

# **Undistributed Expenses**

## **Section 6**



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# Undistributed Expenses

# Section 6-1

## Undistributed Expenses

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

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

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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



### Employee Benefits and Insurance Statement

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

#### Health Insurance

Pursuant to MGL Chapter 32B, as a benefit of employment, any active, permanent employee of the Town who works in excess of twenty hours per week is eligible for group health insurance coverage.

During FY2018, in an effort to control the escalating costs of health insurance, the Town issued a Request for Proposals to various health insurance providers. The result of that process was a move to consolidate carriers under the Fallon Community Health Plan for FY2019. Under Fallon, the Town offers a Select HMO plan with a broad network, a Direct HMO plan with limited network, and continues to offer the Fallon Preferred Provider Plan (PPO). Due to favorable claims data, the renewal with Fallon will not result in any premium increase for FY2020. As a benefit of retirement, former Town employees are also eligible for group health insurance coverage. Retirees under the age of 65, or otherwise not Medicare eligible, are covered on the active employee plans with the same contribution as the Town employees. The Town offers four senior plans for Medicare eligible retirees: Fallon Senior, Tufts Complement, Tufts Preferred and MEDEX.

As of March 1, 2019 a total of 291 active employees (87 Town and 204 K-8 School), and 203 retirees (59 Town and 144 K-8 School, including covered dependents) were enrolled in one of the Town's health insurance plans. The following rate schedule was used in budgeting for FY2020, following a confirmed zero percent increase renewal on active plans from Fallon:

Health Insurance Plan		7/1/2019 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2019 Town Monthly Expense		7/1/2019 Employee Monthly Expense		7/1/2019 Town Monthly Expense		7/1/2019 Employee Monthly Expense	
Fallon Select HMO	Ind	807.68	65.5%	529.12	34.5%	278.56	75%	605.76	25%	201.92
	Fam	2,099.92	65.5%	1,374.88	34.5%	725.04	75%	1,574.94	25%	524.98
Fallon Direct HMO	Ind	726.91	65.5%	476.13	34.5%	250.78	75%	545.18	25%	181.73
	Fam	1,889.90	65.5%	1,237.88	34.5%	652.02	75%	1,417.43	25%	472.47
Fallon Pref Care PPO	Ind	969.22	50.0%	484.61	50.0%	484.61	50%	484.61	50%	484.61
	Fam	2,519.90	50.0%	1,259.95	50.00%	1,259.95	50%	1,259.95	50%	1,259.95



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A number of years ago, the Town negotiated a 60% Town and 40% Town Employee share of any premium changes. Therefore in FY2020, the Town contribution will remain 65.5% of the monthly Fallon HMO premiums for Town employees due to the confirmed zero percent increase renewal from Fallon. Beginning in FY2012, the Town's contribution decreased from 80% to 75% of the monthly HMO premiums for K-8 School employees and the 75% contribution remains in place for FY2020. In accordance with Chapter 32B, the Town pays 50% of the monthly premium for the Fallon PPO Plan for both K-8 School and Town employees. The employees pay the remaining premium through bi-weekly payroll deductions.

The FY2020 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2020. The following rate schedule will be in place until the calendar year renewal.

Health Insurance Plan		1/1/2019 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
				1/1/2019 Town Monthly Expense		1/1/2019 Retiree Monthly Expense
<b>Fallon Senior</b>	Ind	399.00	<b>70%</b>	279.30	<b>30%</b>	119.70
	Ind x2	798.00	<b>70%</b>	558.60	<b>30%</b>	239.40
<b>Tufts Medicare</b>	Ind	599.00	<b>70%</b>	419.30	<b>30%</b>	179.70
<b>Complement</b>	Ind x2	1198.00	<b>70%</b>	838.60	<b>30%</b>	359.40
<b>Tufts Medicare</b>	Ind	310.00	<b>70%</b>	217.00	<b>30%</b>	93.00
<b>Preferred</b>	Ind x2	620.00	<b>70%</b>	434.00	<b>30%</b>	186.00
<b>MEDEX 2</b>	Ind	402.43	<b>51%</b>	205.24	<b>49%</b>	197.19
	Ind x2	804.86	<b>51%</b>	410.48	<b>49%</b>	394.38

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

The Town pays 70% of the monthly Senior Plan HMO premiums for all the retirees. In accordance with Chapter 32B, the Town pays 51% of the monthly premium for the MEDEX Plan. In 2017 the Town changed the MEDEX plan offered from MEDEX 3 to MEDEX 2. The retirees pay the remaining premium through monthly deductions from their retirement allowances.

In the past, the Town had experienced significant increases in its Health Insurance premiums. The Town unanimously adopted MGL Chapter 32B, Section 18 at the Annual Town Meeting in April 2009. The adoption of Chapter 32B, Section 18 requires Medicare eligible retirees to move out of the HMO active health plans and into Medicare supplement or "Senior Plans," which are specifically designed for the medical needs of seniors and will effectively share these health care costs with the Federal Medicare program. By introducing a variety of Senior Plans

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

In addition, to address rising costs, during FY2010 the Town successfully negotiated Health Insurance plan design changes with all employee groups that resulted in approximately \$400,000 in FY2010 budgetary cost avoidance. With the adoption of new plan design changes in FY2010, the Town experienced a nearly flat budget increase. In FY2010, the Town also moved to new plans with higher co-payments for office visits and prescription drugs, and added separate higher copayments for inpatient and outpatient services. A Flexible Spending Account was established to allow employees to make contributions to their account through payroll deductions and pay for dependent care and medical expenses on a pre-tax basis. A self-administered health reimbursement arrangement (HRA) was created to reimburse employees for the copayments made for inpatient and outpatient services.

In FY2017, healthcare costs were escalating and plan design changes were negotiated to keep the premium increases reasonable. The Town implemented higher co-pays for office and emergency room visits as well as higher copayments for inpatient and outpatient services. In addition, the Town began to offer an opt-out program, whereby an incentive is paid to those employees who were continuously covered for the previous 24 months and choose to "opt-out" of their health coverage provided other coverage is available to them. Again in FY2018, with unfavorable claims data, the employee groups conceded to further changes in plan design and higher co-pays for office visits and specialists. A co-pay for High Tech Imaging was also introduced, which the Town also self-insured through its HRA.

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

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



### **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)<sup>5</sup>. Under the GASB's Statement #45, the Town was required to begin to be recognizing this liability in its financial statements starting FY2009.

The Town's first actuarial study calculated the liability to be \$90.4 million. However, following the adoption of MGL Chapter 32B, Section 18 in 2009, the Town's Unfunded Actuarial Accrued Liability (UAAL) for OPEB was greatly reduced to \$34.3 million. At the close of FY2011, an actuarial update was required and due to the implementation of Section 18, the Town's UAAL was further reduced to \$28.1 million. Without a funding source for this obligation, the UAAL increased to \$32.6 million based on the actuarial study received at the close of FY2013. The next actuarial study was completed at the close of FY2015 and the UAAL increased to \$34.9 million and as required, another actuarial update was conducted for the close of FY2017 which was calculated to be \$37.4 million (net of the trust fund balance). The GASB has since clarified and replaced Statement #45, with Statements #74 and #75, and under GASB #75 the Town's latest liability was calculated to be \$44.88 million (Net OPEB Liability) under the new standards at the end of FY2018.

The Town adopted the local option Meals Tax surcharge and an increase in a Room Occupancy tax in FY2015 in part to help provide the capacity for an initial \$500,000 funding for the OPEB Trust Fund. In the next four years from FY2016 through FY2019 another \$500,000 per year has been transferred to the OPEB Trust fund. The funds have been invested with the state's Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund, which contains \$69.3 billion as of December 31, 2018, is the state retiree pension fund as well as the pension fund for 93 local Massachusetts Retirement Systems. These funds are professionally managed by the Pension Reserves Investment Management Board.

The Town continues to advocate for proposed legislative changes regarding the local obligation for retiree health insurance that would positively affect its OPEB liability. The FY2020 Budget provides for a \$550,000 contribution to the OPEB Trust Fund, which is a \$50,000 increase above the prior year's contribution. The increase is intended to recognize the growing liability, since the actuarial studies have involved medical cost trends growing faster than inflation, as well as longer life expectancies. Increased life expectancy, while positive, leads to a higher liability. Therefore the Town's annual contributions, although significant, are not yet lowering the liability. For the Town to have maintained a level Net OPEB liability from FY2017 – FY2018 it would have had to have contributed an additional \$2.1 million during FY2018. However, as the

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



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

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

### Life Insurance

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

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





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### **Other Benefits / Federal Insurance Contributions Act (FICA) Tax**

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

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

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

### **Unemployment Assistance**

The Town does not pay unemployment insurance, but instead, is assessed by the State Division of Unemployment Assistance (DUA) on a pay-as-you-go basis for the cost of any and all benefits actually paid to former Town and K-8 School employees. Currently, the maximum number of weeks an individual may receive benefits is 30 and the maximum weekly benefit amount is currently \$795/week, plus a dependency allowance of \$25 per week for each dependent child. The Town is responsible for reimbursing the State 100% of the benefits paid to former employees. There is an inherent complexity in tracking unemployment costs and estimating liability given that an employee’s “benefit year” may cross fiscal years, claimants may be subject to partial benefits if they have other earnings, and claimants who become unemployed more than once during a benefit year may reactivate a prior claim.

### **Miscellaneous Benefits**

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

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



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### **Worcester Regional Retirement Assessment**

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

PERAC, through an actuarial study, determines the appropriate funding schedule for the retirement system's total Unfunded Actuarial Accrued Liability (UAAL). The Municipal Relief Act of 2010 extended the requirement for full funding of the pension system's liability to the year 2040, while the system's actual funding schedule targets full funding by 2035. The total source of funding is the annual Town assessment together with employee contributions for each member unit.

The FY2020 assessment was prepared using the full actuarial method of assessment calculation. Previously, the Worcester Regional Retirement System based its assessment to each member unit upon its proportional amount of payroll. The actuarial method of assessment, now fully implemented, calculates the assessment on an actuarial determination using the employee age, service and average salary data of each individual member unit. The Town of Northborough's total Unfunded Actuarial Accrued Liability is \$30,084,261 as of January 1, 2018. The Worcester Regional Retirement System regards the actuarial method as a "more fair and transparent way of assessing each unit's true liability" and noted that this is also consistent with the standards of the Government Accounting Standards Board (GASB).

In recent years there have been changes to Massachusetts pension benefits brought about by various Pension Reform legislation in an attempt to rein in pension liability costs. The liability had increased due to lack of performance in investments and the inability of the pay-as-you-go funding to keep pace with the defined benefits. It is important to note that a municipal employee hired after 1996 will contribute 9% of their total compensation plus another 2% of any regular compensation over \$30,000 to the retirement system. This non-public safety employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.<sup>6</sup> The Town's assessment together with the employee contributions are intended to meet the pension costs for all Town and Northborough K-8 School (non-teaching positions) retirees covered by this retirement system, as well as to amortize over time the previous unfunded pension liability created by insufficient contributions by member units over a number of years.

It should be noted that Northborough K-8 School teachers are not part of the Worcester Regional Retirement System, but are instead covered by the Massachusetts Teachers' Retirement System which is governed by MGL, Chapter 32. Teacher retirement costs are funded directly with an appropriation by the Commonwealth of Massachusetts and employee contributions. For the fiscal year ended June 30, 2018, the State's contribution to this plan was \$1,235,515 on behalf of the Town.

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



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

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

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

<sup>7</sup> 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.<sup>8</sup> Employees injured on the job receive 60% of their pay tax-free and the Town is responsible for 100% of associated medical bills.

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

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

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

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



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### **Building & Liability Insurance**

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

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

The Town's Building and Liability insurance premiums reflect a 0% budgetary increase for FY2020 based on recent favorable claims experience.

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
<b>BUILDING &amp; LIABILITY INSURANCE</b>						
<b>Expenses</b>						
57410 Building & Liability Ins.	199,061	234,703	239,753	258,959	235,215	258,959
<b>SUBTOTAL</b>	<b>199,061</b>	<b>234,703</b>	<b>239,753</b>	<b>258,959</b>	<b>235,215</b>	<b>258,959</b>



### Debt Service

Debt Service appropriations provide for the payment of principal and interest costs for long and short term bonds issued by the Town for capital projects for General Fund purposes. The debt service appropriations for the Water & Sewer Enterprise Funds appear in their respective budgets (Section 8 of this budget document).

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

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

For FY2020, the total Debt Service for the General Fund is \$2.67 million, a decrease of \$134,429. The largest component of the debt service budget in FY2020 is for the Lincoln Street School, which is \$1,075,875. This is a slight decrease from the FY2017 peak of \$1,144,882. Since the project is now finalized, being completed on time and approximately \$1.38 million under budget, it's anticipated that the surplus bond proceeds from this project will be used to fund the next phase of the Fire Station building project. In preparation for this, and other more significant building projects, issuance of debt for smaller capital projects has been curtailed to minimize the tax impact. This practice is in accordance with the Town's 2010 Free Cash Policy, as these smaller capital items have been purchased using available funds. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the successful efforts to fund more pay-as-you-go capital projects.

#### Statutory Debt Limit

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

Northborough's 2018 EQV	\$2,982,076,900
Debt Limit (5% of EQV)	\$ 149,103,845

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



## Undistributed Expenses

## Section 6-13

### Debt Policy Limits

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

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

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

### Bond Rating

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

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

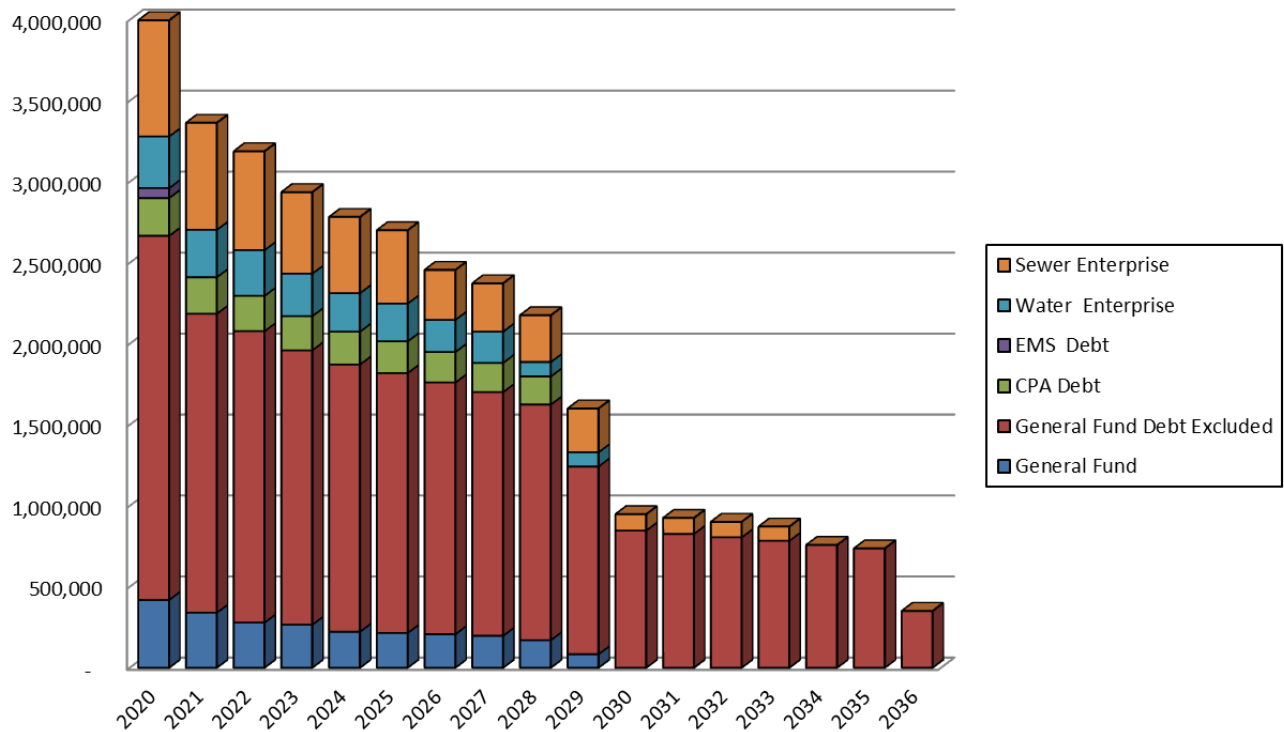
<u>Moody's</u> <u>Investor Service</u> <u>Bond Rating</u>
Aaa
➡ Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2

### Total Long Term Debt Service - All Funds

The total long term annual debt service from FY2020 through FY2036, including both principal and interest, is shown on the following page. The chart indicates the amount of long term debt service for the General Fund (both Debt Excluded and Non-Excluded), as well as the long term debt service for the Community Preservation Act (CPA) Fund, Emergency Medical Services and the Water and Sewer Enterprise Funds. The figures include all existing debt, including projections for items currently in short-term debt.



Total Long Term Annual Debt Service By Fund



Total Long Term Annual Debt Service By Fund

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





## Undistributed Expenses

## Section 6-15

### Non-Appropriated Expenses

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

### State Assessments

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

1. Mosquito Control Assessment: Pursuant to MGL Chapter 252, Section 5A (Chapter 2, Section 41, Acts of 1986) there are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. Each district is also allocated a proportional share of expenses for the State Reclamation Board that administers these programs.
2. Massachusetts Bay Transportation Authority (MBTA): For services rendered to those cities and towns within the Authority, an assessment is administered in order to maintain and operate regional public transportation.
3. Charter School Assessment: To assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools shall receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share equal to the state average of what districts pay per pupil in principal and interest for land and buildings.

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



### **Reserve for Abatements**

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

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

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

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

### **Cherry Sheet Offset Items**

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

The only offset item for FY2020 is \$23,065 estimated for public library grants.



## Stabilization Fund Contribution

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

As of June 30, 2018, the balance in the Stabilization Fund is \$4.57 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years the appropriation was not possible due to financial constraints. Beginning in FY2016, the contribution to the Stabilization Fund was restored and augmented with additional funding for a total contribution of \$200,000 with Free Cash as the source. The FY2020 budget provides for another contribution to the Stabilization Fund of \$200,000 from Free Cash in order to maintain preferred reserve levels of approximately 8%. Future contributions to the Stabilization Account will require a yearly review of the Town's financial position.

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

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGETED	FY2019 SIX MONTHS	FY2020 PROPOSED
<b>STABILIZATION FUND CONTRIBUTION</b>						
<b>Expenses</b>						
59950 Stabilization Fund	200,000	200,000	200,000	200,000	200,000	200,000
<b>SUBTOTAL</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>TOTAL: STABILIZATION FUND CONTR.</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

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



### Reserve Fund

Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. Transfers from this account require approval of the Appropriations Committee. A number of years ago this fund was budgeted at \$100,000, however during some years the budget for this fund had been reduced significantly due to financial constraints, specifically down to \$75,000 in FY2010 and \$80,000 in FY2011. In FY2012, the Board of Selectmen adopted a Free Cash Policy and identified the Reserve Fund as an appropriate use of Free Cash. Beginning in FY2012 the Reserve Fund was appropriated from Free Cash as a separate Warrant Article at Town Meeting. The Reserve Fund was level funded from FY2012 through FY2015 at \$150,000 annually. In FY2016, to meet the increasing need, the budget provided for an appropriation in the Reserve Fund of \$175,000. The appropriation to the Reserve Fund remained funded at \$175,000 from FY2017 through FY2019 per year. An appropriation of \$175,000 from Free Cash is again proposed for FY2020.

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

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
<b>RESERVE FUND</b>							
<b>Expenses</b>							
59810	Reserve Fund	0	0	0	175,000	0	175,000
	<b>SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>
<b>TOTAL:</b>	<b>RESERVE FUND</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>

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



### Warrant Articles

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. The warrant articles contain proposed funding using a combination of Free Cash, bond proceeds, and/or other available funds. In FY2020, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, \$200,000 to the Stabilization Fund from Free Cash, and the FY2020 Capital Improvement Plan (CIP) which in total amounts to \$4,951,000. The funding sources for the CIP are \$861,167 from Free Cash, \$129,833 transfer from a prior year capital article, \$1,383,452 transfer from surplus bond proceeds from the completed Lincoln Street School project, \$115,000 from Water Enterprise Free Cash, and \$30,000 from Sewer Enterprise Free Cash. The CIP totals \$4,951,000, and together with the other warrant articles the total expenditures come to \$5,326,000.

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

In summary, the FY2020 Town Meeting Warrant Articles include the following:

- \$175,000 for the Appropriation Committee's Reserve Fund—Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year (see page 6-18 for more detail). This article is funded from Free Cash.
- \$200,000 for the Stabilization Fund—After multiple years without an appropriation, funding for the Stabilization Fund was restored in FY2016, and funded from FY2017 through FY2019 in the amount of \$200,000 per year (see page 6-17 for more detail). This article is funded from Free Cash.
- \$145,000 for Police Cruiser Replacements (CIP) — This request provides for the replacement of three patrol vehicles for the use of the Police Department. Included in the funding request is the cost of outfitting the vehicles with ancillary equipment, including radars and emergency warning equipment. This article is funded from Free Cash.
- \$315,000 for Ambulance Replacement (CIP) – This request provides for the replacement of one of three ambulances that the Town currently operates (two per shift, and one in reserve). This article will be financed by debt, with the payments coming from the Fire Department's EMS Revolving Fund.
- \$3,500,000 for Fire Station Design, OPM, and Land Acquisition (CIP) — This request provides funds for Phase I of a project to build a new fire station, including buying land for the building to be sited. This article will be funded via a \$1,383,452 transfer from surplus bond proceeds remaining in the completed Lincoln Street School capital project fund, and new bonds in the amount of \$2,116,548.
- \$90,000 for One-Ton Pickup Truck with Plow (CIP)—This request provides funds to replace a public works truck and plow. This article is funded from Free Cash.



## Section 6-20

## Undistributed Expenses

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



# Undistributed Expenses

## Section 6-21

		FY2016	FY2017	FY2018	FY2019	FY2019	FY2020
		BUDGETED <sup>9</sup>	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
<b>TOWN MEETING</b>							
<b>SPECIAL WARRANT ARTICLES</b>							
<b>Expenses</b>							
51619	Fire Engine 2 Replacement	688,000					
51620	Fire Ambulance Replacement	280,000					
51621	Fire SCBA Bottles Replacement	45,000					
51623	Police Dispatch Console	161,000					
51624	Master Plan	130,000					
51625	DPW Otis St Culvert	325,000					
51626	DPW Road Mower Replacement	130,000					
51627	DPW Dump Truck Replacement	90,000					
51628	DPW Pickup Truck Replacement	60,000					
51629	DPW Backhoe Replacement	145,000					
51630	DPW Mini Excavator	85,000					
51631	DPW E/M Park Improvements	50,000					
51632	Hudson St Sewer Improvements	1,500,000					
51633	Water Service Truck Replacement	75,000					
51634	Water Pickup Truck Replacement	60,000					
51722	Police Station Roof Replacement		90,000				
51723	DPW Church St Culvert		2,000,000				
51724	DPW Dump Truck Replacement		215,000				
51725	DPW Sidewalk Machine		180,000				
51727	Sewer Inflow & Infiltration Study		500,000				
51728	Water Valve Maintenance Trailer		75,000				
51729	Water Dump Truck Replacement		95,000				
59990	250 <sup>th</sup> Celebration Committee	20,000	20,000				
51821	Fire Forestry Truck			65,000			
51823	DPW Six-Wheel Dump Truck			240,000			
51824	DPW One Ton Dump Truck			95,000			
51825	DPW Dump Truck w/ Chip Body			95,000			
51826	DPW Chipper			65,000			
51827	DPW Fisher Street Culvert Plans			50,000			
51828	DPW Crawford St Retaining Wall			200,000			
51830	Sewer Inspection Camera			110,000			

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

## Section 6-22

## Undistributed Expenses



(Continued)

FY2016      FY2017      FY2018      FY2019      FY2019      FY2020  
BUDGETED<sup>10</sup>   BUDGETED   BUDGETED   BUDGETED   SIX MONTHS   PROPOSED

### TOWN MEETING SPECIAL WARRANT ARTICLES

Expenses						
51831	Sewer W Main Pump Station			400,000		
51832	Water Service Truck Replacement			100,000		
51833*	Proctor School Roof Repairs	200,000		300,000		
52013*	Police Cruiser Replacements	85,000	85,000	87,000	87,000	145,000
51916	GIS Aerial Photography				140,000	
51917	DPW One-Ton Dump Truck				140,000	
51918	DPW Street Sweeper				231,000	
51919	DPW Skid Steer				105,000	
52016*	DPW Road Improvements		300,000	300,000	300,000	300,000
51921	Water Dept. Excavator				160,000	
51922	Water Main Repairs				350,000	
51923	Zeh School Boiler Replacement				357,000	
52012	Fire Ambulance Replacement					315,000
52020	Fire Station Phase I					3,500,00
52014	DPW One-Ton Dump Truck					90,000
52015	DPW 20-Ton Dump Truck					271,000
52017	Water/Sewer Garage Design					75,000
52018	Assabet Water Tank Rehab.					70,000
52019	School K-8 Security Upgrades					185,000
	<b>SUBTOTAL</b>	<b>4,129,000</b>	<b>3,560,000</b>	<b>2,107,000</b>	<b>1,870,000</b>	<b>4,951,000</b>
59810	Reserve Fund	175,000	175,000	175,000	175,000	175,000
59950	Stabilization Fund	200,000	200,000	200,000	200,000	200,000
	<b>TOTAL</b>	<b>4,504,000</b>	<b>3,935,000</b>	<b>2,482,000</b>	<b>2,245,000</b>	<b>5,326,000</b>

\*Multiple account numbers combined for display purposes

<sup>10</sup> 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.