
Resource Profile

Fiscal Year 2012

Nancy T. Galkowski

Town Manager

February 22, 2011

Introduction

- Revenues
 - Budget format changes
 - Expenditures
 - Overview
 - Municipal
 - Education
 - Enterprise and Revolving Funds
 - Capital Planning
 - Five Year Financial Plan
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Revenue Overview

- Major Sources of Revenue
 - ❑ Property Taxes
 - ❑ State Aid
 - ❑ Local Receipts
 - ❑ Free Cash
 - Other Sources of Discretionary Revenue
 - ❑ Light Department In Lieu of Taxes
 - ❑ Overlay Reserve
 - ❑ Water/Sewer General Fund Repayment
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Revenue

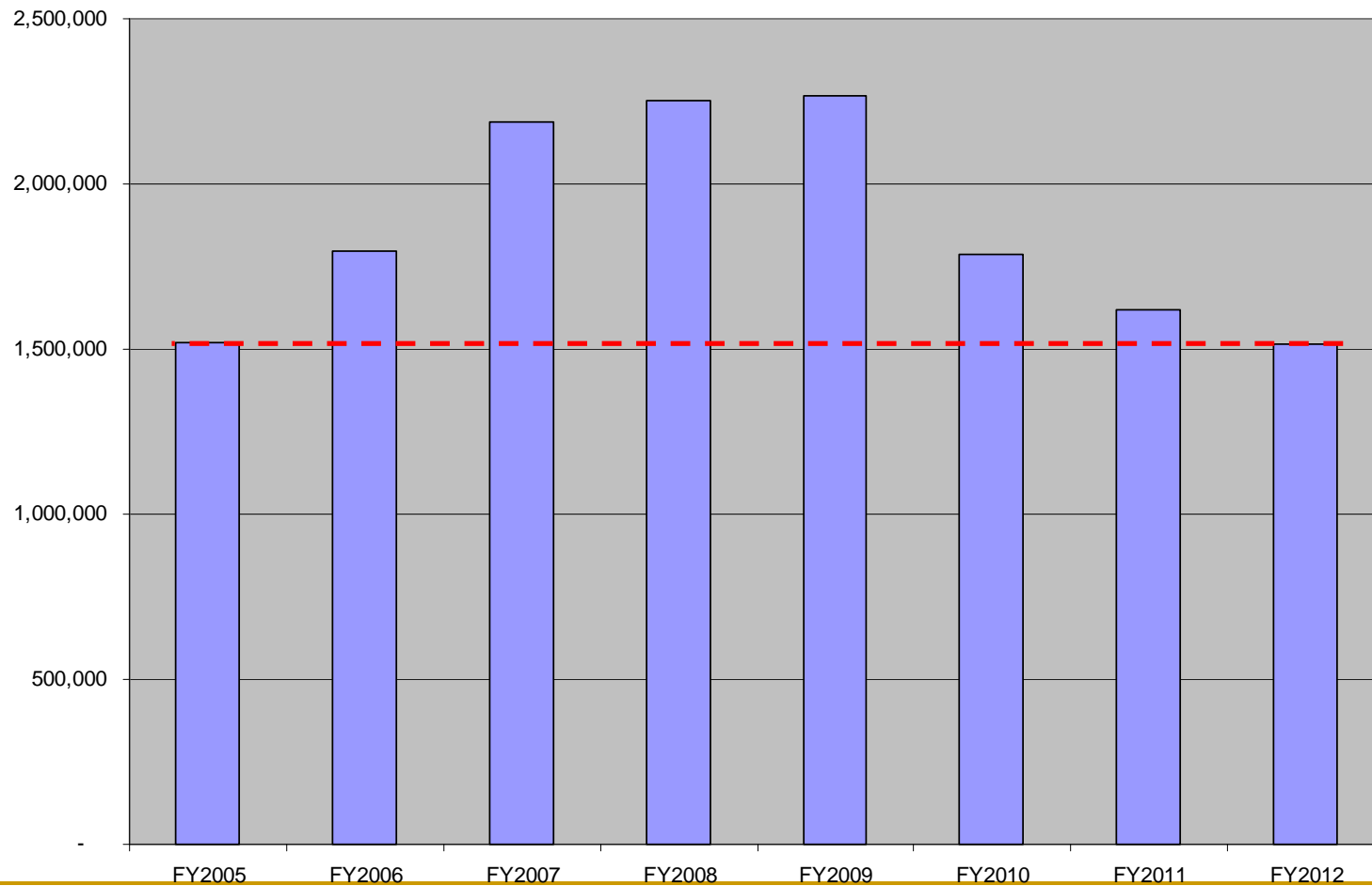
	FY11 RECAP	FY12 SUBMITTED	CHANGE	PERCENT CHANGE
Total Assessed Value (Est.)	1,859,330,400	1,859,330,400		
Average Assessed Home	270,800	270,800	0	0
Tax Rate	15.65	16.29	\$ 0.64	4.1%
Average Tax Bill	4,238	4,411	\$ 173.32	4.1%
Tax Rate Change	0.85	0.64	0.00	0.00
Excess Levy Capacity	0	1	0	0
Tax Receipts - Non-excluded	26,599,308	27,587,015	987,707	3.71%
State Receipts	1,786,594	1,684,967	-101,627	-5.69%
Local Receipts	4,328,029	4,219,409	-108,620	-2.51%
Free Cash / Intra-Gov. Transfers	214,144	947,516	733,372	342.47%
Debt Excluded Revenue	4,390,209	4,597,562	207,353	4.72%
TOTAL GENERAL FUND REVENUE	37,318,284	39,036,469	1,718,185	4.70%

Property Taxes

FY2011 Levy Limit minus			
exempt debt:	26,597,088	}	27,562,015
Plus 2 1/2% increase:	664,927		
Plus New Growth:	300,000		
Plus Exempt Debt:	4,597,562	}	2,726,566
Minus SBAB payments:	1,870,996		
FY2012 Levy:	30,288,581		

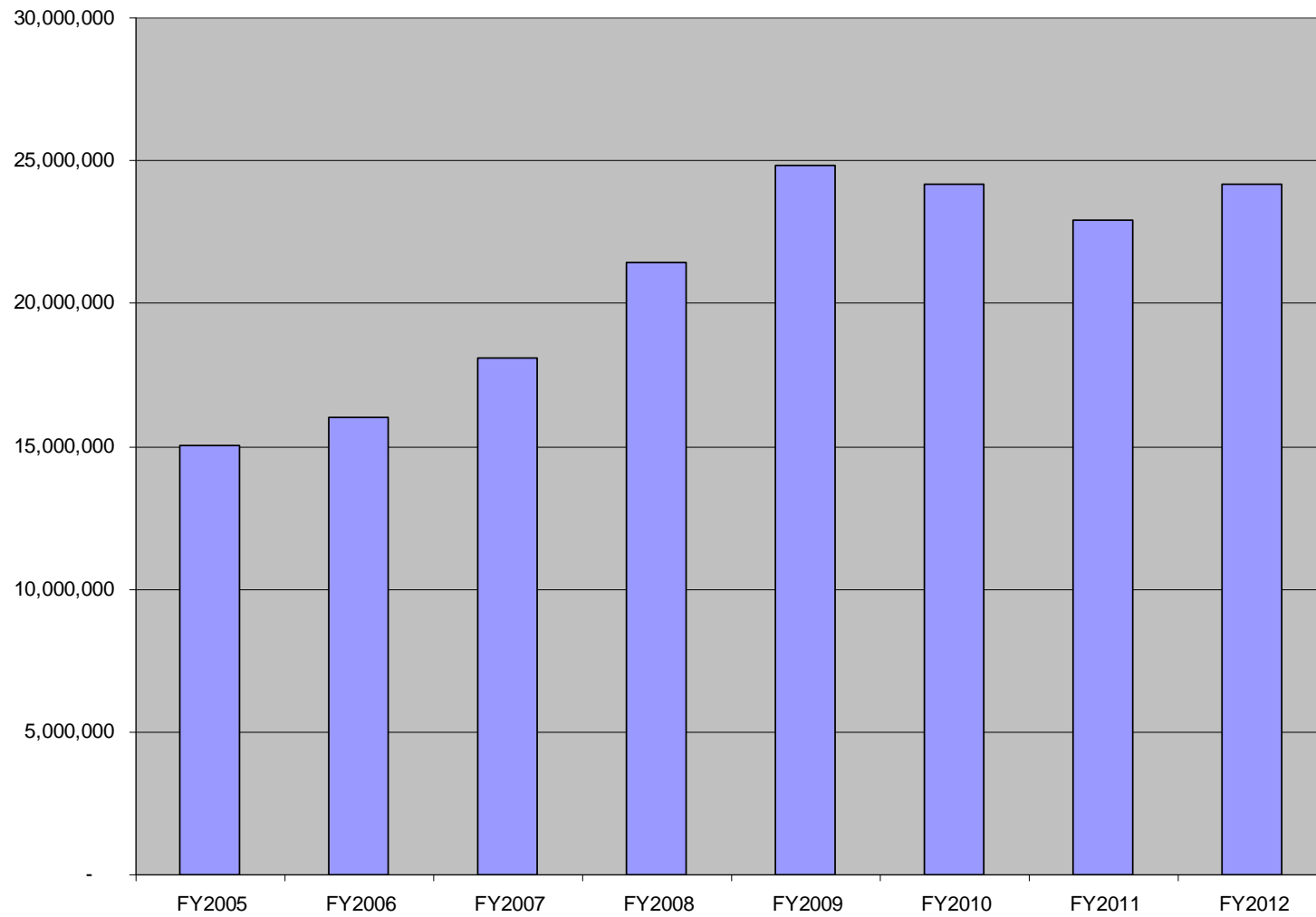
State Aid- Town

**State Aid
FY2005 - FY2012**

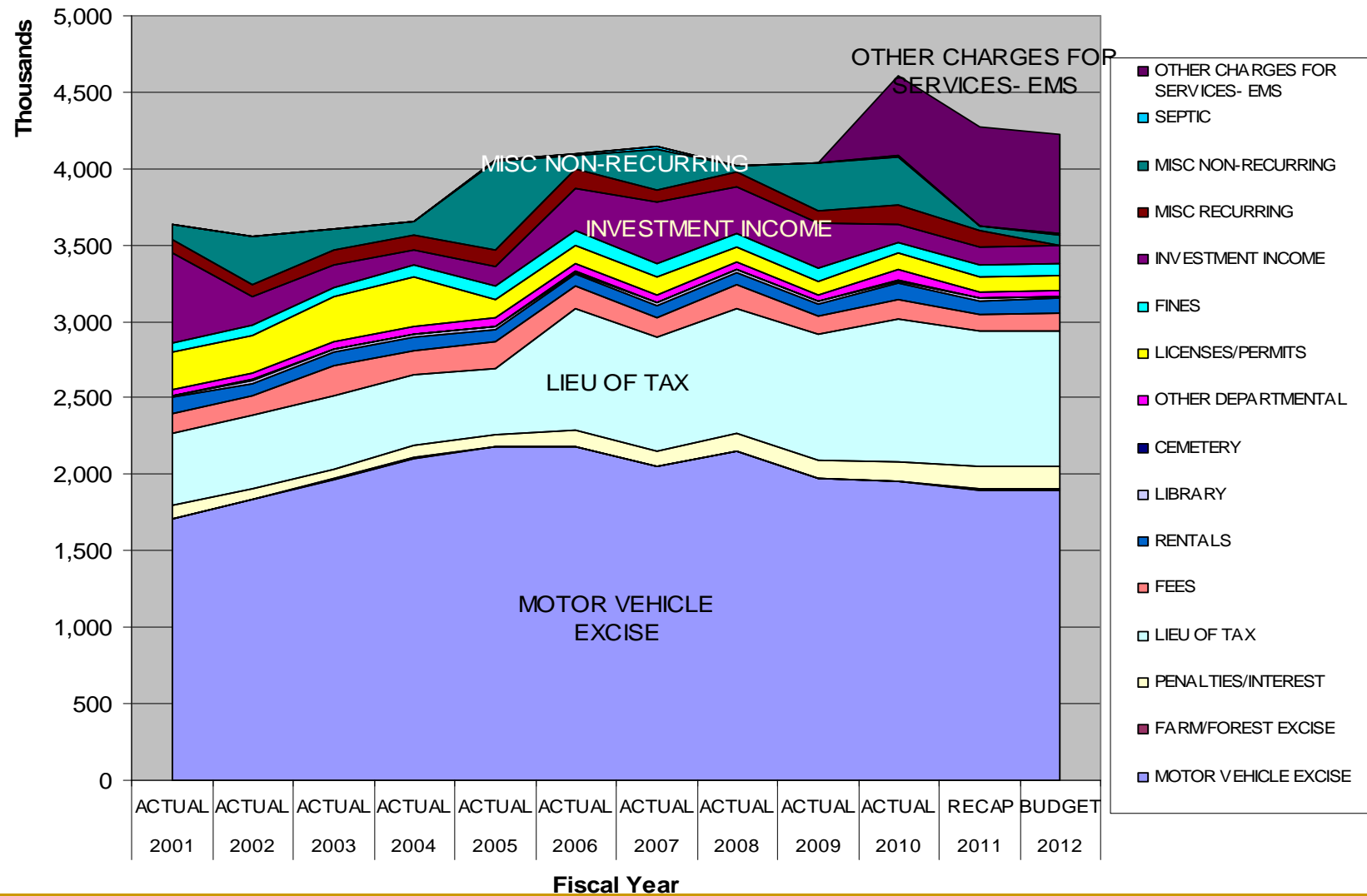


State Aid - WRSD

Wachusett Regional School District State Aid FY2005 - FY2012

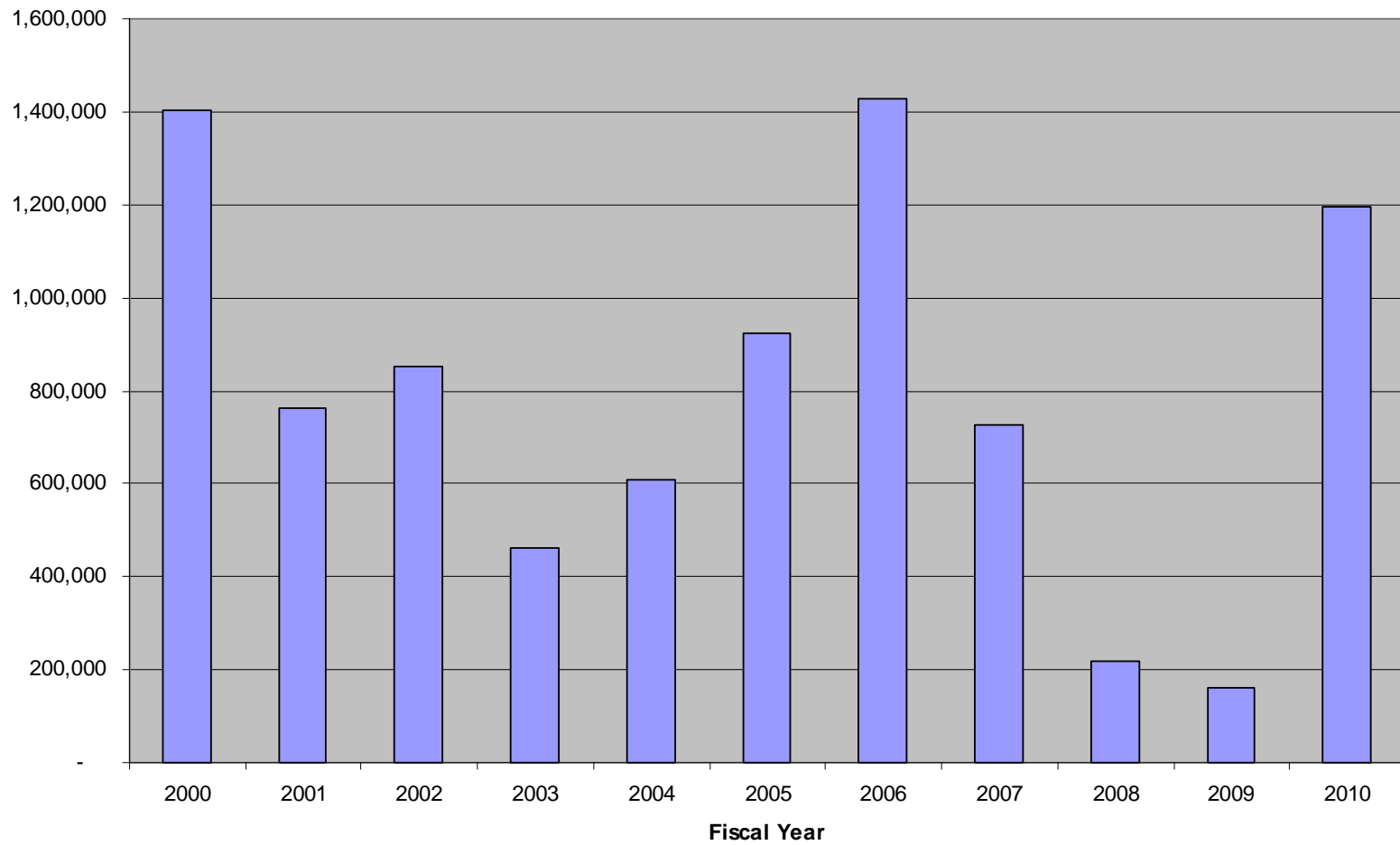


Local Receipts



Free Cash

Certified Free Cash



Other Sources of Revenue

- SBAB Reimbursement for Elementary School Debt
 - Light Department In-Lieu of Taxes
 - Overlay Reserve
-

Revenue Summary

Additional Revenue FY2012

Tax levy	\$	987,707
Cherry Sheet		(101,627)
Free Cash		683,372
Overlay Reserve		50,000
Local Receipts		(108,620)
Exempt Debt		207,353
	<u>\$</u>	<u>1,718,185</u>

Budget Format Changes

■ Budget narratives

- ❑ Description of the activities of the budgeted items
- ❑ “Cost centers” eliminated
- ❑ Performance measurements – historical comparative data

■ Budget History

- ❑ Eliminates Department request column and notes section
 - ❑ Provides 3 years actual expenditures
-

Budget Format Changes

■ Financial Plan

- ❑ Most budgets are funded through the General Fund
- ❑ Financial plan shown for those departments with other funding sources

■ Capital Budget

- ❑ Capital items no longer appear in operating budget
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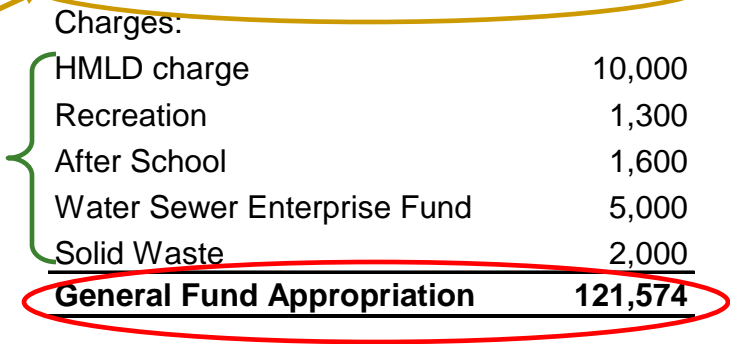
Budget Format Changes

Indirect Charges

- Indirect Charges
 - ❑ Shown as an offset to expenses
 - ❑ Analysis by Town Accountant

Actual FY 2008	Actual FY 2009	Actual FY 2010	Budget FY 2011	Estimate FY 2011	APPROPRIATION SUMMARY	Manager FY 2012
119,257	107,502	107,145	110,653	110,653	Salary & Wages	111,744
21,400	20,666	26,902	28,520	28,480	Operating Expense	29,730
140,657	128,168	134,047	139,173	139,133	Total Budget	141,474
Charges:						
HMLD charge						10,000
Recreation						1,300
After School						1,600
Water Sewer Enterprise Fund						5,000
Solid Waste						2,000
140,657	128,168	134,047	139,173	139,133	General Fund Appropriation	121,574

*Total budget is reduced
by charges:*



Expenditures

- Municipal Budgets
 - WRSD Budget
 - Montachusett Vocational Technical School
 - State Assessments
 - Debt
 - Overlay Reserve
 - Infrastructure Investment Fund
 - Stabilization Fund
 - Capital Budget
-

Expenditures

	FY11 RECAP	FY12 SUBMITTED	CHANGE	PERCENT CHANGE
Wachusett Regional School District	19,089,285	19,578,701	489,416	2.56%
Montachusett Voc. Tech. Assessment	478,745	493,107	14,362	3.00%
Municipal Budget	12,559,019	13,123,842	564,823	4.50%
Exempt Debt Service	4,399,179	4,597,562	198,383	4.51%
Non Exempt Debt Service	164,747	237,987	73,240	44.46%
Infrastructure Investment Fund	316,777	418,481	101,704	32.11%
Stabilization Fund	0	288,750	288,750	100.00%
Overlay / Abatements	191,660	175,000	-16,660	-8.69%
State Assessments	118,872	123,038	4,166	3.50%
TOTAL GENERAL FUND EXPENDITURES	37,318,284	39,036,468	1,718,184	4.60%

Expenditures Affecting all Departments

- COLA's for unionized personnel in Police and Public Works are incorporated into the budget figures
 - Fuel costs have been reviewed and increased where necessary to reflect the predicted increased costs for next year
 - New capital items have been taken out of operating budgets and placed in new Capital Budget
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General Government

■ Major Changes

□ Town Manager's Office

- Personnel is combined with the Town Manager budget
- Assistant Town Manager assumes the duties of Personnel Director and will actively participate in collective bargaining
- Includes an appropriation for settlement of 2 union contracts and COLA's for non-union personnel.

□ Requesting a new full time position to coordinate Information Technology

□ Health Insurance anticipated to increase 15%

□ Pension assessment increased by 16.7%

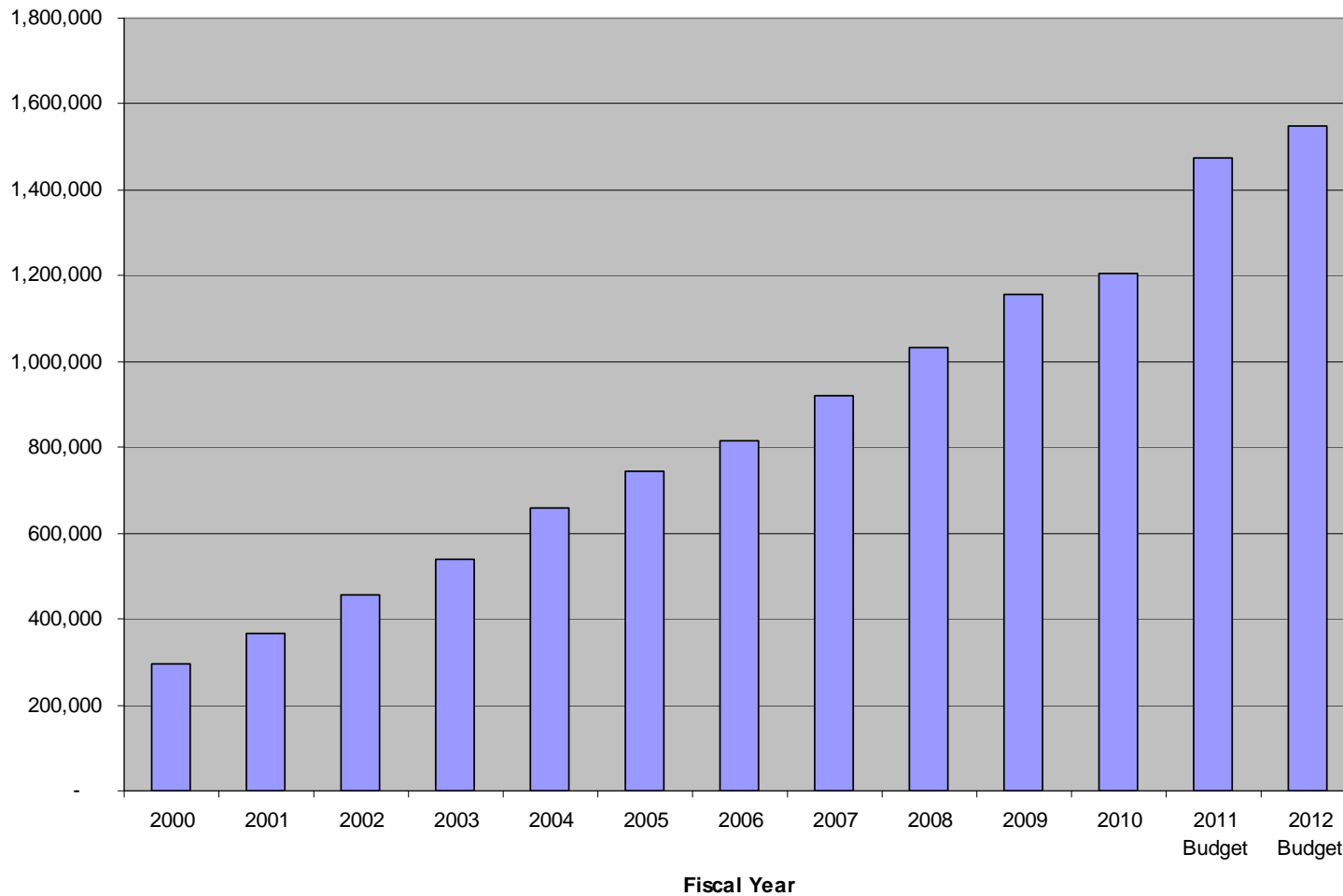
□ Property insurance has increased due to addition of Public Safety Building

□ Increased appropriation for Legal services to reflect more accurately the cost.

Health Insurance

- Health Insurance budget anticipates a 15% increase in rates for FY2012
 - Without changes in the Mass General Laws we will continue to struggle to contain this cost.
 - Have initiated meetings with the Health Insurance Advisory Committee (HIAC) to begin looking for cost saving measures
 - Have requested insurance providers provide quotes on sole provider coverage
-

Health Insurance Expenditures General Fund



Retirement

- Town belongs to Worcester Regional Retirement System
 - Increased by 16.7% or \$114,729
 - Assessment is based on salaries as of September 30, 2010
 - Have moved out full funding of unfunded pension liability until 2040; system is currently 48% fully funded
-

Public Safety

- Public Safety Building

- Occupied in December 2010
- Full annual operational costs are to be determined
- FY2011 appropriation was based on 9 month occupancy

- Emergency Management

- Request for \$10,000 for emergency response tabletop training exercises
-

Public Works

- Union Cost of Living adjustments included
 - Post closure monitoring costs of our landfill has increased
 - Increased seasonal labor for buildings and grounds throughout town including the new landscaping at the public safety building
 - Decreased the cost for town-wide telephone services - new provider and new VOIP system requested
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Culture and Human Services

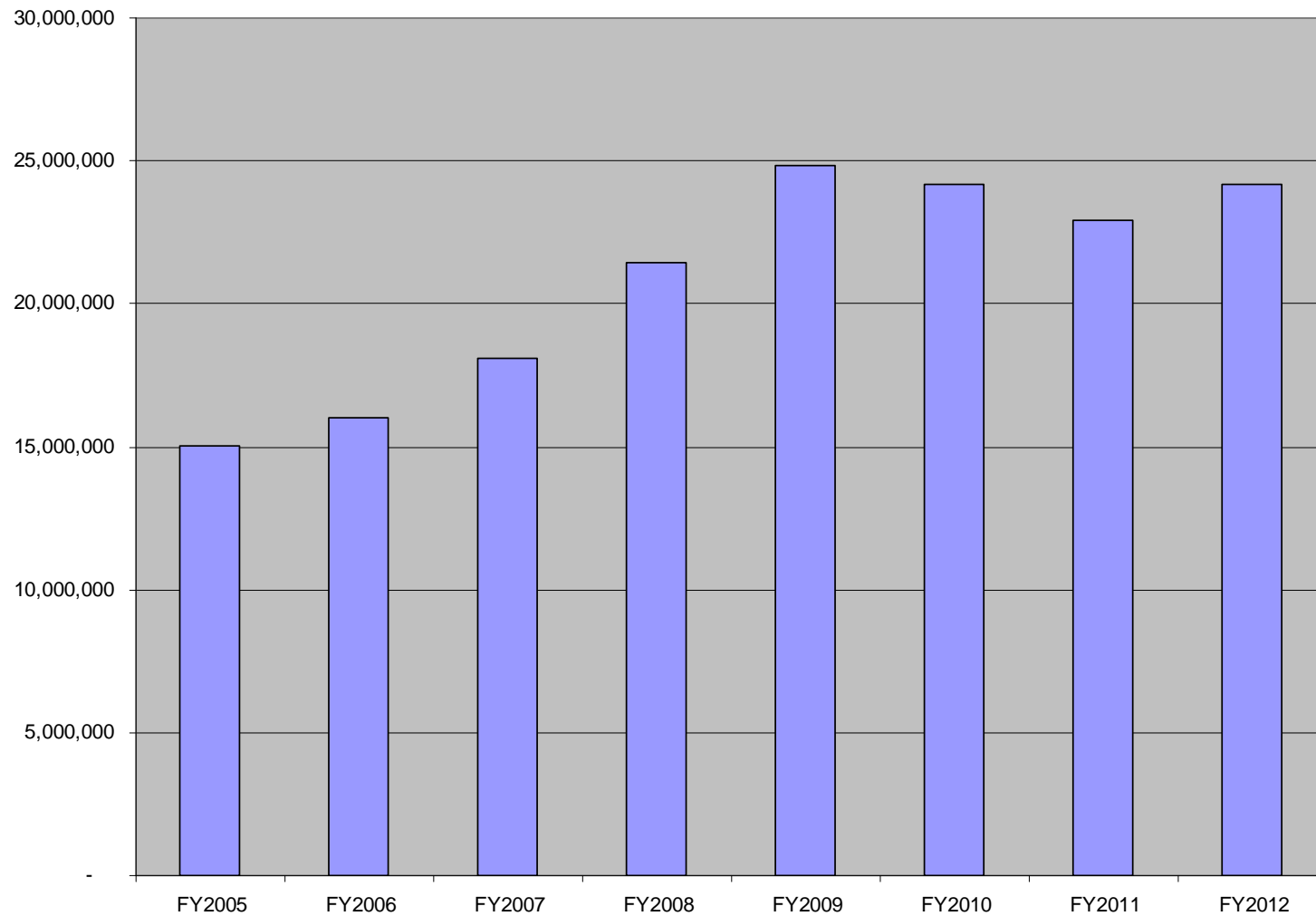
- Increase in anticipated expense for Veterans Aid and Assistance – 75% of which is reimbursed on the Cherry Sheet
 - Addition of funds to reimburse City of Worcester for any materials or time spent during working hours by our Veterans' agent
 - Increase in expenses by \$500 to allow for veterans' programs outside of the statutory requirements
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Education

- WRSD -Overall increase of \$630,576 or 3.1%
 - ❑ Required minimum increase - \$151,756 or 0.9%
 - ❑ Voluntary contribution increase - \$38,801 or 2.1%
 - ❑ Transportation increase - \$298,859 or 30.4%
 - ❑ Debt service increase - \$141,160 or 12.9%
 - Governor's recommended net State Aid to WRSD increased by \$1,269,807 or 5.5%
 - Montachusett Regional Vocational Technical High School – increased \$14,362 or 3%
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State Aid - WRSD

Wachusett Regional School District State Aid FY2005 - FY2012



Debt

- Infrastructure Investment Fund
 - Exempt Debt Service
 - Non-Exempt Debt Service
 - Future Capital Obligations
-

Infrastructure Investment Fund

Appropriations

- Investment of \$418,481, an increase of \$101,704 or 32.11%
 - Funding for specific projects includes:
 - Underground utilities (\$64,000)
 - Senior Center (\$50,000)
 - Public Building Repairs (\$41,600)
 - Public Safety building (\$75,000)
 - Zottoli Purchase/Recreation Fields (\$50,000)
 - Additional appropriation of \$137,881 from the General Fund
 - Additional appropriation of \$25,000 from the Recreation Revolving Fund for the Municipal Pool
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Infrastructure Investment Fund

Expenditures

- Municipal Pool Debt Service - \$216,053
- Public Safety Building Debt Service - \$325,000



Stabilization Fund

- Requesting funding of \$288,750 into general Stabilization Fund
 - Policy –
 - ❑ Appropriated $\frac{1}{4}$ of available free cash each year
 - ❑ Build fund to \$1 million
 - ❑ Once at \$1 million shift to funding OPEB obligations
 - Expenditures from the Stabilization Fund require $\frac{2}{3}$ vote of Town Meeting
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Capital Budget

- Capital Planning Committee formed to recommend to Town Manager on capital budget and 5 year plan
 - Established guidelines for process
 - Established criteria for evaluation
 - Goal over next 5 years is to appropriate between 4% and 5% of operating revenue for capital expenditures
 - FY2012 Budget :
 - Borrowing - \$330,000
 - Cash - \$648,597
 - Other sources (Chapter 90 roadway funds, enterprise funds) - \$785,786
-

Capital Budget Committee Charge

- **Review, plan and coordinate capital improvements** so as to promote a systematic, organized replacement and acquisition schedule.
 - **Insure that, given limited resources, the capital needs of the community are met.**
 - Present a **sound financial plan** so as to stabilize and level out the debt of the Town. It should assure timely planning for the most economical method of financing capital improvements.
 - Insure **wider community participation in the planning of projects** and to reduce the pressure to fund a project which may not present as great a need as another project.
 - Promote a more **effective administration and coordination of capital projects** to reduce scheduling problems, and conflicting or overlapping projects not only among town departments but also among other local and state agencies and private enterprises such as the gas and telephone companies.
 - **Take into consideration in its deliberations the goals established under the 2008 Master Plan;** develop evaluation criteria to accomplish goals.
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Capital Budget Evaluation Criteria

- Imminent threat to the health and safety of citizens and/or property
 - Required maintenance of an asset or program that must be made to avoid costly replacement at a future date. This would not include ordinary maintenance but rather maintenance that will sustain current service levels through the improvement of a capital asset.
 - Requirement of state or federal law or regulation
 - Improvement of the infrastructure
 - Improvement of productivity
 - Alleviation of an over-taxed or over-burdened situation
-

Capital Budget FY2012

DEPARTMENT	EXPENDITURE	BOND	CASH	OTHER	Grand Total
FIRE	PPE - Personal Protective Equip.		\$25,000		\$25,000
	SCBA Repl.	\$150,000			\$150,000
	Brush Truck w/ Plow		\$42,000		\$42,000
LIBRARY	Fire Alarm		\$5,215		\$5,215
	Repoint chimney		\$25,470		\$25,470
	Roof Replacement		\$30,000		\$30,000
POLICE	Protective Vests		\$19,000		\$19,000
	Cruiser Repl.		\$63,000		\$63,000
PUBLIC WORKS ADMINISTRATION	Newell Road Culvert		\$35,000		\$35,000
PUBLIC WORKS B & G	Floors - Starbard, TH		\$28,300		\$28,300
	Highway Fac. Heat Plant		\$20,000		\$20,000
PUBLIC WORKS HIGHWAY DIVISION	Collector Roads Ch 90			\$585,786	\$585,786
	Crack Sealing		\$25,000		\$25,000
	Local Roads		\$225,000		\$225,000
	4X4 Dump w/ Plow		\$50,000		\$50,000
	Large Dump/ Wing Plow/ Spreader	\$180,000			\$180,000
	Plow Replacement		\$12,000		\$12,000
PUBLIC WORKS WATER/SEWER DIVISION	Spring Street Roof			\$25,000	\$25,000
	One Ton Truck			\$70,000	\$70,000
RECREATION	Field Maintenance			\$15,000	\$15,000
	Playground Resurfacing			\$10,000	\$10,000
	Paint Pool Bathhouse			\$10,000	\$10,000
	Recreation Office			\$70,000	\$70,000
TOWN MANAGER	Dog Park		\$15,000		\$15,000
	Replace Tel System		\$25,000		\$25,000
	Photocopier Lease		\$3,612		\$3,612
Grand Total		\$330,000	\$648,597	\$785,786	\$1,764,383

Five Year Capital Plan

- Over a five year period we anticipate investing over \$15 million in our assets and infrastructure all within the limits of Prop 2 ½ .
 - ❑ Cash - \$2.7 million
 - ❑ Borrowing – \$8.8 million
 - ❑ Other funding sources - \$3.5 million
 - Major investments include:
 - ❑ Architectural drawings for a new Public Works facility with construction costs beginning in FY2017
 - ❑ Replacement and relining of water mains
 - ❑ Infiltration and Inflow in our sewer system and pumping stations
 - ❑ Local roadway improvements
 - ❑ Major fire apparatus – engine, tower, and ambulance
 - ❑ Major public works equipment – loaders, backhoe, catch basin cleaner, dump truck, and sweeper
 - ❑ Recreation – Skateboard park and field upgrades
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Expenditures Summary

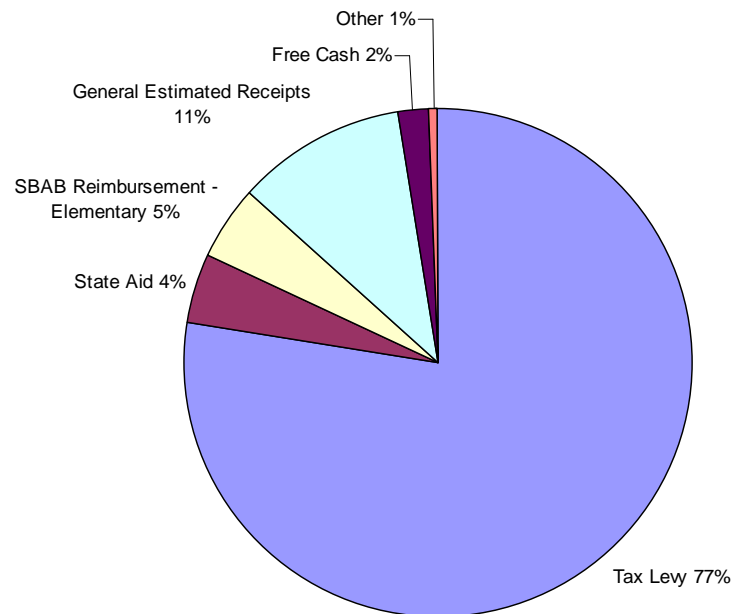
Additional Expenditures FY2012

Wachusett Regional School	489,416
Montachusett Assessment	14,362
Municipal Budget	(83,774)
Exempt Debt	198,383
IIF Contribution	101,704
Stabilization Fund	288,750
Capital Budget	648,597
Non-Exempt Debt	73,240
Other	(12,494)
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	1,718,184
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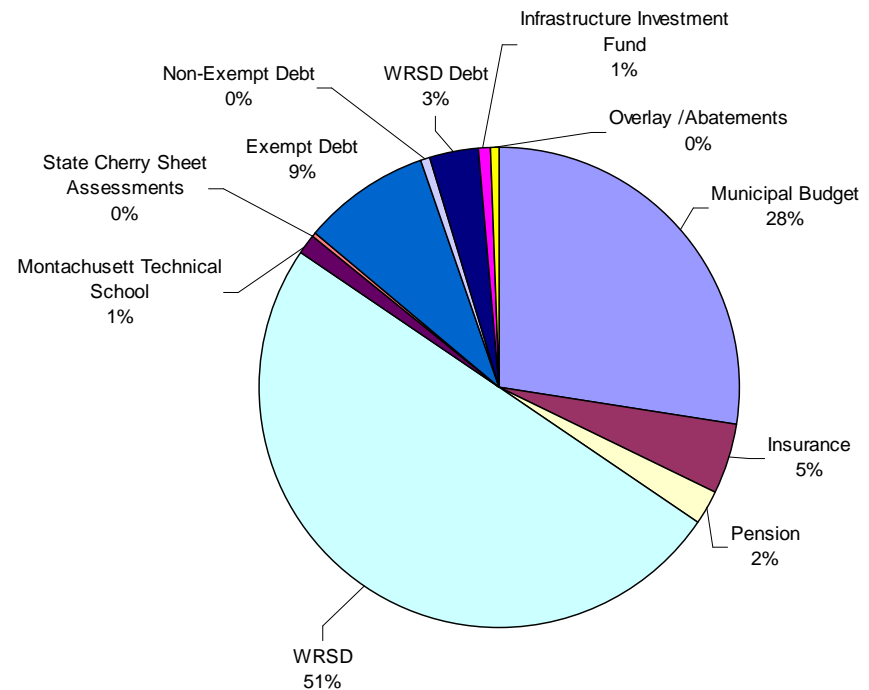
Revenue/ Expenditures

Where it Comes From/ Where It Goes

Revenues FY2012



Expenditures FY 2012



Restricted Funds

	FY11 RECAP	FY12 SUBMITTED	CHANGE	PERCENT CHANGE
RESTRICTED REVENUE				
LIBRARY OFFSETS	21,559	22,595	1,036	4.81%
RECREATION REVOLVING	372,213	413,017	40,804	10.96%
AFTER SCHOOL REVOLVING	296,030	297,293	1,263	0.43%
CABLE REVOLVING ACCOUNT	201,549	165,000	-36,549	-18.13%
SOLID WASTE ENTERPRISE FUND	1,088,723	1,165,388	76,665	7.04%
INSPECTIONAL SERVICES REVOLVING	207,037	222,000	14,963	7.23%
WATER SEWER REVENUE	5,078,073	5,604,653	526,580	10.37%
WATER SEWER STABILIZATION FUND	18,930	0	-18,930	-100.00%
DPW DEPRECIATION FUND	200,000	19,192	-180,808	-90.40%
FIRE VEHICLE STABILIZATION FUND	175,000	134,800	-40,200	-22.97%
TOTAL RESTRICTED REVENUE	7,659,114	8,043,938	384,824	5.02%
RESTRICTED EXPENDITURES				
LIBRARY OFFSETS	21,559	22,595	1,036	4.81%
RECREATION REVOLVING	438,642	471,076	32,434	7.39%
AFTER SCHOOL REVOLVING	295,814	299,074	3,260	1.10%
CABLE REVOLVING ACCOUNT	201,549	260,054	58,505	29.03%
SOLID WASTE ENTERPRISE FUND	1,088,723	1,164,907	76,184	7.00%
INSPECTIONAL SERVICES REVOLVING	207,037	214,271	7,234	3.49%
WATER SEWER EXPENSES	5,078,073	5,593,094	515,021	10.14%
WATER SEWER STABILIZATION FUND	80,000	30,000	-50,000	-62.50%
DPW DEPRECIATION FUND	218,192	19,192	-199,000	-91.20%
FIRE VEHICLE STABILIZATION FUND	90,000	134,800	44,800	49.78%
TOTAL RESTRICTED EXPENDITURES	7,719,589	8,209,063	489,474	6.34%

Enterprise and Revolving Funds

- Enterprise Funds

- ☐ Water & Sewer
- ☐ Solid Waste

- Revolving Funds

- ☐ Recreation
 - ☐ After School Programs
 - ☐ Cable
 - ☐ Inspection
-

Water and Sewer Enterprise Fund

- Rate study conducted by CDM
 - Three alternative rate structures proposed
 - Revenue requirements for FY2012 are 16% increase for water and 15% for sewer
 - Project out five year revenue requirements
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Water and Sewer Enterprise Fund

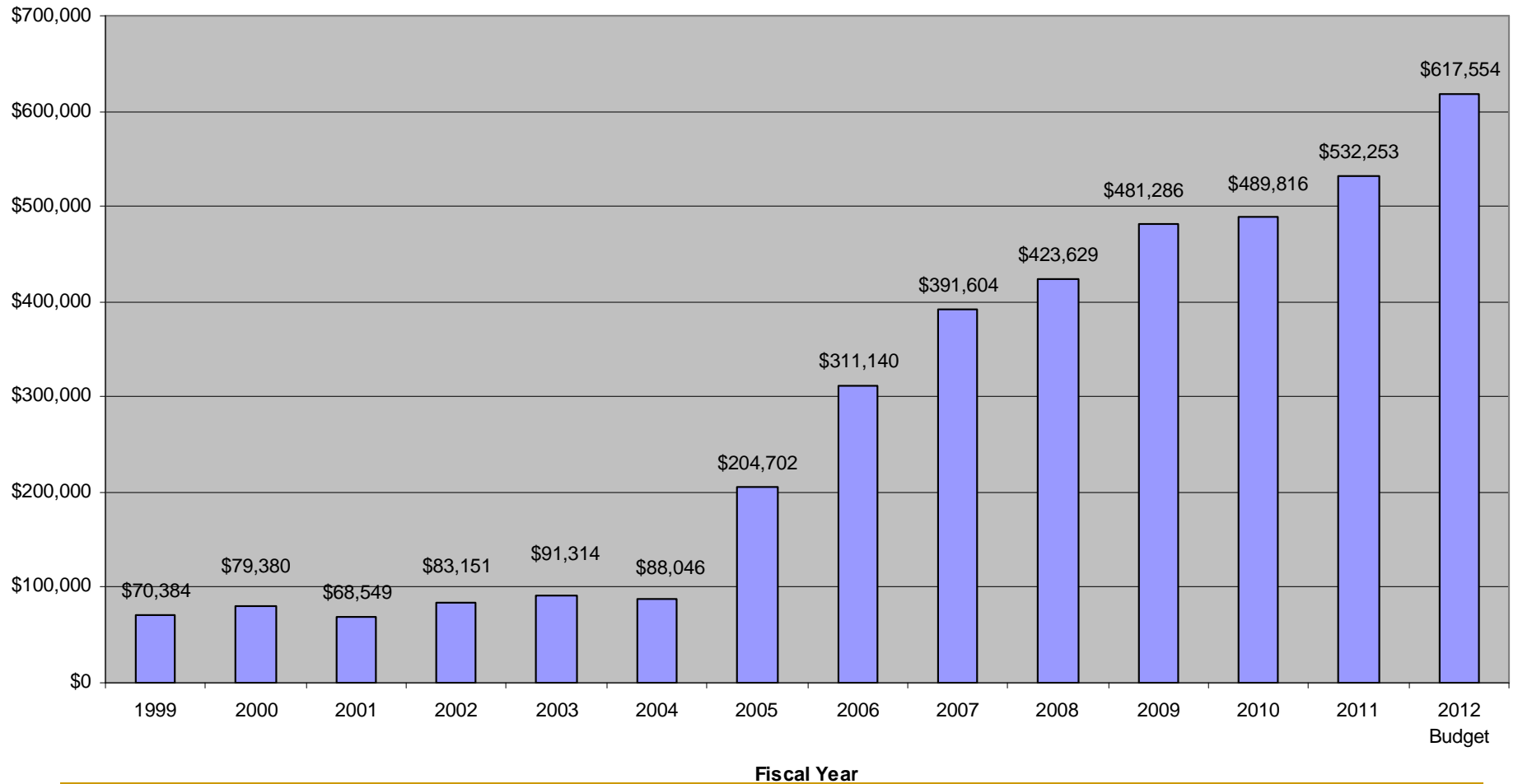
- Budget is based on study
 - Two reserve funds are included
 - Rate Stabilization \$85,000
 - O & M Fund \$85,000
 - Capital Investment - \$125,000
 - Funding OPEB obligation - \$37,500
 - Indirect charges increased \$18,000
 - West Boylston pumping station obligation \$20,000 estimated
 - MWRA maintenance costs – current and prior obligations
-

Water and Sewer Enterprise Fund

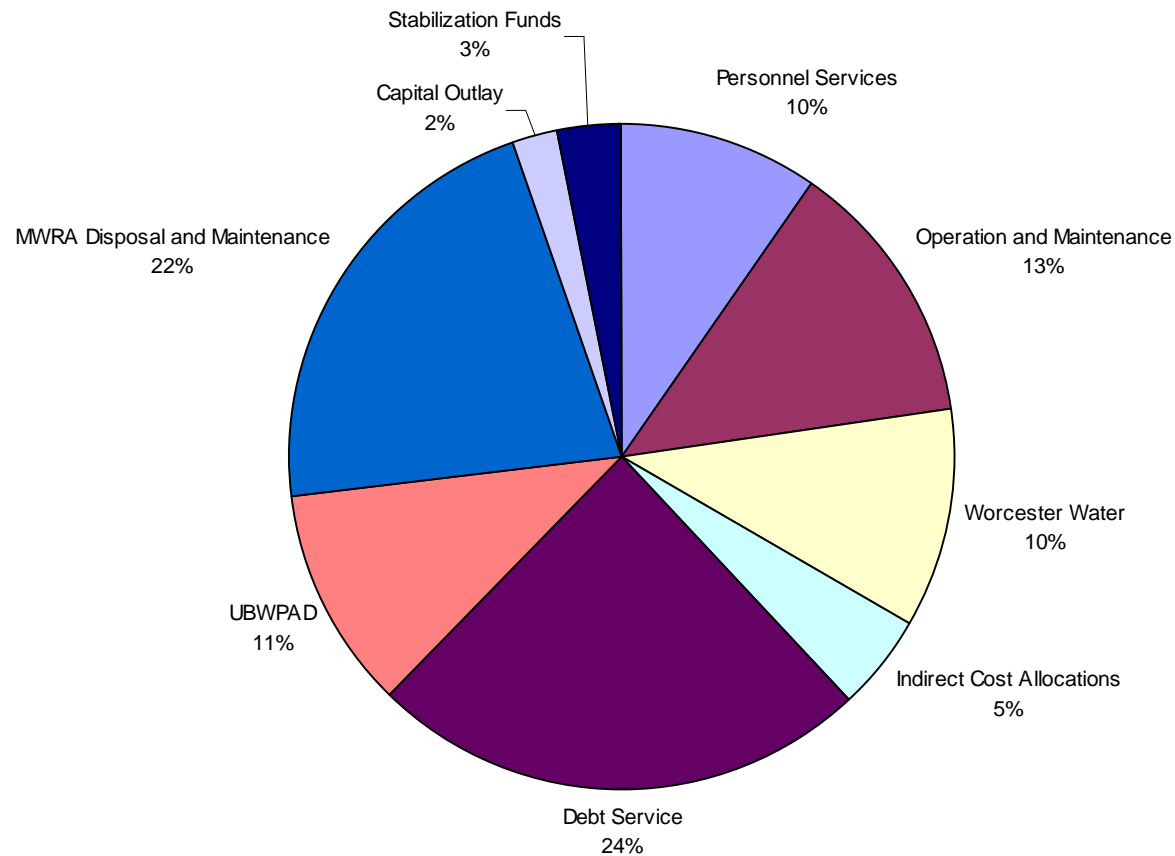
- 56.6% of the expenses in this fund are fixed costs outside the Town's control.
 - Increases in Upper Blackstone Treatment Facility increased by 16% after increasing 656% since 1999.
 - Worcester water purchases assumed at 6% increase with level usage
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UBWPAD Assessment

Upper Blackstone Water Pollution Abatement District Assessment



Water And Sewer Enterprise Fund Expenditures



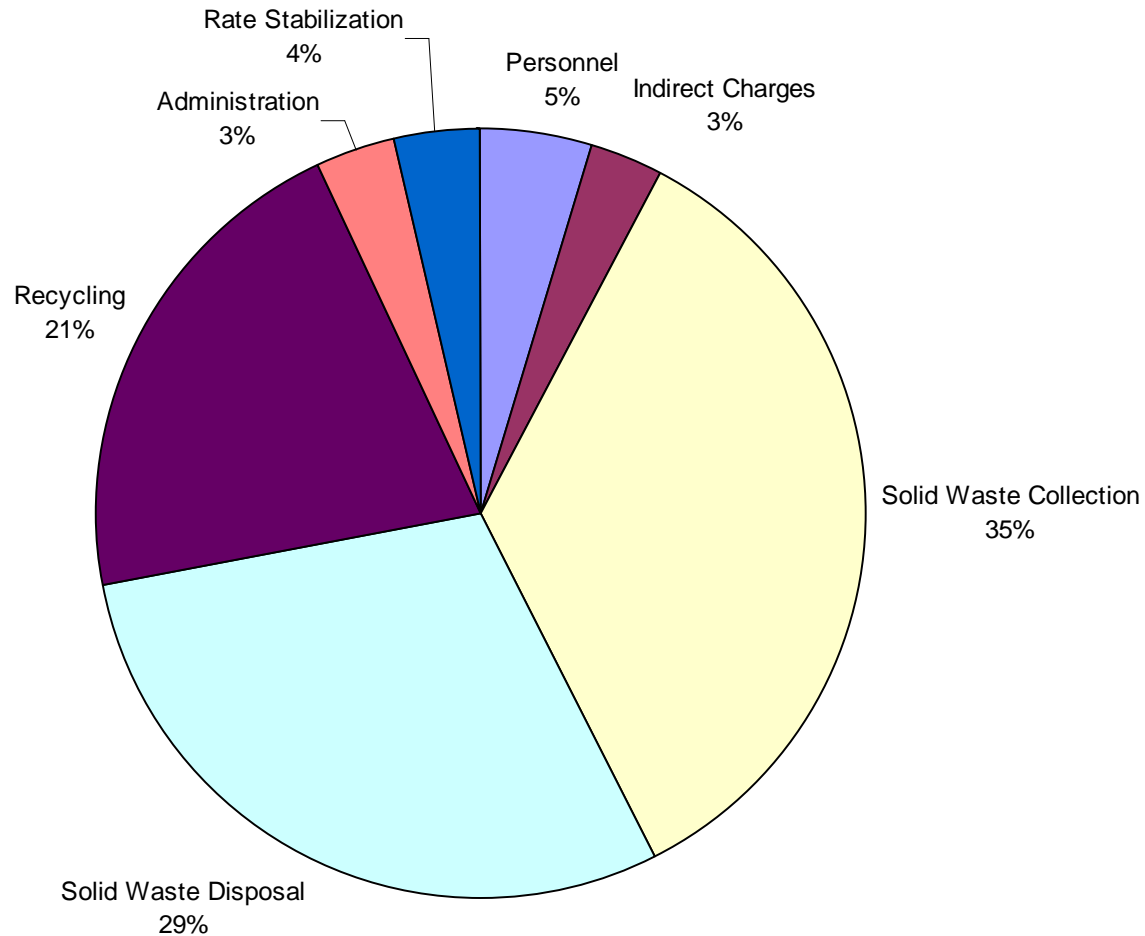
Recreation Revolving Fund

- Increased pool maintenance by \$14,000
 - Capital investment \$105,000
 - Playground and field maintenance -\$25,000
 - Pool and recreation offices infrastructure- \$80,000
 - New recreation program management software and on-line registration
 - Increase in all fees to \$3 per class
 - Comprehensive study of all rates in FY2012
-

Solid Waste Enterprise Fund

- Rate increased last year – none anticipated for FY2012
 - Continues with recycling efforts
 - Collection contract expires at end of FY2012
 - Cost of disposal is projected to increase 5%
 - Recommend only using ½ of prior year available funds, the remainder to be used to stabilize future rates
-

Solid Waste Enterprise Fund



Five Year Financial Plan

- Included in budget is a Five Year Financial Plan FY2012 – FY2016
 - Purpose is to begin discussion on our financial future
 - Projections indicate that beginning in FY2014 we will begin to see deficits causing reductions in our expenditures or increases in our revenues
 - Should be reviewed each year
-

Five Year Financial Plan

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
I REVENUE						
A. State Aid	1,808,153	1,707,562	1,745,067	1,783,510	1,822,914	1,863,303
School Construction Aid	1,870,996	1,870,996	1,870,996	1,870,996	1,870,996	1,870,996
B. Local Receipts	4,326,367	4,222,467	4,262,467	4,237,467	4,237,467	4,237,467
D. Free Cash	36,644	720,016	394,541	272,953	227,357	210,259
E. Overlay Reserve Surplus	-	50,000	-	-	-	-
F. Property Tax	26,579,308	27,562,015	28,551,065	29,564,842	30,603,963	31,669,062
Debt Exclusion (NET)	2,519,213	2,726,566	2,733,926	2,732,281	2,726,899	2,726,223
G. Other Rev. (HMLD & Sewer connection liens)	199,162	199,442	199,442	199,442	199,442	199,442
TOTAL REVENUES	37,339,843	39,059,064	39,757,505	40,661,491	41,689,038	42,776,751
II APPROPRIATIONS						
A. Operating Budgets						
Wachusett Reg. School District	19,089,285	19,578,701	20,166,062	20,771,044	21,394,175	22,036,000
Montachusett Reg. Tech. School	478,745	493,107	507,901	523,138	538,832	554,997
Town	10,090,424	9,789,011	9,884,913	9,983,762	10,083,600	10,184,436
B. Capital budget						
Exempt Debt Service	4,399,179	4,597,562	4,604,922	4,603,277	4,597,895	4,597,219
Non-Exempt Service	164,747	237,987	339,269	535,899	770,371	839,413
Cash		648,597	472,587	568,155	604,500	444,828
Infrastructure Investment						
Fund	316,777	418,481	383,775	391,014	398,614	406,595
Total Capital	4,880,703	5,902,627	5,800,553	6,098,345	6,371,379	6,288,055
C. Pensions	687,705	802,434	922,799	1,061,219	1,220,402	1,403,462
D. Insurance	1,780,890	1,883,800	1,996,828	2,116,638	2,243,636	2,378,254
E. State Assessments	118,872	123,038	123,038	123,038	123,038	123,038
F. Offset Aid - Library	21,559	22,595	22,595	22,595	22,595	22,595
G. Overlay Reserve	191,660	175,000	175,000	175,000	175,000	175,000
H. Other						
Crt Jdgmnts/ Deficit		288,750	157,816	109,181	90,943	84,104
I. Warrant Art. - Stabilization Fund						
K. TOTAL APPROPRIATIONS	37,339,843	39,059,064	39,757,505	40,983,959	42,263,600	43,249,941
BALANCE	(0)	0	(0)	(322,468)	(574,562)	(473,189)
Fund Balances:						
Free Cash Balance		431,265	631,265	436,725	363,772	336,414
Stabilization Fund Balance		288,750	446,567	555,748	646,691	730,794

Five Year Financial Plan

■ Assumptions

□ Revenue

- State Aid – increasing by 2 ½ % beginning in FY2013
 - Local Receipts – increase in motor vehicle excise in FY2013, one time revenue loss in FY2014 then level funded
 - Free Cash –
 - continue ¼ allocation to stabilization fund
 - ½ of remainder remaining unspent
 - Increase of \$200,000 annually
 - Property taxes – increasing 2 ½ per year, fluctuations occur in debt schedule
 - All other revenue sources flat
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Five Year Financial Plan

■ Expenditures

- ❑ Schools – increase by 3% annually
 - ❑ Municipal – increase by 1% annually
 - ❑ Capital – increase allocation to 4% of operating revenue
 - ❑ Pensions – increase by 15% annually
 - ❑ Insurance – increase by 6% annually
 - ❑ Stabilization fund – $\frac{1}{4}$ of available free cash
 - ❑ Other expenditures – level funded
-

Conclusion

- Budget as presented is balanced
 - No layoffs are projected and services remain level
 - Have appropriated the WRSD budget as requested by the District
 - Have presented a Capital Budget and 5 Year Capital Plan
 - Have presented a 5 Year Financial Plan
 - Have recommended funding the Stabilization Fund
 - Have reserved ½ of Free Cash for future funding
 - Have recommended a Water Sewer Enterprise Budget which will begin to stabilize rates and accommodate infrastructure improvements.
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Conclusion

- Questions / Comments

