

Undistributed Expenses

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Undistributed Expenses

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Undistributed Expenses

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

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	5,465,418	5,587,249	5,523,737	6,184,052	3,077,153	6,184,052
Transfer to OPEB Trust	550,000	0	0	300,000	300,000	550,000
Life Insurance	6,496	6,374	6,256	8,930	2,998	8,930
Other Benefits/FICA	467,415	441,067	452,239	516,097	228,231	538,678
Worcester Regional Retirement	2,047,554	2,275,596	2,470,601	2,725,650	2,725,650	2,788,842
Workers Comp	118,943	119,051	123,134	134,702	121,801	134,702
SUBTOTAL EMPLOYEE BENEFITS	8,655,826	8,429,337	8,575,966	9,869,431	6,455,833	10,205,204
Building & Liability Insurance	241,455	199,539	281,617	288,163	288,163	297,705
Debt Service	2,666,160	2,191,982	2,035,411	1,937,853	248,078	2,135,620
State Assessments	251,463	235,219	265,121	285,618	163,352	321,775
Reserve for Abatements¹	587,104	650,299	326,767	404,661	0	328,519
Cherry Sheet Offset Items²	23,612	23,994	29,977	32,883	0	39,968
Stabilization Fund Contribution	200,000	0	0	200,000	200,000	200,000
Reserve Fund ³	175,000	375,000	175,000	175,000	0	175,000
Warrant Articles⁴	4,951,000	2,337,775	1,875,250	2,784,000	0	7,898,836
TOTAL: UNDISTRIBUTED EXPENSES	17,751,620	14,443,145	13,565,109	15,977,619	7,355,426	21,602,627

¹ Amounts displayed reflect an offset to revenue rather than actual expenditures and reflect what was provided for abatements and exemptions from the property tax levy as determined by the Assessors in each year.

² Amounts displayed reflect an offset to revenue rather than actual expenditures. The amounts are the portion of total budgeted state aid that is restricted to uses in other funds and will be received outside of the general fund. Beginning in FY2016 the only offset is for public library grants.

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

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



Employee Benefits and Insurance Statement

The employee benefits and insurance provided to the employees of the Town of Northborough (including those who work for the Northborough K-8 Public Schools) include both the required and contractually agreed upon benefits to protect their health, provide for their income security if they are injured on the job, and provide for their eventual retirement from the Town. Employee benefits represents the cost of providing health and life insurance for Town and K-8 School employees as well as for workers' compensation, unemployment, FICA/Medicare tax, and the Town's assessment from the Worcester Regional Retirement System.

Health Insurance

Pursuant to MGL Chapter 32B, as a benefit of employment, any active, permanent employee of the Town who works in excess of twenty hours per week is eligible for group health insurance coverage. In an effort to control the escalating costs of health insurance, the Town issued a Request for Proposals (RFP) to various health insurance providers and the result was a move to consolidate carriers under the Fallon Community Health Plan for FY2019. After favorable annual renewals under Fallon, they made the decision to exit the active employer group insurance market for FY2023. The Town underwent another RFP process, and while forming an informal Joint Purchasing Arrangement (JPA) with the Regional High School district and the Town of Southborough, awarded a contract to Harvard Pilgrim Healthcare (HPHC) for FY2023. Due to favorable claims data along with the larger group afforded by the JPA, the new contract with HPHC resulted in a modest premium increase for FY2023 and FY2024. Through HPHC the Town continues to offer an HMO plan with a broad network, a lesser cost HMO plan with a more limited network, as well as a Preferred Provider plan (PPO). As a benefit of retirement, former Town employees are also eligible for group health insurance coverage. Retirees under the age of 65, or otherwise not Medicare eligible, are covered on the active employee plans with the same contribution as the Town employees. The Town offers three senior plans for Medicare eligible retirees: Fallon Senior, Tufts Preferred and MEDEX. As of January 2023 a total of 285 active employees (80 Town and 205 K-8 School), and 154 retirees (55 Town and 99 K-8 School, plus covered dependents) were enrolled in one of the Town's health insurance plans. The following rate schedule was used in budgeting for FY2024:

Health Insurance Plan		7/1/2023 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2023 Town Monthly Expense	7/1/2023 Employee Monthly Expense			7/1/2023 Town Monthly Expense	7/1/2023 Employee Monthly Expense		
HPHC HMO	Ind	916.08	70%	641.26	30%	274.82	75%	687.06	25%	229.02
	Fam	2,381.81	70%	1,667.27	30%	714.54	75%	1,786.36	25%	595.45
HPHC FOCUS HMO	Ind	810.46	70%	567.32	30%	243.14	75%	607.85	25%	202.61
	Fam	2,107.18	70%	1,475.03	30%	632.15	75%	1,580.39	25%	526.79
HPHC PPO	Ind	1,099.30	50.0%	549.65	50%	549.65	50.0%	549.65	50%	549.65
	Fam	2,858.17	50.0%	1,429.09	50%	1,429.08	50.0%	1,429.09	50%	1,429.08



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In FY2024, the Town will contribute 70% of the monthly HMO premiums for Town employees and 75% for K-8 School Employees. Beginning in FY2012, the Town's contribution for K-8 School employees decreased from 80% to 75% of the monthly HMO premiums. It is the goal of the administration to achieve parity between all employees at 70% during the next round of collective bargaining. In accordance with Chapter 32B, the Town pays 50% of the monthly premium for the PPO Plan for both K-8 School and Town employees. The employees pay the remaining premium through bi-weekly payroll deductions.

The FY2024 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2023. The following rate schedule will be in place until the calendar year renewal.

			Medicare Eligible Ret Employees*			
Health Insurance Plan		1/1/2023 Renewal Monthly <u>Rates</u>		1/1/2023 Town Monthly <u>Expense</u>		1/1/2023 Retiree Monthly <u>Expense</u>
Fallon Senior	Ind	328.00	70%	229.60	30%	98.40
	Ind x2	656.00	70%	459.20	30%	196.80
Tufts Medicare	Ind	384.00	70%	268.80	30%	115.20
Preferred	Ind x2	768.00	70%	537.60	30%	230.40
MEDEX 2	Ind	424.57	51%	216.53	49%	208.04
	Ind x2	849.14	51%	433.06	49%	416.08

* Enrollment in the Senior Plans require participation in Medicare Parts A & B

The Town pays 70% of the monthly Senior Plan HMO premiums for all retirees. In accordance with Chapter 32B, the Town pays 51% of the monthly premium for the MEDEX Plan. The retirees pay the remaining premium through monthly deductions from their retirement allowances. Through December, 2022 the Town also offered a comprehensive Tufts Medicare Complement plan, for which the Town received notice from Tufts that it would discontinue the plan upon the January 2023 renewal. The Town successfully navigated all 50 retirees (in addition to 30 covered spouses) onto alternative plans, which resulted in FY2023 budget savings of approximately \$300,000 that carried over into FY2024.

In the past, the Town experienced significant increases in its Health Insurance premiums. The Town unanimously adopted MGL Chapter 32B, Section 18 at the Annual Town Meeting in April 2009. Adoption of Chapter 32B, Section 18 required Medicare eligible retirees to move out of the HMO active health plans and into Medicare supplement or "Senior Plans," which are specifically designed for the medical needs of seniors and will effectively cost share health care expenses with the Federal Medicare program. By offering a variety of Senior Plans the Town continues to realize savings as Medicare-eligible retirees and their spouses are required to transition to these lower cost Senior Plans.



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In order to maintain sustainable health insurance budgets over the years the Town has periodically made changes to plan design, employee contributions, carrier consolidation, and most recently forming an informal JPA and collaborating on an RFP with a larger group. The overall affect has been an average health insurance budget increase of just 2.69% since FY2010.

- FY2010 Plan Design Changes and adoption of MGL c.32B, Section 18
- FY2012 Teacher contributions increased 5%
- FY2017 Plan Design Changes
- FY2018 Plan Design Changes but still experienced an 8.33% increase
- FY2019 Negotiated Carrier Consolidation resulted in a 3.8% budget increase

Health Insurance Budget Increases	
FY2010	0.72%
FY2011	2.99%
FY2012	4.49%
FY2013	3.34%
FY2014	2.00%
FY2015	1.00%
FY2016	3.00%
FY2017	3.00%
FY2018	8.33%
FY2019	3.80%
FY2020	2.00%
FY2021	2.60%
FY2022	2.10%
FY2023	1.00%
FY2024	0.00%
Average	2.69%

- FY2023 Conducted RFP as part of JPA which resulted in a 1.0% budget increase
- FY2024 Successfully enrolled retirees in alternate plans following cancellation of the Tufts Complement retiree plan, resulting in a savings of approximately \$300,000.

For FY2024, HPHC's premiums are still unknown at the time of this writing and the rates shown in this section reflect an estimated increase of 7% over the prior year. However, the overall budget increase is estimated at 0%, due to enrollment trends and cost-saving changes made to the senior plans during FY2023.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
HEALTH INSURANCE						
Expenses						
51750 Town Health Insurance	1,137,210	1,106,821	1,106,821	1,388,535	549,580	1,286,473
51755 Town Retiree Health Ins.	326,570	347,975	350,246	349,677	223,726	396,043
51800 School K-8 Health Insurance	3,324,354	3,403,998	3,359,942	3,675,230	1,923,270	3,893,527
51805 School K-8 Retiree Health Ins.	654,889	681,967	692,128	720,610	374,576	558,009
51850 Health Reimbursement Account	18,152	16,100	14,600	50,000	6,000	50,000
SUBTOTAL	5,465,418	5,587,249	5,523,737	6,184,052	3,077,153	6,184,052



Transfer to OPEB Trust

Other Post-Employment Benefits (OPEB) are the benefits, other than retiree pensions, offered to retirees and their dependents. These benefits mainly consist of medical insurance. The OPEB liability is defined as the present value of the benefit for retired and vested employees. The unfunded liability is the amount payable in the future, where the actuarial value of the benefits exceeds the value of funds previously set aside to pay the expense (in an irrevocable trust). The concept for recognizing OPEB was required by the Governmental Accounting Standards Board (GASB)⁵. Under the GASB's Statement #45, the Town was required to recognize this liability in its financial statements starting FY2009.

The Town's first actuarial study calculated the liability to be \$90.4 million. However, following the adoption of MGL Chapter 32B, Section 18 in 2009, the Town's Unfunded Actuarial Accrued Liability (UAAL) for OPEB was greatly reduced to \$34.3 million. At the close of FY2011, an actuarial update was required and due to the implementation of Section 18, the Town's UAAL was further reduced to \$28.1 million. Without a funding source for this obligation, the UAAL increased to \$32.6 million based on the actuarial study received at the close of FY2013. The next actuarial study was completed at the close of FY2015 and the UAAL increased to \$34.9 million and as required, another actuarial update was conducted for the close of FY2017 which was calculated to be \$37.4 million (net of the trust fund balance). The GASB has since clarified and replaced Statement #45, with Statements #74 and #75, and under GASB #75 the Town's latest liability was calculated to be \$44.36 million (Net OPEB Liability) under the new standards at the end of FY2022.

The Town adopted the local option Meals Tax surcharge and an increase in Room Occupancy tax in FY2015 in part to help provide the capacity for an initial \$500,000 funding for the OPEB Trust Fund. Over the subsequent four years from FY2016 through FY2019 another \$500,000 per year was transferred to the OPEB Trust fund. The funds have been invested with the state's Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund, which contains \$95.5 billion as of January 31, 2023, is the state retiree pension fund as well as the investment fund for 93 local Massachusetts retirement systems. These funds are professionally managed by the Pension Reserves Investment Management Board.

The Town continues to advocate for proposed legislative changes regarding the local obligation for retiree health insurance that would positively affect its OPEB liability. In FY2020, the Town made a \$550,000 contribution to the OPEB Trust Fund, which was a \$50,000 increase above the prior year's contribution. The increase was intended to recognize the growing liability, since the actuarial studies have involved medical cost trends growing faster than inflation, as well as longer life expectancies. Increased life expectancy, while positive, leads to a higher liability.

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



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Unfortunately, the Town's annual contributions, although significant, are not yet lowering the overall liability. In addition, recent fiscal constraints associated with the COVID-19 pandemic led to postponement of contributions to the OPEB Trust Fund in FY2021 and FY2022. For FY2023, the Town brought the contribution back at \$300,000, and has returned a contribution at the \$550,000 level to the budget for FY2024.

Ultimately, as the balance in the Trust Fund grows, the cumulative effect of positive investment returns will begin to be more substantial. In addition, when the unfunded pension liabilities are fulfilled by the Worcester Regional Retirement System's goal for full funding by 2036, the funds from the pension assessment should be redirected to address the unfunded OPEB liability.

In total, the Town has appropriated \$3.35 million into the OPEB Trust Fund since FY2015, not including the \$550,000 contribution planned for FY2024. The Trust Fund balance as of January 31, 2023 is \$5.11 million, which represents a funding ratio of 10% versus the Total OPEB Liability of \$49 million calculated as of June 30, 2022.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	550,000	0	0	300,000	300,000	550,000
SUBTOTAL	550,000	0	0	300,000	300,000	550,000

Life Insurance

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

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	1,669	1,730	1,714	4,108	799	4,108
51745 School K-8 Life Insurance	4,828	4,643	4,542	4,822	2,198	4,822
SUBTOTAL	6,496	6,374	6,256	8,930	2,998	8,930



Other Benefits / Federal Insurance Contributions Act (FICA) Tax

Federal Insurance Contributions Act (FICA) tax is a payroll (or employment) tax imposed by the Federal Government on both employees and employers. As a result of Federal legislation, all local government employees hired after March 31, 1986 are considered Medicare Qualified Government Employees (MQGE) and are required to be covered under the Medicare program. The Town is responsible for a matching Medicare payroll tax of 1.45% on these employees. Annual increases in this tax liability reflect a rise in the payroll subject to this tax.

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

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

Unemployment Assistance

The Town does not pay unemployment insurance, but instead, is assessed by the State Division of Unemployment Assistance (DUA) on a pay-as-you-go basis for the cost of any and all benefits actually paid to former Town and K-8 School employees. In a typical year and situation, the maximum number of weeks an individual may receive benefits is 26 and the maximum weekly benefit amount is currently \$1,015/week, plus a dependency allowance of \$25 per week for each dependent child. The Town is responsible for reimbursing the State 100% of the benefits paid to former employees. There is an inherent complexity in tracking unemployment costs and estimating liability given that an employee’s “benefit year” may cross fiscal years, claimants may be subject to partial benefits if they have other earnings, and claimants who become unemployed more than once during a benefit year may reactivate a prior claim.

During FY2020 and FY2021, in response to the COVID-19 Pandemic, the federal government passed the Coronavirus Aid, Relief and Economic Security Act (CARES), which provided \$268 billion for expanded unemployment insurance benefits for workers impacted by the Pandemic. This Act both extended the amount of time employees could collect unemployment for COVID-19 related layoffs and increased the benefit amount. As a pay-as-you-go community, Northborough is required to provide the additional pandemic emergency unemployment compensation to qualifying employees. Through the pandemic, the Town did not experience any large-scale layoffs or furloughs therefore the benefits paid did not increase substantially, and the line has been level funded at \$60,000 for FY2023 and FY2024.



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Miscellaneous Benefits

Miscellaneous benefits include payment of a portion of sick leave for eligible retiring employees (capped at \$3,000 each), OBRA payments for the Senior Work Program, payment of the deferred compensation benefit for the Town Administrator pursuant to the employment contract, and the fee assessed by the deferred compensation program provider.

	FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	120,181	119,644	125,209	130,810	62,189	137,351
51733 FICA School Share	278,171	286,048	301,349	302,820	142,950	317,351
51735 Unemployment Compensation	55,446	18,366	14,623	60,000	8,878	60,000
55090 Miscellaneous Benefits	13,617	17,008	11,058	22,467	14,213	23,366
SUBTOTAL	467,415	441,067	452,239	516,097	228,231	538,678

Worcester Regional Retirement Assessment

The Town participates in the Worcester Regional Retirement System which is a contributory retirement system composed of one hundred (100) member towns and districts from Worcester County. Subject to the provisions of Chapter 32B and 34B of the Massachusetts General Laws, the retirement system, as well as all public retirement systems in Massachusetts, is overseen by the Public Employee Retirement Administration Commission (PERAC).

PERAC, through an actuarial study, determines the appropriate funding schedule for the retirement system's total Unfunded Actuarial Accrued Liability (UAAL). The Municipal Relief Act of 2010 extended the requirement for full funding of the pension system's liability to the year 2040, while the system's actual funding schedule targets full funding by 2036. The total source of funding is the annual Town assessment together with employee contributions for each member unit.

The FY2024 assessment was prepared using the full actuarial method of assessment calculation. Previously, the Worcester Regional Retirement System based its assessment to each member unit upon its proportional amount of payroll. The actuarial method of assessment, now fully implemented, calculates the assessment on an actuarial determination using the employee age, service, and average salary data of each individual member unit. The Town of Northborough's total Unfunded Actuarial Accrued Liability is \$32,470,738 as of January 1, 2022. The Worcester Regional Retirement System regards the actuarial method as a "more fair and transparent way of assessing each unit's true liability" and noted that this is also consistent with the standards of the Government Accounting Standards Board (GASB).

In recent years there have been changes to Massachusetts pension benefits brought about by various Pension Reform legislation in an attempt to rein in pension liability costs. The liability had increased due to lack of performance in investments and the inability of the pay-as-you-go funding to keep pace with the defined benefits. It is important to note that a municipal employee hired after 1996 will contribute 9% of their total compensation plus another 2% of any regular



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compensation over \$30,000 to the retirement system. This non-public safety employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.⁶ The Town's assessment together with the employee contributions are intended to meet the pension costs for all Town and Northborough K-8 School (non-teaching positions) retirees covered by this retirement system, as well as to amortize over time the previous unfunded pension liability created by insufficient contributions by member units over a number of years.

It should be noted that Northborough K-8 School teachers are not part of the Worcester Regional Retirement System, but are instead covered by the Massachusetts Teachers' Retirement System which is governed by MGL, Chapter 32. Teacher retirement costs are funded directly with an appropriation by the Commonwealth of Massachusetts and employee contributions. For the fiscal year ended June 30, 2022, the Town recognized pension expense and intergovernmental revenue of \$3,923,632 for the Commonwealth's support of the system on behalf of the Town in its financial statements.

The total FY2024 Worcester Regional Retirement Assessment is \$2,909,208. The \$2,788,842 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$57,092), the Sewer Enterprise Fund (\$38,061) or the Cable Access TV budget (\$25,213)⁷.

The FY2024 General Fund increase of \$63,192 represents a 2.32% rise in costs, which is much lower than the system-wide increase of approximately 10% which is that significant primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2036. Northborough's lower than average increase within the system is driven by actuarial factors, which include the ages of covered employees and retirees.

		FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
WORCESTER REGIONAL RETIREMENT							
Expenses							
56220	Retirement Assessment	2,047,554	2,275,596	2,470,601	2,725,650	2,725,650	2,788,842
	SUBTOTAL	2,047,554	2,275,596	2,470,601	2,725,650	2,725,650	2,788,842

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

⁷ The Water & Sewer Enterprise Funds are designed to capture all costs associated with the service and are fully explained in Section 8 of this budget document. The Cable Public Access TV Department is funded by fees added to the cable TV subscriber bills, which pay for the related retirement costs of the full-time Cable Access staff (see Section 5 of the budget for more information regarding Public Access TV).



Workers' Compensation Insurance

Workers' Compensation is available to those employees injured on the job. The Town is insured through the Massachusetts Interlocal Insurance Agency (MIIA) which is owned and operated by the municipalities of Massachusetts.⁸ Employees injured on the job receive 60% of their pay tax-free and the Town is responsible for 100% of associated medical bills.

Also included in this budget are medical payments to cover separated police and fire personnel. MGL, Chapter 41, Section 100B requires the Town to continue to pay for related medical payments and associated expenses for retired police and fire employees injured on duty. The actual Injured on Duty (IOD) insurance premium for police and fire personnel is contained in the Building and Liability Insurance budget.

The Town's Workers' Compensation insurance premiums reflect a level budget for FY2024. There are two key factors that drive fluctuations in Workers' Compensation insurance premiums: claims experience and payroll costs (higher payroll costs associated with increases in wage rates and salaries and/or additional staffing generally result in higher premiums). The Town has participated in a wide variety of safety training programs offered by its insurer, MIIA, that are intended to reduce work-related injuries. These programs are specifically designed to address risks faced by municipal employees, are offered free of charge, and help the Town proactively manage its claims risk, thereby keeping costs down while wages have increased modestly. These factors have resulted in the Town being able to level fund its Workers' Compensation budget for FY2024.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	118,803	118,984	122,751	129,702	121,709	129,702
53080 Police/Fire Injured on Duty (IOD) Medical Payments	140	67	383	5,000	92	5,000
SUBTOTAL	118,943	119,051	123,134	134,702	121,801	134,702

⁸ Massachusetts Interlocal Insurance Association (MIIA) was incorporated by the Massachusetts Municipal Association in 1982 as a nonprofit organization to provide insurance services to the cities, towns and other governmental entities in Massachusetts that are members of the MMA. MIIA insures approximately 300 cities and towns across Massachusetts.



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Building & Liability Insurance

This budget category includes property and liability coverage for all Town owned property, as well as liability coverage for all elected and appointed Town officials.

In addition, because fire and police personnel are not eligible under Massachusetts law for regular workers' compensation coverage, a separate insurance policy with premiums based largely on claims experience is purchased to cover these personnel for injuries sustained in the line of duty. The police and fire MGL Chapter 41 Section 111F Injured on Duty (IOD) premium is also included here. Under this statute, public safety employees injured on duty receive 100% of their regular earnings. These IOD earnings are considered non-taxable wages by both the Department of Revenue and the Internal Revenue Service.

The Town's Building and Liability insurance premiums reflect a 3.31% budgetary increase for FY2024.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	241,455	199,539	281,617	288,163	288,163	297,705
SUBTOTAL	241,455	199,539	281,617	288,163	288,163	297,705



Debt Service

Debt Service appropriations provide for the payment of principal and interest costs for long-term bonds and short-term notes issued by the Town for capital projects for General Fund purposes in addition to the cost of issuing debt. The debt service appropriations for the Water & Sewer Enterprise Funds will appear in their respective budgets (Section 8 of this budget document). The following table shows the total amount of debt being considered for FY2024 and the various sources from which the debt will be paid.

		OUTSTANDING	PRINCIPAL &	INTEREST &	TOTAL
		PRINCIPAL	PAYDOWNS	ISS COSTS	DEBT SERVICE
		START OF YEAR	PAYABLE	PAYABLE	FY2024
General Fund		888,200	166,300	51,285	217,585
General Fund (Debt Excluded)		13,559,200	1,408,100	509,935	1,918,035
Subtotal General Fund		14,447,400	1,574,400	561,220	2,135,620
Water Enterprise		1,763,656	220,414	90,775	311,189
Sewer Enterprise		2,824,365	488,791	116,285	605,076
Community Preservation Act		735,000	147,000	41,000	188,000
Revolving Funds		400,000	134,000	22,000	156,000
Subtotal (Non General Fund)		5,723,021	990,205	270,060	1,260,265
TOTAL LONG & SHORT TERM DEBT		20,170,421	2,564,605	831,280	3,395,885

Typically, larger projects such as the Lincoln Street School are bonded for twenty years, while the debt for other General Fund projects and equipment is retired within five to ten years. The Town's goal is to finance capital projects for the shortest feasible term over the useful life of the asset in accordance with the terms outlined in Massachusetts General Laws. This ensures that the debt burden remains manageable.

	FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	1,996,500	1,600,548	1,475,325	1,377,200	0	1,574,400
59150 Interest/Long-term Debt	669,660	591,434	528,524	496,155	248,078	438,845
59270 Interest/Temporary Loans	0	0	31,562	53,948	0	105,000
59280 Issuance Costs	0	0	0	10,550	0	17,375
SUBTOTAL	2,666,160	2,191,982	2,035,411	1,937,853	248,078	2,135,620

For FY2024, the total Debt Service budget for the General Fund is \$2.14 million, an increase of \$197,767. The largest component of the debt service budget in FY2024 is for the Lincoln Street School, which is \$973,975, a decrease from the FY2017 peak of \$1,144,882. Since that project was completed on time and approximately \$1.38 million under budget, the surplus bond proceeds from this project were used to fund the next phase of the Fire Station building project approved at 2019 Town Meeting. In preparation for the Fire Station project, and other more significant building projects, issuance of debt for smaller capital projects has been curtailed to minimize the tax impact. This practice is in accordance with the Town's 2010 Free Cash Policy,



Undistributed Expenses

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as these smaller capital items have been purchased using available funds. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the successful efforts to fund more pay-as-you-go capital projects. Following is a table showing the detail of all the Town's outstanding Long-Term Debt which will be coming due during FY2024:

DATE ISSUED	PAR AMOUNT	NET INTEREST COST	PURPOSE	FUND DEBT PAID FROM	TERM (YEARS)	TOTAL DUE PRINCIPAL & INTEREST
5/15/2005	\$ 2,100,000	3.9225%	Various Projects		20	\$ 65,100
	\$ 1,154,000	3.8864%	2002 & 2003 Water Articles	Water Enterprise	20	\$ 32,550
	\$ 675,000	4.0202%	2002 & 2003 Sewer Articles	Sewer Enterprise	20	\$ 32,550
10/15/2009	\$ 1,550,000	5.9191%	2004 STM Art 1 - Sewer Land Acq (Taxable)	Sewer Enterprise	15	\$ 109,650
6/17/2015	\$ 7,390,000	2.5504%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 494,575
1/21/2016	\$ 6,800,000	2.3927%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 479,400
5/18/2017	\$ 986,053	0.0000%	2014 Art 31 - Water Meters (MWRA Loan)	W/S Enterprise*	10	\$ 98,605
6/14/2018	\$ 2,275,000	2.7338%	Various Projects		15	\$ 227,650
	\$ 1,363,000	2.8223%	2015 Art 32 - Sewer Pump Station Const	Sewer Enterprise	15	\$ 127,650
	\$ 819,000	2.5482%	2014 Art 28 - Church Street Culvert	Gen Fund	10	\$ 100,000
5/26/2021	\$ 6,845,000	0.7646%	Various Projects		10	\$ 1,076,500
	\$ 80,075	0.5640%	2006 Art 56 - School Roof (Refunded 2009)	Gen Fund	6	\$ 15,860
	\$ 1,107,300	0.6558%	2000 Art 37 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	7	\$ 196,080
	\$ 45,300	0.4791%	2005 Art 23 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	5	\$ 10,355
	\$ 465,575	0.6559%	2007 Art 20 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	7	\$ 82,460
	\$ 10,050	0.4778%	2004 Art 23 - DPW Garage (Refunded 2009)	Gen Fund	5	\$ 2,075
	\$ 12,650	0.5466%	2006 Art 30 - Police Station Repairs (Refunded 2009)	Gen Fund	6	\$ 2,160
	\$ 12,650	0.5466%	2006 Art 31 - DPW Garage (Refunded 2009)	Gen Fund	6	\$ 2,160
	\$ 260,950	0.7433%	2006 Art 24 - Water Wells (Refunded 2009)	Water Enterprise	8	\$ 43,270
	\$ 75,900	0.7522%	2006 Art 25 - Water Mains (Refunded 2009)	Water Enterprise	8	\$ 12,230
	\$ 75,900	0.7522%	2007 Art 23 - Water Tanks (Refunded 2009)	Water Enterprise	8	\$ 12,230
	\$ 441,400	0.7524%	2006 Art 27 - Sewer Const (Refunded 2009)	Sewer Enterprise	8	\$ 71,170
	\$ 82,800	0.7209%	2007 Art 24 - Sewer Const (Refunded 2009)	Sewer Enterprise	8	\$ 13,390
	\$ 1,949,750	0.7541%	2008 Art 20 - Senior Center (DE) (Refunded 2011)	Gen Fund (DE)	8	\$ 316,665
	\$ 561,750	0.7534%	2008 Art 21 - Environmental Remediation (Refunded 2011)	Gen Fund	8	\$ 88,455
	\$ 172,525	0.7557%	2008 Art 24 - Water Wells (Refunded 2011)	Water Enterprise	8	\$ 27,690
	\$ 353,800	0.9281%	2016 Art 27 - Sewer I&I	Sewer Enterprise	10	\$ 49,000
	\$ 259,000	0.9258%	2017 Art 31 - Sewer W Main Pump Stn	Sewer Enterprise	10	\$ 35,000
	\$ 666,800	0.9241%	2019 Art 12 - Water/Sewer Garage	W/S Enterprise**	10	\$ 96,250
SUBTOTAL EXISTING LONG TERM DEBT						\$ 2,551,480
*0% Loan from MWRA - to be split 60%/40% between Water & Sewer Enterprise Funds for life of debt (Split \$7,813.95 / \$90,791.35 in FY2023-FY2027)						
** Split 60% Water / 40% Sewer						

While the previous table reflects the existing Long-Term debt obligations, the Town also has Short-term debt obligations to consider, and the following table reflects those:

ESTIMATED BAN & ISS %*	PURPOSE	FUND DEBT PAID FROM	ESTIMATED TERM	PRINCIPAL & INTEREST
5%	2019 Art 20 - Fire Station Land/Design (FY21-22, Req FY24)	Gen Fund (DE)	10	\$ 338,500
5%	2016 Art 42 - White Cliffs BAN (Paydowns FY18-23)	CPA	10	\$ 188,000
5%	2020 Art 23 - Assabet Water Tank Rehab (FY22-23 Paydown)	Water Enterprise	20	\$ 72,805
5%	2021 Art 17 - SCADA System (50%/50% W/S)	W/S Enterprise	10	\$ 74,750
5%	2021 Art 18 - Dam Compliance	Water Enterprise	10	\$ 7,475
SUBTOTAL EXISTING SHORT TERM DEBT				\$ 681,530
* .5% Added for estimated issuance costs				
** Estimated as taxable debt due to possibility that White Cliffs becomes designated for private use for presentation at CPC in December				

There are also issuance costs estimated at .5% for \$1,375,000 in temporary debt for two new articles going before 2024 Town Meeting (\$6,875) in addition to an amount budgeted for new debt for an ambulance approved at 2023 Town Meeting payable from EMS/Ambulance Revolving funds to be issued in FY2023 payable in FY2024 (\$156,000). Therefore, with these additions totaling \$162,875, the total long and short-term debt service to be payable in FY2024 equals the \$3,395,885 shown in the first table of this section.



Statutory Debt Limit

The aggregate level of the Town of Northborough's outstanding debt obligation is limited by State law. The statutory debt limit is established by Massachusetts General Laws, Chapter 44, Section 10 at 5% of our total Equalized Valuation (EQV). The EQV is determined every other year by the State Department of Revenue.

Northborough's 2022 EQV	\$3,635,129,100
Debt Limit (5% of EQV)	\$ 181,756,455

Northborough's total issued short and long-term debt principal, both inside and outside the debt limit as of June 30, 2022, is \$22,151,027, significantly below the statutory debt limit.

Debt Policy Limits

There is an additional local limit placed on Northborough's total debt obligation through the Debt Policy adopted by the Board of Selectmen in September 2000. The Debt Policy provides for specifically defined Gross and Net debt limits for the annual General Fund debt service expressed as a percentage of the proposed budget.

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

The estimated FY2024 General Fund debt service budget is well under the local debt policy limits, as Gross General Fund Debt is 4.0% of the proposed budget, which is well within the Town's policy limits: \$2,135,620 plus \$777,630 in overlapping debt from the regional school districts divided by an expense budget of \$73,532,661. The Net General Fund debt represents the same amount, 4.0% of FY2024 expenditures, since the Town has no remaining State School Building Authority payments to subtract. So, again the debt budget is well within the policy limit. See Appendix A, page 4 for more information on the Town's specific debt policy.

Bond Rating

In order to comply with complex tax regulations, secure access to the municipal bond market, and assure a competitive climate for bids, the Town uses the services of Bond Counsel, a Financial Advisor and a private credit rating agency to prepare for the issuance of bonds.

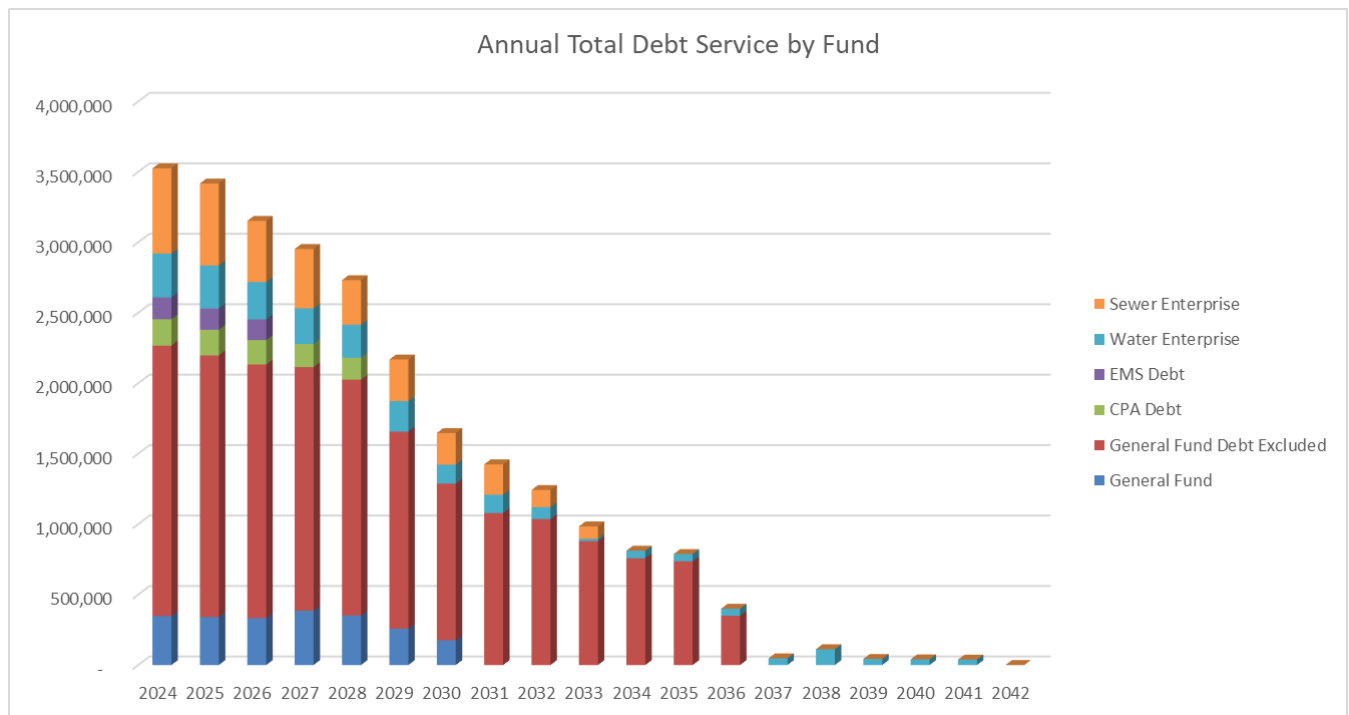
In May 2015, in conjunction with the first bond issuance for the Lincoln Street School project, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management they commented that *"the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies."* The independent assessment illustrates how our planning efforts and fiscal discipline produce very real and tangible results—lower rates on bonds resulting in less tax dollars going to pay for interest.

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



Total Long-Term Debt Service - All Funds

The total long-term annual debt service from FY2024 through FY2042, including both principal and interest, is shown on the following page. The chart indicates the amount of long-term debt service for the General Fund (both Debt Excluded and Non-Excluded), as well as the long term debt service for the Community Preservation Act (CPA) Fund, Emergency Medical Services Revolving Fund and the Water and Sewer Enterprise Funds. The figures include all existing debt, including projections for items currently in short-term debt and proposed for this year.





Annual Total Debt Service By Fund							
Fiscal Year	General	General Fund	CPA	EMS	Water	Sewer	Total
Due	Fund	Debt Excluded	Debt	Debt	Enterprise	Enterprise	Debt Service
2024	348,710	1,918,035	187,425	154,750	311,189	605,076	3,525,185
2025	341,195	1,856,115	182,280	150,150	305,819	581,976	3,417,535
2026	333,540	1,799,355	173,460	146,575	265,054	434,121	3,152,105
2027	385,295	1,729,250	164,640		252,549	420,786	2,952,520
2028	351,980	1,673,000	155,820		234,265	316,555	2,731,620
2029	257,185	1,399,140			216,435	295,540	2,168,300
2030	175,675	1,111,685			134,765	224,375	1,646,500
2031		1,079,045			129,220	216,000	1,424,265
2032		1,036,000			84,675	121,625	1,242,300
2033		879,125			17,200	87,550	983,875
2034		757,500			53,860	-	811,360
2035		736,350			51,640	-	787,990
2036		350,200			49,420	-	399,620
2037					47,200	-	47,200
2038					111,980	-	111,980
2039					42,760	-	42,760
2040					40,540	-	40,540
2041					38,320	-	38,320
2042					-	-	-
	2,193,580	16,324,800	863,625	451,475	2,386,891	3,303,605	25,523,976

Non-Appropriated Expenses

Beyond the specific appropriations contained within the Budget Article and other Town Meeting articles, the Town must account for those expenses which do not require votes for appropriations. This category of mandated expenditures and assessments are automatically added to the tax rate without appropriation. Such costs include various state assessments for services such as: charter schools, county services, prior year budget overdrafts in snow and ice removal, court judgments, and an amount estimated for tax abatements and exemptions or the overlay.

State Assessments

The FY2024 Assessments represented below are from the Governor's Budget. Historically, the Town does not receive its final State Assessments until well after Town Meeting in April. Four categories of State assessments account for approximately 86% of the expenses: Mosquito Control, MBTA, School Choice, and Charter School Assessments.

1. Mosquito Control Assessment: Pursuant to MGL Chapter 252, Section 5A (Chapter 2, Section 41, Acts of 1986) there are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. Each district is also allocated a proportional share of expenses for the State Reclamation Board that administers these programs.



Undistributed Expenses

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2. Massachusetts Bay Transportation Authority (MBTA): For services rendered to those cities and towns within the Authority, an assessment is administered in order to maintain and operate regional public transportation.
3. School Choice: To assess the sending municipality or regional school district for pupils attending other public school districts, who accept students voluntarily through School Choice. Per pupil tuition rates are 75 per cent of the per pupil costs up to a limit of \$5,000, Additional increments are added for students on individualized education plans (SPED).
4. Charter School Assessment: To assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools shall receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share.

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	64,273	64,306	65,990	67,658	33,834	67,309
56400 Air Pollution Assessment	5,418	5,522	5,585	5,785	2,898	5,901
56420 MBTA	77,530	79,010	82,996	82,418	41,214	83,918
56430 Regional transportation Ch 161 B	26,104	23,374	20,552	27,780	13,890	30,715
56450 Parking Surcharge Ch 90	7,296	192	0	7,980	3,862	7,080
56440 Special Education	0	10,380	7,980	0	0	1,058
56455 School Choice Sending Tuition	30,369	28,741	56,952	55,903	29,581	68,530
56460 Charter School Sending Tuition	40,473	23,694	25,066	38,094	38,073	57,264
SUBTOTAL	251,463	235,219	265,121	285,618	163,352	321,775



Reserve for Abatements

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

The Board of Assessors process a variety of statutory exemption applications for elderly, veteran, blind and hardship taxpayers. If approved, the exemptions are funded by the Overlay Reserve for Abatements and Exemptions. Additionally, taxpayers may file for an abatement of their property taxes. If approved, the exemptions are funded by the Overlay Reserve for Abatements and Exemptions.

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

In FY2024, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$328,519, which represents approximately 0.5% of the estimated tax levy.

Cherry Sheet Offset Items

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

The only offset item for FY2024 is \$39,968 estimated for public library grants.



Stabilization Fund Contribution

The Stabilization fund is designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Chapter 40, Section 5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting is required to establish, amend the purpose of, or appropriate money from the stabilization fund. However, funds may be appropriated into the fund by a simple majority vote.

As of June 30, 2022, the balance in the Stabilization Fund is \$4.98 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years the appropriation was not possible due to financial constraints. Beginning in FY2016, the contribution to the Stabilization Fund was restored at \$200,000 with Free Cash as the source. The FY2021 and FY2022 budgets did not include a contribution to the Stabilization Fund from Free Cash due to the fiscal impacts of COVID-19. With the economy improving the contribution to Stabilization from Free Cash was restored for FY2023 at \$200,000 and another contribution was budgeted for FY2024 at \$200,000.

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

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 BUDGETED	FY2023 SIX MONTHS	FY2024 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	200,000	0	0	200,000	200,000	200,000
SUBTOTAL	200,000	0	0	200,000	200,000	200,000
TOTAL: STABILIZATION FUND CONTR.	200,000	0	0	200,000	200,000	200,000



Reserve Fund

Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. Transfers from this account require approval of the Appropriations Committee. Beginning in FY2012 the Reserve Fund was appropriated from Free Cash as a separate Warrant Article at Town Meeting. The Reserve Fund was level funded from FY2012 through FY2015 at \$150,000 annually. In FY2016, to meet the increasing need, the budget provided for an appropriation in the Reserve Fund of \$175,000. The appropriation to the Reserve Fund remained funded at \$175,000 from FY2017 through FY2020. In FY2021, the Reserve was funded at \$375,000 to mitigate the unknown potential impacts of COVID-19. However, given the significant federal support through both the CARES Act and the American Rescue Plan, it is unlikely there will be a need to utilize the additional Reserve Fund dollars, and as a result, the appropriations for FY2022 through FY2024 was reduced to pre-pandemic levels at \$175,000.

Most commonly, the Reserve Fund account has been used to make up for any snow and ice budget overdrafts. The table below shows past year “actuals” as zero because budgeted funds are transferred into other accounts when approved by the Committee, rather than expenses being charged directly to the Reserve Fund.

	FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
RESERVE FUND						
Expenses						
59810 Reserve Fund	0	0	0	175,000	0	175,000
SUBTOTAL	0	0	0	175,000	0	175,000
TOTAL: RESERVE FUND	0	0	0	175,000	0	175,000

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

Warrant Articles

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. The warrant articles contain proposed funding using a combination of Free Cash, bond proceeds, and/or other available funds. In FY2024, these warrant articles include \$175,000 for the Reserve Fund and \$200,000 transfer to the Stabilization Fund both from Free Cash, an article from an FY2023 Free Cash update funded by opioid settlement funds in the amount of \$107,123, and the FY2024 Capital Improvement Plan (CIP) \$7,601,713, and the articles in total amounts to \$8,273,836. The funding sources for the articles are \$1,480,000 from Free Cash, an additional \$107,123 from Free Cash (FY2023 update), \$1,375,000 in borrowing with debt service to be paid from the General



Undistributed Expenses

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Fund, \$350,000 to come from Water/Sewer Enterprise Fund Free Cash, and \$4,961,713 to come from debt issued by the Regional School District (overlapping debt).

Effective in FY2012 the Board of Selectmen adopted a Free Cash Policy, which provides a funding source for projects other than municipal bonds. The Free Cash Policy is on page 2 in Appendix A of this budget document, which contains the Town's comprehensive financial policies. The Free Cash Policy and plan are discussed at length in the transmittal letter of the Capital Improvement Plan contained in Section 9-1 through 9-6 of this document.

In summary, the FY2024 Town Meeting Warrant Articles include the following:

- \$175,000 for the Appropriation Committee's Reserve Fund—Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year (see page 6-18 for more detail). This article is funded from Free Cash.
- \$200,000 for Transfer to Stabilization Fund —After multiple years without an appropriation, funding for the Stabilization Fund was restored in FY2016, and funded from FY2017 through FY2020 in the amount of \$200,000 per year (see page 6-17 for more detail). The annual transfer was postponed for FY2021 & FY2022 due to the pandemic, but was restored for FY2023 and continues in FY2024. This transfer is funded from Free Cash.
- \$107,123 for Opioid Settlement Funds—This request provides funds to supplement and strengthen resources for substance abuse prevention, harm reduction, treatment, and recovery funded by direct payments received by the Town as a result of signing onto statewide settlements with opioid manufacturers, distributors, and/or pharmacies. In order to comply with settlement reporting requirements, the funds are being segregated from general revenues into a separate article. This transfer is funded from Free Cash, which was updated to include the specific receipts received from the settlement in the current year (FY2023) in order to be available to make this appropriation.
- \$190,000 for Police Cruiser Replacements (CIP) — This request provides funds for the purchase of three police vehicles. Included in the funding request is the cost of outfitting the vehicles with the required ancillary equipment. This article is funded from Free Cash.
- \$70,000 for Police Station Painting (CIP) — This request provides funds needed to repair and paint the exterior of the Northborough Police Station. The last time the exterior was painted was approximately 10 years ago. This article is funded from Free Cash.
- \$900,000 for Fire Engine Replacement (CIP)) — This request is to replace a 2005 Fire Engine. At the time of replacement, it will have exceeded its expected useful life, including approximately 10 years of front-line service, 5 years back-up service and 5 years reserve. Due to supply chain disruptions, it may take up to two years for delivery following placement of the order. This outlay is planned to be funded by borrowing paid from the General Fund.
- \$300,000 for Roadway Maintenance and Improvements (CIP)—This request provides funds in addition to the State's Chapter 90 Transportation Bill allocation in order to maintain current road conditions in accordance with the Pavement Management Plan. This article is funded from Free Cash.



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Undistributed Expenses

- \$355,000 20-Ton Dump Truck with Plow Replacement (CIP)—This request provides funds for the purchase of a 20-ton dump truck with plow to replace a 2005 truck that has surpassed its useful life. This article is funded from Free Cash.
- \$475,000 Highway Garage Tight Tank (CIP)—This request provides funds for the installation of a tight tank at the highway garage located at 190 Main Street. The existing garage was built in 1984 and no longer complies with State environmental regulations. The building is served by an onsite septic system which cannot accept discharge of truck wash. In accordance with MassDEP requirements, an underground holding tank is required for this wastewater. This project will be funded by borrowing with debt service to be paid from the General Fund.
- \$150,000 DPW One-Ton Truck with Plow (CIP)—This request is to replace a 2012 F350 with an F600 model truck. The 2012 truck will be past its useful life at the time of replacement. This article is funded from Free Cash.
- \$225,000 DPW 15-Ton Dump Truck (CIP)—This request is to purchase a new 30,000-pound GVW dump truck for use by the water and sewer divisions. The current fleet of vehicles are smaller daily task vehicles. This truck is large enough to move water and sewer department equipment and materials which will alleviate the need to use the highway dump truck for towing. This article will be funded from Water/Sewer Enterprise Fund Free Cash (60% Water/40% Sewer).
- \$125,000 Water/Sewer SCADA Phase 2— This request is to fund the final phase of a 2-phase project to efficiently monitor and manage the Town's infrastructure. The overall objective of this project is to provide operators with the ability to remotely monitor and collect data from the town's critical water and sewer facilities. Northborough recently received an 80% Federal earmark (\$491,000) to fund this Phase. The request seeks to fund the required 20% grant match from the Sewer Enterprise Fund Free Cash. The project will add the remaining sewer pump stations to the SCADA system. This article seeks to fund the required 20% grant match, and will be paid from the Sewer Enterprise Fund Free Cash.
- \$40,000 Zeh School Rear Entrance Repairs (CIP)—This request provides funds needed to repair the cement rear entrance of the Zeh Elementary School which has deteriorated. This article is funded from Free Cash.
- \$4,961,713 Algonquin Regional High School Athletic Complex project (CIP)— The Algonquin Regional High School Athletic Complex is a project that the Northborough-Southborough Regional School Committee is proposing. This request is being made because the current conditions of the fields, tracks, courts and lighting are beyond their useful life. There are health and safety issues which require ADA accessible upgrades for the existing stadium, grandstand and amenities. This article will be funded through debt assessed to the Town and issued by the Regional School District (overlapping debt). Northborough's share of the debt service payable will be determined by an annual assessment based on a rolling average of Northborough's share of enrollment. The amount shown reflects 62.33% of the project costs using an assumption of this enrollment calculation which is subject to change.



Undistributed Expenses

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		FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
		BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING							
SPECIAL WARRANT ARTICLES							
Expenses							
52012	Fire Ambulance Replacement	315,000					
52020	Fire Station Phase I	3,500,000					
52014	DPW One-Ton Dump Truck	90,000					
52015	DPW 20-Ton Dump Truck	271,000					
52017	Water/Sewer Garage Design	75,000					
52018	Assabet Water Tank Rehab.	70,000					
52019	School K-8 Security Upgrades	185,000					
52113	Town Offices Feasibility		100,000				
52114	DPW Wing Mower		75,000				
52116	DPW Generator		35,000				
52117	Assabet Park Improvements		102,775				
52122	Water/Sewer Garage Const		900,000				
52123	Assabet Water Tank Rehab		725,000				
52124	MMS Accessibility & Parking Lot		50,000				
52212	Fire Dept Pickup Truck			80,000			
52213	Fire Command Vehicle			76,000			
52215	DPW One-ton Dump Truck			115,000			
52216	DPW One-ton Pickup Truck			74,000			
52217	Water/Sewer SCADA System			500,000			
52218	¹⁰ Water Reservoir Dam Compliance			200,000			
52219	Water/Sewer Utility Tractor			80,000			
52220	Pickleball Courts (CPA)			290,250			
52312	Fire Dept Ambulance				400,000		
52314	DPW Culvert Replacements				300,000		
52315	DPW One-Ton Dump Truck				130,000		
52316	DPW 20-Ton Pickup Truck				340,000		
52317	DPW Loader Replacement				290,000		
52318	DPW Backhoe Replacement				195,000		
52319	Master Plan Downtown Study				150,000		
52320	Sewer – Inflow & Infiltration				360,000		

⁹ Amounts in the table reflect the total budget for the article in the column of the year proposed. Warrant articles are generally multi-year and reflect transfers from the General Fund to Capital Project Funds or Borrowing Authorizations rather than actual expenditures, which may cross fiscal years, therefore the depiction of budget rather than actual expenditures is used in this case.

¹⁰ 2021 Town Meeting Warrant Article #18 includes an appropriation for \$50,000, but the full project cost is \$200,000 with the remaining \$150,000 in additional funds coming from a non-appropriated grant

Section 6-24

Undistributed Expenses



(Continued)

FY2020 FY2021 FY2022 FY2023 FY2023 FY2024
BUDGETED¹¹ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

TOWN MEETING SPECIAL WARRANT ARTICLES

Expenses						
52413 Opioid Settlement Fund						107,123
52415* Police Cruiser Replacements	145,000	50,000	150,000	165,000		190,000
52416 Police Station Painting						70,000
52417 Fire Engine Replacement						900,000
52418* DPW Road Improvements	300,000	300,000	310,000	454,000		300,000
52419 DPW 20-Ton Dump Truck						355,000
52420 DPW Highway Garage Tight Tank						475,000
52421 DPW One-Ton Truck						150,000
52422 DPW 15-Ton Dump Truck						225,000
52423 Water/Sewer SCADA Phase 2						125,000
52424 Zeh School Entrance Repairs						40,000
52425** ARHS Athletic Complex						4,961,713
SUBTOTAL	4,951,000	2,337,775	1,875,250	2,784,000		7,898,836
59810 Reserve Fund	175,000	375,000	175,000	175,000		175,000
59950 Stabilization Fund	200,000	0	0	200,000		200,000
TOTAL	5,326,000	2,712,775	2,050,250	3,159,000		8,273,836

*Multiple account numbers combined for display purposes

**Article at Town Meeting will be to authorize total project cost of \$7,960,393, while amount shown in table reflects Northborough's estimated 62.33% share

¹¹ Amounts in the table reflect the total budget for the article in the column of the year proposed. Warrant articles are generally multi-year and reflect transfers from the General Fund to Capital Project Funds or Borrowing Authorizations rather than actual expenditures, which may cross fiscal years, therefore the depiction of budget rather than actual expenditures is used in this case.