

Budget Summaries

Section 1

Section 1-2

Balanced Budget

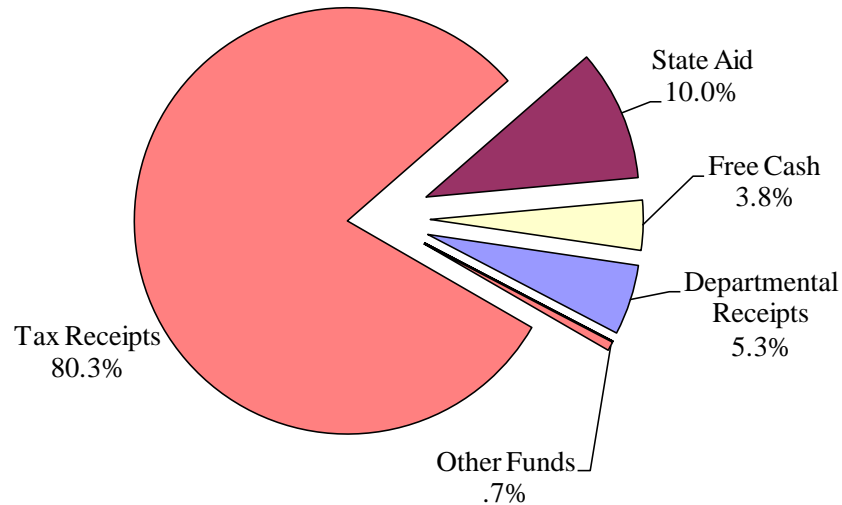


Table 1

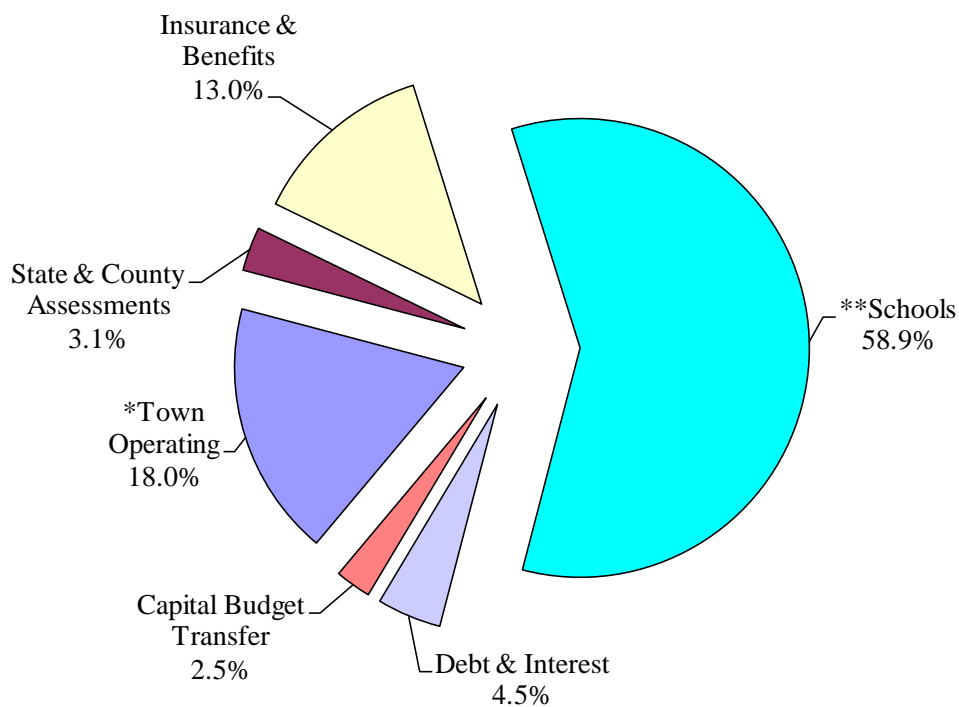
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2012--2014					
LEVY LIMIT CALCULATION	FY2012	FY2013	REVISED FY2013	PROPOSED FY2014	% CHANGE
Prior Year Levy Limit	\$35,854,901	\$37,981,257	\$37,981,257	\$40,370,095	
Add 2.5%	\$896,373	\$949,531	\$949,531	\$1,009,252	
Add New Growth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



Fiscal Year 2014 Revenue Sources



Fiscal Year 2014 Expenditures



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

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



This Page Intentionally Blank



REVENUE SUMMARY

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

Property Taxes

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

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

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

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

Table 2

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



State Aid

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

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

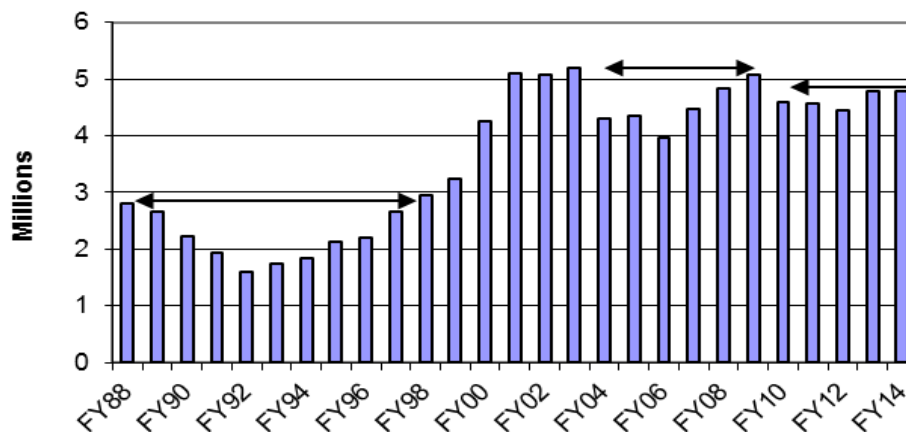
As you will note in Table 3, our State Aid is still lower than the high of \$5.08 million in FY2009, and history shows that it may be several more years before State Aid returns to pre-recession levels.

Table 3: State Aid in Millions

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

*Estimated

Northborough State Aid FY1988-2014

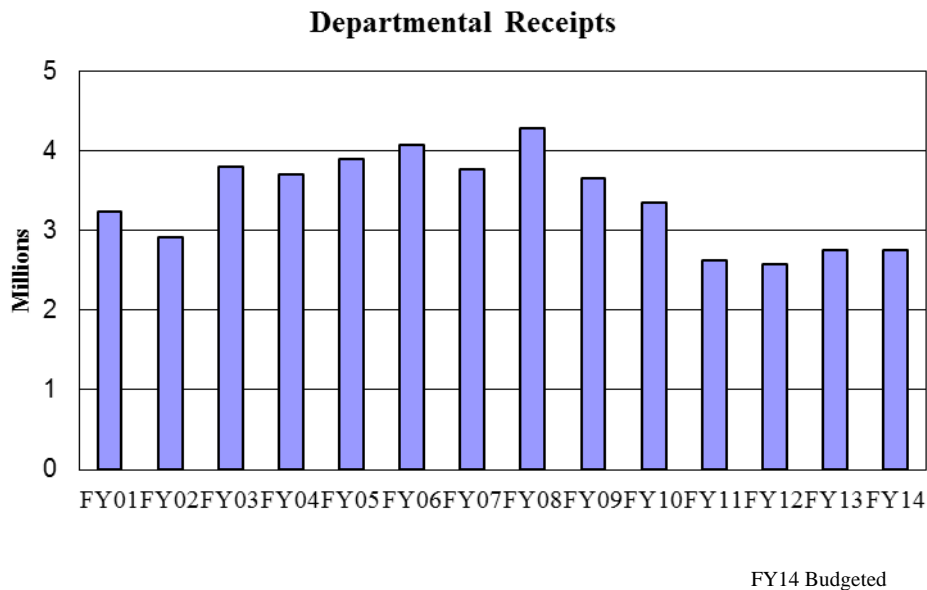


It remains to be seen how closely the Legislature's State Aid figures will align with the Governor's. However, final information regarding State Aid accounts may not be made available until well after April Town Meeting; therefore, a conservative approach is necessary.



Departmental Receipts

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



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

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

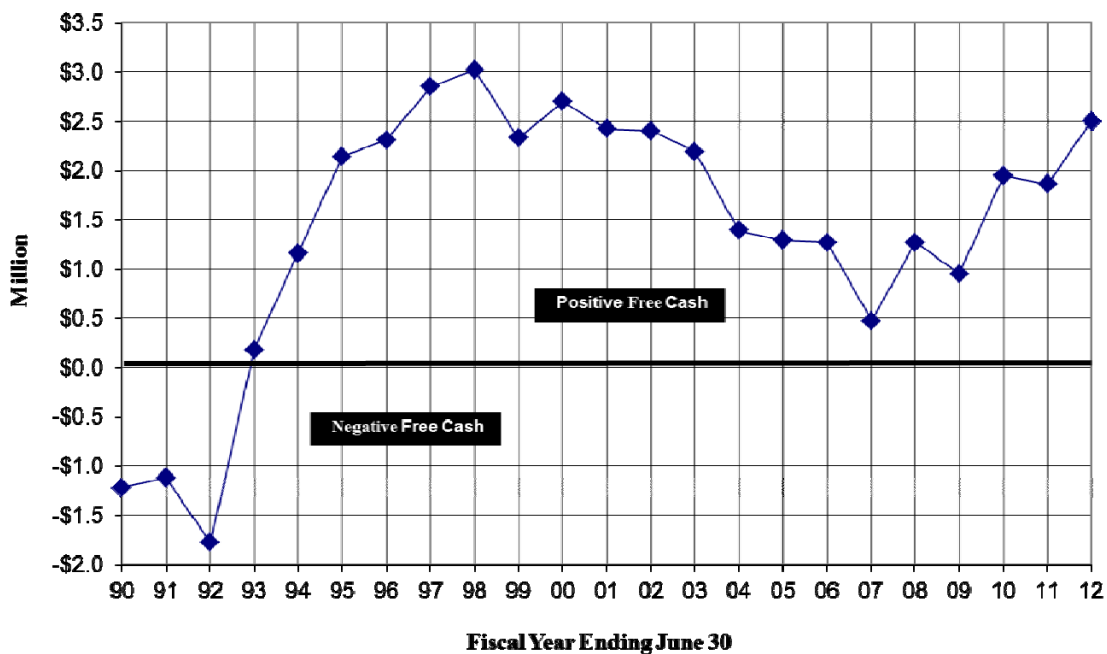


Available Funds (including Free Cash)

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

By far the single largest source of Available Funds is Free Cash. In FY2014, the budget proposes once again to use \$500,000 in Free Cash to off-set the operating budget. Free Cash is an available fund that is composed of the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in appropriated budget line-items. After the June 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 FY1990-2012



*Source: Massachusetts Department of Revenue

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



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

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

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

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

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

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



This Page Intentionally Blank



Expenditure Summary

Section 1-11

FY2014 EXPENDITURE SUMMARY

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

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

Section 1-12

Expenditure Summary



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



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

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



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

Following are the key changes of significance:

- **Executive Office**

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

- **Public Buildings**

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

- **Finance Department**

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

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

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

- **Town Clerk/Elections**

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



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

- **Advisory Boards/Services**

- **Personnel Board**

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

- **Town Counsel**

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

- **Planning and Engineering**

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

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



Section 1-16

Expenditure Summary

Public Safety

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

Public Safety Summary

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

• **Police Department**

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

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

• **Fire Department**

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



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

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

- **Building Department**

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

- **Health Department**

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

- **Animal Control**

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

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

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

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

Public Works Summary

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

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

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

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



Expenditure Summary

Section 1-19

Community Services

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

Community Services Summary

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

- **Senior Center/Council on Aging**

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

- **Family and Youth Services Department**

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

- **Veterans' Services**

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



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

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

- **Library**

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

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

- **Recreation Department**

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



Undistributed Expenses

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

• Employee Benefits & Insurance

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

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

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

It is important to note that a municipal employee hired after 1996 will contribute 9% of their total compensation plus another 2% of any regular compensation over \$30,000 to the retirement system. This employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.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 FY2014 Assessment will be the second year of a three-year phase in to the actuarial method of assessment calculation.

- **Building & Liability Insurance**

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

- **Debt Service**

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

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

- **State Assessments**

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

- **Stabilization Fund Contribution**

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

- **Reserve Fund**

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



• **Special Warrant Articles**

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

The FY2014 Town Meeting Warrant Articles include the following:

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

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

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

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

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

• Algonquin Regional High School

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

• Assabet Valley Regional Technical High School

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

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

• Norfolk County Agricultural High School

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



Enterprise Funds

• Water and Sewer Enterprise Funds

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

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

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

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

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

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

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

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



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

• **Solid Waste Fund**

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

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

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

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