **Stabilization Fund Contribution**

The FY2013 budget does not provide for a contribution to the Stabilization Fund. Available Free Cash funds that could have been allocated to the Stabilization Fund were instead used to fund additional pay-as-you-go capital items, thereby avoiding unnecessary finance charges. The FY2013 Stabilization Fund, together with overall financial reserves of the Town remain within 8-10% of the operating budget per the Town's policy guideline.

- **Reserve Fund**

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



• **Special Warrant Articles**

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. In FY2013 these warrant articles include \$150,000 for the Reserve Fund, \$100,000 for Emergency FY2012 Storm expenditures and the funding for the FY2013 Capital Budget of \$3,086,000. The warrant articles total \$3,336,000.

The FY2013 Town Meeting Warrant Articles include the following:

- \$150,000 for the Appropriation Committee's Reserve Fund
- \$100,000 for FY2012 Emergency Storm spending
- \$350,000 for a Replacement Fire Engine Tender (Tanker) Truck
- \$85,000 for Narrowband Radio Conversion
- \$1,152,000 for Town Offices Building Repair
- \$40,000 for Ellsworth McAfee Track replacement
- \$56,000 for a Replacement DPW One-ton Service Truck with Plow
- \$153,000 for a DPW Sidewalk Plow
- \$100,000 for a Portable Generator
- \$250,000 for Lyman Street Well repairs
- \$500,000 for Lincoln Street School Feasibility Study
- \$400,000 for an Emergency Generator – Melican Middle School

The warrant articles contain proposed funding for these items using a combination of several sources. The various funding sources include repurposed bond proceeds, Free Cash, municipal bonds, donations, Water and Sewer Enterprise Funds as well as partnering for project funding with both the Massachusetts School Building Authority (MSBA) and the Community Preservation Committee. The use of these funding sources results in a very minimal additional tax impact.

During November of 2010 the Board of Selectmen adopted a Free Cash Policy, which now provides a funding source for projects, other than municipal bonds. The Free Cash Policy is on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The Free Cash Policy and plan are discussed at length in the transmittal letter of the Capital Improvement Plan contained in pages Section 9-1 through 9-5 of this document.

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

Based upon the revenue forecasts, it was projected that the Town's General Government Budget and the Northborough K-8 Schools may increase by 4.24% in FY2013. Therefore, the FY2013 amount available for the Northborough K-8 School department is \$19,495,277. This represents an increase of \$792,410 from the \$18.7 million appropriated last year. Northborough K-8 School budget includes 11.20 new FTEs in the FY2013. These are primarily positions that were previously funded through the American Recovery and Reinvestment Act (Stimulus Funding) and the Federal Education Jobs Fund (Ed-Jobs). The positions include both teachers and special education aides that have been absorbed into the regular K-8 School Budget as part of the 4.24% allowable increase in FY2013.

• Algonquin Regional High School

The total FY2013 budget for Algonquin Regional High School is \$18,525,416, which is an increase of \$906,199, or 5.14% over FY2012. The Town of Northborough's share of that budget is \$9,389,415, which includes the operational budget assessment of \$8,100,321 plus the \$1,289,094 debt exclusion cost for the recent renovation/addition project. This represents a 3.35% increase of \$304,070. The moderate increase was necessary in order to bring the Town of Southborough's assessment to a manageable level. Due to shifting enrollment as well as the State Department of Education's funding formulas, Northborough's total assessment increases just 3.35%, while Southborough's total assessment increases 7.67%.

• Assabet Valley Regional Technical High School

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. As of October 1, 2011, 50 Northborough Students attend Assabet Valley, which represents 7.06% of their FY2013 budget, or \$656,645. This assessment is up from 41 students on October 1, 2010, resulting in a FY2013 assessment increase of \$139,157.

• Norfolk County Agricultural High School

In prior years the Town has borne the expense of tuition and transportation to the NCAHS in the Town's portion of the budget. This expense is borne by the Town because students have the freedom to seek admission to schools with state-approved vocational technical education programs 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. Once accepted, the Town is required to bear the cost of both tuition and transportation. There are no students expected to attend this school in FY2013.



Enterprise Funds

• Water and Sewer Enterprise Funds

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

Capital improvement projects are underway to complete bringing the Town's wells back online so as to reduce the Town's dependence on the Massachusetts Water Resources Authority (MWRA). The Lyman Street well was reactivated in 2009 and the design of a new treatment facility for the Brigham Street well has also been initiated. Construction of the treatment facility at the Brigham Street well will allow the Town to reduce the volume of water needed from the MWRA and thus, reduce the cost of water in the future.

The proposed FY2013 Water Enterprise Fund budget of \$2,017,630 is predicated on a transfer of \$191,983 from Water Fund Free Cash and represents a 4.92% increase.

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

The proposed FY2013 Sewer Enterprise Fund budget of \$1,368,932 is predicated on a transfer of \$158,183 from Sewer Fund Free Cash and represents a 4.35% increase.

	FY2012 Budget	FY2013 Budget	% Change
Water Enterprise Fund	\$ 1,922,930	\$ 2,017,630	+4.92%
Sewer Enterprise Fund	\$ 1,311,875	\$ 1,368,932	+4.35%

• Solid Waste Fund

The Solid Waste Enterprise Fund does not currently generate sufficient revenue to cover all its expenses. In Fall 2000, the Town issued an Invitation for Bids (IFB) for solid waste and recyclable materials collection and disposal. As part of this IFB, alternate prices were sought for a container-based program with single-stream recycling. In January 2011, after much public discussion and resident feedback, the Board of Selectmen voted to retain the current Pay-As-You-Throw (PAYT) program. As a result of the IFB, a significant savings in the collection cost is being realized. The five-year contract has fixed the collection costs at \$475,000 annually.

The Total PAYT fee revenues are estimated in FY2013 to be \$483,520 and the expenses \$781,090, leaving a projected shortfall of \$247,570 with a transfer from the Solid Waste Fund Free Cash of \$50,000. In FY2013, the appropriation will include a \$50,000 Contingency Reserve account within in the Solid Waste Fund to ensure adequate funding for an unforeseen event in the coming year.



Given the policy decision by the Board of Selectmen to retain the PAYT program in its current form and prices obtained from the IFB, a \$247,570 General Fund subsidy in FY2013 is necessary in order to balance the Enterprise Fund. The total PAYT FY2013 budget is \$781,090. However, it should be noted that without the new \$50,000 emergency reserve (which will stay with the fund and only be spent in an emergency) the actual budget increase is only \$3,520. It is expected that the solid waste budget will remain stable and sustainable over the balance of the remaining four-year hauling contract.

	FY2012 Budget	FY2013 Budget	% Change
Solid Waste Enterprise Fund	\$ 727,570	\$ 781,090	+7.35%